

RAG 4.09 - Appendix 4 (Cumulative totals for enhancement capital expenditure)

Consultation version

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Cumulative Total

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Cumulative Total

The **cumulative total** in tables 4L and 4M allows Ofwat to relate enhancement capital expenditure by **project** to **outcomes**. The company should report the cumulative total for projects completed. A simple example below demonstrates how it works.

	A	B	C	D	E	F
				20X1	20X2	20X3
		Start	Finish	Spend (£m)	Spend (£m)	Spend (£m)
1	Project A	20x1	20X2	6	1	
2	Project B	20X2	20X2		4	
3	Project C	20X2	20X3		2	8
4						
5	Year Total			6	7	8
6	Cumulative Total			0	11	10
7						

A company runs 3 projects (A, B and C) over 3 years (20X1, X2 and X3). If the company was reporting total year end capital expenditure for projects it would show the total for each reporting year – 20X1 £6m, 20X2 £7m and 20X3 £8m – as given in Row 5.

Reporting cumulative capital expenditure shows the cumulative spend for projects completed in the year.

For 20X1, no projects were completed so zero is reported.

For 20X2, 2 projects were completed (Project A at £7m and Project B at £4m), so £11m is reported For 20X3, Only Project C was completed, so £10m is reported.

Overlap schemes

Overlap schemes are when projects on which capital expenditure is incurred either before the start of the reporting period or is expected to be incurred after the end of the reporting period.

In the case of the first any pre-period capex will contribute toward the 'Cumulative Totals' but NOT the 'Year Totals'.

In the case of the second any within-period spend will contribute toward the 'Year

Totals' but NOT the 'Cumulative Totals'.

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