

February 2021

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

About this document

Version control

Version	Date published	Description
V1	30 November 2020	First version published after consultation as set out in JN 20/08
V2	16 February 2021	Presentational changes only to make the document accessible; <ul style="list-style-type: none">• New fonts; and,• Paragraph re-numbering.

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1. Cumulative total

- 1.1 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.

Figure 1

	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						

- 1.2 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.
- 1.3 Reporting cumulative capital expenditure shows the cumulative spend for projects completed in the year.
- 1.4 For 20X1, no projects were completed so zero is reported.
- 1.5 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.

2. Overlap schemes

- 2.1 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.
- 2.2 In the case of the first any pre-period capex will contribute toward the 'Cumulative Totals' but NOT the 'Year Totals'.
- 2.3 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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Ofwat
Centre City Tower
7 Hill Street
Birmingham B5 4UA

Phone: 0121 644 7500
Fax: 0121 644 7533

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