

# An update on our Business Plan 2025-30

August 2024



**Wessex Water**  
YTL GROUP

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## Introduction

Every five years we develop a business plan that sets out how we'll be improving services for our customers and the environment. This links to our long-term plans under our [strategic direction](#).

Each business plan is based on what customers tell us is most important to them, what regulators require us to do, and our views on how to deliver these two sets of requirements in the best value way possible. The business plan details the level of investment needed to achieve these improvements.

Ofwat, the economic regulator for the water industry, scrutinises our business plan proposals to ensure they deliver value for customers and the environment. It then determines the level of investment for the next five-year period, its impact on customer bills, and the service levels that customers should receive for this investment.



## Our initial plan

In October 2023, we submitted our proposals for 2025-2030 to Ofwat. Visit our [website](#) to see the documents we submitted.

This plan represents a major change – proposing to double our current level of investment to £3.5bn and to deliver a massively ambitious set of outcomes. The plan committed to not only reduce pollution, storm overflow operation and leakage, but at the same time leave more water in the environment to cater for all our needs over the long term.



To fund this plan, between 2025 and 2030 we proposed that average water bills should rise by £13 a month before inflation. Under this proposal, bills would still be lower in real terms than 15 years ago. We also proposed to increase the level of support for customers to ensure that everyone can afford water and sewerage services.

Since we submitted our proposals, Ofwat has been reviewing them in detail. We also made some small changes to parts of our plan in response to requests from Ofwat or other regulators, and to clarify some points in our original plan. The key changes were a reduction in the costs of our smart metering programme, as well as some amendments to the costs of planned net zero and biodiversity schemes.

## Ofwat's provisional assessment

In July 2024 Ofwat published its provisional assessment of our business plan, known as its 'draft determination'. This sets out its view on all aspects of the plan, including required levels of investment, the performance that it expects from this investment, and the associated level of customer bills.

Ofwat supported elements of our business plan, such as our ambition to maintain our industry-leading performance on water supply interruptions. However, it also challenged us to deliver more stretching performance in other areas, including reducing the number of pollution and flooding incidents.



Ofwat also challenged us to deliver these improvements more efficiently. Ofwat's draft decision proposed a total expenditure allowance of £3.7 billion over the 2025-30 period, which was more than £1.5 billion less than the investment levels we proposed.

We reviewed what these draft decisions meant for our proposals and submitted further information to Ofwat in August 2024. This information includes some updates to our initial business plan, reflecting the challenges made by Ofwat and some new requirements that have been added to our plan since it was originally submitted last October.

Some of the key changes to our initial plan include:

- Accelerating our extensive programme of work to reduce the **nutrient levels** in our treated wastewater discharges. This is important because the impact of phosphorus and nitrogen can be harmful to habitats and wildlife. We are now proposing to remove an additional 150 tonnes of phosphorus from rivers by 2030.
- Increasing the number of improvements to **storm overflows**. In doing so, we intend to continue using both traditional treatment solutions alongside nature-based solutions such as wetlands. Our plan includes proposals for 36 new wetlands by 2030, covering 30 hectares of land.
- Carrying out additional work to mitigate the presence of synthetic 'forever' chemicals (known as per and polyfluoroalkyl substances, or **PFAS**) that enter the water supply from various sources.
- Increasing **capacity** at an additional 20 of our Water Recycling Centres to ensure that we can effectively treat wastewater into the future.
- A greater reduction in **pollution incidents** over and above our initial plan – to achieve a 60% overall reduction between 2025 and 2030 – as well as further reductions in flooding incidents.
- A further 3% reduction in **leakage** to achieve a 20% overall reduction by 2030 (compared to 2019-20 levels).
- Reconfirming our original ambitions for biodiversity and, in addition, accelerating habitat creation plans to ensure that new habitats can begin to provide benefit as soon as possible.

To carry out this additional work, while delivering even greater improvements in service than we originally proposed, we expect to require broadly the same capital investment as we proposed last October. As such, we expect that bills would need to rise by a similar amount as in our initial plan – around £12.50 per month by 2030. We will continue to work to ensure our bills remain affordable and our customer service standards excellent as we deliver this programme – more than double the size of our usual five-yearly spend.

The table below summarises how this investment will be spent in key areas.

Drivers	Cost (£bn)
Nutrient reduction	1.13
Maintaining asset resilience	0.94
Storm overflow improvement	0.45
Bioresources and IED	0.21
Wastewater treatment capacity	0.18
WINEP Improvements and investigations	0.26
New Development	0.08
Smart Metering, leakage and PCC Reduction	0.07
Continuous river quality monitoring	0.06
Other	0.27
<b>Total</b>	<b>3.65</b>

## Next steps

Over the autumn, Ofwat will consider the further information we have submitted, alongside feedback on its provisional assessment (including customer and stakeholder views raised in its 'Your water, your say' sessions). Ofwat is then due to publish the final decisions on our allowed investment in December 2024 or January 2025. This will determine any changes in customer bills starting from April 2025.

We are very conscious that any bill increase will be unwelcome, and that some customers are already struggling to pay the current level of bills. For customers who find it difficult to pay, we already have [tailored assistance programmes](#) to help and we will extend these as necessary to meet our commitment of eliminating water poverty by 2030.

In the meantime, we are already stepping up preparations to deliver our ambitious programme of work. You can find out more on our website about our current and future investment projects.

