

15 September 2023

Attn: Richard Seales
Head of AMP8 Transformation
Northumbrian Water Ltd
Boldon House Wheatlands Way,
Pity Me, Durham DH1 5FJ

Project name: AMP8 Readiness Review
Project no: B2457708

Subject: AMP8 Readiness Review

Dear Richard

Further to your request for a review of NWL readiness for AMP8.

We have now concluded our review of the documents you provided and have completed interviews with: Alex Marshall; Jo North; Nial Murdoch; and Phil Hicks.

Our high-level findings are:

- NWL have a well thought through and well-developed delivery strategy for AMP8.
- The delivery strategy is based on a good understanding of the challenges and risks associated with delivering the NWL PR24 Plan.
- NWL have a well thought through and well organised AMP8 Transformation Plan.
- There is good progress in the Supplier Ecosystem Workstream, with the intent to have suppliers appointed during Q4 of 2023.
- There is good progress in the creation of a High-Quality Plan for AMP8 and the AMP8 early works.
- There is well thought out plan for the Capable Client Workstream, but progress in this workstream lags behind the Supplier Ecosystem Workstream.
- The governance around the AMP8 Transformation (the AMP8 Transformation Steering Committee and the Programme Oversight Group) is led by the NWL Executive Committee, has robust Terms of Reference and meets regularly.

Based on our findings, we have undertaken a high-level assessment of AMP8 Deliverability based on the Water UK Checklist. We are pleased to report that against the 10 Water UK criteria we have assessed you as green in the 9 criteria included in the scope of our review.

In addition to the work summarised above, we undertook a separate assessment against the one remaining criterion from the Water UK checklist relating to the scale and scope of the proposed AMP8 programme. Based on this work we have also assessed this criterion as green. We have provided a separate note detailing our review to support this conclusion.

Date: 15 September 2023
Subject: AMP8 Readiness Review

A copy of the Water UK checklist is attached.

In conclusion, we are pleased to confirm:

- We believe that the AMP8 Delivery Strategy is appropriate and proportionate to the challenges and delivery risks associated with the PR24 Plan.
- The AMP8 Transformation Plan is robust.
- Progress of the Transformation Plan generally is good, although the Capable Client Workstream is behind and needs an injection of pace.

Yours sincerely,



Russell Batchelor
Executive Director of Operations, Strategic Consulting

07501 500097
Russell.Batchelor@Jacobs.com



Alexandra Martin
Director of Operations, Water

07421 327460
Alexandra.martin@jacobs.com

High-level Review Against UK Water Checklist

<i>Questions for boards to consider</i>	<i>RAG</i>
Is the scale and scope of the proposed AMP8 programme appropriate?	
Is there a clear and credible delivery plan in place?	
Has the plan fully considered the case for accelerated investment?	
Has the company identified any new internal capacity or capability requirements and are those in place?	
Has the company considered the most effective way to work with the supply chain?	
Is there independent assurance of the executive's progress?	
Is there a clear and credible approach to deliverability risk management?	
Has the executive considered the capacity and capability of the local supply chain to deliver?	
Has the executive taken steps to enhance supply chain capacity or capability to deliver where necessary?	
Has the executive engaged effectively with the supply chain?	

Legend

Green – Based on the documentation we have seen and the interviews we have conducted our assessment is that this test has been fully or nearly fully met.

Amber - Based on the documentation we have seen and the interviews we have conducted our assessment is that this test has been somewhat met.

Red - Based on the documentation we have seen and the interviews we have conducted our assessment is that this test has not been met.