



Amendments to our 2022–2023 Annual Performance Report

from
**Southern
Water** 

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

Contents

| | |
|-----------------------|---|
| 3 | Introduction |
| Updated tables | |
| 4 | 1A – Income statement for the 12 months ended 31 March 2023 1B – Statement of comprehensive income for the 12 months ended 31 March 2023 |
| 5 | 1C – Statement of financial position for the 12 months ended 31 March 2023 |
| 6 | 1D – Statement of cash flows for the 12 months ended 31 March 2023 |
| 7 | 1F – Financial Flows for the 12 months ended 31 March 2023 and for the price review to date (2017–18 financial year average CPIH) |
| 8 | 1F – Financial Flows for the 12 months ended 31 March 2023 and for the price review to date (2017–18 financial year average CPIH) |
| 9 | 2A – Segmental income statement for the 12 months ended 31 March 2023 |
| 10 | 2B – Totex analysis for the 12 months ended 31 March 2023 – Wholesale |
| 11 | 3A – Outcome performance – Water common performance commitments 3F – Underlying calculations for common performance commitments – water and retail |
| 12 | 3G – Underlying calculations for common performance commitments – wastewater |
| 13 | 4C – Impact of price control performance to date on RCV |
| 15 | 4D – Totex analysis for the 12 months ended 31 March 2023 – water resources and water network+ |
| 16 | 4E – Totex analysis for the 12 months ended 31 March 2023 – wastewater network+ and bioresources |
| 17 | 4H – Financial metrics for the 12 months ended 31 March 2023 Interest Cover Ratios reconciliation |
| 18 | 4J – Base expenditure analysis for the 12 months ended 31 March 2023 - water resources and water network+ |
| 19 | 4K – Base expenditure analysis for the 12 months ended 31 March 2023 – wastewater network+ and bioresources |
| 20 | 4L - Enhancement expenditure for the 12 months ended 31st March 2023 - water resources and water network+ 6C - Water network+ - Mains, communication pipes and other data for the 12 months ended 31st March 2023 7A - Wastewater network+ - Functional expenditure for the 12 months ended 31st March 2023 |

Introduction

In July 2023 we published our Annual Performance Report for 2022–23. Since then, our regulator, Ofwat has conducted its annual review and query process which has now completed. As a result, there are some amendments required to the tables within our Annual Performance Report.

While the changes made impact many of the tables, as set out below, they do 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 have been internally reviewed.

Please note that a complete set of updated tables can be found [online](#).

A summary of the amendments is detailed below:

| Reference | Description | Tables Affected* |
|-----------|--|--|
| 1 | Regulatory guidance requires us to remove provisions made for the innovation fund from the regulatory accounts. In our APR we had removed the provision made at 31 March 2023 but had not adjusted for the reversal of the provision made in March 2022 of £5.594 million. This adjustment impacted our reported operating costs and therefore had a consequential effect on a large number of tables. | 1A, 1B, 1C, 1D, 1F, 2A, 2B, 4C, 4D, 4E, 4H, 4J, 4K, 7A, 7B |
| 2 | Correction of the regulatory presentation of swap interest within the cashflow statement following a change to the line definition in RAG 4.11. | 1D, 4H |
| 3 | A correction to the allocation of the allowed expenditure for supply demand balance schemes and strategic regional water resources schemes | 4L |
| 4 | Correction of a format error that affected the interest rates displayed for the commitment fees associated with our revolving credit facility and liquidity facility. | 4B |
| 5 | Updates to some of the forecast and non-financial data. | 7F |
| 6 | Correction of the property figures in 3F.7 resulting in a change to interruptions to supply in table 3A.2, corrections to our leakage and per capita consumption forecast underperformance figures and a change to sewer connections in 3G.1 to 3G.3. | 3A, 3F, 3G |
| 7 | Completion of missing data in rows 6C.22 to 6C.25 | 6C |
| 8 | Restatement of lines 1F.7 (Cost of debt) and 1F.8 (Hedging instruments) to correct understated impact of annual swap accretion charges. | 1F, 4H |
| 9 | Correction to allocation of emissions between water and wastewater as identified as part of our PR24 Business Plan submission. | 11A |

* Note, this document contains updates to the tables in our published APR document. As permitted by RAG 3.14 sections 2.7, tables 7B and 7F have been [published separately](#) in excel format alongside this document.

Updated tables

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

Key:

| | |
|---|--|
| Cell amended directly | |
| Calculation or cell indirectly affected | |

1A – Income statement for the 12 months ended 31 March 2023

| | Note | Adjustments | | | | Total appointed activities £m |
|--|------|------------------|---|-------------------------|----------------------------|----------------------------------|
| | | Statutory £m | Differences between statutory and RAG definitions £m | Non- appointed £m | Total adjustments £m | |
| Revenue | | 815.758 | (48.684) | 10.467 | (59.151) | 756.607 |
| Operating costs | | (835.925) | 22.491 | (8.779) | 31.270 | (804.655) |
| Other operating income | | 1.720 | 23.229 | – | 23.229 | 24.949 |
| Operating profit | | (18.447) | (2.964) | 1.688 | (4.652) | (23.099) |
| Other income | | 6.630 | 17.931 | – | 17.931 | 24.561 |
| Interest income | 3 | 4.283 | – | – | – | 4.283 |
| Interest expense | 3 | (281.346) | (32.868) | – | (32.868) | (314.214) |
| Other interest expense | 3 | (1.600) | – | – | – | (1.600) |
| (Loss)/profit before tax and fair value movements | | (290.480) | (17.901) | 1.688 | (19.589) | (310.069) |
| Fair value losses on derivative financial instruments | | 659.120 | – | – | – | 659.120 |
| Profit/(loss) before tax | | 368.640 | (17.901) | 1.688 | (19.589) | 349.051 |
| UK Corporation tax | 4 | – | – | – | – | – |
| Deferred tax | | (83.689) | 4.475 | – | 4.475 | (79.214) |
| Profit/(loss) for the year | | 284.951 | (13.426) | 1.688 | (15.114) | 269.837 |
| Dividends | | – | – | – | – | – |

Amendment to operating costs as a result of item 1 on page 3.

1B – Statement of comprehensive income for the 12 months ended 31 March 2023

| | Adjustments | | | | Total appointed activities £m |
|---|-----------------|---|-------------------------|----------------------------|----------------------------------|
| | Statutory £m | Differences between statutory and RAG definitions £m | Non- appointed £m | Total adjustments £m | |
| Profit/(loss) for the year | 284.951 | (13.426) | 1.688 | (15.114) | 269.837 |
| Actuarial losses on post-employment plans | (11.500) | – | – | – | (11.500) |
| Other comprehensive income | 2.185 | – | – | – | 2.185 |
| Total comprehensive income/(loss) for the year | 275.636 | (13.426) | 1.688 | (15.114) | 260.522 |

Updated profit resulting from the amendment to operating costs in table 1A.

1C – Statement of financial position for the 12 months ended 31 March 2023

| | Adjustments | | | | Total appointed activities £m |
|--|--------------------|---|-------------------------|----------------------------|----------------------------------|
| | Statutory £m | Differences between statutory and RAG definitions £m | Non- appointed £m | Total adjustments £m | |
| Non-current assets | | | | | |
| Fixed assets | 7,092.803 | (259.058) | 0.409 | (259.467) | 6,833.336 |
| Intangible assets | 109.987 | (3.200) | – | (3.200) | 106.787 |
| Investments – loans to group companies | 10.872 | – | – | – | 10.872 |
| Investments – other | 0.174 | – | – | – | 0.174 |
| Financial Instruments | 83.931 | – | – | – | 83.931 |
| Total non-current assets | 7,297.767 | (262.258) | 0.409 | (262.667) | 7,035.100 |
| Current assets | | | | | |
| Inventories | 10.447 | – | – | – | 10.447 |
| Trade and other receivables | 253.400 | – | 3.285 | (3.285) | 250.115 |
| Cash and cash equivalents | 115.846 | – | – | – | 115.846 |
| Total current assets | 379.693 | – | 3.285 | (3.285) | 376.408 |
| Current liabilities | | | | | |
| Trade and other payables | (264.787) | 8.308 | – | 8.308 | (256.479) |
| Capex creditor | (197.954) | – | – | – | (197.954) |
| Borrowings | (23.235) | – | – | – | (23.235) |
| Current tax liabilities | (14.856) | – | – | – | (14.856) |
| Provisions | (29.565) | – | – | – | (29.565) |
| Total current liabilities | (530.397) | 8.308 | – | 8.308 | (522.089) |
| Net current liabilities | (150.704) | 8.308 | 3.285 | 5.023 | (145.681) |
| Non-current liabilities | | | | | |
| Trade and other payables | (11.969) | – | – | – | (11.969) |
| Borrowings | (4,133.076) | – | – | – | (4,133.076) |
| Financial instruments | (1,655.331) | – | – | – | (1,655.331) |
| Retirement benefit obligations | (73.000) | – | – | – | (73.000) |
| Provisions | (31.581) | – | – | – | (31.581) |
| Deferred income – grants and contributions | (28.316) | (3.742) | – | (3.742) | (32.058) |
| Preference share capital | (64.665) | – | – | – | (64.665) |
| Deferred tax | (284.517) | 64.423 | – | 64.423 | (220.094) |
| Total non-current liabilities | (6,282.455) | 60.681 | – | 60.681 | (6,221.774) |
| Net assets | 864.608 | (193.269) | 3.694 | (196.963) | 667.645 |
| Equity | | | | | |
| Called up share capital | 0.112 | – | – | – | 0.112 |
| Retained earnings and other reserves | 864.496 | (193.269) | 3.694 | (196.963) | 667.533 |
| Total equity | 864.608 | (193.269) | 3.694 | (196.963) | 667.645 |

Amendment to trade and other payables as a result of item 1 on page 3.

1D – Statement of cash flows for the 12 months ended 31 March 2023

| | Adjustments | | | Total adjustments £m | Total appointed activities £m |
|---|------------------|---|---------------------|-------------------------|----------------------------------|
| | Statutory £m | Differences between statutory and RAG definitions £m | Non-appointed £m | | |
| Operating profit | (18.447) | 2.964 | 1.688 | (4.652) | (23.099) |
| Other income | 6.630 | 17.931 | – | 17.931 | 24.561 |
| Depreciation | 347.120 | (15.995) | 0.001 | (15.996) | 331.124 |
| Amortisation – grants and contributions | 1.366 | (3.089) | – | (3.089) | (1.723) |
| Changes in working capital | 53.777 | 1.028 | (1.797) | 2.825 | 56.602 |
| Pension contributions | – | – | – | – | – |
| Movement in provisions | (35.566) | – | – | – | (35.566) |
| Profit on sale of fixed assets | (1.720) | – | – | – | (1.720) |
| Cash generated from operations | 353.160 | (3.089) | (0.108) | (2.981) | 350.179 |
| Net interest paid | (91.203) | – | – | – | (91.203) |
| Tax paid | – | – | – | – | – |
| Net cash generated from operating activities | 261.957 | (3.089) | (0.108) | (2.981) | 258.976 |
| Investing activities | | | | | |
| Capital expenditure | (676.925) | – | 0.108 | (0.108) | (677.033) |
| Grants and contributions | – | 3.089 | – | 3.089 | 3.089 |
| Disposal of fixed assets | 1.381 | – | – | – | 1.381 |
| Other | 319.013 | (285.000) | – | (285.000) | 34.013 |
| Net cash used in investing activities | (356.531) | (281.911) | 0.108 | (282.019) | (638.550) |
| Net cash generated before financing activities | (181.777) | (285.000) | 0.000 | (285.000) | (466.777) |
| Cash flows from financing activities | | | | | |
| Equity dividends paid | – | – | – | – | – |
| Net loans paid | 52.983 | – | – | – | 52.983 |
| Cash inflow from equity financing | – | – | – | – | – |
| Net cash used in financing activities | 52.983 | – | – | – | 52.983 |
| Decrease in net cash | (41.591) | (285.000) | 0.000 | (285.000) | (326.591) |

Updated operating profit resulting from the amendments to operating costs in table 1A and a change to working capital from the movement in current and other payables in table 1C.

Amendment to net interest and net loans paid from item 2 on page 3.

1F – Financial Flows for the 12 months ended 31 March 2023 and for the price review to date (2017–18 financial year average CPIH)

| | 12 months ended 31 March 2023 | | | | | |
|--|---|---|---|--------------------------------------|---|---|
| | % | | | £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 |
| Regulatory equity | | | | | | |
| Regulatory equity | 2,082.487 | 2,082.487 | 1,682.676 | – | – | – |
| Return on regulatory equity | | | | | | |
| Return on regulatory equity | 3.87% | 3.13% | 3.87% | 80.592 | 65.120 | 65.120 |
| Financing | | | | | | |
| Impact of movement from notional gearing | – | 0.74% | 0.40% | – | 15.473 | 6.813 |
| Cost of debt | – | 6.99% | 8.43% | – | 145.523 | 141.869 |
| Hedging instruments | – | (8.36%) | (10.35%) | – | (174.078) | (174.078) |
| Return on regulatory equity including Financing adjustments | 3.87% | 2.50% | 2.36% | 80.592 | 52.037 | 39.724 |
| Operational performance | | | | | | |
| Totex out/(under) performance | – | (10.29%) | (12.74%) | – | (214.366) | (214.366) |
| ODI out/(under) performance | – | (1.80%) | (2.22%) | – | (37.429) | (37.429) |
| C-MeX out/(under) performance | – | (0.20%) | (0.25%) | – | (4.154) | (4.154) |
| D-MeX out/(under) performance | – | (0.04%) | (0.06%) | – | (0.936) | (0.936) |
| Retail out/(under) performance | – | (0.26%) | (0.32%) | – | (5.313) | (5.313) |
| Other exceptional items | – | 0.02% | 0.03% | – | 0.422 | 0.422 |
| Operational performance total | – | (12.57%) | (15.56%) | – | (261.775) | (261.776) |
| RoRE (return on regulatory equity) | 3.87% | (10.07%) | (13.20%) | 80.592 | (209.739) | (222.052) |
| RCV growth | 10.64% | 10.64% | 10.64% | 221.577 | 221.577 | 179.037 |
| Total shareholder return | 14.51% | 0.57% | (2.56%) | 302.169 | 11.838 | (43.016) |
| Dividends | | | | | | |
| Gross dividend | 1.41% | – | – | 29.363 | – | – |
| Interest received on intercompany loans | – | – | – | – | – | – |
| Retained value | 13.10% | 0.57% | (2.56%) | 272.806 | 11.838 | 43.016 |
| Cash impact of 2015–20 performance adjustments | | | | | | |
| Totex out/(under) performance | – | (0.04%) | (0.04%) | – | (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) |

1F – Financial Flows for the 12 months ended 31 March 2023 and for the price review to date (2017–18 financial year average CPIH)

| | Average 2020–23 | | | | | |
|--|---|---|---|--------------------------------------|---|---|
| | % | | | £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 |
| Regulatory equity | | | | | | |
| Regulatory equity | 2,001.201 | 2,001.201 | 1,538.331 | – | – | – |
| Return on regulatory equity | | | | | | |
| Return on regulatory equity | 3.90% | 3.00% | 3.90% | 78.047 | 59.995 | 59.995 |
| Financing | | | | | | |
| Impact of movement from notional gearing | – | 0.90% | 0.47% | – | 18.052 | 7.239 |
| Cost of debt | – | 1.38% | 1.63% | – | 27.681 | 25.062 |
| Hedging instruments | – | (2.34%) | (3.04%) | – | (46.759) | (46.759) |
| Return on regulatory equity including Financing adjustments | 3.90% | 2.95% | 2.96% | 78.047 | 58.969 | 45.537 |
| Operational performance | | | | | | |
| Totex out/(under) performance | – | (5.22%) | (6.80%) | – | (104.557) | (104.557) |
| ODI out/(under) performance | – | (1.89%) | (2.46%) | – | (37.811) | (37.811) |
| C-MeX out/(under) performance | – | (0.15%) | (0.20%) | – | (3.020) | (3.020) |
| D-MeX out/(under) performance | – | (0.03%) | (0.04%) | – | (0.656) | (0.656) |
| Retail out/(under) performance | – | (0.97%) | (1.26%) | – | (19.342) | (19.342) |
| Other exceptional items | – | (1.42%) | (1.85%) | – | (28.474) | (28.474) |
| Operational performance total | – | (9.69%) | (12.60%) | – | (193.860) | (193.860) |
| RoRE (return on regulatory equity) | 3.90% | (6.74%) | (9.64%) | 78.047 | (134.891) | (148.323) |
| RCV growth | 6.30% | 6.30% | 6.30% | 126.076 | 126.076 | 96.915 |
| Total shareholder return | 10.20% | (0.44%) | (3.34) | 204.123 | (8.815) | (51.408) |
| Dividends | | | | | | |
| Gross dividend | 1.40% | 0.06% | 0.08% | 28.017 | 1.263 | 1.263 |
| Interest received on intercompany loans | – | (0.06%) | (0.08%) | – | (1.263) | (1.263) |
| Retained value | 8.80% | (0.44%) | (3.34) | 176.106 | (8.815) | (51.408) |
| Cash impact of 2015–20 performance adjustments | | | | | | |
| 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) |

Amendments to cost of debt and hedging instruments as a result of item 8 on page 3.

In our published 2022–23 APR we revised our calculations for Table 1F (including for prior years and, therefore, for the cumulative AMP to-date average position) to capture the impact of the annual accretion charge on our swap instruments. This additional cost reduced our financing performance and was explained in the narrative supporting the table. We subsequently identified that this adjustment had been understated and amended the table to report this accurately. The change impacted both the ‘Cost of debt’ and ‘Hedging instruments’ lines, further reducing our reported financing performance and rolling through to subsequent sub-totals and totals.

Table 1F was also amended to capture the impact of the Innovation Fund accrual adjustment, adversely impacting our reported ‘Totex out/(under) performance’. This rolled through to the ‘Operational Performance’ sub-total and subsequent sub-totals and totals.

Focussing on the ‘Actual returns and actual regulatory equity’ column of the table, the combined impact of these adjustments was a reduction against the previously reported values for ‘RoRE’, ‘Total shareholder return’ and ‘Retained value’:

- 12 months ended 31 March 2023: -12.10%, comprising -11.92% financing performance (swap accretion) and -0.18% operational performance (Innovation Fund totex adjustment)
- Average 2020-25: -6.66%, comprising -6.60% financing performance (swap accretion) and -0.06% operational performance (Innovation Fund totex adjustment)

2A – Segmental income statement for the 12 months ended 31 March 2023

| | Retail | | Wholesale | | | | Total £m |
|---|------------------------|----------------------------|-----------------------|-----------------------|----------------------------|--------------------|------------------|
| | Retail household £m | Retail non-household £m | Water resources £m | Water network + £m | Wastewater network + £m | Bioresources £m | |
| Revenue – price control | 45.400 | – | 25.268 | 184.669 | 445.124 | 47.573 | 748.034 |
| Revenue – non price control | – | – | 5.553 | 0.317 | 2.649 | 0.054 | 8.573 |
| Operating expenditure – excluding PU recharge impact | (52.688) | – | (15.204) | (139.416) | (237.985) | (28.238) | (473.531) |
| PU opex recharge | (1.624) | – | (2.017) | (15.315) | 21.904 | (2.948) | – |
| Operating expenditure – including PU recharge impact | (54.312) | – | (17.221) | (154.731) | (216.081) | (31.186) | (473.531) |
| Depreciation – tangible fixed assets | (2.587) | – | (10.462) | (69.673) | (207.377) | (21.740) | (311.839) |
| Amortisation – intangible fixed assets | (1.740) | – | (0.131) | (0.494) | (16.920) | – | (19.285) |
| Other operating income | 0.002 | – | 0.001 | 0.223 | 24.701 | 0.022 | 24.949 |
| Operating profit/(loss) | (13.237) | – | 3.008 | (39.689) | 32.096 | (5.277) | (23.099) |
| Surface water drainage rebates | | | | | | | (0.427) |

Amendment to operating costs as a result of item 1 on page 3.

2B – Totex analysis for the 12 months ended 31 March 2023 – Wholesale

| | Water resources £m | Water network + £m | Wastewater network + £m | Bioresources £m | Total £m |
|---|-----------------------|-----------------------|----------------------------|--------------------|------------------|
| Base operating expenditure | | | | | |
| Power | 4.539 | 13.504 | 38.136 | (1.830) | 54.349 |
| Income treated as negative expenditure | – | (0.041) | 0.001 | (3.406) | (3.446) |
| Abstraction charges/discharge consents | 4.144 | 0.100 | 4.041 | – | 8.285 |
| Bulk supply/bulk discharge | – | 1.167 | – | – | 1.167 |
| Renewals expensed in year (Infrastructure) | – | 21.743 | 40.218 | – | 61.961 |
| Renewals expensed in year (Non-Infrastructure) | – | – | – | – | – |
| Other operating expenditure | 6.478 | 95.764 | 118.535 | 34.672 | 255.449 |
| Local authority and Cumulo rates | 0.999 | 11.296 | 13.355 | 1.750 | 27.400 |
| Total base operating expenditure | 16.160 | 143.533 | 214.286 | 31.186 | 405.165 |
| Other operating expenditure | | | | | |
| Enhancement operating expenditure | 0.088 | 6.582 | – | – | 6.670 |
| Developer Services operating expenditure | – | 1.510 | 1.795 | – | 3.305 |
| Total operating expenditure excluding third party services | 16.248 | 151.625 | 216.081 | 31.186 | 415.140 |
| Third party services | 0.973 | 3.106 | – | – | 4.079 |
| Total operating expenditure | 17.221 | 154.731 | 216.081 | 31.186 | 419.219 |
| Grants and contributions | | | | | |
| Grants and contributions – operating expenditure | – | – | – | – | – |
| Capital expenditure | | | | | |
| Base capital expenditure | 3.734 | 157.264 | 303.986 | 25.139 | 490.123 |
| Enhancement capital expenditure | 23.243 | 29.306 | 114.513 | (0.026) | 167.036 |
| Developer Services capital expenditure | – | 10.172 | 17.156 | – | 27.328 |
| Total gross capital expenditure excluding third party services | 26.977 | 196.742 | 435.655 | 25.113 | 684.487 |
| Third party services | 0.866 | 3.438 | – | – | 4.304 |
| Total gross capital expenditure | 27.843 | 200.180 | 435.655 | 25.113 | 688.791 |
| Grants and contributions | | | | | |
| Grants and contributions – capital expenditure | 0.868 | 5.477 | 8.307 | – | 14.652 |
| Net totex | 44.196 | 349.434 | 643.429 | 56.299 | 1,093.358 |
| Cash expenditure | | | | | |
| Pension deficit recovery payments | – | – | – | – | – |
| Totex including cash items | 44.196 | 349.434 | 643.429 | 56.299 | 1,093.358 |

Amendment to operating costs as a result of item 1 on page 3.

3A – Outcome performance – Water common performance commitments

| Common performance commitments – Water (Financial) | Status | Unit | Performance level – actual | PCL met? | Outperformance or underperformance payment | Forecast of total 2020–25 outperformance or underperformance payment |
|--|--------|----------|----------------------------|----------|--|--|
| Water supply interruptions | ✘ | hh:mm:ss | 1:28:00 | No | (4,148) | (11,273) |
| Leakage | ✘ | % | 0.2 | No | (2,332) | (9,500) |
| Per capita consumption | ✘ | % | (4.5) | No | – | (8,918) |

Amendment to operating costs as a result of item 6 on page 3.

3F – Underlying calculations for common performance commitments – water and retail




| Performance commitments measured against a calculated baseline | Status | Unit | Performance level – actual | | | Baseline (average from 2017–18 to 2019–20) |
|--|--------|-------|----------------------------|-----------|-----------|--|
| | | | (2017–18) | (2018–19) | (2019–20) | |
| Per capita consumption (PCC) | — | l/p/d | 126.2 | 129.6 | 128.1 | 128.0 |

Correction of minor typing error in historical per capita consumption performance.

| Water supply interruptions | Status | Unit | Standardising data indicator | Standardising data numerical value | Total minutes lost | Number of properties supply interrupted | Calculated performance level |
|----------------------------|--------|--|------------------------------|------------------------------------|--------------------|---|------------------------------|
| Water supply interruptions | ✘ | Average number of minutes lost per property per year | Number of properties | 1,145.7 | 100809915 | 85,894 | 1:28:00 |

Updated property figures as per item 6 on page 3. Note that only the rows in which there have been amendments are presented above.

Key

-  Ofwat target met or exceeded
-  Ofwat target missed but performance improved in relation to prior year outcome
-  Ofwat target missed and performance worse than prior year outcome

3G – Underlying calculations for common performance commitments – wastewater

| Performance commitments set in standardised units | Status | Units | Standardising data indicator | Standardising data numerical value | Performance level – actual current reporting year | Calculated performance level |
|--|--------|--|------------------------------|------------------------------------|---|------------------------------|
| Internal sewer flooding – customer proactively reported | – | Number of incidents per 10,000 sewer connections | Number of sewer connections | 2,030.43 | 393 | 1.94 |
| Internal sewer flooding – company reactively identified (i.e. neighbouring properties) | – | Number of incidents per 10,000 sewer connections | Number of sewer connections | 2,030.43 | 63 | 0.31 |
| Internal sewer flooding | – | Number of incidents per 10,000 sewer connections | Number of sewer connections | 2,030.43 | 456 | 2.25 |

Updated sewer connections as per item 6 on page 3. Note that only the rows in which there have been amendments are presented above.

3H – Summary information on outcome delivery incentive payments

| | Initial calculation of performance payments (excluding C-MeX and D-MeX) £m (2017–18 prices) |
|---|---|
| Initial calculation of in period revenue adjustment by price control | |
| Wastewater network+ | (20.187) |
| Initial calculation of end of period revenue adjustment by price control | |
| Water resources | (1.994) |

Correction of minor typing errors in table 3H. Note that only the rows in which there have been amendments are presented above.

4B – Analysis of debt

| | Commitment fee |
|----------------------------------|----------------|
| Floating rate instruments | |
| Revolving Credit Facility | 0.25% |
| Liquidity Facilities | 0.37% |

Extract from table 4B updated format as per item 4 on page 3.

4C – Impact of price control performance to date on RCV

| | 12 months ended 31 March 2023 | | | |
|--|-------------------------------|----------------------|---------------------------|--------------------|
| | Water resources £m | Water network+ £m | Wastewater network+ £m | Bioresources £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) | 18.154 | 176.156 | 499.127 | 65.697 |
| Actual totex (net of business rates, abstraction licence fees and grants and contributions) | 22.855 | 321.515 | 627.327 | 54.549 |
| Transition expenditure | – | – | – | – |
| Disallowable costs | 0.116 | 1.039 | 1.982 | 0.155 |
| Total actual totex (net of business rates, abstraction licence fees and grants and contributions) | 22.739 | 320.476 | 625.345 | 54.394 |
| Variance | 4.585 | 144.320 | 126.218 | (11.303) |
| Variance due to timing of expenditure | (11.643) | (41.823) | (138.529) | (2.842) |
| Variance due to efficiency | 16.228 | 186.143 | 264.747 | (8.461) |
| Customer cost sharing rate – outperformance | 63.55% | 63.55% | 63.92% | – |
| Customer cost sharing rate – underperformance | 36.45% | 36.45% | 36.08% | – |
| Customer share of totex overspend | 5.915 | 67.849 | 95.521 | – |
| Company share of totex overspend | 10.313 | 118.294 | 169.226 | – |
| Company share of totex underspend | – | – | – | (8.461) |
| Totex – business rates and abstraction licence fees | | | | |
| Final determination allowed totex – business rates and abstraction licence fees | 6.366 | 12.198 | 13.909 | 1.448 |
| Actual totex – business rates and abstraction licence fees | 5.143 | 11.396 | 13.355 | 1.750 |
| Variance – business rates and abstraction licence | (1.223) | (0.802) | (0.554) | 0.302 |
| Customer cost sharing rate – business rates and abstraction licence fees | 75.00% | 75.00% | 75.00% | 75.00% |
| Customer share of totex over/underspend – business rates and abstraction licence fees | (0.917) | (0.602) | (0.416) | 0.227 |
| Company share of totex over/underspend – business rates and abstraction licence fees | (0.306) | (0.201) | (0.139) | 0.076 |
| Totex not subject to cost sharing | | | | |
| Final determination allowed totex – not subject to cost sharing | 22.351 | 39.102 | 9.729 | – |
| Actual totex – not subject to cost sharing | 16.198 | 16.523 | 2.747 | – |
| Variance – 100% company allocation | (6.153) | (22.579) | (6.982) | – |
| Total customer share of totex over/underspend | 4.998 | 67.248 | 95.105 | 0.227 |
| RCV | | | | |
| Total customer share of totex over/underspend | 4.998 | 67.248 | 95.105 | 0.227 |
| PAYG rate | 42.49% | 49.27% | 35.87% | 37.14% |
| RCV element of totex over/underspend | 2.874 | 34.115 | 60.991 | 0.142 |

Amendment to operating costs as a result of item 1 on page 3.

4C – Impact of price control performance to date on RCV – continued

| | Price control period to date | | | |
|--|------------------------------|----------------------|---------------------------|--------------------|
| | Water resources £m | Water network+ £m | Wastewater network+ £m | Bioresources £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) | 51.500 | 530.634 | 1,277.912 | 143.214 |
| Actual totex (net of business rates, abstraction licence fees and grants and contributions) | 79.621 | 740.602 | 1,613.611 | 135.429 |
| Transition expenditure | 1.721 | 0.980 | – | – |
| Disallowable costs | 0.116 | 1.039 | 98.429 | 0.155 |
| Total actual totex (net of business rates, abstraction licence fees and grants and contributions) | 81.226 | 740.543 | 1,515.182 | 135.274 |
| Variance | 29.726 | 209.909 | 237.270 | (7.940) |
| Variance due to timing of expenditure | (12.112) | (42.390) | (150.280) | (0.904) |
| Variance due to efficiency | 41.838 | 252.299 | 387.550 | (7.036) |
| Customer cost sharing rate – outperformance | 63.55% | 63.55% | 63.92% | – |
| Customer cost sharing rate – underperformance | 36.45% | 36.45% | 36.08% | – |
| Customer share of totex overspend | 15.250 | 91.963 | 139.828 | – |
| Company share of totex overspend | 26.588 | 160.336 | 247.722 | – |
| Company share of totex underspend | – | – | – | (7.036) |
| Totex – business rates and abstraction licence fees | | | | |
| Final determination allowed totex – business rates and abstraction licence fees | 17.864 | 34.229 | 39.030 | 4.064 |
| Actual totex – business rates and abstraction licence fees | 14.500 | 31.944 | 39.993 | 5.245 |
| Variance – business rates and abstraction licence | (3.364) | (2.285) | 0.963 | 1.181 |
| Customer cost sharing rate – business rates and abstraction licence fees | 75.00% | 75.00% | 75.00% | 75.00% |
| Customer share of totex over/underspend – business rates and abstraction licence fees | (2.523) | (1.714) | 0.722 | 0.886 |
| Company share of totex over/underspend – business rates and abstraction licence fees | (0.841) | (0.571) | 0.241 | 0.295 |
| Totex not subject to cost sharing | | | | |
| Final determination allowed totex – not subject to cost sharing | 44.479 | 81.326 | 27.851 | – |
| Actual totex – not subject to cost sharing | 42.449 | 49.807 | 6.549 | – |
| Variance – 100% company allocation | (2.030) | (31.519) | (21.302) | – |
| Total company share of totex over/underspend | 12.727 | 90.249 | 140.550 | 0.886 |
| RCV | | | | |
| Total customer share of totex over/underspend | 12.727 | 90.249 | 140.550 | 0.886 |
| PAYG rate | 42.49% | 49.27% | 35.87% | 37.14% |
| RCV element of totex over/underspend | 7.319 | 45.783 | 90.135 | 0.557 |
| Adjustment for ODI outperformance payment or underperformance payment | – | – | – | – |
| RCV determined at FD at 31 March | 144.384 | 1,421.574 | 4,608.081 | 260.193 |
| Projected 'shadow' RCV | 151.703 | 1,467.357 | 4,698.216 | 260.750 |

Amendment to cumulative operating costs as a result of item 1 on page 3.

4D – Totex analysis for the 12 months ended 31 March 2023 – water resources and water network+

| | Network+ | | | | | Total £m |
|---|--------------------------|------------------------------|----------------------------|--------------------------|--|----------------|
| | Water resources £m | Raw water transport £m | Raw water storage £m | Water treatment £m | Treated water distribution £m | |
| Operating expenditure | | | | | | |
| Base operating expenditure | 16.160 | 0.381 | 0.288 | 71.398 | 71.466 | 159.693 |
| Enhancement operating expenditure | 0.088 | 0.004 | 0.004 | 5.686 | 0.888 | 6.670 |
| Developer services operating expenditure | – | – | – | – | 1.510 | 1.510 |
| Total operating expenditure excluding third party services | 16.248 | 0.385 | 0.292 | 77.084 | 73.864 | 167.873 |
| Third party services | 0.973 | – | – | 2.444 | 0.662 | 4.079 |
| Total operating expenditure | 17.221 | 0.385 | 0.292 | 79.528 | 74.526 | 171.952 |
| Grants and contributions | | | | | | |
| Grants and contributions – operating expenditure | – | – | – | – | – | – |
| Capital expenditure | | | | | | |
| Base capital expenditure | 3.734 | 0.146 | – | 89.549 | 67.569 | 160.998 |
| Enhancement capital expenditure | 23.243 | 0.399 | – | 20.430 | 8.477 | 52.549 |
| Developer services capital expenditure | – | – | – | – | 10.172 | 10.172 |
| Total gross capital expenditure (excluding third party) | 26.977 | 0.545 | – | 109.979 | 86.218 | 223.719 |
| Third party services | 0.866 | – | – | 3.447 | (0.009) | 4.304 |
| Total gross capital expenditure | 27.843 | 0.545 | – | 113.426 | 86.209 | 228.023 |
| Grants and contributions | | | | | | |
| Grants and contributions – capital expenditure | 0.868 | – | – | 1.443 | 4.034 | 6.345 |
| Net totex | 44.196 | 0.930 | 0.292 | 191.511 | 156.701 | 393.630 |
| Cash expenditure | | | | | | |
| Pension deficit recovery payments | – | – | – | – | – | – |
| Totex including cash items | 44.196 | 0.930 | 0.292 | 191.511 | 156.701 | 393.630 |
| Atypical expenditure | | | | | | |
| High Park DWI prosecution | 0.066 | – | – | – | – | 0.066 |
| Total atypical expenditure | 0.066 | – | – | – | – | 0.066 |

Amendment to operating costs as a result of item 1 on page 3.

4E – Totex analysis for the 12 months ended 31 March 2023 – wastewater network+ and bioresources

| | Network+ Sewage collection | | | Network+ Sewage treatment | | Bioresources | | | Total £m |
|---|----------------------------|---------------------------|---------------------|----------------------------------|-------------------------------------|---------------------|---------------------|--------------------|----------------|
| | 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 | |
| Operating expenditure | | | | | | | | | |
| Base operating expenditure | 74.125 | 13.647 | 13.647 | 109.507 | 3.360 | 5.526 | 17.964 | 7.696 | 245.472 |
| Developer services operating expenditure | 1.249 | 0.273 | 0.273 | – | – | – | – | – | 1.795 |
| Total operating expenditure excluding third party services | 75.374 | 13.920 | 13.920 | 109.507 | 3.360 | 5.526 | 17.964 | 7.696 | 247.267 |
| Third party services | – | – | – | – | – | – | – | – | – |
| Total operating expenditure | 75.374 | 13.920 | 13.920 | 109.507 | 3.360 | 5.526 | 17.964 | 7.696 | 247.267 |
| Grants and contributions | | | | | | | | | |
| Grants and contributions – operating expenditure | – | – | – | – | – | – | – | – | – |
| Capital expenditure | | | | | | | | | |
| Base capital expenditure | 86.336 | 18.820 | 18.820 | 180.010 | – | – | 25.139 | – | 329.125 |
| Enhancement capital expenditure | 8.676 | 1.890 | 1.890 | 102.057 | – | – | (0.026) | – | 114.487 |
| Developer services capital expenditure | 11.946 | 2.605 | 2.605 | – | – | – | – | – | 17.156 |
| Total gross capital expenditure (excluding third party) | 106.958 | 23.315 | 23.315 | 282.067 | – | – | 25.113 | – | 460.768 |
| Third party services | – | – | – | – | – | – | – | – | – |
| Total gross capital expenditure | 106.958 | 23.315 | 23.315 | 282.067 | – | – | 25.113 | – | 460.768 |
| Grants and contributions | | | | | | | | | |
| Grants and contributions – capital expenditure | 5.263 | 1.147 | 1.147 | 0.750 | – | – | – | – | 8.307 |
| Net totex | 177.069 | 36.088 | 36.088 | 390.824 | 3.360 | 5.526 | 43.077 | 7.696 | 699.728 |
| Cash expenditure | | | | | | | | | |
| Pension deficit recovery | – | – | – | – | – | – | – | – | – |
| Totex including cash items | 177.069 | 36.088 | 36.088 | 390.824 | 3.360 | 5.526 | 43.077 | 7.696 | 699.728 |
| Atypical expenditure | | | | | | | | | |
| N/A | – | – | – | – | – | – | – | – | – |
| Total atypical expenditure | – | – | – | – | – | – | – | – | – |

Amendment to operating costs as a result of item 1 on page 3.

4H – Financial metrics for the 12 months ended 31 March 2023

| | Units | Metric | AMP to date |
|--------------------------------------|-------|-----------------|----------------|
| Financial Indicators | | | |
| Post tax return on regulatory equity | % | (15.97%) | |
| RORE (return on regulatory equity) | % | (10.07%) | (6.74%) |
| Funds from operations (FFO) | £m | 202.374 | |
| Interest cover (cash) | dec | 3.53 | |
| Adjusted interest cover (cash) | dec | (0.46) | |
| FFO/Debt | dec | 0.05 | |
| Retained cash flow (RCF) | £m | 202.374 | |
| RCF/Net debt | dec | 0.05 | |

Amendments to ratios from adjustments 1, 2 and 8 listed on page 3. Note that only the rows in which there have been amendments are presented above.

Interest Cover Ratios reconciliation

| | ICR (cash) £m | Adj ICR (cash) £m |
|--------------------------------------|------------------|----------------------|
| Funds from operations | 202.374 | 202.374 |
| Add back cash interest paid in year | 94.572 | 94.572 |
| Less regulatory depreciation | – | (335.701) |
| | 296.946 | (38.755) |
| Cash interest paid in year | 181.775 | 181.775 |
| Less interest paid in prior year | (44.032) | (44.032) |
| Add interest payable re current year | 40.950 | 40.950 |
| Less interest prepaid | (7.258) | (7.258) |
| Interest payable for 2022–23 | 84.231 | 84.231 |
| Ratio (dec) | 3.525 | (0.460) |

4J – Base expenditure analysis for the 12 months ended 31 March 2023 - water resources and water network+

| | Water network+ | | | | | Total £m |
|---|-----------------------|------------------------------|-------------------------|-----------------------|----------------------------------|----------------|
| | Water resources £m | Raw water distribution £m | Raw water storage £m | Water treatment £m | Treated water distribution £m | |
| Operating expenditure | | | | | | |
| Power | 4.539 | – | – | 9.674 | 3.830 | 18.043 |
| Income treated as negative expenditure | – | – | – | (0.033) | (0.008) | (0.041) |
| Bulk supply | – | – | – | – | 1.167 | 1.167 |
| Renewals expensed in year (infrastructure) | – | – | – | – | 21.743 | 21.743 |
| Renewals expensed in year (non-infrastructure) | – | – | – | – | – | – |
| Other operating expenditure | 6.478 | 0.251 | 0.288 | 60.064 | 33.384 | 100.465 |
| Local authority and Cumulo rates | 0.999 | 0.130 | – | 1.593 | 9.573 | 12.295 |
| Service Charges | | | | | | |
| Canal & River Trust abstraction charges/discharge consents | – | – | – | – | – | – |
| Environment Agency/NRW abstraction charges/discharge consents | 4.144 | – | – | 0.100 | – | 4.244 |
| Other abstraction charges/ discharge consents | – | – | – | – | – | – |
| Location specific costs & obligations | | | | | | |
| Costs associated with Traffic Management Act | – | – | – | – | 1.483 | 1.483 |
| Costs associated with lane rental schemes | – | – | – | – | 0.294 | 0.294 |
| Statutory water softening | – | – | – | – | – | – |
| Total base operating expenditure | 16.160 | 0.381 | 0.288 | 71.398 | 71.466 | 159.693 |
| Capital expenditure | | | | | | |
| Maintaining the long term capability of the assets - infra | 0.409 | 0.096 | – | – | 42.738 | 43.243 |
| Maintaining the long term capability of the assets - non-infra | 3.325 | 0.050 | – | 89.549 | 24.831 | 117.755 |
| Total base capital expenditure | 3.734 | 0.146 | – | 89.549 | 67.569 | 160.998 |
| Traffic Management Act | | | | | | |
| Projects incurring costs associated with Traffic Management Act | – | – | – | – | 37.760 | 37.760 |

Amendment to operating costs as a result of item 1 on page 3.

4K – Base expenditure analysis for the 12 months ended 31 March 2023 – wastewater network+ and bioresources

| | Expenditure in report year | | | | | | | | Total £m |
|---|----------------------------|------------------------------------|---------------------------|--|-------------------------------------|---------------------------|---------------------------|--------------------------|----------------|
| | Water 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 | |
| Operating expenditure | | | | | | | | | |
| Power | 10.206 | 2.257 | 2.257 | 22.556 | 0.860 | 0.034 | (1.864) | – | 36.306 |
| Income treated as negative expenditure | – | – | – | 0.001 | – | – | (3.408) | – | (3.405) |
| Bulk supply | – | – | – | 7.123 | – | – | – | – | – |
| Renewals expensed in year (infrastructure) | 31.406 | 4.406 | 4.406 | – | – | – | – | – | 40.218 |
| Renewals expensed in year (non-infrastructure) | – | – | – | – | – | – | – | – | – |
| Other operating expenditure | 31.516 | 6.765 | 6.765 | 71.143 | 2.001 | 5.492 | 21.484 | 7.696 | 152.862 |
| Local authority and Cumulo rates | 0.019 | 0.004 | 0.004 | 12.879 | 0.449 | – | 1.750 | – | 15.105 |
| Service Charges | | | | | | | | | |
| Canal & River Trust discharge consents | – | – | – | – | – | – | – | – | – |
| Environment Agency/NRW discharge consents | 0.737 | 0.163 | 0.163 | 2.928 | 0.050 | – | – | – | 4.041 |
| Other discharge charges/permits | – | – | – | – | – | – | – | – | – |
| Other expenditure | | | | | | | | | |
| Costs associated with Traffic Management Act | 0.115 | 0.025 | 0.025 | – | – | – | – | – | 0.165 |
| Costs associated with lane rental schemes | 0.126 | 0.027 | 0.027 | – | – | – | – | – | 0.180 |
| Costs associated with Industrial Emissions Directive | – | – | – | – | – | – | – | – | – |
| Total base operating expenditure | 74.125 | 13.647 | 13.647 | 109.507 | 3.360 | 5.526 | 17.964 | 7.696 | 245.472 |
| Capital expenditure | | | | | | | | | |
| Maintaining the long term capability of the assets - infra | 56.131 | 12.235 | 12.235 | 0.360 | – | – | – | – | 80.961 |
| Maintaining the long term capability of the assets - non-infra | 30.205 | 6.585 | 6.585 | 179.650 | – | – | 25.139 | – | 248.164 |
| Total base capital expenditure | 86.336 | 18.820 | 18.820 | 180.010 | – | – | 25.139 | – | 329.125 |
| Traffic Management Act | | | | | | | | | |
| Projects incurring costs associated with Traffic Management Act | 2,922 | 637 | 637 | – | – | – | – | – | 4,196 |
| Operating expenditure (AMP 7 shadow reported values) | | | | | | | | | |
| Power | 10.206 | 2.257 | 2.257 | 22.729 | 0.860 | 0.034 | (2.037) | – | 36.306 |
| Income treated as negative expenditure | – | – | – | 0.001 | – | – | (3.406) | – | (3.405) |

Amendment to operating costs as a result of item 1 on page 3.

4L - Enhancement expenditure for the 12 months ended 31st March 2023 - water resources and water network+

| | | Cumulative allowed expenditure on all schemes to reporting year end | Cumulative allowed expenditure on all schemes 2020-25 |
|---|--------------|---|---|
| | | Total £m | Total £m |
| Supply-side improvements delivering benefits in 2020-2025 | Totex | 10.072 | 19.785 |
| Demand-side improvements delivering benefits in 2020-2025 (excl leakage and metering) | Totex | 21.861 | 42.987 |
| Internal interconnectors delivering benefits in 2020-2025 | Totex | 31.151 | 61.254 |
| Supply demand balance improvements delivering benefits starting from 2026 | Totex | 41.196 | 80.929 |
| Strategic regional water resources | Totex | 89.947 | 100.263 |
| Total supply demand expenditure | Totex | 194.227 | 305.218 |

Correction of supply demand allowed expenditure values, item 3 on page 3. Note that only the rows and columns in which there have been amendments are presented above.

6C - Water network+ - Mains, communication pipes and other data for the 12 months ended 31st March 2023

| | Units | Input |
|---|-------|--------|
| Other | | |
| Company area | km2 | 10,530 |
| Compliance Risk Index | nr | 6.4 |
| Properties below reference level at end of year | nr | 207 |

Correction of supply demand allowed expenditure values, item 3 on page 3. Note that only the rows and columns in which there have been amendments are presented above.

7A - Wastewater network+ - Functional expenditure for the 12 months ended 31st March 2023

| | £'000 |
|--|--------------------|
| Costs of STWs in size bands 1 to 5 | |
| Direct costs of STWs in size band 1 | 4,071.132 |
| Direct costs of STWs in size band 2 | 1,496.210 |
| Direct costs of STWs in size band 3 | 11,086.363 |
| Direct costs of STWs in size band 4 | 14,121.073 |
| Direct costs of STWs in size band 5 | 7,960.160 |
| General & support costs of STWs in size bands 1 to 5 | 12,018.709 |
| Functional expenditure of STWs in size bands 1 to 5 | 50,753.647 |
| Costs of STWs in size band 6 | |
| Service charges for STWs in size band 6 | 990.000 |
| Estimated terminal pumping costs size band 6 works | – |
| Other direct costs of STWs in size band 6 | 40,543.000 |
| Direct costs of STWs in size band 6 | 41,533.000 |
| General & support costs of STWs in size band 6 | 15,293.000 |
| Functional expenditure of STWs in size band 6 | 56,826.000 |
| Total Functional expenditure for Sewage treatment | 107,579.647 |

Amendment to operating costs as a result of item 1 on page 3.

Tables 7B, 7F and 11a are not detailed below due to their size. They can be found (alongside a restatement of all tables) [online](#).



[southernwater.co.uk](https://www.southernwater.co.uk)

Southern Water
Southern House
Yeoman Road
Worthing
West Sussex
BN13 3NX

Registered no. 02366670

Southern
Water® 
Ensuring water for life