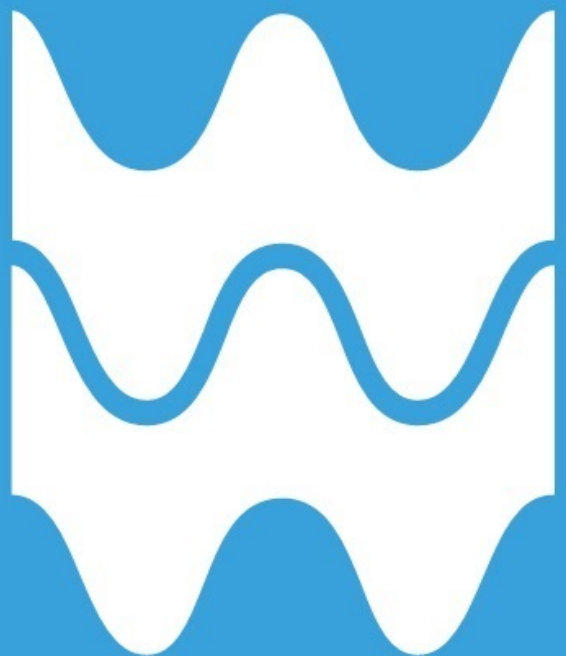


# Overview

---

APR 2023/24



Dŵr Cymru  
Welsh Water

July 2024

# 1. Table of Contents

1.	Table of Contents.....	2
2.	Introduction.....	3
3.	Overview of the year.....	4
4.	Performance Summary.....	10
5.	Income Statement.....	13
6.	Data Assurance Processes.....	14
Appendix 1 -	At a glance.....	15

## 2. Introduction

This document contains information that allows customers and stakeholders to review our 2023/24 performance. It also provides specific information on the progress we have made on the delivery of customer outcomes and on our financial performance (including detailed revenue and cost information).

Owat require us to publish an Annual Performance Report and contains the following parts:

Part	Content
<u>1 - Regulatory financial reporting</u>	A baseline level of historical cost financial information aligned to the way in which price controls (and associated regulatory performance commitments and incentives) have been set.
<u>2 - Price review and other segmental reporting</u>	Further disaggregation of revenue and costs to allow stakeholders to review companies' performance against final determinations.
<u>3 - Performance summary</u>	A high level report of the performance of the appointed business, including outcome delivery and the regulatory financial results of the regulated business. As a minimum it will include reporting on outcomes, delivery service levels, and cost performance.
<u>4 - Additional regulatory information - service level</u>	Additional financial and non-financial information, including (but not limited to), analysis of debt, totex analysis, major project expenditure, and properties, customers and population – non-financial information.
<u>5 - Additional regulatory information - water resources</u>	Additional financial and non-financial information, including (but not limited to), asset and volumes data plus operating cost analysis for water resources.
<u>6 - Additional regulatory information - water network plus</u>	Additional financial and non-financial information, including (but not limited to), raw water transport, raw water storage, water treatment data, treated water distribution mains analysis, communication pipes, metering, and leakage activities.
<u>7 - Additional regulatory information - wastewater network plus</u>	Additional financial and non-financial information, including (but not limited to), load, costs and number of sewage treatment works within size bands, sewer and volume data, and energy consumption data.
<u>8 - Additional regulatory information - bioresources</u>	Additional financial and non-financial information, including (but not limited to), bioresources sludge data, operating expenditure analysis, bioresources energy and liquors analysis and sludge treatment and disposal data.
<u>9 - Additional regulatory information - innovation competition</u>	Additional financial and non-financial information, including (but not limited to), revenue collected for the purposes of the innovation competition.
<u>10 - Additional regulatory information - Green recovery</u>	This section of APR is not applicable to Dŵr Cymru Welsh Water.
<u>11 - Additional regulatory information - Greenhouse gas emissions</u>	Additional non-financial information, including (but not limited to), Scope one, two and three emissions, gross operating emissions location and market based and Greenhouse Gas intensity ratios. We have also reported voluntarily the embedded emissions.
<u>PR19 In-Period ODI Submission</u>	Companies should submit the populated bill impacts alongside their APR submissions.

We have also prepared a [Data Assurance Summary](#) which provides an update on the activities we have carried out to evidence that the information we provide is complete and accurate.

Our Risk and Compliance Statement is published within our [Board Statements and Certificates](#).

Finally, to help customers and stakeholders navigate this and other published documents, we append an 'at a glance' schedule stating where documents addressing individual statutory, licence, and regulatory requirements can be found.

## 3. Overview of the year

Our vision is "to earn the trust of our customers every day".

We know that customers rely on us to deliver high-quality, safe and reliable services every day, no matter what is thrown at us by the weather or other operational challenges. Customers also need to be able to trust us to be thinking of the future, to ensure those services are sustainable and resilient over many decades to come. To achieve this, we will need ever greater efficiency and innovation, so that our major long-term programme of investment in our assets can be balanced with keeping bills affordable for all.

For seven of Ofwat's common performance measures, we have been identified by Ofwat as having lagging performance compared with the rest of the industry. As a result, we have prepared a service commitment plan that specifies the actions we will take to get our performance back on track. Our service commitment plan can be found [here](#).

### Safe Clean Water for All

For our customers, being able to rely on the quality of the water we supply to their homes and businesses is their highest priority and expectation of our service.

#### Safety in Drinking Water

Each year we carry out sampling at water treatment works, service reservoirs, and customer taps to ensure our water meets the European and National Standards. During 2023 we had 65 water quality compliance failures from 236,470 samples. This has generated a provisional Compliance Risk Index (CRI), which is the sum of the individual CRI scores for every compliance failure reported during the year of 7.74, compared to our Final Determination target (FD) of 0.00 and 5.40 in 2022. This will remain provisional until the official score is calculated and published by Drinking Water Inspectorate (DWI) in July.

During 2023 we have calculated a provisional Event Risk Index (ERI) score of 26.904, compared to our FD target of 10.000. This has reduced significantly compared to 1,102.316 in 2022. This will remain provisional until the official score is calculated and published by DWI.

#### Customer Acceptability

The number of contacts we receive from customers about the appearance, taste, or odour of their water was 2.48 contacts per 1,000 customers compared to our FD target of 1.75 and 2.35 in 2022. While usually harmless, appearance, taste, or odour issues can be off-putting for our customers. Such issues are often caused by changes in the velocity of water flows (for example, due to burst water mains or increased customer demand during hot weather), which can loosen iron sediments from within the pipes resulting in discoloured water. To improve our performance for acceptability of drinking water, we are optimising treatment works to remove more manganese from our soft upland waters; replacing cast iron pipes which can cause discolouration incidents, and cleaning our network through our 'zonal studies' programme.

#### Reliability of Supply

Having a constant supply of water is important for our customers. We manage our network every day to try to ensure any operational challenges we encounter do not impact customers' supply. However, sometimes circumstances outside our control do impact on customer supply, particularly in difficult weather conditions. This measure reports on the average number of minutes lost per customer for interruptions that lasted 3 hours or more. Our performance was 23 minutes and 16 seconds and while this is better than the 44 minutes and 31 seconds, reported for 2022/23, it is still not in line with our FD target of 5 minutes 23 seconds.

Our performance has been impacted by some significant mains bursts affect large volumes of customers where restoration within 3 hours was unachievable. The top 3 incidents, which are listed below, contributed 34% (7 minutes and 53 seconds) of our performance:

- A burst on a 15 inch main in Cardiff impacted 7,518 properties in February 2024. Tankering, rezoning and valve operations were undertaken to mitigate the impact on customers resulting in 70% of customers having their supply restored before the repair was complete. Some areas had completely depressurised before tankers arrived which caused issues in restoring the supply. This event contributed 4 minutes and 4 seconds to our overall performance.

- A 300mm main was damaged in Tonypany which impacted 4,475 properties in February 2024. Rezoning was not an option due to water quality risks, so tankers were deployed. There was an issue around safe locations for the tankers which caused a delay in restoration of supply. This event contributed 2 minutes and 7 seconds to our overall performance.
- A burst on a 20 inch main in Cardiff impacted 5,519 properties in May 2023. Tankering and rezoning operations were undertaken. Rezoning activities restored supply to 50% of the properties impacted. This event contributed 1 minute and 43 seconds to our overall performance.

Our performance in the year was adversely affected by bursts caused by deterioration of the condition of water mains in west Wales, which accounts for over 25% of our customer minutes lost total. In this largely rural area we have a predominance of asbestos cement mains, and we have identified the acceleration of burst frequency to be due to the impact of climate change on ground conditions exacerbated consecutively by the drought and freeze/thaw extremes seen in 2022. To address this, we have sought £66 million in our PR24 submission to replace 174km of ageing asbestos cement mains pipe.

To significantly improve our response times to interruptions, and achieve our business plan, we have begun to establish organisational changes to centralise our response to bursts 24/7 and to optimise the location of our tanker fleet and locally based response teams.

### Safeguard our Environment for Future Generations

We are working to ensure that the beautiful environment around us is protected for future generations.

#### Treating wastewater

The predominantly wet weather has brought challenging operating conditions during the year as high flows entering the waste water treatment works increased risk of hydraulic loads and solids carry over across sites. As a result, our Treatment Works Compliance performance for 2023 was 98.01% compared to our FD target of 100% and slightly worse than our 2022 performance of 98.50%. This is as a result of twelve non-compliant works (eight wastewater treatment works and four water treatment works) out of a total of 602 permitted water and wastewater treatment works.

Please note that our reported performance is provisional until signed off by Natural Resources Wales.

#### Preventing Pollution

The total number of pollution incidents per 10,000km of sewer length was 29.52 compared to our FD target of 22.40 and 24.55 for 2023. This equates to 107 (FD: 81) pollution incidents (of which one was category 1 and six were category 2), compared to 89 incidents in 2022. Blockages remain the highest cause of incidents, but storm events over the year have resulted in an increased number of pollutions occurring from hydraulic overload.

#### Leakage

We previously reported that we had notified Ofwat about inaccuracies in our methodology for calculating reported leakage and customer consumption figures in 2020/21 uncovered through our assurance and audit processes. From this Ofwat launched an investigation in 2023. In response to the issues initially identified by ourselves and in line with requirements following the conclusion of the investigation by Ofwat, we have reset both our leakage and per capita consumption (PCC) targets for the AMP7 period.

In terms of our reporting for 2023-24 we have not met our Leakage target of 10.3% reduction reporting a performance level of -15.9%. Leakage performance continues to lag and as part of our Service Commitment plans we have set out a clear recovery programme that includes additional leak detection and repair resources, and an upstream losses programme that is focused solely on trunk mains repairs. In the final year of AMP7 (2020-2025) we will invest around £150 million in leakage reduction, one of our largest single areas of investment, evidencing our ongoing commitment to reducing leakage.

### Create a Better Future for all Communities

Climate change remains one of the biggest challenges facing society – and as a country with a large coastline and higher levels of deprivation than the average for the UK, our communities are more vulnerable than most to its effects. As a result, we are determined to help in the global effort to not only reduce the negative impacts on our planet's

climate by reducing our own carbon emissions, but also to protect our customers and network from the effects of extreme weather events. Our [Journey to Zero](#) plan includes six strategic principles which underpin our work to achieve our goal of net zero carbon emissions by 2040:

- Continuing to reduce energy consumption, increase self-generation, and source remaining electricity from Welsh-based renewable generators;
- Prioritising the use of sewage-derived biogas to decarbonise heat and transport (five times larger decarbonisation impact by 2030 than relying on renewable electricity);
- Gradually replacing our existing fleet with vehicles that utilise low carbon fuels (e.g. hydrogen, biomethane) and/or electricity;
- Actively controlling and reducing the fugitive emissions from wastewater treatment processes by fully automating the control of all aeration plants;
- Monitoring and reducing the carbon emissions associated with construction and refurbishment of assets by actively applying the carbon mitigation hierarchy and other tools, to select the right long-term solution, and
- Maximising the carbon sequestration and biodiversity potential of our land holdings to offset carbon emissions that are difficult and/or cost prohibitive to abate.

#### Responding to Climate Change

In October 2023 we published our Climate Change Adaptation report – see [Our plans | Dŵr Cymru Welsh Water](#) ([dwrwymru.com](#)). The report acknowledged the long-held view of many observers that climate change is a global existential threat. Water is on the front line in terms of the effects of climate change – whether it drives increased drought, storms, flooding, or sea level rise inundating communities. Doing all we can to adapt to the challenges of climate change, so we can continue to provide affordable and resilient services is one of our primary responsibilities and a growing priority for our customers.

As the principal provider of water and wastewater services in Wales, we are driving our science and innovation agendas forward to support our net zero ambitions, and also to adapt our asset base to meet the challenges that are yet to come.

Our AMP8 (2025-2030) Climate change plans for adaptation are focused on 'no/low regrets' activities and investments. These include driving leakage down; increasing customer metering; helping customers reduce their water use; protecting water quality and improving biodiversity; investing in further sustainable urban drainage systems and nature based solutions, and driving innovation and technology developments. We will also be undertaking extensive environmental monitoring and asset planning work, so as to improve the confidence in our two main planning tools for the longer term – our drainage and wastewater management and water resource management plans.

#### Energy self-sufficiency

We are one of the largest energy users in Wales. We currently generate 24% of our own energy needs through wind, hydro, solar and advance anaerobic digestion which falls short of our 34% Final Determination target. This is largely due to following four reasons:

- consumption within Welsh Water as a whole has been rising year on year primarily due to new assets installed on our Water and Wastewater treatment works;
- a number of capital investment schemes for renewable generation that were planned for AMP7 have not been delivered as a result of planning approval and third-party land issues;
- delays to the delivery of existing renewable projects following design and feasibility studies, and
- temporary renewable asset failures.

#### Community education

We pride ourselves on delivery of a sustainable programme of education, which has supported over 600,000 pupils through direct delivery over the past 25 years. We are now past the impact that the pandemic had on our recent performance. This year, we have seen significant improvement and have exceeded our ambitious target by reaching nearly 90,000 children and young people through our education programme in 2023/24. This is both through our outreach programme and at our education centre in Cilfynydd.

Further insight into our delivery over the past year can be found at our bespoke education Twitter profile [@DiscoverDwr](#).

## Personal Service that's right for you

Our Customer-led Success approach places the needs of our customers at the heart of everything we do. We take a lot of pride in shaping our services around the needs of our customers and delivering the best service possible is our top priority.

### Customer Satisfaction

Our primary indicator of customer satisfaction is a customer experience measure for household customers, known as C-MeX. The C-MeX score is calculated as the average of customer satisfaction scores from customer service and customer experience surveys. For 2023/24 we were rated 5th against other water companies and, for water and sewerage companies we were rated 3rd.

In addition, there is an Ofwat customer experience measure for Developers, known as D-MeX which is calculated as the average of a qualitative customer satisfaction survey and a quantitative element based on performance against a selection of Water UK performance metrics. For the quantitative element, our end of year performance places us joint 1st position overall for the period compared to all companies. Our performance for the qualitative element places us in 11th position overall for the period compared to all companies. Our performance on the qualitative element is impacted by the different legal framework in Wales that impact developers' views of water companies and the service we provide. Overall, we've achieved a score of 87.76 for the elements combined (2022/23, 84.68), which placed us in 11th place against other water companies.

### Business Customer Satisfaction

Welsh Water provides services to more than 100,000 business customers in Wales and adjoining parts of England. Our performance for the year was 4.3 which is below our Ofwat Final Determination target of 4.5. We will continue to improve the delivery of account management services and extend the range of value-adding services that we offer to our business customers, where appropriate, in 2024/25.

### At-Risk Customer Service

All customers deserve a good level of service, and we are working towards this goal over the long term. At present, the disproportionate cost of solutions to address problems for very small numbers of customers is an obstacle to progress, especially in the face of wider challenges. On the wastewater service side, climate change is tending to increase repeat flooding events, and working against our target. We continue to engage with customers and stakeholders on striking an appropriate balance between competing priorities. Our 'WaterFair' scheme provides discounts on bills for customers who remain on our worst served registers.

For the number of customers "at risk" of suffering from repeat problems such as interruptions to water supply or low pressure our performance was 6,416, compared to our FD target of 1,778 and a deterioration compared to 2022/23 (5,029). On the wastewater "at risk" measure where customers have experienced repeat sewer flooding or are recorded as being actively at risk of flooding our performance was 514, compared to our FD target of 357 and slightly worse than 2022/23 (508).

### Flooding

Sewage flooding into customers' properties is the worst service failure that can happen, and we are committed to doing everything we can to prevent it happening. We were pleased to outperform our FD target of 1.44 (216 incidents) per 10,000km of sewer connections in 2023/24 with 1.35 (201 incidents), although this is slightly worse when compared to last year 1.14 (169 incidents).

### Fair Bills for everyone

We have a responsibility to balance investment to improve our services with keeping bills at an affordable level to ensure that they are fair for customers. We also focus on supporting those in genuine financial need while pursuing those who can pay their water bill, but choose not to do so.

From 1 April 2024 our prices reduced by between 0 and 1% for most household customers, although some customers with higher rateable values or a wastewater-only service received a small increase in their bills. This was due to the impact of our performance in 2022/23, which is reflected in a reduction in our allowed revenues for the year.

### Help for customers in vulnerable circumstances

For our regulatory measure we report on the number of residential customers that are on a social tariff including the HelpU social tariff scheme and the WaterSure Wales Scheme. Our 2023/24 performance is 130,226 customers compared to 128,531 last year and against an Ofwat Final Determination target of 133,000 customers on the HelpU and WaterSure Wales scheme.

We make significant effort to ensure that our customers are aware of the financial support that we offer. This includes our 'Here for You' campaign that has the aim to raise awareness of the financial support on offer from Welsh Water while breaking down perceived barriers for customers getting in touch if they're struggling.

### Resilience

With 27,910km of water mains, and 37,392km of sewers, and hundreds of water and wastewater treatment works, our network is extensive and includes challenging mountainous terrain, sparsely populated rural communities and urban centres. It is therefore essential that we build a resilient and sustainable water service for the long term. As part of our preparation for the forthcoming price review we have built a new asset planning capability that has a much stronger understanding of our current asset resilience, is able to assess the impact on it of different scenarios, and can evaluate the resulting risk applying a multi-capitals, rather than purely financial, approach.

#### Asset Resilience

The long-term resilience of our assets is measured against a set of criteria which shows how they are performing and providing service to our customers. As a Company, we invest significantly in both our Water Services assets to ensure long-term resilience and service performance particularly in our water treatment works and our wastewater service assets such as the 37,392km of sewers and 828 sewage treatment works. This is a particularly important part of our Welsh Water 2050 long-term vision which aims to strengthen the resilience of our assets to improve services to customers in the future. We monitor and report our performance on five individual resilience measures and have met our target for three of these measures. We have set out our performance in the table below:

Asset Resilience Measure	Performance	Target
Reservoirs	96.2%	94.4%
Water networks above ground	88.4%	85.6%
Water networks below ground	68.9%	71.0%
Wastewater networks above ground	72.2%	79.3%
Wastewater networks below ground	41.5%	39.5%

### Colleague Promises

We are committed to retaining and developing the best talent for the future in a culture that keeps our people safe, healthy and happy. Colleagues from across the business are regularly invited to attend informal meetings with the Chair and Non-Executive Directors to talk about issues affecting the business, the workforce, customers and other stakeholders.

Our 2023 Employee Engagement Survey saw an 89% completion rate, our highest ever return and a 75% company level engagement score, matching that of 2022, but slightly lower than our FD target of 80%. This was especially pleasing as the backdrop of high inflation at the start of 2023 meant we had to renegotiate our existing pay deal at a time when our people were dealing with a cost-of living challenge in their home lives. While we were able to reach a sensible and fair outcome for the Company and our people it was encouraging to see our high level of employee engagement sustained.

### Health and Safety

Our people are our greatest assets and our greatest ambassadors. So we prize the health and safety of our colleagues above all else and make sure that, whatever they do, they go home safely at the end of the day. As a result, we have focused on building a culture where health and safety is paramount for every job we do. Our operational teams regularly hold "safety days" throughout the year to review best practice and to improve the procedures in each team



We have once again this year had only five RIDDOR injuries (Reporting of Injuries, Diseases and Dangerous Occurrences), compared to our FD target of six. This figure covers staff both directly employed by Welsh Water and our contractors. We remain focused on positive intervention and preventing injuries over the coming year.

#### Employee training and expertise

We are also committed to helping all of our people grow and thrive in their careers at Welsh Water. We carry out regular reviews across the business to see whether the teams have the right skills to meet the challenges they will face. Following a review of our methodology, we have restated our previous submission for this measure. Our performance for this year is 66.3% compared to our FD target of 95.0% and is worse than our performance of 80.5% last year. This decrease in performance is driven by the fact we have updated the training programme that is used in this measure and all previously trained staff need to undertake this new programme.

#### An Efficient Business

We are not-for-shareholder, which means that, unlike other water and wastewater companies across England and Wales, all surpluses are applied for the benefit of our customers. We are committed to running our business as efficiently as possible, working to be as innovative as possible, and to reduce waste across everything we do. This also means we work for the long-term, planning investments over decades, not just for short-term targets and we continue to invest to maintain and improve the essential services we provide for the future.

#### Financial resilience

Since 2001 when Glas Cymru acquired Welsh Water, we have reduced our gearing from 93% to 60%, consistent with the Board's policy of maintaining gearing at or below 60% to maintain our access to low-cost borrowing and our financial resilience. During the year we have retained our financial ratings of A3/A-/A by Moody's S&P and Fitch. These continue to be among the best in the UK utility sector.

#### Ongoing Engagement with Customers

We are committed to an ongoing programme of customer involvement on a wide range of issues, such as how we can best support customers in vulnerable circumstances. Engagement with our customers plays a vital role throughout our business and we do this in a variety of ways such as;

- directly through telephone, web and social media;
- seeking feedback and views from our customers across all areas we serve;
- focus groups and customer interviews to gain insight into what customers want and test new services; and
- annual Trust surveys to check we continue to meet customer expectations.

#### External stakeholder engagement

The Independent Challenge Group (ICG) (formerly known as the Customer Challenge Group) is an independent panel of people from across the area that we serve who bring with them knowledge and experience from a variety of backgrounds. As well as providing independent challenge to us, they also provide assurance to one of our regulators, Ofwat. Members include organisations representing vulnerable and older people, the Welsh Local Government Association and other business and regulatory bodies. The ICG provides independent challenge, scrutiny and advice to ensure that current and future customers are at the heart of the way we operate.

#### Welsh Water People

We can only hope to earn the trust of our customers through the extraordinary efforts and commitment of all our colleagues in Welsh Water and our wider network of contractors and partners. Key priorities include developing our people and creating an inclusive and welcoming environment with a diverse workforce that reflects the communities we serve. The dedication of our people has contributed directly to the high level of trust our customers show in us as their water and sewerage company – thank you.

Peter Perry

Chief Executive Officer

## 4. Performance Summary

The following tables summarise our performance for 2023/24. Our Part 3 commentary contains detailed performance for each Performance Commitment and we have provide the section number in the first column.

Table 1 - Performance Commitment – Common Measures

Part 3 Commentary Section	PC Code	Measure	2023/24 Outturn	2022/23 Outturn	2023/24 FD Target	2023/24 Vs FD Target	Penalty or Reward 2023/24 (£m)	Total ODI Incentive (2020/21 to 2024/25) (£m)
3.1	Wt1	Water Quality Compliance (CRI) (%)	7.74	5.40	0	X	-2.801	-10.399
3.2	Wt2	Water supply interruptions (mm:secs)	23:16	44:31	05:23	X	-10.594	-33.031
3.3	Wt4	Mains repairs	146.2	156.2	133.1	X	-1.336	-3.621
3.4	Wt5	Unplanned outage %	0.35	0.67	2.34	✓	0	0
3.5	En1	Treatment works compliance %	98.01	98.50	100	X	-0.693	-1.519
3.6	En3	Pollution incidents (per 10,000km of Sewer)	29.52	24.55	22.40	X	-1.531	-1.591
3.7	En4	Leakage (% reduction) – 3 year average	-15.9	-11.5	10.3	X	-5.578	-22.075
3.8	En5	Per capita consumption (% reduction) – 3 year average	-3.4	-6.2	4.6	X	0	-7.520
3.9	Ft1	Risk of severe restrictions in a drought %	4.4	4.4	4.5	✓	Reputational	Reputational
3.10	Ft2	Risk of sewer flooding in a storm %	23.94	24.28	29.76	✓	Reputational	Reputational
3.11	Rt1	Internal sewer flooding (per 10,000km sewer connections)	1.35	1.14	1.44	✓	0.385	1.837
3.12	Rt3	Sewer collapses (per 1,000km sewer)	5.96	6.67	7.20	✓	0	-0.067
3.13	Sv1	C-MeX – Company Measure	79.63	82.92	n/a	n/a	1.169	6.867
3.14	Sv2	D-MeX	87.76	84.68	n/a	n/a	-0.393	-2.003
3.15	Sv5	PSR reach %	11.5	10.0	6.3	✓	Reputational	Reputational
3.15	Sv5	PSR actual contact %	42.1	43.4	35.0	✓	Reputational	Reputational
3.15	Sv5	PSR attempted contact %	93.4	96.2	90.0	✓	Reputational	Reputational

Table 2 - Performance Commitment – Bespoke Measures

Part 3 Commentary Section	PC Code	Measure	2023/24 Outturn	2022/23 Outturn	2023/24 FD Target	2023/24 Vs FD Target	Penalty or Reward 2023/24 (£m)	Total ODI Incentive (2020/21 to 2024/25) (£m)
3.16	Wt3	Acceptability of drinking water (contacts per 1,000 population)	2.48	2.35	1.75	X	-1.757	-6.547
3.17	Wt6	Tap water quality event risk index (ERI)	26.904	1,102.316	10	X	Reputational	Reputational
3.18	Wt7	Water catchments improved	23	23	23	✓	Reputational	Reputational
3.19	Wt8	Lead pipes replaced	2,981	1,731	5,600	X	0	-3.150
3.20	En2	Wastewater treatment works 'look-up table' compliance %	99.47	99.82	100	X	Reputational	Reputational
3.21	En6	Km of river improved	345	122	25	✓	0	6.627
3.22	En7	Bioresources product quality %	99.9	98.3	97.3	✓	0.454	1.776
3.23	En8	Bioresources disposal compliance %	100	99.87	100	✓	0	-0.013
3.24	En9	Combined sewer overflow storage systems	0	0	13,500	X	0	0
3.25	Ft3	Energy self-sufficiency %	24	22	34	X	Reputational	Reputational
3.26	Ft4	Surface water removed from sewers (m3)	0	10,752	862,150	X	-0.304	-0.455
3.27	Ft5	Asset resilience (reservoirs) %	96.2	95.3	94.4	✓	Reputational	Reputational
3.28	Ft6	Asset resilience (water network+ above ground) %	88.4	87.2	85.6	✓	Reputational	Reputational
3.29	Ft7	Asset resilience (water network+ below ground) %	68.9	68.9	71.0	X	Reputational	Reputational
3.30	Ft8	Asset resilience (wastewater network+ above ground) %	72.2	73.2	79.3	X	Reputational	Reputational
3.31	Ft9	Asset resilience (wastewater network+ below ground) %	41.5	36.9	39.5	✓	Reputational	Reputational
3.32	Ft10	Community education	87,685	80,194	74,000	✓	0.027	-0.154
3.33	Ft11	Visitors to recreational facilities	1,034,101	739,294	775,000	✓	0.259	0.086
3.34	Rt2	External sewer flooding on customer property (per 10,000km sewer connections)	23.70	24.42	22.48	X	-1.097	-3.314
3.35	Rt4	Total complaints (per 10,000 connections)	62.1	49.9	UQ	X	-0.048	-0.132
3.36	Rt5	Worst served customers for water service	6,416	5,029	1,778	X	Reputational	Reputational
3.37	Rt6	Worst served customers for wastewater service	514	508	357	X	Reputational	Reputational

Table 2 continued - Performance Commitment – Bespoke Measures

Part 3 Commentary Section	PC Code	Measure	2023/24 Outturn	2022/23 Outturn	2023/24 FD Target	2023/24 Vs FD Target	Penalty or Reward 2023/24 (£m)	Total ODI Incentive (2020/21 to 2024/25) (£m)
3.38	Sv3	Customer trust	7.74	7.75	8.15	X	Reputational	Reputational
3.39	Sv4	Business customer satisfaction	4.3	4.4	4.5	X	-0.250	-0.750
3.40	Sv6	Customers on Welsh language register	6,751	6,649	22,000	X	Reputational	Reputational
3.41	BI1	Change in average household bill %	-4.0	-2.4	<CPIH	✓	Reputational	Reputational
3.42	BI2	Vulnerable customers on social tariffs	130,226	128,531	133,000	X	Reputational	Reputational
3.43	BI3	Company level of bad debt %	3.0	2.9	2.0	X	Reputational	Reputational
3.44	BI4	Unbilled properties (Voids) %	3.59	3.93	3.60	✓	0.026	-0.863
3.45	BI5	Financial resilience	High	High	High	✓	Reputational	Reputational
3.46	BI6	Delivery of our reservoirs enhancement programme	21	14	17	✓	0	0
3.47	BI8	Delivery of our water network improvement programme	4	2	0	✓	0	0
3.48	BI10	Delivery of our South Wales Grid water supply resilience scheme	15	1	95	X	0	-0.952
3.49	Co1	Reportable injuries	5	5	6	✓	Reputational	Reputational
3.50	Co2	Employee training and expertise %	66.3	80.5	95	X	Reputational	Reputational
3.51	Co3	Employee engagement %	75	75	80	X	Reputational	Reputational
3.52	DPC01	Direct procurement for customers: Cwm Taf Water supply strategy scheme (Underperformance)	0	0	TBA	✓	0	0
3.53	DPC02	Direct procurement for customers: Cwm Taf Water supply strategy scheme (Outperformance)	TBC	TBC	TBA	✓	0	0
3.54	VIS01	Delivery of a new visitor centre	Delivered	N/A	N/A	✓	0	0
3.55	DWMPs	Drainage and wastewater management plans	100	0	100	✓	Reputational	Reputational
3.56	NEP01	Delivery of Environment programme requirements	Met	Met	Met	✓	Reputational	Reputational
	Total						-24.061	-72.382

## 5. Income Statement

	Adjustments			Total adjustments £m	Total appointed £m
	Statutory £m	RAG differences £m	Non-appointed £m		
Revenue	924.347	-5.635	8.109	-13.744	910.603
Operating costs	-878.300	31.843	-9.529	41.372	-836.928
Other operating income	0.306	-	-	-	0.306
<b>Operating profit</b>	<b>46.353</b>	<b>26.208</b>	<b>-1.420</b>	<b>27.628</b>	<b>73.981</b>
Other income	-	-0.072	-	-0.072	-0.072
Interest income	20.432	-0.681	2.072	-2.753	17.679
Interest expense	-359.386	-18.586	-	-18.586	-377.972
Other interest expense	-	0.681	-	0.681	0.681
<b>Loss before tax and fair value movements</b>	<b>-292.601</b>	<b>7.55</b>	<b>0.652</b>	<b>6.898</b>	<b>-285.703</b>
Fair value gains on financial instruments	54.786	-	-	-	54.786
<b>Loss before tax</b>	<b>-237.815</b>	<b>7.55</b>	<b>0.652</b>	<b>6.898</b>	<b>-230.917</b>
UK corporation tax	0.056	-	-	-	0.056
Deferred tax	56.615	-1.897	-0.163	-1.734	54.881
<b>Loss for the year</b>	<b>-181.144</b>	<b>5.653</b>	<b>0.489</b>	<b>5.164</b>	<b>-175.980</b>
Dividends	-	-	-	-	-

## 6. Data Assurance Processes

The Board is committed to providing information to customers and stakeholders that is customer-led, accessible, clear, accurate, transparent and timely and we were pleased to be recognised as a “self-assurance” Company by Ofwat in their last Company Monitoring Framework (CMF) assessment in 2019. Our ongoing objective, therefore, is to make available information that meets stakeholders’ needs, is easy to understand and navigate and which enables them to understand how we are performing. We also recognise that providing information to a consistently high standard helps build trust and confidence in everything we do. Ofwat has concluded in their last CMF assessment report that we are able to deliver accurate and reliable information that gives stakeholders trust and confidence.

Our customers drive our thinking and our plans and we welcome the important contribution made by our Independent Challenge Group (ICG) in challenging our customer engagement and research programme to ensure that we plan to deliver the best possible outcomes for customers. We produce extensive Company information obtained from measuring and recording what we do. Much of this is provided to our regulatory stakeholders and other stakeholder groups or published in our Annual Performance Report and on our website.

The Board has put in place an audit and assurance framework designed to allow the systematic monitoring and evaluation of the various aspects of our performance to ensure that standards of quality are being met. This involves having appropriate governance arrangements, close involvement by our Board in the assurance process, and the right level of independence in the process to provide third party review and challenge. This provides assurance to our Board, stakeholders and customers and gives legitimacy and certainty on the level of performance and service that we are delivering. This means that our statutory and regulatory reporting requirements are met in full with a high level of assurance.

We have prepared a stand-alone Data Assurance Summary which details the assurance activities relevant to this Annual Performance Report and other publications. This can be found at [Data Assurance Summary](#)

## Appendix 1 - At a glance

Individual elements of this report Please click on relevant Hyperlinks to open document.	Where to find
<b>Annual Performance Report – Parts 1, 2, 3 and 4 to 11.</b> A report which provides specific information on progress on delivery of customer outcomes, service levels, transparent cost information and financial performance.	<a href="#">APR Webpage</a>
<b>A Risk and Compliance Statement.</b> This confirms that the Board has: <ul style="list-style-type: none"> <li>• a full understanding of, and is meeting, all its relevant statutory, licence and regulatory obligations and has taken steps to understand and meet customer expectations;</li> <li>• satisfied itself that it has sufficient processes and internal systems of control to fully meet its obligations; and</li> <li>• appropriate systems and processes in place to allow it to identify, manage, mitigate and review its risks.</li> </ul>	<a href="#">Board Statements and Certificates</a>
<b>A Data Assurance Summary.</b> A standalone report that highlights the results of the data assurance that we have carried out to evidence that the information provided is accurate.	<a href="#">Data Assurance Summary</a>
<b>Board statement on accuracy and completeness of data</b> One of the obligations, outlined in Regulatory Accounting Guideline 3.14 is for the Board to prepare a Statement on the accuracy and completeness of data and information. (RAG 3.14 section 4.41 to 4.44)	<a href="#">Board Statements and Certificates</a>
<b>Company Direction and Performance Statement</b> A short annual statement explaining how we have set our aspirations and are delivering for everybody who depends on our services and how we have set our aspirations.	<a href="#">Board Statements and Certificates</a>
<b>Ring-fencing certificate</b> The Ring-Fencing Certificate ("RFC") is a certificate stating that in the opinion of the Board the Company has sufficient resources to enable it to carry out its	<a href="#">Board Statements and Certificates</a>

Regulated Activities, for at least the twelve-month period following the date on which the Certificate is submitted to Ofwat. (RAG 3.14 section 3.26 to 3.29)	
<b>Accounting Statements</b>	
Pro forma tables prepared in accordance with the formats, accounting policies and principles which apply to the statutory annual accounts of appointee. (RAG 3.14-section 2.2 to 2.3)	<a href="#">APR Tables</a>
Publication of accounting statements – companies should submit the following documents: <ul style="list-style-type: none"> <li>• ultimate UK holding company accounts</li> <li>• annual performance report including regulatory accounting statements; and</li> <li>• statutory accounts</li> <li>• (RAG 3.14 section 2.4)</li> </ul>	<a href="#">APR Part 1</a> <a href="#">APR Part 2</a> <a href="#">APR Parts 4-11</a> <a href="#">Annual Report and Accounts</a>
Website publications – companies should publish the annual performance report on their website and accounting methodology statement. Also provide historic APRs on their website. RAG 3.14 section 2.8 to 2.11)	<a href="#">APR Webpage</a> <a href="#">Accounting Methodology Statement</a>
Audit – Auditors' report and further information required from auditors. RAG 3.14 section 2.12 to 2.14)	<a href="#">APR Part 1</a> <a href="#">Annual Report and Accounts</a> Page 158
<b>Accounting Disclosures</b>	
A statement which describes the link between directors' pay and standards of performance (as required by section 35A of the Water Industry Act 1991 (inserted into that Act by section 50 of the Water Act 2003) (RAG 3.14 section 3.2 to 3.8)	<a href="#">APR Part 1</a> <a href="#">APR Parts 4-11</a> <a href="#">Annual Report and Accounts</a> Page 132 <a href="#">Board Statements and Certificates</a>
A statement as to disclosure of information to auditors (RAG 3.14 section 3.9 to 3.10)	<a href="#">APR Part 1</a> <a href="#">Board Statements and Certificates</a> <a href="#">Annual Report and Accounts</a> Page 155



A statement on dividend policy for the appointed business (RAG 3.14 section 3.11 to 3.18)	<a href="#">APR Part 1</a> <a href="#">Board Statements and Certificates</a> <a href="#">Annual Report and Accounts</a> Page 154
An accounting policy note for price control segments (RAG 3.14 section 3.19)	<a href="#">APR Part 2</a> <a href="#">Annual Report and Accounts</a> Page 224
A note on revenue recognition (RAG 3.14 section 3.20)	<a href="#">APR Parts 4-11</a> <a href="#">Annual Report and Accounts</a> Page 174
A note on capitalisation policy (RAG 3.14 section 3.21)	<a href="#">APR Parts 4-11</a>
A note on bad debt policy (RAG 3.14 section 3.22 to 3.25)	<a href="#">APR Parts 4-11</a>
a statement on sufficiency of non-financial resources (RAG 3.14 section 3.28 to 3.29)	<a href="#">APR Part 1</a> <a href="#">Board Statements and Certificates</a>
The tax strategy for the appointed business (RAG 3.14 section 3.30 – 3.31)	<a href="#">APR Parts 4-11</a> <a href="#">Annual Report and Accounts</a> Page 174
A statement on differences between statutory and RAG definitions (RAG 3.14 section 3.32 to 3.33)	<a href="#">APR Parts 4-11</a>
A long term viability statement (RAG 3.14 section 3.34 to 3.37)	<a href="#">APR Parts 4-11</a> <a href="#">Board Statements and Certificates</a> <a href="#">Annual Report and Accounts</a> Page 67
A statement explaining out/under performance of the return on regulatory equity (RORE) (RAG 3.14 section 3.38).	<a href="#">APR Parts 4-11</a>
Infrastructure charges – A statement which explains the variance between revenue costs arising from providing infrastructure network reinforcement for developers, which is proportionate to its value. (RAG 3.14 section 3.39).	<a href="#">APR Parts 4-11</a>
Innovation competition – A breakdown of innovation competition spend. (RAG 3.14 section 3.40 to 3.42)	<a href="#">APR Part 1</a> <a href="#">APR Parts 4-11</a>

Narrative disclosures	
Outcomes - narrative disclosures on performance (RAG 3.14 section 4.1 to 4.2)	<a href="#">APR Part 3</a> <a href="#">Annual Report and Accounts</a> Page 20-24
Totex - narrative disclosures on any difference between the actual and allowed totex values (RAG 3.14 section 4.3 to 4.7)	<a href="#">APR Part 2</a>
Retail – Commentary on material differences between total operating costs reported in pro forma 2C and the retail revenues allowed in price limits. (RAG 3.14 section 4.8 to 4.9)	<a href="#">APR Part 2</a>
Wholesale revenue control reconciliation – Commentary on differences reported in table 2M line 3 and 2M line 8. RAG 3.14 section 4.10 to 4.13)	<a href="#">APR Part 2</a>
Current tax analysis – an analysis of the appointed current tax charge or credit reported in line 1A.12 comparing this to that charge or credit resulting from applying the standard corporation tax rate to the profit or loss on ordinary activities for the appointed business (RAG 3.14 section 4.14 to 4.15)	<a href="#">APR Parts 4-11</a>
Current tax reconciliation - a reconciliation of the appointed current tax charge (RAG 3.14 section 4.16 to 4.18)	<a href="#">APR Parts 4-11</a>
Interest - Analysis of the appointed interest expense reported in 1A.7 and the appointed other interest reported in 1A.8 (RAG 3.14 section 4.19 to 4.20)	<a href="#">APR Part 1</a>
Financial flows – Information on the financial flows and supporting commentary (RAG 3.14 section 4.21 to 4.22)	<a href="#">APR Part 1</a>
Narrative on costs – Companies to provide various commentaries (RAG 3.14 section 4.23 to 4.33)	<a href="#">APR Parts 4-11</a>
Supply-demand balance and metering – Companies to provide details of their expenditure in the areas of long term improvements to supply-demand balance and strategic regional water resource solutions (RAG 3.14 section 4.34 to 4.37)	<a href="#">APR Parts 4-11</a>
Analysis of debt – companies to provide reconciliation explaining any reason for differences between table 1E and 4B (RAG 3.14 section 4.38 to 4.39)	<a href="#">APR Part 1</a>
Common Performance Measures – reason for any non-compliance for the reporting year (RAG 3.14 section 4.4)	<a href="#">APR Part 3</a>

Return on regulatory equity – Narrative to explain any exceptional items companies have included in its calculation of RORE in line 4H.5. (RAG 3.14 section 4.45)	<a href="#">APR Parts 4-11</a>
Financial derivatives - (RAG 3.13 section 4.46)	<a href="#">APR Parts 4-11</a>
Social tariffs – Companies should provide a note which highlights the use of social tariffs or other forms of assistance they provide to improve affordability and accessibility for vulnerable customers. (RAG 3.14 section 4.47)	<a href="#">APR Part 3</a> <a href="#">Annual Report and Accounts</a> Pages 4, 10 and 21
Transactions with associates and the non-appointed business (RAG 3.14 section 5.4 to 5.11)	<a href="#">APR Parts 4-11</a> <a href="#">Board Statements and Certificates</a>
An Accounting Methodology Statement (RAG 3.14 appendix 2).	<a href="#">Accounting Methodology Statement</a>
Publication of our bioresources market information and Bioresource market monitoring information on our website.	<a href="#">Data Assurance Summary</a> <a href="#">Bioresources market information</a>
Reporting for in-period outcome delivery incentives (IN 23/03)	<a href="#">Submitted to Ofwat alongside APR</a>
Ring fencing certificates and long-term viability statements (IN 20/01)	<a href="#">APR Parts 4-11</a> <a href="#">Board Statements and Certificates</a>
Accounting for sludge liquor costs (IN 21/01)	<a href="#">APR Parts 4-11</a> <a href="#">Accounting Methodology Statement</a>
Greenhouse gas emissions (IN 23/03)	<a href="#">APR Parts 4-11</a> <a href="#">Annual Report and Accounts</a> Page 78
Requirements and expectations for ring-fencing certificate (IN 20/01)	<a href="#">Board Statements and Certificates</a>
Wt7 - Water Catchment Improved Annual Report	<a href="#">WC Improved Report</a>
BI6 - Delivery of our Reservoirs Enhancement Programme Report A report from third party panel engineers will confirm the number of sites that are completed or in progress to be completed by December 2025	<a href="#">Submitted to Ofwat alongside APR.</a>
BI8 - Delivery of our Water Network Improvement Programme Report At the next price review a report from an appropriately qualified third party will confirm the number of notices that are on track to complete by 31 March 2025.	<a href="#">Submitted to Ofwat alongside APR.</a>

<p>Open Data (IN 23/03)  Rationale setting out which open data characteristics were adopted, how these were chosen, reasoning for the decision and what considerations influenced our approach.</p>	<p><u>Open Data Rationale</u>  <u>Consolidated Performance Commitment Data</u></p>
<p>Board leadership, transparency and governance  A demonstration through our annual reporting on how we are meeting our Board leadership and governance principles.</p>	<p><u>Annual Report and Accounts</u>  Page 106-152  <u>Board Statements and Certificates</u></p>



Dŵr Cymru  
Welsh Water