



Dŵr Cymru  
Welsh Water

## Overview

# Statement of Risks, Strengths and Weaknesses and Draft Assurance Plan 2019/20

November 2019

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## Who we are

Dŵr Cymru Welsh Water (DCWW) is the sixth largest of the 11 regulated water and wastewater companies in England and Wales. DCWW is unique among utility companies in the UK – we are owned by Glas Cymru Cyfyngedig, a ‘not-for-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.



**EXCELLENCE**  
in everything  
we do

**HONEST**  
with everyone

**OPEN**  
to new ideas

**PROUD**  
to put  
customers  
first

**TRUSTED**  
to do the  
right thing

**SAFE**  
at all times

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## Why we assure our data

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



## Our Draft Assurance Plan

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

## Our assurance framework

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



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

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### Stakeholder engagement

Last year we engaged proactively with a range of key stakeholders, arranging meetings and conference calls where appropriate, as well as preparing presentation packs outlining our data assurance framework.



This year we are continuing to engage with our key stakeholders. We have also published our Risks, Strengths and Weaknesses and Draft Assurance Plan consultation on our website to encourage our customers to give us their thoughts.

### Promotion to self-assurance category

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

#### Ofwat

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

Ofwat announced in August 2019 that they will not publish further CMF assessments, but they will continue to scrutinise and challenge companies’ approaches to data quality and assurance of their performance reporting.

Ofwat consider that companies in the self-assurance category have demonstrated that customers and other stakeholders can place trust and confidence in the information that they provide. Consequently, Ofwat had fewer requirements in providing assurance. However, we will continue to strive for best practice in our assurance arrangements, and will have due regard to Ofwat’s guidance in their “Company monitoring framework – final position 2018” document.

As a result we have taken the decision that even though we were promoted to the self-assurance category we will continue to adopt the same robust and transparent assurance processes that have served us so well over the past few years.

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### What we propose to include in our 2019/20 Plan

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

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

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

#### 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.

#### 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.

#### 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.

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### 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.

On 14 September 2018 we submitted our revised draft WRMP19 and associated Statement of Response, setting out the changes we had made to our Plan in response to the comments received. We received direction from Welsh Government on 8 March 2019 to publish our [Final WRMP19](#) and this is available on our website.

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### 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.

### Natural Resources Wales – Compliance Tables

DCWW provide data to Natural Resources Wales (NRW) and the Environment Agency (EA) 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.

### 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.



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### 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 is processed correctly. We undertake “business as usual” customer research, including surveys to establish customer trust levels and awareness of our “not for profit” status. We also develop bespoke projects as the business requests.

### 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.



### 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.



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### 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 GDPR and Data Protection Act 2018 on 25 May 2018 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.

### Corporate Resilience

Strong corporate governance underpins the values set by the Board, and supports the decision making framework of the Group. Ofwat has developed a set of principles that represents the minimum standards for Board leadership, transparency and governance. Our Governance Report is contained within the Annual Report.

### Financial Resilience

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



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### Gender Pay Gap

The gender pay gap is the average difference between the remuneration for men and women who are working. At DCWW, we believe in creating a workforce that is truly diverse and gender-balanced and fully reflects the customers and communities we serve. Companies like DCWW who are large employers are required to publish their gender pay gap and gender bonus gap.

### Annual Report and Accounts

This is an annual report which allows stakeholders to assess our business model, strategy, operation of our business, including its governance, and our results and financial performance, set within the context of our strategic objectives. Our Annual Report and Accounts is published on our website in July each year, and our half-yearly Interim Report is published in November each year.

### Board Leadership Transparency and Governance

In January 2019 Ofwat published its board leadership, transparency and governance principles. When Ofwat refer to “the principles” they mean the overarching objectives, guiding provisions and their overall approach to assessing compliance. Our License requires us to comply with these objectives. As we are not a listed company we are not obliged to comply with the UK Corporate Governance Code, but we do so voluntarily as far as it is applicable given our ownership model.

### 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 and with that in mind, we have worked with data owners to produce detailed Methodology Statements for all of our Performance Measures, CCWater Reports and the individual lines of data reported within our Annual Performance Report.

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### Operator Self-Monitoring (OSM)

Following a lengthy investigation Ofwat recently concluded that a water company in England had deliberately misreported data to them about the performance of its Waste Water Treatment Works. Ofwat also concluded that the company had failed to have adequate systems of planning, governance and internal controls in place to be able to manage its wastewater treatment works and also failed to accurately report information about the performance of these works.

The public's trust in the water sector depends on companies behaving with integrity, honesty and transparency and nurturing a strong public service ethos throughout. Ofwat wrote to every company stating that no company could afford to be complacent in this area.

Our vision is to earn the trust of our customers every day. We are conscious of the risk that poor practices at other water companies could unfortunately colour the views of our own customers.

### Customer Satisfaction

Our aim is to give the best possible service to all of our customers. Ofwat have introduced new measures of experience for both Customers and Developers and have made changes to the surveys for Business Customer Satisfaction. In order to prepare for this change, we felt it important to include these areas within our Assurance Plan this year as we will be reporting these three customer satisfaction measures within our APR for 2019/20.

### Next steps

We welcome customer and stakeholder comments on our Draft Assurance Plan by 10 January 2020. Our main consultation document can be found [here](#).

We will reply to all responses that we receive and explain what actions we have taken to address the comments submitted. We will use any feedback received to inform our Final Assurance Plan that we will publish in March 2020.

