SSC04h

PR24 Data tables commentary – Supplementary tables

Contents

SUP1A

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e.g., the average 2023-24 position is an average of 2022-23 end of year position and 2023-24 end of year position as shown in the table below:
<table>
<tr><th>Total residential properties</th><th>2022-23</th><th>2023-24</th><th>2024-25</th><th>2025-26</th><th>2026-27</th><th>2027-28</th><th>2028-29</th><th>2029-30</th></tr>
<tr><td>End of year</td><td>676.06</td><td>681.92</td><td>687.65</td><td>695.81</td><td>704.65</td><td>714.91</td><td>723.17</td><td>731.25</td></tr>
<tr><td>Average year</td><td>675.67</td><td>678.99</td><td>684.79</td><td>691.73</td><td>700.23</td><td>709.78</td><td>719.04</td><td>727.21</td></tr>
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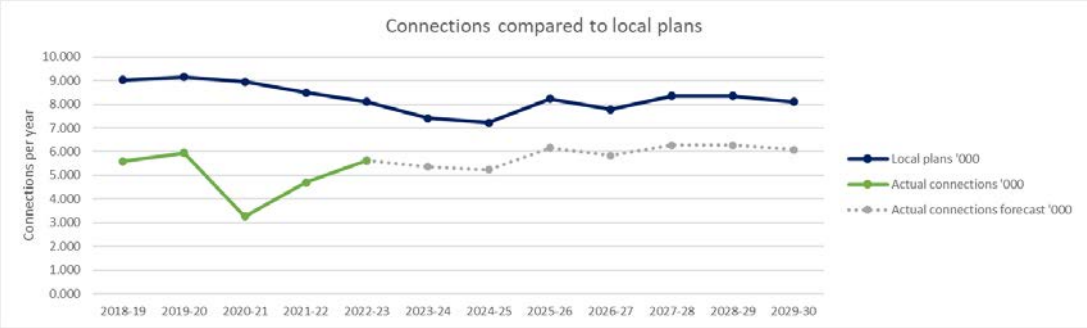
<tr><td>SUP1A.17</td><td>Residential customer numbers multiplied by occupancy rate.
Occupancy rate assumed as below:
• Declining based on trends used in WRMP research.
<table>
<tr><th></th><th>2023-24</th><th>2024-25</th><th>2025-26</th><th>2026-27</th><th>2027-28</th><th>2028-29</th><th>2029-30</th></tr>
<tr><td>Occupancy rate</td><td>2.55</td><td>2.54</td><td>2.52</td><td>2.51</td><td>2.50</td><td>2.50</td><td>2.49</td></tr>
</table></td></tr>
<tr><td>SUP1A.18</td><td>n/a- waste</td></tr>
<tr><td>SUP1A.19</td><td>Consistent with SUP1A.17.</td></tr>
<tr><td>SUP1A.20</td><td>Assumed same occupancy rate for measured and unmeasured properties.</td></tr>
<tr><td>SUP1A.21</td><td>Assumed same occupancy rate for measured and unmeasured properties.</td></tr>
</table>

SUP1B

Line Reference	Commentary
SUP1B.1	All new residential connections are fitted with an AMI capable meter. We have used local plans forecast with a delivery constraint of 72% for AMP7 remaining years and 75% for AMP8, recognising historically local plans overestimate total connections.
SUP1B.2	All new business connections are fitted with an AMI capable meter. Connections in line with history.
SUP1B.3	All newly fitted meters are fitted with an AMI capable meter. AMP8 Assumptions • 9,000 optants per year • 22,845 new meters per year through universal programme • 6,120 new connections (average) • 5,102 replacements, across targeted and standard programme Unmeasured with meters: • AMP7: relate to meter reversions when an optant has reverted back to unmeasured billing as per their right. As these customers are likely subject to bill increase, we will engage with them in AMP7 about the new universal programme and support them with the switch to paying meter charges in AMP9. Hence, they remain as is for AMP8. • AMP8: once a meter is fitted as part of the universal metering programme, the HH will not be charged for two years. Hence, the property remains unmeasured, but with an AMI capable meter for this period. Measured with no meter: These properties on the assessed charge, where we cannot fit a meter, but the customer opted for measured charges. These have historically been relatively stable so have assumed no change from 2022-23.
SUP1B.4	No unbilled properties.
SUP1B.5	Targeting a reduction from 5% of properties (current position) to 3% of properties (aligned with ONS data of vacant residential properties from council data). Reductions are apportioned based on existing measured/unmeasured split of 37%/63%.
SUP1B.6	Ofwat calculation of total connected HH properties at year end. These only increase by new connection forecast of 30.600 in AMP8.
SUP1B.7	All newly fitted meters are fitted with AMI capable meters. AMP8 Assumptions • c150 new business connections per year • 466 universal metering programme unmeasured to measured per year • 4,500 replacements across basic and AMR per year
SUP1B.8	No unbilled properties.
SUP1B.9	No change in total vacant properties assumed. 152 vacant switched from unmeasured to measured per year.
SUP1B.10	Ofwat calculation of total connected HH properties at year end. These only increase by new business connection forecast of 804 in AMP8.

SUP1B.11	Ofwat calculation of total connected HH properties at year end. These only increase by total new connections of 30,600 HH and 804 NHH.

Specific Ofwat request	Commentary
Companies should also include more detailed evidence in relation to line items that are used as cost drivers in PR24 cost assessment including: • Customer numbers – average during the year (SUP1A.1 to SUP1A.9); • Property numbers – average during the year (SUP1A.10 to SUP1A.16); • Property numbers – at end of year (SUP1B.1 to SUP1B.11) This should include a comparison of forecasts with historical growth rates. In addition, companies should include an explanation of any scenarios / assumptions used to forecast property growth.	 **Average 2018-19 to 2022-23 (excluding 2020-21 and 2021-22 due to COVID-19)**: 5,700 **Average for forecast 2023-24 and 2029-30**: 5,800 • Historically, we have delivered 65%-69% of local plans excluding Covid years. This is around 5,700 connections. • We are forecasting to deliver 72% local plans to the end of period, and 75% in AMP8. This ensured phasing is consistent with WRMP plans but with realistic delivery expectations applied. • Therefore, we are forecasting a small increase in average connections for future forecasts vs historically.

SUP4, SUP5, SUP6, SUP7, SUP8, SUP9, SUP10 – Green Recovery

Please refer to the past delivery appendix SSC04j as per July totex reconciliation submission.

Not all tables are applicable to SSC.

SUP11

Line Reference	Commentary
SUP11.1	This is the CPI-H inflation forecast which links to table PD1.
SUP11.2	As the CPI-H forecast quickly reverts to the national target of 2%, which is very far below the current level of inflation, we expect wage inflation to at least match this value over AMP8. We cannot say with any certainty whether real labour input prices would be significantly higher than CPI-H though, as much depends on national circumstances in the labour market, and on how inflation factors play out. We therefore have not included a labour real price effect for wholesale water, but recommend Ofwat introduce an end of period true up mechanism for labour as it did at PR19.
SUP11.3	Note that we have not found the Sup11 table and resultant impacts on the CW1a table easy to understand and complete, as the values could be different depending on the baseline chosen for measurement. We have assumed that the baseline for calculating the power costs wedge is the modelled implicit allowance for power, using Ofwat's proposed PR24 modelling suite. This ensures we are showing the wedge as the gap that we expect to be present from modelled allowances to actual PR24 forecast costs, i.e the full gap that needs to be adjusted for. Other approaches, such as calculating the wedge from an external index, showing the wedge from AMP7 outturn costs, or showing the wedge from PR19 actuals, we felt would be more difficult to understand as these baselines would not be a direct output from the modelling process that we could easily demonstrate. The tables appear to require the wedge value entering as a change from the previous year, so we have shown the initial wedge (64.99%) in the 2025/26 year and then calculated how the following years change from this value. As power costs peak in 2025/26 then come down, these later years show as a negative value. We set out our full approach to energy real price effects in our appendix SSC19, please refer to the detail contained within that document for the full rationale and calculations which support this line and the power costs we have in our plan (tables CW1, CW1a and CW2).
SUP11.4	We have already borne the brunt of real chemical price inflation in the 2022/23 year as a result of the national issues on power prices. With power we had considerable hedging protection but this was not the case for chemicals. Going forward we do not include any further real price effects for chemicals in our initial plan as we expect it to broadly follow inflation, but as explained in our appendix X, we think there is still value in including an end of period true mechanism for chemical prices to protect against future volatility risks.
SUP11.5	We have already borne the brunt of real materials price inflation in the 2022/23 year as a result of the national issues on power prices. With power we had considerable hedging protection but this was not the case for materials. Going forward we do not include any further real price effects for materials in our initial plan as we expect it to broadly follow inflation, but as explained in our appendix X, we think there is still value in including an end of period true mechanism for materials prices to protect against future volatility risks.
SUP11.6	We have not identified any other wholesale categories which require real price effect adjustments.
SUP11.8	The only input to this line is the proportion of our costs which are power. We have calculated this to be 17.07% after applying the frontier shift assumption but before applying the power real price effects uplift.
SUP11.2R; SUP11.3R; SUP11.4R; SUP11.5R; SUP11.6R	At PR19, the frontier shift efficiency challenge was deemed to be equivalent to the inflation assumption, and therefore no frontier shift challenge was added but also no in-period inflation was allowed. In practice, the period has seen record levels of inflation triggered by the combination of world events. This level is far beyond the level of efficiency challenge that would have been considered appropriate. Going forward, we can accept that a 2% inflation assumption could reasonably be offset by a frontier shift challenge, and so we have not directly included a real price effects uplift for retail. However if inflation is greater than 2%, then we think it is appropriate to trigger an in-period adjustment for labour costs, as we would need to meet these inflationary challenges which would be greater than a reasonable efficiency challenge.

	Note that although our retail power impacts are the same as in wholesale water (they are the same overall contracts for the entire business), but because retail power is a small component of the overall cost we have not included any real price effects adjustment for this.
SUP11.49	The only input to this line is the proportion of our retail costs which are labour. We have calculated this to be 40%.
SUP11.13 to SUP11.24	These are wastewater lines which are not relevant to us.
SUP11.25; SUP11.26; SUP11.27; SUP11.28; SUP11.29; SUP11.30	As we have only included an RPE for power in wholesale water, the vast majority of this cost relates to normal operations and so is almost all base expenditure. We have therefore not allocated any of this to enhancement expenditure.
SUP11.31 to SUP11.42	These are wastewater lines which are not relevant to us.
SUP11.43 to SUP11.48	We do not propose any additional price controls which need to have RPEs applied at this stage.
SUP11.55; SUP11.58; SUP11.62	We have incorporated a 1.1% per annum cumulative frontier shift assumption into our business plan costings for wholesale water base, consistent with the frontier shift used at PR19, excluding the implicit RPEs added at the time. For enhancement costs, we have provided detail of our costing process within each enhancement business case. The work to develop these cases and their costings is already inclusive of efficiency challenge within the costs that are developed. Therefore we have not separately shown a frontier shift efficiency value for enhancement costs. As explained above in line SUP11.2R, in retail we have assumed that Ofwat will continue with the PR19 approach of offsetting any retail frontier shift assumption with the 2% inflation expectation. Please note that we have supplied an additional version of table CW2 (see appendix SSC19g) which gives the post RPE and post frontier shift plan costs.

SUP12

We have not included this table in our main business plan tables. Please see document SSC03 (Fens Reservoir – Our approach into AMP8) for details of our approach which includes this information.

SUP 14

This table should be reviewed alongside the main business plan document Chapter 5.

Line Reference	Commentary
SUP14.1	The number of household customers and other household water users (e.g. future customers) who took part in our PR24, WRMP24, LTDS research studies and/or our Business as Usual insight and research programme from 1 April 2019 to 30 September 2023. Figures: • Include all deliberative/qualitative research (e.g. focus groups, workshops, in-depth interviews, panels, communities) and qualitative research (e.g. large scale surveys, short snap customer satisfaction surveys) • Includes all SSC commissioned research and insight engagement and any of our customers who were known to have taken part in any regional an/or national collaborative water research studies. • Exclude everyday household customer contacts related to queries about our service, including social media contact. (Whilst these contacts have been widely used to inform our business plan, including them would provide a very inflated figure). Due to use of research approaches - commercial panel providers and face-to-face street interviews and other deliberative studies where the customers' details cannot be linked back to a database there is potential for double counting over an extended period if customers are engaged more than once across the programme. We have not made any adjustment for this in our figures.
SUP14.2	The number of non-household customers, including NHH retailers and developers who took part in our PR24, WRMP24, LTDS research studies and/or our Business as Usual insight and research programme from 1 April 2019 to 30 September 2023: • Include all deliberative/qualitative research (e.g. focus groups, workshops, in-depth interviews, panels, communities) and qualitative research (e.g. large scale surveys, short snap customer satisfaction surveys) • Includes all SSC commissioned research and insight engagement and any of our customers who were known to have taken part in any regional an/or national collaborative water research studies. • Exclude everyday household customer contacts related to queries about our service, including social media contact. (Whilst these contacts have been widely used to inform our business plan, including them would provide a very inflated figure). Due to use of research approaches - commercial panel providers and face-to-face street interviews and other deliberative studies where the customers' details cannot be shared there is the potential for double counting over an extended period if customers are engaged more than once across the programme. We have not made any adjustment for this in our figures. We have not included wider stakeholders (such as environmental organisations or charities in our figures) as they are not viewed as customers.
SUP14.6 / SUP14.7 / SUP14.8 / SUP14.9 / SUP14.10 / SUP14.28 / SUP14.29 / SUP14.30 / SUP14.31 / SUP14.32	Our PR24 acceptability and affordability research (AAT) has been carried out in accordance with the Ofwat/CCW guidance. Specifically: • The quantitative survey questions mandated in the guidance were followed in full • An unweighted sample size of 117 non-household and 987 household was achieved • Surveys were conducted across both our South Staffs and Cambridge Water supply regions • We tested a bill profile in the study that was slightly higher than the one submitted in our PR24 business plan and used the 2025-2030 waste bill profiles of Anglian Water and Severn Trent water provided to us in the middle of August. Whilst we have carried out additional AAT surveying with our H2Online Community members and our SSW Young Innovators' Panel, the outputs from these studies are not included in the data tables as they used a slightly adapted methodology.

SUP15

This table should be reviewed alongside the business plan, in particular the 'Keeping your water bills affordable' section on page 49 (section 3.1.1).

Line Reference	Commentary
SUP15.1	Based on the total net contributions received divided by the estimated discount expected for a social tariff customer against a standard average bill. Whilst the overall number remains static for much of the AMP, we do expect churn in this as in previous years we see c10% of customers become ineligible for the scheme and as such new customers can continue to be supported through the period.
SUP15.2	Average % of metered billed customer base on Watersure tariff in AMP7 to date is 0.517%. This has been applied to the forecasted number of billed metered customers for all remaining years
SUP15.3	Actual/forecasted number of total billed customers minus number of actual/forecasted customers supported via social tariff
SUP15.6	To calculate this, the average reduction per Watersure customer seen in years 20/21 – 22/23 has been calculated and then multiplied by the forecasted number of customers supported by Watersure tariff (SUP15.2) in the remaining reportable years, uplifting the value by the % increase in average bill value YOY.
SUP15.8	Based on each customer charged a social tariff contribution into the social tariff fund, less amounts that will not be collected and would have to be written off. Customers on the social tariff do not pay the full contribution as this is reduced by the discount they receive.
SUP15.10	Zero foregone by company to subsidise social tariffs both actual and forecasted
SUP15.11	Following customer engagement, and agreed level of £8 contribution, it is assumed this will be reflected in charges from the start of AMP8
SUP15.12	Following customer engagement, maximum level of contribution of £8 is from 2024/25 onwards
SUP15.13	Continued growth of customers registering on our Priority Services register, growing YOY to 16% by end of AMP
SUP15.14	Average % of total PSR customers registered for this support type during 22/23 and up to Aug 23 is 22.9%. This has been used to calculate from the forecasted total of PSR customers the volume of customers with this support type
SUP15.15	Average % of total PSR customers registered for this support type during 22/23 and up to Aug 23 is 32.6%. This has been used to calculate from the forecasted total of PSR customers the volume of customers with this support type
SUP15.16	Average % of total PSR customers registered for this support type during 22/23 and up to Aug 23 is 82.28%. This has been used to calculate from the forecasted total of PSR customers the volume of customers with this support type
SUP15.17	Average % of total PSR customers registered for this support type during 22/23 and up to Aug 23 is 22.2%. This has been used to calculate from the forecasted total of PSR customers the volume of customers with this support type
SUP15.18	Other needs codes are related only to COVID, so the assumption is this will reduce over time as data is updated and very few if any new cases will be recorded
SUP15.19	Target in AMP7 is 90% and whilst not met in 22/23, this remains the target for remainder of AMP7 and throughout AMP8
SUP15.20	Target in AMP7 is 35% and whilst not met in 22/23, this remains the target for remainder of AMP7 and throughout AMP8
SUP15.21	IMD score provided is 14%, have assumed remains static throughout AMP
SUP15.23	A trial will be undertaken in 2024/25 on a customer sample size of c.1000. The aim of the trial is to deliver robust results and the learnings and successes from this trial will be used to adapt the tariff accordingly and create this as a

	new tariff type moving forward. As such, at this stage zero has been entered for all years post-trial until the trial results are understood.
SUP15.24	At this stage, plans assume the innovative tariff trial in 2024/25 will be targeted at customers with affordability issues. As such zero has been used for 2024/25 and for future years as is subject to the results of the trial, as per SUP15.23
SUP15.25	This has been calculated using an assessment of average household essential use volume, based on the average number of occupiers per household, 50% discount of volumetric rate and comparing this to the average bill for 2024/25 when the trial will be in place. Note that no savings have been assumed for water efficiency as a result of the trial, but we expect further bill reductions from behavioural changes. As per SUP15.23, the trial in 2024/25 will be used to determine the future design of tariffs and as such, at this stage zero has been entered for all years post-trial until the trial results are understood.
SUP15.27	This is calculated by summing: a) the number of measured customers applying for social tariff (total number of customers successfully applying for tariff, multiplied by % of customer base that are metered) as part of this process will be to advise of ways to reduce overall bill value; b) number of customers with an agreed repayment term that does not cover all outstanding charges in one financial year, multiplied by % of customer base that are metered; c) number of customers receiving advice at our community and outreach programmes, multiplied by % of customer base that are metered
SUP15.28	At present our meter reading strategy does not make this possible, we are working on how we can begin to report this in a credible way. We will take learnings from the innovative tariff (2024/25) trial as a sample of customers to embed a new way of working and reporting in AMP8. By Year 2 of the AMP we will have a credible way of reporting this.
SUP15.29	As this is not a current metric we record, we have assumed 14% of our converted unmetered to metered customers will be income deprived as per SUP15.21 IMD score. As such, the volume in AMP7 is calculated as 14% of each year's converted unmetered to metered customers (optants) and volumes in APM8 is 14% of the forecasted number of new metered customers as we undertake universal metering
SUP15.30	At present our meter reading strategy does not make this possible, we are working on how we can begin to report this in a credible way. We will take learnings from the innovative tariff (2024/25) trial as a sample of customers to embed a new way of working and reporting in AMP8. By Year 2 of the AMP we will have a credible way of reporting this. However, from our existing Meter My Street activity has allowed us to track the savings made by customers on average, (approx. £100 per year per household) however this does not specifically reference income deprived customers.
SUP15.32	Based on the value of monies provided by the company to be used in Charitable Trust grants divided by the average last 3 years numbers of customers given a grant. It is assumed that a customer is awarded a grant to cover bills for 18 months and then declining over time to 14 months based on the level of the bill.
SUP15.33	Based on the value of monies provided by the company to be used in Charitable Trust grants divided by the average last 3 years numbers of customers given a grant. It is assumed that a customer is awarded a grant to cover bills for 18 months and then declining over time to 14 months based on the level of the bill.
SUP15.34	Actual number of customers needing this support has been low in the years 20/21 to 22/23 for our regions. The average number of customers supported in these 3 years as a % of the customer base has been used to calculate the forecasted number of customers supported with the relevant forecasted billed base in each of the future years
SUP15.35	The average amount per household written off between years 20/21 to 22/23 as a % of average bill for these respective years has been calculated (These figures come from our average bill submission template from the charges process). This has then been used to calculate the average amount written off per household using the forecasted average bill for each of the future years (Forecast nominal average bill as calculated by Ofwat's financial model).
SUP15.36	A matching scheme was trialled in 20/21 and 21/22. During 22/23 and 23/24 this trial was not extended so no new customers were supported via this scheme. From 24/25, the scheme will be reintroduced, and we expect an increase YOY on the number of customers benefitting from this scheme
SUP15.37	The matching scheme trialled (SUP15.36) offered a discount over 2 years, average matched payment for these customers is reflected in years 21/21 and 21/22. Forecasted matched payment value in future years has been calculated using the average in trial reflecting the increase in bills YOY (Year 2 and aged as these are the bills where matched payments will be applied)

SUP15.38	We will use Smart Home visits planned in AMP8 as an opportunity to support customer struggling to pay bills; it is estimated 11000 visits pa will be undertaken, 14% of these has been used as the estimate as this is the % of income deprived customers based on SUP15.21
SUP15.39	As this is a new activity, we do not at this stage have reporting that enables us to estimate this. We are working on how we can begin to report this in a credible way from the start of the AMP
SUP15.41	This support is provided through our community and outreach programmes where trained advisors offer this advice. We forecast this to grow in the next AMP as we better target our activities where support is needed. We will work with third parties but have not been able to estimate the number of customers supported with this type of advice at this stage
SUP15.42	Following unprecedented demand for this support scheme in 20/21 due to COVID, the specific reporting criteria used has resulted in a return of zero in the years post 20/21. We recognise we need to make reporting changes to better reflect where this type of support is provided to customers, and we forecast this support type increasing during the AMP and have reflected this in the forecasted numbers.
SUP15.43	We have identified short term plans as the measure to be reported for this metric. Short term plans are defined as those where after understanding the customers circumstances, a repayment plan is agreed that does not clear the outstanding balance in the current financial year. All other support measures will be reviewed to reduce the bill prior to agreeing to this with the customer. This repayment plan does not reduce the bill, but allows the customer to make reduced payments over a short term period, perhaps to accommodate temporary affordability issues. Continued repayment in this way will only lead to growing indebtedness and as such we are working hard to actively reduce the number of customers using this repayment plan, whilst aiming to increase the numbers in other metrics where the bill is reduced. We have seen a reducing number of customers using this plan type and we forecast this continue into AMP8 as we introduce more tariffs to reduce bills, provide more flexible ways to pay, “Pay in Your Own Way”, allowing for more flexible amounts and frequencies that customers can utilise to reflect their individual circumstances’ throughout the year and regular proactive contact to these customers. The average reduction YOY in years 2021/ to 22/23 has been applied to each year thereafter.
SUP15.45	Actual figures come from our average bill submission template from the charges process. Forecast nominal average bill as calculated by Ofwat's financial model
SUP15.48	We have used a report from CEPA “Estimates of Water Poverty for South Staffs Water, Aug 23” (see Appendix) to estimate this. Using data points from this report, the % of customers in water poverty prior to support measures has been used along with the forecasted number of billed customers to calculate the number of customers.
SUP 15.49	We have used a report from CEPA “Estimates of Water Poverty for South Staffs Water, Aug 23” (see Appendix) to estimate this. Using data points from this report, the % of customers in water poverty after support measures are in place (increased numbers of customers supported with social tariff due to increased contribution) has been used along with the forecasted number of billed customers to calculate the number of customers.
SUP15.51	No revenue is foregone to fund other measures
SUP15.54	The discount applied to customers supported through Watersure tariff (SUP15.6)
SUP15.56	Actual and estimates of level of hardship funds YOY
SUP15.57	Zero contribution from third parties
SUP15.59	This is the theoretical doubtful debt charge in absence of affordability support measures based on the potential bad debt had no affordability measured been given to customers and the amount that would have been written off
SUP15.60	This is calculated using the last 3 years average percentage of customers that pay following affordability support measured and those that continue not to pay. Where a customer pays following affordability support measures assistance this helps towards a reduction in doubtful debt. Customers who are awarded affordability support measured and continue not to pay will remain as doubtful debts