South West Water Limited

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Registered in England
No: 02366665

Bringing Water to Life

Annual Performance Report and Regulatory Reporting 2025

South West Water

Bringing Water to Life

Supporting the lives of people and the places they love for generations to come.

Innovation, new technologies and the pioneering of a holistic approach to water and wastewater management are delivering service improvements and long-term value.

Our approach to reporting

This Annual Performance Report and Regulatory Report provides a summary of performance against our regulatory outcomes and performance commitments in the final year of the 2020–2025 Regulatory Reporting period.

These outcomes and commitments were agreed as part of South West Water's and Bristol Water's business plan.

Following the merger of South West Water and Bristol Water licence and statutory transfer in February 2023, this report combines outcomes, activities and reporting across all regions South West, Bournemouth, Bristol and Isles of Scilly.

For Regulatory Reporting purposes, while outcomes, financial and operational data have remained separate, in reality we are operating as one Water business, working through the integration. Throughout this document the references depict which company the information covers.

South West Water (SBB) – Refers to the combined company across all five regions: South West (Devon & Cornwall), Bristol, Bournemouth & Isles of Scilly

South West (SWB) – Refers to the four regions Devon, Cornwall, Bournemouth & Isles of Scilly

Bristol (BRL) – Refers to the Bristol region

Key

- Major water treatment works
- Major wastewater treatment works
- Bathing waters
- Shellfish waters

Inside this report

Overview

Operational performance

We have provided summaries of operational performance against our eight outcomes in the sections of the report below. A two-page summary of our performance is on pages 14 and 15.

Regulatory Reporting

The Regulatory Reporting section of this report provides annual reporting in line with Ofwat's Regulatory Accounting Guidelines.

Glossary

How to use this report

Throughout this report we make reference to different resources both online and within the document. The following key reflects the symbolism of content throughout:

External link
In the interactive PDF these links are clickable

Page reference
Pages where you can find more information on a related subject

Find out more about us:

www.southwestwater.co.uk

www.bristolwater.co.uk

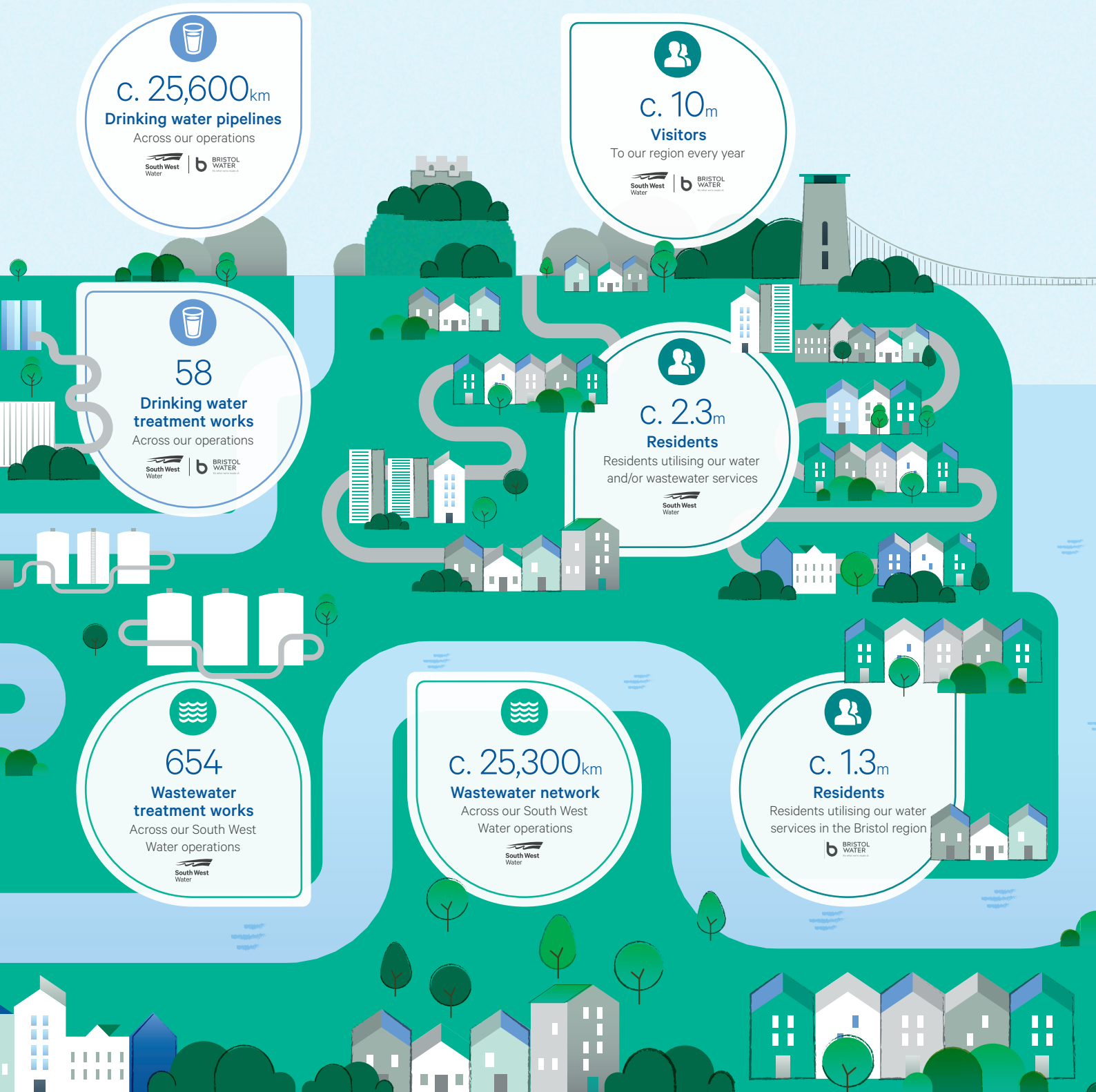
www.bournemouthwater.co.uk

Our operations at a glance

Delivering for our customers and tackling climate change

We know that water companies have a vital role today and every day, providing customers with safe and clean drinking water, and protecting our region's rivers and coastal waters, and recycling wastewater to the highest standard.

We have set stretching performance commitments against our outcomes which are subject to significant Board, customer, regulator and wider stakeholder scrutiny. Progress against these commitments has been summarised in each section of this report.



Our operations

South West Water | Isles of Scilly Water

South West Water

We provide water and wastewater services to South West Water customers in the Isles of Scilly, Cornwall, Devon and parts of Dorset and Somerset.

Bournemouth Water

Bournemouth Water

We provide water services to Bournemouth Water customers in parts of Dorset, Hampshire and Wiltshire.

BRISTOL WATER

Bristol Water

We provide water services to the city of Bristol and surrounding areas.

Key

- Clean water
- Wastewater
- Customers
- Environment
- Resilience
- Community

1. For those bathing waters impacted by South West Water assets. Excluding newly designated waters.

Our CEO's review

I am pleased to share my Chief Executive's review for 2024/25, the key highlights across the year and as we conclude the K7 (2020–2025) five-year delivery period. As a Company focused on UK Water, there has never been a more important time to deliver for customers today, and to invest for the future.

Our brilliant colleagues who live and work in the regions have stepped up to the challenges, and I couldn't be prouder. It hasn't always been easy with the media and political spotlight firmly on the sector, and we haven't always got it right. When you look after critical infrastructure, sometimes things can and do go wrong, and the focus has to be on how quickly you respond, learn the lessons and how you support customers. We have focused on all three – using our size and scale to deploy teams and resources from across the Group to support in incidents, and enhancing customer promise payments, because it's the right thing to do. I'd particularly like to recognise the kindness and patience that customers and businesses in and around Brixham showed to colleagues last year working around the clock for eight weeks to restore water services.

Our customer and community roadshows are always a personal highlight for me, and I get to speak to thousands of customers regularly. From questions about storm overflows to hosepipe bans, bonuses, dividends, bills and everything in between, they are always challenging conversations. For me, it's all about building trust and changing views one conversation at a time. We also have a fantastic customer panel as part of Watershare+, with panel members representing the views of customers from across all regions. They are really good at holding my executive team and me to account for making sure we are walking in our customers' shoes, and I am grateful for their time.

As we have grown, more and more customers have benefited from what we do, whether that's giving customers a stake and a say in our business through Watershare+, or because we have invested.

Take Bournemouth Water customers who will shortly benefit from two new water treatment works that will support up to 85% of customer needs, using new state of the art off-site build techniques with the largest offsite modular build ceramic membranes in the UK, delivered at twice the speed of traditional projects and having just been awarded the King's award for enterprise and innovation. Or customers in the Isles of Scilly, where some customers are experiencing first time sewerage and a step change in water quality. Or in Bristol, where we are working to implement plans to construct a new reservoir. In addition, hundreds of customers across the South West are currently trialling new tariffs and progressive charging schemes, helping to save more and use less, as we look to innovate in the sector, and for the benefit of all.

Overall, we have ended the K7 period in a resilient position, operationally and financially, as we have reshaped our businesses to put more resources into front line services and as we have focused everyone on delivering on our four strategic priorities – based on customer feedback about what matters most. We have delivered higher than allowed base regulatory returns and been a top quartile performer against our stretching regulatory outcome performance metrics. With record levels of investment in 2024/25, we have focused on tackling the use of storm overflows at our beaches and reducing pollution levels, protecting water quality and enhancing resilience, driving environmental gains and supporting customers in making sure their bills are as affordable as they can be, and in delivering services.

> "We also have a fantastic customer panel as part of Watershare+, with panel members representing the views of customers from across all regions."

In investing to protect water quality and enhance resilience, we have broken the drought cycle for Devon and Cornwall, ahead of plan. This means that despite the unprecedented dry weather in spring 2025, we've no plan to introduce a hose pipe ban this summer for our customers in the South West. In tackling storm overflows at our beaches, we are making progress with a 20% reduction in bathing water spills over the last five years and protecting our 100% bathing water quality for the fourth consecutive year on a like-for-like basis. We have also made sure we are tackling sewer flooding to homes and businesses – and are strong performers in this area. Our area of improvement remains water course pollutions. Whilst we are making progress, there is more for us to do, and we are working hard to ensure we are delivering on our Pollution Incident Reduction Plan.

Over the period, we have focused on affordability and vulnerability, ensuring we focus on keeping bills as low as possible, whilst meeting our pledge to eradicate water poverty by 2025, with 100% of customers across the South West and Bristol having an affordable bill. We've also increased the number of customers on our priority services register.

This will remain a key focus for us, as our £3.0bn capital programme means that bill increases are necessary. With two-thirds of the investments being supported by investors and debt providers, we will also be introducing a £168 million support package to continue our work in helping those customers who need it most.

Finally, we are focused on ensuring we protect the environment around us, either through our commitment to Net Zero, or through our wider programme of work around biodiversity and catchment management. We've helped over 1,100 farms manage their land, planted over 250,000 trees, and helped to restore peatlands. We've also improved water quality at 37 sites, with an 80% reduction in phosphorous, and improved water body reasons for not achieving good status (RNAGs) to 12% from 19% over the past five years

Having received an outstanding business plan classification for K8, we are well positioned as we look ahead. Our capital delivery supply chain, Amplify has already been stood up delivering on 1,000 schemes, representing one-third of the £3.0bn earmarked for investment to 2030. Underpinning all our activities is a robust funding position, a strong balance sheet and ready for the next financial period.

I'd like to finish where I started. Everyone who works at South West Water is fiercely proud of our heritage in the water sector and I want to personally thank of all our brilliant colleagues who are passionate about delivering for our customers and stakeholders every day. I announced on 11 July 2025 that I would be retiring in due course from my roles as Chief Executive Officer of Pennon Group, South West Water and Sutton and East Surrey Water; it has been an honour to spend more than 18 years with the business and over 30 years in the water sector, and totally fulfilling to serve in the role of Chief Executive Officer. As a long-term resident in the South West of England, in one of our regions, I have been proud to lead the extraordinary teams South West Water and Sutton and East Surrey, whether in the offices, at reservoirs, on the road or in depots and look forward to seeing the business go from strength to strength as it delivers on its plans for the future.

Introduction

Improving our service and rebuilding trust

Our business, serving a population of 3.6 million across Devon, Cornwall, Bournemouth, Bristol, the Isles of Scilly and parts of Dorset, is a critical part of the fabric of the South West region. Our day-to-day operations provide people with essential water and wastewater services, while our investment programme is delivering benefits to the customers, communities, environment and economy of our unique and special region, which will be realised for years to come. We directly employ c. 2,750 people, with a supply chain of double that number, who work together to deliver for people and places.

The end of the 2024/25 year not only draws to a close the K7 (2020 to 2025) water company investment period but also provides the platform to the next. Over the last year we have continued to focus on improving our day-to-day operational and environmental performance, while caring for our customers. At the same time, we have put in the place the foundations needed to deliver our record £3.0 billion investment programme over the next five years that will transform our services and drive significant benefits to the wider South West region.

This transformation is critical to rebuild the trust in our business, and the wider sector, which has been eroded over recent years. We are committed to delivering our customers' priorities, with a programme of investment that will reduce the use of storm overflows at our beaches and cut pollution, protect water quality and provide resilient water supplies, enhance the region's environment and continue to support our customers, ensuring their bills remain affordable.

Financially, we are resilient and have good liquidity having received a £330 million equity injection from our parent company the Pennon Group. Over the last year we have reported a loss, with revenues lower because we have encouraged people to use less water, and due to the acceleration of our investment programme impacting depreciation and interest. However, we are confident we will soon see a return to profitability having reshaped our business and driven cost-based efficiencies to offset inflation increases.

Tackling pollution and storm overflows

Our work to improve our wastewater performance is two-fold. We have prioritised reducing pollution to homes, businesses and land, alongside tackling pollution to water courses, which includes a third of the nation's bathing waters.

Despite two years of exceptionally wet weather across the region we have successfully reduced internal and external sewer flooding by 14% and 11% respectively over the last year, and 68% and 24% since 2020. Sewer collapses have also reduced by almost a third because of our proactive cleansing programme that is keeping our sewers flowing.

Sewer flooding can have a catastrophic impact on people and communities. Delivering these reductions, despite 2023 being a record wet year with rainfall 11% higher than average, and 2024 rainfall reaching similar levels, has made a difference to many customers and is something we are very proud of. We have secured our position as the best performing company at tackling flooding to homes and businesses, and a top quartile performer for reducing pollutions to land.

The persistently high rainfall has led to groundwater levels rising to c. 14% above normal levels. This results in water ingress into our sewers, that takes up vital capacity and can result in more frequent spills from storm overflows. Since 2022, we have been able to monitor how often all our storm overflows are releasing into watercourses, and despite the wet weather and high groundwater levels we have reduced their use by 20% over the last five years. We are committed to further reductions through the delivery of our 15-year storm overflow reduction programme and to date, our interventions have prevented c. 15,000 spills and two-thirds of our top spillers have been resolved.

We know we have more to do. Further reducing storm overflows is a priority for the next five years and we will address all those that impact on bathing and shellfish waters by 2030 – a decade ahead of the Government's mandated target. We will build on what we have learnt over recent years using a blend of nature-based solutions and engineering schemes, so reductions are effective and sustainable, enhancing our monitoring programmes and sharing our performance with our communities to help rebuild their trust.

We will also double down on our efforts to reduce pollution. Overall, we have marginally reduced the number of pollutions to watercourses year-on-year, with a 40% reduction since 2020. This is thanks to enhanced network monitoring that is helping us to predict, avoid and alleviate incidents. However, we missed our pollution reduction target, and the number of serious pollutions increased from two to four last year, highlighting the importance of moving at pace with our recently published pollution incident reduction plan to drive ongoing improvements. We anticipate that we will maintain a 2-star rating the Environment Agency's Environmental Performance Assessment this year, but our plan will enable us to reach 4-star by 2028, a target we have agreed with Ofwat.

Clean, safe, reliable drinking water

Receiving a reliable supply of safe high-quality drinking water is our customers' top priority and we recognise that the water quality incident that occurred in the Brixham area in summer 2024, caused significant disruption to the local community and reduced the public's confidence in us. Over eight weeks, around 800 of our people and supply chain partners worked tirelessly to restore safe drinking water supplies, flushing 30km of water mains 27 times and installing advanced UV and filtration systems. We are grateful for their commitment and dedication, and for the kindness and patience that our customers showed them during what was a challenging time for all.

Incidents such as this are extremely rare in the UK, but it's essential that we learn lessons from them. We have been working with the Drinking Water Inspectorate to capture learnings, apply them across our operations and share them with the wider industry.

Overall, our water quality performance is improving and our water quality compliance score for South West Water in 2024 was the best it has been since the measure was introduced. We have embedded a 'Quality First' culture across our operations that is driving targeted investment in advanced technology at our water treatment works. Two schemes in Alderney and Knapp Mill, together serving 85% of our customers in the Bournemouth area are progressing well. We are installing state-of-the-art treatment to modernise our existing treatment works, with similar investment in Littlehempston also nearly complete, that will benefit 193,000 customers across Torbay and South Devon.

Introduction continued

Securing resilient water resources

The successive wet winters have helped us to recover from the drought we experienced in 2022, and no water restrictions were required last year. Despite the start of 2025 being exceptionally dry, our water resources are in a good position entering the summer and we don't anticipate any water restrictions in the coming year. We have made significant strides in increasing the resilience of our water supplies, so we are better placed to manage drought events, which are likely to become more frequent and severe as the climate changes. The latest analysis from the Environment Agency suggests that the wider West Country region could face a public water supply shortfall of 260 million litres per day by 2055, if action isn't taken to increase water availability.

We are already investing in a range of local solutions including the repurposing of disused mines and quarries, innovative network recharge schemes and a new abstraction and treatment works at Porth Rialthon. These are being delivered alongside the development of the Chedder 2 reservoir, a large strategic resource that will provide water to customers across the South West.

It is the combination of new infrastructure and ambitious reductions in water demand that will ensure our supplies are resilient and sustainable in the future. The latter is a challenging area, reliant on new technologies and significant behaviour change by our customers, and we have fallen short of our five-year leakage and per capita consumption (PCC) reduction targets in both South West Water and Bristol.

Using a range of methods including pressure management, satellite technology and leak detection dogs we have delivered in-year reductions in leakage of 9% and 4% respectively for South West Water and Bristol, with us repairing a record number of leaks. We will build on this as we move into the next five-year period and benefit from the skills and experience gained from our colleagues in SES Water, who are industry leaders in leakage and already operating a fully smart distribution network.

Reducing demand is also fundamental to future resilience alongside tackling our own production losses and leakage from our network. Our sector leading demand reduction schemes have focused on supporting customers to use less and save money. Leading with our 'Water is Precious' water efficiency campaign we are targeting both residents and visitors. In Cornwall residents were given £10 off their bills for delivering a 5% reduction in use. We are also trialling several firsts for the region with progressive tariff trials (seasonal and progressive), early results are showing demand reductions from between 2% and 9%.

To charge for water in this way, smart meters need to be installed, and under our Green Recovery programme we have fitted 60,000 in North Devon. Our smart meter roll out will continue across the region, enabling us to scale up the use of tariffs, tailor our support for customers and help us to detect leaks in our customers' homes and businesses, which currently account for about a third of the leakage on our network.

Improving nature and delivering environmental gains

The South West boasts some of the country's more unique and treasured natural environments and we are playing our part in improving them by putting water quality and nature recovery at the heart of what we do. We have improved water quality at 37 sites by reducing the amount of phosphorus that is released from our wastewater treatment works by 80%. This has helped to reduce the number of sites not achieving good ecological status (RNAGS) from 19% to 12% over K7. We have also delivered c. 144,000 hectares of improvement through our award-winning catchment management programme that is also achieving biodiversity gains. At the heart of our approach is partnership, working together with environmental organisations, farmers and landowners to promote strong environmental stewardship and deliver joint projects that have multiple environmental benefits. Over the next five years this will continue as we expand into different catchments to tackle existing and new environmental challenges.

Helping customers to afford their water bills

We recognise the ongoing cost of living challenge being faced by many households we serve. We have worked hard over the last decade to make our service as efficient as possible and keep bills below the rate of inflation; while also increasing the support we offer to those who are struggling financially. We have provided £124 million of financial support, and by March 2025, no customers we supply were in water poverty (assessed as spending more than 5% of their disposable income on their water bills). We have also supported more than 250 organisations through our neighbourhood fund.

That said, the scale of investment we now need to make to improve the environment, support growth and make our business more resilient to climate change, requires bills to rise. For South West Water customers this means a c. 28% increase in 2025/26, while for customers in Bristol it will be 5%. The revenue from bills will fund around a third of the total cost of our investment programme, with the rest coming from shareholders and debt providers.

We are committed to continuing to achieve our 100% affordable bill pledge and will provide a further c. £168 million package of support to help our customers afford their bills over K8. We will also continue to improve how we support customers experiencing other challenges such as health conditions or difficult life events.

Preparing for our record investment programme

Over the last year we have been preparing to deliver the record £3.0 billion of investment set out in our industry-leading business plan for 2025 to 2030.

We have put in place a strong and resilient supply chain, through our 'amplify' alliance that has already been stood up for K8 investment, delivering on over 1,000 schemes, representing one third of the investment earmarked by 2030.

We continue to invest in our skilled and talented people who bring water to life. As one of the largest private employers in the South West we make an important contribution to the region's economy. Our focus continues to be on making South West Water a great place to work and a safe place to work and we are proud that both our safety record and employee engagement scores have continued to improve.

We recognise the importance of investing in people in their early careers, and we already have 680 apprenticeship and graduate placements, meaning we are well on our way to meeting our target of 1,000 by 2030. Our 'earn and learn' approach has resulted in us being the only water company to be recognised by the Government as a top 100 apprenticeship employer and a member of the 5% club with platinum status.

> "Our capital delivery supply chain partnership 'Amplify' has already been stood up, delivering on over 1,000 schemes, representing one third of the £3.0 billion earmarked for investment to 2030."

Continuing to give customers a voice

The delivery of our next plan will deliver a step change in environmental performance and support economic growth in our region. It will deliver our customers' priorities and put in place solutions for a more resilient and sustainable future.

We will be accountable to our customers, sharing data and reporting transparently on how we are performing. We will continue to grow our unique WaterShare+ approach, launched in 2020, that is an example of how a socially responsible model can successfully develop in a monopoly market.

Restoring the trust of our customers, communities and stakeholders over the coming years is essential. Many of the challenges we face require collaboration and action from a range of parties. From reducing customer consumption to tackling storm overflows, we won't achieve our targets if we don't work together. Our investment programme is already delivering improvements on the ground, helping to build confidence and demonstrate our commitment to transformational improvement. We look forward to working with our many partners to achieve our shared goals and ensuring that the South West region thrives now and in the future.

Business model and strategy

South West Water | BRISTOL WATER

What we do

Water and wastewater

We provide water and wastewater services to our communities in the most efficient and sustainable way possible.

More information

Our operations at a glance
pages 00 and 01

For the benefit of our stakeholders

Customers

Our high-quality services support households and businesses in the regions we serve.

Shareholders and investors

Our strong business model ensures shareholders and investors get a fair return.

Regulators and stakeholders

Our engagement with regulators and key stakeholders ensures transparency in our business approach.

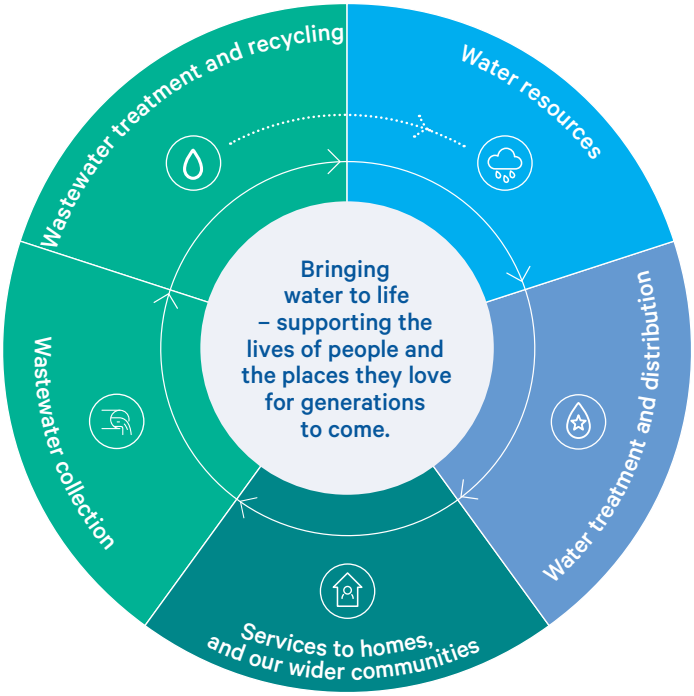
People

Our employees are highly valued and are integral to our success. Their health and safety is paramount.

Suppliers and contractors

The relationships we have with our suppliers and contractors are fair and deliver many regional economic benefits.

Our resources and relationships



South West Water | BRISTOL WATER

Trusted customer & community experience

Services to homes, and our wider communities

We manage an extensive network to deliver uninterrupted supplies to our customers whilst keeping customers' bills affordable. Our household retail contact centres are focused on providing excellent end-to-end customer experiences. From providing water and sanitation, through to environmental protection, recreational facilities, education, local jobs and investment for future generations. The services we provide are essential for the health and economic wellbeing of our local communities.

South West Water | BRISTOL WATER

Top quality water supplies

Water treatment and distribution

We take water from our reservoirs, river and groundwater sources and transport it to our treatment works, where it is treated to a high standard using a number of processes. Once the water is clean, safe and reliable we transport this to customers' homes and businesses through our c. 26,000km of water pipes.

South West Water

Controlled & managed drainage

Wastewater collection

We maintain and operate c. 25,000km of sewers in the South West region, removing waste from the homes of our customers. Through our programme of proactive interventions we keep our network in the best possible condition, identifying and repairing issues alongside an extensive sewer cleaning programme.

South West Water

Protect & enhance natural resources

Wastewater treatment and recycling

We treat wastewater to a high standard at our 654 wastewater treatment works before returning treated wastewater to the environment, safely. Bioresources created during the treatment process are a valuable source of both nutrients and energy.

South West Water | BRISTOL WATER

Resilient water resources through healthy catchments

Water resources

Ensuring an available and sufficient supply of raw water is key to ensuring a continuous supply to customers. Our operations play a vital part in maintaining the level of river flows and their ecological health – from the level of water we release from our reservoirs into rivers, to the level we abstract and take to our treatment plants.

The strengths we rely on

The best people
The talent, commitment and hard work of our people are the foundation of our success. As a responsible employer, we are focused on employee retention, training and development, productivity and, above all, an unwavering commitment to health, safety and wellbeing.

Effective governance
A strong governance framework provides oversight and support to the Company including robust decision-making and performance management processes.

High-quality assets
We invest in the construction of world-class facilities and plants that use state-of-the-art technology. We engage the best people to maintain and operate our assets, to ensure we always maximise returns.

Efficient financing
The strength of our proposition, and investor confidence in our performance and reputation, means that we are well funded with efficient long-term financing.

Environmental stewardship
We invest in the maintenance and improvement of our services, operations and assets and constantly seek more sustainable ways of working to protect, enhance and reduce our impact on the natural environment.

Strong relationships with our suppliers
We work closely with our suppliers and take the steps necessary to ensure their performance meets our expectations. We expect them to uphold our standards, align with our policies, protect human rights and promote good working conditions.

Well-managed risk
Comprehensive and fully embedded risk management processes assist us in identifying and managing risks and opportunities to deliver the Company's strategy and objectives.

Strong reputation and customer service record
High levels of employee engagement and accreditation as best place to work.

A stake and a say
Our unique WaterShare+ framework offers customers a greater stake and a say through Pennon share ownership or bill reductions, alongside a dedicated customer AGM.

Our Board pledges to 2025

As part of our business plan to 2025, South West Water included five Board pledges, whilst Bristol Water established five promises to meet customer priorities. These have been amalgamated and form the basis of our refreshed pledges to 2025.

1. We will deliver environmental leadership
2. We will deliver reliable top quality water to our customers
3. We will provide outstanding customer service and quality
4. We will deliver our promises, supporting the regional economy and our communities
5. We will deliver efficiency, keeping bills as low as possible and addressing water poverty
6. We will empower our customers by giving them a stake and more of a say in our business

Our outcomes and other performance

Protecting places

Environment
Read more on pages 140 to 160 and 239 to 255

Reliable wastewater services
Read more on pages 140 to 160 and 239 to 255

Supporting people

Clean, safe and reliable supply of drinking water
Read more on pages 140 to 160 and 239 to 255

Available and sufficient resources
Read more on pages 140 to 160 and 239 to 255

Responsive to our customers
Read more on pages 140 to 160 and 239 to 255

Benefitting the community
Read more on pages 140 to 160 and 239 to 255

See also

Investing in our people
Read more on pages 30 to 33

Creating value

Resilience
Read more on pages 140 to 160 and 239 to 255

Fair charging and affordability for all
Read more on pages 140 to 160 and 239 to 255

Financial performance
Read more on pages 34 to 35

Customer engagement

Placing our customers at the core of our operations is a strategic imperative and a fundamental commitment. We strive to foster strong partnerships with our customers and have diligently implemented an extensive customer and stakeholder engagement framework, specifically designed to be wide-reaching, equitable, resilient, and highly effective. This approach has been consistently applied as we've developed and delivered our initiatives across the region.

We've continued the customer research program, now moving into PR24, where we're committed to making a step change by doubling down on our commitment to customers and creating an extensive customer engagement roadmap. Our engagement plan aims to deeply understand the views of all the diverse customer groups we serve. We proactively engage directly with our customers, empowering them by tailoring our range of engagement tools to suit their participation needs. These tools include surveys, workshops, focus groups, and interviews, as well as our day-to-day interactions like tracking surveys, post-work feedback, post-event feedback, and post-roadshow evaluations. This year, our Affordability team have conducted over 660 drop-in events across the region to help where our customers need it most. We have also hosted 23 customer roadshows across the South West, engaging with over 1,350 customers. We've also enhanced our customer engagement opportunities by introducing reservoir runs and hosting customer drop-in sessions. Through our Awesome Water and Water Bar programmes, we have attended multiple events and festivals, raising awareness of what we can do, how we can help and providing free drinking water. We have also held over 20 community led drop-in sessions with district councils, local groups and other organisations to hear and understand their concerns and views. To demonstrate our commitment to a grassroots customer-led engagement plan, we've been visiting schools, engaging with 6,660 pupils across over 93 schools. This comprehensive approach helps us build a strong and lasting relationship with our present and future customers.

Our Watershare+ model enables customers to hold shares in our parent company, Pennon Group, giving them direct ownership in their local water company. It also gives all customers the ability to speak directly with and challenge us through our open Watershare+ customer panel meetings. This unique model allows customers to become part of our customer panel, working with our independent panel to challenge our performance and have a direct say in what we do – to co-create our plans with us. Watershare+ has also significantly deepened our understanding of customer requirements and concerns, further helping us leverage these insights to inform and co-create our future plans.

We ensured that our engagement exceeds Ofwat's standards for high quality engagement and is:

- Inclusive – enabling everyone to have a voice
- Robust and effective – working collaboratively with our partners to drive high quality, comprehensive, meaningful engagement that makes a difference
- Business as usual – applied continually and consistently throughout the development and delivery of our work programmes across the region – to empower customers and communities every day.

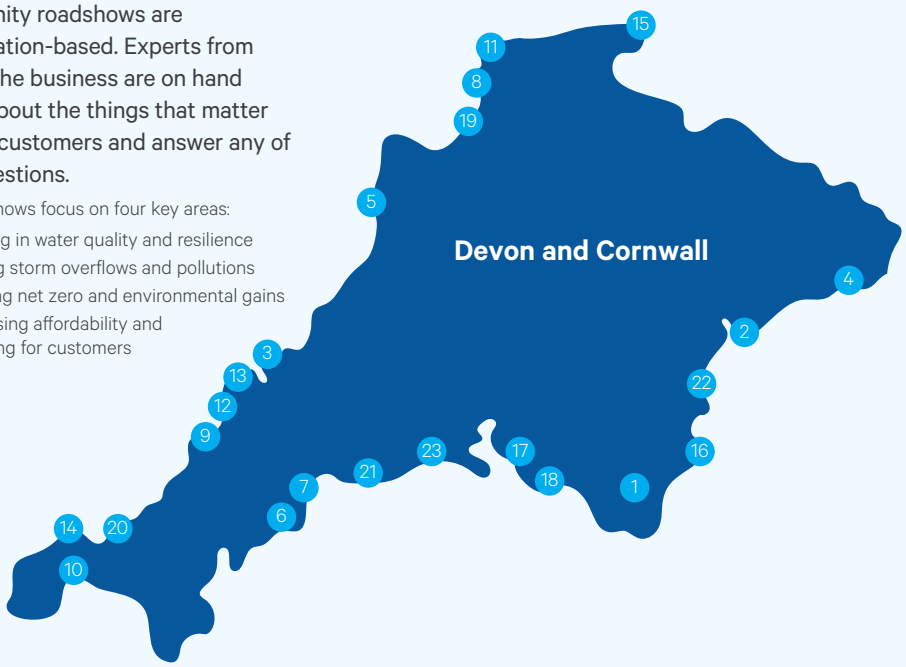
Our overall customer engagement programme has been closely overseen by our Board and ensured clear lines of communication from the WaterShare+ panel to our Board (for example, through meeting attendance to update on progress and any issues to provide a backstop that ensures customers views are heard at Board). Overall, we are confident that we have met and exceeded Ofwat's customer engagement, challenge and assurance standards.

Community roadshows

Community roadshows are conversation-based. Experts from around the business are on hand to talk about the things that matter most to customers and answer any of their questions.

Our roadshows focus on four key areas:

- Investing in water quality and resilience
- Tackling storm overflows and pollutions
- Reaching net zero and environmental gains
- Addressing affordability and delivering for customers



Roadshow events

1 **Kingsbridge** April 2024
2 **Budleigh Salterton** April 2024
3 **Harlyn Bay and Padstow** April 2024
4 **Lyme Regis** April 2024
5 **Bude** April 2024
6 **Par** April 2024
7 **St. Austell** May 2024
8 **Woolacombe** June 2024
9 **Portreath, Porthtowan and St Agnes** June 2024
10 **Penzance** July 2024
11 **Croyde** July 2024
12 **Crantock** August 2024
13 **Newquay** September 2024
14 **St Ives** September 2024
15 **Combe Martin** October 2024
16 **Dartmouth** October 2024
17 **Mothecombe** October 2024
18 **Thurlestone** November 2024
19 **Westward Ho!** November 2024
20 **Hayle and Gwithian** December 2024
21 **Looe** January 2025
22 **Teignmouth** January 2025
23 **Seaton** February 2025

Our engagement this year

Our WaterShare+ initiative provides an invaluable platform for all customers to engage directly with us and challenge us through our open customer panel meetings. This unique model truly empowers customers to become part of our decision-making process, working alongside our independent panel to rigorously challenge our performance and genuinely influence our direction – effectively co-creating our plans with us. Crucially, WaterShare+ has enabled a deeper understanding of our customer requirements and concerns, providing essential insights that directly informs and shapes our future strategic plans and initiatives.

Key

- Focus groups
- Survey
- Customer panel forum

April 2024

- Isles of Scilly investment plans focus groups
- 'The Drop' Bristol online panel survey
- Post-event survey (in house)
- 'The Drop' (SWB) creative testing focus groups

May 2024

- Customer satisfaction survey
- Service satisfaction online panel survey
- Environmental Protection Assessment (EPA) focus groups
- Vulnerability strategy focus groups
- 3 × Post-event surveys (in house)

June 2024

- 7 × Post-event surveys (in house)
- Lived Experiences survey

July 2024

- Brixham in-incident insights (1:1 interviews)
- SWB bill design testing focus groups
- 4 × Post event surveys (in house)

August 2024

- 1 × Post-event survey (in house)

September 2024

- 1 × Post event survey (in house)

October 2024

- Brixham post-event research (1:1 interviews)
- Customer satisfaction survey
- 1 × Post event survey (in house)

November 2024

- Customer satisfaction survey
- Lived Experiences survey
- 2 × post-event surveys (in house)

December 2024

- 1 × Post event survey (in house)

January 2025

- Customer satisfaction surveys
- 1 × Post event survey (in house)

February 2025

- Youth Board (focus groups & survey)
- Priority Services Register customer satisfaction survey
- 4 × Post event surveys (in house)

March 2025

- Local community stakeholder satisfaction survey
- Priority Services Register customer satisfaction survey
- Affordability survey
- Customer satisfaction survey
- Lead-free Bristol feedback survey

WaterShare+

South West Water | BRISTOL WATER

About the WaterShare+ Advisory Panel

The WaterShare+ Group Panel provides independent review, scrutiny and challenge of Pennon Group plc water companies on behalf of customers.

The Panel takes an overview scrutiny role for all Pennon Group water companies and also acts as the Independent Challenge Group (ICG) for South West Water and Bournemouth Water.

In addition to the Chair – Lord Matthew Taylor – the Panel consists of a chair and deputy or co-chairs for each of the Company's five regions: Cornwall, Devon, Bournemouth, Bristol and the SES Water region of Sutton and East Surrey.

The Bristol Water Challenge Panel (BWCP) and the SES Customer and Environmental Scrutiny Panel (SES CESP) are the ICGs for Bristol Water and SES Water respectively. They are represented on the WaterShare+ Group Panel by the Chair and Deputy Chair of the BWCP and the Co-Chairs of the SES CESP. Peaches Golding OBE CStJ is both the Deputy Chair of the WaterShare+ Group Panel and the Chair of the Bristol Water Challenge Panel.

During 2024–25, the Panel continued to scrutinise our performance against PR19 targets. In addition, the Panel's PR24 Sub Group continued to engage extensively with Company executives to ensure that our 2025–30 business plans represented best value for customers and the environment.

In addition to private meetings with Company executives, the Panel also hosts a series of online and in person public meetings in the regions as well as a Customer Annual General Meeting. Members of the public and other stakeholders are welcome to attend these meetings and ask questions of Company executives.

The Panel is supported by expert advisers from the CCW, the Environment Agency and Natural England. The expert advisers provide specialist insight on Company and industry performance. The Panel also has unrestricted and independent access to our technical auditors.

We are grateful to the members of the Panel for their time and dedication in challenging us to ensure that customers' voices are heard and represented within the business. We value the Panel's perspective.

Further details including biographies for members of the Panel can be found on the WaterShare+ page of the South West Water website: www.southwestwater.co.uk/about-us/watershareplus/panel

Have your say

You can tell the Panel what you think and have your say by asking them a question at:

South West Water WaterShare+ meeting
www.southwestwater.co.uk/about-us/watershareplus/meeting

Bournemouth Water WaterShare+ meeting
www.bournemouthwater.co.uk/about-us/watershareplus/watershare-public-meeting

More information on the Bristol Water Customer Challenge Panel is at:
www.bristolwater.co.uk/watershare

Our regulators

Ofwat

defra
Department for Environment Food and Rural Affairs

HSE
Health & Safety Executive

Environment Agency

Our policymakers

defra
Department for Environment Food and Rural Affairs

NATURAL ENGLAND

dwi

April 2024

WS+ Regional meeting

Bristol

Customer Attendance: 12

Topics:

1. Welcome and Introductions
2. Our Focus in Bristol
3. Customer Insight
4. Our Plans for 2024–30
5. Questions

May 2024

WS+ Public meeting

Online

Customer Attendance: 35

Topics:

1. Welcome and Introductions
2. Company Performance
3. Company Plans
4. Questions

July 2024

WS+ Regional meeting

Bournemouth

Customer Attendance: 83

Topics:

1. Welcome and Introductions
2. Resilient Water Quality
3. Water Resources
4. Affordable Bills
5. Questions

November 2024

WS+ Regional meeting

Cornwall

Customer Attendance: 12

Topics:

1. Tour of Restormel WTW
2. Welcome and Introductions
3. Company Presentation
4. Questions

September 2024

WS+ Customer AGM

Cornwall

Customer Attendance: 21

Topics:

1. Tour of Mayflower WTW
2. Welcome and Introductions
3. The Bristol Water Challenge Panel
4. Local Plans
5. Questions

December 2024

WS+ Public meeting

Online

Customer Attendance: 31

Topics:

1. Welcome and Introductions
2. Company Presentation
3. Questions

January 2025

WS+ Regional meeting

Devon

Customer Attendance: 37

Topics:

1. Tour of Sidmouth WWTW
2. Welcome and Introductions
3. Company Presentation
4. Questions

March 2025

WS+ Public Meeting

Online

Customer Attendance: 35

Topics:

1. Welcome and Introductions
2. Company Presentation
3. Questions

Our stakeholders

Empowered by our purpose

The sector we operate in has a high profile with a wide stakeholder group. The work we do delivers a wide range of benefits to a variety of stakeholders, creating long-term sustainable value.

We are committed to carrying out our business in a responsible way and to continuously improve how we provide all our services for the benefit of all our stakeholders.

We actively engage with all our stakeholders including our customers, our communities, our people, our suppliers and our regulators. We are acutely aware that many of our stakeholders are struggling with the uncertainty posed by the cost-of-living crisis, the political landscape and the wider economic environment.

We are committed to maintaining appropriate and regular dialogue to ensure our strategy and our performance objectives always reflect our stakeholders' expectations and needs. Our continuous engagement allows stakeholders to give feedback on matters they consider of importance to them and raise any issues which they would like to be addressed.

Our approach to stakeholder engagement

1. Identify key stakeholders
2. Engage to understand priorities and material issues
3. Engage to develop strategies and plans to meet priorities
4. Engage on delivery and partnership working
5. Review and communicate progress and performance

Who they are

Our customers

Our communities

Our people

Our environment

Our suppliers & contractors

Our regulators

Ofwat | defra (Department for Environment Food and Rural Affairs) | Environment Agency | HSE Health & Safety Executive | dwi

Our policy makers

defra (Department for Environment Food and Rural Affairs) | Natural England | Environment Agency

How we engage

We supply water and wastewater services to around 2.3 million residents in the South West, water services to around 1.2 million residents in the Bristol area. We also provide these services to end users via retailers in the non-household market.	◦ Regular customer satisfaction surveys ◦ Customer service centre ◦ Focus groups ◦ Co-creation workshops ◦ Roadshows and local events ◦ Extensive customer research	◦ Customer AGM ◦ WaterShare+ Advisory Panel and Challenge panels ◦ Community, charity and education projects ◦ Neighbourhood and Water-Saving Community Funds
We operate in the heart of local communities.	◦ Engaging our communities in behavioural change campaigns ◦ South West-wide specific partner engagement ◦ WaterFit Live	◦ Community outreach programme working directly with the Affordability and vulnerability partnerships ◦ An education programme working with primary schools
A total of c. 2,750 people work for South West Water, in corporate and operational roles. It's our people that keep things moving 24/7 to deliver wastewater services and to ensure our customers receive clean and safe drinking water.	◦ Annual colleague Great Place To Work trust and engagement survey and work with senior leaders to develop local action plans ◦ RISE employee engagement forums – Represent, Inspire, Share and Energise	◦ Two-way communication activities including fortnightly Big Chats, monthly senior leadership calls, Executive and Board site visits, as well as ongoing internal communication social channels Yammer and our intranet
Beaches, bathing waters, rivers, our natural environment sets us apart as a region. We recognise that is what makes us unique. It also creates a similarly unique set of challenges and opportunities. We recognise that to meet these effectively, we need to collaborate and to build strong, value-filled partnerships with the wide range of environmental stakeholders in the region.	◦ Our senior leadership team meets routinely with leaders of environmental organisations and charities ◦ Expanded liaison with fishery and other local environmental groups	◦ Regular meetings with the Environment Agency both at strategic and catchment level ◦ Regular meetings and liaison with partners such as Surfers Against Sewage, the Wildlife and River Trusts
As a large organisation we work with a large and diverse supply chain. Our supply chain partners play a vital role in supporting sustainable growth and cost base efficiency across the business.	◦ We unveiled our major new alliance, Amplify, with some of the country's best engineering companies ◦ Regular meetings and communications ◦ Supplier reviews and audits	◦ Code of Conduct for supply chain partners ◦ Sustainable Procurement Policy ◦ Formal contracts and framework agreements ◦ E-procurement and risk management platforms
We have an open dialogue and meet regularly with our regulatory bodies: Ofwat, the Department for Environment, Food & Rural Affairs (Defra), the Environment Agency, the Drinking Water Inspectorate and the Health and Safety Executive (HSE).	◦ Regular meetings (seek to approach areas collaboratively) ◦ Action plans, reports and reviews ◦ One-to-one meetings	◦ Responding proactively to Consultations ◦ Workshops and our Stakeholder Forum
Our stakeholder strategy includes building an open and transparent relationship with the widest range of policy makers, from local MPs, who seek to reflect the local priorities of their constituents, to UK Government which ultimately sets water priorities and policy, through bodies such as Defra, Natural England and the Environment Agency.	◦ We are a member of Water UK, which works with Government, regulators and stakeholders to develop policy on water and the sustainable delivery of water services in the UK ◦ At a local level, we meet on a regular basis with MPs, hosting site visits and constituency-based meetings. We also contribute to round table debates as and when relevant	◦ We regularly respond to all consultations, and over the past 12 months, appeared before the Environmental Audit Select Committee into river water quality ◦ We are one of the founding members of the Back the South West campaign

Performance summary

South West Water

Water

6/10

Targets met/on track

Clean, safe and reliable drinking water

- ⊗ Water supply interruptions
- ✓ Mains repairs
- ✓ Unplanned outage
- ⊗ Taste, smell and colour contacts*
- ◎ Efficient delivery of the new Alderney WTW
- ◎ Water quality compliance (CRI)*
- ◎ Efficient delivery of the new Knapp Mill WTW

Available and sufficient resources

- ◎ Water restrictions placed on customers
- ⊗ Leakage
- ⊗ Per capita consumption

Wastewater

5/9

Targets met/within regulatory deadband

Reliable wastewater services

- ✓ Internal sewer flooding
- ✓ Sewer collapses
- ⊗ External sewer flooding incidents
- ✓ Sewer blockages
- ✓ Odour contacts from wastewater treatment works
- ⊗ Treatment works compliance*
- ⊗ Total wastewater treatment works (WWTW) compliance*
- ⊗ Descriptive compliance*
- ◎ Compliance with sludge standard*

Service

4/4

Targets met/on track

Fair charging and affordable bills for all

- ◎ Installation of AMR meters
- ✓ Number of customers on one of our support tariffs
- ◎ Voids for residential retail
- ◎ Percentage of customers who find their water bill affordable

Community

2/2

Targets met/on track

Benefitting the community

- ✓ Bathing water quality
- ◎ Abstraction incentive mechanism*

Customers

5/8

Targets met/on track

Responsive to customers

- ✓ D-MeX
- ◎ Operational contacts resolved first time – water
- ⊗ Operational contacts resolved first time – wastewater
- ⊗ Customer satisfaction with value for money
- ◎ British Standard for Inclusive Service Provision
- ◎ Overall satisfaction of services received on the Priority Services Register
- ✓ Priority services for customers in vulnerable circumstances

Sub-measures

- ✓ Priority services for customers in vulnerable circumstances – reached
- ✓ Priority services for customers in vulnerable circumstances – actual contacts
- ✓ Priority services for customers in vulnerable circumstances – attempted contacts

- ⊗ C-MeX

Environment

3/6

Targets met/on track

Protecting the environment

- ✓ Biodiversity – enhancement
- ◎ Biodiversity – compliance*
- ◎ Biodiversity – prevent deterioration
- ⊗ Pollution incidents*
- ⊗ Number of pollution incidents category 1–3 (water only)*
- ⊗ EPA*

Resilience

4/5

Targets met/on track

Resilience

- ◎ Resilient water and wastewater services on the Isles of Scilly
- ◎ Resilience in the round – wastewater
- ⊗ Resilience in the round – water
- ◎ Risk of sewer flooding in a storm
- ◎ Risk of severe restrictions in a drought

Performance commitments 2024/25 – c. 66% on track or ahead of target

✓ 5

Area of excellence
Where performance has significantly exceeded our commitment

✓ 7

Outperformance
Where performance has demonstrably exceeded our commitment

◎ 17

On track
Where our performance has met our commitment or is within tolerance

⊗ 5

Marginal underperformance
Where we believe we have plans to quickly return performance to within committed levels

⊗ 10

Area of focus
Where significant work is underway to achieve plan commitments, with Executive-led improvement plans overseen by the Board

* Calendar year incentive.

BRISTOL WATER

Water

5/11

Targets met/on track

Clean, safe and reliable drinking water

- Water quality compliance (CRI)*
- Water supply interruptions
- Appearance contacts
- Taste & smell contacts
- Mains repairs
- Unplanned outage
- Unplanned maintenance events on above ground assets
- Properties at risk of receiving low pressure
- Turbidity

Available and sufficient resources

- Leakage
- Per capita consumption

Service

2/3

Targets met/on track

Fair charging

- Customers in water poverty
- Meter penetration
- Void properties

Community

2/2

Targets met/on track

Benefitting the community

- Local community satisfaction
- Abstraction incentive mechanism

Customers

3/6

Targets met/on track

Responsive to customers

- C-MeX
- Customer satisfaction with value for money
- % of satisfied vulnerable customer
- D-MeX
- Priority services for customers in vulnerable circumstances
  - **Sub-measures**
  - Priority services for customers in vulnerable circumstances – reached
  - Priority services for customers in vulnerable circumstances – actual contacts
  - Priority services for customers in vulnerable circumstances – attempted contacts
- Total complaints per 10,000

Environment

5/5

Targets met/on track

Protecting the environment

- Biodiversity Index
- Water Industry National Environment Programme compliance
- Waste disposal compliance
- Raw water quality of sources
- Water Industry National Environment Programme delivery

Resilience

1/2

Targets met/on track

Resilience

- Risk of severe restrictions in a drought
- Glastonbury Street Network resilience

Performance commitments 2024/25 – c. 62% on track or ahead of target

4 Area of excellence
Where performance has significantly exceeded our commitment

6 Outperformance
Where performance has demonstrably exceeded our commitment

8 On track
Where our performance has met our commitment or is within tolerance

5 Marginal underperformance
Where we believe we have plans to quickly return performance to within committed levels

6 Area of focus
Where significant work is underway to achieve plan commitments, with Executive-led improvement plans overseen by the Board

* Calendar Year Incentive.

Key

- Availability
- Clean water
- Wastewater
- Customers
- Service
- Environment
- Resilience
- Community
- Area of focus
- Marginal performance
- On track
- Outperformance
- Area of excellence

Operational review

We remain resolutely focused on our customer and environmental priorities across the Greater South West. We are investing to protect water quality and enhance resilience; tackling storm overflows at our beaches and eradicating pollutions across Devon and Cornwall and driving environmental gains, wherever we serve.

Water Quality and Resilience

Clean, safe, reliable drinking water

Delivering high-quality tap water is central to our purpose. We proudly serve 3.6 million people across Bristol, Bournemouth, Devon, Cornwall, the Isles of Scilly, and parts of Dorset.

Customers consistently rank safe, clean water as their top priority. That's why we're embedding our Quality First culture across all operations, already delivering results in Bristol to ensure consistent standards.

The water quality incident in the Brixham area serves as a powerful reminder of the importance of maintaining public confidence. Over eight weeks, around 800 of our people and supply chain partners worked tirelessly to restore safe drinking water to the community. This included flushing more than 30km of network 27 times and installing advanced UV and filtration systems. We are working closely with the Drinking Water Inspectorate to ensure that all lessons are captured and applied across our operations.

Overall, water quality performance continues to improve.

In Bournemouth and Christchurch, we are making excellent progress on two major infrastructure projects, Alderney and Knapp Mill, which will together supply 85% of the local population. These schemes are being delivered using modern offsite construction techniques, helping to reduce disruption, improve efficiency, and deliver long-term value. Across Devon and Cornwall, upgrades at Stithians, St Cleer, Restormel, and Littlehempston are progressing well, while targeted improvements in Bristol have been successfully completed in 2024/25.

These investments are not only improving performance today, but they are also laying the foundation for the next phase of our long-term strategy. We are building on this to deliver even greater resilience, reliability, and quality for the communities we serve.

Our outcomes are based on our customer and stakeholder priorities

Investing to secure resilience, now and into the future

Building water resources

We have continued to make major strides in strengthening the resilience of our water supplies and safeguarding water quality across our regions.

In response to growing national concerns about water scarcity, particularly following the dry spring, we have drawn on our experience managing extreme drought conditions in 2022 to inform a smarter, more resilient approach. As we have re-purposed former disused mines and quarries into localised storage assets, and developed innovative network recharge schemes, we have reshaped how we manage water in a changing climate.

Thanks to this work, we are confident in our supply outlook for summer 2025, with no restrictions anticipated across our regions under the scenarios we have modelled.

Reducing demand is equally critical to long-term resilience. We have made strong progress in cutting water losses from our own operations and across the wider network. Over the 2020–25 regulatory period leakage has been reduced by 9.2% in South West Water and 5.4% in Bristol Water, and whilst this performance is outside target, the reductions achieved still build resilience and support the environment.

Supply Schemes

With Blackpool Pit now fully operational, and construction completed at the new abstraction and treatment works at Porth Rialton, we continue to enhance supply resilience across the South West.

We have supplemented capacity in Cornwall by 4% this year, with c. 34% greater resource availability achieved since 2022, alongside the 30% uplift resource availability in Devon. Overall, water resource levels exceeded our 90% target at 31 March 2025 across Devon and Cornwall, and we achieved 100% supply demand balance index for the first time in the 2023/24 EPA published in July 2024.

In Bristol, supply levels remain in surplus – and we continue to deliver our long-term plans including investment in Cheddar 2 Reservoir, which will support resources across the wider South West region.

Compliance Risk Index (CRI)

The Compliance Risk Index score as reported by the Drinking Water Inspectorate (DWI) measures water quality compliance.

In 2024/25 we continued with our 'Quality First' transformation programme across our South West Water (SWB) region (Devon, Cornwall, Isles of Scilly and Bournemouth) and Bristol region, with continued investment in advanced treatment technologies, including ceramic membranes and granular activated carbon.

SWB performance continues to improve, delivering industry upper quartile performance in calendar year 2024 with a CRI of 1.19. Performance is the best achieved in K7, reducing 67% over this period. 51,000 customers in West Cornwall have benefited from advanced granular activated carbon (GAC) and UV disinfection this year, improving the taste and smell of supplies and increasing the resilience of the disinfection processes at our Stithians water treatment works.

Bristol saw a significant improvement in CRI this year at 2.82, compared with 7.05 in 2023, with customers

benefitting from enhanced maintenance and improved process operations during the year.

Water Quality Upgrades

In Bournemouth we have made strong progress in our investment in Alderney and Knapp Mill treatment works. These upgrades to existing works will deliver state-of-the-art treatment to customers in the region.

At Alderney, construction of advanced ceramic membrane microfiltration and GAC has been completed. Commissioning will commence once the final power connection is in place.

Similar investment is nearing completion at Littlehempston, where upgrades will benefit 193,000 customers across Torbay and South Devon. This includes the installation of advanced filtration and disinfection systems to enhance water quality and ensure compliance with the highest regulatory standards.

An additional 500 lead supply pipes were also replaced as part of our long-term strategy to reduce consumers exposure to lead across the Group.

Collectively, these projects form part of our wider commitment to modernising our treatment infrastructure and delivering consistently high-quality drinking water across all our regions.

Taste, smell and colour contacts

We recognise that customers expect their drinking water to look and taste great and that this is important in maintaining consumers trust in the quality of our supplies. We continue to invest in all aspects of our operations from source to tap to maintain that trust.

South West Water contacts at 1.87 per 1,000 population, have increased slightly compared to last year, despite a record level of flushing in our extensive network of pipes with c. 300 network areas being flushed in the period. There is a natural lag in this activity showing in improved performance, however early indications in the first quarter of 2025 are that the work has been effective with a reduction in the number of customers reporting discolouration of their supplies.

Bristol Water has also seen a slight increase in the volume of contacts received to 0.95 per 1,000 population in 2024, a large number of which related to customers' own plumbing, although this was also impacted by the increased public awareness following the increase in media attention concerning water quality. this does however reflect a 33% reduction over K7 for Bristol.

Reducing leakage and supply interruptions

Leakage

We recognise that preventing water loss through leakage, whether from our network or our customers' pipes, is a major concern for all. That's why we are committed to ongoing efforts to reduce it.

In 2024/25, we identified and repaired a record number of leaks, supported by investments in pressure management, metering, and customer-side repairs. We ramped up detection efforts using satellite technology and leak detection dogs, while managing network pressure to reduce pipe stress.

Targeting trunk main losses and helping customers fix private leaks, which account for up to a third of total leakage, has strengthened both resilience and environmental protection.

We did not fully achieve the stretching leakage targets for 2024/25 for SWB and Bristol, the in-year leakage results for 2024/25 were an 9% and 4% improvement respectively on the prior year, and over the five year period this resulted in a 9.2% reduction for SWB and 5.4% increase for Bristol compared to the baseline.

Looking ahead, we continue to enhance our capabilities. We are focused on enhanced data and monitoring, including the installation of further acoustic loggers to enable faster and more accurate leak detection. In parallel, our key mains replacement programme is making good progress and will play a vital role in strengthening the resilience of our networks.

Minimising customer supply interruptions

The value of an 'always on' supply is often most recognised when it's not there. We know how vital our services are, and we're committed to delivering resilient, reliable water for all.

2024/25 performance has been shaped by a small number of large impact events. Despite this, 75% of our supply interruption incidents had no or minimal impact on customers.

In the South West, the average number of minutes lost per customer due to supply interruptions was 14 minutes and 44 seconds. A key contributor to these interruptions was third-party damage to our water network. To address this, we are actively engaging with contractors and landowners to raise awareness of the impact such incidents have on our customers and to promote better preventative practices.

In Bristol, the average supply interruption duration was 7 minutes and 21 seconds. Two events, in Nailsea and Meare, accounted for 3 minutes and 9 seconds of this total, with the Nailsea incident the result of third-party damage. Excluding this, the adjusted performance would have been 4 minutes and 13 seconds, placing it within the target range.

Managing demand and ensuring efficiency

Per capita consumption (PCC)

To help customers use water wisely and reduce per capita consumption (PCC), we run targeted water efficiency schemes, building on past successes.

Our 'Water is Precious' campaign supports both residents and visitors to use less and save more. In 2024/25:

- We conducted water audits in customer's homes, to identify opportunities to reduce water usage, fix leaky loos and identify other sources of internal water losses. Leakbots helped customers identify internal leaks.
- For non-households, we conducted water efficiency audits, with leaks located and repaired. We also offered incentives to water retailers to conduct water efficiency schemes with customers.

Our Water Efficiency Fund offers £75,000 in support for charities and community groups, helping to fund projects that save water and reduce costs. We educate young people and communities on using water more efficiently, and during the year reached 8,000 children through 144 school lessons and engaged a further 3,000 at community events across the South West.

We also attended 40 community events in Bristol with our 'Every Drip Every Drop' campaign. Our websites contain information on how to save water for our customers with opportunities to order free water saving devices.

In South West Water, we have continued our wider programmes that support water efficiency, including installing 62,000 meters through our North Devon smart metering programme, as part of our 'Smarter, Healthier Home' Green Recovery programme. This programme is now complete, and we will learn from this and have started to roll out smart meters across our wider geographies from 1 April 2025.

We're continuing our progressive charging trials across our regions. These trials aim to balance affordability with incentives for water efficiency.

In Cornwall, households received a £10 bill credit for reducing water use by 5%, directly rewarding conservation. Our 'Smart Saver' trial links progressive tariffs with smart meters, providing better usage insights and aligning charges with consumption. We have also introduced seasonal tariffs, including rising block and peak seasonal rates. These are the first trials of their kind in the region, with early results showing demand reductions of 2% to 9%.

Operational review continued

Water availability

Perceptions of water security are shifting, especially after the dry start to spring, which has raised national concerns about water resources.

However, we are in a strong position thanks to the lessons learned from the 2022 drought – and the significant investments we've made since. These include repurposing disused mines and quarries into mini reservoirs, such as Hawk's Tor and, more recently, Blackpool Pit, as well as enhancements to our network, pumped storage capacity, and the construction of the new treatment works at Rialton.

Maintaining asset health

Mains repairs

When our water mains are damaged or fail, it is vital that repairs are carried out quickly to prevent water loss and ensure customers remain in supply.

South West Water's performance in 2024/25 was 127.5 repairs per 1,000km of mains, which has slightly decreased from the prior year. We have achieved our mains repairs target for the year, meaning we have met the target every year during this five-year regulatory period. This consistent performance reflects our continued investment in network calming initiatives, such as pressure management, to reduce the frequency of mains failures. We have also made targeted investments to replace poor-performing sections of pipe, helping to improve long-term reliability.

Bristol Water's performance remained strong, with 121.0 repairs per 1,000km of mains. This is below the agreed regulatory target for the year and represents a reduction of 21% from 2020/21 .

Unplanned outages

Water treatment unplanned outage provides a means of assessing the reliability of our water treatment works. It tracks the temporary loss of production capacity across all water treatment works, resulting from unplanned breakdowns and asset failure.

South West Water has once again met its target for unplanned outage with a figure of 2.09% for 2024 compared to the industry target of 2.34%. This means we have achieved this target in each year of the current regulatory period. This is founded on effective investment and maintenance regimes to ensure that unplanned failures are minimised. This in turn minimises the risk of any production outages resulting in service impacts for our customers.

For Bristol, performance for the year was better than the target with 1.57% unplanned outage. This performance has benefited from a multi-year programme is ongoing to reduce future risks through the targeted asset replacement programme.

Sewer flooding and networks

We understand how distressing it is for sewage to flood a customer's home or business, and we have been prioritising reducing pollutions to homes, businesses and properties. We are proud of our track record on reducing internal and external sewer flooding and in 2024/25 we have seen fewer customers impacted, with internal flooding incidents falling 14%, and external flooding incidents falling by 11%. With a 68% reduction since 2020, internal sewer flooding incidents are now 0.63 per 10,000 connections against a target of 1.34. This means that for every year of this regulatory period we have been sector-leading in this common metric. Our external sewer flooding performance has also improved by 24% since 2020, whilst we are above the targeted 1,123, at 1,465 incidents in the current year, we remain a top quartile performer in this area.

We continue to target further resilience in our networks with both sewer collapses and sewer blockages outperforming the targets set. Sewer collapses are down 37% this year, from a peak seen in the previous year, and our prioritised sewer cleansing programme should deliver multiple benefits across both our pollution and flooding targets going forward.

We are also working hard to identify any illegal flows in the network that may contribute both to storm overflow spills and flooding incidents and working with third parties to remove them.

Bathing Waters

Given we look after a third of England's designated bathing waters, this has been a key priority.

We have delivered all of our bathing water investments over this regulatory period and, for the fourth year in a row, have achieved 100% of bathing waters meeting the more stringent quality standards (for existing bathing waters where South West Water has assets that can impact on water quality).

In our region, we know our customers' priority is beautiful beaches, and we are proud that we have reduced spills at bathing waters by c. 20% since 2020.

In addition, SWB supported the application for six newly designated bathing waters across the region which were assessed for the first time in 2024.

Three of the six sites achieved the standards with two achieving excellent status. We have undertaken detailed investigations at all sites, which show that these bathing waters are more affected by bacterial sources upstream of our assets, and that the impact of South West Water assets is limited.

Nonetheless, we have identified improvements which are planned across all three sites in K8.

Storm Overflows

Storm overflows are used in wet weather as a 'release valve' on the network to avoid flooding to homes and businesses. Despite the accumulation of the sixth wettest year in 2023 and seventh wettest year in 2024 we have still achieved an overall c. 4% reduction in spills since 2023 which reflects the positive progression on our storm overflow reduction plans within our WaterFit programme.

SWB was one of only five companies to reduce spills between 2023 and 2024 even though the South West region has experienced more rainfall than other parts of the country (up to 70% more in some cases). With over half our storm overflows affecting bathing, shellfish or high amenity waters and so much to protect; we know we need to be industry-leading here, and that is our ambition. So, we are focused on delivering against our 15-year programme to 2040, but with all bathing beaches being targeted first by 2030.

To support this, we have invested in enhanced Event Duration Monitoring (EDM), we were among the first to achieve 100% coverage and have the second highest EDM operability in the country with 94% of our EDMs recording all year round. We also monitor overflows at a higher standard than required by our permits and other companies with most of our EDMs scan levels every 10 seconds, far exceeding the 15-minute minimum regulatory requirement. While this may result in higher reported spill numbers compared to companies using less frequent monitoring, it enables faster detection and response to protect our rivers and beaches.

Our infrastructure has worked exceptionally hard to manage the increased rainfall and groundwater infiltration. If conditions had been typical, spill numbers would have been even lower. We recognise there is more to do, particularly at higher-spilling sites, and we are continuing targeted interventions as we move into the next regulatory period (K8).

Our WaterFit programme has delivered this year:

- Installed over 4,600m^3 of storm storage across 19 sites so when flows exceed treatment capacity they can be stored and treated later, avoiding discharges.
- Prevented groundwater infiltration at 120 sites re-lining 36km of sewer, sealing of over 1,300 manholes and surveying over 83km of targeted sewers.
- Reduced phosphorus and ammonia impact on watercourses at 29 sites and completed our final bathing water improvement scheme at Marlborough treatment works.
- Completed major upgrades and design work at seven pumping stations, making the network more reliable and ensuring all flows arrive at Wastewater Treatment Works (WWTW) to be treated.
- Rehabilitated rising mains, including two major mains in Exmouth preventing bursts and pollution incidents adjacent to the Bathing Waters.

This investment at our bathing waters alongside investment to address our highest spilling overflows has already delivered results, with spills reduced at two-thirds of our top 20 spilling overflows. Our 2025 to 2030 investment will maintain the focus on addressing spills at bathing beaches, shellfish waters, and high-spilling sites by 2030. As we do this, we are embedding a Green First approach, prioritising nature-based solutions such as sustainable drainage systems, wetlands, and natural attenuation to reduce pressure on the sewer network and improve water quality.

Pollution Incidents

Pollution incidents to watercourses continue to be an area of challenge, with the number of incidents remaining elevated impacted by high rainfall and groundwater levels. Our interventions, particularly in the second half of the year, have nevertheless resulted in a marginal improvement year-on-year.

Our targeted investment in c. 12,000 sewer depth monitors enable us to better predict where issues may arise, and uses AI to respond proactively in advance of rather than after a incident arising. This has allowed us to maintain the c. 40% reduction in incidents on our network achieved since 2020. A higher proportion of incidents have occurred at pumping stations and treatment works, and to reduce pollutions going forward, our focus is now on ensuring they are resilient to weather and flows.

We continue to record zero Category 1 pollutions, the most serious category of pollutions, having not had any Category 1 pollutions since 2018. However, we are disappointed by the increase in Category 2 incidents to four for the year. Two of these occurred in Exmouth, where a rising main failure led to temporary discharges, which reoccurred during repair works. Although the environmental impact was limited and short-lived, these incidents underscore the critical need for continued investment in asset resilience and the importance of rapid, effective response measures.

Reducing pollution is our priority for the next regulatory period. In April 2025, we published our Pollution Incident Reduction Plan, which outlines the actions we are taking to further reduce emissions from our network. We also recognise that the pollutions metric largely measures those emissions from the network that impact watercourses, in our region and topography, where we are close to rivers and seas, this is more important and of greater likelihood than for other regions, where the impact of emissions from networks are less likely to reach watercourses. When all emissions including flooding to houses and properties are considered, we perform relatively well against our peers, with one of the lowest numbers of these emissions per km.

Numeric compliance

When returning wastewater to the environment we need to ensure this is of the right quality to avoid harming the environment. Numeric permits place measurable conditions on the final effluent discharged to the environment and measure compliance with these conditions. Our performance of 98.1% was below the target for this year, but reflects an improvement on 2023, with a halving of the number of failures. We have enhanced our action plans across our treatment works, including working closely with the Environment Agency, with regular reviews taking place.

Environment Performance Assessment (EPA)

The Environmental Performance Assessment (EPA) is the Environment Agency's annual review of water companies' environmental performance, with an overall rating of up to four stars based on a range of key indicators.

As we close the regulatory period, we are anticipating a two-star rating for South West Water for the 2024 calendar year (aligned with the 2024/25 financial year), consistent with previous years. While this remains below our target of four stars, we have made progress in several areas. Numeric compliance failures have halved, we have consistently met sludge compliance standards, and the supply/demand balance metric achieved a score of 100 for the second consecutive year.

Pollution incidents remain our most significant challenge. The EPA currently measures only around 4% of all pollution incidents, largely those that reach watercourses. To improve our rating, we must reduce these watercourse-related pollutions. Our recently published Pollution Incident Reduction Plan sets out the actions we are taking to achieve this.

The Environment Agency is currently consulting on changes to the EPA framework from 2026. As this is a critical measure for the sector, we have submitted detailed feedback. In particular, we have highlighted that while the EPA is widely regarded as the key benchmark for environmental performance, it does not currently reflect the full range of emissions from wastewater networks and assets.

For example, internal and external sewer flooding, which can have significant public health and amenity impacts, are not included in the EPA despite their relevance to environmental and customer outcomes. We believe the EPA should evolve to provide a more rounded and representative view of environmental performance, one that drives meaningful improvements across the sector.

Net Zero and Environmental Gains

Working with the natural environment

The regions we serve are home to some of the UK's most treasured natural assets, 157 bathing waters, 860 miles of coastline, four national parks, and ten National Landscapes. From the cliffs and beaches to the moorlands of the South West, these diverse landscapes, habitats, and species are under increasing pressures from climate change and human impact.

Across the regions we serve, land use and environmental pressures are placing increasing strain on rivers, wetlands, and coastal ecosystems. For example, in the South West, over 70% of the land is agricultural, shaping the health of our catchments and the quality of our water. And with one in six species now at risk of extinction, urgent action is needed to protect and restore nature.

As a business rooted in the regions we serve, we have a responsibility to act.

Our environmental leadership is focused on restoring habitats, improving rivers, supporting sustainable land use, and investing in nature-based solutions that build resilience and protect the places people love. Our customers expect this of us, nine in ten believe it's important we lead on the environment, and we are delivering on that promise.

Enhancing the Natural Environment

A healthy environment is important for our region, particularly in the face of climate change, ecological decline and greater recreational use of rivers and seas. Nature and the environment are priorities for us, as we look to work with natural processes to provide sustainable solutions for the challenges we face. Putting water quality and nature recovery at the heart of what we do, working with partners means we can create climate resilient places and infrastructure.

Investing in the health of our rivers

Over 2020 to 2025 we have made significant progress in enhancing water quality and reducing environmental pressures, with RNAGS improving from 19% to 12%. Through phosphorus reduction schemes and investment in treatment infrastructure, we have improved river water quality at 37 sites, achieving an 80% reduction in phosphorus concentrations. These improvements have contributed to healthier ecosystems and more resilient river catchments

We have trialled phosphorus removal technologies like I-Phyc and Electro-Coagulation, gaining valuable insights despite their early-stage development.

A standout success has been our use of low-carbon Reactive Media Reed Beds, such as at Wilmington, which improves water quality and biodiversity without the need for chemical dosing.

These initiatives support our Water Framework Directive goals and reaffirm our commitment to restoring river ecology. Looking ahead, we're continuing to invest in the health of our rivers by upgrading treatment works to further reduce phosphorus discharges by an additional 10%. These upgrades will build on the progress already made, helping to deliver cleaner, healthier rivers for wildlife and communities alike.

Upstream Thinking – to safeguard our water quality

Rivers supply 90% of our drinking water, and through our award-winning Upstream Thinking programme, we have improved 80% of drinking water catchments working with our partners – Cornwall Wildlife Trust, Devon Wildlife Trust, Natural England, the Farming and Wildlife Advisory Group, South West Lakes Trust, and Westcountry Rivers Trust. Since 2010 we have worked with our partners, farmers and landowners to enhance water quality, biodiversity, and climate resilience.

In 2024/25 alone, we delivered 17,387 hectares of catchment improvements, bringing the total to 144,120 hectares, exceeding our 2025 target. We have restored 2,124 hectares of peatland and planted over 389,000 trees since 2019, hitting our tree-planting goal a year early.

Our work tackles pollutants such as nutrients, pesticides, and antibiotics through practical measures like pond creation, buffer strips, and improved slurry storage. These efforts support cleaner water, better wastewater dilution, and natural flood management.

Looking ahead, we're expanding into new drinking water catchments, aiming to manage an additional 12,500 hectares by 2030.

Operational review continued

Enhancing Biodiversity Across Our Estate

Our diverse land holdings, ranging from moorlands and reservoirs to forests and urban sites, include ecologically important areas like Special Areas of Conservation (SACs) and County Wildlife Sites (CWSs), and 1,251 hectares of Sites of Special Scientific Interest (SSSIs), 88.5% of which are in favourable condition.

We have restored former industrial sites such as Park Pit and Stannon into vibrant heathlands and reservoirs, while opening access to 40 lakes for education and recreation. We are also re-naturalising rivers and watercourses to support species like fish, eels, and beavers, and ensuring our operations deliver measurable biodiversity gains.

Collaborating for Regional nature recovery

We actively support regional climate and nature recovery through partnerships, including local nature and catchment groups, and our Let's Talk Water forum, which fosters collaboration and shared planning.

Our delivery partners are key to achieving environmental and biodiversity improvements across the South West. Looking ahead, we are expanding our nature recovery programme. This includes launching a new Nature Recovery Fund to support local initiatives, planting a further 300,000 trees, and launching our 1,000 ponds initiative to create new habitats and improve water retention across the landscape.

Safeguarding Sensitive Habitats and Preventing Biodiversity Loss

To protect the South West's most sensitive habitats, we focus on freshwater sites designated as SSSIs, SACs, SPAs, or CWSs. In 2024/25, as in the previous three years, there were no pollution events at these locations, supporting our commitment to the Government's Environmental Improvement Plan and its goal to improve all SSSIs within the next decade.

We are also addressing the threat of invasive non-native species (INNS), which pose significant risks to native species and our infrastructure.

Biosecurity measures have been installed at key sites, awareness signage is now in place at 125 locations, and new watercraft washdowns have been introduced at Stithians and Tamar Lakes reservoirs. These actions form part of our broader strategy to prevent biodiversity deterioration and protect the region's unique natural heritage.

Customers

Addressing Affordability and Delivering for Customers

Keeping bills affordable

Affordability begins with delivering high-quality services at the lowest sustainable cost. Over the past decade, we've kept bill increases below headline inflation by focusing on operational efficiency and customer service excellence. We resolve over 90% of customer queries at first contact, helping to reduce administrative costs and improve satisfaction.

Our WaterShare+ scheme and progressive tariffs reward customers for using less water, directly linking conservation with lower bills. These efforts are supported by ongoing investment in technology, including a new billing and customer experience platform and the roll out of smart meters. These tools allow us to personalise services, improve efficiency, and help customers better understand and manage their water use.

Despite these efforts, 2025/26 brings a necessary increase in bills, around 28% for South West Water customers, raising the average daily cost to approximately £1.85. This rise supports critical infrastructure investment, but customers will only fund about a third of the cost, with the remainder covered by shareholders and debt providers. To mitigate the impact, we are launching a £200 million support package.

Eradicating water poverty

In 2019, we made a bold pledge to eradicate water poverty and ensure that every customer has an affordable bill by 2025, defined as spending no more than 5% of disposable income on water. We made this commitment five years ahead of the industry-wide target for South West Water and Bournemouth Water, and a similar target was also set for Bristol Water in 2020.

Amid the ongoing cost-of-living crisis, we have significantly expanded our affordability measures, unlocking in financial support and helping more than 100,000 customers across our regions.

As a result, 100% of households served by South West Water and Bournemouth Water (up from 98% the previous year) and 100% of Bristol Water customers have been independently assessed as having an affordable bill. This success reflects the strength of our affordability toolkit, which includes discounted tariffs, payment support, water efficiency support, benefits entitlement checks, and the proactive identification of customers in need through advanced data modelling and auto-enrolment.

Looking ahead, we aim to lift a further 5,000 customers out of water poverty in the coming year. This will be achieved by enhancing our affordability toolkit and strengthening partnerships with local councils and debt support organisations to better identify and assist those in need.

We are also investing in long-term community resilience through our £5 million Better Futures programme. This initiative provides hardship grants to individuals and supports community groups that promote wellbeing, education, and positive environmental outcomes, ensuring that support reaches both households and the wider communities they belong to.

Innovative Tariff Trials

We are developing new tariff structures that promote fairness and sustainability.

Our Seasonal Tariff Trial charges higher rates during the summer and lower rates in the winter to encourage conservation during peak demand, and our Smart Saver Tariff, introduced in April 2024 uses a tiered pricing model for smart meter customers where initial water usage is charged at a lower rate, and higher usage is progressively more expensive. Early results show a 1.9% reduction in daily water use and increased customer trust in South West Water.

Smart metering is a key enabler of these innovations. In 2024, we completed the Green Recovery programme, installing over 60,000 smart meters in North Devon. This initiative is now being scaled across the South West. Smart meters provide real-time usage data, helping customers track consumption, detect leaks, and manage their bills more effectively.

More information is available at: South West Water Smart Metering:
https://preproductionv12.southwestwater.co.uk/household/your-account/ smart-meter.

Supporting vulnerable customers

We are committed to ensuring that all our customers, especially those in vulnerable circumstances, receive the support they need. Our Priority Services Register (PSR) plays a central role in this, offering tailored assistance to customers who may require extra help due to age, ill health, disability, or other personal circumstances.

We make it easy for customers to register for the PSR, ensuring that those who need help reading their bills, understanding their account, or accessing services can do so with ease. We also work closely with other utility providers to share relevant data, helping to identify and register customers who may benefit from additional support. For those who rely on a constant water supply for medical or personal needs, we ensure that appropriate help is available during any service interruptions, and across all regions, we are performing at or above our performance commitment levels for PSR services.

Recognising the importance of these services, we also measure customer satisfaction with our PSR offering each year. In the most recent results, South West Water achieved an overall satisfaction score of 93%, exceeding our target. The results reflect the value our customers place on the PSR and the effectiveness of the support we provide.

We are continuing to expand and align our PSR services across the Group, including expanding outreach efforts and ensuring that all customers have access to the support they need.

Bristol Water Social Contract

The Bristol Water Social Contract commitments for 2020-25 concluded with the publication of a report summarising the benefits to the community, including support for the refurbishment of the Bristol Beacon. The stakeholder satisfaction commitment was outperformed for all five years and concluded at a high of 97%. The initiatives and approach have now been fully integrated into the Pennon ESG framework.

Open data

Overview

We continue to embed open data as a strategic enabler for innovation, transparency, and improved service delivery. Our approach is guided by the Pennon Group's Open Data Strategy and aligned with Ofwat's expectations.

As part of Ofwat's Information Notice 25/02 (Expectations for monopoly company annual performance reporting 2024–25) published in April 2025, and consistent with the expectations set out in the H2Open – Open data in the water industry: a case for change – Ofwat published in October 2021, Ofwat has required companies.

As per the 2023–24 Water Company Performance Report (WCPR) we have been making good progress in the publishing of machine-readable open data versions of the APR tables and provided clear rationales around characteristics applied and how this linked to wider open data work delivered.

This year, we again published machine-readable open data versions of our 2024–25 APR data, demonstrating application of open data characteristics and a rationale in this section.

South West Water has made significant strides in advancing its open data capabilities. Open data is a part of our overall data strategy and enables WaterFit Live and investments in Customer Experiences platform. Supporting transparency, innovation, and improved customer outcomes.

£2.4bn

Estimated costs per year to the UK economy from Accidental utility strikes cost

£350m

What the NUAR is expected to deliver per year, once operational

Progress in Open Data 2023/24

- **Open Data Strategy:** We recently published our Open Data Strategy for the Group which includes South West Water and the progress including roadmap of activities. – https://www.southwestwater.co.uk/about-us/governance/open-data-strategy
- **APR Tables:** Published in Excel and CSV formats, ensuring accessibility, interoperability and ease of reuse.
- **Stream Engagement:** Active contributor to Stream since 2021, including minimum viable product (MVP) development, pilot datasets, and sector-wide collaboration publication of high-value datasets, including storm overflow data.
- **National Initiatives:** Participated in the National Underground Asset Register (NUAR) and launched two-way PSR data sharing with energy networks.

Rationale for the approach taken & characteristics adopted

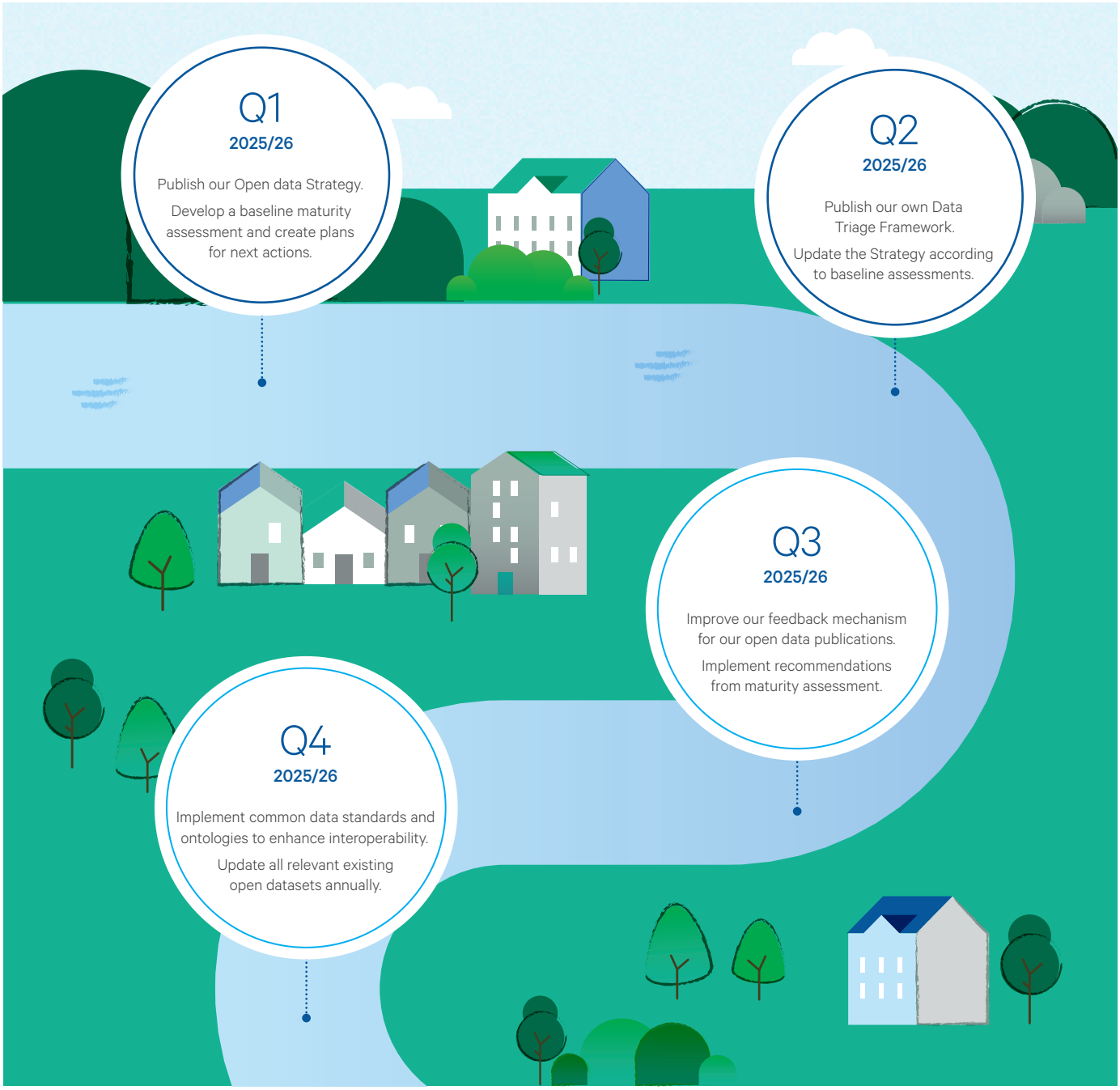
Characteristic	Implementation & Reason
Machine-readable format	APR tables submitted as Excel and CSV files available on our website as well as Stream Portal. This enables better use of our data as the format of the data is easily accessible and usable and machine readable. The presentation of the data is kept as standard that is provided by Ofwat which helps users compare datasets easily in the water sector.
Metadata	Included to enhance discoverability and usability. Metadata is crucial in a published dataset because it provides essential context. It describes the dataset's contents, ensuring reliability and facilitating accurate interpretation.
Open License	CC BY 4.0 license embedded in datasets. By adding an open data licence type with the link to further details on the condition allows the users of the data to understand the conditions/restrictions if any that needs to be followed. This allows the users to download and use the data legally and the licence has been embedded into the csv files, as so it is available with the downloads.
Feedback Mechanism	Contact details provided for user queries and suggestions. This helps in understanding data usability and relevance. **AnnualAudits@southwestwater.co.uk**

Roadmap & Future Plans

We have developed our own Open Data Strategy along with taking part in Stream and Open Data Institute's (ODI) Open Data Strategy for the Water Sector.

Our Open Data Roadmap

Our open data roadmap will be closely aligned with Stream. We would like to enhance what we have been able to deliver through Stream in the next year.



2025/26

- Publish datasets as per Stream's Roadmap and follow Stream's recommendations Roadmaps & Backlogs | Stream – https://www.streamwaterdata.co.uk
- Contribute to Stream's initiatives such as the Technical Advisory group and User Advisory groups.
- Support other members with knowledge share sessions when needed as part of Stream.
- Contribute and take part in best practices and capability building sessions to strengthen the data ecosystem as part of Stream.

At South West Water, open data is a cornerstone of our 2025–2030 business plan. It supports our efforts to reduce pollution incidents, enhance customer accountability, and deliver greater transparency across our operations. More broadly, it underpins our data strategy treating data as a strategic corporate asset that drives innovation, trust, and informed decision-making. By making data more accessible and actionable, we empower our customers, communities, and stakeholders to engage with our progress and hold us accountable to the highest standards.

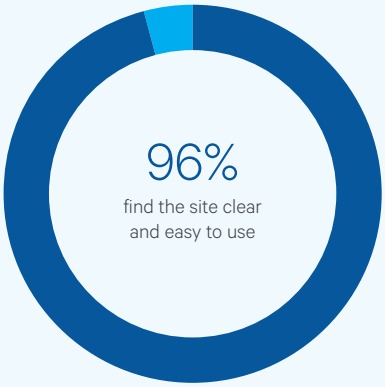
WaterFit Live

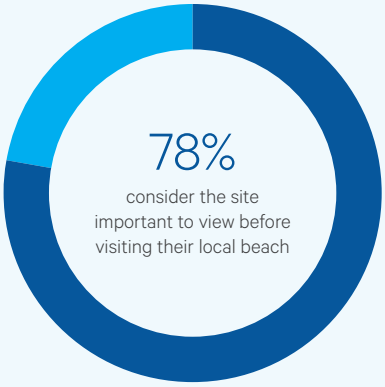
In March 2023, we launched WaterFit Live, an interactive digital map which shares with customers the status of their local bathing waters and whether there is any impact from a storm overflow. WaterFit Live is another milestone in our progress to protect the environment by reducing storm overflows, enhancing monitoring, and providing clear and transparent reporting for our customers.

Find out more about WaterFit live:
www.southwestwater.co.uk/environment/waterfit/waterfitlive

WaterFit Live – putting people in control

Positive feedback – greater transparency welcomed by stakeholders





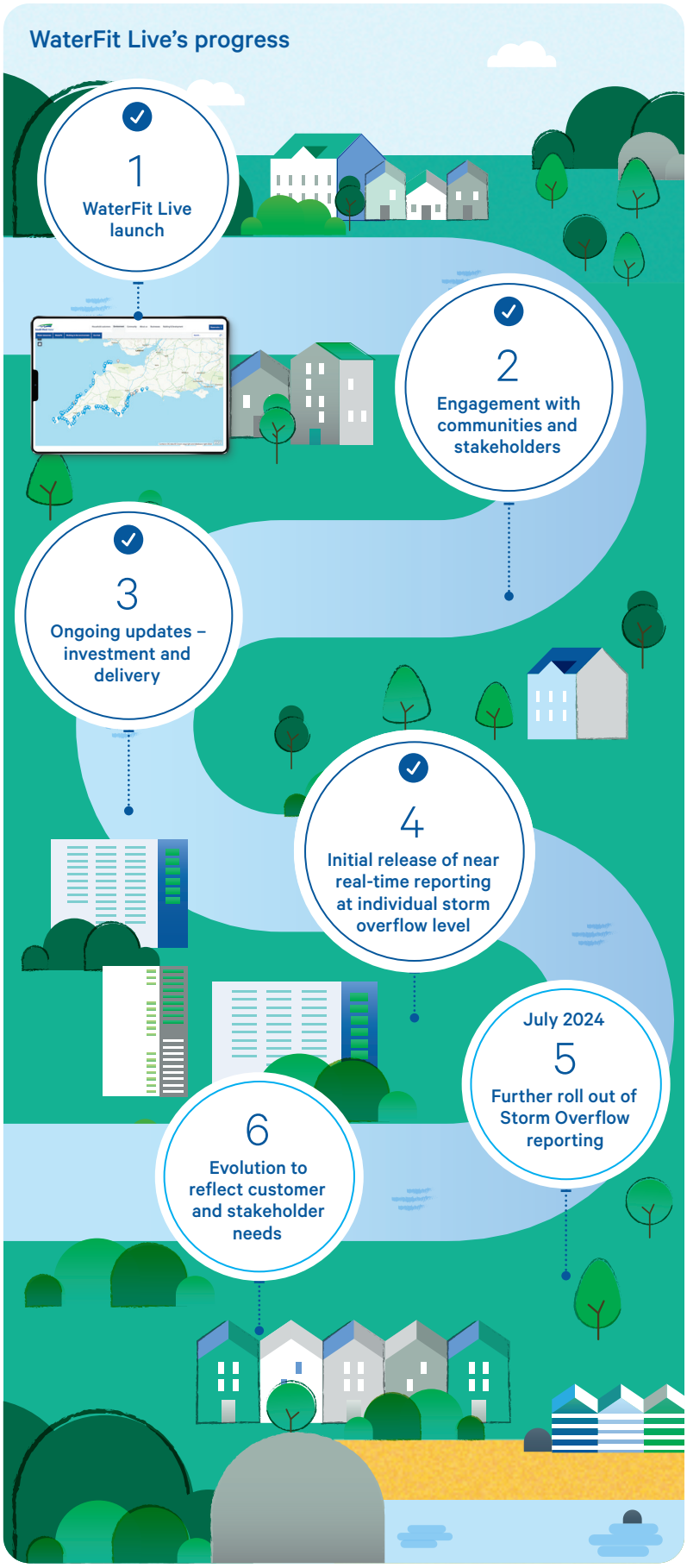
WaterFit Live delivers:

- Context and information related to our network
- Historical and current wastewater performance
- What we're doing to make a difference – including investments we have committed to improve water quality
- Ways in which customers and community groups can get involved

Next phase

Recently launched – providing increased transparency, adding near real-time storm overflow data

WaterFit Live's progress



Net zero

Our promise to the planet

South West Water and Bristol Water's Promise to the Planet, published in 2021, sets out our plans to reduce our operational greenhouse gas emissions by 2030.

Since then we have made significant progress in reducing our emissions. In 2022/23 we had reduced our operational emissions within South West Water's and Bristol Water's Net Zero Commitment boundary by c. 40% compared to baseline 2020/21 emissions and in 2024/25 we have maintained our position from the previous year with a reduction of c. 45% compared to our 2020/21 baseline emissions.

Our Net Zero and Energy Committee provides the Governance for overseeing our transition to net zero, helping to drive business change through our three pillars of greenhouse gas reduction and removal activity, 'Sustainable Living', 'Championing Renewables' and 'Reversing Carbon Emissions'. In the table below we have set out some of the key activities we have been progressing during 2024/25 towards meeting our net zero and greenhouse gas reduction commitments.

Pillar	Our three-pillar strategy remains unchanged	Progress against our three-pillar strategy
1. Sustainable living	› Reducing emissions through changes to operational practices, increasing energy efficiency, and switching to lower carbon fuel sources › Meeting our commitments to reduce leaks and help customers to use less water – protecting the environment and saving carbon	› Switching away from Fossil Fuels – We are continuing to fuel our wastewater back-up generators with HVO (Hydrotreated Vegetable Oil), Made from waste oil › Energy Efficiency – We have also been continually investing in maintaining our pumping assets in their optimum condition. Our programme of pump efficiency testing, pump repair and replacement concentrated on our larger drinking water pumps during 2024/25. We carried out extensive refurbishment of pumps at our Littlehempston water treatment works and Newbridge pumping station, amongst other sites. Elsewhere we embarked on a major project to replace some of our largest process blowers at our Brokenbury wastewater treatment works in Torquay with brand new and much more efficient machines › During 2024/25 South West and Bournemouth Water successfully achieved a re-certification to the Energy Management Systems Standard ISO 50001. As well as maintaining compliance with our ISO 50001 for South West and Bournemouth Water, the Pennon Group (including Bristol Water) also ensured continuing compliance with UK Government Energy Savings Opportunity Scheme by submitting their Phase 3 Energy Actions Plans › At our Countess Wear (Exeter) wastewater treatment works we have now completed our initial monitoring trial to measure the nitrous oxide (N_2O) emissions from the onsite processes. We are currently assessing the results. At the same site, the results of our initial trial to measure fugitive escapes of methane (CH_4) emissions showed no detectable leakage › Transport – Our planned transition away from fossil fuelled vehicles towards electric vehicles continues, with over 160 of our company cars and 59 of our company vans now fully electric
2. Championing renewables	› Maximising self-generation from renewables at our sites across the South West – working with partnerships and utilising our expertise › Where we cannot generate enough electricity to meet all our needs ourselves, 100% of what we purchase will be from renewable sources	› Embedded Solar PV – During 2024/25 we have added to our portfolio of onsite renewable electricity by installing new Solar PV schemes at our Lowermoor WTW, Hill Barton STW and Fluxton STW sites, as well as having further sites in construction › Investing in Solar PV – Alongside South West Water's planned PV construction,, Pennon Power Limited, a direct subsidiary to Pennon Group plc, is working on a number of 'behind the meter' development opportunities, focused on supplying renewable energy direct to operational sites within the water businesses across the Group, providing reduced operational costs and emissions
3. Reversing carbon emissions	› Reversing carbon emissions from our core activities › Working in partnership to ensure our core activities reverse carbon emissions through solutions such as peatland restoration › Supporting the development of innovative solutions to develop low carbon footprint processes through research and development	› Our catchment management programmes include improved soil management, wetland creation, buffer strips, tree planting and other nature-based solutions. We have pioneered a collaborative partnership approach to peatland restoration across the region, continuing to develop best practice and build capacity to scale up into the future. Over time these interventions store more carbon in the landscape and reduce loss to the atmosphere, whilst retaining water upstream to improve long-term resilience › In 2024/25 our Upstream Thinking programme planted 81,482 trees to once again exceed our annual target of 50,000 trees. In total the 389,306 trees now planted for K7 are expected to store an estimated 23,500 tCO_2e during the next 30 years › We have restored 489.5 hectares of peatland, bringing our total area of restoration to 2,151.8 hectares between 2020–2025 › Looking forward, we are increasing adoption of nature-based solutions in delivery of our PR24 Business Plan in 2025–2030 for the multiple benefits they provide for the environment. In a period of rapid regulatory change and emerging nature markets, we continue to collaborate with regulators and partners to investigate opportunities for nature-based carbon sequestration, including the development of science-based carbon codes for soil, hedgerows, saltmarsh and seagrass

Net Zero target	2024/25 Performance	2024/25 Target
% Energy usage from renewable generation	7.14%	13%
Reducing GHG emissions (%)*	70.68%	70%

* Scope 2 emissions within our Net Zero Commitment boundary for operational greenhouse gas emissions.

Science Based Targets

In May 2024 our parent company, Pennon Group's, near-term Science Based Targets (SBTs) were validated and approved by the Science Based Targets Initiative (SBTi) giving us as a Group Scope 1, 2 & 3 emissions reductions targets to aim for by 2032/33 from a baseline of 2021/22. These targets include a Scope 1 and 2 target, a Scope 3 target for engagement with our value chain and a further target for other Scope 3 emissions including wastes, business travel and employee commuting. As well as this we have set ourselves a further ambition with the SBTi to source 100% of our Group's electricity needs from renewables by 2030.

These targets will be a key driver for the reduction of emissions across the South West and Bristol Water business as the majority of the Pennon Group's emissions arise from the activities associated with treatment and distribution of drinking and waste water.

Full details on the Pennon Group's Science Based Targets can be found on pages 89 of the Pennon Annual Report.

GHG Emissions Performance

Helping to reduce our emissions is our own generation of renewable energy and as a percentage of our total energy usage our renewable energy was 7.14% in 2024/25.

Emissions within our 2030 Net Zero Commitment boundary for our South West Water and Bristol Water regulated businesses have reduced from 130,050 tCO_2e in 2020/21 to 71,242 tCO_2e in 2024/25, a 45% reduction from our baseline position.

Our market-based Scope 2 emissions have reduced from 91,330 tCO_2e in 2020/21 to 25,780 tCO_2e in 2024/25, a 72% reduction from our baseline position.

Full details of our 2024/25 GHG emissions are provided in the Pennon Annual Report on pages 90

Energy Purchase

We continue to purchase 100% zero carbon renewable-electricity from our electricity supplier for our South West Water and Bournemouth Water sites. We have taken the decision to delay the purchase of renewable electricity for our entire portfolio of Bristol Water sites, instead adopting a phased approach to the procurement of renewable energy for Bristol Water which is allowing us to concentrate on directly improving energy efficiency within our Bristol Water activities.

Energy Efficiency

Our energy efficiency interventions during 2024/25 are estimated to have avoided around c. 3 GWh of additional energy use, or around 0.6% of our total energy consumption (excluding transport). We have focused this year on a metering program across our energy consuming assets to prioritise our work for the next Asset Management Period (AMP) according to where interventions would be best optimised for energy consumption along with improving the resilience of our sites. We have yet again taken steps this year to focus on testing, repairing or replacing our largest rotating operational assets. We have been modernising and refurbishing our rotating assets, including the deployment of more efficient aeration equipment in the form of new blowers (air compressors) at our Brokenbury wastewater treatment works and pump refurbishments across several sites.

Renewable energy

Our parent company, the Pennon Group has targeted that by 2030 it will produce the amount of self-generated renewable electricity equivalent to 50% of South West Water's (including Bournemouth Water) grid electricity import in 2020/21.

To work towards meeting this target, this year we have added to our renewables portfolio with the addition of solar PV installations at 3 of our sites. These installations at our Lowermoor water treatment works, along with our Hill Barton and Fluxton wastewater treatment works have increased our solar generation capacity by nearly 500 kW and will help to reduce our Scope 2 emissions from the purchase of electricity.

Pennon Power Limited, a direct subsidiary to Pennon Group plc, is working on a number of 'behind the meter' solar PV development opportunities, focused on supplying renewable energy direct to operational sites within the water businesses across the Group providing reduced operational costs and emissions.

Fuel Switching

We have continued to use Hydrotreated Vegetable Oil (HVO) for all our wastewater back-up generators in 2024/25. HVO is made from waste vegetable oil and results in much lower emissions compared to the standard diesel fuel we were previously using. Our initial roll out of using HVO across our wastewater operations has been a success so we are now aiming to switch to the use of HVO for back-up generation in our drinking water operations which would aid in reducing our Scope 1 emissions.

Process and Fugitive Emissions

Process and fugitive emissions, mainly in the form of methane (CH_4) and nitrous oxide (N_2O), arise from our wastewater treatment processes. It is a challenge to accurately measure process emissions and this often means establishing a baseline to monitor changes in N_2O emissions can be difficult. Measuring and monitoring is the first step; without it, we cannot establish the efficacy of N_2O reduction initiatives. We have been piloting an innovative N_2O monitoring technology at one of our largest wastewater treatment sites, Countess Wear in Exeter. This pioneering initiative will enable us to benchmark N_2O at this site that provides wastewater treatment services to around 10% of our total regional population. Our monitoring activity has demonstrated that seasonal variability in N_2O emissions over the course of the year requires us to take a long-term approach to the monitoring. Alongside this we have also commenced with a separate trial to directly measure fugitive emissions of CH_4 at the same site. These initial trials will inform our future strategy for directly measuring and reducing process and fugitive greenhouse gas emissions.

Transport

We continue to expand our fleet of electric cars and vans as part of our overall strategy to transition away from fossil fuels over the next five years. We are focusing on the most appropriate types of vehicles for replacement with EVs, this currently includes company cars, smaller vans and some larger vans with typically lower payloads. We are also installing electric vehicle charging infrastructure at key operational sites to support our EV transition. Electric vehicle technology is still evolving rapidly and our EV strategy remains continuously under review whilst we decide how far and how fast to deliver our EV transition in the most cost effective way possible.

Whole Life Carbon

To maintain progress towards our greenhouse gas emission reduction goals we need to ensure the new infrastructure we build and the new assets we buy avoids locking us in to a future of carbon intensive operations. Applying the principles of whole life carbon using the most up to date carbon assessment tools allows our design teams and construction partners to understand which solutions result in the lowest overall whole life carbon. This year we have introduced a new carbon assessment tool which is improving the decision-making process making the selection of the most cost efficient and most carbon efficient solution a more integral part of our capital project planning process.

Transition Plan

Through our established strategies, plans and policies, we are preparing for a changing climate and lower carbon economy. Our annual TCFD response in the South West Water annual report on page 86-129 sets out further details of this in accordance with the TCFD recommendations. This identifies one of our key transition risks as rising energy costs. Through our planned investment in renewable energy alongside our dynamic hedging strategy we are managing this risk. We are aware of the work of the newly established Transition Plan Taskforce CTPT) to develop a 'gold standard' framework for transition plans. We are considering the TPT's guidance and will look to publish our Group Transition Plan in due course.

TPT Transition Plan Taskforce

1. Net Zero Plan scope includes Scope 1 & 2 (market-based) and the following Scope 3 activities: outsourced activities; power transmission & distribution, business travel, grey fleet (private vehicles used on company business).

Innovation

We are delivering fast, flexible, and impactful innovation – coupled with long-term research.

This is why our innovation strategy is underpinned by four routes to innovation, described below.

Our routes to innovation recognise the need for our business to respond to a challenging and changing landscape, whilst also ensuring we deliver for the needs of our customers, stakeholders, and local environment now and into the future.

1. CREWW is used for leading pivotal interdisciplinary research towards the discovery of solutions that will make a difference to people's lives and protect the future of water systems in the South West of England and beyond.
2. The Ofwat Innovation Fund is best utilised where the sharing of data, knowledge and experience between water companies, partners and the supply chain, can accelerate the delivery of transformational innovation.
3. Internal ideation and development ensures we continue to encourage, engage and enfranchise our own staff (and external partners) to develop new ideas that are aligned to our strategic priorities.
4. We unlock Research grants by utilising our long-standing relationships, often outside of the UK, to deliver against wide reaching innovation projects.

Our routes to innovation ensure that our innovation activities are appropriate for the type of innovation being explored and that they deliver quickly for our customers.

This ensures that every project we take forward focuses on the realisation of the expected benefits and that we utilise our network of academia, supply chain, our internal knowledge, and entrepreneurship most effectively.

We demonstrate the benefit of each of our routes to innovation through examples from 2024/25.

1. CREWW

We are not just focused on meeting the immediate challenges we face, the Centre for Resilience in Environment, Water and Waste (CREWW) is a 25-year research partnership between South West Water and the University of Exeter (UoE). It is extending the many years of collaboration between the two organisations including our catchment management programme, Upstream Thinking (first pioneered in 2006), which has acted as a beacon of change which others in the water sector have followed. CREWW is bringing together subject matter experts from SWB and UoE, under one roof, who will combine their knowledge and expertise to undertake innovative research into some of the most pressing challenges facing both the business and the water industry.

The outcomes will help inform our operations and enable us to better deliver for our customers, the region and the environment. The operationally net zero research facility underpinned by £21 million of capital and research investment by South West Water is the first water sector partnership to receive support from the UK Research Partnership Investment Fund (UKRPIF), as well as being the largest RPIF-sponsored project in the South West.

The 12 months since the centre opened in March 2024 has seen the research programme expand to tackle some of the issues we are facing today and into the future. The cutting-edge facilities at CREWW provide us with the ability to fully understand the environment around us including the presence of emerging contaminants and micro-pollutants. The investment of £1.1 million into a 3.5-year study led by Professor Charles Tyler, an internationally leading environmental biologist and (eco)toxicologist, will establish the composition of discharges and monitor environmental/ecological impacts on the environment.

The investment of £0.5 million into modelling and computer science research backed by the expertise from the University's world-renowned Centre for Water Systems has seen the launch of projects to model groundwater and predict the parts of our sewerage network most at risk of groundwater infiltration, a crucial part of reducing overflows. The project is led by Professor Akbar Javadi and Dr James Webber.

A second project led by Professor Raziyeh Farmani and Professor Ed Keedwell is utilising Artificial Intelligence to improve our ability to accurately locate and quickly replace the remaining lead pipes within our distribution network.

The project teams work closely alongside a multi-disciplinary team of experts from South West Water.

2. Ofwat Innovation Fund

The Ofwat Innovation Fund completed its fifth year in 2024/25 with the £200 million K7 fund delivering more than 100 projects and many collaborative partnerships. Pennon group is now partnering on 31 of these projects and leading on 4 of them. We have been leading on environmental and nature-based solutions and recently we were awarded the PEDAL project that looks to predict and detect algal blooms. As we head into K8, the Innovation fund will make a further £400 million available and introduce a new £100m fund for tackling water efficiency. We enter these projects to form valuable collaborative partnerships, gaining knowledge and expertise to apply to our business challenges. Examples include:

Prediction and Early Detection of Algal Blooms in Lakes and Reservoirs (PEDAL) is a collaborative project led by South West Water and the University of Exeter and 20 other UK and international partners. This project aims to detect and predict Harmful Algal Blooms (HABs), with both short-term warning and medium-term prediction. HABs cause costly treatment, poor water quality, and ecosystem loss. This project will use satellite and drone remote sensing, conventional water quality monitoring, and input from citizen science. By combining advanced numerical modelling and artificial intelligence, we will build a digital twin that can forecast HABs. This will enable water companies to avoid expensive treatment and water quality problems, lowering customer bills.

Water Net Gain, led by South West Water seeks to demonstrate a catchment-scale concept whereby farmers and landowners would be paid to store water on their land. Restoring natural sponges, like healthy soils, woodlands, and wetlands, can passively contribute water to summer base flows, but the creation of additional ecologically connected smart ponds and lakes, can be used for farm demand management or actively releasing flows during periods of low water resource availability. This year the project has focused on building partnerships, engaging stakeholders, and mapping opportunity areas.

Safe Smart Systems, led by Anglian water aims to build a demonstration smart water system to predict, control and self-configure the clean water network to reduce supply interruptions, and manage

Our innovation strategy

We need to be resilient to the changes happening around us and meet the demands asked of us by our customers and Government. To do this, we need to not only continuously improve our processes and the quality of our services, but actively seek new solutions with long-reaching and cross-cutting benefits, for example, innovations that deliver a step-change in reducing carbon emissions, delivering environmental improvements, secure a resilient service and, where possible, lowering our costs.

supply pressures, leakage, and water quality, while maintaining continuous service for our customers. The project is in its fourth phase and South West Water, as one of the leading partners, is taking learnings from the project and applying them with a pilot area within our region. The learnings will help South West Water guide its path to realise a smart water network using AI, machine learning, and advanced modelling.

Flexible Local Water Supply Schemes Pilot This project developed a pilot scheme for bringing smaller water resources on stream, within a commercially viable framework. The project is enabling the treatment and supply of new water sources, through distribution networks, to supply business customers. Based on a potential pilot project at Didcot, we are working with Binnies, RWE, Castle Water, and the University of the West of England to test how this theoretical water market can become a reality.

Artificial Intelligence of Things uses inflow rainfall data and machine learning to compute the best sequence of pumping sewer flows and managing gates to better deliver capacity in the wastewater network. In 2024/25 South West Water prepared a small scale trial at Ilsham valley in Torbay, Devon, to test the modelled prediction of surface water in-flows and attenuation of Hele storm water tank. The trial will be used to test the performance of 6 threshold models, and the performance of the assets. The knowledge gained will inform South West Water of the best way to apply similar actions on other parts of the network with under-utilised capacity, thereby potentially reducing spill numbers and volume.

Changing the Energy Balance of Waste Water Treatment (Anaerobic Wastewater Treatment). This project led by Thames Water seeks to develop and adapt anaerobic treatment successfully proven in warm climates like Brazil, to the colder UK climate. It combines novel nutrient removal and recovery building on trials developed by partner UK water companies. A pilot plant has been designed, built and commissioned by Thames water. Following activation in Spring 2025 and extensive testing, the reactor and plant will be transported to other sites including South West Water in 2026, for rigorous testing using alternate sludge liquor compositions. By developing a new anaerobic treatment process in this way, energy consumption is reduced and may even create a net positive energy export to power local communities.

Mainstreaming Nature-based Solutions This partnership programme brings together industry experts and decision-makers to gather evidence and identify the barriers and enablers to delivering nature-based solutions. Four interrelated workstreams focusing on collaboration, regulation, finance and standardisation will combine to form a consolidated plan for action, tested through regional case studies including here in the South West.

Catchment Systems Thinking Cooperative (CaSTCo) This collaborative project of 23 partners (11 water companies) seeks to develop a national framework for environmental monitoring systems to provide detailed, reliable, timely data that can be used to understand natural capital problems, devise the right interventions and assess performance. The work is supported with 8 demonstrator catchments in different UK regions including the Tamar in Devon. Our recent work has seen SWB via CREWW (Centre for resilience in Environment, Water and Waste) at the University of Exeter, deliver the advanced modelling needed for the decision-making framework.

3. Internal ideation and development

These innovations principally originate from within South West Water, specifically from the operational teams that live and breathe the day-to-day and around-the-clock challenges associated with running a first-rate water supply and collection network. Some examples include:

CCTV AI A collaborative research and development project between South West Water, University of Exeter, and iTouch Systems, this project is developing software for the automatic recognition and annotation of faults in sewer CCTV surveys. Using machine learning and computer vision technologies, we anticipate that this work will improve the efficiency of annotation and increase the accuracy and uniformity of survey reports.

This work is supported by UKRI funding in the form of a Future Leaders Fellowship, which, following an extensive renewal process, will continue to be supported by UKRI until October 2028.

Isolation of in-pipe water flows has been co-developed with a UK manufacturer and has successfully enabled the isolation of in pipe-water flows using our Through Bore Hydrant, which will prevent the use of additional valves. This could potentially halve the scale of some supply interruption events by enabling quicker isolation of water supplies. Phase two of this innovation will enable leak isolation whilst maintaining in-pipe flows. This functionality is a stepped improvement in network operation with efficient, cost-effective service improvements at the centre of the innovation.

Longitudinal Pipe Failures South West Water is working to develop a system for a more expedient and immediate solution to the restoration of water supplies following a pipe failure. Longitudinal failures are impossible to repair without full isolation – therefore interrupting customer supplies. Our new system and methodology of enabling a temporary repair to longitudinally failed pipes will enable a faster restoration of water supplies – the first on the market!

Hi Basicity PACL We have been trialling Hi Basicity PACL at a Wastewater treatment site in Cornwall. The idea is the novel PACL formula creates less alkalinity demand, meaning we should need less pH correction. As SWB has such soft waters, we use a lot of sodium carbonate to maintain optimal pH for coagulation. If this proves successful/cost-effective, we will look to roll out further.

Smart Network Monitoring As part of the continuous improvements to our Smart network monitoring, we are trailing Vodafone iDefigo Smart Wireless AI camera technology, with an installation at a site in Devon. The camera provides live images of the overflow chamber. The trained AI classifier will alert the Control Room when the levels reach the screened (and even the unscreened) spill points, which will allow timely remote verification of spills and identify other issues on site such as screen ragging, without the need for Operational attendance.

ARMPhos We have adopted the UK's first ARMPhos system at two of our sites in Devon, successfully removing P (Phosphorus) down to 1 mg/l (new permit limit of 3mg/l). A trial wetland media bed was constructed in a standard vertical flow arrangement, downstream of the existing treatment works. Apatite, which is a naturally occurring mineral, is installed as the reactive layer. The whole bed is planted with wetland plants to suppress algal growth and promote biodiversity. Apatite works by absorption and crystallisation of phosphorus out of solution. Since commissioning, this process has comfortably met the permit limit, with very low operational intervention and costs.

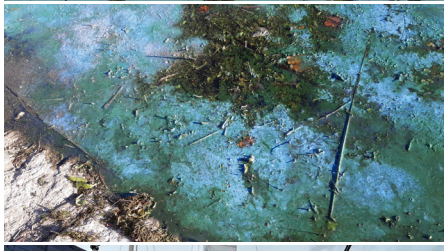
Realtime BOD probe We are supporting the field trial and testing of an innovative real-time biological oxygen demand probe with a regional based company. The probe, inserted into the wastewater aeration lane, promises to understand the health and efficiency of microbial activity. This will allow us to optimise the amount of aeration being used with the potential to reduce blower activity and thus reduce our energy consumption at these sites.

4. Research grants

These externally funded projects, often via EU research grants, have potential to be high impact and disruptive in nature, but they tend to have scale-up potential that is too risky for private investors or for South West Water to pursue under our other routes to innovation.

Over the last two regulatory periods, South West Water has been involved in four large EU funded research projects where we have been collaborating with other water utilities (outside of the UK) and various partners in academia, the water industry, and from other utility sectors all across the EU. We were delighted to hear we were successful at winning the UrbaQuantum project that looks to understand urban pollution pathways and inform future planning stakeholders.

Waterverse Is an active project funded by EU Horizon aimed to build a Water Data Management Ecosystem (WDME), which will make data management in the water sector open and accessible. South West Water's contribution to the project is through the development and testing of this ecosystem for storm overflows and the sharing of data with external partners. Although it is in early stages of development, we envisage the WDME will enable us to better inform customers on the role of CSOs and the reasons for spills, as well as real-time data on the nature and potential impact of spills.



Investing in our people

As one of the largest employers in the region, with almost c. 2,750 colleagues, we have a responsibility and duty to make a positive societal contribution. Our goal is to be the Employer of Choice across our region through promoting social mobility, prioritising Diversity and Inclusion by addressing racial and gender inequality.

We provide safe, secure and meaningful employment where all employees are paid fairly for the work they do and where trust is high. We fully recognise that the levels of external scrutiny on the water industry have increased significantly in recent years, and this is felt by our colleagues personally as they carry a heightened level of responsibility. Despite these pressures, we are delighted that our colleagues are even more determined to provide high quality services to our customers and the wider environment.

Over the past ten years our region has seen significant population growth. It's been estimated that more people moved to the South West during and following the pandemic than had been anticipated by 2050. This increase in population has an impact on many different areas of society, including employment, housing and opportunities for young people.

With a double coastline and dispersed population, many coastal towns around the South West suffer from high rates of poverty, unemployment and health risk factors, together with poor housing and public service provisions, as well as poor public transport and communication connections.

At South West Water we take our social stewardship role seriously, whether that's through driving our environmental improvements or growing the number of jobs we support.

Prepared for K8

We are reshaping the Group, aligned to our four strategic priorities, focusing on having more colleagues on the front line, and ensuring we are in a good position as we move into the new year and business planning cycle. Our strategic priorities are our drumbeat internally, ensuring we can deliver commitments externally, and delivering the things that matter most to customers.

We have been working hard throughout the last year to align our teams within South West Water, Bournemouth Water and Bristol Water, and within the respective non-core water business to ensure we are well placed to successfully deliver the challenges within our business plan and final determination.

Our exciting business plan, which has been approved by our regulators, will see us create up to 2,000 new jobs either directly or through our supply chain as part of a wider £3.2 billion investment planned across the Group. Our business plan was built around our Group Values and aims to have a positive impact on customers, communities, colleagues and the environment.

Our approach to Human Capital seeks to go further; supporting Community Investment and social mobility across the Greater South West by creating education and employment opportunities across our region; ensuring we pay our employees a fair wage for doing a fair day's work and therefore be well placed to be able to make a wider societal contribution; and delivering our Diversity and Inclusion strategy by prioritising diversity of thought, gender and ethnicity to promote social mobility and opportunity for all.

This is all part of a wider strategy to be the employer of choice in the region being a Great Place to Work.

Enhancing the organisation culture

After launching our new Group Values last year and working hard with colleagues across all our business units to fully roll them out during this year, we are now well placed to deliver our PR24 plans aligned with our Group Values. Our Values are seen as the guiding principles by all colleagues in how we undertake our activities.

We have sought to embed our values to deliver real behavioural change and incorporate them in all business activities from recruitment, induction, performance management and communications to reward, recognition and reporting. Setting the tone from the top has been key to ensuring that these principles are reflected across the Company and the Group.

Across the Group we have developed a coherent approach to leadership, culture, talent, and skills development which will not only help us unlock the full potential in our business, ensuring we are match fit today, but also prepare us for future challenges.

Ensuring our people are at the heart of all these key areas of focus will mean we continue to successfully deliver for all the customers and stakeholders that rely on us. Our people are our greatest asset. We are proud of the values we live by in all that we do and we have been delighted by how our employees have risen to the challenges we have faced throughout the last year, and in going above and beyond to deliver for our business and our customers.

We continue to work to develop strong relationships with our employees and Trade Union Partners, ensuring we are engaging with these important stakeholders in our business in all aspects of our People Strategy.

As a purpose-led organisation, we have strong values and ethics which are important barometers in fostering the culture and beliefs that we require to be successful. One of the key reasons why we use Great Place to Work to survey our colleagues is that it is one of the few providers that seeks to measure values and ethics. These are notoriously difficult areas to measure as they are impacted by individual's personal values and ethics.

Embedding our new Group Values

Last year, we launched our new Group values: Be You, Be Rock Solid and Be the Future. These values serve as guiding principles that shape our interactions with customers, communities and each other. They give us a framework for how we should engage as a team, and help us build a foundation for growth and trust, and a positive workplace environment.

Over this past year, we have worked hard to embed these values, using them as a tool to align our teams as we prepare the business for K8 and to deliver on our strategic priorities. Some examples of this include:

- Launching the 'Pennon Pod' – encouraging open and engaging discussions on what our values mean to individuals across the whole of our Group
- Colleague Roadshows – holding face to face events for colleagues to interactively engage with the new values
- 'Be You' Photo competition – encouraging colleagues to share their authentic selves whether that be in or outside of the workplace

We are proud to witness our values in action in the workplace every day. Because of this, we have launched a new set of internal colleague awards – The Values the 'You Rock' Awards. This is a new recognition scheme that aims to shine a light on the best of Pennon, highlighting those who truly embody our values and demonstrate the best behaviours for our colleagues, customers and communities.

The new values are:

Be you

We want you to bring your best every day. Be open and inclusive, work together and win as one team. Let your passion inspire those around you. Be authentic, make your mark and be you.

Be rock solid

We want you to be the one we all look up to. Be trusted. Act with integrity and make good on your promises. Build trust, one relationship at a time. Be rock solid.

Be the future

We encourage you to be curious and challenge convention. Share ideas with confidence and purpose, and help share our future. Embrace change. Drive progress. Own the challenge. Be the future.

Talent development

We have a strong commitment to invest in the development of our employees and to build and recognise talent across the Group. Training and development are available for employees at all levels within the Group and all are actively encouraged to participate. Our aim is to increase productivity, job satisfaction and safety, and to equip the next generation of leaders and employees with appropriate knowledge, skills and the competencies they need to thrive.

As a business we joined the 5% Club, an organisation with over 1,000 members that aims to address the issue of poverty arising from high youth unemployment and a shortage of the right skills for the workplace of today and tomorrow. We are delighted to be the only water company that has been awarded Platinum Membership status of the 5% Club as we have around 10% of our employees undertaking apprenticeships or on a formal structured graduate programme. Achieving Platinum status demonstrates our long-term commitment to investing in structured apprenticeship and graduate programmes for our employees.

Apprenticeships

We have a long-standing commitment to apprenticeships, as they are an effective way to recruit and develop high quality talented employees. After setting a target in 2020 to support 1,000 apprenticeships by 2030, we are delighted to report we are ahead of schedule and have supported 663 across the Group and currently have 368 live on programme. Attracting and developing the next generation of talented employees is vital in building resilience in our workforce and ensuring we can deliver the essential services our customers and communities deserve.

Our graduate programme

After launching our graduate programme in 2021 and setting a long-term commitment to recruit 200 graduates on a structured two-year development programme by 2030, we are again ahead of schedule.

Since the launch, the graduate programme has recruited 105 talented graduates, with 56% being female and almost half being ethnically diverse or international graduates. Attracting larger numbers of female and ethnically diverse employees has been a core part of our People Strategy. We are delighted our graduate programme is helping deliver this outcome whilst providing high-quality career opportunities for all these individuals.

Leadership development

We continue to invest in our leaders and have two leadership programmes across the business, LEAD Aspire and LEAD Programme.

LEAD Aspire is a four-day programme for employees who have been recognised as being a leader of the future and are working towards this as part of their personal development plan. The programme allows them to develop their leadership mindsets and approaches, explore leadership theories, models and best practices, and learning that you don't need a title to be a leader. The four-day programme also has senior leaders from across the business sharing their thoughts on leadership, providing great insight into their personal experiences of leadership and how it has shaped them.

Our LEAD Programme is for our current manager and leadership population to help them hone their leadership skills. Working across a six-month programme on leadership mindset, such as personal impact and purpose-led leadership and skills areas such as coaching and mentoring, inclusive leadership, and driving high-performance.

During 2024/25, we delivered c. 20,000 training days, ensuring that each employee received an average of 50 hours of training – 7 days.

Diversity, equality and inclusion

As one of the largest employers in the Greater South West, we have a responsibility to promote social mobility, address inequality and drive inclusivity across our region.

We continue to champion diversity and promote an inclusive workplace. We have published our Gender Pay Gap report for the last six years and are now pleased that this incorporates our Ethnicity Pay Gap report. These can both be found on our website:

www.pennon-group.co.uk

It is important to be open and transparent about the gender and ethnic diversity of our employees and this report is a key tool for us to do that, whilst also allowing us to share the measures we have taken and will be taking to continue to create a more diverse workforce across all roles and levels within the organisation.

We understand that fostering an inclusive workplace is imperative for both attracting and retaining talent within our organisation. As one of the largest employers in the region, we have a duty to contribute positively within our communities, providing a work environment that promotes social mobility, celebrates and drives diversity and inclusion and ensures an equitable and psychologically safe space for all our colleagues.

In the latest edition of the FTSE Women Leaders Report, our parent company Pennon once again solidified our standing as a trailblazer for female representation, claiming the bronze position for best the entire FTSE 250. The report, independently conducted and backed by the Government, is a ringing endorsement of Pennon's relentless efforts to lead the charge in fostering equality and inclusivity, with Pennon one of the rare FTSE-listed entities where women on the board outnumber their male counterparts.

We are pleased with the recent progress made but know there is more to do in increasing the diversity of our workforce during the coming year.

Recruitment

We continue to develop our careers website to leverage our employer value proposition and the creative campaign that sits alongside this, #JustAddWater. We have forged new partnerships with third parties to enhance and drive our work in the recruitment space to support our ED&I agenda. We are both a signatory to the Armed Forces Covenant and a Disability Confident Employer.

We regularly review our approach to monitoring diversity and inclusion with a specific focus on job applications. We use a software gender decoder tool which allows us to check all our job adverts for masculine bias to reduce the potential risk of alienating female applicants. We ensure that our brand imaginary represents both the communities we serve and our workforce, which encourages more diverse candidates to apply. We are pleased that we are receiving high numbers of applications from ethnically diverse applicants and women into what is still a male-dominated industry.

Last year, 28% of job applicants were female and 24% were ethnically diverse. We offer additional support to our new employees on our graduate programme and the 10,000 Black Interns programme, as we recognise many of them move to the region to start in these new positions.

Employee Led Inclusion

Our Employee Network Groups continue to play a significant role in raising awareness and driving change. Areas of focus for these groups include raising awareness around challenges that under-represented groups face, which has included educating employees on LGBTQ+ topics and experiences, including a session led by a transgender speaker, celebrating different cultures and customs through in-person events, sessions on racism and allyship, promoting understanding of neurodiversity, developing a webinar on sexism and misogyny and creating an ED&I awareness session, which is delivered to all new starters to the business.

Our two new network groups this year, brought about through employee feedback, are the Veterans Network and the Neurodiverse Network. All of our groups have members sat on the overall ED&I Steering Group to ensure collaboration across the whole ED&I agenda and drives communication between the groups.

We have also introduced flexible bank holidays, as we recognise that half of the UK bank holidays are linked to the Christian calendar, but many of our employees do not follow the Christian faith. The scheme enables colleagues to swap traditional bank holidays based on their religious or cultural beliefs, or personal need.

1. Colleagues at our Water Training Centre
2. Photo of the 2024 Graduate Programme

Investing in our people continued

Engaging with Our Colleagues

Our employees are our greatest asset. We provide the opportunity for them to be engaged at multiple levels of the business and through a variety of two-way dialogue and feedback channels so we can listen to them and make improvements based on their feedback of what's important to them.

We continually engage with our people on topics such as their health, safety and wellbeing, our organisational culture, promoting diversity and inclusion, training and development. We use a variety of mechanisms to engage with colleagues including pulse surveys, listening sessions, employee forums and trade union representation.

To enhance how we use Great Place To Work to survey our colleagues, we have undertaken pulse surveys during the year to give colleagues additional opportunities to provide structured feedback. Pulse surveys provide a regular stream of feedback in additional to the full survey.

Our Speak Up whistleblowing policy continued to operate throughout the year, providing another engagement channel. Speak Up helps to create an open, transparent and safe working environment, where employees feel able to speak up and are supported if they do so. Additionally, all employees are invited to pose questions or comments to our senior leaders through our new 'open door' communication channels. This new approach brings together several employee communication channels and encourages employees and senior leaders to keep connecting more.

100% employee representation either through the Be The Future forum or collective bargaining agreements with our Trade Union partners GMB and Unite in our operational teams.

Throughout the year we ensure colleagues are supported with regular one-to-one meetings with their line managers, appraisals and performance reviews to ensure they are supported and understand how to perform in their roles. These discussions also identify any training needs and development opportunities to help them progress their careers within the Company.

Each year, we review and seek to enhance our employee communications and engagement channels. Our regular Big Chat video calls with our CEO and the executive team continue to be very well supported by employees, with strong engagement. Items discussed largely focus on the topical business issues of the time plus key employee highlights. We have also broadened the group of speakers, involving colleagues from all areas and levels across the Company.

Our internal communications tool and discussion platform, Viva Engage, is growing in popularity and is now used regularly by over 2,000 Group employees. For our remote teams working tirelessly around the clock, we host regular breakfast meetings and toolbox-talks supported by our senior leaders. These have proved to be helpful in promoting more effective two-way communication with front-line operational teams. WaterWorks is the name given to the monthly performance measures dashboard which helps employees keep updated on how we are delivering for our customers, communities and the environment. It's important that all our employees are regularly updated on these critical measures, regardless of which part of the Group they work for.

Progression

One of our key challenges has been enabling a diverse workforce at all levels through internal progression. The REACH (Racial, Ethnic and Cultural Heritage) Network and Women's Network have both been key drivers in looking at how we can better support them with career progression across the organisation.

We operate a Women's Mentoring Programme, which supports women whether they are seeking professional guidance, building their network, or navigating their working environment and some of the challenges it entails. Throughout the year we piloted a Reciprocal Mentoring pilot, which paired eight members of the REACH Network with eight members of our executive and senior leadership team, with the goal being for individuals to share their lived experiences and encourage actionable behaviours from those involved.

We have also partnered with the Inclusive Village to design a REACH development programme. The programme is designed to support the career ambitions of those who may experience career disadvantage or inequalities due to their racial identity, whilst also enabling Pennon to foster the realisation of our commitment to the Change the Race Ratio campaign. This programme will cover a range of career-enabling topics identified by research as most pertinent in supporting ethnic minorities in the workplace, including; leveraging line manager and ally relationships, impact and influence, and developing a credible professional/personal brand.

We will continue to work with these groups in relation to career progression opportunities, to understand the challenges they face, and how as an organisation we can address these.

Change the Race Ratio initiative

Back in 2020, Pennon and South West Water pledged its support to the Change the Race Ratio initiative, a campaign to increase racial and ethnic participation in the senior leadership of companies, as a route to encouraging more diversity at all levels and was the first water company to do so. During the last year, our pledge and ongoing commitment continued to help shape our business activities and decisions.

10,000 Black Interns initiative

We are pleased to be a proud supporter and sponsoring business of the 10,000 Black Interns initiative. Over the last three years we have supported 25 placements ranging from summer internships to one-year placements.

Following successful completion of their internships, most students returned to university to complete their degrees. We are pleased that many of our interns have already secured a permanent position on our graduate programme or have gone direct into other business roles. This important scheme not only offers Black students an opportunity to understand our business but also enables us to improve the levels of ethnic diversity across our industry.

Slave-Free Alliance membership

South West Water and Pennon has maintained its membership of the Slave-Free Alliance, which is part of Hope for Justice, the global anti-slavery charity. Our membership demonstrates our commitment to the highest employment standards for both our direct employees and those within our supply chain. Our Modern Slavery Report is published annually and can be found on our website

www.pennon-group.co.uk.

Human rights

We are fully supportive of the principles set out in the UN Declaration of Human Rights, and the Group ethics policy outlines the high standards of employment practice with which all employees are expected to comply. The Group also supports the International Labour Organisation's core conventions for the protection and safety of employees wherever they may work throughout the Group. These standards are also embedded in our sustainable supply chain and documented in our procurement policy and Code of Conduct for supply chain partners.

Our gender and ethnicity pay gap

In recent years, the composition of South West Water has evolved with the acquisition of Bournemouth Water and more recently Bristol Water and the inclusion of these employees into the growing company. This is the second year we have included Bristol Water in the our results. South West Water mean gender pay gap has reduced in the last year from 6.72% to 3.53%, which is significantly lower than the national average of 13.1%. Our median gender pay gap has also decreased from over 9% to 8.3%.

Since 2022, we have voluntarily produced and published our ethnicity pay gap, which stands at 8.9% a further reduction from last year. We know that there is still more for us to do in this area, including increasing the employee self-disclosure diversity rates across the Company and continuing to attract more ethnically diverse candidates at all levels across the Group.

A full report breakdown and an update on our performance and plans, can be found on our website.

Prioritising health and wellbeing

Our wellbeing strategy is a core area in our People Strategy to ensure our people know that we care about them. It is estimated that in any given week, one in six people of working age experiences a common mental health problem like stress, depression or anxiety. Most of us will understand, from personal experiences or friends and family, the huge personal cost that this can bring.

Separately, data from Champion Health, our online wellbeing platform provider, supports the outcomes from the Great Place to Work survey. 93% of employees who completed the health assessment were motivated to change, with their three key areas being improving energy levels, reducing stress and improving mental wellbeing.

Our wellbeing strategy focuses on the following four main areas:

Mental

Taking care of our minds, coping effectively with life and creating satisfying relationships

Physical

Taking care of our bodies, acknowledging the importance of activity, nutrition and sleep

Financial

Taking care of our financial wellbeing, being in control of our financial future

Community

Encompassing the major external and internal factors such as social health

HomeSafe – our flagship health and safety programme

HomeSafe, the Group's flagship health and safety programme HomeSafe has targeted three specific areas this year, building on the foundations delivered last year to drive continued improvements in all health and safety activities. This focus has seen the Group's Lost Time Injury Frequency Rate (employees and agency, excluding contractors) almost halve in the year, and furthermore seen an 75% reduction in actual lost working days, delivering an additional 450 productive days back into the business.

The three areas we focused on:

- Visible Safety Leadership
- Driving a culture of accountability throughout the organisation
- Using analytics to target interventions on the key areas at the right time to drive down harm, particularly in manual handling and slips, trips and falls

These focus areas were supported through the core elements within the HomeSafe strategy, building our internal competence, elevating our Site Pride initiative across all areas, strengthening the health and safety team, achieving ISO45001 accreditation, and implementing a process safety framework.

The Lost Time Injury Frequency Rate (LTIFR) for employees and agency staff continues to be the Group's primary measure of health and safety performance. Following reductions year-on-year for the last three years for the Group, this year we delivered a 49% reduction in actual Lost Time Injury (LTI) numbers, with 15 LTIs in the year compared to 28 last year, and an LTIFR of 0.30 compared to 0.59 last year.

While the number of incidents reduced, we also significantly reduced the severity and impact of these incidents, through a focus on rapid intervention, treatment and support to the individual involved, delivering an 75% reduction in the actual number of days lost due to injury.

This means we delivered an extra 450 productive days back into the business through improved safety performance.

We continue to broaden the reach of HomeSafe to everyone working for or on our behalf, and this was in evidence at a joint event between our Bristol Water Operations team and Network Plus who provide water networks expertise within Bristol, bringing to life HomeSafe across the broader supply chain.

While we have delivered year-on-year improvements, we continue to recognise that HomeSafe is not a project to be completed. It continues to be the way we work and deliver all our performance commitments. Our roadmap to HomeSafe 2025 has provided the framework to deliver improved health and safety performance across the Group.

Over the year we will evolve our strategy, plans and approach to look ahead to HomeSafe 2030, building on the strong successful elements of HomeSafe while aligning our strategy to the new Group values, ensuring we support our people to be the best version of themselves and that everyone goes HomeSafe every day.

Our flagship health and safety programme

HomeSafe

Managing risk

We're implementing effective assurance programmes and getting up to speed with the ISO 45001 managing standards.

Sharing & learning

Improving health and safety at Pennon depends upon all of us building our skills and understanding to better protect ourselves and each other.

Working together

Collaborating effectively means we'll bring everyone with us on our safety journey, including our contractors. Our HomeSafe Network will keep everyone engaged with this vital work.

Protecting health

We're introducing a range of measures to support everyone. This will reduce absences from work and enable everyone to perform at their best.

Enabling leaders

Leaders have a central role to play in keeping everyone safe and well, so we're providing extra focus to boost their skills.

Being resilient

To keep everyone safe, we need robust business continuity plans. And everyone needs to take a lead in ensuring the security of our sites.

Our HomeSafe roadmap to 2025

Financial review

This year has reflected the challenges seen across the UK water sector, as well as a relentless focus from our teams to meet the commitments we have made to customers and stakeholders, whilst investing in our assets to protect the environment and meet the expectations of the public.

As a result we report an underlying loss before tax of £28.8 million for the year (2023/24: underlying profit of £17.8 million), resulting from lower regulated revenue impacted by lower customer demand in Devon and Cornwall. Cost pressures have been seen as we strive to deliver against our regulatory targets.

Depreciation and interest have increased as a result of the increased capital investment we have seen in the current and previous years. These investments have been reconciled into RCV as the K7 period ends.

The Company's statutory loss before tax of £61.2 million for the year (2023/24: £2.2 million profit) includes non-underlying items of £32.4 million (2023/24: £15.6 million), the majority of which related to costs in relation to the cryptosporidium water quality incident and costs in connection with restructuring and reshaping actions. The statutory loss after tax of £48.6 million (2023/24: £2.5 million profit) incorporates the associated tax credit on these items.

We were pleased to receive an 'outstanding' assessment for South West Water's Business Plan. We believe that the Final Determination provides a strong base for the business to deliver against its strategic priorities and so confirmed we would accept that Determination in late January.

It is critical that we deliver on our strategic priorities, but that we also deliver the required outcomes and our capital programme as efficiently as possible.

With this in mind, we have restructured the business around Pennon's four business units, as well as continued with our programme of integration and transformation to ensure effective, efficient delivery. We have also invested in several measures to transform our underlying operational performance.

We have continued to invest record levels of capital to deliver enhancements and benefits for the environment and our customers. Our company wide capital investment was £588.7 million as we focus on delivering on our K7 commitments and transition to K8. Key investments, such as our new treatment works at Alderney and Knapp Mill, have progressed at pace, whilst our continued focus on the environment, through investment in our WaterFit and storm overflow programmes, has also driven capital investment in the year. Our programme to increase our water resources and strengthen our resilience to drought has also continued, leading to a 34% increase in water resources in Cornwall since the drought, as well as a 30% increase in Devon, positioning us well as we experience an exceptionally dry spring period across the UK.

Statutory financial performance

South West Water's revenue for 2024/25 was £739.2 million (2023/24: £731.3 million). Revenue was broadly flat year-on-year, as tariff increases were offset by lower customer demand in the first half of the year from South West Water customers, in response to our water efficiency campaigns and activities.

1. A measure of the mean average interest rate payable on net debt, which excludes interest costs not directly associated with net debt.

Underlying operating costs of £429.4 million (2023/24: £398.1 million) have increased year-on-year by £31.3 million. This reflects the impact of inflationary pressures, the cost of implementing the new digital customer services platform and a focus on delivering key finance commitments. These were partially offset by lower wholesale commodity power costs and efficiency savings.

South West Water's underlying EBITDA reduced by 7.6% to £309.8 million. Underlying operating profit has decreased by 18.1% reflecting the weakened EBITDA performance, and an increase in the depreciation charges of £5.9 million compared to last year, in line with our record, capital investment programme.

Net finance costs of £170.3 million (2023/24: £155.0 million), reflect an effective interest rate of 5.2%[1] (2023/24: 5.3%) The year-on-year increase of £15.3 million was as a result of higher debt, funding the capital programme.

South West Water's statutory loss before tax was £61.7 million (2023/24: profit of £2.2 million) after non-underlying costs of £32.4 million (2023/24: £15.6 million).

South West Water's capital expenditure was £588.7 million (2023/24: £582.9 million), a continuation of the increase in investment level from 2023/24. We have invested c. £2.0 billion over the K7 period, both in the underlying PR19 programme, but also in additional programmes, including WaterFit and storm overflow reductions, investing more in our wastewater infrastructure; Green recovery, delivering smarter, healthier homes in our regions; and water resources, increasing our resilience to climate change and drought. Further investment during a year of high rain fall has enabled a reduction in pollutions and spillages despite being the wettest hydrological year on record, as we make operational improvements in support of our focus on protecting the natural environment, on which we rely.

Expected credit losses

We recognise the pressure the ongoing cost-of-living crisis puts on our customers so we are determined to continue to provide a broad range of affordability measures to support those in financial need. Across the business, the potential impact of significant increases in the cost of living on affordability has been considered in assessing our expected credit loss charges.

Cash collections across the Company have remained robust during the financial year. Expected credit loss charges for 2024/25 of £8.2 million for South West Water (1.1% of revenue) are in line with previous levels (2023/24: 0.9%).

Net finance costs

The increase of £15.3 million resulted from; £43.5 million from new and renewed debt facilities, offset by lower inflation and interest rates (£21.3 million), and higher levels of capitalised interest as we continue to invest record levels of capital (£9.0 million) and an increase in interest receivable.

The Company continues to efficiently secure funding through its Sustainable Financing Framework and to ensure c. 60% of its interest rate risk is mitigated in line with the Group Treasury Policy, which is achieved both through issuing fixed rate debt and effective interest rate hedging, with a further element being index-linked.

Non-underlying items

Non-underlying items for 2024/25 were a net charge before tax of £32.4 million (2023/24: net charge of £15.6 million). Non-underlying items are those that in the Directors' view should be separately identified by virtue of their size, nature or incidence and where they believe excluding non-underlying items provides a more useful comparison of business trends and performance.

The non-underlying charge includes:

- £21.0 million of costs in relation to the Brixham water quality incident which includes enhanced customer compensation, provision of bottled water over an eight-week period, and extensive interventions to clean and filter the network.
- £11.4 million of costs in connection with restructuring and reshaping actions.

The non-underlying charges in the year give rise to a net tax credit of £8.1 million in relation to the above items.

Responsible approach to Tax

We are proud of our responsible approach to tax. The Company has maintained the Fair Tax Mark accreditation for the year, having been the first water company to achieve this status and holding the award continuously since 2018.

Movement in net debt

The Company's cash flow from operating activities for 2024/25 was £218.8 million (2023/24: £261.9 million). This recognises robust cash collection in the period, whilst we remain focused on supporting customers through a range of affordability measures where they may financially vulnerable. Operating cash flows continue to reflect the lower levels of underlying profitability, impacted by lower customer demand and cost pressures from inflation and delivering on our operational performance commitments.

Net interest payments were £112.3 million (2023/24: £100.1 million) with the higher payment in 2024/25 driven by increased debt consequent on our ongoing record levels of capital investment, partially offset by lower inflation and interest rates.

Capital investment has resulted in an increase in capital expenditure cash outflows of £60.6 million to £604.1 million (2023/24: £543.5 million).

Equity injection

South West Water's parent Pennon raised £490m through a rights issue on 31st March. This resulted in £330m of equity being issued in South West Water, reducing the gearing and strengthening the balance sheet for the investment programme ahead of K8.

Robust liquidity and flexible funding strategy

As at 31 March 2025, the Company had £650.6 million of cash and committed facilities (31 March 2024: £294.2 million). This consists of cash and cash deposits of £280.6 million (31 March 2024: £0.8 million overdraft), exclude £46.1 million (31 March 2024: £26.0 million) of restricted funds representing deposits with lessors against future lease obligations, and £370.0 million (31 March 2024: £295.0 million) of undrawn committed facilities.

Since 31 March 2024, the Company has secured c. £905 million of new debt, through its diverse portfolio of debt, consisting of:

- £150 million in US private placements with an average maturity of 15 years.
- £650 million through our inaugural public bond issuances under our EMTN[1] programme.
- £65 million of new term loans and leasing with an average maturity of 6 years.
- £40 million of new and renewed revolving credit facilities.

Resulting from the changes above and drawing of new debt during the year, South West Water gross debt at

31 March 2025 was £3,884.3 million (31 March 2024: £3,395.3 million). The debt has a maturity of up to 32 years with a weighted average maturity of 14 years.

South West Water net debt at 31 March 2025 is a mix of fixed/swapped (£2,531.8 million, 71%), floating (£248.5 million, 7%) and index-linked borrowings (£777.3 million, 22%), which reflects our diverse debt portfolio and compares to a 2024 industry average of fixed/swapped 32%, floating 12% and index-linked 56%. Where appropriate, derivatives are used to fix the rate on floating rate debt.

At 31 March 2025, South West Water's net debt to RCV ratio stood at 64.19% (31 March 2024: 65.0%). This is due to increased capital investment and reduced in period operating cash flows.

Strong investment grade gearing

During the first half of the year South West Water has achieved two strong credit ratings with Moody's and Fitch. We were pleased that despite the sector-wide downgrade by Moody's our credit rating remained unchanged subsequent to the Final Determination.

South West Water launched its EMTN programme in July 2024, establishing a programme for access to the debt capital markets. This included the first public ratings for South West Water ahead of the appointee licence requirement for two ratings by April 2025. Following the Final Determination, both rating agencies have reaffirmed the rating, maintaining the Baa1 (negative) and BBB+ (Stable) ratings.

The Company maintains its commitment to maintaining strong investment grade ratings across the water businesses and has showed significant commitment through the March 2025 equity injection to support this.

Pensions

At 31 March 2025, the overall Company surplus on retirement obligations was £14.7 million (31 March 2024: £10.8 million).

The increase in the surplus in 2024/25 of £3.9 million is largely from the Pennon Group Pension Scheme (PGPS), recognised in other comprehensive income. Total liabilities have reduced by c. £59 million, largely due to changes in the financial assumptions driven by the increase in the discount rate. Total assets have reduced by c. £55 million, driven by the reduction in the value of assets from the prior year. The triennial valuation of PGPS as at 31 March 2022 was finalised in March 2023 and no deficit recovery contributions were required. The ongoing funding requirements for the Company to the scheme were limited to the continuing administration expenses. The next triennial valuation of PGPS is in progress and is expected to conclude by March 2026.

Dividends

The Company has established a dividend policy which includes the following components:

- a sustainable level of base dividend growth, determined by a number of factors including the shareholder's investment and the cost of capital
- a further level of growth funded by efficiency outperformance
- comparison with the assumptions made by Ofwat in setting prices for the regulatory period.

Dividend payments are designed to ensure that key financial ratios are not prejudiced, whilst also taking into account balance sheet considerations. With this in mind, the dividend policy also state that the total dividend payment will not exceed the retained underlying profit in any year, except as a result of a special dividend and balance sheet restructuring, or where there is a significant non-underlying non-cash impact (such as deferred tax).

Payments are made taking into account the ability of the Appointee to finance its Appointed Business. A special dividend of £125 million was declared and approved by the Board on 4 July 2025, subsequent to the year end, but has not yet been paid (31 March 2024: dividends declared but not yet paid £45 million). Payment of declared dividends will be considered in 2025/26, taking into account the financial resilience of the Company.

Contingencies

On 23rd May 2023 Ofwat announced an investigation into South West Water's 2021/22 operational performance data relating to leakage and per capita consumption. This operational performance data was reported in South West Water's Annual Performance Report 2021/22. This report is subject to assurance processes which include independent checks and balances carried out by an external technical auditor. The Company continues to work openly and constructively with Ofwat to comply with the formal notice issued to South West Water as part of this investigation. The Group has undertaken its own internal investigation into the data and third-party experts have concluded the calculations are within a tolerance as reported, as a result there were no detrimental impacts to customers through Outcome Delivery Incentives (ODIs). The Company recognises opportunities to enhance data quality to improve the estimation process and these have been shared with Ofwat. Until such time that an initial response is received, the potential outcome of these investigations continues to be unknown. Ofwat has a range of options that it could apply from closing the investigation with no further action, agreeing to formal S.19 undertakings through to fining the Group up to 10% of its revenue in relation to the regulated drinking water business. Given the wide range of possible outcomes therefore the potential outcome of this investigation continues to be unknown, and it is not possible to estimate any obligations arising from the investigation with any certainty.

On 2nd February 2024 summons were received by South West Water Limited from the EA in relation to alleged non permitted discharges at 7 locations with a total of 30 charges. The EA have since withdrawn 6 of these charges relating to 1 site. At a hearing on 14th November 2024, South West Water pleaded guilty to 5 of the charges and the sentencing hearing for all 24 charges will take place in the third quarter of 2025 with judgment following at a later date. On 15th May 2024, cryptosporidium was detected in South West Water's water network and, in response, boil water notices were issued for certain customers in the Brixham area that were lifted in a phased manner completing on 8th July 2024. South West Water continues to assist the Drinking Water Inspectorate in their ongoing investigation, the outcome of which is not known at this time.

The Company establishes provisions in connection with contracts and litigation where it has a present legal or constructive obligation as a result of past events and where it is more likely than not an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where it is uncertain that these conditions are met, a contingent liability is disclosed unless the likelihood of the obligation arising is remote or the matter is not deemed material.

Post balance sheet event

Ofwat and the Environment Agency (EA) announced an industry-wide investigation into sewage treatment works on 18 November 2021. On 10 July 2025, Ofwat announced its findings for South West Water and its proposed decision to accept South West Water's enforcement package, in lieu of a financial penalty. In doing so, Ofwat recognised the work South West Water has done to improve systems, process and controls and the investments already made to address the historical findings. The agreed undertakings result in investment and funding worth £24million1 to be delivered over the period to 2030 including:

- £20 million accelerating investment from K9 to reduce the number of spills at environmentally sensitive locations or within a focused community
- £2 million fund for customers to tackle sewer misuse and misconnections to address environmental pollution,infrastructure strain and public health issues caused by improper connections to the sewer system
- £2 million Nature Recovery Fund to support environmental groups to deliver measurable environmental gains

These investments will provide improvements for both customers and the environment alongside our K8 plans to tackle all storm overflows at our bathing and shellfish waters and our highest spilling sites.

Ofwat RoRE

In year

(7.75%)

SWB – Total

Cumulative

2.52%

SWB – Total

In year

2.11%

BRL – Total

Cumulative

3.84%

BRL – Total

Chair's introduction

The Board reaffirms its commitment to maintaining effective corporate governance and integrity that enable us to deliver for the long-term benefit of all our stakeholders.

I am very pleased to introduce, on behalf of the Board, the South West Water Annual Performance Report for 2024/25, which sets out our governance practices and processes, and how we applied the principles of the 2019 Ofwat board leadership, transparency and governance principles throughout the year. The report covers our key focus areas and achievements during 2024/25 and explains how the Board continues to operate effectively and efficiently and to support South West Water's strategy.

Review of the year

We continue to operate to the highest standards of corporate governance. Strong governance remains central to the successful management of the Company, providing the framework we need to deliver our strategy, fulfil our purpose, create value for all our stakeholders and continuously develop our business.

The content page 0 will help you to navigate our reporting and evaluate our performance against the Ofwat principles. As we explain below, we also have processes and procedures in place to safeguard the independence of our decision-making by the Board within the Pennon Group context.

Throughout 2024/25 the Board remained focused on achieving our strategic priorities South West Water recognises as key to delivering for our customers and communities.

More information on the Board's activities can be found on page 37 and information on our PR24 framework can be found in the Pennon Group Annual Report and Accounts on pages 18 to 19.

Changes to the Board

There were a number of changes to the Board during the year. I joined the Board as Non-Executive Director on 1 July 2024. Gill Rider retired from the Board on 24 July 2024, after which I assumed the role of Chair.

Steve Buck stepped down from the Board in July 2024 as Chief Financial Officer for personal reasons, and we were very pleased to appoint Laura Flowerdew as his successor. Laura was previously the Chief Customer and Digital Officer of Pennon Group. She brings a strong understanding of our business, significant leadership experience and is well equipped for this new role. John Halsall resigned from the Board as Chief Operating Officer on 31 July 2024.

Clare Ighodaro retired from the Board and as Chair of the Remuneration Committee in December 2024, and we are pleased to appoint Andrea Blance as her successor in April 2025. Andrea brings extensive risk and regulation expertise gained within the financial services sector and works with businesses to develop customer-focused commercial strategies.

Laura, Andrea's and my biographies can be found on pages 39 to 41.

The role of Chief Executive Officer is a critical one for the business and a role with which I work closely. On 11 July 2025, we announced that Susan Davy would be retiring from her role as Chief Executive Officer of Pennon Group and South West Water. Susan has been a passionate supporter of the sector over many years and the Board and I are incredibly grateful to Susan for her unwavering leadership, as she has navigated the Group through some challenging external headwinds to emerge stronger and more resilient as we look ahead to the next regulatory period. The Board will now conduct a formal process to appoint a successor. Susan will continue as Group Chief Executive during this time and will leave in due course, ensuring a smooth and orderly transition.

Promoting diversity

Diversity and inclusion (D&I) continued to be a top priority for the Board during the year. Our Board composition is substantially ahead of the diversity targets suggested by the Parker Review and the FTSE Women Leaders Review and South West Water as well as Pennon Group are rare examples of large companies where women on the Board outnumber their male counterparts. During the year, we were incredibly proud that out parent Company, Pennon Group plc, achieved third position for best performers in Women on Boards within the entire FTSE 250.

Our commitment to diversity is also reflected right across the business; our widespread commitment and focused drive to recruit talent from all backgrounds has the heartfelt support of our strong and diverse leadership team. More information on our D&I initiatives can be found on page 31 and in the Nomination Report on page 162 of the South West Water Annual Report and Financial Statements.

Engaging with our stakeholders

Engaging with all our stakeholders has never been more essential, particularly in view of the national and global issues we are facing. All companies in the water sector face much scrutiny around their environmental impacts, so it is vital that we listen to and respond to our stakeholders' views. We make sure to carefully consider all decisions and their likely impacts on our stakeholders.

Engagement with customers is of particular interest to the Board and as part of the PR24 process, we were delighted that Lord Matthew Taylor, Chair of the WaterShare+ panel, and Peaches Golding OBE, Chair of the Bristol Water Challenge Group, regularly attended Board meetings to provide feedback from their discussions with our customers as part of their work with the WaterShare+ panel. Further information on the important work of the WaterShare+ panel can be found on page 10. We continue to foster an open and transparent feedback culture within the business. All colleagues have the opportunity to share feedback with the Executive team and Board in several ways, including the Big Chat initiative and Great Place to Work survey.

You can read more on how we engage with our stakeholders on pages 12 to 13 and in our Section 172(1) statement on pages 158 to 160 of the South West Water Annual Report and Financial Statements.

Culture

As a Board we pay particular attention to South West Water's culture, ensuring it is fully aligned with our shared purpose, values, and strategy. We continue to monitor these essential properties and receive regular reports from management on the work being done to ensure their continuous improvement. During the year, the Board were delighted to see the development of our values which reflect the views of our wider stakeholders and culture.

Role of the Board and its effectiveness

It is my view that the Board continues to be highly effective with a deep understanding of the opportunities available to us and the threats facing the business. The results of this year's Board and Committee performance reviews support this view; see page 75 for further detail. We keep all identified threats to the future success of the business under constant review. Please see our risk report on pages 80 to 81 for a description of the risks we identify and review.

Board independence – South West Water and Pennon Group

In accordance with Ofwat's principles on board leadership, transparency and governance, the Company maintains separate and independent boards for South West Water and our parent Company, Pennon.

Our system of governance remains appropriate and effective, while continuing to support the delivery of our strategy.

Our Board and Committee framework also allows us to remain efficient in our decision-making processes. The South West Water Board convenes on the same day as each Pennon Board meeting and considers all key relevant issues. This arrangement allows full operational oversight and governance by the boards over the water business interests, while the Pennon Board continues to focus on strategic forward-looking matters for the Group as a whole.

Looking ahead

I would like to take this opportunity to thank my Board colleagues, the management team and our wider workforce for their outstanding work over the year just gone.

The Board will continue to focus on delivering against our strategic priorities in the year ahead, ensuring the wellbeing of our workforce as we build on the work of the last year in creating a successful and sustainable business.

David Sproul
Chair

15 July 2025

Stakeholder key

Customers · Communities · Suppliers · Regulators
Employees · Environment · Investors · Policy makers

Key activities of the Board in 2024/25

In 2024/25, the Board considered a wide range of matters. The key activities that were carried out by the Board during the year, together with an indication of the stakeholders affected and whose interests the Board considered in its discussions and decision-making, are set out below.

Inform

The agenda for each meeting is discussed and agreed in advance, along with the matters arising from the previous meeting. Senior leaders and management prepare written reports for the Board meetings, based on the annual calendar of business, as well as deep-dive presentations on key areas of the business, to inform and make recommendations for the Board's consideration. In addition, regular performance reports are shared with the Board to ensure members are continuously informed.

Recommend and consider

Recommendations and deep dives from senior leaders as well as external advisors to facilitate decision-making and account for stakeholder impact are presented to the Board for consideration.

Approve and action

The Board will consider matters and agree and approve actions to take forward.

Activity	Stakeholder link
Strategic	
PR24 Business Plan – Accepting the Final Determination Investments will benefit our customers, the environment and community.	
Delivery of capital projects – review and approval In line with the framework model for capital delivery, we reviewed and approved the delivery of capital projects. The successful delivery of these is for the benefit of all stakeholders and we have foster long-term relationships with our suppliers.	
Operational	
ODI improvements – monitoring We monitored our ODI improvements to meet regulatory requirements. Ongoing regulatory/innovation initiatives were monitored via ESG and Health and Safety reports. Plans were adapted where needed. Our aim is to ensure successful regulatory outcomes, safe customer and employee experience, enhancing day to day operations.	
Storm overflows and pollution incidents – reviewing and assessing measures We reviewed and assessed measures tackling storm overflows at bathing waters to reduce spill rates across our sites and within our communities. Our outcome is to successfully maintain bathing water quality all year round. Reduction in pollution levels to industry-leading low levels.	
Water quality and resilience – approval of upgrade projects We approved projects to upgrade treatment works and expanding reservoir capacity across our regions to deliver against our objective to ensure a continuous supply of safe and clean water to our customers.	
Financial	
2023/24 Annual Reporting – review and authorisation We approved and authorised the Annual Report and Financial Statements as well as Annual Performance Report	
Final dividend payment – approval We have approved dividend payments in line with the Company's dividend policy	

Activity	Stakeholder link
Environmental	
Net Zero strategy plan, green recovery investment programme – implementation We have implemented and aligned plans with our strategic priorities by engaging in, for example: - Investments in bathing waters to reduce releases from storm overflows - Desalinisation project being undertaken to secure long-term water security in the region Our investments are also accelerating delivery of our Net Zero plans to achieve a more sustainable future for all.	
Social	
Supporting customers on low income – monitoring and adapting We monitored customer service levels and plans to deliver improved diversity mix and adapting where needed. This continues to align our plans to achieve ever more stretching targets and public/regulator scrutiny.	
Investments in job opportunities and apprenticeships for local communities – review and approval We reviewed and approved investments for the benefit of the communities. These create job opportunities and improve the careers of our people and help retain talent.	
Risk	
Mitigation of key risks – deep dive reviews Ongoing focus on key risks, with deep dives at Audit Committee meetings ensuring continued alignment of plans to ensure appropriate risk mitigation.	
Cyber security risk – deep dive Review of our systems and assessed mitigating measures to avoid cyber attacks, preventing sensitive data of customers and our people and ensuring preparedness to tackle this risk.	
Compliance, Governance, Legal and Regulatory	
Corporate Governance and key legal developments Regular updates during the year to ensure continual alignment of plans to ensure appropriate compliance/best governance practice.	

Our governance at a glance

Trusted leaders

Key focus areas for the Board in 2024/25

- Customer affordability
- Delivery of capital projects
- PR24 Business Plan and K8 readiness
- Investment programmes
- Storm overflows and eliminating pollutions
- Water quality and resilience
- Incident management

Meeting attendance during the year

Position	Member	Attendance
Chair	David Sproul[1]	**5/6**
	Gill Rider[2]	**2/6**
Non-Executive Directors	Iain Evans	**6/6**
	Claire Ighodaro[3]	**4/6**
	Jon Butterworth	**6/6**
	Dorothy Burwell	**6/6**
	Loraine Woodhouse	**6/6**
	Andrea Blance[4]	**0/6**
Executive Directors	Susan Davy	**6/6**
	Laura Flowerdew[5]	**5/6**
	Steve Buck[6]	**1/6**
	John Halsall[7]	**2/6**

Board skills matrix

Board member	Independence	Water sector	Regulation	Finance/ Accounting	Strategy	Transformation	Health, safety & wellbeing	ESG including climate change	Data, technology & digital	People	Governance	Remuneration	Enterprise risk management
David Sproul[1]	✓	✓	✓		✓	✓		✓		✓	✓	✓	✓
Gill Rider[2]	✓	✓	✓		✓	✓		✓		✓	✓	✓	✓
Susan Davy		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Laura Flowerdew[5]		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Steve Buck[6]	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Iain Evans	✓	✓	✓		✓	✓		✓			✓		✓
Claire Ighodaro[3]	✓		✓	✓	✓	✓		✓	✓	✓	✓		✓
Dorothy Burwell	✓		✓		✓	✓		✓	✓	✓	✓		✓
Jon Butterworth	✓		✓		✓	✓	✓	✓	✓	✓	✓		✓
Loraine Woodhouse	✓		✓	✓	✓	✓		✓		✓	✓		✓
Andrea Blance[4]	✓		✓	✓	✓	✓					✓	✓	✓

1. Appointed 1 July 2024.
2. Retired 24 July 2024.
3. Retired 31 December 2024.
4. Appointed 8 April 2025.
5. Appointed 11 July 2024.
6. Resigned 11 July 2024.

Board of Directors

Working Responsibly Together

Board composition

Male	3
Female	5

Ethnicity

Of ethnic minority	1
White	7

Key

A	Audit Committee
E	ESG Committee
H	Health and Safety Committee
N	Nomination Committee
R	Remuneration Committee
●	Chair of Committee
●	Attended

David Sproul

Group Chair

E **N** R

Appointed

David was appointed to the Board on 1 July 2024 and became Chair on 24 July 2024.

Skills and experience

David is a Chartered Accountant who has spent the majority of his career in professional services with Deloitte and prior to that, Andersen, serving a diverse range of UK and international clients.

David concluded his executive career at Deloitte in summer 2021 as Global Deputy CEO having previously been elected for two terms as Senior partner and Chief Executive of Deloitte UK and Northwest Europe from 2011 to 2019. During his leadership, the firm became the largest and most profitable professional services firm Globally and in the UK, driven in part by significant investments in technology services, as well as differentiating itself as the Audit quality leader with a strong inclusive culture.

Current external appointments

Chair of Starling Bank Limited and non-executive director on Safanad Limited. David is also a senior adviser to Bridgepoint Europe and he sits on the Board of Governors as chair designate of University of Hertfordshire.

Susan Davy

Group Chief Executive Officer

E H

Appointed

Susan was appointed Group Chief Executive on 31 July 2020. She was appointed to the Board in February 2015 as Chief Finance Officer, having joined the Group as Finance Director of South West Water in 2007.

Susan announced her intention to retire from her role on 11 July 2025, and continues in post whilst a process to appoint her successor is undertaken.

Skills and experience

Susan brings extensive industry knowledge, backed by strong financial and regulatory expertise, which has been key to shaping and delivering South West Water's strategy. This includes value-enhancing acquisitions such as Bournemouth Water and Bristol Water. With over 28 years of experience in the listed utilities sector, Susan has held several senior positions in the water industry, including at Kelda Group plc.

Her experience with FTSE-listed companies, combined with deep operational and corporate and financial knowledge, adds valuable diversity to South West Water's leadership.

Current external appointments

Senior Independent Non-Executive Director and Audit Chair of Restore Plc, President and Director of the Institute of Water, Director of Water UK, Director of CREWW (Centre for Resilience in Environment, Water and Waste) and was previously a member of the A4S Accounting for Sustainability CFO leadership network.

Laura Flowerdew

Group Chief Financial Officer

E H

Appointed

Laura was appointed Chief Financial Officer of Pennon Group in July 2024.

Skills and experience

Laura was appointed Chief Financial Officer of South West Water in July 2024. Laura held previous positions as Chief Customer and Digital Officer of Pennon Group and Chief Financial Officer of Bristol Water plc from October 2018. Laura previously worked in a number of executive positions in UK utilities and international natural resources business including Anglo American plc, De Beers, Tribal Group and Bristol Energy. Prior to that she worked with Deloitte and trained with Arthur Andersen. She is a Fellow of the Institute of Chartered Accountants for England and Wales.

Current external appointments

None.

Board of Directors continued

Iain Evans CBE

Senior Independent Director

A H N **E** R

Appointed
Iain was appointed to the Board on 31 July 2020, having served on the Pennon Board since 1st September 2018. He became Senior Independent Director on 1 September 2023.

He is Chair of the Environmental, Social and Governance Committee and a member of the Audit, Nomination, Remuneration and Health and Safety Committees.

Skills and experience
Iain has 40 years of extensive global experience in advising companies and governments on issues of complex corporate strategy.

In 1983, he co-founded L.E.K. Consulting in London and built it into one of the world's largest and most respected corporate strategy consulting firms with a global footprint active in a wide range of industries.

Iain was appointed as a non-executive director of Welsh Water plc in 1989 and served on the board for nearly ten years, including five years as Chair.

Current external appointments
Iain is a Non-Executive Director of Bologna Topco Limited and HSM Advisory Limited and continues to act as an independent corporate strategy consultant.

Jon Butterworth MBE

Independent Non-Executive Director

E **H** N

Appointed
Jon was appointed to the Board on 28 September 2017.

He chairs the Health and Safety Committee and is a member of the Nomination and Environmental, Social and Governance Committees.

Skills and experience
Jon has a distinguished track record and an immense depth of experience and knowledge within the utility sector, having begun his career over 40 years ago as an apprentice at British Gas.

Jon was previously Managing Director of National Grid Ventures, driving growth across a range of commercial ventures outside the regulated energy sector in the UK and the US. He has also been the Managing Director of Northwest Gas, Global Environment and Sustainability Manager of Transco, National Operations Director of National Grid, Group safety, Resilience and Environmental Director of National Grid plc and formerly CEO of National Grid Ventures.

Jon is an ex-Chair of the CORGI Board, an Ex-Ambassador of the HM Young Offenders Programme and a trustee of the National Gas Museum Trust.

Current external appointments
Chief Executive Officer at National Gas. Jon is also President of the Pipeline Industries Guild and a director of E.Tapp & Co Limited, Shopfittings Manchester Limited and TMA Property Limited.

Dorothy Burwell

Independent Non-Executive Director

E H N R

Appointed
Dorothy was appointed to the Board as Independent Non-Executive Director on 1 December 2022.

She is a member of the Environmental, Social and Governance, Nomination, Health and Safety and Remuneration Committees.

Skills and experience
Dorothy has over 20 years of experience in Banking and Communications, specialising in natural resources and advising clients around issues on sustainability, strategy, and corporate communications.

She is well known for driving substantive diversity and inclusion agendas. Between 2002 and 2006, Dorothy held analyst and senior roles at Goldman Sachs in the Investment Banking Division in both London and New York as well as in the firmwide Strategy group, where she focused on proprietary mergers and acquisitions and new business development.

Dorothy graduated from the Florida Agricultural and Mechanical University, USA with a Bachelor and Master of Business Administration, Finance and Management.

Current external appointments
Partner and Global Partnership Board Member of FGS Global and Non-Executive Director at Post Holdings, Inc.

Loraine Woodhouse

Independent Non-Executive Director

A N R

Appointed
Loraine was appointed to the Board as Independent Non-Executive Director on 1 December 2022.

She is Chair of the Audit Committee and a member of the Nomination and Remuneration Committees.

Skills and experience
Loraine is an experienced finance executive, with her experience focused in the retail and consumer sector, and more recently in real estate and infrastructure through her roles with Intu Properties plc and British Land Company plc.

Loraine was the Chief Financial Officer of Halfords Group plc until June 2022, before which she spent five years in executive and senior finance roles within the John Lewis Partnership, including Waitrose.

Prior to that, Loraine was Chief Financial Officer of Hobbs, Finance Director of Capital Shopping Centres Limited (subsequently Intu Properties plc) and Finance Director of Costa Coffee Limited.

Current external appointments
Senior Independent Director and Chair for the Audit Committee at British Land plc, Non-Executive Director for Associated British Foods plc and a Trustee and Audit Committee member at the Zoological Society London.

The Board and its governance
see page 38 for details of the Board's areas of experience

Andrea Blance

Independent Non-Executive Director

A N R

Appointed

Andrea was appointed to the Board as an Independent Non-Executive Director on 8 April 2025.

She is Chair of the Remuneration Committee and is also a member of the Audit and Nomination Committee.

Skills and experience

Andrea brings extensive risk and regulation expertise gained within the financial services sector and works with businesses to develop customer focused commercial strategies.

Andrea spent her executive career at Legal & General Group plc where she held a range of senior leadership roles including Group Chief Risk Officer and Strategy & Marketing Director.

More recently, Andrea has been Risk Committee Chair at Hargreaves Lansdown plc, Senior Independent Director and Remuneration Committee Chair of Vanquis Banking Group plc, Senior Independent Director and Audit Committee Chair of ReAssure plc, and Risk Committee Chair of Scottish Widows plc and Lloyds Banking Group Insurance.

Current external appointments

Non-Executive Director and Risk Committee Chair at Aviva plc.

Andrew Garard

Group General Counsel and Company Secretary

Appointed

Andrew was appointed to the Board as Group General Counsel and Company Secretary on 1 December 2022.

Skills and experience

Andrew is a very experienced General Counsel having joined from Meggitt plc, where he was Group General Counsel and Director of Corporate Affairs, and member of the Group Executive responsible for legal, commercial, trade compliance, government relations, ethics and contract management.

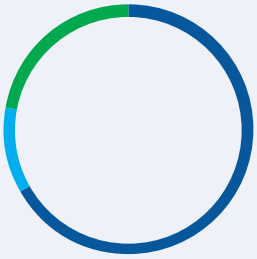
Previously, he was Group General Counsel and Company Secretary at ITV plc where he was a member of the Executive Board and led a global team responsible for legal and business affairs, secretariat, compliance, insurance, health & safety, rights management and corporate responsibility.

Prior to this he was Group General Counsel at Cable & Wireless plc and Head of Legal at Reuters Group plc.

Current external appointments

Non-Executive Director at Zinc Media Group plc where he is Chair of the Remuneration Committee, co-founder and Chair of the Board of Trustees of the Social Mobility Business Partnership.

Tenure



0–2 years	5
3–5 years	1
6+ years	2

The Executive Team

Susan Davy

Group Chief Executive Officer

See bio on page 39

Laura Flowerdew

Group Chief Financial Officer

See bio on page 39

Andrew Garard

Group General Counsel and Company Secretary

See bio on page 41

Adele Barker

Group Chief People Officer

Appointment
July 2020

Skills and experience
Chief People Officer of South West Water and Pennon Group plc – Adele joined the Company in 2017 and was appointed Chief People Officer in 2020. Adele's role is to lead and execute the Company's people strategy, Health and Safety strategy and lead on Corporate Affairs.

Her background includes senior executive roles and HR leadership across Utilities, banking and retail, including British Gas, Orange and Marks & Spencer.

Richard Price

Managing Director of Wastewater Services

Appointment
September 2022

Skills and experience
Richard was appointed Managing

Director, Wastewater Services in July 2024. Previously, he held the position of Chief Engineering Director from 1 September 2022, having joined Bristol Water in February 2018.

Richard is a Chartered Civil Engineer and Fellow of the Institution of Civil Engineers and Institute of Water. Mr. Price has over 30 years' experience engineering, constructing and operating water and wastewater infrastructure, having previously held senior roles at other water companies.

Richard was instrumental in the transformation of Bristol Water as Chief Operating Officer. He is passionate about safety and customer excellence, embedding leading practices whilst transforming operating and delivery functions. Richard is also a director of Pelican Business Services (the trading name of Bristol Wessex Billing Services Limited), a joint venture, providing combined billing services to Bristol Water and Wessex Water customers.

David Harris

Managing Director of Water

Appointment
November 2022

Skills and experience
David joined the Company as Drought and Resilience Director in 2022. He was appointed as Managing Director, Water Services (National) in July 2024. With over 25 years of executive experience, he has successfully led performance and growth of large infrastructure businesses, both in the regulated water market and the competitive energy market in Australia.

David brings experience from his time leading one of Australia's largest and fully vertically integrated water companies through the worst droughts in the country's history, ensuring a constant supply of water and the building of additional water resources.

Graham Murphy

Chief Engineering Officer

Appointment
July 2024

Skills and experience
Chief Engineering Officer – Graham joined South West Water in 1991 and has held a number of positions within engineering, operations and HR. He was appointed to his current role as Chief Engineering Officer in July 2024 and has full responsibility for the timely and efficient delivery of the South West Water's capital investment programme. Prior to joining South West Water, he undertook a variety of operational management roles within British Gas.

Sarah Heald

Chief Strategy, Regulatory Affairs and Investor Relations Officer

Appointment
July 2025

Skills and experience
Sarah rejoined Pennon Group in July 2025 as Chief Strategy, Regulatory Affairs and Investor Relations Officer, having previously served as Group Director of Corporate Affairs and Investor Relations until 2020.

Sarah brings extensive listed company experience in corporate affairs, stakeholder engagement, sustainability, and investor relations in regulated industries.

Before returning to Pennon, Sarah was Chief Corporate Affairs and Sustainability Officer at Aberdeen plc.

She also Chaired the Aberdeen Charitable Foundation and was a Non-Executive Director of the abrdn Financial Fairness Trust.

She has also held senior roles at Finsbury (now FGS Global), Bank of America Merrill Lynch and BMO Capital Markets, and co-founded a sustainable investment start-up.

Ian Cain

Chief Executive Officer, Retail and Customer Markets

Appointment
July 2025

Skills and experience
Ian is an experienced senior leader with a strong track record as a senior executive and CEO of businesses across the utilities, infrastructure, and retail sectors.

He joined SES Water in February 2020 and has led the Group through a period of significant transformation. At Thames Water, Ian held senior roles including Managing Director for Retail and Chief Customer Officer. He was previously CEO of iSupplyEnergy, earlier in his career, he held a series of executive roles at British Gas and Centrica, ultimately serving as Managing Director of its largest consumer business.

Carloyn Cadman

Chief Sustainability and Natural Resources Officer

Appointment
July 2025

Skills and experience
Carolyn has recently been appointed Chief Sustainability and Natural Resources Officer, having joined South West Water as Director of Natural Resources in May 2022.

Carolyn and her team are delivering projects to lower carbon emissions, increase nature recovery efforts and increase the sustainability of operations across the group.

Carolyn is a Director of South West Water's partnership with Exeter University, CREWW.

Carolyn also sits on the Boards of the Devon Local Nature Partnership, the Isles of Scilly National Landscape and is Chair of the Cornwall Catchment Partnership.

Prior to joining South West Water, Carolyn was Chief Executive of Cornwall Wildlife Trust, and has served in national roles for Natural England and the Marine Management Organisation, and in the South West region for Cornwall Council.

Board leadership and Company purpose

Governance structure and framework

South West Water Board

An independent, separate Board from the Pennon Group plc Board, responsible for decisions relating to the business and strategy of South West Water Limited.

The business of the Board with associated Audit, Remuneration, Nomination and Environment, Social and Governance (ESG) Committees covers a full range of corporate issues including strategy, performance, delivery, compliance and governance.

The Board has a 'matters reserved' schedule setting out its responsibilities and each Committee has detailed terms of reference setting out its responsibilities and accountabilities.

Pennon Group plc Board

The Board is responsible for promote the long-term success of the Group, generating value for all its stakeholders, including its shareholders, customers, employees and communities it serves, by providing effective leadership and direction to the business as a whole.

It sets the Group's strategy and sustainability strategy, having regard to stakeholders, while maintaining a balanced approach to risk within a framework of effective controls. It has also established the Group's purpose and values and monitors culture to ensure alignment. Its sets the tone and approach to corporate governance and is responsible for the overall financial performance of the Group.

The Board Committees

The terms of reference for each Committee are agreed by the Board and can be found at www.southwestwater.co.uk/about-us/governance/board-governance. The terms of reference, as well as the Board's schedule of matters reserved, were reviewed and updated during the year to ensure that they remain appropriate and relevant.

Audit Committee

Ensures the quality and integrity of the Company's reporting, assessing the application of accounting policies and judgements, and evaluating whether the presentation of the Company's activities is fair, balanced and understandable.

Reviews and challenges the effectiveness of the internal control environment and risk management processes.

ESG Committee

Ensures robust scrutiny of key aspects of environmental, social and governance (ESG) performance and oversees performance against our ESG strategy and strategic sustainability objectives.

Nomination Committee

Regularly reviews the structure, size and composition (including the skills, knowledge, independence, diversity and experience required) of the Board, comparing to its current position and the skills and expertise needed in the future.

Health & Safety Committee

Provides a 'review and challenge' function to support the Board and the Executive on all matters connected to health and safety including the deployment of the health and safety strategy, resilience and process safety.

Remuneration Committee

Ensures remuneration is aligned with the strategy and reflects the values of South West Water.

Advises the Board on the framework of executive remuneration and remuneration for the wider workforce.

Chief Executive Officer and Pennon Executive

Responsible for defining and driving the priorities that will achieve delivery of the Group's strategy and ensuring, to the extent of the authority delegated by the Board, the proper and prudent management of Group resources to create and maximise shareholder value while protecting the interests of the wider stakeholder group. Chaired by the Group Chief Executive Officer, the Executive meets regularly to receive reports from the management committees, operational executive and business review meetings, to review and refine recommendations to be presented to the Board.

South West Water Executive

Responsible for the day-to-day management of South West Water's operations and activities is undertaken as described in more detail, on page 42.

For full reports detailing the Board Committees' activities for the year and attendance, see the South West Water Annual Report and Financial Statements

Board leadership and Company purpose continued

Sub-committees and steering groups

There are a number of sub-committees and steering groups which support delivery of our strategic priorities and key delivery programmes as set out in the table below.

No	Title	Purpose
1	Investment Planning Committee	Effective owner of procedures controlling and approving capital investment. Ensures principles of proper financial control
2	Compliance Committee	Established to oversee South West Water's compliance with our obligations
3	Procurement Strategy Group	Oversees strategies and policies to promote effective working practices for strategic contracting relationships
4	Net Zero and Energy Committee	Oversees our management of risk and risk appetite in the areas of energy management, Net Zero and Sustainability
5	Isles of Scilly Steering Group	Established to ensure we meet our obligations since being appointed the licensee on April 2020
6	Green Recovery Steering Group	Reviews and challenges the progress of our five Green Recovery initiatives and develops the annual reporting in this area

Directors' roles and accountability

Chair
David Sproul

- Leading the Board and promoting a strong culture of openness and debate to facilitate constructive Board relations and effective contribution from all Non-executive Directors
- Promoting the highest standards of integrity and probity and ensuring the Board holds itself to good and effective governance
- Managing Board composition, performance and succession planning, ensuring the Board continues to have the skill set and training it requires
- Setting the agenda and ensuring the timely dissemination of information to the Board to ensure all relevant information is provided in a timely manner before constructive discussion and decision-making
- Representing the high standards of South West Water and ensuring the views of all stakeholders are understood and considered
- Facilitating an open relationship with the Chief Executive Officer by providing advice, support and guidance

Group Chief Executive Officer
Susan Davy

- Managing South West Water and providing executive leadership
- Developing, proposing and implementing the Company's strategy as agreed by the Board and in line with the strategic framework
- Leading on all regulatory and policy decisions
- Leading the Company in accordance with the decisions of the Board
- Ensuring financial and operational leadership
- Coordinating with the Chair on important and strategic issues of the Company and providing input to the Board's agenda
- Contributing to succession planning and implementing the organisational structure
- Leading on acquisitions, disposals and business development
- Developing and managing relations with all stakeholders

Senior Independent Director
Iain Evans

- Assisting the Chair with stakeholder communications and being available as an additional point of contact for stakeholders
- Being available to other Non-Executive Directors if they have any concerns that are not satisfactorily resolved by the Chair
- Ensuring an annual performance evaluation of the Chair, with the support of the Non-executive Directors, and ensuring effective succession planning for the Board

Group Chief Financial Officer
Laura Flowerdew

- Managing the financial affairs and supporting the Group Chief Executive in providing executive leadership and implementing the strategy
- Reporting accurate and detailed financial information to the Board on performance and developments across the business
- Managing and balancing relationship with areas of the Company, such as finance and treasury, as well as external stakeholders

Non-Executive Directors
Dorothy Burwell
Jon Butterworth
Loraine Woodhouse
Andrea Blance

- Critically reviewing the strategies, operational performance and financial reporting proposed for the Company
- Evaluating proposals from management and constructively challenging management's recommendations
- Contributing to corporate accountability and good governance through being active members of the Committees of the Board
- Playing a key role in succession planning of the Board and the annual Board and Committee evaluations

Group General Counsel and Company Secretary
Andrew Garard

- Supports the Chair, CEO and Board in ensuring all policies, processes, information, and resources are in order to ensure the Board can operate effectively and efficiently
- Advises and keeps the Board updated on any changes to Listing and Transparency Rules and best corporate governance practices
- Facilitates a comprehensive induction for newly appointed directors that is tailored to the industry and strategy
- Coordinates the annual Board and Committee evaluations in conjunction with the Chair and CEO
- Provides advice and services to all Directors, as needed

All of the Non-Executive Directors are considered by the Board to be independent. None of the relationships or circumstances set out in the UK Corporate Governance Code (the UK Code) applied to the Non-Executive Directors listed on pages 39 to 41.

Notwithstanding their directorships of Pennon Group plc, the Non-Executive Directors are considered to be independent in character and judgement given that they were appointed to the South West Water Board in order to facilitate the Group's revised governance framework, rather than to represent the interests of the shareholder.

Susan Davy continued as a non-executive director of Restore plc and Chair of Water UK throughout 2024/25. The Board is of the opinion that the experience gained from external appointments provides additional and different business experience and a fresh insight into the role of a director.

At year end, the Board had 57.1% female representation, which exceeds its 33% female representation target.

All the Non-Executive Directors are considered to have the appropriate skills, experience in their respective disciplines and personality to bring independent and objective judgement to the Board's deliberations. Their biographies on pages 39 to 41 demonstrate collectively a broad range of business, financial and other relevant experience.

South West Water provides regulated water and wastewater services across Devon, Cornwall and the Isles of Scilly, and parts of Dorset and Somerset, water services in the Bournemouth Water area of operation (covering areas of Dorset, Hampshire and Wiltshire) and water services in the Bristol Water area of operation (covering the city of Bristol and surrounding areas). From 1 April 2020, South West Water's licence was extended to provide water and wastewater services on the Isles of Scilly.

The Company also provides a small number of non-appointed services.

Directors' roles

Loraine Woodhouse is chair of the Audit Committee and in accordance with the UK Code and FCA disclosure Guidance and Transparency Rule 7.1.1 she has recent and relevant financial and accounting experience (as set out in her biography on page 40). The Board is satisfied that the Committee as a whole has competence relevant to the operations of South West Water.

There is a clear separation of responsibilities between the Chair and the Chief Executive Officer, divided between managing the Board and the business, while they of course maintain a close working relationship.

All the Directors are equally accountable for the proper stewardship of South West Water's affairs but they have specific roles including those set out in this report.

Managing South West Water

The South West Water Board continues to operate as a separate independent board – albeit with common directors with Pennon Group plc – in accordance with its schedule of matters reserved (see below) to ensure compliance with Ofwat's principles on Board leadership, transparency and governance.

The focus of the Company and Group on UK water means the interests of the non-regulated and regulated businesses are more closely aligned and provide for more effective leadership and governance.

The Company has a rigorous conflicts of interest process which safeguards the South West Water Board's ability to set and take accountability for all aspects of the regulated business strategy and to strengthen South West Water's regulatory ringfence.

While certain matters may be delegated to the Board Committees and to the Executive Directors, as appropriate, the matters reserved to the Board include:

- All acquisitions and disposals
- Major items of capital expenditure
- Authority levels for other expenditure
- Risk management process and monitoring of risks
- Approval of the strategic plan and annual operating budgets
- Company policies, procedures and delegations
- Appointments to the Board and its Committees
- Approval of the Annual Reports and Financial Statements and the Annual Performance Report and Regulatory Reporting.

The Pennon Group Board also endorses certain decisions taken by the South West Water Board, including major capital projects and investments, the five-year regulatory plan, annual budgets, and certain decisions relating to financing. This approach remains compatible with Ofwat's principles on board leadership, transparency and governance because such decisions are ultimately reviewed by the South West Water Board.

Approval of South West Water's dividend policy and the declaration of dividends to be paid by South West Water to Pennon also remain reserved to the South West Water Board.

The Executive team meets in advance of each meeting of the Board in order to ensure clear ownership and management of the operations of the business prior to the formal Board and Committee meetings.

Schedule of matters reserved to the Board

The Board maintains oversight of the areas material to the delivery of the Company's strategy and purpose, and acts as the main governing body for the purpose of oversight for the Company. The Board undertakes an regular review of the Matters Reserved to the Board, with the latest review taking place in November 2023.

Board support, training and development

In fulfilment of the Directors' duties, the Board has been supported by the advice and services of the Company Secretary and other functions of the business. An established procedure whereby Directors can seek independent professional advice at the Group's expense to fulfil their duties is in place.

The Company Secretary is responsible for ensuring that the Board operates in accordance with the governance framework and that information flows effectively between the Directors and the Committees and between senior management and Non-Executive Directors.

The training needs of Directors are reviewed as part of the Board's performance review process each year. Training may include attendance at external courses organised by professional advisors and internal presentations from senior management.

During the year, updates were provided to the Board and Committees via the Pennon General Counsel and Company Secretary and/or the Group's external advisors. These included updates on mandatory reporting and recent legal or governance changes. Specifically, the Board received updates on the Water (Special Measures) Act and Directors Duties under the Companies Act 2006.

Board Inductions

On their date of appointment to the Board, all new directors receive a comprehensive and tailored induction programme coordinated by the General Counsel and Company Secretary. Our induction programmes include meetings with each of the executive team and visits across our various sites.

Time Commitment

All Non-Executive Directors are required to devote sufficient time to meet their Board responsibilities and demonstrate commitment to their role. During the year, the Nomination Committee considered the time commitment of all the Non-Executive Directors and was satisfied that the required time dedicated by each of them remains appropriate

Board leadership and Company purpose continued

Operation of the Board

The South West Water Board, in discharging its duties, has a clear strategy for growth and ensures that its aims and objectives align with the Company's purpose and values which have been carefully considered. The Board maintains the highest standards of governance alongside taking decisions to ensure the long-term sustainability of the Company.

Thanks to the diverse skillset, independence of thinking and experience of the directors, decisions reached by the Board are fair, focussed and balanced and they demonstrate that constructive debate has occurred.

All possible outcomes for the mutual benefit of our shareholders, customers, employees, and the communities we serve, are at the heart of the Board decision making process.

The governance framework for the Board is clearly documented in the Company's Articles of Association, Division of Responsibilities, Schedule of Matters Reserved to the Board and Terms of Reference for each Committee, which are all available on our website.

The culture of the Board is one of openness and constructive dialogue with the senior management team.

Regular and effective flow of information between the Non-Executive Directors and senior management, both in and out of the Boardroom, ensures that there is good understanding of the Company's business. Further information on the effectiveness of the Board is detailed in the 2025 Board performance review in the Nomination Committee Report on page 165 of the South West Water Annual Report and Financial Statement. As detailed on pages 147 to 148 of that report, there is a clear division of responsibilities between the roles of the Chair and Group Chief Executive Officer; however, to ensure that their responsibilities are discharged effectively, there is consistent communication on all areas of the business between them.

The Board held six scheduled meetings during the year. Directors' attendance at scheduled Board meetings held during the year is set out on page 38. Additional unscheduled Board meetings were held when circumstances required the Board to meet at short notice. The Board also approved a number of matters during the year by written resolution.

Agendas for each scheduled Board and Committee meeting are prepared in advance and are aligned with the annual Board and Committee programmes. For each scheduled Board meeting there are a number of standing items such as the monthly performance reports from the Group Chief Executive Officer and Group Chief Financial Officer, operational reports, deep dives, and legal and governance updates. All matters are given due consideration by the Board and are reviewed at the appropriate point in the regulatory and financial cycles.

Flexibility is retained in the programmes to include additional items requested by the Board, Committees, or senior management. The key activities of the Board can be found on page 37 and the key activities of the Committees during the year can be found in the Committee Reports in the South West Water Annual Report and Financial Statements.

Directors are provided with papers at least five business days in advance of each Board or Committee meeting and meeting packs are provided on a secure Board portal.

The Chair has calls with each of the Non-Executive Directors in advance of each scheduled Board meeting to discuss the papers and the business of the meeting. If a Director is unable to attend a meeting because of exceptional circumstances, they will continue to receive all the material for the meeting and have an opportunity to have a briefing discussion with the Chair in advance. Feedback is provided to the Directors unable to attend on the decisions taken at the meeting.

Non-Executive Directors communicate directly with senior management between Board and Committee meetings, where required. Members of the Executive Board also present at the annual strategy Board meeting and at other times during the year on their areas of responsibility, along with members of their teams.

During the year, the Chair had catch-ups with the Group Chief Executive Officer and regular catchups with the General Counsel and Company Secretary, and Group Chief Financial Officer.

Meetings of the Non-Executive Directors, without the presence of the Executive Directors, are scheduled in the Board's annual programme. During the year, Non-Executive Directors met without the Executive Directors after every Board meeting. These meetings provide the Non-Executive Directors with the opportunity to share experiences and discuss wider business topics, fostering debate in Board and Committee meetings and strengthening working relationships.

More detail on the key activities of the Board can be found on pages 37 and throughout the Governance Report.

Committees

In accordance with the UK Code, the Board delegates certain responsibilities to its core committees, which monitor various subject matters in depth and gain greater understanding in detail. The Committees' responsibilities and mode of operation are guided by their respective terms of references which have been agreed by the Board and summarised on the Committee Report pages in the South West Water Annual Report and Financial Statements.

In addition, each committee considers its calendar of business at every meeting to ensure responsibilities continually remain clear. Each Committee Chair provides an update on matters discussed at each Board meeting, reporting on decisions taken and where appropriate provides a recommendation to the Board on matters requiring its approval. The reports from each committee of the Board can be found on pages 161 to 184 of the South West Water Annual Report and Financial Statements.

Executive Board

The South West Water Board meet on a monthly basis and are responsible for executing the Company's strategy and the day-to-day management of the Company operations. Responsibilities and processes are designed to ensure effective management and oversight of Company affairs. Governance policies and terms of references are reviewed in accordance with the demands of the business, changing regulation and emerging best practice.

The Executive Board is led by the Group Chief Executive Officer. The biographies of the Executive Board can be found on page 39 to 41.

Workforce policies and practices and conflicts of interest

In accordance with the Directors' interest provision of the Companies Act 2006 and the Company's Articles of Association, the Board has in place a procedure for the consideration and authorisation of Directors' conflicts or possible conflicts with the Company's interests. The Board considers this has operated effectively during the year. Each Director has a duty under the Companies Act 2006 to avoid a situation in which they have or may have a direct or indirect interest that conflicts or might conflict with the interests of the Company.

This duty is in addition to the duty owed to the Company to disclose to the Board any interest in a transaction or arrangement under consideration by the Company. A register of Directors' conflicts is maintained and reviewed at each Board meeting.

Related parties

The processes outlined in relation to conflicts of interest, together with the commissioning of frequent share register analysis, enable the Board to monitor related parties so that any related party transactions may be quickly identified and compliance with the Listing Rules ensured.

Risk management and the system of internal control

The Board is responsible for maintaining the system of internal control to safeguard shareholders' investment and the Company's assets and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. There is an ongoing process for identifying, evaluating and managing the significant risks faced by South West Water that has been in place throughout 2023/24 and up to the date of the approval of this Annual Performance Report.

The Group's system of internal control is consistent with the FRC's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' (FRC Internal Control Guidance).

The Board confirms that it applies procedures in accordance with the UK Code and the FRC's Internal Control Guidance, which brings together elements of best practice for risk management and internal control by companies. The Board's risk framework described in the Annual Report and Financial Statements provides for the identification of key risks, including ESG risks, in relation to the achievement of the business objectives of the Group, monitoring of such risks and ongoing and annual evaluation of the overall process. ESG risks identified and assessed by the Board cover areas such as health and safety, climate change and tax compliance. Details of the key risks affecting the Company are set out in the strategic report in the South West Water Annual Report and Financial Statement (pages 61 to 77).

Key performance indicators are in place to enable the Board to measure the Company's ESG performance and a number of these are linked to remuneration incentives (see the Annual Report on Remuneration).

As part of the review of the effectiveness of the system of risk management and internal control under the Pennon Group risk management policy, all Executive Directors and senior managers are required to certify on an annual basis that they have effective controls in place to manage risks and to operate in compliance with legislation and other procedures.

The processes and policies serve to ensure that a culture of effective control and risk management is embedded and that the Company is in a position to react appropriately to new risks as they arise.

Code of Conduct and policies

The Pennon Group Code of Conduct has been adopted within South West Water. It and related policies set out our commitment to promoting and maintaining the highest ethical standards. Areas covered in the Code of Conduct and policies include our impact on the environment and our communities, our workplace and our business conduct.

The Code of Conduct sets out the values and principles by which we operate and provides a framework for ethical business practices. It is further supported by several policies that guide our workforce and suppliers, so that we can identify and deal with suspected wrongdoing, fraud or malpractice, maintain the highest standards of compliance, and apply consistently high standards of ethics. We aim to maintain a culture that fosters the reporting of any concerns, and trust and confidence that we will act upon them.

Our Code of Conduct and other key compliance policies can be found here: www.pennon-group.co.uk/about-us/policies.

Anti-financial crime framework

The anti–bribery and corruption, anti-tax avoidance, and anti-money laundering policies were reviewed and consolidated (together with new guidance to reflect the provisions of the Economic Crime and Corporate Transparency Act 2023) into a new Board approved anti-financial crime policy in March 2024.

The new policy includes guidance on our zero tolerance approach to acts of bribery, fraud, money laundering and tax evasion. The Policy outlines the requirements to comply with relevant legislative, ethical standards and best practice on preventing financial crime, and provides information and guidance to those working for and on our behalf on how to spot 'red flags' that could indicate a risk of financial crime.

The policy is in the process of being rolled out comprehensively, through the Company's learning management platform to track review and record understanding; this process is complemented by online training for new joiners on the individual areas of financial crime and annual refresher training for all employees on the Code of Conduct (which incorporates anti-financial crime guidance) arranged by the Legal Compliance team. We ensure compliance with the policy in line with our risk-based approach by conducting ad hoc checks on completion of the mandatory training set out above, providing specific training to areas of potential higher risk (e.g. Procurement and Commercial & Estates), and carrying out detailed investigations into allegations of potential wrongdoing (whistle blows) received from employees, customers and suppliers.

The potential consequences for colleagues and the Company itself are clearly set out in the policy as are the processes for raising concerns.

Any breaches or failure to adhere to the Group's strict standards of integrity and honesty will be subject to disciplinary action, up to and including dismissal from the Company. All employees are required to report any circumstances or any suspicions of fraud, bribery, corruption or other irregularities, either to a line manager or by using the Company's confidential whistleblowing service Speak Up.

The Legal Compliance team (in conjunction with the Internal Audit function and Group Tax team) created a revised financial crime risk assessment framework in April 2024 to incorporate the requirements of the Economic Crime and Corporate Transparency Act 2023. The framework includes an annual:

- Combined business-wide bribery and fraud risk assessment process led by the Legal Compliance team.
- Tax evasion risk assessment led by the Group Tax team.
- Review of the money laundering suspicious activity report process led by the Head of Legal Compliance in conjunction with the Group Treasury team.

The framework is complemented by the annual review of corporate policies (led by the Legal Compliance team) relating to financial crime prevention. These are presented to the Board for approval at their September meeting.

These include:

- Code of Conduct (including introductory message stressing the importance of compliance from the CEO);
- Gifts and Hospitality;
- Anti-Financial Crime Policy; and
- Whistleblowing Policy and investigation process.

Allegations of financial crime are reported to the Audit Committee together with investigation outcomes and details of any action taken, which are disclosed to our external auditors. There were no confirmed cases of bribery, corruption, fraud, or business ethics violations during the year.

Training and communications

Our comprehensive programme of training and internal communications continues with targeted messaging and interactive training sessions. This programme addresses the business's key compliance risk areas and has been designed to increase resilience, heighten awareness, and promote a culture of doing the right thing. Colleagues will be required to complete refresher compliance training (focused on the Code of Conduct which signposts to all Group policies) on a yearly basis to ensure that continuous knowledge and understanding of our policies are maintained.

Whistleblowing policy – Speak Up

The Speak Up service encourages employees and our suppliers to raise concerns about suspected wrongdoing or unlawful or unethical conduct, explains how any such concerns should be raised and ensures that employees and suppliers are able to do so without fear of reprisal.

Whistleblowing

The Board maintains overall responsibility for the Company's Whistleblowing Policy (the Policy). The Policy provides a clear procedure for employees and suppliers to report concerns, through the Speak Up service, either to their line manager or through a third-party whistleblowing hotline. The Policy is well communicated to employees across the Company. All whistleblowing cases are investigated by the Ethics Management Committee. The Board, through its Audit Committee, receives yearly whistleblowing updates which set out any whistleblowing issues raised during the period and interim updates on any significant matters. The updates provided are anonymous and summarise the result of any investigation. The Board is satisfied that the Policy and the work of the Ethics Management Committee remain effective.

Development of our purpose

Our purpose and values have remained as in the prior year, when they were developed and properly reflect who the Company is today and represent our people at their best. The values were developed after intensive involvement and listening sessions with the Executive Board, the larger leadership group, colleague organisations such as the employee forum, and comprehensive colleague listening groups.

The strategy of embedding of the values continued in 2024/25, as well as to accelerate our cultural transformation, the strategy includes the development of a behavioural framework and training in workshop format for leaders and e-learning for all colleagues. More information on the values in the organisation can be found on page 30.

Board leadership and Company purpose continued

Our parent company – Pennon Group plc

Pennon Group plc is a UK FTSE listed company and owns 100% of the share capital of South West Water Limited. Further details of the governance arrangements are provided in this section of the Annual Performance Report and Pennon Group plc's Annual Report and Accounts.

annualreport.pennon-group.co.uk/documents/2024-Annual-Report.pdf

Bristol Water and Bournemouth Water:

Bristol Water and Bournemouth Water are part of the regulatory ringfenced company, South West Water Limited, operating under a single licence of appointment.

Certain Bristol Water performance and other data is disclosed separately in line with our regulatory commitments made upon merger. We have indicated in this report where this has happened.

SES Water:

On 10 January 2024, Pennon Group plc acquired 100% of the issued capital of Sumisho Osaka Gas Water UK Limited, the holding company of Sutton and East Surrey Water plc ('SES Water') and certain other ancillary businesses.

On 14 June 2024, the Competition and Markets Authority published its clearance of the merger of SES Water with South West Water. However, for the period covered by this Annual Performance Report SES Water remained a separate licensed company from South West Water and is not included in this report.

Pennon Power:

Pennon Power has been established to develop, maintain and run renewable energy generation projects as the Group moves towards is 2030 Net Zero commitment.

South West Water's other active subsidiaries:

South West Water Customer Services Limited

manages South West Water's billing, collections and customer contact activities (formerly Source Contact Management Limited).

Peninsula Properties (Exeter) Limited

advises South West Water on property development opportunities.

South West Water Finance plc

acts as a financing company, raising borrowings for South West Water.

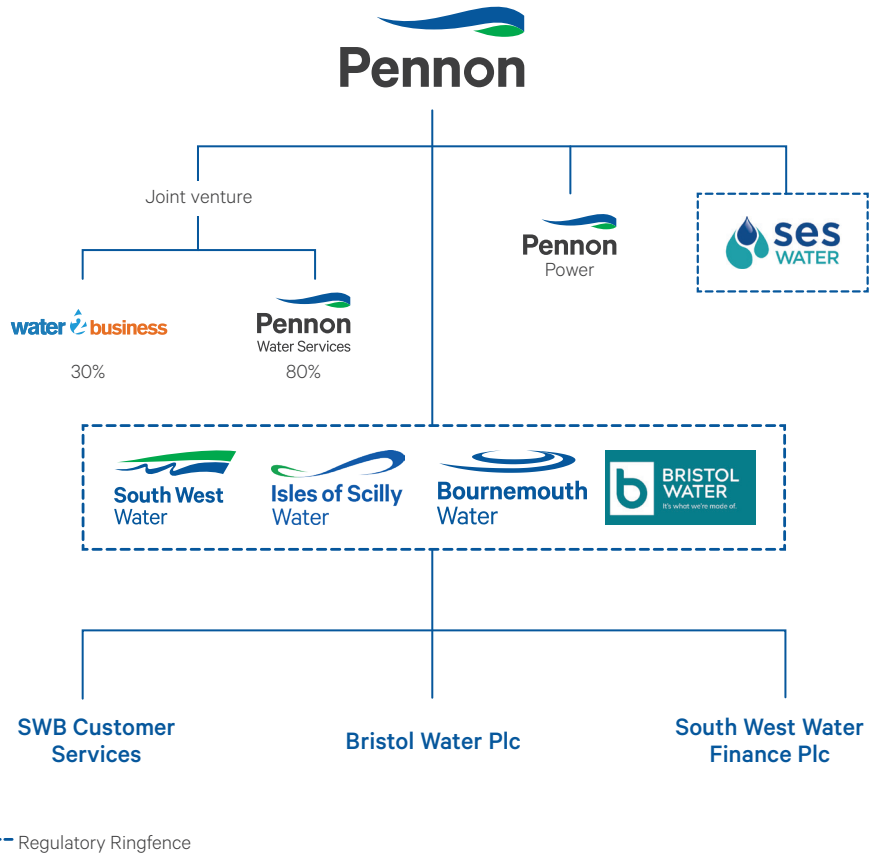
Other significant associated companies:

Pennon Water Services and water2business:

Pennon Water Services and water2business provide retail services to non-household customers. Whilst both part-owned by the wider Pennon Group, South West Water has in place robust policies and practices to ensure full competition compliance with the market codes for the non-household retail market.

The diagram (right) shows a summary of the Group structure. It includes significant associated companies.

South West Water's Group context



Our vision

'Bringing water to life'

Our purpose – Bringing water to life – supporting the lives of people and places they love for generations to come

As a purpose-led business, committed to the effective stewardship of the environment and our communities, we are shaped by our values and culture. We know that it's not only what we do, but how we do it that is really important for our customers, colleagues, communities and the environment – that's why we're focused on living our values, every day.

Underpinned by the values we live by

Be YOU

We want you to bring your best every day. Be open and inclusive, work together and win as one team. Let your passion inspire those around you. Be authentic, make your mark and be you.

Be ROCK SOLID

We want you to be the one we all look up to. Be trusted. Act with integrity and make good on your promises. Build trust, one relationship at a time. Be rock solid.

Be the FUTURE

We encourage you to be curious and challenge convention. Share ideas with confidence and purpose, and help share our future. Embrace change. Drive progress. Own the challenge. Be the future.

How the Board monitors culture

The Board plays a vital role in monitoring and assessing the culture of the Company and its alignment with the Company's purpose, values and strategy. During the year, the Board considered a number of areas that helped them to assess the development of the Company's culture.

Area assessed	How the Board monitors the culture
Employee Engagement	Great Place to work survey – The Board reviews the results and feedback from the periodic employee engagement survey and monitors how the areas of employees' focus are being addressed. Big Chat – The executive team engages with all employees on all business topics and ensures that their views and opinion are shared with the Board.
Workforce policies and practices	The Board formally reviews the Company's workforce policies and practices to ensure these remain consistent with the Company's Purpose and Values and support the Company's long-term sustainable success. Gender and ethnicity pay gap – The Board monitors the culture on gender and ethnicity pay through review, assessment, and approval of the Gender and ethnicity pay gap report. Diversity and inclusion – The Nomination Committee monitors diversity and inclusion through regular updates and the Board fosters the Company's culture on diversity and inclusion through the review and approval of the Company Diversity, Respect and Inclusion policy. General pay conditions – The Board ensures that reward and pay arrangements supports a culture that is transparent, fair, and consistent to ensure that employees' trust is maintained and that talent is attracted and retained.
Whistleblowing	Speak Up – Employees raise concerns anonymously without fear of reprisal. Any significant concerns, following formal investigation are shared with the Audit Committee through the Ethics Management Committee and ultimately the Board.
Health and safety	Homesafe – This is monitored through regular updates on safety initiatives adopted for the achievement of the Company's 2025 strategic plan to be health and safety leaders in the water sector. Lost time injuries – Further updates on efforts to reduce injuries of our staff across all sites are assessed at the Health and Safety Committee and a 46% reduction in actual lost time injuries (employees and agency staff) was recorded in 2024/25 compared to the previous year.
Remuneration	The Remuneration Committee is regularly provided with feedback from customer engagement which helps the Committee and the Board to monitor the culture on wider workforce pay, executive and CEO remuneration. The Committee reviews and approves the wider workforce Company Reward Framework, relevant polices and ensures that incentives and rewards aligns with culture. CEO pay ratio – The Board ensures that the CEO pay ratio is fair, balancing stakeholder expectations while rewarding leadership success.

Board leadership and Company purpose continued

Compliance with Ofwat's principles and the UK Code – analysis by objective/provision and principle

South West Water is providing a detailed analysis of how we comply with Ofwat's Board principles of Board leadership, transparency and governance as well as the 2018 UK Corporate Governance Code (in the context of being a subsidiary of a listed company).

Details of how the Board has addressed Ofwat's principles (including links to more detailed sections of the Annual Performance Report and Regulatory Reporting) are provided below.

A summary of explanations of measures the Company has taken in areas where South West Water is unable to achieve full compliance with the 2018 UK Code due to its Group context is provided on pages in the Annual Report and Financial Statements. A full summary of compliance by provision of the 2018 UK Code is provided in South West Water's Annual Report and Financial Statements.

Ofwat Board leadership, transparency and governance principles (January 2019)

From 1 April 2019, Ofwat revised 'Board leadership, transparency and governance' principles have applied to South West Water. These were published following consultation by Ofwat in January 2019. The following table details how we comply with these principles, where we have taken additional steps during the year to comply, or indicates elsewhere in this Annual Performance Report where this detail is provided.

Objective 2.1 purpose, values and culture

The board of the Appointee establishes the Company's purpose, strategy and values, and is satisfied that these and its culture reflect the needs of all those it serves.

Provision i. The board develops and promotes the Company's purpose in consultation with a wide range of stakeholders and reflecting its role as a provider of an essential public service.	Our purpose is laid out in the 'Our Business model and strategy' on pages 6 and 7. This is developed to align with our regulatory business plans which are themselves based around the eight outcomes which our customers and other stakeholders have identified as their top priorities.
Provision ii. The board makes sure that the Company's strategy, values and culture are consistent with its purpose.	'Business model and strategy' on pages 6 and 7 lays out our strategy, values and culture which have been developed in line with our purpose and the linkage is outlined in that section.
Provision iii. The board monitors and assesses values and culture to satisfy itself that behaviour throughout the business is aligned with the Company's purpose. Where it finds misalignment it takes corrective action.	All employees are provided with our Code of Conduct which outlines the behaviours expected in line with the values and culture which we expect. An independent 'Speak Up' whistleblowing process is made available to all staff to raise any relevant matters. These are reviewed by the Head of Legal Compliance and summaries of matters raised are then reviewed by the Board and corrective actions to any matter requiring correction are also reviewed. Further details are provided on pages 33 and 49.
Provision iv. A company annual reporting explains the board's activities and any corrective action taken. It also includes an annual statement from the board focusing on how the Company has set its aspirations and performed for all those it serves.	The activities of the Board are detailed on page 37 and 32 details continued employee engagement. The Risk and Compliance Statement on pages 68 to 70 focuses on how the Company has set its aspirations and performed for all those it serves.

Objective 2.2 standalone regulated company

The Appointee has an effective board with full responsibility for all aspects of the Appointee's business for the long-term.

Provision i. The regulated company sets out any matters that are reserved for shareholders or parent companies (where applicable); and explains how these are consistent with the board of the regulated company having full responsibility for all aspects of the regulated company's business, including the freedom to set, and accountability for, all aspects of the regulated company's strategy.	The Board leads the Company both in terms of accountability and legitimacy and is responsible for the setting of and ownership of the Company's strategy together with the ability to make ongoing strategic and sustainable decisions in the interests of the Company for the long-term. Pennon endorses significant decisions impacting Group strategy. These are detailed within the Governance section alongside detail of the operation of the South West Water Board. We believe this approach is compatible with this provision.
Provision ii. Board committees, including but not limited to audit, remuneration and nomination committees, report into the board of the regulated company, with final decisions made at the level of the regulated company.	The South West Water Annual Report and Financial Statements details the operation of South West Water's Audit, Remuneration, Nomination, Health and Safety and ESG Committees, each of which reports into the Board. Other than in areas identified in this report as reserved for the parent company, final decisions are made by South West Water's Board and Committees.
Provision iii. The board of the regulated company is fully focused on the activities of the regulated company; takes action to identify and manage conflicts of interest, including those resulting from significant shareholdings; and ensures that the influence of third parties does not compromise or override independent judgement.	The role of the Board and updates on its activity during the year are detailed on page 36 and throughout the Governance section and it is fully focused on the activities of South West Water. The approach to conflicts of interest including in respect of third parties is detailed on page 48.

Ofwat board leadership, transparency and governance principles (January 2019) continued

Objective 2.3 Board leadership and transparency

The board of the Appointee's leadership and approach to transparency and governance engenders trust in the Appointee and ensures accountability for their actions.

Regulated companies publish the following information in a form and level of detail that is accessible and clear for customers and stakeholders:

Provision i. An explanation of Group structure.	See page 50.
Provision ii. An explanation of dividend policies and dividends paid, and how these take account of delivery for customers and other obligations (including to employees).	See page 107.
Provision iii. An explanation of the principal risks to the future success of the business, and how these risks have been considered and addressed.	See 'Managing our risks' pages 80 to 81.
Provision iv. The annual report includes details of board and committee membership, number of times met, attendance at each meeting and where relevant, the outcome of votes cast.	These are included in the Governance section (pages 38 to 44).
Provision v. An explanation of the Company's executive pay policy and how the criteria for awarding short and long-term performance related elements are substantially linked to stretching delivery for customers and are rigorously applied. Where directors' responsibilities are substantially focused on the regulated company and they receive remuneration for these responsibilities from elsewhere in the Group, policies relating to this pay are fully disclosed at the regulated company level.	See pages 54 to 67.

Objective 2.4 Board structure and effectiveness

The board of the Appointee and their committees are competent, well run, and have sufficient independent membership, ensuring they can make high quality decisions that address diverse customer and stakeholder needs.

Provision i. Boards and board committees have the appropriate balance of skills, experience, independence and knowledge of the Company. Boards identify what customer and stakeholder expertise is needed in the boardroom and how this need is addressed.	See pages 38 to 44 for summaries of the Board and Committees.
Provision ii. Independent non-executive directors are the largest single group on the Board.	The majority of the Board is comprised of Independent Non-Executive Directors (six of a total of nine Directors, including the Chair).
Provision iii. The chair is independent of management and investors on appointment and demonstrates objective judgement throughout their tenure. There is an explicit division of responsibilities between running the board and executive responsibility for running the business.	The Chair is independent of management, although is also the Chair of the parent company Pennon Group plc. There is a clear and explicit division of responsibilities between the Board and Executive, and a summary of their roles is provided on page 43.
Provision iv. There is an annual evaluation of the performance of the board. This considers the balance of skills, experience, independence and knowledge, its diversity, how stakeholder needs are addressed and how the overarching objectives are met. The approach is reported in the annual report and any weaknesses are acted on and explained.	See page 44.
Provision v. There is a formal, rigorous and transparent procedure for new appointments which is led by the nomination committee and supports the overarching objective.	See pages 161 to 165 Nomination Committee Report in the South West Water Annual Report and Financial Statements.
Provision vi. To ensure there is a clear understanding of the responsibilities attached to being a non-executive director in this sector, companies arrange for the proposed, final candidate for new non-executive appointments to the regulated company board to meet Ofwat ahead of a formal appointment being made.	One new non-executive appointment has been made this year. When they are made, new Board members are provided with inductions. The Board receives training, including in respect of the roles of Non-Executive Directors throughout the year. Further details of their support and training are provided on page 49.
Provision vii. There is a majority of independent members on the audit, nomination and remuneration committees and the audit and remuneration committees are independently led.	Summaries of Committee membership and attendance is provided in the South West Water Annual Report and Financial Statements. Each of these Committees has a majority of Independent Non-Executive members.

Remuneration committee report

Evolving remuneration in a changing environment

Memberships	Role	Attendance
Andrea Blance[1]	Chair	–
Claire Ighodaro[2]	Chair	3/4
Iain Evans[3]	Non-Executive Director	4/4
Loraine Woodhouse	Non-Executive Director	4/4
Dorothy Burwell[4]	Non-Executive Director	4/4

1. Andrea Blance was appointed to the Board as Remuneration Chair on 8 April 2025.
2. Claire Ighodaro resigned from the Board as at 31 December 2024.
3. Iain Evans acted as Chair of the Committee for the March meeting.
4. Dorothy Burwell stepped down from the Remuneration Committee on 1 April 2025.

Role of the Remuneration Committee

- Ensure remuneration is aligned with the Company's strategy and reflects the values of the Company.
- Determine the Remuneration Policy to ensure it remains appropriate, considering shareholders' views and best practice and supports attraction, retention and motivation of Executive Directors.
- Advise the Board on the framework of executive remuneration for the Company.
- Set the remuneration for the Executive Directors and senior executives of the Company and reviewing the remuneration arrangements of the wider workforce.
- Approve the design and determine targets for any performance-related pay schemes.
- Determine the appropriate outturn of any incentive arrangements.

The Committee's focus for 2024/25

- Considered the remuneration and terms of engagement of the Executive Directors, senior executives and Chair of the Company and the remuneration of the wider workforce.
- Determined targets that remain stretching, relevant to the Company's strategy and values and reflect best practice and wider stakeholders' views.
- Considered incentive arrangements for 2025–30 reflecting Ofwat guidance and expectations for K8.

Long-term stewardship is at the heart of our strategy. Our values and culture shape how we act in a way that supports the interests of our various stakeholders. This applies at all levels of the organisation, including the activity of the Remuneration Committee.

All of our stakeholders – customers, communities, employees and the environment in which we operate – have a shared interest in ensuring water companies are performance driven, sustainable, financially resilient, mindful of our impact on the environment and able to make the substantial capital investment required in infrastructure in order to ensure the long-term viability of the sector.

With this in mind, it is essential that the approach to executive pay is able to attract and retain the high-quality talent required to lead a large, complex, infrastructure organisation, by incentivising and fairly rewarding management teams for outcomes achieved. These principles underpin our approach to executive remuneration.

External context

This has been a year in which many of the foundations underpinning effective regulation of the water sector have been under review, with a new Government, new legislation and a renewed focus on the transformation of the Sector. The Water (Special Measures) Act, passed in February 2025, has strengthened the power of water industry regulators, with Ofwat consulting on the prohibition of performance-related pay in certain circumstances.

As a principle, we always strive to ensure we maintain constructive working relationships with the Government and our regulators. As a responsible business, we fully support the legislation and want to work constructively with Ofwat to ensure that everyone can have the clarity required to enact the Act in full. That said, we are mindful that the Act will fundamentally change how incentives are operated by water companies in comparison to other sectors.

Noting that the consultation on the prohibition rules was still underway at the time the Remuneration Committee met in May 2025 to agree incentive outcomes, and given a remuneration review is under way, no annual bonus has been paid to executives.

Incentive outcomes

Following guidance from Ofwat, we have taken steps to ensure that performance related pay outcomes for executive directors meet the following principles:

1. Ensuring customers do not pay – performance related pay is paid for at a Group level.
2. Ensuring that the proportion of the annual bonus is substantially linked to stretching outcomes for customers, communities and the environment. For the Group CEO and CFO, 90% of remuneration has been set to link to the water company performance, with 10% at a Group level.
3. Considering formulaic outcomes of performance related pay against the 4 standards under consultation by Ofwat (consumer matters, environment, financial resilience and criminal liability).

The Committee considered the Boil Water notice for customers and businesses in and around Higher Brixham, Hillhead and Kingswear in May last year, and for which, no annual bonus was paid for 2023/2024.

For 2024/25, the annual bonus performance outcome for the year was assessed, but no annual bonus has been paid to executives. The final outcome will be determined by the Committee in the coming months given Ofwat have published their final rules and guidance, and as we review remuneration arrangements across the Group to ensure they are aligned with the stretching business plan delivery.

The 2022 LTIP has vested and will be paid for by shareholders. This long-term share award is subject to a further two-year hold period. As an inflight scheme, awarded in 2022, Ofwat has confirmed that this scheme is not subject to the Water Special Measures Act. However, the Committee considered the time period (2022–2025) and that annual bonuses had been waived in 2023 and 2024 before agreeing that the LTIP should vest.

Following feedback from the EFRA committee to ensure that remuneration arrangements contain measures around affordability, the customer basket of measures were adjusted to contain relevant KPIs.

Remuneration review

This is a critical phase for the Group, as we seek to deliver what matters most to our stakeholders, transforming the water sector in a period of unprecedented and well-documented challenges. During such a period it is crucial that we are able to retain and motivate our extremely strong team of senior leaders in order to drive delivery of our transformational business plan.

The Water (Special Measures) Act will fundamentally change how incentives are operated by water companies in comparison to other sectors. The Committee is also acutely aware of the need for external stakeholders to have trust and transparency in the way remuneration is determined in the water sector.

In this context, the Remuneration Committee has been considering how best to evolve remuneration arrangements, seeking views from a range of stakeholders to ensure we can continue to motivate, retain and attract talent, alongside responding to the new regulations and challenges in the sector. The focus has been on ensuring remuneration supports stewardship and sustainability of the business, aligned with long-term objectives of our customers and in complying with the relevant legislation.

Over the past year we have debated a number of alternative solutions to how pay can be structured in the future.

Although this review process is ongoing, we have debated how remuneration can help to rebuild trust in the sector by supporting long-term stewardship and aligning remuneration with execution of the long-term strategy.

Executive board changes

Laura Flowerdew was appointed as Group Chief Financial Officer and was appointed to the South West Water Board effective 11 July 2024. Steve Buck stepped down from the Board on 11 July 2024. Steve's departure terms are consistent with the shareholder approved Remuneration Policy, and further detail is set out in the Pennon Group Annual Report on page 177. Also, during the year John Halsall stepped down from the Board on 31 July 2024, as we realigned the Group around our four strategic priorities.

Wider workforce remuneration

We are committed to ensuring remuneration for our front-line colleagues is competitive, understanding that this is the right priority when the financial landscape is changing. We are proud that we have been an accredited Living Wage Foundation payer since 2021, and in practice we had aligned our pay rates to these recommended levels for some time prior to accreditation.

The 2025 pay award, whilst still under ballot with our trade union partners, reflects a competitive award which continues to focus on front line roles with a proposed increase valued at 3.9% inclusive of one day additional holiday for the majority of colleagues. We are proud that our employees will earn a minimum of £13.10 per hour, exceeding the real living wage by almost £1,000 annually, underscoring our dedication to being an employer of choice.

Our Group Reward principles continue to reflect the broader strategy, evolving composition of the Group and in recent years acquisition activity which has expanded our workforce across multiple locations. Key areas of focus included the embedding of the Group Values, strengthening wellbeing and incorporating greater employee flexibility through work patterns or choices of lifestyle benefits. We also offer highly competitive retirement benefits to our colleagues, and enhanced life assurance protection.

We also took time to reflect on our variable pay for colleagues, linking any variable pay to our Group Values, and ensuring clear line of sight between their objectives and the Group strategy, our customers and their communities. For senior managers there is a continued focus to build colleagues shareholding in the business through any variable pay outcomes.

Our HMRC-approved share schemes continue to be popular with colleagues with c. 40% of colleagues participating in either the ShareSave or Share Incentive Plan. We have once again provided expanded disclosure on our approach for the wider workforce, and this is set out on page 186.

Summary

We recognise that the challenges faced by the sector may require a rethink as to how Pennon approaches Executive pay in the future, and therefore we will continue to review our approach, whilst remaining mindful of guidance from Ofwat.

Directors' remuneration report

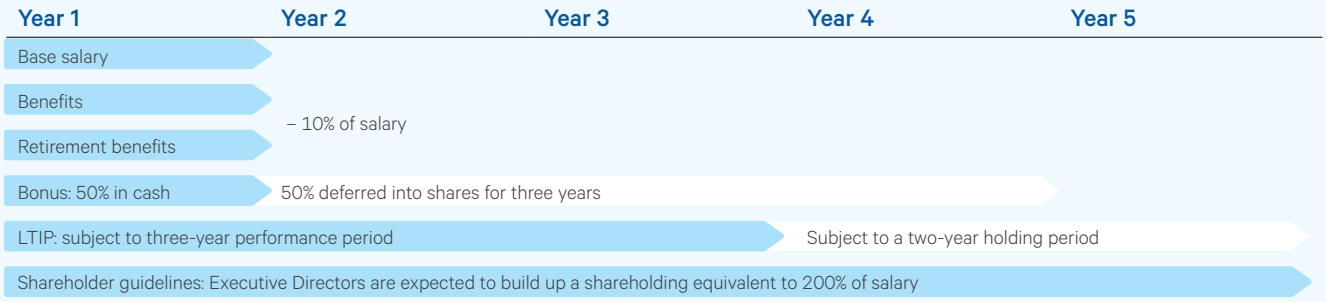
Remuneration aligned to delivery for our customers.

Significant portion of executive remuneration is linked to performance:

- Incentive linked to underlying performance
- Performance pay – appropriately aligned with customer interests with bonus and LTIs having a substantial link to stretching performance delivery for customers
- Focus on customer and operational metrics assessed by Ofwat, our customer, communities, and wider stakeholders
- Incentives designed to motivate delivery of sustainable performance
- Safeguard mechanisms in place to ensure outcomes reflect underlying performance.

At a glance

For further detail on the structure of executive pay for Pennon Group Executives, please see page 167 of the Pennon Group Annual Report and Accounts 2025. In summary there are six key elements of the structure of executive pay:



What safeguards are in place?

Robust performance conditions
Variable pay linked to a rounded assessment of performance against stretching targets

Robust framework
Holistic review of performance to consider if formulaic incentive outcomes are fair and appropriate

Deferral and holding periods
Bonus (50%) and LTIP awards are deferred for a further period to provide long-term alignment

Malus and clawback
Provisions in place for variable pay to safeguard against payments for failure

How does executive pay link to our strategy?

Performance measures	Customer measures	Responsible Business	Environment & Pollutions	Water Quality & Resilience	Financial Resilience
Strategic pillars	(1,2,3,4)	(1,2,4)	(1,2,3,4)	(1,3)	(1,2,3,4)
2023/24 bonus	✓	✓	✓	✓	
2023 LTIP	✓		✓		✓

Our strategic pillars:

1. Water Supply & Resilience
2. Storm Overflows & Pollution
3. Environmental Gain & Net Zero
4. Addressing Affordability & Delivering for Customers

Annual report on remuneration

For 2024/2025 the statutory directors included in this report are as follows:

Susan Davy, Chief Executive Officer is an Executive Director of Pennon Plc and South West Water Ltd.

Laura Flowerdew who joined the Pennon Board on 11 July 2024, succeeding Steve Buck as Chief Financial Officer of Pennon Plc and South West Water Ltd.

The apportionment of fixed pay included in this report for Pennon Group Executives in 2024/25 is 90% for the water businesses, with 70% for South West Water, covering South West Water, Bournemouth Water and Bristol Water.

Incentives are not included in this apportionment for any Executive with Pennon Group funding any incentive payments with no cost to customers.

Remuneration is set by the Pennon Group Remuneration Committee and in accordance with the Pennon Group remuneration policy, approved by shareholders on 22 July 2023 in line with the normal three-year review process. The policy was approved with 93.6% shareholder support and is detailed in the Pennon Group Annual Report 2023. Full details of the implementation for 2025/26 can be read in the Pennon Group Annual Report 2025 on pages 163 to 165.

John Halsall, Chief Operating Officer, joined the Board of South West Water Ltd on 10 July 2023 and stepped down from the Board on 31 July 2024.

All remuneration arrangements relating to John Halsall's departure were consistent with the Remuneration Policy and the Company's incentive plan.

John received a payment in lieu of notice (in respect of his salary) for his contractual notice period (£190k). In addition to standard benefits, he was entitled to legal support.

Entitlement to the LTIP granted during 2023/24 will be pro-rated for time and will remain subject to performance assessed at the end of the performance period. The award remains subject to the two-year post-vesting holding period and remains subject to malus and clawback. John also has a number of outstanding AIBP shares which will remain subject to their holding period and remain subject to malus and clawback.

The South West Water Directors' Remuneration policy and implementation in 2024/25

The current South West Water Directors' remuneration policy was set in 2023. The full policy is contained in the 2023 South West Water Annual Performance Report on the Company's website at South West Water Annual Report and Financial Statements 2023.

For the Executive Directors of Pennon Group Plc, the policy can be found in full in the Pennon Group Annual Report and Accounts 2023 and a summary of the policy and implementation for 2025/26 in the Pennon Group Annual Report and Accounts 2025.

Remuneration approach for wider employees

The Remuneration Committee considers oversight of remuneration for the wider workforce as a key element of its remit and considers this when making decisions regarding remuneration for the Executive Directors. The Committee reviews a report on employee remuneration twice a year, either through a pay dashboard, which contains information on elements of financial and non-financial reward, the wider labour market, demographics and pay statistics across the organisation or through a subject specific paper. This detail provides important context to ensure that a consistent approach is adopted across the Group workforce including the Executive Directors. Developments in the financial and non-financial elements of the employee proposition are reviewed regularly, as well as share scheme participation and emerging reward trends. The Committee reflects on the position of our gender and ethnicity pay. Feedback to the Committee from employees is through 'Be The Future Forum' – our employee engagement forum through the Executive Directors on matters concerning remuneration arrangements.

Reward strategy

Our well-established People Strategy across the Group is centred around talented people doing great things for customers and each other and creating the best place to work. The Reward strategy and framework which was established in 2019 was reviewed and updated during 2023/24. The framework reflects our changed Group composition, our latest business strategy and plans and changing employee expectations. The Company values (see page 49) are incorporated. The framework will continue to set our approach for future developments in the reward landscape for colleagues. Pennon's Group Reward Strategy continues to have three aims:

Aim 1

Ensure reward decisions will support:

- Our business strategy for delivering to customers and communities, and promoting long-term sustainable growth
- Our People strategy and values
- Our alignment to stakeholder expectations (e.g. investors and regulators)

Aim 2

Ensure the reward package offered to employees is:

- Designed and delivered fairly
- Set up to enable the business to attract and retain the talent that it needs to be successful
- Supports employee engagement and motivation
- Allows employees to hare in Company success

Aim 3

Clearly communicate to relevant stakeholders our employee reward and recognition principles and framework.

Annual report on remuneration continued

Reward Framework

Our reward framework supports our people strategy.

Our Group People Strategy

We have an approved people strategy which outlines our priorities and aspirations.

The role of reward underpins our people strategy, proactively supporting our ambition to be an employer of choice, able to retain top talent and drive business success, rather than a stand-alone strategic element.

Total Reward

Our people strategy is supported by our reward principles, which deliver our overall total reward framework:

Underpinned by our Pennon values

Supported by reward strategy & governance, job evaluation & benchmarking, systems & data

Total Reward

- Base pay
- Saving for the future
- Variable pay & allowances
- Benefits

Support the delivery of Pennon people strategy

Rewarding our colleagues

Salary increases for wider workforce

As in 2024, we have focused our pay spend on those colleagues who have needed most support during the ongoing increases to cost-of-living. The 2025 pay award continues to focus on front line roles with an increase valued at 3.9% inclusive of one day additional holiday for the majority of colleagues. We are proud that our employees will earn a minimum of £13.10 per hour (with the exception of apprentices who are on a formal training plan), which not only aligns with, but exceeds the real living wage by almost £1,000 annually, underscoring our dedication to being an employer of choice. For colleagues covered by collective pay bargaining, the award remains subject to ballot.

We will continue to evaluate work patterns for the mutual benefit of customers, colleagues and operational needs during 2025/26.

Wider workforce bonus arrangements

All colleagues across the Group are eligible to participate in variable pay schemes. Senior bonus arrangements follow the model applied to the Executive Directors for their annual bonus incentive. For the wider workforce, variable pay has been aligned with the Group Values and has stretching targets which support delivery of our Business Plan for 2025–2030, focusing on water quality and resilience, storm overflows and pollution, our net zero agenda and customer service and affordability. The scheme maintains a measure for our imperative of all colleagues going HomeSafe each and every day.

Financial wellbeing and wider benefits

We offer a comprehensive range of benefits which have been extended over the past two years to include the roll out of a financial wellbeing and education partner for colleagues and their families. This includes an ill-health income protection policy which has provided support to a number of colleagues in 2024/25. We continue to operate a range of discounts, green initiatives and services to enhance our employee proposition.

Saving for the future

We know that our colleagues value our responsible approach to pension contributions. We are pleased that despite the cost-of-living crisis, 93% of colleagues continue to participate in the defined contribution schemes. Our ShareSave scheme was again opened for applications in 2024, continuing to support our belief that employees should have a stake and say in the business. The ShareSave sits alongside our evergreen Share Incentive Plan providing employees with monthly share purchase from pre-tax salary. The 2024 ShareSave scheme received strong support from our colleagues, with over 23% of colleagues joining the scheme.

Living Wage Foundation

We continue to pay above the Living Wage Foundation rates for all roles excluding those colleagues who are on our apprenticeship arrangements. Our accreditation as a Living Wage Foundation employer has been maintained since 2021. We continue to focus our pay spend on lower paid roles.

Wider workforce remuneration dashboard

In accordance with the 2018 UK Corporate Governance Code, the Committee reviews the level of information provided on pay matters in the wider organisation. The Wider Workforce papers provide the Remuneration Committee with an overview of the approach to pay across the Group, supplemented with topic specific papers:

- Helps support the Committee in reviewing workforce remuneration and related policies which continually evolves to provide greater insight.
- Provides an overview of pay arrangements across the business and key statistics on pay in different areas of the business.
- Updates on progress on our Reward Strategy implementation.
- Has oversight of the wider remuneration landscape to provide external context and industry specifics to inform on our benefits.
- Provides information on workforce demographics, gender pay, pay ratios, pension and benefits and incentive outcomes in different areas.

The Committee intends to keep the content of the dashboard under review to ensure it remains suitable.

Annual report on remuneration continued

Highlights

Base Pay

The Company's overarching principles for basic pay are as follows:

- Base pay should reflect the level of skills, responsibilities and accountabilities of the job, plus the market and region in which the business area operates.
- We should maintain a market competitive edge to attract and retain talent. Market benchmarking against recognised surveys is conducted regularly.
- We should maintain our status as an accredited Real Living Wage Employer, guaranteeing base pay at or above the Living Wage Foundation rates.
- We should review pay annually with any resulting award being subject to affordability and business performance.
- We should engage with Be The Future Forum, the WaterShare Customer Panel and Recognised Trade Unions on pay decisions.
- We should undertake equal pay and gender/ethnicity pay analysis from time to time to ensure we comply with current equality legislation and provide equal total reward opportunities for roles of equal value.

Variable pay

South West Water operates variable pay schemes, including annual bonus and incentive arrangements and all employees and temporary workers are eligible to participate. Throughout variable pay schemes, there is strong correlation in the targets, to align the whole organisation on goals linked to customer, communities and the environment. The maximum bonus levels are based on seniority and level of responsibility. At leadership level a portion of the bonus is deferred into shares for three years.

Long-term incentive share awards are available to senior executives and Executive Directors, consistent with market practice. Our front-line teams receive overtime, call-out and standby payments, ensuring that when workloads are high, employees are fairly compensated. We remain mindful of the need to balance working hours, customer demand and available resource against the health, safety, wellbeing of our colleagues, our overarching principles on variable pay are as follows:

- Provide every colleague with the opportunity to earn an element of variable reward using appropriate mechanisms for different colleague populations, as agreed by each business area.
- Have clear communication on rationale, purpose, performance measures, pay-out calculation and other rules for the variable pay schemes, to ensure colleagues fully understand their total reward opportunities.
- Ensure the performance measures included in the balanced scorecard are aligned to our business strategy, values and take into consideration the views of customers, regulators and other key stakeholders.
- Encourage colleagues to have share ownership through variable pay.
- Remuneration Committee or relevant Executive Committee can apply appropriate discretion to bonus outturn, considering the 'how' as well as the 'what'.

Saving for the future

We offer highly competitive retirement benefits to our employees, which include additional life assurance protection. Membership of the Group pension scheme remains high with c. 93% participation rate in our Defined Contribution (DC) scheme. As part of our Saving for the Future, all employees can participate in our HM Revenue and Customs-approved Sharesave and Share Incentive Plan, with a strong emphasis on employee buy-in and ownership. Not only do our share schemes provide a mechanism for sharing in the long-term success of the Group but mean that colleagues and customers have a say and stake in the business.

Our overarching principles on Saving for the future are as follows:

- Provide every colleague with the opportunity to build up share ownership.
- Clearly communicate and promote the existing share schemes to ensure maximum participation.
- Ongoing exploration of HRMC approved tax advantaged share scheme opportunities for broader offerings.
- Provide every colleague with the access to our Defined Contribution pension scheme with the choice of employee/employer contribution levels.
- Provide company matching in our Defined Contribution pension scheme to further support our colleagues saving for retirement.
- Provide access to a fully interactive pension administrative platform and drop in sessions to ensure employees understand the offering and implications to make informed decisions.
- Comply with the government required pension enrolment requirements.

Benefits

We operate a range of benefits of which the majority are available to all colleagues. These are selected for their ability to enable colleagues to get the best value from their salary such as discounts, to ensure a work life balance which supports both family life and outside interests through generous holiday entitlements or those designed to bring financial security such as income protection or life assurance. A range of advisory services are available to support colleagues on occasions where additional support is needed, including financial support, health and wellbeing, legal advice and a range of employee led support groups. From time to time, there may be necessary exceptions that apply to our core benefits, reflecting TUPE transfers or preserved contractual benefits. The principles for our benefits are as follows:

- Operate a set of core Group-wide benefits for all colleagues, and a wide range of other additional offerings to enable colleagues select the most appropriate benefits tailored to their needs.
- Ongoing evaluation of the effectiveness of the benefits offering, ensuring we take full advantage of our Group-wide purchasing power with benefits providers, and we are aligned with our Fair Tax Strategy and HRMC guidelines.
- Actively engage with employees to understand their needs to continue shaping our benefits proposition.
- Adopt technology to enable easy access to our benefits from home or work.
- Continue to focus on developing our wellbeing and flexible working provisions, and explore additional benefits provision opportunities to support our broader ESG agenda (e.g. green voluntary benefits, volunteering days etc.).

Gender and Ethnicity pay reporting

We recognise our duty to contribute positively to society by cultivating an environment that promotes social mobility, prioritises diversity and inclusion, and ensures equitable treatment for all employees. Our aspiration is to become the Employer of Choice across our region, where trust is paramount, and every individual is valued for their contributions. Transparency lies at the heart of our commitment to diversity and inclusion. Reporting serves as a vital instrument in our journey towards openness, allowing us to candidly assess the gender and ethnic diversity within our workforce. Moreover, it enables us to share the proactive measures we have implemented and will continue to pursue to enhance diversity across all levels and roles within our organisation. We understand that fostering an inclusive workplace is imperative not only for attracting talent but also for retaining our valued colleagues and because it is the right thing to do.

During 2022/23, in line with our Change the Race Ratio commitments, we voluntarily published our Ethnicity Pay Gap data for the first time. The results reflect our journey in building representation of ethnic minority groups and gender diversity, noting that the South West, where a large proportion of our business is based, has a lower diversity mix than other parts of the UK. Our mean ethnicity pay gap is 8.89% for South West Water as at the snapshot date 6 April 2024, an improvement of 11.05% compared to the prior year. Across the Company we have been working hard to attract a greater number of ethnically diverse candidates to apply for job vacancies, and we offer dedicated support to new employees through our graduate programme and support the 10,000 Black Interns Programme. We will continue to work to progress our diversity actions to build greater representation.

The mean gender pay gap for South West Water was 3.53% on the snapshot date of 6 April 2024 a decrease from 6.72% in the 2023 report. There has been a notable rise in female representation in more senior roles within South West Water with female representation in the upper quartile now at 24.9%, improving over 1% for South West Water since the prior year. The median gender pay gap which compares the remuneration of the 50-percentile female and male colleague, also shows significant progress at 8.28%.

During the year the Group has been recognised for our progression in gender equality by external bodies. Our placement in the FTSE Women Leaders Review reflected our high participation of female Board members resulting in our parent company, Pennon Group plc, ranking third for Women on Boards in the FTSE 250. We are committed to deliver on our ambitions to build diversity and inclusion across the Company and the water industry.

Colleague engagement

RISE was renamed 'Be The Future' forum in 2024, reflecting the Company values. The forum has now been in place for three years, providing a two-way dialogue for all colleagues across the Group. This is regularly attended by senior leadership including the Group Chief Executive Officer, the Group Chief People Officer and South West Water Director of People and Culture, and other members of the senior leadership. The forum is an established group provoking healthy debate and discussion on areas that matter to employees, including reward.

Engagement survey results and action planning are a discussion area for this Company and representation remains strong across the business divisions. This group continues to be a key source of dialogue and employee views for shaping future reward developments. The Committee is kept informed of themes and feedback from 'Be The Future' forum discussions.

HomeSafe

Making sure our colleagues and contractors get HomeSafe every day is fundamentally more important than remuneration. However, how we measure our performance, reward colleagues living by our values and the culture we create, has a direct influence on the health and safety of each other and we will continue to support this important initiative through our wider workforce remuneration principals and Executive Remuneration policy.

	John Halsall[1] (£000)		Susan Davy[2] (£000)		Laura Flowerdew[2] (£000)		Steve Buck[2] (£000)	
	2024/25	2023/24	**2024/25**	2023/24	**2024/25**	2023/24	**2024/25**	2023/24
Base salary	**126**	366	**358**	344	**223**	–	**97**	82
Benefits[3] (including Sharesave)	**6**	30	**34**	14	**10**	–	**3**	3
Pension-related benefits[4]	**12**	37	**36**	34	**22**	–	**10**	8
Total fixed pay	**144**	433	**428**	392	**255**	–	**110**	93
Annual bonus (cash and deferred shares)[5]	**Nil**	Nil	**Nil**	Nil	**Nil**	–	**Nil**	Nil
Long-Term Incentive Plan[5]	**n/a**	n/a	**Nil**	Nil	**Nil**	–	**Nil**	Nil
Total variable pay	**Nil**	Nil	**Nil**	Nil	**Nil**	–	**Nil**	Nil
Total remuneration	**144**	433	**428**	392	**255**	–	**110**	93

1. John Halsall was appointed to the South West Water Board as Chief Operating Officer effective 10 July 2023. John Halsall received a bonus in respect of 2022/23 of £43,556. £36,512 was the amount forfeited from prior employment which was honoured as part of the joining arrangements and the balance was earned in John's role during 2022/23 and prior to his appointment to the Board in July 2023. This was not awarded until confirmation of the bonus amount was received from his previous employer, with the cash portion settled in December 2023 and the share portion in November 2023. Of the total amount, 50% was settled in Pennon Group shares, with a deferral of three years and 50% awarded in cash. This is not included in the single figure table as it does not relate to his services a Director of South West Water Ltd. John Halsall stepped down from the Board on 31 July 2024 and has not been replaced.
2. Susan Davy was appointed as Chief Executive Officer of Pennon Group plc and South West Water as of 31 July 2020. Laura Flowerdew was appointed as Chief Financial Officer of Pennon Group plc on 11 July 2024 and South West Water from the same date succeeding Steve Buck who served as Chief Financial Officer of Pennon Group plc from 27 November 2023 and South West Water from 1 January 2024 until he stepped down from his Board appointments on 11 July 2024. The fixed pay figures shown in the table are those re-chargeable to South West Water through Group re-charges (70% of fixed remuneration). Reflecting the nature of their Group position all subsidiaries receive a cross-charge for fixed remuneration. All variable incentives are fully funded by Pennon Group. The full single total figure of remuneration table is shown on page 173 of the Pennon Group plc Annual Report and Accounts 2025 as well as Laura's joining arrangements and Steve's departure arrangements on page 173 and 177. These arrangements are funded by Pennon Group.
3. Benefits comprise a car allowance, fuel allowance and medical insurance and for John Halsall temporary accommodation support for four months of 2023/24, agreed as part of his joining arrangements.
4. Retirement benefits for the Chief Operating Officer are shown on page 64 of this report, with details for the Group Executive Directors shown on page 177 of the Pennon Group Plc Annual Report and Accounts 2025.
5. For 2023/24, in recognition of the current external environment, the Committee determined that no bonus would be paid to Executive Directors (of both Pennon Group and South West Water Ltd) in respect of the year. This was consistent with managements recommendation for a zero bonus outturn. Further details of the annual bonus and LTIP awarded to the Pennon Group Executive Directors are shown on page 174 to 177 of the Pennon Group plc Annual Report and Accounts 2025. John Halsall was not a participant of the 2021 LTIP.

Notes to the single figure table

No annual bonus has been paid to the Executive Directors of South West Water or Pennon Group in respect of 2024/2025 and no bonus was paid in respect of 2023/24. Incentive arrangements for the Executive Directors, when paid, are funded by the Pennon Group and are not re-charged to South West Water customers. The decision on bonus payments will be considered and reviewed by the Remuneration Committee in due course now further clarity has been provided on the application of the Water (Special Measures) Act.

Annual report on remuneration continued

Annual bonus outturn for 2024/25

The formulaic outturn for FY25 has been reviewed.

In assessing performance, we have noted the robust relative performance on common ODIs, with cumulative ODI performance at c. 70%.

Performance under the scorecard is summarised in the outcome table. The scorecard focuses on areas that mean most to customers and environmental performance. The targets are directly aligned to the stretching business plan, and with 70% of the bonus linked to customer and environmental performance.

The Committee also considered the formulaic outcomes of performance related pay against the four standards under consultation by Ofwat (consumer matters, environment, financial resilience and criminal liability). The boil water notice in May 2024 for Brixham customers, was considered by the Committee in the forgoing of the 2023/24 annual bonus by all members of the executive team.

The Committee carefully considered the formulaic outcome of the South West Water annual bonus of 38.7% of maximum and debated this at length.

The Water (Special Measures) Act was passed in February 2025, and the Act will be applicable to 2024/25 annual bonuses. In light of the ongoing consultation by Ofwat on how the Water (Special Measures) Act will be operated in practice, the Committee noted the formulaic outturn of the 2024/25 bonus.

However, no payments will be made to the Executives until there is further clarity on the new legislation framework to assess performance and the additional performance criteria need to be achieved before a bonus can be paid.

The Committee will review outcomes and determine if and how any award is delivered and potential interaction with any future incentive framework.

Holistic performance assessment

Formulaic outcome

Alignment of outcomes with overall customer experience
Including customer experience, water quality and resilience, pollution incidents/ EPA and emissions reduction

Consideration of broader perspective
Including considerations of the regulator, employees and wider stakeholders

Culture and conduct
Focus on significant health and safety, culture and operational events

Input from other parties
Including ESG and Health & Safety Committees, HR, Compliance, Internal Audit and Watershare plus panel

Determination of final outcome

Broader financial, operating and strategic performance
Including impact of exceptional and one-off events

Sector best practice principles
Assessment versus best practice principles developed by sector

Summary of bonus outcome

Measure	Weighting	Target	Achievement	Outcome
Financial resilience				
Underlying PBT	30%	£46m	Outcome (£35m)	0%
Customer and environment				
Basket of SWB/BRL environmental and customer metrics	28%	Various – see below for further details		16.2%
EPA	7%	Towards 4★	Below hurdle (2★) – nil payout	0%
Pollutions Cat 1–2	5%	2 (A)	4 (R)	0%
Pollutions Cat 1–3	5%	89	Below hurdle (189) – nil payout	0%
Water Resource & Resilience	3%	Water resource storage to achieve 90%	Ahead of schedule (93.3%)	3%
Enabling Biodiversity (catchment management)	3%	14,000 ha	Above target (17,487 ha)	3%
Bathing Water Quality	4%	98%–100%	100%	4%
Responsible business				
Social and governance	15%	Sustainalytics – 80% Fair Tax – maintain Sustainable Financing – 75% Health and Safety, LTIFR – 0.25 GHG emissions – 70% Renewables generation – 13%	Sustainalytics – 84.5% Fair Tax – maintain Sustainable Financing – 100% Health & Safety, LTIFR – 0.24 GHG emissions – 70% Renewables generation – below range (8%)	12.5%
			Formulaic outturn	**38.7%**

South West Water and Bristol Water Industry Metrics (basket of measures)

Measure	Target – South West Water	Achievement – South West Water	Target – Bristol Water	Achievement – Bristol Water
C-Mex	Median	Not met target	Median	Above target
PSR – Reach	3 measures	Above target	3 measures	Above target
Leakage (3 year) (ml/d)	105.6	Not met target	32.1	Not met target
PCC (3 year) (l/p/d)	136.9	Not met target	139.5	Not met target
Supply interruptions	5m 0s	Not met target	5m 0s	Not met target
CRI	2	Above target	1.5	Not met target
Mains Repairs (/000km)	134.6	Above target	130.7	Above target
Unplanned outage	2.34%	Above target	2.34%	Above target
Internal Flooding (/no/10,000properties)	1.34	Above target	–	–
Sewer collapses (/no/10,000km)	13.99	Above target	–	–
Numerical compliance	Maintain high performance 98% (A)	Met target	–	–

Annual report on remuneration continued

Long-term incentive outturn for 2024/25

The Executive directors are members of the Pennon Group Long Term Incentive Plan. The cost of this is not cross charged to South West Water customers and is met in full by Pennon.

The Long-Term Incentive Plan arrangements and vesting outcome for the Executive Directors of Pennon and South West Water are detailed in the Pennon Group Annual Report and Accounts 2025 on page 176–177. The awards in the single figure table relate to the awards granted on 13 June 2022, which vested on 12 June 2025. The performance measures applicable to these awards reflect the nature of their Group roles and are based on Sustainable Dividends (33%), RORE (33%) and Customer Experience (33%). The vesting level for the awards is 41.1%.

The 2022 LTIP for the Group CEO and Group CFO has vested at 41.4% and will be paid for by shareholders. This long-term share award is subject to a further two-year hold period. As an inflight scheme, awarded in 2022, Ofwat has confirmed that this scheme is not subject to the Water (Special Measures) Act. However, the Committee considered the time period (2022–2025) and that annual bonuses had been waived in 2023 and 2024 before agreeing that the LTIP should vest.

Retirement benefits and entitlements (Audited information)

Details of the retirement benefits for the Executive Directors are shown on page 177 of the Pennon Group Annual Report and Accounts 2024. Both receive a maximum of 10% of salary, in line with the level available for the wider workforce.

Details of the South West Water Chief Operating Officer's pension entitlements and pension related benefits during the year are as follows.

	Contributions to defined contribution arrangements (£000)	Cash allowances in lieu of pension (£000)	Total value for the year	Normal retirement age and date (for pension purposes)
John Halsall[1]	3	9	12	65 (29 April 2031)

1. John Halsall received an overall pension benefit from the Company equivalent to 10% of his salary for the year. For 2024/25 this comprised an employer's contribution of £3,333 and a cash sum of £9,114. He is a member of Pennon Group's defined contribution pension arrangements.

Arrangements for the outgoing Executive Director

John Halsall, Chief Operating Officer, joined the Board of South West Water Ltd on 10 July 2023 and stepped down from the Board on 31 July 2024.

All remuneration arrangements relating to John Halsall's departure were consistent with the Remuneration Policy and the Company's incentive plan.

John received a payment in lieu of notice (in respect of his salary) for his contractual notice period (£190k). In addition to standard benefits, he was entitled to legal support.

Entitlement to the LTIP granted during 2023/24 will be pro-rated for time and will remain subject to performance assessed at the end of the performance period. The award remains subject to the two-year post-vesting holding period and remains subject to malus and clawback. John also has a number of outstanding AIBP shares which will remain subject to their holding period and remain subject to malus and clawback.

Non-Executive Directors' Remuneration

Single figure of Remuneration (Audited)

	2024/25			2023/24		
	Fees[1] (£000)	Taxable benefits (£000)	Total Fees (£000)	Fees[1] (£000)	Taxable benefits (£000)	Total Fees (£000)
Gill Rider[2]	**58**	**–**	**58**	168	–	168
David Sproul[3]	**131**	**–**	**131**	–	–	–
Iain Evans[4]	**65**	**–**	**65**	59	–	59
Claire Ighodaro[5]	**43**	**–**	**43**	55	–	55
Jon Butterworth	**51**	**–**	**51**	49	–	49
Loraine Woodhouse[6]	**59**	**–**	**59**	52	–	52
Dorothy Burwell	**47**	**–**	**47**	45	–	45

1. 70% of fees are recharged through Pennon Group plc.
2. Gill Rider resigned from the Board on 24 July 2024.
3. David Sproul was appointed as Chair Designate on 1 July 2024 and assumed the role as Chair on 24 July 2024.
4. Iain Evans was appointed as Senior Independent Director 1 September 2023.
5. Claire Ighodaro resigned from the Board on 31 December 2024.
6. Loraine Woodhouse was appointed as Chair of Audit Committee effective 1 September 2023.

Non-Executive Director fee information is disclosed in the Pennon Group Annual Report and Accounts on page 178.

Directors' service contracts and letters of appointment

The dates of Directors' service contracts and letters of appointment and details of the unexpired term are shown below:

Executive Directors	Date of appointment	Notice period
Susan Davy[1]	31 July 2020	12 months
Laura Flowerdew[2]	11 July 2024	12 months
Non-Executive Directors	**Date of appointment**	**Expiry date of appointment**
David Sproul[3]	1 July 2024	30 June 2027
Iain Evans	31 July 2020	31 August 2027
Jon Butterworth	28 September 2017	31 July 2026
Loraine Woodhouse	1 December 2022	30 November 2025
Dorothy Burwell	1 December 2022	30 November 2025
Andrea Blance[4]	8 April 2025	7 April 2028

1. Susan Davy held a previous service contract dated 1 February 2015 in respect of her appointment as Chief Financial Officer, Pennon.
2. Laura Flowerdew was appointed to the Board of South West Water on 11 July 2024 at the same time as her appointment as Chief Financial Officer, Pennon PLC 11 July 2024.
3. David Sproul was appointed to the Board as Chair Designate on 1 July 2024 and assumed the role as Chair on 24 July 2024.
4. Andrea Blance was appointed to the Board of South West Water on 8 April 2025.

The policy is for Executive Directors' service contracts to provide for 12 months' notice from either side.

The policy is for Non-Executive Directors' letters of appointment to contain a three-month notice period from either side. All Non-Executive Directors are subject to annual re-election and letters of appointment are for an initial three-year term.

Copies of Executive Directors' service contracts and Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office.

Outside appointments

Executive Directors may accept one Board appointment in another company. Board approval must be sought before accepting an appointment. Fees may be retained by the Director. Susan Davy remained a Non-Executive Director of Restore plc throughout 2024/25. Laura Flowerdew does not hold any additional appointments. No other outside Company appointments are held by the Executive Directors other than with industry bodies or governmental or quasi-governmental agencies.

Additional contextual information

Percentage change in directors' remuneration

Comparison of Directors' remuneration to employee remuneration

The table below shows the percentage change between 2020/21, 2021/22, 2022/23, 2023/24 in base salary, benefits and annual bonus of the South West Water Chief Operating Officer. Percentage changes in remuneration for the Pennon Executive Directors and Non-Executive Directors are disclosed in full in the Pennon Group Annual Report on page 180.

	Percentage change in salary/fees					Percentage change in benefits					Percentage change in bonus				
	2024/25	2023/24	2022/23	2021/22	2020/21	**2024/25**	2023/24	2022/23	2021/22	2020/21	**2024/25**	2023/24	2022/23	2021/22	2020/21
							Executive Directors								
John Halsall[1]	**–**	3.5%	–	–	–	**–**	0%	–	–	–	**–**	-100%	–	–	–
South West Water	**1.85%**	5.45%	3.8%	2.2%	4.28%	**24.83%**	-24.4%	-18.7%	-10.1%	4.38%	**103.0%**	-7.59%	-18.1%	2.8%	-0.08%
UK employees	**4.2%**	6%	3.9%	2.0%	1.22%	**29.3%**	-21%	-20.3%	-19.5%	5.7%	**78.8%**	-2.2%	-45.4%	-14.3%	-17.8%

1. John Halsall stepped down from the Board and his role as Chief Operating Officer on 31 July 2024 and therefore we are not able to show the comparison for 2024/25.

Annual report on remuneration continued

Relative Importance of spend on pay

	2024/25 £m	2023/24 £m	Percentage change (%)
Overall expenditure on pay[1]	**132**	120	9.7%
Distributions to Parent Company	**–**	–	–
Net interest charges	**170**	155	9.9%
Purchase of property, plant and equipment (cash flow)	**603.5**	540.6	11.6%

1. Excludes employer's social security costs and non-underlying items.

The above table illustrates the relative importance of spend on pay compared with distributions to shareholders and other Company outgoings. The distributions to Parent Company, interest charges and the purchase of property, plant and equipment (cash flow) have been included as these were the most significant outgoings for the Company in the last financial year.

Chief Executive Officer pay ratio

Our Group CEO pay ratio stands at 19:1 for the median employee. The ratio is slightly lower than in 2023/24 due to differences in the LTIP as the only variable pay element for the CEO. It continues at this lower level than the ratio in preceding years, partially due to our strategy for developing pay for front line roles including our commitment to paying above the Real Living Wage, which has led to an increase in median pay.

Year	Method	25th percentile (P25) pay ratio	50th percentile (P50) pay ratio	75th percentile (P50) pay ratio
2024/25	**Option A**	**26:1**	**19:1**	**15:1**
2023/24	Option A	27:1	21:1	16:1
2022/23	Option A	19:1	14:1	11:1
2021/22	Option A	56:1	43:1	36:1
2020/21	Option A	93:1	69:1	55:1
2019/20	Option A	91:1	64:1	53:1

Option A has been used for the calculations as per the disclosure regulations. The employees at the lower quartile, median and upper quartile (P25, P50, and P75, respectively) have been determined based on a calculation of total remuneration for the financial year 1 April 2024 to 31 March 2025.

Basic salary for part-time employees and new joiners within the applicable period have been converted to full-time equivalents for the purpose of the calculations.

The total remuneration of 2024/25 for the employees identified at P25, P50 and P75 is £31,337, £41,363, and £53,093, respectively. The base salary of 2024/25 for the employees identified at P25, P50 and P75 is £27,061, £33,344, and £38,000, respectively. The individual at P75 received a large amount of variable pay during the year, including call-out and standby allowances.

The CEO pay ratio calculation to the median employee, on the same compensation elements as the wider workforce stands at 15:1.

Share award and shareholding disclosures (audited information)

Share awards granted during 2024/25

No share award was made to John Halsall during 2024/25 due to his exit from the business on 31 July 2024.

Details of the share awards for the Group Chief Executive Officer and Group Chief Financial Officer are detailed in the Pennon Annual Report and Accounts 2024/25 on page 181.

Directors' shareholding and interest in shares

The Remuneration Committee believes that the interests of Executive Directors and senior management should be closely aligned with the interests of Pennon Group plc shareholders.

To support this, the Committee operates shareholding guidelines. For 2024/25, this guideline was 100% of salary for the Chief Operating Officer and 200% for the Group Chief Executive Officer and Group Chief Financial Officer. In line with best practice guidelines, deferred bonuses and LTIP awards subject to a holding period may only count towards the guidelines on a net tax basis.

The Executive Directors are expected to build up a shareholding in the Company within the first five years of joining the Company, or appointment to a new role.

The beneficial interests of the Pennon Group Executive Directors in the ordinary shares (61.05p each) of Pennon Group plc as at 31 March 2025 and 31 March 2024, together with their shareholding guideline obligation and interest are shown in the Pennon Group Annual Report and Accounts on pages 181 to 182.

The Shareholding of the South West Water Chief Operating Officer is shown below:

	Share interests (including connected parties) at 31 March 2024	Share interests (including connected parties) at 31 March 2025	Vested LTIP awards in holding period[1]	Deferred Bonus shares	SAYE	Performance shares (subject to performance conditions)	Share-holding guideline	Share-holding guideline met?
John Halsall	341	1,521	0	2,997	–	23,164	100%	No

1. These share awards are not subject to further performance criteria and may therefore count towards the guideline on a net-of-tax basis.

Between 1 April 2025 and 15 May 2025 there have been no other changes in the beneficial or non-beneficial interests of the above Directors in the ordinary shares of the Company.

Details of Director share awards

Director	Year of grant	Options outstanding as at 31 March 2024	Granted in year	Lapsed in year	Exercised in year	Options outstanding as at 31 March 2025	Exercise Price	Expected date of release
John Halsall								
	July 2023 LTIP[1]	41,008	–	–	0	23,164	–	20/07/2028
	November 2023 AIBP	2,997	–	–	–	2,997	–	28/11/2026

1. The performance measures applicable to the LTIP award is detailed in the APR in the year of grant, or subsequently on the Company's website if the performance measures are finalised after the APR. In line with the plan rules, the outstanding LTIP award have been adjusted has been pro-rated due to John Halsall leaving the business and has been adjusted to reflect the rights issue.

Non-Executive Directors' shareholding

The beneficial interests of the Non-Executive Directors, including the beneficial interests of their spouses, civil partners, children and step-children, in the ordinary shares of the Pennon Group, are shown in the Pennon Group Annual Report and Accounts on page 182.

Malus and Clawback

Malus and Clawback provisions are embedded in the employment contracts of Executive Directors and relevant scheme documentation. Malus and clawback provisions apply to all incentive awards. These provisions enable awards to either be forfeited prior to delivery, repaid or made subject to further conditions where the Committee considers it appropriate in the event of any significant adverse circumstances. For awards granted under the term of this policy, the circumstances in which malus and clawback may be applied include a financial misstatement, error in calculation, material failure of risk management, serious reputational damage, serious corporate failure or misconduct.

In respect of the annual bonus, clawback may be applied for the period of three years following determination of the cash bonus. Under the LTIP, clawback may be applied until the end of the holding period. The Committee have not applied any action under the provisions of malus and clawback during 2024/25.

The Remuneration Committee and its advisers

Claire Ighodaro, Loraine Woodhouse, Iain Evans and Dorothy Burwell were members of the Remuneration Committee through the year, with Claire Ighodaro stepping down on 31 December 2024. Gill Rider (who stepped down on 24 July 2024), David Sproul (who joined on 1 July 2024 and succeeded Gill Rider as Chair), Jon Butterworth and Susan Davy attend by invitation as required. During the year, the Committee received advice or services which materially assisted the Committee in the consideration of remuneration matters from Adele Barker (Chief People Officer) and from Deloitte LLP.

During 2018/19, Deloitte LLP was reappointed directly by the Committee with a refreshed advisory team, following a comprehensive retendering process. Deloitte LLP is a member of the Remuneration Consultants Group and as such voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The Committee is satisfied that the advice it has received from Deloitte LLP has been objective and independent.

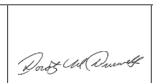
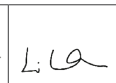
Risk and Compliance Statement – Board Assurance Statement

The Board considers that the Company has applied its processes and internal systems of control in a manner that has enabled it to satisfy itself, to the extent that it is able to do so from the facts and matters available to it, that the company:

1. has a full understanding, and has met all of its relevant statutory, licence and regulatory obligations in all material respects, subject to the departures listed on page 69
2. has taken appropriate steps to understand and meet customer expectations (see more below)
3. has sufficient processes and internal systems of control to meet its obligations in all material aspects, subject to the departures listed on page 69.
4. has appropriate systems and processes in place to identify, manage, mitigate and review its risks (see more below)
5. has met the Ofwat objectives on board leadership, transparency and governance (see more on page 75)
6. has appropriate governance to ensure it conducts the regulated company operations as if it were a public limited company separate from any other business (see more below)

In order to comply with relevant laws and regulations, and to meet the expectations of our customers, performance monitoring and reporting is key. In addition, in providing regulatory reporting to regulators and other bodies, it is critical that this information is accurate, complete and timely.

The Board is satisfied that the data and information which South West Water has provided to Ofwat in the reporting year 2024/25 (including annual reporting data provided following the year end in respect of 2024/25) is accurate and complete (see more below). The Board is also satisfied that other data which the Company has published in our role as a water and sewerage undertaker is accurate and complete.

Name	David Sproul	Iain Evans CBE	Andrea Blance	Jon Butterworth MBE	Dorothy Burwell	Loraine Woodhouse	Susan Davy	Laura Flowerdew	Andrew Garard
Position	Chair	Independent Non-Executive Directors					Chief Executive Officer	Chief Financial Officer	Group General Counsel and Company Secretary
Signed									

The Board has received external third-party assurance in making its Board Statements:

Technical assurer's statement on the Risk and Compliance Statement

Jacobs

South West Water (SWB) requested us, Jacobs UK Ltd, to review SWB's Risk & Compliance Statement as part of our technical assurance of SWB's 2024/25 Annual Performance Report (APR25). We conducted our limited assurance in accordance with the International Standard on Assurance Engagements (UK) 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information ('ISAE (UK) 3000 revised'). The Standard requires that we obtain sufficient, appropriate evidence on which to base our conclusion.

The Risk & Compliance statement covers both the SWB, Bristol Water (BRL) regulated businesses. Ofwat requires companies' statements to confirm compliance with all relevant statutory, license and regulatory obligations and to demonstrate they have appropriate controls to identify, manage and mitigate risks.

Jacobs had visibility of SWB's risk framework and how this links to the parent company, Pennon Group's risk framework. SWB's integrated assurance framework is embedded 'top down' within the organisation from Board level through the Risk Committee (attended by members of the Executive Management and Senior Management) which provides oversight. Risks and mitigations are reported to Audit Committee.

Individual departments regularly undertake a 'bottom up' review of risks to the business associated with their activities, accountabilities and responsibilities. This assessment uses a risk-based approach to ensure risks are identified, updated and appropriate mitigations are in place.

The Company's risk register is updated on an ongoing basis (minimum quarterly) as a result of any changes in the nature, extent of risks, and any emerging risks through horizon scanning. The register is formally reviewed and updated on a quarterly basis whilst challenging the controls and mitigations to ensure their robustness.

SWB's assurance framework uses three lines of defence which are well established and good practice to ensure an appropriate level of assurance is provided depending on the assessed level of risk. Our limited assurance audits have confirmed, on a sample basis, the top-down and bottom-up risk processes.

Responsibility for internal audit, risk management, and assurance activities within Pennon Group sits with Pennon Group's Director of Risk & Assurance. Responsibility for coordinating the production of the APR sits with SWB's Finance Department. APR audit and assurance was overseen by the Group Risk and Compliance Manager who reports to the Compliance Director providing independence from SWB's Regulation department. Assurance activity for the Annual Performance Report across the SWB and BRL businesses is overseen by SWB's Compliance Director and the Group Chief Finance Officer.

From our limited assurance activity, we conclude that SWB's risk management processes appear established and embedded in the organisation with direction provided by SWB's Board, Executive Management cascading into the Risk Committee, the Compliance and ESG Director and to the individual departments. Risk owners, Senior Managers and Directors are responsible for the bottom-up identification and ownership of risks.

Through our assurance activities for APR 2025, we are satisfied that SWB has provided its Risk and Compliance statement,appropriately signed off, in which the Board clearly confirms that the Company:

- understands the Company's relevant statutory obligations;
- has taken steps to understand and meet customer expectations;
- has satisfied itself that it has sufficient processes and internal systems of control to fully meet its obligations; and
- has appropriate systems and processes to identify, manage, mitigate and review its risks.

We presented the findings of our assurance work for APR25 to the Watershare+ panel members, Pennon's Executive Management committee, and the SWB Board of Directors to assist with endorsement and sign-off of the APR by SWB's Board.

Sajid Hussain
Head of Water Strategy & Regulation

Departures from the statement

As described on page 68, the Board has concluded that the Company has a full understanding of, and meets all, of our relevant statutory, licence and regulatory obligations in all material respects, subject to the exceptions listed below.

Although these have been assessed by the Board to have a low impact, these have been disclosed for transparency and in line with our values. We note that at any given time, there may be matters under ongoing discussion or investigation with regulators or others to determine whether a material departure occurred. Where relevant, these matters will generally be disclosed following the conclusion of such processes.

Description of duty/obligation	Purpose of duty/obligations	Disclosure
South West Water Licence of Appointment – Condition F **Water Industry Act 1991 (section 37)**	This condition includes requiring the Company to maintain report complete and accurate information	Ofwat and the Environment Agency announced an industry-wide investigation into sewage treatment works on 18 November 2021. This resulted in South West Water being under investigation by the Environment Agency with regard to its compliance with flow management obligations within its environmental permits and by Ofwat with regard to compliance with flow management obligations arising from section 94 of the Water Industry Act and the Urban Waste Water Treatment (England & Wales) Regulations 1994. On 10 July 2025, Ofwat announced its findings for South West Water and its proposed decision to accept South West Water's £24m enforcement package, in lieu of a financial penalty. In doing so, Ofwat recognised the work South West Water has done to improve systems, process and controls and the investments already made to address the historical findings and ensure compliance going forward.
Water Resources Act 1991	Water abstraction licence compliance – to ensure that abstraction of water is monitored and controlled	South West Water has been responsible for water and sewerage provision to the majority of households and businesses on the Isles of Scilly since April 2020. When South West Water became responsible for these services, abstractors of water on the islands were exempt from the need to hold licences to abstract. Following this exemption ending and a detailed assessment of South West Water's applications, the Environment Agency issued six licences to South West Water, covering abstractions from 21 wells and boreholes across the islands.
Environmental Permitting (England and Wales) Regulations 2010 **Water Industry Act 1991 (section 94)** **Urban Waste Water Treatment (England &Wales) Regulations 1994** **South West Water Licence of Appointment – Condition P**	Water discharge licence – full flow to treatment (FFT) condition compliance – to ensure wastewater treatment works can treat minimum levels in their permits at any given time	South West Water is under investigation by the Environment Agency with regard to its compliance with flow conditions within its environmental permits and by Ofwat with regard to its compliance with flow management obligations arising from section 94 of the Water Industry Act and the Urban Waste Water Treatment (England & Wales) Regulations 1994. South West Water is fully cooperating with the Environment Agency and Ofwat in that respect and has provided extensive information to both in response to their investigations. The data gathered for those responses has identified potential minor non-compliances which are being reviewed and addressed where necessary. This investigation remains ongoing. South West Water continues to work openly with Ofwat to comply with the notice as part of this ongoing investigation. We have undertaken our own internal investigation and investment interventions have been undertaken at a small number of our sites. South West Water does not view that any material breaches nor systematic failing in complying with statutory duties have occurred, however there are times when we are compliant with full flow to treatment conditions, but spills may occur under certain weather conditions. South West Water is proposing to make specific outputs appropriate for the purpose of securing, facilitating, and maintaining compliance with Licence condition P.
Environmental Permitting (England and Wales) Regulations 2010	Water discharge licence compliance – to ensure that the discharges to water are monitored and controlled	On 2 February 2024, South West Water Limited received a summons containing 30 charges relating to non-permitted discharges at seven locations between 2015 and 2021. The EA has since withdrawn six of these charges relating to one site. At a hearing on 14 November 2024, South West Water pleaded guilty to five of the charges. A court date for the sentencing hearing for all 24 charges is expected later in 2025 or early 2026. In the ordinary course of business, operational issues may arise which may result in potential non-compliance with permit conditions or in response to pollutions from company assets. Such incidents are reported as part of our ongoing regulatory reporting and may also be investigated by the Environment Agency. South West Water fully cooperates with all investigations and takes steps to ensure any identified non-compliance is addressed on a timely basis, through compliance action plans which are also shared with the Environment Agency.
Water Industry Act 1991 **Water Industry Act 1991 (section 37)**	The Water Industry Act Section 70 provision of drinking water	As an operational business, issues may arise which may impact our ability to provide drinking water to customers as required under the provisions of the Water Industry Act. This may include matters such as interruptions to supply, as well as incidents impacting our ability to provide drinking water to the quality standards we require or other reportable matters to the Drinking Water Inspectorate. When such issues arise, we identify the issue, take actions to remediate the issue and reinstate service to customers, and complete root cause analysis to ensure lessons are learned and actions taken to prevent recurrence. However, at any point in time, there may be a number of ongoing incidents that are reported on to the Drinking Water Inspectorate (see also contingent liabilities highlighted in Financial Review).
Water Industry Act 1991 Information provisions	Water Industry Act Section 199 places an obligation on wastewater companies to maintain maps of their sewers	South West Water complies with this obligation, however notes that historically not all sewers have been mapped. We update our maps when we identify any such unmapped sewers.
2023/24 Annual Performance Report	Annual reporting of our performance data and other industry regulatory data	Following publication of our 2023/24 Annual Performance Report in July 2024, we identified a number of areas where data improvements could be made, whether through internal reviews, the availability of further retrospective information, or through the annual regulatory query process. As a result and consistent with good practice, we republished this Report in January 2025.

Statutory, licence and regulatory obligations

The Company has a wide range of statutory, licence and regulatory obligations including those detailed within the Water Industry Act, the Companies Act, the South West Water Licence, our permits and applicable permitting legislation and the Competition Act.

Since privatisation, the Company has developed and established processes and procedures for ensuring obligations are adhered to in all material aspects. The Board outlines compliance with its statutory and regulatory obligations as well as performance against targets through Regulatory Reporting. This year's performance is again summarised in the Company's Annual Performance Report and Regulatory Reporting.

As described in the South West Water Annual Report and Financial Statements (pages 61 to 77), South West Water operates within comprehensive and mature frameworks to address the risk of non-compliance with laws and regulation, which include second line compliance functions, to ensure compliance with permit and other requirements of Ofwat, the Environment Agency and other relevant regulators. These frameworks are reviewed and assured to try and ensure the Company remains compliant with the increasingly complex legal and regulatory landscape. The control framework continues to be enhanced with the embedding of a dedicated internal Environmental Permit Assurance Team, which conducted 213 site visits in the year.

Pennon's risk management and internal control frameworks ensure that it does not take any action that would cause South West Water to breach licence obligations. Further, the Group's governance and management structures mean that there is full understanding and consideration of South West Water's duties and obligations under its respective licences, as well as an appropriate level of information sharing and disclosure to give South West Water assurance that they are not exposed as a result of activities elsewhere within the Group.

The Company also maintains a comprehensive internal compliance framework, overseen by the Legal Compliance function, to ensure compliance with corporate laws applicable to public limited companies, reinforced through key policies approved by the Board and compliance training provided to staff. This has been enhanced this year through the creation and roll out of a new Code of Conduct and interactive eLearning module which is mandatory for all employees.

South West Water utilises the Group's confidential whistleblowing process. This is overseen by the Executive-led Ethics Management Committee. To underpin our commitment to continuous improvement, we have led on the creation of a Water Industry Whistleblowing Best Practice Forum consisting of 12 water and waste companies across England and Wales. There remains an increased appetite amongst regulators for pursuing enforcement action for perceived non-compliance, with industry-wide investigations of wastewater treatment works permit compliance and operational issues ongoing.

The South West Water Board has received reports from the business detailing the applicable statutory licence and regulatory obligations (for which Ofwat is the relevant enforcement authority) and the means by which compliance in all material aspects with those obligations is assured within South West Water for 2024/25.

The Board further receives regular reporting and action plans in respect of our targets, performance commitment and wider regulatory, licence and statutory obligations, in order to enable it to monitor and manage performance. This includes, but is not limited to, reporting with regard to:

- our performance commitments in respect of the outcomes laid out in both our South West Water 2020–25 Business Plan and the Bristol Water 2020–25 Business Plan, which were both set following extensive customer and other stakeholder engagement to reflect the priorities of stakeholders;
- delivery against our environmental and regulatory outcomes, including matters such as wastewater compliance, storm overflow spills, impact of our network on the environment, etc.; and
- additional KPIs which have been included to provide performance information in respect of South West Water's performance in other areas deemed important to stakeholders (such as our 'Engagement Index' and performance in respect of our Lost Time Injury Frequency Rate (LTIFR) which are important to our people).

Our wider focus on robust governance is key to ensuring a strong compliance culture, and aligns with our Code of Conduct and related policies, more on which is set out on page 49, alongside our focus on training and awareness.

All performance data demonstrates the linkage between our purpose and values, our business outcomes, our business model and the risks to achieving these, as well as being designed to ensure adherence with relevant laws and regulations.

Accuracy and completeness of data and information

The Board statement on the accuracy and completeness of data is underpinned by the operation of our Integrated Assurance Framework (see page 82) and our response to how the Board is able to make this statement in line with each significant area for assurance. For each of these areas the Board reviews how it has:

- engaged and challenged the assurance approaches which have been taken;
- taken action to ensure that any exceptions and weaknesses in the assurance approaches have been addressed;
- satisfied itself that approaches have been appropriately identified and addressed any risks to the provision of accurate and complete data in particular areas; and
- utilised individual Directors and committees in carrying out its activities in this area.

The statement is not limited to the Annual Performance Report.

However these are the areas which the Board deems most significant to provide clear and detailed descriptions of the specific procedures performed in line with our Integrated Assurance Framework.

The Board is committed to reviewing its assurance framework at least annually. However where circumstances change during a year the Board also acts to provide a greater degree of focus and assurance as it deems necessary. As a result, and as performance has not improved as quickly as anticipated in certain areas, the Board has added these areas as specific significant areas for assurance going forward and additional scrutiny and oversight of recovery plans will be provided.

We have confirmed that sufficient assurance activity has been performed, including assurance commissioned from independent external assurance providers, to allow the Board to make this statement.

The Board also notes the report of the WaterShare+ Advisory Panel in respect of their role providing an independent challenge of our business plan commitments and Board pledges (see page 10).

The Board has considered both the assurance performed over the data we are reporting as well as the executive oversight and processes in place to ensure consistency of the narrative throughout the report with the data, our performance, how the Company operates and any descriptions of assurance undertaken.

Section 172 (Companies Act 2006)

We have complied with the requires of s.172 and our full statement can be found on pages 158 to 160 of the South West Water Annual Report and Accounts.

Customer expectations

Customer expectations and licence condition G

South West Water aims to delivered a trusted experience to the customers and communities it serves. We recognise that as a monopoly provider of a services that is essential for the health and economic wellbeing of our customers and communities, we are in a privileged position and must ensure we work tirelessly to deliver on the expectations of our customers.

As such, the Company has developed approaches and appropriate processes for engaging with customers to ascertain priorities and expectations.

The Company continually gathers customer feedback and engages with customers in order to understand their expectations. South West Water has considered how communications adhere to Ofwat's information principles with the aim of ensuring information is accurate, transparent, clear, accessible and timely.

Our Codes of Practice meet licence conditions G and H, providing information to customers describing the nature of the services to domestic customers, giving guidance to domestic customers who have difficulty paying their bills and advising customers of their options and rights about the help available when they have a leaking supply pipe. They also meet the requirements of condition G to ensure customers are well informed, customers have confidence their company will put things right when something goes wrong, and the full diversity of customers' needs is identified, understood and met by companies (see more detail on page 6).

Our approach for producing and reviewing customer information is consistent with Ofwat's information principles. Customer research and feedback is acquired through our quarterly tracking survey and on specific topic areas to support the quality of our communications.

Customer focused licence condition

In February 2024, Ofwat introduced a new condition (G) in the licence of each water company in England and Wales, which set new standards for customer care and support.

The licence condition is based on six principles, set out below and against which we have highlighted some key areas of activity during the 2024/25 reporting year.

Principle	Examples of our activity	
Proactive communications The Appointee is proactive in its communications so that its customers receive the right information at the right time, including during incidents.	We use multiple channels to help us reach as many customers as possible with our proactive communications so they are well-informed about all aspects of their service. These range from contacting customers directly via email or letter with more tailored and personalised information to using several social and traditional media channels to share our wider messaging. We run awareness campaigns on topics like water efficiency and support available for customers who need extra support, utilising customer data to help target and tailor our approach. These roll out across different channels to maximise exposure and reach. Where possible, we try to speak to customers face-to-face, including one-to-one visits, attendance at community events, food banks and community hubs. We publish information about the support schemes we offer on our website, social media channels, customer emails, bills, and printed on our envelopes. While also utilising our partners' channels to help extend our reach even further. During water supply outages, we update our website and social media channels and put a recorded message on our telephone system (when appropriate) so that customers who prefer to call can receive the latest information even before they speak to an agent. For more severe incidents, we also direct emails, SMS messages, hand-deliver letters to affected residents and liaise with local councillors and MPs to help keep people up-to-date. This also extends to regular events in the local community to allow us to meet with our customers directly and to update on the latest position. We also provide extra support depending on customers need, including home visits and deliveries of bottled water, to customers on our Priority Services Register (PSR). When delivering planned engineering works, we provide affected customers with information in advance, and for more disruptive schemes we work with the local community on how best we can deliver to them. Finally, after an incident we proactively contact our customers for their feedback on how well we supported them.	**New bill design for South West Water and Bournemouth Water Customers** In March 2025 we launched our newly designed South West Water and Bournemouth Water bill. We wanted to make our bill easier to understand and make our messaging clearer. Prior to launch we asked some of our customers to review and give us feedback so we could make changes prior to go live if necessary. We received positive feedback to the new look and feel of our bill. **Next steps** Moving forwards, we will reassess bill feedback when the bill has reached all our customers over the next six months. We will look to move more of our customers onto 'needs' on our priority services register so we can support them better and be clearer of the services that are available to them. We will proactively use data to target those who would benefit most from being on priority services.
Ease of contact The Appointee makes it easy for its customers to contact it and provides easy-to-access contact information.	Details of how to contact us are displayed on our website and on water bills. This includes how to contact us online (web chat and web forms) social media channels, phone numbers, and postal address. Customers can self-serve to pay bills, submit meter readings and register for 'My Account' platform. In an emergency, customers can call us 24/7, 365 days a year. Our website has an inbuilt accessibility tool, ReciteMe, which allows users to access a screen reader, translate the information into more than 100 languages and enlarge the text. We use SignLive which allows customers who use British Sign Language to speak to us via a translator or via live chat. This service is available 24/7, so customers can also contact us in the event of an emergency. Our core customer information is easily 'findable' in our website, located in our new Customer Information Hub. Details of how to access our core customer information is also clearly displayed in the help section on our water bills.	**Improving our core customer Information** In 2024, we launched our new core information pages on our websites which detailed lots of useful information about the work we do and support available to our customers, we now advertise this on our bills. **Next steps** We will introduce WhatsApp for our Bristol Water customers.

Customer expectations continued

Principle	Examples of our activity	
Support when things go wrong The Appointee provides appropriate support for its customers when things go wrong and helps to put things right.	Our Customer Care team aims to resolve any issue immediately, through a number of different actions: › Cross training our teams to support on a wider range of topics so queries can be answered in one call. › Through our dedicated trainers, we train our colleagues to spot any extra care needs (be it financial, non-financial or otherwise) that our customers might have, so the appropriate support can be offered there and then. This is also supported by our coaching programme. › Regularly review what our customers are calling us about, and what our front-line agents are saying, so we continually improve our services. › Tailor our contact to customers' preference where possible, working to make sure our data is accurate as possible. To help us rectify issues before they become complaints, we encourage employees to flag potential issues so our senior management team can review these, alongside negative comments received from customers. If issues can't be rectified, we will raise the complaint for further investigation and action. We aim to respond within ten working days (if not sooner) and will keep customers up to date with our progress while they wait. If we can't resolve the problem, we can conduct an internal review to make sure we did our best. Our complaints procedure is available on our website, so customers understand the process. This was fully updated last year.	**Working with CCW** We enjoy a close working relationship with our customer regulator CCW, where we regularly share the root cause analysis of our complaints and the identified areas where we need to improve. We now contact customers proactively about known issues and making sure customers understand our complaints procedure. We continually learn from other water companies that perform well in this area and have recently joined CCW's financial redress scheme working group. **Next steps** We will further increase the amount of customer contacts we resolve first-time, by sharing data internally and building integrated teams to resolve customers' queries at the first point of contact, and harness data and research to drive down complaints.
Learning from experience The Appointee learns from its own past experiences and shares these with relevant stakeholders. The Appointee also learns from relevant stakeholders' experiences and demonstrates continual improvement to prevent foreseeable harm to its customers.	We monitor how we are performing for our customers in several ways and use what we learn to drive improvements. In addition to analysis of our quarterly C-MeX results, we routinely conduct post contact surveys to gather immediate feedback and carry out root cause analysis of unwanted and repeat contacts and complaints. Following water supply incidents, we ask all affected customers, including those on the Priority Services Register, for their feedback so we can identify lessons learned. This process is helping us understand where things are going wrong (and right), identifying key themes and trends, and where different types of customers may have specific needs that we need to address. We use this insight to help us replan the customer journey and design-out areas that are causing issues so we can deliver a smoother service that reflects the needs of all our customers. We regularly meet with local councillors, MPs and CCW to listen to their feedback and use it to shape our policies and customer communications. We also work with organisations that represent customers who may have additional needs to help us design inclusive services and policies and communicate better with their service users. Our WaterShare+ and Bristol Water Challenge Panel advises and challenges us as we deliver change and monitors our performance, reporting annually on our progress.	**Post incident feedback** We're always looking for ways to improve how we support customers during incidents. We proactively contact customers after an incident and invite them to take part in a short survey. This helps us understand what went well, and what we can do better in the future. Key themes and any improvement actions are shared with our senior management team and wider stakeholders, including CCW.

Principle	Examples of our activity	
Understanding and supporting customers The Appointee understands the needs of its customers and provides appropriate support, including appropriate support for customers in vulnerable circumstances, including during and following incidents.	We hold the ISO 22458 in Inclusive Service which involves rigorous assessment of our customer journeys and our approaches of how we look after customers in need of extra support. We are extremely proud we hold this kitemark. We ensure our teams have as much access to lived experience training as possible and this year we have seen the Dementia Bus visit us which gives a virtual experience of what it is like to live with dementia. This gives our teams real insight and allows us to adapt to customers needs when either seeing them in their homes or talking to them over the phone. Our dedicated community support team helps customers in a range of circumstances and we work with partners such as Kidney Care UK to engage with customers who are most in need. In June 2024 we published our draft vulnerability strategy following Ofwat's release of their 'Service For All' guidance. The strategy did not fall short in any of Ofwat's assessment areas and was exemplary in addressing objectives in 3 out of 5 areas of the guidance. We will publish our final strategy at the end of June 2025.	**National Support Hub – support services for customers in need** We have worked with National Grid and Wessex Water and teamed up with National Support Network (NSN) to go further in supporting our customers in need. NSN maintains and operates a national support services directory ('Support Hub') to help customers find external services, such as helplines and access support for issues such as bereavement, insomnia, mental health, communication needs and more. Our own branded version of the hub is available to all our teams who support customers whether that be over calls or when out and about meeting customers. The hub allows us to navigate sensitive conversations by signposting to the site so customers can self-help. A link to the site is also available on our websites. **Next steps** We will work closely with local charities and community partners to help us be more proactive when supporting customers with additional needs or who may be struggling to pay their bill. We will share data with more trusted organisations, to help us identify more customers who may need our help.
Financial support The Appointee provides support for its customers who are struggling to pay and for customers in debt.	Our Customer Care programme encompasses our Priority Services Register and financial support tariffs. Depending on their circumstances, customers may be able to have their water bill deducted from their benefit payments, have their metered bill capped or receive discounts on their bill via our WaterCare or Assist tariff. Many customers also benefit from payment holidays or flexible payment plans. We work closely with the debt advice sector and have funded partners in the Bristol supply area so customers can get full holistic debt advice. We also have data shares in place with local councils and DWP to reduce customer effort.	**Targeting our support** We are supporting those leaving care who are going to be sole payers of their water bills, by giving them the maximum discount we can on their bill, via our WaterCare or Assist tariff. We apply this up until the age of 21 when we reassess their situation and get them on the right level of support to help in their current situation. **Next steps** With households feeling the impacts of the cost-of-living crisis, we have extended our package of affordability measures, unlocking £124m of financial support for customers, and we are pleased that we are on track to achieve our industry leading commitments to eradicate water poverty by 2025. A commitment we have doubled down on in our Business Plan to 2030.

Processes and internal systems of control

The South West Water Board has in place a well established and effective set of policies and processes covering corporate governance, internal control and risk management.

The Board is responsible for maintaining the system of internal control to safeguard shareholders' investment and the Company's assets and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. There is an ongoing process for identifying, evaluating and managing the significant risks faced by South West Water that has been in place throughout 2024/25 and up to the date of the approval of this Annual Performance Report.

The Group's system of internal control is consistent with the UK Corporate Governance Code, FRC's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' (FRC Internal Control Guidance). This assurance section of the Annual Performance Report provides a general overview of our assurance framework and processes as well as an update on the assurance performed in respect of the Annual Performance Report and Regulatory Reporting.

The processes and policies serve to ensure that a culture of effective control and risk management is embedded and that the Company is in a position to react appropriately to new risks as they arise.

The Group-wide internal control framework is designed to ensure that no action is taken that would cause South West Water or SES Water to breach licence obligations

South West Water's Integrated Assurance Plan ensures, utilising a risk based approach, that an appropriate balance of varied providers of assurance are deployed to assure the internal processes, controls and reporting dependent on the assessed risk and complexity of assurance requirements. A more comprehensive overview of South West Water's integrated assurance framework is described in the Assurance section of this report (pages 82 to 89)

As part an annual review of the effectiveness of the system of risk management and internal control under the Pennon Group risk management policy, all Executive Directors and senior managers are required to certify on an annual basis that they have effective controls in place to manage risks and to operate in compliance with legislation and other procedures.

The South West Water Audit Committee oversees the programme of internal audit on an annual basis, and considers the resources for carrying out internal audits in key Company specific areas – this activity is carried out by the Independent Pennon Internal Audit team.

The Group is committed to continuously improving its internal control and assurance processes. Examples of improvements during the year include:

- The Group's confidential Speak Up process has been reviewed and further enhanced.
- A dedicated second line function has been established focused on environmental permit assurance across the Group's water and wastewater sites, providing an additional layer of assurance in this area.
- South West Water has successfully achieved external ISO 45001 accreditation of its Occupational Health and Safety Management System.

There is also a programme of assurance coordinated by the Risk and Compliance team as part of the Company's ISO and British Standards. South West Water currently holds and held the following accreditations/certifications throughout the year:

- ISO 9001:2015 (quality management)
- ISO 14001:2015 (environmental management)
- ISO 55011:2014 (asset management)
- ISO 50001:2011 (energy management)
- ISO 27001:2013 (information security)
- ISO 17025:2005 (laboratories and sampling)
- MCERTS (flow monitoring)
- ISO 45001:2018 (occupational health and safety)
- ISO 22458:2022 (customer vulnerability)

Certain of the above standards were not held by Bristol Water when acquired by South West Water and we have an ongoing programme to incorporate the Bristol Water area of operation within the above accreditations/certifications, where relevant.

ISO 22458:2022 Customer vulnerability is an international standard aiming to increase positive outcomes for vulnerable customers when companies deal with them. This aligns to our aims, our licence and with our business plan for 2020–25. As well as the standard, we have been certified to the BSI Kitemark for inclusive service in both Bristol Water and South West Water, which is focused on how companies services can be accessible to all.

Risk management and mitigation

The Company operates within a complex and evolving risk environment which includes responding to operational risks and incidents, a changing regulatory environment, increasing customer and public expectations and evolving digital and cyber risks. Risk management and mitigation is therefore critical and the Company has robust systems and processes in place to identify, manage, mitigate and review its risks.

The system for profiling and monitoring key risks is embedded in our normal business practices. We regularly review how we have sustained specific risk control measures, to decide if the probability and consequence of certain risks have changed, and if necessary to recommend further actions or investment to ensure the effectiveness of our corporate governance. Horizon scanning of emerging risks and opportunities is embedded within the risk and opportunity review process.

For the purposes of assessing and managing risk within South West Water, the individual departments review risks to the business associated with their accountabilities and responsibilities within the Company's strategy. An overall risk register is updated on an ongoing basis as a result of any changes in the nature and extent of risks.

Throughout the year the Executive formally review and update the risk register on a regular basis, with a particular emphasis on assessing and challenging, where necessary, the controls and mitigating factors recorded on the risk register. Risks are also formally reviewed as part of the forecasting and annual business planning processes. The Compliance Committee considers deep dive reports of particular risk areas and escalates material issues and risks to the Executive Committee.

Further detail of the risk management and mitigation process, including oversight framework and the role of the first, second and third lines of assurance are set out in South West Water's Annual Report and Accounts (pages 61 to 77).

Board leadership, transparency and governance

The South West Water Board is dedicated to developing and improving the governance structures and activities in accordance with best practice and Ofwat's board transparency and governance requirements.

We have maintained our purpose throughout the year, as well as our group values of 'Be You,' 'Be Rock Solid' and 'Be The Future,' and our Code of Conduct outlines the behaviours expected in line with the values and culture which we expect.

For 2024/25 South West Water had a fully functioning and standalone Board, as well as Committees, although as part of the Pennon Group, also benefits from the wider Group governance and processes. The business of the Board with associated Audit, ESG, Remuneration and Nomination Committees covers a full range of corporate issues including strategy, performance, delivery, compliance and governance.

The members of the Board are considered to have the appropriate skills, experience in their respective disciplines and personality to bring independent and objective judgement to the Board's deliberations and to represent customers' interests. The Board's skills and experience are laid out from pages 38 to 41.

The Company has complied with the UK Corporate Governance Code 2018 subject to a number of exceptions which relate to certain responsibilities being reserved by the Board and Committees of Pennon Group plc (the parent company), which itself fully complies with the UK Corporate Governance Code. The exceptions are explained in the South West Water Annual Report on page 134

During 2024/25 and in accordance with the established governance framework, the South West Water Board convened before each Pennon Group Board meeting to consider Company strategy, performance and regulatory planning.

The governance framework is set out in the governance section on pages 38 to 53. The regulatory ringfence around the South West Water business is protected through efficient and transparent decision-making.

The Board has a 'matters reserved' schedule setting out its responsibilities. Each Committee has detailed terms of reference setting out its responsibilities and accountabilities. Further details of the responsibilities of each of the Committees are set out in the report of each Committee on pages 150 to 174 of the South West Water Annual Report and Financial Statements.

These, together with the risk management and internal controls frameworks, form an effective and robust governance structure.

The South West Water Board includes the Chair, the Chief Executive Officer, the Chief Financial Officer, the Senior Non-Executive Director and four further Non-Executive Directors, convenes before each Pennon Board meeting, and considers South West Water strategy, performance and regulatory planning.

Pennon and South West Water Boards have consistent Chair and Non-Executive Director memberships in line with the focus of the Group on the Water sector.

The South West Water Board is committed to ensuring transparency and strong governance in how it operates. Both as a regulated water company, as well as part of a Group listed on the London Stock Exchange, ensuring the highest level of governance and transparency of reporting is critical to the success of the Company and the wider Pennon Group. As such, the 2024/25 South West Water Annual Performance Report and Regulatory Reporting highlights Company performance for the final year of the five-year 2020–25 regulatory period and provides detail on operational performance metrics throughout the period.

The Outcome Delivery Incentives (ODIs), which are South West Water's and Bristol Water's Key Performance Indicators, incorporate the metrics used by the South West Water Board and Ofwat, our economic regulator, to monitor performance. They were developed in line with customer and other stakeholder priorities following comprehensive engagement exercises in each area while developing the 2020–25 business plan.

The Company also seeks to ensure transparency in the way it operates, including through its commitment to open data, ongoing reporting at half-year and full-year reporting periods, and in ongoing sharing of performance and operational plans with stakeholders, including through its Watershare+ customer panel.

Executive Director remuneration is linked to Company performance via the performance related bonus arrangements. This linkage and comprehensive disclosures of Director remuneration are provided, including the specific performance targets used in the bonus calculations on page 54 to 56.

Dividends are considered in line with our policy, which is designed to align to regulatory guidance. This is considered on pages 107 to 111.

Resilience and viability of the business

Under Condition P of the regulatory licence held by South West Water, the Board is required to provide an annual certificate to confirm that we are operating in line with the regulatory ringfence set out under that Condition. This Condition requires South West Water Limited to be able to operate on a stand alone basis, separate from any other business, and to be able to do so in a way that ensures its financial and operational resilience. For the first time, by 31 March 2025, South West Water was also required to hold investment grade credit ratings for the purposes of compliance with this Condition.

In addition, the Board is also required under the license to confirm the Company has considered its long-term viability as a business as well as the sufficiency of financial and management resources.

Ring fencing certificate

The following summarises key matters taken into account in considering the ability of South West Water to operate effectively and for the long-term as an organization, in line with the regulatory ringfence and ensuring it acts as if it were a public limited company separate from any other business. The following matters are considered in making this assessment.

Financial resources and facilities to enable the Board to carry out the regulated activities	◇ The Appointee's historical performance and future performance expectations are in line with current and future expected business plans ◇ Available cash resources and borrowing facilities ◇ The long-term viability statement (see pages 78–79) ◇ The Appointee's compliance with financial covenants ◇ The Appointee's financial position as at 31 March 2025
Management resources	◇ Our Values, sitting within our overall purpose and oversight of our culture (see page 51) ◇ Our People strategy ensuring sufficient recruitment and retaining talent (see pages 30 to 33) ◇ Our experienced Board bringing a wide range of skills and oversight (see pages 39 to 41), including our Independent Non-Executive Directors, who form a majority of the Board
Systems of planning and internal control	◇ The oversight and insight of the Audit Committee ◇ The Company's risk management process (see summary on page 74 and full detail in the South West Water Annual Report and Financial Statements) ◇ The Annual Certification of Internal Control Effectiveness provided by Executive members and overall certification by the Chief Operating Officer ◇ Our Risk Based Assurance Framework (see southwestwater.co.uk/report2025) as well as Jacobs' and Turner and Townsend's assurance of ODIs and other technical data ◇ The Company's Code of Conduct and Whistleblowing programme (see page 49) ◇ Our Anti-Bribery and Anti-Corruption Policy (see page 49)
Rights and resources other than financial resources	◇ Aligned to our values of 'Be Rock Solid,' 'Be You' and 'Be the Future' we seek as our purpose 'Bringing Water to Life,' 'Supporting the lives of people and the places they love for generations to come' ◇ Our monitoring systems in place over our treatment processes and networks, both in respect of drinking water and wastewater ◇ Our suite of core policies, including quality, environmental and health and safety
Contracting	◇ Major contracts, such as those associated with our new 2025–30 'amplify' alliance, are undertaken through a full and thorough procurement process ensuring contracts are with resilient organisation and we have multiple suppliers engaged ◇ The Board also confirms that all contracts entered into between South West Water (SBB) and any associated companies include the necessary provisions and requirements in respect of the standard of service to be supplied to SBB, to ensure that SBB is able to carry out the Regulated Activities ◇ The full disclosures of transactions between the appointee and associated companies in line with Ofwat's guidance (see pages 288 to 292)
Material issues or circumstances	◇ Investigations ongoing as described on page 69 by Ofwat and the Environment Agency ◇ Matters identified as not material for the purposes of this certification are described on page 69

Ring fencing certification

The ring fencing certificate was approved by the Board at its meeting on 4July 2025. It has been subject to third-party assurance, by our financial auditor, PwC. PwC's statement of assurance for the Annual Performance Report is included on pages 94 to 103 and it has provided a separate report submitted to Ofwat in respect of the ring fencing certificate.

Statement to Condition P-26

During the year, In July 2024 South West Water obtained Investment Grade credit ratings. Both Moody's and Fitch have affirmed the Company's ratings at Baa1 and BBB+, respectively. These have been maintained throughout the period since they were obtained.

We aim to maintain these ratings, which are subject to regular review, noting methodologies of agencies are subject to change and assessments can include sector-wide as well as Company specific considerations.

Prior to July 2024, it remained the opinion of the Board that South West Water would be able to maintain an Issuer Credit Rating which is an Investment Grade Rating. Factors considered by the Board in making that conclusion are outlined on page 72 of the South West Water Annual Performance Report and Regulatory Reporting for 2023/24.

Laura Flowerdew
Chief Financial Officer (on behalf of the Board)
15 July 2025

Viability assessment

The Directors of South West Water are responsible for ensuring the long-term viability of the Company. The Directors need to ensure the resilience of the Company by identifying, managing, avoiding or mitigating risks which may impact viability.

The Board's consideration of longer-term viability of the Company is an extension of the strategic business planning which is managed through regular long-term modelling and monitoring of key measures including gearing, debt covenant headroom and level of liquidity. The resilience of the business and these key viability measures are appropriately assessed by a number of mechanisms including a robust risk management assessment, sensitivity analysis and stress tests of financial performance.

The overall market context is a cornerstone of the viability assessment. South West Water is a long-term business characterised by multi-year investment programmes, with associated revenue streams with high levels of future visibility.

The viability assessment has been made with reference to the Company's current position and prospects, including consideration of the ongoing impacts of the Ukraine crisis, climate change, its longer-term strategy, the Board's risk appetite and the Company's principal risks and how these are managed, as detailed on pages 61 to 77 of the risk report in the South West Water Annual Report and Financial Statements

Period of assessment

The Board regularly considers the appropriate period for the viability assessment to be performed in line with the UK Corporate Governance Code. The Board considers the appropriate period to assess the Company's viability should be increased to seven years, previously until the end of 2030, which recognises the longer-term visibility in the regulatory environment of the South West Water business to the end of the next price setting period in 2030 and beyond. This period gives visibility beyond the current regulatory period, testing the long-term viability of the business.

Risks

The Board considers the preventative and risk management actions in place and the potential impact of the principal risks (as detailed on pages 68 to 77 of the Annual Report and Financial Statements against our ability to deliver the business plan. This assessment has considered the potential impact of these and other risks arising on the business model, future performance, solvency and liquidity over the period in question. The Company has a strong liquidity and funding position with £650.6 million of cash and committed facilities as at 31 March 2025.

The Company has a mixture of fixed, floating and index-linked debt financing with a weighted average maturity of non-current debt, being 14 years. In making their assessment, the Directors reviewed the principal risks and considered which risks might threaten the Company's viability. Over the course of the year the Board, either directly or through the activities of the Audit Committee, has considered a deep-dive review of the following principal risks to enable a thorough assessment of the impact of these risks on ongoing viability:

- Incident management
- Cyber security
- Wastewater processes and controls

Stress testing

The Company's business plan has been stress-tested. Whilst the Company's risk management processes seek to mitigate the impact of principal risks as set out on pages 67–77 of the Annual Report and Financial Statements, individual sensitivities (shown in the table below) have been identified. These sensitivities, which are individually ascribed a value with reference to risk weighting, factoring in the likelihood of occurrence and financial impact, were applied collectively to the baseline financial forecast which uses the Company's annual budget for 2025/26 and longer-term strategic business plan through to March 2032, based on the Final Determination for the first five years.

The impact of climate risks have been assessed in detail as set out in the Task Force on Climate-related Financial Disclosures (TCFD) section on pages 86 to 129. The Company's strategic business plan includes the expected investment identified at this stage to meet climate-change adaptation.

The stress-testing scenarios applied during the viability assessment period do not include specific reference to climate change-related risks alone as climate change has been considered as part of the principal risks identified.

Beyond the period of assessment, additional impacts from climate change are considered in more detail within the TCFD section along with mitigating actions.

Resilience and viability of the business continued

Principal risk	Viability sensitivities tested	Impact
A: Changes in Government policy	Changes in Government policy affecting the water industry, such as additional environmental legislation may impact operational performance or investment requirements. The estimated average adverse impact on the Company's cash flows from a range of potential policy changes has been applied as a sensitivity.	£13m
B: Changes in regulatory frameworks and requirements	Whilst we have seen greater stability in the regulatory framework post PR24 Price Review, there are still significant changes expected in the water sector over the next few years.	£13m
C: Non-compliance with laws and regulations	The estimated impact of financial penalties and reputational damage from failure to comply with laws and regulations has been modelled as a sensitivity.	£13m
D: Inability to secure sufficient finance and funding, within our debt covenants, to meet ongoing commitments	The impact of reduced availability of financing resulting in increased costs has been modelled as a sensitivity.	£9m
E: Non-compliance or occurrence of an avoidable health and safety event	The financial impact and cash outflows related to a major health and safety event has been applied as a sensitivity.	£13m
F: Failure to pay all pension obligations as they fall due and increased costs for the Company should the defined benefit pension scheme deficit increase	The financial impact on the Company's gearing from additional funding being required to support the Company's defined benefit pension schemes has been applied as an adverse scenario.	£9m
G: Macroeconomic near-term risks impacting on inflation, interest rates and power prices	The adverse impacts of higher operating and finance costs from increasing power prices and general inflation increases over and above increases assumed in base financial plans, including the impact on Totex underperformance on regulatory returns and impact on debt financing costs have been applied as a sensitivity, as well as a reduction in the collection of customer debt from adverse economic conditions.	£36m
H: Failure to secure, treat and supply clean drinking water	The adverse impact from non-delivery of regulatory performance targets which result in ODI penalties, other financial penalties and required additional investment reducing Company revenues and cash inflows have been applied as a sensitivity to the base plan.	£35m
I: Failure to improve wastewater performance results in environmental commitments not being delivered		
J: Failure to provide excellent service or meet the needs and expectations of our customers and communities		
K: Difficulty in recruiting and retaining staff with the skills required to deliver the Company's strategy	Whilst the Group has robust processes to retain and develop staff, viability testing considers the impact of increasing costs including staff related costs.	£13m
L: Insufficient capacity and resilience of the supply chain to deliver the Company's operational and capital programmes which more than doubles in the next regulatory period	Supply chain capacity shortages will impact on the costs required to deliver on the programme, which, whilst specific cost protections exist in the regulatory framework against construction costs, have been considered as part of the sensitivity testing.	£5m
M: Inadequate technological security results in a breach of the Company's assets, systems and data	The adverse financial impacts of a cyber attack resulting in operational disruption, potential loss of data, potential detrimental impacts on customers with potential for financial penalties have been included in the sensitivity analysis.	£13m

A combined stress testing scenario has been performed to assess the overall impact of these individual scenarios impacting the Company. The combined weighted impact of the risks occurring is c. £101 million, this value is considered equivalent to an extreme one-off event that could occur within the going concern period to 31 October 2026, the probability of such an event happening is deemed unlikely.

Stress testing evaluation and mitigations

Through this testing, it has been determined that none of the individual principal risks would in isolation, or in aggregate, compromise the Company's viability over the seven-year period. The assessment has been considered by reviewing the impact on the solvency position as well as debt and interest covenants, the modelled impact on each of the individual risks and combined stress tested scenario did not breach the headroom or covenant calculations over the viability period. The financial impacts of the risks were probability weighted to obtain a value that was used in the stress testing. While mitigations were not required in any of the above individual or combined scenarios to ensure that the Company was viable, additional mitigations could be deployed to reduce gearing and increase covenant headroom. These include:

- Reduction in discretionary operational expenditure (reducing gearing and increasing covenant headroom)
- Deferral of capital expenditure and/or cancellation of essential capital expenditure (reducing gearing)
- Reduction in the amount of dividend payable (reducing gearing)

The Company has confidence in its ability to raise additional funding if required should it be required to ensure the Company maintains solvency.

In addition, a reverse engineered scenario that could possibly compromise the Company's viability over the seven-year assessment period has been modelled. This scenario builds on the factors above and additionally assumes all the Company's principal risks occurring in any given year across the viability period, with no probability weightings attached. The Board considered the likelihood of this scenario on the Company's viability over the seven-year viability period, as remote, concluding the Company could remain viable. Mitigations, as noted above, could also be deployed over the period if deemed necessary.

In making its assessment of the Company's viability, the Directors have taken account of the Company's strong capital solvency position, the Company's latest assessments of forward power and other commodity prices, latest inflation forecasts, its ability to raise new finance and a key potential mitigating action of restricting any non-contractual payments. In assessing the prospects of the Company, the Directors note that, as the Company operates in a regulated industry which potentially can be subject to non-market influences, such assessment is subject to uncertainty, the level of which depends on the proximity of the time horizon. Accordingly, the future outcomes cannot be guaranteed or predicted with certainty. As set out in the Audit Committee's report on pages 166–175 of the South West Water Annual Report and Financial Statements, the Directors reviewed and discussed the process undertaken by management, and also reviewed the results of the stress testing performed.

Viability assessment conclusion

The Board has assessed the Company's financial viability and confirms that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over a seven-year period, the period considered to be appropriate by the Board in connection with the UK Corporate Governance Code.

Condition F and long-term resilience and viability statement

In addition to internal assurance performed over the viability statement and external assurance in line with PwC's role as statutory external auditor of the financial statements, the Audit Committee has provided extensive oversight and review of South West Water's long-term financial resilience (see pages 166 to 175 of the Annual Report and Financial Statements) and we commissioned further specific 'Agreed Upon Procedures' to be performed by PwC covering the calculations and assessments made as well as challenge of the underlying assumptions and judgements. The Board of Directors of South West Water Limited has resolved that a Certificate be issued to the Water Services Regulation Authority confirming:

- That in the opinion of the Directors, the Company will have available to it sufficient financial resources and facilities to enable it to carry out, for at least the next 12 months, the Regulated Activities (including the investment programme necessary to fulfil the Company's obligations under the Appointment)
- That in the opinion of the Directors, the Company will, for at least the next 12 months, have available to it management resources which are sufficient to enable it to carry out those functions.

In making this declaration, the Directors have taken into account:

- The net worth of the Company and the strength of key performance indicators as shown in the Company Annual Performance Report for the year ended 31 March 2025 and the Company's Business Plan for the 2025–30 K period
- Borrowing facilities which include significant committed undrawn bank facilities
- Parental support provided by the holding company which will provide financial support to the Company to enable it to meet its liabilities as they fall due
- The Company's formal risk management process which reviews, monitors and reports on the Company's risks and mitigating controls and considers potential impact in terms of service, compliance, value, people, society and partners
- The Company's employment policies and strategy.

The Directors also declare that in their opinion all contracts entered into with any associated company include all necessary provisions and requirements concerning the standard of service to be supplied to the Company to ensure that it is able to meet all its obligations as a water and sewerage undertaker, as required in Section 6 of Condition F of the Instrument of Appointment. This opinion has been formed following examination of the documents in question

Laura Flowerdew
Chief Financial Officer (on behalf of the Board)
15 July 2025

Other Board statements

Green Recovery initiative

The Board has satisfied itself that:

- We have met or are on track to meet the elements of our approved Green Recovery initiative, with the exceptions of those indicated in the Green Recovery Annual Report
- Progress has been fairly reflected in our Green Recovery Annual Report (see: www.southwestwater.co.uk/siteassets/documents/about-us/annual-reports/2025/green-recovery---swb.pdf) and associated reporting data has been collated in line with our established reporting and assurance processes.

Statement of Directors' Responsibilities

In addition to the requirements of Company law, our Directors are required to prepare accounting statements which comply with the requirements of Condition F of the Instrument of Appointment of the Company as a water and sewerage undertaker under the Water Industry Act 1991 and Regulatory Accounting Guidelines issued by Ofwat. Separately our Directors are also required to comply with Condition P of the Instrument of Appointment of the Company as a water and sewerage undertaker under the Water Industry Act 1991. The purpose of this condition is to safeguard that:

- Appointed Business is conducted as if it is substantially the Appointee's sole business, and it is a public limited company separate from any other business carried out by the Appointee;
- The Appointee retains sufficient rights and assets and has in place adequate financial resources and facilities, management resources and systems of planning and internal controls;
- Any transfers or transactions entered into by the Appointee do not adversely affect the Appointee's ability to carry out the Regulated Activities; and
- The Appointee demonstrates that it is complying with the requirements of this Condition.

These responsibilities are additional to those already set out in our Annual Report 2024/25. For further details of the additional responsibilities, please see the Ring-fencing Certificate and the Risk and Compliance Statement.

Disclosure of information to auditor

The Directors who held office at the date of approval of this report confirm that:

- So far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware
- Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of the information.

Managing our risks

Summary of Risk Report

South West Water operates within a complex and evolving risk environment which includes changing Government policy, multiple regulatory frameworks and increasing.

The long-term success of the Company is dependent on the effective management of risks and opportunities and remains a key focus for the Board and Executive.

Our risk management framework considers risk from both a strategic (top down) and tactical (bottom up) perspective, This enables a common understanding of risks and opportunities and their interdependencies, allows risks and opportunities to be cascaded and escalated effectively and provides a multi-layered approach to the review and challenge of risk.

Our risk management framework

Our risk management framework, risk assessment methodology and detailed assessment of risks are described on pages 61 to 77 of the South West Water Annual Report and Financial Statements.

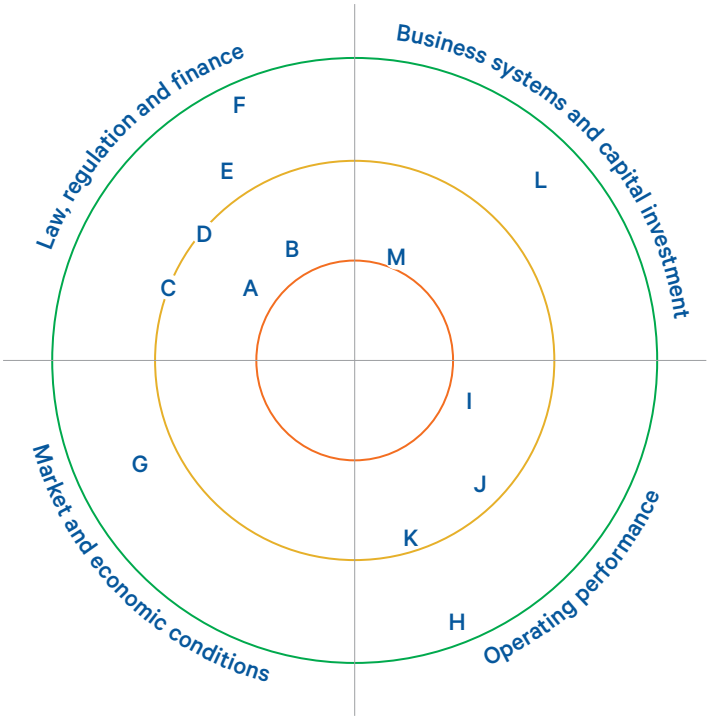
Horizon scanning

Emerging risks and opportunities are considered to be factors and events which could have a future impact on the achievement of the Company's strategic priorities, but lack the required clarity or certainty in order to adequately assess their impact. Horizon scanning of emerging risks and opportunities is embedded within the risk management process.

Emerging risks are reviewed by the Executive and Board as part of their regular assessment of the Company's risk profile. Notable emerging risks and opportunities are detailed within the table below:

Risk/opportunity	
Geopolitical Tensions	
Comment	**Risk category impact**
Increased escalation of conflict in the Middle East combined with the ongoing war in Ukraine could further impact the global economy, heighten energy resilience risks and disrupt key supply chains such as chemicals.	Market and economic conditions
Time horizon: Short-Medium-term	
Artificial intelligence and machine learning	
Comment	**Risk category impact**
There is a risk that automated intelligence and learning deployed within operational processes develops faster than Government regulations and standards.	Operating performance
Time horizon: Medium-term	
Quality of water resources	
Comment	**Risk category impact**
Changes in regulatory requirements over the treatment of micro-plastics, micro-pollutants and 'forever chemicals' (e.g. PFAS) as a result of ongoing research may require significant changes in operational processes in the water treatment process.	Operating performance Business systems and capital investment
Time horizon: Medium-term	
Changes to the demographics within the South West	
Comment	**Risk category impact**
Increases in population migration to the South West due to the climate change and an increasingly aging population could place greater demand on our resources and assets.	Operating performance
Time horizon: Medium-term	
Water sector reform	
Comment	**Risk category impact**
Reviews of the water industry commissioned by the Government, the Cunliffe Review and the Correy review, could result in significant changes to approach, regulation, and to institutional arrangements	Law, regulation and finance
Time horizon: Short–Medium-term	

Overview of South West Water's principal risk profiles



Strategic priorities

1 Water Quality and Resilience

2 Storm Overflows and pollutions

3 Net Zero and Environmental gains

4 Addressing affordability and delivering for our customers

Risk level

Increasing
Stable
Decreasing

High
Medium
Low

Category	Ref	Strategic priorities – outcomes	Risk description	Net risk
Law, regulation and finance	A	1,2,3,4	Changes in Government policy	Stable
	B	1,2,3,4	Changes in regulatory frameworks and requirements	Stable
	C	1,2,3,4	Non-compliance with laws and regulations	Increasing
	D	1,2,3,4	Inability to secure sufficient finance and funding, within our debt covenants, to meet ongoing commitments	Increasing
	E	1,2	Non-compliance or occurrence of an avoidable health and safety incident	Stable
	F	4	Failure to pay all pension obligations as they fall due and increased costs to the Company should the defined benefit pension scheme deficit increase	Stable
Market and economic conditions	G	3,4	Macroeconomic near-term risks impacting inflation, interest rates and power prices	Increasing
Operating performance	H	1	Failure to secure, treat and supply clean drinking water	Increasing
	I	2,3	Failure to improve wastewater performance resulting in environmental commitments not being delivered	Stable
	J	4	Failure to provide excellent service or meet the needs and expectations of our customers and communities	Increasing
	K	1,2,3,4	Inability to attract and retain staff with the skills required to deliver our strategy	Increasing
Business systems and capital investment	L	1,2,3,4	Insufficient capacity and resilience of the supply chain to support the delivery the Company's operational and capital programmes during 2025–30	Stable
	M	1,2,4	Inadequate technological control or cyber attack results in a breach of the Company's assets, systems and data	Increasing

Assurance

Introduction

This assurance section of the Annual Performance Report provides a general overview of our assurance framework and processes as well as an update on the assurance performed in respect of the Annual Performance Report and Regulatory Reporting.

South West Water's Assurance Framework and Data Assurance Plan is published as a standalone document on the Company's website www.southwestwater.co.uk/report2025

In any significant area or projects where assurance is required over submitted data or information, certificates will be prepared by those responsible to confirm that the submission is robust and all material issues have been addressed.

Independent internal review is used to ensure that processes are robust and adhered to.

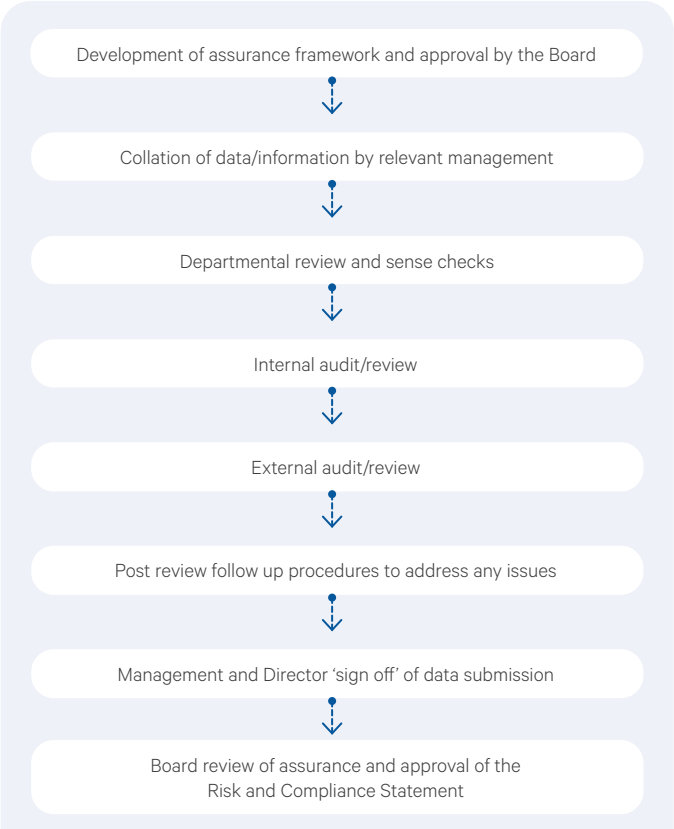
External review and audit processes are utilised whenever significant data is provided by South West Water externally (such as the regulatory Business Plan/ Price Review, tariffs/charges submissions and Annual Performance Report and Regulatory Reporting). The allocation of assurance work between external providers (including financial and technical auditors) is based upon the content of the data submission and multiple providers of external assurance are frequently engaged on the same project. The professional credentials of the third-party assurance providers are considered in detail to ensure they have the relevant knowledge and experience.

Robust feedback processes are established to ensure that issues or queries raised during internal and external assurance processes are followed up to ensure that any changes required or follow up work is completed as appropriate.

In addition to strategic leadership provided by the Board, for significant projects a Steering Group is formed to give direction, monitor project delivery and issue regular updates to the Board. The Board and Audit Committee review and challenge assurance applied in each case under this framework.

For all key projects and data submissions the Board confirms that in its opinion, assurance provision, governance and internal systems of control have been sufficient.

The following diagram summarises the typical assurance approach taken in any significant project involving submission of data externally:



South West Water's integrated assurance framework

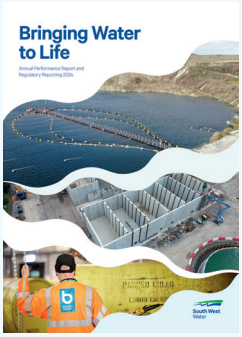
South West Water's risk and assurance processes are embedded into the management of the Company and are designed to ensure risks are promptly identified, updated on a regular basis and appropriate mitigation is in place to suit the risk appetite. The methodology for identification and mitigation of risk is similar at individual business unit and corporate levels.

South West Water's Integrated Assurance Plan ensures, utilising a risk based approach, that an appropriate balance of varied providers of assurance are deployed dependent on the assessed risk and complexity of assurance requirements. The integrated assurance approach includes:

This risk-based Integrated Assurance Framework is applied to all areas of the business, including all key projects as they arise. The mix of assurance methods used is reviewed by the South West Water Audit Committee, which is responsible for ensuring robust and comprehensive assurance frameworks are in place to support Board assurance and compliance requirements.

South West Water | BRISTOL WATER

South West Water publishes a range of documents which provide key information which customers and other stakeholders require. We publish performance information in this Annual Performance Report and Regulatory Reporting as well as in summary formats. In this section of the report we summarise the assurance we perform, however further detail on the assurance we perform can be found in related documents.

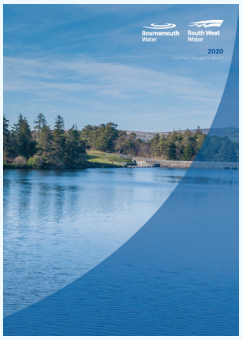


Annual Performance Report and Regulatory Reporting

The Annual Performance Report lays out our performance against the regulatory targets we have committed to achieve. Our Regulatory Reporting lays out key financial and non-financial performance for the year.

Assurance Framework and Data Assurance Plan

This document outlines our assurance framework for data and plan for data assurance over the coming year, including 2024/25 annual reporting – such as the Annual Performance Report.

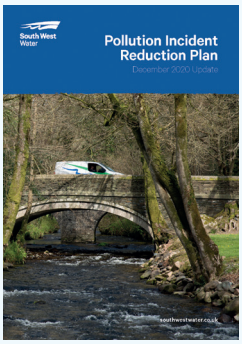


Assurance

Our Data Assurance Statement is on page 68, and we provide relevant Board Assurance Statements for other significant submissions alongside.

Annual Report and Financial Statements

Our Annual Report and Financial Statements is published in line with Companies Act requirements and as well as reporting on overall performance, provides a more detailed review of our financial performance during the year.

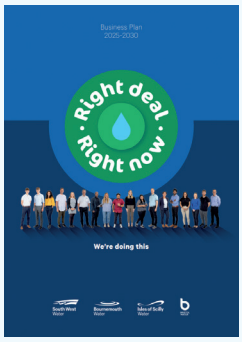


Pollution Incident Reduction Plan

In September 2020 we launched our Pollution Incident Reduction Plan, responding to our performance in this area and reflecting our commitment to ensure pollution incidents are significantly reduced through the remainder of the regulatory reporting period.

We provided an update of the plan in May 2025, focusing on the areas making the most difference.

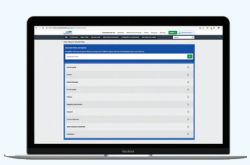
To read the update and previous, visit our website



Business Plan 2025–30

In October 2023 we published our Business Plan for 2025–30 'Right deal for Right now', which was given outstanding status by Ofwat's Draft Determination on the 11th July 2024.

For further information on South West Water's New Deal visit www.southwestwater.co.uk/siteassets/documents/about-us/business-plans/2025-30/business-plan-2025-30.pdf



Our websites

The documents listed here are published on our websites alongside other useful documents – such as our charges to customers for the year
www.southwestwater.co.uk
www.bournemouthwater.co.uk

DiscoverWater.co.uk

We share our key comparable data with www.DiscoverWater.co.uk who provide a user-friendly summary of English and Welsh water companies' data. We voluntarily obtain specific assurance from our technical auditor Jacobs in view of the importance of this data.

Assurance continued

Summary of external assurance in respect of the Annual Performance Report and Regulatory Reporting

Section 1		External Assurer	Type of Assurance	Table reference	External Assurance Summary
1A	Income statement	PwC	Regulatory Audit Opinion	Page 114	Pages 90 to 92
1B	Statement of comprehensive income	PwC	Regulatory Audit Opinion	Page 116	Pages 90 to 92
1C	Statement of financial position	PwC	Regulatory Audit Opinion	Page 117	Pages 90 to 92
1D	Statement of cash flows	PwC	Regulatory Audit Opinion	Page 119	Pages 90 to 92
1E	Net debt analysis	PwC	Regulatory Audit Opinion	Page 120	Pages 90 to 92
1F	Financial flows	PwC	Regulatory Audit Opinion	Pages 124 and 226	Pages 90 to 92

Section 2		External Assurer	Type of Assurance	Table reference	External Assurance Summary
2A	Segmental income statement	PwC	Regulatory Audit Opinion	Pages 126 and 228	Pages 90 to 92
2B	Totex analysis – by wholesale price controls	PwC	Regulatory Audit Opinion	Pages 128 and 229	Pages 90 to 92
2C	Cost analysis – retail	PwC	Regulatory Audit Opinion	Pages 129 and 230	Pages 90 to 92
2D	Historical cost analysis of fixed assets – by price control	PwC	Regulatory Audit Opinion	Pages 130 and 231	Pages 90 to 92
2E	Analysis of 'grants and contributions' – water resources, water network plus and wastewater network plus	PwC	Regulatory Audit Opinion	Pages 131 and 232	Pages 90 to 92
2F	Residential retail	PwC	Regulatory Audit Opinion	Page 132 and 233	Pages 90 to 92
2G	Non-household water – revenues by tariff type	N/A	N/A	N/A	N/A
2H	Non-household wastewater – revenues by tariff type	N/A	N/A	N/A	N/A
2I	Revenue analysis & wholesale control reconciliation[1]	PwC	Regulatory Audit Opinion	Pages 133 and 234	Pages 90 to 92
2J	Infrastructure network reinforcement costs	PwC	Regulatory Audit Opinion	Pages 134 and 235	Pages 90 to 92
2K	Infrastructure charges reconciliation	PwC	Regulatory Audit Opinion	Pages 134 and 236	Pages 90 to 92
2L	Analysis of land sales	PwC	Regulatory Audit Opinion	Pages 134 and 235	Pages 90 to 92
2M	Revenue reconciliation	PwC	Regulatory Audit Opinion	Pages 135 and 236	Pages 90 to 92
2N	Residential retail – social tariffs	PwC	Regulatory Audit Opinion	Pages 136 and 237	Pages 90 to 92
2O	Historic cost analysis of intangible fixed assets – by price control	PwC	Regulatory Audit Opinion	Pages 138 and 238	Pages 90 to 92

Section 3		External Assurer	Type of Assurance	Table reference	External Assurance Summary
3A	Outcome performance – water common performance commitments	Jacobs	Technical audit – agreed upon procedures	Pages 139 and 239	Pages 94 to 103
3B	Outcome performance – wastewater common performance commitments	Jacobs	Technical audit – agreed upon procedures	Page 146	Pages 94 to 103
3C	C-MeX	Jacobs	Technical audit – agreed upon procedures	Pages 151 and 247	Pages 94 to 103
3D	D-MeX	Jacobs	Technical audit – agreed upon procedures	Pages 152 and 148	Pages 94 to 103
3E	Outcome performance – non-financial performance commitments	Jacobs	Technical audit – agreed upon procedures	Pages 153 and 249	Pages 94 to 103
3F	Underlying calculations for common performance commitments – water and retail	Jacobs	Technical audit – agreed upon procedures	Pages 157 and 253	Pages 94 to 103
3G	Underlying calculations for common performance commitments – wastewater	Jacobs	Technical audit – agreed upon procedures	Page 159	Pages 94 to 103
3H	Summary information on outcome delivery incentive payments	Jacobs	Technical audit – agreed upon procedures	Pages 160 and 255	Pages 94 to 103
3I	Summary outcomes information	Jacobs	Technical audit – agreed upon procedures	Pages 160 and 255	Pages 94 to 103

Section 4		External Assurer	Type of Assurance	Table reference	External Assurance Summary
4A	Bulk supply information	T&T & PwC	Technical & Financial – agreed upon procedures	Pages 161 and 256	Pages 90 to 92 and 104
4B	Analysis of debt	PwC	Financial agreed upon procedures	Pages 162 and 256	Pages 90 to 92
4C	Impact of price control performance to date on RCV	PwC	Financial agreed upon procedures	Pages 162 and 257	Pages 90 to 92
4D	Totex analysis – wholesale water resources and water network+	PwC	Financial agreed upon procedures	Pages 165 and 258	Pages 90 to 92
4E	Totex analysis for – wholesale wastewater	PwC	Financial agreed upon procedures	Page 166	Pages 90 to 92
4F	Major project capital expenditure by purpose – wholesale water	T&T & PwC	Technical & Financial – agreed upon procedures	Pages 167 and 260	Page 90 to 92 and 104
4G	Major project capital expenditure by purpose – wholesale wastewater	T&T & PwC	Technical & Financial – agreed upon procedures	Page 167	Page 90 to 92 and 104
4H	Financial metrics	PwC	Financial agreed upon procedures	Pages 167 and 260	Pages 90 to 92
4I	Financial derivatives	PwC	Financial agreed upon procedures	Page 168	Pages 90 to 92
4J	Base expenditure analysis – wholesale water	PwC	Financial agreed upon procedures	Pages 167 and 261	Pages 90 to 92
4K	Base expenditure analysis – wholesale wastewater	PwC	Financial agreed upon procedures	Page 170	Pages 90 to 92
4L	Enhancement expenditure – water resources and water network+	PwC	Financial agreed upon procedures	Pages 171 and 262	Pages 90 to 92
4M	Enhancement expenditure – wastewater network+ and bioresources	PwC	Financial agreed upon procedures	Page 173	Pages 90 to 92
4N	Developer services – water resources and water network+	PwC	Financial agreed upon procedures	Pages 174 and 263	Pages 90 to 92
4O	New developments expenditure – wastewater network+ and bioresources	PwC	Financial agreed upon procedures	Page 175	Pages 90 to 92
4P	Expenditure on non-price control diversions	PwC	Financial agreed upon procedures	Pages 176 and 263	Pages 90 to 92
4Q	Developer services non-financial data	Jacobs	Technical audit – agreed upon procedures	Pages 176 and 264	Pages 94 to 103
4R	Non financial information – Properties, customers and population	Jacobs	Technical audit – agreed upon procedures	Pages 177 and 264	Pages 94 to 103
4S	Green Recovery expenditure for the 12 months ended 31 March 2025 – water resources and water network+	Jacobs	Technical audit – agreed upon procedures	Page 178	Pages 94 to 103
4T	Green Recovery expenditure for the 12 months ended 31 March 2025 – wastewater network+ and bioresources	Jacobs	Technical audit – agreed upon procedures	Page 179	Pages 94 to 103
4U	Impact of Green Recovery on RCV	Jacobs	Technical audit – agreed upon	Page 180	Pages 94 to 103
4V	Mark-to-market of financial derivatives analysed based on payment dates	PwC	Financial agreed upon procedures	Page 181	Pages 90 to 92
4W	Defined Benefit Pension Scheme – Additional Information	PwC	Financial agreed upon procedures	Page 181	Pages 90 to 92
4X	Accelerated infrastructure delivery project expenditure – water resources and water network+	Jacobs	Technical audit – agreed upon procedures	Page 182 and 266	Pages 94 to 103
4Y	Accelerated infrastructure delivery project expenditure – wastewater network+ and bioresources	Jacobs	Technical audit – agreed upon procedures	Page 182	Pages 94 to 103

Assurance continued

4Z	Household bill reduction schemes, debt and Guaranteed Standards Scheme (GSS) payments	T&T	Technical audit – agreed upon procedures	Pages 184 and 268	Page 104

Summary of external assurance in respect of the Annual Performance Report and Regulatory Reporting continued

Section 5		External Assurer	Type of Assurance	Table reference	External Assurance Summary
5A	Water resources asset and volume data	T&T	Technical audit – agreed upon procedures	Pages 188 and 271	Page 104
5B	Water resources operating cost analysis	PwC	Financial agreed upon procedures	Pages 189 and 272	Pages 90 to 92

Section 6		External Assurer	Type of Assurance	Table reference	External Assurance Summary
6A	Raw water transport, raw water storage and water treatment	T&T	Technical audit – agreed upon procedures	Pages 190 and 273	Page 104
6B	Treated water distribution – assets and operations	T&T	Technical audit – agreed upon procedures	Pages 192	Page 104
6C	Water network+ – Mains, communication pipes and other data	T&T	Technical audit – agreed upon procedures	Pages 194 and 274	Page 104
6D	Demand management – metering and leakage activities	T&T	Financial agreed upon procedures	Pages 195 and 275	Page 104
6F	WRMP annual reporting on delivery – non-leakage activities	Jacobs	Technical audit – agreed upon procedures	Pages 195 and 277	Pages 94 to 103

Section 7		External Assurer	Type of Assurance	Table reference	External Assurance Summary
7A	Wastewater network+ – Functional expenditure	T&T	Financial agreed upon procedures	Page 196	Page 104
7B	Wastewater network+ – Large sewage treatment works	T&T	Technical audit – agreed upon procedures	Page 196	Page 104
7C	Wastewater network+ – Sewer and volume data	T&T	Technical audit – agreed upon procedures	Page 198	Page 104
7D	Wastewater network+ Sewage treatment works data	Jacobs	Technical audit – agreed upon procedures	Page 200	Pages 94 to 103
7E	Wastewater network+ Energy consumption and other data	T&T	Technical audit – agreed upon procedures	Page 202	Page 104
7F	Wastewater network+ – WINEP phosphorus removal scheme costs and cost drivers	T&T	Technical audit – agreed upon procedures	Page 202	Page 104

Section 8		External Assurer	Type of Assurance	Table reference	External Assurance Summary
8A	Bioresources sludge data	Jacobs	Technical audit – agreed upon procedures	Page 204	Pages 94 to 103
8B	Bioresources operating expenditure analysis	T&T	Financial agreed upon procedures	Page 205	Page 104
8C	Bioresources energy and liquors analysis	Jacobs	Technical audit – agreed upon procedures	Page 206	Pages 94 to 103
8D	Bioresources sludge treatment and disposal data	Jacobs	Technical audit – agreed upon procedures	Page 207	Pages 94 to 103

Section 9		External Assurer	Type of Assurance	Table reference	External Assurance Summary
9A	Innovation competition	PwC	Financial agreed upon procedures	Pages 208 and 278	Pages 90 to 92

Section 10		External Assurer	Type of Assurance	Table reference	External Assurance Summary
10A	Green Recovery non-cost data for the 12 months ended 31 March 2025	Jacobs	Technical audit – agreed upon procedures	Page 210	Pages 94 to 103
10B	Green Recovery water outcome performance analysis for the 12 months ended 31 March 2025	Jacobs	Technical audit – agreed upon procedures	Page 211	Pages 94 to 103

Section 10		External Assurer	Type of Assurance	Table reference	External Assurance Summary
10C	Green Recovery wastewater outcome performance analysis for the 12 months ended 31 March 2025	Jacobs	Technical audit – agreed upon procedures	Page 212	Pages 94 to 103
10D	Green Recovery data capture outcome performance for the 12 months ended 31 March 2025	Jacobs	Technical audit – agreed upon procedures	Page 212	Pages 94 to 103
10E	Green Recovery data capture reconciliation for the 12 months ended 31 March 2025	Jacobs	Technical audit – agreed upon procedures	Page 213	Pages 94 to 103
10F	Accelerated infrastructure delivery projects data capture additional item for the 12 months ended 31 March 2025	Jacobs	Technical audit – agreed upon procedures	Pages 215 and 280	Pages 94 to 103
10G	Additional reporting to account for impacts of transition expenditure for the 12 months ended 31 March 2025	N/A	N/A	N/A	N/A
10H	Accelerated schemes data capture reconciliation model input	Jacobs	Technical audit – agreed upon procedures	Pages 217 and 280	Pages 94 to 103

Section 11		External Assurer	Type of Assurance	Table reference	External Assurance Summary
11A	Greenhouse gas emissions reporting for the 12 months ended 31 March 2024	Jacobs	Technical audit – agreed upon procedures	Pages 220 and 283	Pages 94 to 103

Other Annual Performance Report Information		External Assurer	Type of Assurance	Table reference	External Assurance Summary
A	Long-term resilience & viability statement	PwC	Regulatory Audit Opinion	Page 76	Pages 90 to 92
B	Annual performance information provided for the Discover Water website	Jacobs	Technical audit – agreed upon procedures	N/a	Report provided to Water UK

Other items

Many of our required annual disclosures are contained within this Annual Performance Report and Regulatory Reporting, however some are contained in our other related publications:

Disclosure	Location
Statement on directors' pay	Detailed disclosures in the Remuneration Report
Statement on disclosure of information to auditors	See page 68
Dividend policy	See page 107
Accounting policy note for price control units	See page 106
Revenue recognition note	See page 105
Capitalisation policy note	See page 106
Bad debt policy note	See page 107
Tax strategy for the appointed business	See page 112
Long-term viability statement	See page 76
RoRE summary	See page 35
Totex – difference between actual and allowed totex in table 4C	See page 162
Accounting Methodology Statement	www.southwestwater.co.uk/report2025

Open data

South West Water has again published its Annual Performance Report data in spreadsheet form on our website in addition to the Annual Performance Report document. We have reviewed the structure of commentary in respect of our performance data within our Annual Performance Report document and aligned this to the data tables in section 3 of this report.

South West Water is a member of the 'Stream' project to transform customer services in the water sector by driving innovation through data sharing.

As one of the eleven Stream member companies, we also intend to work together as part of this initiative to progress the publication of supporting datasets associated with the APR tables. This will ensure we focus on facilitating data re-users to more easily join up data from individual companies to maximise the potential benefits of publication. Stream's Use Case and Market Needs advisory group will consider the APR performance tables (and their supporting datasets) as part of their assessment to create a prioritised pipeline of datasets to publish.

See more on pages 22 to 23.

Assurance continued

Assurance – WaterShare+ Group Panel

The Watershare+ Customer Panel provides independent, customer focused challenge for all the Pennon Group Companies – South West Water which provides both clean and waste water services to its customers, and Bournemouth Water, Bristol Water, and now SES Water, each of which is a clean water-only company.

We offer independent oversight and challenge for all customers and broader stakeholders connected to Pennon Group companies. We were recognised by Ofwat as the Independent Challenge Group (ICG) for South West Water, Bournemouth Water, and Bristol Water during the recent price review. We will continue in this role for the next price review, which will also include SES Water, acquired by Pennon in 2024.

The past twelve months has been significant for the water sector as a whole.

Companies, the Government, and the regulator have been working on finalising business plans for the next five years. This is happening with continuing policy evaluations, changes to the law, and more regulatory monitoring. Customer concerns about the sector have only grown as news about pollution effects, increased rates as new business strategies take effect, executive salaries and shareholder profits, water shortages, and other issues have made headlines.

The heightened political and media attention, combined with the pressing need to enhance standards, has led to an increased level of activity from the WaterShare+ Group Customer Panel. In this context, South West Water in particular has faced its fair share of scrutiny and criticism, which is not surprising considering it provides both waste-water and clean water services in the sensitive environments of the far south west peninsula, including around 40% of England's bathing beaches. Meanwhile water only services are also critical to customers and are not without their own challenges.

We focus on ensuring that customer concerns and needs are acknowledged and addressed by the Company. We have collaborated with Company executives to design customer research and make sure that customer priorities are front and centre in Company plans. This year, on the water supply side the Panel has dedicated considerable time to discussing the severe effects of the Cryptosporidium outbreak in Brixham last May. We have also been looking into broader issues related to pollution and growing worries about the frequency of stormwater overflow discharges.

We regularly engage in detailed discussions and challenge sessions with the chief executive and other executive directors of South West Water. During these sessions, we track progress and pose important questions regarding the delivery of the Company's business plan commitments, customer research, and any specific issues that arise from customer concerns. We organise meetings, both online and in person, where customers can directly engage with the executives, and we facilitate these discussions independently. We value the executive team's openness to this scrutiny, their willingness to share company plans and data, and, most importantly, their approach to constructive discussion that allows us to collaboratively shape the best plans for customers. Over the past year, we have hosted 21 Panel meetings and organised three tours of the Company facilities, with two of those open for the public to join us.

Over the course of the year, we believe the Company has been transparent with us, allowing itself to be examined by the Panel and through the public meetings we organise also to answer to customers more broadly. This is not only the perspective of the Panel. The Consumer Council for Water, which represents water consumers in England and Wales, has highlighted the Company as one of only four that has effectively collaborated with its Independent Challenge Group while developing the current Business Plan. This Plan has also been acknowledged by Ofwat as a leader in the sector, particularly in terms of customer engagement.

In all our meetings, we dive into the operational challenges that a water company encounters. To stay informed and effective, we don't just reply on the Company provided information. We get guidance from experts at key industry regulators – the Environment Agency, the Consumer Council for Water, and Natural England. They join us in the meetings as our independent advisors, checking the information we receive from the Company and sharing their concerns as they come up. Their critical briefings and fact-checking really help make our work more effective. We really appreciate their insight.

To ensure that the information we receive and what gets reported to the regulators is accurate, we also have direct access to Jacobs UK Ltd, the independent technical assurer. They carefully examine the accuracy of the Company reporting, and we collaborate with them to review our data, information, and audit needs. Jacobs keeps reassuring us that, in their expert opinion, the Company's performance reporting is both reliable and accurate. The Panel has consistently backed their suggestions for enhancing the Company's monitoring and reporting systems, and we are encouraged to see that the Company is still taking action on these recommendations.

In the past year, we completed our scrutiny and contributions to the new five-year business plan for 2025–2030. Companies are required by the water regulator, Ofwat, to submit ambitious business plans that effectively meet customer needs for safe drinking water and efficiently manage wastewater to safeguard the environment – all while keeping costs affordable for customers. The plans outline the commitments regarding performance, investment, and customer bills. It is the responsibility of the Panel role to ensure these plans are designed with the customer's best interests in mind, and to hold the Company accountable for following through on them.

Over the past two years, the Panel has focused on overseeing and challenging the Company's Price Review business planning process. The Panel believes that it has played a crucial role in making sure that the voices of customers and stakeholders were listened to and included in the new Plan, which really enhanced its quality. We regularly pushed the Company to show that it prioritised customer needs, guiding its strategy with thorough customer research (which we closely reviewed and helped design) to make sure it genuinely considered and addressed the complete spectrum of customer concerns and requirements.

We shared our findings with Ofwat regarding our work on the plan and our conclusions, backing the new plan as it aligns with customer priorities, which were highlighted through the extensive customer research we contributed to and validated. We made independent representations on behalf of customers on the Ofwat draft determination, and we were pleased to see Ofwat made some changes in response. As the process came to a conclusion, as the Chair of Watershare+ I was invited by the Company to meet with the senior Ofwat leaders before they finalised their determination of the new business plan. During this meeting, I had the opportunity to share our insights on behalf of customers, and I am pleased to say that it was well received and contributed to shaping the final decision.

Additionally, over the last year both Ofwat and the Government have started important reviews of how the water sector is governed and regulated. The Watershare+ Panel has dedicated a considerable amount of time to addressing these matters independently, particularly focusing on the Ofwat review concerning company governance, executive rewards, and customer accountability, as well as the Government's ongoing 'Cunliffe Review' of the water sector. We also reached out to the Government and the water regulator to advocate for keeping the Government's £50 contribution. This was important because across the South West Water area about 4% of the national population, roughly 450,000 households, covers the costs of wastewater clean-up for 40% of England's bathing beaches. Also, the number of visitors during the summer months triples the local population, which adds to the significance of this issue. We were disappointed by the Government's decision to end this support this year.

We understand that enhancing services is seeing significant increases in bills – costs that not every customer can manage. In addition to championing the Company's sector leading support with bills for poorer customers to keep them out of water poverty, the Panel has actively pushed for, examined, and welcomed the Company's plans for progressive charging trials. The Company is testing out new charging structures during these trials, to make bills fairer. They are testing charging higher rates for customers with very high usage for non-essentials, like those with large gardens or hot tubs. They are considering charging more during peak times when water is scarce and less when it is plentiful. Plus, Customers requiring additional assistance for special needs will certainly be taken care of. We welcome these trials because they really show potential for making customer bills fairer. This means they could be more affordable for everyday customers and better reflect environmental impacts. These trials go beyond just fairness; they play a crucial role in minimising water wastage and enhancing the resilience of water resources in the South West – something that we know our customers are eager to see.

As the challenges in the water sector continue to change, the role of the Panel has also adapted. We think it is essential for the Company to listen to customers and respond directly, rather than only relying on the Panel, and we wanted to extend our role by enabling this more often, as well as enable us as a panel to hear directly from more customers. So we have taken a close look at how we work and are putting those insights into action to create more chances for customers to directly ask questions to company executives as we embark on the new Business Plan for 2025–2030:

- We will now hold public meetings more frequently, both online and in-person, allowing all interested customers to question and challenge senior company executives, including the chief executive, finance director, and managing directors responsible for water, wastewater, customer service, and the environment.

- This includes quarterly online public meetings allowing any customer to register and pose their questions directly to company executives under the independent chairmanship of the WaterShare+ Panel Chair.
- It also includes new Regional in-person meetings take place at least once a year in each of the following areas: Bristol Water, Bournemouth Water, SES, and Devon and Cornwall. These meetings are independently chaired by a WaterShare+ Panel member from the respective region.
- This represents over twice the number of opportunities for customers to express their opinions compared to the 2019–2024 Business Plan period.

Our Panel also organises private meetings with the executive on a quarterly basis for our own thorough examination of the Company track record and plans. In each meeting, we ensure open access to company materials. We track the delivery of business plan commitments and address major issues that may arise. Typically, we conduct two 'deep dives' into the areas of greatest customer concern. Over the past year, these concerns have included pollution, storms, overflows, drought prevention measures, environmental actions, and the quality of customer service.

The Panel is also responsible for overseeing the operation of the Company's distinctive WaterShare+ framework, which allows for the distribution of benefits derived from successful company performance. This is achieved by offering free shares in the Company to all customers, or a bill discount for those who prefer that option. These shares empower customers to have a greater influence on the business operations as shareholders, including the chance to attend the Company's Annual General Meeting. This initiative ensures that customer voices are integrated into the decision-making process, allowing them to participate as both owners and customers. Since the establishment of the WaterShare+ Panel in 2020, many customers have received shares, resulting in 1 in 14 customers now being shareholders across Devon, Cornwall, Bournemouth, and Bristol. This opportunity will now be made available to customers at SES, following the acquisition of the Company by Pennon Group in 2024.

The Panel's Customer Annual General Meeting (details) is open to all customers. At this event, we will present our comprehensive annual report, which will be published later this summer.

As we reach the 2025–30 business plan period, we are looking forward to tackling the ongoing challenges that the Company is facing as it significantly increases the amount of investment it is making. In 2025/26, the Panel will persist in its representation of customer interests and its challenge of the Company's executive to guarantee that WaterShare+ reaches its maximum potential in order to hold the Company accountable and concentrate on delivering on customer priorities.

Lord Matthew Taylor
Chair of the WaterShare+ Group Panel

Meetings on the Company's website
www.southwestwater.co.uk/about-us/watershareplus/meeting and the Panel will publish its own annual report in September.

Bristol Water Challenge Panel

The Bristol Water Challenge Panel (BWCP) forms part of the WaterShare+ Group panel, on which I and the Deputy Chair of the Challenge Panel sit. On this larger panel, we ensure that Bristol Water customers and stakeholders have their views heard in the wider decision-making processes and provide assurance that reported performance is accurate and reliable across the Group, including for Bristol Water.

Over the past two years the Company has been working on its business plan for 2025–30, which for the first time is a joint plan covering all of South West Water, Bournemouth Water, and Bristol Water. In our roles on the WaterShare+ Group Panel, my deputy and I have ensured that the needs of Bristol Water customers and stakeholders have been taken into account in this new combined plan. We are pleased that Bristol Water will maintain some separate performance metrics, such as customer Experience and leakage, in which it outperforms in.

The WaterShare+ panel holds four public meetings across the year and includes all regions, Devon, Cornwall, Bournemouth and Bristol. These meetings allow customers to meet and put their points directly to company executives. The Bristol meeting was held in May 2025.

The Bristol Water Challenge Panel during 2024/25 saw two new members join the panel, Abi Finch and Liz Leyshon. Both are passionate about being the voices for our Bristol Water customers. The panel's role is to focus on scrutinising the performance of Bristol Water against the commitments laid out in its business plan and publishes an annual report on behalf of customers, which covers how the Company has responded to challenges and successes over the previous year. Specifically, we monitor and challenge how Bristol Water is performing against its 29 performance commitments (PCs) laid out in its plan for 2020–25 and as amended by the Competition and Markets Authority in March 2020. The challenge panel has done this, both at the mid-year and end-of-year positions, challenging the Company to explain the reasons for changes in its Performance.

The panel has met four times this year for scrutiny purposes and reviewed the Social Contract on two further occasions.

As well as this there have been operational issues at the Company's largest treatment works at Purton, which have impacted performance metrics. On this, we have issued challenges to the Company to explain to us why these have occurred and when they will be rectified.

This was highlighted by an incident in September 2024 when Purton was hit by an electrical storm and lost power which could have led to widespread water interruptions. The situation was ultimately contained, with no customer impact. A huge effort went into mitigations on site, wider network mitigations with rezoning and strategic water transfers, but demonstrates the need for significant upgrades for the security of water supply.

While overall performance has been challenging over the last year, the Challenge Panel have been most pleased with Bristol Water's customer experience performance. The company is 5th out of the 17 water companies in England and Wales. This is great news for the customers that we represent. Additionally, Bristol Water has maintained a 0% rate of water poverty in the region, signalling the business' commitment to its customers. This has been achieved through concerted efforts by the Company to improve and market bill discounts, payment plans, and free debt advice for those who are struggling with their water bill. Additionally, the Company has exceeded its target number of customers on the Priority Services register.

Looking ahead Bristol Water is working on two forward customer projects:

1. Progressive charges pilot schemes are being tested across the Company. The aim being to encourage customers to use scarce water resources more wisely.
2. Lead pipe removal will replace lead pipes in the network, and sometimes in people's homes, to reduce harm caused by lead leaching into the drinking water supply.

The Challenge Panel will follow these projects closely.

The Challenge Panel thanks the senior teams at Bristol Water and South West Water for its openness and transparency throughout the year and for providing regular, timely briefings and presentations, and sharing its thinking on how it intends to improve its operational performance and customer service.

Mrs Peaches Golding OBE CStJ
Chair of the Bristol Water Challenge Panel
Deputy Chair of the WaterShare+ Group Panel

Independent Auditors' report to the Water Services Regulation Authority (the WSRA) and the Directors of South West Water Limited

Opinion

We have audited the tables within South West Water Limited's Annual Performance Report for the year ended 31 March 2025 ("the Regulatory Accounting Statements") which comprise:

- the regulatory financial reporting tables comprising the income statement (table 1A), the statement of comprehensive income (table 1B), the statement of financial position (table 1C), the statement of cash flows (table 1D), the net debt analysis (appointed activities) (table 1E), the financial flows and for the price review to date (tables 1F) and the related notes; and
- the regulatory price review and other segmental reporting tables comprising the segmental income statement (tables 2A), the totex analysis – wholesale (tables 2B), the cost analysis – retail (tables 2C), the historic cost analysis of tangible fixed assets (tables 2D), the analysis of 'grants and contributions' – water resources, water network+ and wastewater network+(tables 2E), the residential retail (tables 2F), the revenue analysis (tables 2I), the infrastructure network reinforcement costs (tables 2J), the infrastructure charges reconciliation (tables 2K), the analysis of land sales (tables 2L), the revenue reconciliation – wholesale (tables 2M), the Household affordability support (tables 2N) and historic cost analysis of intangible assets (tables 2O) and the related notes.

We have not audited the Outcome performance tables (3A to 3I) and the additional regulatory information in tables 4A to 4Z, 5A to 5B, 6A to 6F, 7A to 7F, 8A to 8D, 9A, 10A to 10H and 11A.

In our opinion, South West Water Limited's Regulatory Accounting Statements have been prepared, in all material respects, in accordance with Condition F, the Regulatory Accounting Guidelines issued by the WSRA (RAG 1.09, RAG 2.08, RAG 2.09, RAG 3.15, RAG 4.13 and RAG 5.07) and the accounting policies (including the Company's published accounting methodology statement, as defined in RAG 3.15, appendix 2), set out on page 105.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800, and applicable law, except as stated in the section on Auditors' responsibilities for the audit of the Regulatory Accounting Statements below, and having regard to the guidance contained in ICAEW Technical Release Tech 02/16 AAF (Revised) 'Reporting to Regulators on Regulatory Accounts' issued by the Institute of Chartered Accountants in England & Wales.

Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Regulatory Accounting Statements within the Annual Performance Report section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit, including the Financial Reporting Council's (FRC's) Ethical Standard as applied to listed/public interest entities, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – special purpose basis of preparation

We draw attention to the fact that the Regulatory Accounting Statements have been prepared in accordance with a special purpose framework, Condition F, the Regulatory Accounting Guidelines, the accounting policies (including the Company's published accounting methodology statement, as defined in RAG 3.15, appendix 2) set out in the statement of accounting policies and under the historical cost convention. The nature, form and content of the Regulatory Accounting Statements are determined by the WSRA. As a result, the Regulatory Accounting Statements may not be suitable for another purpose. It is not appropriate for us to assess whether the nature of the information being reported upon is suitable or appropriate for the WSRA's purposes. Accordingly, we make no such assessment. In addition, we are not required to assess whether the methods of cost allocation set out in the accounting methodology statement are appropriate to the circumstances of the Company or whether they meet the requirements of the WSRA.

The Regulatory Accounting Statements are separate from the statutory financial statements of the Company and have not been prepared under the basis of United Kingdom adopted international accounting standards ("UK GAAP"). Financial information other than that prepared on the basis of UK GAAP does not necessarily represent a true and fair view of the financial performance or financial position of a Company as shown in statutory financial statements prepared in accordance with the Companies Act 2006.

The Regulatory Accounting Statements on pages 114 to 138 and 226 to 238 have been drawn up in accordance with Regulatory Accounting Guidelines with a number of departures from UK GAAP. A summary of the effect of these departures in the Company's statutory financial statements is included in the tables within section 1.

Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the Regulatory Accounting Statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the Regulatory Accounting Statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Testing the mathematical integrity of the cash flow forecasts and the models supporting these forecasts and reconciling them to Board approved budgets. The directors' assessment covered the period of 15 months from the date of approval of the Annual Report and Accounts to October 2026, we focused on this period and also considered the subsequent five months to March 2027;
- Understanding the key assumptions the directors have applied in developing their base case and severe but plausible downside scenarios. We challenged various aspects of the directors' base case and downside scenarios including consideration of other potential downside risks that were not factored into the directors' downside scenario;
- Assessing the accuracy of the cash flow forecast prepared in the prior years so as to obtain assurance of the ability of the directors to prepare accurate forecasts;
- Obtaining and understanding the terms of the Company's financing and available credit facilities and in particular the financial covenants that the Company is subject to. We have verified the existence of the facilities in place on which the directors have based their liquidity forecast;
- Reviewing the directors' analysis of both liquidity and covenant compliance to ensure there is sufficient liquidity and no forecast covenant breaches during the going concern period;
- Assessing the extent of mitigating actions that could be taken by the directors, if necessary, to increase liquidity or to prevent a trigger or default event arising against the covenants in place; and
- Assessing the appropriateness of the disclosures within the financial statements as disclosed in the accounting policies, relating to going concern..

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises all of the information in the Annual Performance Report other than the Regulatory Accounting Statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the Regulatory Accounting Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Regulatory Accounting Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Regulatory Accounting Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Regulatory Accounting Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report based on these responsibilities.

Responsibilities of the Directors for the Annual Performance Report

As explained more fully in the Statement of Directors' Responsibilities set out on page 79, the directors are responsible for the preparation of the Annual Performance Report in accordance with Condition F, the Regulatory Accounting Guidelines issued by the WSRA and the Company's accounting policies (including the Company's published accounting methodology statement, as defined in RAG 3.15, appendix 2).

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of the Annual Performance Report that is free from material misstatement, whether due to fraud or error.

In preparing the Annual Performance Report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the Audit of the Regulatory Accounting Statements within the Annual Performance Report

Our objectives are to obtain reasonable assurance about whether the Regulatory Accounting Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Regulatory Accounting Statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the Regulatory Accounting Statements. These included Regulatory Accounting Guidelines as issued by the WRSA, UK Companies Act and tax legislation; and
- do not have a direct effect on the Regulatory Accounting Statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's operating licence, regulatory solvency requirements and environmental regulations.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- Discussions among the engagement personnel covering the potential for material misstatements due to error or fraud, the risks associated with related parties and emphasis on the need to maintain professional scepticism throughout the engagement;
- Inquiries of the directors and others within the entity, including those outside of finance, as to their knowledge, awareness and concerns regarding fraud, or breaches in laws and regulations;
- Identification and testing of journal entries that met our risk criteria, in particular any journal entries posted with unusual account combinations that hit our risk criteria and incorporating an element of unpredictability in the nature, timing and extent of audit procedures performed;
- Testing significant accounting estimates and judgements made by the directors;
- Reading the minutes of the Board meetings to identify any inconsistencies with other information provided by management;
- Reviewing internal audit reports insofar as they related to the financial statements; and
- Reviewing legal expense accounts and other correspondence to identify items which may indicate the existence of material legal claims.

A further description of our responsibilities for the audit of the Regulatory Accounting Statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report is made, on terms that have been agreed, solely to the Company and the WSRA in order to meet the requirements of Condition F of the Instrument of Appointment granted by the Secretary of State for the Environment to the Company as a water and sewage undertaker under the Water Industry Act 1991 ("Condition F"). Our audit work has been undertaken so that we might state to the Company and the WSRA those matters that we have agreed to state to them in our report, in order (a) to assist the Company to meet its obligation under Condition F to procure such a report and (b) to facilitate the carrying out by the WSRA of its regulatory functions, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the WSRA, for our audit work, for this report or for the opinions we have formed.

Our opinion on the Regulatory Accounting Statements is separate from our opinion on the statutory financial statements of the Company for the year ended 31 March 2025 on which we reported on 10 July 2025, which are prepared for a different purpose. Our audit report in relation to the statutory financial statements of the Company (our "Statutory audit") was made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our Statutory audit work was undertaken so that we might state to the Company's members those matters we are required to state to them in a statutory audit report and for no other purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume responsibility for any other purpose or to any other person to whom our Statutory audit report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

15 July 2025

Assurance Report

Introduction

1. Introduction

South West Water (SWW) has compiled its Annual Performance Report for the period 01 April 2024 to 31 March 2025 (APR25), which is the fifth and final year of K7. SWW has 44 Performance Commitments (PCs) for the K7 period defined in Ofwat's PR19 Final Determination dated December 2019. The set of PCs cover all supply regions of the Company as the South West Water region, the Bournemouth Water region (water supply only), and the Isles of Scilly.

Bristol Water (BRL) was acquired by Pennon Group PLC in June 2021. BRL has 29 PCs which are reported separately.

This report also covers the Carbon reporting for Sutton and East Surrey Water (SES).

SWW requested Jacobs to independently audit and assure the PCs being reported for SWW and BRL for their APR25 submission.

2. Scope of work and approach

On 13 November 2024 SWW requested external assurance to support APR25 due to be published in July 2025. You requested assurance of processes and data for the reported performance against the K7 PCs and data that feed into the performance calculations. SWW requested we assure the PCs and supporting information for SWW and BRL.

We responded with a Statement of Work which set out the assurance activity for the 2024/25 full-year APR data submission for SWW and BRL. As per SWW's email dated 30 December 2024 we based our assurance plan on the same scope as the 2023/24 APR audits. The tasks and audit subjects that were included are listed below:

- Biodiversity
- Bioresources
- C-MeX
- D-MeX
- Developer Services
- Green Recovery
- Waste Disposal Compliance
- Water Quality ODIs
- Supply Interruptions and mains repairs
- Odour Contacts
- Property, Population & Voids
- Vulnerability and affordability
- WWTW Compliance, pollution incidents
- Unplanned outage
- WINEP Delivery
- Leakage, PCC & SDBI
- Meter Penetration
- Sewer Blockages & Collapses Sewer Flooding
- Energy
- Carbon
- Metering
- Additional GHG offline data checks
- Population
- Water Quality contacts
- Bathing water quality
- CRI
- Sludge Compliance
- 'Bournemouth schemes' – progress and independent reporting (specific requirement in the FD19 for PC references PR19SWB_PCA6 and PR19SWB_PCA7). We proposed that this audit took place at one of the construction site offices and this would include a site visit to the completed assets.
- Project Management and coordination, including attending the SWW and BRL internal briefing meetings.

We received an additional request on 23rd May 2025 to cover the additional lines from the Green Recovery Tables (10A, 10B, 10D,10E, 4S, 4T and 4U), also those for Accelerated Infrastructure delivery (10F-H), and

transition expenditure (4X and 4Y), to our scope

3. Assurance standard applied

We conducted our limited assurance in accordance with the International Standard on Assurance Engagements (UK) 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information ('ISAE (UK) 3000 revised'). The Standard requires that we obtain sufficient, appropriate evidence on which to base our conclusion.

4. Assurance approach

We undertook the limited assurance audits remotely over Microsoft Teams with the exception of leakage and PCC, and Alderney water treatment works (to incorporate a site visit to the newly constructed works) which were in person. We provided initial findings verbally during the audit and followed up with written feedback reports. We provided early notification to the SWW team via email of any material actions.

The assurance comprised the following elements:

- Performance and context: Is the reported data and commentary reasonable and consistent with the other information seen at audit? We applied five audit tests to complete this element.
- Process compliance: Has the process defined in the methodology document been followed? We applied seven audit tests to complete this element.
- Data checks: Have the data checks identified any issues? We applied three audit tests to complete this element. We recorded the data checks we carried out.

We reviewed the documented procedures, processes systems, data and analysis to gather and report performance information in line with Ofwat's prescribed definitions (RAG 4.13, and the PC definitions in the 2019 FD) and the required format in the data tables.

We met with process and data owners to obtain evidence that the documented procedures and methodologies were being followed. We reviewed data on a sample basis, tracing it back to source data to verify the information. We also reviewed governance arrangements for checking, verification and approval of information by the accountable managers and directors.

If a material concern was identified it was reported to the team and senior management responsible for the data. In the event the concern was not resolved (or could not be resolved, for example due to time constraints) we alerted the Audit Committee and Board via our Interim Report and Board Assurance report (this report).

A Reporting Risk Score was allocated to each audit test according to the following definitions:

Score	Meaning
A	Low reporting risk – criteria are fully met (no weaknesses in the methodology – no actions).
B	Low to medium reporting risk – criteria are not fully met (weaknesses exist but they are not material – must have action).
C	Medium to high reporting risk – criteria are only partially met (material weakness or several minor weaknesses with material effect).
D	High reporting risk – criteria are not met (two or more material weaknesses in the methodology).
NA	Not audited as it was outside our scope.

Guidance on risk and materiality

The score reflects the level of reporting risk for the process and is based on the overall opinion of the auditors. In general, a weakness is material if it has the potential to impact the quality of the reported number to a greater degree than assumed by the confidence grade.

The overall score for the audit is the largest risk score from the audit tests. For example, if a C is assigned to one of the tests but A for the others, the overall audit score is C rather than A.

Our deliverables are:

- Verbal feedback to the audit teams on conclusion of the audit, summarising any actions and recommendations.
- Formal feedback in a standard template with scores relating to the reporting risk, a summary of findings, commentary against each audit test, a record of data checks and any issues or actions to be addressed.
- Draft and final assurance letters/summary report for inclusion in SWW's APR publication.
- Attendance at SWW's governance committee meetings (typically Audit Committee and Board) to present findings.
- Attendance at South West Water's Watershare+ customer panel covering SWW and BRL.

South West Water

5. Summary of key findings

5.1. South West Water

We have assessed the information within our scope for limited assurance against the audit tests. The audit process for limited assurance is less in extent than for a reasonable assurance engagement.

We can confirm that in general the PCs in our scope of audit and assurance provide a fair and reasonable account of SWW's performance against the PC targets for year 5 of K7, with several exceptions (some of which are medium to high reporting risk) detailed in the table below.

SWW is working to close out audit actions prior to submission of the APR with longer-term actions being addressed for APR26 reporting.

Summary findings by PC

Risk Score	PCs
B	**Leakage & PCC:** Values audited: post-MLE Leakage: 107.8 Ml/d, post-MLE PCC: 148.4 l/hd/day. Material Issues: SWW has progressed its investment programme to align its leakage reporting to regulatory guidance and best practice. Our audit confirmed that SWW is reporting correctly from its data sources. We assign a risk score of B because whilst SWW has made improvements to the process and data sources, work continues into K8. **Key Observations:** 1. The Water Balance Gap (Reconciliation Error) has deteriorated, from 2.05% of DI (amber) to 3.56% of DI (red). We recommend that the team continues to investigate drivers for this increase. 2. We note that the unmeasured household consumption monitor is non-compliant with the guidance. Additional properties were added in the last few months of 2024–25 but were not used for reporting as they do not cover the full reporting period. We recommend the sample size be increased further for 2025–26. 3. The team has applied an adjustment to measured consumption (HH and NHH) that incorporates meter readings taken in April 2025. This increases consumption by ca.1% for HH and ca.1.5% for NHH. We support this approach but recommend that the team investigates the use of smart metering data for K8 reporting. 4. We note that reported leakage and PCC (Tables 3A and 3F) have not been adjusted for the benefits of Green Recovery and Accelerated programmes for smart metering. **Other Observations:** 1. Clear processes for both Leakage and Water Balance. 2. Trunk mains leakage and service reservoir losses based on BABE assessments, we recommend moving towards flow balances once robust metering is in place. 3. Meter under-registration for both measured HH and the PHC monitor are significantly higher than used by other companies. 4. Although limited sample checks were undertaken during the audit we have not reviewed any calculation spreadsheets offline. Our sample did not identify any shortcomings with calculations undertaken in the spreadsheet.
B	**Unplanned outage:** The stated Peak Week Pumping Capacity (PWPC) is not evidenced by pumping tests every 5 years. Historical operational data is used to support the PWPC. This is not consistent with the guidance requirement that states that the PWPC should be defined by pumping tests. There was also a lack of evidence provided at audit for adjusting the PWPC value at two sites.
A	**Resilience in the Round:** The PC for Resilience in the Round (water) has not been met, reporting 2004 properties off supply >12 hours against the PC target of 540 properties. SWW has experienced an increase in events during the year with a decline in performance compared to 2023/24 (9 mins 18 secs).
A	**Supply interruptions:** Verification of supply interruptions continues to be diligently managed for reporting against Supply Interruptions and Resilience in the Round. Supply interruptions has out turned at 14 mins 44 secs, missing the target of 5 mins 00 secs per property. Compliance checklist was not completed at the time of the audit. Update 20/06/2025 – compliance checklist completed. Risk score amended to A.
A	**Mains repairs:** The target for mains repairs per 1,000 km of water main has been met at 127.5 against a target of 131.6. Performance is close to the ODI target.
A	**Bathing Water Quality & WINEP schemes:** We reviewed the data sources, including WINEP live tracker, scheme completion documents, DEFRA Classifications and individual beach data and reports for SWW. We conclude that all sources of data used were reliable and that the processes followed were robust. The methodology and commentaries for all three parts of the Bathing Water Quality PC were compliant with the requirements and fully explained the processes, detailed analysis of beach water quality and the final reported PC value. Delivery of bathing water improvement schemes has been accelerated over the AMP and 12 schemes have been delivered in total, plus an additional scheme (Plymouth Central) linked to the same bathing water improvement (Plymouth Hoe East). There have been no bathing water quality deteriorations solely linked to SWW assets during K7. SWW has outperformed the FD target, delivering 4 ahead of the baseline target and will be subject to a financial reward payment of £4.416 million.

Assurance Report continued

Key findings

South West Water

Risk Score	PCs
B	**Internal sewer flooding:** SWW has achieved 0.53 incidents on internal sewer flooding achieving the target of 1.34 per 10,000 sewer connections. Ofwat's Reporting Guidance, and the South West Water methodologies for internal and external sewer flooding state that "any flooding due to jetting shall be included, unless the water is fully contained within a toilet bowl". However, in discussion, the auditee explained that flooding due to jetting where the flooding is clear water and there is no evidence of sewage, is discounted. This approach appears to be in contradiction with the Reporting Guidance. The methodology should also be updated to explain the actual process followed. In 2024/25, eight records of internal sewer flooding were discounted on this basis. The methodology discounts flooding from an internal manhole where the cover is not sealed. This is not explicitly covered by Ofwat's Reporting Guideline and clarification should be sought from Ofwat. Update 20/06/2025 – SWW has included the eight records of internal sewer flooding related to jetting which increases the performance to 0.63 per 10,000 sewer connections. Regarding buildovers, this was a non-material observation in APR22. With the guidance silent on the issue, further discussion is required. Risk score amended from C to B.
A	**External sewer flooding:** SWW is reporting 1,465 incidents of external sewer flooding against the target of 1,123. We observed Work Mobile does not record neighbouring properties affected by external flooding, and there is no mechanism to quickly identify records originally recorded as internal sewer flooding and then moved to external sewer flooding, although this is captured by subsequent investigations. This process is well established.
A	**Sewer blockages:** The total number of blockages is 6,445 which is just inside the performance commitment target of 6,500 for 2024/25. This results in approximately £55k of outperformance payment. The performance this year is consistent with previous years in the AMP. We conducted a series of data checks.
A	**Sewer Collapses per 1000km:** The reported number of normalised collapses is 7.54, which is within the performance commitment target of 13.99 for 2024/25. This results in approximately £258k of outperformance payment. The performance this year is a significant reduction compared to last year but is largely consistent with the first three years of the AMP. The RAG compliance checklist should be completed and included in the commentary. The auditees note that all elements are expected to be green with a confidence grade of A2. The final sewer length was not available at the time of audit but is required to calculate the normalised number of sewer collapses. Update 14/07/2025 – 2023/24 sewer length used in accordance with Ofwat's instruction. Risk score updated from B to A.
B	**Risk of sewer flooding in a storm:** This has been correctly reported outperforming at 10.18% of the region's population at risk of internal hydraulic flooding from a 1 in 50-year storm, against a target of 25.92%. Data checks confirmed the reported performance had been produced in accordance with the stated methodology and vulnerability grades had been appropriately assigned. There is deviation from reporting guidance (non-material) in relation to Stage 1 and Stage 2 exclusions, and sub-catchment delineation. This is detailed in the methodology, and we saw no evidence that the methodology had not been applied. The methodology and commentary should be updated to provide justification for why these deviations have been taken. We note that some of the requested contents for the commentary outlined in the Reporting Guidance have not been included. These should be added.
A	**Risk of Severe Restrictions in a Drought (RSRID):** We consider the team has used an appropriate interpretation of the guidance, applying a methodology which is consistent with APR24. SWW has reported RSRID of 0.0% which is the same as reported in APR24. We checked the final reported values, calculation spreadsheet and commentary, no issues were identified.
A	**C-MeX:** Provisional commentary because the audit report has not been issued. The internal target has not been met, with the outturn below median. We confirmed that the data and processes for customer service scores and customer experience surveys which feed the CSAT score were robust. A number of non-material actions were noted and are being worked through. Update 14/07/2025 – non-material actions completed and evidenced. Risk score updated to A.
A	**D-MeX:** The processes for recording D-MeX performance against Water UK's metrics is sound and compliant with Water UK's metric definitions. We recommended referencing Jacobs' external assurance in the assurance statement required for Ofwat for this PC. We will confirm the final D-MeX score once the Q4 qualitative survey results become available (30 May 2025). Update 20/06/2025 – Final D-MeX score verified. Reference to Jacobs' assurance included in the assurance statement. Risk score amended to A.
A	**AMR meters installed for meter optants:** The methodology has not changed from previous years and follows the Ofwat definition to include all household AMR meters installed but excludes those exchanged as part of the green recovery programme. We confirmed SWW has exceeded the PC target and the forecasts reported in APR24, primarily due to the accelerated metering installs in the Coliford area (confirmed at audit at 26,371 meters) with AMP8 funding brought forward to achieve this. We audited data in the master data set and sample checked a random number of meters back to the billing system to confirm they had been exchanged during the year with the associated meter types. No issues were found.
A	**Pollutions (water, calendar year):** The total number of water pollution incidents (Cat 1–3) associated with drinking water assets was 20 (29 in 2024). A cross-check should be conducted against the final EPA tracker to mitigate potential risk of incorrect values remaining in the tracker, although we are aware that the final tracker is delayed by the EA and a date for it to become available hasn't been confirmed. Update 20/06/2025 – EPA tracker received 12 June 2025 with updated figures for Pollutions. Data table updated, risk score updated from B to A.

South West Water

Risk Score	PCs
A	**Pollutions (wastewater, calendar year):** The total number of wastewater pollution incidents per 10,000 km of sewer (Cat 1–3) is 108.37 against a target of 19.50. Performance is similar to 2024 (111.24). A cross-check should be conducted against the final EPA tracker to mitigate potential risk of incorrect values remaining in the tracker. Update 20/06/2025 – EPA tracker received 12 June 2025 with updated figures for Pollutions. Data table updated, risk score updated from B to A.
A	**Treatment Works Compliance (Numeric), (Descriptive), and Total wastewater treatment works compliance:** Total wastewater treatment works compliance outturns at 98.4% as the average of numeric (98.1%) and descriptive (98.8%). The targets of 100% have not been met. All reported data is compliant with internal and external reporting requirements. The risk score of B is assigned because of several non-material issues which regarding the inability to check compliance against the EPA tracker as the cells are invalid, the Treatment Works Compliance documents being in out of date templates, lack of documented confidence grades and the lack of final EPA tracker being received (potentially material). Update 20/06/2025 – EPA tracker received on 12 June 2025, no changes to WW compliance to the data seen at audit. Confidence Grade of A1 assigned. Risk score amended from B to A.
A	**Priority services for customers in vulnerable circumstances:** **British Standard for inclusive service provision:** **Overall satisfaction of services received on the PSR:** **Number of customers on one of our support tariffs:** **Voids for residential retail:** Our audit did not identify any data errors. Methodologies are up to date with no significant changes since last year's audit other than one new category of support tariff. All supporting evidence has been checked and verified through spot checks, pivot tables, and customer records. Survey processes (including informed/uninformed methodologies) are documented and were followed with some adjustments (e.g., oversampling in Q3). Satisfaction with services received through the PSR met the performance target for 2024/25 (93%). Operational contacts resolved first time which had met the target in years 1–4 dipped below, failing to hit the 95% in any month during the year. Numbers for support tariffs were verified with clear evidence. This has scored a B as the properties figure is audited separately by Turner & Townsend. At the time of the audit that was not yet complete. Update 20/06/2025 – properties figure audited. Data table updated. Risk score updated from B to A.
A	**Customer satisfaction with value for money:** Provisional commentary as the audit report has not been issued. The customer satisfaction with value for money survey was paused during and after the Brixham incident. This was a sensible course of action for customer experience but not ideal for maintaining integrity of the data because the survey is always done as part of the same long-term survey so could not be carried out one the decision to defer the overall survey was taken. The survey was corrected by 1% after the audit. Auto-enrolment on support tariffs and the new Assist tariff have been crucial in achieving the target of 100% of customers surveyed finding their bills affordable (subject to confirmation). Update 14/07/2025 – commentary completed, signed off and evidenced. Risk score updated from B to A.
A	**Percentage of customers who find their water bill affordable:** Provisional commentary as the audit report has not been issued. This has provisionally hit its target after progressing towards 100% during the AMP. The main contributor to the improvement is auto-enrolment into support tariffs. An additional factor this year was the new Assist tariff aimed at providing short-term support to the relatively small number of customers in water poverty who have been resistant to engaging with previous approaches. Ofwat requires audit specifically of this line. This is currently pending; the review carried out during the audit does not satisfy the assurance requirement as end to end checks could not be carried out (no audit trail). Update 20/06/2025 – ICS data received and confirmed. Sign off completed. Risk score amended from C to A.
A	**Priority services for customers in vulnerable circumstances:** SWW has met the targets of Reach, Attempted contacts and Actual contacts. No material issues were identified in any of the lines. We note that the percentage of actual contacts for South West and Bournemouth is notably lower than the figure for the previous year. However, from the information available this appears to be a reversion to normal response rates after an unusually high rate in 2023/24, rather than an indication of an issue in 2024/25. The water supply incident at Brixham during the year provided an opportunity to review how many customers eventually signed up for the PSR during an extended period of need. The figures reported indicate that the Company's long-term target for PSR reach would appear to be achievable in principle.
A	**Compliance Risk Index (CRI):** We reviewed the data sources, including sample data and DWI compliance assessment letters in addition to the master CRI tracking spreadsheets for SWW. We conclude that the sources of data used were reliable and that the process followed is robust. For Customer Contacts, we confirmed the correct DWI categories were included in the data and that the 2024 population had been used for the PC calculation. The data currently excludes the Isles of Scilly as agreed by the DWI until post 2025. However, any sample failures or customer contacts from the islands are recorded and reported to the DWI separately. SWW recorded the best CRI score since the measure was introduced and will incur no penalties this year.
A	**Taste, Smell and Colour (TSC) contacts:** The cryptosporidium event in May 2024 at Brixham as well as the 2022 drought which prevented DOMS flushing in the previous year(s) has caused an increased number of complaints, notably across Discolouration and Taste & Odour categories. This can only be explained by 'customer psychology' but appears to have now calmed. This measure was improving in the first 3 years of K7 but the uplift in contacts has impacted the PC and the FD target has not been met for the second year in succession, out turning at 1.87 contacts per 1,000 population against a target of 1.33.

Assurance Report continued
Key findings continued

South West Water

Risk Score	PCs
A	**Voids for Residential Retail:** We reviewed the data sources, including RAPID data and excel data spreadsheets for SWW. We conclude that the sources of data used were reliable and that the process followed was robust. The methodology and commentary for SWW were compliant with the requirements and fully explained the process, final reported PC's and trends. No material issues were identified during the audit. SWW has met or outperformed the FD target throughout K7 which is reputational only. SWW plans to manage the voids process into K8 to maintain performance levels.
A	**Bournemouth Capital Schemes** **Alderney WTW:** We visited the Alderney site in April to observe physical progress. We found the construction is very clearly substantially complete and acceptance testing/ commissioning has been carried out which was evidenced. However Scottish & Southern Electricity Networks (SSEN) has failed to deliver the required upgrade to the power grid to be able to supply the required power for the new WTW to meet the PC date of 31 March 2025. We are sympathetic with SWW's situation because it has demonstrated that it has used every endeavour since 2021 to get SSEN to carry out the upgrade work. SSEN has not fulfilled several commitments which were agreed with SWW and we were aware of these since our audit in 2022. We are supportive of SWW's position as the delay is outside of SWW's control. **Knapp Mill WTW:** SWW is currently forecasting delivery by 31 March 2026 having implemented a scaled down solution. This was due to the physical site constraints and contaminated land. The revised solution has been discussed with Ofwat. The solution to utilises part of the existing works (slow sand filters). The solution only treats the domestic stream, with the non-potable supply to the Esso oil refinery at Fawley remaining in its current configuration. SWW demonstrated that the Knapp Mill scheme is 95% complete with evidence of milestones completed.
B	**Energy consumption:** Some assumptions and methodologies used for APR reporting were either undocumented or lacked the necessary detail to guarantee consistent and reliable data. This assessment was formed after tracing back a significant portion of the lines to their original data sources and conducting spot checks within both the calculations workbook and raw input data. Two material issues were identified during the audit: 1. The original data source for the allocation splits used for APR report could not be evidenced during the audit, and it was understood that the historical figures have not been revised since start of K7 despite potential changes to the sites. 2. The data processing steps for Table 7E (Sewage Collection, Sewage treatment, Waste Water Network) were very complex, and the methodology document did not reflect the steps taken to calculate the final reported values. The lack of process documentation posed a significant long-term reporting risk. The remaining issues identified in the audit were non-material relating to process documentation, ensuring reliability and robustness. It is recommended to have a more detailed methodology regarding the processing of input data, specific processes which were not clearly documented, and on data ownership. Update 06/06/2025: The SWW team provided feedback on the two material actions, identifying the source data for the allocation splits and taking an action to improve the process governance and associated methodology documentation for APR26. Risk score amended from C to B.
B	**Carbon – Table 11A:** The team demonstrated excellent knowledge and understanding of the requirements for Table 11A greenhouse gas emissions reporting for SWW, BRL and SES. There were minor changes from last year's processes. Our data audit traced information back to source. We identified some formulae errors which were corrected immediately. We recommend that workings are reviewed to ensure no residual formulae errors remain. Recommendations for future reporting were made, including estimation of business travel in public transport. Some non-material issues were identified, these included several updates to the methodology and commentary. Update 20/06/2025 – methodology and commentary have been updated. Seven actions agreed in the audit as actions for 2025/26 reporting. Risk score remains as B.
B	**Carbon Table – 11A (44–46):** Data for Table 11A.44-46 were audited as part of the Pennon ESG assurance in May. Several material actions were identified and corrected prior to the Table 11A.44-46 data audit for SWW on 11/06/2025. During this audit, the remaining allocation to cradle-to-gate (11A.44) and split between drinking water and wastewater were covered, with no issues found. Risk score of B assigned in the Pennon ESG audit.
B	**Odour Contacts from wastewater treatment works:** The audit confirmed a robust, consistent, and transparent methodology aligned with the final determination requirements. Internal controls are well established. These had not been completed at the time of the first audit; the effectiveness of internal controls was demonstrated at the second audit. Spot checks on CRM records validated the logging of incidents, including distinguishing new complaints from follow-ups appropriately. The reporting team demonstrated a full understanding of context, especially differentiating contacts outside SWW's service area or related to third parties. Minor issues were identified, including occasional incomplete address logging and absence of notes on the precise content of the call, which in some cases may mean contacts which were excludable have to be included due to lack of evidence that they are excludable. The review carried out following management challenge after the first audit identified 64 additional cases which were viewed as excludable once all categories of exclusion were applied. The second audit identified two of these to be incorrect, and a further two were changed following internal post-audit checks requested during the audit. These issues would slightly increase reporting risk if any similar metric to this is to be reported in the future; we note that this is no longer a Performance Commitment and so is unlikely to be reported in future.

South West Water

Risk Score	PCs
B	**Compliance with sludge standard:** The data reviewed was consistent with the methodology. No material issues were identified during the audit, but recommendations have been made on non-material issues. In particular, it has been recommended to mitigate reliance on a single member of staff, particularly as during spot checks of the audit information (though found very quickly) was within an email rather than located centrally and accessible to all staff. We recommend an alternative member of staff is delegated as data owner.
B	**Bioresources sludge data:** **Bioresources sludge treatment and disposal data:** **BOD load, ammonia load and liquor cost:** We identified some issues with the data and the assumptions used, for example, calculating the BOD and ammonia load currently relies on standard operating assumptions. These can be improved with physical instrumentation to validate assumptions and provide more accurate data. We found no other material issues, but we provided a series of non-material recommendations regarding the calculations and assumptions.
B	**Bioresources – Market Information and Market Monitoring Information:** We reviewed how each column of the master spreadsheet was calculated for bioresources market information and then did spot checks spanning total tonnes dry solids (TDS), grid references of works and population equivalent (PE) of small and normal wastewater treatment works (WwTWs). For bioresources market monitoring we traced each line back to their source calculation sheets. We found no material issues in either section but provided some non-material recommendations which lowered the confidence grade to B (to match with confidence grade of bioresources sludge tables) and to provide a written methodology document.
B	**Green Recovery & Accelerated Infrastructure Delivery:** The audit identified that while core methodologies and data checks were largely followed, several material issues and gaps in documentation were present and required remediation. Despite these issues, no data integrity concerns were identified during spot checks and data validation. Data was extracted line by line and reconciled accurately with calculation spreadsheets, supporting reliability in figures presented. Process compliance was generally good with clear documentation of material assumptions and judgement and updated methodologies. Audit trails for calculations were adequate and evidence showed that internal quality assurance steps, such as contractor checks and feedback loops, were conducted and reasonably documented. The value for A10.2 changed during the audit (from 912 to 895) as communication pipes had incorrectly been included, however this was subsequently changed again post audit to 849. Although these changes suggest there is uncertainty in this value the changes are consistent with the confidence grade (B2). Due to inconsistencies between tables, the audit identified several material issues when completing tables, generally regarding the units required. A number of changes were made during the audit – whilst the full set of data was available there were a few instances when the summation was not in-line with the guidance. These initial findings justified an overall risk score of 'C', indicating medium to high reporting risk, but following updates during and after the audit this has been revised to 'B' for most lines.
A	**Green Recovery Initiative – Total length of new potable mains delivered as a result of the accelerated infrastructure delivery projects, and transition expenditure:** The requirements, reported values and the process for producing values is robust. Commentary and methodology statements were well prepared, and no issues were identified during data and sample checks.
A	**Green Recovery Initiative – Biodiversity enhancement:** SWW's Green recovery initiative for biodiversity enhancement is an extension of its Upstream Thinking projects. 7,169ha has been delivered through Green Recovery. The commentary and methodology provided is robust and consistent with the process and figures being reported. This is a cumulative output in the final year of reporting, Year 5 total being 144,120ha (Upstream Thinking and Green Recovery combined). Performance exceeds targets and the outperformance payment band.
A	**Green Recovery Initiative – Grid enhancement:** Our sample-based end-to-end data checks did not identify any issues. Methodology and commentary document were clear. In addition to financial evidence, photographic evidence of the progress of the schemes was also present during the audit. Completion of the Prewley to Northcombe main is consistent with our audit of Table 10A.1.
A	**Green Recovery Initiative: Meter installations:** For the audits undertaken we initially found some instances of data inconsistencies generally relating to completion of some data tables (where some data tables required '000s, and others required the full numbers). We found a small amount of information from a contractor had not been included. These initial findings were corrected after the audits which we confirmed through updates – risk score updated from B to A. We found no other material issues.
A	**Green Recovery Initiative – Knapp Mill advancement:** Delivery of the new water treatment works at Knapp Mill was advanced through the Green Recovery Initiative. Performance reflects the increased expenditure in 2024/25. No material weaknesses were identified in the reporting process. All milestones and key deliverables were progressing, with some challenges acknowledged. Risk score 'A' was assessed due to the robustness of the evidence and internal checks in place.

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5.2. Bristol Water

We have assessed the information within our scope for limited assurance against the audit tests. The audit process for limited assurance is less in extent than for a reasonable assurance engagement.

We can confirm that the PCs in our scope of our audit and assurance provide a fair and reasonable account of BRL's performance against the PC targets for year 5 of K7, with a number of minor exceptions detailed in the table below.

SWW/BRL are working to close out audit actions prior to submission of the APR with longer-term actions being addressed for APR26 reporting.

Summary findings by PC

Risk Score	PCs
B	**Leakage & PCC:** Values audited: post-MLE Leakage: 36.7 Ml/d, post-MLE PCC: 148.7 l/hd/day. Our audit confirmed that BRL is reporting correctly from its data sources. We assign a risk score of B taking into account the key observations below. **Key Observations** 1. Despite a small improvement, the Water Balance Gap (Reconciliation Error) remains 'red' at 4.6% of DI (was 4.8% at APR24). However, when the water balance is aligned with the SWW approach the current view is that it will improve to ca.2.5% (amber). 2. We note that the company does not make use of the full functionality of Netbase to calculate weekly DMA leakage figures and recommend that it moves away from using spreadsheets for the leakage calculation, particularly for the infilling of missing data. **Other Observations** 1. Clear process for both leakage and PCC. 2. Non-Household Night Use continues to be based on a very small sample (ca.60), we recommend that this is increased. 3. Whilst flow balances are used to estimate trunk mains leakage, default values are used, based on whether the balances are less than, or greater than ±5%. We recommend the team investigates the use of the balances to estimate losses. 4. To remain consistent with AMP7 reporting, household consumption is based on PCC; we recommend moving to estimates based on PHC for AMP8 reporting. 5. The estimates of unbilled consumption (illegal and legal) have not been updated for 2024–25. 6. Due to the future changes discussed during the audit, it is likely that a restatement of the baseline will be required for AMP8 reporting. 7. Limited sample checks were undertaken during the audit we have not reviewed any calculation spreadsheets offline.
A	**Supply interruptions:** Verification of supply interruptions continues to be diligently managed for reporting. We confirmed the methodologies comply with BRL's internal reporting requirements and Ofwat's requirements. The process for challenging event classification and reporting the impact of events has not changed. BRL is reporting lost minutes of 7 mins 21 secs per property against the target of 5 mins 0 secs. Our audit confirmed correct reporting against the stated methodology. The risk score of B is assigned because the RAG Compliance Check list had not been completed and dates within the methodology suggested it may not have been reviewed for APR25 reporting. Update 14/07/2025 – RAG Compliance Checklist completed and evidenced, methodology refreshed. Risk score updated from B to A.
A	**Properties at risk of receiving low pressure:** Provisional commentary as the audit report has not been issued. The reported data is compliant with Ofwat guidance and the definitions in the 2019 FD. BRL started the year with two properties on the register, out-turning with eight properties at the end of the year. The PC target for 2024/25 is 49 properties.
A	**Risk of Severe Restrictions in a Drought (RSRID):** We consider the team has used an appropriate interpretation of the guidance, applying a methodology which is consistent with APR24. We note there is a significant increase from 7.3% to 28.5%. We concur with the team that this increase is artificial and a consequence of a flat supply–demand profile, where small changes can lead to small notional supply-demand deficits. The apparently high RSRID is driven by notional historic deficits in 2021/22, 2022–23 and small (0.3, 1.4 and 2.9 Ml/d) notional deficits in 2037–38, 2038–39 and 2039–40.
A	**C-MeX:** Provisional commentary as the audit report has not been issued. BRL's processes for C-MeX are operating as intended. The customer satisfaction score (CSS) for C-MeX has decreased this year both in the satisfaction score and the relative ranking in the industry. The final score is 77.76, ranking 5th in the industry (4th in 2023/24) The properties figure in 3C.6 taken from Table 4R had not been audited at the time of the C-Mex audit. We were not able to fully audit complaints information (for contacts not identified as complaints) and CSS data uploads, back to the customer contacts database (or in the case of billings contacts the Pelican information which is subject to audit by their auditors). In the case of entries in the complaints dataset which were excluded from the totals as they were flagged "raised in error", we would recommend spot-checking these to confirm that there is no large number of actual complaints among them. Update 20/06/2025 – properties audited. C-MeX figure evidenced as having been cross checked. Risk score amended from B to A.
A	**D-MeX:** The processes for recording D-MeX performance against Water UK's metrics is sound and compliant with Water UK's metric definitions. We will confirm the final D-MeX score once the Q4 qualitative survey results become available (30 May 2025). Update 20/06/2025 – Final performance figure confirmed, data table and commentary updated. Risk score amended from B to A.

Risk Score	PCs
A	**Mains repairs per 1,000km of water main:** Provisional commentary as the audit report has not been issued. The methodology for mains repairs is consistent with Ofwat's requirements. The target for mains repairs per 1,000 km of water main has been met at 120.1 against a target of 130.7. We traced a sample of reactive and proactive repair jobs back to source; the audit trails were robust. Six repairs were raised in the report year but were not completed until the new report year. These have been excluded from the reported number in accordance with the guidance. The reporting risk of B is assigned because the RAG compliance checklist, confidence grade finalised numbers in Table 3F and sign off are to be completed. Update 14/07/2025 – Numbers confirmed as finalised and signed off. RAG Compliance Checklist completed. Risk score updated from B to A.
A	**Meter penetration:** The documented methodology is in line with the Ofwat definition for the Meter Penetration index and outlines the process to obtain the figure reported. Data has been reported in accordance with the requirements. BRL was forecast to meet a 70.17% meter penetration rate by the end of the AMP (below the PC target of 75%.) the actual performance was 69.14%. In 2024/25 BRL was targeting 13,500 meter installs but reduced this to 10,551 in order to focus on smart meter installations instead in K8. The commentary was provided at audit but requires additional input. Methodology should be updated with evidence of the Pelican data which is taken at face value. Update 14/07/2025 – commentary and methodology updated with Pelican data evidenced. Risk score updated from B to A.
A	**Unplanned maintenance non-infrastructure:** Provisional commentary as the audit report has not been issued. BRL's methodology and processes are in line with Ofwat's requirements and PC definition. BRL has met the PC target reporting 3,068 jobs against a target of 3,272. We traced a sample of maintenance jobs back to source systems and we did not identify any issues. Exclusions had been applied appropriately to ensure only jobs where maintenance activity was undertaken are included in the data. There are appropriate checks and opportunities to challenge the classification of jobs. On a weekly basis, an automated report from SAP is analysed to check for correct coding.
B	**Unplanned outage:** The reported value of unplanned outage this year is 1.57%, which meets the PC target of 2.34%. The checks and controls for the reporting process are appropriate, and the evidence trail of outages is well supported with telemetry data and PowerBI reporting. The methodology document was developed during 2024/25 as part of a review of the reporting process. The document clearly outlines the roles and responsibilities and method steps with links to key sources. We have made some suggested improvements relating to the documentation of the PWPC method, key assumptions and risks. These have been recorded as non-material actions. The reporting process has improved to include the creation of an outage register, including quality assurance evidencing and KPI monthly targeting and reporting review. There were several non-material actions, including the requirement to provide evidence of the reduction in PWPC resulting from a reported unplanned outage event at the Barrow site in early May 2024. Update 27/06/2025 – follow up meeting with BRL updated the risk score from C to B as: › The company has undertaken an internal review of the Peak Weak Production Capacity (PWPC), analysing both the maximum 7-day average and 24-hour production volumes across all treatment sites. Additionally, the team identified several sites where capacity testing could be safely conducted without impacting supply. › As part of this review, five sites were scheduled for capacity testing during the 2024/25 reporting year. Notably, a successful capacity test was completed at Stowey Water Treatment Works (WTW) in February 2025, confirming a revised PWPC of 24.9 Ml/d compared to the previously stated 27 Ml/d. Due to operational constraints, testing at the remaining four sites has been rescheduled for 2025/26. The company has developed a testing programme to validate PWPCs across all relevant sites during the AMP8 period Until PWPCs are confirmed, the company will continue to use the 2023/24 stated values for outage calculations. A RAG score of B has been assigned, reflecting that some site PWPCs are still undergoing validation, with a clear plan in place to complete this work
A	**WINEP:** The data has been prepared in line with guidance and the clarification of queries from Ofwat. We confirmed the definition had been followed for WINEP delivery and NEP 01. BRL reports 'met' for 2024/25 and 100% for NEP. We noted the updated guidance from the EA regarding the 4 MCERT sites where monitoring has been installed and inspected but awaiting certification (industry wide issue). We consider BRL have correctly included these sites in the reported numbers for 2024/25 with sign-off by the EA prior to 15 May 2025 as agreed. We observe that the Charterhouse MCERTS Scheme has been delayed due to a fire at the site and a new completion date agreed with the EA of 30/06/2026. This had reduced the total number of schemes to be delivered in K7 to 49 (from 50). The outstanding sign off is with the EA and BRL advised that the EA agree, the WINEP is considered complete & have told BRL what to write on the live WINEP tracker. We therefore scored this audit as A as all actions are considered as complete.
A	**Raw water quality of sources, Biodiversity index, Prevent Deterioration and Enhancement:** The methodologies and reporting comply with Ofwat's PC definitions. Raw water quality of sources is reported at 536 Kg P reduction & ahead of the 531 Kg P target level for Year 5. This is attributed to Bristol's work with farmers in their water supply catchments and is following increasing trends. Biodiversity index – actual number of units achieved is reported at 17,711, also ahead of the PC target of 17,700. This has been achieved by ensuring asset maintenance, safety & condition to prevent the deterioration of habitat condition. Performance is following increasing trends. Prevent Deterioration – The audit team demonstrated a thorough understanding of the methodology and processes involved in the data reporting and assurance. No issues were identified during spot checks and end-to-end checks, confirming the accuracy, reliability, and completeness of the audited data. Enhancement – SWW is reporting 10,218 ha. No material issues or concerns were identified during the audit. The audit team demonstrated in depth knowledge of the reporting process.

Assurance Report continued
Key findings continued

BRISTOL WATER

Risk Score	PCs
B	**Waste disposal compliance:** This measure is the percentage of total trade effluent discharge samples that meet the consent requirements in EA's permits. BRL is reporting 98% against the PC target of 100%. BRL is above the deadband of 97%. A thorough check on data followed back to source was undertaken and no inaccuracies were found in the data, including checks on the peer review that had been undertaken prior to the audit. Minor aspects identified during the audit include: › No sign-off on methodology or commentary documents dated for 2025 › Reference to mid-year review needs review as to whether necessary › Staff undertaking sample collection to receive sufficient training › Establish fixed and consistent sampling schedule, particularly for high-risk sites › Forecast required on how to achieve 100% compliance We found 3 non-compliance samples that the Environment Agency (EA) were not informed within the specified timescale. This was due to a lack of governance on whose role it is to monitor and submit Schedule 5 documents.
A	**Percentage of satisfied vulnerable customers:** **Value for money:** All methodologies follow the definitions in the PR19 Final Determination. Our audit found that BRL is following its methodologies and reporting accordingly. Value for money reports 68% against the target of 83%. Percentage of satisfied vulnerable customers is at 78% against the target of 85%. Value for money and percentage of satisfied vulnerable customers have shown a gradual downward trend during the AMP. In the case of Value for Money the 2024/25 score represented a recovery from an anomalously low score the previous year, back to a similar score to year 3. Percentage of customers in water poverty is 0.43%. This is correctly reported as 0% (at zero decimal places) meeting the PC target of 0%.
A	**Local community satisfaction:** Local community satisfaction reports 97.1% against the Ofwat PC target of 85%. One very minor issue was found: the list of contacts sent to Future Focus inadvertently included two people from the same organisation in relation to the same event. One of the two should have been chosen, so one of the 75 contacts submitted should have been excluded. This has no material effect on the reported score.
B	**Priority service customers in vulnerable circumstances:** **Percentage of customers in water poverty:** BRL has met the targets of Reach, Attempted contacts and Actual contacts. No material issues were identified in any of the lines. However, we found the presence of PSR records related to dates after snapshot taken from PowerBI server. This is unlikely to cause changes in the end figure (especially when rounded to 2dp), but is still an error regarding the process, hence the reporting risk score of B.
A	**Compliance Risk Index (CRI):** We confirmed the provisional CRI score for 2024 at 2.82 against the Ofwat PC target of 0.00. Performance has significantly improved from last year. 2023 had multiple treatment works failures which caused a significantly higher CRI with the failing works due to be upgraded in K8. This year is still above the PC under performance deadband of 1.5, but a significant improvement and the best performance of the AMP. We reviewed the data sources, including sample data, DWI compliance assessment letters, and master CRI tracking spreadsheets. We conclude that the sources of data used were reliable and that the process followed is robust. Clarification is required regarding the BRL confidence grade for CRI being different to that assigned by SWW, despite being the same method and processes being followed. The reporting risk score of B is assigned because the methodology and commentary documents have not been fully updated for this reporting year and have multiple non-material issues that require resolving prior to sign-off. Update 20/06/2025 – methodology and commentary updated (31/03/2025) with sign off evidenced. Risk score amended from B to A.
A	**Turbidity performance at treatment works:** BRL is reporting 0 against the PC target of 0 which we confirmed was correctly calculated and has remained zero throughout the AMP. We reviewed the data sources, including sample data, DWI compliance assessment letters, and Turbidity dashboard. We conclude that the sources of data used were reliable and that the process followed is robust. The reporting risk score of B is assigned because the methodology and commentary documents have not been fully updated for this reporting year and have multiple non-material issues that require resolving prior to sign-off. Update 20/06/2025 – methodology and commentary updated (31/03/2025) with sign off evidenced. Risk score amended from B to A.
A	**Customer contacts about water quality – appearance:** BRL is reporting 0.67 contacts per 1,000 population against the Ofwat PC target of 0.43 contacts. The number of contacts demonstrates a more stable result in years 4 & 5 when compared to years 1–3 but remains over the target level of 0.43. It is below the industry average based on the DWI published performance.
A	**Customer contacts about water quality – taste & odour:** BRL is reporting 0.28 contacts per 1,000 population against the Ofwat PC target of 0.25. the number of contacts show a slight uplift and over the target of 0.25 but appears a stable trend.

Risk Score	PCs
A	**Void Properties:** We reviewed the data sources, including Pelican data and concurrent excel data spreadsheets for BRL. Whilst we were unable to trace data back to the billing system due to third-party ownership, we conclude that the sources of data used were reliable and that the process followed is robust, noting that Pelican is subject to its own independent audit. The methodology and commentary BRL were compliant with the requirements and fully explained the process, final reported PC's and trends. No material issues were identified during the audit. BRL has outperformed the FD target throughout K7 and will be due a financial reward payment. BRL plans to manage the voids process into K8 to maintain performance levels.
B	**Energy consumption:** Some assumptions and methodologies used for APR reporting were either undocumented or lacked the necessary detail to guarantee consistent and reliable data. This assessment was formed after tracing back a significant portion of the lines to their original data sources and conducting spot checks within both the calculations workbook and raw input data. One material issue was identified as the original data source for the allocation splits used for APR reporting could not be evidenced during the audit, and it was understood that the historical figures have not been revised since start of K7 despite potential changes to the sites. The remaining issues identified were non-material relating to process documentation, ensuring reliability and robustness. It is recommended to have a more detailed methodology regarding the processing of input data, specific processes which were not clearly documented, and on data ownership. Update 06/06/2025: The SWW team provided feedback on the material action, identifying the source data for the allocation splits and taking an action to improve the process governance and associated methodology documentation for APR26. Risk score amended from C to B.
A	**Carbon – Table 11A:** The team demonstrated excellent knowledge and understanding of the requirements for Table 11A greenhouse gas emissions reporting. There were minor changes from last year's processes. Our data audit traced information back to source. We identified some formulae errors which were corrected immediately. We recommend that workings are reviewed to ensure no residual formulae errors remain. Some recommendations for future reporting were made, including estimation of business travel in public transport. Some non-material issues were identified, these included several updates to the methodology. Update 20/06/2025 – methodology and commentary have been updated. Seven actions agreed in the audit as actions for 2025/26 reporting. Risk score amended from B to A.
A	**Carbon Table – 11A (44–46):** Data for Table 11A.44-46 were audited as part of the Pennon ESG assurance in May. Several material actions were identified and corrected prior to the Table 11A.44-46 data audit for BRL on 11/06/2025, risk score amended from B to A. The remaining allocation to cradle-to-gate (11A.44) and split between drinking water and wastewater were covered, with no issues found.

5.3 SES Water Carbon – not relevant to the SWBB APR

5.4. Third-party assurance of PCs with financial rewards and penalties

Ofwat's Information Note (IN25/02) requires companies to provide a statement from their Assurers confirming that appropriate third-party assurance has been carried out on their reported 2024–25 PCs that have financial rewards and penalties. This statement should specify which of these PCs the third-party assurers have reviewed as part of their assurance work. We confirm that all PCs with financial rewards and penalties for SWW and BRL were included in our audit scope.

5.5. Other information

Detailed information on the audit outputs for SWW and BRL can be found in our Audit Feedback report for each audit, held by the Risk & Compliance team in SWW.

Audits took place remotely using MS Teams with the exception of leakage and PCC which were conducted in person at SWW and BRL's offices.

Jacobs' Assurance Director produced a progress statement for SWW's Audit Committee meeting on 14 May 2025. Jacobs will be attending SWW's Special Board meeting on 25 May 2025 to present the key findings detailed in this report. Jacobs is attending SWW's Watershare+ panel meeting on 24 May 2025 to provide our assurance findings.

Jacobs had full access to SWW, BRL and SES staff, senior management and Directors, corporate systems, information and other supporting documentation.

Audits of financial information are completed by others.

6. Conclusion

Based on our scope of work and the limited assurance undertaken, we did not find any material issues or misstatement, other than the exceptions assigned a reporting risk score of C in the tables in sections 5.1 and 5.2. We consider that:

- Levels of compliance with SWW's and BRL's internal requirements and definitions of PCs in the 2019 FD have remained high across all functions. The methodologies and commentary follow a consistent format between the two companies.
- Progress with the PCs is reported monthly through the Directors' Report which is reviewed by the Executive Management and Outcome Delivery Incentive Committee which demonstrates appropriate governance.
- Sign off of APR data tables and commentary had largely been completed with some exceptions where it was not always available at audit. In these cases, arrangements were in place for sign off after the audit and has since been evidenced.
- In general, we confirm that the PCs that were in our scope of audit and assurance provide a fair and reasonable account of SWW's and BRL's performance against the PC targets for year 5 of K7.

Sajid Hussain
Head of Water Strategy and Regulation

Technical auditor's report (technical information other than ODI's – Turner and Townsend (South West and Bristol)

Ofwat requires companies to publish the 2024–25 Annual Performance Report (APR25) not later than 15 July 2025. As one of your technical assurance partners, and in support of your APR25 submission, you asked us to review agreed South West Water (SWW) and Bristol Water (BRL) region 2024–25 asset, activity, and cost information you propose to report from across sections 4 to 8 of the APR25 data tables.

Scope and approach

To fulfil the scope, we agreed we would:

- undertake data assurance audits focusing on the broad question 'Is this information or data that is ready to be published and that can be trusted and relied upon by external stakeholders?';
- test your teams' understanding of any changes to regulatory guidance; and
- test, through risk-based sampling, that data is competently sourced, processed and reported.

For the figures we assured, we agreed we would:

- check whether your teams had been through your internal assurance processes;
- check consistency of the proposed data with the applicable definition/guidance, taking account of Ofwat query responses and additional expectations where appropriate and known about at the time;
- check whether your teams had considered and explained, where applicable, variations between APR25 outturn figures and forecasts made elsewhere for 2024–25/the end of the 2020–25 period (eg: through PR24 submissions);
- sample data back to source inputs where available;
- test teams' understanding of outturn figures; and
- discuss the level of confidence teams had in the data.

Where your teams had drafted commentary to support their data, we reviewed this for consistency with information discussed in the audit and our understanding of regulatory expectations.

After each audit, we provided your teams with detailed feedback that explained our assessment of the risk associated with the audited figures for 2024–25 and set out any actions.

We note our assurance approach focused on the level of risk associated with the proposed data, was risk and sample based, and part of the broader governance and assurance processes you have in place to support you in making assurance statements in relation to the whole APR.

Findings

We assessed the majority of the data we reviewed as having low or low-to-medium risk (i.e., we assigned data grades of A or B) at the time of the audit. There were a number of areas where we considered there to be higher reporting risk at the conclusion of some initial audits. You worked to mitigate those risks, including through follow up audits, or committed to doing so before reporting (eg: consistency of figures across a limited number of tables)

We note that this year, your APR reporting has been conducted during a wider business restructuring exercise that is aimed at setting you up for successful delivery against the 2025–30 regulatory settlement. We observed that this inevitably drove changes in reporting roles and meant that: the audit schedule was compressed; and for many audits the personnel, and those providing first line assurance and middle management sign off, were new to the reporting processes and data. As such, we consider data reporting risk is likely to be higher than previous APRs and there a number of actions for your new teams and data owners to consider as you move into reporting for 2025–30.

Conclusions

For the majority of data items we reviewed there were only non-material actions to address before submission or to support your teams' continuous improvement. Where we did identify potentially material issues, you actively addressed them ahead of finalising reporting, or committed to doing so (e.g.: consistency of figures across a limited number of tables). We note that the timing of the business restructuring exercise – which is aimed at setting the business up for delivery over 2025–30 – has created short-term impacts that likely increase reporting risk for APR25 compared to previous APRs.

Yours sincerely

Andrew Day
Assurance Lead
Turner & Townsend Infrastructure Limited

Turner & Townsend

Financial Agreed upon Procedures (South West and Bristol)

Financial information

PwC, our statutory auditors, were engaged by South West Water to also perform agreed-upon procedures over areas of Regulatory Reporting which are not covered by its regulatory audit opinion, including cost assessment tables.

The agreed-upon procedures included agreeing certain specified tables to the underlying data and supporting calculations supplied by management.

The scope of their work was determined and agreed by management. PwC have discussed and reported their findings to the Board and management.

Agreed upon procedures:

- Financial Tables (or parts of Tables) agreed to be within scope:
  - agreement of data included in the Tables to underlying records
  - agreement of the calculations in the submission Tables provided by Ofwat to the calculations used by management
  - confirming cumulative values or calculations within the tables to supporting documentation.

The findings from this work have been reported to management and the Board.

Notes to the regulatory accounts

Basis of preparation

These regulatory accounts are prepared in accordance with regulatory accounting guidelines issued by the Water Services Regulation Authority (Ofwat), specifically:

- RAG 1.09 – Principles and guidelines for regulatory reporting under the 'new UK GAAP' regime
- RAG 2.09 – Guideline for classification of costs across the price controls
- RAG 3.15 – Guideline for the format and disclosures for the annual performance report
- RAG 4.13 – Guideline for the table definitions in the annual performance report
- RAG 5.07 – Guideline for transfer pricing in the water and sewerage sectors.

They have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments, and in accordance with UK Generally Accepted Accounting Principles (UK GAAP) as adopted by the United Kingdom except for the deviations required under RAG 1.09 – Principles and guidelines for regulatory reporting under the 'new UK GAAP' regime.

The detailed accounting policies applied by South West Water, including Bristol Water are set out on pages 219 in of our South West Water Annual Report and Financial Statements. The accounting policies and disclosures set out in this section include those specifically required within RAG 3.15.

Since 1 February 2023, the trade and the significant majority of assets and liabilities of Bristol Water plc were transferred to South West Water Limited under a statutory transfer mechanism set out in the Water Industry Act. As part of the transfer and to aid comparability, regulatory information has been prepared on a separate basis, as if the two companies had traded independently for 12 months. Therefore, all required regulatory tables have been provided for SWB and Bristol in two separate sections of tables except tables 1A–1E, which reflects the combined entities and are reconciled to South West Water Limited Company accounts.

Definitions of appointed and non-appointed business

The regulatory accounts separate the results of South West Water into appointed and non-appointed activities.

Appointed activities are defined in Condition A of the Licence to be the 'functions of' and the 'duties imposed on' a water undertaker by the Water Industry Act 1991. Appointed activities are consequently those activities that are necessary in order for the Company to fulfil its functions and duties as a water undertaker.

In general, non-appointed activities are activities for which either the water undertaker is not a monopoly supplier (for example, the provision of billing and collection services for another undertaker) or the activity involves the optional use of an asset owned by the appointed business (for example, the provision of vehicle maintenance services to the public).

Going concern basis of preparation

The going concern basis has been adopted in preparing these financial statements. At 31 March 2025 the Company has access to undrawn committed funds and cash and cash equivalents totalling £650.6 million, including cash and other short-term deposits of £280.6 million and £370.0 million of undrawn facilities. Cash and other short-term deposits exclude £46.1 million of restricted funds deposited with lessors which are available for access, subject to being replaced by an equivalent valued security. The Company has an expected headroom of £148.4 million at 31 October 2026.

In making their assessment, the Directors reviewed the principal risks and considered which risks might threaten the Company's going concern status, to do this the Company's business plan has been stress-tested. Whilst the Company's risk management processes seek to mitigate the impact of principal risks as set out on pages 61–78 in the South West Water annual report and financial statements, individual sensitivities against these risks have been identified. These sensitivities, which are ascribed a value with reference to risk weighting, factoring in the likelihood of occurrence and financial impact, were applied to the baseline financial forecast which uses the Company's annual budget for FY 2025/26, and longer-term strategic business plan for the remainder of the going concern period to 31 October 2026. The risks and sensitivities include consideration of: legislative impacts such as change in government policy and non-compliance with laws and regulations, macroeconomic impacts such as inflation and interest rate increases and operational impacts such as ensuring adequate water resources and failure of operational assets. A combined stress testing scenario has been performed to assess the overall impact of these individual scenarios impacting the Company collectively. The combined weighted impact of the risks occurring is a cash outflow of c. £101 million; this value is considered equivalent to an extreme one-off event that could occur by 31 October 2026, the probability of such an event happening is deemed unlikely. Through this testing, it has been determined that none of the individual principal risks would in isolation, or in aggregate, compromise the going concern of the Company over the going concern period, the assessment has been considered by reviewing the impact on the solvency position as well as debt and interest covenants. In the combined scenario to ensure that the Company was able to continue as a going concern, additional mitigations could be deployed to reduce gearing and increase covenant headroom. In the combined stress test scenario, the company has sufficient liquidity and covenant headroom which reflects that no mitigations would be needed by the Company. However, if required additional mitigations could be deployed to reduce gearing and increase covenant headroom. Examples of mitigations could include: reduction in discretionary operational expenditure, deferral of capital expenditure and/or cancellation of non-essential capital expenditure, reduction in the amount of dividend payable, and raising additional funding.

We have considered the Company's funding position and financial projections which take into account a range of possible impacts, including the refinancing required within and immediately after the going concern assessment period. Having considered these factors, the Directors have a reasonable expectation that that the Company will meet the requirements of its covenants and has adequate resources to continue in operational existence for the period to at least the end of the going concern assessment period of 31 October 2026, and that there are no material uncertainties to disclose. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Revenue recognition

The regulatory accounts apply the same policy for revenue recognition as the statutory accounts, apart from the derecognition of income adjustments relating to amounts deemed as uncollectable under IFRS15.

This difference in accounting treatment has resulted in £4.9 million (SWB, nothing for BRL) of revenue recognised within the Regulatory Reporting which is not recognised as revenue within the Financial Statements.

Following this accounting treatment additional £4.9 million (SWB, nothing for BRL) is recognised as an expected credit loss charge within operating expenses compared to the statutory financial statements, which results in no difference in operating profit or profit before tax.

All turnover is recognised in the regulatory accounts with the exception of rental income and contributions received from developers, which are included below operating profit in 'other income' in accordance with the regulatory accounting guidelines.

Turnover comprises charges to and accrued income from customers and retailers for water and other services, exclusive of VAT. Turnover is recognised as the performance obligation is satisfied.

Income from unmetered supplies is based on either the rateable value of the property or on an assessed volume of water supplied. Income from metered supplies is based on actual or estimated water consumption.

An accrual is estimated for measured consumption that has not yet been billed. For domestic customers, the measured income accrual is an estimation of the amount of mains water and wastewater charges unbilled at the year end. The accrual for unbilled charges is estimated using a defined methodology reflecting historical consumption, estimated demand trends and current tariffs. The measured income accrual is recognised within revenue.

Non-household retailers are billed monthly, and the non-household unbilled accrual is based on the market monthly settlement reports. The estimation of measured income included in these reports is also based on historic consumption.

A domestic property which is believed to be occupied (due to meter activity), but where the occupier's details are not known, is billed in the name of 'the occupier' as efforts are made to obtain the occupier's details.

The Company actively seeks to identify the name of 'the occupier' through multiple measures including visits to the property and land registry searches. If the occupier cannot be confirmed within 90 days of invoice, the bill is cancelled and the property classified as void.

Where an invoice has been raised or payment made but water or other services have not been provided, it is treated as billing or payment in advance accordingly. This will not be recognised within the current year's revenue but will instead be recognised within creditors.

Notes to the regulatory accounts continued

Charges arising from court, solicitor and debt recovery agency fees are credited to operating costs and added to the relevant customer account. They are not recognised within turnover. A summary of the differences between revenue recognised in the statutory financial statements and Regulatory Reporting is included on page 115.

Accounting policy note for price control segments

In accordance with Regulatory Accounting Guideline 4.13 – 'Guideline for the definitions table definitions in the Annual Performance Report', a segmental income statement (table 2A) and other segmental analysis (tables 2B to 2O) are presented within the Regulatory Reporting as well as certain detailed analysis in sections 3 to 8.

This segmental analysis separates certain financial and non-financial information between the following regulatory price controls:

- Water resources
- Water Network+
- Wastewater Network+
- Bioresources
- Retail Household
- Retail Non-household (not applicable to South West Water, following exit from the non-household retail market in 2017).

Whilst these business units are not treated as organisationally separate businesses or separate companies by South West Water there are certain activities which are solely carried out by specific areas of the business due to more efficient and effective structures being in place to support the management and accountability of the business.

Certain departments (especially operational departments) may provide services for one regulatory price control segment, however many other departments perform services across two or more regulatory price control segments. Certain financial and non-financial information is therefore separated based upon a methodology which includes some assumptions and judgements utilising all available information.

Services

The allocation of operating costs within South West Water to specific service areas within the appointed business is based on activity analysis and principles which result in both direct and support costs being apportioned where not directly attributed. Activity levels between individual services are ascertained by reference to time allocations by individual employees along with other allocation bases in accordance with the underlying nature of resource utilisation. A full 'accounting separation' methodology statement can be found at www.southwestwater.co.uk. The methodology statement explains in detail the basis of allocations for costs and assets.

Capitalisation policy note

Definition of a fixed asset

The cost of property, plant and equipment capitalised includes the original purchase price of the asset and costs attributable to bringing the asset to its working condition for its intended use. The cost of assets includes directly attributable labour and overhead costs which are incremental to the Company. Costs which meet the criteria for a capital asset and total in excess of £1,000 are capitalised.

Property, plant and equipment includes:

i) Infrastructure assets (being water mains and sewers, impounding and pumped raw water storage reservoirs, dams, pipelines and sea outfalls)

Infrastructure assets were included at fair value on transition to IFRS and subsequent additions are included at cost, less accumulated depreciation and impairment charges. Expenditure to increase capacity or enhance infrastructure assets is capitalised where it can be reliably measured and it is probable that incremental future economic benefits will flow to the Company. The cost of day to day servicing of infrastructure components is recognised in the income statement as it arises.

Infrastructure assets are depreciated evenly over their useful economic lives and are principally:

- Dams and impounding reservoirs 100–200 years
- Water mains 60–180 years
- Sewers 75–150 years.

Assets in the course of construction are not depreciated until commissioned.

ii) Other assets (including property, overground plant and equipment). Other assets are included at cost less accumulated depreciation. These are generally categorised as non-infrastructure. Freehold land is not depreciated. Other assets are depreciated evenly over their estimated economic lives to their residual value and are principally:

- Freehold buildings 10–80 years
- Leasehold buildings – Over the estimated economic life or lease period, whichever is the shorter
- Operational properties 15–100 years
- Fixed and moveable plant 4–30 years.

Assets in the course of construction are not depreciated until commissioned.

The cost of assets includes directly attributable labour and overhead costs which are incremental to the Company. Assets transferred from customers are recognised at fair value.

The assets' residual values and useful lives are reviewed annually.

Gains or losses on disposals are determined by comparing the proceeds of sale with the carrying amount and are recognised within the income statement.

In line with IAS 23, within the Statutory Accounts and Financial Statements, borrowing costs directly attributable to the construction of a qualifying asset (an asset necessarily taking a substantial period of time to be prepared for its intended use) are capitalised as part of the asset. However, within the Regulatory Reporting, in a deviation from IAS 23 and in line with Ofwat RAG 3.15, borrowing costs are not capitalised.

Expected credit loss note

During 2022/23, materially all of the trade and assets of Bristol Water plc were transferred to South West Water Ltd as part of the statutory licence transfer. For the purposes of the Statement of Financial Position, the gross trade receivables balance and Expected Credit Loss (ECL) provisions are therefore now combined to show a single total net trade receivables position.

Whilst the operations of both companies are now combined in South West Water Ltd, due to different systems the ECL provision is considered separately for the different customer areas under one consistent accounting framework.

The provisions, collectability rates and review procedures used in each of the calculations are therefore still reflective of the individual customer bases and as a result an ECL provision summary for the year has been provided for both SWB and BRL.

The consolidated statutory current gross trade receivables balance at the reporting date is £282.4m against which £96.5m had been provided for ECLs, resulting in net trade receivables of £185.9m (Note 21 in the South West Water Annual Report and Financial Statements).

Neither SWB nor BRL have a provision for non-household debt as under the non-household retail market codes, retailers provide collateral for their debt. However, specific provision will be made if collateral is not sufficient to cover any identified risk.

The ECL charge and the provision exclude the adjustments made in the statutory accounts for amounts deemed uncollectable under IFRS15.

South West

SWB has a material level of exposure to the collection of trade receivables. Provisions in respect of these balances are calculated based on assumptions of historical credit loss experience, adjusted for forward looking factors which by their nature are subject to uncertainty. Analysis of actual recovery compared with provisioning levels have not, to date, resulted in material variances.

Under its regular review procedures, at the balance sheet date, SWB applies a simplified approach in calculating ECLs for trade receivables and contract assets. Therefore, SWB does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. SWB has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the receivables and the economic environment.

SWB recognise the ongoing cost of living pressures posed to our customers and we are focused on providing a broad range of affordability measures to support those in financial need. Across the businesses, the potential impact of significant increases in the cost of living on affordability has been considered in assessing our expected credit loss charges. Despite this, SWB has not seen any material deterioration in collection rates as a result of its robust debt management and customer collection processes.

This will continue to be carefully monitored as an operational risk. The actual level of debt collected may differ from the estimated levels of recovery.

As at 31 March 2025 SWB's current trade receivables were £242.8m (2024: £242.0m), against which £78.2m (2024: £85.7m) had been provided for ECLs. There has been no change to the write-off policy or bad debt provisioning policy.

Bristol

BRL has a policy to make full provision for debt which remains uncollected after four years of billing, for example uncollected debt in relation to financial year 2020/21 and before is fully provided for by the end of financial year 2024/25.

A provision is made for debt outstanding in relation to the current and last three financial years. The provision is primarily based on historic collection rates and further adjusted by judgemental factors to reflect the current economic environment. The judgemental factors are applied only if it is believed that the historic collection rates do not reflect future expected collection rates.

Water debt is written off for one of following four reasons:

1. It is considered or known to be uncollectable
2. It is considered uneconomic to collect
3. Older debt is written off by agreement with the customer in return for the receipt of regular monthly payments to pay-off current year debt as part of our "Restart" and "Assist" policies
4. Write-off is ordered by the County Court. In these cases, the court may set payment at a proportion of the outstanding debt. When the required level of payment is reached the court would instruct the rest of the debt to be written-off.

BRL's write-off policy has remained unchanged and has been consistently applied in the current and prior years. During the year a programme of bulk write-offs of debt over four years old was processed, as part of the joint billing company's credit team's housekeeping. This exercise reduced the net debt older than four years, and therefore reduced the overall provision. The total provision at 31 March 2025 was £19.0m (2024: £17.8m).

The increase in the provision reflects the increase due to the expected impact of the cost of living pressures on household debt recovery offset by a reduction due to debt written off as uncollectable.

Net trade debtor balance at 31 March 2025 was £20.3m (2024: £29.3m).

Directors' emoluments

Payments related to performance against agreed standards as required by the Water Act 2014 and Regulatory Accounting Guidance from the Water Services Regulation Authority (Ofwat), additional information is given regarding this aspect of remuneration.

Full and detailed disclosures of Directors' remuneration are included on pages 56 to 67 of the Remuneration report including details of the performance-related bonus arrangements and the amounts paid to Directors under those arrangements.

In line with our Business Plan the WaterShare+ advisory panel reviewed the application of the performance targets for the year.

As the price controls are not organisationally separated in South West Water they do not have their own separate management and support functions and they do not trade with one another. To represent them as distinct controls requires the allocation of costs and assets to them.

Wherever possible, direct costs and assets have been directly attributed to business units. Where this is not possible, appropriate cost allocations have been applied linked to the key metric which best reflects the nature of the activity and costs.

The allocation between activities is reviewed annually to ensure the basis of allocation is still appropriate.

Where no direct allocation is possible management judgement is applied to allocate costs separately. The resulting costs reported for these business units do not necessarily represent what the costs would be if they were operated as separate business units.

Dividends policy

The Company has an established a dividend policy which includes:

- Base dividends – derived from the price determination and are made with reference to Ofwat's assessment for a notional balance sheet and paid in the year
- Outperformance dividends – linked to business performance and outcomes delivered ahead of business plan commitments (totex, ODIs and financing), paid a year in arrears
- Other dividends – payments designed to ensure that key financial ratios are optimised, and gearing remains aligned with Ofwat's notional level, which has historically been set in the range of 55–65% (currently 60% for K7 and 55% for K8) and does not exceed 70% gearing
- Total dividend payments will not exceed the retained underlying profits in any year, except as a result of a special dividend or balance sheet restructuring, or where there is a significant non-underlying non-cash impact (such as deferred tax)
- Dividend payments will be approved by the Board annually.

Dividend payments are designed to ensure that statutory obligations and key financial ratios and credit ratings are not prejudiced, that customer, environmental and other stakeholders are considered, and that the Company has adequate resources to carry out its work now, and into the future.

Notes to the regulatory accounts continued

Dividend Overview

Whilst we have an established dividend policy (outlined in detail below), in making the decision to declare a dividend the Board takes into account a number of other considerations which include an assessment of performance in the round, financeabilty, and also the significant unfunded investments we are making to permanently improve the water resilience of the region and improve our environmental performance.

Other Board Considerations

Financial resilience & gearing Consideration of current gearing and key financial metrics for the year and into the future to ensure payment of a dividend is not detrimental to long-term viability	Year end gearing is 64%. Our long term viability assessment, including assessment of downside scenario's based on principle risks and Ofwat defined scenarios, continues to support the view that the Company remains financially resilient. We have good liquidity and a strong balance sheet, with a capital injection from our parent company Pennon Group of £330 million in March 2025. Declaring dividends in line with our dividend policy is consistent with our sustainable financing approach.
Delivery of statutory obligations Payment of dividends not considered appropriate if minimum statutory obligations are not fulfilled	The Board believes the Company fulfilled its statutory, regulatory and legal obligations in the year as set out in the Risk and Complaince Statement.
Cumulative financial flows Consideration to level of cumulative financial flows before recommending payment of a dividend	The special dividend has been declared but not yet paid. Payment in 2025/26 or thereafter will include consideration of appropriate availability of funds as well as gearing and financial resilience
Customer service delivery Delivery of key services should be maintained at all times	c. 70% of ODIs have met or exceeded their target during K7. On balance the Board considers service levels have been maintained.
Customer affordability Customer affordability measures are a Board priority and pledges made are prioritised over dividend payments	SWB continues to deliver on its affordability pledges, with £124 million of financial support and delivering our zero water poverty pledge across South West and Bristol areas. 2024/25 bills increased below inflation at just 1.83% for SWB and 4.2% for Bristol, which is supportive of customers in the current economic climate. 2025/26 bills reflect the outcome of PR24 and the affordability measures accompanying that Determination.
Environmental performance Delivery of environmental performance should be improving and not impacted by payment of dividends	Pollutions and EPA performance continue below target and SWB remain focused on delivering interventions to reduce spills. In the year SWB completed 140 Storm overflow interventions with a further 140 interventions underway and saw a small reduction in pollutions despite experiencing the wettest hyrdological year on record. Penalties incurred in 2023/24 and 2024/25 reduce any dividend proposed, therefore this is appropriately taken into consideration, noting improvements are being made and investment and plans are in place to improve pollution performance.
Current and future investment needs Sufficient funds should be available to enable sufficient capital investment to support day to day operations and company performance improvement targets	2024/25 once again saw record levels of investment, supported by both appropriate raising of both debt and equity to ensure financial resilence, for both 2024/25 and considering the needs of K8.
Impact on credit rating Payment of dividends should not impact the likelihood of obtaining a credit rating	We have maintained a strong investment grade credit rating consistent with our licence condition
Sharing of outperformance Sharing of performance should be balanced between all stakeholders	The second issuance of WaterShare+ of c. £20 million equating to a £13 reduction in bills per household was accelerated in 2022/23 on top of the c. £20 million issuance in 2020/21. Company performance and support in prioritising activities is supported by our independent WaterShare+ advisory panel

Overall, South West Water has delivered cumulative shareholder value of c. £950 million over the five year regulatory period to March 2025. The outperformance below reflects the position as earned in the year before any additional sharing and other outperformance adjustments. Dividend payments are normally recognised a year in arrears.

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	**2024/25 £m**	K7 to date £m
Base return @ 4%	53	64	73	78	**80**	348
Outperformance	114	104	7	(37)	**(39)**	149
RCV Inflation Growth	14	111	178	88	**65**	456
					Total Shareholder Return	**953**

On the 4 July 2025 the Board declared a dividend of £125 million in respect of shareholder returns over the K7 period.

In making the decision to declare a dividend the Board have assessed the P30 licence condition and has adopted a prudent approach when compared to the potential dividend which would be allowable. This assessment included a review of performance in the round, financeabilty, the outcome of regulatory prosecutions and also the significant unfunded investments we have made to permanently improve the water resilience of the region and improve our environmental performance.

The unfunded investments are a clear indicator of the commitment of the Board to its customers and the environment. This is enabled by prudent financial management, a strong balance sheet and support from our ultimate shareholders. The table below outlines the shareholder funded factors we have taken into consideration in assessing

the payment of a dividend:	2020–2025 £m
Cumulative Shareholder Value	953
Resilience & environmental investment[1]	(59)
Cumulative disallowable expenditure[2]	(33)
WaterShare+ customer sharing	(18)
Adjusted Shareholder Value	**843**
2019/20 outperformance – distributable in K7 dividends	58
Total dividends declared (Year 1–4) (of which £144m has been paid)	189
Special dividend declared in respect of K7[3]	125
Total dividends declared K7	372

1. Shareholder investment in drought resilience and environment – above FD allowances – 50% share.
2. Inclusive of the Environment Agency Prosecution for 2022/23 and costs associated with the ongoing Section 203 Investigations. . On 10 July 2025 Ofwat started a consultation on our proposal to undertake £24m of investment at shareholder expense as part of enforcement undertakings relating to historical failings relating to wastewater treatment works and networks. This has been shown within this calculation.
3. The dividend reflecting 2024/25 performance was declared by the South West Water Board on 4 July 2025, a post balance sheet event shown in this note for transparency.

Detailed Application of the dividend policy

Dividend payments are designed to ensure that key financial ratios and our credit ratings are not prejudiced, whilst also taking into account balance sheet considerations. With this in mind, the dividend policy also states that the total dividend payment will not exceed the retained underlying profit in any year, except as a result of a special dividend and balance sheet restructuring, or where there is a significant non-underlying non-cash impact (such as deferred tax).

Payments are designed to ensure that the ability of the Appointee to finance its Appointed Business is not impaired. Dividends of £nil were paid to the parent undertaking during the year (2023/24: £nil).post balance sheet event , in July 2025 South West Water declared a special dividend of £125.0 million in respect of the K7 period. The base dividend fro 2024/25 was restricted with respect to underlying profit after tax in line with dividend policy, the Board reflected additionally on the appropriate level of the dividend to align with the business plan and in accordance with the balance sheet restructuring provisions that reflect the changes to the business that have taken place following the statutory licence transfer of the Bristol Water business into South West Water in February 2023. A dividend of £125.0 million was approved by the Board on 4 July 2025 and therefore has not been has been recognised as a transaction with owners during the year ended 31 March 2025 . This is to be paid in 2025/26, alongside the £45 million dividend declared in 2023/24 that has yet to be paid.

Summary dividend

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
	SWB	SWB	SWB	SBB	SBB
Total dividend declared and payable	101.6	87.6	12.3	45.0	125.0
Comprising:					
Base	42.5	44.2	49.2	60.8	63.2
Outperformance (a year in arrears)	58.1	43.0	57.1	38.9	(37.5)
2024/25 Underperformance	–	–	–	–	(39.4)
Watershare+	1.2	–	0.4	–	–
Other	(0.2)	0.4	–	–	–
(Restriction)/ Reversal in year		–	(94.7)	(54.7)	138.7
Dividend yield	**7.50%**	**6.10%**	**0.80%**	**2.79%**	**6.72%**

The 2024 in-year dividend was approved by the Board in order to maintain dividend and gearing consistency with South West Water's PR24 plan submission. The decision was also made in order to continue to ensure ongoing shareholder support remains strong. The same approach has been applied to the 2025 dividend, taking into account the equity injection of £330 million received from the Parent Company. The restriction in 2023/24 has been adjusted to reflect the shareholder value and balance sheet considerations and aligned with South West Water's PR24 assumptions.

The dividend declared but not yet paid in July 2025 is a special dividend declared in respect of returns achieved over the K7 period and taking into account financial resilience.

Base dividend return

For SWB the level of base dividend was informed by the PR19 final determination for the regulatory period 2020–25 in which Ofwat viewed a base dividend yield of up to 4% as being reasonable for companies that (i) have little real RCV growth, and (ii) perform in line with the determination during 2020–25. The calculation of the base dividend is shown below, along with the rationale demonstrating that these two tests were met.

SBB's dividend policy sets out that the base dividend is calculated as 3% RCV equity rising with CPIH inflation, then growing at 1.18% per annum. For the regulatory period 2020–25 period, the RCV equity is 2019/20 closing equity RCV indexed using the inflation indices from the final determination. This value is then indexed back to 2017/18 prices using actual CPIH and includes an enhanced equity adjustment of 1 basis point of current year RCV. This enhanced equity adjustment reflects SWB's achievement of the fast track status in the final determination for the regulatory period 2020–25.

For 2024–25 the additional investment in K7 is included in the closing RCV for K7, and we have also taken into account forecast 2024/25 underperformance to reflect the transition from K7 to K8.

Base dividends are calculated on the notional structure of the water business to ensure that SWB policies align with Ofwat's view.

Bristol Water's base dividend is the base dividend declared in the CMA's final determination for PR19 for Bristol Water. This has been deemed reasonable due to the gearing and RCV growth level of Bristol Water.

The combined base dividend of SWB and Bristol is then indexed to current year prices using actual CPIH.

Notes to the regulatory accounts continued

SWB Calculation of base dividend 2020–2025

SWB Calculation of base dividend

Base dividend per policy	2020/21	2021/22	2022/23	2023/24	**2024/25**
SWB regulatory equity, FYA	1,373.8	1,401.4	1,430.4	1,460.5	**1,491.1**
3% Base dividend	40.4	40.4	40.4	40.4	**40.4**
1.18% dividend growth	0.8	1.5	1.9	2.4	**3.4**
Enhanced Equity	1.4	1.4	1.5	1.5	**1.5**
Bristol Base Dividend	–	–	–	8.0	**8.4**
Total Base dividend 17/18 prices	42.4	43.3	43.8	52.3	**53.7**
Inflation to actual CPIH (FYA)	0.1	1.3	5.4	8.5	**9.5**
Base dividend	42.5	44.6	49.2	60.8	**63.2**

For South West Water and Bristol Water elements, we have retained the base dividend calculations consistent with the dividend policies in their respective determinations mentioned above.

The base dividend and base dividend yield are reference points for the dividend calculation before we consider the adjustment factors set out in the dividend policy, and the overall factors considered by the Board.

Outperformance

Other dividend payments in excess of the base dividend are to be reflective of current or past outperformance versus the final determination. This outperformance can arise for a number of reasons including cost savings, strong ODI performance, outperformance against financing assumptions, or a combination of these. The Board considers whether outperformance should be reflected in dividend payments each year, but payable a year in arrears to ensure that the outperformance element is based on robust, audited data and not on estimates. Therefore, the table below reflects the amounts 'earned' in the prior period, but we have also considered 2024/25 performance for the position over the whole of K7.

Outperformance

	2019/20	2020/21	2021/22	2022/23	2023/24	**2024/25**
	SWB	SWB	SWB	SWB	SBB	**SBB**
TOTEX	32.5	32.0	11.7	(80.4)	(81.2)	**(106.5)**
Financing	31.7	26.7	50.0	133.0	60.9	**91.9**
ODIs	2.2	(10.4)	0.8	(9.7)	(17.2)	**(24.8)**
Customer sharing	(3.7)	(4.0)	(4.0)	(4.0)	–	**–**
Other Adjustments	(4.6)	(1.3)	(1.4)	–	–	**–**
Outperformance	58.1	43.0	57.1	38.9	(37.5)	**(39.4)**

The table below shows the split of outperformance elements for each of the year of the regulatory period, as well as the 2019/20 outperformance, which is considered in 2020/21 in tdeclaring dividend and other adjustments to that position:

Totex – outperformance from 2019/20 and the first two years of the current regulatory period (as this is payable in arrears) reflects efficiency in delivery and advancement of key programmes of work including bathing waters. The Totex underperformance, reflected in 2023/24 outperformance calculations but relating to performance in 2022/23, has been due to the rising cost of electricity and underlying consumables which have increased in price above inflation. Higher costs are also reflected in 2023/24 and 2024/25 performance, with PR24 reflecting higher based cost. Additional investment is also included within totex overspends.

Financing – financing outperformance continues to be strong during each year of the regulatory period to date driven by SWB's flexible financing strategy and diverse debt portfolio, with a comparatively lower level of index-linked debt relative to the industry average, allowing the Company to outperform the Final Determination cost of debt allowance. The financial performance of the Company relating to 2023/24 and 2024/25 has been driven by the financing decisions made by the SWB Board in using fixed rate instruments rather than index-linked instruments. SWB also uses the WaterShare+ voluntary sharing mechanism to share financing outperformance with customers.

ODIs – Overall net penalty in relation to ODI performance for across K7 reflects c. 70% of ODI's on track or ahead of target, with c. 70% for 2023/24 and c. 64% for 2024/25.

Customer sharing – In the prior years, £4.0 million has been allocated to WaterShare+, our unique voluntary sharing mechanism which shares outperformance benefits with customers. This mechanism has the effect of reducing the dividend payable to shareholders. This represents the yearly amount accrued over time which is used to fund customer share issuances and bill reductions. This adjustment is not needed for the final K7 dividend given the shareholder value created.

Other adjustments – These additional minor adjustments include a technical adjustment, offset against base dividends in relation to the enhanced equity arising from SWB securing fast track status at both PR14 and PR19 and equates to 30 and 10 basis points respectively.

For the purposes of calculating outperformance, SWB's WaterShare+ method of calculating RORE is used which differs slightly from table 1F, primarily in that it uses a long-term average estimated rate of inflation to remove short-term volatility and excludes additional expenditure commitments over and above the final determination such as that relating to additional drought expenditure, the accelerated WaterFit programme and early start expenditure . This is to ensure that dividend payments are not subject to volatility and remain transparent and visible to stakeholders through time. In effect, both adjustments are made to reflect the true underlying performance against the final determination throughout the regulatory period. The 2023/24 and 2024/25 performance is shown without the inflation adjustment as we have reached the end of K7 and short term volatility no longer applies.

Watershare+

Amounts of £1.2 million in 2020/21 and £0.4m in 2023/23 reflects additional dividends paid to SWB's parent company for it to issue shares to those customers that opted in to the Watershare+ scheme. The overall benefit to customers has been c. £40m to date as described above with remaining customers opting to receive a credit to their bill.

	2020/21	2021/22	2022/23	2023/24	**2024/25**
	SWB	SWB	SWB	SBB	**SBB**
Watershare+ adjustment	1.2	–	0.4	–	**–**

Other

This represents a prior year true-up for the years 2021 and 2022.

Exceptional and unforeseen circumstances

In truly exceptional and unforeseen circumstances, the Board has stated that it may have to deviate from these principles – for example to meet changing statutory requirements or during unexpected and exceptional events. The Board committed that if it were to do so, it would explain its reasoning to customers and other stakeholders so that the Company could be judged on the extent to which it sought to meet these commitments and the reasons why a deviation was justified. There have been no such circumstances in the 2020–25 regulatory period to date.

Transparency

We have committed to providing increased transparency through our APR about the dividends paid and how these relate to our dividend policy. This is in addition to the existing statutory and regulatory requirements that we already disclose. We committed to explain how dividend payments have been determined and how these relate to our performance. This disclosure is aimed at providing stakeholders with additional transparency about our dividend policy and the broader considerations considered by the SBB board in making its determination.

Notes to the regulatory accounts continued

Corporate taxation – SWB

The current tax charge in 2024–25 was lower than the current tax charge allowed in the final determination for the following reasons:

- Profit before tax in the final determination was higher than the actual for the appointee company.
- Capital allowances in excess of depreciation are higher than those allowed in the price determination as the business has claimed first year capital allowances during the year whilst also disclaiming an element of brought forward allowances. This will provide more flexibility and enable higher capital allowance claims in future periods to offset against taxable profits, hence optimising the appointee company's current tax position.
- Higher tax relief is available than that allowed in the price determination as additional contributions have been made to the defined benefit pension scheme. Tax relief is spread across several tax years in accordance with tax legislation.
- The final determination was based on a corporation tax rate of 17%. The actual rate is 25%.
- Tax relief on finance leases is broadly in line with the final determination.
- Tax losses generated in the year will be carried forwards for relief against taxable profits in future years. These losses arise from lower PBT and higher capital allowances, the latter of which were not included in the final determination as the tax legislation was amended after the FD was issued.
- The tax effect of green recovery expenditure is included as a notional adjustment as this is not included in the final determination figure.

The Chancellor announced in the March 2023 Budget, that super deductions, will be replaced by full expensing for three years from 1 April 2023 for qualifying plant and machinery. These were made permanent in the Autumn 2023 statement. The 50% first year allowance in relation to special rate assets will also continue permanently. The company therefore anticipates generating tax losses in future years resulting in a current tax result of nil.

The Company received a net repayment of £2.8m of UK corporation tax during the year in respect of 2021/22. This is a result of the carry back of losses from the 2022/23 tax year. Group relief of £0.5m was received from other companies in the Group, who paid for tax loses from the appointee company at the headline tax rate.

The appointee deferred tax credit of £23.4m for the year relates to tax losses carried forwards of £55.7m, these are offset by charges in respect of timing differences for accelerated capital allowances of £32.1m, timing differences in respect of derivatives of £0.1m and for pension contributions of £0.1m

South West Water has disclaimed capital allowances in the year, in order to minimise tax losses. This will provide more flexibility and enable higher capital allowance claims in future periods to offset against taxable profits, hence optimising the appointee company's current tax position.

The Company's total tax contribution extends significantly beyond the UK corporation tax charge, including Value Added Tax (VAT), business rates, employment taxes, Carbon Reduction Commitment (CRC), Climate Change Levy and Fuel Excise duty.

Taxation – SWB

	2024–25 actual Nominal £m	2024–25 Actual 2017/18 prices £m	2024–25 FD 2017/18 prices £m	Variance 2017/18 prices £m
(Loss)/Profit before tax Profit before tax	**(109.2)**	**(84.9)**	**101.8**	**(186.7)**
Tax at 17% (FD rate)	(18.6)	(14.4)	17.3	(31.7)
Tax rate increase to reflect actual tax rate of 25%	(8.7)	(6.8)	–	(6.8)
Depreciation not deductible for tax purposes	34.5	26.7	19.9	6.7
Total capital allowances relief available in place of depreciation	(94.7)	(73.6)	(20.1)	(53.6)
Disclaimed capital allowances relief available in place of depreciation	75.8	58.8	–	58.8
Tax relief on pension contributions	(0.9)	(0.7)	(0.2)	(0.5)
Allowable depreciation on finance leases	(2.0)	(1.5)	(1.7)	0.3
Tax relief on (non-taxable)/non-deductible expenditure	0.5	0.4	–	0.4
Tax relief on financial instruments	(0.9)	(0.7)	(0.9)	0.2
Tax losses carried forwards	12.4	9.7	–	9.7
Current year tax credit	**(2.8)**	**(2.2)**	**14.3**	**(16.6)**
Prior year adjustments	0.2	0.2	–	0.2
Current year tax credit including prior year adjustments	**(2.6)**	**(2.0)**	**14.3**	**(16.4)**
Tax effect of green recovery expenditure – notional adjustment	(0.7)	(0.5)	–	(0.5)
Current year tax credit including prior year adjustments and green recovery expenditure	**(3.3)**	**(2.5)**	**14.3**	**(16.9)**

Corporate taxation – BRL

The current tax charge was lower than the current tax charge allowed in the final determination for the following reasons:

- Profit before tax in the final determination was higher than the actual for the appointee company.
- Capital allowances in excess of depreciation are higher than those allowed in the final determination as the business has claimed first year capital allowances during the year whilst also disclaiming an element of brought forward allowances. This will provide more flexibility and enable higher capital allowance claims in future periods to offset against taxable profits, hence optimising the appointee company's current tax position.
- Tax relief on the debt gearing adjustment has reduced compared to the final determination.

2024–25 results in a £1.5m current tax charge for the year, which is higher than that in the prior year. The key driver of the difference was the impact of capital allowances.

The Chancellor announced in the March 2023 Budget, that super deductions, will be replaced by full expensing for three years from 1 April 2023 for qualifying plant and machinery. These were made permanent in the Autumn 2023 statement. The 50% first year allowance in relation to special rate assets will also continue permanently.

The appointee business made no UK corporation tax payments to HMRC during the year however the current tax charge relates to payments for Group Relief (2023/24: £0.0m).

The appointee deferred tax charge of £2.2m for the year relates mainly to capital allowances in excess of depreciation.

The Company's total tax contribution extends significantly beyond the UK corporation tax charge, including Value Added Tax (VAT), business rates, employment taxes, Carbon Reduction Commitment (CRC), Climate Change Levy and Fuel Excise duty.

Taxation – BRL

	2024–25 actual Nominal £m	2024–25 Actual 2017/18 prices £m	2024–25 FD 2017/18 prices £m	Variance 2017/18 prices £m
(Loss) / Profit before tax Profit before tax	**9.8**	**7.6**	**27.6**	**(20.0)**
Tax at 19% (FD rate)	1.9	1.5	5.2	(3.8)
Tax rate increase to reflect actual tax rate of 25%	0.6	0.5	–	0.5
Depreciation not deductible for tax purposes	5.1	4.0	3.6	0.4
Capital allowances relief available in place of depreciation before capital allowance disclaimers	(7.3)	(5.7)	(4.4)	(1.3)
Capital allowance disclaimed	0.8	0.6	–	0.6
Tax relief on pension contributions	–	–	–	–
Debt gearing adjustment	–	–	(0.3)	(0.3)
Tax relief on (non-taxable)/non-deductible expenditure	0.4	0.3	–	0.3
Group relief – current year	–	–	–	–
Tax losses carried forwards	–	–	–	–
Current year tax charge	**1.5**	**1.2**	**4.2**	**(3.0)**
Prior year adjustments	(0.4)	(0.3)	-	(0.3)
Current year tax charge including prior year adjustments	**1.1**	**0.9**	**4.2**	**(3.3)**

Regulatory financial reporting – SBB

South West Water

BRISTOL WATER

Table 1A – Income statement

For the year ended 31 March 2025

		Adjustments			
	Statutory £m	Differences between statutory and RAG definitions £m	Non–appointed £m	Total adjustments £m	**Total appointed activities £m**
Revenue	739.178	(21.761)	13.236	(34.997)	**704.181**
Operating costs	(630.086)	(5.442)	(11.355)	5.913	**(624.173)**
Other operating income	–	1.299	–	1.299	**1.299**
Operating profit	**109.092**	**(25.904)**	**1.881**	**(27.785)**	**81.307**
Other income	–	14.775	0.677	14.098	**14.098**
Interest income	5.976	(0.520)	0.123	(0.643)	**5.333**
Interest expense	(176.325)	(24.328)	–	(24.328)	**(200.653)**
Other interest expense	–	0.520	–	0.520	**0.520**
Profit before tax and fair value movements	**(61.257)**	**(35.457)**	**2.681**	**(38.138)**	**(99.395)**
Fair value gains/(losses) on financial instruments	–	–	–	–	**–**
Profit before tax	(61.257)	(35.457)	2.681	(38.138)	**(99.395)**
UK Corporation tax	1.514	(0.103)	(0.062)	(0.041)	**1.473**
Deferred tax	11.114	9.553	(0.622)	10.175	**21.289**
Profit for the year	**(48.629)**	**(26.007)**	**1.997**	**(28.004)**	**(76.633)**
Dividends	–	–	(1.997)	1.997	**1.997**
Tax analysis					
Current year	(1.326)	0.103	0.062	0.041	**(1.285)**
Adjustments in respect of prior years	(0.188)	–	–	–	**(0.188)**
UK Corporation tax	(1.514)	0.103	0.062	**0.041**	**(1.473)**

	Non–appointed £m
Analysis of non–appointed revenue	
Imported sludge	–
Tankered waste	1.820
Other non–appointed revenue	11.416
Revenue	**13.236**

All appointee level tables (1A-1E and 4H) have been prepared on a combined (SWB and BRL) basis, as per Ofwat's requirements.

Adjustments between statutory and regulatory accounts relate to power generation recognised as a reduction in operating costs for statutory purposes but as non-appointed income for Regulatory Reporting. In addition, overhead costs recharged to a subsidiary for retail activities are netted off against the contract value in Regulatory Reporting to fairly reflect the cost of delivering the appointed businesses retail activities.

The Company does not have any financial instruments accounted for at fair value through the income statement.

Table 1A – Income statement continued

Non–appointed

Activities outside of the appointed business include property searches, commission from plumbing and drainage insurance, meter reading services to non–household retailers and wastewater providers, moorings and fisheries, rental income from non–appointed properties and energy generation from non–appointed assets.

Non–appointed operational costs include the element of depreciation charged to the non–appointed business for the use of assets primarily used in the wholesale business (such as IT assets) and reflects investments in solar and wind turbine installations as well as hydro-generation schemes.

Difference between statutory and RAG definitions

	Revenue £m	Operating costs £m	Other operating income £m	Other income £m	Net Interest expense £m	Other interest expense £m	Current tax £m	Deferred tax £m	Profit for the year £m
Revenue not recognised under IFRS as deemed uncollectable	4.900	(4.900)	–	–	–	–	–	–	–
Net income/operating cost allocations[1]	(1.738)	1.738	–	–	–	–	–	–	–
Classification of new connections, infrastructure income & s185 diversions	(13.497)	–	–	13.497	–	–	–	–	–
Classification of rental income	(1.394)	0.130	–	1.264	–	–	–	–	–
Settlement	(5.111)	–	–	–	–	–	–	1.278	(3.833)
Other Revenue Adjustment	(4.860)	–	–	–	–	–	–	1.215	(3.645)
Grants and contributions balance sheet adjustments	(0.062)	(0.394)	–	0.015	–	–	–	0.110	(0.331)
Profit on disposal of fixed assets	–	(1.299)	1.299	–	–	–	–	–	–
Capitalised interest & depreciation on capitalised interest	–	0.801	–	–	(23.101)	–	–	5.575	(16.725)
Innovation fund costs/revenue	–	(1.518)	–	–	–	–	(0.103)	0.482	(1.139)
Add in financing subsidiary/Group interest expense	–	–	–	–	(1.227)	–	–	0.893	(0.334)
Pension interest allocation (other interest expense)	–	–	–	–	(0.520)	0.520	–	–	–
Classification of rental income		-	–	–	–	–	–	–	–
Net adjustments	**(21.762)**	**(5.442)**	**1.299**	**14.776**	**(24.848)**	**0.520**	**(0.103)**	**9.553**	**(26.007)**

1. Adjustments relate to power generation recognised as a reduction in operating costs for statutory purposes but as non-appointed income for Regulatory Reporting. In addition, overhead costs recharged to a subsidiary for retail activities are netted off against the contract value in Regulatory Reporting to fairly reflect the cost of delivering the appointed businesses retail activities.

Regulatory financial reporting – SBB continued

Table 1A Interest

	£m
Interest charged on external borrowings, excluding those relating to DPC arrangements	(188.135)
Interest payable on intra-group borrowings	(3.667)
Interest charges in relation to DPC arrangements under IFRS16	–
Interest payable in relation to other leases under IFRS16	(1.284)
Amortisation of debt issuance costs	(1.514)
Amortisation of any debt premiums/discounts	0.330
Preference share dividends	–
Any other financing costs/ interest charges	(6.383)
1A.7 Interest expense	(200.653)
Interest received in relation to defined benefit pension scheme assets	0.520
1A.8 Other Interest expense	0.520

TABLE 1B – Statement of comprehensive income

		Adjustments			
	Statutory £m	Differences between statutory and RAG definitions £m	Non–appointed £m	Total adjustments £m	**Total appointed activities £m**
Profit for the year	(48.629)	(26.007)	1.997	(28.004)	**(76.633)**
Actuarial gains/(losses) on post employment plans	2.492	–	0.065	(0.065)	**2.427**
Other comprehensive income	(1.948)	–	–	–	**(1.948)**
Total comprehensive income for the year	(48.085)	(26.007)	2.062	(28.069)	**(76.154)**

Actuarial gains/losses are net of tax and allocated based on the deficit/surplus associated with the pension scheme member. This is applied to the activities associated with their employment history weighted by the time spent in each role, consistent with the approach to allocating pension contributions.

Other comprehensive income relates to cash flow hedges held in the appointed business.

TABLE 1C – Statement of financial position

Reflects Balance Sheet as at 31 March 2025

		Adjustments			
	Statutory £m	Differences between statutory and RAG definitions £m	Non–appointed £m	Total adjustments £m	**Total appointed activities £m**
Non–current assets					
Fixed assets	5,004.965	(66.722)	4.458	(71.180)	**4,933.785**
Intangible assets	313.548	–	–	–	**313.548**
Investments – loans to Group companies	–	–	–	–	**–**
Investments – other	21.708	–	–	–	**21.708**
Financial instruments	22.252	–	–	–	**22.252**
Retirement benefit assets	14.716	–	0.513	(0.513)	**14.203**
Total non–current assets	**5,377.189**	**(66.722)**	**4.971**	**(71.693)**	**5,305.496**
Current assets					
Inventories	10.731	–	0.027	(0.027)	**10.704**
Trade and other receivables	270.985	0.201	1.486	(1.285)	**269.700**
Financial instruments	9.261	–	–	–	**9.261**
Cash and cash equivalents	326.713	–	3.329	(3.329)	**323.384**
Total current assets	**617.690**	**0.201**	**4.842**	**(4.641)**	**613.049**
Current liabilities					
Trade and other payables	(179.177)	0.216	(8.021)	8.237	**(170.940)**
Capex creditor	(72.033)	–	–	–	**(72.033)**
Borrowings	(137.235)	–	–	–	**(137.235)**
Financial instruments	(0.372)	–	–	–	**(0.372)**
Current tax liabilities	–	–	–	–	**–**
Provisions	(18.990)	–	–	–	**(18.990)**
Total liabilities	**(407.807)**	**0.216**	**(8.021)**	**8.237**	**(399.570)**
Net current assets/(liabilities)	**209.883**	**0.417**	**(3.179)**	**3.596**	**213.479**
Non–current liabilities					
Trade and other payables	(0.668)	–	–	–	**(0.668)**
Borrowings	(3,747.118)	–	–	–	**(3,747.118)**
Financial instruments	(1.606)	–	–	–	**(1.606)**
Retirement benefit obligations	–	–	–	–	**–**
Provisions	–	–	–	–	**–**
Deferred income – G&Cs	(17.406)	(0.379)	–	(0.379)	**(17.785)**
Deferred income – adopted assets	(173.589)	–	–	–	**(173.589)**
Preference share capital	–	–	–	–	**–**
Deferred tax	(453.311)	21.031	(1.792)	22.823	**(430.488)**
Total non–current liabilities	**(4,393.698)**	**20.652**	**(1.792)**	**22.444**	**(4,371.254)**
Net assets	**1,193.374**	**(45.653)**	**-**	**(45.653)**	**1,147.721**
Equity					
Called up share capital	625.923	–	–	–	**625.923**
Retained earnings and other reserves	567.451	(45.653)	–	(45.653)	**521.798**
Total equity	**1,193.374**	**(45.653)**	**–**	**(45.653)**	**1,147.721**

Regulatory financial reporting – SBB continued

TABLE 1C – Statement of financial position continued

The statement of financial position reflects the balance sheet as at 31 March 2025

Difference between statutory and RAG definitions

	Fixed assets £m	Trade and Other Receivables £m	Trade and Other Payables £m	Deferred income G&Cs £m	Deferred tax £m	Net assets £m
Cumulative capitalised interest, depreciation and tax impact[1]	(63.885)	–	–	–	–	(63.885)
Conversion opening difference	(0.067)	–	–	–	–	(0.067)
New Supplies NPV	(2.977)	–	–	–	–	(2.977)
s185 diversions NPV	0.386	–	–	–	–	0.386
Administration of new supplies	(0.241)	–	–	–	–	(0.241)
Gross up sewer inspection fees	0.062	–	–	–	–	0.062
Revenue Deemed uncollectable	–	0.201	–	–	–	0.201
Innovation Fund Adjustment	–	–	0.216	–	–	0.216
s185 diversions G&Cs	–	–	–	(0.379)	–	(0.379)
Deferred tax treatment RAG Difference	–	–	–	–	21.031	21.031
Net adjustments	**(66.722)**	**0.201**	**0.216**	**(0.379)**	**21.031**	**(45.653)**

1. Cumulative capitalised interest of £68.767m and depreciation on capitalised interest of £4.882.

Both statutory financial statements and Regulatory Reporting is based on International Financial Reporting Standards (IFRS) with the above adjustments recognised to reflect the Regulatory Reporting Guidelines (RAGs).

As at 31 March 2024, SBB has a current tax asset (£3.152m) and as a result is being disclosed under trade & other receivables within current assets (1C.9) opposed to a debit balance within current liabilities.

Non–appointed

Non-appointed fixed assets reflect investments in solar and wind installations as well as hydro-generation schemes, fisheries and riverside assets and the fair value of non-appointed leased assets. In addition, investment to support tankered waste activities has been included within non-appointed assets.

Trade and other receivables reflect debtors associated with non-appointed activities and trade payables are allocated based on operating costs with specific non-appointed activities removed.

Current tax assets represent the tax due on profits (less any payments in advance, which have resulted in the asset position) with deferred tax reflecting the capital allowances on fixed assets and the pension.

Retirement benefit obligations are allocated based on the deficit/surplus associated with the pension scheme member and applying this to the activities within their employment history.

As all of the Company's borrowings have been raised to fund appointee activities, none of these have been apportioned to the non-appointed business.

TABLE 1D – Statement of cash flows

		Adjustments			
	Statutory £m	Differences between statutory and RAG definitions £m	Non–appointed £m	Total adjustments £m	**Total appointed activities £m**
Operating activities					
Operating profit	109.092	(25.904)	1.881	(27.785)	**81.307**
Other income	–	14.775	0.677	14.098	**14.098**
Depreciation	168.299	(0.801)	0.324	(1.125)	**167.174**
Amortisation – G&Cs	–	–	–	–	**–**
Changes in working capital	(62.439)	4.296	(1.875)	6.171	**(56.268)**
Pension contributions	–	(0.057)	–	(0.057)	**(0.057)**
Movement in provisions	5.104	–	–	–	**5.104**
Profit on sale of fixed assets	(1.299)	–	–	–	**(1.299)**
Cash generated from operations	218.757	(7.691)	1.007	(8.698)	**210.059**
Net interest paid	(112.528)	–	–	–	**(112.528)**
Tax paid	3.304	(0.103)	(0.062)	(0.041)	**3.263**
Net cash generated from operating activities	109.533	(7.794)	0.945	(8.739)	**100.794**
Investing activities					
Capital expenditure	(605.683)	0.456	–	0.456	**(605.227)**
Grants & contributions	–	7.338	–	7.338	**7.338**
Disposal of fixed assets	1.556	–	–	–	**1.556**
Other	–	–	–	–	**–**
Net cash used in investing activities	(604.127)	7.794	–	7.794	**(596.333)**
Net cash generated before financing	(494.594)	-	0.945	(0.945)	**(495.539)**
Cash flows from financing activities					
Equity dividends paid	–	–	–	–	**–**
Net loans received	445.944	–	–	–	**445.944**
Cash inflow from equity financing	330.000	–	–	–	**330.000**
Net cash generated from financing activities	**775.944**	**–**	**–**	**–**	**775.944**
Increase/(decrease) in net cash	**281.350**	**-**	**0.945**	**(0.945)**	**280.405**

Regulatory financial reporting – SBB continued

TABLE 1E – Net debt analysis (appointed activities)

			Index linked		
	Fixed rate £m	Floating rate £m	RPI £m	CPI/CPIH £m	**Total £m**
Interest rate risk profile					
Borrowings (excluding preference shares)	2,531.861	575.159	715.075	62.258	**3,884.353**
Preference share capital	–				**–**
Total borrowings	2,531.861	575.159	715.075	62.258	**3,884.353**
Cash					**(27.284)**
Short-term deposits					**(296.100)**
Net debt					**3,560.969**
Gearing					
Gearing					**64.19%**
Adjusted gearing					**63.40%**
Interest					
Full year equivalent nominal interest cost	120.700	34.800	41.700	1.800	**199.000**
Full year equivalent cash interest payment	120.700	34.800	18.300	0.300	**174.100**
Indicative interest rates					
Indicative weighted average nominal interest rate	4.767%	6.051%	5.832%	2.891%	**5.123%**
Indicative weighted average cash interest rate	4.767%	6.051%	2.559%	0.482%	**4.482%**
Time to maturity					
Weighted average years to maturity	13.620	6.600	21.000	4.800	**13.780**

The gross debt has increased from £3,330.1 to £3,884.3 this has been due to the increase in capital expenditure, during the year SWB has raised £800m of new debt in the form of 2 public bond issuances (£650m) and a Private placement (£150m), an additional £25m was drawn from a lease facility.

Net debt for the year increased by c. £250m. Pennon Group plc completed a £490m rights issue in February 2025 with the proceeds used to support the water businesses. £330m was paid to SWB on 31 March 2025 increasing cash and reducing net debt.

The interest charge increased over the period due to new debt, offset by lower SONIA (5.19 to 4.89) and lower inflation RPI (4.3% to 3.2%) and CPIH (3.2% to 2.5%).

The average maturity of debt reduces by one year as existing debt matures, offset by new debt with an average maturity of 15 year rates (2024 – 14.145 / 2025 – 13.78).

Total Borrowings

For the purposes of table 1F, which has been completed separately for SWB and BRL, the net debt has been split as follows:

Table 4B Total Borrowings	**£m**
SWB	**3,334.703**
BRL	**489.514**
SBB 4B Total Borrowing	**3,824.217**
Fair Value Adjustment	**12.5**
Unamortised Debt Issue Costs	**(8.34)**
Overdraft	**–**
Loan to Financing Subsidiary	**55.95**
SBB 1E & 1C (1C.15+1C.22)	**3,884.327**

Liquidity and debt profile

As at 31 March 2025, the Company had £650.6 million of cash and committed facilities (31 March 2024: £294.2 million). This consists of cash and cash equivalents of £280.6 million (31 March 2024: £0.8 million overdraft), excluding £46.1 million (31 March 2024: £26.0 million) of restricted funds representing deposits with lessors against future lease obligations, and £370.0 million (31 March 2024: £295.0 million) of undrawn committed facilities.

Since 31 March 2024, the Company has secured c. £905 million of new debt, through its diverse portfolio of debt, consisting of:

- £150 million in US private placements with an average maturity of 15 years.
- £650 million through our inaugural public bond issuances under our EMTN1 programme.
- £65 million of new term loans and leasing with an average maturity of 6 years.
- £40 million of new and renewed revolving credit facilities.

These issuances signal the move to more benchmark-sized transactions in both the private placement and public bond markets as the scale of capital expenditure and ongoing refinancing grows. The bond followed the launch of our £2.5 billion EMTN programme, which allows us to issue funding across the forthcoming regulatory period to fund the growth in the business and improvement in services reflected in our Business Plan. South West Water net debt at 31 March 2025 is a mix of fixed/swapped (£2,531.8 million, 71%), floating (£248.5 million, 7%) and index-linked borrowings (£777.3 million, 22%), which reflects our diverse debt portfolio.

Where appropriate, derivatives are used to fix the rate on floating rate debt.

TABLE 4H – Financial metrics as at 31 March 2025

	Current year £m	AMP to date
Financial indicators		
Net debt	**3,557.627**	
Regulatory equity	**1,424.268**	
Regulatory gearing	**71.41%**	
Post tax return on regulatory equity	**(5.48%)**	
RORE (return on regulatory equity)	**–**	–
Dividend yield	**(0.14%)**	
Retail profit margin – Household	**–**	
Retail profit margin – Non household	**–**	
Credit rating – Fitch	**BBB+ (Stable)**	
Credit rating – Moody's	**BBB+(Negative)**	
Credit rating – Standard & Poor's	**N/A**	
Return on RCV	**1.83%**	
Dividend cover	**38.37**	
Funds from operations (FFO)	**157.062**	
Interest cover (cash)	**2.35**	
Adjusted interest cover (cash)	**0.22**	
FFO/Net debt	**0.04**	
Effective tax rate	**1.29%**	
RCF	**157.062**	
RCF/Net debt	**0.04**	
Borrowings		
Proportion of borrowings which are fixed rate	**65.18%**	
Proportion of borrowings which are floating rate	**14.81%**	
Proportion of borrowings which are index linked	**20.01%**	
Proportion of borrowings due within 1 year or less	**2.30%**	
Proportion of borrowings due in more than 1 year but no more than 2 years	**1.30%**	
Proportion of borrowings due in more than 2 years but no more than 5 years	**6.60%**	
Proportion of borrowings due in more than 5 years but no more than 20 years	**70.60%**	
Proportion of borrowings due in more than 20 years	**19.20%**	

Regulatory financial reporting – SBB continued

Table 4H Commentary

In the year South West Water has achieved a formal credit rating,

South West Water monitors several metrics (including those within the Regulatory Reporting table 4H) as outlined below:

Regulatory Capital Value (RCV)

RCV is the financial base used by Ofwat to allow a rate of return and set prices at each Periodic Review. At 31 March 2025 RCV, for the combined company. equalled £5,547m with average CPIH inflation for the year of 3.2%. The 2025 RCV includes blind year adjustments for both AMP 7 and AMP 8. Yearend RCV at 31 March 2024 was £4,837m.

Regulated gearing

The regulated gearing of 64.13% (base on RCV including the adjustment for the IFRS16 leases) has been calculated as year-end net debt as a proportion of RCV with Ofwat's notional regulated gearing for the regulatory period 2020–25 set at 60.0%.

Post tax return on regulated equity

The post–tax return on regulated equity of -5.56% has been calculated as profit after current tax for the appointed business as a percentage of year average regulated equity of £1,760m.

Dividend Yield

The dividend yield of (0.14%) is calculated as the total appointed dividend for the year of £1.997m on the year end regulated equity of £1,424m.

Interest cover

South West Water has access to overall interest rates that are amongst the lowest in the water industry. Reported interest cover of 2.35 times for 2024/25. Covenants on an underlying basis are maintained with sufficient headroom.

Adjusted interest cover

Adjusted interest cover of 0.22 times for 2024/25 is lower than prior year. This adjusted interest cover deducts regulatory depreciation (which is defined in the Final Determination) from the funds from operations calculated as covering interest.

Interest Cost

In accordance with RAG 4.13, the interest cover metrics are calculated using the interest paid element of net interest paid reported in 1D.10.

Breakdown of interest paid on borrowings	**2024/25**
Interest paid used in calculation	**112.528**
Interest received	**4.119**
Net Interest Paid as per 1D.10	**116.647**

Return on regulated equity

South West Water's return on regulated equity for 2024/25 is (6.77%.)

Effective tax rate

The tax rate differs from the standard rate of corporation tax primarily due to super deductions and first year capital allowances on qualifying assets.

Borrowings analysis

Full debt analysis can be found in tables 1E and 4B.

Regulatory financial reporting – SWB

South West Water

TABLE 1F – Financial flows for the 12 months ended 31 March 2025 and for the price review to date

	12 months ended 31 March 2025					
	Notional returns and notional regulatory equity %	Actual returns and notional regulatory equity %	Actual returns and actual regulatory equity %	Notional returns and notional regulatory equity £m	Actual returns and notional regulatory equity £m	Actual returns and actual regulatory equity £m
Return on regulatory equity						
Regulatory equity	1489.812	1489.812	1288.799			
Return on regulatory equity	4.00%	3.46%	4.00%	59.592	51.552	51.552
Financing						
Impact of movement from notional gearing		0.54%	0.20%		8.041	2.527
Gearing benefits sharing		–	–		–	–
Variance in corporation tax		0.26%	0.30%		3.841	3.841
Group relief		–	–		–	–
Cost of debt		(0.85%)	0.84%		(12.681)	10.828
Hedging instruments		0.79%	0.91%		11.783	11.783
Return on regulatory equity including Financing adjustments	**4.00%**	**4.20%**	**6.26%**	**59.592**	**62.646**	**80.602**
Operational performance						
Totex out/(under) performance		(9.65%)	(11.16%)		(143.799)	(143.799)
ODI out/(under) performance		(1.57%)	(1.81%)		(23.367)	(23.367)
C–Mex out/(under) performance		(0.06%)	(0.07%)		(0.939)	(0.939)
D–Mex out/(under) performance		0.01%	0.01%		0.176	0.176
Retail out/(under) performance		(0.68%)	(0.79%)		(10.133)	(10.133)
Other exceptional items		–	–		–	–
Operational performance total		**(11.95%)**	**(13.82%)**		**(178.062)**	**(178.062)**
RoRE (Return on regulatory equity)	**4.00%**	**(7.75%)**	**(7.57%)**	**59.592**	**(115.527)**	**(97.531)**
RCV growth	3.46%	3.46%	3.46%	51.547	51.547	44.592
Voluntary sharing arrangements		–	–		–	–
Total shareholder return	**7.46%**	**(4.29%)**	**(4.11%)**	**111.140**	**(63.979)**	**(52.939)**
Dividends						
Gross dividend	3.00%	–	–	44.694	–	–
Interest received on intercompany loans		–	–		–	–
Retained value	**4.46%**	**(4.29%)**	**(4.11%)**	**66.446**	**(63.979)**	**(52.939)**
Cash impact of 2015–20 performance adjustments						
Totex out/under performance		(0.13%)	(0.15%)		(1.873)	(1.873)
ODI out/under performance		0.15%	0.18%		2.293	2.293
Total out / under performance		**0.03%**	**0.03%**		**0.420**	**0.420**

Our return on regulated equity for 2024/25 of (7.75%) for South West Water has been driven by South West Water's reinvestment program, to help the environment and improve water resilience. These have included South West Water's Water Fit program and our drought desalination plant. These investments have driven the lower returns in totex performance.

TABLE 1F – Financial flows for the 12 months ended 31 March 2025 and for the price review to date continued

	Notional returns and notional regulatory equity %	Actual returns and notional regulatory equity %	Actual returns and actual regulatory equity %	Notional returns and notional regulatory equity £m	Actual returns and notional regulatory equity £m	Actual returns and actual regulatory equity £m
				Average 2020–25		
Return on regulatory equity						
Regulatory equity	1,343.882	1343.882	1,241.356			
Return on regulatory equity	3.96%	3.66%	3.96%	53.218	49.158	49.158
Financing						
Impact of movement from notional gearing		0.30%	0.16%		4.060	1.985
Gearing benefits sharing		–	–		–	–
Variance in corporation tax		0.43%	0.46%		5.715	5.715
Group relief		–	–		–	–
Cost of debt		3.07%	4.38%		41.244	54.302
Hedging instruments		0.45%	0.48%		6.020	6.020
Return on regulatory equity including Financing adjustments	**3.96%**	**7.90%**	**9.44%**	**53.218**	**106.197**	**117.180**
Operational performance						
Totex out/(under) performance		(4.58%)	(4.96%)		(61.593)	(61.593)
ODI out/(under) performance		(0.58%)	(0.63%)		(7.823)	(7.823)
C–Mex out/(under) performance		(0.04%)	(0.04%)		(0.550)	(0.550)
D–Mex out/(under) performance		–	-		(0.030)	(0.030)
Retail out/(under) performance		(0.18%)	(0.20%)		(2.465)	(2.465)
Other exceptional items		0.01%	0.01%		0.083	0.083
Operational performance total		**(5.39%)**	**(5.83%)**		**(72.378)**	**(72.378)**
RoRE (Return on regulatory equity)	**3.96%**	**2.52%**	**3.61%**	**53.218**	**33.841**	**44.817**
RCV growth	5.42%	5.42%	5.42%	72.800	72.800	67.246
Voluntary sharing arrangements		–	–		–	–
Total shareholder return	**9.38%**	**7.94%**	**9.03%**	**126.018**	**106.619**	**112.048**
Dividends						
Gross dividend	3.00%	2.77%	2.99%	40.316	37.161	37.161
Interest receivable on intercompany loans		0.06%	0.06%		0.787	0.787
Retained value	**6.38%**	**5.11%**	**5.97%**	**85.701**	**68.693**	**74.100**
Cash impact of 2015–20 performance adjustments						
Totex out/under performance		(0.13%)	(0.14%)		(1.770)	(1.770)
ODI out/under performance		0.16%	0.17%		2.166	2.166
Total out / under performance		**0.03%**	**0.03%**		**0.396**	**0.396**

Financial flows for the AMP to date

South West Water's return on regulated equity for the AMP to date of 2.52% is reflective of the underlying base position of the AMP of 4%. Where we have gained benefit in the AMP of 4.24%, through our efficient financing strategy, we have been able to invest these savings into our Water Fit and Water resilience programs, this is the main driver behind the totex performance of AMP to date of (5.39%), representing the significant investment into the region over AMP7 to drive operational performance.

In 2024/25 we have update the tax determination as per the updated values in Ofwat's financial flows document 2025, for both the in period numbers and period to date. We have also adjusted for the PCC reward/penalty adjustments in the 2025 financial flows.

The RCV used in the calculation of 2025 RCV is the RCV as published by Ofwat in the 2025 RCV model the IFRS 16 adjustment for the IFRS value that was missed out at PR19.

Price review and other segmental reporting – SWB

South West Water

TABLE 2A – Segmental income statement

	Residential Retail £m	Business Retail £m	Water resources £m	Water Network+ £m	Wastewater Network+ £m	Bioresources £m	**Total £m**
Revenue – price control	28.609	–	22.564	231.545	244.107	28.007	**554.832**
Revenue – non price control	–	–	–	2.939	(0.059)	–	**2.880**
Operating expenditure – excluding PU recharge impact	(39.281)	–	(23.535)	(143.658)	(142.324)	(25.563)	**(374.361)**
PU[1] opex recharge	(1.610)	–	0.072	0.837	0.535	0.167	**–**
Operating expenditure – including PU recharge impact	**(40.891)**	**–**	**(23.463)**	**(142.821)**	**(141.789)**	**(25.396)**	**(374.361)**
Depreciation – tangible fixed assets	(0.465)	–	(5.033)	(55.442)	(73.285)	(4.533)	**(138.758)**
Amortisation – intangible fixed assets	–	–	–	–	–	–	**–**
Other operating income	**–**	**–**	**–**	**(0.008)**	**(0.008)**	**–**	**(0.016)**
Operating profit	**(12.747)**	**–**	**(5.932)**	**36.213**	**28.966**	**(1.922)**	**44.577**
Surface water drainage rebates							
Surface water drainage rebates							**6.891**

1. PU means 'principal use'.

Revenue – price control

This includes all wholesale water and wastewater charges, trade effluent income and household retail charges.

Revenue – non price control

This has been based on the RAG 4.13 revenue appendix and includes mains and sewer diversions, standpipe hire and other rechargeable works.

Retail Non-household revenue reflects income from business customers on the Isles of Scilly.

Other operating income

Profit on the sale of fixed assets (other operating income) has been allocated based on the underlying asset category which generated the sale, with management and general assets being split pro–rata.

Recharges

Recharges to other business segments reflect charges for the use of assets, and are equal to the depreciation charged in respect of management and general assets principally used by the wholesale business units where part of the cost is recharged to the retail business unit. This excludes charges to non-appointed activities reflected in operating costs in table 1A.

Surface water rebates

Surface water rebates reflects 90.758 customers for whom there is no connection to the South West Water wastewater network for surface water i.e. rainwater which falls on an impermeable area of a property such as its roof, drive, hardstanding area or car park.

Allowed Revenue Reconciliation

	Water Resources £m	Water Network+ £m	Wastewater Network+ £m	**Total Revenue for RF**	Bioresources £m	Total £m
Final Determination Revenue Allowance (Outturn Prices) (Table 2M)	22.205	250.642	244.221	**517.068**	27.550	544.618
Customer Demand and Profile	0.359	(10.898)	8.029	**(2.510)**	0.457	(2.053)
New Connections/Diversions/Requisitions[1]	–	(1.242)	(1.843)	**(3.085)**	–	(3.085)
Actual Outturn (Table 2M)						
Variance to Final Determination Revenue Allowance (Outturn Prices) (Table 2M)	0.359	(12.140)	6.186	**(5.595)**	0.457	(5.138)
Variance as % for RFI	1.62%	(4.84%)	2.53%	**(1.08%)**	–	(0.94%)

1. New connections impact both the water and wastewater revenue as well as revenue for connection and infrastructure charges.

As shown above the outturn revenue is £5.1m lower than allowed revenue. This will incur a penalty of c.£0.1m through the RFI mechanism. When setting the 2024/25 tariffs a small consumption increase was expected following post Covid stabilisation and lifting of water restrictions in the region. The outturn was a small consumption reduction.

New Connections were slightly down on expectations. Developer Service activity (Grants and Contributions) for Water and Waste combined are slightly down on expectation but in line with prior year (FY25 £13.3m vs. FY24 £13.1m).

Price review and other segmental reporting – SWB continued

TABLE 2B – Totex analysis – wholesale

	Water resources £m	Water Network+ £m	Wastewater Network+ £m	Bioresources £m	**Total £m**
Base operating expenditure					
Power	6.559	33.020	38.376	2.718	**80.673**
Income treated as negative expenditure	(0.533)	(0.150)	(0.052)	(0.404)	**(1.139)**
Service charges/discharge consents	4.744	0.195	4.219	(0.000)	**9.158**
Bulk supply/Bulk discharge	–	–	–	–	**–**
Renewals expensed in year (Infrastructure)	–	8.140	3.301	–	**11.441**
Renewals expensed in year (Non-Infrastructure)	–	–	–	–	**–**
Other operating expenditure	10.602	80.322	89.350	21.290	**201.564**
Local authority and Cumulo rates	1.746	16.500	6.217	1.792	**26.256**
Total base operating expenditure	**23.117**	**138.027**	**141.411**	**25.396**	**327.952**
Other operating expenditure					
Enhancement operating expenditure	0.346	–	–	–	**0.346**
Developer services operating expenditure	–	4.115	0.228	–	**4.343**
Total operating expenditure excluding third-party services	**23.463**	**142.142**	**141.639**	**25.396**	**332.641**
Third-party services	–	0.679	0.150	–	**0.829**
Total operating expenditure	**23.463**	**142.821**	**141.789**	**25.396**	**333.470**
Grants and contributions					
Grants and contributions – operating expenditure	–	7.539	4.993	–	**12.532**
Capital expenditure					
Base capital expenditure	4.399	114.318	104.058	3.704	**226.479**
Enhancement capital expenditure	41.521	99.280	139.042	–	**279.843**
Developer services capital expenditure	–	8.438	4.418	–	**12.856**
Total gross capital expenditure (excluding third-party)	**45.920**	**222.036**	**247.518**	**3.704**	**519.178**
Third-party services	–	–	–	–	**–**
Total gross capital expenditure	**45.920**	**222.036**	**247.518**	**3.704**	**519.178**
Grants and contributions					
Grants and contributions – capital expenditure	–	1.141	1.556	–	**2.697**
Net Totex	**69.383**	**356.177**	**382.759**	**29.101**	**837.419**
Cash					
Pension deficit recovery payments	–	–	–	–	**–**
Other cash items	–	–	–	–	**–**
Totex including cash items	**69.383**	**356.177**	**382.759**	**29.101**	**837.419**

Table 2B Commentary

Operating Expenditure

Power costs have reduced by c. £17m year-on-year, driven by lower consumption and lower commodity pricing, partially offset by the impact of the new asset coming online and higher non-commodity costs.

Other operating expenditure increased by £41.3m with the largest increases being seen in people, equipment & consumables, partners and contracted services.

Business wide people restructure & pay reviews, increased reliance on hire of equipment across the business waiting for future capex investment, preventative measures to tackle compliance improvements and reduction targets for pollutions and general contracted services prices and volumes increasing have all contributed to the YoY increase in costs alongside some new costs for our sewer level monitor programme and bathing water projects that have taken place in year.

Capital Expenditure

SWB has spent £279.843m in 2024/25 on enhancement capital expenditure which is an £10.152m increase on 2023/24. This is due to ramp up to completion on projects to deliver WINEP outputs on phosphorus removal schemes and increase storage in the network with the aim of reducing spill frequency at CSOs.

SWB has spent £226.479m in 2024/25 on base capital expenditure which is an £3.240m increase on 2023/24. This is due to an increase in reactive network maintenance including the deployment of an enhanced leakage plan.

SWB has spent £12.856m in 2024/25 on Developer Services capital expenditure which is an £1.852m decrease on 2023/24 due to fluctuations in developer demand.

TABLE 2C – Cost analysis – retail

	Residential £m	Business £m	**Total £m**
Operating expenditure			
Customer services	15.770	–	**15.770**
Debt management	0.864	–	**0.864**
Doubtful debts	8.696	–	**8.696**
Meter reading	1.073	–	**1.073**
Other operating expenditure	12.875	–	**12.875**
Local authority and Cumulo rates	–	–	**–**
Total operating expenditure excluding third-party services	39.277	–	**39.277**
Depreciation			
Depreciation on tangible fixed assets existing at 31 March 2015	–	–	**–**
Depreciation on tangible fixed assets acquired after 1 April 2015	0.465	–	**0.465**
Amortisation on intangible fixed assets existing at 31 March 2015	–	–	**–**
Amortisation on intangible fixed assets acquired after 1 April 2015	–	–	**–**
Recharges			
Recharge from wholesale for legacy assets principally used by wholesale (assets existing at 31 March 2015)	1.610	–	**1.610**
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	–	–	**–**
Income from wholesale assets acquired after 1 April 2015 principally used by retail	–	–	**–**
Net recharges costs	1.610	–	**1.610**
Total retail costs excluding third-party and pension deficit repair costs	41.352	–	**41.352**
Third-party services operating expenditure	0.003	–	**0.003**
Pension deficit repair costs	–	–	**–**
Total retail costs including third-party and pension deficit repair costs	41.356	–	**41.356**
Debt written off			
Debt written off	16.025	–	**16.025**
Capital expenditure			
Capital expenditure	0.458	–	**0.458**
Comparison of actual and allowed expenditure			
Cumulative actual retail expenditure to reporting year end			**158.509**
Cumulative allowed expenditure to reporting year end			**166.734**
Total allowed expenditure 2020–25			**166.734**

Operating costs

South West Water's retail activities are largely undertaken by a wholly-owned subsidiary South West Water Customer Services Limited.

Cost allocations are based on the policy outlined on pages 105-106 with a detailed methodology available from the website www.southwestwater.co.uk.

Other operating costs have increased by £7.859m in the year. This is largely due to costs related to the design and build of the new Customer Experience Platform, which will deliver improved customer services and communications once implemented in 2025/26.

Price review and other segmental reporting – SWB continued

TABLE 2C – Cost analysis – retail continued

Depreciation

Depreciation reflects the direct depreciation charged for assets used wholly or principally within the retail price controls. This includes:

- Customer billing and account software
- Meter reading mobile software
- Debt initiatives.

Debt written off

Debt written off is allocated based on the specific customers, excluding the costs associated with court and debt recovery activity. South West Water's policy for debt write-off is included within the regulatory disclosures on page 98 (expected credit loss note).

Capital expenditure

Capital expenditure recognised directly in the retail business includes:

- Customer service improvement initiatives
- Information technology support and costs
- Directly attributable transport costs.

TABLE 2D – Historic cost analysis of tangible fixed assets

	Residential Retail £m	Business Retail £m	Water Resources £m	Water Network+ £m	Wastewater Network+ £m	Bioresources £m	**Total £m**
Cost							
At 1 April 2024	31.540	–	272.662	2,502.566	3,072.537	168.950	**6,048.255**
Disposals	(5.093)	–	(0.200)	(3.765)	(4.780)	(0.667)	**(14.505)**
Additions	0.458	–	45.919	218.935	248.908	3.705	**517.925**
Adjustments	–	–	–	–	–	–	**–**
Assets adopted at nil cost	–	–	–	1.228	16.155	–	**17.383**
At 31 March 2025	**26.905**	**–**	**318.381**	**2,718.964**	**3,332.820**	**171.988**	**6,569.058**
Depreciation							
At 1 April 2024	(27.532)	–	(60.308)	(817.059)	(1,255.022)	(109.001)	**(2,268.922)**
Disposals	5.093	–	0.192	3.652	4.738	0.660	**14.335**
Adjustments	–	–	(0.107)	(0.691)	(2.744)	(0.181)	**(3.723)**
Charge for the year	(0.465)	–	(5.033)	(55.442)	(73.285)	(4.533)	**(138.758)**
At 31 March 2025	**(22.904)**	**–**	**(65.256)**	**(869.540)**	**(1,326.313)**	**(113.055)**	**(2,397.068)**
Net book amount at 31 March 2025	**4.001**	**–**	**253.125**	**1,849.424**	**2,006.507**	**58.933**	**4,171.990**
Net book amount at 1 April 2024	4.008	–	212.354	1,685.507	1,817.515	59.949	**3,779.333**
Depreciation charge for year							
Principal services	(0.465)	–	(5.033)	(55.442)	(73.285)	(4.533)	**(138.758)**
Third-party services	–	–	–	–	–	–	**–**
Total	**(0.465)**	**–**	**(5.033)**	**(55.442)**	**(73.285)**	**(4.533)**	**(138.758)**

Fixed assets have been allocated based on their principal use. For assets which are used across the business units (i.e. management and general), they have been assumed to have principal use within wholesale and then allocated between water and wastewater.

The net book value includes £789.609m in respect of assets in the course of construction. This excludes capitalised interest which is not recognised in the regulated accounts in accordance with the Regulatory Accounting Guidelines.

Of the total depreciation charge for the Company of £143.510m, we have deducted depreciation on capitalised interest of £0.612m, capitalised depreciation of £1.584m, deferred income of £2.285m and 0.276m of depreciation on assets used by the non-appointed business charged though operating costs, giving a reported total of £138.758m.

Additions in the year include £17.383m of adopted assets. These assets are recognised at fair value which is their cost excluding administration costs. In total cumulative adopted assets have a value of £195.892m before deducting depreciation.

IFRS16 ROU (right-of-use assets) were adopted as at 1 April 2019 to offset lease liabilities which were brought on to the balance sheet and are included in the opening balance. The value of adopted assets in the year included in additions was £2.464m, this has been allocated £1.232m to water and £1.232m to wastewater.

TABLE 2E – Analysis of 'grants and contributions' – 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)	–	–	–	**–**
Price control grants and contributions	–	–	–	**–**
Diversions – NRSWA	–	–	–	**–**
Diversions – other non-price control	–	–	–	**–**
Other contributions (non-price control)	–	–	–	**–**
Total	–	–	–	**–**
Value of adopted assets	–	–		**–**
Grants and contributions – water network+				
Connection charges	3.924	–	–	**3.924**
Infrastructure charge receipts	0.906	–	–	**0.906**
Requisitioned mains	–	2.397	–	**2.397**
Diversions – s185	1.396	–	–	**1.396**
Other contributions (price control)	0.139	–	–	**0.139**
Price control grants and contributions before deduction of income offset	6.365	2.397	–	**8.762**
Income offset	0.096	1.708	–	**1.804**
Price control grants and contributions after deduction of income offset	6.268	0.689	–	**6.957**
Diversions – NRSWA	1.257	–	–	**1.257**
Diversions – other non-price control	–	–	–	**–**
Other contributions (non-price control)	0.013	0.452	–	**0.465**
Total	**7.539**	**1.141**	–	**8.680**
Value of adopted assets	–	1.237		**1.237**
Grants and contributions – wastewater network+				
Receipts for on–site work	0.090	2.250	–	**2.340**
Infrastructure charge receipts	4.286	–	–	**4.286**
Diversions – s185	0.283	–	–	**0.283**
Other contributions (price control)	0.097	–	–	**0.097**
Price control grants and contributions before deduction of income offset	4.757	2.250	–	**7.007**
Income offset	0.013	0.694	–	**0.707**
Price control grants and contributions after deduction of income offset	4.744	1.556	–	**6.300**
Diversions – NRSWA	0.249	–	–	**0.249**
Diversions – other non-price control	–	–	–	**–**
Other Contributions (non-price control)	–	–	–	**–**
Total	**4.993**	**1.556**	**–**	**6.549**
Value of adopted assets	–	16.145		**16.145**

Contributions are principally received from developers in respect of both new connections which are recognised in the income statement and requisitioned mains/sewers, which are reflected in deferred income and amortised to the income statement over the performance obligation period of 60 years.

Contributions (non-price control) relate to other chargeable works, such as planning application costs, build over applications and charges for remedial works.

Other wastewater contributions (price control) are charges for the inspection of sewer connections.

Grant income received in previous years was released during 2023/24 following recognition criteria being met. This explains the movement in capitalised in year figure.

Price review and other segmental reporting – SWB continued

	Water resources £m	Water network+ £m	Wastewater network+ £m	**Total £m**
Movements in capitalised grants and contributions				
Brought forward	–	2.784	8.119	**10.903**
Capitalised in year	–	1.141	1.556	**2.697**
Amortisation (in income statement)	–	0.044	(0.056)	**(0.012)**
Carried forward	–	3.969	9.619	**13.588**

Disposals of protected land, including those already subject to regulation through condition K of the licence, have been allocated based on principal site location in line with previously reported figures.

TABLE 2F – Residential retail

	Revenue £m	Number of customers 000s	**Average residential revenues £**
Residential revenue			
Wholesale charges	398.040		
Retail revenue	28.609		
Total residential revenue	426.649		
Retail revenue			
Revenue Recovered ('RR')	28.609		
Revenue sacrifice	–		
Actual revenue (net)	28.609		
Customer information			
Actual customers ('AC')		1,018.026	
Reforecast customers		1,023.839	
Adjustment			
Allowed revenue ('R')	29.535		
Net adjustment	0.926		
Other residential information			
Average residential retail revenue per customer			**28.102**

In 2024/25 SWB has under recovered by £0.926m – this will be passed back to customers in the PR24 blind year adjustment. The average retail price per customer is £28.102, against a target per customer income of £30.18, the under recovery is driven by higher than forecast social subsidies.

TABLE 2G – Non-household water – revenues by tariff type and TABLE 2H – Non-household wastewater – revenues by tariff type

Tables 2G and 2H are applicable to Welsh companies only.

TABLE 2I – Revenue analysis

	Household £m	Non-household £m	**Total £m**	Water resources £m	Water network+ £m	**Total £m**
Wholesale charge – water						
Unmeasured	40.359	1.267	**41.626**	4.089	37.537	**41.626**
Measured	141.266	64.675	**205.941**	17.965	187.976	**205.941**
Third-party revenue	–	6.542	**6.542**	0.510	6.032	**6.542**
Total wholesale water revenue	181.625	72.484	**254.109**	22.564	231.545	**254.109**

	Household £m	Non-household £m	**Total £m**	Wastewater network+ £m	Bioresources £m	**Total £m**
Wholesale charge – wastewater						
Unmeasured – foul charges	27.654	1.252	**28.906**	25.936	2.970	**28.906**
Unmeasured – surface water charges	6.012	0.270	**6.282**	5.636	0.646	**6.282**
Unmeasured – highway drainage charges	5.839	0.259	**6.098**	5.469	0.629	**6.098**
Measured – foul charges	123.878	37.755	**161.633**	144.986	16.647	**161.633**
Measured – surface water charges	33.233	10.129	**43.362**	38.911	4.451	**43.362**
Measured – highway drainage charges	19.799	6.034	**25.833**	23.169	2.664	**25.833**
Third-party revenue	–	–	**–**	–	–	**–**
Total wholesale wastewater revenue	216.415	55.699	**272.114**	244.107	28.007	**272.114**
Wholesale total	**398.040**	**128.183**	**526.223**	**266.671**	**259.552**	**526.223**
Retail revenue						
Unmeasured	6.374	–	**6.374**			
Measured	22.235	–	**22.235**			
Other third-party revenue	–	–	**–**			
Retail total	**28.609**	**–**	**28.609**			
Third-party revenue – non-price control						
Bulk supplies – water			**0.001**			
Bulk supplies – wastewater			**0.097**			
Other third-party revenue			**0.086**			
Principal services – non-price control						
Other appointed revenue			**2.696**			
Total appointed revenue			**557.712**			

Third-party revenue within the price control reflects the special agreement within the Bournemouth region and third-party non-price control revenue, includes mains and sewer diversions, standpipe hire and other rechargeable works. Bulk supplies relate to treated water supplies to the neighbouring water company.

Price review and other segmental reporting – SWB continued

Table 2J – Infrastructure network reinforcement costs

	Network reinforcement capex £m	On site/site specific capex (memo only) £m
Wholesale water network+ (treated water distribution)		
Distribution and trunk mains	0.034	–
Pumping and storage facilities	0.167	–
Other	–	–
Total	**0.201**	**–**
Wholesale wastewater network+ (sewage collection)		
Foul and combined systems	0.773	–
Surface water only systems	–	–
Pumping and storage facilities	0.153	–
Other	0.005	–
Total	**0.931**	**–**

In line with RAG4.13, table 2J includes expenditure on the provision or upgrading of network assets to provide for new customers with no net deterioration of existing levels of service. In 2024/25, large spend projects included installation of pumping and storage facilities at West Carclaze and Whitemoor. There was also significant investment in foul and combined systems as part of infrastructure projects at Dawlish and Beara Farm sites.

Table 2K – Infrastructure charges reconciliation

For the 12 months ended 31 March 2025

	Water £m	Wastewater £m	**Total £m**
Impact of infrastructure charge discounts			
Infrastructure charges	0.906	4.286	**5.193**
Discounts applied to infrastructure charges	–	–	**–**
Gross infrastructure charges	0.906	4.286	**5.193**
Comparison of revenue and costs			
Variance brought forward	7.064	10.136	**17.200**
Revenue	0.906	4.286	**5.193**
Costs	(0.201)	(0.931)	**(1.132)**
Variance carried forward	7.769	13.492	**21.261**

Infrastructure network reinforcement provides new growth and development in the network. It is funded by a connection fee that developers/house builders pay.

Table 2K shows the balance brought forward, income from Developers and expenditure in the year and the balance carried forward for infrastructure network reinforcement.

The balance carried forward is £21.261m for 2024/25 compared to £17.200m for 2023/24.

There has been a reduction in spend in the year due to smaller schemes undertaken but spend is planned to increase in 2025/26 with a full plan of works in the pipeline.

TABLE 2L – Analysis of land sales

For the 12 months ended 31 March 2025

	Water resources £m	Water network+ £m	Wastewater network+ £m	**Total £m**
Proceeds from disposals of protected land	–	–	–	**–**

There have been no land sales for SWB in 2024/25 or the prior year 2023/24.

TABLE 2M – Revenue reconciliation – wholesale

For the 12 months ended 31 March 2025

	Water resources £m	Water network+ £m	Wastewater network+ £m	Bioresources £m	**Total £m**
Revenue recognised					
Wholesale revenue governed by price control	22.564	231.545	244.107	28.007	**526.223**
Grants and contributions (price control)	–	6.957	6.300	–	**13.257**
Total revenue governed by wholesale price control	22.564	238.502	250.407	28.007	**539.480**
Calculation of the revenue cap					
Allowed wholesale revenue before adjustments (or modified by CMA)	23.660	248.923	262.968	27.550	**563.101**
Allowed grants and contributions before adjustments (or modified by CMA)	–	8.199	8.143	–	**16.342**
Revenue adjustment	(1.455)	(7.813)	(28.428)	–	**(37.696)**
Other adjustments	–	1.333	1.538	–	**2.871**
Revenue cap	22.205	250.642	244.221	27.550	**544.618**
Calculation of the revenue imbalance					
Revenue cap	22.205	250.642	244.221	27.550	**544.618**
Revenue recovered	22.564	238.502	250.407	28.007	**539.480**
Revenue imbalance	(0.359)	12.140	(6.186)	(0.457)	**5.138**

When setting the 2024/25 tariffs a small consumption increase was expected following post Covid stabilisation and lifting of water restrictions in the region. The outturn was a small consumption reduction.

New Connections were slightly down on expectations. Developer Service activity (Grants and Contributions) for Water and Waste combined are slightly down on expectation but in line with prior year (FY25 £13.3m vs. FY24 £13.1m)

Grants and Contributions allowed revenue for 2024/25 is reflective of expected recovery at the time of tariff setting. This is lower than in the PR19 Final Determination and has been rebalanced via Allowed wholesale revenue for 2024/25 (first line of the calculation of the revenue cap table above) – there is no impact on the overall allowed revenue or on the revenue imbalance calculation.

Price review and other segmental reporting – SWB continued

TABLE 2N – Household affordability support

Section A – social tariffs

	Revenue £m	Number of customers 000s	Average amount per customer £
Total customer funded cross subsidies for wastewater only social tariffs customers			
Residential water only social tariffs		3.297	
Residential wastewater only social tariffs		0.086	
Residential dual service social tariffs		43.368	
Number of residential customers not on social tariffs			
Residential water only no social tariffs		270.018	
Residential wastewater only no social tariffs		4.958	
Residential dual service no social tariffs		696.300	
Social tariff discount			
Average discount per water only social tariffs customer			54.292
Average discount per wastewater only social tariffs customer			93.023
Average discount per dual service social tariffs customer			181.793
Social tariff cross–subsidy – residential customers			
Total customer funded cross–subsidies for water only social tariffs customers	0.179		
Total customer funded cross–subsidies for wastewater only social tariffs customers	0.008		
Total customer funded cross–subsidies for dual service social tariffs customers	7.884		
Average customer funded cross–subsidy per water only social tariffs customer			0.655
Average customer funded cross–subsidy per wastewater only social tariffs customer			1.586
Average customer funded cross–subsidy per dual service social tariffs customer			10.659
Social tariff cross–subsidy – company			
Total revenue forgone by company to fund cross–subsidies for water only social tariffs customers	–		
Total revenue forgone by company to fund cross–subsidies for wastewater only social tariffs customers	–		
Total revenue forgone by company to fund cross–subsidies for dual service social tariffs customers	–		
Average revenue forgone by company to fund cross–subsidy per water only social tariffs customer			–
Average revenue forgone by company to fund cross–subsidy per wastewater only social tariffs customer			–
Average revenue forgone by company to fund cross–subsidy per dual service social tariffs customer			–
Social tariff support – willingness to pay			
Level of support for social tariff customers reflected in business plan			9.370
Maximum contribution to social tariffs supported by customer engagement			9.370

To tackle water poverty in the region significant work has been undertaken to engage with customers proactively and help them to access the most beneficial tariff for their circumstances. Available options include installing a meter on a previously unmeasured property or where this is not possible, to consider an Assessed charge is available. Where further help is still needed Water efficiency initiatives are explored and then WaterSure and the WaterCare social tariffs are utilised. For FY25 a new unmeasured Assist tariff was implemented ro provide access to social tariffs to unmeasured customers, aligned with the Bristol Water approach.

The increase in subsidy (from £4.92 to £8.31) is due to the increase in subsidised customers mainly in FY24 where c. 1–2k customers per month were added onto a social subsidy (so a fairly even uplift across the year). The full year effect of the subsidy for these customers would be seen in FY25 rather than FY24.

Section B – WaterSure tariffs

	Revenue £m	Number of customers 000s	Average amount per customer £
WaterSure tariffs			
Number of unique customers on WaterSure		20.124	
Total reduction in bills for WaterSure customers	8.794		
Average reduction in bills for WaterSure customers			436.991

WaterSure is the national tariff to address customer poverty. It is set in line with the average measured bill.

Customer numbers year-on-year (on an annual average basis) were stable, however this reflected a significant uplift in March 2025 following the annual billing and announcement of FY26 charges.With the first 11 months of the year customer numbers reduced as customers were transferred onto the Assist and WaterCare tariffs to provide greater support to aligned to their needs.

The overall bill reduction and average subsidy per customer is lower than prior year. This is due to the reduction in customer numbers during the year (subsidy is pro-rata e.g. customers added to the tariff in March will not have received more than 1 months subsidy in FY25), combined with the reduction in consumption per customer (a dual service WaterSure customers consumption has reduced by 5% on prior year (165m^3 per annum vs. 175m^3 per annum).

Price review and other segmental reporting – SWB continued

TABLE 20 – Historic cost analysis of intangible fixed assets

	Residential Retail £m	Business Retail £m	Water Resources £m	Water Network+ £m	Wastewater Network+ £m	Bioresources £m	**Total £m**
Cost							
At 1 April 2024	1.252	0.139	60.659	240.600	1.320	0.036	**304.006**
Disposals	–	–	–	–	–	–	**–**
Additions	–	–	–	0.856	0.856	–	**1.712**
Adjustments	–	–	–	–	–	–	**–**
Assets adopted at nil cost	–	–	–	–	–	–	**–**
At 31 March 2025	**1.252**	**0.139**	**60.659**	**241.456**	**2.176**	**0.036**	**305.718**
Amortisation							
At 1 April 2024	(1.252)	(0.139)	(0.021)	(0.406)	(0.137)	(0.036)	**(1.991)**
Disposals	–	–	–	–	–	–	**–**
Adjustments	–	–	–	–	–	–	**–**
Charge for year	–	–	–	–	–	–	**–**
At 31 March 2025	**(1.252)**	**(0.139)**	**(0.021)**	**(0.406)**	**(0.137)**	**(0.036)**	**(1.991)**
Net book amount at 31 March 2025	**–**	**–**	**60.638**	**241.050**	**2.039**	**–**	**303.727**
Net book amount at 1 April 2024	**–**	**–**	**60.638**	**240.194**	**1.183**	**–**	**302.015**
Amortisation for year							
Principal services	–	–	–	–	–	–	**–**
Third-party services	–	–	–	–	–	–	**–**
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**

The brought forward NBV of intangible assets includes Goodwill on the acquisition of Bournemouth Water and Bristol Water. The Goodwill recognised had been apportioned across price controls based on the RCV. Goodwill is reviewed for impairment on an annual basis. There was no impairment in the year.

South West Water is in the process of replacing its Customer Experience Platform (CEP). This project commenced in the prior year and therefore £2.366m is included in the brought forward NBV of intangible assets. A further £1.712m of investment was made on the project during the year to 31st March 2025. All expenditure has been apportioned equally over the Water Network+ and Wastewater Network+ price controls. The project was incomplete at the year end, so has not yet started to be amortised.

Performance summary – SWB

South West Water

TABLE 3A – Outcome performance – Water common performance commitments

	Unit	Performance level Actual	PCL met?	Outperformance or underperformance payment £m	See page
Financial					
Water quality compliance (CRI)	nr	1.19	Deadband	–	140
Water supply interruptions	hh:mm:ss	00:14:44	No	(4.489)	140
Leakage	%	9.2	No	(4.428)	141
Per capita consumption	%	(2.3)	No	(2.483)	142
Mains repairs	nr	127.5	Yes	0.025	142
Unplanned outage	%	2.09	Yes	–	142
Total				**(11.375)**	
Bespoke PCs – Water and Retail (Financial)					
Taste, smell and colour contacts	nr	1.87	No	(0.276)	143
Water restrictions placed on customers	nr	–	Yes	–	143
Resilience in the round – water	nr	2,004	No	(2.196)	144
Operational contacts resolved first time – water	%	95.1	Yes	0.003	144
Number of pollution incidents cat 1–3 (water only)	nr	20	No	(1.240)	144
Biodiversity – Enhancement	Ha	144,120	Yes	6.300	144
Abstraction incentive mechanism	nr	N/A	Yes	–	145
Efficient delivery of the new Knapp Mill WTW	text	–	Yes	–	145
Efficient delivery of the new Alderney WTW	text	–	Yes	–	145
Resilient water and wastewater services on the Isles of Scilly	text	Maintained	Yes	–	145
Total				**2.591**	

We can confirm that we are compliant with all components of the reporting guidelines for all of the common performance commitments with RAG compliance checklists with the exceptions described in the leakage, per capita consumption and unplanned outage commentary.

Key*

- Availability
- Clean water
- Wastewater
- Customers
- Service
- Environment
- Resilience
- Community
- Area of focus
- Marginal performance
- On track
- Outperformance
- Area of excellence

* Calendar year incentive.

Performance summary – SWB continued

3A.1 Compliance risk index (CRI)

The compliance risk index (CRI) is a water quality performance metric defined by the Drinking Water Inspectorate to illustrate the risk of treated water compliance failures. CRI is reported for each calendar year.

Our CRI score of 1.19 is within the regulatory deadband as well as the DWI target of 2.00. The score represents our best performance since the CRI metric was introduced in 2017 and is likely to be in the top quartile. We continue to make progress through our 'Quality First' programme with investment at our Water Treatment Works.

The most significant year-on-year reduction in the CRI score related to the decrease in score relating to network condition (reducing from 1.753 in 2023 to 0.334 in 2024) as we have increased network flushing activity. The reduction in score for 2024 has also in part resulted from enhanced tank maintenance as well as our longer term programme of water quality enhancement schemes. Reductions were also seen in the total CRI score relating to both tank condition and domestic plumbing issues.

We are targeting further improvement including through further risk assessments to identify high risk compliance failure zones being developed in partnership with Sheffield University. We have undertaken major improvement investments at six sites during 2020–25: Alderney (Dorset), Knapp Mill (Hampshire), St Cleer, Restormel and Stithians (Cornwall), and Littlehempston (Devon).

Work is also progressing on improving water quality on the Isles of Scilly. In line with the guidance in the 'PR19 final determinations: South West Water – Outcome performance commitment appendix' document, the Isles of Scilly has been excluded from this commitment, and data provided from the DWI regarding our CRI score received does not include the Isles of Scilly.

The exceptional event at Brixham is recognised by the DWI as a water quality event and therefore are not included in the CRI score.

1.19

Target

Water quality compliance (CRI)

Number

2024 Actual	**1.19**
2023 Actual	3.02
2022 Actual	2.40
2021 Actual	3.86
2020 Actual	2.06
Target 2024	0.00

3A.2 Supply Interruptions

We know our customers rely on a continuous supply of high-quality drinking water. The importance of 'always on' supplies, maintaining both public health and customer confidence is one of our key priorities.

A combination of significant trunk main burst events and the impacts of extremes of weather unfortunately meant that we missed our target of 5 minutes (for interruptions of 3 hours or longer). We know we need to continue to focus on resilience to significant events of this nature. Where significant events have occurred, alternative supplies were provided to affected customers throughout the lifecycle of these events and our Alternative Water Supplies (AWS) fleet have been extensively deployed to mitigate impacts as far as practicable.

In accordance with Ofwat's 'IN 23/03 Expectations for monopoly company annual reporting 2022/23', we can confirm our supply interruptions data includes interruptions that are greater than or equal to three hours in duration for the current reporting period and the whole 2020–25 regulatory period.

00:14:44

Target

Water supply interruptions

hh:mm:ss

2024/25 Actual	**00:14:44**
2023/24 Actual	00:09:16
2022/23 Actual	00:08:42
2021/22 Actual	00:13:40
2020/21 Actual	00:05:38
Target 2024/25	00:05:00

3A.3 Leakage

This measure is the percentage reduction of three year average leakage from the 2017–20 baseline and therefore the current year metric compares the 2022–25 period to that 2017–20 period.

On a single year basis, in 2024/25, South West Water has seen a reduction in leakage of just under 10% to 107.8Ml/d. This performance in the year is just in excess of the targetted level of 105.6Ml/d, which would have represented a 15% reduction from baseline. The improvement in annual performance follows a milder winter as well as the proactive management when temperatures did drop, which prevented any significant winter leakage peak.

Leakage remains challenging and subject to variation annually, partly in line with seasonal conditions and this is demonstrated by the elevated leakage performance in both 2022/23 and 2023/24, which continue to contribute to the three-year average position this year. Despite these years' performance, we have still achieved a 9.2% reduction compared to the baseline and will continue to target further reductions in line with our PR24 business plan.

All of our leakage components have a green assessment, however there are four amber sub-components. The 'hour-to-day conversion' component of the leakage compliance checklist, which is amber. Although in respect of the 'hour-to-day conversion' (7a) sub-component a programme to update hour-to-day factor values using hydraulic modelling and permanent pressure logger data has been in place, this has not been completed across all district metered areas (DMAs). Our confidence grade in the hour-to-day factor values has increased to A2 (on Ofwat's confidence grade scale). We anticipate completing this programme and returning to a 'green' assessment for this sub-component in 2025/26. Sub-component 13g (concerning accuracy of meters at low flows) is amber due to some recently installed meters, we have now re-tendered our contract in this area. The estimate of company own use is slighlty above 0.6% (14c) and other water use is also slightly above 1.8% (15b).

112.8 (-9.2%)

Leakage levels

Reduction from baseline (Ml/d)

2024/25 Actual	**112.8 (-9.2%)**
2023/24 Actual	107.1 (-13.8%)
2022/23 Actual	112.9 (-9.1%)
2021/22 Actual	116.7 (-6.0%)
2020/21 Actual	126.8 (+2.1%)
Target 2024/25	105.6 (-15.0%)

Leakage and per capita consumption reporting

Following a section 203 notice issued by Ofwat in respect of leakage and per capita consumption issued in May 2023, South West Water has thoroughly and diligently completed investigations into the areas highlighted and fully engaged with the process.

Reflecting on areas for improvement we have undertaken a programme to increase the accuracy of our data and assumptions including:

- installing 1,100 pressure loggers
- expanding the number of individual household monitors for unmeasured properties
- installing 850 commerical loggers
- targeting Airbnb properties with meters
- installing last-logged district metered areas (DMAs)
- expanding hydraulic modelling of our DMAs

Performance summary – SWB continued

3A.4 Per capita consumption (PCC)

The per capita consumption (PCC) metric also operates on a three-year rolling average compared to the 2017–20 baseline.

PCC is for households only and has been impacted by the higher working from home levels since COVID-19 emerged than was present in the baseline. For 2024/25 we have seen a higher level of per capita consumption than in the previous year due to a very dry February and March 2025. This impacted customer demand leading to people consuming more water for personal use, such as gardening.

We continue to promote water efficiency and free water saving devices through the SaveWaterSaveMoney website. Likewise, we had a Leaky Loo campaign across areas served by the Collifford and Roadford reservoirs helping customers identify if they have a leaky Loo. We also attend public events (such as the Glastonbury music festival) where we educate and inform people on the need to be more efficient with their water use for environmental reasons.

In the past year we have installed over 60,000 smart meters in Devon enabling our customers to be able to understand their water consumption to a greater extent and how their use can save money on their bills, as well as helping customers identify if they have a leak in their property.

All components of the compliance checklist are green, however sub-component 4g is amber in line with the equivalent leakage sub-component (13g) as described above.

149.4 (+2.3%)

Target

Per capita consumption

Reduction from baseline (Litres/person/day)

2024/25 Actual	**149.4 (+2.3%)**
2023/24 Actual	147.9 (+1.3%)
2022/23 Actual	144.9 (-0.8%)
2021 /22 Actual	142.1 (-2.7%)
2020/21 Actual	144.9 (-0.8%)
Target 2024/25	136.9 (-6.2%)

3A.5 Mains Repairs

Decreasing the number of mains failures is vital as it benefits our customers through fewer supply interruptions as well as reducing the necessity for repairs, which have the potential to be locally disruptive . For 2024/25, we have achieved our target with performance of 2,373 repairs, or 127.5 mains repairs per 1,000km of our mains network.

We are pleased to be in a position where we have met our target in each year of the 2020–25 period, despite several especially challenging winter periods .

We continue to invest in and optimise operability and control of our network by implementing pressure management and a 'calm network' strategy. Our leading-edge Network Training Centre plays a vital part in this strategy, teams from across the business and supply chain have attended bespoke calm valving training events. The sessions focus on calm operation of network valving (manual and automated) and the benefit that has on reducing stress on the distribution network.

We continue with a targeted mains replacement programme, focusing on those mains with higher failure rates which also has overlap benefits for supply interruptions. The percentage of repairs which were proactive has increased year-on-year with over 40% being proactive repairs.

We will continue with our package of continuous improvement and investment initiatives and are confident they will deliver benefits that will continue to underpin our performance in this area.

127.5

Target

Mains repairs

Number per 1,000km mains

2024/25 Actual	**127.5**
2023/24 Actual	134.6
2022/23 Actual	141.1
2021/22 Actual	111.4
2020/21 Actual	151.8
Target 2024/25	131.6

3A.6 Unplanned Outage

Water treatment unplanned outage is a means of assessing asset health (primarily for non-infrastructure – above ground assets) relating to water abstraction and water treatment activities. It tracks the temporary loss of production capacity across our 42 water treatment works, resulting from unplanned breakdowns and asset failure. Our performance in 2024/25 has remained strong and within target, albeit an increase on the previous year.

Both Alderney and Knapp Mill Water Treatment Works in the Bournemouth Water area have significant upgrades being delivered as part of the K7 programme, which will see a change in the operation of the slow sand filters, with a new membrane barrier, advanced oxidation, and granular activated carbon (GAC) stages added downstream of the filters. These two sites contributed almost a quarter of the unplanned outages during 2024/25, as slow sand filters are taken out of action on rotation to be cleaned.

Wherever possible telemetry data is used to confirm the start and end times of outages. Where this is not possible, site diaries and logs or specific reports are used. During the year a refresher was briefed to Treatment Operatives on reporting of unplanned outage.

Our overall positive performance is founded on effective investment and maintenance regimes to ensure that unplanned failures are minimised. This in turn minimises the risk of any production outages resulting in service impacts for our customers.

We have continued our site-based 'MOT' programme, which targets our water treatment works on a prioritised basis assessing asset performance and identifying potential risks to water quality. Identified issues are then addressed in the delivery phase or considered as part of the wider planned investment programme.

Capacity testing has occurred at a number of treatment work sites, however the testing programme will only be completed following the delivery of three ongoing capital schemes in Devon and Cornwall. Therefore the 'PWPC by production site' and 'Water resource zone PWPC' sub-components, as well as overall PWPC component of the compliance checklists are graded as amber.

2.09

Target

Unplanned outage

%

2024/25 Actual	**2.09**
2023/24 Actual	1.15
2022/23 Actual	0.70
2021/22 Actual	0.96
2020/21 Actual	1.01
Target 2024/25	2.34

3A.7 Taste, smell and colour contacts

The aim of this performance commitment is to reduce water quality contacts made by our customers, relating to the taste, smell and colour of their tap water. The consumer contact rate for taste, smell and colour contacts deteriorated slightly to 1.87 in 2024, which results in missing our performance target of 1.33 this year.

Flushing is our primary control measure for reducing the accumulation of iron and manganese sediment in the network and this sediment can cause discoloured water. We have significantly increased our flushing activities back to more normal levels following water restrictions in 2023. In 2024 we performed flushing in over 300 district metered areas (DMAs). We expect to see benefits of the flushing programme in 2025 and beyond. 2024 performance was also potentially impacted by general concern with respect to drinking water quality following media attention.

We delivered a number of quality schemes, including schemes to deliver improved treatment to remove dissolved metals, being delivered in the 2020–25 period, which will give benefits in taste, smell and colour performance. The significant schemes in this respect are at Littlehempston in Devon, St Cleer and Restormel in Cornwall and Alderney in Dorset. Our 2025–30 business plan includes a number of further water quality schemes at several water treatment works, which will further improve in particular discolouration performance.

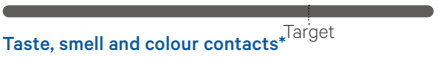
Longer-term measures to improve discolouration are also agreed with enhancement schemes to deliver improved treatment to remove dissolved metals. During the 2020–25 period, three improvement schemes were delivered to mitigate the risk of dissolved metals with further schemes in our 2025–30 business plan.

Taste and smell contacts are also often caused by internal plumbing issues or by the presence of compounds associated with the growth of algae in our reservoirs. We are experiencing ever an increasing challenge from algae because of climate change. To mitigate the risk of taste and smell we have been investing in improved treatment with activated carbon to remove problem compounds. Three new activated carbon schemes were delivered in the 2020–25 regulatory period and a further schemes are being included in our 2025–30 business plan.

This metric is calculated using the number of contacts and the resident population as reported to the Drinking Water Inspectorate (DWI). This population varies slightly from table 4R due to timing of measurement (calendar year) and due to this metric not including the Isles of Scilly for the 2020–25 period.

Taste, smell and colour contacts relating to the Isles of Scilly are not included, in line with the guidance in the 'PR19 final determinations: South West Water – Outcome performance commitment appendix' document. Data provided from the DWI regarding our taste, smell and colour contacts received does not include the Isles of Scilly.

1.87



Taste, smell and colour contacts*

Number

2024 Actual	**1.87**
2023 Actual	1.66
2022 Actual	1.51
2021 Actual	1.55
2020 Actual	1.65
Target 2024	1.33

3A.8 Water restrictions placed on customers

Following significant investment and intervention (including new resources at Blackpool Pit and a new treatment works at Rilaton) alongside customer actions and more favourable weather, we started 2024/25 with our strategic reservoirs at 100% of their capacity. Total storage across our reservoirs remained above 70% throughout 2024 and our storage capacity itself has increased following the opening of reservoirs at Blackpool Pit near St Austell and Hawks Tor on Bodmin moor over the last three years.

We did not therefore see any restrictions in place across this year, and given the current position have no plans to introduce any restrictions in Summer 2025. The restrictions introduced in 2022/23 followed some of the hottest, driest weather on record resulting in severe pressure upon water resources across our region and our duty to protect them and our future plans include schemes to further increase our resilience in the event of future extreme weather.

0

Water restrictions placed on customers

Number

2024/25 Actual	**0**
2023/24 Actual	1
2022/23 Actual	1
2021/22 Actual	0
2020/21 Actual	0
Target 2024/25	0

Performance summary – SWB continued

3A.9 Resilience in the round – water

This measure reports the number of properties affected by unplanned interruptions to supply of greater than 12 hours. In 2024/25, 2,004 properties were affected by an unplanned supply interruption greater than 12 hours. This number was higher than our performance commitment of 540 properties.

As with the supply interruptions metric (3A.2), this metric can be significantly impacted by events of scale.

When we become aware that supplies may be affected, rapid mobilisation of alternative temporary water supply measures is initiated, this is inclusive of both internal and supply chain resources. Without this response, the property count affected here would be considerably higher.

Resilience in the round – water

Number

***478 (excl. 3rd party incident)**

2024/25 Actual	**2,004**
2023/24 Actual	945
2022/23 Actual	1,349
2021/22 Actual	3,783*
2020/21 Actual	197
Target 2024/25	540

3A.10 Operational contacts resolved first time – water

We are pleased to report that we have again met the 95% committed performance level for 2024/25 with 95.1% achieved for drinking water contacts. We have therefore met this target for each of the five years of the 2020–25 regulatory period.

This measure now includes data from all channels, including webchat and social media, which is regarded as being most reflective of a holistic resolved first time measure, being aligned to the all channels definition for complaints outlines by CCWater. However, it should be noted that this could potentially have a positive effect on the measure increasing both initial and managed process contacts, or a negative effect by increasing the number of repeat/chase contacts.

Performance during the year is broadly consistent with previous years, however, throughout the regulatory period customer expectations have tended to increase and we continue to adapt our processes as necessary.

Our aim is to prevent issues happening however, where things do go wrong, our focus remains the speedy attendance and resolution of all queries or problems with emphasis on excellent customer experience. This can be measured through our continuing achievement of this measure.

Operational contacts resolved first time – Water

%

2024/25 Actual	**95.1**
2023/24 Actual	95.2
2022/23 Actual	95.3
2021/22 Actual	95.5
2020/21 Actual	96.0
Target 2024/25	95.0

3A.11 Number of pollution incidents cat 1–3 (water only)

The number of pollution incidents arising from our drinking water assets was 20 which was unfortunately adverse to our target of zero, however does show a slight improvement on 2023. The incidents were predominantly due to short duration escapes of potable water from burst mains across our water distribution network. The majority saw sediment mobilised when a pipe burst, which caused discolouration to a receiving watercourse.

The majority of these incidents are self-reported by South West Water reflecting this culture and training. We have also worked with our supply chain partners to continue audit activity across network repair activities. This provides further scrutiny and confidence that best practice in managing events is always followed.

Incidents relating to the Isles of Scilly are not included, in line with the guidance in the 'PR19 final determinations: South West Water – Outcome performance commitment appendix' document.

Number of pollution incidents Category 1–3 (water only)*

Number

2024/25 Actual	**20**
2023/24 Actual	29
2022/23 Actual	28
2021/22 Actual	8
2020/21 Actual	10
Target 2024/25	0

3A.12 Biodiversity – Enhancement

Catchment management protects and improves river quality and critical water abstraction sources to provide clean, safe drinking water without the need to provide additional infrastructure. It is supported by our customers as part of our commitment to protect and enhance the environment in the catchments in which we operate. This performance commitment is designed to incentivise an increase in land under active improved catchment management as part of the 'Upstream Thinking' and the more recent 'Green Recovery' project interventions. This measure is cumulative commencing in 2015/16.

A further 17,387 hectares of land were incorporated into the programme during 2024/25, taking the cumulative total of 144,120, significantly outperforming our committed performance level for 2025 in respect of our original Upstream Thinking programme and are on track to delivery our Green Recovery commitments. We will continue through 2025–30 to deliver benefit to the biodiversity across our regions and as part of out 2025–30 business plan, we will measure performance against a common biodiversity index metric.

Please note the cumulative position reported in 2022/23 to 2024/25 includes 316 hectares of land entering active catchment management in 2021/22 which were included in our Green Recovery Annual Report, but omitted from the 3A.12 cumulative total in 2021/22 in error. Given the comparatively small nature of this adjustment, and no impact on achievement of target or any financial reward/penalty, we have not proposed a retrospective adjustment.

Biodiversity – Enhancement

Hectares

2024/25 Actual	**144,120**
2023/24 Actual	126,733
2022/23 Actual	111,515
2021/22 Actual	95,453
2020/21 Actual	85,100
Target 2024/25	123,209

3A.13 Abstraction incentive mechanism

The East Devon groundwater sources are important for supply in this area. As such, we included an Abstraction Incentive Mechanism, or AIM, for a key groundwater sources in East Devon for the 2020–25 regulatory period. The purpose of the AIM is to promote the switch of water resource mix if groundwater levels are low. Groundwater levels in the 'Woodbury Common No. 2" borehole were such that the AIM scheme was not triggered this year.

Specifically, the trigger level for the 2020–25 was set at 99.8 meters above ordnance datum (mAOD) below which the scheme is triggered. At 1 April 2024, the water level at the borehole was 102.5mAOD and therefore the scheme was not triggered for 2024/25.

We continue to operate these resources in such a way to minimise the associated abstraction in line with the AIM process.

N/A

Target

Abstraction Incentive Mechanism (AIM) Score

2024/25 Actual	**N/A**
2023/24 Actual	N/A
2022/23 Actual	N/A
2021/22 Actual	N/A
2020/21 Actual	N/A
Target 2024/25	365

3A.14 Efficient delivery of the new Knapp Mill WTW

The works upgrade is proceeding on track for meeting the water into supply in line with our ODI commitment following construction of a new ceramic membrane filter plant. The preparatory phase of work has been successfully completed setting the stage for construction to begin in the coming months.

The upgraded facility will use advanced technology to deliver more sustainable, cleaner and more reliable for drinking water for customers across its catchment area, which includes Christchurch, Ringwood, New Milton, Lymington and Beaulieu.

In line with the construction of the Alderney Water Treatment Works, modular treatment units and ceramic membrane buildings are constructed off-site to minimise disruption to local residents during the construction phase. Following obtaining of planning permission, we have also constructed a new pedestrian crossing connecting Mill Road's green space to the Avon Valley Footpath in line with a request from the local council.

This scheme is also part of our Green Recovery and further details can be found in the Green Recovery Annual Report published at www.southwestwater.co.uk/siteassets/documents/about-us/annual-reports/2024/green-recovery---swb.pdf.

0 (on track)

Target

Efficient delivery of the new Knapp Mill WTW

2024/25 Actual	**0**
2023/24 Actual	0
2022/23 Actual	0
2021/22 Actual	0
2020/21 Actual	0
Target 2024/25	0

3A.15 Efficient delivery of the new Alderney WTW

We are significantly upgrading the water treatment works at Alderney near Bournemouth. This measure tracks our performance against our delivery plans for the upgraded water treatment works to be putting water into supply by 31 March 2025 and we remain on track to do this.

The works upgrade was substantially complete at 31 March 2025 with 'wet commissioning tests' such as water testing/daily monitoring and drop testing having occurred. The construction was a combined 'turn key' work package that included the ceramic membranes, Ozone generation plant and chemical dosing equipment for the Alderney project. This essential element of the development was entirely fabricated in RSE's workshop in Scotland, including the building in which it is housed. It arrived on site in segments and has been assembled on a pre formed concrete base on site. This approach has minimised Health and Safety risk, reduced programme risk as the impact of adverse weather is greatly reduced, and improved quality and minimised time on site.

However, a new power supply is required to operate the works, which has yet to be installed by the energy distribution company. In this report, the value of zero months delay is in line with the project being substantially complete but not yet put into service due to activities outside of South West Water's control. The DWI have confirmed an extension to its required date for full project completion and South West Water has written to Ofwat outlining the position and continues to engage with Ofwat.

0 (on track)

Target

Efficient delivery of the new Alderney WTW

2024/25 Actual	**0**
2023/24 Actual	0
2022/23 Actual	0
2021/22 Actual	0
2020/21 Actual	0
Target 2024/25	0

3A.16 Resilient water and wastewater services on the Isles of Scilly

Services for both customers and visitors to the islands. Investments continue to be focused on delivery of improved automation and control of key assets, water sampling to inform future treatment options, water resource modelling and ongoing investigations into robust wastewater treatment on the island of St Marys.

Our strategy of local recruitment continues to underpin an operational delivery team that are invested in delivering top-quality services for the communities in which they live and work. In addition, our laboratory on St Mary's has gained UKAS accreditation meaning we can undertake a range of water quality microbiological analysis 'on-island' without the need to transport samples back to the mainland. This not only improves resilience but is key to ensuring water quality analysis is undertaken in the timeliest manner, avoiding delays linked to adverse weather.

South West Water continues to work with all stakeholders across the islands to ensure that delivery of the next phase of the programme is carried out in a considerate and collaborative manner.

Appointed

Target

Resilient water and wastewater services on the Isles of Scilly

2024/25 Actual	**Appointed**
2023/24 Actual	Appointed
2022/23 Actual	Appointed
2021/22 Actual	Appointed
2020/21 Actual	Appointed
Target 2024/25	Appointed

Performance summary – SWB continued

TABLE 3B – Outcome performance – Wastewater common performance commitments

	Unit	Performance level Actual	PCL met?	Outperformance or underperformance payment £m	See page
Common PCs – Wastewater (Financial)					
Internal sewer flooding	number of internal sewer flooding incidents per 10,000 sewer connection	0.63	Yes	2.886	141
Pollution incidents	Pollution incidents per 10,000 km of sewer length	108.37	No	(10.220)	141
Sewer collapses	number of sewer collapses per 1,000 km of all sewers	7.54	Yes	0.258	142
Treatment works compliance	%	98.10	No	(0.329)	142
Total				**(7.404)**	
Bespoke PCs – Wastewater (Financial)					
External sewer flooding incidents	nr	1,465	No	(2.580)	142
Sewer blockages	nr	6,445	Yes	0.055	142
Odour contacts from wastewater treatment works	nr	144	Yes	0.260	143
Descriptive compliance	%	98.8	No	(0.056)	143
Compliance with sludge standard	%	100.00	Yes	–	143
Resilience in the round – wastewater	nr	223	Yes	0.241	143
Operational contacts resolved first time – wastewater	%	92.6	No	(0.042)	144
EPA	nr	2	No	(2.000)	144
Bathing water quality	nr	4	Yes	1.104	144
Total				**(3.017)**	

A summary of penalties and rewards reflected in the period and those recognised at the end of the period is shown on page 133. Forecasts for the remaining years have not been included, however South West Water remains on track to deliver the majority of its 2025 targets and is focused on implementing improvements for customers and the environment. For the end of period bathing water quality metric, we are forecasting a position of '4' for 2024/25.

We can confirm that we are compliant with all components of the reporting guidelines for all of the wastewater common performance commitments with R/A/G compliance checklists.

3B.1 Internal sewer flooding

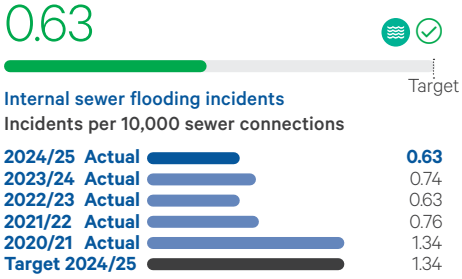
We understand how distressing sewer flooding can be and that how we react when these situations occur is a good indicator of the commitment of care to our customers. Accordingly, we enhanced our response during the year by providing customers with a named SWB contact within our Customer team who will provide liaison and support. Alongside this, we also need to demonstrate our ongoing commitment to reduce the risk of internal sewer floodings.

During 2024/25 the number of internal sewer flooding cases decreased slightly with a total of 50 internal sewer flooding events (or 0.63 per 10,000 sewer connections). This is a significant outperformance against target and again places us as one of the best performers in the industry on this measure. The improvement compared to 2023/24 largely arises from a fall in incidents following overloaded sewers, which tend to occur after periods of heavy rainfall. There was only a single incident reported in 2024/25 of this nature. The remaining 49 incidents are classified as 'other causes' of internal sewer flooding, and this represents our best performance in this category since the adoption of formerly private sewers in 2011.

Across 2023/24 and 2024/25, we have installed 12,000 sewer level monitors across our network, which provide alerts and daily insights. We use these alerts to proactively respond to potential issues, attending the site and investigating the cause of the rising level in a manhole. We can then proactively address causes of an issue by cleansing, jetting or other remedial intervention and therefore prevent a sewer flooding or potentially a pollution incident.

Other Improvements being made to the network including surface water separation in some areas, saline/groundwater infiltration removal and the replacement of rising mains will have multiple benefits including reducing the risk of sewer flooding.

Six additional CCTV 'crawler units' have been in use for over 18 months by our network operational teams for use in respect of investigating potential blockages, sewer flooding and pollution. They are able to investigate further into pipes and investigate wider pipe diameters than CCTV options which were previously available. This has enabled our in-house teams to perform more CCTV investigations, with an immediate response, with fewer



jobs needing to be passed to an outside contractor. It has enabled us to identify issues more quickly and prevent escalation of issues and prevent repeat flooding incidents.

We have also worked with an external expert contractor to help improve the compliance of commercial premises who dispose fat, oil and grease into our sewers. This is performed through engagement, education and enforcement programmes. We have now visited, provided advice and/or audited over 10,000 food service premises since the programme commenced in 2023. This programme has prevented an estimated 600 tonnes of fats oils and grease from entering our sewer network and has therefore reduced the risk of blockages leading to sewer flooding and pollution incidents. 900 food establishments have been proactively visited across ten hotspot areas within the region in urbanised areas, where we see most sewer flooding incidents occurring. This programme went live in 2023, and we have seen a fall in fat, oil and grease related blockages and therefore internal sewer flooding in 2023/24.

47 of the 50 internal sewer flooding incidents were identified by a customer, with three reactively identified by our network operational teams while carrying our routine checks at neighbouring properties following a blockage/ flooding incident.

South West Water is an active participant in all forms of collaborative working and sharing of best practice across the issues faced by the water and wastewater sector. This participation cuts across involvement with cross-company best practice workshop sessions, industry working groups/task and finish groups, innovation projects, Water UK networks/research projects, conferences and other forums.

South West Water has been a participant member of the Water UK led industry-wide best practice workshops on sewage in homes (an initiative to share best practice and reduce the number of internal and external sewer floodings). The initiative was driven by the CEO's of the respective companies jointly committing to work together to reduce cases of sewer flooding. Following this, South West Water and other companies have come together and shared details of the work they've been doing to reduce sewer floodings.

We are also an active member of the Sewer Network Abuse Partnership (SNAP) and the Network Protective Forum (NPF) groups which represent all water utilities across the UK – attending meetings and other face to face events on a quarterly basis. The focus of these groups is on reducing sewer misuse, sharing knowledge on activities and experience to reduce misuse that leads to blockages, sewer floodings and pollutions.

3B.2 Pollution incidents

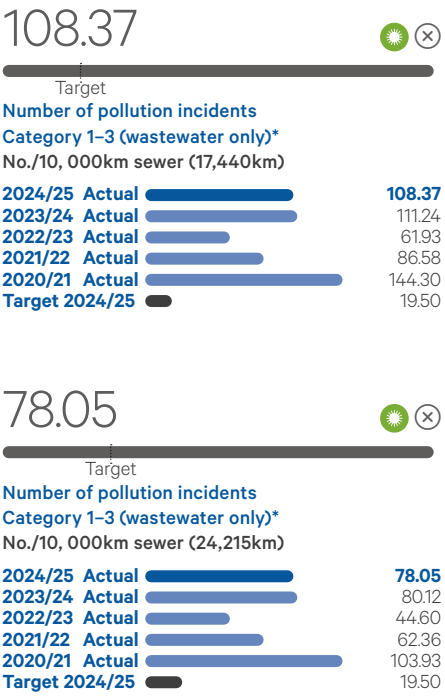
Our pollutions performance, in particular with respect to category 3 wastewater pollution incidents remains our most challenging area. Measures we have put in place achieved a small improvement in performance in 2024 compared to 2023, however we were still outside of our targeted performance level. Operational conditions at the start of the 2024 calendar year were particularly challenging with exceptionally high groundwater levels and the sheer scale of the rainfall during the 2023/24 Winter resulting in less time to respond to issues that arise at our wastewater treatment works and pumping stations.

Our calendar year performance for 2024, has seen significantly more category 3 pollutions than our target. The conditions have meant the benefits of our Pollution Incidents Reduction Plan (PIRP) will not be realised until 2025.

Incidents relating to the Isles of Scilly are not included, in line with the guidance in the 'PR19 final determinations: South West Water – Outcome performance commitment appendix' document.

We know there is more to do and we continue to target a step change in performance.

South West Water's Environmental Performance Assessment produced by the Environment Agency (EA) uses an historic assessment of sewer length, including an value of private sewers adopted in 2011, which subsequent analysis has shown is a significant underestimate. We are currently discussing this matter with the EA and Ofwat. Were the current assessment of sewer length (24,215km) to be used as the denominator for this metric, the number of pollution incidents per 10,000km sewer would have been 78.05. The charts shown right show pollution performance using both denominators.



Performance summary – SWB continued

3B.3 Sewer collapses

This measure reflects impacts to our customers as well as being a lead indicator of asset health. We have outperformed this metric throughout the regulatory period to date and continued to do so in 2024/25.

Our performance is 7.54 cases per 1,000km of sewer network against a target of 13.99, and is an improvement on the previous year. This returns the metric to a trend seen earlier in the regulatory period.

We have increased resources in this area and have reviewed ways of working within our operational teams and achieved a halving of collapses on the sewer network. This has in part been achieved through increased triaging and management of partial collapse repair risk. In contrast, rising main bursts have remained at a fairly stable level and the Company is focused on a rising main rehabilitation strategy in the new 2025–30 regulatory period.

As described in table 7C, South West Water has updated its 'Length of formerly private sewers and lateral drains (s105A sewers)' in line with an improved analysis and detailed third-party expert review. This increase is not reflected in the numerator for this metric and the denominator used for this metric uses the estimate for length of s105A sewers in place at the start of this regulatory period.

7.54

Target

Sewer collapses

Collapses per 1,000km sewers

2024/25 Actual	**7.54**
2023/24 Actual	13.67
2022/23 Actual	9.93
2021/22 Actual	6.75
2020/21 Actual	9.76
Target 2024/25	13.99

3B.4 Treatment works compliance (numeric permitted sites)

South West Water's wastewater treatment works have permitted discharges governed by either numeric or descriptive conditions. Numeric permits place measurable conditions on the final effluent discharged to the environment and measure compliance with these conditions. Our performance of 98.10% was below the target for this year, although an improvement on 2023/24 performance.

The improvements in 2024/25 follow action to contain issues with activities including reedbed surveys and remediation, enhanced targeted maintenance and enhanced monitoring and review of Critical Asset Plans.

We have enhanced our action plans across our treatment works, including regular reviews with the Environment Agency taking place. We remain focused on delivering our future targets.

98.10

Target

Treatment works compliance (numeric)*

%

2024/25 Actual	**98.10**
2023/24 Actual	96.20
2022/23 Actual	99.40
2021/22 Actual	97.46
2020/21 Actual	99.04
Target 2024/25	100.00

3B.5 External sewer flooding incidents

The total number of external sewer flooding incidents has fallen for the second year in a row. Although we have missed the target for this metric (performance of 1,465 incidents with a target of 1,123), a clear focus on avoiding repeat flooding incidents with an increase of planned cleansing and routine jetting continues to have a positive impact. Repeat incidents were down by 8% compared to 2023/24.

As with internal sewer flooding, we have continued to see a low level of sewer flooding due to overloaded sewers, with 94% off incidents relating to 'other causes' than sewer capacity.

The roll out of sewer depth meters as described in 3B.1 Internal Sewer Flooding on page 146 has also helped reduce the risk of external sewer flooding. Page 146 also summarises some of the other measures we have taken which are targeted at both general wastewater network performance as well as specifically aimed at sewer flooding incidents.

1,465

Target

External sewer flooding incidents

Number

2024/25 Actual	**1,465**
2023/24 Actual	1,578
2022/23 Actual	1,816
2021/22 Actual	1,407
2020/21 Actual	1,499
Target 2024/25	1,123

3B.6 Sewer blockages

Sewer blockages have reduced again to be within last year's value, which was at the time our best ever performance. An overall increase in repairs to sewers during the 2020–25 period appears now to be having a sustained impact and has reduced risk in some areas. An enhanced planned cleansing programme saw debris being removed from sewers, storm overflows and wet wells. This has also reduced the risk of blockages forming and has ensured that the risk of reduced sewer capacity is minimised.

In addition to measures which mitigate risks across our networks including blockages, collapses and sewer flooding, an improvement plan specifically targeted to reduce blockages was enacted during 2020–25 as we know that these are a lead indicator for flooding and pollutions from our sewer network.

Our activities on reducing sewer misuse were expanded and have now been adopted as 'business as usual,' with misconnections and customer awareness activities continuing. Our resource focused on commercial customer compliance (reducing the amount of fat, oils and grease disposed of into the sewer network) is also ongoing (as described on page 147). We are visiting more commercial premises and providing educational and compliance advice on how people can protect the sewer network from the build-up of deposits that cause blockages, floodings and pollutions.

In addition, the installation of sewer level monitors (as described on page 146) also reduces some risk in respect of sewer blockages.

6,445

Target

Sewer blockages

Number

2024/25 Actual	**6,445**
2023/24 Actual	6,448
2022/23 Actual	7,149
2021/22 Actual	6,545
2020/21 Actual	6,484
Target 2024/25	6,500

3B.7 Odour contacts from wastewater treatment works

There were 144 reportable odour contacts for 2024/25 compared to the target of 196. Indeed throughout the regulatory reporting period from 2020, we have consistently outperformed our targets in this area.

Multiple actions have been completed including installation of our odour control equipment, enclosure of specific equipment at known risk locations and changes to site management processes to reduce the production of odour at source.

A review of odour management plans at several wastewater treatment works, aligned with some additional investment in odour system refurbishment and changes to operational practises, have been successful in constraining odour contacts through a very dry and hot summer, keeping our performance within target.

In common with typical patterns, more than two-thirds of the contact traffic occurred across three months of the year (June–August) when conditions are generally drier and sunnier.

144

Target

Odour contacts – wastewater treatment works

Number

2024/25 Actual	**144**
2023/24 Actual	159
2022/23 Actual	154
2021/22 Actual	155
2020/21 Actual	219
Target 2024/25	196

3B.8 Descriptive compliance

Descriptive compliance for the 2024 calendar year has decreased slightly to 98.8% representing four sites failing at a point during the year. Enhanced visits to sites have been continued and an increase in resources focused on maintaining Descriptive sites have continued. This is aligned with capital investment where required.

For the site that failed we have reviewed the causes and where are implementing necessary improvements to reduce the risk of future failures.

98.8

Target

Descriptive compliance*

%

2024/25 Actual	**98.8**
2023/24 Actual	99.7
2022/23 Actual	99.4
2021/22 Actual	99.1
2020/21 Actual	98.8
Target 2024/25	100.0

3B.9 Compliance with sludge standard

South West Water recycles treated sewage sludge into a valuable resource which can be used as a fertiliser or soil improver on agricultural land. This fertiliser product is known as a bioresource or biosolid. Biosolids recycling to agricultural land is in most circumstances considered to be the Best Practicable Environmental Option and it is a sustainable practice. In addition to valuable nutrients, bioresources also contain organic matter, which benefits agriculture and the environment. Bioresources can be produced in a variety of ways, SWB produce compliant bioresources through anaerobic digestion, lime stabilisation, or a combination of these treatments.

The regulatory framework for ensuring safe and environmentally useful bioresources is changing. In 2020 we saw the move towards accreditation for the Biosolids Assurance Scheme (BAS) and in 2022 we saw the introduction of 20 best practice guidance measures under Farming Rules for Water (FRfW). FRfW is guidance for good agricultural practice alongside The Reduction & Prevention of Agricultural Diffuse Pollution Regs 2018. The regulatory landscape in this area continues to develop.

In the last three years the Company focus on bioresources has been amplified and we have developed and enacted plans that ensure compliance with the sludge standard which are helping us to maintain performance. This includes improved sludge dewatering, additional storage for sludge cake, both on South West Water treatment works, and at farms where the biosolids are recycled.

South West Water has a bioresources strategy for the next 25 years to ensure we can provide compliant bioresources in an environmentally resilient way. We will do this in line with customer needs and regulatory requirements.

In 2024 South West Water delivered 100.00% compliance against the Satisfactory Sludge Use and Disposal measure. Our aim, and performance commitment target, is to ensure 100% compliance. To ensure best practice within a dynamic environment we continue to work with our partner contractors to ensure the bioresource store inspections and fertiliser application regimes are compliant. We continue to maintain Biosolids Assurance Scheme certification.

100.00

Target

Compliance with sludge standard*

%

2024/25 Actual	**100.00**
2023/24 Actual	99.77
2022/23 Actual	99.14
2021/22 Actual	100
2020/21 Actual	98.39
Target 2024/25	100.00

3B.10 Resilience in the round – wastewater

This measure relates to the ability to protect and quickly recover treatment processes at wastewater treatment works in the case of extreme weather events. It is measured as the number of resilience action plans put in place for the wastewater treatment works. South West Water has already written a plan for each of the 223 Wastewater treatment works which are located in the 1:1000 extreme flood zone as published by the Environment Agency, against a 2024/25 target of 100.

The plans have been produced in line with our business plan to improve the response and recovery of each wastewater site following any flooding incident.

223

Target

Resilience in the round – wastewater

Number

2024/25 Actual	**223**
2023/24 Actual	223
2022/23 Actual	223
2021/22 Actual	223
2020/21 Actual	104
Target 2024/25	100

Performance summary – SWB continued

3B.11 Operational contacts resolved first time – wastewater

This performance commitment measures the Company's ability to resolve wastewater operational contacts first time without customers needing to contact the Company a second time for the same issue. Our performance for wastewater contacts was 92.6%, which fell short of the 95% committed performance level.

This measure now includes data from all channels, including webchat and social media, which is regarded as being most reflective of a holistic resolved first time measure, being aligned to the all channels definition for complaints outlines by CCWater. However, it should be noted that this could potentially have a positive effect on the measure increasing both initial and managed process contacts, or a negative effect by increasing the number of repeat/chase contacts.

Performance shows a deterioration from the previous years, with a number of challenging conditions in place. In common with the rest of the industry, South West Water has experienced a number of perception challenges and this has been reflected in an increase in contacts concerning perception rather than an actual incident. In addition in Summer 2024 there was an increase in odour contacts which are sometimes more complex to resolve as well as continued reductions in incidents of blockages and sewer flooding, which are often quicker to resolve.

Our aim is to prevent issues happening however where things do go wrong our focus remains the speedy attendance and resolution of all queries or problems with emphasis on excellent customer experience. This can be measured through our continuing achievement of this measure.

92.6

Target

Operational contacts resolved first time – wastewater

%

2024/25 Actual	**92.6**
2023/24 Actual	95.1
2022/23 Actual	95.0
2021/22 Actual	95.2
2020/21 Actual	95.1
Target 2024/25	95.0

3B.12 EPA

The EPA is the Environment Agency's assessment of environmental performance. It includes the following measures for the calendar year 2024:

- total pollution incidents (sewerage)
- serious pollution incidents
- self-reporting of pollution incidents
- discharge permit compliance numeric
- delivery of the WINEP
- supply demand balance index (SDBI)
- sludge compliance.

These metrics are then aggregated to provide an overall ranking out of four stars. Our provisional rating for 2024 is two stars as in 2023. While this rating demonstrates some improvements have been maintained throughout 2022, 2023 and 2024, from 2022, performance falls short of our target.

The extreme levels of rainfall and high number of storms over the winter of 2023/24 had a significant impact on both the 2023 and 2024 calendar year performance is several of the EPA metrics and the full benefits of our Pollution Incident Reduction Plan (PIRP) have not yet been seen. We have a road map to achieve a 4 star EPA status in 2025. Our steadfast focus remains in this area to deliver a meaningful step change in performance. In addition to the significant focus on reducing pollution incidents, which has started to make a significant impact, South West Water is also taking action to improve performance across all areas of the EPA.

2* (provisional)

Target

EPA

Rating

2024 Actual	**2 (prov)**
2023 Actual	2
2022 Actual	2
2021 Actual	1
2020 Actual	2
Target 2024	4

* Calendar Year Incentive

3B.13 Bathing water quality

In 2024 there were 157 designated bathing waters in the South West Water region. All 157 of these sites were monitored and classified by the Environment Agency (EA) in 2024. This includes six new designated bathing waters, and Watcombe, which had been unable to be sampled by the EA between 2021 and 2023 due to access restrictions. The Environment Agency's bathing water classification confirms 153 of these 157 sites met or exceed/pass the minimum standard 'sufficient' for the 2024 bathing season delivering 97.5% compliance. Three of the newly designated bathing waters as well as Porthluney was classified as 'poor.' There are no South West Water assets linked to Porthluney. Following its reopening, Watcombe has been classified as excellent. 100% of the existing designated bathing waters impacted by our assets met at least the sufficient standard.

The ODI measure considers bathing waters that have deteriorated in categorisation, where South West Water assets are the sole cause as well as improvements at eight specified sites made relative to WINEP requirements and improvements made following investigations under the WINEP.

In 2024 only two bathing waters deteriorated in categorisation (both from 'excellent' to 'good'). The audit completed by Jacobs has concluded that neither of the beaches which have deteriorated in class are solely as a result of South West Water operational assets. In line with the performance commitment requirements this report was considered by the WaterShare+ Advisory Panel.

We have now completed twelve specific schemes in the regulatory period to in line with the improvements aspects of this metric to maintain our strong quality position. Two further schemes planned completed in 2024/25 were at Plymouth Hoe East and Salcombe South Sands.

Into the 2025–30 regulatory period, further investments will be made in improvements to the performance of our assets. This includes investigations to improve our understanding of current bathing water quality issues, as well as improvement measures at existing assets to reduce the impact of storm overflows. During that period a common bathing water quality ODI will be used to monitor performance encompassing all designated bathing waters in our region.

4

Target

Bathing water quality

Number

2024 Actual	**4**
2023 Actual	2
2022 Actual	2
2021 Actual	0
2020 Actual	-4
Target 2024	0

Note: 4 represents a net improvement of 12 across the 2020–25 period from the -8 baseline

TABLE 3C – Customer measure of experience (C-MeX) table

Item	Unit	Value
Annual customer satisfaction score for the customer service survey	nr	70.55
Annual customer satisfaction score for the customer experience survey	nr	68.40
Annual C-MeX score	nr	69.48
Annual net promoter score	nr	(12.00)
Total household complaints	nr	7,485
Total connected household properties	nr	1,029,624
Total household complaints per 10,000 connections	nr	72.696
Confirmation of communication channels offered	TRUE or FALSE	TRUE

See page below for further commentary in respect of our C-MeX performance and commentary in this section for further details of our performance in respect of customer service in the round.

C-MeX

While we work hard every day to deliver for our customers, our overall customer satisfaction position has remained below median and our performance target, with South West Water positioned 15 of 17 companies for 2024/25. South West Water, in line with 14 of the 17 water companies have seen a decrease in year-on-year C-MeX scores.

In respect of our position in the customer satisfaction score for the customer service survey (CSS) element, our ranking remains above median for wastewater but below median for drinking water customer service. For wastewater customer service we were focused throughout the year on achieving targetted response times and prompt resoultion of any required work. The speedy resolution of issues as well as speed of attendance also remain the key drivers of drinking water customer satisfaction and will continue to be a focus in the 2025–30 period.

Our score in for the billing element of the CSS has fallen slightly, with a deterioration towards the year end potentially linked to industry-wide price increases. We are planning to implement a new Customer Experience Platform as part of our digital transformation programme during 2025/26. This will improve a number of customer journeys with a linked to potential dissatisfaction.

The customer experience survey (CES) element is a strong test of how we are perceived in a period of extensive media coverage of our industry and in line with the other Water and Sewerage Companies (WASCs) as well as industry-wide price increases, we saw a decrease in our score in this area. We have more to do as a Company and Industry to rebuild trust, and this has been reflected in this performance.

We also introduced our largest ever community outreach program with a presence in the communities who need our support the most engaging through initiatives including water saving, environmental and affordability, as well as teaching future generations about the value of water.

Support for vulnerable customers has and remains a key focus and we know views on bill levels, which have historically been high in our region, influence our C-MeX survey scores.

We know there is more to do and our action plan to achieve above median performance. Our customer transformation plan, informed by data, is designed to drive short to mid-term improvements in customer experience and service complementary to the new Customer Experience Platform due to be implemented in 2025/26. We believe we are now well placed to achieve our C-MeX ambition in the 2025–30 period.

To do this we are working collabratively across the business with our operational and customer services teams to reduce the primary drivers of contact and complaints. Further to this overarching approach, we have delivered the following during 2024/25, which we anticipate seeing benefit from over the forthcoming year:

- Further auto-enrolement onto e-billing and direct debit refunds through the BACS process easing customer processes
- Continuation of our incident management strategy and trialling of an 'In Their Shoes' initiative initially pioneered by Bristol Water
- A 'Billing Telephony Performance Plan' to improve the service for customers and to meet stretched internal targets
- Increased customer engagement through community activities.

For the often longer-term challenges, stakeholders and our WaterShare+ Panel are key to showing transparency, openness and building trust with our customers.

SWB has offered 10 communication channels with 6 of these being digital. All communication channels offered are listed below:

Digital channels (6): Email, MyAccount Online Self Service, Webform, Web Messaging, Social media – Facebook, Social Media – Twitter/X

Other channels (4): Telephone, Letter, SMS, WhatsApp.

Below median
69.48

Target

C-MeX score

2024/25 Actual	**69.48**
2023/24 Actual	72.76
2022/23 Actual	76.45
2021/22 Actual	78.48
2020/21 Actual	80.96
Target 2024/25	Above

Performance summary – SWB continued

TABLE 3D – Developer services measure of experience (D-MeX) table

Item	Unit	Value
Qualitative component annual results	nr	80.96
Quantitative component annual results	nr	99.89
D-MeX score	nr	90.43
Developer services revenue (water)	£m	8.762
Developer services revenue (wastewater)	£m	7.007

See page 133 for further commentary in respect of our D-MeX performance

Calculating the D-MeX quantitative component

Water UK performance metric	Unit	Second reporting period (1 October to 31 March)	Quantitative score (annual)
W1.1 Pre-development enquiry – reports issued	%	100.00%	
W3.1 s45 quotations	%	99.98%	
W4.1 s45 service pipe connections	%	99.98%	
W6.1 Mains design <500 plots – quotations	%	100.00%	
W7.1 Mains design >500 plots – quotations	%	–	
W8.1 Mains construction	%	100.00%	
W17.1 Mains diversions (without constraints) – quotations	%	100.00%	
W17.2 Mains diversions (with constraints) – quotations	%	–	
W18.1 Mains diversions – construction/commissioning	%	97.62%	
W20.1 Self-lay Point of Connection reports <500 plots etc. – reports issued	%	–	
W21.1 Self-lay Point of Connection reports >500 plots etc. – reports issued	%	–	
W23.1 Self-lay design and terms request <500 plots etc. – quotations	%	–	
W24.1 Self-lay design and terms request >500 plots etc. – quotations	%	–	
W26.1	%	–	
W27.1 Self-lay permanent water supply – provided	%	–	
W30.1 Self lay references and costing details – issued	%	–	
S1.1 Pre-development enquiry – reports issued	%	100.00%	
S3.1 Sewer requisition design – offers issued	%	100.00%	
S4.1 Sewer requisition – constructed and commissioned	%	100.00%	
S7.1 Adoption legal agreement – draft agreements issued	%	–	
WN1.1% of confirmations issued to the applicant within target period	%	100.00%	
WN2.2% Bulk supply offer letters issued to applicant within target period	%	100.00%	
WN4.1% of main laying schemes constructed/commissioned within target	%	100.00%	
WN4.2% of testing supplies provided within target period	%	100.00%	
WN4.3% of permanent supplies made available within the target period	%	–	
SN2.2% Bulk discharge offer letters issued to the applicant within target	%	100.00%	
SN4.1% of main laying schemes constructed/commissioned within target	%	–	
SAM 3/1 Update draft agreement	%	100.00%	
SAM 4/1 Inspections and construction period	%	100.00%	
SLPM – S1/2 Review PoC proposal	%	–	
SLPM – S2/2a Provide Design	%	100.00%	
SLPM – S2/2b – Water Company to provide design acceptance	%	100.00%	
SLPM – S3 review/revise Water Adoption agreement	%	100.00%	
SLPM – S4/1 Source of Water Delivery Date	%	100.00%	
SLPM – S5/1a Review request and carry out Final Connection	%	100.00%	
SLPM – S7/1 Validate notification and provide consent to progress with connection	%	100.00%	
D-MeX quantitative score (for the reporting period)	%	99.89%	
D-MeX quantitative score (annual)	nr		1.00

D-MeX

D-MeX is the regulatory measure for developer experience for services that we provide to small and large housing developers, customers making home improvements, new appointees (NAVs) and self-lay providers (SLPs). This includes construction undertaken by themselves or by the Company.

For the second successive year, South West Water has achieved its highest ever D-MeX score, and a significant improvement from the start of the regulatory reporting period. South West Water has improved by two places, finishing sixth in the industry for 2024/25.

In 2023/24 to achieve this improvement, we have focused on continued investment in training and development and maintaining new communication channels which make it easy for our customers to contact us when they need to. Integration with Bristol Water developer services teams has also continued to allow best practice to be shared.

Over the past year we have experienced increased levels of competition across our region with a number of new appointees entering the market and therefore we maintain focus upon these important stakeholders to ensure that we continue to meet their requirements and introduce improvements as necessary.

Above median
90.43

Target

D-MeX score

2024/25 Actual	**90.43**
2023/24 Actual	89.95
2022/23 Actual	85.89
2021/22 Actual	84.99
2020/21 Actual	85.88
Target 2024/25	Above median

TABLE 3E – Outcome performance – Non financial performance commitments

	Unit	Performance level Actual	PCL met?	See page
Common				
Risk of severe restrictions in a drought	%	–	Yes	147
Priority services for customers in vulnerable circumstances – PSR reach	%	13.1	Yes	148
Priority services for customers in vulnerable circumstances – Attempted contacts	%	94.9	Yes	148
Priority services for customers in vulnerable circumstances – Actual contacts	%	55.2	Yes	148
Risk of sewer flooding in a storm	%	10.18	Yes	149
Bespoke PCs				
Total wastewater treatment works (WWTW) compliance	%	98.4	No	149
Customer satisfaction with value for money	%	69	No	149
British Standard for inclusive service provision	score	Achieved	Yes	150
Overall satisfaction of services received on the PSR	%	93	Yes	148
Biodiversity – Compliance	nr	–	Yes	150
Biodiversity – Prevent Deterioration	nr	125	Yes	150
Installation of AMR meters	nr	269,986	Yes	150
Number of customers on one of our support tariffs	nr	70,370	Yes	149
Voids for residential retail	%	0.84	Yes	151
Percentage of customers who find their water bill affordable	%	100.0	Yes	149

3E.1 Risk of severe restrictions in a drought

This measure looks at the long-term risk of customers experiencing severe supply restrictions. Our 2020–25 business plan forecast was that we did not expect any customers to be at risk from severe restrictions in 1 in 200 year drought events – this is still the case.

Following the 2022 drought, following which some restrictions (not classed as severe) were introduced in Devon and Cornwall, we have undertaken a number of actions to improve our resilience with respect to water resources, including:

- Increasing the supply available to us by developing water resource schemes, including the construction of two new reservoirs during the last three years
- Additional focus on reducing leakage, which although slightly below our target, have achieved a 9.2% reduction compared to our baseline
- Increased water efficiency activity to help customers use less water
- Identifying options to make more water available if needed during a drought

0

Target

Risk of severe restrictions in a drought
% of the population that would experience severe supply restrictions in a 1 in 200 year drought

2024 Actual	**0**
2023 Actual	0
2022 Actual	0
2021 Actual	0
2020 Actual	0
Target 2024	0

Performance summary – SWB continued

3E.2 Priority services for customers in vulnerable circumstances – PSR reach &

3E.3 Priority services for customers in vulnerable circumstances – Attempted contacts &

3E.4 Priority services for customers in vulnerable circumstances – Actual contacts &

3E.9 Overall satisfaction of services received on the PSR

PSR is a common performance commitment consists of the following criteria:

- The PSR reach percentage of households that are registered for additional support
- Percentage of households on the PSR the Company has attempted to contact
- Percentage households on the PSR that the Company has contacted

The measure ensures a minimum standard across all companies for the number of household's registered and for data checking.

Each of the three PSR elements was achieved or exceeded in 2024/25 with 133,567 customers registered for extra support as at 31 March 2025, an in-year increase of 26,348 or 25%.

Performance in 2024/25 is consistent with the each of the previous years in the 2020–25 regulatory reporting period and we are pleased to have achieved all three of the targets which form this performance commitment in every year of the period.

PSR	31 March 2025	Target
Reach (3E.2)	13.1%	7.0%
Attempted (3E.3)	94.9%	90.0%
Actual (3E.4)	55.2%	35.0%

We are now offering services based on the distinct needs (whether medical or otherwise) of our customers. We continually listen to our customers and benchmark against the industry and other providers to understand whether these continue to be the most effective and if there is any potential for enhancement or the addition of new services.

The needs offered are to tailor support for the most vulnerable customers in a variety of ways such as alternative bill formats, additional language choices, delivery of water to those most affected through illness, or customers that are going through a temporary change such as recovery from a hospital stay. The transitional process will continue during 2026/27.

During the 2020–25 period we have worked internally and with colleagues, external stakeholders, and co-operated in external data-shares to increase the uptake of customers on our Priority Services Register. Despite achieving our targets, we recognise there is more to do and are planning for our Priority Services to reach 23% of our customers by 2030.

Having increased the number of customers on the register, we need to deliver on the needs and expectations of these customers as well as ensuring we continue to check and update the needs of those customers. We focus on the following areas:

- Using data wisely – in line with our licence condition requirements we use data to help target customers who may need further support. This utilises existing data as well as external data including through two-way data shares
- Growing partnerships – we currently have more than 400 partnerships in place and we will continue to explore new partnership opportunities
- Community engagement – with a strong presence at local events throughout the year we have reached over 80,000 customers. Our community team have increased engagement with customers throughout the region. We will continue to use our knowledge to identify under-represented areas to effectively target our activity.

Our retained accreditation of the ISOI 22458 customer vulnerability and associated kitemark demonstrates our further commitment.

93

Target

Overall satisfaction of services received on the PSR

2024/25 Actual	**93**
2023/24 Actual	93
2022/23 Actual	91
2021/22 Actual	83
2020/21 Actual	89
Target 2024/25	93

Achieved

Target

Priority services register

2024/25 Actual	**Achieved**
2023/24 Actual	Achieved
2022/23 Actual	Achieved
2021/22 Actual	Achieved
2020/21 Actual	Achieved
Target 2024/25	Achieved

13.1

Target

PSR – Reach

2024/25 Actual	**13.1**
2023/24 Actual	10.6
2022/23 Actual	7.8
2021/22 Actual	5.8
2020/21 Actual	4.6
Target 2024/25	7.0

94.9

Target

PSR – Attempted contacts

2024/25 Actual	**94.9**
2023/24 Actual	90.5
2022/23 Actual	90.1
2021/22 Actual	90.4
2020/21 Actual	51.2
Target 2024/25	90.0

55.2

Target

PSR – Actual contacts

2024/25 Actual	**55.2**
2023/24 Actual	62.0
2022/23 Actual	47.0
2021/22 Actual	55.5
2020/21 Actual	39.1
Target 2024/25	35.0

3E.5 Risk of sewer flooding in a storm

This metric has been designed to measure the resilience of South West Water's drainage systems to assess existing and future resilience to extreme wet weather events causing sewers to flood. The aim is to prioritise investment, engage more extensively in partnership working and with customers, and importantly, to focus the development of long-term planning strategies with a view to reducing the chances that residential and business customers will be flooded in future. We have achieved our targets throughout the 2025–30 regulatory period, in 2024/25 our commitment was to have no more than 25.927% of the region's population at risk from internal hydraulic flooding, and we are currently forecasting well below this figure at 10.18%.

10.18

Risk of sewer flooding in a storm
% of population at risk of sewer flooding in 1 in 50 year storm

2024/25 Actual	**10.18**
2023/24 Actual	9.77
2022/23 Actual	7.11
2021/22 Actual	9.83
2020/21 Actual	14.61
Target 2024/25	25.92

3E.6 Total wastewater treatment works (WWTW) compliance

This measure is a combination of performance at our numerically permitted discharges at treatment works (measure 3B.4) and at our descriptive sites (3B.8).

As noted in commentary for those metrics, performance has improved in 2024. Our target remains however for no failing sites, and where failures occur, we review the reasons and implement improvements (whether to process or assets) as required.

98.4

Total wastewater treatment works (WWTW) compliance*
%

2024/25 Actual	**98.4**
2023/24 Actual	97.9
2022/23 Actual	99.4
2021/22 Actual	98.3
2020/21 Actual	98.9
Target 2024/25	100.0

3E.7 Customer satisfaction with value for money &
3E.15 Percentage of customers who find their water bill affordable &
3E.13 Number of customers on one of our support tariffs

We are pleased to report that we have achieved the percentage of customers who find their water bill affordable as well as the number of customers on one of our support tariffs performance commitments this year, however we are disappointed that we have not achieved the target for customer satisfaction with value for money.

Our region has a higher proportion of households with lower-than-average incomes. This, coupled with the size of customer's water bills not being uniform across England and Wales, means that nowhere has the cost-of-living crisis impact more acutely than in the South West.

The definition of Water Poverty is where any customers bill is more than 5% of equivalised income. SWB has achieved a measurable industry leading Business Plan commitment to eradicate Water Poverty by 2025, ahead of the CCW's 2030 ambition.

To achieve this at the end of March 2025 70,370 South West Water customers were benefitting from and being brought out of Water Poverty through a support tariff in 2024/25. This is an in year increase of 8,073 or 13%.

The innovative use of data is at the forefront of eradicating poverty, allowing us to identify and reach out to the struggling silent. Through this and our Datashare agreements we are now able to identify, proactively engage with and auto enrol individual customers who are in Water Poverty onto support tariffs.

Customer satisfaction with value for money has fallen across the industry and despite 69% of our customers surveyed stating they are extremely satisfied, very satisfied or satisfied with value for money, we are aware these scores have been impacted by perception of water companies' impact on the environment and other factors as the water industry faces significant attention.

Whilst our first focus is always on keeping bills low we know that there is more to do and we are undertaking a wide range of actions and initiatives to help all our customers as we expand our investment programmes in the 2025–30 regulatory period. We are expanding our customer support programmes with a package of £200m of support. This includes flexible payment options, increased financial assistance, and targeted outreach to vulnerable communities. Our goal is to ensure that all customers have access to the support to clean, safe water regardless of their financial situation.

69

Customer satisfaction with value for money
%

2024/25 Actual	**69**
2023/24 Actual	74
2022/23 Actual	74
2021/22 Actual	73
2020/21 Actual	70
Target 2024/25	75

100.0

Percentage of customers who find their water bill affordable
%

2024/25 Actual	**100.0**
2023/24 Actual	98.0
2022/23 Actual	96.9
2021/22 Actual	93.3
2020/21 Actual	89.4
Target 2024/25	100.0

70,370

Number of customers on one of our support tariffs
Number

2024/25 Actual	**70,370**
2023/24 Actual	62,297
2022/23 Actual	43,239
2021/22 Actual	32,255
2020/21 Actual	30,565
Target 2024/25	50,000

Performance summary – SWB continued

3E.8 British Standard for inclusive service provision

South West has now maintained its upgraded certification to the new international standard ISO22458 (Customer vulnerability) as well as the BSI Kitemark (which aligns specifically to water industry requirements). This supersedes our certification under BS 18477:2010, the British Standard for Inclusive Service Provision. The scope of both include identifying and responding to consumer vulnerability for the supply of water and wastewater services. Assessment covers not only the quality of services for PSR customers, but also our wider service provision to all customers in vulnerable circumstances, regardless of whether they are registered for the PSR.

The British Standards Institution (BSI) introduced the BSI Inclusive Service Kitemark for Water Provision. This BSI Kitemark has been tailored to demonstrate best practice for Water Provision and has been designed to align with Ofwat requirements. We are proud to have achieved this mark.

Maintained

Target

British Standard for inclusive service provision

2024/25 Actual	**Maintained**
2023/24 Actual	Maintained
2022/23 Actual	Maintained
2021/22 Actual	Maintained
2020/21 Actual	Achieved
Target 2024/25	Maintained

3E.10 Biodiversity – Compliance

During 2025, there were no category 1 or 2 pollutions events at any relevant locations and therefore as in the previous two years, the target was met. Relevant locations include freshwater Natura 2000 sites, Special Sites of Scientific Interest and Country Wildlife Sites (ecologically sensitive locations).

This outcome supports our commitment to achieving the outcomes of the Government Environmental Improvement plan and its ambitions to improve the condition of all Sites of Special Scientific Interest in the next ten years.

Incidents relating to the Isles of Scilly are not included, in line with the guidance in the 'PR19 final determinations: South West Water – Outcome performance commitment appendix' document.

0

Target

Biodiversity – Compliance

Number

2024/25 Actual	**0**
2023/24 Actual	0
2022/23 Actual	0
2021/22 Actual	0
2020/21 Actual	0
Target 2024/25	0

3E.11 Biodiversity – Prevent Deterioration

Invasive non-native species (INNS) can impact on all aspects of the business with significant operational, compliance, reputational and financial risks and are one of the most significant causes of biodiversity loss globally.

This measure is to incentivise the delivery of biosecurity installations at South West Water sites, to prevent the introduction of new and spread of existing INNS.

This programme has been accelerated for the third year and we are exceeding our targets:

- our commitment was to install a range of signs at 100 sites – 20 signs a year over the five years 2020–25. However, we have outperformed our target, having installed signs at 108 sites over the first four years of the regulatory period.
- we also committed to installing 12 biosecurity wash down facilities over the five year period. Again, we overachieved having installed 17 facilities including four specialist washdown facilities and 13 angling dip tanks.

We continue to work closely with South West Lakes Trust who are monitoring use of the innovative biosecurity hub at Roadford. Uptake has been great as site visitors are aware that these measures help protect the water supply, recreational activities, and wildlife.

125

Target

Biodiversity – Prevent Deterioration

Number

2024/25 Actual	**125**
2023/24 Actual	121
2022/23 Actual	101
2021/22 Actual	70
2020/21 Actual	46
Target 2024/25	112

3E.12 Installation of AMR meters

Our customers tell us they want us to help all customers use less water to protect valuable resources and support household budgeting. To do this it is important that as many customers as possible receive accurate and timely bills.

Installing meters with automatic meter reading capability (AMR) means we can take even more regular meter readings, reducing the need to send estimated bills. AMR meters also help us to detect if water is being used continuously, which might indicate a leak and can help customers avoid unnecessarily high bills.

In 2024/25 we have achieved our target by installing 24,022 AMR meters over target.

Since 2017/18 all new meters installed have been AMR or AMI whether this be a new connection or where a customer applies for a meter or a meter exchange.

In addition to this, we have continued to retro-fit AMR radio units onto existing visual read meters. This enables them to be read remotely and become Smart meter enabled allowing for more regular meter readings, reducing the need to send estimated bills, and providing customers accurate bills which are so important for families to be able to manage their finances as the cost of living poses real financial challenges for customers, some for the first time.

The AMR retro-fit program is undertaken using a geographic approach so that travel requirements are minimised, carbon impact is reduced, and the number of retro-fit installations is maximised.

269,986

Target

Installation of AMR meters

Number

2024/25 Actual	**269,986**
2023/24 Actual	226,044
2022/23 Actual	207,271
2021/22 Actual	207,271
2020/21 Actual	165,685
Target 2024/25	245,964

3E. 14 Voids for residential retail

Investigating and reducing the number of properties that do not pay for the services they receive is the right thing to do and fair to everyone who pays their bill.

Void properties are defined as chargeable premises which are recorded as vacant with no charges levied as of 31 March each year.

The void percentage achieved in 2024/25 was 0.84%, in line with the target of 0.84%.

Robust void management is an important factor in ensuring customers are billed accurately and fairly and that customers who may require additional support can be quickly identified.

To do this we have developed and operate several activities and processes that help us to ensure that we proactively identify and prevent properties from becoming void including:

- Data collection at the point of contact where a customer moves into or vacates a property
- Previous and Current Occupier Tracing and Data Sharing – utilising data through multiple sources to identify occupants

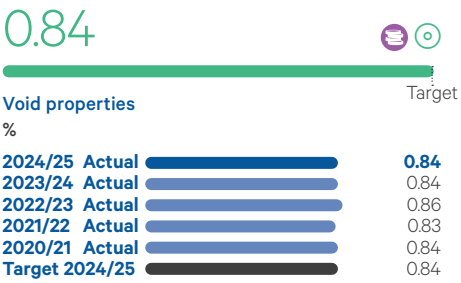


TABLE 3F – Underlying calculations for common performance commitments – water and retail

	Unit	Standardising data indicator	Standardising data numerical value	Performance level – Actual (current reporting year)	Performance level – Calculated (i.e. standardised)
Performance commitments set in standardised units – Water					
Mains repairs – Reactive	Mains repairs per 1000 km	Mains length in km	18,609.71	1,366	73.40
Mains repairs – Proactive	Mains repairs per 1000 km	Mains length in km	18,609.71	1,007	54.11
Mains repairs	Mains repairs per 1000 km	Mains length in km	18,609.71	2,373	127.51
Per capita consumption (PCC)	lpd	Population	2,330.33	346	148.40

	Unit	Performance level – actual (2022–23)	Performance level – actual (2023–24)	Baseline	Performance level – actual (2024–25)	Performance level 3 year average	Calculated performance level to compare against PCLs
Performance commitments measured against a calculated baseline							
Leakage	Ml/d	112.2	118.5	124.2	107.8	112.8	9.2
Per capita consumption (PCC)	lpd	152.6	147.3	146.0	148.4	149.4	(2.3)

	Unit	Standardising data indicator	Standardising data numerical value	Performance level – actual number of minutes lost	Number of properties supply interrupted	Calculated performance level
Water supply interruptions						
Water supply interruptions ≥3 hours	Average number of minutes lost per property per year	Number of properties	1,106.20	16,302,081	48,534	00:14:44

	Unit	Standardising data indicator	Standardising data numerical value	Performance level – actual number of minutes lost	Number of properties supply interrupted	Calculated performance level
Water supply interruptions						
Water supply interruptions ≥6 hours	Average number of minutes lost per property per year	Number of properties	1,106.20	7,952,472	14,658	00:07:11

Performance summary – SWB continued

TABLE 3F – Underlying calculations for common performance commitments – water and retail continued

	Unit	Standardising data indicator	Standardising data numerical value	Performance level – actual number of minutes lost	Number of properties supply interrupted	Calculated performance level
Water supply interruptions						
Water supply interruptions ≥12 hours	Average number of minutes lost per property per year	Number of properties	1,106.20	2,237,846	2,004	00:02:01

	Unit	Standardising data indicator	Standardising data numerical value	Performance level – actual number of minutes lost	Number of properties supply interrupted	Calculated performance level
Water supply interruptions						
Water supply interruptions ≥24 hours	Average number of minutes lost per property per year	Number of properties	1,106.20	736,732	404	00:00:40

	Current company level peak week production capacity (PWPC) Ml/d	Reduction in company level PWPC Ml/d	Outage proportion of PWPC %
Unplanned or planned outage			
Unplanned outage	897.12	18.75	2.09%

	Total Residential properties	PSR household	PSR reach	Total number of households on the PSR over a 2 year period	Number of attempted contacts	Attempted contacts %	Number of actual contacts	Actual contacts %
Priority services for customers in vulnerable circumstances								
Priority services for customers in vulnerable circumstances	1,020.93	133,567	13.1%	78,981	74,936	94.9%	43,589	55.2%

TABLE 3G – Underlying calculations for common performance commitments – wastewater

		Unit	Standardising data indicator	Standardising data numerical value	Performance level – actual current reporting year	Calculated performance level
Performance commitments set in standardised units						
Internal sewer flooding – customer proactively reported	As per outcome performance commitment appendix	Number of internal sewer flooding incidents per 10,000 sewer connection	Number of sewer connections	794.74	47	0.59
Internal sewer flooding – company reactively identified (i.e. neighbouring properties)	As per outcome performance commitment appendix	Number of internal sewer flooding incidents per 10,000 sewer connection	Number of sewer connections	794.74	3	0.04
Internal sewer flooding	As per outcome performance commitment appendix	Number of internal sewer flooding incidents per 10,000 sewer connection	Number of sewer connections	794.74	50	0.63
Pollution incidents	As per outcome performance commitment appendix	Pollution incidents per 10,000 km of sewer length	Sewer length in km[1]	17,440.00	189	108.37
Sewer collapses	As per outcome performance commitment appendix	Number of sewer collapses per 1,000 km of all sewers	Sewer length in km[2]	19,243.00	145	7.54

1. The sewer length used in the calculation of pollution incidents per 10,000km of sewer length reflects an historic assessment (fixed point in time) as required in the definition of the performance commitment in line with the Environment Agency methodology. This is therefore different to the values for the year in table 7C.

2. The sewer length used in the calculation of sewer collapses per 1,000km of all sewers does not include an update reflecting an updated calculation of inherited private sewers in previous years and utilises the value of 19.243km which we have also used for the past two years. Ofwat has confirmed that South West Water can report its updated sewer length for the sewer collapses performance commitment from 2025/26.

Performance summary – SWB continued

TABLE 3H – Summary information on outcome delivery incentive payments

		Initial calculation of performance payments (excluding CMEX and DMEX) £m (2017–18 prices)
Initial calculation of in period revenue adjustment by price control		
Water resources		(0.30)
Water network+		(12.615)
Wastewater network+		(13.075)
Bioresources (sludge)		–
Residential retail		–
Business retail	–	
Initial calculation of end of period revenue adjustment by price control		
Water resources		–
Water network+		–
Wastewater network+		–
Bioresources (sludge)		–
Residential retail		–
Business retail	–	
Initial calculation of end of period RCV adjustment by price control		
Water resources		9.685
Water network+		9.080
Wastewater network+		4.968
Bioresources (sludge)		–
Residential retail		–
Business retail	–	

TABLE 3I – Supplementary outcomes information

	Current company level peak week production capacity (PWPC) Ml/d	Reduction in company level PWPC Ml/d	Outage proportion of PWPC %
Unplanned or planned outage			
Planned outage	897.12	39.87	4.44%

	Deployable output	Outage allowance	Dry year demand	Target headroom	Total population supplied	Customers at risk
Risk of severe restrictions in drought						
Risk of severe restrictions in drought[1]	783.46	5.49	640.65	49.44	2,283.52	–

1. In line with the ODI guidance, values used for output and demand in the calculations for risk of severe restrictions in a drought align to Water Resources Management Plan values. Actual demand has increased, and is reflected in table 6B Consumption. This change is driven by the Covid-19 pandemic which has lead to a significant increase in the population in the region, resulting in increased household and non-household demand.

								Vulnerability risk grade		
	Total pe served	Total pe in excluded catchments	Percentage of total pe in excluded catchments	Total pe Option 1a	Percentage of total pe Option 1a	Total pe Option 1b	Percentage of total pe Option 1b	Low	Medium	High
								Percentage of total population served		
Risk of sewer flooding in a storm										
Risk of sewer flooding in a storm	1,743.224	195,774	11.23%	102,251	5.87%	1,445,198	82.90%	89.82%	3.05%	7.13%

	Number of patch repairs or relining undertaken on sewer and not included in reported sewer collapses
Sewer collapses	
Sewer collapses	26

Additional regulatory information – service level – SWB

South West Water

TABLE 4A – Water bulk supply information

	Volume Ml	Operating costs £m	Revenue £m
Bulk supply exports			
Golf Links Reservoir, Lyme Regis, Dorset, DT7 – SWTBWE2 – Charmouth/Lyme Regis	2.797	–	0.006
Wellington Monument Road, Hemyock, Devon, EX15 – SWTBWE1	6.935	–	0.014
Reciprocal Resilience agreement – SBWBWE2 – (Canford Bottom/Corfe Hills)	4.400	–	–
Stubhampton/Crichel	–	–	–
Whiteparish/Standlynch	–	–	–
ICOSA	7.000	–	0.005
ESP	3.208	–	0.003
IWNL	32.711	–	0.055
Total bulk supply exports	**57.051**	**–**	**0.083**

	Volume Ml	Operating costs £m
Bulk supply imports		
Reciprocal Resilience agreement – SBWBWE2 – (Canford Bottom/Corfe Hills)	3.760	–
Total bulk supply imports	**3.760**	**–**

The reciprocal resilience agreement (Canford Bottom/Corfe Hills) is a long-standing agreement with Wessex Water in our Bournemouth Water area. This agreement is based upon equal imports and exports over the longer term (i.e. net zero import/export). Operating costs in respect of the bulk supply exports and imports are limited in the year to trivial maintenance costs in respect of metering equipment.

As these are reciprocal agreements with Wessex the custom and practice is to report these as NIL.

During the year we have commenced bulk supplies to multiple NAV sites across the region. Due to the number of current and 'in pipeline' NAV sites we have consolidated the underlying data to report by NAV rather than by individual site.

Additional regulatory information – service level – SWB continued

4B – Analysis of Debt

In accordance with RAG 3.15, point 2.7, table 4B is not required to be included as part of the APR due to its size, but it is included within the APR tables on our website.

TABLE 4C – Impact of price control performance to date on RCV

Totex (net of business rates, abstraction licence fees and grants and contributions)

Final determination allowed Totex (net of business rates, abstraction licence fees and grants and contributions)

Actual Totex (net of business rates, abstraction licence fees and grants and contributions)

Transition expenditure

Disallowable costs

Total actual Totex (net of business rates, abstraction licence fees and grants and contributions)

Variance

Variance due to timing of expenditure

Variance due to efficiency

Customer cost sharing rate – Outperformance

Customer Cost Sharing Rate – Underperformance

Customer share of Totex overspend

Customer share of Totex underspend

Company share of Totex overspend

Company share of Totex underspend

Totex – business rates and abstraction licence fees

Final determination allowed Totex – business rates and abstraction licence fees

Actual Totex – business rates and abstraction licence fees

Variance – business rates and abstraction licence fees

Customer cost sharing rate – business rates

Customer cost sharing rate – Abstraction licence fees

Customer share of Totex over/underspend – business rates and abstraction licence fees

Company share of Totex over/underspend – business rates and abstraction licence fees

Totex not subject to cost sharing

Final determination allowed Totex – not subject to cost sharing

Actual Totex – not subject to cost sharing

Variance – 100% company allocation

Total company share of Totex over/under spend

RCV

Total Customer share of Totex over/under spend

PAYG rate

RCV element of Totex over/underspend

Adjustment for ODI outperformance payment or underperformance payment

Green recovery

RCV determined at FD at 31 March

Projected 'shadow' RCV

The RCV balance used is inclusive of the IFRS 16 lease adjustment, this is in line with the letter published 18 May 2020 by David Black.

12 months ended 31 March 2025				Price Control period to date			
Water resources £m	**Water network+ £m**	**Wastewater network+ £m**	**Bioresources £m**	Water resources £m	Water network+ £m	Wastewater network+ £m	Bioresources £m
9.446	**179.098**	**172.969**	**22.873**	49.316	815.024	876.716	104.429
54.226	**292.691**	**333.690**	**27.309**	231.216	1,091.974	1,209.589	115.309
–	**–**	**–**	**–**	–	–	–	–
0.889	**4.584**	**0.900**	**0.063**	1.440	7.393	5.556	0.907
53.337	**288.107**	**332.790**	**27.246**	229.776	1,084.581	1,204.033	114.402
43.891	**109.009**	**159.821**	**4.373**	180.460	269.557	327.317	9.973
(2.084)	**(13.084)**	**(24.089)**	**(1.143)**	–	–	–	–
45.975	**122.093**	**183.910**	**5.516**	180.460	269.557	327.317	9.973
50.00%	**50.00%**	**50.00%**	**–**	50.00%	50.00%	50.00%	-
50.00%	**50.00%**	**50.00%**	**–**	50.00%	50.00%	50.00%	-
22.988	**61.047**	**91.955**	**–**	90.230	134.779	163.659	–
–	**–**	**–**	**–**	–	-	–	–
22.988	**61.047**	**91.955**	**5.516**	90.230	134.779	163.659	9.973
–	**–**	**–**	**–**	–	–	–	–
8.071	**25.117**	**6.821**	**0.922**	36.680	114.148	31.001	4.189
6.490	**16.695**	**6.217**	**1.792**	35.077	96.543	26.480	6.791
(1.581)	**(8.422)**	**(0.604)**	**0.870**	(1.603)	(17.605)	(4.521)	2.602
75.00%	**75.00%**	**75.00%**	**–**	75.00%	75.00%	75.00%	–
75.00%	**75.00%**	**75.00%**	**–**	75.00%	75.00%	75.00%	–
(1.186)	**(6.317)**	**(0.453)**	**–**	(1.202)	(13.204)	(3.391)	–
(0.395)	**(2.106)**	**(0.151)**	**0.870**	(0.401)	(4.401)	(1.130)	2.602
0.184	**5.091**	**1.914**	**–**	1.180	24.313	8.781	–
4.497	**6.344**	**1.514**	**0.063**	7.935	19.406	8.264	0.907
4.313	**1.253**	**(0.400)**	**0.063**	6.755	(4.907)	(0.517)	0.907
21.802	**54.730**	**91.502**	**–**	89.028	121.575	160.268	–
21.802	**54.730**	**91.502**	**–**	89.028	121.575	160.268	–
83.08%	**57.10%**	**55.51%**	**76.41%**	78.50%	58.94%	52.13%	75.67%
3.689	**23.479**	**40.709**	**–**	19.141	49.919	76.720	–
				12.456	11.679	6.390	–
				11.470	75.038	8.331	
				177.992	1,857.594	2,152.521	93.835
				221.058	1,994.230	2,243.962	93.835

Additional regulatory information – service level – SWB continued

TABLE 4C – Commentary

Wholesale

Table 4C indicates the impact on the RCV at the end of the price control period as a result of cumulative performance to date and it includes an adjustment related to the Green Recovery spend as per table 4U.

The year end RCV figures in nominal terms are published by Ofwat on an annual basis with 2025 values having been updated for the PR24 blind year adjustments (£460m). For the RCV in 4C SWB has adjusted the values published by Ofwat to include the IFRS 16 adjustment that was excluded at PR19 and have adjusted to exclude the blind year adjustments. Blind year adjustments have been excluded as the majority of RCV blind year adjustment relates to Totex overspend and including the blind year in table 4C would show a significantly overstated shadow RCV.

The published value for 2024/25 excluding blind year adjustments is £4,7253m, the IFRS16 lease adjustment is £29m, giving a total of £4,282m. This adjustment has been made in accordance with the logic applied to the FD RCV by Ofwat in the 2024 Regulatory Capital Value publication, and the letter dated 11 February 2020 from Ofwat quantifying the omission in 17–18 CPIH deflated prices.

Table 4C summary	Water £m	Wastewater £m	Total Wholesale £m
Final determination allowance excluding business rates, abstraction licences and grants and contributions	189	194	384
Final determination allowance business rates and abstraction licences	33	8	41
Total	**222**	**202**	**424**
Actual excluding business rates, abstraction licences and grants and contributions	347	361	7018
Actual business rates and abstraction licence	23	8	31
Total	**370**	**369**	**739**

Totex in the year is significantly higher than the Final determination for water resources, water network plus and wastewater network plus but broadly in line for bioresources.

Water resources additional costs compared to the Final Determination have been due to the building of a desalination plant for the Cornwall region. The desalination plant is to improve Water resilience against changing weather conditions within the region and protect the area from drought.

Water network costs include costs for South West Waters new water treatment plant in the Bournemouth area, as well as costs associated with our WaterFit program to improve the quality of water within the region.

Wastewater network plus additional costs compared to the Final Determination include our additional commitments made as part of our WaterFit initiatives. This includes accelerated costs to reduce storm overflow usage and to support improvements in pollutions reduction as we work towards our target of 4* EPA.

TABLE 4D – Totex analysis – water resources and water network+

		Network+				
	Water resources £m	Raw water transport £m	Raw water storage £m	Water treatment £m	Treated water distribution £m	**Total £m**
Operating expenditure						
Base operating expenditure	23.117	3.464	–	63.404	71.159	**161.145**
Enhancement operating expenditure	0.346	–	–	–	–	**0.346**
Developer services operating expenditure	–	–	–	–	4.115	**4.115**
Total operating expenditure excluding third-party services	23.463	3.464	–	63.404	75.275	**165.606**
Third-party services	–	–	–	–	0.679	**0.679**
Total operating expenditure	**23.463**	**3.464**	**–**	**63.404**	**75.954**	**166.285**
Grants and contributions						
Grants and contributions – operating expenditure	–	–	–	–	7.539	**7.539**
Capital expenditure						
Base capital expenditure	4.399	0.029	–	33.090	81.198	**118.716**
Enhancement capital expenditure	41.521	4.596	–	83.426	11.258	**140.801**
Developer services capital expenditure	–	–	–	–	8.438	**8.438**
Total gross capital expenditure (excluding third-party services)	45.920	4.625	–	116.516	100.894	**267.955**
Third-party services	–	–	–	–	–	**–**
Total gross capital expenditure	**45.920**	**4.625**	**–**	**116.516**	**100.894**	**267.955**
Grants and contributions						
Grants and contributions – capital expenditure	–	–	–	–	1.141	**1.141**
Net Totex	**69.383**	**8.089**	**–**	**179.921**	**168.167**	**425.560**
Cash expenditure						
Pension deficit recovery payments	–	–	–	–	–	**–**
Other cash items	–	–	–	–	–	**–**
Totex including cash items	**69.383**	**8.089**	**–**	**179.921**	**168.167**	**425.560**

		Network+				
Atypical expenditure	Water resources £m	Raw water transport £m	Raw water storage £m	Water treatment £m	Treated water distribution £m	**Total £m**
Restructuring and Reshaping	0.144	0.090	–	1.061	1.354	**2.650**
Total atypical expenditure	**0.144**	**0.090**	**–**	**1.061**	**1.354**	**2.650**

Operating expenditure

On 15 May 2024 an outbreak of cryptosporidium was detected in the water supply in the Brixham area of Devon, causing South West Water to issue a notice to customers in the area to boil water before consuming. £21.6 million (2024 £nil) of costs have been incurred which include enhanced customer compensation, provision of bottled water over an eight-week period, and extensive interventions to clean and filter the network. £0.8m of the costs incurred were employment costs.

£2.6 million (2024: £4.8 million) of costs were incurred in connection with the business transformation of the Water Business area. These restructuring and transformation costs are one-off in nature and incidence, with the benefits from incurring these costs expected to endure into the future on a recurring basis. Further costs are not expected to arise in the year ended 31 March 2026.

Capital expenditure

SWB has spent £118.716m in 2024/25 on base capital expenditure which is an £12.252 increase on 2023/24. This is due to an increase in reactive network maintenance including the deployment of an enhanced leakage plan.

SWB has spent £140.801m in 2024/25 on enhancement capital expenditure which is an £43.998m decrease on 2023/24. This was due to an exceptional level of capital expenditure on water resources in 2023/24 including the SWB drought plan, construction of new WTWs at Alderney and Knapp Mill and our desalination plant. This represents a peak level of investment and has since naturally reduced in 2024/25 as some capital schemes near completion.

Additional regulatory information – service level – SWB continued

TABLE 4E – Totex analysis – wastewater network+ and bioresources

	Network+ Sewage collection			Network+ Sewage treatment			Bioresources		
	Foul £m	Surface water drainage £m	Highway drainage £m	Sewage treatment and disposal £m	Imported sludge liquor treatment £m	Sludge transport £m	Sludge treatment £m	Sludge disposal £m	**Total £m**
Operating expenditure									
Base operating expenditure	33.521	9.058	1.711	93.409	3.712	5.245	14.263	5.888	**166.808**
Enhancement operating expenditure	–	–	–	–	–	–	–	–	**–**
Developer services operating expenditure	0.173	0.046	0.009	–	–	–	–	–	**0.228**
Total operating expenditure excluding third-party services	33.694	9.103	1.721	93.409	3.712	5.245	14.263	5.888	**167.035**
Third-party services	0.114	0.030	0.006	–	–	–	–	–	**0.150**
Total operating expenditure	**33.808**	**9.133**	**1.727**	**93.409**	**3.712**	**5.245**	**14.263**	**5.888**	167.186
Grants and contributions									
Grants and contributions – operating expenditure	3.795	0.999	0.200	–	–	–	–	–	**4.993**
Capital expenditure									
Base capital expenditure	39.393	10.367	2.073	50.136	2.089	–	3.704	–	**107.762**
Enhancement capital expenditure	44.583	11.732	2.346	77.166	3.215	–	–	–	**139.042**
Developer services capital expenditure	3.358	0.884	0.177	–	–	–	–	–	**4.418**
Total gross capital expenditure (excluding third-party)	87.334	22.982	4.596	127.302	5.304	–	3.704	–	**251.223**
Third-party services	–	–	–	–	–	–	–	–	**–**
Total gross capital expenditure	**87.334**	**22.982**	**4.596**	**127.302**	**5.304**	**–**	**3.704**	**–**	251.223
Grants and contributions									
Grants and contributions – capital expenditure	1.183	0.311	0.062	–	–	–	–	–	**1.556**
Net Totex	**116.165**	**30.806**	**6.061**	**220.711**	**9.016**	**5.245**	**17.968**	**5.888**	411.859
Cash expenditure									
Pension deficit recovery payments	–	–	–	–	–	–	–	–	**–**
Other cash items	–	–	–	–	–	–	–	–	**–**
Totex including cash items	**116.165**	**30.806**	**6.061**	**220.711**	**9.016**	**5.245**	**17.968**	**5.888**	411.859

	Network+ Sewage collection			Network+ Sewage treatment			Bioresources		
Atypical expenditure	Foul £m	Surface water drainage £m	Highway drainage £m	Sewage treatment and disposal £m	Imported sludge liquor treatment £m	Sludge transport £m	Sludge treatment £m	Sludge disposal £m	**Total £m**
Restructuring and Reshaping	0.494	0.130	0.026	1.642	0.068	–	0.450	0.036	**2.847**
Total atypical expenditure	**0.494**	**0.130**	**0.026**	**1.642**	**0.068**	**–**	**0.450**	**0.036**	2.847

Capital expenditure

SWB has spent £139.042m in 24/25 on enhancement capital expenditure which is an £54.150m increase on 23/24. This is due to ramp up to completion on projects to deliver WINEP outputs on phosphorus removal schemes and increase storage in the network with the aim of reducing spill frequency at CSOs.

SWB has spent £107.762m in 24/25 on base capital expenditure which is an £9.013m decrease on 23/24 due to a number of one-off costs in 23/24 such as installation of 9,000 sewer level monitors as part of SWB's sewer level monitoring strategy.

TABLE 4F – Major project expenditure for wholesale water by purpose

South West Water does not have any Water projects that satisfy the Ofwat definition of a major project in the context of table 4F.

TABLE 4G – Major project expenditure for wholesale wastewater by purpose

South West Water does not have any Wastewater projects that satisfy the Ofwat definition of a major project in the context table 4G.

TABLE 4H – Financial metrics as at 31 March 2025

The Financial metrics table contains appointee level information and has been completed on a combined basis (SBB) only, therefore please see page 121 for details.

Additional regulatory information – service level – SWB continued

TABLE 4I – Financial derivatives

	Financial derivatives – Total								
	Nominal value by maturity (net) at 31 March				Total value at 31 March			Interest rate	
	0 to 1 years £m	1 to 2 years £m	2 to 5 years £m	Over 5 years £m	**Nominal value (net) £m**	Mark to Market £m	Total accretion at 31 March £m	Payable %	Receivable %
Derivative type									
Interest rate swap (sterling)									
Floating to fixed rate	33.000	–	403.000	200.000	**636.000**	27.674	–	2.920%	4.898%
Floating from fixed rate	–	–	–	–	**–**	–	–	–	–
Floating to index linked	–	–	–	–	**–**	–	–	–	–
Floating from index linked	–	–	–	–	**–**	–	–	–	–
Fixed to index–linked	–	–	–	–	**–**	–	–	–	–
Fixed from index–linked	–	–	–	–	**–**	–	–	–	–
Index–linked to index–linked	–	–	–	–	**–**	–	–	–	–
Total	**33.000**	**–**	**403.000**	**200.000**	**636.000**	**27.674**	**–**		
Foreign Exchange									
Cross currency swap USD	–	–	–	40.090	**40.090**	(1.648)	–		
Total financial derivatives	**33.000**	**–**	**403.000**	**240.090**	**676.090**	**26.026**	**–**		

The only financial derivatives South West Water have are type D (Other Swaps).

South West Water has rate swaps which are used to swap floating rate and index linked debt. The table above has been compiled on the basis of swap value and maturity, rather than the underlying debt instrument.

TABLE 4J – Base expenditure analysis – water resources and water network+

				Water network+		
	Water resources £m	Raw water distribution £m	Raw water storage £m	Water treament £m	Treated water distribution £m	**Total £m**
Operating expenditure						
Power	6.559	1.026	–	25.808	6.186	**39.579**
Income treated as negative expenditure	(0.533)	(0.055)	–	(0.088)	(0.007)	**(0.683)**
Bulk supply	–	–	–	–	–	**–**
Renewals expensed in year (infrastructure)	–	–	–	–	8.140	**8.140**
Renewals expensed in year (non-infrastructure)	–	–	–	–	–	**–**
Other operating expenditure	10.602	1.649	–	35.288	42.790	**90.329**
Local authority and Cumulo rates	1.746	0.511	–	2.303	13.687	**18.246**
Service charges						
Canal & River Trust abstraction charges/discharge consents	–	–	–	–	–	**–**
Environment Agency/NRW abstraction charges/ discharge consents	4.744	0.332	–	0.093	(0.231)	**4.939**
Other abstraction charges/discharge consent	–	–	–	–	–	**–**
Other operating expenditure						
Costs associated with Traffic Management Act	–	–	–	–	0.595	**0.595**
Costs associated with lane rental schemes	–	–	–	–	–	**–**
Statutory water softening	–	–	–	–	–	**–**
Total base operating expenditure	**23.117**	**3.464**	**–**	**63.404**	**71.159**	**161.145**
Capital expenditure						
Maintaining the long-term capability of the assets – infra	0.328	0.029	–	0.178	74.390	**74.926**
Maintaining the long-term capability of the assets – non-infra	4.071	–	–	32.912	6.808	**43.791**
Total base capital expenditure	**4.399**	**0.029**	**–**	**33.090**	**81.198**	**118.716**
Traffic Management Act						
Projects incurring costs associated with Traffic Management Act	–	–	–	–	–	**–**

On 15 May 2024 an outbreak of cryptosporidium was detected in the water supply in the Brixham area of Devon, causing South West Water to issue a notice to customers in the area to boil water before consuming. £21.6 million (2024 £nil) of costs have been incurred which include enhanced customer compensation, provision of bottled water over an eight-week period, and extensive interventions to clean and filter the network. £0.8m of the costs incurred were employment costs.

£2.6 million (2024: £4.8 million) of costs were incurred in connection with the business transformation of the Water Business area. These restructuring and transformation costs are one-off in nature and incidence, with the benefits from incurring these costs expected to endure into the future on a recurring basis. Further costs are not expected to arise in the year ended 31 March 2026.

SWB has spent £118.716m in 2024/25 on base capital expenditure which is an £12.252 increase on 2023/24.

SWB has spent £74.926m in 2024/25 on infra base capital expenditure which is an £25.919m increase on 2023/24. This is due to an increase in reactive network maintenance including the deployment of an enhanced leakage plan.

Additional regulatory information – service level – SWB continued

TABLE 4K – Base expenditure analysis – wastewater network+ and bioresources

Expenditure in report year

	Wastewater network+						Bioresources		
	Foul £m	Surface water drainage £m	Highway drainage £m	Sewage treatment and disposal £m	Sludge liquor treatment £m	Sludge Transport £m	Sludge Treatment £m	Sludge Disposal £m	**Total £m**
Operating expenditure									
Power	10.116	2.662	0.532	21.944	3.121	–	2.713	0.005	**41.094**
Income treated as negative expenditure	(0.021)	(0.005)	(0.001)	(0.025)	–	–	(0.404)	-	**(0.456)**
Bulk supply	–	–	–	–	–	–	–	–	**–**
Renewals expensed in year (infrastructure)	2.509	0.660	0.132	–	–	–	–	–	**3.301**
Renewals expensed in year (non-infrastructure)	–	–	–	–	–	–	–	–	**–**
Other operating expenditure	18.896	5.204	1.041	63.618	0.591	5.245	10.169	5.876	**110.640**
Local authority and Cumulo rates	0.137	0.036	0.007	6.037	-	-	1.785	0.007	**8.009**
Service Charges									
Canal & River Trust discharge consents	–	–	–	–	–	–	–	–	**–**
Environment Agency/NRW discharge consents	1.884	0.501	–	1.835	–	–	–	–	**4.219**
Other discharge charges/permits	–	–	–	–	–	–	–	–	**–**
Other expenditure									
Costs associated with Traffic Management Act	–	–	–	–	–	–	–	–	**–**
Costs associated with lane rental schemes	–	–	–	–	–	–	–	–	**–**
Costs associated with Industrial Emissions Directive	–	–	–	–	–	–	–	–	**–**
Total base operating expenditure	**33.521**	**9.058**	**1.711**	**93.409**	**3.712**	**5.245**	**14.263**	**5.888**	**166.808**
Capital expenditure									
Maintaining the long-term capability of the assets – infra	28.934	7.614	1.523	0.213	0.009	–	–	–	**38.292**
Maintaining the long-term capability of the assets – non-infra	10.460	2.753	0.551	49.923	2.080	–	3.704	–	**69.470**
Total base capital expenditure	**39.393**	**10.367**	**2.073**	**50.136**	**2.089**	**–**	**3.704**	**–**	**107.762**
Traffic Management Act									
Projects incurring costs associated with Traffic Management Act	–	–	–	–	–	–	–	–	**–**
Operating expenditure (AMP 7 shadow reported values)									
Power	10.324	2.717	0.543	22.396	3.185	–	2.769	0.005	**41.940**
Income treated as negative expenditure	(0.021)	(0.005)	(0.001)	(0.025)	–	–	(1.250)	–	**(1.302)**

SWB has spent £107.762m in 2024/25 on base capital expenditure which is an £9.013m decrease on 2023/24 due to a number of one-off costs in 2023/24 such as installation of 9,000 sewer level monitors as part of SWB's sewer level monitoring strategy.

SWB has spent £38.292m in 2024/25 on base infra capital expenditure which is an £7.749m increase on 2023/24 due to increased investment in maintaining the sewerage networks and works to minimise spills and pollutions.

4L – Enhancement expenditure for the 12 months ended 31 March 2025 – water resources and water network+

In accordance with RAG 3.15, point 2.7, table 4L is not required to be included as part of the APR due to its size.

A summarised version of this table, showing totex, is produced below showing the comparison between cumulative actual spend and cumulative allowed spend in 2024/25 prices.

Line description	Cumulative expenditure on all schemes to reporting year end Total £m	Cumulative allowed expenditure on all schemes to reporting year end Total £m	**Cumulative allowed expenditure on all schemes 2020–25 Total £m**
EA/NRW environmental programme (WINEP/NEP)			
Ecological improvements at abstractions	3.270	3.936	**3.936**
Eels Regulations (measures at intakes)	4.285	1.379	**1.379**
Invasive Non Native Species	2.764	2.605	**2.605**
Drinking Water Protected Areas (schemes)	3.770	5.733	**5.733**
Water Framework Directive measures	1.718	0.741	**0.741**
Investigations	–	–	**–**
Total environmental programme expenditure	**15.808**	**14.394**	**14.394**
Supply–demand balance			
Supply–side improvements delivering benefits in 2020–2025	75.097	19.017	**19.017**
Demand–side improvements delivering benefits in 2020–2025 (excl. leakage and metering)	3.395	2.529	**2.529**
Leakage improvements delivering benefits in 2020–2025	–	1.820	**1.820**
Internal interconnectors delivering benefits in 2020–2025	–	–	**–**
Supply demand balance improvements delivering benefits starting from 2026	–	–	**–**
Strategic regional water resources	6.588	5.055	**5.055**
Total supply demand expenditure	**85.080**	**28.422**	**28.422**
Total metering expenditure	**26.174**	**18.903**	**18.903**
Other enhancement			
Improvements to taste, odour and colour	4.345	9.532	**9.532**
Addressing raw water deterioration (total)	156.126	124.773	**124.773**
Enhancing resilience to low probability high consequence events	136.914	69.075	**69.075**
Meeting lead standards (total)	6.814	17.861	**17.861**
Security – SEMD	0.087	2.052	**2.052**
Security – Non-SEMD	0.734	2.052	**2.052**
Additional line 3 – Clean Water Isles of Scilly	9.698	11.626	**11.626**
Total other enhancement expenditure	**314.719**	**236.971**	**236.971**
Total enhancement expenditure	**441.780**	**298.690**	**298.690**

Supply side improvements – SWB has spent £21.129m in 2024/25. These costs were incurred as part of the water resource grid enablement project at Roadford under the Green Recovery initiative, where the abstraction structure has now been installed to boost the resilience of the water supply to North Devon. Costs were also incurred due to the installation of a new winter river abstraction from the River Porth, at Coswarth (due to be completed in Regulatory Reporting Period 2025–-2030.). Details on the benefits associated with these schemes are included in Table 6F.

Metering expenditure – The expenditure includes meter renewals delivered under the Green Recovery Programme which was not included in the original allowance. £2.450m also relates to the accelerated Smart Metering Programme at Colliford which was not included within PR19 allowances. This programme overdelivered on AMR to AMI meter replacements, exceeding target by 34% in the year. This was offset by a reduction in the number of exchanges bringing overall programme performance to achieving 75% of all planned installations under the accelerated smart metering scheme.

Other factors contributing to increased spend including 19.52% increase in meter installations following the introduction of the lowest price guarantee.

Additional regulatory information – service level – SWB continued

TABLE 4L – commentary continued

Addressing raw water deterioration – SWB has spent £53.387m in 2024/25. These costs were incurred enabling works to enhance water treatment and filtration as part of the construction of new WTWs at Alderney and Knapp Mill. These enhancements will improve water quality and address raw water deterioration in the region. Also incurred were costs of installation of enhanced filtration systems and associated water quality improvement projects at Restormel and St Cleer WTWs.

Enhancing resilience to low probability high consequence events – SWB has spent £42.169m in 2024/25. This was related to enabling works enhancing water resilience and supply reliability at Knapp Mill and Alderney WTW construction sites as well as costs associated with desalination as part of SWB's drought resilience plan.

Meeting lead standards – Expenditure to date on communication pipe replacement or relining for water quality reasons has been partially allocated to meeting lead standards. Green Recovery lead pipe replacement has also been included in this line.

Improvements to Taste, Odour and Colour

Costs incurred were associated with prioritised flushing of the network to reduce incidents of discolouration and changes to taste & odour. we are delivering new secondary filtration systems at Restormel WTW and St Cleer WTW which among other things will reduce the likelihood of taste and odour compounds in the water – that expenditure is included in Addressing raw water deterioration (grey solutions). Additionally, Upstream Thinking Investment which is allocated to Addressing raw water deterioration (green solutions) has a positive impact on taste and odour.

4M – Enhancement expenditure for the 12 months ended 31 March 2025 – wastewater network+ and bioresources

In accordance with RAG 3.15, point 2.7, table 4M is not required to be included as part of the APR due to its size.

A summarised version of this table, showing totex, is produced below showing the comparison between cumulative actual spend and cumulative allowed spend in 2024/25 prices.

Line description	Cumulative expenditure on all schemes to reporting year end Total £m	Cumulative allowed expenditure on all schemes to reporting year end Total £m	**Cumulative allowed expenditure on all schemes 2020–25 Total £m**
EA/NRW environmental programme (WINEP/NEP)			
Conservation drivers	0.108	5.441	**5.441**
Event Duration Monitoring at intermittent discharges	7.453	6.165	**6.165**
Flow monitoring at sewage treatment works	27.946	2.097	**2.097**
Schemes to increase flow to full treatment	48.759	37.796	**37.796**
Schemes to increase storm tank capacity	44.955	22.879	**22.879**
Total for storage schemes in the network to reduce spill frequency at CSOs etc. (grey + green)	69.075	61.004	**61.004**
Chemical removals schemes	–	3.262	**3.262**
Chemicals monitoring/investigations/options appraisals	1.005	3.473	**3.473**
Phosphorus removal	56.253	35.409	**35.409**
Reduction of sanitary parameters	3.621	13.571	**13.571**
UV disinfection (or similar)	1.306	1.282	**1.282**
Investigations	3.846	4.263	**4.263**
Total environmental programme expenditure	264.327	196.643	**196.643**
Other enhancement			
First time sewerage	0.785	1.302	**1.302**
Enhancing resilience to low probability high consequence events	3.685	4.696	**4.696**
Security – SEMD	0.096	0.046	**0.046**
Security – Non-SEMD	0.126	0.046	**0.046**
Additional line 1 – WW Bathing and Shellfish Waters additional requirements	–	–	**–**
Additional line 2 – Downstream thinking	1.109	–	**–**
Additional line 3 – WW Isles of Scilly	2.940	9.995	**9.995**
Additional line 5 – Green recovery	–	–	**–**
Total other enhancement expenditure	8.741	16.084	**16.084**
Total enhancement expenditure	273.068	212.726	**212.726**

Funding for improvements with the Final Determination was split for some large projects between base and enhancement. For consistency we have treated those projects the same, using the same allocation to base and enhanced.

Additional regulatory information – service level – SWB continued

TABLE 4M – commentary

Conservation drivers – This includes planned expenditure at wastewater treatment sites to support the control of non-native species at location of sites of special scientific interest.

Event duration monitors (EDMs) – The majority of this expenditure was incurred alongside projects to carry out planned enhancement works at specific storm overflow sites under the Green Recovery initiative – see table 4T. This includes planned expenditure over the regulatory period to install EDM's at combined sewer overflows. EDMs are being installed to provide spill data to the Environment Agency and allow us to better understand the requirements to reduce or mitigate the associated spills.

Flow monitoring at sewage treatment works – The majority of spend incurred related to the installation, data, maintenance and purchase costs of an additional 4,000 Sewer Level Monitors in 24/25 as part of the second stage rollout of SWB's sewer level monitoring programme. These costs were not included in the original plan.

Schemes to increase flow to full treatment – SWB spent £19.066m in 2024/25. The costs related to increasing Flow Passed Forward and undertaking associated storage improvement works at key STWs in line with WINEP requirements. Improvements to flow at these sites will enhance the capacity of STWs while reducing pollution incidents and upholding SWW's commitments to improving river quality.

Schemes to increase storm tank capacity – Our agreed programme with the EA to identify the highest priority sites requiring increased storm tank capacity at wastewater treatment works with the spend profiled evenly over the final 3 years of the AMP. Correction to 23/24 commentary: Of the 58 sites identified in the WINEP, 40 had been completed by 31 March 2024. The remaining 18 sites were completed before 31 March 2025.

Total for storage schemes in the network to reduce spill frequency at CSOs – SWB spent £16.370m in 2024/25.. SWB also incurred £1.220m on accelerated schemes and £37.301m in transition expenditure for Regulatory Reporting Period 2025–2030. The transition expenditure is associated with the SWB Early Start Programme to achieve WINEP drivers for overflows primarily located at shellfish and bathing water sites, in line with PR24 Business Plan commitments. Transition expenditure has ramped up in Yr 5 of Regulatory Reporting Period 2020–2025, to ensure projects (including those with complex catchments) are completed ahead of the compliance dates which are staggered throughout AMP8.

Chemical removals schemes – In 2024/25 this spend relates to ongoing chemical sample monitoring and analysis across multiple sites.

Phosphorus removal – SWB spent £31.950m in 24/25. SWB also incurred £0.912m on accelerated schemes for Regulatory Reporting Period 2025–2030. This expenditure was incurred as part of the WINEP Phosphorus Reduction Programme to improve river quality, improve biodiversity and reduce pollutions. For further details, see Table 7F.

Reduction of sanitary parameters – The programme includes the reduction on sanitary parameters including ammonia and biochemical oxygen demand at seven wastewater treatment sites and includes the installation of additional biological treatment. Expenditure to date relates to improvements at Kilmington wastewater treatment works and Luxulyan wastewater treatment works at St Austell. 24/25 spend was incurred on ammonia reduction schemes and filtration improvement works at Luxulyan and Modbury STWs.

TABLE 4N – Developer services expenditure for the 12 months ended 31 March 2025 – water network+ (price control)

	Treated water distribution		
	CAPEX £m	OPEX £m	**TOTEX £m**
New connections	4.492	0.761	**5.253**
Requisition mains	3.743	0.218	**3.961**
Infrastructure network reinforcement	0.203	–	**0.203**
s185 diversions	–	2.346	**2.346**
Other price controlled activities	–	–	**–**
Total developer services expenditure	**8.439**	**3.325**	**11.764**

In 2024/25, spend on new connections has decreased by £0.344m due to the number of New and variations companies (NAVs) supplying water to new developments which means that SWW bulk supplies into the development but pipes on site are the NAV responsibility.

Requisition mains spend has remained broadly in line year-on-year.

Spend on infrastructure network reinforcement has reduced in 2024/25 due to smaller schemes undertaken compared with 2023/24.

S185 diversions spend has remained broadly in line year-on-year.

TABLE 4O – Developer services expenditure for the 12 months ended 31 March 2025 – wastewater network+ and bioresources

	Wastewater network+					
	Foul £m	Surface water drainage £m	Highway drainage £m	Sewage treatment and disposal £m	Sludge liquor treatment £m	**Total £m**
CAPEX						
New connections	–	–	–	–	–	**–**
Requisition sewers	2.650	0.697	0.139	–	–	**3.487**
Infrastructure network reinforcement	0.708	0.186	0.037	–	–	**0.931**
s185 diversions	–	–	–	–	–	**–**
Other price controlled activities	–	–	–	–	–	**–**
Total developer services capex	**3.358**	**0.884**	**0.177**	**–**	**–**	**4.418**
OPEX						
New connections	0.050	0.013	0.003	–	–	**0.066**
Requisition sewers	–	–	–	–	–	**–**
Infrastructure network reinforcement	–	–	–	–	–	**–**
s185 diversions	0.123	0.032	0.006	–	–	**0.162**
Other price controlled activities	–	–	–	–	–	**–**
Total developer services OPEX	**0.173**	**0.046**	**0.009**	**–**	**–**	**0.228**
TOTEX						
Total developer services expenditure	**3.531**	**0.929**	**0.186**	**–**	**–**	**4.646**

Requisition sewers has increased by £0.640m from £2.847m in 2023/24 to £3.487m in 2024/25. This spend is developer led and there has been a greater volume of schemes in 2024/25.

Spend on infrastructure network reinforcement has reduced in 2024/25 due to smaller schemes undertaken compared with 2023/24.

Additional regulatory information – service level – SWB continued

TABLE 4P – Expenditure on non-price control diversions

	Water resources £m	Water network+ £m	Wastewater network+ £m	**Total £m**
CAPEX				
Costs associated with NSWRA diversions	–	–	–	**–**
Costs associated with other non-price control diversions	–	–	–	**–**
Other developer services non-price control totex	–	–	–	**–**
Developer Services Non Price Control Capex	–	–	–	**–**
OPEX				
Costs associated with NSWRA diversions	–	0.790	0.006	**0.796**
Costs associated with other non-price control diversions	–	–	–	**–**
Other developer services non-price control totex	–	–	–	**–**
Developer Services Non Price Control Opex	–	0.790	0.006	**0.796**
Non-price control diversions				
Costs associated with NSWRA diversions	–	0.790	0.006	**0.796**
Costs associated with other non-price control diversions	–	–	–	**–**
Other developer services non-price control totex	–	–	–	**–**
Developer services non-price control totex	–	0.790	0.006	**0.796**

There is spend of £0.790m for Water network+ and £0.006m for Waste network+ this year on NSWRA diversions compared to a value of £0.484m for Water network+ and £0.119m for Waste network+ last year. This was due to the volume of Highways water diversion schemes requested which SWB is obligated to accommodate.

TABLE 4Q – Developer services – Non financial information

	Water nr	Wastewater nr	**Total nr**
Connections volume data			
New connections (residential – excluding NAVs)	6013	5185	**11198**
New connections (business – excluding NAVs)	534	116	**650**
Total new connections served by incumbent	6547	5301	**11848**
New connections – SLPs	1080		
Properties volume data			
New properties (residential – excluding NAVs)	6013	5185	**11198**
New properties (business – excluding NAVs)	534	116	**650**
Total new properties served by incumbent	6547	5301	**11848**
New residential properties served by NAVs	845	855	**1700**
New business properties served by NAVs	–	–	**–**
Total new properties served by NAVs	845	855	**1700**
Total new properties	7392	6156	**13548**
New properties – SLP connections	1080		
New water mains data			
Length of new mains (km) – requisitions	20		
Length of new mains (km) – SLPs	11		

TABLE 4R – Connected properties, customers and population

	Units	Unmeasured	Measured	**Total**	Voids
Customer numbers – average during the year					
Residential water only customers	000s	78.005	195.220	**273.225**	1.910
Residential wastewater only customers	000s	2.001	3.042	**5.043**	0.127
Residential water and wastewater customers	000s	84.221	655.159	**739.380**	6.577
Total residential customers	**000s**	**164.227**	**853.421**	**1,017.648**	**8.614**
Business water only customers	000s	1.505	35.104	**36.609**	3.264
Business wastewater only customers	000s	0.602	0.248	**0.850**	0.105
Business water & wastewater customers	000s	1.442	39.280	**40.722**	1.935
Total business customers	**000s**	**3.549**	**74.632**	**78.181**	**5.304**
Total customers	**000s**	**167.776**	**928.053**	**1,095.829**	**13.918**

		Water			Wastewater		
Property numbers – average during the year	Units	Unmeasured	Measured	**Total**	Unmeasured	Measured	**Total**
Residential properties billed	000s	162.226	850.379	**1,012.605**	86.222	658.201	**744.423**
Residential void properties	000s			**8.488**			**6.704**
Total connected residential properties	000s			**1,021.093**			**751.127**
Business properties billed	000s	2.947	74.384	**77.331**	2.044	39.528	**41.572**
Business void properties	000s			**5.198**			**2.039**
Total connected business properties	000s			**82.529**			**43.611**
Total connected properties	000s			**1,103.622**			**794.738**

											Water	
		Unmeasured					Measured					
Property and meter numbers – at end of year (31 March)	Units	No meter	Basic meter	AMI Meter (capable)	AMI Meter (active)	**Total**	Basic meter	AMR meter	AMI Meter (capable)	AMI Meter (active)	**Total**	**Total**
Total new residential properties connected in year	000s	–	–	–	–	**–**	–	–	6.013	–	**6.013**	**6.013**
Total new business properties connected in year	000s	–	–	–	–	**–**	–	–	0.534	–	**0.534**	**0.534**
Residential properties billed at year end	000s	141.361	14.060	5.017	0.005	**160.443**	–	574.931	194.231	85.881	**855.043**	**1,015.486**
Residential void properties at year end	000s					**6.113**					**2.367**	**8.480**
Total connected residential properties at year end	000s					**166.556**					**857.410**	**1,023.966**
Business properties billed at year end	000s	2.914	–	–	–	**2.914**	–	59.687	8.245	6.248	**74.180**	**77.094**
Business void properties at year end	000s					**0.840**					**4.300**	**5.140**
Total connected business properties at year end	**000s**					**3.754**					**78.480**	**82.234**
Total connected properties at year end	**000s**					**170.310**					**935.890**	**1,106.200**

Population data	Units	Water	Wastewater
Resident population	000s	2,303.596	1,682.397
Non-resident population	000s		139.445

					Water
Household population data	Units	DPs	Resident population	Non-resident population	**Total**
Household population	000s	3	2,258.669	72.562	**2,331.231**
Household measured population (water only)	000s	3	1,909.171	61.334	**1,970.505**
Household unmeasured population (water only)	000s	3	349.498	11.228	**360.726**

Additional regulatory information – service level – SWB continued

There are no unmeasured new connections in 2024/25. In line with South West Water's policy during the year, all new connections have an AMR or AMI meter installed and as such all new meters are smart meters.

Total population estimates, covered by lines 4R.28–32, have been derived from the ONS 2022 Mid-Year Estimates, forecast to 2024/25 using the 2018 subnational projections. As of April 2025, these were the latest available datasets at the LAD level from the ONS. The split between unmeasured and measured households has been based on estimated occupancy rates and property counts.

In accordance with Ofwat's "IN 23/03 Expectations for monopoly company annual reporting 2022–23", we can confirm our total connected properties do not include cattle troughs in the current reporting year.

Green Recovery

As a result of the additional expenditure allowed by Ofwat following the submission of our Green Recovery plans, tables 4S-4U are required showing expenditure and the impact on RCV arising from Green Recovery. In addition tables 10A and 10D show the associated operational metrics. South West Water has also published an additional document with further commentary on the five individual projects which can be found on our website.

All expenditure related to Green Recovery reflects a timing of spend within the regulatory period and therefore no change in the expected shadow RCV to be added for PR24 is shown on table 4U.

TABLE 4S – Green recovery expenditure – water resources and water network+ for the 12 months ended 31 March 2025

			Expenditure in report year					
						Water network+		
Line description		Units	Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution	**Total**
Green recovery programme								
Catchment Management	Capex	£m	0.478	–	–	0.540	–	**1.018**
Catchment Management	Opex	£m	–	–	–	–	–	**–**
Catchment Management	**Totex**	**£m**	**0.478**	**–**	**–**	**0.540**	**–**	**1.018**
Water Resource Grid Enablement	Capex	£m	4.580	14.189	–	–	–	**18.769**
Water Resource Grid Enablement	Opex	£m	–	–	–	–	–	**–**
Water Resource Grid Enablement	**Totex**	**£m**	**4.580**	**14.189**	**–**	**–**	**–**	**18.769**
Knapp Mill WTW	Capex	£m	–	–	–	22.013	–	**22.013**
Knapp Mill WTW	Opex	£m	–	–	–	–	–	**–**
Knapp Mill WTW	**Totex**	**£m**	**–**	**–**	**–**	**22.013**	**–**	**22.013**
Smarter Healthier Homes	Capex	£m	–	–	–	–	5.962	**5.962**
Smarter Healthier Homes	Opex	£m	–	–	–	–	–	**–**
Smarter Healthier Homes	**Totex**	**£m**	**–**	**–**	**–**	**–**	**5.962**	**5.962**
Total green recovery programme capex	**Capex**	**£m**	**5.058**	**14.189**	**–**	**22.553**	**5.962**	**47.762**
Total green recovery programme opex	**Opex**	**£m**	**–**	**–**	**–**	**–**	**–**	**–**
Total green recovery programme expenditure	**Totex**	**£m**	**5.058**	**14.189**	**–**	**22.553**	**5.962**	**47.762**

The expenditure in table 4S represent items approved by OFWAT under the Green Recovery business plan and align to expenditure within the water enhancement table 4L.

Full details of the Green Recovery schemes spend and progress can be seen in our 'Green Recovery Annual Report' https://www.southwestwater.co.uk/siteassets/documents/about-us/annual-reports/2025/green-recovery---swb.pdf.

TABLE 4T – Green recovery expenditure – wastewater network+ and bioresources
for the 12 months ended 31 March 2025

			Expenditure in report year								
			Wastewater network+						Bioresources		
Line description		Units	Foul	Surface water drainage	Highway drainage	Sewage treatment and disposal	Sludge liquor treatment	Sludge transport	Sludge treatment	Sludge disposal	**Total**
Green recovery programme											
Storm Overflows	Capex	£m	1.681	0.442	0.088	–	–	–	–	–	**2.211**
Storm Overflows	Opex	£m	–	–	–	–	–	–	–	–	**–**
Storm Overflows	**Totex**	**£m**	**1.681**	**0.442**	**0.088**	**–**	**–**	**–**	**–**	**–**	**2.211**
Total green recovery programme capex	**Capex**	**£m**	**1.681**	**0.442**	**0.088**	**–**	**–**	**–**	**–**	**–**	**2.211**
Total green recovery programme opex	**Opex**	**£m**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total green recovery programme expenditure	**Totex**	**£m**	**1.681**	**0.442**	**0.088**	**–**	**–**	**–**	**–**	**–**	**2.211**

The expenditure in table 4T represent items approved by OFWAT under the Green Recovery business plan and align to expenditure within the water enhancement table 4M.

Full details of the Green Recovery schemes spend and progress can be seen in our 'Green Recovery Annual Report' https://www.southwestwater.co.uk/siteassets/documents/about-us/annual-reports/2025/green-recovery---swb.pdf.

Additional regulatory information – service level – SWB continued

TABLE 4U – Impact of Green recovery on RCV

		12 months ended 31 March 2025			
	Units	Water resources	Water network+	Wastewater network+	Bioresources
Totex – Green recovery					
Approved bid	£m	4.200	27.603	1.584	–
Actual totex	£m	5.059	42.704	2.212	–
Variance	**£m**	**0.859**	**15.101**	**0.628**	**–**
Variance due to timing of expenditure	£m	0.859	15.101	0.628	–
Variance due to efficiency	**£m**	**–**	**-**	**–**	**–**
Customer cost sharing rate – outperformance	%	90.00%	90.00%	90.00%	–
Customer cost sharing rate – underperformance	%	50.00%	50.00%	50.00%	–
Customer share of totex – outperformance	**£m**	**–**	**–**	**–**	**–**
Customer share of totex – underperformance	**£m**	**0.430**	**7.551**	**0.314**	**–**
Company share of totex – outperformance	**£m**	**–**	**–**	**–**	**–**
Company share of totex – underperformance	**£m**	**0.430**	**7.551**	**0.314**	**–**
Increase/decrease in shadow RCV	**£m**	**3.771**	**20.053**	**1.270**	**–**
In period funding	£m	–	–	–	–
Net increase/decrease in shadow RCV	**£m**	**3.771**	**20.053**	**1.270**	**–**

		Price control period to date			
	Units	Water resources	Water network+	Wastewater network+	Bioresources
Totex – Green recovery					
Approved bid	£m	11.983	78.757	9.029	–
Actual totex	£m	13.010	74.625	8.253	–
Variance	**£m**	**1.027**	**(4.132)**	**(0.776)**	**–**
Variance due to timing of expenditure	£m	1.027	(4.132)	(0.776)	–
Variance due to efficiency	**£m**	**–**	**–**	**–**	**–**
Customer cost sharing rate – outperformance	%	90.00%	90.00%	90.00%	–
Customer cost sharing rate – underperformance	%	50.00%	50.00%	50.00%	–
Customer share of totex – outperformance	**£m**	**–**	**(3.719)**	**(0.698)**	**–**
Customer share of totex – underperformance	**£m**	**0.514**	**–**	**–**	**–**
Company share of totex – outperformance	**£m**	**–**	**(0.413)**	**(0.078)**	**–**
Company share of totex – underperformance	**£m**	**0.514**	**–**	**–**	**–**
Increase/decrease in shadow RCV	**£m**	**11.470**	**75.038**	**8.331**	**–**
In period funding	£m	–	–	–	–
Net increase/decrease in shadow RCV	**£m**	**11.470**	**75.038**	**8.331**	**–**

Full details of the Green Recovery schemes spend and progress can be seen in our 'Green Recovery Annual Report' https://www.southwestwater.co.uk/siteassets/documents/about-us/annual-reports/2025/green-recovery---swb.pdf.

TABLE 4V – Mark-to-market of financial derivatives analysed based on payment dates

		Derivatives – Analysed by earliest payment date				Derivatives – Analysed by expected maturity date			
	Units	Net settled	Gross Settled outflows	Gross Settled inflows	**Total**	Net settled	Gross Settled outflows	Gross Settled inflows	**Total**
Due within one year	£m	1.004	–	–	**1.004**	1.004	–	–	**1.004**
Between one and two years	£m	1.894	–	–	**1.894**	1.894	–	–	**1.894**
Between two and three years	£m	–	–	–	**–**	–	–	–	**–**
Between three and four years	£m	–	–	–	**–**	–	–	–	**–**
Between four and five years	£m	13.479	–	–	**13.479**	13.479	–	–	**13.479**
After five years	£m	10.821	42.267	(40.732)	**12.356**	10.821	42.267	(40.732)	**12.356**
Total	**£m**	**27.198**	**42.267**	**(40.732)**	**28.733**	**27.198**	**42.267**	**(40.732)**	**28.733**

Table 4V summarises the mark-to-market valuation of all derivatives – not just a specific category of swap – according to when they are settled.

TABLE 4W – Defined Benefit Pension Scheme – Additional Information

		Defined benefit pension schemes
	Units	Pension scheme 1
Scheme details		
Scheme name	Text	Pennon Group Pension Scheme
Scheme status	Text	Yes & Yes
Scheme valuation under IAS/IFRS/FRS		
Scheme assets	£m	417.046
Scheme liabilities	£m	402.330
Scheme surplus/(deficit) Total	**£m**	**14.716**
Scheme surplus/(deficit) Appointed business	£m	14.203
Pension deficit recovery payments	£m	–
Scheme valuation under part 3 of Pensions Act 2004		
Scheme funding valuation date	Date	31/03/2022
Assets	£m	693.489
Technical Provisions	£m	686.436
Scheme surplus/(deficit)	**£m**	**7.053**
Discount rate assumptions	Text	Pre-retirement discount rate: Gilts + 2.50% p.a Post-retirement discount rate: Gilts + 0.75% p.a.
Recovery plan (where applicable)		
Recovery Plan Structure	Text	N/A
Recovery plan end date	Date	N/A
Asset Backed Funding (ABF) arrangements	Text	N/A
Responsibility for ABF arrangements	Text	N/A

The appointed company is part of the Pennon Group Pension Scheme (PGPS). The defined benefit scheme closed to new members and the accrual of future defined benefits from 30 June 2021.

The assets and liabilities of the overall scheme are apportioned to South West Water under IAS 19, based on the split of the liabilities determined as part of the result of the triennial funding valuation carried out at 31 March 2022.

A proportion of the assets and liabilities are allocated to the non-appointed business.

The most recent triennial actuarial valuation of the pension scheme participated in by the Company was carried out with a valuation date at 31 March 2022 under the requirements of the Pensions Act 2004

Additional regulatory information – service level – SWB continued

TABLE 4X – Accelerated infrastructure delivery project expenditure – water resources and water network+ for the 12 months ended 31 March 2025

		Expenditure in report year					
			Water network+				
		Water resources £m	Raw water transport £m	Raw water storage £m	Water treatment £m	Treated water distribution £m	**Total £m**
Accelerated infrastructure delivery project							
Smart Metering	Capex	–	–	–	–	2.450	**2.450**
Smart Metering	Opex	–	–	–	–	–	**–**
Smart Metering	Totex	–	–	–	–	2.450	**2.450**
Total accelerated programme capex	**Capex**	**–**	**–**	**–**	**–**	**2.450**	**2.450**
Total accelerated programme opex	**Opex**	**–**	**–**	**–**	**–**	**–**	**–**
Total accelerated programme expenditure	**Totex**	**–**	**–**	**–**	**–**	**2.450**	**2.450**

SWB spent £2.326m more on accelerated delivery in 2025 due to completing the accelerated delivery programme within one year (over 30k meters installed.)

TABLE 4Y – Accelerated infrastructure delivery project expenditure – wastewater network+ and bioresources

		Expenditure in report year								
		Wastewater network+					Bioresources			
		Foul £m	Surface water drainage £m	Highway drainage £m	Sewage treatment and disposal £m	Sludge liquor treatment £m	Sludge transport £m	Sludge treatment £m	Sludge disposal £m	**Total £m**
Accelerated infrastructure delivery project										
Storm Overflows	Capex	0.927	0.244	0.049	–	–	–	–	–	**1.220**
Storm Overflows	Opex	–	–	–	–	–	–	–	–	**–**
Storm Overflows	Totex	0.927	0.244	0.049	–	–	–	–	–	**1.220**
Nutrient Neutrality	Capex	–	–	–	0.875	0.036	–	–	–	**0.911**
Nutrient Neutrality	Opex	–	–	–	–	–	–	–	–	**–**
Nutrient Neutrality	Totex	–	–	–	0.875	0.036	–	–	–	**0.911**
Total accelerated programme capex	**Capex**	**0.927**	**0.244**	**0.049**	**0.875**	**0.036**	**–**	**–**	**–**	**2.131**
Total accelerated programme opex	**Opex**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total accelerated programme expenditure	**Totex**	**0.927**	**0.244**	**0.049**	**0.875**	**0.036**	**–**	**–**	**–**	**2.131**

Storm Overflows – SWB has spent £2.080m more than prior year due to shift to delivery phase on projects from preliminaries.

Nutrient Neutrality – Nutrient Neutrality funding allowance was accelerated from PR24 into Year 5 K7. Funding was acquired and accessed from 2025 onwards.

Cumulative expenditure on schemes completed in the report year

	Water network+					
	Water resources £m	Raw water transport £m	Raw water storage £m	Water treatment £m	Treated water distribution £m	**Total £m**
	–	–	–	–	–	**–**
	–	–	–	–	–	**–**
	–	–	–	–	–	**–**
	–	**–**	**–**	**–**	**–**	**–**
	–	**–**	**–**	**–**	**–**	**–**
	–	**–**	**–**	**–**	**–**	**–**

Cumulative expenditure on schemes completed in the report year

	Wastewater network+				Bioresources				
	Foul £m	Surface water drainage £m	Highway drainage £m	Sewage treatment and disposal £m	Sludge liquor treatment £m	Sludge transport £m	Sludge treatment £m	Sludge disposal £m	**Total £m**
	0.008	0.002	–	–	–	–	–	–	**0.010**
	–	–	–	–	–	–	–	–	**–**
	0.008	0.002	–	–	–	–	–	–	**0.010**
	–	–	–	–	–	–	–	–	**–**
	–	–	–	–	–	–	–	–	**–**
	–	–	–	–	–	–	–	–	**–**
	0.008	**0.002**	**–**	**–**	**–**	**–**	**–**	**–**	**0.010**
	–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	0.008	**0.002**	**–**	**–**	**–**	**–**	**–**	**–**	**0.010**

Additional regulatory information – service level – SWB continued

Pro forma 4Z – Household bill reduction schemes, debt and Guaranteed Standards Scheme (GSS) payments

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

Other bill reduction schemes

	Target households	Number of unique households helped by scheme No.	Total amount bills reduced by through scheme £'000s	Funding source
Restart	N/A (2.157)	2.234	1,178.051	Customer
Freshstart	N/A (0.395)	0.663	371.697	Customer

Section B – debt metrics

Total number of household customers served – active and final accounts

	Water only No.	Wastewater only No.	Dual service No.
Number of household customers served – active accounts	275,560	5,156	747,520
Number of household customers served – final accounts	323	38	82,373

Household customers in arrears

	Number of households No.	Total amount of debt £'000s
Households in arrears – active accounts with debt repayment arrangements	10844	12324.724
Households in arrears – final accounts with debt repayment arrangements	3406	3387.571
Households in arrears – active accounts without debt repayment arrangements	65412	71009.665
Households in arrears – final accounts without debt repayment arrangements	79328	43591.155
Households not having made any payment for the year – active accounts	48491	67335.785
Households not having made any payment for the year – final accounts	74955	43772.749

Temporary payment suspension

	Number of households No.	Total amount deferred £'000s
Households with temporarily suspended payments – payment break arrangements	182	234.478
Households with temporarily suspended payments – breathing space arrangements	342	629.649

Household debt collection through third-party agents where water company remains creditor

	Number of households No.	Total value of debt £'000s
Debt collected by external agents – active accounts	–	–
Debt collected by external agents – final accounts	–	–
PSR customers with debt passed on to external debt collection agents – active and final accounts	–	–

Household debt sold to external agencies

	Number of accounts number	Total value of debt £'000s	Total sale value of debt £'000s
Debt sold to an external agency/third-party debt purchaser – active accounts	–	–	–
Debt sold to an external agency/third-party debt purchaser – final accounts	–	–	–
Active and final PSR accounts (and total debt involved) referred to an external agency that has bought the customer debt from the water company during the reporting year.	–	–	–

Payment matching activities

	Number of accounts number	Total value of payment matches £'000s
Active accounts supported through the matched payment schemes and the total contribution of matched payments made by the water company for the reporting year	2042	1105.480
Final accounts supported through the matched payment schemes and the total contribution of matched payments made by the water company for the reporting year	192	72.571

Unpaid household bills referred to courts

	Number of accounts No.	Total amount involved £'000s
Number of county court claims	7957	8096.312
Number of county court judgements	659	8013.842
Number of county court judgement enforcements	275	5105.785
Number of high court claims	–	–
Number of high court judgements	–	–
Number of high court judgement enforcements	2575	4688.440

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

GSS payments to household customers

	Number of payments number	Total amount £'000s	Number of unique households number
Total value of payments made to household customers under GSS		281.579	
Total number of payments made to household customers under GSS	6,750		
Total number of unique household customers receiving GSS payments			4,616

Additional regulatory information – service level – SWB continued

Pro forma 4Z – Household bill reduction schemes, debt and Guaranteed Standards Scheme (GSS) payments continued

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

Number and value of statutory payments and other payments in excess of the statutory amounts for events that are currently part of the GSS to household customers by type in the reporting period

	Total number of times the statutory GSS amounts were paid to household customers No.	Total value of payments made in relation to column 1 £'000s	Total number of times amounts higher than the statutory GSS amounts were paid to household customers for GSS related events. No.	Total value of payments made in relation to column 3 £'000s	Total number of times the statutory GSS penalty payments were made to household customers No.	Total value of payments made in relation to column 5 £'000s
Appointments not kept	876	17.520	190	2.500	100	1.000
Appointment notification not given	4	0.080	4	0.060	3	0.030
Incidences of low water pressure	224	5.600	–	–		
Incorrect notice of planned interruptions to supply	289	5.780	128	1.920	173	3.460
Supply not restored – initial period	2,072	41.440	2,115	32.465	1,425	28.500
Supply not restored – each 24 hr period	423	4.230	423	12.860		
Account/billing queries not responded to	12	0.240	11	0.110	11	0.110
Requests for changes to payment arrangements not responded to	51	1.020	54	0.605	50	0.500
Written complaints not responded to within 10 working days	13	0.260	8	0.105	6	0.060
Properties sewer flooded internally	52	19.335	–	–	24	0.480
Properties sewer flooded externally	921	151.514	–	–	21	0.420

Number and value of payments made to household customers for events that are currently not part of the GSS

	Total number of payments for all events that are not part of the current GSS scheme No.	Total value of payments made in relation to column 1 £'000s
Abatements	5	0.549
Boil Water Notices	15578	233.670
Erroneous summons	1	0.100
Interest on money paid in error	36	10.005
Measured Bills (not issued within 3 months of end of period)	8	19.883
Repeat Burst Mains	385	3.930
Working in Street (property blocked without notice)	1	0.010
Do Not Drink	1	0.030

Number and value of statutory GSS penalty payments made to household customers

	Total number of penalty payments made under the current GSS scheme No.	Total value of payments made in relation to column 1 £'000s
Penalty payments made under the current GSS scheme	1813	34.560

Additional regulatory information – water resources – SWB

TABLE 5A – Water resources asset and volumes data

	Units	Input
Water resources		
Water from impounding reservoirs	Ml/d	130.95
Water from pumped storage reservoirs	Ml/d	5.68
Water from river abstractions	Ml/d	505.54
Water from groundwater works,excluding managed aquifer recharge (MAR) water supply schemes	Ml/d	52.68
Water from artificial recharge (AR) water supply schemes	Ml/d	–
Water from aquifer storage and recovery (ASR) water supply schemes	Ml/d	–
Water from saline abstractions	Ml/d	0.62
Water from water reuse schemes	Ml/d	–
Number of impounding reservoirs[1]	nr	15
Number of pumped storage reservoirs[1]	nr	–
Number of river abstractions	nr	15
Number of groundwater works excluding managed aquifer recharge (MAR) water supply schemes	nr	47
Number of artificial recharge (AR) water supply schemes	nr	–
Number of aquifer storage and recovery (ASR) water supply schemes	nr	–
Number of saline abstraction schemes	nr	6
Number of reuse schemes	nr	–
Total number of sources	nr	83
Total number of water reservoirs[1]	nr	23
Total volumetric capacity of water reservoirs	Ml	119848
Total number of intake and source pumping stations	nr	67
Total installed power capacity of intake and source pumping stations	kW	8892
Total length of raw water abstraction mains and other conveyors	km	85.09
Average pumping head – raw water abstraction	m.hd	4.46
Energy consumption – raw water abstraction	MWh	7,463.246
Total number of raw water abstraction imports	nr	–
Water imported from third parties' raw water abstraction systems	Ml/d	–
Total number of raw water abstraction exports	nr	–
Water exported to third parties' from raw water abstraction systems	Ml/d	–
Water resources capacity (measured using water resources yield)	Ml/d	745.03
Total number of completed investigations (WINEP/NEP), cumulative for AMP	**nr**	**308**

1. In addition to South West Water's impounding reservoirs, the total number of water reservoirs also includes a number of reservoirs where water is mixed with river water prior to treatment. These are excluded under the Regulatory Accounting Guidelines under a change in definition for this regulatory period, but are included within the 'total number of water reservoirs'. Two reservoirs previously included within the total number of water reservoirs are now shown as 'balancing reservoirs' in table 6A.

TABLE 5B – Water resources operating cost analysis

	Impounding reservoir £m	Pumped storage £m	River abstractions £m	Groundwater, excluding MAR water supply £m	Artificial Recharge (AR) water supply schemes £m	Aquifer Storage and Recovery (ASR) water supply schemes £m	Other £m	**Total £m**
Power	1.207	0.052	4.716	0.584	–	–	–	**6.559**
Income treated as negative expenditure	(0.098)	(0.004)	(0.383)	(0.047)	–	–	–	**(0.533)**
Abstraction charges/ discharge consents	0.873	0.038	3.411	0.422	–	–	–	**4.744**
Bulk supply	–	–	–	–	–	–	–	**–**
Other operating expenditure								
Renewals expensed in year (Infrastructure)	–	–	–	–	–	–	–	**–**
Renewals expensed in year (Non-Infrastructure)	–	–	–	–	–	–	–	**–**
Other operating expenditure excluding renewals	2.014	0.088	7.526	0.974	–	–	–	**10.602**
Local authority and Cumulo rates	0.321	0.014	1.255	0.155	–	–	–	**1.746**
Total operating expenditure (excluding third-party)	**4.317**	**0.188**	**16.524**	**2.088**	**–**	**–**	**–**	**23.117**

This table provides a detailed breakdown of water resources related operating expenditure shown within table 4D. Costs are allocated to activity types using proportion of distribution in volumes.

Additional regulatory information – water network plus – SWB

TABLE 6A – Raw water transport, raw water storage and water treatment data

	Units	Input
Raw water transport and storage		
Total number of balancing reservoirs	nr	2
Total volumetric capacity of balancing reservoirs	Ml	570
Total number of raw water transport stations	nr	24
Total installed power capacity of raw water transport pumping stations	kW	16,481
Total length of raw water transport mains and other conveyors	km	260.34
Average pumping head – raw water transport	m.hd	32.12
Energy consumption – raw water transport	MWh	33,284.537
Total number of raw water transport imports	nr	–
Water imported from third parties' raw water transport systems	Ml/d	–
Total number of raw water transport exports	nr	–
Water exported to third parties' raw water transport systems	Ml/d	–
Total length of raw and pre-treated (non-potable) water transport mains for supplying customers	km	–

	Surface water		Ground water	
Water treatment – treatment type analysis	Water treated Ml/d	Number of works	Water treated Ml/d	Number of works
All simple disinfection works	–	–	15.70	3
W1 works	–	–	–	–
W2 works	–	–	–	1
W3 works	148.12	9	–	–
W4 works	3.65	1	23.12	5
W5 works	441.58	14	11.04	8
W6 works	0.48	1	–	–

Water treatment – works size	% of total DI	Number of works
WTWs in size band 1	0.4	10
WTWs in size band 2	0.6	4
WTWs in size band 3	2.2	3
WTWs in size band 4	13.1	10
WTWs in size band 5	20.3	7
WTWs in size band 6	15.7	3
WTWs in size band 7	47.6	5
WTWs in size band 8	–	–

Water treatment – other information	Units	Input
Peak week production capacity	Ml/d	897.12
Peak week production capacity having enhancement expenditure for grey solution improvements to address raw water quality deterioration	Ml/d	416.80
Peak week production capacity having enhancement expenditure for green solutions improvements to address raw water quality deterioration	Ml/d	726.50
Total water treated at more than one type of works	Ml/d	–
Number of treatment works requiring remedial action because of raw water deterioration	nr	4
Zonal population receiving water treated with orthophosphate	000's	1,438.815
Average pumping head – water treatment	m.hd	8.68
Energy consumption – water treatment	MWh	116,653.392
Total number of water treatment imports	nr	–
Water imported from third parties' water treatment works	Ml/d	–
Total number of water treatment exports	nr	–
Water exported to third parties' water treatment works	Ml/d	–

The average daily distribution input for 2024/25 was 643.69 Ml/d, predominantly from surface water sources (92%). This compares to 646.24 Ml/d for 2023/24.

The new Coswarth WTW (aka Porth/Rialton) did not come online in 2024/25 as included in the PR24 forecast data (CW4). Commissioning of the new works is ongoing. As such, the total number of treatment works remains at 42.

There was no change to PWPC for 2024/25 with a total company value of 897.12 Ml/d.

There was a total of six treatment works having enhancement expenditure on improvements to address raw water quality deterioration in 2024/25. This includes new GAC and UV processes at Stithians WTW and Littlehempston WTW, new dedicated manganese removal processes at Restormel WTW and St Cleer WTW, and new membrane and GAC processes at Alderney WTW and Knapp Mill WTW.

Additional regulatory information – water network plus – SWB continued

TABLE 6B – Treated water distribution – assets and operations
for the 12 months ended 31 March 2025

	Units	Input
Assets and operations		
Total installed power capacity of potable water pumping stations	kW	29,883
Total volumetric capacity of service reservoirs	Ml	1,171.0
Total volumetric capacity of water towers	Ml	8.5
Water delivered (non-potable)	Ml/d	–
Water delivered (potable)	Ml/d	547.91
Water delivered (billed measured residential properties)	Ml/d	255.10
Water delivered (billed measured businesses)	Ml/d	154.82
Proportion of distribution input derived from impounding reservoirs	Propn 0 to 1	0.188
Proportion of distribution input derived from pumped storage reservoirs	Propn 0 to 1	0.008
Proportion of distribution input derived from river abstractions	Propn 0 to 1	0.727
Proportion of distribution input derived from groundwater works, excluding managed aquifer recharge (MAR) water supply schemes	Propn 0 to 1	0.076
Proportion of distribution input derived from artificial recharge (AR) water supply schemes	Propn 0 to 1	–
Proportion of distribution input derived from aquifer storage and recovery (ASR) water supply schemes	Propn 0 to 1	–
Proportion of distribution input derived from saline abstractions	Propn 0 to 1	0.001
Proportion of distribution input derived from water reuse schemes	Propn 0 to 1	–
Total number of potable water pumping stations that pump into and within the treated water distribution system	nr	250
Number of potable water pumping stations delivering treated groundwater into the treated water distribution system	nr	8
Number of potable water pumping stations delivering surface water into the treated water distribution system	nr	17
Number of potable water pumping stations that re–pump water already within the treated water distribution system	nr	225
Number of potable water pumping stations that pump water imported from a 3rd party supply into the treated water distribution system	nr	–
Total number of service reservoirs	nr	327
Number of water towers	nr	12
Energy consumption – treated water distribution (MWh)	MWh	24,874.999
Average pumping head – treated water distribution	m.hd	91.06
Total number of treated water distribution imports	nr	2
Water imported from third parties to treated water distribution systems	Ml/d	0.01
Total number of treated water distribution exports	nr	5
Water exported to third parties from treated water distribution systems	Ml/d	0.04
Peak 7 day rolling average distribution input	Ml/d	696.21
Peak 7 day rolling average distribution input / annual average distribution input	%	108.68%
Water balance – company level		
Measured household consumption (excluding supply pipe leakage)	Ml/d	236.14
Unmeasured household consumption (excluding supply pipe leakage)	Ml/d	109.70
Measured non-household consumption (excluding supply pipe leakage)	Ml/d	152.70
Unmeasured non-household consumption (excluding supply pipe leakage)	Ml/d	2.25
Total annual leakage	Ml/d	107.75
Distribution system operational use	Ml/d	6.52
Water taken unbilled	Ml/d	18.76
Distribution input	Ml/d	633.81
Distribution input (pre-MLE)	Ml/d	640.62

TABLE 6B – Treated water distribution – assets and operations continued

for the 12 months ended 31 March 2025

	Units	Input
Components of total leakage (post MLE) – company level		
Leakage upstream of DMA	Ml/day	19.88
Distribution main losses	Ml/day	59.51
Customer supply pipe losses – measured households excluding void properties	Ml/day	18.96
Customer supply pipe losses – unmeasured households excluding void properties	Ml/day	6.36
Customer supply pipe losses – measured non-households excluding void properties	Ml/day	2.12
Customer supply pipe losses – unmeasured non-households excluding void properties	Ml/day	0.18
Customer supply pipe losses – void measured households	Ml/day	0.12
Customer supply pipe losses – void unmeasured households	Ml/day	0.26
Customer supply pipe losses – void measured non-households	Ml/day	0.31
Customer supply pipe losses – void unmeasured non-households	Ml/day	0.06

This table provides details of assets and operations for the 2024/25 year. Data in this table including distribution input, water delivered, distribution losses and leakage relates solely to 2024/25. Our leakage performance commitment is shown in table 3A on page 139 with associated commentary on page 141 is based on a three-year average position and position relative to the three-year baseline position at the start of the regulatory reporting period.

Additional regulatory information – water network plus – SWB continued

TABLE 6C – Water network+ – Mains, communication pipes and other data
for the 12 months ended 31 March 2025

	Units	Input
Treated water distribution – mains analysis		
Total length of potable mains as at 31 March	km	18,609.7
Total length of potable mains relined	km	–
Total length of potable mains renewed	km	4.8
Total length of new potable mains	km	33.0
Total length of potable water mains (≤320mm)	km	17,533.1
Total length of potable water mains >320mm and ≤450mm	km	579.7
Total length of potable water mains >450mm and ≤610mm	km	377.4
Total length of potable water mains > 610mm	km	119.5
Treated water distribution – mains age profile		
Total length of potable mains laid or structurally refurbished pre-1880	km	37.9
Total length of potable mains laid or structurally refurbished between 1881 and 1900	km	206.4
Total length of potable mains laid or structurally refurbished between 1901 and 1920	km	428.8
Total length of potable mains laid or structurally refurbished between 1921 and 1940	km	1,565.3
Total length of potable mains laid or structurally refurbished between 1941 and 1960	km	3,950.5
Total length of potable mains laid or structurally refurbished between 1961 and 1980	km	5,288.7
Total length of potable mains laid or structurally refurbished between 1981 and 2000	km	4,287.2
Total length of potable mains laid or structurally refurbished between 2001 and 2020	km	2,590.6
Total length of potable mains laid or structurally refurbished post 2021	km	254.3
Communication pipes		
Number of lead communication pipes	nr	77,923
Number of galvanised iron communication pipes	nr	121,534
Number of other communication pipes	nr	835,375
Number of lead communication pipes replaced or relined for water quality	nr	864
Other		
Company area	km^2	11,350
Compliance Risk Index	nr	1.19
Event Risk Index	nr	154
Properties below reference level at end of year	nr	386

During K7, the CRI performance has been relatively consistent with performance showing a gradual improving trend and ranging between 3.86 and 1.19. The highest score was in 2021 which was influenced by several failures at treatment works as a result of tank ingress. During 2024 the CRI performance showed a good improvement and is anticipated to compare favourably with industry performance.

The improved performance in 2024 is considered to be largely attributed to improved tank cleaning and maintenance which has reduced the number of microbiological failures at our assets alongside the on-going delivery of long-term WQ enhancement programmes targeted at improving the quality of water produced at our treatment works. We have also seen a reduction of iron and manganese failures after the significant uplift in 2023. This follows a period of enhanced DOMS flushing activity undertaken since the 2022 drought which is aimed at reducing discolouration complaints and compliance breaches for iron and manganese.

In 2024 performance is an improvement in performance in the previous year. Across the AMP the SWB performance has ranged between 77 and 587. The SWB performance has been better than the industry performance in each year of the AMP.

In 2024, SWB notified 41 events to the DWI. The majority of the events received scores of zero as the event only affected a single property.

TABLE 6D – Demand management – Metering and leakage activities
for the 12 months ended 31 March 2025

	Units	Basic meter	AMR Meter	AMI meter
Metering activities – Totex expenditure				
New optant meter installation for existing customers	£m	–	2.649	0.171
New selective meter installation for existing customers	£m	–	0.112	–
New business meter installation for existing customers	£m	–	0.006	–
Residential meters renewed	£m	0.004	1.154	2.869
Business meters renewed	£m	0.011	0.345	0.321
Metering activities – Explanatory variables				
New optant meters installed for existing customers	000s	–	3.416	0.220
New selective meters installed for existing customers	000s	–	0.651	–
New business meters installed for existing customers	000s	–	0.019	–
Residential meters renewed	000s	0.017	4.874	33.097
Business meters renewed	000s	0.046	1.455	3.703
Replacement of basic meters with smart meters for household customers	000s		4.263	32.911
Replacement of AMR meter with AMI meters for household customers	000s			16.474
Replacement of basic meters with smart meters for business customers	000s		1.299	3.687
Replacement of AMR meter with AMI meters for business customers	000s			0.657
New residential meters installed for existing customers – supply–demand balance benefit	Ml/d	–	0.28	0.01
New business meters installed for existing customers – supply–demand balance benefit	Ml/d	–	–	–
Replacement of basic meter with smart meters for household customers – supply–demand balance benefit	Ml/d		0.05	0.22
Replacement of AMR meter with AMI meter for household customers – supply–demand balance benefit	Ml/d			0.12
Replacement of basic meter with smart meters for business customers – supply–demand balance benefit	Ml/d		–	–
Replacement of AMR meter with AMI meter for business customers – supply–demand balance benefit	Ml/d			–
Residential properties – meter penetration	%	56.6%	19.1%	8.5%

Leakage activities – Totex expenditure	Units	Maintaining leakage	Reducing leakage	**Total**
Total leakage activity	£m	34.096	21.406	**55.502**
Leakage improvements delivering benefits in 2020–25	Ml/d			**10.73**
Per capita consumption (excluding supply pipe leakage)				
Per capita consumption (measured)	l/h/d	119.89		
Per capita consumption (unmeasured)	l/h/d	304.11		

Through our extensive research and customer engagement, customers have told us that metering is the fairest way for households to pay for what they use; however, they still value the choice to switch.

To increase applicants, we launched our 'Lowest Price Guarantee' where customers can explore the benefits of a meter without the risk of paying any more than their existing bill. If the measured charge is in excess of the previous unmeasured charge, the difference will be credited back, giving comfort and peace of mind in difficult times.

The year-on-year change in profile has been largely because of the Green Recovery work, to help improve the available data and insight, as well as increased meter reading performance and bill accuracy for customers, in addition to aiding the identification of leakage for resolution for customers.

TABLE 6F – WRMP annual reporting on delivery – non-leakage activities

Whilst the table is not included in the APR due to its size, it is included within the APR tables on our website. Supporting commentary for this table is provided below.

Water efficiency activity in 2024–25 has consisted of:

- The distribution of free water butts to customers – The savings resulting this is calculated within the K7 6F reporting 2024-25.xlsx workbook, using the same methodology as for 2023–24. The number of butts sent out have been taken from 20250513, P Dommett – Water butt benefits.eml. This spend is captured in the Capex table. The benefit of these water butts is estimated to be 0.01 ML/d.

Investment to help Climate Vision secure match funding to create a CPD module linked with climate change that is accredited and offered to business across initially Cornwall and then wider. Our specific focus was to ensure water efficiency was a key element of the CPD programme. The course also links in with and provides vehicle to issue water efficiency devices and encourage the teams to go out and spread the word. No benefit of this activity has been claimed for 2024–25.

Additional regulatory information – wastewater network plus – SWB

TABLE 7A – Wastewater network+ – Functional expenditure

	£'000
Costs of STWs in size bands 1 to 5	
Direct costs of STWs in size band 1	5,466.000
Direct costs of STWs in size band 2	5,297.000
Direct costs of STWs in size band 3	10,433.000
Direct costs of STWs in size band 4	13,334.000
Direct costs of STWs in size band 5	10,079.000
General & support costs of STWs in size bands 1 to 5	8,474.000
Functional expenditure of STWs in size bands 1 to 5	**53,083.000**
Costs of STWs in size band 6	
Service charges for STWs in size band 6	394.000
Estimated terminal pumping costs size band 6 works	1,891.000
Other direct costs of STWs in size band 6	24,189.000
Direct costs of STWs in size band 6	26,474.000
General & support costs of STWs in size band 6	5,029.000
Functional expenditure of STWs in size band 6	31,503.000
Total Functional expenditure for Sewage treatment	**84,586.000**

Total Functional expenditure of STWs in size bands 1–5 has increased by 25% to £53.8m from £43.2m (2023–24). In Band 6 they have decreased by 6% to £31.9m from £34m. The expenditure across all sites has increased to £85.8m (11%) from £77.2m in the prior year. The overall increase in direct costs across each of the bands 1–5 ranges between 15%-36%, the biggest increase being on the general and support costs.

TABLE 7B – Wastewater network+ – Large sewage treatment works

	Units	Barnstaple (Ashford)	Newton Abbot (Buckland)	Torbay (Brokenbury Quarry)	Camborne	Bideford (Cornborough)	Exeter (Countess Wear)	Plymouth (Camels Head)
Sewage treatment works – Explanatory variables								
Classification of treatment works	text	Tertiary A2	Secondary Activated Sludge	Tertiary A2	Secondary Activated Sludge	Tertiary A2	Tertiary A2	Tertiary A2
Population equivalent of total load received	000	47.02	87.77	157.90	64.24	46.43	166.07	50.41
Suspended solids consent	mg/l	45.00	60.00	60.00	250.00	60.00	25.00	30.00
BOD_5 consent	mg/l	25.00	25.00	25.00	25.00	25.00	15.00	20.00
Ammonia consent	mg/l	20.00	–	–	–	–	10.00	–
Phosphorus consent[2]	mg/l	–	–	–	–	–	–	–
UV consent	$mW/s/cm^2$	27.00	–	24.00	–	16.00	30.00	30.00
Load received by STW	$kgBOD_5/d$	2,821	5,266	9,474	3,854	2,786	9,964	3,025
Flow passed to full treatment	m^3/d	15,715	26,100	52,441	20,206	15,790	50,422	15,035
Sewage treatment works – Functional expenditure								
Service charges	£000	19	19	32	32	17	35	20
Estimated terminal pumping expenditure	£000	–	–	942	176	–	–	107
Other direct expenditure	£000	1,480	1,384	3,331	613	300	2,723	935
Total direct expenditure	£000	1,499	1,403	4,305	821	317	2,758	1,062
General and support expenditure	£000	285	266	818	156	60	524	202
Functional expenditure	£000	1,784	1,669	5,123	977	377	3,282	1,264

1. TA2 – Tertiary A2, SAS – Secondary Activated Sludge, SB – Secondary Biological, TB2 – Tertiary B2.
2. All of South West's large sewage treatment works discharge to either sea or estuary so do not have a phosphorous permit.

Exmouth (Maer Lane)	Plymouth (Central)	Falmouth	Hayle	Plymouth (Ernesettle)	Plympton (Marsh Mills)	Truro (Newham)	Plymouth (Roadford)	Newquay	St Austell	**Total**
Tertiary A2	Tertiary A2	Tertiary A2	Secondary Biological	Tertiary B2	Tertiary A2	Tertiary A2	Secondary Activated Sludge	Tertiary A2	Tertiary B2	
54.18	105.95	44.60	66.17	61.38	58.62	31.93	39.38	28.68	25.81	
60.00	60.00	15.00	150.00	60.00	20.00	30.00	60.00	60.00	30.00	
25.00	25.00	20.00	25.00	25.00	10.00	20.00	25.00	25.00	20.00	
–	–	–	–	35.00	5.00	20.00	–	–	10.00	
–	–	–	–	–	–	–	–	–	–	
43.00	54.00	42.00	–	33.00	–	33.00	24.00	–	–	
3,251	6,357	2,676	3,970	3,683	3,517	1,916	2,363	1,721	1,549	
15,177	39,595	12,202	27,222	16,162	20,152	11,508	9,896	10,487	5,598	
19	32	19	34	20	19	19	19	19	20	**394**
–	666	–	–	–	–	–	–	–	–	**1,891**
1,177	4,210	944	1,375	1,237	1,255	780	947	776	722	**24,189**
1,196	4,908	963	1,409	1,257	1,274	799	966	795	742	**26,474**
227	932	183	268	239	242	152	183	151	141	**5,029**
1,423	5,840	1,146	1,677	1,496	1,516	951	1,149	946	883	**31,503**

Additional regulatory information – wastewater network plus – SWB continued

TABLE 7C – Wastewater network+ – Sewer and volume data

Wastewater network (as at 31 March)

	Units	Input
Connectable properties served by s101A schemes completed in the report year	nr	12
Number of s101A schemes completed in the report year	nr	1
Total pumping station capacity	kW	39,720
Number of network pumping stations	nr	1,228
Total number of sewer blockages	nr	6,445
Total number of gravity sewer collapses	nr	97
Total number of sewer rising main bursts	nr	48
Number of combined sewer overflows	nr	1,176
Number of emergency overflows	nr	199
Number of settled storm overflows	nr	179
Sewer age profile (constructed post 2001)	km	1,392
Volume of trade effluent	Ml/yr	2,592.84
Volume of wastewater receiving treatment at sewage treatment works	Ml/yr	232,017.53
Length of gravity sewers rehabilitated	km	17
Length of rising mains replaced or structurally refurbished	km	5
Length of foul (only) public sewers	km	2,857
Length of surface water (only) public sewers	km	3,507
Length of combined public sewers	km	7,272
Length of rising mains	km	1,106
Length of other wastewater network pipework	km	296
Total length of 'legacy' public sewers as at 31 March	km	15,038
Length of formerly private sewers and lateral drains (s105A sewers)	km	10,443

Storm overflows – additional reporting (as at 1 January)

Number of combined sewer overflows (as at 1 January)	nr	1,176
Number of settled storm overflows (as at 1 January)	nr	179
Number of storm overflows – other (as at 1 January)	nr	0
Number of storm overflows – pending investigation (as at 1 January)	nr	2
Number of permitted storm overflows closed in the previous reporting year (as at 1 January)	nr	9
Number of storm overflows – consistent with PR24 performance commitment definition	nr	1,366
Number of storm overflows closed in the previous reporting year – (as at 1 January)	nr	50
Number of storm overflows with event duration monitors installed (as at 1 January)	nr	1,366
Proportion of the time that event duration monitors on storm overflows were operational (from 1 January to 31 December)	%	97.35%
Number of spills from storm overflows (from 1 January to 31 December)	nr	56,173

Emergency overflows – additional reporting (as at 1 January)

Number of emergency overflows – sewage pumping stations (as at 1 January)	nr	199
Number of emergency overflows – network (as at 1 January)	nr	0
Number of emergency overflows – other (as at 1 January)	nr	36
Number of emergency overflows – all (as at 1 January)	nr	235
Number of emergency overflows with event duration monitors installed (as at 1 January)	nr	235
Number of emergency overflows with MCERTS certified event duration monitors installed (as at 1 January)	nr	0
Proportion of the time that event duration monitors on emergency overflows were operational (from 1 January to 31 December)	%	99.25%
Number of spills from emergency overflows (from 1 January to 31 December)	nr	529

Additional regulatory information – wastewater network plus – SWB continued

TABLE 7D – Wastewater network+ – Sewage treatment works data

	Units	Treatment categories							
		Secondary						Tertiary	
		Primary	Activated sludge	Biological	A1	A2	B1	B2	**Total**
Load received at sewage treatment works									
Load received by STWs in size band 1	kg BOD_5/day	121	296	995	75	15	418	28	**1,948**
Load received by STWs in size band 2	kg BOD_5/day	18	235	725	141	145	358	171	**1,793**
Load received by STWs in size band 3	kg BOD_5/day	166	896	1,675	880	1,677	1,014	1,290	**7,598**
Load received by STWs in size band 4	kg BOD_5/day	–	2,820	1,721	985	5,200	764	4,835	**16,325**
Load received by STWs in size band 5	kg BOD_5/day	–	920	–	–	8,855	813	5,798	**16,386**
Load received by STWs above size band 5	kg BOD_5/day	–	10,669	3,970	–	48,148	–	5,403	**68,190**
Total load received	kg BOD_5/day	305	15,836	9,086	2,081	64,040	3,367	17,525	**112,240**
Load received from trade effluent customers at treatment works	kg BOD_5/day								**2,931**
Number of sewage treatment works									
STWs in size band 1	nr	87	40	185	8	1	50	3	**374**
STWs in size band 2	nr	1	11	31	6	5	16	7	**77**
STWs in size band 3	nr	2	13	31	13	15	19	18	**111**
STWs in size band 4	nr	–	9	8	4	17	5	14	**57**
STWs in size band 5	nr	–	1	–	–	10	1	6	**18**
STWs above size band 5	nr	–	3	1	–	11	–	2	**17**
Total number of works	nr	90	77	256	31	59	91	50	**654**

	Units	2024/25
Population equivalent		
Current population equivalent served by STWs	000s	1,750.614
Current population equivalent served by STWs with tightened/new P consents	000s	47.568
Current population equivalent served by STWs with tightened/new N consents	000s	61.772
Current population equivalent served by STWs with tightened/new sanitary parameter consents	000s	7.651
Current population equivalent served by STWs with tightened/new UV consents	000s	0.000
Population equivalent treatment capacity enhancement	000s	2.191
Current population equivalent served by STWs with tightened/new consents for chemicals or other hazardous substances	000s	0.000

Treatment works consents

Phosphorus					BOD$_5$						Ammonia					
<=0.5mg/l	>0.5 to <=1mg/l	>1mg/l	No permit	**Total**	<=7mg/l	>7 to <=10mg/l	>10 to <=20mg/l	>20mg/l	No permit	**Total**	<=1mg/l	>1 to <=3mg/l	>3 to <=10mg/l	>10mg/l	No permit	**Total**
–	–	14	1,935	**1,949**	–	7	118	273	1,551	**1,949**	–	–	148	115	1,686	**1,949**
–	–	80	1,713	**1,793**	18	27	489	992	267	**1,793**	–	38	630	408	717	**1,793**
249	365	714	6,271	**7,599**	325	666	2,741	3,631	236	**7,599**	109	722	2,191	1,120	3,455	**7,597**
1,130	2,506	292	12,396	**16,324**	–	764	4,914	10,646	–	**16,324**	–	641	5,329	3,903	6,451	**16,324**
949	4,308	3,523	7,605	**16,385**	–	1,601	10,124	4,661	–	**16,386**	–	1,391	8,899	1,447	4,649	**16,386**
–	–	–	68,191	**68,191**	–	3,517	19,129	45,545	–	**68,191**	–	–	15,029	8,419	44,742	**68,190**
2,328	7,179	4,623	98,111	**112,241**	343	6,582	37,515	65,748	2,054	**112,242**	109	2,792	32,226	15,412	61,700	**112,239**
–	–	1	373	**374**	–	1	11	24	338	**374**	–	–	12	13	349	**374**
–	–	3	74	**77**	1	1	21	41	13	**77**	–	2	27	17	31	**77**
3	5	10	93	**111**	4	8	43	53	3	**111**	1	9	39	14	48	**111**
3	7	2	45	**57**	–	2	18	37	–	**57**	–	3	17	15	22	**57**
1	5	3	9	**18**	–	2	11	5	–	**18**	–	1	11	1	5	**18**
–	–	–	17	**17**	–	1	5	11	–	**17**	–	–	3	3	11	**17**
7	17	19	611	**654**	5	15	109	171	354	**654**	1	15	109	63	466	**654**

Additional regulatory information – wastewater network plus – SWB continued

TABLE 7E – Wastewater network+ – Other data including energy consumption and scheme delivery
for the 12 months ended 31 March 2025

	Units	Input
Other		
Total sewerage catchment area	km^2	870
Designated coastal bathing waters	nr	157
Number of intermittent discharge sites with event duration monitoring	nr	3
Number of monitors for flow monitoring at STWs	nr	15
Number of odour related complaints	nr	868
Energy consumption		
Energy consumption – sewage collection	MWh	56085.569
Energy consumption – sewage treatment	MWh	111212.392
Energy consumption – wastewater network+	MWh	167297.962
Scheme delivery		
Cumulative shortfall in FFT addressed by WINEP / NEP schemes to increase STW capacity	l/s	15.300
Number of sites with an increase in sewage treatment works capacity delivered to address a shortfall in FFT	nr	1
Additional storm tank capacity provided at STWs (grey infrastructure)	m^3	4519.000
Additional effective storm storage capacity at sewage treatment work (delivered through green infrastructure)	m^3	0.000
Additional volume of network storage at CSOs etc to reduce spill frequency (grey infrastructure)	m^3	0.000
Additional effective storage in the network delivered through green infrastructure	m^3	0.000
Total number of sewage treatment works sites where additional storage has been delivered (grey infrastructure)	nr	15
Number of sewage treatment works sites where additional storage has been delivered with pumping (grey infrastructure)	nr	15
Number of sewage treatment works benefiting from green infrastructure replacing the need for storm tank storage	nr	0
Number of sites delivering additional network storage (grey infrastructure)	nr	0
Number of sites delivering additional network storage including pumping (grey infrastructure)	nr	0
Number of sites delivering additional network storage through green infrastructure	nr	0
Surface water separation drainage area removed	m^2	74,000
Number of schemes delivered to meet tightened or new sanitary consents	nr	4
Number of installations requiring civils for flow monitoring at sewage treatment works	nr	8
Number of installations requiring civils for event duration monitoring at intermittent discharges	nr	0
Number of storm overflows where improvements have been made to reduce harm or reduce spill frequencies	nr	106

This year's total of 870 km2 is an increase of 9km2 compared to the 2023/24 value. The GIS team completed an extensive programme of updates during 2024/25 which has not only increased the catchment area but also the accuracy of our mapping database.

This year's number of permanent EDMs installed is lower than previous years. This is due to the Company target of 100% installation for permitted storm overflows by year end 2022. For this reporting year permanent EDM was installed at 3 locations, replacing temporary monitors installed to meet the 100% coverage requirement.

TABLE 7F – Wastewater network+ – WINEP phosphorus removal scheme costs and cost drivers

Whilst the table is not included in the APR due to its size, it is included within the APR tables on our website. Supporting commentary for the table is below.

There have been no significant variances between the data provided in 2023/24 and the total forecast costs reported for 2024/25. Current forecasts show a total forecast across the P removal programme of £53.023M compared with the forecast last year of £77.3M. The difference is as a result of detailed scope reviews undertaken in June/July 2024 and the removal of the Frogpool and Lanner St Day STW measures.

All P removal measures are currently forecasting or had total costs significantly adverse to the FD target, this is due to a variety of factors but under-scoping at PR19, efficiency challenges and the extremely high inflationary pressures on MEICA equipment are the principal causes.

No expenditure (capex or opex) has been included in the Frogpool STW line as the P reduction measure for this site was removed from the WINEP along with the associated Lanner St Day STW measure.

No expenditure has been allocated to Camelford as this site already meets the enhanced permit limits due to an earlier WINEP scheme to reduce P concentrations to 1mg/l.

Additional regulatory information – bioresources – SWB

TABLE 8A – Bioresources sludge data

	Units	Totals
Total sewage sludge produced, treated by incumbents	ttds/year	**44.2**
Total sewage sludge produced, treated by third-party sludge service provider	ttds/year	**0.4**
Total sewage sludge produced	ttds/year	**44.6**
Total sewage sludge produced from non-appointed liquid waste treatment	ttds/year	**1.5**
Percentage of sludge produced and treated at a site of STW and STC co-location	**%**	**67.43%**
Total sewage sludge disposed by incumbents	ttds/year	**40.3**
Total sewage sludge disposed by third-party sludge service provider	ttds/year	**5.6**
Total sewage sludge disposed	**ttds/year**	**45.9**
Total measure of intersiting 'work' done by pipeline	ttds*km/year	**1**
Total measure of intersiting 'work' done by tanker	ttds*km/year	**461**
Total measure of intersiting 'work' done by truck	ttds*km/year	**461**
Total measure of intersiting 'work' done (all forms of transportation)	**ttds*km/year**	**923**
Total measure of intersiting 'work' done by tanker (by volume transported)	**m^3*km/yr**	**21,028,912**
Total measure of 'work' done in sludge disposal operations by pipeline	ttds*km/year	**–**
Total measure of 'work' done in sludge disposal operations by tanker	ttds*km/year	**–**
Total measure of 'work' done in sludge disposal operations by truck	ttds*km/year	**1,945**
Total measure of 'work' done in sludge disposal operations (all forms of transportation)	**ttds*km/year**	**1,945**
Total measure of 'work' done by tanker in sludge disposal operations (by volume transported)	m^3*km/yr	**–**
Chemical P sludge as % of sludge produced at STWs	%	**17.69%**

Total sewage sludge produced and treated by incumbents increased by 7.8% to 44.2 TTDS, largely driven by population growth, new phosphorus removal schemes, and rising volumes of commercial tankered waste. Despite the increase, the proportion of sludge monitored via boundary instrumentation fell by 8.59% due to operational limitations. South West Water continued to utilise third-party incineration services for unsuitable sludges, maintaining a consistent volume of 0.4 TTDS. Overall sludge disposal rose slightly by 1.8% to 45.9 TTDS, exceeding production due to factors like lime addition, digestion losses, and seasonal spreading patterns. There was a shift toward increased use of third-party disposal outlets, up 27.3%, in response to regulatory compliance (Farming Rules for Water and BAS 20). Transport activity also rose, with significant increases in sludge intersiting by both tanker and truck, reflecting operational needs and treatment site availability. The volume of chemical phosphorus sludge also rose by 8.1% to 17.69%, reflecting new P-scheme outputs and additional commercial waste. No disposal was undertaken by pipeline or tanker, with all disposals via truck, which saw a 6.8% rise in workload due to increased sludge volumes and extended landbank sourcing.

TABLE 8B – Bioresources operating expenditure analysis

Sludge transport method	Pipeline £m	Tanker £m	Truck £m	Total £m
Power	–	–	–	–
Income treated as negative expenditure	–	–	–	–
Discharge consents	–	–	–	–
Bulk discharge	–	–	–	–
Other operating expenditure				
Renewals expensed in year (Infrastructure)	–	–	–	–
Renewals expensed in year (Non-Infrastructure)	–	–	–	–
Other operating expenditure excluding renewals	–	6.588	–	**6.588**
Total functional expenditure	–	6.588	–	**6.588**
Local authority and Cumulo rates	–	–	–	–
Total operating expenditure (excluding third-party)	–	6.588	–	**6.588**

Sludge treatment type	Untreated Sludge £m	Raw Sludge liming £m	Conventional AD £m	Incineration of raw sludge £m	Photo-conditioning/ composting £m	Advanced Anaerobic Digestion £m	Other £m	Total £m
Power	–	2.443	0.865	–	0.095	–	0.003	**3.406**
Income treated as negative expenditure	–	(0.363)	(0.129)	–	(0.014)	–	(0.001)	**(0.507)**
Discharge consents	–	–	–	–	–	–	–	–
Bulk discharge	–	–	–	–	–	–	–	–
Other operating expenditure								
Renewals expensed in year (Infrastructure)	–	–	–	–	–	–	–	–
Renewals expensed in year (Non-Infrastructure)	–	–	–	–	–	–	–	–
Other operating expenditure excluding renewals	–	9.157	3.244	–	0.358	–	0.013	**12.772**
Total functional expenditure	**–**	**11.237**	**3.980**	**–**	**0.439**	**–**	**0.015**	**15.671**
Local authority and Cumulo rates	–	1.608	0.570	–	0.063	–	0.002	**2.243**
Total operating expenditure (excluding third-party)	**–**	**12.845**	**4.550**	**–**	**0.502**	**–**	**0.017**	**17.914**

Sludge disposal route	Landfill, raw £m	Landfill, partly treated £m	Land restoration/ reclamation £m	Sludge recycled to farmland £m	Incineration of digested Sludge	Other £m	Total £m
Power	–	–	–	0.001	–	0.006	**0.007**
Income treated as negative expenditure	–	–	–	–	–	–	–
Discharge consents	–	–	–	–	–	–	–
Bulk discharge	–	–	–	–	–	–	–
Other operating expenditure							
Renewals expensed in year (Infrastructure)	–	–	–	–	–	–	–
Renewals expensed in year (Non-Infrastructure)	–	–	–	–	–	–	–
Other operating expenditure excluding renewals	–	–	0.074	7.298	–	0.007	**7.379**
Total functional expenditure	–	–	0.074	7.299	–	0.013	**7.386**
Local authority and Cumulo rates	–	–	–	0.009	–	–	**0.009**
Total operating expenditure (excluding third-party)	**–**	**–**	**0.074**	**7.308**	**–**	**0.013**	**7.395**

Other operating expenditure includes all costs to the business not specifically listed above. Costs such as manpower, equipment & consumables, partners, contracted services, and central allocations (i.e. from overhead departments) are all within this line. The increase of 16% and 18% respectively is spread across the board with increased people costs increased reliance on hire of equipment with a reduction in capex spend across the year, preventative measures to tackle compliance and general contracted services prices and volumes increasing.

There was a saving in power this year, with rainfall levels decreasing back to normal levels from a very high level in 2023/24.

Additional regulatory information – bioresources – SWB continued

TABLE 8C – Bioresources energy and liquors analysis

	Electricity MWh	Heat MWh	Biomethane MWh	**Total MWh**	Electricity £m	Heat £m	Biomethane £m	**Total £m**
Energy								
Energy consumption – bioresources	12,199	6,835	–	**20,028**	2.960	0.678	–	**3.638**
Energy generated by and used in bioresources control	2,216	6,625	–	**8,841**	0.538	0.658	–	**1.196**
Energy generated by bioresources and used in network plus control	3,487	–	–	**3,487**	0.846	–	–	**0.846**
Energy generated by bioresources and exported to the grid or third-party	–	–	–	**–**	–	–	–	**–**
Energy generated by bioresources that is unused	–	4,416	8,928	**13,344**				
Energy bought from grid or third-party and used in bioresources control	9,889	210	–	**10,099**	2.400	0.021	–	**2.421**

	Unit	Value
Income from renewable energy subsidies		
Income claimed from Renewable Energy Certificates (ROCs)	£m	0.357
Income claimed from Renewable Heat Incentives (RHIs)	£m	–
Total income claimed from renewable energy subsidies	£m	0.357
% of total number of renewable energy subsidies due to expire in the next two financial years	%	82%
This year's value of renewable energy subsidies due to expire in the next two financial years	£m	0.294

Note: Companies to input specific subsidy which is being referenced in lines 8C.8–8C.10.

	Units	Value
Bioresources liquors treated by network+		
BOD load of liquor or partially treated liquor returned from bioresources to network plus	kg/d	5,548
Ammonia load of liquor or partially treated liquor returned from bioresources to network plus	kg Amm–N/d	369
Recharge to Bioresources by network plus for costs of handling and treating bioresources liquors	£m	6.499

	Electricity MWh	Heat MWh	Biomethane MWh	**Total MWh**	Electricity £m	Heat £m	Biomethane £m	**Total £m**
Energy (AMP 7 shadow reported values)								
Energy consumption – bioresources	12,199	6,835	–	**20028**	2.960	0.678	–	**3.638**
Energy generated by and used in bioresources control	2,216	6,625	–	**8,841**	0.538	0.658	–	**1.196**
Energy generated by bioresources and used in network plus control	3,487	–	–	**3,487**	0.846	–	–	**0.846**
Energy generated by bioresources and exported to the grid or third-party	–	–	–	**–**	–	–	–	**–**
Energy generated by bioresources that is unused	–	4,416	8,928	**13,344**				
Energy bought from grid or third-party and used in bioresources control	9,889	210	–	**10,099**	2.400	0.021	–	**2.421**

	%
Percentage of bioresources energy consumption that is metered	61.048

TABLE 8D – Bioresources sludge treatment and disposal data
for the 12 months ended 31 March 2025

	Units	By incumbent	By 3rd party sludge service providers
Sludge treatment process			
% Sludge – untreated	%	4.1%	–
% Sludge treatment process – raw sludge liming	%	67.8%	–
% Sludge treatment process – conventional AD	%	27.3%	–
% Sludge treatment process – advanced AD	%	–	–
% Sludge treatment process – incineration of raw sludge	%	–	0.8%
% Sludge treatment process – other (specify)	%	–	–
% Sludge treatment process – Total	**%**	**99.2%**	**0.8%**
(Un–incinerated) sludge disposal and recycling route			
% Sludge disposal route – landfill, raw	%	–	–
% Sludge disposal route – landfill, partly treated	%	–	–
% Sludge disposal route – land restoration/ reclamation	%	–	11.4%
% Sludge disposal route – sludge recycled to farmland	%	88.6%	–
% Sludge disposal route – other (specify)	%	–	–
% Sludge disposal route – Total	**%**	**88.6%**	**11.4%**

Additional regulatory information – innovation competition – SWB

TABLE 9A – Innovation competition
for the 12 months ended 31 March 2025

		Current year £m
Allowed		
Allocated innovation competition fund price control revenue	£m	**2.195**
Revenue collected for the purposes of the innovation competition		
Innovation fund income from customers	£m	**2.195**
Income from customers to fund innovation projects the Company is leading on	£m	**–**
Income from customers as part of the inflation top-up mechanism	£m	**–**
Income awarded to fund innovation projects the Company is leading on	£m	**0.020**
Income from customers that is transferred to other companies as part of the innovation fund	£m	**1.986**
Non-price control revenue (e.g. royalties)	£m	**–**
Administration		
Administration charge for innovation partner	£m	**0.097**

	Total amount of funding awarded to the lead company through the innovation fund	Total amount of inflation top-up funding received	Forecast expenditure on innovation fund projects in year (excl 10% partnership contribution)	Actual expenditure on innovation fund projects in year (excl 10% partnership contribution)	**Difference between actual and forecast expenditure**
Units	£m	£m	£m	£m	**£m**
Water Net Gain	1.000	–	0.223	0.209	**(0.014)**
Total	**1.000**	**–**	**0.223**	**0.209**	**(0.014)**

Our allocated revenue for the 2024/25 year is £2.195m. Where revenue figures are inflated from the 17/18 price base quoted in PR19 Business Plans, this has been done so using November 2023 CPIH value.

We are leading on one innovation competition project, which began during the 2023/24 year – Water Net Gain. The total amount of funding awarded (excluding the 10% contribution) is £1.000m.

This is a discrete project with a specific team and the innovation funding does not support any expenditure that would otherwise be incurred by South West Water, as there is specifically no financial contribution to South West Water staff time or overheads.

The administration charge for innovation partners is £0.097m for the year. At the end of the financial year, the net cash balance related to the innovation fund amounts to £3.654m, reflecting £10.138m received from customers over 2020–2025, less £0.384m contribution to the innovation fund administration costs, £6.835m transferred to the innovation fund winning projects, £1.020m received from other companies for the project SWB is leading on and £0.286m lead project expenditure.

The net cash balance is reflective of the timing difference between when revenue is recognised from customers, compared to contributions to the innovation fund for winning projects and the timing of lead project expenditure.

Forecast project lifecycle expenditure on innovation fund projects (excl 10% partnership contribution)	Cumulative actual expenditure on innovation fund projects (excl 10% partnership contribution)	**Difference between actual and forecast expenditure**	Allowed future expenditure on innovation fund projects	In year expenditure on innovation projects funded by shareholders	Cumulative expenditure on innovation projects funded by shareholders	Cumulative expenditure on innovation projects funded by project partner contributions
£m	£m	**£m**	£m	£m	£m	£m
1.000	0.286	**(0.714)**	0.713	–	–	–
1.000	**0.286**	**(0.714)**	**0.713**	–	–	**–**

Additional regulatory information – Green Recovery – SWB

Our Green Recovery plan includes investments of c.£82m (in 2017/18 prices) to deliver five schemes:

- Advancement of Knapp Mill – advancement of treatment works near Christchurch
- Water resource grid enhancement – increasing water supply by supporting water transfers
- Smarter, healthier homes – trialling ways to help customers save water, protect customers from the cost of supply pipe failures and reducing health risks from lead pipes.
- Storm overflows – reducing harm from storm overflows and improving river water quality
- Catchment management – using nature-based solutions to reduce flood risk and enhance natural habitats.

Expenditure to date is behind allowance

Further detail can be found in our separate Green Recovery Appendix and found on our website at www.southwestwater.co.uk/siteassets/documents/about-us/annual-reports/2024/green-recovery---swb.pdf.

TABLE 10A – Green Recovery data capture additional items
for the 12 months ended 31 March 2025

Section 1: Water resources and water network+

From Table 6C

Other	Unit	Input	RAG 4 reference	Main table reference
Total length of new potable mains	km	3.1	10A.1	6C.4
Number of lead communication pipes replaced for water quality	nr	849	10A.2	6C.21

From Table 6D

	Units	Basic meter	AMR meter	AMI meter		
Metering activities – Totex expenditure						
New optant meter installation	£m			0.099	10A.3	6D.2
New business meter installation	£m			0.013	10A.4	6D.3
Residential meters renewed	£m			2.596	10A.5	6D.4
Business meters renewed	£m			0.356	10A.6	6D.5
Metering activities – Explanatory variables	Units					
New selective meters installed for existing customers	000s			0.281	10A.7	6D.7
New business meters installed for existing customers	000s			0.038	10A.8	6D.8
Residential meters renewed	000s			20.049	10A.9	6D.9
Business meters renewed	000s			2.927	10A.10	6D.10
Replacement of basic meters with smart meters for residential customers	000s		–	15.421	10A.11	6D.11
Replacement of AMR meter with AMI meters for residential customers	000s			4.628	10A.12	6D.12
Replacement of basic meters with smart meters for business customers	000s		–	2.571	10A.13	6D.13
Replacement of AMR meter with AMI meters for business customers	000s			0.356	10A.14	6D.14
New residential meters installed for existing customers – supply–demand balance benefit	Ml/d			0.02	10.15	6D.15
New business meters installed for existing customers – supply–demand balance benefit	Ml/d			0.01	10.16	6D.16
Replacement of basic meter with smart meters for residential customers – supply–demand balance benefit	Ml/d		–	0.12	10.17	6D.17
Replacement of AMR meter with AMI meter for residential customers – supply–demand balance benefit	Ml/d			0.03	10.18	6D.18
Replacement of basic meter with smart meters for business customers – supply–demand balance benefit			–	–	10.19	6D.19
Replacement of AMR meter with AMI meter for business customers – supply–demand balance benefit				–	10.20	6D.20

Leakage activities	Units					
Leakage improvements delivering benefits in 2020–25	Ml/d			10.73	10A.21	6D.23

Table 10A values are not included in tables 6D and 4L as the South West Water Green Recovery investments have been reported as a single line item in table 4L.

TABLE 10A – Green Recovery data capture additional items continued

Section 2: Wastewater network+ and bioresources

From Table 7D

	Units			
Additional storm tank capacity provided at STWs	m^3	–	10A.22	7E.11
Additional volume of network storage at CSOs etc to reduce spill frequency	m^3	–	10A.23	7E.12
Additional volume of network storage at CSOs etc to reduce spill frequency (grey infrastructure)	m^3	–	10A.24	7E.13
Additional effective storage in the network delivered through green infrastructure	m^3	–	10A.25	7E.14

TABLE 10B – Green recovery data capture outcome performance for the 12 months ended 31 March 2025

Water common performance commitments relevant to green recovery reporting

Line description	Unit	Standardising data indicator	Standardising data numerical value	Performance level – actual impacts of green recovery investment element only (current reporting year)	Performance level – actual impacts of green recovery investment element only calculated (i.e. standardised)
Performance commitments set in standardised units – Water					
Per capita consumption (PCC)	lpd	Total household population	2330.33	346.01	148.48

Line description	Unit	"Performance level – actual (2020–21)"	"Performance level – actual (2021–22)"	"Performance level – actual (2022–23)"	"Performance level – actual (2023–24)"	"Performance level – actual (2024–25)"
Performance commitments measured against a calculated baseline						
Leakage – actual including impacts of green recovery investment	Ml/d	136	90.6	112.19	118.53	107.80
Leakage – actual impacts of green recovery investment element only	Ml/d	–	–	0.03	0.76	0.52
Per capita consumption (PCC) – actual impacts of green recovery investment element only	lpd	0.01	0.03	0.03	0.13	(0.07)

Additional regulatory information – Green Recovery – SWB continued

TABLE 10C – Green recovery data capture outcome performance

for the 12 months ended 31 March 2025

Table 10C is not applicable to SWB for 2024/25.

TABLE 10D – Green Recovery data capture additional items – Bespoke performance commitments relevant to Green Recovery reporting

for the 12 months ended 31 March 2025

		Performance level – impacts of Green Recovery			
	Unit	Previous reporting year	Current reporting year	RAG 4 reference	Main table reference (to be completed by Company)
Biodiversity – Enhancement	Ha	3,364	7,169	10D.1	3A.12

A summary of our performance in respect of each of our projects forming part of our Green Recovery Initiative is provided in our Green Recovery Annual Report www.southwestwater.co.uk/siteassets/documents/about-us/annual-reports/2024/green-recovery---swb.pdf.

TABLE 10E – Green recovery data capture reconciliation model input
for the 12 months ended 31 March 2025

Scheme 1	Total allowance £m
Catchment management	9.000

					2024–25	
	Name	Allowance (£m)	Unit	Component level at completion	**Component level to date**	**Percentage complete**
Component 1	Number of hectares of intensive peatland restoration delivered	6.300	ha	1,000	**832**	**83.2%**
Component 2	Number of hectares of catchment management delivered	2.700	ha	9,000	**13481**	**149.8%**

Scheme 2	Total allowance, £m
Knapp Mill water treatment works advancement	24.877

					2024–25	
	Name	Allowance (£m)	Unit	Component level at completion	**Component level to date**	**Percentage complete**
Component 1	Progress against agreed milestones such as completion of detailed design, civil and M&E construction, commissioning and handover.	24.877	%	100%	**38%**	**38.0%**

Scheme 3	**Total allowance, £m**
Smarter, healthier homes	**17.401**

					2024–25	
	Name	Allowance (£m)	Unit	Component level at completion	**Component level to date**	**Percentage complete**
Component 1	Number of upgraded new smart meter installations	1.053	000s	44.800	**2.577**	**5.8%**
Component 2	Number of basic meters replaced by or upgraded to smart meters	5.048	000s	76.072	**61.897**	**81.4%**
Component 3	Number of external lead supply pipes replaced to the property building boundary wall.	7.273	000s	5.100	**1.711**	**33.5%**
Component 4	Number of internal lead supply pipes replaced from property building boundary wall to the compliance point (kitchen tap).	2.612	000s	1.913	**0.009**	**0.5%**
Component 5	Number of supply pipes replaced by 31 March 2025.	0.571	000s	0.752	**0.076**	**10.1%**
Component 6	Number of supply pipes repaired by 31 March 2025.	0.844	000s	1.324	**0.284**	**21.5%**

Additional regulatory information – Green Recovery – SWB continued

TABLE 10E – Green recovery data capture reconciliation model input continued

Scheme 4	Total allowance, £m
Storm overflows	7.642

					2024–25	
	Name	Allowance (£m)	Unit	Component level at completion	**Component level to date**	**Percentage complete**
Component 1	Stage one SOAF investigations	0.575	Nr	248	**106**	**42.7%**
Component 2	Stage two SOAF investigations	0.477	Nr	163	**109**	**66.9%**
Component 3	Stage three SOAF investigations	0.495	Nr	100	**8**	**8.0%**
Component 4	Stage four SOAF investigations	0.325	Nr	100	**8**	**8.0%**
Component 5	'Develop a programme of sampling and modelling (in consultation with the Environment Agency) to understand the river bathing water performance of the two proposed river stretches, and to identify and quantify sources of pollutants'	0.350	%	100%	**85%**	**85.0%**
Component 6	SOAF studies across the two river catchments	0.250	Nr	25	**18**	**72.0%**
Component 7	Installation and testing of enhanced storm overflow and environmental monitors to determine how they may enhance environmental studies and improve impact assessment	0.500	Nr	100%	**75%**	**75.0%**
Component 8	Development of partnerships, stakeholder and customer engagement– to support the pilot studies and test the benefits of different approaches	0.750	%	100%	**90%**	**90.0%**
Component 9	Delivery of 'quick win' asset enhancements (such as overflow screening) that have been identified through the pilot studies	2.000	%	100%	**–**	**–**
Component 10	Surface water separation trial	1.920	ha	11.5	**0.4**	**3.5%**

Scheme 5	Total allowance, £m
Water resource grid enablement	22.702

					2024–25	
	Name	Allowance (£m)	Unit	Component level at completion	**Component level to date**	**Percentage complete**
Component 1	Roadford reservoir	12.818	%	100%	**72%**	**72.0%**
Component 2	Prewley and Northcombe WTW mains	9.884	%	100%	**100%**	**100.0%**

TABLE 10F – Accelerated infrastructure delivery projects data capture additional items
for the 12 months ended 31 March 2025

Section 1: Water resources and water network+

We are beginning the activity and experience gained through our green recovery and WINEP programmes where these align with outputs required. We therefore expect to see significantly higher expenditure in the coming year.

From Table 6C

Other	Unit	Input
Total length of new potable mains	km	–
Number of lead communication pipes replaced for water quality	nr	–

From Table 6D

	Units	Basic meter	AMR meter	AMI meter
Metering activities – Totex expenditure				
New selective meter installation for existing customers	£m			–
New business meter installation for existing customers	£m			–
Residential meters renewed	£m			2.066
Business meters renewed	£m			0.384
Metering activities – Explanatory variables				
New selective meters installed for existing customers	000s			–
New business meters installed for existing customers	000s			–
Residential meters renewed	000s			26.555
Business meters renewed	000s			4.271
Replacement of basic meters with smart meters for residential customers	000s		–	17.544
Replacement of AMR meter with AMI meters for residential customers	000s			11.583
Replacement of basic meters with smart meters for business customers	000s		–	1.091
Replacement of AMR meter with AMI meters for business customers	000s			0.377
New residential meters installed for existing customers – supply–demand balance benefit	Ml/d			–
New business meters installed for existing customers – supply–demand balance benefit	Ml/d			–
Replacement of basic meter with smart meters for residential customers – supply–demand balance benefit	Ml/d		–	0.11
Replacement of AMR meter with AMI meter for residential customers – supply–demand balance benefit	Ml/d			0.09
Replacement of basic meter with smart meters for business customers – supply–demand balance benefit	Ml/d		–	–
Replacement of AMR meter with AMI meter for business customers– supply–demand balance benefit	Ml/d			–
Metering activities – Impact on PCC and leakage performance				
Per capita consumption reduction	l/h/d	(0.085)		
Leakage reduction	Ml/d	0.520		
Leakage activities				
Leakage improvements delivering benefits in 2020–25	Ml/d	10.21		

Additional regulatory information – Accelerated Delivery – SWB

TABLE 10F – Accelerated infrastructure delivery projects data capture additional items continued

Section 2: Wastewater network+ and bioresources

From Table 7B

Sewage treatment works – Explanatory variables	Units					
Works name	text	Axminster Kilmington WwTW	Tatworth WwTW	Bodmin Nanstallon WwTW	Camelford WwTW	Bodmin Scarlett's Well WwTW
Classification of treatment works	text	TRB2	TRB1	TRA2	TRA2	TRB2
Population equivalent of total load received	000s	10	2	20	3	6
Phosphorus consent	mg/l	1	none	1	1	1
Load received by STW	kgBOD5/d	564.21	146.17	1,041.87	198.51	345.23
Flow passed to full treatment	m^3/d	2,882	1,094	4,773	525	896

From Table 7D

Population equivalent	Units	Basic meter
Current population equivalent served by STWs	000s	–
Current population equivalent served by STWs with tightened/new P consents	000s	–
Current population equivalent served by STWs with tightened/new N consents	000s	–

From table 7E

	Units	Basic meter
Additional storm tank capacity provided at STWs (grey infrastructure)	m^3	–
Additional effective storm storage capacity at sewage treatment work (delivered through green infrastructure)	m^3	–
Additional volume of network storage at CSOs etc to reduce spill frequency (grey infrastructure)	m^3	–
Additional effective storage in the network delivered through green infrastructure	m^3	–

TABLE 10H – Accelerated schemes data capture reconciliation model input

South West Water

Scheme 1	Total allowance £m
Storm overflows	23

				2024–25	
	Name	Unit	Component level at completion	**Component level to date**	**Percentage complete**
Component 1	Total storm overflows improved (cumulative)	Nr	15	**–**	**–**
Component 2	Total spill reduction per annum	Nr	330	**–**	**–**

Scheme 3	Total allowance £m
Nutrient neutrality	12.01

				2024–25	
	Name	Unit	Component level at completion	**Component level to date**	**Percentage complete**
Component 1	Axminster Kilmington WwTW Total P – permit	mg/L	0.25	**0.56**	**224%**
Component 2	Tatworth WwTW Total P – permit	mg/L	0.25	**1.79**	**716%**
Component 3	Bodmin Nanstallon WwTW Total P – permit	mg/L	0.25	**0.21**	**84%**
Component 4	Camelford WwTW Total P – permit	mg/L	0.25	**0.20**	**80%**
Component 5	Scarlett's Well WwTW Total P – permit	mg/L	0.25	**0.43**	**172%**

On scheme 3, We have recorded the progress for each of the P schemes. However, we note the request of this line to record progress to achieving a lower target for phosphorus levels in Final Effluent. Current performance is indicated against the target for each works. The macro in the reporting line has been designed to show this progress as an inversion of actual. Activity which occurs above the target for phosphorus is displayed as >100% of achievement, which does not represent actual achievement. Sites where the target has been exceeded (ie: where performance shows that we are within consent) are shown as <100%, although these are the sites at which the target has been achieved.

Additional regulatory information – accelerated delivery – SWB continued

TABLE 10H – Accelerated schemes data capture reconciliation model input continued

South West Water continued

Scheme 11	Total allowance £m
Colliford smart metering	5.65

				2024–25	
	Name	Unit	Component level at completion	**Component level to date**	**Percentage complete**
Component 1	PR19 delivery AMR meters – unmeasured properties	Nr	36,447	**0.32**	**–**
Component 2	PR19 delivery basic to AMR meter upgrades	Nr	49,632	**–**	**–**
Component 3	Green recovery delivery AMI meters – unmeasured properties	Nr	21,470	**–**	**–**
Component 4	Green recovery delivery basic to AMI meter upgrades	Nr	57,500	**17,992**	**31.3%**
Component 5	Green recovery delivery AMR to AMI meter upgrades	Nr	18,000	**4,984**	**27.7%**
Component 6	Acceleration AMI for AMR replacements	Nr	8,954	**11,960**	**133.6%**
Component 7	Acceleration AMI for basic replacements	Nr	31,160	**18,866**	**60.5%**
Component 8	Acceleration flow regulators	Nr	29,866	**16,590**	**55.5%**
Component 9	Baseline basic meters	Nr	604,307	**–**	**–**
Component 10	Baseline AMR smart meters	Nr	214,599	**–**	**–**
Component 11	Baseline AMI smart meters	Nr	96,970	**–**	**–**
Component 12	Per capita consumption reduction	l/h/d (cum.)	0.20	**0.09**	**45.0%**
Component 13	Leakage reduction	Ml/d (cum.)	0.125	**–**	**–**

Scheme 12	Total allowance £m
Supply pipe leakage	8.51

				2024–25	
	Name	Unit	Component level at completion	**Component level to date**	**Percentage complete**
Component 1	Leaking supply pipes replaced	Nr	4,835	**–**	**–**

Additional regulatory information – Greenhouse Gas Emissions (GHG) – SWB

TABLE 11A – Pro forma – Greenhouse gas emissions reporting

for the 12 months ended 31 March 2025

			Operational emissions
Unit	Water tCO_2e	Wastewater tCO_2e	**Total tCO_2e**
Scope one emissions			
Burning of fossil fuels (location-based)	719.045	199.153	**918.198**
Process and fugitive emissions	58.586	14,503.213	**14,561.799**
Vehicle transport	1,946.746	1,946.746	**3,893.492**
Emissions from land	–	–	**–**
Total scope one emissions (location-based)	2,724.377	16,649.112	**19,373.489**
Scope one emissions; GHG type CO_2	2,634.268	2,107.026	**4,741.294**
Scope one emissions; GHG type CH_4	1.299	5,950.738	**5,952.037**
Scope one emissions; GHG type N_2O	30.224	8,522.432	**8,552.656**
Scope one emissions: GHG other types	58.586	58.586	**117.172**
Scope two emissions			
Purchased electricity (location-based)	33,159.749	33,130.012	**66,289.761**
Purchased electricity (market-based)	441.869	60.980	**502.849**
Purchased heat	–	–	**–**
Electric vehicles	–	–	**–**
Removal of electricity to charge electric vehicles at site	–	–	**–**
Total scope two emissions (location-based)	33,159.749	33,130.012	**66,289.761**
Total scope two emissions (market-based)	441.869	60.980	**502.849**
Scope two emissions; GHG type CO_2	32,820.218	32,790.786	**65,611.004**
Scope two emissions; GHG type CH_4	144.140	144.011	**288.151**
Scope two emissions; GHG type N_2O	195.390	195.215	**390.605**
Scope two emissions: GHG other types	–	–	**–**
Scope three emissions			
Business travel	473.128	473.128	**946.256**
Outsourced activities	560.584	7,798.419	**8,359.003**
Purchased electricity; extraction, production, transmission and distribution (location-based)	10,922.944	10,913.050	**21,835.994**
Purchased heat; extraction, production, transmission and distribution	–	–	**–**
Purchased fuels; extraction, production, transmission and distribution	621.226	662.054	**1,283.280**
Chemicals	22,540.753	9,210.298	**31,751.051**
Disposal of waste	–	9,358.800	**9,358.800**
Total scope three emissions (location-based)	35,118.635	38,415.749	**73,534.384**
Scope three emissions; GHG type CO_2	–	–	**–**
Scope three emissions; GHG type CH_4	–	–	**–**
Scope three emissions; GHG type N_2O	–	–	**–**
Scope three emissions: GHG other types	–	–	**–**

TABLE 11A – Pro forma – Greenhouse gas emissions reporting continued
for the 12 months ended 31 March 2025

			Operational emissions
Unit	Water tCO_2e	Wastewater tCO_2e	**Total tCO_2e**
Gross operational emissions (Scopes 1, 2 and 3)			
Gross operational emissions (location-based)	71,002.761	88,194.873	**159,197.634**
Gross operational emissions (market-based)	441.869	60.980	**502.849**
Emissions reductions			
Exported renewables	(99.710)	(15.306)	**(115.016)**
Exported biomethane	–	–	**–**
Insets	–	–	**–**
Other emissions reductions	–	–	**–**
Total emissions reductions	(99.710)	(15.306)	**(115.016)**
Emissions Reductions			
Green tariff electricity	–	–	**–**
Net annual emissions			
Net annual emissions (location-based)	71,102.471	88,210.179	**159,312.650**

Unit	Water $kgCO_2e/Ml$	Wastewater $kgCO_2e/Ml$
GHG intensity ratios		
Emissions per Ml of treated water	303.250	
Emissions per Ml of sewage treated		380.188

			Embedded emissions
Unit	Water tCO_2e	Wastewater tCO_2e	**Total tCO_2e**
Capital projects			
Total capital projects (cradle-to-gate)	41,309.400	56,137.467	**97,446.867**
Total capital projects (cradle-to-build)	45,814.492	62,259.668	**108,074.160**
Purchased goods and services			
Purchased goods and services	29,974.150	33,548.450	**63,522.600**

Additional regulatory information – GHG – SWB continued

Reporting annual 2024/25 emissions

We report our greenhouse gas emissions using the water industry's collaboratively developed Carbon Accounting Workbook, now in its nineteenth annual edition the latest version of the Carbon Accounting Workbook version nineteen has been used to estimate GHG emissions for both South West (Including the emissions from our Bournemouth Water region) and Bristol. We have kept our emissions accounting for South West and Bristol separate for 2024/25, using a Carbon Accounting Workbook for each company, to enable us to specifically report on emissions from the separate business units.

Our accounting practice follows the principles of the international GHG Protocol Corporate Standard and the guidance and emissions factors we use are those jointly published by the UK Government Department of Energy Security and Net Zero (DESNZ) and the Department of Business, Energy and Industrial Strategy (BEIS), using the emissions factors published in October 2024. Where the equivalent Government factors are not included in the published data we use the bespoke water industry emissions factors that are embedded within the Carbon Accounting Workbook, these bespoke emissions are reviewed annually and updated by the Carbon Accounting Workbook producers where appropriate.

We use the 'Financial Control' reporting boundary to define the scope of direct and indirect operational emissions and report on our Scope 1, 2 and selected 3 emissions from the 'appointed business' in line with the organisational boundary as defined by Ofwat.

We calculate Scope 3 emissions from our Capital projects and our purchased goods and services outside of the Carbon Accounting Workbook. For estimating these emissions we use our annual financial records to split the Capital projects by the proportion of spend related to cradle to gate and cradle to build activities in the water and wastewater parts of the business. We use an expert external consultancy to apply the appropriate emissions factors to the categories of Capital spend to determine emissions attributable to our Capital goods and to our purchased goods and services.

The assumptions methods and procedures that are followed in the development of the reported data have been tested and independently verified for accuracy and consistency by Jacobs, our external auditors.

Breakdown of emissions of greenhouse gases by type and emissions scopes

We report operational emissions as tonnes of carbon dioxide equivalent (tCO_2e) for the sources of categories of Scope 1, 2 and 3 emissions included within the reporting boundary. We also report on the breakdown of individual greenhouse gases for Scope 1, 2 and 3 emissions within the reporting boundary, there we report on emissions of carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O) and the small volume of other types of greenhouse gas including hydrofluorocarbons (HFCs) from fugitive emissions from air conditioning and refrigeration equipment.

Emissions are reported as either Scope 1, 2 or 3 emissions where Scope 1 emissions are those released directly into the atmosphere from the use of our owned and controlled assets. Scope 2 are those indirect emissions from the electricity we import from the UK electricity grid and Scope 3 emissions are those that arise from as a consequence of our actions but which occur from sources that we do not own or control, for example from activities carried out by third-party contractors on our behalf.

Gross and net emissions

We report both 'gross' and 'net' emissions position where gross emissions in this case are a measure of our total operational emissions volume excluding any 'emissions removals', i.e. without the impact of any renewable energy backed by renewable energy certificates that we have exported to the grid. For 2024/25, as part of our 100% renewable electricity supply contract, we have chosen to sell the renewable electricity certificates from our renewable electricity exports to our electricity supplier and this means there are no emissions removals reportable under our net emissions using a market-based measure.

We have not engaged in any purchase of carbon offsets to date. We anticipate using carbon offsetting to fulfil our Net Zero Commitment in 2030 for any residual emissions that we have been unable to abate at that time. Had we engaged in any permissible carbon offsetting we would also account for this as an emission removal and in our net emissions position.

Market and location-based emissions

In accordance with the GHG Protocol accounting principles we account for both market-based and location-based emissions. Where indicated in Table 11A we have reported either a market-based or a location-based position.

Reporting market-based emissions in this way allows us to track progress towards our Net Zero Commitment by 2030 which includes the emissions benefit of our choice to engage in contractual arrangements to purchase renewable electricity from third-party electricity suppliers where the electricity purchased is backed by renewable electricity certificates, in this case backed by Renewable Energy Guarantees of Origin (REGOs).

We retire these REGOs so they cannot be sold to others and this allows us to report a reduced emissions value under the market-based accounting measure.

Location-based emissions accounting ignores the emissions impact of any special contractual arrangements for renewable electricity and instead uses the Government published emissions factor for UK average grid electricity.

Emissions intensity

Table 11A also includes our emissions intensity metrics which for the water related parts of the business is a the value of net location-based emissions for water divided by the annual megalitres of water delivered into our water supply network and for the wastewater part of the business is the value of net location-based emissions for wastewater divided by the annual measured full flow of wastewater entering our wastewater treatment works.

Commentary of 2024/25 Emissions (South West Water)

Water UK Net Zero Commitment by 2030 and the Ofwat APR Emissions Boundary

South West Water continue to make good progress in reducing emissions within our 2030 Net Zero Commitment boundary. Net market-based emissions in 2024/25 were down to 35,040 tCO_2e, a reduction of just under 65% from 2020/21 when our emissions within this boundary were 98,844 tCO_2e.

Against the Ofwat APR operational carbon emissions reporting boundary our 2024/25 annual net location-based emissions have increased by 5% compared to emissions in 2023/24, whilst under the market-based measure, there was an increase of 13%. The increase in emissions in both our market-based and location-based accounting is largely due to the additional emissions from our chemicals and GAC (granular activated carbon) purchases we made during the year. Due to lower emissions from our electricity consumption within our market-based accounting the percentage increase in our market-based emissions is proportionally larger than in our location-based accounting.

Scope 1 Emissions

Our overall Scope 1 emissions fell by 7% in 2024/25 compared to 2023/24. This fall can be largely attributed to the reduction in our process and fugitive emissions in 2024/25 compared to 2023/24. There has also been a continued decrease in the total emissions from the burning of fossil fuels as we continue our transition from using white diesel to using much lower carbon HVO (hydrotreated vegetable oil) in our stand-by generators.

Scope 2 Emissions

Almost all of the 57,736 tCO_2e Scope 2 market-based emissions we reported back in 2021/22 have now been removed as a result of the electricity we purchase from the grid being 100% renewable electricity. In 2024/25 there has been an increase of 431 tCO_2e for our Scope 2 emissions compared to 2023/24. The largest increase in these emissions can be attributed to one of the steps we have taken to source water from alternative sources to improve the resilience of the water supply in the South West. As this new source is not supplied by our main electricity contract, it is not REGO-backed at this time. This rise in emissions has also been driven by the increase in emissions from charging our electric vehicle fleet at public charging sites that we do not own or control. We expect this to become more of an issue as our electric vehicle fleet continues to grow and so in the future we plan to purchase renewable electricity certificates to remove these emissions.

Scope 3 Emissions

Overall Scope 3 emissions within the Ofwat APR operational carbon emissions reporting boundary 2024/25 increased by 18% compared to 2023/24. This increase can be attributed to a large increase in emissions from chemicals we have purchased this year, specifically GAC (Granular Activated Carbon). We needed to purchase an unusually large volume of GAC this year as part of our ongoing programme to improve the drinking water quality at several of our drinking water treatment works.

Embedded Emissions

We currently use a 'spend analysis' approach to estimate our embedded (or embodied) emissions resulting from our construction activities as part of our capital Programme, as well as from our purchase of goods and services. We split emissions from 'Capital carbon' into emissions from the cradle to the gate (emissions from the manufacture of the materials and products used and their transport to site) and cradle to build (cradle to gate plus those emissions from construction of assets and the offsite disposal of waste).

To move away from using 'spend analysis' we intend to collect more accurate primary data using a carbon emissions estimation tool embedded into our capital concept, design, planning and delivery process. Whilst we undertake this transition to using primary activity data we expect to continue to rely to an even diminishing extent on spend analysis data until the transition is fully complete. We therefore expect to improve the accuracy of our reporting of embedded carbon over time as well as providing the opportunity to properly account for the lower carbon options that we intend to promote over the traditional methods of developing and constructing solutions to meet our needs.

In 2024/25 we recorded emissions cradle to gate emissions from our water related capital projects of 41,309 tCO_2e and 56,137 tCO_2e from our wastewater capital projects. Under the cradle to build measure we recorded 45,814 tCO_2e from our water related capital projects and 62,260 tCO_2e from our wastewater capital projects.

Embedded emissions from our purchased goods and services of 63,523 tCO_2e remained broadly similar with those reported in 2023/24, decreasing by just 3% from the 65,734 tCO_2e we reported for the previous year.

Estimate of embedded emissions (tCO_2e)

	Water	Wastewater
Capital projects (cradle to gate)	41,309	56,137
Capital projects (cradle to build)	45,814	62,260
Purchased goods and services	**29,974**	**33,548**

Embedded Emissions Reporting Framework – Reporting Rating Status – Red/Amber/Green

Category Rating	Embedded Emissions Core Criteria
Amber	Embedded emissions values are provided that relate to both cradle to gate and cradle to build. The SWOT analysis below details some of the strengths, weaknesses, opportunities and threats of our approach. We are engaging with recognised standards, such as PAS 2080 for additional guidance in managing and reporting embedded emissions. Our embedded emissions have received verification from Jacobs, our external auditors.

Renewable Energy

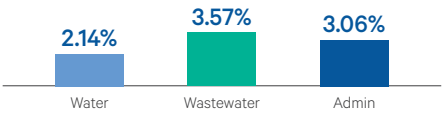
The following charts show how our continued investment in our own embedded renewable energy generation, as well as our purchase of REGO backed renewable energy from third-party suppliers is impacting on our renewable energy as a percentage of our total energy usage. We report our generation of renewable electricity from our hydro-electric power, solar PV and wind installations, as well including the renewable electricity and renewable heat from our biogas combined heat and power plants.

During 2024/25 we installed 3 new solar installations across our sites, these are located at our Lowermoor water treatment works along with our Hill Barton and Fluxton wastewater treatment works.

Percentage of renewable and low carbon energy sourced

Self Generated Renewable Energy Consumed

(% of Total Energy Consumed)

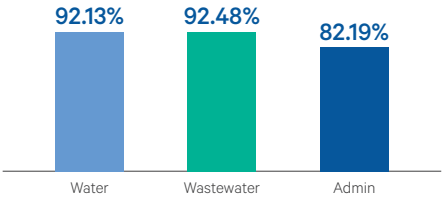


Purchase of REGO-backed Electricity via Private Wire

(% of Total Energy Consumed)

Total Renewable Energy Sourced

(including purchased REGO-backed electricity)
(% of Total Energy Consumed)



Additional regulatory information – GHG – SWB continued

Strengths, weaknesses, opportunities and threats

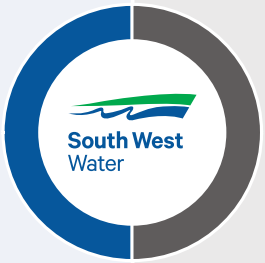
Combined Operational and Embedded (Embodied) Emissions

Strengths

- For 2024/25 operational GHG emissions accounting we have used the latest version of the UK water industry's Carbon Accounting Workbook version nineteen, commonly referred to as CAWv19. CAWv19 is an improved version of CAWv18 that we used to account for our emissions in the previous year.
- The annual outputs of CAWv19 provides the means for us to accurately measure how our carbon reduction strategies have performed during the year and which of the activities we have undertaken has contributed the most to the mitigation of our emissions.
- We have improved our raw data collection during 2024/25 and can accurately report on our operational greenhouse gas emissions position to our internal stakeholders on a monthly basis. Our confidence in the data we receive, as well as our understanding of how that data translates into emissions, continues to improve year-on-year.
- We continue to focus on where we can most cost effectively reduce emissions. Areas including energy consumption, renewables, transport and working with our supply chain to reduce emissions from contractors and purchased goods and services are where we have made the largest gains.
- Whilst our total gross and net operational emissions have marginally increased in 2024/25 compared with the previous year we have recorded emissions reductions during 2024/25 from our Scope 1 burning of fossil fuels and our process and fugitive emissions, as well as from our Scope 2 location-based electricity usage.
- For our accounting and reporting of Scope 3 emissions relating to our Purchased Goods and Services and Capital Carbon we continue to improve our reporting approach. Whilst we still rely on a 'spend analysis' approach to convert annual categorised spend into emissions we have reviewed our categories and subcategories of spend during 2024/25 and this has improved the granularity of our emissions assessment.
- Emissions factors applied to our Scope 3 Purchased Goods and Services and Capital Projects spend have been updated to use the latest CEDA v7 2024 UK greenhouse gas emissions factors.
- Whilst our overall cradle to gate emissions have shown a significant reduction from the previous year we have recorded a marginal increase in our cradle to build emissions and for the goods and services we purchased in 2024/25.

Weaknesses

- Not all our existing internal systems have been set up to output data in a suitable format for carbon accounting and consequently datasets often require significant manual processing and data checking. We are consistently making improvements to our internal data collection and processing systems although we recognise there is always more we can do to make our internal processes more efficient.
- The industry has consistently under reported the volume of Scope 1 process and fugitive emissions of nitrous oxide (N2O) as the emissions factor used within CAWv19 is not yet aligned with the latest IPCC published emissions factor. This situation remains under review by the industry and a whole industry decision is required.
- Specific custom chemical emissions factors for some less commonly used chemicals have proved difficult to obtain from chemical suppliers. Until we have robust and reliable published emissions factors for these specialist chemicals there will continue to be a small volume of emissions relating to purchase of certain chemicals that will go unreported.
- Our overall gross and net operational emissions performance in 2024/25 records an increase in emissions from the previous year. We note that a significant factor in the increase in overall emissions is driven by an unusually high volume of virgin GAC we purchased during the year, a requirement to meet the needs of our new GAC process plant as part of the rebuilding of water treatment works in our Bournemouth Water region.
- We continue to apply a 'spend analysis' approach to estimate our Scope 3 emissions from our Purchased Goods and Services and Capital Projects. Our intention is to transition to direct 'activity-based' emissions accounting over the coming years using data supplied from our supply chain partners and where possible supported by 'Environmental Product Declarations' for the products we purchase.
- We have been able to report our Scope 3 embedded (embodied) carbon from Capital Projects emissions split by 'Cradle to Gate' and 'Cradle to Build' for the past three years, although we do recognise there remain inherent shortcomings in the approach we have taken. For example we ask our construction partners to estimate the percentage of their own emissions that relate to 'Cradle to Gate' and 'Cradle to Build', we then take the average percentage from the responses to inform our own position. Whilst we consider this to provide a reasonable approximation we seek to improve this approach and it remains under review.
- Whilst our emissions performance for our cradle to gate emissions was improved, we note that our cradle to build and purchased goods and services emissions increased. This reflects our focus on delivering capital projects to meet the urgent need to avoid environmental pollutions, as well as directly procuring the necessary goods and services to deliver an improved service for the environment.

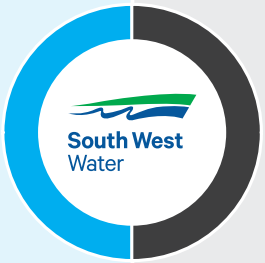


Opportunities

- With our parent company the Pennon Group signing up to near-term science-based targets there is now an even greater emphasis on ensuring the regulated business keeps on track to meet carbon reduction targets in the near-term and throughout K8.
- The UK Water Industry often collaborates to share best practice on topics where there is a common goal of improving approaches and processes. To this end the industry's 'Carbon Accounting Working Group' has helped to improve the shared knowledge and expertise between carbon accounting practitioners across the industry.
- We note that the CAWv19 is an improved version of CAWv18 and has resolved the previous issues surrounding the correct accounting of Scope 3 'well-to-tank' emissions from fuels.
- We continue to pursue opportunities for improving our operational emissions performance, with the aim of returning us to gross and net operational emissions reductions in the future. We aim to achieve this by investing in energy efficiency, further transition to electric vehicles and optimising our purchase of chemicals and GAC.
- For estimating and reporting our embedded carbon emissions we aim to improve our approach by recording activity data provided by our main contractors working within our 'Amplify' contractor alliance. This is supported by new contract requirements for our main contractors to work to the principles of the Publicly Available Specification PAS 2080 for Carbon Management in Infrastructure.
- For our future embedded carbon reporting activity-based emissions data will be reported by our contractors in terms of lifecycle modules and therefore result in greater proportion of activity-based data versus spend analysis-based data for Capital Projects, this will improve on the accuracy of reporting our 'Cradle to Gate' and 'Cradle to Build' emissions.
- Our Energy, Net Zero, Finance and Engineering Teams now work in closer collaboration to determine a robust split between our strategic investment plans and scheme specifics.
- Our embedded carbon performance is reflective of our total spend on our capital programme and in our procurement of the goods and services we use. We are continuously working collaboratively with our value chain to encourage a switch to lower carbon capital goods and services wherever possible and where it is cost effective.

Threats

- Our overall emissions have increased this year for the first time after a consistent period of annual decreases. Whilst Scope 1 and location-based Scope 2 emissions both decreased between 2023/24 and 2024/25 we have seen a significant increase in our Scope 3 emissions largely driven by a large purchase of Granular Activated Carbon (GAC) and additional chemicals.
- Our forecasts for the rest of K8 show our location-based emissions may continue to rise in the next few years as a result of additional assets being deployed to maintain water supply, such as desalination, and to manage storm overflows and prevent environmental pollutions.
- We therefore recognise the significant challenge in maintain the right balance in meeting all our service needs and other environmental outcomes with our net zero ambitions.
- There are undoubtedly significant challenges in meeting competing regulatory and customer demands that impact on our current programme of net zero related activities. We intend to continue to invest in our net zero strategy towards achieving our emissions reduction goals whilst being cognisant that this needs to be balanced with our other business priorities.
- We intend to work with the rest of the UK water industry in continuously improving our carbon accounting process. This means our emissions accounting needs to keep pace with the even changing developments in greenhouse gas accounting practices, even if that means we may see some sources of emissions increasing due to methodological changes.
- For our embedded carbon emissions from our Purchased Goods and Services and Capital Projects in 2024/25 we carried out a deeper dive into our previous categorisation of spend and found that our categorisation required improvement more accurately mapping the most appropriate emissions factors. Whilst this has contributed to a significant change in reported emissions from the previous year it is without doubt an improved approach and reflects our strategy of continuously improvement.
- Our embedded carbon performance in 2024/25 is also reflective of our response to the need to provide urgent further protections for the environment. On occasion the need to expedite a solution has sometimes led to insufficient time to fully assess all the potential lower carbon alternatives. We aim to implement improved processes and systems at the concept and design stages that will allow alternative solutions to be fully considered.



Regulatory financial reporting – BRL

BRISTOL WATER

TABLE 1F – Financial flows for the 12 months ended 31 March 2025 and for the price review to date

	12 months ended 31 March 2025					
	Notional returns and notional regulatory equity %	Actual returns and notional regulatory equity %	Actual returns and actual regulatory equity %	Notional returns and notional regulatory equity £m	Actual returns and notional regulatory equity £m	Actual returns and actual regulatory equity £m
Return on regulatory equity						
Regulatory equity	215.330	215.330	159.977			
Return on regulatory equity	4.50%	3.34%	4.50%	9.690	7.199	7.199
Financing						
Gearing		1.16%	0.59%		2.491	0.937
Gearing benefits sharing		–	–		–	–
Variance in corporation tax		0.88%	1.19%		1.898	1.898
Group relief		–	–		–	–
Cost of debt		(0.41%)	(0.63%)		(0.882)	(1.009)
Hedging instruments		–	–		–	–
Return on regulatory equity including Financing adjustments	**4.50%**	**4.97%**	**5.64%**	**9.690**	**10.706**	**9.025**
Operational performance						
Totex out/(under) performance		(0.78%)	(1.04%)		(1.671)	(1.671)
ODI out/(under) performance		(2.25%)	(3.03%)		(4.854)	(4.854)
C–Mex out/(under) performance		0.19%	0.26%		0.416	0.416
D–Mex out/(under) performance		0.05%	0.07%		0.106	0.106
Retail out/(under) performance		(0.29%)	(0.39%)		(0.616)	(0.616)
Other exceptional items		0.21%	0.29%		0.459	0.459
Operational performance total		**(2.86%)**	**(3.85%)**		**(6.160)**	**(6.160)**
RoRE (Return on regulatory equity)	**4.50%**	**2.11%**	**1.79%**	**9.690**	**4.546**	**2.865**
RCV growth	3.46%	3.46%	3.46%	7.450	7.450	5.535
Voluntary sharing arrangements		–	–		–	–
Total shareholder return	**7.96%**	**5.57%**	**5.25%**	**17.140**	**11.996**	**8.400**
Dividends						
Gross dividend	3.18%	0.05%	0.07%	6.847	0.108	0.108
Interest received on intercompany loans		–	–		–	–
Retained value	**4.78%**	**5.52%**	**5.18%**	**10.293**	**11.888**	**8.292**
Cash impact of 2015–20 performance adjustments						
Totex out/under performance		(0.24%)	(0.33%)		(0.525)	(0.525)
ODI out/under performance		(0.74%)	(1.00%)		(1.595)	(1.595)
Total out / under performance		**(0.98%)**	**(1.33%)**		**(2.120)**	**(2.120)**

Bristol Water has generated in year return on regulated equity of 2.11% and regulatory period 2020–2025 to date of 3.84%.

TABLE 1F – Financial flows for the 12 months ended 31 March 2025 and for the price review to date continued

				Average 2020–25		
	Notional returns and notional regulatory equity %	Actual returns and notional regulatory equity %	Actual returns and actual regulatory equity %	Notional returns and notional regulatory equity £m	Actual returns and notional regulatory equity £m	Actual returns and actual regulatory equity £m
Return on regulatory equity						
Regulatory equity	212.156	212.156	160.932			
Return on regulatory equity	4.50%	3.41%	4.50%	9.547	7.242	7.242
Financing						
Gearing		1.09%	0.59%		2.305	0.944
Gearing benefits sharing		–	–		–	–
Variance in corporation tax		0.29%	0.38%		0.608	0.608
Group relief		-	-		–	–
Cost of debt		1.04%	1.57%		2.217	2.524
Hedging instruments		–	–		–	–
Return on regulatory equity including Financing adjustments	**4.50%**	**5.83%**	**7.03%**	**9.547**	**12.372**	**11.318**
Operational performance						
Totex out/(under) performance		(0.47%)	(0.62%)		(1.000)	(1.000)
ODI out/(under) performance		(1.43%)	(1.88%)		(3.033)	(3.033)
C-Mex out/(under) performance		0.11%	0.14%		0.227	0.227
D-Mex out/(under) performance		0.03%	0.04%		0.060	0.060
Retail out/(under) performance		(0.29%)	(0.38%)		(0.609)	(0.609)
Other exceptional items		0.06%	0.08%		0.136	0.136
Operational performance total		**(1.99%)**	**(2.62%)**		**(4.219)**	**(4.219)**
RoRE (return on regulatory equity)	**4.50%**	**3.84%**	**4.41%**	**9.547**	**8.153**	**7.099**
RCV growth	5.42%	5.42%	5.42%	11.499	11.499	8.723
Voluntary sharing arrangements		–	–		–	–
Total shareholder return	**9.92%**	**9.26%**	**9.83%**	**21.046**	**19.652**	**15.821**
Dividends						
Gross dividend	3.18%	6.33%	8.34%	6.747	13.429	13.429
Interest received on intercompany loans		(0.81%)	(1.07%)		(1.723)	(1.723)
Retained value	**6.74%**	**3.75%**	**2.56%**	**14.299**	**7.946**	**4.115**
Cash impact of 2015–20 performance adjustments						
Totex out/under performance		(0.23%)	(0.31%)		(0.496)	(0.496)
ODI out/under performance		(0.71%)	(0.94%)		(1.507)	(1.507)
Total out/under performance		**(0.94%)**	**(1.24%)**		**(2.003)**	**(2.003)**

South West Water's dividend policy is included on page 35.

Price review and other segmental reporting – BRL

TABLE 2A – Segmental income statement

	Residential retail £m	Business retail £m	Water resources £m	Water Network+ £m	**Total £m**
Revenue – price control	11.556	–	26.368	105.472	**143.396**
Revenue – non price control	–	–	0.613	2.460	**3.073**
Operating expenditure – excluding PU recharge impact	(10.746)	–	(13.823)	(57.983)	**(82.552)**
PU opex recharge	(0.368)	–	0.017	0.351	**–**
Operating expenditure – including PU recharge impact	(11.114)	–	(13.806)	(57.632)	**(82.552)**
Depreciation – tangible fixed assets	(0.132)	–	(2.021)	(23.899)	**(26.052)**
Amortisation – intangible fixed assets	(0.006)	–	(0.152)	(2.292)	**(2.450)**
Other operating income	–	–	0.850	0.465	**1.315**
Operating profit	0.304	–	11.852	24.574	**36.730**
Surface water drainage rebates					
Surface water drainage rebates					**–**

Allowed Revenue Reconciliation

	Water Resources £m	Water Network+ £m	**Total Revenue for RF**	**Total £m**
Final Determination Revenue Allowance (Outturn Prices) (Table 2M)	28.670	116.030	**144.700**	**144.700**
Customer Demand and Profile	(2.302)	(6.658)	**(8.960)**	**(8.960)**
New Connections/Diversions/Requisitions	–	(1.236)	**(1.236)**	**(1.236)**
Actual Outturn (Table 2M)	**26.368**	**108.136**	**134.504**	**134.504**
Variance to Final Determination Revenue Allowance (Outturn Prices) (Table 2M)	(2.302)	(7.894)	**(10.196)**	**(10.196)**
Variance as % for RFI	**(8.03%)**	**(6.80%)**	**(7.05%)**	**(7.05%)**

Revenue – price control

This includes all wholesale water and household retail charges.

Revenue – non price control

This has been based on the RAG 4.13 revenue appendix and includes mains, diversions, and other rechargeable works.

Other operating income

Profit on the sale of fixed assets (other operating income) has been allocated based on the underlying asset category which generated the sale, with management and general assets being split pro–rata.

Recharges

Recharges to other business segments reflect charges for the use of assets, and are equal to the depreciation charged in respect of management and general assets principally used by the wholesale business units where part of the cost is recharged to the retail business unit. This excludes charges to non-appointed activities reflected in operating costs in table 1A.

Variance to Final Determination

In 2024/25 Bristol Water has under recovered against its allowed revenue by £10.2m (7%). This is due to a voluntary deferral of revenue into PR24 – agreed with Ofwat in advance of setting the 2023/24 tariffs and charges (2023/24 under recovery was £9.5m). The deferral was made to protect customers from significant bill increases following both the CMA determination and the high inflationary environment of recent years.

TABLE 2B – Totex analysis – wholesale

	Water resources £m	Water Network+ £m	**Total £m**
Base operating expenditure			
Power	3.086	12.409	**15.495**
Income treated as negative expenditure	0.001	0.012	**0.013**
Service charges/discharge consents	2.246	0.012	**2.258**
Bulk supply/Bulk discharge	0.015	0.112	**0.127**
Renewals expensed in year (Infrastructure)	0.037	2.293	**2.330**
Renewals expensed in year (Non-Infrastructure)	–	–	**–**
Other operating expenditure	6.775	36.654	**43.429**
Local authority and Cumulo rates	1.194	3.816	**5.010**
Total base operating expenditure	13.354	55.308	**68.662**
Other operating expenditure			
Enhancement operating expenditure	0.062	0.197	**0.259**
Developer services operating expenditure	–	0.496	**0.496**
Total operating expenditure excluding third-party services	13.416	56.001	**69.417**
Third-party services	0.390	1.631	**2.021**
Total operating expenditure	13.806	57.632	**71.438**
Grants and contributions			
Grants and contributions – operating expenditure	–	3.226	**3.226**
Capital expenditure			
Base capital expenditure	0.528	25.290	**25.818**
Enhancement capital expenditure	3.223	9.396	**12.619**
Developer services capital expenditure	–	6.681	**6.681**
Total gross capital expenditure (excluding third-party)	3.751	41.367	**45.118**
Third-party services	–	0.307	**0.307**
Total gross capital expenditure	3.751	41.674	**45.425**
Grants and contributions			
Grants and contributions – capital expenditure	–	(0.536)	**(0.536)**
Net Totex	17.557	96.616	**114.173**
Cash			
Pension deficit recovery payments	–	–	**–**
Other cash items	–	–	**–**
Totex including cash items	17.557	96.616	**114.173**

Operating Expenditure

Operating expenditure has increased year-on-year by £5.971m (£63.446m in 23/24). The main driver have been power costs and usage.

Capital Expenditure

Capital expenditure has decreased year-on-year by £14.108m (£59.533m in 23/24). This is due to the realisation of efficiencies in the maintenance cycle of slow sand filters and GACs to align the Group.

Price review and other segmental reporting – BRL continued

TABLE 2C – Cost analysis – retail

	Residential £m	Business £m	**Total £m**
Operating expenditure			
Customer services	2.837	–	**2.837**
Debt management	0.750	–	**0.750**
Doubtful debts	4.308	–	**4.308**
Meter reading	0.442	–	**0.442**
Other operating expenditure	2.405	–	**2.405**
Local authority and Cumulo rates	0.004	–	**0.004**
Total operating expenditure excluding third-party services	10.746	–	**10.746**
Depreciation			
Depreciation (tangible fixed assets) on assets existing at 31 March 2015	0.001	–	**0.001**
Depreciation (tangible fixed assets) on assets acquired after 1 April 2015	0.131	–	**0.131**
Amortisation (intangible fixed assets) on assets existing at 31 March 2015	–	–	**–**
Amortisation (intangible fixed assets) on assets acquired after 1 April 2015	0.006	–	**0.006**
Recharges			
Recharge from wholesale for legacy assets principally used by wholesale (assets existing at 31 March 2015)	0.027	–	**0.027**
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	0.341	–	**0.341**
Income from wholesale assets acquired after 1 April 2015 principally used by retail	–	–	**–**
Net recharges costs	0.368	–	**0.368**
Total retail costs excluding third-party and pension deficit repair costs	11.252	–	**11.252**
Third-party services operating expenditure	–	–	**–**
Pension deficit repair costs	–	–	**–**
Total retail costs including third-party and pension deficit repair costs	11.252	–	**11.252**
Debt written off			
Debt written off	3.178	–	**3.178**
Capital expenditure			
Capital expenditure	0.162	–	**0.162**
Comparison of actual and allowed expenditure			
Cumulative actual retail expenditure to reporting year end	54.184		
Cumulative allowed expenditure to reporting year end	58.691		
Total allowed expenditure 2020–25	58.691		

Household Retail operating costs were £11.3m, £1.9m lower than the allowance of £13.2m. The main driver being an increase in costs related to Customer Services related to a contact volume which increase by 6%.

TABLE 2D – Historic cost analysis of tangible fixed assets

	Residential Retail £m	Business Retail £m	Water Resources £m	Water Network+ £m	**Total £m**
Cost					
At 1 April 2024	1.998	–	71.133	1,051.328	**1,124.459**
Disposals	–	–	(0.071)	(1.731)	**(1.802)**
Additions	0.162	–	3.722	40.722	**44.606**
Adjustments	–	–	(0.125)	0.125	**–**
Assets adopted at nil cost	–	–	–	0.509	**0.509**
At 31 March 2025	**2.160**	**–**	**74.659**	**1,090.953**	**1,167.772**
Depreciation					
At 1 April 2024	(1.476)	–	(27.558)	(352.457)	**(381.491)**
Disposals	–	–	0.035	1.680	**1.715**
Adjustments	–	–	0.066	(0.066)	**–**
Charge for the year	(0.132)	–	(2.021)	(23.899)	**(26.052)**
At 31 March 2024	**(1.608)**	**–**	**(29.478)**	**(374.742)**	**(405.828)**
Net book amount at 31 March 2025	**0.552**	**–**	**45.181**	**716.211**	**761.944**
Net book amount at 1 April 2024	0.522	–	43.575	698.871	**742.968**
Depreciation charge for year					
Principal services	(0.132)	–	(2.021)	(23.899)	**(26.052)**
Third-party services	–	–	–	–	**–**
Total	**(0.132)**	**–**	**(2.021)**	**(23.899)**	**(26.052)**

The net book value includes £21.853m in respect of assets in the course of construction.

Capital expenditure analysis can be found in 4D, 4L and 4N commentary.

The fixed assets have been allocated based on their principal use. Assets used across business units such as general and support assets have been allocated to wholesale as their principal use. Further details can be found in the accounting separation methodology statement published on our website.

We have no assets dedicated as third-party service activities. Therefore, the depreciation charge for the year on assets used for principal and third-party services is reported in the principal services line as per RAG 4.13 guidance.

The intangibles analysis can be found in table 2O.

Price review and other segmental reporting – BRL continued

TABLE 2E – Analysis of 'grants and contributions' – water resources, water 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)	–	–	–	**–**
Price control grants and contributions	–	–	–	**–**
Diversions – NRSWA	–	–	–	**–**
Diversions – other non-price control	–	–	–	**–**
Other contributions (non-price control)	–	–	–	**–**
Total	**–**	**–**	**–**	**–**
Value of adopted assets	–	–	–	**–**
Grants and contributions – water network+				
Connection charges	1.981	–	–	**1.981**
Infrastructure charge receipts	1.245	–	–	**1.245**
Requisitioned mains	–	0.787	–	**0.787**
Diversions – s185	–	0.062	–	**0.062**
Other contributions (price control)	–	0.056	–	**0.056**
Price control grants and contributions before deduction of income offset	3.226	0.905	–	**4.131**
Income offset	–	1.467	–	**1.467**
Price control grants and contributions after deduction of income offset	3.226	(0.562)	–	**2.664**
Diversions – NRSWA	–	–	–	**–**
Diversions – other non-price control	–	–	–	**–**
Other contributions (non-price control)	–	0.026	–	**0.026**
Total	**3.226**	**(0.536)**	**–**	**2.690**
Value of adopted assets	–	0.509		**0.509**

This table covers grants and contributions received for Developer Services activities and covers construction of mains and services by Bristol Water and includes Self Lay Providers.

There was a c. 50% reduction in Contributions received based on reduction of activities across all activities with a move in the market to more NAV sites.

	Water resources £m	Water network+ £m	**Total £m**
Movements in capitalised grants and contributions			
Brought forward	–	16.807	**16.807**
Capitalised in year	–	(0.536)	**(0.536)**
Amortisation (in income statement)	–	(0.455)	**(0.455)**
Carried forward	–	15.816	**15.816**

TABLE 2F – Residential retail

	Revenue £m	Number of customers 000s	**Average residential revenues £**
Residential revenue			
Wholesale charges	102.796		
Retail revenue	11.556		
Total residential revenue	114.352		
Retail revenue			
Revenue Recovered ('RR')	11.556		
Revenue sacrifice	–		
Actual revenue (net)	11.556		
Customer information			
Actual customers ('AC')		519.863	
Reforecast customers		523.545	
Adjustment			
Allowed revenue ('R')	11.926		
Net adjustment	0.370		
Other residential information			
Average residential retail revenue per customer			**22.229**

Wholesale revenue

There has been an increase in wholesale revenue in 2024/25 of 3.9% (£4.507m).

Retail revenue

In the current year the retail revenue has under recovered by £0.370m (2F.10), this will be recovered through the PR24 blind year adjustments.

TABLE 2G – Non-household water – revenues by tariff type and TABLE 2H – Non-household wastewater – revenues by tariff type

Tables 2G and 2H are applicable to Welsh companies only.

Price review and other segmental reporting – BRL continued

Table 2I – Revenue analysis

	Household £m	Non-household £m	**Total £m**	Water resources £m	Water network+ £m	**Total £m**
Wholesale charge – water						
Unmeasured	38.992	0.378	**39.370**	7.874	31.496	**39.370**
Measured	63.804	28.487	**92.291**	18.458	73.833	**92.291**
Third-party revenue	–	0.179	**0.179**	0.036	0.143	**0.179**
Total wholesale water revenue	102.796	29.044	**131.840**	26.368	105.472	**131.840**

	Household £m	Non-household £m	**Total £m**
Retail revenue			
Unmeasured	3.636	–	**3.636**
Measured	7.920	–	**7.920**
Other third-party revenue	–	–	**–**
Retail total	**11.556**	**–**	**11.556**
Third-party revenue – non-price control			
Bulk supplies – water			**1.865**
Other third-party revenue			**1.208**
Principal services – non-price control			
Other appointed revenue			**–**
Total appointed revenue			**146.469**

Wholesale revenue was £131.8m. A comparison of this figure to the PR19 allowance is provided in the commentary to table 2M.

We are required to allocate wholesale revenue between Water Resources and Water Network, in line with the separation of price controls established at PR19. This revenue is allocated in proportion to the split of the revenue allowance set by Ofwat in its PR19 final determination.

Retail revenue was £11.6m. A comparison of this figure to the PR19 allowance is provided in the commentary to table 2F.

Third-party revenue was £3.1m. This includes £1.9m for bulk supplies to Wessex Water and two NAV providers, IWNL and Leep Utilities. £1.2m relates to income from standpipes and rechargeable income.

Table 2J – Infrastructure network reinforcement costs

	Network reinforcement capex £m	On site/site specific capex (memo only) £m
Wholesale water network+ (treated water distribution)		
Distribution and trunk mains	0.724	–
Pumping and storage facilities	0.031	–
Other	–	–
Total	**0.755**	**–**

This table covers expenditure required as a consequence of Developments and is funded from the collection of Infrastructure Charges from new developments.

In 2024/25 there was a reduction in spend for network reinforcement due to smaller schemes undertaken.

Table 2K – Infrastructure charges reconciliation

For the 12 months ended 31 March 2025

	Water £m	**Total £m**
Impact of infrastructure charge discounts		
Infrastructure charges	1.245	**1.245**
Discounts applied to infrastructure charges	–	**–**
Gross infrastructure charges	1.245	**1.245**
Comparison of revenue and costs		
Variance brought forward	(1.915)	**(1.915)**
Revenue	1.245	**1.245**
Costs	(0.755)	**(0.755)**
Variance carried forward	(1.425)	**(1.425)**

Expenditure for Infrastructure charges decreased for 2024/25 as smaller schemes were undertaken, compared to 2023/24 and the construction of a new Trunk Main between Forum TW and Shepton Mallet and a new main between Almondsbury Reservoir and Brentry.

The net total resulted in a deficit of £1.425m carried forward to 2025/26.

TABLE 2L – Analysis of land sales

For the 12 months ended 31 March 2025

	Water resources £m	Water network+ £m	**Total £m**
Proceeds from disposals of protected land	0.864	0.317	**1.181**

During 2024/25 there have been sales of one Property, Rugmoor Farm and several parcels of land surplus to requirements.

Price review and other segmental reporting – BRL continued

TABLE 2M – Revenue reconciliation – wholesale

For the 12 months ended 31 March 2025

	Water resources £m	Water network+ £m	**Total £m**
Revenue recognised			
Wholesale revenue governed by price control	26.368	105.472	**131.840**
Grants and contributions (price control)	–	2.664	**2.664**
Total revenue governed by wholesale price control	**26.368**	**108.136**	**134.504**
Calculation of the revenue cap			
Allowed wholesale revenue before adjustments (or modified by CMA)	29.210	111.380	**140.590**
Allowed grants and contributions before adjustments (or modified by CMA)	–	3.900	**3.900**
Revenue adjustment	(0.540)	0.750	**0.210**
Other adjustments	–	–	**–**
Revenue cap	28.670	116.030	**144.700**
Calculation of the revenue imbalance			
Revenue cap	28.670	116.030	**144.700**
Revenue recovered	26.368	108.136	**134.504**
Revenue imbalance	2.302	7.894	**10.196**

In 2024/25 Bristol Water has under recovered against its allowed revenue by £10.2m (7%). This is due to a voluntary deferral of revenue into PR24 – agreed with Ofwat in advance of setting the 2023/24 tariffs and charges (2023/24 under recovery was £9.5m). The deferral was made to protect customers from significant bill increases following both the CMA determination and the high inflationary environment of recent years.

TABLE 2N – Household affordability support

Section A – social tariffs

	Revenue £'000	Number of customers 000s	Average amount per customer £
Number of residential customers on social tariffs			
Residential water only social tariffs customers		28.844	
Residential dual service social tariffs customers		–	
Number of residential customers not on social tariffs			
Residential water only no social tariffs customers		491.019	
Residential dual service no social tariffs customers		–	
Social tariff discount			
Average discount per water only social tariffs customer			114.946
Average discount per dual service social tariffs customer			–
Social tariff cross-subsidy – residential customers			
Total customer funded cross-subsidies for water only social tariffs customers	3,315.500		
Total customer funded cross-subsidies for dual service social tariffs customers	–		
Average customer funded cross-subsidy per water only social tariffs customer			6.378
Average customer funded cross-subsidy per dual service social tariffs customer			–
Social tariff cross-subsidy – company			
Total revenue forgone by company to fund cross-subsidies for water only social tariffs customers	–		
Total revenue forgone by company to fund cross-subsidies for dual service social tariffs customers	–		
Average revenue forgone by company to fund cross-subsidy per water only social tariffs customer			–
Average revenue forgone by company to fund cross-subsidy per dual service social tariffs customer			–
Social tariff support – willingness to pay			
Level of support for social tariff customers reflected in business plan			2.598
Maximum contribution to social tariffs supported by customer engagement			7.631

We have continued to use our data to understand which customers are in water poverty and at risk of being in water poverty. This data has been used to then proactively reach out to customers to provide easy steps to take them out of water poverty.

In addition to this we have data shares in place, including with the Department for Work and Pensions and local councils where we use the data shares to automatically enrol customers onto the right support for them to take them out of water poverty.

We also continue to train our staff to spot signs of customers struggling to pay their water bill and to provide advice to all customers on how to lower their bill.

The number of customers on social tariffs has increased by over 5,000 in the last year (19% increase), resulting in the amount saved by customers rising from £2.7m to £3.3m (22% increase).

C. 12% of our social policy customers are on WaterSure, this accounts for 16% of the bill reduction value.

Section B – WaterSure tariffs

	Revenue £'000	Number of customers 000s	Average amount per customer £
WaterSure tariffs			
Number of unique customers on WaterSure		3.631	
Total reduction in bills for WaterSure customers	538.223		
Average reduction in bills for WaterSure customers			148.230

C. 3,600 (c. 12%) of our social tariff customers are on WaterSure. this accounts for 16% of the bill reduction value. This gives the average WaterSure customer a bill reduction of roughly £148.

Price review and other segmental reporting – BRL continued

TABLE 20 – Historic cost analysis of intangible fixed assets

	Residential Retail £m	Business Retail £m	Water Resources £m	Water Network+ £m	**Total £m**
Cost					
At 1 April 2024	12.544	–	2.474	34.734	**49.752**
Disposals	–	–	–	(0.001)	**(0.001)**
Additions	–	–	0.029	0.443	**0.472**
Adjustments	–	–	(0.134)	0.134	**–**
Assets adopted at nil cost	–	–	–	–	**–**
At 31 March 2025	**12.544**	**–**	**2.369**	**35.310**	**50.223**
Amortisation					
At 1 April 2024	(6.813)	–	(2.080)	(29.065)	**(37.958)**
Disposals	–	–	–	0.001	**0.001**
Adjustments	–	–	0.113	(0.113)	**–**
Charge for year	(0.006)	–	(0.152)	(2.292)	**(2.450)**
At 31 March 2025	**(6.819)**	**–**	**(2.119)**	**(31.469)**	**(40.407)**
Net book amount at 31 March 2025	**5.725**	**–**	**0.250**	**3.841**	**9.816**
Net book amount at 1 April 2024	**5.731**	**–**	**0.394**	**5.669**	**11.794**
Amortisation for year					
Principal services	(0.006)	–	(0.152)	(2.292)	**(2.450)**
Third-party services	–	–	–	–	**–**
Total	**(0.006)**	**–**	**(0.152)**	**(2.292)**	**(2.450)**

The net book value includes £6.849 in respect of assets in the course of construction.

The fixed assets have been allocated based on their principal use. Assets used across business units such as general and support assets have been allocated to wholesale as their principal use. Further details can be found in the accounting separation methodology statement published on our website.

There are no third-party intangibles assets therefore the depreciation charge for the year is principal services only.

Performance summary – BRL

TABLE 3A – Outcome performance – Water common performance commitments

	Unit	Performance level: Actual	Performance level: PCL met?	Outperformance or underperformance payment £m	See page
Financial					
Water quality compliance (CRI)	nr	2.82	No	(0.252)	240
Water supply interruptions	hh:mm:ss	00:07:21	No	(0.223)	240
Leakage	%	5.4	No	(1.677)	240
Per capita consumption	%	1.9	No	(0.195)	241
Mains repairs	nr	121.0	Yes	–	241
Unplanned outage	%	1.57	Yes	–	242
Total				**(2.347)**	
Bespoke PCs – Water and Retail (Financial)					
Customer contacts about water quality – appearance	nr	0.67	No	(0.042)	242
Customer contacts about water quality – taste and smell	nr	0.28	No	(0.008)	242
Properties at risk of receiving low pressure	nr	8	Yes	0.179	242
Turbidity performance at treatment works	nr	–	Yes	–	243
Unplanned maintenance – non-infrastructure	nr	3,068	Yes	–	243
Void properties	%	1.74	Yes	0.025	243
Meter penetration	%	69.14	No	(2.655)	243
Raw Water Quality of Sources	nr	536	Yes	0.001	244
Biodiversity Index	nr	17,711	Yes	–	244
Waste disposal compliance	%	98	No	–	244
Water Industry National Environment Programme Compliance	%	100	Yes	–	245
Local community satisfaction	%	97.1	Yes	0.166	246
Abstraction Incentive Mechanism (AIM)	nr	N/A	Yes	–	246
Glastonbury Street Network Resilience	nr	–	Yes	–	247
Total				**(2.333)**	

We can confirm that we are compliant with all components of the reporting guidelines for all of the common performance commitments with RAG compliance checklists with the exceptions described in the leakage, per capita consumption and unplanned outage commentary.

Commentary relating to performance in respect of each performance commitment can be found further in this section .

Key*

- Availability
- Clean water
- Wastewater
- Customers
- Service
- Environment
- Resilience
- Community
- Area of focus
- Marginal performance
- On track
- Outperformance
- Area of excellence

* Calendar year incentive.

Performance summary – BRL continued

3A.1 Water quality compliance (CRI)

The compliance risk index (CRI) is a water quality performance metric defined by the Drinking Water Inspectorate (DWI) to illustrate the risk of treated water compliance failures. CRI is reported for each calendar year. The Company's CRI has significantly improved from the prior year of 7.05 to 2.82 in 2024 having mitigated issues at Littleton Treatment Works which led to higher scores in 2023.. However, this remains above the ODI target of 0 and the ODI deadband.

Our plans for the 2025–30 regulatory period include water quality improvement schemes across the Bristol Water area which should improve CRI performance in the medium- and long-term. These include specific schemes at Cheddar, Stowey and Littleton Water Treatment Works as well as schemes to address risks of microbial regrowth through the use of secondary chlorination, discolouration, lead risks and emerging contaminant (such as PFAS) risks.

We continue to roll out our Quality First programme in Bristol, targeting key areas for improvement, which includes tank cleaning and mains flushing.

2.82

Target

Internal sewer flooding incidents

Incidents per 10,000 sewer connections

2024/25 Actual	**2.82**
2023/24 Actual	7.05
2022/23 Actual	4.60
2021/22 Actual	4.19
2020/21 Actual	3.02
Target 2024/25	0.00

3A.2 Water supply interruptions

Customers value a resilient and reliable water supply. So, when supply interruptions do happen, they want their water back as soon as possible. We measure this as the total number of minutes customers have been without water longer than three hours and divide this by the average total number of properties in the year.

This year the impact of two events has led to us exceeding the target. These events contributed the following amounts in our overall result:

- 2 minute 05 seconds – Meare, a burst which caused three separate bursts on a 9in main affecting 673 properties.
- 1 minute 04 seconds – Nailsea, a burst in an 8in main caused by a third-party which led to 751 properties experiencing an interruption to supply.

We have made fundamental changes in our approach over the 2020–25 regulatory period to ensure that we perform better in this area and we are pleased with the impact these changes have had, with an underlying good performance this year (which would have achieved target without the two events mentioned above).

The improvements we have implemented and maintained throughout 2024/25 include:

- Investment in our smart network and increased the coverage of pressure loggers to allow us to proactively recognise when incidents may be about to occur
- Development of mapping tools to include pressure and flow information
- Use of quick response 'grab-packs' for high-risk sections of the network
- Development of alternative ways to ensure customers still get water, even when an operational incident arises. These continuous water supply techniques include on-demand bowsers, infusion tankering, rezoning and over-land connections; and
- Creation of additional roles, including dedicated incident managers, to support these changes with a 24hr monitoring and support service to our operational and maintenance teams.

We continue to invest in replacing old pipes to ensure that the risk of incidents is reduced. Our severe weather taskforce continues to plan to minimise the impact of weather events on customers supplies. This year these have included a summer heatwave and a winter freeze-thaw event. Our proactive planning has maintained supplies to customers during both planned and unplanned events with the use of rezones, infusion tankering and the huge dedication of our operational teams.

Third-party damage and escalated events have accounted for a significant proportion of minutes lost throughout the five year period. We have an Asset Protection team who are focusing in this area and great efforts are being made to liaise with stakeholders most likely to cause damage to our distribution networks (streetworks licensees, landowners, that have water pipe easements on their land and high-volume usage industrial customers). We also endeavour to recoup the full costs of any damage, not only to ensure that our customers do not foot the bill, but also to act as a deterrent against future damage. All significant events and near-misses also are subject to our continual improvement process which considers the event, mitigating activity and lessons-learned to action.

In the unfortunate situations when Bristol Water cannot achieve these high standards, whilst supply interruption solutions are being sought Alternative Water Supply options are in place, for example using tankers or delivering bottled water. These activities help protect the vulnerable and provide an interim solution for the community. We can confirm our supply interruptions data includes interruptions that are greater than or equal to three hours in duration for the current reporting period.

00:07:21

Target

Water supply interruptions

hh:mm:ss

2024/25 Actual	**00:07:21**
2023/24 Actual	00:09:24
2022/23 Actual	00:08:03
2021/22 Actual	00:02:31
2020/21 Actual	00:30:17
Target 2024/25	00:05:00

3A.3 Leakage

Although in terms of the three-year average position, leakage has reduced by 5.4% compared to the baseline, we have not achieved the stretching target for 2024/25. On an annual basis has reduced in for the second year in a row and is 9.8% lower than the baseline..

We plan to deliver further improvements in leakage performance through the continued roll out of fixed and semi-fixed acoustic leak detection loggers as part of a package of improvements aimed a reducing repair times. We have targeted our roll out in areas at higher risk of leaks and areas where it is harder to identify the precise location of leaks.

5.4% (38.5)

Target

Leakage levels

Reduction from baseline (% and Ml/d)

2024/25 Actual	**5.4% (38.5)**
2023/24 Actual	6.1% (38.2)
2022/23 Actual	9.3% (36.9)
2021/22 Actual	11.5% (36.0)
2020/21 Actual	6.9% (37.9)
Target 2024/25	21.2% (32.1)

The water balance gap (which forms part of the method of calculating leakage and PCC) for the year is 4.6% and as such the 'water balance and MLE' component of the compliance checklist for leakage is 'red.' All other components in the leakage compliance checklist are 'green' (despite some sub-components being rated as 'amber'). A review has been undertaken to ensure that the approach to the water balance can be aligned to the South West Water approach in future. Had this been utilised in 2024/25, it is likely the gap would have reduced to c. 2.5.%

3A.4 Per capita consumption

Per capita consumption has reduced by 1.9% on a three-year average basis compared to the baseline.

Despite the achievement of a reduction compared to the baseline following increases in water consumption in 2020/21, our target for 2024/25, which is based on a three-year average reduction against the baseline (from 2017 to 2020) has not been achieved.

We have continued with our strategy to reduce consumption. This includes: continuing to offer water efficiency fittings, further development of the Resource West partnership, development of the West Country Water Resources water efficiency partnership and utilising the reporting and monitoring of PCC in 'real time' to enable targeted social media campaigns during hot weather where peak demand occurs. We will also continue to promote our 'Smarter with a Meter' Campaign in Bristol encouraging customers to have smart meters, which will help customers understand how they use water and identify leaks in their homes.

As noted in the leakage section above, we have also established an action plan to reduce the water balance gap which forms part of the calculation approach for both leakage and PCC.

Given the high water balance seen in Bristol Water and the integration of Bristol and South West Water Resources team, we have completed a review of the process surrounding the water balance – with an improvement programme underway across both regions. We are seeking to align with best practice and improve our accuracy of the water balance in future. All components of the compliance checklist for PCC are green, with a single subcomponent (4c) being amber, with a plan to address this in 2025/26.

1.9% (146.0)

Per capita consumption

Reduction from baseline (Litres / person / day)

2024/25 Actual	**1.9%**	**146.0**
2023/24 Actual	0.1%	148.8
2022/23 Actual	-4.0%	154.8
2021/22 Actual	-3.5%	154.1
2020/21 Actual	-2.7%	152.9
Target 2024/25	6.3%	139.5

3A.5 Mains repairs

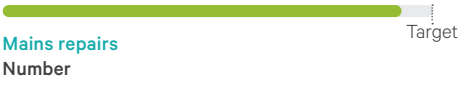
When our mains get damaged or fail, it is vitally important that these are repaired to ensure that we do not waste valuable water and that customers are kept in supply. We measure the number of mains that we have reactively repaired in the year and divide it by the total length of mains to indicate the performance of our mains network.

We minimise the likelihood of mains bursts by replacing targeted sections or whole areas of poorly performing pipes. We minimise high pressure risks where we can and monitor the network for 'transient' pressure spikes that can lead to mains failures. Alongside this, our network teams employ calm network operational techniques. These interventions have seen good performance throughout the year, even taking into account a small outbreak of leaks during the first two weeks of January 2025.

Most of the main repairs were associated with bursts that we had proactively detected (475), rather than reactive repairs for mains failures (369) that had been reported by customers. Proactively identifying leaks means that we can begin to address issues before the public are aware and, finding-and-fixing leaks quickly minimises the impact on leakage.

We will continue to minimise the likelihood of mains bursts by replacing targeted sections or whole areas of poorly performing pipes as well as minimising high pressure risks where we can and monitor the network for 'transient' pressure spikes that can lead to mains failures. In addition to this, as at South West Water, our network teams employ calm network operational techniques.

121.0



Mains repairs

Number

2024/25 Actual	**121.0**
2023/24 Actual	124.8
2022/23 Actual	170.8
2021/22 Actual	106.4
2020/21 Actual	154.2
Target 2024/25	130.7

Performance summary – BRL continued

3A.6 Unplanned outage

The performance commitment for unplanned outage is 2.34%. Unplanned Outage has reduced this year to 1.57%, within targeted levels, meaning we have met the performance commitment for four of the five years of the regulatory period.

Outages at Purton Treatment Works caused us to significantly miss the 2022/23 target, and these outages carried on into the early part of 2023/24. We were able to resolve these issues such that they did not impact this year significantly A multi-year programme is ongoing to reduce future risks through the replacement of clarifiers and work on the high lift pumps.

A programme of physical capacity testing at peak capacity over a seven-day rolling average period is underway however this has not been completed as at 31 March 2025 and as such some sites capacity used in the calculation of unplanned outage is not in line with physical capacity testing. This will be completed in 2025/26.

In this respect we are reporting an 'amber' position in the compliance checklist for component 5 – 'Reduction in capacity' of the compliance checklist due to capacity testing not having been completed as described above and related source data. All other components are assessed as green. With the activities we are undertaking, we anticipate that all components and subcomponents will be green in 2025/26.

1.57

Target

Unplanned outage

%

2024/25 Actual	**1.57**
2023/24 Actual	2.06
2022/23 Actual	6.21
2021/22 Actual	1.74
2020/21 Actual	0.20
Target 2024/25	2.34

3A.7 Customer contacts about water quality – appearance

The aim of this performance commitment is to reduce water quality contacts made by our customers, relating to the appearance of their water. It is measured as the number of times we are contacted by consumers regarding the appearance of their tap water, reported per 1,000 population. The calculation is the number of contacts for appearance multiplied by 1,000, divided by the resident water supplied population as reported to the Drinking Water Inspectorate (DWI). This performance commitment is reported in calendar years.

The consumer contact rate for appearance contacts improved from 0.94 in 2021 to 0.59 in 2023. A contact rate of 0.59 is the Company's lowest number of appearance contacts per 1,000 population recorded, beating the previous lowest in 2022 and has met the challenging performance commitment level target of 0.52.

The largest contributor to appearance contacts continues to relate to discoloured water (black/brown/orange), which can primarily be caused by the disturbance of iron sediments in the mains network. We are continuing our work with the Fire Service and other external organisations to reduce the risk of customers experiencing discoloured water when they operate fire hydrants on our network. We have also continued our risk-based systematic flushing programme to reduce the risk of discoloured water have trialled different methods to make this process more sustainable. Approximately 10% of contacts contributing to this metric are related to customers' own plumbing. Improvements made during the AMP including information available on our website, allowing customers to self-serve has seen a sustained reduction in these contacts.

0.67

Target

Appearance contacts

Number

2024/25 Actual	**0.67**
2023/24 Actual	0.59
2022/23 Actual	0.94
2021/22 Actual	1.11
2020/21 Actual	1.07
Target 2024/25	0.43

3A.8 Customer contacts about water quality – taste and smell

The aim of this performance commitment is to reduce water quality contacts made by our customers, relating to the taste and odour of their tap water. The calculation is the number of contacts for taste and odour multiplied by 1,000, divided by the resident water supplied population as reported to the Drinking Water Inspectorate (DWI). The consumer contact rate for taste and odour contacts has remained relatively stable at 0.28 in 2024, however this has narrowly missed the target for the year, which has become more stringent year-on-year.

The majority of taste and smell contacts are associated with internal plumbing systems within customers' homes. As noted above We continue to improve information available for customers on our website to allow customers to self-serve and resolve taste and odour problems as quickly and conveniently as possible.

As part of our plans for 2025–30, we are planning to install additional chlorine analysers in the network as well as additional secondary chlorination points. This should allow improvements in the management of chlorine residuals, which will benefit customers sensitive to the taste and smell of chlorine and impacts of chlorine residuals reacting with materials used in customers' internal plumbing systems.

0.28

Target

Taste & Smell contacts

Number

2024/25 Actual	**0.28**
2023/24 Actual	0.23
2022/23 Actual	0.27
2021/22 Actual	0.28
2020/21 Actual	0.35
Target 2024/25	0.25

3A.9 Properties at risk of receiving low pressure

Water pressure determines the water flow from customer taps. This is measured as the total number of properties in our area of water supply which, at the end of the year, have received, and are likely to continue to receive, a pressure or flow below the reference level. Our standard of service for mains water pressure is ten metres head (1 bar) at the property boundary of a home or business.

This normally means that in our customers' home or business, water pressure should be strong enough to fill a 4.5 litre (one gallon) container in 30 seconds from a ground floor tap. This is the minimum level of pressure we expect each house or business to receive, although pressure can be higher.

This year we have continued with our determined effort to minimise the properties at risk of receiving low pressure and commissioned additional targeted interventions to improve our customers' experience and removed a two properties from the Low Pressure Register, which had previously been added in the year. This removal followed rezoning of properties in the network and equipment replacement, addressing seasonal demand issues.

At year end the eight properties are: four properties on higher ground in Stanton Drew at risk of receiving fluctuating pressure, three properties in Donnington Ash which on 31 March 2025 were awaiting remedial work and one barn conversion in Ditcheat.

8

Target

Properties at risk of receiving low pressure

2024/25 Actual	**8**
2023/24 Actual	6
2022/23 Actual	2
2021/22 Actual	11
2020/21 Actual	57
Target 2024/25	49

3A.10 Turbidity performance at treatment works

Reducing turbidity at treatment works improves the efficiency of the disinfection process and improves the appearance of drinking water. Turbidity performance at treatment works is measured as the number of operational water treatment works where the 95th percentile of all regulatory final water samples does not equal or exceed 0.5 Nephelometric Turbidity Units (NTUs).

In 2025, all works performed better than the threshold and therefore, the Company met the performance commitment target. This means we have met our target throughout the five year regulatory period, with no treatment works equalling or exceeding the NTU target Based on our historical performance to date.

0

Target

Turbidity

2024/25 Actual	**0**
2023/24 Actual	0
2022/23 Actual	0
2021/22 Actual	0
2020/21 Actual	0
Target 2024/25	0

3A.11 Unplanned maintenance – non-infrastructure

Unplanned events mean potential interruptions to the treatment and supply of clean and wholesome water. The more we can reduce the occurrence of unplanned events on our treatment works the more reliable the supply of water; this results in reduced asset downtime and increased reliability of supply for our customers.

The aim of this performance commitment is to ensure that the health of all water non-infrastructure assets is appropriately maintained and improved. It is measured as the total number of unplanned non-infrastructure maintenance jobs, required as a result of equipment failure or reduced asset performance. It typically relates to jobs identified at our treatment works, pumping stations and service reservoirs.

The target for this measure for 2024/25 was 3,272 and our actual year end value was 3,068. This means that the performance target was achieved in 2024/25 and in all five years of the regulatory reporting period.

3,068

Target

Unplanned Maintenance non-infrastructure

2024/25 Actual	**3,068**
2023/24 Actual	3,045
2022/23 Actual	3,077
2021/22 Actual	3,026
2020/21 Actual	3,134
Target 2024/25	3,272

3A.12 Void properties

The percentage of properties that are registered as void has reduced and remains below the targeted level. The monthly performance has continued to follow an expected pattern, with a normal trend of higher voids in the summer months where we normally see higher volumes of moves due to the changes of student rental properties.

As a business we have focused resource when necessary throughout the year to ensure we keep the number of void properties to a minimum. This has resulted in the stable result.

1.74

Target

Void properties

%

2024/25 Actual	**1.74**
2023/24 Actual	1.70
2022/23 Actual	1.79
2021/22 Actual	1.80
2020/21 Actual	1.80
Target 2024/25	1.80

3A.13 Meter penetration

Metering is generally regarded as being the fairest and most accurate way to pay for water. However, our customers have consistently told us through consultations and surveys that they do not wish to see full compulsory metering for all our domestic customers. Therefore, we are reliant upon customer demand, meter installations upon change of ownership and effective, persuasive marketing.

Although during the 2020–25 regulatory period we have seen an increase of 10.16% in respect of meter penetration, which is greater than the 9% increase in our business plan for the period, the total meter penetration percentage is below our targeted position. This results in large part from starting the period at a much lower starting position than was in the plan.

Since the beginning of the 2020–25 regulatory period, we have developed our in-house team of Surveyors, Plumbers and Construction teams. This has allowed Bristol Water to meet the changing demand for internal and newly installed stop taps which peaked in this fourth year of the period. This change in demand also represents a challenge to maintain the unit cost low to provide our customers value for money to complete our Metering commitments. Although we are now undertaking more complex work, we have increased the percentage of all newly raised applications/change of occupier converted into metered properties.

The campaign "Cheaper with a Meter" first launched in June 2022 has continued through this reporting year. It focuses on improving customer confidence to sign up for a water meter, with a strong call to action by supporting the financial saving that could be achieved through having a water meter and putting our customers in control of their bill. Campaign research found nine out of ten customers achieved a saving, with the average annual saving being in the region of £109, by switching to a water meter demonstrating it can be 'Cheaper with a Meter'.

Additionally, our customers have the assurance that if they sign up for a meter through our free meter option scheme, and they do pay more than their rateable value after two years, we will refund the difference.

In preparation for 2025–30, when we will be installing smart metering, change of occupancy metering was paused towards the end of 2024/24, impacting the level of additional metering added during 2024/25. The volumes impacted here will be added to the smart meter installation programme in 2025–30.

69.14

Target

Meter Penetration

%

2024/25 Actual	**69.14**
2023/24 Actual	67.45
2022/23 Actual	64.89
2021/22 Actual	62.41
2020/21 Actual	60.26
Target 2024/25	75.00

Performance summary – BRL continued

3A.14 Raw Water Quality of Sources

In line with our work with farmers in our water supply catchments over the course of the last three years, the annual loss of phosphorus from the land into the water environment will now be reduced by 536kg. This has been achieved by providing advice to farms, for example around soil and nutrient management, and by supporting farms to improve their infrastructure where this will reduce pollution risk, for example by improving slurry storage capacity, installing fencing along watercourses and other interventions.

Over the past five years we have delivered the following support and interventions:

- Advice and support around nutrient and soil management to many farms across the catchments in the programme (Blagdon, Chew, Egford and Cheddar/Axe)
- Nutrient management plans and/or associated soil and manure analysis on numerous farms
- Constructed wetlands
- Watercourse fencing
- Yard improvements (roofing/concreting)
- New slurry stores
- New dirty water stores
- Guttering and pipework to separate clean and dirty water
- Slurry/solids separator

Our catchment management efforts contribute to maintaining raw water quality in our sources, meaning water is easier and less expensive to treat to a potable standard. They also help to maintain our SSSIs in favourable conservation status and surrounding waterbodies in good ecological status or potential under the Water Framework Directive. This benefits local communities, improves the environment and enhances natural capital.

In line with both specific final determination procedures required for this metric and our programme of external assurance for all performance measures, this measure was audited by Jacobs. All previous actions were address, and no material issues were identified.

536

Target

Raw Water Quality of Sources

kg of phosphorous saved from loss to environment

2024/25 Actual	**536**
2023/24 Actual	514
2022/23 Actual	394
2021/22 Actual	239
2020/21 Actual	155
Target 2024/25	531

3A.15 Biodiversity Index

The Biodiversity Index target has been achieved for the year. This continues the trend of meeting the target each year of the 2020–25 period.

Throughout the reporting year of 2024/25, Bristol Water has used investment and resource to ensure asset maintenance, safety, and condition. This work has prevented the deterioration of habitat conditions and ensured natural assets continue to provide multiple ecosystem services such as biodiversity (as recorded by this ODI), recreation, water quality and carbon capture.

Ongoing natural asset maintenance activities delivered by the Company include hay cuts, scrubb cutting, invasive species removal, pollarding and monolithing of trees with new trees planted to replace felled trees. These actions mitigate the potential for negative condition changes in the biodiversity value of natural assets.

Over the reporting year there has been habitat management and intervention work that has resulted in a net gain of 4.82 Biodiversity Index points. This enhancement in biodiversity value has been achieved through the planting of trees and managing hedgerows, managing woodland parcels impacted by Ash Dieback and the removal of scrub from grasslands.

There has been activity to mitigate deterioration of assets, removing and continuing to control invasive plant species and plant diseases. These include planting replacement and managing diseased trees to offset tree removal due to Ash Dieback works.

The net changes in the biodiversity score for 2024/25 are shown below:

Site	Loss/Gain/Maintain	Net BI change
Chew Valley Lake – Grassland	Gain	3.57
Chew Valley Lake – Grassland	Gain	0.72

17,711

Target

Biodiversity Index

Score

2024/25 Actual	**17,711**
2023/24 Actual	17,707
2022/23 Actual	17,693
2021/22 Actual	17,678
2020/21 Actual	17,668
Target 2024/25	17,711

3A.16 Waste disposal compliance

There have been five compliance failures reported in 2024, compared to eight failures in 2023. The end of year figure is 98%, consistent with previous years. Two of the 14 active Bristol Water sites being sampled reported breaches.

Three were at Barrow Treatment Works, relating return to reservoir events and the other two were also at Barrow Treatment Works relating to reed bed breaches. The breaches have occurred during improvement work being undertaken to improve site compliance in the longer-term. New equipment has been installed to improve solids removal to a reservoir, while the two reed bed breaches have been as a result of challenges during the commissioning work.

Given the improvement works undertaken, we are confident the issues at Barrow Treatment Works this year will not be a recurring problem. We are also pleased that there were no compliance issues at any other sites, especially in the case of Blagdon Water Treatment Works where we have placed a focus on avoiding non-compliance. The site had been our most challenging compliance point with raw water quality risks.

As part of a group-wide Environmental Performance working group, we are aiming to drive improvement activity to achieve 100% compliance in the future.

98

Waste Disposal Compliance

%

2024/25 Actual	**98**
2023/24 Actual	98
2022/23 Actual	98
2021/22 Actual	98
2020/21 Actual	98
Target 2024/25	100

3A.17 Water Industry National Environment Programme Compliance

Work to deliver our WINEP obligations and projects has progressed well throughout the 2020–25 period. As a result, Bristol Water achieved 100% compliance against WINEP during 2024/25. A cumulative total of 49 projects have now been signed off by the Environment Agency (and Natural England for certain investigations).

During the year 16 projects were signed off by the Environment Agency or retrospectively signed off. One project in respect of MCERTS flow monitoring at Charterhouse Water Treatment Works was approved by with the Environment Agency to have a revised completion date of 30/06/2026 following capital works which have become necessary following a fire at the site.

Projects we have completed and had signed off this year include abstraction sustainability investigations, catchment water quality investigations at Egford, measures to tackle invasive species, biodiversity plans and MCERTS certification at multiple sites.

100

WINEP Compliance

%

2024/25 Actual	**100**
2023/24 Actual	100
2022/23 Actual	100
2021/22 Actual	100
2020/21 Actual	100
Target 2024/25	100

Performance summary – BRL continued

3A.18 Local community satisfaction

Our local community satisfaction target recognises the importance of working together with local stakeholders to tackle jointly the issues which the city faces. For us this means challenging ourselves on the way that we work to deliver a safe and reliable supply to customers, so that we can maximise additional economic, environmental and social value. This approach is underpinned by our social contract, which provides the framework and governance process for the delivery of this wider public value. The process is independently challenged through designated quarterly meetings with our stakeholder panel, known as the Bristol Water Challenge Panel.

In the 2024/25 survey, 97.1% of the social contract stakeholders who completed the survey were either fairly or very satisfied with Bristol Water's contribution to the communities. This is compared to the committed performance level of 85.0% and last year's result of 88.9%

Our stakeholders' high satisfaction for this year is based on the positive contribution to the communities that we serve, which our social contract programmes and initiatives aim to achieve. In order to demonstrate to our stakeholders that we have improved our contributions to our local communities, we undertake a range of social contract programmes, with specified objectives for the year.

The survey and the report was conducted by the independent third-party research provider that complies with the Market Research Society Code of Conduct. Jacobs has provided assurance on the survey as part of their ODI assurance work. The measure of satisfaction has increased due to a decrease of respondents stating they are neither satisfied nor dissatisfied, in which case they are not included in the percentage of 'satisfied' respondents.

The survey and the report was conducted by the independent third-party research provider that complies with the Market Research Society Code of Conduct. Jacobs has provided assurance on the survey as part of their ODI assurance work. The social contract forward programme and benefits and transparency reports continue to be published on the Bristol Water website.

97.1

Target

Local community satisfaction

%

2024/25 Actual	**97.1**
2023/24 Actual	88.9
2022/23 Actual	92.0
2021/22 Actual	92.6
2020/21 Actual	88.2
Target 2024/25	85.0

3A.19 Abstraction Incentive Mechanism (AIM)

In the Bristol region we do not have any abstractions which have been identified as candidates for the Abstraction Incentive Mechanism, but in order to provide additional protection to the environment we have created our own measure for the area which operates on the same principles. At one of our abstraction sites in the Cotswolds (the Shipton Moyne group), we monitor the groundwater conditions and if groundwater levels drop below our target value at the start of the year we then reduce our target abstraction level for the rest of the year. The threshold was not triggered in 2024, hence this was not an 'AIM year' and we do not have a quantified reduction to report for the year.

Specifically the trigger level for 2020–25 was set at 90.0 meters above ordnance datum (mAOD) on 1 April each year, below which the scheme is triggered. At 1 April 2024, the water level was 101.8mAOD and therefore the scheme has not been triggered for the year.

We continue to operate these resources in such a way to minimise the associated abstraction in line with the AIM process.

N/A

Target

Abstraction Incentive Mechanism (AIM)

%

2024/25 Actual	**N/A**
2023/24 Actual	N/A
2022/23 Actual	N/A
2021/22 Actual	N/A
2020/21 Actual	N/A
Target 2024/25	(186.1)

3A.20 Glastonbury Street Network Resilience

This performance commitment relates to our investment plans to introduce a new 8.4 km length of 450 mm diameter main that would connect Wells to Glastonbury and Street in Somerset.

Reliability of water supply is a top priority for our customers. The Glastonbury and Street zones are supplied from Cheddar treatment works via a considerable length of 'Critical Main' for which there is no redundancy. This project will ensure that a population of approximately 28,000 have resilience of supply by providing an additional route of supply to Windmill Hill Reservoir, maintaining the supply of water to Glastonbury and Street in the event that the main supply route is lost or compromised. It also ensures that those customers in Glastonbury and Street would be at a significantly less risk of experiencing water supply interruptions of over 24 hours.

The scheme was delivered by March 2023. In line with both specific final determination procedures required for this metric and our programme of external assurance for all performance commitment measures, this measure was audited by Jacobs. The measure is of months delay, and given the on-time delivery it is reported as '0.'

0

Target

Glastonbury Street Network Resilience

2024/25 Actual	**0**
2023/24 Actual	0
2022/23 Actual	0
2021/22 Actual	0
2020/21 Actual	0
Target 2024/25	0

TABLE 3C – Customer measure of experience (C-MeX) table

Item	Unit	Value
Annual customer satisfaction score for the customer service survey	nr	78.92
Annual customer satisfaction score for the customer experience survey	nr	76.59
Annual C-MeX score	nr	77.76
Annual net promoter score	nr	18.00
Total household complaints	nr	1,741
Total connected household properties	nr	530,130
Total household complaints per 10,000 connections	nr	32.839
Confirmation of communication channels offered	TRUE or FALSE	TRUE

See Below for further commentary in respect of our C-MeX performance and commentary on other metrics in this section for further details of our performance in respect of customer service in the round.

C-MeX

In the industry's customer measure of experience (C-MeX) we have remained in the upper quartile despite a decrease in C-MeX score. C-MeX is split into a customer service survey and a perception survey. Our service survey rank was fifth and perception score was seventh.

We have further work to do in particular to improve the customer satisfaction of those customers who have not interacted with us. We will continue to work to share our positive impact in the community and with customers via a range of communication channels and partnership working through our Social Contract.

We have continued a number of community projects such as the drinking water fountains. We have also continued to manage a variety of projects to achieve our performance in this area.

We can confirm that we have offered at least five communication channels for receiving customer contacts and complaints and at least three online channels throughout the reporting year. For completeness, the communication channels are:

- Letter
- Telephone
- Email
- Social media (multiple platforms)
- Webform
- Live chat
- Customer visits (if requested).

Above (77.76)

Target

C-MeX score

2024/25 Actual	**77.76**
2023/24 Actual	80.98
2022/23 Actual	80.68
2021/22 Actual	82.86
2020/21 Actual	83.31
Target 2024/25	Median

Performance summary – BRL continued

TABLE 3D – Developer services measure of experience (D-MeX) table

Item	Unit	Value
Qualitative component annual results	nr	79.33
Quantitative component annual results	nr	99.93
D-MeX score	nr	89.63
Developer services revenue (water)	£m	2.886

See page 241 for further commentary in respect of our D-MeX performance

Calculating the D-MeX quantitative component

Water UK performance metric	Unit	Second reporting period (1 October to 31 March)	Quantitative score (annual)
W1.1 Pre-development enquiry – reports issued	%	100.00%	
W3.1 s45 quotations	%	99.67%	
W4.1 s45 service pipe connections	%	99.29%	
W6.1 Mains design <500 plots – quotations	%	100.00%	
W8.1 Mains construction	%	100.00%	
W17.1 Mains diversions (without constraints) – quotations	%	100.00%	
W18.1 Mains diversions – construction/commissioning	%	100.00%	
W26.1	%	–	
W27.1 Self-lay permanent water supply – provided	%	–	
W30.1 Self lay references and costing details – issued	%	100.00%	
S1.1 Pre-development enquiry – reports issued	%	100.00%	
WN2.2 % Bulk supply offer letters issued to applicant within target period	%	100.00%	
WN4.1 % of main laying schemes constructed/commissioned within target	%	100.00%	
SLPM – S1/2 Review PoC proposal	%	100.00%	
SLPM – S2/2a Provide Design	%	100.00%	
SLPM – S2/2b – Water Company to provide design acceptance	%	100.00%	
SLPM – S3 review/revise Water Adoption agreement	%	–	
SLPM – S4/1 Source of Water Delivery Date	%	–	
SLPM – S7/1 Validate notification and provide consent to progress with connection	%	–	
D-MeX quantitative score (for the reporting period)	%	99.93%	
D-MeX quantitative score (annual)	nr		1.00

D-MeX

Ofwat publish D-MeX results, as a performance league table, at the end of the reporting year so that customers can clearly see how we perform against other water companies when providing services to developer customers.

Although our performance has remained strong and there has been a general improving trend in score through the 2020–25 period, we are disappointed in the slight decrease in the year, which we will focus on in 2025/26 to ensure the improving trend continues.

During the year we have maintained close relationships with customers and have continued to drive improvements in service for developers, self-lay providers and new applications and variations (NAV's). This has resulted in our highest ever qualitative customer satisfaction survey scores as we acted upon previous customer feedback asking for better communication and timescales for completed work.

We continue to hold account meetings with our NAV customers and offer account meetings with our other developer services customers whereby we discuss both industry and Company changes and developments together with any scheme specific queries.

Our team recognise the importance of customer engagement and discussions on what is important to our developer customers.

The integration within South West Water has enabled our teams to collaborate closely to learn from each other and introduce best practice to deliver a robust and consistent service to customers across both operating regions. We will maintain this focus over the coming year to bring greater alignment.

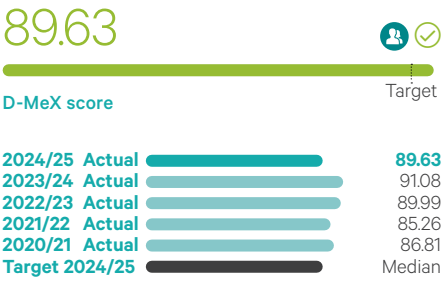


TABLE 3E – Outcome performance – Non financial performance commitments

	Unit	Performance level: Actual	PCL met?	See page
Common				
Risk of severe restrictions in a drought	%	28.5	No	250
Priority services for customers in vulnerable circumstances – PSR reach	%	11.0	Yes	250
Priority services for customers in vulnerable circumstances – Attempted contacts	%	94.7	Yes	250
Priority services for customers in vulnerable circumstances – Actual contacts	%	62.6	Yes	250
Bespoke PCs				
Percentage of customers in water poverty	%	–	Yes	251
Value for money	%	68	No	251
Percentage of satisfied vulnerable customers	%	70	No	252
WINEP Delivery	text	Met	Yes	252
Total customer complaints	nr/10,000 connections	32.8	No	252

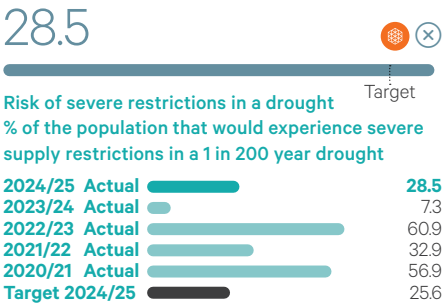
Performance summary – BRL continued

3E.1 Risk of severe restrictions in a drought

The 25 year average customers at risk in the Bristol area was assessed in 2024/25 as 28.5% of the 25 year average total population at risk. This is narrowly outside our target of 25.6% for the year.

For 2024/25, the supply-demand balance in line with guidance for this metric shows an increased surplus of 4.52Ml/d.

The remaining 28.53% residual risk is a theoretical historic risk, with no current water resources risk identified and no risk of forecast deficits prior to 2037. Forecast deficits beyond this are hypothetical if no action is taken to address such risks.



3E.2 Priority services for customers in vulnerable circumstances – PSR reach &

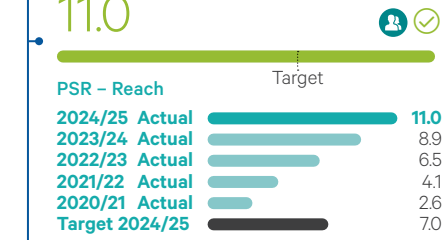
3E.3 Priority services for customers in vulnerable circumstances – Attempted contacts &

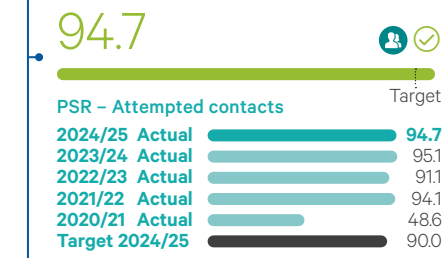
3E.4 Priority services for customers in vulnerable circumstances – Actual contacts

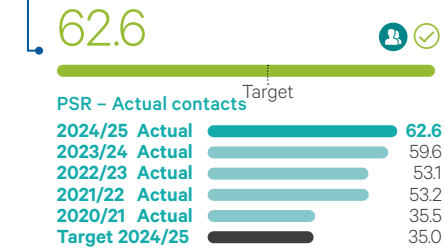
Performance commitment targets have been met for each component of the priority services register ODI (reach, attempted contacts and actual contacts).

We have continued to work with parters to use data shares to help us understand who needs our priority services. We compliment this with a range of ways to promote the services including staff awareness, bill messaging, campaigns and partnership working. We will continue to work to increase the numbers registered to ensure all customers who need the service are registered.

We have also continued to achieve a good performance in attempting to and actually making contact with customers on the register to ensure we have the most up to date information. This helps ensure we provided the necessary services at times of need.







3E.6 Percentage of customers in water poverty

The performance commitment Percentage of Customers in Water Poverty ensures we help those customers on the lowest incomes and experiencing the most serious financial difficulties. To do this we track the percentage of customers in 'water poverty'. Water poverty is defined as the percentage of customers within the Company's supply area for whom their water bill represents more than 2% of their disposable income (defined as gross income less income tax).

We have continued to use our data to understand which customers are in water poverty and at risk of being in water poverty. This data has been used to then proactively reach out to customers to provide easy steps to take them out of water poverty.

In addition to this we have data shares in place, including with the Department for Work and Pensions and local councils where we use the data shares to automatically enrol customers onto the right support for them.

We also continue to train our staff to spot signs of customers struggling to pay their water bill and to provide advice to all customers on how to lower their bill.

Our reporting approach for 2020–25 is in line with the final determination for the period expectation, to include customers on social tariffs within our analysis, which had contributed in the first to the slightly higher reported figure above the zero baseline. We are pleased to now have achieved our 0% target in line with the regulatory target, to 0 decimal places (i.e less than 0.5%). We continue to take the measures listed above to further reduced this percentage and ensure water bills remain as low as possible for all customers.

Our analysis tool was built and is maintained by CACI Inc.

0

Target

Customers in Water Poverty

%

2024/25 Actual	**0**
2023/24 Actual	0
2022/23 Actual	0
2021/22 Actual	1
2020/21 Actual	1
Target 2024/25	0

3E.7 Customer satisfaction with value for money

The aim of this performance commitment is to deliver a service that represents value for money for our customers. It is measured via an annual household customer tracking survey of 1,000 customers; the percentage of customers surveyed who consider that we provide good value for money is determined by customers either responding 'very good' or 'good' to the question: 'Thinking about value for money, overall how would you rate Bristol Water in relation to the services they provide?'

Customers are selected through random digit dialling (RDD) – a method for selecting customers for involvement in telephone surveys by generating telephone numbers at random. Random digit dialling has the advantage that it includes unlisted numbers that would be missed if the numbers were selected from a phone book.

Performance has improved in the year following a deterioration in 2023 largely resulting from customers rating satisfaction with value for money as 'neither good nor poor' and 'poor' in that year. For 2024/25 there has been a 14 percent reduction in respondents using that neutral category and a ten percent increase in those rating satisfaction with value for money as good. We have also seen an improvement in satisfaction with the overall service to 87% compared to 76% in the previous year.

Drivers of customers not rating us as good or better in respect of value for money and therefore areas of focus largely centre around bill increases and perception of whether the water billing system in England is fair. Positive responses generally centre on themes of water quality being good and customers not having experienced a problem with Bristol Water. Some customers also view that water bills are low compared to other household bills.

Our strategy Addressing affordability and Delivering for our Customers includes areas we have identified to support our customers to make their bills more affordable, including expanding the use of auto-enrolment onto our discounted tariffs for those customers in water poverty.

We use regular post-event research to see how we can improve the service during an emergency, we have recently published a dedicated webpage for information on what to expect in an emergency for all customers and for those on priority services. Our Social Contract includes work with partners to support the local environment and we will continue to communicate this to our customers through a range of opportunities including our paper magazine 'The Drop', newsletters, social media and press coverage.

The continued decline in satisfaction with value for money is also observed in Ofwat's national cost of living tracker.

68

Target

Customer satisfaction with value for money

%

2024/25 Actual	**68**
2023/24 Actual	59
2022/23 Actual	68
2021/22 Actual	77
2020/21 Actual	83
Target 2024/25	83

Performance summary – BRL continued

3E.8 Percentage of satisfied vulnerable customers

The aim of this performance commitment is to ensure that those customers that are registered for our Priority Services Register (PSR) are satisfied with the services they receive through the PSR. It is measured via an annual survey undertaken by an external third-party market researcher in line with the Market Research Society's code of conduct using a sample size selected to give a reasonable statistical significance. The sample comprises representative percentages of customers aligned to the vulnerability needs of customers as at the end of the previous reporting year.

Customers registered on the PSR surveyed in 2024/25 were asked to rate the service we have provided as a result of being on the register. 78% of our vulnerable customers rated the service they receive through the PSR as either very satisfied or satisfied compared to the 2023/24 target of 85%. This is also a decrease of 2% from the previous year.

For the third year in a row, none of the customers surveyed reported that they were 'fairly unsatisfied' nor 'very unsatisfied' and the decrease in performance is due to an increase in the number of survey participants identifying as 'neither satisfied nor unsatisfied.' The main reason for customers reporting that they are 'neither satisfied nor unsatisfied' appears to be a lack of awareness of the PSR.

We are working hard to raise awareness of PSR, among all PSR customers, including customers who are registered on Bristol's PSR via data sharing agreement with National Grid, which is becoming a larger share of the register. We also continue to carry our bi-annual checks with customers who have been on the PSR for more than two years to ensure that customers who have been on the PSR for several years are also aware of the services currently offered, and they are registered for the right services.

78

Target

Percentage of satisfied vulnerable customers

%

2024/25 Actual	**78**
2023/24 Actual	80
2022/23 Actual	88
2021/22 Actual	89
2020/21 Actual	82
Target 2024/25	85

3E.9 WINEP Delivery

16 schemes were completed in 2024/25. The Environment Agency (EA) Water Industry National Environment Programme (WINEP) tracker spreadsheet has been reviewed by both the EA and Bristol Water to confirm that the delivery of the WINEP schemes are on track as at 31 March 2025, building on the position of the programme being met in the previous years. A cumulative total of 49 schemes have been completed over the five-year regulatory period. Two schemes have agreed revised completion dates in the EA tracker after 31 March 2025.

Met

Target

WINEP delivery

2024/25 Actual	**Met**
2023/24 Actual	Met
2022/23 Actual	Met
2021/22 Actual	Met
2020/21 Actual	Met
Target 2024/25	Met

3E.10 Total customer complaints

We are disappointed to have seen an increase in total customer complaints with performance of 32.8 complaints per 10,000 customers, which we believe will result in a position outside of the upper quartile. Complaint resolution and handling is a key focus of our customer experience strategy; every complaint is handled by our Customer Care Team where a designated member of staff ensures that the complaint is resolved on a timely and complete basis. The team provide root cause information which feeds into our learnings and future improvements to prevent repeat complaints. In recent years we had seen a decrease in customer complaints, and some of the increase this year is likely due to the increased focus on the industry. We will continue to work to deliver improvements in this area.

The target is based on the revised CCW definition for total household complaints, with reference to the upper quartile of the previous year.

32.8

Target

Total customer complaints

Number/10,000 connections

2024/25 Actual	**32.8**
2023/24 Actual	23.4
2022/23 Actual	23.9
2021/22 Actual	38.7
2020/21 Actual	58.9
Target 2024/25	UQ

TABLE 3F – Underlying calculations for common performance commitments – water and retail

	Unit	Standardising data indicator	Standardising data numerical value	Performance level – Actual (current reporting year)	Performance level – Calculated (i.e. standardised)
Performance commitments set in standardised units – Water					
Mains repairs – Reactive	Mains repairs per 1000 km	Mains length in km	6,977.20	369	52.89
Mains repairs – Proactive	Mains repairs per 1000 km	Mains length in km	6,977.20	475	68.08
Mains repairs	Mains repairs per 1000 km	Mains length in km	6,997.20	844	120.97
Per capita consumption (PCC)	lpd	Population	1,222.15	179	146.30

	Unit	Baseline (average from 2017–18 to 2019–20)	Performance level – actual (2021–22)	Performance level – actual (2022–23)	Performance level – actual (2023–24)	Performance level – actual (2024–25)	Performance level 3-year average	Calculated performance level to compare against PCLs
Performance commitments measured against a calculated baseline								
Leakage	Ml/d	40.7	35.6	40.6	38.3	36.7	38.5	5.4
Per capita consumption (PCC)	lpd	148.9	154.7	147.0	144.7	146.3	146.0	1.9

	Unit	Standardising data indicator	Standardising data numerical value	Performance level – actual number of minutes lost	Number of properties supply interrupted	Calculated performance level
Water supply interruptions						
Water supply interruptions ≥3 hours	Average number of minutes lost per property per year	Number of properties	566.84	4,166,296	6,648	00:07:21

	Unit	Standardising data indicator	Standardising data numerical value	Performance level – actual number of minutes lost	Number of properties supply interrupted	Calculated performance level
Water supply interruptions						
Water supply interruptions ≥6 hours	Average number of minutes lost per property per year	Number of properties	566.84	2,314,608	2,454	00:04:05

	Unit	Standardising data indicator	Standardising data numerical value	Performance level – actual number of minutes lost	Number of properties supply interrupted	Calculated performance level
Water supply interruptions						
Water supply interruptions ≥12 hours	Average number of minutes lost per property per year	Number of properties	566.84	1,511,581	1,035	00:02:40

Performance summary – BRL continued

TABLE 3F – Underlying calculations for common performance commitments – water and retail continued

	Unit	Standardising data indicator	Standardising data numerical value	Performance level – actual number of minutes lost	Number of properties supply interrupted	Calculated performance level
Water supply interruptions						
Water supply interruptions ≥ 24 hours	Average number of minutes lost per property per year	Number of properties	566.84	1,180,922	671	00:02:05

	Current company level peak week production capacity (PWPC) Ml/d	Reduction in company level PWPC Ml/d	Outage proportion of PWPC %
Unplanned or planned outage			
Unplanned outage	516.50	8.10	1.57%

	Total Residential properties	PSR household	PSR reach	Total number of households on the PSR over a 2-year period	Number of attempted contacts	Attempted contacts %	Number of actual contacts	Actual contacts %
Priority services for customers in vulnerable circumstances								
Priority services for customers in vulnerable circumstances	520.45	57,341	11.0%	33,972	32,178	94.7%	21,265	62.6%

TABLE 3H – Summary information on outcome delivery incentive payments

	Initial calculation of performance payments (excluding CMEX and DMEX) £m (2017–18 prices)
Initial calculation of in period revenue adjustment by price control	
Water resources	0.017
Water network+	(2.046)
Residential retail	0.025
Business retail	–
Initial calculation of end of period revenue adjustment by price control	
Water resources	–
Water network+	(2.752)
Residential retail	(0.098)
Business retail	–
Initial calculation of end of period RCV adjustment by price control	
Water resources	–
Water network+	–
Residential retail	–
Business retail	–

TABLE 3I – Supplementary outcomes information

	Current company level peak week production capacity (PWPC) Ml/d	Reduction in company level PWPC Ml/d	Outage proportion of PWPC %
Unplanned or planned outage			
Planned outage	516.50	111.90	21.67%

	Deployable output	Outage allowance	Dry year demand	Target headroom	Total population supplied	Customers at risk
Risk of severe restrictions in drought						
Risk of severe restrictions in drought	322.64	1.30	274.20	16.50	1,292.10	–

Additional regulatory information – BRL

TABLE 4A – Water bulk supply information

	Volume Ml	Operating costs £m	Revenue £m
Bulk supply exports			
Wessex – Newton Meadows	1,823.275	1.275	1.213
Wessex – Marshfield	9.791	0.014	0.015
Wessex – Ashcott	94.255	0.139	–
Leep – Emersons Green Inset	301.932	0.343	0.399
IWNL – Locking Parklands Inset	140.699	0.160	0.186
ICOSA	50.823	0.058	0.067
Total bulk supply exports	**2,420.775**	**1.989**	**1.880**

	Volume Ml	Operating costs £m
Bulk supply imports		
Wessex – West Lydford	11.383	0.001
Wessex – Corsley	32.242	0.073
Wessex – Standerwick	–	–
Wessex – Chapmanslade	20.584	0.053
Wessex – Compton Dundon (Ivythorn)	93.816	–
Wessex – Shipton Moyne	6.735	–
Total bulk supply imports	**164.760**	**0.127**

Wessex Water which are broadly consistent with the previous year.

Exports to NAV sites under the licence of various NAVs (Independent Water Networks Limited, LEEP Utilities Limited, or Icosa Water Limited.) We have seen growth across all sites. This is to be expected whilst all sites are continuing to complete their build out and customers move into properties.

Bulk Supply imports from Wessex Water are in line with expectations based on our water resource requirements throughout the year.

4B – Analysis of Debt

In accordance with RAG 3.15, point 2.7, table 4B is not required to be included as part of the APR due to its size, but it is included within the APR tables on our website.

Additional regulatory information – service level – BRL

TABLE 4C – Impact of price control performance to date on RCV

	12 months ended 31 March 2025			
	Water resources £m	**Water network+ £m**	Water resources £m	Water network+ £m
Totex (net of business rates, abstraction licence fees and grants and contributions)				
Final determination allowed Totex (net of business rates, abstraction licence fees and grants and contributions)	**14.827**	**77.915**	72.737	353.500
Actual Totex (net of business rates, abstraction licence fees and grants and contributions)	**13.724**	**89.409**	57.250	419.207
Transition expenditure	**–**	**–**	–	–
Disallowable costs	**–**	**–**	–	–
Total actual Totex (net of business rates, abstraction licence fees and grants and contributions)	**13.724**	**89.409**	57.250	419.207
Variance	**(1.103)**	**11.494**	(15.487)	65.707
Variance due to timing of expenditure	**–**	**–**	–	–
Variance due to efficiency	**(1.103)**	**11.494**	(15.487)	65.707
Customer cost sharing rate (outperformance)	**55.00%**	**55.00%**	55.00%	55.00%
Customer cost sharing rate (underperformance)	**45.00%**	**45.00%**	45.00%	45.00%
Customer share of Totex overspend	**–**	**5.172**	–	29.568
Company share of Totex underspend	**(0.607)**	**–**	(8.518)	–
Company share of Totex overspend	**–**	**6.322**	–	36.139
Company share of Totex underspend	**(0.496)**	**–**	(6.969)	–
Totex – business rates and abstraction licence fees				
Final determination allowed Totex – business rates and abstraction licence fees	**5.362**	**4.583**	24.372	20.827
Actual Totex – business rates and abstraction licence fees	**3.440**	**3.828**	18.361	18.983
Variance – business rates and abstraction licence fees	**(1.922)**	**(0.755)**	(6.011)	(1.844)
Customer cost sharing rate – business rates	**78.40%**	**87.58%**	77.73%	87.68%
Customer cost sharing rate – Abstraction licence fees	**78.40%**	**87.58%**	77.73%	87.68%
Customer share of Totex over/underspend – business rates and abstraction licence fees	**(1.507)**	**(0.661)**	(4.672)	(1.617)
Company share of Totex over/underspend – business rates and abstraction licence fees	**(0.415)**	**(0.094)**	(1.339)	(0.227)
Totex not subject to cost sharing				
Final determination allowed Totex – not subject to cost sharing	**0.339**	**6.601**	2.510	34.119
Actual Totex – not subject to cost sharing	**0.393**	**3.379**	3.278	12.089
Variance – 100% company allocation	**0.054**	**(3.222)**	0.768	(22.030)
Total company share of Totex over/under spend	**(2.113)**	**4.511**	(13.190)	27.951
RCV				
Total Customer share of Totex over/under spend	**(2.113)**	**4.511**	(13.190)	27.951
PAYG rate	**83.810%**	**73.160%**	79.470%	73.960%
RCV element of Totex over/underspend	**(0.342)**	**1.211**	(2.708)	7.279
Adjustment for ODI outperformance payment or underperformance payment			–	–
Green recovery			–	–
RCV determined at FD at 31 March			146.832	553.121
Projected 'shadow' RCV			144.124	560.400

Additional regulatory information – service level – BRL continued

Table 4C Commentary

Table 4C summary	Water Resources £m	Water Network £m	Total Water £m
Final determination allowance excluding business rates, abstraction licences and grants and contributions	15	78	93
Final determination allowance business rates and abstraction licences	5	5	10
	20	**83**	**103**
Actual excluding business rates, abstraction licences and grants and contributions	14	89	103
Actual business rates and abstraction licence	3	4	7
Total	**17**	**93**	**110**

Table 4C indicates the impact on the RCV at the end of the price control period as a result of cumulative performance to date. The year end RCV figures in nominal terms are published by Ofwat on an annual basis. As at the 31st of March 2025 Bristol Waters RCV is £700m.

TABLE 4D – Totex analysis – water resources and water network+

		Network+				
	Water resources £m	Raw water transport £m	Raw water storage £m	Water treatment £m	Treated water distribution £m	**Total £m**
Operating expenditure						
Base operating expenditure	13.354	4.550	–	19.573	31.185	**68.662**
Enhancement operating expenditure	0.062	–	–	–	0.197	**0.259**
Developer services operating expenditure	–	–	–	–	0.496	**0.496**
Total operating expenditure excluding third-party services	13.416	4.550	–	19.573	31.878	**69.417**
Third-party services	0.390	0.011	–	0.957	0.663	**2.021**
Total operating expenditure	**13.806**	**4.561**	**–**	**20.530**	**32.541**	**71.438**
Grants and contributions						
Grants and contributions – operating expenditure	–	–	–	–	3.226	**3.226**
Capital expenditure						
Base capital expenditure	0.528	0.013	(0.033)	3.953	21.357	**25.818**
Enhancement capital expenditure	3.223	–	–	0.298	9.098	**12.619**
Developer services capital expenditure	–	–	–	–	6.681	**6.681**
Total gross capital expenditure (excluding third-party)	3.751	0.013	(0.033)	4.251	37.136	**45.118**
Third-party services	–	–	–	0.286	0.021	**0.307**
Total gross capital expenditure	**3.751**	**0.013**	**(0.033)**	**4.537**	**37.157**	**45.425**
Grants and contributions						
Grants and contributions – capital expenditure	–	–	–	–	(0.536)	**(0.536)**
Net Totex	**17.557**	**4.574**	**(0.033)**	**25.067**	**67.008**	**114.173**
Cash expenditure						
Pension deficit recovery payments	–	–	–	–	–	**–**
Other cash items	–	–	–	–	–	**–**
Totex including cash items	**17.557**	**4.574**	**(0.033)**	**25.067**	**67.008**	**114.173**
Non-underlying transformation costs	0.266	0.093	–	0.512	0.920	**1.791**
Total atypical expenditure	0.266	0.093	–	0.512	0.920	**1.791**

Capital Expenditure

Total gross capital expenditure has decreased year-on-year by £14.108m (£59.533m in 23/24).

BRL has spent £25.818m in 24/25 on base capital expenditure which is a £10.034m decrease on 23/24. This is due to the realisation of efficiencies in the maintenance cycle of slow sand filters and GACs to align with Group procedure. In 23/24, additional acoustic loggers were funded through enhancement funding and this has enabled us to find and fix leaks in a targeted work plan. In 24/25, base maintenance has reduced as a result, contributing to the reduced spend. Externally, mild weather conditions in 24/25 have reduced strain on network and pumps which in turn has reduced pump repairs.

BRL has spent £12.619m in 24/25 on enhancement capital expenditure which is broadly in line with 23/24.

Most significant areas of spend:

- Leakage improvements delivering benefits in 2020–2025 (£4.786m)
- This spend was associating with increased ALC detection activity and the introduction of new network monitoring to understand and identify leakage hotspots. The enhancement spend took place to facilitate the achievement of ODI targets
- Supply demand balance improvements delivering benefits starting from 2026 (£2.247m)
- This spend is mainly attributable to the Cheddar 2 SRO Reservoir project, commentary for which can be found in Table 4F. Smaller spend items include the adaptive management of flows and river restoration works at the River Chew in line with WINEP requirements.

Additional regulatory information – service level – BRL continued

TABLE 4F – Major project expenditure for wholesale water by purpose

			Expenditure in report year £m						Cumulative expenditure on incurred on schemes in £m					
				Water network+						Water network+				
Line description	Units	Dps	Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution	**Total**	Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution	**Total**
Major project capital expenditure by purpose														
Regional Strategic Schemes: West Country North Sources (Gate 2)	£m	3	2.323	–	–	–	–	**2.323**	2.503	–	–	–	0.539	**3.042**
Total major project capital expenditure	**£m**	**3**	**2.323**	**–**	**–**	**–**	**–**	**2.323**	**2.503**	**–**	**–**	**–**	**0.539**	**3.042**

BRL has spent £2.323m in 24/25. This spend was incurred solely on the Cheddar 2 SRO Reservoir project. Key areas of spend include design work for the planned new reservoir at Cheddar alongside planned upgrades to the existing WTW and enhancements of the associated pipelines in the region. Expenditure was also incurred on third-party environmental monitoring, stakeholder liaison and development of the land strategy at the Cheddar 2 site. The completion of the Cheddar 2 project will enhance the supply-demand ratio of the regional network in response to external factors such as climate change and population increases. The project will also support further resilience at WTWs to increase the reliability of supply year-round, in line with the Group's 2025–30 business plan communicated priorities to improve water quality and water resilience which will be enabled in part by investments in large reservoirs such as Cheddar 2. Consultation is expected to commence in 2025.

TABLE 4H – Financial metrics as at 31 March 2025

The Financial metrics table contains appointee level information and has been completed on a combined basis (SBB) only, therefore please see page 121 for details.

TABLE 4I – Financial derivatives

Bristol Water does not have any derivatives.

TABLE 4J – Base expenditure analysis – water resources and water network+

		Water network+				
	Water resources £m	Raw water distribution £m	Raw water storage £m	Water treatment £m	Treated water distribution £m	**Total £m**
Operating expenditure						
Power	3.086	3.208	–	3.229	5.972	**15.495**
Income treated as negative expenditure	0.001	0.003	–	0.004	0.005	**0.013**
Bulk supply	0.015	–	–	0.039	0.073	**0.127**
Renewals expensed in year (infrastructure)	0.037	0.037	–	0.089	2.167	**2.330**
Renewals expensed in year (non-infrastructure)	–	–	–	–	–	**–**
Other operating expenditure	6.775	1.123	–	15.959	19.147	**43.004**
Local authority and Cumulo rates	1.194	0.179	–	0.241	3.396	**5.010**
Service charges						
Canal & River Trust abstraction charges/discharge consents	0.830	–	–	–	–	**0.830**
Environment Agency/NRW abstraction charges/ discharge consents	1.416	–	–	–	–	**1.416**
Other abstraction charges/discharge consent	–	–	–	0.012	–	**0.012**
Other operating expenditure						
Costs associated with Traffic Management Act	–	–	–	–	0.425	**0.425**
Costs associated with lane rental schemes	–	–	–	–	–	**–**
Statutory water softening	–	–	–	–	–	**–**
Total base operating expenditure	**13.354**	**4.550**	**–**	**19.573**	**31.185**	**68.662**
Capital expenditure						
Maintaining the long-term capability of the assets – infra	0.129	–	(0.049)	–	14.717	**14.797**
Maintaining the long-term capability of the assets – non-infra	0.399	0.013	0.016	3.953	6.640	**11.021**
Total base capital expenditure	**0.528**	**0.013**	**(0.033)**	**3.953**	**21.357**	**25.818**
Traffic Management Act						
Projects incurring costs associated with Traffic Management Act	–	–	–	–	10,369	**10,369**

This table represents a calculation of the base wholesale operating expenditure, and is summarised in total in table 4D. A further comparison of these costs in relation to the wholesale allowance are outlined in the commentary associated with table 4D.

Additional regulatory information – service level – BRL continued

4L – Enhancement expenditure for the 12 months ended 31 March 2025 – water resources and water network+

In accordance with RAG 3.15, point 2.7, table 4L is not required to be included as part of the APR due to its size.

A summarised version of this table, showing totex, is produced below showing the comparison between cumulative actual spend and cumulative allowed spend in 2022/23 prices.

Line description	Cumulative expenditure on all schemes to reporting year end Total	Cumulative allowed expenditure on all schemes to reporting year end Total	Cumulative allowed expenditure on all schemes 2020–25 Total
EA/NRW environmental programme (WINEP/NEP)			
Ecological improvements at abstractions	0.357	3.760	3.760
Eels Regulations (measures at intakes)	2.089	0.486	0.486
Invasive Non Native Species	1.134	0.641	0.641
Drinking Water Protected Areas (schemes)	0.594	1.752	1.752
Water Framework Directive measures	–	0.275	0.275
Investigations	1.188	0.561	0.561
Total environmental programme expenditure	**5.362**	**7.475**	**7.475**
Supply–demand balance			
Supply–side improvements delivering benefits in 2020–2025	–	–	–
Demand–side improvements delivering benefits in 2020–2025 (excl leakage and metering)	0.100	–	–
Leakage improvements delivering benefits in 2020–2025	22.185	5.849	5.849
Internal interconnectors delivering benefits in 2020–2025	–	–	–
Supply demand balance improvements delivering benefits starting from 2026	2.711	–	–
Strategic regional water resources	0.711	2.505	2.505
Total supply demand expenditure	**25.707**	**8.354**	**8.354**
Metering			
Total metering expenditure	**17.924**	**11.399**	**11.399**
Other enhancement			
Improvements to taste, odour and colour	–	–	–
Addressing raw water deterioration (grey solutions)	0.785	1.806	1.806
Addressing raw water deterioration (green solutions)	–	–	–
Addressing raw water deterioration (total)	0.785	1.806	1.806
Improvements to river flow	–	–	–
Enhancing resilience to low probability high consequence events	7.436	9.829	9.829
Conditioning water to reduce plumbosolvency	–	–	–
Lead communication pipes replaced or relined for water quality	2.585	0.394	0.394
Other lead reduction related activity	–	–	–
Meeting lead standards (total)	2.585	0.394	0.394
Security – SEMD	–	0.146	0.146
Security – Non–SEMD	–	–	–
Total other enhancement expenditure	**10.806**	**12.175**	**12.175**
Total enhancement			
Total enhancement expenditure	**59.799**	**39.403**	**39.403**

As a Summary, total enhancement expenditure in 2024–25 is £12.879m. this is 13% below expenditure in 2024–25 and 97% above FD allowance for the year. Cumulative expenditure is 50% above Cumulative FD allowance.

Leakage

Spend in 2024–25 of £5.0m includes Active Leakage Control and Pressure Management. Spend in 2024–25 is 35% below spend in 2024–25 and 353% above FD allowance for the year. Cumulative expenditure is 243% above Cumulative FD allowance.

A number of proposals were put in place for year 5 to meet leakage target to reduce the leakage number to meet our ODI from the current 3 year rolling number of 38.3MLd to 34.7MLd at the end of the 5 Year regulatory period, our PR24 start point.

Proposals such as increasing our ALC detection team, which included increased weekend working and overtime as well as specific projects around the introduction of new network monitoring and loggers to understand areas of high leakage (please see methodology for the list of projects).

Due to the increased ALC activity and acoustic logger installations, we have been able to keep our drive on leaks detected vs reported (6,664 vs 3,765). As the repairs were above the asset modelled figure to maintain, all these additional repairs were classed as an enhancement.

Metering

The BRL policy for new meters is to install either basic or smart meters onto our network. For new meters installs, those relating to basic install make up 88% of the total.

As BRL policy is to install basic or smart meters onto the network and for new meters this is all classed as enhancement.

FD values for metering are all included into the 'Metering (excluding new connections) for meters requested by optants, customers and businesses'. Therefore, it is difficult to compare with specific metering projects.

The current metering programme uses a small number of AMR smart meters rather than AMI smart meters. There is no associated smart infrastructure costs associated with AMR meters.

Resilience

Spend during 2024–25 relates to the Wells to Glastonbury resilience scheme (£12k), which has been completed. The project installed 8.3km of new mains onto the network to improve our resilience in case of an outage.

Spend in 2024–25 is 8% below spend in 2023–24 and 93% below the FD allowance for the year. Cumulative expenditure is 24% below Cumulative FD allowance. Main driver is efficient delivery of the scheme, which has been completed.

TABLE 4N – Developer services expenditure – water resources and water network+

	Treated water distribution		
	Capex £m	Opex £m	**Totex £m**
New connections	3.907	–	**3.907**
Requisition mains	1.957	–	**1.957**
Infrastructure network reinforcement	0.755	–	**0.755**
s185 diversions	0.062	–	**0.062**
Other price controlled activities	–	0.496	**0.496**
Total developer services expenditure	**6.681**	**0.496**	**7.177**

Developer Services

Developer services spend is mainly influenced by the number of housing developments that are being undertaken by building developers.

There has been a reduction year-on-year on capex spend affecting new connections and requisition mains.

The number of NAVs (New and variations) companies supplying water to new developments is increasing which means SWB only bulk supplies into site but pipes etc. on site are NAV responsibility. This is a growing area. In 24/25 NAV's accounted for 45%, Self Lay 20% and Requisition 35% of new properties connected.

Infrastructure network reinforcement provides new growth and development in the network. It is funded by a connection fee that developers/house builders pay.

There has been a reduction year-on-year due to capex savings and smaller schemes undertaken.

TABLE 4P – Expenditure on non–price control diversions

	Water resources £m	Water network+ £m	**Total £m**
Non–price control diversions			
Costs associated with NSWRA diversions	–	–	**–**
Costs associated with other non–price control diversions	–	–	**–**
Other developer services non–price control totex	–	–	**–**
Developer services non–price control totex	**–**	**–**	**–**

Table 4P shows a nil value this year as no NRSWA diversions were undertaken.

Additional regulatory information – water resources – BRL

TABLE 4Q – Developer services – Non financial information

	Water nr	**Total nr**
Connections volume data		
New connections (residential – excluding NAVs)	879	**879**
New connections (business – excluding NAVs)	40	**40**
Total new connections served by incumbent	919	**919**
New connections – SLPs	724	
Properties volume data		
New properties (residential – excluding NAVs)	1,912	**1,912**
New properties (business – excluding NAVs)	99	**99**
Total new properties served by incumbent	2,011	**2,011**
New residential properties served by NAVs	1,604	**1,604**
New business properties served by NAVs	13	**13**
Total new properties served by NAVs	1,617	**1,617**
Total new properties	3,628	**3,628**
New properties – SLP connections	734	
New water mains data		
Length of new mains (km) – requisitions	3	
Length of new mains (km) – SLPs	4	

There is a total drop of 24% in new properties built in 24/25 from 23/24. Market share of properties is c. 45% NAV, 35% Requisition and 20% Self Lay.

TABLE 4R – Connected properties, customers and population

	Units	Unmeasured	Measured	**Total**	Voids
Customer numbers – average during the year					
Residential water only customers	000s	163.537	356.326	**519.863**	9.256
Total residential customers	**000s**	**163.537**	**356.326**	**519.863**	**9.256**
Business water only customers	000s	1.029	30.020	**31.049**	2.099
Total business customers	**000s**	**1.029**	**30.020**	**31.049**	**2.099**
Total customers	**000s**	**164.566**	**386.346**	**550.912**	**11.354**

			Water
Property numbers – average during the year	Units	Unmeasured	Measured	**Total**
Residential properties billed	000s	163.537	356.326	**519.863**
Residential void properties	000s			**9.256**
Total connected residential properties	000s			**529.118**
Business properties billed	000s	1.029	30.020	**31.049**
Business void properties	000s			**2.099**
Total connected business properties	**000s**			**33.148**
Total connected properties	**000s**			**562.266**

							Water					
					Unmeasured				Measured			
Property and meter numbers – at end of year (31 March)	Units	No meter	Basic meter	AMI Meter (capable)	AMI Meter (active)	**Total**	Basic meter	AMR meter	AMI Meter (capable)	AMI Meter (active)	**Total**	**Total**
Total new residential properties connected in year	000s	–	–	–	–	**–**	1.642	0.270	–	–	**1.912**	**1.912**
Total new business properties connected in year	000s	–	–	–	–	**–**	0.096	0.003	–	–	**0.099**	**0.099**
Residential properties billed at year end	000s	160.137	0.469	–	–	**160.606**	325.327	34.517	–	–	**359.844**	**520.450**
Residential void properties at year end	000s					**3.596**					**6.084**	**9.680**
Total connected residential properties at year end	000s					**164.202**					**365.928**	**530.130**
Business properties billed at year end	000s	1.018	0.014	–	–	**1.032**	27.481	2.608	–	–	**30.089**	**31.121**
Business void properties at year end	000s					**0.393**					**1.612**	**2.005**
Total connected business properties at year end	000s					**1.425**					**31.701**	**33.126**
Total connected properties at year end	000s					**165.627**					**397.629**	**563.256**

Population data	Units	Water
Resident population	000s	1273.367
Non-resident population	000s	N/A

					Water
Household population data	Units	DPs	Resident population	Non–resident population	**Total**
Household population	000s	3	1222.148	–	**1222.148**
Household measured population (water only)	000s	3	749.916	–	**749.916**
Household unmeasured population (water only)	000s	3	472.233	–	**472.233**

Metering

Metering is generally regarded as being the fairest and most accurate way to pay for water. However, our customers have consistently told us through consultations and surveys that they do not wish to see full compulsory metering for all our domestic customers. Therefore, we are reliant upon customer demand, meter installations upon change of ownership and effective, persuasive marketing.

Business Voids

Business void properties are covered by lines 4R.5–9 and 4R.13–14. Total non-domestic property numbers continue to remain relatively static. We have observed a continuing decrease in the numbers of vacant non-domestic properties, as the economy has now recovered from the impacts of the Covid pandemic. It is anticipated that this increase in occupancy rates will continue into the future, but further large movements in property occupancy rates are not anticipated. The number of void, or vacant, non-domestic void properties had significantly increased between 2020 and 2022, due to the prevailing Covid situation, but the last couple of financial years have seen a reduction in the number of vacant non-domestic properties, as the economy has returned to pre-Covid trading levels.

Population

Total population estimates, covered by lines 4R.28–32, have been derived from the ONS 2022 Mid-Year Estimates, forecast to 2024/25 using the 2018 subnational projections. As of April 2025, these were the latest available datasets at the LAD level from the ONS. The split between unmeasured and measured households has been based on estimated occupancy rates and property counts.

In accordance with Ofwat's "IN 24/01 Expectations for monopoly company annual reporting 2023–24", we can confirm our total connected properties do not include cattle troughs in the current reporting year or the previous two years.

TABLE 4V – Mark-to-market of financial derivatives analysed based on payment dates

Bristol does not have any derivatives.

TABLE 4W – Defined Benefit Pension Scheme – Additional Information

Bristol does not have any defined benefit pension schemes.

Additional regulatory information – water resources – BRL continued

TABLE 4X – Accelerated infrastructure delivery project expenditure – water resources and water network+ for the 12 months ended 31 March 2025

		Expenditure in report year					
			Water network+				
		Water resources £m	Raw water transport £m	Raw water storage £m	Water treatment £m	Treated water distribution £m	**Total £m**
Accelerated infrastructure delivery project							
Lead Replacement	Capex	–	–	–	–	0.618	**0.618**
Lead Replacement	Opex	–	–	–	–	–	**–**
Lead Replacement	Totex	–	–	–	–	–	**–**
Total accelerated programme capex	Capex	**–**	**–**	**–**	**–**	**0.618**	**0.618**
Total accelerated programme opex	Opex	**–**	**–**	**–**	**–**	**–**	**–**
Total accelerated programme expenditure	Totex	**–**	**–**	**–**	**–**	**0.618**	**0.618**

Cumulative expenditure on schemes completed in the report year

	Water network+				
Water resources £m	Raw water transport £m	Raw water storage £m	Water treatment £m	Treated water distribution £m	**Total £m**
–	–	–	–	0.618	**0.618**
–	–	–	–	–	**–**
–	–	–	–	–	**–**
–	**–**	**–**	**–**	**0.618**	**0.618**
–	**–**	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**0.618**	**0.618**

Additional regulatory information – water resources – BRL continued

Pro forma 4Z – Household bill reduction schemes, debt and Guaranteed Standards Scheme (GSS) payments

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

Other bill reduction schemes

	Target households	Number of unique households helped by scheme No.	Total amount bills reduced by through scheme £'000s	Funding source
Restart	N/A	2,223.000	574.701	Customers

Section B – debt metrics

Total number of household customers served – active and final accounts

	Water only No.	Wastewater only No.	Dual service No.
Number of household customers served – active accounts	520,756	N/A	N/A
Number of household customers served – final accounts	27,203	N/A	N/A

Household customers in arrears

	Number of households No.	Total amount of debt £'000s
Households in arrears – active accounts with debt repayment arrangements	14,062	6,402.495
Households in arrears – final accounts with debt repayment arrangements	2,323	711.710
Households in arrears – active accounts without debt repayment arrangements	22,835	14,477.112
Households in arrears – final accounts without debt repayment arrangements	22,131	4,491.327
Households not having made any payment for the year – active accounts	18,303	12,584.438
Households not having made any payment for the year – final accounts	22,006	4,146.759

Temporary payment suspension

	Number of households No.	Total amount deferred £'000s
Households with temporarily suspended payments – payment break arrangements	244	52.962
Households with temporarily suspended payments – breathing space arrangements	55	27.899

Household debt collection through third-party agents where water company remains creditor

	Number of households No.	Total value of debt £'000s
Debt collected by external agents – active accounts	1,174	120.220
Debt collected by external agents – final accounts	296	20.062
PSR customers with debt passed on to external debt collection agents – active and final accounts	–	–

Household debt sold to external agencies

	Number of accounts number	Total value of debt £'000s	Total sale value of debt £'000s
Debt sold to an external agency/third-party debt purchaser – active accounts	–	–	–
Debt sold to an external agency/third-party debt purchaser – final accounts	–	–	–
Active and final PSR accounts (and total debt involved) referred to an external agency that has bought the customer debt from the water company during the reporting year	–	–	–

Payment matching activities

	Number of accounts number	Total value of payment matches £'000s
Active accounts supported through the matched payment schemes and the total contribution of matched payments made by the water company for the reporting year	2,262	561.923
Final accounts supported through the matched payment schemes and the total contribution of matched payments made by the water company for the reporting year	121	28.980

Unpaid household bills referred to courts

	Number of accounts No.	Total amount involved £'000s
Number of county court claims	363	804.991
Number of county court judgements	326	725.242
Number of county court judgement enforcements	253	561.854
Number of high court claims	–	–
Number of high court judgements	–	–
Number of high court judgement enforcements	–	–

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

GSS payments to household customers

	Number of payments number	Total amount £'000s	Number of unique households number
Total value of payments made to household customers under GSS		21.548	
Total number of payments made to household customers under GSS	1,087		
Total number of unique household customers receiving GSS payments			1,017

Additional regulatory information – water resources – BRL continued

Pro forma 4Z – Household bill reduction schemes, debt and Guaranteed Standards Scheme (GSS) payments continued

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

Number and value of statutory payments and other payments in excess of the statutory amounts for events that are currently part of the GSS to household customers by type in the reporting period

	Total number of times the statutory GSS amounts were paid to household customers No.	Total value of payments made in relation to column 1 £'000s	Total number of times amounts higher than the statutory GSS amounts were paid to household customers for GSS related events. No.	Total value of payments made in relation to column 3 £'000s	Total number of times the statutory GSS penalty payments were made to household customers No.	Total value of payments made in relation to column 5 £'000s
Appointments not kept	112	2.638	112	2.638	52	0.910
Appointment notification not given	47	1.175	47	1.175	4	0.070
Incidences of low water pressure	–	–	–	–		
Incorrect notice of planned interruptions to supply	25	0.480	–	–	–	–
Supply not restored – initial period	734	14.700	9	0.480	150	3.000
Supply not restored – each 24 hr period	–	–	–	–		
Account/billing queries not responded to	55	0.586	–	–	3	0.010
Requests for changes to payment arrangements not responded to	–	–	–	–	–	–
Written complaints not responded to within 10 working days	7	0.175	–	–	–	–
Properties sewer flooded internally	–	–	–	–	–	–
Properties sewer flooded externally	–	–	–	–	–	–

Number and value of payments made to household customers for events that are currently not part of the GSS

	Total number of payments for all events that are not part of the current GSS scheme No.	Total value of payments made in relation to column 1 £'000s
Goodwill Payments	505	84.178
Telephone Query	28	0.345
Recharge	5	0.283
Customer Care Plus	1	0.013
No Quibble	321	4.389
Flushing Allowance	834	4.202
Debt Collection	4	0.050
Interest	144	2.726

Number and value of statutory GSS penalty payments made to household customers

	Total number of penalty payments made under the current GSS scheme No.	Total value of payments made in relation to column 1 £'000s
Penalty payments made under the current GSS scheme	209	3.990

Overall we can see an increase in numbers of customers struggling to pay their bills and using the restart scheme, this is likely due to the ongoing cost of living crisis. We have also made less GSS payments overall, however there was an increase in payments related to Supply Interruptions, which is as expected to overall Supply interruptions performance this year.

Additional regulatory information – water network plus – BRL

TABLE 5A – Water resources asset and volumes data

	Units	Input
Water resources		
Water from impounding reservoirs	Ml/d	70.92
Water from pumped storage reservoirs	Ml/d	159.55
Water from river abstractions	Ml/d	16.27
Water from groundwater works,excluding managed aquifer recharge (MAR) water supply schemes	Ml/d	37.06
Water from artificial recharge (AR) water supply schemes	Ml/d	–
Water from aquifer storage and recovery (ASR) water supply schemes	Ml/d	–
Water from saline abstractions	Ml/d	–
Water from water reuse schemes	Ml/d	–
Number of impounding reservoirs	nr	3
Number of pumped storage reservoirs	nr	8
Number of river abstractions	nr	–
Number of groundwater works excluding managed aquifer recharge (MAR) water supply schemes	nr	14
Number of artificial recharge (AR) water supply schemes	nr	–
Number of aquifer storage and recovery (ASR) water supply schemes	nr	–
Number of saline abstraction schemes	nr	–
Number of reuse schemes	nr	–
Total number of sources	nr	25
Total number of water reservoirs	nr	11
Total volumetric capacity of water reservoirs	Ml	38,604
Total number of intake and source pumping stations	nr	15
Total installed power capacity of intake and source pumping stations	kW	6,774
Total length of raw water abstraction mains and other conveyors	km	42.11
Average pumping head – raw water abstraction	m.hd	23.24
Energy consumption – raw water abstraction	MWh	13,409.123
Total number of raw water abstraction imports	nr	–
Water imported from third parties' raw water abstraction systems	Ml/d	–
Total number of raw water abstraction exports	nr	–
Water exported to third parties' from raw water abstraction systems	Ml/d	–
Water resources capacity (measured using water resources yield)	Ml/d	322.64
Total number of completed investigations (WINEP/NEP), cumulative for AMP	**nr**	**49**

2024–25 was a similarly wet year to 2023–24 and because of this we operated our systems in a very similar way leading to very similar reported numbers.

We have no Artificial Recharge, Aquifer Storage Recovery, saline or reuse schemes.

Total number of sources (Line 5A.17), broken down by category, (Lines 5A.9-16) have remained unchanged since 2011. During year 2024/25 Bristol Water had three source sites (Shipton Moyne TW, Charterhouse TW & Sherborne TW) whereby no water was abstracted for operational reasons, these sites are still officially operational sites. Based on the definition provided by OFWAT in RAG 4.13 (A source is defined as an independent raw water supply that directly supplies a treatment works, such as impounding reservoirs, river abstractions and groundwater works. Standby or mothballed sources from which no water has been obtained in the year should not be included).

BRL has interpreted these exclusion parameters as:

- Standby sites from which no water has been obtained AND
- Mothballed sites from which no water has been obtained.

Therefore, due to these three sources still holding full continuous abstraction licences and being neither standby, nor mothballed officially, have been included in the count with a 0.0Ml abstraction value reported in lines 5A.1-8.

Bristol Water's interpretation of the OFWAT definition would deem mothballed sites to be sources for which an abstraction licence was no longer held; and standby sites to be specifically designed as an 'on-call' source, of which Bristol Water has none.

Number and Capacity of Water Reservoirs (Lines 5A.18-19) remain unchanged from 2023/24 reported figures. Bristol Water has 11 raw water reservoirs with a combined capacity of 38,604 Ml.

Number of Intake and Source Pumping Stations (Line 5A.20) remain unchanged from 2023/24 figures but their installed power capacity (Line 5A.21) has reduced by 24kW or 0.35% due to changes at:

- Oldford borehole – The motor for Pump set 1 has been replaced with an increased capacity of 1kW.
- Charterhouse – The Motor for low lift Pump set 1 has been removed with no replacement installed resulting in a reduction of 25kW.

Length of 'Total length of raw water abstraction mains and other conveyors' remained the same as in the end of previous reporting year. There were no changes to these assets in year 2024–25.

The total length of raw water abstraction mains and other conveyors, for the current reporting year were generated by the reporting tool 'Mains Activity Reporting tool' in GIS. The Total length of raw water abstraction mains and other conveyors, also includes 10.74 km of ducts and culverts present in Line of Works set of assets.

There has been a small increase in energy consumption for water resources this year. This has been driven by the increase water into supply that we have seen this year which will have required more energy to extract from water sources.

Additional regulatory information – water network plus – BRL continued

TABLE 5B – Water resources operating cost analysis

	Impounding reservoir £m	Pumped storage £m	River abstractions £m	Groundwater, excluding MAR water supply £m	Artificial Recharge (AR) water supply schemes £m	Aquifer Storage and Recovery (ASR) water supply schemes £m	Other £m	Total £m
Power	2.044	0.637	–	0.399	–	–	0.006	3.086
Income treated as negative expenditure	0.001	–	–	–	–	–	–	0.001
Abstraction charges/ discharge consents	0.735	0.830	–	0.681	–	–	–	2.246
Bulk supply	0.004	–	–	0.011	–	–	–	0.015
Other operating expenditure								
Renewals expensed in year (Infrastructure)	0.017	0.016	–	0.004	–	–	–	0.037
Renewals expensed in year (Non–Infrastructure)	–	–	–	–	–	–	–	–
Other operating expenditure excluding renewals	2.193	3.993	–	0.583	–	–	0.006	6.775
Local authority and Cumulo rates	0.935	0.189	–	0.070	–	–	–	1.194
Total operating expenditure (excluding third-party)	**5.929**	**5.665**	**–**	**1.748**	**–**	**–**	**0.012**	**13.354**

This table provides a detailed breakdown of water resources related operating expenditure shown within table 4D. Costs are allocated to activity types using proportion of distribution in volumes.

TABLE 6A – Raw water transport, raw water storage and water treatment data

	Units	Input
Raw water transport and storage		
Total number of balancing reservoirs	nr	4
Total volumetric capacity of balancing reservoirs	Ml	688
Total number of raw water transport stations	nr	8
Total installed power capacity of raw water transport pumping stations	kW	3584
Total length of raw water transport mains and other conveyors	km	99.75
Average pumping head – raw water transport	m.hd	41.74
Energy consumption – raw water transport	mWh	8,238.430
Total number of raw water transport imports	nr	1
Water imported from third parties' raw water transport systems	Ml/d	0.02
Total number of raw water transport exports	nr	1
Water exported to third parties' raw water transport systems	Ml/d	0.25
Total length of raw and pre-treated (non–potable) water transport mains for supplying customers	km	0.32

	Surface water		Ground water	
Water treatment – treatment type analysis	Water treated Ml/d	Number of works	Water treated Ml/d	Number of works
All simple disinfection works	–	–	1.02	1
W1 works	–	–	–	–
W2 works	–	–	–	–
W3 works	–	–	–	–
W4 works	27.08	1	29.20	9
W5 works	225.32	5	–	–
W6 works	–	–	–	–

Water treatment – works size	% of total DI	Number of works
WTWs in size band 1	–	–
WTWs in size band 2	0.4	3
WTWs in size band 3	2.9	3
WTWs in size band 4	5.6	3
WTWs in size band 5	13.6	3
WTWs in size band 6	14.3	2
WTWs in size band 7	29.7	1
WTWs in size band 8	33.5	1

Water treatment – other information	Units	Input
Peak week production capacity	Ml/d	516.50
Peak week production capacity having enhancement expenditure for grey solution improvements to address raw water quality deterioration	Ml/d	–
Peak week production capacity having enhancement expenditure for green solutions improvements to address raw water quality deterioration	Ml/d	–
Total water treated at more than one type of works	Ml/d	0.02
Number of treatment works requiring remedial action because of raw water deterioration	nr	–
Zonal population receiving water treated with orthophosphate	000's	1,265.188
Average pumping head – water treatment	m.hd	11.25
Energy consumption – water treatment	mWh	32,239.750
Total number of water treatment imports	nr	–
Water imported from third parties' water treatment works	Ml/d	–
Total number of water treatment exports	nr	–
Water exported to third parties' water treatment works	Ml/d	–

Number and Capacity of Balancing Reservoirs (Lines 6A.1-2) remain unchanged from 2023/24 Bristol Water has 4 balancing water reservoirs with a combined capacity of 688 Ml.

Number and Capacity of Raw Water Transport Pumping Stations (Lines 6A.3-4) remain unchanged from 2023/24 reported figures.

In 2024/25, Bristol Water operated 10 ground water Treatment Works, one of which is a simple disinfection works and the remaining nine all treat water at a Level 4 complexity. Of our six surface water Treatment Works operational in 2024/25, one treats water at Level 4 complexity and the remaining five treat water at Level 5 complexity. During year 2024/25 Bristol Water had two treatment works (Sherborne TW & Charterhouse TW) whereby, for operational reasons, no water was treated and transferred into potable water distribution. These sites are still officially operational sites and as such are included in the count, with a 0.0Ml value for water treated (Lines 6A.13-19 (Volume of water treated)).

Additional regulatory information – water network plus – BRL continued

TABLE 6B – Treated water distribution – assets and operations
for the 12 months ended 31 March 2025

	Units	Input
Assets and operations		
Total installed power capacity of potable water pumping stations	kW	24,322
Total volumetric capacity of service reservoirs	Ml	508.8
Total volumetric capacity of water towers	Ml	3.0
Water delivered (non–potable)	Ml/d	0.25
Water delivered (potable)	Ml/d	247.52
Water delivered (billed measured residential properties)	Ml/d	109.10
Water delivered (billed measured businesses)	Ml/d	55.65
Proportion of distribution input derived from impounding reservoirs	Propn 0 to 1	0.250
Proportion of distribution input derived from pumped storage reservoirs	Propn 0 to 1	0.562
Proportion of distribution input derived from river abstractions	Propn 0 to 1	0.057
Proportion of distribution input derived from groundwater works, excluding managed aquifer recharge (MAR) water supply schemes	Propn 0 to 1	0.131
Proportion of distribution input derived from artificial recharge (AR) water supply schemes	Propn 0 to 1	–
Proportion of distribution input derived from aquifer storage and recovery (ASR) water supply schemes	Propn 0 to 1	–
Proportion of distribution input derived from saline abstractions	Propn 0 to 1	–
Proportion of distribution input derived from water reuse schemes	Propn 0 to 1	–
Total number of potable water pumping stations that pump into and within the treated water distribution system	nr	111
Number of potable water pumping stations delivering treated groundwater into the treated water distribution system	nr	10
Number of potable water pumping stations delivering surface water into the treated water distribution system	nr	6
Number of potable water pumping stations that re–pump water already within the treated water distribution system	nr	95
Number of potable water pumping stations that pump water imported from a third-party supply into the treated water distribution system	nr	–
Total number of service reservoirs	nr	106
Number of water towers	nr	4
Energy consumption – treated water distribution (MWh)	MWh	52,581.293
Average pumping head – treated water distribution	m.hd	93.98
Total number of treated water distribution imports	nr	4
Water imported from third parties to treated water distribution systems	Ml/d	0.44
Total number of treated water distribution exports	nr	25
Water exported to third parties from treated water distribution systems	Ml/d	6.69
Peak 7-day rolling average distribution input	Ml/d	302.06
Peak 7-day rolling average distribution input/annual average distribution input	%	109.19%
Water balance – company level		
Measured household consumption (excluding supply pipe leakage)	Ml/d	101.47
Unmeasured household consumption (excluding supply pipe leakage)	Ml/d	77.30
Measured non–household consumption (excluding supply pipe leakage)	Ml/d	54.99
Unmeasured non–household consumption (excluding supply pipe leakage)	Ml/d	0.36
Total annual leakage	Ml/d	36.71
Distribution system operational use	Ml/d	3.26
Water taken unbilled	Ml/d	0.56
Distribution input	Ml/d	274.65
Distribution input (pre-MLE)	Ml/d	276.65
Components of total leakage– company level		
Leakage upstream of DMA	Ml/d	4.45
Distribution main losses	Ml/d	19.43
Customer supply pipe losses – measured households excluding void properties	Ml/d	7.63
Customer supply pipe losses – unmeasured households excluding void properties	Ml/d	4.23
Customer supply pipe losses – measured non-households excluding void properties	Ml/d	0.66
Customer supply pipe losses – unmeasured non-households excluding void properties	Ml/d	0.04
Customer supply pipe losses – void measured households	Ml/d	0.15
Customer supply pipe losses – void unmeasured households	Ml/d	0.09
Customer supply pipe losses – void measured non-households	Ml/d	0.04
Customer supply pipe losses – void unmeasured non-households	Ml/d	0.01

TABLE 6C – Water network+ – Mains, communication pipes and other data
for the 12 months ended 31 March 2025

	Units	Input
Treated water distribution – mains analysis		
Total length of potable mains as at 31 March	km	6,977.2
Total length of potable mains relined	km	–
Total length of potable mains renewed	km	6.9
Total length of new potable mains	km	10.3
Total length of potable water mains (<≤320mm)	km	6,422.1
Total length of potable water mains >320mm and ≤450mm	km	257.9
Total length of potable water mains >450mm and ≤610mm	km	181.6
Total length of potable water mains >610mm	km	115.5
Treated water distribution – mains age profile		
Total length of potable mains laid or structurally refurbished pre-1880	km	115.8
Total length of potable mains laid or structurally refurbished between 1881 and 1900	km	836.2
Total length of potable mains laid or structurally refurbished between 1901 and 1920	km	464.5
Total length of potable mains laid or structurally refurbished between 1921 and 1940	km	899.4
Total length of potable mains laid or structurally refurbished between 1941 and 1960	km	880.0
Total length of potable mains laid or structurally refurbished between 1961 and 1980	km	1,257.7
Total length of potable mains laid or structurally refurbished between 1981 and 2000	km	1,232.8
Total length of potable mains laid or structurally refurbished between 2001 and 2020	km	1,152.5
Total length of potable mains laid or structurally refurbished post 2021	km	138.3
Communication pipes		
Number of lead communication pipes	nr	124,223
Number of galvanised iron communication pipes	nr	7,119
Number of other communication pipes	nr	371,937
Number of lead communication pipes replaced or relined for water quality	nr	454
Other		
Company area	km^2	2,361
Compliance Risk Index	nr	2.80
Event Risk Index	nr	10
Properties below reference level at end of year	nr	8

Additional regulatory information – water network plus – BRL continued

TABLE 6D – Demand management – Metering and leakage activities
for the 12 months ended 31 March 2025

	Units	Basic meter	AMR Meter	AMI meter
Metering activities – Totex expenditure				
New optant meter installation for existing customers	£m	1.118	0.349	–
New selective meter installation for existing customers	£m	1.421	0.523	–
New business meter installation for existing customers	£m	–	–	–
Residential meters renewed	£m	0.529	0.033	–
Business meters renewed	£m	0.097	0.005	–
Metering activities – Explanatory variables				
New optant meters installed for existing customers	000s	3.134	0.915	–
New selective meters installed for existing customers	000s	2.969	1.040	–
New business meters installed for existing customers	000s	0.016	0.015	–
Residential meters renewed	000s	3.713	0.196	–
Business meters renewed	000s	0.684	0.032	–
Replacement of basic meters with smart meters for household customers	000s		0.093	–
Replacement of AMR meter with AMI meters for household customers	000s			–
Replacement of basic meters with smart meters for business customers	000s		0.012	–
Replacement of AMR meter with AMI meters for business customers	000s			–
New residential meters installed for existing customers – supply–demand balance benefit	Ml/d	1.08	0.34	–
New business meters installed for existing customers – supply–demand balance benefit	Ml/d		–	–
Replacement of basic meter with smart meters for household customers – supply–demand balance benefit	Ml/d		–	–
Replacement of AMR meter with AMI meter for household customers – supply–demand balance benefit	Ml/d			–
Replacement of basic meter with smart meters for business customers – supply–demand balance benefit	Ml/d		–	–
Replacement of AMR meter with AMI meter for business customers – supply–demand balance benefit	Ml/d			–
Residential properties – meter penetration	%	61.7	7.4	–

Leakage activities – Totex expenditure	Units	Maintaining leakage	Reducing leakage	**Total**
Total leakage activity	£m	8.811	5.000	**13.811**
Leakage improvements delivering benefits in 2020–25	Ml/d			**1.56**
Per capita consumption (excluding supply pipe leakage)				
Per capita consumption (measured)	l/h/d	135.31		
Per capita consumption (unmeasured)	l/h/d	163.69		

In our final year of AMP7 a meter penetration rate of 69.14% of households was reached with over 45,000 meter installations. The water resources position in Bristol is such that we are not able to justify compulsory metering on the basis of water scarcity as in some water companies. Therefore, we are reliant upon meter installations upon change of ownership and effective, persuasive marketing to switch to a meter. Customers have consistently told us through consultations and surveys that they do not wish to see full compulsory metering for all our domestic customers.

Since the beginning of AMP 7 we have developed our in-house team of Surveyors, Plumbers and Construction teams. This has allowed Bristol Water to meet the changing demand for internal and newly installed stop taps which peaked at 70% of all the emerging work in year 4. In order to convert more unmetered properties to metered properties the work is becoming more complex with more internal meter fits required. We have increased from an average of 60% of all newly raised applications/change of occupier converted into metered properties to 66%.

The campaign "Cheaper with a Meter" first launched in June 2022 has continued through the reporting year. The campaign focuses on improving customer confidence to sign up for a water meter, with a strong call to action by supporting the financial saving that could be achieved through having a water meter and putting our customers in control of their bill. Campaign research found 9 out of 10 customers achieved a saving, with the average annual saving being in the region of £109, by switching to a water meter demonstrating it can be "Cheaper with a Meter". We continue to assure customers that if they sign up for a meter through our free meter option scheme, and they do pay more than their rateable value after 2 years, we will refund the difference. Customers can choose to revert to unmetered billing at any point within the 2 years after meter installation.

Additional regulatory information – innovation competition – BRL

The "Cheaper with a Meter" campaign continues to educate and engage with our customers looking to save money on their bills and reduce the amount of water they use. We have been able to share real customer endorsements of their experience of having a meter and providing those customers with information on how they can maximise the opportunity to reduce their water impact. By supporting customers on our metering journey with water saving devices, tips and information on support measures such as our priority services register, we are confident customers will be able to make an informed decision to remain metered beyond the initial 2 year period.

In preparation for AMP8, when we will be installing smart metering, the decision was taken to pause change of occupancy metering from November 2024 which has meant a slightly reduced number of meter installations. This will avoid the need to replace the basic "dumb" meter again with a smart meter. The reduction on forecasted volumes of new installs in 24/25 will be added to the meter installation volumes in AMP8 through the price control deliverables.

TABLE 6F – WRMP annual reporting on delivery – non–leakage activities

Not included in the APR due to its size, but it is included within the APR tables on our website.

Supporting Commentary

Our 2019 Water Resources Management Plan showed a supply-demand surplus for the Bristol area, meaning that no schemes were necessary to ensure continued delivery of planned levels of service. In addition to the need to ensure drought resilience, we are also required to try to drive reductions in household consumption through per capita consumption targets, and it's through this driver that a water efficiency programme has been implemented.

We use the Save Water Save Money platform to distribute water efficiency advice and water efficiency devices, such as shower regulators, and tap inserts, to customers. The costs and benefits of this activity are reported within this table, and because we haven't changed our approach they remain broadly in line with the position in previous years.

Additional regulatory information – water network plus – BRL continued

TABLE 9A – Innovation competition

		Current year £m
Allowed		
Allocated innovation competition fund price control revenue	£m	**0.472**
Revenue collected for the purposes of the innovation competition		
Innovation fund income from customers	£m	**0.472**
Income from customers to fund innovation projects the Company is leading on	£m	**–**
Income from customers as part of the inflation top–up mechanism	£m	**–**
Income awarded to fund innovation projects the Company is leading on	£m	**–**
Income from customers that is transferred to other companies as part of the innovation fund	£m	**0.400**
Non–price control revenue (e.g. royalties)	£m	**–**
Administration		
Administration charge for innovation partner	£m	**0.021**

Units	Total amount of funding awarded to the lead company through the innovation fund £m	Total amount of inflation top–up funding received £m	Forecast expenditure on innovation fund projects in year (excl 10% partnership contribution) £m	Actual expenditure on innovation fund projects in year (excl 10% partnership contribution) £m	**Difference between actual and forecast expenditure £m**
DPs	3	3	3	3	**3**
Innovation project 1 – Flexible local water supply schemes pilot	0.622	–	0.211	–	**(0.211)**
Total	**0.622**	**–**	**0.211**	**–**	**(0.211)**

Our allocated revenue for the 2024/25 year is £0.472m. Where revenue figures are inflated from the 17/18 price base quoted in PR19 Business Plans, this has been done so using November 2023 CPIH value.

We are leading on one innovation competition project – Flexible Local Supply Schemes. The total amount of funding awarded (excluding the 10% contribution) is £0.622m. £0.006m funded by our customers in 2022/23 when the project was awarded. The remainder of £0.616m received from other customers was reported in 2023 APR as the transfer took place in May 2022.

Our forecast for the year as per the latest monitoring report is £0.211m. Our progress against plan has been delayed by the application process for the retailer to be able to supply wholesale water. Identifying such barriers is part of the discovery the project is designed to identify. Actual expenditure in the year is Nill whilst we wait for the delay to be resolved. Ofwat has agreed to push the completion of the project from march 2025 to December 2025.

This is a discrete project with a specific team and the innovation funding does not support any expenditure that would otherwise be incurred by South West Water, as there is specifically no financial contribution from staff time or overheads. The cumulative administration charge for innovation partners is £0.062m.

At the end of the financial year the net cash balance related to the innovation fund amounts to £0.823m, reflecting £1.657m received from customers over 2020–2025, less £0.083m contribution to the innovation fund administration costs, £0.622m received from other companies for the project we are leading on, £1.434m transferred to the innovation fund winning projects and £0.411m lead project expenditure.

Forecast project lifecycle expenditure on innovation fund projects (excl 10% partnership contribution) £m	Cumulative actual expenditure on innovation fund projects (excl 10% partnership contribution) £m	**Difference between actual and forecast expenditure £m**	Allowed future expenditure on innovation fund projects £m	In year expenditure on innovation projects funded by shareholders £m	Cumulative expenditure on innovation projects funded by shareholders £m	Total remaining funds (unspent) for completed projects
3	3	**3**	3	3	3	–
0.622	0.411	**(0.211)**	–	–	–	–
0.622	**0.411**	**(0.211)**	**–**	**–**	**–**	**–**

Additional regulatory information – Accelerated Delivery – BRL

TABLE 10F – Accelerated infrastructure delivery projects data capture additional items
for the 12 months ended 31 March 2025

Section 1: Water resources and water network+

From Table 6C

Other	Unit	Input
Total length of new potable mains	km	–
Number of lead communication pipes replaced for water quality	nr	–

From Table 6D

	Units	Basic meter	AMR meter	AMI meter
Metering activities – Totex expenditure				
New selective meter installation for existing customers	£m	–	–	–
New business meter installation for existing customers	£m	–	–	–
Residential meters renewed	£m	–	–	–
Business meters renewed	£m	–	–	–
Metering activities – Explanatory variables				
New selective meters installed for existing customers	000s	–	–	–
New business meters installed for existing customers	000s	–	–	–
Residential meters renewed	000s	–	–	–
Business meters renewed	000s	–	–	–
Replacement of basic meters with smart meters for residential customers	000s	–	–	–
Replacement of AMR meter with AMI meters for residential customers	000s	–	–	–
Replacement of basic meters with smart meters for business customers	000s	–	–	–
Replacement of AMR meter with AMI meters for business customers	000s	–	–	–
New residential meters installed for existing customers – supply-demand balance benefit	Ml/d	–	–	–
New business meters installed for existing customers – supply-demand balance benefit	Ml/d	–	–	–
Replacement of basic meter with smart meters for residential customers – supply-demand balance benefit	Ml/d	–	–	–
Replacement of AMR meter with AMI meter for residential customers – supply-demand balance benefit	Ml/d	–	–	–
Replacement of basic meter with smart meters for business customers – supply-demand balance benefit	Ml/d	–	–	–
Replacement of AMR meter with AMI meter for business customers – supply-demand balance benefit	Ml/d	–	–	–
Metering activities – Impact on PCC and leakage performance				
Per capita consumption reduction	l/h/d	–	–	–
Leakage reduction	Ml/d	–	–	–
Leakage activities				
Leakage improvements delivering benefits in 2020–25	Ml/d	–	–	–

TABLE 10F – Accelerated infrastructure delivery projects data capture additional items continued

Section 2: Wastewater network+ and bioresources

From Table 7B

Sewage treatment works – Explanatory variables	Units	Basic meter
Works name	text	–
Classification of treatment works	text	–
Population equivalent of total load received	000s	–
Phosphorus consent	mg/l	–
Load received by STW	kgBOD5/d	–
Flow passed to full treatment	m^3/d	–

From Table 7D

Population equivalent	Units	Basic meter
Current population equivalent served by STWs	000s	–
Current population equivalent served by STWs with tightened/new P consents	000s	–
Current population equivalent served by STWs with tightened/new N consents	000s	–

From table 7E

	Units	Basic meter
Additional storm tank capacity provided at STWs (grey infrastructure)	m^3	–
Additional effective storm storage capacity at sewage treatment work (delivered through green infrastructure)	m^3	–
Additional volume of network storage at CSOs etc. to reduce spill frequency (grey infrastructure)	m^3	–
Additional effective storage in the network delivered through green infrastructure	m^3	–

TABLE 10H – Accelerated schemes data capture reconciliation model input

Bristol Water

Scheme 13 & 15	Total allowance £m
Supply pipe leakage & lead supply pipes	2.7

				2024–25	
	Name	Unit	Component level at completion	**Component level to date**	**Percentage complete**
Component 1	Leaking supply pipes replaced (non-lead)	Nr	500	–	–
Component 2	Customer external lead supply pipes replaced	Nr	250	–	–
Component 3	Customer internal lead supply pipes replaced	Nr	125	–	–
Component 4	Leakage reduction	Ml/d (annual)	0.25	–	–

Customer Side Leakage: this project will no longer continue due to the escalating cost/benefit to our customers.

Lead replacement: The programme for this project is a year five programme, with all expenditure planned for 2024/25. This will allow us to take lessons learnt and roll it into year one of the regulatory period 2025–30, if it provides the gains that are expected.

Additional regulatory information – Greenhouse Gas Emissions – BRL

TABLE 11A – Pro forma – Greenhouse gas emissions reporting
for the 12 months ended 31 March 2025

	Unit	Operational emissions		
		Water tCO_2e	Wastewater tCO_2e	**Total tCO_2e**
DPs		3	3	**3**
Scope one emissions				
Burning of fossil fuels (location-based)		7,523.214	–	**7,523.214**
Process and fugitive emissions		–	–	**–**
Vehicle transport		1,168.247	–	**1,168.247**
Emissions from land		–	–	**–**
Total Scope one emissions (location-based)		**8,691.461**	**–**	**8,691.461**
Scope one emissions; GHG type CO_2		8,660.040	–	**8,660.040**
Scope one emissions; GHG type CH_4		11.838	–	**11.838**
Scope one emissions; GHG type N_2O		19.583	–	**19.583**
Scope one emissions: GHG other types		–	–	**–**
Scope two emissions				
Purchased electricity (location-based)		12,358.878	–	**12,358.878**
Purchased electricity (market-based)		25,900.084	–	**25,900.084**
Purchased heat		–	–	**–**
Electric vehicles		–	–	**–**
Removal of electricity to charge electric vehicles at site		–	–	**–**
Total Scope two emissions (location-based)		**12,358.878**	**–**	**12,358.878**
Total Scope two emissions (market-based)		**25,900.084**	**–**	**25,900.084**
Scope two emissions; GHG type CO_2		12,232.335	–	**12,232.335**
Scope two emissions; GHG type CH_4		53.721	–	**53.721**
Scope two emissions; GHG type N_2O		72.822	–	**72.822**
Scope two emissions: GHG other types		–	–	**–**
Scope three emissions				
Business travel		18.414	–	**18.414**
Outsourced activities		499.920	–	**499.920**
Purchased electricity; extraction, production, transmission and distribution (location-based)		4,069.088	–	**4,069.088**
Purchased heat; extraction, production, transmission and distribution		–	–	**–**
Purchased fuels; extraction, production, transmission and distribution		1,520.263	–	**1,520.263**
Chemicals		2,961.569	–	**2,961.569**
Disposal of waste			–	
Total Scope three emissions (location-based)		**9,069.254**	**–**	**9,069.254**
Scope three emissions; GHG type CO_2		–	–	**–**
Scope three emissions; GHG type CH_4		–	–	**–**
Scope three emissions; GHG type N_2O		–	–	**–**
Scope three emissions: GHG other types		–	–	**–**

TABLE 11A – Pro forma – Greenhouse gas emissions reporting continued
for the 12 months ended 31 March 2025

			Operational emissions
Unit	Water tCO_2e	Wastewater tCO_2e	**Total tCO_2e**
DPs	3	3	**3**
Gross operational emissions (Scopes 1, 2 and 3)			
Gross operational emissions (location-based)	**30,119.593**	**–**	**30,119.593**
Gross operational emissions (market-based)	**25,900.084**	**–**	**25,900.084**
Emissions reductions			
Exported renewables	–	–	**–**
Exported biomethane	–	–	**–**
Insets	–	–	**–**
Other emissions reductions	–	–	**–**
Total emissions reductions	**–**	**–**	**–**
Net annual emissions			
Net annual emissions (location-based)	**30,119.593**	**–**	**30,119.593**

Unit	Water $kgCO_2e/Ml$	Wastewater $kgCO_2e/Ml$
DPs	3	3
GHG intensity ratios		
Emissions per Ml of treated water	297.468	
Emissions per Ml of sewage treated		–

Unit	Water tCO_2e	Wastewater tCO_2e	**Total tCO_2e**
DPs	3	3	**3**
Other			
Green tariff electricity	–	–	**–**

			Embedded emissions
Unit	Water tCO_2e	Wastewater tCO_2e	**Total tCO_2e**
DPs	3	3	**3**
Capital projects			
Capital projects (cradle-to-gate)	**2,470.453**	**–**	**2,470.453**
Capital projects (cradle-to-build)	**2,739.874**	**–**	**2,739.874**
Purchased goods and services			
Purchased goods and services	**10,342.785**	**–**	**10,342.785**

Additional regulatory information – GHG – BRL continued

Commentary of 2024/25 Emissions (Bristol Water)

Water UK Net Zero Commitment by 2030

Bristol Water's net market-based emissions under the Net Zero Commitment boundary increased by 11% in 2024/25 compared to 2023/24, rising from a total emissions value of 32,614 tCO_2e in 2023/24 to 36,202 tCO_2e in 2024/25. This has been driven by the increased utilisation of our natural gas fuelled electricity generators at our Purton water treatment works. As gas is less costly than electricity, the business looks to prioritse the use of these generators over importing electricity from the grid in order to reduce overall energy costs.

Scope 1 Emissions

Under the emissions boundary of our Net Zero Commitment our direct (Scope 1) emissions from our usage of natural gas increased by 57% as we continue to offset some of our purchased import of grid electricity by making more use of our electricity generation fuelled by natural gas. Scope 1 emissions from our vehicle fleet also increased by 6%, reflecting a trend for increasing vehicle mileage required to carry out our activities.

Market-Based Scope 2 Emissions

Our Bristol Water business is currently contracted for a standard electricity supply product which is not specifically for the delivery of 100% renewable electricity, we therefore use the supplier's standard product 'Fuel Mix Disclosure' emissions factor published by our electricity supplier to account for market-based emissions for our purchased electricity supply. This year our energy suppliers fuel mix disclosure emissions factor has increased so we have purchased a small amount of Renewable Energy Guarantees of Origin (REGO) certificates to keep our Market-Based Scope 2 emissions in line with previous years.

Scope 3 Emissions

Our indirect (Scope 3) emissions within the Net Zero Commitment boundary decreased during 2024/25 compared to 2023/24, our reduced usage of grid imported electricity led to fewer electricity transmission and distribution emissions, whilst emissions from our outsourced activities fell.

Ofwat Reporting, market-based and Location-Based reporting

Against the Ofwat APR operational carbon emissions reporting boundary our 2024/25 annual net location-based emissions have increased marginally by just 2% compared to emissions in 2023/24, whilst under the market-based measure, our net emissions increased by 6% in 2024/25 compared to 2023/24.

The extended emissions boundary for the Ofwat APR reporting, relative to the Net Zero Commitment, not only includes a location-based measure of Scope 2 emissions but also accounts for additional Scope 3 emissions resulting from chemicals purchased and the well to tank emissions from the extraction and production of fuels and electricity (note that in alignment with Ofwat guidance no wastes generated from drinking water are included in our emissions accounting).

Overall our overall Scope 3 emissions recorded a decrease of 20% in 2024/25 compared to 2023/24. This has been driven by a reduction in the purchase of chemicals and a reduction in emissions from our outsourced activities.

Embedded Emissions

We currently use a 'spend analysis' approach to estimate our embedded (or embodied) emissions resulting from our construction activities as part of our Capital Programme, as well as from our purchase of goods and services.

We split the reporting of emissions from our construction activities, what we refer to as 'Capital carbon', into emissions from 'cradle to gate' (emissions from the manufacture of the materials and products used and their transport to site) and 'cradle to build' (cradle to gate plus those emissions from construction of assets and the offsite disposal of waste).

We are currently trialling the use a whole life carbon emissions estimation tool which we intend to gradually replace the 'spend analysis' we currently use to estimate our embedded carbon. Whilst we undertake this transition to using primary activity data in preference to use secondary 'spend analysis' data we expect to continue to rely to some extent on spend analysis data until the transition is fully complete. We therefore expect to improve the accuracy of our reporting of embedded carbon over time as well as providing the opportunity to properly account for the lower carbon options that we intend to promote over the traditional methods of developing and constructing solutions to meet our needs.

In 2024/25 we recorded cradle to gate emissions from our water related capital projects of 2,470 tCO_2e, a 68% decrease on the previous year's cradle to gate emissions, whilst under the cradle to build measure we recorded emissions of 2,740 tCO_2e, representing a reduction of 25% from our previous year's cradle to build emissions.

We also recorded the embedded emissions from our purchased goods and services which for 2024/25 were 10,343 tCO_2e for our water related activities, representing a reduction of 25% in the emissions value we reported for purchased goods and services in 2023/24.

Estimate of embedded emissions (tCO_2e)

	Water
Capital projects (cradle to gate)	2,470
Capital projects (cradle to build)	2,740
Purchased goods and services	10,343

Embedded Emissions Reporting Framework – Reporting Rating Status – Red/Amber/Green

Category Rating	Embedded Emissions Core Criteria
Amber	Embedded emissions values are provided that relate to both cradle to gate and cradle to build. The SWOT analysis below details some of the strengths, weaknesses, opportunities and threats of our approach. We are engaging with recognised standards, such as PAS 2080 for additional guidance in managing and reporting embedded emissions Our embedded emissions have received verification from Jacobs, our external auditors.

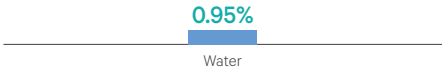
Renewable Energy

We generate a proportion of our electricity usage from onsite renewable energy installations. The following charts show the performance of our renewable energy generation from solar PV installations embedded on our sites.

During 2024/25 we generated 1,017 MWh from solar PV installations.

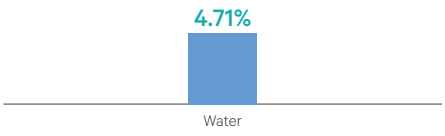
Purchase of REGO-backed Electricity via Private Wire

(% of Total Energy Consumed)



Total Renewable Energy Sourced

(including purchased REGO-backed electricity)
(% of Total Energy Consumed)



Additional regulatory information – GHG – BRL continued

Strengths, weaknesses, opportunities and threats

Combined narrative for both Operational and Embedded (Embodied)

Strengths

- For 2024/25 operational GHG emissions accounting we have used the latest version of the UK water industry's Carbon Accounting Workbook version nineteen, commonly referred to as CAWv19. CAWv19 is an improved version of CAWv18 that we used to account for our emissions in the previous year.
- The annual outputs of CAWv19 provides the means for us to accurately measure how our carbon reduction strategies have performed during the year and which of the activities we have undertaken has contributed the most to the mitigation of our emissions.
- We have improved our raw data collection during 2024/25 and can accurately report on our operational greenhouse gas emissions position to our internal stakeholders on a monthly basis. Our confidence in the data we receive, as well as our understanding of how that data translates into emissions, continues to improve year-on-year.
- We continue to focus on where we can most cost effectively reduce emissions. Areas including energy consumption, renewables, transport and working with our supply chain to reduce emissions from contractors and purchased goods and services are where we have made the largest gains.
- Our gross and our net operational emissions reduction in 2024/25 compared to the previous year was largely due to contributions to emissions reductions within our Scope 3 emissions, with fewer chemicals purchased and lower carbon from our outsourced activities.
- For our accounting and reporting of Scope 3 emissions relating to our Purchased Goods and Services and Capital Carbon we continue to improve our reporting approach. Whilst we still rely on a 'spend analysis' approach to convert annual categorised spend into emissions we have reviewed our categories and subcategories of spend during 2024/25 and this has improved the granularity of our emissions assessment.
- Emissions factors applied to our Scope 3 Purchased Goods and Services and Capital Projects spend have been updated to use the latest CEDA v7 2024 UK greenhouse gas emissions factors.
- Our embedded carbon emissions reduced significantly in 2024/25 compared to the previous year as we reduced our activity in delivering capital projects and in the volume of the goods and services we purchased during the year.

Weaknesses

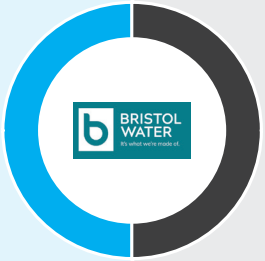
- Not all our existing internal systems have been set up to output data in a suitable format for carbon accounting and consequently datasets often require significant manual processing and data checking. We are consistently making improvements to our internal data collection and processing systems although we recognise there is always more we can do to make our internal processes more efficient.
- Specific custom chemical emissions factors for some less commonly used chemicals have proved difficult to obtain from chemical suppliers. Until we have robust and reliable published emissions factors for these specialist chemicals there will continue to be a small volume of emissions relating to purchase of certain chemicals that will go unreported.
- Our Scope 1 operational emissions increased in 2024/25, this was primarily the result of our usage of natural gas at our Purton water treatment works where we switched away from using imported electricity to help control our energy costs, albeit at the expense of incurring more emissions.
- We continue to apply a 'spend analysis' approach to estimate our Scope 3 emissions from our Purchased Goods and Services and Capital Projects. Our intention is to transition to direct 'activity-based' emissions accounting over the coming years using data supplied from our supply chain partners and where possible supported by 'Environmental Product Declarations' for the products we purchase.
- We have been able to report our Scope 3 embedded (embodied) carbon from Capital Projects emissions split by 'Cradle to Gate' and 'Cradle to Build' for the past three years, although we do recognise there remain inherent shortcomings in the approach we have taken. For example we ask our construction partners to estimate the percentage of their own emissions that relate to 'Cradle to Gate' and 'Cradle to Build', we then take the average percentage from the responses to inform our own position. Whilst we consider this to provide a reasonable approximation we seek to improve this approach and it remains under review.
- We made significant reductions in our embedded emissions 2024/25 although we are expecting these emissions to increase in 2025/26 as we begin to deliver projects under our K8 capital programme.
- Whilst we consider this to provide a reasonable approximation we seek to improve this approach and it remains under review.

Opportunities

- With our parent company the Pennon Group signing up to near-term science-based targets there is now an even greater emphasis on ensuring the regulated business keeps on track to meet carbon reduction targets in the near-term and throughout K8.
- The UK Water Industry often collaborates to share best practice on topics where there is a common goal of improving approaches and processes. To this end the industry's 'Carbon Accounting Working Group' has helped to improve the shared knowledge and expertise between carbon accounting practitioners across the industry.
- We note that the CAWv19 is an improved version of CAWv18 and has resolved the previous issues surrounding the correct accounting of Scope 3 'well-to-tank' emissions from fuels.
- We aim to continue reducing our operational emissions following our success in reducing operational emissions in 2024/25. Further investment in energy efficiency and in our transition to electric vehicles will contribute to future emissions reductions.
- For estimating and reporting our embedded carbon emissions we aim to improve our approach by recording activity data provided by our main contractors working within our 'Amplify' contractor alliance. This is supported by new contract requirements for our main contractors to work to the principles of the Publicly Available Specification PAS 2080 for Carbon Management in Infrastructure.
- For our future embedded carbon reporting activity-based emissions data will be reported by our contractors in terms of lifecycle modules and therefore result in greater proportion of activity-based data versus spend analysis-based data for Capital Projects, this will improve on the accuracy of reporting our 'Cradle to Gate' and 'Cradle to Build' emissions.
- Our Energy, Net Zero, Finance and Engineering Teams now work in closer collaboration to determine a robust split between our strategic investment plans and scheme specifics.
- Our embedded emissions performance is encouragingly showing a reduction in emissions in 2024/25. Despite a reduction in our capital programme activity in 2024/25 we believe this emissions reduction is at least partially due to the ongoing decarbonisation of our construction projects and the goods and services we purchase.

Threats

- Our forecasts for the rest of K8 show our location-based emissions may continue to rise in the next few years as a result of additional assets being deployed to maintain water supply and comply with legislation.
- We therefore recognise the significant challenge in maintain the right balance in meeting all our service needs and other environmental outcomes with our net zero ambitions.
- There are undoubtedly significant challenges in meeting competing regulatory and customer demands that impact on our current programme of net zero-related activities. We intend to continue to invest in our net zero strategy towards achieving our emissions reduction goals whilst being cognisant that this needs to be balanced with our other business priorities.
- We intend to work with the rest of the UK water industry in continuously improving our carbon accounting process. This means our emissions accounting needs to keep pace with the even changing developments in greenhouse gas accounting practices, even if that means we may see some sources of emissions increasing due to methodological changes.
- Our overall operational emissions performance has improved in 2024/25 compared to the previous year, although we note that 2024/25 was a relatively 'normal' weather year and with our operational activities being sensitive to weather-related extremes we may need to resort to extra pumping, with associated extra operational emissions, should we experience extended dry periods in future years as is predicted under future climate change scenarios.
- For our embedded carbon emissions from our Purchased Goods and Services and Capital Projects in 2024/25 we carried out a deeper dive into our previous categorisation of spend and found that our categorisation required improvement more accurately mapping the most appropriate emissions factors. Whilst this has contributed to a significant change in reported emissions from the previous year it is without doubt an improved approach and reflects our strategy of continuously improvement.
- Our 2024/25 embedded emissions performance, although a significant improvement on our previous year's outturn, will require us to continue to encourage our contractors to provide lower carbon solutions to meet our future needs for construction projects as well as offering us lower carbon alternatives for the goods and services we purchase.



Cost allocation and transfer pricing

Transactions with associated companies and the non-appointed business

Under RAG 5.07, water and sewerage appointees have a duty to trade at arm's length and to ensure that there is no cross subsidy with respect to transactions between the appointed business and associated companies.

Following the introduction of binding revenue price controls, appointees are also required to ensure there is no cross-subsidy between price control units.

RAG 3.15 requires disclosures of all transactions (individually and not on an aggregated basis) to be made where any single transaction exceeds 0.5% of the turnover of South West Water's appointed business.

South West Water's associated companies (SWB & BRL)

South West Water is a subsidiary of Pennon Group plc (which is South West Water's immediate and ultimate parent company), a FTSE 250 company. A summary Group structure showing principal trading subsidiaries is shown on page 50. South West Water's subsidiaries are listed in full in South West Water's Annual Report and Financial Statements (note 18, page 243).

Pennon Group Plc

Pennon Group Plc – South West Water's immediate and ultimate parent company, a FTSE 250 company.

Subsidiaries

South West Water Customer Services Limited – manages South West Water's billing, collections and customer contact activities.

South West Water Finance Plc – acts as a financing company, raising borrowings for South West Water.

Bristol Water Plc – previous trading company of Bristol Water.

Associated companies who are subsidiaries of the ultimate parent company Pennon Group Plc

Pennon Water Services Limited ('PWS')

Peninsula Insurance Limited

Sutton and East Surrey Water Services Limited ('SES')

Other associated companies

Bristol Wessex Billing Services Limited ('BWBSL') – a joint venture undertaking between South West Water Limited and Wessex Water Services Limited, and provides meter reading, billing, debt recovery and customer contact management services to this company and Wessex Water Services Limited, under a cost sharing arrangement.

Water 2 Business Limited ('W2B') – an associate of Pennon Group plc, and provides meter reading, billing, debt recovery and customer contact management services to non-household customers.

Group shared services – A limited number of functions have historically been provided across the Pennon Group as shared services (such as Independent Group Internal Audit, Treasury and Tax Services).

Transactions to or from the appointee

Bristol Water Billing Services Limited ('BWBSL')

On 31 January 2025, the investment in BWBSL, a join venture with Wessex Water Limited, was transferred from Bristol Water Holdings Limited, a fellow subsidiary of Pennon Group plc, to South West Water Limited.

The non-household retail market

Non-household consumers pay retailers for their supply and they in turn pay wholesalers based upon the retail charging schedules. Pennon Water Services, Sutton and East Surrey Water Services and and W2B are non-household water and wastewater retailers. South West Water is paid by Pennon Water Services, Sutton and East Surrey Water Services and and W2B for some of its non-household wholesale services.

South West Water also provides meter reading services to Pennon Water Services on commercial terms consistent with those offered to other companies.

South West Water has also contracted with Pennon Water Services to manage a small number of non-regulated activities on its behalf.

Transactions with associated companies and the non-appointed business continued

South West Water Customer Services Limited

Services provided by South West Water and recharged to South West Water Customer Services

Service provided	Service detail	Turnover of subsidiary (£m)	Terms of supply	Value of service provided (£m)
Group/Management recharges	Information services recharges	17.322	Recharge based upon employee numbers	0.410
	Property	17.322	Recharge of property costs based on floor space	0.348
	Insurance	17.322	Recharge based upon employee numbers	0.251
	Other	17.322	Recharge of cost incurred	0.486

Services received by South West Water recharged from South West Water Customer Services

Service provided	Service detail	Turnover of subsidiary (£m)	Terms of supply	Value of service provided (£m)
Retail activities	Call centre, billing and collection services, debt collections and performance improvement	17.322	Recharge of cost incurred	17.322

Pennon Group plc

Services provided by South West Water and recharged to Pennon Group

Service provided	Service detail	Turnover of parent (£m)	Terms of supply	Value of service provided (£m)
Information Services	Information Services recharges	11.661	Recharge based upon employee numbers	0.125
Property	Floor space	11.661	Recharge of property costs based on floor space	0.234
Other – Communications, HR, Payroll, Facilities	Other internal services provided	11.661	Recharge of salary cost incurred	0.175

Services received by South West Water and recharged from Pennon Group

Service provided	Service detail	Turnover of parent (£m)	Terms of supply	Value of service provided (£m)
Corporate Overheads	Board and Group expenses	11.661	Recharge of cost incurred	3.837
	Investor Relations	11.661	Recharge of cost incurred	0.430
	Legal & Company secretary	11.661	Recharge of cost incurred	2.993
	Group expenses	11.661	Recharge of cost incurred	1.505
Group Finance	Tax, pension & accounting services and internal audit	11.661	Recharge of cost incurred. Internal audit recharged based on timesheets and specific projects	2.058

Cost allocation and transfer pricing continued

Transactions with associated companies and the non-appointed business continued

Pennon Water Services Limited

Services provided by South West Water and recharged to Pennon Water Services

Service provided	Service detail	Turnover of associated company (£m)	Terms of supply	Value of service provided (£m)
Meter readings	Meter reading for non-household retail customers	252.436	Market testing – Third-party evaluation	0.523
Wholesale charges	Supply of water from the wholesale business	252.436	Market testing – Charged at published rates in Non-household Wholesale Charges Scheme and charged via the Market Operator.	89.813
Property	Floor space	252.436	Recharge of property costs based on floor space	0.166

Services received by South West Water and charged by Pennon Water Services

Service provided	Service detail	Turnover of associated company (£m)	Terms of supply	Value of service provided (£m)
Guaranteed Service Standards (GSS) reclaim (customer compensation)	Charges for customer compensation	252.436	Charges in line with published GSS levels	0.037

In addition to the above, the South West Water non-appointed business is also recharged certain costs by Pennon Water Services in respect of management and operation of limited parts of South West Water's non-appointed activity.

Sutton and East Surrey Water Services

Services received by South West Water and recharged to Sutton and East Surrey Water Services

Service provided	Service detail	Turnover of associated company (£m)	Terms of supply	Value of service provided (£m)
Wholesale charges	Supply of water from the wholesale business	67.925	Market testing – Charged at published rates in Non-household Wholesale Charges Scheme and charged via the Market Operator.	2.173

Peninsula Insurance Limited

Services received by South West Water and charged by Peninsula Insurance

Service provided	Service detail	Turnover of associated company (£m)	Terms of supply	Value of service provided (£m)
Insurance cover	Organisation of insurance cover	1.612	Recharge of insurance premium	1.229

Borrowings with associated companies

Associated company and type of borrowing	Principal amount (£m)	Repayment date	Interest rate (%)
South West Water Finance Plc: Loan notes 2040	136.198	2040	2.60% fixed
South West Water Finance Plc: Index linked bond 2057	357.567	2057	RPI + 1.99%
South West Water Finance Plc: index linked bond 2032	248.077	2032	5.75% fixed
South West Water Finance Plc: index linked bond 2041	396.238	2041	6.375% fixed
South West Water Finance Plc: fixed rate loan	59.450	2040	2.35% fixed
Bristol Water plc fair value loan	0.037	Perpetual	4.25% fixed
Bristol Water plc fair value loan	1.405	Perpetual	4% fixed
Bristol Water plc fair value loan	0.055	Perpetual	4% fixed
Bristol Water plc fair value loan	0.073	Perpetual	3.5% fixed
Bristol Water plc fair value loan	25.000	Perpetual	6% fixed

BWBSL

Services received by South West Water recharged from BWBSL

Service provided	Service detail	Turnover of subsidiary (£m)	Terms of supply	Value of service provided (£m)
Retail activities	Meter reading, billing, debt recovery and customer contact management services	19.658	Competitive tender	3.675
	Recharges for cost	19.658	Cost pass through	0.129
	Capital expenditure	19.658	Cost pass through	0.272

The sum of £0.411m (2023/24 £0.411m) is included within the debtors in respect of amounts advanced to BWBSL, a joint venture company between South West Water Limited, and Wessex Water Services Limited, to fund the purchase of tangible assets. This amount has no fixed repayment date.

W2B

Services provided by Bristol Water and recharged to Water 2 Business

Service provided	Service detail	Turnover of subsidiary (£m)	Terms of supply	Value of service provided (£m)
Wholesale charges	Supply of water from the wholesale business	327.153	Market testing – Charged at published rates in Non-household Wholesale Charges Scheme and charged via the Market Operator.	28.625

Cost allocation and transfer pricing continued

Transactions with associated companies and the non-appointed business continued

Corporation tax group relief received by the regulated business

Company	Turnover of associate (£m)	Terms of supply	Value (£m)
Pennon Water Services Limited	252.436	Cost	0.389
Bristol Water Holdings Limited	0.102	Cost	0.064
Pennon Group plc	11.661	Cost	0.024

Glossary

Term	Definition
Annual Performance Report (APR)	Report produced by the Company for regulatory reporting purposes.
Annual Report and Financial Statements	Report produced by the Company for statutory accounting reporting purposes.
Appointed business	The appointed business comprises the regulated activities of the Company which are activities necessary in order for a company to fulfil the function and duties of a water and sewerage undertaker under the Water Industry Act 1991.
Appointee	A company appointed by Ofwat to provide water/Sewerage services for a specific area.
Arm's-length trading	Arm's-length trading is where the Company treats the associate companies on the same basis as external third parties.
Associate company	Condition A of the Licence defines an associate company to be any group or related company. Condition F of the Licence requires all transactions between the Company and its associated companies to be disclosed subject to specified materiality considerations.
C-MeX (Customer Measure of Experience)	C-MeX is the industry wide measure of customer satisfaction based upon surveys both of customers who have recently contacted their water company and a random sample of members of the public.
Consumer Price Index including owner occupied housing costs (CPIH)	Compiled and published monthly by the Office of National Statistics. This is a measure of consumer inflation including a measure of the owner occupied housing costs (costs that are associated with owning, maintaining and living in one's home) and council tax.
CREWW	The Centre for Resilience in Environment, Water and Waste, a Pioneering research centre for Resilience in Environment, Water and Waste, in partnership with Exeter University.
CRI	Compliance Risk Index (CRI) is a measure designed to illustrate the risk arising from treated water compliance failures, and it aligns with the current risk based approach to regulation of water supplies used by the Drinking Water Inspectorate (DWI).
D-MeX (Developer Services Measure of Experience)	D-MeX measures the quality of services to developers and other third parties. It has two components. The qualitative component is based on interviews with developer services customers that have transacted with a water company in the previous month. The quantitative component is based on the water company's performance against a key set of Water UK metrics which measure the service provided by water companies to their developer services customers.
Environment, Social and Corporate Governance reporting (ESG)	ESG reporting refers to disclosures relating to the Company's performance on aspects of Environmental, Social, and Governance factors, or reported against any of the Company's six capitals: Financial, Manufactured, Intellectual, Human, Social, or Natural capital.
Event Duration Monitoring (EDM)	A regulatory requirement to monitor the frequency and duration of releases from storm overflows.
Final Determination (FD)	This is the conclusion of discussions on the scale and content of the Asset Management Plan for the forthcoming five-year period. It is accompanied by a determination of the framework allowable charges for the forthcoming five-year period.
Green Recovery	An initiative to go further on net zero, nature-based solutions and environmental protection.
Licence	The Instrument of Appointment dated August 1989 under Sections 11 and 14 of the Water Act 1989 (as in effect on 1 August 1989) under which the Secretary of State for the Environment appointed South West Water Limited as a water and sewerage undertaker under the Act for the areas described in the Instrument of Appointment, as modified or amended from time-to-time.
MOSL (Market Operating Services Limited)	MOSL is the not-for-profit company which operates the business water market which opened on 1 April 2017.
Net Zero 2030	The plan to decarbonise the water sector by 2030.
Non-appointed business	The non-appointed business activities of the Company are activities for which the Company as a water and sewerage undertaker is not a monopoly supplier (for example, the sale of laboratory services to an external organisation) or involves the optional use of an asset owned by the Company (for example, the use of underground assets for cable television).
Ofwat	The name used to refer to the Water Services Regulation Authority (WSRA). The WSRA acts as the economic regulator of the water industry.
Outcome Delivery Incentives (ODIs)	The rewards earned and penalties incurred by companies according to how well they perform against the Performance Commitment Levels.
Performance Commitment Level (PCL)/Performance Commitments (PCs)	In consultation with Ofwat and our customers, we have set measurable targets for each ODI that represent the delivery of our outcomes.
Price Control Units	At the 2019 price review, Ofwat introduced separate price controls for wholesale water resources, wholesale water network+, wholesale wastewater network+, bioresources, retail household and retail non-household.
Regulatory Accounting Guidelines (RAGs)	The accounting guidelines for the APR issued, and amended from time to time, by Ofwat.

Glossary continued

Term	Definition
Regulatory Capital Value (RCV)	The capital base used in setting price limits and the value of the appointed business that earns a return on investment. It represents the initial market value (200-day average), including debt at privatisation, plus subsequent net new capital expenditure including new obligations imposed since 1989. The capital value is calculated using the Ofwat methodology to recognising the impact of indexation using ONS inflation RPI and CPIH indices.
Retail Price Index (RPI)	The RPI is compiled and published monthly by the Office for National Statistics. RPI is an average measure of change in the prices of goods and services bought for the purpose of consumption by the vast majority of households in the United Kingdom.
Retail services	The elements of the business responsible for direct contact with customers e.g. the contact centre, billing and reading meters. From April 2017, following the opening of the non-household market, business customers are able to choose their retail supplier. The appointed business exited all non-household market activities.
RISE	An Employee feedback forum 'Represent Inspire Share Energise'.
Totex	Total expenditure comprising operational expenditure (opex) and capital expenditure (capex).
Water and Sewerage Company (WaSC)	A company responsible for the provision of both water and sewerage services.
Wastewater services	Our wastewater services cover the collection, treatment and the return to the environment of sewage produced by households and businesses. In some areas surface water and sewage mix together before being treated at our sewage works.
Wastewater treatment works (WWTW)	We use this term, rather than sewage treatment works, to describe the facilities which return used water to a condition where it can safely be discharged to environmental waters.
Water only company (WOC)	A company responsible for the provision of water services only.
Water treatment works (WTW)	Water Treatment Works means that part of a waterworks that is used to filter or condition water for the purpose of rendering water acceptable for human consumption or hygienic use.
WaterFit	WaterFit is the next stage in the Company's environmental strategy, accelerating and expanding plans to protect and enhance South West Water for future generations.
WaterFit Live	Live interactive map, is a way to give you the information you need the next time you want to visit your favourite beach. It allows you to see if any of our storm overflows have been operating at your local beach to an extent that they may have temporarily affected bathing water.
WaterShare+	A scheme which first launched across South West Water and Bournemouth Water in 2020. Following a second issuance, it now covers the Bristol region too. As a result more than one in 16 of our customers are now shareholders as well as customers.
WINEP	Water Industry National Environment Programme is the programme of actions water companies need to take to meet statutory environmental obligations, non-statutory environmental requirements or delivery against a water company's statutory functions.