SRN-DDR-051: Delivery Action Plan

Draft Determination Response

28th August 2024
Version 1.0

from
Southern Water

Contents

Executive summary

AMP8 includes a step change in investment levels across the water sector in England and Wales. This creates major deliverability challenges for all companies. We are particularly affected, given the significant increase in our capital programme, the complexity of the projects to be delivered, and the high degree of resource competition in the South East, driven by multiple major infrastructure projects.

We are proposing to deliver a WINEP enhancement programme almost 3.5 times greater than AMP7 and our Water Resource Management Plan (WRMP) has more than £1.74bn of proposed AMP8 enhancement. Our Botex programme is also increasing by more than 11%.

We highlighted these challenges in our business plan submission last October (See SRN09 and SRN56) and set out 6 priority Delivery Action Plan projects we are focusing on prior to and during AMP8 to augment our ability to deliver. These projects are:

Reference	Project Title
1	AMP8 Management Plan
2	Enterprise Wide PMO
3	Best practice data governance
4	Strategic Workforce Plan
5	Supply chain mobilisation and onboarding
6	Alternative Delivery Plans

We have established an AMP8 Readiness Transformation Plan to deliver these projects, as well as our usual pre-AMP preparation activities, and have made good progress. Our Delivery Action Plan covers the detail behind each project, the progress we have made and sets out the actions we propose to take to expand delivery capacity. Our transformation activity and AMP8 preparation is overseen by our Board and progress is reported monthly.

As part of our Delivery Action Plan and AMP8 Readiness Transformation Plan we are continuing to mature our programmes, review our risks and engage with regulators and stakeholders to identify appropriate mitigations.

We have also engaged with Ofwat regarding an uncertainty mechanism, whereby we can seek additional funding to be released during the period to support delivery. We welcome Ofwat's inclusion of a range of mechanisms in the draft determination. We will engage further on the details and our recommendations for how these mechanisms can be modified to better reduce delivery risk outside of management control for companies. We welcome the addition of other mechanisms by Ofwat to support delivery of our plans and have carefully assessed these in our response.

The progress against our action areas and the introduction of the delivery mechanism has improved our confidence in our ability to deliver our AMP8 programme. We have made significant progress with:

- Establishment of our Transformation Management Office
- Development of our Capital Delivery Project Management Office which is overseeing our Execution Planning and Capital Delivery Target Operating Model development
- We have appointed a new Transition Director to our Executive

- Procurement of our largest ever AMP8 Capital Delivery and Business Operations Frameworks which are now being mobilised
- Development of our Data strategy and use of asset data tools and systems

One particular area where we have made most progress is in improving our Capital Delivery function in preparation for AMP8. We have commenced our Execution Planning, procured our largest ever supply chain and are well progressed with setting up a new AMP8 Target Operating Model to ensure we are ready to commence delivery. This document discusses, in detail, all the areas where we have made progress, and it shows our onward plans up to March 25 to continue our preparations. We are additionally already undertaking some of our AMP8 early start projects to ensure that we position ourselves as well as possible by April 25.

We recognise the requirement for onward reporting and monitoring of our Delivery Action Plan and welcome the opportunity to engage with Ofwat and determine the format, frequency and level of detail required so we can meet expectations. We expect our Delivery Action Plan and AMP8 Readiness Transformation Plan will continue to evolve in the coming months, and we think it is important monitoring allows for this. We can provide our next update in 3 months.

1.Introduction

In October 2023 we submitted our PR24 business plan to Ofwat – an ambitious programme which is more than double (increase of 106%) our AMP7 plan. Further updates have increased this investment – which is to be delivered in a sector where our peers are making similar step changes.

We are progressing our pre-AMP preparations as usual. However, the exceptional nature of our PR24 plan means we need to take additional steps. Our October 2023 submission Delivery Chapter (SRN09) and associated Deliverability Technical Annex (SRN56) highlighted the risks we had foreseen in delivering our plan. We have continued to develop our understanding of the deliverability challenges and engaged external technical and transformation advisors to benefit from cross-sector leading practice and challenge our thinking. Our ongoing focus is keeping on top of an evolving regulatory and stakeholder landscape and making sure we propose appropriate mitigations as our plan matures.

In its Draft Determination on our business plan, Ofwat asked us to produce and submit a Delivery Action Plan to outline how we are expanding our delivery capacity and preparing for AMP8. It is intended to set out how we are preparing to implement an AMP8 Delivery Plan in April 2025.

Ofwat's stated requirements for the Delivery Action Plan are:

- ″*The company should provide a delivery action plan setting out the* **detailed measures it will take to address the challenges to deliver its full statutory requirements**″
- "*This should set* **how the company is planning to deliver all investment** *included in the plan, including that in the delivery mechanism in the 2025-2030 period*"
- "*The company* **should provide Board assurance that the plan is deliverable** *on this basis*"
- "*The* **company should also agree to more detailed monitoring arrangements** *on its delivery action plan and delivery plan.*"

Our Delivery Action Plan sets out the detailed measures we will take to address the challenges associated with delivering our full statutory requirements for 2025-2030, the progress we have made since October 2023 and how we will meet Ofwat's requirements.

2.Our Delivery Action Plan projects

In our October 2023 submission we produced two documents focused on the deliverability of our plan – SRN09 Deliverability Chapter and SRN56 Deliverability Technical Annex.

SRN09 Deliverability sets the context for the challenges we face in the run up to and during AMP8. SRN56 Deliverability identifies the key challenges and discusses our AMP8 deliverability requirements. In our response to the Draft Determination we have produced another Deliverability Chapter (SRN-DDR-008) that discusses the macro level deliverability challenges that we face. This document is intended to discuss specific actions that we are undertaking to ensure that we are prepared to deliver our plan and execute our projects.

The extraordinary requirement to ramp up for AMP8 means we are undertaking additional actions, over and above our usual pre-AMP preparations. We identified 6 specific projects to tackle our key deliverability challenges and give our customers and regulators confidence in our ability to deliver. These projects will secure robust foundations for our organisation and enable a step change in our capacity to deliver.

Our 6 Delivery Action Plan projects are:

Reference	Project Title
1	AMP8 Management Plan
2	Enterprise Wide PMO
3	Best practice data governance
4	Strategic Workforce Plan
5	Supply chain mobilisation and onboarding
6	Alternative Delivery Plans

Table 1 - Delivery Action Plan projects

Three of these projects focus on establishing the foundations across our business to prepare for the AMP8 challenge. This includes improving the way we operate, manage our day-to-day delivery and the way we obtain, store, and use data.

The other three projects focus on increasing our capacity by growing our own teams and securing a resilient supply chain to help us scale up, benefit from wider skills and meet our outputs.

2.1 AMP8 Management Plan

The first project is the production and implementation of an AMP8 Management Plan.

Table 2 below summarises what we set out in our October Business Plan submission.

Establish an enterprise wide agile AMP8 Management Plan
An enterprise-wide plan is required that builds on the turnaround plan that is already in progress. This will utilise the transformation and portfolio management capability we have developed over the last year. This will prioritise and manage change and transformation across the business, which will ultimately support and de-risk delivery through improved operating efficiency. This will: • Continue to develop the integrated transformation capability in the business. Integrate change management capability to oversee and manage overall business change programme (e.g. including CRM rollout, ▇▇▇▇ rollout, efficiency program and wider operating model changes); • Review of existing or planned change and transformation initiatives and develop into coherent and integrated programme; • Establish and/or refine business cases for major change initiatives, and develop overall case for change for integrated transformation case; • Develop costed transformation plan; and • Establish a line of sight between the different efficiency initiatives and how they will actually deliver the desired outcomes.

Table 2 - AMP8 Management Plan requirements

Our AMP8 Management Plan is our Transformation Programme, building on the activity we previously published in our Turnaround Plan.
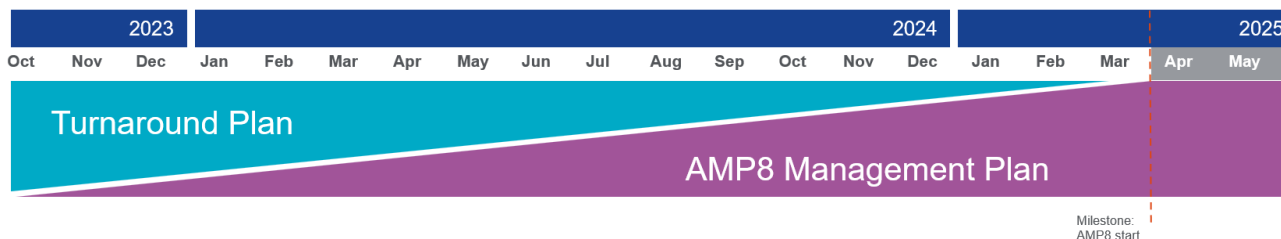
Internally, it is called our 'AMP8 Readiness Programme' with a target to:

- Ensure we have the capabilities in place to be ready to deliver our commitments.
- Meet the increase in capital delivery capacity required for AMP8 to ensure efficient and resilient delivery is in place through our supply chain and outside our organisation.
- Prepare and implement the efficiency and performance plans now. This will enable us to optimise the return on investment within AMP8, with the goal of hitting performance commitments and efficient Botex run rates.

Specifically, this means a focus on our preparations to:

- Put in place all of our enablers for delivery of our plan – see detail in Table 3 below
- Prepare and on-board a new supply chain to provide the enhanced capacity and resilience required to meet our commitments.
- Identify, through effective workforce planning, the skills required to meet our PR24 plans.
- Undertake a review of the critical elements of our operating model.
- Develop full AMP8 plans for the most significant performance commitments.
- Develop an approach to measuring the efficiency of our water, waste, customer and central services investments, so we can assess our performance across AMP8 against our most appropriate benchmarks.

- Ensure the enabling capabilities, knowledge and skills are in place to support our AMP8 plan and our wider business objectives.

To achieve these objectives, we have leveraged the capabilities and structure built through delivery of our Turnaround / Service Commitment Plan, developing a series of critical initiatives and programmes. These are organised into 11 workstreams, each with Executive sponsorship. We are in the process of either delivering or maturing these, with a target of having delivery ready plans in place for the majority by November. In some cases, plans are well advanced and in delivery, such as smart metering, our capital delivery operating model and the execution of our commercial strategy and onboarding of our supply chain.

We have recruited a dedicated Transition Director to our Executive, there is regular Board oversight via a Deliverability Sub-Committee and we have engaged Transformation Advisors to support us. Our Enterprise PMO and Change Management capability, as set out in the next section, are established and provide effective governance and controls over this plan. Our Transition Director works with our business sponsors who have responsibility for customer, environment and regulation to ensure that our plans are in accordance with latest developments in the regulatory agenda.

Each of the 11 workstreams in the transformation plan contains a series of individual initiatives to deliver improvements and drive change.

Each individual initiative goes through a rigorous stage-gated approvals process to validate the business case costs and benefits, develop the delivery action plans, change management and benefits tracking. We monitor progress against each individual live initiative and, to assure delivery, we make sure the initiative owners are supported in addressing issues and challenges as they arise.

There are regular individual workstream reviews led by accountable Executive sponsors and overall cross programme reviews. Each initiative is captured in a standard way in our Wave portfolio and project management software tool to facilitate delivery control and assurance. Each is at a different level of maturity considering scoping, planning, mobilising and delivering. Recognising the simultaneous focus on completing our Service Commitment/wider Turnaround programme, we will apply prioritisation and sequencing to the portfolio to optimise our performance.

As we continue to progress each of these workstreams, our approach allows our plan to evolve and adapt to ensure we are delivering practical and impactful improvements across our business. This means that some of the initiatives may merge or change and others may be separated into further individual initiatives. We will allow for this across our internal reporting, workstream management and ultimate improvement delivery.

Workstream	Workstream Summary
1.1 Water	• link with our organisation-wide enterprise asset management strategy to be more pre-emptive in our maintenance work – reducing day-to-day costs, leakage and supply interruptions. • develop our ability to manage major projects, e.g. water recycling and transfers, through third-party financed DPC schemes, to deliver best value for customers. Transformation initiatives will deliver multi-year plans to stop incidents and reduce leakage. • implement smart water and waste systems, integrating meter and leakage data with operational asset management information to proactively identify and fix faults and to target water efficiency initiatives. New quality management systems will reduce operational incidents and improve water quality and leakage.
1.2 Wastewater	• deliver a culture to eliminate waste • deliver a reduction in our day-to-day costs • meet commitments to significantly reduce pollutions and improve bathing water compliance. • insource tankering services to drive cost efficiencies and complete the procurement of critical operational and network services contracts. • define an expanded multi-year PIRP plan, interlink with an organisation-wide asset management strategy to be more pre-emptive and planned in maintenance work and replace much-needed CHP engines.
1.3 Environment (Clean Rivers and Seas)	• strategic focus on achieving in AMP targets for WINEP, specifically the 2027 deadlines for shellfish and bathing water quality improvements, aligned to the Wastewater workstream • deliver significantly more nature-based solutions to help sustainably reduce spills and overflows. We will procure supply chain capability to deliver sewer lining, slow the flow and optimised storage projects. • work closely with local authorities to design sustainable drainage solutions in innovative, jointly delivered plans.
1.4 Customer	• procure and implement a new CRM and billing platform to underpin process changes, improve customer journeys and our ability to leverage smart meter data – improving customer satisfaction and reducing costs. • grow capability to upgrade over 1 million meters to smart systems to support multi-year customer satisfaction improvement and debt reduction.
1.5 Capital Delivery	• deliver transformational initiatives to scale up in-house capital delivery to achieve our delivery goals and avoid price control deliverable penalties.

	• deliver a new operating model geared for substantive capex scale-up, a robust execution plan and procurement and mobilisation of Strategic Delivery Partners (SDPs) to deliver a robust and resilient supply chain. • refresh our digital strategy and technology solutions to enable effective delivery and better-informed decision making.
1.6 People	• create a proud, thriving and empowered workforce to support effective and efficient delivery. • define, trial and iterate a comprehensive strategic workforce plan to support talent acquisition and develop the capabilities of employees.
1.7 Health, Safety and Security	• establish a comprehensive protective security transformation programme, including a roadmap for the roll-out of effective H&S risk management and development of security policy, procedures, guidance and response plans. • work with digital colleagues on options to meet AMP 8 HSSW requirements.
1.8 Digital	• We will deliver an organisation-wide digital strategy, platforms and ways of working to support our operations to act faster, improve our customers' experience and meet our regulatory requirements.
1.9 Procurement	• seek market offerings to improve the time, cost and quality of procured products and services critical to delivery. • assess and embed changes in line with new Procurement Act 2023 requirements coming into force in October 2024, ensuring future procurement and commercial activities are compliant. • develop an energy and hedging strategy to optimise energy management and support power resilience (to reduce consumption, emissions and cost).
1.10 Planning	• develop our regulatory reporting capability, to ensure effective and accurate financial and non-financial reporting against objectives and targets, working to a single source of the truth and consistent real-time reporting. • update our approach to integrated business planning – with quarterly and annual forecasts to inform strategic decision-making and cost performance.
1.11 Central	• Introduce an Enterprise Project Management Office (EPMO) as part of our Transformation. This is discussed in detail in section 2 below. • Undertake a review of our cultural framework to bring about improvements across our business. We are in the early stages of this development and expect the plan to evolve. • Undertake a review of supporting operating model. We are approaching this in two phases, initially focused on our Capital Delivery Target Operating Model (See detail in the 'Developing our Delivery Plan' later in this document for more detail) and secondly on our wider organisation Target Operating Model.

Table 3 - AMP8 Readiness Workstream Summary

Further detail for each workstream initiative is in Appendix 1. Our capital delivery preparation is critical to our AMP8 readiness and we have prioritised this workstream. Subsequent sections of this document discuss how we have progressed our AMP8 capital delivery procurement (section 5) and how we are approaching our Capital Delivery execution plan and Target Operating Model ('Development of our Delivery Plan' section).
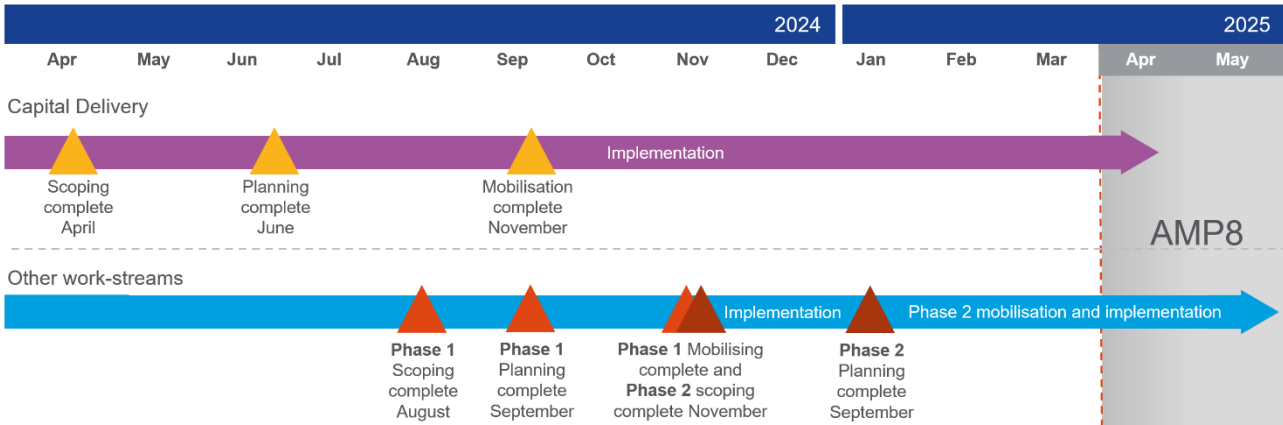
Across the other 10 workstreams, there are multiple timelines depending on the maturity and priority of each output. We have broadly categorised these into phase 1 activity (initial scoping and planning to determine our approach and implement our enablers to deliver onward phases) being progressed to implementation from November 2024, and phase 2 activity (detailed scoping and planning for more complex interventions) due for implementation at the start of January 2025.

Success measures

Our specific success measures for each of the component projects are captured in our AMP8 Readiness Transformation Plan. Those most relevant to our Delivery Action Plan are:

Measure	Status	
Setup and establish our Transformation Management Office to drive our AMP8 Readiness Programme	Complete	✓
Complete all tranches of our AMP8 Readiness integrated plan o **Establish enterprise-wide PMO phase 1 / phase 2** o **AMP8 Supply chain procurement** o **AMP8 Supply chain mobilisation**	o Detail below o Complete o Commenced	✓
Further develop our AMP8 Delivery Plan	To be submitted to Ofwat ahead of AMP8 commencement	

2.2   Enterprise-Wide PMO

Our October Business Plan sets out our intention to establish an enterprise-wide Project Management Office (PMO) capability. **Error! Reference source not found.**4 below states the scope that we identified to meet our requirement.

Setting up an enterprise-wide Programme Management Office
We will set up an overarching programme management office (PMO) function that will coordinate the entire planning and delivery process, from translation of Ofwat's final determination into a clear execution strategy, and throughout delivery. The programme management function will be responsible for the following: • Defining programme roles and responsibilities. • Coordinating input from stakeholders into the execution planning process. • Setting up and implementing a formal dependency management process that identifies and proactively monitors dependencies between projects / schemes and across delivery teams. • Designing and implementing a performance management framework to oversee delivery, including key PMO tools and processes; and • Resolving issues and initiating appropriate corrective actions. The portfolio execution plan, which will be coordinated by the programme management function, will provide a holistic view across all works being delivered, and clearly cascade down into our supply chain (i.e., category plans and supplier scheduling) and workforce planning (i.e., detailed resource requirements).

Table 4 – Enterprise-wide PMO project scope

Our Enterprise-wide PMO structure builds on the existing Capital Delivery PMO, Investment Management capability and the development of new capabilities related to Enterprise Business Change. These three components and the interfaces between them collectively make up the Enterprise PMO. This capability is a critical enabler in controlling and assuring effective delivery of our execution and business change plans.

Figure 1 - Enterprise PMO Components

Figure 2 above shows the three components of our Enterprise Project Management Office. Each of these components are areas where we have made progress since October and identified onward actions to complete up to AMP8. Other initiatives are also being developed or implemented to further improve the capability maturity of the Enterprise PMO. A framework adapted from APM P3M3 maturity model is being used to guide development.

The enterprise PMO is a key component of wider capability required to integrate policy and regulatory change capabilities, which includes integrated business planning and performance management processes.

Each component of our enterprise PMO is discussed in detail below:

1 - Investment Committee

This is a critical element within the enterprise for controlling, planning and forecasting all of our capital spend, including our capital delivery investment programmes.

Progress since October 2023

This committee has undergone a reset from January 2024 and extended its reviews into delivery progress alongside financial approvals. Regular reports from major programmes are provided to support decision making. Enhanced reporting with a focus on forward look, trends and early indicators is now provided.

- Capital Programme performance transparency and associated leadership/pro-active intervention has been a focal point of improvement during the remainder of AMP7.
- Reset and re-focus of performance reporting and metrics (PMO produced/assured) has been delivered for key forums – in particular Investment Committee. This performance reporting encompasses Enterprise Capex, Portfolio and Strategic Programme levels and is supported by holistic (PMO co-ordinated) insight from Asset Management (Sponsorship), Delivery, Finance and Operational teams – designed to ensure balance and improve decision making. This will be further developed for AMP8 based on future Target Operating Model changes and performance metrics.

Our focus to AMP8

Our investment committee focus area will be further developed once our Capital Delivery Target Operating Model is implemented. For further detail, see 'Developing our Delivery Plan' later in this document.

2 – Capital Delivery Project Management Office

This is an existing capability established over several AMPs which has undergone further improvement as part of the AMP7 Turnaround Plan. Further improvements are planned and underway to build capability maturity and bring additional improvement ahead of AMP8.

Progress since October 2023

Delivery Performance Management and Culture: As part of the Delivery Performance Management cycle, a re-focus on Delivery Performance of projects and programmes has been delivered (currently in the embedment phase and expected to conclude in December 2024). The benefits of this change are:

- enhanced clarity and focus on success criteria for project and programme teams (across time, cost and regulatory delivery)
- improved early visibility of the risks to success criteria to all stakeholders
- assistance in prioritisation of actions required/guide to the types of action
- cultivation of a pro-active culture in the pace of decision making to drive performance.

Practical outputs include enhanced self-service reporting, ability to prioritise actions, visibility of agreed actions and direct embedment with the core delivery performance cycle (i.e. single way of working).

Our action to AMP8

We will implement the following:

Capital Delivery PMO - Programme and Project Reforms: A suite of capability enhancements (across process/systems/people/tools) to build on the existing Programme/Project Controls capabilities from AMP7. This recognises the increased complexity and scale of the AMP8 and beyond Capital Programmes. Including:

- Optimisation of the end-to-end performance cycle – including data flows, system integration, assurance and metrics – in collaboration with new AMP8 partners – captures cost/schedule/risk/change.
- Enhanced Cost Management Capability – new cost management system (including reformed cost and work break down structures).
- Improved performance reporting and self-service accessibility – move to Power BI.
- Reflection of all improvements into published core PMO Programme/Project Control processes – and a cohesive training suite to support impacted stakeholders.

PMO Performance Management and Reporting: Improve forecasting, simplify reporting and introduce a more problem-solving, high-performing culture that looks forwards.
- By pivoting from reporting compliance to supporting delivery, a technique called Boundary Management will address gaps in early threat identification, forecasting accuracy and pro-active performance management culture.
- The specific approach of Boundary management aims to simplify reporting and provide transparent allocation of risks to ensure the insight provides proactive action and decision making, further enhancing confidence and accuracy.

Governance automation: Digitalisation of the process to control, simplify and ensure relevant data to support look ahead.
- Investment decision papers and change control – with the key elements being a defined workflow/customisation aligned to delegated authority thresholds (to drive insight and pace of approvals) and change type and direct linkage where appropriate to corporate system data to reduce production and assurance timeframes.

3 – Enterprise Change Management

This capability was initiated as part of the controls developed to support delivery of the Turnaround/Service Commitment Plan from April 2023. Since October 2023, we have been fully managing this, having replaced the previous external advisory and delivery support team. It has matured rapidly and established itself as a critical business process now preparing for next stage of maturity. It has a central team with further resources federated through the business related to programmatic delivery of business change, along with application of common delivery and change management practices to ensure effective delivery and embedding of change into operational ways of working. What we have achieved:

- ✓ **Core Transformation Office**: There is a core team in place led by Chief Transformation Officer, supported by senior management, and with analyst and change management skills sets. A core common process and ways of working have been established which follow a stage gate approach, built around a single enterprise-wide software for portfolio programme management. Our

Transformation Management Office (TMO) will become our enterprise Change Management Office as we transition into AMP8 and reach the next stage of maturity

✓ **Change Centre of Expertise**: While delivery of projects and programmes produces outputs such as new software, toolsets, processes, procedures, or policies, it is the effective embedding into operational ways of working that enables value to be delivered. We have completed the establishment of a Change Centre of Expertise, which has developed a standard change management methodology and toolset integrated into the delivery method and stage gates. A team of expert change management professionals has been employed to ensure change plans are in place and effective. Change Boards have been established in water and waste which provide a three-month forward view of changes impacting operational and other stakeholders so the flow can be better managed and controlled to better assure effective delivery and embedding.

✓ **Senior leadership and broader capabilities**: New senior roles working closely with the TMO have been created in the organisation, working with the transformation management office. These are:
    a. Transition Director – new member of the Executive Team to lead on preparing Southern Water for AMP8.
    b. Heads of Transformation – four roles distributed to the central team within Finance, Wastewater, Water and Customer, each reporting directly to Executive sponsor.
    c. Change Managers – four roles with each distributed to the central team within Finance, Wastewater, Water and additional resources deployed as needed within specific programmes of change.
    d. Programme Delivery Teams – professional, trained programme and project managers deployed within Water, Wastewater, Customer, Procurement, HR, Digital, Health & Safety, all following the standard delivery methodology outlined by the TMO.

Our action to AMP8

Enterprise change management: We will define and iterate our holistic Enterprise Change Management approach, including:

- Future state design across Capital Delivery PMO, Investment Committee and current Transformation Management Office agreed with supporting capabilities defined and planned.
- Identification of future state tooling requirements reviewing current software and potential for improvements.
- Roles and responsibilities defined, with job profiles and hiring/training plan to fill any gaps.
- Functional processes and ways of working defined and agreed (e.g. with Investment Committee)
- Initial capabilities (e.g. change impact assessment and control) trialled and embedded within the enduring Transformation team.

Success measures

The key success measures for our Enterprise Wide PMO (Transformation Management Office) are:

Measure	Status
Begin implementation of new operating model	Target February 2025
Enterprise wide PMO established	Target March 2025
Performance management framework setup	Target March 2025
Our new cost management system is operational	February 2025

Our project to portfolio control approaches have been reformed	March 2025

2.3   Improving our use of Asset Data and Systems

As part of our wider AMP8 readiness programme, we are refreshing our digital strategy. Our work to improve the use of asset data and systems will both contribute and have dependencies with this strategy and other work being delivered in the digital workstream. This includes:

- Treating our data as an asset
- Improving our capabilities and accessibilities in data analytics
- Making data-led, intelligent decisions on our asset investment needs
- Improving the quality of and trust in the asset data we hold and use.

These initiatives, alongside the rest of our AMP8 readiness programme, are instrumental to help us optimise how we use data in our organisation and make proactive, data-driven decisions.

In our October 2023 plan, we included a project called 'best practice data governance'. On reflection, we have increased its scope to include initiatives which will impact our asset data and their enabling systems. Making good decisions and efficient progress requires robust and high-quality data. We recognise this is a key area in which we can improve, so we have commenced a project to identify and implement best practice data governance across our organisation.

Our October 2023 Business Plan submission included the scope shown in Table 55 below.

Embedding best practice Asset Data Governance
We recognise that while we have been taking positive steps to improve our IT system architecture, including recent and planned upgrades to drive improved performance (e.g., the transfer of our asset data storage from ▮▮▮▮ to ▮▮▮▮ asset management system), we have a track record of not utilising these systems as effectively as we should, particularly due to poor management and integrity of data. To address this, we will refresh our enterprise data governance, with clear processes and accountabilities to drive a culture that treats data as an asset, throughout the entire data management lifecycle. We will focus on asset data during PR24 as this will have the biggest impact on deliverability. This will ensure we are utilising data to optimise our performance. Where required, we will carry out upskilling and training of our workforce to embed best practice systems and data management across the business, particularly at the frontline.

Table 5 - Best practice data governance scope

Adopting and embedding best practice data governance has been included as a priority workstream in our AMP8 readiness programme.

We have initiated 6 sub workstreams to progress critical areas, described in the sections below:

- Four relate to work we are doing to improve the accuracy, trust and ways we use asset data across our organisation and;
- Two relate to IT System capability upgrades and replacements that we are delivering to enable our teams to utilise our asset data to deliver more effectively.

These initiatives and their associated activities are heavily inter-linked to our other AMP8 readiness workstreams and initiatives but are all designed to:

- Make our asset data more accessible, by adopting best practice approaches to defining requirements and collecting and storing our asset data
- Help create a single source of the truth for our asset data, allowing our teams to trust our data.
- Increase the capability of our organisation to make data-led asset investment and intervention decisions by embedding it into our processes.
- Upskill our people to understand how important our data is and how it can help us be more effective.

Delivering this workstream, alongside our other AMP8 readiness activities, will help us make more robust, data-driven decisions that will enable us to deliver more efficiently and effectively and build the capabilities we need to deliver our AMP8 plan.

2.3.1 Enterprise Data Governance

During AMP7 we have been developing our approaches to enterprise data governance and have already:
- Introduced an Enterprise Data Governance Manager role into our organisation; and
- Developed our data governance framework and its associated underpinning policies and standards.

These activities are part of wider initiatives to improve data governance and have been designed to help us understand and more effectively control the quality and completeness of data across our organisation.

Across AMP8, this sub-workstream will continue to drive activity to help achieve our goals to improve:
- Asset data quality measures leading to outcomes; and
- Asset data ownership throughout the organisation.

This sub-workstream will help us improve the accuracy and use of our data and interact closely with the other data and system initiatives to ensure alignment with work to update asset data strategy and the implementation of our new Operational Asset Management systems. This will enable us to realise value from our asset data and make improved asset intervention decisions.

2.3.2 Developing, defining and communicating our asset data strategy

We have commenced an initiative to improve the quality of the asset data we hold and feed into organisational decisions. We have done this to gain valuable insight that we can use to optimise and improve our asset intervention decisions.

We are defining a clear asset data strategy, policy and associated data standards as a core enabler for our other best practice data governance workstreams. It will define our data building blocks and inform our wider target operating model layers and the way we use data to improve our decision making across our organisation.

This initiative, to re-define our asset data strategy and hierarchy, is a core enabler that will allow us to realise value from the rollout, implementation and use of our new Operational Asset Management systems and further refinement of our Asset Lifecycle Process.

Our key activities and target dates are set out in the table below:

Measure	Status	
• **Complete planning phase and determine onward phases up to AMP8**	Complete	✓
• **Defining our asset data hierarchy for water assets**	Target completion September 2024	
• **Defining our asset data hierarchy for wastewater assets**	Target completion September 2024	
• **Communication and roll-out of our revised asset data strategy**	Target November 2024	
• **Asset data cleansing**	In progress and alignment with rollout of ▮▮▮▮ (EAM System)	
• **Create asset data quality dashboard**	Target November 2024	

2.3.3 Improving our asset data capture

We need good quality data to realise the value of updating our asset data systems and process improvements. We already hold extensive detail on our assets and network, but we recognise this could be improved. We also know we cannot wait for all our new processes and systems to be in place before we start looking at our data, so we are acting now to improve the data we collect and store on our assets. We are capturing additional data where we have gaps, improving our data capture processes and capability, and rolling out training on the value of our data and how it can help us improve our performance.

Targeted asset data capture to address identified gaps

We have instructed one of our suppliers to undertake a programme of asset data surveys across our region to test our existing data and identify areas for improvement. This is in part to support the efficient roll-out of our new Enterprise Asset Management system throughout AMP8 and aligns to our updated asset data hierarchy and strategy.

✓ These improvements will be captured over a period of several months, commencing in September 2024.

Improving how our teams capture data

We are working hard to help our teams collect more accurate and complete asset data. This will build resilience into our data collection processes and reduce our reliance on information provided by our supply chain. This comprises of two main types of activity:

- Rolling out training on the value and importance of data within our organisation. This training is designed to help our teams understand how data is used and why it's so important we collect accurate data and information on our assets.
- Providing new data capture tools that can help our site and operations teams capture high-quality data more easily and more frequently, which keeps our systems up to date.

By adopting these approaches, we will develop more trust in our asset data and can use it to make more informed, data-led decisions. By embedding data capture as part of our BAU activity, we will create opportunities to make improvements as we find them rather than waiting for specific data capture projects to be commissioned. We have already commenced this activity and are developing a trial on the Isle of Wight to look at our wastewater network. We intend to complete this in September 2024.

2.3.4 Fully incorporating data use and our system architecture within our updated Target Operating Model

We are designing an improved Target Operating Model for AMP8 which is discussed in detail in the 'Developing our Action Plan' section later in this document. Data is a key component of our Operating Model and it is critical we build alignment between the data we collect on our assets and operations and how it is used by our teams to drive insight to improve our delivery performance. This includes alignment to the updated capabilities of our new Operational Asset Management systems.

Data is a core component of both our AMP8 Readiness Transformation Plan (discussed in Action 1 in this document) and our Execution Plan (discussed in the Developing our Action Plan section of this document).

Maintaining our focus on Best Practice Data Governance and keeping it at the core of our improvement initiatives will help embed the changes in ways of working, use of information systems and develop our capability to make data-led decisions that lead to improved performance and outcomes for our customers.

2.3.5 Upgrade the capabilities of our Asset Investment Planning tool (███████

███████ is our software tool used to identify optimal investment and interventions, to achieve serviceability and cost targets, and it is currently comprised of two main components:

(1) Deterioration modelling – models are used to predict failure rates of assets and the cost of repairing, replacing or refurbishing them. Cost-benefit analysis enables the most cost beneficial interventions to be selected in the Optimisation process.
(2) Asset Risk Management (ARM) and intervention scheme builder – ARM captures risks above those associated with modelled asset deterioration, and Scheme Builder associates those risks with costed solutions, which can be optimised to select the most cost beneficial schemes and intervention.

We are increasing the capability of our ███████ system and have procured additional system functionality from our software provider to use the system across our whole Asset Lifecycle Process. The additional functionality includes modules that help:

- Calculate the PC/ODI impact of investment decisions
- Improve the accuracy of our asset deterioration modelling
- Optimise portfolios of investment plans
- Facilitate bulk uploads of data from ARM and SchemeBuilder
- Improve capture and recording of meta data from SchemeBuilder
- Incorporate analysis directly from ARM.

This initiative will help us better manage and understand our asset risks and support future asset investment decisions. In turn, this increased functionality will help us create and prioritise more mature schemes and portfolios that have the greatest cost/benefit for our customers. Our investment in increasing the capability of

our system will also include additional training and roll-out across our operating model processes and capabilities.

Measure	Status	
• **Define Investment Planning tool strategy**	Complete	
• **Defining our asset data hierarchy for water assets**	Complete	✓✓
• **Defining our asset data hierarchy for wastewater assets**	Target completion September 2024	
• **Procurement of additional** ▉▉▉ **Functionality:** ✓ **Risk and Reward module - calculation of PC / ODI values** ✓ **Model Builder module - enabling more efficient updates to failure models, leading to more accurate deterioration modelling** ✓ **▉▉▉ Express - Portfolio optimisation reporting tool** ✓ **Bulk Uploader - Excel add-in development to allow bulk uploads / updates of ARM and SchemeBuilder data** ✓ **Form E tables – Ability for admin users to modify front end Form E within SchemeBuilder, to allow capture of additional/changed meta data - e.g. new regulatory requirements** ✓ **ARM Analysis Setup selection - to allow users to select analysis setup from ARM**	Complete	✓
• **Full deployment of improved** ▉▉▉ **functionality**	Will be undertaken through AMP8 and will complete by end of AMP8	
• **Asset data cleansing (We have cleansed over 21,000 data issues to date)**	In progress and aligned with rollout of ▉▉▉	
• **Create asset data quality dashboard**	Complete and being rolled out	✓

2.3.6 Implementing updated Operational Asset Management Systems.

Maximising the benefit of our new data strategy and getting the best value from our Asset Investment Planning tool means that we will also need to update our Operational Asset Management (OAM) Systems.

We are required by the Drinking Water Inspectorate to manage our information, and our OAM Systems are key to realising the value of our asset data through being a single source of truth.

We commenced activity in AMP7 when we developed our OAM vision and designed a concept for how it would function within our organisation. Since agreeing our vision and concept we have continued to make progress, increasing the pace of this activity under our AMP8 Readiness Transformation Plan.

Our improved OAM Systems will deliver:

- **Simplified system architecture** – supporting the development of a single version of the truth for our asset data that our teams can trust.
- **Improved alignment between our systems and processes –** enabling our teams to make data-driven investment and maintenance decisions across an assets whole life.
- **Performance insights** – our new systems provide enhanced reporting capabilities that will help us monitor asset and intervention performance and improve our continuous improvement capabilities.

Our activity is initially focused in two areas, implementation of a Best-in-Class Geographical Information System and roll out of a new Enterprise Asset Management System. These new systems, once incorporated in our new Target Operating Model and supported by individual rollout and training programmes, will allow us to become a more proactive asset management organisation and deliver more efficiently. The table below shows our progress to date and sets out the onward steps we are taking to implement our improvements.

Activity	Status	
GIS Phase 1 **– Procurement of ▮▮▮▮ and moving of first phase of teams on to the ▮▮▮▮ platform**	Procurement complete and initial Rollout November 2023, bringing in ▮▮▮▮ as the single GIS system, replacing 2 existing and legacy systems. Rollout to c.1000 across the organisation	✔
GIS Phase 2 **– replacement of all legacy GIS systems for Water colleagues and rollout of ArcGIS. Field teams and all water colleagues will use the new system to record operational information. Compliant with the DWI notice.**	Target completion by March 2025	
EAM System Phase 1 **– Rollout of ▮▮▮▮ programme for Isle of Wight above ground assets. Onward monitoring of systems and capture of lessons learned for future rollouts.**	Completed in July 2024	✔
EAM System Phase 2 **– Commence rollout for above ground assets across full Southern Water Region**	To commence in October 2024	
EAM System Phase 3 **– Commence system build for below ground assets across full Southern Water Region**	To commence in November 2024	
EAM System Milestone **– All above ground assets live in ▮▮▮▮ system**	Target May 2025	
EAM System Milestone **– All below ground assets live in ▮▮▮▮ system**	Target December 2025	
Development of our integrated planning and efficiency plans across water and waste to unlock benefits of ▮▮▮▮	Target December 2024	

2.4   Strategic Workforce Plan

We identified that a strategic workforce plan would be a key enabler for us to be ready to deliver our AMP8 plan. This was identified as project 2 in our October Business Plan submission and the scope we included is summarised in Table 6 below.

Developing a Strategic Workforce Plan focused on capital delivery
In order to ensure the right capability and capacity is available to de-risk delivery, we will develop a workforce plan that covers resource levels, capabilities, recruitment/sourcing and development. This will cover a sufficiently granular planning of workforce requirements, including resource level, capability assessment and sourcing plan, linked to the work bank, and will focus on high priority areas below: • Asset management; • Capital delivery / portfolio management (including PMO); • Commercial and contract management; and • Supply chain. In addition, to address the market-wide challenges we are facing with respect to our workforce (e.g., the ageing workforce, skilled attrition, loss of IP, geographic challenges), we will also be developing a people strategy that covers all aspects of the employee lifecycle, from how we attract and retain talent (e.g. our EVP), to how we undertake succession planning, to ensure we do not lose our critical IP.

Table 6 - Strategic Workforce Plan Business Plan Scope

Our strategic workforce plan is being progressed in two phases. The initial and most pressing phase is to set ourselves up to increase our Capital Delivery capacity. We have been progressing this activity as a core component of our AMP8 Readiness workstream. We have engaged transformation advisors to develop a new Target Operating Model that will make us more agile and better able to respond to the challenges and opportunities in our plan.

We are developing our Strategic Workforce Plan approach which is due to complete at the end of September 2024, with a pilot being implemented at the end of August and throughout September 2024. We will progress implementation of the full plan between October 2024 and February 2025, alongside the no-regrets and quick win initiatives identified during the pilot.

Having this strategy and associated new Target Operating Model in place will allow us to build our internal capability in key areas, run our organisation more efficiently and improve reporting to decision makers within shorter timeframes.

The 'building our internal capability' workstream consists of 3 sub workstreams below, intended to deliver the stated outcomes:

- **Talent acquisition and management** – Outcome: Clearly defined approach to talent acquisition / talent management so current and future employees can take on AMP8 roles.
- **Employee capability and skills** – Outcome: Upskilling and reskilling people to be able to deliver AMP8, underpinned by our developing AMP8 people plan.

- **Leadership capability** – Outcome: Having the right leadership and manager behaviours to lead others in AMP8.

These sub-workstreams are running in parallel to our wider strategic workforce planning activity and are due to be implemented in the run up to and during early AMP8.

Our Strategic Workforce Plan is underpinned by the procurement of our Professional Services Framework which covers 3 Lots; Asset Management, Project and Commercial Management and Engineering Services. As of July 2024, this procurement is complete, and we are progressing the mobilisation of our suppliers. Detail of our supply chain procurement activity is discussed further in section 5 below.

Our second phase is to review our wider organisation Target Operating Model. We will keep this under review and shape our organisation appropriately, addressing the need to integrate policy and regulatory change capabilities within our enterprise PMO, once we have our Capital Delivery function performing.

Success measures and milestones

The key success measures for our strategic workforce plan are:

Measure	Status
Our workforce planning pilot is completed	Target October 2024
Complete Day in the Life pilot study to support workforce planning	Target March 2025
Key AMP8 workforce planning roles identified	Target April 2025
Our workforce strategy, closing skills and resourcing gaps is developed	Target April 2025
Out people strategy is developed	Target March 2025

2.5   Supply Chain onboarding and mobilisation

AMP8 will see us deliver a significantly larger investment programme than in previous AMPs. We recognise this requires us to implement a step change in our delivery capacity which means we need to procure a larger supply chain for AMP8. In our October Business Plan submission, we highlighted the challenges of securing sufficient resources in our region, both in terms of quantity and in skillset and experience. We highlighted constraints caused by our geography and competition with neighbouring peers, with technical expertise availability in the UK contributing to this challenge.

Table 7 below shows the scope we set out in our SRN09 Deliverability Chapter in relation to expanding our supply chain for AMP8. We anticipate up to 50% of our capacity and capability will come from our suppliers.

AMP8 Supply Chain Readiness
Our supply chain is crucial to the success of the delivery of AMP8. We have set out in this chapter the progress we have made and our plans in this area.

In addition to the work planned and ongoing in this area. We will further develop our category planning While we are in the process of category planning. a step-change is required to develop more comprehensive detail, starting by focussing on high priority and high certainty areas of our business plan (e.g., Botex), with a long-term outlook throughout AMP8.

We will continually assess and monitor the supplier market, particularly to validate the capacity of our supply chain to deliver. This will be in the form of frequent engagement of our suppliers, requesting evidence from them (e.g., demonstrating workforce schedule and capacity), and triangulating with our own market analysis to validate levels of confidence in deliverability.

Beyond the planning process, we will actively manage categories, with frequent refresh based on data feeds (e.g., emerging sector risks) and a regular reporting drumbeat.

This will need to be supplemented by increasing our capability in commercial and contract management. The step-up in volume and complexity of our supply chain delivery necessitates a greater level of skill to better and more pro-actively manage our contracts and suppliers, in order to de-risk delivery.

Table 7 - AMP8 Supply Chain Readiness scope

Since October 2023, we have made significant progress in tendering and awarding new contracts for AMP 8 across Capital Delivery, Operational Services, Corporate Business Services and Alternative Funding. The most material part of our supply chain spend, our Capital Delivery frameworks were awarded as follows:

Capital Delivery Framework	Anticipated Value	Number of suppliers	Status
Professional Services Framework (Asset Management, Project Management & PMO, and Technical Services	£150m - £200m	7	Procured - In mobilisation
SDP Water Non-Infrastructure	£400m - £500m	2	Procurement completed 16th August 2024, in mobilisation
SDP Wastewater Non-Infrastructure	£1,000m - £1,500m	3	Procurement completed 16th August 2024, in mobilisation
SDP Water and Wastewater Infrastructure	£500m - £750m	1	Procurement completed 16th August 2024, in mobilisation
LCDR Water Infrastructure	£100m - £200m	3	Procurement completed 16th August 2024, in mobilisation
LCDR Wastewater Infrastructure	£200m - £500m	3	Procurement completed 16th August 2024, in mobilisation
LCDR Non-Infrastructure (Water and Wastewater)	£800m - £1,000	5	Procurement completed 16th August 2024, in mobilisation

Our Capital Delivery Frameworks will support us at various stages of delivery, with our professional services and strategic delivery partners getting involved earlier than they have historically. Figure 2 below shows the project delivery phases applicable to each framework.
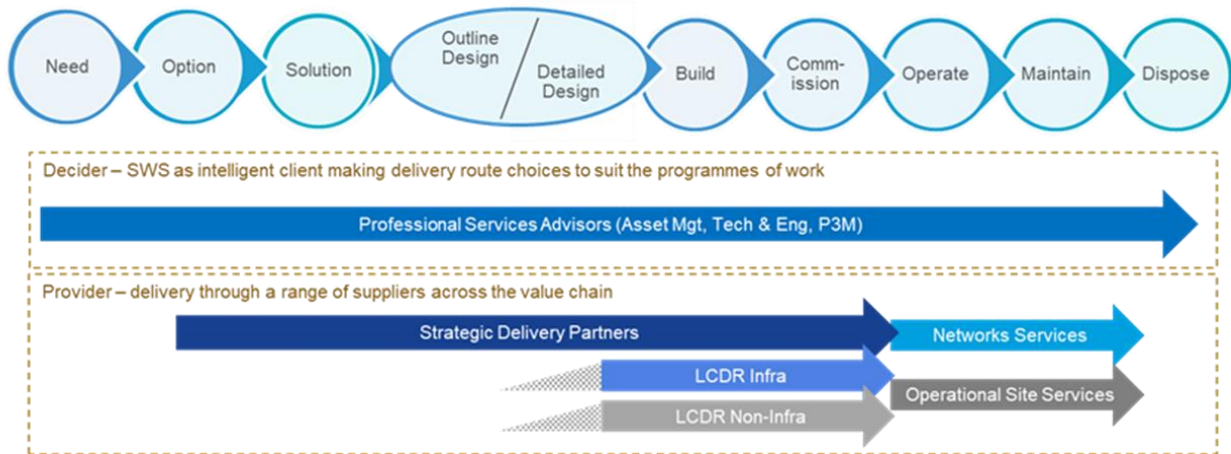
Figure 2 - Capital Delivery Stages and our Frameworks

Timescales and Milestones

Figure 4 below shows all our AMP8 frameworks graphically to detail our progress through procurement. All of our Capital Delivery, Operational Services and Corporate Business Services frameworks have supplier agreements in place from AMP7 until the corresponding AMP8 procurement completes to ensure continuity.

Figure 3 - Procurement timelines for our AMP8 frameworks – note Timeline shows calendar quarters, where Q1 represents January – March of the respective year.

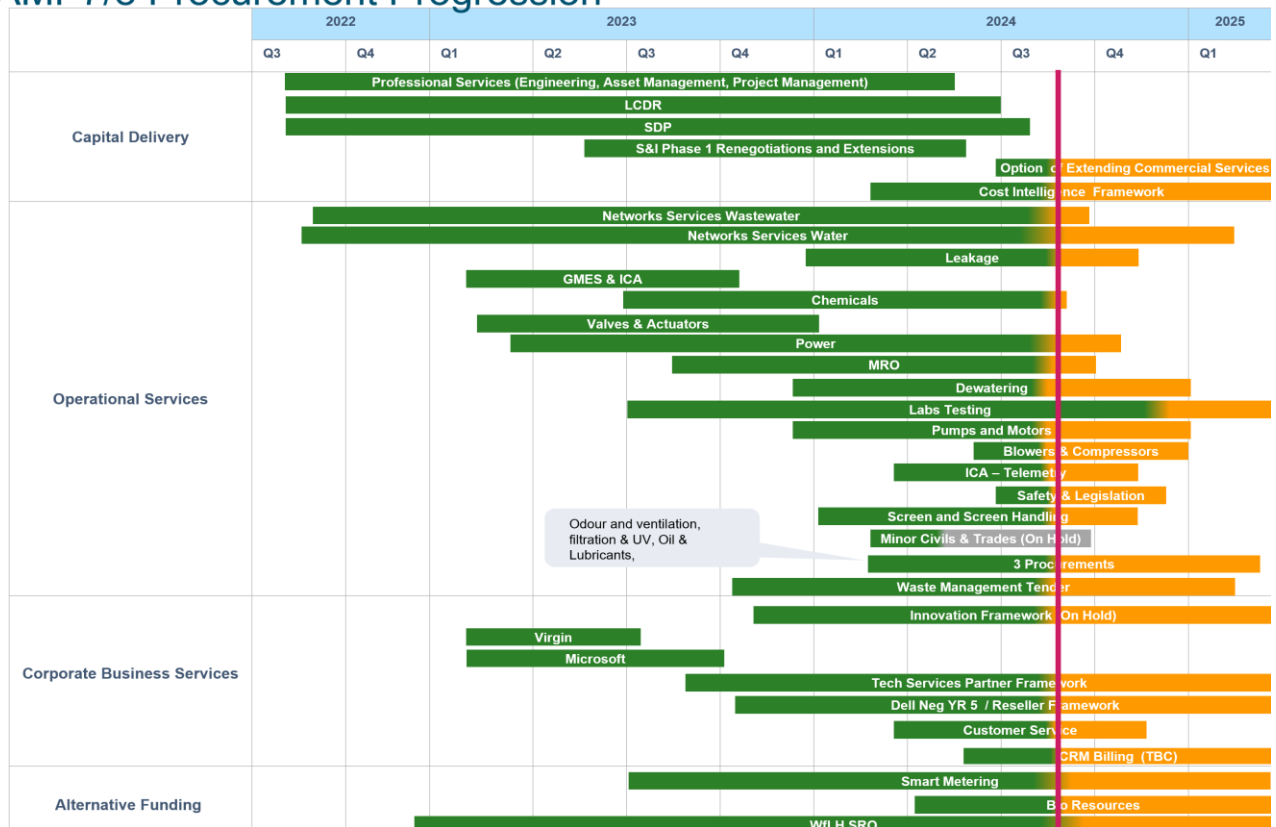We have developed detailed mobilisation and transition plans for the new frameworks to ensure they are fully mobilised in advance of AMP8 and we are learning and applying lessons from our ongoing Professional Services Framework mobilisation. For example, we are developing a series of 'problem statements' for each lot in each framework to allow our suppliers to bring their ideas and experience to the formulation of our AMP8 Execution and Delivery Plan. We are framing our challenges so our suppliers can draw from adjacent and alternative industries, helping us identify better ways to achieve our goals. We are currently running through this process with our Asset Management suppliers and are about to commence the same process with our Strategic Delivery Partners (SDPs) and Low Complexity Delivery Route (LCDR) suppliers.

In parallel to our execution plan development, we are working with our new supply chain to understand the downstream supply chain (Tier 2/3) risks and challenges, ensuring mitigations are appropriately considered at both programme and individual organisational levels.

We are exploring new ways of working with our suppliers and we are involving these in the Execution Planning process. This 'left shift' in engagement is helping us shape our delivery programme and allowing us to take advantage of more efficient delivery techniques, such as design for off-site manufacture and utilisation of our suppliers manufacturing facilities. One of our suppliers is additionally looking to establish a new manufacturing facility in our region to service our AMP8 Framework.

Our Procurement team is also supporting our Asset Management Director and Capital Delivery teams to develop the AMP 8 Operating model for Commercial Management and Contract management across Water and Wastewater. This ensures appropriate supply chain considerations are included in the Operating Model to promote end-to-end efficiency in delivery.

Success Measures

The success measures appropriate to our supply chain onboarding and mobilisation project are:

Measure	Status	
Complete procurement for Professional Services suppliers	Complete	✓
Professional Services suppliers onboarded	Ongoing, target October 2024 for completion	
Complete procurement for Strategic Delivery Partners (SDPs)	Complete	✓
Strategic Delivery Partners (SDPs) onboarded	Commenced 16th August 2024, target completion October 2024	
Complete procurement for Low Complexity Delivery Route (LCDR) suppliers	Complete	✓
Low Complexity Delivery Route (LCDR) suppliers onboarded	Commenced 16th August 2024, target completion October 2024	
Complete procurement process for: • **Operational Services framework,** • **Corporate Business Services framework, and** • **Alternative Market Based Delivery framework**	Target completion March 2025.	

2.6 DPC and Market-Based Delivery Plans

In our October 2023 business plan submission, we proposed to deliver 4 potential projects by Direct Procurement for Customers (DPC) and 5 other enhancement projects by a similar market-based delivery route. These were in addition to our 3 Strategic Resource Option (SRO) projects.

They were chosen based on their size and separability from our current operations as this made it feasible to deliver them through a third party. Enabling a third-party provider to develop, build, finance, operate and maintain significant assets over a long-term contract creates opportunities for our customers to benefit from the efficiencies and innovation this delivery approach can bring.

In its Draft Determination, Ofwat decided the Aylesford and Ford re-use projects should be bundled and delivered via a single DPC scheme. Ofwat determined all the other projects should be delivered in-house. However, Ofwat stated it would continue to discuss other delivery approaches where alternative models are likely to deliver greater benefits to customers. Additionally, Ofwat introduced enhancement mechanisms, including for those projects which we put forward for market-based delivery.

We have developed and re-assessed all our market-based delivery projects. See SRN-DDR-39 Market-based delivery for further detail. We have amended our proposed delivery approach and use of enhancement mechanisms as a result. See Table 8 below.

Project	Our proposed delivery approach	Our proposed enhancement mechanism	Submissions	In operation from
Aylesford and Ford re-use	DPC	-	DPC Staged submissions	2030/31
Sandown re-use	In-house	Propose move from large scheme gated process to enhanced engagement and cost sharing mechanism	-	2030
Sittingbourne industrial re-use	Market-based delivery	Large scheme gated process	Gate 1 by 3 November 2025 Gate 2 by 4 May 2026	2030/31
Smart metering	Market-based delivery	-	-	2025/26
Bioresources	Market-based delivery	-	-	2030
Local Authority Highways SuDS	Market-based delivery	-	-	2026
Whitfield WwTW	Market-based delivery	Large scheme gated process	Gate 1 by 3 November 2025 Gate 2 by 4 May 2026	2031
Wetlands	In-house	Enhanced engagement and cost sharing mechanism	-	n/a

Table 8 - Table showing our proposed DPC and Market-Based Delivery projects

Our re-assessment and proposed approach is based on significant work completed since our business plan submissions in October 2023. This includes the continued development of each project, engagement with the market in four separate areas and value for money assessments for each project. We propose continuing to progress projects where we can show the scope of the project is of interest to the market, it can create competitive tension and where our VfM analysis shows a potential benefit of delivering via a market-based delivery route.

Additionally, we have further considered the delivery approach needed to enable successful outcomes for our customers. We understand it is our responsibility to deliver these projects efficiently and on time and that our customers are protected. Many of the activities to ensure success are our responsibility. However, we also require Ofwat to enable a market-based delivery model. From our market engagement on alternative delivery, we understand that potential bidders seek a mechanism to provide certainty. See SRN-DDR-39 Market-based delivery for further detail.

We have also progressed putting in place additional governance and resourcing to enable projects to develop with the resources they need, supported by external advisors.

Our future actions

Engagement with Ofwat
As described above, we need to work with Ofwat to develop a new delivery approach for projects which are large enough to be of interest to the market and have the potential to offer customer benefits, but which are too small or uncertain at this stage to be DPC projects. This is so we can ensure best delivery of these projects and enable better outcomes for customers.

For projects delivered via DPC, or included in an enhancement scheme, we believe there is an opportunity to enable the development of projects with Ofwat, ensuring there is oversight to provide assurance to the market. The use of the staged process for DPC, and the gated process for projects included in the large scheme gated process, enables a formal submissions process and ensures we are aligned on the development and delivery approach. For projects, such as Bioresources and Local Authority Highways SuDS, we believe a process enabling regular communication with Ofwat needs to be agreed, to ensure agreement on the approach ahead of tendering.

We have made significant progress in some of our market-based delivery projects. The smart metering project commenced its ITT phase in July 2024 and we expect a contract to be awarded in January 2025. We met with Ofwat in July 2024 to discuss our approach. For detail on the project's progress see SRN-DDR-39 Market-based delivery.

Enhancing our capabilities to enable market-based delivery
At the same time, we need to continue increasing our capabilities for projects being delivered via a market-based route. Developing these projects and contracts requires different expertise and experience compared to in-house delivery. Given the number of projects to be delivered via a market-based delivery route, we need to expand and enhance our capabilities, with appropriate governance arrangements.

> **Enhancing our Market-Based Delivery Capability**
>
> The market-based delivery business area needs to be equipped to:
> - Develop the technical requirements, execute all enabling works required, develop any mitigation strategies of potential interfaces, complete the drafting ahead of tendering the project;

- Engage with the market to ensure a market is created;
- Manage and efficiently coordinate external advisors and specialists;
- Ensure efficient completion of regulatory submissions; and
- Manage projects during the procurement phase;
- Ensure regular communication with Ofwat and our other regulators;
- Monitor projects following contract award.

While there may be opportunities to draw on existing capabilities, the organisational design must reflect that the procurement approach is different to in-house delivery.

Table 9 - Market Delivery planning scope

As the projects develop, further resourcing will be required in the areas of expertise as described above. We currently have assistance from external advisors to enable the additional work as required, with future plans to increase our in-house capabilities.

Standardising contracts and the procurement process
During our market engagement for our alternative delivery projects, investors highlighted it would be beneficial to adopt standardised contractual terms where possible. Standardised aspects include risk allocation and the completion of activities such as land acquisition and planning permission ahead of tendering. This is to enable a smoother and faster process for both us, in developing the projects and contracts further allowing cost efficiencies, and for bidders to understand and provide certainty in our approach.

We are also seeking to develop a procurement standard process, subject to individual project assessments, to streamline the progress.

Success Measures and Milestones
The key success measures for our Market-based Delivery Plans are:

Measure	Status
Agree a Market-Based Delivery Approach	Subject to Final Determination
Complete the regulatory submissions for these projects	Subject to Final Determination
Establish market interest through regular market engagement leading to contract tender	Subject to Final Determination
Obtain Ofwat agreement ahead of procurement start for each project	Subject to Final Determination
Complete procurement processes	Subject to Final Determination
Obtain Ofwat agreement ahead of contract award	Subject to Final Determination
Financial close	Subject to previous actions

3 Developing our Action Plan

We recognise that delivery of our AMP8 plan requires us to think differently and look beyond the water sector for learning we can apply. In developing our action plan, we have sought advice from external sources to ensure we are utilising best practice and appropriately challenging our thinking.

- We have consulted with Transformation Advisors to develop our AMP8 Readiness transformation programme.
- We have consulted with capital delivery experts on the ongoing formulation of our execution plan.
- We are retaining strategic advisors to support our ongoing plan development as we progress towards AMP8.

4 Development of our Delivery Plan

The purpose of this action plan and the work we are describing in it is to prepare us for delivery of our AMP8 plan. This activity will culminate in a detailed AMP8 Delivery Plan that we will produce and submit to Ofwat in March 2025. This plan will set out in detail how we will deliver our investment plan between 1st April 2025 and 31st March 2030.

Production of this delivery plan requires us to translate our PR24 submission into a format which can be used to plan our delivery.

Execution Planning

Our Capital Delivery Project Management Office undertakes the execution planning which will translate our PR24 Plan into a prioritised schedule of projects, with accountable sponsors and alignment to delivery routes. We have completed our execution planning methodology/approach and are now developing the detail in conjunction with our Target Operating Model, aligning our projects and strategic programmes.

We are engaging with our stakeholders to determine what factors are most important to them so we can view our planning through different lenses. We continue to engage with our customers through forums and roadshows and we have run workshops with groups from the voluntary sector, such as rivers trusts and wildlife trusts.

We are engaging with incoming suppliers to gain their input in to how we might break down our PR24 Plan for delivery, challenging them to bring new ideas and approaches to achieve quicker mobilisation, reduced risk and greater efficiency. We are sharing visibility of our execution plans as they evolve and we have a feedback loop to ensure their input is captured in our onward planning.

Our planning has led to the establishment of 8 strategic delivery programmes to best group our projects across base and enhancement and subsequently package them into appropriate delivery routes. These are:

- ✓ **Water Supply Demand Balance – Water for life Hampshire** – these are our Strategic Resource Options and interconnector projects.
- ✓ **Water Supply Demand Balance** – these are our WRMP projects.
- ✓ **Water Quality and Compliance** – these are our NIS and SEMD programmes, our water WINEP and our nitrate projects.
- ✓ **Wastewater Quality and Compliance** – these are our wastewater nutrient treatment projects, our river quality monitoring and our treatment works growth projects.
- ✓ **Wastewater Flooding and Pollution** – these are our storm overflows, overflow monitoring and network growth projects.
- ✓ **Bioresources** – these are our cake storage, thermal hydrolysis plant and IED projects.

   ✓   **Information Technology** – these are our business enabling and our core IT function projects.

   ✓   **Customer** – these are our retail and research and development projects.

We have identified and assigned Executive sponsors to each of these aligned with their accountabilities, and we are progressing with matching the individual projects to delivery routes so they can be prioritised and batched for delivery.

The output of this activity will be our AMP8 Execution plan, which will facilitate our AMP8 Delivery Plan which we will submit to Ofwat prior to commencement of AMP8.

The success measures we are tracking for our execution planning are:

Measure	Status	
EP0 **– We have an agreed process of creating the AMP8 execution plan to allow repeatable execution**	Completed May 2024	✓
EP1a **- We have a proposed delivery route allocation for our entire AMP8 capital portfolio**	Completed May 2024	✓
EP1b **- We have a proposed delivery route allocation we are confident that is deliverable**	Subject to Final Determination position	
EP2 **- We have a baselined profile for expenditure, outputs which will meet our regulatory and operational requirements, and annual profiles which are optimised, realistic (best endeavours)**	Subject to Final Determination position	
EP3a - **We have a common view of the draft portfolio delivery plan which is agreed between Asset Management, Capital Delivery and Operations – visible in one place**	Complete July 2024	✓
EP3b **- We have a common view of the market engagement portfolio delivery plan which is agreed between AM, Capital Delivery and Operations – visible in one place**	Completed Aug 2024	✓
EP4 **- All needs allocated to delivery/supply chain for Y1-2 (MVP)**	Anticipate completion September 2024	
EP5 **- We have an agreed portfolio, route and programmes allocated to DPC / Alternate Delivery**	Subject to Final Determination position	

Target Operating Model

A key enabler to our Execution Planning is the implementation of a new Target Operating Model to enable the Capex scale-up in our Plan. This initiative is being driven by our Asset Management Director and supported by external advisors to bring best practice from across our industry and adjacent sectors. The primary objectives of the new model are:

1.1.1   Revision of our Asset Lifecycle Process – driving greater efficiency and improved decision making throughout our whole lifecycle.

1.1.2   Reinforcement of our Investment Programme Management Team – recruitment of individuals to increase team capacity and drive commercial focus.

1.1.3   Creation of strategic programme sponsorship – redefining the role, with clear accountabilities and responsibilities. The role is to remain above the delivery team and hold them to account.

1.1.4   Redefinition of the Delivery Project Manager role – ensuring focus is on management of suppliers and efficient resolution of delivery issues.

1.1.5   Improvement of our commercial processes – improved engagement and management of our suppliers.

1.1.6   Establishment of ways of work appropriate to the scale of the plan – challenging our existing ways of working and implementing improvements that allow us to deliver more efficiently.

Our Target Operating Vision is complete, and we are developing our plan to the end of September 24. We will agree this plan with our Executive and Board before commencing the implementation phase up to AMP8. The model is intended to be completely implemented by the time AMP8 commences.

We are tracking specific success measures for our Target Operating Model:

Measure	Status	
OM1 - High Level Operating Model is agreed to enable commencement of early start AMP8 projects	Completed June 2024	✓
OM2 - Capability improvement plan is in place to improve the capabilities within the Operating Model over the AMP to enable it to function as intended. This includes technology and data enablement	Anticipate completion in September 2024	
OM3 - We have a new Capital Delivery and Asset Management Operating model which is documented, with capability descriptions, and an outline new organisation structure and ways of working, sufficient to share and test internally	Completed August 2024	✓
OM4 - Staff and supply chain partners understand the new Operating Model, have been engaged to help design and embed it and recognise the benefits it will provide	Anticipate completion in September 2024	
OM5 - The processes, systems, the management, governance and reporting frameworks have been developed to a detailed enough level to allow their implementation and the smooth commencement of AMP8 work	Anticipate completion in December 2024	

5 Board Assurance

Board assurance process, methodology and statement

Assurance of our Delivery Action Plan is set out in detail in our SRN-DDR-010 Data and Assurance Chapter.

Accountability for each workstream is with the relevant executive with monthly submissions and reviews with an executive AMP8 Readiness Steering Committee. A board level AMP8 Delivery Committee has been in place meeting every six weeks, or out of cycle if required, since April 2024.

6 Business Plan Dependencies

Further information relating to the detail discussed in this document can be found in the following:

Chapters	SRN09 Deliverability Chapter from October submission and SRN-DDR-008 Deliverability Chapter in our Draft Determination Response
Business cases	
Technical annexes	SRN56 Deliverability from October submission
Enhancement cases	
Cost adjustment claims	
Ofwat test areas	
Assurance	Board Assurance statement
Other – please specify	

All documents and tables referenced above can be found on our website here: Business Plan 2025-30 - Southern Water

Appendix 1 – AMP8 Readiness Transformation Plan Workstreams

1. Wastewater

Initiative	AMP 8 Goal	Readiness Activities in Progress
Wastewater Botex efficiency initiatives	Investment now to reduce our operating costs (Opex and DMC) to move closer to regulatory benchmarks. Environmental performance improvement and greater compliance.	• Overarching plan to deliver target Botex run-rate, spanning remainder of AMP7 and leading into AMP8. A set of in year cost out options are currently undergoing evaluation for longer term impacts on cost, ODI, Serviceability and sustainability. This is the wastewater turnaround plan.
Wastewater tankering	New commercial contract to be compliant following contract expiration with MTS for planned and reactive tanker services. The contract cannot be extended and a new agreement is required to provide tankering for any elements which are not insourced. The new contract will secure new supply chain partners providing resilience and commercial benefits. Insourcing gives us access to Tankering services for cheaper rates compared with current expensive reactive tankering costs.	• A number of strands within tankering are aimed at cost reduction. Tactical actions have been completed as part of the turnaround plan and further strands include a new commercial contract tender (and strategy that provides resilience and commercial benefits) and insourcing. The new commercial contract with tendering ongoing until aspirational partner allocation in October 2024, with a phased implementation/transition through to October 2025.
Total pollutions & Serious Pollutions (PIRP)	Improve wastewater performance to reduce total and serious pollution incidents	• Pollution Incident Reduction Plan (PIRP) 2024 to be expanded to provide multiyear plan into AMP8 for pollution reduction.
Planned maintenance	Flip from reactive to proactive approach to maintenance to remove/ reduce the cost of failure and associated performance improvement.	• Embed and drive value from foundations delivered in AMP7, to increase the proportion of planned maintenance work over more expensive reactive work and associated failure costs. This also is a foundational initiative to improve environmental performance. Phase 1 for Waste Pumping Stations and Isle of Wight, before wider deployment.
Logistics	Process adherence to new ways of working which drive efficiencies around our new regional stores.	• The embedding of new processes around stores and material management.
Digitisation - Catchment based monitoring (sensors)	Deployment of remote telemetry to identify possible failure in advance of pollution incident or asset failures which prioritises the workload.	• The incremental ask is for further expansion of the sensors and alarms that monitor our assets and alert the control centre of potential incidents. This targets environmental performance and ODI reduction. Changing penalties increase the financial importance of this initiative from Y1 AMP 8.
Advanced bioresources treatment	Step change technology to improve resilience of Bioresources operation and support mitigation of landbank challenge (e.g. Farming Rules for Water). Conversion to technology and consolidation of sites in Kent in AMP8 will pave the way for wider implementation in AMP8/9	• More specialist skills will be required to operate the new assets (some of which is already in place).
Operational services procurement - Waste	Leverage supplier opportunities to reduce costs with strategic partners. Secure a resilient, outcome-based supply chain that can adapt to shocks, contributes to business performance to enable the business to achieve its ambitions.	• Procurement for a range of categories to support our operations teams, including maintenance and specialist skills, spare parts, consumables, and plant hire, including tankering.

Initiative	AMP 8 Goal	Readiness Activities in Progress
Network services procurement – Waste	Award and mobilise contracts to suppliers who best match SW's business aims, capable of meeting Directorate operational needs to the right quality, at the right price, at the right time. Suppliers contracted and set up to be managed to enable collaborative delivery effectiveness and efficiency and drive vested interest in SW's longer term customer experience business plans and targets.	• Mobilisation post successful procurement and award of critical frontline network services for wastewater. These services are the first response through to resolution of critical network failure including pollutions and flooding incidents. Includes repair, maintain and response to customer jobs on our network.
AMP8 commercial enablers for waste contracts	(1) Safeguard expected commercial business benefits and financial returns by ensuring contracts remain a means for generating financial benefit (2) ensure a systematic approach to managing SW's supply chain partners to help meet organisational goals. (3) Foster an environment in which we can all work in collaboration, build trust, encouraging open and honest communication. The desired end state is for Southern Water to be seen as a client of choice: an organisation through its practices and behaviours, consistently positions itself to receive preferential access to resources, ideas and innovation/CI	• Development of the enabling ways of working to support new AMP8 contracts, including and onboarding of new suppliers, including systems requirements, Supplier relationship management, updates to the commercial and service management approach to deliver AMP8 goals.

2. Water

Initiative	AMP 8 Goal	Readiness Activities in Progress
Tactical Initiatives	Reduce year 5 run rate and avoid some incident related costs. Plans to deliver target Botex run rate, spanning remainder of AMP7 and first part of AMP8.	• Deliver 13-strong AMP7 turnaround focused Botex reduction initiatives. Shape and confirm proposals for additional improvement areas i.e. Retendering Alternative Water and SSP insourcing as new initiatives into AMP8 period need further defining.
Stopping Incidents	Improve underlying interruptions to supply performance, improve our network pressure monitoring in an incident and stopping own goals – meeting ODI.	• Develop plan for improving underlying performance, e.g. quick responses, to start Y1 well, recruit network governance team and ITS ODI Lead, embed new SCO process and golden hour approach
Operational Asset Management (OAM)	Meet IMU through implementing two best-in-class solutions - ▮▮▮ (an Enterprise Asset Management system) and ▮▮▮▮ (a Geographic Information System) to replace outdated systems and allow us to become less reactive and more proactive. Deliver full GIS for water by 31/3/25	• Consolidation of multiple GIS systems into one. Replacement of ▮▮▮ work and asset management system with ▮▮▮. Updates to associated processes, alignment of roles and training on the new systems. Initial roll out on Isle of Wight currently in progress before wider deployment
Leakage	Improve underlying performance to meet ODI, having achieved the AMP8 starting position of 77 Ml/d aligned to the AMP7 turnaround plan.	• Delivery of 10-part turnaround plan element to achieve 77 Ml/d, supplemented by PALM model ongoing tactical improvements – noting this is all AMP7 focused but some elements will continue into AMP8.
Customer Contacts	Meeting revised AMP8 ODIs relating to Water Quality – Taste, colour or odour which drive customer contacts, avoiding the increased penalties.	• currently understanding BAU activity vs proposed new activity under the water discolouration strategy

Initiative	AMP 8 Goal	Readiness Activities in Progress
Smart Systems – Water & Waste	Delivery of a smart system for June of AMP8 in readiness for utilising Smart meter data in an integrated leakage module ad readiness for WfL pump automation and energy management. Providing efficiencies in asset management, asset maintenance and situational awareness.	• 3 phase delivery with budget approved for phase 1: Phase 1. Aug – end Oct '24: Maturity assessment, Project alignment review, functional design specification, 2. Nov – End Jan '25: Detailed modular design and system integration, procurement and 3. Feb – Jul '25 Delivery and enhancement.
Procurement of Network Services	Award of contracts to suppliers who best match SW's business aims, capable of meeting Directorate operational needs to the right quality, at the right price, at the right time. Suppliers contracted and set up to be managed to enable collaborative delivery effectiveness and efficiency and drive vested interest in SW's longer-term customer experience business plans and targets.	• Procurement of network services for water - the main supply chain partners to repair, maintain and respond to customer jobs on our network.
Procurement of Operational Services	Secure a resilient, outcome-based supply chain that can adapt to shocks, contributes to business performance to enable the business to achieve its ambitions	• Procurement for a range of categories to support our operations teams, including maintenance and specialist skills, spare parts, consumables, and plant hire, including tankering. Contract award dates are proposed for a time range spanning Feb '24 (Blowers and Compressors) through to Oct '25 (Strategic Waste Management). 14/16 contracts to be awarded before AMP8 starts, with roll over agreements in place for remaining 2 until they are completed.
Commercial Optimisation	Development of the enabling ways of working to support new Clean Water AMP8 contracts, including and onboarding of new suppliers, including systems requirements, supplier relationship management, updates to the commercial and service management approach to deliver AMP8 goals.	• (1) Ensure contracts remain means for generating monetary benefit through contract management rigor to safeguard expected commercial business benefits and financial returns (2) ensure a systematic approach to managing SW's supply chain partners to help meet organisational goals. (3) Foster a collaborative supply chain management approach, build trust, encouraging open and honest communication. (4) Position SW as a client of choice who through its practices and behaviours, consistently positions itself to receive preferential access to resources, ideas and innovation/CI
Operational Excellence within Water	[Targeting company-wide] Embed a Quality Management and business wide integrated management system across AMP8 period. This will ensure core protocols and procedures (e.g. Health & Safety procedures) are appropriately documented or reviewed, and moving to more proactive asset and network management, reducing compliance risks. Embed QMS first as the data and process foundation, followed by IMS. This will reduce operational incidents and drive continuous improvement across BAU areas such as leakage and water quality. Effectiveness of planning and scheduling is a particular focus area.	• align on a consolidated position whether there is support for a business-wide adoption of this, as benefits will be more limited if this is restricted to Water only. Resourcing and plan will need further development if taken forward, and benefits mapped against existing areas this will benefit (e.g. Leakage, supply interruptions, water quality)
Water Operating Model	With the step up required in Botex savings, alongside new regulatory incentives and associated penalties into AMP8, it is vital to make sure that the Water team resources are allocated and focused aligned to the right areas to maximise performance outcomes across the whole AMP. Note that an org design review has already been completed for Water Networks, with recruitment for up to 40 roles in progress. Operating model should address gaps in peripheral aspects of asset management, moving towards proactivity from reactivity.	• align with central thinking on any wider op model reviews before initiating within Water. Within Water - review the current functions across the water team, breaking down the roles and responsibilities of the current state. Confirm the AMP8 focus areas, their associated resource requirements (taken from the AMP8 readiness planning) combined with BAU work planned to compare the "To be" work requirements. Compare "as is" and "to be" across both delivery capacity and capability to identify gaps across change areas and BAU. Develop a revised operating model which addresses these gaps.
Power & Chemical Optimisation	Achieve either tactical cost improvements or improved continuity of supply through review of chemical dosing, chemical process optimisation and review of pump inefficiencies, pumping regimes, installing on-site generators to ensure continuity at rural sites.	• Proposal is currently under review

3. Environment (Clean Rivers and Seas)

Initiative	AMP 8 Goal	Readiness Activities in Progress
Commercial Tendering	Successful delivery of >£700m of sewer lining, slow the flow, surface water re-direction, optimisation and storage projects in AMP 8. This is a material step-up compared to Clean Rivers & Seas initiatives in AMP 7 and requires dedicated commercial and procurement support to ensure we deliver on our spills and overflow commitment and value for money.	• Strategic procurement initiative to deliver supply chain capacity and capability to meet our AMP8 Build Programme. In readiness for AMP 8 this will include managing competitive tender (ITT) processes and successful contracting and mobilization. Note slow the flow tender is already in progress
Local Authority (LA) Agreements	Successfully deliver £300m of Highways SuDs across region through AMP 8.	• Engagement of 10 councils and local authorities (LAs) to design and deliver prospective SuDs solutions. Agree MoUs with these LAs and councils along with the commercial arrangements for financing and repayment of SuDs work, along with requisite planning permissions. Focus on Hampshire and Portsmouth as early adopters.
Catchment Investigation and Planning	Catchment area relevant and specific environmental and overflow solutions identified and implemented.	• Catchment area-by-area investigation of overspill solution options and potential routes to delivery / mitigation. The investigation carried out will inform our detailed catchment delivery plan for AMP 8, including the scoping of additional initiatives needed to meet our top-line business targets.
Enduring Operating Model & Process Development	Enable effective delivery and reporting across the portfolio of Environmental (CRS and WINEP) initiatives. Given growth of delivery mandate, this workstream, interlinkages with Water, Waste and Capital Delivery and enhanced Ofwat engagement and reporting mechanism need to be clear through AMP 8.	Includes: • Overarching operating structure and agile governance model to deliver • Ofwat annual price control, uncertainty mechanism and associate reporting process and function design and implementation • Environmental Outcome focused and agile governance and reporting design
Capability Development	Programme team equipped with the skills and knowledge to manage CRS delivery initiatives. This includes technical, strategic partnerships, portfolio management and project delivery capability within the team.	• Transformational growth in team size (to current level of 36) and further growth anticipated to meet AMP 8 delivery targets and objectives. Linked to how we intend to deliver the operating model, we will need to ensure the team is right-sized and trained to deliver.
Technology Readiness	Catchment investigations driven by latest modelling technology.	• Implementation of hydraulic modelling supported by machine learning solutions (to ensure deliverability of outcomes for 2027).

4. Customer

Initiative	AMP 8 Goal	Readiness Activities in Progress
Debt (reduction and management) initiatives	To ensure that we have a customer service function whilst exploring options to reduce cost to serve and reduce debt exposure using the outcomes of AMP7.	• Identifying and defining the critical success criteria and developing the roadmap for readiness and mobilization into AMP8 year 1-2.
C-MeX (CSS)	Increase C-MeX (CSS) where possible acknowledging systems and process limitations.	• AMP7 plans in place. TBC on extension into AMP8. Plan for set of things we can do/control within existing system for next 1-2 years (ahead of re-platform). Things we can do to impact CMEX.

Initiative	AMP 8 Goal	Readiness Activities in Progress
Future of Retail: Customer systems and processes	Agree the strategy for our retail function in AMP8 and beyond including people, systems and process change.	• Replace existing systems and processes with new customer portal, CRM and billing platform to support retail cost to serve efficiency, improved customer experience and ability to fully leverage smart metering data (for example in changes to tariffs.
Smart metering	New AMP8 Commercial Approach & Partners. Deliver the commercial activity associated with signing up an alternative delivery partner whilst building the internal capability required to deliver the smart metering programme.	• Readiness activities for upgrade of 1.1 million meters to smart meters in AMP8, including procurement of a delivery partner, communications technology, meter data management, analytics, creation of processes and responsibilities for smart metering deployment, demand reduction and customer services. Proposed as an option for alternative financing. Includes smart meter procurement
Retail Services (▒▒▒▒▒▒▒▒ ▒▒▒▒▒▒▒▒ ▒▒▒▒▒▒▒) procurement	Enhanced customer services function, driving towards our improved customer experience outcome in AMP 8. Supported by a strategic service provider working with us to make this happen.	Decide supply chain strategy (extend current contracts v go to market) for the supply chain which underpins the Customer operations. Execute agreed strategies, negotiate and execute extensions and/or initiate strategic sourcing process. Contracts: ▒▒▒▒ renegotiation of contract (obtain better outcome) ▒▒▒▒ contract refresh. ▒▒▒▒▒▒▒ contract refresh

5. Capital Delivery

Initiative	AMP 8 Goal	Readiness Activities in Progress
Execution Planning	Deliver the Capex scale-up in AMP8 and understand and manage the associated risks to meet customer and PCD requirements. Deliver a sustainable and repeatable Execution Planning process for the future	• Translate the PR24 business plan into an optimised and prioritised delivery plan (with an opportunity to identify early Y1 and Y2 delivery programmes) of AMP8 and record the process undertaken to develop the delivery plan.
Target Operating Model	Deploy a new Asset Management and Capital Delivery Operating model to deliver the AMP8 plan efficiently within the boundaries of scope, cost, and time	• Define and implement the core capabilities, capacity, ways of working, management framework and organisational structure needed for capital delivery and asset management teams to deliver the Capex scale-up
Capital Delivery Information Management (CDE)	Improve IT security, data integrity and compliance with regulatory expectations. Enable the sharing of documentation between internal teams and the supply chain.	• Deliver a working system for SW to: - exchange large files between internal colleagues or external stakeholders and supply chain partners securely. - collaborate effectively internally and externally. - produce and manage version-controlled information securely and collaboratively. - guarantee data security and integrity
Water for Life Hampshire ▒▒▒▒▒▒▒	Improve IT security, data integrity and compliance with statutory requirements for Development Consent Order (DCO) submissions.	• Deliver a ▒▒▒▒▒▒▒ site that allows documents to be managed in a controlled environment, changes tracked, and updates made centrally. ▒▒▒▒▒▒▒ site to meet ISO19650 standards, migrate all data from the existing site and create a permissions model.

Initiative	AMP 8 Goal	Readiness Activities in Progress
Capital Delivery Accommodation Strategy - requirements	Ensure the right requirements are handed over to the Facilities team to implement. Ensure our teams and our supply chain partners have suitable working spaces to collaboratively deliver the Capex scale-up.	• Gather requirements for the implementation of a Capital Delivery accommodation strategy and approach that supports our objectives and values
Capital Delivery Procurement - AMP 8 PS, SDP & LCDR Infra Tenders	Award of contracts to suppliers who best match SW's business aims capable of delivering capital projects to the right quality, at the right price, and at the right time. Suppliers contracted and set up to be managed to enable collaborative delivery effectiveness and efficiency and drive vested interest in SW's longer term business plan.	• Strategic procurement initiative to deliver supply chain in support of AMP8 Capital Build Programme - covering AMP 8 Professional Services Framework to support our in-house Asset Management, Technical and Project management / PMO teams. The Framework will have 3 lots with up to 3 suppliers being appointed to each lot. The tender will deliver framework contracts across the 3 lots and will provide SWS with access to a wider range of Professional Services expertise.
Mobilisation - commercial	Create a resilient, outcome-based supply chain that can adapt to shocks, contributes to business performance to enable the business to achieve its ambitions.	• Complete handover of newly procured AMP 8 Frameworks to contract owners. • Execute smooth and successful mobilisation of Professional Services and Capital Delivery frameworks (including revision of call-off process for Professional Services) Reset organisational functions and ways of working where needed to realize the benefit of the new frameworks. • Align enabling activities (accommodation, IT, training) to support mobilisation of Professional Services and Capital Delivery frameworks.
Mobilisation – Onboard Relationship	Ensure a systematic approach to managing SW's supply chain partner to help meet organisational goals. The goal is to foster an environment in which we can all work in collaboration, build trust, encouraging open and honest communication. The desired end state is for Southern Water to be seen as a client of choice: an organisation through its practices and behaviours, consistently positions itself to receive preferential access to resources, ideas and innovations.	Defined relationship management strategy, including governance set-up, and deployment of agreed strategy for Professional Services and Capital Delivery frameworks Build out SRM process Supplier relationship and commercial management processes. (1) Establish supplier relationship governance and performance management structures. (2) Embed plans from suppliers on delivery including customer experience, safety, sustainability, social value (ESG) (3) Establish supplier relationship governance and performance management structures. (4) Embed plans from suppliers on delivery including customer experience, safety, sustainability, social value (ESG). Drive corporate priorities into the supply chain (Balanced Scorecard).
Demobilisation - Relationship	Ensure a systematic approach to managing the exit of the incumbent supply chain	• Defined relationship management strategy to enable the smooth and successful exit of incumbent suppliers on the relevant existing frameworks (SSP/▮▮▮▮ DPs x 3) and deployment of agreed strategy
Demobilisation – commercial	Deliver a commercially acceptable exit of the incumbent Supply Chain avoiding dispute / litigation wherever possible	• Defined end point for each incumbent supplier on the relevant existing frameworks (SSP/▮▮▮▮, DPs x 3) and strategy for final accounts/ settlement developed and implemented
Demobilisation Professional Services/DP/ LCDR – operational / business exit	Ensure the successful exit of the incumbent Supply Chain and all intellectual and physical property returned to SWS	• Transition of access / return of SW data, assets, business processes, systems/platforms, and work allocation/ transition of people from each incumbent supplier on the relevant existing frameworks (SSP/▮▮▮▮, DPs x 3) as appropriate

Initiative	AMP 8 Goal	Readiness Activities in Progress

Digital Strategy	The strategy will inform Capital Delivery as a function to become a more agile and reactive to business demands. To interact and integrate more effectively and seamlessly with suppliers and third parties. To become "data driven / data aware", and make better more informed, timely and repeatable decisions based on information and facts, reducing risk and increasing operational effectiveness. To become more financially astute with technology, making better long-term strategic investments and decisions.
	The Digital Strategy will enable us to:
	 - Understand the current system landscape
	 - Have a clear roadmap that looks at the teams' digital requirements in a holistic way
		• Develop a Digital Strategy for Asset Management and Capital Delivery teams. Incl. a short, medium, long-term roadmap for systems and their use.
		  ○ The strategy is limited to the Capital Delivery workstream but should support and align with the wider Digital (IT) Strategy and the over-arching business vision and objectives of Southern Water.
		  ○ Whilst the scope is primarily technology-focused, where necessary it will highlight dependencies, constraints and intersection points with other areas of digital enablement, including – but not limited to; data, infrastructure, security, process and people
		• Define set of technology and digital initiatives which underpin the business vision of Capital Delivery, and enable it to achieve its stated mission, goals and objectives. Identification of broad principles, guardrails and guidance.

PMO Performance Management and Reporting	Improve forecasting, simplify reporting and introduce a more problem-solving, high-performing culture that looks forward rather than backwards.	• By pivoting from reporting compliance to supporting delivery, a technique called Boundary Management will address gaps in early threat identification, forecasting accuracy, and pro-active performance management culture. The specific approach of Boundary management aims to simplify reporting and provide transparent allocation of risks to ensure that the insight is able to provide proactive action and decision making. Further enhancing confidence and accuracy.
▆▆▆▆ Upgrades	Upgrade ▆▆▆▆ system to better manage and understand our asset risks.	• Purchase and implementation of additional modules / functionality (incl. training and roll-out).
Governance Automation	Automation of data and workflow of governance to improve pace, quality and productivity in the production, assurance and approval of governance documentation for capital projects (Investment Papers and change controls).	• Improve the efficiency of the production of the following key business decision-making ALP (Asset Lifecycle Process) documents: ID - Investment Decision papers; Change Controls; R&V - Risk and Value technical governance papers.

6. People (Workforce Planning)

Initiative	AMP 8 Goal	Readiness Activities in Progress
Workforce Planning	An optimised organisation enabling us to have the right people, in the right place, at the right time for now and into the future. Moving to a commercially minded organisation working efficiently together in a cost-effective way.	• Develop a workforce planning capability that forecasts future workforce demands (capacity and skills) and delivers the recruitment, sourcing and development programmes to fulfil the demands. • Mid to long-term focus (e.g. c. 1 year and beyond), linked up with in-year planning of roles and rosters with in-function resource and capacity planning teams. • AMP8 priority is for capital delivery, with the aim of this activity to create the enduring capability for future needs.
Talent Acquisition and Management	Enable us to have the right people with the right skills in the business at the right time in the most efficient and cost-effective way. All recruiting managers to have completed recruitment training.	• Having a clear defined approach to Talent Acquisition (and Talent Management) specifically for AMP 8 and for this to be shared with workstream leads for alignment on expectations. • Key TA roles to have a good understanding of the workstream and workforce plans and their translation into skills and heads. Having a TA Specialist with a excellent knowledge of the market in which we are recruiting from to manage the expectations of the workstreams and provide regular updates to the business.

Initiative	AMP 8 Goal	Readiness Activities in Progress
Employee Capability	Skilled employees delivering AMP8 projects scaled as per plans.	• Identify skills required to deliver AMP8 across business areas/projects. Conduct gap analysis with current employee base. Determine best solution to upskill (build, buy, boost). • Identify leader and manager capabilities required to lead and manage through AMP8 and build solutions to upskill. • Linking talent development for key/critical roles to retention and reward.

7. People (Health, Safety, Security)

Initiative	AMP 8 Goal	Readiness Activities in Progress
Establish the Security Transformation Programme	Security management requirements and standards in place and met across our estate.	• Develop a plan for security over the next AMP. Set out our approach, key procedures to be implemented and associated governance and resource requirements for the Security Programme of work in AMP 8. • This readiness and transformation initiative will ensure the right resources are in place to deliver the programme, establish appropriate oversight and governance and deliver a robust implementation plan to be tracked and managed within Wave.
Develop Digital Solutions (for contractor assurance, competency tracking, access control and e-permits)	Contractor Assurance: Ensure that contractors have sufficient H&S and security rigor within their businesses prior to onboarding; that they are fully aware and compliant with our evolving rules and controls; and that there are effective mechanisms to inspect, audit and hold contractors to account for their conduct and work on site. Competency: Improve safety by ensuring persons conducting high risk work are not just qualified, but competent to do the tasks they are being allocated. Access control and E-permits: Ensure that colleagues, contractors and visitors understand the risks pertinent to the site they are on.	Digital enablement completed in order to help meet our AMP 8 safety and security goals. This includes: 1) Mechanism in place to share information or self serve SW requirements. 2) Creation of an safety system to store and track information on persons that have particular competencies to conduct high risk work, like electricians. 3) Generating a system and information to properly induct personnel on to sites, depending on their role and the specific hazards that will change over time.

8. Digital

Initiative	AMP 8 Goal	Readiness Activities in Progress
Digital strategy & operating model	Capabilities that allow us take Opex out of our wider business through efficiencies and automation and enable our wider organisation with digital tools, underpinned by new ways of working and agile delivery methods.	• A new Digital Strategy for Southern Water which recognises the role of digitalisation in meeting our overall goals. • Delivering the Digital Operating Model, which introduces new ways of working using agile delivery methods & utilising modern digital technology across the business.

Initiative	AMP 8 Goal	Readiness Activities in Progress
Cyber security	███████████████████ ███████████████ █████████████████ ██████████████ ████████████████ ███████████████ ██████████████████ ██████████ █████████	██ ███████████████████ ████████████████████ ██████████████████ ████████████ ████████████████████████ ██████████████████████ ██ ████████████████████ ████████████████████ ███████████████ ███████████████ ██████████
NIS	NIS CAF: mandatory NIS target requirements met.	• NIS CAF: The objective is to meet DWI mandatory target requirements of NIS CAF which will include improvement and upgrades to the legacy OT estate and tooling to ensure greater visibility and resilience from an OT security perspective.
Data & AI enablement	Treating our data as an asset - this will enable improved, evidence-based decision making and improve our regulatory and external reporting. Ability for us to drive innovation and transparency through Open Data, and also to get AI ready. A hub and spoke delivery model will enable us to deliver decision products in the optimal way, with one centralised backlog of demand to ensure no more duplication and contention. Product teams will enable outcome owners to really drive decision making maturity with analytics.	• Data as a strategic asset: Revolutionising our culture at Southern Water to value data as a strategic asset, driving innovation & transparency. • Federated teams in place: Aligning to the new Digital delivery model, with hub product teams aligned to outcomes & federated teams in the lines of business for operational analytics. • Platforms: Building our platforms & capability to exploit AI to drive efficiency gains & unlock transformative opportunities.
Platform readiness & roadmap	Successful delivery of enabling digital platforms. Enabling the digital platforms that will be central to the delivery of AMP8 objectives, including ████ ████████████████ & a range of Microsoft solutions.	• Providing technology roadmaps aligned to business needs which give us clarity on phasing & direction.

9. Procurement

Initiative	AMP 8 Goal	Readiness Activities in Progress

AMP8 Shared Commercial & Supply Chain Enablers	To ensure that Southern Water is compliant with the Procurement Act and ensure that we are not susceptible to scrutiny and external challenge for failing to comply by supply chain partners or key stakeholders	• Enabling and ensuring the adoption of the new Procurement Act that comes in to effect in October 2024 and signalling to the business that there are new ways of working required due to the new procurement act.
		• This also includes the delivery of incremental cross-cutting requirements, including:
		  ○ Creating and implementing our supply chain strategy, supporting transition of supply chain (demobilise and re-mobilise) .
		  ○ Development of the enabling ways of working to support new AMP8 contracts, including and onboarding of new suppliers, including systems requirements, supplier relationship management, updates to the commercial and service management approach to deliver AMP8 goals.
		  ○ Ongoing tracking/management of delivery

Corporate services procurement	Secure a resilient, outcome based supply chain that can adapt to shocks, contributes to business performance to enable the business to achieve its ambitions	• Procurement for a range of categories to support our corporate services, including telecommunications, technology services and system licenses.

Initiative	AMP 8 Goal	Readiness Activities in Progress
Energy Strategy - including hedging for AMP8 and initiatives to drive down demand	Optimise our energy management and support power resilience, reducing consumption, emissions, cost and risk by investing in; metering reporting & insight, energy efficiency & renewable sources and or new technology initiatives at our operational sites and offices	• Optimise our energy management and support power resilience, reducing consumption, emissions, cost and risk by investing in; metering reporting & insight, energy efficiency & renewable sources and or new technology initiatives at our operational sites and offices. Developing the overall strategy, purchasing & hedging, shaping of the programme, and resourcing model for the delivery over AMP8.

10. Planning and Performance

Initiative	AMP 8 Goal	Readiness Activities In-Progress
Integrated Business Planning	Enable strategic decision making and continuous improvement with aim to review the balance of totex cost and performance. Manage integrated plans and effective allocations between areas, in a periodic 6 monthly process, with a multi-year horizon and phasing between years.	• Updated approach to integrated business planning (execution planning), including annual iteration and quarterly reforecasts: • Create a more structured and consistent approach for capturing accurate and complete budget information from all business areas (including links to performance drivers and derived insight, in addition to financials). Set planning frameworks for company and performance management. • Include review of processes, roles, tools, and key information requirements. Linked to investment programme management, financial and performance monitoring.
Financial & Performance Management	Enable delivery of financial and performance goals by: Making the most effective use of data to make timely, evidenced decisions. Enable continuous improvement of data and use. Release capacity by removing very high burden required to produce performance reports often manually, or with intervention on data quality. Increase focus on interpretation and insight and action from data, over creating summaries.	• Approach - proof of concept/agile approach rather than big-band to build support. • Right Data - Define the most impactful financial and performance outcomes and the most useful/available leading indicators. • Streamlined Process - Introduce a streamlined process to source/collect, process and present this information to decision makers at all levels quickly and accurately as part of decision-making governance. • Drives Decisions - Include culture/behaviours on how to use data - e.g. default playbook responses to KPI changes. • Integrated - build on and be aligned with data governance principles. Align with Data AI strategy (Digital workstream)
Regulatory Reporting: Non – Financial	Ensuring compliant reporting to our regulator from the start of the AMP. One version of the truth and consistent reporting of KPIs impacting our revenue both internally and externally. Enable accurate understanding and communication of AMP8 performance metrics and their importance.	• Developing additional regulatory reporting capability to facilitate new reporting in AMP8, including PCDs. Including the automation and systemisation of the process. • Review of existing reg reporting and delivery timeline for AMP8 compliance. • Process documentation and governance in place, including internal monthly board reporting, quarterly Ofwat reporting and APR 2025/26 readiness. • Communication plan for staff and overall business awareness of AMP8 targets and regulatory reporting.
Regulatory Reporting: Financial	Ensuring compliant reporting to our regulator from the start of the AMP	• Review of existing reg reporting and delivery timeline for AMP8 compliance • Ensuring regulatory accounts map back to Final Determination.

11. Central

Initiative	AMP 8 Goal	Readiness Activities in Progress
Enterprise Project Management Office	To have established an integrated enterprise change management capability aligning internally focussed business change, either management cand control of the capital delivery programme and investment management control that is able to iteratively mature over time.	• Establish delivery performance management and culture, programme and project reforms, automation, cost management and enhance reporting in capital delivery PMO. • Implement new integrated operating model across all components of the model with effective change management to begin embedding.
Cultural Framework	Ensure any changes related to culture required to enable AMP delivery are identified and proactively managed.	• Complete culture framework assessment and gap analysis
Operating Model	Having a common operating model in place that evolves as new capabilities are delivered that enables delivery of key results across botex run rate and performance delivery.	• Align operating model changes being undertaken within workstreams to a common framework. • Determine extent to which broader operating model change is required and when and develop associated capability and plans.