

Assurance Summary 2017

July 2017

SEVERN
TRENT

1. About this document

Severn Trent Water is one of the largest of the 17 regulated water companies in England and Wales. We strive to provide high-quality services to over 4.3 million households and businesses in the Midlands and mid-Wales. Our household customers pay the lowest average bills in Britain.

By 2020, we want to be the most trusted water company: delivering an outstanding customer experience, the best value service and environmental leadership.

Every year we publish a wide range of information about our services and our performance. This information is used in a variety of ways; not least it may shape the choices our customers and stakeholders make. We therefore want to make sure that it can be relied on.

This document summarises the outcome of our assurance activity for this year.

Background

In our [business plan for 2015-20](#) we made 45 performance commitments to our customers - 33 of which have financial rewards and penalties attached to them as customer Outcome Delivery Incentives (ODIs)¹, and can impact the amount our customers' pay. Along with two other companies, some of our customer ODIs apply during the 2015-20 period, reflecting our performance on a year by year basis.

Our Annual Performance Report is the principal way in which we report on our progress against our commitments annually. The Annual Performance Report also considers our performance against other areas included in Ofwat's [2014 final determination](#) of our plans, for example, financial performance.

Our Annual Performance Report is complemented by a suite of related documents:

- a summary for our customers (to be published in the summer of 2017),
- a risk and compliance statement from our Board, and
- this assurance summary.

In our Assurance Summary, we explain the outcome of the assurance we have undertaken for our Annual Performance Report as well as our wider assurance activities this year.

¹ Our performance commitments and customer ODIs focus on the issues that are most important to our customers – as informed by extensive customer research and stakeholder engagement carried out during the 2014 price review process - as well as our statutory and regulatory obligations. Certain ODIs have a financial reward or penalty associated with them, which dependent on our performance in the year, is then reflected in customers' bills.

Ofwat's company monitoring framework

Ofwat's company monitoring framework (published in June 2015) set out its expectations for how it will oversee information that we, and the 16 other largest water companies, provide to our customers. Under this framework, Ofwat assesses companies and places them in one of three categories of either self-assurance, targeted or prescribed assurance.

Initially, Ofwat assessed Severn Trent and 14 other companies as requiring targeted assurance. This meant last year we needed to work with our customers and stakeholders to target issues, and consult on our draft assurance plans to make sure they are sufficient to address them.

In November 2016 we were pleased that, when Ofwat re-assessed companies, Severn Trent moved into the 'self-assured' category. As a self-assured company, we believe it is incumbent that we seek to continuously improve, and this means:

- exploring new ways of engaging with our customers and stakeholders about what trusted data and information means to them (explained below),
- pushing ourselves, and our assurance providers, to continuously change and adapt the challenge and scrutiny we place on our reporting processes to reflect changes in our circumstances, and
- where our assurance highlights risks and issues, we respond in an appropriate and transparent way.

Responding to our customers and stakeholders

While, as a self-assured company, we are no longer required to consult on our assurance plans, we have sought to continue to proactively consult on, and address, areas of concern that our customers and stakeholders may have about our data and how that data is presented.

In addition to our established 'business as usual' engagement with our regulators, investors, customers and other stakeholders, we have also undertaken the following activities.

- In 2015/16 we engaged extensively with our customers and stakeholders about our plans. This engagement suggested that customers not only regard trusted data as data that is accurate, but also transparently and accessibly presented. In October and November 2016 we commissioned an independent third party to conduct customer focus groups across our geographical region to explore these issues further. Specifically, we gave customers the chance to express their views on how we explained the impact of our customer ODIs. The insight gained helped us to provide dedicated [information on our website](#), with links included on our customers' bills, when our ODI performance first impacted charges in February 2017.
- In November 2016 we published a written consultation on our [statement of risks, strengths and weaknesses and a draft assurance plan for 2016/17](#). Our assurance plan set out how we proposed to respond to the risks we identified. We asked for our stakeholders' views about our proposals.

- In March 2017, we published our [final assurance plan for 2016/17](#)² which takes into account comments from our stakeholders.

This document summarises the outcome of the assurance we have undertaken. Its main focus is the data assurance undertaken for our Annual Performance Report, but also considers the outcome of our assurance activities more broadly.

² https://www.stwater.co.uk/content/dam/stw/about_us/documents/final-assurance-plan-2016-2017.pdf

2. Our statement of risks, strengths and weaknesses

In this section we summarise how we developed our statement of risks, strengths and weaknesses, and the target areas for assurance that we identified.

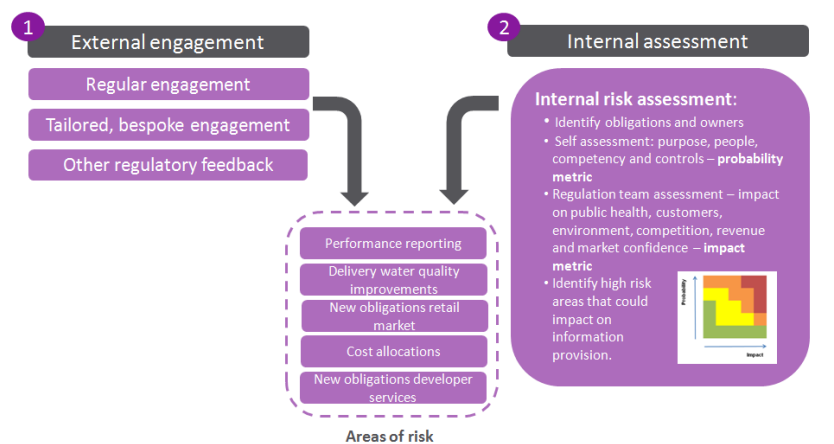
2.1 Approach

Figure 1 below illustrates how we developed our statement using two inputs: external engagement and an internal assessment.

We did not limit these assessments to just our end of year performance reporting, but rather considered the information we provide to customers and stakeholders, and our regulatory and statutory obligations, more broadly.

Any critical risks identified also helped to feed into our company-wide assessment of risks inherent in our business activities, which we include in our [Annual Report and Accounts](#).

Figure 1: Approach to developing our statement of risks, strengths and weaknesses



2.2 Statement of risks

The risks we included in our statement principally reflect:

- regulatory reporting requirements
- statutory obligations, and
- changes in our external environment or our customers' and stakeholders' expectations.

This year we identified the following areas of potential risk:

- a. Performance reporting – performance commitments and customer ODIs
- b. Delivery of drinking water quality improvements
- c. New obligations for the retail market
- d. Cost allocations (and segmental reporting)
- e. Developer services

In section 4, we explain the outcome of our assurance to mitigate risks a. and d. above, both of which are important components of our Annual Performance Report. In section 5 we provide an update on assurance of the other three risks, and our annual assurance activities more broadly.

3. Our approach to assurance

This section provides an overview of our approach to assurance and related governance.

We have a well-established assurance and performance reporting framework. Our assurance plan for this financial year, 2016/17, continues the processes we implemented in last year's assurance plan.

Our framework is underpinned by four key principles:

- *Robust assurance* – we operate a three-lines of defence model, targeted at areas of greatest risk.
- *Ownership and accountability* – we have clear lines of ownership for both the delivery of performance, and the accuracy of the data provided.
- *Effective governance* – provided by our Board, Audit Committee, and Disclosure Committee, with additional challenge provided by our customer focussed Water Forum.
- *Transparency and public accountability* – we publicly report on our performance, and hold ourselves to account where we do not meet our commitments.

3.1 Robust assurance

We have an established approach to internal controls and related assurance. We operate the 'three lines of defence model', which distinguishes between first line processes and controls, second line oversight and third line independent assurance.

Table 1: Three lines of defence model

Line	Functions	Purpose	Typical activities
1a	<i>Business operations:</i> Wholesale operations, Customer teams	Responsible for the delivery of service and performance.	<ul style="list-style-type: none"> • Provision of source information
1b	<i>Embedded first line:</i> Wholesale planning and performance, Retail planning and performance.	Responsible for the reporting of performance	<ul style="list-style-type: none"> • Reporting of performance information • Defining and documenting methodologies and processes • Quality checks and reviews
2	<i>Oversight functions:</i> Chief Engineers Office, Finance, Regulation, General Counsel	Define policy and provide assurance.	<ul style="list-style-type: none"> • Development of assurance framework • Quality checks and reviews of systems and controls
3	<i>Independent assurance:</i> Internal Audit, external assurance providers	Provide independent challenge of levels of assurance provided by first and second line	<ul style="list-style-type: none"> • Review methodologies and processes • Review application of methodologies and processes and ultimate integrity of the data

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- Review completeness and appropriateness of assurance framework (Internal Audit)
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Assurance is a year round activity for us. First and second line activities are undertaken throughout the year giving us visibility of potential risk areas. For areas identified as higher risk, or where we have specific reporting obligations (e.g. financial accounts), we employ external third line assurance at relevant points during the year, which culminates in our year-end financial and performance reporting.

Section four sets out where we employed third line assurance this year (2016/17), in order to produce our Annual Performance Report.

3.2 Ownership and accountability

Strong personal and collective ownership is critical for ensuring the accuracy of information we produce, driving improvements and holding ourselves to account. Regular internal performance reporting to our Executive Committee (weekly and monthly) and Board (at every meeting), and half-yearly performance reporting to the Water Forum reinforces this culture of ownership and accountability. Every year we refresh our compliance framework to ensure that individual accountabilities are assigned to our regulatory and statutory obligations. As part of this, we operate a rigorous process of sign-off for our performance commitment data – sign-off by the data owner, the responsible senior manager and finally the accountable director in addition to our Board governance arrangements (see below).

Our three lines of defence assurance model ensures that there is clear separation of accountabilities between those responsible for delivery of a performance commitment or a regulatory/statutory obligation and those responsible for ensuring the integrity of that data. This delineation is mirrored in our governance arrangements.

3.3 Effective governance

As a publicly listed company we have committed to comply with reporting requirements under the UK Corporate Governance Code³, the Transparency Directive and UKLA Listings Rules. We continue to adhere to the principles set out in Ofwat's 'updated assessment of monopoly water companies' governance arrangements'⁴ published in June 2015. This year we have updated our governance arrangements to take account of Water Plus (our joint venture company with United Utilities) who discharge our non-household retail statutory and regulatory duties.

Our assurance approach provides for governance of our performance commitments and other external reporting with a clear delineation of accountabilities.

- The Board's role is to meet its obligations to the company's stakeholders. It reviews performance in the light of the company's strategic objectives and business plan commitments – ensuring that any necessary corrective action is taken.
- The Board's Audit Committee assists the Board in discharging its responsibilities for the integrity of the company's financial statements, the assessment and effectiveness of internal controls, risk management and the effectiveness of internal and external auditors. It also reviews the adequacy of the company's whistleblowing arrangements.

³ The version of the Corporate Governance Code applicable to the current reporting period is the September 2014 UK Corporate Governance Code

⁴ http://www.ofwat.gov.uk/wp-content/uploads/2015/11/pap_pos20150615boardleadership.pdf

- The Disclosure Committee oversees the company's reporting obligations under the Companies Act 2006, the UK Corporate Governance Code and the UKLA Listings, Disclosure and Transparency Rules. It considers the materiality, accuracy, reliability and timeliness of information disclosed.
- The Water Forum provides independent external challenge of both our performance against our commitments and the information we provide on it on behalf of our customers and other stakeholders.

3.4 Transparency and public accountability

Since 2008 we have had a Continuous Disclosure and Communications policy. This sets out our commitment to earn the trust of our customers and stakeholders by being open in our communications and performance reporting.

Our communications are based on transparency, integrity, accessibility and timeliness. Each year we publish Annual Report and Accounts for Severn Trent Plc and Severn Trent Water Ltd and publish an Annual Performance Report against our regulatory performance commitments for the latter.

4. Assurance of our Annual Performance Report

In this section we explain how the data included in our Annual Performance Report has been assured, and the outcome of that assurance.

We have a well-established assurance and reporting framework, which incorporates Ofwat's Regulatory Accounting Guidelines⁵. Our assurance plan for this financial year, 2016/17, continues the processes we implemented in last year's assurance plan for reporting our performance commitments in our Annual Performance Report.

The Annual Performance Report comprises four sections. Our assurance process mirrors this structure:

1. regulatory financial reporting,
2. price review and segmental reporting,
3. performance summary, and
4. additional regulatory information.

This year, we are also providing to Ofwat additional cost assessment information which is submitted alongside, but separate to, the Annual Performance Report.

We summarise the assurance undertaken for each section, and the outcome of that assurance, below.

4.1 Regulatory financial reporting

This section of the APR provides a baseline level of historical cost financial information, which is aligned to our price controls (and associated regulatory performance commitments and incentives) set out in Ofwat's 2014 Final Determination⁶. Data for this section is produced consistent with the definitions set out in Ofwat's Regulatory Accounting Guidelines (RAGs), Accounting Standards and our own published accounting policies. Deloitte LLP ('Deloitte'), Severn Trent Water Limited's statutory auditor, audit this section and Section 2, which together form the Regulatory Accounting Statements. Deloitte provide an audit opinion on the Regulatory Accounting Statements, which is set out in full in the Annual Performance Report.

4.2 Price review and segmental reporting

This section of the Annual Performance Report provides a more detailed disaggregation of revenue and costs. Data for this section was audited by Deloitte as explained above.

Deloitte's audit opinion does not extend to the appropriateness of the methodology used to allocate costs in relation to Ofwat's RAGs. Furthermore, as we completed our statement of risks, strengths and weaknesses, we assessed segmental reporting as an area of risk – not least because our company and our sector continues to evolve, and our approach to cost allocation must too evolve.

In the light of the above, and as in 2015/16, we again asked Jacobs Consulting (Jacobs), our independent technical assurers, to review our cost allocation processes in more detail.

⁵ http://www.ofwat.gov.uk/wp-content/uploads/2016/10/prs_in1609RAG1617.pdf

⁶ http://www.ofwat.gov.uk/wp-content/uploads/2015/10/det_pr20141212svt.pdf

Outcome of Jacobs' assurance

Jacobs found that further improvements had been made in the quality of our documentation for cost allocations. Jacobs considered that, *"Other than where indicated in detailed feedback to your teams, we consider: you have a good base level of documentation and processes in place to report data that are compliant with the principles and rules within the RAGs"*. The detailed feedback provided to teams typically related to points of clarity and interpretation in the detailed process description templates (PDTs) that underpin our reporting.

We will continue to review and evolve our reporting processes in readiness for further sector changes over the coming year.

4.3 Performance summary

This section of the Annual Performance Report explains how we have progressed against our performance commitments in the second year of delivery of our business plan. As in 2015/16, independent technical assurance on our performance commitments was provided by Jacobs. Jacobs undertake assurance using a staged approach which is completed in full before any internal sign-off of data occurs.

Stage one focuses on process. During stage one, Jacobs reviewed the process description templates which are followed in order to report against performance commitments. Stage one included both desktop reviews and face-to-face interviews. These reviews ensure that:

- Processes are in place to produce data that are consistent with the performance commitment definition.
- Improvements and changes in processes from previous assurance rounds are clearly stated.
- Accountability and responsibility of each stage of the process is clear with dependencies, assumptions, risks and mitigations identified.
- There is appropriate quality assurance with checks and controls identified.

Stage two focuses on data produced and associated commentaries which explain our performance in more detail. Audits are carried out in person with the responsible data owners. These audits ensure that:

- Data produced are consistent with the PDT and any deviations from this are identified and evidenced.
- Any rewards/penalties or further data points are calculated in line with Final Determination requirements. This focusses on the mechanistic calculation to give the gross reward/penalty position.
- Commentaries accurately reflect the data and performance within the year.

Following the audit, all individuals within the approval process sign-off the data and commentary, culminating in the relevant Director who will approve both the data and commentary.

As with last year, our risk assessment in 2016/17 identified performance commitment reporting as a key area of risk taking into consideration the potential impact on our customers' bills.

The assurance undertaken this year reflects that level of risk, and also takes into account the findings of our assurance in this area in 2015/16, with stage one and stage two reviews being carried out for all performance commitments at year-end, and on a risk-based approach at the half year.

Outcome of Jacobs' assurance

Half year

Half year stage one and stage two reviews were undertaken on a risk-based approach on performance commitments this financial year (October 2016). The outcome of this assurance allowed us to identify three areas of risk where more targeted assurance was required before financial year end:

- **Speed of response in repairing leaks.** During the early part of the year we considered two potential process changes that would impact reported data. Following further testing of the proposed changes, a decision was taken not to proceed with them and to retain the existing methodology.
- **Biodiversity.** Jacobs' review identified that although principles have been agreed with Natural England, we had not yet reached agreement over the specific actions we need to take to deliver against this performance commitment. Action plan documents have now been agreed with Natural England, which detail the activities we will undertake at designated sites to remove our contribution to failure.
- **Complaints about drinking water quality.** Last year we undertook a significant volume of retrospective quality checks over the course of the financial year and made a number of process changes in response. As our reporting process changed as a consequence, this year we undertook similar levels of checks in order to retain the high degree of confidence with which the data is reported at the full year.

Full year

As part of its year-end assurance, Jacobs reported that:

"We found no material weaknesses in the production of the data and the confidence grade is appropriate. These scores are consistent with the improvements we observed during the year in the quality of your teams' documentation and processes. These positive scores are also a reflection of the additional governance and internal controls you implemented across your PC reporting as part of your overall commitment to be the most trusted water company."

Jacobs' assurance, and our own internal first and second line assurance checks, did, however, highlight potential issues in our reporting for three performance commitments.

- **Customer experience (SIM) – written complaints.** Prior to our year-end assurance, we identified an issue regarding the inclusion of complaints received by one of our third party contractors which had not been passed to us during 2015/16. Once identified, we reviewed every customer contact and found 643 contacts that should have been recorded as complaints in 2015/16. Whilst there is no impact on our overall reported SIM figure of 83.7 for 2015/16, we also report complaints data to CCWater and have agreed to update our reporting in that year. We note this issue in our risk and compliance statement for 2016/17.
- **Asset stewardship – number of internal and external sewer flooding incidents.** Relative to some of our other performance commitments, our internal and external sewer flooding performance commitments have high levels of incentive attached – reflecting the importance of these issues to our customers. In the

light of the value placed on these services, and the potential impact for customers, we have worked hard to improve our assurance processes, and since 2015/16 have reported this data to a level of accuracy commensurate to an Ofwat A1 confidence grade (<1% potential error).

To sustain this confidence grade we undertake extensive second line data checks including 100% of data recorded as sewer flooding and 100% of other records that we consider to be high risk. In some areas of lower risk we use sampling, and where the sampling suggests data accuracy is greater than 99% we take a risk based view as to whether further checks or action is required. Jacobs have observed that this approach leaves a small residual risk regarding data accuracy. We will continue to work to reduce this risk further.

As part of our internal data checks and assurance, a risk was highlighted about jobs which had been cancelled on our recording systems. There are valid reasons to cancel jobs, such as the duplication of work orders. For our 2016/17 reporting we reviewed all cancelled cases to understand if the cancellation was for valid reasons. A number of updates were made where we found that we did not have sufficient evidence to confirm that no incident occurred, and as such, the cancelled job should be recorded as a reportable incident.

In the light of this, we also reviewed customer records for 2015/16. This review identified five internal sewer flooding incidents (in addition to the 804 reported) and 21 external sewer flooding incidents (in addition to the 7,142 reported) that were cancelled, but our investigation showed either should have been recorded as reportable incidents, or we could not determine the reason for cancellation.

In response, we have updated our reported 2015/16 figures in this year's Annual Performance Report. We have also adjusted this year's total outperformance figure commensurately.

- **Size of carbon footprint.** During the data production stage for 2016/17 reporting, we found an issue in our wastewater carbon accounting. This issue was corrected, checked and presented to Jacobs as part of our year-end assurance. Jacobs challenged us as to whether this error was embedded in the targets agreed in our final determination and our 2015/16 reporting. We found this was the case in both instances.

In response, we will discuss with Ofwat its process to formally reset these commitments in the final determination. In the interim period we have introduced a shadow performance commitment and incentives that we will treat as binding. We have also updated our reported figures in this year's Annual Performance Report, and consistent with our approach to sewer flooding, have applied commensurate adjustments to our total outperformance figure.

Our Audit Committee Chair attended our multi-stakeholder customer challenge group, the Water Forum, to explain the outcome of our performance commitment assurance, and the actions set out above that we are taking in response. The Water Forum has also reviewed the commentary used in section 3 of the Annual Performance Report to explain our performance.

4.4 Additional regulatory information

This section of the Annual Performance Report contains additional financial and non-financial information, including accounting policies, financeability statement, current cost reporting, totex analysis.

Table 4a includes non-financial information on the number of properties and volumes served. Jacobs assure this table using the two stage process set out in section 4.3 above. Jacobs' full year review did not find any material weaknesses in our reporting processes or final data provided.

Table 4e contains a calculation of our Return on Regulated Equity. Jacobs reviewed our approach for consistency with Ofwat guidance.

Tables 4b to 4i include additional financial information. Assurance for these tables and the supplementary disclosures is provided by Deloitte, who have performed a series of agreed upon procedures to confirm the accuracy of the calculation of the data, extraction from source records and that the calculation methodology is in line with management prepared methodology statement (and RAGs where appropriate).

4.5 Cost assessment tables

This year Ofwat has requested companies provide information that will inform its cost assessments for the 2019 price review. This request draws on information that companies have historically held and reported to Ofwat, as well as new information.

While 2016/17 is a transitional year and information is not included in Ofwat's information requirements for the Annual Performance Report itself, we have included this as part of our existing year-end assurance processes. We have tailored our application of third line assurance depending on the nature of information collected in the tables.

Where tables contain information that is substantially financial in its nature (select years covering tables 1, 8, 10, 11, 19, 20 and 21) Deloitte have performed agreed upon procedures to confirm extraction from source records and that the information has been prepared in a manner consistent with the definitions provided by Ofwat and a management prepared data collection methodology.

For non-financial cost assessment data, consistent with our approach to performance commitments, Jacobs has:

- used a three stage approach that considered both data and documentation,
- taken a risk based approach and not reviewed data for years where data had already been assured or where the line definitions and data were unchanged from the 2015-16 submission, and
- considered the appropriateness of confidence grades applied and assumptions made.

Jacobs has also reviewed our reporting and data for tables that align expenditure with asset type or investment drivers (select years 2, 2.1, 9, 9.1, 18.1, 18.2, 18.3, 18.4).

Outcome

From its review, Jacobs highlighted four main areas for improvement in our future reporting. In three of these areas Jacobs would expect us to be able to report to a higher confidence grade:

- 13.14-13.15 gravity sewers and rising mains rehabilitated/structurally refurbished.
- 13.2 s101a schemes completed.
- 7.1 lead communication pipes replaced.

And one area (17.5 Sewerage catchment area) where Jacobs noted a significant assumption (the size of area around billed properties for which associated pipes had not been digitally reported) had been made.

In addition to Jacobs' findings, Ofwat set out its expectation in the final version of the reporting tables published in May that data should be reported with a confidence grade of A2, A3, B2 or better.

Following submission of a precursor to this data requirement in October 2016, we began a series of improvement plans where we considered our data quality and reporting processes needed to be more robust. These plans focussed on reviewing and streamlining data sources, standardising assumptions and naming conventions, populating data gaps and validating existing data. These improvements have meant that we have been able to improve the accuracy of this year's submission.

However, we recognise that there is still more we need to do to improve our data. Around a quarter of lines of non-financial data are reported to a confidence grade that is not A2, A3, B2 or better.

In some cases, we have less scope to make improvements. For example, where data has not been held historically (and therefore has been extrapolated). In other areas we can continue to make improvements. For example, new reporting requirements where we have developed new processes.

Where we have found potential weaknesses, or the confidence grades do not meet the expectations of either Ofwat or ourselves, and there is scope for improvement, we are continuing our improvement plans. These are being targeted on a risk basis - we are working to understand where lower accuracy data will be most material to Ofwat's assessments - and we will prioritise these areas.

In the interim, we will continue to report our data with a transparent and honest assessment of its accuracy.

5. Additional assurance activities in 2016/17

In this section we summarise additional assurance activities undertaken in 2016/17 as part of our company wide assurance plans.

In our assurance plan for 2016/17, we set out a number of other areas where we would be undertaking assurance (in addition to the Annual Performance Report).

This plan did not detail every assurance activity that we carried out this year, particularly using first and second lines of defence, but rather focused on the key areas of risk identified in our statement of risks, strengths and weaknesses, as well as where we have established third-line assurance processes (for example, audit of statutory accounts) that we have continued.

An update on these assurance activities is set out below.

Area	Reason for inclusion	Summary of outcome of assurance
Charges scheme	We have established processes to ensure that our charges scheme is consistent with charging principles and our revenue caps.	Our final Scheme of Charges for 2017/18 was approved by Board Committee in January 2017. Independent external assurance was undertaken by Jacobs, and Deloitte undertook a series of agreed upon procedures, the outcome of which was reported to the Board's Audit Committee prior to approval. No material issues were outstanding.
Statutory and regulatory accounts	The continuation of established processes to audit our accounts in line with statutory and regulatory requirements.	Our statutory accounts are audited by Deloitte. Deloitte's audit opinion is included with the statutory accounts.
Cost allocation and segmental reporting	Although Ofwat were satisfied with the additional information on cost allocation we provided in response to a query on our business plan, and subsequent regulatory accounts submissions, with the introduction of greater competition, we want to ensure retailers and our customers can continue to have confidence about the costs that are reflected in their charges between water, waste, household and non-household.	The outcome of our cost allocation assurance is reported under section 4.2 above.
Preparations for non-household	Failure to demonstrate readiness and compliance with a level playing field could have a significant impact on customers, market confidence and	During the year we created Water Plus, a joint venture with United Utilities, to undertake non-household retail activities.

competition and market assurance (Water Act 2014)	competition. Three letters of assurance are required from companies in order to demonstrate sufficient readiness to enter the retail market (we have submitted two of these already). Furthermore there are market requirements to provide performance data post April 2017, which we need to ensure that non-household customers will have sufficient confidence in.	Our letters of assurance were audited by PwC and we were able to successfully demonstrate our readiness to enter the non-household market as a wholesaler and with Water Plus as the retailer.
Drinking water quality performance	We continue to recognise this as an ongoing area that requires a greater focus and provide stakeholder assurances that operational and performance improvements are being made.	Our 'Cleanest Water Plan' was created to provide stronger governance around a programme of improvements designed to target performance issues. During 2016/17, Internal Audit undertook further reviews to assess whether the benefits have been delivered, improvements sustained and assess progress against any new planned improvements. The review found that a clear governance process is in place and the programme work streams were working to determine the benefits which had been delivered. The sustainability plans were still in development at the time of the review.
Voluntary reporting on developer services	We are currently providing data on a voluntary basis but recognise our statutory duties are changing (following the Water Act 2014). As such this will be an area of focus for our assurance plans.	Internal Audit carried out a review, prior to Water UK commissioning their own auditors in early 2017. The review focussed on eight measures that were perceived to be at greater risk of error due to the high volume of transactions and/or reliance on a third party contractor to provide information. The overall rating of the review was 'Improvement Required' although the majority of the findings were already part of an improvement plan which was in place and being tracked. Independent external assurance was also undertaken for the compiling and reporting of developer service performance data as part of a cross company review on behalf of Water UK and completed by Ch2m, no material concerns were raised and a number of good practices were noted.
Strategic casework	Ofwat has closed its one strategic case about Severn Trent regarding sewerage provision in Derbyshire. However, we recognise that casework was highlighted as an 'amber' area in Ofwat's review of our assurance status.	A review of the casework processes has been undertaken and changes made to implement the improvements identified. These have been adopted for both informal and formal cases. No further strategic cases have been opened in the last year.

Access prices	This is an established process. Changes in the regulatory framework mean that published access prices (a key mechanism required to support the development of competition in the water industry), unless for common carriage, are now only indicative.	Jacobs reviewed our indicative access prices alongside the Scheme of Charges assurance. No material issues were outstanding.
Annual report to CCWater	On a quarterly and annual basis, we submit operational performance data to CCWater for a number of measures including customer complaints, sewer flooding, pressure and supply interruptions. The majority of this data is taken directly from our performance commitments reporting. For example, the written complaint data submitted to CCWater forms a part of the Service Incentive Mechanism (SIM) and is subject to internal and external year end assurance. For measures that are not a part of our performance commitments, we provide appropriate second line assurance.	<p>Each quarterly submission is subject to in-year first and second line assurance. Substantial components of the annual submission are additionally subject to third line assurance, through the performance commitment reporting.</p> <p>During the course of the year we identified a calculation error in one area of our 2015/16 submission (section 2.4: non-household metering) which we have subsequently discussed with CCWater and corrected.</p> <p>For 2016/17, elements of the CCWater report data has been assured in line with our annual performance commitments assurance with additional elements assured through our strengthened second line assurance. No additional material issues were noted other than written complaints as stated in section 4 above.</p>

