Reporting on our performance: Statement of Risks, Strengths and Weaknesses – 2016/17

25 November 2016

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1. Purpose of the Statement of Risks, Strengths and Weaknesses

The purpose of this Statement of Risks, Strengths and Weaknesses ('Statement') is to support us in providing customers and other stakeholders with information that is easy to understand and navigate, provides transparency and helps to build trust and confidence in our performance reporting.

To achieve these goals, we must ensure that the information we provide has each of the following qualities:

The Statement of Risks, Strengths and Weaknesses is a document required by our regulators, Ofwat as part of the Company Monitoring Framework for AMP6.

The Company Monitoring Framework is a tool which aims to enhance trust and confidence in the water industry, and to make sure that information is comparative across the sector.

2. Our commitment to customers and stakeholders

You can trust and have confidence in the information we report

We commit to do the following:

- Report accurate, reliable information and where we identify any issues to:
  - Address the issue in a timely manner;
  - Engage with customers and stakeholders; and
  - Review our risks and Assurance Plans regularly to address and mitigate any areas of concern.
- Where we are at risk of failing to meet our committed level of performance, we will:
  - Provide customer and stakeholders a clear and transparent explanation of the performance issue; and
  - Explain how the issue will be addressed.

Our Board is accountable for the quality and transparency of information we publish on our performance.

3. Where are we now?

In preparation for AMP6, we engaged firstly with our customers and stakeholders to find answers to the following questions:

- What were their current concerns about the information reported?
- Exactly what information did they want reported?
- How would they use this information and was it detailed enough to be fit for purpose?

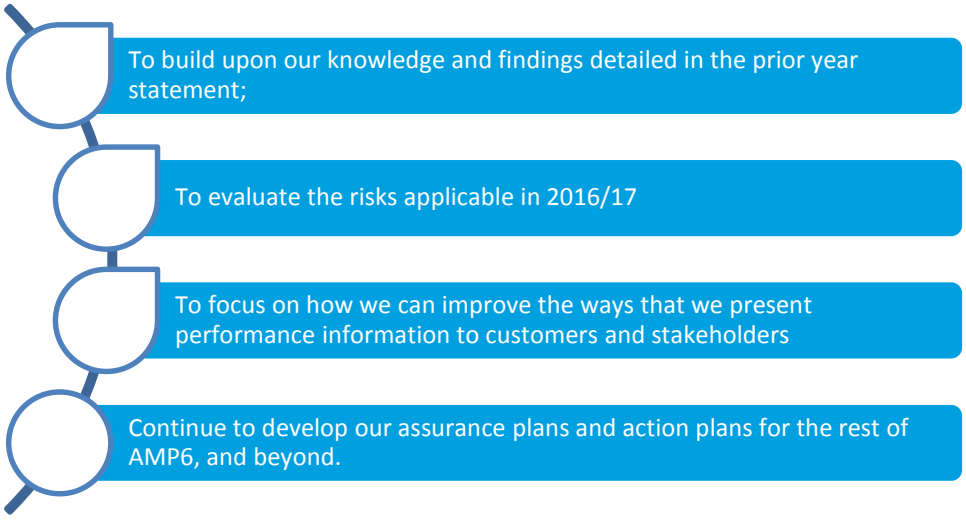
This process enabled us to identify our 55 Performance Commitments (PC) which are reported to Ofwat in Section 3 of the Annual Performance Report. Please see appendix 1 for details of our 55 PCs.

In 2015/16 there were three key performance areas that customers and stakeholders expressed an interest in:

- Leakage levels
- Customer complaints handling
- Environmental impacts (in particular, sewage into rivers)

These findings fed into our Statement of Risks, Strengths and Weaknesses for 2015/16 and steered our Assurance Plans which were published in June 2016.

As we are currently in the second year of AMP6, the aims of our Statement of Risks, Strengths and Weaknesses for 2016/17 are:

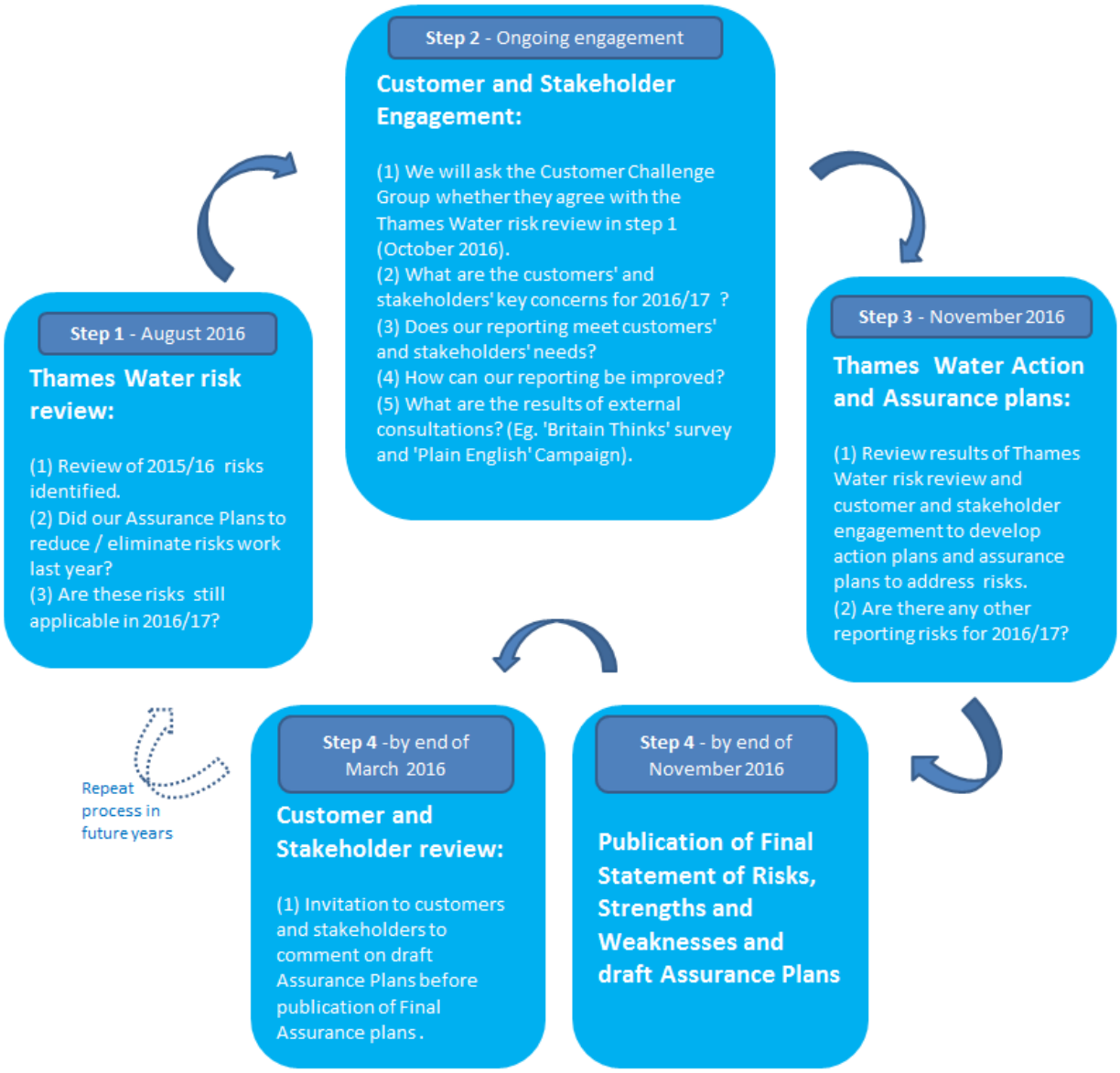


Our detailed engagement approach is discussed in Section 4.

4. Our Engagement Approach

To assess our key risks, strengths and weaknesses in 2016/17, we have adopted the following approach to engage with our customers and stakeholders (Figure 1).

Figure 1: Our engagement approach:



Our approach has allowed us to:

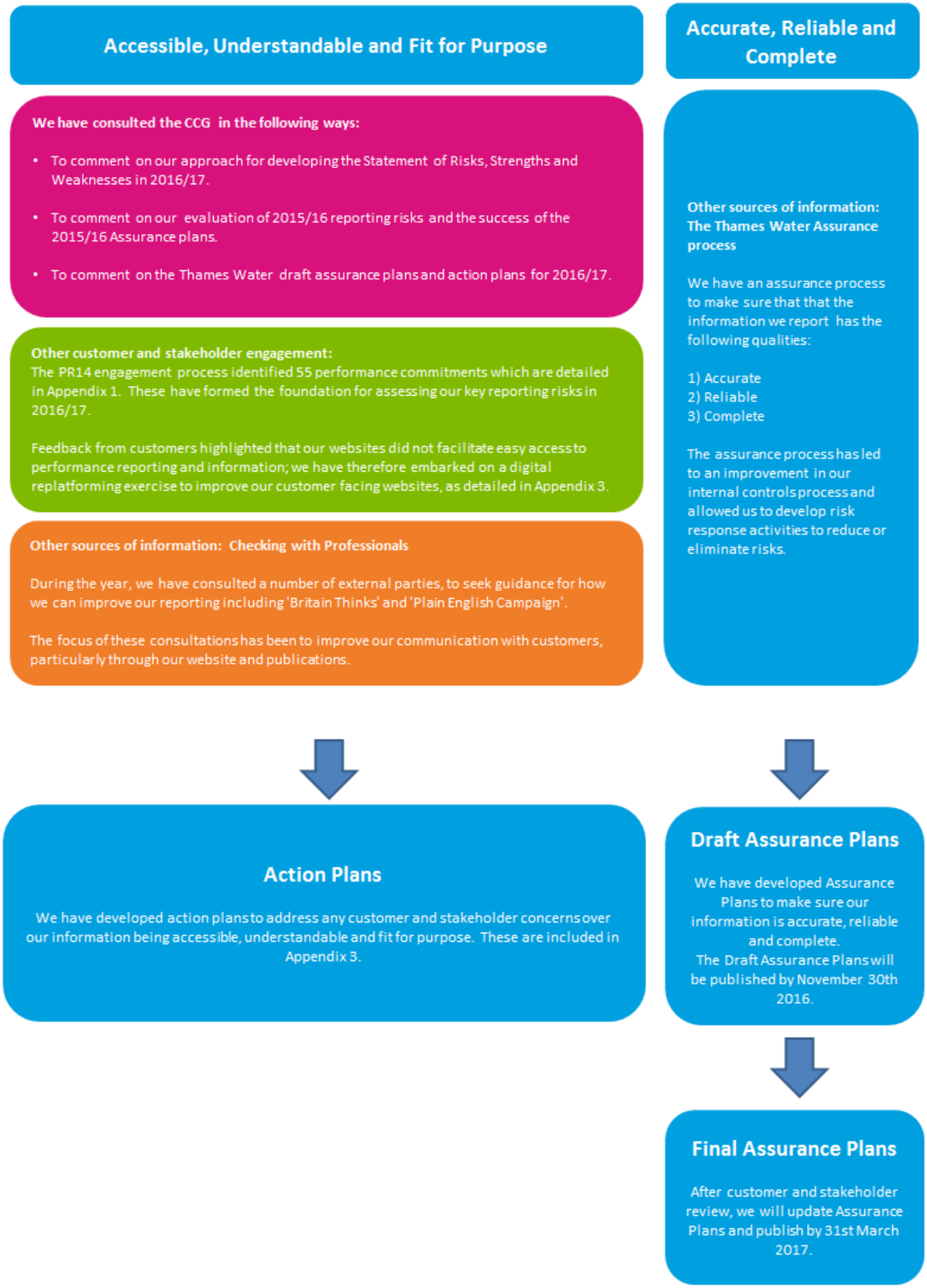
a) Consider reporting risks identified in 2015/16 and check whether our assurance plans were successful in reducing those risks to an acceptable level. Please see appendix 2.
b) Assess our reporting risks for 2016/17.
c) Update our Assurance Plans to make sure that our information is accurate, reliable and complete (draft Assurance Plans will be published by November 30th 2016 allowing customer and stakeholders to comment on our approach, with Final Assurance Plans to be published by March 31st 2017).
d) Develop Action Plans to establish the most effective reporting approach to make sure our reporting is accessible, understandable and fit for purpose (Action Plans are detailed in Appendix 3).

To ensure that we report information in the best way for our customers and stakeholders, we have identified two key questions:

1. ***How*** should information be presented to customers and stakeholders to make it accessible, understandable and fit for purpose?
2. ***How*** do we ensure that this information is accurate, reliable and complete?

Figure 2 summarises the sources of information used to help answer these questions:

Figure 2: Sources of information:



5. Results of our engagement process

5.1 How should information be presented to customers and stakeholders to make it **accessible**, **understandable** and **fit for purpose**?

Our customer and stakeholder engagement and the results of the 'Britain Thinks' Survey have highlighted a number of recommendations, in particular:

- Inclusion of a prominent and attractive link to performance reporting on the customer facing homepage
- Offering a range of ways and depths to view performance data eg. animated films, an overview dashboard, links to detailed information etc.

We have noted that the information published through our website has not been easily accessible in the past and we have therefore undertaken a digital platforming exercise to improve our website. Please see appendix 3 for details of our Action Plans to make our reporting to customers and stakeholders more accessible, understandable and fit for purpose.

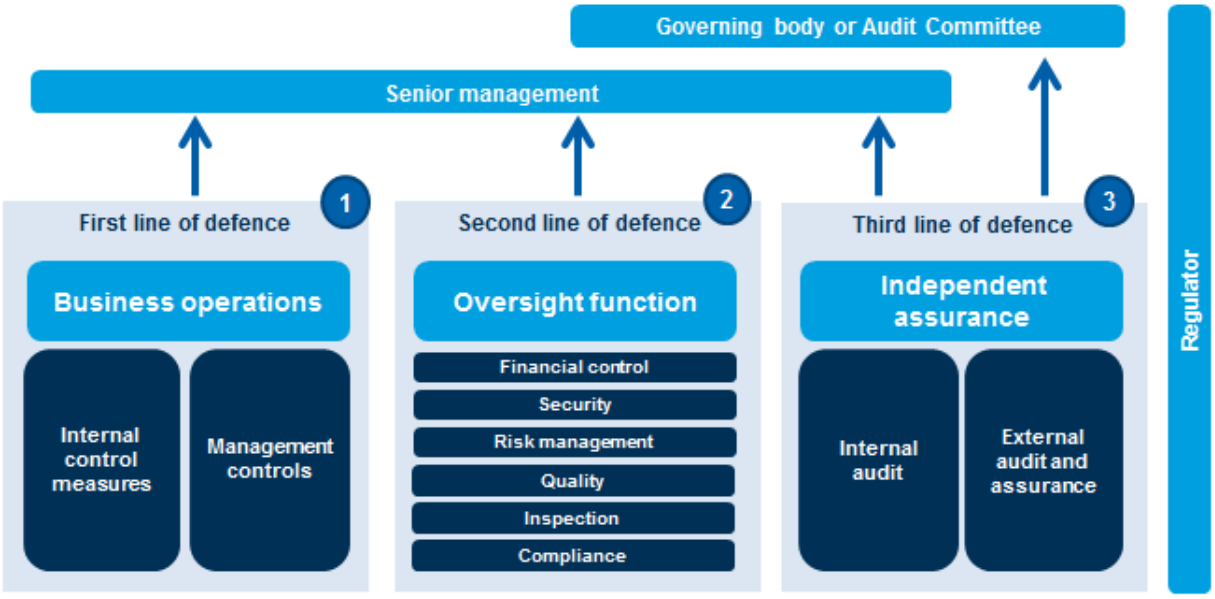
The conversation with our stakeholders remains an open one where we will continue to review and challenge '*what*' and '*how*' we report in order to provide performance information that is easy to understand and navigate, provides transparency and helps to build trust and confidence.

5.2 How do we ensure that this information is **accurate**, **reliable** and **complete**?

Accurate, reliable information that is complete and easy to understand is an essential part of building trust and confidence in our performance reporting.

Our process for reporting on our performance in AMP6 allows us to monitor and evaluate the various aspects of our performance to make sure that we are meeting high standards of quality. Our approach to assurance (figure 3) consists of three lines of defence which provide continuous and reliable assurance on the way we report outcomes and allow us to effectively manage important risks.

Figure 3: Our Assurance process:

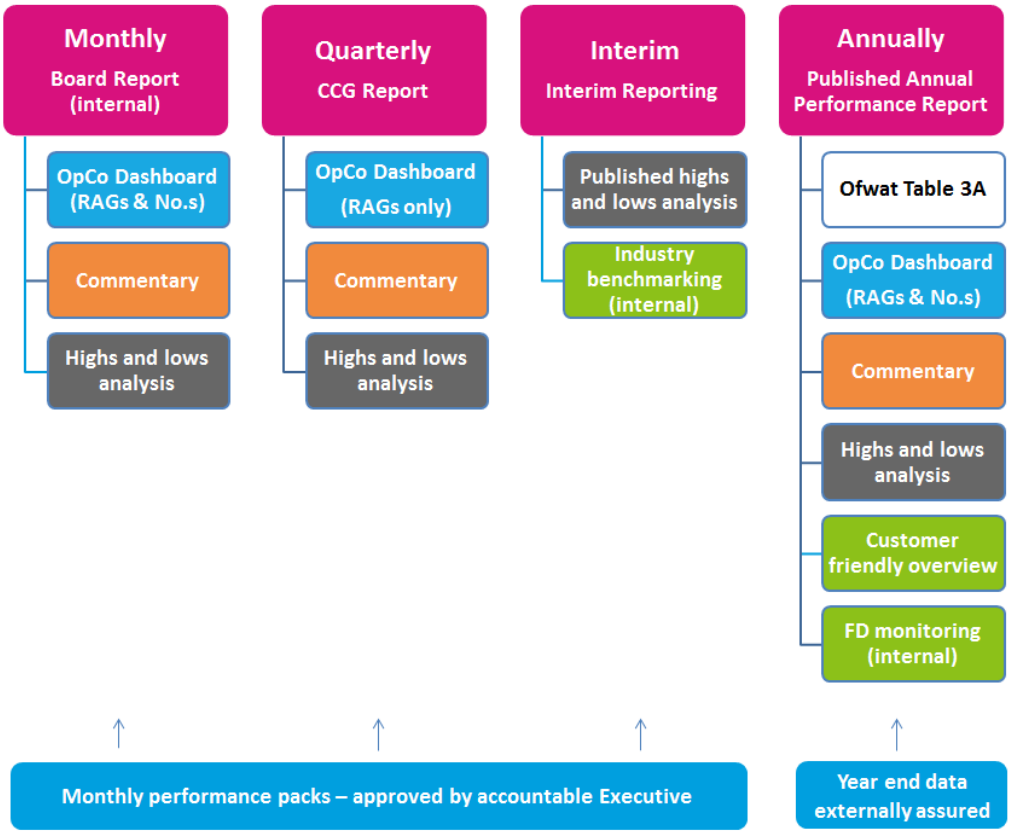


1. Operational managers own and manage risks. They are also responsible for putting in place actions to deal with process and control deficiencies.
2. Management establishes various functions, including risk management and keeping to legislation, regulation and policies, to help build and monitor the first line-of-defence controls.
3. Auditors provide the governing body and senior management with assurance based on independence and objectivity.

6. What and how we will report

As a result of our ongoing customer and stakeholder engagement process, our plan for how we will report our performance in 2016/17 is shown in Figure 4:

Figure 4: Performance Reporting Commitments for 2016/17



Reporting processes continued in 2016/17	OpCo Dashboard	Summary dashboards of Performance commitments ('PCs') by OpCo showing results with red, amber and green traffic light ratings against targets. Numbers will also be shown in monthly board reports and in the Annual Performance Report
	Commentary	Narrative of performance providing additional information to give context to and provide information on sustaining/improving our level of performance
	Highs and lows analysis	Summary drawing attention to the performance areas of particular interest during the period
	Ofwat Table 3A	Table of PC performance included in the Annual Performance Report required by Ofwat as part of our regulatory reporting requirements
Improvements to our reporting process in 2016/17	FD monitoring (internal)	Enhanced monitoring of annual performance against the Final Determination (FD)
	Industry benchmarking (internal)	Review of performance against other companies in the industry
	Customer friendly overview	Ongoing improvements made to performance reporting to enhance customer experience

Our focus for this Statement 2016/17 is on our externally published performance reporting - ensuring it is accurate, reliable, is consistent with our own internal reporting and addresses the needs of our customers and stakeholders.

7. Summary of risks, strengths and weaknesses 2016/17

The result of our consultation with customers and stakeholders and our internal risk assessment process is a list of the key ('targeted') areas of risk that arise in providing performance information stakeholders have asked for and will trust, Figure 5. For further details of our 2015/16 Risk Review process, please see Appendix 2.

Figure 5: Risk category table

The 'x's in the table show what we consider to be the greatest underlying risks identified for each area.

Risk		Risk category						2016/17 Comments
		Accessibility	Timeliness	Accuracy	Reliability	Completeness	Transparency	
1	Risk that leakage performance reporting is incomplete, inaccurate, unreliable and not communicated in a transparent way (Customer priority)	X		X	X	X	X	Our mitigation activities as detailed in our Assurance Plans are deemed to reasonably reduce the reporting risk surrounding leakage performance. We have noted that further development is required to continue to involve and educate customers and stakeholders; we feel that this relates to reporting on all of our complex performance commitments generally. As leakage is of high importance to our customers we have concluded that this item should remain as an ongoing 'targeted risk' to ensure that we continually seek to improve our reporting and engage with our customers frequently to ensure that we are meeting their needs.

2	Risk that sewer flooding performance reporting is incomplete, inaccurate, unreliable and not communicated in a transparent way (Customer priority)	X		X	X	X	X	In 2015/16, a deep dive exercise highlighted issues regarding the completeness of sewer flooding data. We have now completed our internal review of the 15,599 records which were potentially affected and identified 2,365 incidents which were potentially due a GSS payment and 1,775 additional internal SFOC incidents which would have been reportable under AMP5 guidance. From our findings, we have made a total of 1,795 GSS payments to the value of £736,570 and also made a payment of £210,328 to our Trust Fund to reflect those 295 customers who could not be located. To prevent this issue from recurring in future we have adopted the following: 1) Added in two additional layers of verification checks 2) Re-trained over 550 employees to date (the vast majority, with the residual due to sickness or holiday) 3) Completed our first iteration of the Compliance Manual which captures existing controls and drives a programme of continuous improvement in flooding data. 4) System fixes are underway with system replacement due in the Summer of 2017. Due to the significance within customer priorities, conclusion is to keep this as a risk in 2016/17.
3	Risk that complex Performance Commitment reporting is incomplete, inaccurate, unreliable and not communicated in a transparent way	X	X	X	X	X	X	We have noted during completion of our Assurance Plans that timeliness of PC reporting is significant for customers and stakeholders. We will therefore keep this item within the 'targeted risks' table for 2016/17 in order to seek consultation during initial stakeholder engagement phase.
4	Cost Allocation* – risk that costs are not allocated accurately and clearly			X	X	X	X	Due to ongoing developments of reporting requirements and that any potential misallocation of costs would have significant impact on information reported in general, our conclusion is to keep this as a risk in 2016/17.

5	Forecasting accuracy risk (new Ofwat guideline to provide a forecast of the end of AMP6 value and reward/ penalty for each PC, as part of our Annual Performance Report)			X	X	X	X	We have noted during completion of our Assurance Plans that where the target measure is set for the end of the AMP period (that is, 2020), it may not be possible to assess the measure accurately and it may be out of context part way through the AMP. Given that we are currently in the second year of the AMP period, we are not required to forecast the end of AMP6 value and reward/penalty for each PC and therefore, do not consider forecasting accuracy risk to be of particular concern during 2016/17 however, we note that this will gain prominence the closer we get to the end of AMP 6. We have therefore kept this item as a risk for 2016/17.
6	Risk that reporting is not accessible, clear, transparent, timely and does not reflect context	X	X				X	During 2016/17 we have engaged with external experts to seek guidance on how to improve our reporting style and embarked on digital re-platforming to improve our website. We have concluded that this item should remain as an ongoing 'targeted risk' to ensure that we continually seek to improve our reporting and engage with our customers frequently to check that we are meeting their needs.
7	Risk that performance reporting in relation to new Water Resources and Bio Resources is incomplete, inaccurate, unreliable and not communicated in a transparent way.			X	X	X	X	For 2016/17, new reporting requirements will be introduced for Water Resources and Bio Resources in anticipation of these being new price controls in AMP7. Due to the new reporting requirements we believe there is increased risk surrounding the following: 1) Heightened risk of misallocation of costs between price controls 2) Potential for misinterpretation of regulatory accounting guidelines 3) Comparison to the Final Determination (FD) will become more complex as it will require aggregation of information where there are new price controls not in the FD. This could make it more difficult to explain performance in the future.

** This risk was specifically identified by Ofwat in their Company Monitoring Framework initial categorisation in relation to PR14 submission*

8. Our plans for the rest of AMP6, and beyond

We commit to do the following:

- To publish draft Assurance Plans by 30 November 2016 through consultation with stakeholders and:
  - respond to comments within 30 days;
  - demonstrate that we have identified and exposed any risk areas as part of the risks, strengths and weaknesses exercise;
- To publish final Assurance Plans addressing the risks identified in this Statement;
- To present regular updates at stakeholder forums on how we are delivering the plans and make available a summary of the outcome of assurance work performed;
- Review our Statement of Risks, Strengths and Weaknesses annually (at a minimum) and incorporate open, honest and regular engagement with customers and stakeholders; and
- Update our Assurance Plans accordingly to address any new/changing risks identified as we progress through AMP6.

Appendix 1:

Based on our PR14 customer and stakeholder engagement process, 55 performance commitments ('PCs') were identified as detailed in the following tables.

Water

Water

		Type	Same data source as AMP5	Same calculation as AMP5	Complexity (Low(L), Medium(M), High(H))
	'Trust, easy, care'				
WA1	Written Complaint Resolution (Water)	R	Y	Y	L
WA2	Written Complaints per 10,000 properties (Water)	R	Y	Y	L
WA3	Customer Satisfaction (Water)	R	Y	Y	L
WA4	Water Efficiency	FP(A)	NEW	NEW	H
WA5	CSL Repair Service	R	Y	NEW	H
	'Providing a safe and reliable water service'				
WB1	Asset Health Water Infrastructure	FP	Y	NEW	H
WB2	Asset Health Water Non-Infrastructure	FP	Y	NEW	H
WB3	Drinking w ater quality compliance	FP	Y	Y	L
WB4	Inadequate (Low) Pressure Performance (DG2)	R	Y	Y	M
WB5	Average Interruption to supply (> 4 hours only)	FPR	Y	NEW	H
WB6	Security of Supply Index (SoSI)	FP	Y	Y	H
WB7	Security and Emergency Measures Direction	FP(A)	Y	NEW	H
WB8	Flooding Resilience	FPR(A)	Y	NEW	H
	'Limiting environmental impact'				
WC1	Greenhouse Gas Emissions (Water)	R	Y	NEW	H
WC2	Leakage Level	FPR	Y	Y	M
WC3	Abstraction Incentive Mechanism	R	NEW	NEW	TBA
WC4	Customer Education (Water)	R	Y	NEW	L
WC5	Compliance w ith Environmental Regulations (Water)	FP(A)	Y	NEW	M
	Providing value for money'				
WD1	Net Energy Imported	R	Y	NEW	M

Key: *Type: R=Reputational, FP= Financial - Penalty only,*
FPR=Financial - Penalty and Reward, (A)=Calculated at end of AMP

Waste

Waste

		Type	Same data source as AMP5	Same calculation as AMP5	Complexity (Low(L), Medium(M), High(H))
	'Trust, easy, care'				
SA1	Written Complaint Resolution (Waste)	R	Y	Y	L
SA2	Written Complaints per 10,000 properties (Waste)	R	Y	Y	L
SA3	Customer Satisfaction (Waste)	R	Y	Y	L
	'Providing a safe and reliable wastewater service'				
SB1	Asset Health Wastew ater Non-Infrastructure	FP	Y	NEW	M
SB2	Asset Health Wastew ater Infrastructure	FP	Y	NEW	H
SB3	Properties protected from flooding	FPR(A)	NEW	NEW	H
SB4	Internal Flooding Incidents - Other Causes	FPR	Y	Y	H
SB5	Ha. disconnected - sustainable drainage schemes	FPR(A)	NEW	NEW	M
SB6	Compliance w ith SEMD advice notes	FP(A)	Y	NEW	H
SB7	Sites made resilient to future extreme rainfall events	FP(A)	Y	NEW	M
SB8	Lee Tunnel (inc Shaft G) - Deliver Scheme	FP	Y	Y	M
SB9	Deephams STW - Deliver Scheme	FP	Y	Y	L
	'Limiting environmental impact'				
SC1	Greenhouse Gas Emissions (Waste)	R	Y	NEW	H
SC2	Category 1 - 3 pollution incidents (inc consented)	FPR	Y	Y	M
SC3	STW discharge compliance	FP	Y	Y	L
SC4	Water bodies improved or protected	R(A)	NEW	NEW	L
SC5	Satisfactory sludge disposal	R	Y	Y	L
SC6	Customer Education (Waste)	R	Y	NEW	L
SC7	Modelled reduction in properties affected by odour	FPR	Y	Y	H
SC8	Compliance w ith Environmental Regulations (Waste)	FP(A)	Y	NEW	M
SC9	EA schemes – P-removal	FPR(A)	NEW	NEW	L
	'Providing value for money'				
SD1	Energy imported – Energy exported	R	Y	NEW	M

Key: *Type: R=Reputational, FP= Financial - Penalty only,*
FPR=Financial - Penalty and Reward, (A)=Calculated at end of AMP

Retail

Retail

		Type	Same calculation as AMP5	Complexity (Low(L), Medium(M), High(H))
RA1	Minimise the number of written complaints received from customers	R	NEW	L
RA2	Improve handling of written complaints by increasing 1st time resolution	R	NEW	L
RA3	Improve customer satisfaction of retail customers - charging and billing service (internal CSAT monitor)	R	NEW	L
RA4	Improve customer satisfaction for retail customers - operations contact centre (internal CSAT monitor)	R	NEW	L
RA5	Increase the number of bills based on actual meter reads (in cycle)	R	NEW	L
RA6	Service Incentive Mechanism (SIM)	FPR	NEW	L
RB1	Implement new online account management for customers supported by web-chat	FP	NEW	L
RC1	Increase the number of customers on payment plans	R	NEW	L
RC2	Increase cash collection rates	R	NEW	L

Key: *Type: R=Reputational, FP= Financial - Penalty only, FPR=Financial - Penalty and Reward, (A)=Calculated at end of AMP*

Note: *Performance commitments are new but calculated in line with previous internal measures*

Thames Tideway Tunnel

Thames Tideway Tunnel

		Type	Same calculation as AMP5	Complexity (Low(L), Medium(M), High(H))
T1A	We will limit the extent of delays on the overall programme timeline - Successful procurement of the Infrastructure Provider	R	NEW	L
T1B	We will limit the extent of delays on the overall programme timeline - Thames Water will fulfill its land related commitments in line with the TTT programme requirements	R	NEW	L
T1C	We will limit the extent of delays on the overall programme timeline - Completion of category 2 and 3 construction works and timely availability of sites to the IP	FP	NEW	L
T2	We will engage effectively with the IP, and other stakeholders, both in terms of integration and assurance	R	NEW	L
T3	We will engage with our customers to build understanding of the Thames Tideway Tunnel project. We will liaise with the IP on its surveys of local communities impacted by construction	R	NEW	L

Key: *Type: R=Reputational, FP= Financial - Penalty only, FPR=Financial - Penalty and Reward, (A)=Calculated at end of AMP*

Appendix 2: 2015/16 Risks Review

We have evaluated the reporting risks identified in the Statement 2015/16 and concluded whether mitigation activities have successfully reduced risks to an acceptable level.

Reporting on our Leakage Performance

Core assurance activities							2016/17 Conclusion
Risk category	Check on quality of information	Internal review	Executive and senior manager review	Oversight functions	Customer and stakeholder involvement	External assurance	
Accessibility					✓		Our mitigation activities as detailed in our Assurance Plans are deemed to reasonably reduce the reporting risk surrounding leakage performance. We have noted that further development is required to continue to involve and educate customers and stakeholders; we feel that this relates to reporting on all of our complex performance commitments generally. As leakage is of high importance to our customers we have concluded that this item should remain as an ongoing 'targeted risk' to ensure that we continually seek to improve our reporting and engage with our customers frequently to check that we are meeting their needs.
Accuracy	✓	✓	✓	✓		✓	
Reliability	✓	✓	✓	✓		✓	
Completeness	✓	✓	✓	✓		✓	
Transparency	✓	✓	✓	✓	✓	✓	

Specific assurance activities proposed in Assurance plan 2015/16		
Activity	Progress	Evidence
Continue to involve and educate customers and stakeholders	●	We are committed to informing our customers and stakeholders through a comprehensive education programme and our dedicated 'bursts and leaks' section of the website. As noted by the CCG, our education programmes are focussed on children's education and therefore we feel that more progress is required to deliver a broader education programme.
Our Outcomes Reporting Policy (published March 2015 on our website) sets out our policy for reporting performance against our AMP6 outcomes	●	Our Outcomes Reporting Policy details how we will report on our performance during the five years to 2020. We are committed to adopting the principles documented within, for all reports and publications produced during AMP6.
Further internal audits in 2016 to review action taken and to review the process for reporting the measure	●	During 2016, we undertook a detailed risk assessment at OpCo levels to review our leakage performance reporting. This risk assessment allowed us to refine our methodologies and enhance the quality of our data going forward.
Continue to get feedback by consulting customers and stakeholders and use that feedback to make it easier for them to find information on our performance	●	We have regular communication with our CCG and also engage with customers through online surveys, questionnaires, workshops and deep dive events.

Reporting on our sewer flooding performance

Core assurance activities						
Risk category	Check on quality of information	Internal review	Executive and senior manager review	Oversight functions	Customer and stakeholder involvement	External assurance
Accessibility					✓	
Accuracy	✓	✓	✓	✓		✓
Reliability	✓	✓	✓	✓		✓
Completeness	✓	✓	✓	✓		✓
Transparency	✓	✓	✓	✓	✓	✓

Specific assurance activities proposed in Assurance plan 2015/16		
Activity	Progress	Evidence
Our Outcomes Reporting Policy sets out our policy for reporting performance against our AMP6 outcomes	●	Our Outcomes Reporting Policy details how we will report on our performance during the five years to 2020. We are committed to adopting the principles documented within, for all reports and publications produced during AMP6.
Continue to involve and educate customers and stakeholders	●	We are committed to informing our customers and stakeholders through a comprehensive education programme. As noted by the CCG, our education programmes are focussed on children's education and therefore we feel that more progress is required to deliver a broader education programme.
Continue to use feedback from customers and stakeholders to make it easy to find performance information on our website	●	We have regular communication with our CCG and also engage with customers through online surveys, questionnaires, workshops and deep dive events.
Further internal audits in 2015/16 to review action taken and further review the process for reporting the measure	●	We have completed our internal review of the 15,599 records which were potentially affected and identified 2,365 incidents which were potentially due a GSS payment and 1,775 additional internal SFOC incidents which would have been reportable under AMP5 guidance. From our findings, we have made a total of 1,795 GSS payments to the value of £736,570 and also made a payment of £210,328 to our Trust Fund to reflect those 295 customers who could not be located. To prevent this issue from recurring in future we have adopted the following: 1) Added in two additional layers of verification checks 2) Re-trained over 550 employees to date (the vast majority, with the residual due to sickness or holiday) 3) Completed our first iteration of the Compliance Manual which captures existing controls and drives a programme of continuous improvement in flooding data. 4) System fixes are underway with system replacement due in the Summer of 2017.
We have strengthened our controls in the short term, including checking all new records in our job-management system daily and carrying out a monthly review of all new additions to our sewer flooding history database	●	
We are now working to develop and put in place a sustainable longer-term package of staff, process and system changes to deliver accurate and complete sewer flooding information through 'business as usual' processes, combined with improved levels of information controls	●	

2016/17 Conclusion

Our mitigation activities as detailed in our assurance plans are deemed to reasonably reduce the reporting risk surrounding sewer flooding performance.

In 2015/16 a deep dive exercise highlighted issues regarding the completeness of sewer flooding data. In response to this we have further strengthened our controls, including checking all new records in our job-management system daily and carrying out a monthly review of all new additions to our sewer flooding history database. We are also working to develop and put in place a sustainable longer-term package of staff, process and system changes to deliver accurate and complete sewer flooding information through 'business as usual' processes, combined with improved levels of information controls.

Due to completeness findings detailed above, and significance within customer priorities, conclusion is to keep item within the 'targeted risks' table in 2016/17 .

Reporting on other complex performance commitments

Core assurance activities							2016/17 Conclusion
Risk category	Check on quality of information	Internal review	Executive and senior manager review	Oversight functions	Customer and stakeholder involvement	External assurance	
Accessibility					✓		Our mitigation activities as detailed in our assurance plans are deemed to reasonably reduce the reporting risk surrounding other complex performance commitments. We have noted during completion of our assurance plans that timeliness of PC reporting is significant for customers and stakeholders; We will therefore keep this item within the 'targeted risks' table for 2016/17 in order to seek consultation during initial stakeholder engagement phase.
Timeliness					✓		
Accuracy	✓	✓	✓	✓		✓	
Reliability	✓	✓	✓	✓		✓	
Completeness	✓	✓	✓			✓	
Transparency	✓	✓	✓	✓	✓	✓	

Specific assurance activities proposed in Assurance plan 2015/16		
Activity	Progress	Evidence
Carry out an external review of methodologies and calculations	●	KPMG have performed a review over our methodologies and calculations in 2015/16 .
Clearly record and communicate assumptions made in calculating performance commitments	●	Assumptions made in calculating performance commitments are documented in the methodologies. These have been subject to external review by KPMG as detailed above.
Put in place controls following review of existing risks and processes	●	During 2016, we undertook a detailed risk assessment at OpCo levels to review our performance commitment reporting. This risk assessment allowed us to refine our methodologies and enhance the quality of our data going forward.
Train those who prepare and review information	●	
Further internal audits in 2016 to review action taken and the process for reporting the measures	●	
Continue to use feedback from customers and stakeholders to make it easy for them to find information about our performance	●	We have regular communication with our CCG and also engage with customers through online surveys, questionnaires, workshops and deep dive events.
Carry out an external review of underlying data quality in source systems and controls	●	Review of the underlying data used for calculating performance commitments was reviewed by KPMG through the APR audit of 2015/16.

Allocation of Costs

Core assurance activities							2016/17 Conclusion
Risk category	Check on quality of information	Internal review	Executive and senior manager review	Oversight functions	Customer and stakeholder involvement	External assurance	
Accuracy	✓	✓	✓	✓		✓	
Reliability	✓	✓	✓	✓		✓	
Completeness	✓	✓		✓		✓	
Transparency	✓	✓	✓	✓		✓	

Specific assurance activities proposed in Assurance plan 2015/16			
Activity	Progress	Evidence	
Continue to monitor and benchmark quarterly (once every three months)	●	We have put policies in place to complete Quarterly FD monitoring and annual benchmarking against other companies in the Water industry. Quarterly benchmarking of our internal performance (year on year analysis) is being developed through our work with operating companies detailed below.	Our mitigation activities as detailed in our assurance plans are deemed to reasonably reduce the reporting risk surrounding allocation of costs for accuracy, reliability and completeness.
Clearly record and communicate assumptions made when allocating costs	●	We deliver regular training updates to management to ensure that allocation assumptions are consistent and in line with Ofwat guidance. Management assumptions are then formally recorded when they submit allocation information to the central finance team.	Due to ongoing developments of reporting requirements and that any potential misallocation of costs would have significant impact on information reported in general, conclusion is that this is kept as a risk in 2016/17.
Regularly review and update judgements	●	At least annually, we ask for updates from management regarding the allocation of costs between upstream services. These allocations are subject to review from the central finance team, who query any allocations that appear unusual.	
External assurance provider carries out a detailed review in 2015/16 of cost allocations	●	Our cost allocations have been reviewed by KPMG in 2016.	
Clearly record manual adjustments and calculations	●	Manual adjustments and calculations are performed by the central finance team. These adjustments are documented within formal templates and reviewed by senior management.	
Work with operating companies, and review by operating companies	●	We are developing robust systems to improve the way that we report internally, which will enable higher quality review and variance analysis.	

Forecasting accuracy risk

Core assurance activities						
Risk category	Check on quality of information	Internal review	Executive and senior manager review	Oversight functions	Customer and stakeholder involvement	External assurance
Accuracy	✓	✓	✓	✓		✓
Reliability	✓	✓	✓	✓		✓
Completeness	✓	✓	✓	✓		✓
Transparency	✓	✓	✓	✓		✓

Specific assurance activities proposed in Assurance plan 2015/16		
Activity	Progress	Evidence
Carry out an external review of methodologies and calculations	●	To date, we have not included forecasting information within our methodology statements because we are currently only in the 2nd year of AMP6 and therefore forecasted information is not required by Ofwat.
Clearly record and communicate assumptions made in calculating performance commitments	●	Our calculations and assumptions of in period performance commitments have been reviewed through agreed upon procedures with KPMG and are clearly documented within our methodology statements.
Internal audit of forecasting methodologies	●	Leading into year 3 of AMP6, we will be using our knowledge of the performance commitments to further develop our methodology statements to include forecast information.
As soon as we become aware of something that may affect our performance commitments and forecast performance information we will be open about the issue, communicating with our regulators, customers and stakeholders	●	We are committed to being refreshingly clear, open and honest with our customers and stakeholders. Going forward, we acknowledge that we must develop our understanding of reporting our performance commitments, to ensure that information is communicated effectively to customers and stakeholders.

2016/17 Conclusion

Our mitigation activities as detailed in our assurance plans are deemed to reasonably reduce the reporting risk surrounding forecasting accuracy risk.

We have noted during completion of our assurance plans that where the target measure is set for the end of the AMP period (that is, 2020), it may not be possible to assess the measure accurately and it may be out of context part way through the AMP.

Given that we are currently in the second year of the AMP period, we are not required to forecast the end of AMP6 value and reward/penalty for each PC and therefore, do not consider forecasting accuracy risk to be of particular concern during 2016/17 however, we note that this will gain prominence the closer we get to the end of AMP 6.

We have therefore kept this item as a risk in 2016/17 .

Risk that reporting is not accessible, transparent or timely

Core assurance activities							2016/17 Conclusion
Risk category	Check on quality of information	Internal review	Executive and senior manager review	Oversight functions	Customer and stakeholder involvement	External assurance	
Accessibility					✓		Our mitigation activities as detailed in our assurance plans are deemed to reasonably reduce the risk that reporting is not accessible, clear, transparent or timely and does not reflect context. During 2016/17 we have engaged with external experts to seek guidance on how to improve our reporting style. We have concluded that this item should remain as an ongoing 'targeted risk' to ensure that we continually seek to improve our reporting and engage with our customers frequently to check that we are meeting their needs.
Timeliness					✓		
Transparency	✓	✓	✓	✓	✓	✓	

Specific assurance activities proposed in Assurance plan 2015/16		
Activity	Progress	Evidence
Continue to involve and listen to our customers and respond to their needs	●	We have regular communication with our CCG and also engage with customers through online surveys, questionnaires, workshops and deep dive events.
Continue to educate customers and stakeholders	●	We are committed to informing our customers and stakeholders through a comprehensive education programme and our CSR section of the website. As noted by the CCG, our education programmes are focussed on children's education and therefore we feel that more progress is required to deliver a broader education programme.
Customer experience -- our digital team will work on the best methods to communicate with customers	●	Our digital replatforming team are developing a new platform for all customer facing websites which will go live in Autumn 2016. These developments will significantly improve customer accessibility and facilitate further improvement of the information we communicate going forward. Please see Appendix 3 for further details. We have designated these as amber progress points because we acknowledge that improvement of our customer facing websites requires ongoing development.
Discussions with our customers and stakeholders around 'what' and 'how' we report remains open, and we will continue to review and challenge how we report information to make sure we provide information that is easy to find and understand	●	
Continue to get feedback from customers and stakeholders and use that feedback to make it easier for them to find information about our performance	●	We have regular communication with our CCG and also engage with customers through online surveys, questionnaires, workshops and deep dive events.

Appendix 3: Action Plans to make our Information Accessible, Understandable and Fit for Purpose

As a result of our customer engagement activities, and input from the 'Britain Thinks' experts, it was highlighted that our customer facing websites did not facilitate easy access to performance reporting and information.

We have therefore undertaken a digital re platforming project, which will see the transfer of all customer facing websites to a cutting edge platform called Sitecore in Autumn 2016.

Improving our customer facing websites		
Qualities of good reporting	**Action Plans**	
Accessible	**Introducing responsive design features**	These allow the website to work seamlessly across all devices; this is of particular importance with more and more customers using their smart phones to access Thames Water information.
	Giving a personalised touch	Customers will be able to see a personalised homepage depending on their recent Thames Water web history – this will allow customers to find the information they are most interested in easily and quickly.
	Search engine Optimisation	A key message from our customer engagement was that the URL names of web based information did not help customers to find and access information through search engines. Therefore the new web platform will include an update of all URL names to help customers find information from general web searches.
Understandable	**Having a refreshingly clear look**	Our websites undergoing a branding update and accreditation by the Shaw Trust going forward. This will make sure that the information we provide is accessible to all customers and stakeholders, including those sight problems through the use of special screen reading technology.
Fit for Purpose	**Obtaining More information for Thames Water**	The Sitecore platform will allow us to see what customers access and spend time looking at. This will allow us to prioritise our developments going forward.

The new web platform will go live in Autumn 2016 from which date, we will perform ongoing reviews and content audit to ensure that the websites are meeting our customer and stakeholder needs.