PR19 Business Plan Presentation Pro-forma – August 2018 update

### Briefing for Ofwat Non-Executive Directors and senior leadership

As indicated in our final methodology for the 2019 price review (PR19) published in December, this pro-forma draws together high level information and key metrics from the business plan and explains the drivers behind the business plan, the key benefits for customers and the impact on customer bills.

The pro-forma has been developed to support discussion at the PR19 business plan presentations taking place during September-October 2018, and to ensure a consistent approach across companies to briefing Ofwat board members for these. The pro-forma will be provided to Ofwat Board members and senior leadership ahead of these presentations. These presentations will not form part of our initial assessment of business plans process, nor are a substitute in any way for business plans.

The presentations are scheduled for an hour, with a presentation of 15 minutes followed by up to 45 minutes for questions and discussion. These presentations provide an opportunity for companies to set out their business plans to Ofwat, including Ofwat Board members. **We do not expect companies to use this pro-forma as the basis for the presentation itself.**

For PR19, we expect companies to deliver an ambitious business plan that delivers on our four key themes of innovation, great customer service, affordability and increased resilience. We are expecting companies to challenge themselves in these areas, and this pro-forma and the business plan presentations provide an opportunity for companies to demonstrate how they are meeting this challenge.

### Guidance on completing the pro-forma

To support companies in completing this pro-forma, we have published guidance tables which include references to the relevant PR19 business plan tables to draw the information requested from. Where the information requested is not held in PR19 business plan tables, we have indicated where this should be drawn from by companies (for example, the PR14 final determination). The PR19 bill movement model has also been published in order to complete the bill movement waterfall chart (table 2.1).

### Submission of pro-forma to Ofwat

We expect companies to submit the completed pro-forma, guidance tables and PR19 bill movement model to Ofwat along with PR19 Business Plans by 5pm Monday 3 September 2018.

### Publication of the completed pro-forma

As outlined in our final methodology, to improve transparency we want companies to make their business plans available to us, companies, customers, stakeholders and other regulators. We therefore expect them to publish the whole of their business plans at the same time as they submit their plans to us in September 2018. We ask that companies publish their completed pro-forma, guidance tables and PR19 bill movement model alongside their business plans as well as submitting these to us on 3 September 2018.

If a company considers some information should not be published – because it is commercially sensitive information, for example – then the company will need to provide its stakeholders and us with strong, robust reasons that are specific to the information concerned.

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# 1.Background

## **1.1 Company pen pic**

**SES Water is a water only company located in the South of England. It serves 707,000 people in east Surrey and parts of West Sussex, west Kent and south London.**

**The Company is jointly owned by the major Japanese businesses, Sumitomo Corporation and Osaka Gas. Each has a 50 per sent stake in the UK-based holding company Sumisho Osaka Gas Water UK Ltd. This company was established at the time Osaka Gas became a shareholder to enable joint ownership of the East Surrey Holdings Group and is entirely financed by shareholder equity.**

**East Surrey Holdings Ltd is the holding company for the trading companies of the Group and was the entity acquired by Sumitomo in February 2013. There have been no further changes in ownership since this time.**

**Our immediate parent company is SESW Holding Company Limited, established at the time that the Company’s £100 million index-linked bond was issued in March 2001 to protect the interests of bond holders by, among other things, exercising control over distributions.**

## **1.2 List of attendees**

**In attendance on 24 September will be:**

**Jeremy Pelczer: Chairman**

**Anthony Ferrar: Managing Director**

**Paul Kerr: Finance and Regulation Director**

**John Chadwick: Regulation Director**

**Joanna Campbell: Economic Regulation Manager**

**Tom Kelly: Wholesale Services Director**

**Graham Hanson: Independent Chair of the Customer Scrutiny Panel**

# 2. Key business plan metrics

PR19 key themes

At the core of our business plan are four key themes – resilience, customer service, affordability and innovation. These themes not only underpin the PR19 Methodology but are embraced by our Board as vital in delivering what matters most to our customers and ensuring that we continue to thrive as a business.

So pivotal are the four themes to our plan that our independent non-executive directors and chairman are championing them and at the start of our plan they describe what their chosen theme means to them and the delivery of the commitments we are making to our customers. Our Customer Scrutiny Panel also mirrored this approach to scrutinise each theme in detail.

One of the four objectives of our customer engagement strategy was to understand our customers’ views on the four themes so the business plan commitments that address these areas clearly reflects their priorities. We addressed this in all three stages of our research activity, using different methods with different audiences.

We have dedicated chapters on innovation and resilience which explain our overall approach to these important areas and our retail chapter explains how we intend to provide great customer service and ensure that our customers can afford their water supply. However, each theme is not the responsibility of one department so throughout our plan we have highlighted specific case studies which show how the four themes flow through our plan.

**Table 2.1: Waterfall chart**

**This chart provides an overview of what is driving changes to bills between 2019-20 and 2024-25. The inputs to the waterfall chart are in price base 2017-18 year average CPIH deflated. This is based on Ofwat’s published bill movement model,** [PR19 bill movement model](https://www.ofwat.gov.uk/publication/bill-waterfall-model-updated-july-2018/)**.**

| **SES bill movement chart** |
| --- |
| **Inputs** | **£ per customer** |
| **2019-20 Bill** | **188** |
| **Changes between 2019/20 and 2024/25** |  |
| **Change in RCV**  | **3** |
| **Change in totex** | **(4)** |
| **Change in PAYG rate** | **(5)** |
| **Change in RCV run-off** | **4** |
| **Change in WACC** | **(1)** |
| **Change in other wholesale items** | **-** |
| **Change in reconciliation items** | **(1)** |
| **Change in retail CTS** | **(1)** |
| **Change in customer numbers** | **(4)** |
| **2024-25 Bill** | **179** |

Explanation of movement in customers’ bills

The chart shows that the average customer bill is decreasing in real terms by 5%. This is the net impact of a number of factors, including:

* Financing efficiencies – a lower cost of capital reduces the cost to our customers.
* Cost efficiencies– planned expenditure has been reduced by 7% through inclusion of efficiencies.
* Adjustments (2015 to 2020) – the adjustment takes account of two factors: a reduction for loss of reconciling items for 2010 to 2015 performance included in the average bill in 2019/20 and the forecast impact of reconciling items for performance in 2015 to 2020 which reduces the average bill further.
* Customer growth– we will have more customers by 2025 than we do now. The cost per customer decreases because the total costs are shared across more customers
* Delivering our pledges– we are investing to deliver what matters most to our customers.

The chart above does not reflect the impact of the amount included in customers’ bills to fund the social tariff. If included the 2019/20 bill would be £200 and the 2024/25 bill would be £185. Chapter 2 (Our pledges, incentives and bills) of our plan explains this impact and presents a variation of this bill waterfall chart.

Customer Expectations

Our engagement programme provided a broad range of insight which has driven our five pledges and 24 performance commitments. We have seen subtle movements in customers’ and stakeholders’ priorities but the core expectation remains the same – delivery of high quality water all day, every day.

Customers told us that this is their number one priority and breaks in their supply are inconvenient. That’s why we’re pledging to continue to provide water of the highest quality and reduce the risk of supplies being interrupted. For the first time we will also be monitoring customer confidence and are committed to ensuring that it is high.

Customers have told us that money worries or personal circumstances can make paying for their water harder so they would welcome some extra support. That’s why we’re pledging to ensure bills are fair for everybody and we will increase the help we offer to those that genuinely need it.

Customers have told us that a resilient supply of water is very important and making sure water is not wasted – particularly from leaking pipes – is a big deal. That’s why we’re pledging to continue investing in our assets and to reduce leakage to a more acceptable level.

Customers have told us that although they may not need to contact us very often, when they do it needs to be an effortless experience that is tailored to them. That’s why we’re pledging to improve satisfaction and to strive for more queries to be answered first time, every time.

Customers value the environment and expect us to play a part in making it better, as well as prepare for future challenges like population growth and climate change. That’s why we’re pledging to take less water from the environment by encouraging our customers to use less water and reducing our impact by finding more sustainable ways of operating.

**Table 2.2: Key business plan metrics**

| **Metric** | **PR14 (2019-20)****31 March 2020 estimate**  | **PR19 (2024-25)****31 March 2025 estimate** | **2019-20 to 2024-25** **% change****(leakage and PCC)** |
| --- | --- | --- | --- |
| **Number of residential water only customers (000s)** | 274.236 | 286.862 |  |
| **Number of residential wastewater only customers (000s)** |  |  |
| **Number of residential water and wastewater customers (000s)** |  |  |
| **Total leakage (Ml per day)**Based on PR19 definition*,* annual average | 24.00 | 20.40 | -15.00% |
| **Leakage (cubic metres per km of main per day)**Based on PR19 definition, annual average | 6.8 | 5.8 | -14.7% |
| **Leakage (litres per property per day)**Based on PR19 definition, annual average  | 80.8 | 66.2 | -18.1% |
| **Per Capita Consumption (PCC)**Based on PR19 definition, annual average | 144.90 | 134.30 | -7.32% |
| **ODI RoRE range** | 3.40% | 2.80% |  |
| **Appointee WACC (real RPI)** | 3.54% | 2.62% |
| **Appointee WACC (real CPIH)** | 4.56% | 3.63% |
| **Credit rating – actual financial structure** | BBB+ | Baa1 |
| **Metric** | **PR14 (2015-2020 Average)** | **PR19 (2020-25 Average)** |  |
| **Adjusted interest cover notional** | 1.30 | **1.41** |  |
| **FFO net debt notional** | **0.15** | **0.13** |
| **Metric** | **2017-18 Actual** | **PR19 (2020-25 Average)** |  |
| **Actual gearing** | 77.07% | 64.22% |  |
| **Adjusted interest cover actual** | 1.90 | 1.58 |
| **FFO net debt actual** | 0.11 | 0.13 |

Commitment to financial resilience

We are taking action to change the balance of our financing structure to align with the assumptions adopted in the PR19 Methodology. This involves reducing levels of net debt where it is economic to do so and increasing shareholder equity. This will be completed by 2020 and will reduce our regulatory gearing from 77% at 31 March 2018 to below 60% at 31 March 2020. At 31 March 2025 gearing will be 64.7%. For 2025-30 gearing averages 66.2%.

We have stress tested our financial resilience to 2030 using the same approach that we used for our Long-Term Viability Statement, published in our 2018 Annual Report. We consider that we have adequate headroom for severe but remote events through to 2025, but consider that additional headroom is needed beyond 2025. We have secured a letter of support from our shareholders to provide the assurance required by our Board for the post-2025 period.

**Table 2.3: RCV**

|  |  |  |  |
| --- | --- | --- | --- |
| **Control** | **1 April 2020 (£m)****Opening RCV****2017-18 FYA (CPIH deflated)** | **30 March 2025 (£m)****Closing RCV****2017-18 FYA (CPIH deflated)** | **% growth** |
| **Water resources RCV** | 13.173 | 12.953 | -2% |
| **Water network Plus RCV**  | 238.558 | 266.100 | 12% |
| **Wastewater network Plus RCV** |  |  |  |
| **Bioresources RCV** |  |  |  |

**Table 2.4: Dividends**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Metric £m** **Outturn (nominal prices)** | **2015-16** | **2016-17** | **2017-18** |  |
| **Dividends (based on PR14 actual company structure)** | **(3.000)** | **(2.800)** | **(3.000)** |
| **Outturn (nominal prices)** | **2020-21** | **2021-22** | **2022-23** | **2023-24** | **2024-25** |
| **Dividends (based on PR19 actual company structure)** | (4.033) | (4.108) | (4.162) | (4.194) | (4.221) |

Dividend Policy

Our Board has always taken a responsible and proportionate approach to decisions on dividend payments. We will maintain the key features of our current dividend policy as we believe it is already in-line with Ofwat’s expectations. We will do more to make the process we follow when agreeing and making dividend payments more transparent and accessible. Our proposed PR19 dividend policy statement:

“The Board considers that the base level of ordinary dividend for the appointed business should reflect the return on regulatory equity (defined as Regulatory Capital Value less net debt) allowed in the regulator’s most recent price review, subject to the Company having adequate resources available to fulfil its overall service commitments and its other financial obligations. This includes compliance with the covenants associated with its index-linked bond (which are designed to protect the interests of the Company’s creditors).

The Board will consider variations from this base level of ordinary dividend reflecting:

* The overall level of service delivered to customers, compliance with statutory obligations and progress with the delivery of regulatory and other obligations
* Financial performance against regulatory assumptions and internal targets.

The Board will explain the way in which these factors have been taken into account in arriving at the dividend declared in the Company’s annual report, and other publications, and will refer to any quantitative analysis required by reporting standards in support of such explanations.”

# 3. Appendices

# Appendix 1: Company presentation attendee biographies

|  |  |
| --- | --- |
| **Jeremy Pelczer****Chairman** | Jeremy was elected Chairman in April 2013. He has a financial background and is a qualified accountant. He moved into the water industry in 1996 and was CEO and President of American Water in February 2004 until December 2005. He was the Chief Executive of Thames Water in November 2005 until its sale was completed in December 2006. He was Chair of WaterAid UK from 2007 to 2013 and from 2010 to 2016 he was Chair of WaterAid International. Prior to his appointment as Chairman of the Company he held the position of Non-executive Director at South Staffordshire Water plc since 2010. |
| **Anthony Ferrar****Managing Director** | Anthony joined the Company in 2008 after 15 years as Finance Director and Company Secretary of Bournemouth & West Hampshire Water plc. He previously worked in UK and overseas in contracting, manufacturing and service industries. Anthony is a Director of a number of associated companies, a member of the Board of Water UK and a Trustee of Water Companies Pension Scheme. |
| **Paul Kerr****Finance and Regulation Director** | Paul joined the Company in April 2018 after 5 years at Thames Water as, firstly, its Group Financial Controller and then CFO of the Wastewater division. He previously worked as a director in PwC for 15 years, primarily auditing and consulting in its Energy & Utilities practice, both in the US and UK.Paul is responsible for all support functions, corporate governance and ensuring adherence with statutory and regulatory requirements. |
| **John Chadwick****Regulation Director** | John joined the Company in 2009. His previous role was as a senior manager at Ofgem. Prior to that he worked for Thames Water for nearly 20 years in finance and regulatory positions. He is responsible for ensuring adherence with statutory and regulatory requirements. |
| **Tom Kelly****Wholesale Services Director** | Tom joined the Company in January 2017 following a number of months consulting for Southern Water and their Capital Delivery Partners (MWH, Costain, GallifordTry and Morrisons Utility Services). For the five years prior he ran the 4D joint venture (comprising Veolia, Costain and MWH), responsible for designing and building £600m of infrastructure and treatment works for Southern Water. Before this he held roles at Centrica, Thames Water, including four years as Director of Wastewater Operations, and Esso Petroleum.He is responsible for the delivery of water from source to tap – including maintaining a sufficient water supply and reducing leakage. |
| **Joanna Campbell****Economic Regulation Manager** | Joanna joined in June 2015 to lead on all regulatory matters for the business. This followed over four years in network policy related roles at Ofgem. Prior to that she worked for a specialist economic consultancy. She has a degree in Economics from UCL.  |
| **Graham Hanson, Independent Chair of the Customer Scrutiny Panel** | Graham is actively involved in non-executive roles and charity work in the local community and he is also a customer, having lived in the Reigate area for over 30 years. Graham’s business background is mainly in IT & Telecoms. He has specialist skills and senior management experience in business strategy, and planning/governance with a particular interest and focus on managing transformation and change.  |

# Appendix 2: Business plan executive summary



Our Business Plan for 2020 to 2025 will deliver more for our customers and is focused on what matters most to them. We’ve developed it in partnership and it will deliver a series of pledges that represent their priorities.

Our pledges will be delivered through stretching performance targets, many of which are financially incentivised, to make sure we improve performance and service levels in-line with our customers’ expectations.

Our plan is affordable for all – now and in the future. It incorporates action to address a range of risks and challenges, delivering the concept of long-term resilience in the round, and putting customers and the environment at its heart.

It’s fully financeable, will be delivered efficiently and will be underpinned by strong leadership and governance with transparency of decision making and performance. This, together with improved service, will increase the confidence of our customers and ensure we are a trusted member of the community that makes a valued contribution.

We are building on solid foundations. Our performance in key areas such as supply interruptions, mains bursts, water quality customer contacts and leakage has set the bar for the industry and this plan will go further still. Our assets are in good condition because of past and current investment and strong operational stewardship. We’re focused on how we further increase our understanding of our network using smart technology and advanced assessment techniques, so we target investment even more accurately and efficiently to further improve our service and resilience. Our Board has long recognised the importance of strong corporate governance and we are an exemplar in this area – but we will do more. It will be delivered by our highly-skilled and committed people who will continue to act in the interests of our customers.

Our plan for 2020 to 2025 is set in the context of the longer term and addresses some key challenges. Our location in a high-growth, water stressed area means we will take bold action to reduce leakage and customer usage – expected by our customers. The ongoing questions around the legitimacy and financing of the industry have led us to take rapid action to reduce our level of borrowing in-line with Ofwat’s expectations and ensure we are on an even firmer financial footing. And while customer expectations continue to rise, we will keep up; building on the improvements we are making – including the biggest digital investment in our history – to offer a service that will see us compared with the leading providers of excellent customer service.

**Created in partnership**

Our plan is customer-led and has been created in partnership with our customers. We’ve had contact with nearly 3,000 people and collaborated with community groups and other stakeholders to help us reach across the different segments of our customer base – including the most vulnerable – to understand different views and priorities.

We’ve gone beyond just listening. Using a range of innovative techniques, we’ve involved customers in shaping our future services – something we’ll do more of as we deliver our plan. We’ve taken the opportunity to educate for the here and now, framing our research activity in a way that increases customer understanding about current and future issues, such as the impact of prolonged dry weather on water resources.

Together with the insight we collect through our day-to-day transactions, we are confident we understand our customers’ priorities better than ever before and have validated our findings through a robust process of triangulation. Where customers were unable to give us a clear mandate, we tested options further and for both leakage and usage reductions, we’ve set more stretching targets as a result.

All this has been scrutinised and challenged by our independent Customer Scrutiny Panel who agree that we have carried out a high quality engagement programme which has strongly influenced our plan.

**Delivering more of what matters**

This has led to us making five pledges that we’ll deliver between 2020 and 2025:



Our pledges are supported by 24 performance commitments which reflect our customer priorities and will deliver stretching performance – which we believe will set the standard for the industry in key areas such as interruptions to supply, burst mains and leakage reductions.

Of our performance commitments, 11 have financial penalties associated with them if we underperform, nine of which will also have an outperformance incentive. In general, these are the commitments that customers have said they value most. Payments and/or penalties will flow through to customer bills and this will happen ‘in period’, so performance in one year will impact on bills two years later.

**Affordable for all**

We recognise that some people struggle to pay for our service and we’ll more than double the number of customers who receive extra help through our Water Support Scheme to 19,000, which we’ve redesigned through co-creation with expert customer representatives.

Those customers who don’t require financial assistance will see their bills fall by an average of £13 (before inflation) between 2020 and 2025, despite us increasing investment in our services to £126 million over the period – more than £400 of investment per household. Inflation will impact on how much people pay but we are profiling our bills so they rise steadily across the five years, below the rate of inflation.

**Delivering a service that’s ready for the future**

We have a strong track record of planning and investing for the long term and this has provided the bedrock of our solid performance over many years. In developing our plan we’ve carried out the most comprehensive assessment into the risks we face to date and prioritised them using a robust, systematic method. This has covered all areas of our business – embracing ‘resilience in the round’ – and the process has helped us improve our approach to corporate risk management, resulting in the creation of a fully integrated model for the Company.

We recognise that the type and nature of threats are changing and so must the way we mitigate them. We’ve used the Government’s four Rs approach – resistance, reliability, redundancy and response & recovery – to identify mitigations for all risks. This means we are taking a range of actions, rebalancing our reliance on redundancy which has typically formed the basis of the resilience approach across the water sector, moving us more towards resistance and reliability.

This can be seen in our increased investment in network connectivity, a long-term programme that will culminate in 2025 with us being able to supply every single customer from more than one treatment works through enhancing Bough Beech Treatment Works, upgrading key pumping stations and installing strategic pipelines.

Our plan is aligned with our Water Resources Management Plan – increasing protection against drought and delivering sustained leakage and usage reductions. This will be supported through increased metering – including the introduction of smart devices, along with practical water efficiency advice and a commitment to engagement with customers of all ages. Together, this will lead to greater long-term resilience and sustainability of our resources.

Our resilience activity stretches beyond operational activity and, among other things, will see us taking further steps to increase the resilience of our workforce who are central to delivering our service. We’ll identify the long-term skills needed and focus on strong succession planning, enhanced recruitment and upskilling so that our people can meet the needs of our customers – now and in the future.

**Supported by a culture of innovation and enhanced use of markets**

To achieve all this, we’ll find ways to do things better than before. We have a strong culture of trying new approaches and have, over the years, delivered some key innovations that have benefitted the wider industry and all water customers. This is one of the major benefits of our small size, as we are agile decision-makers and have created an environment where thinking innovatively is encouraged and rewarded. Our long-term ambition is to develop an intelligent network that gives us real-time information about how it’s operating so we can react quickly to issues before they become a problem for customers. Together with developing ways to assess the condition of our below-ground assets without needing to dig them up, we’ll take pre-emptive action, so customers won’t experience difficulties and will receive great service.

We expect the market opening for water resources to promote innovation in the provision of new options to help increase the long-term resilience of water supplies at costs lower than they would otherwise be. We will play our role in this process as an active member of the Water Resources in the South East (WRSE) group – who strongly advocate this enhanced agenda – in the expansion, development and optimisation of regional and inter-regional water resource planning. The development of the latest WRSE strategy has seen significantly more co-ordination between member companies both at strategic and technical levels than ever before. Together we are committed to continuing our collaborative work, for the benefit of all customers and the environment.

**Underpinned by strong governance**

Our Board recognises the importance of strong leadership, transparency and governance and we are already following Ofwat’s principles and delivering much of what has been identified as strong performance in this area. This includes our independent non-executive directors making up the biggest group on our Board.

Our dividend policy has resulted in dividends that have not been excessive, are linked to delivering strong performance and are in-line with Ofwat’s expected returns. But we will be clearer on how we make our decisions about the level and timing of returns our shareholders receive. We will also review our executive pay policy, so it is linked more closely to delivering for our customers.

**Financeable and efficient**

The total cost of our plan is £286 million, which includes making £21 million of efficiency savings between 2020 and 2025.

We recognise the importance of Ofwat’s agenda to put the sector back in balance and have already taken decisive action. By the start of 2020 we will have reduced our level of gearing from 77% to below 60% - increasing our financial resilience. We’ve assessed a broad range of risks – both prescribed and company-specific – through to 2030 and our increased level of equity means that we are in a strong position to raise finance if we need it. We have, in addition, received an undertaking from our shareholders that they will provide additional investment, if needed, in a scenario where multiple risks occur at the same time.

Our plan assumes a wholesale weighted average cost of capital (WACC) of 3.45%, deviating from Ofwat’s indicative guidance with a company-specific adjustment to the cost of debt, reflecting our position as a small company. We believe this is justified to address the higher costs we face when securing finance. We’ve demonstrated that our existing borrowing is efficient, our customers strongly support paying slightly more to be served by a small company and our size means we deliver benefits to all water customers, particularly in setting frontier-shifting performance standards and driving innovation.

**Fully assured and supported by customers**

The data, modelling and assumptions that have been used to build our plan have been independently assured and our Board has provided a full assurance statement that supports our plan.

We tested a draft version of our plan with customers, who demonstrated strong support for the package of service improvements we will deliver. Where they wanted us to go further – to reduce leakage and usage – we have.

Our plan has the support of our full Board who are committed to its delivery over the 2020 to 2025 period.

# Appendix 3: CCG report executive summary

## Introduction

As Chairman of the Customer Scrutiny Panel (CSP) for SES Water (SESW), I am delighted to present this assurance report, on behalf of my Panel members, in support of the company’s 2020-2025 Business Plan.

The report sets out the evidence of how the CSP has performed its role to advise, scrutinize and challenge the company in the development of the Business Plan, in line with the guidance[[1]](#footnote-2) provided by Ofwat in March 2018 which requires the CSP to provide independent challenge to SESW and independent assurance to Ofwat on:

* the quality of the company’s customer engagement; and
* the extent to which the results of this engagement are driving the company’s decision making and being reflected in the company’s Business Plan.

The CSP is pleased to report that there has been a positive working relationship between SESW and the CSP, with effective meeting and review processes agreed and implemented to enable the CSP to fulfil its objectives whilst maintaining its independence. This has enabled the CSP to achieve its objectives to;

* Provide constructive feedback on the scope, quality and effectiveness of SESW’s customer engagement programme.
* Ensure that the customer research and wider engagement was appropriately used to help shape the SESW Business Plan.
* Scrutinise the development and testing of the proposed Business Plan commitments in relation to their justification, acceptability and affordability for customers.
* Follow up with SESW on any perceived shortcomings in its engagement and planning activity.

The CSP can thus confirm that SESW has co-operated fully with the CSP in responding positively and openly to its challenges and information requests. The CSP has been given adequate and appropriate access to company information and personnel in order to carry out its work in line with Ofwat’s guidance and objectives, although because a significant amount of the Business Plan material was provided late in the process, this limited the CSP’s ability to fully and effectively discuss and challenge all content. The CSP has also had contact, as appropriate, with members of the Board, including private meetings with NED’s.

SESW has welcomed and acted on the advice and input of the CSP, and agreed, where appropriate, amendments to its plans. This includes changes to the customer research approach, outcomes and measures of success, improvements to the clarity of the company’s communication with its customers, as well as updates to the final Business Plan.

## CSP assurance statement to Ofwat

As a result of the detailed review, challenges and follow up undertaken by the CSP, we consider that SESW has struck a reasonable balance between meeting the company’s statutory obligations, maintaining current performance and accounting for customer feedback on affordability and perceptions of value for money. Notwithstanding that there are some outstanding points of note, as summarised below, **the CSP is able to confirm to Ofwat that as a result of this process, it can provide positive assurance** that:

**In relation to the quality of the company’s customer engagement**

1. **The customer engagement and research employed by the company was appropriate and was conducted by specialist accredited market research providers; it was subject to CSP and third party review and followed good industry practice.** (See Sections 2, 3.2)
2. **SESW’s engagement provided a genuine understanding of customer priorities, and presented an appropriate range of service options which were effectively tested for acceptability and affordability.** (See sections 3.2, 3.6, 3.7)

**In relation to the extent to which the results of this engagement are driving the company’s decision making and being reflected in the company’s Business Plan.**

1. **SESW’s 2020-2025 Business Plan and its resulting impact on bills appropriately incorporates the views of its customers.** (See Sections 3.2, 3.6)
2. **The Plan is focused on a series of outcomes that reflect a sound understanding and reasonable balance of different customer and stakeholder views and priorities as evidenced by its research, and engagement.** (See Sections 3.2, 3.7)
3. **In the opinion of the CSP, SESW has, in its Business Plan, endeavoured to meet statutory obligations, improve levels of service and account for customer feedback on affordability and value for money.** (See Sections 3.3,3.6)
4. **SESW is proposing additional measures to assist those customers who are struggling to afford their bills, through the evolution of its social tariff.** (See Section 3.3.2)
5. **SESW is proposing to use a reasonable set of measures to monitor progress against its stated outcomes.** (See Section 3.7)
6. **SESW’s Plan includes a clearly defined set of incentives, rewards and penalties.** (See Section 3.7)

**In relation to securing confidence and assurance;**

1. **The CSP has had assurance from the SESW non-Executive Directors that the Board has approved a Business Plan that is high quality and deliverable, and that they have challenged management to ensure this is the case.** (See Section 3.8)
2. **SESW has ensured that the Business Plan, and before that the draft Business Plan consultation document, underwent full independent assurance; and has shared the assurance statements with the CSP.**
3. **The bespoke research was carried out in partnership with specialist accredited market research providers, who went through a rigorous tender process.**
4. **The CSP received independent advice and opinion from its technical adviser (Atkins) on aspects of SESW’s engagement conclusions and Business Plan in terms of good practice, industry norms and interpretations of Ofwat guidance, coherence and clarity of purpose; and particularly regarding performance commitments and willingness-to-pay.**
5. **The CSP received assurance from DWI and EA that they had no specific concerns to report about the company’s obligations.** *(See Section 3.7.2*).

In forming these conclusions the CSP has focused its attention on responding to the various questions defined by Ofwat in the *Aide memoire for Customer Challenge Groups*1, the “Customer Engagement Policy”[[2]](#footnote-3), and the “Final Methodology”[[3]](#footnote-4). Table 3.2.3i plus sections 3.2-3.8 of this report include the CSP view, and supporting evidence, of SESW’s conformance in respect of the appropriate Ofwat questions relative to that section. A summary of the key points, and evidence, that support the above CSP conclusions is provided below, including also the key outstanding challenges and points of note.

**Summary of key points and evidence supporting the CSP conclusions**

Quality of Engagement

* High level of SESW engagement with the CSP (at senior management and Board level), and responsiveness to CSP challenges and information requests. SESW MD, Executive Directors and senior managers attended CSP meetings; monthly review meetings of CSP chair with MD and PR19 managers; private meetings of the CSP with Board NEDs.
* The Customer Engagement process was comprehensive and effective (ref Business Plan Chapter 1), and the CSP was involved at all stages (ref Appendix 3) e.g. reviewing proposals, draft content, attending focus groups and stakeholder events. Outputs were fed back to the CSP at each stage.
* The CSP put in place a Challenge Log (refer to Appendix 2, also *Appendix 5 ref 1*) in order to keep an ongoing record, and hence evidence, of challenges raised by the CSP and the associated responses and outcomes from SESW. The company welcomed and acted on the advice and challenges provided by the CSP, and agreed, where appropriate, changes and amendments to SESW’s plans; e.g. changes to customer research approach and materials, amendments to outcomes and performance measures, and more clarity in the company’s communication with its customers.
* There was broad and effective engagement with customers on the acceptability of performance commitments and willingness-to-pay (ref section 3.6.1, 3.7.1).
* The CSP commended the quality of the customer communications used to support the engagement process (e.g. SESW Vision, and Business Plan consultation documents).

Impact on business Plan

* Well-constructed range of detailed plans, actions and commitments in the SESW Business Plan that refer to, and take account of, appropriate customer engagement; e.g. Chapter 1, Section 1 (“What we’ll deliver –how insight shaped our plan”).
* Following the CSP challenging SESW regarding a lack of “triangulation” evidence, SESW provided (*Appendix 5 ref 2*) helpful explanation of evidence sources and linkages to clarify the starting point conclusions on customer priorities, how the research refined that, and then how it flowed through to the Plan.
* Good engagement with customers on acceptability of the overall Business Plan, and clear linkages of customer feedback and support to stretching Plan commitments (ref section 3.6.1, 3.7.1) e.g.
	+ SESW aims to achieve upper quartile performance for supply interruptions; and remains one of best performing companies for leakage per property/day.
	+ SESW has a performance commitment aimed at maintaining industry leading performance for the number of bursts.
	+ SESW has one of the best % achievement for all water companies relating to social tariff uptake per 10k customers, and following targeted and detailed research (ref Phase 2/3 output *Appendix 5 ref R2-8*) is proposing a significant increase in subsidy and uptake of the social tariff.
	+ SESW includes additional longer term projections for key PCs (e.g. PCC reduction to 118 l/day and leakage/bursts reducing by 50% by 2050)
* Good evidence that SESW has taken customer views into account on the profile of bills over time, and bill impact acceptability.
	+ SESW ensured that it informed customers of the overall bill impact, and how it might change over time, in a way that customers could easily understand (as per Appendix 3 *fig 4.3.1x* and p12-14 of *Appendix 5 ref R7*).
	+ Phase 2 analysis of WTP and Phase 3 acceptability testing (ref Appendix 3, section 4.3.1), plus the broader Business Plan consultation provided good evidence of customer views on bill impact being taken into account.
	+ SESW undertook specific customer engagement on the willingness to pay a premium for continuing to be served by a small local company (*Appendix 5 ref R4*).
* Clear assurance from the Board NEDs that the company has closely considered the Ofwat guidance on financial structures and has agreed plans to ensure the company gearing is within the required levels (ref section 3.8).

**Outstanding challenges/points of note**

While overall the CSP is reporting positively on the quality of SESW’s customer engagement, and the impact this has had on the Business Plan, there are a limited number of challenge areas and points of note that the CSP would still flag at the end of this process, i.e.;

Quality of Engagement

* The CSP considers that SESW’s engagement approach, while comprehensive and effective, could have benefited from stronger project planning with regard to engagement and the wider business plan process at the outset.
	+ The CSP accepts that there was a clear Customer Research brief and plan but considers that there could have been a clearer overall engagement strategy including e.g. strategic aims, initial hypotheses, the role of research vs other engagement sources (e.g. BAU data) and how “triangulation” would be embedded in the approach.
	+ SESW’s view is that they intended Phase 1 (“Listen/Learn”) as a basis to inform a more detailed approach and plan; and the CSP agree that the engagement approach did evolve over the plan period and did ultimately deliver an effective output but the CSP maintains the view that the process would have been more efficient had it included clearer aims and project plans at the outset.
* While the CSP provides an overall positive assurance on the quality of the customer engagement, there were some limited areas where the CSP concludes the sampling and evidence could have been improved, and thus provided stronger assurance e.g.
	+ CSP considers there could still have been more assurance of evidence of sufficient engagement with customers specifically relating to non-financial support for those in vulnerable circumstances; i.e. while there was good evidence of engagement on the Social Tariff aspects of vulnerability, plus inclusion in the Plan of improved future initiatives on non-financial support, the specific sampling of customers in non-financial vulnerable circumstances was somewhat limited.
	+ While SESW has sought to engage with customers on co-creation/co-delivery, and refer to good examples of this in the Business Plan, the CSP considers that the depth and scope was not fully in line with the Ofwat guidance proposed in their [Tapped In Report](https://www.ofwat.gov.uk/wp-content/uploads/2017/03/1941_OFWAT_Cust_Participation_Report_final.pdf), which includes examples of other companies doing more in this area.
	+ Limited assurance on Future Customers viewpoints and the impact on longer term commitments (e.g. in resilience), where the CSP challenged re low sampling of specific future customer groups (although there was a larger sample of future customers in phase 3, and there is detail and evidence for longer term resilience actions in the Business Plan Chapter 4 and 7).
	+ Business Customers: the CSP agree that SESW engaged effectively with Business customers, but consider that the segmentation and sampling could have been broader (250 customers and 2 small workshops), e.g. engaging with a broader sample of large/medium enterprises.

Impact on Business Plan

* The timetable for production and approval by the SESW Board of the detailed Business Plan, and the overall sequencing of customer engagement, CSP discussions and Board considerations meant that the CSP was constrained in terms of having adequate time to fully consider the drafts or final version of the Plan. This limited the CSP’s ability to fully and effectively discuss and challenge all Business Plan content and updates.
	+ The CSP did recognise that the Ofwat requirement to submit both the Plan and CSP Report on the same day would create constraints; and that CSP did have earlier insight and engagement with SESW, e.g. on PCs/ODIs, which enabled some review of how the customer engagement was impacting the business plan; plus SESW did attempt to provide a drip-feed of Plan outputs as they became available.
	+ However the CSP did not see a fully consolidated draft of the Plan prior to Aug 15th, which limited the ability to review and provide feedback to SESW (for their Board meeting on Aug 20th). SESW accepts this is a learning point and has agreed to make changes in its Business Plan process to make the next price review planning process easier.
	+ There was good and helpful debate on outstanding points at the 20th Aug CSP meeting, and SESW responded promptly with proposed improvements to the Business Plan (ref SESW Business Plan Appendix A1.7).
	+ Although this final iteration of review was constrained by the limited remaining time for mutual final drafting, and report finalisation before 3rd September, **the CSP notes positively that the final version of the Business Plan is a high quality, and SESW has taken good account of the final CSP feedback.**
* The CSP would prefer to see a greater % of reward/penalty based ODIs, in line with Ofwat guidance, to improve accountability; although agrees that SESW has provided (ref Business Plan Chapter 2) appropriate justification as to why a financial reward/penalty is not sensible in each relevant case (13 out of 24 PC’s).
	+ SESW’s viewpoint is that reducing the number of commitments by removing some with non-financial incentives would set aside some customer priorities to meet the regulator’s assumptions (that financial incentives should be the default), and SESW conclude that that this would not be appropriate.
* Despite a stretching PCC commitment (requiring high metering penetration), the level of PCC will remain high, and still be outside the forecast upper quartile at the end of the plan period. It would seem unwarranted, therefore, to allow an “ODI reward” for exceeding a PCC target which still leaves SESW outside the upper quartile and thus it might be more appropriate to set a threshold of the upper quartile level to only allow a reward if that level is reached.
* While SESW has enhanced its commitment on reducing leakage, excessive leakage will remain a key customer concern (despite SESW being one of the best performing companies on leakage per property/day).
* SESW did not specifically test with customers any potential ODI reward/penalty impacts on the bill. SESW provided the rationale for this (ref section 3.7.2), but the CSP remains of the view that any bill impact of rewards/penalties above a net-zero is not justified based on customer evidence, and it remains a non-conformance with Ofwat guidelines.
* The CSP recognised that Innovation is embedded in the culture of SESW and there is a sound strategy in place to empower staff to innovate which has led to incremental improvements in a variety of areas to strengthen the operation – although such improvements appear stronger in operational areas than in customer engagement. Although the final Business Plan does include some future customer service innovation initiatives, the CSP concludes that the Plan content could still cover a broader balance of non-operational (e.g. customer service, environment) initiatives versus the many (and good) operational initiatives.
* The Small Company premium, at £1.75, is a significant portion of the overall bill impact, and the CSP agrees there is customer support for this amount. The CSP considered, however, that the evidence and rationale supporting this could come out more consistently throughout the Plan, which SESW has now included in the final version of the Business Plan.

**Graham Hanson**

*Chair, Customer Scrutiny Panel for SES Water*

# Appendix 4: Current operational performance

Table 4.1: PR14 Performance Commitments

Please indicate in the table below which PR14 performance commitments have been met and which have not been met over the PR14 period. This table is not for Service Incentive Mechanism (SIM) data, for which table 4.2 has been provided. For financial ODIs please also indicate total forecast outperformance payment or underperformance penalty for the PR14 period.

| No. | ID(eg W-A1) | Performance commitment | 2015-16PCL met?[[4]](#footnote-5) | 2016-17PCL met? | 2017-18PCL met? | 2018-19PCL met?(forecast) | 2019-20PCL met?(forecast) | Cumulative ODI(outperformance payments or underperformance penalties)£m to 4 decimal places2012-13 prices, net of tax |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **15/16-17/18 Actual** | **18/19-19/20****Forecast** |
| 1 | PR14SESWSW\_A1 | A1: Security of supply index (SoSI) dry year average | Yes | Yes | Yes | Yes | Yes | 0.0000 | 0.0000 |
| 2 | PR14SESWSW\_A2 | A2: Security of supply index (SoSI) critical period | Yes | Yes | Yes | Yes | Yes | 0.0000 | 0.0000 |
| 3 | PR14SESWSW\_A3 | A3: Supply interruptions >3 hours | Yes | Yes | Yes | No | Yes | 0.7376 | 0.1060 |
| 4 | PR14SESWSW\_A4 | A4: Condition and reliability of the mains network - number of burst pipes a year | Yes | Yes | Yes | Yes | Yes | 0.0000 | 0.0000 |
| 5 | PR14SESWSW\_A5 | A5: Drinking Water Inspectorate’s (DWI) index of water quality | No | No | No | No | No | 0.0000 | 0.0000 |
| 6 | PR14SESWSW\_A6 | A6: Taste, odour and discolouration (number of contacts received) | No | No | No | No | No | -0.0440 | 0.0000 |
| 7 | PR14SESWSW\_A7 | A7: Water softening programme | Yes | Yes | Yes | Yes | Yes | 0.0000 | 0.0000 |
| 8 | PR14SESWSW\_C1 | C1: The number of times on average the Company has to impose restrictions on the use of water | Yes | Yes | Yes | Yes | Yes | 0.0000 | 0.0000 |
| 9 | PR14SESWSW\_C2 | C2: Percentage of properties that are connected to more than one treatment works (resilience measure) | Yes | Yes | Yes | Yes | Yes | 0.0000 | 0.0000 |
| 10 | PR14SESWSW\_E1 | E1: Level of leakage measured in megalitres per day (including customer supply pipe leakage) | Yes | Yes | Yes | Yes | Yes | 0.0000 | 0.0000 |
| 11 | PR14SESWSW\_E2 | E2: Per capita consumption (PCC), measured in litres per head per day (l/h/d) | Yes | Yes | Yes | Yes | Yes | 0.0000 | 0.0000 |
| 12 | PR14SESWSW\_E3 | E3: The number of children and adults engaged in environmental education activities | Yes | Yes | Yes | Yes | Yes | 0.0000 | 0.0000 |
| 13 | PR14SESWSW\_E4 | E4: Greenhouse gas emissions per million litres of water supplied | Yes | Yes | Yes | Yes | Yes | 0.0000 | 0.0000 |
| 14 | PR14SESWSW\_E5 | E5: Number of severe pollution incidents (category 3 or worse, as reported by the Environment Agency) | No | No | No | Yes | Yes | 0.0000 | 0.0000 |
| 15 | PR14SESWSW\_E6 | E6: Environmental investigations or catchment management schemes carried out as part of the NEP | Yes | Yes | Yes | Yes | Yes | 0.0000 | 0.0000 |
| 16 | PR14SESHHR\_B1 | B1: Number of customers that are in water poverty and receiving assistance | Yes | Yes | Yes | Yes | Yes | 0.0000 | 0.0000 |
| 17 | PR14SESHHR\_B2 | B2: Effectiveness of bad debt recovery (bad debt expressed as a percentage of turnover) | Yes | Yes | Yes | Yes | Yes | 0.0000 | 0.0000 |
| 18 | PR14SESHHR\_B3 | B3: Customer perception of value for money | Yes | Yes | Yes | Yes | Yes | 0.0000 | 0.0000 |
| 19 | PR14SESHHR\_D1 | D1: Customer satisfaction (level of satisfaction in response to the tracker survey (overall quality score)) | Yes | Yes | Yes | Yes | Yes | 0.0000 | 0.0000 |
| 20 | PR14SESHHR\_D2 | D2: Service incentive mechanism (SIM) | No | No | No | No | No | 0.0000 | 0.0000 |
| 21 | PR14SESHHR\_D3 | D3: Total number of complaints | No | No | No | Yes | Yes | 0.0000 | 0.0000 |
| **Total cumulative financial ODI** | **0.6936** | **0.1060** |

We have shown a failure to meet our PCL for water quality and for customer contacts in relation to taste, odour or discolouration of water. These shortfalls need putting into context:

* Our target for water quality is – and will remain – 100% compliance. The use of a deadband recognises that achievement of 100% is unlikely. Our water quality performance has been within the agreed deadband and has been upper quartile for these years. Under the DWI’s new measures, we have also been industry leading or upper quartile.
* Our performance on taste, odour and discolouration contacts has been industry leading despite us missing what has been a very challenging target.

Table 4.2: PR14 Service Incentive Mechanism (SIM) Performance

| SIM Performance | 2015-16 | 2016-17 | 2017-18 |
| --- | --- | --- | --- |
|
|  |
| Total annual SIM score (out of 100) | 80.8 | 79.6 | 78.7 |

# Appendix 5: PR19 proposed performance commitments

Table 5.1: Common Performance Commitments

| No. | Common performance commitment[[5]](#footnote-6) | ID (eg W-A1) | 2019-20forecast performance level(where relevant) | 2024-25proposed performance commitment level | ODI type | In period /end of period ODI | **2019-20 to 2024-25****% change**(leakage and PCC PCs) |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1 | **Water quality compliance** – the DWI’s Compliance Risk Index (CRI), a score greater than or equal to zero, where zero is least risk | PR19SES\_A.4 | 0.518 | 0 | Under | In-period |  |
| 2 | **Water supply interruptions** – average supply interruption greater than 3 hours (minutes per property) | PR19SES\_A.1 | 2.8 | 2.1 | Out & under | In-period |
| 3 | **Mains bursts** – number of water mains bursts per 1,000 kilometres of total length of mains | PR19SES\_A.2 | 62.5 | 57.8 | Out & under | In-period |
| 4 | **Unplanned outage** – proportion of unplanned outage of the total company production capacity (%) | PR19SES\_C.3 | 2.3 | 2.3 | NFI | NA |
| 5 | **Leakage** – megalitres per day (Ml/d), three-year average | PR19SES\_C.4 | 24.09 | 21.1 | Out & under | In-period | -12% |
| 6 | **Per capita consumption** – average amount of water used by each person that lives in a household property (litres per person per day), three-year average  | PR19SES\_E.1 | 145.83 | 136.2 | Out & under | In-period | -7% |
| 7 | **Risk of severe restrictions in a drought** – percentage of the population the company serves that would experience severe supply restrictions (e.g. standpipes or rota cuts) in a 1-in-200 year drought | PR19SES\_C.1 | 0 | 0 | NFI | NA |  |
| 8 | **Treatment works compliance** – % compliance with environmental permits at water and wastewater treatment works (EA’s Environmental Performance Assessment definition) |  |  |  |  |  |
| 9 | **Internal sewer flooding** – number of incidents per year (sewerage companies only) |  |  |  |  |  |
| 10 | **Sewer collapses** – number per 1,000 kilometres of sewer (sewerage companies only) |  |  |  |  |  |
| 11 | **Pollution incidents** – category 1-3 pollution incidents per 1,000km of sewerage network, as reported to the Environment Agency and Natural Resources Wales (sewerage companies only) |  |  |  |  |  |
| 12 | **Risk of sewer flooding in a storm** – percentage of population at risk of sewer flooding in a 1-in-50 year storm (sewerage companies only) |  |  |  |  |  |

# Appendix 6: Expenditure

Table 6.1: Totex

|  |  |  |  |
| --- | --- | --- | --- |
| Total expenditure | Price Base | PR14 final determination 2015-2020 | Proposed for PR19 2020-2025 |
| Water network plus (£m) | 2017-18 FYA (CPIH deflated) | 253.257 | 230.020 |
| Water resources (£m) | 2017-18 FYA (CPIH deflated) | 23.289 |
| Wastewater network plus (£m) | 2017-18 FYA (CPIH deflated) |  |  |
| Bio resources (£m) | 2017-18 FYA (CPIH deflated) |  |
| Residential retail costs | Outturn (nominal prices) | 27.597 | 36.408 |

Table 6.2: Direct Procurement for Customers (DPC) proposals

We have no schemes in our business plan that met the materiality requirement to be classified as a Direct Procurement for Customers scheme.

# Appendix 7: Trust, confidence and assurance

As a monopoly company we are in a privileged position, which is why we have always taken a proactive approach to our corporate governance and the transparency of our decision making. We recognise how important this is in ensuring the trust and confidence of our customers.

Our Board provides assurance that our Business Plan is high quality, deliverable and reflects the priorities of our customers, stakeholders, regulators and the Government. The comprehensive process we have followed in developing our plan, and the Board governance of this process, will safeguard its successful delivery and the operational, financial and corporate resilience that it is intended to deliver. Our plan explains in detail how this will be delivered and highlights are included below.

**Delivering operational, financial and corporate resilience**

* We will build on the resilience in the round approach that we have taken in developing our plan, bringing together what are currently separate risk tools, so we continue to take a holistic view to delivering greater resilience
* We are in the process of reducing our gearing which will be complete by 2020
* Our plan commits to stretching performance commitments that cover all our operations and have been developed in collabartion with our customers and reflect their priorites.

**Enhancing trust and confidence**

* Our plan is firmly rooted in the views of our customers and other stakeholders. We are proud of our position as a socially responsible company that is deeply rooted in the communities we serve and we were heartened and reassured to hear customers talk about the value and importance they place on this
* We will enhance our dividend and executive pay policies to further demonstarte a clear link to delivery of what matters to our customers
* We will be transparent about what we do and how we do it. This means creating opportunities for conversations with our customers and the communities affected by what we do
* We are committed to increased transparency around our performance (operational and financial) and our governance and decision-making processes. We have published accessible documents at key stages in the development of our plan. The next step we will take is to publish a ‘Our governance and finances explained’ document to increase the accessibility and transparency of information.

We recognise the importance of strong Board leadership, transparency and governance and are already operating in-line with the expectations of our regulators in this area. We are already acting to ensure that from 2020 our activity and decision making, particularly in relation to financial matters, is more transparent and accessible.

1. Aide Memoire for Customer Challenge Groups – Ofwat March 2018 [Aide-memoire for CCGs](https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Aide-Memoire-for-Customer-Challenge-Groups.pdf) [↑](#footnote-ref-2)
2. [Ofwat Customer Engagement Policy](https://www.ofwat.gov.uk/wp-content/uploads/2015/12/pap_pos20160525w2020cust.pdf)  [↑](#footnote-ref-3)
3. [Ofwat Final Methodology](https://www.ofwat.gov.uk/wp-content/uploads/2017/12/Final-methodology-1.pdf) [↑](#footnote-ref-4)
4. **PCL met? - i**f the performance commitment level (PCL) for the reporting year was met, or is forecast to be met, enter ‘Yes’. If the PCL for the reporting year was not met, or is forecast not to be met, enter ‘No’. If a PCL has not been set for the reporting year enter "-" (hyphen). [↑](#footnote-ref-5)
5. This table includes all PR19 common performance commitments with the exception of C-Mex and D-Mex, as the design of these is different. [↑](#footnote-ref-6)