

## APPENDIX 1 – SWW BOARD ASSURANCE STATEMENT 2023/24

### Our approach to assurance

The Board acts as the main governing body for the purpose of oversight for the company's regulated business. Our approach to governance is an integral part of our culture, guiding how we do business and create value for our stakeholders.

We publish information which ensures we not only meet our statutory, licence and regulatory obligations but also provide information to customers on the Company's activities, how the Company is performing and most importantly, how customers can get help when they need it.

Underpinning the information, we publish are robust risk and assurance processes. These processes have been embedded into the management of the Company and are designed to ensure risks are promptly identified, updated on a regular basis, and appropriate mitigation is in place to suit the level of risk.

We have a mature integrated risk management framework which is fully embedded into our governance structures and embodies our values of being 'trusted' and 'responsible' in the way we carry out our business. Details of this integrated assurance approach is published each year in our assurance plan.

Our integrated assurance approach includes our three lines of defence:

- Management - review, quality control and sign off
- Policy setting and compliance checking – adequate policies, internal audit, and business management systems
- External scrutiny – external audit and other assurance providers

Our risk and assurance framework remains largely unchanged from our previous review of our risks, strengths and weaknesses and the methodology for identification and mitigation of risk remains fit for purpose at individual business unit and corporate levels.

### Assurance activities in respect of New Connections and Developer services tariffs & charges

Assurance activities in respect of New Connections and Developer services tariffs & charges follow our integrated assurance approach with three lines of defence.

Internally there is a robust process of sign off for all variable inputs into the model and for forecasts and expert judgements used.

Our external assurance provider performed a set of procedures mutually agreed between South West Water and the provider, reflective of risks which may result in Charging Arrangements not meeting the constraints discussed above. These focused on:

- identifying whether inputs to South West Water's model agree to underlying sources
- replicating key calculations to ensure the model is operating correctly
- checking that the Charging Arrangements comply with key constraints and guidelines
- checking that the balance of charges tests are reasonable.



The external assurance provider's procedures are the agreed-upon procedures and reported to the Board and confirm that there were 'no issues identified that would present concerns that would represent material risk of the Charging Arrangements being non-compliant'.

### **Assurance activities in setting Charging Arrangements for 2023/24**

The charges as presented have been developed using the extent of known information, to be compliant with SWW's legal and statutory obligations and have been developed in accordance with Ofwat's Charging Rules for New Connection Services.

The governance and assurance processes which have been applied to the development of these charging arrangements are summarised below:

- SWW has in place a well-established and effective set of policies and processes covered by our robust Quality Management System. Policies and procedures relating to the development of Charging Arrangements are regularly updated, and charges have been developed in accordance with the company's quality assurance processes
- SWW has a Tariffs Steering Group which is attended by a subset of the Executive Management Team, Senior Managers and discusses relevant policies, strategies and governance approach
- as well as internal assurance, external technical assurance is secured on both inputs into the charging model and the model itself, providing SWW Board confidence the model is fit for purpose. SWW Board has reviewed the reports the independent third parties and internal assurance team prepared to present their findings on their review and confirms there are no material issues
- at appropriate stages in the development of Charging Arrangements, SWW engages with the developer customers, including self-lay providers and new appointees and other stakeholders. As a part of its engagement, SWW discusses its approach to the development of its charges, potential bill incidence effects and charges policies
- SWW has robust processes in place to annually review policies which are contained within the Charges Schedules. For 2023/24, there are no material changes to these policies.

### **Board Statement**

The South West Water Board of Directors (SWW Board) has overseen the development of both South West Water (SWW) and Bournemouth Water's (BW) New Connection Services Charging Arrangements for 2023/24.

SWW Board considers the process that SWW has gone through in setting the 2023/24 charges for both SWW and BW is sufficient to ensure that in all material aspects the charges detailed in the Charging Arrangements document are compliant with SWW's legal and statutory obligations and have been developed in accordance with Ofwat's Charging Rules for New Connections Services (English Undertakers)

Due to the strong governance and assurance processes applied during the development of the New Connection Services Charging Arrangements, SWW Board can confirm:

- in their opinion, the New Connection Services Charging Arrangements are consistent with SWW's legal obligations
- it has satisfied itself that appropriate systems and processes are in place to ensure that the charges are accurate
- charges are set to ensure that the balance of charges paid by developers and end-customers is broadly maintained by ensuring that the total charges paid by developers (or to developers in the case of self-lay) maintains broadly the same balance of charges that developers paid (or received in the case of self-lay), prior to April 2018
- appropriate engagement has been carried out with relevant key customers and stakeholders, and is satisfied with this engagement and feedback in developing the final charges
- it has considered the impact of the 2023/24 charges on developers and other stakeholders, for example, self-lay providers
- where overall developer costs are expected to increase by greater than 10% we have developed handling strategies to manage the impact that such increases would have on customers including a phased transition to higher charges where relevant.

Name & position	Signed
Gill Rider Chair	
Neil Cooper Senior Independent Non-Executive Director	
Iain Evans Independent Non- Executive Director	
Claire Ighodaro Independent Non- Executive Director	
Jonathan Butterworth Independent Non- Executive Director	
Dorothy Burwell Independent Non- Executive Director	
Loraine Woodhouse Independent Non- Executive Director	
Susan Davy Chief Executive Officer	
Paul Boote Chief Financial Officer	