

Statement of risks, strengths and weaknesses and draft assurance plans for 2017/18

1.1 About this document

Dee Valley Water supplies drinking water to people in northwest Wales, Cheshire and the surrounding areas. We have around 126,000 customers and provide 62 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.

We provide a diverse range of information to customers and stakeholders about our performance, activities and assets. We are committed to providing a robust governance framework around our processes, data and reporting to meet the needs of both our internal and external stakeholders.

This document sets out our statement of risks, strengths and weaknesses and our draft assurance plan. It sets out our proposed information assurance activities for our key financial and non-financial performance information for 2017-18. We would welcome the views of both customers and stakeholders on our plan.

1.2 Ofwat's Company Monitoring Framework

Ofwat's company monitoring framework (published in June 2015) set out its expectations for how it will oversee information that we, and the 17 other largest water companies, provide to our customers. Last year Ofwat placed us in the 'prescribed' category of assurance meaning that Ofwat dictated what assurance we should undertake on many of the regulatory requirements.

Our aim this year is to demonstrate that we have progressed from that assessment into the 'targeted' category. We hope that by implementing best practice for assurance we can achieve 'self-assurance' in future years.

1.3 Scope of this document

This document is in two parts.

The first is our statement of risks, strengths and weaknesses. It has been developed using feedback we have received from our customers and stakeholders about the information we provide. It also takes into account our own assessment of risks to our ability to provide information that they trust.

The second part of this document is our draft assurance plan for 2017/18. This sets out how we plan to respond to those risks. It is for consultation, so we would welcome your views on it. Further details of how to respond are on page 16.

Later this year we will publish a final assurance plan, and once this plan has been implemented, an Annual Performance Report and an assurance summary setting out our progress against our performance commitments.

2.1 Our statement of risks, strengths and weaknesses: summary

In this section we summarise how we carried out our risk assessments, and the target areas we identified. Our draft assurance plan in section 3 sets out how we propose to respond to these risks.

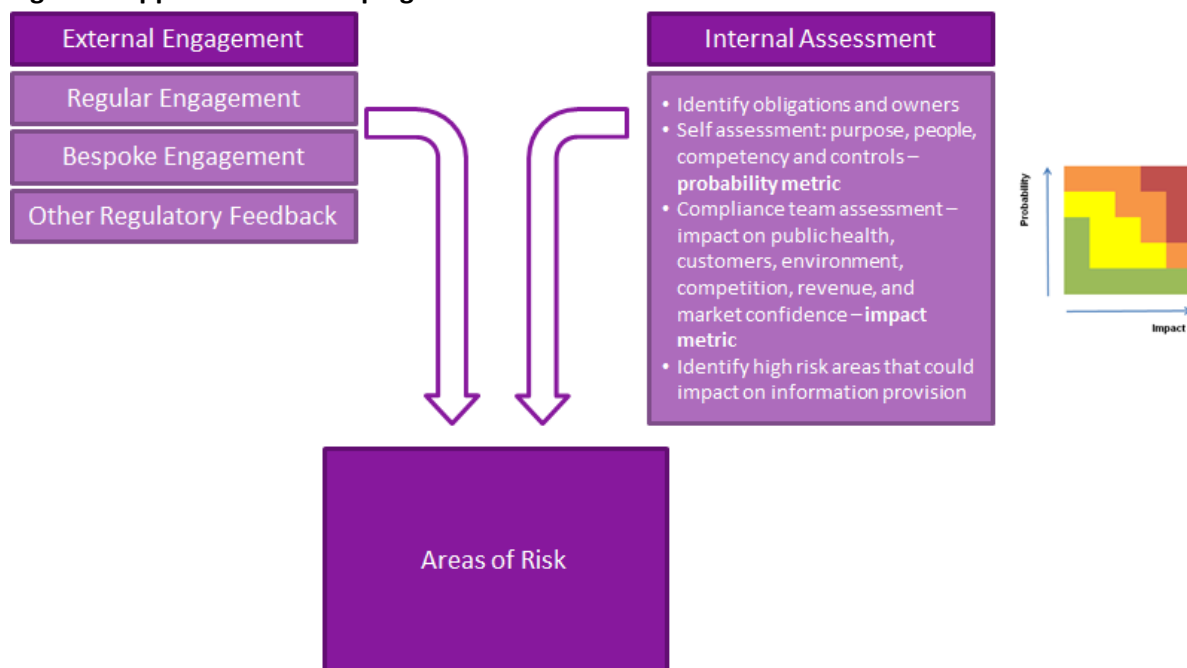
2.1.1 Approach

Figure 1 below illustrates how we have developed this statement using two inputs: external engagement and an internal assessment. The following section (2.2) explains this approach and the outcome in more detail.

We have not limited these assessments to just our end of year performance reporting, but rather considered the information we provide to customers and stakeholders, and our regulatory and statutory obligations, more broadly.

Any critical risks identified in our assurance plan feed into our company-wide assessment of risks inherent in our business activities and mitigation measures, which we include in our Annual Performance Report.

Figure 1: Approach to developing this risk assessment



2.1.2 Statement of risks

The risks we identify in this statement principally reflect:

- Reporting requirements and statutory obligations;
- Changes in our external environment or our customers' and stakeholders' expectations;
- Our internal assessment.

They are:

- **Performance reporting – performance commitments and customer ODIs.**

Every single one of our performance commitments, regardless of whether a financial incentive is attached, could impact our customers' and stakeholders' perceptions of us, and shape the choices they make. Given the importance that we, and they, attach to performance commitments, we have implemented a robust assurance plan as covered in section 3.

All performance commitments are to undergo targeted external assurance at both the half and full year (in addition to our ongoing internal quality checks, controls and improvement plans). Our half year review will allow us to identify performance commitments where further assurance 'deep dives' may be required in the run up to full-year reporting. We have seen the benefits of this established approach at Severn Trent Water as the mid-year review enables us to spot any potential risks and challenge our performance data rigorously prior to publication. We hope this will be beneficial at Dee Valley to allow us time to improve any identified risk areas.

- **Price Review (PR19)**

This year PR19 becomes a business critical activity as it determines our business plan for the next AMP period (2020-2025). We aim to submit a plan that recognises the importance to stakeholders and customers that our plan is high-quality and meets their needs.

Our Internal Audit and Compliance teams have worked together to design a risk-based PR19 Assurance Framework. We engaged PwC to develop a 'bottom up' risk assessment to highlight what levels of assurance were required for which areas in line with our established three lines of defence model. All component parts of our PR19 plan will have an internal first and second line assurance review (as defined on page 12-13). Areas of high materiality or risk will undergo a third line review, either by Internal Audit, external assurers or by other independent parties such as the Water Forum/CCWater.

Our PR19 Assurance Framework will culminate in our Board signing an assurance statement. The assurance framework has been reviewed and approved by our Audit Committee.

- **Water Resource Management Plan (WRMP)**

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 will also be 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. Ofwat have set out the approach they expect companies to follow in completing the submission and have outlined specific requirements for assurance, including a signed Board assurance statement.

In addition to above, there are a number of activities we are undertaking as part of our integration programme with STW that we believe have the potential to impact on customers. Shortly after acquiring Dee Valley, STW made an application to Ofwat to create a new NAV area, which would encompass all geographically Welsh customers in both the Dee Valley area and STW's area. Any remaining DVW English customers would then be transferred to STW's existing licence. This programme of work and other integration activity is being managed by the Implementation team that has representation from both DVW and STW personnel from across the business.

There are some key areas in particular associated with the programme that we feel may constitute a risk:

- **Boundary realignment - Accuracy of data**

We are currently in the process of accurately identifying where our customers are located geographically (either in Wales or England) to ensure they are transferred to the correct licence. As part of this activity there will be an element of data cleansing. Once the boundaries have been redrawn, there are a number of reporting activities dependent on our customer data such as cost allocation activity, financial reporting and regulatory reporting, that could be impacted by any material data issues. We may also need to realign our customer ODI targets as a result of the boundary realignment.

- **Data Migration to STW systems**

Similar to above, as part of our ongoing efforts to improve Dee Valley's technical capabilities and deliver a better customer experience for Dee Valley customers, we plan to migrate all customers onto STW's billing system, that will deliver a number of improvements in customer service and business information.

- **Brand change**

The NAV changes will be accompanied by some brand changes. We therefore need to clearly communicate any changes with customers and ensure they are kept well informed throughout the process. We will engage with our Water Forum and CCWater directly to consult how we communicate these changes while also meeting any regulatory obligations we have from the retail exit legislation.

- **Level Playing Field / Retail Exit**

Our intention is for both DVW and STW to retail exit from the Non-Household (NHH) market on 1 April 2018. Currently, our market eligible customers for NHH are still managed by our customer department in DVW directly with procedures in place to ensure a level playing field is maintained. Our intention is to eliminate this risk by exiting in the market. As mentioned above there are also a number of statutory obligations defined in the retail exit legislation around notification that must be met before we can retail exit on the proposed date. We are dependent on three external factors being met to ensure we can retail exit on time:

- Ofwat must approve the NAV application
- Defra must receive Ofwat's approval within 60 days of our intended exit date and approve it.
- Defra must agree that the new NAV licence can exit in advance of the NAV licence coming into effect

- **Market Information (water resources)**

Ofwat is promoting new markets in the water industry such as water resources. This will allow companies to provide and trade services between each other at a fair and competitive price. To help these markets grow successfully, it is important that customers and potential market participants can trust our costs are accurate in these areas for activities such as demand management, treatment, transport and other 'search costs'. We will support these new market areas and ensure our data is accurate and has had a third line review before publication.

Finally, there are established regulatory reporting requirements where we will implement third line assurance consistent with those already in place at Severn Trent Water.

- **Annual Performance Reporting**

This report is the principal way that we will document our annual performance and hold ourselves publicly to account. It is important that we present information in a fair and balanced way that is accessible to our broad range of customers and stakeholders.

- **Charges Scheme including Access Prices**

We need to ensure that our charges schemes and access prices are consistent with charging principles, our licence and revenue caps. Additionally, we are also conscious that this may be a sensitive area for our customers in part due to acquisition of Dee Valley Water by Severn Trent Water. We want to be transparent with customers about how charges are calculated and be clear that any change in price is not a direct result of the acquisition. We will engage with CCWater and our Water Forum to help alleviate customer concerns.

- **Statutory and regulatory accounts**

Our financial accounts including those included with the Annual Performance Report (APR) and the Annual Report and Accounts (ARA) will be subject to third line assurance processes as required.

2.2 Our approach in more detail

In this section we explain in more detail how we identified the target areas set out in section 2.1.

Our statement of risks, strengths and weaknesses has been developed using two assessments:

- *An external assessment.* We asked our stakeholders if they had an areas they would like us to look at.
- *An internal assessment.* We carried out a self-assessment to identify risks to our ability to comply with our statutory and regulatory obligations. We considered if these risks would impact our ability to produce information that our stakeholders can trust.

We describe each in turn. We set out in Section 3 of this document our proposed approach to assurance in these areas.

2.2.1 Engaging our customers and stakeholders

We recognise the need to engage with our customers and stakeholders to understand the issues that matter to them in the information we produce and address any concerns that they may have.

We have utilised the following channels of engagement:

- meetings with our regulators and statutory customer representative (CCWater);
- continuing to meet on a quarterly basis with our Welsh Water Forum (CCG); and
- investor engagement, and annual announcements of interim and preliminary results

This engagement helps to inform, and plays a part in, our assurance approach.

We see the Water Forum as an important method of customer engagement. We have an independently chaired, multi-stakeholder group – the Water Forum – to challenge how our customers’ priorities were reflected in our company strategy. The Water Forum now has a continuing role to challenge whether we are delivering our commitments to our customers, and how we communicate that performance. Going forward for PR19, they will provide independent challenge on parts of our business case with a particular focus on high customer priority topics such as vulnerability and affordability.

2.2.2 Engagement for this statement

As we produce information that is used by a diverse range of stakeholders in a number of ways, we have considered our engagement in the context of two broad groups:

Group 1: water expert stakeholders

Stakeholders with both a high level of interest and reliance on the information we produce.

We regularly meet with our regulators and have a common understanding of the information they need from us to effectively perform their statutory remits.

We have shared our key risk areas (highlighted in section in 2.1.2) where we want to focus our assurance plans with our Water Forum including CCWater and there were no initial objections to the current proposals. Once the consultation is open to formal responses we will inform the Water

Forum and contact other stakeholders such as local councils and organisations to prompt further feedback.

Last year, Ofwat assessed Dee Valley as requiring 'prescribed' assurance i.e. Ofwat dictated required levels of assurance on the majority of regulatory reporting requirements. Ofwat's criteria to move a company from prescribed to 'targeted' is to show 'that there was no evidence of behaviour that would reduce trust and confidence, and no significant problems with its assurance plans in the previous year.' We aim to go beyond this and show an improvement from last year's position.

In Ofwat's assessment, they noted four areas that were classified with a 'minor concerns' rating:

- **Financial Information**

Ofwat noted that there were errors in the company's published APR including incorrect unit labels and incorrect headings on the customer numbers data. As noted above we will apply robust third line assurance to both our APR and any corresponding information in the Annual Return and Accounts.

- **Assurance Plan**

Ofwat stated that our assurance plans did not give enough transparency on the type of assurance work being undertaken. We have factored this into this year's assurance plan and have included a full plan of assurance for this year. The assessment also commented that the audit opinion within the APR did not align to audit engagement letters (scope of audit).

- **Targeted Reviews**

The assessment stated that our tax reconciliation statement was 'inappropriately brief'. Due to the timing of Severn Trent's acquisition, we were able to bring the statement in line with Severn Trent's statement on tax reconciliation including a breakdown of our actual tax costs versus the final determination with supporting commentary. We will continue to align the two company's approaches in this year's Annual Performance Report. Similarly, with the cost allocation methodology we will seek to make all required disclosures.

- **Data Assurance Summary**

Finally, Ofwat noted that the 2015-16 data assurance summary was too technical and did not align to the original assurance plan. We have already taken steps to simplify the 2016-17 data assurance summary and hope to progress this further in this year.

We will seek to address these issues through this year's assurance activities including greater checks and controls on publications prior to submission through our three lines of defence model (as set out in section 3.1.1).

Group 2: customers

We are working to engage directly with Dee Valley customers in a manner that is proportionate and relevant to them

As part of our engagement for PR19, we have started by deepening our understanding of customer's needs. We've gone back to basics by trying to better understand our customers, what's important to them in their lives, and what their needs are both in general and in relation to the services their water company could, or should, provide. We have considered customers with a diverse range of

interests, backgrounds and experiences, e.g. future customers, those in vulnerable circumstances (from both a financial and health & wellbeing perspective) and different faiths and cultures. We have ensured that we use the right research techniques for each topic, using more deliberative research as well as in-home depths to truly delve into customer priorities, in a way which is sensitive to their circumstances. Some of the initial feedback we have gained from this research is that many view and appreciate water companies as a 'silent partner' who they can trust when they 'turn on the taps and the water is there'. This appears as a consistent message across the groups. There also appears to be a desire to understand more about what we do, and the role that education might play in promoting the efficient use of our services.

In addition to our PR19 work, we are also seeking to increase our 'business as usual' engagement activities in line with Severn Trent Water's including;

- Regular tracking of customer views through a regular tracker
- Increasing our visibility of the Voice of the Customer (VOC) through increased use of tools such as Rant and Rave and other 'live' feedback mechanisms.
- Increasing the membership of the Welsh Water Forum
- Listening to all interviews with DVW customers from the quarterly SIM surveys.

For this year's assurance plans, we are committed to further direct engagement with Dee Valley customers before the final assurance plan has been published.

2.2.3 Our internal assessment

This year at Dee Valley Water, we implemented the annual internal assessment that is already an established part of the assurance framework at Severn Trent Water. This helps us to identify potential risks to complying with our statutory and regulatory obligations (relating to our regulated water business).

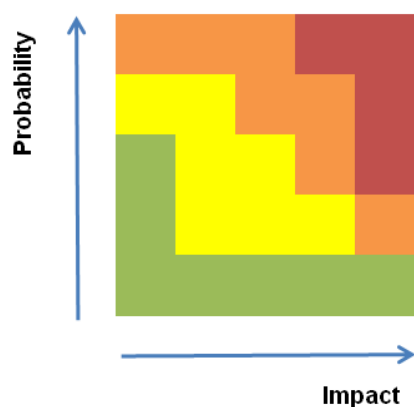
Our framework seeks to ensure there is clear ownership and accountability for each of our duties and obligations from director level, to accountable strategic leaders (senior management) and responsible managers. The framework includes existing obligations, and new statutory obligations yet to be commenced.

Each year, strategic leaders accountable for the delivery of obligations are asked to perform a 'self-assessment' against four key parameters – purpose, people, competency and controls. This assessment allows us to form a probability metric – to identify areas of compliance risk.

We use an impact metric based on the impact of a risk materialising to: public health and safety; the environment; customer service; competition; revenue and market confidence (e.g. reputational impact). This helps us to prioritise areas for improvement during the course of the year. Where risks are identified, our 'second line of defence' (explained in section 3) oversight teams work with the teams accountable for delivery to make process improvements. At the end of the financial year, strategic leaders carry out a further assessment. This process helps to inform our Board's annual risk and compliance statement. The process is reviewed by our independent Internal Audit team and the

outcome is cross-checked against the risks that are identified by our enterprise risk management (ERM) process.

Figure 2: illustrative risk matrix



Our aim is to target areas where we can make process improvements. However, the framework can also help to indicate where there could be risks to the quality of information we provide to our customers and stakeholders.

This year, from our internal assessment we identified two high priority risks relevant for this statement:

- **Charges Scheme including Access Prices and New Connections**

As noted above, we need to ensure that our charges schemes are consistent with charging principles, our licence and revenue caps.

Dee Valley's charges scheme is reliant on historic information from its billing system and other sources, which are manual and paper based i.e. we are unable to easily extract this information electronically.

For this year's charging scheme we have undertaken a forecasting process, that has been subject to third line assurance (the draft scheme of charges published in October 2017) and based on recommendations made by our external provider, we will make improvements for the final publication in early 2018. We will also continue to work to understand the assumptions behind Dee Valley's historic charging scheme.

For next year's scheme, we believe that further integration with Severn Trent's processes and IT systems will address this issue.

- **Statutory and regulatory accounts**

Under Licence Condition F, we must provide and publish annual financial information with a number of disclosures required with robust financial assurance performed with an accompanying note from our external auditors stating they are satisfied with the data provided. Similar to the charges scheme, the information gathering process is often manual based and reliant on particular members of staff who provide the information.

Our draft assurance plan sets out our approach to assuring these areas in section 3.1

3.1 Draft assurance plan: our approach

This section sets out our draft assurance plan for 2017/18. The first part provides an overview of our approach to assurance. The second part focuses on the key areas identified in our risk statement as well as where we have additional assurance processes that we are proposing for 2017/18.

We welcome stakeholders' views as to whether it adequately addresses areas of risk identified by our own internal assessment, and external stakeholder engagement. Details of how to respond are set out on page 16.

Our proposed assurance plan for this financial year, 2017/18, seeks to implement the best practice assurance we have established at Severn Trent Water while being proportionate and specific to the requirements of Dee Valley Water.

Our framework is underpinned by four key principles:

- *Robust assurance* – we operate a three-lines of defence 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, Disclosure Committee and with additional challenge provided by the Water Forum.
- *Transparency and public accountability* – we publicly report on our performance, and hold ourselves to account where we do not meet our commitments.

In this section we provide an overview of each principle.

3.1.1 Robust assurance

We are implementing a robust approach to internal controls and related assurance. We will operate the 'three lines of defence model', which distinguishes between first line processes and controls, second line oversight and third line independent assurance.

Table 1: Three lines of defence model

Line	Functions	Purpose	Typical activities
1a	<i>Business operations:</i> Wholesale operations, Customer teams, Business Information teams	Responsible for the reporting of performance.	<ul style="list-style-type: none"> • Provision of source information and reporting • Monitoring and improving performance where required • Defining and documenting methodologies and processes
1b	<i>Embedded first line:</i> Wholesale operations, customer teams	1 st line of defence for ensuring high quality and robust submissions	<ul style="list-style-type: none"> • In-depth quality checks and reviews • Assist with production of required documentation
2	<i>Independent second line:</i> Wholesale Planning and Performance, Customer Planning and Performance	2 nd line of defence ensuring that 1 st line has undertaken its duties	<ul style="list-style-type: none"> • Ensure adequate 1st line undertaken • Quality checks and reviews of systems and controls • Coordination of assurance activities between 1st and 3rd
3	<i>Independent challenge:</i> Internal Audit, external assurance providers, Customer Challenge Groups (Water Forum, CCWater)	Provide independent challenge of levels of assurance provided by first and second line	<ul style="list-style-type: none"> • Review application of methodologies and processes and ultimate integrity of the data • Review completeness and appropriateness of assurance framework (Internal Audit) • Provide challenge on specialist areas (i.e. Water Forum on vulnerability and affordability)

Assurance will be a year round activity with first and second line activities undertaken throughout the year giving us visibility of potential risk areas. For areas identified as higher risk, or where we have specific reporting obligations (e.g. financial accounts), we employ external third line assurance at relevant points during the year, much of which is brought together and culminates in our year-end financial and performance reporting.

Section 3.2 sets out where we propose to employ additional assurance this year (2017/18), and in the light of the risks identified in section 2.

3.1.2 Dee Valley Water Plc

As a publicly listed company, Severn Trent Plc is required to comply with the UK Corporate Governance Code, UKLA Listing Rules and Disclosure Guidance and Transparency Rules and we continue to adhere to the principles set out in Ofwat's 'updated assessment of monopoly water companies' governance arrangements' published in June 2015.

The Board's role is to understand and meet its obligations to the Company's stakeholders within a framework of practical and effective controls which enable risk to be assessed and managed. The Board approves the Company's strategic objectives and ensure that sufficient resources are available to enable it to meet those objectives and monitors and reviews the operating and financial

performance of the Company. It has responsibility and accountability for the long term success of the Company.

The Company operates an established governance and assurance process which enables a rigorous internal system of review. Strong personal and collective ownership is critical for ensuring the accuracy of information we produce, driving improvements and holding ourselves to account. Regular internal performance reporting to our Executive Committee and Board, and half-yearly performance reporting to the Water Forum reinforces this culture of ownership and accountability. Every year we refresh our compliance framework to ensure that individual accountabilities are assigned to our regulatory and statutory obligations.

The assurance process follows the below approach:

1. Internal sign off by data owners, senior managers and the accountable executive committee member;
2. Internal and external assurance activities;
3. Sign off by the Group Disclosure Committee; The Board's Disclosure Committee oversees the Company's compliance with its disclosure obligations and considers the materiality, accuracy, reliability and timeliness of information disclosed;
4. Sign off by the Group Audit Committee; 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 and risk management systems, and the effectiveness of the Company's internal and external auditors.
5. Sign off by the Board of Dee Valley Water Plc.

In addition to the above lines of assurance, the Water Forum provides independent external challenge of both our performance against our commitments and the information we provide on it. This approach provides stakeholders with the trust and confidence required that the Company operates transparently, with integrity, and complies with its legal obligations.

Our three lines of defence assurance model ensures that there is clear separation of accountabilities between those responsible for delivery of a performance commitment or a regulatory/statutory obligation and those responsible for ensuring the integrity of that data. This delineation is mirrored in our governance arrangements. This year we will continue to publically hold ourselves to account with the publication of a new annual performance report (which will incorporate Ofwat's reporting requirements).

3.2 Draft assurance plan: in detail

Section 3.1 sets out our overall approach to assurance. In this section we set out our proposed assurance plan for 2017/18. It does not detail every assurance activity that we carry out during the year, particularly using first and second line defence, but rather focuses on the key areas of risk identified in section 1.

Some of the activities are already underway but we welcome views as to whether such activities should be continued/will be sufficient in future years.

Table 2: Processes that will be subject to additional assurance in 2017/18

Area	Reason for inclusion	Overview of activity
Charges scheme including access prices	<p>We have established processes to ensure that our charges scheme is consistent with charging principles and our revenue caps.</p> <p>We are also conscious of customers' perception around Severn Trent's acquisition of Dee Valley Water and how this may be perceived to affect price.</p>	<ul style="list-style-type: none"> External third line assurance of tariffs model and application. External third line review for 'margin squeeze' and methodology of charging inputs and principles. Third line assurance undertaken by Internal Audit of data inputs. Engagement with customer representative groups such as CCWater and our Water Forum to ensure our charges scheme is transparent in how it has been calculated.
Annual Performance Report	<p>This report is the principal way that we will document our annual performance and hold ourselves publicly to account. The report will include inputs from other areas covered by this assurance plan (e.g. financial accounts) and require some forecasts of performance. It is important that we present information in a fair and balanced way that is accessible to our broad range of customers and stakeholders.</p>	<ul style="list-style-type: none"> External third line assurance of data, performance forecasts (and methodologies) and the presentation of information Water Forum review of the presentation and dissemination of information
Annual report to CCWater	<p>On bi-annual and annual basis, we submit operational performance data to CCWater for a number of measures including customer complaints, sewer flooding, pressure and supply interruptions. The majority of this data is directly from our performance commitments (PCs) reporting. For example, the written complaint data submitted to CCWater forms a part of the Service Incentive Mechanism (SIM) and is subject to internal and external year end assurance. For measures that are not a part of our performance commitments, we provide appropriate second line assurance.</p>	<ul style="list-style-type: none"> Where data is derived from performance commitments e.g. SIM, it is subject to the same assurance as noted below. Where data is not derived from performance commitments, second line assurance is undertaken.

Information provided to the Drinking Water Inspectorate	We report both formally and informally on a regular basis to the Drinking Water Inspectorate (DWI). Similar to our CCWater reporting, some of the information is already part of our PCs such as number of water quality complaints and drinking water compliance.	<ul style="list-style-type: none"> • Where data is derived from performance commitments e.g. it is subject to the same assurance as noted below. • Where data is not derived from performance commitments, second line assurance is undertaken.
Statutory and regulatory accounts	The continuation of established processes to audit our accounts in line with statutory and regulatory requirements.	<ul style="list-style-type: none"> • External third line audit of accounts in line with agreed procedures.
Performance commitments and ODIs	In our own assessment, and in our stakeholders' view, all performance commitments are a priority area given the immaturity/complexity of some performance commitments and the potential impact on customers, environment and market confidence. Assurance will be undertaken at both half and full year (to identify any issues well in advance of final end of year reporting). Further 'deep dives' may be applied to areas of greater risk identified at half-year review and during the year.	<ul style="list-style-type: none"> • External third line review of methodology • External third line face to face review of methodology application • External review of reported performance figures • Additional deep dives into key customer priorities and emerging areas of process risk from half-year review
PR19	This year PR19 becomes a business critical activity as it determines our business plan for the next AMP period (2020-2025). The board will be required to sign a statement confirming at our PR19 submission has been produced at a good level of quality.	<ul style="list-style-type: none"> • Comprehensive PR19 Assurance framework designed by Compliance and PwC. This has been approved by our Audit Committee. • All areas will be subject to a minimum of second line assurance including reviews of data, methodology and processes. • Higher risk or high materiality areas will be subject to additional third line assurance (via a mixture of external assurers, specialist groups and Internal Audit)
Activities associated with our implementation programme with STW	Shortly after acquiring DVW, STW made an application to Ofwat for a new NAV licence, which would effectively split the STW and DVW area into a Welsh licence and an English licence. The implementation programme also covers activities to implement STW IT systems into DVW such as the STW billing system. There is a potential for customer confusion if these changes are not communicated effectively.	<ul style="list-style-type: none"> • Regular programme monitoring by the Implementation team with representation at appropriate level of the business. • Internal Audit have reviewed initial programme plan and risks to ensure appropriate mitigations in place • Internal Audit will review our customer communication plans. • Engagement with our Water Forum and CCWater

Water resources management plan (WRMP)	<p>This document sets out how we plan to meet our customers’ need for clean water both now and in the future, taking into account the changing impacts of climate change and population growth. Ofwat have set out the approach they expect companies to follow in completing the submission and have outlined specific requirements for assurance, including a signed Board assurance statement.</p>	<ul style="list-style-type: none"> • External third line assurance of data, methodologies and the presentation of information • Independent challenge from external stakeholders - Natural Resources Wales, Environment Agency
Market Information (Water Resources)	<p>To help these markets grow successfully, it is important that customers and potential market participants can trust our costs are accurate in these areas for activities such as demand management, treatment, transport and other ‘search costs’. We will support these new market areas and ensure our data is accurate and has had a third line review before publication.</p>	<ul style="list-style-type: none"> • External third line assurance of data, methodologies and the presentation of information

4.1 How to respond

We welcome customer and stakeholder comments on section 2 of this document – our draft assurance plans.

In particular, we would welcome views on whether our propose plan sufficiently addresses the areas of risk identified in section 2.1.2, if there are any gaps, or alternatively if our approach is disproportionate to the risks identified.

We welcome your responses by **19 January 2018**.

We will publish our final assurance plans in **February 2018**.

Responses can be sent to: future.consultation@severntrent.co.uk

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