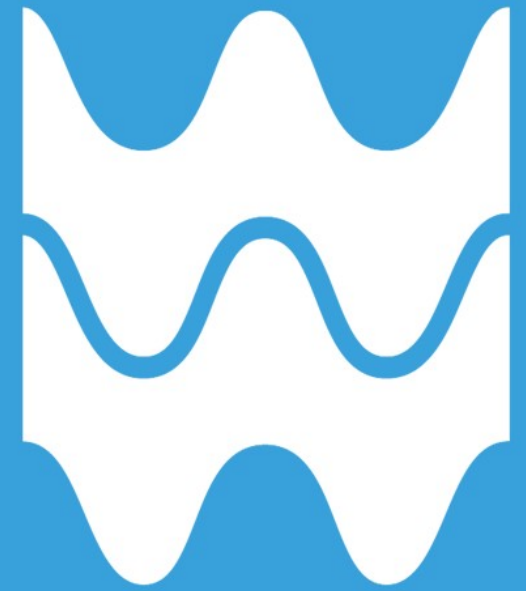


Part 2 - Price control and other segmental reporting

APR 2023/24



July 2024



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2B – Totex analysis for the year ended 31 March 2024 – wholesale

	Water resources £m	Water network+ £m	Wastewater network+ £m	Bioresources £m	Total £m
Operating expenditure					
Power	10.717	33.301	43.709	2.984	90.711
Income treated as negative expenditure	(7.315)	(4.348)	(0.823)	(6.782)	(19.268)
Service charges/discharge consents	10.170	0.247	5.422	0.036	15.875
Bulk supply/bulk discharge	0.307	1.915	-	-	2.222
Renewals expenses in year (Infrastructure)	0.524	77.886	24.130	-	102.540
Other operating expenditure – renewals expensed in	-	-	-	-	-
Other operating expenditure	11.032	68.293	77.136	24.564	181.025
Local authority and cumulo rates	2.646	13.435	7.695	0.791	24.567
Total base operating expenditure services	28.081	190.729	157.269	21.593	397.672
Other operating expenditure					
Enhancement operating expenditure	0.109	0.189	1.289	1.301	2.888
Developer services operating expenditure	-	13.810	3.248	-	17.058
Total operating expenditure excluding third party	28.190	204.728	161.806	22.894	417.618
Third party services	3.548	2.072	0.387	-	6.007
Total operating expenditure	31.738	206.800	162.193	22.894	423.625
Grants and contributions-operating expenditure	-	9.955	2.484	-	12.439
Capital expenditure					
Base capital expenditure	10.984	115.986	76.660	11.753	215.383
Enhancement capital expenditure	12.472	47.548	96.285	0.560	156.865
Developer services capital expenditure	-	11.789	6.923	-	18.712
Total gross capital expenditure excluding third party	23.456	175.323	179.868	12.313	390.960
Third party services	11.574	0.862	-	-	12.436
Total gross capital expenditure	35.030	176.185	179.868	12.313	403.396
Grants and contributions - capital expenditure	11.077	10.332	4.573	-	25.982
Net totex	55.691	362.698	335.004	35.207	788.600
Capital expenditure	-	-	-	-	-
Totex including cash items	55.691	362.698	335.004	35.207	788.600

Further details can be found in the Accounting Methodology statement section 2.4. The documents referred to above are available on our website www.dwrcymru.com.

A comparison of wholesale totex against Ofwat's Final Determination is reported in table 4C, which is located in part 4.

Water resources: £24m (30%) decrease; £3m lower opex largely due to a reduction in other operating expenditure, plus smaller reductions in combined power costs (power and income treated as negative expenditure) offset by increases in cumulo rates. Capex has decreased by £21m, with a large proportion of work in the year recoverable through grants and contributions £9m and a reduction on Dam Safety work together with lower spend on visitor attractions £12m.

Water network+: £28m increase (8%). Opex decrease of £9m predominantly related to £12m reduction in Developer Services due to last year's exceptional large spend on NRWSA schemes. We have also reallocated leakage costs from Other Operating Expenditure with a net reduction across both areas of £2m, plus a £1m increase in income treated as negative expenditure because of a wetter year, allowing us to generate more electricity, this is off set by a reduction in income of £6m. Capex has increased by £37m which mainly relate to ancillaries and base maintenance work with significant expenditure at Felindre of £24m. Enhancement expenditure on the zonal studies programme has also increased by £11m.

Waste network+: £45m increase (16%). Opex is £2m higher than last year; Renewals expensed in the year (infrastructure) up £2m, Power up £1m, the increase due to higher annual rainfall, which led to higher power demand at pumping stations increasing the volume of treated flow at treatment works. Cost increases offset by £2m reduction in developer services costs. Capex costs have increased by £43m which mainly relates to Enhancement expenditure £34m with increases seen mainly on phosphorus removal schemes £19m, storage schemes to reduce CSO spill frequency £4m, reducing flooding risk £4m & investigations (WINEP/NEP) £4m together with a £5m reduction in income receivable through grants and contributions.

Sludge: £1m increase (4%). Opex has increased by £3m of which £2m relate to power and £1m income treated as negative expenditure. Capex costs have fallen by £2m driven by a reduced spend on enhancement.

2C – Operating cost analysis for the year ended 31 March 2024 – retail

	Household £m	Non- household £m	Total £m
Operating expenditure			
Customer services	15.355	2.073	17.428
Debt management	4.708	0.866	5.574
Doubtful debts	26.427	1.204	27.631
Meter reading	2.188	0.482	2.670
Services to developers	-	0.375	0.375
Other operating expenditure	10.080	0.931	11.011
Local authority and cumulo rates	0.198	0.019	0.217
	58.956	5.950	64.906
Depreciation – tangible fixed assets existing at 31 March 2015	1.741	0.126	1.867
Depreciation – tangible fixed assets acquired after 1 April 2015	5.746	0.544	6.290
Amortisation – intangible fixed assets existing at 31 March 2015	-	-	-
Amortisation – intangible fixed assets acquired after 1 April 2015	0.164	(0.105)	0.059
Recharges			
Recharge from wholesale for legacy assets principally used by wholesale (assets existing at 31 March 2015)	-	-	-
Income from wholesale for legacy assets principally used by retail (assets existing at 31 March 2015)	-	-	-
Recharge from wholesale assets acquired after 1 April 2015 principally used by wholesale	0.612	0.044	0.656
Income from wholesale assets acquired after 1 April 2015 principally used by retail	0.036	0.002	0.038
Net recharge costs	0.576	0.042	0.618
Total retail costs excluding third party and pension deficit repair	67.183	6.557	73.740
Third party services operating expenditure	-	-	-
Pension deficit repair costs	-	-	-
Total retail costs including third party and pension deficit repair	67.183	6.557	73.740
Debt written off	22.403	1.634	24.037
Capital expenditure	2.480	0.180	2.659

The differences between the values reported for total operating costs and the allowed retail cost to serve in price limits are as follow:

	Household £m	Non- household £m	Total £m
Final	41.384	6.250	47.634
Actual operating	<u>67.183</u>	<u>6.557</u>	<u>73.740</u>
Difference ¹	<u>25.799</u>	<u>0.307</u>	<u>26.106</u>

¹ including pre AMP5 depreciation and amortisation.

Total operating costs for retail activities closed at £73.7m; a reduction of £0.9m (1%) from 2022/23 of which Household costs reduced by £0.9m and NHH remained unchanged.

The main movements from last year are customer services costs which increased by £0.5m driven by increased headcount to handle customer queries following the repatriation of some 40,000 customers from local authorities and increased inflationary pressures on salaries and postage costs.

Total doubtful debt costs increased by £3.5m, mainly due to a £2.8m increase in aged debt reflective of the 4% rise in the tariff basket together with a change in the timings of collections which has resulted in a £0.5m increase in the charge. A £2m cost of living provision has also been retained to reflect a risk in our collection rates next year.

Other operating expenditure decreased by £6.6m predominately due to incurring an atypical cost in relation to pension recovery in the prior year of £5.7m along with a reduction in IT and legal costs.

Lastly, an increase in depreciation of £1.6m due to a number of projects going live in the year.

**2C – Operating cost analysis for the year ended 31 March 2024 – retail
(continued)**

	Residential
	£m
Demand-side water efficiency - gross expenditure	0.813
Demand-side water efficiency - expenditure funded by wholesale	0.109
Demand-side water efficiency - net retail expenditure	<u>0.704</u>
Customer-side leak repairs - gross expenditure	6.442
Customer-side leak repairs - expenditure funded by wholesale	6.442
Customer-side leak repairs - net retail expenditure	<u>-</u>
	£m
Cumulative actual retail expenditure to reporting year end	254.603
Cumulative allowed expenditure to reporting year end	<u>162.642</u>
Total allowed expenditure 2020-25	<u>204.444</u>

In 2023/24 the cost of operating the retail price control was £25.8m greater than the total retail Final Determination allowance. This is predominately due to an increased doubtful debt charge driven by the challenging economic environment experienced over AMP 7. The pandemic followed by the cost of living crisis were both unforeseen at the time of the FD and have put significant pressure on customers finances, inflated bills and put risk in customers ability to pay. Further to this, our customer base is over-represented in low-income groups, which is amplified in the current economic climate, as a result this requires significant effort in terms of recovery activity, above that allowed in the Final Determination (FD).

The high levels of inflation have also caused significant cost pressures on the business, particularly within salaries and postage costs, which were not anticipated in the FD.

We have also continued to increase the number of customers on our priority services by a further 23,000 to a record 168,000. We are supporting a further 130,000 customers with help in paying their bill, via our social tariffs, HelpU and WaterSure Wales. Recognising the impact of the cost of living crisis on working households, we also introduced a new grant that will provide some short-term financial relief to working households who find themselves in a negative budget.

The costs associated with identifying and engaging with these customers (£1.2m) continue to be funded from company reserves as directed by the Board. These costs were not included in our allowed revenues at PR19.

Finally, our retail costs include depreciation totalling £1.9m on assets acquired before 1 April 2015. These costs are excluded from the retail PR19 cost allowance.

2D – Historic cost analysis of tangible fixed assets at 31 March 2024

	Wholesale			Bioresources £m	Retail		Total £m
	Water resources £m	Water network+ £m	Wastewater network+ £m		Household £m	Non- household £m	
Cost or valuation							
At 1 April 2023	361.823	3,383.890	4,133.200	470.169	57.152	8.518	8,414.752
Disposals	(0.123)	(1.314)	(0.795)	(0.268)	-	-	(2.500)
Additions	20.969	141.552	169.706	9.906	-	-	342.133
Adjustments - revaluation ¹	-	-	14.306	-	-	-	14.306
Assets adopted at nil cost	-	-	162.094	-	-	-	162.094
At 31 March 2024	382.669	3,524.128	4,478.511	479.807	57.152	8.518	8,930.785
Depreciation							
At 1 April 2023	(66.812)	(1,378.441)	130.034	(242.592)	(14.003)	(2.125)	(1,573.939)
Disposals	0.123	1.308	0.781	0.261	-	-	2.473
Adjustments - revaluation ¹	33.910	36.488	25.691	31.405	-	-	127.494
Charge for year	(19.223)	(98.870)	(156.506)	(23.772)	(7.488)	(0.670)	(306.529)
At 31 March 2024	(52.002)	(1,439.515)	-	(234.698)	(21.491)	(2.795)	(1,750.501)
Net book values²							
At 31 March 2024	330.667	2,084.613	4,478.511	245.109	35.661	5.723	7,180.284
At 1 April 2023	295.011	2,005.449	4,263.234	227.577	43.149	6.393	6,840.813
Depreciation charge for							
Principal services	(18.719)	(98.805)	(156.506)	(23.772)	(7.488)	(0.670)	(305.960)
Third party services	(0.504)	(0.065)	-	-	-	-	(0.569)
Total	(19.223)	(98.870)	(156.506)	(23.772)	(7.488)	(0.670)	(306.529)

¹ Adjustments: the Company has revalued its asset base as of 31 March 2024; for further details see 'Property, plant and equipment' in the accounting policies section of parts 4 to 11 (Notes to the regulatory accounts).

The revaluation in the year amounts to £141.8m and is included in table 2D as follows:

	£m
Cost or valuation	
Adjustments - revaluation	14.3
Depreciation	
Adjustments - revaluation	127.5
	<u>141.8</u>

²The net book value at 31 March 2024 includes £292.9m in respect of assets in the course of construction, £699.7m adopted assets and £2,268.7m revaluation.

2E – Analysis of ‘grants and contributions’ for the year ended 31 March 2024 – water resources, water network+ and wastewater network+

	Fully recognised in income statement £m	Capitalised and amortised (in income statement) £m	Fully netted off capex £m	Total £m
Grants and contributions – water resources				
Diversions - s185	-	-	-	-
Other contributions (price control) ¹	-	-	11.077	11.077
Price control grants and contributions	-	-	11.077	11.077
Diversions - NRSWA	-	-	-	-
Diversions - other non-price control	-	-	-	-
Other contributions (non-price control)	-	-	-	-
Total	-	-	11.077	11.077
Value of adopted assets	-	-	-	-
Grants and contributions – water network+				
Connection charges	5.198	-	2.184	7.382
Infrastructure charge receipts	-	-	3.692	3.692
Requisitioned mains	0.312	-	3.505	3.817
Diversions - s185	3.588	-	-	3.588
Other contributions (price control)	-	-	0.789	0.789
Price control grants and contributions before deduction of income offset	9.098	-	10.170	19.268
Income offset ²	-	-	-	-
Price control grants and contributions after deduction of income offset	9.098	-	10.170	19.268
Diversions - NRSWA	0.728	-	-	0.728
Diversions - other non-price control	0.129	-	-	0.129
Other contributions (non-price control)	-	-	0.162	0.162
Total	9.955	-	10.332	20.287
Value of adopted assets	-	-	-	-

¹This relates to contributions received for work on our reservoirs. These contributions were included in water network+ in PR19, however for this Annual Performance report the income is reported in the same price control as the related costs.

² Income offset: Ofwat have confirmed that this value represents the amount of distinct discount when invoicing developers specifically according to the amount shown in the published charges as the ‘income offset’. This arises from the new connection charges rules for English Companies and therefore is not applicable in Wales.

2E – Analysis of ‘grants and contributions’ for the year ended 31 March 2024 – water resources, water network+ and wastewater network+ (continued)

	Fully recognised in income statement £m	Capitalised and amortised (in income statement) £m	Fully netted off capex £m	Total £m
Grants and contributions – wastewater				
Receipts for on-site work	-	-	0.516	0.516
Infrastructure charge receipts	-	-	3.539	3.539
Diversions - s185	1.475	-	-	1.475
Other contributions (price control)	0.749	-	-	0.749
Price control grants and contributions before deduction of income offset	2.224	-	4.055	6.279
Income offset ¹	-	-	-	-
Price control grants and contributions after deduction of income offset	2.224	-	4.055	6.279
Diversions - NRSWA	0.260	-	-	0.260
Diversions - other non-price control	-	-	-	-
Other contributions (non-price control)	-	-	0.518	0.518
Total	2.484	-	4.573	7.057
Value of adopted assets	-	162.093	-	162.093

¹ Income offset: Ofwat have confirmed that this value represents the amount of distinct discount when invoicing developers specifically according to the amount shown in the published charges as the ‘income offset’. This arises from the new connection charges rules for English Companies and therefore is not applicable in Wales.

² Movements in capitalised grants and contributions do not include assets adopted at nil cost.

	Water resources £m	Water £m	Wastewater £m	Total £m
Movements in capitalised grants and				
Brought forward	-	-	(0.014)	(0.014)
Capitalised in the year	-	-	-	-
Amortisation (in income statement)	-	-	-	-
Carried forward	-	-	-	-
	-	-	(0.014)	(0.014)

2F – Residential retail for the year ended 31 March 2024

	Revenue £m
Residential revenue	
Wholesale charges	650.520
Retail revenue	43.815
Total residential revenue	694.335
Retail revenue	
Revenue Recovered ("RR")	43.815
Revenue sacrifice	14.102
Actual revenue (net)	57.917
Adjustment	
Allowed revenue ("R")	48.926
Net adjustment ¹	(8.991)
 Customer information	 Number of customers (000s)
Actual customers ("AC")	1,454.699
Reforecast customers	1,469.871
 Other residential information	 Average residential revenues £
Average residential retail revenue per customer	39.814

¹The net adjustment reflects the lower than forecast take-up of the HelpU tariff. The revenue sacrifice is in line with the FD allowance.

2G – Non-household water revenues by tariff type for the year ended 31 March 2024

	Wholesale charges revenue	Retail revenue	Total revenue	Number of connections
	£m	£m	£m	(000s)
Default tariffs - customer group 1				
Tariff type 1	70.978	3.732	74.710	98.596
Tariff type 2	-	-	-	-
Total default tariffs customer group 1	70.978	3.732	74.710	98.596
Default tariffs - customer group 2				
Tariff type 1	25.205	0.251	25.456	0.110
Total default tariffs	96.183	3.983	100.166	98.706
Non-Default tariffs				
Total non-default tariffs	-	-	-	-
Total	96.183	3.983	100.166	98.706

2G – Non-household water revenues by tariff type for the year ended 31 March 2024 (continued)

	Average non-household retail revenue per connection	Allowed average non-household retail cost	Outcome delivery incentive (ODI) payment	Allowed average non-household retail cost after ODI payment	Allowed margin	Allowed average non-household retail revenue per connection
	£	£	£	£	%	£
Default tariffs - customer group 1²						
Tariff type 1	37.851	30.017	0.473	30.490	1.000%	37.689
Tariff type 2	-	-	-	-	-	-
Total default tariffs customer group 1	37.851	30.017	0.473	30.490	1.000%	37.689
Default tariffs - customer group 2						
Tariff type 1	2,281.818	-	-	-	3.300%	-
Total default tariffs	40.352	30.017	0.473	29.544	4.300%	37.689
Non-Default tariffs						
Total non-default tariffs	-					
Total	40.352					

	Number of customers	Average non-household retail revenue per customer
	(000s)	£
Revenue per customer ¹	98.697	40.356

¹ The difference of nine between the total number of connections and the number of customers relates to customers billed by other retailers.

² We have amended the formulas for Average non-household retail revenue per connection to correct for formula error in the Total default tariffs and Total non-default tariffs calculations.

2H – Non-household wastewater revenues by tariff type for the year ended 31 March 2024

	Wholesale charges revenue	Retail revenue	Total revenue	Number of connections
	£m	£m	£m	(000s)
Default tariffs - customer group 1				
Tariff type 1	90.642	3.888	94.530	71.394
Tariff type 2	-	-	-	-
Total default tariffs customer group 1	90.642	3.888	94.530	71.394
Default tariffs - customer group 2				
Tariff type 1	-	-	-	-
Total default tariffs	90.642	3.888	94.530	71.394
Non-Default tariffs				
Total non-default tariffs	-	-	-	-
Total	90.642	3.888	94.530	71.394

2H – Non-household wastewater revenues by tariff type for the year ended 31 March 2024 (continued)

	Average non-household retail revenue per connection	Allowed average non-household retail cost	Outcome delivery incentive (ODI) payment	Allowed average non-household retail cost after ODI payment	Allowed margin	Allowed average non-household retail revenue per connection
	£	£	£	£	%	£
Default tariffs - customer group 1						
Tariff type 1	54.458	39.783	0.667	40.450	1.000%	53.146
Tariff type 2	-	-	-	-	-	-
Total default tariffs customer group 1	54.458	39.783	0.667	40.450	1.000%	53.146
Non-Default tariffs						
Total non-default tariffs	-					
Total	54.458					
			Number of customers	Average non-household retail revenue per customer		
			(000s)	£		
Revenue per customer			71.394	54.458		

2I – Revenue analysis for the year ended 31 March 2024

		Household	Non-household	Total	Water resources	Water network+	Total
		£m	£m	£m	£m	£m	£m
Wholesale charge – water							
Unmeasured		156.197	2.200	158.397	22.209	136.188	158.397
Measured		91.752	87.756	179.508	17.952	161.556	179.508
Third party revenue		-	6.437	6.437	2.043	4.394	6.437
Total wholesale water revenue	2A	247.949	96.393	344.342	42.204	302.138	344.342
Wholesale charge – wastewater							
Unmeasured - foul charges		225.592	2.171	227.763	201.833	25.930	227.763
Unmeasured - surface water		11.785	0.534	12.319	12.319	-	12.319
Unmeasured - highway drainage		6.742	0.210	6.952	6.952	-	6.952
Measured - foul charges		140.770	80.136	220.906	202.238	18.668	220.906
Measured - surface water		10.495	5.465	15.960	15.960	-	15.960
Measured - highway drainage		7.187	2.126	9.313	9.313	-	9.313
Third party revenue		-	0.331	0.331	0.331	-	0.331
Total wholesale wastewater	2A	402.571	90.973	493.544	448.946	44.598	493.544
Wholesale total¹		650.520	187.366	837.886			
Retail revenue							
Unmeasured		10.527	0.622	11.149			
Measured		33.288	7.251	40.539			
Other third party revenue		0.000	0.128	0.128			
Retail total^{1,2}	2A	43.815	8.001	51.816			
Third party revenue – non-price							
Bulk supplies - water				9.409			
Bulk supplies - wastewater				0.009			
Other third party revenue				10.070			
Principal services – non price							
Other appointed revenue				1.413			
Total appointed revenue	1A			910.603			

¹ Revenue reconciliation

	Ref	Wholesale £m	Retail £m
Household	2F	650.520	43.815
Non-household water	2G	96.183	3.983
Non-household waste	2H	90.642	3.888
		837.345	51.686
Third party		0.541	
New connections (retail)		-	0.130
		837.886	51.816

² Non-household retail reconciliation

	Ref	Non-household £m
Non-household water	2G	3.983
Non-household waste	2H	3.888
Developer services		0.130
		8.001

2J – Infrastructure network reinforcement costs for the year ended 31 March 2024

	Network reinforcement capex £m	On site/ site-specific capex (memo only) £m
Wholesale water network+ (treated water distribution)		
Distribution and trunk mains	1.444	-
Pumping and storage facilities	0.010	-
Other	0.113	-
Total	1.567	-
Wholesale wastewater network+ (sewage collection)		
Foul and combined systems	4.462	-
Surface water only systems	0.300	-
Pumping and storage facilities	0.540	-
Other	0.546	-
Total	5.848	-

This table includes costs associated with the network reinforcement of new developments and costs for the onsite/site specific capex.

2K – Infrastructure charges reconciliation for the year ended 31 March 2024

	Water £m	Waste water £m	Total £m
Impact of infrastructure charge discounts			
Infrastructure charges	3.692	3.539	7.231
Discounts applied to infrastructure charges	-	-	-
Gross infrastructure charges	3.692	3.539	7.231
Comparison of revenue and costs			
Variance brought forward ¹	-	-	-
Revenue	3.692	3.539	7.231
Costs	(1.567)	(5.848)	(7.415)
Variance carried forward	2.125	(2.309)	(0.184)

The purpose of this table is to provide evidence for compliance with charging rules for new connections for English Companies. The rules require revenue from infrastructure charges to be aligned to costs over a period of time i.e. the variance reported is expected to be small over the long term. The rules do not apply in Wales where the infrastructure charge is set in accordance with the terms of our licence and is not directly aligned to costs. The variance shown between revenue and costs in the table reflects this.

¹There is no variance being reported as Welsh companies' infrastructure has not been redefined. As such, there is no relationship between income and costs and therefore there is no variance to carry over.

2L - Analysis of land sales for the year to 31 March 2024

Land sales	Water resources	Water network+	Wastewater network+	Total
	£m	£m	£m	£m
Proceeds from disposals of protected land	0.050	0.002	-	0.052

There were two land sales during the year, both were below the threshold for reporting to Ofwat

2M – Revenue reconciliation for the year ended 31 March 2024 – wholesale

	Water resources £m	Water network+ £m	Wastewater network+ £m	Bioresources	Total £m
Revenue recognised					
Wholesale revenue governed by price control	42.204	302.138	448.946	44.598	837.886
Grants and contributions (price control) ¹	11.077	19.268	6.279	-	36.624
Total revenue governed by wholesale price control	53.281	321.406	455.225	44.598	874.510
Calculation of the revenue cap					
Allowed wholesale revenue before adjustments (or modified by CMA)	48.276	283.540	437.092	42.462	811.370
Allowed grants and contributions before adjustments (or modified by CMA)	-	16.842	9.044	-	25.886
Revenue adjustment	(7.896)	1.694	5.496	1.856	1.150
Other adjustments	-	0.752	(0.218)	-	0.534
Revenue cap	- 40.380	302.828	451.414	44.318	838.940
Calculation of the revenue imbalance					
Revenue cap	40.380	302.828	451.414	44.318	838.940
Revenue recovered	53.281	321.406	455.225	44.598	874.510
Revenue imbalance	(12.901)	(18.578)	(3.811)	(0.280)	(35.570)

¹ Grants and contributions are revenues from new connections, requisitions and infrastructure charges for properties which have connected in the year.

² This is the difference between total revenue governed by revenue control and the total assumed revenue.

Variance analysis

The total revenue over-recovery is £35.570m, which is in line with the forecast provided for PR24 table PD5. The PD5 figure is £32.976m in 2022/23 prices, inflating this to outturn is £35.690. Therefore, the over recovery is slightly lower than previously assumed.

The over-recovery is principally a consequence of the phased approach to revenue under-recovery in 2020/21 as a result of the Covid-19 pandemic. We under-recovered revenue by £35m in that year, primarily due to the reduction in non-household revenue due to periods of business closure during lockdowns. We considered it was in customers' interests not to recover this in full in 2022/23, as the RFI formula assumes, and so decided to collect £15m in 2022/23 and £20m in 2023/24. However, the RFI formula assumed that to be an under-recovery of the remaining £20m in 2022/23, which would then be collected in 2024/25, no amendment to the allowance is made for 2023/24 (as 2021/22 revenue recovered was close to the allowance) which generated c£20m of the over-recovery in 2023/24.

An additional factor contributing to the over-recovery against the allowance is that the outturn level of grants and contributions at £38.421 is significantly higher than the PR19 allowance of £25.886m. This is principally due to high value developer services projects and contributions received for work on our reservoirs.

2M – Revenue reconciliation for the year ended 31 March 2024 (continued) – wholesale

	Water resources £m	Water network+ £m	Wastewater network+ £m	Bioresources £m	Total £m
Additional revenue adjustments					
Rebalancing Grants and contribution to water resources	2.246	(2.246)	-	-	-
Other adjustments	2.246	(2.246)	-	-	-
Revised Revenue Cap for RFI comparison					
Revenue Cap	40.380	302.828	451.414	44.318	838.940
Other adjustments ¹	2.246	(2.246)	-	-	-
Revised Revenue cap	42.626	300.582	451.414	44.318	838.940
Revenue recovered	53.281	321.406	455.225	44.598	874.510
Revenue imbalance for RFI comparison	(10.655)	(20.824)	(3.811)	(0.280)	(35.570)
Over/(under) recovery (%)	(25.0%)	(6.9%)	(0.8%)	(0.6%)	(4.2%)

At PR19, water resources grants and contributions for reservoir safety were incorrectly included in the water network+ price control. This table reallocates the allowance to water resources to calculate a revised revenue cap and reports the revenue over/under recovery compared to the revised revenue cap. Allowance for reservoir safety grants and contributions reallocated from water network+ to water resources

2N – Residential retail – social tariffs for the year ended 31 March 2024

Section A – social tariffs	Revenue £m	Number of customers (000s)	Average amount per customer £m
Number of residential customers on social tariffs			
Residential water only social tariffs	-	0.827	-
Residential wastewater only social tariffs	-	1.555	-
Residential dual service social tariffs	-	93.375	-
Number of residential customers not on social tariffs			
Residential water only no social tariffs	-	84.875	-
Residential wastewater only no social tariffs	-	127.647	-
Residential dual service no social tariffs	-	1,114.702	-
Social tariff discount			
Average discount per water only social tariffs customer	-	-	143.894
Average discount per wastewater only social tariffs customer	-	-	46.302
Average discount per dual service social tariffs customer	-	-	293.526
Social tariff cross-subsidy - residential customers			
Total customer funded cross-subsidies for water only social tariffs customers	0.069	-	-
Total customer funded cross-subsidies for wastewater only social tariffs customers	0.042	-	-
Total customer funded cross-subsidies for dual service social tariffs customers	15.908	-	-
Average customer funded cross-subsidy per water only social tariffs customer	-	-	0.805
Average customer funded cross-subsidy per wastewater only social tariffs customer	-	-	0.325
Average customer funded cross-subsidy per dual service social tariffs customer	-	-	13.168

2N – Residential retail – social tariffs for the year ended 31 March 2024 (continued)

Total revenue forgone by company to fund cross-subsidies for dual service social tariffs customers

Social tariff cross-subsidy – company (continued)	Revenue	Number of customers	Average amount per customer
Total revenue forgone by company to fund cross-subsidies for water only social tariffs customers	0.050	-	-
Total revenue forgone by company to fund cross-subsidies for wastewater only social tariffs customers	0.030	-	-
Total revenue foregone by company to fund cross-subsidies for dual service social tariffs customers	11.500	-	-
Average revenue forgone by company to fund cross-subsidy per water only social tariffs customer	-	-	60.459
Average revenue forgone by company to fund cross-subsidy per wastewater only social tariffs customer	-	-	19.293
Average revenue forgone by company to fund cross-subsidy per dual service social tariffs customer	-	-	123.159
Social tariff support – willingness to pay			
Level of support for social tariff customers reflected in business plan	-	-	18.190
Maximum contribution to social tariffs supported by customer engagement	-	-	27.236
Section B – WaterSure tariffs			
Number of unique customers on WaterSure	-	31.717	-
Total reduction in bills for WaterSure customers	3.521	-	-
Average reduction in bills for WaterSure customers	-	-	111.013

2N – Residential retail – social tariffs for the year ended 31 March 2024 (continued)

Section C – other direct bill reduction schemes for household customers struggling to pay

Other bill reduction schemes

Scheme	Target Households	Number of unique households helped by the scheme (000s)	Total amount bills reduced by through the scheme £m	Funding source Text	
DWP	Households in financial hardship who have fallen into arrears	17.339	0.428	Revenue	<p>2N.27b: For direct bill reduction scheme customers, we have calculated the customers supported by the scheme in year, rather than a year average. If we were to provide year average numbers, we would be missing a 2N massive chunk of supported customers because of the way the scheme works, i.e. customer go on and fall off the scheme in 3 months etc. Therefore, the value of bill reductions would also look odd in comparison to supported customer. Therefore, we are seeking clarity if we able to go with the numbers supported in year.</p> <p>2N.27c: CAF does not reduce customers on going charges but it helps them clear past due bills by reducing the value. The purpose of this scheme is to encourage customers to develop the habit of making regular payments to us, with the incentive of reducing their debt.</p>
CYMUNED	Cymuned is aimed at working households who are struggling to make ends meet and are in a budgetary deficit by the end of the month	0.183	0.019	Revenue	
CAF	CAF is designed to help those households in severe financial hardship	0.951	0.920	Debt write off	

Household customers in arrears

	Water only (000s)	Wastewater only (000s)	Dual service (000s)
Number of household customers served – active accounts	77.460	0.258	1,240.771
Number of household customers served – final accounts	0.298	0.030	26.231

2N – Residential retail – social tariffs for the year ended 31 March 2024 (continued)

Section D – debt metrics

Household customers in arrears

	Number of households	Total amount of debt
	(000s)	£m
Households in arrears – active accounts with debt repayment arrangements	23.124	19.628
Households in arrears – final accounts with debt repayment arrangements	2.045	1.376
Households in arrears – active accounts without debt repayment arrangements	91.566	142.737
Households in arrears – final accounts without debt repayment arrangements	20.553	22.124
Households not having made any payment for the year – active accounts	44.661	99.773
Households not having made any payments for the year – final accounts	13.219	17.693

Temporary payment suspension

	Number of households	Total amount deferred
	(000s)	£m
Households with temporarily suspended payments – payment break payments	-	-
Households with temporarily suspended payments – payment break payments	1.196	1.619

2N – Residential retail – social tariffs for the year ended 31 March 2024 (continued)

Household debt collection through third party agents where water companies are the creditors	Number of households	Total amount deferred
	(000s)	£m
Debt collected by external agents - active accounts	56.621	36.438
Debt collected by external agents – final accounts	11.489	8.721
Number of priority services register customers with debt passed on to external debt collection agents - active and final accounts	7.946	5.351

Household debt sold to external agencies	Number of payments	Total amount	Number of unique households
	(000s)	£m	(000s)
Debt sold to an external agency/third party debt purchaser – active accounts	N/A	N/A	-
Debt sold to an external agency/third party debt purchaser – final accounts	N/A	N/A	-
Number of Priority Services Register customers with debt sold to an external agency / third party debt purchaser – active and final accounts	N/A	N/A	-

2N – Residential retail – social tariffs for the year ended 31 March 2024 (continued)

Unpaid household bills referred to courts	Number of households	Total amount deferred
	(000s)	£m
Number of county court claims	6.668	11.855
Number of county court judgements	6.605	14.061
Number of county court judgement enforcements	1.666	2.551
Number of high court claims	1.113	2.129
Number of high court judgements	1.113	2.129
Number of high court judgement enforcements	1.113	2.129

2N – Residential retail – social tariffs for the year ended 31 March 2024 (continued)

Section E – Payments to household customers made in accordance with the Guaranteed Standards Scheme (GSS)

GSS payments to household customers

	Number of Payments (000s)	Total amount £m	Number of unique Household (000s)	
Total value of payments made to household customers under GSS	-	0.514	-	
Total number of payments made to household customers under GSS	14.313	-	-	
Total number of unique household customers receiving GSS payments	-	-	13.679	
Number and value of GSS and other payments to household customers by type in the reporting period	Total number of unique payments made to household customers under GSS	Total Value of Payments Made in Relation to column 1	Total value of Unique payments to household customers that could be classed as compensation or goodwill (incl. all payments made under GSS, customer charter payments and/or other payments e.g. goodwill payments)	Total value of payments made in relation to column 3
	(000s)	£m	(000s)	£m
Keeping of appointments	2.976	0.066	-	-
Incidences of low water pressure	-	-	0.053	0.008
Incorrect notice of planned interruptions to supply	-	-	-	-
Supply not restored	9.823	0.368	-	-
Written account queries and requests to change payment arrangements not actioned on time	0.550	0.011	-	-
Written complaints not responded to within 10 working days	0.090	0.002	-	-
Properties sewer flooded internally	0.153	0.045	0.185	0.039
Properties sewer flooded externally	0.127	0.022	0.020	0.004

2N – Residential retail – social tariffs for the year ended 31 March 2024 (continued)

Section E – Payments to household customers made in accordance with the Guaranteed Standards Scheme (GSS) (continued)

Number and value of GSS and other payments to household customers by type in the reporting period (continued)	Total number of unique payments made to household customers under GSS	Total Value of Payments Made in Relation to column 1	Total value of Unique payments to household customers that could be classed as compensation or goodwill (incl. all payments made under GSS, customer charter payments and/or other goodwill payments)	Total value of payments in relation to column 1
	(000s)	£m	(000s)	£m
Payment type_1 (extensions of column 3 & 4)			0.016	0.006
Payment type_2 (extensions of column 3 & 4)			0.005	0.008
Payment type_3 (extensions of column 3 & 4)			1.760	0.257
Payment type_4 (extensions of column 3 & 4)			0.053	0.002
Payment type_5 (extensions of column 3 & 4)			0.043	0.002
Payment type_6 (extensions of column 3 & 4)			0.338	0.038
Payment type_7 (extensions of column 3 & 4)			0.044	0.005
Payment type_8 (extensions of column 3 & 4)			0.017	0.001
Payment type_9 (extensions of column 3 & 4)			0.473	0.125
Payment type_10 (extensions of column 3 & 4)			-	-
Late payment penalties (paid in relation to lines 2N.53 to 2N.60)	3.256	0.067		

20 – Historic cost analysis of intangible fixed assets at 31 March 2024

	Wholesale			Bio-resources £m	Retail		Total £m
	Water resources £m	Water network+ £m	Wastewater network+ £m		Household £m	Non-household £m	
Cost or valuation							
At 1 April 2023	14.985	294.326	141.883	34.135	33.311	2.420	521.060
Disposals	-	-	-	-	-	-	-
Additions	0.805	24.571	9.705	2.408	1.713	0.124	39.326
Adjustments - revaluation	-	-	-	-	-	-	-
Assets adopted at nil cost	-	-	-	-	-	-	-
At 31 March 2024	15.790	318.897	151.588	36.543	35.024	2.544	560.386
Depreciation							
At 1 April 2023	(11.450)	(156.084)	(103.042)	(24.360)	(33.877)	(2.649)	(331.462)
Disposals	-	-	-	-	-	-	-
Adjustments -	-	-	-	-	-	-	-
Charge for year	(0.866)	(33.014)	(5.837)	(1.474)	(0.164)	0.105	(41.250)
At 31 March 2024	(12.316)	(189.098)	(108.879)	(25.834)	(34.041)	(2.544)	(372.712)
Net book values							
At 31 March 2024	3.474	129.799	42.709	10.709	0.983	-	187.674
At 1 April 2023	3.535	138.242	38.841	9.775	(0.566)	(0.229)	189.598
Depreciation charge for							
Principal services	(0.866)	(33.014)	(5.837)	(1.474)	(0.164)	0.105	(41.250)
Third party services	-	-	-	-	-	-	-
Total	(0.866)	(33.014)	(5.837)	(1.474)	(0.164)	0.105	(41.250)



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