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By email  
Secretary of State for Environment,  
Food & Rural Affairs

17 February 2023

Dear Secretary of State,

### **Bristol Water – draft water resources management plan (WRMP) 2024 consultation response**

Long term water resources planning is a key business planning activity and essential for the efficient delivery of resilient water services for customers and protecting and enhancing the water environment. Ofwat has a key role to play in enabling this by funding through the 2024 price review (PR24). It is vitally important that we consider whether water companies are identifying the best value approaches and delivering these, to ensure the best outcomes in terms of targeted investment to address challenges. The water resource management planning process is essential to helping Ofwat and water companies get this right. As a statutory consultee, we welcome the opportunity to comment on Bristol Water's draft water resource management plan (WRMP), which it published in November 2022. This letter should be read alongside our letter setting out the wider context of our review and the general approach to the assessment of companies' draft WRMPs.

Bristol Water supplies water to a population of approximately 1.2 million across the south west of England. Its water resources are planned on the basis of one integrated water resources zone, which includes areas across Bristol City, North Somerset and areas of Bath, North East Somerset and South Gloucestershire. Bristol Water has identified key challenges in its water resource forecasts that require action to reduce demand or provide additional supplies.

Overall, there are some areas of Bristol Water's plan that are in line with our expectations for this stage of a draft WRMP. In particular, Bristol Water's draft plan delivers on expectations of:

- setting out the drivers behind the water resource challenges faced across the planning horizon, and the influence on the supply demand balance;
- an optioneering process that sets out a reasonable number and range of options in the unconstrained and feasible lists.

However, there are several material areas we have identified from our assessment where the plan does not yet provide sufficient and convincing evidence that it delivers the best value,

low regret plan in the interest of customers and the environment. The annex to this letter provides detail on the specific areas of the company plan that we consider need further work and evidence. In particular, in its final WRMP Bristol Water should:

- address points from Ofwat's pre-consultation feedback in 2022, that have not been appropriately or fully addressed in the draft WRMP. This includes:
  - undertaking sensitivity analysis on 1) covid-19 impacts on demand and, 2) the date for meeting 1 in 500 year resilience, and presenting how these influence the plan;
  - provide assurance that abstraction reductions are not double counted when sustainability reductions are combined with environmental destination scenarios.
- increase its pace of delivery on the demand options it committed to in the last round of planning and meet price review 2019 (PR19) commitments ahead of WRMP24;
- provide greater detail and clarity on its proposed demand management strategy and how this will achieve the required outcomes and targets;
- provide further detail and evidence around the company level programme appraisal and decision making. This should include demonstrating how the best value WRMP is informed by the best value regional plan;
- provide sufficient and convincing evidence that the preferred plan options are best value and based on reliable, efficient, and appropriately allocated cost estimates. Bristol Water should also engage with relevant stakeholders on the lack of a needs case demonstrated in its draft WRMP for their Cheddar Two Reservoir solution;
- provide robust and clear supporting evidence for its data tables. We are concerned about the level of detail and accuracy applied to the WRMP data tables. The tables had missing, incomplete, and resubmitted data. This led to some difficulties in our assessment and forming a view.

We thank Bristol Water for its hard work and effort in producing a detailed draft WRMP, and responding to queries throughout the consultation process. Bristol Water should now focus on delivering the expected outcomes of the current plan (WRMP19 funded via PR19), and considering the responses to this draft consultation in its final plan. We look forward to continuing to work together as final WRMPs are prepared, to protect water resources now and in the future.

Yours sincerely



**Aileen Armstrong**  
**Senior Director, Company performance and price reviews**

## Annex

In this annex we outline further details on the points raised in our main letter alongside more detailed comments on different areas of the draft plan. Our points reflect our assessment approach focusing on:

- **Demand management ambition and outcomes** - alignment with government targets and statutory requirements for water demand.
- **Assessment of water needs** - including key drivers for WRMP24 and the supply demand balance forecast.
- **Options to meet water needs** - the approach taken to identify and screen options for both supply and demand, review of demand management and supply side proposals, including sensitivity testing for key areas, sufficiency of options and option utilisation under normal and peak scenarios, including scalability and modularity.
- **Decision making and prioritisation** - best value decision making for customers and the environment, how the company has approached Ofwat's strategic planning frameworks and alignment with Ofwat's long-term delivery strategies and common reference scenarios<sup>1</sup>.
- **Long term best value programme** - cost efficiency, bill impact and affordability of the plan.
- **Customer and stakeholder engagement** - the type and quality of interaction with customers and stakeholders and the impact this has had on the draft plan formulation and proposals.
- **Board assurance** - company assurance and governance processes, including Board engagement and signoff.

## Demand management ambition and outcomes

The UK SPS for Ofwat states reducing demand for water can relieve pressures on water supply and increase our resilience to extreme drought. Water companies must act to reduce demand for water in a way that represents value for money in the long-term. We expect all companies to use their WRMPs to show how they will meet long term water demand targets including:

- halving leakage across the industry by 2050, in comparison to 2017-18 levels<sup>2</sup>;

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<sup>1</sup> Ofwat, [PR24 and beyond: Final guidance on long-term delivery strategies](#), April 2022

<sup>2</sup> For example, [February 2022: The government's strategic priorities for Ofwat - GOV.UK \(www.gov.uk\)](#)  
Aileen Armstrong, Senior Director, Company performance and price reviews

- reduce per capita consumption (PCC) to 110 litres per head per day (l/h/d) by 2050<sup>3</sup>.

A further target is now set in the Environmental Targets (Water) (England) Regulations 2023<sup>4</sup> for the reduction of potable water supplied by water undertakers in England to people in England. This is that the volume supplied per day per head of population is at least 20% lower than the 2019–20 baseline by 31 March 2038. We expect companies to demonstrate how they will deliver against this target in their final WRMP.

We welcome that Bristol Water plans to reduce leakage by 50% by 2050. The company also indicates it plans to meet the per capita consumption (PCC) dry year annual average target of 110 l/h/d by 2050<sup>5</sup> but it should ensure its plan reflects this ambition.

We welcome a reference in the company plan to the ambition to reduce distribution input by 20% by 2037–38 announced by Defra<sup>6</sup>. The company states in its main technical document that, alongside leakage reduction, its plan delivers these target requirements. This reduction should be delivered through a combination of reductions in leakage losses, household consumption and non-household consumption.

### **Demand reduction strategy**

The company has considered 97 demand management options within its draft WRMP unconstrained list. However, it has provided insufficient evidence to explain how it has optimised its demand management strategies. The company sets out the costs of options which show that a number of more cost-effective feasible options are available to deliver PCC reductions than some of those selected in the preferred plan. For example, the preferred plan includes an Appliance subsidies (rebates for water efficient devices and appliances) option at an average incremental cost (AIC) of 1581 p/m<sup>3</sup>. However, there are a number of significantly more cost-effective feasible household demand reduction options (for example Leaky Loos' Wastage Fix: large scale targeted fixes) which are not selected by the preferred plan. The company has also presented a much cheaper water efficiency programme for the Defra acceleration process in December 2022 which could be delivered to meet its current performance targets.

### **Delivery of PR19 performance commitments and WRMP19 targets**

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<sup>3</sup> For example, [February 2022: The government's strategic priorities for Ofwat – GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/2022-02-02-the-governments-strategic-priorities-for-ofwat)

<sup>4</sup> Defra, [Environment Act 2021: environmental targets December 2021](https://www.gov.uk/government/consultations/2021-12-02-environmental-targets)

<sup>5</sup> [February 2022: The government's strategic priorities for Ofwat – GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/2022-02-02-the-governments-strategic-priorities-for-ofwat)

<sup>6</sup> Defra, [Environment Act 2021: environmental targets – GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/2021-12-02-environmental-targets), December 2022. Target is based on reduction from 2019–20 baseline and measured on a per head of population basis.

We are concerned that in the draft WRMP data tables the company does not forecast to deliver its PR19 performance commitment levels (PCL) for PCC based on its draft WRMP. The company has confirmed that it is striving to reduce PCC as much as possible with the aim of delivering its PR19 PCL. However, the company considers the forecast represents a realistic expectation of where it will be in 2024-25 but also acknowledges it is still working to understand the long-term impacts on water use post pandemic.

We expect the company to deliver reductions to meet the 2024-25 PR19 performance commitment levels and WRMP19 targets and continue to consider that companies should have the strongest possible incentives to deliver reductions in per capita consumption.<sup>7</sup> We do not consider it is valid for companies to expect additional customer funding to address deficits resulting from under delivery in the current or previous periods. We expect the company to review its proposals in the context of its most up to date water use and PCC performance data, for its final WRMP.

## Leakage

We welcome that Bristol Water has set out its plans to reduce leakage by 50% from 2017-18 levels by 2050. However, the company only tests another target of 30% reduction by 2050. Insufficient evidence is provided why this alternative test was chosen, especially how different it is to the national target, or why more ambitious targets were not tested. It is unclear how the testing has influenced the selected target presented in the draft plan.

As we outlined in November 2021<sup>8</sup>, we expect near-term interventions being identified in WRMPs to deliver long-term targets such as a 50% leakage reduction and 110l/h/d per PCC to be set in the context of the optimum long-term strategy. Setting a glidepath to meet long-term targets and outcomes should enable an efficient and deliverable long-term programme to be identified. The company's plan only considers linear leakage reduction profiles, with the 50% leakage reduction by 2049-50 profile selected as the preferred option. The company has not considered alternative investment profiles such as one that considers non-linear reductions. The company should provide sufficient and convincing evidence to justify why a linear profile – rather than doing more or less in the near term – is optimal from a timing of investment perspective.

The company is proposing a three-year average leakage reduction over the 2025-30 period that will deliver a level of leakage 24.1% below the 2019-20 baseline by 2029-30. This represents a further reduction of only 2.9% beyond the companies 2024-25 performance

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<sup>7</sup> Ofwat, '[Sector overview: Final determinations of in-period outcome delivery incentives for 2021-22](#)', November 2022, pp8-9.

<sup>8</sup> Ofwat, '[Ofwat's expectations for strategic planning frameworks at PR24](#)', November 2021

commitment level of 21.2%. As the company further develops its forecast leakage performance trend from draft WRMP to final WRMP it should ensure it is demonstrating sufficient ambition to challenge itself to reduce leakage levels.

Bristol Water has not discussed its policy with regards to customer supply pipe leakage. We are encouraging companies to evaluate the benefits of a common industry approach to addressing leakage on customers own pipes. We expect companies to provide a view on the benefits of a common industry approach in their statements of response and final WRMPs. We will support companies in the development of a common approach but expect the industry to lead on the development.<sup>9</sup>

### **Per capita consumption (PCC)**

We welcome that Bristol Water has also set out its plans to meet the per capita consumption (PCC) target of 110 l/h/d by 2050<sup>10</sup>. However, the company's draft WRMP planning tables do not clearly show this is the case with a slightly higher figure presented in 2049-50. The company should revise its planning tables for its final WRMP to reflect its ambition. The data provided by the company to date indicates that the company is only proposing to deliver a three-year average PCC level that is 1.8% below the 2019-20 baseline by 2029-30. However, this represents a three-year average level that is 4.5% higher than its PR19 performance commitment level for 2024-25. As the company further develops its forecast PCC performance trend from draft WRMP to final WRMP it should ensure it is demonstrating sufficient ambition to challenge itself to reduce PCC levels.

### **Business demand**

Bristol Water's draft WRMP presents a 2029-30 business demand (non-household consumption) level that is 2.3% lower than the 2019-20 baseline level.<sup>11</sup> However, the company's plan also indicates an increasing business demand across the 2025-30 period. We have previously highlighted the opportunity for companies to deliver business demand reductions and our expectations for WRMPs that deliver significantly improved levels of water efficiency in the business sector.<sup>12</sup> We expect the company to clearly justify an ambitious

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<sup>9</sup> The Water UK document '[A leakage routemap to 2050](#)' committed to an informed debate on customer supply pipe strategy by December 2022.

<sup>10</sup> 110 l/h/d is a dry year target

<sup>11</sup> Combining measured and unmeasured non-household consumption figures, business demand is expressed as a three year average. The average of the reporting year and the two previous years.

<sup>12</sup> Ofwat, Environment Agency, '[Delivering greater water efficiency in the business sector](#)', March 2020 and '[Delivering greater water efficiency in the business sector](#)', February 2021.

strategy for non-household demand reduction in its final WRMP to inform its PR24 business plan.

## **Metering**

The company assumes that a universal smart metering programme delivered over 15 years from 2025 is the most cost-effective means of installing meters to reach effective full meter penetration by 2040. The company explains that whilst the optimised least cost plan suggests smart metering would not be required until 2037 driven by the supply demand balance, this would not provide sufficient confidence that it could meet both leakage (due to lack of monitoring data) and PCC targets. The company should provide sufficient and convincing evidence that this rate of metering is optimal over the long-term including how this interacts with the selection of other demand management options. Bristol Water should explain further the methods through which it plans to deliver its universal metering programme as it is not currently in a region classified as water stressed.

The company's plan assumes the use of automated meter read (AMR) smart meters rather than the smarter advanced metering infrastructure (AMI) technology. However, it plans to review this during the consultation phase of the draft plan to establish whether customer willingness to pay would indicate a preference for the greater information available from more advanced metering. As described in the PR24 final methodology<sup>13</sup> the company's decision to install AMR over AMI meters should include compelling evidence that justifies why this represents the best value approach to meeting a supply-demand balance or delivering long-term strategic outcomes. The company also needs to provide sufficient and convincing evidence that the unit costs of its AMR meter installations are efficient with the costs currently presented being higher than PR19 unit costs and current outturn.

## **Development of demand reduction performance trends for final WRMP and business plans**

The company has confirmed that its forecast PCC and business demand (non-household consumption) performance trends are still in development for its PR24 business plan and subject to uncertainty. As the company further develops these performance trends from draft WRMP to final WRMP it should include the reasons for changes and explain the impact of any revisions on the optimisation and best value option selection in its preferred plan.

We expect the company to provide sufficient and convincing evidence in its final WRMP to justify why its selected targets for demand reduction (leakage, PCC and business demand) represent the best value approach to meeting a supply-demand balance or delivering long-

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<sup>13</sup> Ofwat, [PR24 final methodology – Appendix 9: Setting expenditure allowances](#), December 2022

term strategic outcomes. This should include evidence of target testing and a clear explanation of the company's decision-making process.

As stated in our PR24 final methodology, we expect consistency between final WRMPs, company long-term delivery strategies and business plans at PR24. Any areas of variance between final (and published) planning frameworks and business plan submissions need to be fully explained and supported by compelling evidence. When making changes companies should demonstrate that customers and the environment are not or will not be worse off.<sup>14</sup>

## Assessment of water needs

A robust assessment of current and future water needs is critical as it drives the gap between supply and demand and therefore drives the scale of investment required for the 2025–30 period and beyond.

We welcome that the company's supply demand balance starting point for the draft WRMP24 is similar to its forecast for the same point in the final WRMP19. This means that the overall outcome of the WRMP19 as funded at PR19 has been delivered in the round. However, some components to the supply-demand balance have changed, including those that reflect underperformance. Where a step change in supply-demand balance between WRMP19 and WRMP24 is not sufficiently justified as being due to changes in scenarios or planning assumptions, and may instead be as a result of non-delivery or underperformance, this will be taken into account at PR24 in the assessment of enhancement funding<sup>15</sup>.

It is important that Bristol Water steps up effort on WRMP19 demand-side options delivery and on meeting PR19 commitments ahead of WRMP24. We expect the company to make substantial efforts on demand reduction for the rest of the 2020–25 period, to ensure that WRMP19 forecast, and PR19 performance commitment targets are met annually, and to set firm foundations for delivering WRMP24.

Bristol Water has used methods and data appropriate to the scale and complexity of the problem that it needs to address and has recognised the different problems across its area.

The company's problem characterisation is clearly presented. Bristol Water has used a 55 year planning horizon to set its WRMP in the context of the West Country region and the rationale is clearly presented. The key changes to the planning problem since WRMP19 are clearly described in the narrative. Bristol Water should clearly provide assurance in its final

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<sup>14</sup> Ofwat, [Creating tomorrow, together: Our final methodology for PR24 Appendix 9 – Setting expenditure allowances](#), December 2022, pp85.

<sup>15</sup> Ofwat, [PR24 final methodology: Appendix 9 – Setting expenditure allowances](#), December 2022, pp86–87.

WRMP that abstraction reductions are not double counted when sustainability reductions are combined with environmental destination scenarios.

Bristol Water has updated its supply and demand components for WRMP24 in line with the Water Resources Planning Guidelines (WRPG) and changes from WRMP19 are clearly explained. However, the groundwater yield assessment has not been completed for all sources. Bristol Water should ensure this is completed ahead of the final WRMP and a clear explanation of the impact on the final WRMP should be provided. Further explanation is required on changes in headroom since WRMP19. A baseline deficit is not showing until later in the planning period from 2042-43.

Bristol Water has tested the timing of meeting 1 in 500 year drought resilience which has shown this can be met by 2025 without the need for new supply options, but are not planning to move to 1 in 500 until 2040. Bristol Water has confirmed it has set out its correct glidepath to 1 in 500 year drought resilience in its WRMP tables, however this is insufficient and requires commentary in the main plan when discussing levels of service. Bristol Water has highlighted a typographical error in its commentary on actual level of service with regard to percentage risk score and will correct this in its revised draft plan. The company should review its baseline Deployable Output (DO) to ensure that it is consistent with the Water Resources Planning Guidelines (WRPG) (5.3).

The assurance statement provided reflects that there remain areas of uncertainty in the plan which will be updated for the final WRMP, including post covid-19 demand and lessons learnt from the 2022 drought.

## Options to meet water needs

Bristol Water has considered a range of supply and demand options. Bristol Water's baseline supply demand balance falls into deficit in 2043, and rises over the subsequent years. Bristol Water has followed the standards of the guidance and identified a sufficient range of options up until 2050 to address water demand. The company has followed a twin track approach, invited third parties to contribute options and identified catchment based solutions that deliver water resources benefits defined as water available for use (WAFU). However, after decision making appraisal, only demand side options were selected as these were sufficient to close the supply demand balance.

Bristol Water's dry year annual average supply demand deficit is 11.8 MI/d by 2050. To address this its feasible list proposes a total of 83 options (72 demand options and 11 supply options) from which preferred options are to be selected. The feasible options cover 9 types of demand option types, and 8 types of supply options. The total gained WAFU from feasible options would be 264.3 MI/d. In comparison to the deficit this is viewed as a suitable number and range of options to select best value options from.

In the preferred plan Bristol Water has proposed a total of 19 options. These are all demand options. The total gained WAFU would be 40.7 Ml/d, which would address 354% of the deficit. Leakage reduction and water efficiency account for the largest proportion of gained WAFU, with further notable gains from metering.

Bristol Water, with Southern Water and Wessex Water, are co-sponsors of the Cheddar Two reservoir solution in the Regulators Alliance for Progressing Infrastructure Development (RAPID) gated process. We are concerned that there is a misalignment between Bristol Water's recommendation to RAPID and its draft WRMP. Despite the draft WRMP not including any evidence of need, the RAPID programme is being asked to consider the recommendation to progress Cheddar Two beyond the current RAPID gate two development stage. This would result in customers continuing to fund the development of a scheme that based on the draft WRMP is not needed. Bristol Water must engage with RAPID through the gate two decision process, to resolve this inconsistency. If there is strong needs case, we expect the final WRMP to set this out with sufficient and convincing evidence of need.

Option utilisation not been assessed based on review of options. Bristol Water focuses on demand management rather than new large water resources supply infrastructure.

## Decision making and prioritisation

Bristol Water's draft WRMP24 has not demonstrated how its best value company level plan has been informed by the West Country best value regional plan. For the final plan further detail to describe the regional methods and approaches should be added and the narrative should contain a complete and standalone explanation of decision making at the company level.

Bristol Water should further demonstrate in its final plan that decision making has not been influenced by artificial constraints. This includes presenting the implications of sensitivity testing of different profiles of 1 in 500 year drought resilience, flexing the use of drought permits and orders, testing different glide paths on water efficiency and leakage, as well as use of temporary use bans (TUBs) and non-essential use bans (NEUBs).

The company has considered the carbon impact (operational and embedded), natural capital and other benefits that the options can deliver. Identification and consideration of best value metrics have a line of sight to the plan objectives, however, it would further be beneficial to maintain a line of sight to sub-metrics and to the outcomes to structure and justify the preferred plan selected. In the best value analysis, the company has fully considered a wide range of economic, social and environmental benefits that the options can deliver.

Bristol Water has not referred to Ofwat's public value principles, although the plan adheres to most of the principles. We would like Bristol Water to reference Ofwat's public value principles within their best value planning process in its final plan and provide narrative on

how the principles have been used to inform preferred plan decision making. The plan provides an explanation of methods to combine individual scenarios and an explanation of the approach to uncertainty has been provided.

Bristol Water have provided an explanation of the approach to uncertainty and have tested the plan against the biggest areas of uncertainty.

The costs and benefits of the least cost plan against the preferred and other alternative plans should be presented. Where investment is needed beyond least cost the value of the additional benefit needs to be presented within the WRMP planning tables with the robustness of this valuation data important for significant areas of investment. We expect to see this in the final WRMP.

Bristol Water has a low baseline risk and has provided good justification for why it does not require an adaptive plan at this stage. Bristol Water tested the preferred plan against the Ofwat common reference scenarios (except technology) and showed the impact on supply demand balance. Some supply options are required post-2070 so an adaptive plan is still not required, however, Bristol Water noted it would monitor the need in the meantime. The company stated it will test against technology the common reference scenarios for final plan. In the final WRMP, to provide confidence in not requiring an adaptive plan at this stage, we expect to see Bristol Water testing the robustness of its demand management options, e.g. what would happen if it only achieved 50% of planned reductions.

We expect to see a clear line of sight between long-term WRMPs and the requested investment at PR24. Bristol Water acknowledges that the PR24 business plan is a mechanism to set out investment needs in order to deliver the outcomes specified in its WRMP. The company states that this WRMP forms part of a larger planning framework including previous price reviews periods, drought plans and other strategic environmental plans including "Our routemap to Net Zero Carbon by 2030".

## **Long term best value programme**

Bristol Water are proposing a £127 million programme of enhancement expenditure investment for the 2025-30 period focused on demand reduction (water efficiency, leakage and metering). This is a significant increase on the £18 million supply demand balance

enhancement expenditure programme the company requested for the 2020-25 period at PR19.<sup>16</sup>

We are concerned that the unit costs for leakage reduction and demand-side improvements in the 2025-30 period are significantly higher than both the industry median and those presented by the company at PR19. Based on the data provided by the company a leakage reduction enhancement expenditure unit cost of 35.3 £m/MI/d is calculated for the 2025-30. This represents the highest leakage reduction unit cost across all draft WRMPs and is significantly higher than the unit costs proposed at PR19.

Reviewing enhancement costs across the 2025-50 period indicates that Bristol Water proposes to spend over £1 billion to deliver just over 10 MI/d of leakage reduction. We are concerned that the company's long-term reductions are reliant on options that are considerably higher cost than equivalent activities for other companies. The company should provide sufficient and convincing evidence that the preferred options being selected are best value in its final WRMP24 and ensure costs are reliable, efficient and appropriately allocated. The company should consider its proposed long-term strategy for leakage reductions if its proposed unit costs remain significant. Also, where metering costs are high compared to benefit, Bristol Water should outline efforts it will make to further reduce costs.

For whole project life cost, the total cost on all preferred options is ~£921m, of this ~£611m is proposed to manage and reduce leakage levels. Other companies have presented significantly better value options to reduce leakage over the 2025-30 period. We expect Bristol Water to be clearer around confidence of costings provided and highlight assumptions made, techniques used and risks to costs provided, as well as indicating the level of market engagement which has been undertaken to develop bottom-up cost profiles for final plans.

We request clarity around how carbon data has been compiled, whether this data is based on historic information, or driven by up-to-date estimate. We also request further clarity around whether the options list was finalised.

## Stakeholder engagement

Bristol Water has carried out a wide-ranging approach to customer participation and stakeholder engagement reflecting the significant challenges included in its draft plan. Bristol Water has used the challenge panel to develop the WRMP on behalf of the customers.

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<sup>16</sup> This total for PR19 includes requests for supply demand balance expenditure including metering and strategic regional schemes. All costs in this section are presented in real terms, 2021-22.

This has allowed customers to stay informed during the development of the plan and given them opportunity to influence the process.

However, there is limited evidence provided to give confidence that customers fully understand and support the approach on areas such as the need for investment and the proposed solutions. Bristol Water should provide further evidence demonstrating customer support has been sought on the proposed solutions in the final WRMP.

## Assurance

A Board statement of assurance for the plan is provided, as well as a statement setting out how the Board will be involved in future iterations of the plan. No signatures are included on the Board statement. The plan states that a risk management framework is embedded into governance structures, and sets out lines of defence for assurance and decision making.

As identified above, the draft WRMP programme for 2025–30 represents a significant uplift in expenditure compared to the PR19 programme. For its final WRMP we expect the company to provide sufficient and convincing evidence that the Board has challenged and satisfied itself on the drivers of the WRMP, and that its WRMP and the expenditure proposals within them are deliverable in the context of the wider PR24 business plan proposals. The company should also demonstrate that it has put in place measures to ensure that the plans, of which the WRMP forms a key part, can be delivered.<sup>17</sup>

In the final plan, we expect to see evidence of assurance on Bristol Water's understanding and acceptance of the approach to licence capping. This is to ensure the risk and impact this imposes to Bristol Water is fully understood in the context of the largest drivers of future investment in the plan and the uncertainty that still surrounds this.

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<sup>17</sup> Ofwat, [Creating tomorrow, together: Our final methodology for PR24 Appendix 9 – Setting expenditure allowances](#), December 2022, p122.