

REPORTER'S SINGLE PAGE SUMMARY FOR THE PUBLIC DOMAIN - PART D

Table D 1 – A Summary of BWH's preferred Strategy for Final Business Plan submission to Ofwat – April 2004 **Reporter's review**

1 Overall strategy for 2005 – 2010 period and top five strategic objectives

BWH has listed the seven different strands of its strategy. These are essentially unchanged from the draft business plan (DBP). From our scrutiny of BWH's final business plan (FBB), we confirm that these are consistent with other parts of the plan.

The Company lists its key objectives which it needs to meet to fulfil its strategy:

- *Increase infrastructure maintenance expenditure* – we concluded from our review of the Company's supporting information that the increase proposed was reasonably based but that more specific targeting would be required prior to actual expenditure
- *To continue metering households on change of occupier* - our audits confirmed that this was a continuation of the Company's present policy
- *To carry out an investigation into the effects of its abstractions from the River Avon* – our audits confirmed that this was in accordance with the requirements of the Environment Agency
- *To achieve improvements in efficiency commensurate with the size of the company* - our audits confirmed that whilst there was some scope for increasing capex efficiency, as a small company with a recent substantial reduction in staff numbers, there was less so for opex

2 Top 5 quality and service improvements in 2005 – 2010 period

Our audits confirmed that the five schemes detailed in table D1 are consistent with other parts of the business plan.

3 What is driving the change in bills

We have carried out a review of the figures in table D1 to check consistency with the numerical information given in other parts of the draft business plan. We found that the main driver for the change in k was maintaining base service, with financing and impact of taxation making up the greatest share of this. Security of supplies and changes in operating costs were subsidiary drivers with only very small contributions from quality and levels of service enhancement.

4 Estimate of expenditure needs (2002 – 03 prices)

Our audits confirmed that the figures are generally consistent with the information in other parts of the business plan. Where we found differences with the Company's estimates and allocations, we have highlighted these in our main report.

5 Price limits and effect on average bills (2002 – 03 prices)

Our audits confirmed that the figures are consistent with the information in other parts of the business plan.