

## Appendix A Affinity Water Business Plan Guidance Note

This guidance note clearly signposts key information about our proposals and how this relates to the Initial Assessment of Plans.

Our Business Plan consists of eleven chapters. We commence our Plan with a message by our CEO, Pauline Walsh and an Executive Summary which clearly sets out key points relating to customer priorities and our proposed Plan for 2020 to 2025.

At the end of chapters 2 to 9, we summarise how the contents of the chapter meets the four Ofwat themes of great customer service, affordable bills, long-term resilience and innovation. Each chapter contains a personal Director Deliverability Statement to illustrate how our stretching Plan is deliverable. Each chapter, with the exception of Chapter 1, has an associated appendix with the corresponding number, which provides further detail on the chapter subject matter.

We have included longer statements on our approach to innovation in Chapter 6, and our data strategy, in Chapter 9.

In **Chapter 1, About Us**, we describe the background to and vision to Affinity Water, introducing our Outcomes and Performance Commitments in relation to the four Ofwat themes. We describe changes to our business since 2015 and introduce the regulatory framework behind the production of our Plan. We describe our customer base and subtle differences across communities.

In **Chapter 2, Our Track Record**, we explain our current performance on our AMP6 Performance Commitments for (2015 to 2020). We outline some highlights of the last three years along with areas for improvement, performance on major incidents, financial performance and forecast performance for 2018 to 2020. The information in this chapter is expanded upon in detail in Appendix 2.

In **Chapter 3, Listening to Customers and Stakeholders**, we explain our approach to engagement with customers, stakeholders, developers, retailers and future customers. We describe the involvement of our Customer Challenge Group and outline how our wide-ranging engagement has informed our Plan. The information in this chapter is expanded upon in detail and evidenced in Appendix 3.

**Chapter 4, Our Outcomes and Performance Commitments**, sets out our key proposals for 2020 to 2025. We describe our approach to developing our Outcomes Framework based on customers' and stakeholders' priorities, and introduce our nineteen Performance Commitments and associated Outcome Delivery Incentives. We set our target levels for each indicating the level of stretch involved. The information in this chapter is expanded upon in detail and evidenced in Appendix 4.

In **Chapter 5, Managing Water Resources in the Long-Term**, we explain the role of our Water Resources Management Plan (WRMP), how this has developed from draft to revised. We state the remaining timescales to submit our Statement of Response and revised Plan. The chapter outlines the key planned proposals between 2020 to 2025 which have come from the WRMP process, required to maintain our supply demand balance for those years and into the future by including preliminary lead-in work required to realised longer-term investments. This chapter also introduces our Trading and Procurement Code (TPC) and Bid Assessment Framework (BAF), explaining how we intend to use markets and water resources trading incentives into the future. The TPC and BAF are available in Appendix 5. Further detail on the investments and expenditure described in this chapter is available in Appendix 6.

In **Chapter 6, Delivering our Investment Plan**, we present our total planned expenditure for 2020 to 2025, broken down into maintenance and enhancement expenditure. We present what customers and stakeholders have told us through our engagement process and show how our planned expenditure aligns with their priorities and therefore our Outcomes. The second half of this chapter describes our investment by community. It provides an introduction to each of our communities and then displays on a map information on what customers have said and what we plan to do by 2025 per Outcome. In addition, it describes the innovative environmental pilot project we have per community. Further detail on the investments and expenditure described in this chapter is available in Appendix 6.

In **Chapter 7, Delivering Great Customer Service**, we explain how we understand our customers' developers, new appointees and self-lay provider expectations and how we will deliver a modern, inclusive personalised customer experience. We explain how we will evolve our service to customers and to deliver on our outcomes. We present the bespoke Performance Commitments relating to Customer Service and how our strategy will help the deliver them. We also describe how we will deliver an efficient service. Further detail on this chapter is available in Appendix 7.

In **Chapter 8, Developing our Community Approach**, we demonstrate how we have developed our community approach and key learning since 2015. We state our drivers for change and our ambition for our future community strategy. We explain how customers will benefit from our new approach and present three community trials on customer incentives, holistic water management and policy development. Further detail on this chapter is available in Appendix 8.

In **Chapter 9, Ensuring Long-Term Resilience**, we outline our resilience challenges and track record in this area. We present the dialogue we have had with customers on long-term resilience before summarising our resilience maturity in the areas of corporate, operational and financial resilience. We state our resilience risk assessments for 2015 to 2020 and 2020 to 2025, then end with a short case study on what we believe good resilience looks like. Additionally, we present a summary on our Data Strategy. Further detail on this chapter is available in Appendix 9.

**Chapter 10, Ensuring Affordability and Financeability**, explains how our Plan incorporates challenging efficiency targets. We give a summary of our proposed price limits, stating how customer bills remain affordable and offer value for money. We then present our wholesale and retail price controls, financial strategy, RoRE and scenarios and financeability. Further detail on this chapter is available in Appendix 10.

In **Chapter 11, Board Assurance**, begins with a message from our Chairman Tony Cocker. The Board Assurance Statement sets out how our Board has governed, effectively overseen and led the preparation of this Plan. It describes how they have assured that the Plan is of high quality and delivers for customers, communities and the environment, between 2020 and 2025 and the long-term. It sets out how the Board will oversee and monitor the delivery of this Plan. Further detail on this chapter is available in Appendix 11.

The table below indicates how each of the chapters of our Plan addresses each of the Ofwat test areas. A tick indicates the key test areas addressed through the chapter and a (p), indicates other test areas which are partially addressed through the chapter.

Chapter Number	Chapter name	Test Areas								
		Test Area 1: Engaging Customers	Test Area 2: Affordability & vulnerability	Test Area 3: Delivering Outcomes	Test Area 4: Long-term Resilience	Test Area 5: Targeted controls, markets and innovation	Test Area 6: Cost efficiency	Test Area 7: Aligning Risk and Return	Test Area 8: Accounting for past performance	Test Area 9: Confidence and Assurance
1	About Us									
2	Our Track Record								✓	
3	Listening to Customers and Stakeholders	✓	p	p	p	p	p	p	p	p
4	Our Outcomes and Performance Commitments		p	✓	p	p	p			p
5	Managing Water Resources in the Long-Term	p		p	✓	✓				
6	Delivering our Investment Plan	p		p	✓	✓	✓		p	p
7	Delivering great Customer Service	p	✓	p	p	✓	✓		p	p
8	Developing our Community Approach	p			p	p				
9	Ensuring Long-Term Resilience	p		p	✓	p	p	p		p
10	Ensuring Affordability and Financeability	p	✓	p	p		✓	✓		p
11	Board Assurance	p	p	p	p		p	p		✓

**Key:** ✓ indicates key test areas addressed through the chapter  
 p indicates other test areas which are partially addressed through the chapter