Data Table Commentaries
10 Supplementary

Contents

SUP 4 / 5 / 6 / 7 / 8 /9/10 Green Recovery Tables have been intentionally left blank as we are not in receipt of Green Recovery funding.

SUP12 Direct Procurement table has been intentionally left blank, as we have no new Direct Procurement schemes forecast to be taken forwards up to and including AMP10.

SUP13 Havant Thicket has been intentionally left blank.

1. Introduction

The supplementary tables section is for smaller amounts of data which do not fit into the substantial chapter structure. This includes the following areas:
- Properties, customer and population for the 2022-30 period;
- Customer measure of experience (C-MeX) and developer measure of experience (D-MeX),
- Green economic recovery for the 2022-26 period (covering the duration of the green recovery programme),
- Real price effects and frontier shift,
- Major projects,
- Customer engagement and affordability; and,
- Social tariffs.

The data is being collected as:
- Potential use as cost drivers for econometric modelling and to normalise performance between companies (Properties, customer and population for the 2022-30 period);
- Information on real price effects and frontier shift efficiency to understand how companies consider that costs will change in the future; and
- To understand companies, progress in delivering the green economic recovery investment programme. This includes total expenditure and impact of the investment upon performance (Green economic recovery for the 2022-26 period).

Where Confidence Grades are not detailed against line commentary, all forecasts have been produced from historical data with a confidence grade of B3 or better.

2. SUP1A Properties, customers and population

SUP1A – Connected properties, customers and population

Commentary for lines 1-16:

Data used for forecasts is produced in line with our reporting methodology for the Annual Performance Report, with property numbers obtained from our billing system.

Movements in property numbers, including new connections, voids and meter switchers are in line with the forecasts made within the draft Water Resources Management Plan. The forecasts therefore represent our best available current view, but will be naturally subject to variation dependent on movements in the property market.

Properties are allocated between water only, waste only and dual service in line with current proportions.

In some cases there are multiple customers supplied at the same property. Therefore, property numbers shown in lines 10-16 are lower than customer numbers shown in lines 1-9, but the movements are calculated on the same basis.

New connections

Forecast new connections are taken from the draft Water Resources Management Plan (dWRMP). These are applied as additions to the number of measured properties.

Year	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
HH	8,329	8,732	8,704	8,650	8,427	8,381	8,223	8,078
NHH	347	343	341	338	336	334	333	332

Meter switchers

Forecast numbers of customers switching to metered charges are taken from the dWRMP. These are applied as additions to the number of measured properties and deductions to the number of unmeasured properties.

Our metering programme for AMP8 comprises selective and optant metering. This is intended to deliver a significant increase in the level of meter penetration. For the purpose of this table meter switchers are aggregated within our calculation.

Year	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
HH	10,635	12,622	12,264	12,037	38,959	38,592	36,981	36,209
NHH	190	184	179	173	168	163	158	154

Within our projected level of metering as set out in table CW7, there are properties which will have a meter fitted but will not be charged on a metered basis unless and until there is a change of occupier at the property. For the purposes of reporting in SUP1A and SUP1B these properties are classified as billed unmeasured properties.

The number of properties where a meter is forecast to be fitted but not charged on is as follows:

properties	22/23 ,000s	23/24 ,000s	24/25 ,000s	25/26 ,000s	26/27 ,000s	27/28 ,000s	28/29 ,000s	29/30 ,000s
HH	3.280	6.693	10.464	90.318	124.122	156.720	188.314	207.747
NHH				0.805	3.153	3.495	3.428	5.181

Voids

Movements in voids are applied to measured and unmeasured property and customer data. Little net change in the overall number of voids is forecast during AMP8, but there is a movement from unmeasured to measured reflecting the change in the balance of property types.
The reduction in voids in 23/24 is due to the impact of data cleansing in relation to unoccupied council-owned properties, which took place in March 2023.

Assumed movements in voids are shown in the table below (positive figures= reduction in voids, negative= increase in voids).

	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
HH: unmeasured	2,602	2,000	-	526	592	1,875	1,969	1,994
HH: measured	-402	2,000	-	-654	-693	-1,634	-1,697	-1,710
NHH: unmeasured	43	26	56	55	179	179	179	179
NHH: measured	-129	66	-27	-26	-151	-151	-152	-153

Population data

SUP1A.17   Resident population Confidence Grade A2

Resident Population (water)
2022-23 is reported as per the APR submission. Growth in water resident population is forecast c.+0.3% per annum across the 7 forecast years. By 2029-30 population is forecast to grow by 2% or c60.8k from 2022-23 levels. Population forecasts are based on those used for demand forecasting and WRMP process which are based upon the ONS Trend based forecasts at Local Authority level.

Resident Population (waste)
2022-23 is reported as per the APR submission. We do not have specific waste population forecasts. Waste resident population is therefore forecast in-line with water growth.

SUP1A.18   Non-resident population (wastewater) Confidence Grade A2

Non-Resident Population (waste)
2022-23 is reported as per the APR submission. No reliable forecasts of transient population is available. Forecasts are therefore set to the reported 2022-23 levels (169,053) across the period.

Household population data

SUP1A.19   Household population Confidence Grade A2

Household Resident Population (water)
This is the total of household measured and unmeasured population lines. Population forecasts are based on those used for demand forecasting and WRMP process which are based upon the ONS Trend based forecasts at Local Authority level less an estimate of forecast non-household population.

Household Non-Resident Population (water)
This is the total of household measured and unmeasured population lines. No reliable forecasts of transient population is available. Forecasts are therefore set to the reported 2022-23 levels (75,146) across the period.

SUP1A.20   Household measured population (water only) Confidence Grade A2

Household Measured Resident Population (water)
2022-23 is reported as per the APR submission. Forecast of measured household resident population are set to increase by c+3.3% per annum over the remaining two years of AMP7, reflecting the continuation of our current metering policy. From 2025-26, the level of measured household resident population is set to steadily increase in-line with the implementation of our progressive metering programme. By 2029-30 measured household resident population is forecast to grow by 48% or c 645.7k from 2022-23 levels.

Sub-strata household population forecasts are based on those used for demand forecasting and WRMP process and utilise household occupancy forecasts combined with the household property forecasts.

Household Measured Non-Resident Population (water)
2022-23 is reported as per the APR submission. By 2029-30 measured household non-resident population is forecast to grow by 28% or c 11.2k from 2022-23 levels. This reflects the change in measured household resident population over the course of the 7-year forecast period. Whilst the total household non-resident population remains the static across the forecast period, the

allocation across the measured and unmeasured categories changes in line with the resident population forecasts.

SUP1A.21   *Household unmeasured population (water only) Confidence Grade A2*

Household Unmeasured Resident Population (water)
2022-23 is reported as per the APR submission. Forecast of unmeasured household resident population are set to decrease by c+2.3% per annum over the remaining two years of AMP7, reflecting the continuation of our current metering policy. From 2025-26, the level of unmeasured household resident population is set to steadily decrease in-line with the implementation of our progressive metering programme. By 2029-30 unmeasured household resident population is forecast to reduce by -37% or c-586.4k from 2022-23 levels.

Sub-strata household population forecasts are based on those used for demand forecasting and WRMP process and utilise household occupancy forecasts combined with the household property forecasts.

Household Unmeasured Non-Resident Population (water)
2022-23 is reported as per the APR submission. By 2029-30 unmeasured household non-resident population is forecast to grow by -31% or c -11.2k from 2022-23 levels. This reflects the change in unmeasured household resident population over the course of the 7-year forecast period. Whilst the total household non-resident population remains the static across the forecast period, the allocation across the measured and unmeasured categories changes in line with the resident population forecasts.

3.   SUP1B Properties and meters

SUP1B – Properties and meters

Commentary for Lines 1-11

Movements in billed properties are calculated on the same basis as the calculations used for SUP1A, as explained in the commentary above. These are aligned to assumptions in our draft Water Resources Management Plan.

Our approach to this table assumes that all new properties and meter switchers will be fitted with AMR meters during AMP8. As such all new customers in Lines 1 and 2 are shown within the AMR column.

All unmeasured customers are assumed to have no meter, as whilst in some cases there will be unmeasured properties with meters installed, these will not be billed on that basis until they move to measured charges.

We will be undertaking a programme of change of occupier metering during AMP8, which will increase the proportion of metered customers, in addition to new connections and meter optants. In addition, a significant programme of replacing existing basic meters with AMR meters will be undertaken. This contributes to the increase in numbers of customers on AMR meters and a reduction in the number of customers on basic meters.

There are no plans for additional AMI meters to be installed during AMP8, so the number of properties with these is forecast to remain static. We currently have no active AMI metered customers, and assume that to remain the case through AMP8.

Little net change in the overall number of voids is forecast during AMP8, but there is a movement from unmeasured to measured reflecting the change in the balance of property types.

We report no properties as uneconomic to bill in the APR, and assume that will remain the case throughout AMP8.

4. SUP11 Real price effects and frontier shift

Real Price effect- Wholesale

SUP11.2 and 2R- Real change in input price- Labour
These lines report the real change in the input price for labour for wholesale and retail. The forecast of labour RPEs is based on the analysis from the OBR and ASHE index. Additional information can be found in the report *WSH41-Oxera_An assessment of real price effects* undertaken by Oxera.

SUP11.3 and 3R- Wholesale-Real change in input price- Energy
These lines report the real price change in the input price for energy. The calculation of the real energy input price is in line with *WSH902-Additional information request- Energy Cost* submission. The table below outlines or calculations.

	Units	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Net nominal input price - Energy	£/MWh	133.711	122.836	119.408	116.989	121.051	117.811	118.225	119.562
Percentage change in net nominal input price - Energy	%	12.75%	-8.13%	-2.79%	-2.03%	3.47%	-2.68%	0.35%	1.13%
CPIH	%		5.20%	2.37%	2.00%	2.00%	2.00%	2.00%	2.00%
Percentage change in net nominal input price - Energy	%		-12.67%	-5.04%	-3.95%	1.44%	-4.59%	-1.62%	-0.85%

The RPEs are calculated as a year-on-year price movement. The data reports a negative RPE from 2022-23 to 2029-30, after a substantial rise in 2021-22 and 2022-23. The application of these RPEs should be taken with care when applying the values to the cost allowances from the econometric modelling. As outlined in section 5 of WSH41, the proposed econometric models are based on historical data from 2012. As the real energy prices have been increasing over the modelling period, if Ofwat apply an RPE from 2021-22, it would first have to uplift allowances to reflect the energy prices faced by companies in 2021-22.

We note that the forecasts of energy prices are particularly uncertain and therefore we suggest an energy cost index true-up mechanism for outturn energy prices.

SUP11.4 and 4R- Wholesale-Real change in input price- Chemicals
These lines report the real change in the input price for chemicals. The forecast of chemical RPEs have been undertaken by Oxera based on the historical relationship between chemicals and energy. Additional information can be found in the report WSH41 undertaken by Oxera.

SUP11.5 and 5R- Wholesale-Real change in input price- Materials, plant and equipment
These lines report the real change in the input price for materials, plant and equipment. The forecast of these RPEs have been undertaken by Oxera based on examining the historical relationship of three historical price indices. Additional information can be found in the report WSH41 undertaken by Oxera.

SUP11.16 and 16R- Wholesale-Real change in input price- Other

These lines report the real change in the input price for the Other category. The Other category covers all other expenditure not included in lines SUP11.2 to SUP11.5.

No RPEs have been assumed for this cost category.

SUP11.55 to 63- Frontier shift assumption
These lines report our view of the forecast level of frontier shift. We have commissioned Economic Insight to produce a report on the appropriate level of frontier shift at PR24: *WSH42-Frontier shift at PR24 report by EI*. The report produces a 'PR24 focused range', we have chosen the mid-point of the range. We continue to be in a period of macroeconomic instability so this is a provisional view so may change in due course.

<u>Weightings - Wholesale</u>

General comments – Wholesale
We have included all costs in our analysis of input proportions which includes third party and developer services costs, and this has been reconciled to CW1 and CWW1, excluding developer services revenue.

The methodology for compiling the weightings for SUP11.7 to SUP 11.42 is as follows:

The starting position for completing the AMP8 SUP11 input proportions was to split the actual costs in AMP7 for 2020/21, 2021/22 and 2022/23 into the SUP11 input categories and to use this as a basis to derive the AMP8 SUP11 weightings.

Totex was split between operating expenditure and capital expenditure. Infrastructure renewal expenditure included as operating expenditure in the Annual Performance Report (APR) was included as capital expenditure for this purpose. The totex costs used included developer services and third-party services and excluded grants and contribution.

- **Operating expenditure:** To derive the APR the operating costs are split between power, income treated as negative expenditure, EA service charges, bulk supply, Employment costs, Hired and Bought in services, Materials and consumables, other Direct cost, scientific, other business activity, rates and third party for each price control. For some of these areas there is a direct link to the SUP11 categories whereas with others the costs have had to be split between the SUP 11 categories using either the management APR submissions for each area of the business or by further interrogation of our accounting system. The schedule below shows which category has to be split down further into these categories.

APR category	SUP 11 category	
Power	Energy	Direct relationship so no further analysis required- fuel is included in line with the guidance
Power income	Energy	Direct relationship so no further analysis required
EA service charge	Other	Direct relationship so no further analysis required
Bulk supply	Other	Direct relationship so no further analysis required
Employment cost	Labour	Direct relationship so no further analysis required

APR category	SUP 11 category	
Hired and bought in services	Split further into SUP11 categories	Further analysis carried out to split the costs into the SUP11 categories. The labour element of hire and contracted services has been reported as labour in line with the guidance. For our minor works and leakage programme together with work undertaken by our alliance partners an assessment has either been carried out of the work completed during the year or a sample of schemes was used to determine the % allocation of costs between the SUP11 categories.
Materials and consumables	Materials Chemicals	Further analysis carried out to split the chemical costs from materials and consumables
Other Direct cost	Split further into SUP11 categories	Further analysis carried out to split the costs into the SUP11 categories
Doubtful Debts	Other	Direct relationship so no further analysis required
General and support	Split further into SUP11 categories	Further analysis carried out to split the costs into the SUP11 categories
Scientific services	Split further into SUP11 categories	Further analysis carried out to split the costs into the SUP11 categories
Other Business Activities	Labour Other	Further analysis carried out to split the costs into the SUP11 categories
Third party		The costs were taken from third party and moved back to the cost categories
Principal use adjustment	Other	Direct relationship so no further analysis required

The AMP7 SUP11 inputs based on the first 3 years results are shown in the table below:

AMP 7 Total Wholesale Opex cost £m (Base and Enhancement)					
Input Category	2020-21	2021-22	2022-23	AMP 7 to date	Weightings 2021-23
Labour	93	82	91	266	30.19%
Energy	51	58	72	181	20.56%
Chemicals	11	12	21	45	5.10%
Materials, plant and equipment	22	17	19	58	6.55%
Other	108	106	117	332	37.60%
Total	285	277	320	882	100.00%

An explanation of the movements above are as follows:

- Labour has decreased in 2021-22 as a result of a release of a severance provision in the year of £5m whereas in 2020-21 the labour charge accounted for £4m severance cost. In addition in 2021-22 there was an additional £4m of capitalised salaries as a result of the increased investment programme.
- Energy costs increase in 2022 reflects power price increase due in part to our unhedged volume being exposed to the open market. The increase in 2023 relate to the increase in the wholesale price of electricity as well as increase in consumption by 10% due to the extreme weather events.

- Chemical increase in 2023 is a result of price increases driven by the energy market volatility as well as consumption increases of 30% due to atypical weather events to ensure compliance.
- Materials, plant and equipment is £5m higher in 2020-21 due to £6m of additional costs relating to Covid. Without this cost the material cost over the three years is relatively stable.
- Other costs include all other areas of operating costs which is not included in the specific cost categories above and include transport costs, compensation, property charges, security fees, plant and skip hire, CHP maintenance , maintenance work, sludge haulage , compliance tankering, grounds maintenance and IT costs as well as those included in the above table. Other costs have increased by £11m in 2023 which relate in part to increases in tankering and maintenance activity to protect compliance requirements and measures of success. Other increases relate to compensation payments paid to customers (£3m) for supply interruptions during the year primarily relating to the freeze thaw event, and contractor price increases as a result of external market pressures.

The above weighting (excluding energy as this is reported in the PR24 tables) have been used to split the costs for 2023-24 and 2024-25 into the SUP11 proportions.

The AMP7 SUP11 inputs based on the first 3 years results are shown in the table below:

AMP 7 Total Wholesale Capex cost £m (Base and Enhancement)					
Input Category	2020-21	2021-22	2022-23	AMP to date	Weightings 2021-23
Labour	173	172	207	553	48.21%
Energy	3	4	3	10	0.86%
Chemicals	1	1	1	2	0.19%
Materials, plant and equipment	168	154	198	521	45.45%
Other	21	22	18	61	5.28%
Total	366	352	428	1,146	100.00%

The section below outlines the costs included in each forecast cost category:
- **Labour**: This includes gross salaries and wages of employees, including payments resulting from bonus and profit-related payment schemes, employer's National Insurance contributions, superannuation, pension liabilities, sick pay, sickness benefits, private health insurance, retirement awards, death in service benefits, paid leave, subsistence, travel, entertaining and conference expenses. The costs include temporary/agency staff directly employed by the company and the labour elements of hired and contracted services. For the assessment of AMP7 costs the pensions charge of £30m that was reported as exceptional in 2022/23 was deducted from totex due to it being a large non-cash, one off charge. Where these can be directly allocated to the price control they have been attributed on that basis. Where costs cannot be directly allocated, we have completed further analysis to split the departmental costs into the SUP categories by interrogating SAP to confirm the nature of the cost or using the APR management submissions. We have used this in conjunction with the Regulatory Accounting Guidelines (RAG's) and PR24 business plan table guidance part 10; Supplementary tables (PR24 guidelines), section on SUP11. Labour includes costs derived from both operating cost forecasts and a proportion of the capital programme.

- **Energy**: This includes imported electricity, gas and other fuel costs, energy derivative benefits and costs, carbon reduction commitment liabilities, income from energy sales (export) and green energy subsidies. Energy income is treated as negative operating cost. Where these can be directly allocated to the price control they have been attributed on that basis. Where costs cannot be directly allocated, we have used Head of Department judgement, or appropriate cost driver in conjunction with the guidance in the RAG's and PR24 guidelines.

- **Chemicals:** Theses costs are directly allocated to the price control.

- **Materials, Plant and Equipment**: This includes materials such as raw materials, components, sub components and productions supplies consumed . It does not include fuels. It does not include chemicals and chemical products. It does not include property or business premises. The capital programme has been capitalised in accordance with IAS16. These costs are derived from both operating cost forecasts and the analysis of the capital programme. Where these can be directly allocated to the price control they have been attributed on that basis. Where costs cannot be directly allocated, we have used Head of Department judgement or appropriate cost driver, (based on the APR management submission.) In conjunction with the guidance in the RAG's and PR24 guidelines

- **Other:** This includes business rates and all other areas of operating costs and capital spend which is not included in the specific cost categories above. The following costs have been included as other costs, which is in line with our interpretation of the PR24 guidelines; local authority and cumulo rates, transport costs, compensation, property charges, security fees, fees, telemetry/ telephone costs, plant hire, skip hire, CHP maintenance, sludge haulage, compliance tinkering, maintenance work, reservoir cleaning and IT costs. Where costs cannot be directly allocated, we have used Head of Department judgement or appropriate cost driver, (based on the APR management submission) in conjunction with the guidance in the RAG's and PR24 guidelines.

SUP11 weightings 2025-30 line commentary (column E only) Real price effects for the price controls

Section 11.7 to 11.42 reports the company's forecast proportions of expenditure over price controls. The expenditure is split into the SUP11 categories as set out above, being labour, energy, chemicals, materials plant and equipment and others.

We have assigned a confidence grade of B3 to the weightings forecast section of SUP11 (column E, weightings 2025-30 only.)

For wholesale the price controls are split into water network+, waste network+ and bioresources. As already documented the forecasted proportions for AMP8 was based on AMP7 proportions and used as the base to derive the weightings for AMP8.

The weightings and Totex cost for each year per price control for AMP8 is shown below:

Line 7, 13, 19, 25, 31, 37, 49 Labour
Line 8, 14, 20, 26, 32, 38, 50 Energy
Line 9, 15, 21, 27, 33, 39, 51 Chemicals
Line 10, 16, 22, 28, 34, 40, 52 Materials, Plant and Equipment
Line 11, 17, 23, 29, 35, 41, 53 Other costs
Line 12, 18, 24, 30, 36, 42, 54 Total proportion ~ wholesale water base - This is a calculated cell.
Details of the movements in the capital programme can be found in the commentary for CW1.

Line 43 – 47 have been intentionally left blank

Wholesale water base Lines 7 – 12 *Confidence grade B3*

Overall, there is minimal movement in the input proportions across base wholesale water over AMP 8 despite a 7% reduction (£24m) in Totex over the period.

Wholesale wastewater network+ base Lines 13 – 18 *Confidence grade B3*

Overall, there is minimal movement in the input proportions across base wholesale wastewater network + over AMP 8 despite a 7% reduction (£18m) in Totex over the period.

Wholesale Bioresources base Lines 19 – 24 *Confidence grade B3*

Overall, there is a moderate movement in the input proportions across base wholesale Bioresources over AMP 8. The largest movement in input proportions occurs in Energy with a 7% decrease for -5% in 25/26 to -12% in 29/30. This is due to net energy credits for Bioresources stabilising at £4m from 26/27 despite totex continuing to fall over AMP 8 by £5m (11%) from £40m in 25/26 to £35m in 29/30.

Wholesale water enhancement Lines 25 – 30 *Confidence grade B3*

Overall there is minimal movement in the wholesale water enhancement input proportion % over AMP 8. The biggest movement occurs in Energy which increases from 1% in 25/26 to 5% by 29/30, driven by enhancement opex from zero in the first two years of the AMP to over £4m a year in the last two years of the AMP.

Wholesale wastewater network+ enhancement Lines 31 – 36 *Confidence grade B3*

Overall there is minimal movement in the wholesale water enhancement input proportion % over AMP 8. The biggest movement occurs in Energy which increases from 0% in 25/26 to 5% by 29/30, driven by rising investment in enhancement opex increasing from zero in the first years of the AMP to over £7m in 29/30.

Wholesale Bioresources enhancement Lines 37 – 42 *Confidence grade B3*

Overall, there is a significant movement in the input proportions across enhancement wholesale Bioresources over AMP 8. The largest movement in input proportions occurs in Energy with a 25% increase from 5% in 25/26 to 30% in 29/30, as a result of our AMP 8 opex enhancement programme, where energy accounts for 80% of the Bioresources opex enhancement plan.

Retail Lines 49-54

The methodology for compiling the table is as follows:

Operating expenditure

Direct operating expenditure is derived from a cost model which forecasts the activity and related expenditure based on the key cost drivers of the retail business. The model focuses on the following aspects of the retail operation:

- Doubtful debt
- Customer Services (including the contact centre, correspondence, billing, planning, payments and other costs)
- Debt Management (including collections activity, debt collection agency costs and other costs)
- Metering (including meter readers, their equipment & vehicles, billing operations support and other costs)
- Other (remaining costs not modelled in the above, such as annual billing costs, establishment costs, software costs and general management costs).

Within each of these areas, the costs are modelled at a granular level allowing for costs to be identified and grouped within the relevant input categories.

The indirect retail costs have been calculated using the same assumptions and methodology as described in the wholesale section.

The direct and indirect costs are added together to form the total retail operating expenditure.

Capital expenditure

The capital expenditure forecast is based on an assessment of the capabilities needed to enable retail's efficiency plan whilst also including necessary costs to ensure performance and compliance of systems.

Following the same methodology as wholesale, a database of all capex spend for the first three years of AMP 7 was created which splits the capital expenditure costs by cost elements. A cost matrix was prepared where each costs element is allocated to a SUP11 category.

Classification explanations

- Labour – this includes gross salaries and wages of employees, including payments resulting from bonus and profit-related payment schemes, employer's National Insurance contributions, superannuation, pension liabilities, sick pay, sickness benefits, private health insurance, retirement awards, death in service benefits, paid leave, subsistence, travel, entertaining and conference expenses. The costs include temporary/agency staff directly employed by the company and consultancy costs.

- Energy – this is an indirect cost for retail directly allocated from wholesale in accordance with the guidance in the RAG's and PR24 guidelines.

- Chemicals – this an indirect cost for retail directly allocated from wholesale in accordance with the guidance in the RAG's and PR24 guidelines.

- Materials, plant and equipment - this an indirect cost for retail, where these can be directly allocated to Retail they have been attributed on that basis. Where costs cannot be directly allocated, we have used Head of Department judgement or appropriate cost driver, (based on the APR management submission.) In conjunction with the guidance in the RAG's and PR24 guidelines. They include a proportion of materials such as raw materials, components, sub-components and productions supplies consumed. It does not include fuels. It does not include chemicals and chemical products. It does not include property or business premises. The capital programme has been capitalised in accordance with IAS16. These costs are derived from both operating cost forecasts and the analysis of the capital programme.

- Other – a large proportion (62%) of other costs relate to doubtful debt. This category also includes paper and postage costs, IT contracts, income commissions and debt collection fees and other costs.

There is £30m of capex planned from 2025-2030 which includes continuing with our digital expansion, improvements to billing and payment services, system upgrades and enabling the benefits from our progressive metering strategy. In the final year of AMP 8 we also plan to explore a new customer system.

As described above, the first 3 years of AMP 7 were analysed by cost element and grouped into the input proportions. These proportions have been kept consistent into AMP 8 as we anticipate that the structure of the investment programme for capex spend will remain similar to AMP 7.

This shows that labour costs form the majority of capex costs as the spend mainly relates to external delivery partners.

SUP11.55 to 63- Frontier shift assumption

These lines report our view of the forecast level of frontier shift. We have commissioned Economic Insight to produce a report on the appropriate level of frontier shift at PR24 WSH42. The report produces a 'PR24 focused range', we have chosen the mid-point of the range. We continue to be in a period of macroeconomic instability so this is a provision view and we may update our view in due course.

5. SUP12 Direct Procurement for Customers

This table requires population with details of any projects proposed for delivery through Direct Procurement or SIPR. We do not propose any such projects within our PR24 plan, and as such this table is blank.

We commissioned Aqua Consultants to provide a review and assessment of potential candidate schemes for DPC delivery. Their report is document WSH34.

We have an existing DPC scheme, Cwm Taf Water Supply Strategy, which was formally designated for delivery through DPC in June 2023. In line with point 14.3 which states that companies are not required to complete this table for existing DPC projects, we have not made any inputs to table SUP12 in respect of this project.

6. SUP14 Customer engagement and affordability/ acceptability of plans

The engagement and research underpinning the Business Plan can be found in the submission document: *WSH30-Customer engagement and research.pdf*.

Minor variances from guidance were made in the A&A testing to stimulus materials shown to customers which is detailed in our full business plan submission and appendices "WSH30-Customer engagement and research.pdf". These underwent assurance with an independent research company and our ICG.

Findings reported are based on final submitted business plan.
In line with the guidance for the affordability and acceptability research, only dual customers have been surveyed who received both water and waste services from Welsh Water. Water only and Wastewater only Customers have not been surveyed separately as overall coverage of the research does not represent less than two thirds of our overall customer base, and there is not an area with a water/wastewater provider combination which covers more than 10% of the company's overall customer base.

Breakdown of Customer engagement numbers as follows:

	HH Customers	NHH Customers
Phase 1 Qual research	30	
Phase 1 Qual research	1000	
Phase 2 Qual research	42	10
Phase 2 Quant research	936	50
CSO research	453	
Phase 3 (A&AT) Qual	128	32
Phase 3 (A&AT) Quant	1796	838
WRMP Qual	29	
WRMP Quant	807	
DWMP Phase 1	104	16
DWMP Phase 2 Qual	30	
DWMP Phase 2 Quant	530	101
Longitudinal Panel	30	

Weighting used for HH customers was:
- Age (Census 2021 for Wales)
- Gender (Census 2021 for Wales)
- IMD decile (from the sample calculator)

Weighting used for NHH customers was from BEIS 2022 data as follows**:**

Region/country	Total business numbers	Business number: Zero employees [Note 3]	Business number: 1 to 49 employees	Business number: 50 to 249 employees	Business number: 250 + employees
Wales	218,670	74%	25.3%	0.6%	0.1%

7. SUP15 Affordability support measures – residential customers

General commentary

Values are calculated in outturn prices where this is the available information and indexed to 22/23 prices for the purposes of the table.

A1. Social tariffs and WaterSure - residential customers - Number of residential customers

SUP15.1   *Number of customers on social tariffs*

This line relates to the number of customers on our HelpU social tariff which supports the lowest income households in our region. To qualify, the household must be under specified income thresholds and be in receipt of at least one means-tested benefit.

Due to the instability in the economy we expect to support more customers as the unemployment rate is forecast to continue increasing over the end of AMP7 and into AMP8. The profile of customers reflects this increase before assuming the economy settles, and those customers regain employment and would no longer require the tariff.

SUP15.2   *Number of customers on WaterSure tariffs*

This is the number of customers on WaterSure tariffs. This is expected to increase through AMP8 in response to the ongoing affordability and cost of living issues affecting society.

Similarly, to HelpU, the customers supported through our WaterSure tariff are forecast to increase in line with the projected growth in unemployment creating demand over time for social tariffs. This number continues to increase through the AMP before starting to reduce as we assume the economy settles.

SUP15.3   *Number of customers not on social tariffs*

This is the total number of customers as per the customer numbers set out in SUP1A, which are based on the assumptions within our draft Water Resources Management Plan, less the customers on social tariffs in 15.1 and less the customers on WaterSure tariffs in 15.2.

A1. Social tariffs and WaterSure - residential customers - Social tariff discount

SUP15.4   *Total amount of money provided by customers and company to fund social tariffs discounts*

This is calculated within the table and excludes the cost of WaterSure which is calculated in 15.6. The cost increases as the number of social tariff customers increases.

SUP15.5   *Average social tariff discount*

This is calculated within the table and is the average HelpU discount. The discount reduces throughout AMP 7 due to average bills reducing in real terms. The discount then increases throughout AMP 8 due to compounding effect of bill rises on the tariff against average bills.

A1. Social tariffs and WaterSure - residential customers - WaterSure tariff discount

SUP15.6   *Total reduction in bills for WaterSure customers*

The average bill reduction per customer is calculated as the difference between the WaterSure tariff and the average bill of a household before joining the tariff. This is multiplied by the number of customers on WaterSure as shown in SUP15.2 to provide the total in £m.

Between 20/21 – 22/23 the discount for water only and wastewater only customers fluctuated due to the differences in actual consumption against the WaterSure tariff within these small cohorts. The forecast assumes that the discount would, on average, be the difference between the tariff and the average bill.

The discount reduces towards the end of AMP 7 as the average bill is expected to fall followed by an increase into AMP 8.

SUP15.7   *Average WaterSure tariff discount*

This is calculated within the table. See 15.6 above for further details.

A1. Social tariffs and WaterSure - residential customers - Social tariff cross-subsidy - residential customers

SUP15.8   *Total amount of money collected from all customers in charges to fund social tariffs discounts*

The amount of money collected is lower than forecast years, as the number of customers on social tariffs have been lower than was forecast and assumed in charge setting.

From 23/24 this is calculated by taking the average bill reduction and multiplying by the number of customers on social tariffs and apportioning between customer and company, less the cost of WaterSure in 15.6, which is wholly apportioned to the cross subsidy.

SUP15.9   *Average cross-subsidy from customers*

This is calculated as SUP15.8 divided by SUP15.1 + SUP15.2. Note - this calculation does not include the cost of the WaterSure tariff which is wholly apportioned to the cross subsidy.

A1. Social tariffs and WaterSure - residential customers - Social tariff and WaterSure tariff cross-subsidy – company

SUP15.10   *Total revenue forgone by company to subsidise social tariffs*

This is an amount provided by the company to fund social tariff support.. From 23/24 this is net of the assumed contribution to support of Cymuned, a new financial support offering which aims to help working households, which is shown separately in line SUP15.51.

A1. Social tariffs and WaterSure - residential customers - Social tariff support - willingness to pay

SUP15.11   *Level of support for social tariff customers reflected in charges*

This amount was established through research for the PR19 plan which found that customers were willing to pay £21 in 17/18 prices. This amount has not yet been fully utilised as demand for social tariffs has been less than the total capacity provided by the customer and company contributions.

The forecast is calculated by adding the cost of WaterSure (which is wholly apportioned to customers) and the total amount of money collected from customers in charges to fund social tariff discounts divided by the total number of customers not on social tariffs. As the actuals do not distinguish between service type, the forecast is calculated in the same manner meaning dual, water and waste are all equal.

As we forecast a peak social tariff take up in 2027/28 followed by a reduction, as explained in SUP15.1, we assume the maximum contribution from customers is collected throughout AMP 8 and it would be allocated in the years required.

SUP15.12   *Maximum contribution to social tariffs supported by customer engagement*

This amount was established through research for the PR19 plan which found that customers were willing to pay £21 in 17/18 prices and has been subject to annual inflation since.

Values for 20/21 – 22/23 are as reported in table 2N.23.

A2. Vulnerability - Priority services for customers in vulnerable circumstances - PSR (Priority Services Register)

SUP15.13   *PSR reach*

The number of customers on our priority services register have been increasing over the past 3 years to a record 149k and exceeding our performance commitment.

The forecast reflects our plans to focus on keeping the right customers on the register and ensuring we are able to serve them in an incident. The reach and contact % are therefore flat with the uplift in numbers reflecting growth in our customer base.

Our waste only customers are serviced by other water companies and therefore contact would go through the relevant water company.

SUP15.14   *Customers receiving services through the SAR/PSR: (a) support with communication*

See above 15.13

SUP15.15   *Customers receiving services through the SAR/PSR: (b) support with mobility and access restrictions*

See above 15.13

SUP15.16   *Customers receiving services through the SAR/PSR: (c) support with supply interruption*

See above 15.13

SUP15.17   *Customers receiving services through the SAR/PSR: (d) support with security*

See above 15.13

SUP15.18   *Customers receiving services through the SAR/PSR: (e) support with 'other needs'*

See above 15.13

SUP15.19   *Attempted contacts*

See above 15.13

SUP15.20   *Actual contacts*

See above 15.13

B1. Income deprivation - Proportion and number of households that are income-deprived (income score of IMD) - to be supplied by Ofwat

SUP15.21   *IMD score (proportion of income deprived households)*

This is taken from Ofwat's financial model and assumes no change over the AMP.

SUP15.22   *Number of income deprived households*

This line is calculated within the table.

B2. Innovative charges - Number of residential households on innovative charges to support affordability and average bill reductions

SUP15.23   *Number of income-deprived households on innovative charges*

We intend to commence a trial of a rising block tariff during AMP8. For the purposes of this table, we propose that this will involve 1,000 dual customers a year from 26/27. This trial will run to the end of AMP8, and its results will inform our plans for AMP9. We do not propose to specifically target income deprived customers in this trial and, as such, lines 24-26 are nil.

SUP15.24   *Number of non-income-deprived households on innovative charges*

As above 15.23

SUP15.25   *Average net bill reduction for income-deprived households as a result of innovative charges*

As above 15.23

SUP15.26   *Total bill reduction for income-deprived households as a result of innovative charges*

Calculated cell

B3. Targeted demand side support - Water efficiency advice

SUP15.27   *Number of income-deprived households provided with water efficiency support measures*

We aim to provide all customers who need it with water efficiency support measures, whether this be in the form of products or advice. During Cartref home visits, a project which helps customers identify and fix leaks, we actively promote and look to install water efficiency products which we believe will positively impact the customer and their water usage. There are both direct water efficiency benefits from products, but also behavioural savings associated.

The number of income deprived customers we seek to support through our water efficiency support methods has been derived from targeted water efficiency customer numbers.

SUP15.28   *Average net bill reduction from water efficiency support measures provided to income-deprived households*

We estimate that our water efficiency activity resulted in a saving of 0.66 Ml/d for dual and water only customers. This translates into a financial impact of £0.739m, based on our 22/23 charging rates. This water efficiency activity was carried out with 40,800 customers, resulting in a bill saving of £18.12. We assume that the same level of bill reduction would be received by income-deprived households as other customers.

B3. Targeted demand side support - Provision of meter

SUP15.29   *Number of income-deprived households moved from unmeasured to measured billing*

The data for 20/21 – 22/23 is derived from total customer numbers, the level of meter penetration and Frontier Economics' assessment of the proportion of customers meeting the definition of 'water poor'.

The forecast data is derived from the number of households which are forecast to become measured through our Progressive Metering Strategy (as described in our draft Water Resources Management Plan) and Frontier Economics' assessment of the proportion of our customers meeting the definition of 'water poor,'.

SUP15.30   *Average net bill reduction from meter provision to income-deprived households*

Using data, we have gathered on the impact of metering on customers' bills we were able to derive an average reduction in bill from moving from unmeasured to measured. This has been applied to the average bill forecast.

Our metering strategy will further help customers reduce bills through visibility of consumption, frequency of billing and water efficiency education.

B3. Targeted demand side support - Total benefit for income-deprived households from targeted demand side support

SUP15.31   *Total bill reduction for income-deprived households as a result of targeted demand side support*

Calculated within the table.

B4. Other affordability support measures that reduce bills for customers struggling to pay their bills - Affordability support from financial hardship funds

SUP15.32   *Number of customers provided with affordability support from financial hardship funds*

This is the total number of customers supported through our Cymuned (Community) Fund which was launched fully in July 2023. We estimate that we will support approximately 2.4k customers a year.

Through the introduction of Cymuned, we seek to ensure we are offering a range of support methods that is aimed at the whole customer base. We already offer a range of support methods to customers struggling to pay and are on means tested benefits.

Cymuned is aimed solely at working households who are struggling to make ends meet and are in a budgetary deficit by the end of the month. By offering those households a three-month payment break through Cymuned, we hope to ensure families get the financial respite they need in order to get themselves back on the right financial path.

SUP15.33   *Average affordability support payment*

This is the average value of the discount offered to customers on the Cymuned Scheme, which equates to 25% of the average bill.

B4. Other affordability support measures that reduce bills for customers struggling to pay their bills - Charges written off during application period for Universal Credit

SUP15.34   *Number of customers whose charges are written off*
SUP15.35   *Average amount of charges written off during application period for Universal Credit*

Lines 34 and 35 – we do not offer this option.

B4. Other affordability support measures that reduce bills for customers struggling to pay their bills - Debt support through matched payment schemes to clear debt arrears

SUP15.36   *Number of customers supported through matched payment schemes*

Data for 20/21 – 22/23 is taken from our Tallyman debt recovery system and reflects the number of customers that have been accepted onto our Customer Assistance Fund (CAF).

Customers accepted onto CAF are expected to make payment for their current year charges. If they are able to sustain these payments for a period of six months, we will write off 50% of their accrued debt.   If the customer can sustain payment of their current year charges for a further six months, taking the total period to twelve months of consecutive payments, we will write off the remaining debt.

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.

In line with our social tariff expectations driven by the economic outlook and forecast unemployment rates we expect the number of customers supporting through CAF into AMP8 and slowly start to reduce from 2027/28.

Our waste only customers, serviced through other water companies, are not eligible for this scheme and therefore shown as 0.

SUP15.37   *Average amount of matched payments*

Data for 20/21 – 22/23 reflects debt write offs for customers on the CAF scheme and is taken from our RAPID billing system, divided by the total number of households that have completed the CAF scheme.

The forecast average write off is derived from the average debt written off for each customer completing the CAF scheme in 22/23, adjusted for forecasted bill increases each year.

B4. Other affordability support measures that reduce bills for customers struggling to pay their bills - Other measures to support customers struggling to pay water bills to reduce their bills

SUP15.38   *Number of customers supported through other measures*

This represents customers that receive an annual discount on their water bill by paying their charges via their benefits through the Department for Work and Pension (DWP) Direct Payment Scheme – our Water Direct Scheme. We only report unique customer numbers, i.e., customers that do not receive any other financial assistance.

Data for 20/21 – 22/23 reflects customer numbers reported through our RAPID billing system.

Forecast customer numbers are derived from 22/23 actual customer numbers and applying the forecasted increase in overall customer numbers.

SUP15.39   *Average net bill reduction through other support measures*

Through Water Direct there is a fixed annual bill reduction of £25.00 for our dual and water only customers as our waste only customers are serviced through other water companies. This has been in place and unchanged in value since 2014, we have therefore kept this flat over the AMP, adjusted for inflation. The discount reflects the transactional costs avoided by our retail business as a result of customers paying via Water Direct.

B4. Other affordability support measures that reduce bills for customers struggling to pay their bills - Total benefit for customers struggling to pay their bills from other affordability support measures

SUP15.40   *Total bill reduction for customers struggling to pay as a result of other affordability support measures*

Calculation within the table

B5. Other measures that assist customers struggling to pay their bills without reducing their bills

SUP15.41   *Number of customers assisted with advice on income maximisation and managing debts*

This reflects those customers referred to our specialist support team, but who are not put on one of our social tariffs and Customer Assistance Fund.

These customers would have had a conversation around income maximisation and been signposted to a debt advice service. We would never give direct advice on debt management to customers as we do not have the required skill set to fully support the customer, nor do we have

a full and complete view of the customers circumstances, therefore we signpost customers to the appropriate service which can assist them in their needs.

We expect the number of customers assisted to continue to increase throughout the AMP due to the adverse economic outlook and increase in customer numbers.
Similarly, to above, our waste only customers have 0 due to being serviced by other water companies.

SUP15.42   *Number of customers granted payment breaks / deferrals*

Data for 20/21 – 22/23 is based on the number of customers on low value plans (taken from our RAPID billing system).   These are temporary short term reduced payment plans which do not cover annual charges or arrears, but which support customers through challenging times whilst ensuring that they maintain a payment habit.

Forecast customer numbers have been derived from the number of customers receiving this support in 22/23 and applying the forecasted increase in overall customer numbers and a factor to reflect the forecast unemployment rate as explained in 15.1.

Note, the number of customers in 2020/21 is artificially inflated due to a system migration issue. We have since driven these numbers down using a focused program actively targeting low value customers by improved bill messaging as a call to action to convert the instalments into a standard plan.

Similarly, to above, our waste only customers have 0 due to being serviced by other water companies.

SUP15.43   *Number of customers struggling to pay their bills assisted through other measures that do not reduce their bills*

There are no further support methods that do not reduce bills which have not previously been accounted for within the table numbers and commentary. We have therefore left this line as nil.

Our hierarchy of action is around ensuring customers are able to make affordable payments, whether this be through reducing their bill/ consumption or allowing a payment break for them to get back on their feet, if none of these options are applicable for the customers situation, we would signpost to a debt advice service.

B6. Total benefit of affordability support measures for customers struggling to pay their bills - Financial support provided from all affordability measures

SUP15.44   *Total net bill reductions for customers struggling to pay*

Calculated within the table

SUP15.45   *Average household bill*

20/21–22/23 are actual bill values.

23/24 and 24/25 are taking from the internal charging model projections.

25/26-29/30 are aligned to the PR24 forecasts shown in RR14.1.

These average bill figures are shown gross of social tariff contributions and so differ from figures published net of these, e.g., on Discover Water.

SUP15.46   *Average net bill reduction per income-deprived household*

Calculated within the table

SUP15.47   *Net reduction (%) in average bill per income-deprived household*

Calculated within the table

B6. Total benefit of affordability support measures for customers struggling to pay their bills - Impact on customers in water poverty

SUP15.48   *Number of households below the water affordability threshold before affordability support measures*

This is an estimate of households in water poverty before and after affordability support measures with water poverty being defined as households who have a bill to income ratio of 5% or more. We have been advised to use the research carried out by Frontier Economics as a basis for this calculation, however it is important to note that there are a number of limitations with this data, most notably household income. Water companies do not routinely capture this information and therefore in completing this table, it has been necessary to extrapolate the outcome from information available on a small subset of customers. As water poverty is complex and the data being used has limitations, the results in this section should be interpreted with caution.

We have explained below the steps we have taken to forecast this line and 15.49.

The starting point has been taken using the Frontier Economics single social tariff report data from 2020/21 as requested by Ofwat. This report estimated that 12% (170,892) of our customer base met the definition of 'water poor' in a hypothetical world without social tariffs dropping down to 9.6% after social tariff support is applied.

We then begin by calculating the upward pressures on water poverty which are average bill increases and the impact of forecast unemployment.

Average bill increases:
We assume that household income increases with CPIH so there is no impact on water poverty from CPIH increases on bills. Therefore, any increases over CPIH are the only bill increases which we assume impacts water poverty.

To calculate the impact, we have taken the number of water poor households pre social tariffs of 170,892 and divided by the average bill before social tariffs. Using this as a scaler it can then be applied to the increases in bills

Unemployment impact:
As we assume forecast increases in social tariff take up is based on an increase in the unemployment rate, we added in the offsetting impact of unemployment rates on water poverty

– i.e. assumed increases in social tariffs and therefore the reduction in water poverty is from taking additional households expecting to fall into water poverty out of water poverty.

To calculate this impact, we have compared the Frontier Economics data for the number of households eligible for social tariffs against the number of households currently on social tariffs. This shows that there are 67% more households eligible. This has therefore been used as a scaler on the forecast levels of social tariffs. The Frontier Economics data also suggests that 36% of households eligible for Social Tariffs were in water poverty. Therefore, 36% is then applied to the calculation.

The unemployment impact is used as part of the calculation for water poverty before support measures. There is an offsetting impact in the calculation of water poverty after support measures.

Number of households in water poverty before support = 12% of customers + impact of bill increases over CPIH + unemployment impact.

Next, we calculated the impact of our support measures. For this, we have assessed the 2 key support measured we have in place; social tariffs and metering. We have then included an estimate of

Social tariffs
The impact of social tariffs on taking households out of water poverty is calculated by utilising the Frontier Economics data which estimates that 36% of households eligible for social tariffs are in water poverty. 36% is therefore applied to the change in take up. As the forecast is based on the unemployment rate, this calculation gets offset with the impact of unemployment on water poverty calculated above. i.e. some people will naturally be taken out of water poverty as they are assumed to go back into employment.

Metering
To calculate the impact of reduction to bills from metering we have calculated the number of households which are forecast to become measured from our progressive AMP8 metering strategy (as described in our draft Water Resources Management Plan) and proportioned to customers who meet the definition of water poor. To calculate the bill reduction from becoming measured, we have taken the average reduction of a household moving to measured as explained in line 15.30. We do not have the data available for a granular assessment of how much this bill reduction will move households out of water poverty however we estimate that through providing data on consumption, advice and education that it will be 75% effective.

Other
Data availability is limited to assess the range of other support measures available. Through these measures and the continuation to target customers in water poverty we have therefore included an estimate of 2,000 households per year in which we will seek to take out of water poverty.

There are significant pressures on households over the coming years driven by high levels of inflation and the increasing unemployment rates. Without support measures we estimate the % of households defined as 'water poor' would rise from 12% to 15.9% in 2030. Due to the support measures described within this table we will continue to support a wide range of households, ensuring we have capacity for those that may find themselves financially struggling or without employment bringing the % down to 10.2%.

SUP15.49   *Number of households below the water affordability threshold after affordability support measures*

Covered in commentary above for 15.48

B7. Total funding of affordability support measures for customers struggling to pay their bills - Funding provided by company to reduce bills for customers struggling to pay

SUP15.50   *Total revenue foregone by company to fund social tariffs*

See line 15.10

SUP15.51   *Total revenue forgone by company to fund other measures to support affordability for customers struggling to pay*

This is an amount of money provided by the company to fund Cymuned, this is an innovative support method aimed solely at those working households who find themselves in financial difficulties. See line 15.32 and 15.33.

SUP15.52   *Total revenue forgone by company to fund all measures to support affordability for customers struggling to pay*

Calculated within the table

B7. Total funding of affordability support measures for customers struggling to pay their bills - Funding through revenue from residential customers to reduce bills for customers struggling to pay

SUP15.53   *Total revenue from customers to fund social tariffs*

See line 15.8.

SUP15.54   *Total revenue from customers to fund other measures to support affordability for customers struggling to pay*

This line refers to Cymuned, see line 15.32 and 15.55. However, all financial support for Cymuned is assumed to come from the company contribution, and so this line is nil.

SUP15.55   *Total revenue from customers to fund all measures to support affordability for customers struggling to pay*

Calculated within the table

B7. Total funding of affordability support measures for customers struggling to pay their bills - Funding provided by charitable trusts and other third parties to reduce bills for customers struggling to pay

SUP15.56   *Total contributions from charitable trusts to fund all measures to support affordability for customers struggling to pay*

No contributions are received or expected so this line is nil.

SUP15.57   *Total contributions from other third parties to fund all measures to support affordability for customers struggling to pay*

No contributions are received or expected so this line is nil.

SUP15.58   *Total revenue from all third parties to fund measures to support affordability for customers struggling to pay*

Calculated within the table

Impact of affordability support measures on bad debt

SUP15.59   *Doubtful debt in absence of affordability support measures*

Line 15.61 reflects our household doubtful debt forecast as shown in table RET1. Therefore, without support measures this line is calculated as 15.61 + 15.60.

SUP15.60   *Reduction in doubtful debt due to affordability support measures*

To calculate this line, we have focused on our social tariffs as we have the data available to provide insight into the impact, they are having on our customers' ability to pay. Utilising extensive data on the collections performance before and after customers have been on a social tariff, we were able to calculate an average improvement in cash collection and therefore reduction in doubtful debt for customers on social tariffs. The forecast amount increases in line with the number of customers being supported on social tariffs.

SUP15.61   *Doubtful debt after application of affordability support measures*

Calculated within the table and matches the household doubtful debt forecast as in RET1.