



SSCDD10 Past Delivery

1.1 Introduction

We have updated the Draft Determination models to reflect 2023-24 actuals and 2024-25 forecasts. Some models we have not updated as we do not have any new information to update. For completeness we have still submitted these alongside our representation. The full list is set out below:

Reconciliation models	Past delivery data tables	Update
	PD11 – RCV midnight adjustment	Reflects all updates for 23/24 actuals and 24/25 forecasts
	PD12 – PR19 reconciliation adjustments	Reflects all updates for 23/24 actuals and 24/25 forecasts
Cost reconciliations	PD7/7a – Green Recovery, PD8 – Totex analysis, PD9 – Totex performance, WS1 – Totex analysis	Reflects all updates for 23/24 actuals and 24/25 forecasts
ODI performance model		24/25 model updated for latest view including 2020-25 PCC adjustment
Residential retail reconciliation model	RET 2 – Residential retail	Reflects all updates for 23/24 actuals and 24/25 forecasts
Revenue forecasting incentive model	PD5 – Revenue reconciliation - wholesale	Reflects all updates for 23/24 actuals and 24/25 forecasts
Developer services revenue adjustment model		Reflects all updates for 23/24 actuals and 24/25 forecasts
Cost of new debt reconciliation model		No update from Draft Determination.
Gearing outperformance sharing mechanism		This is no longer being applied as per Draft Determination so has not been submitted
Tax reconciliation	PD10 – Capital allowance super deductions	No update from Draft Determination.
RPI-CPIH wedge reconciliation model		No update from Draft Determination.
WINEP/NEP reconciliation model		No update from Draft Determination.
Land sales	PD4 – Land sales	Updated to reflect a land sale in 2023/24
Strategic regional water resources		No update from Draft Determination.
Other adjustments model		No update from Draft Determination.
RCV feeder model		Reflects all updates for 23/24 actuals and 24/25 forecasts
Revenue adjustments feeder model		Reflects all updates for 23/24 actuals and 24/25 forecasts

To help track changes from the Draft Determination, we have highlighted updates in the feeder models in red.

1.2 Assurance

We have considered the required assurance as per our [assurance framework](#). The only changes from the Draft Determination are to update 2023/24 actuals and 2024/25 forecasts where required. The requirements to complete the model are understood and we received very few queries in relation to our original business plan submission.

The likelihood score (that the data may contain an error) we score as 2 reflecting that the data for 2023/24 is taken from our assured APR and 2024/25 is from our Board approved budget.

The Impact score (in relation to customer, competition and financial) we also score as 2 reflecting that the changes we are making from the Draft Determination are relatively small.

The overall score is below and as per our framework the level of risk is low. We have therefore undertaken an internal peer review.

Likelihood Score	Impact Score	Total Risk Score	Assurance Risk Category
2	2	4	Low

1.3 CPIH Inflation

The CPIH inflation forecast for 2023-24 in our Business Plan was close to the outturn for the year. Where we are providing an updated model, we have updated for the actuals and kept the 2024-25 forecast as our original submission.

1.4 Totex

In our Business Plan, the value of the PR19 totex adjustment set out in our Business Plan was as follows:

Reconciliation	(Under)/Over spend (£m)	Cost sharing rate (%)	Adjustment (£m)	RCV (£m)	Revenue (£m)
Totex subject to cost sharing	(12.620)	55%	(6.933)	(2.541)	(4.392)
Rates and Abstraction	(2.283)	75%	(1.712)	(0.629)	(1.083)
Wages	(1.796)	100%	(1.796)	(0.658)	(1.138)
Green Recovery	0.688	45%	0.310	0.310	-
Total	(16.010)		(10.131)	(3.518)	(6.613)

The reconciliation has been updated for both 23/24 actual expenditure and 24/25 forecast. This gives the following updated position:

Reconciliation	(Under)/Over spend (£m)	Cost sharing rate (%)	Adjustment (£m)	RCV (£m)	Revenue (£m)
Totex subject to cost sharing	(9.223)	55%	(5.067)	(1.845)	(3.222)
Rates and Abstraction	(2.616)	75%	(1.962)	(0.719)	(1.242)
Wages	(2.263)	100%	(2.263)	(0.829)	(1.434)
Green Recovery	0.884	45%	0.398	0.398	-
Total	(13.218)		(8.894)	(2.995)	(5.899)

The overall position shows a reduction in outperformance of £2.8m. The main drivers of this are in relation to additional costs we incurred in 2023/24 compared to forecast, in particular additional expenditure to reduce leakage. We are still forecasting to outperform by £13.2m.

1.5 Green Recovery

Our current forecast for our Green Recovery expenditure.

Programme 17-18 prices	Metric	Unit	2021-22	2022-23	2023-24	2024-25	Total
Total Project expenditure (PR19 and GER)	Totex	£m, 3dps	6.036	23.963	23.527	5.650	59.175
Total Project expenditure (PR19 and GER) – South Staffs contribution	Totex	£m, 3dps	4.024	15.975	15.684	3.767	39.450
Total Project expenditure (PR19 and GER) – Severn Trent contribution	Totex	£m, 3dps	2.012	7.988	7.842	1.883	19.725
Project expenditure – GER element	Totex	£m, 3dps	1.927	7.651	7.512	1.804	18.894
Project expenditure – GER element – South Staffs contribution	Totex	£m, 3dps	1.060	4.268	4.377	0.833	10.538
Project expenditure – GER element – Severn Trent contribution	Totex	£m, 3dps	0.868	3.383	3.134	0.971	8.357

The projected spend on delivery of the green recovery scheme has increased from £10.343m to £10.538m and compares to our original allowance of £9.684m. The overspend is £0.854m or 8.8% as a result of the current inflationary pressures on delivery costs.

1.6 ODI performance 2024/25

We have updated the forecast for in-period ODIs in 2024/25. Compared to our original Business Plan submission, we are now forecasting a penalty on CRI as we have had compliance failures this calendar year.

1.7 Residential retail reconciliation model

We are now projecting an over recovery for the period of £1.819m. This has increased from £0.276m in our Business Plan, reflecting additional revenue in 2023/24 from household customers. We are forecasting revenues in 2024/25 to be in line with allowances.

1.8 Revenue forecasting incentive model

We are still projected to recover our revenues close to allowances. We note that Ofwat has accepted our intervention in applying the full RFI penalty resulting from our decision to defer revenues to help keep bills lower for customers.

1.9 Developer services revenue adjustment

The number of new connections in 2023-24 was lower than we had forecast (4,776 actual v 6,103 forecast). This reduces the overall true-up by £1.9m from the Draft Determination. We believe that one of the key reasons for the shortfall is the level of NAV connections that are now being undertaken in our region for which there can be a delay between connection and being informed by the NAV.

We have kept our forecast for 2024-25 in line with our original business plan as we expect that the delays in receiving the information from NAVs that we have seen in 2023-24 will be resolved.

1.10 Land Sales

During 2023-24, we disposed of surplus land for £1.9m. This was originally approved by Ofwat under Condition K of our licence in August 2021. As this had not progressed since, we were not confident on the timing of the sale and did not include it in our Business Plan. Ultimately, the sale was completed in March 2024. We do not expect any further land sales in 2024-5.