

**Consultation on Portsmouth Water’s draft Audit Plan – the Monitoring Framework**

**January 2016**

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**About this document**

The purpose of this consultation is to invite views on our Draft Assurance Plan.

The first stage of the exercise was to consult on a Statement of Risks, Strengths and Weaknesses (the “Statement”) and invite comments from customers and other stakeholders on:

* the overall approach to the risk assessment undertaken;
* whether or not they agreed with our assessment of the Risks, Strengths and Weaknesses highlighted in the Statement; and
* which particular Performance Measure was of greatest importance to them.

The consultation closed on the 11 December 2015. The outputs of this exercise have been used to inform the assurance activities.

Having discussed our process and the Statement with a number of key stakeholders, and having regard to written comments received, we have prepared this draft Assurance Plan (the “Draft Plan”) and are now seeking further feedback.

This draft Plan explains what we are doing to provide assurance that the information we will publish in our 2015/16 Annual Performance Report, is reliable and complete.

**Who we are**

We have been supplying water to Portsmouth and the surrounding area since 1857. The area supplied by the Company extends through South East Hampshire and West Sussex from the River Meon in the west to the River Arun in the east, encompassing 868 sq. km.

**Our vision**

To supply high quality drinking water whilst providing excellent levels of service for our customers at the lowest price in the country.

**Our values**

Our values underpin how we behave in delivering all aspects of our work. There are Excellence, Respect & Integrity.

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**Responding to this consultation**

We welcome your response to this consultation by close of business on 4 February 2016.

You can email your responses to s.morley@portsmouthwater.co.uk or post them to:

Monitoring Plan Consultation

Portsmouth Water

PO Box 8

Havant

Hampshire

PO9 1LG

Information provided in response to this consultation, including personal information may be published or disclosed in accordance with access to information legislation – primarily the Data Protection Act 1988 and the Environmental Information Regulations 2004.

If you would like the information you provide to be treated as confidential, please explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that we can maintain confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on us.

**Overview and consultation questions**

**Overview**

In this document we set out the background to this Draft Assurance Plan and explain how we will ensure we publish information which is of appropriate quality and meets the needs of our customers and other stakeholders.

We also explain:

* The outcomes of the risk, strengths and weaknesses assessment including feedback from stakeholders and how this has informed this Draft Assurance Plan;
* The activities associated with data quality assurance for each of our Performance Measures. We have focused on those Performance Measures contained within the 2014 Final Determination as well as additional pieces of data identified by our CCG; and
* The next steps

**Consultation questions**

|  |  |  |  |
| --- | --- | --- | --- |
| |  | | --- | | **Q1 Do you have any comments on the content or layout of this Draft Assurance Plan?** | | **Q2 Are the processes outlined in this consultation document sufficient to provide you with appropriate assurance that reported data is accurate and reliable?** | | **Q3 Is there any further information that you feel could be provided that would help build stakeholder and customer confidence and trust in the company?** | |
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We will use your responses to our consultation questions to inform the Final Assurance Plan, which we intend publishing in February 2016.

1. **Background** 
   1. In recent years, we have published information on the Company performance in the “Risk & Compliance Statement” and for 2015/16 we will report in the new “Annual Performance Report”. The report will enable stakeholders to assess how we have performed against those measures of success that are regarded by our customers as being the most important factors (the “Performance Measures”). The targets for the Performance Measures were the commitment the company made to its customers following extensive customer engagement exercise carried out when we were preparing our business plans for the 2015-2020 period.
   2. The Company recognise the importance of providing information to customers and other stakeholders that is; customer-led, relevant, reliable, complete, accurate and timely. Our ongoing objective is to make information available that is easy to understand and which enables stakeholders to see how we are performing; this helps build trust and confidence in the business.
   3. Ofwat recently published guidance, “The Company Monitoring Framework” which formalises the process through which they will oversee that stakeholders can have confidence in companies’ published Performance Measures.
   4. Ofwat have acknowledged that Companies and their Boards are best placed to identify the risks, strengths and weaknesses associated with providing such information. To allow us to develop a “targeted” assurance plan, we initially undertook a risk assessment for all relevant non-financial data that will be contained in the Performance Report. This was an important exercise and was the basis of a Statement of Risks, Strengths and Weaknesses upon which we consulted. The consultation closed on the 11 December 2015. This statement is available on our website.
   5. Having regard to discussions and comments received, we have prepared this Draft Assurance Plan setting out the processes we propose to follow in the case of each individual Performance Measure, to demonstrate that the data we will report in the 2015/16 Performance Report is of appropriate quality. In Sections 2 and 3 we provide details of the overarching Assurance Framework and the assurance processes currently in place, as well as the additional steps we propose to introduce where we (and stakeholders) think it necessary, in Appendix 4. The next steps are set out in Section 5.
2. **Assurance Framework** 
   1. The information that we publish on our performance will be assured by the Board to maintain and build a high level of trust and confidence from our customers and stakeholders. For this to be effective, performance needs to be reported in a clear way. We are proposing to adopt a risk based approach to assurance, using internal and external review, to provide robust challenge and scrutiny of our performance.
   2. Within the business we have well-established governance and accountability processes. This is shown in Figure 1.

**Figure 1 Governance structure**

* 1. Supporting this process is an audit framework designed to allow monitoring and evaluation of the various aspects of our performance, to ensure that standards of data quality are being met.

This involves:-

* having appropriate governance arrangements
* close involvement by our Board in the assurance process
* the right level of independence in the process to provide third party review and challenge

This provides assurance to our Board, stakeholders and customers to give legitimacy as to the level of performance and service that we are reporting.

1. **Sources of Assurance**

3.1 We consider that we already have in place robust processes and systems of control that provide the necessary assurance in respect of the reliability and completeness of the information published. For each of the Performance Measures, we will continue to apply these. However, in making this assessment we have performed robust challenges and sought feedback, as described in Section 1. The following summarises the processes and systems of control in place.

**Board**

3.2 The Board seeks assurance that risk management systems and processes are identified and risks are managed through the following:

* Monthly performance reports to the Board outlining achievement against Performance Measures
* Compliance with standards and guidance
* Assurance from the Audit Committee that the company’s data reporting is accurate, complete, reliable, relevant and timely
* Signing off the Annual Performance Report
* Annual review of the Data Assurance Plan
* Board Assurance Framework
* Company’s progress against its strategic and corporate objectives.

**Audit Committee**

3.3 The Committee has an oversight and approval role with respect to the provision of other third party assurance. This primarily relates to the provision of non-financial assurance by the Reporter but also includes other third party assurance (together the “Assurance Provider”) which is obtained as considered necessary, by the Committee and the Board.

The Committee will make such recommendations to the Board as it considers in relation to third party assurance matters. It reviews the scope, quality, results, cost effectiveness, independence and objectivity of any Assurance Provider.

The responsibility of the Committee is:

* To assess the qualification, expertise and independence of the Assurance Provider
* To review the nature and scope of the assurance
* To review, with management, the fee and letter of engagement/terms of reference
* To consider the results, findings and recommendations of the Assurance Provider and to make such reports and/or recommendations to the Board as considered necessary
* In the case of recurring appointments to consider the ongoing independence and effectiveness of the Assurance Provider and to make appropriate recommendations to the Board regarding the continuance or re-selection process if considered necessary.

**External Reporter**

3.4 The Reporter is a professional commentator and certifier of regulated activities. He is a qualified engineer and has a good understanding of the water industry and has conducted audits of data for Portsmouth Water since 2013. The Reporter carries out a formal audit of the key performance indicators that will be included in the Annual Performance Report.

The Regulation department coordinate the Reporter’s audit timetable and ensure key data experts from each department meet with the Reporter. The Reporter examines the source of data, checks calculations and assesses the accuracy and compliance to the data requirements of the reported data. The Reporter then produces a report on each audit carried out. This includes key findings from the audit and a list of any issues found.

The Reporter attends the Audit Committee before we publish our Annual Performance Report and answers questions raised on the audits and data contained within the Annual Performance Report. The Reporter provides assurance on the data contained in the report.

**Internal control**

3.5 The Regulation department coordinates the Annual Performance Report which contains our key performance indicators. The Regulation department coordinate the collection of data from all areas of the company which have a key data provider. These data providers are experts in the data from their department and for the majority of the Performance Measures have experience in preparation an annual submission of data. In order to provide robust information into our data reports, we have developed Methodology Statements for most measures which outline the processes and procedures for collecting data and reporting our Performance Measures.

We are working towards having a full suite of Methodology Statements by the end of the year 2015/16. Data from each department is signed off by the data owner and the senior manager from the department. The Regulation department review the data, compare the data to previous years, ensure compliance with definitions and guidance and enquire on the methodology followed and any assumptions made.

Performance Measures are reported to the Management Board monthly. The Regulation department prepares this. Part of this monthly process includes reviewing the data from each department. The report is reviewed by the Regulation Manager who signs it off. Discussions are held with data owners on any issues found with the data.

3.6 A table setting out each Performance Measure and the sources of assurance is shown in Appendix 2.

3.7. The final detail of the targeted enhanced assurance activities for each relevant Performance Measure will be finalised and documented when we publish our Final Assurance Plan. However, we have included in Appendix 4 some indicative actions which may apply to, and form part of, the Reporter’s Targeted Audit Plan for “High” risk Performance Measures.

1. **Feedback from stakeholders**

4.1 Appendix 5 contains details of our engagement thus far with key stakeholders on our Risks, Strengths and Weaknesses.

4.2 We received responses from 7 stakeholders, namely:

* Environment Agency
* CCG Chairman
* CCWater
* Councillor Kirk Phillips
* DWI
* John Hall Consulting
* Ofwat

|  |  |  |  |
| --- | --- | --- | --- |
| A summary of the responses received to questions posed in our Risks, Strengths and Weaknesses consultation is shown below. Our observations on the specific issues raised are highlighted in bold and italic text.  **Q1. Do you have any comments on our overall approach to this Risk Assessment?**  Generally, those stakeholders who provided a response to this question, thought the overall approach taken was sound. Comments included:   * In general I found the paper to be quite excellent although you do need considerable subject knowledge to understand quite a lot of it. * The approach seems sound. * The overall approach to the Risk Assessment is logical and well structured. The methodology prescribed should deliver the stated objectives of providing performance measures that are relevant, reliable, complete, accurate and timely.   Two stakeholders raised points to consider within their response.   * It’s difficult to comment on the probability and impact scores that have been assigned. You have made some judgments here and those judgements are not particularly easy to follow and understand in the document. There is a wider issue of whether the Performance measures are the ‘right ones’. We welcome the debate currently taking place within the industry as to whether there should be some common performance measures for all water companies.   ***We plan to meet this stakeholder and explain our methodology further.***   * The addition of comparative data from the other Water companies, specifically Highest, Lowest, Median would provide an additional level of comfort regarding the reliability of the data as well as an early indicator of potential issues.   ***We have explained the issue relating to timing but have agreed to include such metrics very soon after publication.***  **Q2. Do you agree with our assessment of the “Risks, Strengths and Weaknesses” summarised in this Statement?**  Most stakeholders agreed with our assessment. We received one positive comment on this question:   * I am comfortable with the outcome of the Risk assessment process and its summarisation in the paper.   One stakeholder thought that the strengths and weaknesses did not stand out in the document. They found our document to be an assessment of risks around data.  ***We acknowledge this point and had considered strengths and weaknesses to be included as part of this consultation.***   |  |  | | --- | --- | | **Q3. Which particular Performance Measure is of greatest importance to you?**  Comments received included:   * Leakage, per capita consumption, permit compliance, TUB, biodiversity and greenhouses gases. * Several of the performance measures are of major importance, with those directly related to the sustainable delivery of clean water at low cost being of the highest priority to me. * Dependability of supply, quality and price. * Mean zonal compliance, reduce PCC, average time of supply interruptions, planned & unplanned, leakage, bursts, water quality contacts, SIM score, developer survey, temporary usage bans.   ***This effectively covers all of the data we have discussed in the consultation.***  **Q4. Is there any data not included in this assessment which you do rely upon and would like us to consider including in our reporting?**  Comments included:   * % of households metered, possibly compliance with all environmental permits (not just abstraction licences), NEP delivery.  |  | | --- | | * The availability of tabulated comparative data would be very helpful.   One stakeholder was a little surprised that the impact on reputation or brand of Portsmouth Water was not considered in the Monitoring Framework.  ***We will include all of the above and reflect on how we can consider reputation within our reporting suite.***  One stakeholder stated that the statement appears to only cover the 13 agreed performance measures and 7 other additional items of data identified by the CCG but it might be worth considering and discussing wider topics such as charging or sections of the Annual Performance Report.  The company monitoring framework covers any information that companies provide to customers or other stakeholders. The Initial assessment document published by Ofwat in February 2015, highlights following as issues of concern:-   * Cost allocation * Financeability * Charging   ***The three issues raised by Ofwat were considered as part of our consultation on Risk Strengths and Weakness but we concluded they would more appropriately be included in this consultation, draft Audit Plan as these were already known issues..*** |   **5. Next Steps**  It is important that we get stakeholder views as we move towards the finalisation of the Assurance Plan. We would therefore welcome comments. In the meantime, we continue to engage with key stakeholders during this consultation phase and are available to meet to discuss any aspect of this consultation.  We are not restricting consultation to those key stakeholders identified and welcome responses from customers and any other stakeholders.  The latest timeline, showing the various steps in the process and leading up to the publication of the Final Assurance Plan, is attached (see Appendix 6).  Appendix 7 contains a high level definition for each of the 20 Performance Measures.  We welcome your responses to this consultation by close of business on 4 February 2016. We will have regard to comments received and intend publishing our Final Assurance Plan in February 2016.  **Appendix 1**  **Outcome of Risk Assessment**  In November 2015 the Company published the outcome of its risk assessment of the data it places in the public domain. This was the subject of the Risk Strengths and Weaknesses consultation.  The grid below shows the ranking we have determined for each of our data items. The degree of audit / assurance we would expect to provide is guided by this assessment. Thus the degree of assurance we expect to provide for say leakage is that might greater than for meter optants.  Our results from our consultation supported our assessment of risk and our Audit Plan, the subject of a third document, will be produced accordingly. | |  | |
|  | | |

**Appendix 2**

**Sources of Assurance**

We have four levels of review. Our high level performance measures are reviewed at our monthly Board meeting, which the non-Executive Directors attend, with other performance measures reviewed at the monthly management Board meeting. Internally there is a weekly Operations meeting where certain KPIs are reviewed.

All our performance measures are subject to external review. This includes audits undertaken by our technical Reporter and our financial auditor. We report performance measures to several bodies including CCWater, Drinking Water Inspectorate, Environment Agency, Health and Safety Executive, Natural England, Ofwat and Water UK.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Ref** | **Performance Measure** | **Board** | **Management Board** | **Other review** | **External review** |
| RA1 | Service Incentive Mechanism | Monthly review | Monthly review |  | Reported to CCWater on quarterly basis. Audited by WS Atkins at the end of reporting year. Reported in Annual Performance Report. |
| RC1 | Developer Survey | Monthly review | Monthly review |  | Reported in Annual Performance Report. |
| RB1 | Per capita consumption | Yearly review | Yearly review |  | Reported to CCWater on 6 monthly basis. Audited by WS Atkins at the end of the reporting year. Reported in Annual Performance Report and in the Annual Return to the Environment Agency. |
| WA1 | Number of bursts | Monthly review | Monthly review | Reported at weekly Operations meeting | Audited by WS Atkins at the end of reporting year. Reported in Annual Performance Report. |
| WA3 | Mean Zonal Compliance | Monthly review | Monthly review | Reported at weekly Operations meeting | Reported in Chief Inspectors Annual Report. Reported in Annual Performance Report. |
| WA4 | Number of water quality contacts | Monthly review | Monthly review | Audit undertaken by Regulation in 2015 | Reported in Chief Inspectors Annual Report. Reported in Annual Performance Report. |
| WA5 | Temporary usage bans |  |  |  | Reported in Annual Performance Report and in the Annual Return to the Environment Agency. |
| WB1 | Leakage | Monthly review | Monthly review | Reported at weekly Operations meeting | Reported to CCWater on a 6 monthly basis. Audited by WS Atkins at the end of the reporting year. Reported in Annual Performance Report and in the Annual Return to the Environment Agency. |
| **Ref** | **Performance Measure** | **Board** | **Management Board** | **Other review** | **External review** |
| WC1 | Total interruptions to supply | Monthly review | Monthly review | Reported at weekly Operations meeting | Reported quarterly to CCWater. Audited by WS Atkins at the end of the reporting year. Reported in Annual Performance Report. |
| WD1 | Biodiversity | Yearly review |  |  | Reported in Annual Performance Report. Progress is discussed with Natural England. |
| WD2 | Water Framework Directive | Yearly review |  |  | Progress reports to the Environment Agency. Reported in Annual Performance Report. |
| WD3 | Carbon commitment to renewables | Yearly review | Electricity consumption reviewed. |  | Audited by WS Atkins at the end of the reporting year. Reported in Annual Performance Report. |
| WG1 | RoSPA | Accidents reported monthly | Accidents reported monthly |  | Reported to the Health and Safety Executive. Reported in Annual Performance Report. |
| O1 | Abstraction Incentive Mechanism | Yearly review |  | CCG | Reported to Ofwat yearly. Reported in Annual Performance Report. |
| O2 | Optional meters installed | Yearly review | Monthly review | Reported at weekly Operations meeting | Reported yearly to CCWater and to the Environment Agency. Audited by WS Atkins at the end of the reporting year. |
| O3 | Abstraction - compliance with licence conditions | Yearly review |  | Reported at weekly Operations meeting | Reported to the Environment Agency yearly. |
| O4 | Guaranteed Standards of Service | Monthly review | Monthly review | Reported at weekly Operations meeting | Audited by WS Atkins at the end of the reporting year. |
| O5 | Watersure tariff | Yearly review | Monthly review |  | Reported quarterly to CCWater. Audited by WS Atkins at the end of the reporting year. |
| O6 | New development – levels of service |  |  |  | Reported quarterly to Water UK. Audited by WS Atkins at the end of the reporting year. |
| O7 | Green House Gas Emissions | Yearly review | Yearly review |  | Audited by WS Atkins at the end of the reporting year. |

**Appendix 3**

**Overview of high risks identified on the Risk Matrix**

We have two items of data which we have identified as relatively higher risk, Leakage and the new survey of developers. Further detail is given below of the proposed assurance process.

|  |  |  |  |
| --- | --- | --- | --- |
| **Ref** | **Measure** | **Description** | **Impact Score** |
| WB1 | Leakage | The total level of leakage, including supply pipe leakage, as measured on an average Ml/d basis as defined by Ofwat | (out of 4)  Customers – 2  Competition – 1  Financial – 3  Comparative efficiency – 3  Financial Incentive |
| **Reporter Comments**  It is recognised by the Company and stakeholders that there are several shortcomings in the current leakage reporting method. The Company should move to the new revised approach to leakage reporting as soon as reasonably practicable. (July 2015) | | | |
| **Control Framework**  The Company has engaged external consultancy support to work with on this issue. The methodology is then subject to the annual review by the Reporter. | | | |
| **Other Considerations**  The Company is aware of the high profile this issue has with customers and stakeholders alike. It will ensure it reports this measure accurately and fairly. | | | |

|  |  |  |  |
| --- | --- | --- | --- |
| **Ref** | **Measure** | **Description** | **Impact Score** |
| RC1 | Developer Survey | A satisfaction survey relating to the service delivered to developers by the Company | (out of 4)  Customers – 4  Competition – 2  Financial – 2  Comparative efficiency – 3  Reputational Incentive |
| **Inherent Risk**  This is a new measure for 2015/16 and is thus considered to be higher risk. | | | |
| **Reporter Comments**  Not audited yet or established. | | | |
| **Control Framework**  Measure is subject to an annual review by the Reporter. | | | |
| **Other Considerations**  We are developing the survey in 2015/16 quarter 4 with support from members of our CCG. | | | |

**Appendix 4**

**Our response to Ofwat feedback**

In February 2015 Ofwat published its assessment of companies’ performance against the 2014 price review process and the broader regulatory framework to determine the overall level of confidence it has in companies’ ability to deliver, monitor and report their performance at this point in time.

In particular, Ofwat considered:

* the overall quality of companies’ PR14 business plans;
* the adequacy of companies’ subsequent assurance over PR14 business plan revisions,
* and quality of supporting data;
* the robustness of companies’ proposed arrangements for monitoring; reporting and
* assurance of their outcomes to customers and stakeholders;
* companies’ regulatory accounts
* the appropriateness of companies’ draft charges for 2015-16;
* whether we have needed to pursue formal enforcement action to investigate or secure
* companies’ compliance against their existing obligations; and
* whether companies have put in place arrangements to meet Ofwat’s principles of Board
* leadership, transparency and corporate governance.

**Industry Assessment and ratings**

For the overall assessment, Ofwat have considered the evidence – along with the supporting confidence ratings – in the round. But Ofwat have placed greatest weight on observations related to the PR14 process for the initial categorisation given the pertinence of this.

There are three classifications of the assurance required in the future:-

* Self – reserved solely for the two companies who achieved Enhanced Status for their business plans, South West and Affinity
* Targeted – which includes 15 of the 18 companies, including Portsmouth
* Prescribed – Dee Valley only

Ofwat explicitly identified three items of concern with the data we have provided:-

* Cost allocation
* Charging and
* Financeability

Detail is given below of the proposed assurance process for these issues.

|  |  |  |
| --- | --- | --- |
| **Ref** | **Measure** | **Description** |
| Ofwat (1) | Cost allocation | Ensuring reporting to Ofwat is in line with requirements. |
| **Inherent Risk**  The Company must ensure its financial reporting systems accurately reflect regulatory guidelines. We are currently developing a new works and asset management system and this has provided the opportunity to ensure our reporting is consistent with the guidelines. | | |
| **Control Framework**  Specific application and interpretation of the guidelines are proposed by the Finance Department and reviewed by our Auditors. | | |
| **Auditor Comments**  Our current Audit opinion stated that there had been an appropriate application of guidance for 2014/15. | | |
| **Other Considerations**  New Financial Director has an audit background. This will add greater internal review and focus at the external audit. | | |

|  |  |  |
| --- | --- | --- |
| **Ref** | **Measure** | **Description** |
| Ofwat (2) | Charging | Ensuring charging complies with regulatory and statutory rules. |
| **Inherent Risk**  The Company must ensure that its charges schemes, which include its wholesale and end user tariffs comply with regulatory and statutory rules. A new methodology for both charges scheme approval and tariff setting commenced for 2015/16. | | |
| **Control Framework**  Finance and Regulation departments work on the issue, which allows internal review. This is overseen by a small steering committee including the Finance Director and the Head of Retail Services. | | |
| **Auditor Comments**  Third Party assurance is provided by economic consultants and our Reporter. Both parties provided assurance to the Board that the tariffs were compliant and indeed that the denominators under-pinning the methodology were appropriate. | | |
| **Other Considerations**  There is timely discussion with CCWater in particular, given their role as a statutory consultee. | | |

|  |  |  |
| --- | --- | --- |
| **Ref** | **Measure** | **Description** |
| Ofwat (3) | Financeability | Arising from mis-understanding of the purpose of Ofwat guidelines. |
| **Inherent Risk**  In the PR14 process a new approach to assessing financeability was adopted, where assessment was undertaken relative to a “notional” balance for the Company, rather than the actual balance sheet. The Company failed to understand this requirement fully and as such some of its data was questioned.. | | |
| **Control Framework**  As part of the Business Plan process we therefore engaged third party advice on this issue. We note that this was to the satisfaction of Ofwat in its review process. | | |
| **Auditor Comments**  We did not explicitly obtain an audit opinion on this issue. For the monitoring plan we will provide data on our financial ratios and comparisons made in the Final Determination for 2015/16. | | |
| **Other Considerations**  We continue to monitor developments of the regulatory model, such as Water 2020, on this and related issues. | | |

**Appendix 5**

**Targeted audit plan**

Our Audit Plan, which will be the subject of a third document in February 2016 will develop a Targeted Audit Plan. By way of illustration will comment upon our “high” risk performance Measures, leakage and developer survey and those identified by Ofwat

Leakage

* Review the revised Methodology Statement for appropriateness and completeness
* Review the revised calculation of leakage
* Test the accuracy of data obtained from the LMARS system
* Review the estimated figures for trunk main and service reservoir leakage

Developer Survey

* Review the Methodology Statement for appropriateness and completeness
* Review the calculation of developer satisfaction
* Review the survey for appropriateness

Charging (future)

* Third party assurance received on appropriateness of charges.
* Board assurance statement given.

Cost allocation

* External audit as part of the annual Regulatory accounts.
* Will consider alternate third party independent review

Financeability

* External audit as part of the annual Regulatory Accounts.

**Appendix 6**

**Engagement with Stakeholders and Written Reponses**

Contacts made with stakeholders regarding our consultation on our risks, strengths and weaknesses, prior to the publication of our draft Assurance Plan.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Consultation document sent** | **Discussion on consultation (meeting)** | **Response received** |
| Ofwat | 27/11/2015 |  | 07/12/2015 |
| CCWater | 27/11/2015 | 28/10/2015 | 11/12/2015 |
| DWI | 01/12/2015 |  | 11/12/2015 |
| Environment Agency | 27/11/2015 | 28/10/2015 | 11/12/2015 |
| Natural England | 27/11/2015 | 28/10/2015 | - |
| Citizens Advice Bureau | 27/11/2015 | 28/10/2015 | - |
| Winchester City Council | 27/11/2015 | 28/10/2015 | 11/12/2015 |
| Chichester District Council | 27/11/2015 | 28/10/2015 | - |
| CCG Chair | 27/11/2015 | 28/10/2015 | 11/12/2015 |
| Reporter (WS Atkins) | 12/11/2015 | 28/10/2015 | - |
| South Downs National Park | 27/11/2015 | 28/10/2015 | - |
| West Sussex Hospitals | 27/11/2015 | 28/10/2015 | - |
| Other CCG members | 27/11/2015 | 28/10/2015 | 11/12/2015 |

**Appendix 7**

**Timeline**

|  |  |  |  |
| --- | --- | --- | --- |
| **Activity** | **Description** | **Progress to date** | **Action date** |
| Early Stakeholder Engagement | Introduction of company monitoring framework and the consultation on the statement of risks, strengths and weaknesses. | Meeting held with Customer Challenge Group. Correspondence with Reporter. | July 2015 |
| Assessment of Risks, Strengths and Weaknesses | Internal exercise involving the Regulation department and key data owners. | Exercise completed | November 2015 |
| Publish “Statement of Risks, Strengths and Weaknesses” | Outputs from internal exercise for stakeholder review and comment. | Complete. Consultation published on 30 November 2015. | 30 November 2015 |
| Publish Draft Assurance Plan | This will contain our response to stakeholders views and outline next steps | On schedule | 18 January 2016 |
| Publish Final Assurance Plan | Outputs from the consultation on our Draft Assurance Plan. | On schedule | 18 February 2016 |

**Appendix 8**

**Definition of Performance Measures**

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| --- | --- |
| **Retail ODIs** |  |
| Service Incentive Mechanism (SIM) | SIM is a measure introduced by Ofwat to establish customer satisfaction with the service they receive. |
| Developer Survey | A new initiative, similar to SIM above, which will establish the developers’ satisfaction with the service they receive. |
| Per capita consumption (pcc) | The volume of water used each day by our household customers. |
| **Wholesale ODIs** |  |
| Number of bursts | The number of bursts on the network which result in a loss of supply to our customers. |
| Mean Zonal Compliance (MZC) | Published annually by the Drinking Water Inspectorate – it is the primary measure of water quality compliance in England & Wales. It covers 39 parameters, such as iron, lead and aluminium which are tested to establish the quality of water received by customers. |
| Water quality contacts | The number of customer contacts we receive relating to the appearance, taste or odour of the water provided. |
| Temporary Usage Bans (TUB) | A restriction on customer use (typically during a dry summer) in accordance with the Company approved Drought Plan |
| Leakage | A measure of the volume of water which is extracted and treated by the Company that is not delivered to the customer – it is the volume lost in transport. |
| Total Interruptions to supply | The number of minutes that our customers are without water within our supply area (includes both planned and unplanned activities by the Company). |
| Biodiversity | An agreed programme with our stakeholders to enhance the biodiversity of the sites we won and operate upon and other appropriate sites in the area. |
| Water Framework Directive (WFD) | Obligations under the Water Framework Directive which are required to be completed by 2021. We have three schemes under this requirement. |
| Carbon commitment | An increase in the amount of electricity sourced by renewables. |
| RoSPA | Keeping our colleagues and customers safe. The Company will apply for RoSPA accreditation annually. |
| **Other metrics** |  |
| AIM - Abstraction Incentive Mechanism | A new initiative promoted by Ofwat. AIM identifies key rivers in the Company area and reposts our abstraction in the catchment area relative to the flow in the river. |
| Meter optants | The number of unmeasured household customers who have had a meter installed. |
| Abstraction compliance | A regulatory requirement for the Environment Agency to report our actual abstraction of water for the year is relative to our licences. |
| Guaranteed Standards of Service (GSS) | A legal requirement to provided compensation for failures of service. |
| WaterSure | The number of customers on this support tariff |
| LOS - New development | A new initiative – to publish the levels of service we provide to developers. |
| Greenhouse Gas | A quantification, used approved Defra methodology, of the carbon impact of the operation of the business. |