

Our plans for AMP8

In January 2025, we accepted the final determination set out by the economic regulator, Ofwat, concluding the price review process for the 2025–30 period (AMP8).

This gives us certainty over our performance targets and allowed investment levels for the next five years, enabling us to focus on progressing what will be the largest investment in water and wastewater infrastructure in more than a century, helping us to build a stronger, greener and healthier North West.

Our £13 billion investment will help us to deliver a step change on the things that matter most to customers, communities and the environment – improving water quality, delivering significant environmental improvements, supporting jobs and the local economy, while doubling affordability support for those struggling to pay.

With compound annual asset base growth of around 7 per cent taking our AMP8 closing regulatory capital value (RCV) to over £21 billion, AMP8 marks the beginning of a higher growth phase, with capital expenditure more than double what it has been over the last five years. This growth stems from a number of long-term investment drivers, including the Environment Act 2021, tightening environmental standards, renewal and replacement of ageing infrastructure, long-term resource management, resilience to climate change, and net zero targets.

We are well placed to deliver this step-up in investment, given the strong financial position we have as we enter AMP8. Our balance sheet strength and relatively low gearing mean we have the ability to fund our plans without needing recourse to equity, and our excellent historic performance on financing and investment-grade credit ratings position us well to maintain highly efficient debt costs.

It is not just the level of investment and asset growth that is new for AMP8. Returns have been reset with a higher base and we will see a number of changes, including many to the outcome delivery incentive (ODI) regime. There will be a more focused set of performance commitments overall, with the balance shifting to more common (across the industry) and fewer bespoke (individual to a company), meaning more comparability and common areas of focus across the industry.

Ofwat has also introduced new price control deliverables (PCDs) for AMP8 to monitor the delivery of enhancement programmes, and a new outcome adjustment mechanism (OAM) designed to protect both companies and customers in the event that sector performance against common performance commitments is materially different than expected when setting targets.

We are well prepared for AMP8. Alongside our strong financial position, we have been building new capabilities and skills within the organisation and leadership team, engaging early with the supply chain and undertaking significant onboarding ahead of the start of the new period. This gives us confidence that we can successfully deliver for all our stakeholders.


We developed five plans tailored for each of the North West counties, addressing their individual and unique needs, challenges and opportunities. Engaging with customers and stakeholders in this localised way helped us to secure strong customer support for our plans, and our approach is providing more transparency and insight about our services than ever before. This is not restricted to the planning stage – we have structured our delivery teams across the five counties, with dedicated stakeholder managers for each, to help ensure effective delivery.

With such a large programme to deliver, supply chain readiness and efficiency continue to be high priorities. We undertook extensive early supply chain engagement as part of our business planning process, and we have already onboarded more than 100 AMP8 delivery partners.

We have a number of tools and techniques to improve our efficiency further. This includes increased use of standardised solutions to minimise design requirements and benefit from economies of scale. It also includes our 'runway model' approach to capital delivery, where we will use multiple delivery pathways (or 'runways'), using a wider range of suppliers matched to the specifics of each job. This will help to reduce contractor indirect costs, with a more efficient allocation and pricing of risk, and also gives us access to a wider pool of contractors and the ability to use more small local businesses.

The final determination may have only been published in December and accepted in January, but we have already begun work on delivery, making a fast start on achieving the huge improvements that we have set out to achieve over the next five years. We are already seeing the fruits of that labour coming through, as we have ended AMP7 with significant improvements in areas such as reducing spills from storm overflows.

We are well placed, we are ready, and we are committed to driving a real step change for the North West.

 An investor summary of our final determination is available at unitedutilities.com/corporate/investors/our-plans-2025-2030

Capital expenditure

>doubled

compared with AMP7, as we embark on the largest investment in water and wastewater infrastructure in more than 100 years

Compound annual growth rate (CAGR) in our asset base

c.7%

increased from 5.2 per cent in AMP7, with long-term investment drivers that will extend beyond AMP8

Weighted average cost of capital (WACC)

4.03%

increased from 2.96 per cent for AMP7

Gearing target retained

55–65%

without the need for recourse to equity

Dividend policy unchanged

+CPIH

continuing to grow each year in line with CPIH inflation, having risen at least in line with inflation since the start of AMP5

Credit rating targets

Moody's Baa1

Fitch A-

S&P BBB+

for UUW senior unsecured debt



Greener

Environmental improvement is one of the biggest drivers of the larger investment programme for AMP8, and we will be delivering significant enhancements. We are also finalising a number of nature pledges in addition to our climate change ambitions, and using more nature-based solutions in AMP8 than ever before. Our industry-leading investment in storm overflows will help us deliver the sector-highest targeted reduction in spills in the decade to 2030, and we are going further to protect and improve bathing waters and river water quality, including enhancing our wastewater treatment and working with others to reduce phosphorus levels. We are also targeting significant reductions in leakage, sewer flooding, and pollution incidents, as well as targeting zero serious pollution incidents.

>60%

targeted reduction in spills per storm overflow in the decade to 2030

1,500 ha

further peatland restoration activity delivering carbon capture, biodiversity and water quality benefits

30%

targeted reduction in pollution incidents, and zero serious pollutions



Healthier

We will deliver significant improvements for customers, including improving drinking water quality for 2 million customers. We are targeting significant reductions in customer contacts about water quality, water supply interruptions, and unplanned outages, helping to deliver a better and more resilient service every day. With bill increases necessary to deliver the step change that everyone wants to see, affordability is more important than ever, particularly in the North West. As well as delivering efficiently with the third-lowest projected bill in England by 2030, we are doubling our industry-leading affordability support, and will be helping one in six households across the North West by 2030.

£525m

affordability support, helping one in six customers in the North West

30,000

homes with lead pipes replaced

40%

targeted reduction in internal sewer flooding, and 13 per cent reduction in external sewer flooding



Stronger

Our investment plans will support 30,000 jobs, both directly and indirectly through our supply chain, enabling strong economic growth across the region and creating an estimated £35 billion of economic value for the North West. Our county-based approach is enabling increased transparency and helping us to address the specific needs, priorities and opportunities in each of these unique communities. Our plans include significant improvements to resilience, such as increasing power resilience with backup batteries installed at key sites to avoid loss of service during power cuts on the grid, and protecting sites at risk from coastal and river erosion.

30,000

jobs supported, directly and in our supply chain, including 7,000 new jobs created

£35bn

economic value created for the North West

Five-county

approach helping communities to understand what we are delivering in their area

