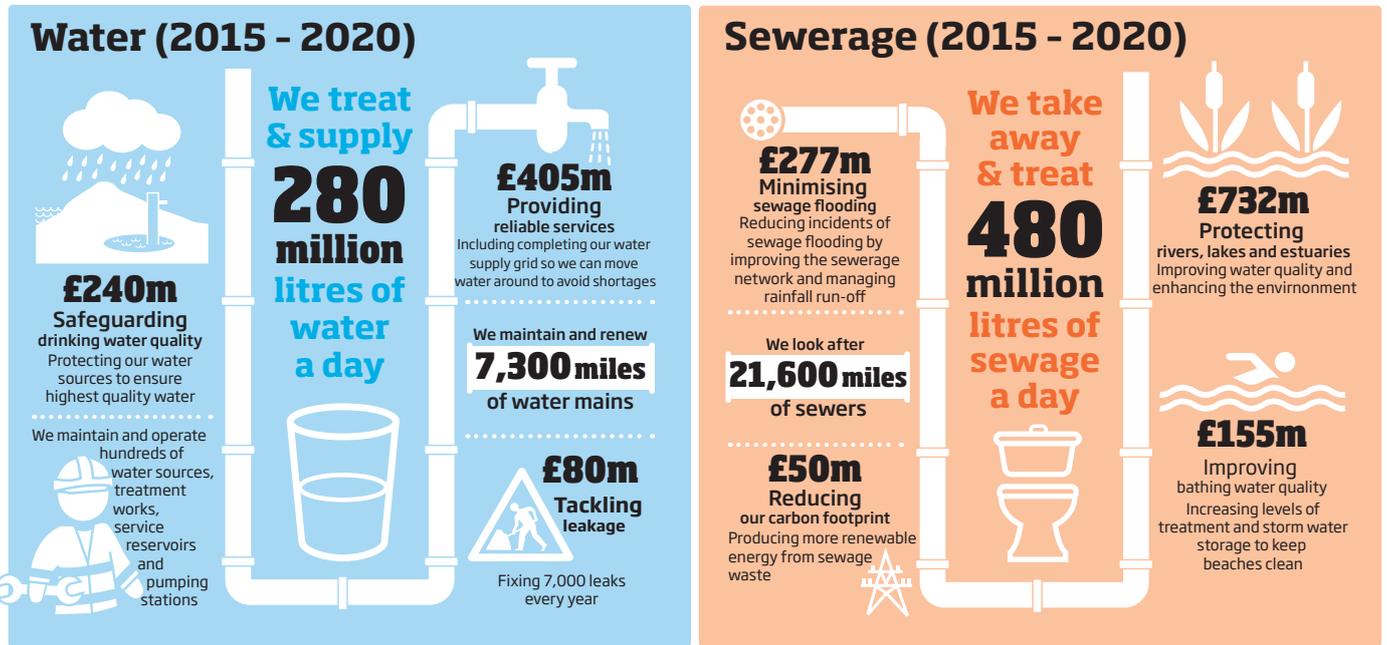


Information risks,
strengths and
weaknesses statement
October 2017



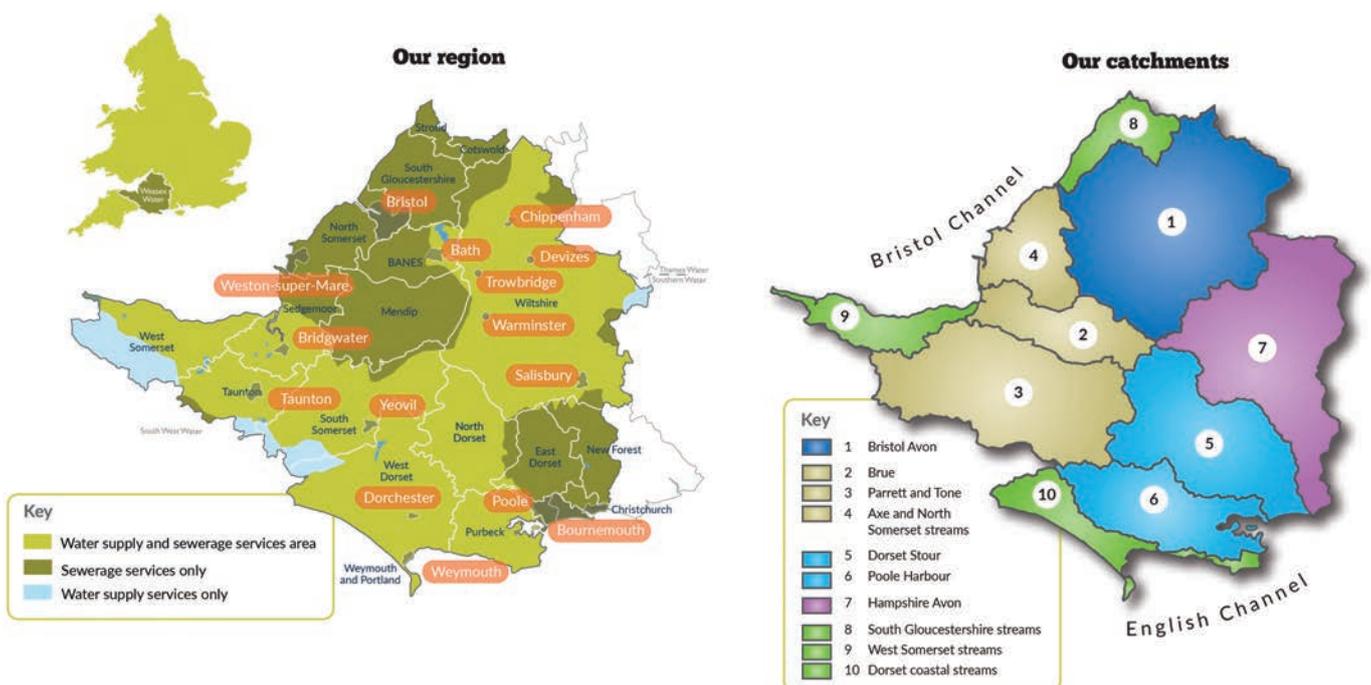
Who we are

We provide water and sewerage services to more than 2.8 million customers in the south west of England. Our overall mission is to provide outstanding sustainable water and environmental services.

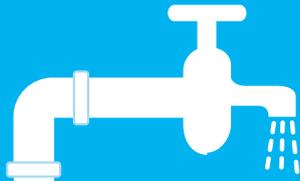


Our customers' priorities are always our starting point. Customers' service expectations continue to grow and the information we provide is a key part of ensuring we do the right thing for our customers and stakeholders.

Where we work



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About this document

Welcome to Wessex Water's information risks, strengths and weaknesses statement

This statement is designed to help us ensure that we continue to provide transparent, easy to understand, complete and accurate information to all our customers and stakeholders. It provides a summary of the stakeholder research and data assurance we have carried out, our methods and processes, and sets out our progress made on improving data quality.

While we have a separate risk register for all of the issues that might affect us as a company, providing transparent, easy to understand, complete and accurate information to all our customers and stakeholders is one of our core values and essential to building trust and confidence in the services we provide. Equally important is that we meet our performance commitments and deliver real improvements, keeping up with customers' changing needs.

Company monitoring framework

In 2016, Ofwat published its company monitoring framework which assesses how well water companies achieve this aim. All companies are required to fulfil some common requirements:

- explicit board sign off of assurance provided
- sign off of compliance with all relevant statutory, licence and regulatory obligation, and the steps being taken to manage and/or mitigate risks
- transparency on audit procedures regarding data assurance
- summary of outcome of data assurance undertaken.

Ofwat's framework places companies into three categories: self-assurance, targeted and prescribed. Our aim is to be self-assured, however, along with most other water companies, Wessex Water was placed in the targeted category in 2016. This means we must also:

- carry out an exercise with stakeholders to target issues to address
- produce a risks, strengths and weaknesses statement
- consult on our draft assurance plan to resolve the issues identified
- publish a final version of the assurance plan.

This document provides detail on:

- our assurance framework, processes and methods
- issues we identified last year and progress we have made
- stakeholder exercises we have carried out to identify new target issues to address:
 - audit exercises,
 - internal risk assessment,
 - external reviews with stakeholders.

Tell us what you think

Your feedback is important to us so please do let us know your thoughts. You can email us at assurance@wessexwater.co.uk

Section 1

Our assurance framework, processes and methods

Our assurance framework

We have a structured approach to assessing and managing business risk governed by a business risk assurance map. Within this framework, we know that misreporting information and data would be bad for our reputation and our finances. So, we have put particularly robust assurance procedures in place. Our business risk assurance map can be viewed on our website, [here](#).

Our processes and methods

We maintain a regulatory assurance manual that helps ensure we provide the appropriate level of assurance to all the information we provide. In technical terms, the manual provides a quality assured system for the compilation of information or data based on the principles of ISO9001. It sets out data flows, the process for internal certification of data, a framework for assessing the level of assurance required and specifies training requirements for our colleagues.

The assurance roles include the board, the audit committee, external auditors and our internal audit team. Each of these roles has responsibilities for certain elements of our data and information provision according to the framework assessment. Our overall approach to ensuring our data is fit for purpose can be summarised as follows.

Board governance

Board ownership is key to providing a strong assurance process. The board owns and signs off all regulatory submissions, supported by the Audit Committee and our senior management teams.

Independent audit

Our technical auditors Mott MacDonald independently check and assure all our regulatory submissions. Our financial auditors KPMG perform a separate and well established audit of the financial and regulatory accounts. We also gain additional specialist advice where needed.

Risk management

Risk management is fully embedded in our business. Each year we perform an internal risk review, drawing on the expertise of senior managers and data owners from across the business, coupled with our findings from external stakeholders and external assurance providers to identify areas where we can improve.

Management accountability

Senior management teams monitor performance and risk and report to the board. All elements of regulatory submissions have clear ownership with a senior manager who is responsible for ensuring the submission is completed to an appropriately high standard.

Internal assurance

Having great people and valuing their knowledge and experience is crucial. Individuals compiling data are responsible for their calculations and processes. The completion of detailed method statements and process diagrams for all repeatable work ensures submissions are easily auditable and that the ability to complete a single area does not all rest on a single individual.

Regulatory submissions have allocated data providers, compilers, checkers and owners. All these individuals sign statements with each submission outlining their obligations and stating data and calculations have been completed to the best of their ability.

Section 2

Issues we identified last year and progress we have made

Our target areas and progress we have made

In our 2017 assurance plan, we outlined how we responded to Ofwat's recommendations and it led to our development of 13 target areas. We also outlined the actions we are taking to improve how we assure and provide our data. Here is how we have been getting on with our actions.

Responding to customer needs	Actions we have taken	Risk/weakness addressed	Complete
Responding to customer needs	Review the design of billing information and incorporate graphics into customer bills	Customer feedback	Yes, further improvements identified
	Install a real-time survey tool and sentiment engine to improve customer feedback analysis%	Customer feedback	Yes
Website improvements	Extend the hours of live chat	Customer feedback	Yes
	Improve how we design access to information	Customer feedback	Nearing completion
	Ensure we adhere to latest accessibility standards	Customer feedback	Yes
Asset data quality	Work with neighbouring companies to improve market data	Ensuring compliance	Progress made - ongoing
Meeting outcome delivery targets	Report our fully audited performance to stakeholders on our performance commitments	Meeting outcome delivery targets	Yes
Board assurance	Review our risk and compliance statement	Transparency	Yes
Regulatory accounting	Ensure new and changed reporting requirements receive additional assurance	Data consistency, new processes and requirements	Yes
	Develop proposals for the assessment of transfers between our sewage and bioresources activities	Data consistency, new processes and requirements	Progress made - ongoing
Provision of market information	Incorporate controls on information provided to the market operator into our business as usual processes	New processes and requirements	Yes
Price review: allocating our capital value	Engage with Ofwat to ensure we understand their requirements when proposing new asset values	New processes or requirements	Bioresources submitted; water resources ongoing - to be published Jan 2018
Cost assessment	Develop method statements for cost assessment in the next price review	Ensuring compliance	Yes
Results of our assurance	Publish additional detail on the results of our assurance processes and audit findings	Transparency	Yes
Automating reports	Complete our programme to automate the production of our information for all our performance commitments	Consistency and quality of data	Yes
Reporting process documentation	Keep our regulatory reporting manual up to date and published	Consistency and quality of data	Nearing completion - to be published Oct 2017
Audit processes	Include land managed for biodiversity in our internal audit plan to improve our automation of data	New processes or requirements; meeting our targets	Yes

Based on the work we've done to address issues, we will remove target areas where we have done what we needed to provide assurance to customers and other stakeholders. The following section then sets out the latest exercises we have carried out with all stakeholders to identify any new issues to address.

Section 3

Identifying our risks, strengths and weaknesses

We use a multitude of approaches to identify our risks, strengths and weaknesses. Our continuing engagement and specific exercises carried out with major stakeholders including customers, regulators and industry bodies have added to direct feedback from independent external assurers. This section sets out the feedback we have received and translates that into a set of risks, strengths and weaknesses.

Audit exercises and their findings

Our external technical assurer, Mott MacDonald, reviewed our submissions for the Annual Performance Review and associated regulatory information. They found no significant issues with reported performance, and we have addressed the actions recommended last year. Minor corrections were addressed within the audit cycle. They made two specific recommendations:

- continuing to improve method statements, checking and sign off, and
- considering further assurance of source data.

Mott MacDonald also provided assurance for the cost assessment submission. They found no significant issues. They recommended internal peer review prior to Ofwat publication and we performed this prior to the tables' submission.

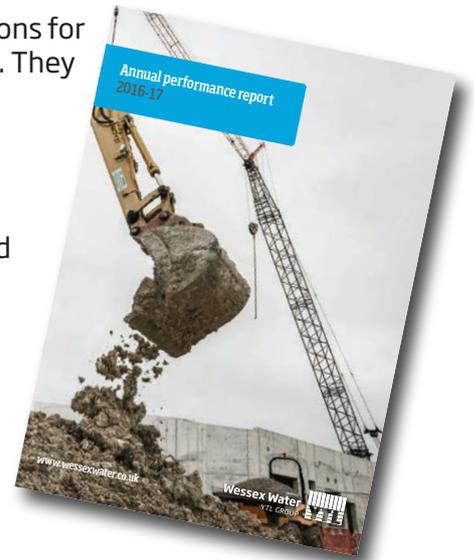
We address how we are responding to Mott MacDonald's recommendations for 2018 in the New target areas section below.

Internal risk review

We keep and update a register of all the risks around information quality.

Our internal risk assessment performs an important task reviewing the existing risks relating to data provision and their progress, and identifying new risks and how they can be mitigated. Our internal risk review reflects:

- audit findings carried out over the course of the year
- Ofwat and other external stakeholders' feedback
- forthcoming additional requirements, such as the PR19 price review
- progress that has uncovered further improvements to be made.



External review with stakeholders

Customer feedback

Our customer engagement exercise takes a variety of forms. From taking feedback on calls, conducting surveys, Live Chat via our website, have your say panels and the Wessex Water Partnership, we are actively listening to what our customers have to say about our performance.

From this continuous feedback, we have learnt that they would like to see further information on their bills to help them save water. They have also told us that they would value our "Save Water Save Money" initiative, better informing customers how to save water. Finally, customers like our Homecheck service and would like to see us improve the information we provide when visiting customers to help them use less water.

We also invite customers to respond to our consultations and have their say on both this document and our assurance plan, to ensure their views are being taken into account.

Ofwat

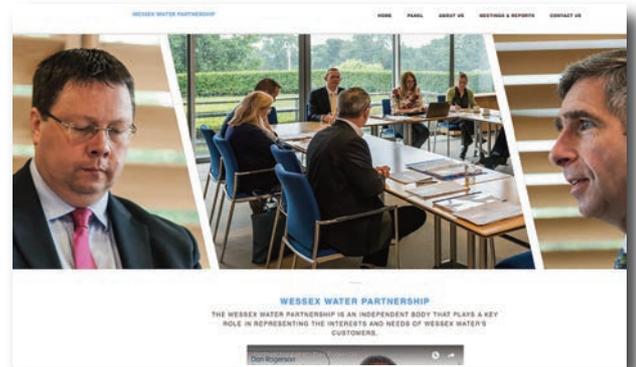
Ofwat let us know that it had no concerns with our draft assurance plan.

It noted that in our annual review publication Delivering for customers, our drinking water compliance had a performance vs. target rating of "changed". We confirmed that the reason for this is that the standard for measuring MZC changed in 2013, reducing the likelihood of meeting the target without any adjustment of the target itself.

Given the time that has passed since this change, we believed it was appropriate to update the wording in the Delivering for customers document to say "met" for the measure including Wessex Water assets only and "worse" for the measure including customer assets. This has been updated on our website.

Ofwat has set out a number of assurance requirements for PR19. The draft methodology for PR19 sets out that, "each company's full board should provide us with an assurance statement". This will demonstrate that the board has challenged and satisfied itself that our plan is high quality.

Throughout the development of our business plan, we will ensure that our board is fully aware of the proposals being made and is satisfied that it owns the plan in accordance with the requirements set out in Ofwat's methodology.



Ofwat has also requested a number of early submissions in the business plan process.

Data required	Purpose	By when
Companies' proposed allocations of historical RCV for water for water resources	To give companies feedback on their allocations before they submit their business plans (by the end of April 2018).	31 January 2018
Companies' performance commitment definitions	To give companies feedback ahead of business plans, reducing ambiguity and improving consistency.	3 May 2018
Cost adjustment claims	To assist the cost assessment review process - it will provide valuable additional time to take into account companies' cost adjustment claims in the initial assessment of business plans.	3 May 2018
PR14 reconciliation information	To help us understand and review the data on which companies have calculated adjustments for their performance during the 2015-20 period.	15 July 2018

Each of these 'pre-submissions' will undergo full board assurance as required in the regulatory assurance manual. The board has considered and agreed the way the company will engage with it throughout the business plan process. In addition to board and Audit Committee meetings, it has constituted a sub-committee including all independent non-executive directors that will assist in enabling it to fully challenge company management on the quality of the plan and its alignment with the board's strategy and long-term direction.

Consumer Council for Water (CCW)

CCWater has confirmed they remain very satisfied with our engagement with them and have no concerns with the quality and timeliness of information we have provided during the year.

Drinking Water Inspectorate (DWI)

We have engaged over the course of the year with the DWI. They continue to have no major concerns with the data we provide. The most recent chief inspector's 2016 report does not highlight any significant areas for improvement and we continue to be on target with the number of samples provided. This year there is a new measure of drinking water quality - the compliance risk index (CRI). We have good processes in place to produce the data required accurately and on a timely basis and all data will undergo appropriate assurance.



Environment Agency (EA)

The EA has not raised any issues over the course of this year throughout our regular contact regarding the regular provision of water and waste quality data.

Market operator - MOSL

The success of the retail market relies in part on the quality of data so participants can make accurate and timely decisions. We were one of the first companies to go live and since market opening MOSL's data suggests that we have been consistently among the top of the industry in transactions completed first time.

We are proactive in engaging with retailers to ensure our data is fit for purpose. We have received positive feedback from a number of new entrant retailers on the quality of our market data. To date we have not made any significant data corrections.

New target areas – risks and weaknesses

The results of our risk assessment, drawing on feedback from our external assurers, and our review of stakeholder, regulatory and customer feedback, continues to show there are relatively low risks of failing to provide transparent, easy to understand, complete and accurate information.

However, we will not rest on our laurels – we will act on the feedback we have received, build on the improvements we have made and address the new risks that have recently emerged. These new risks account for the bulk of the target areas below.

The remainder are continued from last year where we are finishing our work to mitigate the risks identified or are building on the work already done. Each target area is assigned to a risk or weakness identified in our risks, strengths and weaknesses statement.

Target area	Actions we are taking	Risk/weakness addressed
Responding to customers' needs	Further improve the design of billing information to help customers reduce their water use	Customer feedback
	Implement our "Save Water Save Money" initiative, better informing customers how to save water	Customer feedback
	Enhanced Homecheck service, improving the information we provide when visiting customers	Customer feedback
Website improvement	Improve how we design access to information	Customer feedback
Asset data quality	Work with market participants to continue to improve market data and ensure that it is high quality	Ensuring compliance
Improving how we serve customers in vulnerable circumstances	Full review of the Priority Services Register, sharing findings and investigating collaboration with neighbouring companies and other industries	New processes or data requirements
	Building an in-house mapping system to gain a comprehensive view of vulnerability in our region, drawing on many sources of data enabling complex analysis and data visualisation	New processes or data requirements
Price review: submission	Ensure we complete the price review applying the most stringent assurance processes, giving Ofwat, customers and other stakeholders confidence that the data we use to base our calculations on is fit for purpose. To include all submissions and 'pre-submissions' as set out in the previous table.	New processes or data requirements
Price review: allocating our capital value	Engage with Ofwat to ensure we understand their requirements when proposing new asset values for water resources	New processes or requirements
Regulatory accounting	Develop proposals for the assessment of transfers between our sewage and bioresources activities	Data consistency, new processes and requirements
Reporting process documentation	Keep our regulatory reporting manual up to date and published	Consistency and quality of data
	Continue to improve method statements, checking and sign off	Consistency and quality of data
	Completing further assurance of source data	Consistency and quality of data

Main strengths

Customer service

We know that our customers like what we do. We also know that they trust the information we provide and trust us to do what is right. We remain the best water and sewerage company for customer service and the information we provide plays a big part in this. Yet we know we cannot stand still and we work continuously to improve.

Support from regulators

As detailed above, we have received positive feedback from many of our main regulators and industry bodies.



Next steps

We will engage with stakeholders further before publishing more details on how we assure the data we provide, and our plans to further improve in our draft assurance plan in early 2018.

If you want to contact us at any time, we are available at assurance@wessexwater.co.uk

Section 4

Assurance statement

This Information Assurance Statement has been reviewed and assured by the Wessex Water Audit Committee, which includes all the independent non-executive directors of the company board. The company pays close attention to its data quality and verification procedures and has a detailed assurance manual setting out the process for assuring all of its data.

The committee confirms that the company has complied with all its relevant statutory, licence and regulatory obligations and is taking appropriate steps to manage and/or mitigate the risks it faces. The committee confirms it is satisfied it has the appropriate assurance processes in place and, based on these, endorses this assurance statement and states, to the best of its knowledge and belief, that the information produced is accurate, reliable and complete in all material respects.