

# Portsmouth Water



## DRAFT WATER RESOURCES MANAGEMENT PLAN 2024

### APPENDIX 6A – HEADROOM REPORTS

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## WRMP24 Technical Assurance Report

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Portsmouth Water

WRMP24 Technical Assurance  
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## WRMP24 Technical Assurance Report

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## 1. Introduction

Every five years water companies publish water resources management plans (WRMPs) that set out how they plan to balance the supply and demand for water in their areas over the next 25 years. Portsmouth Water is due to submit its draft water resources management plan (dWRMP) to Defra by 3 October 2022 and to publish in November 2022.

For the first time, water companies are also required to contribute to a regional resilience plan covering their area of supply and neighbouring water company areas. Portsmouth is part of the Water Resources in the South East (WRSE) group for regional planning. WRSE published its Emerging Regional Plan in January 2022. It will publish its draft Regional Plan in autumn 2022, which must align with member companies' dWRMPs and with other regional plans.

Delays with the WRSE planning process have delayed work on preparing Portsmouth's dWRMP. We carried out assurance on the plan during August and September, although some of the documentation and data tables that we assured were incomplete at the time of review.

## 2. Scope & approach

You asked us to take a risk-based approach to our assurance, focusing on plan components that you considered to be relatively high risk. On that basis, we reviewed the following:

- Demand forecasts
- Use of stochastics for assessing Deployable Output (DO)
- Headroom (as an element of dealing with uncertainty)
- Options appraisal including modelling according to the Economics of Balancing Supply and Demand (EBSA) approach
- Environmental destination and licence capping
- Outage
- Demand management options
- Data tables
- Documentation and links with regional planning

Our principal aim was to determine if any elements of your approach were likely to be materially inconsistent with the technical guideline. We also examined your team's process control and management, including quality assurance.

We considered how Ofwat's strategic priorities for PR24<sup>1</sup> are reflected in the areas we reviewed, where relevant. This covered factors such as Ofwat's expectations on leakage, water efficiency and adaptive planning.

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<sup>1</sup> [PR24 Draft methodology - Ofwat](#), July 2022.

### 3. Observations and findings

All scores and summary findings are presented in Appendix A. We provide an overview for areas of material concern below.

#### 3.1 Material issues

We scored three of the nine areas we reviewed as C indicating there is a medium to high risk associated with these elements of the submission. The risks can be categorised as follows:

- two of the issues relate to gaps in the information at the time of review
- one relates to a modelling issue that cannot be resolved before the draft plan is submitted.

**Table 3-1: Material issues**

Area	Summary findings
Headroom	The team have adjusted the target headroom profile and have introduced an alternative profile to ensure that target headroom does not go below zero. There is no provision in the WRPG or WRSE methodologies for such an adjustment. We acknowledge that the team will not be able to complete the action to recalculate the headroom profiles for the draft plan. We recommend completing it for the final plan and explaining in the commentary the adjustment and plans to update for the final version. We recommend explaining that the planned work is unlikely to influence the content of the proposed plan – provided that there is evidence to support this.
Data Tables	At the time of writing, there were some outstanding issues with preparing the data tables for submission, pending updates from WRSE. We note that the team is working with WRSE on issues identified in internal checks.
Documentation and links with the WRSE regional plan	The content of the main report is appropriate and clear. However, we have assigned an overall score of C because the report was incomplete at the time of review, partly due to delays with outputs from WRSE. The team is working to complete the report using best available information, and we recommend noting in the narrative any shortcomings arising from issues outstanding with WRSE.

## 4. Conclusion

Taking account both of our previous assurance and our most recent assurance, and except where noted above, we consider that:

- you have met your obligations in developing your plan;
- the plan incorporates the long-term government requirements for leakage and demand reduction;
- the plan aligns with the WRSE regional plan, and has been developed in accordance with the national framework and relevant guidance and policy, or provides a clear justification for any differences
- the WRMP and PR24 planning assumptions are consistent.

## Appendix A. Summary of assessments

As we note in the report above, our assurance approach focuses on the level of risk associated with the submission. 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 1 below summarises this framework.

**Table 1. Summary of scoring framework for our assurance**

Grade	Description
A	No issues identified (low risk that submission does not comply with guidance).
B	Non-material issues identified (low to medium risk that submission does not comply with guidance).
C	Material issues identified (medium to high risk that submission does not comply with guidance).
D	Significant material issues identified (high risk that submission does not comply with guidance).

Table 2. Draft WRMP24 Assurance Summary

Area of Review	Score	Audit Summary	Proposed actions	Expected score at submission of draft plan
Demand forecasts	A	<p>The updates and checks made to the model are documented within the spreadsheet. The main update made since January 2021, when the model was previously assured, enables the team to track ONS18-P forecasts.</p> <p>We did not identify any issues with the reporting process or data.</p>	N/A	A
Application of stochastics for DO assessment	A	<p>Portsmouth Water’s approach to stochastics and the underlying model align with the reporting guidance, methodologies and requirements for WRMP, WRSE and PR24. Our assurance found no material issues.</p> <p>The new combined model for Portsmouth Water and Southern Water’s Hampshire zones addresses the main concern with the model – inconsistency with the shared River Itchen resource. The joint model also enables a better understanding of conjunctive behaviour related to Havant Thicket use.</p> <p>The joint model is currently under review and is not yet ready to inform WRMP modelling. This does not present a risk with the draft plan submission, so we have scored this element as ‘A’ despite the non-material action. However, we recommend using the benefits of this model to inform the final WRMP.</p>	<p><u>Non-material</u> Complete the review of the joint model to better inform development of the final WRMP. [To be completed before final plan].</p>	A
Headroom	C	The team have adjusted the target headroom profile and have introduced an alternative profile to ensure that target headroom does not go below	<u>Material</u>	B

		<p>zero. This is not consistent with the WRMP methodology or WRSE requirements.</p> <p>The remaining process is consistent with the WRMP methodology and WRSE requirements and has been subject to robust top-down checks and controls. However, the data processing has been undertaken by one individual and has not been subject to any detailed checks.</p>	<ol style="list-style-type: none"> <li>1. Recalculate Headroom profiles without adjustment and include unadjusted profiles within the draft WRMP. <i>We acknowledge that the team will not be able to complete this action for the draft plan, but we recommend completing it for the final plan and noting this in the commentary. We recommend explaining that the planned work is unlikely to influence the content of the proposed plan – provided that there is evidence to support this.</i></li> </ol> <p><u>Non-material</u></p> <ol style="list-style-type: none"> <li>2. Undertake detailed checks of the data for all steps in the process and record the results. <i>We acknowledge that the team will not be able to complete this action for the draft plan, but we recommend completing it for the final plan.</i></li> </ol>	
Options appraisal including EBSD modelling	A	<p>We did not identify any material issues. We identified a non-material issue in relation to the assessment of conjunctive use benefit. A technical note provided by the company identifies the need to better define the conjunctive use benefit under different operating conditions using a combined Southern Water/Portsmouth Water Pywr model.</p> <p>As for the 'application of stochastics for DO assessment', this does not present a risk with the draft plan submission, so we have scored this element as 'A' despite the non-material action. However, we recommend using the benefits of this model to inform the final WRMP.</p>	<p><u>Non-material</u></p> <p>Update the conjunctive use benefit assessment using a combined model. [To be completed for final plan].</p>	A

Environmental destination and licence capping	A	We consider that Portsmouth Water's approach to environmental and licence capping aligns with WRMP and WRSE guidance and methodologies.	N/A	
Outage	A	The outage figures remain unchanged from January 2021. We identified no issues with the reporting process or data through our assurance.	N/A	
Demand management options	A	The review of the changes to the Demand Management Options since the previous audit in May 2021 identified no material issues.	N/A	A
Data tables	C	At the time of writing, there were some outstanding issues with preparing the data tables for submission, pending updates from WRSE. We note that the team is working with WRSE on issues identified in internal.	<u>Material</u> Complete the data tables using best available information (continuing to work with WRSE on resolving issues found through internal data checks) and note in the narrative any shortcomings arising from issues outstanding with WRSE.	B
Documentation and links with regional planning	C	The content of the main report is appropriate and clear. However, we have assigned an overall score of 'C' because the report was incomplete at the time of review, and we note the critical dependencies on data/narrative pending from WRSE.  We also identified some non-material points to help refine some of the detail in the report.	<u>Material</u> 1. Complete the report using best available information and note in the narrative any shortcomings arising from issues outstanding with WRSE.  <u>Non-material</u> 2. Consider the non-material suggestions arising from the audit to help refine some of the detail in the report.	B