

Technical Assurance Findings - Draft WRMP 2024

South Staffordshire Water

29 September 2022

Independent Assurance Provider

Technical Assurance Findings - Draft WRMP 2024

Client name: South Staffordshire Water
Project name: Independent Assurance Provider
Client reference: - **Project no:** B2443000
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Date: 29 September 2022 **File name:** Jacobs Assurance Findings - South Staffs Draft WRMP 2024

Document history and status

Revision	Date	Description	Author	Checked	Reviewed	Approved
1	28/09/2022	Draft	BK	ZA	ZA	ZA
2	29/09/2022	Final	ZA	BK	BK	ZA

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Process Assurance Report and Letter

Attention: Natalie Akroyd
 Copies: Dan Haire

Draft WRMP 2024 Process Assurance Findings

Dear Natalie

Thank you for your request for Jacobs UK Limited to undertake technical assurance of the process used to develop your 2024 Water Resource Management Plan (WRMP). This assurance report sets out the context for the assurance engagement, our approach and our findings.

1. The scope of the assurance engagement

This was a limited assurance engagement and focused on the process used to develop the draft plan. We assured the processes used for the following areas.

Table 1 Areas of review

Area of review	Audit theme	Areas of focus
Environmental destination	Environmental destination and licence capping	Alignment with Ofwat minimum requirement for Environmental Destination; Deployable Output impact.
1 in 500 drought resilience	Deployable Output for the new 1 in 500 drought requirement.	Alignment with WRW and WRE as well as EA WRPG, accounting for climate change and uncertainty.
Best value plan, value stream tool	Best value planning taking into account resilience, environmental and social considerations, customer preferences and interaction with WRW and WRE regional plans.	Best-value decision making. Definition of best value and data sources considered. Uncertainties in best value. Customer preferences.
Key changes from WRMP19 & compliance with WRPG	Methodological review to determine broad agreement with EA's planning guidelines.	Assessment of addressing the new Guidance for Environmental destination, 1 in 500 drought resilience and Best value plan, value stream.
Customer and stakeholder engagement	Line-of-sight from customer and stakeholder research conclusions to the dWRMP24.	Accuracy of representation in dWRMP24; evidence of decisions made in alignment with customer and stakeholder preferences; justification where this is not the case.

2. Our assurance approach

We undertook our assurance through a series of audits with the dWRMP24 development team, via Microsoft Teams, during August and September 2022. We asked team members to explain the process being used and formed an opinion on each of the items in our assessment framework (below). We reviewed methodology documentation where this was available. Where appropriate and possible, we undertook top-down sense checks of model outputs.

Our audits were guided by a series of tests. These formed a structure for our work and allowed us to assign a risk-based score to each area. Our standard tests were:

- Check compliance with Water Resources Planning Guideline and Guiding Principles plus related methodologies and guidance.
- Test critical assumptions.
- Test how uncertainty is managed.
- Test alignment of scenarios with Ofwat's PR24 planning scenarios and water company-defined scenarios.

- Review areas of focus (as specified in Table 1).
- Check accuracy of calculations on a sample basis.
- Check application of internal quality control measures including peer reviews and signoff.

The result of our approach was a risk-based assessment of A, B, C or D against each assessment point. If the test was not complete it is marked as 'Incomplete' and scored W. If a test was not required, it is marked as 'N/A' and coloured grey. Figure 1 shows our assurance score criteria.

Figure 1. Assurance score criteria

Key to scores	Low risk	Low to medium risk	Medium to high risk	High risk	Not complete	Not required
	A	B	C	D	W	N/A

2.1 Key findings from our assurance

Table 2 gives a summary of our findings:

Table 2. Summary score of audits for each workstream

Component	Audit scope	Lowest score	Key findings
Environmental Destination	Alignment with Ofwat minimum requirement for Environmental Destination; Deployable Output impact.	C	<p>The approach to Environmental Destination (ED) is broadly consistent with the WRPG and aligned with other companies in the corresponding regional groups.</p> <p>However, several risks were identified with the adopted approach. To address the medium to high-risk area, we recommend the following. We note that resolving this issue requires further instructions from the Environment Agency, and AMP 8 investigations:</p> <ul style="list-style-type: none"> • Confirm the impact of licence reductions on Deployable Output for the South Staffs Water Resource Zones (WRZs). Include a note in the dWRMP that further work is being completed to understand differences in the calculation of ED reductions at source and with Aquator water resources modelling. <p>For low to medium risk areas:</p> <ul style="list-style-type: none"> • Finalise the BAU+ locally verified reductions with the Environment Agency. • Confirm outstanding queries on the data sheets (e.g., confirm the percentage reduction assigned to 'Bore 5, Weston Colville' under the Enhanced Scenario in is correct at 0%). • Formalise a 1st and 2nd line internal assurance process.
1 in 500 drought resilience	Alignment with WRW and WRE as well as EA WRPG, accounting for climate change and uncertainty.	B	<p>South Staffs and Cambridge Water have updated their approach to calculating the DO available during a 1:500 drought in compliance with the latest guidance.</p> <p>A score of B is currently assigned as we have not been able to trace the DO values from source data to WRP tables. We understand South Staffs and Cambridge Water will complete their own assurance of the values they enter into their WRP tables. We recommend that the consultant who provided the DO values also completes a review of these tables.</p> <p>The only other non-material actions are to ensure the Cambridge DO calculation method is more fully</p>

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			explained and to put in place a more formalised 1st and 2nd line internal assurance process.
Best value plan, value stream tool	Best-value decision making. Definition of best value and data sources considered. Uncertainties in best value. Customer preferences.	A	The ValueStream tool has been reviewed under WRW at a technical and process level. This tool has been signed off for use in production of EBSD modelling and best value planning. As such this aspect is not part of this audit. Focusing purely on the best value plans for both regions. Using the most likely scenario(s) the best value plans are the least cost plans for both regions as all options are selected by default. We find no issue with the best value plan, with the proviso that all evidence was provide by email rather than remote face to face interview.
Key changes from WRMP19 & compliance with WRPG	Methodological review to determine broad agreement with EA's planning guidelines for the areas of review covered	A	We assessed the application of new Guidance for Environmental destination, 1 in 500 drought resilience and Best value plan, value stream and found the methods addressed the new requirements for WRMP24 planning.
Customer and stakeholder engagement	Line-of-sight from customer and stakeholder research conclusions to the dWRMP24.	A	We found that that SSC has accurately represented the findings from its stakeholder and customer engagement in the development of the key policy decisions and best value plans. There is sufficient evidence within the documents to show that the decisions have support from stakeholder and customers and why the policy decisions have been made. Where there are decisions that are not aligned to the research findings there is reasonable justification. We recommend undertaking follow-up research to inform the final plan, as customer preferences may have changed given current economic pressures.

In addition to the workstream findings, we recommend developing a more formalised 1st and 2nd line internal assurance process.

3. Statement of assurance

Within our assurance scope, and apart from the actions identified in Table 2 above, we have found that you have appropriate processes in place to:

- Identify and use sound and robust data to develop the plan.
- Apply best value planning principles; and
- Follow the Water Resources Planning Guideline.

This concludes our assurance opinion. We would be pleased to discuss our work and findings with you.

Yours sincerely

Zac Alexander

Technical Assurance Manager