

# WRSE Stakeholder Advisory Board

18 February 2021

# Agenda

1. Welcome and Introductions
2. Role of the Board and the forward work programme - Trevor
3. Developing a Best Value (BV) plan - objectives, criteria and metrics - Meyrick
4. AOB

## 2. WRSE Stakeholder engagement



### Stakeholder Advisory Board

- Chair: Richard Aylard
- Members of each of the sub-groups:
  - Multi Sector Chair: Alan Turner
  - Multi sector member: Martin Pilbin
  - Environment Panel Chair: Richard Benwell
  - Environment Panel Vice Chair: Charles Rangely Wilson
  - CCG: Karen Gibbs
- Representatives of other key water users :
  - Local Gov.: Sean McKee
  - GLA: Daniel Bicknell
  - Retailers: TBC
- WRSE - Simon Cocks, Meyrick Gough & Trevor Bishop
- Regulators invited as observers

## 2. Advisory Board – “refreshed” role

- The purpose of the Board is to support WRSE in its decision making in specific areas and help achieve consensus around the preferred regional plan
- The Board will have the opportunity to be involved throughout the engagement process and at the final stage members will be asked to:
  - Put forward insight and the views of the group or sector they represent
  - Consider the technical evidence alongside stakeholder and customer feedback
  - Provide comment on the extent to which the groups it represents have been involved in the development process of the key inputs and whether they reflect their needs
  - Provide comment on extent to which the preferred regional plan delivers (or not) for the key water users in the region.
- The Board will produce a report for SLT and it is intended that this will also be published on the WRSE website.

## 2. Terms of reference – draft for discussion

The WRSE Advisory Board will work with the WRSE senior leadership team (SLT) to ensure that the multi-sector, regional resilience plan meets the needs of all water users, the environment and supports the regional economy. Specifically, the members of the group will:

- Contribute to the development Best Value plan criteria and metrics and provide and advise the SLT on whether the chosen criteria reflect the needs of all water users
- Review the updated Future Water Resource Requirement assessment (demand and supply forecasts) and advise SLT on whether it reflects the needs of all water users based on the engagement and technical work carried out
- Contribute to the development of the visualisation tool that will be used for stakeholder and customer engagement on the alternative water resource programmes that are developed
- Review and assess the engagement carried out using the visualisation tool and provide a report to SLT on how the different plans perform from a customer and stakeholder perspective
- Review and assess the draft plan consultation results and make recommendations to the SLT on changes that should be made to the plan to reflect customer and stakeholder views
- Partner with WRSE, and its member companies where appropriate, to promote the development of the regional plan and WRSE's wider objectives.

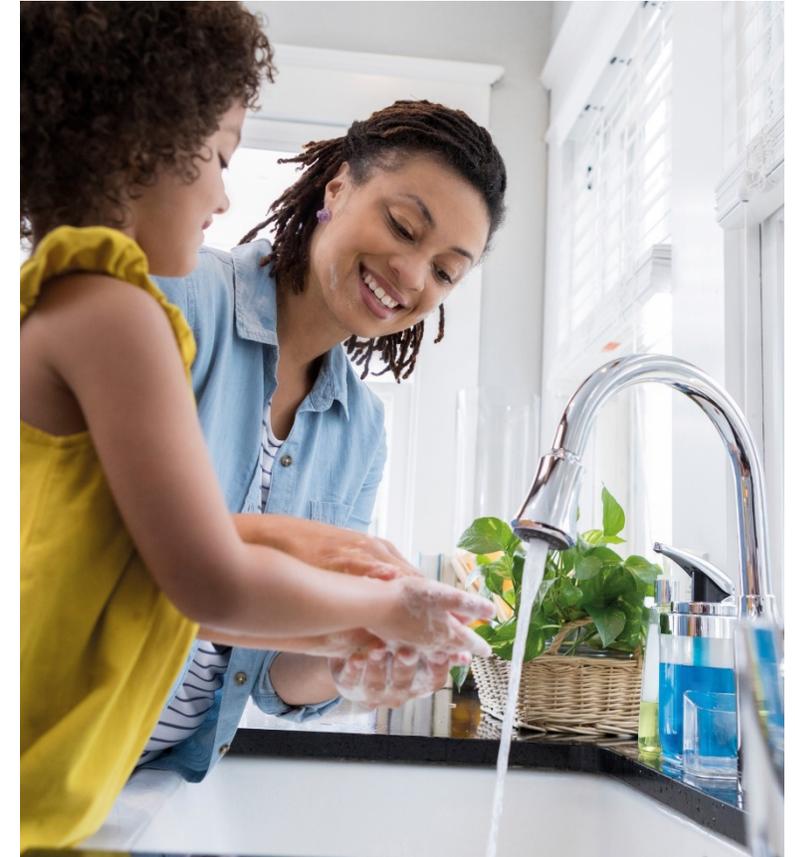
# Forward Plan

Meeting Date	Meeting focus
Feb 2021	<ul style="list-style-type: none"> <li>• Introduction to the Advisory Board, agree ToR and the work programme</li> <li>• Best Value (BV) planning approach - objectives, criteria and metrics for comment</li> </ul>
April 2021	<ul style="list-style-type: none"> <li>• Review of BV criteria and metrics consultation responses and agree recommendations to SLT</li> <li>• Introduction to the customer and stakeholder visualisation tool</li> <li>• Review the Future Water Resource Requirements update including environmental ambition scenarios</li> </ul>
May 2021	<ul style="list-style-type: none"> <li>• Workshop on the development of the visualisation tool and programme of stakeholder and customer engagement</li> </ul>
July 2021	<ul style="list-style-type: none"> <li>• Review the results of customer and stakeholder engagement activity on the alternative plans and agree recommendations to the SLT on the preferred plan</li> </ul>
August 2021	<ul style="list-style-type: none"> <li>• WRSE to feedback on the preferred plan that has been put forward for regional reconciliation</li> </ul>
November 2021	<ul style="list-style-type: none"> <li>• WRSE feedback on the outcome of regional reconciliation process</li> <li>• Draft plan consultation process for discussion and role of the Advisory Board in the consultation activity</li> </ul>
March 2022	<ul style="list-style-type: none"> <li>• Review the output of draft plan consultation and agree recommendations to the SLT on how this should inform the plan</li> </ul>
June 2022	<ul style="list-style-type: none"> <li>• WRSE report back on final plan and handover to WRMPs</li> </ul>

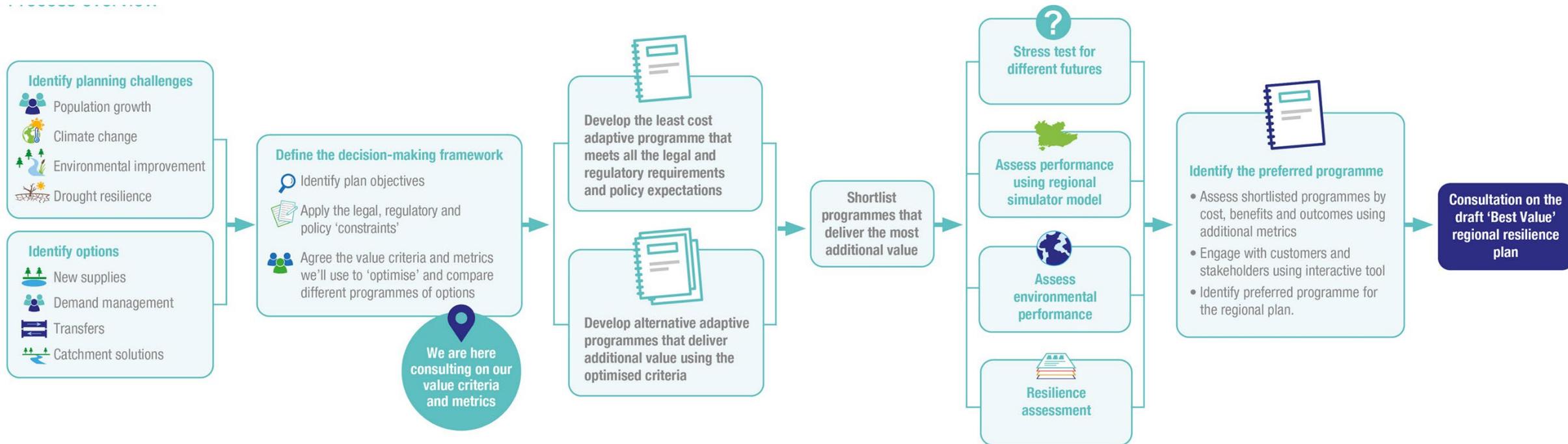
# 3. Developing a Best Value Plan

# What is a Best Value plan?

- In the context of water resources planning this is an approach that takes account of a range of factors such as cost, environmental impacts and benefits, resilience and customer preferences to determine a plan which provides a secure water supply as well as other benefits to society
- It must meet the legislative and regulatory requirements and policy expectations at the lowest cost possible
- It will then consider where additional value could be added using a range of value criteria and metrics
- These will be used to develop alternative plans that deliver additional value
- This could result in a water resource programme being chosen for the regional plan which isn't the cheapest but delivers additional value.



# The process



# Our objectives

Our regional plan must meet all the legal and regulatory requirements and policy expectations, including delivering 'Best Value' for customers. Its 'Best Value' objectives are to:



Deliver a secure and wholesome supply of water to customers and other users to 2100



Be deliverable at a cost that is acceptable to customers



Deliver long-term environmental improvement and social benefits



Increase the resilience of the region's water systems.

# Value criteria and metrics

**Constraints** - all the water resource programmes we develop must meet these criteria so they are compliant with legislative and regulatory requirements and policy expectations

**Optimised** - these are the criteria we will use to develop alternative water resource programmes and help us identify which deliver additional value. We will use these criteria, and associated metrics, to consider and shortlist the 'Best Value' programmes

**Metrics** - these are used to measure the performance of the value criteria.

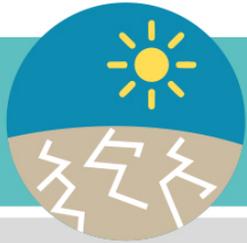
# Value criteria and metrics



## Deliver a secure and wholesome supply of water to customers and other users to 2100

Value criteria	How we'll measure it (metric)	Criteria type	Further detail
Meet the supply demand balance	Supply demand balance profile (Ml/day)	Constraint	All programmes must meet the supply demand balance by law so there is no water shortfall in any area over the planning period
Leakage	50% reduction in leakage by each company by 2050 from 2017/18 baseline (Ml/day)	Constraint	Policy expectation set a 50% reduction in leakage by 2050. Leakage reduction beyond this will be considered in the performance of the shortlisted programmes
Water consumption	Distribution input (volume of water that is put into supply) per head of population (litres/person)	Optimised	Defra is considering a metric or target to encourage a reduction in the amount of water used. We'll revisit this if it is set to make it a constraint within the plan. In that event, anything beyond that target will be used to demonstrate performance of the shortlisted programmes
Non-public water supply demand (water used by other sectors and not supplied by water companies)	Future demand of non-public water supply users included in the programme (yes/no)	Optimised	Non-public water supply is not subject to the same legal requirements as public water supplies. This will show how the programmes compare when we plan for the needs of other sectors beyond public water supplies
Customer preference	Customer preference for option type (score)	Optimised	Customer preferences may vary. In addition to using these criteria we will engage with customers to help us apply weighting to the different criteria and identify the preferred programme

# Value criteria and metrics



## Increase the resilience of the region's water systems

Value criteria	How we'll measure it (metric)	Criteria type	Further detail
Drought resilience	Achieve 1 in 500-year drought resilience (date achieved)	Constraint	This is required by Government policy in the National Infrastructure Strategy <sup>3</sup>
Reliability	Programme reliability score based on the Resilience Framework** amalgamated metrics	Optimised	Reliability is the ability to withstand short term shocks without actively changing the performance of the system
Adaptability	Programme adaptability score based on the Resilience Framework amalgamated metrics	Optimised	Adaptability is the ability to make a short-term change in performance of the system to accommodate the impact of a shock and recover
Evolvability	Programme evolvability score based on the Resilience Framework amalgamated metrics	Optimised	Evolvability is the ability to modify the system function to cope with long term trends

# Value criteria and metrics



## Deliver long-term environmental improvement and social benefits

Value criteria	How we'll measure it (metric)	Criteria type	Further detail
Strategic Environmental Assessment (SEA)*	Programme benefit (score max) Programme disbenefit (score min)	Optimised	Regional plans are non-statutory but we will apply the statutory SEA criteria. We will assess and summarise the overall benefits and disbenefits of each programme of options using the SEA assessments. This does not replace the SEA process
Natural capital	Enhancement of Natural Capital Value (£m)	Optimised	Natural capital will be used to measure any additional value created by the shortlisted programmes
Biodiversity	Net-gain score (%)	Optimised	Biodiversity is an SEA objective but we will use it to measure the additional biodiversity value created (avoiding double counting)
Abstraction reduction	Reduction in the volume of water abstracted at identified sites (Ml/day) and by when (date)	Constraint	It is a policy requirement to set an environmental destination for the region. We will determine the appropriate level of abstraction reduction in consultation with regulators and stakeholders and once agreed it will be a constraint within the plan. Anything beyond that level will be used to demonstrate performance of shortlisted programmes
Carbon	Cost of carbon offsetting (£m)	Optimised	This is included in the total programme cost but we will use it to measure any additional value created (avoiding double counting). We'll adopt best practice so the sector achieves its target of net zero carbon emissions by 2030

# Value criteria and metrics



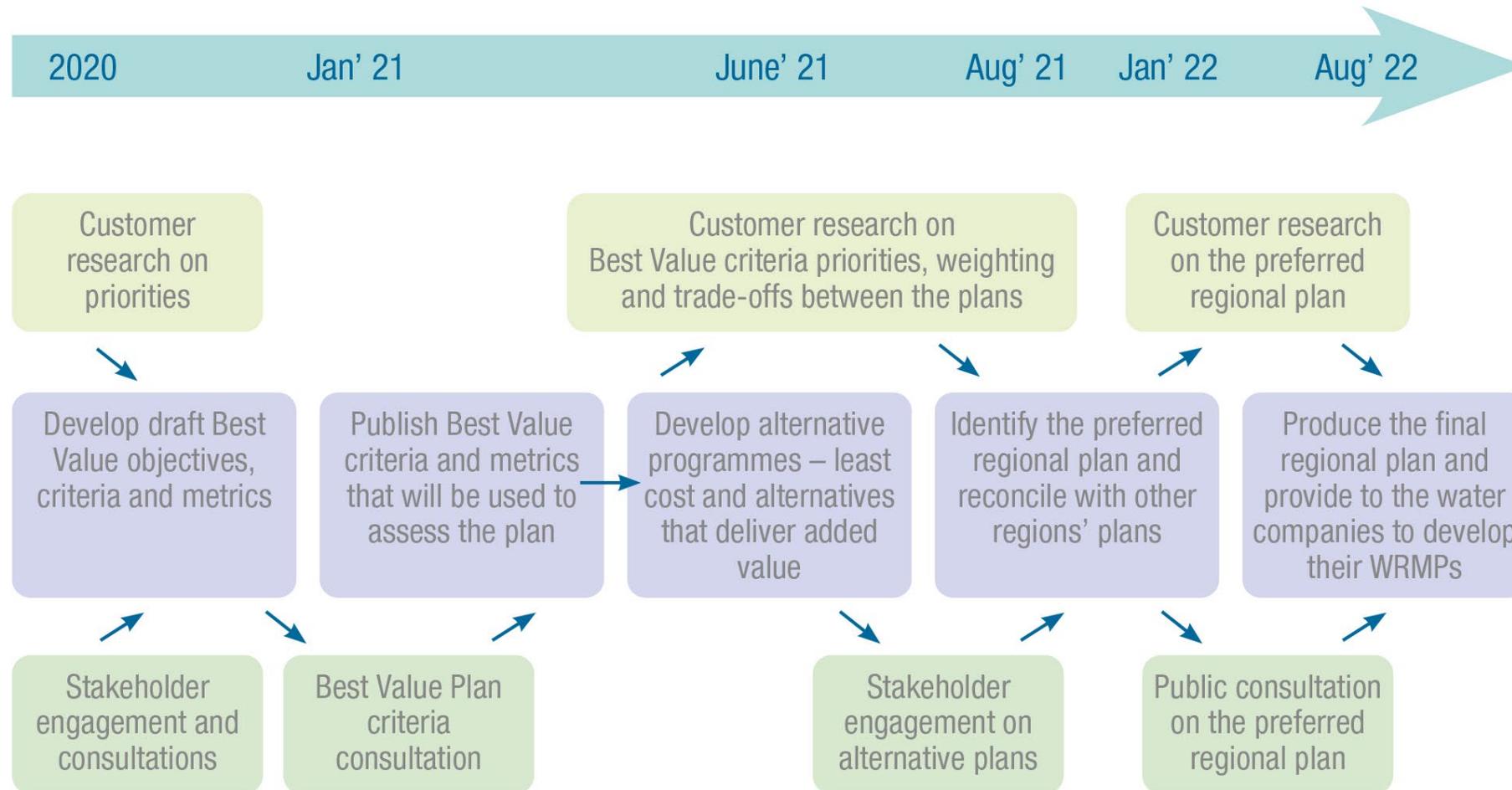
## Be deliverable at a cost that is acceptable to customers

Value criteria	How we'll measure it (metric)	Criteria type	Further detail
Programme cost	Net Present Value (NPV) using the Social Time Preference Rate (£m)	Optimised	This is the value in the present of a sum of money, in contrast to its value at some point in the future. This uses the standard HM Treasury rate to calculate programme cost
Intergenerational equity	NPV using the Intergenerational Discount Rate (£m)	Optimised	This lower HM Treasury rate spreads the cost of the programme over the planning period delivering best value for both present and future generations

# Weighting criteria

- All the optimised criteria will be equally weighted
- We plan to engage with customers to identify whether some criteria should be given more weight than others
- This will help us identify the water resource programme that delivers additional value in the areas that matter most to customers
- We may use additional metrics to help explain the differences between programmes.

# Engagement process



# 4. AOB