

# The Wessex area Drainage and wastewater management plan (DWMP)

## DWMP Appendix E – Board Assurance Statement

Wessex Water

May 2023



**Wessex Water**

YTL GROUP

## 1. Board assurance statement

The Wessex Water Services Limited Board is satisfied that:

- The Government's DWMP guiding principles<sup>1</sup> and the DWMP technical framework<sup>2</sup> are being followed and applied
- The planning objectives are being met (both common and bespoke)
- There are clear links and processes in place to ensure the appropriate DWMP interventions, including partnership and co-funded schemes, will be put forward for investment in the PR24 business plan
- Measures are in place to achieve objectives set out in the Government's Storm Overflows Discharge Reduction Plan
- It is a best value plan for customers and the environment and for managing and developing drainage and wastewater services and is based on robust evidence and costing processes

Signed on behalf of the Board



**Andy Pymer**  
**Chief Finance Officer**

Further detail on how the Board has engaged in all stages of development of the Company's plan and the evidence it has considered in making its assurance statement is set out below.

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<sup>1</sup> [Guiding principles for drainage and wastewater management plans - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/guiding-principles-for-drainage-and-wastewater-management-plans)

<sup>2</sup> [Drainage and Wastewater Management Plans | Water UK](#)

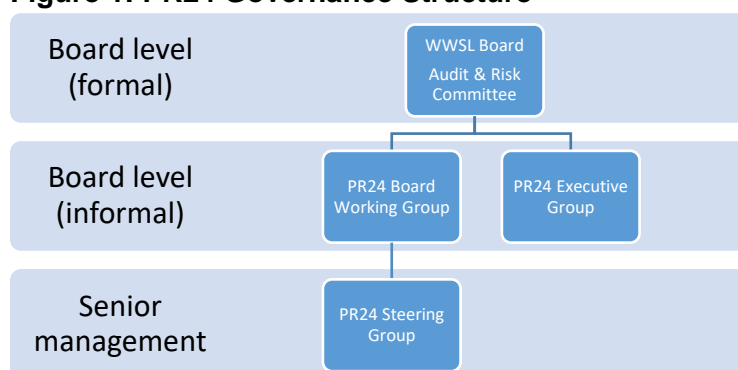
## 2. Governance and assurance

We have a well-established assurance framework, which is led by our Board. Our overall approach to assurance is governed by our business risk assurance map, which is published on our website [here](#). This is based on three levels of defence.

Given the critical importance of the PR24 Business Plan and the drainage and wastewater management plan (DWMP) linked to this, the Board formed a dedicated PR24 Board Working Group and PR24 Executive Group to provide support on the PR24 Business Plan and associated submissions, including the DWMP.

The high-level governance structure for the PR24 Business Plan is shown in Figure 1 below.

**Figure 1: PR24 Governance Structure**



The Board has engaged, overseen and scrutinised the plan at all stages of development. The specific Board level meetings where the plan was discussed are shown in Table 1 below.

**Table 1 Board level meeting summary**

Date	Meeting	Focus
January 2021	WWSL Board	Awareness and expectations
November 2021	WWSL Board	Awareness and expectations
February 2022	PR24 Executive Group PR24 Board Working Group	Progress update
May 2022	PR24 Executive Group WWSL Board	Draft DWMP submission
June 2022	PR24 Board Working Group Audit and Risk Committee	Draft DWMP submission
October 2022	PR24 Executive Group PR24 Board Working Group	Update on consultation and fDWMP proposals; storm overflows
November 2022	Audit & Risk Committee	Storm overflows
February 2023	PR24 Executive Group	Feedback from regulators on draft submission and plan update.
March 2023	PR24 Board Working Group	Feedback from regulators on draft submission and plan update.
May 2023	WWSL Board	Final DWMP submission

## 2.1 Our assurance framework

In the development of the DWMP submission, we followed our assurance framework as detailed in our PR24 Audit and Assurance Policy (AAP) and Regulatory Assurance Manual.

The AAP explains how Wessex Water Services Limited is obtaining assurance on the PR24 Business Plan. It outlines the company's approach to governance and assurance for the plan at the first, second and third lines of defence.

The Regulatory Assurance Manual outlines the company's framework for the assurance of data and information, including the PR24 Business Plan. The key elements are described below.

### 2.1.1 External audit

We engaged our external technical auditors (Mott MacDonald) to provide the principal assurance over our DWMP. They assessed the extent to which the plan meets the requirements of the regulatory guidelines<sup>3</sup>. They also provided assurance for the data tables that we are required to submit alongside the DWMP.

The audit programme included audits completed as part of the water industry national environment programme (WINEP) submission for PR24., which covered the vast majority of the expenditure for the DWMP. However, there is still significant uncertainty on the contents of the WINEP.

### 2.1.2 Cost benchmarking

To ensure the plan is based on robust evidence and costing processes, we asked ChandlerKBS to benchmark a selection of the options included within our DWMP covering wastewater treatment and shaft storage solutions.

Cost consultants refer to the Cost Estimate Classification Matrix for guidance on expected accuracy ranges at different stages of a project lifecycle. For a DWMP project, the matrix identifies the estimate as Class 3 or Class 4. The expected accuracy ranges are detailed below.

**Table 2 Cost benchmarking**

Category	Low range	High range
Class 3	-10% to -20%	+10% to +30%
Class 4	-15% to -30%	+20% to +50%.

The percentages for the areas benchmarked were well within the expected variance ranges for this type of benchmarking exercise.

<sup>3</sup> [Drainage and Wastewater Management Plans | Water UK](#)

<sup>3</sup> [Guiding principles for drainage and wastewater management plans - GOV.UK \(www.gov.uk\)](#)

### 2.1.3 Certification process

We followed the certification process we use for all Ofwat submissions for the DWMP data tables. For each of the tables we identified a compiler, owner, and reviewer:

**Table 3 Certification process**

Role	Description
Compiler	The person responsible for compilation of data or information into the format required.
Owner	Senior manager with overall responsibility for the data and information, including checking that the correct methodology has been followed and reviewing and challenging commentary where provided.
Reviewer	The Director or Head of Department responsible for the area of the business that the data or information relates to. Assesses submissions for alignment with strategic direction.

Each role was required to certify that:

- Information is accurate, reliable, and complete in all material respects
- Data represents a true and fair view of transactions / performance of the company
- Estimates / projections have been made in good faith, based on reasonable assumptions

The flow of data in the certification process is:



The results and conclusions from the Mott MacDonald external audit process are set out in Annex A. We incorporated their recommendations into the plan.

## **Annex A. External audit report**



# Assurance report

Drainage and wastewater management plan

May 2023



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# 1 Introduction

Drainage and wastewater management plans are a new way for sewerage companies to publish their plans for long-term management of the sewerage system. They bring together all the activities needed for long-term management of wastewater services, including the prevention of flooding, storm overflows, accommodating growth, and improving environmental performance.

Your draft cycle 1 drainage and wastewater management plan was published for consultation in June 2022. Ofwat wrote to wastewater companies in October 2022, challenging them to fully meet the targets set in Defra's Storm Overflow Discharge Reduction Plan, with better-developed costs and benefits, more ambitious improvements from base expenditure and nature-based solutions, and to bring more focus and maturity in partnerships with other relevant organisations.

Since publishing your draft DWMP you have continued to develop your plan and to adopt regulatory requirements for your final DWMP, which is to be published on 31 May 2023.

Major steps include responding to stakeholder consultation responses, planning to fully deliver the Defra Storm Overflow Discharge Reduction Plan, integrating your WINEP programme as proposed to the Environment Agency, and improving links to your base expenditure plan.

Since the WINEP programme is yet to be finalised, there may be further changes to the plan in preparation for the 2024 price review plan to be published in October 2023.

This report is a brief summary of the scope of our audits, our findings, and our concluding assurance statement.

## 2 Scope of assurance

A document “Expectations for assurance of cycle 1 draft and final drainage and wastewater management plans (DWMPs)<sup>1</sup>” was issued to sewerage company CEOs by Defra, the Environment agency and Ofwat on 18 February 2022. It set out the regulators’ expectations for Board assurance statements, saying they should state that they are satisfied that:

1. The guiding principles and the DWMP [Drainage and Wastewater Management Plans] technical framework is being followed and applied.
2. The planning objectives are being met (both common and bespoke).
3. There are clear links and processes in place to ensure the appropriate DWMP interventions, including partnership and co-funded schemes, will be put forward for investment in PR24 business plans.
4. Measures are in place to achieve objectives set in the Government’s Storm Overflows Discharge Reduction Plan – consulted in March 2022 and to be finalised in September 2022]
5. It is a best value plan for customers and the environment for managing and developing drainage and wastewater services and is based on robust evidence and costing processes.

Since the draft DWMPs were published, stakeholders have provided feedback for companies to consider as they prepare their final DWMPs. Ofwat published a letter “Ofwat’s industry overview of draft drainage and wastewater management plans 2022” on 10 October 2022, in which it challenged companies to be more ambitious in reducing storm overflows from sewers, provide stronger evidence of needs, cost and benefits of solutions, be more

ambitious in prioritising improvements from base expenditure, make more use of nature-based solutions, and develop more mature, focused, partnership solutions.

Defra and the Environment Agency also provided feedback. Defra confirmed that companies should plan to deliver the sewer overflow reduction plan in full, within Defra’s timescale of 38% of high priority overflows being improved by 2035.

Other stakeholders providing feedback included Environment Agency, Natural England, River Trusts, CC Water and four customer responses.

We asked you to show what work you have done to respond to the feedback and further develop your DWMP. Our observations and conclusions are summarised below.

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<sup>1</sup> [Guiding principles for drainage and wastewater management plans - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/111111/guiding-principles-for-drainage-and-wastewater-management-plans-2022.pdf), accessed May 2023.

## 3 Findings

### 3.1 Guiding principles:

You showed the steps you have taken to adhere to the Water UK guiding principles for DWMPs. We observed that since receiving feedback on your draft DWMP, you have continued to develop your plan in line with the Defra requirements and following the Water UK framework<sup>2</sup>. Table 3.1 summarises our key findings on your adoption of the Guiding Principles.

**Table 3.1: Observations on your adoption of the Defra Guiding Principles for DWMPs**

Guiding principle	Finding
Be comprehensive, evidence based and transparent in assessing, as far as possible, current capacity and actions needed in 5, 10 and minimum 25-year periods considering risks and issues such as climate change. Plans should also align, as far as possible, with other strategic and policy planning tools.	<p>You have continued to develop sewer models, in priority order, to better understand the effects of climate change, population growth and changes in urban drainage. Climate change is clearly a material risk to future performance.</p> <p>You have developed detailed scheme lists for major investment during AMP8.</p> <p>You have developed your plans in line with your WINEP and environmental compliance strategies and 25-yr strategic direction.</p>
Strive to deliver resilient systems - that will meet operational and other pressures and minimise system failures.	You have developed your plan with a reliable wastewater network in mind. You showed how your main sewer models have been upgraded to improve the quality of forecasts.
Consider the impact of drainage systems on immediate and wider environmental outcomes including habitats and in	You have considered a wide range of solutions and their impacts on performance, the environment and costs.

<sup>2</sup> DWMP Framework Report Main Report September 2021.pdf (water.org.uk), Water UK 2021, accessed May 2023.

Guiding principle	Finding
developing options for mitigation to include consideration of environmental net gain and enhancement	Environmental net gain, especially biodiversity net gain, is not calculated in detail for every scheme at this stage.
Be collaborative - recognising the importance of sectors working together to consider current and future risks and needs and to deliver effective solutions, setting out how they will do this, how they have engaged with and responded to stakeholders.	Since your draft DWMP you have continued to work with stakeholders in your Catchment Panel and to develop partnership opportunities with local authorities and other organisations. Your approach appears to have the potential to be a stimulus for multi-organisation projects, for example benefitting Local Authority environmental strategies.
Show leadership - in considering the big picture for an organisation's operational capacity to develop and deliver the plan, and mindful of linkages with other strategic planning frameworks.	Your plan has developed in line with expectations to be a focal point for wastewater planning. It has clear integration with WINEP and maintenance strategies, with integration into the overall planning tools as other components of your PR24 investment plan.
Improve customer outcomes and awareness and that solutions and actions provide both value for money and consider societal benefits	<p>You have prioritised your plan to deliver the most beneficial outcomes first, for example to increase capacity at wastewater treatment works and to reduce the most important sewer overflows first.</p> <p>You have preferred the most cost-effective solution to meeting each statutory need, to reduce the impact on customer bills. You have taken account of wider stakeholder needs to help focus solutions on wider overall benefits.</p>

We were satisfied that you have taken account of Defra's guiding principles for DWMPs, together with the Water UK technical framework, and more stakeholder feedback, in developing your DWMP.

### 3.2 Meeting the planning objectives:

You showed how you have produced several 'scenarios' to reflect a range of planning objectives, which resolve identified issues over time scales. You showed how for each scenario, your plan identifies the activities that are likely to be required to deliver the planning objectives.

Your draft scenarios included a 'sound science' option which reduced sewer overflows more slowly than called for by Defra's storm overflow reduction plan. The scenario allowed time for more detailed investigations of catchment-level options to some mid-risk sewer overflows.

You showed how none of the feedback on your draft plan supported your 'sound science' option, so you have dropped it from your final DWMP.

I was satisfied your final DWMP plans to meet the objectives set out in Defra's storm overflow reduction plan and your own 25-year strategy.

### 3.3 Processes and links to your PR24 business plan:

You showed how your plan is built up from proposed interventions to the issues that have been identified and how it feeds directly into investment plans being compiled for PR24. I was able to trace from your compiled tables back to your detailed plan, and from there to an individual scheme appraisals or budget lines. Examples included single projects for high-cost or high-risk schemes, and block budgets for minor works.

You showed how your final DWMP plans have been fed directly to your draft PR24 plans. You explained that there might be further amendments as your PR24 plan is finalised, and hence that there may some changes presented in your DWMP tables at PR24.

Stakeholder feedback on your draft DWMP challenged you to make more use of partnership funding opportunities.

We noticed you have made good progress in developing partnership funding opportunities and that significant benefits may be realised. We recognise that

the nature of partnership funding is that many potential partners are unable to fully commit until project-level details and timescales are finalised, together with their own funding. Hence partnership funding is likely to develop and to change over time as projects reach their delivery phase. It might be that even after PR24, partnership funding is still tentative for many schemes.

Considering the sewer overflow reduction plan, you showed how you have assessed each of your sewer overflows and given each a priority for further investment. Some appear not to overflow nor to present a risk of significant harm to the environment, whereas others require investment to meet the Defra objectives. Since your draft DWMP, you have adopted the full pace of the Defra sewer overflow reduction plan.

You showed your current WINEP programme of 148 schemes, including schemes to improve bathing water quality and reduce sewer overflow frequency.

We were satisfied that you have clear and direct links between your DWMP and PR24 business plans.

### 3.4 Objectives set out in the Government's Storm Overflows Discharge Reduction Plan:

You showed how you have taken account of the March 2022 consultation document for storm overflow reduction and subsequent stakeholder feedback.

Your draft DWMP planning scenarios included a range of delivery timescales for the storm overflow reduction plan, with indicative costs for each option.

Your final DWMP adopts Defra's Storm Overflows Discharge Reduction Plan<sup>3</sup>, a development from your draft DWMP in which you considered the plan to be prohibitively expensive for implementation in full.

Considering the use of nature-based solutions, you showed how you have assessed costs and benefits of a range of options for nature-based solutions including diverting rainwater drains from sewers to sustainable drainage systems and providing treatment for sewer overflows.

We challenged whether the apparently high cost of nature-based solutions results from a less commoditised market for such projects. You showed how re-routing rainwater often requires very large projects, compared with installing additional storage, leading to high costs for large-scale nature-based projects. You have used GIS-based tools linked to network models, to identify the best value locations for rainwater disconnection.

You explained that scaling-up the design and delivery processes to support the sewer overflow reduction programme will be challenging, given the scale of the programme nationally. You have been engaging with your supply chain about future workload, including seeking new skills to improve 'green' solution design and delivery.

We were satisfied that you are planning to meet Defra's requirements, noting that the cost is relatively high and, at a national level, scaling-up for delivery is a major undertaking.

### 3.5 Best value plan for customers and the environment:

You showed how you have reviewed indicative costs and benefits for resolving each identified issue and selected the most cost-beneficial (or least cost, as appropriate) option for each issue.

Your options include traditional, low-energy and nature-based solutions, as well as potential for partnership funding. Your team includes roles to identify potential scheme and funding partners where appropriate, placing you well to realise partnerships as the plan moves to delivery.

It appears that the initiative and pace of Water Company investment may act as a catalyst for partners coming together, with the potential for significant efficiencies compared with each agency attempting to solve problems individually. For example, reducing rainwater runoff could reduce highway and property flooding, reduce land erosion and reduce sewer overflows.

You showed how accelerating the early years of your plan to meet the Defra Sewer Overflow Reduction Plan timescale would likely lead to a greater proportion of traditional 'grey' solutions, compared with your now-discontinued 'sound science' option which allowed for more site-level research prior to investment. It was not clear how much the outcomes would differ between the two options in reality, since that would depend on the outcome of research under the 'sound science' option.

Considering nature-based solutions, you have continued to develop your proposals for treating water from some storm overflows using nature-based techniques. You propose to seek a discharge permit for those sites, thereby making them into the equivalent of small treatment works. We understand that the Environment Agency is considering your proposals but has not given its support. We agree that if a treated overflow is still considered to be 'spilling' it

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<sup>3</sup> [Storm Overflows Discharge Reduction Plan.pdf](#) (publishing.service.gov.uk), Defra, August 2022, accessed May 2023.

may be difficult to recognise sufficient benefit from the scheme to justify the approach, even though environmental harm could be reduced.

You showed how your plan includes increasing the length of sewers sealed against infiltration, to reduce inflow from groundwater and improve the capacity of sewers to cope with storm events.

We were satisfied that your DWMP is based on best-value principles of focusing solutions only on the validated need and selecting the most cost-beneficial or least-cost solution for the need.

## 4 Assurance statement

To: Wessex Water Services Limited Board:

In my professional opinion and to the extent disclosed by sampling, I am satisfied that your cycle 1 drainage and wastewater management plan (DWMP) has been developed:

1. Following and applying the guiding principles and the DWMP technical framework.
2. To meet the common and bespoke planning objectives, to the extent that the objectives have been finalised at this stage.
3. Has clear links and processes in place to ensure the appropriate DWMP interventions, including partnership and co-funded schemes, will be put forward for investment in PR24 business plans, once the DWMP is finalised.
4. With the intention of being able to meet the objectives of the Government's Storm Overflow Discharge Reduction Plan.
5. With an approach that will enable a best value plan for customers and the environment for managing and developing drainage and wastewater services and is based on robust evidence and costing processes.



