

Business influences and base assumptions

Introduction

In this section, Scottish Water should set out what it feels are the key influences on its business that affect its relative performance in the base year and projected forward to 2017-18 (and beyond). The section collects information on factors that may influence the operation of the business and the outputs that Scottish Water plans to achieve over the Business plan period.

The section is split into three parts:

- Key denominators (Tables 1 &.2)
- Volumes and loads (Table 3)
- Scottish Water's views on key information from elsewhere in the Business plan (Table 4)

Scottish Water should note that this Section is not to be used for any Special Factors submissions that it may wish to make. Sections 4 and 5 provide Guidance on Special Factors.

Key denominators

Tables 1 and 2 should be used to explain the key features of Scottish Water's operating environment that influence its performance. Scottish Water should complete all lines in the table ensuring consistency with other areas of the plan as appropriate. Scottish Water should augment this information with any additional information that it considers further explains its operating environment and how this influences its performance.

The information in these tables may be used for unit cost analysis and in connection with tariff and charging issues.

These tables provide a breakdown of all non-household supply points and unmetered customers (both domestic and non-domestic) that Scottish Water believes will receive a service from Scottish Water (including through Business Stream and other retail suppliers reliant upon wholesale supplies from Scottish Water) in the SR10 period and beyond.

The information supplied in these tables should be consistent and reconcilable with that supplied in the WICS Annual Return section A.

The following definitions apply

Household Properties: These are properties used as single domestic dwellings (normally occupied), receiving water for domestic purposes which are charged on the basis of council tax bands through Local Authorities' billing systems and those properties that would be charged on this basis but have elected to have a metered supply.

Non-household supply points These are all other properties (supplied with water and sewerage services by retailers) receiving water for either domestic or non-domestic purposes but which are not occupied as domestic premises, or where domestic dwellings are combined with other properties.

The following definitions apply to both unmeasured and measured supplies.

Properties: Building premises or structure or other permanently connected supply separately identified for billing purposes.

A void property is a property that is connected, but does not receive a charge, as there are no occupants.

An *exempt property* is a property defined as exempt for Council Tax liability purposes by either Statutory Instrument 1992/133: The Council Tax (Exempt Dwellings) (Scotland) Order 1992 or The Water and Sewerage Charges (Exemption) (Scotland) Regulations 2006.

Population should include the population served by bulk supplies received and exclude bulk supplies exported. The population should be obtained from most recent ONS (Office for National Statistics) or local authority estimates, or Scottish Water's updates of these estimates.

Scottish Water should comment on the basis used to evaluate its population.

Scottish Water should ensure that no input cell is left blank. If the information is unknown or not applicable a zero should be entered and an explanation given in the commentary.

Scottish Water should complete commentary covering the following areas:

- Domestic customer base
- Non-domestic supply points
- Metering policies

Scottish Water should ensure that its projections of properties, population and consumption are consistent with Section 8. Scottish Water should set out its basis for classifying and projecting void properties.

Reporter guidance

The Reporter should comment on the consistency of these tables with those elsewhere in the business plan. The Reporter should also check and confirm that the definitions from the Annual Return have been consistently applied.

The Reporter should comment on any anomalies identified between the information supplied as part of this business plan and that submitted as part of the Annual Return.

Volumes and Loads

The purpose of collecting the information in this Section of the plan is to ensure that all base assumption data is collected in one location and for Scottish Water to explain

the influence that key aspects of the supply/demand balance (eg leakage) may have on its performance. Summary information is collected for:

- Water balance and leakage
- Water population equivalent
- Volume of non-potable water delivered
- Wastewater volumes and loads
- Wastewater Equivalent population served
- Sludge disposal

Scottish Water guidance

The information provided should be consistent with that in Section D (Supply / Demand Balance). Scottish Water should draw on or refer to its commentary to Section D when commenting on summary information presented in Section 3 Table 3.

Reporter guidance

The Reporter should ascertain that the summary information provided in Section 3 Table 3 and accompanying commentary is consistent with that provided in Section D of the plan.

Scottish Water's views

Section 3 Table 4 is a free-form table that is optional for Scottish Water.

Scottish Water may use Table 4 to draw attention to other information within the plan that it feels demonstrates key influences on its business that affect its relative performance. In doing so, Scottish Water should enter the line title and the information for the years it considers are important. The commentary should note in a separate table where this information has been drawn from.

Examples of the information that Scottish Water may wish to provide include:

- Important aspects of its asset base;
- Particular facets of its operating environment (eg ratios of length of main to customers);
- Particular categories of its capital programme;
- Financial performance (eg financial ratios)
- The competitive framework.

This part should not be used to input any information that is not covered elsewhere in the tables. However, Scottish Water can include such information within its commentary.

Table 4 has 30 lines. Scottish Water may add further lines if it feels that these are useful.

Reporter guidance

The Reporter should comment on the measures in the table, particularly in respect of the suitability of the measures and whether they influence performance.

The Reporter is asked to confirm that the information submitted is consistent with the same information in the remainder of the plan from which it is drawn.