



# Amendments to our 2023–2024 Annual Performance Report

from  
**Southern  
Water** 

The Southern Water logo graphic consists of three stylized, wavy lines in shades of blue, representing water.

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# Introduction

In July 2024 we published our Annual Performance Report for 2023–24. Since then, our regulator, Ofwat has been conducting its annual review and query process. As a result, there are amendments required to tables 1F, 2N, 3E, 3E, 4H, 4J and 4K within our Annual Performance Report.

The changes identified did not materially affect our reported performance or financial position. As a result, we have not obtained additional assurance or an updated audit opinion from our auditors, Deloitte LLP. The amendments has been internally reviewed.

Please note that the complete set of updated tables published on our website has also been updated to reflect this change.

A summary of the amendment is detailed below:

Reference	Description	Tables Affected
1	<p>In our published 2023–24 APR we reported an average annual RCV growth of 4.30% in Table 1F for the first four years of the price review period. We subsequently identified that the impact of the RCV growth for the previous year (2022–23) had not been correctly captured and amended the table to report a revised value of 5.89%.</p> <p>While re-stating for this item, we identified two other cells ('Return on regulatory equity' and 'Gross Dividend') in our underlying spreadsheet where our calculation was rounding the percentage to one decimal place, instead of the required two decimal places. The correction flowed through to other entries in the table and is responsible for most of the highlighted changes.</p> <p>The rounding adjustment to the 'Return on regulatory equity' entry (from 3.90% to 3.87% - a reduction of 0.03%) rolls through to the equivalent entry in the column for 'Actual returns and notional regulatory equity', changing the reported value for 'RoRE (return on regulatory equity)' further down the table from -7.31% to -7.34%. This is also reported in Table 4H, which we have republished.</p> <p>The changes to Table 1F were restricted to the 'Average 2020–24' (AMP to date) table, and the table for the individual year 2023–24 was unaffected.</p>	IF, 4H
2	<p>Section E - Number and value of GSS and other payments to household customers by type in the reporting period</p> <p>Ofwat revised this table for 2023–34 and this was the first time this section of the table was required. Following a clarification from Ofwat regarding the expectations for completion of the table we updated this section to include data in columns three and four. This data is the same as that already reported in columns one and two.</p>	2N

Reference	Description	Tables Affected									
3	<p>During 2023–24 we completed all 65 AMP7 year 4 schemes that were part of our WINEP ‘PR19SRN_NEP01’ performance commitment, and this was confirmed by the EA.</p> <p>As a result, when reporting our performance in table 3E of our APR for 2023–24 and using the definition measure “has the company met or not met all of its requirements for WINEP, in the reporting year”, we deemed this measure to have been met. However following discussions between Ofwat and the EA, this metric was deemed as not met as schemes from the previous year remain uncompleted.</p> <p>In the 2022–23 APR this metric was reported as not met as, while we did deliver all 190 U_INV2 driver investigations schemes before the end of December 2022, we were unable to submit to the Environment Agency (EA) our Measures Specification Forms (MSF) that set out the timetable for flow measurement installations under the U_MON4 driver for each scheme. As a result, these schemes remain unconfirmed as completed by the EA.</p> <p>We are actively working to address the issues for completion of the U_MON4 programme and, following the publication of the APR in 2023–24, we submitted the outstanding forms to the EA for the U_MON4 schemes. Now these forms have been submitted we are working with the Environment Agency to obtain the sign off for the 190 U_INV2 investigations from 2022–23. We are also actively delivering the AMP7 phase of our U_MON4 programme.</p> <p>As per Ofwat’s instruction, we have amended the table below to report this metric as ‘not met’.</p>	3E									
4	<p>The original data has been corrected for the following instruments:</p> <table border="1"> <thead> <tr> <th>Instrument</th> <th>2024 Issue date</th> <th>2024 issue price</th> </tr> </thead> <tbody> <tr> <td>£165m Artesian 4.076% Index Linked Bonds due 2033</td> <td>Corrected to 23/07/2003</td> <td>Corrected to 100</td> </tr> <tr> <td>£156m Artesian 3.635% Index Linked Bonds due 2032</td> <td>Corrected to 01/07/2004</td> <td>Corrected to 100</td> </tr> </tbody> </table>	Instrument	2024 Issue date	2024 issue price	£165m Artesian 4.076% Index Linked Bonds due 2033	Corrected to 23/07/2003	Corrected to 100	£156m Artesian 3.635% Index Linked Bonds due 2032	Corrected to 01/07/2004	Corrected to 100	4B
Instrument	2024 Issue date	2024 issue price									
£165m Artesian 4.076% Index Linked Bonds due 2033	Corrected to 23/07/2003	Corrected to 100									
£156m Artesian 3.635% Index Linked Bonds due 2032	Corrected to 01/07/2004	Corrected to 100									
5	<p>Costs relating to the digitalisation work on our network had previously been recorded as infrastructure related – these should have been non-infrastructure.</p>	4J, 4K									

# Updated tables

Tables, or extracts from tables, reflecting the changes are shown below.

Key: 

Cell amended directly	
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Calculation or cell indirectly affected	
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## 1F – Financial flows for the price review to date (2017–18 financial year average CPIH)

	Average 2020–24					
	%			£m		
	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity
<b>Regulatory equity</b>						
Regulatory equity				2,036.061	2,036.061	1,545.580
<b>Return on regulatory equity</b>						
Return on regulatory equity	3.87%	2.94%	3.87%	78.796	59.814	59.814
<b>Financing</b>						
Impact of movement from notional gearing		0.93%	0.51%		18.982	7.806
Gearing benefits sharing		-0.01%	-0.02%		-0.237	-0.237
Variance in corporation tax		0.00%	0.00%		–	–
Group relief		0.00%	0.00%		–	–
Cost of debt		2.13%	2.79%		43.283	43.046
Hedging instruments		-2.35%	-3.10%		-47.919	-47.919
<b>Return on regulatory equity including Financing adjustments</b>	<b>3.87%</b>	<b>3.63%</b>	<b>4.04%</b>	<b>78.796</b>	<b>73.923</b>	<b>62.510</b>
<b>Operational performance</b>						
Totex out/(under) performance		-6.85%	-9.03%		-139.526	-139.526
ODI out/(under) performance		-1.72%	-2.27%		-35.071	-35.071
C-MeX out/(under) performance		-0.16%	-0.21%		-3.179	-3.179
D-MeX out/(under) performance		-0.05%	-0.06%		-0.947	-0.947
Retail out/(under) performance		-0.87%	-1.15%		-17.741	-17.741
Other exceptional items		-1.32%	-1.74%		-26.821	-26.821
<b>Operational performance total</b>		<b>-10.97%</b>	<b>-14.45%</b>		<b>-223.285</b>	<b>-223.285</b>
<b>RoRE (return on regulatory equity)</b>	<b>3.87%</b>	<b>-7.34%</b>	<b>-10.40%</b>	<b>78.796</b>	<b>-149.362</b>	<b>-160.775</b>
<b>RCV growth</b>	<b>5.89%</b>	<b>5.89%</b>	<b>5.89%</b>	<b>119.924</b>	<b>119.924</b>	<b>91.035</b>
<b>Voluntary sharing arrangements</b>		0.00%	0.00%		–	–
<b>Total shareholder return</b>	<b>9.76%</b>	<b>-1.45%</b>	<b>-4.51%</b>	<b>198.720</b>	<b>-29.438</b>	<b>-69.740</b>
<b>Dividends</b>						
Gross dividend	1.41%	0.05%	0.06%	28.708	0.948	0.948
Interest receivable on Intercompany loans		-0.05%	-0.06%		-0.948	-0.948
<b>Retained value</b>	<b>8.35%</b>	<b>-1.45%</b>	<b>-4.51%</b>	<b>170.011</b>	<b>-29.438</b>	<b>-69.740</b>
<b>Cash impact of 2015–20 performance adjustments</b>						
Totex out/(under) performance		-0.04%	-0.05%		-0.730	-0.730
ODI out/(under) performance		0.02%	0.03%		0.459	0.459
Total out/(under) performance		-0.01%	-0.02%		-0.271	-0.271

# Updated tables

## 2N – Household affordability support and debt

<b>Section E – payments to household customers made in accordance with the Guaranteed Standards Scheme (GSS)</b>	Total number of unique payments made to household customers under GSS 000s	Total value of payments made in relation to column 1 £m	Total number of unique payments to household customers that could be classed as compensation or goodwill (including all payments made under GSS, customer charter payments and/or other payments e.g. goodwill payments) 000s	Column 4 Total value of payments made in relation to column 3 £m
<b>Number and value of GSS and other payments to household customers by type in the reporting period</b>				
Keeping of appointments	0.568	0.011	0.568	0.013
Incidences of low water pressure	0.032	0.001	0.032	0.001
Incorrect notice of planned interruptions to supply	0.105	0.003	0.105	0.005
Supply not restored	34.816	2.844	34.816	2.846
Written account queries and requests to change payment arrangements not actioned on time	0.001	–	0.001	–
Written complaints not responded to within 10 working days	0.066	0.001	0.066	0.001
Properties sewer flooded internally	0.322	0.089	0.322	0.092
Properties sewer flooded externally	0.379	0.063	0.379	0.066
Gesture of goodwill payments / Water supply			21.395	1.644
Gesture of goodwill payments / Sewer flooding			0.027	0.016
Gesture of goodwill payments / Miscellaneous			6.826	0.582
Late payment penalties (paid in relation to the rows above)	0.644	0.011		

# Updated tables

## 3E – Outcome performance – Non financial performance commitments

Common	Unique reference	Status	Unit	Current reporting year	PCL met?
Risk of severe restrictions in a drought*	PR19SRN_WRO2	✓	%	0.0	Yes
Priority services for customers in vulnerable circumstances – PSR reach*	PR19SRN_RRO8	✓	%	11.7	Yes
Priority services for customers in vulnerable circumstances – Attempted contacts*	PR19SRN_RRO8	✓	%	98.7	Yes
Priority services for customers in vulnerable circumstances – Actual contacts*	PR19SRN_RRO8	✓	%	36.4	Yes
Risk of sewer flooding in a storm	PR19SRN_WWN03	✓	%	10.87	Yes
<b>Bespoke performance commitments</b>					
Target 100*	PR19SRN_WRO3	⊖	%	38	No
Water saved from water efficiency visits	PR19SRN_WRO4	⊖	m <sup>3</sup> /day	832	No
Effectiveness of financial assistance	PR19SRN_RRO4	⊖	%	76	No
Customer satisfaction with vulnerability support*	PR19SRN_RRO5	✗	%	70	No
Community engagement	PR19SRN_N01	⊖	rank	33	No
Schools visited and engagement with children	PR19SRN_N02	✓	%	99	Yes
Water supply resilience*	PR19SRN_WN10	✓	nr	131,610	Yes
Combined Sewer Overflows (CSO) monitoring	PR19SRN_WWN10	⊖	%	86.59	No
Natural capital	PR19SRN_WWN15	✓	nr	11	Yes
Gap sites*	PR19SRN_RRO6	⊖	nr	39	No
Distribution input*	PR19SRN_WN12	✗	Ml/day	565	No
Value for money	PR19SRN_RRO7	✗	%	57	No
WINEP delivery*	PR19SRN_NEP01	✗	text	Not met	No
Non-financial water performance commitments achieved			%		50

Updated table 3E, per item 1 listed on page 2.

The assurance report from KPMG on page 76 of our APR should also refer to this metric as 'not met'.

# Updated tables

## 4H – Financial metrics for the 12 months ended 31 March 2024

	Units	Current year	AMP to date
<b>Financial Indicators</b>			
RORE (return on regulatory equity)	%	<b>-8.40%</b>	-7.34%

Note that only the row in which there has been an amendment is presented above.

## 4J - Base expenditure analysis for the 12 months ended 31 March 2024 - water resources and water network+

	Water network+					Total £m
	Water resources £m	Raw water transport £m	Raw water storage £m	Water treatment £m	Treated water distribution £m	
<b>Capital expenditure</b>						
Maintaining the long term capability of the assets - infra	(0.176)	(0.060)	–	<b>(9.877)</b>	<b>45.941</b>	<b>35.828</b>
Maintaining the long term capability of the assets - non-infra	3.774	–	–	<b>65.579</b>	<b>37.970</b>	<b>107.323</b>
<b>Total base capital expenditure</b>	<b>3.598</b>	<b>(0.060)</b>	<b>–</b>	<b>55.702</b>	<b>83.911</b>	<b>143.151</b>

## 4K - Base expenditure analysis for the 12 months ended 31 March 2024 - wastewater network + and bioresources

	Expenditure in report year								Total £m
	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	
<b>Capital expenditure</b>									
Maintaining the long term capability of the assets - infra	<b>55.985</b>	<b>12.204</b>	<b>12.204</b>	(0.324)	–	–	–	–	<b>80.069</b>
Maintaining the long term capability of the assets - non-infra	<b>28.322</b>	<b>6.174</b>	<b>6.174</b>	167.513	–	–	23.566	–	<b>231.749</b>
<b>Total gross capital expenditure</b>	<b>84.307</b>	<b>18.378</b>	<b>18.378</b>	<b>167.189</b>	<b>–</b>	<b>–</b>	<b>23.566</b>	<b>–</b>	<b>311.818</b>



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