



South Staffs Water

Green Lane, Walsall WS2 7PD
www.south-staffs-water.co.uk

APR consultation
Centre City Tower,
7 Hill Street,
Birmingham,
B5 4UA

By email to: [REDACTED]

8 July 2021

Dear Sir,

South Staffs Water response to 2021-22 APR consultation

Thank you for the opportunity to respond to the above consultation. Due to the timing of this consultation coinciding with the APR timetable, we have focused our responses on key areas only and have not answered every question.

Yours faithfully,

Philip Saynor,
Director of Regulation
South Staffordshire Water PLC

Q1

What are your views on the proposed changes to the APR tables in A1?

We raised one query as part of the 2020-21 APR query process and the response was to raise as part of this consultation so we have set it out again below:

In RAG3 it states that companies are required to make a statement as to whether the appointee was in compliance with either paragraph 3.1 of Condition K or, in some licences, paragraph 4.2 of Condition P at the end of the financial year.

Reviewing the licences published on Ofwat's website updated the 31 March 2021 we think the reference to condition P should be paragraph 14.

Q8

- **Does your company jointly own or operate assets with another company?**
- **Should guidance be included in this area?**
- **What specific points should the guidance cover?**

Yes, our Hampton Loade treatment works is a shared resource operated by South Staffs Water and also used by Severn Trent Water.

We currently report any capital expenditure gross in table 2B with any associated contribution from Severn Trent (equal to one-third of the costs) reported separately in table 2E. This creates two problems. First, the total gross expenditure for the industry is overstated as both companies will include the shared proportion. Second, under the assessment of costs at Price Reviews, companies who own the assets will look less efficient at the gross level.

We understand the importance of the RAGs to drive consistency of regulatory reporting and propose that table 2B lines 16 and 17 should be updated to require companies to report their own share of expenditure within gross costs.