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Creating tomorrow, together: Consulting
on our methodology for PR24

PR24 submission table guidance – section 9: Long-term strategies

About this document

Version control

Version	Date published	Description
V1	7/7/2022	Draft methodology
V2		
V3		

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1. Summary purpose of the data tables

What data are we collecting?

- 1.1 In these tables, we are collecting data on companies' forecast long-term outcomes and enhancement expenditure for 2025–50. Forecast enhancement expenditure should be set out in adaptive pathways.
- 1.2 We also ask for data on how the forecast enhancement expenditure requirement varies according to the PR24 common reference scenarios, and how forecast enhancement expenditure will impact on customer bills.

Why are we collecting the data?

- 1.3 This data forms the basis of a company's long-term delivery strategy at PR24. We expect long-term delivery strategies to form a key part of the evidence to justify the scale and timing of need for enhancement expenditure in 2025–30 and provide early sight of future investments.

How is the data aligned with the annual performance report (APR)?

- 1.4 These tables are not included within the APR, as we only need this information at price reviews.

2. General guidance

- 2.1 The long-term delivery strategies data tables begin by setting out the company's forecast long-term outcomes to 2050, including the service levels to be achieved through base expenditure and through total expenditure (LS1-LS2). The subsequent tables then set out the enhancement activities required over and above 'what base buys' to meet the forecast outcomes under a range of plausible future scenarios, using adaptive pathways (LS3-LS4).
- 2.2 Tables LS5-LS6 set out the forecast impacts of the strategy for enhancement expenditure under each common reference scenario. As set out in our final guidance, we do not expect an alternative pathway for each common reference scenario.¹ The tables accommodate nine alternative pathways. The package of investment described by an adaptive pathway may deliver the forecast long-term outcomes under one or more of the common reference scenarios. Therefore, LS5-LS6 set out the enhancement expenditure requirement that would result from following the adaptive pathways that would need to be followed under each scenario.
- 2.3 Finally, LS7 sets out the forecast impacts of enhancement expenditure for customer bills. These impacts are likely to vary according to which adaptive pathways are followed.

Price base and Indexation

The base year for the business plan is 2022-23.

The price base for financial cost information is base year prices indexed using the financial year average Consumer Price Index (including housing costs) i.e. 2022-23 prices FYA (CPIH deflated).

¹ Ofwat, '[PR24 and beyond: Final guidance on long-term delivery strategies](#)', April 2022, pp. 22-23, 52.

3. LS1 – Forecast outcomes

- 3.1 In this table, we are asking for data about the outcomes that companies are forecasting for the 2025–50 period.
- 3.2 Lines LS1.1–LS1.17 relate to the PR24 common performance commitments, LS1.18–LS1.21 relate to any bespoke performance commitments, and LS1.22–LS1.23 relate to information reported in strategic planning frameworks.

Table LS1 line definitions

Line	Title	Definition	
LS1.1	Water supply interruptions	Draft definitions of the PR24 common performance commitments are included in Appendix 7.	
LS1.2	Customer contacts about water quality		
LS1.3	Internal sewer flooding		
LS1.4	External sewer flooding		
LS1.5	Biodiversity		
LS1.6	Operational GHG emissions (water and wastewater)		
LS1.7	Water demand (including leakage and consumption)		
LS1.8	Leakage		
LS1.9	Per capita consumption		
LS1.10	Business demand		
LS1.11	Pollution incidents		
LS1.12	Bathing water quality		
LS1.13	River water quality		
LS1.14	Storm overflows		
LS1.15	Mains repairs		
LS1.16	Unplanned outage		
LS1.17	Sewer collapses		
LS1.18	Insert name of the bespoke PC	To be proposed by company.	
LS1.19	Insert name of the bespoke PC	To be proposed by company.	
LS1.20	Insert name of the bespoke PC	To be proposed by company.	
LS1.21	Insert name of the bespoke PC	To be proposed by company.	
LS1.22	Supply-side scheme benefit	Supply-side scheme benefit (Ml/d) delivered to the supply-demand balance as linked supply-demand balance enhancement expenditure. Reported in the year that the water resource benefit is expected to become available and can be reported against the supply-demand balance for WRMP annual review purposes.	

Line	Title	Definition
LS1.23	Wastewater network storage volume delivered or avoided	Effective new /additional storage delivered in the network through grey or green infrastructure (nature based solutions) to address storage volume issues, or measures undertaken to avoid the need for additional storage in the network.

LS1 Additional guidance

- 3.3 This table includes the performance impact of all base and enhancement expenditure across the period. This marks the difference between this table and OUT1. In OUT1, the performance forecasts relate to all base expenditure but only enhancement investment that commences in, or prior to, the 2025–30 period. In this table, the impacts of enhancement investment commencing from 2030–31 onwards is included.
- 3.4 The PR24 common performance commitments will be confirmed in the PR24 final methodology. As set out in the final guidance on long-term delivery strategies, the strategy should include forecasts against all PR24 common performance commitments, except those based on compliance or relative performance.
- 3.5 Performance commitment levels should be presented in consistent units across the period.
- 3.6 We expect companies to have a maximum of two to three bespoke performance commitments.
- 3.7 The long-term delivery strategy should aim to meet these forecast performance commitment levels under, at minimum, all the common reference scenarios.
- 3.8 The next iteration of the tables will split the operational greenhouse gas (GHG) emissions into water and wastewater performance commitments.

LS1 Commentary requirement

- 3.9 Companies should include an explanation of any significant change in the rate of service level improvement for a performance commitment over the period.

4. LS2 – Forecast outcomes from base expenditure

- 4.1 In this table, we are asking for data about the outcomes that companies expect to achieve through base expenditure in the 2025–50 period.
- 4.2 Lines LS1.1–LS1.17 relate to the PR24 common performance commitments, LS1.18–LS1.21 relate to any bespoke performance commitments, and LS1.22–LS1.23 relate to information reported in strategic planning frameworks.

Table LS2 line definitions

Line	Title	Definition
LS2.1	Water supply interruptions	Draft definitions of the PR24 common performance commitments are included in Appendix 7.
LS2.2	Customer contacts about water quality	
LS2.3	Internal sewer flooding	
LS2.4	External sewer flooding	
LS2.5	Biodiversity	
LS2.6	Operational GHG emissions (water and wastewater)	
LS2.7	Water demand (including leakage and consumption)	
LS2.8	Leakage	
LS2.9	Per capita consumption	
LS2.10	Business demand	
LS2.11	Pollution incidents	
LS2.12	Bathing water quality	
LS2.13	River water quality	
LS2.14	Storm overflows	
LS2.15	Mains repairs	
LS2.16	Unplanned outage	
LS2.17	Sewer collapses	
LS2.18	Insert name of the bespoke PC	To be proposed by company
LS2.19	Insert name of the bespoke PC	To be proposed by company
LS2.20	Insert name of the bespoke PC	To be proposed by company

Line	Title	Definition
LS2.21	Insert name of the bespoke PC	To be proposed by company
LS2.22	Supply-side scheme benefit	Supply-side scheme benefit (MI/d) delivered to the supply-demand balance as linked supply-demand balance enhancement expenditure. Reported in the year that the water resource benefit is expected to become available and can be reported against the supply-demand balance for WRMP annual review purposes.
LS2.23	Wastewater network storage volume delivered or avoided	Effective new /additional storage delivered in the network through grey or green infrastructure (nature based solutions) to address storage volume issues, or measures undertaken to avoid the need for additional storage in the network.

LS2 Additional guidance

- 4.3 Forecast performance commitment levels should be based on PR24 common performance commitments, which will be confirmed in the PR24 final methodology.
- 4.4 The PR24 common performance commitments will be confirmed in the PR24 final methodology. As set out in the final guidance on long-term delivery strategies, the strategy should include forecasts against all PR24 common performance commitments, except those based on compliance or relative performance.
- 4.5 Performance commitment levels should be presented in consistent units across the period.
- 4.6 Forecasts should be based on the impact of base expenditure and should be consistent with the figures used in LS1. We expect companies to take account of our approach to 'what base buys' in developing their forecasts.² The long-term delivery strategy should set out the enhancement activities required over and above 'what base buys' to meet the forecast outcomes set out in LS1 under a range of plausible future scenarios.
- 4.7 Where no change in service level is expected from base expenditure, then the 2024-25 PR19 performance commitment level (where available) should be assumed across the period.
- 4.8 We expect companies to have a maximum of two to three bespoke performance commitments.
- 4.9 The next iteration of the tables will split the operational greenhouse gas (GHG) emissions into water and wastewater performance commitments.

² See Appendix 9.

LS2 Commentary requirement

4.10 Companies should include the following commentary:

- an explanation of how the company has taken account of our approach to 'what base buys' in its forecasts;
- any significant deviations from that approach; and
- why those deviations are appropriate.

5. LS3-LS3i – Wholesale water totex enhancement expenditure by purpose, core and alternative pathways

- 5.1 In these tables, we are asking for forecast costs that relate to enhancement expenditure for wholesale water.
- 5.2 These tables share the same line definitions as those in table CW3. Companies should refer to 'PR24 business plan table guidance part 3: Costs (wholesale) – water' for the relevant line definitions.

LS3-LS3i Additional guidance

- 5.3 2020-25 expenditure is based on actuals and updated forecasts, whilst 2025-26 to 2049-2050 expenditure is based on all forecast enhancement expenditure across the period. This marks the difference between tables LS3-LS3i and the data reported in CW1-CW19. In CW1-CW19, the enhancement expenditure forecasts relate only to enhancement investment that commences in, or prior to, the 2025-30 period. In this table, all enhancement investment, including that commencing from 2030-31 onwards, is included.
- 5.4 LS3a-LS3i, which represent the alternative pathways, show the change in enhancement expenditure compared to the core pathway. Where there are enhancement lines that do not change in the alternative pathway, these should be left blank.
- 5.5 Expenditure should be included in the core pathway where it meets the definition set out in Section 3.3.2 of the final guidance on long-term delivery strategies.³
- 5.6 Activities which should only be carried out under certain circumstances, such as under more adverse future scenarios, are then set out in alternative pathways.
- 5.7 LS3a-LS3i allow for nine alternative pathways to be presented. As set out in our final guidance on long-term delivery strategies, it is up to companies to determine how many alternative pathways are required to achieve their ambition in a range of plausible futures. We consider nine is a suitable maximum number, however if companies wish to input further pathways, they should create duplicate tabs, labelled LS3j, LS3k and so on. Where companies use fewer than nine alternative pathways, the leftover tabs should be left blank.

³ Ofwat, ['PR24 and beyond: Final guidance on long-term delivery strategies'](#), April 2022, pp. 21-22.

5.8 Data should be inputted to three decimal places for consistency. However, cost estimates should be presented to:

- 3 significant figures in 2030–35; and
- 2 significant figures in 2035–50.

LS3 Commentary requirement

5.9 Companies should include the following commentary to this table:

- confirmation of which adaptive pathways are included in the PR24 business plan. If the business plan includes pathways beyond the core pathway, the company should explain why this is;
- an explanation of whether any costs have been proportionally allocated between expenditure categories in tables LS3 and LS4, including how much has been subject to proportional allocation and the cost drivers used; and
- an explanation of the reasons for using the additional lines.

6. LS4-LS4i – Wholesale wastewater totex enhancement expenditure by purpose, core and alternative pathways

- 6.1 In these tables, we are asking for costs that relate to enhancement expenditure for wholesale wastewater.
- 6.2 These tables share the same line definitions as those in table CW4. Companies should refer to 'PR24 business plan table guidance part 4: Costs (wholesale) – wastewater' for the relevant line definitions.

LS4-LS4i Additional guidance

- 6.3 2020–25 expenditure is based on actuals and updated forecasts, whilst 2025–26 to 2049–2050 expenditure is based on all forecast enhancement expenditure across the period. This marks the difference between tables LS4-LS4i and the data reported in CWW1-CWW20. In CWW1-CWW20, the enhancement expenditure forecasts relate only to enhancement investment that commences in, or prior to, the 2025–30 period. In these tables, all enhancement investment, including that commencing from 2030–31 onwards, is included.
- 6.4 Expenditure should be included in the core pathway where it meets the definition set out in Section 3.3.2 of the final guidance on long-term delivery strategies.⁴
- 6.5 Activities which should only be carried out under certain circumstances, such as under more adverse future scenarios, are then set out in alternative pathways.
- 6.6 LS4a-LS4i, which represent the alternative pathways, show the change in enhancement expenditure compared to the core pathway. Where there are enhancement lines that do not change in the alternative pathway, these should be left blank.
- 6.7 LS4a-LS4i allow for nine alternative pathways to be presented. As set out in our final guidance on long-term delivery strategies, it is up to companies to determine how many alternative pathways are required to achieve their ambition in a range of plausible futures. We consider nine is a suitable maximum number, however if companies wish to input further pathways, they should create duplicate tabs, labelled LS4j, LS4k and so

⁴ Ofwat, '[PR24 and beyond: Final guidance on long-term delivery strategies](#)', April 2022, pp. 21–22.

on. Where companies use fewer than nine alternative pathways, the leftover tabs should be left blank.

6.8 Data should be inputted to three decimal places for consistency. However, cost estimates should be presented to:

- 3 significant figures in 2030–35; and
- 2 significant figures in 2035–50.

LS4 Commentary requirement

6.9 Companies should include the following commentary to this table;

- confirmation of which adaptive pathways are included in the PR24 business plan. If the business plan includes pathways beyond the core pathway, the company should explain why this is;
- an explanation of whether any costs have been proportionally allocated between expenditure categories in tables LS3 and LS4, including how much has been subject to proportional allocation and cost drivers used; and
- an explanation of the reasons for using the additional lines.

7. LS5 – Wholesale water totex enhancement expenditure under common reference scenarios

7.1 In this table, we are asking for the forecast wholesale water enhancement expenditure associated with following the long-term delivery strategy under each of the common reference scenarios.

Table LS5 line definitions

Line	Title	Definition
LS5.1	Water enhancement totex - Abstraction reductions common reference scenario - low	Total water enhancement expenditure for the Abstraction reductions common reference scenario - low - totex
LS5.2	Water enhancement totex - Abstraction reductions common reference scenario - high	Total water enhancement expenditure for the Abstraction reductions common reference scenario - high - totex
LS5.3	Water enhancement totex - Climate change common reference scenario - low	Total water enhancement expenditure for the climate change common reference scenario - low - totex
LS5.4	Water enhancement totex - Climate change common reference scenario - high	Total water enhancement expenditure for the climate change common reference scenario - high - totex
LS5.5	Water enhancement totex - Demand common reference scenario - low	Total water enhancement expenditure for the demand common reference scenario - low - totex
LS5.6	Water enhancement totex - Demand common reference scenario - high	Total water enhancement expenditure for the demand common reference scenario - high - totex
LS5.7	Water enhancement totex - Technology common reference scenario - low	Total water enhancement expenditure for the technology common reference scenario - low - totex
LS5.8	Water enhancement totex - Technology common reference scenario - high	Total water enhancement expenditure for the technology common reference scenario - high - totex

LS5 Additional guidance

- 7.2 All figures should be enhancement expenditure only.
- 7.3 Figures for columns P, Q and R should be totals for the period rather than annual figures.
- 7.4 Figures should reflect the adaptive pathways followed under each common reference scenario and should be consistent with tables LS3-LS4.
- 7.5 LS5.7 is not applicable to companies in Wales.

LS5 Commentary requirement

- 7.6 Companies should include an explanation of which adaptive pathways are followed under each common reference scenario.

8. LS6 – Wholesale wastewater totex enhancement expenditure under common reference scenarios

8.1 In this table, we are asking for the forecast wholesale wastewater enhancement expenditure associated with following the long-term delivery strategy under each of the common reference scenarios.

Table LS6 line definitions

Line	Title	Definition
LS6.1	Wastewater enhancement totex - Abstraction reductions common reference scenario - low	Total water enhancement expenditure for the Abstraction reductions common reference scenario - low - totex
LS6.2	Wastewater enhancement totex - Abstraction reductions common reference scenario - high	Total water enhancement expenditure for the Abstraction reductions common reference scenario - high - totex
LS6.3	Wastewater enhancement totex - Climate change common reference scenario - low	Total water enhancement expenditure for the climate change common reference scenario - low - totex
LS6.4	Wastewater enhancement totex - Climate change common reference scenario - high	Total water enhancement expenditure for the climate change common reference scenario - high - totex
LS6.5	Wastewater enhancement totex - Demand common reference scenario - low	Total water enhancement expenditure for the demand common reference scenario - low - totex
LS6.6	Wastewater enhancement totex - Demand common reference scenario - high	Total water enhancement expenditure for the demand common reference scenario - high - totex
LS6.7	Wastewater enhancement totex - Technology common reference scenario - low	Total water enhancement expenditure for the technology common reference scenario - low - totex
LS6.8	Wastewater enhancement totex - Technology common reference scenario - high	Total water enhancement expenditure for the technology common reference scenario - high - totex

LS6 Additional guidance

- 8.2 All figures should be enhancement expenditure only.
- 8.3 Figures for columns P, Q and R should be totals for the period rather than annual figures.
- 8.4 Figures should reflect the adaptive pathways followed under each common reference scenario and should be consistent with tables LS3-LS4.
- 8.5 LS6.7 is not applicable to companies in Wales.

LS6 Commentary requirement

- 8.6 Companies should include an explanation of which adaptive pathways are followed under each common reference scenario.

9. LS7 – Average total water, wastewater and combined bills under core and alternative pathways

9.1 In this table, we are asking for data related to forecast bill impacts under different adaptive pathways.

Table LS7 line definitions

Line	Title	Definition
LS7.1	Average water bill - Core pathway	Actual and forecast total and change in average total water bills for core pathway of the long-term delivery strategy
LS7.2	Average water bill - Alternative pathway 1	Actual and forecast total and change in average total water bills for alternative pathway 1 of the long-term delivery strategy
LS7.3	Average water bill - Alternative pathway 2	Actual and forecast total and change in average total water bills for alternative pathway 2 of the long-term delivery strategy
LS7.4	Average water bill - Alternative pathway 3	Actual and forecast total and change in average total water bills for alternative pathway 3 of the long-term delivery strategy
LS7.5	Average water bill - Alternative pathway 4	Actual and forecast total and change in average total water bills for alternative pathway 4 of the long-term delivery strategy
LS7.6	Average water bill - Alternative pathway 5	Actual and forecast total and change in average total water bills for alternative pathway 5 of the long-term delivery strategy
LS7.7	Average water bill - Alternative pathway 6	Actual and forecast total and change in average total water bills for alternative pathway 6 of the long-term delivery strategy
LS7.8	Average water bill - Alternative pathway 7	Actual and forecast total and change in average total water bills for alternative pathway 7 of the long-term delivery strategy
LS7.9	Average water bill - Alternative pathway 8	Actual and forecast total and change in average total water bills for alternative pathway 8 of the long-term delivery strategy
LS7.10	Average water bill - Alternative pathway 9	Actual and forecast total and change in average total water bills for alternative pathway 9 of the long-term delivery strategy
LS7.11	Average wastewater bill - Core pathway	Actual and forecast total and change in average total wastewater bills for core pathway of the long-term delivery strategy
LS7.12	Average wastewater bill - Alternative pathway 1	Actual and forecast total and change in average total wastewater bills for alternative pathway 1 of the long-term delivery strategy
LS7.13	Average wastewater bill - Alternative pathway 2	Actual and forecast total and change in average total wastewater bills for alternative pathway 2 of the long-term delivery strategy
LS7.14	Average wastewater bill - Alternative pathway 3	Actual and forecast total and change in average total wastewater bills for alternative pathway 3 of the long-term delivery strategy
LS7.15	Average wastewater bill - Alternative pathway 4	Actual and forecast total and change in average total wastewater bills for alternative pathway 4 of the long-term delivery strategy
LS7.16	Average wastewater bill - Alternative pathway 5	Actual and forecast total and change in average total wastewater bills for alternative pathway 5 of the long-term delivery strategy
LS7.17	Average wastewater bill - Alternative pathway 6	Actual and forecast total and change in average total wastewater bills for alternative pathway 6 of the long-term delivery strategy
LS7.18	Average wastewater bill - Alternative pathway 7	Actual and forecast total and change in average total wastewater bills for alternative pathway 7 of the long-term delivery strategy
LS7.19	Average wastewater bill - Alternative pathway 8	Actual and forecast total and change in average total wastewater bills for alternative pathway 8 of the long-term delivery strategy

Line	Title	Definition
LS7.20	Average wastewater bill - Alternative pathway 9	Actual and forecast total and change in average total wastewater bills for alternative pathway 9 of the long-term delivery strategy
LS7.21	Average combined bill - Core pathway	Actual and forecast total and change in average total combined bills for core pathway of the long-term delivery strategy
LS7.22	Average combined bill - Alternative pathway 1	Actual and forecast total and change in average total combined bills for alternative pathway 1 of the long-term delivery strategy
LS7.23	Average combined bill - Alternative pathway 2	Actual and forecast total and change in average total combined bills for alternative pathway 2 of the long-term delivery strategy
LS7.24	Average combined bill - Alternative pathway 3	Actual and forecast total and change in average total combined bills for alternative pathway 3 of the long-term delivery strategy
LS7.25	Average combined bill - Alternative pathway 4	Actual and forecast total and change in average total combined bills for alternative pathway 4 of the long-term delivery strategy
LS7.26	Average combined bill - Alternative pathway 5	Actual and forecast total and change in average total combined bills for alternative pathway 5 of the long-term delivery strategy
LS7.27	Average combined bill - Alternative pathway 6	Actual and forecast total and change in average total combined bills for alternative pathway 6 of the long-term delivery strategy
LS7.28	Average combined bill - Alternative pathway 7	Actual and forecast total and change in average total combined bills for alternative pathway 7 of the long-term delivery strategy
LS7.29	Average combined bill - Alternative pathway 8	Actual and forecast total and change in average total combined bills for alternative pathway 8 of the long-term delivery strategy
LS7.30	Average combined bill - Alternative pathway 9	Actual and forecast total and change in average total combined bills for alternative pathway 9 of the long-term delivery strategy

LS7 Additional guidance

- 9.2 This table contains the impact of a company's long-term delivery strategy on residential customers, across water and wastewater. The change in bills should be based on the change in enhancement expenditure, using the approach set out in Appendix 1 of our final guidance on long-term delivery strategies.⁵
- 9.3 Lines 1-10 contain a company's forecast total water bill for 2020-25 and estimated changes in bills over 2025-50 for different pathways.
- 9.4 Lines 11-20 contain a company's forecast total wastewater bill for 2020-25 and estimated changes in bills over 2025-50 for different pathways.
- 9.5 Lines 21-30 contain a company's forecast total combined bill for 2020-25 and estimated changes in bills over 2025-50 for different pathways.

⁵ Ofwat, '[PR24 and beyond: Final guidance on long-term delivery strategies](#)', April 2022, p. 65.

- 9.6 Where there is no change in bills estimated in a year, a 0 should be input into the relevant cell. Forecast bill numbers should be input in £. Reductions in bills should be input as negative numbers.
- 9.7 Where an alternative pathway has not been used, the line should be left blank.

LS7 Commentary requirement

- 9.8 Companies should include their bill calculations, demonstrating how they have followed our approach to calculating long-term bill impacts.

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