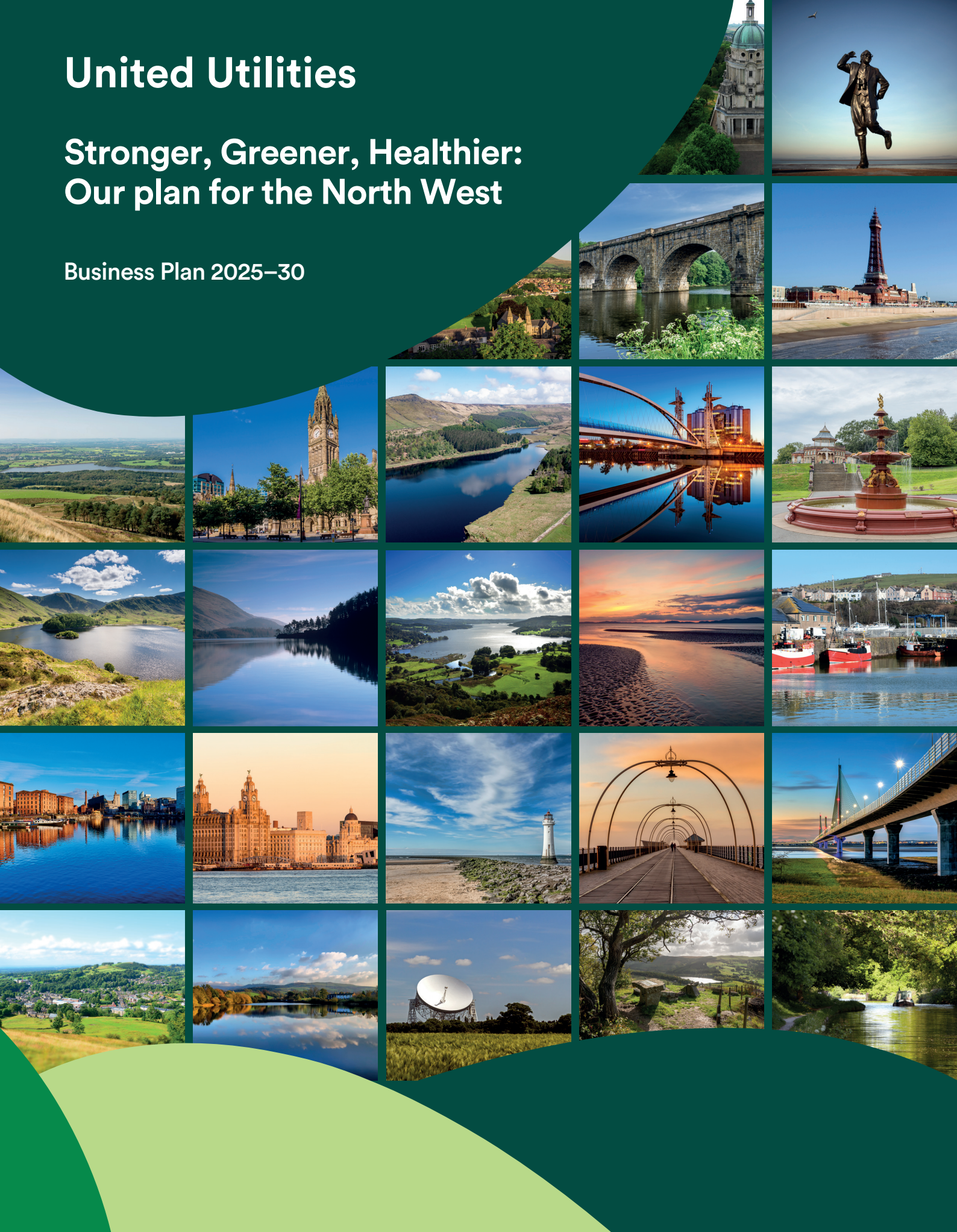


# United Utilities

## Stronger, Greener, Healthier: Our plan for the North West

Business Plan 2025–30



**We've been listening to customers and communities right across our region to understand what really matters. What's clear is that we need to improve services for customers and the environment. That's why we are proposing the largest investment in water and wastewater infrastructure in over 100 years, with over £13.7 billion planned between 2025 and 2030 to build a stronger, greener and healthier North West for everyone.**

It's a hugely ambitious plan, and we've engaged with 95,000 people across our five great counties of Cumbria, Lancashire, Merseyside, Greater Manchester and Cheshire, to make sure we get it right – shaping our plans for each county to address the things that they've told us matter most.

### **Our largest ever environmental investment programme**

- Improving the quality of our rivers by reducing storm overflow spills by 60% over the decade to 2030
- Protecting and enhancing over 500 kilometres of rivers and bathing waters, and improving shellfish beds
- Strengthening our network against increased rainfall to prevent flooding of homes and businesses
- Working with local authorities to separate rainwater from our systems so we build more resilient communities as we all respond to the impacts of climate change and flash flooding

### **Great quality water every time you turn on the tap**

- Improving water quality for 1.4 million customers
- Investing in our aqueducts to safeguard water supplies for over 2 million customers
- Investing £975 million in a programme to build a more resilient water network, fixing leaks and replacing 950 kilometres of old pipes and mains
- Investing in improved resilience so we can halve the chance of having a hosepipe ban in the future

### **Doubling our financial support for those who need it, making sure nobody gets left behind**

- Providing £525 million of affordability support, helping one in six customers who may be struggling to pay their bill
- Driving greater levels of vulnerability support by introducing a new independent trust to provide funding for financially vulnerable customers who are uninsured and experiencing financial loss following an internal sewer flooding incident
- Installing 900,000 smart meters to help homes and businesses use less water and save money

### **Driving benefits for the North West's economy**

- Providing great quality skilled jobs, attracting much-needed and sustainable investment into the North West economy – we expect our plan would support 30,000 jobs across United Utilities and the supply chain



**We are proposing the largest investment in water and wastewater infrastructure in over 100 years**



We believe the regional approach we have taken to building our plan is unique. It's allowed us to consult and to listen to everyone's voice and secure record levels of customer support for the plan from homes, businesses and local government, ensuring that we are delivering on the things that matter most.

At the same time as improving services and investing in the security of infrastructure to respond to the challenges of climate change and population growth, we are also able to deliver real opportunities for the North West too, a chance to drive inward investment and ignite a regional economy.

It's a comprehensive plan – a plan that delivers on all our statutory obligations and on the things that matter most to regulators too.

We have strong track record of delivery – we lead the sector in industry-standard ODI performance, coupled with strong environmental delivery. As you'll see from our submission, we are pushing ourselves to deliver better service while at the same time driving ourselves to realise greater levels of efficiency.


While we recognise that the plan necessitates an increase in bills, we also recognise the economic challenges facing our communities. That's why we're proposing an industry-leading support package of over £500 million, meaning that one in six customers will receive some sort of financial support and ensuring we reduce the risk of anyone being left behind by the costs of rising bills.

We plan to finance all of this investment in the responsible and sustainable way that you expect from United Utilities, and we will continue to meet and exceed licence requirements and standards.

At the same time as building the plan we've been building capability, taking the best of the old team and recruiting some fantastic new talent-building capability and capacity right through the business. And it doesn't stop there – we're organising ourselves into regional 'delivery squads', so we're ready to deliver our county plans at pace and with purpose.

Lastly, and most importantly, we are committed as a team to making a difference.

Now more than ever we need to rise to the challenge, deliver improved services for our customers, the environment and our communities. It matters to customers, to regulators, to shareholders and it matters to us, and we are determined to deliver the step change we all want to see. We look forward to the opportunity of delivering this ambitious plan.



**Louise Beardmore**  
Chief Executive



**It matters to customers, to regulators, to shareholders, and it matters to us, and we are determined to deliver the step change we all want to see**



# 1. Stronger, Greener, Healthier: Our plan for the North West

We are pleased to present United Utilities' plan for the North West for 2025-2030. This plan is all about ensuring that we provide great water that makes the North West stronger, greener and healthier.



## Stronger

Delivering an essential service well, helping customers in vulnerable situations, investing in local communities and supporting jobs and the economy. Our plan gives the North West resilience in a changing world.



## Greener

Protecting and enhancing urban and rural environments and adapting to the challenges of climate change. Our plan allows people, wildlife and nature to thrive, making the North West a better place to live now and for the future.



## Healthier

Providing great quality water that people love to drink and safely removing and recycling used water. Our plan takes care of the North West's beautiful landscapes.

### A plan for five different counties and the people that live in them

We love our region and know the people that live, work and visit here. The towns, cities and beautiful landscapes of the North West are places we're proud to serve. We have built plans that deliver for the people and environment of each of the five counties of Cumbria, Lancashire, Greater Manchester, Merseyside and Cheshire.

Up and down the region we have been engaging with customers and stakeholders to understand what is important to them, in the place they live and work. The North West is a diverse region with a range of different natural environments and social conditions, having some of the most remote and rural communities in England as well as some of its greatest cities. We are investing in new capabilities and structuring our operations so that we will deliver our plans and communicate our performance on a local basis, providing more transparency and insight about our service than ever before. You can read about our exciting plans for each county in Chapter 2.

## Customers and stakeholders have shaped our plan

Our engagement approach has delivered deep levels of insight, supported by exceptionally high quality research. All of our work has been overseen by the independent challenge group, YourVoice, and demonstrably meets or exceeds the high standards for customer engagement that we set ourselves, as well as those set for us by our regulators. We have recognised customer and stakeholder priorities about what we should deliver and how we should deliver it, using this insight to inform decision making. We have consulted with all customer groups – including customers in vulnerable situations customers with low incomes, hard to reach customers, households and businesses. Based on rigorous research studies across all groups, we are confident that 74 per cent of customers support our proposed plan. Chapter 3 sets out more about how our plan has been built on customer research and stakeholder engagement.

## More affordability support than ever before and extra help for those that need it

This plan will deliver more investment in the region's water and sewerage infrastructure than at any time in the last 100 years. This step up in ambition and delivery will need additional support from all our stakeholders. We are proposing to deliver a seven-fold increase in environmental investment compared to the previous period as we deliver a programme worth £13.7 billion in total. Our proposed plan incorporates over £1.9 billion of efficiencies but, even so, customer bills will need to increase. Our plan reflects an increase in average household bills from a real-terms average of £455 across AMP7 to £518 across AMP8. Under our proposals bills will increase in every year by approximately £22 on average, before inflation, from April 2025 to March 2030.

Although a clear majority of customers support the proposed plan, we recognise that any increase in bills is unwelcome for many at a time when households and businesses are finding it increasingly difficult to make ends meet. This is particularly the case when utility, council tax and food bills are all rising, leading to cost of living pressures. No one should have to worry about being able to pay their water bill. In responding to this we are proposing to put in place our largest ever package of affordability support. Our proposal is to deliver an unprecedented package of over half a billion pounds of affordability support – some £525 million – to help customers who might otherwise struggle to pay their bill. Based on our plan this will include a £200m contribution from our investors which, as in AMP7, will be given precedence over any dividend payment. We expect the support package to help around 590,000 customers – more than twice as many as today – and meaning that 1-in-6 households will receive some form of financial support.

We also plan to redouble our efforts to work with partners and the third sector, use innovative charging arrangements and intelligent use of data to ensure that we can help as many households as possible. Our aim is to ensure that in the North West there will be no increase in the level of water poverty - where customers spend more than 5 per cent of their income on water and wastewater services.

We are also looking after customers who would benefit from some extra help. We are extending our support for customers in vulnerable situations, building on our industry leading offering and targeting a 130 per cent increase in the number of customers registered for priority services. Recognising that vulnerability can sometimes be transient, with many customers experiencing hardship following flooding events, we are introducing a new independent trust to support financially vulnerable customers who are uninsured and experiencing financial loss following an internal sewer flooding incident. In Chapter 4, we set out more information about how bills are forecast to increase and how we plan to help customers manage financial and vulnerability challenges. And if you know someone who could use some extra help, please let us know at [unitedutilities.com/help-and-support/](https://unitedutilities.com/help-and-support/)

## An ambitious plan to deliver our best ever service levels










We've put together an ambitious plan that delivers on customer and environmental priorities and sets us up to target stretching performance over the longer term.

We recognise that customers and stakeholders are particularly concerned about the health of the region's rivers and waterbodies and the discharges from storm overflows. This plan takes decisive action to deliver a step change in performance and work towards our longer term targets. We propose £2.9 billion of investment to improve 437 of the region's storm overflows. This will enable us to target reducing the number of times overflows spill by over 26 per cent during AMP8 and deliver a 60 per cent reduction across the decade to 2030.

We want to deliver our programme in a low-carbon way whenever we can, so we are transforming the approaches used by UU and our partners and we are investing in sustainable solutions that are less intrusive to the environment. We are pleased to have received regulatory approval to start our work on overflows early and we’ve also been given the go-ahead to invest a further £280m - including over £50m of partnership funding – to deliver genuine industry leading innovation to manage surface water at source and reduce the load on the sewerage network through the “Advanced WINEP” rainwater management scheme.

Meanwhile, we’re proposing a bespoke approach to improving water quality at Lake Windermere, a waterbody with iconic status in the UNESCO World Heritage site of the Lake District. We want to fulfil a role as a catchment convenor, helping to identify and reduce harm caused by all sources of pollution into the lake, working with local businesses and communities to improve water quality.

Other service highlights of our proposed plan include:

 <p><b>Safe, great quality drinking water</b> 100% compliance with the Drinking Water Inspectorate’s Compliance Risk Index</p>	 <p><b>Improving river water quality</b> Over 21% more phosphorus removed by 2030 going above and beyond required permit levels</p>	 <p><b>Reducing storm overflow spills</b> 26.8% fewer spills by 2030, working towards no more than 10 per overflow by 2050</p>
 <p><b>Avoiding water supply interruptions</b> 12.7% improvement by 2030 representing top quartile performance</p>	 <p><b>Reducing leakage</b> 13% improvement by 2030 in line with targets to reduce leakage by 50% over the 30 years to 2050</p>	 <p><b>Reducing water quality contacts</b> 25.9% improvement by 2030, representing a 57% improvement over a decade</p>
 <p><b>Avoiding sewer flooding</b> 32% fewer internal incidents and 13% fewer external incidents by 2030</p>	 <p><b>Reducing per capita consumption</b> 4.5% improvement by 2030 and reducing consumption to 110 litres per person per day by 2050</p>	 <p><b>Avoiding pollution incidents</b> Extend frontier performance with 25% performance improvement by 2030 and zero serious pollutions</p>

We are also striving for at least “top five” rankings in the C-MeX, D-MeX and BR-MeX measures of customer service to homes, developers and retailers and the top “four star” performance rating from the Environment Agency for our performance on environmental measures and the safe treatment, recycling and disposal of biosources. Our plan also proposes removing 30,000 lead pipes from customers’ homes. You can read more about the stretching performance targets we are setting ourselves in Chapter 5.

### **Delivering social and environmental value**

Our plan will deliver more social and environmental value to the region than ever before, with an environmental programme of £5.7 billion. We estimate that our proposed plan creates over £35 billion of social and environmental value in the region.

We're a major employer in the local economy, supporting 1 in every 100 jobs in the region and training a talented and diverse pool of apprentices and graduates at our Ofsted accredited training centre. We estimate that this plan could support an additional 7,000 jobs in our supply chain compared to AMP7. We have prioritised investment based on a best value approach, seeking to drive additional benefits through the choices we make on where and how to invest. We're planning to install 900,000 new smart meters to help homes and businesses save water and from 2031 we will have halved the chances of customers experiencing a hosepipe ban. Based on global best practice calculations, we also estimate we will reduce operational emissions of greenhouse gases by 43 per cent during AMP8 as part of a £196 million investment to get us closer to "Net Zero."

We are also the leading water company in developing and sustaining partnerships which are at a nationally significant scale with organisations including the RSPB and the Rivers Trust. In AMP8 we are committed to expanding our pool of partners including groundbreaking proposals with the Manchester City Region, Liverpool City Region Combined Authority and the Love Windermere partnership. There's much more about how we measure and deliver this value in Chapter 6.

### **Resilient services and a focus on asset health**

We are taking an active and adaptive approach to maintaining operational resilience, with a systems approach to assets and resilience. We have performed well in events that have put this to the test, including the severe weather incident late last year. We have mature data and information systems that mean we can respond swiftly to short term events and optimise future investment programmes for the longer term. We carefully target investment so we invest in the right things at the right time. Our aim is always to efficiently maximise reliability of assets, drive resistance to hazards, maintain sufficient headroom to absorb shocks and quickly respond to and recover from disruption.

In AMP8 our programme proposes to increase the rate of mains renewal as part of a nearly £1 billion programme to build a more resilient water network, fixing leaks and replacing and renewing 950 km of old pipes and mains. We also propose to invest over £350 million in new water sources and protecting existing sources to ensure a reliable supply of water and support national water needs in the face of climate change.

Alongside operating resilience, we continue to place great emphasis on ensuring that we have "resilience in the round." Our corporate structures and risk management processes remain robust and we are confident of being able to deliver long term, sustainable financing that provides the financial resources required to deliver our ambitious plans. You can read more about our approach to asset health and resilience in Chapter 7 of our plan.

### **Delivering at an efficient cost**

Innovation, solution optimisation, robust cost challenge and effective use of markets have helped us to drive around 14 per cent efficiency into our plan. The improved service targets we are proposing will deliver more from base expenditure than ever before, achieving greater value for money as the increase in base totex compared with AMP7 entirely reflects areas where scope is larger in AMP8, as set out in our well-evidenced cost adjustment claims. Other forecast cost increases are being offset by stretching efficiencies, and we expect our proposals to meet efficient benchmarks when assessed by Ofwat for wholesale and retail.

The good progress we have made in reducing household retail cost to serve has helped us deliver one of the strongest retail performances in the industry against a difficult operating environment in AMP7. We will continue to deliver retail efficiencies in AMP8. Our wholesale plan is aligned to our long-term delivery strategy with adaptive planning pathways that focus investment in the areas that matter most, with phasing of investment to optimise value for money.

We are proposing strong customer protection measures across our enhancement programmes, with price control deliverable developed against a common framework. We have taken a robust approach to benchmarking our costs, and engaged independent experts to help us robustly challenge the plan to ensure we are delivering the best value for money, with the efficiency of our plan supported by third party assurance. We are leveraging

partnership funding to deliver benefits to customer bills, and propose a further £613 million to be delivered by direct procurement across AMP8 and AMP9 in addition to the over £1 billion expected value of our pathfinder direct procurement scheme – HARP. You can read more about where we are prioritising our spending and driving value for money in Chapter 8.

### **A responsible approach to financing and corporate behaviour**

We plan to finance all of this investment in the responsible and sustainable way that has come to be a hallmark of UU. As a listed company, we uphold the highest standards of corporate governance and through AMP7 have been a sector leader in taking a responsible and transparent approach to gearing, dividends, pensions, sharing benefits with customers, and executive performance pay. We will continue to go beyond licence requirements in every one of these areas – exceeding the minimum standards.

In addition to £200 million of investor funding for financial support schemes, our proposals continue our policy of making an upfront commitment to further customer benefits in the event that dividend distributions are much higher than expected in the plan. We will maintain a robust balance sheet and strong credit ratings in order to ensure efficient access to the capital markets and that we have the capacity to withstand and recover from shocks.

We will also continue to ensure that over 60 per cent of performance pay incentives for executives are clearly linked to delivery for customers, communities and the environment and that at least 75 per cent of annual bonus outcomes are linked to customer and environmental performance measures such as improving river health, reducing storm overflow activations, improving water quality at the tap and delivering great customer service. To date, this approach has been sector leading. Our Board is committed to providing transparent decision making on dividends and executive pay and Chapter 9 sets out more about our responsible approach to risk and return.

### **A plan we can deliver from a water company you can trust**

As a service provider that serves everyone in the North West, it's important that we spend customers' money wisely and have confidence in our ability to deliver the service and environmental improvements that the region deserves. The Board has provided strategic leadership throughout the development of the plan and the accompanying long term delivery strategy to 2050. There has been a thorough approach to assessing the quality of our proposals and assuring the coherence of its output. We have undertaken a material and meaningful assessment of the deliverability of the plan and have proactively engaged and acted ahead of time in order to put in place the people, structures and support we need to deliver our ambitions in AMP8. The plan is efficient, value maximising, innovative, robust and deliverable.

Our track record provides added confidence that not only can we deliver, but that we can do so in a way that engenders trust and confidence in the company as a service provider. You can read more about our track record and our approach to assurance in Chapter 10, and our long term plans are covered in the Long Term Delivery Strategy that accompanies this submission.

### **Always working, always striving to do things better**

United Utilities is a company that is quick to grasp opportunities to do more and push further. Whether it's business retail, green recovery, accelerated investment, the Advanced WINEP, direct procurement for customers, leading the field in Ofwat's innovation competition or the additional investments we've made on the back of outperformance: in every case we have shown ourselves to be a company that engages fast to secure the best possible outcomes for the region and the people that live here.

We have a head start leading into the next regulatory period because of this forward leaning, proactive approach. As we further deepen our stakeholder relationships and engagement through a more localised, county-based approach, we aim to realise even greater value for every customer in every village, town, city and landscape in the region.

We have delivered well against the AMP7 contract. We want to do even more in AMP8. Together with the customers and communities we serve, and the partners we invest in and work with, we are determined to ensure that water makes the North West stronger, greener and healthier for all.