

Introduction

Dee Valley Water supplies drinking water to people in northwest Wales, Cheshire and the surrounding areas. We have over 250,000 customers and provide 64 million litres of water a day. This year, Dee Valley Water became part of the Severn Trent family and it is our aim to implement a consistent assurance framework across both companies. We strive to provide accurate, clear and understandable information, which can be trusted.

Every five years water companies have a statutory obligation to produce and publish a Water Resources Management Plan (WRMP). The WRMP should demonstrate that we have long term plans in place to accommodate the impacts of population growth, drought, environmental obligations and climate change uncertainty. For the WRMP19 there is a new strategic challenge in the form of demonstrating that our plan does not put at risk the Water Framework Directive status of the water bodies in our region.

The WRMP is due to be finalised in 2019. As part of this process companies are required to produce a draft WRMP (dWRMP) that is consistent with the Water Resources Planning Guideline. Our dWRMP is published for consultation in January 2018.

Assurance statement basis

Ofwat, Environment Agency (EA), Natural Resources Wales (NRW), and Drinking Water Inspectorate (DWI) have set out the approach they expect companies to follow in completing the dWRMP. We have applied a consistent assurance approach to both Severn Trent and Dee Valley plans, including a Board Assurance Statement.

As would be expected for a long-term view, and acknowledged in the EA/NRW technical guidance, we have made a number of assumptions. In line with this guidance our plan uses *‘the most up-to-date technology, methods and data available to produce [our] supply and demand forecasts. However, there is uncertainty in all forecasts. Therefore you should analyse and quantify the variability and uncertainty that are built into your calculations for the dry year annual average demand and critical period (if applicable) scenarios’*. Where we have made material assumptions or used alternative guidance we have highlighted these in our dWRMP.

Our approach to assurance

As part of our goal to become the most trusted water company, we have engaged with our customers and stakeholders to assess their levels of trust in us and the areas that matter to them. We recognise that our long-term plans on water resources is one of the areas that matters most.

Using three lines of defence

As explained in our annual assurance plans¹ and assurance summary, which accompanies our Annual Performance Report, we use a three lines of defence model for our regulatory submissions. We

¹ <https://www.deevalleywater.co.uk/library/>

employ third line assurance in areas of greatest risk. Where that assurance requires specialist engineering, financial or regulatory knowledge, we use external parties to undertake that assurance. This submission has been reviewed using our established governance and controls framework.

Given the importance of this submission we have employed third line assurance, delivered by expert external parties for those areas of greatest risk. Black and Veatch Consulting (Black and Veatch), our established independent technical assessor for Dee Valley Water, has undertaken a two-phase approach to assurance.

Additionally, we have utilised specialist third party consultants to produce some of the data used. Atkins created an Aquator model for Dee Valley's supply system to aid with our supply forecast (Tables 1 and 2) and Artesia have produced Table 3 and line 11b (Distribution Input) of Table 4.

Phase one approach

Phase one assurance included both desk-top reviews and face-to face interviews to review the dWRMP components. Black and Veatch carried out a risk-based review of the methods used to produce the plan on areas we considered to be of medium or high materiality.

The audit used the EA checklist to assess compliance with methodology, with each WRMP component receiving from Black and Veatch either 'No material issues identified' or 'Material issues identified' and details of any recommendations.

Following the assurance, the findings were discussed with Black and Veatch and some changes were made to reflect the recommendations made. A summary of the recommendations made by Black and Veatch and our response to them are in the next section.

Phase two approach

Phase two assurance was a review of the accompanying data tables. Black and Veatch reviewed whether we had correctly populated the tables from the associated output/input material (e.g. consultant reports, final calculation sheets in workbooks, model output reports) on a risk-based, sampling approach.

Our assurance findings

Phase 1: the draft Water Resources Management Plan

We engaged Black and Veatch to review our proposed approach - focusing on consistency and compliance with Welsh Government, EA/NRW, Ofwat, and DWI guidance. Black and Veatch state: "We concluded that processes set out by regulators had been appropriately followed, using methods appropriate to the scale and complexity of the plan."

They made a recommendation that "the processes used, measures taken to ensure that legislation and guidelines are complied with, the outcomes of consultation and how they have been incorporated into the plan, data sources and assumptions, and modelling methods should all be detailed in the plan and its appendices."

We have accepted this recommendation and addressed it in our dWRMP. We have summarised Black and Veatch recommendations and our response in Table 1 below.

Table 1: Assessment, summary recommendation and management response

WRMP Component(s)	Summary
Robust Supply Forecast	Summary: We identified no material issues . Recommendation(s): We have made some recommendations on data areas which do not materially affect the plan. (See Phase 2: the data tables)
Robust Demand Forecast	Summary: We identified no material issues Recommendation(s): We have made some recommendations on data areas which do not materially affect the plan. (See Phase 2: the data tables)
Plan Process	Summary: We identified no material issues .
Stakeholder Involvement	Summary: We identified no material issues .
Demand Solutions	Summary: We identified no material issues .
Resilience Solutions	Summary: We identified no material issues .
Trading and Third-party Solutions	Summary: We identified no material issues .
Integration with Drought Plan	Summary: We identified no material issues .
Cost-effective and Sustainable Proposal	Summary: We identified no material issues .

Phase 2: the data tables

We engaged Black and Veatch to review our data tables on a ‘tick and tie’ sample basis to confirm that “figures had been correctly transferred from ... models and calculations into the tables”.

Black and Veatch state that “our data checks revealed no material issues.” They made a recommendation to update a number of smaller components in the base data. They confirm that “As these components are small, the effect on the calculation is negligible and we found no material issues”. We will address this recommendation in our data improvement plan in time for the final WRMP in summer 2018.

Black and Veatch conclusions

We asked Black and Veatch to explicitly state whether the evidence seen during their assurance supported the Board assurance statement, as stated below. Black and Veatch state that “In view of our findings, we believe that the Board is justified in making the statements shown.”

Board assurance statement

Having reviewed the draft WRMP, the supporting assurance and having taken the above into account, the Dee Valley Water Plc Board makes the following statement:

- The Board is satisfied the plan represents the most cost effective and sustainable long term solution.
- The Board believes it has sufficiently collaborated with customers, partners and regulators to develop a strong understanding of future needs, explore every option, and build consensus on delivery plans in line with wider statutory / Welsh Government policies and objectives.
- The Board confirms the integrity of the risk assessment process put in place by the company for all of its water supplies.
- The Board is satisfied that the WRMP takes account of all statutory drinking water quality obligations, and plans to meet all drinking water quality legislation in full.
- The Board confirms that Dee Valley Water Plc complies with its duties on drinking water quality matters in its broader resilience and resource planning arrangements.

Signed by and on behalf of the Board:



John Coghlan
Chairman
Dee Valley Water Plc



Liv Garfield
Chief Executive
Dee Valley Water Plc



Andrew Duff
Non Executive Director
Dee Valley Water Plc