

How we're delivering our purpose: stronger

Key performance indicators

Our key performance indicators for building a stronger North West are our capital programme delivery incentive, community investment, and our ratings and rankings against a range of trusted investor indices. We report on a selection of wider governance metrics of interest to stakeholders on page 88.

Capital programme delivery incentive (CPDi) Measures the extent to which we have delivered our capital projects efficiently, on time, and to the required quality standard.	Community investment Total community investment as measured by the Business for Societal Impact (B4SI) method.	Performance across a range of trusted investor indices Company performance relative to water and utilities sector participants in a selection of trusted investor ESG ratings and indices.
Target At least 85%	Target Average community investment between 2020 and 2025 to be at least 10% higher than the average between 2010 and 2020 of £2.56 million per annum	Target Upper quartile
Annual performance 99.6% We have delivered a strong performance, exceeding our target again this year. 2023/24: 98 per cent 2022/23: 93 per cent	Annual performance £9.8m We have significantly increased our investment this year and surpassed our target, having invested £21.6 million cumulatively over AMP7, which is an increase of more than 50 per cent. 2023/24: £3.99 million 2022/23: £2.88 million	Annual performance Upper quartile We have maintained upper quartile performance across our selection of ESG ratings and indices. 2023/24: Upper quartile 2022/23: Upper quartile
Status  Met expectation/target	Status  Met expectation/target	Status  Met expectation/target
Key stakeholder Investors	Key stakeholder Community	Key stakeholder Investors
Relevant material themes⁽¹⁾ <ul style="list-style-type: none"> Customer service and operational performance Financial risk management Corporate governance and business conduct 	Relevant material themes⁽¹⁾ <ul style="list-style-type: none"> Supporting communities Trust, transparency and legitimacy Recreational land and waters 	Relevant material themes⁽¹⁾ <ul style="list-style-type: none"> Trust, transparency and legitimacy Corporate governance and business conduct Political and regulatory environment
Link to remuneration⁽²⁾ Bonus	Link to remuneration⁽²⁾ n/a	Link to remuneration⁽²⁾ n/a
Assurance⁽³⁾ Internal audit team	Assurance⁽³⁾ Independent third-party verification	Assurance⁽³⁾ Independent third-party verification

⁽¹⁾ Read more about our materiality assessment on pages 29 to 30.

⁽²⁾ Read our remuneration report, with details about the bonus and Long Term Plan (LTP), on pages 146 to 172.

⁽³⁾ Read more about the assurance over our performance metrics on page 67.

Creating value for



Customers



Communities



Suppliers



Investors

Efficient and effective delivery of our capital programmes

Spending money wisely and efficiently is so important, and we are pleased that our capital delivery programme incentive – a key performance measure for our investment programme that focuses heavily on efficiency as well as quality, on-time delivery, and the carbon impact of our enhancement projects – has remained very high at more than 99 per cent.

We utilise a number of ways to improve efficiency, collaborating with partners, maximising on innovations and new technology, applying value engineering techniques, and seeking other opportunities in our supply chain.

Our innovation efforts continue to deliver value, including £45 million of efficiencies during AMP7, with over 80 per cent of our innovation portfolio attracting additional funding from external sources. The most recent round of Ofwat Innovation Fund competitions has awarded us another two projects, meaning we now lead on nine projects totalling £37 million.

In AMP8, with a vastly different and larger programme to deliver, we are looking at new ways of working with our supply chain.

Our runway approach enables us to maximise efficiency, allocating risk more effectively and making significantly more use of standardised designs. Increased standardisation helps us to reduce design time, simplify the ordering process with fewer components and materials, lower our carbon footprint, minimise upfront costs and secure ongoing economies of scale for replacement parts.

Our approach allows us to work with more small local suppliers, supporting the North West economy and improving supply chain availability to delivery everything we need to get done in AMP8. We have onboarded more than 100 capital delivery partners for AMP8, including 30 small locally-based partners and many more with a presence in the region. This is helping to drive a platform for regional economic growth, for small as well as large businesses.

We undertook early supplier engagement as part of our business plan process, and are already mobilising our supply chain ready to deliver our significant AMP8 investment programme. Following the success of our colleague events in Blackpool, in April we also hosted an equivalent event for our supply chain. Bringing together nearly 400 people from more than 90 construction partners and supply chain organisations, alongside more than 100 of our colleagues, we talked about innovation, collaboration, and our investment plans for AMP8.

➤ Read more about our **AMP8 supply chain engagement** on page 89

Contributing to our communities

We support local communities through financial investment in environmental and community partnerships, our range of affordability schemes, delivery of education in schools, and colleague volunteering time.

This year, our direct community investment (calculated using the B4SI method) totalled £9.8 million. This means we exceeded our five-year target, delivering £21.6 million over AMP7. A key driver of this is our sustainable urban drainage projects funded from the green recovery programme, as discussed on page 71. These have realised a range of benefits including slowing the flow of rainwater, biodiversity, and creating new green spaces for local communities.

We have sought further opportunities to engage with communities across the North West, addressing some of their issues through community investment that is also strongly aligned with our strategic priorities. For example, we have seen continued success with our Better Rivers community fund. Set up in 2023, this fund offers grants of up to £2,500 to local community groups who have a connection to their local watercourse. These funds have helped pay for items such as litter picking equipment, waders and sampling kits over the past 12 months, with over £80,000 shared.

Keeping customers updated on our plans and progress is a key feature of our engagement. We have been running 'see for yourself' tours, providing customers and community groups the opportunity to see how we operate our wastewater treatment works and understand the technology we use to clean used water and return it safely to the environment. Our information centre on Windermere High Street provides locals and visitors with information about our plans to further improve water quality in the lake, and we've held events at the centre on water saving, meters, affordability support, and our graduate and apprentice schemes.

Our community investment in 2024/25 has seen us support numerous charities linked to our activities, focus on specific places such as where we are undertaking construction activity, engage in careers and skills events for the next generation, and support many environmental projects, whether that is working with the region's Rivers and Wildlife Trusts or planting trees.

Each of our five counties has very different challenges and needs and our approach to community investment reflects this. With dedicated stakeholder managers in each county and county delivery squads, we have set ourselves up to ensure we are ready to deliver our business plan at pace, and this brings to life the improvements that we will be delivering for people in their local area.

➤ Read more about our **five-county approach** on pages 08 and 55

How we're delivering our purpose: stronger

Working in partnership

The most effective and efficient way for us to deliver improvements is through collaboration and partnership working. Partnerships can bring multiple groups together all working towards a common goal. For instance, the Love Windermere initiative includes nine partnership members where we all have a strong desire to improve water quality in this iconic lake.

Working with community groups, we often find that we can deliver more for less, or partners can leverage additional funds and other resources to invest in schemes with mutual benefits that improve things for water customers as well as other stakeholders. We are better together. This is consistent with our overall catchment management approach, where we look at the end-to-end water cycle within a catchment to deliver improvements in the most effective way.

One way we measure partnership activity is through the partnership leverage ratio, which was 1:3 this year. This means that for every £1 we invest into partnerships, we attract £3 from other sources. Though slightly below our target of 1:4, we have seen a significant increase in both the quantity and value of our partnerships over the past few years.

Co-creating, co-financing and co-delivering partnership solutions are core capabilities for us, and we continue to build on this. We work closely with a broad variety of third parties, including tenant farmers to improve water quality from catchment land, projects with organisations such as Natural England and the Environment Agency, and long-term strategic partnerships. As set out below, we have also established important water management partnerships with the Greater Manchester Combined Authority and the Liverpool City Region Combined Authority.

30,000

jobs supported through our AMP8 plans, with 7,000 new skilled jobs created

99%

of invoices paid within 60 working days or less

£2.7bn

raised through our sustainable finance framework to date

Working together to improve water management



Greater Manchester

With the scale of the challenge to manage too much water in times of flooding, and too little water during droughts, continuing to grow, water supplies in Greater Manchester come under increasing pressure. Rainfall is predicted to rise by 59 per cent by 2050, even if carbon reduction targets are met, and in storms, with the city region sitting in a natural bowl, heavy rainfall can see water levels rise rapidly, causing flood risk. In September 2021, we signed a Memorandum of Understanding together with Greater Manchester Combined Authority (GMCA) and the EA, creating the first partnership looking to manage water differently across the city region, with an Integrated Water Management Plan (IWMP) developed by this partnership and working with others.

So far, the partnership has:

- Commissioned an integrated catchment model, with data from all three partners, to provide a shared understanding of catchment dynamics, growth and investment, and enable more integrated investment plans;
- Helped to secure an innovative, flexible rainwater management programme through the Advanced WINEP, to deliver rainwater management projects across Greater Manchester, enabling large scale regeneration to include sustainable water interventions that deliver wider benefits for the community; and
- Hosted a visit from Defra and the launch of the Independent Water Commission's call for evidence, both of which expressed an interest in this trailblazing partnership and IWMP.

Merseyside

This year, we also signed a Memorandum of Understanding with the Liverpool City Region Combined Authority and Mersey Rivers Trust to help deliver the Government's national water quality goals and accelerate the cleanup of the River Mersey. Partners are committed to a joint five-year action plan aimed at reducing spills, improving water quality, reducing flood risks, and boosting biodiversity across the city region. This includes a joint programme of water management projects in collaboration with local authorities, developers, and community organisations, which will explore innovative nature-based solutions, such as sustainable drainage systems and natural flood management techniques, to reduce pressure on the sewer network.

We will work to ensure that local rivers meet and exceed national standards under the Water Framework Directive, supporting the aim for rivers to achieve 'Good' ecological status, and to enhance public access to the region's waterways, creating cleaner and safer spaces for communities to enjoy. This commitment aligns with our ongoing efforts to tackle pollution and reduce spills, and builds on our legacy partnership and founding membership of the Mersey Basin Campaign, which demonstrated what we can achieve when we work together.

Directly contributing to national government targets, the partnership is a model for other regions, showing how local leadership, industry collaboration, and community involvement can drive faster progress on water quality.



External recognition and benchmarking



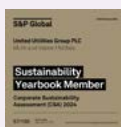
United Utilities Group PLC has been included in the FTSE4Good Index Series since June 2001. Latest review March 2025⁽¹⁾.



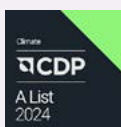
In the annual review in July 2023, our status was assessed as Prime⁽²⁾.



As of November 2024, United Utilities Group PLC received an MSCI ESG rating of A⁽³⁾.



We have reported through the Corporate Sustainability Assessment for 25 years. For 2024, our overall performance was 67% and we are proud to be a component of the iconic Dow Jones Best-in-Class World Index (effective December 2024) and a 2025 Sustainability Yearbook Member.



In our latest assessments, United Utilities joined the Climate A list of the world's best performing companies out of more than 24,800 companies assessed by CDP in 2024. As well as the 'A' score for the Climate theme United Utilities also attained a leadership score of 'A-' for Water security.



In October 2024, United Utilities received an ESG Risk Rating of 9.5 and was assessed by Sustainalytics to be at negligible risk of experiencing material financial impacts from ESG factors⁽⁴⁾.

⁽¹⁾ lseg.com/en/ftse-russell/indices/ftse4good

⁽²⁾ issgovernance.com/esg/ratings/badge

⁽³⁾ msci.com/legal/notice-and-disclaimer

⁽⁴⁾ sustainalytics.com/legal-disclaimers

Working with suppliers

Our activities during AMP8 will support around 30,000 jobs both directly and through our supply chain. This includes an additional estimated 7,000 jobs, helping to support the North West economy.

Suppliers play an important role in delivering our services and, alongside our colleagues, often act as the face of our business for many customers and communities. Events in recent years have shown the importance of maintaining strong relationships with our supply chain partners and we continue to encourage collaboration as part of our United Supply Chain approach. We work constantly to ensure that our core service delivers maximum value to internal stakeholders, key suppliers, our broader supply chain and ultimately, customers.

Payment practices are critical to our business and our suppliers – particularly at a time when there have been significant rises in the costs of key commodities. As a signatory to the Prompt Payment Code, and in addition to the commitment to pay at least 95 per cent of invoices within 60 working days, we also continue to pay 95 per cent of our small and medium-sized enterprise (SME) suppliers within 30 days. Over the last year, we have continued to outperform our target to pay suppliers promptly, with around 99 per cent of our invoices paid within 60 days, and an average time to pay of 12 days. We act fairly and transparently with all our suppliers and as a signatory to the Code, comply fully with the reporting requirements.

United Supply Chain

United Supply Chain (USC) underpins our supplier collaboration strategy to support the delivery of our sustainability goals. Its purpose is to collaborate, share knowledge and create value with our suppliers, ensuring that our responsible sourcing principles are brought to life and embedded throughout

our supply chain. As part of our procurement process, in-scope suppliers are required to commit to our responsible sourcing principles as either signatories or leaders.

As a signatory, a supplier commits to adhere to the principles and support us to identify and mitigate any risks in the supply chain. As a leader, suppliers not only agree to the responsible sourcing principles but also commit to go further by demonstrating their commitment to the principles, collaborating with us to improve practices and identify new ways of working, to enhance the value delivered to customers.

Since 2016, we have been a partner to the Supply Chain Sustainability School (SCSS). The school is free for our suppliers to join and allows access to numerous training options and resources to help embed our responsible sourcing principles through our supply chain. Our internal colleagues and supply chain have free access to learning pathways, virtual conferences, and tailored training on ESG topics aligned to our responsible sourcing principles. Our relationship with SCSS has gone from strength to strength and we have retained our Gold status with them year on year.

Raising sustainable finance and paying our fair share of tax

Our sustainable finance framework allows us to raise financing based on our strong ESG credentials alongside conventional issuance. We have issued £2.7 billion so far through this framework, of which £1 billion was issued this year. We published an allocation and impact report during the year, detailing the investments made with the proceeds of funds raised under the framework.

Read more at unitedutilities.com/corporate/investors/credit-investors/sustainable-finance

Recognising the group's ongoing commitment to paying its fair share of tax and acting in an open and transparent manner in relation to its tax affairs, we were delighted to retain the Fair Tax Mark independent certification for a sixth consecutive year. We pay significant contributions to the public finances every year, including employment taxes for our more than 5,000 strong workforce.

Read more on our [UK tax policies and objectives](#) on page 173

Performance across a range of trusted investor indices

We have participated in a range of independently assessed global ESG ratings and indices for many years to benchmark our approach against best practice and emerging sustainability challenges. Our approach to responsible business has ensured consistent upper quartile performance in selected ESG ratings and indices.

We remain a component of the Dow Jones Best-in-Class World Index along with just three other companies from the Multi Utilities and Water sector. In the Sustainalytics assessment, we are classified as negligible risk and in the top 2 per cent of performers in the Utilities industry group. We are also proud to be ranked among Corporate Knights' 2025 100 Most Sustainable Corporations in the World.

The external perspective provided by these ESG ratings goes beyond the UK water sector and compares our performance against international water utilities, wider utilities and non-utility companies. We continue to respond to best practice and emerging ESG trends to maintain our performance in these ratings, and we are increasing our engagement with investors on ESG matters.

How we're delivering our purpose: stronger

Status key

Performance against target  Met expectation/target  Close to meeting expectation/target  Behind expectation/target

Stakeholders



Customers



Environment



Communities
























Colleagues



Suppliers



Investors

								Status
		Performance			Assurance ⁽²⁾	Link to remuneration	Key stakeholder	Performance against target
Measure	2025 target	2024/25	2023/24	2022/23				
Credit rating - UUW senior unsecured debt (Moody's, S&P, Fitch) ⁽¹⁾	Baa1, BBB+, A-	Baa1, BBB+, A- (Stable outlook)	A3, BBB+, A-	A3, BBB+, A-	ITV	n/a		
Maintain sustainable finance framework	Available/continued issuance	Available	Available	Available	IAT	n/a		
Anti-bribery: percentage of identified colleagues completing required training	100%	100%	100%	100%	IAT	n/a		
Number of children benefitting from education materials	20,000	33,442	39,131	23,253	ITV	n/a		
Partnership leverage ⁽¹⁾	1:4	1:3	1:3	1:4	RRA	n/a		
Invoices paid within 60 days	At least 95%	98.71%	99.60%	98.91%	ITV	n/a		
Average time taken to pay invoices	<28 days	12	11	12	ITV	n/a		
Supplier Relationship Management score	90%	94%	95%	90%	IAT	n/a		
CIPS ethical mark	Retain accreditation	Retained	Retained	Retained	ITV	n/a		
Percentage of targeted suppliers signed up to United Supply Chain	100%	100%	94%	89%	IAT	n/a		
Percentage of partner and strategic suppliers that have sustainability risk assessments in place	75%	94%	78%	73%	IAT	n/a		
Percentage of suppliers in high risk categories (in sustainability risk assessments) covered by enhanced due diligence audits	5%	5%	4%	3%	IAT	n/a		
UK Corporate Governance Code	Maintain compliance	Compliant	Compliant	Compliant	IAT	n/a		
Fair Tax Mark	Retain accreditation	Retained	Retained	Retained	ITV	n/a		
Living Wage accreditation	Secure and retain	Retained	Retained	Retained	ITV	n/a		
Pension Quality Mark +	Retain accreditation	Retained	Retained	Retained	ITV	n/a		

⁽¹⁾ Measure relates to the water and wastewater activities of our regulated entity, United Utilities Water Limited.

⁽²⁾ Read more about the assurance over our performance metrics on page 67.

ITV = Independent third-party verification. RRA = Regulatory reporting assurance. IAT = Internal audit team.



Case study:

Engaging early – our approach to supply chain engagement for AMP8

The size and scale of investment for AMP8 means we have refreshed and updated our capital delivery approach to shape projects for the right infrastructure and environmental outcomes.

A new runway model provides the ability to access a wider range of supply chain partners, from the sector's largest construction organisations through to smaller, more agile specialists with knowledge of local areas. The model is based on a series of different 'runways' that match the appropriate type of supplier to the specific characteristics of a project – allowing us to adopt the right approach for delivery depending on the type of scheme to be delivered and the desired outcome.

A new runway for AMP8 is the 'build only' runway, which contains 30 construction partners. One of the key drivers behind the creation of this is the desire to build closer, more flexible partnerships with smaller construction firms. This encourages innovation, drives better value for clients, and allows us to tap into the local knowledge and specialist skills that smaller partners bring to the table, while supporting job opportunities and the local economy.

The biggest and most complex capital projects will be delivered by the United Utilities Enterprise, an alliance formed of seven industry partners alongside United Utilities. This partnership brings together expertise in design, engineering, and construction to ensure we deliver projects safely, efficiently, and sustainably.

The Enterprise commercial model helps integrated teams to deliver differently and is founded on a set of commercial principles which make room for collaboration and early engagement with a diverse supply chain.

The United Utilities Enterprise team began supply chain ecosystem engagement during mobilisation, running a large-scale engagement event in Autumn 2024. The event was an opportunity to begin building key relationships and ensure the scale of opportunity for innovation, collaboration, and standardisation across programmes is well understood and communicated consistently. By working in a more joined-up way, we can share expertise,

standardise processes and asset designs, and remove unnecessary delays.

We're also working with a strong supply chain, with long-term contracts and a new commercial model that will help us make the most of the latest innovations – both in and out of the water industry.

Once the Enterprise had secured its first programme-level procurements, it launched a dedicated digital platform for suppliers. The platform provides suppliers with a single source of information, communication and point of contact to ensure a positive experience. Since then, the first programmatic procurement has successfully been secured in time for the start of AMP8.

Delivering value for



This is creating value for customers, communities, suppliers and investors.

➤ Read more about **our supply chain engagement** on pages 08, 26 and 85 to 87

Our S172(1) Statement

Our strategic priorities



Improve our rivers



Create a greener future



Deliver great service for all our customers



Provide a safe and great place to work



Spend customers' money wisely



Contribute to our communities

Our key decisions during the year to 31 March 2025

Throughout this integrated annual report, we provide examples of how the board have thought about the likely consequences of long-term decisions and how we:

- build relationships with stakeholders and balance their needs and expectations with those of the business;
- understand the importance of engaging with our colleagues;
- understand the impact of our operations on the communities in our region and the environment we depend upon;
- are mindful of the interactions we have with our regulators; and
- understand the importance of behaving responsibly and being consistent with the company's purpose, values and strategic priorities.

Statement by the directors in performance of their statutory duties in accordance with S172(1) Companies Act 2006

The board of directors of United Utilities Group PLC consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and having regard (amongst other matters) to factors (a) to (f) s172 Companies Act 2006, in the decisions taken during the year ended 31 March 2025 including:

⁽¹⁾ Includes our delivery against performance commitment levels and our performance for the environment in the round (including the Environment Agency's annual performance assessment)

Acceptance of the final determination for AMP8:

Link to strategy



The decision

The final determination (FD) for the asset management period 2025–30 was published by Ofwat on 19 December 2024. The UUW board accepted the FD on 29 January 2025.

Outcome

Based on the FD, our capital programme for the 2025–30 period is set at £13 billion. As part of this, the group will deliver a circa £5.7 billion enhancement expenditure plan, including an industry-leading £2.4 billion CSO programme to deliver a 60 per cent reduction in spills from storm overflows this decade.

How we engaged with stakeholders

Customer and stakeholder engagement directly informed the development of our business plan submission and strategy to deliver it through customer insight and research which was used to directly inform it. Engagement was conducted in a variety of ways, including: setting up customer focus groups, workshops, and online 'Your Water, Your Say' community panels in each of the counties across the North West served by United Utilities (Cumbria, Lancashire, Merseyside, Greater Manchester and Cheshire) to ensure that regional differences would be reflected in the construct of our AMP8 and enabling us to plan and communicate the outcomes for each county. 12 panel sessions were held in total, providing insight incorporated into the proposed business plan. At the panel sessions held after the draft business plan submission in October 2023 we shared how the insight gained from stakeholders had impacted our plan.

The draft determination was published by Ofwat on 11 July 2024. The company engaged with its regulators throughout the process, answering queries and providing further information prior to submitting its revised submission to Ofwat on August 2024, with the FD published on 19 December 2024.

The board's view

The board reviewed the consequences of accepting the FD in the form published by Ofwat noting the delivery challenge of a plan of this size – with the need for investment in performance, further CSO spill reduction and the accelerated plan for bioresources.

Notwithstanding the 'step-up' in average customer bills in 2025/26 was larger than anticipated, UUW's average customer bills will be the fourth lowest in the industry in AMP8 – average customer bills will increase by 32 per cent from the end of 2024/25 to 2029/30, but would enable the company to address customers' views and priorities obtained during the research and testing phases of the plan – 74 per cent of customers supported our original business plan. Notwithstanding the additional requirements in the plan, affordability support is expected to be provided to one in six households. This package of support totals £525 million, inclusive of £200 million provided by shareholders. The board carefully considered whether to challenge the FD through the appeals process. However, it determined that doing so would not best serve the long-term success of the company for the benefit of its members as a whole.

Dividend policy for AMP8

Link to strategy



The decision

To set the dividend policy for AMP8.

Outcome

The board will target growth in the dividend per share, from the 2024/25 base, of CPIH inflation each year of AMP8.

How we engaged with stakeholders

The UUG dividend policy is closely related to UUW's dividend policy and the outcome of the FD. As set out above, the business plan was informed through extensive stakeholder engagement through the 'Your Water, Your Say' community panels, all-colleague engagement events held in Blackpool in December 2023 and March 2025, and through our offer to MPs in our region and local authority representatives to discuss the draft business plan following its submission to Ofwat. The board regularly engages with investors both directly and indirectly, including shareholders and credit investors.

The board's view

Payment of a dividend by UUG is contingent on the dividend paid by UUW. In its price review submission for AMP8, the board of UUW committed to further cementing its responsible approach to gearing, dividends and benefit sharing in AMP8 and more explicit alignment with the changes introduced in May 2023 by Ofwat in relation to its new powers to regulate water companies paying dividends. The UUW board will make decisions on dividends on an annual basis and will provide stakeholders

with a clear explanation of its approach and decision as part of the UUW annual performance report. When declaring or paying a dividend, the board will:

- Take account of a full range of matters including service delivery for customers and the environment;⁽¹⁾
- Consider company performance in the round and over time, encompassing all aspects of delivery against its licence, including delivery against performance commitments, investment plans, cost efficiency and other areas of its operations;
- Give consideration to the company's current and future investment needs and financial resilience over the short and longer term; and
- Have due regard to whether the dividend rewards efficiency and the effective management of the business, including performance across a number of periods. The board believes the underlying approach applied by the UUW board, and therefore impacting the availability of dividends available for the UUG board to pay to its shareholders would be most likely to promote the long-term success of the company for the benefit of its members as a whole.

Haweswater Aqueduct Resilience Programme (HARP)

Link to strategy



The decision

The board supported the conclusion of the Full Business Case and approved its submission to Ofwat as part of the 'Control Point F' submission in the HARP procurement

process and recommended the award of the Direct Procurement for Customers (DPC) contract to the preferred bidder, the STRABAG Equitix Consortium.

Outcome

The board provided its assurance statement as part of the Ofwat Control Point F submission confirming that the full business case was produced in accordance with good industry practice, that it reflected the suite of procurement documents provided to Ofwat in support of the submission and that UUW had achieved a best value price through a competitive tender process, therefore offering value for money for customers. Ofwat has provided consent in principle to award the contract to the preferred bidder, subject to final consent upon receiving the final form of the contract.

How we engaged with stakeholders

We have secured planning permission from nine planning authorities for this complex scheme. Such an outcome has been achieved through focused engagement with communities and stakeholders explaining our plans, listening to feedback and concerns and then amending and adjusting our plans as appropriate. Prior to starting the project, we engaged with numerous stakeholders including representatives from the relevant local authorities, local highways authorities, National Highways, Natural England, Environment Agency and landowners, to help shape our plans for dealing with the risk associated with the existing tunnel sections of the Haweswater Aqueduct. Relevant councillors, community representatives and special interest groups have also been engaged and offered opportunities to meet with the project team to provide their feedback. The proposed solution was also

tested with our regulator and other parties to ensure it was the most appropriate solution.

The board's view

Following a series of inspections and risk assessments it was identified that there was an increasing risk of failure associated with the existing Haweswater Aqueduct, requiring the replacement of the tunnel sections of the existing aqueduct. At PR19, UUW proposed the DPC approach to procure a Competitively Appointed Provider (CAP) to design, build, finance and maintain the new tunnel sections. Through AMP7, UUW progressed the design and development of the project, including working with Ofwat to develop the commercial model for DPC to ensure that the outcome delivers best value for customers. This has involved considerable engagement with bidders and other stakeholders as well as Ofwat. UUW has utilised expert legal and financial advisers throughout the project's development and ensured the necessary assurance at each stage, including the establishment of an oversight committee, consisting of external experts with experience of major project finance initiatives and large and complex capital infrastructure projects. The board has been kept updated along the journey and is of the view that replacing the tunnel sections of the Haweswater Aqueduct continues to be the preferred option which best meets its strategic objectives and that the company has achieved a best value price through a competitive tender process, therefore offering value for money for customers and would be most likely to promote the long-term success of the company for the benefit of its members as a whole.

