



Dŵr Cymru  
Welsh Water

## Overview

# Statement of Risks, Strengths and Weaknesses and Draft Assurance Plan 2020/21

November 2020

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## Who we are

Dŵr Cymru Welsh Water (DCWW) is the sixth largest of the 11 regulated water and wastewater companies in England and Wales. DCWW is unique among utility companies in the UK – we are owned by Glas Cymru Cyfyngedig, a ‘not-for-shareholder’ company, limited by guarantee. We provide an essential public service and, as custodians of the water industry in our area, we are responsible for protecting the environment and delivering a high quality and reliable service to our customers.

**WE'RE A NOT-FOR-PROFIT WATER COMPANY.**

**WE DON'T HAVE SHAREHOLDERS, WHICH MEANS THAT EVERY SINGLE PENNY GOES BACK INTO LOOKING AFTER YOUR WATER AND ENVIRONMENT.**

We keep over three million people healthy each day with safe, reliable water, and take away waste water to clean, before returning it safely to our beautiful rivers and seas.

We serve customers in most of Wales, Herefordshire and some communities along the English border.

THE AREA WE SERVE



## Our aim

Our aim is to ‘Earn the Trust of our Customers’ every day, and we have a set of core values that will ensure that we do this today, and every day moving forward.



## Our Values

**TRUSTED** to do the right thing;  
**EXCELLENCE** in everything we do;  
**PROUD** to put customers first;  
**HONEST** with everyone;  
**SAFETY** takes every person;  
**OPEN** to new ideas.

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## Why we assure our data

It is important that we provide information to customers and stakeholders that is customer-led, accessible, clear, accurate, transparent and timely. Our ongoing objective therefore is to make available information that is easy to follow and navigate and which enables them to understand how we are performing. We also recognise that this helps build trust and confidence in the business.



## Our Draft Assurance Plan

The purpose of this overview and our main document is to set out and seek views on our Statement of Risks, Strengths and Weaknesses associated with the assurance of regulatory reporting and the Draft Assurance Plan we intend putting in place to manage and mitigate such risks as have been identified.

## Our assurance framework

Our overall aim is to ensure that the data and information we publish is accurate and reliable. Underpinning this is an assurance framework which contains a number of features, notably a corporate culture and governance regime that facilitates the processing of high quality information to the level our customers and other stakeholders expect.



We operate a three lines of assurance model which ensures that there is clear separation of accountabilities between those responsible for delivery of a performance commitment or a regulatory/statutory obligation and those responsible for ensuring the integrity of that data. This delineation is mirrored in our governance arrangements. More information can be found on our webpage [Our Assurance Framework](#).

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## Stakeholder engagement

Last year we engaged proactively with a range of key stakeholders, arranging meetings and conference calls where appropriate, as well as preparing presentation packs outlining our data assurance framework. This year we are continuing to engage with our stakeholders. We have also published our Risks, Strengths and Weaknesses and Draft Assurance Plan consultation on our website to encourage our customers to give us their thoughts.



## Promotion to self-assurance category

We were delighted to be promoted to the “Self-assurance” category by Ofwat in their January 2019 Company Monitoring Framework (CMF) assessment.

### Ofwat

*“In line with our expectations for a self-assurance company, Dŵr Cymru demonstrated behaviours that met our expectations by a clear margin in most assessment areas and exceeded our expectations, demonstrating leading edge behaviour in two areas, risk and compliance statement and assurance plan”.*

Ofwat are no longer publishing CMF assessments, but they will continue to scrutinise and challenge companies’ approaches to data quality and assurance of their performance reporting and state:

### Ofwat

*“Companies need to continue to strive for best practice in their assurance arrangements, and we expect all companies to adopt as a minimum the requirements established by the ‘targeted’ category under the company monitoring framework”.*

We will continue to adopt the same robust and transparent assurance processes that have served us so well over the past few years and follow the annual regulatory reporting timeline.

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### What we propose to include in our 2020/21 Plan

The following pages show the areas we feel are the most important to our customers and stakeholders and we are therefore proposing to include them in our Plan.

We follow a risk based assurance approach which examines our end-to-end reporting processes to identify the risks, strengths and weaknesses associated with providing information that is of a high quality and which customers and stakeholders trust. It also examines the probability of these risks materialising and the potential impact that they may have. This ensures that we focus on the areas which would have the highest impact and allows us to take action to monitor and actively manage any relevant risks.

The approach we have followed is based on the methodology set out by Ofgem, which was developed to provide guidance on best practice for conducting and reporting risk assessment and data assurance activities in order to ensure complete, accurate and timely data is submitted.

### Other Areas

This year we have prepared a standalone document for areas where we have targeted assurance activities in the past, but we are not specifically targeting in 2020-21, as we feel that each has their own embedded assurance framework. We will review and add to this document going forward and use it as an aide memoire to ensure that these important areas do not lose focus or transparency over the next five years. Please [click here](#) for more information.

#### Annual Performance Report (APR) 2020-21

The APR contains information that allows customers and stakeholders to review our performance and to make comparisons with other companies in the sector. It also provides specific information on the progress we have made on the delivery of customer outcomes and service levels and on our financial performance (including detailed revenue and cost information).

We are required to publish a single Annual Performance Report in a format prescribed by Ofwat.

#### Performance Commitments

In 2020, we introduced our new PR19 Performance Commitments. These cover a comprehensive suite of measures, with both financial and reputational incentives, designed to challenge us to meet the expectations of customers in every respect and on every occasion, and where appropriate to ensure that they are properly compensated where our performance falls short.

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### Water Resource Management Plan (WRMP) and Water Resources West

Companies are legally required to prepare a WRMP which sets out how they intend to maintain the balance between water supply and demand. The Plan must take a long term view (at least 25 years) accounting for all potential factors that could affect the balance between available supply and customer demand for water, such as climate change.

In addition, Water Resources West (WRW) is one of five regional groups that has been set up to provide strategic oversight and co-ordination of water resources matters across the river catchments of the West of England and the cross-border river systems with Wales. This will produce a Regional WRMP that will help ensure the sustainability of water resources in these catchments.

### Segmental Reporting

2020-21 is the start of a new price control period with separate price controls that Ofwat are expected to publish reporting guidance on by the end of this year. With greater competition, we want to ensure that our customers and stakeholders can remain confident that costs are reflected properly in their charges and allocated correctly.

### Bioresources Market Information

To allow third parties to identify market opportunities and thus facilitate discussions companies are required to publish Bioresources Market Information as frequently as they deem necessary, but this must be updated at least annually. The annual publication must be made by 31 July each year. Our assurance activities are aimed at publishing information that stakeholders can have trust and confidence in and is easily navigable and understood.



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### Board Leadership Transparency and Governance

In January 2019 Ofwat published its document “Board leadership, transparency and governance – principles”. When Ofwat refer to “the principles” they mean the four overarching objectives, which are each accompanied by guiding provisions and their overall approach to assessing compliance.

We view corporate governance as a core discipline which generates value for our stakeholders and allows us to deliver an essential public service. Our governance processes are based on transparency and fairness, underpinning the values of the Group and the Company purpose.

We apply the principles set out in the UK Corporate Governance Code and Ofwat’s Leadership, Transparency and Governance Principles as required by our Licence. We explain how we comply with the Code and the Principles in the Corporate Governance section of our Annual Report and Accounts.



### Methodology Statements

As a business we pride ourselves on being able to provide timely and accurate information to all of our customers and stakeholders. This information is provided in many forms and can be complex to produce. We see it as vitally important that we can ensure business continuity if a colleague were to move on or leave the business. With that in mind, we have worked with data owners to produce detailed Methodology Statements for all of our Performance Commitments, CCWater Reports and the individual lines reported within our Annual Performance Report.

### Financial Resilience

Our customers need to know they can rely on the services we provide over the long term and ensuring the long-term resilience of our business, including financial resilience, is therefore a key area of focus for us.

As we do not have shareholders (who could provide equity in the case of financial distress), maintaining ready access to low-cost finance is a key part of our not-for-profit ownership model. The benefits of this low-cost finance are then passed on to customers in the form of lower bills.

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### Next steps

We welcome customer and stakeholder comments on our Draft Assurance Plan. Our main consultation document can be found [here](#).

We will reply to all responses that we receive and explain what actions we have taken to address the comments submitted. We will use any feedback received to inform our Final Assurance Plan that we will publish in March 2021.

If a translated copy of this document is required in Welsh, please contact us at [assuranceplanconsultation@dwrcymru.com](mailto:assuranceplanconsultation@dwrcymru.com).

