

## **Methodology for the Blueprint for Water coalition's assessment of the environmental merits of water companies' PR14 Business Plans**

### **Defining the Blueprint for PR14 outcomes**

In November 2011, the Blueprint for Water coalition issued a draft set of environmental performance targets for water companies to consider including in their Business Plans for the period 2015-2020 (PR14). We discussed these proposals with water companies, took their views into account and developed a revised set of environmental outcomes for companies to include in their PR14 Business Plans and to deliver upon in their AMP6 implementation programmes.

We published our proposals for an environmentally-successful PR14 in September 2012, in *Blueprint for PR14: Environmental outcomes for the price review* (available at: [www.wcl.org.uk/docs/Blueprint\\_for\\_PR14.pdf](http://www.wcl.org.uk/docs/Blueprint_for_PR14.pdf)). This set out 10 specific proposals for adoption and action by companies, in tandem with regulators and government, as part and parcel of their plans to meet the needs of customers, business and the environment, in the five years from 2015 and 2020.

### **Charting progress against those outcomes**

Since 2012, we have continued to work with companies, regulators and government to promote the adoption of our recommended environmental targets, in the run up to submission of companies' PR14 Business Plans to Ofwat (in December 2013); this has included representation by Blueprint member organisations on a number of water company Customer Challenge Groups.

In early February 2014, we wrote to all companies to give them a heads up that we were intending to assess their customer facing business plans in terms of progress against our targets. In this letter we advised them of the two week window when they would receive drafts for feedback.

We produced an initial assessment of the outcomes of our environmental sponsorship campaign, target by target, and company by company, by reviewing the contents of each water company's customer-facing Business Plan for 2015-20 against the challenges set out in *Blueprint for PR14: Environmental outcomes for the price review*. For the purposes of that initial assessment, we restricted our attention to the contents of the public version of each company's Business Plan (as opposed to considering the extended versions of each company's Business Plan, and their various supporting documents, including draft and final Water Resource Management Plans). Our key reason for focusing on the public-facing version of each company's Business Plan is that all companies are now expected to place customers at the heart of the plan process, and we consider the environmental matters set out in our *Blueprint for PR14* to be of such weight to customers as to warrant up-front, clear and unambiguous presentation to customers in the public-facing version of company Business Plans.

We made our preliminary assessment by noting and commenting on what each plan said against each of our target areas, and by assigning a simple colour code to indicate the progress we considered each company had apparently made to achieving our recommended outcomes: green for good progress; amber for some progress; red for insufficient progress; or grey where the evidence presented was insufficient to reach a reasonable judgment.

For the targets on metering and tariff development, we highlighted those companies not deemed to be in areas of 'serious water stress' according to the Environment Agency's July 2013 assessment, on the grounds that they therefore lacked the legal instrument to implement compulsory universal household metering. However, we did note that all companies have a legal obligation to promote water metering and water efficiency and so, for companies not designated as being in areas of 'serious water stress', we continued to press companies to develop proposals to increase water efficiency and metering through opt-in customer engagement methods.

In early March 2014, we issued a draft assessment sheet containing our preliminary comments and colour codes to each company, individually. We invited each company to consider the draft assessment made by us and to supply us with concise, specific evidence – by email, telephone discussion or by arranging a face to face meeting – that might enable us to revise our opinion on any or all of the ten targets. We gave the companies two weeks to respond (with a deadline of 14 March 2014 for the receipt of such further information to ensure we can include it in our final assessments).

It is worth noting that these assessments were carried out by Blueprint representatives from a national perspective on the basis of what was in the company plans, and what the companies told us. In some instances (but by no means all), we also had input from local Blueprint representatives.

### **Finalising our findings**

In the middle of March we finalised our assessments, taking account of specific representations and further specific evidence provided by the companies. All the companies (aside from Anglian Water, Cambridge Water, Northumbrian Water, Essex and Suffolk Water and South Staffs Water) engaged with us in this process, and we thank them for their response. The additional information was extremely useful, and in many cases our assessments were adjusted.

### **Dissemination**

We hope that highlighting areas where more could be done will be useful to companies as they finalise their Business Plans with Ofwat over the coming months (particularly if there is overlap with issues raised by Ofwat). Where there is the opportunity, we hope the plans resubmitted to Ofwat will reflect greater ambition for the environment – if so, we will reissue the assessment later this summer in order to reflect this.

We are planning to continue discussions with water companies in detail and we will present our key findings to a conference on partnership-based delivery of environmental outcomes to be held at WWF's Living Planet Centre on 14 May 2014. For more information on the conference, please contact Kate Hand ([kate@wcl.org.uk](mailto:kate@wcl.org.uk), or on 020 7820 8600).

**Blueprint for Water**  
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