

PR19 Customer Challenge Group

Meeting number: 8

Meeting Date: 4th April 2018

Paper No: 4

Agenda No: 7

Title: Plan production update

Author: Jane Gould

Printing: This document does not contain any graphs or pictures and therefore does not require you to print in colour. If you need a printout please let Nikki know.

What is this paper about:	An update on the process for producing our 2020-2025 Business Plan
What is the context of this paper:	The company needs to submit its next five-year business plan (max 200 pages for a water only company) and 5-page Board level summary on 3 rd September 2018.
What is the relevance of this paper:	To give the CCG an update on how the company is intending to present its documentation, and the timetable for content generation, design and artwork.
Action needed from the CCG:	The Company has produced this paper for information and to provide an update on the timescales for this critical PR19 workstream.

Plan Production update

4 April



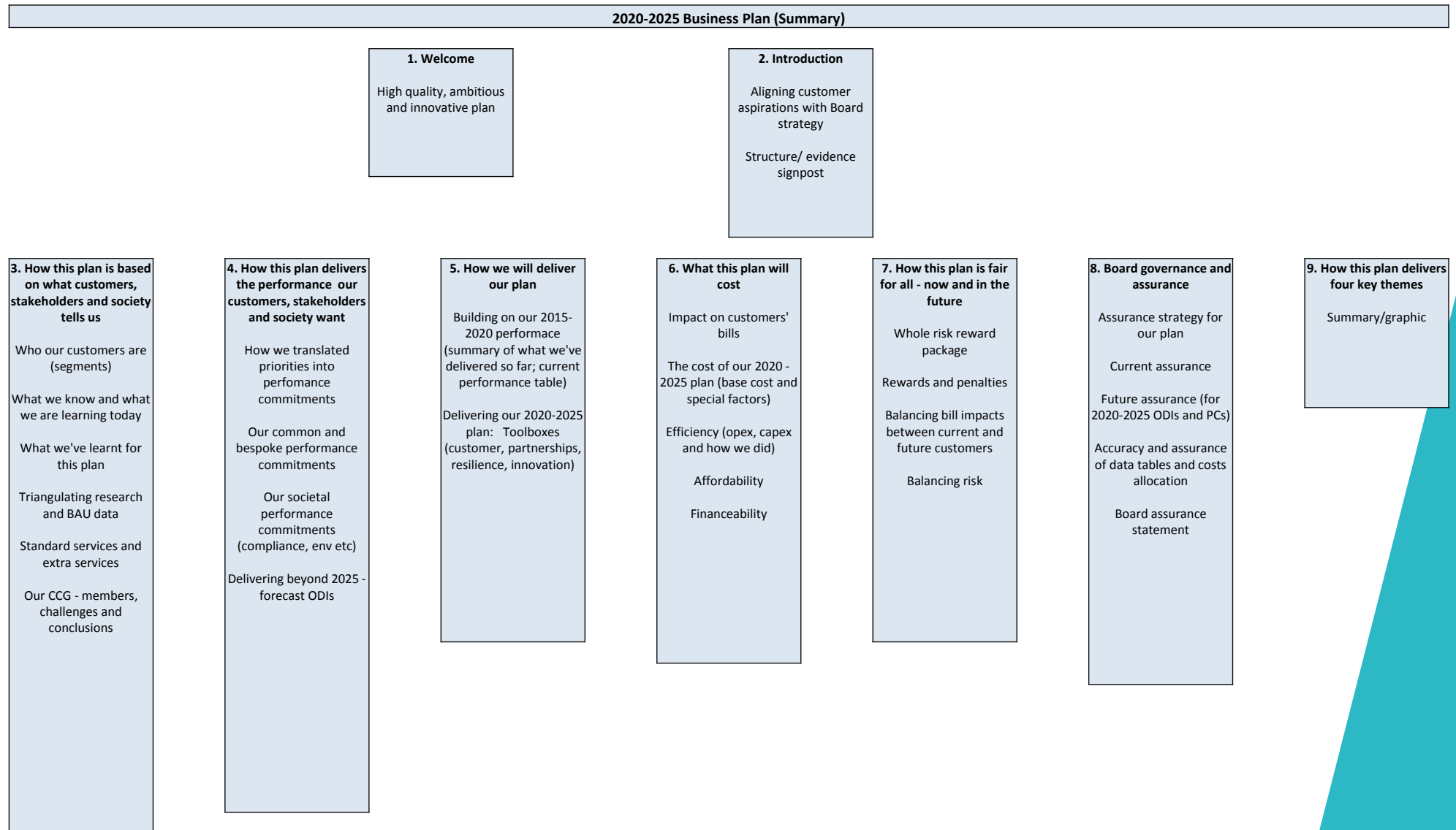
Purpose

- Purpose of this presentation is to provide an update to the CCG on the following:
 - The overall business plan structure
 - The overall business plan supporting appendices
 - The Executive Summary structure
 - Plan production timetable

The Ofwat test – a reminder

- Companies plans need to:
 - contain well-written narratives that are both easy to follow and understand
 - need to be supported by strong evidence
 - summarise how they will deliver Ofwat's four key themes - great customer service, affordability and vulnerability, resilience and innovation
 - clearly signpost the parts of the plan where Ofwat should carry out their initial assessment
 - be no more than 200 pages for WOCs.
- Key issues:
 - PR19 methodology has influenced structure – but still needs to be a good, readable plan i.e. not just tick the assessment boxes
 - Structure follows logical narrative - but crucially starts with the customer
 - Challenge will be to weave in 4 main themes - but early thinking is that design treatment and signposting can achieve this

The overall business plan structure (200 page max)



The supporting appendices

2020-2025 Appendices

<p>1. Current Performance</p> <p>Author Jane Gould</p>	<p>2. Engagement</p> <p>Author Jane Gould</p>	<p>3. Assurance (inc stat obligations)</p> <p>Author Magda Styles</p>	<p>4. Resilience in the Round (Zonal strat, SEMD, flooding, risk management)</p> <p>Author Richard Sands/Gemma Frisby</p>	<p>5. Retail (cost to serve, retail margins, CMEX, efficiency)</p> <p>Author Simon Mullan</p>	<p>6. Water Resources (growth, WR Bid Assessment Framework)</p> <p>Author Lee Dance</p>
<p>7. ODIs/PCs (consistency of reporting)</p> <p>Author Oliver Martin</p>	<p>8. Financial (Financial modelling, PAYG, Inflation Indexing, Tax, RoRE, Risk and Return, Change protocol, RCV, rates)</p> <p>Author James Grant</p>	<p>9. Water Quality</p> <p>Author Neil Hudson</p>	<p>10. Environment (WiNEP, Carbon)</p> <p>Author Emma Goddard</p>	<p>11. Base Totex (maint and opex, asset performance, asset info)</p> <p>Author Richard Dixon/Matt Hersey</p>	<p>12. UCDB and Efficiency (Opex, energy)</p> <p>Author Richard Dixon/Matt Hersey</p>
<p>13. Charges (revenue requirement, tariffs, bill profile)</p> <p>Author Matt Hersey</p>	<p>14. Direct Procurement for Customers</p> <p>Author Mike Moores</p>	<p>15. Developer Services (contributions, DMEX, NAVs, New Connections)</p> <p>Author Steve Andrews</p>			

The Executive Summary

- Final methodology added new requirement for Board-level 5 page Executive Summary of plan
- Outline structure developed (included in papers)
- Intention is to develop main messages and our PR19 narrative from 'top down' e.g. using the Executive Summary as the vehicle to define those

Plan production timetable

PR19 FULL PROGRAMME

Executive sponsor	Owner (first name is lead owner)	Workstream	Last updated	Components	RAG status	% complete	Comments																																															
								08/01/18	15/01/18	22/01/18	29/01/18	05/02/18	12/02/18	19/02/18	26/02/18	05/03/18	12/03/18	19/03/18	26/03/18	02/04/18	09/04/18	16/04/18	23/04/18	30/04/18	07/05/18	14/05/18	21/05/18	28/05/18	04/06/18	11/06/18	18/06/18	25/06/18	02/07/18	09/07/18	16/07/18	23/07/18	30/07/18	06/08/18	13/08/18	20/08/18	27/08/18	03/09/18												
RSG																																																						
Board Committees																																																						
Board																																																						
CCG (incl sub-groups)																																																						
Dave Hinton	Jane Gould / Oliver Martin	Plan production	01/02/2018	Workstream documents PR19 appendices - agree set PR19 appendices - drafting Business Plan design concepts Summary business plan writing Executive Summary writing Design and production of summary plan and Exec Summary - allows for PDF review and minor amends		25% 100% 14% 0% 90% 0% 0% 0% 0% 0%	No change - 2 completed, 4 in progress (out of 15) 15 in total. 2 in progress (APP1: Our current performance and APP2: Engagement) Not yet started Finalise summary plan structure and key sub-headings Draft 1 summary plan Draft 2 summary plan Draft 3 summary plan Final amends to summary plan Not yet started Not yet started																																															

- Workstreams now matched to agreed appendices
- Named Appendix authors identified to progress the evidence base
- Appendix author meetings underway to develop appendix production plan – with view to co-ordinating with internal/external assurance process

Next steps

- Agree outputs and production timescales with Appendix authors
- Continue content development of:
 - Appendices
 - Executive Summary
 - Summary plan, where possible
- Undertake initial design concept work for Business Plan and Executive Summary

Business Plan Executive Summary

Draft v2 22 January 2018

Private and Confidential

Reference: Reference
Author: Author
Approved: Approved
Version: X.X.X

Company Name
Address 1
Address 2
Address 3
Postcode
Telephone

1.1 **Note: Final Methodology requests Board level executive summary of 5 pages - so one page per section**

1. **A high quality, ambitious and innovative plan**

- Welcome
- Matching customers priorities to our strategic ambitions
- Key plan headlines (graphic form):
 - Customer support - % acceptability of plan
 - Water bills/profile 2020 – 2025
 - Water performance - common and bespoke PCs
 - Water investment – TOTEX, efficiency
 - Future proofing our plan - resilient, innovative, adaptive to customer priorities (toolboxes)

2. **Pure Know H₂ow: what our plan delivers**

- Our customers' priorities
- Societies priorities
- Our ambitions and aspirations
 - A 5 out of 5 water supply service (great customer service)
 - An affordable water supply service (affordability)
 - A resilient water supply service (resilience)
- A new way of working - toolboxes (innovation)
- An efficient service – benchmarking (Saur) and efficiency challenge
- A new way of behaving - wider social and financial responsibilities

3. Shared Know H₂ow: building our plan around customers and society

- How we translated customers' and society's priorities/LoS/WtP preferences into performance commitments
- How that evidence was gathered:
 - Knowing who our customers are (segmentation and vulnerability research)
 - Knowing what they want most of the time (Base/ Base+ service)
 - Knowing what they want when things go wrong (service recovery)
 - Giving greater choice/offers (bespoke service)
 - Knowing what they're prepared to pay (WTP)
- Ensuring our services are accessible to all
 - Vulnerable customer strategy
- Ensuring our service benefits society
- Sharing out-performance with customers and society – ODIs

4. Financials

- Retail price controls
- Wholesale price controls
- Cost of capital
- Cost of debt/equity

5. Assurance

- Summary of plan assurance process
- Board assurance statement

-Ends-

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