

Water Resource Management Plan

Board Assurance Statement

August 2019

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Water Resource Management Plan

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Background to our assurance statement

At Severn Trent we're responsible for providing water and waste water services to over 4.4 million customers in the Midlands area. We strive to achieve the highest quality standards in everything we do. We are aware of the impact that water resources has on our customers and the environment. Our customers expect to be able to turn on their tap and to be supplied with safe drinking water 24 hours a day, 7 days a week, 365 days a year.

Every five years water companies have a statutory obligation to produce and publish a Water Resources Management Plan (WRMP). The WRMP should demonstrate that we have long term plans in place to accommodate the impacts of population growth, drought, environmental obligations and climate change uncertainty. For the WRMP19 there is a new strategic challenge in the form of demonstrating that our plan does not put at risk the Water Framework Directive status of the water bodies in our region.

Defra, Ofwat, EA and the DWI have set out the approach they expect companies to follow in completing the submission and have outlined specific requirements for assurance, including a signed Board assurance statement.

In line with guidance we published our draft WRMP for consultation in February 2018 and were pleased to receive comments on our draft WRMP from 21 different stakeholders. We have reviewed each of these comments and, where appropriate, we have used the feedback to update and improve our plan. While we have made some changes to our plan for publication in our final WRMP, we are confident that these do not materially alter the recommendations made in our draft WRMP.

Our response to the stakeholder comments were published in our Statement of Response document which included:

- A summary of the key messages we received from stakeholders
- An overview of the improvements we've made to our WRMP, both as a result of this feedback and from additional information becoming available.
- The impact of these changes on our plan.
- Supporting appendices A and B which provide more technical detail where required and include any updates to our WRMP narrative text.
- Supporting appendix C which lists all of the stakeholder comments that we received and shows how we have responded.

The Secretary of State for the Environment has now approved the publication of our final WRMP and accompanying data tables which incorporates the changes and additional points of detail described in our Statement of Response.

Our approach to assurance

As part of our goal to become the most trusted water company, we have previously engaged with our customers and stakeholders to assess their levels of trust in us and the areas that matter to them. We recognise that our long-term plans on water resources is one of the areas that matters most. Given the importance of this submission we have employed third line assurance, delivered by expert external parties for those areas of greatest risk.

Our draft WRMP has undergone third line assurance, the following section outlines the assurance undertaken between submission of the draft and the final WRMP.

Our assurance model – three lines of assurance

As explained in our annual assurance plans, and assurance summary which accompanies our Annual Performance Report, we use an established three lines of assurance model for our regulatory submissions. We employ third line assurance in areas of greatest risk and where that assurance requires specialist engineering, financial or regulatory knowledge, we use external parties to undertake that assurance. This submission has also been reviewed through our established governance and controls framework.

Jacobs Consulting (Jacobs), our established independent technical assessor, has undertaken a two stage approach to assurance that included both desk-top reviews and face-to face interviews.

Phase one focussed on the proposed WRMP including:

- Ensure the outputs of the Statement of Response are accurately represented in the final WRMP;
- Check alignment with PR19 submission to OFWAT;
- Check the Hafren Dyfrdwy / Severn Trent England split is in line with NAV decision document and PR19 plans;
- Confirm the data changes for the tables reflect this split;
- Confirm first and second line assurance has been carried out by peers for relevant sections.

Phase two provided a review of the accompanying data tables to confirm accuracy and completeness of the data.

Following the assurance, the findings were discussed with Jacobs and a number of changes were made to reflect the recommendations made. A summary of the recommendations made by Jacobs and our response to them are in the next section.

Our assurance findings

Phase 1: the final Water Resources Management Plan

We engaged Jacobs to review our proposed approach - focusing on the key changes from the draft to the final WRMP and ensuring consistency and compliance with Ofwat, Defra, EA and DWI guidance. We are pleased that through the robustness of our first and second line of assurance that Jacobs found no material issues in our plan. We have however reviewed Jacobs recommendations and have addressed all of these prior to publication of our final WRMP.

Jacobs noted only minor opportunities for improvement or for the provision of additional clarity on the following themes:

- Metering and demand management; we have now provided additional clarity in our final WRMP detailing we have considered delivery risks to our meter penetration aspirations

- Supply Schemes; we have now provided additional clarity highlighting our approach to managing delivery risks and our consideration of environmental impacts. Furthermore additional detail provided on the interactions with other stakeholder interests has been addressed in the final WRMP.

Phase 2: the data tables

Jacobs undertook face to face meetings to review our data tables to ensure that the Hafren Dyfrdwy/Severn Trent England split is reflected in the final WRMP. No material issues were found with the sample data components reviewed by Jacobs.

Conclusion

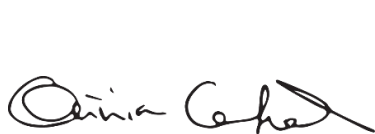
Jacobs found that *“Overall, across all the areas we reviewed we observed that the changes to the fWRMP are consistent with the SoR and align with PR19 and Ofwat submissions.”*

Board assurance statement

Having reviewed the draft and the final WRMP, all relevant supporting assurance and having taken the above into account, the Severn Trent Water Board makes the following statement:

- The Board is satisfied the plan represents the most cost effective and sustainable long term solution.
- The Board believes it has sufficiently collaborated with customers, partners and regulators to develop a strong understanding of future needs, explore every option, and build consensus on delivery plans.
- The Board confirms the integrity of the risk assessment process put in place by the company for all of its water supplies.
- The Board is satisfied that the WRMP takes account of all statutory drinking water quality obligations, and plans to meet all drinking water quality legislation in full.
- The Board confirms that Severn Trent complies with its duties on drinking water quality matters in its broader resilience and resource planning arrangements.

Signed by and on behalf of the Board:



Liv Garfield
Chief Executive



Andrew Duff
Chairman



John Coghlan
Chairman – Audit Committee