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27 September 2023

Attn: Caroline Cooper
Regulation Director
South Staffordshire Water plc
via email

Project name: AMP 7 Independent Assurance Provider
Project no: B2443000

Subject: Completion notice – PR24 scope of services

Dear Caroline

We have completed the scope of assurance that you requested for South Staffordshire Water's PR24 plan and the results are available to you in our individual and overview reports. The scope of our services included:

1. Enhancement cases. For each case we reviewed the evidence for the driver and its appropriateness for classification as enhancement, the nature of the solution and the selection process, the expected benefits, the costing approach and benchmarking, and the scale and timing of the solution. We did not review the SEMD case as it was not material.

2. The Long-Term Delivery Strategy. We reviewed this at an early stage of its development against Ofwat's requirements in *PR24 and beyond: Final guidance on long-term delivery strategies* (Ofwat, April 2022).

3. Base cost. We reviewed the documented approach for the derivation of base cost, benchmarking, indirect cost, risk, corporate overhead and opex.

4. The process for identification of needs, optioneering and optimisation for the capital plan. We reviewed this against good practice including Ofwat's Asset Management Maturity Assessment.

5. Price Control Deliverables. We peer reviewed these with reference to Ofwat's guidance *IN 23/05* and our professional judgement of good practice.

6. Metering deliverability. We reviewed the deliverability document as of Friday 25th August 2023. We provided 'critical friend' informal feedback by holding a discussion with the team and providing recommendations to strengthen their assessment of deliverability.

7. Customer Engagement. We reviewed the customer engagement line of sight for the enhancement cases and the five key areas for Ofwat.

8. Selected data tables and lines:

Table	Table description	Lines	Type of assurance
CW4	Raw water transport, raw water storage and water treatment data	6, 13 – 42, 49	Review of forecasts
CW5	Treated water distribution – assets and operations	16 – 20, 24	Review of forecasts
CW6	Water network+ – Mains, communication pipes and other data	1	Review of forecasts

Table	Table description	Lines	Type of assurance
SUP1A	Connected properties, customers and population	1 – 16	Review of forecasts
SUP1B	Properties and meters	Full table	Review of forecasts
RES1	Water resources asset and volumes data	23	Review of forecasts
RR3	RCV opening balances	Full table	Check to source
RR4	Financing financial model inputs	Full table	Check to source
RR6	Post financeability adjustments inputs	Full table	Check to source
RR30	RORE Analysis	Full table	Check to source
PD5	Revenue reconciliation – wholesale	Full table	Check to source
PD11	RCV midnight adjustments	Full table	Check to source
PD12	PR19 reconciliation adjustments summary	Full table	Check to source
Feeder model	Residential retail	Full table	Check to source
Feeder model	Revenue forecasting incentive	Full table	Check to source
Feeder model	Developer services adjustment	Full table	Check to source
DS1e	Developer services revenue (English companies)	21	Check to source
DS2e	Developer services expenditure (excluding diversions) - water (English companies)	2	Check to source
DS3	Developer services expenditure (excluding diversions) - wastewater (English and Welsh companies)	14-15	Check to source
DS6	Network reinforcement drivers - potable mains, sewers, pumping stations and pumping capacity	1-4	Check to source
SUP15	Affordability - residential customers	1-12	Review of forecasts

Yours sincerely

Zac Alexander
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Water Strategy and Regulation

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Copies to: Clare Tiller (PR24 Programme Manager)
               Daniel Haire (Regulation Manager)