

**NORTHUMBRIAN**  
**WATER** *living water*

**ESSEX & SUFFOLK**  
**WATER** *living water*



**CONSULTATION ON  
STRENGTHS, RISKS  
AND WEAKNESSES  
AND DRAFT  
ASSURANCE PLAN**

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NOVEMBER 2020

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HAVE YOUR SAY



# WELCOME TO OUR CONSULTATION

Northumbrian Water Limited (NWL) operates in the North East of England as Northumbrian Water, and in the South East of England as Essex & Suffolk Water.

We supply water and wastewater services to around 4.5 million people. Northumbrian Water provides water and wastewater services to 2.7 million people in the north east of England. Essex & Suffolk Water provides water services to 1.5 million people in Essex and 0.3 million people in Suffolk.

We regularly report and publish information about our performance to show how well we are delivering our service promises to you, our customers. This information has robust checking procedures so that you can be sure it is correct. This is what we mean by **assurance**.

## Why are we consulting you?

The services we provide are essential for life and wellbeing. This means that maintaining the trust and confidence of our customers and stakeholders is absolutely crucial.

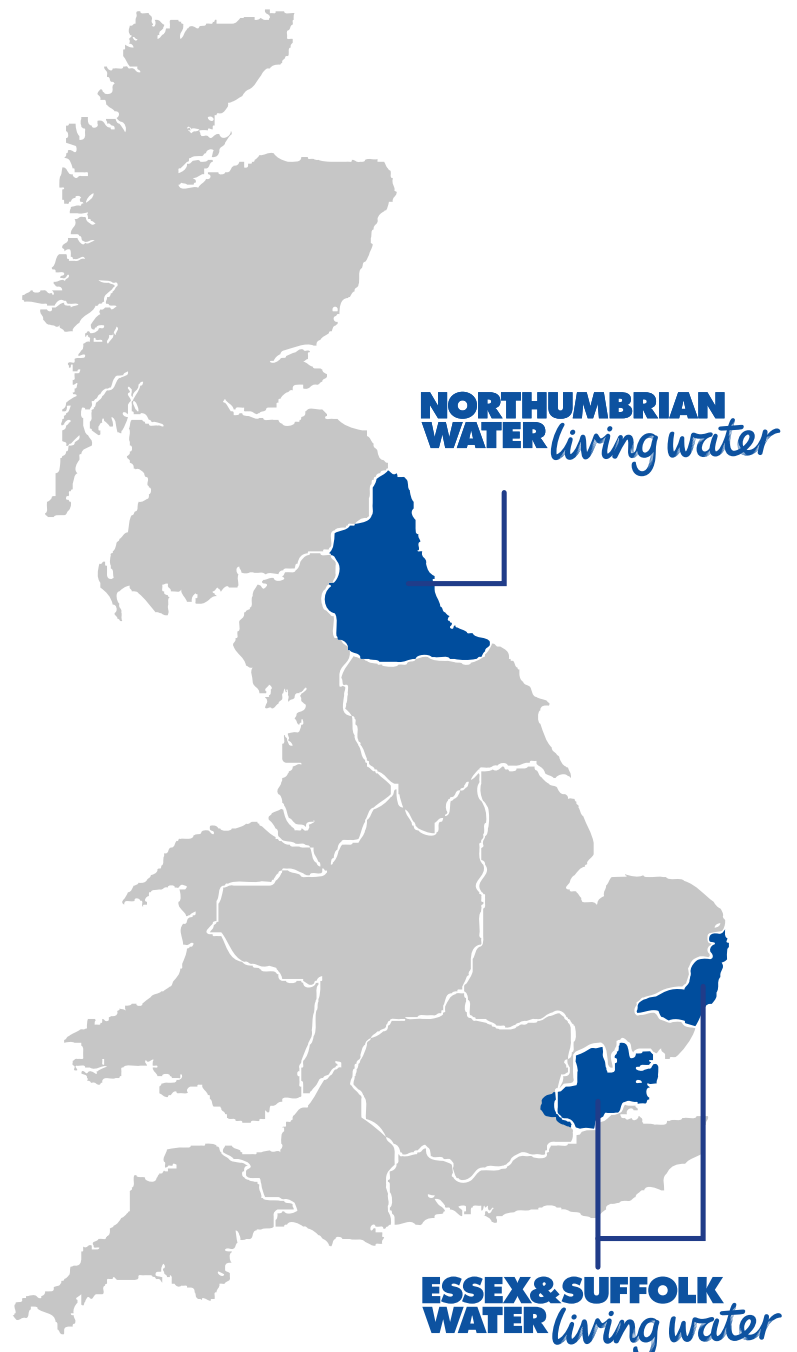
To maintain your trust, we need to ensure that we meet all our obligations and the published performance commitments that we have agreed with the water regulator, Ofwat.

We also need to make sure that we provide transparent, reliable information about our performance to our customers and stakeholders, so that they can hold us to account.

The purpose of this document is to tell you our views, and ask you about your views, on our **strengths, risks and weaknesses** in relation to:

- Fulfilling our performance commitments and obligations
- Providing robust information to customers and stakeholders.

We would also like your views on our **Draft Assurance Plan** which shows the assurance activities we plan to complete to reduce risks and weak areas.



There are two versions of this document to choose from. This one is our full assessment, which contains detailed, technical information. We also publish a **shorter summary**, which has less technical detail.

Each year, we consult with our customers and stakeholders on our Draft Assurance Plan. Our 2019 consultation, for our 2020/21 plan, was commented on by more than 6,500 customers and stakeholders.

### **We want you to have your say!**

The feedback we receive will help us to review our assessment of strengths, risks and weaknesses and assurance arrangements, before publishing our Final Assurance Plan for 2021/22 in March 2021. Our focus will be on making sure our Final Assurance Plan fully responds to customers' and stakeholders' needs and priorities.

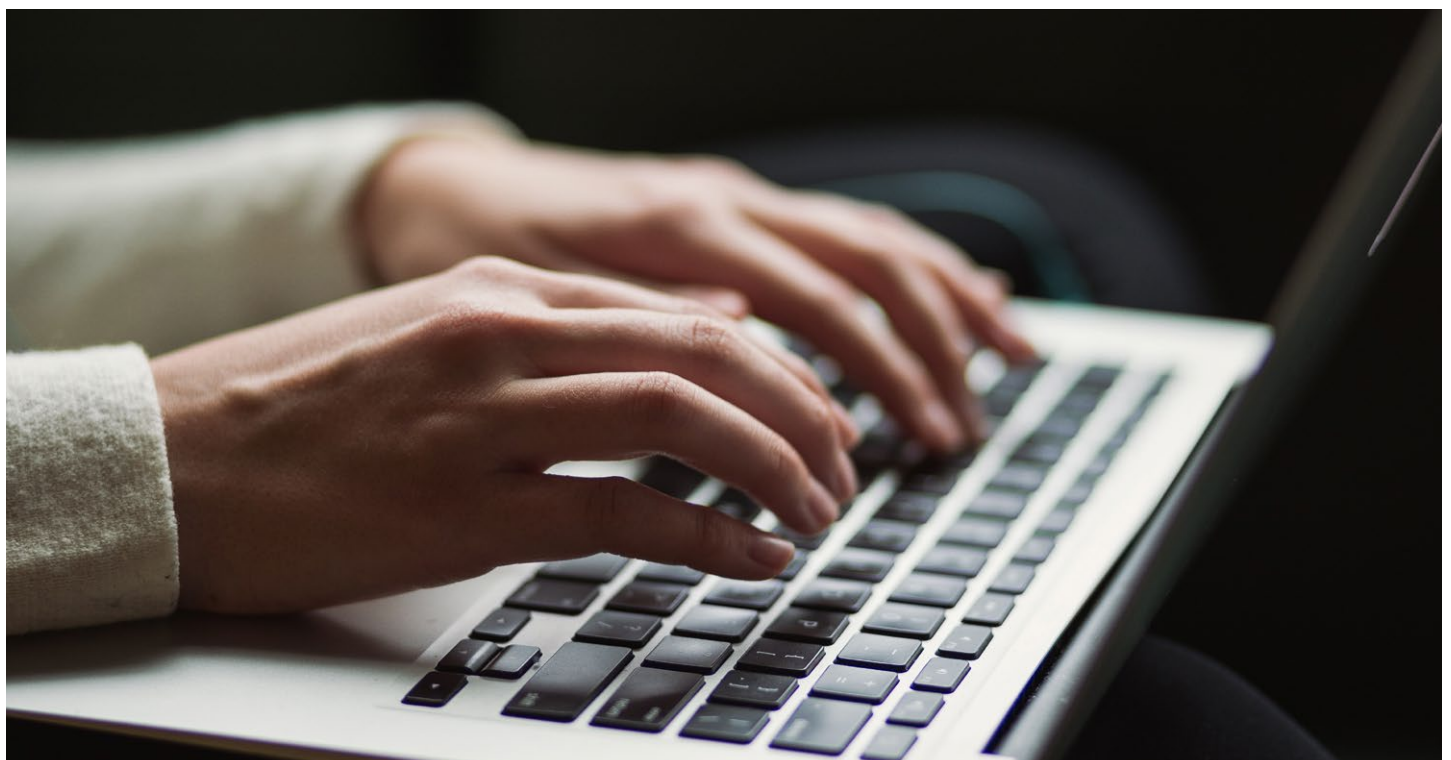
If you would like to take part in this consultation, all you need to do is read this document, or our shorter summary, then share your views with us by completing this **short survey** before **Friday 8 January 2021**.

As a thank you for taking part, everyone who completes the survey will be entered into a prize draw to **win an iPad**. Terms and conditions, that can be found within the survey, apply.

Alternatively, you can email any comments you have on the content and quality of this document to **haveyoursay@nwl.co.uk**.

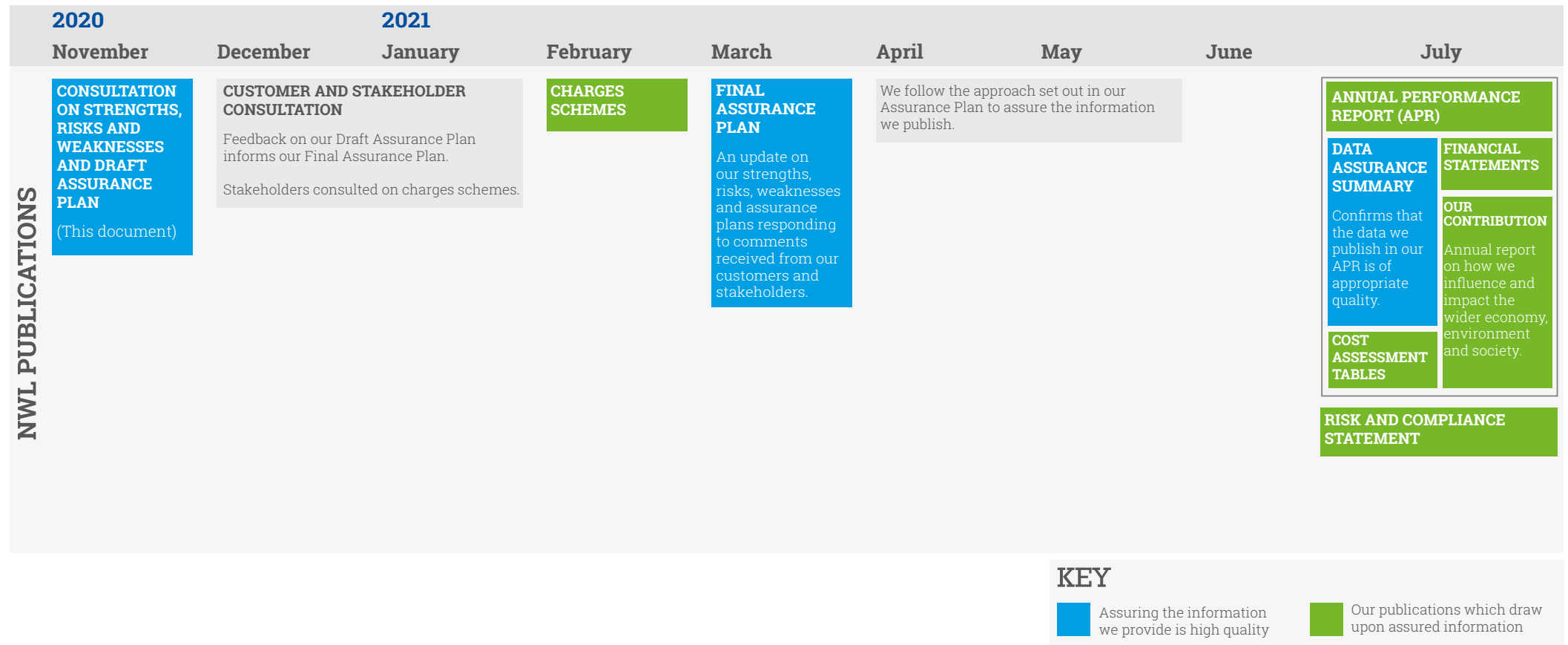
Our full Final Assurance Plan and a shorter summary document will be published on our website: [nwg.co.uk](http://nwg.co.uk) in March 2021. They will reflect the feedback we receive on this consultation.

This Assurance Plan is then used to ensure we provide customers and stakeholders with robust information, including the information in our **Annual Performance Report**, as shown in the diagram on the following page.



# PROVIDING TRANSPARENT AND RELIABLE INFORMATION

**Figure 1:** Our annual cycle for assessing strengths, risks and weaknesses, developing our assurance plans and sharing information with customers and stakeholders.



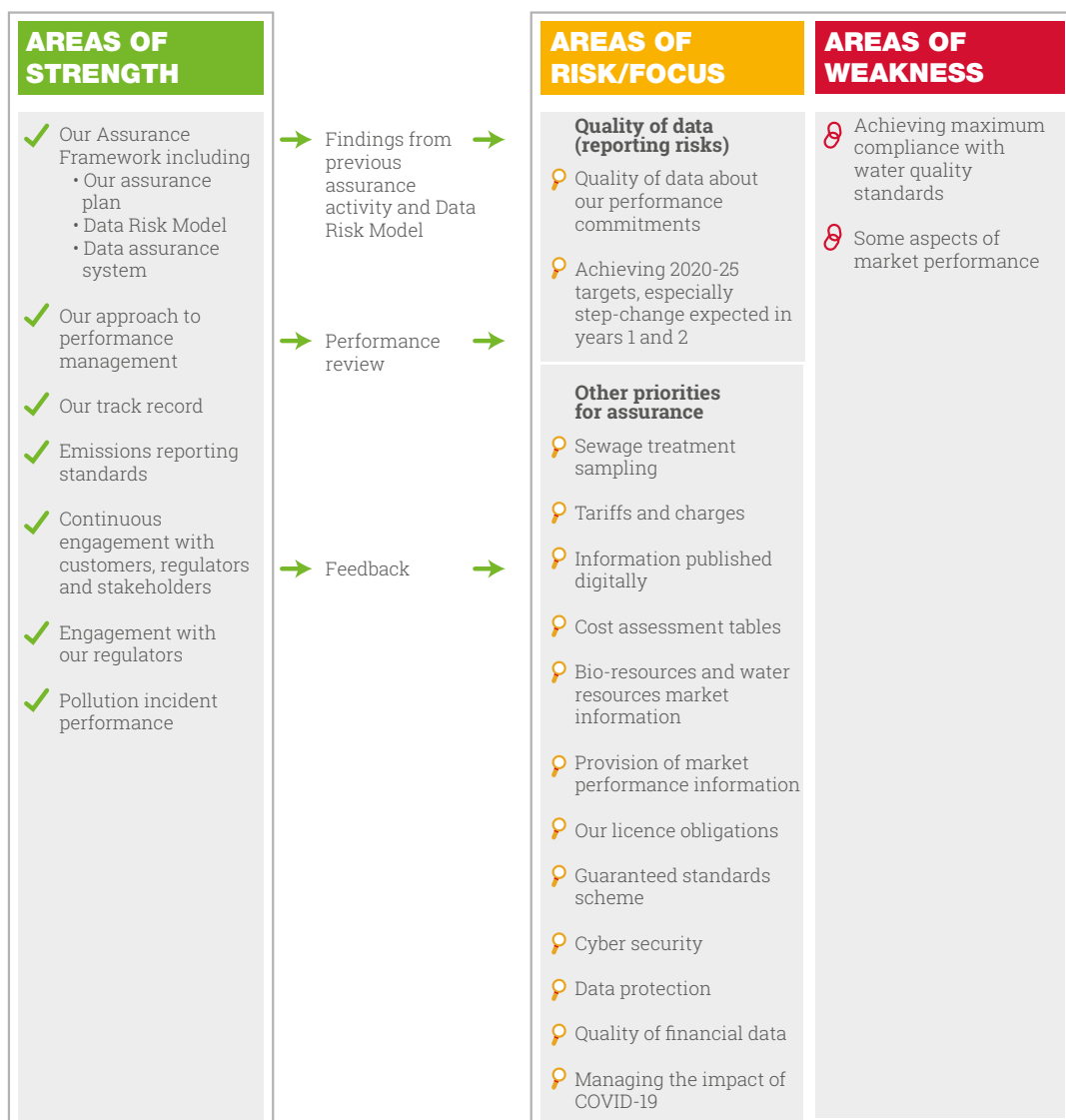
# OUR APPROACH TO ASSESSING AREAS OF STRENGTH, RISK AND WEAKNESS

The diagram below summarises the strengths, risks and weaknesses we have identified relating to:

- Delivering our regulatory obligations and the performance commitments we made to customers and stakeholders in our 2015-20 Business Plan, and new 2020-25 Business Plan.
- Providing quality information to customers and stakeholders so they can hold us to account.

Each area's categorisation depends on their level of risk and their importance to our customers and stakeholders. For more detail on each area, please see the following pages.

**Figure 2:** Our view on our areas of strength, risk and weakness:



# AREAS OF STRENGTH

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As you're reading about our areas of strength, you might like to think about whether we have any other strengths which you think should be included here?

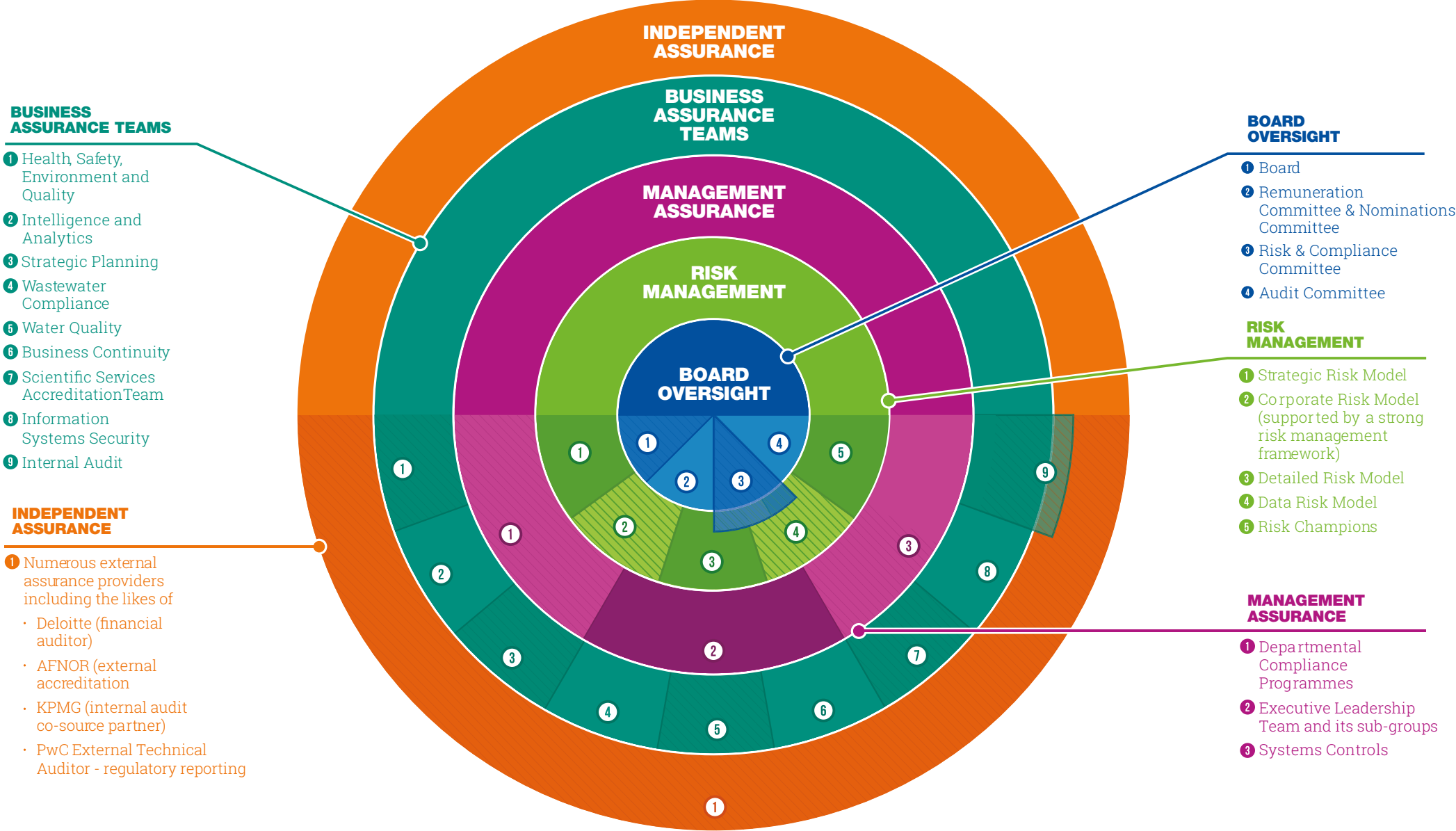
## OUR ASSURANCE FRAMEWORK

We operate a well-established approach to corporate governance and assurance, which is summarised in our Assurance Framework (see [page 8](#)). We use the framework to make sure the information and data we provide to our customers, stakeholders and regulators can be trusted.

Our framework has five tiers of assurance, as follows:

- **Board oversight:** The Board has ownership of the arrangements for governance and assurance of regulatory submissions and reporting. This is monitored and controlled through the Board's Audit Committee and Risk & Compliance Committee, with regular reporting by the committees to the Board.
- **Risk management:** We use a data risk assessment, and a strengths, risks and weaknesses review, to determine levels of risk and target assurance activity. This is a robust and mature process and is embedded within the company's risk activity. The Board sets the tone for risk management, determines the appropriate risk appetite, monitors the management of fundamental risk and approves major decisions affecting the company's risk profile.
- **Management assurance:** Our Executive Leadership Team (ELT) implements the Board's strategies and closely monitors performance. This includes making sure sufficient and suitable resources (human and financial) are applied to scrutinise performance and identify and manage risk. Our ELT makes sure there is appropriate assignment of responsibilities, corporate structures and reporting lines and accountabilities, supported by annual assurances on systems and controls.
- **Business assurance:** We have teams that are separate from operational activities which monitor, capture and manage the data we report. Specifically this includes our Internal Audit Team which is directly accountable to the Audit Committee. The team provides strong, independent assurance. As such their remit sits across this tier and the following one.
- **Independent assurance:** Our business assurance teams are supplemented with external specialist providers where we require technical and/or independent external assurance.

**Figure 3:** Our Assurance Framework.





## OUR DATA RISK MODEL

Two critical parts of our internal approach are the Data Risk Model, and our data assurance system, which sit within the Risk Management tier.

Our Data Risk Model is used to understand and then mitigate risks associated with data errors. It includes the following steps:

1. Applying a formal risk assessment to the data we collect to understand:
  - The likelihood of a reporting error due to the complexity of a performance measure and the manner in which the data is collected.
  - The impact should an error occur, particularly with regard to customers' trust and confidence, financial incentives and penalties and our reputation.
2. Applying checks and balances, in the form of data quality controls to mitigate risks. These controls may be procedural, audit based, or built into our information systems. We review the effectiveness of these controls as part of our risk assessment and they are rated as good, acceptable or ineffective.

Findings from previous assurance activity, and outputs from our risk model, are used to identify areas of risk or weakness. These also inform which assurance provider we choose for each item of data, be it our Internal Audit Team or external independent assurance.

We want to make sure we have processes in place that continue to apply a quality assured approach to producing accurate and reliable data.

Confidence grades provide a reasoned basis for us to qualify the reliability and accuracy of the data we publish. Applying confidence grades ensures that we can identify areas where our data is of a high standard. They also ensure that we have action plans in place to improve data that falls below the standard confidence grade level.

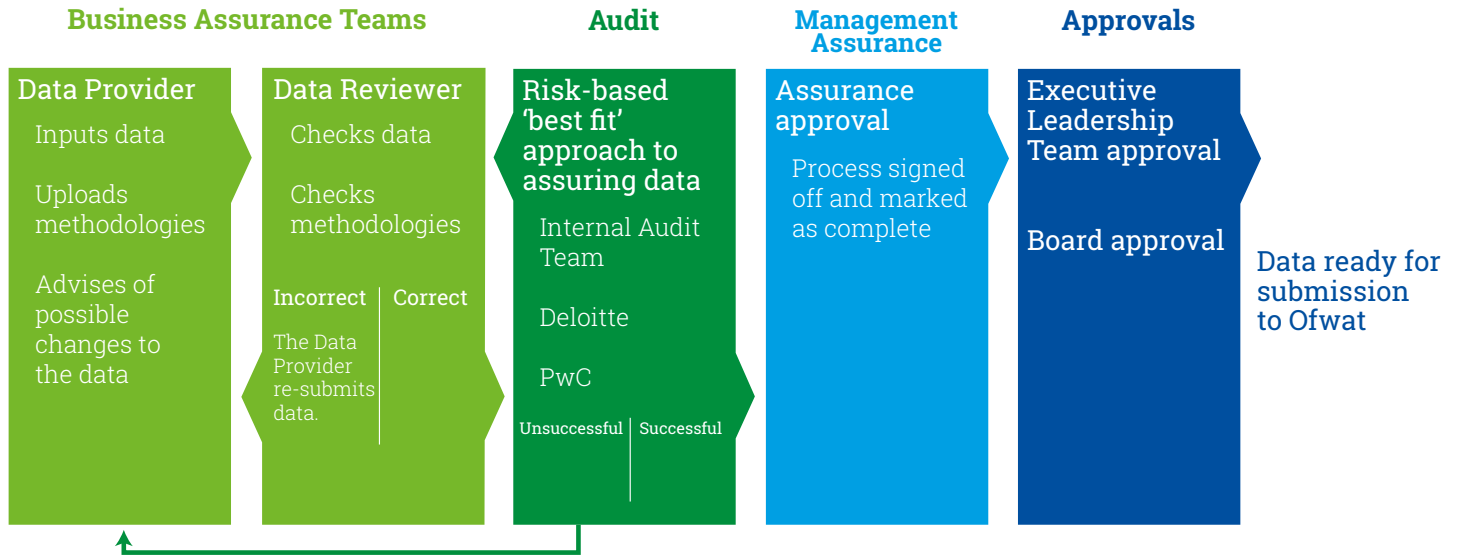
Our assurance of the data we produce will include comments from auditors on the suitability of the confidence grading that has been applied. Assurance providers will also provide their opinion where they differ to that which has been applied by our data teams.



## OUR DATA ASSURANCE SYSTEM

Our data assurance system is an automated workflow system used to upload, manage and assure the data required to produce our APR, providing a robust audit trail for each piece of data. The system is summarised in Figure 4, below.

**Figure 4:** Our Data Assurance System.



## OUR APPROACH TO PERFORMANCE MANAGEMENT

A key part of maintaining trust and confidence is delivering the performance commitments (or service levels) that our customers and stakeholders expect - in particular, the performance commitments we set out in our 2015-20 Business Plan.

We have a robust approach to performance management which is centred on our balanced scorecard. This is used to track performance against our performance commitments alongside other key measures such as employee engagement.

Our balanced scorecard is reviewed monthly by our Executive Leadership Team and also at our regular Board meetings. It is cascaded throughout the company via bi-monthly team briefings, giving all of our employees a clear understanding of our current performance and their role in meeting our targets. It enables action plans to be initiated quickly if performance in any area should start to deteriorate.

This ongoing performance review is used to identify areas of risk and weakness in this assurance plan. Targets are set annually and, as well as reflecting the commitments made in our business plan, also take account of benchmarking against other companies' performance.

Effective benchmarking is only possible if robust comparative information is available. We have hence taken an active and leading role in the development of the industry's strategic dashboard; Discover Water, which makes it easier for customers, stakeholders and regulators to view and compare performance information about water companies in England and Wales in one place.

We take information from 'Discover Water' and publish it on our own websites. We report how we have performed compared to other water companies and what steps we are taking to keep our performance on track. You can read our publication [here](#).

## OUR TRACK RECORD

Another important element of maintaining trust and confidence is our track record. In addition to having a strong focus on meeting our performance commitments, we have been recognised by several independent awarding bodies for exceptional performance in a broader sense including:

- **Water Industry Awards Company of the Year (2020 and 2018)**

In 2020 judges were impressed with the clearly commitment to customer service, innovation, resilience and its people.

- **Business in the Community (2020) Named a Responsible Business Champion for Environment**

Judges recognised that our work is rooted in the natural environment and the communities it serves. Their 'Caretakers of water in our regions' initiative embraces this responsibility – safeguarding the environment and water supply in their operations for future generations.

- **World's Most Ethical Company List (2020)** We are the only water company in the world, and one of just four UK based companies, to be on this list. It's the ninth time we have received this global recognition from the Ethisphere Institute.

- **British Water supply chain top water company (2019)**

We were named the UK's top water company in the British Water 2019 annual performance awards, as voted by suppliers, eight times in the last ten years.

- **Customer Initiative of the Year (Water Industry Awards 2019)**

For our Water Without the Worry campaign aimed at promoting the extra support – both financial and practical – that we provide to customers in a range of difficult circumstances.

- **Data Project of the Year (Water Industry Awards 2019)**

For our Water Poverty Eradication Modelling. This innovative project is utilising big data to support our goal of eradicating water poverty across our operating areas by 2030.

- **Sunday Times Best Companies List (2019)** We achieved 19th place in the Top 25 Best Big Companies to work for. This was purely based on feedback from our employees.

- **British Quality Foundation UK Excellence Award (2018)**

For our positive impact on the world, through improving and advancing the economic, environmental and social conditions in the communities we serve.

- **IT Initiative of the Year Utility Week Awards (Water Industry Awards 2018)**

For the implementation of our new customer billing system, which modernised and improved the way we support and service our customers' accounts.

- **Transformation and Innovation Award Utility Week Awards (Water Industry Awards 2018)**

With judges highlighting our "culture in which innovation is everyone's job" and giving special mention to our Innovation Festivals.

- **Competent Operator Scheme National accreditation**

In 2019 we were the first water company to be accredited by the Energy & Utility Skills, for securing the strict quality standards for water quality operations.

- **Leading Utilities of the World**

In 2018 we joined the world's most forward-thinking network of water and wastewater utilities, as defined by the networks 14 distinct innovation areas. Members represent the gold standard of utility innovation and performance throughout the developed world's water sector.

- **Living Wage**

In 2017 we were accredited by the Living Wage Foundation as a Living Wage employer, reflecting our belief that a hard day's work deserves a fair day's pay.

As a responsible business with a strong track record, it is important to us that we demonstrate leadership and make a wider contribution to life within our regions. We are particularly proud that our external recognition reflects leading performance across a broad spectrum of our business activities over a sustained period.

## EMISSIONS REPORTING STANDARDS

Annual Greenhouse Gas emissions at NWL have more than halved in the last 12 years and the Company continues as an industry leader in green energy generation, purchasing and usage. To ensure transparency and to underline our commitment to emissions reductions, for 2019/20 NWL has completed third-party verification of its emission reports to ISO14064-1. This is considered the gold standard for emissions reporting and attaining this standard is a considerable achievement.

## POLLUTION INCIDENT PERFORMANCE

We are delighted to remain a Frontier Company for pollution incident performance, and are determined to maintain this position. To do so we have developed our **Pollution Incident Reduction Plan** which outlines initiatives that will improve operational performance.

Examples of the work we are doing include:

- Deploy further monitoring, early warning capability and increased business intelligence across our wastewater system with increased coverage of sites on eSCADA telemetry with appropriate alarm generation;
- Develop innovative new sensors and monitors, such as a rising main burst sensor;
- Target our customer behaviour change campaigns with the launch of 'Bin the Wipe' programme, fats, oils and greases (FOG) work with food outlets and Trade Effluent response in order to reduce pollution risk; and
- Target capital maintenance programmes to maintain asset health, such as refurbishment of pumping stations and treatment works, sewer lining, dual manhole risk reduction and storm overflow ancillary programmes.

## CONTINUOUS CUSTOMER AND STAKEHOLDER ENGAGEMENT

We continually engage with our customers and stakeholders to assure them that we are meeting their expectations and to maintain their trust and confidence. Our goal is to give every single customer the opportunity to have a strong voice and engage with us, with at least 2m customers participating by 2025.

We carry out a programme of bespoke research and engagement activity around strategic aspects of service, including operations, inclusivity, charges and the future. This is

complemented by regular customer research activity to understand trends in satisfaction, monitor the success of campaigns and understand service priorities.

We hold regular conversations and performance review meetings with our stakeholders, to understand their expectations relating to performance, data reporting and communications. Our key stakeholders in the context of this document are:

Our customers.

- The **Northumbrian Water** and **Essex & Suffolk Water Forums** (our independent Customer Challenge Groups).
- The Consumer Council for Water (CCWater).
- Ofwat.
- The Drinking Water Inspectorate (DWI).
- The Environment Agency (EA).

The Water Forums provide independent assurance to Ofwat on our performance and the quality of our customer service (annual reporting), our customer participation and engagement; our work in communities and with regards to the environment and sustainability. Feedback from our customers, including as part of this consultation, is used to inform this Assurance Plan.

## ENGAGEMENT WITH OUR REGULATORS

We have an ongoing system in place to capture, log and respond to all regulatory communications.

We have an internal team that monitors and coordinates responses to requests for information and other correspondence from our regulators.

The team identifies the right internal expert(s) to liaise with who then deliver a high quality, timely response as required. This process is overseen by a senior manager or Director.

All feedback, determinations and responses from our regulators are logged and stored on our company intranet, and are used to inform this Assurance Plan.

# AREAS OF RISK AND HOW WE PLAN TO ASSURE THEM

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This section sets out those areas where either data errors, other failures or oversights, could have the greatest impact on our customers, and in turn on their trust and confidence in us.

These are the areas which we will focus on in our Draft Assurance Plan. The risks are largely the same as those covered in previous plans and those areas included for the first time are flagged as (NEW).

As you're reading about our areas of risk you might like to think about whether our plans to address them are enough?

## QUALITY OF DATA RELATING TO OUR PERFORMANCE COMMITMENTS

Many of our PCs have financial incentives associated with them. If we deliver better performance, we could earn a financial reward. Alternatively, if we deliver poor performance, we could incur a financial penalty. Failure to report performance accurately could result in an incorrectly calculated reward or penalty, which could significantly undermine our reputation, as well as reduce customer and stakeholder confidence.

To mitigate this risk, data associated with each of our measures of success will receive risk-based assurance as detailed in our Draft Assurance Plan.

Any penalties or rewards will be calculated using the methodology stated in our Final Determination from the Periodic Review 2019 (PR19). This is subject to robust assurance, involving internal and external audit review, including our Water Forums.

## MANAGING THE IMPACT OF COVID-19

During the COVID-19 pandemic, the vital importance of delivering clean water, and taking away wastewater has never been so clear, and our teams and partners continue to provide our customers with this essential public service in the face of the pandemic. Keeping our employees safe continues to be our first priority: we have enabled our customer and support teams to work

from home, in line with government guidance, as well as taking measures to ensure that our operational and field workers can continue to carry out their essential work safely.

We understand how difficult this time has been for many of our customers and we built on our existing 'Water without the Worry' campaign through direct communications to customers. We have been able to offer payment breaks to over 5,000 customers and apply our social tariffs to 2,000 customers with affordability issues. We signed up 1,700 extra customers to our Priority Services Register.

We also built on other customer messages such as 'Bin the Wipe' to reinforce that, even during toilet roll shortages, other materials should not be flushed down the toilet. Our purpose is not only to deliver this essential service for customers, but also to make a wider contribution to support our communities and enhance the environment we all depend on. The impact of the pandemic has brought this responsibility into even sharper focus. Recognising this we were one of the first businesses to sign the 'C-19 Business Pledge'. This pledge commits us to helping our customers, employees and communities as our part in helping the country pull through the COVID-19 crisis.

We chose as a business not to furlough any staff, with those who could not carry on their normal work either trained to support other parts of the business or given the opportunity to help others in our communities. This included delivering essential food and prescriptions, and making welfare phone calls to vulnerable, isolated people. The COVID-19 situation is not over yet and we will continue to respond to government guidance as it develops and ensure that we keep delivering our key services safely, and look after our employees, customers and communities. We will continue to work with our regulators to understand how best to reflect the impact of COVID-19 in relation to our PCs for 2020-25 and any other aspects of our regulatory framework.

## **ACHIEVING OUR 2020-25 TARGETS (NEW)**

We have some extremely stretching performance targets for 2020-2025, and continue to strengthen our plans to achieve these targets.

These will include the optimum mix of activities including investing in new assets and changing the way we operate our existing assets. We will also, where appropriate, work with our customers to change customer behaviour and develop new and innovative ways of working.

## **ACHIEVING OUR 2020-25 FLOODING TARGETS**

Sewer flooding is a challenging area for us but we have made significant steps in reducing sewer flooding risk in line with our targets for the first year of the new investment period.

Our performance and overall sewer flooding position is monitored formally on a monthly basis, with detailed weekly focussed meetings for key measures such as internal flooding, repeat internal flooding and repeat external sewer flooding. This process has already allowed us to identify a number of additional activities to improve our year end position. This includes significantly building on our extremely successful Bin the Wipe pilot study, where we will be initially targeting a further 16,000 properties from now until December. A further 45,000 properties have also been identified for the New Year.

We believe these additional activities, as well as further efficiencies will improve our overall sewer flooding performance.

## **SEWAGE TREATMENT SAMPLING**

We were disappointed with our 2019 two star Environmental Performance Assessment from the Environment Agency, due predominantly to a technical issue in supplying a small number of accredited laboratory results to demonstrate STW compliance, as opposed to causing any environmental damage. We have put in place a number of measures to prevent this from occurring in the future, such as a revised sample programme, provision of duplicate back-up results and enhancement to regulatory analysis reporting. We aim to be a four star company in 2020 by demonstrating excellent performance across all factors, including pollution.

## **TARIFFS AND CHARGES**

Water and wastewater services should be affordable for all customers, whatever their circumstances. The amounts our customers pay for their water (and wastewater) services change on 1 April each year and are determined by the Charges Schemes we publish in January and February of each year. When we change our charges, we follow the rules set out in legislation and by Ofwat.

We have a well-established timetable for the production and approval of our tariffs and charges scheme. Our timetable includes key stages for producing our charges, assurance from our Internal Audit Team and external assurance experts, and review and approval by our Charges Steering Group and the Board.

This year we need to pay particular attention to applying the impact of the CMA's findings on customer bills for the remainder of the AMP. We will focus on communicating this to customers and work with our Water Forum on this.



## INFORMATION PUBLISHED DIGITALLY

Our customers and stakeholders refer to our websites for information. Our newly designed and much improved websites went live in October 2019 and are now well established.

Our Internal Audit team worked closely with our Think Digital Group during its development and will continue to liaise with the team to ensure good governance and assurance processes are in place to allow accurate and up to date information being posted on the website.

## COST ASSESSMENT TABLES

Since 2016, we have provided cost assessment tables to Ofwat which cover all aspects of performance, including financial and operational metrics. This cost assessment information has helped inform Ofwat's cost modelling for the PR19 process. Our approach to providing governance and assurance to the cost assessment tables follows the same process as we currently have in place for Annual Performance Reporting (APR).

As part of the PR19 process we resubmitted asset data in relation to pumping stations which is used as cost drivers in Ofwat's cost models. Further assurance was applied to the resubmitted data.

In 2020-21, all cost assessment data will be submitted as an integral part of our APR. The steps that we will take to assure this data are set out on [page 37](#), which include checks by our internal and external audit teams, along with extensive testing.

## BIORESOURCES AND WATER RESOURCES MARKET INFORMATION

The submission of cost assessment tables was introduced as a new reporting requirement in 2017/18 by Ofwat. Ofwat uses the tables to develop its cost models.

Companies are also required separately to provide Ofwat with standardised and defined information on bio-resources and water resources activities. This is to enable potential market participants to identify opportunities to supply services.

We have updated our water resources market information on our website and do this annually. Our most recent update invited any parties that could supply water to our Hartismere resource zone to get in touch with us.

These are relatively new requirements, so are included as areas of risk. Our Internal Audit Team continues to work with our Bio-resources and Water Resources Teams to improve information.



## OUR LICENCE OBLIGATIONS

This area of risk is based on our need to comply with our licence obligations including those introduced following the opening of the non-household retail market. Companies that fail to meet their legal obligations are failing their customers. In referring to obligations, we mean those covered by the Water Industry Act 1991 and our Instrument of Appointment (the Licence).

To make sure that we comply with these obligations, we will follow a robust process to review and approve:

- The duties and obligations covered by the relevant legislation.
- The business owners and sponsors for each of the obligations.
- A risk assessment of each duty/obligation.
- Documentation of the policies and procedures which we rely on to ensure compliance.
- The effectiveness of the governance of these policies and procedures.

## GUARANTEED STANDARDS SCHEME

We believe world class customer service is about getting it right first time, every time. We must meet certain standards by law. However, we aim to improve on many of these and include others that we believe demonstrate an unrivalled customer experience. The guaranteed standards scheme (GSS) sets out the minimum standard of service our customers can expect, and how we will compensate them if things go wrong. 'Our Promise' contains all our guaranteed standards, including those required by legislation as minimum.

Any miscalculation of GSS payments, a failure to pay or misreporting our performance would be considered a breach of the regulations. Formal investigation and subsequent fines from the regulator could have a significant financial and reputational impact.

Following Ofwat's 'Out in the Cold' review of water companies' performance in response to the 'Beast from the East', the regulator expressed concern that customer compensation was not enough. We have acted on Ofwat's recommendations and made changes to our GSS payments from 1 October 2019.

Therefore, this area remains a risk and consequently a priority for assurance. Our processes for identifying, reporting and issuing failure payments to customers are well established. We have a full time GSS Compliance Auditor to focus on this specific area.



## CYBER SECURITY

Customers have indicated that they would like to know more about how we protect their personal data and prevent and manage cyber-attacks on our information systems.

We take cyber security extremely seriously and are committed to making sure we manage our systems securely by continuing to invest in our Technology, People and Processes.

As a Critical National Infrastructure company, we must also comply with the Networking and Information Systems Directive to make sure our systems that control the production and distribution of water are secure.

To mitigate the risk associated with this area, we:

- Make sure information is protected to an appropriate level, based upon the impact of its disclosure, modification or loss.
- Comply with all relevant information management legislation, regulations and standards.
- Make sure that employees are trained and clear about their responsibilities around cyber security, and that we expect them to take their legal and moral role seriously.
- Manage the security of all computer systems and supporting infrastructure through the implementation of appropriate technical security controls.
- Control access, through the implementation of user names, passwords and system privileges.

- Make sure that security is an integral part of information systems, including segregation of duties, change control procedures and approval processes.
- Ensure that the measures described here apply equally to data that is held in the cloud, as well as to data we hold on our own premises.
- Ensure information security events and weaknesses are formally managed, to allow timely corrective action to be taken.
- Have processes to encrypt data, where appropriate.
- Protect critical information systems from the effects of major failures or disasters, by deploying appropriately resilient infrastructure.
- Ensure redundant equipment, media and papers are disposed of securely.
- Use regular and up to date training to ensure a robust Cyber Security culture is embedded right across the business and is led from the top.
- Ensure Board review and approval of the Cyber Security policy.
- To assure this, we comply with ISO270001 for cyber security, liaise with the National Cyber Security Centre to ensure that we are responding appropriately to new and emerging threats, and take action to reduce any risks identified by the regular external audits and independent security tests we will commission.

For more information see our [Information Security Policy Statement](#).



## **DATA PROTECTION**

We are committed to protecting information (personal data) about our customers and employees. Meeting our data protection obligations is essential in the protection of this information and respecting the privacy rights of individuals. To ensure we are meeting our obligations and maintaining our reputation as an ethical and trustworthy company we are:

- Making sure we are ethical, fair, transparent and lawful when we use personal data.
- Only using personal data where we have a specified, explicit and legitimate reason for doing so.
- Making sure we have the personal data we need, but no more, to make the right decisions.
- Keeping personal data accurate and up-to-date.
- Only keeping personal data for as long as we need it to meet our purposes, and disposing of it promptly, and securely, afterwards.
- Allowing everyone access to their personal data when they wish, not using it in a way which may cause inappropriate harm or distress, and respecting their rights under the GDPR.
- Making sure that personal data is always protected under our Information Security Policy, and following best practice procedures and guidance to prevent its unauthorised use, disclosure, damage or loss.
- Ensuring that personal data is not transferred to another country, unless privacy rights are adequately protected in the recipient territory.

To assure this, we have an Information Access Team who work across the business on continuous compliance improvement, and they ensure departments follow our privacy policy, procedures and training.

For more information see our [Data Protection Policy Statement](#).

## **QUALITY OF FINANCIAL DATA**

Under our assurance framework, the following will be externally assured: Our Annual Report and Financial Statements, Regulatory Accounting Statements, Statement of Sufficiency, Long Term Viability Statement and any additional regulatory information.

## **MARKET PERFORMANCE INFORMATION**

The Water Act 2014 set out the legal framework for the opening of the competitive non-household retail market. The market commenced operation on the 1st April 2017. The market codes that govern the operation of the market have a performance framework within them – the Market Performance Framework (MPF). The MPF details a range of performance standards that all trading parties must comply with and it also details the reporting requirements for trading parties that are applicable. All trading parties are responsible for the assurance and submission of the required data. The market operator, Market Operator Services Ltd (MOSL), has responsibilities for the operation of the central market and the collation and presentation of market performance related information. Market and operational performance metrics are collected by MOSL and published to all trading parties. This is intended to provide confidence to all parties that companies are complying with their obligations.

Providing this performance data is a relatively new requirement. It was therefore initially identified as a risk for us. The reporting processes involved are now established and subject to review by our Internal Audit Team. Whilst still not a fully matured process, confidence is well enough established to no longer consider this a risk.

# AREAS OF WEAKNESS

We have robust governance, assurance and risk management arrangements in place on an ongoing basis which cover operations, planning and regulatory reporting. Our processes highlight points of detail which we address in the spirit of continuous improvement, to enhance the robustness of our data and the quality of information we provide to customers and stakeholders.

We have identified one area of weakness associated with meeting Performance Commitments this year. This is achieving maximum compliance with Drinking water quality standards. This section details this area of weakness, and the arrangements we have in place to strengthen our performance.

As you're reading about our areas of weakness, you might like to think about whether there are any other weaknesses you think we should include?

## ACHIEVING MAXIMUM COMPLIANCE WITH WATER QUALITY STANDARDS

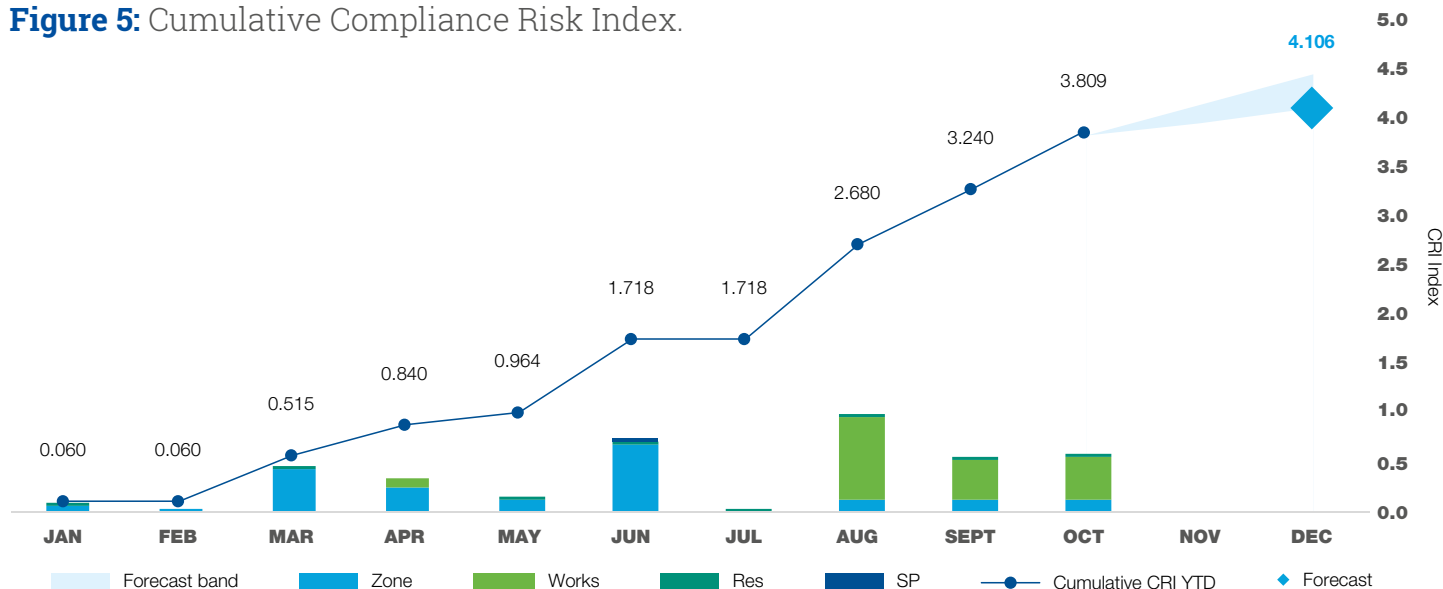
We supply drinking water that must meet strict quality standards. Performance against these standards is monitored by us and reported to the Drinking Water Inspectorate, in line with the regulations they stipulate.

A perfect Compliance Risk Index (CRI) score would be 0. This is equivalent to 100% compliance with all standards at all times. We routinely score very high levels of compliance – greater than 99.9%.

Each year a small number of water sample test failures impact our performance. Of the 80,000 or so tests carried out each year, only a small number fail. The compliance calculation considers the nature of the test failed, the location that the sample was taken from and the company response to any issues identified by our investigations. The CRI is a cumulative score with each failure adding to the annual total. It is possible to reduce the overall number of failures, but still achieve the same or worse score, depending on the type and location of failures that have occurred.

The CRI is a relatively new measure introduced in 2017 and is one of our common performance commitments. As can be seen from figure 5 our performance has varied over time.

**Figure 5:** Cumulative Compliance Risk Index.



We are committed to sustaining, and where possible improving, water quality. We developed and published our Long Term Water Quality plan in May 2018. This sets out our short, medium and long term actions to deliver water quality improvements.

We work hard to deliver improvements to our treatment works, our distribution network, and keeping our water close to customers' properties healthy by regularly flushing the system.

Our current improvements include managing the land surrounding where we abstract water from, and ensuring we take the right amount of water from each source. This ensures we take the best quality raw water for treatment.

We are also investing £89m to replace four water treatment works, improve chemical dosing, and install new filters and other treatment equipment.

Some of our investment highlights include:

- Investing £21m to build two new water treatment works in north Northumberland to help improve drinking water quality for more than 25,000 people.
- Refurbishing our water treatment works, including £60m to modernise our Horsley works, which supplies Tyneside.
- Abstraction management projects in Essex, to reduce the risk of water samples failing drinking water quality tests because of pesticides.

We are also removing iron pipes from our networks, and lead pipes (which connect the water main to the kitchen tap in properties built before 1970), and we undertake routine maintenance of our whole network. From 2015 to 2019, these network improvements will have cost £59m.

All these actions will improve the quality of water entering our network, and maintain that quality throughout our water's journey. This will help ensure that when tested at the end of the network in customers' homes, it achieves 100% compliance with drinking water quality standards.

Investment in our network is only a part of the picture - our systems and processes are just as important. We want our people to have the right skills, values and behaviours to deliver our ambitious goals around water quality.

We therefore have a programme of continuous improvement for our treatment and network

teams, to make sure we always make the right decisions in order to provide safe water, of a consistent quality. In 2018, we were one of the first companies to be awarded the revised Competent Operator Scheme certification by Energy & Utility Skills, which assesses operators against "trailblazer" standards.

We have a Food Factory vision for water treatment. This makes sure that everyone complies with strict food hygiene standards and understands their performance on a daily basis. We have embedded continuous improvement techniques and lean manufacturing processes into these teams. For example, our performance framework encourages behavioural conversations about site scorecards. These ensure that everyone is aware of company targets and takes responsibility for caring for our equipment.

As water leaves our treatment works, our Keep It Right principle encourages network teams to sustain these high standards, right up to our customers' taps.

To minimise the amount of lead and nickel entering our drinking water, we optimise the amount of phosphate we add at our treatment works. Phosphate forms a protective mineral layer within plumbing systems and therefore reduces how much our water comes into contact with metals such as lead or nickel often found in older systems or those recently refurbished.

Drinking water quality however, is not just about samples passing analysis in a laboratory. The scope and scale of the work we undertake and the Drinking Water Inspectorate's remit are both much wider, it includes programmes of work to improve assets and service, audit activity, event management, training and competence.

The Drinking Water Inspectorate (DWI) introduced a measure called the Event Risk Index (ERI) in 2017/18. This index was introduced to recognise that nationally around 500 water quality events were occurring nationally each year, but they were unrecognised by performance measures. A water quality event is when things haven't gone quite right and there is a potential or actual impact on quality. For example, this could be discolouration of customer supplies that a customer experiences first hand, or an event could be a technical issue in the operation of a treatment works and completely invisible to customers. The DWI provide water companies with guidance about when a water quality event has to be declared. These events may or may not be noticed by our customers and therefore

customer communications are only utilised when the nature of the event requires it. The index measures how the company limits any impact and puts remedial measures in place and how quickly we do that, it is sensitive to scale and duration. It is a national comparative measure and our 2019 performance was impacted adversely by one event at Whittle Dene WTW, as the works provides a large volume of water to the network and the time interval between samples was quite long this incurred a high score. Our 2018 performance was significantly better.

The DWI also undertake an annual audit programme. These inspections are carried out on site and allow the DWI to see first hand how assets are functioning and how they are operated. The audits are far reaching covering chemical deliveries, training, process monitoring, validation of control measures and so on. In 2019 the DWI audit programme focused on four themes; Investment; Staff competence; Contamination and Significant risks. So far, the themes for 2020 include Disinfection monitoring, validation and policies; Unmitigated risk (from water safety plan risk assessments); Borehole site operation and maintenance; and Notice compliance. As an output of the audit programme DWI publish the audit findings and learning points for the sector. The DWI rightly expect companies to act upon the information and learning and so drive sector-wide improvements. In addition the DWI also expect every company to have in place an asset improvement programme to ensure the asset base can deliver the right quality and quantity of drinking water to customers. Water companies focus on managing water quality risks and where DWI see a lack of progress with these risks will issue Enforcement Notices. These Enforcement Notices formalise remedial steps and ensure risks to water quality are managed.

In 2019, we experienced a handful of water quality incidents at our Water Supply sites which impacted our Events Risk index (ERI) score. In addition, our northern region also recorded a small number of water quality failures at service reservoirs, which together have increased scrutiny from DWI. Whilst our performance against the ERI measure has improved considerably in the current year, we have now agreed with DWI the measures required and we will be working closely with DWI over the next few months on the details to develop short, medium and long term plans for water quality.

## **NON-HOUSEHOLD(NHH) RETAIL MARKET PERFORMANCE,**

Following the introduction of this market which enables NHH water customers to choose their retailer, a performance framework has put in place to monitor the performance of the market and the individual companies who participate. The previous section outlines how we provide robust information to support this. Ofwat's recent review of effective markets outlined a small number of areas where our performance needs to improve. We fully accept that these areas require improvement – action plans have now been established and Ofwat is supportive of these. This is a key focus area for us and we have continued to report on progress against these plans during the current covid related suspension period. We are confident that now we have completed our substantial investment in our key corporate systems; most recently and directly applicable is our commissioning of our new Work and Asset Management System, this leaves us well placed to address these issues and we are already seeing improvements.

# OUR RECENT ASSURANCE ACTIVITY AND DRAFT PLAN FOR FUTURE ASSURANCE ACTIVITY

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Our governance and assurance processes are embedded into the management and culture of the company and are designed to ensure risks are promptly identified, updated on a regular basis and appropriate mitigation prioritised to meet the risk appetite.

We also use our risk based approach to ensure that an appropriate balance of varied assurance providers are selected. These include our own Internal Audit Team as well as external technical assurance by PwC and financial assurance provision by Deloitte.

In general, areas of risk that already form part of our annual or cyclic audit activity are assured by our Internal Audit Team. For example, assurance of the Guaranteed Standards Scheme (GSS) entails coverage across many processes and systems (e.g. Interruptions to water supply, sewer flooding, SIM) and we therefore include these in the Internal Audit Team's annual assurance programme.

Newly emerging areas of risk are assured by our external auditors, PwC. Similarly, areas of risk that require a more technical approach (e.g. leakage) also form part of PwC's agreed assurance programme.

Our financial auditor, Deloitte, provides independent audit and assurance on financial reporting in our **Annual Report and Financial Statements** and our **Annual Performance Report**.

The following tables contain a summary of the findings of the assurance activity we carried out for the reporting period 2018/19. The tables also detail our planned assurance activity that will apply to the reporting period 2019/20.



## QUALITY OF DATA RELATING TO MEASURES OF SUCCESS AND PERFORMANCE COMMITMENTS FOR 2021-25

Areas of risk	Assurance activity completed during 2020/21	Planned assurance activity for 2021/22
<p><b>CUSTOMER MEASURE OF EXPERIENCE (C-MEX)</b></p> <p>This is an Ofwat common definition. C-MeX is a mechanism to incentivise excellent levels of service for residential customers. Each company receives a C-MeX score based on results from two surveys. These are a customer service survey and a customer experience survey. A Company's overall score is out of 100.</p>	<ul style="list-style-type: none"> <li>Our Internal Audit Team carried out an assurance audit of the reporting processes that contribute to C-MeX reporting. Some concern was raised regarding the failure to include some customer contact data in the reporting. This was quickly resolved and processes put in place to ensure the contact information was corrected and reporting going forward checked regularly. Ofwat was also made aware of this matter</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for C-MeX by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>DEVELOPER SERVICES MEASURE OF EXPERIENCE (D-MEX)</b></p> <p>This is an Ofwat common definition. D-MeX is a mechanism to incentivise companies to provide developer services customers with excellent levels of service. These customers include small and large property developers, self-lay providers, new appointees and some residential customers.</p> <p>Each company receives a D-MeX score based on two components; qualitative and quantitative surveys. These are a customer service survey and a customer experience survey. A Company's overall score is out of 100.</p>	<ul style="list-style-type: none"> <li>Our Internal Audit Team has carried out assurance activities throughout the 'shadow reporting' period for D-MeX (2016-2020).</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for D-MeX by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>WATER QUALITY COMPLIANCE (CRI)</b></p> <p>This is an Ofwat common definition. The Compliance Risk Index (CRI) is a measure designed to illustrate the risk arising from treated water compliance failures. It aligns with the approach taken by DWI. A CRI score is calculated for every individual compliance failure.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on the CRI reporting which already exists and included in our APR.</li> </ul>	<ul style="list-style-type: none"> <li>PwC will confirm understanding of the reporting process for CRI by performing interviews, walkthroughs and evidence inspection.</li> <li>PwC will ascertain how regulatory guidance for this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by PwC will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>INTERRUPTIONS TO SUPPLY GREATER THAN THREE HOURS.</b></p> <p>This is an Ofwat common definition. This measure the performance of companies in terms of the average number of minutes lost per customer for the whole customer base for interruptions that lasted three hours or more.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on the interruptions to supply reporting which already exists and included in our APR.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for interruptions to supply by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>

Areas of risk	Assurance activity completed during 2020/21	Planned assurance activity for 2021/22
<p><b>LEAKAGE</b></p> <p>This is an Ofwat common definition. This measure enables all companies to report annual average leakage for the defined year. Average annual leakage is defined as the sum of distribution system leakage, including service reservoir losses and trunk main leakage plus customer supply pipe leakage. It is reported as the annual arithmetic mean daily leakage expressed in mega-litres per day (Ml/d).</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on the leakage which already exists and included in our APR.</li> </ul>	<ul style="list-style-type: none"> <li>PwC will confirm understanding of the reporting process for leakage incidents by performing interviews, walkthroughs and evidence inspection.</li> <li>PwC will ascertain how regulatory guidance for this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by PwC will agree data back to underlying systems as well a sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>PER CAPITA CONSUMPTION (PCC)</b></p> <p>This is an Ofwat common definition. PCC allows companies to report annual average per capita consumption for the defined year following a reasonable level of accuracy, applying consistent and reliable methods and common assumptions.</p> <p>Annual average per capita consumption is the sum of measured household consumption and unmeasured household consumption divided by the total household population. This is reported at the whole company level for this PC.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on the PCC reporting which already exists and included in our APR.</li> </ul>	<ul style="list-style-type: none"> <li>PwC will confirm understanding of the reporting process for PCC by performing interviews, walkthroughs and evidence inspection.</li> <li>PwC will ascertain how regulatory guidance for this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by PwC will agree data back to underlying systems as well a sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>POLLUTION INCIDENTS</b></p> <p>This is an Ofwat common definition. The Environmental Performance Assessment (EPA) was introduced in 2011 and updated in February 2017. There was some adjustments to wording in version 3 in 2019.</p> <p>This measures the total number of pollution incidents (Category 1 - 3) in a calendar year emanating from a discharge or escape of a contaminant from a company sewerage asset affecting the water environment. We report the total number of pollution incidents (cat 1-3) per 10,000km of sewer length.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on the pollution incidents reporting which already exists and included in our APR.</li> </ul>	<ul style="list-style-type: none"> <li>PwC will confirm understanding of the reporting process for pollution incidents by performing interviews, walkthroughs and evidence inspection.</li> <li>PwC will ascertain how regulatory guidance for this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by PwC will agree data back to underlying systems as well a sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>RISK OF SEVERE RESTRICTIONS IN A DROUGHT</b></p> <p>This is an Ofwat common definition. The drought resilience metric measures the percentage of the customer population the company serves who are at risk of experiencing severe restrictions (for example, standpipes or rota cuts) in a 1 in 200 year drought, on average, over 25 years.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on the risk of severe restrictions in a drought reporting which already exists and included in our APR.</li> </ul>	<ul style="list-style-type: none"> <li>PwC will confirm understanding of the reporting process for risk of severe restrictions in a drought by performing interviews, walkthroughs and evidence inspection.</li> <li>PwC will ascertain how regulatory guidance for this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by PwC will agree data back to underlying systems as well a sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>



Areas of risk	Assurance activity completed during 2020/21	Planned assurance activity for 2021/22
<p><b>MAINS REPAIRS</b></p> <p>This is an Ofwat common definition. Companies report mains bursts repairs per 1,000km of mains. Mains bursts include all physical repair work to mains from which water is lost. This is attributable to pipes, joints or joint material failures or movement, or caused by conditions or original pipe laying or subsequent changes in ground conditions.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on the mains repairs reporting which already exists and included in our APR.</li> </ul>	<ul style="list-style-type: none"> <li>PwC will confirm understanding of the reporting process for pollution incidents by performing interviews, walkthroughs and evidence inspection.</li> <li>PwC will ascertain how regulatory guidance for this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by PwC will agree data back to underlying systems as well a sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>UNPLANNED OUTAGE</b></p> <p>This is an Ofwat common definition. The measure is used as a means of assessing asset health for abstraction and water treatment activities. It is defined as the annualised unavailable flow, based on the peak week production capacity (PWPC) for each company.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on the unplanned outage reporting which already exists and included in our APR.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for unplanned outage by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>SEWER COLLAPSES</b></p> <p>This is an Ofwat common definition. It measures the number of sewer collapses per 1,000km of all sewers that have not been identified proactively by the company and causing an impact on service to customers or the environment.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on the sewer collapse reporting which already exists and included in our APR.</li> </ul>	<ul style="list-style-type: none"> <li>PwC will confirm understanding of the reporting process for treatment works compliance by performing interviews, walkthroughs and evidence inspection.</li> <li>PwC will ascertain how regulatory guidance for this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by PwC will agree data back to underlying systems as well a sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>TREATMENT WORKS COMPLIANCE</b></p> <p>This is an Ofwat common definition. This measures performance of sewerage assets to treat and dispose of sewage in line with the discharge permit conditions imposed on sewage treatment works.</p> <p>The discharge permit compliance metric is reported as the number of failing sites and not the number of failing discharges.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on the treatment works compliance reporting which already exists and included in our APR.</li> </ul>	<ul style="list-style-type: none"> <li>PwC will confirm understanding of the reporting process for treatment works compliance by performing interviews, walkthroughs and evidence inspection.</li> <li>PwC will ascertain how regulatory guidance for this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by PwC will agree data back to underlying systems as well a sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>

Areas of risk	Assurance activity completed during 2020/21	Planned assurance activity for 2021/22
<p><b>PRIORITY SERVICES REGISTER – REACH</b></p> <p>This is an Ofwat common definition. The PSR measures the number of households on the company's PSR as a proportion of all households in the company's region. In order to meet the performance commitment, companies must comply with two criteria on data checking:</p> <ol style="list-style-type: none"> <li>1. Companies will attempt to make contact with a minimum of 45% households on the PSR in the first year and 90% of households every two years of subsequent years to 2025.</li> <li>2. Companies will need to ensure that details, including any change in circumstances, are reconfirmed for at least 17.5% of households in the first year and 35% of households every two years for all subsequent years to 2025.</li> </ol>	<ul style="list-style-type: none"> <li>• This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on the priority services reporting which already exists and included in our APR.</li> </ul>	<ul style="list-style-type: none"> <li>• Our Internal Audit Team will confirm understanding of the reporting process for the priority services register by performing interviews, walkthroughs and evidence inspection.</li> <li>• Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>• Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>SATISFACTION OF CUSTOMERS WHO RECEIVE ADDITIONAL NON-FINANCIAL SUPPORT</b></p> <p>This measures the customer satisfaction score of customers who receive non-financial support through the PSR. This performance measure applies to households only. The score will be determined from a telephone survey where customers who are on the PSR are asked to rate their overall satisfaction with the PSR services the company provides.</p> <p>Customers score their satisfaction with the company's performance between one and ten, with a greater score indicating a greater level of satisfaction. 1,000 customers will be surveyed throughout the year to provide an annual score.</p>	<ul style="list-style-type: none"> <li>• This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025.</li> </ul>	<ul style="list-style-type: none"> <li>• Our Internal Audit Team will verify customer survey numbers used for publishing are consistent with the customer surveys carried out by our accredited external organisations and recognised industry bodies.</li> </ul>
<p><b>SATISFACTION OF CUSTOMERS WHO RECEIVE ADDITIONAL FINANCIAL SUPPORT</b></p> <p>This measures the customer satisfaction score of customers who receive additional financial support through one of the company's SupportPLUS tariffs or WaterSure. This performance measure applies to households only. The score will be determined from a telephone survey where customers who are receiving financial support for either water arrears or ongoing charges are asked to rate their overall satisfaction with the services the company provides. Customers score their satisfaction with the company's performance between one and ten, with a greater score indicating a greater level of satisfaction. 1,000 customers will be surveyed throughout the year to provide an annual score.</p>	<ul style="list-style-type: none"> <li>• This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025.</li> </ul>	<ul style="list-style-type: none"> <li>• Our Internal Audit Team will verify customer survey numbers used for publishing are consistent with the customer surveys carried out by our accredited external organisations and recognised industry bodies.</li> </ul>

Areas of risk	Assurance activity completed during 2020/21	Planned assurance activity for 2021/22
<p><b>AWARENESS OF ADDITIONAL NON-FINANCIAL SUPPORT</b></p> <p>The percentage of household customers who, when asked, have awareness of the company's additional non-financial support service, the PSR. The annual calculation is (total number of customers who answer yes / total number of customers surveyed) x 100.</p> <p>The measure is determined annually through market research conducted by an external third party used to determine if customers are aware of the PSR. The higher the percentage score, the better the performance. The score is based on a telephone survey to ask customers if they are aware of the PSR that the company can offer to those customers who need extra support. Customers score their awareness with a yes/no answer.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will verify customer survey numbers used for publishing are consistent with the customer surveys carried out by our accredited external organisations and recognised industry bodies.</li> </ul>
<p><b>AWARENESS OF ADDITIONAL FINANCIAL SUPPORT</b></p> <p>The percentage of household customers who have awareness of the company's additional financial support services. This includes customers that are signed up to one of the company's SupportPLUS tariffs or WaterSure. The score is based on a telephone survey to ask customers if they are aware of the additional financial support services that the company can offer to customers who need extra support. This includes the company's SupportPLUS tariffs and WaterSure. Customers score their awareness with a yes/no answer. 2,000 customers are surveyed annually (500 quarterly) and the results are presented as an annual % of awareness.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will verify customer survey numbers used for publishing are consistent with the customer surveys carried out by our accredited external organisations and recognised industry bodies.</li> </ul>
<p><b>RESPONSE TIME TO WRITTEN COMPLAINTS</b></p> <p>This is the annual average time taken to respond to written complaints in working days. The duration to respond to a complaint is from the date of receipt into the business to the date a response is issued. This measure uses the CCWater definition of a written complaint, which covers complaints via post, email, web or fax. The company will align with any changes to the definition by CCWater.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for written complaints by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>VISIBLE LEAK REPAIR TIME</b></p> <p>This measure is the average number of calendar days that it takes to find and fix visible leaks reported to us by customers. This is measured over the April to March year. A customer report of a visible leak will be recorded at the time the contact with the company started in the company's corporate systems. Once the leak is found and then the job to fix the leaking pipe is completed, the time and date of the completion will also be recorded in the company's systems. The difference between the two gives the time taken to repair the leak.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for visible leak repair times by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>

Areas of risk	Assurance activity completed during 2020/21	Planned assurance activity for 2021/22
<p><b>CUSTOMERS' PERCEPTION OF TRUST</b></p> <p>Customers' perception of trust. The 'mean' customer satisfaction score out of ten based on a quarterly independent customer tracking survey.</p> <p>The survey covers only household customers and consists of 500 completed interviews each quarter, a total of 2,000 interviews annually. The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will verify customer survey numbers used for publishing are consistent with the customer surveys carried out by our accredited external organisations and recognised industry bodies.</li> </ul>
<p><b>PERCENTAGE OF HOUSEHOLDS IN WATER POVERTY</b></p> <p>Percentage of households spending more than 3% of their disposable income on their water and sewerage charges, after housing costs. The measurement calculation is (number of households whose bill &gt; 3% of income / total number of households) x 100.</p> <p>The number of total households is the number of connected households held within the company's billing databases. The database will be validated against income values to identify those in water poverty using credit reference data.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for assessing the percentage of households in water poverty by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>GAP SITES</b></p> <p>The percentage of properties on the Valuation Office Rating list which have been matched to our corporate database of connected non-household properties. Those which don't match are investigated as gap sites.</p> <p>The number of properties on the VOA rating list which have been matched to the company's corporate database (ie are connected and either classified as void or billed) as a percent of the total number of properties on this list. The number of properties on the VOA rating list which have been matched to the company's corporate database (ie are connected and either classified as void or billed) as a percent of the total number of properties on this list.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for gap sites by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>

Areas of risk	Assurance activity completed during 2020/21	Planned assurance activity for 2021/22
<p><b>VOIDS</b></p> <p>The number of household properties classified as void as a percentage of the total number of household properties served by the company.</p> <p>Void properties are defined as properties, within the company's supply area, which are connected for either a water service only, a wastewater service only or both services but do not receive a charge, as there are no occupants. Additionally, a property connected for both services that is not occupied, only counts as one void property.</p> <p>The proportion of void properties will be measured as an average over the year. The same method to calculate the average will be used each year.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. We have previously reported the number of voids which were included in our Cost Assessment tables as part of APR.</li> </ul>	<ul style="list-style-type: none"> <li>PwC will confirm understanding of the reporting process for voids by performing interviews, walkthroughs and evidence inspection.</li> <li>PwC will ascertain how regulatory guidance for this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by PwC will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>INTERRUPTIONS TO SUPPLY GREATER THAN 12 HOURS</b></p> <p>This measure is a count of the total number of properties that experience an interruption of 12 hours (or more) in each year. All properties interrupted that are identified through the common measure (interruptions greater than three hours) that are impacted for 12 hours or more are recorded.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on the interruptions to supply information which already exists and reported in the APR.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for interruptions to supply greater than 12 hours by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>DISCOLOURED WATER CONTACTS</b></p> <p>The number of customer contacts of discoloured water – brown/orange/black recorded in a calendar year in line with DWI information letter IL01/2006. The number of times the company is contacted by consumers due to drinking water not being clear, reported per 10,000 population. The calculation is the number of contacts for appearance multiplied by 10,000 divided by the resident population as reported to the DWI.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on the discoloured water contacts which already exists and reported in the APR.</li> </ul>	<ul style="list-style-type: none"> <li>PwC will confirm understanding of the reporting process for discoloured water contacts by performing interviews, walkthroughs and evidence inspection.</li> <li>PwC will ascertain how regulatory guidance for this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by PwC will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>TASTE AND SMELL CONTACTS</b></p> <p>The number of customer contacts of taste and smell (odour) of drinking water recorded in a calendar year in line with DWI information letter IL01/2006. This is reported per 10,000 people. The number of times the company is contacted by consumers due to the taste and odour of drinking water, reported per 10,000 population. Calculation is the number of contacts for all taste and odour contacts multiplied by 10,000 divided by the resident population as reported to the DWI.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on the taste and odour contacts which already exists and reported in the APR.</li> </ul>	<ul style="list-style-type: none"> <li>PwC will confirm understanding of the reporting process for taste and smell contacts by performing interviews, walkthroughs and evidence inspection.</li> <li>PwC will ascertain how regulatory guidance for this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by PwC will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>

Areas of risk	Assurance activity completed during 2020/21	Planned assurance activity for 2021/22
<p><b>EVENT RISK INDEX (ERI)</b></p> <p>The Drinking Water Inspectorate (DWI) monitor water company water quality events through the event risk index. This index measures water company response to water quality events. The Event Risk Index (ERI) is a measure of the risk arising from water quality events, as defined by the DWI.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on the bioresources market information which already exists and reported in our Cost Assessment Tables in the APR.</li> </ul>	<ul style="list-style-type: none"> <li>PwC will confirm understanding of the reporting process for ERI by performing interviews, walkthroughs and evidence inspection.</li> <li>PwC will ascertain how regulatory guidance for this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by PwC will agree data back to underlying systems as well a sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>INTERRUPTIONS TO SUPPLY BETWEEN ONE AND THREE HOURS</b></p> <p>Percentage that the average time the water supply is interrupted is greater than one hour and less than three hours in the report year as a proportion of the baseline. The baseline is the average of the years 2018-19, 2019-20 and 2020-21. This bespoke measure aligns with the common interruptions measure but is calculated for all interruptions above one hour and less than three hours.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on the interruptions to supply information which already exists and reported in the APR.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for interruptions to supply between one and three hours by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>INTERNAL SEWER FLOODING</b></p> <p>This is an Ofwat common definition. This definition covers two measures of flooding incidents, both of which include flooding due to overloaded sewers (hydraulic flooding) and due to other causes (FOC). We report the number of internal sewer flooding incidents per 10,000 sewer connections including sewer flooding due to severe weather events.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on the internal sewer flooding reporting which already exists and included in our APR.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for internal sewer flooding by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>RISK OF SEWER FLOODING IN A STORM</b></p> <p>This is an Ofwat common definition. This measure requires companies to report on the risk of sewer flooding during an extreme wet weather event for the defined year. The metric is based on some complex information.</p> <p>This measure will record the percentage of the regions population at risk from internal hydraulic flooding from a 1 in 50 year storm.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on the risk of sewer flooding in a storm reporting which already exists and included in our APR.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for risk of sewer flooding in a storm by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>SEWER FLOODING RISK REDUCTION</b></p> <p>This measure counts the number of properties where we have proactively reduced the risk of internal and/or external sewer flooding. A reduction in risk will be counted towards the measure when the risk to a property reduces by at least one level between risk bands.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025.</li> <li>Note that inclusion of this performance commitment is dependent on the outcome of the Competitions and Markets Authority (CMA) appeal.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for sewer flooding risk reduction by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>

Areas of risk	Assurance activity completed during 2020/21	Planned assurance activity for 2021/22
<p><b>SEWER BLOCKAGES</b></p> <p>The total number of sewer blockages on the company's sewer network (including sewers transferred in 2011) in a reporting year. A blockage is an obstruction in a sewer which causes a reportable problem (not caused by hydraulic overload), such as flooding or discharge to a watercourse, unusable sanitation, surcharged sewers or odour.</p> <p>The company will not include proactively cleaned silt or other blockages that are removed which are not reported to it by customers or stakeholders and have no customer impact. The company will include blockages that are as a result of third-party interference.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on the sewer blockages information which already exists and reported in our Cost Assessment Tables in the APR.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for sewer blockages by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>EXTERNAL SEWER FLOODING</b></p> <p>This measures the absolute number of the company's external sewer flooding incidents per year including incidents caused by severe weather. External flooding is defined as flooding within the curtilage of a building normally used for residential, public, community and business purposes. Flooding event: is defined as the escape of water from a sewerage system, irrespective of size as evidenced by standing water, running water or visible deposits of silt or sewage solids. It includes flooding due to overloaded sewers (hydraulic flooding) and due to other causes (FOC). Number of incidents is defined as the number of curtilages flooded during each flooding event from a public sewer including incidents on sewers transferred under the Transfer of Private Sewers Regulations 2011 and pumping stations transferred in 2016. Severe weather is defined as individual rainfall events with a storm return period greater than 1 in 20 years. Flooding incidents caused by severe weather should be included in this measure.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on the external sewer flooding information which already exists and reported in our Cost Assessment Tables in the APR.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for external sewer flooding by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>REPEAT SEWER FLOODING</b></p> <p>The number of internal sewer flooding incidents in properties which have flooded internally more than once in the last five years. It includes flooding from the public and transferred network and includes severe weather events. Repeat flooding incidents are defined as internal flooding more than once within a five-year period. This is calculated as five years prior to the most recent flooding incident, i.e. if an incident occurred on 24th April 2018, the company would check back to and include 25th April 2013 to determine if this classed as a repeat for this measure.</p> <p>A flooding incident is the escape of water from a sewerage system, irrespective of size as evidenced by standing water, running water or visible deposits of silt or sewage solids. Any flooding due to jetting is included, unless the water is fully contained within a toilet bowl. Flooding due to third party action shall be included in all cases.</p>	<ul style="list-style-type: none"> <li>This is an existing performance commitment agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on repeat sewer flooding information which already exists and reported in our APR.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for repeat sewer flooding by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>

Areas of risk	Assurance activity completed during 2020/21	Planned assurance activity for 2021/22
<p><b>ABSTRACTION INCENTIVE MECHANISM (AIM)</b></p> <p>The abstraction incentive mechanism (AIM) reduces abstraction of water at environmentally sensitive sites when flow or levels are below an agreed point otherwise known as a trigger. The trigger point is based on a level or flow, below which the AIM is considered to be “switched on”. This trigger will usually be related to the point at which damage is caused and is intended to prevent this from happening or ameliorate the negative impacts.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on AIM reporting and is included in our APR.</li> </ul>	<ul style="list-style-type: none"> <li>PwC will confirm understanding of the reporting process for AIM by performing interviews, walkthroughs and evidence inspection.</li> <li>PwC will ascertain how regulatory guidance for this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by PwC will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>BATHING WATER COMPLIANCE</b></p> <p>The percentage of designated bathing waters in the company’s northern operating area which are classified as Good or Excellent status each year, as reported by Defra. The classifications are based on a four-year average of sample results at each beach.</p>	<ul style="list-style-type: none"> <li>This is an existing performance commitment agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on the bathing water compliance reporting and is included in our APR.</li> </ul>	<ul style="list-style-type: none"> <li>PwC will confirm understanding of the reporting process for bathing water compliance by performing interviews, walkthroughs and evidence inspection.</li> <li>PwC will ascertain how regulatory guidance for this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by PwC will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>WATER ENVIRONMENT IMPROVEMENTS</b></p> <p>Length of publicly accessible water environment in kilometres in the reporting year which has had improvements delivered across at least two aspects of access, facilities and recreation, water quality, wildlife and biodiversity. Each of these aspects of the water environment has an associated length measured in kilometres. The length of water environment enhanced as measured under this performance commitment will relate to lengths of publicly accessible water environment areas in the company’s regions where improvements have been delivered in the year.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025.</li> </ul>	<ul style="list-style-type: none"> <li>The Water Environment Governance Group (WEGG) is a group of external stakeholders, representing sectors including customers and with specific expertise to oversee and support approach to environmental improvements.</li> </ul> <p>We will publish a report prepared by our third party external assurance partner that confirms:</p> <ul style="list-style-type: none"> <li>We have provided information to the WEGG in accordance with the agreed terms of reference</li> <li>Each length had a scope set out by the WEGG in advance of delivery and was delivered in accordance with the requirements as set out by the WEGG</li> <li>Each length has been assured by the WEGG as delivered</li> <li>An assessment of the benefits for the lengths delivered has been provided</li> </ul>
<p><b>GREENHOUSE GAS EMISSIONS</b></p> <p>This measures the annual reductions in operational greenhouse gas emissions from a 2019-20 baseline expressed in tonnes CO2e (carbon dioxide equivalent). Emissions are calculated through the UK Water Industry Research Ltd (UKWIR) Carbon Accounting Workbook published on 8 May 2019. The company will provide external third party assurance that all data relating to operational greenhouse gas emissions is compliant with the version of the international carbon reporting standard (ISO 14064, Part 1) which is in effect at the time of PR19 final determinations publication, and assured following an audit by an appropriately qualified independent third party. For avoidance of doubt the scope of assurance excludes data sourced from the carbon accounting workbook. The scope of the assurance includes the 2019-20 baseline</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025.</li> </ul>	<ul style="list-style-type: none"> <li>Our third party external assurance partner, CEMARS will ensure that all data relating to operational greenhouse gas emissions is compliant with the version of the international carbon reporting standard (ISO 14064 Part 1).</li> <li>The scope of the assurance provision excludes data sourced from the carbon accounting workbook and includes the 2019-20 baseline.</li> <li>Any areas identified as not yet compliant will be noted and included in plans that set out actions and timescales to achieve compliance when reporting.</li> </ul>



Areas of risk	Assurance activity completed during 2020/21	Planned assurance activity for 2021/22
<p><b>BIORESOURCES</b></p> <p>Percentage of the total amount of sludge, in tonnes dry solids (tDS), produced each year that has been effectively treated by an advanced sludge treatment process (Advanced Anaerobic Digestion) and beneficially recycled to land. The performance commitment will include sludge and organic wastes imported from other WaSCs or third parties that have been traded under the bioresources price control. The traded quantities of sludge would be added to the raw tDS figures treated and produced.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025. It builds on the bioresources market information which already exists and reported in our Cost Assessment Tables in the APR.</li> </ul>	<ul style="list-style-type: none"> <li>PwC will confirm understanding of the reporting process for bioresources by performing interviews, walkthroughs and evidence inspection.</li> <li>PwC will ascertain how regulatory guidance for this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by PwC will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>BRITISH STANDARDS INSTITUTION AWARD FOR INCLUSIVE SERVICES</b></p> <p>This measure assesses the quality of the Priority Services scheme via the British Standard for Inclusive Service Provision certification BS 18477. To meet its targets for this performance commitment the company must maintain the BS 18477 standard throughout the 2020 to 2025 period. If this certification from BSI is not in place on 31 March of the reporting year, the performance commitment is reported as not maintained.</p> <p>The performance commitment applies each reporting year, and demonstration that the certification is in place must be tested and reported each reporting year. The BS 18477 certification is awarded by BSI Group (also known as the British Standards Institution).</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025.</li> </ul>	<ul style="list-style-type: none"> <li>There are no specific assurance requirements set out for this measure other than to confirm we have 'maintained' or 'not maintained' certification of BS18477.</li> </ul>
<p><b>DELIVERY OF WATER RESILIENCE ENHANCED PROGRAMME</b></p> <p>This performance commitment measures the delivery of the company's water resilience enhancement programme. Completion is determined on full completion of the respective milestones when the measures are in operation and providing clear benefit to customers. The required scope of the milestones are as set out by the company in submissions to Ofwat in advance of draft determinations.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025.</li> </ul>	<ul style="list-style-type: none"> <li>For this measure, we are required to provide an assurance report at the next price review (PR24) from a third party assurance partner to: <ul style="list-style-type: none"> <li>Confirm that the scope expected to be delivered for each milestone is equivalent or greater to the required scope</li> <li>Confirm expected completion of each scheme and assesses any likely delay in any individual milestone beyond 31 March 2025</li> </ul> </li> </ul>

Areas of risk	Assurance activity completed during 2020/21	Planned assurance activity for 2021/22
<p><b>DELIVERY OF LEAD ENHANCEMENT PROGRAMME</b></p> <p>This performance commitment measures the percentage delivered of the company's lead enhancement programme. This is limited to delivering pipe replacements on the customer side (supply pipe) in the following categories; vulnerable groups, rural supplies, hotspots. To reflect the different unit costs involved with replacing lead pipes for these groups, each category has a different contribution to the overall scheme delivery measure.</p> <p>For the purposes of this performance commitment, no property can be counted in more than one category. Replacement of lead pipes covers all activities, including pipes whose long-term lead health risk is removed through the use of innovative technologies developed in the future and approved by the DWI.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for the lead replacement programme by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>DELIVERY OF SMART WATER METERING ENHANCEMENT PROGRAMME</b></p> <p>This measures the percentage delivered of the company's smart metering programme. This is limited to installing new smart meters and replacing existing basic meters with smart meters. To reflect the different unit costs involved, each category has a different contribution to the overall scheme delivery measure. For the purposes of this performance commitment, no double counting is permitted between categories.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for the smart metering programme by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>DELIVERY WASTEWATER RESILIENCE ENHANCEMENT PROGRAMME</b></p> <p>This covers the cumulative number of sites in the company's wastewater resilience enhancement programme where the required scope of flood mitigation work has been delivered. The programme measure covers 141 sewage treatment sites. The company will publish an assurance report in advance of the next price review from an appropriately qualified external third party.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025.</li> </ul>	<ul style="list-style-type: none"> <li>For this measure, we are required to provide an assurance report at the next price review (PR24) from a third party assurance partner to: <ul style="list-style-type: none"> <li>Confirm that the scope expected to be delivered for each milestone is equivalent or greater to the required scope</li> <li>Confirm expected completion of each scheme and assesses any likely delay in any individual milestone beyond 31 March 2025</li> </ul> </li> </ul>

Areas of risk	Assurance activity completed during 2020/21	Planned assurance activity for 2021/22
<p><b>DELIVERY OF CYBER RESILIENCE ENHANCEMENT PROGRAMME</b></p> <p>This performance commitment measures the delivery of the company's cyber resilience enhancement programme. The relevant milestones are:</p> <ul style="list-style-type: none"> <li>• Creation of a Security Operations Centre and incident management response capability</li> <li>• Enhancing the company's cyber security function through various solutions.</li> </ul> <p>Delivery is determined by full completion of the respective milestones when the measures are in operation and providing clear benefit to customers.</p>	<ul style="list-style-type: none"> <li>• This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025.</li> </ul>	<ul style="list-style-type: none"> <li>• Our Internal Audit Team will confirm understanding of the reporting process for the cyber resilience programme by performing interviews, walkthroughs and evidence inspection.</li> <li>• Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> </ul>
<p><b>DELIVERY OF HOWDON STW ENHANCEMENT</b></p> <p>This performance commitment measures the progress of the delivery of the company's Howdon STW expansion scheme. Progress will be expressed in the number of months delivered late. The scheme comprises of building new assets which will complement existing treatment processes on site at Howdon STW to accommodate future growth and also to build in redundancy when required to safeguard from loss of service now and into the future. Completion of the upgrades is scheduled for 2024-25.</p>	<ul style="list-style-type: none"> <li>• This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025.</li> </ul>	<ul style="list-style-type: none"> <li>• The assurance requirements for this measure sets out that an independent report by a third party is published by July 2024 setting out the expected dates that all milestones will be functionally completed and successfully commissioned.</li> </ul>
<p><b>NWL INDEPENDENT VALUE FOR MONEY SURVEY</b></p> <p>The measures take the mean score of responses from household customers asked about their overall satisfaction with the service the company provides. The measure is the annual score from the 'value for money' question taken from this independent domestic customer survey. Customers score their satisfaction with performance between one and ten, and a greater score indicates a greater level of satisfaction. 2,000 customers will be surveyed throughout the year to provide an annual result. 500 interviews will be completed quarterly in line with the Market Research Society code of conduct.</p>	<ul style="list-style-type: none"> <li>• This is an existing performance commitment agreed with Ofwat for the regulatory reporting period 2020-2025.</li> </ul>	<ul style="list-style-type: none"> <li>• Our Internal Audit Team will confirm understanding of the reporting process for sewer flooding risk reduction</li> <li>• by performing interviews, walkthroughs and evidence inspection.</li> </ul>

Areas of risk	Assurance activity completed during 2020/21	Planned assurance activity for 2021/22
<p><b>DRAINAGE AND WASTEWATER MANAGEMENT PLANS (DWMPs)</b></p> <p>This covers the cumulative percentage of catchments in which Northumbrian Water operates, the company implements the Level 1 water company DWMP in accordance with the guideline: A framework for the production of Drainage and Wastewater Management Plans, published September 2018 and updated May 2019. The percentage will be calculated as a simple average of the catchments that are completed according to the guidelines and published divided by the total number of catchments and expressed as a percentage.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for the DWMP by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>DELIVERY OF WATER INDUSTRY NATIONAL ENVIRONMENT PROGRAMME REQUIREMENTS</b></p> <p>This measure assesses whether or not the company "met" or "not met" all of its requirements for WINEP, in the reporting year. This measure tracks the completion of required schemes in each year, as per the latest WINEP programme published by DEFRA. If any scheme is not delivered by the time specified in the WINEP tracker titled "Completion Date (DD/MM/YY)", the company will report "not met". All WINEP schemes will be included including those reported under other performance commitments. The performance commitment will measure against the latest WINEP tracker in the year in which performance is being reported. Therefore, performance for 2020-21 will be reported based on the latest WINEP programme on the 31st March 2021 and the schemes which have been delivered by this date.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025.</li> </ul>	<ul style="list-style-type: none"> <li>The performance commitment will measure against the latest WINEP tracker in the year in which performance is being reported. Performance for 2020-21 will be reported based on the latest WINEP programme as at 31 March 2021 and the schemes that have been delivered by that date.</li> <li>The Environment Agency (EA) will confirm that performance has been correctly reported.</li> <li>We will set out our APR any areas that have not been met and include any interactions this performance measure has with any other performance measures.</li> </ul>
<p><b>WATER INDUSTRY NATIONAL ENVIRONMENT PROGRAMME (WINEP)</b></p> <p>The cumulative number of schemes completed each year. The performance commitment is limited to schemes that were confirmed on 1 April 2019 within the Water Industry National Environment Programme (WINEP) and therefore had green status. Each scheme completed by the company must be signed off by the Environment Agency in order for it to count towards the measure.</p>	<ul style="list-style-type: none"> <li>This is a new performance commitment developed and agreed with Ofwat for the regulatory reporting period 2020-2025.</li> </ul>	<ul style="list-style-type: none"> <li>Each scheme completed by the company requires sign off by the Environment Agency (EA) in order for it to be counted towards the measure.</li> <li>We will secure confirmation from the EA that performance has been correctly reported. The view of the EA will be definitive.</li> </ul>

## OTHER RISKS

Areas of risk	Assurance activity completed during 2020/21	Planned assurance activity for 2021/22
<p><b>COST ASSESSMENT TABLES</b></p> <p>Since 2016, we have provided cost assessment tables to Ofwat which cover all aspects of performance, including financial and operational metrics. The cost assessment information helps inform Ofwat's cost modelling for the Periodic Review process.</p> <p>Our approach to providing governance and assurance to the cost assessment tables follows the same process as we currently have in place for Annual Performance Reporting (APR).</p>	<ul style="list-style-type: none"> <li>Audit programmes are allocated to both PwC and our Internal Audit team in line with our Data Risk model. This helps inform the choice of assurance provider for each item of data in the Cost Assessment Tables.</li> <li>PwC and our Internal Audit team confirmed understanding of the reporting processes for their agreed audit programmes by performing interviews, walkthroughs and evidence inspection.</li> <li>This was followed by performing test procedures to agree data back to underlying systems and undertaking sample testing to verify that data had been appropriately measured, recorded, collated and reported.</li> <li>Confidence grades provide a reasoned basis for us to qualify the reliability and accuracy of the data we publish and helps us identify areas where our data is of a high standard and to have action plans in place to improve data where it falls below the standard confidence grade level. We work with the reporting teams to improve the data going forward where these fall below the standard level. We collected these internally as they are not required by Ofwat.</li> <li>Intelligent Asset Programme (iam), will enable us to have better quality, more reliable and readily available asset data to enable us to make better, faster, more proactive decisions and help us to become a leading performer in asset management. Working closely with the iam programme has delivered some improvements in the quality of our asset data but further collaboration will be needed to improve our data going forward.</li> </ul>	<ul style="list-style-type: none"> <li>Both PwC and our Internal Audit Team will confirm understanding of the reporting processes for the cost assessment metrics. This will include performing interviews, walkthroughs and evidence inspection.</li> <li>PwC and our Internal Audit Team will ascertain how regulatory guidance has been interpreted and assess whether it is appropriate.</li> <li>Test procedures will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>TARIFFS AND CHARGES</b></p> <p>The bills paid by our customers and the wholesale charges paid by non-household customers in both our areas of supply are determined by the tariffs and charges published in January and February each year.</p> <p>We are required to publish our tariffs and charges to comply with our legal obligations. These set out the company's charges for the services we provide and the terms and conditions of those charges.</p>	<ul style="list-style-type: none"> <li>Review of our tariffs and charges production and subsequent approval was provided by our Charges Steering Group and Board.</li> <li>Assurance checks by an independent firm of accountants were performed as part of the programme.</li> <li>Assurance checks of allowed revenue and charge multiplier inputs by our Internal Audit Team resulted in no exceptions being reported.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for tariffs and charges by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>

Areas of risk	Assurance activity completed during 2020/21	Planned assurance activity for 2021/22
<p><b>BIORESOURCES AND WATER RESOURCES MARKET INFORMATION</b></p> <p>Companies are required to provide Ofwat with standardised and defined information to enable potential market participants to identify opportunities to supply services in these areas.</p> <p>We publish market information so that stakeholders can have trust and confidence in the information and to reflect current market status.</p>	<ul style="list-style-type: none"> <li>Our audit programme for these reporting areas allowed both PwC and our Internal Audit team to undertake reviews in their respective areas of responsibility. As part of their ongoing programme PwC performed independent assurance procedures in relation to Bioresources market activity'.</li> <li>Assurance checks of the Water Resources Market Information by our Internal Audit Team found no material issues or exceptions.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for bioresources and water resources market information by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>MARKET PERFORMANCE INFORMATION</b></p> <p>The Market Performance Framework (MPF) is intended to provide confidence to trading parties and the Market Operator (MOSL) that they and their peers are complying with their obligations.</p> <p>The MPF consists of a number of elements that monitor and report performance against a range of pre-defined standards and timescales. These standards are the Market Performance Standards (MPS) and the Operational Performance Standards (OPS).</p> <p>The MPS measure both retailer and wholesaler performance, whilst the OPS solely measure wholesaler performance.</p> <p>We are required to submit key performance indicators to the market operator MOSL who then publish the information on their website. The information is used by retailers, Ofwat and MOSL to ensure service to all customers in the market is compliant.</p>	<ul style="list-style-type: none"> <li>Our Internal Audit Team carried out an audit of the key controls and processes in place within our Wholesale Operations and Compliance Teams. This looked at the effectiveness of processing retailer requests and performance reporting to ensure we meet market framework compliance.</li> <li>The findings from the audit were shared with our Audit Committee and recommendations made monitored by our Internal Audit Team through to completion.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for market performance information by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>OUR LICENCE OBLIGATIONS</b></p> <p>As part of our Risk and Compliance Statement we must ensure we have a full understanding of and are meeting all our relevant statutory license and regulatory obligations.</p> <p>We must also ensure that there are sufficient processes and internal systems of control to fully meet those obligations and have appropriate systems and processes in place to allow us to identify, manage and review key risks.</p>	<ul style="list-style-type: none"> <li>Our Internal Audit Team prepared each obligation document which were reviewed by senior managers for compliance. These were shared with our ELT members for approval.</li> </ul>	<ul style="list-style-type: none"> <li>Our Internal Audit Team will confirm understanding of the reporting process for meeting our licence obligations by performing interviews, walkthroughs and evidence inspection.</li> <li>Our Internal Audit Team will ascertain how regulatory guidance for reporting has been interpreted and assess whether it is appropriate.</li> </ul>

Areas of risk	Assurance activity completed during 2020/21	Planned assurance activity for 2021/22
<p><b>GUARANTEED STANDARDS SCHEME (GSS)</b></p> <p>Customers of water and sewerage companies are entitled to guaranteed minimum standards of service, as set out by the Secretary of State.</p> <p>Where a company fails to meet a standard then it is required to make a specified payment to the customer affected. The scheme applies to all customers of water and sewerage companies.</p> <p>Some companies operate schemes that go further than GSS.</p> <p>Following Ofwat's 'Out in the Cold' review of water companies' performance in response to the 'Beast from the East', they expressed concern that the compensation customers were getting was not enough. Ofwat made recommendations designed to address these concerns and expected companies to reflect on them when setting their own compensation schemes.</p> <p>We have acted on the recommendations made by Ofwat and have implemented changes to our GSS payments with effect from 1 October 2019. This involves changes to our systems for recording failures and the automation of payments to customers.</p>	<ul style="list-style-type: none"> <li>• Our Internal Audit Team carried out a review of GSS compliance. This activity forms part of their annual audit programme and covers areas such as customer contact, complaints and supply interruptions.</li> <li>• Results from the audits have highlighted some recommendations to improve the service we provide to our customers.</li> <li>• We report these to our GSS Compliance Group and Audit Committee. Agreed actions are monitored by our Internal Audit Team through to successful completion</li> </ul>	<ul style="list-style-type: none"> <li>• Our Internal Audit Team will confirm understanding of the reporting process for GSS by performing interviews, walkthroughs and evidence inspection.</li> <li>• Our Internal Audit Team will ascertain how regulatory guidance for reporting this measure has been interpreted and assess whether it is appropriate.</li> <li>• Test procedures by our Internal Audit Team will agree data back to underlying systems as well as sample testing to verify that it has been appropriately measured, recorded, collated and reported. Testing will take into account the accuracy and completeness of the reported data.</li> </ul>
<p><b>DATA PROTECTION</b></p> <p>This measure was also highlighted by customers as a concern. Information about our customers and employees (personal data) is one of our most valuable assets.</p> <p>We include data protection as a Corporate 'Risk' and are committed to protecting privacy rights.</p>	<ul style="list-style-type: none"> <li>• The Information Access Team ensured strong links are built with teams across the business. This has included adding extra Data Protection Champions in departments, regular slots on leadership team meetings and monthly newsletters for teams to ensure privacy regularly on the agenda. Spot audits this year have focussed on the implementation and understanding of the company's secure desk policy in high risk areas.</li> <li>• Privacy Impact Assessments have been undertaken where required across the business to ensure privacy is considered and privacy by design takes place where necessary.</li> <li>• We continued to invest in technical security controls to ensure personal data is kept secure.</li> <li>• All employees receive robust and up to date training and refreshers. In addition, we have started to build upon our e-learning bespoke training to include additional modules for our customer facing teams.</li> </ul>	<ul style="list-style-type: none"> <li>• Our Information Access Team will continue to work closely with teams across the business to ensure processes and procedures are implemented with privacy in mind. They will also carry out 'spot' audits to ensure compliance. By continuing to use Privacy Impact Assessments, we will maintain good visibility of our data processing.</li> <li>• Content security tools help provide the visibility we need to protect personal data. We will continue to focus on employee awareness of data protection. Ensuring all employees receive robust and up to date training embeds data protection across</li> </ul>

## QUALITY OF FINANCIAL DATA

We also have a number of financial areas where assurance is provided by our financial auditors, Deloitte. These are included in our Annual Report and Financial Statements and elements of our Annual Performance Report (APR).

Areas of risk	Assurance activity completed during 2020/21	Planned assurance activity for 2021/22
<p><b>ANNUAL REPORT AND FINANCIAL STATEMENTS</b></p> <p>We have a legal obligation, under the Companies Act, for our Annual Report and Financial Statements to be externally audited. This is to ensure that they are properly prepared in accordance with Generally Accepted Accounting Principles and the Companies Act and that they represent a true and fair view of our financial position and profits.</p>	<ul style="list-style-type: none"> <li>Deloitte carried out their audit and reported their findings to our Audit Committee.</li> <li>They produced an unqualified audit opinion which can be found in the Annual Performance Report and Financial Statements on our websites.</li> </ul>	<ul style="list-style-type: none"> <li>Deloitte will audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland).</li> </ul>
<p><b>REGULATORY ACCOUNTING STATEMENTS</b></p> <p>We have a requirement under our Instrument of Appointment and Ofwat's Regulatory Accounting Guidelines, for the Regulatory Financial Statements in the APR to be externally audited. This covers:</p> <ul style="list-style-type: none"> <li>The regulatory policies and disclosures.</li> <li>Regulatory Financial Statements (tables 1A to 1E).</li> <li>Appointed business taxation.</li> <li>Price review and other segmental reporting (tables 2A to 2J).</li> <li>Transactions with associated companies.</li> </ul>	<ul style="list-style-type: none"> <li>Deloitte carried out their audit and reported their findings to our Audit Committee.</li> <li>They produced an unqualified audit opinion which can be found in the Annual Performance Report and Financial Statements on our websites.</li> </ul>	<ul style="list-style-type: none"> <li>Deloitte will audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland).</li> </ul>
<p><b>ADDITIONAL REGULATORY INFORMATION</b></p> <p>We report additional regulatory information in tables 4A to 4I of the APR. This includes:</p> <ul style="list-style-type: none"> <li>Non-financial information on households billed and volumes of water produced.</li> <li>Additional analysis of totex and unit costs.</li> <li>Key financial metrics.</li> </ul>	<ul style="list-style-type: none"> <li>Deloitte carried out the agreed upon procedures. No exceptions were noted.</li> </ul>	<ul style="list-style-type: none"> <li>Deloitte will carry out the agreed procedures which broadly comprise confirming that the information contained in the tables has been calculated in a consistent manner with Ofwat's Regulatory Accounting Guidelines, agreeing information back to supporting documentation and verifying the accuracy of calculations.</li> <li>For tables <b>4D to 4F</b> Deloitte will also confirm that the information has been prepared in accordance with the Company's accounting separation methodology.</li> </ul>
<p><b>STATEMENT OF SUFFICIENCY OF FINANCIAL RESOURCES</b></p> <p>We have a requirement, under our Instrument of Appointment, to submit a certificate from the Directors stating that we have available sufficient financial resources and facilities to allow us to carry out our regulated activities for at least 12 months and sufficient management resources to enable us to carry out our functions.</p>	<ul style="list-style-type: none"> <li>Deloitte carried out the agreed upon procedures.</li> <li>Deloitte confirmed that no matters had come to their attention to indicate any inconsistency between this Statement and information obtained during the course of their audit work on the Regulatory Financial Statements, in respect of financial resources.</li> </ul>	<ul style="list-style-type: none"> <li>Deloitte will carry out the agreed upon procedures.</li> <li>Deloitte will review the statement of sufficiency of financial resources and identify any inconsistencies between the statement and information obtained during its audit of the Regulatory Financial Statements.</li> </ul>
<p><b>FINANCIAL RESILIENCE</b></p> <p>We have a requirement, under Ofwat's Regulatory Accounting Guidelines, to produce a long-term viability statement, confirming that the Company is financially viable over the longer term.</p> <p>This includes stress testing our forward-looking financial plans under a number of adverse scenarios. Our viability statement can be found in the <a href="#">Annual Report and Financial Statements</a> on our websites.</p>	<ul style="list-style-type: none"> <li>Deloitte carried out the agreed upon procedures. No exceptions were noted.</li> </ul>	<ul style="list-style-type: none"> <li>Deloitte will carry out the agreed procedures to review the impact of the stress test scenarios on the Company's financial plan and key financial ratios.</li> </ul>



# HAVE YOUR SAY

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We welcome your thoughts on this document. The feedback we receive will enable us to review our assessment of strengths, risks and weaknesses and assurance arrangements, before publishing our Final Assurance Plan in March 2021. Our focus will be on making sure our Final Plan fully responds to customer and stakeholder needs and priorities.

If you'd like to take part in this consultation, all you need to do is read this document, or **our shorter summary**, then share your views with us by completing this **short survey**.

In order for your views to influence our Final Assurance Plan please complete your survey **before 5pm on Friday 8 January 2021**.

Our full Final Assurance Plan and a shorter summary document will be published on our website: [nwg.co.uk](http://nwg.co.uk) in March 2021 and will reflect the feedback we receive on this consultation.

Join our **Have Your Say forums**.



# HAVE YOUR SAY

**NORTHUMBRIAN**  
**WATER** *living water*

**ESSEX & SUFFOLK**  
**WATER** *living water*

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Northumbrian Water Limited (registered in England and Wales with Company No. 02366703) trades and operates as 'Northumbrian Water' in the North East of England and as 'Essex and Suffolk' in the South East of England.