

# Appendix 3.1.C – Third party report on our PR19 performance commitments

Wessex Water

September 2018

Business plan section	Supporting document
Board vision and executive summary	
1 Engaging customers	
2 Addressing affordability and vulnerability	
3 Delivering outcomes for customers	<b>3.1 Performance commitment overview</b>
	3.2 Triangulation methodology
	3.3 Cost benefit analysis – methodology and results
	3.4 Calculation of incentive rates including enhanced incentives
	3.5 Inputs to RORE for outcome delivery incentives
	3.6 Sharing success – Proposals for a Wessex Water community foundation
4 Securing long term resilience	
5 Markets & innovation: wholesale	
6 Markets & innovation: open systems & DPC	
7 Markets & innovation: retail	
8 Securing cost efficiency	
9 Aligning risk and return	
10 Financeability	
11 Accounting for past delivery	
12 Securing trust, confidence and assurance	
13 Data tables and supporting commentaries	

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**Technical audit report on PR19 performance commitments and outcome delivery incentives**

22 August 2018

Dear Phil,

We visited your offices during April and May to review your PR19 submission.

This letter sets out the scope of our audit, our findings, and my concluding assurance statement.

**Scope and approach**

Our scope was to check that the proposed performance and metrics for PR19, where required, meet Ofwat guidance, that the process and reporting for them are reliable, and repeatable.

Our review of the PR19 submission was completed at your office in two stages. The first stage covered the development of the approach for the performance and metrics prior to their submission in May. The second stage covered refinement of the definition and the forecast values in anticipation of final business plan submission.

**Results and findings**

For the majority of performance measures and metrics, the reporting process has been finalised and demonstrated by the reporting of historic processes.

The forecast values can be traced back through the method and the underlying data and assumptions. The forecast values are based where possible on historic performance. Where step changes have been forecast there is a clear explanation which will be added to the final business plan commentary.

For the new common performance commitments, and for outcome delivery incentives, Ofwat guidance has been followed.

For the CMex measure Ofwat has yet to finalise its reporting guidance.

**Assurance statement**

In my professional opinion, based on and to the extent disclosed by sampling carried out and as described above:

1. Wessex Water's PR19 submission forecast values are appropriate for the historic performance and where step changes are forecast these have been explained.
2. Wessex Water's basis of the planning is sound; there are good processes in place for the performance and metrics and the approach taken is reasonable.

**Document record**

<b>Issue</b>	<b>Date</b>	<b>Author</b>	<b>Checker</b>	<b>Approver</b>	<b>Purpose</b>
1	04Jul18	A Nelson	A Heather	A Heather	First issue
2	09Jul18	A Heather	A Nelson	A Heather	Date updated to A&R committee date
3	22Aug18	A Heather	A Nelson	A Heather	Final issue

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