

**Portsmouth Water’s Final Assurance Plan 2019/20**

**6 April 2020**

**Portsmouth Water’s Final Assurance Plan 2019/20**

**About this document**

This document is the third and concluding document in the Company Monitoring Process for 2019/20.

The first stage of the exercise was to consult on a Statement of Risks, Strengths and Weaknesses (the “Statement”) and invite comments from customers and other stakeholders on:

• the overall approach to the risk assessment undertaken;

• whether or not they agreed with our assessment of the Risks, Strengths and Weaknesses highlighted in the Statement; and

• which particular Performance Measure was of greatest importance to them

The consultation closed formally on the 20 December 2019. The outputs of this exercise have been used to inform the proposed assurance activities.

Having discussed our process and the Statement with a number of key stakeholders and having regard to written comments received from Ofwat in prior years, we have consulted upon our draft Assurance Plan (the “Draft Plan”). The consultation closed on 20 March 2020.

This Final Audit Plan explains what we are proposing to provide assurance against for the information we will publish in our 2019/20 Annual Performance Report, to ensure it is reliable and complete. In this document we consider the assurance in terms of two categories of data; ‘financial’ and ‘non-financial’. Non-financial data in the APR primarily consists of the Performance Measures which are the service level commitments we have made to our customers, whilst financial data is reported on through the audit of the APR Financial tables by the financial auditors.

The plan also recognises IN 20/03, published by Ofwat on 2 April 2020, which sets out their expectations for Company annual performance reporting 2019-20. This can be found on the following link: -

<https://www.ofwat.gov.uk/publication/in-20-03-expectations-for-monopoly-company-annual-performance-reporting-2019-20/>

The data referred to in this assurance plan has been used as part of our Business Plan we submitted to Ofwat in September 2018 and April 2019 and used for the next Price Review Period, 2020-25. It is has therefore been important that the performance data underpinning our future plans is well founded and has had appropriate third party assurance so that stakeholders can have trust and confidence in our Business Plan.

The APR is a document required by Ofwat and published annually. It contains both financial and non-financial information and is prepared in line with Regulatory Accounting Guidelines (RAGs) and other guidance published by Ofwat. The financial components of the APR are subject to financial audit by our auditors KPMG in line with UK auditing standards and the RAGs. The non-financial components are assured by our “Reporter”, Jacobs.

We would like to thank all of our stakeholders who have commented on the previous two documents. This has allowed us to publish this Final Assurance Plan for the data we will publish on our performance in 2019/20.

C:\Users\sm\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Outlook\2VXRQ0IV\COFFIN_MIKE (002).tif

**Michael Coffin**

**Independent Non-Executive Director and Chair of Audit Committee**

**C:\Users\sm\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Outlook\2VXRQ0IV\Orton Signature (002).tif**

**Helen Orton**

**Finance & Regulation Director**

**Who we are**

We have been supplying water to Portsmouth and the surrounding area since 1857. The area supplied by the Company extends through South East Hampshire and West Sussex from the River Meon in the west to the River Arun in the east, encompassing 868 sq. km.

**Our vision**

To supply high quality drinking water whilst providing excellent levels of service for our customers at the lowest price in the country.

**Our values**

Our values underpin how we behave in delivering all aspects of our work. There are Excellence, Respect & Integrity.

**Contents**

|  |  |
| --- | --- |
| 1. Background | 5 |
| 2. Assurance Framework  3. Assurance Activities | 6  11 |
| 4. Feedback from Stakeholders  5. Final Assurance Plan  6. Next Steps  Appendix 1 – Outcome of Risk Assessment  Appendix 2 – Sources of Assurance  Appendix 3 – Targeted Audit Plan | 13  14  16  17  19  24 |
|  |  |
|  |  |

1. **Background**

1.1 We publish our “Annual Performance Report” (APR) which enables stakeholders to assess how we performed against those measures of success that are regarded by our customers as being the most important factors (the “Performance Measures”). Our APR was published for the first time in 2015/16. The targets for the Performance Measures are the commitment the Company made to its customers following extensive customer engagement exercise carried out when we were preparing our business plans for the 2015-2020 period. This document refers to the fifth and final year of the current Business Plan period, 2019/20.

1.2 The Company recognises the importance of providing information to customers and other stakeholders that is; customer-led, relevant, reliable, complete, accurate, objective, understandable and timely. Our ongoing objective is to make information available that is easy to understand and which enables stakeholders to see how we are performing; this helps build trust and confidence in the business.

1.3 In June 2015 Ofwat published guidance, “The Company Monitoring Framework” which formalised the process through which they will oversee that stakeholders can have confidence in companies’ published Performance Measures.

1.4 Ofwat has acknowledged that Companies and their Boards are best placed to identify the risks, strengths and weaknesses associated with providing such information. To allow us to develop a “targeted” assurance plan, in November 2019 we again undertook a risk assessment for all relevant non-financial data that will be contained in the APR. This was an important exercise and was the basis of a Statement of Risks, Strengths and Weaknesses upon which we consulted. The consultation closed on the 20 December 2019.

This document is available on our website at

[www.portsmouthwater.co.uk/news/publications/company-monitoring-plans/](http://www.portsmouthwater.co.uk/news/publications/company-monitoring-plans/)

1.5 The second stage of the exercise was to consult on our draft Audit Plan. This described the audit processes the Company either has or plans to have in place to provide third parties with the confidence that the data we provide is accurate. That consultation closed on 20 March 2020.

Similarly this can be found on our website at

[www.portsmouthwater.co.uk/news/publications/company-monitoring-plans/](http://www.portsmouthwater.co.uk/news/publications/company-monitoring-plans/)

1.6 Having regard to all discussions and comments received, we now publish this Final Assurance Plan to explain how stakeholders can be confident that the data we will report in the 2019/20 Annual Performance Report is reliable and accurate. The items to be covered by the Audits are shown in Section 5.

# **Assurance Framework**

1. The information that we publish on our performance will be assured by the Board to maintain and build a high level of trust and confidence from our customers and stakeholders. For this to be effective, performance needs to be reported in a clear way and assured to an appropriate level. We adopt a risk-based approach to assurance, using internal and external review, to provide robust challenge and scrutiny of our published performance.
2. Supporting this process is an audit framework designed to allow monitoring and evaluation of the various aspects of our performance, to ensure that standards of data quality are being met.

This involves:-

* having appropriate governance arrangements
* close involvement by our Board in the assurance process
* the right level of independence in the process to provide third party review and challenge

This gives assurance to our Board, stakeholders and customers as to the level of performance and service that we are providing and reporting.

2.3 We consider that we already have in place robust processes and systems of control that provide the necessary internal assurance in respect of the reliability and completeness of the information published. For each of the Performance Measures, we will continue to apply these. However, in making this assessment we have undertaken robust challenges and sought feedback, as described in Section 1. The following summarises the processes and systems of control in place.

# **Governance Structure**

2.4 Within the business we have well-established governance and accountability processes. This is shown in Figure 1.

**Figure 1 Governance structure**

**Board**

2.5 The Board seeks assurance that risk management systems and processes are identified and risks are managed through the following:

* Monthly performance reports to the Board outlining achievement against Performance Measures
* Compliance with standards and guidance
* Assurance from the Audit Committee that the company’s data reporting is accurate, complete, reliable, relevant and timely
* Annual review of the Data Assurance Plan
* Board Assurance Framework
* Company’s progress against its strategic and corporate objectives.

This allows the Board to sign off the Annual Performance Report

**Audit Committee**

* 1. The Audit Committee has responsibility for the review and approval of reporting information including the annual statutory accounts and the APR.  Following review the Audit committee makes recommendation for approval to the Board.  As part of this responsibility the Committee monitors the effectiveness of internal control processes across the business.

The Committee also has an oversight and approval role with respect to the provision of third party assurance. This primarily relates to the provision of financial assurance by our Financial Auditors (KPMG and Frontier Economics) and non-financial (technical) assurance by the Reporter (Jacobs) but also includes other third party assurance generally of a specific technical nature (together the “Assurance Provider”).

The Committee reviews the scope, quality, results, cost effectiveness, independence and objectivity of any Assurance Provider.

The responsibilities of the Committee include:

* To assess the qualification, expertise and independence of the assurance provider
* To review the nature and scope of the assurance
* To review, with management, the fee and letter of engagement/terms of reference
* To consider the results, findings and recommendations of the Assurance Provider and to make such reports and/or recommendations to the Board as considered necessary
* In the case of recurring appointments to consider the ongoing independence and effectiveness of the Assurance Provider and to make appropriate recommendations to the Board regarding the continuance or re-selection process if considered necessary.

**Executive Team**

* 1. Financial and Performance Measures are reported to the Executive Team monthly. The Finance department prepare the Financial Performance Measures and signs off the report.

The Regulation department prepares the Performance Measures Report. Part of this monthly process includes reviewing the data from each department. The report is reviewed by the Regulation Manager who signs it off monthly before any discussion with the Executive Team. Discussions are held with data owners on any issues found with the data prior to sign off.

**Finance Department**

2.8 The Finance department prepares the data submitted in our Annual Performance Report working closely with both the Regulation department and individuals in the wider business. The Finance department is also responsible for preparing the Accounting Separation methodology statement, which provides detailed costs of the business units in the Company, and is reviewed and approved by the Finance & Regulation Director

**Regulation Department**

2.9 The Regulation department coordinates the technical data submitted in our Annual Performance Report which contains our key performance measures, including all ODIs. Similarly, the Finance Department have responsibility for all financial information. The Regulation department coordinate the collection of data from all areas of the company which have a key data provider. These data providers are specialists in the data from their department and for the majority of the Performance Measures have experience in preparation an annual submission of data. In order to provide robust information into our data reports, we have developed Methodology Statements for the majority of measures which outline the processes and procedures for collecting data and reporting our Performance Measures.

**Data Originator and Management sign off**

2.10 Data from each department is signed off by the data owner and the senior manager from the department. The Regulation department review the data, compare the data to previous years, ensure compliance with definitions and guidance and enquire on the methodology followed and any assumptions made.

**Other relevant information**

* 1. A table setting out each Performance Measure and the sources of assurance is shown in Appendix 2.

**Technical Assurance**

* 1. Our technical auditor, Jacobs, is a professional engineer and certifier of regulated activities. Jacobs have a good understanding of the water industry and were awarded a five year contract in 2019 replacing Atkins who had been our advisor since 2013. The Reporter carries out a formal audit of the key performance measures that will be included in the Annual Performance Report.

2.13 The Regulation department coordinate the Reporter’s audit timetable and ensure key data experts from each department meet with the Reporter. The Reporter examines the source of data, checks calculations and assesses the accuracy and compliance to the data requirements of the reported data. The Reporter then produces a report on each audit carried out. This includes key findings from the audit and a list of any issues found.

2.14 The Lead Auditor attends the Audit Committee before we publish our Annual Performance Report and answers questions raised on the audits and data contained within the Annual Performance Report. Jacobs will provide an assurance statement on the data contained in the report.

**Financial assurance**

2.15 Financial assurance over the APR is performed by our financial auditors KPMG. Our financial auditors, are a firm of registered auditors with a good understanding of regulated activities for the Water Industry. The assurance activities that they undertake largely leverage the statutory audit process. The financial auditors do not form an opinion on this work but report their findings to Management and the Audit Committee who use these findings to form an opinion on the data.

* **An independent audit report**. This is a publicly available report in a standard format agreed between Ofwat and our external auditors KPMG.

On an annual basis the financial auditors undertake audit planning and report on the audit approach to the Audit committee based upon UK auditing standards together with the requirements of the Regulatory Accounting Guidelines issued by Ofwat (this is a subset of the annual planning process for Statutory Accounts). They also report by exception on going concern and upon the related licence condition F.

* **Agreed upon procedures over other specified financial information**. This is a report to the Company setting out the results of certain specified procedures covering other tables within the APR. The financial auditors do not form a professional opinion on this work but report their findings leaving management and the Audit Committee to form their own opinion.

To the extent that matters arise in respect of these procedures they would be considered and generally reflected in revisions to the relevant tables. The plan for agreed upon procedures are reviewed by the Finance Director and Audit Committee annually and are revised, to reflect any changes in reporting requirements, new tables, Ofwat feedback from previous years and overall risk assessment.

2.16 The Finance Department coordinate the financial audit timetable and ensure relevant staff members are available to support any audit enquiries. Key findings from the audit and a list of any issues found are discussed with the Finance Director and are reported to the Audit committee. The audit partner attends the Audit Committee before we publish our Annual Performance Report and answers questions raised on the audits and data contained within the Annual Performance Report.

**Oversight of financial reporting**

2.17 To the extent that information leverages the underlying financial results this is subject to review with the Executive Team through Monthly Board reporting.

**Systems and controls**

2.18 A significant portion of the financial data reported in the APR is derived from our financial systems. This includes the Accounting Separation analysis, which provides detailed costs of the business units in the Company. These financial systems are subject to a wide range of systems and controls supporting the accuracy of underlying data. These include but are not limited to;

* Monthly reporting to Executive Team and main Board
* Budget setting and review process
* Transactional controls including embedded authorisations and approvals
* Controls in relation to accuracy of coding and allocation of costs to cost centres
* Reconciliations and control account processes
* Analytical review processes

**Third Party Assurers**

2.19 Our Third party assurers have been chosen given their knowledge of the regulatory framework of the Water Industry.

* Jacobs were appointed as the reporter in September 2019 as a result of a thorough tendering process.
* KPMG became the company’s financial auditor in 2017 as a result of a thorough tendering process.
* Frontier Economics were appointed in 2015 and have provided external third party assurance on our Charges during this AMP period.

**3. Assurance Activities**

3.1 In August 2019 Ofwat issued IN 19/04, which can be located as follows:-

<https://www.ofwat.gov.uk/wp-content/uploads/2019/08/CMF-information-notice.pdf>

3.2 This explained that Ofwat will no longer publish Company Monitoring Framework (CMF) assessments, but it will continue to scrutinise and challenge companies’ approaches to data quality and assurance of their reporting.

3.3 Thus we now longer have direct feedback from a key stakeholder.

3.4 The last CMF assessment published by Ofwat was on 31 January 2019, where we were assessed as “Targeted.” The categorisation has remained the same since 2015. We have no information that indicates that this classification would be any different and therefore our strategy remains appropriate.

The Ofwat assessment published in January 2019, looked at thirteen areas covering both financial and non-financial assurance activities. Whilst it focused on publications relating to the year 2017/18 it also covered the draft Water Resources Management plan, published in March 2018 and Ofwat’s initial assessment of our Business Plan (September 2018).

In the table below we outline assurance activities that relate to 2019/20 relative to each of the measures reviewed by Ofwat in its January 2019 assessment.

**Table 1 – Assurance Activities**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Area** | **Key submission** | **Assurer(s)** | **Publication Date** |
| 1 | Financial monitoring framework | Annual Performance Report | KPMG | July 2020 |
| 2 | Charges engagement | Publication of Charges Schemes | Atkins,  Frontier | January 2019 |
| 3 | Outcomes | Annual Performance Report | Jacobs | July 2020 |
| 4 | Water resources management plan and market information | Water Resources Management Plan | n/a | n/a approved for publication November 2019 |
| 5 | Long-term Viability Statement | Annual Performance Report | KPMG | July 2020 |
| 6 | Financial Flows | Annual Performance Report | KPMG | July 2020 |
| 7 | Risk & compliance statement | Annual Performance Report | KPMG | July 2020 |
| 8 | Assurance plan | Assurance Plan | - | April 2020 |
| 9 | Cost assessment | Company Business Plan | n/a | n/a as Business Plan complete |
| 10 | Casework\* |  | n/a | n/a |
| 11 | PR19 Initial assessment of business plans – data consistency | Company Business Plan | Atkins,  KPMG | n/a as Business Plan complete |
| 12 | PR19 Initial assessment of business plans – data quality | Company Business Plan | Atkins,  KPMG | n/a as Business Plan complete |
| 13 | Wider assurance and information | DWI  EA  Natural England | No explicit third party assurance | Ongoing |

**Third Party Assurers**

3.5 Our Third party assurers have been chosen given their knowledge of the regulatory framework of the Water Industry.

* Jacobs were appointed as the reporter in September 2019.
* KPMG became the company’s financial auditor in 2017 as a result of a thorough tendering process.
* Frontier Economics were appointed in 2015 and have provided external third party assurance on our Charges during this AMP period.

**4. Feedback from stakeholders**

4.1 This section provides details of our engagement thus far with key stakeholders this year on our Risks, Strengths and Weaknesses report.

4.2 We primarily engage with our stakeholders via our Customer Challenge Group (CCG). The Portsmouth Water CCG was established in 2012 and the group comprises regulators, customer representatives, local government elected members and key stakeholders. We invited all members of the CCG to respond to our Risks, Strengths and Weaknesses consultation, we additionally published the consultation on our website open to the wider public.

4.3 We received a response from one stakeholder, CCW who made some very helpful observations on our approach to identifying Risk, Strengths and Weaknesses in the data we provided. CCW also made some helpful comments on our draft Audit Plan and we have responded directly to those comments.

**5. Final Assurance Plan 2019/20**

5.1 Our Annual Performance Report is the primary way that we will document our annual performance and hold ourselves publicly to account. The Annual Performance Report includes:

* The Regulatory Accounts – audited separately by KPMG
* Performance against our ODIs - audited by Jacobs
* other information to explain more broadly our performance against other commitments and responsibilities to stakeholders and customers

**Performance Commitments and Outcome Delivery Incentives (ODIs)**

5.2 Our Business Plan for the period 2015–20 made 13 promises to our customers with a clear set of targets to deliver by 2020.

5.3 In addition, our stakeholder engagement exercise in the past have highlighted opportunities to improve reporting in specific areas namely;

* Providing trend performance data, where appropriate
* Providing comparative performance data for key areas;
* Delivering against the National Environment Plan; and
* Reporting on the management of our one Site of Special Scientific Interest at the river Itchen (SSSIs) and the delivery against our Water Resources Management Plan;

5.4 The points above will be specifically included within the Annual Performance Report and will be reviewed and commented upon by the Reporter (Jacobs).

5.5 In December 2019 Ofwat published its final Determination for Portsmouth Water for the period 2020-25. This not only determined the revenue we can receive from customers, but also 26 Outcome Delivery Incentives (ODIs) which we will deliver in the five-year period. Many of these ODIs are continuations of our current ODIs and we will report against as many of these as relevant.

5.6 Detail of the items to be reviewed as part of this year’s Audit are shown in table 2 below.

**Table 2 - Proposed Audit Plan (2019/20)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Assurance Area** | **KPI/ODI Reference / Driver / Source** | **AMP6 ODI** | **AMP7 ODI** | **Other** |
| Serviceability Water Infrastructure | Interruptions to supply (incl. shadow) | 1 | 1 |  |
| Mains bursts and mains repairs | 1 | 1 |  |
| Network statistics |  |  | 1 |
| Low Pressure |  | 1 |  |
| Unplanned outage |  | 1 |  |
| Table 4P Cost Assessment (Water resources, treatment, relevant distribution lines) |  |  | 1 |
| Leakage & PCC | Leakage (incl. shadow) | 1 | 1 |  |
| Water Balance & leakage (incl TUBs) (Table 10 etc). |  |  | 1 |
| PCC estimation (Table 10) | 1 | 1 |  |
| Risk of TUBs severe droughts | 1 | 2 |  |
| Customer Service | Written complaints |  |  | 1 |
| Escalated written complaints |  |  | 1 |
| Affordability - Social Tariff |  | 1 |  |
| Watersure |  |  | 1 |
| Priority Services Register |  | 1 |  |
| CC Water new written complaints procedure |  |  | 1 |
| C-Mex |  | 1 |  |
| Properties (incl Voids) & Population (Table 7) |  | 1 |  |
| Bulk Supplies |  | 1 |  |
| Developer Services | Survey - Formulation and returns | 1 |  |  |
| Developer services - compliance with Levels of Service |  | 1 |  |
| D-Mex audit of new processes and reporting |  | 1 |  |
| Environmental performance | Compliance with abstraction licences |  |  | 1 |
| Abstraction Incentive Mechanism (AIM) |  | 1 |  |
| Biodiversity Action Plan | 1 | 1 |  |
| Carbon Accounting including Table 42 |  | 1 |  |
| Water Savings Activities | Meter Installations and Renewals - Tables 8 & 11 |  |  | 1 |
| Water savings initiatives - Table 1 |  |  | 1 |
| Other audits | Health & Safety including Table 41 | 1 | 1 |  |
| Open Water - audit of wholesale desk |  |  | 1 |
| Table 4P |  |  | 1 |
| Table 4Q |  |  |  |

5.7 In AMP6 the Company have 13 ODIs. 8 will be reviewed as part of this process. The remaining 5 have either been audited at calendar year end, MZC and water quality contacts when submitted to the DWI, or are not needed to be audited as they did not occur in 2019/20, NEP, SIM and Carbon.

5.8 Similar comments relate to AMP7 ODIs. We have 26 in total, but only 19 will be reviewed as part of this audit. The remaining seven will be new activities in AMP7 and therefore not relevant in 2019/20.

5.9 Our regulatory financial information, including accounting separation and other related disclosures are subject to an independent audit opinion in a format agreed with Ofwat. This covers the financial reporting tables 1A, 1B, 1C, 1D and 1E, the segmental reporting tables 2A, 2B, 2C, 2D, 2E, 2F, 2I and 2J. In addition a report in relation to Condition F is published be exception.

5.10 In addition, further assurance in the form of “agree upon procedures” is obtained in respect of the remaining financial tables.

**6. Next Steps**

6.1 This plan will be published on our website and distributed to our stakeholders. We will provided to Customer Challenge Group for their information.

6.2 Our Annual Performance Review for 2019/20 will then be published by 15 July 2020.

# **Appendix 1 - Outcome of Risk Assessment**

In November 2019 the Company published the outcome of its risk assessment of the data it places in the public domain. This was the subject of the Risk Strengths and Weaknesses consultation.

The grid below shows the ranking we have determined for each of our 25 data items based on our PR14 commitments etc. The degree of audit / assurance we would expect to provide is guided by this assessment. Thus the degree of assurance we expect to provide for say leakage is greater than that for meter optants.

Our results from our consultation supported our assessment of risk and our Audit Plan, the subject of a third document, will be produced accordingly.



Our analysis for PR14 classifies Per Capita Consumption as being at high risk and we recognise we need to provide all stakeholders with the confidence that the planned assurance and related control frameworks we have for this item is appropriate. This was classified as an issue at the audit by Atkins in 2017 and although downgraded in 2018 and 2019, there remains a risk with the assumptions made with the per capita consumption model.

For the 25 new PR19 measures we have categorised them as 2 high and 17 medium. This reflects there are, in many cases, new definitions we will need to report against. We also have an ODI for Havant Thicket, which is not discussed further.



The 2 measures categorised as high risk, Per Capita Consumption and Leakage are both subject to new regulatory definitions. For AMP7 there are significant developments for reporting of leakage and PCC. The new definitions will ensure consistency of reporting between companies. Further, to comply with the new definitions has required specific capital investment in the network to record data which will underpin the new measures. As such reporting of leakage is seen as a classification higher in AMP7 relative to our well established methodology being applied in AMP6.

Many of the medium risk items are a consequence of revised measures being defined by two of our regulators, Ofwat and DWI. The remaining 6 measures have a lower assessment as we have reported against in the past to Ofwat and EA in particular.

# **Appendix 2 - Sources of Assurance**

We have four levels of review. Our performance measures are reviewed at our monthly Board meeting, which the Non-Executive Directors attend, with other performance measures reviewed at the Monthly Executive Team Meeting. Internally there is a weekly Operations meeting where certain KPIs are also reviewed.

Our performance measures are subject to external review. This includes audits undertaken by our technical Reporter. We report performance measures to several bodies including CCW, Drinking Water Inspectorate, Environment Agency, Health and Safety Executive, Natural England, Ofwat and Water UK.

We also report these to our Customer Challenge Group every six months with updates on specific issues such as leakage as required.

Further, we include data requested by stakeholders in the past. This includes abstraction compliance, levels of service to developers, green-house gases and a number of customer service metrics.

**PR14 Performance Measures**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Ref** | **Performance Measure** | **Board** | **Executive Team** | **Other review** | **External review** |
| RA1 | Service Incentive Mechanism | Monthly Review | Monthly Review | Reported at weekly Operations meeting | Reported to CCW on quarterly basis. Audited by Jacobs at the end of reporting year. Reported in Annual Performance Report (APR). |
| RC1 | Developer Survey | Annual Review | Annual Review |  | Reported in APR. |
| RB1 | Per capita consumption | Annual Review | Annual Review |  | Reported to CCW. Audited by Jacobs at the end of the reporting year. Reported in APR and in the Annual Return to the Environment Agency. |
| WA1 | Number of bursts | Monthly Review | Monthly Review | Reported at weekly Operations meeting | Audited by Jacobs at the end of reporting year. Reported in APR. |
| WA3 | Mean Zonal Compliance | Monthly Review | Monthly Review | Reported at weekly Operations meeting | Reported in Chief Inspectors Annual Report. Reported in APR. |
| WA4 | Number of water quality contacts | Monthly Review | Monthly Review | Reported at weekly Operations meeting | Audited by Jacobs at calendar year end. Reported in Chief Inspectors Annual Report. Reported in APR. |
| WA5 | Temporary usage bans | Monthly Review | Monthly Review |  | Reported in APR and in the Annual Return to the Environment Agency. |
| WB1 | Leakage | Monthly Review | Monthly Review | Reported at weekly Operations meeting | Reported to CCW on a 6 monthly basis. Audited by Jacobs at the end of the reporting year. Reported in APR and Annual Return to the Environment Agency. |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Ref** | **Performance Measure** | **Board** | **Executive Team** | **Other review** | **External review** |
| WC1 | Interruptions to supply | Monthly Review | Monthly Review | Reported at weekly Operations meeting | Reported quarterly to CCW. Audited by Jacobs at the end of the reporting year. Reported in APR. |
| WD1 | Biodiversity | Annual Review | Six Monthly |  | Audited by Jacobs. Reported in APR. Progress discussed with CCG and Natural England every six months |
| WD2 | Water Framework Directive | Annual Review | Six Monthly |  | Reported in APR. Progress discussed with CCG and Natural England every six months |
| WD3 | Carbon commitment to renewables | Annual Review | Electricity consumption reviewed. |  | Audited by Jacobs at the end of the reporting year. Reported in APR. |
| WG1 | RoSPA | Accidents reported monthly | Accidents reported monthly |  | Audited by Jacobs. Reported to the Health and Safety Executive. Reported in APR. |
| **Other Measures** | | | | | |
| O1 | Abstraction Incentive Mechanism | Annual Review | Monthly Review |  | Reported in APR. |
| O2 | Optional meters installed | Monthly Review | Monthly Review | Reported at weekly Operations meeting | Reported annually to the Environment Agency. Audited by Jacobs at the end of the reporting year. |
| O3 | Abstraction - compliance with licence conditions | Annual Review | Monthly Review | Reported at weekly Operations meeting | Audited by Jacobs Reported annually to the Environment Agency. |
| O4 | Guaranteed Standards of Service | Monthly Review | Monthly Review | Reported at weekly Operations meeting | Audited by Jacobs at the end of the reporting year. |
| O5 | Watersure | Annual Review | Monthly Review | Reported at weekly Operations meeting | Reported quarterly to CCW. Audited by Jacobs at the end of the reporting year. |
| O6 | Social tariff | Annual Review | Monthly Review | Reported at weekly Operations meeting | Reported quarterly to CCW. Audited by Jacobs at the end of the reporting year. |
| O7 | New development – levels of service | Annual Review | Monthly Review |  | Reported quarterly to Water UK. Audited by Jacobs at the end of the reporting year. |
| O8 | Green House Gas Emissions | Annual Review | Annual Review |  | Audited by Jacobs at the end of the reporting year. |
| O9 | Written Complaints by class and cause | Monthly Review | Monthly Review | Reported at weekly Operations meeting | Reported to CCW on a quarterly basis. Audited by Jacobs at the end of the reporting year. |
| O10 | Communication pipes | Annual Review | Annual Review |  | Audited by Jacobs at the end of the reporting year. |
| O11 | Meters renewed | Annual Review | Annual Review |  | Audited by Jacobs at the end of the reporting year. |
| O12 | Pumping Head | Annual Review | Annual Review |  | Audited by Jacobs at the end of the reporting year. |

**PR19 Performance Measures (many of the measures have been applied in PR14 and carry into PR19)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Ref** | **Performance Measure** | **Board** | **Executive Team** | **Other review** | **External review** |
| NP01 | Compliance Risk Index | Monthly Review | Monthly Review | Reported at weekly Operations meeting | Reported in Chief Inspectors Annual Report. Shadow reporting for 2019. Reported in APR as of 2020/21 |
| NP02 | Interruptions to supply (new methodology) | Monthly Review | Monthly Review | Reported at weekly Operations meeting | Reported quarterly to CCW. Audited by Jacobs at the end of the reporting year. Reported in APR. |
| NP07 | Leakage (new methodology) | Monthly Review | Monthly Review | Reported fortnightly at Operations meeting | Reported to CCW on a 6 monthly basis. Audited by Jacobs at the end of the reporting year. Reported in APR and Annual Return to the EA, with Shadow reporting also for 2019/20. |
| WR03 | Per capita consumption (new methodology) | Annual Review | Annual Review | Internal review quarterly (as of April 2020) | Reported to CCW. Audited by Jacobs at the end of the reporting year. Reported in APR and in the Annual Return to the EA with Shadow reporting also for 2019/20. |
| NP03 | Mains repairs | Monthly Review | Monthly Review | Reported at weekly Operations meeting | Audited by Jacobs at the end of reporting year. Reported in APR as of 2020/21. Shadow reporting for 2019/20. |
| NP04 | Unplanned outage | Monthly Review (as of April 2020) | Monthly Review (as of April 2020) | Reported at weekly Operations meeting (as of April 2020) | Audited by Jacobs at the end of reporting year. Reported in APR as of 2020/21. Shadow reporting for 2019/20. |
| WR04 | Risk of severe restrictions in a drought | Annual Review | Annual Review | Internal review quarterly (as of April 2020) | Audited by Jacobs at the end of reporting year. Reported in APR as of 2020/21. Shadow reporting for 2019/20. |
| R05 | Priority Services | Monthly Review (as of April 2020) | Monthly Review (as of April 2020) | Reported at weekly Operations meeting (as of April 2020) | Audited by Jacobs at the end of reporting year. Reported in APR as of 2020/21. Shadow reporting for 2019/20. |
| R01 | C-Mex | Monthly Review (as of April 2020) | Monthly Review (as of April 2020) | Internal review quarterly (as of April 2020) | Audited by Jacobs at the end of reporting year. Reported in APR as of 2020/21. Shadow reporting for 2019/20. |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Ref** | **Performance Measure** | **Board** | **Executive Team** | **Other review** | **External review** |
| NP06 | Water quality contacts | Monthly Review | Monthly Review | Reported at weekly Operations meeting | Reported in Chief Inspectors Annual Report. Reported in APR. |
| NP05 | Properties at Risk of Low Pressure | Annual Review | Annual Review | Internal review quarterly (as of April 2020) | Audited by Jacobs at the end of reporting year. Reported in APR as of 2020/21. |
| NP08 | Catchment management | Annual Review | Annual Review | Internal review quarterly (as of April 2020) | Audited by Jacobs at the end of reporting year. Reported in APR as of 2020/21. |
| WR02 | Abstraction Incentive Mechanism | Annual Review | Annual Review | Internal review quarterly (as of April 2020) | Audited by Jacobs at the end of reporting year. Reported in APR as of 2020/21. |
| WR01 | Biodiversity reward (grant scheme) | Annual Review | Annual Review | Internal review quarterly (as of April 2020) | Audited by Jacobs at the end of reporting year. Reported in APR as of 2020/21. |
| WR06 | Biodiversity penalty (operational sites) | Annual Review | Annual Review | Internal review quarterly (as of April 2020) | Audited by Jacobs at the end of reporting year. Reported in APR as of 2020/21. |
| R02 | Void properties | Monthly Review (as of April 2020) | Monthly Review (as of April 2020) | Reported at weekly Operations meeting (as of April 2020) | Audited by Jacobs at the end of reporting year. Reported in APR as of 2020/21. |
| R03 | Affordability | Monthly Review (as of April 2020) | Monthly Review (as of April 2020) | Reported at weekly Operations meeting (as of April 2020) | Audited by Jacobs at the end of reporting year. Reported in APR as of 2020/21. |
| NP12 | Resilience Schemes | Annual review | Annual review | Internal review quarterly (as of April 2020) | Audited by Jacobs at the end of reporting year. Reported in APR as of 2020/21. |
| WR05 | Avoidance of water restrictions | Annual Review | Annual Review | Internal review quarterly (as of April 2020) | Audited by Jacobs at the end of reporting year. Reported in APR as of 2020/21. |
| NP09 | Carbon | Annual Review | Annual Review | Internal review quarterly (as of April 2020) | Audited by Jacobs at the end of reporting year. Reported in APR as of 2020/21. |
| R04 | Vulnerability | Annual Review | Annual Review | Annual review following survey | Audited by Jacobs at the end of reporting year. Reported in APR as of 2020/21. |
| NP10 | RoSPA | Accidents reported monthly | Accidents reported monthly | Operational Managers review weekly | Reported to the Health and Safety Executive. Reported in APR. |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Ref** | **Performance Measure** | **Board** | **Executive Team** | **Other review** | **External review** |
| NEP02 | WINEP (timing) | Annual Review | Annual Review | Internal review quarterly (as of April 2020) | Audited by Jacobs at the end of reporting year. Reported in APR as of 2020/21. |
| Havant Thicket | Havant Thicket | Monthly Review | Monthly Review | Weekly update at Operational Managers Meeting | Audited by Jacobs at the end of reporting year. Reported in APR as of 2020/21. |

**Appendix 3**

**Targeted audit plan**

In recent assessments Ofwat have classified Company reporting processes into one of three categories.

Some companies are not required to obtain third party assurance – and can **self-certify** their data. At the other extreme Ofwat can be **prescriptive** over the issues it wishes the Company to obtain Third Party assurance upon.

Portsmouth Water have been classified as **targeted** – which means we do need to get third party assurance – but it is the Board who decide what (and what level of detail) is reviewed.

By way of illustration we comment upon our 2 “high” risk performance measures, as identified in our Risk Strengths and Weaknesses consultation. These are per capita consumption and leakage

Per capita consumption

* Review the Company Methodology Statement for appropriateness and completeness
* Compare with the convergence project methodology for this measure.
* Review the calculation of pcc including all elements of the water balance
* Confirm the accuracy of the figure to be reported for pcc.
* Confirm the magnitude of the change in leakage methodology in particular on this measure.

Leakage

* Review the Company Methodology Statement for appropriateness and completeness
* Compare with the convergence project methodology for this measure.
* Confirm the accuracy of the figure to be reported for leakage.
* Confirm the magnitude of the change in leakage methodology as a result of the new methodology.