

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

**15 February 2017**

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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 formally on the 12 December 2016. The outputs of this exercise have been used to inform the proposed assurance activities.

Having discussed our process and the Statement with a number of key stakeholders, and having regard to written comments received from Ofwat in particular, 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 2016/17 Annual Performance Report, is reliable and complete. Specifically this plan deals with non-financial data in the APR whilst financial data is reported on through the audit of the APR Financial tables by the financial auditors.

**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 1 March 2017.

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

Monitoring Plan Consultation

Portsmouth Water

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Havant

Hampshire

PO9 1LG

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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. 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, including Ofwat, and how this has informed this Draft Assurance Plan; we include a selection of these in this document.
* 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?** | |
| **Q4 Any other comments** |
|  |
|  |

We welcome your responses to this consultation by close of business on 1 March 2017.

We will use your responses to our consultation questions to inform the Final Assurance Plan, which we intend publishing by the end of March 2017.

1. **Background** 
   1. We published our “Annual Performance Report” for the first time, reporting on the year 2015/16. It enabled stakeholders to assess how we 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. In June 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.
   4. Ofwat has 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, in November 2016 we again 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 12 December 2016. 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 2016/17 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 3. 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 internal 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 undertaken 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
* Annual review of the Data Assurance Plan
* Board Assurance Framework
* Company’s progress against its strategic and corporate objectives.

This allows it to sign off the Annual Performance Report

**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.

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 4 stakeholders, all of whom are represented on our CCG:

* David Howarth - Environment Agency
* Nicola O’Reilly - CCWater
* Jon Stewart – Chief Executive Citizens Advice Portsmouth, East Hampshire and Havant
* Cllr Piers Bateman – Gosport Borough Council

4.3 In addition, on 30 November 2016 Ofwat published its assessment of the 2016 Company Monitoring Framework.

Companies are assessed into one of categories as follows:-

* + Self-assurance – a company uses its own discretion to provide assurance beyond the common assurance requirements
  + Targeted assurance – a company loses discretion on some areas of assurance beyond the common assurance requirements; and
  + Prescribed assurance – a company loses discretion on many areas of assurance beyond the common assurance requirements.

In November 2015 we were assessed as “Targeted” and this remains the case for this most recent assessment, November 2016.

The Company met most of Ofwat’s expectations on assurance practices but also noted some shortcomings, including minor data errors in the financial monitoring framework and inadequate narrative relating to the tax targeted review.

Further Ofwat expressed serious concern that we did not publish a Data Assurance Summary for 2015/16 and as such received “serious concern”. This has now been rectified and is available on our website. All of these items relate to the financial reporting framework and not subject to this framework.

It is most pleasing to note that the area of the Assurance Plan meets expectations whilst that of Outcomes, the issues discussed in this plan, exceeded expectations.

The table below shows the classification of the 11 assessment areas made in the year.

|  |  |  |
| --- | --- | --- |
|  | Area | Assessment |
| 1 | Financial monitoring framework | Minor concerns |
| 2 | Charges schemes assurance | Meets expectations |
| 3 | Financial information | Meets expectations |
| 4 | Final 2010-15 reconciliation data submission | Meets expectations |
| 5 | Outcome | Exceeds expectations |
| 6 | Compliance with principles of board leadership, transparency and governance | Meets expectations |
| 7 | Risk & compliance statement | Meets expectations |
| 8 | Assurance plan | Meets expectations |
| 9 | Targeted reviews | Minor concerns |
| 10 | Data assurance summary | Serious concerns |
| 11 | Evidence from casework activities | Not applicable |

We are not assessed on case work activities, as we have no case work issues with customers for Ofwat to adjudicate upon.

4.4 A summary of the individual responses received to questions posed in our Risks, Strengths and Weaknesses consultation is shown below, with our observations in bold and italic text.

|  |  |
| --- | --- |
| **Q1. Do you have any comments on our overall approach to this Risk Assessment?**  Generally stakeholders thought the overall approach taken was sound. Comments included:   * CCWater stated “The overall approach appears to be robust. We also welcome the company’s decision to publish the consultation and to encourage its customers to take an interest”. * The EA stated “I think this is a good document. My only suggestion would be to include some more commentary about the high risk performance measures that you have identified through the process. Appendix 2 usefully defines your approach to the risk ratings but these are (understandably) generic – I would like to see some specifics around your reasoning for using those classifications for Leakage, pcc and developer satisfaction survey for example” * The CAB stated” You've produced a very robust document and clearly that will take considerable resource to run with, so I'm keen not to suggest anything unnecessary”.   ***The justification for the classification on leakage, pcc and developer survey will be provided to the stakeholder.***  **Q2. Do you agree with our assessment of the “Risks, Strengths and Weaknesses” summarised in this Statement?**  Most stakeholders agreed with our assessment.   * CCWater stated” We broadly agree with the overall assessment. However, it does not consider the risks posed by competition in relation to the transfer of 16,000 Portsmouth Water non-household customers to Castle Water for their retail services. While we understand from our quarterly meetings with Portsmouth Water the transfer process has been relatively smooth, non-household customer complaints have increased. This is masked as written complaints are not divided by household and non-household. There is also no data on unwanted contacts from non-household customers. If there is an increase in unwanted contact to Portsmouth Water it may indicate a weakness in the operating arrangements between Portsmouth Water and Castle Water and should, therefore, be included in the assessment. We will want to be confident that complaints and unwanted contacts from non-household customers are correctly assigned to both companies, and reported accurately”. * The EA stated “Yes, subject to a better understanding of the high level risks.” * Gosport BC stated “It would be helpful to expand to some degree on both which processes are not fully covered and to what is a 'small proportion of our data? An estimation of the percentage proportion against the whole would also be helpful”.   ***We acknowledge the first point, with an increase from 15 written complaints in 2015/16 to 24 in the 9 months to 31 December 2016. However when the market opens in April 2017, we will not be in a position to report either written complaints or unwanted contacts from non-household customers, unless the retailer has forwarded either to us.***  ***Specifically the process of communication for all issues raised by the customer is to the retailer first. This means that the retailer, likely to be Castle in the first instance, will need to report this data to stakeholders. We will discuss this issue with CCWater when we next meet with them.***  ***We will address the second and third points with the stakeholder individually and recognise the comment going forwards.***  **Q3 *Which particular performance measure is of greatest importance to you?***   |  | | --- | | * CCWater stated “All measures that impact directly and indirectly on customers are important to CCWater. However, written complaints and SIM scores are currently the best indicators of how well customers are being served.” * The assessment includes a broad set of data which is helpful. Portsmouth Water may also wish to consider including data on the number of customers on its special assistance/Priority Services register. * As mentioned above, there doesn’t seem to be an assessment of risks posed by the new non-household retail market. Given the uncertainty and risk that the new arrangements bring, we encourage Portsmouth Water to consider what data it can publish in this area. * The EA identify the following of greatest importance:- per capita consumption, temporary usage bans, leakage, Water Framework Directive, AIM, optional meters and Compliance with abstraction licences. * Gosport Borough Council identified the following:- water quality contacts, written complaints, social tariff, SIM, interruptions to supply and leakage. * Finally the CAB asked the external risk to water quality due to substandard pipe / connection work in the customer property be reported. | |
|  |

***The Company will monitor and report data associated with the Non-household retail market in recent years to establish a base level of activity before the market opens in April 2017.***

***We will consider how we report and indeed address the issue raised by the CAB.***

**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?**

The EA sated they get the data it needs. At the moment some of those data is not published in the APR.

CCWater will continue to collect a range of performance data from companies on a quarterly basis, and publish this on an annual basis in our *Delving into Water* report once companies have provided assured and audited data at the end of the year.

***We will continue to monitor what data we publish and welcome any feedback from stakeholders.***

**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 shown in Appendix 5.

Appendix 6 contains a high level definition for each of the 23 Performance Measures.

We welcome your responses to this consultation by close of business on 1 March 2017. We repeat the questions below.

We will have regard to comments received and intend publishing our Final Assurance Plan in March 2017.

|  |  |  |  |
| --- | --- | --- | --- |
| |  | | --- | | **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?** | |
| **Q4 Any other comments** |
|  |

**Appendix 1**

**Outcome of Risk Assessment**

In November 2016 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 7 provides definitions of the Performance Measures.

**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 also reviewed.

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

In light of the feedback we have received form our Risks, Strengths and Weaknesses consultation we have added three new measures, Special Assistance O8, Written Complaints by class and cause O9 and Unwanted Contacts by class and cause O10, which we will report against for 2016/17.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **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 (APR). |
| RC1 | Developer Survey | Yearly review | Yearly review |  | Reported in APR. |
| 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 APR 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 APR. |
| WA3 | Mean Zonal Compliance | Monthly review | Monthly review | Reported at weekly Operations meeting | Reported in Chief Inspectors Annual Report. Reported in APR. |
| WA4 | Number of water quality contacts | Monthly review | Monthly review | Reported at weekly Operations meeting | Reported in Chief Inspectors Annual Report. Reported in APR. |
| WA5 | Temporary usage bans |  |  |  | Reported in APR 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 APR and 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 APR. |
| WD1 | Biodiversity | Yearly review | Six monthly |  | Reported in APR. Progress discussed with CCG and Natural England every six months |
| WD2 | Water Framework Directive | Yearly review | Six monthly |  | Reported in APR. Progress discussed with CCG and Natural England every six months |
| WD3 | Carbon commitment to renewables | Yearly review | Electricity consumption reviewed. |  | Audited by WS Atkins at the end of the reporting year. Reported in APR. |
| WG1 | RoSPA | Accidents reported monthly | Accidents reported monthly |  | Reported to the Health and Safety Executive. Reported in APR. |
| O1 | Abstraction Incentive Mechanism | Yearly review |  | CCG | Reported in APR. |
| O2 | Optional meters installed | Yearly review | Monthly review | Reported at weekly Operations meeting | Reported annually 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 annually to the Environment Agency. |
| 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 / Social tariff | Yearly review | Monthly review | Reported at weekly Operations meeting | Reported quarterly to CCWater. Audited by WS Atkins at the end of the reporting year. |
| O6 | New development – levels of service | Yearly review | Monthly review |  | 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. |
| O8 | Special Assistance | Yearly review | Monthly review |  | Reported to CCWater on quarterly basis. Audited by WS Atkins at the end of reporting year. Will be reported in APR. |
| O9 | Written Complaints by class and cause | Monthly review | Monthly review | Reported at weekly Operations meeting | Reported to CCWater on a quarterly basis. Audited by WS Atkins at the end of the reporting year. Will be reported in APR |
| O10 | Unwanted contacts by class and cause | Monthly review | Monthly review |  | Reported to CCWater on a quarterly basis. Audited by WS Atkins at the end of the reporting year. Will be reported in APR, subject to the discussion in this document. |

**Appendix 3**

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

We have three items of data which we have identified as relatively higher risk, Leakage, per capita consumption and the 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 **This is a financial ODI** | (out of 4)  Customers – 2  Competition – 1  Financial – 3  Comparative efficiency – 3 |
| **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 | | | |
| **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** |
| RB1 | Per capita consumption | The volume of water used each day by household consumers, (litres per person per day) **This is a financial ODI** | (out of 4)  Customers – 2  Competition – 1  Financial – 2  Comparative efficiency – 3 |
| **Reporter Comments**  It is recognised by the Company that there are several shortcomings in the current pcc calculation. The Company should review its approach to pcc reporting | | | |
| **Control Framework**  The Company has engaged external consultancy support to work on the issue of leakage and there are implications for pcc. 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. **This is a reputational ODI** | (out of 4)  Customers – 4  Competition – 2  Financial – 2  Comparative efficiency – 3 |
| **Inherent Risk**  This was a new measure for 2015/16 and is thus considered to be higher risk, given it is only our second year of reporting. | | | |
| **Reporter Comments**  The first audit raised no issues. | | | |
| **Control Framework**  Measure is subject to an annual review by the Reporter. | | | |
| **Other Considerations**  None. | | | |

**Appendix 4**

**Targeted audit plan**

Our Audit Plan, which will be the subject of a third document in March 2017 will develop a Targeted Audit Plan. By way of illustration will comment upon our “high” risk performance Measures, leakage, pcc and developer survey

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

Per capita consumption

* Review the revised Methodology Statement for appropriateness and completeness
* Review the revised calculation of pcc
* Understand the 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 representativeness of the survey as appropriate

**Appendix 5**

**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 published** | **Discussion on consultation (meeting)** | **Response received** |
| Ofwat | 30 November 2016 |  |  |
| CCG Chair | 30 November 2016 | 18 October 2016 |  |
| CCWater | 30 November 2016 | 18 October 2016 | 22 December 2016 |
| Environment Agency | 30 November 2016 | 18 October 2016 | 29 December 2016 |
| Natural England | 30 November 2016 | 18 October 2016 |  |
| Citizens Advice Bureau | 30 November 2016 | 18 October 2016 | 3 January 2017 |
| Winchester City Council | 30 November 2016 | 18 October 2016 |  |
| Chichester District Council | 30 November 2016 | 18 October 2016 |  |
| Gosport Borough Council | 30 November 2016 | 18 October 2016 | 30 December 2016 |
| Federation of Small Businesses | 30 November 2016 | 18 October 2016 |  |
| West Sussex Growers Assoc. | 30 November 2016 | 18 October 2016 |  |
| Reporter (Atkins) | 30 November 2016 | 18 October 2016 |  |

In addition we received the Ofwat assessment referred to in Section 4 on 29 November 2016.

**Appendix 6**

**Timeline**

|  |  |  |  |
| --- | --- | --- | --- |
| **Activity** | **Description** | **Progress to date** | **Action date** |
| Stakeholder Engagement | Presentation on company monitoring framework and the consultation on the statement of risks, strengths and weaknesses. | Meeting held with Customer Challenge Group. Correspondence with Reporter. | 18 October 2016 |
| Publish “Statement of Risks, Strengths and Weaknesses” | Outputs from internal exercise for stakeholder review and comment. | Consultation published on 30 November 2016. | 30 November 2016 |
| Publish Draft Assurance Plan | This will contain our response to stakeholders views and outline next steps | Consultation published 15 February 2017 | 15 February 2017 |
| Publish Final Assurance Plan | Outputs from the consultation on our Draft Assurance Plan. | On schedule | March 2017 |

**Appendix 7**

**Definition of Performance Measures**

|  |  |
| --- | --- |
| **Retail ODIs** |  |
| Service Incentive Mechanism (SIM) | SIM is a measure introduced by Ofwat to establish household customer satisfaction with the service they receive. |
| Per capita consumption (pcc) | The volume of water used each day by a 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. |
| 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 |
| Total Interruptions to supply | The average 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 to enhance the biodiversity of the sites we won and operate upon and other appropriate sites in the area. |
| Developer Survey | A new initiative in 2015/16, similar to SIM above, which establishes the developers’ satisfaction with the service they receive. (Operational this is a wholesale ODI). |
| 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 | AIM identifies key rivers in the Company area and reports 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 at their request. |
| 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 provide compensation for failures of service. |
| WaterSure / Social Tariff | The number of customers on these support tariffs |
| LOS - New development | 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. |
| Special Assistance | The number of customers who have requested special assistance for various reasons. |
| Written complaints | Complaints received from customers, by class and cause |
| Unwanted contacts | Unwanted contacts received from customers, by class and cause |