
*Statement of Risks, Strengths and
Weaknesses and Draft Assurance
Plan 2020-21.*



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-profit’ 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 vision

Customers must be able to trust that the essential services we deliver are safe and of the highest standard. We know that we are relied upon to do the right thing on their behalf. This is why we put customers first. They are at the heart of everything we do.

We will earn the trust of our customers every day by delivering high quality and better value water and environmental services, so as to enhance the wellbeing of our customers and the communities we serve, both now and for generations to come.

Our Values

Our culture is encapsulated in our six Company values:

TRUSTED to do the right thing;
PROUD to put customers first;
SAFETY takes every person;

EXCELLENCE in everything we do;
HONEST with everyone;
OPEN to new ideas.

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1 INTRODUCTION

The purpose of this document is to explain how we identify any risks with the information we publish, how we undertake checks on the data and carry out our assurance activities to manage any risks identified. Within this document, we are simultaneously seeking views and consulting on our:

- **Statement of Risks, Strengths and Weaknesses** (section 7 and 8) which assesses the risks that could affect our ability to provide information that our customers and stakeholders can trust and rely upon; and our
- **Draft Assurance Plan** (section 9) which sets out the actions we believe are necessary to address such risks and weaknesses as we have identified.

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 also strive to ensure our documents are written in a format that is easy for our customers and stakeholders to understand, and we continue to strive to [‘earn the trust of our customers everyday’](#).

We welcome feedback on the plans set out in this document which will be used to shape our Final Assurance Plan which we intend to publish before the end of March 2021.

Any comments should be sent to us at assuranceplanconsultation@dwrcymru.com.

If you require a Welsh version of this document, please contact us using the email address above.

We have also published an [Overview document](#) to give our customers and stakeholders a high-level summary of the details contained within this document.

COVID-19 (Coronavirus) – A Message to Our Customers and Stakeholders

When publishing this Draft Assurance Plan in November 2020, we recognise that this is a difficult time due to COVID-19 (Coronavirus). We also know that the water and wastewater services we provide play a key role in protecting public health and safeguarding the customers and communities we serve.

We are now taking extra steps so that we can protect our colleagues while also maintaining our services to customers.

Our industry has never before been faced with such a challenge. However, our spirit of community and commitment to do the right thing for our customers has never been stronger.

Whilst we will take all reasonable steps to ensure that all the activities and timescales outlined within this Plan will be achieved, we apologise if some activities may have to be delayed whilst we are doing everything we can to continue providing our essential services. Thank you for bearing with us.

2 BACKGROUND AND CONTEXT

In the summer each year, we will publish our Annual Performance Report (APR) for the preceding financial year. In July 2021 we will publish the APR covering the period April 2020 – March 21. The Report will allow customers and stakeholders to assess how we have performed against our Performance Commitments. We consulted with customers on the targets for our Performance Commitments as part of an extensive customer engagement exercise carried out when we were preparing our business plans for the 2020-25 period.

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.

For the 2015-20 period, Ofwat introduced the Company Monitoring Framework (CMF) as a tool to challenge all companies to provide information for customers and stakeholders that is reliable, timely, appropriate to the audience, and for companies to be transparent with customers and stakeholders about the data assurance they put in place.

A key element of the CMF was the level of assurance Ofwat required in addition to companies' own assurance proposals. Ofwat followed an annual CMF assessment and placed each water company in one of the three assurance categories below:

Category	What this means
1. Self-assurance	A company has demonstrated consistently that customers and other stakeholders can place trust and confidence in the information that it provides. Companies in the self-assurance category should meet expectations in most, if not all, assessments, by a clear margin with evidence of exceeding expectations to demonstrate leading-edge behaviour.
2. Targeted	A company does not consistently meet the high standards that customers and other stakeholders expect.
3. Prescribed	A company does not instil sufficient confidence about their ability to deliver, monitor and report performance.

We were delighted to be promoted to the 'Self-assurance' category by Ofwat (only two companies are within this top category) in their January 2019 assessment when Ofwat concluded that we had demonstrated the consistently high standards for a 'self-assurance' company and met the criteria to be promoted to the 'self-assurance' category and stated that:

'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'.

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:

‘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 as shown below.

Our 2020/21 annual regulatory reporting timeline.



3 OUR APPROACH AND WHAT WE ARE TRYING TO ACHIEVE

The reliability and accuracy of data is a matter of great importance to us and we always strive for best practice. We have retained many of the processes and initiatives, such as quality assurance of data, due diligence, training and process mapping which have in the past served the business well.

We have an audit and assurance framework in place designed to allow the systematic monitoring and evaluation of the various aspects of our performance to ensure that standards of quality are being met. This involves having appropriate governance arrangements, close involvement by our Board in the assurance process, and the right level of independent review by way of third party scrutiny and challenge. This provides assurance to our Board, stakeholders and customers and gives legitimacy and certainty as to the level of performance and service that we are delivering.

The information that we publish on our performance will be assured to maintain and build a high level of trust and confidence from our customers and stakeholders. Adopting a risk based approach to assurance, and using both internal and external review, provides robust challenge and scrutiny of our performance.

Our risk based assurance approach 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 greatest 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.

Our approach was independently reviewed and endorsed by KPMG in August 2015 who concluded that:

- We have a good understanding of Ofwat's requirements and our policy documents and risk mapping documents cover all the necessary bases; and
- Our Data Assurance Plan (based on the methodology set out by Ofgem) is appropriate.

We have used this approach for evaluating the risks, strengths and weaknesses associated with reporting performance included in our APR, plus all items as listed within section 9 of this document.

4 OUR APPROACH TO DATA ASSURANCE

Within the business we have well-established governance and accountability processes. Our proposed Assurance Plan for 2020-21, continues to build on the solid foundation established over recent years.

Our data assurance framework is underpinned by four key cornerstones:

1. **Robust assurance principles** – we operate a ‘three lines of assurance model’, targeted at areas of greatest risk (section 4.1 below);
2. **Clear ownership and accountability** – we have clear lines of ownership and accountability for both the delivery of performance and the accuracy and reliability of the data provided (section 4.2 below);
3. **Effective governance** – we are subject to scrutiny by our Board, Audit Committee, Quality and Environment Committee and the Dŵr Cymru Executive (DCE) with additional challenge provided by the Customer Challenge Group (CCG) (section 4.3 below); and
4. **Transparency and accountability** – we publicly report on our performance and hold ourselves to account where we do not meet our commitments (section 4.4 below).

4.1 Robust assurance principles

We have an established framework to provide for the effective management of risk. We operate the ‘three lines of assurance model’ which distinguishes between first line (risks and controls), second line (oversight functions) and third line (independent assurance). This is illustrated in the table below.

First line of assurance - Risks and control:			The first and second line activities are undertaken throughout the year, providing clear visibility of potential areas of risk.
Area	Role	Type of Activity	
Business Operations	Delivery of service and performance	Providing source information.	
Business Management	Monitoring and reporting performance	<ul style="list-style-type: none"> • Defining and documenting methodologies and processes. • Identifying material changes to systems and processes. • Implementing quality checks and reviews. • Reporting performance information. 	
Second line of assurance - Oversight functions:			
Area	Role	Type of Activity	
Regulation, Finance, General Secretary, Compliance	Define policy and provide the enabling framework for regulatory reporting	<ul style="list-style-type: none"> • Developing an assurance framework. • Reviewing performance information submitted. • Monitoring delivery of obligations. • Reporting to Board. • Implementing quality checks and reviews. • Providing advice, guidance and support. 	

Third line of assurance - Independent Assurance:			We deploy external third line assurance at relevant points during the year, much of which is brought together and culminates in our year-end financial and performance reporting.
Area	Role	Type of Activity	
Business Assurance, external assurance providers	Independent review of levels of assurance proved by first and second lines	<ul style="list-style-type: none"> • Reviewing methodologies and processes. • Reviewing application of methodologies and processes. • Providing an opinion on the integrity of data. • Reviewing appropriateness of the assurance framework. 	

We see assurance as part of our continuous improvement programme.

4.2 Clear ownership and accountability

Strong personal and collective ownership is critical for ensuring the accuracy of the information we produce, driving improvements and means that we are able to hold ourselves to account. Regular internal performance reporting to the DCE monthly and Board (at every meeting), and updates on performance to the CCG and CCW, reinforces this culture of ownership and accountability. Every year, we refresh our compliance framework to ensure that individual accountabilities are linked to our regulatory and statutory obligations. We also operate a rigorous process of sign-off for regulatory data contained within the APR, including sign-off by the data owner, the responsible senior manager (where appropriate) and the accountable director. This is in addition to our Board governance arrangements.

Our 'three lines of assurance model' 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.

4.3 Effective governance

We are continually reviewing our governance arrangements to ensure that we remain compliant with our Licence Obligations and the UK Corporate Governance Code. In particular, we have made sure that the code that we have in place reflects our performance reporting principles and governance arrangements and delivers:

- transparency in our reporting so as to meet or exceed the standards set out in our Licence and in the Financial Conduct Authority's Disclosure and Transparency Rules; and
- appropriate challenge by our Board by making sure they have the appropriate balance of skills, experience, independence and knowledge of the Company.

Our Assurance Plan provides for governance of our performance commitments and other external reporting with a clear delineation of accountabilities and has the following key features:

- The Board's role is to meet its obligations to the Company's stakeholders. It reviews performance in light of the Company's strategic objectives and business plan commitments – ensuring that any necessary corrective action is taken;
- The Board's Audit Committee assists the Board in discharging its responsibilities for the integrity of the Company's financial statements, the assessment and effectiveness of internal

controls for both financial and non-financial data and the effectiveness of internal and external auditors; and

- The CCG provides independent external challenge of both our performance against our commitments and any supporting information we provide on it.

4.4 Transparency and accountability

Our Vision is to earn the trust of our customers every day and we are committed to being open and honest in all our communications and performance reporting. All communications are based on transparency, integrity, accessibility and timeliness. Our information and reports go through many levels of checks before they are included in our core publications, and this includes peer reviews, senior manager approval and review by the DCE or the Board as required. We will continue to hold ourselves to account with the publication of our 2020-21 APR which will incorporate Ofwat's reporting requirements.



5 OUR COMPANY CULTURE

Our approach to data assurance leads us to consider risks associated with processes and identify specific controls that are in place to manage or mitigate those risks. However, it is important to remember that these controls do not operate within a vacuum and take place within an organisation with its own culture and governance which itself provides a level of reassurance for many risks.

The culture of our Company is defined by the values we adopt and the knowledge, skills and attitudes of our colleagues. We have made it our Vision to earn the trust of our customers every day. It is vitally important that we act responsibly as individuals and as a company at all times — not only when we are required to do so by law, but also generally, in our working lives.

We are committed to ensuring that we give our colleagues the tools to do their job, which is why we invest in many internal development schemes.

We work in an environment where managers do not hide away in offices and there is an open door policy at all times, so if a colleague has a question, they will always be able to get an answer. This enables us to build closer working relationships, accessibility and an open flow of communication.

Our culture is a cornerstone of the data assurance process and is based on shared values and beliefs. It helps shape the way we conduct our everyday business and ensures we always strive to ‘do the right thing’. Because of its importance, company culture is sometimes described as a layer of control even preceding the first line of assurance against inaccurate information. Maintaining a positive culture is important to us because:

- everyone is aware of the expectations regarding high quality information;
- other controls will focus on checking and correcting errors, but in a positive corporate culture, errors are less likely to arise because individuals create, record and transmit information completely and accurately as part of the way they work;
- other controls are laid over the top of the information-reporting process, but cultural controls are embedded within it;
- other controls might be occasional or periodic, but culture is ongoing and permanent; and
- everyone knows that they can be honest about data errors.

Corporate governance is the system of rules, practices and processes we put in place to run our business effectively, ensuring that we meet our legal and regulatory obligations and effectively manage our risks. Good governance is fundamental to all of our activities; it helps to build the trust of our customers and other stakeholders and aids effective decision making.

Culture is much more about people than it is about rules. We see our Code of Conduct as a baseline; a culture is created by what we do rather than what we say.

In terms of data assurance, we consider that the following features of our culture and governance framework are key strengths:

- Two of our six corporate Values are ‘trusted to do the right thing’ and ‘excellence in everything we do’. These apply to the handling of information as much as any other process;
- We expect all our colleagues to be ‘honest and trustworthy’ and ‘act with integrity’ at all times. These behaviours are written into our Corporate Behaviours Framework;
- Our colleagues understand and appreciate the value attached to data quality and the processes used to generate the data. The Regulation Department provides advice and guidance in the form of Information Packs and appropriate training sessions;

- Our Corporate Behaviours Framework and Code of Conduct actively encourages colleagues to ‘have the confidence to raise any concerns’ and ‘speak up’ about inaccurate information or suggest improvements to existing processes that will improve data quality. The options available to colleagues wishing to raise any concerns are detailed in our ‘Whistle Blowing’ procedure;
- Reviews of performance are conducted regularly throughout the Company from Board level to individuals. This includes those carried out by the Board, the Audit Committee, the Chief Executive Officer, the Quality and Environment Committee and the DCE team;
- The Technical Auditor (Jacobs) carries out a formal review and certification of all Performance Commitments and a selection of other regulatory data and provides a detailed report commenting on compliance with procedures and relevant regulatory reporting requirements and highlights any issues with the reported figures. This includes checking the source of data, compilation of the data including the process of any extrapolation and assessing the adequacy of reported data. In addition, the Technical Auditor reviews and scores our Methodology Statements which exist for all of our key measures and other relevant regulatory data;
- Ahead of the publication of the APR, the internal Business Assurance team carry out a high level audit and evaluation of the systems in place on the reporting framework within DCWW and review the effectiveness of the system of risk management, control and governance;
- A programme of internal audits is approved and overseen by the Audit Committee to assess the adequacy of control, governance and risk management processes. The results of these audits are reported to the Audit Committee, which ensures that actions arising from internal audits are completed on a timely basis;
- Some of our key stakeholders also carry out audits and scrutiny of our data. For example, Natural Resources Wales may carry out an annual audit on our Operator Self-Monitoring data for water and wastewater treatment works. CCW also conduct regular assessments of our process for dealing with written complaints from customers and review our debt process;
- We have a well embedded risk management process that identifies, assesses and manages our risks. All colleagues play a part in risk management. Individual teams within the business take responsibility for managing risks within their areas of responsibility. These are discussed every month at a meeting of the DCE. The DCE update on strategic risks affecting the business is reviewed at every Board meeting;
- Robust financial control monitoring processes provide assurance that our key financial controls are operating effectively and that we can trust the financial information produced by our accounting system; and
- Our Integrated Management System, which has certification to various ISO Standards, has been established to reinforce the management of risks and opportunities associated with many areas of our business and compliance with regulatory and legislative obligations. Audits of compliance with this system are conducted both internally and by our third party certifiers (SGS).

6 THE IMPORTANCE OF STAKEHOLDER ENGAGEMENT

Key to the CMF is the assurance we undertake at each stage of the process and how we engage with key stakeholders to ensure the information we provide is helpful and relevant for their needs.

We have considered the consultation feedback we received on last year's Statement of Risks, Strengths and Weaknesses and the Assurance Plan. Stakeholders agreed with the targeted areas we had identified and did not identify any additional areas. They were also supportive of our approach to assurance and did not identify any gaps in either document and we have had regard to the discussions and comments in formulating this document.

The CCG helps ensure that current and future customers are at the heart of the way we operate. We are committed to working with the CCG to ensure they are able to challenge the Company and provide an independent view on the quality of our customer engagement and the extent to which the results of this engagement drive decision making.

We have an established [Stakeholder Engagement Protocol](#) which forms the basis of our engagement with stakeholders.

As part of an ongoing programme of engagement we have regular dialogue with key stakeholders and we value their feedback to develop and enhance our Assurance Plan. We look forward to receiving their feedback on this consultation and addressing any comments they may have.



7 RISK ASSESSMENT PROCESS AND EVALUATION OF RISKS, STRENGTHS AND WEAKNESSES

7.1 Our assessment of data quality risks

Risk is defined as an uncertain future outcome that, if it occurs, will have negative effects on the quality and reliability of published information. A Risk is specified by the combination of the probability of it occurring and a measure of the impact should it occur. Risk relates to the level of expectation that inaccurate or incomplete data will be submitted to our stakeholders in the future and the possible consequences.

The overall Risk profile for regulatory data contained within the APR is determined by assessing both the probability of it containing an error and the impact this error would have on the business. The resultant Risk Matrix therefore comprises two component metrics – the Impact Metric and the Probability Metric. The Total Risk Rating assigned is a combination of both metrics.

In the table below we demonstrate how we prioritise areas that may require increased levels of assurance.

Table – Impact and Probability Risk Matrix

Impact Metric Score	4				
	3				
	2				
	1				
		1	2	3	4
Probability Metric Score					
Low Risk					
Low-medium Risk					
High-medium Risk					
High Risk					

Any area with higher probability and higher impact residing in the red ‘high’ or amber ‘high-medium’ risk zones demands a higher level of assurance over those which reside in the yellow ‘low-medium’ or green ‘low’ risk zones.

The probability element of Risk is proxied by the Probability Metric and the impact element of Risk is proxied by the Impact Metric. The Impact and Probability Metrics are defined as follows:

- **Impact Metric:** a measure to represent the impact of an identified Risk materialising. It relates to the expected impact that inaccurate or incomplete data could have on stakeholders, our finances, our reputation and our coverage in the media. It is scored by assessing each performance data measure against the specified impact categories; and
- **Probability Metric:** a measure to represent the probability of data being incomplete or inaccurate. It is scored through the evaluation of the processes for data collection, reporting and the related control systems and processes.

Further detail on our risk assessment process and an example to explain the scoring method can be found by clicking [here](#).

8 STATEMENT OF RISKS, STRENGTHS AND WEAKNESSES

We believe that our approach to risk assessment, governance and assurance works well and see this as a key strength in our system of reporting.

The result of this year's exercise has led us to include our new set of 56 Performance Commitments (PCs), within our Annual Performance Report, where we will be reporting our performance over the next five year period 2020-25.

Within Appendix 1 we have listed all 56 PCs and highlighted where each appear on the impact and probability risk matrix. A brief definition for each of the 56 PCs is included within Appendix 3.

The risk assessment has placed 12 of the PCs in the 'low-medium' category and the remaining 44 PCs within the 'low' category.

This was in line with our expectations as the PCs residing in the 'low-medium' category are:

- naturally complex and require subjective judgement;
- reliant upon data that is derived from external sources; and/or
- significant in terms of financial penalties in the event of performance falling short of the targets set.

In relation to data assurance, the important role that the Technical Auditor plays has already been outlined within section 5.

For all PCs, the Technical Auditor will provide the following:

- analysis of management controls, governance, independent review and oversight, audit coverage, impact, inherent risk and controls;
- review of the methodology used and the adequacy of methodology documentation;
- a check that the methodology used in practice conforms to agreed Methodology Statements;
- a check on the sources, adequacy and completeness of data used for the analysis;
- audits of the reported numbers to check that these are consistent with the base data and have been correctly compiled from it;
- confirmation of the establishment of robust and transparent audit trails; and
- recommendations that are aimed at improving assurance, if necessary.

Consequently, and subject to any feedback received from stakeholders, we do not intend targeting any of the 12 Performance Commitments falling within the 'low-medium' category as we believe that the existing assurance processes complemented by the assurance applied by the Technical Auditor and described in the paragraph above is sufficiently robust.

We continue to keep our processes and procedures for reporting accurate information under review.

Our challenge is to provide information for customers and stakeholders that is reliable, timely and appropriate.

The Impact and Probability Matrix within Appendix 2 lists all the other activities remaining from last year's Assurance Plan

The results from our risks, strengths and weaknesses exercise has allowed us to develop a targeted Draft Assurance Plan for 2020-21. As in previous years, the Draft Assurance Plan includes a wide variety of controls and mitigating actions designed to ensure that customers and stakeholders can trust the information we publish. In section 9 of this document we set out the ongoing or planned activity to mitigate such risks and weaknesses as have been identified so that stakeholders can have trust and confidence in the accuracy and completeness of our published information.

9 DRAFT ASSURANCE PLAN

To ensure that our reporting within this Draft Assurance Plan remains appropriate and concentrates on the most important areas and timely information, we have prepared a standalone report that includes those measures that have been reported within previous plans but due to the assurance activities undertaken we believe that they no longer warrant inclusion within the main report. This standalone report can be accessed [here](#).

In the remainder of this section we set out our proposed Draft Assurance Plan for 2020-21.

9.1 Annual Performance Report (APR) 2020-21

This is an annual report which provides cost information, financial performance and information of our performance against our customer outcomes and commitments. This will be published in July 2021.

All data reported in the APR will be subject to a structured ‘three lines of assurance’ process:

- 1. In the first line of assurance, management has accountability for identifying risks and managing these by developing and maintaining sound processes, systems and controls in the normal course of their operations.**
- 2. In the second line of assurance, the Regulation and Finance team have accountability for providing the framework and governance for regulatory reporting; and**
- 3. The third line of assurance provides independent audit and assurance activity through our Business Assurance team, who review the assurance framework and provide risk based assurance on individual elements. The information contained within this document will also be assured by the Financial Auditor or the Technical Auditor.**

Section	Description	Assurance activities
APR Section 1: Regulatory financial reporting	A baseline level of historical cost financial information aligned to the way in which price controls (and associated regulatory performance commitments and incentives) have been set.	<ol style="list-style-type: none"> 1. Data providers, their managers and business unit directors produce and approve data, commentaries and methodologies and audit trails to support the reported performance and demonstrate the control checks that have been applied. 2. Finance team review of information and audit trails. 3. Financial Auditors audit and opinion according to Ofwat audit requirements.
APR Section 2: Price review and other segmental reporting	Further disaggregation of revenue and costs, to allow stakeholders to review companies’ performance against final determinations.	<ol style="list-style-type: none"> 1. Data providers, their managers and business unit directors produce and approve data, commentaries and methodologies and audit trails to support the reported performance and demonstrate the control checks that have been applied. 2. Finance team review of information and audit trails.

Section	Description	Assurance activities
		3. Financial Auditors audit and opinion according to Ofwat audit requirements.
APR Section 3: Performance summary	A high-level report of the performance of the appointed business, including outcome delivery and the regulatory financial results of the regulated business. As a minimum it will include reporting on outcomes and delivery service levels and cost performance.	<ol style="list-style-type: none"> 1. Data providers, their managers and business unit directors produce and approve data, commentaries and methodologies and audit trails to support the reported performance and demonstrate the control checks that have been applied. 2. Regulation team review of information and audit trails. 3. Technical Auditors review data and commentary and report opinion to the Board.
APR Section 4: Additional regulatory tables	Additional financial and non-financial information, including (but not limited to), additional accounting policies, financeability statement, current cost reporting, totex analysis.	<ol style="list-style-type: none"> 1. Data providers, their managers and business unit directors produce and approve data, commentaries and methodologies and audit trails to support the reported performance and demonstrate the control checks that have been applied. 2. Finance and Regulation teams review of information and audit trails. 3. Financial Auditors and/or Technical Auditors review of relevant tables to agreed procedures.
APR Section 5: Risk and Compliance Statement	Allows companies to evidence their accountability to their customers and demonstrate to Ofwat that they are complying with their obligations.	<ol style="list-style-type: none"> 1. Accountability for meeting licence, regulatory and statutory obligations assigned to specific individuals. 2. Guidance provided by Ofwat by means of Regulatory Accounting Guidelines and Information Notices. 3. Annual strategy document prepared by the DCWW Compliance Manager to ensure all Ofwat requirements are met. 4. Risk discussed at every DCE meeting 5. DCE's update on strategic risks reviewed at every Board meeting. 6. Technical Auditors review of statements to ensure compliance with Ofwat guidance. 7. Approval by Audit Committee. 8. Sign off by the Board.

Earlier this year we responded to Ofwat on their consultation on the Regulatory Accounting Guidelines (RAGs) for 2020-21. When Ofwat publish the Final guidance, which is expected later in 2020, we will ensure that our assurance activities cover all parts of the APR.

[Justification for inclusion of this area in the Draft Assurance Plan.](#)

This is a core publication which we publish each year. This is a key area of importance to our customers and other stakeholders and continues to warrant inclusion in our Assurance Plan.

9.2 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.

We used the Impact and Probability Risk Matrix for 2020-21 (Appendix 1) to assess whether it was necessary to implement additional assurance activities on any particular Performance Commitment. It can be seen from Appendix 1 that currently there are no Performance Commitments residing within the red zone (high risk) or the amber zone (high-medium risk).

Our objective will be to highlight opportunities to strengthen our control framework further. We will achieve this by applying the three lines of assurance process and relying on the programme of work that will be undertaken by the Technical Auditor as described in section 8 of this document.

Controls and mitigating actions

- Internal scorecards highlight performance against the key measures on a monthly basis across the business and up to Board level.
- Review process with our CCG who have a role to play in challenging our reporting.
- Information Packs and training sessions arranged by the Regulation Team for all data owners.
- Detailed internal Methodology Statements have been developed which include a step-by-step guide on how the data is obtained, the checks and balances in place, any assumptions made and any exclusions applied.
- Methodology Statements are being reviewed and scored by either the Technical Auditor or the Regulation Team.
- Data sign off by the data owner, business manager (where appropriate) and the relevant Director.
- Regulation Team hold due diligence meetings with data owners to review data, methodology, performance and supporting audit trails.
- Third party detailed audit of the data collection and reporting process by our Technical Auditor to provide assurance that the data can be reported reliably and accurately and in accordance with any relevant reporting requirements. This includes sample checks to test processes, assumptions, methodology, implementation, governance and results.
- High level audit of the reporting framework carried out by the internal Business Assurance Team.
- Review by the DCE and updates are provided to the Audit Committee.
- A Board assurance statement for performance data contained in the APR.

Justification for inclusion of this area in the Draft Assurance Plan

This is the first year that we are reporting on an extended list of 56 Performance Commitments and is a key area of importance to our customers and other stakeholders and warrants inclusion in our Assurance Plan.

9.3 Water Resources Management Plan 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. The Plan will also support activity aimed at enabling water resource resilience across England and Wales, including promoting the development of a long-term strategic plan for water transfers.

Controls and mitigating actions

- We employ a multi-layer quality assurance process around the development of the WRMP and associated data. This includes quality monitoring of individual data lines through external consultants and DCWW staff review, peer review of data processes and overall quality assurance of our processes through external audit.
- External framework consultants are used to develop and produce the majority of the supply and demand side data for the WRMP, e.g. deployable output, outage and headroom allowances. Our consultants employ their own assurance processes to ensure that data is robust and this information is further subject to DCWW review and sign off.
- The Technical Auditor undertakes an independent audit of our processes and reviews the approaches that we and our partners have taken with regards to those components of the draft WRMP identified as high risk. This highlights potential risks to compliance with the WRMP guidance and considers how our draft WRMP processes are aligned to the Welsh Government's guiding principles and Ofwat's priorities.

The WRMP and the regional WRW are closely aligned, and the mitigation controls listed above have equal application to both.

Improvements planned

- We will continue to work closely with our regulators to continually improve our processes and understanding of the risks that we are presented with.
- We will continue to work with the other companies involved in the regional WRW plan and ensure that the assurance covered by all parties are appropriate and robust.

Justification for inclusion of this area in the Draft Assurance Plan

This is a key area of importance to our customers and other stakeholders and continues to warrant inclusion in our Assurance Plan.

9.4 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. We want to ensure that our customers and stakeholders can remain confident that costs are reflected properly in their charges and allocated correctly.

Our APRs for the past five financial years contain a significant volume of disaggregated financial information with income and expenditure being reported against the price controls as well as individual accounting units. This is set to remain the case with additional reporting requirements being incorporated into the APR for 2020-21 and the likelihood of further reporting changes to reflect modifications to the regulatory framework in 2020. We will, therefore, continue to focus attention on reporting financial information in accordance with the required regulatory guidance on segmental reporting. The planned assurance activities, which include external assurance conducted by independent third parties, will continue to provide stakeholders with a high degree of confidence in our reported figures.

Controls and mitigating actions

- Monthly reviews by budget holders to explain variances and identify potential allocation errors.
- Monthly management accounts reviewed by senior managers and the DCE.
- Ofwat Regulatory Accounting Guideline checklist completed and reviewed by the Group Financial Controller.
- Line items and table owners formally assigned to all financial data tables, with agreed sign off process.
- Price control and segmental reporting in the APR receives an independent Financial Auditor's audit opinion in line with Ofwat's audit requirements.
- Price control and segmental financial reporting in the additional regulatory tables in Part 4 of the APR is subject to independent Financial Auditor scrutiny via agreed procedures.
- Financial and Regulatory Accountant's role transition from data preparer to one of coordination and governance to ensure timely submission and critical review of the outputs from the management accounting team. This provides greater control and assurance, and an extra level of review and additional capacity to deal with new reporting requirements.
- Methodology Statements developed to provide a step-by-step guide to the preparation of each table.
- The Regulatory Accounting team has rolled out a series of training sessions to the Management Accounting team to ensure that all individuals responsible for the preparation of financial data for inclusion in regulatory reports are aware of both their own responsibilities and the relevant Regulatory Accounting Guidelines, and maintains an 'open door' policy to offer support and guidance on areas of interpretation.

Improvements planned

- A detailed review of the 2020-21 RAGs when they are published by Ofwat to ensure we report in line with the latest guidance.

Justification for inclusion of this area in the Draft Assurance Plan

As 2020-21 will see new Ofwat guidance, segmental reporting continues to be an area of great importance to our stakeholders and, consequently, is an integral part of our assurance framework. It continues to warrant inclusion in our Assurance Plan.

9.5 Bioresources Market Information

Market information on where Bioresources are produced and the quality of data is key to supporting the Bioresources market in so far as it helps promote and encourage efficient entry and development of the market.

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.

Controls and mitigating actions

- Named data providers and data managers are responsible for providing accurate information in line with the guidance provided. A submission manager has been appointed to ensure that all data providers and data managers are identified and that the submission is completed to the relevant timescales and in line with requirements and guidance.
- Named senior managers review and approve the information contained within the published document. A peer review of the information and the submission is carried out.
- External independent assurance is provided by the Technical Auditor to confirm that the 2020-21 data is accurate and in line with the published guidance.

Improvements planned

- DCWW are working with external consultants to develop data tools which can accurately measure the cost to serve for Biosolids as well as developing a capacity trading platform for other water and sewerage companies and third parties to trade Biosolids.

Justification for inclusion of this area in the Draft Assurance Plan

This is a key area of importance to our customers and other stakeholders and continues to warrant inclusion in our Assurance Plan.

9.6 Board Leadership Transparency and Governance Principles

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.

The 2018 UK Corporate Governance Code (the 'Code') is the standard against which we measure our governance practices at Glas Cymru. The Code sets out standards of good practice in relation to leadership, effectiveness of the Board, accountability, remuneration and relations with Shareholders and wider stakeholders. Although the Code is more applicable to companies whose shares are listed on the London Stock Exchange, we are committed to following the Code and to apply the principles it sets out, and to identify any areas of non-compliance.

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.

Since the 1st August 2019 we are required by our Licence to meet the objectives and explain in an effective, accessible and clear manner how we have done so. Company boards must take ownership for delivering the objectives and actively consider how best to do so.

Ofwat normally expect companies to adopt the guiding provisions in the course of meeting the objectives. While the provisions are not rigid requirements, company boards should consider and reference them when explaining how they are delivering the objectives.

We apply the principles set out in the Code and Ofwat's Leadership, Transparency and Governance Principles (the 'Ofwat Principles') as required by our Licence. We explain in more detail how we comply with the Code and the Ofwat Principles within the Corporate Governance Report in our Annual Report and Accounts. Some examples of these are below:

- Glas Cymru's Purpose Statement is incorporated into our Articles of Association, in order to formalise our commitment to public service and our singular customer focus while recognising the long-term nature of our business.
- There is an appropriate balance of Executive and Non-Executive Directors on the Board and a clear division of responsibilities between the running of the Board and the executive responsibility for the running of the Company's business.
- Regular attendance from our external auditors at meetings of the Audit Committee means that Directors are kept up to date on current developments in governance, including any changes to the Code.
- Directors receive accurate, timely and clear information with the support of the Legal and Compliance Director and Company Secretary who also ensures that the Board has the resources it needs to function effectively and efficiently.
- Directors receive a tailored programme of induction on joining and ongoing educative and informative programmes on topics relevant to the operation and governance of the business.
- All Directors stand for re-election by Members at each Annual General Meeting.
- Each Non-Executive Director holds office for an initial period of three years which may be extended for a further two periods.

- Independent external evaluation on the effectiveness of the Board and its Committees carried out every three years with internal evaluation in intervening years.

Controls and mitigating actions

- Mapping of obligations required by the UK Corporate Governance Code against the Ofwat Board Leadership, Transparency and Governance Principles.
- Corporate Governance Report drafted by Company Secretarial team.
- Legal and Compliance Director and Company Secretary acts as the editor to ensure consistency and that all explanations are 'effective, accessible and clear'.
- Licence /regulatory compliance assured by Compliance team.
- Review by members of the DCE team and a transparent published verification process involving the Company's Financial Auditor.
- Final draft critically reviewed by Audit Committee prior to review and approval by the Board, and submission to Members as part of the Annual Report and Accounts.
- Any specific requirements relating to the Board Leadership, Transparency and Governance Principles which may be contained in Ofwat's guidance in their annual information notice (which sets out expectations for companies when producing their annual reporting) is incorporated in the overall Annual Reporting Checklist maintained by the Regulation Team as soon as Ofwat's guidance is published.

Justification for inclusion of this area in the Draft Assurance Plan

Effective corporate governance and strong board leadership plays an important role in driving high standards. Poor corporate behaviour can undermine our trust. It also sets out our commitment to apply the principles of the UK Corporate Governance Code and to meet the objectives of Ofwat's Leadership, Transparency and Governance Principles as required by our Licence. This area continues to warrant inclusion in our Assurance Plan.

9.7 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 APR.

The Statements are scored using a matrix provided by our Technical Auditor and our target is for all Methodology Statements to score a 'B' or above. If, after scoring, a Statement scores at 'C' or below then we work with data owners to address where it has fallen short and update the document to address these concerns.

These Statements are held on our internal intranet, Source, and are detailed documents that would allow new or existing colleagues to confidently produce a data item in the absence of the current data owner.

Controls and mitigating actions

- Annual review and update of existing Methodology Statements by individual data owners as part of the APR process.
- Reviewed and challenged annually by the Regulatory Data and Reporting Team as part of their due diligence process.
- Our Technical Auditor review Methodology Statements as part of their annual audits.

Improvements planned

- Data owners are reviewing and updating where necessary Methodology Statements for each of our new Performance commitments.
- Our Technical Auditor or the Regulatory Data and Reporting Team will score the Methodology Statements in readiness for the first year of reporting in the new AMP (2020-21).

Justification for inclusion of this area in the Draft Assurance Plan

It is important for our customers and stakeholders to know that they can trust the information we publish is accurate and that all necessary guidelines have been followed. We have again included our Methodology Statements this year as we feel it demonstrates our commitment to ensuring that we are always able to provide accurate and reliable information.

9.8 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.

When the ownership structure under Glas Cymru was established in 2001, a focal element of this financial resilience strategy was to reduce our gearing. Gearing is currently slightly better than the Board's target of 60% and the reduction since 2001 has created a strong buffer of financial reserves (standing at £2.4bn at March 2020). Although not a listed company, we adhere to the UK Corporate Governance Code.

Controls and mitigating actions

- Financial resilience is embedded in our business planning process; this includes robust risk management controls, financial forecasting and sensitivity analysis, as well as regular budget reviews.
- In 2019-20 the Board considered that a period of up to ten years was the most suitable period over which the Board should assess the prospects of the Group (being within the period covered by our current business planning process and covering the next two regulatory review periods, to 2030).
- We have clarity of our current regulatory price controls to 2025 with detailed delivery plans for the period, and we are also developing outline plans for the following price control period to 2030 in the context of our strategic planning document 'Welsh Water 2050'.
- We stress-test our business plan forecasts against a variety of financial scenarios which include the estimated impact of each of our identified principal risks and uncertainties occurring, both individually and together based on the Board's assessment of their likelihood and severity. We also combine the forecast impact of these with high and low inflation scenarios and 'blanket' financial stresses over the period.
- The Group operates in a stable sector with predictable cash flows and a supportive regulator; levels of investor confidence have historically been high and likely changes to the regulatory environment and the Group's own principal risks are unlikely to have a material impact on the company's creditworthiness in the foreseeable future.
- The Group retains robust forecast and actual gearing of around 60%, a strong level of liquidity and ability to raise finance.

Justification for inclusion of this area in the Draft Assurance Plan

This is a key area of importance to our customers and other stakeholders and we believe warrants inclusion in our Assurance Plan.

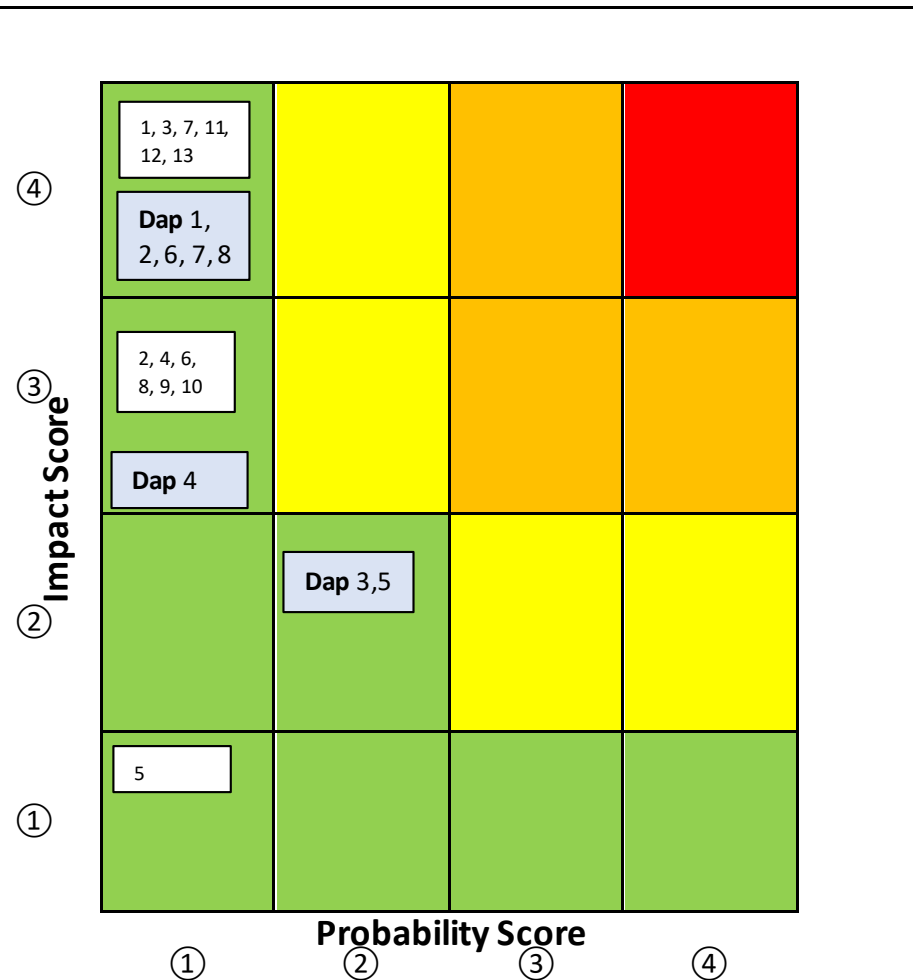
APPENDIX 1 - Impact and Probability Risk Matrix – PR19 Performance Commitments

Performance Commitments					
1	Water quality compliance (CRI)-Wt1	20	C-MeX-Sv1	38	Delivery of our water network improvement programme-BI8
2	Water supply interruptions-Wt2	21	D-MeX-Sv2	39	Delivery of our South Wales grid water supply resilience scheme-BI10
3	Acceptability of drinking water-Wt3	22	Customer Trust-Sv3	40	Delivery of our new visitors' centre-VIS01
4	Mains Repair-Wt4	23	Business customer satisfaction-Sv4	41	Cwm Taf Water supply strategy scheme (Underperformance)-DPC01
5	Unplanned outage-Wt5	24	Priority services for customers in vulnerable circumstances-Sv5	42	Cwm Taf Water supply strategy scheme (Outperformance)-DPC02
6	Tap water quality event risk index (ERI)-Wt6	25	Customer on Welsh language register-Sv6	43	Risk of severe restrictions in a drought-Ft1
7	Water catchments improved-Wt7	26	Internal sewer flooding-Rt1	44	Risk of sewer flooding in a storm-Ft2
8	Lead pipes replaced-Wt8	27	External Sewer flooding-Rt2	45	Energy self-sufficiency-Ft3
9	Treatment works compliance-En1	28	Sewer collapses-Rt3	46	Surface water removed from sewers-Ft4
10	Treatment works 'look-up table' compliance-En2	29	Total Complaints-Rt4	47	Asset resilience (reservoirs)-Ft5
11	Pollution incidents-En3	30	Worst served customers-water-Rt5	48	Asset resilience (water network+ above ground)-Ft6
12	Leakage-En4	31	Worst served customers-wastewater-Rt6	49	Asset resilience (water network+ below ground)-FT7
13	Per capita consumption-En5	32	Change in average household bill-BI1	50	Asset resilience (wastewater network+ above ground)-Ft8
14	Km of river improved-En6	33	Vulnerable customers on social tariffs-BI2	51	Asset resilience (wastewater network+ below ground)-Ft9
15	Bioresources product quality-En7	34	Company level of bad dept-BI3	52	Community Education-Ft10
16	Bioresources disposal compliance-En8	35	Unbilled properties-BI4	53	Visitors to recreational facilities-Ft11
17	Combined sewer overflow storage systems-En9	36	Financial resilience-BI5	54	Reportable injuries-Co1
18	Delivery of Environment programme requirements-NEP01	37	Delivery of our reservoir's enhancement programme. -BI6	55	Employee training and expertise-Co2
19	Drainage and wastewater management plans-DWMPs			56	Employee engagement-Co3

④	Impact Score	9,10	20,21, 22,23, 24,54		
		1,2,3,6, 11,28,29, 32,33,43, 44	12, 13,26,27, 30,31		
		4, 5, 7, 8, 34, 37, 45, 46, 47, 48, 49, 50, 51,	14, 15, 16, 17, 35, 36		
		25, 38,39, 40, 41,42,52, 53, 55, 56	18, 19,		
		①	②	③	④
		Probability Score			

APPENDIX 2 - Impact and Probability Risk Matrix – Other Activities

Other Activities		Movement of Risk	
Activities included in this Draft Assurance Plan		19/20	20/21
Dap 1	Annual Performance Report		
Dap 2	Performance Commitments		
Dap3	Water Resources Management Plan and Marketing information		
Dap 4	Segmental Reporting		
Dap 5	Bioresources Market Information		
Dap 6	Board Leadership Transparency and Governance		
Dap 7	Methodology Statements		
Dap 8	Financial Resilience		
We are not specifically targeting the areas listed below this year as we feel each has their own embedded assurance. These activities are recorded in a stand-alone document which will be reviewed as part of our annual process going forward. Click here for further information.			
1	Charges Schemes		
2	Website Publications		
3	Statutory Financial Reporting		
4	Natural Resources Wales Compliance Tables		
5	Payment Policies, Practices and Performance		
see PR19 PC	Our Priority Services for Vulnerable Customers		
6	Customer Engagement		
7	CCW Reporting		
8	Corporate Resilience		
9	GDPR		
10	Gender Pay Gap		
11	Annual Report and Accounts		
12	Operator Self-Monitoring (OSM)		
13	Customer Satisfaction		



APPENDIX 3 - PR19 Performance Commitments Definitions.

PR19 Performance Commitment		Definition
Wt1	Water quality compliance (CRI)	A CRI score is calculated for every individual compliance failure at water supply zones, supply points and treatment works, and service reservoirs. The annual CRI for a company, for any given calendar year, is the sum of the individual CRI scores for every compliance failure reported during the year (see the DWI Compliance Risk Index guidance for further detail on the full calculations).
Wt2	Water Supply Interruptions	The average number of minutes that customers are without water within our supply area (includes both planned and unplanned interruptions). It is calculated as the average number of minutes lost per customer for the whole customer base for interruptions that lasted three hours or more.
Wt3	Acceptability of drinking water	The number of times the company is contacted by consumers due to the taste and odour of drinking water, or due to drinking water not being clear, reported per 1,000 population.
Wt4	Mains Repairs	This includes all physical repair work to mains from which water is lost. It is reported as the number of mains repairs per thousand kilometres of the entire water main network (excluding communication and supply pipes).
Wt5	Unplanned outage %	This measure is a means of assessing asset health (primarily for non-infrastructure – above ground assets), for water abstraction and water treatment activities. It is defined as the annualised unavailable flow, based on the peak week production capacity. This measure is proportionate to both the frequency of asset failure as well as the criticality and scale of the assets that are causing an outage.
Wt6	Tap water quality event risk index (ERI)	The Event Risk Index (ERI) is a measure of the risk arising from water quality events, as defined by the Drinking Water Inspectorate (DWI).
Wt7	Water catchments improved	The number of water treatment works with catchments designated as Safeguard Zones under the Water Framework Directive (WFD) as in effect at the time of final determination publication. Drinking Water Safeguard Zones are designated areas where raw water quality has been deemed to be 'at risk' of deterioration
Wt8	Lead pipes replaced	This performance commitment measures number of lead pipes replaced by the company. The number of pipes reported as replaced is cumulative over the period 2020-25.
En1	Treatment works compliance %	For our water and wastewater treatment works there is a permit which regulates the quality of wastewater the Company is allowed to discharge into rivers and coastal waters, which is regulated by the Natural Resources Wales. The measure is the % compliance against the discharge permits.
En2	Wastewater treatment works 'look-up table' compliance	Percentage of wastewater treatment works that comply with the following: <ul style="list-style-type: none"> Sanitary Look Up Table limits on permits for Biological Oxygen Demand (BOD), Total suspended solids (TSS) and ammonia. Annual average Phosphorus limits.

PR19 Performance Commitment		Definition
		<ul style="list-style-type: none"> Urban Waste Water Treatment Directive (UWWTD) Look up table limits for BOD and Chemical Oxygen Demand (COD). UWWTD annual average Phosphorus limits. UWWTD annual average Nitrogen limits. <p>These are set by National Resource Wales or the Environmental Agency as appropriate.</p>
En3	Pollution incidents (Per 10,000km of sewer)	<p>Reduce the number of pollution incidents (caused by blockages or collapsed sewers). Pollution incidents are categorised as category 1, 2 or 3 incident and reported by Natural Resources Wales and the Environment Agency.</p> <p>Category 1 are the most severe and have a major or serious impact on the environment, people or property.</p> <p>Category 2 - significant impact or effect on the environment, people or property.</p> <p>Category 3 - minor or minimal impact on the environment, people or property.</p>
En4	Leakage (% reduction) – 3 year average	Reduce our leakage levels –The percentage reduction of three year average leakage in megalitres per day (Ml/d) from the 2019/20 starting baseline.
En5	Per Capita Consumption (% reduction) – 3 year average	Reduce our per capita consumption (PCC) - Annual average PCC is defined as the sum of measured household consumption and unmeasured household consumption divided by the total household population. This measure is reported as a % reduction of our 3 year average PCC.
En6	Km of river improved	The cumulative length of river improved as a result of the company's action and as a consequence of regulatory and legislative drivers. The length can only be counted once the Environment Agency and/or Natural Resources Wales has agreed all schemes to achieve the improvement have been delivered and each scheme meets the requirements.
En7	Bioresources product quality	Percentage of total wastewater sludge treated that is processed through Advanced Anaerobic Digestion (AAD) facilities and recycled to land meeting certification requirement of the Biosolids Assurance Scheme (BAS). Any sludge imported from third parties will be included within the measure.
En8	Bioresources disposal compliance	The overall percentage of company sludge satisfactorily used or disposed of in line with version 3 of the National Resource Wales (NRW) and Environment Agency's Environmental Performance Assessment (EPA) methodology (published November 2017).
En9	Combined sewer overflow storage systems	The cumulative additional effective volume of storage delivered by the company under the National Environment Programme (NEP) obligations.
NEP01	Delivery of Environment programme requirements	Has the company 'met' or 'not met' all of its requirements for WINEP/NEP, in the reporting year. This measure tracks the completion of required schemes in each year, as per the latest WINEP/NEP programme published by DEFRA and NRW.
DWMPs	Drainage and wastewater management plans	The cumulative percentage of catchments in which Dŵr Cymru operates, the company implements the Level 1 water company DWMP in accordance with the guideline: A framework for the production of Drainage and Wastewater Management Plans, published September 2018 and updated May 2019.

PR19 Performance Commitment		Definition
Sv1	C-MeX	<p>C-MeX is a customer measure of experience and customer satisfaction. It is comprised of two survey elements:</p> <ol style="list-style-type: none"> 1. Customer Experience Survey – a customer satisfaction survey amongst a random sample of the water company’s customers; and 2. Customer Service Survey – a customer satisfaction survey amongst a random sample of those customers who have contacted their water company. <p>The scores of each of the two surveys are weighted equally to produce the combined C-MeX measure.</p>
Sv2	D-MeX	<p>D-MeX is a measure of customer satisfaction for Developer Services.</p> <p>A D-MeX score is calculated from two components that contribute equally:</p> <ul style="list-style-type: none"> • qualitative D-MeX score, based on the ratings provided by developer services customers who transacted with the company throughout the reporting year to a customer satisfaction survey; and <p>quantitative D-MeX score, based on the company’s performance against a set of selected Water UK performance metrics throughout the reporting year.</p>
Sv3	Customer Trust	<p>The average score of customers asked the question ‘How much do you trust your water and sewerage company?’ The response is on a scale of one to ten with one being ‘do not trust them at all’ and ten being ‘trust them completely’.</p> <p>This performance commitment is calculated from the Consumer Council for Water’s survey.</p>
Sv4	Business customer satisfaction	<p>This performance commitment measures the average customer score out of five from four quarterly business customer satisfaction surveys.</p> <p>The company will undertake a survey of 250 business customers per quarter (1,000 in total per year). It will survey a sample from all customers, not just those who have contacted the company.</p>
Sv5	Priority Services for Customer in Vulnerable Circumstance	<p>We provide special assistance to those customers in vulnerable circumstances who are registered on our PSR.</p> <p>This measure reports on the number of households on the company’s PSR as a proportion of all households in the company’s region.</p>
Sv6	Customer on Welsh language register	<p>The number of customers registered for our Welsh language preference service.</p> <p>The number of customers signed up to this service will be reported at the end of the reporting year.</p>
Rt1	Internal sewer flooding (per 10,000 sewer connections)	<p>The measure is calculated as the number of internal sewer flooding incidents normalised per 10,000 sewer connections including sewer flooding due to severe weather events.</p>
Rt2	Sewer flooding on customers property (external)	<p>The measure is calculated as the number of external sewer flooding incidents normalised per 10,000 sewer connections including sewer flooding due to severe weather events.</p>

PR19 Performance Commitment		Definition
Rt3	Sewer collapses (Per 1,000 km of sewers)	<p>A sewer collapse is where a structural failure has occurred to the pipe that results in a service impact to a customer or the environment and where action is taken to replace or repair the pipe to reinstate normal service.</p> <p>This is reported as the number of sewer collapses per 1000 kilometres of all sewers causing an impact on service to customers or the environment.</p>
Rt4	Total Complaints	<p>The total complaints by household customers received by the company per 10,000 connections. It includes the combined total of unwanted contacts (i.e. telephone complaints), written complaints (letter and email), and contacts via new contact channels (such as social media or webchat).</p>
Rt5	Worst served customers for water service	<p>This measure identifies those properties (household or non-household) who consistently receive a poor level of service.</p> <p>The measure consists of three elements:</p> <ol style="list-style-type: none"> 1. Properties that have had their water supply repeatedly interrupted over a 2 year period. Those properties who have had their water supply interrupted at least once in year one and experienced more than two interruptions in year two. 2. Properties that have had their water supply repeatedly interrupted over a 3 year period. Those properties who have had their water supply interrupted at least once in year one, year two and year three. 3. Properties that received low pressure below the agreed level of service for 3 years or more. Those properties captured on the Low Pressure longstanding register.
Rt6	Worst served customers for wastewater service	<p>This measure identifies those properties (of household or non-household customers) that consistently receive a poor level of service and experience repeat sewer flooding incidents i.e. 'worst-served' customers. The measure is comprised of the four categories, outlined below. Two of the categories relate to sewer flooding due to hydraulic overload (HO) and two relate to flooding due to other causes (OC).</p> <ul style="list-style-type: none"> • Properties recorded as being at active risk of flooding internally due to hydraulic overload in the 2-in-10 year risk category (expected probability that sewer flooding will occur two or more times in ten years). • Properties recorded as being at active risk of Serious External Flooding due to hydraulic overload in the 2-in-10 year risk category. • Properties which have flooded internally more than once in the ten years prior to 31 March in the reporting year due to 'other causes'. • Properties which have suffered, on average, more than one Serious External Flooding due to 'other causes' in the three years prior to 31 March in the reporting year.
Ft1	Risk of severe restrictions in a drought %	<p>The overall metric is the percentage of the customer population at risk of experiencing severe restrictions in a 1-in-200 year drought, on average, over 25 years.</p>

PR19 Performance Commitment		Definition
Ft2	Risk of sewer flooding in a storm %	This measure will record the percentage of the region's population at risk from internal hydraulic sewer flooding from a 1 in 50-year storm, based on modelled predictions.
Ft3	Energy self-sufficiency	Electricity generated and gas injected to grid as a percentage of all electricity and gas consumed by the company, with gas being presented as a gigawatt hours (GWh) equivalent.
Ft4	Surface water removed from sewers	Reduction in volume (m ³) of surface water entering the surface or combined sewer network through sustainable urban drainage approaches. Solutions include sustainable urban drainage approaches to slow down and reduce the volume of water entering the network.
Ft5	Asset resilience (reservoirs)	This performance commitment is defined as a resilience score for critical impounding reservoirs based on a defined resilience scorecard. Critical assets are those for which failure would have a major impact on service to customers or on the environment.
Ft6	Asset resilience (water network+ above ground)	This performance commitment is defined as a resilience score for critical water network plus above ground assets based on a defined resilience scorecard. Critical assets are those for which failure would have a major impact on service to customers or on the environment.
Ft7	Asset resilience (water network+ below ground)	This performance commitment is defined as a resilience score for critical water network plus below ground assets based on a defined resilience scorecard. Critical assets are those for which failure would have a major impact on service to customers or on the environment.
Ft8	Asset resilience (wastewater network+ above ground)	This performance commitment is defined as a resilience score for critical waste network plus above ground assets based on a defined resilience scorecard. Critical assets are those for which failure would have a major impact on service to customers or on the environment.
Ft9	Asset resilience (wastewater network+ below ground)	This performance commitment is defined as a resilience score for critical water network plus below ground assets based on a defined resilience scorecard. Critical assets are those for which failure would have a major impact on service to customers or on the environment.
Ft10	Community Education	The total number of children and adults who have participated in the company's educational programme each year.
Ft11	Visitors to recreational facilities	The total number of visitors to the company's recreational sites each year. The company's recreational sites are Llyn Brenig, Elan Valley, Llandegfedd and Llys y Fran. A new visitor centre is planned at the site of Lisvane and Llanishen reservoirs in North Cardiff. Any further recreational sites developed during the 2020-25 period will be included within this measure.
Bl1	Change in average household bill	The percentage increase in the average household bill from the bill in 2019-20. The company has committed to keeping bill increases below inflation as measured by the CPIH (Consumer Price Index including owner occupiers' housing costs).
Bl2	Vulnerable customers on social tariffs	The number of residential customers on social tariffs as at 31 March each year
Bl3	Company level of bad debt	The company level of bad debt is a measure of the total unpaid water and wastewater bills that are deemed uncollectable as a proportion of the total revenue billed in each reporting year.

PR19 Performance Commitment		Definition
Bl4	Unbilled properties	The number of household and non-household properties classified as void as a percentage of the total number of household and non-household properties served by the company.
Bl5	Financial resilience	This performance commitment indicates the financial resilience of the company as reflected in the credit ratings for senior classbonds, given by the three main credit rating agencies: Moody's, Standard & Poor's (S&P) and Fitch.
Bl6	Delivery of our reservoirs enhancement programme	Cumulative number of schemes delivered in the 2020-25 period against the programme of work for enhancing the safety of our reservoir assets.
Bl8	Delivery of our water network improvement programme	Cumulative number of schemes delivered to milestone 3 (completed programme of works) over the 2020 to 2025 period. This performance commitment captures the company's obligations to meet the 17 notices served on it by the Drinking Water Inspectorate (DWI) in force as at 1 April 2020 to address concerns about discolouration of water.
Bl10	Delivery of our South Wales grid water supply resilience scheme	Cumulative proportion of total expenditure spent to deliver the South Wales Grid water supply resilience scheme over the 2020 to 2025 period.
Co1	Reportable injuries	The number of individual injuries reported to the Health and Safety Executive under RIDDOR per annum.
Co2	Employee training and expertise	The percentage of the company's employees that are evaluated as having the necessary skills, experience and knowledge to carry out their specific role safely.
Co3	Employee engagement	Engagement score calculated by ORC International's 'say, stay and strive' model.
VIS01	Delivery of our new visitors centre	The performance commitment measures successful delivery of the project to construct a new visitor centre at the Llanishen/Lisvane reservoirs site.
DCP01	Direct procurement for customers: Cwm Taf Water supply strategy scheme (Underperformance).	The performance commitment measures successful and timely delivery of key direct procurement for customer control points, the Outline Business Case submission and the Full Business Case submission.
DCP02	Direct procurement for customers: Cwm Taf Water supply strategy scheme (Outperformance).	Where a Dŵr Cymru successfully completes an agreed procurement process and, following approval by Ofwat, awards the Cwm Taf Water supply strategy scheme to a competitively appointed provider such that the contract is signed and fully effective in accordance with its terms