



Veolia Water Central

June Return 2011

Submission Date: 09 June 2011

(Revised 22 June 2011)



Board Endorsement

The Board affirms that the Company has sufficient processes and internal systems of control to meet fully its obligations for the provision of June Return information to Ofwat.

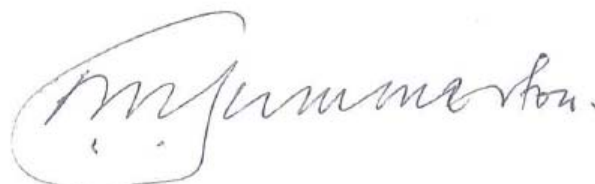
The Board of the Company has endorsed this June Return and, in its opinion, the overview covers the issues it considers to be material to the Company and its compliance with its obligations.

Further each director confirms that:

- So far as he or she is aware there is no information needed by the Company's Auditor or the Reporter to prepare their respective reports on the June Return of which the Auditor, or as the case may be, the Reporter is unaware.
- To the extent required by their duty to exercise due care, skill and diligence, they have each made enquiries of their fellow directors, the Company's Auditor and the Reporter so as to make them aware of the information needed by the Auditor and Reporter for that purpose and to establish that the Auditor and Reporter are aware of such information.



Richard Bienfait
Managing Director



Neil Summerton
Non Executive Director

1. Introduction

The last twelve months have seen some of our best operational performance in recent years. During the year our people have worked loyally and hard to achieve:

- the lowest number of water quality compliance failures in the Company's history;
- the leakage target, spending £5.3m more than budgeted, as part of a Company wide programme of activity, to overcome the high level of leakage created during the harsh winter;
- a 36% reduction, year on year, in written complaints and a 20% reduction in unwanted contact;
- the renewal of more of our mains network (145km) at a lower unit cost than in previous years; we are on track through our mains renewal programme to restore the serviceability of our infrastructure assets to stable;
- the return of non-infrastructure assets to stable serviceability;
- a high level of service to our customers particularly during the period of exceptional high demand for water in June and during December when bursts were three times higher than normal.

But we can and must make further improvements for our customers, shareholder, and other stakeholders.

During the year there were three large unplanned supply interruptions. These incidents have highlighted our vulnerability to high-impact but low-likelihood operational risks inherent in operating our mains network. We will use our experience this year to review our capital maintenance plans for the remainder of this price control period, and in future business planning in order to reduce these risks.

Since 2008 we have placed the health and safety of our people and the public at the top of our priorities and whilst we have seen improvements in some performance metrics, namely a decline in accident rates and the frequency of reportable accidents (RIDDORS), our overall Company performance needs to improve. We are encouraged that there was a three-month period during the winter of no RIDDORS; this period coincided with our greatest network activity in terms of bursts mains, leakage detection and reduction and renewal of our mains network.

Our security of supply index remains at 100 percent but this will not be sustainable in the medium to long term unless we implement more supply/demand measures such as increased metering as part of our Water Resources Management Plan.

To support our teams in their work, during the year we have:

- restructured the business into four directorates: Community Operations, Asset Management, Customer Relations and Finance and Regulation and appointed three new directors; this will enable us to operate effectively to understand and satisfy the needs of our customers and other stakeholders.

- achieved better operational and customer performance with five percent fewer staff. We aim to improve customer engagement by all our people, the results are demonstrated by a greater number of complimentary letters from our customers, lower complaints, and good results from a recent staff engagement survey.
- benefited from the establishment of a parent company Capability Centre which aims to facilitate the sharing of best practice across the Veolia Water companies and its operating contracts.
- established a robust asset management approach to asset investment justification which we have called our “well defined needs” process. This process allows us to express all asset maintenance and replacement proposals in a comparable way to ensure the best asset solution can be identified for the lowest cost.
- introduced some leading-edge techniques and methods, particularly in customer engagement. Our use of Talkback, which allows customers to tell us their opinions of our service by mobile phone, and Net Promoter Score (NPS) which measures the balance of customers who say they would recommend our service compared to those who would not, have helped us understand better the needs of our customers and improve our processes. We have made it easier and simpler for our customers to engage with us digitally, whether by email, text, smartphone application or the internet.

In the following sections we provide information about:

- Team Design (Section 2);
- The Customer Experience (Section 3);
- Operational Performance (Section 4);
- Health and Safety (Section 5)
- Asset Performance (Section 6);
- Finance (Section 7);
- Efficiency (Section 8);
- Regulatory Compliance (Section 9);
- Competition and Market Reform (Section 10);
- Corporate Responsibility (Section 11);
- Our Vision and Strategy (Section 12).

2. Team design

We began a process of re-designing our teams at the beginning of the year in order to ensure our teams could operate in the most effective environment and followed this with a staged implementation of changes. The aim is to enable us to operate effectively to understand and satisfy the needs of our customers and other stakeholders.

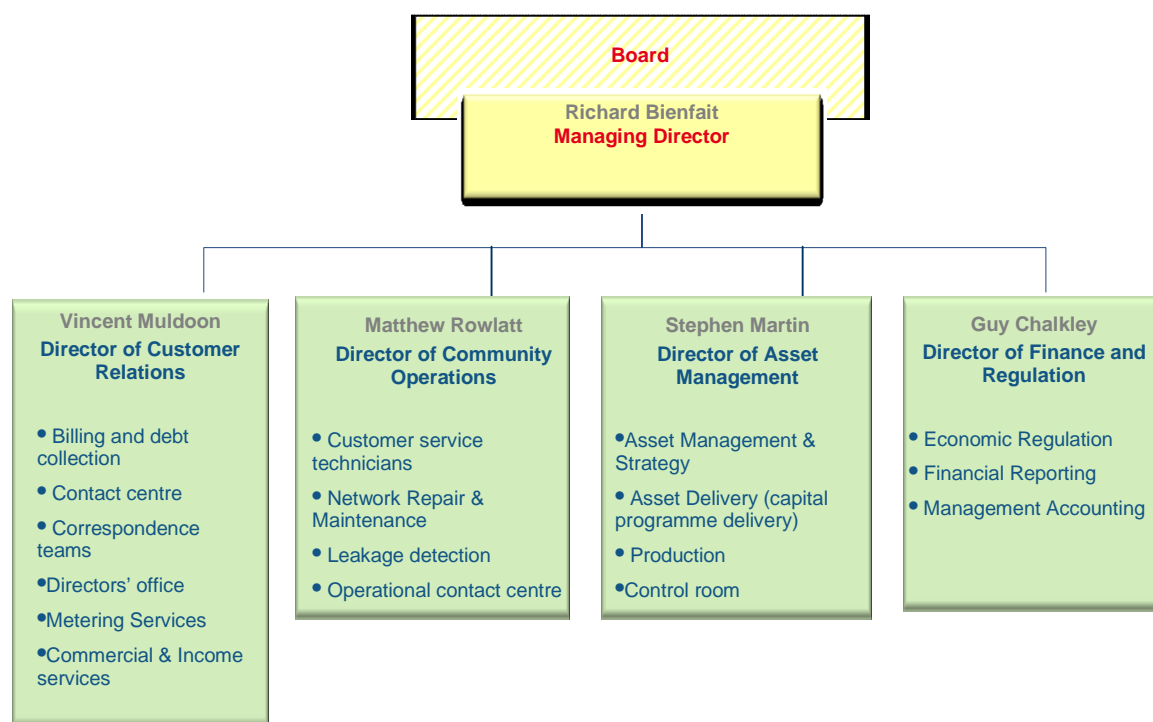
In April, we re-organised our responsibilities within four directorates:

- Customer Relations,
- Asset Management,
- Community Operations and
- Finance & Regulation.

We appointed three new directors to the leadership team.

During the summer, we reviewed the design of each team developing changes which we implemented during autumn.

The new structure is:



As a result of the restructuring, our people are clearer, as demonstrated by a recent staff survey, about what is expected of them and their responsibility and how their work affects customers. This allows us to be more responsive to our customers' needs. We have also been able to reduce our manpower by 40 full time equivalent employees. These measures have allowed us to improve our operational performance, enhance customer experience and eliminate duplication of effort and re-work.

3. Customer experience

Throughout 2010-11 it has been our aim to deliver a remarkable experience at every point of contact with our customers. In this section, we report on progress across several areas of our performance including DG measures and SIM. Additionally, we have sought customer feedback to validate service delivery and wherever possible this has been used to improve vital processes and the development of our people in

a team based environment. The key focus has been on continuous improvement of the customer experience in the community, in the contact centre or on the website by giving customers a choice of their desired mode of engagement.

3.1 Response to billing (DG6)

The number of customers who contacted us about their bill fell this year by 6%, from 882,011 last year to 829,410. This is the fourth successive year in which we have reduced the number of billing related contacts. This year we made several changes to our bills, such as explaining how a payment plan is calculated, to make the bill clearer and simpler for our customers to understand.

Of the customers that did need to contact us, 99.9% received a reply within 5 working days. This result is based on the same DG6 methodology used in prior years. An aspect of this is that in cases where queries are received on a non-working day, we denote the following working day as day zero for the purpose of counting response time. We now realise that this approach is not aligned with Ofwat's reporting guidelines for DG6, which state that the next working day should be counted as day one, not day zero. We have assessed how our DG6 result this year would have changed had we done so and found that there would be an additional 2,386 responses that exceeded the five day standard. Consequently, the DG6 result would have been 99.6% instead of 99.9%.

The Company's treatment of non-working day queries was described in previous June Returns. The Board believes any amendment to the DG6 results in prior years for this incorrect treatment is small and well within the confidence grades assigned. Since this issue has only recently come to light, we will now review each of these late responses to billing queries in the reporting year and prior years, and where customers are due a GSS payment, these will be made.

3.2 Response to written complaints (DG7)

As a result of the improvements made to the customer experience, fewer customers complained in writing this year. Written complaints, which include emails, fell by over one third, to 2,632 from 4,097 in the previous year. Complaints were consistently lower month on month with 2009-10, apart from March 2011, which was affected by the 2011 price increase and our non metered annual bills being posted exclusively throughout the month of March. When customers did complain, we responded promptly, with 99.7% of replies within 10 days. There were only 8 instances which took longer. We target further reduction in written complaints this year, and year to date we are on track to achieve this.

3.3 Meter Reading (DG8)

We achieved the primary DG8 measure with 99.5% of measured customers receiving a bill based on an actual read. Since 2008, our policy has been to read meters twice a year. This allows us to substantially achieve the primary DG8 measure in the first 6 months of the year.

With high confidence of achieving the DG8 requirements, we decided in January 2011 to redeploy half the meter reading team, 35 FTE, to assist with leakage detection for three months to March. On the secondary DG8 measure, there were 550 cases only where customers' meters were unread by us for 2 years. In these cases we made payments to the customers affected under our £20 Customer Charter Scheme.

In line with our focus on continuous improvement and proactive management of the customer experience, we have introduced threshold limits which detect unusually high consumption. In these instances, before a bill is sent, we call the customer to alert them of the potentially high consumption and check whether this is legitimate use or not. Where we suspect customer side leakage we will then assist the customer to detect leakage further and where appropriate provide them with leak allowance compensation.

3.4 Ease of Telephone Contact Performance (DG9)

We are pleased that Ofwat has changed the basis of reporting telephone service performance so that calls abandoned in our IVR system within 10 seconds no longer count as abandoned or unwanted for SIM. On this basis, the number of abandoned calls was 5.55%. We want to improve further our abandoned calls performance as call waiting delays cause customer dissatisfaction. One of the ways we are doing this is by promoting alternative communication channels such as our website. In many cases, we have found we can offer customers assistance online removing the need for customers to phone us. However, the alternative contact methods available to customers in seeking assistance are always offered as an option but never forced.

Another way that we are tackling abandoned calls is by improving the recorded messages on our IVR system. For instance, when there is an unplanned supply interruption, we change the initial greeting message so that customers can obtain the information they need from a recorded message and do not need to wait to speak to an adviser.

3.5 Guaranteed Standards of Service (GSS)

As stated earlier, our aim is always to provide customers with a remarkable experience. However, there are occasions when we fail to achieve the customer service standards. We have systems for identifying such failures and making compensatory (GSS) payments to customers, but recognise this is an area for further improvement. The largest element of the increase in the number of GSS events was low pressure, where high summer demand exacerbated the effect of anomalies in our supply and distribution network. Of these events, 615 resulted from repeat pumping failures to properties in Shenley, Hertfordshire.

June Return audits identified some weaknesses in the way we record appointment details. We do not believe this has led to customers failing to receive payments when due. Rather, there is some uncertainty in the correct allocation of events between 'failing to keep' and 'failing to correctly cancel' appointments, which is reflected in the lower confidence grades this year.

The difference between the overall number of GSS events and GSS payments as recorded in table 6 results largely from timing; this includes payments for the Shenley low pressure events which were made after 31 March.

3.6 Learning from Customer Feedback

Utilising customer feedback to make improvements is a key aspect of our customer service strategy.

On a monthly basis, all unwanted contact is assigned to a process owner who collates written complaints, feedback we have received from the Talkback system and escalated telephone contact linked to their high level customer process. This is then analysed to find trends, review forecasts, create learning opportunities for the team and to make the necessary improvements to provide a remarkable customer experience. As an example, this year we changed our home-movers process so that in one phone call or in one online visit a customer can complete the process without the need to provide documentary proof of address, as used to be the case. This has contributed to a 74% reduction in home-mover written complaints. We also try to predict events that might cause complaints and proactively contact customers to avoid them.

Results this year show that we are enhancing the customer experience, evidenced in the falling number of unwanted contacts, billing and operational queries, written complaints and fewer complaint escalations relative to previous years. Our continuous improvement review practice encourages our people to honestly evaluate our processes, their experiences and their own performance building actions and learning into their day to day activities.

3.7 Service Incentive Mechanism (SIM) Performance

SIM is measured both qualitatively via the OFWAT quarterly survey, and quantitatively by measuring abandoned calls, unwanted telephone contacts, written complaints and CCW investigations. It is worth noting, that again this year we have managed to resolve all customer complaints with no referrals to CCW for adjudication. The remaining measures contained within SIM have been commented upon in the relevant DG sections earlier. As tracked by the survey over the full year, Veolia Water Central appeared 9th overall in the national league table. Good progress was made on the quantitative measures with an annual score of 198 compared to a company target of 220 (beating target by 10%).

Our focus upon continuous improvement to the customer experience positions us well for 2011-12, as SIM is fully deployed throughout the industry with financial rewards and penalties.

During 2010-11, customer contacts fell by 11% and unwanted contacts fell even further by 20%. The total number of consumer calls received (1,049,969) does not sum to the total number of unwanted (160,647) and wanted calls (689,356).

The difference will include:

- abandoned calls, which are abandoned before we can assign an unwanted or wanted classification;
- calls offered from third party groups (debt collection agencies, contract meter readers, contractors, Thames/Anglian Water sewerage contacts);
- calls which are incorrectly dialled; and
- calls where mobile signals are lost.

Since a difference exists we have assigned a confidence grade for our classification of wanted and unwanted calls of BX.

3.8 Innovation

Much of the customer experience improvement during 2010-11 has been achieved by our teams. We have encouraged a team-based learning environment, allowing our teams to excel and focus upon emotionally engaging our customers.

In addition there were several key technological innovations which also played a significant part in our continuous improvement. During the year we completed the introduction of Talkback, a system where we invite customers to use multi media channels to give their feedback. This generates an electronic dashboard enabling us to drill down into customer satisfaction scores and comments from customers linked to high level processes. This tool was augmented by the introduction of Net Promoter Score (NPS) as the key methodology to determine customer satisfaction. Through the use of a single survey question, each week hundreds of customers are asked to score from zero to ten their likelihood of recommending Veolia Water to their friends and family on the basis of their specific experience, whether this was a meter installation or receiving a bill. They also provide commentary in support of the score allocation. This information is then utilised to improve processes, develop training needs and customers are contacted to assist them further if the score indicates that they are a detractor (score from zero to six). This customer-centric satisfaction measure has been successfully launched and is a vital element of the company wide bonus scheme to highlight the importance of service delivery.

Throughout last year our website was greatly enhanced. More than 120,000 payments were made online, and over 12,000 customers switched to direct debit through our website. From our recent Customer Experience Survey (Dec 2010) of those customers who visited our website, 96% said it met their needs. We also tackled unwanted contact by proactively informing customers when an event occurred or when our activities might cause disruption and inconvenience. As an example we improved our website to show customers the timing of maintenance work in their neighbourhood. Furthermore, we now supply regular updates online to inform customers affected by interruptions to their supply from operational events such as burst mains. By keeping customers proactively informed in this way, we remove the need for customers to call.

Another innovation introduced at the end of 2010-11 has been a speech analytics tool. The benefits of its utilisation will be felt during 2011-12 and onwards. This will allow us to understand further the reasons for customer contact on a comprehensive basis by converting all recorded customer calls into searchable text. The subsequent

analysis will enable us to reduce the total amount of future unwanted contact, improve our qualitative quarterly SIM survey score and will be invaluable for personal development of customer service advisors.

Finally, a major programme of work called Next Generation Customer Experience was initiated in 2010-11. Much work has been done to fully document all critical customer experience processes and to begin to define best practice. This will lead to the creation, amongst other things, of a much improved intuitive customer management IT platform. It will be easier to use by our people and by customers online and will also deliver financial efficiencies. This will help us to ensure our customers receive a remarkable experience in the community, at our call centres and online.

4. Operational Performance

4.1 Drinking Water Quality

During the calendar year 2010, we achieved our best ever water quality performance. We carried out over 190,000 tests on drinking water from our treatment works, our reservoirs and water towers and customers' kitchen taps. These samples were then subject to strict testing against the standards of the Water Supply (Water Quality) Regulations 2000 (as amended). Of these tests, only 23 did not comply with the standard, the details are shown in the table below.

Overall our mean zonal compliance was very high at 99.98% in 2010, our best ever performance. This is better than the industry average.

Table Drinking water quality compliance

Date	Location	Parameter	Result	PCV
15/01/2010	Taylor's Road, Chesham	Coliforms	1 cfu/100ml	0 cfu/100ml
15/01/2010	Alverstone Avenue, Barnet	Coliforms	>100 cfu/100ml	0 cfu/100ml
13/01/2010	Holly Rd, Wolmer Green	Metaldehyde	0.103 ug/l	0.1 ug/l
08/02/2010	Millet Road, Greenford	Coliforms	76 cfu/100ml	0 cfu/100ml
24/02/2010	Denham Close, Hemel Hempstead	Coliforms	1 cfu/100ml	0 cfu/100ml
02/03/2010	Morrell Close, Barnet	Coliforms	64 cfu/100ml	0 cfu/100ml
20/05/2010	The Cole, Codicote	Nickel	159ug/l	20 ug/l
27/05/2010	Belsize Road, Harrow	Coliforms	1 cfu/100ml	0/100mls
25/06/2010	Harkness Way, Hitchin	Hydrogen ions (pH)	6.4	6.5
05/07/2010	Longford Way, Staines	Iron	1130 ug/l	200
23/07/2010	New Park Drive, Hemel Hempstead	Coliforms	9	0 cfu/100ml
26/07/2010	Crown Lance, Cockfosters	Coliforms	1	0 cfu/100ml
31/08/2010	Blenheim Crescent, Ruislip	Manganese	53.1ug/l	50 ug/l
03/09/2010	Follett Drive, Abotts Langley	Hydrogen ions (pH)	6	6.5
03/09/2010	Follett Drive, Abotts Langley	Coliforms	8 cfu/ml	0 cfu/100ml
21/09/2010	Manor Farm Road, Wembley	Manganese	55.4 ug/l	50 ug/l
23/09/2010	Aldridge Avenue, Edgware	Iron	436 ug/l	200 ug/l
30/09/2010	Wickerhall WTW Final	Turbidity	1.3 NTU	1 NTU
04/10/2010	Leicester Road, Barnet	Benzo(a)pyrene	0.019 ug/l	
20/10/2010	Pimblett Road, Henham	Coliforms	1	0 cfu/100ml

26/10/2010	Dalston Gardens, Stanmore	Coliforms	2	0 cfu/100ml
15/12/2010	Brookmans Park Reservoir	Coliforms	4	0 cfu/100ml
24/12/2010	Sacombe WTW Final	Coliforms	1	0 cfu/100ml

Our target for 2011 is to maintain the excellent performance in 2010.

4.2 Security of supply

During AMP4 we invested in supply/demand schemes to improve security of supply for our customers. Following the drought in 2006 we improved the reliability of our operational assets and thereby reduced plant outage. The combined effect of these investments meant we achieved a security of supply index of 100.

Despite these improvements we are aware that our resource base remains under significant threat from future sustainability reductions in addition to the 15 MI/d reductions already notified by the Environment Agency to be implemented in 2015. Accordingly we continue to operate, maintain and invest in our assets to ensure that our water resources remain with a security of supply index score of 100. At the end of the year we began commissioning our Redricks Lane 6 borehole which will increase deployable output by 1.5MI/d and help maintain the balance between supply and demand. Our security of supply in 2010/11 also benefited from the 2 MI/d year on year reduction in annual average leakage we achieved this year.

We also continued to invest to maintain secure supplies for our customers through demand management measures. During the year we installed 8,200 optional meters. Measured at the mid-year point, 40.8% of households are now metered. We also beat our water efficiency target of 1.24MI/d, having carried out water efficiency activities which have resulted in an equivalent saving of 1.71MI/d water. We are committed to promoting water efficiency within our communities.

There were no unplanned or planned restrictions in 2010/11 due to insufficient water resources. However, the variable weather in the year provided a challenge.

The weather during last summer was particularly dry and warm resulting in very high demand. For a period of 3 weeks, demand exceeded one billion litres per day (1,039MI/d or 20% above our annual average). We also observed that there were substantial day to day variations in demand of up to 15%. This variability in demand was largely weather and rainfall dependent, reflecting high water usage in gardens during these months. We learned valuable lessons as a result of the strain that was put on our assets and resources during the summer and have identified areas for improved reliability and where necessary capital investment.

Below average winter rainfall has affected our ground water resources. This means that we are operating our Drought Management Plan.

4.3 Unplanned interruptions to supply (DG3)

In most cases where unplanned supply interruptions occur this is due to mains bursts and we make every effort to restore supplies as quickly and safely as possible. If we

can attend events quickly we also minimise the consequential effects on our community, as an example traffic disruption from roadworks and flooding.

Our mains network is 14,500km in length. During the year, it burst on 3,152 occasions. Many of these bursts cause no interruption to surrounding customers. However, on occasion we suffer a burst on a critical part of our water network. In all instances, we aim to restore water supply to customers affected by diverting or rezoning water through the network from elsewhere. This highlights the benefits from a well designed water network where communities are supplied from more than one main.

When we are unable to rezone effectively communities directly affected from a burst main then those customers often experience an interruption to their supply until the burst is repaired. We have been working very hard to improve the effectiveness, speed and quality of how we react to a burst main for the last three years.

During the year, there were three mains bursts that directly affected large numbers of customers with interruptions over six hours, where we were unable to rezone those communities affected; at Northwood (7th August), Woking (29th September) and Mill Hill (6th March). Although we responded well to each of these incidents, we were unable to supply water from other parts of our network to the communities living on higher ground. As a consequence the duration of the interruption became the time needed to make the full repair of the mains.

During the year, we have successfully used a technique called 'line stopping' for repairing burst mains, the largest of which was a 20" main in Wembley. This allows us to maintain water flow in the main that has fractured, thereby avoiding an interruption to some customers. We have worked with Thames Water and Severn Trent Water to understand the use of these techniques which can minimise customer disruption.

We are reviewing our network to identify all the critical areas, beyond the Security and Emergency Measures Direction (SEMD) assumptions, in order to help safeguard supplies, should the repairs prove difficult with the larger mains. We intend to invest more in our network to improve its flexibility and increase the opportunities for re-zoning. This would reduce the number of properties affected when bursts occur.

We are working to provide real time network telemetering, to provide early indication of water pressure loss which may result from a burst or other asset failure. This allows quicker response to bursts, particularly during the night, when customers are unaware of the events, and would not call us.

We envisage being able to inform our customers of the impending impact this may bring before they are aware of a problem, through our mobile phone texting process.

4.4 Customers at risk of low pressure (DG2)

The early sustained dry summer weather in 2010 revealed more than 2,000 properties where customers were at risk of low pressure. These problems became visible to us through our system of pressure loggers and from customer contact when

the supply system was under stress in the hot 2010 summer weather. We responded quickly and appropriately, having carried out remedial works during the year. These included changes in the way we operate the network and investment in mains, valves and boosters. The works have succeeded in safeguarding service for most of the customers affected, as only 148 properties remain on the register. We predict that we will remove further properties next year because we have completed remedial work for many of the 148 properties, but we have not yet collected sufficient time series data to prove its efficacy in order to remove them from the register.

4.5 Leakage

We achieved the annual leakage target of 185 MI/d. Our pre MLE assessment of total leakage for JR11 was 181.8 MI/d and the post MLE reported leakage is 181.4 MI/d. It has taken an enormous amount of work and effort to achieve the target both in terms of leakage reduction and work to report accurately the leakage value.

We are reporting for the first year leakage on the basis of improved methods for leakage assessment and measuring unmeasured per capita consumption (uPCC) as agreed with Ofwat in 2007/8. Ofwat reflected these improvements in methodology in the leakage target. We have updated and made our procedures for assessing leakage more comprehensive for JR11 to ensure we are carrying out the new process and calculations in a consistent manner.

4.5.1 Leakage reduction work

We started the year with leakage levels lower than the long term target. In the first few months of the year, we observed an increase in the minimum nightflow, a surrogate indicator for leakage. We launched an action plan to increase leakage detection and repair activities, as well as improving the integrity of district meter areas (DMA) and enhancing the performance of our pressure managed zones. Our Board set an internal stretched target of 180 MI/d to ensure we would create enough headroom to meet our annual target in 2010/11.

The year was then punctuated by two periods of exceptional weather. We saw a long dry period in the summer that resulted in high demand and an increase in nightlines during the summer months but during that period we made the precautionary assumption that this increase was leakage. For JR11 we have considered evidence that this contributed to an increase in legitimate night use.

Our action plan of enhanced leakage work progressed through the summer with additional detection and repair gangs being employed from September to ensure we reduced the nightline in preparedness for a severe winter.

In December leakage soared by an estimated 75MI/d, despite the substantial additional resources working for us. In December we increased further our detection resources to 174 FTE, from 104, and maintained that level of resource until the end of March 2011. In addition, we increased the resources in planning, repair, reinstatement and traffic management and highway liaison and set a target to repair

all visible leaks within 24 hours and reduce levels of work in progress for all leakage jobs to less than 3 days.

Over this 4 month period, many from our teams worked weekends and overnight. Members of the Executive Management Committee met weekly during this period, receiving the latest performance data, reviewing the effectiveness of all the resources and making decisions on what more could be done. In January we briefed all our staff on the leakage situation and asked for their help in two campaigns: “spot the leak” and “adopt a street”. Both campaigns were highly successful with staff, their families and friends. To minimise the reporting of bogus leakage by inexperienced people we created a video “how to spot a leak” which we made available to all on our website.

The performance from our teams has been exceptional. Over the December to March period, we detected twice as many leaks whilst more than halving work in progress. This work reduced spot leakage from a peak of c.235MI/d on 1st January to c.145MI/d at the end of March. This extra work and effort has cost the Company approximately £5.3m more than budgeted.

The table below summarises our actual and target leakage for both old and new methods and shows that using both methods we have met the three year average reported leakage target when it is rounded to the nearest whole number consistent with Ofwat’s approach to rounding.

Table actual and target leakage under old and new methods

Reported Leakage (MI/d)	2007/08	2008/09	2009/10	2010/11	3 year Average
Old Method Outturn	142	142	143	138*	141
Target	144	142	140	140*	141
New Method Outturn	-	187*	184	182	184
Target	-	187	185	185	186

* estimated

4.5.2 Leakage reporting

We have maintained consistency of our methodologies and reporting during 2010/11 with the Ofwat target.

In autumn, organisational changes took effect and we began to review all elements of the leakage assessment to ensure we were improving the accuracy and supporting evidence of our reporting. We had indicated target areas for improvement in JR10 and in particular our intention to move towards company specific assessments for items such as leakage from trunk mains and service reservoirs. The conclusions from our review are provided below. We have been supported in our work by consultants: Experian, Tynemarch, Artesia and PWC, each of whom have prepared detailed reports of their findings.

Void properties We have improved the accuracy of identifying empty and occupied void properties and have only treated a property as occupied where we have

positively verified this from credit reference data. This has allowed us to reflect occupied void properties in our leakage assessment more accurately.

Non-household Legitimate Night Use (LNU) We updated our calculation of non-household legitimate night use. Our assessment indicated the average of 27 l/p/h for measured non-household customers (excluding large commercial customers) and 8 l/p/h for unmeasured non-household customers should continue to be applied for 2010/11.

Our assessment for large commercial customer legitimate night use identified more customers that consume more than 1,000 litres per hour. As a result, we have increased the LNU volume in our overall leakage assessment for these customers from 1,411 m³/hr to 1,590 m³/hr.

Household Legitimate Night Use Our assessment of domestic legitimate night use has hitherto been based on a time series sample of Socrates logged DMA zones and this analysis indicated a value of 2.5 l/p/h for 2010/11.

An adjustment made to our 20th percentile methodology had been incorrectly applied and so this has not been used this year but we have agreed with our Reporter that we will review the consistency of our measurements of minimum nightline and night use for JR12.

Our current method of assessment, based on a time series of demand zone data, means domestic night use is under reported in a dry year such as 2010/11. In order that we may move in due course to a 'year specific' value for LNU we installed 100 fast logger zones for 2010/11 and we analysed this data to identify any pattern in summer and winter night use. This evidence strongly suggested we should make an additional allowance for summer use for 2010/11. However, following discussion with our Reporter this has not been applied as it may represent a change in methodology. The very dry spring in 2011 suggests that we will need to improve the accuracy of our domestic legitimate night use assessment to reflect an annual specific value for 2011/12 and so we have introduced a new monitoring tool for this year.

Trunk main and service reservoir leakage. In JR10 we indicated our intention to improve the accuracy of our assessment of trunk main and service reservoir leakage and move to a Company specific value for JR11. We asked our consultants to carry out an independent assessment of our evidence and they scrutinised the outcome of our trunk main walking and maintenance programme and also drop test and inspection data from our service reservoir inspection programme which we have undertaken since the base year 2007/8. Our consultants recommended we report a lower value of 12.2 MI/d. However as this work is the first stage in improving the accuracy of this factor, we have taken a consistent approach and continue to report a value of 17.1 MI/d for JR11. The programme will continue into 2011/12 to verify the predicted lower value of this component for JR12.

Hour to day (HTD) factor. During 2010/11 we placed a high priority on ensuring our installed pressure control equipment was operating in accordance with design and operational parameters and was supporting our leakage control programme effectively. We updated our assessment of hour to day factor using the hydraulic

models of our network. These 'all zone' models are maintained and calibrated for use in day to day operational activity. The assessment indicated a small change in the HTD factor to 22.36 from 22.48.

4.5.3 Further changes planned for improving the accuracy of our leakage assessment for 2011/12 and beyond

We reviewed our unmeasured non-household billed database and identified approximately 1,000 potentially high consumption businesses such as take-away food restaurants. This suggests a potential underestimate of legitimate night use and a programme of metering is underway.

In January 2011 we purchased an update of the Office for National Statistics (ONS) property database with the objective of matching the address point of every billed property to identify any unbilled properties. Work is in progress on 51 batches of properties and preliminary findings suggest we have identified approximately unbilled 3,000 properties. Work will continue to verify the desk study findings and these properties will then be metered and come into charge in 2011/12. Inclusion of these properties will increase the number of billed volumes and also legitimate night use assessments.

During 2011 we will complete the matching of properties in our Hi Affinity system with ONS address point data in our Geographic Information System (GIS) and this will enable us to remodel our leakage calculation based on an explicit allocation of properties to individual DMA zones. We expect this change in methodology will result in a more accurate but different leakage value and therefore we plan to explain this change to Ofwat and with their support apply this change in method in the base year for PR14.

4.5.4 Water Balance

We have reported our water balance on a consistent basis this year and in accordance with the updated methodologies for the calculation of leakage, unmeasured per capita consumption (uPCC) and distribution input agreed with Ofwat for use in AMP5.

Average demand for the year was 862MI/d showing a 2% increase compared with the demand in 2009/10 of 846 MI/d. Average demand was 99% of our normal year planning forecast (866 MI/d) and 97% of the dry year forecast (891 MI/d).

Total measured billed volumes were 328MI/d, an increase of 14MI/d. Non-household consumption was 3% higher than last year.

Overall domestic metered water supplied has grown by 6%. This is a combination of an increase in volume from customers switching from unmeasured charges coupled with a rise of 3% in measured per capita consumption (PCC) to 150l/p/d. We have seen a slight increase in our uPCC of 1%.

As agreed with Ofwat, we continue to report unmeasured consumption using uPCC derived from our water consumption monitor 1 (WATCOM1). The outcome of our

study was verified by consultants Tynemarch to ensure the consistent application of the assessment process. Our assessment of 172.9 l/p/d for uPCC is 3.8% higher than 2009/10 and similar to the year on year increase in measured volumes. We have agreed with our Reporter that for JR12 we will repeat our 'leakfrog' test programme of all properties to verify that our on-going check procedures are robust in removing any properties with significant supply pipe leakage.

The water balance error assigned to metered consumption has been 2% for a number of years. We have reviewed the rigour of billed volumes obtained from our Hi Affinity system and for JR11 we asked PWC to undertake some additional checks on the calculation of metered consumption. This work has identified changes to our reporting. Firstly the equivalent volumes related to writing off debt were not included in the billed volumes report and this is corrected for JR11. Void volumes for occupied properties were also not accounted for and this has now been corrected.

The closure of our water balance has improved this year and is less than 1% different between top down and bottom up totals. We have reviewed our MLE calculation in view of our leakage and billed volumes assessment. Following discussion with our Reporter and based on the evidence from the studies detailed above, we have changed the uncertainty for billed volumes in the MLE calculation from 2% to 5% to reflect the uncertainty inherent due to the accrued element. Also following discussion with our Reporter we have amended the uncertainty of our distribution losses assessment from 5% to 10% reflecting the overall uncertainty of this leakage component relative to other elements of the water balance. As the water balance closure is small these changes have negligible effect this year.

5. Health and safety

This year the total number of accidents fell to 69 from 71 last year. The number of days lost to accidents rose to 221 from 137. The number of RIDDORS, including capital works contractors was 7 (10 last year).

We do not want anybody to be injured as a result of our activities. Our approach is to encourage all employees to take responsibility for safety so that we change from a culture that accepts that accidents happen, to one where our people believe we can operate our business without harm. This year we made it easier for our employees to report near misses by introducing a new hotline and have seen encouraging signs that more employees are identifying, reporting and resolving near misses and hazards within the work place. The total recorded this year was 515 up from 356 last year. We are able to use near miss information to take action to reduce the likelihood of injuries.

In cases where accidents do occur, we investigate thoroughly the circumstances surrounding the incident. These are always discussed at our Executive Management Committee monthly meetings. The purpose of this is to enforce responsibility for safety throughout the organisation and make sure that we learn from accidents to prevent recurrence.

We believe all the accidents experienced in the reporting year were ‘preventable’ and so believe that we can improve our safety performance. To realise this outcome we have re-affirmed our commitment to safety in our Company’s goals for 2011, as well as within our employee bonus scheme. So far this year 2011/12 the rate of accidents and RIDDORS is lower than the corresponding period in 2010/11.

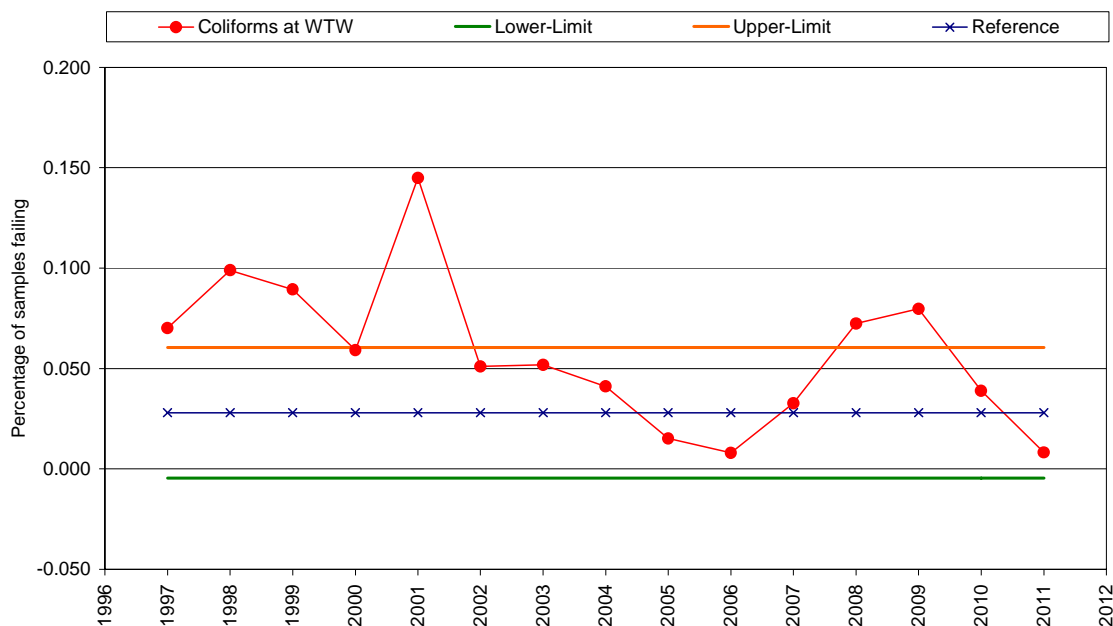
6. Asset performance

6.1 Serviceability non-infrastructure

Overall, we conclude our non-infrastructure asset serviceability to be stable. This view is supported by the trends in coliforms, turbidity and unplanned maintenance jobs.

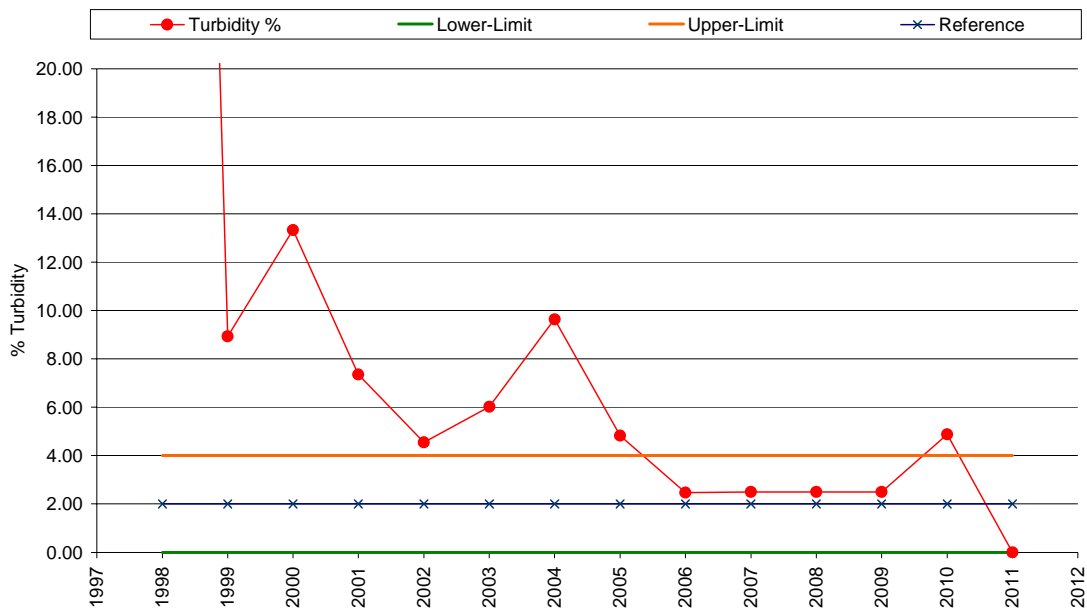
We have substantially completed our serviceability action plan programme of capital works. We are pleased to confirm the efficacy of the remedial measures we have taken, as there was only a single coliform failure at one water treatment works in 2010, equal to our best ever result.

Trend in coliforms at water treatment works



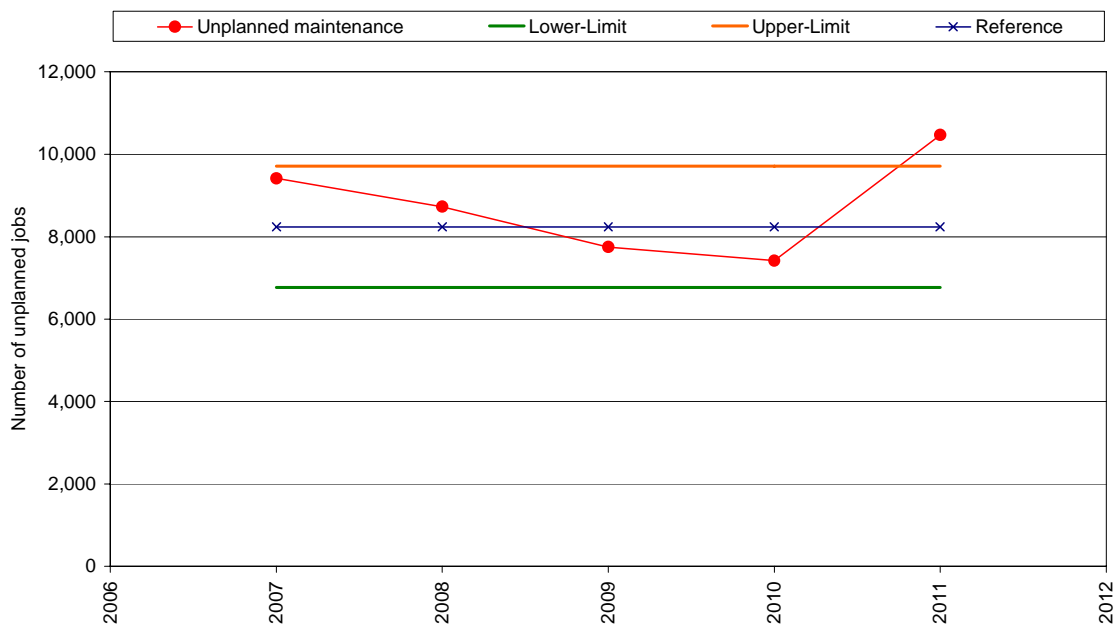
There was one coliform failure at a service reservoir and there were no enforcement actions so these indicators are stable. The graph below confirms that the indicator for turbidity at water treatment works has also fallen back below the reference level after its temporary elevation last year.

Trend in turbidity at water treatment works



The final indicator relates to the trend in unplanned maintenance jobs. The graph shows that the number of unplanned jobs has risen above the upper serviceability bound this year. This reflects a change in the ease of use of our job management system as we have migrated to a non-office based digital process, replacing the previous paper based system. We have looked carefully at the rise in reported work which shows variability of reporting from different operational teams. We will overcome this and ensure consistent reporting in future by monitoring the performance of the different teams and working to improve it where necessary.

Trend in unplanned maintenance jobs



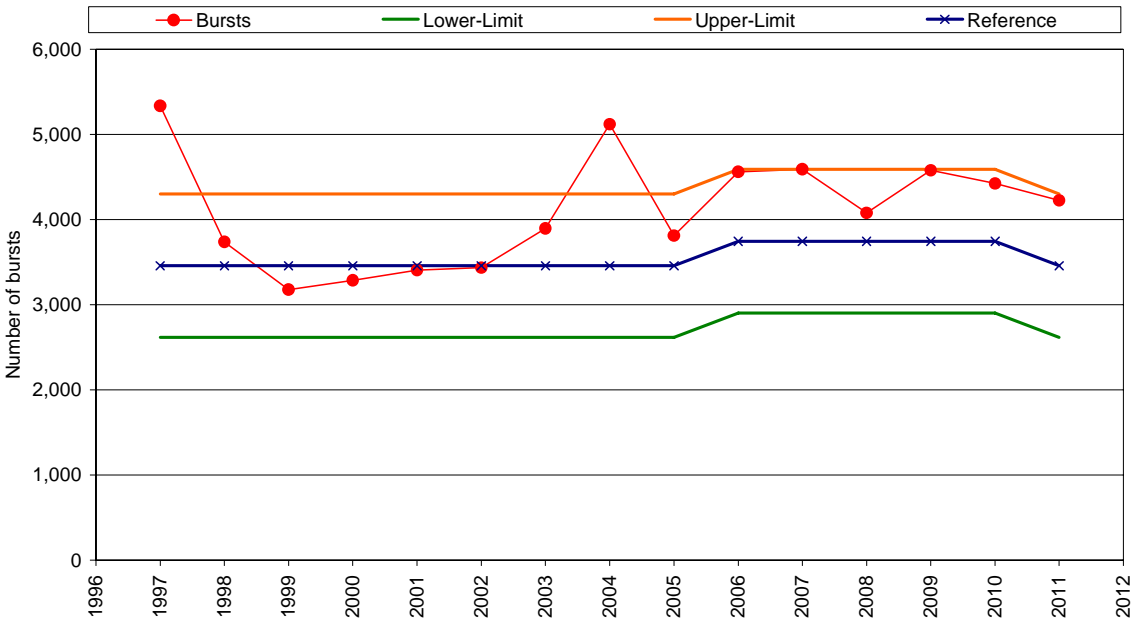
6.2 Serviceability infrastructure

We are committed to restore infrastructure serviceability to ‘Stable’. We believe our performance is currently ‘Marginal’, but that we are on track to achieve stable serviceability.

To achieve our objective we operate to our serviceability action plan. The major feature of the plan is targeted renewal of the water mains we assess as being at the highest risk of bursting. We chose the level of renewal activity based on our calculations which showed it probable that, by 2012, we will bring and hold mains burst rates to benchmark levels achieved in the past. We analyse the benefits of the investments we make, for example studying correlation between mains renewals and burst rates and use this information to refine our planning.

Last year, we improved the data gathering process for mains burst reporting making it more accurate and reliable. We reduced mains bursts from 4,056 last year to 3,152. However, for regulatory monitoring of serviceability Ofwat asked us to continue to include asset failures such as ferrule leaks within our mains burst indicator although they do fall outside the regulatory definition of mains bursts. On this basis, we reduced mains bursts from 4,425 to 4,225. Taken alongside other data, we interpret this to mean that our mains renewal activity is succeeding in stabilising our network. Even though mains bursts rates are now falling, they have not yet fallen far enough towards the reference level, so we conclude that this indicator is marginal. The trend of mains bursts is shown on the graph below.

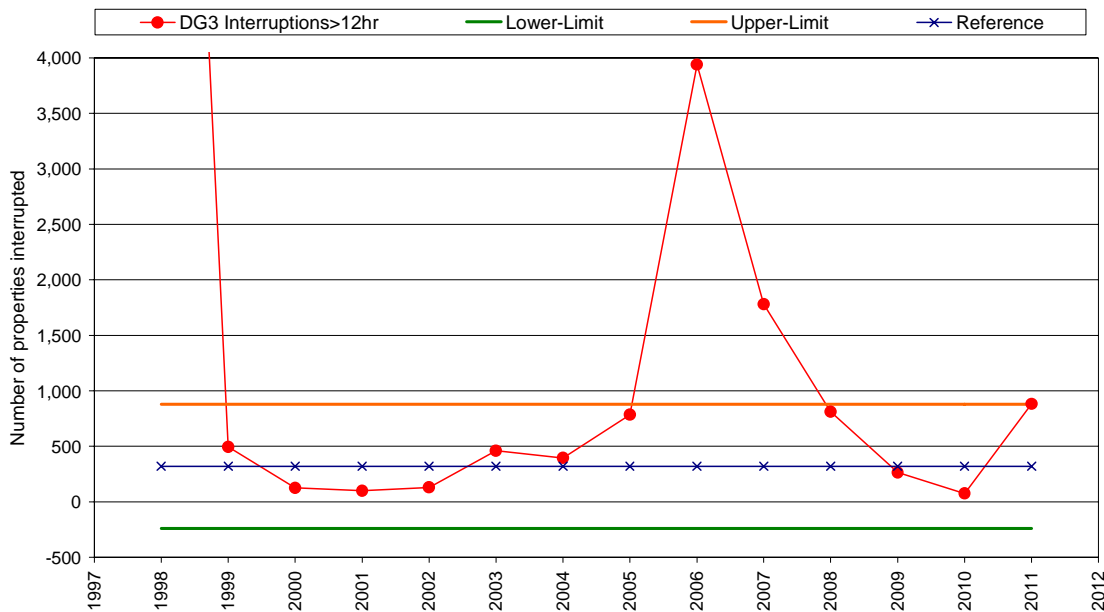
Trend in Bursts



Turning to the secondary indicators, we suffered two major mains bursts this year which, along with other incidents, resulted in unplanned supply interruptions of more than 12 hours to 883 properties. This is marginally above the upper reference level of 880. We have carefully considered these incidents and their implications for infrastructure serviceability. Our conclusion is that our annual performance was

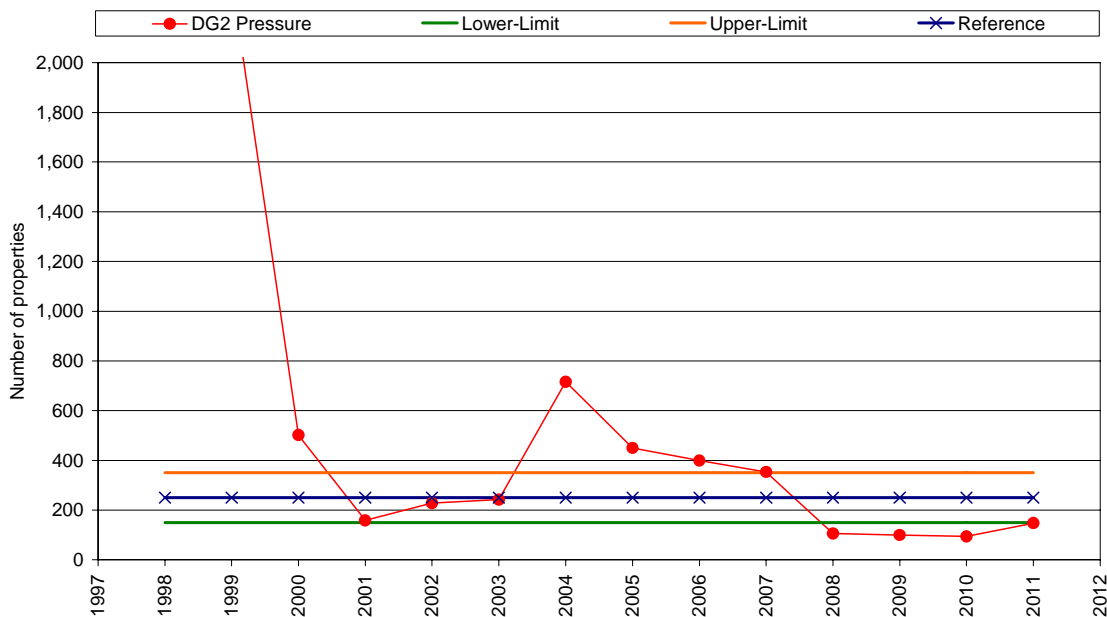
heavily influenced by just one of these major incidents, which accounted for 609 of the 883 properties affected. If this incident were excluded, we would have interrupted 274 properties for more than 12 hours, which would be below the reference level. Taking into account also that the elevation this year is a single year's observation rather than a trend, we conclude that this indicator remains broadly stable.

Trend in DG3 Unplanned interruptions > 12 hours



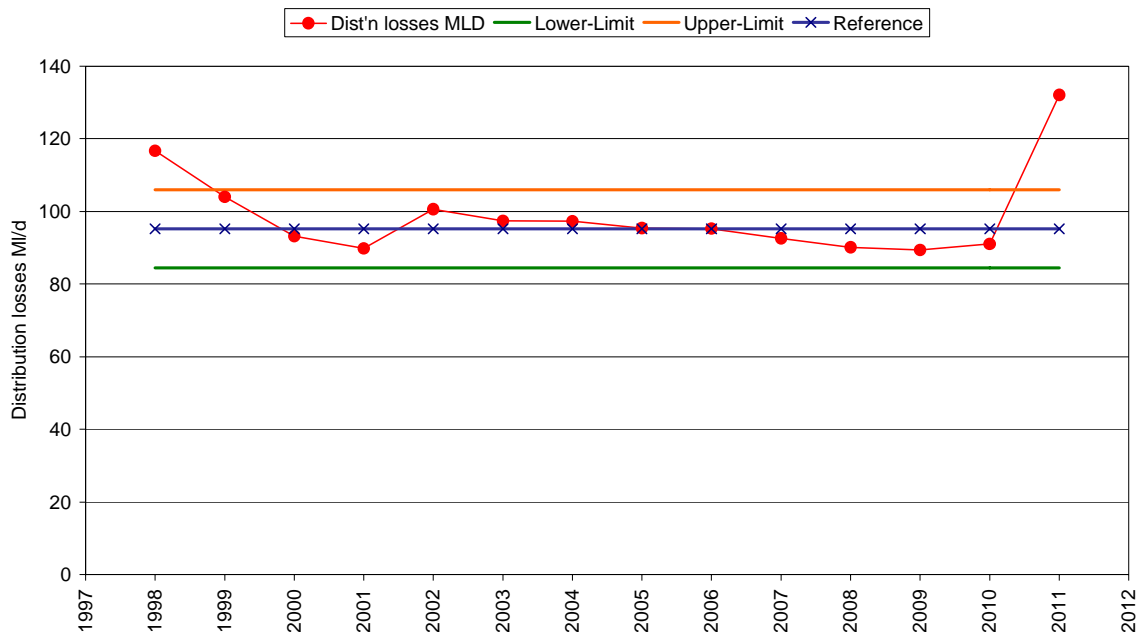
The indicator for DG2 risk of low pressure is at the lower limit this year, up a little on last year. As noted earlier, this is due to hot summer weather that revealed previously undetectable cases. Our view is that this indicator is stable.

Trend in DG2 Inadequate Pressure



The secondary indicator for distribution losses rose this year to 134MI/d. The increase in distribution losses from 91MI/d last year to 134MI/d this year reflects the change in our leakage reporting method agreed with Ofwat. As described in section 4.5, we achieved the annual leakage target for 2010/11 and we believe leakage declined from last year by approximately 2MI/d. The reference levels are now inconsistent with the current leakage reporting methodology of our leakage target. The reference level for distribution losses needs to be amended to be consistent with our reporting of leakage.

Trends in Distribution Losses



The other indicators: mean zonal compliance for turbidity, iron and manganese and customer contacts for discolouration per thousand population are all below the reference levels. This reflects our best ever results this year for water quality. Our overall view, having considered the trends in the indicators and weighting the mains burst indicator more heavily than the others, is that we are 'Marginal' in 2010/11, but on track to achieve 'Stable' at the end of 2011/12.

6.3 Mains replacement

This year we invested £37.7m in infrastructure renewals activity, £5.4m above determination, to complete over 145km of mains renewals (including 2km of mains diversions), 19km more than our regulatory target of 126km. We also renewed 3,662 communication pipes as part of maintenance work.

We are realising the benefit of our Integrated Design Team comprising our employees and our contractors. They ensure that we have visibility of over eighteen months of mains to be renewed by: identifying mains with a high burst frequency; early engagement of our operational teams; and selecting the construction technique that provides value and minimises disruption to our customers. We have also replaced communication pipes to maintain reliability, water quality and where the material was galvanised iron.

Having selected the optimum mains to be renewed, we have improved the way we procure and project manage the work by better management of cost, time and quality.

7. Finance

7.1 Operating Performance

Operating profit before land sales fell by 16.8% to £36.5m. Equally, after accounting for land sales, operating profit further decreased by 62.7% to £20.1m

Table Analysis of Operating profit

	2010/11	2009/10	Var £m	Var %
Turnover	241.3	235.3	6.0	2.5%
Operating Expenditure	(124.3)	(117.5)	(6.8)	5.8%
Infrastructure Renewals Charge	(40.5)	(38.5)	(2.0)	5.2%
Current cost depreciation	(42.4)	(37.7)	(4.7)	12.5%
Amortisation of deferred credit	0.5	0.5	-	-
Working capital adjustment	1.9	1.8	0.1	5.6%
Current cost operating profit before asset sales	36.5	43.9	(7.4)	16.8%
Land sales	(16.4)	10.0	(26.4)	264%
Current cost operating profit after land sales	20.1	53.9	33.8	62.7%

Our total revenue increased by £6.0m to £241.3m, reflecting inflation of 0.3%, a K factor of 1.4%, growth of 0.8%.

Overall, after two years of recession, we have seen demand beginning to recover for both household and business customers.

Our operating expenditure was £124.3m, a 5.8% increase on last year. We show the evolution of operating costs from last year to this year below. Taking account of atypical costs and credits and inflation, operating costs fell by 2.7% in real terms which is marginally lower than the target set in the determination of 3.1%.

Table Evolution of operating expenditure

	Total Opex £m
Opex 2009-10	
Reported Opex 2009-10 (2009-10 prices)	117.5
Add back: atypical credits in 2009-10	0.3
Less: atypical costs in 2009-10	-1.4
Adjusted Opex 2009-10 (2009-10 prices)	116.4
Opex 2010-11	
Reported Opex 2010-11	124.3

Add back: atypical credits in 2010-11	0.6
Less: atypical costs in 2010-11	-5.3
Adjusted Opex 2010-11	119.6

Opex Reconciliation 2009-10 to 2010-11

Adjusted Opex 2009-10 (2009-10 prices)	116.4
Inflation @ 5%	5.8
Adjusted Opex 2009-10 (2010-11 prices)	122.2
Add back: New expenditure and specific increases over inflation	0.2
Net efficiencies achieved in 2010-11	-2.8
Adjusted Opex 2010-11	119.6

Atypical costs of £5.3m were incurred in 2010/11 (2009/10 £1.4m). The main areas relate to:

- £3.4m of exceptional expenditure to achieve the leakage target (note a further £1.9m of expenditure was also incurred by the Company which is included in Infrastructure Renewals Expenditure).
- £1.0m of redundancy costs related to our reorganisation.
- £0.4m accrued uninsured compensation due to a flooding event.
- £0.3m additional uninsured costs arising from the water ingress into gas pipes from incidents at Barnet and Caddington in January 2010.

We have received the benefit of atypical credits of £0.6m (2009/10 £0.3m) as follows:

- £0.3m recovery of costs arising from the resolution and settlement of a dispute with the Environment Agency over abstraction from the River Ver.
- £0.3m recovery of cost from Redland Minerals and Crest Nicholson in relation to their liability for bromate contamination of ground water.

New expenditure and specific increases above or below base expenditure resulted in a small net increase of £0.2m. The three main drivers were:

- £3.5m lower energy costs than the previous year benefiting from a significantly lower market price. The market price has since risen, and is now above the determination price.
- £0.4m higher traffic management costs following the recently introduced permit scheme.
- £2.6m higher human resources and information technology costs, reflecting our decision to invest more in the development and training of our people, and inflationary pressures to operate our IT infrastructure.

In addition to the savings on power, we believe we have made £2.8m of other net efficiencies, which are detailed in section 8.

This is the second year in which we report our costs on a separate business unit basis. We have improved our cost allocation techniques and aligned them more closely with reporting definitions. As part of this work we discovered that last year we had mis-allocated £2.2m raw water transport costs to the treated water distribution category, which we have corrected this year.

7.2 Infrastructure renewals charge and depreciation

We set our infrastructure renewals charge (IRC) to reflect our expected infrastructure maintenance expenditure over the 15 year period 2010 – 2025. Our current expectation is that we will need to match the expenditure assumed in our Final Determination 2009 and therefore our IRC is similar to last year's adjusted for inflation.

Our current cost depreciation charge this year reflects the Modern Equivalent Asset Valuation (MEAV) carried out at the time of the price review, but implemented in this year's regulatory accounts. The movement on last year is explained by the current cost increase, inflation and completion of capital schemes that commenced depreciation this year. We recognise that we need to strengthen the processes we use to determine when current cost depreciation on additions should commence and will address this as part of an upgrade to our financial systems which is currently underway.

7.3 Land Sales

This year we sold the surplus land from our old headquarters site at Bishops Rise, Hatfield, for £6.1m. This land sale was anticipated in our 2009 price limits, however the MEAV was in excess of the final sales value.

7.4 Capital Expenditure

We invested £66.1m in total this year, slightly above the final determination assumption of £62.7m.

A significant element of our capital programme was mains renewals where we spent £24.5m renewing 143km of mains, more than catching up the outstanding 14km from AMP4 as committed to in last year's June Return. We achieved a unit cost therefore of £169 per metre, a significant improvement on the prior year moving us much closer to the determination.

Table Analysis of mains renewal unit costs

	2010/11	2009/10	Final determination
Mains renewals value (£m)	£24.5m	£23.4m	£18.9m
Length of mains renewed (km)	145	113	126
Unit cost £/m	169	207	150

In addition we have already completed the first of our four AMP5 drinking water quality schemes having invested to reduce cryptosporidium risk at our Chorleywood site. We have completed the first stage of work at our Blackford source.

In the supply and demand balance category we spent more than we expected because more customers opted for a meter and because housing market activity has recovered slightly from last year, which required more new mains and connections than expected.

7.5 Financing

We finance our activities through debt and equity. Our debt financing comprises:

- A £200m 22 year bond issued in 2004;
- A £201.3m loan with Veolia Environnement which matures in 2024; and
- A £100m revolving credit facility provided by our parent, Veolia Water Capital Funds.

We have maintained a gearing level at 61%. The Board considers that this level of gearing, which is below the industry average, creates the right balance between using lower cost debt financing whilst retaining sufficient flexibility to carry out our functions and manage economic risk.

7.6 Dividends

Our dividend policy is unchanged from last year, being to maintain a level of gearing that ensures there is sufficient headroom to satisfy our borrowing covenants and operate the company efficiently. The payment of dividends depend upon the success of the Company in generating cash flows in the reporting period. It is proposed with the Company's dividend policy that it maintains a certain level of Net Debt to RCV gearing when considering a distribution of earnings. The target gearing level is set at a level to ensure the Company complies with its financing covenants.

8. Efficiency

We aim to improve our efficiency because this promotes lower tariffs in future for our customers and allows us to achieve a better return from the deployment of our financial resources.

The evolution of underlying opex this year reflects the efficiencies achieved from our restructuring and consequential process improvements as tabulated below. These are in addition to the £3.5m lower energy costs.

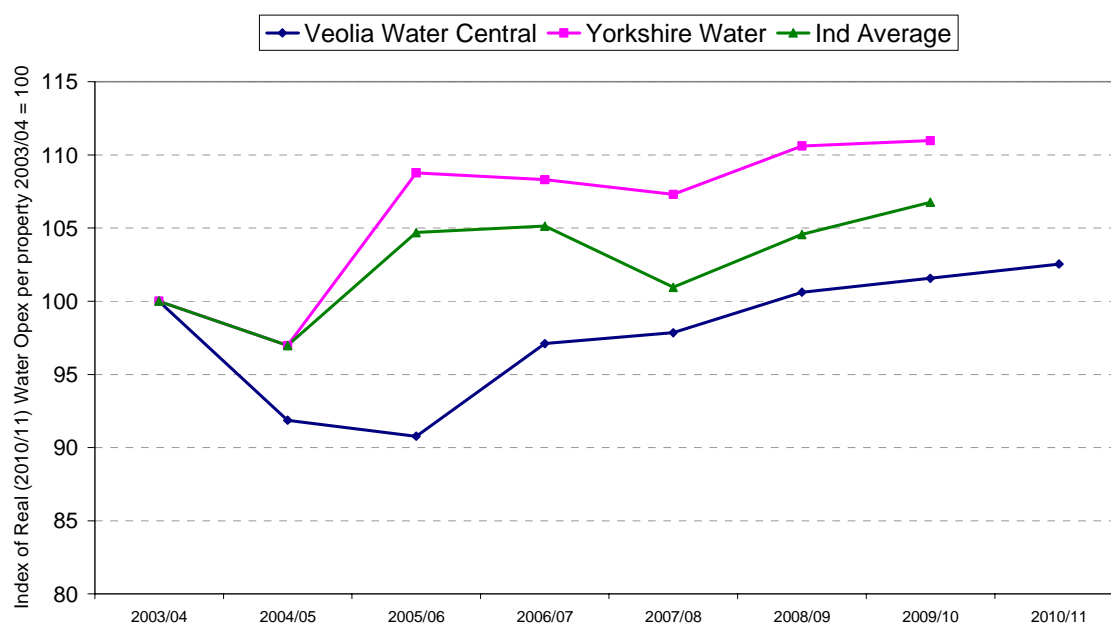
Table Operating expenditure efficiencies

	Efficiencies achieved £m
Community operations	
Re-organisation leading to lower employment costs	0.25
Asset management	
Re-organisation leading to lower employment costs	0.25

Reduction in chemical costs	0.55
Customer relations	
Reduction on commission for voids and missing properties	0.30
Cash collection improvements including greater use of digital communication channels and reduction in unwanted contact	0.40
Finance & regulation / other	
Procurement Savings including agency staff	1.05
Total	2.80

The graph below shows the evolution of opex per property, excluding atypical costs, since 2003/04. We have managed our costs so that they have risen less quickly in real terms than both the industry average, and also Yorkshire Water, commonly taken as the cost leader over this period.

Evolution of Real (2010/11) Water Service Operating Costs per Property



9. Regulatory Compliance

The Board undertake a number of activities to inform themselves as to the company's compliance with economic regulation.

1. Responsibility for monitoring regulatory compliance rests with the Finance Director, who is assisted in this by the Economic Regulation team.
2. Each quarter, the Board receive a report on progress with the AMP5 Monitoring Plan. A key feature of our Monitoring Plan this AMP is that as well as reporting progress already achieved, it is also predictive so highlights risks of future non-compliance for correction.

3. The Board is able to identify emerging regulatory underperformances and oversee how they are dealt with.
4. Regulatory performance is discussed at monthly meetings of the Executive Management Committee, a subcommittee of the Board
5. The Board's non-executive directors are active in regulatory compliance matters, for example they take active roles in the approval of Principal Statement & Charges Scheme and June Return submissions.
6. The Board's Audit Committee considers compliance risk as part of its activities and receives reports from internal audit as well as from the Reporter and Auditor
7. The Board's Executive Management Committee receive reports on compliance risk, as well as progress with action plans as may be required from time to time to ensure compliance.

Table Compliance with Key Regulatory Outputs 2010/11

	Units	PR09 Output	Actual
Serviceability Infrastructure		Stable Mar 12	Marginal
Serviceability Non-Infra		Stable	Stable
Security of Supply (Reference level)	%	100	100
Security of Supply (Planned LOS)	%	100	100
Total Leakage	MI/d	185.0	181.5
Mains renewed	Km	126	143
Water efficiency target (assumed saving)	MI/d	1.24	1.71
Number of optional meters installed	Nr	7,000	8,200

10. Competition and market reform

The strategy of our parent company, Veolia Water UK, is to grow its business by competing for operating contracts and we contribute to this by providing a showcase for excellence. Other companies in the Veolia Water group also act to increase competition as the operators of the MOD Tidworth inset appointment and as Water Supply Licence applicants. Veolia Water Projects' operation at Tidworth makes a bulk supply to a neighbouring water undertaker, providing an example of upstream trade. Veolia Water Central is also an importer and exporter of water so contributes towards efficient regional water use through trading.

We respond to competition by operating a key account service designed to build long term business relationships with customers based on Veolia's values; service, value and responsibility. The strength of our relationships also allows us to grow our business, selling additional water related services to our largest customers.

During the year, none of our customers elected to switch to an alternate supplier. We continued to operate inset appointments to 1,239 properties at Fairfield and one commercial premises, Kodak to allow customers to benefit from keener prices than with alternative suppliers. We supported initiatives to increase competition as follows:

- We published our access code and access prices to inform the market
- We have contributed to industry groups tasked with producing a standardised access code and model retail-only supply contract.
- We have been negotiating a potential bulk supply export to another water company which, whilst not yet resulting in a contract is upstream activity intended to improve regional efficiency in use of water resources
- We stand ready to negotiate and conclude agreements with new entrants for wholesale supplies of water.
- We have supplied information about our network, points of connection and prices to prospective new entrant inset appointees to facilitate competition.
- For new connections and infrastructure, we operate self lay policies to allow developers choice of infrastructure provider.

Whilst many of the prospective reforms to the water market are around competition in the market, Veolia Water believes that competition by the competitive letting or outsourcing of activities is equally advantageous. The advantages of competition for the market are:

- The potential to benefit all customers, not just the 2% of our customers who are >5Ml per year business customers
- It brings competitive forces to bear at all stages of the value chain, not just the small fraction accounted for by retail activity
- It is lower risk as it is a proven model of competition used in many countries throughout the world

By way of illustration, during the year our parent company Veolia Water has:

- Led a consortium, that successfully won a £300m contract to provide metering services to Thames Water
- Operated as part of a consortium to assist Southern Water with the delivery of their £1.5bn capital programme
- Operated customer service, income and billing services contracts for Welsh Water

The government is currently consulting on proposals to ensure that regulated companies compulsorily tender construction, operation and maintenance of major infrastructure projects. We hope that the forthcoming White Paper and Ofwat will be more supportive of the outsourcing approach to increasing competition owing to the greater total benefits we think it can bring to a greater number of water customers.

11. Corporate Responsibility

By corporate responsibility, we mean managing our business well so that we achieve our objectives of providing sustainable water management services to our customers and a financial return to our investors. We know that our water supply activities have significant environmental effects and we seek to manage these effects responsibly.

The single largest effect of our activities is indirect release of carbon dioxide as a result of using electricity to abstract, treat and distribute water. It accounts for about 95% of our emissions. The amount of electricity we need to use depends on our customers' demand for water, the quality of raw water and the efficiency and performance of our equipment and operations. Our research has shown us there are few opportunities in our area for renewable generation on a significant scale, so our strategy to reduce carbon emissions is to;

- Increase the efficiency of our processes, plant and equipment
- Influence our customers in their use of water

This year we invested at our Iver and Whitehall sites to refurbish pumps and improve controls, saving 1.5GWh of energy use. We have also benefited this year from better raw water quality which has allowed us to use less energy in water treatment than last year. To influence customers, we carried out a programme of activity, achieving 1.71Ml/d notional water saving, beating our 1.24Ml/d regulatory target. This comprised promotion of cistern devices, shower and tap devices along with information and education aimed at changing behaviour through our education centre. Our centre received 18,000 children and adults who came to learn more about water efficiency, waste and the water environment. This year we reduced the energy intensity of water per megalitre produced by nearly 2%, from 382kgCO₂e/Ml to 375kgCO₂e/Ml.

As well as energy, we also release carbon dioxide from our own use of fuels in standby generators, for heating offices, and in our vehicles. This year we made greater use of our standby generators to avoid power company triad costs. We reduced fuel use in heating as we closed one of our offices in the year and no longer need to heat it. Our operational vehicles use vehicle tracker systems which allows our drivers to see information about their journeys which they use to improve the safety and economy of their driving. We operate schemes with our employees to promote car sharing, flexible working, bus travel and cycling to work. Carbon emissions associated with our own use of fuels and for transport fell by about 2.5% compared to last year.

This year, we have reduced the confidence grades for greenhouse gas reporting. This does not reflect a worsening of the systems we use, but rather our correcting previous over estimates of their certainty.

We help to protect our water environment by operating three schemes in conjunction with the Environment Agency (EA) where we reduce water abstraction from rivers in our supply area and use alternative supplies from less water stressed locations. This year we have begun the AMP5 National Environment Programme studies which are

investigating the effect of abstraction in five catchments and relate to about a third of our total abstractions.

To further our social performance we promoted the Watersure tariff and our special assistance schemes through mailings, customer call advisors and our debt collection teams. There are now over 10,000 customers on our Safeguard register and 1,775 vulnerable customers protected by Watersure.

12. Veolia Water Central's vision and strategy

We want our Company to be the best water company in the industry, being a sustainable top quartile performer from 2013 and a showcase of excellence. We believe that succeeding in the ambition will be beneficial to our customers, other stakeholders and Veolia Water UK.

Underpinning our vision, we have six goals. These are:

Customers & Understanding

Deliver an exceptional water service to our customers in their local communities. Understand the needs of our customers and the community and fulfil their expectations so that our customers only contact us to seek our help & advice, if they want to buy additional services or notify us of a change in their circumstances.

Technology & Creativity

Develop our technological and innovative capabilities so that we can confidently deploy our creative ideas and where:

- a) the potential of our people can be released,
- b) we improve the lives of those in the community we serve and
- c) create efficiencies and new sources of profitable revenue

Failure & Feedback

Develop an environment where every member of the team can contribute and identify feedback that helps us all understand, learn and take action to improve the team and the organisation

Measure & Improve

Design and employ consistent reporting systems which provide meaningful information concerning the current and predictive performance of our business in order that we maintain appropriate records and make timely decisions.

People & Potential

Ensure a safe and healthy team-based environment which allows our teams to improve their capabilities and our people the opportunity to make the most of their potential

Design & Process

Design the company around the high level business processes and the needs of our customers; building agility, flexibility, teamwork and the opportunity to learn and improve.

To measure performance in achieving this vision, we have established key performance targets. Achievement of these targets, per quarter, results in a bonus at the end of the year for all staff. In calendar year 2010 we measured five key targets and in 2011 we have introduced three new targets. In 2010/11 we met our quarterly targets 13 times out of 20 as shown in the table below.

Table Veolia Water Central key performance targets

Key performance target	Measured by:		Q2 2010	Q3 2010	Q4 2010	Q1 2011
Health and safety	number of RIDDORS	Target	0	0	0	0
		Actual	1	3	1	2
Water Quality	number of water quality compliance failures	Target	9	15	7	4
		Actual	3	9	5	8
Unplanned interruptions to supply	number of equivalent properties experiencing an unplanned interruption of more than 6 hours	Target	350	350	350	350
		Actual	213	1961	320	4522
Written complaints	number of written complaints	Target	950	800	650	700
		Actual	671	693	583	654
Leakage	YTD leakage (April to March)	Target				185.0
		Actual				181.5
Unwanted contact	number of unwanted contacts	Target				37000
		Actual				42013
Customer experience	Achievement of net promoter score	Target				30%
		Actual				35%
Profitability	Operating profit, excluding land sales	Target	This is an annual measure			
		Actual	This is an annual measure			

Veolia Water Central Ltd - June Return 2010-11

Table 1: Key outputs; Water service - 1

			2010-11
Line	Description	Unit	
A Household and non household cistern displacement devices			
1	Number of cistern displacement devices distributed	nr	32,789
2	Number of cistern displacement devices installed	nr	26,185
3	Total savings assumed	MI/d	0.39
B Retrofit devices			
4	Number assumed installed	nr	6
5	Number of tap devices assumed installed	nr	23,124
6	Number of shower devices assumed installed	nr	15,079
7	Total savings assumed	MI/d	0.60
C Outdoors			
8	Number of water butts distributed to households and non-households	nr	737
9	Number of trigger guns/crystal packs distributed	nr	5
10	Total savings assumed	MI/d	0.03
D Additional activity			
11	Total savings assumed	MI/d	0.30
E Behavioural change			
12	Total savings assumed from behavioural change (information/education) activity	MI/d	0.37
F Other non-household activity			
13	Other non-household activity - total savings assumed	MI/d	0.02
G Totals			
14	Total savings assumed	MI/d	1.83
15	Total cost of initiatives	£000	422.00
16	Total savings assumed carried forward from previous year(s)	MI/d	0.00
H Sustainable economic level of water efficiency			
17	Savings claimed in the report year to meet selwe targets	MI/d	0.00
18	Total cost of initiatives	£000	0

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Table 2: Key outputs; Water service - 2

			2007-08	CG	2008-09	CG	2009-10	CG	2010-11	CG
Line	Description	Unit								
A	DG2 Properties receiving pressure/flow below reference level									
1	Total connected properties at year end	000	1,262.2	B2	1,269.4	B2	1,276.0	B2	1,282.1	B2
2	Properties below reference level at start of year	nr	353	B2	106	B2	100	B2	94	B2
3	Properties below reference level at end of year	nr	106	B2	100	B2	94	B2	148	B2
4	Properties receiving low pressure but excluded from DG2	nr	49,859	B3	48,110	B3	56,911	B3	56,958	B3
B	DG3 Properties affected by supply interruptions									
(i) Unplanned interruptions										
5	More than 3 hours	nr	14,706	B3	22,348	B3	11,421	B3	37,833	B3
6	More than 6 hours	nr	3,490	B3	2,227	B3	1,632	A3	6,105	A3
7	More than 12 hours	nr	812	B3	265	B3	75	A3	883	A3
8	More than 24 hours	nr	93	B3	14	B3	34	A3	14	A3
(ii) Planned and warned interruptions										
9	More than 3 hours	nr	44,767	C3	32,908	CX	22,177	B3	25,019	B3
10	More than 6 hours	nr	15,712	C3	18,642	BX	15,802	B3	21,437	B3
11	More than 12 hours	nr	132	C3	52	BX	0	BX	4	BX
12	More than 24 hours	nr	1	C3	0	BX	0	BX	0	BX
(iii) Interruptions caused by third parties										
13	More than 3 hours	nr	3,049	B3	1,215	B3	2,641	B3	207	B3
14	More than 6 hours	nr	155	B3	227	B3	205	B3	23	B3
15	More than 12 hours	nr	95	B3	30	B3	0	BX	1	BX
16	More than 24 hours	nr	1	B3	0	BX	0	BX	0	BX
(iv) Unplanned interruptions (overruns of planned interruptions)										
17	More than 6 hours	nr	280	C3	830	B3	189	B3	447	B3
18	More than 12 hours	nr	111	C3	676	B3	178	B3	282	B3
19	More than 24 hours	nr	101	C3	14	B3	19	B3	76	B3
C	Population									
20	Population (winter)	000	3,087.69		3,118.25		3,136.76		3,155.86	
D	DG4 Restrictions on the use of water									
21	DG4 % population - hosepipe restrictions	%	0.0%	A1	0.0%	A1	0.0%	A1	0.0%	A1
22	DG4 % population - drought orders	%	0.0%	A1	0.0%	A1	0.0%	A1	0.0%	A1
23	% population - sprinkler/unattended hosepipe restrictions	%	0.0%	A1	0.0%	A1	0.0%	A1	0.0%	A1

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Table 4: Key outputs; Customer service - 1

			2007-08	CG	2008-09	CG	2009-10	CG	2010-11	CG
Line	Description	Unit								
A DG6 Response to billing contacts - general										
1	Total billing contacts	nr	1,027,775	B2	925,141	B2	882,011	B2	829,410	B2
2	Number dealt with within 5 working days	nr	1,019,433	B2	921,779	B2	881,633	B2	828,409	B2
3	Number dealt with in more than 10 working days	nr	124	B2	157	B2	126	B2	195	B2
4	Percentage dealt with within 5 working days	%	99.2%	B2	99.6%	B2	100.0%	B2	99.9%	B2
5	Percentage dealt with in more than 10 working days	%	0.0%	B2	0.0%	B2	0.0%	B2	0.0%	B2
B Connected properties										
6	Number of properties connected for water supply only	nr	1,262,225	B2	1,269,375	B2	1,276,008	B2	1,282,063	B2

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Table 5: Key outputs; Customer service - 2

			2007-08	CG	2008-09	CG	2009-10	CG	2010-11	CG
Line	Description	Unit								
A DG7 Response to written complaints										
1	Total written complaints	nr	4,763	A2	5,861	A2	4,097	A2	2,632	A2
2	Number dealt with within 10 working days	nr	4,746	A2	5,844	A2	4,090	A2	2,623	A2
3	Percentage dealt with within working 10 days	%	99.6%	A2	99.7%	A2	99.8%	A2	99.7%	A2
4	Number dealt with in more than 20 working days	nr	9	A2	3	A2	4	A2	2	A2
5	Percentage dealt with in more than 20 working days	%	0.2%	A2	0.1%	A2	0.1%	A2	0.1%	A2
B DG8 Bills for metered customers										
6	Total metered accounts	nr	477,623	B2	510,726	B2	537,703	B2	551,983	B2
7	Metered accounts excluded from indicator	nr	19,391	B2	21,830	B2	22,967	B2	24,106	B2
(i) Number of customers with metered accounts received at least one bill during year based on meter reading:										
8	Company readings	nr	451,533	B2	480,762	B2	507,925	B2	519,532	B2
9	Company or customer readings (or both)	nr	456,302	B2	486,972	B2	512,611	B2	525,741	B2
(ii) Number of customers with metered accounts receiving:										
10	Estimated bills only	nr	1,892	B2	1,923	B2	2,125	B2	2,136	B2
11	No bills received during report year	nr	9	B2	1	B2	0	BX	0	BX
12	Unread by company for 2 years	nr	1,708	B2	344	B2	385	B2	550	B2
C DG9 Telephone contact										
13	Total calls received on customer contact lines	nr	1,257,711	A1	1,149,540	A1	1,089,812	A1	1,029,523	A1
14	All lines busy	nr	0	A1	0	AX	0	AX	0	AX
15	Total of abandoned calls over ten seconds	nr							57,116	A1
16	Total of abandoned calls within ten seconds	nr							19,072	A1
D Special assistance register										
17	Customers on the special assistance register	nr	3,264	A1	5,859	A1	8,432	A1	10,735	A1

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Table 5a: Key outputs; Customer complaints data for the Consumer Council for Water

			2007-08	CG	2008-09	CG	2009-10	CG	2010-11	CG
Line	Description	Unit								
A Total written complaints										
1	Total written complaints	nr	4,763	A2	5,861	A2	4,097	A2	2,632	A2
2	Number dealt with within 10 working days	nr	4,746	A2	5,844	A2	4,090	A2	2,623	A2
3	Number dealt with in more than 20 working days	nr	9	A2	3	A2	4	A2	2	A2
B Category of written complaints										
(i) Charges and bills										
4	Total written complaints about charging and billing issues	nr	3,057	A2	3,379	A2	2,151	A2	1,480	A2
5	Total written complaints about charging and billing issues escalated to second stage review	nr	54	A2	381	A2	112	A2	97	A2
(ii) Water service										
6	Total written complaints about water service issues	nr	1,179	A2	1,197	A2	694	A2	589	A2
7	Total written complaints about water service issues escalated to second stage review	nr	23	A2	179	A2	50	A2	78	A2
(iii) Sewerage service										
8	Total written complaints about sewerage service issues	nr	0		0		0		0	
9	Total written complaints about sewerage service issues escalated to second stage review	nr	0		0		0		0	
(iv) Metering										
10	Total written complaints about metering issues	nr	503	A2	536	A2	403	A2	204	A2
11	Total written complaints about metering issues escalated to second stage review	nr	6	A2	69	A2	19	A2	16	A2
(v) Other activities										
12	Total written complaints about other service issues or activities	nr	24	A2	749	A2	849	A2	359	A2
13	Total written complaints about other service issues or activities escalated to second stage review	nr	2	A2	183	A2	173	A2	40	A2

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Table 5b: Key outputs; Consumer experience measures - Unwanted telephone contacts data

			2010-11	CG
Line	Description	Unit		
A Total calls received				
1	Total consumer calls received on all lines 24 hours a day, 7 days a week	nr	1,049,969	B3
2	Wanted telephone contacts	nr	689,356	BX
3	Unwanted telephone contacts	nr	160,647	BX
B Category of unwanted calls				
(i) Charges and billing				
4	Unwanted telephone contacts - charging/billing	nr	68,023	BX
(ii) Water operations				
5	Unwanted telephone contacts – water operations	nr	84,331	BX
(iii) Waste water operations				
6	Unwanted telephone contacts - waste water operations	nr	0	
(iv) Metering				
7	Unwanted telephone contacts - metering	nr	7,993	BX
(v) Other activities				
8	Unwanted telephone contacts – other	nr	300	BX
C Consumer experience satisfaction				
9	Consumer experience satisfaction score	nr	4.30	B2

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Table 6: Key outputs; Customer service standards

Line	Description	Unit	2007-08	CG	2008-09	CG	2009-10	CG	2010-11	CG
A GSS - Appointments										
1	Failure to specify am/pm or provide 2 hour slot (Events)	nr	0	B3	0	B3	0	A2	0	BX
2	Failure to keep appointment (Events)	nr	215	B3	403	B3	400	A2	575	B3
3	Failure to correctly cancel an appointment (Events)	nr	15	B3	44	B3	10	A2	6	BX
4	Enhanced GSS criteria (Events)	nr	0	A1	0	A1	0	AX	0	AX
B GSS - Written account queries										
Account queries										
5	Failure to despatch a substantive reply within 10 working days (Events)	nr	34	A2	19	A2	43	A2	36	A2
6	Enhanced GSS criteria (Events)	nr	0	A1	0	A1	0	AX	0	AX
Payment arrangements										
7	Failure to despatch a substantive reply within 5 working days where request cannot be met (Events)	nr	14	A2	2	A2	4	A2	7	A2
8	Enhanced GSS criteria (Events)	nr	0	A1	0	A1	0	AX	0	AX
C GSS - Written complaints										
9	Failure to dispatch a substantive reply within 10 working days (Events)	nr	38	B2	17	B2	6	B2	8	B2
10	Enhanced GSS criteria (Events)	nr	0	B2	0	B2	0	AX	0	AX
D GSS - Notice of interruptions to supply										
11	Failure to warn for planned interruptions of more than 4 hours (Events)	nr	1,058	B3	263	B3	290	B3	215	B3
12	Enhanced GSS criteria (Events)	nr	3	BX	2	BX	3	BX	3	BX
E GSS - Supply not duly restored										
Planned interruptions										
13	Failure to restore supply within period specified in notice (Events)	nr	467	B3	912	B3	189	B3	577	B3
Unplanned interruptions										
14	Failure to restore supply within 48 hours for emergency works - strategic main (Events)	nr	0	BX	0	BX	0	AX	0	AX
15	Failure to restore supply within 12 hours for emergency works - non strategic main (Events)	nr	720	B3	244	B3	19	A3	127	A3
16	Enhanced GSS criteria (Events)	nr	0	A1	0	A1	0	AX	0	AX
F GSS - Pressure standard										
17	Failure to maintain minimum pressure standard (Events)	nr	19	B3	34	B3	17	B3	809	B3
18	Enhanced GSS criteria (Events)	nr	0	A1	0	A1	0	AX	0	AX
I All regulations										
21	Number of Events where payment has not been made as allowed by exclusions in regulations e.g. severe weather or 3rd party action	nr	0	AX	24	BX	66	B2	124	B2
J GSS penalty payments made - all categories										
22	Penalty payments made under regulations 8, 9, 11 or 12 (Automatic Events)	nr	241	B2	85	B2	33	B2	53	B2
23	Penalty payments made under regulations 6 and 7 (Claimed Events)	nr	2	B2	10	B2	5	B2	0	BX
24	Enhanced GSS criteria (Events)	nr	0	A1	0	A1	0	AX	0	AX
25	Total penalty payments made (value)	£	4,870	B2	2,260	B2	780	B2	1,150	B2
K Enhanced GSS and company customer charters										
26	Statutory GSS - Total number of GSS events water and sewerage	nr	2,580	B3	1,938	B3	978	B2	2,360	B2
27	Statutory GSS - payments made (number)	nr	2,599	B2	2,000	B2	1,035	B2	1,241	B2
28	Statutory GSS - payments made (value)	£	53,195	B2	41,105	B2	20,955	B2	26,735	B2
29	Enhanced GSS - total events (number)	nr	3	BX	2	BX	3	BX	3	BX
30	Enhanced GSS - payments made (number)	nr	3	BX	2	BX	3	BX	1	BX
31	Enhanced GSS - payments made (value)	£	30	BX	20	BX	50	BX	10	BX
32	Company Customer Charter - payments made (number)	nr	11	A2	1,823	A2	782	A2	769	A2
33	Company Customer Charter - payments made (value)	£	359	A2	60,641	A2	39,942	A2	38,802	A2

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Table 6a: Outstanding revenue and breakdown of customer service operating expenditure

			2007-08	2008-09	2009-10	2010-11
Line	Description	Unit				
A	Revenue outstanding - measured households					
1	Total revenue outstanding <48 months (measured households)	£m	11.974	12.219	14.051	15.439
2	Number of measured households with outstanding revenue <48 months	nr	128,356	120,945	116,500	114,823
3	Revenue outstanding < 3 months (measured households)	£m	4.431	4.587	5.130	4.993
4	Number of measured households with outstanding revenue < 3 months	nr	64,091	67,082	62,568	59,670
5	Revenue outstanding 3-12 months (measured households)	£m	4.477	4.019	4.584	5.096
6	Number of measured households with outstanding revenue 3 -12 months	nr	43,345	31,359	30,219	30,221
7	Revenue outstanding 12-24 months (measured households)	£m	1.933	2.159	2.369	3.072
8	Number of measured households with outstanding revenue 12-24 months	nr	12,329	11,274	11,503	12,999
9	Revenue outstanding 24- 36 months (measured households)	£m	0.783	0.966	1.282	1.433
10	Number of measured households with outstanding revenue 24 - 36 months	nr	6,135	6,775	6,782	6,785
11	Revenue outstanding 36 -48 months (measured households)	£m	0.350	0.488	0.686	0.845
12	Number of measured households with outstanding revenue 36 - 48 months	nr	2,456	4,455	5,427	5,147
13	Revenue outstanding > 48 months (measured households)	£m	0.412	0.402	0.565	0.688
14	Number of measured households with outstanding revenue over 48 months	nr	4,175	5,132	8,277	11,295
B	Revenue outstanding - unmeasured households					
15	Total revenue outstanding <48 months (unmeasured households)	£m	14.442	14.234	15.377	16.279
16	Number of unmeasured households with outstanding revenue <48 months	nr	81,579	75,501	73,602	71,475
17	Revenue outstanding < 3 months (unmeasured households)	£m	0.270	0.213	0.189	0.166
18	Number of unmeasured households with outstanding revenue < 3 months	nr	8,454	6,757	4,528	4,151
19	Revenue outstanding 3 -12 months (unmeasured households)	£m	6.621	6.468	6.679	7.100
20	Number of unmeasured households with outstanding revenue 3 -12 months	nr	42,674	40,253	39,658	37,678
21	Revenue outstanding 12-24 months (unmeasured households)	£m	3.984	3.630	4.019	4.268
22	Number of unmeasured households with outstanding revenue 12-24 months	nr	16,395	14,030	14,087	14,417
23	Revenue outstanding 24 - 36 months (unmeasured households)	£m	2.326	2.413	2.693	2.873
24	Number unmeasured households with outstanding revenue 24 - 36 months	nr	9,215	8,532	8,921	8,853
25	Revenue outstanding 36 - 48 months (unmeasured households)	£m	1.241	1.510	1.797	1.872
26	Number unmeasured households with outstanding revenue 36 - 48 months	nr	4,842	5,929	6,409	6,377
27	Revenue outstanding > 48 months (unmeasured households)	£m	1.631	1.565	2.040	2.094
28	Number of unmeasured households with outstanding revenue > 48 months	nr	9,982	10,326	12,719	13,364
C	Revenue outstanding - non-households					
29	Revenue outstanding non households	£m	8.303	8.146	8.955	7.644
D	Revenue written off					
30	Amount of revenue written off from measured households	£m	1.185	2.368	1.782	1.891
31	Amount of revenue written off from unmeasured households	£m	3.179	3.255	2.107	2.713
E	Customer services operating expenditure					
32	General customer services operating expenditure	£m	12.317	12.130	15.034	16.292
33	Outstanding revenue collection operating expenditure (households)	£m	2.951	3.213	2.552	3.518
34	Donations to charitable trusts assisting customers in debt (households)	£m	0.045	0.590	0.000	0.550
35	Operating expenditure due to vulnerable household customers (WaterSure)	£m	0.019	0.031	0.090	0.084
36	Total customer services operating expenditure	£m	15.332	15.964	17.676	20.444

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Table 6b: Applications for vulnerable customer (WaterSure) status

			2007-08	2008-09	2009-10	2010-11
Line	Description	Unit				
1	Applications - large families	nr	327	521	909	1,110
2	Successful applications - large families	nr	304	499	884	1,104
3	Applications - medical conditions	nr	210	302	544	684
4	Successful applications - medical conditions	nr	200	289	513	671
5	Total number of applications	nr	537	823	1,453	1,794
6	Total number of successful applications	nr	504	788	1,397	1,775

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Table 7: Water properties and population

			2007-08	2008-09	2009-10	2010-11	2011-12
Line	Description	Unit					
A Properties							
1	Household properties connected during the year	000	7.696	8.882	8.106	8.685	
2	Non household properties connected during the year	000	1.365	1.427	1.561	1.545	
B Billing							
3	Households billed for unmeasured water	000	781.843	751.565	722.884	706.293	697.793
4	Households billed for measured water (external meter)	000	365.212	394.764	416.645	426.701	438.723
5	Households billed for measured water (not external meter)	000	32.171	35.090	36.646	41.916	43.167
6	Households billed for water	000	1,179.226	1,181.419	1,176.175	1,174.909	1,179.683
7	Household properties (water supply area)	000	1,188.938	1,195.530	1,201.994	1,208.158	1,212.932
8	Non-households billed for unmeasured water	000	9.550	9.253	8.990	8.821	
9	Non-households billed measured water	000	53.672	53.716	53.270	53.247	
10	Non-households billed water	000	63.222	62.969	62.260	62.068	
11	Non-household properties (water supply area)	000	69.736	70.270	70.698	70.878	
12	Void properties	000	16.226	21.413	34.257	42.058	
C Population							
13	Population households billed unmeasured water	000	2,144.19	2,055.24	2,016.12	2,007.11	
14	Population - households billed measured water	000	900.77	1,020.27	1,077.90	1,106.01	
15	Population non-households billed unmeasured water	000	4.37	4.26	4.26	4.24	
16	Population - non-households billed measured water	000	38.36	38.48	38.48	38.50	
17	Population - Total	000	3,087.69	3,118.25	3,136.76	3,155.86	

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Table 8: Water metering

			2007-08	2008-09	2009-10	2010-11
Line	Description	Unit				
A Household meter installation						
1	Selective meters - installed	nr	20,026	12,683	6,755	0
2	Meter optants installed	nr	10,325	15,564	12,279	8,144
3	Meters installed - external meter with existing boundary box	nr	10,058	8,643	5,657	2,205
4	Meters installed - external meter without boundary box	nr	17,660	16,685	11,330	4,456
5	Meters installed - internal meter	nr	2,633	2,919	2,047	1,483
6	No. of meter installation requests that take more than three months to implement	nr	449	676	392	227
B Water demand at recently metered properties						
7	Average water billed - selective metered properties	l/prop/d	444.89	427.09	433.57	441.86
8	Average water billed - optionally metered properties	l/prop/d	237.92	222.84	229.72	244.91

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Table 10: Water delivered

			2007-08	CG	2008-09	CG	2009-10	CG	2010-11	CG	2011-12
Line	Description	Unit									
A	Water delivered-volumes										
1	Billed measured household	MI/d	147.21		154.65		169.02		178.01		185.94
2	Billed measured non-household	MI/d	160.31		158.52		149.11		152.15		
3	Billed measured	MI/d	307.52		313.17		318.13		330.16		
4	Billed unmeasured household	MI/d	416.42		400.05		398.08		380.92		376.14
5	Billed unmeasured non-household	MI/d	11.28		11.74		11.27		9.75		
6	Billed unmeasured	MI/d	427.70		411.79		409.35		390.66		
B	Water delivered-components										
7	Estimated water delivered per unmeasured non-household	l/prop/d	1,180.99	B4	1,268.78	B4	1,253.56	B4	1,104.94	B4	
8	Per capita consumption (unmeas'd h'hold - excl s/pipe leakage)	l/h/d	175.50	B3	175.29	B3	178.57	B3	172.22	B3	
9	Per capita consumption (meas'd h'hold - excl s/pipe leakage)	l/h/d	153.27		141.57		146.87		151.36		
10	Underground supply pipe leakage (unmeas'd households)	l/prop/d	51.31		52.93		52.66		49.91		
11	Underground supply pipe leakage (ext. metered households)	l/prop/d	20.53		21.17		21.06		19.96		
12	Underground supply pipe leakage (other metered h'holds)	l/prop/d	51.31		52.93		52.66		49.91		
13	Water delivered: underground supply pipe leakage (void properties)	l/prop/d	51.31		52.93		52.66		49.91		
14	Meter under-registration (measured households)	MI/d	4.43		4.66		5.09		5.36		
15	Meter under-registration (measured non-households)	MI/d	8.37		8.27		7.78		7.94		
16	Distribution system operational use	MI/d	1.34		0.70		0.69		0.60		
17	Water taken legally unbilled	MI/d	7.66		8.31		8.94		8.20		
18	Water taken illegally unbilled	MI/d	0.27		1.33		1.31		1.15		
19	Water taken unbilled	MI/d	7.93		9.64		10.25		9.35		
20	Water delivered (potable)	MI/d	743.14		734.60		737.72		730.17		
21	Water delivered (non-potable)	MI/d	0.29		0.07		0.07		0.13		
22	Water delivered (non-standard rates: potable)	MI/d	0.45		0.38		0.36		0.43		
23	Water delivered (non-standard rates: non-potable)	MI/d	0.29		0.07		0.07		0.00		
24	Distribution losses	MI/d	90.09		89.36		91.04		132.02		
25	Total leakage	MI/d	141.78	B3	142.11	B3	143.21	B3	181.48	B3	
26	Distribution input	MI/d	834.58	B2	824.66	B2	829.45	B2	862.79	B2	
27	Bulk supply imports	MI/d	32.71		24.63		20.75		19.89		
28	Bulk supply exports	MI/d	26.62		31.86		34.85		32.18		
29	Water treated at own works to own customers	MI/d	801.87		800.03		808.70		810.72		
30	Overall water balance	Text		B2		B2		B2		B2	

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Table 10a(i): Security of supply index - planned level of service

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Water resource zone	WAFU (EA Definition) (Ml/d)	Bulk imports (Ml/d)	Bulk exports (Ml/d)	Dry year distribution input (Ml/d)	Reporting year distribution input (Ml/d)	Dry year available headroom (Ml/d)	Target headroom (Ml/d)	Surplus/deficit (Ml/d)	Percentage deficit (Ml/d)	Zonal population	Percentage of total population with headroom deficit	Zonal index	Security of supply index
1	Central	558.23	24.17	30.00	480.95	468.82	71.45	19.95	51.51	10.28%	1,657.132	0%	0.000
2	Northern	320.61	10.31	14.01	267.84	267.20	49.07	23.50	25.57	8.78%	998.045	0%	0.000
3	Southern	174.45	22.20	36.00	139.73	137.00	20.92	5.76	15.17	10.43%	500.681	0%	0.000
4													
Total		1,053.29	56.68	80.01	888.51	873.02					3,155.858	0.000	100

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Table 10a(iii): Security of supply index - critical period

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Water resource zone	WAFU (EA Definition) (MI/d)	Bulk imports (MI/d)	Bulk exports (MI/d)	Dry year distribution input (MI/d)	Reporting year distribution input (MI/d)	Dry year available headroom (MI/d)	Target headroom (MI/d)	Surplus/deficit (MI/d)	Percentage deficit (MI/d)	Zonal population	Percentage of total population with headroom deficit	Zonal index	Security of supply index
1	Central	634.03	10.20	35.00	570.55	534.51	38.68	25.67	13.01	2.18%	1,657.132	0%	0.000	
2	Northern	365.79	15.31	0.04	332.02	307.15	49.04	28.87	20.18	5.59%	998.045	0%	0.000	
3	Southern	226.64	22.20	36.00	189.73	196.05	23.11	7.51	15.60	7.91%	500.681	0%	0.000	
4														
	Total	1,226.46	47.71	71.04	1,092.29	1,037.71					3,155.858		0.000	100

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Table 10b(i): Environment Agency data; Water balance component data by resource zone - annual average out-turn

Line	Description	Unit	Water Resource	Water Resource	Water Resource	Total
			Zone 1	Zone 2	Zone 3	
			2010-11	2010-11	2010-11	2010-11
Water Resource Zone Description			Central	Northern	Southern	Total
A Basic resources						
1	Deployable output	MI/d	579.26	327.51	199.69	1,106.46
2	Outage allowance	MI/d	21.03	6.90	25.24	53.17
3	Water available for use	MI/d	558.23	320.61	174.45	1,053.29
B Raw water						
4	Raw water abstracted	MI/d	490.21	238.88	174.31	903.40
5	Raw water exported	MI/d	0.00	0.00	0.00	0.00
6	Raw water retained	MI/d	490.21	238.88	174.31	903.40
7	Raw water imported	MI/d	1.12	0.00	0.00	1.12
8	Raw water collected	MI/d	491.33	238.88	174.31	904.51
9	Raw water losses	MI/d	0.00	4.22	0.00	4.22
10	Raw water operational use	MI/d	0.00	0.00	0.00	0.00
11	Non potable supplies	MI/d	0.13	0.00	0.00	0.13
12	Raw water into treatment	MI/d	491.20	234.66	174.31	900.17
C Portable water to point of delivery						
13	Treatment works losses	MI/d				0.00
14	Treatment works operational use	MI/d	14.83	-5.28	15.62	25.17
15	Potable water produced	MI/d	476.37	239.94	158.69	875.00
16	Potable water imports	MI/d	13.31	35.81	8.28	57.40
17	Potable water exports	MI/d	26.46	11.65	31.58	69.69
18	Distribution Input	MI/d	463.22	264.09	135.39	862.70
19	Distribution losses	MI/d	75.93	39.12	17.00	132.06
20	Water taken	MI/d	387.28	224.97	118.39	730.64
21	Distribution system operational use	MI/d	0.31	0.23	0.09	0.63
22	Water delivered	MI/d	386.97	224.74	118.30	730.01
D Portable water customer base						
23	Unmeasured household - population	000	1,109.251	597.401	300.459	2,007.111
24	Unmeasured household - properties	000	391.866	206.050	108.376	706.293
25	Unmeasured household -occupancy rate	h/pr	2.83	2.90	2.77	2.84
26	Measured household - population	000	526.851	390.074	189.082	1,106.007
27	Measured household - properties	000	221.889	166.844	79.883	468.617
28	Measured household - occupancy rate	h/pr	2.37	2.34	2.37	2.360
29	Unmeasured non-household population	000	2.881	0.989	0.366	4.236
30	Unmeasured non- household properties	000	5.866	2.138	0.818	8.821
31	Measured non-household population	000	18.149	9.581	10.774	38.504
32	Measured non-household properties	000	26.064	19.541	7.665	53.270
33	Total population	000	1,657.132	998.045	500.681	3,155.858
34	Void household properties	000	17.369	10.553	5.328	33.249
35	Void non household properties	000	4.530	3.076	1.204	8.809
36	Total properties	000	667.584	408.201	203.274	1,279.059
E Portable water delivered						
37	Water taken unbilled	MI/d	4.29	3.58	1.37	9.25
38	Water delivered billed	MI/d	382.68	221.16	116.92	720.76
39	Unmeasured household water delivered	MI/d	209.60	115.44	55.31	380.35
40	Unmeasured household - uspl	MI/d	19.08	10.94	5.19	35.21
41	Unmeasured household - consumption	MI/d	190.52	104.51	50.12	345.14
42	Unmeasured household - pcc	l/h/d	171.76	174.93	166.80	171.96
43	Measured household water delivered	MI/d	86.39	57.55	34.23	178.17
44	Measured household -uspl	MI/d	4.90	4.02	1.74	10.66
45	Measured household - consumption	MI/d	81.49	53.53	32.50	167.51
46	Measured household - pcc	l/h/d	154.67	137.23	171.86	151.46
47	Unmeasured non-household water delivered	MI/d	6.50	2.72	0.81	10.04
48	Unmeasured non-household -uspl	MI/d	0.29	0.11	0.04	0.44
49	Unmeasured non-household -consumption	MI/d	6.22	2.61	0.77	9.60
50	Measured non-household water delivered	MI/d	80.19	45.44	26.57	152.20
51	Measured non-household -uspl	MI/d	0.51	0.41	0.15	1.07
52	Measured non-household - consumption	MI/d	79.68	45.03	26.42	151.13
53	Void properties - uspl	MI/d	1.07	0.72	0.31	2.10
F Leakage						
54	Total leakage	MI/d	101.78	55.33	24.43	181.54
55	Total leakage	l/prop/d	152.46	135.55	120.17	141.93

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Table 10b(ii): Environment Agency data; Water balance component data by resource zone - critical period

		Water Resour Water Resour Water Resour Total				
		2010-11	2010-11	2010-11	2010-11	
Line	Description	Unit	Central	Northern	Southern	Total
Water Resource Zone Description		Text				
A Basic resources						
1	Deployable output	MI/d	654.76	378.24	237.82	1,270.82
2	Outage allowance	MI/d	20.73	12.45	11.18	44.36
3	Water available for use	MI/d	634.03	365.79	226.64	1,226.46
B Raw water						
4	Raw water abstracted	MI/d	561.20	259.37	218.16	1,038.73
5	Raw water exported	MI/d	0.00	0.00	0.00	0.00
6	Raw water retained	MI/d	561.20	259.37	218.16	1,038.73
7	Raw water imported	MI/d	0.00	0.00	0.00	0.00
8	Raw water collected	MI/d	561.20	259.37	218.16	1,038.73
9	Raw water losses	MI/d	4.79	0.00	0.00	4.79
10	Raw water operational use	MI/d	0.00	0.00	0.00	0.00
11	Non potable supplies	MI/d	0.13	0.00	0.00	0.13
12	Raw water into treatment	MI/d	556.28	259.37	218.16	1,033.81
C Portable water to point of delivery						
13	Treatment works losses	MI/d				0.00
14	Treatment works operational use	MI/d	14.34	1.99	-0.10	16.23
15	Potable water produced	MI/d	541.94	257.38	218.25	1,017.57
16	Potable water imports	MI/d	21.43	68.77	14.82	105.02
17	Potable water exports	MI/d	28.85	18.99	37.02	84.87
18	Distribution Input	MI/d	534.51	307.16	196.05	1,037.72
19	Distribution losses	MI/d	75.93	39.12	17.00	132.06
20	Water taken	MI/d	458.58	268.03	179.05	905.66
21	Distribution system operational use	MI/d	0.31	0.23	0.09	0.63
22	Water delivered	MI/d	458.27	267.80	178.96	905.03
D Portable water customer base						
23	Unmeasured household - population	000	1,109.251	597.401	300.459	2,007.111
24	Unmeasured household - properties	000	391.866	206.050	108.376	706.293
25	Unmeasured household -occupancy rate	h/pr	2.83	2.90	2.77	2.84
26	Measured household - population	000	526.851	390.074	189.082	1,106.007
27	Measured household - properties	000	221.889	166.844	79.883	468.617
28	Measured household - occupancy rate	h/pr	2.37	2.34	2.37	2.360
29	Unmeasured non-household population	000	2.881	0.989	0.366	4.236
30	Unmeasured non- household properties	000	5.866	2.138	0.818	8.821
31	Measured non-household population	000	18.149	9.581	10.774	38.504
32	Measured non-household properties	000	26.064	19.541	7.665	53.270
33	Total population	000	1,657.132	998.045	500.681	3,155.858
34	Void household properties	000	17.369	10.553	5.328	33.249
35	Void non household properties	000	4.530	3.076	1.204	8.809
36	Total properties	000	667.584	408.201	203.274	1,279.059
E Portable water delivered						
37	Water taken unbilled	MI/d	4.29	3.58	1.37	9.23
38	Water delivered billed	MI/d	453.98	264.22	177.60	895.80
39	Unmeasured household water delivered	MI/d	259.27	145.06	102.46	506.79
40	Unmeasured household - uspl	MI/d	19.08	10.94	5.19	35.21
41	Unmeasured household - consumption	MI/d	240.19	134.12	97.27	471.58
42	Unmeasured household - pcc	l/h/d	216.53	224.51	323.73	234.95
43	Measured household water delivered	MI/d	99.35	66.18	45.01	210.54
44	Measured household -uspl	MI/d	4.90	4.02	1.74	10.66
45	Measured household - consumption	MI/d	94.44	62.16	43.28	199.88
46	Measured household - pcc	l/h/d	179.26	159.36	228.88	180.73
47	Unmeasured non-household water delivered	MI/d	7.15	3.00	0.90	11.04
48	Unmeasured non-household -uspl	MI/d	0.29	0.11	0.04	0.44
49	Unmeasured non-household -consumption	MI/d	6.87	2.88	0.86	10.61
50	Measured non-household water delivered	MI/d	88.21	49.98	29.23	167.42
51	Measured non-household -uspl	MI/d	0.51	0.41	0.15	1.07
52	Measured non-household - consumption	MI/d	87.70	49.57	29.08	166.35
53	Void properties - uspl	MI/d	1.07	0.72	0.31	2.10
F Leakage						
54	Total leakage	MI/d	101.78	55.33	24.43	181.54
55	Total leakage	l/prop/d	152.46	135.55	120.17	141.93

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Table 11: Water service activities

			2007-08	CG	2008-09	CG	2009-10	CG	2010-11	CG
Line	Description	Unit								
A Asset balance at 1 April										
1	Total length of mains	km	14,441.43	A2	14,466.95	A2	14,489.98	A2	14,482.59	A2
B Changes during report year										
2	Mains renewed	km	154.59	A2	135.41	A2	93.06	A2	145.11	A2
3	Mains relined	km	0.00	A1	0.00	A1	0.00	AX	0.00	AX
4	Mains cleaned (total)	km	1.57	B2	7.87	B3	5.64	B2	3.18	B2
5	Distribution mains cleaned for quality	km							0.00	AX
6	Distribution mains renovated for quality	km							0.00	AX
7	New mains	km	49.91	A2	32.77	A2	20.08	A2	17.35	A2
8	Mains abandoned and other changes	km	178.98	A2	145.14	A2	120.53	A2	158.74	A2
9	Lead communication pipes replaced for quality	nr	0	A1	0	A1	0	AX	0	AX
10	Lead communication pipes replaced - maintenance or other	nr	1,999	C3	1,104	C4	1,185	B4	973	B4
11	Communication pipes replaced - other	nr	857	C3	1,349	C4	2,766	B4	2,689	B4
12	Mains bursts per 1,000 km	nr	282	A2	316	A2	280	A3	218	A2
13	Number of household meters renewed	nr	5,946	B2	6,611	B2	5,262	B2	6,272	B2
C Asset balance at 31 March										
14	Total length of mains	km	14,466.95	A2	14,489.98	A2	14,482.59	A2	14,486.30	A2
D Distribution studies										
15	Cumulative % distribution zone studies updated in the last five years to date	%	96.97%	A1	66.70%	A1	72.70%	A1	70.00%	A1
16	Percentage population/properties - updated studies	%	98.62%	A1	72.90%	A1	81.20%	B2	75.90%	A2

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Table 11a: Water service serviceability indicators

			1	2	
			Number of water treatment works	Output for calendar year	
			nr	Ml/d	CG
A	Water treatment works turbidity	Unit			
1	95%ile greater than or equal to 0.5NTU		0	0.00	A2
2	95%ile less than 0.5NTU		83	891.00	A2
3	Turbidity not recorded		0	0.00	A2
4	Total		83	891.00	A2
B	Water non-infrastructure maintenance				
5	Unplanned maintenance (company specific measure)	nr		10,466	B2
6	Water treatment work coliform non-compliance	%		0.01%	
C	Serviceability Assessment - water service				
7	Water Infrastructure	text		MARGINAL	
8	Water non-infrastructure	text		STABLE	

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Table 12: Water explanatory factors

		Nr of sources nr	Proportion of distribution input Prop'n (0-1)	Bulk proportion of distribution input Prop'n (0-1)	2010-11	CG
A	Source types and pumping					
1	Impounding reservoirs	0	0.000	0.000		A1
2	River abstractions	10	0.360	0.024		A1
3	Boreholes	96	0.615	0.000		A1
4	Source types and pumping: total	106	0.976	0.024		A1
5	Average pumping head - total (m.hd)				128.5	A2
		Total number of works				
B	Number of works					
6	Total number of works	83				
		Band 1	Band 2	Band 3	Band 4	
		less than or equal to 165mm	166-320mm	321-625mm	greater 625mm	
C	Potable mains					
7	Potable mains (nominal bore)	11,288.07	2,134.63	890.17	173.43	

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Table 18: Regulatory accounts (HCA) - Profit and loss account for y/e 31 March

			2009-10	2010-11
Line	Description	Unit		
1	Total turnover	£m	235.298	241.349
2	Operating costs (excluding HCD)	£m	-155.612	-164.476
3	Historical cost depreciation	£m	-44.035	-30.189
4	Operating income	£m	11.447	-0.053
5	Operating profit	£m	47.098	46.631
6	Other income	£m	0.003	0.000
7	Net interest receivable less payable	£m	-19.246	-21.715
8	Profit on ordinary activities before taxation	£m	27.855	24.915
9	Current tax	£m	-7.539	-6.216
10	Deferred tax	£m	3.316	-1.401
11	Profit on ordinary activities after taxation	£m	23.632	17.298
12	Extraordinary items	£m	0.000	0.000
13	Profit for the year	£m	23.632	17.298
14	Dividends	£m	-186.306	-30.928
15	Retained profit for the year	£m	-162.674	-13.630

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Table 18c: Regulatory accounts (HCA) - Statement of total recognised gains and losses for y/e 31 March

			2009-10	2010-11
Line	Description	Unit		
1	Profit for the year	£m	23.632	17.298
2	Actuarial gains/(losses) on post employment plans	£m	-28.623	13.675
3	Other gains and losses	£m	136.756	-4.871
4	Total recognised gains and losses for the year	£m	131.765	26.103

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Table 18d: Regulatory accounts (HCA) - Analysis of dividends and interest charges for y/e 31 March

			2009-10	2010-11
Line	Description	Unit		
A - Dividend analysis				
1	Dividends in respect of a financial re-organisation	£m	0.000	0.000
2	Other ordinary dividends	£m	-186.306	-30.928
3	Total dividends	£m	-186.306	-30.928
B - Interest analysis				
4	Interest receivable/payable on inter-company balances	£m	-14.700	-18.686
5	Interest receivable/payable in respect of a financial reorganisation	£m	0.000	0.000
6	Indexation element of index-linked bonds	£m	0.000	0.000
7	Preference share dividends	£m	0.000	0.000
8	Other interest receivable	£m	0.001	0.129
9	Other interest payable	£m	-0.076	-0.083
10	Other finance charges - post employment costs	£m	-2.862	-1.978
11	Other finance charges	£m	-1.609	-1.097
12	Total net interest	£m	-19.246	-21.715

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Table 19: Regulatory accounts (HCA) - Balance sheet as at 31 March

			2009-10	2010-11
Line	Description	Unit		
A - Fixed assets				
1	Tangible fixed assets	£m	919.797	911.603
2	Investment - loan to a group company	£m	0.000	0.000
3	Investment - other	£m	0.050	0.050
4	Total fixed assets	£m	919.847	911.653
B - Current assets				
5	Stocks	£m	0.596	0.851
6	Debtors	£m	52.187	53.421
7	Cash	£m	0.000	0.000
8	Short term deposits	£m	2.268	0.000
9	Infrastructure renewals prepayment	£m	5.031	2.244
10	Total current assets	£m	60.082	56.516
C - Creditors - amounts falling due within one year				
11	Overdrafts	£m	-6.663	-4.336
12	Infrastructure renewals accrual	£m	0.000	0.000
13	Creditors	£m	-84.519	-99.677
14	Borrowings	£m	-47.604	-34.802
15	Corporation tax payable	£m	-3.402	-2.612
16	Ordinary share dividends payable	£m	0.000	0.000
17	Preference share dividends payable	£m	0.000	0.000
18	Total creditors	£m	-142.188	-141.427
19	Net current assets	£m	-82.106	-84.911
D - Creditors - amounts falling due after more than one year				
20	Borrowings	£m	-417.372	-421.304
21	Other creditors	£m	0.000	0.000
22	Total creditors	£m	-417.372	-421.304
E - Provision for liabilities and charges				
23	Deferred tax provision	£m	-39.520	-40.579
24	Deferred income - grants and contributions	£m	-4.349	-4.019
25	Post employment asset/(liabilities)	£m	-32.732	-21.389
26	Other provisions	£m	-1.564	-2.074
F - Preference share capital				
27	Preference share capital	£m	0.000	0.000
28	Net assets employed	£m	342.203	337.377
G - Capital and reserves				
29	Called up share capital	£m	26.506	26.506
30	Share premium	£m	0.000	0.000
31	Profit and loss account	£m	-108.318	-111.364
32	Other reserves	£m	424.015	422.235
33	Capital and reserves	£m	342.203	337.377

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Table 20: Regulatory accounts (CCA) - Profit and loss account for year ending 31 March

			2009-10	2010-11
Line	Description	Unit		
1	Turnover	£m	235.298	241.349
2	Current cost operating costs (including CCD & IRC)	£m	-193.185	-206.722
3	Operating income	£m	9.987	-16.409
4	Working capital adjustment	£m	1.759	1.935
5	Current cost operating profit	£m	53.859	20.153
6	Other income	£m	0.003	0.000
7	Net interest receivable less payable	£m	-19.246	-21.715
8	Financing adjustment	£m	14.348	14.609
9	Current cost profit before taxation	£m	48.964	13.046
10	Current tax	£m	-7.539	-6.216
11	Deferred tax	£m	3.316	-1.401
12	Current cost profit on ordinary activities	£m	44.741	5.429
13	Extraordinary items	£m	0.000	0.000
14	Current cost profit attributable to shareholders	£m	44.741	5.429
15	Dividends	£m	-186.306	-30.928
16	Current cost profit retained	£m	-141.565	-25.499

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Table 21: Regulatory accounts (CCA) - Activity costing analysis; Water service - 1

		Water resources and treatment	Water distribution	Water service total
A	Direct costs			
1	Employment costs	4.285	10.284	14.569
2	Power	12.871	2.313	15.184
3	Agencies	0.000	0.000	0.000
4	Hired and contracted services	1.691	16.620	18.311
5	Associated companies	0.122	0.414	0.536
6	Materials and consumables	2.668	1.548	4.216
7	Service charges	4.596	0.000	4.596
8	Bulk supply imports	1.594	0.000	1.594
9	Other direct costs	0.843	1.747	2.590
10	Total direct costs	28.670	32.926	61.596
11	General and support expenditure	6.301	11.133	17.434
12	Functional expenditure	34.971	44.059	79.030
B	Operating expenditure			
13	Customer services			20.444
14	Scientific services			4.659
15	Other business activities			1.674
16	Total business activities			26.777
17	Local Authority rates			11.691
18	Doubtful debts			3.773
19	Exceptional items			0.000
20	Total operating expenditure less third party services			121.271
21	Third party services - operating expenditure			3.023
22	Total operating expenditure			124.294
C	Reactive and planned maintenance (including opex)			
23	Reactive and planned maintenance infrastructure	0.000	29.721	29.721
24	Reactive and planned maintenance non-infrastructure	5.911	0.000	5.911
D	Capital maintenance			
25	Infrastructure renewals charge (excluding third party services)	0.000	40.511	40.511
26	Current cost depreciation (allocated)	34.967	2.629	37.596
27	Amortisation of deferred credits			-0.486
28	Amortisation of intangible assets			0.000
29	Business activities current cost depreciation (non-allocated)			4.348
30	Capital maintenance excluding third party services			81.969
31	Third Party services - current cost depreciation			0.459
32	Third Party Services - Infrastructure renewals charge			0.000
33	Total capital maintenance			82.428
34	Total operating costs			206.722

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Table 21a: Regulatory accounts (CCA) - Activity costing analysis; Water service - 2

Line	Description	Unit	Water resources	Raw water distribution	Water treatment	Treated water distribution	Water service total
Service analysis - water							
A	Direct costs						
1	Employment costs	£m	0.222	0.616	4.457	9.274	14.569
2	Power	£m	0.000	2.136	10.735	2.313	15.184
3	Hired and contracted services	£m	0.027	0.259	1.186	16.839	18.311
4	Associated companies	£m	0.000	0.000	0.122	0.414	0.536
5	Materials and consumables	£m	0.006	0.330	2.075	1.805	4.216
6	Service charges	£m	4.596	0.000	0.000	0.000	4.596
7	Bulk supply imports	£m	0.000	0.030	1.564	0.000	1.594
8	Other direct costs	£m	0.065	0.000	-0.246	2.771	2.590
9	Total direct costs	£m	4.916	3.371	19.893	33.416	61.596
B	Operating expenditure						
10	General and support expenditure	£m	0.378	0.703	4.506	11.847	17.434
11	Scientific services	£m	0.000	1.680	1.077	1.549	4.306
12	Other business activities	£m	0.137	0.117	0.033	1.342	1.629
13	Total business activities	£m	0.137	1.797	1.110	2.891	5.935
14	Local authority rates	£m	1.497	0.239	2.072	7.713	11.521
15	Exceptional items	£m	0.000	0.000	0.000	0.000	0.000
16	Total opex less third party services	£m	6.928	6.110	27.581	55.867	96.486
17	Third party services - opex	£m	0.000	0.000	0.000	2.427	2.427
18	Total operating expenditure	£m	6.928	6.110	27.581	58.294	98.913
C	Reactive and planned maintenance (including opex)						
19	Reactive and planned maintenance infrastructure	£m	0.000	0.000	0.000	29.721	29.721
20	Reactive and planned maintenance non-infrastructure	£m	0.000	0.000	5.911	0.000	5.911
D	Capital maintenance						
21	Infrastructure renewals charge (excluding third party services)	£m	0.000	0.000	0.000	40.511	40.511
22	Current cost depreciation	£m	13.846	0.000	17.774	2.630	34.250
23	Amortisation of deferred credits	£m	-0.063	-0.010	-0.087	-0.326	-0.486
24	Amortisation of intangible assets	£m	0.000	0.000	0.000	0.000	0.000
25	Business activities current cost depreciation	£m	0.365	0.313	0.087	3.583	4.348
26	Capital maintenance excluding third party services	£m	14.148	0.303	17.774	46.398	78.623
27	Third party services - current cost depreciation	£m	0.000	0.000	0.459	0.000	0.459
28	Third party services - infrastructure renewals charge	£m	0.000	0.000	0.000	0.000	0.000
29	Total capital maintenance	£m	14.148	0.303	18.233	46.398	79.082
30	Total operating costs	£m	21.076	6.413	45.814	104.692	177.995

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Table 21b: Regulatory accounts (CCA) - Activity costing analysis; Retail services

Line	Description	Unit	Retail household	Retail household and support memo	Retail non-household	Retail non-household general and support memo	Retail services total
Service analysis - retail							
A	Direct costs						
1	Billing	£m	1.879	0.652	0.099	0.010	1.978
2	Payment handling, remittance and cash handling	£m	0.228	0.079	0.012	0.001	0.240
3	Debt management	£m	1.547	0.537	0.794	0.076	2.341
4	Doubtful debts	£m	2.494	0.866	1.279	0.122	3.773
5	Charitable trust donations	£m	0.550	0.191			0.550
6	Vulnerable customer schemes	£m	0.069	0.024			0.069
7	Non-network customer enquiries and complaints	£m	2.968	1.030	0.157	0.015	3.125
8	Meter reading	£m	2.835	0.984	0.090	0.009	2.925
9	Meter maintenance/installation non-capex	£m	-0.002	-0.001	0.000	0.000	-0.002
10	Network customer enquiries and complaints	£m	0.382	0.133	0.020	0.002	0.402
11	Disconnections	£m	0.000	0.000	0.010	0.001	0.010
12	Demand-side water efficiency initiatives	£m	0.422	0.146	0.000	0.000	0.422
13	Services to developers	£m			0.000	0.000	0.000
14	Support for trade effluent compliance	£m			0.000	0.000	0.000
15	Customer-side leaks	£m	0.566	0.197	0.030	0.003	0.596
16	Other direct costs	£m	1.991	0.691	0.571	0.055	2.562
17	Total direct costs	£m	15.929	5.529	3.062	0.293	18.991
B	Operating expenditure						
18	General and support expenditure	£m	5.529		0.293		5.822
19	Scientific services	£m	0.353		0.000		0.353
20	Other business activities	£m	0.043		0.002		0.045
21	Total business activities	£m	0.396		0.002		0.398
22	Local Authority rates	£m	0.160		0.010		0.170
23	Exceptional items	£m	0.000		0.000		0.000
24	Total opex less third party services	£m	22.014		3.367		25.381
25	Third party services	£m	0.000		0.000		0.000
26	Total operating expenditure	£m	22.014		3.367		25.381
C	Capital maintenance						
27	Infrastructure renewals charge (excluding third party services)	£m	0.000		0.000		0.000
28	Current cost depreciation	£m	3.161		0.185		3.346
29	Amortisation of deferred credits	£m	0.000		0.000		0.000
30	Amortisation of intangible assets	£m	0.000		0.000		0.000
31	Total capital maintenance	£m	3.161		0.185		3.346
32	Total operating costs	£m	25.175		3.552		28.727

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Table 23: Regulatory accounts (CCA) - Analysis of turnover and operating income

Line	Description	Unit	2009-10		2010-11	
			Water services	Appointed business	Water services	Appointed business
A	Turnover					
1	Unmeasured - household	£m	121.487	121.487	122.858	122.858
2	Unmeasured - non-household	£m	2.712	2.712	2.794	2.794
3	Unmeasured	£m	124.199	124.199	125.652	125.652
4	Measured - household	£m	64.508	64.508	68.101	68.101
5	Measured - non-household	£m	34.901	34.901	36.994	36.994
6	Measured	£m	99.409	99.409	105.095	105.095
7	Trade effluent	£m		0.000		0.000
8	Large user	£m	8.650	8.650	8.092	8.092
9	Revenue grants	£m	0.000	0.000	0.000	0.000
10	Non pot. Water large user	£m	0.072	0.072	0.101	0.101
11	Rechargeable works	£m	0.576	0.576	0.325	0.325
12	Bulk supplies/inter company payments	£m	2.340	2.340	2.040	2.040
13	Other appointed business (third party)	£m	0.052	0.052	0.044	0.044
14	Third party services (including non-potable water)	£m	3.040	3.040	2.510	2.510
15	Other sources (excluding large users, third parties and special agreements)	£m	0.000	0.000	0.000	0.000
16	Total turnover	£m	235.298	235.298	241.349	241.349
B	Operating income					
17	Current cost profit or loss on sale of fixed assets	£m	9.987	9.987	-16.409	-16.409
18	Exceptional items	£m	0.000	0.000	0.000	0.000
19	Other operating income	£m	0.000	0.000	0.000	0.000
20	Total operating income	£m	9.987	9.987	-16.409	-16.409
C	Working capital adjustment					
21	Working capital adjustment	£m	1.759	1.759	1.935	1.935
D	Revenue correction mechanism					
22	Net revenue movement out of the tariff basket	£m	0.293	0.293	0.036	0.036

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Table 24: Regulatory accounts (CCA) - Balance sheet as at 31 March

			2009-10	2010-11
Line	Description	Unit		
A - Fixed assets				
1	Tangible assets	£m	4,063.487	7,328.360
2	Third party contributions since 1989-90	£m	-174.431	-189.846
B - Other operating assets and liabilities				
3	Working capital	£m	-31.171	-46.649
4	Cash	£m	0.000	0.000
5	Short term deposits	£m	2.268	0.000
6	Overdrafts	£m	-6.663	-4.336
7	Infrastructure renewals prepayment/(accruals)	£m	5.031	2.244
8	Net operating assets	£m	3,858.520	7,089.773
C - Non-operating assets and liabilities				
9	Borrowings	£m	-47.604	-34.802
10	Non-trade debtors	£m	5.574	5.617
11	Non-trade creditors due within one year	£m	-6.138	-4.373
12	Investment - loan to a group company	£m	0.000	0.000
13	Investment - other	£m	0.050	0.050
14	Corporation tax payable	£m	-3.402	-2.612
15	Ordinary share dividends payable	£m	0.000	0.000
16	Preference share dividends payable	£m	0.000	0.000
D - Creditors - amounts falling due after more than one year				
17	Borrowings	£m	-417.372	-421.304
18	Other creditors	£m	0.000	0.000
E - Provision for liabilities and charges				
19	Deferred tax provision	£m	-39.520	-40.579
20	Post employment asset/(liabilities)	£m	-32.732	-21.389
21	Other provisions	£m	-1.564	-2.074
F - Preference share capital				
22	Preference share capital	£m	0.000	0.000
23	Net assets employed	£m	3,315.811	6,568.307
G - Capital and reserves				
24	Called up share capital	£m	26.506	26.506
25	Share premium	£m	0.000	0.000
26	Profit and loss account	£m	-173.629	-190.325
27	Current cost reserve at 31 March	£m	3,038.919	6,688.683
28	Other reserves	£m	424.015	422.235
29	Total capital and reserves	£m	3,315.811	6,947.099

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Table 25a: Regulatory accounts (CCA) - Analysis of fixed assets by business unit; water service

Line	Description	Unit	Water resources				Raw water distribution				Water treatment				Treated water distribution				Total
			Infrastructure assets	Operational assets	Other tangible assets	Subtotal	Infrastructure assets	Operational assets	Other tangible assets	Subtotal	Infrastructure assets	Operational assets	Other tangible assets	Subtotal	Infrastructure assets	Operational assets	Other tangible assets	Subtotal	
A	Gross replacement cost																		
1	Gross replacement cost at 1 April	£m	0.000	124.181	6.794	130.975	98.658	10.628	6.794	116.080	0.000	360.181	6.794	366.975	3,470.370	399.847	25.183	3,895.400	4,509.430
2	AMP adjustment	£m	0.000	910.918	0.617	911.535	23.938	12.095	0.617	36.650	0.000	1,176.643	0.617	1,177.260	610.168	360.405	3.083	973.656	3,099.101
3	Reclassification adjustment	£m	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
4	RPI adjustment	£m	0.000	68.940	0.147	69.087	8.450	0.915	0.147	9.512	0.000	89.050	0.147	89.198	215.395	27.276	0.734	243.405	411.201
5	Disposals	£m	0.000	-8.392	-0.010	-8.402	0.000	-0.111	-0.010	-0.121	0.000	-10.840	-0.010	-10.850	0.000	-3.320	-0.050	-3.370	-22.743
6	Additions	£m	0.000	8.400	0.085	8.485	0.347	0.111	0.086	0.544	0.000	10.850	0.085	10.935	8.834	3.323	0.427	12.584	32.548
7	Gross replacement cost at 31 March	£m	0.000	1,104.048	7.633	1,111.681	131.393	23.639	7.633	162.665	0.000	1,625.885	7.633	1,633.518	4,304.768	787.531	29.377	5,121.675	8,029.538
B	Depreciation																		
8	Depreciation at 1 April	£m		70.094	4.962	75.057		5.999	4.962	10.961		203.304	4.962	208.267		225.694	18.393	244.087	538.371
9	AMP adjustment	£m		68.089	0.527	68.616		0.904	0.527	1.431		87.952	0.527	88.479		26.939	2.633	29.572	188.098
10	AMP adjustment - gross MEA revaluation	£m		68.089	0.527	68.616		0.904	0.527	1.431		87.952	0.527	88.479		26.939	2.633	29.572	188.098
11	AMP adjustment - amendment to remaining useful economic lives	£m		0.000	0.000	0.000		0.000	0.000	0.000		0.000	0.000	0.000		0.000	0.000	0.000	0.000
12	Reclassification adjustment	£m		0.000	0.000	0.000		0.000	0.000	0.000		0.000	0.000	0.000		0.000	0.000	0.000	0.000
13	RPI adjustment	£m		15.063	0.111	15.174		0.200	0.111	0.311		19.457	0.111	19.568		5.960	0.556	6.515	41.569
14	Disposals	£m		0.000	-0.009	-0.009		0.000	-0.009	-0.009		0.000	-0.009	-0.009		0.000	-0.045	-0.045	-0.072
15	Charge for year	£m		14.083	0.128	14.211		0.187	0.128	0.315		18.192	0.128	18.320		5.572	0.639	6.211	39.057
16	Depreciation at 31 March	£m		167.330	5.719	173.049		7.290	5.719	13.009		328.905	5.719	334.625		264.165	22.175	286.340	807.024
17	Net book amount at 31 March	£m	0.000	936.717	1.914	938.631	131.393	16.349	1.914	149.656	0.000	1,296.979	1.914	1,298.893	4,304.768	523.366	7.201	4,835.334	7,222.515
18	Net book amount at 1 April	£m	0.000	54.087	1.832	55.919	98.658	4.629	1.832	105.119	0.000	156.877	1.832	158.708	3,470.370	174.153	6.789	3,651.313	3,971.059

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Table 25c: Regulatory accounts (CCA) - Analysis of fixed assets by business unit; retail service

		Retail Household				Retail non-household				Total
		Infrastructure assets	Operational assets	Other tangible assets	Subtotal	Infrastructure assets	Operational assets	Other tangible assets	Subtotal	
A	Gross replacement cost									
1	Gross replacement cost at 1 April	28.034	120.427	25.702	174.162	1.608	6.907	1.474	9.989	184.152
2	AMP adjustment	7.776	0.000	15.268	23.044	0.454	0.000	0.892	1.346	24.390
3	Reclassification adjustment	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
4	RPI adjustment	2.745	0.000	3.632	6.377	0.160	0.000	0.212	0.372	6.749
5	Disposals	0.000	0.000	-0.247	-0.247	0.000	0.000	-0.014	-0.014	-0.261
6	Additions	0.112	0.000	2.118	2.230	0.007	0.000	0.124	0.131	2.361
7	Gross replacement cost at 31 March	38.668	120.427	46.472	205.567	2.230	6.907	2.687	11.824	217.391
B	Depreciation									
8	Depreciation at 1 April		67.975	18.773	86.748		3.899	1.077	4.975	91.723
9	AMP adjustment		0.000	13.037	13.037		0.000	0.761	0.761	13.799
10	AMP adjustment - gross MEA revaluation		0.000	13.037	13.037		0.000	0.761	0.761	13.799
11	AMP adjmt - amendment to remaining useful econ. lives		0.000	0.000	0.000		0.000	0.000	0.000	0.000
12	Reclassification adjustment		0.000	0.000	0.000		0.000	0.000	0.000	0.000
13	RPI adjustment		0.000	2.753	2.753		0.000	0.161	0.161	2.914
14	Disposals		0.000	-0.223	-0.223		0.000	-0.013	-0.013	-0.236
15	Charge for year		0.000	3.161	3.161		0.000	0.185	0.185	3.346
16	Depreciation at 31 March		67.975	37.502	105.477		3.899	2.171	6.069	111.546
17	Net book amount at 31 March	38.668	52.452	8.971	100.090	2.230	3.008	0.517	5.755	105.845
18	Net book amount at 1 April	28.034	52.452	6.929	87.415	1.608	3.008	0.397	5.014	92.429

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Table 26: Regulatory accounts (CCA) - Working capital

			2009-10	2010-11
Line	Description	Unit		
1	Stocks	£m	0.596	0.851
2	Trade debtors - measured household	£m	1.770	3.089
3	Trade debtors - unmeasured household	£m	4.645	6.255
4	Trade debtors - measured non-household	£m	7.097	8.008
5	Trade debtors - unmeasured non-household	£m	0.235	0.194
6	Other trade debtors	£m	2.379	0.538
7	Measured income accrual	£m	26.182	27.423
8	Prepayments and other debtors	£m	4.305	2.297
9	Trade creditors	£m	-3.380	-8.400
10	Deferred income - customer advance receipts	£m	-22.007	-23.188
11	Short term capital creditors	£m	-22.934	-22.157
12	Accruals and other creditors	£m	-30.060	-41.559
13	Total working capital	£m	-31.171	-46.649

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Table 27: Regulatory accounts (CCA) - Movement on current cost reserve

			2009-10	2010-11
Line	Description	Unit		
1	Current cost reserve at 1 April	£m	3,270.047	3,419.491
2	AMP adjustment	£m	-380.572	2,921.595
A	RPI adjustments			
3	Fixed assets	£m	172.719	373.467
4	Working capital adjustment	£m	-1.759	-1.935
5	Financing adjustment	£m	-14.348	-14.609
6	Grants and third party contributions	£m	-7.168	-9.326
7	Current cost reserve at 31 March	£m	3,038.919	6,688.683

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Table 28: Regulatory accounts (CCA) - Cash flow statement for Appointed Business for y/e 31st March

			2009-10	2010-11
Line	Description	Unit		
1	Net cash flow from operating activities	£m	107.491	121.584
A Returns on investments and servicing of finance				
2	Interest received	£m	0.001	0.126
3	Interest paid	£m	-15.890	-19.475
4	Interest in finance lease rentals	£m	-0.460	-0.400
5	Non-equity dividends paid	£m	0.000	0.000
6	Net cashflow from returns on investments and servicing of finance	£m	-16.349	-19.749
B Taxation				
7	Taxation (paid)/received	£m	-8.416	-7.012
C Capital expenditure and financing of investment				
8	Gross cost of purchase of fixed assets	£m	-45.155	-34.153
9	Receipts of grants and contributions	£m	6.589	6.575
10	Infrastructure renewals expenditure	£m	-37.531	-37.725
11	Disposal of fixed assets	£m	12.429	6.286
12	Movements on long term loans to group companies	£m	0.000	0.000
13	Net cashflow from investing activities	£m	-63.668	-59.017
D Acquisitions and disposals				
14	Acquisitions and disposals	£m	0.000	0.000
E Equity dividends				
15	Equity dividends paid	£m	-186.306	-30.928
F Management of liquid resources				
16	Net cashflow from management of liquid resources	£m	2.022	2.267
17	Net cashflow before financing	£m	-165.226	7.145
G Financing				
18	Capital in finance lease rentals	£m	-1.290	-1.384
19	New bank loans taken out	£m	166.778	6.239
20	Repayment of bank loans	£m	0.818	-13.724
21	Proceeds from share issues	£m	0.000	0.000
22	Net cashflow from financing	£m	166.306	-8.869
23	Increase/decrease in cash in the year	£m	1.080	-1.724

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Table 29: Regulatory accounts (CCA) - Reconciliation of operating profit to net cash flow from operating activities

			2009-10	2010-11
Line	Description	Unit		
1	Current cost operating profit	£m	53.859	20.153
2	Working capital adjustment	£m	-1.759	-1.935
3	Movement in working capital	£m	-12.438	16.255
4	Receipts from other income	£m	0.003	0.000
5	Depreciation	£m	37.244	41.917
6	Current cost profit on sale of fixed assets	£m	-9.987	16.409
7	Infrastructure renewals charge	£m	38.463	40.511
8	Other non-cash profit and loss items	£m	2.106	-11.726
9	Net cash flow from operating activities	£m	107.491	121.584

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Table 32: Financial measures - Analysis of fixed asset additions and asset maintenance by asset type (current cost accounting)

Line	Description	Unit	Water service			Total
			Infrastructure assets	Non-infrastructure assets	Subtotal	
A	Additions - new assets (enhancement)					
1	Water resource facilities	£m	-0.001	0.690	0.688	0.688
2	Water treatment works	£m		4.453	4.453	4.453
3	Water distribution mains	£m	9.302	1.741	11.043	11.043
4	Service reservoirs and water towers	£m		0.000	0.000	0.000
5	Pumping stations	£m		0.847	0.847	0.847
6	Water management and general	£m	0.000	0.000	0.000	0.000
7	Sewerage	£m				0.000
8	Sea outfalls and headworks	£m				0.000
9	Sewage treatment works	£m				0.000
10	Sludge treatment works	£m				0.000
11	Sludge disposal	£m				0.000
12	In-line pumping stations	£m				0.000
13	Terminal pumping stations	£m				0.000
14	Sewerage management and general	£m				0.000
15	Total infrastructure additions (Enhancement)	£m	9.300		9.300	9.300
16	Total non-infrastructure additions (Enhancement)	£m		7.731	7.731	7.731
17	Total additions (Enhancement)	£m	9.300	7.731	17.031	17.031
B	Base service provision					
18	Water resource facilities	£m	0.000	0.236	0.236	0.236
19	Water treatment works	£m		6.672	6.672	6.672
20	Water distribution mains	£m	37.189	2.707	39.896	39.896
21	Service reservoirs and water towers	£m		1.355	1.355	1.355
22	Pumping stations	£m		1.824	1.824	1.824
23	Water management and general	£m	0.536	5.085	5.621	5.621
24	Sewerage	£m				0.000
25	Sea outfalls and headworks	£m				0.000
26	Sewage treatment works	£m				0.000
27	Sludge treatment works	£m				0.000
28	Sludge disposal	£m				0.000
29	In-line pumping stations	£m				0.000
30	Terminal pumping stations	£m				0.000
31	Sewerage management and general	£m				0.000
32	Total infrastructure renewals (Base)	£m	37.725		37.725	37.725
33	Total non-infrastructure expenditure (Base)	£m		17.879	17.879	17.879
34	Total expenditure (Base service provision)	£m	37.725	17.879	55.603	55.603

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Table 33: Financial measures - Accounting charges; current cost depreciation and infrastructure renewals charge by service (current cost accounting)

Line	Description	Unit	Water service			Total		
			2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
A	Depreciation charge for the year							
1	CCD on assets existing at 31 March 1998	£m	13.530	13.709	12.129	13.530	13.709	12.129
2	Additions (enhancement) - after 31 March 1998 to 31 March 2003	£m	3.973	4.085	5.584	3.973	4.085	5.584
3	Additions (base service) - after 31 March 1998 to 31 March 2003	£m	4.837	4.378	5.985	4.837	4.378	5.985
4	Total depreciation charge on assets existing at 31 March 2003	£m	22.340	22.172	23.698	22.340	22.172	23.698
5	Additions: enhancement - after 31 March 2003 to 31 March 2008	£m			4.143			4.143
6	Additions: base - after 31 March 2003 to 31 March 2008	£m			8.174			8.174
7	Total depreciation charge on assets existing at 31 March 2008	£m			36.016			36.016
8	Additions: enhancement - after 31 March 2008	£m			1.712			1.712
9	Additions: base - after 31 March 2008	£m			4.675			4.675
10	Total depreciation charge for the year	£m	34.118	37.707	42.403	34.118	37.707	42.403
B	Infrastructure renewals, charges expenditure and provision							
11	Infrastructure renewals expenditure	£m	34.264	37.531	37.725	34.264	37.531	37.725
12	Infrastructure renewals charges	£m	35.568	38.463	40.511	35.568	38.463	40.511
13	Infrastructure renewals prepayment / (accrual)	£m	5.963	5.031	2.244	5.963	5.031	2.244

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Table 34: Financial measures - Analysis of non-infrastructure fixed asset additions by life categories (current cost accounting)

Line	Description	Unit	Water service		
			2008-09	2009-10	2010-11
A	Accounting fixed asset additions				
	Non-infrastructure asset additions (enhancement) by asset life				
1	Very short	£m	0.349	0.023	0.511
2	Short	£m	5.194	4.883	1.828
3	Medium	£m	7.145	7.851	4.169
4	Medium long	£m	0.000	0.000	0.000
5	Long	£m	0.359	1.654	1.023
6	Land	£m	0.000	0.000	0.000
7	Land disposals	£m	0.000	0.000	0.000
8	Total	£m	13.046	14.411	7.531
B	Non-infrastructure asset additions (base service) by asset life				
9	Very short	£m	6.214	3.213	1.428
10	Short	£m	5.921	7.389	7.821
11	Medium	£m	13.875	11.746	4.700
12	Medium long	£m	0.000	0.000	0.000
13	Long	£m	5.051	5.059	3.927
14	Total	£m	31.061	27.406	17.876
C	Non-infrastructure additions average life (years)				
15	Very short	Years	4	5	5
16	Short	Years	14	13	13
17	Medium	Years	20	20	21
18	Medium long	Years	0	0	0
19	Long	Years	60	60	60

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Table 35: Financial measures - Water service; expenditure by purpose

Line	Description	Unit	2007-08	CG	2008-09	CG	2009-10	CG	2010-11	CG
A Base service provision										
1	Base operating expenditure	£m	106.159		114.857		117.407		123.432	B2
2	Infrastructure renewals expenditure (net)	£m	32.062	B2	34.264	B2	37.531	B2	37.725	B2
3	MNI - gross of grants and contributions	£m	34.536	B2	31.061	B2	27.406	B2	17.879	B2
4	MNI - grants and contributions	£m	0.000	A1	0.000	A1	0.000	AX	0.000	AX
5	MNI - net of grants and contributions	£m	34.536	B2	31.061	B2	27.406	B2	17.879	B2
6	Infrastructure renewals expenditure (gross)	£m	32.717	B2	34.405	B2	37.648	B2	38.637	B2
B Quality enhancements										
7	Capex: Total quality enhancement programme (water)	£m	18.799	A1	4.771	B2	8.648	B2	4.848	B2
C Enhanced service levels										
8	Capital expenditure - customer service	£m	0.000	A1	0.000	A1	0.000	A1	0.016	B2
D Maintaining and improving supply/demand balance										
9	Capital expenditure supply/demand balance	£m	15.577	B2	12.687	B2	10.555	B2	10.794	B2
10	Capex - new development	£m	10.103	B2	7.570	B2	6.559	B2	9.078	B2
11	Capex - growth	£m	0.000	A1	0.000	A1	0.000	A1	0.000	B2
12	Capex - free meter "selective and optants"	£m	5.474	A1	5.117	B2	3.997	B2	1.716	B2
13	Capital expenditure - security of supply	£m	6.599	A2	4.852	B2	2.594	B2	1.378	B2
E New outputs/obligations since the final determination										
14	New outputs/obligations - capex	£m	0.000	A1	0.000	B2	0.000	B2	0.000	B2
F Grants, capital contributions and infrastructure charges receipts for new connections										
15	Infrastructure charge receipts - new connections	£m	2.240	A2	2.190	B2	1.726	B2	2.052	B2
16	Enhancement requisitions, grants and contributions	£m	6.639	A2	5.900	B3	4.863	B2	4.523	B2
G Adopted assets, nil cost assets										
17	Assets adopted or acquired at nil cost	£m	0.000	A1	0.000	B2	0.000	B2	0.000	B2
18	Adopted assets in return for a payment	£m	0.000	A1	0.000	AX	0.000	AX	0.000	AX
H Expenditure totals										
19	Expenditure costs - enhanced operating expenditure	£m	2.861		0.000		0.071		0.862	B2
20	Total operating expenditure - water service	£m	109.020	B2	114.857	B2	117.478	B2	124.294	B2
21	Infrastructure renewals expenditure (net)	£m	32.062	B2	34.264	B2	37.531	B2	37.725	B2
22	Total asset additions	£m	75.510	B2	53.370	B2	49.203	B2	34.915	B2
23	Total enhancement capital contributions	£m	8.879	AX	8.089	B2	6.589	B2	6.575	B2
24	Total capital expenditure (excluding adopted and nil cost assets)	£m	107.572	A1	87.634	B2	86.733	B2	72.639	B2

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Table 35a: Expenditure comparisons by purpose - Water service

			1	2	3	4	5
			Determination 2010-11	Determination 2010-11	Actual 2010-11	Difference from Determination	% Diff. from Determination
			Base Year Prices	Report Year Prices	Report Year Prices	JR10	JR10
A	Base service provision	Unit					
1	Base operating expenditure	£m	109.730	119.146	123.432	4.287	3.598
2	Infrastructure renewals expenditure (net)	£m	34.876	31.750	37.725	5.975	18.820
3	MNI - gross of grants and contributions	£m	27.325	24.875	17.879	-6.997	-28.127
4	MNI - grants and contributions	£m	0.000	0.000	0.000	0.000	
5	MNI - net of grants and contributions	£m	27.325	24.875	17.879	-6.997	-28.127
B	Quality enhancements						
6	Capex: Total quality enhancement programme (water)	£m	5.119	4.660	4.848	0.188	4.026
C	Enhanced service levels						
7	Capital expenditure - customer service	£m	0.319	0.290	0.016	-0.274	-94.492
D	Maintaining and improving supply/demand balance						
8	Capital expenditure supply/demand balance	£m	2.976	2.709	10.794	8.085	298.436
9	Total enhancement capital contributions	£m	1.759	1.601	6.575	4.974	310.696
10	Capex net of enhancement capital contributions	£m	1.217	1.108	4.219	3.111	280.725
11	Capital expenditure - security of supply	£m	0.000	0.000	1.378	1.378	
E	Expenditure totals						
12	Total gross capex - gross of grants (ire net) and excluding new outputs	£m	70.616	64.285	72.639	8.355	12.996
13	Expenditure costs - enhanced operating expenditure - water	£m	0.606	0.658	0.862	0.203	30.903
14	Total gross capex - gross of grants (ire net) and including new outputs	£m	70.616	64.285	72.639	8.355	12.996
15	Total opex including new outputs	£m	110.336	119.804	124.294	4.490	3.748

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Table 37: Financial measures - Water compliance; expenditure report

		2007-08	CG	2008-09	CG	2009-10	CG	2010-11	CG	
Line	Description	Unit								
A Previous AMP programmes										
1	Capex: Completion of previous AMP programmes	£m	0.138	A1	-0.111	B2	-0.212	B2	3.407	B2
2	Opex: Completion of previous AMP programmes	£m	0.565	B3	1.136	B3	0.652	B3	0.059	B3
B Water treatment										
3	Capex:Nitrates	£m	0.281	A1	-0.326	B2	0.065	B2	0.014	B2
4	Capex:Pesticides	£m	0.683	A1	0.238	B2	-0.047	B2	0.000	B2
5	Capex:Cryptosporidium	£m	0.000	A1	0.000	B2	0.000	B2	0.203	B2
6	Capex:Lead water conditioning	£m	0.000	A1	0.000	B2	0.000	B2	0.000	B2
7	Capex: Other parameters	£m	4.080	A1	1.323	B2	2.281	B2	0.006	B2
8	Opex: Water treatment	£m	0.000	AX	0.000	AX	0.000	AX	0.000	AX
C Water distribution										
9	Capex - Total s19 distribution expenditure	£m	0.000	A1	0.000	A1	0.000	A1	0.011	A1
10	Capex:Distribution expenditure allocated to quality	£m	0.000	A1	0.000	A1	0.000	A1	0.000	A1
11	Capex:Lead communication pipes	£m	0.000	A1	0.000	A1	0.000	A1	0.000	A1
12	Capex: Other 'lead' related work including investigations and measures	£m							0.000	AX
13	Opex: Quality distribution	£m	0.000	AX	0.000	AX	0.000	AX	0.000	AX
D Security related measures										
14	Capex: Security - related	£m	13.373	A1	3.608	B2	6.479	B2	0.742	B2
15	Opex: Security - related	£m	0.042	B3	0.042	B3	0.052	B3	0.000	B3
E Environmental programme										
16	Capex: Investigations	£m	0.244	A1	0.037	B2	0.081	B2	0.476	B2
17	Capex: Options appraisals/implementations	£m	0.000	A1	0.000	A1	0.000	A1	0.000	A1
18	Opex: environmental obligations	£m	0.000	AX	0.000	AX	0.000	AX	0.000	AX
F Catchment management										
19	Capex: Catchment Management	£m							0.000	AX
20	Opex: Catchment Management	£m							0.044	A2
F Capex and opex totals										
21	Capex: Total quality enhancement programme (water)	£m	18.799	A1	4.771	B2	8.648	B2	4.848	B2
22	Opex: Total quality enhancement programme (water)	£m	0.607	B3	1.178	B3	0.704	B3	0.103	B3

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Table 41: Health and Safety - Policy and performance

			2007-08	CG	2008-09	CG	2009-10	CG	2010-11	CG
Line	Description	Unit								
A			Lost time due to sickness and accidents and incidence of occupational ill health							
1	Employee total	nr	1,030	A1	1,058	A1	834	A1	735	A1
2	Total days lost due to sickness, accident and occupational ill health	nr	9,500	A1	8,285	A1	7,130	A1	5,968	B2
3	Total days lost - rate per 1,000 employees	nr	9,223.30	A1	7,830.81	A1	8,549.16	A1	8,119.73	B2
4	Number of incidents of occupational ill health	nr	11	A1	11	A1	15	A1	6	B2
5	Incidents of occupational ill health - rate per 1,000 employees	nr	10.68	A1	10.40	A1	17.99	A1	8.16	B2
B			Riddor reports							
6	Total RIDDOR incidents	nr	10	A1	7	A1	8	A1	7	A1
7	RIDDOR incidents - rate per 1,000 employees	nr	9.71	A1	6.62	A1	9.59	A1	9.52	A1
8	Three day accident rate per 1,000 employees	nr	7.77	A1	6.62	A1	6.56	A1	5.44	A1
9	Major and fatal accident rate per 1,000 employees	nr	0.97	A1	0.00	A1	3.60	A1	4.08	A1
C			Contractors' lost time due to sickness and accidents, and incidence of occupational ill health							
10	Contractors' employees total	nr	97	B2	75	B2	63	B2	37	B2
11	Total days lost due to sickness, accident and occupational ill health	nr	487	B2	277	B2	264	B2	42	B2
12	Total days lost - rate per 1,000 employees	nr	5,026	B2	3,693.33	B2	4,190.47	B2	1,135.00	B2
13	Number of incidents of occupational ill health	nr	3	B2	0	B2	0	B2	0	B2
14	Incidents of occupational ill health - rate per 1,000 employees	nr	31	B2	0.00	B2	0.00	B2	0.00	B2
B			Contractors' riddor reports							
15	Total RIDDOR incidents	nr	1	B2	0	B2	2	B2	0	B2
16	RIDDOR incidents - rate per 1,000 contractors' employees	nr	10	B2	0.00	B2	31.75	B2	0.00	B2
17	Three day accident rate per 1,000 contractors' employees	nr	0	B2	0.00	B2	31.75	B2	0.00	B2
18	Major/fatal accident rate per 1,000 contractors' employees	nr	0	B2	0.00	B2	0.00	B2	0.00	B2

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Table 42: Greenhouse Gas Accounting

		2010-11		CG
Line	Description	Unit		
A	Gross annual operational GHG emissions			
	(i) Scope 1 emissions			
1	Direct emissions from burning of fossil fuels (including natural gas CHP generated onsite)	tCO2e	1,152	B3
2	Process and fugitive emissions	tCO2e	2,731	B3
3	Transport: Company owned or leased vehicles	tCO2e	2,137	A1
	(ii) Scope 2 emissions			
4	Total grid electricity used by company (including CHP electricity purchased)	tCO2e	115,867	B2
	(iii) Scope 3 emissions			
5	Business travel on public transport and private vehicles used for company business	tCO2e	16	B2
6	Outsourced activities (if not included in Scope 1 or 2) Energy and other	tCO2e	344	C3
7	Gross operational emissions	tCO2e	122,247	B2
B	Net annual operational GHG emissions			
	(i) Emissions reductions/accounting			
8	Exported renewables (generated onsite and exported)	tCO2e	0	AX
9	Green Tariff electricity purchased	tCO2e	0	AX
10	Net operational emissions	tCO2e	122,247	B2
C	Annual Operational GHG emissions according to CRC definition			
11	Annual operation emissions derived from energy use	tCO2e	116,768	A1
D	Annual operational GHG intensity ratio values			
12	Operational GHG emissions per MI of treated water	kgCO2e/MI	375	B2
13	Operational GHG emissions per MI of sewage treated (treated discharge)	kgCO2e/MI	0	AX
14	Operational GHG emissions per MI of sewage treated (water distribution input)	kgCO2e/MI	0	AX
E	Renewable energy generated			
15	Renewable electricity generated from sludge processing	KWh	0	AX
16	Renewable heat generated from sludge processing	KWh	0	AX
17	Total renewable energy generated from sludge processing	KWh	0	AX
18	Renewable electricity generated from other sources	KWh	0	AX
19	Renewable heat generated from other sources	KWh	0	AX
20	Total renewable energy generated from other sources	KWh	0	AX
F	Renewable incentives			
21	Revenue from renewable energy incentives	£000	0	AX

