

June 2023

# **Accelerated infrastructure delivery project: final decisions**

## **Executive summary**

## The water sector is facing substantial challenges.

There is increasing pressure on drought resilience from climate change, population growth and abstraction reductions. We are already seeing dry summers, more frequent and intense rainfall, more variable river flows and biological changes in water bodies. In England, it is estimated that there is a 25% chance of the worst drought in recorded history within the next 30 years<sup>1</sup>.

There is a need to significantly improve river and bathing water quality by reducing spills and so harm from storm overflow. There is also a need to reduce nutrient pollution in rivers from wastewater treatment works to protect our environment. Each of these areas will require significant investment from water companies in the next price control period, 2025–30.

To help to tackle these issues, we agreed with the Department for Environment Food and Rural Affairs to initiate a project to accelerate infrastructure delivery in England. We were pleased to see all English water companies (except SES Water) put forward proposals for accelerated additional infrastructure delivery in 2023–24 and 2024–25.



After careful consideration, we are pleased to announce our final decisions will allow 33 schemes for acceleration, valued at around £500 million over the 2023–25 period and just under £2.2 billion overall<sup>2</sup>. As part of our assessment process, we have been consistent in our final decisions so that schemes are only accelerated where companies have demonstrated a clear need and benefits to customers and the environment.

1. National Infrastructure Commission, [‘Preparing for a drier future: England’s water infrastructure needs’](#), April 2018, p5.

2. All figures in this document are in 2020–21 Financial Year Average CPIH prices, except where otherwise stated.

**United Utilities**  
 Potential £1.5 billion  
 Four schemes

**Severn Trent Water**  
 Potential £94 million  
 Three schemes

**South Staffs Water**  
 Potential £70 million  
 Two schemes

**Bristol Water**  
 Potential £3 million  
 Two schemes

**South West Water**  
 Potential £128 million  
 Four schemes

**Portsmouth Water**  
 Potential £64 million  
 One scheme

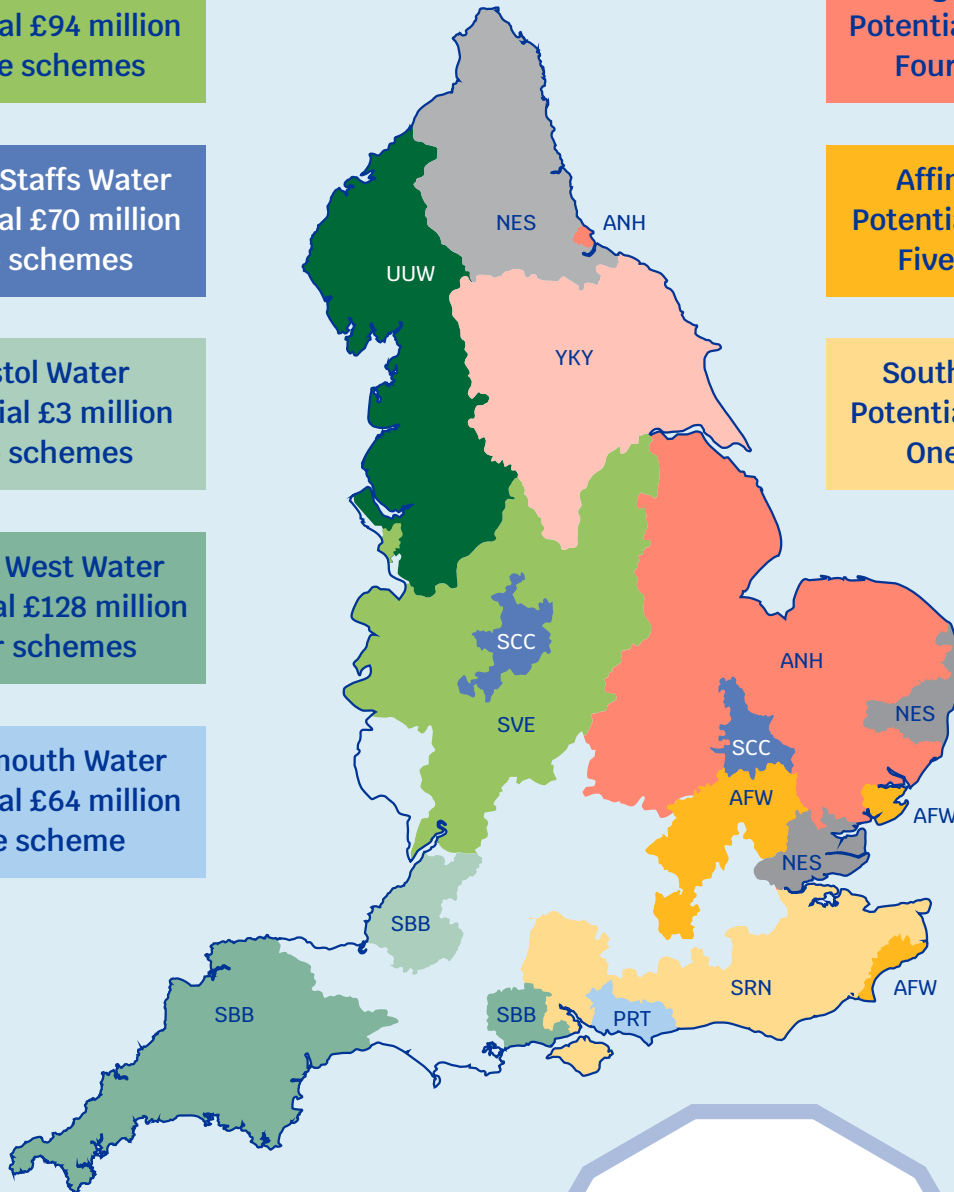
**Northumbrian Water  
 (Essex & Suffolk)**  
 Potential £99 million  
 Five schemes

**Yorkshire Water**  
 Potential £81 million  
 Two schemes

**Anglian Water**  
 Potential £80 million  
 Four schemes

**Affinity Water**  
 Potential £21 million  
 Five schemes

**Southern Water**  
 Potential £35 million  
 One scheme



33 schemes  
**£2.2 billion**  
 overall

**£500 million**  
 over 2023–25

Alongside the accelerated infrastructure delivery project, further detailed scheme assessments are being undertaken through existing industry process such as the water resource management plan (WRMP) and water industry environment programme (WINEP). To assist in the deliverability of a potentially much larger 2024 price review (PR24) investment programme, we have extended the scope of the transition funding programme for PR24<sup>3</sup>. We expect companies to accelerate other schemes which will qualify for transition funding if their need is confirmed through those processes.

Our final decision will accelerate potentially £350 million worth of investment in water resilience schemes. This includes seven smart metering schemes, which equates to 462,000 smart meters over 2023-25. This will help to increase drought resilience faster, by helping to reduce water demand and allow leaks to be identified quicker. Despite WRMPs still being at draft stage, we will allow the acceleration of six water supply schemes which will provide an additional 75Ml/d of water once delivered. Moreover, our final decision will allow the acceleration of water quality schemes which will protect a maximum of 31Ml/d of peak output.



**Water resilience**  
Potential  
£350 million



## Storm overflows

Potential  
£1.7 billion

Our final decision will accelerate investment of about £1.7 billion (ten schemes across seven companies) to tackle storm overflows. These proposals include more innovative ways to reduce spill frequencies to deliver defined spill reduction targets. These include Anglian Water's use of digital and other solutions and Southern Water's use of sustainable solutions at scale such as constructed wetlands and stopping infiltration from private lateral drains. Combined, the proposals aim to provide interventions at over 250 storm overflows and reduce overflow spills by around 10,000 per year on average.

3. Ofwat, '[Setting expenditure allowances](#)', December 2022, p115.

To protect the environment, our final decisions will allow the acceleration of three nutrient neutrality schemes, worth potentially £160 million for Anglian Water, South West Water and United Utilities Water that will protect natural ecosystems, continue to facilitate the economic development of the different areas including enabling the development of up to 82,500 homes, and help wildlife by improving water quality of our rivers at 14 different sites.



**Overall, our final decisions will allow the acceleration of 33 schemes where companies can demonstrate that they will deliver earlier benefits for customers, communities and the environment.**

Where companies did not provide sufficient evidence for this accelerated process, we have identified a further 35 schemes (totalling £371 million of investment in the 2023–25 period and £1.3 billion in total) that companies can progress through the 2024 price review (PR24) transition expenditure programme. If companies consider that the schemes will meet the transition expenditure programme criteria, for example that the schemes will be included in final WRMP or WINEP programmes and companies have adequately addressed any concerns that we have raised<sup>4</sup>.

4. Ofwat, '[Our final methodology for PR24](#)', December 2022, p89.

**Ofwat (The Water Services Regulation Authority)  
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Ofwat  
Centre City Tower  
7 Hill Street  
Birmingham B5 4UA  
Phone: 0121 644 7500

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