

**The Company Monitoring Framework -**

**Statement of Risks, Strengths and Weaknesses**

**Consultation Document**

**27 November 2018**

**The Company Monitoring Framework - Consultation on Portsmouth Water’s Statement of Risks, Strengths and Weaknesses**

**About this document**

**Background**

Our shared industry vision for the water sector is one where customers, stakeholders and wider society have trust and confidence in vital water services. As a water company we are committed to being accountable to customers and stakeholders for delivering high quality services. We report information about our performance in a number of different ways including our Statutory Accounts and the Ofwat Annual Performance Report.

We recognise that having information that is easy to understand and accurate helps everyone have trust and confidence in our performance. Our Board takes overall responsibility for the quality and transparency of the information that we provide on our performance. The Company continues to review what information our customers and other stakeholders want and need on an ongoing basis. We do this through direct consultation and by considering other feedback such as feedback from our regulators.

The performance information that we publish is based on a range of different data; both operational and financial. We undertake checks on this data to make sure that it is appropriately accurate. Some of this checking is performed by the company and some is performed by external parties. We call this “data assurance”.

It is important that we take a proportionate approach to how much assurance we need over the data and we want to be transparent about our plans for data assurance. Our approach to data assurance is summarised in section 2 of this consultation. When we assess how much data assurance we are likely to need we assess the risk that the data we report contains errors or is materially misstated. To do this we look at the different types of data that we report and consider the risks, strengths and weaknesses associated with providing that information.

**About this document**

**Purpose**

The purpose of this consultation is to invite views on a statement we have prepared on the risks, strengths and weaknesses associated with providing information to our customers and other stakeholders.

This will form the basis of an Assurance Plan we will prepare (and consult further on) ahead of the publication of our 2018/19 Annual Performance Report in the summer 2019.

Further, in January 2019 Ofwat will publish its assessment of our reporting in 2017/18. This assesses the assurances practices we already have in place. We shall also review this in preparing our plan for 2018/19 and specifically address any areas of concern.

Thank you for making the time to review and respond to this consultation. It will help the Company ensure that we provide information to all stakeholders which is customer-led, transparent and timely.

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**Heather Benjamin**

**Non-Executive Director and Chair of Audit Committee**

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**Helen Orton**

**Finance & Regulation Director**

**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. These are Excellence, Respect & Integrity.

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**Responding to this consultation**

We welcome your response to this consultation by close of business on **20 December 2018**.

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

Monitoring Plan Consultation

Portsmouth Water

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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.

**Overview and consultation questions**

**Overview**

In this document we set out the background to this consultation and explain the importance of providing information which is of appropriate quality and transparent for the needs of our customers and other stakeholders.

We also explain;

* how we have approached the assessment of “risk, strengths and weaknesses” of data reporting, which is required by Ofwat as part of the “Company Monitoring Framework”;
* the outcomes of the work we have performed; and
* our next steps.

**Consultation questions**

|  |
| --- |
| We welcome your views on the following consultation questions by close of business on **20 December 2018**. |
| **Q1 Do you have any comments on our overall approach to this Risk Assessment?** |
| **Q2 Do you agree with our assessment of the “Risks, Strengths and Weaknesses” summarised in this Statement?** |
| **Q3 Which particular performance measure is of greatest importance to you?**  **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?** |

**1. Background**

1.1. This consultation is part of the process by which Portsmouth Water will determine how it will continue to ensure that the non-financial information we provide to stakeholders is relevant, reliable, complete, accurate and timely. It is the latest in a suite of documents we have published on the company monitoring framework. It is the annual review of our risks, strengths and weaknesses in our data assurance processes.

1.2. Since July 2016 we have published information on the Company performance annually in the “Annual Performance Report”. The reports to date include details of our performance during the first three years of the AMP6 period (2015-2020) and enables 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 agreed with customers as part of an extensive customer engagement exercise carried out when we were preparing our business plans for the 2015-2020 period.

1.3. Further, in 2015 Ofwat published guidance, “The Company Monitoring Framework” which formalised the process through which they will oversee that stakeholders can have confidence in companies’ published Performance Measures.

1.4. The Company and Board 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 navigate and which enables stakeholders to see how we are performing; this helps build trust and confidence in the business.

1.5. Ofwat have acknowledged that Companies and their Boards are best placed to identify the risks, strengths and weaknesses associated with providing such information.

1.6. In preparing this report we have engaged with our Customer Challenge Group (CCG). Specifically on 7 November 2018 we discussed the detail of our Performance Measures for 2015-2020 in the context of performance in the year 2018/19. This provided members with an understanding of the data and related assurance processes that we already have in place. We also discussed this consultation process with them and sort initial feedback.

1.7. We will continue our ongoing reporting to other regulators;

* The Consumer Council for Water
* The Drinking Water Inspectorate
* The Environment Agency

1.8. The information that we publish on our performance will therefore be assured to maintain and build a high level of trust and confidence from our customers and other stakeholders. We will adopt a risk based approach to assurance, and use internal and external reviews to provide robust challenge and scrutiny of our performance.

1.9 In November 2016 a website was launched called “Discover Water.” This allows stakeholders to compare company performance against a large number of levels of service. We place our performance data on this website in July each year.

**2. Our Approach to Risk Assessment**

**Introduction**

2.1. As we have noted our objective is to ensure that we report Performance Measures (data) that are relevant, reliable, complete, accurate and timely.

The steps involved in the process are set out in the diagram below.

2.2. We have performed a risk assessment for each of the Performance Measures (and the data used to calculate them) using methodology set out by Ofgem and recommended by Ofwat as best practice. This is consistent with our approach last year.

2.3. Following this risk assessment we will design an appropriate data assurance plan (the “Annual Assurance Plan”). This will set out Company plans for assurance of our Performance Measures and the underlying data that drives them.

2.4. As part of this risk based approach, we have carried out an internal assessment of our risks, strengths and weaknesses in reporting of the Performance Measures. We have initial feedback from our CCG and are now engaging further with our key stakeholders..

**The Total Risk Rating**

2.5. When reporting data it is necessary to consider both the **impact** and **probability** of errors arising. The riskof errors in reportingis assessed by looking at the combination of both of these factors. This drives a Total Risk Rating score.

2.6. The overall Total Risk Rating for each Performance Measure is therefore derived by combining the Impact Score and the Probability Score which is presented in a Risk Matrix (see pages 9 & 11).

2.7. Our five-stage process in assessing the overall Risk for each Performance Measure is as follows:-

The Impact Score and Probability Score are determined as follows;

2.8. To establish the Impact Score we look at 4 measures and score each between 1 and 4 where 1 is low impact and 4 is high impact. More detail on this can be found in Appendix 2.

2.9. To establish the Probability Score we look at factors that increase the risk of errors or misstatement in the data and offset against these factors that would increase the quality of data reported (i.e. factors that would decrease risk of misstatement). More detail is shown in Appendix 2.

Each of these categories are assigned a score as given in the table in Appendix 2. The Probability Score is the average of the two offsetting elements and is calculated using a formula.

2.10. Combining these Impact and Probability Scores in a Risk Matrix (below) results in an overall Total Risk Rating: low; medium; high; and critical. The Total Risk Rating is used to inform our choice of data assurance activities to be applied to our Performance Measures and reporting in the Annual Performance Report. It is our responsibility to demonstrate to Ofwat, our customers and other stakeholders the robustness and suitability of our Annual Assurance Plan and the strength of our control environment.

**Total Risk Rating - Impact and Probability Risk Matrix**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **1** | **2** | **3** | **4** |
| **Impact Score** | **4** | Medium | High | Critical | Critical |
| **3** | Medium | Medium | High | Critical |
| **2** | Low | Medium | Medium | High |
| **1** | Low | Low | Low | Low |
|  |  | **1** | **2** | **3** | **4** |
|  |  | **Probability Score** | | | |

**3. THE OUTCOME OF OUR RISK ASSESSMENT**

**3.1. Scale of the risk assessment**

In 2015/16 the Company undertook a full exercise of over 130 pieces of data it places in the public domain including in our Annual Report & Accounts and our Annual Performance Report. Typically the impact score for this data is one.

For this assessment we have focused on ODI, data identified by our CCG and specific data requested by Ofwat since that date.

The table below shows the scale of the risk assessment undertaken for this exercise.

|  |  |
| --- | --- |
| Number of ODIs – Outcome delivery incentives | 13 |
| Data identified by our CCG | 9 |
| New data since first assessment in 2015/16 | 3 |
| Total | 25 |

A full description of the 25 data items is given in Appendix 1 and details of the risk assessment for each of these measures is shown in Appendix 2.

Further, in preparing our Business Plan to Ofwat for the period 2020-25 (September 2018) we have proposed a total of 21 ODIs. Whilst these are not yet confirmed we propose to report against them in 2018/19. Many, such as leakage and per capita consumption for example are reported on in this current review period and are subject to “shadow reporting”.

We have identified 10 “new” PR19 ODIs and include them in this analysis.

**3.2. Outcome of Risk Assessment**

The table below shows the proportion of the 25 pieces of data that were assessed to be in each risk category. The risk assessment found that there were no critical risks, 2 high risk items, leakage and pcc, with the majority of risks were either medium or low.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Category | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
| Critical | 0 | 0 | 0 | 0 |
| High | 2 | 3 | 1 | 2 |
| Medium | 12 | 15 | 16 | 17 |
| Low | 6 | 6 | 8 | 6 |
| Total | 20 | 24 | 25 | 25 |

The Company considers that as this process has progressed there is a tendency for assessments to have low reporting risk.



3.3. Our analysis classifies the following items of data being at high risk and we recognise we need to provide all stakeholders with the confidence that the planned assurance and related control frameworks we have for these items are appropriate. These items are:-

* Per Capita Consumption
* Leakage

3.4. The reasons for this measure being assessed as high risk is explained in the table below.

|  |  |
| --- | --- |
| **Performance Measure** | **Risk** |
| Per Capita Consumption | This was classified as an ‘amber’ issue at the audit by Atkins in 2017 and although downgraded in 2018 there remains a risk with the assumptions made with the per capita consumption model. |
| Leakage | This was classified as an amber issue at the audit by Atkins in 2016 and although downgraded in both 2017 and 2018 there remains a risk with the assumptions made in the leakage calculation. |

3.5 Our review has also resulted in two further measures being classified higher than in 2017/18. These are meter optants and meters replaced. The higher classification reflects the control measures we have in pace and the findings of the review by Atkins in summer 2018.

3.6. All items in the matrix will require varying degrees of assurance, and we will present this in our draft Annual Assurance Plan, which we will publish in January 2019. The Company will prioritise PCC and leakage in the year ahead.

3.7 For the 10 new PR19 measures we have categorised them as 4 high and 6 medium. This reflects there are, in many cases, new definitions we will need to report against.



3.8 The 4 measures categorised as high risk, Compliance Risk Index, Unplanned outage, C-Mex and D-Mex are all new measures being defined by two of our regulators, Ofwat and DWI. The remaining 6 measures have a lower assessment as we have reported against in the past to Ofwat and DWI in particular.

**3.9. Risks, strengths and weaknesses**

The risk assessment we performed and the engagement with key stakeholders has provided the Company with a deep insight to the risks, strengths and weaknesses associated with data provision.

**Risks**

* A new Enterprise Resource Planning (ERP) system, installed in October 2016, has changed data collection methodologies.
* As a small company we are in reliant on key individuals to compile our data

**Strengths**

* Robust processes and systems of control that provide the necessary assurance in respect of the reliability and completeness of the information published.
* The new ERP system provides more integrated information and makes reporting easier and more customisable.
* Continual programme to improve reporting procedures.
* Strong board involvement and leadership.
* Customer focussed as demonstrated by best in the industry SIM and complaint results in 2016/17 and 2017/18
* External data assurance activity.

**Weaknesses**

* Some of the reporting processes are not fully covered by formal procedure documents.
* Lower confidence and elements of estimation uncertainty associated with a small proportion of our data.

**4. NEXT STEPS**

4.1. We invite comments and further discussion with all of our customers and stakeholders. This survey will be distributed to all members of our CCG and made available on our website.

4.2. We welcome your response by **20 December 2018.**

4.3. Based on your feedback to this consultation we will then publish a draft audit plan on **31 January 2019.** There will be an opportunity at this stage to ensure we have reflected any observations you may have appropriately.

4.4. We will engage further with stakeholders before publishing our proposed 2018/19 Annual Assurance Plan on **1 March 2019.**

**APPENDIX ONE - DEFINITIONS**

|  |  |
| --- | --- |
| **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. |
| Social Tariff | A tariff for customers who have a low income or are in receipt of certain benefits. Successful applicants have their water bill capped at our minimum charge for the year. |
| Written Complaints | This covers any written communication from a customer or a customer's representative alleging that an action or inaction of the company, or a service or lack of service provided by the company or agent/contractor has fallen below his/her expectation, even if written in mild and friendly terms. |
| Meters renewed | The number of meters renewed reactively and proactively. |
| Communication Pipes | The number of communication pipes in the company area by material including lead, galvanised and other. |
| Pumping Head | A measure of the effort (energy) required to deliver water to customers. |

**PR19 - ODIs**

|  |  |
| --- | --- |
| Compliance Risk Index | A new measure of water quality developed by the DWI. It reflects the impact of any water quality failure and will replace MZC as the measure of compliance. |
| Unplanned outage | A new measure of asset availability proposed by Ofwat. It incentivises companies to maintain their assets appropriately. |
| C-Mex | A new measure of customer satisfaction being developed jointly by the industry and Ofwat. |
| D-Mex | A new measure of developer satisfaction being developed jointly by the industry and Ofwat. |
| Severe Drought | A new measured of water resource resilience which shows how many customers are at risk of standpipes or rota cuts in the most extreme of droughts. |
| Water quality contacts (O/B/B) | The number of customer contacts we receive relating to the colour of the water orange, black or brown. |
| Catchment Management | Engagement with farmers to enhance raw water quality; this is over and above those engage with as part of the WINEP requirement. |
| Low Pressure | Number of customers at risk of low pressure of supply as measured at their stop tap. |
| Voids | Number of properties on our billing system where a charge is not being raised. |
| Gap sites | Number of properties which are connected to our distribution network which we are not aware of from either a charging or water quality standpoint. |

**APPENDIX TWO – RISK RATING**

**Impact Metric: assessment of impact by inaccurate, incomplete or late submission**

The Impact Score is the maximum score in any of the 4 classifications below.

|  |  |  |
| --- | --- | --- |
| **Impact on** |  | **Score** |
| **Customers** | Impact on level of service to | 4 - all customers  3 - individual customers  2 - indirect impact  1 - no direct impact |
| **Competition** | Impact on competition | 4 - direct impact on competition  3 – comparison by use of “league tables”  2 - an indirect impact on customers  1 - no direct impact |
| **Financial** | Impact on financial performance | 4 - direct impact on company revenues  3 - significant rewards and penalties  2 - either small rewards & penalties or an individual customer impact  1 - no impact |
| **Comparative Efficiency** | Impact on the regulatory regime | 4 - impact on customer bills  3 - the publication of league tables  2 - challenges made on relative performance  1 - no impact |

**Probability Metric**

|  |  |
| --- | --- |
| **Complexity of data used to establish data** | 2 – Single data system  3 – One numerical and one financial system  4 - Two or more numerical systems |
| **Incomplete data** | 2 – Complete data routinely captured for 2 years or more  3 – Routinely captured but for less than 2 years or some elements based on extrapolation  4- Not routinely captured or is based on extrapolation |
| **Manual intervention** | 2 – Data collection fully automated  3 – Less than 60% manually collated  4 – More than 60% manually collated |
| **Complexity and maturity of reporting rules** | 2 – Rule set is complete and has not changed for 2 years  3 – Rule set is complete, but requires some interpretation or judgement  4 – Rule set is less than 2 years old or significant judgement is required |
| **Controls applied** | 2 – Extensive validation and prevention controls which have been in place for two years with systems and processes fully documented  1 - Adequate validation and prevention controls which have been in place for one year with systems and processes substantially documented  0 - Limited validation and prevention controls which have been in place for less than one year with limited systems and processes documented |
| **Experience of personnel** | 2 – Data collated by staff with prior experience of completing it and prior years method statement  1 – Either data collated by staff with no prior experience of completing it but using prior years method statement or experienced staff with no method statement  0 - Data collated by staff with no prior experience of completing it and no prior years method statement |
| **Historic errors identified and addressed** | 2 – Audit undertaken in the last two years and no material errors identified  1 – Either no audits within the last two years or material issues which have not been remediated  0 – Material issues identified in the last two years or no audit undertaken |

**APPENDIX THREE – DETAIL OF RISK ASSESSMENT**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Impact Metric** |  | **Customers** | **Competition** | **Financial** | **Comparative efficiency** |  | **Complexity** | **Completeness** | **Manual Intervention** | **Reporting Rules** |  | **Control Activities** | **Experience of Personnel** | **Evidence of Historical Errors** |  | **Probability Metric** | **Classification** |  |  |
| **Wholesale ODIs** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | |
|  | Number of bursts | WA1 | **3** |  | **3** | **1** | **2** | **3** |  | **2** | **2** | **2** | **3** |  | **2** | **2** | **2** |  | **1** | **M** |  |  | |
|  | Mean Zonal Compliance | WA3 | **4** |  | **3** | **1** | **4** | **3** |  | **2** | **2** | **2** | **2** |  | **2** | **2** | **2** |  | **1** | **M** |  |  | |
|  | Number of water quality contacts | WA4 | **4** |  | **3** | **1** | **4** | **3** |  | **2** | **2** | **2** | **2** |  | **2** | **2** | **2** |  | **1** | **M** |  |  | |
|  | Temporary usage bans | WA5 | **3** |  | **3** | **1** | **1** | **1** |  | **2** | **2** | **2** | **2** |  | **2** | **2** | **2** |  | **1** | **M** |  |  | |
|  | Leakage | WB1 | **4** |  | **2** | **1** | **4** | **3** |  | **4** | **3** | **4** | **4** |  | **2** | **2** | **2** |  | **2** | **H** |  |  | |
|  | Total Interruptions to supply | WC1 | **3** |  | **3** | **1** | **3** | **3** |  | **2** | **2** | **3** | **3** |  | **2** | **2** | **2** |  | **1** | **M** |  |  | |
|  | Biodiversity | WD1 | **2** |  | **2** | **1** | **2** | **1** |  | **2** | **2** | **3** | **2** |  | **2** | **1** | **2** |  | **1** | **L** |  |  | |
|  | Water Framework Directive | WD2 | **2** |  | **2** | **1** | **2** | **1** |  | **2** | **2** | **2** | **2** |  | **2** | **2** | **2** |  | **1** | **L** |  |  | |
|  | Carbon commitment to renewables | WD3 | **2** |  | **2** | **1** | **1** | **1** |  | **2** | **2** | **2** | **2** |  | **2** | **2** | **2** |  | **1** | **L** |  |  | |
|  | RoSPA | WG1 | **2** |  | **2** | **1** | **1** | **1** |  | **2** | **2** | **2** | **2** |  | **2** | **2** | **2** |  | **1** | **L** |  |  | |
| **Retail ODIs** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | |
|  | Service Incentive Mechanism | RA1 | **4** |  | **4** | **1** | **4** | **4** |  | **3** | **2** | **2** | **2** |  | **2** | **2** | **2** |  | **1** | **M** |  |  | |
|  | Developer Survey | RC1 | **4** |  | **4** | **2** | **1** | **3** |  | **2** | **2** | **2** | **2** |  | **2** | **2** | **2** |  | **1** | **M** |  |  | |
|  | Per capita consumption | RB1 | **3** |  | **2** | **1** | **3** | **3** |  | **4** | **3** | **4** | **4** |  | **1** | **2** | **1** |  | **3** | **H** |  |  | |
| **Other metrics** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | |
|  | Abstraction Incentive Mechanism | O1 | **2** |  | **2** | **1** | **1** | **1** |  | **3** | **2** | **2** | **2** |  | **2** | **2** | **2** |  | **1** | **L** |  |  | |
|  | Optional meters installed | O2 | **3** |  | **3** | **1** | **1** | **2** |  | **3** | **2** | **2** | **2** |  | **1** | **2** | **2** |  | **1** | **M** |  |  | |
|  | Abstraction - compliance with licence conditions | O3 | **3** |  | **1** | **1** | **3** | **1** |  | **2** | **2** | **2** | **2** |  | **2** | **2** | **1** |  | **1** | **M** |  |  | |
|  | Guaranteed Standards of Service | O4 | **3** |  | **3** | **1** | **2** | **1** |  | **3** | **2** | **2** | **2** |  | **2** | **1** | **1** |  | **2** | **M** |  |  | |
|  | Watersure tariff | O5 | **3** |  | **3** | **1** | **2** | **2** |  | **2** | **2** | **2** | **2** |  | **2** | **2** | **2** |  | **1** | **M** |  |  | |
|  | New development - levels of service | O6 | **3** |  | **3** | **3** | **2** | **3** |  | **3** | **2** | **2** | **3** |  | **1** | **2** | **1** |  | **2** | **M** |  |  | |
|  | Green House Gas Emissions | O7 | **2** |  | **1** | **1** | **1** | **2** |  | **4** | **3** | **3** | **3** |  | **1** | **2** | **2** |  | **2** | **M** |  |  | |
|  | Social Tariff | O8 | **3** |  | **3** | **1** | **1** | **3** |  | **2** | **3** | **2** | **3** |  | **2** | **2** | **2** |  | **1** | **M** |  |  | |
|  | Written complaints | O9 | **3** |  | **3** | **1** | **2** | **3** |  | **3** | **2** | **2** | **3** |  | **1** | **2** | **2** |  | **1** | **M** |  |  | |
|  | Number of meters renewed | O10 | **2** |  | **2** | **1** | **1** | **1** |  | **2** | **3** | **3** | **3** |  | **1** | **1** | **1** |  | **2** | **M** |  |  | |
|  | Number of communication pipes | O11 | **2** |  | **2** | **1** | **2** | **1** |  | **3** | **4** | **4** | **3** |  | **1** | **2** | **2** |  | **2** | **M** |  |  | |
|  | Pumping Head | O12 | **2** |  | **1** | **1** | **1** | **2** |  | **3** | **3** | **3** | **3** |  | **2** | **2** | **1** |  | **1** | **L** |  |  | |
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| **PR19 ODIs** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | |
|  | Compliance Risk Index | PR19 - 1 | **4** |  | **3** | **1** | **4** | **3** |  | **3** | **2** | **2** | **4** |  | **2** | **2** | **2** |  | **2** | **H** |  |  | |
|  | Unplanned outage | PR19 - 2 | **4** |  | **2** | **1** | **4** | **3** |  | **3** | **3** | **3** | **4** |  | **1** | **2** | **2** |  | **2** | **H** |  |  | |
|  | Water quality contacts (Black/Brown /Orange) | PR19 - 3 | **3** |  | **3** | **1** | **3** | **3** |  | **2** | **2** | **2** | **2** |  | **2** | **2** | **2** |  | **1** | **M** |  |  | |
|  | Properties at Risk of Low Pressure | PR19 - 4 | **3** |  | **3** | **1** | **3** | **3** |  | **2** | **2** | **2** | **2** |  | **2** | **2** | **2** |  | **1** | **M** |  |  | |
|  | Risk of severe restrictions in a drought | PR19 - 5 | **3** |  | **3** | **1** | **1** | **2** |  | **3** | **3** | **3** | **4** |  | **2** | **1** | **2** |  | **2** | **M** |  |  | |
|  | C-Mex | PR19 - 6 | **4** |  | **4** | **1** | **4** | **4** |  | **3** | **2** | **2** | **4** |  | **2** | **2** | **2** |  | **2** | **H** |  |  | |
|  | D-Mex | PR19 - 7 | **4** |  | **4** | **3** | **4** | **4** |  | **3** | **2** | **3** | **4** |  | **2** | **2** | **2** |  | **2** | **H** |  |  | |
|  | Void properties | PR19 - 8 | **3** |  | **2** | **1** | **3** | **2** |  | **2** | **3** | **3** | **3** |  | **2** | **2** | **2** |  | **1** | **M** |  |  | |
|  | Gap sites | PR19 - 9 | **3** |  | **2** | **1** | **3** | **2** |  | **2** | **3** | **3** | **3** |  | **2** | **2** | **2** |  | **1** | **M** |  |  | |
|  | Catchment management engagement programme | PR19 - 10 | **3** |  | **2** | **1** | **3** | **2** |  | **2** | **2** | **2** | **3** |  | **2** | **1** | **2** |  | **1** | **M** |  |  | |

The impact score is the maximum score in any of the 4 classifications below.

**Customers** – where 4 is a measure which reflects overall service to all customers, 3 a measure that impacts individual customers, 2 an indirect impact on customers and 1 has no direct impact.

**Competition** – where 4 has a direct impact on competition, 3 reflects the use of “league tables” with associated challenge from stakeholders, 2 an indirect impact on customers and 1 has no direct impact.

**Financial** – where 4 has a direct impact on company revenues, 3 significant rewards and penalties, 2 either small rewards & penalties or an individual customer impact and 1 no impact.

**Comparative Efficiency** – where 4 results in an impact on customer bills, 3 the publication of league tables, 2 challenges made on relative performance and 1 no impact on comparative efficiency.

To establish the Probability Score we look firstly at how complex establishing the data is, the number of systems for example, and how complete it is, for example is it a total data set we are reporting against or a sample set from which we extrapolate. Further we also recognise that there may be a manual intervention in the establishing the data and the complexity and maturity of the reporting rules. Each of these 4 categories are assigned a score 1 and 4.

The issues above can be offset by the degree of control activities applied by the Company, the experience of the personnel and of historical issues in its reporting. **See detail in Appendix 2.**