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WONDERFUL ON TAP



HAFREN DYFRDWY SCHEME OF
CHARGES 2021/22 BOARD ASSURANCE
STATEMENT

Statement of assurance

Hafren Dyfrdwy Schemes of Charges 2021-22

Introduction

We're one of the 11 regulated water and sewerage companies in England and Wales. We provide water and waste water services to customers in North East Wales, from Wrexham and Bretton in the north to Llanidloes and Knighton in the south. Hafren Dyfrdwy is Welsh for 'Severn Dee' and represents the two major rivers in the Welsh region that we proudly serve. Whether it's the quality of our drinking water or the regulatory performance information we publish on our website, we want to make sure that our customers can trust us to deliver what matters to them most.

Every year, Ofwat requires all companies to publish their schemes of charges for household and non household customers in advance of the next financial year so that customers can have clear visibility of all relevant charges and understand how they are calculated.

Our approach to assurance and regulatory reporting

We have an established, rigorous and robust assurance and performance reporting framework. The assurance approach we use comes from best practice identified across many organisations and industries ensuring that managers, senior managers and Directors are responsible for delivering high quality data through robust processes and methodologies.

Our established framework is underpinned by four main principles which, provides consistency and clarity for our people, and allows flexibility for our assurance processes to build and evolve with our company and the environment we operate in.



- **Robust assurance** – we operate a three-lines of assurance model, targeted at areas of greatest risk.
- **Ownership and accountability** – we have clear lines of ownership for both the delivery of performance, and the accuracy of the data provided.
- **Effective governance** – provided by our Board, Audit Committee, Executive Disclosure Committee and Executive Committee.
- **Transparency and public accountability** – we publicly report on our performance and hold ourselves to account where we do not meet our commitments.

More information on our governance and assurance framework can be found in our assurance plan on our website¹.

Our three lines of assurance approach

We operate a three lines of assurance model. Using a risk-based approach provides an effective programme of assurance which considers areas that we know are of prime importance to our customers and regulators; or may have a significant financial value, alongside the likelihood of reporting issues or regulatory change. Areas that are higher risk receive the full three lines of assurance while other areas, where the risk is lower, may be targeted with first or second line only. This approach ensures we can continually reassess our assurance activity as risk is reduced in certain areas, where mature and stable processes exist, and increased where new

¹ <https://www.hdcymru.co.uk/regulatory-library/regulatory-library/>

risks are emerging, resulting in a proportionate assurance spend delivering value for money for our customers.

First line activities are embedded within the teams that are responsible for reporting the data so that colleagues, with the right expertise are conducting in depth quality checks at the time the data is produced.

Second line activities are conducted by a separate team that does not report into the same senior manager to ensure a level of independent checking is conducted.

Third line activities are carried out by internal or external providers depending on the specialisation required.



Assurance Findings

Our scheme of charges process has been identified as one of our key customer areas both internally and externally by our customers and stakeholders. As such, the submission is reviewed by three lines of assurance, with the third line provided by:

- **Jacobs** – who review our methodologies and processes of how our charges formed and ensure that we comply with our regulatory and statutory obligations.
- **Internal Audit** – provide data, process and completeness assurance.

Jacobs confirmed: ‘Overall, from the review we have undertaken we consider there is no reason why the Board should not sign off its final charges statements. We consider:

- the company complies with its legal obligations relating to the wholesale charges it has published;
- the company has appropriate systems and processes in place (including up to date models and data) to make sure that the information contained within its Wholesale Charges Scheme and Statement of Significant Changes is accurate; and
- the company has consulted with relevant stakeholders in a timely and effective manner on its wholesale charges.

We also note that consistent with the statement above that the company complies with its legal obligations relating to the charges set out in its charges scheme, the charges comply with legal obligations and the relevant charging rules and the company has consulted the Consumer Council for Water (CCWater) in a timely and effective manner on its charges schemes.’

Internal Audit undertook a review focussed on the following objectives:

- There is an effective framework to provide assurance over the production and completion of the charges scheme;

- There is a robust process governing the extraction and use of historic and forecast data into the charges scheme model;
- The charges scheme completion process is documented with defined roles and responsibilities;
- All actions and recommendations from the assurance process have been completed; and
- The timetable agreed with STEC and assurance providers is appropriate to meet the Ofwat reporting deadline.

Following its review, Internal Audit confirmed the assurance level to be satisfactory.

Board statement

Having considered the relevant information, the Board confirms that:

- the company complies with its legal obligations relating to the charges set out in its charges schemes;
- the charges comply with legal obligations and the relevant charging rules;
- the Board has assessed the effects of the new charges on customers' bills for a range of different customer types, and approves the impact assessments and handling strategies developed in instances where bill increases for particular customer types exceed 5%
- the company has appropriate systems and processes in place (including up-to-date models and data) to make sure that the information contained in the charges schemes and statements of significant change are accurate; and
- the company has consulted with stakeholders, including the Consumer Council for Water (CCWater) in a timely and effective manner on its charges schemes.

Accordingly, we believe that the 2021-22 charges schemes comply with our statutory and regulatory obligations in all material respects and are consistent with Ofwat's published guidance on charging principles.

This endorsement can only apply to data supplied from our own systems and processes. Where we use data from other water and sewerage companies, we do so on the basis that other companies apply similar measures to ensure that their data meets Ofwat requirements.

Signed by, and on behalf of the Board:



James Jesic
Managing Director
Hafren Dyfrdwy Cyfyngedig
2020



John Coghlan
Chairman
Hafren Dyfrdwy Cyfyngedig
2020



Ann Beynon
Non-Executive Director
Hafren Dyfrdwy Cyfyngedig
2020