

Centre City Tower, 7 Hill Street, Birmingham B5 4UA  
21 Bloomsbury Street, London WC1B 3HF

By email

Date 26.01.2016

Freedom of Information Act/Environmental Information Regulations –  
Request For Information

Reference: Fol 08012016

Dear 

Thank you for your email in which you request:

*Information regarding the average total cost of producing and delivering a cubic metre of water to a household.*

Your request has now been considered and some of the information requested is enclosed.

We used to publish this information (at an industry level) each year in a leaflet entitled “Your water and sewerage charges (Year x to Year x+1)”. The most recent version of this leaflet (for 2011-12) is attached. On page 4 you will see the statement:

*“Your water and sewerage services cost about 98p a day on average. A litre of tap water, supplied and taken away, costs just 0.24p.”*

This equates to about £2.40 per cubic metre, with a fairly even split between the water and sewerage service. This is an industry average figure and the actual unit price will vary from company to company (as will the split between the water and sewerage service).

The team responsible for this leaflet, the Tariffs Team have advised that the data used to calculate the unit cost came from the ‘Principal Statement’ that companies used to submit each January. Ofwat stopped asking for the Principal Statement in

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2014 and so do not now collect the data which would be needed to update the unit cost estimates.

If you have any queries or concerns with regard to the content of this email please do contact me, quoting the reference number.

If you are unhappy with the service you have received in relation to your request and wish to make a complaint or request a review of the decision, please contact:

Programme Office  
Ofwat  
Centre City Tower  
7 Hill Street  
Birmingham B5 4UA  
[mailbox@ofwat.gsi.gov.uk](mailto:mailbox@ofwat.gsi.gov.uk)

If you are not happy with the outcome of that review you can ask the Information Commissioner's Office to consider your complaint. Generally, the ICO will not make a decision unless you have exhausted Ofwat's complaints procedure. The ICO can be contacted at:

<https://ico.org.uk/>

or

The Information Commissioner's Office  
Wycliffe House  
Water Lane  
Wilmslow

Yours sincerely,

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Christine Manise  
Senior Associate, Freedom of Information  
Operations  
Ofwat  
Centre City Tower  
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By email

1 February 2016

Freedom of Information Act –Request For Information

Reference: Fol 08012016

Dear Mr Evans

Further to your previous email I email to confirm that the information you have requested is not held by OFWAT.

I can confirm that we do not hold the information in the form that you have requested and also that we have never published the information, either at industry or specific water company level, in this format.

It is possible for an approximate calculation to be undertaken from information published in a water company's annual accounts and I have included an example with methodology below and attached Wessex Water's annual statement as an example.

- To calculate you would need to divide the operating cost (as reported in a company's Regulatory Accounts) by the volume of water delivered. The operating cost is the sum of four elements: the current operating cost (wholesale) plus the current operating cost (retail) plus the working capital less other operating income. Ignoring operational use, the volume of water delivered will be the distribution input (again as reported in the Regulatory Accounts) less any leakage (The volume of water
- So, for example, with reference to Wessex Water's Regulatory Accounts for the year ending 31 March 2015 the calculation is:
  - From p150, distribution input = 330 Ml/d or 120.5 Mm<sup>3</sup>/yr.
  - From p27, leakage = 69 Ml/d or 25.19 Mm<sup>3</sup>/yr.

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- Therefore, volume of water delivered =  $120.5 - 25.2 = 95.3$  Mm<sup>3</sup>/yr.
- From p138, operating cost =  $124.1 + 15.7 + 0.1 + 0.2 = £140.1$  million
- Therefore, the average volumetric cost of water delivered =  $140.1 / 95.3 = £1.47$  per m<sup>3</sup>
- Water revenue from customers (from p138) is £198.7 million, equating to £2.08 per m<sup>3</sup>
- The difference of £0.61 per m<sup>3</sup> between the two will not all be 'profit' – as the above calculations do not take into account the interest charges on the company's borrowings or corporation tax.

Please note the above calculation is for water delivered and ignores the costs of collecting, treating and disposing of wastewater. This is in line with your request in enquiring into “the average total production cost for getting a cubic metre of water to a customer”.

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Programme Office  
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Yours sincerely,

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