

Our Risks, Strengths and Weaknesses Statement and Draft Assurance Plan 2020/2021

Published November 2020



YorkshireWater

Navigating this document

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There are also many other clickable links within this document which we've made easy to spot by underlining and **highlighting** them in blue. If you click on one of these links, but then wish to navigate back to the page you were viewing previously, simply click the 'Back' button at the top of the page.

Contents

We've created colour-coded sections to help you to navigate this report easily. Just click on the section you are interested in on the contents page, and it will navigate you to that section.

The report is structured as follows:

1 Welcome to our assurance plan 04

We start this document with why this publication is important to us and to you and let you know how you can give us your feedback. You can also find out more about the assurance documents we will publish in the future. This will help you understand how our assurance evolves and how we respond to your feedback.

2 About us 08

Water. It takes some serious looking after. We didn't 'invent' it. We don't own it. But we're proud to take care of it for everyone in Yorkshire. We're more than just water. In this section, learn more about who we are and what we do.

3 Informing our plan 16

This section explains how we decide what areas we want to focus our assurance on. It walks you through our risk assessment, how we find out what's important to you and everything else we do to make a risk-based assurance plan.

4 Our approach to assurance 24

This part has more detailed information about what we actually do when we conduct assurance at Yorkshire Water. It explains our principles and the actions we take to make sure that the customers of Yorkshire Water can put their trust in us.

5 Our areas of focus 29

Here, we talk through specific areas we have identified in our risk assessment that we need to focus on. It tells you about our plans to improve these areas and how we will make sure the right amount of checks are in place so you can trust the information we give you.

1. Welcome to our assurance plan



Why it's important

In this publication we explain how we complete assurance at Yorkshire Water. We want to be transparent about what we put in place to check the activities we carry out and the information we provide to you.

It is important to us that you trust the information that we publish. To help you understand and trust what we publish, first we will explain the main terms we use throughout this publication.

Assurance

Assurance is the process of ensuring the work we do, and the information we provide, is correct and trustworthy.

We use it to identify any potential errors, make improvements and monitor the ways we work.

It's important to us that our customers can trust the quality of the information we publish.

Risk

When we talk about risk, we talk about the possibility of something happening and what it means if it does happen.

In this publication, we talk about the risk of something negatively affecting our ability to carry out and report on activities within our regulatory responsibilities.

A 'risk-based assurance plan' is a plan that adds more assurance and attention to higher risk activities.

We have also published a glossary of terms which you can find on our reports webpage.

yorkshirewater.com/reports

We'd like your feedback

We invite you to review our plan and tell us if you think we have met your expectations. The feedback that we receive will help us to shape our Final Assurance Plan.

The Final Assurance Plan will be published by 31 March 2021. We would welcome any feedback on this Draft Assurance Plan by 31 January 2021. Whilst reading through this document, we would particularly like you to consider the following:

1.

Is our risk assessment approach appropriate to determine how much assurance we should apply to our activities?

2.

Have we picked up what is important to you in our areas of focus?

3.

Do you think that our planned assurance is appropriate for the level of risk we have assessed for our areas of focus and our publications?

If you have any feedback on the assurance plan, you can contact us in the following ways:

Email: publicaffairs@yorkshirewater.co.uk

Sending comments via our website link:
yorkshirewater.com/contactus

Facebook message us: [@yorkshirewater](https://www.facebook.com/yorkshirewater)

Our assurance cycle

Where does this document fit in our reporting cycle?

The cycle begins with a risks, strengths and weaknesses statement which we publish each autumn. The flow diagram below describes the process that we follow during the reporting year. It's a step by step approach to making sure we focus our efforts where there is greatest risk to the accuracy of our reporting, and drives continuous improvement so that each year, we get better at providing information that you want and will trust.



2. About us



**Today, every day and forever
it's our job to make sure that
everyone in Yorkshire has the
water they need for their busy lives.
And, when they've used it, it's our
job to take it away and work our
magic returning it safely back to
Yorkshire's environment.**

**Water is one of life's most basic essentials
and we care deeply about taking care of it in
the right way for everyone, all of the time.**

But how we do that really matters; the resources we use
and recycle, the way we look after land, our broader support
to local communities and the partnerships we develop
will make a massive difference to getting it right for
Yorkshire's people and places.

Our purpose

**We're proud to play
water's role in making
Yorkshire a brilliant
place to be – now
and always.**

Our behaviours

**We own it.
We're always learning.
We're better together.
We have heart.**

Our ambition

**To put people at the
heart of everything
we do.**

Our promise

**You can rely on us.
We'll make a
lasting impression.
We'll lead by example.**



Our ambition

To put people at the heart of everything we do

Our behaviours



We own it

Every one of us gets what needs to be done and sees it through to the end



We're better together

By bringing people together we can do amazing things



We're always learning

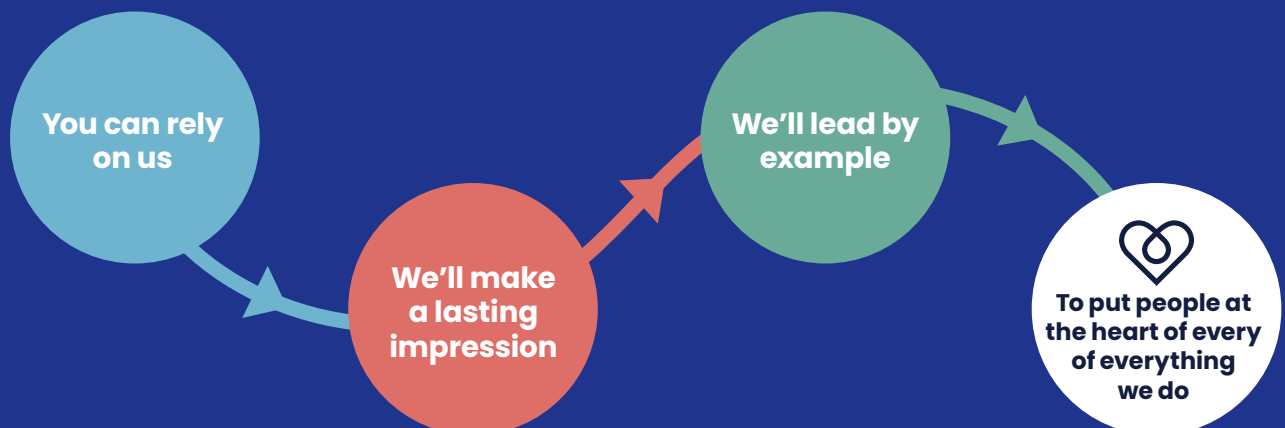
We're not afraid to try things out, challenge ourselves and others and to share our learning and experiences



We have heart

We're a Yorkshire company with that true Yorkshire spirit

Our promise



What we do



We provide water and wastewater services to the people of Yorkshire. To do this we collect 1.3 billion litres of raw water from the environment every day.

We use energy and chemicals to treat the water so that it is safe to drink. To get the water to where it is needed we use gravity where we can, but we also have to use energy to pump it through 31,600km of pipes.

We collect and treat about 1 billion litres of wastewater from homes and businesses (and rainwater that goes into the 52,315km of sewers) every day as well. To do this, we use chemicals to help the treatment process and energy to run the treatment plants and pumps.

What we do

We provide essential water and wastewater services to the people and businesses of the Yorkshire and Humberside region, playing a key role in the region's health, wellbeing and prosperity.



Collecting, treating and supplying around **1.3bn litres** of water every day.



Investing over £1m every day to maintain and enhance Yorkshire's network of water pipes, pumps and networks.



Managing 28,000 hectares of land to protect water quality and enable recreational opportunities.



Managing £1bn of water bills every year and providing customer service when it's needed.



Collecting, treating and safely returning to the environment **1bn litres** of water every day.



Recycling nutrients and generating energy from leftover human waste.



All delivered by around **3,500 employees** using a fleet of over **2,000 vehicles** and increasingly complex technology, delivering for today and planning for the long-term.

Find out more about what we do here:
[**yorkshirewater.com/more-than-water**](https://yorkshirewater.com/more-than-water)

We're one of Yorkshire's biggest land owners

We collect water from three main sources

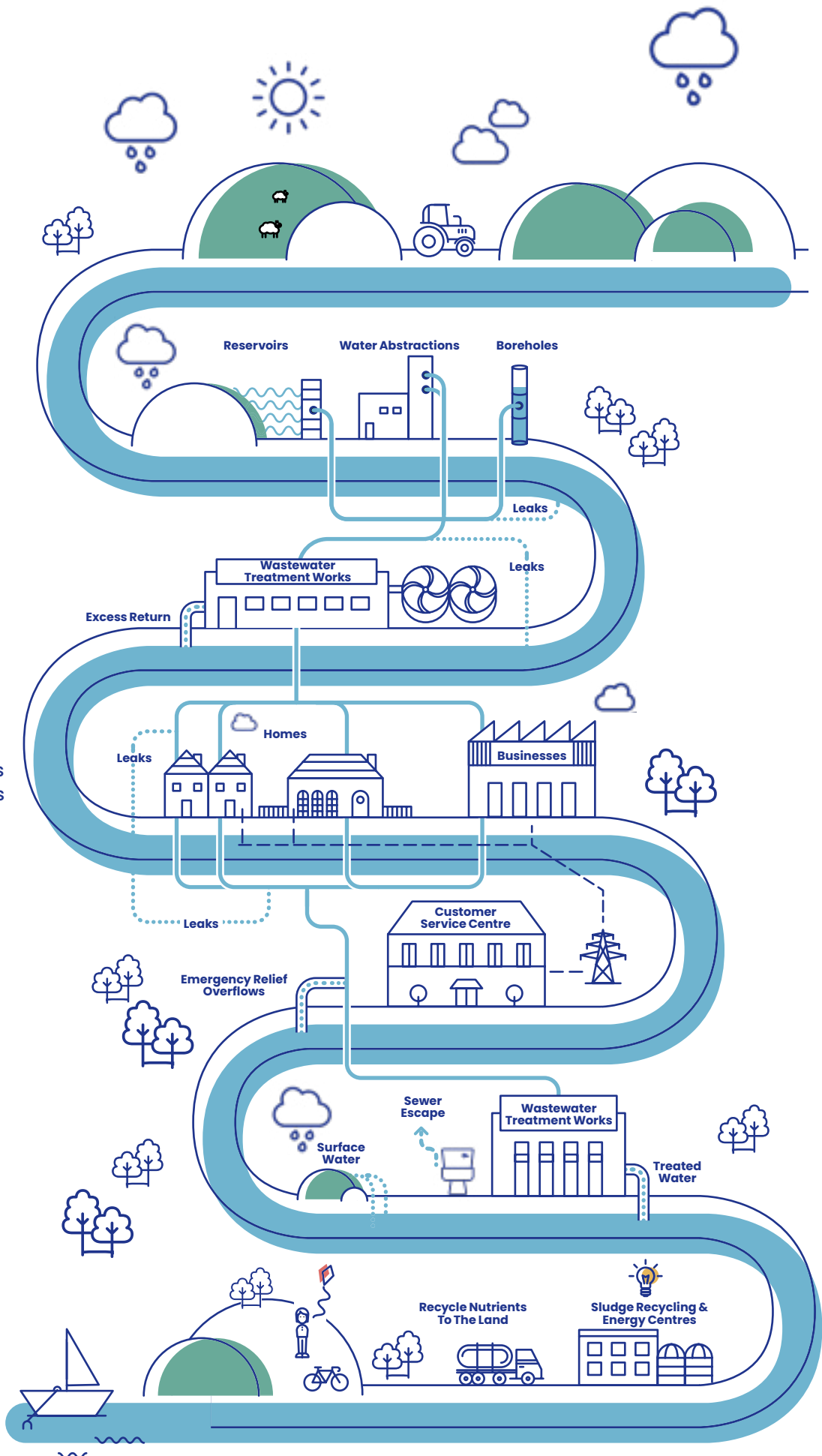
We manage 671 water and wastewater treatment works

We supply water to homes and businesses across the county

Our customer service team support our five million customers

We collect one billion litres of wastewater every day

We safely return water back into the environment

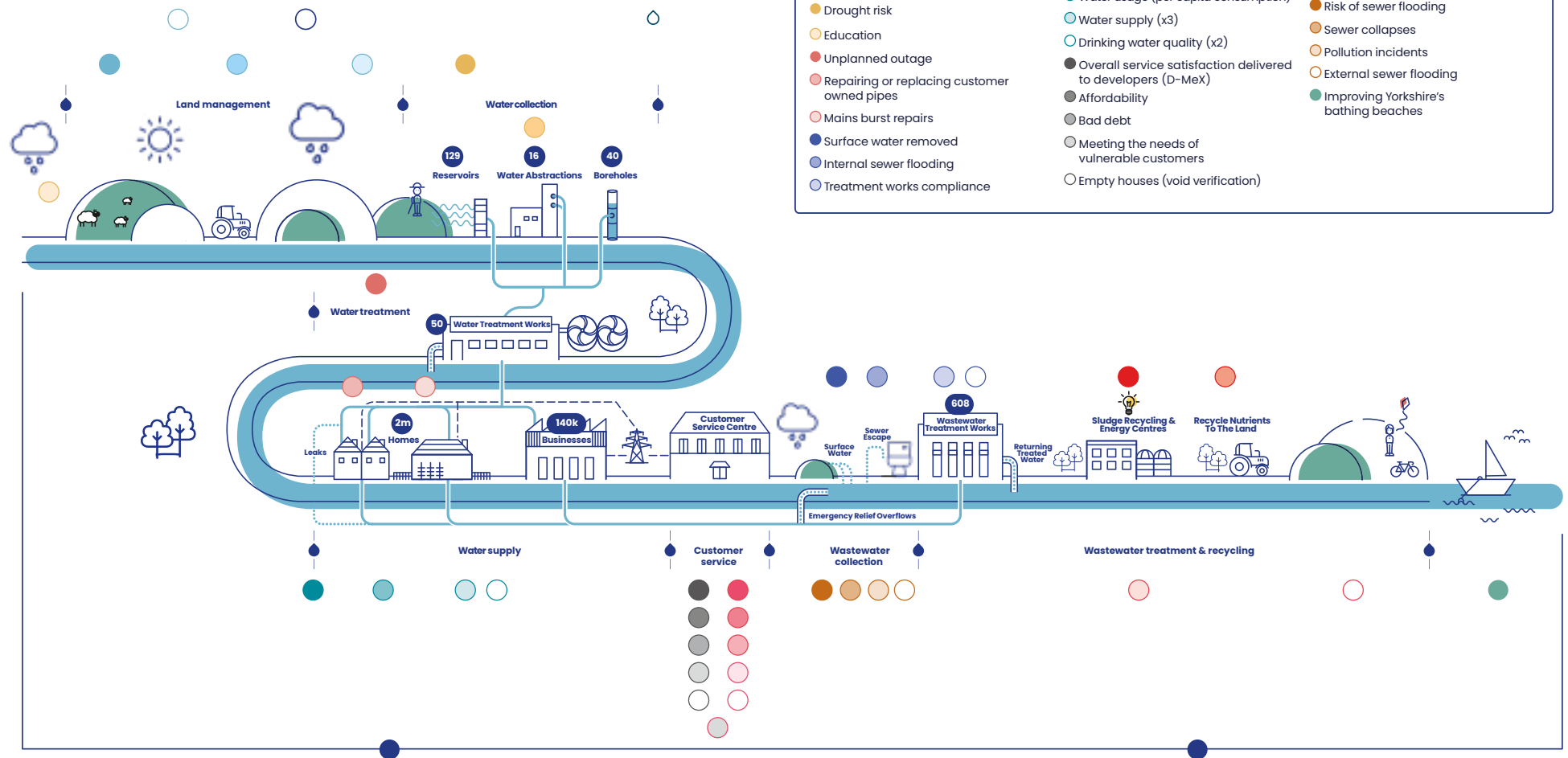


Our performance commitments

Our business plan for the 2020–2025 period (known as AMP7) puts our customers at the heart of everything we do. We've engaged with 30,000 customers, and the Yorkshire Forum for Water Customers, to understand individual lifestyles and how they shape what customers want, need and expect from us.

In response to customer feedback, we developed a package of 43 performance commitments for AMP7 which align with our ambitions and challenge us to change the way we work to meet both customers' expectations and the complex long-term challenges that we face as a business. The diagram on page 15 shows how these 43 performance commitments in AMP7 cover every aspect of what we do, from water source to sea.

Our source to sea operation



3. Informing our plan



Our risks, strengths and weaknesses statement

Each year we carry out a risks, strengths and weaknesses exercise so that we can improve how we provide information to you. We believe that if our customers and stakeholders are to gain trust in our information that they should be involved in the process we carry out to improve it.

The first step in this exercise is to get feedback from our customers and stakeholders on how we are currently doing in providing information that people want and trust. Through this process we gather the views of all our stakeholders and combine them with our own assessment of our performance so that we have a clear understanding of the improvements we need to make.

Our approach to understanding our risks, strengths and weaknesses

We gather information from a variety of sources to understand where there are risks, strengths and weaknesses in the information we publish and in the way we report it.

1.

Gather feedback from our customers and stakeholders

External engagement

- Engaging with household customers
- Engaging with business customers
- Engaging with customer advocacy groups
- Engaging with financial stakeholders
- Engaging with regulators and getting feedback.

Internal assessment

- Monthly review of operational performance risk
- Review of performance commitments risk every three months
- Review of external assurance findings
- Regulatory review of performance reporting risk
- External legal and regulatory change.

2.

Summarise and analyse information gathered

We then summarise the information gathered from our external engagement and internal assessment.

3.

Identify risks, strengths and weaknesses

We take the information we gathered from the previous step to identify the risks, strengths and weaknesses in relation to how easy it is to find, read and trust our information.

Risks to trust

Is the information what's wanted and needed?

Is the information correct, assured and reliable?

Is the presentation simple and transparent?

Is there awareness of the information?

4.

Identify areas of focus for assurance

We use the information gathered to identify areas that will need more focused assurance in 2020/2021.

Risk-based assurance

We know that when we put together our assurance plans, we will need to apply extra assurance to areas of higher risk.

We conduct risk assessments to identify the higher risk areas. Risk assessments look at the likelihood that something will depart from what was planned and how big the effect will be if it does.

We carry out risk assessments on the activities we are required to report on to Ofwat. This includes our performance commitments, the data we are required to report in our Annual Performance Report and the information and processes behind our regulatory publications.

Our risk assessment includes considerations that make sure we focus on the right areas.

Identify all areas which require risk assessment

We engage with process owners and data providers to complete a risk assessment.

Probability

The likelihood that there may be errors.

Impact

How much of an effect there will be if there is an error.

Wider assurance

Activities which highlight important considerations.

We internally score against our risk indicators.

These include:

- the complexity of the processes,
- if there have been previous errors in reporting,
- the completeness of the information provided and how much of our data is assumptions,
- how many different sources of information there are.

We internally score against different areas of impact.

- Customer: the impact that this may have on the level of service our customers receive.
- Reputational: the potential damage that this may have to our reputation if we get it wrong.
- Financial: the level of financial penalty we may receive, or the cost to fix should something go wrong.
- Compliance: The risk of legal penalties if it causes us to break industry laws or regulations.

We engage with interested parties, which we call stakeholders, to understand what is important to them.

This includes:

- household and business customers,
- customer advocacy groups,
- financial stakeholders,
- regulators.

We consider what upcoming changes may happen that could change the risk environment. You can read about our stakeholder engagement and wider assurance activities on the following pages.



Horizon scanning

Throughout the year, our regulation teams identify topics that are important across the water industry and are at the forefront of potential change. We care about the future economic, social and environmental issues that Yorkshire faces as a region. We are proactive in our actions when we identify that something may change that could affect our customers and stakeholders, or the ways in which we will be required to work.

We regularly review external papers and publications from regulators across the industry and outside our industry. Their observations, feedback and guidance help us determine what areas we should focus on and make improvements to. It also helps us understand what may become more important to you in the future.

P

E

S

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L

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Political

Government policy changes or changes in direction of government focus.

Economical

Financial changes such as interest rates and inflation, and changing financial demographic of consumers.

Social

Lifestyle changes, understanding demographics, changes in demand and expectations from customers.

Technological

New technological availabilities, innovation and products that can change how we work.

Legal

Changes in regulatory requirements and focus from regulators.

Environmental

Considering factors such as weather and climate change and also understanding how we reduce our impact on the environment.

By horizon scanning we identify future risks and proactively focus our assurance where we know there will be changes.

[3. Our risks, strengths and weaknesses statement](#) > [Our approach](#) > [Risk-based assurance](#)

> Horizon scanning

Regulatory requirements

Our Regulatory Compliance and Assurance Team analyse and interpret the regulations and guidance that are set by Ofwat. They support teams to make sure they comply with all the requirements. Our data providers, data managers, assurance teams and external assurance providers all have an important role to play to make sure this happens. Our documents and processes are reviewed at all levels to make sure that we meet our obligations.

We make sure our customers understand our obligations too. This means you can read our publications objectively and with a better understanding. It helps you decide what is of more importance to you.

Find our reports here:
yorkshirewater.com/reports



What AMP7 means

In April 2020 we started a new Asset Management Period (AMP) which is a business plan for the period of 2020–2025. This AMP is called AMP7. The detailed plan sets out how we will maintain and improve water and wastewater services in Yorkshire to make sure they are resilient and sustainable.

A new AMP means that there are lots of changes. Our performance commitments are ways in which we measure and report our performance. For AMP7 we now have 43 performance commitments, which is 17 more than the previous AMP. The Regulatory Accounting Guidelines, which tell us what and how we need to report in our Annual Performance Report, have also changed and require us to report and measure information differently.

We recognise that with new regulations, new reporting guidelines and new responsibilities we need to make sure that we manage the risk of non-compliance. By understanding our obligations completely, and how they may change, we can proactively focus our assurance work to ensure we are compliant and mitigate the risk.



Finding our areas of focus

Although we complete a risk assessment, we complete assurance over all data and activities to make sure the information we provide is accurate. We are always looking for opportunities to improve the ways in which we work in all areas. The risk assessment process helps us highlight areas where we will complete additional focussed assurance to prevent any risks materialising.



We complete our risk assessment and take into consideration the wider assurance activities and allocate a risk score. We plot this against our Risk Matrix.

Probability	1	Moderate	Moderate	Severe	Critical	Critical
	2	Low	Moderate	Severe	Severe	Critical
	3	Low	Moderate	Moderate	Severe	Severe
	4	Very low	Low	Moderate	Moderate	Moderate
	5	Very low	Very low	Low	Low	Moderate
		1	2	3	4	5
		Impact				

The score given will define the level of assurance that is carried out in that area. There will be more intense and focussed individual assurance plans for those scored as 'critical' and 'severe'. Assurance still takes place in areas of low risk, but we recognise that this is not likely to require more than the standard checks and assurance that we have developed at that time.

We revisit our risk assessment every quarter and review any issues or themes that may affect the risk scores. Risk is fluid and at any time something could change which can impact the level of risk in any area. We complete a full review of our risk assessment annually.

This process makes sure that the assurance we plan is adequate, timely and appropriate. It helps us create a risk-based assurance plan.

4. Our approach to assurance



Our assurance principles

We want our customers to be able to trust that the information we publish is accurate, accessible and easy to understand. We want you to understand how we are performing in the areas that impact you. It is important to us that we get it right.

To demonstrate this commitment, we carry out our assurance following these principles:

1. Clear methodology



- We take time to analyse and understand guidance, regulations and cross-industry themes.
- We risk assess the work behind our publications and data and we target the areas that have the highest risks.
- We use a 'three lines of assurance' methodology to make sure our assurance is applied consistently.

2. Relevant and transparent



- We make sure that the information we give is relevant and important to our customers right now.
- We make our documents easy to understand and make it clear what information is important.
- We will explain where we have not met our targets and what our plans are for improvement.

3. Governance and accountability



- We review our governance regularly to make sure that it creates outcomes that are compliant with regulations.
- The Board approves and monitors our governance processes and reviews our performance. This gives them ultimate accountability for the information we publish.
- We monitor and report transparently on any issues we find.

4. Ethically responsible



- Our Yorkshire Water values support an environment where all employees do the right thing. This is our 'tone from the top' as our Board adopt these values.
- Our values allow for growth in skill and knowledge, where close working relationships can grow. We trust our employees and our employees understand it is important our customers trust us.
- We understand that it is vital to have the right culture to gain our customers trust. Our Customer Promise is embedded throughout our company.

5. Engagement



- We value the opinion of our customers and we ask you to review our publications and independently challenge us. We publish the feedback and responses annually, in both this draft publication and the final version of this publication.
- We engage with the Yorkshire Forum for Water Customers (the Forum). They are an independent forum that represent the interests of our customers. They challenge and feedback on our performance and ways of working.
- We listen to feedback and guidance from our regulator, Ofwat, and take time to understand the requirements of the industry through our horizon scanning activities.

Our three levels of assurance

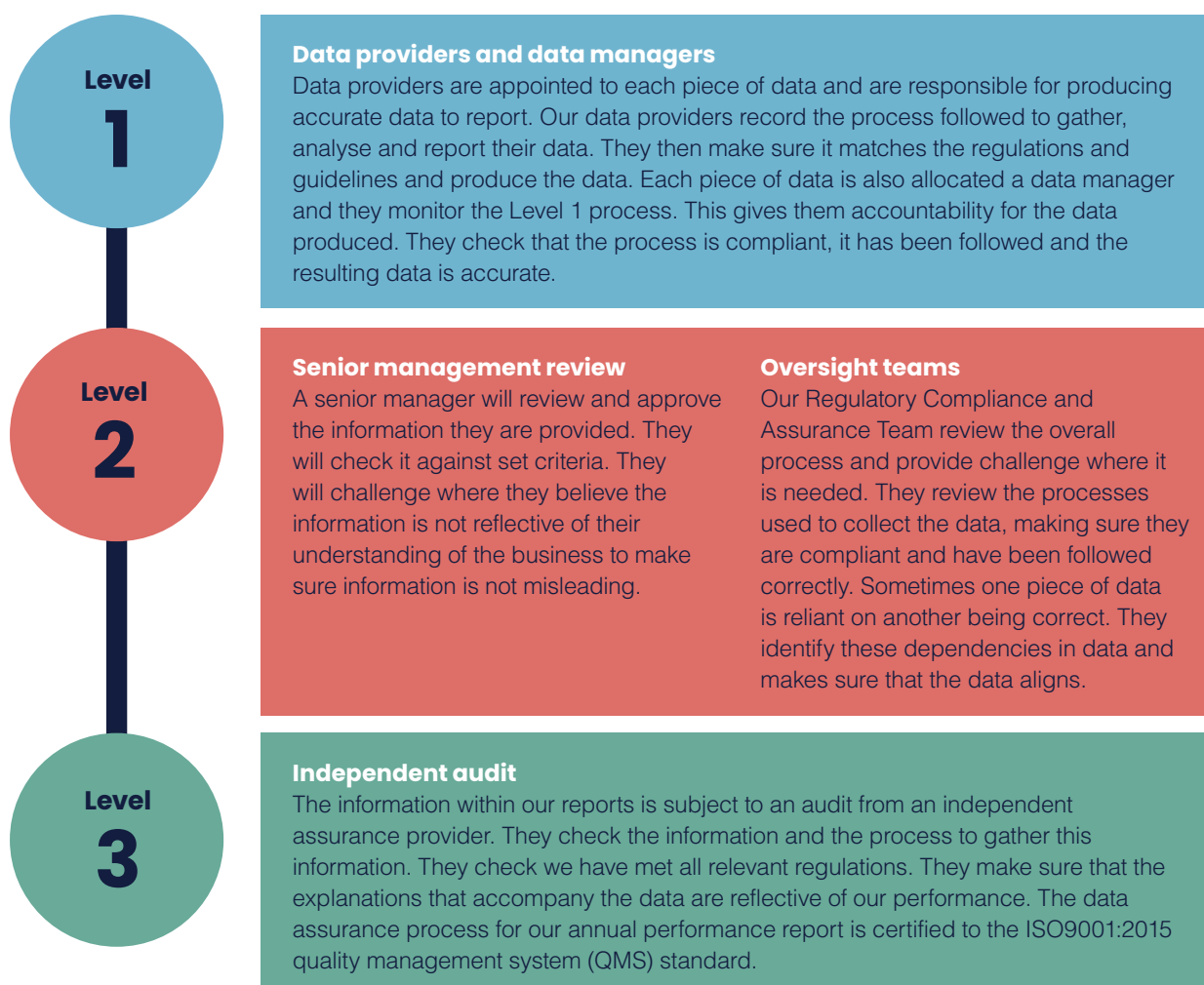
We use a way of working called the three levels of assurance. We call this our methodology. We apply this across all work. This methodology gives us consistency in our assurance as some of our activities happen across several areas and our data can be from several sources.

By putting our assurance activities into three levels, we make sure that we apply the right amount of assurance, at the right time. We explain our three levels of assurance below.



Our data assurance process

We complete data assurance to make sure the information we provide in our publications is accurate. We have illustrated below the three levels of assurance that we apply to make sure the information in our publications is trustworthy.



The Yorkshire Forum for Customers

The Forum review our overall performance and provide challenge and assurance over the information we provide. They review the integrity of our performance and provide challenge to make sure we keep focused on our responsibilities to our customers.

Board Audit Committee

The committee carefully reviews the management controls that are in place throughout the assurance process. They discuss each level of assurance, review the external assurance findings and, when satisfied, report to the Board that the assurance process has been followed. This helps the Board in the approval of the information.

The Board

Final approval is given by the Board after all assurance steps have been carried out. The Board is accountable for the quality of our information and want to make sure it meets your needs. The Board owns and approves the publication.

Stakeholders

Ofwat review and assess our publications. They provide feedback and challenge where required. We ask our customers to give feedback on publications to make sure our publications are relevant, transparent and contain information they can trust.

Our external assurance for AMP7

This Asset Management Period or ‘AMP7’ is our business plan for the period of 2020–2025. For AMP7 we have changed our approach to external assurance. External assurance is provided by companies who are not part of Yorkshire Water. They are specialist audit and assurance companies who are independent in their opinions. They conduct Level 3 of our three levels of assurance.

Previously we have appointed one company to complete Level 3 assurance over our regulatory reporting obligations that are not covered under the requirements to be reviewed by a financial auditor. Going forward, we will be operating within an assurance framework. This means that we have appointed four companies to provide us with external assurance. This will enhance the assurance we carry out in many ways, including:

- ✓ Getting new and different perspectives on our processes
- ✓ Reducing complacency in relationships with our external assurance providers
- ✓ Wider coverage across the business
- ✓ Being able to find optimum working practices and assurance methods from a wider selection of different ways of working
- ✓ Provide more challenge for Yorkshire Water to give accountability and also push to continuously improve our activities
- ✓ External assurers provide challenge to each other to ensure that assurance is carried out to the highest of standards
- ✓ Access to more industry and activity-based specialists and a wider view of issues and opportunities outside of the water industry
- ✓ Ability to benchmark our performance better.

We will also continue to strengthen our internal assurance and oversight teams with the assistance of our external assurers.

We will continue to work with Deloitte as our financial auditors. They will provide external assurance over areas explicitly specified to require financial audit.

5. Our areas of focus

Areas of focus

As a result of completing our risk assessment process, we have identified where we will focus our assurance and put in place plans to improve.

We have divided this section into three themes

1.

Performance commitments

The targets that are in place which we measure our performance against.

2.

Regulatory reporting data

The data we are required to report in our Annual Performance Report.

3.

Publications

The information that we publish throughout the year for our stakeholders.

Within each of these themes we will explain to you the overall assurance methods we are undertaking this AMP, the areas we are focussing on, why we are focussing on them and what actions we are taking.

Performance commitments

It is important to us that we provide accurate information about our performance commitments so you understand how we are performing against our targets.

We have 43 performance commitments this AMP. Some of them have annual targets and some of them are measured across the whole AMP, which began in April 2020 and lasts five years. When we publish our Annual Performance Report in July, we will tell you how we have performed against our annual measures and let you know how we are progressing with our longer-term targets. We now also report quarterly (every three months) on our performance to be more transparent and so you can track our progress. Our quarterly performance is published on our website:

yorkshirewater.com/our-performance

This year we have 17 additional performance commitments, and some of our existing performance commitments have evolved to make sure that we are always improving the ways we work. These increases and changes bring with them risks. We need to make sure we are following all the guidance correctly and apply assurance and improvements over more areas. At the same time, we are also developing new ways of working for our new performance commitments. We are applying a higher level of scrutiny to all our performance commitments to mitigate this additional risk and put us in the best possible position for the remainder of the AMP.

For each of our performance commitments we are reviewing several areas



- **Policies and processes.** We are reviewing our top-level policy commitments, our performance commitments and our processes to make sure that they are comprehensive and support the delivery of our obligations.
- **End-to-end process review.** To review the way in which we carry out day-to-day, front line activities that impact and contribute to our performance.
- **Data Assurance.** We are ensuring that our data assurance process is robust and, at each level, those involved in each step of the process are trained and aware of their responsibilities.
- **Assurance oversight.** We have added more providers to our external assurance to give us more insight, challenge and opportunities for improvement.
- **Transparency.** We continuously review the ways in which we provide you with information. We will always give clear explanations about our performance, and if we're not hitting our targets we will identify the cause for this. We have introduced quarterly reporting so our customers can understand what our performance commitments are and track how we are performing.

To manage assurance being completed across all our performance commitments, we follow our risk-based assurance plan. This gives more focus to higher risk performance commitments, where more oversight of plans is required and additional assurance is given.

The performance commitments we have targeted in our plans to improve are as below.

D-MeX

Why we are focussing on this area.

This area has been highlighted in our internal risk assessment as an area to focus on. We have also taken on board feedback from Ofwat in their recent paper 'Support for effective markets' (August 2020) advising that we should focus on our responses to our developer services customers. They also highlighted that we needed to improve our scoring against the measures within this Performance Commitment. We want to make sure we are providing an exceptional service to all our customers considering or requiring support when undertaking development. This support ranges from homeowners considering home improvements such as extensions, through to large developers building new development sites.

The plans in place for improvement.

We are in the process of developing a transformation plan for Developer Services in Yorkshire Water, the key themes being:

- A target operating model fit for the future which looks at the ways we can work more efficiently and effectively,
- Improving the effectiveness and efficiency of all our colleagues by improving our training,
- Considering customer demand, improving customer self-serve options and ensuring each and every contact is managed effectively,
- Focussing on delivering our key regulatory and strategic outcomes through regular reviews.

Our Internal Audit team will review our transformation plan to ensure it will deliver against our defined outputs.

We will measure our performance against the industry and seek to work and consult with all our customers to ensure we are delivering against their needs.

This plan will be a phased approach across the first three years of the AMP, however our first milestone is to have cleared our outstanding work backlogs that currently fall outside of our service level agreement by 31 March 2021.

The performance commitments we have targeted in our plans to improve are as below.

Mains Repairs

Why we are focussing on this area.

It's important that we maintain and improve the network and support the upkeep of our customers supply. This performance commitment also tells us about how we manage our assets and holds a financial penalty for underperformance.

The plans in place for improvement.

We are looking more rigorously at the processes we have in place to assure our mains repairs.

We are currently introducing and embedding a new system called Triopsis to help us manage and monitor work being carried out. This will help us ensure that our contract partners, who carry out work for us, get the required feedback and training to make sure we are compliant with processes and regulatory requirements.

We also want to make sure that our mains repairs are being recorded accurately. This will improve our Level 1 assurance. Our review process for mains repairs includes receiving a photo of the works on site so we can validate the mains repair and understand what the original issue was. This is something that we have identified needs improvement. Triopsis will also help us manage the validation process where we do not receive a photo or the photo is not adequate to determine the original issue. We are improving our feedback loop and training process in order to more accurately review mains repairs.

Early engagement with our external assurers will take place in January 2021 so we can understand the impact of our new system, what improvements have taken place and what further opportunities for enhancement are available.

The performance commitments we have targeted in our plans to improve are as below.

Internal Sewer Flooding and External Sewer Flooding

Why we are focussing on this area.

These performance commitments are two separate areas of focus, however they have aligned plans for improvement and so we have detailed them together in this instance. We will write about their outcomes separately in our Data Assurance Summary in July 2021.

We are focussing on these areas as our internal risk indicators show these are areas of high-risk. We also recognise that we need to improve our performance in this area. CCWater have indicated in their report 'Water Water Everywhere 2019-2020' that Yorkshire Water need to improve performance against these measures to be considered as performing well.

Our performance against these measures are important to our customers. We understand that sewer flooding incidents have a big impact on the lives of the customers in our region. Therefore, it is important to us that we demonstrate in this plan our commitment to improvement.

The plans in place for improvement.

Our wastewater teams are working hard on their plans to improve the performance and reporting of our sewer flooding measures. They have split the plan into three themed areas.

Operational excellence

- We are investing in our workforce and reviewing the way we manage them and their availability. This is to address incidents in a more effective manner and give us adequate resources to carry out more proactive interventions. This includes reviewing the working patterns of our staff, improvements to planning and scheduling and the culture around the work we do.
- We are giving additional training to our staff to make sure that they understand the processes and adhere to internal and external requirements.
- We have plans which see us aim to get to incidents which require repairs within 48 hours to reduce risk of repeats.
- We will undertake Repeat Reduction Forums where areas of repeat repairs will be reviewed to drive accountability and ownership of final incident resolution.

Data and technology

- Better data visibility and management information for staff, managers and team leaders so they can take more effective and targeted actions. This will ensure our data is accurate, and we are proactive in our approach.
- Exploring innovative projects like lateral CCTV units, in-gully flow monitors and new ways of carrying out sewer lining to enhance the resilience of our sewer network.

Investment

- We have set out a comprehensive investment plan for this AMP which will deliver improvements from year 1. This includes investment in internal and external sewer flooding proactive inspection and defect rectification activities, network refurbishment, desilting our sewer network as a preventative measure and 91 protection schemes.

We appointed a Sewer Flooding Manager who has ownership of the implementation of our plans, ensures that there is consistency in our reporting that, we are compliant with all guidance and we act upon any opportunities identified.

Early engagement with our external assurers will take place in January 2021 so we can understand the impact of our new system, what improvements have taken place and what further opportunities for enhancement are available. We will continue to focus on improving the quality and accuracy of our regulatory reporting in these measures through the AMP.

The performance commitments we have targeted in our plans to improve are as below.

Pollution incidents

Why we are focussing on this area.

Following customer engagement on our 2019-2020 Annual Performance Report we identified that customers were interested in Performance Commitments which have an effect on the environment and in particular, what we do to improve our impacts. We have included the measure pollution incidents as we recognise the importance of protecting our environment and the negative impact when these incidents occur. We have also reported in our quarterly reporting that we are slightly off-track. Our Wastewater Service Delivery Team have been working diligently on plans and projects, and are focussing on activities which now see us in an improved trajectory of performance against this measure. We are one of only two companies to have reduced our total pollution incidents from 2018 to 2019.

The plans in place for improvement.

We were the first water and sewerage company in the industry to publish our Pollution Incidence Reduction Plan. This is a detailed plan to reduce pollution events caused by Yorkshire Water asset failures over the next 5 years. It tells you how we plan to improve our performance focussing on three themed areas:

Operational excellence

- We plan to insource network activity associated with sewer jetting and conduct proactive maintenance activity.
- We will make investments in enhancing our fleet and staff.
- Review all the processes associated with our operational staff to make sure the investments carry tangible benefits and improvements in our performance. This includes the culture with which we operate.

Data and technology

- We will enhance the way in which we use the technology and data we have to implement our proactive pollution prevention programme effectively.
- Implement our proactive CCTV repair programme to prevent pollution arising from sewers.
- Create a real time picture of the activities on our sites.

Investment

- Our investment plan drives pollution improvement from year 1 and is the largest investment we have planned to deliver in a single year. It focusses on several areas including; investment in staff, updating and mapping drainage plans, implementing additional cleaning activities to prevent blockages and a risk-based plan of targeting investment at sites with poor historic performance.

You can read our detailed Pollution Reduction Incident Plan here:

yorkshirewater.com/environment/pollution

We are also completing quarterly progress reviews with the Environment Agency. Our most recent meeting was on 17 September 2020. The Environment Agency recognised the high standard of our plan and the vast improvements this plan drives.

We appointed a Pollution Manager who has ownership of the implementation of the plan, ensures that there is consistency in our reporting, we are compliant with all guidance and we act upon any identified opportunities we receive.

Regulatory reporting data

Regulatory reporting data is information we are required to report as part of the conditions of our licence. Most regulatory reporting data is reported in our Annual Performance Report (APR) in July each year. What information goes into this is defined by Ofwat guidance called the Regulatory Accounting Guidelines (RAGs).

We populate the required data in a table to submit to Ofwat and we publish the APR as an accompanying document to support the data we have submitted. To be transparent to our stakeholders, we also publish the tables that we send to Ofwat on our website. You can find the tables and our APR for 2019/2020 here: yorkshirewater.com/reports

Proposed changes in AMP7

Earlier this year, Ofwat sent water companies the proposed changes to how and what we would have to report in AMP7. The proposed changes ask us to provide more information and some data in new or different ways. The increase in information required and the change in the way that we are required to report means that we need to consider the risk this brings to our reporting. We are conducting risk assessments to create our risk-based assurance plans. We will finalise our plans when Ofwat finalise the changes.

Understanding the changes

We have started reviews to understand any changes in dependencies of data. We are allocating new data providers and lines of responsibilities and understanding if there are any changes required to report any new requirements. We are mapping out the risks associated with reporting these lines as we review these new requirements.

Our data follows the Data Assurance process. We will initially give added focus to data with a high amount of dependencies. This means that lots of other information is reliant on it being correct and if the information is wrong, it has knock-on effects in lots of areas.

One area we have identified early with lots of dependencies is our 'water balance' information. This information shows us how the clean water in our network is used. It is calculated by adding together water consumed for different purposes. Examples include household water use, business water use, illegal water use, farm supplies, and water used for fire-fighting. It is important that we calculate our water balance accurately because we use it to report key measures of water efficiency (e.g. per capita consumption) and understand the pressures on Yorkshire's water resources. Also, by comparing our water balance with the amount of clean water we put into our network, we can calculate the volume of water lost as leakage and identify locations where we need to put control measures in place to reduce water loss.

Improving our data

We are reviewing the ways in which the data is collated to understand if we can improve these processes and the accuracy of this data. We also want to make sure that it is clear what is and is not included in each piece of data. We are always looking for ways to improve our data. We will update you on our findings in our Data Assurance Summary, published in July 2021.

Publications

We publish documents throughout the year that give important information to our customers and other stakeholders. It also shows our regulators that we are meeting our obligations and complying with regulations. We individually risk assess our publications to make sure we apply the right levels of assurance to each.

Here are the steps taken to make sure each of our publications are adequately assured at Level 1.

Level 1

Controlled data provision

Data providers, who are business experts, have responsibility for collating data and accompanying information. They carry out checks in their day to day roles.

Process controls

Detailed processes are in place to make sure that the information collated is accurate and consistent. It also documents all the sources of data so they can be traced back and assured fully.

Internal data review

Data managers and business managers review the data that has been put together alongside the publication text to make sure that it is an accurate reflection of our business activities.

Regulatory review

Our regulation teams review and provide confidence that there is adequate governance in place and we are compliant with what we are required to report. Gap analysis are performed on each publication against the regulations to identify anything we may have missed.

Wider assurance

Through engagement with our customers and stakeholders, we make sure that the publications are engaging, accessible and easy to read when we are writing them. We make sure that they do not have any negative impacts on our stakeholders and what we propose is reasonable and fair. We will review any changes that might affect what we are required to publish.

We believe that all of our publications need to be accurate and publishing information that is incorrect risks us losing the trust of our customers and other stakeholders. Below we have detailed each of our publications, why they are important and what Level 2 and 3 assurance takes place for each.

Indicative Wholesale Charges Scheme

Published annually in October

The publication contains primary and non-primary charges for retailers who operate in our region. It's important that we get this right so they can budget and build business plans.

Level 2

Level 2 assurance is provided our Head of Regulation who reviews and challenges the information to ensure accuracy.

Senior management, who have responsibilities over this data, review the output of the tariff modelling process and document any observations before sign off.

A qualified member of our legal team approves any changes to the Charges Scheme book.

We also engage with CCWater to provide feedback on our proposed charges.

Level 3

Level 3 assurance is provided by one of our external assurance providers. They review the inputs and outputs of the tariff model to identify any issues with data or validation. They review the approach against the guidance to make sure we are complying with our obligations.

The audit report, including all findings, is presented to the Board Audit Committee to inform their decision to sign off the publication.

Risks, Strengths and Weaknesses Statement and Draft Assurance Plan

Published annually in November

This document is the Risks, Strengths and Weaknesses Statement and Draft Assurance Plan. This year we have combined this document to make it easier for you to understand how we consider your feedback and take action to address it.

Level 2

A peer review of sections within this publication is undertaken to make sure that the plans we tell you about reflect the work that will be conducted in that area.

The document is reviewed by the Head of Regulation to make sure it reflects their understanding of the feedback reported throughout the year and it is transparent for our customers.

Level 3

The Yorkshire Forum for Water Customers review our assurance plans and provide us with feedback to build content within this publication.

Our approach to assurance and high-level plans are reviewed and approved by the Board Audit Committee.

We believe that all of our publications need to be accurate and publishing information that is incorrect risks us losing the trust of our customers and other stakeholders. Below we have detailed each of our publications, why they are important and what Level 2 and 3 assurance takes place for each.

Wholesale Charges Scheme

Published annually in January

This details the primary and non-primary charges for retailers who operate in our region. It's important that this is correct to enable retailers to confirm their business plans and operate effectively.

Level 2

Level 2 assurance in the form of review and sign off is provided by the Head of Regulation who comments on any observations or areas which need reviewing. Any queries are resolved prior to board review.

A qualified member of our internal legal team is asked to agree any changes to the Charges Scheme book.

Level 3

Level 3 assurance is provided from our external assurance providers. They review the inputs and outputs of the tariff model to ensure accuracy, they assess our adherence to process and make sure they comply with regulatory guidance and governance.

They submit their report to the Board and a Board Assurance Statement is obtained. This statement confirms that the publication has been reviewed appropriately and approved.

Bulk Supply Charges

Published annually around February

This publication sets out our charges for the provision of bulk supply of services to New Appointment and Variation organisations (NAVs) that operate in our region. It's important that they can understand the relevant costs that support their networks. This enables them to make informed business decisions and compete fairly with other companies operating in the market.

Level 2

Senior managers with responsibility over the tariff information will review and make sure that the tariff information is correct. Directors will also review and approve the tariff information with the added information provided by senior managers.

Our internal steering group, which includes business experts in regulatory finance, retail services and tariffs will be consulted on the content of our bulk supply charging scheme.

Our Head of Regulation will review and sign off the tariff model outputs and the accompanying information for our publication.

Level 3

Our external assurance providers will carry out assurance to check that our bulk supply tariff model and our charges publication are accurate and have been developed in line with Ofwat guidance. They provide assurance that we have included feedback from our stakeholder consultation process when putting together our charges scheme.

We believe that all of our publications need to be accurate and publishing information that is incorrect risks us losing the trust of our customers and other stakeholders. Below we have detailed each of our publications, why they are important and what Level 2 and 3 assurance takes place for each.

Charging Arrangements for New Connections Services

Published annually in February

This publication is based on Ofwat rules and specifies the charges for new connections made to our existing networks including connections to new housing developments. It's important that we make our charges accurate, sensible and easy to understand. This helps to maintain trust with our stakeholders, encourages competition and new developments, and prevents disputes.

Level 2

A peer review by Developer Services and regulation business experts takes place. They check and provide challenge over the proposed charges.

The Director of Customer Experience, who is accountable for our Developer Services function, reviews and approves the assurance that has taken place and the information within the publication.

Level 3

Our external assurance providers give assurance that we comply with the charging rules, our systems and processes are adequate, the balance of charges between developers and other customers is correct, and that we have demonstrated meaningful consultation with customers who are impacted by these arrangements.

A paper is submitted to our Board which includes the report and findings issued by the external assurance providers. A Board Assurance Statement is obtained which confirms review and approval of this publication.

Charges Scheme

Published annually in February

This publication contains our household and non-household charges. It sets them out for the next 12 months. It is a condition of our licence that we publish this and it is important that it is consistent, transparent and reliable for all customers.

Level 2

Level 2 assurance in the form of review and sign off is provided by the Head of Regulation who comments on any observations or areas which need reviewing. Any queries are resolved prior to board review.

A qualified member of our internal legal team is asked to agree any changes to our Charges Scheme book.

Level 3

Level 3 assurance is provided from our external assurance providers. They review the inputs and outputs of the tariff model to ensure accuracy, they assess our adherence to process and make sure they comply with regulatory guidance and governance.

They submit their report to the Board and a Board Assurance Statement is obtained. This statement confirms that the publication has been reviewed appropriately and approved.

We believe that all of our publications need to be accurate and publishing information that is incorrect risks us losing the trust of our customers and other stakeholders. Below we have detailed each of our publications, why they are important and what Level 2 and 3 assurance takes place for each.

Final Assurance Plan

Published annually in March

The Final Assurance Plan is the finalisation of our assurance plan. We consult on our Risks, Strengths and Weaknesses Statement and Draft Assurance Plan (this document) and then we take into consideration all feedback and update this in our Final Assurance Plan. The aim of the Final Assurance Plan is to give you confidence in the information that we provide to you and show you how we are targeting areas that need improvement. If we don't get this right, we risk losing your trust and confidence.

Level 2

Level 2 assurance includes a review by senior management, our Head of Regulation and our Director of Strategy and Regulation. They review and approve our final document before it is published.

Level 3

The effectiveness of the assurance is reviewed by the Board Audit Committee regularly. They review and challenge the information that we provide to them. This ensures that the information within this publication reflects the effectiveness of our assurance.

Water Resources Market Information Submission

Published annually in March

The information is published to promote market development and to provide, manage and develop water resources, demand management and leakage activities, and encourage efficiencies through new markets. It is important that stakeholders have the correct information to make informed proposals for improvements in the water resources market.

Level 2

The Head of Asset Strategy and Director of Strategy and Regulation will review and approve the information we provide.

A peer review of the information and the submission will also be carried out.

Level 3

Through our internal review and risk assessment, we have determined that no Level 3 assurance is required.

We believe that all of our publications need to be accurate and publishing information that is incorrect risks us losing the trust of our customers and other stakeholders. Below we have detailed each of our publications, why they are important and what Level 2 and 3 assurance takes place for each.

Annual Performance Report (APR)

Published annually in July

Our APR provides detailed information on our performance against our customer outcomes and commitments and our financial performance. It's important as it lets you know how well we are delivering on our commitments and includes service levels, costs information and financial performance. It reports our performance for the period just ended, from 1 April to 31 March.

Level 2

Our Level 2 assurance uses an APR working group, and steering group, who review and provide input and assurance on the technical requirements for our APR and makes sure we are meeting the timetable for delivery.

Senior managers and directors review the numerical and written information included in our APR.

The report is reviewed by the Head of Regulation and Director of Strategy and Regulation.

Our final APR is approved for publication by our Board.

Level 3

Level 3 assurance is provided by our external assurance providers, including detailed assurance over our performance commitment results and the information presented in the data tables in the APR document. Level 3 assurance is also completed by Deloitte, on our financial information, including our regulatory accounts to make sure we have met the requirements in Ofwat's Regulatory Accounting Guidelines (RAGs). The APR is independently proofread by our external assurers to check the accuracy of our report. The results of our performance are presented to the Yorkshire Forum for Water Customers. They challenge us on our performance and how we are delivering against our commitments. The results from our assurance are presented to and approved by the Board Assurance Committee and our Board. We obtain a Board Assurance Statement for this publication.

We believe that all of our publications need to be accurate and publishing information that is incorrect risks us losing the trust of our customers and other stakeholders. Below we have detailed each of our publications, why they are important and what Level 2 and 3 assurance takes place for each.

Annual Report and Financial Statements (ARFS)

Published annually in July

The ARFS is a legal requirement. This reports on our strategy and provides you with detail on how we are governed and our performance in the last financial year. It is important to show that we are compliant with our investors and industry regulations.

Level 2

To provide Level 2 assurance, throughout the year, management oversee the activities performed by our accountants. This includes monthly reviews and reporting on our financial information. This activity forms part of the in-built three levels of assurance process for activities within our finance teams. This assurance is being mapped through current activity within our Integrated Assurance team. Before publication, the financial statements are reviewed and approved by the Head of Finance, and the Director of Strategy and Regulation.

Level 3

Our financial auditors Deloitte audit the year end information in our statutory accounts to assess that it is true and fair, based on company affairs and that the accounts have been prepared in line with our underlying accounting policies. The information on our performance commitments in the ARFS is assured by our external assurance providers. Our assurance is presented to the Board Audit Committee and they report this to our Board to enable them to review and approve this publication.

Performance Summary

Published annually in July

Our performance summary gives an overview of how we have performed against our targets and commitments. It includes the rewards and penalties that we have incurred and summarises the performance information in our APR. It's important to us that we explain things in a way that is easy for you to understand, especially when information is important and relevant to you.

Level 2

Throughout the year, managers oversee our performance reporting activities. Our Board Investment Committee receives and reviews the performance commitment and Totex outturns and forecasts. For our publication, our senior managers confirm that the data has been prepared in line with the procedures. Senior managers confirm that the confidence in our data is appropriate, trends in the data are understood and explained and any material assumptions we have made are also explained. Our Regulatory Compliance and Assurance Team makes sure that information is provided in line with the underlying guidance. This includes presenting to our APR steering group. Our Head of Regulation and Director of Strategy and Regulation will review the summary to confirm consistency with our APR.

Level 3

We present an overview of our performance to the Yorkshire Forum for Water Customers who challenge the outcomes and narratives around our measures. They make sure that we are clear with our customers about how we have performed.

We believe that all of our publications need to be accurate and publishing information that is incorrect risks us losing the trust of our customers and other stakeholders. Below we have detailed each of our publications, why they are important and what Level 2 and 3 assurance takes place for each.

Bioresources Market Information

Published annually in July

This includes the data that Ofwat ask us to publish to support the development of a bioresource treatment market, and to monitor its operation. It's important that we get this right to promote the development of the market. The information can also be used to inform and encourage efficiencies for the benefit of customers.

Level 2

Our Level 2 assurance is provided through our senior management review and sign off. A peer review of the detailed information and the submission is carried out by the Bioresources Steering Group. We also use named senior managers who review and approve the information in our publication. A senior manager approves the report before final publication.

Level 3

Our external assurance providers complete Level 3 assurance to confirm that our data is accurate and meets the guidance. They review and test our methodologies, processes and the supporting evidence on which our market information submission is based. They check the accuracy of our information and the explanations of our activities to make sure they are reasonably based. They also provide an independent technical assurance statement on this submission which is published on our website.

Risk and Compliance Statement

Published annually in July

This statement sets out how we have complied with the statutory, licence and regulatory obligations where Ofwat is our regulator. It does not include obligations in relation to environmental compliance and water quality parameters. These are reported separately. The most important responsibilities we have are to provide an uninterrupted supply of clean, safe drinking water and to remove wastewater. These must be achieved in a way that is safe and compliant, and protects and enhances our natural environment. This statement is a summary of how we have met our regulatory and legal obligations.

Level 2

Compliance with approved policies and procedures is monitored through our business as usual Level 2 assurance activities. Our assurance is mapped to ensure effective coverage and escalation of issues. Our delivery of integrated assurance through day-to-day activities is being mapped and improved by our Integrated Assurance team. To support this approach, all our senior leaders provide assurance over their team's compliance with relevant legislation, regulation and governance by completing an annual Control and Risk Self-Assessment (CRSA). The results of our CRSA are triangulated with other sources of assurance to make sure our level of compliance is understood. Our Risk and Compliance Statement is reviewed by senior managers and directors. A senior manager approves the final publication.

Level 3

Our Audit, Risk and Assurance team complete a cyclical audit of our CRSA. They check the accuracy and consistency of judgements on the level of compliance on the relevant legislation that is reported in summary in our Risk and Compliance Statement. Our external assurance providers perform a Level 3 review of the CRSA processes to assess compliance with our obligations. We present the statement and our assurance to the Board Audit Committee.

We believe that all of our publications need to be accurate and publishing information that is incorrect risks us losing the trust of our customers and other stakeholders. Below we have detailed each of our publications, why they are important and what Level 2 and 3 assurance takes place for each.

Data Assurance Summary

Published annually in July

Our Data Assurance Summary summarises the risk-based assurance we have completed on our performance information. It summarises outcomes from the assurance we outlined in our Final Assurance Plan. It's important because it lets you know the outcomes of the work we have done on our areas of focus and we want to make sure our customers and stakeholders can be sure of the quality of our published information.

Level 2

Our Data Assurance Summary is delivered at the same time as our APR which includes Level 2 assurance from our APR steering group to review the requirements and make sure these are being met. Our Regulatory Compliance and Assurance Manager and Head of Regulation will approve the summary before final publication. Our Data Assurance Summary is reviewed by senior management and Director of Strategy and Regulation.

Level 3

The Board Audit Committee receive the findings from our assurance throughout the year. They review these findings, the improvements made and comment on their observations.

Annual Board Statement

Published annually in July

As part of the Annual Performance Report, we will publish a short statement on how we are delivering for everybody who depends on our services and how we have set our aspirations. This statement will clearly explain:

- how we set our ambitions and targets and how the company is performing against them.
- that we are thinking dynamically about the expectations of customers in the long term and our commitments do not remain static.
- the relationship between our financial performance, executive rewards and delivery of services to our customers and how these impact future plans.

It's important to us that we demonstrate our commitment setting out our ambitions in the short and long term, considering our customers' expectations. This statement will also help provide transparency about the extent to which rewards are fair and in line with the benefits that customers receive.

Level 2

Senior managers and directors review information included in the annual statement. The report is reviewed by the Head of Regulation, the Director of Strategy and Regulation and the Company Secretary.

Level 3

Our Level 3 assurance will include a review of this statement to ensure that it aligns with the information throughout the APR and the statement adheres to any requirements. The results from our assurance are presented to and approved by Board Audit Committee who feedback their findings to the Board. The Board review, agree and approve the statement.

We believe that all of our publications need to be accurate and publishing information that is incorrect risks us losing the trust of our customers and other stakeholders. Below we have detailed each of our publications, why they are important and what Level 2 and 3 assurance takes place for each.

Operational Market Performance Reports

Published monthly by MOSL

These reports contain information about our performance in delivering services to retailers who operate in our region. The report is sent to Market Operator Services Limited (MOSL) who oversee the success of the Non-Household Retail Market. They use this data to publish industry comparisons. It's important that we are transparent about our performance so our retailers can compare the services they receive. It's also important that we don't affect a retailers ability to compete in the Non-Household Retail Market.

Level 2

Our Level 2 assurance is provided by a dedicated Compliance Team that reviews and checks that the data we submit each month in our Operational Market Report is accurate and in line with the requirements.

Level 3

In applying our risk-based approach, we have determined that no independent assurance is required for this publication.

Quarterly Performance Reporting

Updated every three months

To make sure that we are transparent and that you can track our current performance, we publish how we are doing against our performance commitments on our website. We update it each quarter. It shows clearly how we are performing against our targets and explains if we are on-track or off-track with where we expected to be and why.

Level 2

Monthly and quarterly data is reviewed by senior managers, directors and the Board. They review the information available and the action being taken in response to current performance, directing additional action if required.

Level 3

As part of the assurance of our overall performance and how we report, this publication will be assured under completion of our performance commitment assurance. This looks at how we report and makes sure that accompanying explanations of our performance are adequate and reflective of our performance.

The Yorkshire Forum for Water Customers review our performance for the quarter to give challenge and assurance over what we will publish.

We believe that all of our publications need to be accurate and publishing information that is incorrect risks us losing the trust of our customers and other stakeholders. Below we have detailed each of our publications, why they are important and what Level 2 and 3 assurance takes place for each.

In year Outcome Delivery Incentive (ODI) claims

This is a new requirement for us, which will occur annually. Across this AMP we will perform a reconciliation exercise each year. This means we will review the outcomes of our performance against our performance commitment measures and we will apply a methodology defined by our regulator, Ofwat. This will determine what levels of rewards or penalties we will receive for each of our performance commitments that have an annual financial reward or penalty attached to them. This also impacts our customers as it may affect their bills in the future.

Though we know that the outcome of our performance commitments will have received assurance for its publication in the APR, we are currently reviewing the levels of assurance required for this further submission and any publication that may accompany it. We expect this to have external assurance as part of Level 3 checks and our Board will be responsible for the information within. We will share our finalised plans with you in the Final Assurance Plan, published in March 2021.

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