



APR21 Technical Assurance

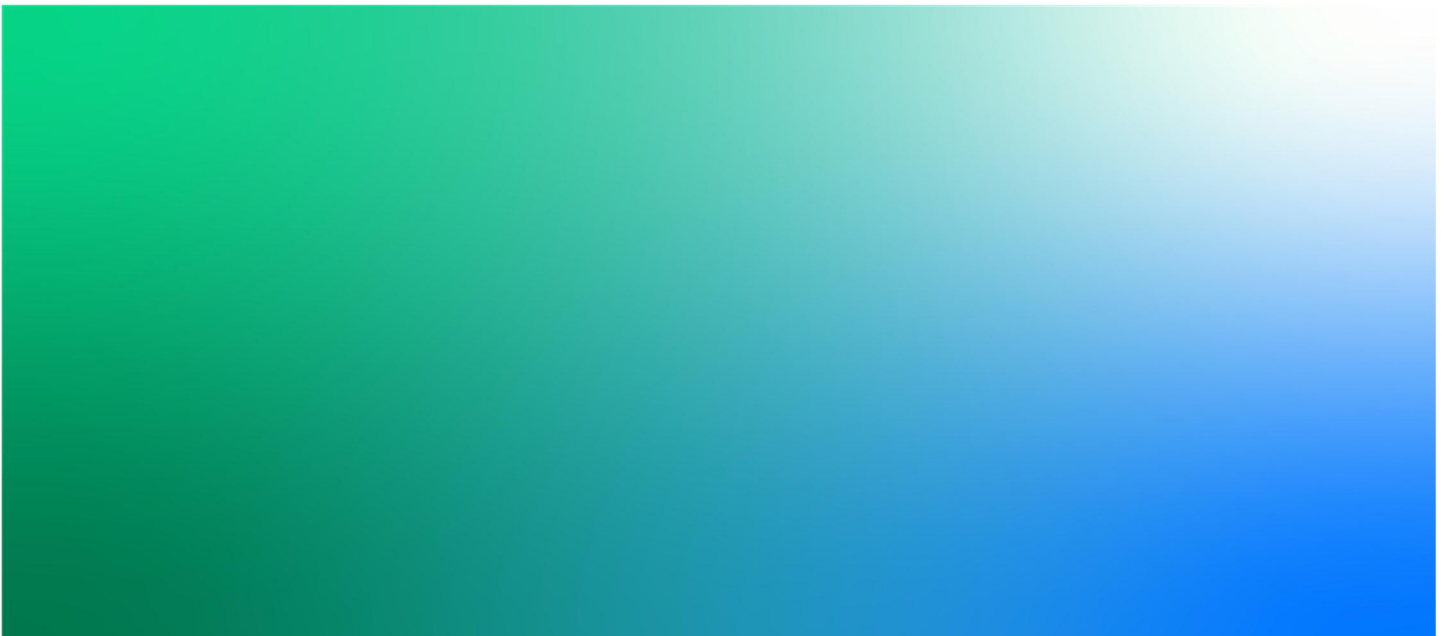
APR21 Summary Assurance Report

Final v4

9 July 2021

Portsmouth Water

PRT



APR21 Technical Assurance

Project No: B2377300
 Document Title: APR21 Summary Assurance Report
 Document No.:
 Revision: Final v4

 Date: 9 July 2021
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 Client No: PRT
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 File Name: Portsmouth Water - APR21 Technical Assurance Report 9 July final

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Document history and status

Revision	Date	Description	Author	Checked	Reviewed	Approved
1	24/05/21	Draft	GDH, EP	GDH	AKM	
2	25/05/21	Final	GDH, EP	GDH	AKM	
3	14/06/21	Update following 9 th June review	GDH	GDH	CM	AKM
4	29/06/21	Update re Covid impacts	GDH	GDH	CM	AKM

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Appendix A. Summary of assessments

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1. Introduction

Portsmouth Water has compiled its Annual Performance Report (APR) for the regulatory period 01 April 2020 to 31 March 2021. The APR is an important element of Ofwat's framework for encouraging water companies to be transparent about their performance and for collecting information it requires to perform its duties. The APR also provides transparency to allow stakeholders to hold companies to account when they do not deliver against their promises. It is therefore important that customers and other stakeholders can have trust and confidence in the information contained in companies' APRs.

Portsmouth Water appointed Jacobs UK Ltd (Jacobs) as its independent Technical Assurer in September 2019. The 2021 APR is the second round of APR audits we have carried out, having become familiar with Portsmouth Water's approach to performance reporting at APR 2020.

2. Scope

Ofwat set out its expectations and requirements for 2021 APR reporting in its Information Notice dated April 2021 "IN 21/01 Expectations for monopoly company annual performance reporting 2020-21". The other key documents relevant to APR reporting are:

- RAG 4.09 – Guideline for the table definitions in the annual performance report (Ofwat, February 2021).
- RAG Query Log (Ofwat, batch 9).
- PR19 final determinations, Portsmouth Water – Outcomes performance commitment appendix (Ofwat, December 2019).

For Portsmouth Water's 2020/21 performance data you asked us to undertake combined process and data audits across a range of reporting data. Our assurance activities included:

- 35 audits covering 24 of 26 Performance Commitments / Outcome Delivery Incentives (ODIs) contained in Ofwat's final determination and reported in Part 3 of the APR. The performance commitments for Compliance Risk Index (CRI) and Resilience schemes were excluded from our scope.
- Audits of selected data reported in Parts 4-9 of the APR.

The full list of data audited is included in Appendix B.

As agreed, we did not review any commentaries associated with the data. The calculation of any rewards or penalties was outside the scope of our audit.

3. Approach

Our assurance is risk and sample based and is designed to support your own internal assurance processes. The audit programme was agreed with the Regulation Manager.

We reviewed the processes, procedures, systems, data and analysis in place to gather and report performance information in line with Ofwat's prescribed definitions (RAG 4.09) and the required format in the data tables.

We met with data owners to obtain evidence of documented procedures and methodologies which describe the data sources, systems and processes in place. We sampled information and traced it back to source to confirm that the stated processes were being followed and that internal checks were in place to verify the information.

Specifically, we:

- Checked whether the teams had been through Portsmouth Water's internal assurance processes;

- Asked the teams to demonstrate how they had produced the proposed data;
- Sampled data back to source inputs;
- Tested teams’ understanding of proposed data; and
- Reviewed the appropriateness of the confidence grades your teams assigned to the proposed data.

The result of our approach is a risk-based assessment of A, B, C or D. The scoring criteria is shown in Table 3-1.

Table 3-1. Data assurance score criteria

Score	Meaning
A	Low risk – no weaknesses or deviations from methodology in production of data and confidence grade is appropriate
B	Low to medium risk - no material weaknesses or deviations in production of data and confidence grade is appropriate
C	Medium to high risk - material weakness or unjustified deviations (or number of minor ones with material effect) or confidence grade is not appropriate
D	High risk – two or more of: material weakness or deviation (or number of minor ones with material effect) or confidence grade is not appropriate

At the end of each audit we provided you with a feedback note identifying material and non-material observations and the overall risk score. Where your teams provided evidence that they have addressed material issues following the audits we have updated our assessments. This report reflects our revised assessment of risk. A summary of our assessments can be found in Appendix A.

Due to Covid-19 restrictions, our audits were undertaken remotely via Microsoft Teams. Audits were largely undertaken in April and May 2021. The audit for the Water Quality Contacts ODI was completed in January 2021 because the information is reported on the calendar year basis. The audit could therefore be completed in advance of the main audit campaign period in April/May.

4. Findings

Our overall findings summarised by the assurance risk scores are presented below, followed by material issues, non-material observations and general observations.

We have had full access to Portsmouth Water’s staff, systems and data. All teams are diligent, committed to producing accurate information and have been receptive to our feedback. We are grateful for staff’s co-operation and flexibility to accommodate our audits and remote working arrangements.

4.1 Overall findings

Figure 4-1 below sets out the distribution of our final assessments undertaken for APR21 compared to APR20. We note that this is not a like for like comparison because the PCs for AMP6 are not the same for AMP7 and our assurance scope was different between the two years. However, we consider this is a reasonable approach to illustrate reporting risk in the round across the APR.

We note for APR21 an increased number of data audits achieving a score of A (low reporting risk). There were also an increased number of audits which scored C (medium to high risk) at our initial audits in May. Following

further review in June the number of C scores reduced to the same level as at APR20, albeit different areas. Elements initially scored as C are described in more detail in section 4.2.

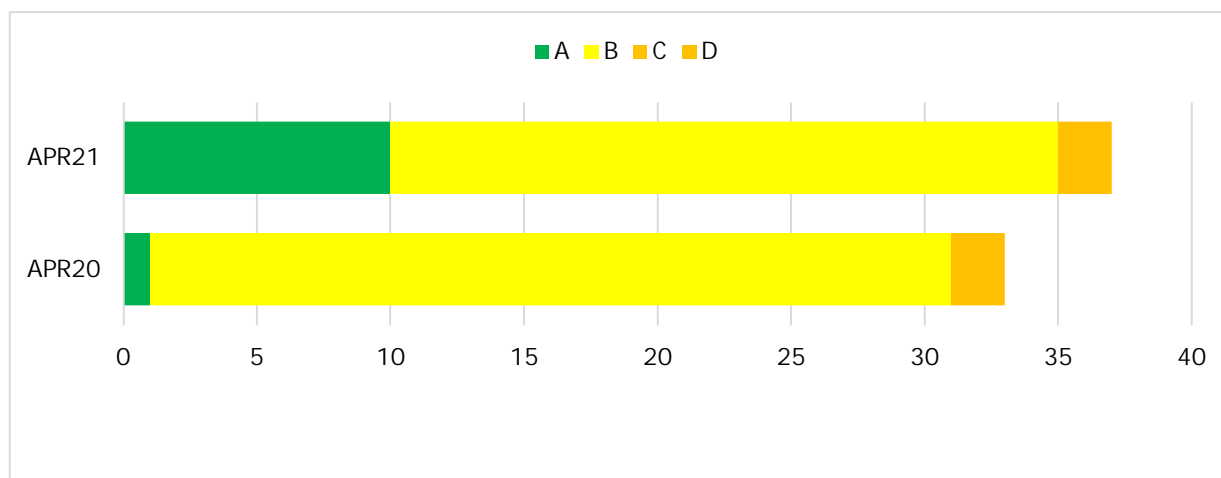


Figure 4-1. Distribution of assessment scores for our APR21 assurance

4.2 Material issues

At our initial audits in May we identified a number of material issues (data score of C) which we recommended are addressed before the APR21 is published. The material issues we identified all relate to performance commitments. Some relate to completeness of the data we were asked to assure, and others relate to alignment to the FD definition. You asked us to review the position for these PCs again in June. Table 4-1 sets out our initial findings and our findings at the completion of this further review. Our review on 9th June 2021 confirmed you had addressed the actions we recommended. Two material issues remain as a score of C, because reporting risk remains where it is not currently in line with FD definitions. There is also a risk that Ofwat may take a literal view of the interpretation of the definitions.

Table 4-1. Material Performance Commitment issues we recommended are resolved before publication of the APR

Performance Commitment	Material issue	Recommendation	Status / resolution (9 th June 2021)
WINEP	Sign-off to confirm completion of schemes in the WINEP is required from the EA as part of the FD definition for this PC. The work for two schemes for 2020/21 has been completed before 31/03/2021 and provisional sign-off from the EA has been obtained. MCERTs to be provided to EA for final sign-off to be confirmed.	Provide MCERTS to EA for final sign-off before 15 th July 2021.	Portsmouth Water obtained confirmation from the EA that it is satisfied that the new screening arrangements at Gaters Mill Intake are compliant with the requirements of the Eels (England and Wales) Regulations 2009 and the screens were installed and operating as intended by 31st March 2021. Issue resolved.
Unplanned Outage	The reporting requirements state that planned outage should also be reported. The team had not calculated this.	Calculate Planned Outage and include in Table 3I.	Planned Outage has been calculated. We have seen and confirmed the Company's estimate. Issue resolved.
Carbon	The data was not complete for the audit.	Confirm the final numbers to be reported and arrange follow-up audit if required.	Final numbers confirmed through follow up audit. Issue resolved.

<p>Addressing vulnerability</p>	<p>The FD definition of the performance commitment requires a minimum of 50 respondents to the survey to calculate performance. Portsmouth Water report that the performance measure is based on the survey response of 31 respondents from 21 organisations. We do not consider that the proposed performance data is consistent with the PC definition. We understand that the Company is in the process of reviewing the definition with Ofwat.</p>	<p>Clarify the PC definition with Ofwat. If definition is not clarified pre-APR publication, then we recommend the APR commentary is explicit around the reported data.</p>	<p>Portsmouth Water provided evidence of its discussion with Ofwat of the PC definition where it queried the basis of the 50 responses from organisations. Ofwat's response was that PRT could seek a change to the definition under Annex 2 or provide explicit commentary around their reported figures. Portsmouth will likely report as is and will provide appropriate commentary in its APR publication. Action completed. Remains as a C because reporting is not in line with the FD.</p>
<p>Risk of Severe Restrictions in a Drought</p>	<p>This is a reputational ODI. The baseline SDB is from a draft WRMP. Since that time, there has been a final WRMP and there is now a revised WRMP awaiting acceptance from the EA. Ideally the baseline should be updated to reflect the final WRMP (and potentially again later to the revised WRMP once accepted by Defra). We understand the team is reviewing the materiality of the impact of updating the baseline and will consider its approach based on this.</p>	<p>Complete a review of the impact of updating the baseline for the ODI and consider whether on the basis of this it would be appropriate to update it to the final WRMP.</p>	<p>Portsmouth Water reviewed the impact of updating the baseline target which resulted in a more onerous target. The Company provided evidence of its discussion with Ofwat who advised not to update the targets to align to the final approved WRMP. Issue resolved.</p>
<p>Biodiversity penalty</p>	<p>The Company does not believe the Biodiversity Penalty performance commitment included in the final determination matches its proposals at PR19. It has written to Ofwat in February 2021 to request a change in the PC definition. The team is reporting performance against its own understanding of the measure but has struggled to establish the precise requirements of the measure (i.e. the jobs to be completed in the year) or the actual number of jobs completed. The level of performance reported incurs the maximum penalty for the year.</p>	<p>Obtain clarification of the PC definition from Ofwat. Develop a clear understanding of the evidence required for this PC and the approach to collating the performance data.</p>	<p>Portsmouth Water provided evidence of its discussion with Ofwat requesting a revision to the PC definition. Ofwat advised this would be a change under Annex 2 and Portsmouth would have to provide robust evidence that there had been an unambiguous error and that the change is in the best interests of customers. The Company is considering whether to pursue a change under the process set out in Annex 2 of the Company's PR19 "Outcomes performance commitment appendix". Action completed. Remains as a C because Portsmouth is reporting based on its understanding of the definition which deviates from the definition set out in the FD.</p>

Full details of the audit feedback are contained in our feedback reports which were produced following each audit.

4.3 Non-material issues

We identified a number of actions that should be followed up prior to publication of the APR21. Whilst these are not material to the data source, process or reported performance, they should ensure the information is complete and reported in the required format. The issues we recommend are addressed are:

- There are a number of PCs (C-MeX, ROSPA and Written Complaints) where clarification of the final reported numbers is needed.
- Commentary around the impact on performance of the addition of all over 70s to the Priority Services Register should be added to the APR.
- Data table units/decimal places should be checked and confirmed to ensure the correct format and match to the FD and APR reporting requirements.

We undertook a follow up review on 09 June 2021 which confirmed the final numbers for C-MeX, ROSPA and Written Complaints. We consider these issues have been satisfactorily resolved.

Full details of audit actions and clarifications are provided in our Feedback reports for each audit.

4.4 General audit observations

4.4.1 Reporting methodologies

We are pleased to confirm that progress has been made since the APR20 audits to document reporting methodologies for Performance Commitments and other data. An example of good practice is the methodology document for Supply Interruptions. We note that some measures and Performance Commitments still lack documented reporting methodologies. The Company is aware of these and we found that some are work in progress.

Some reporting methodologies require updating to reflect recent changes in requirements. For example, the methodology for D-MeX requires an update to include the new NAV metrics. Our Feedback reports provide details of other methodologies requiring updates, and/or where methodologies need to be documented.

Our scope did not include a full review of all the method statements. The methodologies have only been referred to, to inform the derivation of the reporting data.

4.4.2 Internal checks & validation

We observed some improvement in internal checks and validation (first and second line assurance), however this has not always been applied for all reported information. We note that in these situations our third line assurance has been applied, however the initial internal checks should still be completed.

4.4.3 Improvements in process

For some data we observed significant improvements in the process for deriving data:

- We found a substantial improvement in the extent of supporting evidence for properties at risk of low pressure compared to the previous year. The team had a clear understanding of the data presented, the process was clearly explained, and the Company now has a robust and up to date record of properties at risk of low pressure.
- For mains lengths, the team has completed a significant piece of work to reduce the total length of unknown mains. The newly implemented process has been documented and is technically complex but well understood by the team, providing confidence in the reported numbers.

4.4.4 Performance of note for 2020-21

We note below some particular aspects of performance for 2020-21:

- We are pleased to confirm that Portsmouth Water has complied with the assurance element of the Havant Thicket performance commitment for 2020/21. We assured the detailed update on progress as required by the performance commitment and confirm through our sample checks that it accurately describes activities during the year. We agree that the scheme is currently running to programme with the activities planned during the year completed on schedule, such as submitting the planning applications. We did not identify any emerging risks to delivery at this point in time.

Noting Ofwat's PC definition refers to the "achieving dry commissioning" and "achieving wet commissioning" as the deliverables in 2026 and 2029 respectively, we recommend that dry and wet commissioning are defined/agreed at this early stage of the project.

- The Company has performed very well with supply interruptions. Our audit confirmed the outturn performance of 2 minutes 49 seconds beating the target of 6 minutes 30 seconds per property. The methodology for this measure has been fully documented and is an example of good practice.
- Portsmouth Water achieved 76.3 bursts per 1,000 km of main against a PC target of 73.8 bursts per 1,000 km of main, missing the target for the report year. The Company experienced a significant rise in burst mains in January due to the extreme cold weather and a larger number than previous years in late February/early March due to a 'beast from the East' event. Other companies experienced similar trends which we understand has been highlighted and discussed at industry forums.
- The Company has achieved over 10% reduction in leakage from the three-year baseline (average of 2017/18, 2018/19 and 2019/20). This significantly outperforms the performance commitment to reduce leakage by 3.1% from the baseline.

We noted that the availability of flow data used within the leakage calculation has continued to drop over the last 4 years (from 89% to 66%). This has resulted in the confidence grade being reassessed as B3 from A3. We reviewed in detail the data that is available and consider this is not a material risk for APR21 reporting. However, further deterioration would bring into question the basis of the reported figures and therefore would likely become material. In a wider context Ofwat may also consider availability to reflect on the Company's position on Asset Health. We recommend the team ensures that data availability reaches the target of 90% for APR22 and is maintained for the rest of the AMP period. We understand availability for 2021/22 is currently over 80% and there are plans in place to improve this further.

4.5 Observations we recommend are addressed in the current year

In order to build on improvements observed through the APR21 audits, we suggest some areas of focus for the current year:

- Develop reporting methodologies where these are incomplete.
- Update existing methodologies where needed; (e.g. NAV metrics to be added to DMeX).
- Set out evidence required for audit e.g. Biodiversity Action Plan.
- Implement processes to ensure 1st and 2nd line assurance of processes and data takes place.
- Engage with Ofwat to obtain clarification of Performance Commitment definitions in the FD e.g. Catchment Management (Biodiversity).
- Define "dry commissioning" and "wet commissioning" for the PC to deliver the Havant Thicket reservoir.

Full details of the observations are provided in our individual feedback reports for each audit.

5. Conclusion

Overall, at the end of our assurance work, for the date we covered, and other than where indicated above and in our detailed feedback, we consider:

- Data is competently sourced and processed.
- Data collection and reporting has not been impacted by COVID-19.
- Teams demonstrated good understanding of the Ofwat guidance.
- The reported performance data against the year 1 performance commitment targets are a fair and accurate account of the Company's performance to 31 March 2021.

As last year, we have been impressed by the open and collaborative approach of your staff.

Appendix A. Summary of assessments

As we note in the report above, our assurance approach focuses on the level of risk associated with reporting the PCs and APR Sections. The result of our approach is a score of A, B, C or D for each detailed feedback to explain our assessment. In assessing your data, we used a standard scoring framework to produce results that are comparable across the measures. Table A.1 below summarises this framework.

Table 5-1. Summary of scoring framework for our assurance

Score	Meaning for score
A	Low risk – no weaknesses in the methodology and no weaknesses or deviations from methodology in production of data and confidence grade is appropriate
B	Low to medium risk - no material weaknesses in the methodology and no material weaknesses or deviations in production of data and confidence grade is appropriate
C	Medium to high risk - material weakness in the methodology (or number of minor ones with material effect) and material weakness or unjustified deviations (or number of minor ones with material effect) or confidence grade is not appropriate
D	High risk – multiply material weaknesses in the methodology and material weakness or deviation (or number of minor ones with material effect) or confidence grade is not appropriate

Table 5-2. AMP7 PCs set out the results of our assessment for the reviews. The table summarises the rationale behind our assessment of the data and notes our understanding of the performance figure where applicable. We consider the summary rationale is consistent with the feedback we provided to your teams, though we note that for some measures it also reflects any actions your teams took after the audit meetings.

Table 5-3. Outlines the summary for the audits carried out on the APR tables. The score and rationale behind our assessment are included.

Table 5-2. AMP7 PC Summary

AMP7 PC Code	Performance Commitment	Score	Summary	2020/21 FD target	2020/21 Performance
PR19PRT_15 A	Havant Thicket	A	The Havant Thicket progress report was assured. No material issues or discrepancies found during spot checks of statements made in the report	N/A	Progress Made
PR19PRT_NEP01 PR19PRT_NEP02	WINEP (Delivery and Timing)	A	<p>Two schemes (screens for Eels and Brook Lamprey) have been delivered on time before 31/03/21 but it has subsequently been identified that additional work (a floating boom) is required to ensure they operate optimally. In order to claim completion of schemes, the EA must sign-off on them as complete against the original specification and by the agreed delivery date. A score of C was initially assigned because final sign-off from the EA had not been achieved for the Eel and Brook Lamprey screens.</p> <p>Portsmouth Water provided evidence of the EA's sign off dated 4 June 2021 confirming the scheme was completed to its satisfaction by 31 March 2021. Score updated to A.</p>	<ul style="list-style-type: none"> • "Met" • 2 schemes delivered 	<ul style="list-style-type: none"> • "Met" • 2 schemes delivered if the EA signs off without the additional floating boom
PR19PRT_PRT- Network Plus-01	CRI	Not audited by Jacobs			
PR19PRT_PRT- Network Plus-02	Water supply interruptions	A	The team successfully demonstrated its understanding of the reported measure and the associated processes used to obtain the performance figures. The methodology is clear and easy to follow. Thorough checks of the data are carried out internally and as a result, no issues were identified.	00:06:30	00:02:49
PR19PRT_PRT- Network Plus-03	Mains repairs	B	The team successfully demonstrated its understanding of the reported measures and the process. The methodology documentation is very comprehensive and easy to follow. We noted that the Proactive and Reactive bursts should be reported separately, and this was updated post audit.	73.8	76.0

AMP7 PC Code	Performance Commitment	Score	Summary	2020/21 FD target	2020/21 Performance
PR19PRT_PRT- Network Plus- NP04	Unplanned outage	B	We identified no issues with the calculation of unplanned outage figures, but the team had not calculated planned outage (Table 3I, Line1). We also note that actions from last year had not been completed. Initially scored as C. Portsmouth Water subsequently completed the calculation of Planned Outage which was evidenced. We reviewed this in June. Score updated to B.	2.34%	1.25%
PR19PRT_PRT- Network Plus- NP05	Properties at Risk of Low Pressure	A	Large improvement in the extent of supporting evidence for properties at risk of low pressure compared to the previous year. Auditees had clear understanding of data presented, process was clearly explained and no discrepancies found in the data.	60	60
PR19PRT_PRT- Network Plus-06	Water Quality Contacts	B	The team has a good understanding of the process and the data. No issues were identified when tracing the figures back to the source (RAPID). However, there are some minor manual processes which could be automated, although this sample audit confirmed correct handling. The process document should be updated to reflect the source of the population information to align with the change to the use of Strategic Metered Areas (SMAs) instead of Waste Districts. We confirmed good performance against the target.	0.44 per 1000 population	0.43 per 1000 population
PR19PRT_PRT- Network Plus-07	Leakage	B	<u>Bottom up leakage</u> Availability of data has continued to drop over the last 4 years (89%, 88%, 79% and 66% for APR21). This has resulted in the confidence grade being reassessed as B3 from A3. Further deterioration would bring into question the basis of the reported figures. We recommend the team ensure that availability reaches the target of 90% and is maintained for the rest of the AMP period. There was a material issue associated with tracing back the flow data to source. The data could not be	N/A	22.77MI/d

AMP7 PC Code	Performance Commitment	Score	Summary	2020/21 FD target	2020/21 Performance
			<p>replicated during the audit. The team explored this outside of the audit and provided updated data on 21st May which demonstrated a slight increase from the original figure of 22.74MI/d to 22.77MI/d. The revised data and evidence of checks was reviewed by Jacobs in a follow up audit.</p>		
		B	<p><u>Post MLE reported leakage</u> The final reporting figures were confirmed at the follow-up audit where the bottom up leakage and DI Figures were reviewed. There is an emerging issue around the reporting of consumption for NAV developments.</p>	3.1% reduction in baseline leakage (28.35MI/d)	In year Leakage = 23.55MI/d (3yr average = 25.41MI/d) 10.38% reduction from baseline
PR19PRT_PRT-Network Plus-08	Catchment Management (Biodiversity)	B	<p>We note that the team is treating the performance commitment as cumulative performance although the final determination does not state cumulative targets. This presents a risk for year 2 and subsequent years. We recommend the Company seeks confirmation from Ofwat that it will assess performance on a cumulative basis.</p> <p>We note that the team is considering making changes to the performance commitment and we recommend early engagement with Ofwat once the Company has fully defined its proposals.</p> <p>The team was able to explain the process. We recommend the process is documented setting out the levels of evidence required and the checks made.</p>	10	10
PR19PRT_PRT-Network Plus-09	Carbon	B	<p>The data was not complete at the time of our initial audit. The auditee showed a good understanding of the data audited, the input data, source data and controls. A small number of minor actions identified to improve future reporting. Additional calculations requested post audit. Returned and verified same day.</p>	1.0%	25.0%

AMP7 PC Code	Performance Commitment	Score	Summary	2020/21 FD target	2020/21 Performance
			Initially scored as C. Final numbers confirmed through follow up audit in June. Score updated to B.		
PR19PRT_PRT-Network Plus-10	RoSPA	B	No material errors found. 1 discrepancy between APR Table 3E (Proforma Table) and the performance commitment definition. Unit to be changed to reflect the PC definition prior to submission. Verification of RoSPA level required following award.	Gold	Order of Distinction
PR19PRT_PRT-Network Plus-11	D-Mex	B	The team successfully demonstrated its understanding of the reported measures and the process. We noted that the methodology needs to be updated and a couple of admin issues that could be improved to help with documentation of evidence.	N/A	95.6 Quantitative (levels of service) 82.8 Qualitative (survey results) Combined score: 89.2
PR19PRT_PRT-Network Plus-12	Resilience Schemes	Not audited by Jacobs			
PR19PRT_PRT-Retail-01	C-Mex	B	The team demonstrated that all contacts made available to the survey agency are derived from contacts logged in the RAPID Extra billing system. The team demonstrated a good understanding of the reporting requirements and checking of the reported outputs. We note that it was not possible to assure the contacts excluded from the report as the exclusion rules (and excluded contacts) were not made available in the audit. We have asked the team to provide this information.	N/A	The performance measure for C-MeX is returned by the survey agency appointed by Ofwat, not reported directly by Portsmouth Water. Accordingly, in this assurance process we comment on the robustness of data provided to the survey company by Portsmouth Water, not the final measure itself.
PR19PRT_PRT-Retail-02	Voids	A	The team has a defined process to derive void property numbers and total properties. Methods are similar to last year and there is a structured process to gather end of year data from RAPID and review its accuracy with data comparisons and 2nd level checks. We found no issues with the production of the data or the approach.	2.00%	2.36%

AMP7 PC Code	Performance Commitment	Score	Summary	2020/21 FD target	2020/21 Performance
PR19PRT_PRT-Retail-03	Affordability - Social Tariff	B	<p>The team successfully demonstrated its understanding of the reported measures and their derivations. We noted that the process is reliant on both a report from RAPID and a manual excel spreadsheet and that there are limited controls on changes to the RAPID report and access to the spreadsheet.</p>	Number of customers benefitting from social tariff: 8,000	Number of customers benefitting from social tariff: 9,327
PR19PRT_PRT-Retail-04	Vulnerability Survey	C	<p>We note that the FD performance commitment is defined as 'a minimum of 50 organisations will be surveyed to calculate the annual performance'. Portsmouth Water reports that the performance measure is based on the survey response of 31 respondents from 21 organisations. We do not consider that the proposed performance measure is consistent with the PC definition and it should not be reported in the APR as calculated. We understand that the Company is in the process of reviewing the definition with Ofwat.</p> <p>Portsmouth Water provided evidence of its discussion with Ofwat of the PC definition.</p> <p>Portsmouth suggested a minimum of 25 survey respondents would be more appropriate, based on 34 responses to the draft survey in 2019/20, and this year's 31 responses. Ofwat advised that such a change to the PC definition could come under the annex 2 change process. Alternatively, Ofwat suggested that Portsmouth may choose to report as it is and explain in the commentary how many organisations are in the region, how many were surveyed and how many responses were received.</p> <p>The Company will provide appropriate commentary in its APR publication. Score remains as C because the proposed performance measure appears inconsistent with the PC definition.</p>	85%	84%

AMP7 PC Code	Performance Commitment	Score	Summary	2020/21 FD target	2020/21 Performance
PR19PRT_PRT-Retail-05	Priority Services Register	B	<p>We were not presented with a figure for total households in the audit and as a result we did not see the conversion of the numbers on the register to the percentages which should be reported. Our score of B is based on the numbers we saw in audit only. We recommend you ensure the final calculation uses the audited figure for households.</p> <p>All customers over 70s were added to the PSR in 2020-21 which has resulted in a substantial increase in numbers on the register. This significant increase means that the Company cannot achieve the PC committed performance levels for actual and attempted reach for 2020-21 and 2021-22 because the increase in the calculation denominator (total households on the PSR) in 2020-21 is much greater than the number of households on the register for greater than two years. We recommend that the Company explains this in their commentary.</p>	<ul style="list-style-type: none"> Reach: 2% Actual contacts: 17.5% Attempted contacts: 45% 	<ul style="list-style-type: none"> Reach: 10.6% Actual contacts: 19.3% Attempted contacts: 80.2% <p>Note: Given the step change in 2020/21 the reference point for actual and attempted contacts was agreed as the no. of customers on the register as at 31 March 2019 (419). Table 3F line 9 has a requirement so say how many have been on the register for over a two year period. It seems reasonable that the denominator can be different to the 31 March 2021 value.</p>
PR19PRT_PRT-Water Resources-01	Biodiversity reward	B	<p>We note that the team is treating the performance commitment as cumulative performance although the final determination does not state cumulative targets. This presents a risk for year 2 and subsequent years. We recommend the Company seeks confirmation from Ofwat that it will assess performance on a cumulative basis.</p> <p>The team was able to explain the grants process clearly, but we recommend the process is documented setting out the levels of evidence required and the checks made.</p>	£0.050m	£0.049m
PR19PRT_PRT-Water Resources-02	Abstraction Incentive Mechanism (AIM)	B	For this reporting period we note that a formal assessment was not required as the trigger of less than 0.1 m3/s at Frog Mill gauging station was not activated. Furthermore, the abstraction at the AIM site	0.0 MI	N/A (not triggered)

AMP7 PC Code	Performance Commitment	Score	Summary	2020/21 FD target	2020/21 Performance
			<p>(Northbrook BH) was inadvertently maintained below the baseline abstraction volume of 18.8 MI/d due to a temporary change in the pumping configuration to enable works to be undertaken at the site. There is presently no formal methodology or process for reporting against this measure.</p>		
PR19PRT_PRT-Water Resources 03	Per capita consumption	B	<p>The final reporting figures were confirmed at the follow-up audit where the bottom up leakage and DI Figures were reviewed and the water balance and MLE concluded. We found no issues with the methodology or data for pre MLE inputs of unmeasured household consumption and measured household consumption. Total population was also consistent with data audited separately for table 4R</p>	1.3% reduction from baseline (149.32l/h/d)	In year PCC 170.5 l/h/d (3yr average = 157.2 l/h/d) 5.3% increase from baseline
PR19PRT_PRT-Water Resources-04	Risk of Severe Restrictions in a Drought	B	<p>Portsmouth Water has set this common ODI based on balancing future commitments for bulk transfer exports with implementing WRMP19 schemes in AMP7. These include leakage options, metering targets, water efficiency, borehole recovery and borehole drilling schemes. During 2020/21 the borehole recovery schemes were delayed; the metering targets were not met by a small amount and water efficiency options were not implemented. However, the achievement associated with leakage options was significant enough to achieve the stated ODI target of 84% with the help of leakage performance against the baseline SDB used from the draft WRMP.</p> <p>Since the development of the WRMP, the SDB has been updated for a Final WRMP and then revised since then. A score of C has been assigned because the targets and performance against the targets should be based on the updated SDB forecast.</p>	84%	84%

AMP7 PC Code	Performance Commitment	Score	Summary	2020/21 FD target	2020/21 Performance
			Initially scored as C. Portsmouth Water reviewed the impact of updating the baseline target which resulted in a more onerous target. The Company provided evidence of its discussion with Ofwat who advised not to update the targets to align to the final approved WRMP. Score updated to B.		
PR19PRT_PRT-Water Resources-05	Avoidance of water supply restrictions	A	This is a simple measure and the team is reporting nil because no Temporary Use Bans have been implemented during the reporting year.	0	0
PR19PRT_PRT-Water Resources-06	Biodiversity Penalty (operational sites)	C	<p>There were two key issues with the data reported for this performance commitment:</p> <ul style="list-style-type: none"> The Company does not believe the performance commitment included in the final determination matches its proposals at PR19. It has written to Ofwat to request a change in the PC. The team is reporting performance against its own understanding of the measure but has struggled to establish the precise requirements of the measure (i.e. the jobs to be completed in the year) or the actual number of jobs completed. <p>Portsmouth Water provided evidence of its discussion with Ofwat. The Company is considering whether to pursue a change under the process set out in Annex 2 of the Company's PR19 "Outcomes performance commitment appendix".</p>	90%	30%

Table 5-3. AMP7 APR Table Audit Summary

Other data	Score	Summary	2020/21 Performance Figure
Table 4R – properties and population	A	<p>Portsmouth Water has methodology documents in place to report on properties, household voids (ODI) and population. The methods are similar to last year and there is a structured process to gather end of year data from MOSL and RAPID and review its accuracy with data comparisons and 2nd level checks.</p> <p>Non-household voids are not tracked by Portsmouth Water and relies on data from MOSL.</p> <p>The approach to updating population figures each year allows for a better understanding of the growth profile.</p>	Multiple
Table 6C - Length of mains	A	<p>The team has done a significant amount of work to try to reduce the total length of unknow mains. The newly implemented process has been documented and is technically complex. The team explained the process and took us through the multiple spreadsheet workbooks which have been used to analyse the data.</p> <p>Allowing some time for Jacobs to review the actual 'Network Main' spreadsheet (instead of just over MS Teams) would have been beneficial in understanding the process, however it was clear from the audit that the team is in control of the process and the resulting data.</p>	Multiple
Table 5A, Water resources Table 6A, Water distribution Table 6B, Water treatment	B	<p>The team demonstrated a clear process for producing the outputs and were confident of the source data and regulatory context. We note that several reported outputs were changed during the audit as errors were identified in the spreadsheets. We also note that there is no Methodology Statement for these lines, although this is being addressed.</p> <p>Note that some required lines (6A.29, 6A.30, and 6B.5 - 11) were not populated before the assurance session and are not reviewed here.</p>	Multiple
Table 6D, Capital activities	A	Audited 09 June 2021. No issues.	Multiple
Water Balance	B	<p>The final reporting figures were confirmed at a follow up audit to review the bottom up leakage and distribution input figures. The revised post MLE water delivered figures are to be reported.</p> <p>We found no issues with the pre MLE water balance components.</p>	Multiple
Non- Written complaints	B	<p>Note that this audit refers to the non-written complaints element of the number to be reported in 3C.5.</p> <p>Although sound in principle, we found the process of filtering the contacts to the appropriate complaints to be complex, difficult to reproduce, and potentially prone to errors. We recommend that this process is documented, and that robust repeatability is demonstrated. There had also been no independent first- and second-line assurance of the data.</p>	1331
Written Complaints	B	<p>Note that this audit refers to written complaints only.</p> <p>The process is well-defined with appropriate checks and controls.</p> <p>The team demonstrated that complaints were accurately assigned to the complaint categories and assessed as Stage 1 or Stage 2.</p>	330

Other data	Score	Summary	2020/21 Performance Figure
		We sample checked entries that were excluded to confirm the reasoning and identified one erroneous exclusion. Other sampled exclusions were valid. We have suggested a small number of minor recommendations for consideration.	
Table 2N, Social tariff	A	The underlying source data (customers on social tariff and total number of customers) are derived from assured processes. The team demonstrated that the reporting methodology was followed and that they understood the regulatory context. We reviewed the calculation spreadsheets and found no issues.	Multiple
Table 2F, Retail revenue	B	This is a new table and the team have therefore had to make some sensible assumptions to interpret the guidance which is not always clear. We recommended that the team complete some work to understand the differences between the revenue numbers in lines 2 and 4.	Multiple
Table 4Q, Developer Connections	B	The team successfully demonstrated their understanding of the reported measures and the process. We noted that the methodology needs to be updated and a couple of admin issues / errors that could be improved to help with documentation of evidence.	Total number of new connections: 1985
Open Water - audit of wholesale desk	B	Provisional score, summary to be completed.	
Covid impacts on PRT	N/A	Covid impacted PRT's operations and the Company quickly made changes to activities to ensure the safety of customers and staff. Covid has affected Portsmouth's achievement of its PC for Per Capita Consumption (PCC) because household demand increased significantly during the lockdowns, combined with hot weather conditions in the summer of 2020. The trend of higher demand has continued since. Portsmouth has developed a methodology to estimate the impact of Covid restrictions and weather on PCC. This principally uses information from the consumption monitors (SAMs), a judgement on the impact of the weather on network operations and a comparison against historic demands. The methodology is work in progress but is sufficient to make an initial and sensible estimate of the impact on PCC.	N/A
Compliance Risk Index	Not audited by Jacobs		
WaterSure	B	The number of customers on the WaterSure scheme is not an Ofwat performance commitment but is reported externally to CCW. Applications to WaterSure are managed in a spreadsheet which is also used to calculate a manual reduction to bills (at each meter reading) where this cannot be performed automatically in the Rapid Extra billing system. The team successfully demonstrated the data can be reconciled between these two systems. We noted that the process is reliant on manual excel records and that there are limited controls on access to this spreadsheet.	Customers on WaterSure scheme: 238 Total Water Sure discount manually applied to bills: £9587.71
EA Abstraction Data	B	We checked the process for preparing and reporting daily abstraction and supply flow data and completed data checks to confirm accurate reporting.	Multiple

Appendix B. List of audited data

	AMP7 PC Code	Performance Commitment	Comments
1	PR19PRT_15 A	Havant Thicket	
2 and 3	PR19PRT_NEPO1 PR19PRT_NEPO2	WINEP (Delivery and Timing)	
4	PR19PRT_PRT-Network Plus-01	CRI	Not audited by Jacobs
5	PR19PRT_PRT-Network Plus-02	Water supply interruptions	
6	PR19PRT_PRT-Network Plus-03	Mains repairs	
7	PR19PRT_PRT-Network Plus-04	Unplanned outage	
8	PR19PRT_PRT-Network Plus-05	Properties at Risk of Low Pressure	
9	PR19PRT_PRT-Network Plus-06	Water Quality Contacts	Audited in January 2021
10	PR19PRT_PRT-Network Plus-07	Leakage	
11	PR19PRT_PRT-Network Plus-08	Catchment Management (Biodiversity)	
12	PR19PRT_PRT-Network Plus-09	Carbon	
13	PR19PRT_PRT-Network Plus-10	RoSPA	

14	PR19PRT_PRT-Network Plus-11	D-Mex	
15	PR19PRT_PRT-Network Plus-12	Resilience Schemes	Not audited by Jacobs
16	PR19PRT_PRT-Retail-01	C-Mex	
17	PR19PRT_PRT-Retail-02	Voids	
18	PR19PRT_PRT-Retail-03	Affordability - Social Tariff	
19	PR19PRT_PRT-Retail-04	Vulnerability Survey	
20	PR19PRT_PRT-Retail-05	Priority Services Register	
21	PR19PRT_PRT-Water Resources-01	Biodiversity reward	
22	PR19PRT_PRT-Water Resources-02	Abstraction Incentive Mechanism (AIM)	
23	PR19PRT_PRT-Water Resources 03	Per capita consumption	
24	PR19PRT_PRT-Water Resources-04	Risk of Severe Restrictions in a Drought	
25	PR19PRT_PRT-Water Resources-05	Avoidance of water supply restrictions	
26	PR19PRT_PRT-Water Resources-06	Biodiversity Penalty (operational sites)	
	APR Table	Data description	Comment

	2F	Retail revenue	
	2N	Social tariff	
	4A	Bulk supplies	
	4Q	New connections	
	4R	Properties	
	5A	Water resources	
	6A	Water treatment	
	6B	Water distribution	
	6D	Capital activities	
	Other		
1	Written complaints		
2	Non-written complaints		
3	Watersure		
4	Wholesale service desk		

5	Water balance		
6	Distribution input		
7	Abstraction licences		