

July 2023

PR24: Assessment of bespoke performance commitment proposals

About this document

This document provides an overview of our assessment of the bespoke performance commitments proposed by water companies for the 2025-30 period.

Executive summary

Performance commitments are the metrics that we use to measure the outcomes that water companies deliver for customers and the environment as part of the price control. We have already defined common performance commitments that apply to all companies, for the 2025–2030 period (PR24). These definitions can be viewed on our [website](#).

There may be reasons why extra performance commitments could help to deliver extra benefits for customers. These would not apply to all companies and are known as "bespoke" performance commitments. They might address an issue of specific local importance or protect customers from specific issues.

In determining our criteria for assessing bespoke performance proposals from companies, we are drawing on lessons we have learnt from defining performance commitments for the previous 2020–25 period (PR19).¹ When we set bespoke performance commitments, we cannot compare companies' performance due to their specific nature, which makes it more difficult to set performance commitment levels. We also need to avoid bespoke measures overlapping with common performance commitments, as this would lead to double counting, with companies being potentially over-incentivised. This means we have adopted a cautious approach to accepting bespoke performance commitments. We signalled this approach in PR24 final methodology by emphasising that we were likely to set only **a small number** of bespoke performance commitments.²

In our information notice [IN 23/02](#), we asked companies to provide their bespoke performance commitment proposals, including supporting evidence by 14 April 2023. We received submissions from twelve companies, with four companies deciding not to propose any measures in addition to the common performance commitments at PR24. There were 42 bespoke performance commitment proposals made by companies in total, which we list in the Appendix.

The majority of proposals had a significant degree of overlap with the PR24 common performance commitments. For PR24, we have expanded the coverage of environmental measures in particular, by including river water quality, storm overflows and biodiversity for the first time after consulting extensively on their scope and definition. We consider that many of the bespoke performance commitment proposals overlapped with these new common performance commitments.

Given this overlap, we considered that companies will already be incentivised to deliver significant benefits to customers and the environment through the common performance commitments. This meant we assessed most company proposals for bespoke measures are not necessary. Based on the evidence provided by companies, we consider that seven

¹ Ofwat, '[PR24 and beyond: Our reflections on lessons learnt from PR19](#),' December 2020, pp. 56

² Ofwat, '[Creating tomorrow, together: our final methodology for PR24](#),' December 2022, pp. 58.

proposals are potentially suitable for further development as bespoke performance commitments at PR24.

Of the other measures that companies proposed as bespoke performance commitments, they might still be useful for companies to monitor as part of their operations, particularly, where such measures may help companies to go above and beyond expected service as measured by common performance commitments. Companies can report on progress in an area without it being a bespoke performance commitment.

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1. Review process for bespoke performance commitment proposals

We set out the criteria for bespoke performance commitments in our PR24 final methodology.³ We stated that we consider that bespoke performance commitments are appropriate where:

1. There are **local circumstances** that do not apply to most other companies and there is compelling evidence that a performance commitment is required to provide incentives to drive benefits for customers, communities and the environment; or
2. A company provides **poor service** on a common issue where other companies' performance is generally adequate and the risk of performance deteriorating is low – such a performance commitment is likely to have underperformance payments only.

We said that we would consider other cases where a company has compelling evidence that there are company-specific circumstances which mean a bespoke performance commitment will lead to **significant additional benefits** for customers and the environment that are unlikely to be realised without it.

As with common performance commitments, bespoke performance commitments should be focused on outcomes rather than outputs and drafted in line with PR24 policy set out in Appendix 7 of the final methodology, including our approach to exclusions.

We consider that bespoke performance commitments should not overlap in scope with either the common performance commitments or other bespoke performance commitments. Consequently, our expectation was at most **two or three bespoke** performance commitments per company, although this was not a hard limit if the above tests were satisfied. Where possible, we intended to use standardised definitions across companies.

We reiterated these criteria within our information notice [IN 23/02](#), where we also said that the definitions should be clear, unambiguous, internally coherent and as concise as possible. They should be written in plain English and use consistent terminology. The language and tone of the PR24 common performance commitment definitions offer a useful guide. We asked that the measure of the level of service provided for the particular outcome to be set out clearly.

In order to assess companies' bespoke performance commitment measures against the criteria set out in our PR24 final methodology and outlined above, we went through a two-stage process described below.

³ Ofwat, '[Creating tomorrow, together: our final methodology for PR24](#)', December 2022. pp. 64-65.

The first stage or initial assessment phase was to review the proposals establishing whether, in principle, they met the final methodology criteria. Where we considered that the proposals did meet the criteria, we assessed these as being suitable for progression to the second stage of the assessment. We provided feedback to each company, identifying those measures which we considered should and should not progress to the secondary assessment. We provided more detailed feedback to companies on performance commitments that we assessed as part of the second stage to help their further development.

As part of the initial assessment, we evaluated the level of customer engagement that had been undertaken in relation to the bespoke performance commitment measure, including whether the engagement had been undertaken in accordance with the standards we set out in 'PR24 and beyond: Customer engagement policy – a position paper' (Ofwat, February 2022).⁴ We did not consider performance commitment levels (PCLs) or outcome delivery incentive (ODI) rates at any stage of this assessment process.

In the second assessment phase, we provided feedback on the proposals in relation to clarity and consistency as well as the definitions more generally. We also provided guidance on whether the scope of the definition will help to provide appropriate incentives to deliver for customers, communities and/or the environment. We expect companies to demonstrate how they have responded to all of the feedback we have provided to them in the business plans they submit in October 2023, which we will assess as part of the quality and ambition assessment.⁵

⁴ Ofwat, '[PR24 and beyond: Customer engagement policy – a position paper](#)', February 2022.

⁵ Ofwat, '[Creating tomorrow, together: our final methodology for PR24](#)', December 2022. pp. 158.

2. Initial assessment

We received submissions from twelve companies, with four companies deciding not to propose any measures in addition to the PR24 common performance commitments. In total, there were 42 proposals for bespoke performance commitments. We consider that seven proposals are potentially suitable for further development as bespoke performance commitments. This section explains how we made this assessment.

2.1 Company-specific or providing additional benefits

As outlined in the previous section, we expected bespoke performance commitment proposals to be company specific. Our initial assessment of submissions found that most of the proposed bespoke performance commitments were **not related to company specific issues**. Instead, we found that many of the proposals addressed sector-wide issues.

However, companies generally did not provide compelling evidence of significant extra benefits for customers, communities and the environment to support their proposal.

2.2 Outputs vs outcomes

We consider that bespoke performance commitments should be focused on outcomes rather than outputs. They should also be drafted in line with PR24 policy set out in Appendix 7 of the final methodology, including our approach to exclusions. When reviewing the proposed bespoke performance commitment measures, however, many measured outputs rather than outcomes.

While it is not always straightforward to distinguish between outputs compared to outcomes, we consider that:

- outcomes are what customers and society actually care about, while
- outputs are what water companies need to deliver to achieve outcomes.

Our concern is that an outputs-based approach for bespoke performance commitments reduces their effectiveness in encouraging innovation, which is one of their objectives, including programmes of work that focus on long-term changes. Conversely, we consider that by focusing on outcomes companies have improved flexibility to deliver more for customers and the environment in a cost-effective way while also protecting customers if an output does not deliver the expected benefit.

2.3 Overlap with other performance commitments

We were clear within the PR24 final methodology that bespoke performance commitment proposals should not overlap with either the common performance commitments or other bespoke performance commitments. Overlapping performance commitments adds complexity and can lead to double counting, with companies being potentially over-incentivised.

We consider that many of the measures proposed by companies as bespoke performance commitments overlap with common performance commitments. This is particularly the case for the new environmental performance commitments we have introduced for PR24. We cannot support these proposals where there is an overlap because they provide limited benefits, if any, over and above the common performance commitments.

2.4 Other mechanisms for delivery

As noted in the PR24 final methodology, our wider tools outside of the price review may provide more appropriate ways to regulate company performance. This includes reputational incentives, licence conditions, charging rules and enforcement action. We consider that these tools can be more effective, particularly in areas where significant additional funding is not required.

We consider that a number of the proposed schemes are likely to be addressed through water resource management plans (WRMP), drainage water management plans (DWMP) or the water industry national environment programme (WINEP) / national environment programme (NEP). These should all be captured within the companies' long-term delivery strategies, which will be included in companies' PR24 submissions.⁶ Water companies receive enhancement expenditure allowances through the price review process to deliver permanent increases or step changes in the current level of service to a new 'base' level and/or the provision to new customers of the current service. Enhancement funding can be for environmental improvements required to meet new statutory obligations, improving service quality and resilience, and providing new solutions for water provision in drought conditions. We are introducing price control deliverables (PCDs) in PR24 to set out the key outcomes or outputs from enhancement and related expenditure, so that stakeholders and customers know what to expect from the funding provided. Where these outcomes or outputs are not delivered, PCDs allow funding to be returned to customers. These extra tools at PR24 mean that benefits to customers, communities and the environment can be realised without the need for a bespoke performance commitment.

⁶ Ofwat, '[PR24 and beyond: Final guidance on long-term delivery strategies](#)', April 2022.

2.5 Greenhouse gas emissions (GHG)

We recognise the uncertainties that exist in relation to the measurement and reporting of greenhouse gas emissions. However, for the UK and Welsh governments' net zero emissions targets to be achieved, all companies need to reduce their embedded greenhouse gas emissions. We would prefer that this was a common performance commitment, but this is not possible due to challenges across companies' different recording and reporting systems, and so a bespoke performance commitment is appropriate.

While we welcome the bespoke performance commitments already submitted for this measure, we want to see the sector make greater and more rapid progress in this area. Therefore, we strongly encourage more companies to come forward with bespoke performance commitments focused on incentivising reductions in embedded GHG emissions.

Proposals should be clear on how they align with our net zero principles and our PR24 final methodology.⁷ They should also demonstrate how they support more sustainable and resource efficient water services, providing intergenerational value that ensures the achievement of company and wider government net zero targets.

We expect companies to clearly explain how a proposed performance commitment will incentivise emissions reductions to enable government and company net zero targets to be met. Therefore, we encourage companies to develop targeted approaches that are linked to external verification and accreditation standards.

The performance commitment definition should also be clear on exactly what direct company actions will count as facilitating decarbonisation - this information is crucial to understanding the benefit of company actions. We also expect the definition to make clear all sources of GHG emissions, measured as tCO₂e, against which any reduction in emissions will be counted. We encourage companies to include an example calculation, which will help with ensuring that the definition is clear and that all the necessary details have been included.

In working towards delivering performance in line with the proposed definition, we also expect the company to be clear within the definition on how it will address the risk of actions linked to the performance commitment resulting in a shift of pollution from one environmental medium to another, particularly as material inputs change and/or are reduced.

More information on our expectations for the reporting of embedded emissions can be found in our March 2023 consultation on regulatory reporting responses document.⁸

⁷ Ofwat, '[Net zero principles position paper](#)', January 2022.

⁸ Ofwat, '[Consultation on regulatory reporting for 2022-23 – Responses document](#)', March 2023, section 2.3, pp. 10-17.

2.6 Company responses to initial feedback on proposed measures

We received responses from nine of the twelve companies who had submitted proposals for bespoke performance commitments.

Anglian Water, Dŵr Cymru, South East Water and United Utilities centred their responses on reiterating their support for one or more of the measures that they had proposed. However, we consider that there is considerable overlap between these proposals and the PR24 common performance commitments. As such, our view is the proposals would need to be significantly changed for us to consider them to be suitable as bespoke performance commitments. Companies can also report on progress against measures that are not bespoke performance commitments, but without financial incentives paid by customers.

Some companies also suggested providing further evidence before they submit their business plans to support their proposals. Considering how close we are to business plan submission, we ask companies to consider the feedback we have provided on the evidence they have already submitted and to demonstrate how they have addressed it, including any additional evidence of significant benefits, in their business plan submissions.

Hafren Dyfrdwy said that it would be keen to pursue its bespoke performance commitment on replacing lead pipes. Southern Water expressed concerns around the level of uncertainty in relation to the number of lead pipes requiring replacement and the most appropriate funding mechanism to address this. It suggested instead of a bespoke performance commitment, the risk could be addressed by a two-sided price control deliverable (PCD) or an uncertainty mechanism. We consider that this issue should be taken into account by companies providing a clear case for investment to effectively manage risks and customer expectations. We expect companies to then manage the risks through delivery and any residual cost uncertainty addressed through cost sharing.

A PCD allows funding to be returned to customers when the outcomes and outputs that are consistent with their funding are not delivered, and is therefore not two sided.

As set out in Chapter 7 of the PR24 final methodology, bespoke uncertainty mechanisms will have a high evidential bar.⁹ We consider it unlikely that risks around lead pipe replacement could be considered to have a material impact on the business. Instead, we consider that the company could take prudent steps to effectively manage that risk. Further, we consider that the proposal to replace lead pipes is about outputs, instead of outcomes, as it focuses on the number of pipes replaced.

South West Water's response stated that it considers a wide range of bespoke performance commitments was necessary for transparency and to respond to the level of risk in the outcomes framework. It asked that its proposals be considered in the round. Anglian Water

⁹ Ofwat, '[Creating tomorrow, together: our final methodology for PR24](#)', December 2022, pp. 98.

also noted that bespoke performance commitments could be a way of rebalancing the risk and return overall.

We encourage companies to continue to improve transparency with stakeholders. However, we consider that companies are able to do this without bespoke performance commitments. We will consider the balance of risk and return in our determinations. Where there is perceived asymmetry within the balance of incentives, we will seek to address this then. We do not expect that adding further bespoke performance commitments would be an appropriate response to address perceived asymmetry within the balance of incentives. We consider that the scope for companies to propose enhancement costs, alongside the range of common performance commitments, provides sufficient incentives for South West Water to deliver the outcomes for customers set out in its submission. The exception is the incentive to control greenhouse gas emissions, as we set out in section 2.5 above.

Anglian Water also asked for clarification on what further evidence it could provide that its local circumstances for climate resilient networks do not apply to most other companies. Its proposal was to measure the length of mains replaced in certain soil types where it considers mains are more likely to burst. We consider that measuring length of mains replaced does not mean that customers will receive an improved outcome. Further, we consider that our commitment to a long-term focus on outcomes such as limiting leakage, supply interruptions and mains repairs into future price review periods already provides incentives for companies.

South East Water has had poor performance on water supply interruptions for a number of years. It had suggested an alternative bespoke measure to the common performance commitment that would exclude supply interruptions that result from extreme weather in areas that have localised resilience problems. We responded to the company's proposal saying that we did not consider it appropriate to introduce a bespoke performance commitment to exclude extreme weather in relation to water supply interruptions in these circumstances, for the same reasons we set out in the PR24 final methodology. In response, the company proposed alternative options including changing the common performance commitment to exclude extreme weather for all companies or taking its localised factors into account in how we set the common performance commitment levels or incentives.

As set out in the PR24 final methodology, in many cases, companies can mitigate the impact of external factors, such as weather events, on customers through how they prepare for and respond to such factors. We want to incentivise companies to stretch their influence in this way when delivering their functions. We consider this is necessary to meet their statutory obligations, as well as the expectations and needs of customers and the environment. We therefore do not consider exclusions for such factors are appropriate.¹⁰

¹⁰ Ofwat, '[PR24 methodology: Appendix 7 – Performance Commitments](#)', December 2022, pp. 14.

We will determine if any risk protections linked to incentive payments are required, such as caps or collars, in our PR24 determinations, taking into account the overall balance of risk.¹¹

Severn Trent Water raised several concerns, in addition to reiterating its support for the four measures which it had submitted. It sought clarity on whether the key focus for a bespoke performance commitment was on delivering significant benefits rather than local or company-specific circumstances. We consider that bespoke performance commitments should address company-specific issues, as common performance commitments should be used to address issues that apply to all companies. An area where it is not possible to have a common performance commitment is embedded greenhouse gas emissions as not all companies have the necessary reporting mechanisms in place. Therefore on this outcome, there are company-specific circumstances that may mean a bespoke performance commitment may lead to significant benefits for customers that are unlikely to be realised without it. We discuss this further in section 2.5 of this document.

It also asked for guidance as to what we mean by an outcome, which we describe in section 2.2 above. Wherever possible we have moved to the direct measurement of outcomes within the common performance commitments.

Severn Trent Water's third query was a request for clarity as to whether our 'PR24 and beyond: Customer engagement policy – a position paper' published in February 2022, and additional guidance provided in a letter we sent to all companies on 31 May 2023, make up the full set of customer research criteria that bespoke performance commitments will be judged against at PR24.¹²¹³ We confirm this is the case and provide further information about our assessment of the information provided in section 4 of this document.

Affinity Water set out that it would include an additional proposal for an embedded greenhouse gas emissions measure with its business plan submission. We welcome Affinity Water's effort to do this but ask that it reflects the advice detailed in section 2.5, ensuring that the bespoke performance commitment will help wider sector learning to reduce embedded emissions.

¹¹ Ofwat, ['Creating tomorrow, together: Our final methodology for PR24, Appendix 8 – Outcome delivery incentives'](#), December 2022, p. 57.

¹² Ofwat, ['PR24 and beyond: Customer engagement policy – a position paper'](#), February 2022.

¹³ Ofwat, ['Reflections on initial assessment of bespoke performance commitments'](#), May 2023.

3. Secondary assessment

The second part of the assessment process entailed a detailed look, not only at the aim of the performance commitment, but at the content of the definition.

We consider that the majority of definitions in companies' proposals did not have enough information about how the performance commitment would be recorded, reported and assured. Where measures are resubmitted or newly submitted for assessment in the autumn, any additional justification and evidence should be included within business plans to assist in their assessment, instead of in the definition itself.

The rest of this section provides an overview of our assessment following each of the headings used in performance commitment definitions.

3.1 Purpose and benefits

We consider that where the measures were continuations of those in place at PR19, the purpose and benefits had changed very little. These were generally clearly stated with an appropriate focus. However, for the new measures being proposed, we considered there should have been more evidence provided about the benefits that they will deliver to customers, communities and the environment.

3.2 Detailed definition of performance measure

We consider that some of the submitted proposals were lacking a methodology statement, including the specific company actions that will contribute to the overall performance. We consider that there should be an explanation of:

- the specific mechanisms of capture;
- what systems are used;
- how systems are updated by the company; and
- how inputs are monitored and audited.

Wherever possible, we expect the verification of results by a third party to increase confidence in their validity. In keeping with the style of definitions adopted for PR24, we consider that any points of importance should be included within the definition, so that all relevant information is in the same place. We also consider that the inclusion of an example calculation, where appropriate, can assist in ensuring that the definition is clear and that all the necessary details have been included.

We also expect to fix performance commitment definitions for the five-year period and any changes would be subject to the change control process as outlined in section 2.5 of Appendix 7 of the PR24 final methodology.¹⁴ Therefore, we do not expect alternative change processes to be included within the definitions.

3.3 Additional detail on measurement units

It is key for the clarity of the definition to identify the most appropriate measurement units for all aspects of reporting for the bespoke performance commitment. However, we did not always find this to be the case. We also consider that the definition should incorporate details of actions to be taken when data is missing or when reporting mechanisms fail. Adjustments to processes or the introduction of penalties should not be arbitrarily applied. Rather we expect there to be clear rationale as to why they have been selected, whether they are proportionate, and how they will be applied appropriately within the definition.

3.4 Specific exclusions

We set out in Appendix 7 of the PR24 final methodology that we do not generally consider exclusions for factors that are outside company control, such as weather events, are appropriate.¹⁵ We have allowed limited exclusions for external factors where companies cannot manage or mitigate potential impacts on customers and the environment or are outside of their statutory functions.

We also consider how clearly the event can be excluded in practice, including whether the exclusions would be proportionate or may compromise companies' focus on outcomes for customers, communities and the environment.

We consider that, overall, the number of exclusions identified in the bespoke performance commitment proposals is limited. The exclusions we consider acceptable within the definitions are those where they are required, under specific circumstances, to deliver a base level of service for customers.

3.5 Reporting and assurance

We consider that there is a lack of detail included within many of the definitions as to how data is quality assured. It is important for companies to ensure the accuracy of their data,

¹⁴ Ofwat, '[Creating tomorrow, together: Our final methodology for PR24, Appendix 7 – Performance commitments](#)', December 2022.

¹⁵ Ofwat, '[Creating tomorrow, together: Our final methodology for PR24, Appendix 7 – Performance commitments](#)', December 2022.

using third parties, with the resulting report(s) being provided on an annual basis alongside the Annual Performance Report (APR) submission.

We expect companies to include a compliance checklist in the definitions, as with most common performance commitments, in order to increase the clarity of reporting requirements.

4. Customer engagement

In the PR24 final methodology, we said that the submission of bespoke performance commitments should include any evidence of the additional benefits to customers and the environment, and one such source might be research showing customer engagement for the measure.

We indicated that a lighter touch to the submission of evidence would be acceptable for this submission of proposed bespoke performance commitments. While some companies did submit such evidence, it was generally difficult to give it much weight in the overall assessment. While in some cases there was some evidence of customer support for proposed bespoke performance commitments, there were other cases where the companies' statements about customer views did not fully reflect the findings in the research reports provided.

It remains the case that good evidence of customer engagement for a proposed bespoke performance commitment will contribute favourably towards its overall assessment. Companies are reminded that our expectations for the standards that should be achieved for customer engagement evidence are set out in 'PR24 and beyond: Customer engagement policy – a position paper'.¹⁶ We consider that companies should regard this as a set of minimum standards for evidence submitted with business plans.

¹⁶ Ofwat, '[PR24 and beyond: Customer engagement policy – a position paper](#)', February 2022.

5. Outcome Delivery Incentive (ODI) rates

As stated in Appendix 8 of our PR24 final methodology, we will only consider end-of-period payments for bespoke performance commitments where a company can demonstrate that:

- the impacts on customers are expected to be realised over multiple price control periods; and
- it does not significantly reduce management focus on the relevant service areas or add disproportionate complexity.¹⁷

Without such evidence, we consider that it is appropriate that company performance is reported and any out or underperformance identified in-period, in line with the reporting for most of the common performance commitments, rather than at the end of the period.

We said in our information notice (IN 23/02) that we would not provide feedback to companies on indicative ODI rates or performance commitment levels (PCLs) where they were included in their bespoke performance commitment proposals.¹⁸ Instead, we drew companies attention to where we provided guidance on setting rates in Appendix 8 of the PR24 final methodology:

'When estimating marginal benefits for bespoke performance commitments, companies should conduct research that is broadly consistent in approach to the collaborative customer research for common performance commitments and in line with the results where appropriate.'¹⁹

Reflecting our change of approach to setting rates for common performance commitments, for their bespoke performance commitments, in their business plans companies can:

- use customer research to inform the rates they proposed for their bespoke performance commitments. We expect companies to achieve the standards for conducting high-quality research set out in our 'PR24 and beyond: Customer engagement policy – a position paper';²⁰
- use an approach that is broadly consistent with the top-down approach used to set the indicative ODI rates;²¹ or
- use credible external valuations, as we are doing for the biodiversity and operational greenhouse gas emissions performance commitments.

¹⁷ Ofwat, '[Creating tomorrow, together: Our final methodology for PR24, Appendix 8 – Outcome delivery incentives](#)', December 2022.

¹⁸ Ofwat, '[IN 23/02 Submission guidance for PR24 bespoke performance commitment definitions](#)', February 2023.

¹⁹ Ofwat, '[Creating tomorrow, together: Our final methodology for PR24, Appendix 8 – Outcome delivery incentives](#)', December 2022, pp. 22-23.

²⁰ Ofwat, '[PR24 and beyond: Customer engagement policy – a position paper](#)', February 2022.

²¹ Notes from the Outcomes Working Group meetings where the top-down approach is discussed are available to view on our website: [PR24 working groups and workshops - Ofwat](#).

We expect companies to provide a robust justification for the approach they have used and to clearly present the evidence and assumptions that underpin the rate they have set.

6. Next steps

The reflections that we identify here are echoed in the individual feedback we have provided to companies on their bespoke performance commitment proposals as a result of the initial assessment. They are also reiterated in the detailed feedback we provided around those measures considered suitable for further development as potential bespoke performance commitments.

Companies should consider the following when submitting their business plans:

For the quality part of our quality and ambition assessment, any bespoke performance commitments submitted within company business plans must take into account the feedback we have provided, including letters.²²

If a company provides additional bespoke performance commitments that it did not provide in April 2023 it will need to:

- **provide compelling evidence why it was not able to submit it in April 2023; and**
- **fully comply with our PR24 final methodology and any relevant guidance.**

We consider that companies will be incentivised to deliver significant benefits to customers through the common performance commitments, such that most company proposals for bespoke measures are not necessary. Based on the evidence provided by companies, we consider that seven proposals are potentially suitable for further development as bespoke performance commitments at PR24.

Of the other measures that companies proposed as bespoke performance commitments, they might still be useful for companies to monitor as part of their operations, particularly where such measures may help the company to go above and beyond expected service as measured by common performance. Companies can report on progress in an area without it being a bespoke performance commitment.

We would like to thank the sector for its engagement and we look forward to receiving business plans in October 2023.

²² Our expectations and requirements for the quality and ambition assessment are set out in Ofwat, ['Creating tomorrow, together: Our final methodology for PR24'](#), December 2022, chapter 11.

Appendix

Table 1 sets out our assessment of the measures proposed by water companies based on the evidence that they provided.

Table 1 Assessment of measures proposed by companies as bespoke performance commitments

	Proposed measure	Company	Assessment
1	Embodied greenhouse gas emissions	South West Water	Potentially suitable as a bespoke performance commitment
2	Low carbon concrete	Anglian Water	Potentially suitable as a bespoke performance commitment
3	Street work collaboration	Thames Water	Potentially suitable as a bespoke performance commitment
4	Water softening	SES Water	Potentially suitable as a bespoke performance commitment
5	Average time properties experience low pressure	Affinity Water	Potentially suitable as a bespoke performance commitment
6	Abstraction incentive mechanism (AIM)	Affinity Water	Potentially suitable as a bespoke performance commitment
7	Abstraction incentive mechanism (AIM)	Southern Water	Potentially suitable as a bespoke performance commitment
8	Unlocking water recycling system capacity through surface water management	Anglian Water	Unsuitable as a bespoke performance commitment
9	Keeping water out of sewers	Severn Trent Water	Unsuitable as a bespoke performance commitment
10	Improving water bill affordability for socially important non-household community groups	United Utilities	Unsuitable as a bespoke performance commitment
11	Slow the urban flow	United Utilities	Unsuitable as a bespoke performance commitment
12	Surface water separation	South West Water	Unsuitable as a bespoke performance commitment
13	Smarter healthier homes – smart water butts	South West Water	Unsuitable as a bespoke performance commitment
14	Lead pipe replacement	Southern Water	Unsuitable as a bespoke performance commitment
15	Number of lead pipes replaced	Hafren Dyfrdwy	Unsuitable as a bespoke performance commitment
16	Lead pipe replacement for deprived areas	United Utilities	Unsuitable as a bespoke performance commitment
17	Smarter healthier homes – lead free	South West Water	Unsuitable as a bespoke performance commitment
18	Smarter healthier homes – smart meters	South West Water	Unsuitable as a bespoke performance commitment
19	Number of smart meters installed	Hafren Dyfrdwy	Unsuitable as a bespoke performance commitment

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20	Frontier catchments – Regenerative farming	Severn Trent Water	Unsuitable as a bespoke performance commitment
21	Catchment management	South East Water	Unsuitable as a bespoke performance commitment
22	Catchment management	South West Water	Unsuitable as a bespoke performance commitment
23	Reducing disruption from our work	Severn Trent Water	Unsuitable as a bespoke performance commitment
24	Water without worry – enhanced affordability support for low income households	United Utilities	Unsuitable as a bespoke performance commitment
25	Impact of storm overflows	Dŵr Cymru	Unsuitable as a bespoke performance commitment
26	Inspiring our customers to use water wisely	Hafren Dyfrdwy	Unsuitable as a bespoke performance commitment
27	What not to flush	United Utilities	Unsuitable as a bespoke performance commitment
28	Digital engagement	Anglian Water	Unsuitable as a bespoke performance commitment
29	Delivering greater value from partnerships	Anglian Water	Unsuitable as a bespoke performance commitment
30	Nutrient neutrality (NN)	Anglian Water	Unsuitable as a bespoke performance commitment
31	Wonderful Windermere	United Utilities	Unsuitable as a bespoke performance commitment
32	Industrial water reuse	Severn Trent Water	Unsuitable as a bespoke performance commitment
33	New appointment and variation market participation	Southern Water	Unsuitable as a bespoke performance commitment
34	Direct procurement for customers	Anglian Water	Unsuitable as a bespoke performance commitment
35	Supply interruptions performance	South East Water	Unsuitable as a bespoke performance commitment
36	Chalk stream restoration	South Staffs	Unsuitable as a bespoke performance commitment
37	Improving river ecology and amenity	Anglian Water	Unsuitable as a bespoke performance commitment
38	Community wetlands and pools	South West Water	Unsuitable as a bespoke performance commitment
39	Water available for use (WAFU)	South West Water	Unsuitable as a bespoke performance commitment
40	Water supply resilience	Thames Water	Unsuitable as a bespoke performance commitment
41	Climate resilient networks	Anglian Water	Unsuitable as a bespoke performance commitment
42	Sewer blockages	South West Water	Unsuitable as a bespoke performance commitment

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