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By email

Secretary of State for Environment,
Food & Rural Affairs

20 February 2023

Dear Secretary of State,

Wessex Water – draft water resources management plan 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). Therefore, 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 Wessex 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.

Wessex Water supplies water to a population of approximately 1.3 million across the southwest of England. Its water resources are planned on the basis of one water resources zone, which includes major cities including Dorset, Somerset and Wiltshire. Wessex 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 Wessex Water's plan that are in line with our expectations for this stage of a draft WRMP. In particular, it delivers on expectations by:

- setting out the drivers behind the water resource challenges faced across the planning horizon, and the drivers influence on the supply demand balance;
- undertaking an optioneering process with an appropriate number and range of feasible options.

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 Wessex Water should:

- provide clarity on the transition from WRMP19 to WRMP24. This includes providing assurance that it is on track with WRMP19 delivery and meeting PR19 commitments ahead of WRMP24; clearly explaining the starting position for WRMP24 and setting out changes in the supply forecast components;
- set out a more ambitious plan on demand management, including testing more stretching reductions up to the 50% leakage reduction and the 110 litres personal consumption target by 2050;
- provide assurance in its final WRMP that abstraction reductions are not double counted when licence capping is combined with environmental destination scenarios;
- demonstrate that utilisation has been considered in the decision making process, including evidencing that modularity and scalability in optioneering has been explored to manage low utilisation situations;
- evidence links between the West Country Water Resources regional plan, and how this has influenced Wessex Water's best value plan, as these processes have been misaligned at the draft stage. Wessex Water should also clearly set out its plan objectives and how these have influenced the best value plan outcomes;
- more clearly explain how the preferred plan links with scenario testing. This includes how the plan would change and move between the low, central and high scenarios, in response to triggers in demand and climate change. Wessex Water should also justify why some scenarios are more extreme than, or compound, the Ofwat common reference scenarios, and how the company will avoid over investment;
- 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.

We thank Wessex Water for its hard work and effort in producing a detailed draft WRMP and responding to queries throughout the consultation process. Wessex Water should now focus on delivering the expected outcomes of the current plan (WRMP19 funded via PR19), and considering all 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 and the need for enhancement investment.
- **Options to meet water needs** – the approach taken to identifying and screening 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 strategic planning frameworks and alignment with Ofwat long-term delivery strategies and common reference scenarios¹.
- **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 sign-off.

Demand management ambition and outcomes

The government's strategic priorities 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:

- a 50% reduction in leakage by 2050 from 2017-18 levels²;

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

² Defra, the government's strategic priorities for Ofwat, March 2022; Water UK, "Letter to the Secretary of State - leakage", October 2018; Water Resources Planning Guidelines, 2022

- reduce per capita consumption (PCC) to 110 litres per head per day (l/h/d) by 2050³.

A further target is now set in the Environmental Targets (Water) (England) Regulations 2023 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 2019–2020 baseline by 31 March 2038. We expect companies to demonstrate how they will deliver against this target in their final WRMP.

We are disappointed that Wessex Water is not proposing to meet the long-term leakage and PCC targets and has proposed significantly less ambitious targets in its draft WRMP. This includes only proposing to reduce leakage by 20% by 2050 from 2017–18 levels. We expect the company to demonstrate greater ambition in its final WRMP.

The company's final WRMP should also reference the target to reduce distribution input by 20% by 2037–38 and demonstrate how it plans to deliver this through a combination of reductions in the key demand components, leakage, household consumption and non-household consumption.

Demand reduction strategy

We are concerned that Wessex Water has not used a value-based approach to optimising its water demand management strategy. The plan uses an optimisation process that only considers costs to inform its options appraisal process. The plan does not provide sufficient and convincing evidence that the benefits (direct and indirect) of the different options have been used to inform and optimise its demand management strategy. The company should explain how the benefits delivered by the different options are considered to inform the best value plan in its final WRMP.

Delivery of PR19 performance commitments and WRMP19 targets

We welcome that company is forecasting to deliver PR19 leakage performance commitment level by 2024–25. However, based on the draft WRMP data tables the company does not forecast to deliver its PR19 performance commitment levels for PCC by 2024–25. The company states that this is due to the impact of the Covid-19 pandemic. Nonetheless the company has confirmed it is hoping to deliver its PR19 PCC performance commitment level and provided details of activities it is currently delivering to reduce consumption. The company also stated

³ Defra, the government strategic priorities for Ofwat, March 2022; Environment Agency, "Meeting our future needs: a national framework for water resources, March 2020

that it will review its PCC performance trends between draft and final WRMP making use of the additional year of post-pandemic outturn data for 2022-23.

We expect the company to deliver reductions to meet the 2024-25 PR19 performance commitment levels and WRMP19 levels and continue to consider that companies should have the strongest possible incentives to deliver reductions in per capita consumption.⁴ 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.

Business demand

We welcome Wessex Water's proposal to reduce business demand by 4.9% by 2029-30 compared to 2019-20 baseline levels.⁵ We have previously highlighted the opportunity for companies to deliver business demand reductions and our expectations for WRMP24 are that companies deliver significantly improved levels of water efficiency in the business sector.⁶ We expect the company to set out and clearly justify an ambitious strategy for non-household demand reduction in its final WRMP to inform its PR24 business plan.

Per capita consumption

The company only proposes to reduce PCC by 12% to 124 l/h/d by 2050. It proposes a three-year average PCC (normal year) over 2025-30 period that will deliver a level of PCC that is 0.7% above the 2019-20 baseline by 2029-30. This represents an increase of 1.6% beyond the company's 2024-25 performance commitment level of a 0.9% reduction. For the final WRMP we expect the company to set out a more ambitious plan that meets PCC target of 110 l/h/d by 2050 and identifies activities to achieve this. The company should provide sufficient and convincing evidence of target testing, and an explanation of its decision-making process and a justification for the selected PCC reduction in its final WRMP.

The company's draft WRMP presents a continuing increasing trend in unmeasured PCC levels from 2019-20 onwards. PCC forecasts for unmeasured properties go from 167 l/h/d in 2019-20 to more than 668 l/h/d by 2050. The company explains that this is due to the declining

⁴ Ofwat, '[Sector overview: Final determinations of in-period outcome delivery incentives for 2021-22](#)', November 2022, pp8-9.

⁵ 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.

⁶ Ofwat, Environment Agency, '[Delivering greater water efficiency in the business sector](#)', March 2020 and '[Delivering greater water efficiency in the business sector](#)', February 2021.

number of unmetered households by the end of the planning period. However, this does not explain why PCC for the remaining unmeasured properties would be more than three times the PCC for the current pool of unmeasured properties. We expect company to clearly explain and justify its PCC forecasts in its final WRMP.

Leakage

We are disappointed that Wessex Water is not proposing to reduce leakage by 50% by 2050 from a 2017-18 baseline. The company is proposing to reduce leakage by up to 2.5 Ml/d which represents a 20% leakage reduction by 2050. It also proposes a three-year average leakage reduction of 0.6% across the 2025-30 period which is a lower level than the 12.8% it plans to deliver for 2020-25 period. The company tests some alternative leakage reduction targets including one that would meet the 50% reduction target by 2050. The company seeks to justify selecting the lower leakage target based on delivery costs, stating that higher levels of leakage reduction would be more costly to achieve. For its final WRMP we expect the company to set out a more ambitious plan. It should test more stretching reductions than 20%, and if any reduction less than 50% is selected as the final solution, it should provide compelling evidence that the national target will still be met. The company should provide sufficient and convincing evidence of target testing and an explanation of its decision-making process and a justification for the selected leakage reduction in its final WRMP.

We welcome the fact that the company has tested different target profiles such as achieving 50% leakage reduction via fast, linear and slow delivery. However, the final WRMP should provide sufficient and convincing evidence on why the company selected its preferred strategy by clearly showing the costs and savings per price control period for each scenario. This explanation and comparison should be clearly set out in the main plan even if some details are included in appendices.

Wessex 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.⁷

The company has considered a range of leakage options such as mains replacement, active leakage management and pressure management. It then combines these options to create a

⁷ The Water UK document '[A leakage routemap to 2050](#)' committed to an informed debate on customer supply pipe strategy by December 2022.

number of leakage scenarios. Although the company presents the costs and benefits of each leakage scenario it does not present the cost and benefits of the leakage options included within each scenario. To demonstrate how the company optimises its leakage strategy, disaggregated costs and benefits for each leakage option should be presented in the final WRMP.

Metering

Meter penetration is forecast to increase from 73% in 2025 to 77% by 2035, and to 79% by 2045. The ambition for meter penetration is comparably low and could be stepped up to 2045 or company should explain and justify why it is opting for a less ambitious target.

The company does not plan to adopt smart metering. Instead, it proposes to implement compulsory metering by installing basic meters. It also proposes to carry out a smart metering trial during 2025–30. The decision to install basic meters appears to be based purely on costs. We are concerned that the company has not considered the incremental benefits that smart meters may bring over and above those of basic meters and whether these would justify the higher costs. We expect the company to justify the choice of meter technology by presenting and assessing the costs and benefits of alternative meter technologies. The final plan should also clearly describe and justify the year by which company expects to achieve full smart meter penetration, the glidepath for delivery of full smart meter penetration and how common scenarios were used to test robustness and inform choice of metering strategy.

For its smart metering trial, Wessex Water opts for the use of automated meter read (AMR) smart meters rather than the smarter advanced metering infrastructure (AMI). As described in the PR24 final methodology 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.

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

The company has confirmed that it will review its demand reduction performance trend forecasts⁸ for its final WRMP in the context of the outturn data for 2022–23. The company should include the reasons for changes made between draft and final WRMP and explain the impact of any revisions on the optimisation and best value option selection in its preferred plan.

⁸ Leakage, PCC and business demand

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, supported by compelling evidence. This should also include the reasons for changes and include confirmation that customers and the environment are not or will not be worse off⁹.

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.

The company's supply demand balance starting point for the draft WRMP24 is lower than its forecast for the same point in the final WRMP19. The company has provided limited high-level information regarding the reasons and appropriateness of the changes to components of the supply-demand balance. This means that there are some concerns whether the overall outcome of the WRMP19 as funded at PR19 has been delivered in the round. The company should fully quantify and justify the reasoning for changes between WRMP19 and the starting point for WRMP24 at a supply-demand balance component level with sufficient and convincing evidence.

Wessex 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 presented but would benefit from including the summary matrix in the final WRMP narrative. Wessex Water has used a 55 year planning horizon and explains the rationale for the chosen planning horizon.

The key changes to the planning problem are described at a high-level; sustainability reductions and increased drought resilience are key drivers of investment for this plan. However, Wessex Water should provide assurance in its final WRMP that abstraction reductions are not double counted when licence capping is combined with environmental destination scenarios.

Wessex Water's outage allowance is high compared to most other companies at over 5% of the company distribution input. Therefore, this planning assumption contributes to the company supply-demand balance and proposal for investment. The company needs to

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

present sufficient and convincing evidence that the outage allowance is appropriate in both the short and long term, is not driving unnecessary and high regret investment, how this level of outage tracks the reported unplanned outage performance commitment, and how the company has considered options to reduce its outage allowance.

Options to meet water needs

Wessex water has a projected dry year critical period deficit in 2050 of 63 Ml/d. Its feasible plan proposes a total of 87 options (69 supply, and 18 demand options) spread over 12 types of supply options and four types of demand options. The total gained water available for use (WAFU) would be 562 Ml/d, which would address 889% of the deficit. We view this as a good number of feasible options from which to select best value options and determine a preferred plan from, which follows a twin track approach of both demand and supply options.

In the preferred plan Wessex water has proposed a total of 20 options (14 supply, and 6 demand options) spread over 4 supply option types and 4 demand option types. The supply options include internal potable transfer, groundwater enhancement, water reuse and drought permits/orders. The demand options include active leakage management, compulsory metering and temporary use bans. The total gained WAFU would be 112 Ml/d, which would address 178% of the deficit. The preferred plan relies on the majority of the WAFU to be gained from demand options (119%) and a minority from the supply options (59%). Wessex Water's preferred plan includes a good range of options, which are comfortably able to address the projected deficit. Despite this, we are concerned by inconsistencies between the WRMP tables and query responses which limit our confidence in the analysis of option numbers, types and WAFU benefit against deficit. We reiterate the need for robust, consistent data in the final WRMP, to justify investment proposed in the business plan.

Sub zonal schemes (not impacting on zonal WAFU) can be discussed within the narrative of the WRMP to provide context but they need to be presented and justified with sufficient and convincing evidence in PR24 business plans rather than the WRMP. When presenting such enhancement schemes companies should clearly identify how they have assessed the degree of overlap with activities it is funded to deliver through base expenditure.¹⁰ Companies should not expect additional customer funding to address risks resulting from under delivery in the current or previous periods.

¹⁰ Ofwat, '[Creating tomorrow, together: Our final methodology for PR24 Appendix 9 – Setting expenditure allowances](#)', Annex A1

Third party options have been identified and feature in the options lists, although it is not clear that any third-party option passed options screening to reach the feasible plan. We expect sufficient and convincing evidence in the final WRMP that all parts of the guidance have been appropriately followed in relation to third party options and that the lack of third-party options in the company preferred plan is low regret best value.

Wessex Water has not provided sufficient information regarding option utilisation in its draft plan. Extra information was provided to Ofwat on utilisation after it was queried. We expect to see more robust evidence on utilisation in the final WRMP, in line with feedback in our pre-consultation feedback letters to fully explain and justify the utilisation rates given and to provide evidence that modularity and scalability in optioneering has been fully considered and explored to manage low utilisation situations.

Wessex Water, with Southern Water and Bristol 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 Wessex 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. Wessex Water must engage with RAPID through the gate two decision process, to resolve this inconsistency. If there is a strong needs case, we expect the final WRMP to set this out with sufficient and convincing evidence of need.

Decision making and prioritisation

Wessex Water's draft WRMP has not demonstrated how its company level plan has been informed by the West Country best value regional plan. The regional planning process in the West Country Water Resources group has not aligned with the timing of relevant WRMPs at the draft stage, causing concerns around how the company plan has been informed by it. For the final WRMP, we expect to see alignment between the plans, and 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.

Wessex Water has adopted an adaptive planning approach. Problem characterisation output for Wessex Water is medium, indicating a moderate level of planning concern. In the adopted approach Wessex Water has evaluated a range of future uncertainties affecting the planning problem and used these to construct multiple potential future scenarios alongside the central “most likely” future planning scenario, and derived the supply-demand balance under each of these futures. To derive the least cost solution under alternative scenarios, Wessex Water developed a least cost optimisation model (Economics of Balancing Supply and

Demand (EBSD) model). The programme of options selected by the EBSD model for each plan was then reviewed against key metrics to determine the preferred programme.

Wessex Water present its best value plan as a least-cost plan, modified to meet some government targets. Whilst we understand the narrative of leading with a least cost plan to minimise the impact to customer bills, we expect to see a best value plan presented that comprises of options selected for the wider benefits they offer to customers, and therefore can be robustly justified against a least cost plan. We expect to see a full best value plan, that aligns with definitions set out in water resource planning guidance (section 9) and meets with government and regulatory expectations, proposed as Wessex Water's preferred plan in its final WRMP.

Wessex Water should further demonstrate in its final plan that decision making has not been influenced by artificial constraints and that constraints are appropriate. 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).

Wessex Water has not referred to Ofwat's public value principles. We would like Wessex Water to use Ofwat's public value principles, and reflect expectations referred to in the PR24 final methodology, within the best value planning process in its final plan and explain how these have been used to inform best value decision making.

The costs and benefits of the least cost plan against the preferred and 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. The robustness of this valuation data is important where companies are requesting significant areas of investment.

The company has used target headroom calculation and adaptive planning to manage uncertainty in its plan. There is an explanation about the interaction between the two approaches. The company clearly explains how calculating the target headroom has changed since WRMP19.

The company presents a core pathway based on investment that is needed in all plausible scenarios. It presents three alternative pathways including a "central most-likely". The adaptive plan is presented in a single diagram, however, it could be improved by also including the trigger points currently listed in Tables 6-1. Wessex Water should present all activities to be undertaken as part of the core pathway and use consistent names for the different options across all tables and figures.

The justification for decision points and trigger points are explained in the main report. Wessex Water sets out a monitoring plan including measurable metrics for some areas. For the final WRMP, Wessex Water should clearly explain the conditions that would cause one pathway to be adopted over another. We would also like to see some sensitivity testing of the timing of these points. Currently they align with the 5-year planning and investment cycle, rather than the lead-in time for specific enhancements.

The company creates low, central and high scenarios (see Tables 4–3). Some of these scenarios are more extreme than the Ofwat common reference scenarios (CRS). For example, the company's central climate scenario is equivalent to Ofwat CRS high scenario and the company's central demand scenario is equivalent to Ofwat CRS low scenario. The company also combines different scenarios to create compound scenarios. When testing the plan against these scenarios, it is not possible to see how the plan would change in response to individual factors such as high demand and high climate change. We also have concerns that there is a risk of over-investment because the options are chosen based on scenarios that are more extreme than the Ofwat common reference scenarios and have been combined. Since the Ofwat common reference scenarios represent ‘plausible extremes’, combining them together risks producing a very low probability scenario. This means Wessex Water may be investing in some options that have a very low chance of being needed or could have low rates of utilisation.

We expect Wessex Water to test our low abstraction reductions scenario, which is to ‘assume only currently known legal requirements for abstraction reductions up to 2050’. Note this is different to the Environment Agency’s lowest scenario (‘BAU’)¹¹.

We expect to see a clear line of sight between long-term WRMPs and the requested investment at PR24. Wessex 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, drainage and waste management plans and national strategic plans including the 25 Year Environment Plan.

Long term best value programme

The company has identified £35 million of enhancement expenditure relating to delivery of its WRMP²⁴ in the 2025–30 period. Over the 2025–50 period the company has identified a requirement for over £433 million of enhancement expenditure.

¹¹ Ofwat, PR24 and beyond final guidance on long term delivery strategies, April 2022.

Wessex Water plans to deliver around 37 Ml/d of supply demand benefit (excluding interconnectors) in 2025–30. We have concerns over the unit cost of 23 £m/Ml/d the company proposes for its leakage improvements across the 2025–30 period. This is one of the highest leakage reduction unit costs presented across all draft WRMPs and is significantly higher than the unit costs proposed at PR19. This reflects that the company's preferred programme includes leakage reduction options with a comparably high unit cost. The proposed best value plan has 'Active leakage management – very slow reduction to 2050' as a preferred option. This option delivers water savings of 2.3 Ml/d at a cost of 157p per m³. Alternative feasible options considered appear cheaper. For example, the 'Active leakage management – fast reduction to 2030' option delivers 25 Ml/d at a cost of 97p per m³. The company needs to explain why conducting further leakage reductions at a lower unit cost is not more efficient than the proposed plan.

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 allowed unit costs and the current outturn. Across its entire WRMP planning period, Wessex Water is proposing around £925 million of expenditure in terms of whole life Net Present Costs (NPC). Wessex Water's average unit cost stands out as higher when compared to the industry average on these timescales. This is being driven by the company's preferred programme including leakage reduction and high cost groundwater enhancement options, which have higher unit costs compared to comparable options across the industry. Wessex Water should demonstrate how it will work to reduce costs for its proposed schemes including leakage management, metering and groundwater enhancement schemes. It should also explain any wider benefits associated with selected options. The company should provide sufficient and convincing evidence that the preferred options being selected, across all areas of its plan, are best value in its final WRMP and ensure costs are reliable, efficient, and appropriately allocated.

Customer and stakeholder engagement

Extensive stakeholder engagement has been undertaken, including customer engagement to understand customer preferences. Customer and stakeholder views have been considered in bill impact and best value decision making and have shaped the draft WRMP. Engagement with neighbouring water companies and with the West Country Water Resources (WCWR) regional group has been undertaken. Wessex Water worked with members of WCWR to share aims and carry out joint research into customer priorities. This research sought to understand customer views on areas including drought resilience, environmental ambition, trade-offs between different options and solutions, timing of investments, option types, and inter-company water transfers. Customer preferences on leakage, demand management and supply options were sought and considered in the plan.

Engagement with regulators has been undertaken and discussions with regulators have been considered in the development of the draft WRMP.

Some engagement with retailers has been described, however Wessex Water should provide further evidence in its final plan to demonstrate how the views of retailers have been considered.

No details of opportunities to enable co-funding or co-delivery have been identified. Further investigation of partnership opportunities for co-funding and co-delivery with stakeholders should be undertaken and set out in the final WRMP.

Assurance

A Board Assurance Statement and supporting statement have been provided, detailing Board engagement and stating their approval of the plan. The Board Assurance Statement is not signed.

There is a description of the risk management and decision making process, and figures showing the governance structure and responsibilities of groups involved in assuring the plan.

In the final plan, we expect to see assurance that Wessex Water's Board understands and accepts the approach to licence capping. This is to ensure the risk and impact licence capping has on Wessex Water is fully understood in the context of it being one of the largest drivers of future investment in the plan and the uncertainty that still surrounds this.