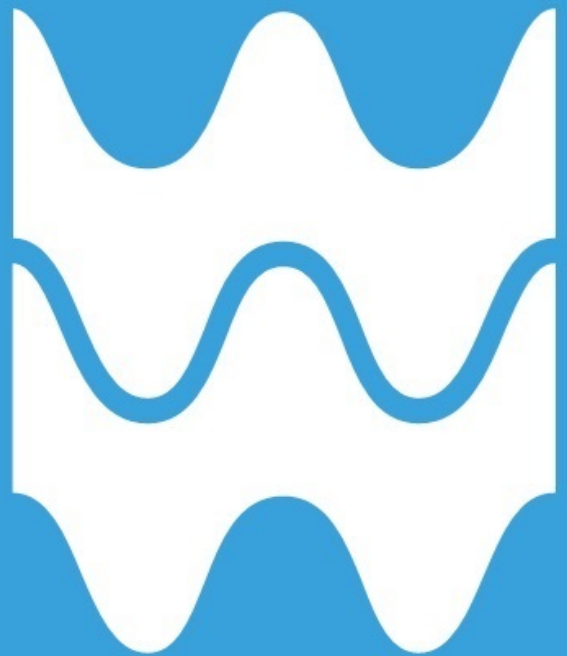


# AMP8 Assurance Plan

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Dŵr Cymru  
Welsh Water

APRIL 2025



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# 1. Welcome

## We are Welsh Water

We provide water and wastewater treatment services in most of Wales and parts of England. Unlike the other water and wastewater companies in England and Wales, Welsh Water has no shareholders. We do not pay any dividends, and so are not driven by demands for profit growth. Any surpluses we generate are reinvested in the business to support our current and long-term objectives of providing the best-value outcomes, for the benefit of our customers, our communities and the environment.

We act in the best interests of our customers and regularly communicate with all stakeholders to understand their needs and priorities. This allows us to incorporate their important considerations into our plans and activities.

Transparency with our stakeholders is crucial for delivering our vision of earning customer trust daily. We have an ambitious AMP8 plan with £6 billion in total expenditure, supported by challenging targets to achieve the best outcomes for our customers. This AMP8 assurance plan outlines the strong governance we will implement to ensure accurate reporting and commitment delivery.

## A single clear purpose

Our purpose is to provide high quality and better value drinking water and environmental services so as to enhance the well-being of its customers and the communities it serves, both now and for generations to come

In recent years, the water sector in England and Wales has faced considerable scrutiny due to evolving customer expectations, stricter environmental regulations, and the increasing challenges posed by climate change on aging infrastructure. Companies have endeavoured to address these issues while ensuring that bills remain affordable amidst a cost-of-living crisis.

Our clear Purpose and our not-for-shareholder status provide us with a single-minded focus on applying all our available resources to meet the needs of our customers and contributing to the communities of which we are an integral part as a provider of essential utilities.



## Success through our culture

We take great pride in the work we do and the customer services we provide. Our culture is driven by our Vision, which is 'to earn the trust of our customers every day', and is underpinned by our Values. Our clear Purpose helps us focus on delivering the best outcomes for our customers and the environment.

### Our Values



We are always striving to do a better job, and we do it through learning, innovating, embracing change, and sharing best practices internally and with other organisations.

To help achieve this, we have clearly defined plans, driven by measurable targets. To deliver these plans, we rely on our people, who have the highest levels of motivation, engagement, and a strong desire to 'do the right thing'.

We aim to always be clear when something has not gone right, to recognise where we are not achieving as we should, and to develop clear plans to do better.

We recognise the value of diversity of thinking within our organisation. It is why we do all we can to promote and encourage a more diverse workforce, attracting the best people and reflecting the communities we serve.

Our culture supports the delivery of our strategies. It is inherent in our culture to listen to customers and other stakeholders to understand their evolving needs, modify our strategy and plans as appropriate, and apply our culture and Values to meet those needs, now and in the future.

## 2. About this document

Over the course of the AMP, we will publish a range of information on the services we provide and our performance against key targets, including those contained within Ofwat's 2024 Final Determination. Building and maintaining a high level of customer trust and confidence is of paramount importance. We therefore have in place robust assurance arrangements to ensure that the information we publish is reliable and accurate and that we are providing the level of information and delivering the level of service that our customers expect.

Assurance is integral to the work that we do and, as we continue to engage with our key stakeholders, we will use their feedback to tailor our assurance activities to match their expectations.

The purpose of this document is to set out our assurance framework and demonstrate the robust and transparent processes we have in place for our key AMP8 reports and other areas that we feel are important to our stakeholders. There are several areas of focus for our assurance plans which we have set out in detail within this document:

- The Annual Performance Report
- Performance Commitments (PCs)
- Price Control Deliverables (PCDs)
- Annual Report and Financial Statements
- Tariffs and Charges
- Regulatory Investigations and Undertakings
- Water Resources Management Plan and Regional Plan
- Drainage and Wastewater Management Plan
- Direct Procurement for Customers

We welcome feedback from our customers and stakeholders on our Assurance Plan and this can be sent to: [EconomicRegulationWSH@dwrcymru.com](mailto:EconomicRegulationWSH@dwrcymru.com)

## 3. Our approach to assurance

At Welsh Water, we understand the importance of maintaining trust and confidence among our customers and stakeholders regarding the information we report and the services we provide. We strive to ensure our documents are written in a format that our customers and stakeholders can easily understand. Within the business, we have well-established governance and accountability processes to ensure the accuracy of the information we publish.

Our assurance processes ensure we are:

1. **Providing appropriate strategic oversight** - the Board, Audit Committee, Quality and Safety Committee, and the Dŵr Cymru Executive (DCE) scrutinise the assurance processes, with additional challenges provided by the Independent Challenge Group (ICG).
2. **Applying effective risk management** - we rigorously implement a three lines of defence model to help guarantee the accuracy of data and information.
3. **Promoting transparency with stakeholders** - we ensure accountability by actively publishing accessible documents and adhering to open data principles to enhance transparency with stakeholders.
4. **Demonstrating service delivery and compliance** - our documents clearly show how we are meeting our commitments and compliance requirements, highlighting our service delivery and performance.

We have provided more details on these components below.

### Providing strategic oversight

Strong personal and collective ownership ensures accurate information and allows accountability. Performance is regularly reported to the Dŵr Cymru Executive (DCE) and Board, as well as the Independent Challenge Group (ICG) and CCW, reinforcing this culture of ownership and accountability.

Every year, we refresh our compliance framework to ensure individual accountabilities are linked to our regulatory and statutory obligations. For example, we also operate a rigorous sign-off process for regulatory data in the Annual Performance Report (APR), including sign-offs by the data owner, the responsible senior manager (where appropriate), and the accountable director. This complements our Board governance arrangements.

We continue to review our governance arrangements to ensure compliance with our Licence Obligations and the UK Corporate Governance Code. Specifically, we ensure that these arrangements reflect our performance reporting principles and deliver:

- Transparency in our reporting to meet or exceed the standards set out in our Licence and the UK Corporate Governance Code Financial Conduct Authority's Disclosure and Transparency Rules;
- Appropriate challenge by our Board, ensuring they have the right balance of skills, experience, independence, and knowledge of the Company.

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

- The Board's role is to meet its obligations to the Company's stakeholders. It reviews performance in light of the Company's strategic objectives and business plan commitments, ensuring that any necessary corrective action is taken.
- The Board's Audit Committee assists the Board in discharging its responsibilities for the integrity of the Company's financial statements, the assessment and effectiveness of internal controls for both financial and non-financial data, and the effectiveness of internal and external auditors.
- The Dŵr Cymru Executive team (DCE) is responsible for implementing the strategy agreed by the Board to achieve the Company's medium and long-term objectives and to deliver the required operational performance targets in accordance with an established risk management framework, compliance policies, internal control systems and reporting requirements.
- The Independent Challenge Group (ICG) provides independent external challenge of both our performance against our commitments and any supporting information we provide on it.

### Applying effective risk management

Underpinning our assurance framework is our approach to managing risk. We have a well-established risk management process that identifies, assesses, and manages our risks. This helps us prioritise our assurance on the areas of greatest risk and adopt control processes to reduce the likelihood of those risks materialising.

All colleagues play a part in risk management. Individual teams within the business are responsible for managing risks within their areas. The Business Area Risk Registers are reviewed quarterly by the Dŵr Cymru Executive (DCE). The DCE update on strategic risks affecting the business is reviewed at every Board meeting.

We also have robust financial control monitoring processes to ensure our key financial controls are operating effectively and that we can trust the financial information produced by our accounting system.

Finally, our Integrated Management System, which is certified to various ISO Standards, reinforces the management of risks and opportunities associated with many areas of our business and ensures compliance with regulatory and legislative obligations.



### Promoting transparency with stakeholders

Our Vision is to earn the trust of our customers every day, and we are committed to being open and honest in all our communications and performance reporting. All communications are based on transparency, integrity, accessibility, and timeliness. Our information and reports go through many levels of checks before they are included in our core publications, including peer reviews, senior manager approval, and review by the Dŵr Cymru Executive (DCE) or the Board as required. Transparency with stakeholders fosters trust and accountability, ensuring that all operations align with regulatory and community expectations.

We aim to publish information in a manner that aligns with the principles of Open Data, as outlined in our [Open Data Strategy](#). This includes consolidating and publishing all our historical Annual Performance Data into a single, machine-readable table that is accessible to a wide audience. Through our commitment to Open Data, we strive to drive innovation, enhance transparency, and achieve significant financial benefits, thereby improving collaboration and efficiency.

### Demonstrating service delivery and compliance

At Welsh Water, we are committed to delivering high levels of service and meeting our compliance requirements. Our documents provide detailed insights into progress against meeting our commitments, detailing our historic performance and outlining our future plans. As part of this, we showcase our progress and achievements, but also actively identify and call-out any shortcomings in our performance and delivery. This approach not only helps us to continuously improve but also ensures that we remain accountable and responsive to the needs of our customers and regulatory bodies.

Compliance is a cornerstone of our operations at Welsh Water. We adhere to all relevant regulatory standards and guidelines to ensure our services are safe, reliable, and of the highest quality. Our documents highlight our compliance efforts, detailing the measures we take to meet regulatory requirements and the rigorous processes we have in place to monitor and report on our performance.

By clearly showing how we meet our commitments and compliance requirements, our documents enhance stakeholder confidence. They provide assurance that Welsh Water is a reliable and responsible service provider, committed to delivering high-quality services while maintaining strict compliance with regulatory standards. This transparency builds trust and fosters a collaborative relationship with our stakeholders, ensuring we remain accountable and responsive to their needs.

#### Strengthening our framework through people and culture

The company's culture is defined by its values and the knowledge, skills, and attitudes of its colleagues. The company aims to earn customer trust daily. It is essential to act responsibly both legally and generally in our professional lives. The company invests in internal development schemes to equip colleagues with the necessary tools for their jobs.

Open communication is encouraged and expected at all levels within the organisation. The smarter ways of working program promotes open communication flow. The company's culture, based on shared values and beliefs, is integral to the data assurance process, ensuring adherence to high standards of information quality. Maintaining a positive culture is important because:

- Everyone is aware of the expectations regarding high quality information.
- A positive corporate culture reduces the likelihood of errors as individuals work accurately and thoroughly.
- Cultural controls are embedded within the information-reporting process.
- Culture is continuous and permanent, unlike periodic or occasional other controls.
- Employees know they can be honest about data errors.

#### Building trust through our corporate governance

Corporate governance comprises rules, practices, and processes established to run the business effectively, meet legal and regulatory obligations, and manage risks. Good governance is fundamental to building customer and stakeholder trust and aiding effective decision-making.

Culture focuses more on actions than rules. The Code of Conduct serves as a baseline, while the actual culture is reflected through actions. The Corporate Behaviours Framework and Code of Conduct encourage colleagues to raise concerns and suggest improvements to enhance data quality. The Whistle Blowing procedure outlines the options available for reporting concerns.



## 4. Significant areas of assurance

### 4.1 Annual Performance Reporting

#### Why is it important?

Ofwat, requires all water companies to publish the Annual Performance Report (APR) each year. This report contains detailed information and data that allow customers and stakeholders to review the company's performance and make comparisons with other companies in the sector.

The APR includes a variety of data points, such as financial information, performance against regulatory commitments, and other key metrics. It provides transparency and accountability, showing how we are delivering for our customers, the environment, and wider society. The report is essential for demonstrating compliance with regulatory requirements and for maintaining the trust of customers and stakeholders.

Good assurance on the APR submission is vital because it ensures the accuracy and reliability of the data reported. This helps to maintain the company's credibility and supports informed decision-making by stakeholders.

#### Assurance plan

We are committed to ensuring the accuracy and reliability of our Annual Performance Reporting (APR) data through a robust assurance process.

Every line of our APR has a dedicated member of staff responsible for producing the reported values in line with Ofwat's Regulatory Accounting Guideline definitions. These staff members develop detailed methodologies that outline the interpretation of the definitions and the processes we undertake to report the data. They also create risk matrices to assess potential risks and implement mitigations to ensure accurate and timely data. Additionally, they provide commentary explaining the drivers of performance over the past year.

Our assurance plan includes multiple lines of control to ensure data integrity. As part of the first line of assurance, data owners must detail the checks and controls in place and have their data reviewed by a technically able colleague. Their Head of Service must then sign off to confirm that the process has been completed in full.

For the second line of controls, the data and documentation are reviewed by the Regulatory Data and Reporting team. This team ensures that the process has been followed, the data meets the guidance, and there are no clear errors when assessed against historical trends.

Finally, we engage external auditors, Jacobs, to undertake data sampling. They ensure the completeness, reliability, and accuracy of the source data, the robustness of the reported figures, and the appropriateness of the confidence grade assigned. Once this process is complete, the APR is presented to the Audit Committee, which confirms that the process has been followed in full and then recommends the Board to sign off on the APR.

This comprehensive assurance plan is vital for maintaining the trust of our customers and stakeholders, demonstrating our commitment to delivering accurate and reliable performance data.

#### Assurance elements

1st Line Data owner	2nd Line Regulation Team	3rd Line Independent Audit
<ul style="list-style-type: none"> <li>Responsible for producing data and documentation.</li> <li>Peer review of data by colleague.</li> <li>Heads of service sign-off off commentary external PCD reporting will be undertaken, and data and adherence to methodology statement.</li> </ul>	<ul style="list-style-type: none"> <li>Responsible for setting the reporting and assurance framework.</li> <li>Undertake assurance of the data and documentation.</li> </ul>	<ul style="list-style-type: none"> <li>Internal Audit Team assures that APR process has been followed.</li> <li>External Auditors undertake data sampling to ensure the completeness, reliability and accuracy of data.</li> </ul>

## 4.2 Performance Commitments

### Why is it important?

As part of our AMP8 business plan we are targeted to deliver a number of Performance Commitments (PCs) in line with customer and stakeholder priorities. For the upcoming AMP, there are 23 PCs that apply to all water companies. With the exception of River Water Quality, each PC has an associated reward or penalty contingent upon whether the target is met or exceeded. We are required to report our performance against the PCs each year as part of the APR process.

Whilst many of these metrics have continued from AMP7 into AMP8, for some of these metrics there are updates to the reporting requirements and definitions. Further, Ofwat is targeting performance on a total of eight new PCs. We have set out all the PCs in the table below including references to these changes. We also have a new range of rewards and penalties, and Ofwat is now calculating these using a different method compared to AMP7. Therefore, there is an expectation from our customers and stakeholders that we are reporting accurately in line with these changes.

### Assurance plan

We follow the same assurance approach for Performance Commitments (PCs) as set out under 2.1 Annual Regulatory Reporting. Each PC has a specific owner within the business who is responsible for reporting accurate and reliable figures and ensuring that controls are in place. Their submission is reviewed internally by our Regulatory Data & Reporting team before final level 3 assurance is provided by our auditors, Jacobs.

In addition to our year-end audit, we conduct enhanced assurance on the reporting of our PCs. Ahead of year-end reporting, our auditors undertake a number of "deep dive" reviews on a selection of PCs. We prioritise these reviews based on key factors such as the complexity of the data processing and modelling, key changes in the process, any issues identified with previous reporting, and the time elapsed since the last deep dive review.

During these deep dive reviews, our auditors spend more time examining the underlying models, the process followed by the Data Owner, and how this aligns with the guidance. This is different from the year-end audit during the APR period, where the focus is more on data sampling and tracing numbers back to their source.

This enhanced assurance process significantly increases confidence in the accuracy and reliability of our performance data, which is essential for calculating rewards and penalties. This ensures that we fulfil our regulatory commitments and sustain the trust of our stakeholders.

### Assurance elements

1st Line Data owner	2nd Line Regulation Team	3rd Line Independent Audit
<ul style="list-style-type: none"> <li>Data owner responsible for producing data and documentation.</li> <li>Peer review of data by colleague.</li> <li>Heads of service sign-off off commentary external PCD reporting will be undertaken, and data and adherence to methodology statement.</li> </ul>	<ul style="list-style-type: none"> <li>Responsible for setting the reporting and assurance framework.</li> <li>Undertake assurance of the data and documentation.</li> <li>Risk assesses Performance Commitments and review Jacobs audit actions to identify areas for "deep dive" reviews.</li> </ul>	<ul style="list-style-type: none"> <li>Internal Audit Team assures that APR process has been followed.</li> <li>External Auditors Undertake data sampling to ensure the completeness, reliability and accuracy of year-end data, and undertake deep dives on higher risk Performance Commitments.</li> </ul>

## 4.3 Price Control Deliverables

### Why is it important?

Price control deliverables (PCDs) are 'outputs' or 'outcomes' which set out Ofwat's expectations for delivery of improvements funded through (typically) enhancement expenditure allowances. Where companies fail to deliver these outcomes, they are to return funding to customers. PCDs seek to protect customers from companies' failure to deliver improvements, or from delivering them late.

Ofwat's PCD regime for AMP8 therefore seeks to:

- Increase the regulator's oversight of delivery through reporting and assurance.
- Protect customers from failure to deliver improvements by returning funding to them.
- Encourage companies to deliver on-time through the application of time-based incentives.

### PCD delivery plans

We will publish a draft delivery plan in May 2025. Following feedback from Ofwat, an independently assurance final delivery plan will be published in August 2025.

### PCD progress reports

We will publish a PCD progress report on a six-monthly basis. In October/November (covering up to 31st September) and April/May (covering up to 31st March). These progress reports will set out both outturn and forecast data on expenditure and PCD outputs and interim milestones. The six-monthly progress reports are not subject to 3rd party assurance at the point of publication. We will publish a 3rd party independently assured version of April/May report in July of each year, with the first of those to be published in July 2026.

### Assurance plan

We are committed to ensuring the accuracy and reliability of our PCD reporting data through a robust assurance process.

Every PCD has a dedicated data owner responsible for producing the reported outputs/outcome values in line with Ofwat's PCD Reporting and Assurance requirements.

Data owners develop detailed methodologies that outline the interpretation of the definitions and the processes we undertake to report the data. They also document the sources of evidence to support the actual and forecast progress. Additionally, they provide commentary explaining changes to PCD programmes, including substitution of schemes and changes to outputs.

Our assurance plan includes multiple lines of control to the integrity of the reported data. As part of the first line of assurance, data owners must detail the checks and controls in place and have their data reviewed by a technically able colleague. Their Head of Service must then sign off to confirm that the process has been completed in full.

For the second line of controls, the data and documentation are reviewed by the Regulation team. This team ensures that the process has been followed, the data meets the guidance.

Following feedback from Ofwat in June 2025, the delivery plan will be subject to independent 3rd party assurance and published in August 2025.

Progress data and commentary is presented monthly to the relevant programme groups, DCE and Board.

### Assurance elements

1st Line Data owner	2nd Line Regulation Team	3rd Line Independent Audit
<ul style="list-style-type: none"> <li>• Data owner responsible for producing data and documentation.</li> <li>• Peer review of data by colleague.</li> <li>• Heads of service sign-off off commentary and data and adherence to methodology statement.</li> </ul>	<ul style="list-style-type: none"> <li>• Responsible for setting the reporting and assurance framework.</li> <li>• The team review methodology statements and reported data across all PCDs for consistency, and alignment to Ofwat's requirements. Identifying cross cutting issues and dependencies between PCDs.</li> </ul>	<ul style="list-style-type: none"> <li>• Internal audit will periodically audit the appropriateness of the reporting assurance framework and associated controls for PCDs.</li> <li>• Independent 3rd party assurance off all external PCD reporting will be undertaken.</li> </ul>

## 4.4 Annual Report and Financial Statements

### Why is it important?

The Annual Report and Financial Statements provide crucial financial and operational insights into the Company's activities throughout the year, adhering to International Financial Reporting Standards and the Companies Act 2006. This ensures consistency in reporting with other large UK companies. Additionally, in alignment with Ofwat's requirements for Board transparency and leadership, Dŵr Cymru Welsh Water voluntarily applies the UK Corporate Governance Code 2018 as far as possible, given its status as a wholly owned regulated subsidiary of Glas Cymru.

### Assurance plan

The Annual Report and Financial Statements undergo a rigorous internal and external assurance process. Dŵr Cymru Welsh Water has robust financial processes and procedures, subject to extensive management scrutiny, internal review, and independent auditing as part of the Group Internal Audit plan.

The Company's Executive Management and Statutory Board review its financial position and performance monthly, ensuring financial reporting aligns with underlying systems and transactions. Additionally, Deloitte LLP, the external auditor, conducts an annual audit, with the Audit Committee overseeing and reviewing the audit plan. To uphold auditor independence, Deloitte LLP's non-audit services are approved by the Audit Committee, provided they remain within an annual fee cap and do not compromise auditor independence.

Although Dŵr Cymru Welsh Water is not a listed company, it voluntarily complies with the UK Corporate Governance Code, which sets best practices for board leadership, accountability, remuneration, and governance. The Board also confirms that the Annual Report is "fair, balanced, and understandable" following an extensive verification process, alongside an independent review by Deloitte LLP.

### Assurance elements

1st Line Business Leads	2nd Line Regulatory Finance Team	3rd Line Independent Audit
<ul style="list-style-type: none"> <li>Business leads responsible for producing data and documentation.</li> </ul>	<ul style="list-style-type: none"> <li>Responsible for setting the reporting and assurance framework.</li> <li>Monthly review of financial performance and position by the Board.</li> </ul>	<ul style="list-style-type: none"> <li>Internal Audit conducting risk-based audits of financial systems and controls.</li> <li>External Audit, overseen by the Audit Committee.</li> </ul>



## 4.5 Tariffs and Charges

### Why is it important?

Each year we calculate the charges that are paid for water and wastewater services by our 1.4m household and non-household customers. We also calculate wholesale charges that are applied to those customers in the contestable non-household retail market; charges for new connections and developer services; charges for new appointments and variations in our area; and a range of other charges for services we offer, which can be inside or outside of the duties of the regulated business.

Our charges to customers are calculated in line with the allowances set by Ofwat at price reviews, for the period 2025-30 this is the outcome of the 2024 price review, PR24.

We must ensure that our charges comply with our legal and licence requirements, the charging rules and principles set by Ofwat, and other policy decisions made by the company. This includes decisions on the balance of charges between different customer groups, the tariff structures used and our approach to provision of social tariffs for customers who struggle to afford to pay their bill.

With charges increasing through AMP8 and likely to represent a greater proportion of customers' income than previously, it is particularly important that customers and other stakeholders can have confidence that the tariffs have been calculated accurately and subject to rigorous assurance processes.

### Assurance plan

Calculations are made using detailed models that have been developed by individuals with relevant expertise and knowledge of the regulatory and other requirements for charge setting. These models are subject to regular, thorough review through our internal assurance processes and by an external peer reviewer.

A Charges Policy Steering Group meets regularly to review and agree key decisions related to charge setting. Policy decisions and recommendations are escalated to the Executive and Board for approval as appropriate.

The company's external assurance provider carries out audits of the charge setting process at indicative and final stage, and provides a report to the Board on its opinion in relation to compliance with the relevant charges rules.

Charges are approved by the Board, who provide assurance statements accompany charging publications in line with regulatory requirements.

We also engage regularly with CCW to advise of and discuss movements in charges and policies.

The charges assurance plan is subject to review by the Internal Audit function within the company, with the assurance process presented to the Board Audit Committee in advance of approval of charges and assurance statements.

### Assurance elements

1st Line Data owner	2nd Line Policy setting and management oversight	3rd Line Independent Audit
<ul style="list-style-type: none"> <li>Calculations and models are updated by staff with relevant knowledge and expertise.</li> <li>Models are subject to internal review by staff with relevant knowledge and expertise.</li> <li>Models are subject to review by an independent peer reviewer.</li> </ul>	<ul style="list-style-type: none"> <li>Charges policies and outputs are agreed by the Charges Policy Steering Group.</li> <li>Models are reviewed and approved by the responsible senior manager.</li> <li>Charges are reviewed and approved by the responsible Director prior to provision to the Board for approval.</li> </ul>	<ul style="list-style-type: none"> <li>Assurance arrangements are reviewed by the Internal Audit function.</li> <li>The assurance process is approved by the Board's Audit Committee.</li> <li>External assurance is carried out and provided to the Board on the charge setting process.</li> <li>The Board provides a statement of assurance to the regulator for charges publications.</li> </ul>

## 4.6 Regulatory Investigations and undertakings

### Why is it important?

We take our Licence, statutory and regulatory obligations very seriously and as part of that will always prioritise supporting our regulators to review and enforce our activities. This aligns with our principle of transparency.

As an example, during 2022, when our external advisor Jacobs raised questions about the appropriateness of the methodology we used to calculate leakage and per capita consumption (PCC) in our network, we immediately notified Ofwat, investigated ourselves and supported Ofwat's parallel investigation. Ofwat subsequently, issued enforcement action on us, which aligned to our own rectification plans, and assurance over these are a key components of this Plan.

We will apply a similar approach to investigations and any undertakings that are established in AMP 8. Currently, we are supporting Ofwat and EA investigations into flow management activities in our waste network, and we will continue to ensure appropriate assurance over data submissions. With the exception of leakage and PCC undertakings, there are no further undertakings in place.

### Assurance plan

The assurance plan will cover the leakage and PCC undertakings, ensuring all undertakings are completed. As noted above, where other regulatory investigations or undertakings are established, we will assure our submissions to regulators. Currently we do not have any outstanding submissions.

We apply our three lines of defence approach to all regulatory submissions and will include preparation and approval by the first line, second line checking and governance, supported by independent review by internal and/or external auditors. The specific approach will vary dependent on the nature of the submission. The approach to the leakage and PCC undertakings is detailed as an example in the assurance elements section below.

### Assurance elements

1st Line Water Engineering team	2nd Line Regulation team	3rd Line External auditors
<ul style="list-style-type: none"> <li>Data owner responsible for presentation of current performance against actions</li> <li>Provision of evidence to support all progress statements</li> <li>Review and testing of key data components of individual undertaking.</li> <li>Sign-off of data and supporting statements by their Head of Service</li> </ul>	<ul style="list-style-type: none"> <li>Assess supplied Undertaking evidence supports progress statements</li> <li>Review prior Jacobs' audit actions to ensure areas of improvement have been addressed</li> <li>Sign-off readiness for external audit</li> </ul>	<ul style="list-style-type: none"> <li>Review all undertakings and assure their current status</li> <li>Undertake sampling of evidence provided to ensure the reliability and accuracy of data and stated progress</li> <li>Provide detailed feedback and summary assurance statement</li> </ul>

## 4.7 Water Resources Management Plan

### Why is it important?

Water companies must prepare a Water Resources Management Plan (WRMP) to ensure a reliable water supply that meets customer demand over the next 25 years. This plan aims to make water supply systems resilient to drought, considering the impacts of climate change.

Welsh Government, Natural Resources Wales, Ofwat, and the Environment Agency provide guidance for companies submitting the WRMP. The plan incorporates the latest evidence on water demand, resource reliability, environmental legislation, and climate change impacts. It is updated annually and fully revised every five years. Now in its fifth generation, the plan's methods and results are well-established.

In developing our plans, we seek input from government, regulators, stakeholders, and customers to ensure their perspectives are considered. For WRMP24, our regulators also requested that the Dŵr Cymru Board be involved in the plan development and the review of the supporting evidence. In October 2024, the Welsh Government instructed us to publish our Final Plan.

Water Resources West (WRW) is one of five regional groups providing strategic oversight of water resources in the West of England and Wales. The group brings together individual company water resource plans and into the future aims to take a broader view of water resources in the region by also examining the needs non-public water supply users as well. The Regional WRMP ensures that water resources are effectively utilised within the region with any 'spare' water resource made available to other regions. This supports the sustainable use of water resources whilst maintaining water resilience, including long-term strategic planning for water transfers.

### Assurance plan

We are committed to making reliable and accurate information available to our customers which is easy to understand and to navigate. This allows them to understand our Plans and helps build trust and confidence in the things that we do. We have in place, a company audit and assurance framework which involves having appropriate governance arrangements up to Board level and uses independent review and challenge. For our Water Resource Management Plan 2024 we have employed our 'three lines of assurance model', targeted at areas of greatest risk.

### Assurance elements

1st Line Management staff and consultants	2nd Line Heads of Service and Directors	3rd Line Independent Audit
<ul style="list-style-type: none"> <li>Identify risks.</li> <li>Undertake QA on methodologies used to produce plan.</li> <li>Review externally developed models reviewed by Welsh Water's team.</li> <li>Assess outputs against NRW guidelines.</li> </ul>	<ul style="list-style-type: none"> <li>Provide scrutiny over process.</li> <li>Approve methodologies and regulatory compliance.</li> <li>Oversee stakeholder feedback integration.</li> <li>Ensure strategic alignment and data integrity.</li> </ul>	<ul style="list-style-type: none"> <li>External assurance of technical and financial aspects by external auditors.</li> </ul>

## 4.8 Drainage and Wastewater Management Plan

### Why is it important?

The Drainage and Wastewater Management Plan (DWMP) is a statutory requirement designed to provide assurance to the Government, regulators, and our Board that we have comprehensive plans in place to maintain and enhance our wastewater systems. These plans address current and future challenges, including population growth, urban expansion, and climate change among other factors. The DWMP outlines strategies to mitigate these pressures through a best value approach, with a planning horizon of at least 25 years.

### Assurance plan

The DWMP will be assessed at each development stage using the three lines of assurance, until the final plan is published around the same time as the draft business plan in 2028. Significant assurance activities are supported by an ongoing programme of assurance managed through our Regulatory assurance process.

The first line assurance relies on corporate databases and consultant assurance processes, such as ISO registration. In cycle 2, approximately 6-8 performance indicators are expected. The approach, methodology, and work instructions for each indicator are being developed to facilitate first line assurance. The overall management planning approach will also be outlined using methodology and work instructions to provide internal guidance. A specialised system of modelling tools is being prepared, and each tool will be evaluated to determine its suitability for meeting DWMP guidance and specific regulatory requirements as they become available. Most data is produced by a third-party organisation that collects data from corporate systems or engineering principles to create models for further analysis. These companies operate within formal quality management systems, including ISO9001.

Our DWMP approach to 1st line assurance requires a percentage of all model types to be reassessed by another framework consultant to ensure that any anomalies are found and corrected as early as possible in the process. The outputs are again assessed as they are collated into the management plan models and the management plan models are assured.

The second line of assurance will be based on ongoing regulatory oversight and comprehensive management oversight, using a proportional review of selected locations facilitated by a consultant.

The third line assurance involves both technical and financial assurance. Our current assurance provider is Jacobs, and the assurance is based on an assessment of a portion of catchments.

As part of the third line assurance, our auditors will deliver a report that assures the Board that the DWMP has been developed in accordance with the DWMP guidance requirements. In instances where there are deviations, the report will provide robust evidence to explain these differences.

The methodology will be reviewed annually to incorporate any lessons learned during the process and to ensure Board Assurance. The DWMP Steering Group will receive the Annual Progress Reports for their approval before they are submitted to the Audits Committee.

Finally, the Board will provide an assurance statement confirming that the DWMP meets legal obligations, is a best value plan, and is based on robust evidence, with oversight and scrutiny throughout its development.

### Assurance elements

1st Line Management staff and consultants	2nd Line Heads of Service and Directors	3rd Line Independent Audit
Compilation of summary stage or annual assurance reports which demonstrates compliance against the DWMP guidance and use of assured corporate data, and adherence to the DWMP approach, methodologies and work instructions.	Compilation of minutes from continued Regulator oversight meetings and Extensive internal Management steering group reviews. Additional oversight from IEAP and CCG.	Statutory external audit both independent financial and technical assurance is performed to OFWAT regulatory standard which is utilised within the annual performance reviews and business planning preparation.



## 4.9 Direct Procurement for Customers

### Why is it important?

Direct procurement for customers (DPC) is a new regulatory system introduced to support the delivery of large infrastructure projects. Through this system the design, building and financing of new assets is carried out by a competitively appointed provider (CAP). The appointed water company then collects revenue from customers and uses this to pay the CAP. DPC is the framework being used to deliver the Cwm Taf Water Supply Strategy, which comprises the construction of a new water treatment works near Merthyr Tydfil and the substantial refurbishment of an existing works. This project was specified by Ofwat for delivery under DPC at PR19.

To comply with the DPC framework, the company must provide a series of business case documents to Ofwat to set out the plans for procurement and demonstrate that the project meets all relevant requirements. This ensures that the project will be compliant with relevant legislation, and that sufficient consultation has been undertaken with customers and stakeholders.

### Assurance plan

The submissions to Ofwat require statements of assurance from the Board to confirm that they meet the requirements set out by Ofwat. The Board has a specific DPC sub-committee which reviews and challenges key elements of the DPC proposals, providing recommendations to the main Board for approvals.

The DPC project is managed through a steering group chaired by the Managing Director of Water Services and comprising other Directors with responsibility for different aspects of the project.

The company has engaged external financial, legal and technical advisors to support the project. These organisations support the assurance process through review of documents and provision of relevant confirmations.

### Assurance elements

1st Line Water Engineering team	2nd Line Heads of Service and Directors	3rd Line Independent Audit
<ul style="list-style-type: none"> <li>The team adheres to the company's Procurement process, the Capital Delivery Gateway process, execution plans, and project management systems.</li> </ul>	<ul style="list-style-type: none"> <li>External consultants and advisors review and provide compliance statements. Functional Leads, the Project Steering Group, technical authorities, and the DPC project management team collectively provide checks and balances through project monitoring and reporting.</li> </ul>	<ul style="list-style-type: none"> <li>The internal audit team ensures the DPC Project assurance framework is appropriate and effective.</li> </ul>

## 5. Going Forward

As we move into the AMP8 period (2025-2030), Welsh Water remains committed to maintaining the highest standards of assurance and transparency. By focusing on the significant areas of assurance set out in this framework, we will ensure that our reporting processes remain robust, transparent, and effective, supporting our vision to earn the trust of our customers every day.

We will focus on continuous improvement, leveraging feedback from stakeholders, and adapting our assurance framework to evolving regulatory requirements and customer expectations. This commitment to continuous improvement will involve:

- **Regular Reviews and Updates:** we will continuously review and update our assurance methodologies, risk assessments, and control mechanisms to ensure they remain effective and aligned with best practices.
- **Stakeholder Feedback:** actively seeking and incorporating feedback from our customers, regulators, and other stakeholders to refine our assurance processes and address emerging needs and concerns.
- **Innovation and Technology:** investing in new technologies and innovative approaches to enhance the accuracy, efficiency, and reliability of our data and reporting processes.
- **Training and Development:** providing ongoing training and development opportunities for our staff to ensure they have the skills and knowledge required to uphold our high standards of assurance.
- **Open Data Commitment:** enhancing the accessibility and usability of our data by making it available in machine-readable formats and ensuring it meets the principles of open data.

We welcome feedback from our customers and stakeholders on our Assurance Plan and this can be sent to: [EconomicRegulationWSH@dwrcymru.com](mailto:EconomicRegulationWSH@dwrcymru.com).

Any comments we receive will be collated and used to inform our ongoing assurance programme.

