

# A GUIDE

to our plan

**NORTHUMBRIAN**  
**WATER** *living water*

**ESSEX & SUFFOLK**  
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## Welcome to a guide to our plan

<b>Welcome and Executive summary</b>	<b>1.0 Statement by the Water Forums' Chair</b>	<b>2.0 Co-creating our plan</b>	<b>3.0 Delivering outcomes for our customers</b>
<b>4.0 Measuring and incentivising success</b>	<b>5.0 Price controls and customers' bills</b>	<b>6.0 Harnessing markets</b>	<b>7.0 Securing cost efficiency</b>
<b>8.0 Aligning risk and return</b>	<b>9.0 Accounting for past performance</b>	<b>10.0 Governance and assurance</b>	<b>Appendices</b>

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## Linking to Ofwat IAP test areas

Our business plan has been assessed against nine key test areas, as part of Ofwat’s ‘Initial assessment of business plans’ (or IAP). It has been revised in line with IAP feedback.

In the following pages we have highlighted across our plan where the content maps to the test areas in each of our plan’s ten sections. We have done this using the following abbreviations:

- EC Engaging customers
- AV Addressing affordability and vulnerability
- OC Delivering outcomes for customers
- LR Securing long-term resilience
- CMI Targeted controls, markets and innovation
- CE Securing cost efficiency
- RR Aligning risk and return
- PD Accounting for past delivery
- CA Securing confidence and assurance

Please note that the content in our welcome and executive summary links to all of the test areas in summary format, with expansion on this content throughout the plan.

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## Linking to Ofwat IAP test areas

### 1.0

#### Statement by the Water Forums' Chair

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1.0 Statement by the Water Forums' Chair



### 2.0

#### Co-creating our plan

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2.1 How our customers have shaped the plan



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2.2 How the independent Water Forums have shaped the plan



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2.3 How our stakeholders have shaped the plan













## Linking to Ofwat IAP test areas

### 3.0 Delivering outcomes for our customers

3.0	Delivering outcomes for our customers	   
3.1	 Unrivalled customer experience	  
3.2	 Affordable and inclusive services	   
3.3	 Reliable and resilient services	   
3.4	 Leading in innovation	  
3.5	 Improving the environment	 
3.6	 Building successful economies in our regions	 




### 4.0 Measuring and incentivising success

4.1	How we will incentivise good performance	 
4.2	Developing bespoke PCs	 
4.3	Setting PC levels	 
4.4	Developing the ODIs	 
4.5	Incentivising delivery of enhancements	 

## Linking to Ofwat IAP test areas



### 5.0

#### Price controls and customers' bills

5.1	Overview	
5.2	Factors driving the changes in bills	
5.3	Bill profile over time: smoothed and unsmoothed	
5.4	Setting the five individual price controls	
5.5	Setting prices for water resources	
5.6	Setting prices for water network plus	
5.7	Setting prices for water resources	
5.8	Setting prices for wastewater network plus	
5.9	Setting prices for household retail	
5.10	Develop services charges	
5.11	Bills beyond 2025	









### 6.0

#### Harnessing markets








6.0	Harnessing markets	
6.1	Water resources market	
6.2	Bioresources market	
6.3	Direct procurement market	
6.4	Non-household retail market	
6.5	Local network market	
6.6	Developer services market	
6.7	Our approach to markets	

## Linking to Ofwat IAP test areas

### 7.0 Securing cost efficiency








7.1	Our approach to efficiency	
7.2	Transformational innovation to deliver efficiency post 2020	
7.3	Base modelled totex (as defined in Ofwat's March 2018 consultation)	
7.4	Setting our stretching 2020-25 annual efficiency target	
7.5	Unmodelled base totex	
7.6	Cost adjustment claims	
7.7	Enhancement schemes	
7.8	Independently evidenced track record of delivering efficiency over 2015-20	

### 8.0 Aligning risk and return













8.1	Rates of return	
8.2	Cost recovery rates	
8.3	Financeability	
8.4	Financial resilience	 
8.5	Sharing of benefits	  

## Linking to Ofwat IAP test areas

### 9.0 Accounting for past performance

9.1	Our track record	
9.2	How we are performing in 2015-18 and forecasts for 2018-20	
9.3	Scheme specific performance commitments	
9.4	Performance on major incidents	
9.5	Ensuring transparency	
9.6	Reconciliation of 2015-20 performance	
9.7	Summary PR14 revenue and RCV adjustments	

### 10.0 Governance and assurance

10.0	Governance and assurance	
10.1	Compliance with the UK CGC	
10.2	Risk management	
10.3	Our 'business as usual' assurance approach	
10.4	Our PR19 assurance approach	
10.5	Our PR19 assurance framework	
10.6	Assurance activity	
10.7	Assurance that the plan will deliver our commitments	
10.8	Having a good record of producing data	
10.9	Assurance of the business plan tables	
10.10	Innovation Panel	
10.11	Board Assurance statement	



## Linking to Ofwat IAP test areas

# APPENDICES

1.1	Glossary of the acronyms	
1.2	Published documents	EC AV LR CMI RR CA
2.1	Our approach to triangulation	EC LR CMI
2.2	Customer engagement executive summaries	EC LR CMI
2.3	NWG PR19 research tool	EC LR CMI
2.4	NWG PR19 Acceptability Engagement	EC LR CMI
2.5	Our Plan 2020-2025 Essex & Suffolk Water and Northumbrian Water	EC LR CMI
2.6	Long Term Water Quality plan	EC LR CMI
3.1	Extraordinary Leadership Programme	LR CMI
3.2	Enhancement business cases	AV LR CMI
3.3	Our approach to void properties and gap sites	AV CMI
3.4	Resilience Framework Independent Assessment	LR CMI
3.5	Workforce 2020-25 Strategy	LR CMI
3.6	Resilience Assessment Final Report Too critical to fail sites	LR CMI

3.7	DWMP Implementation Plan	LR CMI
3.8	Digital Vision 2020-25	CMI
3.9	WINEP Cost Adjustment Mechanism	CE
4.1	Bespoke Definition Resubmission	EC OC
4.2	Performance Commitments Evaluation	EC OC
4.3	Data Table Submission Commentary	EC OC RR
5.1	Separate Price Controls Analysis	CMI
5.2	Review of Bioresources RCV allocation – Economic Insight, April 2018	CMI
5.3	Review of Water Resources RCV allocation – Economic Insight, May 2018	CMI
6.1	Bid Assessment Framework	CMI
6.2	Bioresources Strategy	CMI
7.2	PR19 Retail household IPP analysis and evidence	CMI CE
7.3	VOA Alteration Impact Report _WS7	CE
7.4	Uniform Business Rates Revaluation 2017 – Northumbrian Water - Letter to D Alborough WS7	CE

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## Linking to Ofwat IAP test areas

# APPENDICES (Continued)

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8.1 Our approach to taxation



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8.2 Stress Test Evidence



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10.1 Data Assurance Reports



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Further information can also be found in Appendices to our IAP response.

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