November 2025

Final determination adjusting for company actual ODI payments in 2024-25: Affinity Water

Ofwat

1. Introduction

This document sets out our final determinations on Affinity Water's outcome delivery incentive (ODI) payments for 2024-25. It confirms the extent to which the price controls in Affinity Water's PR24 final determinations need to be adjusted for the difference between the company's actual and forecast performance for final charging year of the 2020-25 period (the 'blind year') in relation to its PR19 performance commitments.[1] This final determination does not cover the wider adjustments to Affinity Water's price controls for the other PR19 reconciliation mechanisms or correction of unambiguous errors (other than those relating to ODIs).[2]

The specific changes, and our reasons for these, are set out in this document, the sector overview and associated models which can be found on our website.

In making our final determinations, we considered stakeholder responses to our draft determinations, published on 2 October 2025, and other relevant information, including the CMA's provisional redetermination of our PR24 determinations (to the extent it is relevant to this process).

Alongside this document, for each company we are publishing models on our website.

We are not publishing stakeholder responses to our blind year draft determinations with our ODIs final determinations. This is because they include comments on non-ODI areas of the blind year draft determinations, for which we will not publish our final determinations until December. Instead, we set out the full text of stakeholders' ODI related responses under the "Stakeholder responses" headings in section 3. We will publish stakeholders' responses to our blind year draft determinations (including ODIs) with our blind year final determinations in December 2025.

In accordance with the company's licence, tables in this document are shown in 2017-18 price base.

[1] This determination is made pursuant to Part 3A of condition B of the company's licence (Performance Measure Adjustments, referred to in this document as outcome delivery incentives' determinations) and in accordance with Annex 2 of each company's notification of the PR24 final determination of price controls.
[2] Affinity Water's licence requires us to redetermine price controls for ODI payments no later than 15 November. We confirmed in IN25/01 that we would publish final determinations on the wider blind year adjustments in December 2025. This remains our intention.

2. Final determination of blind year adjustment of outcome delivery incentives (ODIs)

Table 1 sets out our final determination of the blind year ODI payments to be applied to Affinity Water's price controls, and subsequently to customer bills, in the 2026-27 charging year. It also shows the change in ODI payments for Affinity Water between our draft and our final determinations.

Table 1: Change between draft and final determination on total ODI payments to be applied to customer bills in 2026-27 (£million, 2017-18 FYA CPIH deflated: PR19 base year prices)

	Draft determination on total blind year ODI payments (£m)	Change between draft and final determination (£m)	Final determination on total blind year ODI payments (£m)
Affinity Water	0.208	0.046	0.254

Table 2 shows the breakdown of our final determination on blind year ODI payments for Affinity Water, to be applied to price controls in the 2026-27 charging year.

Table 2: Final determination blind year revenue adjustment to 2026-27 bills for Affinity Water (£million, 2017-18 FYA CPIH deflated: PR19 base year prices)

	Water resources	Water network plus	Wastewater network plus	Bio-resources	Residential retail	Business retail	Total
PR24 FD ODI payments for 2024-25[3]	-2.083	-6.492			0.000		-8.575
Company view of actual ODI payments for 2024-25 performance[4]	-1.351	-4.029			0.110		-5.270
Ofwat interventions	-0.628	-1.464			0.000		-2.092
C-MeX					-0.939		-0.939
D-MeX		-0.020					-0.020
Ofwat view of actual ODI payments for 2024-25 performance including C-MeX and D-MeX	-1.979	-5.513			-0.829		-8.321
Blind year ODI payment adjustment for 2024-25 performance[5]	0.104	0.979			-0.829		0.254
Abatements	0.000	0.000			0.000		0.000
Bespoke adjustments	0.000	0.124			0.000		0.124
Brought forward deferrals	0.000	0.807			0.000		0.807
Blind year deferrals	0.000	0.000			0.000		0.000
Final determination blind year adjustment to be applied to customer bills in 2026-27	0.104	1.909			-0.829		1.184

[3] This does not include any forecast payments for C-MeX and D-MeX for 2024-25.
[4] This excludes C-MeX and D-MeX.
[5] The difference between PR24 FD ODI payments for 2024-25 and Ofwat view of actual 2024-25 ODI payments for 2024-25 performance including C-MeX and D-MeX.

3. Key interventions and policy decisions

3.1 Leakage and Per Capita Consumption

Our draft determination

In its 2024-25 Annual Performance Report (APR), Affinity Water reported that it was fully compliant with the PR19 common methodology for leakage and per capita consumption (PCC) for the first time in the 2020-25 period. However, the company did not restate its reported performance for previous years or the PR19 baseline to reflect the fully compliant methodology. Affinity Water requested that we include a £0.883 million revenue adjustment (£0.931 million including time value of money) in 2024-25 to recover ODI outperformance payments and restatements for previous years, which we hadn't allowed at the time. This was in line with our policy that we did not expect a company to claim outperformance payments, or benefit from restatements, where it was materially non-compliant with the common methodology for leakage and PCC.

In our draft determination, we accepted the company's request and intervened to apply a revenue adjustment of £0.883 million (£0.931 million including time value of money) in 2024-25 because:

- the company provided sufficient evidence, including sensitivity analysis, to demonstrate that its non-compliance in the 2020-21 to 2023-24 period did not result in a material misstatement of its leakage performance for those years;
- the company provided sufficient evidence that not restating its leakage in line with the fully compliant methodology has not resulted in material misstatement of reported leakage performance for 2020-21 to 2023-24; and
- the deferral of the company's outperformance payment of £0.333 million in 2023-24 was made at the company's request. Had the company not made this request it is likely that we would have accepted the company's reported outperformance payments it was not materially non-compliant.

Our intervention of £0.931 million is included in Table 2. It is shown as the release of a brought forward deferral of £0.807 million and a bespoke adjustment of £0.124 million.

Stakeholder responses

We did not receive any specific comments on this matter.

Consideration of responses and final determination

Having received no stakeholder responses on this matter, our final determination on Affinity Water's ODI payments for this performance commitment is as stated in our draft determination.

3.2 C-MeX and D-MeX

Our draft determination

Our draft determination proposed ODI payments for both C-MeX and D-MeX for Affinity Water based on data from the APR submissions, compared against the recorded data from our survey agent, BMG. The C-MeX and D-MeX scores for 2024-25 can be found on the Customer and Developer Services experience pages of the Ofwat website and in the published C-MeX and D-MeX models.

Stakeholder responses

Four companies identified that the 2024-25 annual allowed residential retail revenue figures used in the C-MeX model to calculate ODI payments had not been updated to reflect the values from the last in-period determination in 2022-23. Full details of these responses are set out in the relevant company's ODI final determination document, which are published on our website.

Consideration of responses and final determination

We agree that the allowed residential retail revenue figures had not been updated for 2024-25. Having considered stakeholders' responses on this matter, in our final determination we have included the 2022-23 values in the C-MeX model to recalculate performance payments. Consequently, we apply an underperformance payment of £0.939 million for C-MeX. This is a decrease in the underperformance payment of £0.985 million in our draft determination.

3.3 Deferrals and abatements

Our draft determination

Companies can ask us to defer outperformance or underperformance payments, or to abate outperformance payments on individual performance commitments.

Affinity Water did not request to abate any outperformance payments. Affinity Water did not request to defer any of its ODI payments.

Stakeholder responses

We did not receive any specific comments on this matter.

Consideration of responses and final determination

Having received no stakeholder responses on this matter, our final determination on deferrals and abatements is as stated in our draft determination.

3.4 Bespoke adjustments

In some instances, we may need to make bespoke adjustments to account for matters that have arisen after our PR19 determinations and after publication of the reconciliation rulebook in December 2020.

Bespoke adjustments relate to instances where, in their 2024-25 APR, companies have restated their previous performance to be in line with the reporting requirements of the relevant performance commitment(s). Where such adjustments are required, a time value of money adjustment is also applied to ensure the revenue adjustments are Net Present Value (NPV) neutral.

Bespoke adjustments for Affinity Water are summarised in Table 3. They are explained in further detail in the section 3.1 of this document.

Table 3: Breakdown of bespoke adjustments (£million, 2017-18 FYA CPIH deflated: PR19 base year prices)

Price control	Prior year restatements	Time value of money adjustment on prior year total	Total bespoke adjustment to be applied to 2026-27 bills
Water resources	0.000	0.000	0.000
Water network plus	0.112	0.012	0.124
Residential retail	0.000	0.000	0.000
Total	0.112	0.012	0.124

Table 4: Final determination changes to PR24 price controls

This table sets out the impact of our final determination on the company's PR24 price controls, as set out in the in-period adjustments model published on our website. See the final determination ODI payments sector overview on our website for how we apply adjustments for tax and inflation.[6]

Price control		2025-26	2026-27	2027-28	2028-29	2029-30
Water resources (K factors)	PR24 determination	-39.76	10.92	2.64	3.27	10.28
	Revised	-39.76	11.30	2.31	3.27	10.28
Water network plus (K factors)	PR24 determination	24.12	6.66	2.06	3.33	2.55
	Revised	24.12	7.40	1.39	3.33	2.55
Residential retail (cost per customer, £ nominal prices)	PR24 determination	26.86	28.77	29.50	30.46	31.22
	Revised	26.86	28.00	29.50	30.46	31.22

We have based Affinity Water's final determination on the data and commentary provided to us by Affinity Water and, where relevant, other stakeholders. Should any of this information be revised or restated in future years, we will take account of adjustments we have made to the relevant price control in relation to the performance commitment(s) in question in making future determinations.

[6] Final determination adjusting for company actual ODI payments in 2024-25: Sector Overview.

Ofwat (The Water Services Regulation Authority) is a non-ministerial government department. We regulate the water sector in England and Wales.

Ofwat
Centre City Tower
7 Hill Street
Birmingham B5 4UA
Phone: 0121 644 7500

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Any enquiries regarding this publication should be sent to mailbox@ofwat.gov.uk.