# WATER INDUSTRY COMMISSION FOR SCOTLAND

# RULES AND GUIDELINES

# FOR

# CLASSIFICATION OF EXPENDITURE

# REGULATORY ACCOUNTING RULE 2

**Operative: Financial Year 2010-11**
**Version 7.0 March 2011**

## CONTENTS

# PART ONE – ASSET CATEGORIES

## 1 Classification of expenditure

This Regulatory Accounting Rule covers the classification of expenditure by purpose category under infrastructure renewals accounting.

### Asset categories

1.1 Infrastructure assets generally comprise:

- underground systems of mains and sewers;
- impounding and pumped raw water storage reservoirs;
- dams;
- sludge pipelines;
- sea outfalls; and
- information about infrastructure assets e.g. zonal investigations records.

All other assets, typically above ground, are classified as non-infrastructure.

1.2 Non-infrastructure assets are depreciated in line with current accounting conventions, under historic or current cost accounting as appropriate, and the appropriate depreciation charge made to the profit and loss account to represent the economic consumption by the business during the year.

1.3 Infrastructure assets are not depreciated. Instead, an infrastructure renewals charge (IRC) is made to the profit and loss account to represent the maintenance of asset value by the business during the year. The IRC should reflect Scottish Water's assessment of its medium tolong-term capital maintenance needs to maintain infrastructure asset serviceability and operating capacity. The IRC is taken to the balance sheet as a provision (for liabilities and charges) and actual expenditure (IRE) on infrastructure assets is set off against this provision as it occurs. Any difference from year to year between IRC and IRE is accumulated in the balance sheet as a cumulative accrual (IRA) or prepayment as appropriate.

# PART TWO – EXPENDITURE CATEGORIES

## 2 Expenditure categories

2.1 Expenditure on each type of assets is categorised by purpose either as:

- **base service provision**, which is required to maintain the current (most recently established base) level of serviceability to customers; or as
- **enhancement** where there is a permanent increase in the current level of serviceability to a new "base" level.

Enhancement is further divided as follows:

- **quality** where expenditure is required to comply with **new** (i.e. since the base service level was established) legally enforceable quality obligations;
- **enhanced service level** where expenditure provides an identifiable, measurable and permanent step change in overall level of service to existing customers above the standard previously provided;
- **supply/demand balance** where expenditure
- provides water and sewerage services for new customers with no net deterioration from the current level of service provided to existing customers; and/or
- accommodates the increased use of water by existing customers at the current level of service.

2.2 Works to provide alternative means of maintaining the current level of serviceability to customers or to the environment should be reflected in infrastructure base service provision. Such expenditure will normally be reflected in infrastructure renewals expenditure but may also include infrastructure asset additions (for example where a network is extended or improved to enable flows to be transferred for efficiency or maintenance reasons).

2.3 Routine maintenance not included in capital expenditure and other maintenance expenditure arising in reactive way on a day-to-day basis are treated as an operating cost and taken directly to the profit and loss account. For full details, see the Annual Return Reporting Requirements and Definitions Manual Table M18W and M18WW.

2.4 Annex 1 to this Rule classifies the categories of capital expenditure as infrastructure/non-infrastructure and by purpose (Base, Qual, ESL, and SDB). The associated operating expenditure should appear in Table M18W or M18WW.

# PART THREE – PROPORTIONAL ALLOCATION

## 3 Proportional allocation

3.1 Proportional allocation of capital expenditure is required between purpose categories as follows:

- base service provision, which includes all expenditure required to maintain current levels of serviceability to existing customers;
- quality;
- enhanced service level (ESL); and
- supply/demand balance.

3.2 As noted above, the last three purpose categories represent an enhancement: a permanent increase in aggregate service level to existing customers and/or the provision to new customers of the current service level. Enhancement projects may serve several purposes and in most cases will involve an element of maintenance works being carried out earlier than otherwise necessary. This advanced maintenance element should be allocated to base service provision.

3.3 It should however be noted that where enhanced service levels arise from expenditure required for other purpose categories then only the incremental expenditure, if any, should be allocated to ESL. Allocation to ESL should represent expenditure incurred solely for the purpose of achieving an identifiable, measurable and permanent stepped improvement in aggregate service levels.

3.4 Schemes and projects under each service area should be allocated by proportion to each of the relevant purpose categories to at least the nearest 5%. However, scheme values above £100,000 must be proportionally allocated because of the effect that a large individual scheme may have on the allocation of expenditure to a particular purpose category.

3.5 Total scheme expenditure should be proportioned across the purpose categories in relation to the relative magnitudes of each element of the scheme. A single physical measure should be identified that is appropriate to all the relevant investment categories in a service area for example, rate of flow, equivalent population or hydraulic capacity.

3.6 Scottish Water should explain its allocation methodology.

## APPENDIX 1

## Classification of Expenditure by Asset type and Purpose

| | |
|---|---|
| WATER SERVICE AREAS | Water Resource Facilities |
| | Water Treatment Works |
| | Water Distribution Mains |
| | Service Reservoirs and Water Towers |
| | Booster Pumping Stations |
| | Management and General – Water Service |
| SEWERAGE SERVICE AREAS | Sewerage |
| | Sea Outfalls and Headworks |
| | Sewage Treatment Works |
| | Sludge Treatment |
| | Sludge Disposal |
| | In-line Pumping Stations |
| | Terminal Pumping Stations |
| | Management and General – Sewerage Service |

## APPENDIX 1

## Classification of Expenditure by Asset type and Purpose

| **Asset Type** | **Infra/ Non-infra structure** | **Expenditure Purpose** | **WATER SERVICE – ALL AREAS** |
|---|---|---|---|
| Water Service - Total | Infra or Non-infra | **Enhanced service levels total capital expenditure** | Element of works solely to achieve an identifiable, measurable and permanent stepped improvement in service levels above the most recently established base service level. |
| Water Service - Total | Infra or Non-infra | New outputs/obligations total capital expenditure | Element of works required solely to meet demand from new customers and/or increased demand from existing customers. |

## APPENDIX 1

## Classification of Expenditure by Asset type and Purpose

| Asset Type | Infra/ Non-infra structure | Expenditure Purpose | WATER RESOURCE FACILITIES |
|---|---|---|---|
| | | | All dams and impounding reservoirs holding raw water; all pumping stations in raw water systems including in-line transfer pumping, river intakes, boreholes, springs and wells requiring simple disinfection prior to forwarding into the supply system; and all mains or aqueducts associated with the transfer of raw water either between sources or from source to treatment. |
| DAMS & IMPOUNDING RESERVOIRS<br><br>RAW WATER INTAKE (LOCHS & BURNS) | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | RESOURCE DEVELOPMENT<br><br>Refurbishment of boreholes, river intakes and related facilities. |
| DAMS & IMPOUNDING RESERVOIRS | Infra | Base Infrastructure Renewals expenditure (net) | RESERVOIR MAINTENANCE INCLUDING SAFETY<br><br>Repointing and repair of dam/spillway, extending height of dam wall and freeboard, extending/widening spillway, rehabilitation work. |
| Water Pumping Stations (Intake, Source, Booster) | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | PUMPING STATIONS<br><br>New/renewal of/other work to pumping stations size for size element and/or rationalisation |

## APPENDIX 1

## Classification of Expenditure by Asset type and Purpose

| Asset Type | Infra/ Non-infra structure | Expenditure Purpose | WATER RESOURCE FACILITIES Continued |
|---|---|---|---|
| | | | AQUEDUCT REFURBISHMENT |
| RAW WATER AQUEDUCTS | Infra | Base Infrastructure Renewals expenditure (net) | Size for size/equivalent metric size element of mains |
| | | | Replacement irrespective of material. |
| | | | Scraping and lining/relining to address condition/pressure/flow /interruption problems. |
| RAW WATER AQUEDUCTS | Infra | Quality total capital expenditure | Relining arising solely from need for final water supplied to meet the terms of the Water Supply (Water Quality) (Scotland) Regulations 2001 and resulting in a pipe capable of delivering water to an appropriately increased standard. Note: Subsequent scraping and lining would be maintenance and therefore Base. |
| RAW WATER AQUEDUCTS | Infra | Base Infrastructure Renewals expenditure (net) | General preservation of the network including repointing, scouring, pipe bursting size for size and investigation of aqueduct condition. |
| RAW WATER AQUEDUCTS | Infra | Base Infrastructure Renewals expenditure (net) | Refurbishment/replacement of pipe bridges, tunnels, conduits, valves and chambers. |
| RAW WATER AQUEDUCTS | Infra | Base Infrastructure Renewals expenditure (net) | Works to secure/provide alternative supplies in order to maintain base service provision. |
| RAW WATER AQUEDUCTS | Infra | Base Infrastructure Renewals expenditure (net) | Size for size element of diversions. |
| | | | GENERAL |
| | | | Works to comply with Health and Safety legislation: |
| RAW WATER AQUEDUCTS | Infra | Base Infrastructure Renewals expenditure (net) | - below ground; |
| | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | - above ground. |
| | | | Works to improve efficiency eg energy conservation: |
| RAW WATER AQUEDUCTS | Infra | Base Infrastructure Renewals expenditure (net) | - below ground; |
| | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | - above ground. |

## APPENDIX 1

## Classification of Expenditure by Asset type and Purpose

| Asset Type | Infra/ Non-infra structure | Expenditure Purpose | WATER TREATMENT WORKS |
|---|---|---|---|
| | | | All water treatment works, but excluding both simple disinfection associated with groundwater boreholes/wells and also secondary disinfection included with the distribution system. |
| DAMS & IMPOUNDING RESERVOIRS | Non-Infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Size for size element of additional/enhanced treatment facilities, renewals of existing works including Instrumentation Control and Automation. |
| DAMS & IMPOUNDING RESERVOIRS | Non-Infra | Base Maintenance non-infrastructure (gross of grants and contributions) | New Instrumentation Control and Automation to improve operational efficiency even if it improves treatment quality. |
| DAMS & IMPOUNDING RESERVOIRS | Non-Infra | | Element of additional/enhanced treatment facilities arising solely to comply with legal quality obligations for the current works aggregate capacity and resulting in treatment works capable of supplying water to an appropriately increased quality standard. |
| DAMS & IMPOUNDING RESERVOIRS | Non-Infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Works to comply with Health and Safety legislation. |
| DAMS & IMPOUNDING RESERVOIRS | Non-Infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Works to improve efficiency eg energy conservation. |

## APPENDIX 1

## Classification of Expenditure by Asset type and Purpose

| Asset Type | Infra/ Non-infra structure | Expenditure Purpose | WATER DISTRIBUTION MAINS |
|---|---|---|---|
| | | | All mains associated with the supply of water for industrial and domestic uses including associated pipe bridges, tunnels/conduits, service tunnels, culverts, valves, chambers and system ancillaries.<br>MAINS<br>Diversion, duplication, new, relining, replacement, reinforcement, scraping and lining: |
| Water Mains Replacement | Infra | Base Infrastructure Renewals expenditure (net) | - size for size/equivalent metric size element, irrespective of material to maintain base service provision; |
| Water Mains Enhancement | Infra | Quality total capital expenditure | - element arising solely from the need for current capacity to comply with legal quality obligations and covered by undertaking given to the Drinking Water Quality Regulator for a strategic programme of work. |
| Water Mains Replacement | Infra | Base Infrastructure Renewals expenditure (net) | Renewal of pipe bridges, tunnels, conduits, valves and chambers.<br>CUSTOMER ANCILLARIES |
| Water Mains Replacement | Non-Infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Renewal/replacement of flow/pressure meters and chambers.<br>Replacement/enhancement of communication/ service pipes: |
| Water Mains Replacement | Infra | Base Infrastructure Renewals expenditure (net) | - element to address condition/pressure/ interruption problems; |
| Water Mains Enhancement | Infra | Quality total capital expenditure | - element arising solely from the need to replace lead communication pipes under the terms of a formal statement of intent for strategic or opportunistic programme, or successor documents. |

## APPENDIX 1

## Classification of Expenditure by Asset type and Purpose

| Asset Type | Infra/ Non-infra structure | Expenditure Purpose | WATER DISTRIBUTION MAINS Continued |
|---|---|---|---|
| | | | OTHER WORK |
| Water Mains Replacement | Infra | Base Infrastructure Renewals expenditure (net) | Zonal investigations. |
| Water Mains Replacement | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Pressure and flow monitoring (incl. portable loggers) |
| Water Mains Replacement | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Secondary disinfection. |
| | | | Works to comply with Health and Safety legislation. |
| Water Mains Replacement | Infra | Base Infrastructure Renewals expenditure (net) | - below ground; |
| | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | - above ground. |
| | | | Works to improve efficiency eg energy conservation |
| Water Mains Replacement | Infra | Base Infrastructure Renewals expenditure (net) | - below ground; |
| | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | - above ground. |

Notes: Water Mains comprise Mains Potable (nominal bore), Mains (other) , Communication pipes (lead) ,Communication pipes (other material) and Meters .

## APPENDIX 1

## Classification of Expenditure by Asset type and Purpose

| Asset Type | Infra/ Non-infra structure | Expenditure Purpose | SERVICE RESERVOIRS AND WATER<br>Towers water service storage |
|---|---|---|---|
| | | | All treated water service reservoirs and towers within the water supply system and water treatment works and secondary disinfection plant on reservoir sites. Include break pressure tanks. |
| SERVICE RESERVOIRS WATER TOWERS | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Renewal of/other work to service reservoirs and water towers. |
| SERVICE RESERVOIRS WATER TOWERS | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Works to comply with Health and Safety legislation. |
| SERVICE RESERVOIRS WATER TOWERS | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Works to improve efficiency eg energy conservation |

## APPENDIX 1

## Classification of Expenditure by Asset type and Purpose

| Asset Type | Infra/ Non-infra structure | Expenditure Purpose | PUMPING STATIONS<br>Treated water |
|---|---|---|---|
| | | | Pumping stations drawing on treated water storage, including those located on water treatment works sites.<br>Note: Pumping stations in raw water systems are included under Water Resource Facilities and interstage pumping stations at water treatment works under Water Treatment. |
| INTAKE (Installed pump capacity incl. Standby)<br>SOURCE (Installed pump capacity incl. Standby)<br>BOOSTER (Installed pump capacity incl. Stby) | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | New/renewal of/other work to pumping stations size for size element and/or rationalisation. |
| INTAKE (Installed pump capacity incl. Standby)<br>SOURCE (Installed pump capacity incl. Standby)<br>BOOSTER (Installed pump capacity incl. Stby) | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Works to comply with Health and Safety legislation. |
| INTAKE (Installed pump capacity incl. Standby)<br>SOURCE (Installed pump capacity incl. Standby)<br>BOOSTER (Installed pump capacity incl. Stby) | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Works to improve efficiency eg energy conservation |

## APPENDIX 1

## Classification of Expenditure by Asset type and Purpose

| Asset Type | Infra/ Non-infra structure | Expenditure Purpose | MANAGEMENT AND GENERAL - WATER SERVICE |
|---|---|---|---|
| MANAGEMENT AND GENERAL | Infra | Base Infrastructure Renewals expenditure (net) | General mapping and updating of network records and associated improvements in efficiency. |
| MANAGEMENT AND GENERAL | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | New/extensions to existing land, buildings, laboratories, depots and workshops. |
| MANAGEMENT AND GENERAL | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | New/renewal of telemetry/communications systems, leakage control/monitoring equipment, analytical/sampling plant and equipment, land, buildings, laboratories, depots and workshops. |
| MANAGEMENT AND GENERAL | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | New/renewal of computers (pcs, mainframes and software), vehicles and mobile plant. |
| MANAGEMENT AND GENERAL | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Recreation/conservation. |
| MANAGEMENT AND GENERAL | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Site security. |
| MANAGEMENT AND GENERAL | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Works to comply with Health and Safety legislation. |
| MANAGEMENT AND GENERAL | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Works to improve efficiency eg energy conservation. |

## APPENDIX 1

## Classification of Expenditure by Asset type and Purpose

| Asset Type | Infra/ Non-infra structure | Expenditure Purpose | SEWERAGE SERVICES – ALL AREAS |
|---|---|---|---|
| SEWERAGE SERVICES **–** Total | Infra or Non-infra | **Enhanced service levels total capital expenditure** | Element of works solely to achieve an identifiable, measurable and permanent stepped improvement in service levels above the most recently established base service level. |
| SEWERAGE SERVICES **–** Total | Infra or Non-infra | Growth(Supply/Demand Expenditure) total capital expenditure | Element of works required solely to meet demand from new customers and/or increased demand from existing customers. |

## APPENDIX 1

## Classification of Expenditure by Asset type and Purpose

| Asset Type | Infra/ Non-infra structure | Expenditure Purpose | SEWERAGE |
|---|---|---|---|
| | | | All foul water, combined, relevant surface water and lateral sewers including interceptor sewers, manholes, overflows, sewage pumping mains, syphons, tank and transfer sewers.<br>Diversion/duplication/new /renewal/replacement/of sewers, interceptor sewers, storm overflows, storage capacity and step irons/manhole covers; drainage area investigations including flow surveys and catchment specific records upgrading. |
| Sewers and Sewer Structures Replacement | Infra | Base Infrastructure Renewals expenditure (net) | - size for size/equivalent metric size element, rationalisation; |
| Sewers and Sewer Structures Replacement | Infra | Quality total capital expenditure | - element required solely either to improve unsatisfactory overflows or to comply with new discharge consents, in either case for current capacity and previously agreed with the Scottish Environment Protection Agency. |
| Sewers and Sewer Structures Replacement | Infra | Base Infrastructure Renewals expenditure (net) | Works to comply with Health and Safety legislation. |
| Sewers and Sewer Structures Replacement | Infra | Base Infrastructure Renewals expenditure (net) | Works to improve efficiency eg energy conservation |

Notes: Sewers comprise Critical sewers, Non-critical sewers and Sewage Pumping Mains; Sewer Structures comprise Combined emergency overflows and Other sewer structures.

## APPENDIX 1

## Classification of Expenditure by Asset type and Purpose

| Asset Type | Infra/ Non-infra structure | Expenditure Purpose | SEA OUTFALLS AND HEADWORKS |
|---|---|---|---|
| | | | Sea outfalls include all pipelines/diffusers used for the disposal of foul and surface water and sewage effluent to the marine environment and comprise the length below the spring tide high watermark. Pipe above this watermark is included in sewerage. |
| Short sea outfalls Replacement<br>Long Sea outfalls Replacement | Infra | Base Infrastructure Renewals expenditure (net) | Renewal/refurbishment/size for size element of other works/rationalisation of sea outfalls.<br>Headworks |
| Short sea outfalls Replacement<br>Long Sea outfalls Replacement | Non–infra | Base Maintenance non-infrastructure (gross of grants and contributions) | - renewal/refurbishment/size for size element of other works/rationalisation; |
| Short sea outfalls Enhancement<br>Long Sea outfalls Enhancement | Non-infra | Quality total capital expenditure | - element required solely to comply with legal quality obligations and previously agreed with the Scottish Environment Protection Agency that result in headworks of current capacity capable of treating effluent to the required more exacting quality standards. |
| Short sea outfalls Replacement<br>Long Sea outfalls Replacement | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Renewal/new Instrumentation Control and Automation even if it improves treatment quality. |

## APPENDIX 1

## Classification of Expenditure by Asset type and Purpose

| Asset Type | Infra/ Non-infra structure | Expenditure Purpose | SEA OUTFALLS AND HEADWORKS (Continued) |
|---|---|---|---|
| | | | Works to comply with Health and Safety legislation |
| Short sea outfalls Replacement<br>Long Sea outfalls Replacement | Infra | Base Infrastructure Renewals expenditure (net) | - below ground; |
| Short sea outfalls Replacement<br>Long Sea outfalls Replacement | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | - above ground. |
| | | | Works to improve efficiency eg energy conservation |
| Short sea outfalls Replacement<br>Long Sea outfalls Replacement | Infra | Base Infrastructure Renewals expenditure (net) | - below ground; |
| Short sea outfalls Replacement<br>Long Sea outfalls Replacement | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | - above ground. |

# APPENDIX 1

## Classification of Expenditure by Asset type and Purpose

| Asset Type | Infra/ Non-infra structure | Expenditure Purpose | SEWAGE TREATMENT WORKS |
|---|---|---|---|
| | | | Include all sewage treatment works with one or more treatment stages, interstage pumping facilities and sludge holding tanks with provision for dewatering.<br>New treatment works/work carried out to existing works to increase treatment facilities/capacity |
| Sewage Treatment Works Replacement | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | - size for size element and rationalisation; |
| Sewage Treatment Works Enhancement | Non- infra | Quality total capital expenditure | - element required solely either to comply with legal quality obligations that result in works of current capacity capable of treating effluent to the required more exacting quality standard as set down in the environmental programmes proposed by the Scottish Environment Protection Agency and confirmed by Ministers. |
| Sewage Treatment Works Replacement | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | New Instrumentation Control and Automation (ICA) to improve operational efficiency even if it improves Treatment quality, renewals of existing treatment works ICA, size for size element of other work carried out to existing works to improve treatment facilities/capacity. |
| Sewage Treatment Works Replacement | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Works to comply with Health and Safety legislation. |
| Sewage Treatment Works Replacement | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Works to improve efficiency eg energy conservation |

Notes: Sewage Treatment Works comprise Cess and septic tanks, Preliminary treatment only, Primary treatment only, Secondary treatment only, Tertiary treatment only.

# APPENDIX 1

## Classification of Expenditure by Asset type and Purpose

| Asset Type | Infra/ Non-infra structure | Expenditure Purpose | SLUDGE TREATMENT<br>Excluding sludge holding tanks and pipelines |
|---|---|---|---|
| | | | All sludge treatment plant which changes the nature of the raw sludge prior to its final disposal. Sludge holding tanks are included under Sewage Treatment Works.<br>New/enhanced treatment/storage facilities, renewal of existing sludge treatment works, pumping stations: |
| Sludge Treatment Facilities Replacement | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | - size for size element and rationalisation; |
| Sludge Treatment Facilities Enhancement | Non- infra | Quality total capital expenditure | - element required solely to comply with new legal quality obligations either on the disposal of existing amounts of sludge or for the increased amounts of sludge resulting from more exacting effluent quality standards. |
| Sludge Treatment Facilities Enhancement | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | New Instrumentation Control and Automation to improve operational efficiency even if improves capacity. |
| Sludge Treatment Facilities Enhancement | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Works to comply with Health and Safety legislation. |
| Sludge Treatment Facilities Enhancement | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Works to improve efficiency eg energy conservation. |

Notes: Sludge Treatment Facilities comprise Liquid disposal, Cake disposal, Compost disposal, Dried pellet disposal, Ash disposal, Other disposal.

## APPENDIX 1

## Classification of Expenditure by Asset type and Purpose

| Asset Type | Infra/ Non-infra structure | Expenditure Purpose | SLUDGE DISPOSAL<br>Excluding sludge disposal vehicles |
|---|---|---|---|
| | | | Include all plant and transfer arrangements associated with the final disposal of treated sludge. Sludge disposal vehicle are included under Management and General. |
| Sludge Treatment Facilities Replacement | Infra | Base Infrastructure Renewals expenditure (net) | Maintenance of existing long sea outfalls, short sea outfalls and other sludge pipelines. |
| Sludge Treatment Facilities Replacement | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Maintenance of existing headworks, sludge disposal plant. |
| | | | Works to comply with Health and Safety legislation |
| Sludge Treatment Facilities Replacement | Infra | Base Infrastructure Renewals expenditure (net) | - below ground; |
| Sludge Treatment Facilities Replacement | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | - above ground. |
| | | | Works to improve efficiency eg energy conservation |
| Sludge Treatment Facilities Replacement | Infra | Base Infrastructure Renewals expenditure (net) | - below ground; |
| Sludge Treatment Facilities Replacement | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | - above ground. |

Notes: Sludge Treatment Facilities comprise Liquid disposal, Cake disposal, Compost disposal, Dried pellet disposal, Ash disposal, Other disposal.

## APPENDIX 1

## Classification of Expenditure by Asset type and Purpose

| Asset Type | Infra/ Non-infra structure | Expenditure Purpose | IN-LINE PUMPING STATIONS |
|---|---|---|---|
| | | | All pumping stations associated with the sewer system but excluding terminal pumping stations. |
| In- line Sewage Pumping Stations | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Renewal/rationalisation of structures, mechanical, electrical and telemetry equipment. |
| In- line Sewage Pumping Stations | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Works to comply with Health and Safety legislation. |
| In- line Sewage Pumping Stations | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Works to improve efficiency eg energy conservation |

| Asset Type | Infra/ Non-infra structure | Expenditure Purpose | TERMINAL PUMPING STATIONS |
|---|---|---|---|
| | | | All terminal and storm pumping stations including those on sewage treatment work sites but excluding interstage pumping within treatment works. |
| Terminal Sewage Pumping Stations | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Renewal/rationalisation of structures, mechanical, electrical and telemetry equipment. |
| Terminal Sewage Pumping Stations | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Works to comply with Health and Safety legislation. |
| Terminal Sewage Pumping Stations | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Works to improve efficiency eg energy conservation |

## APPENDIX 1

## Classification of Expenditure by Asset type and Purpose

| Asset Type | Infra/ Non-infra structure | Expenditure Purpose | MANAGEMENT AND GENERAL - SEWERAGE SERVICE |
|---|---|---|---|
| MANAGEMENT AND GENERAL | Infra | Base Maintenance non-infrastructure (gross of grants and contributions) | General mapping and updating of network records and associated improvements in efficiency. |
| MANAGEMENT AND GENERAL | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | New/extensions to existing land, buildings, laboratories, depots and workshops. |
| MANAGEMENT AND GENERAL | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | New/renewal of telemetry/communications systems, leakage control/monitoring equipment, analytical/sampling plant and equipment, land, buildings, laboratories, depots and workshops. |
| MANAGEMENT AND GENERAL | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | New/renewal of computers (pcs, mainframes and software), vehicles and mobile plant. |
| MANAGEMENT AND GENERAL | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Combined heat and power plants. |
| MANAGEMENT AND GENERAL | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Site security. |
| MANAGEMENT AND GENERAL | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Works to comply with Health and Safety legislation. |
| MANAGEMENT AND GENERAL | Non-infra | Base Maintenance non-infrastructure (gross of grants and contributions) | Works to improve efficiency eg energy conservation. |