



Dŵr Cymru  
Welsh Water

# Overview

## Final Assurance Plan 2018/19

March 2019

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## Who we are

Dŵr Cymru Welsh Water (DCWW) is the sixth largest of the eleven 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.

## Our aim

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

**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.



## Why we assure our data

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



## Our Final Assurance Plan

Our Final Assurance Plan sets out the actions we believe are necessary to address any of the risks and weaknesses we have identified. We have taken on board the consultation feedback received following the publication in November 2018 of our statements of risks, strengths and weaknesses and listened to stakeholder's views on our draft assurance plan by incorporating some new areas into this Final Assurance Plan.

## Our assurance framework

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



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

## Ofwat categorisation

Each year, Ofwat categorises companies into either self-assurance, targeted or prescribed. In January 2019 we were **promoted** to the **self-assurance category**.

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*“Dŵr Cymru has demonstrated the consistently high standards required for a “self-assurance” company and met the criteria to be promoted to the self-assurance category. We have looked at how well the company has performed against the expectations we have set for each of our assessments.”*

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Ofwat has concluded that we are able to deliver accurate and reliable information that gives stakeholders trust and confidence. Our aspiration is to retain the self-assurance status.

## What our stakeholders said

### Customer Challenge Group

*“I continue to be impressed by the rigour of the processes in place to assure the accuracy of data that underpins the company’s performance reporting. This is essential in meeting the company’s vision of “earning the trust of customers every day”. I also very much welcome the overview summary which provides an accessible format for customers and stakeholders to understand and have confidence in the governance of the reporting framework.”*

### Ofwat

*“The company’s assurance plan exceeded our expectations. The company has produced a strong assurance plan drawn from the risks, strengths and weaknesses exercise. There is an extensive outline of how stakeholders’ and consumers’ opinions have helped identify the targeted areas that require assurance. The three lines of defence table sets out the activities performed under each line, namely risks and controls, oversight functions and independent assurance. The eleven targeted areas are each thoroughly described in terms of the various assurance procedures applied. The plan also updates the principles of effective governance, transparency and public accountability and company” culture. A table in the appendix clearly sets out what has changed in terms of targeted areas from the prior year, with good explanation and justification.”*

## What we are including in our 2018/19 plan

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

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

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

### Annual Performance Report (APR)

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

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

### Performance Measures

In April 2015, we introduced our new Outcome Delivery Incentive Scheme. It provides a comprehensive suite of measures, both financial and non-financial, designed to challenge us to meet the expectations of customers in every respect and on every occasion, and to ensure that they are properly compensated where we fall short.

### Segmental Reporting

2015/16 was the start of a new price control period and we have separate price controls for wholesale (water and wastewater) and retail (household and non-household). With the introduction of greater competition, we want to ensure our customers and stakeholders can remain confident that costs are reflected properly in their charges and allocated correctly.

### Website Publications

There is an ongoing development of our website and we will take every opportunity to ensure that it continues to be a reliable platform for our customers and stakeholders to obtain information on aspects of our business.



### Bioresources Market Information

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

### Charges Schemes

We are required to publish a number of charges schemes each year in compliance with Licence Condition D and Ofwat's Charges Schemes Rules. These documents set out the company's charges for services provided and the terms and conditions of those charges.

### Water Resource Management Plan and Market Information

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.

Our Plan shows that we are open and transparent when considering supplies of water to us from third parties and support the use of competitive processes. As part of the WRMP consultation process, we published a view of the need and availability of water resources across our supply area on our website.

We have received direction from Welsh Government to publish our [Final WRMP19](#) which is now available on our website.

### Statutory Financial Reporting

The preparation of statutory accounts is a legal requirement and we also publish interim financial statements. Within our group Annual Report and Accounts we communicate our strategy, governance and performance, set within the context of our strategic objectives. We also report on the outcome of our financial resilience assessment in our long-term viability statement.

Our Annual Report and Accounts are published on our website in July each year, and our Interim Statements in November.

### Payment Policies, Practices and Performance

The Department for Business Energy and Industrial Strategy outlined in its October 2017 report that every year, thousands of businesses experience severe administrative and financial burdens, simply because they are not paid on time. Our financial systems and procedures are configured to ensure that we pay all approved invoices within our agreed payment terms.

### Natural Resources Wales – Compliance Tables

DCWW provide data to Natural Resources Wales (NRW) and the Environment Agency which is then used to complete the annual Compliance Tables.

The Compliance Tables contain information about the performance of our wastewater treatment works against their discharge permit. Each wastewater treatment work has a permit issued by NRW and EA which regulates the quality of wastewater the company is allowed to discharge into rivers and coastal waters. The Tables also contain details of any pollution incidents.



### Customer Engagement

We ensure that data and information that is used to inform any customer research is derived from a reliable and accurate source and also that it processed correctly. In the last 12 months there was significant activity as we prepared for the price review. We also undertake “business as usual” customer research, including surveys to establish customer trust levels and awareness of our “not for profit” status.

### Our Priority Services for Vulnerable Customers

We want to make sure that we always give the best service possible to all of our customers. If customers have a particular requirement due to their age, health, medical condition or extra communication requirements, we ask them to register for Priority Services so that we can help adapt our services to meet their needs. We have a ‘Priority Services’ booklet that explains what is available, how we can help and how to apply.



### CCWater Reporting

CCWater publish a range of reports on company performance, and to assist them, we and other companies supply them with performance data. We therefore ensure that the data we provide follows the same high level of assurance that we provide to all of our other regulators.



### Price Review 2019 Business Plan

Every five years, Ofwat sets limits on the prices which water companies in England and Wales can charge to their customers. This process is known as a price review. Ofwat is currently working on the price review for 2019 (called PR19) and this will set the price control for companies for the period 2020 to 2025, i.e. the price and service package that customers receive.

We have implemented a programme of assurance activities to review our approach to developing the Business Plan.

### Corporate Resilience

Whilst resilience has always been important to us, we have for the first time included corporate resilience within our draft assurance plan. Corporate resilience can be summarised as:

*“The ability of an organisation’s governance, accountability and assurance processes to help avoid, cope with and recover from, disruption of all types; and to anticipate trends and variability in its business operations”.*

### Financial Resilience

Glas Cymru has one of the strongest credit ratings in the water sector, reflecting the group’s high level of credit worthiness. Any data provided to our investors is subject to our full assurance process.



### General Data Protection Regulation (GDPR)

Our business holds a huge amount of personal information about our customers and colleagues. The coming into force of the General Data Protection Regulation (GDPR) and Data Protection Act 2018 on 25 May last year meant that we had to make some changes to the way we handle personal information of our customers and colleagues, including changes to systems and controls.

### Board Leadership Transparency and Governance

Ofwat introduced the board leadership, transparency and governance principles and complementary principles for holding companies in 2014. Since the 2014 principles were introduced, Ofwat consider there have been some improvements in the governance arrangements of companies, but developments in the sector and wider economy have reinforced the important role of effective corporate governance and strong board leadership in driving high standards and securing the proper discharge of regulated water companies' functions.

Ofwat published revised principles in January 2019.

### Gender Pay Gap

The gender pay gap or gender wage gap is the average difference between the remuneration for men and women who are working. Women are generally paid less than men within the UK, although this could be attributable to a higher proportion of women choose occupations that offer less financial reward (e.g. administration).

Companies like DCWW who are large employers are required to publish their gender pay gap and gender bonus gap.

### Final Assurance Plan

For those customers and stakeholders that would like to see further detail of the [Final Assurance Plan](#), this is available on our website.

### Next Steps

We will publish a summary of the outcome of this assurance activity alongside our APR in July 2019.

The outcome of our 2018/19 assurance activity will inform the Statement of Risks, Strengths and Weaknesses and Draft Assurance Plan for 2019 that will be published in the autumn.

It is important that we continue to review what information our customers and other stakeholders want and need. We also need to continue with our proportionate and transparent approach to the data assurance activities we carry out to give confidence to our customers and stakeholders in the information we publish. To these ends we will continue with our commitment to ensure there is regular and effective engagement with our stakeholders.