

Asset Health and Growth Cost Change 2026

Growth Unlocked: Water for the New Economy

April 2026



Executive Summary

UW is pleased to submit its proposals for Growth and Asset Health investment to Ofwat's 2026 Cost Change process.

We are committed to supporting the Government's growth mission and have prepared investment plans to help unlock opportunities across the North West that would generate economic growth and support resilience, creating over 4,000 new jobs in our supply chain, supporting Government's housing, digital and net zero ambitions and strengthening long term service resilience. This is in addition to the 30,000 additional jobs that we estimate are already supported through our existing AMP8 programme.

Our growth proposals have been designed to support the increase in housing targets and the emergence of large-scale industrial demand from AI data centres and the HyNet clean energy cluster. The proposed investment is beyond that reflected in the PR24 determination.

Investing for Growth

Our Growth investment programme for AMP8 totals £637m and focuses on three investment cases:

- **New water infrastructure for East Manchester data centres (£175m):** This investment will support necessary expansion of AI and digital infrastructure, new treatment capacity and dedicated pipelines to seven data centre sites. This will enable over 700 jobs and strengthen resilience across Greater Manchester.
- **Non-potable water system for HyNet in Ellesmere Port (£176m):** This investment will provide water supplies for hydrogen production and carbon capture industries by delivering staged upgrades including the River Weaver abstraction, strategic transfer mains and blending/storage infrastructure. This will enable over 1,000 jobs (including AMP9) across the supply chain. The HyNet infrastructure is set to enable an annual reduction in emissions of up to 10 million tonnes of CO₂ and a major regional economic value uplift.
- **Wastewater treatment capacity for new homes (£286m):** This investment involves taking a forward looking 10-year view of capacity needs by upgrading 34 wastewater treatment works to support long term population growth. This will enable 1,200 jobs, add around 116,498 of population equivalent of capacity and improve the efficiency of upgrades over the long term.

Investing for Asset Health

Our Asset Health investment programme totals £339m in AMP8 and will strengthen long term serviceability across five asset classes, addressing deterioration that cannot be addressed through base allowances and reducing risks to customers and the environment. This will enable over 1,100 jobs across the supply chain. It focuses on five investment cases:

- **Protecting Rapid Gravity Filters (£18m):** Delivering the structural remediation of our filters to protect headroom and avoid reactive failures;
- **Enhancing Water Network Storage (£78m):** Enabling the refurbishment of 24 treated water tanks to improve resilience, water quality and operability;
- **Upgrading Boreholes (£13m):** Facilitating the modernisation of headworks, cleaning and relining to reduce contamination and supply risks;
- **Supporting Gravity Sewers (£188m):** Carrying out 4,173km of survey and remediation to stabilise sewer network health, reduce future collapses and reactive workload; and,
- **Protecting Trickling Filters (£41m):** Refurbishing and renewing our assets and maintain long term compliance and serviceability.

The investment proposals submitted in 2026 through the Cost Change process on Growth and Asset Health total £976m in AMP8 (2022-23 prices).

We have also submitted an additional asset health investment case for information covering priority risks associated with a Glass Reinforced Plastic (GRP) final effluent pipeline system.

This document also sets out our deliverability assessments showing that the proposed programme is deliverable and will allow us to optimise the utilisation of our supply chain by smoothing the investment across AMPs. These proposals build on UUW's strong track record of having delivered 100 percent of our regulatory commitments on time for this first year of AMP8.

Overall, in preparing our proposals we have taken care to:

- avoid any double funding and ensure that the investment is incremental to the Final Determination (FD);
- align approaches with PR24 precedents and modelled costs, wherever possible; and,
- ensure appropriate customer protection measures with Price Control Deliverables across all investment cases.

Independent assurance has been provided for both Growth and Asset Health cases as per Ofwat's guidance.

To finance the proposals would require a £1,010.2m RCV adjustment and increase wholesale revenues by around £139.7m. UUW plans to apply for in-period revenue adjustments once Ofwat completes the necessary licence modifications for growth investment.



1. Growth Unlocked: Water for the New Economy

UW is pleased to submit to Ofwat its plans for the Cost Change process on Growth and Asset Health for the 2026 submission window. In line with our Stronger, Greener and Healthier purpose and our strategy for the North West, the plans set out in this submission will deliver significant benefits to communities, the environment and will maximise opportunities for economic growth.

Our ambition is to be an enabler and a catalyst in full support of Government's ambitions for housing and growth, its industrial strategy for green energy, and our digital economy.

1.1 What has changed since the Final Determination

As we begin the second year of AMP8, we are engaged in our largest ever investment programme to meet the significant needs for growth identified in our business plan. We are on track delivering the outcomes set out in the Final Determination (FD) and are also maximising opportunities to deliver more within existing allowances. However, reflecting this intense focus on national and regional growth and resilience, we have prepared our plans to support the Government's mission on growth and maximise our preparedness for future industrial and domestic developments.

Since our PR24 Draft Determination Representation, we have identified significant changes in our planning assumptions, which impact the projects necessary to support economic growth and meet additional future demand.

Firstly, we have seen significant increases in housing targets, with new mandatory requirements for local authorities. In the North West, this equates to around 65,000 additional homes by 2030 compared to previous targets, reflecting a substantial uplift in annual housing need following the Government's 2024 planning reforms. There have also been new designations for development of greenfield sites through the New Towns Taskforce¹ and a renewed commitment to growth through the Places for Everyone² programme by the Greater Manchester Combined Authority. The Ministry of Housing has also recently confirmed³ Greater Manchester's plans for the establishment of a new town in Victoria North with 15,000 new homes as part of a regeneration plan at the heart of Greater Manchester. There have also been announcements for housing plans⁴ in support of the expansion by the defence sector in Barrow-in-Furness⁵.

Secondly, we have seen the significant maturity of new strategic industrial developments in green energy and AI data centres, generating large additional demands for water by 2030. Green energy infrastructure at the Hynet cluster has been recently confirmed as one of the highest priority programmes included in the government's Major Projects Portfolio projects⁶. New demand from data centres also represents a significant change: before the FD for PR24, data centre policy was largely absent from formal industrial strategies. Soon afterwards, data centres have been recognised as national infrastructure critical to supporting AI, cloud computing, and secure digital services. The National Infrastructure and Service Acceleration (NISA)⁷ unit has been tasked with fast-tracking the development of both HyNet and data centres in the Manchester area. This marks a significant policy change and reflects a broader and increased ambition to embed digital capacity into the UK's industrial fabric. The recent development of Government's ambitions presents a larger and accelerated demand for infrastructure, beyond that embedded in our business plan submissions or reflected in the FD. Beyond these

¹ [The New Towns Taskforce - GOV.UK](#)

² [Places For Everyone - Greater Manchester Combined Authority](#)

³ [Seven new towns proposed to kickstart housebuilding push - GOV.UK](#) and [Victoria North - Victoria North](#).

⁴ [Marina Village partnership agreed to support new homes in Barrow | Westmorland and Furness Council](#)

⁵ [Our plan for Barrow - Barrow Rising](#)

⁶ [Government Major Projects Portfolio - GOV.UK](#)

⁷ [Government ushers in new era for UK infrastructure delivery - GOV.UK](#)

unforeseeable changes and new requirements, we also recognise the importance and urgency of improving our resilience to support Government’s aim to “kickstart economic growth”.

Thirdly, we have taken a more proactive and longer term look ahead at the needs and potential future growth constraints to remove current and future barriers. This involved investigating additional investment needs above and beyond PR24 that can support growth and that can be delivered more cost effectively, ultimately contributing to a more efficient utilisation of our supply chain capacity across AMPs. To this end, our proposals will help improve our ability to respond to, and support, the Government’s growth objectives and aspirations across the North West.

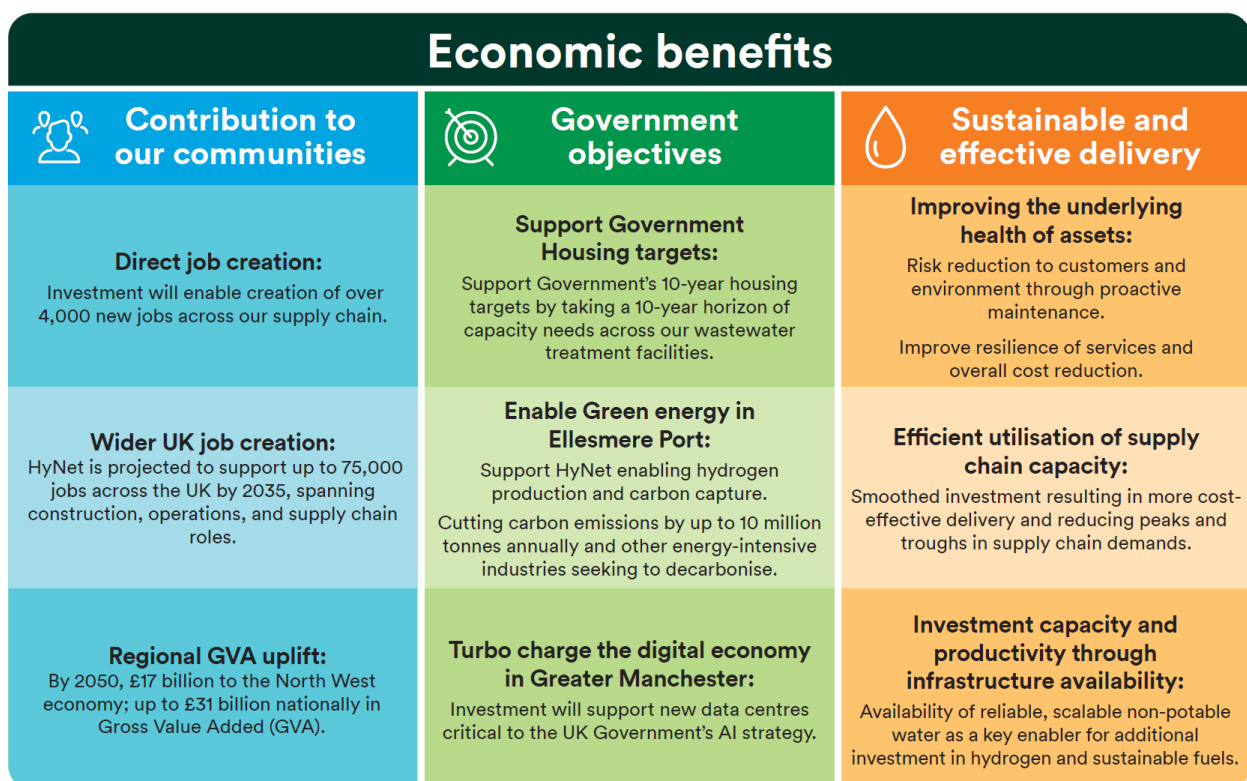
Finally, to ensure that we continue to develop evidence-based plans and target efficient interventions on our existing asset base, since we submitted our business plan **we have undertaken widespread asset inspections across more than 200 of our water and wastewater treatment sites, covering five of the asset classes that are in the scope of Ofwat’s Asset Health Cost Change process.** We have also used information gathered from our AMP8 proactive programmes for sewer remediation to better understand the current condition of our sewer network. The result of these surveys and inspections directly inform our Asset Health investment proposals and support the delivery of our asset management strategies.

1.2 Delivering economic benefits throughout the North West

We are already a major employer in the local economy, supporting 1 in every 100 jobs in the region and training a talented and diverse pool of apprentices and graduates. We estimate that this plan could support an additional 4,000 jobs in our supply chain in addition to the 30,000 jobs that our AMP8 Business Plan is enabling across UUV and the supply chain. As it completes, this programme of investment will also help attract and facilitate much needed, sustainable investment into the North West economy.

We have prioritised investment based on a best value approach, seeking to drive additional benefits through the choices we make on where and how to invest. Our plans reflect estimated total expenditure of £976m for AMP8 across Growth and Asset Health cases. The proposals also reflect an assumed £102m of capital expenditure in AMP9. Figure 1 below summarises the economic benefits from our plans.

Figure 1: Economic benefits



Source: UUV analysis

In terms of benefits our proposals will support:

- **Direct job creation:** The investment will enable the creation of over 4,000 new jobs across our supply chain in addition to our existing AMP8 programme. This is addition to the 30,000 jobs in the supply chain that our existing AMP8 programme is already supporting.
- **Government housing targets across the North West:** The investment will support Government's 10-year housing targets by taking a 10-year planning horizon of the capacity needs across our wastewater treatment facilities and reducing the need for a reactive incremental investment.
- **Green energy infrastructure in Ellesmere Port:** The investment will support HyNet, one of the largest hydrogen projects in the UK enabling hydrogen production and carbon capture. This will contribute to cutting carbon emissions by up to 10 million tonnes each year and other energy-intensive industries seeking to decarbonise.
- **Wider UK job creation:** HyNet alone is projected to support up to 75,000 jobs across the UK by 2035⁸, spanning construction, operations, and supply chain roles.
- **Regional economic uplift:** The combined effects of direct spend on HyNet North West, and from related inward investment, will result in £31 billion in Gross Value Added⁹ for the UK as a whole and around £17¹⁰ billion for the North West to 2050.
- **Development of the digital economy in Greater Manchester:** The investment will support new data centres critical to the UK Government's AI strategy.
- **Improving the underlying health of regional water and wastewater assets:** The investment in asset health across five asset classes will reduce risks to customers and the environment, improve resilience of services and reduce the overall cost through a more pro-active maintenance activity.
- **More efficient utilisation of supply chain capacity:** The investment will allow us to smooth both the investment profile (and the impact on customer bills) across AMPs, ultimately reducing the overall costs to customers through more cost-effective delivery and reducing peaks and troughs in supply chain demands. It provides a more stable pipeline of work and helps to avoid dramatic bill hikes at PR29.
- **Investment capacity and productivity through infrastructure availability:** The availability of reliable, scalable non-potable water infrastructure is a key enabler for additional inward investment in hydrogen production and sustainable fuels. AI data centres will also contribute to the wider productivity gains of the economy.

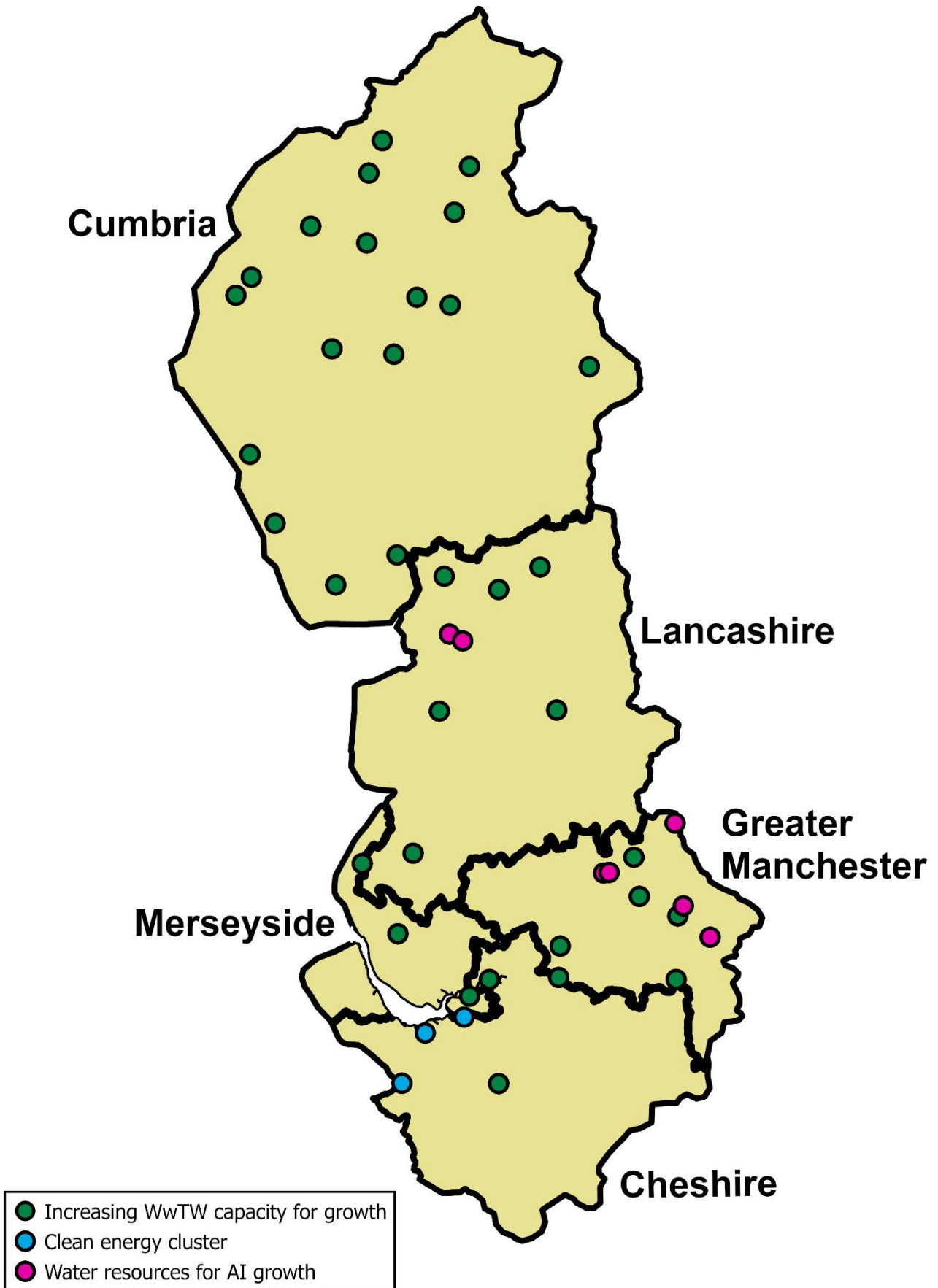
Our proposals will target investment across each of the North West's five counties, Cheshire, Cumbria, Greater Manchester, Lancashire and Merseyside. Figure 2 below sets out our investment proposals for growth, and Figure shows our proposed asset health investments across the five counties we serve in the North West.

⁸ [HyNet-NW-CO2-consultation-launch.pdf](#)

⁹ The Gross Value Added is an economic metric measuring the value of goods and services produced in an area, industry, or sector, calculated as total output minus intermediate consumption.

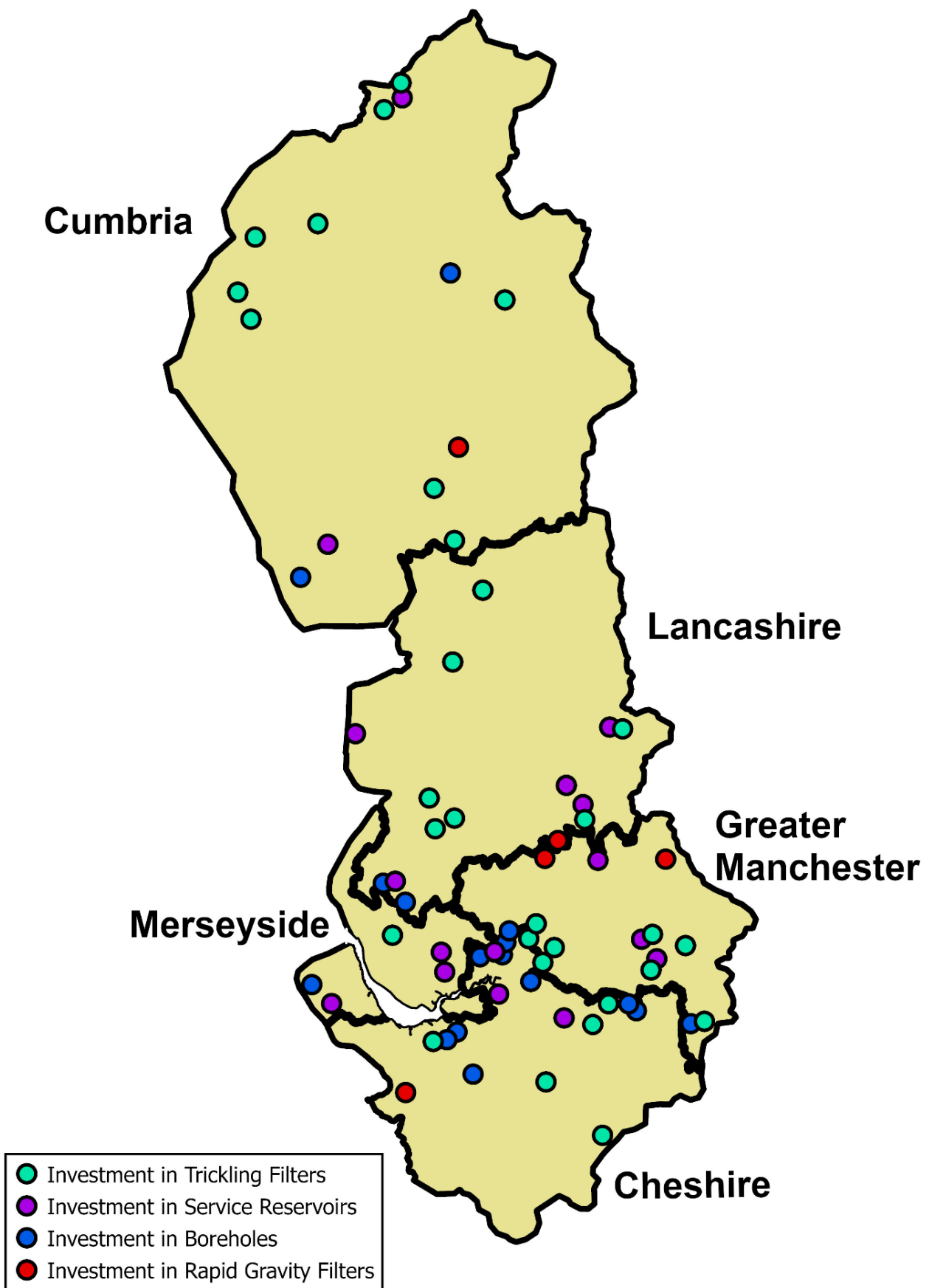
¹⁰ [HyNet NW-Vision-Document-2020 FINAL.pdf](#)

Figure 2: Map illustrating growth investment across the North West



Source: U UW analysis

Figure 3: Map illustrating asset health investment across the North West



Source: U UW analysis

In preparing our proposals, we have been careful to ensure that our proposals are appropriately scoped, efficient and deliverable. We have done this by optimising our existing AMP8 portfolio of projects at a catchment level, adhering to Ofwat's regulatory precedents from PR24 and maximising cost efficiency. We have engaged with our key stakeholder community and our proposals are underpinned by letters of endorsement from our key stakeholders.

Pending Ofwat's consultation on licence changes to enable in-period revenue adjustments for growth investment, U UW plans to submit a proposal in 2027 for in-period revenue adjustments for both our Growth and Asset Health investment proposals. Alongside any proposal for in-period adjustments, we will provide evidence of customer research on bill impacts and explain how we continue to deliver on commitments to support affordability and ensure that vulnerable customers are supported throughout the North West.

1.3 About this submission

The proposals included within this submission total £1,078m of investment (2022-23 CPIH) for Growth and Asset Health combined (of which £976m within AMP8). The Windermere gated programme is also included in the Data Table submission and reflects the Package 1 and 2 submissions to Ofwat under the large gated schemes process. All the investment set out in this submission is distinct and incremental to Ofwat's FD. The cases attached to this submission contain clear evidence of need, benefits and cost efficiency.

Table 1: Total investment for Growth and Asset Health (£m 2022-23 CPIH)

	AMP8	AMP9*	Total investment
Growth	637	102	739
Asset Health	339	-	339
Total	976	102	1,078

* AMP9 reflects capital expenditure only, with spend deferred into this period due to deliverability considerations

Source: U UW analysis

We are providing three enhancement cases on Growth and five investment cases on Asset Health. Our investment cases set out the detail of our proposals, evidence around efficient costs, deliverability assessment and timing and customer protection measures. We welcome further engagement with Ofwat as it assesses the detail of our proposals.

We have engaged with our key stakeholder community and our proposals are underpinned by letters of endorsement from our key stakeholders. The letters of support can be found on our website.

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Water for the North West