NORTHUMBRIAN WATER living water | ESSEX&SUFFOLK WATER living water

NORTHUMBRIAN WATER LIMITED 2025-30 DELIVERY PLAN

12 August 2025

INTRODUCTION

In this critical moment for the water sector, our Business Plan for 2025-30 is our most ambitious ever – enabling step changes in service performance for our customers, making real progress against wider national challenges and meeting new obligations such as to further reduce spills to the environment, pollution, leakage and improve resilience to climate change. Accordingly, our plan sets out the largest investment programme we have ever delivered. In 2025-30 we will be investing over £6bn, comprising c.£3.6bn of capital investment required to drive real improvements for customers and the environment. Some £400m of this investment will come from shareholders through new equity injections.

The purpose of our delivery plan is to track and enable greater visibility of delivery of this programme.

PREPARING FOR 2025-30 DELIVERY

Our capital investment plan for 2025-30 is more than double the size delivered in previous periods, and requires us to transform how we operate. Our change programme commenced in January 2023 and has allowed us to give earlier visibility of our pipeline of work to our supply chain partners through our 'Living Water Enterprise' delivery model. We also accelerated some £100m of investment in 2022-25 to enable us to hit the ground running when the new five year period started.

Overall we are more than doubling the supply chain capacity we have and adding over 30 new supply chain partners to provide capacity to deliver over c.£700m of work a year compared to around c£300m currently. More detail of how we are ensuring deliverability of our 2025-30 plan can be found in Appendix A6 to our plan.

We already seek to maximise the economic contribution to our regions, as well as the wider public value we can contribute. In 2021/22, we began measuring the impact our supply chain has on the local economy. Our research found that our suppliers respent £139m across our operating area. This included £51m spent on employing local people. Our local suppliers created 2,131 jobs and 239 apprenticeships, supported by their contracts with us. They also contributed 72,694 hours of employee volunteering to the communities we work in.

Throughout 2025-30 we will invest 60p in every £1 in our operating areas in order to support local jobs and communities. We have integrated social value into our tendering processes, driven by our responsible procurement strategy (which we launched in 2022). Working in partnership with our suppliers in 2025-30, we are delivering wider social value benefits including local jobs and training, community jobs and volunteering, environmental improvements and social innovation.

In our 2025-30 Business Plan, we recognised the significant opportunities for local economic growth and community development - we estimated that this would mean doubling the supply chain capacity and creating more than 3,000 extra jobs in our regions. We led research in collaboration with Constructing Excellence in the North East to understand the scope and scale of the region's capital investment programmes, and the capacity and capabilities within the supply chain to deliver on this regional need. By partnering with local businesses, we not only stimulate regional economies but also foster a sense of ownership and pride within the communities we serve. For AMP8, we have secured a wider ecosystem of 33 new regional SMEs (in addition to the existing supply chain), a third of which are new to water – to encourage growth in local businesses.

We have also sought to drive innovation not just for Northumbrian Water, but for the sector as a whole. We led the development of both the Spring and Stream projects, supporting the acceleration of the water sector's transformation through innovation and collaboration (including unlocking the potential of water data). Our annual Innovation Festival brings together innovators for a series of design sprints, hacks, workshops and activities, aimed at solving collective problems across water companies, supply chain companies, and many others.

Our approach is working. In British Water's latest survey of supply chain companies, Northumbrian Water was rated the top water company to work with (a total score of 8.5, compared to the industry average of 7.2). Our early approach to transformation and procurement has meant that we are now well placed to deliver in AMP8. However, this requires continued work to develop and support the supply chain in our areas, including making sure the right skills and investments can be made – driving efficiency and innovation in the long-term.

KEY RISKS

Our three biggest risks to delivery are: capacity and deliverability risks; planning and land acquisition; and regulatory uncertainty. We explain these risks and how we are managing these below.

Capacity and deliverability

In October 2023, we published our business plan. This recognised that in the face of external pressure, this was our most ambitious business plan ever – and so we set out early to make sure that this would be deliverable. We established a major transformation programme in 2023 across our business, recognising the scale and nature of future investment requirements. We commissioned and published an early independent review of the deliverability of the emerging investment programme for 2025-30, and also supported industry work on this. Our independent review found that:

- We had a well thought through and well-developed delivery strategy for AMP8;
- The delivery strategy was based on a good understanding of the challenges and risks associated with delivering the NWL PR24 plan;
- We had a well thought through and well organised AMP8 Transformation plan;
- We had made good progress in the Supplier Ecosystem Workstream, with the intention to have suppliers appointed during Q4 of 2023; and
- There was good progress in the creation of a high quality plan for AMP8.

We created our new "Living Water" enterprise model to enable us to expand the supply chain capacity we had in place to deliver such a large programme, operate with greater speed and flexibility, and align the incentives of us and our supply chain partners to make sure the programme can be delivered on time, with minimum cost to customers and maximum benefit.

In January 2024, we announced seven new key partners we had brought in under the Living Water Enterprise to underpin delivery of our 2025-30 investment and beyond (in addition to the five partners we had already appointed at the start of 2023). Together with Northumbrian Water, these twelve companies form the Living Water Enterprise (LWE). These awards are for up to a 12-year period, reflecting our long-term focus at PR24.

Planning and land acquisition

Several strategic schemes - including Linford, Suffolk Strategic Network, Lowestoft, and North Suffolk Reservoir - carry elevated risk due to planning and land acquisition complexities. For each, we must assess the most appropriate planning route (DCO or T&CP). Our preferred approach is to secure land through negotiated agreements; statutory powers and compulsory purchase are pursued only when negotiation fails. This carries inherent programme risks.

Across the broader capital programme, local planning authority approval is often required. Where permitted development rights are unavailable, projects must also achieve a minimum 110% Biodiversity Net Gain. Depending on habitat types and offset requirements, these factors can add substantial programme time and complexity.

Regulatory uncertainty

In some areas, there could be changes to legislation or regulatory requirements that mean that some investments are no longer required – or new, different investments are needed instead. This risk has already materialised in some areas, such as for catchment nutrient balancing where our programme must now be substantially changed (even since Ofwat's Final Determination in December 2024). There are several specific risks under this category, including:

- Decision point for **alternative pathways on water resources in Suffolk** – our water resources management plan set out the decision that we need to make in 2027 about which investments to make in water resources in Suffolk. This could be an advanced water recycling plant at Lowestoft, or a new winter storage reservoir, or even alternative options such as a proposed advanced water recycling plant at Caister or a bulk supply pipeline to the planned Bacton desalination plant. These new water resources are required because the Environment Agency (EA) has reduced the amount of water we are allowed to abstract from rivers in Suffolk. The EA will make some further decisions about additional reductions in abstraction in early 2027, and this could mean we need more than one of these options (or greater "deployable output" from one).

  This means that the requirements are still uncertain, which leads to delays in planning. To mitigate this, we began planning and design for both the Lowestoft advanced water recycling plant and the North Suffolk winter storage reservoir in 2023. We asked Ofwat to include these projects in the "large scheme gated process" to allow these decisions to be taken into account from 2027, and we pushed for funding for further planning and design work for the Caister advanced water recycling plant and the Bacton bulk supply pipeline, so that these could be included in this decision making by 2027. We continue to engage with the Environment Agency on progress towards making this decision.

- Uncertainty about **changes to environmental requirements** – for example, there is uncertainty about landbank availability for bioresources during 2025-30. Most of our bioresources are currently used in spreading treated sewage sludge, and so changes to the law on this - such as from the Environmental Permitting Regulations (EPR) replacing the Sludge (Use In Agriculture) Regulations (SUiAR) – could lead to significant changes in infrastructure requirements. These requirements are due to be defined within the Environment Agency's Sludge Strategy.

  We continue to engage with the Environment Agency about the Sludge Strategy, and have developed alternative pathways where investment might be required. Ofwat has introduced a "notified item" within its PR24 Final Determination which allows funding plans to be reopened if new investment is required. However, this uncertainty remains a risk for delivery of our overall investment programme because new requirements could be undeliverable within statutory timescales, or require significant diversion of resources and supply chain capacity from other areas.

- Potential for **increasing statutory requirements before 2030** – after the publication of our business plan in 2023, we increased our proposed investment in tackling storm overflows (in response to reduced statutory requirements elsewhere in the programme). However, the Government expects water and sewerage companies to achieve compliance by delivering improvements as fast as possible, with regulators incentivising and monitoring this delivery. Since 2024, the Government has set out updated guidance in assessing and improving storm overflows. In July 2025, the Independent Water Commission identified an issue of confusion about how requirements should be prioritisied, and how different legal requirements interlink, and recommended a review of the legislation to clarify these requirements.

  This could lead to increased requirements or different priorities before 2030, and could mean different choices about investment priorities if there are constraints on deliverability (as identified by the Independent Water Commission). We are working to mitigate this risk by exploring more efficient ways to deliver storm overflow

improvements, such as the UK first implementation of smart control systems through our Smart Sewer project and identifying innovative approaches within our Drainage and Wastewater Management Plan.

CMA APPEAL

In December 2024, we received our Final Determination (FD) from Ofwat on our Business Plan for 2025-30 and we were pleased that they judged it as 'high quality'.

However, Ofwat's FD did not properly balance the need for investment and the pressure on bills. Ofwat rejected our £180m request for asset health investment, and so underfunded the necessary resilience of our assets. The FD also prevented us from responding to climate change, for example ruling out back up power generation at sewage treatment works, increasing the risk of serious pollution incidents. Our customers had supported both of these investments in our business plan, to avoid higher costs to tackle issues in the future and to reduce the risk of service failures.

So, as a measure of last resort, on 18 February 2025 our Board requested Ofwat to refer the FD to the Competition and Markets Authority (CMA) for redetermination. We now expect the outcome of the redetermination to be known by December 2025 (or March 2026 at the latest). It is very likely that we will still have the lowest water and wastewater average bills in the sector, even incorporating any CMA changes.

This should not, however, affect most of our delivery plan – because this redetermination is focused only on a few areas. Our delivery plan does not include the investments in asset health and climate resilience that Ofwat did not fund at PR24, and we have included a profile of expected mains renewal from base expenditure that matches our calculation of funding from base (0.15%). We will reflect an accelerated plan for these investments from 2026, if the CMA redetermination funds these investments.

In addition to these areas, we asked the CMA to reconsider the phasing of expenditure on our Suffolk Strategic Network. This project is delayed[1] and so we asked the CMA to defer some of the costs beyond 2030 – so reducing bills in the short-term where this totex allowance is not needed. We have also asked the CMA to replace the funding for some of our catchment nutrient balancing at FD with funding for alternative "end of pipe" solutions, following a change in guidance that the Environment Agency issued in December 2024. We have not reflected any expected changes to our Price Control Deliverables (PCDs) and totex profiles for these two items, but we explain these areas below as we have categorised these as "amber" and "red" risks. We welcome Ofwat's early support in making these changes, as this provides more certainty for our planning and supply chain partners in delivering this.

FORMAT OF DELIVERY PLAN

Our detailed delivery plan takes the format of a series of data tables, the format of which is prescribed by Ofwat. For Northumbrian Water, these set out how we expect to deliver 26 key areas of investment in 2025-30. These tables describe the key outputs that each aspect of our investment programme will be delivering, for example: the number of customer meters installed; the increased water available for use that will result from water supply investments; the additional volume of wastewater network storage built to reduce spills from storm overflows. We show the baseline contained in our original 2025-30 plan, alongside our latest forecast of what we expect to achieve – to enable visibility of whether our forecast is ahead or behind of our original plan. (See tables DPW1 - for water investments - and DPWW1 – for wastewater).

Similarly, we show for each aspect of our programme the rate at which we expect to incur expenditure, annually across the 2025-30 period. Again, we show our original plan versus our latest forecast, to give visibility of expected progress. (See tables DPW2 and DPWW2).

[1] As described in our Annual Performance Report 2024-25 (p57), this is delayed due to planning uncertainty.

For selected larger schemes, where progress might not be immediately evident until later in the five year period, we also include planned and expect dates for key project milestones – in order to give earlier visibility of any potential issues. (See tables DPW3 and DPWW3).

Finally, for each aspect of our programme we include an overall RED/AMBER/GREEN status, to give an indication of our current confidence in timely and complete delivery. As required under the Ofwat guidance, these are defined as:

- GREEN – performance is on track to meet the PCD output requirements. No indication of any factors which may cuase performance to deteriorate from PCD requirements in the following years.
- AMBER – there is a risk that meeting PCD output requirements is not on track (or there are indications requirements may not be met in the following years), but mitigations are in place to address issues and the PCD output target is expected to be achieved by 30 June 2030.
- RED – PCD outputs are not going to be met and there are insufficient mitigations in place to meet the requirements by 30 June 2030.

We will publish updates on our delivery plan every six months, and from our next publication onwards this will include an independent assessment of RED/AMBER/GREEN from an independent assurance provider.

SUMMARY OF OUR PLAN

We are pleased to confirm that at this stage in the 2025-30 period we are reporting a GREEN – on track – status against 22 out of 26 areas in our delivery plan, relating to 94% of associated investment.

Most of our investment in improvements to water and wastewater networks (or "enhancement" investments) are included in this delivery plan (92% of the total £2.6bn enhancement expenditure that we expect to spend between 2025 and 2030). Ofwat has applied "price control deliverables" (or PCDs) to these investments, and we report on these in the tables that we published alongside this report (see the section above). These price control deliverables mean that we will return funds to customers if the specific investments are not delivered, and will pay a penalty if some specific investments are delivered later than planned. Ofwat will take this into account when setting prices from 2030 onwards.

This report focuses only on these areas of investment, which are typically the largest projects. In addition to these areas of investment, we invest in routine maintenance of assets (or "capital maintenance") and incur operating expenses such as wages and energy. Together - along with most investments in growth in networks, investments in increasing resilience, and addressing any other risks or investment requirements after 2025 - these are called "base" expenditure. We report our total base expenditure alongside our annual performance in our Annual Performance Report each year.

We also have some small "enhancement" investments which do not have PCDs, such as some of our smaller environmental investments. Although we do not report on these investments here, we do report to the Environment Agency about our progress in delivering these investments and all of our environmental investments that form our part of the Water Industry National Environment Programme (WINEP). As the EA reports, we have delivered all of our WINEP projects in each year since this programme began in 2012. We publish information about our expenditure on these projects in our Annual Performance Report each year too.

We summarise the largest investments in our delivery plan below, split into our Essex & Suffolk Water and North East regions:

Table 1 - Essex & Suffolk Water

Key investment	Customer benefits	Expected cost (2022/23 prices)	RAG rating
Suffolk Strategic Network – pipelines connecting our Suffolk water resource zones (including our Bungay to Barsham pipeline)	This will allow new water resources (Lowestoft advanced water recycling, or the North Suffolk winter storage reservoir) to be used across the Suffolk area, and provide resilience in water supplies.	£126.3m	Amber
Treatment works upgrades – removing nitrates at Langham, Langford, and Barsham water treatment works; adding new clarifiers and UV treatment at Langford water treatment works.	This will allow us to provide more water from each of these treatment works, because we can use more water from rivers (we cannot currently use our full abstraction licence because the nitrate concentration in this water is too high).	£102.8m	Green
Linford borehole and treatment works – new borehole and treatment works at Linford (in Essex)	This will allow us to provide more water in the Essex water resource zone.	£34.3m	Red
Climate change process enhancements – improvements at slow sand filter treatment works in Essex & Suffolk, installation of cooling to protect critical chemicals during heat waves, and improved processes to tackle expansion of water in hot weather.	This will help us provide resilience to climate change – in particular, periods of particularly hot temperatures which have specific effects on water treatment processes that were designed in the 20th century.	£27m	Green
Reservoir safety improvements – creating a "draw down" facility at Hanningfield reservoir	This will help us to comply with legal requirements to include new safety features in larger reservoirs. This reservoir will be inspected and then any necessary work completed.	£11m	Green

Table 2 - investments shared across both areas

Key investment	Customer benefits	Expected cost	RAG rating
Metering – providing smart meters to customers	This programme will provide smart meters to all customers in Essex & Suffolk, and customers who request these in the North East. This will also provide replacement meters when these are needed, upgrading these to smart meters.	£179.5m	Green
Lead replacement – replacing lead communication and supply pipes	This programme will identify and remove lead communication and supply pipes from our network, homes, and community	£28.3m	Green

	groups (focusing on vulnerable customers).		
Security – providing physical and cyber security at our sites	This programme will upgrade our security to meet new legal requirements.	£28m	Green
Environmental investigations – relating to water supplies	These investigations will inform future investments and decisions relating to water environments across our areas. These are part of the Water Industry National Environment Programme (WINEP)	£6.7m	Green

Table 3 – North East

Key investment	Customer benefits	Expected cost	RAG rating
Water			
Reservoir safety improvements – creating a "draw down" facility at 8 reservoirs	This will help us to comply with legal requirements to include new safety features in larger reservoirs. Some of these reservoirs have already been inspected; the rest of these will now be inspected and then any necessary work completed.	£91m	Green
Climate change process enhancements – installation of cooling to protect critical chemicals during heat waves, and improved processes to tackle expansion of water in hot weather in the North East.	This will help us provide resilience to climate change – in particular, periods of particularly hot temperatures which have specific effects on water treatment processes that were designed in the 20th century.	£33m	Green
Improvements in raw water quality – reducing specific pollutants in water (these are naturally occurring chemicals associated with the breakdown of algae and other micro-organisms in raw water sources).	This will help to avoid "musty" tasting water, and allow us to comply with drinking water standards.	£6.9m	Green
Wastewater			
Reducing storm overflows – improving storm overflows to meet new statutory requirements	This will reduce the number of sewage spills from storm overflows across the North East by 2030. This will improve around a quarter of storm overflows that require improvement, which is slightly more than the Government's target (of 20% of storm overflows by 2030).	£1,142m	Green
Removing phosphorus and other nutrients/chemicals – this includes	Upgrading wastewater treatment works to remove nutrients in treated wastewater can help to restore rivers to good health.	£167.8m	Green

removing phosphorus, nitrogen, and chemicals such as ammonia.	In some cases, we are working with others in the catchment to reduce nutrients from all sources. This is part of WINEP.		(Red for CNB, see below)
Monitoring water quality in rivers and emergency overflows – installing water quality monitors in rivers, and flow monitors at emergency overflows at sewage facilities.	This will provide information about river water quality and allow us (and others) to understand and track the sources of pollution in our rivers. This is required under WINEP.	£111m	Green
Northumbrian Integrated Drainage Partnership – delivering schemes in partnership with local authorities and the Environment Agency to reduce flooding	This will reduce flooding from all sources for customers across the North East, by working together to prioritise and jointly fund flood risk studies and joint delivery schemes to tackle flooding from sewers, rivers and surface water affecting communities.	£65m	Green
Upgrading wastewater treatment works for new population growth – where studies show that the current capacity won't be enough in future.	This will provide capacity for the future, allowing these treatment works to continue meeting the needs of customers.	£58m	Green
Sludge storage – building two storage barns to store "sludge cake" (the end product of wastewater treatment).	This will provide enough storage during autumn months, when farmers are not permitted to spread sludge to land. This is a statutory requirement under WINEP.	£38.5m	Green
Environmental investigations – relating to wastewater	These investigations will inform future investments and decisions relating to water environments across our areas. These are part of WINEP.	£34m	Green

In Essex & Suffolk, we only provide water supplies (not wastewater), so we do not have any wastewater investments in this area. Wastewater services here are provided by Anglian Water (for Suffolk and most of Essex) or Thames Water (for some parts of Essex).

Explanation of red and amber rated schemes

We have identified two "red" rated items:

- **Catchment nutrient balancing** (part of "removing phosphorus and other nutrients/chemicals" above). The EA withdrew support for some elements covered by this PCD since Ofwat's final determinations in December 2024 (this only applies to the catchment nutrient balancing elements, not the ten end-of-pipe phosphorus schemes also to be delivered from this expenditure). We have asked the CMA to reflect this in alternative end-of-pipe schemes in its redetermination and have suggested that this PCD be revised accordingly. This would follow the approach set out by Ofwat in its FD. We have therefore rated this "red" because the current PCD will not be delivered as it stands and will need to reflect updated requirements. We do not see other risks to delivery.
- **Linford WTW and borehole**, which is currently behind schedule. Our objective for 2024/25 was to complete the drilling of a pilot borehole; to complete the design of the new operational borehole and WTW; and to secure land

lease agreements. We secured a land lease agreement for a borehole site in January 2025 and completed the drilling and test pumping of a pilot borehole in March 2025 – but the yield was very low from the first borehole. The main reason for this delay is the inability to secure a land lease agreement, with competition from (and concerns about) other infrastructure projects.

We have identified two "amber" rated items:

- **Suffolk Strategic Network**, where we expect we have achieved less of the design and development by 2024/25 than planned. We have identified preferred locations for the pipeline route and some of the reservoirs. However, we are expecting significant delays due to planning consents, and have forecast that this will not be complete until 2032. This is "amber" because we have selected an alternative planning strategy and have asked the CMA to reflect an updated schedule as part of its redetermination – including revising the PCD target date.
- **Mains renewal**, where we have forecast a lower profile than set by Ofwat at FD24, until the CMA has redetermined price controls.

ASSURANCE

We have appointed a third-party assurer to assess whether or not we have identified all the appropriate actions to expand capacity, and whether or not we have appropriate plans in place to implement these actions. This assurer will have a "duty of care" to Ofwat as well as to Northumbrian Water, and we will expect them to submit assurance reports to both Ofwat and Northumbrian Water at the same time.

We have asked our assurance provider to provide an overall assurance report alongside our delivery plan progress report submission in July each year, from next year (July 2026). We have also asked them to submit individual PCD assurance reports alongside their overall assurance PCD report in July 2028, July 2029, and July 2030.

For this report, Ofwat has asked us for a "statement from the assurer that they have performed the tests included in pages 14-15 of our PR24 final determinations assurance appendix and what the conclusions of these tests are. We also expect the assurer to set out the additional assurance provided if any. We are not expecting this assurance statement document to be published on the company's website but should be provided by the company alongside its delivery plan submission". We have provided this statement to Ofwat. We intend to publish future assurance reports, if we are permitted to do so.

See PWC's assurance statement letter for details on the procedures performed and related findings.

NEXT STEPS

We will be providing further updates on delivery progress twice a year across 2025-30. The first (in November each year) will be shared with Ofwat. The second, which will continue to receive independent assurance, will also be published on our website in July 2026.

APPENDIX – DETAILED COMMENTARY

Identifying high-profile projects

Ofwat's delivery plan guidance asks us to identify the most critical high-profile projects, and explain the criteria we have used to do so. We have identified the following high-profile projects:

- **Lowestoft Advanced Water Recycling** – this scheme is very large, complex, and there are significant risks to delivery from both planning and land acquisition, and regulatory uncertainty (as we explain in our report above). This is also critical for growth as it directly relates to requirements to reduce abstraction in the Suffolk area.
- **Suffolk Strategic Network** – this scheme is large, complex, and there are significant risks to delivery from both planning and land acquisition, and regulatory uncertainty (as we explain in our report above). This is also critical for growth as it directly relates to requirements to reduce abstraction in the Suffolk area.
- **Linford borehole and treatment works** – this scheme is much smaller and less complex than Lowestoft, but there are risks in this area relating to planning and land acquisition. As a WRMP scheme, this is important for meeting future water supplies in Essex.
- **Bran Sands long sea outfall** – this scheme is very large, complex, and there are significant risks from delivery. This is critical for growth as it directly relates to requirements to reduce nutrients in the Teessmouth area.
- **Berwick storm overflows** – this scheme is very large and complex, and as this is new there could be significant risks to delivery (including the scope for more efficient delivery).
- **Marske storm overflows** – this scheme is very large and complex, and as this is new there could be significant risks to delivery (including the scope for more efficient delivery).

Other than resilience schemes (see below), we do not have any other schemes that could be included in this category. The remainder of our water and wastewater programmes are made up of relatively small individual schemes that do not have particular public interest or delivery risks, and are not critical for growth or meeting the timing of wider requirements. We will review this list annually and include more schemes if these become high profile.

Resilience schemes and growth wastewater treatment works (DPW5 and DPWW5)

Ofwat's delivery plan guidance asks to include water resilience schemes in table DPW5, and growth at sewage treatment works schemes in table DPWW5. These schemes are:

- **Nine reservoir safety schemes** – these are all of our water resilience schemes above a £1m allowance.
- **Three schemes for growth at wastewater treatment works** – the threshold of >£10m applies to three of our five schemes.

Forecast data

Ofwat's delivery plan guidance asks us to explain the date that forecasts have been made. For our Delivery Plan, there is no single date that forecasts have been made. This is because individual project managers or programme managers have made their forecasts for the purposes of delivering those projects, rather than for particular reporting dates – and so these forecasts will have been updated to reflect changes in contracts, known costs, and actual expenditure during 2025/26. These can be at different times. We don't think this is necessarily comparable across companies, as project delivery will have different timescales and steps for different projects even within the same company, depending on local and individual circumstances.

However, all data providers were required to submit information for this Delivery Plan by the same date – 25 July 2025 – so that this could go through independent assurance before publication.

Material changes in PCD output profiles and expenditure compared to baseline

Ofwat's delivery plan guidance asks us to explain where there is a material change to PCD output delivery profiles or expenditure compared to the baseline. This is defined as either: delivery falling below 85% of the baseline delivery profile; or expenditure falling below 75% of the baseline expenditure profile. The guidance also asks us to provide commentary where there is material negative movement in interim milestones compared to baseline.

These areas are as follows:

- **Treatment for tightening of sanitary parameters** (PCDWW12) – the table shows that our expected expenditure is only 34% of the baseline. However, this is because the baseline is not correct and reflects Ofwat's modelled allowance in FD24. We forecast £9.4m for this area in our business plan (before frontier shift and other adjustments), which is similar to our current forecast of £9.632m in the delivery plan tables. So, there is no decrease in forecast expenditure.
- **Mains renewals** (PCDB1a) – the table shows we are forecasting 48% of base mains renewal by 2030. This is because this is affected by our referral of Ofwat's PR24 determinations to the CMA (see "CMA appeal" section above). We will revise this in submissions following the CMA redeterminations, to reflect its decisions.

In addition to these areas, we note the following difference (that is not classified as a material change under the guidance):

- **Growth at wastewater treatment works** (PCDWW27) – we forecast a cost of £57.9m compared to the baseline of £37.4m. Our business plan forecast a cost of £53.4m for these schemes, but Ofwat's FD24 only provided an allowance of £37.4m. We do not think that these baseline costs are realistic, and we note that Ofwat assessed our £53.4m costs as efficient.
- **Network reinforcement** (PCDB3a) – we have increased our forecast since the FD24 allowance, reflecting the actual schemes we now expect to deliver in the 2025-30 period (rather than an estimate derived from historical expenditure). We have provided Ofwat with the details and costs of these schemes and have asked the CMA to update this forecast as part of its redetermination process.
- **Storm overflows** (PCDWW5) – this shows that expenditure will be later in the five year period than shown in the FD24 allowance. This is because this now reflects the realistic profile of the programme, with investigations and initial works in the early years, rather than the allocation of 20% of the programme to each year (as in BP24). In its feedback on our draft delivery plan, Ofwat noted that we were forecasting £88m more cumulative expenditure than provided in final determinations. We are forecasting a cost of £1,142m compared to the FD24 allowance of £1,053m (and our business plan forecast of £1,072m, a 6.5% increase). This does not change the risks to scheme delivery, and we would expect to create some efficiencies through the rest of the 2025-30 period.
- **SEMD** (PCDW17a) – this PCD includes some elements of wastewater expenditure too. However, the delivery plan tables template does not include this line in the wastewater table. We have included this expenditure under "non-PCD" for wastewater, and can confirm we are on track to deliver these schemes.
- **Phosphorus removal** (PCDWW10) – we have reported all seventeen of our phosphorus removal schemes under this PCD, providing milestones for each. This is more than the number of schemes that are currently covered by the PCD; however, Ofwat has informally agreed to consolidate these other schemes into the phosphorus removal PCD following the CMA determination. We have included these interim milestones under this PCD now to support comparisons to this baseline in future delivery reports.

- **Reservoir safety** (PCDW16c) – we are forecasting higher expenditure than our business plan for this programme. As we set out in our business plan, these costs were uncertain because inspections had not taken place yet. As these requirements become clear, we will update this further.

Commentary on scheme level data

Ofwat's guidance asks us to provide commentary where forecast dates move by more than 90 days compared to previous forecasts, or where cost forecasts change by more than 10% compared to previous cost forecasts.

We have no previous cost forecasts.

Scheme substitutions or removals

We do not have any scheme substitutions or removals at this stage. We expect some schemes (for example, on catchment nutrient balancing) to change in future, but this is not yet formally agreed.

We have not included a scheme change log with this delivery plan because there are no changes in scope since FD24 yet.