

Statement of assurance

Hafren Dyfrdwy Indicative Wholesale Charges 2020-21

Board considerations

In approving the 2020-21 Hafren Dyfrdwy Indicative Wholesale Charges, the Board has considered:

- The information requirements as set out in Ofwat's Information Notice 18/18 (Expectations, assurance and information requirements for water company charges) and Charges scheme rules July 2019.
- The 'statement of significant changes in our wholesale charges - 2020-21' as published on our website in July 2019.
- Papers outlining the Company's procedures for the production and assurance of the tariffs and associated Charges Schemes.
- The improvements being made to Hafren Dyfrdwy systems and processes, and the stage in the journey towards the full implementation of Severn Trent Group standards.
- The governance framework detailing the assurance approach adopted and the outcome of the independent review of the framework undertaken by Internal Audit.
- The clearly defined accountabilities and responsibilities including formal sign off by approved data owners.
- The scope of the assurance work undertaken by our independent Technical assurance partners, and their findings as detailed in the final audit reports.
- Confirmation of the degree of assurance undertaken on the source information / data used in the tariff calculations.
- The dedicated and assured Charges model designed to deliver wholesale and retail tariffs.
- Confirmation that the tariffs have been calculated in a manner compliant with the individual price controls.
- The outcome of the discussions with CCWater regarding the indicative tariffs and evidence that any feedback has been duly taken into consideration.
- The content and tone of the Board Statement.

Board statement

Having considered the above the Board confirms that in their opinion:

- The tariffs and associated Charges Schemes have been compiled in a planned and professional manner with appropriate accountabilities and responsibilities and are consistent with the overriding system of governance and control of the company.
- A committee comprising of Executive and non-Executive Board members have been fully engaged in the process and have approved the final submission.
- The charges and tariffs for 2020-21 comply with the price controls in all material respects.

This endorsement can only apply to data supplied from our own systems. Where we use data from the Central Market Operator System, we do so on the basis that the market operator applies similar measures to ensure that their data meets Ofwat requirements.

Furthermore, the Board have considered the impact of charges on customer bills for different customer groups with appropriate tariff strategies and impact assessments where necessary. The assessments are informed by

the level of inflation, the indicative policy threshold of 5% and specific factors of the customer groups being considered. And the Board specifically confirms that:

- The Company has sufficient processes and internal systems of control to ensure that the data and information contained in the Charges Schemes and tariff model is sufficiently accurate to meet its obligations.
- For the sample reviewed there are no tariff rises above the 5% threshold that would require a further impact assessment.
- The wholesale charges have been presented in a suitable format consistent with the requirements of Ofwat's standard wholesale schedule template.
- Stakeholders (including CCWater) were consulted in a timely and effective manner.
- Where recommendations have been identified appropriate actions are in place to make improvements.

Accordingly, we believe that the 2020-21 Charges Schemes comply with our statutory and regulatory obligations in all material respects and are consistent with Ofwat's published guidance on charging principles.

Signed by, and on behalf of the Board:



Liv Garfield
Chief Executive
Hafren Dyfrdwy
26 September 2019



John Coghlan
Chairman
Hafren Dyfrdwy
26 September 2019



Mohammed Mehmet
Non-Executive Director
Hafren Dyfrdwy
26 September 2019