

1. PURPOSE OF PAPER

The purpose of this paper is to present the outcome of recent PR19 assurance activities for note by the Water Forum.

2. QUALITY ASSURANCE DASHBOARD

2.1 The quality assurance dashboard as updated at the end of February is included in Appendix 1.

2.2 The quality status scores remain largely the same apart from 'retail with stretching targets on performance', 'is resilient and sustainable in the long-term' and 'is financeable' which have progressed from amber to yellow.

2.3 The progress status scores continue to show as green illustrating that overall we are on plan. Some activities are delayed in respect of the baseline programme but are not on the critical path and therefore do not affect the key milestones.

3. PROGRAMME ASSURANCE

3.1 The Internal Audit team and PA Consulting have recently undertaken a programme assurance review in-line with our assurance framework approach.

3.2 The Internal Audit team have reviewed the programme dashboard to ensure that steady progress is being made towards submission of the business plan. In this review they have also focused on the recommendations made in the October review to confirm whether progress has been made. The outcome of this review is included in Appendix 2. Recommendations regarding support for workstreams completing the dashboard, alignment with the project plan and the assessment criteria for the resilience objective have been fully addressed and noted as closed. Recommendations relating to evidence collection and senior manager review were noted as in progress. No additional areas were identified that needed to be raised as part of this review. The review report is included in Appendix 2.

3.3 The objective of PA Consulting's reviews is to establish a view on the robustness of the scoring in the dashboard for a particular area and this review has focused on the major objective 'delivers the outcomes our customers want'. Overall PA has noted that the quality status and progress scores for this objective across the five price controls look to be justified. They have, however, noted that improvements are needed in evidence tracking and document control. They have recommended that further challenge is applied to the scores alongside improving evidence management and document control. The review report is included in Appendix 3.

3.4 The timing of these reviews has coincided with the appointment of a project manager to manage the evidence collation and data table completion process. We now have a robust process for data table population and approval, have introduced a document control process and are starting to build the evidence base. These actions have addressed the recommendations from both reviews.

4. ENHANCEMENT ASSURANCE

4.1 To support the ongoing development of our enhancement programme we engaged Mott MacDonald (MM) to undertake a review on the two major areas of enhancement expenditure; namely resilience and the Water Industry National Environmental Programme (WINEP). These programmes account for approximately 65% of the proposed enhancement expenditure and therefore could significantly impact customers' bills. The assessment formed two parts:

- technical assurance against the development of the programme in-line with Ofwat's final methodology and initial assessment of business plan test areas; and
- cost assurance to provide cost certainty and a comparative view on unit cost modelled rates benchmarked against industry peer standards.

4.2 MM's overall observation is that we have made good progress in the areas of resilience and WINEP under the enhancement programme. Their key recommendations are as follows:

- We recommend NWG identify a consistent approach and format for the development of methodology statements for each of the lines in the PR19 tables that relate to the Resilience and WINEP programmes. Ofwat may review the method statement as part of their initial assessment or deep dive. A consistent, documented and assured approach that is clear and unambiguous will enhance the robustness of the investment case.
- Whilst we have observed that technical reports, investment optioneering and feasibility studies, have been produced for some of the projects, not all the information has been collated into a business case format. A comprehensive business case is an effective way to communicate to Ofwat the needs and drivers of the investment, the requirements and solutions to address the needs, and the rationale for the preferred option. The business case will allow NWG to explain how the investment case has been shaped around customer preferences and satisfies regulatory requirements.
- We observed that allocation of enhancement investment drivers to some of the resilience investments were not always clear. Ofwat will apply a high level of scrutiny to the enhancement expenditure to ensure customers are not asked to pay twice for the delivery of the same outcome. We suggest NWG develop and document a strong narrative and arguments regarding allocation of investments to enhancement drivers.
- We have found that overall, the costing approach for the PR19 Enhancement Programme to be in-line with the industry. Of the 20 Process Models that were submitted for analysis, we were only able to assess 15 either due to a lack of comparator data, or the absence of a NWG model. Of the 15 models assessed, the majority achieved a minimum score of "Aligned" to industry with more than half achieving "Robust". We would recommend targeting models where we only have one comparator (currently three models) to ensure we get a robust figure to benchmark against.
- The assessment of NWG On-Costs suggests that for Clean Water, other than the low value banding, NWG on-costs are similar (if not slightly below) to that witnessed by the industry. The same trend is visible within the waste water investment area. We would recommend trying to improve this assessment by increasing the sample to cover actual completed NWG projects as opposed to utilising a composite model.

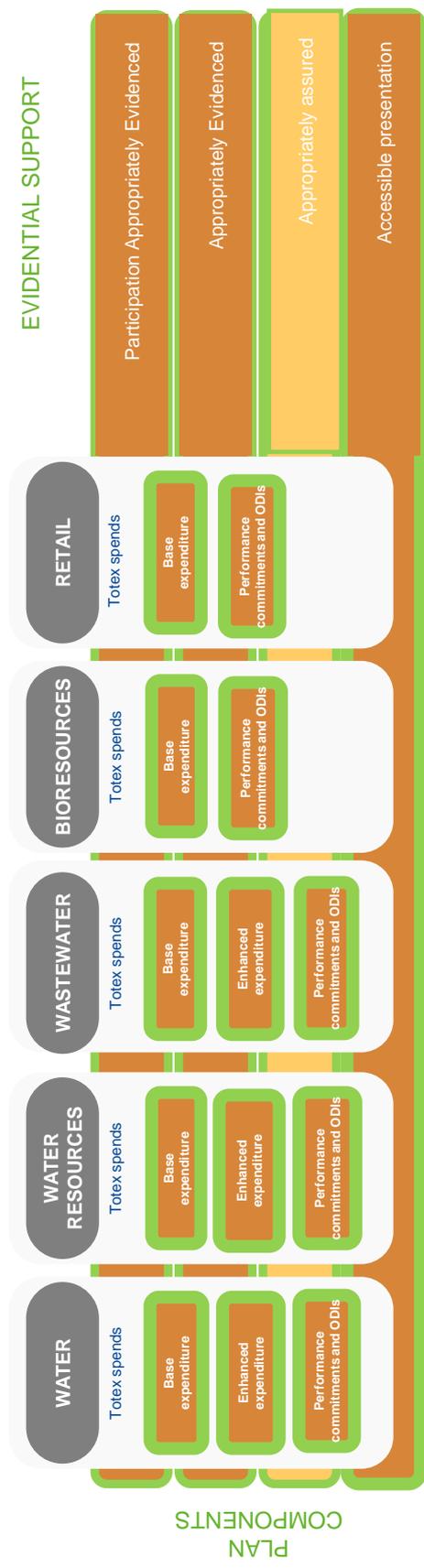
4.3 MM's review findings and recommendations are welcomed and accepted. As we continue to refine and finalise the enhancement programme we will ensure that consistent and robust methodology statements and business cases are developed to support the proposed expenditure. Development of robust business cases for all resilience schemes will also allow us to demonstrate the enhancement investment driver. We will also refine our cost model data to ensure it supports the proposed expenditure. The final enhancement programme including business cases will be submitted to the April PRSG and May PR19 Board Sub-Group for approval.

5. RECOMMENDATION

The Water Forum is asked to note the progress made on the programme illustrated through the quality assurance dashboard and the action being taken to address the findings of the assurance reviews.

**CAROL CAIRNS
PR19 Programme Manager**

5 March 2018



PROGRAMME ASSURANCE REPORT – INTERNAL AUDIT

PURPOSE OF PAPER

As described in the PR19 Assurance Framework we are required to carry out regular reviews of the programme dashboard to ensure that steady progress, in line with plan, is made towards the submission of the Business Plan.

This is our second review of the content of the dashboard. Outside of these reviews we have had input into the design of the dashboard and also the methodology, questions and evidence tests.

One area was chosen for an in depth review by PA Consulting and the results of this review will be reported separately. The area chosen for this iteration of the dashboard is “Delivers the outcomes our customers want”.

The Internal Audit Review was broader and took an overview of all other elements of the dashboard to include “major objectives”, “plan components” and “evidential support”.

We followed a similar process in October although last time PA focused on “Is resilient and stable in the long term” for their deep dive.

The October review identified a number of issues the majority of which were raised by both PA Consulting and Internal Audit. The exception being PA’s findings on Resilience in the Round which related specifically to their area of focus for the last review.

I have detailed below the issues raised by both teams and whether these are closed or remain open:

RECOMMENDATIONS – OCT 2017	MANAGEMENT COMMENTS – OCT 2017	UPDATE ON ACTIONS
<p>Work Stream Lead review:</p> <p>It is clear that work stream leads require some support and challenge to ensure that proper evidence is provided, that they are not under/over stating progress and that any questions on what the requirements are can be answered. Internal Audit can provide a limited amount of support but some more permanent resource, at the appropriate level, should be identified.</p>	<p>A Quality Dashboard Review Group has been established as part of the quality plan process comprising the Strategic Planning and Economic Regulation leadership team. The purpose of this group is to peer review the monthly dashboard updates reviewing the scoring and associated evidence prior to submission to the Programme Board. Feedback and challenge is provided to the work stream leads to ensure the dashboard is being completed consistently.</p> <p>The “Risks – operational & incentives” plan component has now been reviewed against the Ofwat draft methodology and questions developed for these sections. These questions will be scored at the next update in early November.</p>	<p>The Dashboard Review Group continue to meet to challenge Work stream Leads scoring.</p> <p>All questions have now been developed and scores sought in the areas highlighted.</p> <p>This issue is therefore closed.</p>

RECOMMENDATIONS – OCT 2017	MANAGEMENT COMMENTS – OCT 2017	UPDATE ON ACTIONS
<p>Evidence collection:</p> <p>All evidence used as support for the dashboard should be included in the evidence library and appropriately signposted. This may require some administrative support to ensure that the library is maintained. This is not just support for the dashboard but ultimately will be provided to support to the Business Plan “stories” themselves. It is therefore important the evidence is available and properly referenced to facilitate easy access.</p>	<p>Recruitment for a Technical Communications Assistant is currently underway to support the evidence collation and technical written content that supports the evidence. This role will provide the support recommended. We plan to have this role in post for January 2018.</p>	<p>This role was recruited, at the end of January 2018. As the individual has only been in post for a few weeks at the time of this review evidence tracking and “signposting” continues to be an issue. This should be resolved in time for the next dashboard assurance review in May 2018.</p>
<p>Project Plan:</p> <p>The project plan needs to be aligned with the key requirements of the dashboard components to enable the status against the plan to be confirmed.</p>	<p>A review of the programme plan against the dashboard components is currently underway with the intention of mapping the dashboard component to plan activity. This will enable a more objective assessment of progress on the dashboard. Once this is available the Internal Audit team will undertake a further review to verify the progress status scores.</p>	<p>A very detailed programme plan has been completed and this is referenced to the dashboard. This gives assurance that the progress against plan scoring is appropriate given the actions that have been completed to date.</p> <p>This issue is therefore closed.</p>
<p>Senior Manager Review:</p> <p>A review of the dashboard, at appropriate intervals, should be carried out by the relevant ELT member to ensure that they are happy with the answers given and the evidence provided.</p>	<p>Each dashboard component has been assigned a provider and owner and the update process requires the owner to sign off the status scores. It is noted that there is currently no evidence of this part of the process. The score update process is to be amended to evidence owner sign off.</p>	<p>A process has been introduced, however there was evidence of only one senior manager sign off at the time of the review. This item therefore remains open and has been raised again as part of this review.</p>
<p>Overall Quality Status Score:</p> <p>Given the breadth of areas in RitR and the differing facets of Sustainability, the Dashboard Review Group should seek additional information to substantiate the scoring provided. For example in relation to the RitR, this could simply be a score per area in response to the question regarding how the plan demonstrates Resilience related delivery activities.</p>	<p>Taking on board the observation regarding the 14 areas we will adapt the dashboard and split the ‘How well does the plan demonstrate resilience related delivery activities?’ question into these 14 areas and score them individually.</p>	<p>The dashboard now reflects the 14 areas as described.</p> <p>This issue is therefore closed.</p>

As evidenced above, the majority of issues are now closed with the only two outstanding relating to evidence collection and “signposting” and senior manager review.

One area that we would highlight as requiring more focus is “innovates & borrows best practice” for the majority of the assessment the score is criteria 1 (not yet started) . The mathematical average is 2 and therefore it has been scored as “some progress” in the dashboard itself. This in is borderline as the evidence available is limited.. It would have been good to have had evidence of a senior manager review to have their support for the overall score. The above illustrates the need for both the senior manager review and the careful collection and signposting of evidence. This area clearly needs more attention and unless progress can be demonstrated quickly this will need to be flagged as red in the programme plan.

No additional areas were identified that need to be raised as part of this review.

Conclusion

The two issues outstanding from the previous review should be resolved as soon as possible in order that evidence can be truly supportive of the assessment and we can be sure that the overall assessment has senior manager’s support.

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14 FEBRUARY 2018

ASSURANCE REVIEW – PA CONSULTING

PURPOSE OF PAPER

As part of NWL's PR19 Assurance Framework, PA Consulting (PA) is scheduled to conduct a series of three assurance reviews over the lifetime the PR19 development Programme. Each review is focussed on a different aspect of the Quality Dashboard (the Dashboard that NWL is using to help assure the development of its plan) and forms part of the three levels of assurance being applied to the programme:

- Level 1 – Management Assurance (scoring of the Dashboard areas by the “Providers¹”, subject to review by the Dashboard Review Group);
- Level 2 – Independent Internal Assurance (broad review of the scores across the Dashboard); and
- Level 3 – External Assurance (specific review of an agreed area on the Dashboard).

These three levels of assurance complement the Critical Friend support being provided by KPMG which focusses on the content of the Business Plan.

The objective of each of PA's planned reviews is to establish a view on the robustness of the scoring in the Dashboard for the relevant area (both the Quality Status Score and the Progress Score) and to identify any findings and associated recommendations. This paper presents the results of the second review which has focussed on the Major Objective identified in the Dashboard termed “Delivers the Outcomes our customers want”.

APPROACH

The review was based on:

- A copy of the Dashboard (in ppt) and evidence pack provided at the start of the review, including the Quality Dashboard Spreadsheet and links to evidence on Live Link;
- Telephone and face-to-face discussions with members of the programme team; and
- Additional evidence and information provided over the course of the review in response to requests.

Details of the above are provided in Appendices B and C to this document.

A draft of this report (v0.1) was delivered to NWL on 28 January 2018. A final version (V1.0) which reflected comments received, further discussions and additional evidence reviews was delivered to NWL on 11 February 2018. This version (V1.1) simplifies the Findings section by focussing on the Recommendations, moving the details of the observations and findings to an appendix (Appendix A).

CONTEXT

The “Delivers the Outcomes our customers want” area of the Dashboard addresses a key part of the business plan with contributions coming from each of the five price control areas. As the title suggests, its focus is on ensuring that the Outcomes being developed for each price control area contain a robust narrative that explains:

- Performance in the current AMP, including having explained to customers where shortfalls in performance have occurred / are expected to occur and what the company is doing / plans to do to address this; and

¹ “Providers” refers to those individuals assigned to complete the Dashboard. They may be workstream leads, authors of the specific area of the Business Plan or other individuals. The term refers to the fact that they are “providing” the scoring and supporting text when completing the Dashboard.

- Performance commitments for future AMP(s), how these differ from current commitments, the activities required to achieve them and evidence of customer buy-in.

At this point in the development cycle of the business plan, evidence is beginning to build and a detailed review of the evidence across all five price control areas for all Assessment Questions in the “Delivers the Outcomes our customers want” area is not possible within the time and budget available. Therefore this review has looked at a high level across all areas, coupled with a deeper dive into sample evidence, all with the aim of establishing a view on the robustness of the scores in the Dashboard.

PROVIDED SCORES

The Dashboard (a copy of which is contained in the PRSG meeting pack) identified the overall Quality Status Score as 2 (Some Progress – denoted by the Amber colouring) for all five price control areas and Progress Scores of Green (On Target or Ahead of Target) for all areas.

Delivers the
outcomes our
customers
want

The detail supporting the scoring was provided in the accompanying Quality Dashboard Spreadsheet and showed the assigned Quality Status Scores to each of the Assessment Questions in the Dashboard – these questions were divided into three areas:

WATER

WATER RESOURCES

WASTEWATER

BIORESOURCES

RETAIL

- Performance in the current AMP: for which a mixture of Quality Status Scores of 2 (Some Progress) and 3 (Substantial Progress) were provided;
- Future AMP(s): for which a Quality Status Score of 2 was assigned in virtually all cases²; and
- Evidence: where a Quality Status Score of 2 was provided for all bar one of the questions – the remaining question having been assigned a 3.

The Quality Dashboard Spreadsheet also contained some additions from previous versions to assist Providers in assessing the score for each Assessment Question. This information was added by the Programme Office – further detail is provided in Appendix D to this document.

FINDINGS

The table on the following pages sets out only the main findings of the review, the recommendations and the management comments in response. Appendix A provides further observations and information from the review.

² There are a few exceptions to this, in particular there are some instances where a score of “N/A” was assigned – for example in relation to Performance in the current AMP for the Bio-resources area where no specific Performance Commitments were identified for AMP6 – and in one instance (again in Bio-resources) a score of 3 (Substantial Progress) was assigned.

FINDINGS	RECOMMENDATIONS	MANAGEMENT COMMENTS
<p>In summary, the Quality Status Scores and Progress Scores identified on the Dashboard for each of the five price control areas for “Delivers the Outcomes our customers want” look to be justified. However evidence tracking between the Dashboard and the evidence base in Live Link needs improvement and there is little evidence of any document control. The key findings are as follows:</p> <ul style="list-style-type: none"> • In most cases there was very limited signposting between the Dashboard and the Evidence base making tracking the evidence against specific responses difficult – the exception to this was for the Customer workstream where there were links in the Dashboard to the identified evidence • In two cases, the Dashboard referred to evidence documentation which was not in the Live Link library: “Customer engagement strategy” (Water Resources) and “Existing customer evidence against strategies – limited evidence” (Water) – referencing to such documents needs to be improved • Live Link contained a number of documents which were not referenced by the Dashboard, making their relevance unclear • Evidence for Water Resources in Live Link was a direct copy of that for Water, but with the addition of a link to the WRMP. How these sets of evidence allocate between the two price controls was unclear • The only evidence in Live Link for Bioresources was the Wastewater Strategy Document which, while providing a good description of the aims for Bioresources, provided little information on Outcomes and PCs for the area • The documents in Live Link did not contain any document control information. As such it was not possible to determine their status (Draft, Reviewed, Approved), when they were written or how they linked to the business plan • As a result of the above it was 	<p>Quality Dashboard Review Group to apply further challenge to the Quality Status Scores, particularly where justification refers back largely to the Strategy documents signed-off last October.</p> <p>Ensure the evidence base references the work being undertaken by the MoS, PC&I workstream.</p> <p>Improve the evidence bases in particular for both Bioresources and Water Resources.</p> <p>Improve the signposting for all Price Control areas (other than Customer as the linkages between Evidence and questions is clear already).</p> <p>Focus work on evidence management such that there is a clear linkage between the requirements set out in the Dashboard (as a proxy for the required contents of the Business Plan) and the evidence.</p> <p>Implement a clear document control process such that the status of documents can be clearly established (this will help facilitate the work of Evidence management).</p>	<p>The Quality Dashboard Review Group provides oversight to the Senior Manager sign off process which should apply the relevant challenge to the scores at their monthly meetings.</p> <p>Triangulation has now occurred which has brought all the evidence together and has been shared with the workstreams. Future scores will reflect the progress from the strategy documents.</p> <p>A Project Manager has been appointed to manage evidence collation. They will work with the workstreams and Lead Author to establish the evidence base and ensure it aligns to the Initial Assessment of the Business plan requirements. Alignment of the evidence to the dashboard and the content structure will then be undertaken. This work will be implemented by the next review.</p> <p>A document control process has been designed and agreed with the Lead Author. It is currently being briefed to the workstreams and will be implemented by the end of February. The PMO will be responsible for managing the process.</p>

<p>difficult to determine which documents (if any) had been produced since the Strategy Documents in October 2017 (the only documents known to have been formally signed off) and, therefore, establishing progress since October 2017 was difficult.</p> <p>Following discussion of the draft version of this report and the initial set of Findings and Recommendations, further evidence was provided³ of progress in relation to the development of Outcomes and PCs in this area and a discussion held with the workstream lead for Measures of Success, Performance Commitments and Incentives (MoS, PC&I). This provided a good summary of the work to-date and the current status of the development of the PCs across the price controls.</p> <ul style="list-style-type: none">• The Dashboard did not refer to any of the work being undertaken by the MoS, PC&I workstream and instead (in many cases) it referred to the Strategy Documents approved last October, inferring little progress since then – above evidence from the MoS, PC&I workstream makes clear that this is not the case and progress is being made. <p>Overall work is required to ensure the linkages between the evidence and the intended narratives in this area are clear. It was noted during one of the discussions that a person has now been appointed to manage the evidence base (as was indicated would be the case at the previous Assurance Review). Many of the Recommendations from this review will likely fall to this new resource to implement.</p>		
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19 February 2018

³ Draft presentation to the 8 February Programme Board titled “Triangulation”

Appendix A – Further observations and findings

The table below sets out the Observations and Findings from the review. The key Findings are set out in the main body of the document and are covered again in this Appendix. Recommendations and the associated Management Responses are contained in the main document only.

OBSERVATIONS / FINDINGS
<p>Overall Quality Status Score:</p> <p>The following considers the scoring across the five price control areas split into the following two elements:</p> <ul style="list-style-type: none">• Performance in current AMP⁴; and• Future AMP(s). <p>The text for the first element address all relevant price controls together while for the second element the price controls are addressed separately.</p> <p>Performance in current AMP</p> <p>The mix of scores of 2 and 3 seem well justified.</p> <p>Recent promotion to Self-Assured under Ofwat’s Company Monitoring Framework provides testament to the quality of evidence and assurance surrounding reported performance. The Annual Performance Report provides details of current and projected performance within the AMP, and when coupled with the consultation on strengths and weaknesses, provides a good evidence base for addressing the key Assessment Questions and should be easily translatable into the narrative. Therefore scores of 3 in relation to the first two Assessment Questions are a fair reflection.</p> <p>For the Assessment Question relating to feedback from customers, the results (as existed at the time) were reported to the Water Forum in June and opportunity provided for discussion across all performance areas. Scores of 2 reflect the need for further work in this area. The exception is for Wastewater where feedback was minimal as the company is on track to hit AMP6 PCs, resulting in a score of 3.</p> <p>Evidence relating to the Assessment Questions on shortfalls and recovery actions point to the Strategy papers approved in October 2017. These papers provide a significant level of information regarding planned targets in each area (reflecting both existing targets / performance as well as possible new areas to consider) and whether the company should “go for Upper Quartile” performance in the next AMP. From PA’s involvement in the programme we are aware that these documents were subject to considerable discussion and review prior to being presented to PRSG in October, providing confidence in the depth and coverage. As a result Quality Status Scores of 2 in relation to these areas are reasonable. The scores for Water Resources are bolstered by the Water Resources Management Plan (WRMP), resulting in a 3 which also seems fair.</p> <p>Future AMP(s)</p> <p><u>Water</u></p> <p>Work has begun on the overall narrative, drawing on the Strategy document, Outcomes review document and others. It highlights leakage and supply interruptions as top priorities for customers. The current draft begins to describe the approach and targets, including plans for changes to current PCs, such as setting a more challenging target to reduce all supply interruptions (not just those > 3 hours). Work is understood to be well advanced on almost all common PCs⁵ and there was a body of evidence in Live Link relating to bursts, leakage and interruptions, including technical and costing methodologies and draft narratives.</p> <p>A substantial amount of the evidence for the Water area seemed to have been developed / modified since the Strategy was approved in October, providing an indication of good progress since then. Work on bespoke PCs was reported verbally as not being particularly advanced – this was reflected by no evidence</p>

⁴ Excluding Bioresources since, as noted above, no commitments were given for AMP6 in this area.

⁵ The exception being for unplanned outages where work is ongoing at an industry level to understand how to move from the current measure to one which is asset health based.

on bespoke PCs in Live Link. The Triangulation process, designed to bring together the various elements of customer research to establish a view of the proposed targets and costs for achieving them, was scheduled for 2 days w/c 29 January (see below).

Documentation regarding Leakage was studied in more detail, although, as noted in the Evidence section below, tracking through the documentation in Live Link was difficult. A draft narrative (titled "PR19 Leakage – Questionnaire") sets out proposed targets, compares them with current performance and sets out the work and costs to hit the targets. The evidence pack in Live Link also included (amongst other documents) a Technical Methodology, a Cost Estimation Methodology and a document setting out the approach to determining the target, interventions and investment requirements ("PR19 Methodology for Leakage"). As referenced in the Evidence section below, it was not possible to determine the status of these documents (Draft, Reviewed, Approved etc.), nor any other information regarding their creation (Author, date, intended reviewer, how they link to each other or the overall business plan). One of the documents (the "PR19 Methodology for Leakage") did contain slots for the name of the Author, Approver and dates for when each signs the document off, but these were populated with "xxxxx". Recommendations to address this are provided in the Evidence section below.

Subsequent to the delivery of the draft of this report, further evidence was provided of progress in relation to the development of PCs in this area⁶ and a discussion held with the workstream lead for Measures of Success, Performance Commitments and Incentives (MoS, PC&I). While this provided a good summary of the work to-date and the current status of the development of the PCs, no reference was made to the work by the Dashboard (for this price control or any other price control area).

Overall the assigned Quality Status Scores of 2 (Some Progress) is reasonable.

Water Resources

It was explained in the meeting with the Water team that Water Resources is being progressed as part of the work on Water (given that upstream and network activities directly link to the core Outcomes for the Water business). Analysis for the PC on drought risk was reported as having been completed and showed a healthy position with no risk of shortages for the foreseeable future (supported by a statement on supply security in the APR). As such there was considered little to address in terms of PCs, other than for water trading where it was stated that some work had been done (in relation to the bulk supply agreement with Thames Water). The WRMP (highlighted earlier as a source of evidence for current performance) had recently been subject to Audit (by PWC).

The Evidence base (as noted below) replicated that for Water, with the addition of the WRMP. However the Quality Dashboard Spreadsheet referred to "customer engagement strategy". The Quality Dashboard Spreadsheet also stated an "Initial bespoke meeting held". There was no evidence in Live Link that related to these points.

This area was not studied in detail but tracking some of the evidence to support the Quality Status Scores was difficult. The Water Strategy sets out the aims for Water Resources and the proposed work for common PCs which covers some of the Assessment Questions, but others (in particular in relation to explaining how Outcomes and PCs are changing and engagement with customers on these matters) were less clear. Drawing a firm conclusion on all the Quality Status Scores based on this was not possible. The additional point of reference for the scores were the "Activities" and "Baseline completion" data which, based on the information reported in the Programme Plan, would suggest a Quality Status Score of 2 to be correct.

Subsequent to the delivery of the draft of this report, the aforementioned further evidence (footnote 7) was provided to demonstrate progress in relation to the development of PCs in this area.

Taking all this information together a Quality Status Score of 2 (Some Progress) is reasonable.

Wastewater

For evidence supporting the indicated Quality Status Score, the Dashboard referred to:

- the Wastewater Strategy;

⁶ Draft presentation to the 8 February Programme Board titled "Triangulation"

- meetings on Bespoke Outcomes in November and December (in relation to explaining changes in Outcomes / PCs, the activities required to deliver these changes and how poor performance is to be addressed); and
- the presentation of the sprint output to the Innovation Festival (w.r.t. explaining changes in Outcomes to customers).

Discussions with the team reported that work on Outcomes had only recently begun (with the focus up until now having been on Enhancements) and hence the reliance on the Strategy document at this stage for much of the evidence.

The work to define UQ and the associated costings was reported as largely completed (except for collapses where the Convergence work has altered the measurement). From the evidence on Live Link this seems to have been largely undertaken last year and captured in the Strategy document.

Work on defining targets and the costs of achieving these was reported as ongoing with some substantial progress in some areas. The "UQ Costings" folder on Live Link contained some information to support this statement with respect to Sewer Flooding, but not for other areas.

The "Bespoke meetings" referred to in the Dashboard were identified as being two of many that had taken place. The Bespoke Measures folder on Live Link contained information indicating progress was being made, including references to a Board sub-group meeting in December.

The testing of Outcomes and PCs at the Innovation Festival obviously preceded the Strategy document and the customer views were used to inform that document. The Innovation Festival only considered current Outcomes and PCs. New Outcomes and PCs were reported to have been tested through Phase 2 engagement, the results of which were due shortly. The Triangulation process for Wastewater was scheduled for 23/24 January.

Subsequent to the delivery of the draft of this report, the aforementioned further evidence (footnote 7) was provided to demonstrate progress in relation to the development of PCs in this area. This presented the results of the above Triangulation process and confirmed the work on PCs was advancing.

Taking all the information together a Quality Status Score of 2 (Some Progress) is fair.

Bioresources

The only evidence in Live Link for Bioresources was the Wastewater Strategy document. This provided a good description of the company intention in this area but there was no other evidence available to show any progress.

The Dashboard referred to ongoing discussions with Ofwat in terms of defining the Outcomes and PCs. Discussion with the team confirmed that the data tables provided to Ofwat were now in the public domain and such discussions were therefore largely concluded.

In relation to the Assessment Question on poor performance, the Dashboard assigned a Quality Status Score of 3 and noted work was progressing to populate the cost tables. A link to the cost tables was provided subsequent to the provision of the draft of this report. Given this and NWLs high ranking performance in this area, a score of 3 relating to the "poor performance" question seems reasonable.

Subsequent to the delivery of the draft of this report, the aforementioned further evidence (footnote 7) was provided to demonstrate progress in relation to the development of PCs in this area.

Based on the Strategy document and the additional evidence mentioned above, a Quality Status Score of 2 (Some Progress) is reasonable.

Customer

Evidence here was well signposted with links in the Quality Dashboard Spreadsheet to the relevant evidence packs. However most of the evidence documentation predated the sign-off of the Customer Strategy in October.

The one area where the evidence in Live Link indicated work was on-going was on Bespoke Outcomes. The Bespoke Outcomes spreadsheet in the evidence indicated how the long list had been gradually narrowed. While information was limited, the spreadsheet flagged Zero Water poverty as Red, identifying the need for data. A cross check with the Programme Plan showed the tariff work for this Big Audacious Goal due to complete at the end of January and a paper for the Water Forum due to be prepared by mid-January, but no further specific mentions.

The Triangulation session was scheduled to take place at the end of January.

As with the earlier price control areas, subsequent to the delivery of the draft of this report, the aforementioned further evidence (footnote 7) was provided to demonstrate progress in relation to the development of PCs in this area. Furthermore, additional evidence in the form of a number of draft narratives was provided to demonstrate progress.

Overall a Quality Status Score of 2 (Some Progress) is appropriate for this area.

OBSERVATIONS / FINDINGS

Evidence collection:

There was a growing body of evidence posted on the Live Link site. The following observations were made in reviewing the Evidence:

- In most cases there was very limited signposting between the Dashboard and the Evidence base making tracking the evidence against specific responses difficult – the exception to this was for the Customer workstream where there were links in the Dashboard to the identified evidence
- In two cases the Dashboard referred to evidence documentation which was not in the Live Link library: “Customer engagement strategy” (Water Resources) and “Existing customer evidence against strategies – limited evidence” (Water) – referencing to such documents needs to be improved
- Live Link contained a number of documents which were not referenced by the Dashboard, making their relevance unclear
- Evidence for Water Resources in Live Link was a direct copy of that for Water, but with the addition of a link to the WRMP. How these sets of evidence allocate between the two price controls was unclear
- The only evidence in Live Link for Bioresources was the Wastewater Strategy Document which, while providing a good description of the aims for Bioresources, provided little information on Outcomes and PCs for the area
- The documents in Live Link did not contain any document control information. As such it was not possible to determine their status (Draft, Reviewed, Approved), when they were written or how they linked to the business plan
- As a result of the above it was difficult to determine which documents (if any) had been produced since the Strategy Documents in October 2017 (the only documents known to have been formally signed off) and, therefore, establishing progress since October 2017 was difficult

Evidence scores of 2 for all areas seem to be fair, but there remains some work to ensure the linkages between the evidence and the intended narratives in this area are clear. It was noted during one of the discussions that a person has now been appointed to manage the evidence base (as was indicated would be the case at the previous Assurance Review). This is welcomed and we would expect considerable progress to have been made in clarifying the linkages that at the time of the next Assurance Review.

OBSERVATIONS / FINDINGS

Programme plan:

Adding the Activity and Baseline completion columns to the Dashboard was helpful in determining both Quality Status and Progress scores. The Programme Plan runs to over 2800 lines and is complex to follow – this is to be expected given the complexity of the programme. Identifying key activities and dates against Dashboard activities – acting like Milestones – is therefore very helpful.

Subsequent to the provision of the draft version of this report, dependency tracking evidence was provided in the form of a spreadsheet. While complex to follow it was felt that this provided a clearer picture than would be achieved by illustrating the multitude of dependencies through MS Project.

Progress tracking was subject to further challenge and discussion subsequent to the provision of the draft of this report. Ideally, progress tracking should be based on output rather than on elapsed time. However, in a programme such as this, identifying progress by output is complex. As a result it was reported that while progress tracking is time based, it is directly linked to information provided by the workstreams on forecast completion dates. Changes to such dates can be compared to the Baseline Plan date as a way of identifying any slippage.

Progress Scores of Green (On Target or Ahead of Target) are fair for all price control areas.

Appendix B – Basis of the review

The review was undertaken on the basis of the following:

- a snapshot of the Dashboard (in ppt format) as sent to PA on 12 January 2018
- the completed Quality Dashboard Spreadsheet accompanying the above snapshot and containing the specific responses (scores, commentary and supporting information on planned activities / dates) to each of the Assessment Questions underpinning the Dashboard
- the evidence base for “Delivers the Outcomes our customers want” contained on the Live Link system as at 18 January 2018
- a copy of the Programme Plan⁷ issued to PA on 17 January 2018.

The document review was supplemented with:

- a telephone call with Jim Strange on 19 January covering performance in the current AMP across all price control areas
- a series of face to face meetings with representatives from each of the Water, Wastewater and Customer (Retail) work-streams on 22 January 2018
- a number of email exchanges to provide additional evidence and address matters identified during the review in preparation for the provision of the draft report on 28 January 2018
- discussion of comments on the draft report with Carol Cairns and Gareth Anderson on 5 February 2018
- further evidence provided in relation to narratives for the Customer workstream, cost tables for the Wastewater workstream and UQ costings for Wastewater, followed by a further call with Jim Strange to discuss the results of the Triangulation process (and the provision of a draft of his Triangulation presentation to the Programme Board on 8 February).

⁷ Update 180105 PR19 Detail Programme Rev 3.pdf

Appendix C - Evidence list

The embedded document identifies the evidence considered in the review.



Evidence Summary
Index.pdf

Appendix D – Additional information in the Quality Dashboard Spreadsheet

As noted earlier in this document, the Quality Dashboard Spreadsheet which accompanied the Dashboard (in ppt) contained some additions from previous versions to assist Providers in assessing the score for each Assessment Question. This information was added by the Programme Office and comprised:

- Activity IDs from the Programme Plan which, once achieved, would be considered as signalling the achievement of a specified Quality Status Score;
- The date from the Baseline Plan associated with the above Activity; and
- A brief description of the Activity task.

For example, the extract below shows the information set out in the Quality Dashboard Spreadsheet for “Delivers the Outcomes our customers want” for Bio-resources for one of the Assessment Questions relating to Future AMP(s).

BIORESOURCES		Delivers the outcomes our customers want			Activities			Baseline completion				
Assessment Criteria	Questions / demonstration	Score (1-)	Evidence	Amber	Yellow	Green	Amber	Yellow	Green	Task Description	Comments	
Future AMP(s)	Where there have previously been areas of poor performance, how well does the plan explain the steps taken to improve performance?	3	Information all available working towards populating Cost tables	78	1842	4093	06/03/2017	26/03/2018	30/03/2018	Development of Strategy Documents, bespoke measure development, business plan content		

In this example, the Provider has assigned a Quality Status Score of 3 (Substantial Progress) and in doing so the Provider is suggesting that the Activity identified in the Programme Plan with the ID 1842 has been completed (ahead of the date identified in the Baseline plan).

In discussion with the Programme Office, this additional information is included to give some guidance to Providers in assessing the degree of progress, both in terms of the Quality of the emerging documentation and the Progress against the planned activities. It is not a replacement for the judgement the Providers need to apply when assessing the scoring.