

PR19 Steering Group Terms of Reference

1) Background and purpose of the group

PR19 is the business planning process that will culminate in Ofwat's Final Determination which will outline what we must deliver over the next AMP (2020-25) and what revenue we are allowed to recover, via charges to our customers, to pay for service delivery.

A steering group is needed to coordinate the work led by accountable managers. It will provide a forum for discussion of strategy and policy and the environment for internal challenge of technical approaches and business cases. Ultimately the group will be responsible for making recommendations to the Board.

The group will convene in January 2017 and operate until January 2020 when the Board will decide whether to accept Ofwat's Final Determination or make a referral to the Competition and Market's Authority.

Steering group members are accountable for the group meeting the agreed objectives.

2) Objectives

- Ensure delivery of programme objectives outlined in Annex 1.
- Develop and maintaining the programme risk register.
- Report to the Board on progress towards meeting programme objectives and risk mitigations.
- Make recommendations to the Board on decisions related to delivery of the objectives.

3) Accountability and responsibilities

The Board are the ultimate decision makers. In addition, the Chairman and each Independent Non-Executive Director is focused on a PR19 'theme'.

Steering group members are accountable for specific sections of the plan.

Members shall allocate responsibility for delivery of work streams, which feed into each section of the plan, to individuals. An initial list of work streams will be agreed following the first meeting and kept under review.

The four themes – innovation and efficiency, affordability, resilience and stakeholder preferences – were agreed at the November Board meeting. These themes cut across all sections of the plan and all work streams. Therefore steering group members are responsible for ensuring that these themes are reflected in the sections of the plan they are accountable for.

4) Engagement

Employees

As well as direct involvement of those colleagues responsible for work streams all colleagues shall be given the opportunity to shape the business plan. The steering group shall decide the appropriate level and timing of engagement with employees, including the Senior Management Team.

Board

Engagement with the Board, and committees as appropriate, shall be led by the steering group Chair. It is expected that the majority of Board meetings from now until the business plan is submitted in September 2018 will feature PR19 discussions. Key milestones have been identified as:

- July 2017 – approval of an updated ‘Strategic Direction Statement’.
- February 2018 – consideration of the Draft Business Plan (to be consulted on with customers) at the Board Strategy Day.
- August 2018 – Sign-off the Business Plan submission is expected to require a special Board meeting.

Prior to these key dates Board members with oversight of a PR19 theme will be engaged on how the milestone documents reflect the themes.

Customers and other stakeholders

Our stakeholder engagement programme is an integral part of the business planning process. The steering group will inform the content of the engagement activity conducted. The engagement programme will be managed by the Communications team.

Our Customer Scrutiny Panel’s (CSP’s) role is to provide independent assurance to Ofwat on the quality of the Company’s customer engagement; and the extent to which this is reflected in the Company’s business plan. The CSP is required to submit a report to Ofwat on the same day that our business plan is submitted. The steering group will set the direction of the material shared with the CSP and oversee the process of drafting of its report, including making the decision on any external support it requires to complete its submission to Ofwat.

5) Meetings

Meetings will initially be held every two months and last 90 minutes with frequency increasing as we reach peak periods.

Meetings will be chaired by the Managing Director and coordinated by the Economic Regulation Manager. An agenda will be sent out one week prior to each meeting. Actions and issues to be logged, including identified owners, will be agreed at the end of each meeting.

Members may nominate alternative attendees for meetings or additional attendees to discuss specific topics.

PR19 programme objectives

Ensure that:

- a. all deadlines set by Ofwat are met;
- b. work is delivered on budget; and
- c. all colleagues are given the opportunity to contribute to the development of the business plan.

Deliver a business plan that:

- a. complies with statutory obligations;
- b. meets regulatory requirements;
- c. is consistent, transparent and accessible to all;
- d. is cohesive and demonstrates a 'golden thread' throughout that captures and addresses the cross-cutting themes;
- e. meets the objectives of our shareholders; and
- f. is supported by our stakeholders, including our Customer Scrutiny Panel (CSP).

Achieve a Final Determination that:

- a. allows us to deliver the commitments made in our plan; while
- b. achieving reasonable returns for investors.