

Information notice

September 2023

IN 23/08 Submission of PR24 business plans and related information on 2 October 2023

Water companies in England and Wales are required to submit their business plans to us for the period 2025–30 on 2 October 2023. We will be publishing our draft determinations in May/June 2024, and, following representations from water companies and other stakeholders, we will publish our final determinations in December 2024.

The purpose of this notice is to confirm the information that companies are required to submit to Ofwat on 2 October, including a full and complete business plan, together with the arrangements for making that submission. We also set out information about queries that Ofwat may send to companies following submission of PR24 plans.

Most of the information set out in this document is taken from Chapter 10 of the [PR24 final methodology](#). We provide further clarity on some of the information in the PR24 final methodology to answer some questions we have received from companies, also taking into account lessons learned from the early data submission on 31 July 2023.

We also refer to messages included in our [further guidance on completion and validation](#), published in July 2023.

This additional guidance should be read alongside our PR24 final methodology and any relevant guidance and information notices. There are **no new information requests** included in this document.

1. Business plan submission

Chapter 11 and Appendix 12 of the [PR24 final methodology](#) detail how we incentivise companies to submit the best possible business plans. The scope of our quality and ambition assessment will consider data, information and assurance; costs; outcomes; long term delivery strategies; customer affordability and acceptability; and risk and return.

Chapter 10 of the final methodology sets out our expectations on specific aspects of companies' business plan submissions. Companies should ensure that their plans are developed and submitted in a way that is consistent with these expectations.

It is for companies to decide the best way to present their proposals. But we do expect companies' business plans to adopt some common structure. Reflecting on our experience of PR19, we have introduced some restrictions and standard formats to provide clarity and transparency for stakeholders.

We expect plans to be more focused, accessible and easier to navigate than in PR19. Our PR24 final methodology provided some specific requirements that we want companies to follow when submitting their business plans (see section 4 below).

We expect submissions to include all the relevant data and information as requested in our PR24 final methodology and business plan tables, and to be consistent, accurate and assured.

The latest [submission tables and guidance](#) are published on our website. Whilst we are no longer inviting queries regarding submission tables, we will continue to [publish](#) responses to any queries that are raised, as appropriate. We do not intend to revise or republish our submission tables or guidance. Instead, where we identify errors, we will record them in a log, which will be published and updated during September 2023. The log of errors will include instructions for companies, where necessary.

2. Additional information requirements

In addition to the requirements set out in the PR24 final methodology, we have asked for the following to be submitted to Ofwat on 2 October. We ask companies to use our SharePoint data capture site for these submissions, as set out in section 4 below.

2.1 IN 23/05 Further guidance on price control deliverables for PR24, includes data request on WINEP/NEP

This [information notice](#) sets out additional guidance for water companies on our expectations regarding how they should propose price control deliverables at PR24.

It contains a data request on WINEP/NEP set out in [Appendix 3](#).

2.2 Industrial Emissions Directive – England (IED)

We [wrote](#) to companies on 1 August to clarify our position and set out the requirements for a data request to inform our consideration of a potential funding mechanism as part of PR24 (responses to the data request were received in August 2023).

Our letter explained that "we are concerned that some of the IED costs that have been proposed could overlap with work that is funded through base expenditure allowances. Some of the estimated high costs might be indicative of insufficient maintenance of assets. We will therefore be requiring condition surveys to be undertaken for all qualifying sites to determine the extent of overlaps with base and/or whether current condition is impacting on the cost of achieving compliance. Further details relating to this will be circulated in due course."

We will be holding a workshop with companies on 13 September to discuss the requirements for the condition survey.

2.3 Energy costs

Several water companies have suggested that recent energy cost increases will not be adequately captured in base cost models. We therefore [wrote to companies on 11 August](#) to [request data](#) on energy costs, actuals and forecasts, and information on hedging of forecast energy consumption.

2.4 Quality and ambition assessment checklist

To assist our quality and ambition assessment we have asked each company to signpost where relevant information can be found. We ask that each company completes and submits this [signposting document](#) on 2 October.

3. Timing of submission and publication

The deadline for submission to Ofwat is **midday on 2 October 2023**.

We expect all documents submitted to Ofwat to be **published on company websites on the same day**.

4. Instructions for submission of PR24 documents

In the PR24 final methodology (see section 10.3), we require the following submission content:

- Submissions will contain a convincing main business plan narrative in a single document that explains succinctly the company's proposals and summarises how the company will deliver our key PR24 ambitions – limited to 200 pages for water only companies and 300 pages for water and sewerage companies.
- Each company should provide a guide to reading the plan which contains hyperlinks to all documents.
- Companies should clearly cross reference between commentaries, tables and the business plan main narrative.
- Companies should provide clear, succinct commentaries (in 12 separate pdf documents corresponding to the table groupings) to accompany individual business plan tables, avoiding duplication of text elsewhere in the plan and including appropriate cross references.
- There should be an overall limit to the number of documents in the submission; 80 for WaSCs and 50 for WoCs. The 12 table commentary documents and the Long-term delivery strategy documents are in addition to these limits. There should be a limit of 30MB for each document submitted.
- Companies should use a searchable pdf format for most documents except for our table templates (duplicate documents in MS word are not required) and supporting excel files that may be submitted.
- Each document should use a filename with the OFWAT company acronym and a 2-digit numerical reference – e.g., "TMS27".
- Submissions should not contain any video files.

For clarity:

We expect the hyperlinks in the guide to the plan (2nd bullet above) to take readers to the version of the documents published on the company website.

The additional documents outlined in section 2 above are considered to be outside of the limit to the overall number of documents specified in the PR24 final methodology (5th bullet above).

In addition to the requirements above, we also published in July [further guidance on completion and validation](#) of business tables and [a summary of the tables to be submitted](#). And, more recently, we have shared with individual companies some feedback following the early submission of data on 31 July 2023. We summarise this additional guidance for submission of business plans here:

- Your completed business plan and associated documents should be uploaded to your company's area of our SharePoint data capture site, to the folder named "PR24 Business Plan Oct 2023".
- Please ensure that the colleagues uploading the files to the system have the required access by 15 September 2023. If you need a list of colleagues who already have access, please send an email to PR24@ofwat.gov.uk, also by 15 September 2023. Note: when access is given, an automated response is sent to the individual that includes a link. Please ignore this link. Each company's engagement lead will send the correct link by email.
- Please **do not alter the format of or delete worksheets** of business plan tables as this severely impacts our ability to successfully load your files. This may result in us requesting a re-submission.
- Companies can use [Proteus](#) before submitting business plan tables to help identify potential data validation issues. Companies are not required to use Proteus, but it may help to minimise data errors.
- We request that each company confirms when they have completed the submission of files by email to PR24@ofwat.gov.uk by midday on 2 October. In this email, each company should set out the number of Excel files and the number of other files that have been submitted. This will allow us to quickly check whether what each company believes it has submitted aligns with what we have received. Following Ofwat's receipt of the confirmation email, companies will not be permitted to edit or add to the submitted files.

5. PR24 business plan outbound query process

Once Ofwat has received PR24 submissions (and the confirmation email from each company mentioned in the above section), we will start our analysis and assessment of all documents, data and models in order to undertake the [quality and ambition assessment](#) and prepare draft determinations.

Our analysis and assessment may result in queries that need to be issued to a company, to allow us to:

- check for data where there is an obvious omission;
- correct an obvious error; and/or
- obtain existing referenced material.

We are calling these '**outbound queries**'.

Errors, omissions and the need for us to request existing referenced material will be considered as part of our quality and ambition assessment.

Outbound queries are not intended to lead to a company submitting new or additional evidence unless we request this to allow us to complete our determinations.

5.1 Outline of the outbound query process

We have summarised the process we will follow to send an outbound query to a company below.

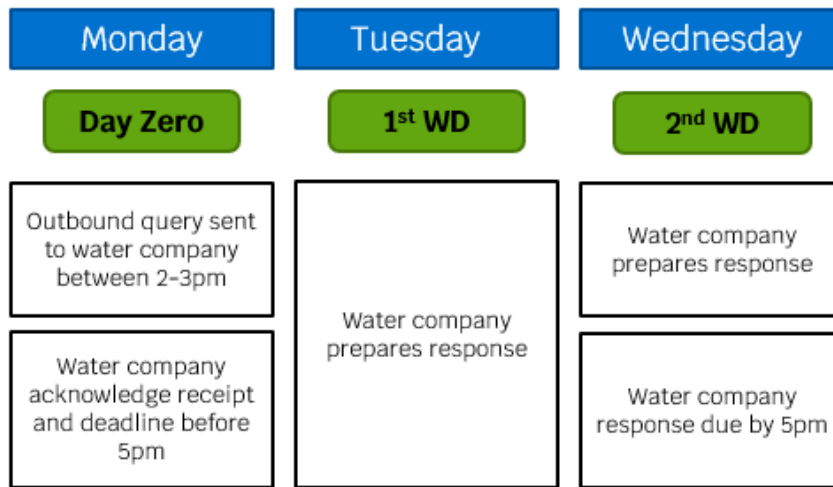
- 1) Ofwat will identify an error or omission and raise a query with the company.
- 2) The query will be sent to the company from a dedicated email address: PR24outboundqueries@Ofwat.gov.uk . The outbound query email will include:
 - An Ofwat outbound query reference number
 - An attached Word document detailing the query, why Ofwat is raising the query and the nature of the response that is expected from the company.
 - The deadline (date and time) by which the query response should be received by Ofwat.
 - A request for the company to acknowledge receipt of the query and the deadline.
- 3) The company should send the query response to PR24outboundqueries@ofwat.gov.uk.
- 4) Ofwat will confirm receipt of the query response, by email. We may send a follow-up query if we find that the information submitted does not resolve our initial query.

5.2 Service standards

Timeliness of issuing and responding to outbound queries is of mutual benefit to both Ofwat and companies, ensuring no delays in the analysis and assessment of the business plans. The following service standards will be applied to all outbound queries to enable this.

Ofwat	Company
<ul style="list-style-type: none"> • Outbound queries will be sent to companies daily between 2-3pm. • During the first 2 weeks of October, Ofwat will send only urgent outbound queries. 	<ul style="list-style-type: none"> • The company is expected to acknowledge receipt of the query and the deadline for the response by 5pm on the day the query is sent by Ofwat, by email (as set out above). • The company has a maximum of 2 working days to submit the query response. The day the query is sent will be classed as day zero. • The company is expected to respond by 5pm on the day of the deadline provided.

We illustrate this timing here:



6. Ongoing engagement on PR24

Companies will continue to have dedicated engagement leads to retain lines of communication throughout the PR24 process. We will inform an individual company if the engagement lead changes.

Ofwat will be attending each company's ['Your water, your say'](#) meeting in October or November 2023, allowing us to understand whether and how the company's PR24 submissions address customers' and stakeholders' priorities.

We will arrange engagement with individual/groups of/all companies, on specific aspects of determinations as the need arises during our analysis and assessment of PR24 submissions.