BRISTOL WATER

Annual Performance Report

For year ended 31 March 2021



BRISTOL WATER

It's what we're made of.

bristolwater.co.uk

Contents

Trust Beyond Water — a statement from the Bristol Water Board 4

How our performance links to bills and dividends 16

Bristol Water Challenge Panel Statement 20

Disclosures required by RAG 3 22
Accounting policies 22
Disclosure and transparency 26
Statement of directors' responsibilities 32

Section 1 — Regulatory financial reporting 33

Section 2 — Price review and other segmental reporting 46

Section 3 — Performance summary 58
Excellent Customer Experiences 67
Safe and Reliable Supply of Water 83
Local Community and Environmental Resilience 102

Section 4 — Additional regulatory information: service level 124

Section 5 — Additional regulatory information: water resources 154

Section 6 — Additional regulatory information: water network plus 158

Section 9 — Additional regulatory information: innovation competition 172

Other Reporting Updates 173
Greenhouse Gas Emissions 173
Systems thinking (resilience) and social contract Action Plan 178
Vulnerability Action Plan 200

Board statement on data accuracy and completeness of data and information 206

Related Party Transactions 210

Independent Auditors' report 212

Appendix 1 Directors Remuneration Report 216



As a water only company, reporting requirements for sections 7 (wastewater network plus) and 8 (bioresources) of the Annual Performance Report do not apply to Bristol Water.

What's in this report?

Welcome to our Annual Performance Report for the year ended 31 March 2021.

The Company was appointed by the Secretary of State for the Environment as a Water Undertaker under the Water Act 1989 and is required to comply with Conditions set out in its Instrument of Appointment ("the Licence").

The regulatory information that follows has been prepared in accordance with Condition F of the Licence and Regulatory Accounting Guidelines (RAGs) issued by the Water Services Regulation Authority (Ofwat). This annual performance report has been prepared for use by Ofwat. It may not be appropriate for any other purpose. As required by Ofwat, the accounting statements do not correspond with the statutory annual report, the differences to the statutory accounts are shown.

The statutory annual report contains a suite of reports, including a strategic report, which provide comprehensive commentary on the Company's activities during the year.

The accompanying Historical Cost and Current Cost Accounting Statements were approved by a Committee of the Board on 9 July 2021.

Trust Beyond Water

A statement from the Bristol Water Board

Bristol Water was formed in 1846 under an Act of Parliament with a ground-breaking and ambitious aim to bring, fresh, clean drinking water to the area we serve. This ambition was essential to the health and wellbeing of all and not just for the few. The Board of Bristol Water continues to carry forward this vision of a water company doing what it can for the communities we serve.

This statement is published a few days before our birthday on 16 July, marking the 175th anniversary of the passage through Parliament of the Bristol Waterworks Act. We have marked this milestone by reflecting on the philanthropic purpose of our founders including Francis Fry, Sir John Kerle Haberfield and Dr William Budd, whose connection of public health to clean drinking water was ground-breaking. In marking this occasion, it was a reminder that solving the challenges faced by society, climate and ecological emergencies, still depend on local community-based solutions. We have published a new social history of Bristol Water, to reinvigorate our story for future generations on our website.

The Board believes that Bristol Water must continue to make a significant contribution to these societal challenges now and for the long-term. We can only do this if we are highly regarded by our customers because of the high levels of service and performance we provide, and demonstrate our role within our local communities. We have celebrated this occasion in a number of ways, with our stakeholders through an event planning the future of resource efficiency in Bristol, with our communities such as refurbishing the playground at Chew Valley Lake, and with our employees such as through planning a new vegetable garden so we can learn local water efficient and sustainable food growth skills together. We have a number of further events planned as part of our social contract.

On 3 June Pennon Group announced that it had acquired the Bristol Water Group, which meant a change in the shareholder representatives on the Bristol Water Board. In advance of the review of the acquisition by the Competition & Markets Authority, there are no changes to the Bristol Water strategy or plans. Pennon made it clear in announcing the acquisition that the Bristol Water brand, values, history, heritage, performance and culture were key to their future plans for Bristol Water and Pennon's wider strategy.

Our corporate governance statement which sets out how the Board will consider our social purpose, and through this all stakeholders benefit from a high performing local water company that meets the need of customers and society:

"To have a positive impact on the lives of our customers, our communities, our colleagues, and on the environment"

2020/21 was a challenging year for the whole of society. It was challenging for Bristol Water, but was successful overall. Given the public service nature of our activities the Board recognise the dedication of our colleagues and supply chain that ensured water services kept running despite COVID-19. We did this in a way that was safe for both staff and customers, whether they were at our works, working in the local area or supporting front-line services in the office or at home. Our plans for 2020/21 required a transformation of both service levels and our efficiency for delivering this, which saw a restructuring of our entire organisation. The c12% efficiencies targeted in our business plan necessitated a pay freeze and a restructuring of c10% of our workforce through redundancies, retirements and careful management of our workforce. The majority of the restructuring affected head office roles, and included a 30% reduction in the executive team that reflects maturity in the transformation of the organisation. Whilst essential for our long-term resilience, it was important to the Board to achieve these changes sensitively, and the delay to our original timetable caused by COVID-19 was part of this, whilst also ensuring we could maintain resilience of cost and service delivery for future years.

Our plans for 2020-25 are based around the priorities, promises and outcomes shown below, which summarise what the delivery of our purpose entails.

Performance against our plan

Our 2019/20 performance was categorised by Ofwat in its service delivery report as one of the four "better performing" companies in the water sector and the only company having no deterioration or in the bottom 25% of the industry in one of the performance aspects Ofwat considered. This reflected the stages of our transformation necessary to deliver our 2020-25 plan. Despite this strong platform, we recognised that we had much more to deliver. Our water quality compliance remains stable without major events during 2020.

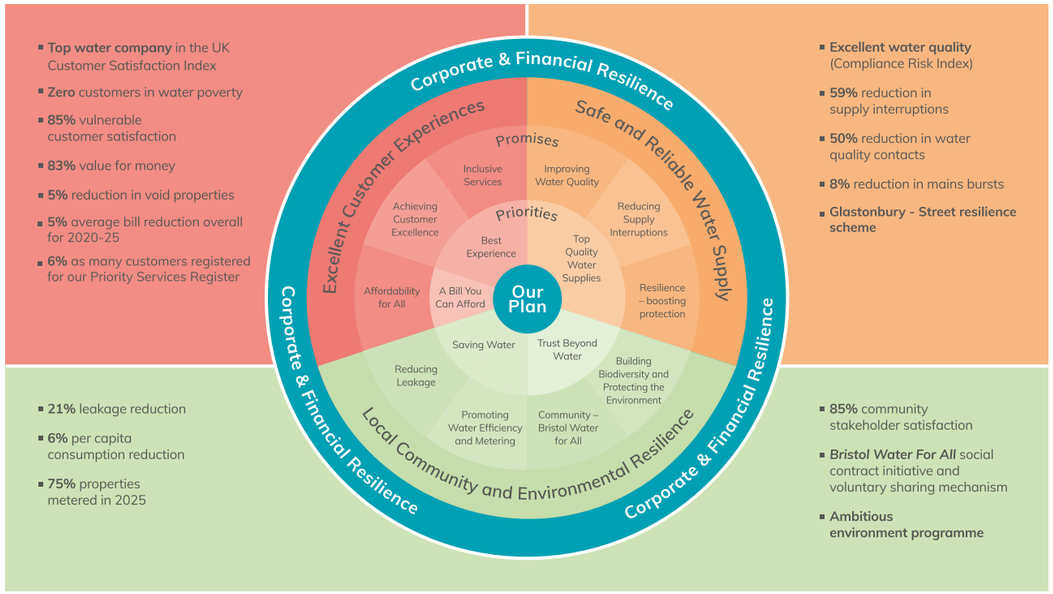
One aspect of performance where we lead the industry is in leakage. In 2019/20 we had delivered a leakage level of 37.0Ml/d, a record low level 7% below our target of 40Ml/d and 10% below the previous record low. In 2020/21, despite a cold winter that resulted in mains repairs exceeding our target, we managed to reduce leakage by a further 4.1% to 35.5Ml/d. The three-year average reduction of 6.9% is ahead of the 6.1% target and reflects good progress against a very stretching 21.2% reduction by 2025. An international review of our leakage approach in the year found that our leakage system was very well managed and the best amongst the UK companies in the survey.

Supply interruption performance in 2020/21 was disappointing and worsened to 30.3 minutes compared to a target of 6.5, and the 9.3 achieved in the previous year. We knew when setting the target that a single incident could result in the whole year target being missed. There were three exceptional events in the year, at Rose Green Road (6.7minutes), at Lawrence Hill (11.6 minutes) and an incident at Yate caused by a third party damaging our main (7 minutes). Excluding these major events, underlying performance

Highlights in 2020/21 include:

1. In 2021 we are celebrating 175 years of customers' trust in Bristol Water
2. We lead the industry in leakage: our performance is the lowest level of leakage we have ever achieved
3. The CMA determination reflected the proposals in our amended PR19 business plan: the CMA recognised that small companies like Bristol Water have a higher cost of finance, but also deliver value to customers.
4. As many families wrestled with the challenges of home learning, we launched "The Foundation", a brand new learning portal for KS2+ with over 50 learning resources aimed at engaging young people protecting our water resources and environment
5. Our transformation continues to improve both efficiency and service performance





ANNUAL PERFORMANCE REPORT

Trust beyond water

would have beaten the target. The innovations introduced previously such as tankers that can inject water into the network, state of the art network monitoring and most importantly the way that people across Bristol Water work together is delivering a strong underlying performance. When we do have a major incident, the great relationship we have with local authorities and local resilience groups helps us to provide the best service we can and maintains customer trust and understanding. We review each supply interruption to identify the root cause, and are targeting areas where investment can reduce major interruption risk, but this cannot be avoided entirely particularly where third party action is involved.

This is the first year of the new Customer experience measure, C-MeX. Whilst we just missed our ambition of being ranked in the top 5 companies in the industry (there are 17 in England and Wales), 6th place still represents an improvement on the 8th place we achieved last year, in what we expect to be a very competitive field. Alongside this, our customer complaints (per 10,000 customers) fell by 20% to 58.9. This is lower than the industry top 25% (from the prior year) of 87.3, a level that we had set ourselves as a stretching target to beat for this year. The 94% level of satisfaction with the service we provide on our household customer survey is the highest we have ever received during the 12 years of conducting the survey. This performance was supported by our reorganisation to form a "customer hub", a structure which provides a focus on customer excellence throughout all our operational activities. A highlight for our team was the opportunity to share our approach at a CCW industry event, after they highlighted our industry-leading complaint performance in the annual complaints report. Next year we will build on this with the next phase of our transformation with a partnership with Boston Consulting Group to deliver a revolutionary digital "Customer Lead Intelligent Operations" approach to achieving customer excellence through smart data that links assets, operational work scheduling and customer interaction together.

We always strive to meet individual customer needs. Our target for vulnerable customer satisfaction was set at 85%, 5% above the baseline for customers as a whole historically achieved. We achieved 82% vulnerable customer satisfaction with our priority services in 2020/21, which whilst not meeting our stretching target was still a good platform for future improvements. Customer comments from this survey will help us improve further. Customer value for money satisfaction was 83%, 8% higher than the previous year and beating the target of 80%.

A target to reduce per capita consumption was not met this year, which we believe represents a switch from non-domestic to domestic consumption as people had to work from home. This has no detriment to customers and we agree with Ofwat to consider what incentives are appropriate over 2020-25 as a whole. The other main target impacted by COVID-19 restrictions was on metering, which only increased by 1.3% over the last 12 months to 60.3% against our 67.7% target. Despite these challenging times, at the end of March our water resources were in a strong position with reservoirs 96% full despite a dry March.

We continue to offer a wide range of social tariffs support. Social tariffs increased by c1,400 to 20,419, ahead of the target of 18,774. Despite this the fall in incomes under COVID-19 increased water poverty from 0% to 0.6%. We use the detailed neighbourhood information our tool provides to target our social tariffs and support to aim to return water poverty to zero in the area we serve.

Referral of PR19 to the Competition & Markets Authority

We made the very hard decision in February 2020 to ask for Ofwat's PR19 determination to be referred to the Competition & Markets Authority (CMA). We had gone to significant lengths to avoid a third consecutive reference to the CMA, and it is of grave concern and disappointment that it could not be avoided. The case took a significant amount of management focus (and took longer than we expected), but we succeeded in delivering both transformation and service improvements despite this challenge. Mel Karam delegated many of the normal roles of the CEO to Laura Flowerdew as deputy CEO, so we could give the CMA process the critical attention it deserved. We were pleased that the CMA recognised that our areas of dispute with Ofwat concerned a narrow range of technical judgements, and in the round the CMA decided to reinstate the bill levels, revenues, cost allowances and regulatory incentives that we proposed in our amended PR19 plan. The outcome is that we can now finance the plan resiliently for the long term. It was important that the CMA recognised that small companies like Bristol Water have a higher cost of finance, but also deliver value to customers. The CMA recognised, for instance, the high performance and low cost of our approach to leakage.

We are now in the process of reviewing our long term strategy that will affect our plans after 2025. This will build on the progress in delivering our 2020-25 promises, our social contract, and our Resilience Action plan. We publish annual updates on our progress on resilience as part of our mid year performance report, and have provided a further update as part of this report.

Purpose, Values and Culture

Our social contract is the way we will deliver our social purpose. In January 2019 we launched our Social Contract, the first published by a water company. The social contract sets out how we are accountable for the social promises we make as we deliver our purpose. The social contract includes engagement with stakeholders, employees, customers and the Bristol Water Challenge Panel in order to agree a set of initiatives that go beyond our core water supply role to how we deliver value for society for the long term. Providing a view from the Bristol Water Board at our discussion sessions, and reporting views back to inform all Board decisions is a key part of how we ensure that our purpose is being delivered for the long term, and this is reflected in the strategy, values and culture of Bristol Water. Jim McAuliffe is our non-executive director who has specific responsibilities for this process.

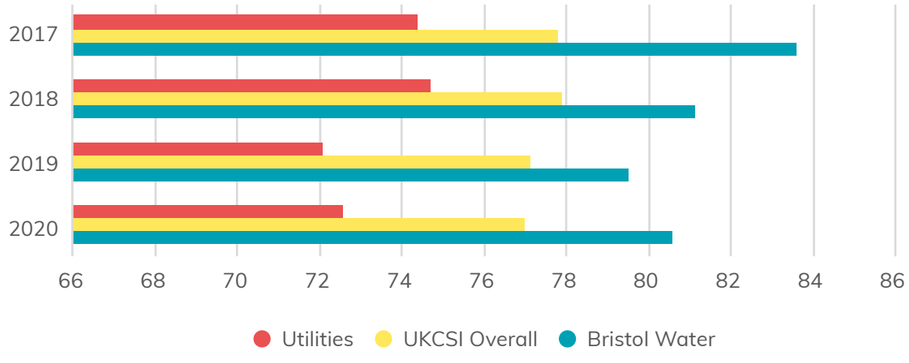
The transparency within our approach is also important. Our social contract benefit and transparency report published in December 2020 sets out the delivery and outcomes. We have also published the social contract forward programme for 2021/22 following consultation with customers, employees and stakeholders. We published a guide to our social purpose which sets out our approach and how it delivers our 2020-25 outcomes.

We have a voluntary sharing commitment that demonstrates our commitment to our social contract, based on the additional financing cost of our small water only company. The measures used to assess our success are referenced against both customer experience (being in the top three water companies that Ofwat regulate compared to the UK Customer Service Index rankings) and community stakeholder experience (being above a 75% baseline for community stakeholder satisfaction). Both triggers for our commitment have been met and so no voluntary sharing is required.

- Based on 2020/21 performance, benchmarking by the Institute of Customer Services gave us a UKCSI score of 80.6. Compared to the July 2020 national UKCSI survey, this places us as the top water company included in the survey, just ahead of Dwr Cymru with 80.1. We were second behind Octopus Energy with 80.9 for top utility. Trust and ethics component scores rank similarly highly. Our score is equivalent to 33rd on the list of all organisations. The January 2021 national UKCSI survey showed a similar pattern. A priority for next year remains to improve customer perception of individual service elements, building further on our sustained strong performance as a local community water company.
- Our local community stakeholder satisfaction survey showed 88% satisfaction.

It was challenging to deliver many

UK CSI Satisfaction Scores



ANNUAL PERFORMANCE REPORT

Trust beyond water

of our social contract initiatives during COVID-19. Some of our plans for school visits, community environmental action and public events had to be put on hold whilst social distancing rules apply. We took the opportunity to take our educational activities on-line, with the launch of the Bristol Water Foundation education and careers site.

We also used our social contract framework to build on the "Citizens for the future" summit that we held last year, by focusing discussions with our Youth Board on our role. This reminded us of the importance of active engagement with the community on water and environmental issues, which is a commitment we have made through the Bristol One City plan, including through the Resource West initiative. As this is a partnership approach across utilities, we continue to seek new contributions and funding to deliver water efficiency as part of wider community resource efficiency and wellbeing activities.

Engagement with the Youth Board confirmed the support for the next generation of citizens on the social contract. For the Board the importance of diversity and inclusivity was of particular note, which is aligned to the key themes we are considering as we review the strategic objectives for Bristol Water.

The area we serve is a diverse set of communities, and it is important to current and future employees, as well as our customers, that we are inclusive in the way we meet individual needs. Our culture and values as an organisation require respect in order that we are trusted, and we are currently less diverse that the communities we serve (31% of our workforce is female, 3% identify themselves from an ethnic minority background, and 3% of our workforce is under 24 years of age). Our social contract plans for apprenticeship schemes, graduate placements and internships will help to address this imbalance.

In March 2021 we ran a weeklong 'open mic' session on diversity, equality and inclusion (DEI), which formed part of the 'starting the conversation' phase of a DEI roadmap, which started on employees sharing their stories through a series of blogs. The week contained a mix of keynote external speakers, training pilots, discussion groups on key issues with agreement on participation in action groups to develop our strategy. The events culminated in an open board session where Board members shared their stories and had an open discussion on DEI with employees. The feedback fed into the Board review of our long-term strategy.

Alongside employees we also take soundings from a wide range of organisations. We are currently considering updating our existing strategic objectives to reflect our progress, new technology and innovation and the changes in societies expectations. Our stakeholders agree that, given the strength of our services and current performance, the environment, diversity and the potential for new technology can best be delivered by the water sector working in local partnerships with others.

We engage with stakeholders directly, but also through an annual independently series of indepth interviews, which includes business customers. 82% felt Bristol Water compared well with other utility providers, up from 55% in 2020. We are conscious that we have a greater identity with Bristol than other areas, inherent in our name, and that affects stakeholder perception of our community impact. Stakeholders recognise that size sometimes appears to limit our ability to communicate as effectively about the full range of our activities and to make changes, in particular

"To be completely honest, I did not hear about Bristol Water before this... I hadn't seen any social media posts, seen any adverts or been visited at my school."

"Since researching Bristol Water, my impresssion towards the company has become more positive. This is because of the environmental work the company does is really impressive, and I had no idea they did any of it."

Reduce environmental impact
- Greater use of renewable energy
- Sustainable packaging: reusable, recyclable, avoiding single-use plastic
- Fewer imports and more UK produced products — but fear companies will continue to produce offshore to cut costs and make more profit
- Anecdotal example: loyalty points/ rewards for green consumer behaviour

Ensure diversity and inclusivity in the workplace
- Ensure there is no discrimination in relation to gender, race, sexuality, those with a disability, LGBTQ+
- Expect equal pay
- Protect global employees from being exploited e.g. unfair pay

Adopt new technologies to operate more efficiently
- Increased automation and use of AI technology
- Less face-to-face interaction and more digital communications e.g. social media

Our values:



DEI Staff comments:

"I really find great value in hearing about people's personal experiences and how they have affected their own life decisions."

"The best bit was colleagues feeling empowered to share their experiences."

"How so many people at the end felt comfortable enough to share their personal stories. I felt honoured to be among the group who clearly captured an incredibly open and safe environment for people to be able to do that."

ANNUAL PERFORMANCE REPORT

Trust beyond water

for environmental challenges, as quickly as both we and our stakeholders would like.

"The feedback I get from consumers of Bristol Water services is that they feel very well informed and happy with the communications they receive from the company" (local council)

"They are pretty nimble, partly aided by their size. Bigger companies are slow to move or act which is not the case with Bristol Water"(other utility)

Employee engagement remains a priority if we are to deliver our purpose and objectives. Undertaking the scale of transformation and reorganisation at a time of COVID-19, whilst also having to impose a pay freeze, was not something we wanted to do in combination and was not without tension. By the end of the year the uncertainty we faced had lessened, and whilst it was unfortunate that during the process some staff took part in a day of strike action, we were able to resolve this fairly without disruption for customers.

Transparency, engagement and assurance

As well as the transparency of delivering our purpose through our social contract, another key priority for Bristol Water has been transparency on performance. In December 2020 we again published a mid- year performance statement for the first half of 2020/21, reflecting the challenges we were facing to deliver the challenging targets we set ourselves. This report included direct comparisons of our performance to the rest of the industry, reflecting our ambitions. Our interactive performance summary available on our website at the mid-year and year-end continues to help to promote easily accessible and transparent information on both our performance and future plans.

The Board takes transparency seriously and is responsible for supporting management in the decisions made. No decisions during 2020-21 were reserved for shareholders and no Board conflicts of interest were noted.

The Bristol Water Challenge Panel (BWCP) continues to play an important role in providing a supportive challenge on our performance and customer engagement. One of our non-executive directors, Jim McAuliffe, provides direct access to the Board independent of management to ensure the importance of this role is reflected at Board discussions.

COVID-19 response

Last year we reported on the rebate with Wessex Water for NHS staff who would otherwise have a higher water bill because of the additional washing the vital service they were providing would entail. We also reported on how we protected the Bristol Nightingale hospital with state-of-the-art quantity and quality monitoring with our partners ATI and Inflowmatix. Our response to COVID-19 continued to be effective at supporting customers and society at this difficult time. The Board asked the management to get independent assurance on our response, which provided positive feedback on the identified early planning (in January 2020), liaison, staff criticality, IT provision for home working, incident team and communications as strengths. Despite this, such reviews identified continuous learning as risks changed. Similarly we managed to retain water quality sampling in all zones throughout the year, without being able to enter customer properties as usual. Our team came up with a range of novel solutions, such as creating a sampling pack so customers could undertake their own lead pipe monitoring so we could be ready to restart services as soon as circumstances allowed.

Although most other water companies decided not to furlough staff, we took the decision that this was a suitable option for some of our staff and was the right decision financially for a business of our size at the time, given the uncertainty of the impact on our finances. We kept a skeleton staff from both the Recreations team and the Metering team to provide response when needed, with the rest of these two teams furloughed until these areas could safely resume. In addition, a small number of staff requested to be furloughed for personal reasons, either to provide family support or for medical reasons. As a Board, we decided to voluntarily return the furlough payment to the Government before the year end, once the uncertainty of the overall impact of COVID-19 on the business had been resolved. Our actions were prudent on customers' behalf, but also fair.

The full impact of COVID-19 will take some time to emerge. Our vulnerability action plan and range of social tariffs will continue to provide direct support as customer circumstances change. Our involvement in local recovery plans, such as through the Bristol One City Economic Recovery plan, will make sure we are in the best position to contribute to wider community recovery action.

Environment

We continue to manage our water resources and protect the environment carefully. Our catchment management work continues to be more successful than we had hoped in protecting the water quality in the Mendip Lakes. Our raw water quality activities removed 155kg P that would have otherwise affected the environment compared to the 109kg target. This was delivered through the Mendip Lakes partnership with local landholders and partners.

We have a good working relationship with the Environment Agency. We had no schemes due for delivery in the year, reflecting the relatively positive impact we already have. Our pollution events are usually limited to the impact of water and sediment from mains

"Having worked with Bristol Water, I know that they take their environmental and social responsibility very seriously and have done great work with protected species and school children for example. I also know that they are working hard to ensure that they better represent the diverse community they serve, via their workforce and supporting vulnerable customers."
Local stakeholder comment from the annual stakeholder survey



Trust beyond water

bursts running into watercourses, there were 7 of these in 2020 (up from 3 in 2019), with all except one self-reported. Our work to prevent invasive species also continues, and we have been helping to breed and protect the endangered native white-clawed crayfish.

Our operational carbon emissions were 20.8kt CO2e, a 13% reduction on the previous year and a 52% per capita reduction since 2015. We will be publishing our draft routemap of scenarios to net zero in July 2021. As part of West Country Water Resources we are working with others to produce a regional water resource plan.

Innovation

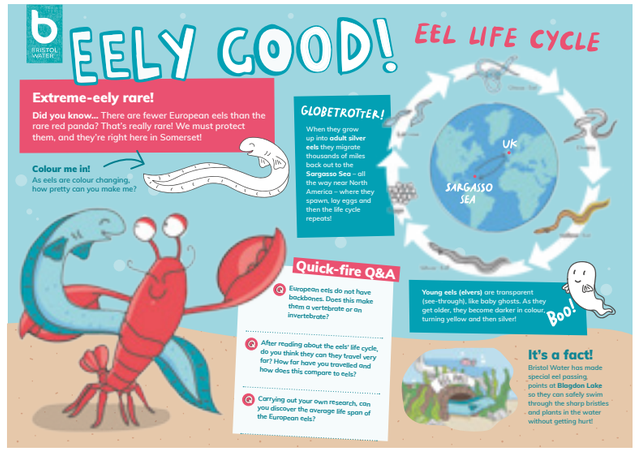
Like many activities this year, our innovation work has been strongly influenced by the pandemic. Reprioritising our activity, in light of COVID-19, has been a good demonstration of the company's agility. We were unable to run the planned innovation event which would have seen the next cohort of innovators join our incubator, however, this did not stop our internal innovators responding to the pandemic with great impact and imagination:

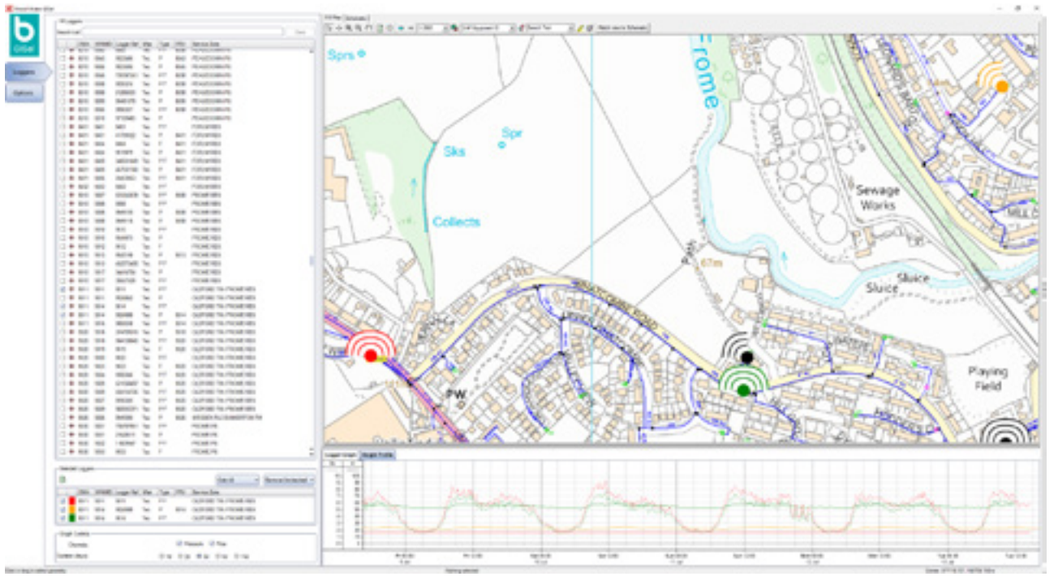
- As many families wrestled with the challenges of home learning, we launched "The Foundation", a brand new learning portal for KS2+ with over 50 learning resources aimed at engaging young people protecting our water resources and environment.
- When the Nightingale Hospital situated at University of West England was rapidly built, the water supply requirements changed overnight and water quality and operational teams had to consider how to guarantee quality and security of supply. ATI donated a number of 'inline monitors' – the same smart grid technology deployed in our industry-leading field lab – enabling us to closely monitor the status of the water supply to the hospital.
- NHS staff had to follow new uniform laundering guidance for infection prevention which instructed them to wash uniforms separately; not on a full load; and at a higher temperature. To support our key workers we collaborated with Wessex Water to offer a bill rebate of up to £50 for more than 5,000 NHS frontline workers who were metered and would have experienced a bill increase due to these new requirements.

The first round of Ofwat's new Innovation Fund ran across January and February and winners were announced in April 2021; Bristol Water is a partner on 3 successful bids – CatchmentLIFE led by South East Water, Reservoir water community monitoring for algal associated risk assessment with Dwr Cymru and the UK Water Innovation Centre of Excellence.

"As many families wrestled with the challenges of home learning, we launched "The Foundation", a brand new learning portal for KS2+ with over 50 learning resources aimed at engaging young people protecting our water resources and environment."







We entered a number of bids of our own, including to scale up Resource West and the Inline monitoring we used at the NHS Nightingale hospital, which were not chosen for the first competition. We entered a number of revised projects based on the feedback we received, alongside new projects into the first main Water Breakthrough Challenge competition. These projects covered new ways of introducing choice for both household and business customers, building on our existing advanced technology and our excellent customer experience approaches.

A key innovation over the last year has implemented a smart water network. We have developed ways of visualising key geographic information and working their use into our daily operational activities. The GIS Events and Loggers (GISel) application pulls Smart Network data from various sources together into a map-based application environment. Our Incident Officers can now visualise not only the location of loggers but see their reading in near real-time. This ensures our response and information for customers is as accurate as possible.

To support this process we have greatly increased the number of logging devices permanently fitted in the network and also invested in new mobile loggers that our teams can deploy at short notice to aid back-office analysis of on-going events.

Overall incentives performance

Of the 19 outcomes with financial incentives, 8 had financial rewards (including anticipated rewards for C-MEX and D-MEX) and 5 had underperformance penalties. Of the total of £1.6m of penalties, Ofwat have agreed to set aside the £0.2m of PCC penalty for now to review the overall impact of COVID-19 across 2020-25. Excluding the acknowledged risk of supply interruptions, and the short term impact of weather on mains repairs in January and February 2021, the business continues to perform well and meet its fundamental obligations.

Wholesale expenditure was c4% above the amount assumed by the CMA, which are one off transformation and COVID-19 additional costs. By the end of the year the annual run rate of costs after delivering efficiencies was in line with our 2021 delivery plans.

Trust beyond water

Financial Policy

Our dividend policy takes into account the base assumptions included in our regulatory determination, adjusted for outcome incentives and cost. There are a number of other adjustments that are considered included gearing levels, financial ratios and that fundamental regulatory requirements are met.

Despite this gearing increased slightly during the year from 66% to 69%, because of the impact of lower revenues, despite lower expenditure. The regulatory dividend of £5.9m in 2020/21 is below the £6.3m justified by our policy, with the lower return to shareholders than justified carried forward to future years.

The significant impact on business revenue due to COVID-19 was balanced by the increase in measured domestic household revenue, leaving little revenue variation to that assumed when we set charges. This meant our financial resilience and cash flows were better than we anticipated when considering our financial viability risks last year. The outcome of the CMA process reduces significantly the risks to our financial viability and now provides sufficient headroom for normal cost and incentive variation.

Executive remuneration detail is set out transparently in our annual report. A key feature is that our annual bonus scheme for all staff contain the same set of company metrics for customer, cost and corporate objectives, together with a weighting towards company metrics from personal objectives that increases with seniority.

Markets

We are proud of our performance as a wholesaler in the business retail market. We have been consistently amongst the top performers and in 2020/21 and had the 3rd highest Market Performance Score and the joint highest operational performance score as a water wholesaler. We also had by far the highest R-MEX (retailer measure of experience) survey score. This approach stems from the culture and values we have as a local water company – we try and meet individual needs rather than solely meeting minimum market expectations. We expect this to continue to improve with our customer hub improvements.

Our developer services performance (D-MEX) is expected to be 8th place, compared to our target of 5th, and is likely to earn a reward in this incentive mechanism compared to the industry median.

Conclusion

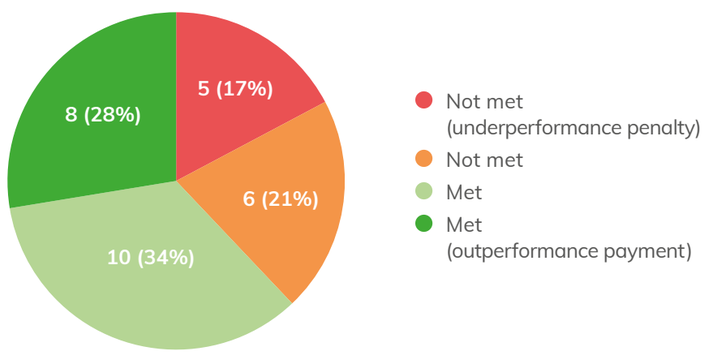
Our transformation continues to improve both efficiency and service performance, with the key priorities of customer and community experience. Our corporate and financial resilience have proved to be sufficiently robust despite the challenges and uncertainties at the start of the year to show continued progress against our plans.

We look forward to the future with confidence that our people will allow Bristol Water to be recognised as a leading water company.



ANNUAL PERFORMANCE REPORT

2020/21 Performance Commitments





How our performance links to bills and dividends

The average household customer bill in 2020/21 was £184, equivalent to 50 pence per day. Expenditure and financial assumptions within the revenue controls result in a split into different categories as shown in the graph below. Profit (which includes the impact of incentive mechanisms) is either retained in the business or distributed outside of the appointed business through the payment of dividends.

The actual cash movements during 2020/21 showed an increase in net debt of £7.5m. This was largely as a result of the lower revenues from Ofwat's original PR19 determination, mitigated by lower planned investment. The profile of revenues following the CMA redetermination of PR19 means net debt may reduce in future years to offset this initial increase.

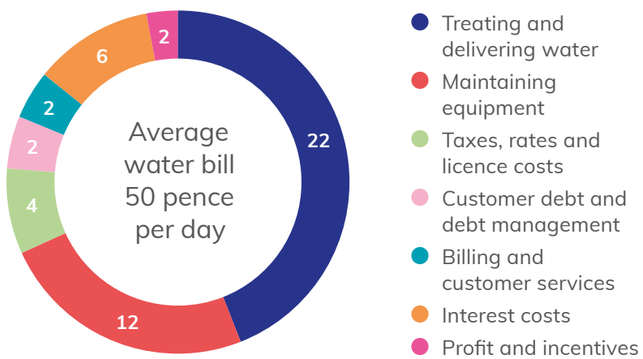
In 2020/21 RCV decreased by £10.3m, compared to the increase in net debt of £7.5m. This reflected lower inflation than expected.



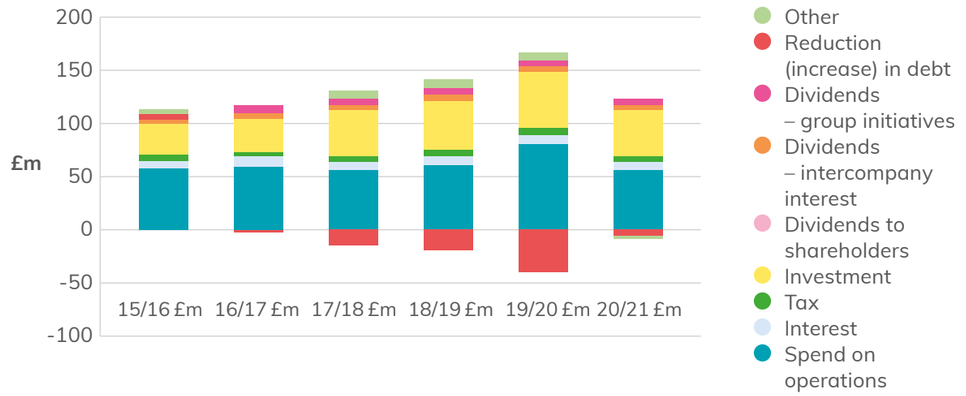
£184

The average household customer bill in 2020/21 was £184, equivalent to 50 pence per day.

Where your bill goes (2020/21 – average bill pence per day)

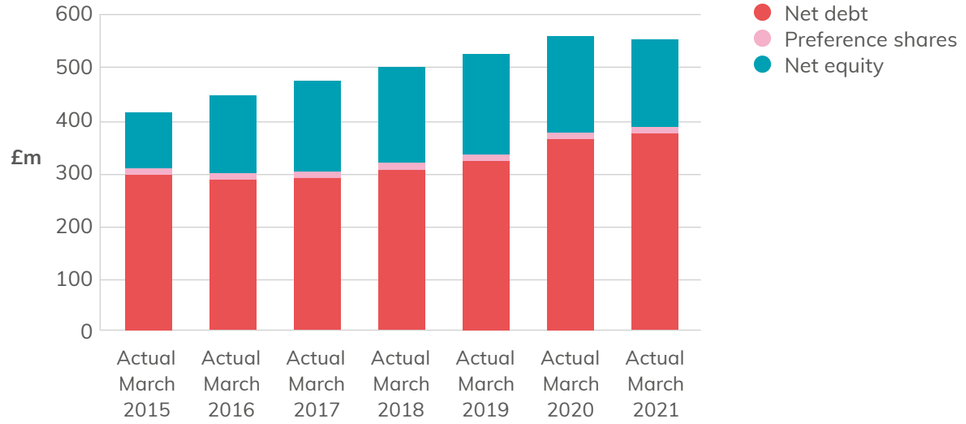


Use of regulated revenues



In 2020/21 RCV decreased by £10.3m, compared to the increase in net debt of £7.5m. This reflected lower inflation than expected.

Net debt and equity



Since March 2015, gearing has fallen from 75.1% to 70.9% in March 2021, or 68.7% excluding preference shares. Gearing increased by 2.6% during 2020/21, reflecting lower revenues as a result of Ofwat's PR19 Final Determination. The benefit to revenues of the CMA Final Determination of c£45m is likely to reduce gearing over the remainder of 2020-25.

The CMA in its PR19 final decisions assumed that were Bristol Water to perform in line with the price review assumptions, it would earn a return on regulated equity (RORE) of 4.4%. In 2020/21 we underperformed at 3.8%, -0.4% financing underperformance due to a higher cost of debt than allowed, totex outperformance across wholesale and retail of 0.7% and outcome incentive underperformance of -0.9%. Most of our outcome underperformance related to exceptional supply interruption events.

How our performance links to bills and dividends

The application of the steps and stages in our dividend policy considerations are summarised below:

Policy consideration	Adjustment	£m (2017/18 prices)
Base dividend based on CMA allowed base yield of 3.18% and growth rate of 1.55%	This is the starting point, against which we consider adjustments for performance and over-riding criteria as set out below	£6.8m
Adjustment to share 50% of difference between allowed return on equity (6.62%) and actual cost of debt (4.52%) where gearing is above 70% (excluding preference shares)	Gearing is 69%	No adjustment required by policy
Are financial ratios consistent with Investment Grade rating?	Yes AICR is greater than 1.1x FFO/Debt greater than 7% Baa2 stable rating	No adjustment required by policy
We will cap dividends at base level if the company is prosecuted/ equivalent formal enforcement action and found in material breach of regulations where there are national reputational implications.	This has not applied	No adjustment required by policy
Adjustments for wholesale totex performance (after relevant sharing rates), adjusted for timing differences and end of period mechanisms. Excludes income offset	Actual £91.1m vs CMA £88.5m. Total before timing differences in outturn prices -£1.1m . Impact of different sharing rates on cost aspects results in small positive totex adjustment.	+£0.6m
Adjustments for retail totex	Actual £12.7m vs CMA £10.1m in outturn prices (£0.2m inflation difference)	-£2.8m
ODI rewards and penalties	Includes a £0.2m estimate for CMEX and DMEX rewards.	-£1.6m
Employee Interest test: deduction to reflect pension deficit contribution	Not applicable	No adjustment required by policy
Performance adjusted core dividend		£2.9m
Inflated from 2017/18 to current prices		£3.1m

Policy consideration	Adjustment	£m (2017/18 prices)
Intercompany dividend (equivalent to post tax interest received)	Reflects interest at group company – retained in group	£3.2m
Total dividend according to dividend policy		£6.3m
Actual dividend paid		£5.9m
Dividend policy balance carried forward	Will be considered in future years dividend policy	£0.4m
Note: Maximum dividend yield consistent with cost of equity (4.73%)	This is a reference point used in our policy for further consideration of performance to test whether a higher dividend than this would be sustainable.	£10.4m

The actual dividend yield is 3.6%. The table below shows how assumed returns compare to our actual dividends over time.

	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2015-20	Actual 2020/21	2020-25 assumed
Return on regulated equity (RORE)	4.0%	5.3%	7.1%	4.0%	3.3%	4.7%	3.8%	4.4%
Actual dividend yield (excl. Intercompany)	0.0%	3.3%	2.0%	1.5%	1.6%	1.7%	1.2%	3.2%
Actual dividend yield (incl. Intercompany)							3.6%	

By order of the Board

M Karam,
Chief Executive Officer
9 July 2021

ANNUAL PERFORMANCE REPORT

Bristol Water Challenge Panel Statement

The Independent Customer Challenge Group for Bristol Water is known as the Bristol Water Challenge Panel (the Panel).

It is important to emphasise that the Panel and all its members are independent from both Bristol Water and Ofwat. Although we rely on both organisations in order to carry out our functions, we are customers of Bristol Water, and our authority comes from water regulation in England and Wales. We scrutinise the work of Bristol Water on behalf of customers, and we ensure that customer research conducted by Bristol Water is sufficient, robust, and clear for the purposes of business planning and customer satisfaction.



The Panel places great importance on the need for Bristol Water to build and maintain trust with its customers by providing clear, high quality information on its service performance, on billing matters and on operational issues.

One of the Panel's roles is to monitor, scrutinise, challenge and report on Bristol Water's performance against its 29 new performance commitments (PCs) for 2020 to 2025 as defined in Ofwat's Final Determination for the Price Review 2019 and as amended by the Competition and Markets Authority in March 2020. The Panel has done this, both at the mid-year and end-of-year positions. It also reviewed the company's data, information and assurance regime and the audit findings of the company's independent technical assurer, Turner & Townsend. The Panel has received assurance from the company that its performance information is reliable and accurate.

The Panel is pleased that Bristol Water has produced an easily readable performance report, complemented by an interactive presentation found on its website that aids the understanding of information related to its PCs for customers and other stakeholders. The company has also for the second consecutive year published an interactive presentation specifically on progress of its Social Contract initiatives.

The Panel has questioned the company in depth over movement against specific targets, in order to understand the reasons for changes in performance. The company has explained why certain customer, water quality and environmental targets were missed.

The company met or outperformed 18 of its targets for 2020/21 and it achieved its lowest level of leakage ever reported. The Panel is pleased to see these outcomes. The ongoing focus on reducing leakage and on increasing social tariff support for customers who find themselves in difficulty paying their water bills will be particularly welcomed by customers, especially those adversely affected by the ongoing COVID-19 pandemic.

The Panel is disappointed that the company has not met 11 of its targets for this reporting year. COVID-19 has impacted performance in some of these areas, particularly in meter penetration and household per capita consumption. The Panel received briefings on these areas of performance from the company and was made aware of its efforts to mitigate the impacts of the pandemic on customers and its business where it could. The Panel is satisfied that the company acted in the interests of customers throughout and welcomed the additional assistance measures and operational practices it introduced or strengthened during the year. The Panel will continue to monitor closely the ongoing impact of the pandemic on customers and the company's response to this.

The Panel scrutinises the underlying causes of underperformance and the company's plans to improve. It will continue to monitor progress and challenge and encourage Bristol Water to get back on track.

One example is supply interruptions where, despite introducing additional and improved operational measures, the company exceeded its target and incurred a significant penalty as a result. While the Panel accepts that the associated metric is very sensitive to large duration interruptions, of which there were three during 2020/21, it will look in detail in the coming year at the effectiveness of the new tools the company is developing and employing to better predict and/or prevent such events.

The result from the company's Local Community Satisfaction Survey enabled it to outperform its associated PC target. While the Panel was pleased with this outcome, the low number of respondents to the Survey is a cause for concern. The Panel looks forward to discussing ways to address this with the company during 2021/22.

The Company has made further progress on its Social Contract initiatives, despite the COVID-19 pandemic, and its various programmes are starting to benefit its communities and the environment. The Panel welcomes this and will continue to assist Bristol Water with the design and implementation of a benefits framework so that customers can fully understand how the benefits are defined and measured. While the Panel was disappointed that a number of initiatives had to be put on hold because of the COVID-19 pandemic, it will continue to work with the company to ensure that the ambitions of Bristol Water complement those of local stakeholders.

The Panel continues to encourage the company to improve on its understanding of customer and environmental needs, particularly in rural areas. While there is more to achieve, research and reporting on this wider perspective is increasing.

The company has noted the Panel's challenges over the detail and achievement of its environmental ambitions. The Panel intends to establish an environmental sub-group to critically examine these in more detail during the coming year.

The Panel thanks the Company for its openness and transparency throughout the year and for providing it with regular, timely briefings and presentations and sharing its thinking on how it intends to improve its operational performance and customer service. Given the importance of water for public health, we welcome Bristol Water's commitment to maintaining the water supply for its customers during the ongoing COVID-19 pandemic.

On behalf of the Bristol Water Challenge Panel.

Mrs Peaches Golding
OBE Independent Chair
9 July 2021

ANNUAL PERFORMANCE REPORT

Annual Performance Report for the year ended 31 March 2021

Disclosures required by RAG 3

RAG 3 sets out requirements for narrative disclosures in the Annual Performance Report, in addition to those set out in the tables in sections 1-9

Accounting policies

i) Revenue recognition policy
The regulatory accounts apply the same policy for revenue recognition as the statutory accounts, apart from the derecognition of income adjustments relating to amounts deemed as uncollectable under IFRS15.

All turnover is recognised in the regulatory accounts with the exception of rental income and contributions received from developers, which are included below operating profit in "other income" in accordance with the regulatory accounting guidelines.

Turnover comprises charges to and accrued income from customers and retailers for water and other services, exclusive of VAT. Turnover is recognised as the performance obligation is satisfied.

Income from unmetered supplies is based on either the rateable value of the property or on an assessed volume of water supplied. Income from metered supplies is based on actual or estimated water consumption.

There is no change to the calculation of the household measured income accrual. Bills are raised after a meter reading, and consumption that has not yet been billed is estimated and accrued using a defined and consistently applied methodology based on historic weighted average water consumption by tariff. Non-household retailers are billed monthly, and the non-household accrual is based on the market unbilled monthly settlement reports. The estimation of measured income included in these reports is also based on historic consumption. The difference between closing and opening measured income accrual for the year is recognised within turnover. There were no significant differences between the previous year's accrual and the amounts actually billed for the previous year.

Where an invoice has been raised or payment made but water or other services have not been provided, it is treated as billing or payment in advance accordingly and is not recognised as turnover during the year.

Receipts from customers in relation to court costs, solicitors' and debt recovery agency fees are credited to operating costs to offset the charges incurred. They are not recognised within turnover during the year.

ii) Charging policy
Revenue is recognised from chargeable properties in accordance with the policy above.

Charges are payable in full in the following circumstances.
a) Occupied and furnished

Charges are payable in full from the date of connection or change of customer on all properties which are recorded as occupied and furnished.

b) Unoccupied and furnished
Water charges are payable in full on unoccupied, furnished premises. In exceptional circumstances, where it is certain that the customer does not need access to water supply at the property, water charges are not payable. Such exceptions include where the customer is:

- in a care home;
- in long-term hospitalisation;
- in prison;
- overseas long-term; or
- deceased.

c) Unoccupied and unfurnished
If any consumption for metered vacant household properties is recorded normal charges apply once the occupier details have been established. Normal charges apply to vacant metered non-household agricultural properties.

Properties which are unoccupied and unfurnished, or are disconnected are not chargeable therefore no billing is raised and no turnover recognised in respect of these properties.

Only metered standing charges are payable on unoccupied, metered properties which are still connected.

The occupier is any person who owns a premises or who has agreed to pay for water in respect of the premises. No bills are raised in the name of "the occupier". The property management process is followed to identify whether the property is occupied or not, and if occupied, to identify the chargeable person and raise a bill.

The property management process may comprise some or all of the following:

- physical inspection,
- mailings,
- customer contacts,
- meter readings for metered properties; and
- land registry checks.

The Company has a policy to meter household properties on change of occupier.

For non-household properties, the management of the occupied status of properties is maintained by retailers in the central market operating system "CMOS". Wholesalers then bill based on the data in CMOS, and Bristol Water carries out independent checks, including visiting the properties to validate the data.

iii) Bad debt policy
The Company has a policy to make full provision for debt which remains uncollected after four years of billing, for example uncollected debt in relation to financial year 2016/17 and before is fully provided for by the end of financial year 2020/21. A provision is made for debt outstanding in relation to the current and last three financial years. The provision is primarily based on historic collection rates and further adjusted by judgemental factors to reflect the current economic environment. The judgemental factors are applied only if it is believed that the historic collection rates do not reflect future expected collection rates.

Whilst the full economic impact of the COVID-19 pandemic is still unknown the Company believes that there will be an impact on the recovery of household debt and has estimated an expected increase in the impairment of trade receivables of £1.579m. This estimate has been based on historic collections data from previous financial crises and an assessment of the potential impact on household debt.

We do not have a provision for non-household debt as under the non-household retail market codes, retailers provide collateral for their debt. However, specific provision will be made if collateral is not sufficient to cover any identified risk.

Water debt is written off for one of following four reasons:

1. It is considered or known to be uncollectable.
2. It is considered uneconomic to collect.
3. Older debt is written off by agreement with the customer in return for the receipt of regular monthly payments to pay-off current year debt as part of our "Restart" and "Assist" policies.
4. Write-off is ordered by the County Court. In these cases the court may set payment at a proportion of the outstanding debt. When the required level of payment is reached the court would instruct the rest of the debt to be written-off.

The Company's bad debt write off policy has remained unchanged and has been consistently applied in the current and prior years. During the year a programme of bulk write-offs of debt over four years old was processed, as part of the joint billing company's credit team's housekeeping. This exercise reduced the net debt older than four years, and therefore reduced the overall bad debt provision. The total bad debt provision at 31 March 2021 was £16.548m (31 March 2020: £15.985).

The increase in the provision reflects the increase due to the expected impact of COVID-19 on household debt recovery offset by a reduction due to debt written off as uncollectable.

The bad debt charge and the bad debt provision exclude the adjustments made in the statutory accounts for amounts deemed uncollectable under IFRS15.

Net trade debtor balance at 31 March 2021 was £8,908m (31 March 2020: £11.042m).

iv) Price Control Segments-Basis of allocation and apportionment of costs and assets
Allocation and apportionment of costs and assets between Bristol Water plc and its associated companies is at arm's length and no cross subsidy is occurring.

Appointed business for the purpose of these accounts is defined as the activities necessary for the Company to fulfil its duties and functions as a Water Undertaker under its licence issued by the Department for Environment, Food and Rural Affairs. All other activities are classified as non-appointed business.

Allocation and apportionment of costs and assets between appointed and non-appointed businesses is maintained in the Company's accounting system. Costs are attributed to the appropriate cost centres which are identified as appointed or non-appointed. The majority of non-appointed costs are incurred directly with the remainder allocated on a time apportionment basis. Assets are specifically identified as appointed or non-appointed.

ANNUAL PERFORMANCE REPORT

Disclosures required by RAG 3

Operational costs include the costs of day to day collection, storage, treatment and supply of water and any associated technical and administrative support. Allocation of operational costs between price controls (wholesale, retail household and retail non-household) are made by analysing the cost centres and type of expenditure in accordance with RAG 2.08 (Guideline for classification of costs across the price controls).

Manpower costs include overheads in their allocation to cover national insurance and pension contributions.

Capital costs are analysed and assigned to the appropriate price control, and business unit within that price control, as they are incurred, in accordance with RAG 2.08.

The accounting separation analyses have been drawn up in accordance with the Company's accounting separation methodology statement which has been published separately on its website https://www.bristolwater.co.uk/about-us/performance/company-financial-reports. This also provides commentary comparing this year's expenditure and capital maintenance costs with last year's.

v) Capitalisation policy

Definition of a fixed asset
An asset is an item that Bristol Water owns and uses in the course of its business which has some long-term economic benefit for the Company. A fixed asset is an asset that we retain for more than a year. Capital costs are defined as those costs, which are incurred in providing an additional, or a replacement asset. These costs are incorporated in the Statement of Financial Position as additions to fixed assets. Where non-infrastructure assets have been replaced their cost is removed from the Statement of Financial Position. There is no rule which requires capitalisation of any costs in excess of a specific value however it is unlikely that items with a value less than £1,000 in total would be capitalised.

Assets are either infrastructure assets or non-infrastructure assets.

Types of assets
Infrastructure assets comprise the integrated network of impounding and pumped raw water storage reservoirs and water mains and associated underground pipework. Expenditure on such assets relating to increases in capacity and enhancements are included at cost.

Infrastructure expenditure falls into two categories. Costs in respect of the provision of additional infrastructure capacity or enhancement of the network are capitalised (these include projects such as new water mains, new connections and work on impounding reservoirs) and are depreciated. Other infrastructure expenditure to do with repair and replacement such as boundary mains replacement, network analyses, lead replacements and high-risk crossings are analysed between capital and operating expenditure, the operating expenditure is charged to the income statement.

Other assets include land and buildings, operational structures, fixed and mobile plant, equipment and motor vehicles. These are generally categorised as non-infrastructure assets and are included at cost.

The cost of assets is their purchase cost together with incidental expenses of acquisition and commissioning and any directly attributable labour costs, which are incremental to the Company.

vi) Dividend policy and amounts paid to parent company
Our dividend policy is to pay a level of ordinary dividends that reflect efficiency, management of economic risk and delivery of performance commitments to customers, comprising:

i. An annual level reflecting the dividend yield (3.2%, with 1.3% p.a. real growth) assumed in our business plan.
ii. Adjustments to reflect the level of gearing variation from the level of equity return in our business plan (4.5%), where this reduces the amount of dividend below the level described above.
iii. Adjustments to reflect the actual outcome and expenditure performance of the business, with reference to our agreed business plan.
iv. An amount equal to the post-tax interest receivable from Bristol Water Holdings UK Limited, a UK parent Company, in respect of inter-company loans.
v. In addition, annual dividends paid on irredeemable preference shares which are considered debt on the balance sheet will be paid, but are shown within finance costs rather than dividends.

Further, we will not pay out dividends if:
1. They impair the ability to finance Bristol Water's appointed activities;
2. They impact on key financial ratios consistent with the need to maintain an investment grade credit rating;
3. They do adversely impact employees.

Our RORE for the year after the adjustments detailed above was 3.77% which would imply a dividend of around £6.0m net of any intercompany interest would be appropriate.

In the year interest was received from Bristol Water Holdings UK ("BWHUK"), in respect of inter-company loans equalling £3.9m (2019/20: £4.0m). The post tax amount of this was £3.2m (2019/20: £3.2m).

£6.0m of dividends was paid in the year (2019/20: £6.2m). In 2020/21 the first interest payment from BWHUK was made from available cash, and the Company did not make an interim dividend payment of £1.6m in line with prior years. The Company made a payment of £1.6m at the end of the year in order to allow payment of the second interest payment from BWHUK and an additional dividend was paid of £4.4m (2019/20: £3.0m). As with last year this dividend was used to partially repay the intercompany loan which is held between BW Holdings Ltd and BW Plc, and so was returned to the business in the year in line with the shareholders commitment to invest in performance improvement, with no overall cash impact for the Company.

This means that net of intercompany interest our total dividends were £2.1m (which was returned to the Company) well inside the RORE levels.

Finally, annual dividends of £1.1m (2019/20: £1.1m) continued to be paid on the irredeemable preference shares. The irredeemable preference shares are shown as debt in the balance sheet, and the dividend is therefore shown as a finance cost in the income statement.

The Board has proposed a final dividend in respect of the year ended 31 March 2021 of £nil (2020: £nil).

TAX STRATEGY
The Finance Bill 2016 introduces the requirement for large companies to publish their tax strategy annually; although Bristol Water is not deemed a large company by HMRC, Ofwat requires us to publish our tax strategy which can be found on the Company website www.bristolwater.co.uk/about-us/our-performance/legal/company-information/

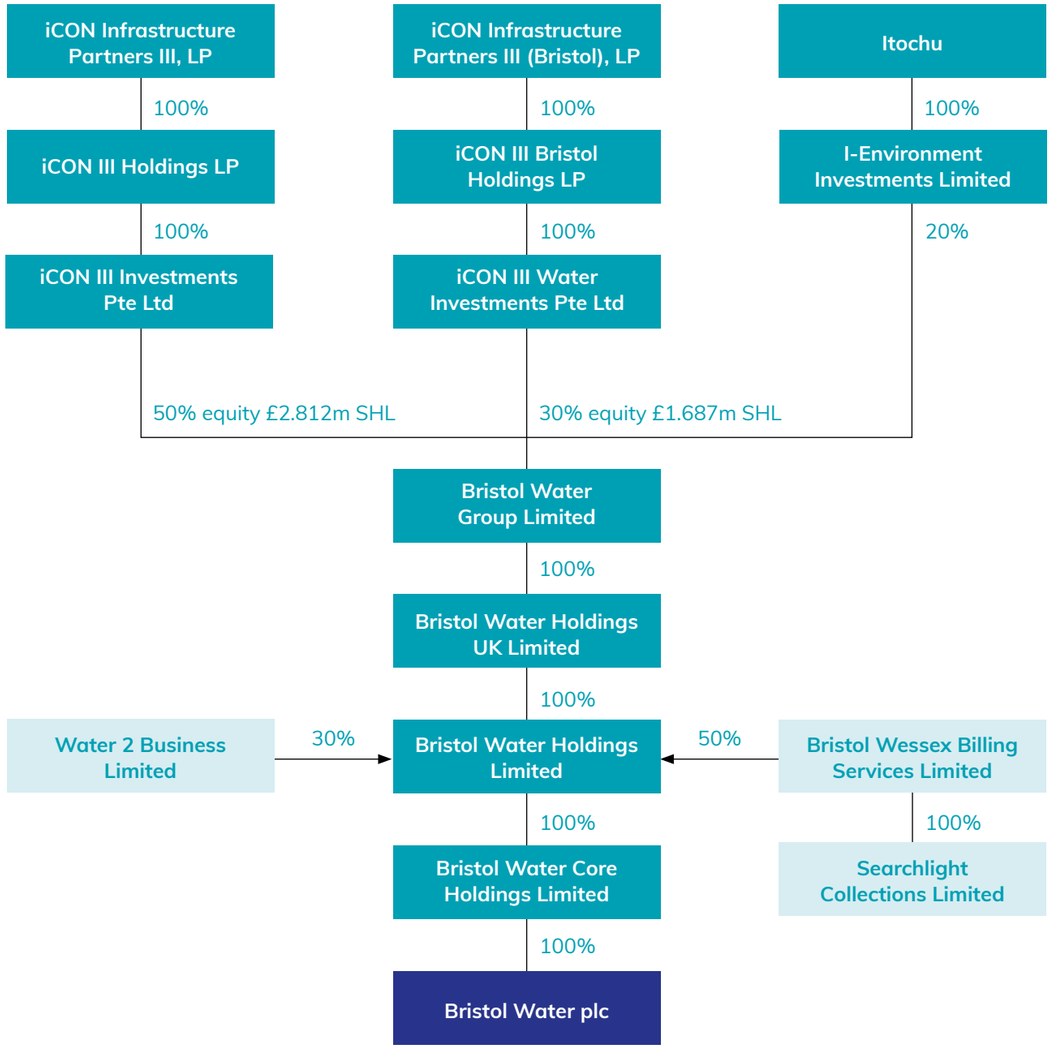
ANNUAL PERFORMANCE REPORT

Disclosure and Transparency

The Annual Report and Financial Statements for Bristol Water plc which can be found on the Bristol Water website (www.bristolwater.co.uk/about-us/performance/company-financial-reports/) contains the following information:

- Review of company performance - pages 11–15
- Long Term Viability statement - pages 43-47
- Key risks to the business - pages 34-42

Ownership and corporate structure



Ownership and corporate structure

The Board of Bristol Water seeks to uphold the highest standards of transparency and openness in performing its functions and dealing with all our stakeholders. A key aspect of this relates to the ownership of Bristol Water plc. Set out below are details of the ownership of Bristol Water plc prior to the completion of the Pennon Acquisition, and on and following completion of the Pennon Acquisition including the value of any shareholder loans ("SHL").

Ownership and Corporate Structure Prior to the Pennon Acquisition on 3 June 2021:

Prior to the Pennon Acquisition the Company was indirectly owned by two infrastructure funds manged by iCON Infrastructure LLP (80% in total) and Itochu Corporation (as to 20%) and the corporate structure of the Company was as the graphic opposite:

As at 31 March 2021 and until completion of the Pennon Acquisition, 80% of Bristol Water was ultimately owned by two investment funds (the "iCON Funds") which are affiliated with iCON Infrastructure LLP ("iCON"), with the remaining 20% of Bristol Water then being owned by I-Environment Investments Limited, a UK subsidiary of Itochu Corporation ("Itochu"). The iCON Funds interests were split as follows: iCON Infrastructure Partners III, L.P. ("iCON III") owned 50% and iCON Infrastructure Partners III (Bristol), L.P. ("iCON Bristol") owned 30%.
The iCON Funds owned their interests in Bristol Water since 2016 and were constituted as English limited partnerships domiciled in Guernsey. The iCON Funds employed typical partnership structures used for institutional investment, pursuant to which partners themselves (rather than the partnership) are taxable on their share of any profits or gains of the partnership as and when these arise.

The ultimate investors in the iCON Funds were pension funds, asset managers and insurance companies from countries around the world including the UK, Germany, France, Canada, the United States and Japan. Further information concerning iCON, which is an experienced investor in the UK water sector, can be found at www.iconinfrastructure.com

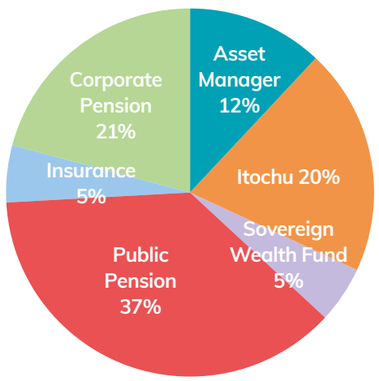
Itochu owned its indirect 20% shareholding in Bristol Water since 2012. Itochu is a diversified group based in Japan which is listed on the Tokyo stock exchange. Further information concerning Itochu can be obtained at www.itochu.co.jp/en/

The graphs below show the beneficial ownership of Bristol Water as at 31 March 2021 by both investor type and country.

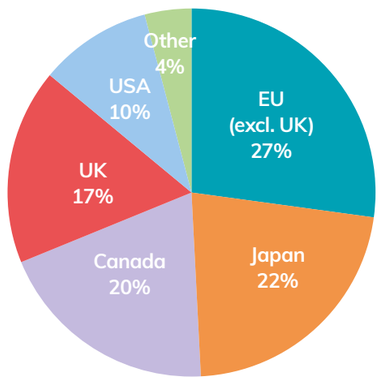
As at 31 March 2021, the ultimate holding company of Bristol Water was Bristol Water Group Limited ("Bristol Water Group"), a UK incorporated and UK tax resident company. The iCON Funds and Itochu were, as at that date and until completion of the acquisition by Pennon group on 3 June 2021, indirect investors in Bristol Water Group. The iCON Funds held their interests in Bristol Water Group through intermediate holding entities domiciled in Singapore (as detailed in the group ownership structure above). Itochu owned its shareholding through a UK incorporated and UK tax resident holding company, a 100% owned subsidiary of Itochu Corporation.

Until 3 June 2021, Bristol Water Group owned 100% of Bristol Water indirectly through three further wholly-owned, UK incorporated and UK tax resident holding companies, namely Bristol Water Holdings UK Limited (Bristol Water Holdings UK), Bristol Water Holdings Limited (Bristol Water Holdings) and Bristol Water Core Holdings Limited (Bristol Water Core Holdings). Bristol Water Holdings, the intermediate holding company, also owned (and continues to own) a 30% shareholding in Water 2 Business Limited and a 50% shareholding in Bristol Wessex Billing Services Limited, alongside its 100% indirect shareholding in Bristol Water.

Beneficial Ownership by Investor Type



Beneficial Ownership by Country

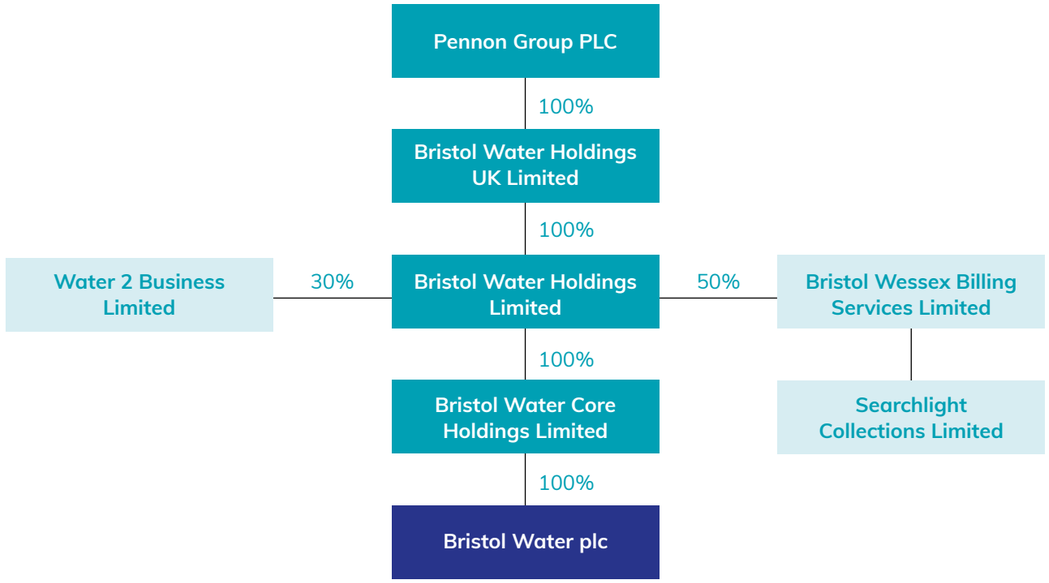


Disclosure and Transparency

Ownership and Corporate Structure on and following completion of the Pennon Acquisition on 3 June 2021

On 3 June 2021 Pennon Group acquired the entire issued share capital of Bristol Water Holdings UK Limited from the Bristol Water Group Limited. With effect from the completion of the Pennon Acquisition, Bristol Water plc became an indirect wholly owned subsidiary of Pennon Group. The new corporate structure with effect from the completion of the Pennon Acquisition is set out below:

The structure chart below does not show any subsidiaries or affiliates of the Pennon group of companies other than those who have direct or indirect shareholdings in shareholdings in Bristol Water plc or who are affiliates of a direct or indirect parent company of Bristol Water plc. Details of Pennon Group plc's other subsidiaries and affiliates can be found in the latest published annual report and accounts of Pennon Group plc.



Financing and dividend policy of the group with its ultimate shareholders:

During the year, Bristol Water paid dividends of £6.0m (2020: £6.3m) to its immediate holding company Bristol Water Core Holdings Limited. Of this dividend, £1.6m was returned to Bristol Water in respect of interest owing on intragroup debt facilities (see below under 'Group financing arrangements') and the £4.4m balance was to part re-pay loans provided by Bristol Water Holdings UK Limited as described below. No dividends were paid during the year (2020: £nil) by Bristol Water Group Limited to the holding companies of Itochu or the iCON Funds.

There are no long term shareholder loans provided by the ultimate owners of Bristol Water, (prior to completion of the acquisition on 3 June 2021, the iCON Funds and Itochu and upon and following completion of such acquisition by Pennon Group, Pennon Group) to Bristol Water Group Limited or Bristol Water Holdings UK Limited or any of their respective subsidiaries (including Bristol Water).

In December 2016, the iCON Funds and Itochu contributed £9.0m additional funds to the group. These funds were provided on a short term, non interest-bearing basis to Bristol Water Group by the holding companies of the iCON Funds and Itochu, pro-rata to their ownership interests in Bristol Water Group. They were on-lent by Bristol Water Group to Bristol Water Holdings UK to fund payments to Agbar, a previous part owner of Bristol Water Holdings UK, on 15 December 2016 in connection with the ending of an operations and maintenance arrangement between Agbar and Bristol Water Holdings UK. In 2019 the repayment date of these loans was extended to 31 December 2021 and the principal amount outstanding of the loans as at 31 March 2021 was £5.6m (2020: £5.6m). On completion of the acquisition of Bristol Water by Pennon Group on 3 June 2021, Pennon Group plc became the lender of record of these loans in place of iCON Funds and Itochu.

As at 31 March 2021, Bristol Water's net debt, excluding preference shares, was £379m (2020: £372m) corresponding to a ratio of 68.9% of its regulated asset base, which is in reasonably close proximity to the 60% notional capital structure that Ofwat assumed for water companies in AMP7. The net debt of the consolidated group comprising as at 31 March 2021 Bristol Water Group and its subsidiaries is also consistent with Ofwat's assumption, after adjusting for the £5.6m of short term receivables and accounting for market-to-market adjustments for debt arising at the time of Bristol Water Group's acquisition of its interests in the group.

Group financing arrangements

There are two upstream loans from Bristol Water to its intermediate 100% shareholder Bristol Water Holdings UK Limited: a £47.0m (2020: £47.0m) loan earning interest of 6.042% and a £14.1m (2020: £18.5m) loan earning interest of 5.550% (together the "Upstream Loans"). These loans were advanced to the Company in 2003 and 2005, respectively. Bristol Water received interest payments of £3.3m net of tax in respect of the Upstream Loans from Bristol Water Holdings UK in the year ended 31 March 2021 (2020: £3.3m). These interest payments were partially funded by dividends received from Bristol Water. These Upstream Loans are entirely internal to the consolidated group being as at 31 March 2021 headed by Bristol Water Group Limited.

Governance

Prior to the Pennon Acquisition, iCON had confirmed that the iCON Funds were aware and supportive of Ofwat's Principles of 'Board leadership, transparency and governance' published in January 2019 (the "Ofwat Principles"), which sets out Ofwat's expectations for holding companies of regulated water companies to show their adherence to the highest standards of corporate governance. Compliance with these principles became a condition of the Company's undertaker's licence with effect from August 2019.

Following the acquisition on 3 June 2021 Pennon Group plc became the indirect ultimate holding company of Bristol Water. It is also the ultimate holding company of South West Water Limited (incorporating also Bournemouth Water) and as such is fully aware and supportive of the Ofwat Principles.

There is a list of matters that are reserved for the Board of Bristol Water which indicates where shareholder approval may be required. This is available on our website[1]. Where shareholder approval is required, this is obtained prior to approval by the Bristol Water Board.

During 2020/21 all Board decisions were made by the Bristol Water Board and no decisions were reserved for shareholders.

[1] Matters Reserved for the Board of Bristol Water plc

ANNUAL PERFORMANCE REPORT

Disclosure and Transparency

iCON confirmed on behalf of iCON III that as at 31 March 2021 and until completion of the Pennon Acquisition, other than iCON III's limited partners and iCON III's direct and indirect wholly-owned subsidiaries, there were no other beneficiaries of the regulated Company within the iCON group structure.

With effect on and from 3 June 2021 Pennon Group has confirmed that other than Bristol Water Holdings UK Limited, Bristol Water Holdings Limited and Bristol Water Core Holdings Limited there were no other beneficiaries of the regulated Company within the Pennon Group structure.

iCON on behalf of iCON III in its capacity as managing general partner of iCON III, gave an undertaking compliant with Condition P of the Company's licence (a "Condition P Undertaking") when it took control of the Company (the "iCON Condition P Undertaking").

The iCON Condition P undertaking was withdrawn and replaced by an undertaking from Pennon Group compliant with Condition P of the Company's Licence when Pennon Group took control of the Company on 3 June 2021 (the "Pennon Condition P Undertaking").

iCON confirmed, on behalf of iCON III in its capacity as managing general partner of iCON III, in respect of the period 1 April 2020 until it ceased to be the ultimate controller of Bristol Water on completion of the acquisition on 3 June 2021, and Pennon Group plc, in its capacity as the ultimate parent company of the Company with effect from completion of the Acquisition, that:

- It had been briefed on Bristol Water's duties under the Water Industry Act 1991 and the licence;
- It was aware of and would comply with the terms of its Condition P Undertaking, including:
  - its obligation to provide all such information as may have been necessary to enable Bristol Water; to comply with the requirements of the conditions of its appointment as a water undertaker; and
  - it would refrain from any action which would or may have caused Bristol Water to breach any of its obligations under the Water Industry Act 1991 or the conditions of its appointment as a water undertaker;
- It would provide Bristol Water with the information it needed to assure itself that Bristol Water is not at risk from the activities of the wider Bristol Water group;
- It would disclose to Bristol Water details of any issue identified by its Directors in respect of the Bristol Water group that might have materially impacted upon Bristol Water so that Bristol Water could take all appropriate steps;
- It would facilitate the ability of Bristol Water to meet the requirements of its Code of Corporate Governance; and
- It would support Bristol Water's ability to make strategic and sustainable decisions in the long-term interests of the Company.

Pennon Group has confirmed with effect on and from 3 June 2021 (being the date of completion of the Pennon Acquisition) in its capacity as the ultimate parent company of Bristol Water with effect on and from 3 June 2021 that for so long as it remains the ultimate controller and Bristol Water retains its appointment as a water undertaker:

- It will give to Bristol Water and will procure that each of its subsidiaries (other than Bristol Water and its subsidiaries) will give to Bristol Water all such information as may be necessary to enable Bristol Water to comply with its obligations under the Water Industry Act 1991 or the conditions of Bristol Water's instrument of appointment as a water undertaker; and
- It will refrain, and will procure that each of its subsidiaries (other than Bristol Water and its subsidiaries) will refrain, from any action which would or may cause Bristol Water to breach any of its obligations under the Water Industry Act 1991 or its instrument of appointment as a water undertaker.

Principles of Corporate Governance
In May 2019 Bristol Water adopted a new Corporate Governance Statement (the "BW Corporate Governance Statement") which had effect from April 2019 and replaced the Company's former Corporate Governance Code. The BW Corporate Governance Statement confirms the Board's commitment to maintaining trust in Bristol Water's reputation for high standards of conduct, beyond just as a dependable provider of an essential water service. The statement also confirms the Board's commitment to compliance with the UK Corporate Governance Code as published by the Financial Reporting Council in 2018 (the "UK Corporate Governance Code") and the Ofwat Principles. The Ofwat Principles are set out in the Ofwat document "Board leadership, transparency and governance" published in January 2019 and re-enforce the UK Corporate Governance Code. With effect from August 2019, Compliance with the Ofwat Principles became a condition of the Company's water undertaker's Licence ("Water Licence").

The Corporate Governance Statement is available on our website[2].

Bristol Water is a private company with listed debt including Cumulative Irredeemable Preference Shares but no listed ordinary shares as categorised as a 'standard listing' on the main market of the London Stock Exchange. It is therefore not under an obligation to report compliance with the UK Corporate Governance Code. However, the conditions of our Water Licence require us to report as if we have a 'premium listing'. The Board is pleased to confirm that Bristol Water complied with the provisions of the Ofwat Principles and also the UK Corporate Governance Code, with four exceptions, namely that the Company does not have a majority of INEDs appointed to the Board and due to the relatively small size of Company the ARAC and Remuneration Committees do not comprise solely of INEDs. In addition the Company does not consult with the general workforce on matters of executive remuneration.

Both prior to, on and following the Pennon Acquisition the Board composition was and remains diverse and covers a mix of skills and expertise as well as regional connections. Accordingly, given the relatively small size and turnover of the Company it is not considered necessary or proportionate to appoint additional Directors solely for the purpose of compliance with this provision of the Corporate Governance Code.

The requirement in the Ofwat Principles that the INEDs comprise the largest group on the Board is met.

Directors' emoluments
Full and detailed disclosures of Directors' remuneration are included in the Directors' remuneration report (Appendix 1) which sets out the basis of Director remuneration, including bonuses, and links to standards of performance. The annual bonus arrangements (Annual Cash Incentive Plan or "ACIP") were set on 25 June 2020 for Mel Karam, CEO and Laura Flowerdew, CFO.

[2] Corporate Governance Statement

ANNUAL PERFORMANCE REPORT

Statement of directors' responsibilities

The directors are responsible for preparing the regulatory accounting statements in accordance with applicable law and regulations.

Company law requires the directors to prepare accounting statements for each financial year. Under that law the directors have prepared the accounting statements in accordance with FRS101. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these accounting statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounting statements; and
- prepare the accounting statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounting statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the Company's website is the responsibility of the directors and the maintenance and integrity of the Regulator's website is the responsibility of the Regulator; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Regulatory Accounts since they were initially presented on the websites.

After making enquiries, the directors are of the opinion that the Company has adequate resources or the reasonable expectation of raising further resources as required to continue in operation for the foreseeable future. Therefore they continue to adopt the going concern basis of accounting in preparing these accounts.

In addition, the directors have responsibility for ensuring that the Company keeps proper accounting records sufficient to enable the historical cost and current cost information required by Condition F of the licence to be prepared having regard to all Regulatory Accounting Guidelines.

The directors are also required to confirm in the accounting statements that, in their opinion, the Company was in compliance with paragraph 3.1 of Condition K of the licence relating to the availability of the rights and assets at the end of the financial year.

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
(2) the director has taken all the steps that they ought to have taken as a director in order to make themself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By order of the Board

L Flowerdew
Chief Financial Officer
9 July 2021

Section 1

Regulatory financial reporting

A baseline level of historical cost financial information aligned to the way in which price controls (and associated regulatory performance commitments and incentives) have been set.

1A Income Statement for the year ended 31 March 2021

	Statutory	Differences between statutory and RAG definitions	Non-appointed	Total adjustments	Total appointed activities
	£m	£m	£m	£m	£m
Revenue	119.508	-2.217	0.866	-3.083	116.425
Operating costs	-98.579	0.083	-0.740	0.823	-97.756
Other operating income	0.103	0.000	0.007	-0.007	0.096
Operating profit	21.032	-2.134	0.133	-2.267	18.765
Other income	0.000	2.052	0.000	2.052	2.052
Interest income	3.866	0.000	0.000	0.000	3.866
Interest expense	-16.360	-0.359	0.000	-0.359	-16.719
Other interest expense	0.382	0.000	0.000	0.000	0.382
Profit before tax	8.920	-0.441	0.133	-0.574	8.346
UK Corporation tax	-1.385	0.000	-0.025	0.025	-1.360
Deferred tax	-0.736	0.084	0.000	0.084	-0.652
Profit for the year	6.799	-0.357	0.108	-0.465	6.334
Dividends	-6.000	0.000	-0.108	0.108	-5.892
Tax analysis					
Current year	1.581	0.000	0.025	-0.025	1.556
Adjustments in respect of prior years	-0.196	0.000	0.000	0.000	-0.196
UK Corporation tax	1.385	0.000	0.000	0.025	1.360

All of the turnover and operating costs above relate to continuing operations.

Differences between Statutory and RAGs Definitions
Adjustments are made to the statutory numbers to ensure compliance with the Ofwat guidance reflected in RAG 3.12. These are:

Total adjustment £m	Description of difference between Statutory & RAG definitions
-2.217	- £0.364m property rental income reclassified to other income, from revenue. - £1.832m grants and contributions reclassified to other income from revenue. - 0.021m s185 income reclassified as grants and contributions on the balance sheet.
0.083	- £0.237m expense of new supplies which are capitalised in the statutory accounts. £0.145m removal of depreciation on new supplies, net of amortisation of grants. (see below). £0.154m property maintenance reclassified to other income to net off rent received. £0.021m s185 costs reclassified as a capital asset.
2.052	£0.210m net property income (see above). £1.832m grants and contributions and £0.010 depreciation of grants unaffected by IFRS15.
-0.359	Borrowing costs capitalised under IAS23 in the statutory accounts are derecognised and shown in interest expense.
0.084	The associated deferred tax relating to the change in capital treatment of new supplies and s185 costs the associated depreciation and IAS23 interest.

1Ai Interest

	£m
Interest	
Interest charged on external borrowings, excluding those relating to DPC arrangements	-15.046
Interest payable on intra-group borrowings	-
Interest charges in relation to DPC arrangements under IFRS16	-
Interest payable in relation to other leases under IFRS16	-0.226
Amortisation of debt issuance costs	-0.349
Amortisation of any debt premiums/discounts	0.329
Interest paid in relation to pension scheme liabilities	-
Preference share dividends	-1.094
Any other financing costs/ interest charges	-0.333
Total interest expense	-16.719
Interest received in relation to defined benefit pension scheme liabilities	0.382
Total other interest income / (expense)	0.382

1Aii Taxation

The statutory current tax charge for 2020/21 of £1.385m includes £0.196m tax reduction for prior years.

A deferred tax charge of £0.736m resulted in a total tax charge of £2.121m for the year.

The regulatory appointed business current tax charge of £1.360m is lower than the standard corporation tax rate and is reconciled in the table below; the main contributing factors to this are:
- Capital allowances claimed in the year are higher than depreciation charged in the accounts; this is due to the difference in speed of capital expenditure write off under corporate tax law compared with accounting rates;

No capital allowances have been waived in the year. The revenue is based on when tax is actually paid, and therefore reflects that the tax payments would lag the accounting results.

The provision adjustment is in relation to the movement in the general element of the bad debt provision which is not allowable from a corporation tax perspective.

Deferred income relates to the write off of contributions in relation to capital assets which for tax are written off in line with the capital allowance rates not the accounting lives.

The pension adjustment reflects the tax treatment of a defined benefit scheme which treats the actual contributions paid as receiving tax relief and all other adjustments as non taxable adjustments.

The prior year adjustment reflects changes to the capital allowance treatment following a detailed review of the capital expenditure in the year between the Statutory 2020 Financial Statements and the submitted tax computation to HMRC.

There are no fair value movements within profit before tax.

The overall current tax charge includes a tax charge of £0.7m in relation to group relief. Group relief is surrendered to Bristol Water plc by Bristol Water Holdings UK Limited. The overall current tax charge also includes £0.030m in relation to consortium relief. Consortium relief is surrendered to Bristol Water plc by Water2Business Limited. Bristol Water pays for the use of the group and consortium relief at the prevailing corporation tax rate, which is currently 19%. Full details can be found under the related party transactions' note.

	£m	Effective tax rate
Reconciliation of current tax charge		
Profit on ordinary activities before tax and fair value movements	8.348	
Profit on ordinary activities multiplied by standard rate of Corporation Tax in the United Kingdom at 19%	1.586	19.0%
Effects of:		
Expenses not deductible for tax purposes - 8.75% irredeemable cumulative preference share dividends	0.207	
Capital allowances claimed for the year	-5.420	
Depreciation for the year	5.140	
Provisions	-0.095	
Deferred income	0.058	
Pension adjustment	0.110	
Consortium relief	-0.030	
Current tax charge before prior year adjustments	1.556	18.6%
Prior year adjustments:		
Capital allowances	-0.107	
Consortium relief	-0.090	
Other	0.001	
Total current tax charge in the income statement	1.360	16.3%

Deferred tax

The deferred tax is calculated at 19% and will continue to change in line with relevant legislation. The Company applies relevant tax laws in an appropriate manner and does not seek to enter into non-commercial transactions to reduce tax. A change to the UK Corporation tax rate was announced in the Chancellor's budget on 3 March 2021 to increase the main rate to 25% from 1 April 2023. As the change to 25% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period by £21.015m, and to increase the net deferred tax liability by £21.015m.

Reconciliation of current tax to price limit	£m
Final Determination current tax allowance at outturn prices	0.841
Key differences	
Impact in profit before tax	-1.092
Debt gearing adjustment	0.288
Impact of prior year adjustments	-0.196
Depreciation charge in excess of capital allowances	1.334
Pension contribution	0.110
Other	0.075
Total Appointed current tax charge	1.360
Non Appointed and non-regulatory business tax adjustments	0.025
Total Statutory current tax charge	1.385

Comparison of current tax charge to Final Determination allowed tax

The Final Determination allowed tax figure is in 2017/18 prices therefore this has been indexed to reflect the CPIH increase between 2017/18 prices and 2020/21 prices. Our allowed tax for the year in 2017/18 prices was £0.770m which once indexed to nominal prices increases to £0.807m. Capital allowances for the year are lower than the Final Determination due to the changes in capital expenditure profiling.

1B Statement of comprehensive income for the year ended 31 March 2021

	Statutory	Differences between statutory and RAG definitions	Non-appointed	Total adjustments	Total appointed activities
	£m	£m	£m	£m	£m
Profit for the year	6.799	-0.357	0.108	-0.465	6.334
Actuarial losses on post - employment plans	-0.247	0.000	0.000	0.000	-0.247
Other comprehensive income	0.289	0.000	0.000	0.000	0.289
Total Comprehensive income for the year	6.841	-0.357	0.108	-0.465	6.376

Pension arrangements for employees were historically provided partly through our membership in the Water Companies' Pension Scheme ("WCPS"), which provides defined benefits based on final pensionable pay. We have a separate section within the WCPS for the regulated water business; the section was closed to new employees some years ago.

The actuarial valuation under International Accounting Standard 19 (IAS 19) and therefore FRS101 at 31 March 2021 shows a net pension surplus of £9.131m which has been recognised in the financial statements (2019/20: £9.669m). As the scheme has been closed to future accrual the surplus cannot be recovered through on-going contribution payments. The pension asset is shown net of a 35% income tax rate which would be applicable if the funds were repaid to Bristol Water from the pension scheme.

Differences between Statutory and RAGs Definitions
The difference has occurred in the income statement, and relates to dis-applied capitalisation net of the tax effect.

ANNUAL PERFORMANCE REPORT

1C Statement of Financial Position at 31 March 2021

	Statutory	Differences between statutory and RAG definitions	Non-appointed	Total adjustments	Total appointed activities
	£m	£m	£m	£m	£m
Non-current assets					
Fixed assets	682.906	-7.857	1.493	-9.350	673.556
Intangible assets	13.245	0.000	0.000	0.000	13.245
Investments - loans to group companies	61.062	0.000	0.000	0.000	61.062
Retirement benefit assets	9.131	0.000	0.000	0.000	9.131
Total	766.344	-7.857	1.493	-9.350	756.994
Current assets					
Inventories	1.708	0.000	0.019	-0.019	1.689
Trade & other receivables	28.269	0.196	0.000	0.196	28.465
Cash & cash equivalents	10.945	0.000	0.000	0.000	10.945
Total	40.922	0.196	0.019	0.177	41.099
Current liabilities					
Trade & other payables	-29.354	0.000	-1.512	1.512	-27.842
Capex creditor	-5.938	0.000	0.000	0.000	-5.938
Borrowings	-9.378	0.000	0.000	0.000	-9.378
Current tax liabilities	1.390	0.000	0.000	0.000	1.390
Provisions	-2.287	0.000	0.000	0.000	-2.287
Total	-45.567	0.000	-1.512	1.512	-44.055
Net current assets	-4.645	0.196	-1.493	1.689	-2.956
Non-Current liabilities					
Borrowings	-380.692	0.000	0.000	0.000	-380.692
Deferred income - G&C's	-83.186	-0.021	0.000	-0.021	-83.207
Preference share capital	-12.500	0.000	0.000	0.000	-12.500
Deferred tax	-66.495	1.201	0.000	1.201	-65.294
Total	-542.873	1.180	0.000	1.180	-541.693
Net assets	218.826	-6.481	0.000	-6.481	212.345
Equity					
Called up share capital	5.998	0.000	0.000	0.000	5.998
Retained earnings & other reserves	212.828	-6.481	0.000	-6.481	206.347
Total Equity	218.826	-6.481	0.000	-6.481	212.345

The accounts were approved by an authorised Committee of the Board on 9 July 2021 and signed on its behalf by

M Karam, Chief Executive Officer **L Flowerdew**, Chief Financial Officer

Differences between Statutory and RAGs Definitions

The fixed assets difference is the dis-application of capitalisation of both interest and the administration of new supplies; deferred tax is also adjusted for this impact, in accordance with the regulatory accounting guidelines. The trade and other receivables adjustment relates to the adjustments for the impact of revenue deemed as uncollectable to debtors and the bad debt provision under IFRS15 which is removed for the purposes of the regulatory accounting guidelines.

The appointed cash balance of £10.945m includes £0.394m which relates to the innovation competition fund.

1D Statement of cash flows for the year ended 31 March 2021

	Statutory	Differences between statutory and RAG definitions	Non-appointed	Total adjustments	Total appointed activities
	£m	£m	£m	£m	£m
Operating profit	21.032	-2.134	0.133	-2.267	18.765
Other income	0.000	2.052	0.000	2.052	2.052
Depreciation	27.641	-0.145	0.067	-0.212	27.429
Amortisation - G&C's	-1.832	1.832	0.000	1.832	0.000
Changes in working capital	-6.619	-1.862	-0.068	-1.794	-8.413
Pension contributions	0.962	0.000	0.000	0.000	0.962
Movement in provisions	5.969	0.000	0.000	0.000	5.969
Profit on sale of fixed assets	-0.103	0.000	-0.007	0.007	-0.096
Cash generated from operations	47.050	-0.257	0.125	-0.382	46.668
Net interest paid	-9.656	0.000	0.000	0.000	-9.656
Tax paid	-1.400	0.000	-0.025	0.025	-1.375
Net cash generated from operating activities	35.994	-0.257	0.100	-0.357	35.637
Investing activities					
Capital expenditure	-41.884	0.236	0.000	0.236	-41.648
Grants & Contributions	2.911	0.021	0.000	0.021	2.932
Disposal of fixed assets	0.252	0.000	0.008	-0.008	0.244
Other	0.000	0.000	0.000	0.000	0.000
Net cash used in investing activities	-38.721	0.257	0.008	0.249	-38.472
Net cash generated before financing activities	-2.727	0.000	0.108	-0.108	-2.835
Cash flows from financing activities					
Equity dividends paid	-6.000	0.000	-0.108	0.108	-5.892
Net loans received	9.565	0.000	0.000	0.000	9.565
Net cash generated from financing activities	3.565	0.000	-0.108	0.108	3.673
Increase in net cash	0.838	0.000	0.000	0.000	0.838

ANNUAL PERFORMANCE REPORT

Differences between Statutory and RAGs Definitions
The difference is the dis-application of capitalisation of interest and the administration of new supplies (movements between operating profit, interest paid and capital expenditure), the difference in treatment of net rental income, depreciation on the capitalised interest and non payers provision which has been dis-applied, and the reclassification of grants and contributions (movements between other income and amortisation).

The cash flow has been prepared in accordance with the RAG templates and therefore the net cash generated from operating activities in the statutory cash flow above does not align with the statutory cash flow in the Company's Annual Report and Financial Statements. £2.911m of capital contributions are treated as operating cash flows in the Company's Annual Report and Financial Statements and are shown within investing activities in table 1D as required by Ofwat.

1E Net debt analysis at 31 March 2021

	Index linked				
	Fixed rate	Floating rate	RPI	CPI/CPIH	Total
	£m	£m	£m	£m	£m
Interest rate risk profile					
Borrowings (excluding preference shares)	84.070	107.869	196.965	0.000	388.904
Preference share capital					12.500
Total borrowings					401.404
Cash					-10.945
Short term deposits					0.000
Net Debt					390.459
Gearing					
Gearing					70.925%
Adjusted gearing					68.867%
Interest					
Full year equivalent nominal interest cost [3]	5.265	1.022	9.671	-	15.958
Full year equivalent cash interest payment	5.265	1.022	6.678	-	12.965
Indicative interest rates					
Indicative weighted average nominal interest rate	6.262%	0.948%	4.910%		3.98%
Indicative weighted average cash interest rate	6.262%	0.948%	3.391%		3.23%
Weighted average years to maturity	13.001	4.519	13.724	-	11.076

[3] Interest costs and interest rates in table 1E exclude preference dividends.

Net debt has increased to £390.5m, a year on year increase of £7.5m as a result of:
1. Drawdowns on the Revolving Credit Facilities (RCFs) in order to finance the capital programme (increase of £6.0m).
2. Indexation on our index linked debt (increase of £3.0m).
3. Leases repayments (reduction of £0.7m).
4. Increase in cash at the bank (reduction of £0.8m).

As a result gearing increased from 68.29% to 70.93%.

LIBOR and RPI have been very low in the year as a result of the economic downturn caused by the COVID-19 pandemic. This has resulted in interest for floating and Index Linked debt being lower than usual and the weighted average interest rate has fallen slightly over the year from 4.60% to 3.98%.

Table 1E's definition of net debt does not include unamortised net premia. This creates a difference with the net debt shown in financial statements, the net debt shown in table 1E and the borrowings in table 1C.

Reconciliation to table 1C	**£m**
Current Borrowings per table 1C	9.378
Non-current Borrowings per table 1C	380.862
Less unamortised net premia	-1.166
Borrowings (excluding preferenceshares) per table 1E	388.904

Gearing is calculated as net debt divided by Regulatory Capital Value "RCV" (£550.51m). Moody's use a definition of net debt excluding preference shares. This definition has been used to calculate the adjusted gearing in the table which is 66.26%. The reconciliation between the different gearing calculations can be seen below.

	£m	Gearing (2 dp)	Gearing (1 dp)
Net debt per the financial statements excluding preference shares	379.125	68.87%	68.9%
Add preference shares	12.500		
Net debt per the financial statements including preference shares	391.625	71.14%	71.1%
Less unamortised net premia	-1.166		
Net debt per table 1E	390.459	70.93%	70.9%

The allowance included in the CMA determination for the real cost of debt was 2.47%, however taking into account the indexation of new debt and the CMA notional profiling of new debt across AMP7, the allowed real cost of debt for 2020/21 was 2.82% which was in line with the actual weighted average real cost of 2.47% (including preference shares). This is made up of:
1) The actual indexed linked cash interest cost is 0.57% higher than the allowance at 3.39%.
2) The actual fixed and floating interest cost is 1.24% lower than the allowance at 1.58% (In order to compare the fixed and floating interest rates with the indicative cash interest rates, they need to be adjusted for the year average inflation of 1.47% using the Fisher equation).

Table 4B details the individual facilities included in debt. Fixed debt in table 4B also includes preference shares, however this is not included in table 1E.1 as per the RAGs. Total debt in table 4B agrees to 1E.3.

Included in the nominal and cash interest for fixed rate debt is preference dividends of £1.094m per annum while the principle £12.5m of preference dividends is not included in 1E.1 fixed rate debt (as stated above). This results in a different nominal and cash interest rate than would be derived from the interest values divided by the principle from 1E.1

1F Financial flows (Price Base – 2017-18 CPIH Average) - 12 Months ended 31 March 2021

	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity
	%	%	%	£m	£m	£m
Return on regulatory equity						
Return on regulatory equity	4.43%	3.33%	4.43%	9.293	6.991	6.991
Regulatory equity	209.729	209.729	157.780			
Financing						
Gearing		1.10%	0.56%		0.891	0.891
Gearing benefits sharing		0.00%	0.00%		0.000	0.000
Variance in corporation tax		0.19%	0.25%		0.397	0.397
Group relief		0.00%	0.00%		0.000	0.000
Cost of debt		-0.62%	-0.96%		-1.296	-1.514
Hedging instruments		0.00%	0.00%		0.000	0..000
Return on regulatory equity including Financing adjustments	4.43%	4.00%	4.29%	9.293	6.983	6.765
Operational performance						
Totex out / (under) performance		1.99%	2.65%		4.182	4.182
ODI out / (under) performance		-0.86%	-1.15%		-1.812	-1.812
C-Mex out / (under) performance		0.00%	0.00%		0.000	0.000
D-Mex out / (under) performance		0.00%	0.00%		0.000	0.000
Retail out / (under) performance		-1.34%	-1.78%		-2.814	-2.814
Other exceptional items		-0.02%	-0.03%		-0.041	-0.041
Operational performance total		-0.23%	-0.31%		-0.485	-0.485
RoRE	4.43%	3.77%	3.98%	9.293	6.498	6.280
Actual performance adjustment 2015-20	0.00%	-0.63%	-0.84%	0.000	-1.323	-1.323
Total earnings	4.43%	3.14%	2.01%	9.293	5.175	4.957
RCV growth for RPI inflation	1.01%	1.01%	1.01%	2.118	2.118	1.594
Total shareholder return	5.44%	4.15%	4.15%	11.411	7.293	6.550
Gross dividend	4.00%	2.68%	3.57%	8.389	5.629	5.629
Interest received on Intercompany loans	0.00%	-1.76%	-2.34%	0.000	-3.693	-3.693
Retained value	1.44%	3.23%	2.92%	3.022	5.357	4.614

1F Financial flows (Price Base – 2017-18 CPIH Average) – Average 2020-25

	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity
	%	%	%	£m	£m	£m
Return on regulatory equity						
Return on regulatory equity	4.43%	3.33%	4.43%	9.293	6.991	6.991
Regulatory equity	209.729	209.729	157.780			
Financing						
Gearing		1.10%	0.56%		0.891	0.891
Gearing benefits sharing		0.00%	0.00%		0.000	0.000
Variance in corporation tax		0.19%	0.25%		0.397	0.397
Group relief		0.00%	0.00%		0.000	0.000
Cost of debt		-0.62%	-0.96%		-1.296	-1.514
Hedging instruments		0.00%	0.00%		0.000	0..000
Return on regulatory equity including Financing adjustments	4.43%	4.00%	4.29%	9.293	6.983	6.765
Operational performance						
Totex out / (under) performance		1.99%	2.65%		4.182	4.182
ODI out / (under) performance		-0.86%	-1.15%		-1.812	-1.812
C-Mex out / (under) performance		0.00%	0.00%		0.000	0.000
D-Mex out / (under) performance		0.00%	0.00%		0.000	0.000
Retail out / (under) performance		-1.34%	-1.78%		-2.814	-2.814
Other exceptional items		-0.02%	-0.03%		-0.041	-0.041
Operational performance total		-0.23%	-0.31%		-0.485	-0.485
RoRE	4.43%	3.77%	3.98%	9.293	6.498	6.280
Actual performance adjustment 2015-20	0.00%	-0.63%	-0.84%	0.000	-1.323	-1.323
Total earnings	4.43%	3.14%	2.01%	9.293	5.175	4.957
RCV growth for RPI inflation	1.01%	1.01%	1.01%	2.118	2.118	1.594
Total shareholder return	5.44%	4.15%	4.15%	11.411	7.293	6.550
Gross dividend	4.00%	2.68%	3.57%	8.389	5.629	5.629
Interest received on Intercompany loans	0.00%	-1.76%	-2.34%	0.000	-3.693	-3.693
Retained value	1.44%	3.23%	2.92%	3.022	5.357	4.614

We provide an explanation of our performance, bills and dividends level as a separate summary at the beginning of our Annual Performance Report. This section provides more detailed explanation of the Financial Funds Flow in table 1F.

Adjusted RORE is shown as 3.77% which is 0.66%, below the baseline of 4.43% from the FD. This is as a result of the impacts below.

Base RoRE	4.43%
Gearing	1.10%
Cost of Debt	(0.62%)
Tax	0.19%
Retail	(1.34%)
Totex	1.99%
ODI	(0.86%)
Other	(0.02%)
RORE – Actual returns, notional equity	3.77%

In accordance with Ofwat guidance, gearing has been calculated with reference to the adjusted Return on Regulatory Equity of 4.43% in 2020/21. This is compared to the allowed cost of debt of 2.82%. This difference of 1.61% is multiplied by the difference between notional gearing and actual average gearing of 10.1% and then multiplied by the year average RCV of £548.932. The calculation of gearing includes Preference shares as advised by Ofwat.

The cost of debt is calculated based on the net interest charge in the accounts, excluding interest received from inter-company loans (which is funded by inter-company dividends). It includes indexation and preference dividends. Real interest rates were 3.12% compared to allowance of 2.82%.

The variance in corporation tax is a calculation of the difference between the amount allowed for corporation tax according to the Competition and Markets Authority "CMA" PR19 Final Determination less several adjusting items. The applicable figures for 20/21 are as follows:

	£m
Tax allowed per PR19	0.993
Tax payable at the standard rate on appointed activities	(1.515)
Adjustment for accelerated capital allowances	0.723
Prior year adjustments	0.196
Total	0.397

Retail performance was an underperformance of £2.8m as a result of higher bad debt costs due to COVID-19 impacts and additional customer service costs compared to the allowance.

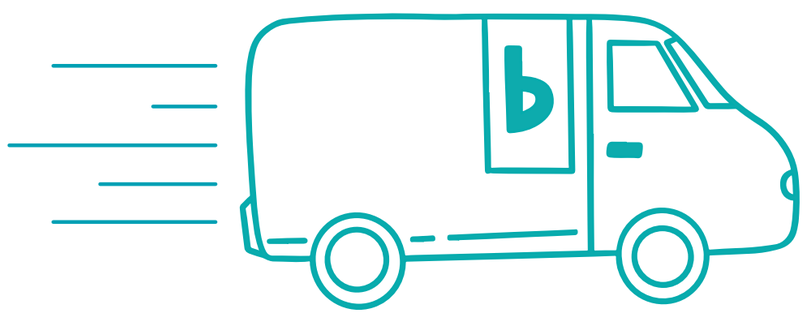
Wholesale costs were underspent by around £4.2m as a result of lower than expected income offset payments with £0.9m paid in the year compared to an allowance of around £4.8m. This is in line with the performance shown on table 4C.

ODI penalties were predominantly as a result of the supply interruption performance.

The net dividend is calculated by taking total appointed dividends of £5.893m that were paid during the year (which include dividends paid to fund inter-company loan interest) netted off by £3.866m of interest received on intercompany loans less tax at the prevailing rate. This is then deflated back to 2017/18 prices for the purposes of the fundflow analysis. This interest is charged on £61.1m of loans to holding companies. This shows a level of dividends well within the level suggested by the RORE (£6.5m) at £2.9m. This dividend was used by the holding company to partially repay intercompany debt and therefore had no net cash impact on the company.

Bristol Water plc pays its associate an amount equal to the tax benefit of any group relief received, therefore this amount is £nil.

Exceptional Items includes company share of the proceeds from land sales shared on a 50:50 basis (£0.041m).



Section 2

Price review and other segmental reporting

Further disaggregation of revenue and costs, to allow stakeholders to review companies' performance against final determinations.

2A Segmental income statement for the 12 months ended 31 March 2021

	Retail household	Retail non-household	Water resources	Water network +	Total
	£m	£m	£m	£m	£m
Revenue - price control	10.899	0.000	17.978	85.702	144.579
Revenue - non price control	0.000	0.000	0.295	1.551	1.846
Operating expenditure – excluding PU recharge impact	-11.793	0.000			-11.793
PU opex recharge	-0.717	0.000			-0.717
Operating expenditure – including PU recharge impact	-12.510	0.000	-12.629	-45.906	-71.045
Depreciation					
– tangible fixed assets	-0.078	0.000	-2.032	-21.633	-23.743
Amortisation					
– intangible fixed assets	-0.073	0.000	-0.281	-3.332	-3.686
PU recharge impact	0.000	0.000	0.054	0.663	0.717
Depreciation & amortisation – including PU recharge impact	-0.151	0.000	-2.259	-24.302	-26.712
Other operating income	0.018	0.000	0.001	0.068	0.096
Operating profit	-1.744	0.000	3.395	17.113	18.764

Bristol Water exited the non-household retail market on 1 April 2017, therefore the retail non-household revenue is £nil. Operating expenses are still incurred in this sector under the regulatory accounting guidelines, an analysis of which is shown in 2C.

Price control revenue is allocated between controls in accordance with the allowances set in the PR19 determination. Non-price control revenue is allocated in line with the proportion used in our PR19 business plan.

2B Totex analysis for the 12 months ended 31 March 2021 - wholesale water

	Water Resources £m	Water Network + £m	Total £m
Operating expenditure			
Power	2.064	7.769	9.833
Income treated as negative expenditure	-0.008	-0.032	-0.040
Abstraction charges/discharge consents	2.728	0.106	2.834
Bulk supply/Bulk discharge	0.016	0.107	0.123
Renewals expensed in the year (infrastructure)	0.095	1.777	1.872
Renewals expensed in the year (non-infrastructure)	0.000	0.000	0.000
Other operating expenditure	6.123	31.208	37.331
Local authority and Cumulo rates	1.304	3.784	5.088
Total base operating expenditure	12.322	44.719	57.041
Other operating expenditure			
Enhancement operating expenditure	0.000	0.475	0.475
Developer services operating expenditure	0.000	0.000	0.000
Total operating expenditure excluding third party services	12.322	45.194	57.516
Third party services	0.307	0.712	1.019
Total operating expenditure	12.629	45.906	58.535
Grants and contributions			
Grants and contributions – operating expenditure	0.000	0.000	0.000
Capital expenditure			
Base capital expenditure	0.948	22.742	23.690
Enhancement capital expenditure	0.579	3.159	3.738
Developer services capital expenditure	0.000	8.695	8.695
Total gross capital expenditure (excluding third party)	1.527	34.596	36.123
Third party services	-0.001	0.227	0.226
Total gross capital expenditure	1.526	34.823	36.349
Grants and contributions			
Grants and contributions – capital expenditure	0.000	2.959	2.959
Net totex	14.155	77.770	91.925
Cash expenditure			
Pension deficit recovery payments	0.000	0.000	0.000
Other cash items	0.000	0.000	0.000
Totex including cash items	14.155	77.770	91.925

2C Cost analysis for the 12 months ended 31 March 2021 – retail

	Household £m	Non-household £m	Total £m
Operating expenditure			
Customer Services	2.911	0.00	2.911
Debt management	0.490	0.000	0.490
Doubtful debts	4.902	0.000	4.902
Meter reading	0.320	0.000	0.320
Other operating expenditure	3.165	0.000	3.165
Local authority and Cumulo rates	0.005	0.000	0.005
Total operating expenditure excluding third party services	11.793	0.000	11.793
Depreciation			
Depreciation on tangible fixed assets existing at 31 March 2015	0.001	0.000	0.001
Depreciation on tangible fixed assets acquired after 31 March 2015	0.077	0.000	0.077
Amortisation on tangible fixed assets existing at 31 March 2015	0.000	0.000	0.000
Amortisation on tangible fixed assets acquired after 31 March 2015	0.073	0.000	0.073
Recharges			
Recharge from wholesale for legacy assets principally used by wholesale (assets existing at 31 March 2015)	0.054	0.000	0.054
Income from wholesale for legacy assets principally used by retail (assets existing at 31 March 2015)	0.000	0.000	0.000
Recharge from wholesale assets acquired after 1 April 2015 principally used by wholesale	0.663	0.000	0.663
Income from wholesale assets acquired after 1 April 2015 principally used by retail	0.000	0.000	0.000
Net recharges costs	0.717	0.000	0.717
Total retail costs excluding third party and pension deficit repair costs	12.661	0.000	12.661
Third party services operating expenditure	0.000	0.000	0.000
Pension deficit repair costs	0.000	0.000	0.000
Total retail costs including third party and pension deficit repair costs	12.661	0.000	12.661
Debt written off	4.273	0.000	4.273
Capital expenditure	1.088	0.000	1.088

Other operating expenditure includes the net retail expenditure for the following household retail activities which are part funded by wholesale.

	£m
Demand-side water efficiency - gross expenditure	0.032
Demand-side water efficiency - expenditure funded by wholesale	0.032
Demand-side water efficiency - net retail expenditure	0.000
Customer-side leak repairs - gross expenditure	0.212
Customer-side leak repairs - expenditure funded by wholesale	0.212
Customer-side leak repairs - net retail expenditure	0.000

2Ci Retail costs compared to the allowance

Household retail costs at £12.7m are £3.0m higher than the allowance of £9.7m.

The main driver for this is doubtful debts, which at £4.9m are £2.2m greater than the allowance due to a worsening trend indicative of future collection rates, particularly with reference to the expected impact of COVID-19, including higher consumption volumes. The remaining variance is in large part due to customer service costs not falling as planned due to the impact of COVID-19 .

The increased costs are not due to increases in household customers or a greater proportion of metered customers as these are both lower than assumed in calculating the allowance (household customers are 503,154, compared with 508,069 assumed in the allowance, of which 299,198 are metered customers, compared with 338,100 assumed in the allowance). There are no material one off or atypical items of expenditure.

2D Historic cost analysis of tangible fixed assets at 31 March 2021

	Retail household £m	Retail non-household £m	Water resources £m	Water Network + £m	Total £m
Cost					
At 1 April 2020	1.419	0.000	66.688	889.22	957.327
Disposals	-0.097	0.000	-0.044	-1.888	-2.029
Additions	0.297	0.000	1.445	32.733	34.475
Adjustments	0.000	0.000	-0.363	0.366	0.003
At 31 March 2021	1.619	0.000	67.726	920.431	989.776
Depreciation					
At 1 April 2020	-1.237	0.000	-24.891	-268.225	-294.353
Disposals	0.093	0.000	0.043	1.745	1.881
Adjustments	0.000	0.000	0.223	-0.228	-0.005
Charge for the year	-0.078	0.000	-2.032	-21.633	-23.743
At 31 March 2021	-1.222	0.000	-26.657	-288.341	-316.220
Net book amount at 31 March 2021	0.397	0.000	41.069	632.090	673.556
Net book amount at 1 April 2020	0.182	0.000	41.797	620.995	662.974
Depreciation charge for the year					
Principal services	-0.078	0.000	-2.032	-21.633	-23.743
Third party services	0.000	0.00	0.000	0.000	0.000
Total	**-0.078**	**0.000**	**-2.032**	**-21.633**	**-23.743**

ANNUAL PERFORMANCE REPORT

The net book value includes £17.317m in respect of assets in the course of construction.

The fixed assets have been allocated based on their principal use. Assets used across business units such as general and support assets have been allocated to wholesale as their principal use. Further details can be found in the accounting separation methodology statement published on our website.

We have no assets dedicated as third party service activities. Therefore the depreciation charge for the year on assets used for principal and third party services is reported in the principal services line as per RAG 4.09 guidance.

The intangibles analysis can be found in table 2O.

2E Analysis of capital contributions and land sales for the 12 months ended 31 March 2021 – water resources and water networ

	Fully recognised in income statement	Capitalised and amortised (in income statement)	Fully netted off capex	Total
	£m	£m	£m	£m
Grants and contributions – water network +				
Connection charges	0.000	1.895	0.000	1.895
Infrastructure charge receipts	0.000	1.093	0.000	1.093
Requisitioned mains	0.000	0.561	0.000	0.561
Diversions – s185	0.000	0.021	0.000	0.021
Other Contributions (price control)	0.566	0.202	0.000	0.202
Price control grants and contributions before deduction of income offset	0.000	3.772	0.000	3.772
Income offset	0.000	0.852	0.000	0.852
Price control grants and contributions after deduction of income offset	0.000	2.920	0.000	2.920
Diversions - NRSWA	0.027	0.000	0.000	0.027
Diversions – other non-price control	0.000	0.000	0.000	0.000
Other Contributions (non-price control)	0.000	0.012	0.000	0.012
Total	0.027	2.932	0.000	2.959
Value of adopted assets	0.000	0.142	0.000	0.142

				Total
				£m
Movements in capitalised grants and contributions				
Brought forward	0.000	83.948	0.000	83.948
Capitalised in year	0.000	2.932	0.000	2.932
Amortisation (in income statement)	0.000	-1.842	0.000	-1.842
Carried forward	0.000	85.038	0.000	85.038

The brought forward figure in the table above has been restated by £3.899 due to opening balance revaluations made when the company adopted IFRS15 in 2018/19 not previously being reflected in the movements in capitalised grants and contributions table.

The carried forward figure of £85.038m represents the total in 1C.26 (£83.207m) plus the grants and contributions recognised as due within one year in line 1C.18 (£1.831m).

2F Residential retail for the 12 months ended 31 March 2021

	Revenue	Number of customers	Average household retail revenue per customer
	£m	000s	£
Residential revenue			
Wholesale charges	84.219		
Retail revenue	10.899		
Total residential revenue	95.118		
Retail revenue			
Revenue Recovered (“RR”)	10.899		
Revenue sacrifice	0.000		
Actual revenue (net)	10.899		
Adjustment			
Allowed revenue (“R”)	10.919		
Net adjustment	0.020		
Customer information			
Actual customers (“AC”)		503.154	
Reforecast customers		504.023	
Other residential information			
Average residential retail revenue per customer			21.661

Retail revenue was £20k lower than the allowance set at PR19, due to customer numbers being lower than forecast.

Retail revenue per customer was £21.66, compared to an FD allowance of £21.49. This is due to the cross subsidy for social tariffs being slightly higher than was assumed when we set our tariffs.

Table 2G is only applicable to Welsh companies.

Table 2H is not applicable to Bristol Water plc as it is a wastewater table.

ANNUAL PERFORMANCE REPORT

2I Revenue analysis for the 12 months ended 31 March 2021

	Household	Non-household	Total	Water resources	Water network+	Total
	£m	£m	£m	£m	£m	£m
Wholesale charge - water						
Unmeasured	37.226	0.273	37.499	6.502	30.997	37.499
Measured	46.994	18.965	65.959	11.438	54.521	65.959
Third party revenue	0.000	0.222	0.222	0.038	0.184	0.222
Total Wholesale Water revenue	84.220	19.460	103.680	17.978	85.701	103.680
Retail revenue						
Unmeasured	4.496	0.000	4.496			
Measured	6.403	0.000	6.403			
Other third party revenue	0.000	0.000	0.000			
Retail total	10.899	0.000	10.899			
Third party revenue - non-price control						
Bulk Supplies			1.063			
Other third party revenue			0.783			
Principal services – non-price control						
Other appointed revenue			0.000			
Total appointed revenue			116.425			

Wholesale revenue was £103.7m. A comparison of this figure to the PR19 allowance is provided in the commentary to table 2M.

From 20/21 we are required to allocate wholesale revenue between Water Resources and Water Network, in line with the separation of price controls established at PR19. This revenue is allocated in proportion to the split of the revenue allowance set by Ofwat in its PR19 final determination.

Retail revenue was £10.9m. A comparison of this figure to the PR19 allowance is provided in the commentary to table 2F.

Third party revenue was £2.1m. This includes £1.3m for bulk supplies to Wessex Water and two NAV providers, IWNL and Leep Utilities. £0.8m relates to income from standpipes and rechargeable income.

RAG3 requires a note to be provided on wholesale revenue. This note is provided with our commentary to table 2M.

2J Infrastructure network reinforcement costs for the 12 months ended 31 March 2021

	Network reinforcement capex
	£m
Wholesale water network + (treated water distribution)	
Distribution and trunk mains	0.890
Pumping and storage facilities	1.632
Other	0.000
Total	2.522

2K Infrastructure charges reconciliation

	Water	Total
	£m	£m
Impact of infrastructure charge discounts		
Infrastructure charges	1.093	1.093
Discounts applied to infrastructure charges	0.000	0.000
Gross infrastructure charges	1.093	1.093
Comparison of revenue and costs		
Variance brought forward	0.747	0.747
Revenue	1.093	1.093
Costs	-2.522	-2.522
Variance carried forward	-0.682	-0.682

Expenditure on Infrastructure Network reinforcement for 20/21 was £2.522m with receipts of £1.093m. Infrastructure charges are set on a rolling 5 year period and adjusted each year, there were less properties contributing in 20/21 due to COVID-19 but still the same level of Upstream reinforcement requirements installed in advance of need. We anticipated when setting charges that the positive balance brought forward would reverse during 2020/21, due to the completion of major schemes, including Croscombe service reservoir. The impact of COVID-19 in reducing the number of new connections and infrastructure charges revenue from the £1.5m expected when setting charges to the £1.1m actually received explains most of the variance carried forward, with the remainder reflecting higher than anticipated scheme expenditure on anticipated future developments in the year.

2L Analysis of land sales for the 12 months ended 31 March 2021

	Water resources £m	Water Network+	Total £m
Proceeds from disposals of protected land	0.007	0.079	0.086

In December 2018 an operational depot, Bedminster Depot was sold. There were further proceeds received in the 2020/21 financial year relating to this sale which was for additional overage payment due to Bristol Water from the buyer of Bedminster Depot.

2M Revenue reconciliation for the 12 months ended 31 March 2021 – wholesale

	Water resources £m	Water Network+ £m	Total £m
Revenue recognised			
Wholesale revenue governed by price control	17.978	85.702	103.680
Grants & contributions (price control)	0.000	2.920	2.920
Total revenue governed by wholesale price control	17.978	88.622	106.600
Calculation of the revenue cap			
Allowed wholesale revenue before adjustments (or modified by CMA)	18.665	85.659	104.324
Allowed grants & contributions before adjustments (or modified by CMA)	0.000	3.316	3.316
Revenue adjustment	0.000	0.000	0.000
Other adjustments	0.000	0.000	0.000
Revenue cap	18.665	88.975	107.640
Calculation of the revenue imbalance			
Revenue cap	18.665	88.975	107.640
Revenue Recovered	17.978	88.622	106.600
Revenue imbalance	-0.687	-0.353	-1.040

2Mi Comparison with determination

The total wholesale revenue assumed in the Ofwat Final Determination for 2020/21 was £106.052m in 2019/20 prices. Inflating this figure by November 2019 CPI(H) of 0.6% produced a calculated revenue expectation of £107.640m. Wholesale revenue reported in table 2I and 2M is allocated between Water Resources and Water Network in proportion to the allowances made at PR19.

The Ofwat determination provided a reduction of £4.3m (4%) on the wholesale revenue allowance, and £1.1m (9%) on the retail revenue allowance compared to 2019/20. These movements were forecast to translate into a 5.2% reduction in the average household bill for 2020/21 at the point we set tariffs in January 2020. However, revenues and bill levels in 2020/21 were significantly impacted by the COVID-19 pandemic, causing an increase in metered household consumption and a decline in non-household consumption. We estimate that the net impact of COVID-19 on our revenues in 20/21 was a reduction of £0.8m. When setting tariffs for 2021/22 we were able to incorporate assumptions on changes in customer demand resulting from the pandemic, and therefore we do not anticipate this to cause such an impact on revenue recovered in future years.

No explicit adjustment was made to our 2020/21 revenue allowance in respect of performance in the prior year. Performance in 2015/16-2018/19 and a forecast of 2019/20 was included in the PR19 determination which set the revenue allowance for 2020/21. Outturn performance in 2019/20 was incorporated into the PR19 blind year determination, which is applied to our revenue allowance for 2021/22.

Bristol Water asked Ofwat to refer our PR19 determination to the Competition and Markets Authority (CMA). The CMA final decision was published in March 2021. This will take effect on revenue allowances from 2022/23 – 2024/25.

Wholesale Revenue received in 2020/21 as per table 2M is £106.600m, a difference of £1.040m (0.97%) against the allowed revenue from the FD. The variance against the FD is within the 2% tolerance of the revenue forecasting incentive reconciliation mechanism meaning that no penalty is payable.

The principal reasons for outturn revenue being £1.040m lower than the allowed revenue are:

- Non-household revenues were significantly impacted by the COVID-19 pandemic. Many businesses were closed for significant portions of the year, or significantly reduced their water consumption in response to the impact of restrictions. Non-household revenue was £6.3m (25%) lower than the previous year. £1.1m of this is attributable to the reduction in tariffs resulting from the PR19 determination, with the remainder (£5.2m) attributable to reduction in non-household demand due to the pandemic.
- Household demand increased during the pandemic, as a result of many people working from home, children being unable to attend school, and restrictions on travel reducing holidays. This was compounded by particularly hot, dry weather through the early part of the summer, coinciding with the initial lockdown and school closures. This particularly impacted metered household revenue, which was £4.4m (9%) higher than the previous year. Meter switching and new connections (which are all metered) add to the metered customer base, we calculate that they added £2.1m to metered household revenue for 20/21. This was offset by the impact of the reduction in tariffs, which we calculate reduced metered household revenue by £2.1m. This means that the increase in revenue attributable to increased consumption during the pandemic is £4.4m.
- There were 4,791 customers switching from unmetered to metered tariffs during the year, either through choice or as part of our selective metering programme when there is a change of occupancy at a property. Metering activity was lower than forecast during the year, as COVID-19 restrictions prevented us from entering customer properties for significant proportions of the year.
- There were 4,586 new connections during the year to properties to be served by Bristol Water. This was lower than we had forecasted, as lockdowns limited the construction of new properties.
- Unmetered household revenue is not materially impacted by the pandemic. This reduced by £3.4m (8%) from 2019/20. We calculate that £1.1m of this is due to customers switching to metered tariffs, and £2.3m due to the reduction in tariffs

Grants and contributions from developers at £2.9m (net of income offset payments) were lower than the £3.4m assumed when setting tariffs, due to lower than expected activity levels.

The number of household customers increased by 1.2% due to new connections.

The number of non-household customers reduced by 4% due to business closures during the pandemic. Where businesses temporarily closed (and had a temporary void flag) these properties remain included within our property numbers.

The number of metered households increased by 12,725 (4%) due to our selective change of occupier metering programme, as well as meter optants and new connections.

Our reported number of void properties decreased by 22% in the year, this is principally due to improvements in our work targeting void reductions, which included data analysis which allows us to separately identify newly constructed properties which have not yet been billed and exclude them from our reported void figure, which allows better targeting of void reduction activities.

Operational Performance Standards (OPS) and Market Performance Standards (MPS) payments to the non-household market operator Market Operator Services Ltd (MOSL) were not applied during 2020/21 in recognition of the impacts of COVID-19 on the market. However, we received £17,463 in September 2020 as a rebate of MPS and OPS charges from MOSL. These related to financial year 2019/20 but as they had not been accrued into 2019/20 they formed part of our 2020/21 figures.

ANNUAL PERFORMANCE REPORT

2N Residential retail – social tarriffs

	Revenue £m	Number of customers 000s	Average amount per customer £m
Number of residential customers on social tariffs			
Residential water only social tariffs		19.836	
Number of residential customers not on social tariffs			
Residential water only no social tariffs		483.318	
Social tariff discount			
Average discount per water only social tariffs customer			0.000
Social tariff cross-subsidy - residential customers			
Total customer funded cross-subsidies for water only social tariffs customers	1.397		
Average customer funded cross-subsidy per water only social tariffs customer			2.776
Social tariff cross-subsidy – company			
Total revenue forgone by company to fund cross-subsidies for water only social tariffs customers	0.000		
Average revenue forgone by company to fund cross-subsidy per water only social tariffs customer			0.000
Social tariff support - willingness to pay			
Level of support for social tariff customers reflected in business plan			2.4
Maximum contribution to social tariffs supported by customer engagement			7.05

Further information on the use of our social tariffs and other forms of assistance we provide to improve affordability and accessibility for vulnerable customers can be found in section 3 under our water poverty and Priority Services Register (PSR) performance commitments and in our vulnerability action plan section.

2O Historic cost analysis of Intangible fixed assets at 31 March 2021

	Water resources £m	Water Network+ £m	Retail residential £m	Total £m
Cost				
At 1 April 2020	2.829	30.109	8.971	41.909
Disposals	-0.003	-0.037	0.000	-0.040
Additions	0.180	1.991	0.792	2.963
Adjustments	-0.254	0.251	0.000	-0.003
Assets adopted at nil cost	0.000	0.000	0.000	0.000
At 31 March 2021	2.752	32.314	9.763	44.829
Depreciation				
At 1 April 2020	-1.864	-19.486	-6.590	-27.940
Disposals	0.003	0.037	0.000	0.040
Adjustments	0.126	-0.125	0.000	0.002
Charge for the year	-0.281	-3.332	-0.073	-3.686
At 31 March 2021	-2.016	-22.905	-6.663	-31.584
Net book amount at 31 March 2021	0.736	9.409	3.100	13.245
Net book amount at 1 April 2020	0.965	10.624	2.381	13.970
Depreciation charge for the year				
Principal services	-0.281	-3.332	-0.073	-3.686
Third party services	0.000	0.000	0.000	0.000
Total	-0.281	-3.332	-0.073	-3.686

The net book value includes £2.999m in respect of assets in the course of construction.

The fixed assets have been allocated based on their principal use. Assets used across business units such as general and support assets have been allocated to wholesale as their principal use. Further details can be found in the accounting separation methodology statement published on our website.

There are no third party intangibles assets therefore the depreciation charge for the year is principal services only.

ANNUAL PERFORMANCE REPORT

Section 3

Performance Summary

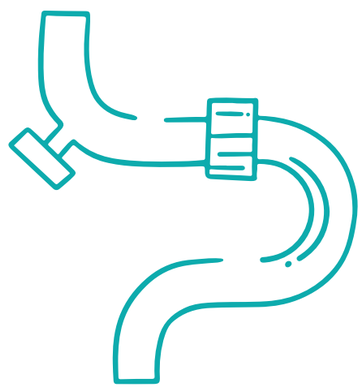
Section 3 of the Annual Performance Report reflects a high-level summary of our 2020/21 performance commitments, including our outcome delivery incentives. As a water only company, a number of data tables included in this section of the APR are not applicable to Bristol Water.

This year (2020/21) marks the first year of a new five-year reporting period (known as "AMP7" in the industry). We continue to make significant progress in a number of areas that our customers prioritise and continue to deliver high levels of service. In leakage for example, an area of performance that we know is of upmost important to our customers, our performance is the lowest level of leakage we have ever achieved and we believe that our performance in 2020/21 is likely to be at or close to the leading level in the industry.

Transparency is important to us and it is important that our customers can find out how we are performing against our regulatory targets. We regularly publish information on our performance on our website (such as our interactive performance summaries at mid-year and year-end) to demonstrate to customers, stakeholders and our regulators that we are delivering the services expected of us. As well as this APR, we also publish an update of our outcome performance during the year in our Mid-Year Performance Report. This was last published in December 2020[4]. This APR provides a more detailed explanation of each performance commitment and the impact our performance has on our customers' bills, but summary information is also available on our website[5].

For each performance commitment we have set out our 2020/21 performance and compared this to our target (the "Performance Commitment Level") for the reporting period. Where relevant we have also shown whether this performance results in a financial outperformance payment or underperformance penalty. We have, where applicable, provided comparative information on how our performance compares to the rest of the industry. These comparisons have been based on historical performance as it is not yet possible to compare our 2020/21 performance (as other companies had not published their performance at the time of this publication). We have provided information on our long-term ambitions – the level of performance we aspire to achieve beyond this five-year reporting period.

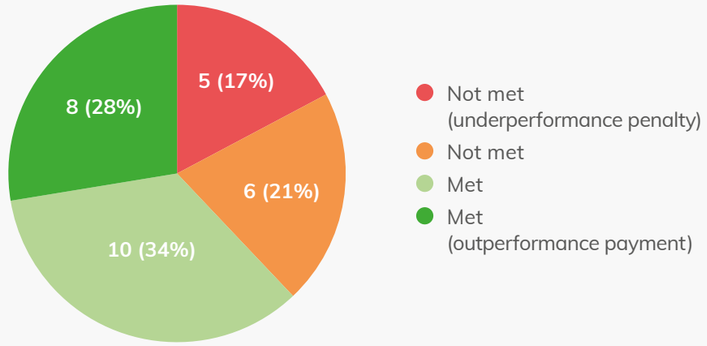
We have also, for some performance commitments, provided some insights into how our social contract initiatives contribute to the delivery of our ambitions. Our social contract commitments seek to deliver our outcomes by working with others in a way which maximises value to our communities. To deliver our social purpose, we need to work in a way which has the most positive overall impact on society. So while our outcomes set out what we plan to achieve, our social contract sets out a way of working. Not all of what we do as part of social contract can however be directly linked to a performance commitment. Further information on our social contract can be found in an appendix to this report but over the last twelve months some of the highlights of our social contract programmes include:



- Providing education and career resources: This year we launched "Bristol Water the Foundation". We have developed a separate website which offers 50 free learning resources, together with information on careers in water, mentoring opportunities and community learning partnerships.
- Connecting our work to local action plans: We have played an active role in the development of local plans through our role in the Bristol Green Capital Partnership and Bristol Environmental Sustainability Board. We have aligned our strategy to One City Carbon, Biodiversity and Economic Recovery & Renewal action plans.
- Supporting net zero carbon through reduced consumption: We are taking a community leadership role for broader issues of resource efficiency and have created partnerships with organisations such as Bristol Waste, Bristol Energy, the University of the West of England and the West of England Combined Authority. It is a three-year project starting with a six-month trial of circa 16,000 properties.
- Supporting reduced consumption of single use plastic: We use around 56 million plastic bottles in the UK every day. One of the biggest barriers to stopping plastic waste is convenience. That's why we're making it really simple to get a drink of good old tap water when you're out and about in Bristol. Together with our local partner City to Sea, we founded the Refill Scheme, which has now been adopted nationally. We have also installed 10 water fountains in Bristol and taken our Water Bar to local festivals and shows to provide a place to fill up on the go for free. We've pressed pause on this programme due to the global pandemic, but we can't wait to get back on it.

In summary, we have met eighteen (62%) of our committed performance levels for 2020/21. This total includes classifying C-MeX and D-MeX as being met (given they are likely to earn us outperformance payments, even though our actual performance is below the ranking position we set as our plan ambitions), This also includes the lowest level of leakage we have ever reported.

2020/21 Performance Commitments



Following the publication of our performance, Ofwat will consult on the application of our outcome delivery incentives later this year. With the exception of PCC (as Ofwat has decided that because of the exceptional impact of COVID-19, they will consider incentives for PCC at the end of 2020-25) following the close of that consultation process, our net incentives are likely be taken as revenue adjustments, which will then impact our customers' bills in 2022/23[6].

[4] Bristol Water Mid-Year Performance Report 2020/21
[5] Performance reports
[6] We have reported our notional ODI for PCC 2020/21 but this will not apply to customer bills until after 2024/25 performance has been reported

ANNUAL PERFORMANCE REPORT

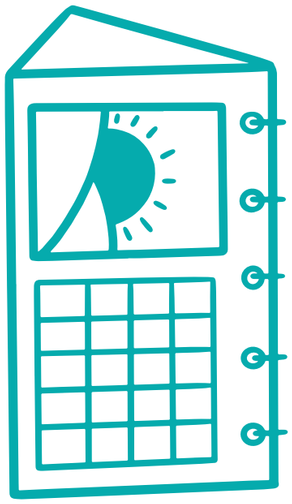
3A: Outcome performance - Water performance commitments (financial)	Performance level - actual		PCL met?	Outperformance or underperformance payment	Forecast of total 2020-25 outperformance or underperformance payment
Common PCs - Water (Financial)	Previous reporting year	Current reporting year		£m	£m
Water quality compliance (CRI)	2.31	3.02	No	-0.195	-0.195
Water supply interruptions (hh:mm:ss)	00:09:17	00:30:17	No	-1.544	-1.544
Leakage (%)	N/A	6.9	Yes	0.049	0.160
Per capita consumption (%)	N/A	-2.7	No	-0.177	-1.054
Mains repairs (number)	115.5	150.1	No	-0.068	-0.068
Unplanned outage (%)	0.72	0.20	Yes	0.000	0.000
Bespoke PCs - Water and Retail (Financial)					
Customer contacts about water quality – appearance (number)	1.03	1.07	No	-0.042	-0.100
Customer contacts about water quality – taste and smell (number)	0.39	0.35	Yes	0.011	0.025
Properties at risk of receiving low pressure (number)	57	57	Yes	0.037	0.037
Turbidity performance at treatment works (number)	0	0	Yes	0.000	0.000
Unplanned maintenance – non-infrastructure (number)	3,327	3,134	Yes	0.000	0.000
Void properties (%)	2.54	1.8	Yes	0.041	0.041
Meter penetration (%)	58.98	60.26	No	0.000	0.000
Raw Water Quality of Sources (number)	0	155	Yes	0.008	0.008
Biodiversity Index (score)	17,670	17,668	Yes	0.000	0.000
Waste disposal compliance (%)	98	98	No	0.000	0.000
Water Industry National Environment Programme Compliance (%)	100	100	Yes	0.000	0.000
Local community satisfaction (%)	N/A	88.2	Yes	0.067	0.067
Abstraction Incentive Mechanism (AIM) (number)	N/A	N/A	Yes	0.000	0.000
Glastonbury Street Network Resilience (number)	0	0	Yes	0.000	0.000
Financial water performance commitments achieved (%)			65		
Overall performance commitments achieved (%) (excluding C-MEX and D-MEX)			62		

3B Outcome performance - Wastewater performance commitments (financial)

Table 3B is not applicable to Bristol Water as it is a wastewater table.

3C Customer measure of experience (C-MeX) table	Current year
Annual customer satisfaction score for the customer service survey	82.68
Annual customer satisfaction score for the customer experience survey	83.93
Annual C-MeX score	83.31[7]
Annual net promoter score	38.00
Total household complaints	3,030
Total connected household properties	514,767
Total household complaints per 10,000 connections	58.869
Confirmation of communication channels offered	TRUE

[7] We note that the approach taken in the calculated cell 3C.3 of averaging the CSS to 2 dp & CES score to 2 dp arrives at a C-MeX score of 83.31, which contrasts to the approach taken by Accent in their end of reporting file which averages the unrounded CSS & CES score to arrive at 83.30.



3D Developer services measure of experience (D-MeX) table	Current year
Qualitative component annual results	76.83
Quantitative component annual results	96.79
D-MeX score	86.81
Developer services revenue (water) £m	3.772
Developer services revenue (wastewater) £m	

Calculating the D-MeX quantitative component Water UK performance metric	First reporting period (1 April to 30 September)	Second reporting period (1 October to 31 March)	Quantitative score (annual)
W1.1	96.15%	100.00%	
W3.1	99.06%	96.68%	
W4.1	90.69%	89.13%	
W6.1	100.00%	97.37%	
W7.1			
W8.1	93.55%	100.00%	
W17.1	100.00%	100.00%	
W17.2			
W18.1	100.00%	100.00%	
W20.1			
W21.1			
W23.1			
W24.1			
W26.1	100.00%		
W27.1			
W30.1	100.00%	99.65%	
WN1.1		80.00%	
WN2.2			
WN4.1			
WN4.2			
WN4.3			
D-MeX quantitative score (for the relevant reporting period)	97.72%	95.87%	
D-MeX quantitative score (annual)			0.97

3E: Outcome performance - Non financial performance commitments	Performance level - actual		PCL met?
	Previous reporting year	Current reporting year	
Common			
Risk of severe restrictions in a drought (%)	85.1	56.9	No
Priority services for customers in vulnerable circumstances - PSR reach (%)	1.5	2.6	No
Priority services for customers in vulnerable circumstances - Attempted contacts (%)	3.0	48.6	Yes
Priority services for customers in vulnerable circumstances - Actual contacts (%)	3.0	35.5	Yes
Bespoke PCs			
Percentage of customers in water poverty (%)	0	1	No
Value for money (%)	75	83	Yes
Percentage of satisfied vulnerable customers (%)	N/A	82	No
WINEP Delivery (text)	met	met	Yes
Total customer complaints (number)	73.4	58.9	Yes

3F Underlying calculations for common performance commitments - water and retail	Standardising data indicator	Standardising data numerical value	Performance level - Actual (current reporting year)	Performance level - Calculated (i.e. standardised)
Performance commitments set in standardised units - Water				
Mains repairs – Reactive (Mains repairs per 1000 km)	Mains length in km	6,903.70	482	69.82
Mains repairs – Proactive (Mains repairs per 1000 km)	Mains length in km	6,903.70	554	80.25
Mains repairs (Mains repairs per 1000 km)	Mains length in km	6,903.70	1,036	150.06
Per capita consumption (PCC) (lpd)	Total household population (000s) and household consumption (Ml/d)	1,176.09	190	161.13

	Performance level - actual (2017-18)	Performance level - actual (2018-19)	Performance level - actual (2019-20)	Baseline (average from 2017-18 to 2019-20)	Performance level - actual (2020-21)	Performance level - actual (2021-22)	Performance level - actual (2022-23)	Performance level - actual (2023-24)	Performance level - actual (2024-25)	Performance level 3 year average (current and previous 2 years)	Calculated performance level to compare against PCLs
Performance commitments measured against a calculated baseline											
Leakage (Ml/d)	43.9	41.1	37.0	40.7	35.5					37.9	6.9
Per capita consumption (PCC) (lpd)	148.9	151.3	146.4	148.9	161.1					152.9	-2.7

	Standardising data indicator	Standardising data numerical value	Total minutes lost	Number of properties supply interrupted	Calculated performance level
Water supply interruptions					
Water supply interruptions (Average number of minutes lost per property per year)	Number of properties	548.13	16,600,458	26,721	00:30:17

	Current company level peak week production capacity (PWPC) Ml/d	Reduction in company level PWPC Ml/d	Outage proportion of PWPC %
Unplanned or planned outage			
Unplanned outage	539.50	1.08	0.20

	Total residential properties (000s)	Total number of households on the PSR (as at 31 March)	PSR reach %	Total number of households on the PSR over a 2 year period	Number of attempted contacts over a 2 year period	Attempted contacts %	Number of actual contacts over a 2 year period	Actual contacts %
Priority services for customers in vulnerable circumstances								
Priority services for customers in vulnerable circumstances	506.10	13,406	2.6	4,060	1,972	48.6	1,441	35.5

3G Underlying calculations for common performance commitments - wastewater

Table 3G is not applicable to Bristol Water as it is a wastewater table.

3H Summary information on outcome delivery incentive payments

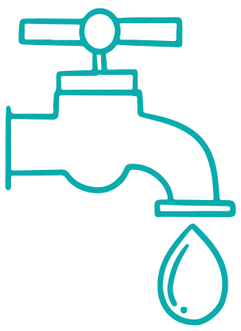
	Initial calculation of performance payments (excluding CMEX and DMEX) £m (2017-18 prices)
Initial calculation of in period revenue adjustment by price control	
Water resources	0.02
Water network plus	-1.79
Wastewater network plus	0.00
Bioresources (sludge)	0.00
Residential retail	-0.05
Business retail	0.00
Dummy control	0.00
Initial calculation of end of period revenue adjustment by price control	
Water resources	0.00
Water network plus	0.00
Wastewater network plus	0.00
Bioresources (sludge)	0.00
Residential retail	0.00
Business retail	0.00
Dummy control	0.00
Initial calculation of end of period RCV adjustment by price control	
Water resources	0.00
Water network plus	0.00
Wastewater network plus	0.00
Bioresources (sludge)	0.00
Residential retail	0.00
Business retail	0.00
Dummy control	0.00

3I Supplementary outcomes information	Current company level peak week production capacity (PWPC) Ml/d	Reduction in company level PWPC Ml/d	Outage proportion of PWPC %			
Unplanned or planned outage						
Planned outage	539.50	14.57	2.70			
	Deployable output	Outage allowance	Dry year demand	Target headroom	Total population supplied	Customers at risk
Risk of severe restrictions in drought						
Risk of severe restrictions in drought[8]	327.81	18.03	276.35	17.26	1,365,369[9]	776,369[10]

[8] Deployable output, Outage allowance, Dry year demand and Target headroom all reported in megalitres per day (Ml/d)

[9] Total population supplied reported as 25 year average number of customers. This would be 1,245,481 if this were to be reported as total population supplied in the reporting year.

[10] Customers at risk reported as the 25 year average number of customers at risk.



Excellent Customer Experiences

We will transform our customer service to provide an excellent experience at every single interaction with you and your communities. We will provide services which are rated highly by our customers.

Customer measure of experience (C-MeX)

Definition and Targets
The aim of this performance commitment is to ensure we improve the experience we provide to residential customers, by improving both the overall customer experience and our handling of contacts from customers. This is measured via the customer measure of experience (C-MeX). Our C-MeX score is calculated as the weighted average of customer satisfaction scores from customer service and customer experience surveys, with surveys undertaken in four 'waves' throughout the year.

In comparison to the majority of our other performance commitments, C-MeX does not have annual performance commitment levels (also known as targets). Performance each year will be relative as rankings will be determined based on industry performance across all 17 water companies in England and Wales, using the published C-MeX scores.

Our aim in 2020/21 is to deliver a level of service that results in a 'top 5' position in the industry. To understand our performance to date we have included within the table a baseline level of performance, taken from our level of service reported last year. We have also set ourselves our own ambition for each year.

C-MeX score and industry ranking	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25	Long Term Ambition
Bristol Water Ambition		Top 5 industry ranking	Top 5 industry ranking	Top 5 industry ranking	Top 3 industry ranking	Top 3 industry ranking	Top 10 company in UKCSI
Performance	81.22 (8/17 industry ranking)	83.31[11] (6/17 industry ranking)					
Outperformance payment expected?		Yes					
Ambition met?		No					

[11] We note that the approach taken in the calculated cell 3C.3 of averaging the CSS to 2 dp & CES score to 2 dp arrives at a C-MeX score of 83.31, which contrasts to the approach taken by Accent in their end of reporting file which averages the unrounded CSS & CES score to arrive at 83.30.

Performance
Although we just fell short of achieving our ambition to be a 'top 5' company on C-MeX, we have seen a year-on-year improvement in our overall performance from being 8th ranked to 6th ranked in the industry. We also achieved a 5th ranked position in the final quarter results. Ofwat will confirm the final position once all companies have reported, but we estimate that an outperformance incentive of £0.154m (2017/18 prices) will be earned.

C-MeX is split into a customer service survey and a customer perception survey; we achieved 5th place on the customer service element and 10th place on perception. On customer service, we ask all staff to take accountability for the customer they are in contact with and provide training to ensure that they have the knowledge and skills to do all that they can to resolve the issue right first time.

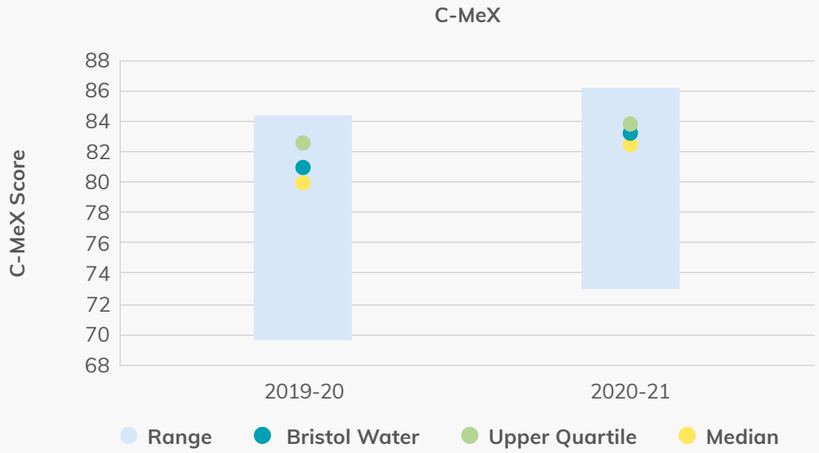
On customer perception, we have been restricted in what we had planned to do with engaging with our community as a result of COVID-19. The imposed national restrictions and advice to 'stay at home' for example resulted in our award-winning Water Bar and plans for installing further water fountains across our supply area put on hold over the last year.

We have established our 'Customer Hub', the aim of which is to bring together our customer services and planning teams closer together, in order to simplify the process and expediate information requests when our customers contact us. We have also commenced our "Customer Led Intelligent Operations" project, a partnership with Boston Consulting Group. This project aims to revolutionise customer service levels & experience and push the boundaries of operational efficiency in the core operational activities of a water company. We will achieve this by rethinking how water operations (the core processes of Asset Lifecycle Management (ALM), Customer Lifecycle Management (CLM) and Field Force Management (FFM)) are organised, managed and integrated and, crucially, develop a fully integrated technology solution to drive their performance. Our inspiration comes from other, leading industries. Bristol Water is, through its size and attitude, the perfect testing ground for this revolutionary concept. It builds on our existing business benchmarking through UKCSI which shows a score of 80.6, compared to the leading utility of Octopus Energy with 80.9 and the top water company, Dwr Cymru, with 80.1.

COVID-19
We adapted a lot of our services over the year due to the restrictions of lockdown (for example we could not complete requests for customers, mainly where checks on pipe work were needed for billing), but we focused on communicating changes quickly across all of our teams. We also introduced extra process for entering a home for urgent work which involved more contact with customer and changes for both our staff and the customer. Throughout the year we have ensured that our messaging to our customers has been clear and consistent. We have also ensured that our services for our vulnerable customers have been promoted at a time where they are so critically needed, which we achieved through updated messaging on our customers' bills and our digital campaigns.

We also introduced the NHS rebate, which gives £50 off a combined water and wastewater annual metered bill for NHS frontline staff who have been required to do more washing of uniforms at home due to COVID-19 guidelines.

Comparative Performance
Information on company C-MeX scores can be found on individual company websites. Bristol Water's C-MeX score was first published in our 2019/20 Annual Performance Report. As the C-MeX scores reported in company APRs in the 2020-25 reporting period now reflects an updated methodology, the data below presents 2019/20 C-MeX performance based on the final methodology.



Other reporting and assurance requirements
We can confirm that we have offered at least five communication channels for receiving customer contacts and complaints and at least three online channels throughout the reporting year. For completeness, the communication channels we offer to our customers are:

- Letter;
- Telephone;
- Email;
- Social media (multiple platforms);
- Webform;
- Live chat; and
- Customer visits (if requested).

Developer services measure of experience (D-MeX)

Definition and Targets
The aim of this performance commitment is to ensure we improve the experience we deliver to developer services (new connections) customers, including property developers, self-lay providers (SLPs) and those with new appointments and variations (NAVs). This is measured via the developer services measure of experience (D-MeX), a measure of customer satisfaction. Our D-MeX score is calculated from two components that contribute equally; the qualitative D-MeX score (based on a customer satisfaction survey) and a quantitative D-MeX score (based our performance against a set of Water UK metrics), with the customer satisfaction surveys undertaken in four 'waves' throughout the year.

In comparison to the majority of our other performance commitments, D-MeX does not have annual performance commitment levels (also known as targets). The better and poorer performers each year will be relative as rankings will be determined based on industry performance across all 17 companies in England and Wales, using the published D-MeX scores. It is therefore not appropriate to forecast outperformance payments or underperformance penalties for this performance commitment, as the incentives will be relative to the median company's score each year.

Our aim in 2020/21 is to deliver a level of service that results in a 'top 5' position in the industry. To understand our performance to date we have included within the table a baseline level of performance, taken from our level of service reported last year. We have also set ourselves our own ambition for each year.

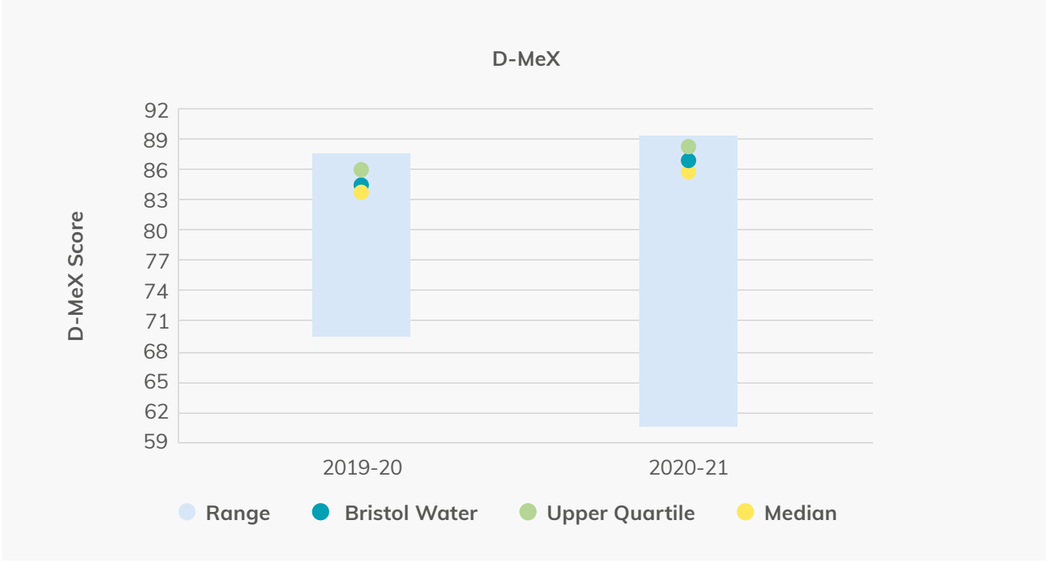
D-MeX score and industry ranking	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25
Bristol Water Ambition		Top 5 industry ranking	Top 5 industry ranking	Top 5 industry ranking	Top 3 industry ranking	Top 3 industry ranking
Performance	84.92[12] (8/17 industry ranking)	86.81 (8/17 industry ranking)				
Outperformance payment expected?		Yes				
Ambition met?		No				

[12] Stated as 84.85 in our 2019/20 APR but has since been revised following a clarification process from Ofwat.

Performance
Although we fell short of achieving our ambition to be a 'top 5' company on D-MeX, we have seen a year-on-year improvement in our overall performance score. We also achieved a 1st ranked position after the first quarter results. Ofwat will confirm the final position once all companies have reported, but we estimate that an outperformance incentive of £0.055m (2017/18 prices) will be earned. We have a dedicated team which is responsible for processing applications from developers, SLPs and NAVs and we have worked to create a closer working relationship with developers and self-lay providers. We have made significant improvements in timeliness and effectiveness of our response to these customers and we publish technical information that makes it easier for developers and SLPs to understand our costs and approach to developer service. We keep regular contact with our newsletters.

We now offer a range of services for our developer services customers and our results from the first wave are very encouraging. Although we have not met our ambition for this year, the results demonstrate that we are delivering the range of services to a satisfactory level of service.

Comparative Performance
Information on company D-MeX scores can be found on individual company websites.
Bristol Water's D-MeX score was published in our 2019/20 Annual Performance Report (APR) at www.bristolwater.co.uk/about-us/our-performance/



Other reporting and assurance requirements
In preparation for reporting in AMP7, in 2019/20 we tasked our technical auditor with a high-level review of our Water UK metrics reporting. There were a number of areas identified by our technical auditors where the documentation of processes required strengthening, in particular in relation to the Water UK metrics which make up the quantitative component of the D-MeX score. However before submission of our 2019/20 Annual Performance Report we made the changes necessary to address the issues that were raised. This ensured our reporting continued to be robust and accurate.

In addition, in March and April 2021 (in advance of the full audits we undertook in May and June as explained further in our Risk and Compliance Report 2020/21) we asked our technical auditors to review all of our performance commitment reporting processes, including for D-MeX. The audtiors concluded that there appeared to be a mature process which is clearly understood by the team. Whilst they observed that the process is quite manual, they also concluded that our developer services team conducted checks and controls to mitigate this. In May and June the developer services team further demonstrated to our technical auditors that they had applied the checks and controls and showed the auditors an example of its monthly reconciliation spreadsheet used to confirm alignment between the data submitted to Water UK and the contact details dataset submitted to Accent.

Priority services for customers in vulnerable circumstances

Definition and Targets
The aim of this performance commitment is to ensure we increase the number of customers in vulnerable circumstances that receive the most appropriate service to their needs. These are customers added to our Priority Services Register (PSR). It is reported as the percentage of households that we supply that are registered on our PSR (the "PSR reach"). It is also reported against the following criteria ("PSR data-checking"):

- Attempted contact: percentage of distinct households on the PSR that the company has attempted to contact over a two-year period;
- Actual contact: percentage of distinct households on the PSR that the company has actually contacted over a two-year period.

In order to have met our performance commitment level for the PSR reach, we must have also met the requirements for the actual and attempted contacts.

Our performance over the next five years will be reported against performance commitment levels, also known as targets. To understand our performance to date we have included within the table a baseline level of performance, taken from our level of service reported last year.

% households registered on the PSR (PSR reach)	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25
Performance Commitment Level ("PCL")		3.1	4.1	5.1	6.1	7.0
Performance	1.5	2.6				
PCL met?		No				

% households registered on the PSR (actual contact)	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25
Performance Commitment Level ("PCL")		17.5	35.0	35.0	35.0	35.0
Performance	3.0	35.5				
PCL met?		Yes				

% households registered on the PSR (attempted contact)	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25
Performance Commitment Level ("PCL")		45.0	90.0	90.0	90.0	90.0
Performance	3.0	48.6				
PCL met?		Yes				

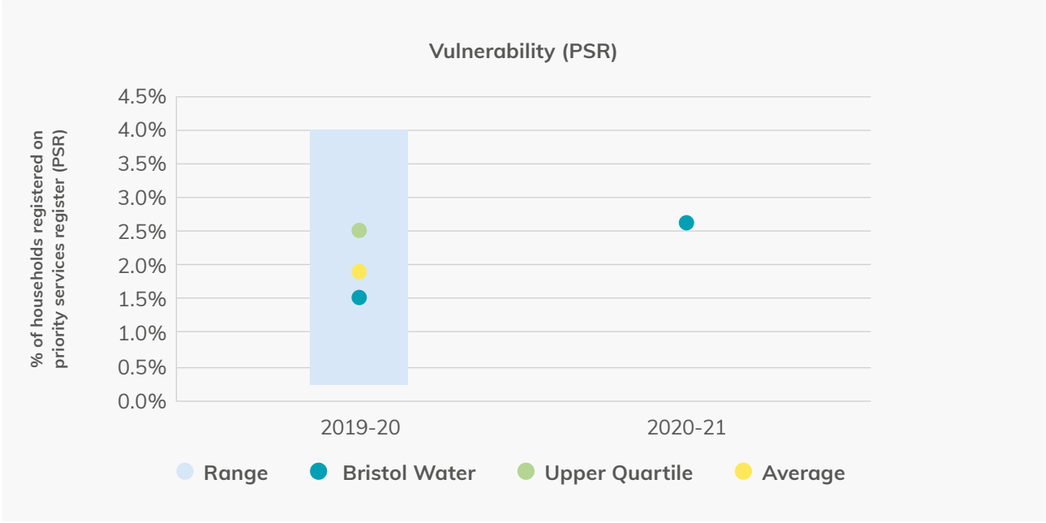
Performance
We have registered an additional 5,823 households on the PSR in 2020/21, taking the number registered from 7,583 to 13,406. We provide a range of free services to support customers in vulnerable circumstances, such as large print bills, support to read a meter, or ensuring consistent supply for those who depend on water for medical equipment at home.

For customers in vulnerable circumstances accessing the support they need across multiple utility providers can be time consuming and stressful. Safe and secure sharing of data across water and energy companies, with customer consent, can reduce this burden and enable companies to offer those consumers seamless priority support. Unfortunately, we have not met our year-end target; when setting our targets we assumed that a planned national data share project would now be live, as it was planned to go ahead in 2020/21. This would have granted us data access to customers in vulnerable circumstances from other utility providers, as customers would only need to register with one company rather than all of those signed up to the project. This national project has however been put on hold and so achieving our ambitious targets has become even more challenging.

In our latest business plan we also set out our vulnerability and affordability action plan. We have provided a detailed update of our progress to date in an appendix.

Social Contract
As part of our social contract Vulnerability Programme, we have established a data share with Western Power Distribution. This local data share partnership enables us to receive customer data (with their permission) from our local electricity distribution network operator. It also means far less fuss for our customers as they only need to contact one of the companies to ensure they receive the help they need. We have also conducted digital PSR outreach events, which have contributed to the increase in our reach figure.

Comparative Performance
The Consumer Council for Water (CCW) conduct an annual Water Matters survey, which tracks household customers' awareness of the availability of priority services from water companies in England and Wales. The latest report can be found online at www.ccwater.org.uk/research/our-annual-water-matters-survey-results/. Industry performance on the percentage of households registered on the PSR is below.



Other reporting and assurance requirements
As part of our commitment reporting on our PSR reach, we have also committed to reporting on the number of households receiving support through PSR services.

PSR Reach (number of households receiving services through the PSR)	2020/21	2021/22	2022/23	2023/24	2024/25
Communication	5,439				
Support with mobility and access restrictions	7,449				
Support with supply interruption	9,977				
Support with security	2,424				
Support with other needs	7,148				

We noted the reference to provide "forecast annual figures" for this information in our company-specific outcomes appendix[13]. We are instead following the industry reporting guidance, which states "companies will present PSR membership by separately reporting annual figures for households"[14]. Our assumption is that the reference to include annual forecasts was an error.

For "support with other needs", this is where the needs of these households do not align directly with the other categories listed, although a household may of course have other needs which lend themselves to another PSR service. The types of needs included under this category include:

- Temporary life change: for situations such as bereavement, job loss, short-term ill health etc.
- Temporary – Young adult: for those under 18 who may be living alone
- Pensionable age: for those who are over 65 who wish to register for their age alone for priority services
- Medicine refrigeration: for those who need to store medicine in their refrigerator

In these vulnerable circumstances customers can expect us to be aware of their 'need' when contacting us and also during planned or unplanned events, so we can ensure their needs are met. We will also ensure if we need to visit the household we use services such as knock and wait.

Finally, as part of our commitment to PSR data-checking, we have also committed to report the number of households added and removed from the PSR over the reporting year and the corresponding figure for individuals.

PSR data-checking (households)	2020/21	2021/22	2022/23	2023/24	2024/25
Number of households added	6,461				
Number of households removed	707				

PSR data-checking (individuals)	2020/21	2021/22	2022/23	2023/24	2024/25
Number of individuals added	6,504				
Number of individuals removed	721				

Vulnerability Action Plan
In our latest business plan we set out our vulnerability and affordability action plan. The plan addressed how we would proactively support customers in vulnerable circumstances in every aspect of our business, by using data more wisely, increasing awareness of support, improving the customer journey and on developing our people and our culture. We are providing regular updates on our progress as part of our Mid-Year Performance Report publications. Our latest report was published in December 2020[15]. For a full update on our action plan please see our Vulnerability Action Plan section in this report.

[13] Bristol Water – Outcomes performance commitment appendix
[14] Reporting guidance – Common performance commitment for the Priority Service Register [15] Mid-Year Performance Report 2020/21

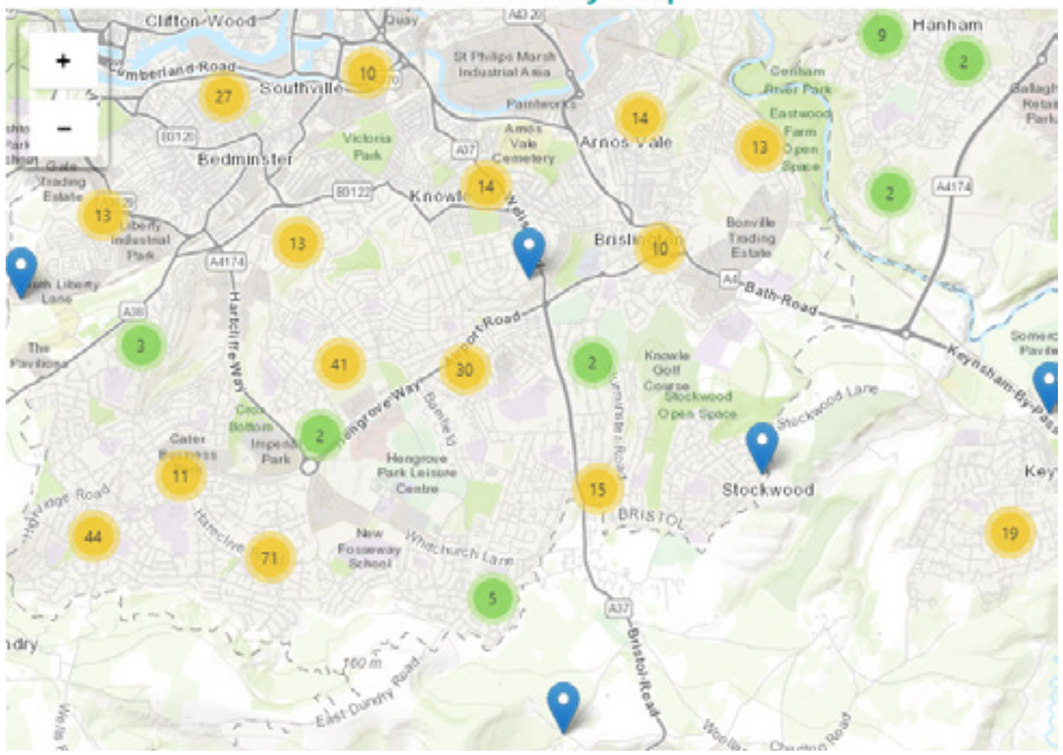
Percentage of customers in water poverty

Definition and Targets
The aim of this performance commitment is to reduce the numbers of customers in water poverty. It is defined as the percentage of customers within our supply area for whom their water bill represents more than 2% of their disposable income, defined as gross income less income tax.

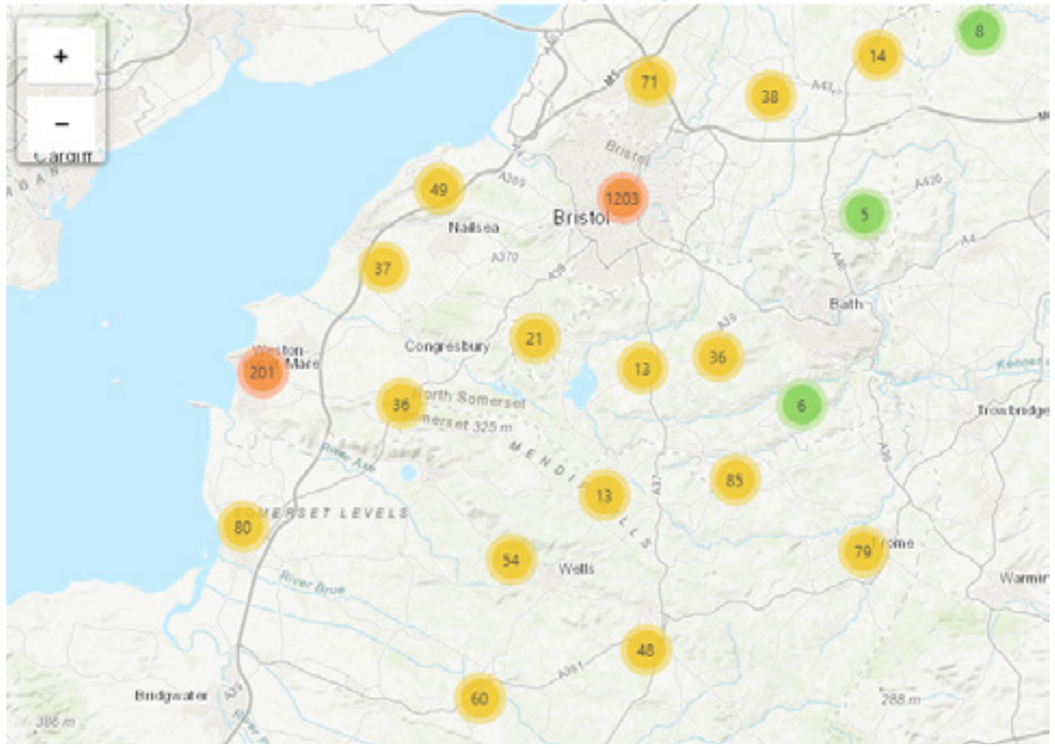
This measure allows us to understand the impact of our bills on our customers. To calculate this we use a population analytics model which compares the actual bills paid by each customer with an estimation of their household disposable income. We improved our analysis for this year to look at the actual bills paid by customers on social tariffs. This analysis revealed that our social tariffs are effective in combatting water poverty, with just two customers on our Assist tariffs calculated to be in water poverty, and 56 customers on our Pension Credit tariff. Most customers in water poverty are on standard tariffs, which shows that expanding the reach of our social tariffs would be effective in reducing the number.

The model analyses water poverty by post code, showing where greater levels of targeted support are required.

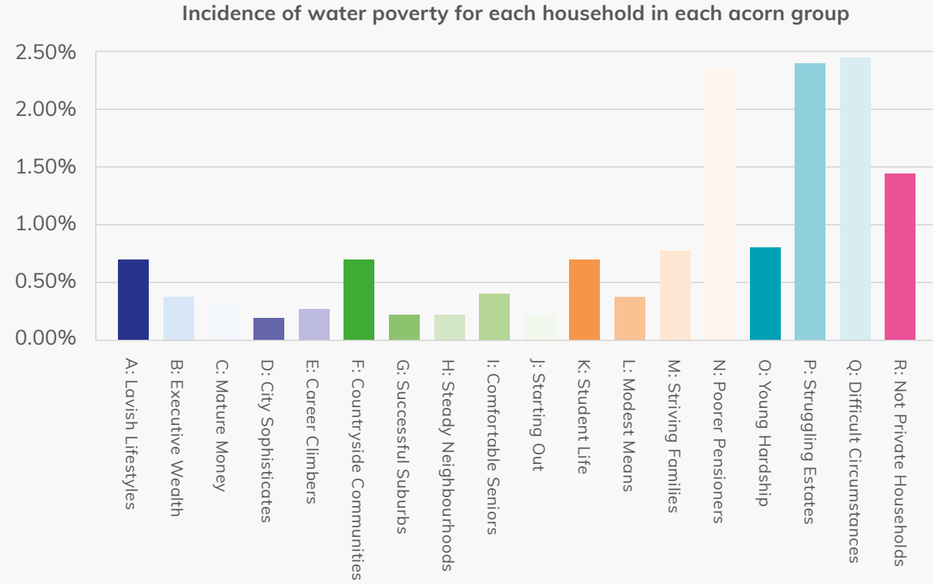
Water Poverty Map



Water Poverty Map



This postcode analysis can also be translated into Acorn segments, to assess which types of area experience the highest levels of water poverty:



Using this measure, we are able to offer advice, assistance schemes and capped tariffs, known as 'social tariffs' (including our Assist Tariff, WaterSure Plus and Pension Credit Tariff) to customers who fall within this category. This measure then also allows us to evaluate the success of our tariffs and assistance schemes for customers who are experiencing difficulty paying their bills.

Our performance over the next five years will be reported against performance commitment levels, also known as targets. To understand our performance to date we have included within the table a baseline level of performance, taken from our level of service reported last year.

% of households in water poverty	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25	Long Term Ambition
Performance Commitment Level ("PCL")		0	0	0	0	0	0
Performance	0	1					
PCL met?		No					

Performance
We have historically been able to ensure zero percentage of our customers are in water poverty as a result of our focus on increasing the number of customers on our social tariffs. Our performance this year is 0.63%, which corresponds to 3013 households.

Tariff	Water poverty rate	No. households in water poverty	Avg bill paid £
Standard Measured	0.79%	2154	181
Standard Unmeasured	0.44%	796	212
Assist 0	0.00%	0	23
Assist 1	0.00%	0	49
Assist 2	0.00%	0	83
Assist 3	0.00%	0	118
Assist 4	0.36%	1	151
Assist 5	0.36%	1	154
Pension Credit measured	0.38%	19	94
Pension Credit unmeasured	1.23%	37	152
Assessed Charge	0.03%	3	108
Total	0.63%	3013	188

We believe that increased household consumption due to the rise in homeworking and school closures, coupled with a decrease in household income due to furlough and job losses as a result of the pandemic, has significantly contributed to this level of water poverty. Last year we reported a level of zero water poverty, based on a slightly different methodology where we deducted the number of customers on social tariffs from the gross number of customers in water poverty. We have improved our reporting approach for AMP7 (in line with the PR19 Final Determination expectation) to include customers on social tariffs within our analysis, which also contributes to the slightly higher reported figure.

We offer three discounted tariffs to make sure we can help customers who find it hard to pay their water charges, with 20,419 customers receiving assistance through these measures, an increase of 8% over the last year. Below is a breakdown of each scheme and the number of customers currently registered:

- 8,674 households are on our 'Assist' social tariff, which offers significant bill discounts to those customers least able to afford their bill, following a means assessment
- 8,395 households are on our 'Watersure Plus' metered tariff, this is for customers in receipt of certain benefits, and are defined as 'vulnerable', either because they have a medical condition or a large family
- 3,350 customers are on our 'Pension Credit Discount' social tariff. This scheme gives a 20% discount on water bills to customers who live in a household where all members over the age of 18 are in receipt of Pension Credit. Over the last twelve months we conducted research and made changes to how we communicate our tariff for customers in receipt of Pension Credit, such as. being clearer over the financial savings and simplifying how to contact us.

In addition to the social tariff schemes, 3,407 households are currently benefitting from our 'Restart' scheme, which helps customers to clear their debt. We also offer metering, water efficiency support and flexible payment plans to customers.

Social Contract
We plan as part of our social contract throughout 2020-25 to work with local stakeholders to help provide extra support to those customers who need it, through extra care services or social tariffs and debt advice. In 2020/21 for example we prioritised 'hard to reach' projects and establishing partnerships with debt advice charities. These initiatives aim to prioritise trying new ways to reach out to those customers who are struggling to pay their bill but are hard to reach and to help low income customers receive full debt advice (not just help with their water bill).

Value for money

Definition and Targets
The concept of "value for money" is important in measuring whether customers consider that the service that we provide is worth what they pay for it. The aim of this performance commitment is to deliver a service that represents value for money for our customers. It is measured via an annual household customer tracking survey of 1,000 customers; the percentage of customers surveyed who consider that we provide good value for money is determined by customers either responding "very good" or "good" to the question:

"Thinking about value for money, overall how would you rate Bristol Water in relation to the service they provide?"

Customers are selected through Random Digit Dialling (RDD). RDD is a method for selecting customers for involvement in telephone surveys by generating telephone numbers at random. Random digit dialling has the advantage that it includes unlisted numbers that would be missed if the numbers were selected from a phone book.

Our performance over the next five years will be reported against performance commitment levels, also known as targets. To understand our performance to date we have included within the table a baseline level of performance, taken from our level of service reported last year.

% customers surveyed who consider that we provide good value for money	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25	Long Term Ambition
Performance Commitment Level ("PCL")		80	81	82	83	83	90
Performance	75	83					
PCL met?		Yes					

Performance
Value for money is an important concept in measuring whether customers consider that the service that we provide is worth what they pay. We are pleased with our performance this year (only 3% of our customers rated the value for money of the service they receive as either poor or very poor). Our performance is a result of less than 3% of our customers rating the value for money of the service they receive as either poor or very poor and less than 15% responding with neither good nor poor.

Comparative Performance
CCW conduct an annual Water Matters survey, which tracks household customers' views and preferences on the services and support that they receive from the water companies in England and Wales. We continue to achieve an encouraging level of performance in the CCW Water Matters survey. The survey is a useful proxy method for our customers to understand our performance, as it includes a question on how far customers agreed that the water services they receive represents value for money. The latest report can be found online at www.ccwater.org.uk/research/our-annual-water-matters-survey-results/

Percentage of satisfied vulnerable customers

Definition and Targets
The aim of this performance commitment is to ensure that those customers that are registered for our Priority Services Register (PSR) are satisfied with the services they receive through the PSR. It is measured via an annual survey; the percentage of customers satisfied is determined by a single question that asks customers to rate their satisfaction with the services they receive through the PSR. Customers who respond that they are 'satisfied' or 'very satisfied' will be counted toward the total.

Our performance over the next five years will be reported against performance commitment levels, also known as targets. As this performance commitment has not been reported on previously, it has not been possible to include a baseline level of performance from 2019/20.

% registered on the PSR survey who consider that we provide a satisfactory level of service	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25	Long Term Ambition
Performance Commitment Level ("PCL")		85	85	85	85	85	100
Performance	N/A	82					
PCL met?		No					

Although we have not met our PCL, our score of 82% is as a result of only seven customers (2%) being dissatisfied or very dissatisfied with the service they receive through the PSR and less than 17% responding with neither satisfied nor dissatisfied (452 customers responded to the survey in total). Throughout the COVID-19 pandemic we continued to provide our additional support to customers in vulnerable circumstances and maintained partnerships with local charities and organisations.

This measure is an indication of our progress made against our published Vulnerability Action Plan. We continue to report on satisfaction levels because this is an area of focus and importance. Further information on the services we offer to customers that are registered for our PSR is explored in detail as part of the section on our Priority services for customers in vulnerable circumstances performance commitment and in our update on our Vulnerability Action Plan.

We expect our performance on this measure to increase in the coming years as we continue to improve the service we offer as part of the PSR. Over the next year this will include projects such as:

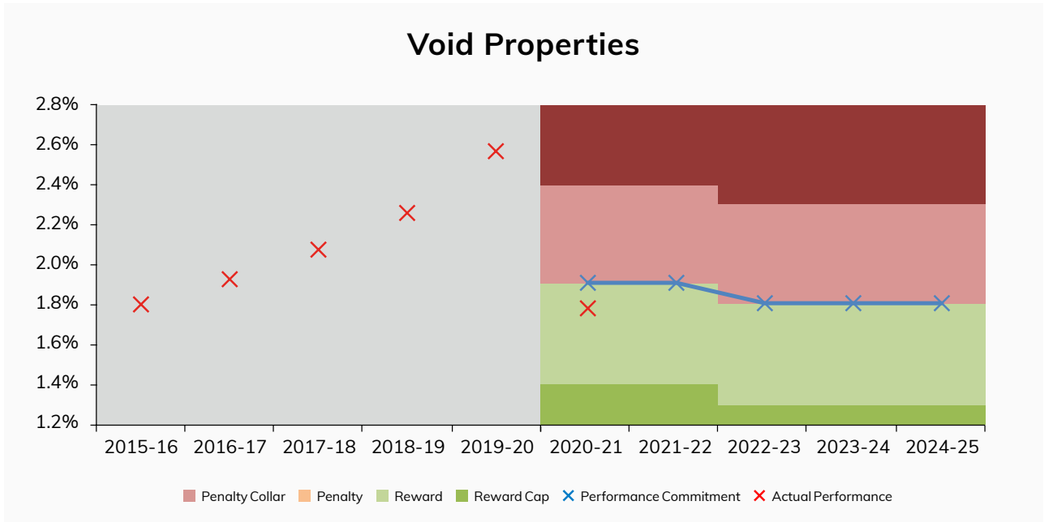
- Our Social Contract Vulnerability Programme
- Company-wide vulnerability training
- Increased use of our new "Vulnerability Heroes" network of colleagues
- The use of case studies of customers on our PSR to better understand our customers
- Letters being sent to individuals once they have been signed up to the PSR, including a reminder of the service they have signed up for
- A cleanse of data on the PSR to ensure that customers on the PSR should be, and that they are aware of why they are signed up
- Our planned online registration journey improvements

We will also continue to deliver the actions set out in our Vulnerability Action Plan.

Void properties

Definition and Targets
The aim of this performance commitment is to reduce the number of void properties (by identifying household properties that are occupied but not billed). A legitimately classified void property is a property within our supply area receiving water services but which does not receive a charge, as there are no occupants. It is measured as the number of household properties classified as void as a percentage of the total number of household properties supplied.

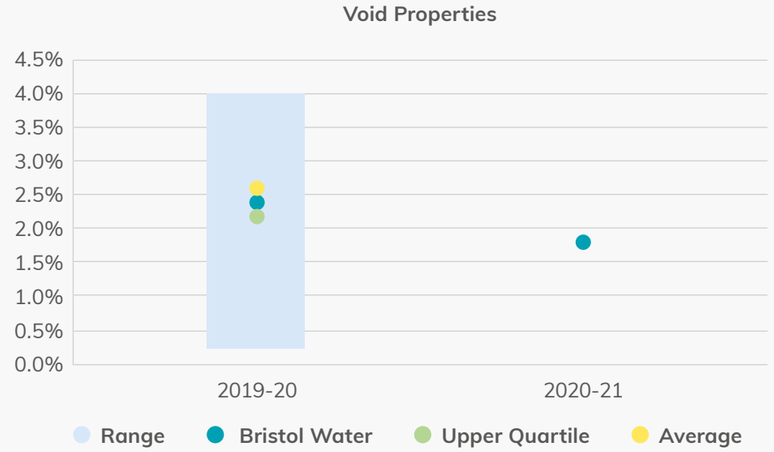
% household properties classified as void	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25	Long Term Ambition	AMP7 Forecast Total
Performance Commitment Level ("PCL")		1.90	1.90	1.80	1.80	1.80	1.80	
Performance	2.54	1.80						
PCL met?		Yes						
Outperformance Payment/ Un-derperformance Penalty £m		0.041						0.041



Performance
The risk to our customers arising from a higher level of void properties is that these properties are at risk of being unknowingly occupied to us and therefore debt could be building. It is very important that we keep a close management on the void level to prevent this happening. It is therefore encouraging that our level of performance this year has seen a considerable reduction from our baseline position on 31 March 2020. We have achieved this through the policy started in 2019/20 of metering potentially void properties proactively, and by working with Pelican as we outlined when setting our business plan target to ensure that voids were periodically checked by aligning our processes and information systems. Our analysis of void properties has revealed that void rates tend to be higher for unmetered properties compared to those which are metered (as meter readings can identify consumption at a property), so we are continuing to increase meter penetration across our supply area, to help reduce the number of voids in our supply area. This reduction will lead to fairer bills for our customers overall as they will not be carrying the financial burden of other households that would not be being billed. In addition, we are continuing to use third party data providers to augment our existing data (such as via HM Land Registry).

COVID-19
One method we use to reduce the number of voids is to conduct property visits. However due to the pandemic we made the decision to not visit properties for most of the year, in order to follow the national social distancing guidelines. This temporarily saw the void number increase during this period but this only lasted for a short time. This is because another method we have undertaken to reduce the number of voids is by performing ongoing checks of HM Land Registry, to establish whether our records of void properties align to the records of ownership of the registry.

Comparative Performance
To be fully transparent we are able to demonstrate our performance compared to other companies in the industry.



AMP7 Forecast Total (Outcome Delivery Incentives)
Based on our performance to date we are forecasting to achieve our PCLs in the remaining years of this reporting period. In order to outperform beyond this level of service, we would need to further learn the lessons from industry best practices, as well as consider approaches adopted in the wider utilities sector and from others who are faced with tackling the management of voids. Nevertheless, remaining at our current level of performance would indicate that our customers can expect a level of service that is ahead of other companies in the industry.

Total customer complaints

Definition and Targets
The aim of this performance commitment is to deliver higher levels of customer service and in doing so reduce the total number of complaints made by household customers. It is measured as the total number of complaints by household customers we have received per 10,000 connections. Complaints include the combined total of unwanted contacts (i.e. telephone complaints), written complaints (letter and email) and contacts via new contact channels (such as webform, social media, webchat/ Livechat or short message service (SMS)). Complaints made via visits are also included.

The PCL for each year is to meet the “upper quartile” level of performance in England and Wales from the previous year. To understand our performance to date we have included within the table a baseline level of performance, taken from our level of service reported last year.

Number of household complaints per 10,000 connections	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25
Performance Commitment Level (“PCL”)		87.3 (2019/20 Upper Quartile)	60.4 (2020/21 Upper Quartile)	2021/22 Upper Quartile	2022/23 Upper Quartile	2023/24 Upper Quartile
Performance	73.4	58.9				
PCL met?		Yes				

Performance
We are pleased that despite the challenging environment due to COVID-19, our end of year performance is 33% lower than our target for this year. Performance continuously improved during the year, and by the end of the year a monthly rate equivalent to less than 40 complaints per 10,000 connections had been achieved.

At Bristol Water we aim to provide the best possible service at all times. For all complaints we consider what action to take to put things right. Complaint resolution and handling is a key focus of our customer experience strategy, every complaint is handled by our Customer Care Team where a designated member of staff ensures that the complaint is resolved. The team provide root cause information which feeds into our learnings and future improvements to prevent repeat complaints.

Safe and Reliable Supply of Water

We look after our assets to provide high quality, reliable supplies for present and future generations.

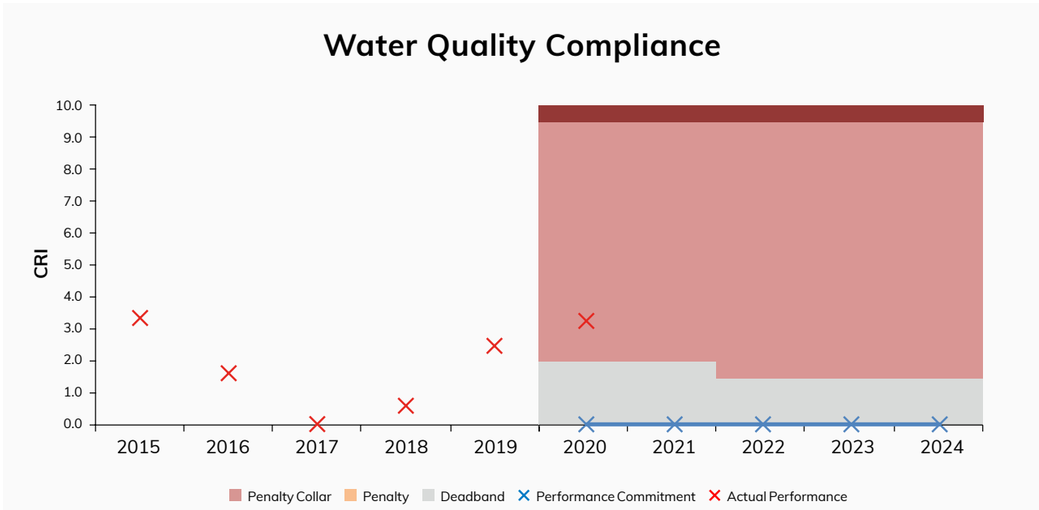
Water quality compliance

Definition and Targets
Drinking water must meet strict standards that ensure it is safe to drink and the quality is acceptable to customers.

The aim of this performance commitment is to ensure we fully comply with our statutory obligations on drinking water quality, which helps to promote customer confidence that their water is clean and safe to drink. It is measured by the Compliance Risk Index (CRI). It illustrates the risk to consumers arising from compliance water sample failures and considers the significance of the parameter, the cause of the failure, the Company's investigation and the location of the failure within the supply system. A CRI score is calculated for every individual compliance failure at water supply zones, supply points and treatment works, and service reservoirs.

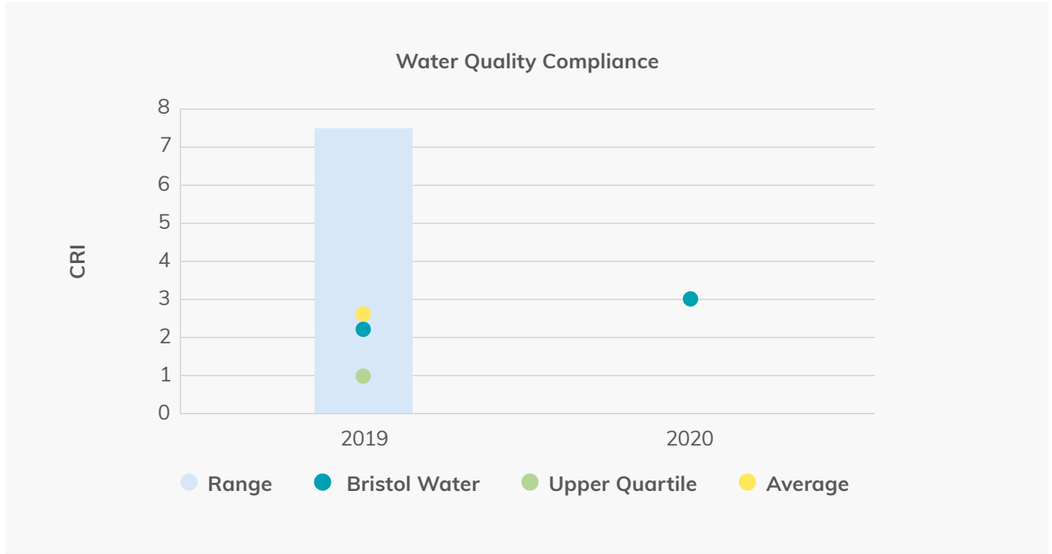
This performance commitment is reported in calendar years. The annual CRI for a company, for any given calendar year, is the sum of the individual CRI scores for every compliance failure reported during the year.

CRI score	2019 Baseline	2020	2021	2022	2023	2024	Long Term Ambition	AMP7 Forecast Total
Performance Commitment Level ("PCL")		0	0	0	0	0	0	
Performance	2.31	3.02						
PCL met?		No						
Underperformance Penalty £m		-0.195						-0.195



Performance
Although it is disappointing that we have seen an increase in our CRI in 2020 when compared to 2019, the score largely consists of isolated bacteriological failures at our service reservoirs and customer properties where. Our investigations concluded that these failures were not representative of the water quality being supplied to consumers and that there is no wider issue within the network. This suggests that the risk to our customers from water compliance sample failures causing an impact on their drinking water has been minimal, but we are never complacent in aiming for zero failures and thoroughly test the root cause of problems and potential risks.

Comparative Performance
Customers can compare our performance on water quality standards against other companies in the industry at discoverwater.co.uk/quality

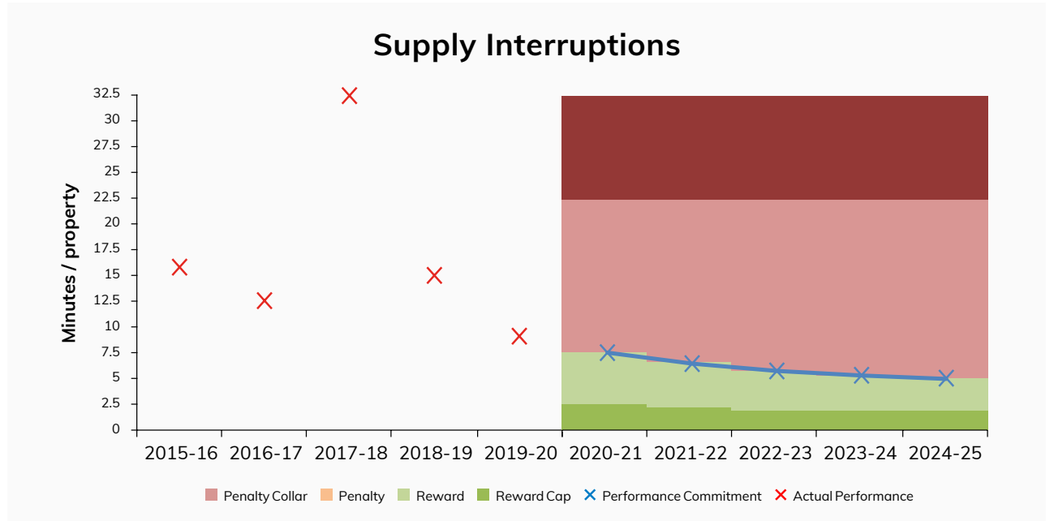


AMP7 Forecast Total (Outcome Delivery Incentives)
Based on our historical performance to date we are forecasting to achieve our PCLs in the remaining years of this reporting period. Our Drinking Water Safety Plan (DWSP) team are continuing to develop our risk assessment and risk management approach to ensure we meet our requirements to ensure the wholesomeness and acceptability of drinking water supplies.

Water supply interruptions

Definition and Targets
Keeping water flowing is an essential part of our role as a water company; we know from talking to our customers that they value avoiding interruptions, particularly when they last a long time and are unexpected. The aim of this performance commitment is to minimise the number and duration of supply interruptions to customers. It is calculated as the average number of minutes lost per customer for the whole customer base for interruptions to supply (both planned and unplanned) that lasted three hours or more.

Hours:minutes:seconds (HH:MM:SS) per property per year	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25	Long Term Ambition	AMP7 Forecast Total
Performance Commitment Level ("PCL")		0:06:30	0:06:08	0:05:45	0:05:23	0:05:00	0:01:00	
Performance	0:09:17	0:30:17						
PCL met?		No						
Outperformance Payment/ Underperformance Penalty £m		-1.544						-1.544



* Data point for 2017/18 not to scale (performance at 76.0mins)

Performance
Whilst we have ended the year significantly above our target, our performance is dominated by three large events collectively accounting for 25 minutes and 10 seconds (83% of our total performance), with each one exceeding the 6 minute 30 second target in their own right:

- The burst Trunk Main at Rose Green Road in June 2020 accounted for 6 minutes and 40 seconds;
- The third-party damage to a Trunk Main in Yate in August 2020 accounted for 6 minutes and 58 seconds; and
- The Trunk Main that burst on a railway bridge in inner-city Lawrence Hill in February 2021 accounted for 11 minutes and 33 seconds.

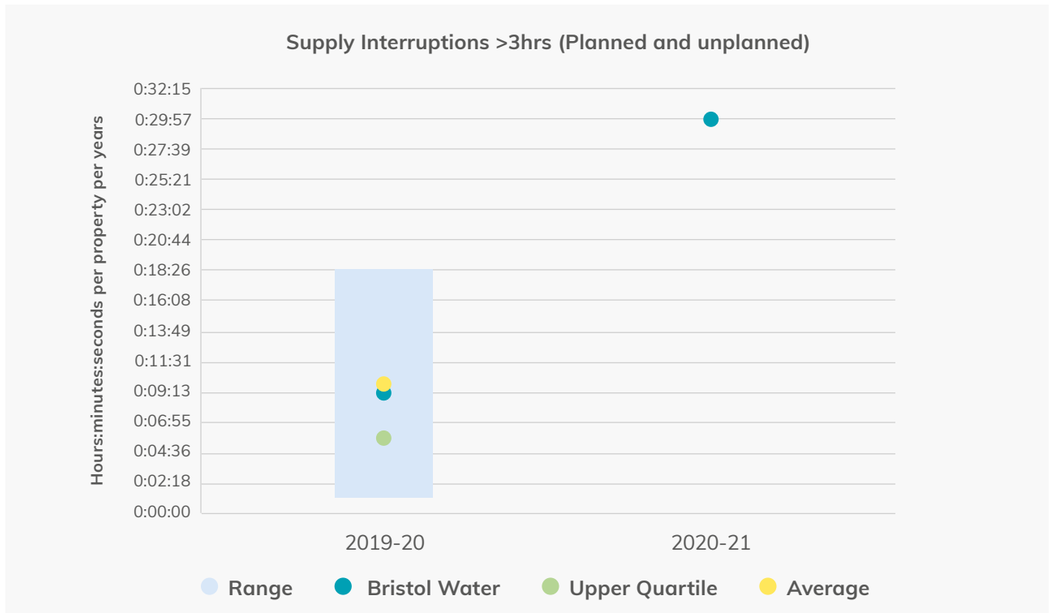
Without these three large events, we would have outperformed our target (with performance around 5 minutes and 7 seconds). We recognise however that as a water company we manage the risk of supply interruptions and the performance commitment does not allow for any exclusions. The cause of the interruption is therefore not relevant to the calculation of the reported figure and we recognise that we must improve upon our performance to help prevent large events from occurring in future years. During the last 12 months we have focused on four areas to help improve our performance:

- On the ground assistance: this includes a focus on Continuous Water Supply (CWS) techniques (where we plug-in alternative supplies, create temporary over-land mains and re-zone supply routes) as well as improvements to our lessons-learned review processes. In addition, the teams in the field have been enabled by an organisational restructure that includes the creation of a Customer Hub and new Incident Officer back-office support.
- Resilience: work has been undertaken to understand the impact of critical pipe failures and to prepare event 'Grab Packs' to enable expediated on-site activity during an event.
- Geographic Information: we have developed ways of visualising key geographic information and working their use into business-as-usual activities. For example, our GIS Events and Loggers (GISel) application pulls Smart Network data from various sources together into a map-based application environment. Incident Officers can now visualise not only the location of loggers but see their reading in near real-time. To support this process we have greatly increased the number of logging devices permanently fitted in the network and also invested in new mobile loggers that our teams can deploy at short notice to aid back-office analysis of on-going events.
- Review of third-party damage: the recent increases in third-party damage to our mains network, which have adversely impacted our customers, has led to a full review and various activity strands to minimise any future impacts. Our challenge now is to learn from these third-party events and effectively embed plans and processes to ensure interruptions in future years are kept to a minimum.

The underlying performance (5.12 minutes when excluding the three large events) shows that these measures are taking effect. This reflects our plan – we recognised that performance most months and years would improve to at least meet our supply interruptions target, but there could be isolated events, potentially outside of our control, that would result in the target being missed. 2020/21 included such events, but underlying performance in recent months implies that outperformance in future years is achievable, noting that whilst we can reduce the risks of exceptional events, we cannot eliminate them.

COVID-19
In addition to third-party impacts on our performance, the pandemic potentially caused second-order impacts too, primarily as a result of social distancing working arrangements. Quantifying this impact is not straightforward, but the likelihood of such effects (of not being able to respond effectively with higher than usual demand and social distancing in place) partly impacted our performance earlier this year.

Comparative Performance
Customers can compare our performance on supply interruptions against other companies in the industry at https://discoverwater.co.uk/loss-of-supply.

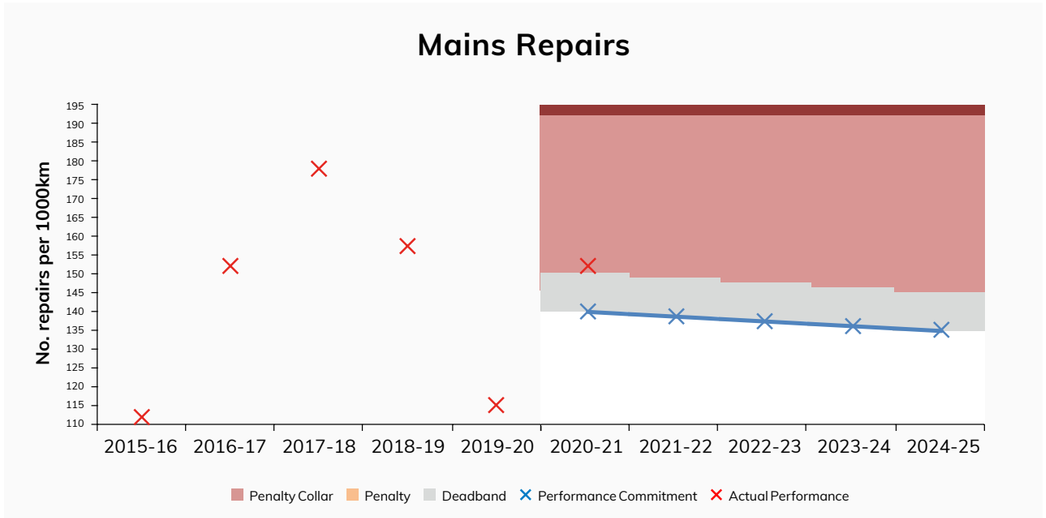


AMP7 Forecast Total (Outcome Delivery Incentives)
Whilst our historical performance (excluding 2017/18 due to the exceptional 'Beast from the East' weather) suggests a downward trend, it should be noted that at the same time our operational teams were focusseed on preventing customers being without a supply of water in the year through unplanned interruptions (rather than on all interruptions, both planned and unplanned, that last for three hours or more). Predicting future performance on our historical data is not therefore reliable. However based on our underlying performance for this year (5.12 minutes when excluding the three large events) we are forecasting to achieve our PCLs in the remaining years of this reporting period.

Mains repairs

Definition and Targets
The aim of this performance commitment is to ensure that our below-ground water mains network are maintained and improved for the benefit of current and future generations. It is reported as the number of mains repairs recorded in the year per thousand kilometres of the entire water main network (excluding communication and supply pipes). A burst pipe is the most common cause of loss of water supply.

No. of repairs per 1,000km of mains	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25	Long Term Ambition	AMP7 Forecast Total
Performance Commitment Level ("PCL")		138.4	136.5	134.6	132.7	130.7	130.0	
Performance	115.5	150.1						
PCL met?		No						
Underperfor-mance Penalty £m		-0.068						-0.068



Performance
Unfortunately we did not achieve our target for this year. Our performance was significantly impacted by the freeze-thaw events of January and February 2021 that resulted in twice the seasonally expected number of burst mains.

Mains Repairs (total number)	Mains Repairs (per 1,000km)	Description
1036	150.1	Mains repairs in 2020/21 in total (excluding raw water mains)
441	63.9	Mains repairs in January and February 2021
243	35.2	Average mains repairs in January and February (averaged since 2012/13 to present)
198	28.7	Additional above average repairs experienced in January and February 2021

Despite these adverse weather conditions, our operational and maintenance teams worked tirelessly to keep the effects on our customers to a minimum.

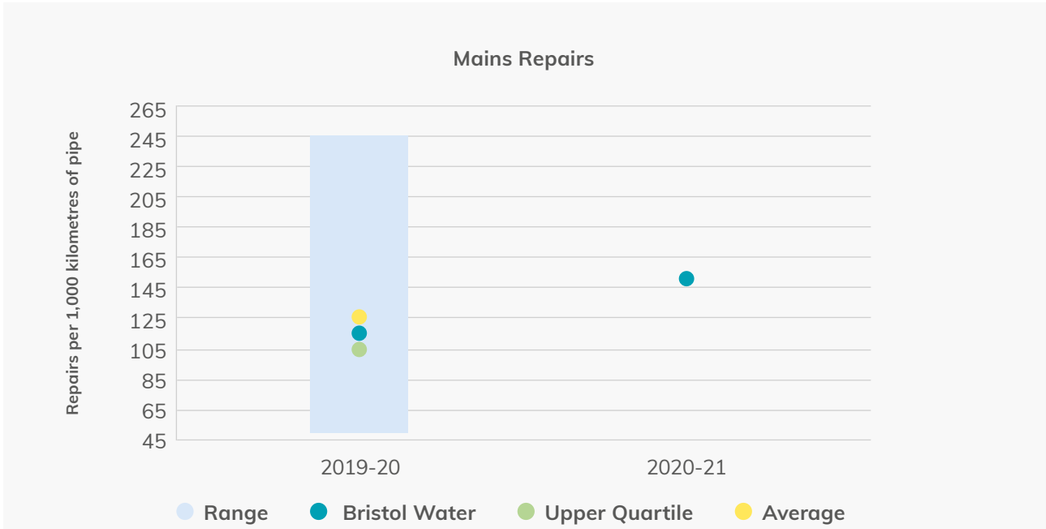
Ensuring that we maintain a reliable supply of water is a key company outcome. We aim to achieve this at the same time as having to meet the increased water demand of a growing population and the risks associated with an ageing infrastructure and assets. We currently invest around £50 million each year to maintain and improve water services and infrastructure.

Our approach over this five-year period is to continue to develop our risk-based targeted investment approaches to replace failing assets through a mixture of renovation techniques but also to explore and exploit innovation opportunities in both operations and maintenance and Smart Network technologies.

Our operations and maintenance teams have already been through a transformation process from the maintenance-centric approaches of the past that focused on fixing the burst as quickly as possible to the customer-centric approaches of today that focus first on maintaining service to our customers wherever possible. This has led to the development of 'Continuous Water Supply' techniques (such as live clamp repairs) and a 'Safe Control of Operations' framework, which focuses on minimising stresses on the network wherever possible.

We plan to continue exploring innovative approaches throughout the reporting period. We are looking exploring the continuation of optimised pressure management schemes, further development of dynamic and adaptive areas, as well as exploration of Smart Network techniques to exploit the vastly increased number of logging devices we have installed throughout our distribution network.

Comparative Performance
Customers can compare our performance on bursts against other companies in the industry at discoverwater.co.uk/loss-of-supply. Our performance in this area is partly impacted due to the historic age of our network assets, which are the oldest in Europe on average.



AMP7 Forecast Total (Outcome Delivery Incentives)
As our performance was significantly impacted by the freeze-thaw events of January and February 2021 we are forecasting to achieve our PCLs in the remaining years of this reporting period.

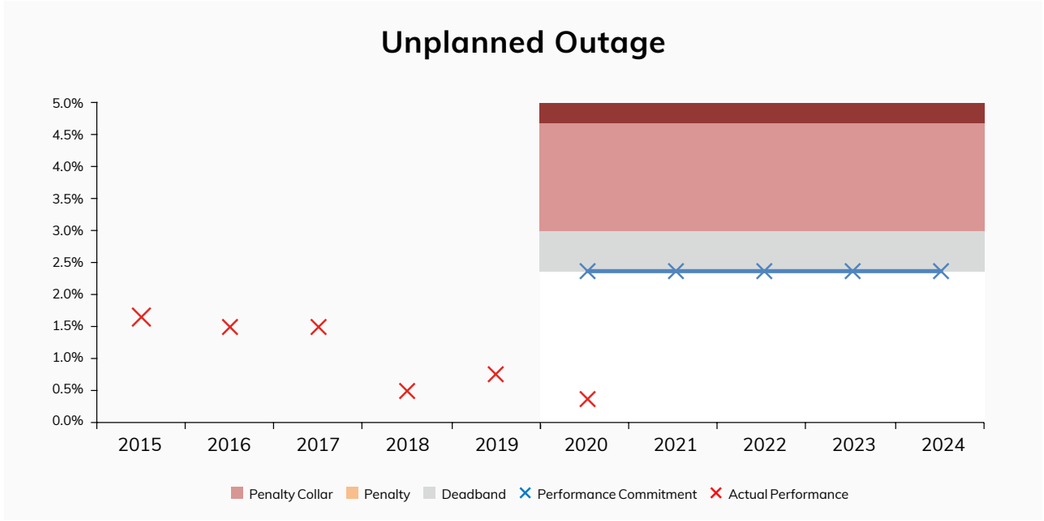
Unplanned outage

Definition and Targets
The aim of this performance commitment is to ensure that our above-ground water assets are maintained and improved for the benefit of current and future generations. It is reported as the temporary loss of peak week production capacity (PWPC) in the reporting year weighted by the duration of the loss (in days).

We have updated our unplanned outage calculation; we are using a rolling 24 hourly assessment (flow values per hour) as opposed to a lumped daily assessment. This more granular approach means more potential outage events are identified for investigation and ensures that we are further aligned to the reporting guidance.

% of peak week production capacity	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25	Long Term Ambition	AMP7 Forecast Total
Performance Commitment Level ("PCL")		2.34	2.34	2.34	2.34	2.34	0.00	
Performance	0.72	0.20						
PCL met?		Yes						
Underperfor-mance Penalty £m		0						0

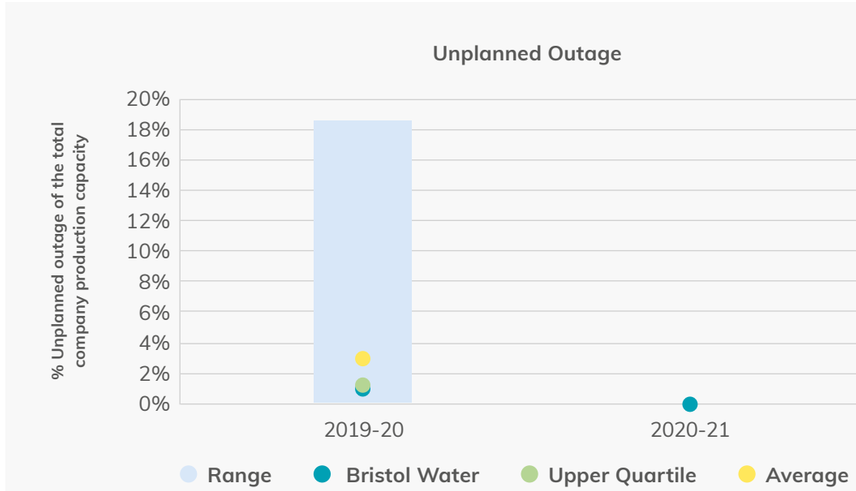
ANNUAL PERFORMANCE REPORT



Performance
The principal customer-facing impact of asset failure in respect of unplanned outages is an increased risk of supply interruptions and potentially low pressure. We are however pleased to report that our outage continues to remain low and indicates a high level of service. Our levels of service reflects our approach to maintaining our above-ground assets by responding immediately to unplanned outage failures - we aim to fix all outages within a working day. This means that unless there is a reason why the outage cannot be fixed that is outside of our control (for example due to the lead time required on parts to fix the outage or because of specific treatment process conditions) all outages are addressed before they exceed the 24 hour duration criteria.

Outages as a result of planned work extending beyond the original planned programme have not been included as unplanned outages. However, we have done a sensitivity assessment to understand the effect of this on the performance commitment if it was included. In 2020/21 this would have resulted in an additional 4.29Ml/d of outage and the percentage of outage as a proportion of PWPC would increase to 1.0%.

Comparative Performance
Industry performance on unplanned outage is below.



Other reporting and assurance requirements
This performance commitment was previously 'shadow' reported on in the previous reporting period, with red, amber, and green ratings to provide transparency on the degree to which we had been able to implement the reporting guidance. We had however been reporting full compliance for unplanned outage in 2018/19 and 2019/20 (there were no amber or red assessments for the components associated with this shadow performance commitment in those years). We continue to report full compliance now that this is no longer being shadow reported.

AMP7 Forecast Total (Outcome Delivery Incentives)
Based on our historical performance to date we are forecasting to achieve our PCLs in the remaining years of this reporting period.

Risk of severe restrictions in a drought

Definition and Targets
One of our customers' most important requirements is an unrestricted water supply and yet, during exceptionally dry periods, customers may experience restrictions to their water usage and/or supply. For example, temporary interruptions to supply. This measure looks at the percentage of our customers at risk of the most severe restrictions being introduced once every 200 years. The aim is to measure the resilience of our Company to severe water restrictions in a 1-in-200 drought and to incentivise us to make improvements to this level of resilience in the short and longer term.

% of population at risk	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25	Long Term Ambition
Performance Commitment Level ("PCL")		38.0	29.8	29.8	29.8	25.6	0.0
Performance	85.1	56.9					
PCL met?		No					

Performance
It is important to underline that this metric is not about the risk of a drought occurring (a period of low rainfall that creates a shortage of water), but the risk of severe drought restrictions (a 'level 4 restriction') being imposed if an extreme drought ever happened. Our performance commitment targets have been calculated using the data from our Water Resource Management Plan (WRMP), which set out our supply demand balance across the 25-year planning period using a forecast dry year demand. Based on our supply demand balance for this reporting year (using the outturn demand) we have not met our target for this year. However, the true level of risk to our customer security of supply is minimal, as our reporting of this metric excludes the introduction of temporary use bans (TUBs) or Non-Essential Use Ban (NEUB) because:

- These are not reflected in Table 10 of our WRMP, or as a result our baseline WRMP (NEUBs only appear in the drought section of Table 10). So their exclusion from reporting of this metric is consistent with the WRMP in this respect.
- The benefits associated with NEUBs were inherently uncertain as: we have never implemented a NEUB; they require obtaining a drought order from DEFRA; and their implementation is now complicated by the fact that business retailers are now separate entities.
- This approach (i.e. excluding NEUB impact, and drought permit impacts) is consistent with that used in prior years and for setting the PCL – the exclusion in prior years reflects the uncertainties noted above.

If we were to experience a drought in reality the risk to our customers of experiencing severe drought restrictions would be reduced via the implementation of temporary use bans, sometimes called a “hosepipe ban”, whereby restrictions are put in place on a number of customer activities, such as watering their gardens, cleaning their cars or watering their plants using a hosepipe. Such measures have however not been introduced by Bristol Water since 1990. In addition during a very severe drought we would consider implementing a Non-Essential Use Ban (NEUB) to restrict water use further. This would affect water use by both commercial and domestic customers.

Due to the integrated nature of our water sources, we operate a single water resource zone. A water resource zone is the largest possible area in which all resources can be shared. We use the water resource zone for operational management, water resource planning and drought management. The sensitivity of the Bristol Water supply demand balance, and the fact we only have one water resource zone, significantly impacts this metric, which is why our performance on this metric is not directly applicable to other companies (many of whom have multiple water resources zones).

We constantly monitor our water resource position and despite the hot dry spell over the last few years (as well as this summer), we have managed our resources to ensure customer supplies are maintained without the need for any drought restrictions. This resilience is a result of our conjunctive use water resource system), whereby we use a combination of reservoir storage, groundwater sources and run of river sources to supply our customers across the year, with good management of the balance of water supplied from both our Mendip reservoir sources and the River Severn via the Gloucester & Sharpness Canal. If prolonged dry weather were to continue, our close monitoring of the resource position would enable us to identify when a drought is developing and ensure that steps are taken early to help reduce demand for water and manage the effects of drought. These actions are set out in our drought plan.

Our preferred approach to maintaining our supply-demand balance continues to be focused on optimising the use of our existing water sources while continuing to drive down leakage and water consumption to maintain sustainable use of water resources. Moreover, if we continue to outperform our leakage targets, as we have for 2020/21, the risk to our customers of introducing severe restrictions in a drought will continue to reduce.

Additional detail on measurement units
The 25 year average customers at risk has been assessed as being 776,369 of the 25 year average total population of 1,365,369. This equates to a 25 year average of 56.86% of customers at risk.

The outturn Distribution Input (DI) and outage allowance has been used to update the assessment and re-base the 25-year forecast to assess the current average 25-year customer risk. This reporting year (2020/21) has been assessed as a ‘dry year’ using the summer rainfall and temperature data from April to September. No dry year adjustment factor is therefore applied to the reported distribution input value. Outturn DI was 0.08Ml/d lower that the WRMP19 forecast DI for 2020/21 (276.43Ml/d)

The outturn outage allowance and the potable water imported and exported has also been updated in the supply demand balance assessment to reflect the actual outturn data for 2020/21. Actual outage is 12.91Ml/d more than the forecast WRMP19 outage. This has resulted in the supply demand balance being -10.17Ml/d in the 2020/21 reporting year, and 14 out of the 25 years currently being forecast as being in deficit if no further action is taken. However, 14.57Ml/d of the recorded outage for 2020/21 was planned outage. In a drought year, when there is pressure on our sources and infrastructure, we would not have carried out so much planned maintenance, and the outage figure would have been significantly reduced. This makes this standardised industry metric of only theoretical relevance, rather than reflecting likely service risk to customers.

Our baseline water available for use assessment does account for savings associated with the implementation of Temporary Use Bans (TUBS) but does not account for any potential demand saving benefits associated with the implementation of a Non-Essential Use Ban (NEUB) during a significant drought. This is consistent with the information presented in our Water Resource Planning Table 10, which shows the assumptions included within our baseline Water Resources Planning assessments and then the additional drought actions that we would apply in a drought worse than the 1-in-200 scenario we plan for.

We have carried out a sensitivity assessment to test what the risk of severe drought restrictions would be if we reduced our planned outage by half (a reasonable assumption in a drought situation) and applied a NEUB. This results in the 25-year average percentage customer at risk reducing to 48.68%.

Comparative Performance
Whilst all water companies in England and Wales must report on this performance commitment, it should be noted that this commitment is reflective of a company’s WRMP plans and thus not directly applicable. Currently we are projecting a higher proportion of population at risk of drought as compared to other companies (which is partly a result of how we operate using a single water resource zone).

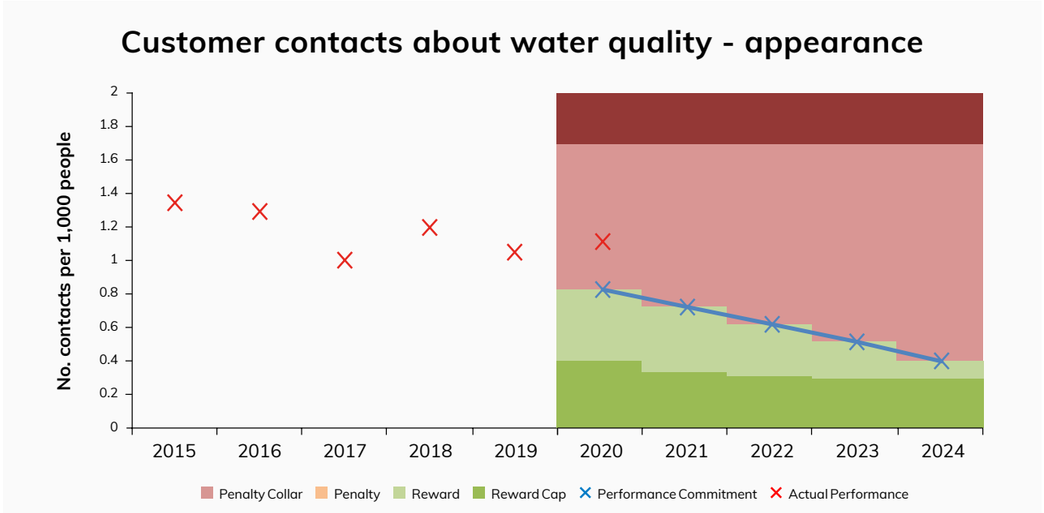
Customer contacts about water quality – appearance

Definition and Targets
The aim of this performance commitment is to reduce water quality contacts made by our customers, relating to the appearance of their water. It is measured as the number of times we are contacted by consumers due to the drinking water not being clear, reported per 1,000 population. The calculation is the number of contacts for appearance multiplied by 1,000, divided by the resident water supplied population as reported to the Drinking Water Inspectorate (DWI).

To be consistent with our approach to DWI reporting, for the limited number of customer contacts that reference both appearance and taste and smell as issues, the contact is only counted against the performance commitment category it was originally assigned to.

This performance commitment is reported in calendar years.

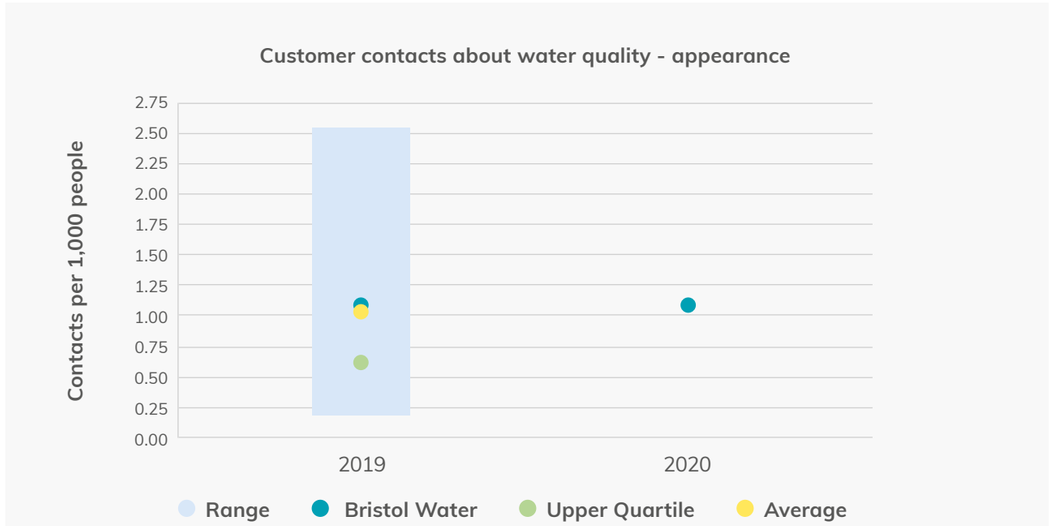
Number of consumer contacts per 1,000 population	2019 Baseline	2020	2021	2022	2023	2024	Long Term Ambition	AMP7 Forecast Total
Performance Commitment Level (“PCL”)		0.83	0.73	0.63	0.53	0.43	0.10	
Performance	1.03	1.07						
PCL met?		No						
Outperformance Payment/ Underperformance Penalty £m		-0.042						-0.100



Performance
Customer contacts for discoloured (orange/brown) water remain the biggest contributor to appearance contacts (at 73% of all contacts). This discolouration can be primarily attributed to the disturbance of harmless iron sediments within the mains network. Our performance overall is similar to performance reported in previous years (in 2018 and 2019). Although there has been a steady month on month reduction in the number of discoloured contacts during the second half of 2020, we have missed our target. There is no single cause, but the most significant factors that have prevented our improved network performance from achieving this target has been third party use of hydrants and standpipes as well as individual burst main events. We have agreed an undertaking with the DWI on specific zones, consistent with the ambition in our business plan to reduce discoloured water.

Our systematic flushing programme has proven to be effective as a first stage intervention in removing iron sediment before it can cause a problem (to the extent that it then results in customers feeling the need to contact us about the appearance of their water). This demonstrates our continuing commitment to reducing the likelihood of customers experiencing discolouration as a result of network operations, burst mains or when a third party uses our apparatus.

Comparative Performance
We know that the appearance of our customers' tap water is something which they value highly. Customers can compare our performance on appearance contacts against other companies in the industry at discoverwater.co.uk/colour



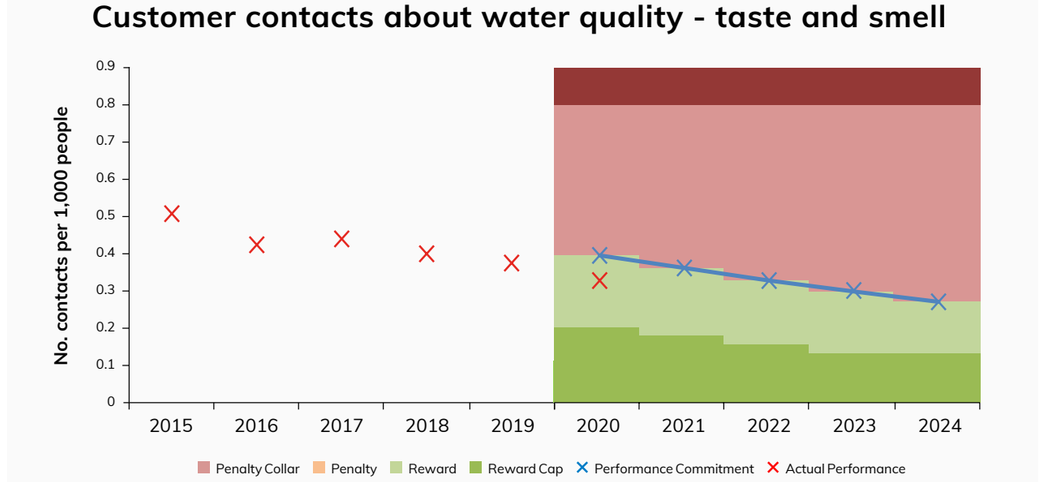
AMP7 Forecast Total (Outcome Delivery Incentives)
Improving our performance for this performance commitment will require significant investment. As an example of our plans, our water quality and network teams are working in partnership to identify a probable cause for all instances where three or more discoloured water contacts are received in a "single zone" (our network is split into a number of different zones, called Waste Water Districts) and where possible for single contacts. This has already proven beneficial in identifying contacts associated with third-party use of standpipes as contributory factors. We are therefore forecasting to be back on track later in this reporting period.

Customer contacts about water quality – taste and smell

Definition and Targets
The aim of this performance commitment is to reduce water quality contacts made by our customers, relating to the taste and odour of their water. The calculation is the number of contacts for taste and odour multiplied by 1,000, divided by the resident water supplied population as reported to the Drinking Water Inspectorate (DWI). To be consistent with our approach to DWI reporting, for the limited number of customer contacts that reference both appearance and taste and smell as issues, the contact is only counted against the performance commitment category it was originally assigned to.

This performance commitment is reported in calendar years.

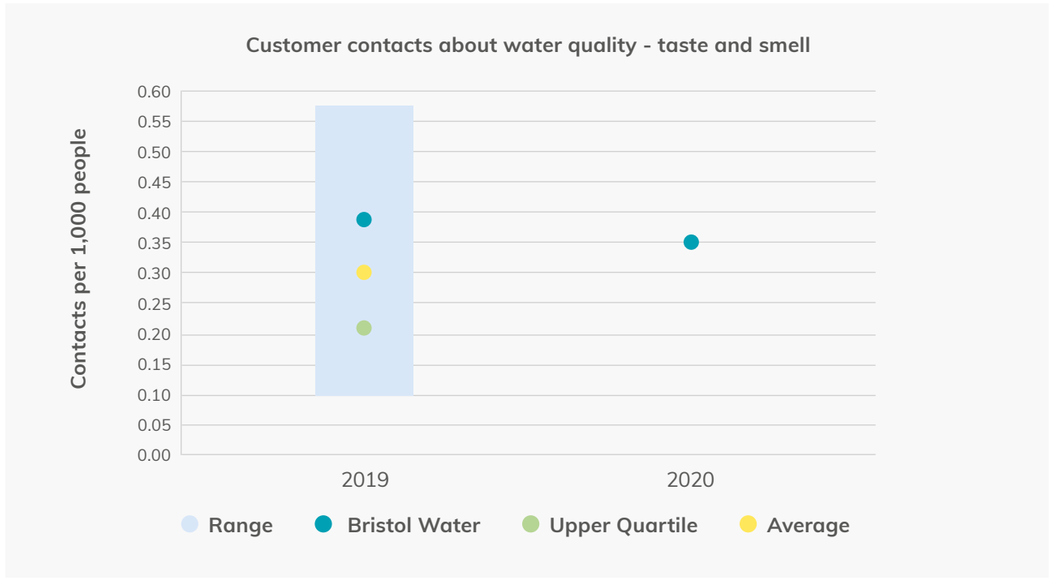
Number of consumer contacts per 1,000 population	2019 Baseline	2020	2021	2022	2023	2024	Long Term Ambition	AMP7 Forecast Total
Performance Commitment Level ("PCL")		0.40	0.36	0.32	0.28	0.25	0.10	
Performance	0.39	0.35						
PCL met?		Yes						
Outperformance Payment/ Underperformance Penalty £m		0.011						0.025



Performance
We are pleased to have outperformed our target for this year.

Historically, the majority of taste and odour contacts are associated with problems that develop within internal domestic plumbing systems. Updates to our website have helped to improve the information currently available to customers. As our works and network are performing well, performance has improved, but a significant further improvement is being targeted for future years, in order to meet our future obligations.

Comparative Performance
We know that the taste our customers' tap water is something which they value highly.
Customers can compare our performance on taste/odour contacts against other companies in the industry at discoverwater.co.uk/taste



AMP7 Forecast Total (Outcome Delivery Incentives)
Based on our historical performance to date we are forecasting further outperformance in this reporting period; there is a clear trajectory of improving performance based on our investment plans.

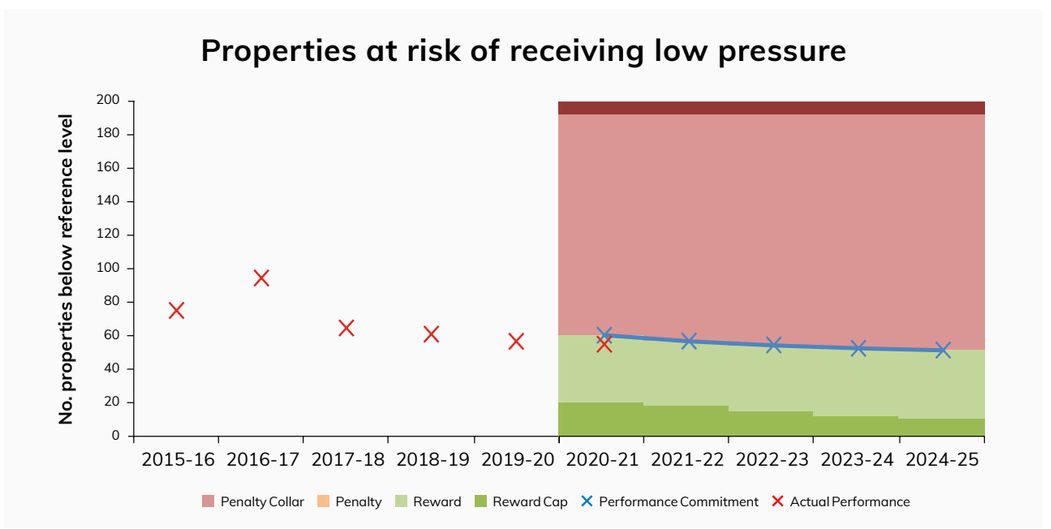
Properties at risk of receiving low pressure

Definition and Targets
Water pressure determines the strength of water flow from customer taps. The aim of this performance commitment is to identify the number of properties that have received, and are likely to continue to receive, pressure below the reference level when demand is not abnormal. This is measured as the total number of properties in our area of water supply which, at the end of the year, have received, and are likely to continue to receive, a pressure or flow below the reference level.

Our standard of service for mains water pressure is ten metres head (or 1 bar) at the property boundary of a home or business. This normally means that in our customers' home or business, water pressure should be strong enough to fill a 4.5 litre (one gallon) container in 30 seconds from a ground floor tap. This is the minimum level of pressure we expect each house or business to receive, although pressure can be higher.

Identifying new properties at risk of low pressure can arise as a consequence of our proactive monitoring of our network or as a consequence of poor pressure complaints raised by customers.

Number of properties	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25	Long Term Ambition	AMP7 Forecast Total
Performance Commitment Level ("PCL")		65	61	57	53	49	20	
Performance	57	57						
PCL met?		Yes						
Outperformance Payment/ Underperformance Penalty £m		0.037						0.037



Performance
Over recent years we have started a process of significantly increasing the level of pressure monitoring and other sensor deployment in our distribution network. This will ensure we can identify which properties are at risk of low pressure and rectify the problems for our customers in a much quicker timetable. It is therefore unlikely that our customers will experience water pressure below the minimum standard for long periods of time; since the baseline year (at 31 March 2020 we reported 57 properties at risk of receiving low pressure) we have ended the year (at 31 March 2021) with 57 properties at risk of receiving low pressure.

A number of properties were added to the low pressure register during the year:

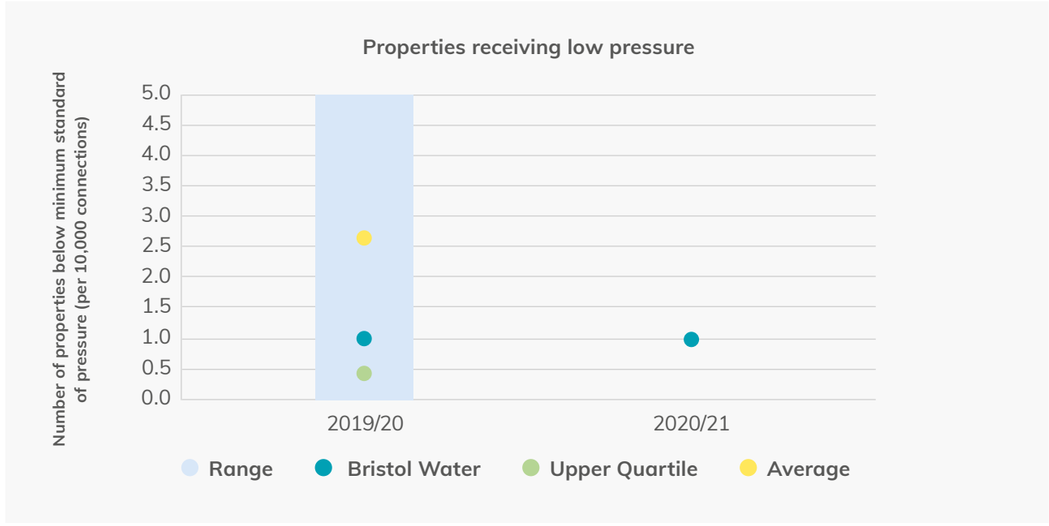
- Six properties in Glen View in Stratton-on-the-Fosse were identified as receiving below standard pressure in the summer, mostly caused by the impact of the high demand generated by the hot weather; and
- A further seven properties were also identified at Bainsbury View in Stratton-on-the-Fosse later in the summer.

A number of remedial projects over the year have resulted in removing a number of properties from the low pressure register:

- One property has been confirmed to have been separated from the common supply pipe at Norbins Road, Glastonbury.
- Following remedial work and additional pressure measurement monitoring, the seven properties located at Bainsbury View in Stratton-on-the-Fosse were latterly removed; and
- We have addressed the poor pressure problems for the six properties located at Glen View in Stratton-on-the-Fosse.

In addition, a poor pressure complaint is currently being investigated at Southleaze Orchard, Street. As the complaint is still under investigation, we have added this property to our low pressure register for now.

Comparative Performance
Customers can compare our performance on low water pressure against other companies in the industry at discoverwater.co.uk/water-pressure



The range in the chart above is up to 35 properties below minimum standard of pressure (per 10,000 connections) but this has been limited to 5 properties due to the outlier in the data.

AMP7 Forecast Total (Outcome Delivery Incentives)
Despite our improving performance to date, as properties may potentially be added to the register, we are forecasting to at least achieve our PCLs in the remaining years of this reporting period.

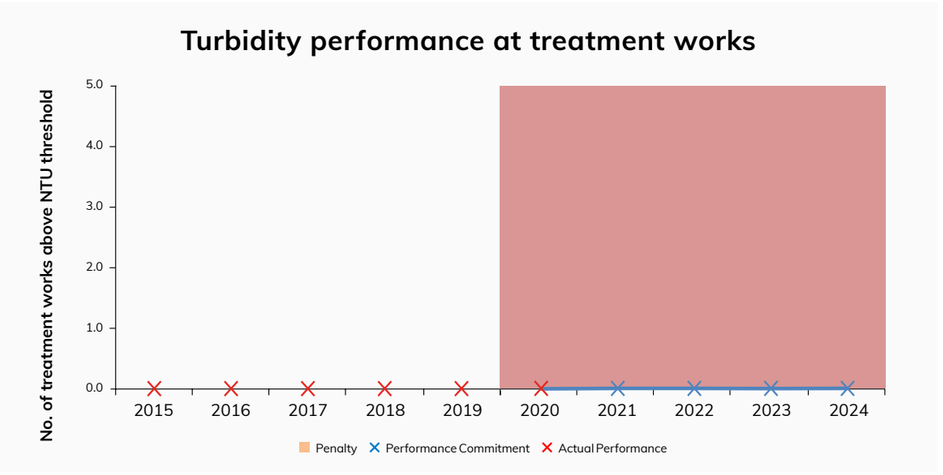
Turbidity performance at treatment works

Definition and Targets
The aim of this performance commitment is to reduce the turbidity experienced at our water treatment works. It is measured as the number of operational potable water treatment works whose turbidity 95th percentile equals or exceeds a 0.5 NTU (Nephelometric Turbidity Units) threshold.

Our performance over the next five years will be reported against performance commitment levels, also known as targets. To understand our performance to date we have included within the table a baseline level of performance, taken from our level of service reported last year.

This performance commitment is reported in calendar years.

Number of works whose turbidity 95th percentile equals or exceeds a 0.5 NTU threshold	2019 Baseline	2020	2021	2022	2023	2024	Long Term Ambition	AMP7 Forecast Total
Performance Commitment Level ("PCL")		0	0	0	0	0	0	
Performance	0	0						
PCL met?		Yes						
Underperformance Penalty £m		0						0



Performance
Turbidity is a measure of the cloudiness of water, normally caused by suspended minerals. It is an important water quality control parameter at our water treatment works. Factors such as turbidity affect the effectiveness of disinfection. This metric enables us to consider the following:

- The use of turbidity as a measure to provide assurance of the optimal operation of filter performance, where filtration is used to address identified risks associated with chlorine resistant pathogens in the source water;
- The impact of turbidity on the efficiency of disinfection processes;
- The effect that turbidity has on the aesthetics of the treated water.

During the reporting year, 3,493 samples were taken from our 17 treatment works (sampling points). None of the sites hit or exceeded the 95th percentile 0.5 NTU threshold.

AMP7 Forecast Total (Outcome Delivery Incentives)
Based on our historical performance to date we are forecasting to achieve our PCLs in the remaining years of this reporting period. We have a long track record of achieving zero turbidity events and we are confident that this will continue into futures years as a result of our approach.

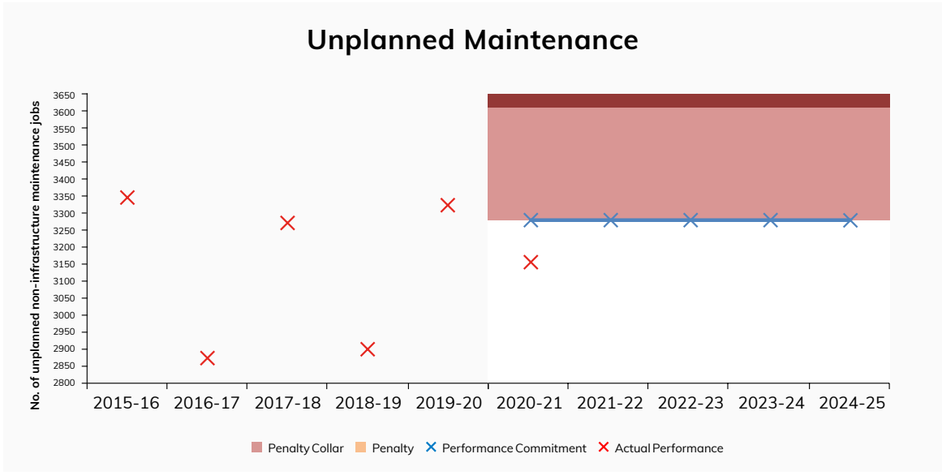
Unplanned maintenance – non-infrastructure

Definition and Targets
The aim of this performance commitment is to ensure that the health of all water non-infrastructure assets is appropriately maintained and improved. It is measured as the total number of unplanned non-infrastructure maintenance jobs, required as a result of equipment failure or reduced asset performance. It typically relates to jobs identified at our treatment works, pumping stations and service reservoirs

Unplanned events mean potential interruptions to the treatment and supply of clean and wholesome water. The more we can reduce the occurrence of unplanned events on our treatment works the more reliable the supply of water; this results in reduced asset downtime and increased reliability of supply for our customers.

Our performance over the next five years will be reported against performance commitment levels, also known as targets. To understand our performance to date we have included within the table a baseline level of performance, taken from our level of service reported last year.

Number of unplanned non-infrastructure maintenance jobs	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25	AMP7 Forecast Total
Performance Commitment Level ("PCL")		3,272	3,272	3,272	3,272	3,272	
Performance	3,327	3,134					
PCL met?		Yes					
Underperformance Penalty £m		0					0



Performance
We are pleased to have outperformed our target for this year. We aim to provide the right maintenance and whole life care to our assets to ensure that they are reliable and efficient; our steady performance over the last few years demonstrates that we are on the right track to achieving this balance. By providing the right level of care and investment in our assets we are able to provide a resilient supply of quality water with minimal interruptions. This is achieved by assessing all our assets to better understand which have the greater impact on our ability to meet our customer requirements. A lower number reported identifies reduced asset downtime and increased reliability.

AMP7 Forecast Total (Outcome Delivery Incentives)
Based on our historical performance to date we are forecasting to achieve our PCLs in the remaining years of this reporting period.

Glastonbury Street network resilience

Definition and Targets
The aim of this performance commitment is to protect customers should we not deliver the Wells to Glastonbury and Street area mains scheme in Somerset. It is measured as the expected number of months delay to deliver a permanent secondary source of supply to the Glastonbury and Street area, covering a population of approximately 28,000, by 31 March 2025.

Our performance over the next five years will be reported against performance commitment levels, also known as targets. A delay to the scheme must be entered as a positive number of months. If the scheme is expected to be delivered early (i.e. before 31 March 2025) a zero will be entered. To understand our performance to date we have included within the table a baseline level of performance, taken from our level of service reported last year.

Expected number of months delay	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25	Long Term Ambition	AMP7 Forecast Total
Performance Commitment Level ("PCL")		0	0	0	0	0	Scheme delivered by March 2025	
Performance	0	0						
PCL met?		Yes						
Underperformance Penalty £m		0						0

Performance
Reliability of water supply is a top priority for our customers. The Glastonbury and Street zones are supplied from Cheddar Water Treatment Works via a considerable length of "Critical Main" for which currently there is no redundancy. This scheme will ensure that a population of approximately 28,000 have resilience of supply by providing an additional route of supply to Windmill Hill Reservoir, maintaining the supply of water to Glastonbury and Street in the event that the main supply route is lost or compromised. It also ensures that those customers in Glastonbury and Street would be at a significantly less risk of experiencing water supply interruptions of over 24 hours.

Our long-term strategy continues to have a focus on resilience and a growing need to ensure our assets are, and remain, maintained and effective in preventing our customers from experiencing water supply interruptions of over 24 hours.

AMP7 Forecast Total (Outcome Delivery Incentives)
The Wells to Glastonbury and Street area mains scheme in Somerset is expected to be delivered in March 2023. We are therefore able to report with confidence that we expect no (zero months) delay to the scheme being delivered throughout this reporting period.

Local Community and Environmental Resilience

We make our services robust to what the future may hold. We achieve this through collaborative working with our communities and through protecting and enhancing our local environment.

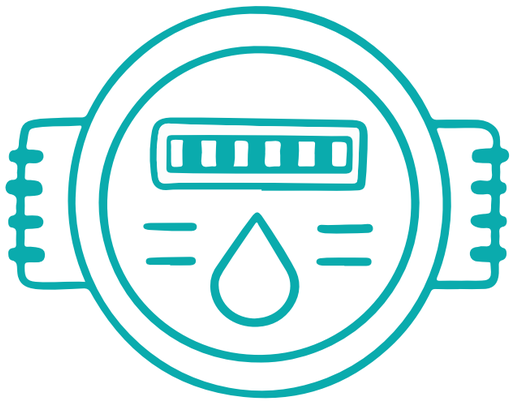
Leakage

Definition and Targets
Water is supplied to customers' homes through thousands of kilometres of underground pipes. For various reasons, including ground movement and degradation of materials, pipes can leak and some water is lost between the treatment works and the home.

The aim of this performance commitment is to reduce leakage, which leads to improved water resources supply/demand balance, reduced need for water abstraction and increased water supply network resilience. This measure is the amount of water that enters the distribution system but is not delivered to customers because it is lost from either the company's or customers' pipes. Although we are required to report on leakage in megalitre per day (Ml/d), leakage in litres per property per day and leakage in cubic metres per km of main are used to compare companies of different sizes.

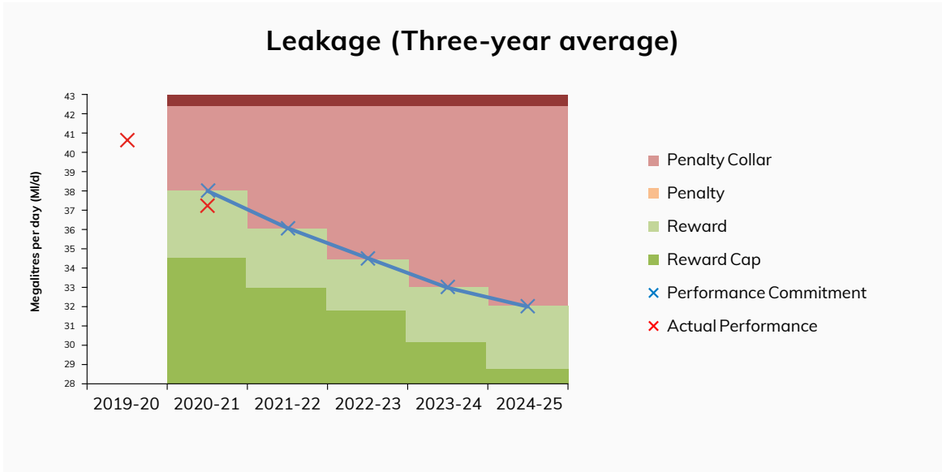
There are multiple benefits to managing leakage effectively including reducing the risk of having to impose water restrictions if our area experiences sustained periods of dry weather, reducing our impact on the environment by reducing the amount of water we need to abstract, and reducing disruption to customers when making repairs.

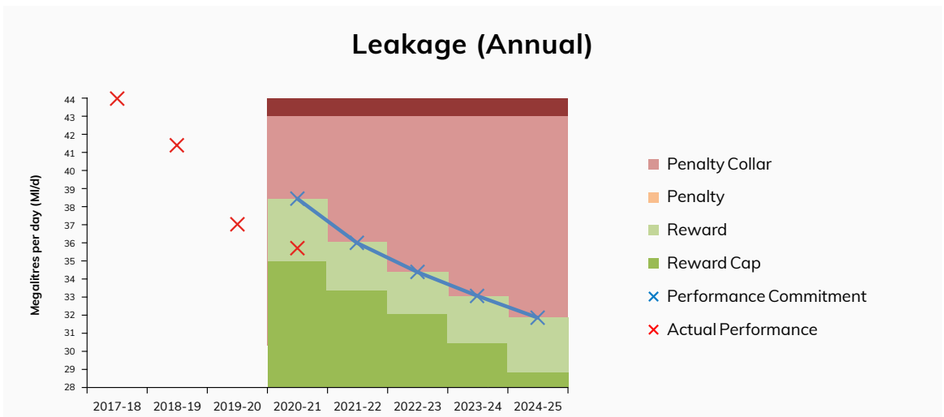
Our performance over the next five years will be reported against performance commitment levels, also known as targets. To understand our performance to date we have included within the table a baseline level of performance, taken from our level of service reported over the last three years. Our leakage performance commitment levels (PCLs) are based on three-year average reductions from this baseline level of service. Therefore, in order to achieve the PCLs we must achieve an annual level of performance, which is greater than the three-year average, due to our performance in previous years. Our future indicative annual levels of performance will then have to be revised, in line with our final outturn annual performance each year.



	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Long Term Ambition	AMP7 Forecast Total
Annual performance in Megalitres per day (Ml/d)	43.9	41.1	37.0	35.5					31.5	
Three-year average performance in Ml/d			40.7	37.9						
Three-year average Performance Commitment Level ("PCL") based on % reduction from baseline				6.1%	11.4%	15.8%	19.0%	21.2%		
Three-year average PCL based on % reduction from baseline in Ml/d				38.2	36.1	34.3	33.0	32.1		
Indicative annual performance required to meet three-year average PCL in Ml/d				36.4	34.8	31.6	32.5	32.1		
Three-year average PCL met?				Yes						
Outperformance Payment/ Underperformance Penalty £m				0.049						0.160

ANNUAL PERFORMANCE REPORT



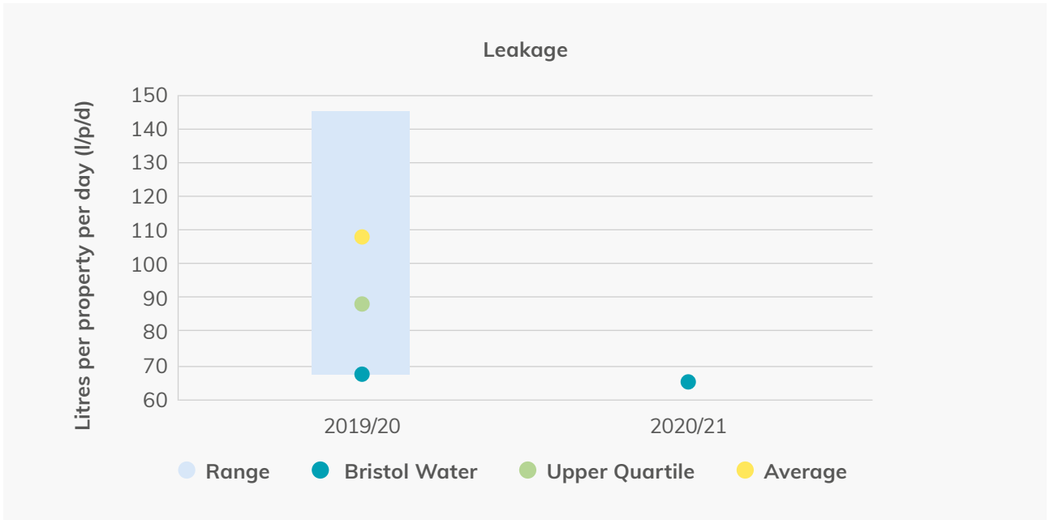


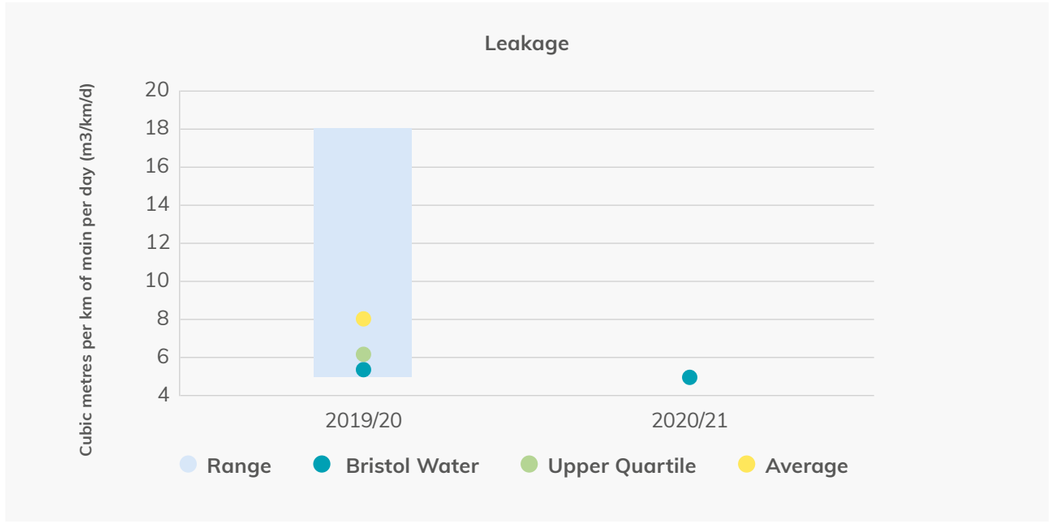
Performance
This is the lowest level of leakage we have ever achieved. This is despite the fact that we have experienced a complex combination of change of customer usage habits in response to COVID-19 (which has significantly impacted household night usage, a major variable in the leakage calculation), combined with difficult weather conditions in the spring and the summer. The reduction in leakage in 2021/22 by 4% to 35.5Ml/d compared to 2020/21 and 19% since 2017/18 will make a big and early contribution towards the total industry target of a 50% reduction by 2045.

The combination of targeted investment in our network, improved monitoring (leak repairs continue to be monitored so that the largest are targeted as highest priority) and control activities, and our proactive approach to leakage management and leakage reduction initiatives, such as pressure management, continues to see us reduce leakage levels further. Our excellent leakage performance can be attributed to significant effort to reduce leakage on our distribution network with more leakage inspectors deployed, supported with additional technology, whilst working closely with our customers (to provide advice, support and assistance) to minimise leakage. Proactive and reactive pressure reduction activities have also assisted in optimising and calming the network, as well as contributing to reductions in leakage.

We aim to continue to deliver on our industry-leading levels of service through a combination of focused leakage detection and repair activity, enhanced network monitoring through the introduction of “smart networks” and additional pressure management to reduce network volatility and stabilise the pressure received by our customers.

Comparative Performance
Customers can compare our performance on leakage against other companies in the industry at discoverwater.co.uk/leaking-pipes. Although we are required to report on leakage per megalitres per day (Ml/d), leakage per litres per property per day and leakage per cubic metres per km of main are used to compare companies of different sizes.





AMP7 Forecast Total (Outcome Delivery Incentives)
Based on our historical performance to date and our investment plans we are forecasting to further outperform our PCLs in the remaining years of this reporting period. Leakage reduction is consistently a top priority across all our customer research and engagement, which is why we are focused on delivering further improvements in this area of service.

Per capita consumption (PCC)

Definition and Targets
The aim of this performance commitment is to help customers reduce their consumption. It is defined as the average amount of water used by each person each day; the sum of measured household consumption and unmeasured household consumption divided by the total household population. By knowing this information, our intention is to encourage behaviours to reduce the amount of water we all use, thereby helping customers save money for the future and further adapt to the challenges of climate change.

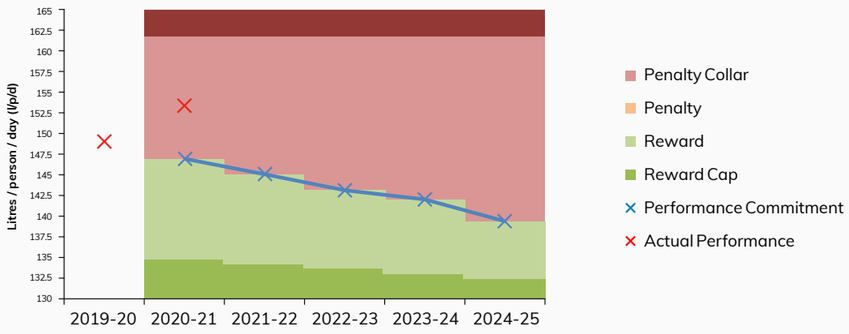
Our performance over the next five years will be reported against performance commitment levels, also known as targets. To understand our performance to date we have included within the table a baseline level of performance, taken from our level of service reported over the last three years. Our PCC performance commitment levels (PCLs) are based on three-year average reductions from this baseline level of service. Therefore, in order to achieve the PCLs we must achieve an annual level of performance, which is greater than the three-year average, due to our performance in previous years. Our future indicative annual levels of performance may then have to be revised, in line with our final outturn annual performance each year.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Long Term Ambition	AMP7 Forecast Total
Annual performance in Litres per person per day (l/p/d)	148.9	151.3	146.4	161.1					110.0	
Three-year average performance in l/p/d			148.9	152.9						
Three-year average Performance Commitment Level ("PCL") based on % reduction from baseline				1.3	2.6	3.9	5.1	6.3		
Three-year average PCL based on % reduction from baseline in l/p/d				147.0	145.0	143.1	141.3	139.5		
Indicative annual performance required to meet three-year average PCL in l/p/d				143.3	143.0	142.9	139.9	135.8		
Three-year average PCL met?				No						
Outperformance Payment/ Underperformance Penalty £m				-0.177[16]						-1.054

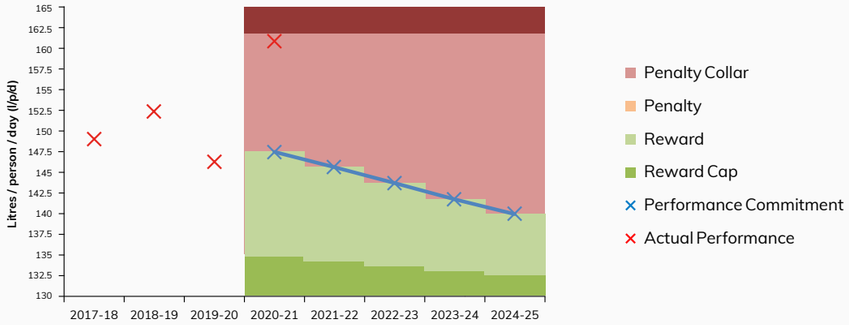
[16] This is our notional ODI for PCC 2020/21 but this may not apply to customer bills until after 2024/25 performance has been reported. Ofwat plan to assess what adjustments are appropriate over 2020-25 as a whole.

ANNUAL PERFORMANCE REPORT

Per Capita Consumption (Three-year average)



Per Capita Consumption (Annual)



Performance
This is a challenging target and regretfully we have not met our target for this year. We are forecasting to underperform throughout AMP7 on per capita consumption.

One of our biggest challenges we face is customer perception and their understanding of the value of water, and in how we work with customers and other stakeholders to educate them on demand management and the benefits of water efficiency. Our future water availability and keeping water in the environment relies heavily on customers, consumers and communities really understanding the value of water and by working with us to make sure we have a better, more resilient future. Unfortunately, our performance, has been severely impacted by COVID-19, because customers are rightly using more water as they are at home more and there is enhanced focus on hygiene and hand washing.

Moreover, it is worth mentioning that this year has seen a long period of hot and dry weather at the beginning of the summer, which is an additional driver contributing to the higher domestic usage observed this year.

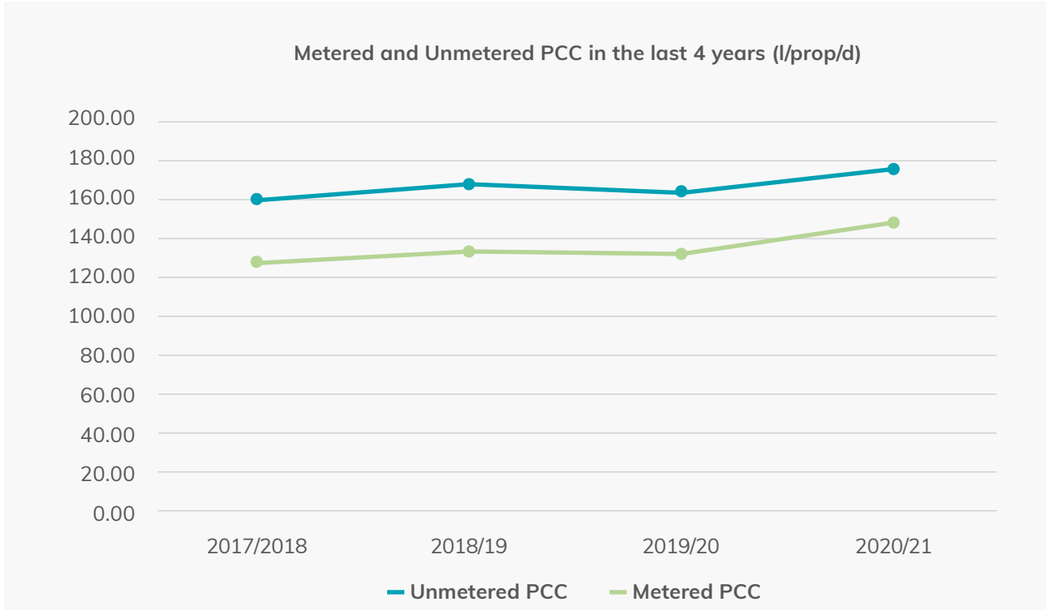
We do want to help customers to reduce water consumption, through supportive and voluntary measures. However, we recognise that we have to do more to help customers reduce water consumption in line with our long-term ambition to reach 110 litres per person per day. As well as the metering, we have highlighted the following approaches in our Water Resource Management Plan:

- The continued provision of free water efficiency equipment;
- The continued provision of bespoke water efficiency calculations through our website to empower customers to understand their usage and advise and help on how to become more efficient;
- Developing new partnerships with stakeholders across our region to create new and innovative ways to help customers to become more resource efficient;
- Developing our evidence base and research programme on the most effective water efficiency measures;
- Continuing and enhancing our schools education programme;
- Working within the industry to share experience and knowledge and lead development of initiatives like the water label; and
- Working with retailers to help them help their non-household customers to use water efficiently.

We will also have to consider what the long-term impact of COVID-19 will mean for consumption patterns.

COVID-19
It is clear that COVID-19 has impacted our performance on PCC. Although it is not possible to predict with any real confidence what the long-term impact of the COVID-19 pandemic may be, it is reasonable to believe that these new consumption behaviours may continue to some extent into the second year of AMP7 and possibly beyond, particularly as some employers are now encouraging their staff to continue working from home at least on a part time basis.

The chart below shows a relatively similar increase as a reaction to the COVID-19 crisis for both individual unmetered and metered HH PCC (as a result of additional cleaning behaviours and working from home). PCC has hit an all-time high this year, even compared to 2018/19 which also had a long period of hot and dry weather.

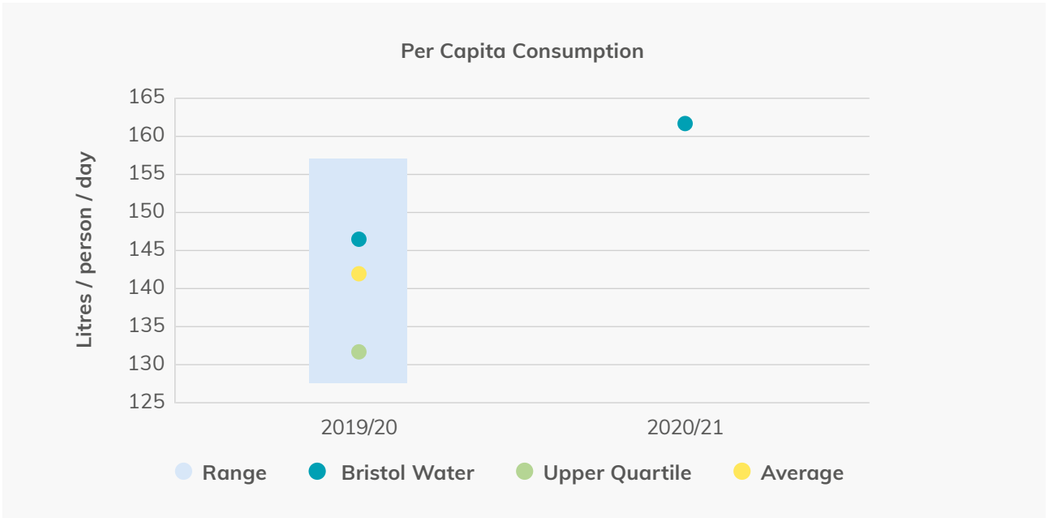


Our assumptions on PCC when producing our business plan in 2018 did not anticipate the changes to household consumption that COVID-19 has brought about as a direct result of people working from home, school closures, restrictions on international travel and tourism, or even just washing hands more often. These changes have resulted in a change in the location of water demand; our customers are staying at home more often and using more water at home, rather than consuming water outside of their homes. Consumption in workplaces and offices that has reduced is not measured in this metric. During lockdown periods we also suspended meter installations as non-essential immediate work; this also has an impact on PCC.

Social Contract
We plan to undertake a range of community initiatives and partnership campaigns as part of our social contract throughout 2020-25. Example of some of our initiatives in 2020-21 are summarised below:

- Resource West: the aim of this programme is to work with local partners to deliver a joined-up approach to reducing consumption across different sectors – combining resources and amplifying messages to customers. Lower consumption will also reduce the total energy we use to treat and transport water, therefore reducing our greenhouse gas emissions, as well as our customers' carbon footprint. By doing so, we will be encouraging reductions in public consumption of resources and increased local resilience.
- Community Engagement projects: the aim of this programme is to work collaboratively with community groups to address issues that impact the wellbeing of the community. By doing so, we will provide public access to free drinking water, encourage reductions in consumption of single use plastic and provide public access to historic assets, providing education and wellbeing and education on the value of water.
- Education projects: the aim of this programme is to inspire a sense of collective responsibility through education on the value of water (and other resources) to develop citizens for the future. By doing so, we will inspire the next generation on the value of water to foster a sense of responsibility and a willingness to act. This will encourage our younger customers to reduce their consumption habits but to also contribute to harnessing 'pester power' to influence.

Comparative Performance
Customers can compare our performance on the average amount of water used by each household each day against other companies in the industry at discoverwater.co.uk/amount-we-use



AMP7 Forecast Total (Outcome Delivery Incentives)
Our PCC performance is likely to be higher than our PCLs for some of this reporting period due to the impact of COVID-19, national lockdowns and changing customer behaviours. Our social contract and water resource plans should help us to reduce PCC in the latter years of this reporting period.

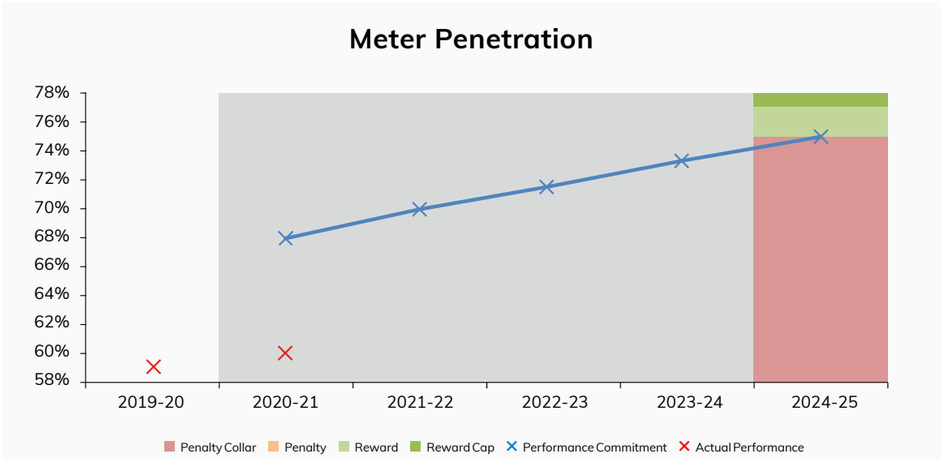
Meter penetration

Definition and Targets
Many people regard water meters as the fairest way to charge for their water services as it charges customers for what they use. We encourage our customers to be more efficient in the way they use water by increasing the number of household customers who are billed based on their actual water consumption.

The aim of this performance commitment is to increase the proportion of our household customers charged for water based on metered consumption. It is measured as the percentage of residential properties (at year end) that are charged for water based on metered consumption. Void properties are excluded from this calculation because these are properties with no occupants.

Some companies supply an area of serious water stress and have chosen to aim to achieve universal metering as a way of managing water resources in their area. We know however from continuous engagement activities that our customers on the whole do not wish to see full compulsory metering introduced and we do not have plans to introduce such a programme. Our performance should be seen in this context.

% household properties charged based on metered consumption	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25	Long Term Ambition	AMP7 Forecast Total
Performance Commitment Level ("PCL")		67.70	69.50	71.30	73.10	75.00	90.00	
Performance	58.98	60.26						
PCL met?		No						
Outperformance Payment/ Un-derperformance Penalty £m		0						0



Performance
Metering is generally regarded as being the fairest and most accurate way to pay for water. However, our customers have consistently told us through consultations and surveys that they do not wish to see full compulsory metering for all our domestic customers. Our performance has therefore traditionally been driven by our meter optant policy (those customers who opt into receiving water via a meter by contacting us to request a meter fitting) and our selective metering policy (whereby we install a meter at a property whenever there is a change of occupier), which are in turn impacted by our information campaigns.

The pandemic clearly impacted upon our ability to achieve our meter penetration target this year. The initial period of lockdown required us to completely suspend our metering activities for several months. Even though the restrictions subsequently eased, there has been a reduced level of customer demand for meters, partly due to a reluctance on the part of customers to allow strangers into their homes, and partly due to changed customer priorities, has continued to have a negative impact upon the level of our metering activities.

In preparation for the restart of our marketing activities we brought our meter reversion process online during the year, offering a consistent online experience for our customers. We also now take applications over the phone, significantly shortening the customer journey for those who choose to call us. The meter reversion process is a guarantee that after switching to a meter (for those customers who opt for a meter) the customer, within a two-year period, has the right to revert back to being unmetered.

Looking ahead to future years, a number of marketing activities and campaigns will take place, utilising the use of local radio, social media and live events to promote the environmental and cost benefits of having a water meter.

COVID-19
In order to support efforts to control the spread of the virus and protect our customers and employees, we suspended all meter installation activity in the first half of this financial year, as COVID-19 restrictions meant that we were unable to install as many meters as our customers would have ideally liked. Accordingly, we changed our marketing focus onto other issues, such as promoting our schemes designed to protect vulnerable customers and encouraging customers experiencing financial hardship to move to a tariff more appropriate to their circumstances.

Additionally, customer demand for meters (meter optants) temporarily dropped, as our customers' attention was understandably focussed elsewhere, primarily upon coping with the sudden changes in circumstances brought about by the lockdown, such as schools closing with minimal notice to parents. Where customers asked for a meter, but due to COVID-19 we could not fit one, we temporarily provided them with an alternative "assessed" charge instead.

The enforced pause in our metering activities provided us with an opportunity to rethink the way in which we operate our metering activities. A consequence of this is that we have decided to bring the metering operations in-house, which will improve the skills base of our employees, and will enhance our ability to serve our customers' needs quicker and more efficiently. We are already seeing a reduction in cost to delivery and increased productivity via alternative installation methods, for example the use of Melco adaptations to existing assets rather than the cost of a dig to replace the asset.

We re-commenced our metering activities as soon as it was safe and legal to do so. Our optant metering customers for example were placed on assessed charges until such time we were in a position to install the water meter safely. However, the continuing uncertainty caused by COVID-19 has resulted in a decrease in the number of applications for a meter we have received from our customers, and it remains to be seen how long it will take for applications to return to pre- COVID-19 levels.

Social Contract
We continue to promote the benefits of water efficiency and the links to metering. These campaigns are linked to our new resource efficiency partnership "Resource West" and our social contract partnership approach on education and community engagement. The Resource West initiative aims to build a partnership of local stakeholders which facilitates transformational shifts in consumer behaviour to reduce consumer consumption and waste.

AMP7 Forecast Total (Outcome Delivery Incentives)
Our meter penetration performance has been impacted by COVID-19, national lockdowns and changing customer behaviours, however based on our metering policies (such as optants, selective metering and the meter reversion process) and our social contract plans, we are forecasting to achieve our PCL by 2024/25. Some of the key activities that will help increase our meter penetration rate in future years include:

- We will continue to install meters in domestic properties upon change of ownership and when customers request a meter;
- All void properties will be metered where possible;
- Continuing our extensive marketing programme, such as our "Peter the Meter" character, designed to build on the strong identity of the region and is now the public face of our metering campaign; and
- Water efficiency and the links to metering will be promoted through our resource efficiency partnership "Resource West" and our Social Contract partnership approach on education and public engagement.

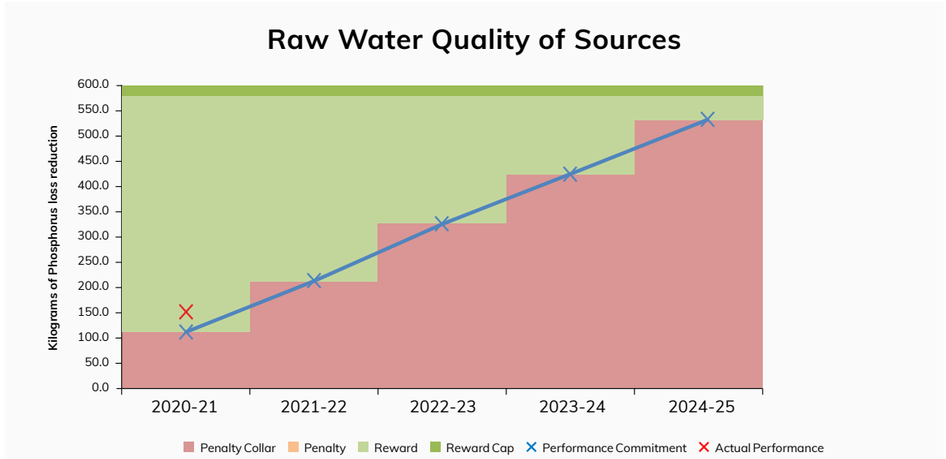
Full details of our metering investment plan can be found in our business plan[17].

[17] C5B Technical Annex 07 Customer Meters Investment Case: Technical Approach and Business Case

Raw water quality of sources

Definition and Targets
A water catchment is an area of land through which water from any form of precipitation (such as rain, melting snow or ice) drains into a body of water (such as a river, lake or reservoir, or even into underground water supplies – 'groundwater'). It could be a very large area, such as an estuary and any associated coastal waters. Or it could be relatively small – for example, the catchment of a tributary river. As an assessment of our progress in implementing catchment management activities, the aim of this performance commitment is to reduce the level of nutrients lost to the environment. The level of nutrients is measured as the estimated cumulative kilograms of phosphorus saved from being lost to the environment. The assessment of progress against the target is made using a recognised model (Farmscoper).

Kilograms of phosphorus loss reduction	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25	Long Term Ambition	AMP7 Forecast Total
Performance Commitment Level ("PCL")		109	216	322	427	531	541	
Performance	0	155						
PCL met?		Yes						
Outperformance Payment/ Un-derperformance Penalty £m		0.008						0.008



Performance
Our outperformance for this year has been achieved by providing advice to farms, for example around soil and nutrient management, and by supporting farms to improve their infrastructure where this will reduce pollution risk, for example by improving slurry storage capacity. We have delivered the following support and interventions:

- Nutrient management plans and associated soil and manure analysis and spreading risk maps on 15 farms
- A constructed wetland on one farm
- Watercourse fencing on two farms
- Yard improvements (roofing/concreting) on three farms
- New slurry stores on two farms
- New dirty water store on one farm
- Slurry / solids separator on one farm
- Advice and support around nutrient and soil management to many farms across the catchments.

There are a number of other schemes which are either under way or in development – the above listed are those that Bristol Water has paid out for or in the case of the plans and advice, already delivered. Bristol Water participated in the Naturerade auction alongside Somerset Rivers Authority. This has brought a number of applications to the Bristol Water Grant scheme from framers in the River Axe catchment. We plan to participate again in future.

Our catchment management efforts contribute to our aim to maintain raw water quality in our sources, so that the water is easier and less expensive to treat to a potable standard. It will also help to maintain our SSSIs in favourable conservation status and surrounding waterbodies in good ecological status or potential under the Water Framework Directive. This benefits the local communities by improving the environment and enhancing natural capital.

COVID-19

Our catchment management programme was partially impacted by COVID-19 as face to face engagement with farmers was prevented during the lockdown period until summer 2020. Despite this we have been able to support a number of farmers in working up schemes for application to our grant scheme, and have delivered and reviewed a number of nutrient management plans on farms. We plan to catch up on delivery of our on-farm advice and interventions, which were delayed due to COVID-19 restrictions, to ensure that we at least meet the minimum level of service expected of us in future years.

Social Contract

Our work in the community covers a range of activities:

- We are working with University of Bristol by co-supervising a PhD student to investigate nutrient flux in the Chew catchment. This will be informed by and will support our catchment management programme towards improving the water environment.
- We provide teaching and practical support to the University of West of England Environmental Science undergraduate course (Hydrology to Oceanography module).
- We provide data for research under the GW4 Reservoir Water Management Research Group, specifically into Geosmin and 2-MIB research.
- We lead the Mendip Lakes Partnership which brings together organisations such as CSF, Mendip AONB, Bristol Avon Rivers Trust and Avon Wildlife Trust, with an interest in encouraging improved environmental management across the Mendips. This helps to coordinate our work effectively.

AMP7 Forecast Total (Outcome Delivery Incentives)

Our outperformance this year is encouraging but as there is no other historical data available it is difficult to quantify further outperformance. Our PCLs assume a constant rate of effort across the Mendip reservoir catchments in delivering catchment management and advice to farms as funded by Bristol Water. As there are a finite number of farms across the target catchments, it is currently predicted that engagement efforts will record a slowly diminishing rate of return in terms of uptake of measures and management which delivers a kg P loss reduction via the Farmscoper model. It is for this reason, and because they are (as stated in our business plan) cumulative, that the PCLS are considered challenging. We are therefore forecasting to achieve our PCLs in the remaining years of this reporting period.

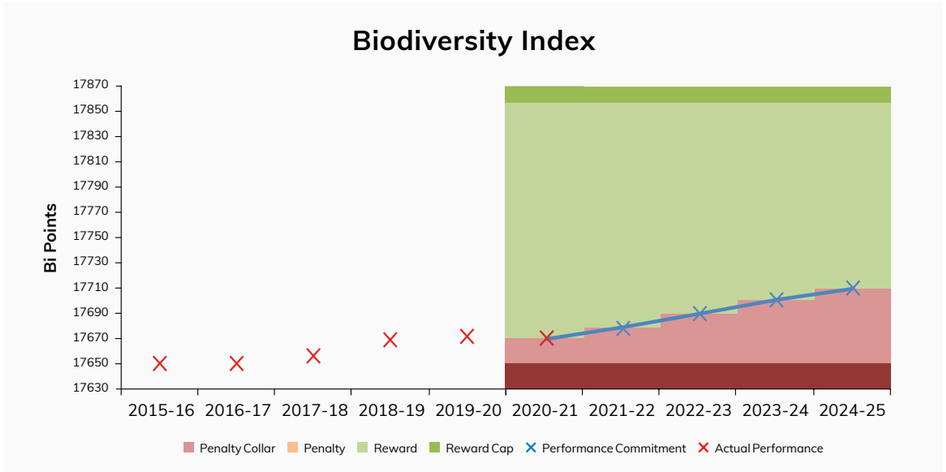
Biodiversity Index

Definition and Targets

The aim of this performance commitment is to quantify enhancements we have made to the natural environment across our sites. We introduced the biodiversity index (BI) in 2014/15 as a new and innovative approach to protecting the environment. It is measured on the cumulative hectares and metres of habitat (for example, grassland or hedges) and the quality of this habitat across our sites, by:

[Hectares of priority habitat] x [grade of this habitat] x [distinctiveness score of this habitat] plus [Metres of linear priority habitat] x [grade of this habitat] x [distinctiveness score of this habitat]

BI score	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25	Long Term Ambition	AMP7 Forecast Total
Performance Commitment Level ("PCL")		17,668	17,678	17,689	17,700	17,711	18,723	
Performance	17,670	17,668						
PCL met?		Yes						
Outperformance Payment/ Underperformance Penalty £m		0						0



Performance

Our BI position demonstrates how the natural environment and the company's natural assets require continuous monitoring and maintenance to balance the risks and issues of climate change, invasive species, operational activities, and natural succession of habitats. For transparency, we have provided a breakdown of the Biodiversity Index risks and changes over the 2020/21 reporting year.

Site	Loss/ Gain/ Maintain	Net BI change	Project information
Chew Valley Lake	Maintain	0	Wetland assets at risk of deterioration from invasive plant species. Maintenance delivered to remove flowering seed heads. This maintenance ensured that a loss of BI was prevented.
Chew Valley Lake	Maintain	0	Grassland asset at risks of deterioration if maintenance was not delivered. Grass cut and bailed and the arisings removed from site. This maintenance ensured that a loss of BI was prevented.
Blagdon Lake	Maintain	0	Woodland asset at risk to human health and safety and condition deterioration from an overburden of dead wood. Diseased ash trees felled and removed from site. This maintenance ensured that a loss of BI was prevented.
Blagdon Pumping Station	Maintain	0	Woodland asset at risk to human health and safety and condition deterioration from an overburden of dead wood. Diseased ash trees felled and removed from site. This maintenance ensured that a loss of BI was prevented.
Holes Ash	Maintain	0	Woodland asset at risk to human health and safety and condition deterioration from an overburden of dead wood. Diseased ash trees felled and removed from site. This maintenance ensured that a loss of BI was prevented.
Axbridge Treatment Works	Loss	-1.97	Grassland asset deteriorated due to reduced maintenance and not able to transition the asset to a plantation broad leaved woodland.
Axbridge Treatment Works	Maintain	0	Woodland asset received volunteer resource to deliver maintenance which will enable enhancement delivery in future years.

Whilst we have achieved our target for this year, our BI score has deteriorated since the end of March 2020 by 1.97 BI points following the unforeseen impacts, on delivery, of COVID-19 restrictions on our staff. Our staff were however able to mitigate the ongoing impact of Ash Dieback (ADB), which had the potential to materially change the conditions of our woodland assets. Our ADB mitigation project delivered felling of diseased trees to prevent two woodland assets deteriorating, with the remaining tress retaining the woodland structure. As all ash trees continue to deteriorate in condition and further trees require to be removed for protecting human and property health, the BI value remains at risk for future years and will require further mitigation (as the ADB disease is advancing each year). National trends indicate that the ADB disease in combination with climatic changes will lead to a rapid deterioration in Ash tree health in the short-term (perhaps over the next 6-18 months). We will continue to look for opportunities to remove and replant diseased trees to ensure that the BI score does not irreversibly decline during AMP7.

In addition, our successful delivery of an invasive species management plant (to pull and remove the Himalayan Balsam plant on an annual basis to prevent it becoming the dominant plant in our reedbed habitats) will deliver sufficient mitigation around Chew Valley Lake to reduce the negative impact of this invasive species deteriorating the condition of wetland reedbed/swamp assets. These assets have retained a good condition rating following the delivery of this intervention however continued conservation work will be required to maintain this high value.

COVID-19
We had aimed to deliver a hay cut and tree planting on a small section of deteriorating grassland (>1ha) near Cheddar reservoir. The challenges in sourcing biosecure materials, land security and delivering an event for volunteers in a COVID-19 safe manner, meant that trees and conservation activities on the grassland could not be delivered. The grassland asset condition therefore deteriorated, and no enhancement activity was possible. This downgraded the asset's BI value.

The COVID-19 risks to human health also delayed the delivery of maintenance and the postponement of enhancement works. We had planned to plant trees using community engagement and volunteer support, however restrictions on numbers gathering, challenges around sharing equipment, and restrictions on distancing when together, all provided challenges to delivering activities such as tree planting and bat walks and workshops and ash dieback workshops. Likewise, delivering on-the-ground conservation surveys and activity was increasingly challenging as we were following safe working practices and COVID-19 restrictions. Our conservation stakeholders have been restricted in their activities such as site checks, surveying, provision of ecological services, provision of conservation services.

Social Contract
Our social contract conservation programme initiatives are aimed protecting natural resources through measuring and improving biodiversity. However our WildOnes initiative (a group of Bristol Water staff who volunteer their knowledge and time to help local environmental projects), which was intended to provide support to deliver tree planting, engage in lakes side surveying and community engagement days to educate about the natural environment, was postponed due to the pandemic.

AMP7 Forecast Total (Outcome Delivery Incentives)
Despite our improving performance over the last few years, as there are substantial improvements required each year in order to outperform the BI score further, we are forecasting to at least achieve our PCLs in the remaining years of this reporting period.

Waste disposal compliance

Definition and Targets
Trade effluent, if not controlled, can have harmful effects, which include harm to the environment, particularly our surrounding rivers, streams and estuaries. The aim of this performance commitment is to ensure we dispose of our trade effluent safely without posing a threat to human and environmental health. It is measured as the percentage of total trade effluent discharge samples that meet the consent requirements in the Environment Agency permits.

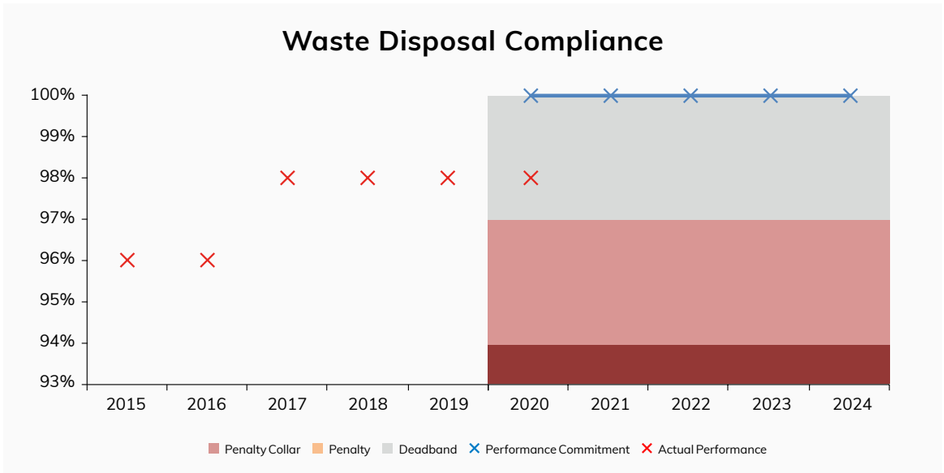
Samples are taken from eighteen sites (including Blagdon, which has two discharge points). A number of the sites are however either currently out of service or do not discharge to waterbodies.

Site	Comments if consented sites are currently either out of service or do not discharge to waterbodies
Alderley	N/A
Banwell - Lox Yeo	N/A
Barrow Faireywell Stream	N/A
Barrow Reed Bed	Reed Bed isolated in July 2018 - water now pumped to sewer instead of discharging
Barrow Return to Res 3	N/A
Barrow Land Yeo	N/A
Blagdon Drain	Site not out of service and although it could potentially discharge to other waterbodies, this is a rare occurrence, which is why it is only sampled when fish pens are being drained (which is also a rare occurrence)
Blagdon Spillway	N/A
Charterhouse	TW out of service
Chelvey	N/A
Frome	N/A
Littleton	N/A
Oldford	N/A
Purton	N/A
Rowberrow	N/A
Sherborne (Lamella)	TW out of service (mothballed)
Sherborne (Instrument)	TW out of service (mothballed)
Shipton Moyne	Since April 2017, wash water returned to the start of the treatment process and any remaining solids are tankered away as required
Stowey	N/A

The Environment Agency does not prescribe the number of samples that are required from each site. The number of samples we do collect considers the volume and frequency of the discharge, and the resources we have available to undertake the technical tasks. We target, for example, to collect weekly samples at Purton and Blagdon fisheries. This approach has been consistent for a number of years now.

This performance commitment is reported in calendar years.

% trade effluent discharge samples that meet the consent requirements in the EA permits	2019 Baseline	2020	2021	2022	2023	2024	Long Term Ambition	AMP7 Forecast Total
Performance Commitment Level ("PCL")		100	100	100	100	100	100	
Performance	98	98						
PCL met?		No						
Underperformance Penalty £m		0						0



Performance
Throughout the year there have been eight non-compliant samples, from of a total of 471 samples collected.

Although we have not met our full compliance target for this year, we did achieve full compliance in April, June, July, September and December and 98% of the samples collected overall were fully compliant with the discharge consent conditions, which is consistent with our performance in previous years.

We are constantly reviewing the reasons for the small number of failures that are preventing our full compliance, with a view to implementing remedial measures to drive our compliance higher. Our ability to report on full compliance has been significantly impacted since the introduction of a discharge consent (which came into force from 1 February 2018) at Blagdon fisheries (downstream of the trout rearing pens). Since the discharge consent was introduced, compliance for samples collected at the site has proved challenging; for this year half of our compliance failures were recorded at this site. As an example to demonstrate the impact Blagdon is having on compliance, removing the four non-compliant samples reported from the site this year would have resulted in reporting compliance at 99%.

We do anticipate improvements in compliance at Blagdon Fisheries and Barrow Treatment Works as the remedial measures identified this year are put in place. In addition, our sampling technicians who visit sites to collect routine compliance samples are receiving additional training on identifying risks to quality whilst on site, and improvements have made to internal reporting lines to ensure that findings are communicated more effectively when identified so that interventions can be undertaken more proactively.

COVID-19
The impact of COVID-19 has resulted in positive and negative outcomes for this performance commitment. At Blagdon Fisheries, reduced staff availability/furlough led to a change in the operation of the rearing programme, which resulted in fish residing for longer in the holding pens. The subsequent deterioration in quality which lead to the ammonium failure in May is understood to be a consequence of this change in operation. However, due to the necessary restrictions imposed on staff accessing customer properties for non-urgent water quality related concerns, we were able to focus our resources to collecting additional discharge compliance samples, which in turn allowed us to enhance monitoring at sites which have historically shown the lowest compliance scores.

AMP7 Forecast Total (Outcome Delivery Incentives)
Based on our historical performance to date we are not forecasting any underperformance penalties in the remaining years of this reporting period.

Water Industry National Environment Programme compliance

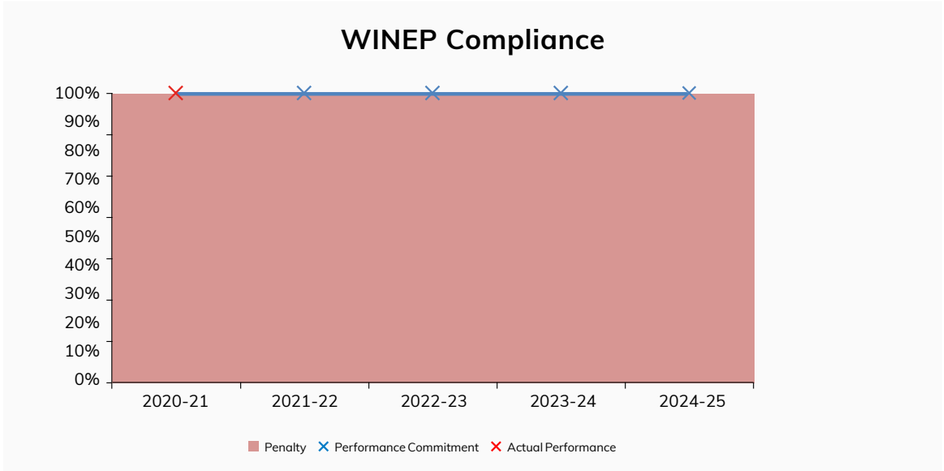
Definition and Targets
The Water Industry National Environment Programme (WINEP) represents a set of actions that the Environment Agency have requested we complete between 2020 and 2025, in order to contribute towards meeting our environmental obligations.

The aim of this performance commitment is to ensure that we deliver our agreed WINEP schemes in a timely manner. It is measured as the percentage of WINEP schemes completed each year measured against the programme agreed with the Environment Agency on 1 April 2019. There are 50 lines on the WINEP, which include: schemes, risk assessments, surveillance programmes, a biodiversity action plan and a feasibility study.

Measurement against this commitment will be equally weighted on compliance with delivery of each line of the WINEP by the regulatory dates, as signed off by the Environment Agency and Natural England. For transparency, the deadlines for the various schemes have been summarised in the table below.

	2020/21	2021/22	2022/23	2023/24	2024/25
Number of WINEP schemes due for completion	0	26	4	3	17

% WINEP schemes completed against agreed EA programme	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25	AMP7 Forecast Total
Performance Commitment Level ("PCL")		100	100	100	100	100	
Performance	100	100					
PCL met?		Yes					
Underperformance Penalty £m		0					0



Performance
We have started work to deliver on our WINEP obligations and projects have progressed well through 2020/21. However as none of the WINEP schemes are due for completion in 2020/21 we have met our target for this year.

We aim to deliver all of our obligations under the WINEP included within this performance commitment. By doing so we will be providing benefit to the environment through assessment of our abstraction impacts; river restoration and adaptive flow management; and protection of species including prevention of invasive non-native species transfer and protection of key species such as eels.

Current ongoing WINEP projects include the Abstraction Sustainability investigations (at eight of our sites), WINEP Adaptive Management programmes, as well as catchment management across the Cheddar, Axe and Egford catchments. The WINEP Strategic Biodiversity Action Plan (SBAP) is under way with the company Natural Asset Plans and Strategic Woodland Management drafted during 2020/2021. Delivery of the Biodiversity Index enhancements are being scoped and planned for this period and will align with the recently developed Natural Asset Plans and Natural Asset Register. All of these projects are progressing well and are on track for delivery as required under the WINEP programme.

For 2021/22 our projects will include water quality and catchment investigations (Forum and Barrow Water Treatment Works phosphorus discharges), a reedbed and wetland investigation and Monitoring Certification Scheme (MCERTS) requirements (for accreditation of discharge flow monitoring).

Social Contract
Under the WINEP we are progressing a number of projects which will contribute to social contract delivery. These include:

- Working with local stakeholders in the Chew and Yeo catchments to improve river flow patterns downstream of reservoirs while taking into account concerns around flooding and angling
- Development and implementation of a company-wide Biodiversity Strategy which will take into account views and learnings of numerous community groups with diverse interests
- Working with university students to research the sources and fate of nutrients in the catchments
- Working with local partnerships and local community groups to develop our monitoring of Invasive Non-Native Species and to learn lessons together over what their impacts are on our natural environment

Other reporting and assurance requirements
Every year we are required to secure confirmation from the Environment Agency that our performance has been correctly reported. The Environment Agency WINEP tracker spreadsheet has been reviewed by both the Environment Agency and Bristol Water to confirm that delivery of the WINEP is on track.

AMP7 Forecast Total (Outcome Delivery Incentives)
Based on our planned schedule of WINEP schemes we are forecasting to achieve our PCLs in the remaining years of this reporting period

Delivery of Water Industry National Environment Programme requirements

Definition and Targets
The WINEP represents a set of actions that the Environment Agency have requested we complete between 2020 and 2025, in order to contribute towards meeting our environmental obligations.

The aim of this performance commitment is to ensure that we deliver our agreed WINEP schemes in a timely manner. It is measured by a confirmation of whether we have “met” or “not met” the requirements of the WINEP.

Whether the company has met its requirements for WINEP	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25
Performance Commitment Level (“PCL”)		met	met	met	met	met
Performance	met	met				
PCL met?		Yes				

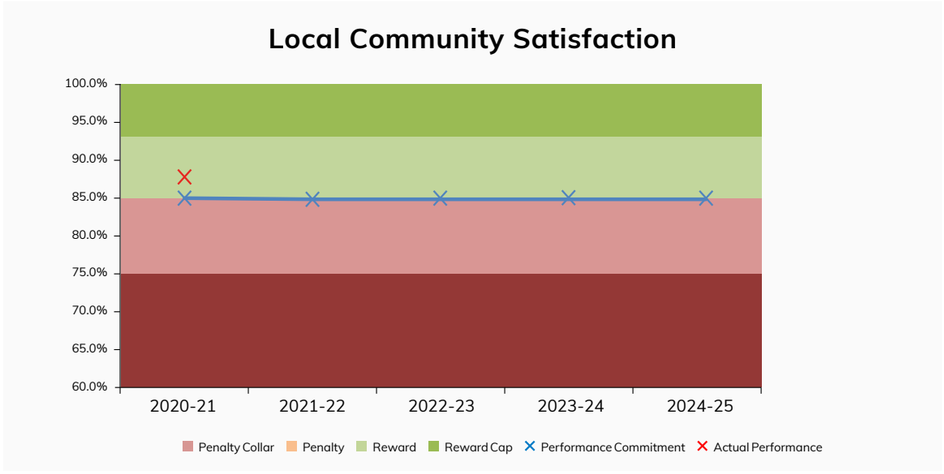
Our performance is explored in detail as part of the section on our WINEP compliance performance commitment.

Local community satisfaction

Definition and Targets
The aim of this performance commitment is to improve our contributions to local communities through specified initiatives. It is measured as the percentage of stakeholders who answer “very satisfied’ or ‘fairly satisfied’ to the following question: “How far do you agree that Bristol Water makes a positive contribution to the communities it serves?”

As the prescribed answers require respondents to answer in terms of satisfaction, our surveyors added a clarification to the script in to avoid our stakeholders becoming confused. The clarification adds “So in terms of your satisfaction with Bristol Water’s contribution, are you?” to the end of the survey question. The question defined in the FD is used for the ODI, with the end of survey clarification question showing a higher performance at 94.1%.

% stakeholder satisfaction	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25	Long Term Ambition	AMP7 Forecast Total
Performance Commitment Level (“PCL”)		85.0	85.0	85.0	85.0	85.0	93.0	
Performance	N/A	88.2						
PCL met?		Yes						
Outperformance Payment/ Underperformance Penalty £m		0.067						0.067



Performance
Our stakeholders' high satisfaction for this year is based on the positive contribution to the communities that we serve, which our social contract programmes and initiatives aim to achieve. In to demonstrate to our stakeholders that we have improved our contributions to our local communities, we undertake a range of social contract programmes, with specified objectives for the year. Some of the highlights from this year include:

- Providing education and career resources: This year we launched "Bristol Water the Foundation". We have developed a separate website which offers 50 free learning resources, together with information on careers in water, mentoring opportunities and community learning partnerships.
- Supporting vulnerable customers: In response to the pandemic, we increased our focus on providing a service to all those vulnerable customers who need our support the most. It has heightened our awareness of vulnerabilities and will continue to shape our work. We have seen an increase of households on our Priority Services Register by 50% in the past year, to 12,000 households.
- Connecting our work to local action plans: We have played an active role in the development of local plans through our role in the Bristol Green Capital Partnership and Bristol Environmental Sustainability Board. We have aligned our strategy to One City Carbon, Biodiversity and Economic Recovery & Renewal action plans.
- Supporting net zero carbon through reduced consumption: We are taking a community leadership role for broader issues of resource efficiency and have created partnerships with organisations such as Bristol Waste, Bristol Energy, the University of the West of England and the West of England Combined Authority. It is a three-year project starting with a six-month trial of circa 16,000 properties.
- Supporting reduced consumption of single use plastic: We use around 56 million plastic bottles in the UK every day. One of the biggest barriers to stopping plastic waste is convenience. That's why we're making it really simple to get a drink of good old tap water when you're out and about in Bristol. Together with our local partner City to Sea, we founded the Refill Scheme, which has now been adopted nationally. We have also installed 10 water fountains in Bristol and taken our Water Bar to local festivals and shows to provide a place to fill up on the go for free. We've pressed pause on this programme due to the global pandemic, but we can't wait to get back on it.

In order to keep our stakeholders informed of our social contract progress we have published a separate Social Contract Transparency and Benefits Update Report on the initiatives we have prioritised that contribute to the local communities that we serve. This report can be found on our website at https://www.bristolwater.co.uk/about-us/our-story/social-contract/, this is in addition to an infographic that summarised the progress we had in our programmes by the end of September 2020. Customers can still view the infographic online at: www.bristolwater.co.uk/midyear-socialcontract-2020-21/

COVID-19
As the majority of our social contract initiatives are by their very nature, social activities, COVID-19 had a major impact on our programmes and many of the initiatives were placed on hold due to their social interactions required. However, we have been working hard to restart and continue our initiatives in new and COVID-19 compliant ways. Wherever possible we have adapted and created new ways of delivering the initiatives that we can in socially distanced settings, and we have been working in partnership with our stakeholders to overcome the challenges. A couple of examples of this include producing educational materials which could be printed out at home to help with home-schooling and moving our annual Youth Board from a face-to-face meeting to a virtual event taking place over 10 days. We have also adjusted our messaging regarding our PSR and affordability schemes to become more digitally focussed.

AMP7 Forecast Total (Outcome Delivery Incentives)
Our outperformance this year is encouraging but as there is no other historical data available it is difficult to quantify further outperformance. We are therefore forecasting to achieve our PCLs in the remaining years of this reporting period.

Abstraction incentive mechanism (AIM)

Definition and Targets
The abstraction incentive mechanism (AIM) has the objective of encouraging water companies to reduce the environmental impact of abstracting water at environmentally sensitive sites when water is scarce. The aim of this performance commitment is to reduce abstraction from environmentally sensitive sites when flows or levels are below an agreed point otherwise known as a "trigger". This trigger indicates that there is a heightened risk of environmental impact from abstraction in the year ahead and that measures should be taken to mitigate this risk. The AIM measure supplements the controls we already have in place under our abstraction licencing obligations to safe guard the environment.

We have included one site for AIM for the period 2020-25, the Shipton Moyne Group, which relates to the effects of our groundwater abstractions at Tetbury, Shipton Moyne and Long Newnton on river flows in the Malmesbury Avon. The AIM measure is triggered when groundwater levels on 1st April each year are less than 90.0 meters above ordinance datum (sea level or mAOD). Once and if triggered, the sum total of water abstracted from the area is compared to the baseline of the Shipton Moyne Group, which is 8.3 Ml/day or 3,029.5 Ml.

The PCL is equal to the average daily abstraction during the period when flows are at or below the trigger threshold minus the Shipton Moyne Group baseline average daily abstraction during the period when flows are at or below the trigger threshold, multiplied by the length of the period when flows are at or below the trigger threshold.

Megalitres (Ml)	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25	AMP7 Forecast Total
Performance Commitment Level ("PCL") if AIM triggered		-186.1	-186.1	-186.1	-186.1	-186.1	
Performance if AIM triggered	N/A	N/A					
PCL met?		Yes					
Outperformance Payment/ Underperformance Penalty £m		0					0

Performance
On 1 April 2020 the groundwater level in the Oolite was 97.767mAOD and thus AIM has not been triggered. Despite this we have abstracted up to the end of September 712Ml less water than the baseline. This is partly due to a planned outage of one of the sources in the Malmesbury-Tetbury area with water being instead supplied by the more energy intensive sources fed from the Sharpness canal. Nevertheless we would have still complied with AIM had it been triggered for 2020/21.

AMP7 Forecast Total (Outcome Delivery Incentives)
We take the potential for low river flows and the potential damage this can have on the environment very seriously. We continue to prioritise other options for ensuring our customers have a sufficient supply of water, before abstraction is considered as a solution.

As it is not likely that the AIM will be "triggered" we are forecasting to achieve our PCLs in the remaining years of this reporting period

Section 4

Additional regulatory information - service level

The information provided in Section 4 details financial and non-financial information about the Company. The section presents Bristol Water's cost and operational information for 2020/21 with summary commentary (where applicable) on the key changes compared to the last reporting year. Additional explanations have also been provided to assist understanding of some of the terminology included in these tables.

As a water only company, a number of data tables included in this section of the APR are not applicable to Bristol Water.

4A Water bulk supply information for the 12 months ended 31 March 2021	Volume Ml	Operating costs £m	Revenue £m
Bulk supply exports			
Newton Meadows	2028.882	0.972	1.069
Marshfield	7.944	0.008	0.010
Ashcott	100.459	0.103	0
Emersons Green Inset	209.970	0.108	0.215
Locking Parklands Inset	5.084	0.004	0.006
Total bulk supply exports	**2352.339**	**1.195**	**1.300**
Bulk supply imports			
Corsley	30.028	0.058	
Chapmanslade	22.062	0.044	
Standerwick	0	**0**	
West Lydford	13.840	0.001	
Compton Dundon [Ivythorn]	140.711	0	
Shipton Moyne	3.853	0	
Total bulk supply imports	**210.494**	**0.103**	

Bulk supplies are large non-household supplies to/from neighbouring water companies or companies to which large non-household wholesale supplies are made outside but inset to the Bristol Water supply region. Bristol Water has five exports, three of which are to Wessex Water and two of which is to an inset retail customer. BW also has agreements in place for the import of bulk supplies from Wessex Water at six locations, one of which is not used.

Operating costs for exports with exclusion of Newnton Meadows are derived using the ratio of total wholesale operating cost vs wholesale revenue – in 2020/21 the ratio of wholesale operating cost to revenue was 82.6%. Operating costs for individual bulk exports were then factored from revenue using this ratio. For inset exports deductions were also made to account for avoided costs - for Household tariffs in 2020/21 this was £200.1/Ml, applied to the insets supplies at Emersons Green and Locking Parklands. Operating costs for Newnton Meadows are taken from bills issues to WW from BW finance. Derivation of these operating cost are specific to the supply agreement here. All operating costs include capital costs due to asset depreciation.

4B Analysis of debt
Due to the size of this data table we have opted to omit it from this document. The information can be found on our website in our APR 2020/21 Tables excel file at www.bristolwater.co.uk/about-us/our-performance/

4C Impact of price control performance to date on RCV	12 months ended 31 March 2021					Price control period to date				
	Water resources £m	Water network plus £m	Wastewater network plus £m	Bioresources £m	Additional Control £m	Water resources £m	Water network plus £m	Wastewater network plus £m	Bioresources £m	Additional Control £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)	12.708	65.552	0.000	0.000	0.000	12.708	65.552	0.000	0.000	0.000
Actual totex (net of business rates, abstraction licence fees and grants and contributions)	9.784	71.952	0.000	0.000	0.000	9.784	71.952	0.000	0.000	0.000
Transition expenditure	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Disallowable costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total actual totex (net of business rates, abstraction licence fees and grants and contributions)	9.784	71.952	0.000	0.000	0.000	9.784	71.952	0.000	0.000	0.000
Variance	-2.924	6.400	0.000	0.000	0.000	-2.924	6.400	0.000	0.000	0.000
Variance due to timing of expenditure	-2.924	6.400	0.000	0.000	0.000	-2.924	6.400	0.000	0.000	0.000
Variance due to efficiency	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Customer cost sharing rate	45%	45%	0.000	0.000	0.000	45%	45%	0.000	0.000	0.000
Customer share of totex over/ underspend	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Company share of totex over/ underspend	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

4C Impact of price control performance to date on RCV	12 months ended 31 March 2021					Price control period to date				
	Water resources £m	Water network plus £m	Wastewater network plus £m	Bioresources £m	Additional Control £m	Water resources £m	Water network plus £m	Wastewater network plus £m	Bioresources £m	Additional Control £m
Totex - business rates and abstraction licence fees										
Final determination allowed totex - business rates and abstraction licence fees	4.366	3.730	0.000	0.000	0.000	4.366	3.730	0.000	0.000	0.000
Actual totex - business rates and abstraction licence fees	4.032	3.890	0.000	0.000	0.000	4.032	3.890	0.000	0.000	0.000
Variance - business rates and abstraction licence fees	-0.334	0.160	0.000	0.000	0.000	-0.334	0.160	0.000	0.000	0.000
Customer cost sharing rate - business rates and abstraction licence fees	62.97%	62.97%	0.000	0.000	0.000	62.97%	62.97%	0.000	0.000	0.000
Customer share of totex over/ underspend - business rates and abstraction licence fees	-0.210	0.101	0.000	0.000	0.000	-0.210	0.101	0.000	0.000	0.000
Company share of totex over/ underspend - business rates and abstraction licence fees	-0.124	0.059	0.000	0.000	0.000	-0.124	0.059	0.000	0.000	0.000
Totex not subject to cost sharing										
Final determination allowed totex - not subject to cost sharing	0.349	6.257	0.000	0.000	0.000	0.349	6.257	0.000	0.000	0.000
Actual totex - not subject to cost sharing	0.339	1.928	0.000	0.000	0.000	0.339	1.928	0.000	0.000	0.000
Variance - 100% company allocation	-0.010	-4.329	0.000	0.000	0.000	-0.010	-4.329	0.000	0.000	0.000
Total company share of totex over/under spend	-0.134	4.270	0.000	0.000	0.000	-0.134	4.270	0.000	0.000	0.000

4C Impact of price control performance to date on RCV	12 months ended 31 March 2021						Price control period to date					
	Water resources £m	Water network plus £m	Wastewater network plus £m	Bioresources £m	Additional Control £m		Water resources £m	Water network plus £m	Wastewater network plus £m	Bioresources £m	Additional Control £m	
RCV												
Total company share of totex over/under spend	-0.134	-4.270	0.000	0.000	0.000		-0.134	-4.270	0.000	0.000	0.000	
PAYG rate	81.26%	73.20%	0.00%	0.00%	0.00%		81.26%	73.20%	0.00%	0.00%	0.00%	
RCV element of totex over/ underspend	-0.025	-1.144	0.000	0.000	0.000		-0.025	-1.144	0.000	0.000	0.000	
Adjustment for ODI outperformance payment or underperformance payment							0.000	0.000	0.000	0.000	0.000	
RCV determined at FD at 31 March							122.979	427.542	0.000	0.000	0.000	
Projected 'shadow' RCV							122.954	426.398	0.000	0.000	0.000	

Totex (net of business rates, abstraction licence fees and grants and contributions and unshared costs) was adverse overall by £2.1m. However this hides an £2.9m favourable variance in water resources as a result of lower than expected base capex, and £5.0m adverse in Network plus as a result of higher power costs and also other operating expenditure. We have assumed that this totex overspend is all timing as a result of our expected totex spend profile and cost saving initiatives in year 1.

Business rates and abstraction was largely in line with allowance. While the Ofwat FD proposed uncertainty mechanisms for business rates and abstraction of 75:25, the CMA final determination set a different sharing rate for business rates at 90:10. As a result of this a weighted average sharing rate (such that the overall share across water resources and water network plus agrees in total) has been calculated as per the table below:

	WR			WNP			Total
	Business rates	Abstraction	Total	Business rates	Abstraction	Total	
Allowance	1.327	3.039	4.366	3.622	0.108	3.730	
Actual	1.304	2.728	4.032	3.784	0.106	3.890	
Variance	-0.023	-0.311	-0.334	0.162	-0.002	0.160	-0.174
Sharing Rate	90%	75%		90%	75%		63.0% calculated
Share	-0.021	-0.233		0.146	-0.002		-0.109

Non sharing costs are significantly underspent as a result of the timing of IOP and the number of AMP6 schemes (not IOP applicable) which have occurred during the year (£4.6m were assumed however only £0.9m were received).

We have no ODI adjustments impacting RCV in the year.

4D Totex analysis for the 12 months ended 31 March 2021 - water resources and water network+

	Water resources £m	Network+				Total £m
		Raw water transport £m	Raw water storage £m	Water treatment £m	Treated water distribution £m	
Operating expenditure						
Base operating expenditure	12.322	0.904	0.000	14.338	29.477	57.041
Enhancement operating expenditure	0.000	0.000	0.000	0.043	0.432	0.475
Developer services operating expenditure	0.000	0.000	0.000	0.000	0.000	0.000
Total operating expenditure excluding third party services	12.322	0.904	0.000	14.381	29.909	57.516
Third party services	0.307	0	0	0.356	0.356	1.019
Total operating expenditure	12.629	0.904	0.000	14.737	30.307	58.535
Grants and contributions						
Grants and contributions - operating expenditure	0	0	0	0	0	0.000
Capital expenditure						
Base capital expenditure	0.948	0.004	0.098	5.044	17.596	23.690
Enhancement capital expenditure	0.579	0.000	0.000	0.163	2.996	3.738
Developer services capital expenditure	0.000	0.000	0.000	0.000	8.695	8.695
Total gross capital expenditure (excluding third party)	1.527	0.004	0.098	5.207	29.287	36.123
Third party services	-0.001	0.000	0.005	0.198	0.023	0.226
Total gross capital expenditure	1.526	0.004	0.103	5.405	29.310	36.349
Grants and contributions						
Grants and contributions - capital expenditure	0	0	0	0	2.959	2.959
Net totex	14.155	0.908	0.103	20.142	56.616	91.925
Cash expenditure						
Pension deficit recovery payments	0	0	0	0	0	0.000
Other cash items	0	0	0	0	0	0.000
Totex including cash items	14.155	0.908	0.103	20.142	56.616	91.925
Atypical expenditure						
Transformation Programme	0.158	0.033	0	0.395	1.283	1.869
Total atypical expenditure	0.158	0.033	0.000	0.395	1.283	1.869

4Di Wholesale costs compared to the allowance

The Ofwat business unit definitions for resources, raw water distribution, treatment and treated water distribution, as given in Regulatory Accounting Guideline 4.09, have been applied to the fixed assets and operating cost elements of the Company accounts to provide the accounting separation analyses.

The operating cost analysis is based on the Company's management accounts which are used to monitor the financial performance of the Company by the Board and managers. These are not structured under the business unit headings. They reflect the operational structure of the Company. A review of these produced a mapping between the Company cost centres and the business units, with 71% of costs being directly allocated to business units, and 29% requiring a method of allocation to be applied. Any operating cost which relates to sites or assets follows the same business unit as applied to the associated current cost fixed assets, ensuring consistency between the treatment of costs and assets.

The historic cost fixed asset register is held in the Company accounting system at a very detailed level. Each asset on it has been reviewed and 94.5% of the net book value has been attributed directly to a business unit. The remaining net book value includes just over 5% of assets allocated to general and support, a category which is then reallocated over the business units. Less than 1% are assets other than General and Support, allocated over the business units. These are operational assets that cannot be directly attributed to one business unit. Internal guidelines have been established, mapping account classes into which all assets are grouped to the business units. All the Company sites have been reviewed and the relevant appropriate business units recorded to ensure consistency when applying business units to new fixed assets. This has been at a granular level, which has minimised the need for recharges between business units. All assets are allocated to business units as they are created.

Details of any significant changes to the calculations are provided in the accounting separation methodology statements.

The accounting separation analyses have been drawn up in accordance with the Company's accounting separation methodology statement which has been published separately on its website. This also provides commentary comparing this year's expenditure and capital maintenance costs with last year's.

We report atypical expenditure to include items considered exceptional in our statutory accounts and which have displayed a material movement (greater than £1m) compared to the previous financial year. During 20/21 we identified one item as "atypical" - the Transformation Programme undertaken following the price determination.

Overall base operating expenditure at £57.5m is £3.4m greater than the allowance of £54.1. The key drivers of this are:

- Power which at £9.8m is £1.9m greater than the allowance of £7.9m due to higher than expected price of power and the delay to our "Gas Fired Generator" project as a result of COVID-19 which was planned to reduced our power costs at our Purton Water Treatment Works;
- Other operating expenditure of £37.3m is £2.9m greater than the allowance of £34.4m as a result of high operating costs which have been addressed in our transformation programme in the year;
- Renewals expensed in year of £1.9m is £1.4m lower than the allowance of £3.3m as a result of a greater number of capital work in these areas being done.

Wholesale base capital expenditure at £23.7m is £1.7m lower than the CMA FD19 allowance of £25.4m This reflects timing differences of expenditure over AMP7, and is mostly in water resources expenditure related to reservoir maintenance. Capital grants and contributions of £3m were £0.4m less than the CMA FD19 allowance of £3.4m, which reflects lower developer contributions offset largely by lower income offset.

4E Totex analysis for the 12 months ended 31 March 2021 - wastewater network+ and bioresources

Table 4E is not applicable to Bristol Water as it is a wastewater table.

4F Major project expenditure for wholesale water by purpose for the 12 months ended 31 March 2021

4F Major project expenditure for wholesale water by purpose for the 12 months ended 31 March 2021	Expenditure in report year £m							Cumulative expenditure on schemes completed in the report year £m						
		Water network+							Water network+					
	Water resources £m	Raw water transport £m	Raw water storage £m	Water treatment £m	Treated water distribution £m	Total £m		Water resources £m	Raw water transport £m	Raw water storage £m	Water treatment £m	Treated water distribution £m	Total £m	
Major project capital expenditure by purpose														
Regional Strategic Schemes: West Country North Sources (Gate 1)	0.033	0	0	0	0.098	0.131		0	0	0	0	0	0	
Total major project capital expenditure	0.033	0	0	0	0.098	0.131		0	0	0	0	0	0	
Major project operating expenditure by purpose														
Regional Strategic Schemes: West Country North Sources (Gate 1)	0	0	0	0	0	0		0	0	0	0	0	0	
Total major project operating expenditure	0	0	0	0	0	0		0	0	0	0	0	0	

Major projects are defined as:

- Projects listed as Direct procurement for customers (DPC) projects in PR19 final determinations "Delivering customer value in large projects"[18]
- Projects listed as potentially suitable for DPC in PR19 final determinations "Delivering customer value in large projects"
- North East London resilience enhancement programme
- London water network improvement enhancement allowance
- Strategic water resource projects; and
- Havant Thicket winter storage reservoir

Expenditure is reported as actual annual expenditure for 2020/21 on Major projects.

Whilst a major project for Bristol Water (Second Cheddar reservoir) was listed as a potentially suitable scheme in the PR19 final determinations, this scheme has since been removed from the DPC projects requiring licence changes[19].

The only large project is therefore the Regional Strategic Schemes: West Country North Sources (Gate 1). This project is set up as a capital project within Bristol Water's investment plan for AMP7. All capital cost associated with this project are accounted and settled to this project code. The Capital Delivery spreadsheet managed by finance as part of the Capital Project Governance is the source of the information on the actual expenditure by period.

Year 1 cost covered the project Gate 1 stage, part of the Strategic Regional Options cost-sharing agreement between the three participating companies. The project Gate 2 stage is planned to be completed in Year 2.

The total actual cost for the project is the actual end of year cost reporting in the Capital Delivery plan and amounts to £0.131m (Line 4F.1), split 25% over the business unit Water Resources (£0.033m) and 75% Treated Water distribution (£0.098m). The Total Capex expenditure Line 4F.11 is £0.131m

The split between Water Resources and Treated Water Distribution is as per our business plan and the Final Determination.

No Opex expenditure has been identified and the reported values for Line 4F.12 and 4F.22 are £0.000m.

The expenditure (£0.131m) for Table 4F on the Regional Strategic Scheme is also reported under Table 4L line 35 – Enhancement expenditure.

4G Major project expenditure for wholesale wastewater by purpose for the 12 months ended 31 March 2021

Table 4G is not applicable to Bristol Water as it is a wastewater table.

[18] PR19 final determination Delivering customer value in large projects

[19] Direct procurement for customers: Statutory consultation on proposed changes to the conditions of appointment of five water and sewerage companies

4H Financial metrics for the 12 months ended 31 March 2021

	2020/21	AMP to date
Financial indicators		
Net debt	£390.459m	
Regulatory equity	£160.062m	
Regulatory gearing	70.93%	
Post tax return on regulatory	4.23%	
RORE (return on regulatory equity)	3.77%	3.77%
Dividend yield	-3.68%	
Retail profit margin – Household	-16.00%	
Retail profit margin – Non household	0.00%	
Credit rating – Fitch	n/a	
Credit rating – Moody's	Baa2 (stable)	
Credit rating – Standard and Poor's	n/a	
Return on RCV	3.54%	
Dividend cover	-1.075	
Funds from operations (FFO)	£44.050m	
Interest cover (cash)	5.562	
Adjusted interest cover (cash)	2.780	
FFO/Net debt	0.113	
Effective tax rate	18.64%	
Tax impact%		
RCF	£38.158m	
RCF/Net debt	0.098	
Revenue and earnings		
Revenue (actual)	£114.578m	
EBITDA (actual)	£43.382m	
Borrowings		
Proportion of borrowings which are fixed rate	20.94%	
Proportion of borrowings which are floating rate	26.87%	
Proportion of borrowings which are indexed linked	49.07%	
Proportion of borrowings due within 1 year or less	2.42%	
Proportion of borrowings due in more than 1 year but no more than 2 years	0.10%	
Proportion of borrowings due in more than 2 years but no more than 5 years	12.25%	
Proportion of borrowings due in more than 5 years but no more than 20 years	71.58%	
Proportion of borrowings due in more than 20 years	13.65%	

A description of the calculation for RORE and performance narrative can be found in section 1F.
Note we have no rating with S&P or Fitch

4I Financial derivatives

Table 4I is not applicable to Bristol Water as the Company does not have any financial derivatives.

4J Base expenditure analysis for the 12 months ended 31 March 2021 - water resources and water network+

	Water resources £m	Network+ Raw water transport £m	Network+ Raw water storage £m	Network+ Water treatment £m	Network+ Treated water distribution £m	Total £m
Operating expenditure						
Power	2.064	0.074	0	3.136	4.559	9.833
Income treated as negative expenditure	-0.008	0	0	-0.014	-0.018	-0.040
Bulk supply	0.016	0	0	0.031	0.076	0.123
Renewals expensed in year (infrastructure)	0.095	0.039	0	0	1.738	1.872
Renewals expensed in year (non-infrastructure)	0	0	0	0	0	0.000
Other operating expenditure	6.123	0.615	0	10.773	19.484	36.995
Local authority and Cumulo rates	1.304	0.17	0	0.313	3.301	5.088
Service Charges						
Canal & River Trust abstraction charges/ discharge consents	1.626	0	0	0	0	1.626
Environment Agency / NRW abstraction charges/ discharge consents	1.102	0	0	0	0	1.102
Other abstraction charges/ discharge consents	0	0.006	0	0.099	0.001	0.106
Other operating expenditure						
Costs associated with Traffic Management Act	0	0	0	0	0.336	0.336
Costs associated with lane rental schemes	0	0	0	0	0	0.000
Statutory water softening	0	0	0	0	0	0.000
Total base operating expenditure	12.322	0.904	0.000	14.338	29.477	57.041
Capital expenditure						
Maintaining the long term capability of the assets - infra	0.255	0	0.064	0	12.228	12.547
Maintaining the long term capability of the assets - non-infra	0.693	0.004	0.034	5.044	5.368	11.143
Total base capital expenditure	0.948	0.004	0.098	5.044	17.596	23.690

	Water resources £m	Network+ Raw water transport £m	Network+ Raw water storage	Network+ Water treatment	Network+ Treated water distribution	Total £m
Traffic Management Act						
Projects incurring costs associated with Traffic Management Act	0	0	0	0	181	0

4J Base expenditure analysis

4J represents a calculation of the base wholesale operating expenditure, and is summarised in total in table 4D. A further comparison of these costs in relation to the wholesale allowance are outlined in the commentary associated with 4D.

Specific analysis for 4J capital expenditure lines shows infrastructure was £12.5m against a CMA FD19 allowance of £11.9m, which reflects additional expenditure on mains renewals reflecting cold winter weather. Non-infrastructure maintenance at £11.9m against £13.5m allowance reflects efficient investment and timing of schemes, such as refurbishment at Littleton.

4K Base expenditure analysis for the 12 months ended 31 March 2021 - wastewater network + and bioresources

Table 4K is not applicable to Bristol Water as it is a wastewater table.

4L Enhancement expenditure for the 12 months ended 31st March 2021 - water resources and water network+

		Expenditure in report year						Cumulative expenditure on schemes completed in the report year					
			Water network+						Water network+				
4L Enhancement expenditure for the 12 months ended 31st March 2021 - water resources and water network+		Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution	Total	Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution	**Total**
EA/NRW environmental programme (WINEP/NEP)													
Ecological improvements at abstractions	Capex	0.017	0	0	0.066	0	0.083						
Ecological improvements at abstractions	Opex	0	0	0	0	0	0						
Ecological improvements at abstractions	Totex	0.017	0.000	0.000	0.066	0.000	0.083						
Eels Regulations (measures at intakes)	Capex	0.167	0	0	0	0	0.167						
Eels Regulations (measures at intakes)	Opex	0	0	0	0	0	0						
Eels Regulations (measures at intakes)	Totex	0.167	0.000	0.000	0.000	0.000	0.167						
Invasive Non Native Species	Capex	0.047	0	0	0	0	0.047						
Invasive Non Native Species	Opex	0	0	0	0	0	0						
Invasive Non Native Species	Totex	0.047	0.000	0.000	0.000	0.000	0.047						
Drinking Water Protected Areas (schemes)	Capex	0.197	0	0	0	0	0.197						
Drinking Water Protected Areas (schemes)	Opex	0	0	0	0	0	0						
Drinking Water Protected Areas (schemes)	Totex	0.197	0.000	0.000	0.000	0.000	0.197						
Water Framework Directive measure	Capex	0	0	0	0	0	0						
Water Framework Directive measure	Opex	0	0	0	0	0	0						

		Expenditure in report year						Cumulative expenditure on schemes completed in the report year					
			Water network+						Water network+				
4L Enhancement expenditure for the 12 months ended 31st March 2021 - water resources and water network+		Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution	Total	Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution	**Total**
Water Framework Directive measure	Totex	0.000	0.000	0.000	0.000	0.000	0.000						
Investigations	Capex	0.094	0	0	0	0	0.094						
Investigations	Opex	0	0	0	0	0	0						
Investigations	Totex	0.094	0.000	0.000	0.000	0.000	0.094						
Total environmental programme expenditure	Totex	0.522	0.000	0.000	0.066	0.000	0.588						
Supply-demand balance													
Supply-side improvements delivering benefits in 2020-2025	Capex	0	0	0	0	0	0						
Supply-side improvements delivering benefits in 2020-2025	Opex	0	0	0	0	0	0						
Supply-side improvements delivering benefits in 2020-2025	Totex	0.000	0.000	0.000	0.000	0.000	0						
Demand-side improvements delivering benefits in 2020-2025 (excl leakage and metering)	Capex	0	0	0	0	0	0						
Demand-side improvements delivering benefits in 2020-2025 (excl leakage and metering)	Opex	0	0	0	0	0.032	0.032						
Demand-side improvements delivering benefits in 2020-2025 (excl leakage and metering)	Totex	0.000	0.000	0.000	0.000	0.032	0.032						
Leakage improvements delivering benefits in 2020-2025	Capex	0	0	0	0	0.86	0.860	0.000	0.000	0.000	0.000	0.860	0.860
Leakage improvements delivering benefits in 2020-2025	Opex	0	0	0	0	0.4	0.400	0.000	0.000	0.000	0.000	0.400	0.400
Leakage improvements delivering benefits in 2020-2025	Totex	0.000	0.000	0.000	0.000	1.260	1.260	0.000	0.000	0.000	0.000	1.260	1.260

4L Enhancement expenditure for the 12 months ended 31st March 2021 - water resources and water network+

Internal interconnectors delivering benefits in 2020-2025	Capex	0	0	0	0	0	0						
Internal interconnectors delivering benefits in 2020-2025	Opex	0	0	0	0	0	0						
Internal interconnectors delivering benefits in 2020-2025	Totex	0.000	0.000	0.000	0.000	0.000	0						
Supply demand balance improvements delivering benefits starting from 2026	Capex	0	0	0	0	0	0						
Supply demand balance improvements delivering benefits starting from 2026	Opex	0	0	0	0	0	0						
Supply demand balance improvements delivering benefits starting from 2026	Totex	0.000	0.000	0.000	0.000	0.000	0						
Strategic regional water resources	Capex	0.033	0	0	0	0.098	0.131						
Strategic regional water resources	Opex	0	0	0	0	0	0						
Strategic regional water resources	Totex	0.033	0.000	0.000	0.000	0.098	0.131						
Total supply demand expenditure	Totex	0.033	0.000	0.000	0.000	1.390	1.423						
Metering													
New meters requested by existing customers (optants)	Capex					0.817	0.817						
New meters requested by existing customers (optants)	Opex					0	0						
New meters requested by existing customers (optants)	Totex					0.817	0.817						
New meters introduced by companies for existing customers	Capex					0.935	0.935						
New meters introduced by companies for existing customers	Opex					0	0						
New meters introduced by companies for existing customers	Totex					0.935	0.935						

		Expenditure in report year						Cumulative expenditure on schemes completed in the report year					
			Water network+						Water network+				
4L Enhancement expenditure for the 12 months ended 31st March 2021 - water resources and water network+		Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution	Total	Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution	**Total**
New meters for existing customers - business	Capex					0.006	0.006						
New meters for existing customers - business	Opex					0	0						
New meters for existing customers - business	Totex					0.006	0.006						
Total metering expenditure	Totex					1.758	1.758						
Other enhancement													
Improvments to taste, odour and colour	Capex	0	0	0	0	0	0						
Improvments to taste, odour and colour	Opex	0	0	0	0	0	0						
Improvments to taste, odour and colour	Totex	0.000	0.000	0.000	0.000	0.000	0.000						
Meeting lead standards	Capex	0	0	0	0	0.175	0.175						
Meeting lead standards	Opex	0	0	0	0	0	0						
Meeting lead standards	Totex	0.000	0.000	0.000	0.000	0.175	0.175						
Addressing raw water deterioration	Capex	0	0	0	0.097	0	0.097						
Addressing raw water deterioration	Opex	0	0	0	0.043	0	0.043						
Addressing raw water deterioration	Totex	0.000	0.000	0.000	0.140	0.000	0.140						
Improvements to river flow	Capex	0.024	0	0	0	0	0.024						
Improvements to river flow	Opex	0	0	0	0	0	0						
Improvements to river flow	Totex	0.024	0.000	0.000	0.000	0.000	0.024						

4L Enhancement expenditure for the 12 months ended 31st March 2021 - water resources and water network+

Enhancing resilience to low probability high consequence events	Capex	0	0	0	0	0.105	0.105						
Enhancing resilience to low probability high consequence events	Opex	0	0	0	0	0	0						
Enhancing resilience to low probability high consequence events	Totex	0.000	0.000	0.000	0.000	0.105	0.105						
Security - SEMD	Capex	0	0	0	0	0	0						
Security - SEMD	Opex	0	0	0	0	0	0						
Security - SEMD	Totex	0.000	0.000	0.000	0.000	0.000	0						
Security - Non-SEMD	Capex	0	0	0	0	0	0						
Security - Non-SEMD	Opex	0	0	0	0	0	0						
Security - Non-SEMD	Totex	0.000	0.000	0.000	0.000	0.000	0						
Addressing low pressure	Capex	0	0	0	0	0	0						
Addressing low pressure	Opex	0	0	0	0	0	0						
Total other enhancement expenditure	Totex	0.024	0.000	0.000	0.140	0.280	0.444						
Total enhancement													
Total enhancement expenditure	Capex	0.579	0.000	0.000	0.163	2.996	3.738						
Total enhancement expenditure	Opex	0.000	0.000	0.000	0.043	0.432	0.475						
Total enhancement expenditure	Totex	0.579	0.000	0.000	0.206	3.428	4.213						

Table 4L reports TOTEX expenditure on enhancement schemes in line with Ofwat's expenditure purpose categories as set out in the table. Expenditure is reported as actual annual expenditure for 2020/21 on enhancement schemes.

Cumulative expenditure is only reported in the table for Leakage improvements delivering benefits in AMP7 (Line 4L.26 and 4L.27). Rolling investment projects (projects which repeat each year and therefore incur costs every year, for example additional active leakage control) are treated as projects started and completed each individual year. We work on the basis that the end of a financial year represents the end of each of these projects, and hence 2020/21 expenditure on these rolling investment projects is also reported as the cumulative expenditure for 2020/21. This will be the approach taken for subsequent years for Line 4L.26 and 4L.27.

Table 4L links with Table 4D and Table 2B.

Previously in table 4L the following "leakage related" enhancement cost were captured:

- Additional Active Leakage Control CAPEX expenditure. Capitalization of inspectors cost (labour, vehicles etc) for those staff contributing towards the transitioning of leakage levels towards lower targets.
- Pressure management programme. Installation of pressure reduction schemes as a key activity to reduce leakage levels.

In 2020/21 the following expenditure has been added to this:

- Detected leak repair cost to transition from 37.0 Ml/day (2019/20) to 35.5 Ml/day. This is covers both OPEX and CAPEX repair activity.

Annual Expenditure
In 2020/21, the annual TOTEX enhancement expenditure is reported at £4.214m. Split between OPEX of £0.475m and CAPEX of £3.739m. Those lines which show the largest contributing annual enhancement expenditure are:

Cumulative Expenditure
Cumulative Expenditure is only reported Line 4L.26 and 4L.27 - Leakage Improvements delivering benefits in 2020-2025. As the activity under these enhancement areas are recurrent annual activities the TOTEX reported for this enhancement is the same as the Annual Expenditure at £1.260m.

Progress and Deliverables
EA/NRW environmental programme (WINEP/NEP)
Overall Totex enhancement expenditure during 2020/21 for the environmental programme was £0.589m against the business plan DD response planned expenditure of £1.050m. The table overleaf shows the split between planned and actual expenditure.

EA/NRW environmental programme (WINEP/NEP)		Total (£m	Planned expenditure WS2 - BP (£m)	Difference from plan (£m)
Ecological improvements at abstractions	Capex	0.083	0.387	-0.304
Ecological improvements at abstractions	Opex	0.000	0.000	0.000
Ecological improvements at abstractions	Totex	0.083	0.387	-0.304
Eels Regulations (measures at intakes)	Capex	0.167	0.084	0.083
Eels Regulations (measures at intakes)	Opex	0.000	0.000	0.000
Eels Regulations (measures at intakes)	Totex	0.167	0.084	0.083
Invasive Non Native Species	Capex	0.047	0.112	-0.065
Invasive Non Native Species	Opex	0.000	0.000	0.000
Invasive Non Native Species	Totex	0.047	0.112	-0.065
Drinking Water Protected Areas (schemes)	Capex	0.197	0.328	-0.131
Drinking Water Protected Areas (schemes)	Opex	0.000	0.000	0.000
Drinking Water Protected Areas (schemes)	Totex	0.197	0.328	-0.131
Water Framework Directive measure	Capex	0.000	0.048	-0.048
Water Framework Directive measure	Opex	0.000	0.000	0.000
Water Framework Directive measure	Totex	0.000	0.048	-0.048
Investigations	Capex	0.094	0.091	0.003
Investigations	Opex	0.000	0.000	0.000
Investigations	Totex	0.094	0.091	0.003
Total environmental programme expenditure	Totex	0.589	1.050	-0.461

Main variants in expenditure against plan:

- 4L.3 & 4L.9 The bulk of the delivery of the investigation and INNS work has been moved into Year 2 and 3, whilst some of the delivery items were affected by COVID-19. No anticipated impact on our commitments under WINEP.
- 4L.6 Work at Brinscombe has been completed and programme for measure at the intake at Littleton are progressing through the capital delivery team, planned for installation in Year 2-3.
- 4L.12 Catchment management across Blagdon/Chew Valley and the Cheddar/Axe catchment is in progress and is delivering against our PC commitments despite spending considerably less than the planned expenditure.
- 4L.18 WINEP abstraction investigation are progressing and on target to meet WINEP targets at lower than planned expenditure.

ANNUAL PERFORMANCE REPORT

Supply – Demand balance

Overall Totex enhancement expenditure during 2020/21 for the Supply- demand balance programme was £1.422m against the business plan DD response planned expenditure of £1.351m. The table below shows the split between planned and actual expenditure.

Supply - Demand balance		Total (£m	Planned expenditure WS2 - BP (£m)	Difference from plan (£m)
Supply-side improvements delivering benefits in 2020-2025	Capex	0.000	0.000	0.000
Supply-side improvements delivering benefits in 2020-2025	Opex	0.000	0.000	0.000
Supply-side improvements delivering benefits in 2020-2025	Totex	0.000	0.000	0.000
Demand-side improvements delivering benefits in 2020-2025 (excl leakage and metering)	Capex	0.000	0.000	0.000
Demand-side improvements delivering benefits in 2020-2025 (excl leakage and metering)	Opex	0.032	0.000	0.032
Demand-side improvements delivering benefits in 2020-2025 (excl leakage and metering)	Totex	0.032	0.000	0.032
Leakage improvements delivering benefits in 2020-2025	Capex	0.860	0.832	0.028
Leakage improvements delivering benefits in 2020-2025	Opex	0.400	0.151	0.249
Leakage improvements delivering benefits in 2020-2025	Totex	1.260	0.983	0.277
Internal interconnectors delivering benefits in 2020-2025	Capex	0.000	0.000	0.000
Internal interconnectors delivering benefits in 2020-2025	Opex	0.000	0.000	0.000
Internal interconnectors delivering benefits in 2020-2025	Totex	0.000	0.000	0.000
Supply demand balance improvements delivering benefits starting from 2026	Capex	0.000	0.000	0.000
Supply demand balance improvements delivering benefits starting from 2026	Opex	0.000	0.000	0.000
Supply demand balance improvements delivering benefits starting from 2026	Totex	0.000	0.000	0.000
Strategic regional water resources	Capex	0.131	0.368	-0.237
Strategic regional water resources	Opex	0.000	0.000	0.000
Strategic regional water resources	Totex	0.131	0.368	-0.237
Total supply demand expenditure	Totex	1.422	1.351	0.071

Main variants in expenditure against plan:

- 4L.26 & 4L.27 Leakage reduction performance significantly below target levels during 2020/21, but due to higher number of bursts during the winter and having to maintain leakage at lower levels an increase of expenditure against planned. Additional activities to transition leakage levels from 37.02 Ml/d to 35.53 Ml/d through additional Active Leakage Control, Pressure Management and capitalised repairs. In terms of the WRMP, leakage is the only area where additional expenditure has occurred which is relevant to WRMP and the supply-demand balance.
- 4L.37. Gate 1 of the Strategic Regional Water Resources scheme completed with Gate 2 starting in Year 2. As part of a national programme of investigation into strategic regional water resource management options, we are working in partnership with Wessex Water and Southern Water to explore the option of developing a new reservoir at Cheddar, using existing abstraction capacity at Cheddar Gorge, with water transferred across the Wessex Water supply area to provide water to Southern Water. The first phase (Gate 1) of this partnership investigation was carried out in Year 1 of AMP7 and will continue the next phase of the investigation throughout Year 2 of AMP7 although the availability of water for transfer will be considered in the context of the needs of the West Country region.

Metering

Overall Totex enhancement expenditure during 2020/21 for the Metering programme was £1.758m against the business plan DD response planned expenditure of £2.820m. The table below shows the split between planned and actual expenditure.

Metering activities		Total (£m	Planned expenditure WS2 - BP (£m)	Difference from plan (£m)
New meters requested by existing customers (optants)	Capex	0.817	2.443	-1.626
New meters requested by existing customers (optants)	Opex	0.000	0.000	0.000
New meters requested by existing customers (optants)	Totex	0.817	2.443	-1.626
New meters introduced by companies for existing customers	Capex	0.935	0.377	0.558
New meters introduced by companies for existing customers	Opex	0.000	0.000	0.000
New meters introduced by companies for existing customers	Totex	0.935	0.377	0.558
New meters for existing customers - business	Capex	0.006	0.000	0.006
New meters for existing customers - business	Opex	0.000	0.000	0.000
New meters for existing customers - business	Totex	0.006	0.000	0.006
Total metering expenditure	Totex	1.758	2.820	-1.062

4L.48 The metering programme expenditure has been less than the planned expenditure. The promotion of metering in the first half of the financial year has been affected by COVID-19 restrictions, resulting in a significant reduction in the number of installations under the programme. This is behind our water resource management plan assumptions but does not affect the overall supply demand balance materially.

Other enhancements

Overall Totex enhancement expenditure during 2020/21 for the Other Enhancements programme was £0.444m against the business plan DD response planned expenditure of £2.797m. The table below shows the split between planned and actual expenditure

Other enhancements		Total (£m	Planned expenditure WS2 - BP (£m)	Difference from plan (£m)
Improvements to taste, odour and colour	Capex	0.000	0.000	0.000
Improvements to taste, odour and colour	Opex	0.000	0.000	0.000
Improvements to taste, odour and colour	Totex	0.000	0.000	0.000
Meeting lead standards	Capex	0.175	0.066	0.109
Meeting lead standards	Opex	0.000	0.000	0.000
Meeting lead standards	Totex	0.175	0.066	0.109
Addressing raw water deterioration	Capex	0.097	0.094	0.003
Addressing raw water deterioration	Opex	0.043	0.093	-0.050
Addressing raw water deterioration	Totex	0.140	0.187	-0.047
Improvements to river flow	Capex	0.024	0.000	0.024
Improvements to river flow	Opex	0.000	0.000	0.000
Improvements to river flow	Totex	0.024	0.000	0.024
Enhancing resilience to low probability high consequence events	Capex	0.105	1.638	-1.533
Enhancing resilience to low probability high consequence events	Opex	0.000	0.000	0.000
Enhancing resilience to low probability high consequence events	Totex	0.105	1.638	-1.533
Security - SEMD	Capex	0.000	0.000	0.000
Security - SEMD	Opex	0.000	0.000	0.000
Security - SEMD	Totex	0.000	0.000	0.000
Security - Non-SEMD	Capex	0.000	0.000	0.000
Security - Non-SEMD	Opex	0.000	0.000	0.000
Security - Non-SEMD	Totex	0.000	0.000	0.000
Addressing low pressure	Capex	0.000	0.000	0.000
Addressing low pressure	Opex	0.000	0.000	0.000
Addressing low pressure	Totex	0.000	0.000	0.000
Total other enhancement expenditure	Totex	0.444	1.891	-1.447

The main variance of actual versus planned expenditure is in Resilience enhancements (Line 4L.61). The resilience programme for AMP7 consists of a number of interventions to mitigate against the asset risk of low likelihood, high impact failures. Specific assets (mains) have been identified serving >10,000 population without a direct alternative supply to these customers, with solutions implemented varying from laying new support mains to dynamically operated boundary valve introduction. The largest single intervention in this programme is the Wells to Glastonbury resilience main, a project exceeding £5m in implementation. The Year 1 cost on resilience has mainly been the detailed design and survey cost of the Glastonbury to Wells main. Implementation of this main is planned to be completed by Year 3.

4M Enhancement expenditure for the 12 months ended 31st March 2021 - wastewater network+ and bioresources

Table 4M is not applicable to Bristol Water as it is a wastewater table.

4N Developer services expenditure for the 12 months ended 31st March 2021 - water resources and water network+

4N Developer services expenditure for the 12 months ended 31st March 2021 - water resources and water network+		Expenditure in report year					
		Water resources £m	Network+				Total £m
			Raw water transport £m	Raw water storage £m	Water treatment £m	Treated water distribution £m	
New connections	Capex	0	0	0	0	2.427	2.427
New connections	Opex	0	0	0	0	0	0.000
Requisition mains	Capex	0	0	0	0	3.725	3.725
Requisition mains	Opex	0	0	0	0	0	0.000
Infrastructure network reinforcement	Capex	0	0	0	0	2.522	2.522
Infrastructure network reinforcement	Opex	0	0	0	0	0	0.000
s185 diversions	Capex	0	0	0	0	0.021	0.021
s185 diversions	Opex	0	0	0	0	0	0.000
Other price controlled activities	Capex	0	0	0	0	0	0.000
Other price controlled activities	Opex	0	0	0	0	0	0.000
Total developer services expenditure - capex	Capex	0.000	0.000	0.000	0.000	8.695	8.695
Total developer services expenditure - opex	Opex	0.000	0.000	0.000	0.000	0.000	0.000
Total developer services expenditure	Totex	0.000	0.000	0.000	0.000	8.695	8.695

ANNUAL PERFORMANCE REPORT

4O Developer services expenditure for the 12 months ended 31st March 2021 - wastewater network+ and bioresources

Table 4O is not applicable to Bristol Water as it is a wastewater table.

Table 4P Expenditure on non-price control diversions

Expenditure on NRSWA diversions is lower than anticipated this year due to a general reduction in third party diversions driven by COVID-19.

4P Expenditure on non-price control diversions for the 12 months ended 31 March 2021	Water resources £m	Water network+ £m	Wastewater network+ £m	Bioresources £m	Total £m
Non-price control diversions					
Diversions - NRSWA	0	0.027	0	0	0.027
Diversions - other non-price control	0	0	0	0	0.000
Total expenditure on non-price control diversions	0.000	0.027	0.000	0.000	0.027

4Q Developer services - New connections, properties and mains	Water	Total
Connections volume data		
New connections (residential – excluding NAVs)	2087	2087
New connections (business – excluding NAVs)	121	121
Total new connections served by incumbent	2208	2208
New connections – SLPs	1453	
Properties volume data		
New properties (residential - excluding NAVs)	4459	4459
New properties (business - excluding NAVs)	127	127
Total new properties served by incumbent	4586	4586
New residential properties served by NAVs	278	278
New business properties served by NAVs	2	2
Total new properties served by NAVs	280	280
Total new properties	4866	4866
New properties – SLP connections	1560	
New water mains data		
Length of new mains (km) - requisitions	12.226	
Length of new mains (km) - SLPs	17.027	

Table 4R Connected properties, customers and population

	Unmeasured (000s)	Measured (000s)	Total (000s)	Voids (000s)
Customer numbers - average during the year				
Residential water only customers	203.956	299.198	503.154	9.294
Residential wastewater only customers			0.000	
Residential water and wastewater customers			0.000	
Total residential customers	203.956	299.198	503.154	9.294
Business water only customers	1.047	29.323	30.370	3.061
Business wastewater only customers			0.000	
Business water & wastewater customers			0.000	
Total business customers	1.047	29.323	30.370	3.061
Total customers	205.003	328.521	533.524	12.355

	Water		
	Unmeasured (000s)	Measured (000s)	Total (000s)
Property numbers - average during the year			
Residential properties billed	203.956	299.198	503.154
Residential void properties			9.294
Total connected residential properties			512.448
Business properties billed	1.047	29.323	30.370
Business void properties			3.061
Total connected business properties			33.431
Total connected properties			545.879

	Water									
	Unmeasured				Measured					
	No meter (000s)	Basic meter (000s)	Smart meter (000s)	Total (000s)	No meter (000s)	Basic meter (000s)	Smart meter (000s)	Total (000s)	Dps	Total (000s)
Property and meter numbers - at end of year										
Total new residential properties connected in year	0			0.000		3.389	1.07	4.459	3	4.459
Total new business properties connected in year	0			0.000		0.127	0	0.127	3	0.127
Residential properties billed at year end	201.127			201.127		276.151	28.817	304.968	3	506.095
Residential void properties at year end				4.420				4.252	3	8.672
Total connected residential properties at year end				205.547				309.220	3	514.767
Business properties billed at year end	1.056			1.056		26.995	2.665	29.660	3	30.716
Business void properties at year end				0.412				2.234	3	2.646
Total connected business properties at year end				1.468				31.894	3	33.362
Total connected properties at year end				207.015				341.114	3	548.129

	Water (000s)
Population data	
Resident population	1233.954

Customer numbers, property numbers and meter numbers (4R.1-25)

This year has seen a continued increase in the number of domestic customers who have switched tariffs from unmeasured to measured. This is reflected in the increased average (and year-end) numbers of measured water customers and the reduced average (and year-end) numbers of unmeasured customers noted in the tables above.

This increase is partly as a result of our selective metering policy (where we install a meter after a change of ownership), and partly due to customers opting to switch, either for financial or environmental reasons. Unfortunately, we did not reach our ambitions for residential properties billed for measured water, mainly because of the COVID-19 pandemic, which severely restricted our ability to instal meters in customers' homes for much of the year, and also restricted customer demand. We have however continued to invest in publicising our metering activities and have also brought the metering team in-house, as part of our continuing efforts to persuade customers of the monetary and environmental benefits of having a meter installed.

The pandemic also resulted in a slowdown in the residential property market, as construction activity was impacted in the initial months of the pandemic. However, economic activity picked up and reverted to normal levels by the end of the financial year. Taking the year as a whole, fewer properties were built than expected.

The number of void properties has reduced during the year, as a result of increased focus being placed upon this by both Bristol Water and our subsidiary billing company, Bristol Wessex Billing Services Limited.

Total property numbers are relatively static in the non-domestic world, although we have observed a continuing increase in the numbers of previously occupied properties becoming vacant. This situation dramatically worsened from March 2020 onwards, as the full impacts of the COVID-19 pandemic started to become apparent. A tangible consequence of the pandemic is that many establishments have either closed permanently or have become temporarily vacant, and it remains to be seen if activity in the commercial world will return to pre-pandemic levels.

The ongoing economic uncertainty caused by COVID-19 will also potentially prevent many new business properties from opening, so we do not expect business property numbers to significantly increase in the near future.

Business void properties (4R.5-9 and 4R.13-14)
Some companies have performance commitments which incentivise them to reduce business void properties. Performance is measured using vacant flags in the Central Market Operating System. Between April and August 2020, to account for the impacts of COVID-19, this vacant flag was used to mark a business as temporarily closed. Bristol Water does not have an applicable performance commitment and we do not have the precise information on the temporary void flags. However our analysis suggested there was a maximum 9% variance in the annual void figure that could be attributed to temporary voids - and in reality the true figure may be lower because some properties will have become genuinely void in that period.

Resident Population (4R.26)
The total population is calculated thanks to external data acquired from CACI based on the company supply area, as an average between the total population in April 2020 and the total population in April 2021. The resulting average is then corrected for the estimate of population using a private supply, as opposed to being supplied by the company.

Section 5

Additional regulatory information - water resources

The information provided in Section 5 details financial and non-financial information about water resources.

Additional explanations have also been provided to assist understanding of some of the terminology included in these tables.

5A Water resources asset and volumes data for the 12 months ended 31 March 2021	Current year
Water resources	
Water from impounding reservoirs	60.90 Ml/d
Water from pumped storage reservoirs	171.63 Ml/d
Water from river abstractions	0 Ml/d
Water from groundwater works, excluding managed aquifer recharge (MAR) water supply schemes	43.46 Ml/d
Water from artificial recharge (AR) water supply schemes	0 Ml/d
Water from aquifer storage and recovery (ASR) water supply schemes	0 Ml/d
Water from saline abstractions	0 Ml/d
Water from water reuse schemes	0 Ml/d
Number of impounding reservoirs	3
Number of pumped storage reservoirs	8
Number of river abstractions	0
Number of groundwater works excluding managed aquifer recharge (MAR) water supply schemes	14
Number of artificial recharge (AR) water supply schemes	0
Number of aquifer storage and recovery (ASR) water supply schemes	0
Number of saline abstraction schemes	0
Number of reuse schemes	0
Total number of sources	25
Total number of water reservoirs	11
Total volumetric capacity of water reservoirs	38604 Ml
Total number of intake and source pumping stations	15
Total installed power capacity of intake and source pumping stations	6798 kW
Total length of raw water abstraction mains and other conveyors	42.13 km
Average pumping head – raw water abstraction	24.99 m.hd
Energy consumption - raw water abstraction	13721.187 MWh
Total number of raw water abstraction imports	0
Water imported from 3rd parties' raw water abstraction systems	0 Ml/d
Total number of raw water abstraction exports	0
Water exported to 3rd parties' from raw water abstraction systems	0 Ml/d
Water resources capacity (measured using water resources yield)	327.81 Ml/d

Water resources in Ml/d (5A.1-8)

These lines report on the untreated water sources we abstracted from and used to supply our customers with potable water after treatment. We abstract from 25 sources, the majority of which is derived from surface waters that are dominated by our impounding and pumped storage reservoirs.

The relatively wet summer and winter meant that an energy efficient approach was taken to utilising our sources, focusing on maximising our abstraction from our Mendip Sources (pumped storage and impounding reservoirs) and reducing output from Purton and Littleton (pumped storage). However, this is not expressed in the figures reported in table 5A given that most waters taken from the Mendips are classified as pumped storage, whereby waters abstracted from the Chew Valley reservoirs are stored in Barrow tanks before treatment. A small proportional decrease in pumped storage is observed of 0.6%, attributed to a minor increase in direct abstraction from Cheddar reservoir to treatment.

Our source abstraction strategy is dependent on the weather and this subsequently affects our Treatment Works. It is anticipated that the values will remain relatively similar to previous years, taking into consideration the variation in weather and other hydrological variables.

Total number of sources and total number of water reservoirs (5A.9-19)
These lines have remained unchanged since 2011. During year 2020/21 we had three source sites (Clevedon TW Well, Shipton Moyne TW Well & Sherborne TW Borehole) whereby no water was abstracted for operational reasons, but these sites are still officially operational sites. Due to these three sources still holding full continuous abstraction licences and being neither standby, nor mothballed officially, they have been included in the count with a 0.0Ml abstraction value reported in lines 5A.1-8.

Number of Intake and Source Pumping Stations and their power capacity (5A.20-21)
The number of intake and source pumping stations (line 5A.20) remains unchanged from 2019/20 reported figures, however a single pro-active pump upgrade results in the kW capacity (line 5A.21) increase from 6,794 kW (in 2019/20) to 6,798 kW for the reporting year.

Water resources capacity (measured using water resources yield) (5A.29)
In August 2019 we published our final WRMP19; this data is being used to report water resource capacity. Bristol Water's system is resource constrained (by hydrology and/or abstraction licence conditions), therefore there are no sources where the water treatment works capacity constrains the deployable output. The water resource capacity reduces slightly each year due to the assessed effects of climate change on water resource availability.

The reduction in line 5A.29 between 2019/20 and 2020/21 is due to us now reporting against the WRMP19 system yield assumptions. From the start of the 25-year planning period in 2020/21 the following changes were made to our baseline assumptions to reflect the latest water resource planning guideline:

- The deployable output for WRMP19 has been defined using a more severe drought than that used to develop the WRMP14. This is to reflect the Environment Agency guidance and government direction to plan to a 1-in-200 year level of resilience; and
- The climate change assessment methodology changed between the WRMP14 assessment (which was derived using climate variability in the 2030s) and the WRMP19 assessment (which was derived using climate variability in the 2080s).

ANNUAL PERFORMANCE REPORT

5B Water resources operating cost analysis for the 12 months ended 31 March 2021

5B Water resources operating cost analysis for the 12 months ended 31 March 2021	Impounding Reservoir £m	Pumped Storage £m	River Abstractions £m	Groundwater, excluding MAR water supply schemes £m	Artificial Recharge (AR) water supply schemes £m	Aquifer Storage and Recovery (ASR) water supply schemes £m	Other £m	Total £m
Opex analysis								
Power	0.974	0.749	0	0.339	0	0	0.002	2.064
Income treated as negative expenditure	-0.004	-0.003	0	-0.001	0	0	0	-0.008
Abstraction charges / discharge consents	0.528	1.626	0	0.574	0	0	0	2.728
Bulk supply	0.002	0.013	0	0.001	0	0	0	0.016
Other operating expenditure								
Renewals expensed in year (Infrastructure)	0.057	0.011	0	0.028	0	0	0	0.096
Renewals expensed in year (Non-Infrastructure)	0	0	0	0	0	0	0	0.000
Other operating expenditure excluding renewals - direct	0.970	3.008	0	0.244	0	0	0	4.222
Other operating expenditure excluding renewals - indirect	0.638	1.034	0	0.228	0	0	0	1.900
Local authority and Cumulo rates	0.973	0.277	0	0.054	0	0	0	1.304
Total operating expenditure (excluding 3rd party)	4.138	6.715	0.000	1.467	0.000	0.000	0.002	12.322

5B Water resources operating cost analysis

Table 5B presents a breakdown of Bristol Water's total water resources operating costs for 20/21 by the following categories: Impounding Reservoirs, Pumped Storage, River Abstractions, Groundwater, excluding MAR water supply schemes, Artificial Recharge (AR) water supply schemes, Aquifer Storage and Recovery (ASR) water supply schemes and Other. For 20/21 Bristol Water has not reported any expenditure against River Abstractions, Artificial Recharge (AR) water supply schemes or Aquifer Storage and Recovery (ASR) water supply schemes.

The total operating expenditure (excluding third party) in Table 5B must reconcile to the Water resources total operating expenditure excluding third party services in Table 4J.

ANNUAL PERFORMANCE REPORT

Section 6

Additional regulatory information - water network plus

The information provided in Section 6 details financial and non-financial information about water network plus.

Additional explanations have also been provided to assist understanding of some of the terminology included in these tables.

Average Pumping Head (5A.6, 6A.6, 6A.31 and 6B.28)
Average pumping head (AVPH) is derived as an explanatory factor for power costs. Therefore, the variable needs to reflect the amount of pumping that a company needs to do. In order to do this we need to know, in effect, how much each megalitre of water is pumped through the process along with the head pressure required to move the water whether it is pumped or gravity fed, from abstraction to supply. This is calculated in line with the Ofwat guidance for individual sites. Sites are then allocated within price controls and summated to provide the final reported figures for raw water abstraction, transport, water treatment and distribution input. The supply strategy for 2020/21 took advantage of the wetter weather, permitting greater use of raw water supplies taken from the Mendips at Barrow TW. This was a similar strategy to 2019/20 but a departure from 2018/19 when dry weather prohibited this approach. Barrow TW treats and delivers under gravity to Bristol as opposed to serving the same demand from the Sharpness Canal which requires a substantial lift. Compared to 2018/19 the distribution input head was 11m lower in 2020/21. The supply strategy for 2021/22 is looking to replicate and potentially extend this strategy, however this will be closely reviewed against the water resource position. In addition to the wider supply strategy in November 2019 Bristol Water also installed a new pump scheduling optimiser – this is set to improve both pumping efficiency and cost efficiency.

Energy Consumption (5A.24, 6A.7, 6A.32 and 6B.27)
94% of BW energy use is consumed in the form of electricity for production / treatment and distribution pumping. A proportionally small amount of energy in the form of gas, used for heating, and fuel, used for transport, is also consumed and included by converting to equivalent units (for gas and fuel) of mega-watt hours (MWh). Variability in our energy use is caused due to changes to water supply demand and weather conditions. Under drier conditions, use of our more energy intensive Sharpness sources are increased to conserve storage in our Mendip reservoirs. Similarly in drier conditions customer water demands are higher and production and distribution pumping increase to match demand. The latter part of 2020/21 was notably wet, allowing a reduction in demand and reliance on Sharpness sources. Therefore, our consumption was lower than the average of the previous nine years. We are continuing to strive for improved energy efficiency and lower carbon footprint. We are continuing to implement a number of substantial projects in 2020/21 that will directly offset the import of energy from the grid and lower overall energy consumption, most significantly an automated pump scheduling system, that will look to optimise individual pumps, pump-sets and whole source selection. Installation of a gas generator at Purton TW will increase our reported energy consumption, due to the conversion rate of thermal energy to electricity.

6A Raw water transport, raw water storage and water treatment data for the 12 months ended 31 March 2021

6A Raw water transport, raw water storage and water treatment data for the 12 months ended 31 March 2021	Current year
Raw water transport and storage	
Total number of balancing reservoirs	4
Total volumetric capacity of balancing reservoirs	688 Ml
Total number of raw water transport stations	8
Total installed power capacity of raw water transport pumping stations	3584 kW
Total length of raw water transport mains and other conveyors	100.52 km
Average pumping head ~ raw water transport	46.05 m.hd
Energy consumption ~ raw water transport	4832.756 MWh
Total number of raw water transport imports	1
Water imported from 3rd parties' raw water transport systems	0.01 Ml/d
Total number of raw water transport exports	1
Water exported to 3rd parties' raw water transport systems	0.29 Ml/d
Total length of raw and pre-treated (non-potable) water transport mains for supplying customers	0.07 km

	Surface water		Ground water	
Water treatment - treatment type analysis	**Water treated (Ml/d)**	**Number of works**	**Water treated (Ml/d)**	**Number of works**
All SD simple disinfection works	0	0	1.10	2
W1 works	0	0	0	0
W2 works	0	0	0	0
W3 works	0	0	0	0
W4 works	22.80	1	31.66	8
W5 works	221.65	5	0	0
W6 works	0	0	0	0

Water treatment - works size	% of total DI	Number of works
WTWs in size band 1	0.6	5
WTWs in size band 2	2.6	2
WTWs in size band 3	4.4	2
WTWs in size band 4	4.2	1
WTWs in size band 5	30.7	4
WTWs in size band 6	0.0	0
WTWs in size band 7	57.5	2
WTWs in size band 8	0.0	0

Water treatment - other information	Current year
Total water treated at more than one type of works	0 Ml/d
Number of treatment works requiring remedial action because of raw water deterioration	0
Zonal population receiving water treated with orthophosphate	1225.809
Average pumping head – water treatment	9.02 m.hd
Energy consumption – water treatment	27816.876 MWh
Total number of water treatment imports	0
Water imported from 3rd parties' water treatment works	0 Ml/d
Total number of water treatment exports	0
Water exported to 3rd parties' water treatment works	0 Ml/d

Total length of raw water transport mains and other conveyors (6A.5)
We operate 100.52km of raw and pre-treated (non-potable) water mains for raw water transport purpose. This total also includes 17.4km of a single pipe between two of our largest treatment works, Purton and Littleton. Water treated at Littleton is transferred from the Purton site and can, during times of warm weather, be partially treated at Purton first to prevent zebra mussels growing on parts of the pipe, which can pose a water quality hazard.

Raw water transport imports and exports (6A.8 - 6A.11)
Bristol Water has a single raw water transport import from the Cowbridge site at Wessex Water into Shipton Moyne Treatment works. This raw water supply is used when groundwater levels in the Inferior Oolite Aquifer falls below a control curve, monitored at the Environment Agency's Didmarton Borehole. The minor increase in 2020/21 in line 6A.9 is due to operational activities that required a small volume of raw water from this transport import. A similar value is expected in the following year depending on the probability of extreme weather, particularly hot and dry weather leading to a reduction in groundwater levels.

The single raw water transport export is a small untreated bulk export to an agricultural customer for which the value is expected to remain similar in the next year.

Total length of raw and pre-treated (non-potable) water transport mains for supplying customers (6A.12)
Bristol Water supplies one non-household customer with non-potable water and a few troughs. The length of main associated with supplying the non-household customer is very short (less than 10m).

Water treatment - treatment type analysis (6A.13 – 6A.19)
These lines provide a breakdown on the number of Treatment Works and the average daily distribution input derived from them, based upon the number and complexity of treatment processes operational at each site and whether they treat ground water or surface water. Ofwat has developed categories which seek to differentiate between Treatment Works with few, low complexity and low cost processes compared to works with several high complexity and high cost processes as set out in the table below.

Categories of treatment types:	Examples
SD: Works providing simple disinfection only	▪ Marginal chlorination ▪ Pre-aeration
W1: Simple disinfection plus simple physical treatment and/or blending only	▪ Rapid gravity filtration ▪ Slow sand filtration ▪ Pressure filtration ▪ Aeration (solvent removal)
W2: Single stage complex physical or chemical treatment W3: More than one stage of complex treatment but excluding processes in W4, W5 or W6	▪ Super chlorination ▪ Coagulation ▪ Flocculation ▪ Biofiltration ▪ pH correction ▪ Softening
W4: Single stage complex physical or chemical treatment with significantly higher operating costs than in W2/ W3 W5: More than one stage of complex, high cost treatment	▪ Membrane filtration (excluding desalination) ▪ Ozone treatment ▪ Activated carbon / pesticide removal ▪ UV treatment ▪ Adsorption treatment
W6: Works with one or more very high cost processes	▪ Desalination ▪ Re-use

In 2020/21, Bristol Water operated 10 ground water Treatment Works, two of which are simple disinfection works and the remaining eight all treat water at a Level 4 complexity. Of our six surface water Treatment Works operational in 2020/21, one treats water at Level 4 complexity and the remaining five treat water at Level 5 complexity. The total number of treatment works, broken down by category has remained unchanged since 2011.

During the year 2020/21 we had two treatment works (Clevedon TW & Sherborne TW) whereby, for operational reasons, no water was treated and transferred into potable water distribution. These sites are still officially operational sites and as such are included in the count, with a 0.0Ml value for water treated (in the volume of water treated in lines 6A.13-19).

Over three-quarters of the total volume of treated water entering our distribution network on a daily basis is derived from surface water Treatment Works treating water at Level 5 (88.18%, 244.45Ml/d). This relates to our works at Purton, Littleton, Stowey, Banwell and Barrow; therefore, whilst we operate more ground water Treatment Works than surface water Treatment Works, the latter are larger and contribute more to our overall distribution input with only 11.82% coming from all GW works. There have been no changes to our operational set-up since 2014/15.

Axbridge Treatment Works is classified as pre-treatment (water is not potable after treatment) and is not included within these lines. Furthermore, potable water transferred from being treated at Purton Treatment Works can enter Barrow raw reservoir #3 and be treated again at Barrow Treatment Works. As these are classified as the same type of Treatment Works the volume of water is not included.

Water treatment - works size (6A.20 – 6A.27)

These lines provide a breakdown of the number of our Treatment Works into different sized bands dependent on their total contribution to our overall daily distribution value. The bands for the classification of the Treatment Works are sized by Ofwat and are detailed below:

Size band	Maximum Production Capacity Ml/d
Band 1	< 2
Band 2	≥ 2 and < 4
Band 3	≥ 4 and < 8
Band 4	≥ 8 and < 16
Band 5	≥ 16 and < 32
Band 6	≥ 32 and < 64
Band 7	≥ 64 and < 128
Band 8	≥ 128

The proportion of DI values have varied slightly from last year and can be attributed to a number of factors. We operated our treatment works similarly to 2019/20 and further increased our abstraction from the Mendip Reservoirs due to the continued wet weather. This has led to an increase in treated sources from works that draw on the Mendip reservoirs and a lower reliance on our Sharpness treatment works.

The WTW bandings have therefore varied slightly from last year. Our increased abstraction from the Mendip reservoir meant that Banwell TW changed from Band 4 to Band 5. There was a ~1Ml/d reduction in the proportion of DI from Chelvey TW, a groundwater source, resulting in a change from Band 4 to Band 3.

Axbridge Treatment Works is classified as pre-treatment (water is not potable after treatment) and is not included within these lines. Furthermore, potable water transferred from being treated at Purton Treatment Works can enter Barrow raw reservoir #3 and be treated again at Barrow Treatment Works. As these are classified as the same type of Treatment Works the volume of water is not included.

Number of treatment works requiring remedial action because of raw water deterioration (6A.29)
In 2020/21, no activity was undertaken at our Treatment Works due to raw water deterioration. This is consistent with the level of activity reported in 2018/19 and 2019/20. We have no other water quality related schemes to address raw water deterioration.

It should be noted that there is a legal instrument in place for Cheddar Treatment Works which has seen work carried out to investigate changes in the raw water and proactively understand the impacts on the operation of the slow sand filters, which may give rise to taste and odour in the final water. This trial programme of work is due to run throughout 2020-25 and whilst there was the installation of a microstrainer and covering of one slow sand filter during AMP6, there has been no work carried out that is aimed to directly mitigate the potential changes in the raw water sources.

Zonal population receiving water treated with orthophosphate (6A.30)
This reports on the number of people served by Bristol Water that received water treated with phosphate in 2020/21. The method for estimating this value involves subtracting the number of people not receiving water treated with phosphate (8,145 people) from the total number of people which we serve, reported in 4R.26 (1233954 people). Four of our 16 Treatment Works do not add phosphate to the water as a treatment process. These are our Treatment Works at Tetbury, Forum, Sherborne and Alderley. Customers receiving water from the latter three receive water which is a blend of water from one of Forum, Sherborne and Alderley and another Works, therefore the water they receive does, through mixing, contain phosphate.

Only customers receiving water from Tetbury Treatment Works receive water with no phosphate added. The population receiving water from Tetbury Treatment Works is estimated by multiplying the number of properties supplied from the works by the average number of people living in each property (the occupancy rate), which we have assumed to be 2.31 occupants per property, in line with our water balance assumptions.

For 2020/21, we reported 1,225,809 people as having received water treated with orthophosphate which is slightly higher than that reported last year (1,219,002 people, 0.6% change), due to the growth in our overall population supplied.

6B Treated water distribution - assets and operations for the 12 months ended 31 March 2021	Current year
Assets and operations	
Total installed power capacity of potable water pumping stations	24633 kW
Total volumetric capacity of service reservoirs	536.7 Ml
Total volumetric capacity of water towers	3.2 Ml
Distribution input	276.35 Ml/d
Water delivered (non-potable)	0.36 Ml/d
Water delivered (potable)	249.38 Ml/d
Water delivered (billed measured residential)	98.76 Ml/d
Water delivered (billed measured business)	47.71 Ml/d
Total annual leakage	35.53 Ml/d
Distribution losses	23.47 Ml/d
Water taken unbilled	0.77 Ml/d
Proportion of distribution input derived from impounding reservoirs	0.221
Proportion of distribution input derived from pumped storage reservoirs	0.622
Proportion of distribution input derived from river abstractions	0
Proportion of distribution input derived from groundwater works, excluding managed aquifer recharge (MAR) water supply schemes	0.157
Proportion of distribution input derived from artificial recharge (AR) water supply schemes	0
Proportion of distribution input derived from aquifer storage and recovery (ASR) water supply schemes	0
Proportion of distribution input derived from saline abstractions	0
Proportion of distribution input derived from water reuse schemes	0
Total number of potable water pumping stations that pump into and within the treated water distribution system	114
Number of potable water pumping stations delivering treated groundwater into the treated water distribution system	9
Number of potable water pumping stations delivering surface water into the treated water distribution system	6
Number of potable water pumping stations that re-pump water already within the treated water distribution system	99
Number of potable water pumping stations that pump water imported from a 3rd party supply into the treated water distribution system	0
Total number of service reservoirs	114
Number of water towers	5
Energy consumption – treated water distribution	36304.482 MWh
Average pumping head – treated water distribution	95.46 m.hd
Total number of treated water distribution imports	5
Water imported from 3rd parties' treated water distribution systems	0.57 Ml/d
Total number of treated water distribution exports	5
Water exported to 3rd parties' treated water distribution systems	6.45 Ml/d

Total installed power capacity of potable water pumping stations (6B.1)
There is a slight variance in the power reported last year (24,632kW) compared to this year. Within the past 12 months four potable water pumpset motors have been replaced or upgraded:

- Notting Hill PS (CAP ZONE) has had the motor for pumpset 3 upgraded increasing the overall kW rating from 4kW to 5.5kW. A material change of 1.5kW
- Two sites have had like for like motor replacements with no change to the kW rating for each pumpset:
  - 1 pumpset motor at Maesbury Reservoir
  - 2 pumpset motors at Tresham PS (CAP ZONE)

This means the overall variance in kW rating for all sites in the year has increased by 1.5kW (1kW with rounding) or + 0.006%.

Distribution input (6B.4)
Distribution input (DI) is the average daily amount of drinking water entering the distribution network from our treatment works and net imports, excluding bulk supply export and inset agreements (the provision of water to third party entities that operate water networks independent of our own). Our DI includes the maximum likelihood estimate (MLE) adjustment of -0.321 Ml/d (which has varied from -0.3 to 0.61).

DI in 2020/21 increased by 5.665 Ml/d compared to 2019/20, a 2.09% increase. This minor increase is attributed to our ongoing programme of leakage detection and repair work which has offset a net ~5% increase in demand seen during the COVID-19 pandemic lockdown. The net increase in demand during the pandemic is attributed to increased water use through handwashing/ an increased focus on hygiene and temporal changes in occupancy rates as individuals were restricted from travelling for holidays. As a result, dependent on summer demands, extremes in weather that influence burst rates and progress in overcoming the COVID-19 pandemic, DI in 2021/22 is expected to be lower than previously reported.

Water delivered, Total annual leakage, Distribution losses and Water taken unbilled (6B.5-11)
This year has been particularly different from any previous years due to the strong impact of the COVID-19 pandemic, the subsequent national lockdowns, and the impact of this on a dramatic change in water consumption behaviours. As an example, there has been a strong emphasis on hand washing throughout the year. More significantly, a large number of the employed workforce in our supply area have transitioned to a “work from home” arrangement, resulting in a sharp shift in the ratio of water delivered to domestic customers versus water delivered to businesses. We expect these new consumption behaviours to continue to some extent during 2021/22 and possibly in future years too, with a number of employers encouraging their staff to continue working from home on at least a part-time basis.

Moreover, it is worth mentioning that this year has seen a long period of hot and dry weather at the beginning of the summer, which is an additional driver contributing to the higher domestic usage observed this year.

Proportion of distribution input (6B.12 – 6B.19)
These lines report on the untreated water sources we abstracted from and used to supply our customers with potable water after treatment. We abstract from 25 sources, the majority of which are derived from surface waters that are dominated by our impounding and pumped storage reservoirs.

The relatively wet summer and winter meant that an energy efficient approach was taken to utilising our sources, focusing on maximising our abstraction from our Mendip Sources (pumped storage and impounding reservoirs) and reducing output from Purton and Littleton (pumped storage). However, this is not expressed in the figures reported here given that most waters taken from the Mendips are classified as pumped storage, whereby waters abstracted from the Chew Valley reservoirs are stored in Barrow tanks before treatment. A small proportional decrease in pumped storage is observed of 0.6%, attributed to a minor increase in direct abstraction from Cheddar reservoir to treatment.

Our source abstraction strategy is dependent on the weather and this subsequently affects our Treatment Works. It is anticipated that the values will remain relatively similar to previous years, taking into consideration the variation in weather and other hydrological variables.

Treated water distribution imports and exports (6B.29 – 6B.32)
We have four small water treatment imports into Ivythorne/Compton Dundon, Corsley, Chapmanslade and Lydford. The values reported are likely remain at a similar in the following year.

The bulk export is made up 90% by the Newton Meadows export, with two smaller imports to Wessex Water at Ashcott and Marshfield and two minor Inset agreements with third party water services. Export values for the next year will be mainly determined by the demand at Newton Meadows which will reflect the prevailing water resource position at Wessex Water.

The Standerwick import has been decommissioned in 2020/21 and therefore will not be included in our reporting in future years.

6C Water network+ - Mains, communication pipes and other data for the 12 months ended 31 March 2021	Current year
Treated water distribution - mains analysis	
Total length of potable mains as at 31 March	6903.7 km
Total length of potable mains relined	0 km
Total length of potable mains renewed	17.1 km
Total length of new potable mains	32.5 km
Total length of potable water mains (≤ 320mm)	6357.2 km
Total length of potable water mains > 320mm and ≤ 450mm	249.4 km
Total length of potable water mains > 450mm and ≤ 610mm	182.2 km
Total length of potable water mains > 610mm	114.9 km
Communication pipes	
Number of lead communication pipes	138162
Number of galvanised iron communication pipes	7983
Number of other communication pipes	340526
Treated water distribution - mains age profile	
Total length of potable mains laid or structurally refurbished pre-1880	116.0 km
Total length of potable mains laid or structurally refurbished between 1881 and 1900	846.5 km
Total length of potable mains laid or structurally refurbished between 1901 and 1920	467.7 km
Total length of potable mains laid or structurally refurbished between 1921 and 1940	909.6 km
Total length of potable mains laid or structurally refurbished between 1941 and 1960	886.7 km
Total length of potable mains laid or structurally refurbished between 1961 and 1980	1268.9 km
Total length of potable mains laid or structurally refurbished between 1981 and 2000	1240.9 km
Total length of potable mains laid or structurally refurbished post 2001	1167.4 km
Other	
Company area	2367 km^2
Number of lead communication pipes replaced for water quality	12
Supply-side improvements delivering benefits in 2020-25	0 Ml/d
Demand-side improvements delivering benefits in 2020-25 (excluding leakage and metering)	0.11 Ml/d
Leakage improvements delivering benefits in 2020-25	1.48 Ml/d
Internal interconnectors delivering benefits in 2020-25	0 Ml/d
Event Risk Index	13

ANNUAL PERFORMANCE REPORT

Treated water distribution - mains analysis (6C.1-8)
These lines report on the length of mains that transport water of drinking water quality in our treated water distribution network (from treatment works to customers) and Bristol Water activities associated with the relining and renewing of mains in 2020/21. At 31 March 2021 we had 6903.7km of mains in operation for the purpose of transporting drinking water, which has been slowly increasing over time reflecting the addition of new mains laid to the total reported figure. In 2020/21 we added 32.5km of new mains to our treated water distribution network (Line 04), a level of activity within the long run average for the Company.

In addition to laying new mains, in 2020/21 we also undertook 17.1 km of mains renewal (line 6C.3). Consistent with previous years, we have not undertaken any mains relining activities and this reflects our current approach to asset management. To note, we do however undertake slip lining as a mains rehabilitation technique and this involves inserting a new main into an old one; such slip lining activities are included in line 6C.3.

Lines 6C.5-8 report on the total length of mains in our treated water distribution network, broken down by diameter. These lines exclude all lengths of mains located inside Bristol Water site boundaries

Our approach to pipe diameter categorisation is based on the internal diameter measurement (not external diameter). This is our established historic approach to reporting this data, which is based on their hydraulic carrying capacity.

Communication pipes (6C.9-11)
Communication pipes refer to the small pipes which connect distribution mains to individual customers' homes. These lines present a breakdown of Bristol Water's communication pipes by material type, split by lead, galvanised iron and other. 28% of Bristol Water's communication pipes are made from lead, with just over two-thirds (70%) classified as other which largely includes different types of plastic and under 2% are made from galvanised iron.

Treated water distribution - mains age profile (6C.12-19)
These lines present asset information on the total length of mains as allocated to 20-year time intervals according to when the mains were laid or structurally refurbished. With the exception of 27.2km of mains structurally refurbished between 2002 and 2009 (reported in 6C.19), all lengths reported relate to mains laid. This information provides high level insight into the overall age of Bristol Water's mains, as one of the oldest companies in the water sector in the UK and Europe.

For some mains, lack of historical information means that their age is unknown. Where this is the case and we know the material of the main we have allocated it to a cohort when the laying of that particular material predominated – this methodology is possible because in the course of Bristol Water's history there has been a pattern in the use of mains material, reflecting for example improved technologies. For mains where both the age and material of the main is unknown, we have assumed a split based upon the material composition of mains for which we know both the age and material and allocated the mains accordingly. There has been little change in the reporting of these lines compared to last year. There has been a gradual decrease in the length of assets in the older epochs as they get replaced by new mains and a gradual increase in the length of mains laid post 2000 epoch.

Company area (6C.20)
Bristol Water's company area covers 2,367km^2, a coverage which has stayed stable for some time. This includes areas where water is provided separately according to inset agreements (the provision of water to third party entities who operate water networks independent of our own), however it excludes the 4.59km^2 area operated independently by Peninsula Water in the Westonbirt area. These insets include the Leep utilities inset (1.03km^2) and the IWNL locking Parklands inset (0.99km^2).

Number of lead communication pipes replaced for water quality (6C.21)
This is the number of lead communication replacements where either directed by the Drinking Water Inspectorate or a lead sample failure inside a property. Compared to the previous reporting year, when we reported 40 lead communication pipe replacements, activity in 2020/21 has been significantly impacted by COVID-19 and the temporary suspension of entering properties.

Supply and demand side improvements delivering benefits in 2020-25 (6C.22-23)
These lines report on improvements made to increase the supply of water or decrease the consumption of water to ensure that in the long-term Bristol Water can sustain water supplies to meet demand. The reported value should account for all water resource zones (we only have one water resources zone) and be the maximum of dry year annual average or dry year critical period benefits.

There are no supply-side schemes within the WRMP19 being delivered between 2020 and 2025. Line 6C.22 is therefore a zero return. Similarly, there are no demand-side options in the WRMP19 being delivered between 2020-2025 other than leakage (which is reported in line 6C.24). However, we do have a small programme of water efficiency measures that support our baseline PCC strategy. This work has been limited to providing water saving kits to customers during the COVID-19 lockdowns in 2020/21 but will be promoted again as lockdown restrictions are eased.

Leakage improvements delivering benefits in 2020-25 (6C.24)
This line reports the leakage improvements delivering benefits. This is the incremental leakage enhancements delivered during the reporting year to the supply-demand balance. The reported value covers the whole Bristol Water resource zone. This is calculated as the difference between the 'Total annual leakage' equivalent figure for 2019/20 and the figure reported for 2020/21 in 6B.9. This benefit is more than that forecast in the WRMP19 from the selected option D21.01 – ALC to 35.5.

Internal interconnectors delivering benefits in 2020-25 (6C.25)
This line reports the incremental internal interconnection supply demand balance benefits delivered during the reporting year. Bristol Water operates as one interconnected water resource zone. Therefore, there are no further benefits being delivered in 2020-2025 through internal interconnectors that could provide supply-demand balance benefit via additional transport capacity.

Event Risk Index (6C.26)
The Events Risk Index (ERI) is a water quality performance measure which gives a score based on the risk arising from water quality events and their impact on customers. It takes into account the seriousness of the water quality event, the Company's performance in managing the event, and the impact of the event.

The Company's ERI score for 2020 has noticeably decreased from 2019 (when our ERI was 121). During 2020 not only was there a decrease in the total number of events (from thirteen to nine), but only three of these were classified as 'significant'. In addition to this, those events which did attract an ERI score were burst mains or loss of supply, which only affected a discrete population for a finite period of time and so this limited the impact on our ERI.

Whilst ERI is stated to zero decimal places in 6C, for completeness our ERI is 13.309.

6D Demand management - Metering and leakage activities for the 12 months ended 31 March 2021	Basic meter £m	Smart meter £m
Metering activities - Totex expenditure		
New optant meter installation	0.684	0.074
New selective meter installation	0.960	0.035
New business meter installation	0.002	0.004
Residential meters renewed	0.161	0.032
Business meters renewed	0.050	0.006

	Basic meter	Smart meter
Metering activities - Explanatory variables		
New optant meters installed	1.812 (000s)	0.296 (000s)
New selective meters installed	2.545 (000s)	0.138 (000s)
New business meters installed	0.017 (000s)	0.032 (000s)
Residential meters renewed	1.680 (000s)	0.147 (000s)
Business meters renewed	0.519 (000s)	0.029 (000s)
New residential meters installation – supply-demand balance benefit	0.74 Ml/d	0.08 Ml/d
New business meters installation – supply-demand balance benefit	0.00 Ml/d	0.00 Ml/d
Residential meters renewed - supply-demand balance benefit		0.00 Ml/d[20]
Business meters renewed - supply-demand balance benefit		0.00 Ml/d
Residential properties - meter penetration	54.6%	5.7%

[20]We calculated values to 0.0002 Ml/d but have reported 0.00 as this is reported to 2 decimal places

Leakage activities - Totex expenditure	Maintaining leakage £m	Reducing leakage £m	Total £m
Total leakage activity	7.908	1.261	9.169

Per capita consumption (excluding supply pipe leakage)	Current year
Per capita consumption (measured customers)	147.37 l/h/d
Per capita consumption (unmeasured customers)	176.91 l/h/d

Metering activities - Totex expenditure (6D.1-5)
Since bringing our metering operations in-house this year we have already seen a reduction in cost to delivery and increased productivity via alternative installation methods, for example the use of Melco adaptations to existing assets rather than the cost of a dig to replace the asset.

For these lines a number of assumptions were used in order to differentiate between basic and smart meters:

- New optants / selectives utilised an asset report by material installed and calculated the direct cost to install a smart and basic meter. Multiplied by volumes, this provided a ratio of total cost across the two meter types. This ratio was then applied to total project costs to reflect indirect / overhead costs for a fully loaded meter install cost.
- Unit rates for optants and selectives are approximations of what the assumed material and labour cost would likely be for the jobs. They represent a good approximation but do not relate to sample data. This was deemed acceptable as the ultimate cost for the meter would be indexed against total project cost and was only relevant to distinguish the value between smart and basic.
- A similar approach was applied for meter replacement with one additional step. The meter replacement project only captures meters purposely changed with no other activity planned. The condition of the APR was to cover all meters replaced regardless of activity type. A GIS asset report was used to identify all meters that had some form of replacement within the year. Unit rates were calculated based on direct cost of GIS asset report and uplifted to project rate levels to incorporate indirect costs. Total expenditure has been provided based on total meters replaced and not just those on the dedicated programme. This will inevitably include meters replaced through leakage activity, lead replacement, mains renovation, StopTap replacement etc. The total expenditure is therefore not mutually exclusive due to the condition set out in the APR.
- Unit rates for meter replacement are based on sample data from 52 A1 condition events that are known to be a good representation of a replacement. This has been extrapolated for all events.
- Costs included in the rates:

Direct costs including but not limited to:

- Meters
- Plumbing
- Tools
- Ancillary materials
- Highways fees
- Inspectorate and gang labour

Indirect costs include:

- Metering administration team
- Vehicle running costs
- Marketing
- Clothes and PPE
- Health & Safety
- Capital Salaries from corporate support functions such as planning & scheduling

Metering activities - Explanatory variables and Supply-demand balance benefit (6D.6-14)
Lines 6D.6-10 record our metering activities. Metering is widely regarded as the fairest way to pay for water as customers on a metered tariff could pay less than those on an unmetered tariff and have a financial incentive to make efficient use of water in their homes and businesses. We paused our promotion of metering and suspended internal replacements in the first half of this financial year, as COVID-19 restrictions meant that we have been unable to install as many meters as our customers would have ideally liked. Our Optant Metering customers were placed on assessed charges until such time we were in a position to install the water meter.

Lines 6D.11-14 then assess the potential benefit to the supply-demand balance as a result of meter installations across the year. In developing our WRMP19, we explored a number of metering options that could be used to manage our forecast supply-demand balance deficit. However, based on customer research and the responses to our draft WRMP19 consultation, enhanced metering options in addition to our baseline metering policy were not considered appropriate.

Line 6D.11 focuses on residential meter installation, and the potential demand saving associated with this. In order to calculate this, we have used the data from our micro-component demand forecast model, which sets out assumptions on how much a measured household would use in comparison to an unmeasured household. The meter installation values from lines 6D.6 (new optants) and 6D.7 (new selectives) define the number of meters installed. During 2020/21 1,796 new basic optant meters were installed, and 2,397 basic new selective meters were installed. The difference in consumption from an unmeasured household to a measured household (optant or selective) calculated from the demand forecast model, was used to calculate the potential water saving associated with these meter installations. This resulted in a potential reduction in demand of 0.74Ml/d. The same process was used for the residential smart meters installed. We do not have different consumption values for basic and smart meters, so the same volumes have been used. This resulted in a potential reduction in demand of 0.08Ml/d

ANNUAL PERFORMANCE REPORT

Line 6D.13 focuses on residential meters renewed with smart meters. We do not have a demand saving assumption associated with this scenario in our demand forecast model, so we have used the demand saving assumption set out in our West Country Water Resources demand options appraisal assessment (2021) which was derived from the Water UK report 'Pathways to long-term PCC reduction' (Artesia 2019). Due to the very low numbers of meters installed under this scenario the demand saving when reported in Ml/d is very low (0.0002Ml/d but reported as 0 in the table).

Lines 6D.12 and 6D.14 focus on the effect of metering on business customer demand. We have not been able to derive a demand saving value associated with these meter installations for the following reasons:

- We do not have evidence that provides a demand saving assumption associated with the metering of business properties. Our non-household demand forecast was a trend-based assessment, and therefore did not explicitly contain assumptions on measured and unmeasured demand;
- The majority (c.95%) of the new business meters installed are for new businesses, therefore there would be no tangible demand saving associated with the meter installation as a new supply; and
- The number of meters installed under this category is so low that it is not feasible to try and associate a demand saving with them.

Residential properties - meter penetration (6D.15)
Our total company meter penetration in this line corresponds to that used in our Water Resource Management Plan (WRMP); it excludes void properties and metered properties that are billed on an unmeasured basis are also excluded. Meter installations during the 2020/21 reporting period have been lower than expected due to COVID-19 restrictions. It is anticipated that metering will increase as national restrictions are eased. Our performance against meter penetration is assessed by Ofwat as part of the Outcome Delivery Incentive (ODI) framework, which is explained further in section 3A.

Leakage activities - Totex expenditure (6D.16)
The TOTEX expenditure for 2020-21 is estimated at £9.169m split between £7,908m in maintaining leakage at 37.0 Ml/day and £1.261m to reduce leakage to the average reported leakage level of 35.5 Ml/day for 2020/21.

The TOTEX expenditure of £9.169m for 2020/21 is an increase of £1.132m from the level of TOTEX expenditure for 2019/20.

There are two main reasons why the expenditure is higher than the 2019/20 levels;

- As our starting level of leakage for AMP7 was significantly lower than our original 2018 business plan we will incur higher base costs in AMP7 to maintain this level of performance, and;
- The natural rate of rise in leakage during the winter of 2020/21 was equivalent to a severe winter, which resulted in a significant increase in burst mains repairs during Jan and Feb 2021 to reduce the impact of this unprecedented increase. It was the single highest month of mains burst repairs since Dec 2010.

The TOTEX expenditure analysis follows the methodology as described in the response to the Competition and Markets Authority requrest for information 018A (CMA RFI018A) which refers to our leakage management processes and AMP7 business plan to enhance leakage levels by 2025 by 6.5 Ml/day.

Enhancing leakage:
In summary our plan during 2020/21 to reduce leakage from 37.0 to 35.5 Ml/day has been achieved through expenditure on the following:

- Improved leak detection and repair productivity to minimise the cost of delivering leakage targets, to allow weather performance fluctuations to be accommodated.
- Use of innovations in pressure management and a programme to reduce proactively system pressures in the network through new and optimised pressure management schemes.

The enhancement cost of leakage activities is also reported in Table 4L, lines 26-28.

Maintaining leakage:
The base cost delivery plan expenditure for Year 1 AMP7 reflects the activities related to the cost activities set out in the TOTEX investment plan table in our CMA response (CMI RFIO18A) and can be summarised by the following activities:

- Maintenance of network meters, loggers and pressure reducing values
- Active control of leaks to maintain leakage at 37.0 Ml/day (through leak inspector and operating equipment on the network)
- Repair of reported leaks
- Repair of leaks on customer supply pipes
- Leakage strategy and planning costs
- Leakage delivery resources – mobilisation of leakage and other related network activities.
- Capital projects to support leakage management, ie upgrade of the Netbase Leakage reporting system.

Cost related to mains renovation activities has not been included in the assessment as the benefits of mains renovation on leakage are low.

The enhancement element of the reported value (£1.261m) is also reported in Table 4L lines 26-28 and in this table is split between OPEX and CAPEX cost of enhancing leakage. The enhancement cost methodology has changed from previous analysis undertaken as part of the table 4L analysis and now follows the methodology applied in the PR19 and CMA process, includes the following:

- Additional Active Leakage Control CAPEX expenditure. Capitalisation of inspectors costs (labour, vehicles etc) for those staff contributing towards the transitioning of leakage levels towards lower targets; and
- Pressure management programme. Installation of pressure reduction schemes as a key activity to reduce leakage levels.

In 2020/21 the following expenditure has been added to this:

- Detected leak repair cost to transition from 37.0 Ml/day (2019/20) to 35.5 Ml/day. This covers both OPEX and CAPEX repair activity.

Smart metering programmes in Table 6D
Due to the fluctuation in lockdown situations of the COVID-19 pandemic throughout the year, work requiring entry to a customer property was only possible for three months of the year. This ultimately reduced the amount of AMR (Automated Meter Reading) RF radio frequency (Smart) meters installed compared to an average year without a pandemic situation. Our ongoing customer research however does not provide a compelling case for compulsory universal metering or installation of new metering measures such as smart metering on a large scale.

The preferred approach we take when installing a meter is to install where possible a water meter on a company owned asset i.e., outside the boundary of the customer property with a basic meter that requires a visual reading by the meter reader. This allows Bristol Water easier access to maintain the asset. If an external approach is unachievable then an attempt will be made where possible to install a meter inside the customer property within one metre of the internal stop tap. When installing inside a customer property a radio frequency meter will be installed. This allows the meter reader to capture the consumption of water usage at the property, recorded on the meter from outside of the property eliminating the need to enter the customer property. When installing a meter outside the property there are three forms of installation technique used:

- Install a meter into an existing asset/stop tap located outside the customer property;
- Install/replace a customer stop tap to enable the meter to be installed; and
- Install a Melco adapter to an existing crutch head tap to enable the meter installation.

Metering and Leakage in Table 6D
During our work to develop our Water Resource Management Plan 2019, we carried out an assessment of likely population growth in the area we supply. This indicates that the population we serve will grow by 7% by 2025. In order to meet this potential increase in demand we need to improve water efficiency and help customers reduce their water consumption. Evidence available indicates that customers on a water meter have a lower per capita consumption and our research also shows that customers consider that payment through a metered supply is the fairest way to charge for water as it puts the water bill within the control of the customer.

Our starting position for metering at the beginning of AMP7 was lower than anticipated in our WRMP19 forecasts. Our performance for this year is also lower than anticipated in our WRMP19 forecasts. We aim to get back on track with our metering programme to achieve the forecast of 73% meter penetration by 2024/25 in our WRMP (compared to our 75% 2024/25 target for regulatory incentive purposes, which excludes voids). Due to the ongoing COVID-19 pandemic, we are currently anticipating that delivery of our metering targets will be largely achieved towards the end of AMP7. This may affect the profile of per capita consumption reduction across the AMP7 period.

In our WRMP19 we planned to deliver a 15% reduction in leakage by the end of 2025 (to 36.5 Ml/day) and to further reduce leakage in the longer term to 35.0 Ml/day by 2035. We are outperforming our leakage target for this year (we are on track to deliver lower levels of leakage compared to our WRMP forecasts). Even if we were not meeting our leakage targets (and also considering the uncertainty in delivery of per capita consumption in the near term due to COVID-19), there is sufficient headroom within our supply-demand balance designed to reflect this uncertainty, without there being increased risk to customers.

ANNUAL PERFORMANCE REPORT

Section 9

Additional regulatory information - innovation competition

The information provided in Section 9 details financial information about the innovation competion.

9A Innovation Competition	Current Year £m
Allowed	
Allowed innovation competition fund price control revenue	0.394
Revenue collected for the purposes of the innovation competition	
Price control revenue collected from customers	0.394
Non-price control revenue (e.g. royalties)	0
Revenue collected from customers and transferred into the innovation competition fund	0

Line description	Bids accepted and awarded funding for innovation competition	Forecast expenditure on innovation projects funded through the innovation competition £m	Actual expenditure on innovation projects funded through the innovation competition in year £m	Difference between actual and forecast expenditure £m	Cumulative spend on innovation projects £m	Allowed future expenditure on innovation projects funded through the innovation competition £m	Expenditure on innovation projects funded by shareholders £m
Total	0	0	0	0	0	0	0

Administration	Value £m
Administration charge for innovation partner	0

This is the first year of revenue collection on behalf of the innovation fund; the figures reported reflect this. There is no reported expenditure on innovation projects as there were no projects awarded this year. For 2020/21:

- A breakdown of innovation expenditure has not been provided as expenditure is £0. Funding has not been used to service business as usual activities and can be seen with Section 1 of the APR (Statement of Financial Position).
- Revenue has not been paid into the innovation fund as no projects were awarded this year.
- All of the annual revenue for the innovation fund has been collected and is included in Section 1 of the APR (Statement of Financial Position).

Other Reporting Updates

Greenhouse Gas Emissions

Our approach to reporting on Greenhouse Gas (GHG) emissions
Climate change is one of the greatest threats and challenges of our time, through innovation and investing in renewable energy we will continue to actively reduce our carbon emissions and consumption of energy. Whilst we do not have a regulatory performance commitment to report on over 2020-25, we are reporting on our operational emissions throughout the period. For 2020/21 we have committed to:

- Break these emissions down by scope and the three main GHGs (CO2, CH4, N2O) (for scope 1 and 3)
- Present data on intensity of emissions (Kg per ML), and intensity per £m of turnover
- Provide data on emissions reductions brought about by the purchase and generation of renewable energy.

This information is provided in the two tables in this section. In addition, we continue to develop and implement a programme of improvements to operational efficiency and a number of significant capital investment schemes that aim to reduce our overall energy consumption, such as:

- A whole network automated pump scheduling and optimisation system (IPSOS) to reduce the amount of energy we use to produce and move water to our customers; and
- We are reducing our import from the grid by installing gas generators at Purton TW, our biggest energy consumer. This will marginally increase our carbon footprint and we will seek to mitigate this by seeking opportunities to investigate the use of biogas or other low carbon fuel sources for the generation system

Operational GHG Emissions - Breakdown by scope

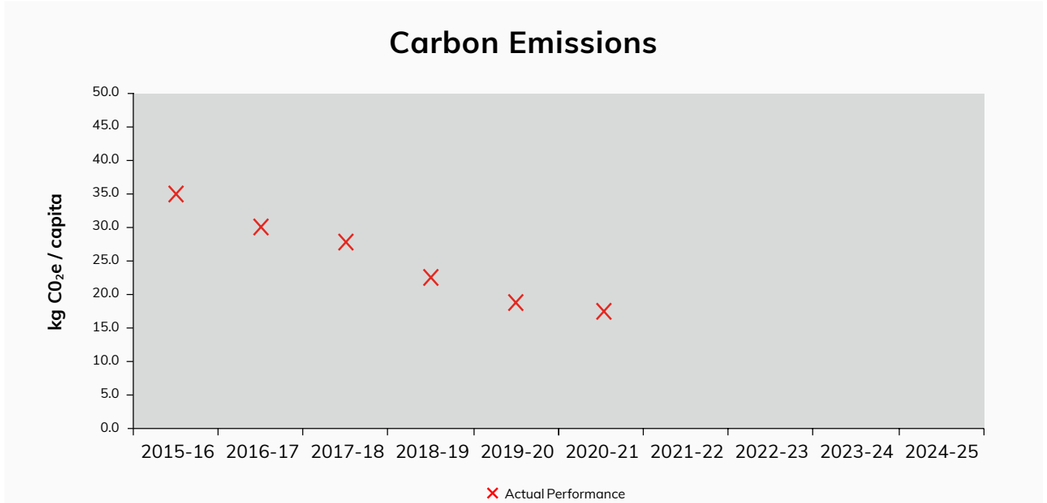
Section	Description	Dimension	Units	Value Location based	Value Market based
A	**Gross annual operational GHG emissions**				
	(i)Scope 1 emissions				
1	Direct emissions from burning of fossil fuels (including CHP generated onsite)	Emission	tCO2e	1,297.11	1,297.11
2	Process and fugitive emissions	Emission	tCO2e	0.00	0.00
3	Transport: Company owned or leased vehicles	Emission	tCO2e	0.00	0.00
	(ii)Scope 2 emissions				
4	Purchased electricity	Emission	tCO2e	17,362.06	25,878.51
5	Purchased heat	Emission	tCO2e	0.00	0.00
6	Electric vehicles	Emission	tCO2e	0.00	0.00
7	Removal of electricity used to charge electric vehicles at site	Emission	tCO2e	0.00	0.00
	(iii)Scope 3 emissions				
8	Business travel on public transport and private vehicles used for company business	Emission	tCO2e	0.01	0.01
9	Outsourced activities (if not included in Scope 1 or 2) Energy and other	Emission	tCO2e	639.00	639.00
10	Purchased electricity – Transmission and Distribution	Emission	tCO2e	1,493.13	1,493.13
11	Purchased heat – Transmission and Distribution	Emission	tCO2e	0.00	0.00
12	Gross operational emissions	Emission	tCO2e	20,791.31	29,307.76
B	**Net annual operational GHG emissions**				
	(i) Emissions reductions/accounting				
13a	Exported renewables (generated onsite and exported)	Emission	tCO2e	0.00	0.00
13b	Exported fuel (generated onsite and exported)	Emission	tCO2e	0.00	0.00
14	Green Tariff electricity purchased	Emission	tCO2e	0.00	0.00
15	Net operational emissions	Emission	tCO2e	20,791.31	29,307.76
C	**Annual operational GHG intensity ratio values**				
16	Operational GHG emissions per Ml of treated water	Emission	kgCO2e/ Ml	197.79	277.95
17	GHG emissions in relationship to turnover	Emission	tCO2/£m turnover	173.97	245.24

Operational GHG Emissions - Breakdown by scope and GHG type

Direct GHG emissions quantified separately for each GHG and GHG removals	Dimension	Units	CO2e	CO2	CH4	N2O
Scope 1 (excluding refrigerants)	Emission	tCO2e	1,297.11	1,280.76	0.47	15.88
Scope 1 (including refrigerants, except R22)	Emission	tCO2e	0.00	0.00	0.00	0.00
Scope 2	Emission	tCO2e	17,362.06	17,205.67	53.62	102.77
Scope 3	Emission	tCO2e	2,132.14	2,110.41	4.56	17.17
Gross total	Emission	tCO2e	20,791.31	20,596.84	58.65	135.82
Reduction	Emission	tCO2e	0.00	0.00	0.00	0.00
Net total	Emission	tCO2e	20,791.31	20,596.84	58.65	135.82
Additional Scope 3 emissions not included in company totals						
Water treatment works sludge disposal to others' land and lagoons	Emission	tCO2e	201.27	0.00	108.16	93.11
Treatment works screenings and grit disposal to others' land and lagoons	Emission	tCO2e	0.00	0.00	0.00	0.00
Sludge products disposal to others' land	Emission	tCO2e	0.00	0.00	0.00	0.00
Disposal of water and wastewater treatment waste to landfill	Emission	tCO2e	0.00	0.00	0.00	0.00
Use of purchased chemicals	Emission	tCO2e	7,573.56	0.00	0.00	0.00
Disposal of waste from administrative activities	Emission	tCO2e	0.00	0.00	0.00	0.00

Further Information
Over the last five years (since 2015/16) we have also published the total carbon emissions produced by Bristol Water and contractors working on our behalf. We calculate our carbon emissions through the electrical energy we use in our operations, our consumption of gas and the fuel we use for transport, plant operation and site heating. This equals our annual operational greenhouse gas emissions, based on the Carbon Accounting Workbook and is expressed in kilograms of CO2 (carbon dioxide) equivalent divided by the population supplied. We will continue to provide this information.

Carbon emissions	2019/20 Baseline	2020/21	2021/22	2022/23	2023/24	2024/25
kg CO_2e / capita	18.98	16.85				
Tonnes CO_2e	23,291	20,791				



Since 1 April 2019 we have reported publicly on our UK energy use and carbon emission via Streamlined Energy & Carbon Reporting (SECR). This information can be found in our Annual Report 2020/21.

Water provision and treatment has adverse impacts on the environment. Balancing the objectives of environmental compliance, water resource planning, sustainability reductions and raising water quality standards with net carbon zero is going to present a challenge and as an industry we all recognise the need to work collaboratively to tackle this urgent problem.

Through its One City Plan, its climate strategy and most recently through its ecological emergency strategy, Bristol has committed to be carbon neutral by 2030. Bristol Water is supporting this ambition and our Director of Strategy & Regulation is a member of the Bristol One City Plan Environment Board and the Economy Board, linking climate change, ecological and green growth and economic recovery plans together for businesses, communities and organisations across Bristol. We have also publicly endorsed Bristol's Climate Strategy and response to the ecological emergency. Here are some examples of our recent work in response to the climate and ecological emergencies:

- Integrating our strategy with the Bristol One City Plan, principally through our contributions to the Environment Board, and for example, by proactively supporting the drafting of the city's climate strategy and the city's bid for climate action funding. We are also a member of the ecological crisis working group. Although this One City Plan approach is being led by Bristol, it can readily be implemented beyond the city's boundaries, and this forms a measure within our 2021/22 social contract forward programme.
- Working with other organisations to develop a cross sector response to climate change – for example through our ambitious Resource West social contract initiative we are working with local partners (Bristol Energy, Bristol Waste, Wales and West Utilities, Western Power Distribution, Wessex Water and the University of the West of England) to deliver a joined-up approach to reducing consumption across different sectors – combining resources and amplifying messages to customers. By doing so, we will be encouraging reductions in public consumption of resources and increased local resilience. The key to this approach is that tackling one aspect of resource efficiency at a time will have less impact than considering them together – it makes it easier for consumers to engage and make a change.
- Publishing our social purpose and social contract – the first of its kind in the utility sectors. This provides a framework for our contribution to the wellbeing of society and a voluntary financial consequence if we fail to meet the expectations of our customers and stakeholders in this regard. Many of our social contract initiatives will achieve social and environmental benefits. These initiatives include for example, the 10 water fountains which we have installed in Bristol to provide free access to drinking water – saving tens of thousands of plastic bottles.
- Recognising the importance of cultural rather than hoping for behavioural change to respond to the climate emergency – developing our social contract education programme and including resources on the benefits of the environment on our Bristol Water Foundation website.
- Sponsoring and working closely with the Bristol Green Capital Partnership to develop our partnerships with local stakeholders with a common social and environmental purpose – identifying joint actions to respond. A "green mingle" on 3 June 2021 identified new water related initiatives as part of an event to celebrate Bristol Water's 175th birthday.

Our website provides our customers and stakeholders with our current and future plans on how our social contract plans further contribute to conservation and environmental benefit. Further details can be found at www.bristolwater.co.uk/about-us/our-story/social-contract/

We anticipate publishing a consultation on our routemap on our approach to meeting net zero carbon in July 2021.

Systems thinking (resilience) and social contract Action Plan

The services and outcomes we deliver to our customers rely on a complex set of relationships between a number of operational, corporate and financial systems. Some of these systems fall entirely under our control however many also interact with or influence the systems of other stakeholders. The natural environment is the foundation to all these systems.

In addition to this complex picture, and in order to deliver outcomes over the long-term, we must effectively identify and plan for future uncertainties, such as climate change, technological advancements, and even things we do not yet understand.

In August 2019 we published an action plan to enhance our systems thinking approach to resilience in the round. We consider systems thinking to be about understanding the whole context of a particular challenge with all its connections and interrelationships. This approach helps to identify the root cause of a problem, or source of an opportunity, enabling powerful, long term and cost-effective decision making.

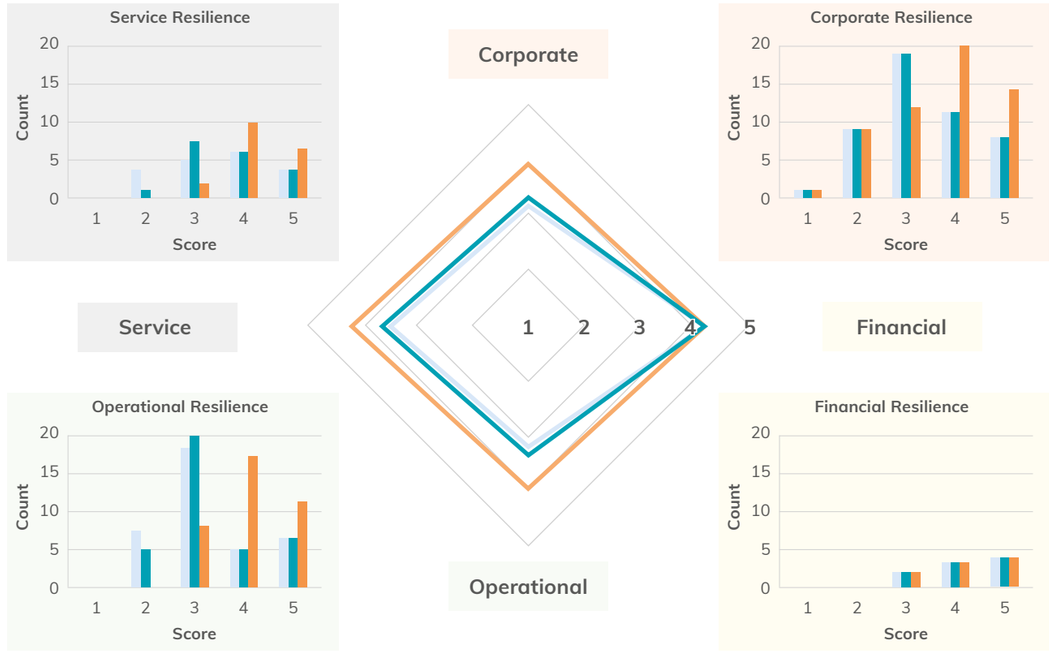
At Bristol Water we operate as an organised collection of systems, arranged in hierarchies which are integrated to deliver outcomes to our customers. Our systems also influence and interact with the natural environment, our community and external stakeholders. To ensure our systems are aligned and focussed on achieving common goals, their component parts need to continually exchange information.

By the end of AMP7 we aspire to be recognised as being a mature organisation in terms of systems thinking approach to maturity.

Being aware of complex interactions and adapting decision making procedures accordingly is at the heart of systems thinking and we know that we must embed this approach into our ways of working if we are to sustain high levels of resilience. We already apply systems thinking to many of our procedures and resilience initiatives, such as through the Social Contract, our WRMP and our Biodiversity Index performance commitment.

We are committed to the continual improvement of our approach to resilience in the round and believe that maturity in our people, plans and procedures and tools will ensure we achieve our ambitions in an efficient, robust and cost-effective manner. The table below provides an update on our systems thinking action plan. We are committed to implementing the activities in this action plan.

The updated summary below indicates the improvements from the 2018 assessment, their maturity improvement category (MIC), with the actions in future years expected to close the gap to the 2025 targets we set as part of our systems-based resilience action plan. The detailed actions updated in the following table contribute to this revised assessment score.



Legend

1. Aware
2. Developing
3. Competent
4. Optimising
5. Excellent

ANNUAL PERFORMANCE REPORT

Objective	Overarching	**Deliver our action plan**
MIC		Corporate risk management improvement
Summary of improvement plan		We will: ▪ Develop and implement monitoring and assurance processes for this action plan. COMPLETED. ▪ Ensure effective organisational leadership to encourage long-term planning. COMPLETED.
2020/21 year-end update		As per our business plan commitments, we now report on our systems thinking action plan as part of our mid-year performance reports.
Objective	Taking a systems thinking approach	**Benchmark our systems thinking approaches with other organisations**
MIC		Corporate risk management improvement
Summary of improvement plan		We will: ▪ Conduct benchmarking against other companies and sectors in systems thinking approaches to resilience, including business continuity management. COMPLETED. ▪ To support robust option assessment, explore best practice in multi criteria assessment and develop recommendations. ▪ Share our experience of our social purpose and Social Contract with other utilities. COMPLETED.
2020/21 year-end update		Periodically we conduct benchmarking analysis and we have in recent years taken part in the European Benchmarking Cooperation (EBC), a water industry-based, not-for-profit benchmarking exercise on costs, performance and operational best practice. In November 2019 the EBC Foundation awarded Bristol Water with a "2-Star" certificate, in acknowledgement of: ▪ participating in the programme for multiple years; ▪ providing timely and good quality data; and ▪ participating actively in improvement efforts like knowledge exchanges or the implementation of good practices or innovations Further information on the EBC can be found at: www.waterbenchmark.org We continue to share our Social Contract plans with other utilities. Although we set the target/ review date as April 2020, this objective is a continuous and ongoing activity.
Objective		**Further develop our understanding of the broader, open system that we are a part of, including the goals and objectives of the community (this is a requirement of the commitments we make through our Social Contract). Better understand the flows (of information, stakeholder relationships and physical resources) across the boundaries of our systems, so that we can work with stakeholders to influence the wellbeing of society, and local community and environmental resilience.**
MIC		Social Contract
Summary of improvement plan		We will: ▪ Prepare and publish a Social Contract to ensure we continue delivering societal benefits, and to provide a way for local people to hold us to account for how we deliver our actions. COMPLETED. ▪ Conduct detailed mapping of our Social Contract activities to the Bristol One City Plan and UN SDGs. Use this to inform ongoing prioritisation of the programme. COMPLETED. ▪ Undertake stakeholder mapping to capture extent and status of stakeholder relationships and areas of common ambition. COMPLETED. ▪ Develop new stakeholder links through our Social Contract – utilising our connections through Bristol Green Capital Partnership, the city's Environmental Sustainability Board and the One City Plan. COMPLETED. ▪ Continue ongoing customer and employee engagement and participation through the Customer Forum and a new Employee forum, including a direct link to the Board. COMPLETED. ▪ Ensure adherence to Board governance code and transparency of reporting through 'Trust Beyond Water' statement at year end and interactive performance graphic, including reporting of Social Contract activities through a new performance graphic. This ensures transparency in financial, asset, service, social performance reporting. COMPLETED.
2020/21 year-end update		Each of these activities has been completed and we continue to deliver our social contract, which is now in its third year of existence. Over the past year we continued to deliver wider benefits to society, despite restrictions related to COVID-19. Highlights include: **Resource West:** We are taking a community leadership role for broader issues of resource efficiency and have created partnerships with organisations such as Bristol Waste, Bristol Energy, the University of the West of England, United Utilities, Western Power Distribution and Bristol Pay CIC. We've kicked off a three-year project starting with a six-month trial of circa 16,000 properties. This recognises the need for cultural change in resource consumption, together with combined support for customers who struggle to pay their bills. **Our Youth Board:** We host an annual Youth Board programme which brings the views of young people into our decision making, as well as providing development opportunities and business experience for the young people involved. This year we held an online Youth Board which was focussed on helping us to understand the lives of our future customers. They told us that equality and inclusivity, protecting the environment, the economy (leaving the EU and job prospects), together with recognising and addressing mental health were all important to them. They were supportive of our social contract and gave us lots of ideas to continue to build our social purpose. The full report can be found here.

2020/21 year-end update	Taking a systems thinking approach	Supporting vulnerable customers: In response to the pandemic we increased our focus on providing a service to all those vulnerable customers who need our support the most. It has heightened our awareness of vulnerabilities and will continue to shape our work. We have seen an increase of households on our Priority Services Register to over 13,000 households **The Bristol One City Plan**: by working in partnership we have aligned our strategy to One City Carbon, Biodiversity and Economic Recovery & Renewal action plans. We are now developing our own Carbon Routemap to align with the One City Plan. **Academic Partnerships**: We have provided learning experiences to a number of university students through work based placements. We have also continued to work in an international academic partnership on our Sustainable Urban Nexus (SUNEX) project, which explores the circular economy in relation to water, energy and food in urban regions. **Together for good:** This is a monthly competition which provides £500 to a charity or community scheme – so over the year we supported 12 different projects which benefit our local communities. Most recently we have supported, Wickwar out of school club, and St Philips Marsh Nursery School and Cashmore Early Years Center and Brain Tumour Support. These updates are provided via our Mid-Year Social Contract Update Reports. The latest can be found on our website: www.bristolwater.co.uk/about-us/our-story/social-contract The performance graphic can also be found on this webpage. Our Trust Beyond Water statements are published in July every year. The latest can be found on our website: www.bristolwater.co.uk/about-us/our-performance/#regulation The initial action has been completed ahead of the July 2021 target we set.
Objective		**Use an improved understanding of our systems to optimise the way we deliver our business processes, for example to challenge how we support the most vulnerable in society.** **Develop ways we can meaningfully stress test the system to inform our resilience planning and identify the most effective leverage points in our community.** **Develop a procedure which ensures we learn from stress testing activities and that communicates the learning back into the system to act more effectively.**
MIC		Corporate risk management improvement
Summary of improvement plan		We will: ▪ Conduct a review of key strategic partners and stakeholders for securing resilience in the round. ▪ Identify and implement required changes to stakeholder and strategic partnerships aligned to resilience strategy. ▪ Hold a series of workshops with partners and stakeholders to update systems mapping at appropriate scale. ▪ Document outcomes of workshops to develop plans and strategies for the systems in question. ▪ Develop procedures to exploit understanding of system interdependencies to link different aspects of resilience (operational, service, financial and corporate) when undertaking planning, risk assessment and mitigation. ▪ Ensure company plans demonstrating system understanding and describe how associated planning tools and processes are implemented and maintained. ▪ Update interdependency planning approach, including associated governance, to align with resilience strategy. ▪ Deliver comprehensive and systems-based water resource and drought planning involving regional planning and collaboration. COMPLETED. ▪ Ongoing monitoring of the delivery of the WRMP to inform subsequent plans. ▪ Update resilience stress testing approaches, including operational, service and financial scenarios. ▪ Run resilience stress testing exercises in collaboration with stakeholders. Develop procedure to capture learning from stress-testing exercises, including monitoring the delivery of actions to address observations.
2020/21 year-end update		Our target aim for completion of this objective is July 2022.

Objective	Taking a systems thinking approach	**Develop natural capital accounting tools and methodology to embed these in to ways of working**
MIC		Asset management capability improvement
Summary of improvement plan		We will: ▪ Develop and implement procedures to identify natural assets and ensure a robust understanding of the natural environment and how ecosystem resilience supports systems resilience. ▪ Develop a framework to quantitatively assess the natural, social, human and economic capital benefits of our social contract activities. ▪ Plans and procedures developed and implemented to undertake and apply economic valuation of natural assets – we will inform our optimisation of investment options based on whole life direct and in-direct costs and benefits on an ongoing basis (this will underpin our investment plans developed as part of the next price review).
2020/21 year-end update		We are developing the use of our natural capital accounting tool, the Biodiversity Index, alongside our Natural Asset Register to ensure we have robust understanding of the biological value of the company's natural assets. This will help us to quantify our social contract activities where customers are engaged with the natural environment or environmental activity. We intend to review our plans to apply economic valuation to natural assets, alongside valuations for other areas for capital benefit. (i.e. social and human) in time for the start of the PR24 planning process. Natural capital valuation is a developing science and requires further consideration to enable methods and data to be applied to our investment plans Our social contract Benefits & Transparency report further demonstrates our progress in meeting this target. The latest report can be found on our website: www.bristolwater.co.uk/about-us/our-story/social-contract Our target aim for completion of this objective is April 2023.
Objective	Enhancing our integrated resilience framework	**Enhance our integrated resilience framework by:** ▪ Recognising that a system is a collection of different elements that together produce results not obtainable by the elements alone. We therefore focus on understanding the whole problem before we try to solve it, and we identify and account for uncertainties to guide our planning. Depending on the level of risk, we may do this by simple conceptual mapping of the system, or detailed numeric modelling. ▪ Translating the problem into measurable requirements, with a line of sight to our resilience pillars and our corporate goals and customer outcomes. ▪ Examining all feasible alternatives, via a proportionate risk-based assessment, before selecting a solution. ▪ Making sure we consider the total system life cycle. ▪ Making sure we test the performance of the total system before delivering solutions. This might be via desk-top exercises, multi-stakeholder workshops, or extensive stress testing, depending on the nature of the risk we are addressing. ▪ Documenting everything, monitoring our performance and regularly reflecting on progress with all the stakeholders in our systems to deliver continual improvement.
MIC		Asset management capability improvement
Summary of improvement plan		To apply the core concepts of systems thinking to our integrated resilience framework for risk assessment and decision making we will: ▪ Develop and implement procedures to identify and understand asset interdependencies. ▪ Formalise plans, procedures and tools in to a clear asset management system and supporting framework. COMPLETED. ▪ Develop procedures to ensure option assessment and selection considers the full lifecycle of assets (including decommissioning and disposal). COMPLETED. ▪ Develop procedures to ensure option assessment considers a full range of risk mitigation options, including those related to resistance, reliability, redundancy, response and recovery ▪ Develop a suite of asset health and broader resilience indicators which enable effective tracking of systems resilience. ▪ Explore opportunities to collaborate with partners, other water companies and across other sectors to evaluate and address resilience risk. ON-GOING ▪ Develop policies and plans aligned to the systems-based resilience strategy to guide procedures and the application of tools. COMPLETED. ▪ Develop series of linked procedures to ensure innovation is supported throughout organisational policies and strategies. COMPLETED. ▪ Embed a focus on long-term resilience in policy and strategy, including a clear corporate definition and vision for resilience. COMPLETED. ▪ Develop and implement Cyber Security Strategy. COMPLETED. ▪ Develop and implement Information Strategy.
2020/21 year-end update		We remain on plan for the completion of this objective by March 2025. We will continue to support the development of asset health and broader resilience metrics through contribution to industry working groups.

2020/21 year-end update	Enhancing our integrated resilience framework	We regularly review our Asset Management maturity, which is supported by independent review, and continue to make progress in developing our strategic Asset Management plan and associated policies and procedures. We are working collaboratively on industry wide resilience projects, including through the Ofwat innovation fund submissions. The systems thinking approach is embedded in both our smart network monitoring (GISel), open data Msc/ Phd projects with the University of the West of England and our plan for 2021/22 to focus on Customer Led Intelligent Operations to plot out the future of asset management, workforce management and customer management for the water sector.
Objective	Improving our resilience maturity	**Aligning the asset management system to ISO 55001**
MIC		Asset management capability improvement
Summary of improvement plan		We will develop our asset management system to align with ISO 55001. COMPLETED We have established an on-going asset management capability improvement programme which includes annual assessment of our asset management system against the ISO 55001 39 subject areas. In April 2019, our system will be assessed by a third party for the third consecutive year. Our objective for the subsequent assessment, in April 2020, we are targeting an assessment at the level of 'competent' on the asset management maturity scale (i.e. a score of at least three across the majority of the 39 subject areas, which is the minimum requirement to obtain ISO 55001 certification). COMPLETED
2020/21 year-end update		We continue to build on our asset management capability improvement programme and our objectives are aligned to the requirements of ISO55001 and the 39 IAM subject areas. In the last 12 months we have focused on connecting Asset risk management to our Corporate risk process and giving more visibility to leading measures of performance through our Active Manager Programme. We are planning a further independent assessment of our Asset Management maturity in the coming year. We have however gone further than we originally planned, by integrating asset management into our ground breaking Customer Led Intelligent Operations (CLIO) approach, which brings together technology and processes across asset management, operational work force management and our customer hub. This will bring an end to end review of how we manage assets and operations from a customer perspective, covering both operational and service resilience. It builds on the current technology platform, represented by GISel which is a our visual monitoring and planning tool for our extensive smart network capability.
Objective		**Assess changes in energy demands in future**
MIC		Asset management capability improvement
Summary of improvement plan		We have established a dedicated energy management team, who are responsible for improving how we assess changes in energy demands in the future. Our on-going Asset Management Capability Improvement Programme will manage the delivery of these improvements. Our Resource West work with Bristol Energy includes promoting water efficiency and energy efficiency advice, which will inform customer information which drives our energy demands. We also have a number of initiatives that effect energy use and source, including through renewable opportunities. ▪ We will identify and quantify energy demands and potential sources. COMPLETED. ▪ We will assess and forecast near and longer term future changes in energy demand. COMPLETED.
2020/21 year-end update		We have completed this objective. There is a dedicated Energy Management team fully embedded into the Asset Management directorate. Some of the key elements being driven include the implementation of intelligent pumping and storage systems that controls the production and distribution of water across our area and seeks to optimise our operations to save energy. We continue to assess investment into further renewable sources and the replacement of inefficient equipment to improve energy efficiency. Our Resource West project has identified a number of key partners including Wessex Water, Bristol Water, Wales & West Utilities, University of the West of England and Western Power Distribution. We are now working with these partners on shared messaging around energy and resource use, to help create broader benefits for the communities we serve through engaging with these communities with a combined voice on key issues.

Objective	Improving our resilience maturity	**Develop methodology and tools for visualising and sharing information about future risks**
MIC		Corporate risk management improvement
Summary of improvement plan		Future risks are visualised though our long-term ambition document "Bristol Water... Clearly", which was a structured approach to considering the external context for our business strategy and plans. Short and medium term risks contributing to this are visualised in the corporate risk framework. The short term reporting on our website in the interactive performance graphic describes risks in terms of current performance. We also are developing visual presentations in our Social Contract, which captures risks (linking back to the initial analysis in Bristol Water... Clearly) and opportunities in terms of the wider influences and benefits from our activities. In terms of visualising asset risks more specifically, the dedicated Asset Information and Performance team, who are responsible for defining and planning improvements to our methodology and tools for visualising and sharing information about future risks. Our on-going Asset Management Capability Improvement Programme will manage the delivery of these improvements. We will integrate this with wider company-wide risk management improvements. We will: ▪ Develop and implement methodology and tools for visualising and having an open data approach sharing future risks and project data in a common data environment. For example data shared through Resource West Partnership.
2020/21 year-end update		Our target aim for completion of this objective was April 2021. Internal visualisation of risk has been completed for priority areas (water quality, discolouration, budget control, performance reporting) through the use of Power BI tools. Network risk is visualised through the implementation of GISel. Visualisation of community resource efficiency risks through Resource West is planned for piloting during 2021/22.
Objective		**Profile risk and assess change owing to interventions and strategies**
MIC		Asset management capability improvement
Summary of improvement plan		We have an established a dedicated asset risk and planning team whose responsibilities include: ▪ Assessing remaining life, failure risk and impact on service. COMPLETED. ▪ Assessing, monetising and profiling risk, defining interventions, and assessing the change in risk owing to interventions and strategies. COMPLETED. A number of process improvements have been identified and are being implemented. Our on-going asset management capability improvement programme will manage the delivery of these improvements.
2020/21 year-end update		We have completed this objective. We have constructed a model of all our treatment works, trunk mains, pumping stations and reservoirs to allow us to initially explore the measurement of criticality at a site level. Discussions have started to confirm the scope, content and criteria of the criticality measurement and reporting system.

Objective	Improving our resilience maturity	**Ensure mitigation activities and associated investments are (i) commensurate with the level of risk and (ii) prioritised based on risk**
MIC		Asset management capability improvement
Summary of improvement plan		The corporate risk register includes asset, operational, regulatory and compliance risks and considers both internal and external hazards. We track emerging risks and opportunities, changes in risk (quarterly), whether action plans are considered sufficient, and the direction of impact, probability and mitigating controls. This process is overseen by the audit and risk committee (ARAC) as a formally constituted sub-committee of the Board overseen by an independent non-executive director. We will: ▪ Develop and implement set of procedures to assess asset failure risk, remaining life, and impact on service. Apply this information to prioritise investments. COMPLETED. ▪ To support horizon scanning, undertake demand analysis and assessment of option performance against alternative futures (demand, regulation, climate, technology). COMPLETED. ▪ Use planning horizon epochs to evaluate risks, costs and benefits to understand change over time. COMPLETED. ▪ Compile and analyse hazard and failure event data for all asset types to inform understand of risk. COMPLETED. ▪ Profile changes in risk over time and assess the impact of interventions and strategies on residual risk (monetised where possible). COMPLETED.
2020/21 year-end update		We have completed this objective. We have developed further our Risk Management processes and have implemented an Asset Risk Management framework which incorporates several key procedures and instructions. Our Asset Risk Strategy and Asset Risk Management Plan is now fully implemented, and we are now using the principles as stated in our Risk Appetite and Risk Escalation procedures as our business-as-usual Asset Risk Management processes. We have developed links and a clear process to ensure the correlation between risks in the Asset Risk Register and the corporate Risk Register. Bristol Water's Asset Risk Management Process now includes a common assessment process and includes a calculation of the risk score and value for each asset risk to allow a direct comparison (prioritisation) of risks of different types to be carried out. The risk score for each asset risk is obtained using a series of risk matrixes (using consequence and likelihood). These matrixes are linked to the business outcomes directly dependent upon the operation of the company's assets. Through this process we can apply in a consistent manner the different type of risks, both short-medium term as well as emerging risk, in a risk-based investment planning process. Through a Business-As-Usual process of Continual Improvement we are looking to enhance this process in a dynamic manner.

Improving our resilience maturity

Objective	**Link corporate actions to findings from staff and external stakeholder engagement**
MIC	Social Contract
Summary of improvement plan	We will link our corporate actions to findings from staff engagement as our engagement plan develops. The employee engagement survey (annual) includes corporate and individual team action plans, where appropriate. For instance, the strategy & regulatory team employee engagement survey identified a need to plan PR19 project delivery into our wellbeing plan as part of an outcome of our engagement survey. This resulted in creative thinking, in particular a holiday souvenir competition that matched relaxation with the competitive instinct of the team. The engagement idea for team diversity in a project was taken forward to a video about the team's perception of customers that formed part of National Customer Service Week. We also link our corporate actions to findings from external stakeholder engagement through our Social Contract - as part of using our purpose and corporate values as a promise from the executive to our staff and external stakeholders, and with an employee forum with a route to a non-executive director to hold the executive collectively to account for this development. We plan to measure success further through national surveys (e.g. Times 100 best companies to work for), building on the benchmarking within the existing employee engagement survey. The Social Contract has initiative owners who select themselves based on their interests, which is a key part of the values and employee engagement approach to business change. We will: ▪ Develop, implement and sustain staff engagement programme. COMPLETED. ▪ Act on the findings from staff and external stakeholder engagement to implement initiatives which boost corporate resilience. COMPLETED.
2020/21 year-end update	Our target aim for completion of this objective was April 2021. We have completed this action early, which is now part of a continuous process. We have implemented employee engagement action plans for Bristol Water as a whole, with specific departmental plans. We track employee engagement through a thorough annual survey and regular shorter "pulse" surveys. We also use the Institute of Customer Service ServQual assessment for engagement on customer services. We have run employee forums on the social contract, wellbeing, the Foundation educational programme. We ran a forum on Diversity, Equality and Inclusion early in 2021, which included both external speakers sharing their experience and a session where the Board discussed their experiences with colleagues. Leading up to this, people around the business have been sharing their stories on wellbeing and diversity challenges.

Improving our resilience maturity

Objective	**Identify and rank critical assets**
MIC	Asset management capability improvement
Summary of improvement plan	We have undertaken analysis to identify our critical network mains and their ranking and we are rolling out criticality assessment to our non-infrastructure assets. The critical mains analysis from a customer perspective is reflected in our >10,000 population centres resilience metric, with a ten-year programme to provide dual-supplies to over 800,000 people, building on the existing strong resilience following 2018 completion of the Southern resilience scheme. ▪ We will implement procedures to ensure identification and ranking of critical assets across all asset types.
2020/21 year-end update	The critical mains analysis from a customer perspective is reflected in our >10,000 population centres resilience metric undertaken as part of the PR19 business plan analysis. We are now building on this work through implementation of a criticality and resilience model for all our assets. Work is ongoing to further develop and implement the following: ▪ Implementation of the AMP7 resilience programme, linking this to the enhanced method of assessing asset criticality. ▪ Building of an Asset Criticality model for large mains and treatment works ▪ Identification of our critical (non) infrastructure large assets, including an assessment of the dynamic level of criticality when operationally constraints. ▪ Assessment of the likelihood and consequence of critical assets not operational. We are still working towards the completion of this objective by April 2023. Within Asset Management we are reviewing various opportunities for improvement including enhanced analysis techniques that would improve the prioritisation of mitigation options for failure of critical mains. We are targeting early resilience investment in 2021/22 on the most cost beneficial network resilience risks. Investment is currently underway in Butleigh and Banwell based on mains integrity risk, with single points of failure risk prioities to be addressed later in 2021/22. This will test our network criticality assessment. Good progress has also been made with the non-infrastructure criticality assessment, with the information from the major refurbishment over winter 2020/21 at Littleton informing the approach.
Objective	**Capture asset performance data and analysing data to inform planning**
MIC	Asset management capability improvement
Summary of improvement plan	We have an established dedicated Asset Information and Performance team whose remit includes: ▪ Managing our GIS and SAP systems, and improving how we capturing asset performance data in these systems. ▪ Improving how we capture asset performance data and how we analyse it to inform our asset investment and planning. ▪ Capturing asset performance data to inform our understanding of asset interdependencies ▪ Improving our predictive and prescriptive analytics capability Our on-going Asset Management Capability Improvement Programme will manage the delivery of these improvements. This team has the responsibility for reporting all non-financial Company Performance Areas. Our company performance is reviewed formally on a monthly basis with the executive, their direct reports, and is reported to the Board along with the CEO report. This includes actual and forecast performance levels. Our mid and year-end assurance processes include consistency checks with monthly report, to test the accuracy of decision making and monthly reporting. Our performance management approach leads to timely and frequent operational decisions (e.g. leakage, network operations, customer experience, business retail market operations performance). Any performance areas in jeopardy are escalated to executive level. Our approach ensures that our asset information and business decisions directly link. We will: ▪ Develop systematic maintenance data collection programme supported by a storage system, tools and procedures to optimise asset performance. ▪ Work with the sector to develop robust forward looking asset health metrics. ▪ Develop procedures to ensure option assessment and selection considers the full lifecycle of assets (including decommissioning and disposal). ▪ Compile and analyse hazard and failure event data for all asset types to inform understand of risk. ▪ Implement integrated set of procedures to capture asset performance data and transform this into robust information to inform asset planning.
2020/21 year-end update	Our target aim for completion of this objective is March 2025.

Objective	**Measure outcomes delivered by projects/products against the originally defined aims** **Take corrective actions where projects fail to meet original aims** **Conduct post-project appraisals and acted upon them** **Involve multiple stakeholders in post-project appraisals**
MIC	Asset management capability improvement
Summary of improvement plan	We have established an Investment Programme Governance Framework, which ensures we track and measure the outcomes delivered by projects/products against the originally defined aims; and which ensures we include multiple stakeholders in post-project appraisals. This includes third parties, as well as internal teams and construction partners. Strategic projects, including non-asset focused projects have similar post project appraisals by the Executive Management Team and/or the delegated steering group. The Social Contract and the community ODI includes a route for third party lessons learned inherent in community initiatives delivery, and the governance allows wider stakeholder concerns or opportunities, including from general performance (input into how as well as what we deliver) to be considered in full. The terms of reference and benefit measurement objectives in our evolving Social Contract also contribute significantly to this improvement description. We will: ▪ Measure outcomes delivered by projects against originally defined aims to support continual improvement. Use this information to take corrective action where projects fail to meet defined aims. COMPLETED. ▪ Develop and apply suite of performance measures that enable evaluation of the delivery of schemes against customer outcomes, including for response & recovery activities. COMPLETED. ▪ Ensure post-project appraisals are conducted on all major schemes and the findings acted upon to support continual improvement. COMPLETED ▪ Ensure multiple stakeholders are involved in post-project appraisals.
2020/21 year-end update	Our target aim for completion of these objectives is March 2025. We are on plan to complete this objective; we have performance measures in place that allow us to evaluate the delivery of schemes against our customer outcomes. Arrangements for Post Project Reviews are scheduled through the year as projects near completion, these activities support our continual improvement plans. We are continuing to identify and engage key stakeholders as part of our post project reviews.
Objective	**Systematic and integrated resilience risk assessment across the entire business**
MIC	Corporate risk management improvement
Summary of improvement plan	We are reviewing our current approach to company-wide resilience risk management with the aim of improving it to ensure it is systematic and integrated across the entire business. We will: ▪ Refresh corporate Risk Management process to ensure consistent risk assessment and scheme prioritisation across all departments. COMPLETED ▪ Ensure risk mitigation interventions are prioritised and selected commensurate with the level of risk and certainty of risk reduction. COMPLETED. ▪ Improve business cases to outline expected, quantified residual risk following investment. ▪ Conduct joint evaluation of business cases with key strategic partners.
2020/21 year-end update	Our target aim for completion of this objective is March 2025. We have set up an Outcome Delivery Strategy group with membership across our Senior Leadership Team to ensure this action is delivered across the business rather than as just an asset risk action. This is also the focus for our PR24 plans, which we believe can build on our existing resilience and performance, whilst also building on the innovations we have planned.

Improving our resilience maturity

Objective	**Consult stakeholders to identify opportunities for the collaborative delivery and funding of schemes**
MIC	Social Contract
Summary of improvement plan	We have already utilised a number of partnership funding opportunities and provided funding to other organisations, for example funding our Sustainable Urban Nexus project (SUNEX) through the University of the West of England (UWE), working with Imperial College on our calm-DMA project, sponsoring Bristol Green Capital Partnership which provides links to 850 other organisations, funding social mobility mentorship through Ablaze and the Refill campaign through City to Sea. Through our Social Contract we are working with stakeholders to identify further opportunities for partnership working and funding. Our voluntary sharing reinvestment fund linked to the Social Contract will also help other organisations explore matched funding. We will: ▪ Use our innovation framework, including the Workshop innovation hub, to find further R&D joint funding opportunities. ▪ Consult with stakeholders to identify opportunities for collaborative funding and delivery of schemes. COMPLETED.
2020/21 year-end update	Our target aim for completion of this objective is March 2025. We have developed a potential Green Growth set of projects that can form part of Ofwat's Innovation Fund process, engaging with UWE and Bristol Green Capital Partnership. These were not successful in the first Innovation in Water Challenge, but the feedback did suggest they are credible projects which we plan to resubmit for future rounds. Some of the projects we supported that form part of our approach (such as on taste and odour and catchment management) were successful and we are involved in delivery of these. We have separately supported a number of external funding opportunities for Bristol Green Capital Partnership and UWE. We have increased our strategic engagement with UKWIR, in support of developing the sector innovation strategy and centre of excellence for innovation.
Objective	**Comprehensive supplier and contractor management arrangements, including promotion of flexibility and incentivisation**
MIC	Project Delivery
Summary of improvement plan	We have undertaken a renewal of our Network Maintenance Supply Chain contracts. Our approach to renewing the NMSC contracts is to establish comprehensive supplier and contractor management arrangements, so that we have a partner delivery approach which promotes flexibility and incentivisation. This model through our transformation programme will then inform other areas of contracts. We will: ▪ Develop AMP7 comprehensive supplier and contractor management arrangements which include the promotion of flexibility and appropriate incentivisation. COMPLETED. ▪ Develop supplier and contractor management arrangements for AMP8 and beyond.
2020/21 year-end update	Our target aim for completion of this objective is March 2025.

Improving our resilience maturity

Objective	Improving our resilience maturity	**Identify and develop the future competencies we need**
MIC		People Plan
Summary of improvement plan		The Board and Executive Team have set the company purpose and values, through which the culture of the company is changing. As part of this change, a People Plan has been produced and is in the process of being implemented. The People Plan includes: ▪ A competency framework which considers current and future competency requirements. Our competency expectations sit under the Board strategic objectives and are based on our values. COMPLETED ▪ A staff engagement programme including annual employee surveys. COMPLETED ▪ A Talent Development Programme - which develops high performing and high potential staff and allows participants to progress along career development paths COMPLETED ▪ On-the-job training programmes COMPLETED ▪ Staff coaching programme COMPLETED ▪ The development of work experience and apprenticeship programmes COMPLETED ▪ Values based development and recruitment COMPLETED ▪ Mentoring programme COMPLETED ▪ Develop and implement training to enhance systems thinking understanding across all teams. ▪ We are also developing an employee forum, which is connected to our Social Contract and is linked to our internal communication of values and performance. It has Board scrutiny, and includes an executive pledge that allows all staff to challenge any actions that are not in line with our values. This allows the employee elements of the Social Contract and People Plan to be aligned. COMPELTED ▪ We also have externally facing mentoring programmes (such as through the local education charity Ablaze), which support social mobility whilst also providing development opportunities to employees. COMPLETED.
2020/21 year-end update		These actions were due for completion by April 2019 and are now subject to continuous development. We have not completed the action on systems thinking training, which has been a challenge due to COVID-19. We have reprioritised the wider competency framework. We completed the second cohort through the talent development programme. This will not be repeated immediately with a further cohort as we are focusing on on-the-job competency training for all staff and leadership training for all managers. Our further actions are set out in our social contract. We have restructured with a clear distinction between front line operations, support services and strategy, regulation and legal functions. Our current focus is on active management, a clearer set of expectations to standardise performance management to support target delivery across the organisation. Our CLIO project we build on this further, combining technology.

Social contract year end update

An update on the social contract benefit and transparency reporting from the report in December 2020 is shown below[21].

Academic Partnerships Initiatives	Objective	Progress so far	Benefits
Student Research	Providing research and learning opportunities for university students.	One student internship – A geography student from the University of West of England started his 9-month internship with us in September 2020. We have several other student projects underway, focused on learning from Bristol Water history for environment and resource management for the future.	This initiative is all about the sharing of ideas. A high-quality learning opportunity for student, who will gain direct experience within a business environment as well as a professional network. Benefits to Bristol Water through the student's contribution to business objectives. SROI estimate 12:1.
SUNEX (sustainable urban food-water-energy NEXus)	Contributing to research and innovation related to water use (supplies of energy, water and food for urban regions) and societal wellbeing.	As part of our participation of SUNEX we have entered into an agreement with Bristol Green Capital Partnership to work together to help deliver the environmental ambitions of the One City Plan.	This is a long-term ambition. SUNEX now forms part of Bristol Green Capital Partnership's "Going for Gold" local food initiative. SUNEX contributes to local food growth initiatives and business engagement in reducing resource use amongst their employees.
'Hydrosocial' history	Preserving and providing access to our heritage and sites, to raise awareness of the value of water.	Internal history and heritage group reinvigorated and developing a plan of action for conserving and sharing our history.	Community engagement with our history – an education and learning opportunity. For Bristol Water, the preservation and communication of our long and fascinating history. It's our 175th birthday in 2021 and we like a celebration.

[21] Social Contract 2020/21 Benefit & Transparency Report

Education & Skills – Citizens for the Future Initiatives	Objective	Progress so far	Benefits
Resources for schools, clubs and other community groups	To provide schools, colleges, community groups, sports clubs and the scouting movement with basic recourses to educate and support the citizens for the future in water knowledge, hydration and usage.	We have launched our "Foundation" webpage to improve the way schools and parents can interact with our education toolkits (covering geography, history, science and environment). We have created educational worksheets aimed at key stage 2 schoolchildren and are free to download and share on our website (https://www.bristolwaterfoundation.co.uk). We have set up a Key Stage 2 "Kids" Review Panel to review and challenge our toolkits ahead of publication, to ensure the way we describe the value of water is communicated effectively to their peers. All activities are based around the fascinating world of water, science and the environment and will hopefully inspire schoolchildren to love water as much as we do. We have also created short videos using water character such as Prof H2O, Hydro Harry, Eco Ninja and Squidge & Snap. These characters help to and explain the value of water. We continue to build on the worksheets and resources on our website, also engaging with schools and other organisations on their development.	The Foundation has over 50 free learning resources available for schools, parents and schoolchildren to download. It is the water industry's most comprehensive digital learning resource bank and includes our special characters Squidge n Snap, Hydro Harry, eco Ninja and Prof H20. All the content has been checked and approved by teachers and children. There have been over 6,000 views/ downloads to date of our educational worksheets and videos.
Hosting school visits	Hosting visits at Blagdon and at our lakes, inspired by our local's love of the lakes and how we want to get more people interested.	Our plans to 'regenerate' Blagdon have been deferred for this year, which along with school closures because of COVID-19, has prevented us from hosting any visits this year. We are working to build a new partnership with South West Lakes Trust as part of building our wider recreational offering.	We have been encouraging schools to visit our newly launched Foundation webpage and download the resources we have created as part of our 'resources for schools' initiative.
Bristol Music Trust events at Bristol Beacon	To inspire children on the value of water and the environment at the Bristol Beacon Education Centre.	We have committed to sponsor the education centre within the Bristol Beacon – with a five-year programme of sponsorship.	The community will benefit from significant cultural and learning opportunities from the education centre, which is led by the Bristol Music Trust. These opportunities will support our social mobility goals as well as providing Bristol Water with the opportunity to communicate with young people on key issues such as water efficiency.

Education & Skills – Employees for the Future Initiatives	Objective	Progress so far	Benefits
Group mentoring projects	Acting as mentors for individual students and entire classrooms, including for BAME students.	We are focusing on our existing relationship with Ablaze Bristol to deliver mentoring over a six-week period with 15 students from one school as well as working with South West Skills with nine schools within Bristol (10-12 students from each school) who will each attend a day session with Bristol Water. We will also build relationships with Empire Fighting Chance on two-way mentoring with employees which would then lead to apprentice opportunities within the organisation.	Having signed the Social Mobility Pledge, this initiative will help to promote a level playing field and enrichment experiences for people from disadvantaged backgrounds or circumstances. SROI estimate 5:1.
Internships	Providing summer internship opportunities, with a specific focus on improving workforce diversity.	Planning work is still underway due to the impact of COVID-19.	Having signed the Social Mobility Pledge, this initiative will help to promote a level playing field and enrichment experiences for people from disadvantaged backgrounds or circumstances. SROI estimate 13:1.
Work experience	Providing work experience primarily for year 10 students.	Our plans for this initiative have been deferred for this year. The Bristol Water Foundation provides a summary of all the opportunities at Bristol Water and shares some great ways to get ahead in your career, write a CV and much more. This content is aimed at those in year 10 up to University age.	This initiative is all about mentoring and offering employment opportunities for young people. SROI estimate 4:1.
Youth Board	To bring the views of young adults into our decision making as well as providing development opportunities and business experience for those involved.	Following postponement of the Youth Board meetings planned for March and April 2020, the Youth Board took place in October 2020 and this year informed our Board future strategy and diversity discussions.	This project allows us to explore the views and expectations of our future customers. This year, 21 students from 10 schools in our supply area have been recruited. SROI estimate 3:1.
School visits and career days	To inspire children on the careers available in the water sector.	Planning work is still underway due to the impact of COVID-19 but we are working on careers videos which can then be viewed by schools and school children online.	This initiative is all about offering employment opportunities for young people.

Community Engagement Programme Initiatives	Objective	Progress so far	Benefits
Water fountains	To fill our supply area with water points for everyone to use for free.	In partnership with Bristol City Council we have installed ten water fountains across the city of Bristol. We are looking at ways we can install more fountains outside of the city once it is safe to do so. This has included investigating potential contactless fountain options.	The eight water fountains installed in Bristol City Centre in 2019 will save Bristolians half a million pounds and prevent 50 miles of plastic bottle waste every year. SROI estimate <1:1.
Refill	Continuing to support our flagship Refill campaign through sponsorship of City to Sea (a not-for-profit organisation campaigning to stop plastic pollution at source, by connecting our actions to our oceans). Refill is the UK's leading 'app for tap' – connecting people looking for water with shops, businesses, fountains and transport hubs where they can refill their water for free on-the-go. The campaign focuses on the promotion of clean drinking water, as well as encouraging people to use less plastic and save money at the same time.	Since October the Refill app can be used to find places to refill water bottles and coffee cups, lunchboxes, groceries - and even cleaning products and toiletries! Refill activity has now been completed.	The success of the campaign will lead to reduced consumption of single use plastic. In 2018 and 2019 the campaign was 'National Refill Day'. Last year the campaign reached an estimated 73 million on social media alone. We are proud of the contributions we make to this campaign. SROI estimate <1:1.
Water Bar	To provide free drinking water to keep festival goers hydrated and to reduce plastic bottle use.	The Water Bar has been impacted by COVID-19.	Although no events are running this year, in 2019 we prevented the equivalent of over 59,000 plastic water bottles going to landfill.
Together for good	To continue funding a monthly competition – a different charity or community scheme wins £500 towards a project that will benefit the community that links to our social purpose.	Springboard Opportunity Group: the charity support children with disabilities from birth to five years old. They plan to buy sensory equipment such as tactical glow spheres and Mark Making Sequin Stripe Boards. Bristol Association for Neighbourhood Daycare: a charity that loans books, sensory equipment and toys to local playgroups, nurseries, youth clubs and schools for free. They are planning to buy even more equipment to loan out. St Johns C of E School Keynsham: the money will help build a new school library. Clean and Care: a day care centre for the elderly, respite for carers, and companionship for older people. They are planning on using their prize to buy 'much needed' new activities and entertainment. Golden Hill Community Garden: a community garden project. They plan to buy COVID safe equipment, as well as hot water bottles for indoor activities. Together for Good continues for 2021/22.	There have been five winners between April to September and 76 organisations have applied since April 2020. SROI estimate <1:1.

Conservation Programme Initiatives	Objective	Progress so far	Benefits
Biodiversity Index	Proactively sharing our innovative biodiversity index approach with businesses to expand its impact.	The Biodiversity Index is a Natural Capital tool that we have shared with external stakeholders. This tool has provided stakeholders with a practical method for assessing the value of land.	Mendip AONB, a neighbouring landowner to Blagdon Lake and Bristol Green Capital Partnership have been presented with the Biodiversity Index NCA tool. These stakeholders will be able to use the tool and provide feedback on its functionality.
Wild Ones	A group of Bristol Water staff who volunteer their knowledge and time to help local environmental projects.	Volunteers have being supporting Bristol City Council Parks teams during Lockdown.	Volunteer time given enables the delivery of conservation activities that benefit the natural environment. Volunteers also get back value time engaging in local community activities and outdoor experiences.
Cheddar 'Bioblitz'	Supporting local community groups to come and explore the niche habitats and species around Cheddar Reservoir.	Rescheduled to 2021 in agreement with our stakeholders Somerset Wildlife Trust.	-
Ash Dieback Workshop	Training and development on woodland conservation and identifying the risk of ash trees dropping limbs on staff or members of the public.	Online content provided to BW Staff which provides training on the identification of Ash trees and the Ash Dieback disease.	SROI estimate <1:1.
Bats Workshop	Training and development to increase awareness of how bat species are using the habitats around the lakes.	Rescheduled to 2021 due to the close proximity required to deliver workshops and bat walks.	-
Ecological Emergency Action Plan	To support Bristol Green Capital Partnership develop an Ecological Emergency Action Plan.	Although this initiative was not included in our forward programme, progress in this area has been achieved following our continued support for the delivery of Bristol City Council's One City Plan as part of our Regional Strategies programme. The One City Ecological Emergency Strategy was published in September 2020. We are exploring how we can support watering for tree planting in a way that does not use additional mains water.	Content has been contributed to the strategy and this strategy is an important mechanism for discussing the impacts of supply chains and consumption on ecological health. Water efficacy data and the impact of water consumption on regional ecology has been expressed within the strategy.
Community Energy Scheme	To explore the potential for a community Photo Voltaic scheme on our sites.	Although this initiative was not included in our forward programme, we are considering the options for the delivery of this initiative in future years and we will consult with our stakeholders on whether it should be included in our programme for 2021/22.	This initiative could impact our contribution to the PIC objective to achieve net zero carbon emissions for the sector by 2030.
Green Travel	To understand how our employees' personal carbon footprint is influenced by their commute to and from work.	Although this initiative was not included in our forward programme, we are considering the options for the delivery of this initiative in future years and we will consult with our stakeholders on whether it should be included in our programme for 2021/22.	This initiative will impact our contribution to the PIC objective to achieve net zero carbon emissions for the sector by 2030.

Lakeside Leisure Programme Initiative	Objective	Progress so far	Benefits
Improving lakeside facilities	Improvement projects include enhanced watersport facilities (such as kayaking and canoes) and improved disabled access to our sailing facilities.	Following consultation with our local business partners and site tenants 'Salt and Malt' we replaced~320sqm of uneven and unsightly paving and to further construct new paths and additional patio areas around the tea-room and amenities hub. The patio works outside the restaurant is a feature that will be enjoyed by many thousands of visitors in the future. Cheddar Watersports is now offering stand up paddle (SUP) boarding, kayaking and canoeing at Cheddar Reservoir, which is a great addition to the sailing and windsurfing activities. The club has invested in 8 stand up paddle boards and 6 sit-on kayaks. Club members have become qualified as instructors and have been actively promoting 60 minute taster sessions and two hour "Ready to Ride' BSUPA paddle board courses. During August and September, 240 SUP sessions and 132 kayak sessions were booked through Cheddar Watersport's instructors. Chew Valley Lake Sailing Club now provides facilities for the disabled on both floors of their clubhouse, as well as providing a lift between floors. Chew Lake Association of Disabled Sailors (CLADs) is based at Chew and provides a variety of adapted boats that can get people with disabilities out on the water safely. A new addition to the sailing facilities at Chew has been a trial of model radio-controlled sailing boats. This was a trial agreed as part of the social contract conversations with the club in 2019. The activity has been taken up by around a dozen members, including even racing their model boats in a competition around a small course in front of the clubhouse! The activity is widely accessible across the age and physical ability demographic as the small boats are lightweight controlled remotely from the shore. We are in the process of upgrading the Children's Play area as part of our 175th birthday.	Our picnic areas are our main sites for general public access. They are accessible across the social demographic and facilitate the classic 'trip to the lake' with car & bike parking, short walks, close viewing of wildfowl, dining and simple refreshment. The investment helps sustain this amenity into the future. The provision of new watersports allows more people of all ages and abilities to access the water, and experience the lakes from a different perspective. Members gain a sense of community from being part of a club. There are benefits to overall physical and mental health and wellbeing, from being outside and learning a new skill. SROI estimate 5:1.
Chew Valley lake recreational trail	Investigating ways to improve walking and cycling provision around Chew Valley Lake.	Planning permission has been granted for the North / Eastern tip of the trail, this will be a four mile off road path, running from Woodford to Hollow Brook. Detailed draft designs have been drawn up by B&NES, and final reports are being gathered to fulfil planning conditions, and ecological studies have been carried out to allow the route to be finalised. A grant funding stream, via the Rural Payments Agency, has been identified. However, there are still some project financial risks and so all parties will have to review whether it is appropriate to proceed later in the calendar year. Should the partnership decide to move to a construction phase the start date for work is anticipated to be spring 2021.	The recreational trail concept is to provide a safe and tranquil route for families to walk and cycle around the lake. This will help to improve peoples' physical and mental health through exercise and time in nature. It will help people to explore their local area and learn more about the environment around them. The route additionally would see the creation of 100s of metres of new hedgerow, increasing biodiversity at this site. A further benefit is that sections where the route is planned are today subject to unmanaged trespass, which can cause undue disturbance to wildlife and pose a safety risk. A managed route would mitigate some of these elements. SROI estimate 13:1.

Lakeside Leisure Programme Initiative	Objective	Progress so far	Benefits
Blagdon (Depot) regeneration project	To regenerate the Grade 2* listed building and grounds for community benefit.	Good progress has been made on surveys and capital projects that were necessary to preserve the core fabric of the building and/or elements stated within the project scope. This first phase of the project is a stepping stone the next more aspirational phase, where business options to invest to enable public access in some form can be reviewed. This second phase may provide an opportunity for local stakeholder engagement in option space development and evaluation.	The regeneration project aims to preserve the buildings and other listed heritage features, and further aspires to facilitating a level of public access at this site. This would, for example, support school educational visits and public open days where the community can engage and learn on a range of topics; including the history of water supply, the water cycle, Victorian architecture & engineering, wildlife and habitat conservation and water conservation. The site is also a beautifully landscaped green space.
Fisheries improvements	Working in partnership with Bristol Reservoirs Fly Fishing Association and the Angling Trust to provide opportunities for our communities to get outdoors through the sport of angling.	As lockdown restrictions were lifted it has been a pleasure to see anglers returning to our reservoirs. Throughout the pandemic our positive working relationships with the Angling Trust and Bristol Reservoirs Fly Fishing Association has continued. Sadly our planned free Fun Family Fishing events in 2020 had to be cancelled due to covid guidance regarding gatherings. However, as restrictions eased in late summer we were able to successfully host the Cortland Team Fly fishing championships across both Blagdon and Chew Valley Lake. This helps protect the national loch style fishing competition scene and the event was enjoyed by all the participants. We also hosted two major local BRFFA club fishing competitions. We were pleased to work with the local club committee for our angling tenant Cheddar Angling Association to lift the suspension of fishing that had been put into place due to covid restrictions. This enabled the club to get back to fishing at Cheddar Clay pits and Cheddar reservoir in a covid secure way. We also worked jointly with local club Knowle Anglers to resolve safety concerns around their jetty access and get Chew Magna Reservoir available for fishing again. We have consulted and explored options for modernising our fishing and lakeside experience. We are working with South West Lakes Trust to develop a new partnership.	The provision of fishing at our lakes provides benefits to mental health and promotes general wellbeing from being able to access the lakes and take part in a hobby that can be shared with other anglers. Improving relationships between different fishing organisations has helped everyone to work together to resolve issues and provide further fishing opportunities to members. SROI estimate 4:1.
Lakeside carbon baseline	To provide information and data which supports the calculation of a baseline carbon position for Chew Valley Lake.	Although this initiative was not included in our forward programme, we are considering the options for the delivery of this initiative in future years and we will consult with our stakeholders on whether it should be included in our programme for 2021/22.	This initiative could impact our contribution to the objective to achieve net zero carbon emissions for the sector by 2030.

Regional Strategies Programme Initiatives	Objective	Progress so far	Benefits
Bristol's 'One City Plan' – including climate and ecological strategies	To support the delivery of Bristol City Council's One City Plan, through our partnership with local stakeholders, our support for Bristol Green Capital Partnership and our role in the Bristol City Environmental Sustainability Board.	Ongoing active engagement through Environmental Sustainability Board and other direct engagement routes. Supported One City Plan refresh, as well as publication of the Carbon action plan and Ecological Emergency Strategy.	Tying Bristol Water's approach into the wider 'One City approach', as well as actively supporting progress against key city wellbeing challenges such as climate change, ecological loss, and polarised wealth.
Our WECA strategy	To actively contribute to the West of England Combined Authority's regional strategy and the delivery of regional plans, ensuring water sustainability is embedded into the region's future.	We are working in partnership to feed into the WECA spatial development strategy, including liaison with key stakeholders in WECA on the potential benefit of water efficiency measures in new developments and regional issues of water scarcity.	Tying Bristol Water's approach into the wider plans of the region, to ensure the region is a greener, a more connected place to live and a more connected place to work.
Bristol Code of Conduct for Street Works and Road Works	To improve communications and co-ordination on road works and street works activities and keep Bristol moving.	This initiative is still in its infancy. We are taking a community leadership role and continuing our active engagement with Bristol City Council.	When street works and road works are poorly managed, they can have a detrimental impact on the highway network which may lead to congestion. Through more advanced planning, communication, coordination, cooperation, innovation and better site management, congestion can be reduced leading to a more efficient highway network. This requires continued dialogue and investment by Bristol Water, other local utilities and Bristol City Council.
Support 'Going for Gold' Bristol	A bid for the city to be recognised as a Gold Sustainable Food City; a national programme that celebrates and supports communities that are making positive changes to their food system.	Reducing plastic use within head office.	We target reduced environmental impacts of food consumption as part of the overall Going for Gold' sustainable food approach. There will also be development and wellbeing opportunities for employees when our programme is re-started. Bristol has now been awarded Gold Sustainable Food City status by the Sustainable Food Places partnership (Bristol is only the second city in the UK to achieve the status, with Brighton and Hove awarded it in 2020).
Landlord Pledge	Contributing to local authority plans to prioritise water efficiency in building regulations and supporting tenants to use water wisely.	Initial brief of work established.	A successful programme will result in reduced resource consumption and reduce resource poverty. This will contribute to Bristol Water's business plan targets as well as providing a community benefit.
Single Use Plastic reduction	To reduce the amount of single use plastic consumed at Bristol Water sites, including our Head Office and operational sites.	Although this initiative was not included in our forward programme, we are considering the options for the delivery of this initiative in future years and we will consult with our stakeholders on whether it should be included in our programme for 2021/22.	This initiative directly impacts our contribution to the water sector objective to prevent the equivalent of 4 billion plastic bottles ending up as waste by 2030. SROI estimate 2:1.

Resource West Initiatives	Objective	Progress so far	Benefits
Resource West partnerships	Taking lead to build a partnership of local stakeholders which facilitates transformational shifts in consumer behaviour to reduce consumer consumption and waste. In doing so it supports the achievement of local and regional plans through the development of 'Citizens for the Future' whose values and behaviours are consistent with these visions for the future.	This is an innovative programme that is still in its infancy. We are taking a community leadership role for broader issues of resource efficiency and have created partnerships with organisations such as Bristol Water, Bristol Waste, Bristol Energy, the University of the West of England and the West of England Combined Authority. Whilst it did not succeed in the Ofwat Innovation in Water Challenge, the project is still planning for a scale up during 2021/22.	SROI estimate 2.5:1.

Vulnerability programme Initiative	Objective	Progress so far	Benefits
'Hard to reach' projects	To assist those customers who most need our help to make their bill affordable, trying new ways to reach out to those customers who are struggling to pay their bill or who are vulnerable.	The delivery of this initiative takes place during the last quarter of each financial year.	This initiative increases the sign ups to our social tariffs, however due to delivery being scheduled for the later stages of the year, these benefits are not yet available to report. SROI estimate 56:1.
Partnerships with debt charities	To ensure low income customers receive full debt advice and not just help with their water bill.	We have an annual virtual workshop which took place in March 2021.	This initiative is the main contribution to the sign up of our social tariffs, however these benefits are not yet available to report. It refers to all the Debt Advice Agencies that we partner, they support our most financially vulnerable customers with their debt and register them for our social tariffs if applicable. They also promote our Priority Services. SROI estimate 2:1.
PSR 'outreach' events	To reach out to customers in need of help with their bills and PSR.	Promotion has moved from physical events to other channels including digital, via post and in conversation. Sign-ups to the PSR continue to be encouraging.	We have registered an additional 5,114 households on the PSR in 2020/21, taking the number registered from 7,583 to 13,406. SROI estimate 70:1.
Contributing to local data sharing	Data sharing helps us to recognise affordability issues much earlier and it is usually the case that if a customer is struggling to pay their water bill, they will likely have trouble paying other bills, such as their energy bills.	Our partnership with Western Power Distribution has continued throughout COVID-19 and has now become part of our business as usual work. There has been good uptake and we have seen a positive impact on our PSR reach.	This initiative directly relates to improvements in the services we offer to customers on the PSR. By partnering up with other utilities, it means less fuss for the customers and more people are receiving the help they need. SROI estimate 8:1.
Partnership with Crimestoppers	To drive awareness of PSR. This helps promote the risk for fraud, across all channels and it is especially targeted at our more vulnerable customers.	The delivery of this initiative has been completed. A leaflet has been produced and the PSR has been updated with Crimestoppers information.	We have seen an increase of households on our Priority Services register to over 10,000. We also won an award for our contribution. SROI estimate 5:1.

Vulnerability Action Plan

Our social purpose is to build trust beyond water and a core component of this is to help those most at risk in society when receiving and paying for their critical water service.

In our latest business plan we set out our vulnerability and affordability action plan. The plan addressed how we would proactively support customers in vulnerable circumstances in every aspect of our business, by using data more wisely, increasing awareness of support, improving the customer journey and on developing our people and our culture.

Transparency is important to us, which is why we continue to provide updates to our customers and stakeholders on our action plan progress, as well as providing updates on our partnership working as part of our social contract vulnerability programme commitments. Our latest Social Contract Transparency & Benefits Report was published in December 2020[22]. This report provides an update on how we are engaging with our communities and partnerships on our vulnerability plans. Our vulnerability partnership plans for the next 12 months can be found in our forward programme, published in April 2021[23].

The table below provides an update on the progress we have made to date on our vulnerability and affordability action plan.

Action plan commitment	Purpose of commitment	Expected outcome	Target/ review date	2020/21 Year-End Update
Metering campaign including the launch of a new water meter calculator	To promote meter option take-up and give customers the information on how it will impact their bill	Increased meter take up for customers who would benefit financially	2019/20 (completed)	When we asked our customers how we could make the benefits of having a water meter more transparent, our customers told us that it would be good to have a personalised projection, or calculation based on how their individual household uses water. We committed to developing a water meter calculator, as well as redesigning the end-to-end customer journey across our website to streamline not only the information relating to water meters, but also the application process, including more comprehensive information as to what happens, and the timescales for having a meter installed after the initial application is submitted. This was completed in summer 2019. Further updates on the progress of our meter penetration targets can be found in section 3 of this report.
Communications campaign including launch of struggling to pay videos	To raise awareness of support available for those who struggle to pay their bills and may be eligible for support	Increased take-up of social tariffs and achieve our commitments for 0% of customers in water poverty	2019/20 (completed)	We completed our Pension Credit research (which was delayed due to COVID-19) in September 2020. We have taken the following learnings from this: ▪ The Pension Credit Discount was renamed “discount for low income pensioners” as our research highlighted that the original name was confusing and may exclude some customers. Further information on this discount can be found on our website: www.bristolwater.co.uk/low-income-pension-discount-form ▪ Since February 2021 we have prioritised the messaging on the customer bill to be about help for customers struggling to pay.
Implement data checking process	To ensure customer data on PSR is accurate and up to date	Achieve commitment to proactively contact customers on the PSR every two years	2019/20 (completed)	The data checking process has now been implemented but an additional audit from our technical auditors, Turner & Townsend, has however identified the need to review our checks and controls of the data. Further information can be found in our Assurance Plan on our website: www.bristolwater.co.uk/about-us/our-performance We have written to all PSR customers who were not eligible for the data cleanse audit this year regarding the changes to the legal basis for collecting information. The Substantial Public Interest (SPI), as in UK law, is now used as our legal basis to process special category data for the purpose of providing a priority service to vulnerable customers based on their health data.
New billing platform	Greater capability to flag missed payments and proactively contact customers	Enhanced billing capabilities	2020/21	The new billing platform is still in progress.
E-billing portal enhancements	To provide customers with more capability to self-serve	Increased customer satisfaction and reduced cost to serve	2020/21	The opportunities to deliver this action plan commitment will start after the new billing platform is complete i.e. it is linked to the action above regarding the new billing platform.
Refresh of customer segmentation	To gain a refreshed view of our unique customer segments and demographics	Improved customer satisfaction	2020/21	Due to COVID-19 and national lockdown restrictions, this research has not yet been started but it is in our plans for development in 2021/22, which will be conditional on the easing of COVID-19 restrictions.

[22] Social Contract 2020/21 Benefit & Transparency Report

[23] Social Contract Forward Programme 2021/22

ANNUAL PERFORMANCE REPORT

Action plan commitment	Purpose of commitment	Expected outcome	Target/ review date	2020/21 Year-End Update
National data share with WaterUK Working Group	To share data nationally with all utility companies	Achieve target of 7% of customers on PSR	2020/21	The national project has been paused, which has had an impact on our performance reported in section 3 as part of our Priority services for customers in vulnerable circumstances performance commitment. Work is still being coordinated across the industry to deliver the national data share but conversations are still ongoing between water (Ofwat) and energy (Ofgem).
British Standards institution (BSI) standard for inclusive services	To demonstrate our commitment to improving accessibility to services for all	Achieve the 85% satisfied with the service provided by customers registered on the PSR	2020/21	We have conducted a gap analysis for BSI measure 18477 inclusive services. We will continue to work on any gaps, however the measure is currently under review and will be replaced by 22458. This will include how Bristol Water contact and respond to those in vulnerable circumstances. We will now work towards achieving BSI 22458 with a view to auditing on the new measure on release in 2022.
Achieve AA accreditation for website accessibility	To demonstrate our commitment to improving accessibility to services for all	Achieve the 85% satisfied with the service provided by customers registered on the PSR	2020/21	Our new web platform has been implemented and we are now focused on reviewing the content for its accessibility. This is being done in readiness for the audit of the AA accreditation. In addition, we are also looking at the potential to provide additional services for our vulnerable customers for their digital customer service beyond the accessibility accreditation, such as 'Recite Me' (a service that speaks out the text in another language, which CCW have asked us to explore).
Bill re-design	To make the bill easier to understand for all	Increased customer satisfaction	Ongoing	This commitment is still ongoing and will we will seek to make improvements to highlight how individuals usage compares to others.

Action plan commitment	Purpose of commitment	Expected outcome	Target/ review date	2020/21 Year-End Update
Maintain Institute of Customer Service ServiceMark Accreditation	To ensure we have an adequate strategy for delivering customer service that it is communicated and staff are trained	Accreditation maintained throughout 2020-25	Ongoing	The ServiceMark is a national standard, independently recognising an organisation's achievement in customer service and its commitment to upholding those standards. Our mid-point surveys were undertaken in September and October and we were proud to have passed the mid-point assessment.
Hard to reach projects with local charities	To raise awareness and increase take up of our affordability support amongst our hardest to reach customers	Increased take-up of social tariffs and achieve our commitments for 0% of customers in water poverty	Ongoing	Due to the COVID-19 pandemic and national lockdowns, we have not selected new hard to reach charities but we have extended the work we are doing with existing hard to reach charities. Further information can be found in our 'vulnerability' programme updates in our social contract on our website: www.bristolwater.co.uk/about-us/our-story/social-contract/vulnerability
Social tariff eligibility maps for targeting support	To establish how many of our customers might be eligible for support, and to obtain spatial analysis on affordability issues among our customer base	Increased take-up of social tariffs and achieve our commitments for 0% of customers in water poverty	Ongoing	This commitment is still ongoing.
Pension credit mail shots	To raise awareness of our Pension Credit tariff amongst those who are most likely to be eligible	Increased take up of Pension Credit social tariff	Ongoing	Our progress was paused whilst we completed our pension credit research in September 2020. We are now looking into the data analysis toolkit we use as part of measuring our water poverty performance commitment to see if we are able to help to locate those who could be eligible and carry out mailshots each month.

Action plan commitment	Purpose of commitment	Expected outcome	Target/ review date	2020/21 Year-End Update
Accredited agency pilot	To provide a better experience for customers who are applying for help with payments through our debt advice partners	Improved customer satisfaction for customers applying for social tariffs	Completed	We launched our Accredited Agency pilot in early 2019, which was designed to provide a better experience for customers who were applying for help with payments through our debt advice partners. This project has been completed. Following the pilot, we have now put into place a new funding model which has additional rewards for those charities who offer our PSR services and our discount for low income pensioners.
Outreach community events i.e. Blue Monday	To raise awareness of support available for those who struggle to pay their bills and may be eligible for support	Increased take-up of social tariffs and achieve our commitments for 0% of customers in water poverty	Ongoing	We continue to prioritise these events, although we have adapted our approach in response to the challenges of COVID-19 and held virtual events. We are providing updates on our PSR outreach events as part of our social contract. The latest mid-year report can be found on our website: www.bristolwater.co.uk/about-us/our-story/social-contract
Review partnership funding	To raise awareness of support available for those who struggle to pay their bills and may be eligible for support	Increased take-up of social tariffs and achieve our commitments for 0% of customers in water poverty	Completed	This project has been completed and the information was cascaded to our partners in January 2020.
Increase partner work	To work with a greater range of partners that interact with customers who may need additional support with bills	Increased take-up of social tariffs and achieve our commitments for 0% of customers in water poverty	Ongoing	As part of our social contract vulnerability programme we work with local stakeholders to help provide extra support to those customers who need. In February 2021 we jointly hosted an event with Wessex Water and Western Power Distribution to raise awareness of partnership working with us for Priority Services.

Action plan commitment	Purpose of commitment	Expected outcome	Target/ review date	2020/21 Year-End Update
Launch of new online application forms	To provide customers with more choice on how to sign up and update their preference for additional support services	Achieve the 85% satisfied with the service provided by customers registered on the PSR. Achieve commitment to proactively contact customers on the PSR every two years	Completed	This has been completed and be found on our website: www.bristolwater.co.uk/priority-services
Local data share implementation and enhancements	To improve our local data share with Western Power Distribution	Achieve target of 7% of customers on PSR	Ongoing	Our partnership with Western Power Distribution is now established and progress is reported as part of our social contract vulnerability programme.
Capability to access data and sign customers up to PSR in the field	To enable our fieldworkers to sign customers up for additional support services during visits and appointments	Achieve target of 7% of customers on PSR	Ongoing	This is now business as usual following training and role out of ‘helping hand’ card. Performance is monitored monthly and it is the second highest route of how customers hear about PSR after the Western Power Distribution data share.
Vulnerability training across the business	To ensure all staff that interact with customers are continuously trained on the best way to service customers in vulnerable circumstances	Achieve the 85% satisfied with the service provided by customers registered on the PSR	Ongoing	This is now business as usual;, vulnerability heroes have now been identified to help support training and idea gathering.
Vulnerable customers incident support review	To continually improve our support to vulnerable customers during supply interruptions	Achieve the 85% satisfied with the service provided by customers registered on the PSR	Ongoing	Changes have been made to our reporting to help provide more accurate data on needs codes to enable a better service in an incident. No further changes are planned.
Increase partner work	To work with a greater range of partners that interact with customers who may need additional support due to physical or mental vulnerability	Achieve target of 7% of customers on PSR	Ongoing	This is ongoing through work with Wessex Water and Pelican and via our social contract vulnerability programme.

Board statement on data accuracy and completeness of data and information

The Bristol Water Board seeks to uphold the highest standards of transparency and openness in performing its functions and dealing with all of our stakeholders. A key aspect of this relates to our reporting of service delivery for our customers and for the benefit of wider society.

The Board of Bristol Water is accountable for the quality and transparency of the information we provide on our performance. It is important for customers' trust and confidence that Bristol Water is accountable for the service we deliver and how we spend the money our customers pay to us in their water bills. As a local community water company, we are committed to transparency, and to support that we publish additional information during the year that goes beyond our regulatory requirements (including our mid-year report and social contract benefit and transparency report). We also we have additional duties to provide statutory and regulatory information to Ofwat and our other regulators, including the Environment Agency and Drinking Water Inspectorate.

The Board of Bristol Water confirms that the data and information which the company has provided to Ofwat in the reporting year and which we have published in our role as a water undertaker is accurate and complete.

The Board considers that the Company has applied its processes and internal systems of control in a manner that has enabled it, to the extent that it is able to do so from the facts and matters available to it, to identify material departures from the obligations within this document. The Board does not consider that any departures have been identified in 2020/21.

This statement is accompanied by a description of the activities which the Board has carried out to allow it to make this statement. In addition to these activities, we have published our 'Trust beyond water' statement. The statement reflects on the Board's perspective on the long-term management of the business, including factors and decisions affecting our operational and financial performance.

How the board has engaged and challenged on the assurance approaches which have been taken

The Board encourages a culture of risk identification and management across all aspects of the business, and uses the following main processes to engage, challenge and review the effectiveness of the system of internal control:

- A regular risk identification, assessment and mitigation process, which is performed across the business, with robust challenge from the executive team before being submitted to the Audit and Risk Assurance Committee ("ARAC") for review. The board has regular discussions on risks and controls, as supported by the ARAC.
- An internal audit plan is prepared on a rolling three-year cycle, based on the key risks identified, and to ensure key mitigating controls operate effectively.
- Regular reporting on key performance indicators, regulatory performance commitments and financial outcomes to gain visibility of the business and its operations. In addition to the Annual Performance Report, the board also reviews data for the Mid-Year Performance Report. The report provides an update on our progress in the delivery of our performance commitments for our customers. The report is published in December and provides the board an opportunity to challenge management delivery plans for our performance commitments in advance of year-end reporting.
- With the onset of the COVID-19 pandemic, more frequent updates on changes in the business, risks arising and mitigating action plans have been taking place with the Board in order to manage closely this specific risk.
- As this was the first year of reporting on our AMP7 performance commitments the Board agreed that additional "process" audits of our performance commitments were required in March 2021, in addition to the data audits we undertake for the Annual Performance Report.

During the 2020/21 the importance of accurate information in our submissions to the Competition & Markets Authority (CMA) redetermination of PR19 was of particular importance. A project steering group was established, led by the CEO and including the CFO, Director of Strategy & Regulation and relevant non-executive directors, which specifically considered the governance of submissions to the CMA. Other Board members not on the steering group had a standing invite to the meetings. The Board was in any case provided regular updates during the process. The Board considers that the accuracy and timeliness of submissions to the CMA reflected the strengths of this process and this supported the CMA in its decisions.

How the board has taken action to ensure that any exceptions and weaknesses in the assurance approaches have been addressed

Our Risk & Compliance Statement, which has been published alongside our APR, confirms that the Board has complied with all its relevant statutory, licence and regulatory obligations and is taking appropriate steps to manage and/or mitigate any risks it faces. The statement confirms that the Board:

- Considers that it has full understanding of, and is meeting, all its relevant statutory, licence and regulatory obligations and has taken steps to understand and meet customer expectations.
- Has satisfied itself that it has sufficient processes and internal systems of control to fully meet its obligations.
- Has appropriate systems and processes in place to allow it to identify, manage, mitigate and review its risks.
- Where the Board considers that it is unable to provide such a statement (in relevant reporting areas) it should explain why it is unable to do so.

Our Risk & Compliance Statement summarises the outcomes of the technical assurance activities and where necessary highlights any areas of departure from full compliance that must be disclosed. We have also included within the Risk & Compliance Statement and update on the progress made on the "targeted assurance activities" we identified in our Assurance Plan (published in March 2021).

The Board relies on the information provided by management and has specific and direct access to auditors and technical assurers to confirm whether the information provided by management is suitable for the purposes provided, whether decision making or for regulatory or statutory reporting.

All external data submissions are made with the specific approval of the CEO. The CFO has specific responsibility to ARAC and the Board for statutory reporting and regulatory financial reporting. The Director of Strategy & Regulation takes specific responsibility on behalf of the Executive Management Team for the quality and accuracy of regulatory data submissions or formal information requests. The appropriate level of assurance for each submission is considered. Risks are understood which allows, together with internal and external assurance as required, any exceptions to requirements to be identified and understood.

As an example, annual reporting on performance commitments has a series of process and methodology audits with external technical assurance. Improvement plans are agreed in advance of data audits where there are any potentially material gaps that could affect the quality of reported data. Annual and mid-year reporting data is reviewed internally, with approval by the business owner, the relevant member of the Executive Team, and the Director of Strategy & Regulation. This data approval process includes a comparison of the final data with prior years, the monthly data that has been considered by the Board, and the commentary describing both performance and any data changes. The Board therefore considers the information and scrutiny from this internal process to the independent technical assurance.

How the board has satisfied itself that the approaches have appropriately identified and addressed any risks to the provision of accurate and complete data and information in particular areas

Before publishing our Annual Performance Report, we consulted in January 2021 and then published in March 2021 an Assurance Plan which covered:

- How we undertake a risk assessment to determine the risk of the probability of inaccurate reporting with the data we intend to publish in the year ahead
- Our targeted areas of assurance for the data items we intend to publish that have been assessed as most at risk of inaccurate reporting.
- How the Board engage with these assurance activities.

Within the Assurance Plan the Board confirmed that it was satisfied with the risk assessment methodology employed, and consequently that the targeted assurance activities identified provided transparency and confidence in our assurance processes, with the overall aim of ensuring customers and stakeholders can trust and value Bristol Water and the information we publish.

In addition, we use external expert auditors and technical assurers to review our methods, systems and processes for reporting key data and information. In particular Turner & Townsend provides technical assurance on our regulatory submissions, and financial auditors, PwC, audit our key financial data. Internal audit services to the Company are also undertaken, using external organisations and other specialists in areas where risks are identified and thus assurance is sought over the associated controls and mitigations. Internal auditing is an established objective assurance and consulting activity designed to add value and improve our operations by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes. These auditors provide reports to our board to provide confidence in the accuracy of the information produced. As

ANNUAL PERFORMANCE REPORT

an example, during 2020/21 we engaged an independent review into the effectiveness of our COVID-19 response. For significant corporate risks and major projects, the Board receives regular updates and reports from management with independent reviews such as from Internal Audits as appropriate.

The Board also takes into consideration the views of the Bristol Water Challenge Panel (BWCP), an independent group of interested and expert stakeholders whose role is to ensure that customer voice remains at the heart of Bristol Water's decision-making. The BWCP specifically focuses on reporting on service delivery for customers and wider society. The Chair of the BWCP presents to the Board their independent views on our assurance and performance, and challenges the Board to meet certain customer expectations. The BWCP and the Board also have direct access to our technical assurers and have the opportunity to review and discuss key findings at least annually.

How the Board has utilised individual directors and committees in carrying out its activities in this area

The Company operates through a formal Board structure. A regular risk identification, assessment and mitigation process, which is performed across the business, with robust challenge from the executive team is undertaken before being submitted to the ARAC for review. The Board has regular discussions on risks and controls, as supported by the ARAC.

The Board:

- monitors compliance with the obligations of the Company under its licence as a water undertaker;
- considers material financing and investment decisions including the giving of guarantees and indemnities, and monitors policy and control mechanisms for managing treasury risk;
- reviews on a regular basis a summary KPI report, which includes the identification of material risks and the actions taken to manage such risks;
- reviews the effectiveness of the risk management process and significant risk issues;
- reviews the role of insurance in managing risks;
- reviews and approves financial budgets and emerging financial results; and
- reviews and scrutinises the Company's business plans and responses in respect of in and the progress of the Ofwat Price Reviews.

The ARAC:

- reviews internal and external audit work plans and commissions, where appropriate, reviews of specific issues;
- reviews and where appropriate, approves non-audit services undertaken by the statutory auditor;
- assesses the risk management and control arrangements including risk reporting;
- considers reports from management, internal and external auditors on the system of internal control and any material control weaknesses identified;
- discusses with management the actions taken on any problem areas identified by the Board members and management or in the internal and external audit reports; and
- the Chairman of the Committee reports the outcome of the ARAC meetings to the Board and the Board receives the minutes of all ARAC meetings.

For further information on ARAC, our Annual Report includes a statement from the Chair and explains the work undertaken in 2020/21.

Jim McAuliffe was appointed as Independent Non-Executive Director with a specific focus on Board decisions in the local community including links to the Bristol Water Challenge Panel, and people aspects of our decisions and social contract. This is a significant step in keeping the company on track to deliver our ambitious agenda, for our customers, the environment and society, which has existed throughout the history of Bristol Water. Jim's role provides direct access to the Board, independently of management, to ensure the importance of this role is reflected at Board discussions.

The following Board members have signed this statement.

Name	Role	Date
Keith Ludeman	Chairman	24 June 2021
Tim Tutton	Senior Independent Non-Executive	24 June 2021
Jeremy Bending	Independent Non-Executive	24 June 2021
Jim McAuliffe	Independent Non-Executive	24 June 2021
Paul Boote	Non-Executive Director	24 June 2021
Neil Cooper	Non-Executive Director	24 June 2021
Iain Evans	Non-Executive Director	24 June 2021
Mel Karam	Chief Executive Officer	24 June 2021
Laura Flowerdew	Chief Financial Officer	24 June 2021

Related Party Transactions

Throughout the year, related parties include members and joint ventures of the Bristol Water Group Limited group of companies, members of the iCON Infrastructure companies, members of the Itochu Corporation group of companies and key management personnel.

The principal related parties are:

Bristol Water Group Limited "BWG", registered in England and Wales, whose year-end is 31 March, and is the ultimate UK holding company of Bristol Water plc.

Bristol Water Holdings UK Limited "BWHUK", registered in England and Wales, whose year-end is 31 March. BWHUK is a subsidiary of Bristol Water Group Limited.

Bristol Wessex Billing Services Limited "BWBSL", registered in England and Wales, whose year-end is 31 March. The joint venture interest is held by Bristol Water Holdings Limited, an intermediate holding company within the BWHUK group, which owns 100 class 'B' shares in the company, representing a holding of 50% of the voting and equity rights of the company. BWBSL is a joint venture undertaking between Bristol Water Holdings Limited and Wessex Water Services Limited, and provides meter reading, billing, debt recovery and customer contact management services to this company and Wessex Water Services Limited, under a cost sharing arrangement.

Water 2 Business Limited "W2B", registered in England and Wales, whose year-end is 30 June. The interest is held by Bristol Water Holdings Limited, an intermediate holding company within the BWHUK group which owns 30 class 'B' shares in the company representing a holding of 30% of equity rights and 40% of voting rights of the company. W2B is an associate of Bristol Water Holdings Limited, and provides meter reading, billing, debt recovery and customer contact management services to non-household customers.

Basis of cost allocations used for management charges and allocations between the appointed and non-appointed businesses of Bristol Water plc

Costs are attributed to the appropriate cost centres in the Company's accounting system, which are identified as appointed or non-appointed. The majority of non-appointed costs are incurred directly with the remainder allocated on a time apportionment basis. Apportionments and recharges between appointed and non-appointed elements are approved and agreed at Board level annually.

Nature of service	Associate	Turnover of associate £m	Terms of supply	Value of service received £m
Management charge	BWG	-	No market	-
Management charge	BWHUK	-	No market	-
Managed billing service	BWBSL	15.949	Competitive Tender	2.820
Recharges for costs	BWBSL	15.949	Cost pass through	0.112
Capital expenditure	BWBSL	15.949	Cost pass through	0.206
Corporation tax group relief	BWHUK	-	Bristol Water plc pays the standard tax rate for the period multiplied by the surrendered losses to each surrendering company. This group relief payment policy ensures that relieving losses around the group has no effect on the current tax charge of Bristol Water plc. The payment for loss relief surrendered for the period ended 31 March 2021 was settled in quarterly payments in line with the dates that that corporation tax would normally be paid.	3.652

Consortium tax relief
Bristol Water plc claims consortium tax relief from W2B. The amount of the consortium relief claimed for 2020/21 is £0.158m and for 2019/20 £0.473m, recognised as a prior year adjustment. Bristol Water plc pays the standard tax rate for the period multiplied by the surrendered losses to W2B.

Borrowing/lending with associated companies and related facilities
A loan of £47.000m was made to BWHUK, (ultimate parent company of Bristol Water plc, until June 2006) in 2003/04. The unsecured loan was advanced on 12 February 2004, under an agreement dated 4 December 2003, out of the proceeds of the Artesian loans entered into during that year. The loan is due for repayment on 30 September 2033 and bears a fixed interest rate of 6.042%. Interest income of £2.840m (2019/20: £2.840m) was received in relation to the loan during 2020/21.

A further loan was made to BWHUK in 2005/06 for £21.500m. The unsecured loan was advanced on 13 July 2005, under an agreement dated 10 June 2005, out of proceeds of the Artesian loan entered into in that year. The loan is due for repayment on 30 September 2032 and bears a fixed interest rate of 5.550%. On 31 March 2021 BWHUK repaid £4.438m of this loan to Bristol Water plc. As at 31 March 2021 the balance remaining is £14.062m (2020:18.500m). Interest income of £1.027m (£1.193m: 2019/20) was received in relation to the loan in 2020/21.

There is a provision in both the loans that BWHUK may defer an interest payment. Interest will be payable on deferred interest as if it were a further loan, at 1% higher than the loan interest rate. This facility has never been invoked.

The sum of £0.411m (2020/21: £0.411m) is included within the debtors in respect of amounts advanced to BWBSL, a joint venture company between BWH, a parent company, and Wessex Water Services Limited, to fund the purchase of tangible assets. This amount has no fixed repayment date.

ANNUAL PERFORMANCE REPORT

Independent Auditors' report to the Water Services Regulation Authority (the WSRA) and the Directors of Bristol Water Plc

Report on the Regulatory Accounting Statements contained within the Annual Performance Report

Opinion on Annual Performance Report
In our opinion, Bristol Water Plc's Regulatory Accounting Statements within the Annual Performance Report (the Regulatory Accountings Statements) have been prepared, in all material respects, in accordance with Condition F, the Regulatory Accounting Guidelines issued by the WSRA (RAG 1.09, RAG 2.08, RAG 3.12, RAG 4.09 and RAG 5.07) and the accounting policies (including the Company's published [accounting methodology statement(s), as defined in RAG 3.12, appendix 2]) set out on page 22.

What we have audited
The tables within Bristol Water Plc's Annual Performance Report that we have audited ("the Regulatory Accounting Statements") comprise:

- the regulatory financial reporting tables comprising the income statement (table 1A), the statement of comprehensive income (table 1B), the statement of financial position (table 1C), the statement of cash flows (table 1D), the net debt analysis (table 1E), the financial flows (table 1F) and the related notes; and
- the price review and other segmental reporting tables comprising the segmental income statement (table 2A), the totex analysis for wholesale water (table 2B), the cost analysis for retail (table 2C), the historic cost analysis of tangible fixed assets for wholesale and retail (table 2D), the analysis of capital contributions and land sales for water resources and water network (table 2E), the residential water revenues (table 2F), the revenue analysis & wholesale control reconciliation (table 2I), the infrastructure network reinforcement costs (table 2J), the infrastructure charges reconciliation (table 2K), the analysis of land sales (table 2L), the revenue reconciliation for wholesale (table 2M), residential retail social tariffs (table 2N) and historical cost analysis of intangible fixed assets (table 2O) and the related notes.

We have not audited the Outcome performance tables (tables 3A to 3I) and the additional regulatory information in tables 4A to 4R, 5A-5B, 6A-6D and 9A.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800, and applicable law, except as stated in the section on Auditors' responsibilities for the audit of the Annual Performance Report below, and having regard to the guidance contained in ICAEW Technical Release Tech 02/16 AAF 'Reporting to Regulators on Regulatory Accounts' issued by the Institute of Chartered Accountants in England & Wales.

Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Regulatory Accounting Statements within the Annual Performance Report section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit, including the Financial Reporting Council's (FRC's) Ethical Standard as applied to public interest entities, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – special purpose basis of preparation
We draw attention to the fact that the Regulatory Accounting Statements have been prepared in accordance with a special purpose framework, Condition F, the Regulatory Accounting Guidelines, the accounting policies (including the Company's published accounting methodology statement(s), as defined in RAG 3.12, appendix 2) set out in the statement of accounting policies and under the historical cost convention. The nature, form and content of the Regulatory Accounting Statements are determined by the WSRA. It is not appropriate for us to assess whether the nature of the information being reported upon is suitable or appropriate for the WSRA's purpose. Accordingly we make no such assessment. In addition, we are not required to assess whether the methods of cost allocation set out in the accounting methodology statement are appropriate to the circumstances of the Company or whether they meet the requirements of the WSRA.

The Regulatory Accounting Statements are separate from the statutory financial statements of the Company and have not been prepared under the basis of United Kingdom Generally Accepted Accounting Practice ("UK GAAP"). Financial information other than that prepared on the basis of UK GAAP does not necessarily represent a true and fair view of the financial performance or financial position of a company as shown in statutory financial statements prepared in accordance with the Companies Act 2006.

The Regulatory Accounting Statements on pages 22-211 have been drawn up in accordance with Regulatory Accounting Guidelines with a number of departures from UK GAAP. A summary of the effect of these departures from Generally Accepted Accounting Practice in the Company's statutory financial statements is included in the tables within section 1.

Our opinion is not modified in respect of this matter.

Conclusions relating to going concern
Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Considering whether the entity is able to meet liabilities as they fall due over the a period of at least the next 12 months; and
- Reviewing the going concern assessment of the company, including the cash flow forecasts, availability of bank facilities and forecast bank covenant compliance.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the Regulatory Accounting Statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the Regulatory Accounting Statements is appropriate. However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information
The other information comprises all of the information in the Annual Performance Report other than the Regulatory Accounting Statements our auditors' report thereon. The directors are responsible for the other information. Our opinion on the Regulatory Accounting Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Regulatory Accounting Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Regulatory Accounting Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Regulatory Accounting Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report based on these responsibilities.

ANNUAL PERFORMANCE REPORT

Responsibilities of the Directors for the Annual Performance Report

As explained more fully in the Statement of Directors' Responsibilities set out on page 32, the directors are responsible for the preparation of the Annual Performance Report in accordance with Condition F, the Regulatory Accounting Guidelines issued by the WSRA and the Company's accounting policies (including the Company's published accounting methodology statement(s), as defined in RAG 3.12, appendix 2).

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of the Annual Performance Report that is free from material misstatement, whether due to fraud or error.

In preparing the Annual Performance Report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the Audit of the Regulatory Accounting Statements within the Annual Performance Report

Our objectives are to obtain reasonable assurance about whether the Regulatory Accounting Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Regulatory Accounting Statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the Regulatory Accounting Statements. These included Regulatory Accounting Guidelines as issued by the WRSA, UK Companies Act, pensions legislation and UK tax legislation; and
- do not have a direct effect on the Regulatory Accounting Statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's operating licence, regulatory solvency requirements and environmental regulations.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- Discussions with management, in house legal counsel and the members of the Audit and Risk Assurance Committee, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries that met our predefined risk criteria, in particular journal entries posted with unusual account combinations; and
- Incorporated an element of unpredictability to our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Regulatory Accounting Statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the Regulatory Accounting Statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this report

This report is made, on terms that have been agreed, solely to the Company and the WSRA in order to meet the requirements of Condition F of the Instrument of Appointment granted by the Secretary of State for the Environment to the Company as a water and sewage undertaker under the Water Industry Act 1991 ("Condition F"). Our audit work has been undertaken so that we might state to the Company and the WSRA those matters that we have agreed to state to them in our report, in order (a) to assist the Company to meet its obligation under Condition F to procure such a report and (b) to facilitate the carrying out by the WSRA of its regulatory functions, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the WRSA, for our audit work, for this report or for the opinions we have formed.

Our opinion on the Regulatory Accounting Statements is separate from our opinion on the statutory financial statements of the Company for the year ended 31 March 2021 on which we reported on 08 July 2021, which are prepared for a different purpose. Our audit report in relation to the statutory financial statements of the Company (our "Statutory audit") was made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our Statutory audit work was undertaken so that we might state to the Company's members those matters we are required to state to them in a statutory audit report and for no other purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume responsibility for any other purpose or to any other person to whom our Statutory audit report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
09 July 2021

ANNUAL PERFORMANCE REPORT

Directors' Remuneration report

Annual Statement by Jim McAuliffe, Chair of the Remuneration Committee

Introduction

I am pleased to present, on behalf of the Board, our Directors' Remuneration Report in respect of the year ended 31 March 2021 together with our approach to remuneration for Executive Directors for 2021/22.

This report has been prepared under the principles of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 governing the content of remuneration reports and the provision of the Companies Act 2006, as amended by the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) regulations 2019.

The Board has reviewed the Company's compliance with its policy on remuneration-related matters. It is the opinion of the Board that the Company complied with all remuneration-related aspects of this policy during the year as detailed in the table below.

Key matters

The year under review was the first in the current five-year regulatory cycle, and therefore an important year for delivery of the Company's commitments. The Company implemented a new organisation structure and started to embed new ways of working.

During the year the Company undertook a referral of its Ofwat 2019 Price Review Final Determination result to the CMA and this was led by Mel Karam, CEO whilst Laura Flowerdew, CFO stepped up to act as the Deputy CEO.

We continued to be faced with the challenge of the global COVID-19 pandemic which affected every part of society and the economy both in the United Kingdom and globally. The Company responded vigorously to this challenge throughout the year, prioritising the safety and wellbeing of its employees and customers, focusing particularly on essential services. Inevitably the COVID-19 pandemic impacted on the way in which the Company served its customers, and in some cases resulted in non-essential services being suspended and a small number of employees being placed on furlough. Since the end of the financial year, the Company has repaid all sums received from Government in relation to staff placed on furlough.

The long-term impact of the pandemic on the Company and the extent to which its effects will continue to impact the Company are being carefully monitored but have resulted in a change in customer behaviours and their financial position, which has notably impacted revenue trends and bad debt levels. The impact will continue to be felt in 2021/22 and beyond.

The Remuneration Committee was therefore particularly aware of the need to ensure that it exercised its judgment and discretion wisely in relation to remuneration levels and awards in 2020/21.

The Committee continues to ensure our remuneration framework supports the strategic direction of the Company. As part of its work over the last 12 months the Committee has reviewed the Directors' Remuneration Policy. Details of the changes made are set out on page 220.

The Committee has also undertaken a review its Terms of Reference. A small number of changes have been made, and these are reflected in the updated Terms of Reference which are available on the Bristol Water website.

This section summarises the key matters considered by the Committee and decisions made during the year.

- **Salary** – consultation with representatives of the recognised trade union GMB took place and after negotiation an increase of 1.75% for all employees, up to and including Senior Leadership Team level (SLT), was agreed for the year commencing 1 April 2021. A further £500 non-consolidated payment was made to each employee in order to offset the pay freeze in 2020. The Executive Management Team received a 1.5% increase effective from 1 April 2021.

- **Annual employee bonus** – the Committee gave consideration to the objectives and targets of the Company's annual bonus scheme for 2020/21, in which employees (with the exception of the CEO Mel Karam, the CFO, Laura Flowerdew, and Chief Operating Officer) participated during the year. The committee feel it is appropriate to pay employees their annual bonus for 2020/21 in line with the scheme rules, in recognition of the commitment and hard work in responding to the COVID-19 pandemic, as well as their continued commitment and dedication whilst the Company has continued with its transformation programme, which impacted on staff considerably over the past 12 months.

- **Long Term Incentive Plan ("LTIP")** – during the year the Committee finalised the Measures and Targets which comprise the 2020 – 2023 LTIP. A summary of the agreed measures is included within the Directors' remuneration policy on page 222.

- **Annual CEO/CFO Incentive Plan** – the following sets out the annual bonus payments for Executive Directors awarded in respect of 2020/21 pursuant to the Annual Cash Incentive Plan ("ACIP") 2020/21. A summary of the annual bonus performance measures and the extent to which performance was achieved is set out on pages 228-231.

- **Pension** – the Company continues to operate a company stakeholder (defined contribution) scheme. All employees of the Company are enrolled in this scheme with employer contributions (to a maximum employer contribution of 6%), unless they have opted out.

- **LTIP** – With effect from the beginning of AMP7, a new three-year LTIP was put in place. The first period for measurement covers 1 April 2020 to 31 March 2023.

  The 2020-2023 LTIP performance measures are designed to ensure alignment between executive remuneration and customer outcomes. There is no linkage to shareholder dividends. Across service performance, financial efficiency, and wider customer experience, measures relating to customer outcomes will account for over 80% of the maximum total LTIP award.



Directors	Proportion of maximum bonus achieved	Bonus Payment
Mel Karam - CEO	57.8%	£83,389
Laura Flowerdew - CFO	57.0%	£52,725

ANNUAL PERFORMANCE REPORT

Directors' Remuneration report

- **Departing Directors** – There were no departing Directors during the year. Paul Francis, INED, will step down from the Board on 24 June 2021 and due to the completion of the Pennon Acquisition on 3 June 2021 Paul Malan, Indradoot Dhar and Hajime Ichishi resigned from the Board.
- **New appointments** – There were no new appointments during the year. With the completion of the Pennon Acquisition on 3 June 2021 Paul Boote, Neil Cooper and Iain Evans were appointed to the Board as Pennon Group designated NEDs.
- **Implementation of remuneration policy in respect of 2020/21** – There was a change to the remuneration for the CFO which took effect from 1 April 2020 whilst acting as Deputy CEO for a period of nine months, as set out in the table on page 238.
- **Remuneration and Standards of Performance** NEDs' basic salary is not linked to performance targets. However, the annual bonuses awarded and payable by the Company to employees under the 2020/21 ACIP (in relation to the CEO and CFO), and longer term awards under the 2020–2023 LTIP are based on performance against certain targets linked to the standards of performance of the Company. Details of bonus outcomes and performance for 2020/21 can be found on pages 228-231.

Jim McAuliffe
Remuneration Committee Chairman
9 July 2021

Role and composition of the Remuneration Committee

The Committee makes recommendations to the Board on the overall remuneration strategy, and on the remuneration of the Executive Directors and senior executives of the Company, in consultation with the Chairman and/or CEO as appropriate.

The membership of the Committee during the year comprised Jim McAuliffe, Chair, Jeremy Bending, Paul Francis (resigned 24 June 2021), Paul Malan (resigned 3 June 2021), Tim Tutton and Hajime Ichishi (resigned 3 June 2021).

Member's biographies are given on pages 53-55 of the Company's Annual Report and Financial Statements. The Company Secretary is secretary to the Committee.

The Committee is formally constituted with written terms of reference. A copy of the terms of reference is available on the Company's website.

During the year the CEO, Head of HR and Company Secretary provided advice and services to the Committee. Deloitte were appointed by the Committee to provide guidance in relation to the review and updating of the Executive Directors' Remuneration Policy and the review of the Committee's Terms of Reference. Deloitte were selected after a tender process involving a number of other advisors. The total fees paid to Deloitte in the year for services to the Committee were £4,500 (2020: £nil). Fees charged by Deloitte are on a time and material basis and no other service is provided by Deloitte to Bristol Water.

Deloitte is a member of the Remuneration Consultants' Group and adheres to its code in relation to remuneration consulting in the UK. The Committee is satisfied that the advice received from Deloitte was independent. No director played a part in any decisions about his or her own remuneration. No Committee member has any personal financial interest or conflict of interest arising from cross-directorships or from day-to-day involvement in running the business.

Executive Directors' remuneration policy

The key principle underpinning remuneration policy is to offer remuneration packages which are at an appropriate level to attract, motivate and retain Directors and senior managers of the calibre needed to execute the Company's business strategy. This is important for the delivery of a consistently high-quality service to customers and a sound, sustainable financial performance.

The Committee's approach on incentives is for any annual bonus to be aligned to the Company's performance against its strategic and business objectives for the year, and for the performance targets of any LTIP scheme to be based on the longer term strategic and sustainable success of the business in the current regulatory environment.



Members of the Committee	Meetings attended	Max Possible
J McAuliffe, Chair	7	7
P Francis, INED	7	7
J Bending, INED	7	7
T Tutton, INED	7	7
H Ichishi, NED	6	7
P Malan, NED	7	7

Directors' Remuneration report

Changes to the policy

The Committee reviewed the remuneration policy in the year, considering best practice approaches in the water sector and UK listed companies, and the context of AMP7 and the interests of our customers. Taking these factors into account the Committee has approved the following changes:

- Including the finalised terms of the 2020 - 2023 LTIP. Details of award opportunities and performance conditions are set out in the policy.
- Outlining the Committee's discretion over bonus and LTIP outcomes, in accordance with the UK Corporate Governance Code.
- Updating the malus and clawback circumstances for annual bonus awards and awards under the 2020 - 2023 LTIP.

In determining these changes, the Committee has considered the following principles, as outlined in the UK Corporate Governance Code:

- **Clarity** – The Policy is designed to support the financial and strategic objectives of the Company, taking into account UK corporate governance expectations. The Committee is committed to providing open and transparent disclosure of our approach to Directors' pay.
- **Simplicity** – The remuneration structure is simple, comprising three main elements: fixed pay (base salary, pension and benefits), annual bonus to incentivise stretching single year performance, and LTIP awards to incentivise stretching multi-year performance.
- **Risk** – The Committee is mindful of ensuring that incentive arrangements do not encourage excessive risk taking. The Committee follows a robust process when setting performance targets to ensure that targets are sufficiently stretching and balanced.
- **Predictability** – The Policy sets out the maximum opportunity levels for different elements of pay. Page 224 contains charts illustrating the implementation of the Remuneration Policy for Executive Directors under three performance scenarios.
- **Proportionality** – Payment of the annual bonus and awards under the LTIP are subject to the achievement of stretching performance targets. The targets are considered annually and take account of expectations and strategic priorities at the time. The Committee also retains the right to apply discretion where these outcomes do not accurately reflect the performance of the Company.
- **Alignment to culture** – The Remuneration Policy has been developed in order to align the interests of the Directors with the interests of the Company's shareholders and customers.



Summary of Directors' remuneration policy

The table below sets out the Company's remuneration policy for the year ended 31 March 2022

Remuneration element and link to strategy	Approach and link to performance	Maximum opportunity
Base Salary To attract and retain high performing individuals reflecting market value of role and Director's skills, experience and performance.	Salaries are reviewed at the discretion of the Committee. Factors taken into account when determining basic annual salary levels are market data for comparable companies, the individual Executive Director's performance during the year and pay and conditions throughout the Company.	Base salary increases are applied in line with the outcome of any Company-wide annual pay award following a review conducted by the Committee in consultation with trade unions. Increases will normally be in-line with the increases awarded to the rest of the Company workforce.
Annual Bonus To drive and reward performance against personal objectives and selected financial and operational KPIs which are linked directly with business strategy and customer outcomes.	Annual bonus is based: - 80% on achieving certain business objectives; and - 20% on the achievement of role specific strategic objectives. Business objectives include customer service and operational targets set around measurable outcomes which the Company believes are important to customers such as water quality, leakage target compliance, minimising interruptions to supply and the Ofwat customer service measure, C-MeX. Bonus scheme targets are set annually by the Committee. Any final bonus payment based on performance against targets can be adjusted up or down (including to zero) by the Committee at its discretion. Awards may be subject to malus and clawback provisions as described below.	Maximum of: ▪ 60% of Base Salary for the CEO ▪ 50% of Base Salary for the CFO.

Directors' Remuneration report

LTIP Incentivise long-term delivery of safe, excellent quality water, outstanding customer service and achievement of financial objectives. Align CEO and CFO long-term interests with those of customers, long-term shareholders and other stakeholders.	LTIP awards for the AMP7 period 1 April 2020 to 31 March 2025 are based on multi-year performance periods of at least two years. LTIP awards are based on the Company's performance against long term strategic goals of the Company including customer outcomes. Performance measures with relative weightings, for the 2020 – 2023 LTIP, are: - 35% ODI performance; - 30% Totex performance; - 20% C-MeX performance; - 15% Health & Safety performance. 100% of each element is payable for maximum performance and 0% is payable for performance below threshold. The Committee has set specific pay-out levels between these points. Any LTIP payment based on performance against targets can be adjusted up or down (including to zero) by the Committee at its discretion if it decides that the outcome does not reflect overall business performance over the Performance Period. The Committee may also apply its discretion to reduce the level of any payment (including to zero) if either the Company's credit rating at the time performance measures are assessed is not at an acceptable level, or the Company's approach to cost efficiency during the Performance Period has not been appropriate. 50% of any LTIP earned will be paid within 75 days after the end of the performance period, with the remaining 50% paid one year after the end of the performance period. Awards may be subject to malus and clawback as described below. Awards are cash based. There is no share option scheme in operation.	For each award, the maximum opportunity will be set based on the number of years in the performance period. The maximum award for each year of the performance period will be: ▪ 70% of Base Salary for the CEO ▪ 50% of Base Salary for the CFO The targets for the performance conditions are commercially sensitive and are not currently disclosed.
Pension Attract and retain high performing individuals reflecting market value of role and Director's skills, experience and performance.	Pension contributions are made to the Company stakeholder schemes at a specified percentage of basic salary. The Committee may also, at its discretion, approve the payment of cash in lieu of pension up to the maximum contribution level.	Maximum Employer contribution of 6% of base salary.
Benefits Attract and retain high performing individuals reflecting market value of role and Director's skills, experience and performance.	Reflecting market practice and comprising the provision of a Company car (or cash allowance in lieu thereof) and private medical insurance.	N/A

Malus and clawback provisions

The ACIP and the AMP7 LTIP are subject to 'malus' and 'clawback' provisions as set out below:

ACIP	2020 - 2023 LTIP
Prior to the second anniversary of the payment date for the Annual Bonus the Committee may require repayment of all or part of the bonus in the event of: (i) a material misstatement of any Group company's financial results due to fraud, wilful misconduct or negligence and that such misstatement resulted either directly or indirectly in the payment of the bonus being higher than would have been the case had that misstatement not been made; or (ii) a material error in assessing a Performance Condition or in the information or assumptions that formed the basis of a bonus payment; or (iii) an individual ceases to be an employee as a result of their gross misconduct (or commits acts the Committee which could have been considered to be gross misconduct) in the year to which the bonus related; or (iv) the relevant individual commits a criminal offence in the year to which the bonus related and which results in a custodial sentence.	Prior to the vesting of an LTIP award the Committee may determine that the award is reduced (including to zero), or the basis is amended, or that additional conditions are placed on an award in the event of: (i) a material misstatement of any group company's financial results; (ii) a material error in assessing a Performance Condition or in the information or assumptions on which the Award was granted; (iii) a material failure of risk management in any group company; (iv) serious misconduct on the part of the Participant; (v) a breach of fiduciary duty owed by the Participant to the Company or its shareholders; (vi) the identification by Ofwat of a significant failure in operations or risk management; (vii) serious reputational damage to the Company; or (viii) any other event or circumstances which the Committee in its discretion reasonably considers to be similar in their material nature or material effect to those above. Prior to the second anniversary of the end of the LTIP performance period the Committee may require repayment of all or part of the award payment in the event of (i) to (vi) above occurring.



Directors' Remuneration report

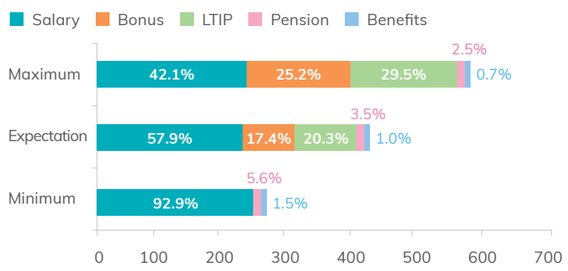
Remuneration in different performance scenarios

In line with the Remuneration Reporting Regulations requirements, the chart below illustrates the CEO's and CFO's remuneration packages under three different performance scenarios: Minimum, performance in-line with expectations and Maximum.

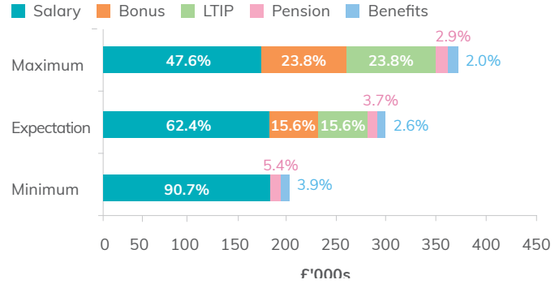
The chart has been based on the following assumptions:

- Minimum = fixed pay (base salary, benefits and pension)
- In-line with expectations = fixed pay plus 50% of maximum bonus pay-out and 50% pay-out under the LTIP which has accrued in the year.
- Maximum = fixed pay plus 100% of bonus pay-out and 100% LTIP pay-out. It is the opinion of the Committee that the maximum level is highly unlikely to be reached given the stretching nature of the targets set.
- Salary levels (on which other elements of the package are calculated) are based on those applying on 1 April 2021. Bonus, LTIP, Pension and Benefits are calculated based on the remuneration policy in place for 2021/22. The value of taxable benefits as disclosed is the single figure for the year ending 31 March 2021. Pension is based on a fixed percentage of base salary linked to employee contribution up to a maximum employer contribution of 6%.

M Karam: Chief Executive Officer



L Flowerdew: Chief Financial Officer



Remuneration policy for the appointment of new Executive Directors

When recruiting an Executive Director, the Committee aims to offer a package in line with the policy outlined above. However, the Committee retains discretion to make a proposal which is outside the standard terms in order to secure the appointment of the right calibre of individual. In determining the appropriate arrangements, the Committee retains the right to benchmark the role against other similar positions in the wider market and may take into account any other relevant factors.

The Committee may also make arrangements to compensate the new Executive Director for "loss" of existing remuneration benefits when leaving a previous employer. In doing so, the Committee takes account of the form in which the previous remuneration was granted, the relevant performance conditions and the length of the time which the performance periods have remaining.

Directors' appointments

The dates of each of the Directors' original appointment and expiry of current term are as follows:

Directors	Employment contract date	Expiry of current term*	Next AGM at which the director will stand for re-election	Notice period
Executive Directors				
M Karam	1 April 2017	Indeterminate, 6 months' notice period	2021	Rolling 6 months
L Flowerdew	1 October 2018	Indeterminate, 6 months' notice period	2021	Rolling 6 months
NEDs	**Date appointed to the Board**			
K Ludeman	26 July 2012	10 September 2021	2021	1 month
T Tutton	1 January 2015	22 June 2021	2021	1 month
H Ichishi	10 May 2012	10 September 2021	N/A**	1 month
P Malan	7 July 2016	30 September 2021	N/A**	1 month
I Dhar	8 May 2018	30 September 2021	N/A**	1 month
P Francis	25 June 2018	25 June 2021	N/A**	1 month
J Bending	25 October 2018	25 October 2021	2021	1 month
J McAuliffe	29 November 2018	29 November 2021	2021	1 month

* Subject to requirement for annual AGM re-election in accordance with the UK Corporate Governance Code
** P Malan, I Dhar and H Ichishi resigned on 3 June 2021 and P Francis stepped down on 24 June 2021

In accordance with the UK Corporate Governance Code, Directors will stand for re-election annually.

The notice periods disclosed above are considered by the Committee to be suitable given the nature of each role and each Director's function within the business.

Upon loss of office, a Director will normally be entitled to salary and benefits during their notice period subject, however, to the Company's right to exercise discretion having regard to the individual's performance during the period of qualifying service and the circumstances contributing to the loss of office.

Where an executive leaves the Company, they would normally forfeit entitlement to any future bonus payment. In certain circumstances, however, the Committee may determine that it is appropriate for an Executive Director to continue to receive an annual bonus for the year of departure. Such payment would normally be pro-rated to reflect the period in employment, based on the extent to which performance against objectives is achieved and paid at the usual time. The Committee may determine that an alternative treatment should apply.

ANNUAL PERFORMANCE REPORT

Directors' Remuneration report

Under the 2020 - 2023 LTIP, executives would normally forfeit entitlement to payments under that LTIP unless defined as a 'Good Leaver' which includes: injury, disability, ill-health, or death; redundancy (within the meaning of the Employment Rights Act 1996); retirement as determined by the relevant group company; or any other reason the Committee determines in its absolute discretion. If the executive is a Good Leaver then they would normally continue to be entitled to a payment under the plan based on the proportion of the performance period they have been in employment and the extent to which the performance conditions have been met.

Payments would be made at the normal time. The Committee retains discretion that an alternative treatment should apply in accordance with the plan rules.

Directors' contracts do not provide for other compensation payable on early termination.

Remuneration policy for NEDs

The remuneration of the INEDs, other than the Chairman, is determined by the Board following consultation between the Chairman and the CEO. The Chairman's fee is determined by the Board, following consultation between the Committee and the CEO.

Fees are set taking into account market evidence of fees paid to NEDs in companies of comparable size and on the time required for the proper performance of the role. Additional responsibilities are also taken into account. No Director votes in respect of his own remuneration.

NEDs do not have contracts of employment, do not participate in the Company designated pension schemes or incentive schemes and do not receive any benefits. NEDs are paid reasonable expenses and the Company may settle any tax arising in relation to such expenses. The terms of appointment do not entitle NEDs to receive compensation in the event of early termination of their appointment.

Fees for any newly appointed NED would be in-line with the above policy. The table below sets out our current policy in relation to fees paid to NED. A 1.5% increase has been applied to the fees payable to NEDs for 2021/22.



Position held by NED	Fee
Chairman of the Board	£103,022
Chair of ARAC	£44,588
Chair of Remuneration Committee	£42,088
Chair of Safety Committee	£42,088
Additional fee for role of Senior INED	£2,030
Independent NED	£37,088

Paul Malan, Indradoot Dhar and Hajime Ichishi are shareholder designated NEDs and receive no remuneration.

Shareholder and employee input in setting remuneration policy

The Committee is aware of the need to set performance targets which inter alia, align the interests of the executive team with those of the Company's shareholders. The Committee has assistance in setting this vital alignment as certain Committee members represent the Company's shareholders. As the shareholders are represented on the Committee, and therefore their views are taken into account in the Committee meetings, the AGM does not review the details of remuneration policy separately.

The Committee does not consider it appropriate to consult with the general workforce on matters of executive remuneration, but it has regard to the levels of remuneration throughout the workforce when considering pay for Executive Directors to achieve an appropriate balance.

Relative importance of spend on pay

The Committee is aware of the importance of pay across the Company in delivering the Company's strategy and of the level of executive remuneration in relation to other cash disbursements. The table below shows the relationship between the Company's financial performance, payments made to shareholders and expenditure on payroll. Data for the EBITDA and PBT are derived from the financial statements on pages 118-155.

The base level dividend in both 2021 and 2020 was paid to Bristol Water Core Holdings Limited and ultimately the funds returned to Bristol Water plc by way of partial repayment of an outstanding intercompany loan.

Application of remuneration policy in 2020/21

This section has been prepared under the principles of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The information has been audited as indicated.

	Year ended 31 March 2021		Year ended 31 March 2020
	£m	Change compared to prior year %	£m
EBITDA	48.6	2.93%	47.2
PBT	8.9	-2.01%	9.1
Payments to shareholders:			
Base level dividends	4.4	46.67%	3.0
Intercompany interest related dividends	1.6	-51.52%	3.3
Payments to employees:			
Wages and salaries excluding Directors	21.2	-0.03%	21.2
Wages and salaries including Directors	22.1	-0.90%	22.3

Directors' Remuneration report

Single total figure for remuneration of Executive Directors for 2020/21 (audited)

	M Karam		L Flowerdew	
All figures in £'000	2020/21	2019/20	2020/21	2019/20
Salary/fees	240	240	204	152
Bonus	83	107	53	34
Benefit	4	4	8	8
Pension	14	-	11	9
Single Figure Pre-LTIP	341	351	277	203
Change since prior year	(2.8%)	-	36.5%	-
LTIP		-		-
Single Figure	341	351	277	203

The pension figure for M Karam 6% of base salary in lieu of pension contributions which is paid direct to him on a monthly basis.

The salary figure for L Flowerdew includes an amount of £18,750 to cover the period during which Ms Flowerdew acted as Deputy CEO.

Bonus includes amounts earned based on performance during 2020/21, which have been accrued and approved, but not paid as at 31 March 2021 and relates to the period served as a Director. Included within the Financial Statements is an accrual for the 2020 - 2023 LTIP; however, this is not shown above as the LTIP has not vested in the period and awards in relation to the LTIP are dependent on the performance in future years. The LTIP shown is the cash payment received for the AMP6 LTIP in the current year. 50% of the total due was paid in 2020/21 and the remaining 50% will be paid in 2021/22.

Salary (audited)

A salary review conducted during 2019/20 resulted in a pay freeze effective from April 2020 for all employees.

ACIP annual bonus for 2020/21 (audited)

The maximum opportunity under the 2020/21 ACIP for the year ended 31 March 2021 is 60% of base salary for the CEO (2020: 60%) and 50% of base salary for the CFO (2020: 30%).

The table below represents the business performance measures which form 80% of the basis of the bonus. The achievement of the performance measures has been reviewed, with appropriate input from the Remuneration Committee, following the end of the 2020/21 financial year. The maximum 2020/21 bonus opportunity against each of the main performance measures is shown below together with the award actually received.

Category	Category Weighting	Sub category	% of Total	Measure	Target	Performance	Score CEO/CFO	Weighted score CEO/CFO
Health & Safety	10.0%	1.1 Accident Frequency Rate ("AFR") - employees	5%	AFR = (No. of accidents x 100,000) / (No. of hours worked) [employees]. Based on a 12-month rolling period.	1.75	2.3	0%	0.0%/ 0.0%
		1.2 AFR - contractor	5%	AFR = (No. of accidents x 100,000) / (No. of hours worked) [contractors]. Based on a 12-month rolling period.	2.09	1.77	100%	5.0%/ 5.0%
Financial	15.0%	2.1 Budgeted Opex	15%	Budgeted Opex of £68.64m subject to approval at Board. Judgement to be taken by Remuneration Committee on any major variations – either overspend or underspend including where there is a decision to invest further than budget envisaged.	£68.64m	£71m	40%	6.0%/ 6.0%
Outcome Delivery Incentives	30.0%	3.1 Negative Water Quality Contacts	10%	The total number of customer contacts received (by telephone, letter or email) about the appearance, taste or odour of water during the year.	0.83	1.412	55%/52%	5.5%/ 5.2%
		3.2 Supply Interruptions	10%	The length of time customers are without a continuous water supply, where the duration is greater than three hours	6.30	30	0%	0.0%/ 0.0%
		3.3 Leakage	10%	Actual reported Leakage figure using the updated actual NHHNU.	36.5	35.52	95%/ 90%	9.5%/ 9.0%
Customer Service	15.0%	C-MeX Ranking	15%	C-MeX position.	5th	6th	70%	10.5%/ 10.5%
PR19	10.0%	5.1 Improvement in Employee Engagement Score	5%	Improvement in Employee Engagement Score (from 65%)	3%	0%	0%	0%/ 0%
		5.2 Volunteering	5%	Employees who engage in at least two community engagement or volunteering activities related to Our Social Contract (%)	50%	47%	67%	3.3%/ 3.3%

Directors' Remuneration report

In addition to these performance measures, the remaining 20% of each Executive Director's bonus is based on role-specific measures. During the year under review, role-specific objectives for each Executive Director were set as per the table below.

Mel Karam	Laura Flowerdew
Personal factor score out of 10 determined by the Board, having regard to the recommendation of the Committee, including performance on the following key criteria: ▪ Resilience and Environment – Delivery of Resilience Action Plan and Biodiversity Action Plan according to business planning process ▪ Transformation – Delivery of key milestones as reported to and signed off by the Board ▪ CMA referral – Effective and efficient conclusion to the project as decided by the Steering Group ▪ Reputation – Continue to lead Bristol Water such that its standing in the water industry is further enhanced	Personal factor score out of 10 determined by the CEO including performance on the following key criteria: ▪ Transformation – Lead and deliver key milestones of transformation programme to result in achieving annualised cost reductions to target reaching financial run rate by 31 March 2021 ▪ CMA referral – Support the CMA re-determination process in capacity as CFO, including providing support to key milestones (site visit, panel hearing etc) ▪ Business planning cycle – Continue development of business planning cycle, including continuous improvement in budget and forecasting and alignment of capital planning with Asset Management processes ▪ Risk and assurance – Continue to develop the risk management and assurance processes to consolidate risk management across the business

The 2020/21 financial year was an exceptional year for the Company, dealing with the challenges of repositioning the Company for the current regulatory performance period, managing the CMA referral process as well as dealing with the impact of the COVID-19 pandemic on the business.

During the period April 2020 to December 2020 Mel Karam focused on the CMA referral process, leading on the Company submissions to CMA, taking part in CMA panel hearings and the required process interactions. The outcome of the CMA decision published in March 2021 was very positive for the Company, resulting in almost full reinstatement of Company Business Plan revenue, cost and performance criteria. The professionalism demonstrated by the Company under Mel's leadership throughout the process was also seen by stakeholders as a positive demonstration of the core values of the Company, enhancing our reputation.

Laura Flowerdew acted as Deputy CEO during the period April to December 2020, leading on day-to-day operation of the business whilst Mel focused on the CMA referral process. Laura also led our Transformation programme throughout the year, leading organisational changes and re-alignment of the business, which have resulted in substantial reductions in underlying operating costs whilst improving operational performance across a number a number of areas including leakage reduction and customer measures of experience. These changes will underpin the delivery of our ambitious plans over the coming years.

Performance against these objectives, together with business performance and bonus scheme entitlement, dictates the amount of bonus awarded. Both CEO and CFO have been assessed as achieving 9 out of 10 on personal objectives.

The resulting bonus awards, after assessment of personal and business performance elements, for the full year were:

M Karam
57.8% of maximum bonus entitlement, i.e. 34.7% of year end base salary

Laura Flowerdew
57.0% of maximum bonus entitlement, i.e. 28.5% of year end base salary

Mel Karam's and Laura Flowerdew's bonus was based on their salary at the end of the year.

The Committee determined that the level of bonus awards above were appropriate, reflecting the levels of performance achieved against the strategic objectives during the year.

2020 - 2023 LTIP (audited)

The maximum opportunity for the CEO under the 2020 - 2023 LTIP was 70% of base salary for each year of participation in the plan, and 50% of base salary per year of participation for the CFO. The table below sets out the performance measures comprising the 2020 - 2023 LTIP.

Benefits (audited)

For Executive Directors, benefits include the provision of a Company car or equivalent cash allowance, and private medical insurance. Depending on the individual employee role, the benefits may include provision of Company car and fuel, car and fuel allowances, health care or child-care vouchers.

Pension arrangements (audited)

At 31 March 2021, no Director (2020: no Director) was accruing benefits under the Company's defined benefit pension scheme.

Mr Karam became a member of the Company designated stakeholder (smart) pension scheme in April 2017 until his decision to leave this scheme in January 2018, the Company made contributions equivalent to 6% of annual base salary to the scheme on Mr Karam's behalf. Contributions paid to the scheme for the financial year totalled £0 (2020: £nil).

Ms Flowerdew became a member of the Company designated stakeholder (smart) pension scheme on 1 October 2018 and contribution paid to the scheme for the financial year 2020/21 was £12,240 (2020: £9,135), an amount equivalent to 6% of annual base salary.

Interests in shares (audited)

During the year ended 31 March 2021 none of the Directors had any interest in the ordinary or preference shares of the Company.

Performance Measure	Description	Weighting
Totex	Achievement of defined total Totex targets.	30%
Outcome Delivery Incentives	Achievement in relation to net penalties/rewards for delivery against all Performance Commitments which attract a penalty/reward.	35%
C-MeX	Achievement of Ofwat C-MeX ranking in relation to other regulated water businesses.	20%
Health & Safety	Achievement of long-term Health & Safety targets, as measured against a defined Maturity Matrix.	15%
Total		**100%**

100% of each element is payable for maximum performance and 0% is payable for performance below threshold. The Committee has set specific pay-out levels between these points. These are designed to maximise ODI performance across the full suite of performance metrics set out in the CMA's Redetermination and based on the probability outcomes assessed as part of the business planning process. Similarly, Totex incentives align with the cost allowances set out in the Redetermination, whilst C-MeX is aligned with our target to be 5th in the industry for this metric. The health and safety targets are intended to incentivise continuous improvement in performance, as measured by an independent third party.

ANNUAL PERFORMANCE REPORT

Directors' Remuneration report

Single total figure for remuneration of NEDs for 2020/21 (audited)

	Salary/fees	
	2020/21 £'000	2019/20 £'000
K Ludeman (Chairman)	102	102
J McAuliffe	42	42
T Tutton	44	44
P Francis	44	44
J Bending	42	42
H Ichishi[2]	-	-
P Malan[2]	-	-
I Dhar[2]	-	-
Single Figure	274	274

[2] No remuneration has been paid by the Company.

The NEDs do not receive a bonus or any other benefits.

Change in CEO's Remuneration

The following table shows the total remuneration payable by the Company to the appointed CEO. In line with the Large and Medium-sized Companies Regulations 2008, this table shows 10 of the required 10 years of information, with the base year being 2012.

	Luis García						Mick Axtell	Total	Mel Karam			
	2012	2013	2014	2015	2016	2017[1]	2017[2]	2017	2018	2019	2020	2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base salary	156	185	189	194	194	173	42	215	230	237	240	240
Annual bonus												
Annual bonus	33	58	54	51	40	35	11	46	83	65	107	83
Annual bonus as proportion of salary	21%	31%	29%	27%	21%	24%	26%	21%	36%	28%	45%	35%
Maximum bonus achievable (as proportion of base salary)	36%	36%	36%	36%	36%	30%	30%	30%	60%	60%	60%	60%
Proportion of maximum bonus achieved	59%	87%	79%	73%	57%	81%	84%	87%	60%	46%	74%	58%
LTIP earned	-	-	48	187	-	-	-	-	-	-	193[3]	-
LTIP as proportion of salary	0%	0%	25%	96%	0%	0%	0%	0%	0%	0%	80%	0%
Benefits	8	9	9	10	11	8	1	9	36	14	4	4
Pension	-	-	6	12	12	10	2	12	10	-	-	14[4]
Total remuneration	197	252	306	454	257	226	56	282	359	316	544	341

1. The remuneration for 2016/17 reflects the fact that Mr Garcia resigned as CEO on 15 December 2016. It includes £27k for payments he was entitled to on leaving under his contract. His bonus was based on the salary excluding these amounts i.e. his salary pro-rated to the proportion of the year that he was in post (£145k).
2. The above table apportions Mick Axtell's remuneration to reflect the period that he was interim CEO from 16 December 2016 to 31 March 2017.
3. The figure shown under LTIP earned in 2020 for Mel Karam is the full amount of LTIP award covering the three years of Mr Karam's participation in the AMP6 LTIP and is paid in two equal instalments.
4. The figure shown under the Pension benefits for Mel Karam is a cash payment in lieu of pension.

Payments under the AMP5 LTIP were made in two equal instalments; the first instalment was paid on 31 December 2015 and the second instalment was paid on 25 November 2016. The AMP6 LTIP drew to a conclusion on 31 March 2020, with the first instalment paid in June 2020 and the second instalment paid in April 2021.

ANNUAL PERFORMANCE REPORT

Directors' Remuneration report

Percentage Change in Remuneration for the CEO Compared to all Employees

Salary – The salary paid to the individual undertaking the role of CEO for 2020/21 increased by 0.0% compared to 2019/20. There was no change to the average salary for other employees for 2020/21 compared to 2019/20.
Annual bonus – The bonus awarded to the CEO under the ACIP for 2020/21 decreased by 22.3% compared with the prior year (2020: increase of 64.8%). The total bonus paid to employees, excluding the CEO, for the period is £1.31m compared to £1.6m in 2019/20 a decrease of 22%. The average bonus per employee was £2,440 (2020: £2,815). The average bonus payment per employee for those in the lowest grade group for 2020/21 was £772 (2020: £784).
Benefits – Benefits, including benefits in kind, payable to the CEO increased by 7.8% for 2020/21 compared with the prior year (2019/20: decreased by 70.7%). Benefits payable to all other eligible staff have remained constant compared with the prior year (2019/20: constant).

Percentage Change in Remuneration for the CEO Compared to all Employees

Salary – The salary paid to the individual undertaking the role of CFO for 2020/21 increased by 21.5% compared to 2019/20. This increase followed an external review of executive remuneration undertaken on behalf of the Remuneration Committee. As noted above, Laura Flowerdew also received an additional payment during the period Ms Flowerdew acted as Deputy CEO. There was no change to the average salary for other employees for 2020/21 compared to 2019/20.
Annual bonus – The bonus awarded to the CFO under the ACIP for 2020/21 increased by 55% compared with the prior year (2019/20: increase of 65%). This percentage increase from 2018/19 is on a normalised basis as Laura Flowerdew joined Bristol Water on 1 October 2018, midway through the year.
Benefits – Benefits, including benefits in kind, payable to the CFO increased by 3.2% for 2020/21 compared with the prior year (2020: increased by 101.5%). Benefits payable to all other eligible staff have remained constant compared with the prior year (2020: constant).

Executive pay gap

This is the second year we have disclosed the CEO pay ratio, in line with reporting requirements which came into force last year. The information shows how the CEO's single total figure for remuneration compared to the equivalent figures for Bristol Water employees occupying the 25th, 50th and 75th percentile. In line with the majority of companies reporting this data, we have chosen Option A under the regulations, which takes account of the full-time equivalent basis for our employees. The CEO pay ratio is likely to be volatile, primarily as a result of the higher proportion of incentive-based pay earned by the CEO, compared to other employees. The figures for 2019/20 were impacted by the maturity of the AMP6 LTIP (the value of long term incentives, which reward performance over a number of years, is disclosed within pay in the year of vesting, which increases the CEO pay in that year). The figures in the table below therefore show the relevant ratios both including and excluding LTIP payments:

Executive Pay Gap

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020	Option A	15:1 (excluding LTIP) 23.4:1 (including LTIP)	11.3:1 (excluding LTIP) 17.5:1 (including LTIP)	7.6:1 (excluding LTIP) 11.8:1 (including LTIP)
2021	Option A	12.6:1	10.5:1	7.6:1

Executive Base Salary

Executive Director	Salary 2021/22
CEO Mel Karam	£244,060
CFO Laura Flowerdew	£187,775

How the remuneration policy will be applied in 2021/22

The remuneration policy as outlined above will be applied during 2021/22.

Salary

The CEO and CFO received an increase of 1.5% effected from 1 April 2021. The base salaries for Executive Directors for 2021/22 are as previous page.

Pension

With effect from 1 April 2020 Mel Karam has received a cash supplement equal to the level of Employer pension contributions in the Bristol Water Deferred Contribution scheme (6% of Base Salary) and this will continue in 2021/22. Laura Flowerdew will continue to benefit from contributions equivalent to 6% of Base Salary to the Defined Contribution scheme.

Annual bonus

The CEO and CFO will continue to participate in the separate ACIP. The maximum bonus for 2021/22 for the CEO is 60% of Base Salary reflecting the leadership required and criticality of the role. The maximum bonus opportunity for 2021/22 for the CFO is 50% of Base Salary.

The performance measures for the ACIP have been agreed as follows:

Measures	Weighting
Customer and ODI Performance measures	45%
Operating Costs	15%
People-related measures	10%
Health and Safety	10%
Role-specific	20%
Total	**100%**

The individual performance measures are not disclosed in advance as they are considered to be commercially sensitive. However, these are disclosed at the year end. Their achievement will be reviewed, with appropriate input from the Remuneration Committee at the end of the year.

2020 – 2023 LTIP

As noted earlier in this report, with effect from the start of the AMP7 period, the length of the LTIP has been reduced, and a three-year award has been made, effective 1 April 2020, and covering the period to 31 March 2023

Performance Measure	Weighting
Totex Performance	30%
ODI Performance Measures	35%
C-MeX	20%
Long Term Health & Safety	15%
Total	**100%**

The maximum payment under the 2020 - 2023 LTIP is 70% of Base Salary for each year of the performance period that the CEO is a participant and 50% of Base Salary for each year the CFO is a participant.

Within 60 days following the end of the Performance Period, the Committee shall determine the extent to which the Performance Condition has been achieved and shall determine the Award Payment (if any). 50% of any Payment due will be made within 75 days of the end of the Performance Period, with the remaining 50% paid 12 months from the end of the Performance Period.