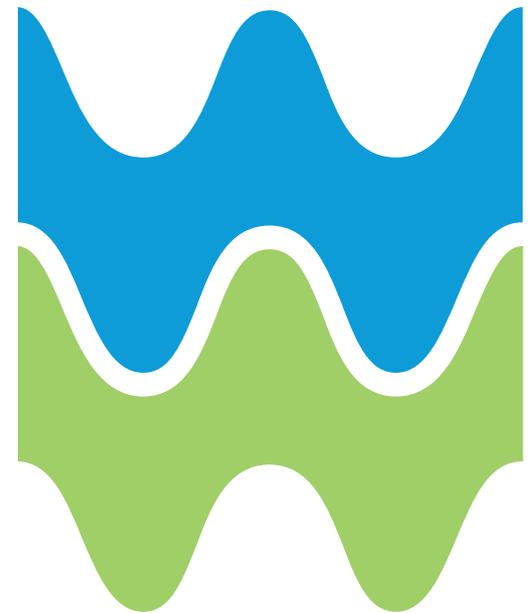




Annual Performance Report 2020/21

Overview

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Annual Performance Report 2020/21



1. Introduction

This document contains information that allows customers and stakeholders to review our 2020/21 performance. It also provides specific information on the progress we have made on the delivery of customer outcomes and on our financial performance (including detailed revenue and cost information).

We are required to publish an Annual Performance Report in a format prescribed by Ofwat and which contains the following nine parts:

| Part | Content |
|---|---|
| 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. |
| 2 - Price review and other segmental reporting | Further disaggregation of revenue and costs to allow stakeholders to review companies' performance against final determinations. |
| 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. |
| 4 - Additional regulatory information - service level | Additional financial and non-financial information, including (but not limited to), analysis of debt, totex analysis, major project expenditure, and properties, customers and population – non-financial information |
| 5 - Additional regulatory information - water resources | Additional financial and non-financial information, including (but not limited to), Asset and volumes data plus operating cost analysis for water resources. |
| 6 - Additional regulatory information - water network plus | Additional financial and non-financial information, including (but not limited to), Raw water transport, raw water storage, water treatment data, treated water distribution mains analysis, communication pipes, metering and leakage activities. |
| 7 - Additional regulatory information - wastewater network plus | Additional financial and non-financial information, including (but not limited to), load, costs and number of sewage treatment works within size bands, sewer and volume data, and energy consumption data. |
| 8 - Additional regulatory information - bioresources | Additional financial and non-financial information, including (but not limited to), bioresources sludge data, operating expenditure analysis, bioresources energy and liquors analysis and sludge treatment and disposal data. |
| 9 - Additional regulatory information - innovation competition | Additional financial and non-financial information, including (but not limited to), revenue collected for the purposes of the innovation competition. |
| PR19 In-Period ODI Submission | Companies should submit the populated in-period adjustment model and any other supporting data or information (such as proposals for bill smoothing and bill impacts) alongside their APR submissions. |



Annual Performance Report 2020/21

In addition to setting out directors' responsibilities and an executive summary of performance, we have (for ease of reference) included here the following key documents:

- Summary of Performance (which can also be found in Part 3 of the report); and
- Income Statement (which can also be found in Part 1 of this report).

We have also prepared a "Data Assurance Summary" which provides an update on the activities we have carried out to evidence that the information we provide is complete and accurate [Link to Data Assurance Summary](#).

Our Risk and Compliance Statement is published within our Annual Performance Report Part 4 to 9 [Link to Risk and Compliance Statement](#).

Finally, to help customers and stakeholders navigate this and other published documents, we append an 'at a glance' schedule stating where documents addressing individual statutory, licence and regulatory requirements can be found.



2. Board Statement on the Accuracy and Completeness of Data and Information.

The Company is required by the terms of the Instrument of Appointment to meet the obligations outlined in the Water Services Regulation Authority's Regulatory Accounting Guidelines. One of these obligations, outlined in Regulatory Accounting Guideline 3.12 published in February 2021, is for the Board to prepare a Statement on the accuracy and completeness of data and information.

The Company's overall aim is to ensure that the data and information it publishes is accurate and reliable. The Board understands the importance of providing the Water Services Regulation Authority with high quality information. By high quality we mean data and information that is reliable, accurate and complete within the bounds specified.

It is also important that the Company provides 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 customers and stakeholders to understand how we are performing. We also recognise that this helps build trust and confidence in the business. Although it is a condition of the Company's Instrument of Appointment to produce this Statement, we consider that it also helps us to achieve our Vision of earning the trust of our customers every day.

Information Notice 21/01 published by the Water Services Regulation Authority in April 2021 sets out additional guidance for water and wastewater companies in England and Wales in preparing their Statement. Within the business we have well-established governance and accountability processes to produce high quality information. To confirm that the Company has followed guidance issued by the Water Services Regulation Authority the information contained within our Annual Performance Report is subject to checks by the Regulatory and Compliance Teams, scrutiny at Director level, review by the Audit Committee, and audit by our independent External Auditors.

Having made reasonable and relevant enquiries, the Board considers that the Company has in place an assurance framework and adequate systems of control appropriate for a Water and Sewerage Undertaker acting diligently, to allow the Board to discharge its responsibilities under Condition F6.2 of the Instrument of Appointment and Regulatory Accounting Guideline 3.12 and to confirm that in the opinion of the Board the data and information which the Company has provided to the Water Services Regulation Authority in the reporting year and/or which it has published in its role as water and sewerage undertaker was accurate and complete. A description of the activities which the Board has considered to allow it to make this Statement can be found at Appendix 1. Approved on behalf of the Board of Dŵr Cymru Cyfyngedig.

Alastair Lyons

Chairman, Dŵr Cymru Cyfyngedig

9 July 2021



2. Overview of the year

Our vision is “to earn the trust of our customers every day”.

Welsh Water’s purpose is to provide high quality and better value drinking 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.

The impact of Covid-19 over the last year has challenged us in a way that has never before been experienced by the water industry, and we have taken measures to ensure the safety of our customers and colleagues throughout the pandemic. We continue to adapt and evolve, whilst always having the best interest of our customers and colleagues at heart. Our spirit of community and commitment to do the right thing for our customers has never been stronger.

That being said, the pandemic has had a detrimental effect on us being able to achieve a number of our Performance Commitments such as community education, visitors to recreational facilities, bad debt, employee training and energy self-sufficiency, where appropriate, we have included details of the affected measures within part 3 of our Annual Performance Report.

We know that customers rely on us to deliver high-quality, safe and reliable services every day, no matter what is thrown at us by the weather or other operational challenges. This has been especially true over the last 12 months with the challenges experienced as a result of Covid-19. They also need to be able to trust us to be planning well ahead, to ensure those services are sustainable and resilient over many decades to come. To achieve this, we will need ever greater efficiency and innovation, so that our major long-term programme of investment in our assets can be balanced with keeping bills affordable for all.

Safe Clean Water for all

For our customers, being able to rely on the quality of the water we supply to their homes and businesses is their highest priority and expectation of our service.

Safety in Drinking Water - Our water quality remains excellent with our overall compliance at 99.986%, which is a percentage of the total number of failures taken against the total number of tests. In 2020, there were 32 failures out of 232,095 total tests taken, compared to 60 failures in 2019 (243,127 tests). Our company Compliance Risk Index (CRI), which is the sum of the individual CRI scores for every compliance failure reported during the year was 4.17 compared to 3.97 in 2019. During 2020 we had 11 events, giving us a provisional Event Risk Index (ERI) score of 3.903, compared to 32 events in 2019 which gave us a score of 25.881. All notifiable events have been reported in line with the Water Industry (Suppliers’ Information) Direction 2020 and the DWI Guidance on the Notification of Events.



Customer Acceptability - The number of contacts we receive from customers about the appearance, taste or odour of their water was 2.70 contacts per 1,000 customers. While usually harmless, appearance, taste or odour issues can be off-putting for our customers. Such issues are often caused by changes in the velocity of water flows (for example, due to burst water mains or increased customer demand during hot weather), which can loosen iron sediments from within the pipes resulting in discoloured water. We continued to address the number of complaints about discolouration, by accelerating our pipe cleaning and replacement programme and targeting those communities most affected by this problem. We recognise that we have more to do in this area and will be continuing our programme of improvements over the next four years to 31 March 2025.

Reliability of Supply – Having a constant supply of water is important for our customers. We manage our network every day to try to ensure any operational challenges we encounter do not impact customers' supply. However, sometimes circumstances outside our control do impact on customer supply, particularly in difficult weather conditions. This measure reports on the average number of minutes lost per customer for interruptions that lasted 3 hours or more. Our performance was 11 minutes and 5 seconds, which was a significant improvement on the 17 minutes and 46 seconds reported for 2019/20.

This measure is highly weather-dependent, but as we continue to invest in mains rehabilitation and replacement we should be better able to control the impact of the weather on these assets.

Safeguard our Environment for Future Generations

We are working to ensure that the beautiful environment around us is protected for future generations.

Treating wastewater - Our performance for 2020 was 99.66% compared to 98.18% in 2019. This is based on two wastewater treatment works failing their discharge permit compliance out of a total of 597 permitted water and wastewater treatment works.

Preventing Pollution – The total number of pollution incidents per 10,000km of sewer length (caused by blockages or collapsed sewers) was 21.46 compared to 26.20 for 2019. This equates to 77 pollution incidents (one of which was categorised as serious), compared to 94 incidents in 2019. We have continued to work with customers on our Let's Stop the Block campaign to raise awareness and improve education on only disposing of appropriate material into the sewer network to reduce blockages.

Leakage - We are committed to significantly reducing the amount of water lost from our network each year and have invested to ensure that leakage is minimised as far as possible. We report our leakage performance on a three year average percentage reduction. This year's performance of 2.2% reduction is ahead of our target of 1.8%.



Create a Better Future for all Communities

Climate change remains one of the biggest challenges facing society – and as a country with a large coastline and higher levels of deprivation than the average for the UK, our communities are more vulnerable than most to its effects. As a result, we are determined to help in the global effort to not only reduce the negative impacts on our planet’s climate by reducing our own carbon emissions, but also to protect our customers and network from the effects of extreme weather events. We recently announced our plans to achieve net zero carbon emission by 2040. As one of Wales’ largest energy users with an annual energy bill of £46 million, we believe this commitment will play a key role in combating the climate change emergency declared by Welsh Government. As well as committing to becoming carbon neutral by 2040, we aim to reduce our total carbon emissions by 90% by 2030.

Responding to Climate Change – A key measure of how we are performing in our obligations to tackle climate change is the amount of surface water that is entering our sewers. We are committed to doubling the amount of rainwater we divert from our sewer network by 2025. Our performance in 2020/21 was a reduction of 38,473 m³ of surface water entering our sewer network. This was attributed to one surface-water removal scheme at Newport (Crindau) via the River Usk.

Energy self-sufficiency – We are one of the largest energy users in Wales. We currently generate 23% of our own energy needs through wind, hydro, solar and advance anaerobic digestion which falls short of our 31% Final Determination target. This is largely attributable to two key factors, Llyn Brienne being offline for five months due to a Programmable Logic Control upgrade and Cog Moors Advanced Digestion being delayed by some six months due to Covid-19. We plan to be 35% self-sufficient by 2025.

Community education – The impact of Covid-19 across this reporting year has meant that we have not been able to offer our outreach or in-house community education services to the children who would usually benefit from these opportunities, across our supply area. For the latter part of the year, we introduced online education provision, reaching 5,834 children against an original target for the year of 70,000. We also innovated to continue to deliver the outcomes of our education programme including the development of a 360-degree virtual classroom and home learning packs, reaching a total of 68,629 participants.

Personal Service that’s right for you

Our Customer-led Success approach places the needs of our customers at the heart of everything we do. We take a lot of pride in shaping our services around the needs of our customers and delivering the best service possible is our top priority.

Customer Satisfaction - Our primary indicator of customer satisfaction is a customer experience measure for household customers, known as C-MeX. The C-MeX score is calculated as the average of customer satisfaction scores from customer service and customer experience surveys. For 2020/21 we were rated 4th against other water only and water and sewerage companies (2019/20 rated 1st).



In addition, Ofwat have implemented a new customer experience measure for Developers, known as D-MeX. A company's D-MeX score is calculated as the average of a customer satisfaction survey and a quantitative element based on performance against a selection of Water UK performance metrics. We achieved a score of 82.69 (2019/20, 84.38), however we will not know our position compared to the sector until all water and sewerage companies publish their results.

Non-household Customer Satisfaction - Welsh Water provides services to more than 100,000 business customers in Wales and adjoining parts of England. 100% of our customers reported that they are satisfied with the retail service provided in the Consumer Council for Water's non-household customer insight survey 2020. We achieved a score of 4.4 out of 5 in our business customer satisfaction survey in 2020/21.

Put things right if they go wrong

At-Risk Customer Service - We place huge importance on providing the best possible service at all times. But we know that we aren't always successful in this, and that some customers have experienced interruptions to their services or unacceptable failures of our service. Tackling these types of failures is amongst our most important responsibilities – and we invest a great deal in our water and wastewater services to help achieve this.

For the number of customers “at risk” of suffering from repeat problems such as interruptions to water supply or low pressure our performance was 1,852 properties which is better than our target of 2,148. However, on the wastewater “at risk” measure where customers have experienced repeat sewer flooding or are recorded as being actively at risk of flooding our performance was 547 which is worse than our target of 374.

Flooding - Sewage flooding into customers' properties is the worst service failure that can happen, and we are committed to doing everything we can to prevent it happening. Our performance was affected by a severe weather event which resulted in 67 properties being flooded in Newport during December which resulted in 2.05 incidents of internal sewer flooding per 10,000km of sewer connections which was behind our Ofwat final determination target of 1.68 per 10,000km of sewer connections this year.

Fair Bills for everyone

We have a responsibility to balance investment to improve our services with keeping bills at an affordable level to ensure that they are fair for customers. We also focus on supporting those in genuine financial need while pursuing those who can pay their water bill, but choose not to do so.

Affordable Bills – For 2020/21 our average bill increased below the rate of inflation. This measure is the percentage change since 2019-20 in the average household combined bill. The average household bill is calculated using the same methodology as used when reporting the Ofwat Average Household Bill template, summing water and wastewater to form a combined bill, as published on the Discover Water website.



Keeping bills as low as possible is fundamental to earning and maintaining the trust of our customers. Since becoming a not-for-shareholder company in 2001, our record on customer bills is the best in the sector, showing a 3% reduction relative to the Retail Prices Index (RPI) measure of inflation since 2000. We have kept the increase in the average household bill below RPI every year for a decade – the only water company in England and Wales to achieve this.

Help for customers in vulnerable circumstances – During 2020/21 we provided financial assistance towards payment of our bills to a record 143,999 customers through our funding of social tariffs and other schemes, far more than any other water company in England and Wales.

For our regulatory measure we report on the number of residential customers that are on a social tariff including the HelpU social tariff scheme and the WaterSure Scheme. Our 2020/21 performance is 127,238 customers against an Ofwat Final Determination target of 133,000 customers on the HelpU and WaterSure scheme.

Resilience

With 27,777km of water mains, and 36,782km of sewers, and hundreds of water and wastewater treatment works, our network is extensive and includes challenging mountainous terrain, sparsely populated rural communities and urban centres. Maintaining our assets for future generations is a critical part of our responsibility to customers and one we take very seriously.

Asset Resilience - The long-term resilience of our assets is measured against a set of criteria which shows how they are performing and providing service to our customers. As a Company, we invest significantly in both our Water Services assets to ensure long-term resilience and service performance particularly in our water treatment works and our wastewater service assets such as the 36,782km of sewers and 829 sewage treatment works. This is a particularly important part of our Welsh Water 2050 long-term vision which aims to strengthen the resilience of our assets to improve services to customers in the future. We monitor and report our performance on five individual resilience measures including asset resilience reservoirs, asset resilience water networks below ground and wastewater networks above ground.

Colleague Promises

We are committed to retaining and developing the best talent for the future in a culture that keeps our people safe, healthy and happy. We have supported all colleagues throughout the pandemic in many different ways, including a move to home working for c.2000 colleagues in March 2020 and increased PPE for our colleagues who work in the communities we serve to ensure a safe, clean supply of water is available for all of our customers.

Health and Safety - Our people are our greatest assets and our greatest ambassadors. So we prize the health and safety of our colleagues above all else and make sure that, whatever they do, they go home safely at the end of the day. As a result, we have focused on building a culture where health and safety is paramount for every job we do. Our operational teams regularly hold “safety days” throughout the year to review best practice and to improve the procedures in each team.



This year, we have maintained our best ever performance in terms of RIDDOR injuries (Reporting of Injuries, Diseases and Dangerous Occurrences) — with 6 such incidents during the year affecting Welsh Water colleagues and members of our extensive supply chain. We remain focused on positive intervention and preventing injuries over the coming year.

Employee training and expertise - We are also committed to helping all of our people grow and thrive in their careers at Welsh Water. We carry out regular reviews across the business to see whether the teams have the right skills to meet the challenges they will face. Our current score for Employee training and expertise has seen an improvement in score this year to 85%, from 83% in 2019/20.

An Efficient Business

We are not-for-shareholder, which means that, unlike other water and wastewater companies across England and Wales, all surpluses are applied for the benefit of our customers. We are committed to running our business as efficiently as possible, working to be as innovative as possible, and to reduce waste across everything we do. This also means we work for the long-term, planning investments over decades, not just for short-term targets and we continue to invest to maintain and improve the essential services we provide for the future.

Financial resilience – Since 2001 when Glas Cymru acquired Welsh Water, we have reduced our gearing from 93% to 60%, consistent with the Board's policy of maintaining gearing at or below 60% to maintain our access to low-cost borrowing and our financial resilience. As at 31 March 2021 our senior bonds were rated A-/A3/A by Standard & Poor, Moody's and Fitch and we are amongst the highest rated water companies in the sector.

Ongoing Engagement with Customers

We are committed to an ongoing programme of customer involvement on a wide range of issues, such as how we can best support customers in vulnerable circumstances.

Engagement with our customers plays a vital role throughout our business and we do this in a variety of ways such as;

- directly through telephone, web and social media;
- seeking feedback and views from our customers across all areas we serve;
- focus groups and customer interviews to gain insight into what customers want and test new services; and
- annual Trust surveys to check we continue to meet customer expectations.



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External stakeholder engagement

The Customer Challenge Group (CCG) is an independent panel of people from across the area that we serve who bring with them knowledge and experience from a variety of backgrounds. As well as providing independent challenge to us, they also provide assurance to one of our regulators, Ofwat. Members include organisations representing vulnerable and older people, the Welsh Local Government Association and other business and regulatory bodies. The CCG provides independent challenge, scrutiny and advice to ensure that current and future customers are at the heart of the way we operate.

Welsh Water People

We can only hope to earn the trust of our customers through the extraordinary efforts and commitment of all our colleagues in Welsh Water and our wider network of contractors and partners. Key priorities include developing our people and creating an inclusive and welcoming environment with a diverse workforce that reflects the communities we serve.

The dedication of our people has contributed directly to the high level of trust our customers show in us as their water and sewerage company – thank you.

Peter Perry

Chief Executive Officer

3. Performance Summary

| Table 1 - Performance Commitment – Common Measures | | * | 2020/21 Outturn | 2019/20 Outturn | 2020/21 FD Target (Final Determination) | 2020/21 Vs FD Target | Penalty or Reward 2020/21 (£m) | Total ODI Incentive (2020/21 to 2024/25) (£m) |
|--|---|---|--------------------|--------------------|---|----------------------------|---|---|
| *C – Calendar year | | | | | | | | |
| Wt1 | Water Quality Compliance (CRI) (%) | c | 4.17 | 3.97 | 0 | X | -1.059 | -2.474 |
| Wt2 | Water supply interruptions (mm:secs) | | 11:05 | 17:46 | 06:30 | X | -2.796 | -11.665 |
| Wt4 | Mains repairs | | 140.2 | 138.8 | 138.9 | X | -0.133 | -0.133 |
| Wt5 | Unplanned outage % | | 0.73 | 0.13 | 2.34 | ✓ | 0.000 | 0.000 |
| En1 | Treatment works compliance % | c | 99.66 | 98.18 | 100 | X | 0.000 | 0.000 |
| En3 | Pollution incidents (per 10,000km of Sewer) | c | 21.46 | 26.20 | 24.51 | ✓ | 0.543 | 0.025 |
| En4 | Leakage (% reduction) – 3 year average | | 2.2 | N/A | 1.8 | ✓ | 0.114 | 1.573 |
| En5 | Per capita consumption (% reduction) – 3 year average | | -5.2 | N/A | 1.0 | X | -1.310 | -2.201 |
| Ft1 | Risk of severe restrictions in a drought % | | 4.5 | 4.5 | 4.5 | ✓ | Reputational | |
| Ft2 | Risk of sewer flooding in a storm % | | 26.88 | 41.81 | 30.69 | ✓ | Reputational | |
| Rt1 | Internal sewer flooding (per 10,000km sewer connections) | | 2.05 | 1.75 | 1.68 | X | -1.581 | -2.436 |
| Rt3 | Sewer collapses (per 1,000km sewer) | | 7.69 | 7.23 | 7.20 | X | -0.069 | -0.069 |
| Sv1 | C-MeX – Company Measure | | 85.15 | 82.47 | | | 2.018 | |
| Sv2 | D-MeX | | 82.69 | 84.38 | | | -0.353 | |
| Sv5 | Priority services for customers in vulnerable circumstances | | | | | | | |
| • | • Reach % | | 5.5 | 4.0 | 4.3 | ✓ | Reputational | |
| • | • Actual contact % | | 27.1 | 57.6 | 17.5 | ✓ | Reputational | |
| • | • Attempted contact % | | 62.8 | 92.4 | 45.0 | ✓ | Reputational | |

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| Table 2 - Performance Commitment – Bespoke Measures | | | 2020/21 Outturn | 2019/20 Outturn | 2020/21 FD Target (Final Determination) | 2020/21 Vs FD Target | Penalty or Reward 2020/21 (£m) | Total ODI Incentive (2020/21 to 2024/25) (£m) |
|---|---|---|--------------------|--------------------|---|----------------------------|---|---|
| *FD – Final Determination | | | | | | | | |
| *C – Calendar year | | | | | | | | |
| Wt3 | Acceptability of drinking water (contacts per 1,000 population) | c | 2.70 | N/A | 2.24 | X | -1.107 | -7.775 |
| Wt6 | Tap water quality event risk index (ERI) | c | 3.903 | 25.881 | 10.000 | ✓ | | Reputational |
| Wt7 | Water catchments improved | | 23 | N/A | 23 | ✓ | | Reputational |
| Wt8 | Lead pipes replaced | | 1,097 | N/A | 1,400 | X | 0.000 | 0.000 |
| En2 | Wastewater treatment works 'look-up table' compliance % | c | 100.00 | 99.83 | 100.00 | ✓ | | Reputational |
| En6 | Km of river improved | | 5 | N/A | 0 | ✓ | 0.000 | 2.651 |
| En7 | Bioresources product quality % | | 96.1 | N/A | 95.0 | ✓ | 0.454 | 0.454 |
| En8 | Bioresources disposal compliance % | c | 100.00 | 100.00 | 100.00 | ✓ | 0.000 | 0.000 |
| En9 | Combined sewer overflow storage systems | | 0 | N/A | 0 | ✓ | 0.000 | 0.000 |
| Ft3 | Energy self-sufficiency % | | 23 | N/A | 31 | X | | Reputational |
| Ft4 | Surface water removed from sewers (m3) | | 38,473 | N/A | 141,900 | X | -0.050 | -0.050 |
| Ft5 | Asset resilience (reservoirs) % | | 92.7 | N/A | 92.2 | ✓ | | Reputational |
| Ft6 | Asset resilience (water network+ above ground) % | | 87.4 | N/A | 84.0 | ✓ | | Reputational |
| Ft7 | Asset resilience (water network+ below ground) % | | 68.9 | N/A | 68.0 | ✓ | | Reputational |
| Ft8 | Asset resilience (wastewater network+ above ground) % | | 79.0 | N/A | 77.7 | ✓ | | Reputational |
| Ft9 | Asset resilience (wastewater network+ below ground) % | | 11.4 | N/A | 28.3 | X | | Reputational |
| Ft10 | Community education | | 5,834 | N/A | 70,000 | X | -0.112 | -0.112 |
| Ft11 | Visitors to recreational facilities | | 294,763 | N/A | 560,000 | X | -0.530 | -0.530 |
| Rt2 | External sewer flooding on customer property (per 10,000km sewer connections) | | 25.82 | 30.85 | 26.70 | ✓ | 0.660 | -4.188 |
| Rt4 | Total complaints (per 10,000 connections) | | 122.1 | N/A | 86.5 / UQ | X | -0.054 | -0.054 |
| Rt5 | Worst served customers for water service | | 1,852 | N/A | 2,148 | ✓ | | Reputational |
| Rt6 | Worst served customers for wastewater service | | 547 | N/A | 374 | X | | Reputational |

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| Performance Commitment – Bespoke Measures Cont'd | | 2020/21 Outturn | 2019/20 Outturn | 2020/21 FD Target (Final Determination) | 2020/21 Vs FD Target | Penalty or Reward 2020/21 (£m) | Total ODI Incentive (2020/21 to 2024/25) (£m) |
|--|---|--------------------|--------------------|---|----------------------------|---|--|
| *FD – Final Determination | | | | | | | |
| *C – Calendar year | | | | | | | |
| Sv3 | Customer trust | 7.95 | 8.20 | 8.15 | X | Reputational | |
| Sv4 | Business customer satisfaction | 4.4 | N/A | 4.5 | X | -0.125 | -0.625 |
| Sv6 | Customers on welsh language register | 6,472 | N/A | 13,000 | X | Reputational | |
| Bl1 | Change in average household bill | -0.0% | N/A | <CPIH | ✓ | Reputational | |
| Bl2 | Vulnerable customers on social tariffs | 127,238 | N/A | 133,000 | X | Reputational | |
| Bl3 | Company level of bad dept % | 4.2 | 3.0 | 2.3 | X | Reputational | |
| Bl4 | Unbilled properties (Voids) % | 4.03 | N/A | 3.90 | X | -0.340 | -0.340 |
| Bl5 | Financial resilience | High | High | High | ✓ | Reputational | |
| Bl6 | Delivery of our reservoirs enhancement programme | 2 | N/A | 0 | ✓ | 0.000 | 0.000 |
| Bl8 | Delivery of our water network improvement programme | 0 | N/A | 0 | ✓ | 0.000 | 0.000 |
| Bl10 | Delivery of our South Wales Grid water supply resilience scheme | 0 | N/A | 0 | ✓ | 0.000 | 0.000 |
| Co1 | Reportable injuries | 6 | 8 | 9 | ✓ | Reputational | |
| Co2 | Employee training and expertise % | 85.0 | 83.0 | 95.0 | X | Reputational | |
| Co3 | Employee engagement % | N/A ¹ | N/A | 80 | X | Reputational | |
| DCP01 | Direct procurement for customers: Cwm Taf Water supply strategy scheme (Underperformance) | 0 | N/A | TBA | ✓ | 0.000 | 0.000 |
| DCP02 | Direct procurement for customers: Cwm Taf Water supply strategy scheme (Outperformance) | TBC | N/A | TBA | ✓ | 0.000 | 1.360 |
| VIS01 | Delivery of a new visitor centre | N/A | N/A | N/A | ✓ | 0.000 | 0.000 |
| DWMPs | Drainage and wastewater management plans | 0 | N/A | 0 | ✓ | Reputational | |
| NEP01 | Delivery of Environment programme requirements | Met | N/A | Met | ✓ | Reputational | |
| Total | | | | | | -5.830 | |

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¹ No survey carried out in 2020/21 due to the service provider informing us that they had exited the market and were unable to carry out the survey for us.

4. Income Statement

| | Adjustments | | | Total adjustment £m | Total appointed £m |
|---|------------------|--------------------------|-------------------------|------------------------|-----------------------|
| | Statutory £m | RAG differences £m | Non- appointed £m | | |
| Revenue | 776.158 | (5.834) | 4.145 | (9.979) | 766.179 |
| Operating costs | (768.618) | (5.493) | (6.327) | 0.834 | (767.784) |
| Other operating income | 0.096 | - | - | - | 0.096 |
| Operating profit | 7.636 | (11.327) | (2.182) | (9.145) | (1.509) |
| Other income | - | 17.102 | - | 17.102 | 17.102 |
| Interest income | 4.801 | - | 0.151 | (0.151) | 4.650 |
| Interest expense | (138.955) | (9.312) | - | (9.312) | (148.267) |
| Other interest expense | - | (1.988) | - | (1.988) | (1.988) |
| Loss before tax and fair value movements | (126.518) | (5.525) | (2.031) | (3.494) | (130.012) |
| Fair value gains on financial instruments | 39.381 | - | - | - | 39.381 |
| Loss before tax | (87.137) | (5.525) | (2.031) | (3.494) | (90.631) |
| UK corporation tax | 0.292 | - | - | - | 0.292 |
| Deferred tax | 13.589 | 1.050 | 0.386 | 0.664 | 14.253 |
| Loss for the year | (73.256) | (4.475) | (1.645) | (2.830) | (76.086) |
| Dividends | - | - | - | - | - |

5. Data Assurance Processes

The Board is committed to providing information to customers and stakeholders that is customer-led, accessible, clear, accurate, transparent and timely and we were pleased to be recognised as a “self-assurance” Company by Ofwat in their last Company Monitoring Framework (CMF) assessment in 2019. Our ongoing objective, therefore, is to make available information that meets stakeholders’ needs, is easy to understand and navigate and which enables them to understand how we are performing. We also recognise that providing information to a consistently high standard helps build trust and confidence in everything we do. Ofwat has concluded in their last CMF assessment report that we are able to deliver accurate and reliable information that gives stakeholders trust and confidence.

Our customers drive our thinking and our plans and we welcome the important contribution made by our independent Customer Challenge Group in challenging our customer engagement and research programme to ensure that we plan to deliver the best possible outcomes for customers. We have shared with the Chair of the Customer Challenge Group the content of this Annual Performance Report.

We produce extensive Company information obtained from measuring and recording what we do. Much of this is provided to our regulatory stakeholders and other stakeholder groups or published in our Annual Performance Report and on our website.

The Board has put in place an audit and assurance framework 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 independence in the process to provide third party review and challenge. This provides assurance to our Board, stakeholders and customers and gives legitimacy and certainty on the level of performance and service that we are delivering. This means that our statutory and regulatory reporting requirements are met in full with a high level of assurance.

We have prepared a stand-alone Data Assurance Summary which details the assurance activities relevant to this Annual Performance Report and other publications. This can be found at [Data Assurance Summary](#).

Appendix 1

A description of the activities which the Board has considered to allow it to make the Board Statement on the Accuracy and Completeness of Data and Information.

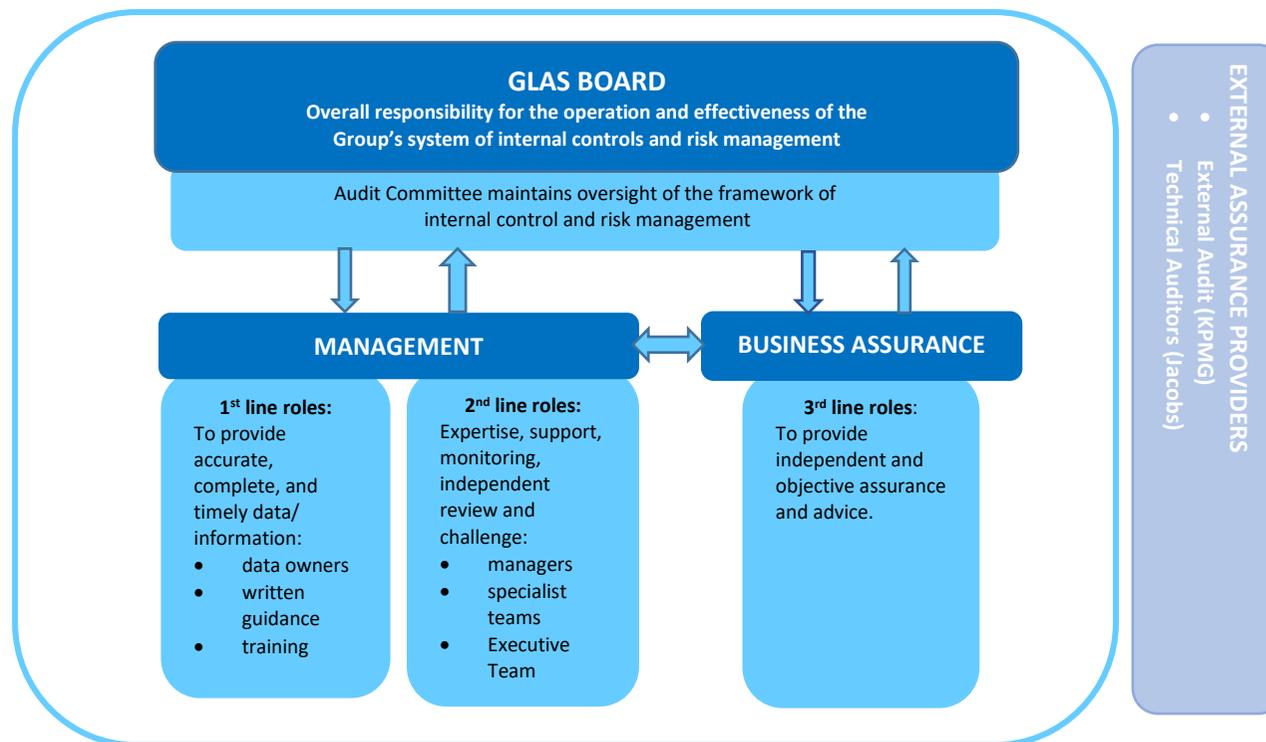
To produce the Statement on the accuracy and completeness of data and information the Board addressed four key areas and considered the Board's main activities in these areas:

1. How the Board has engaged and challenged on the assurance approaches which have been taken.
2. How the Board has taken action to ensure that any exceptions and weaknesses in the assurance approaches have been addressed.
3. How the Board has satisfied itself that the approaches have appropriately identified and addressed any risks to the provision of accurate and complete data and information in particular areas.
4. How the Board has utilised individual directors and committees in carrying out its activities in this area.

Main Activities

Overview of the Assurance Approach

The Company has in place an audit and assurance framework which allows for the systematic monitoring and evaluation of performance. This involves having appropriate governance arrangements, close involvement by the Board in the assurance process, and the right level of independent review and challenge. It helps ensure that statutory and regulatory reporting requirements are met in full with a high level of assurance.



KEY: ↑ Accountability, Reporting ↓ Delegation, Direction, Resources, Oversight ↔ Alignment, Communication, Coordination, Collaboration

The data assurance framework is underpinned by five key cornerstones:

1. **Robust assurance principles** – the Company operates a “three-lines of assurance” model, targeted at areas of greatest risk.

2. **Clear ownership and accountability** – the Company has clear lines of ownership and accountability for both the delivery of performance and the accuracy and reliability of the data provided.

- Strong personal and collective ownership is critical for ensuring the accuracy of the data and information produced, driving improvements.
- Regular internal performance reporting to the Executive monthly and Board (at every meeting), and updates on performance to the Customer Challenge Group and CCW, reinforces this culture of ownership and accountability.

- Every year, the compliance framework is refreshed to ensure that individual accountabilities are linked to regulatory and statutory obligations.
- There is also a rigorous process of sign-off for regulatory data contained within the Annual Performance Report, 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.
- The ‘three lines of defence 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 the governance arrangements.

3. **Effective governance** – the Company’s Assurance Plan provides for governance of all 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 the 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 Customer Challenge Group provides independent external challenge of both our performance against our commitments and any supporting information we provide on it. Our Regulators, DWI, EA and NRW, and the consumer watchdog CCWater, also provide independent scrutiny and challenge.

4. **Transparency and accountability** – the Company publicly reports on its performance and hold itself to account where it does not meet its commitments.

5. **Company culture** –the Company’s culture is a cornerstone of the data assurance process and is based on shared values and beliefs. It helps shape the way the Company conducts its everyday business and ensures it strives 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 defence against inaccurate information. Maintaining a positive culture is important to the Board 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.
- other controls might be occasional or periodic, but culture is ongoing and permanent; and
- everyone knows that they can be honest about data errors.

Risk Based Approach to the provision of accurate and complete data and information in particular areas

The risk based assurance approach in operation examines the Company's 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 can trust. It also examines the probability of these risks materialising and the potential impact that they may have. This ensures that the Company focuses on the areas which would have the greatest impact and allows it to take action to monitor and actively manage any relevant risks.

The approach 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.

This approach was independently reviewed and endorsed by KPMG.

Even though the Company was promoted to the self-assurance (highest) category in the last and final Company Monitoring Framework assessment carried out by Ofwat January 2019, the Company continues to adopt the same robust and transparent assurance processes that have served it so well over recent years.

The Company has again undertaken a reporting risk assessment for all relevant data that will be contained in the Annual Performance Report (and other key documents). This was an important exercise and formed the basis of the Company's Statement of Risks, Strengths and Weaknesses which was published for consultation in November 2020.

The results from the risks, strengths and weaknesses analysis allowed the Company to develop a Draft Assurance Plan for 2020-21. As in previous years, the Draft Assurance Plan included a wide variety of controls and mitigating actions designed to ensure that customers and stakeholders can trust the information the Company publishes. This was included as part of the November 2020 consultation exercise with customers and key stakeholders. The Final Assurance Plan was published in March 2021.

Data Assurance and the culture and governance framework

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

- Colleagues in the business understand and appreciate the value attached to data quality and the processes used to generate the data. The Regulation Department provides an annual update to data owners and guidance in the form of an information pack on the process and timeline for the Annual Performance Report;

- The Company's 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 the '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 Executive team;
- The Technical Auditor (Jacobs) carries out a formal review and certification of 54 of the current 56 Performance Commitments (the other 2 are audited by KPMG) 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 if required scores the Methodology Statements where they exist for all of our key measures and other relevant regulatory data;
- Ahead of the publication of the Annual Performance Report, the internal Business Assurance team carry out a high level audit and evaluation of the systems in place on the reporting framework within the Company 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;
- The Company has 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. The Business Area Risk Registers are reviewed quarterly by the Executive. The Executive update on strategic risks affecting the business is reviewed at every Board meeting;
- Robust financial control monitoring processes provide assurance that the Company's key financial controls are operating effectively and that the financial information produced by our accounting system can be trusted; and
- The Company's 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 the 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).

Key assurance activities during 2020/2021

Data providers, their managers and business unit directors

During the year nominated 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.

Methodology Statements

Comprehensive Methodology Statements are in place for all performance commitments. They are updated to reflect comments received from the Regulation Team and the Technical Auditor and changes in process or obligations which may have occurred in the year.

The Regulation Team

The Regulation team undertake their own reviews, and this includes a rigorous process of internal due diligence to test: the application of the appropriate Methodology Statements and reporting requirements; challenge information, judgements and assumptions associated with both financial and non-financial data; and to ensure compliance with the relevant guidance. This provides a good opportunity to highlight to management areas where judgements were required, or assumptions needed to be tested.

Information packs containing all relevant information are provided to all data owners. This is supplemented with several group training sessions.

Independent Technical Auditors

Jacobs (the Company's Technical Auditor) undertake a full data review in accordance with an agreed Audit Plan. This involves:

- a) A review of documentation including Methodology Statements already in place for individual data items;
- b) A process review which involved face to face discussion via Teams with the data owner; and
- c) A year-end audit involving document review and face to face discussions via Teams with data owners covering: - adherence to internal processes; - tracing to source data; - sample checks; - confidence grade reviews; - calculation of rewards/penalties (where appropriate); and - commentaries.

Jacobs prepare reports for each audit and the risks are scored. Jacobs also produce a letter to the Board summarising their findings and attend both the Audit Committee meeting in June and the Board meeting in July to report their conclusions and to answer any questions.

Financial Auditors

The independent financial auditors (KPMG) begin their audit and assurance procedures in June and substantially complete them by the time of the Board meeting in July. KPMG attends the Board meeting and provide their assurance confirmations and audit opinion.

Business Assurance

The internal Business Assurance team undertake a high-level audit and evaluation of the assurance framework. Their report concluded that generally there is a sound system of internal control and broadly there is operational compliance with those controls and assigned an overall rating of “Satisfactory Assurance”.

Customer Challenge Group

The proposals on the risks, strengths and weaknesses assessment and the assurance activities planned in both our Draft and Final Assurance Plan were shared with the Chair of the CCG.

The Executive Team

The Executive Team review all data reported in the Annual Performance Report towards the end of May. This is also attended by Jacobs and the Business Assurance team. Members of the Regulation team and selected data owners (and/or their managers) are also present. For each performance commitment and data table, a summary containing current year’s performance, historical performance and data owners’ and Jacob’s/KPMG’s issues is produced and forms the basis of discussions. Key judgements and material assumptions are reviewed.

The Audit Committee

During 2020/2021 the Audit Committee received and reviewed the Company’s key regulatory submissions and assurance processes relating to:

- the Annual Performance Report, and draft Assurance Reports from Jacobs and KPMG. At the same time the Committee received the Company’s annual Risk and Compliance Statement (and associated Ring-Fencing Certificate), and draft Assurance Report from Jacobs, together with the Internal Controls paper from the Executive, and
- the publication of our Charging Schemes for 2021/2022.

The Board received feedback from the Audit Committee on the assurance processes followed for the 2020/21 Annual Performance Report, together with the updates from Jacobs and KPMG, in advance of the Board’s formal approval of the Annual Performance Report prior to publication in July 2021.

The Audit Committee applied a similar process in reviewing the assurance process that underpinned the Board’s approval of the Company’s Charging Schemes for 2021/22 in December 2020.

The Audit Committee reviewed financial performance in detail at the half year and year end (financial statements) and received regular reports from the Group’s external auditors, KPMG and the Company’s Group Financial Controller in relation to accounting treatments.

The Audit Committee recommended that the financial statements be approved by the Board, it also confirmed, in respect of the 2020/21 Annual Report and Accounts, that it was fair, balanced and understandable.

Both the Audit Committee and the Board review the overall process, the operation of the systems of internal and external controls and reviewed the key judgements required in compiling the Annual Performance Report.

The Audit Committee and the Board make appropriate enquiries of the Executive Team and the relevant experienced colleagues involved, in particular the Director of Strategy and Regulation and also the Technical Auditor and the independent financial auditor.

Appendix 2 – ‘At a Glance’ – Schedule documenting where individual elements of this report can be found.

| Individual elements of this report. | Annual Performance Report (APR) | Risk & Compliance Statement | Annual Report & Accounts | Data Assurance Summary | Accounting Methodology Statement |
|--|--|-----------------------------|--------------------------|--------------------------|----------------------------------|
| Please click on relevant Hyperlinks to open document. | Hyper link | Hyper link | Hyper link | Hyper link | Hyper link |
| <p><u>Annual Performance Report – Parts 1, 2, 3 and 4 to 9.</u> A report which provides specific information on progress on delivery of customer outcomes, service levels, transparent cost information and financial performance.</p> | <u>√</u> | | | <u>√</u> | |
| <p><u>A Risk and Compliance Statement.</u> – Which confirms that the Board has:</p> <ul style="list-style-type: none"> • a full understanding of, and is meeting, all its relevant statutory, licence and regulatory obligations and has taken steps to understand and meet customer expectations; • satisfied itself that it has sufficient processes and internal systems of control to fully meet its obligations; and • appropriate systems and processes in place to allow it to identify, manage, mitigate and review its risks. | | <u>√</u> | | | |
| <p><u>A Data Assurance Summary.</u> A standalone report that highlights the results of the data assurance that we have carried out to evidence that the information provided is accurate.</p> | | | | <u>√</u> | |
| <p><u>Board statement on accuracy and completeness of data</u> One of the obligations, outlined in Regulatory Accounting Guideline 3.12 is for the Board to prepare a Statement on the accuracy and completeness of data and information. (RAG 3.12 section 4.41 to 4.44)</p> | <u>√</u> APR Overview Page 4 <u>√</u> APR Parts 4 - 9 Page 66 | | | | |
| <p><u>Company Performance and Direction Statement</u> A short annual statement explaining how we are delivering for everybody who depends on our services and how we have set our aspirations.</p> | <u>√</u> APR Parts 4 - 9 Page 59 | | | | |

| Individual elements of this report. | Annual Performance Report (APR) | Risk & Compliance Statement | Annual Report & Accounts | Data Assurance Summary | Accounting Methodology Statement |
|--|---|-----------------------------|-------------------------------|------------------------|----------------------------------|
| Please click on relevant Hyperlinks to open document. | Hyper link | Hyper link | Hyper link | Hyper link | Hyper link |
| Ring-fencing certificate The Ring-Fencing Certificate (“RFC”) is a certificate stating that in the opinion of the Board the Company has sufficient resources to enable it to carry out its Regulated Activities, for at least the twelve-month period following the date on which the Certificate is submitted to Ofwat. (RAG 3.12 section 3.27 to 3.29) | √ APR Parts 4 - 9 Page 47 | | | | |
| Accounting Statements | | | | | |
| Pro forma tables prepared in accordance with the formats, accounting policies and principles which apply to the statutory annual accounts of appointee. (RAG 3.12-section 2.2 to 2.3) | √ APR Tables | | | | |
| Publication of accounting statements – companies should submit the following documents: <ul style="list-style-type: none"> - ultimate UK holding company accounts - annual performance report including regulatory accounting statements; and - statutory accounts (RAG 3.12 section 2.4 to 2.7) | √ APR Parts 1, 2 & 4 to 9 | | √ | | |
| Website publications – companies should publish the annual performance report on their website and accounting methodology statement. Also provide historic APRs on their website. RAG 3.12 section 2.8 to 2.11) | √ | | | √ | √ |
| Audit – Auditors’ report and further information required from auditors. RAG 3.12 section 2.12 to 2.15) | √ APR Part 1, Page 11 | | √ Page 154 | | |
| Accounting Disclosures | | | | | |
| a statement which describes the link between directors’ pay and standards of performance (as required by section 35A of the Water Industry Act 1991 (inserted into that Act by section 50 of the Water Act 2003) (RAG 3.12 section 3.2 to 3.8) | √ APR Part 1, page 3 √ APR Parts 4-9, page 132 | √ | √ Page 130 | | |
| a statement as to disclosure of information to auditors (RAG 3.12 section 3.9 to 3.10) | √ APR Part 1, page 3 | √ | √ Page 150 | | |

| Individual elements of this report. | Annual Performance Report (APR) | Risk & Compliance Statement | Annual Report & Accounts | Data Assurance Summary | Accounting Methodology Statement |
|--|---|--|-------------------------------------|-------------------------------|---|
| Please click on relevant Hyperlinks to open document. | Hyper link | Hyper link | Hyper link | Hyper link | Hyper link |
| a statement on dividend policy for the appointed business (RAG 3.12 section 3.11 to 3.18) | √ APR Part 1, page 3 | √ | √ Page 65 | | |
| an accounting policy note for price control segments (RAG 3.12 section 3.19) | √ APR Part 2, page 2 | | √ Page 178 | | |
| a note on revenue recognition (RAG 3.12 section 3.20) | √ APR Part 4-9, page 94 | | √ Page 170 | | |
| a note on capitalisation policy (RAG 3.12 section 3.21) | √ APR Parts 4-9, page 97 | | | | |
| a note on bad debt policy (RAG 3.12 section 3.22 to 3.25) | √ APR Parts 4-9, page 95 | | | | |
| a statement on sufficiency of non-financial resources (RAG 3.12 section 3.26) | √ APR Parts 1, page 4 | √ | | | |
| the tax strategy for the appointed business (RAG 3.12 section 3.30 – 3.31) | √ APR Parts 4-9, page 121 | | √ Page 64 | | |
| a statement on differences between statutory and RAG definitions (RAG 3.12 section 3.32 to 3.33) | √ APR Parts 4-9, page 104 | | | | |
| a long term viability statement (RAG 3.12 section 3.34 to 3.37) | √ APR Parts 4-9, page 124 | √ | √ Page 74 | | |
| a statement explaining out/under performance of the return on regulatory equity (RORE) (RAG 3.12 section 3.38). | √ APR Parts 4-9, page 114 | | | | |
| Infrastructure charges – A statement which explains the variance between revenue costs arising from providing infrastructure network reinforcement for developers, which is proportionate to its value. (RAG 3.12 section 3.39). | √ APR Parts 4-9, page 99 | | | | |
| Innovation competition – A breakdown of innovation competition spend. (Rag 3.12 section 3.40 to 3.42) | √ APR Part 1, page 8 √ APR Parts 4-9, page 105 | | | | |

| Individual elements of this report. | Annual Performance Report (APR) | Risk & Compliance Statement | Annual Report & Accounts | Data Assurance Summary | Accounting Methodology Statement |
|--|---|-----------------------------|------------------------------|------------------------|----------------------------------|
| Please click on relevant Hyperlinks to open document. | Hyper link | Hyper link | Hyper link | Hyper link | Hyper link |
| Narrative disclosures | | | | | |
| <u>Outcomes</u> - narrative disclosures on performance (RAG 3.12 section 4.1 to 4.2) | v APR Part 3 | | v Page 56 | | |
| <u>Totex</u> - narrative disclosures on any difference between the actual and allowed totex values (RAG 3.12 section 4.3 to 4.7) | v APR Part 2, page 3 | | | | |
| <u>Retail</u> – Commentary on material differences between total operating costs reported in pro forma 2C and the retail revenues allowed in price limits. (RAG 3.12 section 4.8 to 4.9) | v APR Part 2, page 4 | | | | |
| <u>Wholesale revenue control reconciliation</u> – Commentary on differences reported in table 2M line 3 and 2M line 8. RAG 3.12 section 4.10 to 4.13) | v APR Part 2, page 18 | | | | |
| <u>Current tax analysis</u> – an analysis of the appointed current tax charge or credit reported in line 1A.12 comparing this to that charge or credit resulting from applying the standard corporation tax rate to the profit or loss on ordinary activities for the appointed business (RAG 3.12 section 4.14 to 4.15) | v APR Parts 4-9, page 117 | | | | |
| <u>Current tax reconciliation</u> - a reconciliation of the appointed current tax charge (RAG 3.12 section 4.16 to 4.17) | v APR Parts 4-9, page 118 | | | | |
| Interest - Analysis of the appointed interest expense reported in 1A.7 and the appointed other interest reported in 1A.8 (RAG 3.12 section 4.19 to 4.20) | v APR Part 1, page 18 | | | | |
| Financial flows – Information on the financial flows and supporting commentary (RAG 3.12 section 4.21 to 4.22) | v APR Part 1, page 29 | | | | |
| Narrative on costs – Companies to provide various commentaries (RAG 3.12 section 4.23 to 4.31) | v APR Parts 4-9, Pages 22-45 | | | | |
| Supply-demand balance and metering – Companies to provide details of their expenditure in the areas of long term improvements to supply-demand balance and strategic regional water resource solutions (RAG 3.12 section 4.23 to 4.31) | v APR Parts 4-9, page 22 | | | | |

| Individual elements of this report. | Annual Performance Report (APR) | Risk & Compliance Statement | Annual Report & Accounts | Data Assurance Summary | Accounting Methodology Statement |
|--|--|--|-------------------------------------|-------------------------------|---|
| Please click on relevant Hyperlinks to open document. | Hyper link | Hyper link | Hyper link | Hyper link | Hyper link |
| Analysis of debt – companies to provide reconciliation explaining any reason for differences between table 1E and 4B (RAG 3.12 section 4.23 to 4.31) | √ APR Part 1, page 27 √ APR Parts 4-9, page 6 | | | | |
| Common Performance Measures – reason for any non-compliance for the reporting year (RAG 3.12 section 4.40) | √ APR Part 3, page 11 | | | | |
| Return on regulatory equity – Narrative to explain any exceptional items companies have included in its calculation of RORE in line 4H.5. (RAG 3.12 section 4.45) | √ APR Parts 4-9, page 114 | | | | |
| Financial derivatives - (RAG 3.12 section 4.46) | √ APR Parts 4 - 9, page 15 | | | | |
| Social tariffs – Companies should provide a note which highlights the use of social tariffs or other forms of assistance they provide to improve affordability and accessibility for vulnerable customers. (RAG 3.12 section 4.47) | √ APR Part 3, page 54 | | √ Page 12 | | |
| Transactions with associates and the non-appointed business (RAG 3.12 section 6.1 to 6.11) | √ APR Parts 4-9, page 109 | | | | |
| an Accounting Methodology Statement (RAG 3.12 appendix 2). | | | | | √ |
| Bioresource market information. | | | | | |
| Publication of our bioresources market information and Bioresource market monitoring information on our website. | Bioresources market information | | | √ Page 19 | |
| ODI – In period reconciliation (IN 21/01) | Submitted to Ofwat alongside APR | | | | |
| Reporting on and accounting for the impacts of Covid-19 (IN 21/01) | √ APR Part 3 | | √ | | |
| Ring fencing certificates and long-term viability statements (IN 21/01) | √ APR Parts 4 to 9 | √ | √ | | |
| Accounting for sludge liquor costs (IN 21/01) | √ APR Parts 4 to 9 | | | | √ |

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|--|---------------------------------------|-----------------------------|-------------------------------|------------------------------|----------------------------------|
| Please click on relevant Hyperlinks to open document. | Hyper link | Hyper link | Hyper link | Hyper link | Hyper link |
| Greenhouse gas emissions (IN 21/01) | | | v Page 90 | | |
| Un-invoiced revenue in the event of a business retailer failure (IN 21/01) | | | | | |
| Requirements and expectations for ring-fencing certificate (IN 20/01) | v APR Parts 4 to 9 | v | v | | |
| Further guidance on reporting of greenhouse gas emissions (IN 21/02) | | | v Page 90 | | |
| Reporting of sludge liquor treatment costs – final decisions | v APR Parts 4 to 9 | | | | v |
| Board leadership, transparency and governance A demonstration through our annual reporting on how we are meeting our Board leadership and governance principles. | | | v Page 105 | v Page 20 | |

Please also see ‘Our Assurance Framework’ webpage where all the Annual Performance Reports for the last three years are listed along with our Final Assurance Plan. [Link to Our Assurance Framework.](#)