

# Our Service Commitment Plan

Updated January 2024







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# Our performance

Our underlying performance is improving in some areas, but deteriorating asset health, climatic events and cost pressures, means our current performance is falling short of expectations.

## Deteriorating asset health

The health of our assets has been declining over recent decades and combined with climatic events, is a principal cause of many of our current performance challenges.

The rapid industrialisation and population growth of London in the nineteenth century has resulted in our infrastructure being significantly older than seen elsewhere. We are the only company in the industry where almost 40% of the network dates from before the 1920s, a high proportion of which are cast iron mains, which are more susceptible to failure than modern plastic pipes.

We know that mains failures are strongly correlated with age, material type and soil composition, meaning our network is exposed to a relatively higher risk of failures such as bursts.

## Climatic events

In 2022/23 our assets were adversely impacted by the summer drought (last summer was the joint hottest on record) and the winter freeze/thaw (where the temperature changed by 17°C in one day).

## Cost pressures

2022/23 also saw challenging economic conditions. High inflation meant that there was a substantial increase in the cost of delivering our services, including increases in energy and chemical prices. These increases were significantly more than what we can recover from customers.

## Improving our performance with a more focused turnaround plan

Despite some areas of performance improvement (including complaints and internal sewer flooding), our original turnaround plan has not delivered the necessary improvements as quickly as we all want.

We have therefore produced a prioritised three-year turnaround plan that will address the core performance of the business, covering:

- Health and safety of our customers, the public, our colleagues and contractors;
- Asset maintenance to stem further deterioration of our asset base as far as possible; and
- Performance improvement in a small number of key areas that matter most to our customers and the environment, notably leakage and pollutions, while holding steady other key metrics, such as water quality and supply interruptions, and maintaining our downward complaints trajectory.

How do we compare across the industry?







# Our performance (cont.)

Comparatively amongst the wider industry, though we are the company with the largest ODI penalty, we are not the worst performing company compared to our Performance Commitment Levels (PCLs).

## Industry Investment

While we are making positive steps, the scale of the challenge we face is significant and we need to adequately reflect this in our long-term plans.

We are taking steps to increase the level of investment, so our assets are more resilient in the face of climate change and population growth. We are trying to reduce the impact our activities have on the environment, and to support the UK in its ambition to improve the environment more broadly. Whilst challenging, we are confident we can deliver this investment. Building on our success in AMP7 at ramping up our capital delivery capacity and retaining this model into AMP8.

## Our ODI in Industry Context

We have the largest ODI penalty in the industry, not reflected through worst overall performance. *Figure 1* demonstrates that whilst we still have a long way to go to improve our



Figure 1: Supply Interruptions (SI) company targets vs. ODI penalty

performance, comparing companies based on ODI penalties is not necessarily an accurate assessment of overall performance.

We remain committed to heavily investing into our assets, however delivering AMP8 will need more than a record-breaking level of investment. We acknowledge the need to do things differently – and are taking steps to enhance our operating model, our systems and our processes. We believe that our customers and the environment could benefit from a different treatment of ODI penalties in AMP8 while the company delivers its Turnaround.

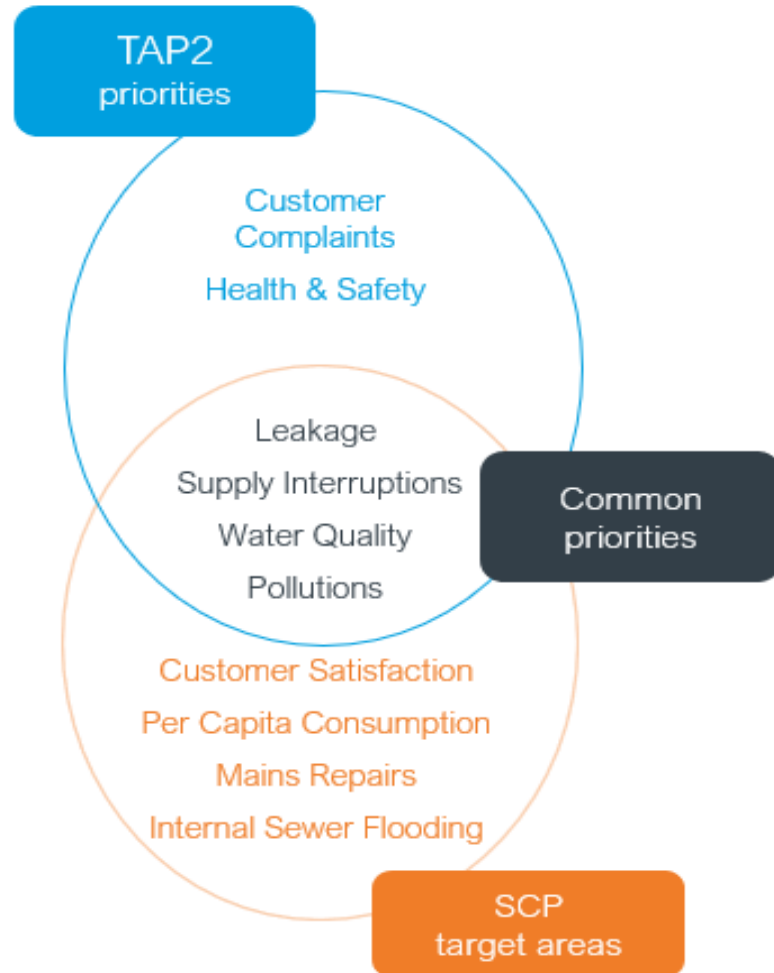
## A pivotal price review

This price review is pivotal for the sector’s long-term future. As we head towards final determination of PR24 plans, the stark reality facing the industry is clear. We need to invest to manage and renew ageing infrastructure and increase our resilience to extreme challenges that will only accelerate. Balancing investment with deliverability and affordability is at the heart of our plan for the next 5 years. We have submitted our £18.7bn plan to Ofwat which sets out our plans for the next AMP (covering the period from 2025 – 2030). We expect Ofwat to publish its draft determinations in June 2024.

We explain more about our performance on the following pages. [→](#)

# How our reprioritised turnaround plan fits with our SCP

Our reprioritised turnaround plan (TAP2) focuses on areas that'll best improve core performance. Our SCP highlights our plans to improve our performance against specific Ofwat performance targets.



## TAP2 priorities

1. Health and safety of our customers, the public, our colleagues, and contractors;
2. Asset maintenance to stem further deterioration of our asset base as far as possible;
3. Performance improvement in a focussed number of key areas, notably leakage and pollutions, while holding steady on some other key metrics such as water quality and supply interruptions; and
4. Maintaining our downward complaints trajectory.

By focussing our efforts in these areas, we will continue to strengthen our operational and financial resilience to create a stable platform from which to make faster progress in the future.

## How we've integrated TAP2 into our SCP

In the areas of performance that are common to both plans, i.e. leakage, supply interruption, water quality and pollutions, our SCP is fully aligned to our TAP.

Where the plans don't overlap, i.e. customer satisfaction, per capita consumption, mains repairs and internal sewer flooding, we've provided a less detailed SCP response.

Though we're not specifically prioritising these metrics, we know that by meeting our TAP2 priorities, we'll see an improvement in these areas too.

In 2022/23, we met or exceeded our performance targets for:

- Priority Services
- Unplanned Outage
- Sewer Collapses
- Treatment Works Compliance



# Our performance explained

Whilst our underlying performance is improving in some areas, deteriorating asset health, climatic events and cost pressures means we are falling short of expectations. To accelerate improvement, we have refocussed our turnaround plan (TAP2). PCs that align with both our 'lagging' performance areas and our TAP2 plan are below:



## Water Quality

Our compliance incidents in 2022/23 were in London where, due to the size of the treatment works impacted, the CRI calculation has a much greater impact on overall performance than an equivalent incident at a Thames Valley site.

Four microbiological incidents caused by ingress at Coppermills Hampton water treatment works contributed 8.87 to our overall CRI score and have been assessed as being unlikely to impact on public health.



## Leakage

Until July 2022, when we were impacted by the drought, followed by the freeze/thaw, our performance was in line with our target.

The hot summer increased breaks and leakage, whilst rapid temperature movements during the winter freeze-thaw caused more bursts.

This performance is despite us significantly increasing output of detection and repair of leaks. Compared to 2021/22, we repaired 9% more leaks and repairs on our burst mains increased by 54%.



## Pollutions

Our 2022 performance was affected by the drought, which caused lower flows in rivers, resulting in discharges having greater impact.

We operate in a densely populated part of the UK and our infrastructure sometimes struggles to cope with the volume of sewage, particularly during heavy rainfall.

During heavy rainfall in Jan, and storms in Feb, we faced power outages and, in some instances, were unable to operate our pumps. This led to an increase in incidents.



## Supply Interruptions

Excluding "one-off" events, our performance in 2022/23 was much closer to our target.

The asset health of our network is fragile and leaves us susceptible to exceptional operational incidents caused by climatic conditions (see leakage for more information).

While our underlying performance is improving, five events in 2022/23 (Oxford event, Belize Road NM6, Netley Mill WTW, Ladymead WRW and New Mill Lane OX29) added 11 minutes to our performance.

We explain more about how we will improve our performance on the following pages.



# Timeline for change

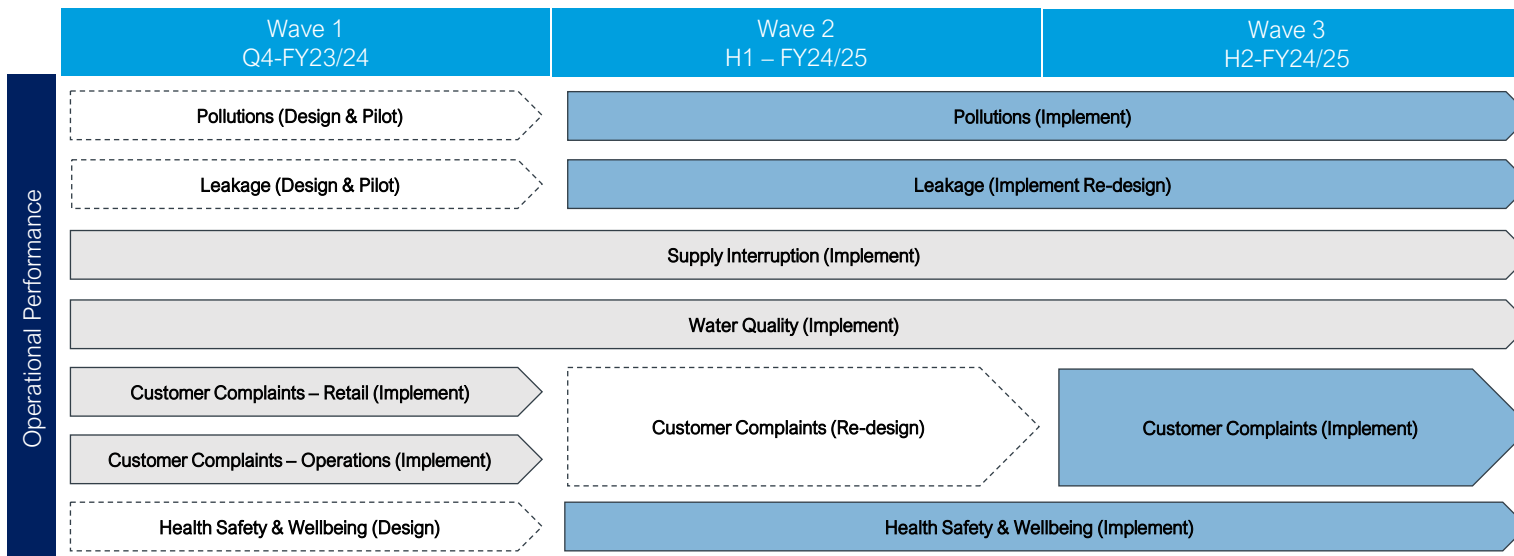
20 turnaround initiatives have been identified and mapped according to priority and risk

Over a long period of time Thames Water has gradually lost the confidence of its customers, shareholders and stakeholders.

- There is clear acknowledgement that:
  - There are many challenges that need to be addressed, both as a result of ageing and fragile infrastructure and a lack of financial and operational grip
  - Not all these challenges can be addressed at the same time and will take time and money to solve

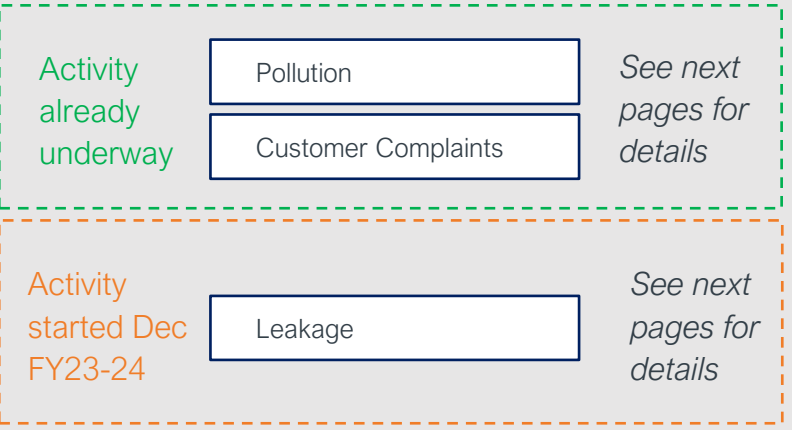
## If we can't deliver everything at once, what will be delivering and when?

Each initiative has a phased ramp up, and these initiatives have been phased given the necessary short-term priorities, availability of capability, organisational capacity and financial constraints.



## Significant Turnaround Interventions Required

Developing a step change in through interventions designed to address complex issues and create step-change in delivery



## To be delivered through the line

Supporting, bolstering and assuring an already established activity, that is important to the turnaround

- Supply Interruption (SI)
- Water Quality (CRI)
- Health, Safety & Wellbeing

Please note: PCC, C-Mex, Mains Repairs and Internal Sewer Flooding are not included in our TAP2 plan.

# Proven Success of our Turnaround Plan

Water Quality (CRI) 2023/24 performance has improved by 84% from our 2022/23 performance and by 14% if major incidents are excluded\*. This is a 30% improvement on our 2021/22 CRI performance.

## How is this turnaround going to deliver different results compared to previous plans?

To answer this question, it was necessary to gather insights, data & experiences from a wide stakeholder group. We surveyed 600 managers, and concluded that as well as executing on the 20 initiatives, there are five pre-requisite success factors:

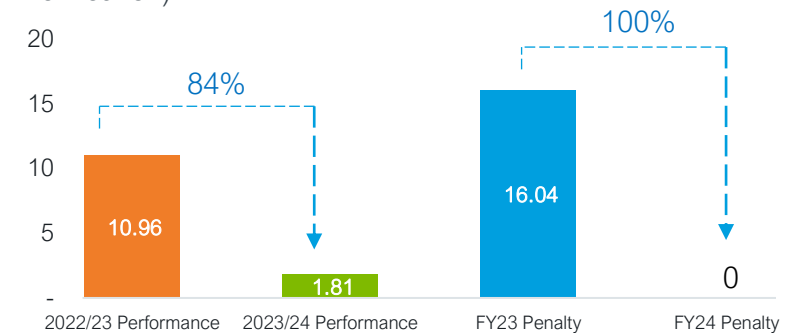
- 1 Prioritise and focus
- 2 Empower and enable our leaders
- 3 Solve problems with a new approach
- 4 Keep our promises and hold people to account
- 5 Build belief and confidence

These are being addressed through five interrelated foundational capabilities, which have shaped our new ways of working:

Leadership & Accountability	TMO & Communications	Process Excellence (APEX)	Data & Digital Foundations	Financial Planning, Reporting and Cost Control
Establishing accountability, performance, capabilities and incentivisation	Strong governance and prioritisation to assure delivery	Expertise and capacity to support initiatives with taking an agile approach	Enhance throughput of digital and data initiatives and support the business with data	Improve financial insight and accuracy through process, accountability and data

## Can we evidence success?

Our most advanced workstream within our turnaround plan is Water Quality (CRI). Through the delivery of our TAP2 workstream, we have seen a marked improvement in our performance this year. This performance improvement has been brought forward through management effort and enterprise to reduce our CRI score by 84% from 2022/23 and by 30% from 2021/22. This has reduced our ODI penalties from c.£16 million in 2023/24 to £0 this financial year (subject to final verification).



Key activities such as accelerating asset maintenance (e.g. contact tank improvements at Hampton and Coppermills) have helped reduce crucial challenges like ingress, that incur significant penalties through crypto failures. By continuing to tackle root causes through our TAP2 workplans, we hope to see similar improvements across operational performance.

\* 2023/24 performance figures subject to final audit.



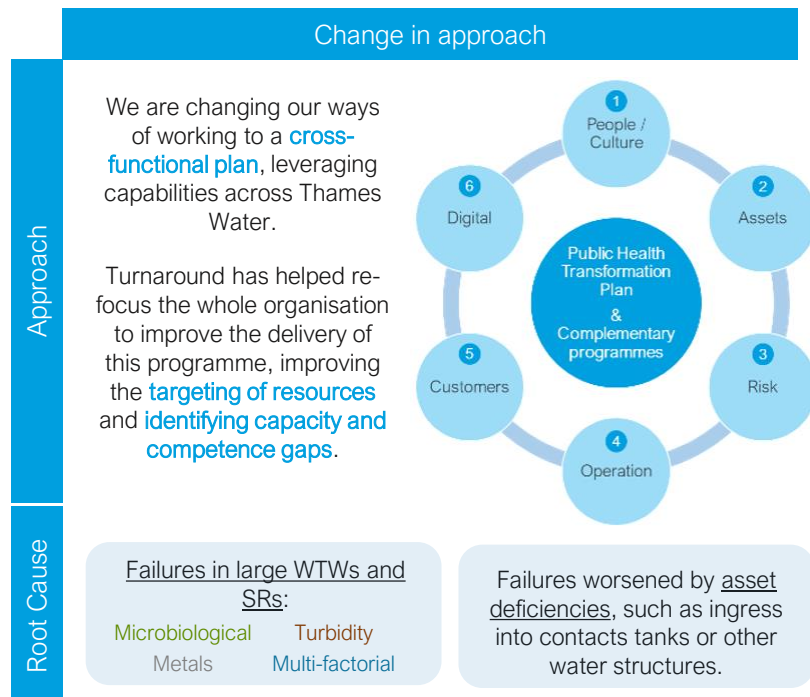
# Water Quality

Estimated performance benefit over 3-years

↑ 84%

We aim to maintain ongoing reduction in microbiological failures in large Water Treatment Works and service reservoirs by continuing to implement the Public Health Transformation Programme, with 26 initiatives articulated across five cross-functional themes (People, Assets, Risk, Process & Customers) to keep performance close to or below target dead-band

## What are we doing differently?



## How will we improve performance (6-month lookahead)\*?

Key Deliverable	Deadline
Roll out coliform zero initiative to improve risk perception and management of interstage assets	Mar 2024
Deploy rolling program of DWI-aligned assurance – live, thematic investigations next	Apr 2024
Create proactive maintenance plans and network risk assessments, update PRA to fit management structures	Dec 2024
Use of flow cytometry equipment to enhance coliform failures early warning – pilot live	Dec 2024
Leverage digital by developing web portal to promote customer self-serve & education	Dec 2024
Enhanced Hazard Review Assessments on track to deliver target of 34 assessments by end of AMP (17 complete)	Dec 2024



\*These deliverables will be updated to reflect our progress as we drive improvements in our water quality performance.



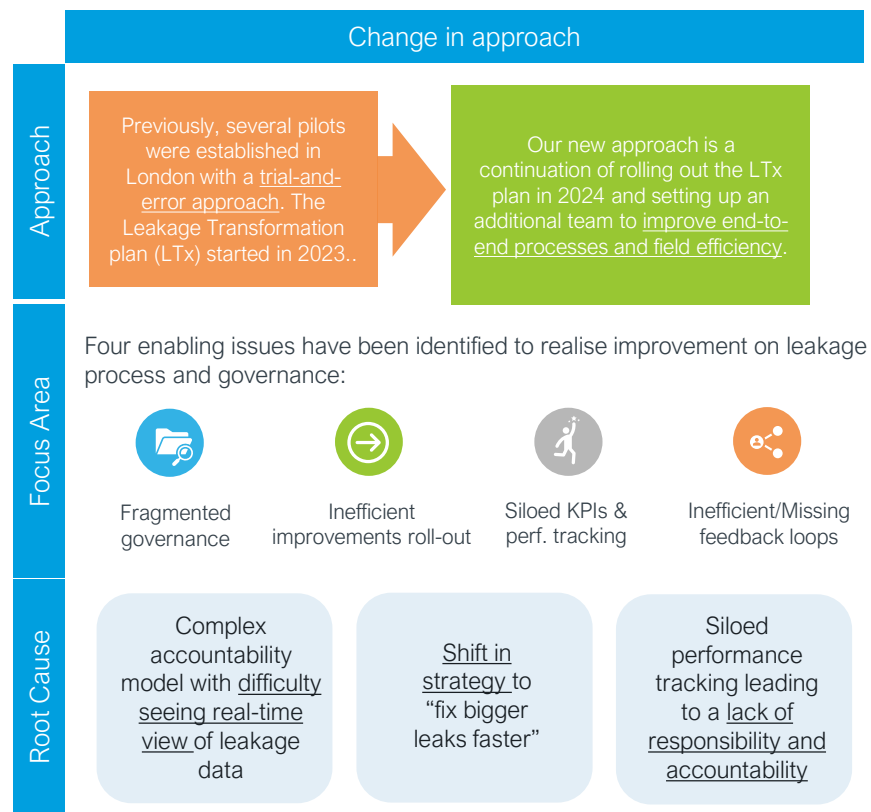
# Leakage

Estimated performance benefit over 3-years\*

↓ 23%

Our aim is to drive sustainable leakage reduction through better understanding of consumption, targeting of detection activities, prioritisation of repairs, and more efficient field operations.

## What are we doing differently?



## How will we improve performance (6-month lookahead)\*\*?

Key Deliverable	Deadline
Roll-out of Leak Repair prioritised by volume, and SLAs aligned accordingly	Ongoing
Delivery of the <b>PALM</b> model: <ul style="list-style-type: none"> <li>• <b>Prevent</b> – Asset Health improvements: continue with our capital delivery programme to replace mains &amp; pressure optimisation to reduce leaks occurring</li> <li>• <b>Awareness</b> – maximise the intelligence from our smart meter data to understand customer usage &amp; therefore improve the prioritisation of high leakage areas</li> <li>• <b>Locate</b> – Use sensors where available to improve detection efficiency; up-skill detection teams to be more effective; innovate – use of fibreoptic network to pinpoint leakage issues on our trunk mains systems</li> <li>• <b>Mend</b> – Continue to prioritise the repairs that matter and reduce the run time of leaks</li> </ul>	Ongoing
Delivery of the London Water Network (LWI) Conditional Allowance Programme that will help to reduce leakage	Ongoing (delivery complete 2027)
Created and operationalized CSL policy	Mar 2024
Campaign Management & associated analytical tools deployed; 1 <sup>st</sup> phase live since Oct-23	Mar 2024

We are not meeting our leakage target for 2023/24 and are now forecasting a year-end outturn of 585 MI/d (previously 550 MI/d). We are taking steps to improve our performance through TAP2.

\*As assessed against our year end outturn for 2022/23 reported in our [APR 2022/23](#)

\*\*These deliverables will be updated to reflect our progress as we drive improvements in our leakage performance.



# Pollutions

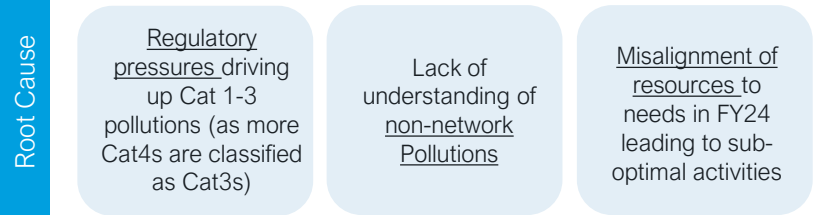
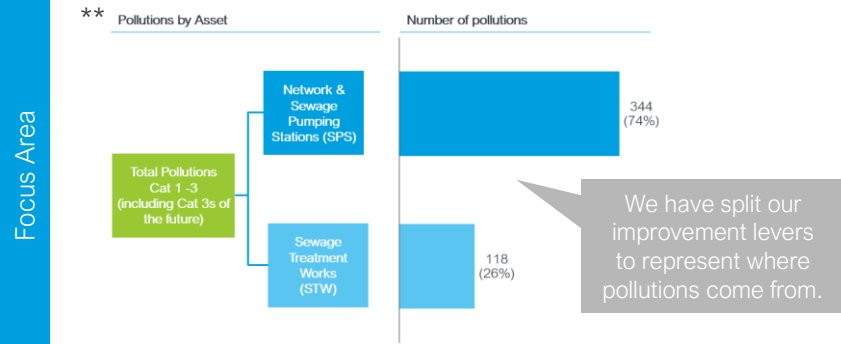
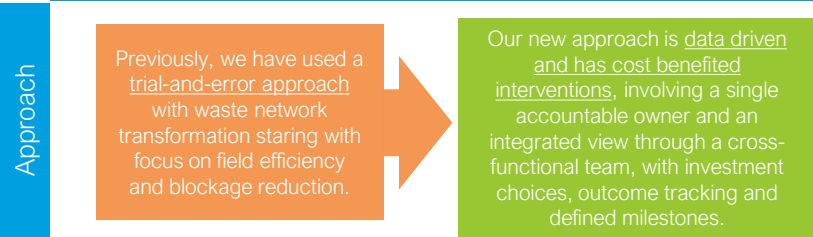
Estimated performance benefit over 3-years\*

↓ 38%

Our aim is to address and mitigate the major drivers of pollutions across Network and Sewage Treatment Works, including more proactive network cleaning and monitoring, and better prioritised reactive responses.

## What are we doing differently?

### Change in approach



## How will we improve performance (6-month lookahead)\*\*\*?

	Key Deliverable	Deadline
STW	Tactical spend on critical asset groups from Root Cause Analysis (inlet pumps, screens and aerators)	(end) May 2024
	Auto-resetting equipment after power blips	Ongoing
	Performance manage completion of 1) alarm testing, and 2) generator testing	(end) Feb 2024
	Environmental Sampling Contract up-scaled to 24/7	(mid) Apr 2024
	Complete 1) accurate pollution incident reporting	(end) Mar 2024
	Complete 2) Pollution Action Plans for repeat polluting sites	(mid) Feb 2024
	Performance manage completion of compliance process assessment checks	(end) Feb 2024
Network & SPS	Additional control resource 24/7 on our Pollution Control Desk	(mid) Apr 2024
	Execute current planned cleaning programme	(mid) Apr 2024
	Deliver cleaning programme with an optimised vehicle mix	(mid) Apr 2024
	Increase the availability of SDMs to 85%	(mid) Apr 2024
	Reduce the cycle time of sewer rehabilitation solutions to be implemented by ~50%	(mid) Apr 2024
	Improve triage to create capacity	Risk of delay
	Reprioritisation of blockage alarms based on the potential impact on the environment	(mid) Apr 2024
	Prioritise the implementation of follow on works based on pollution risk	(mid) Apr 2024
	Environmental Sampling Contract up-scaled to 24/7	(mid) Apr 2024
	Additional control resource 24/7 on our Pollution Control Desk	(mid) Apr 2024

\*Target is made up of analysis aligned with the proposed AMP8 pollutions measure from a re-baselined view and may change.

\*\* Re-baselined data based on tighter regulatory pressure and future changes in legislation.

\*\*\*These deliverables will be updated to reflect our progress as we drive improvements in our pollutions performance.





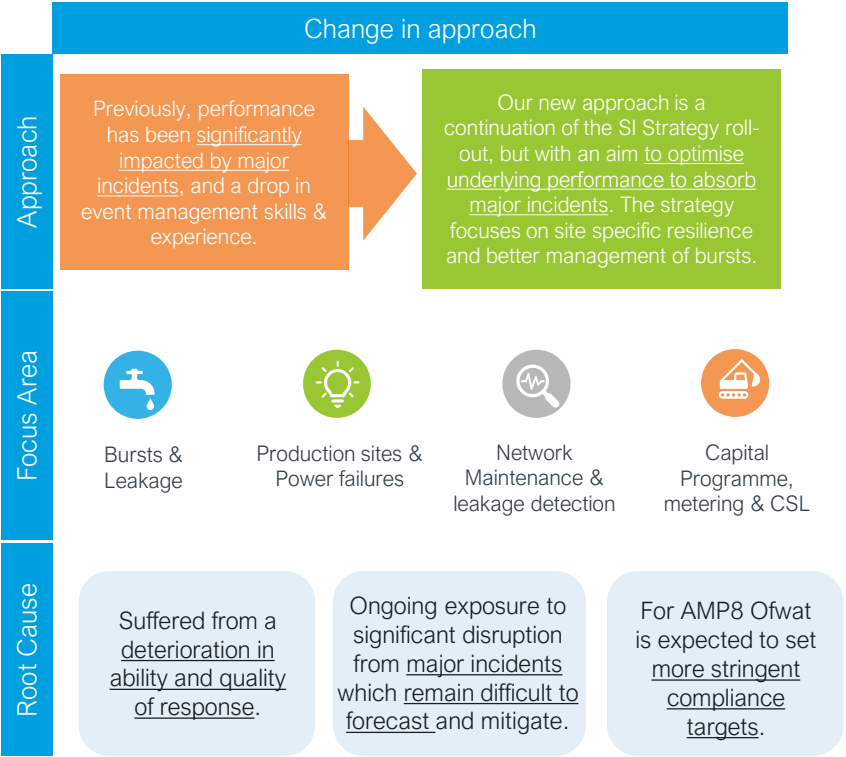
# Supply Interruptions

Estimated performance benefit over 3-years

↓ 50%

We aim to maintain ongoing improvement and rolling-out the Supply Interruption Strategy, driving nine initiatives focused on addressing trunk mains bursts and inefficiencies in mains repairs, as well as improving our response to unexpected events.

## What are we doing differently?



## How will we improve performance (6-month lookahead)\*?

Key Deliverable	Deadline						
Revise cultural approach to shuts - not shutting in mains but throttle if wider impact or need to complete job	Apr 2024						
Asset refurbishment and replacement targeting assets in supply interruptions hotspots & risk locations (Funding on hold)	Apr 2024						
Deploy full-time immediate response teams (24/7) providing enhanced skillset focusing on maintaining or restoring supply, with dedicated, fully equipped vehicles	Jun 2024						
Enhance water production power resilience at WTWs; maintenance protocols, hook-up points, stand-by generators)	Jan 2026 (ongoing)						
	<table border="1"> <thead> <tr> <th>2022/23</th> <th>2023/24**</th> <th>2024/25 (Fcast)</th> </tr> </thead> <tbody> <tr> <td>00:19:54</td> <td>00:16:42</td> <td>00:10:26</td> </tr> </tbody> </table>	2022/23	2023/24**	2024/25 (Fcast)	00:19:54	00:16:42	00:10:26
2022/23	2023/24**	2024/25 (Fcast)					
00:19:54	00:16:42	00:10:26					

\*These deliverables will be updated to reflect our progress as we drive improvements in our supply interruptions performance.  
 \*\* This includes the impact of the Guildford event, which added approximately 8 minutes 41 seconds to our overall target.



# Organisational Performance Improvements

Whilst some of our performance commitments (per capita consumption, mains repairs, internal sewer flooding and customer satisfaction) deemed 'lagging behind' sit outside of our refocussed Turnaround Plan (TAP2), we are still delivering improvements across the business that will positively benefit our overall performance.

## Organisational Efficiency


- Defined organisational standards, controls, and governance.
- Initiative project teams mobilised with clear expectations set with the Executive team.
- Defined set of business cases and implementation plans for each cost-out initiative.

## Data & Digital Foundations

- Implemented interim Data Dashboards for key metrics and KPI.
- Selected the right Data tools and platform for immediate business needs with focus on turnaround initiatives (EDP and MDM).
- Establish governance and work with the business to cleanse our data in source systems.

## Agile & Process Excellence (APEX)

- Established APEX team, methods, tools, governance and company-wide communication rhythm.
- Designed APEX development programme for first cohort of APEX champions.
- Completed detailed process mining/mapping of key processes and identified cost savings and prioritised improvements.

We explain more about non-TAP2 performance commitments on the following pages 



# Per Capita Consumption

Whilst we did not meet our 2022/23 target, we did see a slight reduction in our consumption levels.

## How our performance is measured

The sum of measured household consumption and unmeasured household consumption divided by the total household population, Per Capita Consumption (PCC) is measured as the percentage three-year average reduction in consumption (against 2019/20 baseline).

## Our performance explained

- We experienced unprecedented peaks in water demand across the summer.
- We were also been affected by continuing adjustments to post-COVID hybrid working arrangements, in the balance of household versus business water use.
- Our in-year actual PCC is now much closer to the WRMP forecast than previously, due to our smart meter programme and cost of living crisis.

Our data indicates 80% of households with a smart meter are already using less than 110 litres per person daily, allowing efficiency messaging to be targeted to the 20% consuming excessive amounts.

## Industry Learning

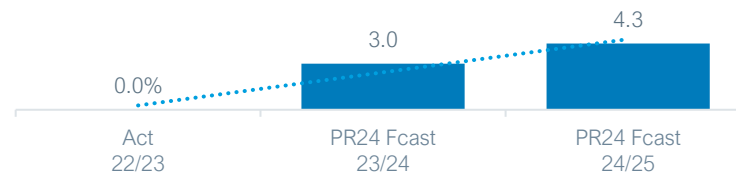
Water companies have worked with Artesia to analyse the impact of 'shock' events on PCC. We believe that PCC is no longer appropriate as a measure of our performance, due to the significant changes in demand (caused by events such as Covid19, hybrid working, and cost of living).

## Our service commitment

In our PR24 Business Plan, we forecast that we will reduce PCC over the rest of the AMP.

To do this, we'll:

- Continue our smart metering programme with over 1m installations in AMP8
- Use smart data to better understand household and business water demand to improve the accuracy of our water balance
- Use smart data to proactively engage with households, businesses and NHH retailers to drive behaviour change and reduce continuous flows







# Mains Repairs

We won't be able to reduce our number of mains repairs by the quantum required by Ofwat, as repairing our mains is a fundamental tool for improving our leakage position and reflects the age of our assets.

## How our performance is measured

Our performance is measured by the number of repairs we make to the network per 1,000 km of main.

The more repairs we make, the worse we perform against this target. However, we will always prioritise customer needs.

## Our performance explained

- We repair nearly twice as many mains on our network compared to the industry average. This is largely because our network, which is the oldest in England and Wales, is still over 60% ferrous (iron) based (industry average 40%).
- Ferrous based mains are more prone to corrosion and ground movement. As a result, our network is very vulnerable to breakage during extreme weather events (such as freeze-thaw and drought). These incidents have been assessed as being unlikely to impact on public health.

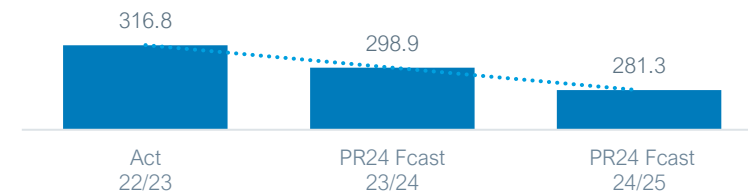
## Our service commitment

In our PR24 Business Plan, we forecast that we will improve our mains repairs performance over the rest of the AMP.

To do this, we'll:

- Spend close to £200 million over the rest of the AMP, replacing water mains most prone to bursting.
- Invest in more surge loggers to proactively identify and address potential bursts.
- Use our calm systems programme to prioritise mains replacement using data on burst frequency, supply interruption hotspots and leakage sensitive areas.

See also our [leakage service commitment](#).



Our London Water improvements Conditional Allowance was approved by Ofwat in November 2022, meaning we can replace 112 kms of distribution mains and seven large trunk mains in London.

# Internal Sewer Flooding

Our underlying performance is much improved in 2022/23 (as compared against 2021/22), but we still missed our target.

## How our performance is measured

This is measured as the number of internal sewer flooding incidents per 10,000 sewer connections.

## Our performance explained

- Our performance continues to be affected by ‘one off’ weather events, particularly in London where the built-up environment means heavy rain fall causes more sewer flooding than in the Thames Valley.
- For example, the storms in August 2022 resulted in hydraulic floods being 600% over target, while the wet November of the same year increased hydraulic floods to 140% over target.

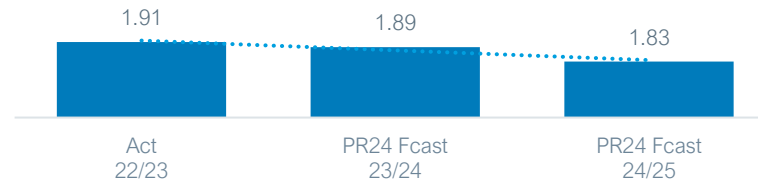
We are improving and developing our sewer system. Our investments include CCTV surveys, sewer cleaning, customer education, surface water management and rising mains rehabilitation.

## Our service commitment

In our PR24 Business Plan, we forecast that we will reduce incidents of internal sewer flooding over the rest of the AMP.

To do this, we'll:

- Conduct a review of planned activities, focusing on blowbacks and repeat floods, both of which should be preventable.
- Improve our triaging at the first customer contact point and, data collection at the first touch point from the engineer.
- This will allow for quicker investigation and more efficient and accurate scheduling of follow-on work, whilst also allowing our teams more time to analysis floods and identify trends to improve proactive options to prevent flooding.







# Customer Satisfaction

Our ability to drive customer satisfaction in 2022/23 was affected by general concerns about water companies' environmental performance.

## How our performance is measured

The 17 largest water companies in the industry take part in two equally weighted monthly customer surveys (customer experience and customer satisfaction). Known as C-MeX, the results are used to calculate rewards or penalties based on the relative performance of the company.

## Our performance explained

Climatic events in 2022/23 resulted in a range of operational issues (e.g. increased bursts and pollution incidents) that have impacted on customer perception.

- We experienced negative media sentiment regarding the temporary usage ban (“hose pipe ban”), in position from August to November 2023.
- We expect to see further deterioration in our C-MeX score as we’re now publishing live storm discharge and event duration data on our website.

## Our service commitment

In our PR24 Business Plan, we forecast that our position in the industry will remain unchanged over the rest of the AMP.

- Our focus will be on improving basic customer service in operations, driving improvements across no water, visible leak, blockage, and sewer flooding.
- We’ll migrate to new outsource partners for digital customer contact, back-office services, document handling and post services.
- As our performance improves in other areas, we expect to see incremental improvements in our C-MeX score.

In addition, during 2022/23 we insourced our billing contact centre which will result in improvements in our performance for customer queries relating to high bill and metering.

We don’t expect to improve our position of 17<sup>th</sup> in the industry over the rest of this AMP.

We’re prioritising spend to make our assets more resilient, which we believe will drive longer term improvements in customer satisfaction.

# How much we'll spend in this regulatory period

In our PR24 submission we forecast that, by the end of this five-year regulatory period (AMP), we'll have overspent against allowance by over £1.25 billion in today's prices.

## We're investing record amounts

- On a day-to-day basis our ageing assets need more maintenance to provide our core services, so we're having to spend more to fix assets that fail and, when we're hit with extreme weather, which is happening more often, our services are more adversely affected and take longer to restore.
- All this means that we must spend more to mitigate emerging risks or fulfil regulatory and reputational requirements.
- The amount we've had to spend has also been impacted by hyper-inflation particularly on power costs (arising from socio-economic events and the increased cost of living), supply chain issues, unprecedented global events, and changes in the construction industry resulting in increased construction prices.
- In 2022/23, we invested a record £1.8 billion in the network – a 60% increase in two years – but there's much more still to do to get to where we need to be.
- Investment that we'll make in the next two years includes £200 million to replace water mains and cut down on leaks, £1.12 billion on our sewage treatment works, and £470 million on our wider sewer network.

## We've supportive shareholders

- We very much appreciate our shareholders' substantial investment in the business, which demonstrates their commitment to delivering Thames' turnaround and building a better future for our customers, communities, and the environment.
- They committed £500 million of funding, drawn in March 2023, and have agreed to provide a further £750 million of equity funding, subject to certain conditions, to drive Thames Water's turnaround over the remainder of the current AMP7 regulatory period.
- They acknowledge that our turnaround will continue into AMP8 and will require the provision of further equity investment, indicatively in the region of £2.5 billion. The nature and amount of such medium-term support will depend on finalisation of the new refocused turnaround plan and the regulatory framework that will apply to the AMP8 period.



■ Other ■ Bioresources ■ Retail ■ Waste ■ Water

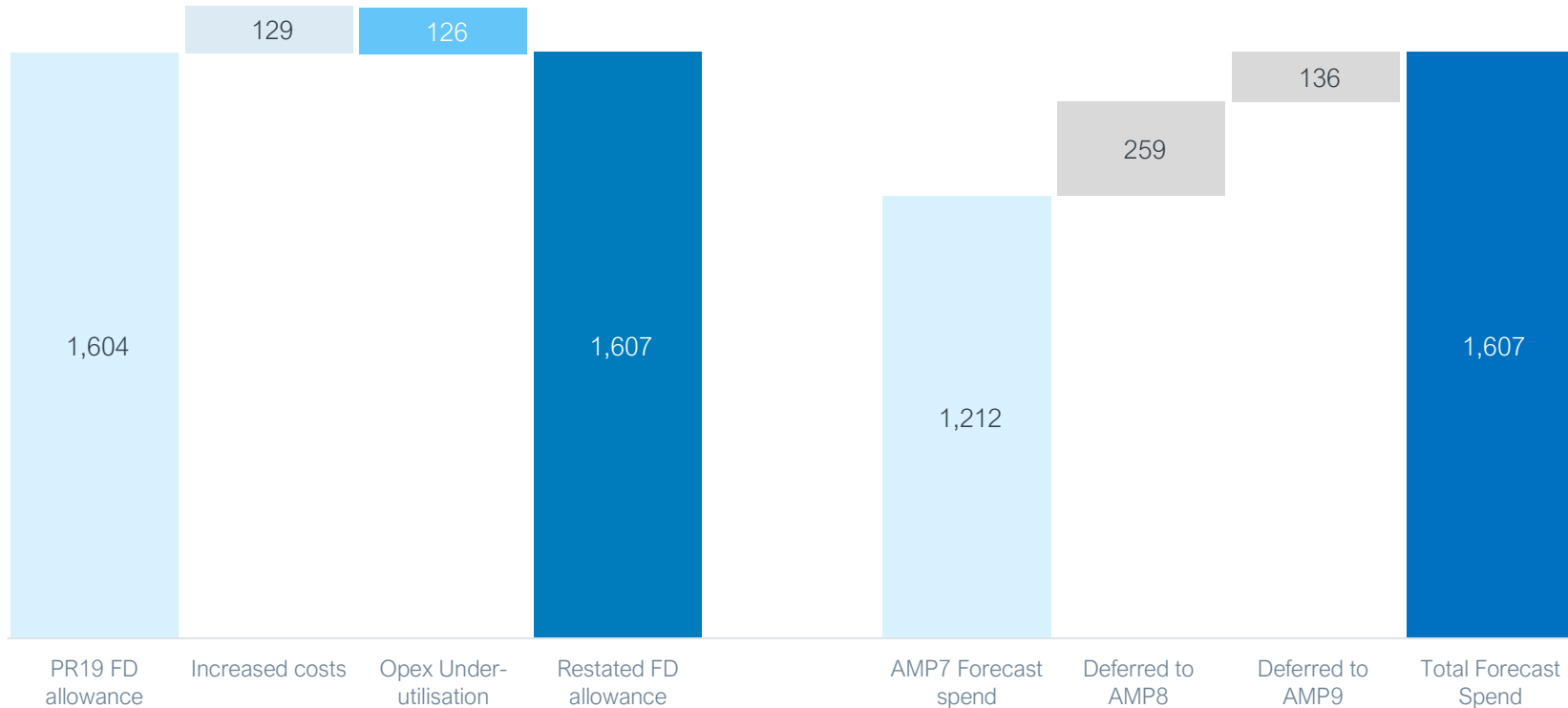
In 2017/18 prices, in £m



# Analysis of our water enhancement spend

In our PR24 submission, we're forecasting that this AMP we'll underspend our water enhancement allowance because we've had to refocus this expenditure on maintaining our ageing asset base.

Reconciliation of PR19 FD to AMP7 forecast water enhancement spend at outturn prices, in £m



Our enhancement spend over the first three years of the AMP has been informed by our turnaround plan and, until the end of AMP7, we'll focus on fixing the basics and improving operational grip, to then improve performance and increase enhancement expenditure in AMP8.

Our enhancement spend forecast reflects the impact of increasing costs pressures, reprioritisation, deferment of spend, and changes to project completion dates.

- Costs have increased by £129 million in real terms, due to hyper inflation, supply chain issues, and unprecedented global events.
- This is offset by the deferred delivery of some projects. As a result, we have spent £126 million less than our allowance on the day to day running of these assets.
- Our Conditional Allowances projects (LWI and WSSRP), have been delayed as we've sought greater scope, cost, and deliverability certainty.
- We have reprioritised other projects, moving delivery into future AMPs.



















All business decisions have been made with Executive oversight and reviewed to mitigate any risks in project reprioritisation.

# Working with our Board and Stakeholders

Our governance framework sets out Executive and Board responsibilities and makes sure that we're focused on the key issues facing Thames Water's regulated business.

All decisions made in these Board, Committee, and Executive meetings are made so that we can deliver life's essential service.

These meeting arrangements are reviewed regularly to make sure the meetings are open and efficient.

-   **Regular Board meetings**  
Update of TAP2 and escalations of SCP, as required
-   **Board Operational Oversight Committee**  
Overseeing our operational performance and TAP2 delivery
-   **Fortnightly Executive Turnaround Committee**  
Overseeing our turnaround plan
-   **Monthly Executive meetings**  
Performance review
-   **Monthly reports issued to Executive and Board**  
Summary of Company performance
-   **Regular Ofwat Performance Meetings**  
Summary of Company Performance & update on our SCP
-   **Bi-Annual WRMP Report**  
Summary of Company Performance
-   **Regular DWI Meetings**  
Discussion on Company Performance & Water Quality Events
-   **Regular EA Performance Meetings**  
Summary of Company Performance & update on our WRMP

● Internal Governance  
● External Governance

## Working together on our refocused turnaround plan

We're working with our Board as we deliver our refocused turnaround plan.

Our Board is heavily involved in the discussions surrounding our refocused plan, including prioritisation of our company objectives, and the specific actions we're taking to improve our performance for customers and the environment.

We've established a new Operational Oversight Committee (Board level) and an Executive Turnaround Committee, that will oversee all elements of the turnaround plan and SCP delivery.

We engage regularly with our customers through our 'Your Water, Your Say' events and host regular meetings, in collaboration with CCW, to a wide range of customers, community groups, and stakeholders to answer as many questions as possible.

We're committed to being open and transparent about our performance. We'll provide regular updates on the delivery of our turnaround plan and SCP.





It's everyone's water