



Final Assurance Plan

Our assurance programme for our
2024-25 performance information

31 March 2024



from
**Southern
Water** 

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1. Introduction

At Southern Water we provide essential water services to 2.7 million customers, and wastewater services to more than 4.7 million customers across Sussex, Kent, Hampshire and the Isle of Wight. We provide water for life to enhance health and wellbeing, protect and improve the environment and sustain the economy.

The purpose of this publication is to set out our assurance plan for our performance reporting in 2024–25. Customers and other stakeholders expect that the information we present to them about our performance is accurate, accessible and fully assured. In completing our assurance plan we have engaged with our stakeholders, and will continue to do so to give confidence in the information we publish and make long-lasting improvements to the way we do things.

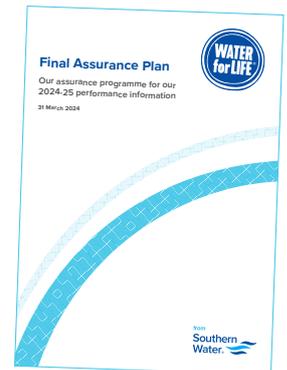
We take full responsibility for the information we publish on our performance and seek to provide confidence to customers and stakeholders through a transparent approach to data assurance. This assurance provides confidence in our reported performance and the delivery of promises made in our 2020–25 business plan.

We continue to deliver a greater level of trust and confidence in our reporting than has been achieved in the past. The assurance activity we undertake around the information that we provide to customers and stakeholders is one of the critical elements we have put in place to secure that trust. In addition to our own internal assurance teams and processes which we strive to continually improve, our highest risk performance data is assured by an independent assurer.

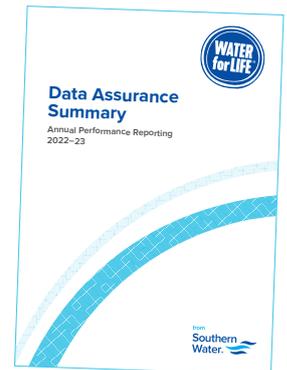
Our technical assurance framework agreement in place for our five-year Business Plan period 2020-25, allows us to appoint the most suitable assurance partners to different technical assurance projects. KPMG and Jacobs are now completing their fourth year in this role.

This document is one of three relating to assurance that we publish during the year as part of our annual assurance cycle for customers, stakeholders and regulators:

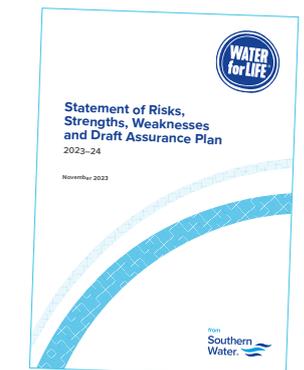
Final Assurance Plan (this document) which takes on board comments from our consultation on the Statement of Risks, Strengths and Weaknesses and Draft Assurance Plan; [Final Assurance Plan](#)



Data Assurance Summary (in July with our Annual Performance Report) [Annual reporting](#)



Statement of Risks, Strengths and Weaknesses and Draft Assurance Plan for consultation (published in November) [Our reports](#)



All three documents focus on the quality of our information reporting and governance.

2. Context

The role of our regulators is of paramount importance to the effective operation of the water industry. It is critical that our conversations on performance with our customers and other stakeholders are underpinned by accurate information. It is therefore key for us to understand regulators' concerns and to work with them effectively.

Employees at all levels of the company meet with our regulators routinely to share information. We believe that strong working relationships are crucial to helping us meet our regulators' requirements, so we are pleased that we are building on our many positive consultations and exchanges with them.

2.1. Ofwat

As part of its agreement on funding for our business plan, our regulator, Ofwat has set out a number of promises and performance commitments that we are required to make to our customers. In addition to ensuring our performance data is transparent and accurate, we also seek to ensure customers and stakeholders can access and understand relevant information.

Last year we published our Turnaround Plan which will deliver a short sharp ambitious improvement by 2025, particularly in terms of our environmental performance. Our Plan is underpinned by the performance data we assure through the Annual Performance Report and aims to speed up performance improvements where they're needed most. The plan runs from 2023–25 and we've taken all our 2,500+ employees through it so they are 100% focused on achieving the targets. Our Board reviews progress against these clearly defined goals each month.

Our Turnaround Plan and the latest progress updates are available on our website here: [Our plans](#).

We publish our Final Assurance Plan as a matter of good practice. There is no regulatory requirement for us to do so however we continue to do so each year to support that good practice.

2.2. Wastewater investigations

As reported previously, Ofwat undertook an investigation into our wastewater reporting between 2013 and 2017, that led to a decision to impose a financial penalty of £3 million on conclusion of the investigation in October 2019. In addition, we agreed to make significant customer bill rebates, totalling £122.9 million (in 2017–18 prices), between 2020 and 2025. On 8 October 2019 we signed formal Undertakings pursuant to Section 19 of the Water Industry Act 1991 relating to the numerous changes we have since put in place, and are now embedding, to ensure that the issues identified in the investigation have been stopped and cannot be repeated.

The undertakings contain a wide range of corrective actions and interventions across seven themes:

- A. Customer redress measures;
- B. Technical review of wastewater treatment works;
- C. Organisational compliance process measures;
- D. Organisational cultural change measures;
- E. Ensuring transparency;
- F. Condition I certificate assurance undertaking and
- G. Reporting on compliance with the undertakings.

Compliance with the Section 19 undertakings is subject to a formal assurance regime which is reported to both our Board and to Ofwat on a regular basis. In our March 2024 update to Ofwat we were able to report that the actions arising to ensure compliance have either been completed or are on track to be fulfilled within the relevant time frame in the five-year period of the Undertakings. Our focus is now on closing out the final elements of the programme ahead of the next round of assurance in July and August 2024.

A summary of our assurance work is uploaded to our [website](#), alongside a set of customer and stakeholder FAQs to provide clear information about the key points raised by the investigation.

We delivered plans for improved transparency on environmental performance information on our dedicated [website](#).

The information available includes pollution incidents, wastewater flow and spill reporting, wastewater treatment works final effluent compliance, regional bathing water compliance results, carbon emissions and river levels.

2.3. Condition P assurance

In order to meet the Licence Condition P Certificate requirements as supplemented by the Ofwat S19 Undertakings, the Board needs to be able to clearly evidence the level of diligent enquiry that the Board has undertaken. To support this process the Southern Water Board signs off Condition P Assurance Statements demonstrating it has discharged its responsibilities and takes accountability for its diligent enquiry into the principal risks facing the business and most importantly in the context of the S19 undertakings, the wastewater business.

The signed Board Assurance Statements reflect the evidence that the Board has considered to ensure that it is able to demonstrate that the company will have, sufficient:

- financial resources and facilities;
- management resources; and
- methods of planning and control.

to enable it to carry out those functions for a period of at least twelve months.

The Assurance Statements also reflect key decision-making points taken during the year, including consideration of the 2024 annual Execution Plan (EP24). This evidence also draws upon information considered by the Audit Committee as part of their activities on behalf of the Board.

External assurance from Deloitte LLP confirms that the Board made sufficient diligent enquiry as reflected in the Condition P Board Assurance Statements, including:

- demonstration of diligent enquiry;
- documentation of diligent enquiry in relation to the Execution Plan (EP24);
- evidence of material provided and requested by the Board to demonstrate diligent enquiry;
- evidence that statutory and regulatory programmes of delivery are funded and on track; and
- interviews with two board members (Chief Financial Officer and Chair of Audit Committee) to support the Board Assurance Statements.

2.4. Our Business Plan for the period 2020-2025

We are now approaching the final year of our five-year Asset Management Period (AMP7) which will take us from April 2020 to end of March 2025. Our Final Determination was published by Ofwat on 16th December 2019 and sets out a number of promises and performance commitments we are making to our customers. In addition to ensuring our performance data is transparent and accurate, we also strive to ensure that our customers and stakeholders can access and understand our performance.

We will ensure that we can effectively report our performance against these and have identified the risks and controls that we have adopted to support the provision of accurate information about our performance.

2.5. Our Business Plan for the period 2025-2030

On 2 October 2023, we submitted our latest business plan for the five-year Asset Management Period (AMP8) which will take us from April 2025 to end of March 2030. This has also been published on our website here; [Our plans 2025–30](#).

Our assurance strategy for the PR24 Business Plan is an evolution of our work on PR19, learning lessons from that submission and integrating improvements from our current processes. It focused on making sure that the information we submitted and the narrative we provided was robust, accurate and evidence based. We drew on our established relationships with our AMP7 assurance partners, Jacobs and KPMG as well as PwC, and Sia Partners with the programme of internal and external assurance covering the content of the plan, final versions of chapters and technical annexes, and data tables.

Our PR24 assurance approach has been focused on the testing criteria set in Ofwat's methodology and the Board's strategic choices as to the direction and ambition of our Business Plan. To deliver our PR24 assurance programme we expanded the use of our existing assurance framework to ensure PR24 outputs were subject to appropriate internal and external review.

The approach to assurance is based on the following principles, it is:

- Built on the Three-lines of defence model.
- Rooted in our BAU approach to assurance.
- Risk-based – focusing effort in areas of highest risk to the price review.

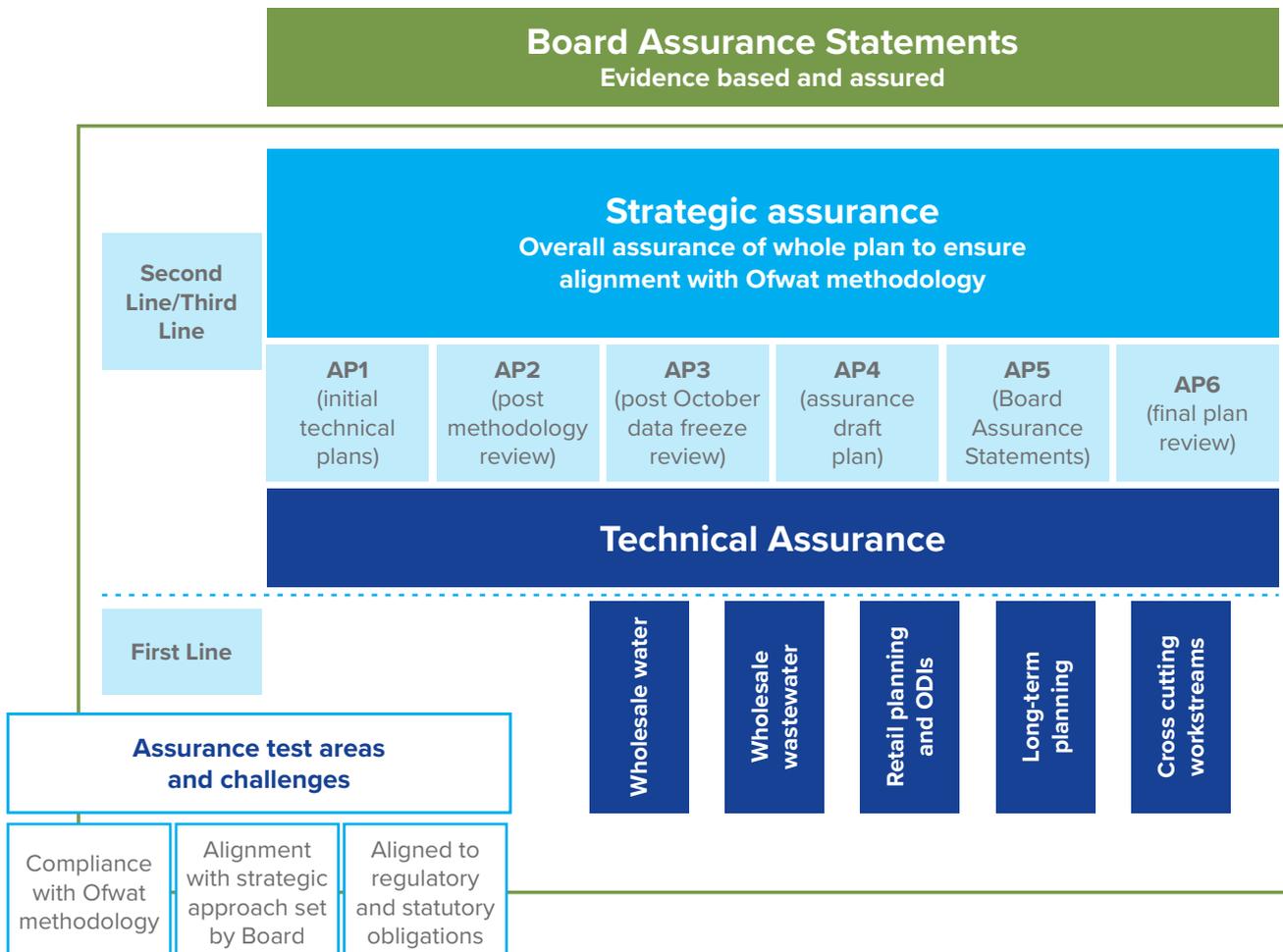
- Following our integrated approach – including both a strategic level assurance across the Business Plan and technical assurance of the individual supporting workstreams.
- Ensuring technical assurance on core workstreams and cross-cutting themes, aligned with but significantly more extensive than established BAU monthly and annual regulatory reporting.
- Aligned to Ofwat’s focus on Long-term Delivery Strategies – as well as sector and wider good practice.
- Contributing to and supporting in evidence-based Board Assurance Statements to support the submitted Business Plan.
- Ensuring the provision of assurance letters by assurers to support the Board sign off process and to be part of the submission, with a confirmation on the scope of work and the confirmation of closure of all outstanding and material assurance recommendations.

Our PR24 assurance programme consisted of 56 separate items of assurance on the main PR24 programme. This was distinct to the additional technical assurance that supported related regulatory submissions for the WRMP, DWMP, WINEP and DWI, all of which were subject to extensive assurance to support Board approval.

Our Board was actively engaged and scrutinised the assurance processes we adopted. The Board participated in approving the PR24 assurance strategy in April 2022 and had visibility of any risks to the provision of accurate and complete data and information.

The assurance process has supported the Board to challenge our plan, assure itself that the plan delivers long-term resilience, is of high quality, and responds to the evidence from extensive customer involvement and engagement.

Figure 1: Our PR24 assurance process



3. Continuous stakeholder and customer engagement

3.1 Customer engagement

Having emerged from the COVID-19 pandemic, which dominated all our lives for the first two years of this current AMP period, we have subsequently been faced with a cost-of-living crisis, caused by the rapidly escalating cost of energy, food, and other household goods. We know how tough things have been for many of our customers during this period.

Assurance of our Business Plan 2025-30 customer engagement activity, conducted by Sia, has provided us with confidence that the company's customer engagement and research meet the standards for high-quality research and any other relevant statements of best practice. It has been used to inform our Business Plan and Long-term Delivery Strategy. We have had visibility of the outputs of engagement with more than 20,000 customers, providing a rich and robust insight into the needs of current and future customers. We have engaged deeply with our customers about their wishes and priorities. They expect us to be much more than providers of clean water and removers of wastewater. They say, and we accept, that we have a critical role in safeguarding the unique environment of our region. Customer insight on acceptability testing helped identify three areas where customers want to see real ambition for storm overflows, pollutions, and leakage.

We continue to work collaboratively with other water companies and our regulators across the South East on future resource options and behaviour change. We also worked with Water Resources South East – an alliance of the six water companies in our region – to share data and gain a more complete picture of the situation in the South East. Meanwhile, we have researched how customers reacted to solutions by water companies further afield.

3.2. Stakeholder and regulator engagement

Drinking Water Inspectorate

We have regular and close working arrangements with the DWI. This includes regular and open liaison with the DWI on our overall approach to providing wholesome drinking water. We have a varied programme of activity helping to improve our information management systems and process, including a risk-based review of monitoring, procedures, and manual intervention involved in all critical information systems. This package of work commenced in 2018, and a programme of asset and IT

improvements designed in cooperation with the DWI has now begun and will continue through to 2025. This work is within the scope of our Section 19 Information Management Undertaking (IMU) with the DWI which formalises this element of our programme. The resulting programme contains a package of actions to assess and address the risks to data management and improve systems that are required to ensure compliance with the regulations. Key deliverables include a new GIS (Geographic Information System Mapping) and Operational Asset Management system that will allow us to better understand the location and configuration of our infrastructure assets. The delivery of the programme is well underway and reports on progress are provided to the DWI on an annual basis, ahead of completion of the programme at the end of March 2025.

Environment Agency

Like other wastewater operators, in the normal course of operations we occasionally face investigations by the Environment Agency (EA) regarding wastewater matters following incidents. In addition to those, the company was subject to a detailed investigation regarding breaches at some of our wastewater treatment works during the period 2010–15. It resulted in us being fined £90 million in July 2021. We continue to deliver change programmes to address these historic failures.

The EA continues to investigate the failures covered by the Ofwat investigation referred to above and is conducting a sector-wide investigation into flow compliance.

The EA released the Environmental Performance Assessment (EPA) for 2022 in its annual report on the environmental performance of the nine English water and sewerage companies. The end-of-year performance report outlines that we have improved our environmental performance rating from one star in 2021 to two star in 2022. As a company committed to protecting the environment and serving our customers, we were pleased with the improvement in the assessment, and we will continue to drive through the changes necessary to positively impact our performance.

Increased monitoring is essential to improve our wider environmental performance and to achieve a significant reduction in the use of storm overflows. We continue to invest in improvements to the timeliness and accuracy of our data.

Event Duration Monitors (EDMs) remain an important part of monitoring the quality of our waters and providing accurate information on sewage discharges. We fully support the Government's aim of having EDMs installed at 100% of storm overflow sites and were able to report to Defra that we had installed EDMs on 100% of storm overflow sites by 31 December 2023. This has translated into a provisional average figure of 92% availability with effective monitoring (to allow for temporary outages and maintenance) – in line with Ofwat reporting methodology. To support this work, we continue to implement a revised management and reporting system to drive our availability of EDMs. This process is continuous with monthly availability of EDMs reviewed and where required actions are implemented and tracked to ensure we consistently increase the availability rate of EDMs.

Our Beachbuoy tool provides near real-time information about storm release activity near coastal bathing waters through an interactive map, pop ups and release table. This 24/7 reporting provides information about releases, their duration, and whether they are likely to have impacted bathing water quality.

We regularly listen to feedback from our customers, as well as our Beachbuoy User Group which includes councils, campaign groups and bathing water users. We also conducted an independent review of Beachbuoy with independent specialists in four areas: Tidal Modelling, Bathing Water Quality, User Engagement, and Software and Systems. Each expert produced a report of their findings, which was published on Beachbuoy in February 2024, along with the actions we have taken or are taking to continuously improve the tool. Recent changes include the inclusion of FAQs, modelling for IE rather than E-coli and redesigning the page to improve mobile user experience.

To ensure transparency, all storm releases are recorded in the data table on Beachbuoy and when the bathing water icon is clicked, all associated outfalls will indicate if any have released. Users can sign up for email notifications on bathing waters to be notified when there has been a release. To speed up our notification to the public, we have improved our processes to confirm whether a release is genuine/not genuine.

We know the importance of open information when it comes to storm overflows and the environment, so we have revamped Beachbuoy and are releasing a new version this spring called Rivers and Seas Watch (Southern). Rivers and Seas Watch will include all inland storm overflow outfalls, have better usability, tidal data, and a host of other features co-created with our customers and stakeholders. The aim of the new version is to improve the access to information about storm overflow events and the water quality within our region - providing a more transparent, stream-lined, and easy-to-use experience. Our Beachbuoy tool provides near real-time information about storm release activity near coastal bathing waters through an interactive map, pop ups and release table. This 24/7 reporting provides information about releases, their duration, and whether they are likely to have impacted bathing water quality.

3.3. Final assurance plan

We understand the information we share needs to be accessible to all stakeholders and delivered in a clear manner which is relevant and useful. As part of our annual assurance cycle, we developed our Statement of Risks, Strengths and Weaknesses and Draft Assurance Plan.

3.4. Summary of risks, strengths and weaknesses

Our latest risks, strengths and weaknesses exercise was published in November 2023. It highlighted the areas of reporting that have the most significance or are of greatest risk to customers. For these areas, the company will put in place independent external assurance as part of its assurance plans.

In our statement we identified the significant improvements we have already made to the collection, reporting and presentation of our performance information. However, we remain committed to continually improving and have identified the following risks, strengths and weaknesses in our performance reporting.

Areas of risk

This section sets out those areas where either data errors, or other failures or oversights, could have the greatest impact on our customers, and in turn on their trust and confidence in us. These are the areas which we will continue to focus on in our Assurance Plan:

- Maintaining high-quality regulatory and statutory reporting across our commitments in an accurate and timely manner;
- Meeting the stringent assurance and reporting requirements for the current five-year business plan, including ensuring action plans that we have agreed with our regulators around our business plan. This will include ensuring that our assurance approach meets the business and regulatory requirements for the period 2020-2025;
- Continuing to embed effective first and second line assurance across our processes that support regulatory reporting requirements, helping to embed trust and confidence in the quality of information we report;
- Ensuring we respond in an effective and timely manner to feedback from our regulators both on their concerns and new requirements;
- Meeting the requirements of undertakings or other commitments that we have entered into with our regulators;
- Ongoing transformation within the business and ensuring the continuity in our reporting arrangements;
- Level of public scrutiny on transparency of data which has also led to an increase in Environmental Information Requests (EIRs) from the media, the general public and environmental stakeholder groups;
- Providing appropriate challenge, assurance and monitoring of our published Turnaround Plans;
- Ensuring that the delivery model(s) that we adopt for the commitments we have made are robust; and
- Management of our workstreams planning for the next five-year business plan period (2025-2030), ensuring appropriate governance oversight and assurance.

Southern Water operate a quarterly Executive Risk Committee to review and challenge the latest update of our company risks, supported by risk sessions at directorate leadership meetings.

We currently have twelve principal risks that are outlined in our [annual report](#). Principal risks relating to our assurance work have been listed on our Draft Assurance Plan detailed in Table Two, to ensure that we are prioritising our assurance work where it is most needed in our higher risk areas.

Areas of strength

This section identifies those areas where we have identified strengths within our business that we will continue to build on and that form the basis of building trust and confidence in the information that we provide. We rely heavily on the outputs of our assurance work to monitor improvements made in areas of risk identified above, and where we are developing strength in our reporting processes. We also rely on assurance to continually improve and embed improvements in our reporting processes.

Robust governance

- Board focus and oversight of risk and assurance activity via the Southern Water Board, Audit Committee, Health & Safety and Operational Risk Committee, and ESG Committee;
- Southern Water Board signs off Condition P assurance statements as part of its annual approval process of the Annual Report and Annual Performance Report;
- Continuous engagement with our stakeholders and regulators and more collaborative relationships, which include regular updates on compliance and performance with our Water Futures Groups;
- Our internal and external performance monitoring regimes identify areas of focus and success;
- Improved quality and transparency in respect of our reporting in our Annual Report and on our website;
- The establishment of a dedicated function focussed on our ESG (environmental, social and governance) credentials;
- The embedding of our Modern Compliance Framework (MCF) and Ethical Business Practice; and
- Regular scrutiny of our published Turnaround Plans, supported by our regular governance process and quarterly scrutiny of the plans at our quarterly Executive Risk Committee.

Risk and compliance

- We have improved our enterprise risk management processes and are enhancing our resilience capability which is overseen by our Board Audit Committee;
- Our Executive Committee reviews performance and compliance on a monthly basis;
- Our quarterly Executive Risk Committee challenge and update our risks, supported by risk sessions at directorate leadership meetings; and
- Our risk management approach has been applied to our approach to regulatory reporting; this includes action plans to support achieving low levels of risk appetite in this area as mandated by the Southern Water Board.

Assurance

- The Board signs off Condition P assurance statements. This process is subject to external assurance and is supported by our Licence of Appointment review;

- We have robust tracking of assurance and improvement actions;
- A continuous improvement programme for annual assurance which includes data returns to Ofwat, the DWI, EA, and CCW; and
- A strong second-line assurance team who support the wider business to manage assurance engagements and ensure quality of assurance outputs.

Areas of weakness

We now have robust governance, assurance, and risk management arrangements in place on an ongoing basis. Our processes highlight points of detail which we address through continuous improvement, to enhance the robustness of our data and the quality of information we provide to customers and stakeholders. The business is dealing with a wide range of operational pressures, managing core activities while at the same time trying to deliver business transformation.

Table One considers the mitigating actions we are taking to address each of these areas of weakness.

Table One – Areas of weakness and mitigating actions

Potential weakness	Action to address
<p>Fragility of our information management systems including our water & wastewater asset data, and the complexity of processes which underpin some of our difficulties in reporting our performance. Data can be difficult to interpret and use due to lack of common data approach and information strategy for operational and asset data.</p> <p>There are also potential security risks to data access, including an increased threat of cyber security attacks on our network. The company was subject to a cyber ransomware attack in December 2023. This impacted a limited part of Southern Water's server estate. Based on our forensic investigations so far, which are ongoing, we are notifying in the order of 5 to 10 percent of our customer base to let them know that their personal data has been impacted. We are also notifying all of our current employees and some former employees.</p>	<p>A significant IT transformation is taking place and will remain on-going for some time. Much of this work is subject to our S19 Information Management Undertaking with the DWI.</p> <p>We have established a continual improvement plan to drive a more robust approach to Cyber and Network Security as part of our response to the NIS Directive.</p> <p>On the back of the recent cyber security attack the company is implementing a range of initiatives across our IT estate, supported by improvements in our information governance.</p> <p>We have already started to see some improvements to our asset data following the launch of our new Aspire spill reporting system. We have completed process mapping of high-risk areas and in response to undertakings with our regulators.</p> <p>We have implemented a Governance, Risk and Control (GRC) system that provides a single integrated tool for all second line assurance and audit teams.</p>
<p>An increase in reporting requirements from both our regulators and our customers. We have also noticed that the complexity and volume of Environmental Information Requests (EIRs) we receive is increasing year on year.</p>	<p>We have appropriate Board Governance which provides oversight and approval of strategic plan submissions to our regulators. Key milestones for regulatory submissions are factored into our assurance planning to ensure inclusion in our plans. We follow our three lines of defence approach to flex our assurance resource between internal and external assurance as required.</p>
<p>A need to embed and continuously improve our overall framework for regulatory reporting including training supported by ethical business practices and culture change.</p>	<p>To support development of our Modern Compliance Framework we have reviewed and refreshed Our Code of Ethics, and have communicated and celebrated this, in association with our existing Values, across the business.</p> <p>We continue to improve our reporting and compliance assurance processes, and our learning management system continues to be utilised for targeted training of our compliance approach and for mandatory sign-ups to the Code of Ethics.</p>

4. Our approach to assurance

In our 2023 Statement of Risks Strengths & Weaknesses and Draft Assurance Plan we detailed our approach to assurance in relation to our performance information and recognise the importance of maturing our first line control environment in building confidence in our data quality.

4.1 Continuous improvement approach to assurance planning

At Southern Water we align our assurance to the 'three lines of defence' framework for our reporting governance and assurance activity. This helps to assure performance information by applying multiple levels of control.

We apply internal controls and have improved processes in place to mitigate the risk of supplying incorrect or inaccurate information on all our non-financial regulatory reporting. Ultimately, all assurance activity has oversight from the Audit Committee and Board.

The Audit Committee monitors the integrity of our non-financial information reported by the company in fulfilment of its regulatory, legal and environmental obligations. This includes information required by Ofwat, the DWI and the EA. The assurance plans are approved by the Audit Committee, which is responsible for overseeing and challenging the effectiveness of our approach.

Southern Water is committed to driving continuous improvement to support the embedment of a modern, transparent and ethical compliance framework under our Modern Compliance Framework. We continue to significantly strengthen our performance monitoring capability which underpins the completeness and accuracy of our performance data and provides more confidence in the information we publish.

4.2. Maturing the control environment

We recognise the need for continued improvement in data quality and our controls environment. The approach to each reporting process will be defined to address the individual needs of each process. Not all reporting processes will require the same level of focus, with some requiring a lighter touch review building on recommendations made through previous assurance activity. Audit findings will be provided against each reporting process and managed via Riskconnect as we implement our new Governance, Risk and Control (GRC) system.

Over the last six years, we have delivered a programme of process and control improvements – which is still ongoing. These have been focused on key data returns to Ofwat, the Drinking Water Inspectorate (DWI) and the Environment Agency (EA) and include improvements in our reporting control environment.

Our work over the last two years has focused on the maturity of first-line controls – reflecting the embedment and maturity of our reporting capability. We have seen improvements in the quality of our reporting to the DWI, the EA and Ofwat. These improvements are part of an ongoing programme that will continue through the current Business Plan period and beyond.

4.3. Types of assurance

While the assurance requirements for our different regulators are different, we have a standard approach to the way we prioritise and plan assurance across all our non-financial regulatory reporting across our main regulators:

- Ofwat;
- The Environment Agency (EA);
- The Drinking Water Inspectorate (DWI);
- The Consumer Council for Water (CCW).

The focus of our work is on the provision of risk based second and third-line assurance over information that is provided to our regulators and the end-to-end processes that support the collection and analysis of that information. The range of different activity that could be undertaken means that each potential area of work will be risk assessed to ensure that work is focused on areas of highest risk. The different types of assurance that we undertake include:

Controls monitoring and assurance

- Assurance over the operation of specific controls that have been identified within Risk and Control Matrices and Ofwat Compliance Framework documentation;
- Activity can range from control monitoring (the 1st line is operating its controls), through to evidence-based reviews of the effectiveness of control operation; and
- Evidence reviews to ensure effective control can be demonstrated.

Assurance over data reported to regulators

- Assurance over monthly/quarterly/annual/event-based information provided to regulators;
- Mandatory requirement at year-end (Ofwat);
- Best practice and risk-based approach for assurance over reporting to other regulators; and
- Risk based approach to whether assurance provision is internal or external unless otherwise prescribed.

Assurance over regulatory action plans

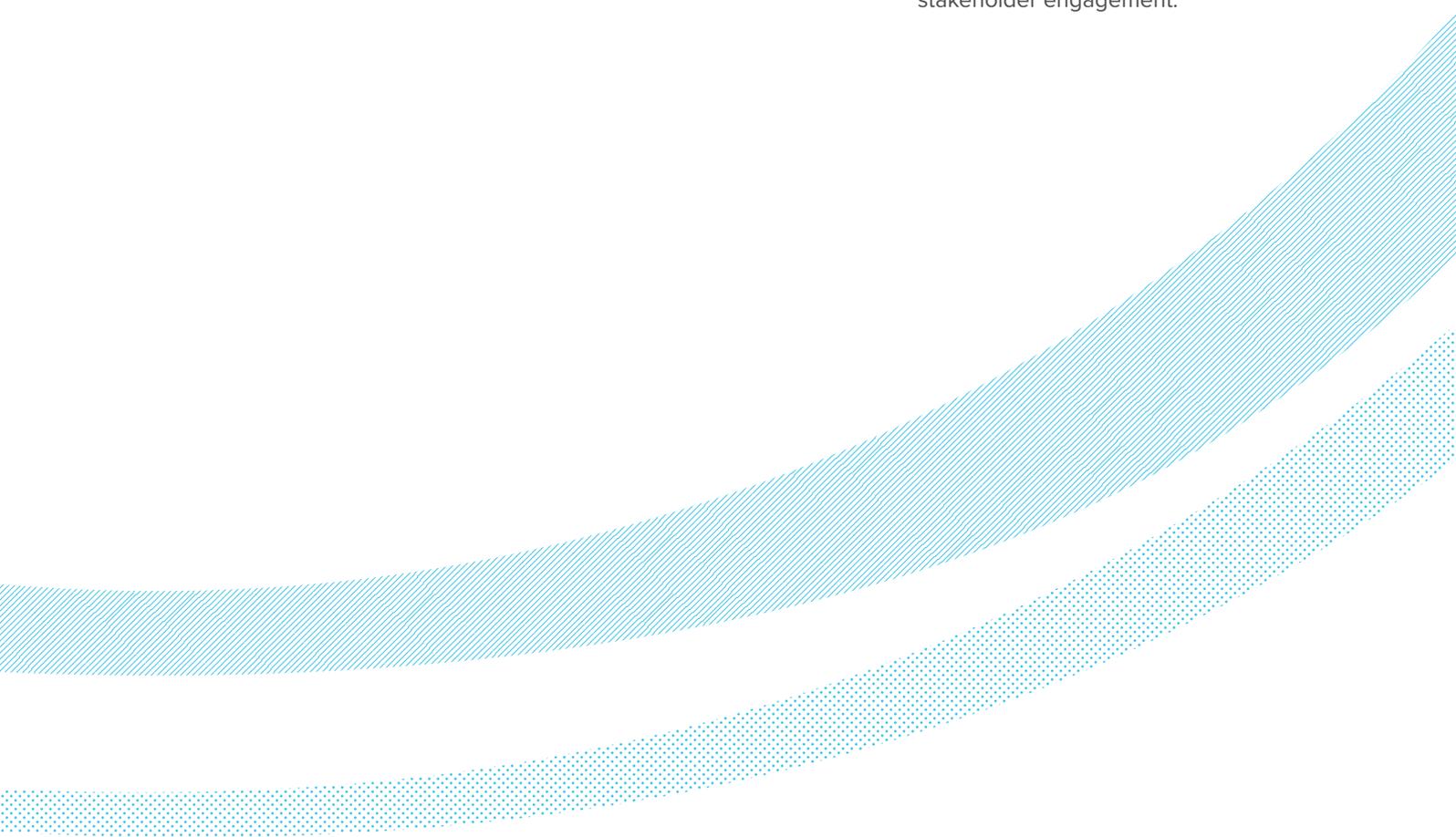
- Specific assurance activity (internal and external) over action plans that have been agreed with Regulators; and
- Activity can be driven from business plans and regulatory enforcement undertakings.

Deep Dive – risk and control maturity

- Consideration of risk and control maturity around our reporting to regulators;
- Consideration of the identification of end-to-end risks and controls;
- Aim to improve maturity of risk and control identification and evidence; and
- Can be applied wider than just regulatory reporting and areas for review will be linked to the Register of Obligations and our Enterprise Risk Register.

Themed reviews

- Audits of specific areas of high risk and non-financial regulatory issues; and
- Derived from analysis of areas of risk and weakness and our on-going stakeholder engagement.



4.4. Information governance improvements

The Data Protection and Information Governance team is now part of the wider risk audit and assurance function within Southern Water. The team is a key second line of defence function that will provide comprehensive, yet proportionate advice in a timely manner to the business. An effective and risk-based information governance assurance plan is being developed which will serve as a mechanism to identify, report upon, and escalate to senior management any findings. The aim is to have an initial assurance plan developed and deployed by mid-2024.

4.5. Certification to management system standards

As part of our overall assurance approach, we have continued to maintain certification for a range of quality systems, including:

- ISO 9001 Quality Management – This is the standard for quality management and is applied in our Water Supply areas of the business. This ensures that regular audits are undertaken against an international standard to highlight any areas of non-conformity. These assessments take place twice a year, in April and October to maintain certification on a three-year rolling programme with a re-certification audit every three years;
- ISO 14001 Environmental Management – this provides assurance that our environmental impact is being measured and improved, with re-certification every three years;
- ISO 17025 General Requirements for the Competence of Testing and Calibration Laboratories – this standard is a regulatory requirement for us to be able to take representative samples to a high and repeatable standard. It also enables our partner laboratories to demonstrate that they operate competently and generate valid results, thereby promoting confidence in their work; an annual assessment audit is completed in November (for sampling) to maintain our accreditation, on a four-year accreditation cycle, with a re-accreditation audit every four years;
- Monitoring Certification Scheme (MCERT)– an Environment Agency standard which ensures that our flows monitoring equipment complies with all relevant regulations and best practice; and
- Ofwat Section 19 Undertakings - Embedment Programmes - We recognised that there is an appetite within the company to introduce a quality management system approach to key areas including our environmental monitoring and flow management processes. We have developed our S19 Embedment Programmes with a focus on improvement of Process Documentation and tighter Document Control.

5. Final Assurance Plan for 2024-25

In Table Two we outline the main elements of our Assurance Plan for 2024–25. Our assurance plan is set out in line with our ‘three lines of defence’ framework of assurance and is also a response to the key risks and areas of weakness highlighted as an output of the Risk Strengths

and Weaknesses report as well as taking on views from our ongoing engagement with regulators, our external assurers and customers. The vast majority of the activity within the Assurance Plan is prescribed by our regulators.

Table Two: Final Assurance Plan 2024–25

Alignment to Principal Risks	Risk area	Why?	The assurance we will be doing	Established/new
Compliance, Corporate Affairs AND Delivery	Ofwat Annual Performance Report (APR), including Performance Commitments and Outcome Delivery Incentives (ODIs); Cost Assessment Tables	<p>We believe customers should be able to trust our reporting of all our non-financial performance information.</p> <p>Independent external technical assurance providers complete reviews of our regulatory compliance reporting processes and associated data, as well as reporting to our Board, the Audit Committee and Executive Committee (ExCo) This information is published in our Annual Performance Report and is detailed in our Data Assurance Summary.</p>	<p>Year-end non-financial assurance – external assurance and internal assurance.</p> <p>A risk assessment has been completed of all the data that is reported to determine whether assurance will be internally or externally provided.</p> <p>An independent assurance provider will identify its own approach to conducting audits including its own risk assessment and testing methodologies to deliver its conclusions.</p> <p>Testing of the high and critical risk data lines for performance commitments and the cost assessment tables will be performed by an independent assurance provider. Low risk testing will be undertaken in-house.</p> <p>As we develop our approach to regulatory reporting the emphasis will move towards the level of maturity of our control environment.</p>	<p>Established process for assuring end of year Ofwat APR information provided.</p> <p>This will continue for the remainder of the current business plan period.</p>
	RC25 mid-year assurance	<p>Building on findings of the year-end assurance process taking a review at mid-year supports embedment of improvements.</p>	<p>Supporting the ongoing improvement of our regulatory reporting data processes and will support our regular quarterly reporting to Ofwat.</p>	<p>Established process.</p>
	Annual Report and Accounts, including financial APR data	<p>We have a statutory obligation to ensure that our financial accounts are robust, accurate and complete.</p> <p>Our Annual Report is the primary way we publish our annual performance information, and it is made publicly available to all stakeholders. The annual report includes our statutory accounts and our performance over the year and how this compares against our performance commitments as well as broader information on our commitments and responsibilities to stakeholders and customers.</p>	<p>Methodology and data are subject to three lines of assurance with our financial auditor, Deloitte LLP, performing third line assurance in accordance with the appropriate auditing standards.</p> <p>Our financial auditors will carry out assurance of reported performance data and presentation of information and risks.</p>	<p>Established process which will continue taking account of any evolving regulatory requirements.</p>

Table Two: Final Assurance Plan 2024–25 continued

Alignment to Principal Risks	Risk area	Why?	The assurance we will be doing	Established/new
Delivery	Business Plan 2025-30 (PR24) assurance	Our business plan for the next five years (PR24) was submitted to Ofwat in October 2023. A PR24 assurance workstream has been established to support revisions and inputs to the development of the final plan.	Ofwat has confirmed that the Draft Determination (DD) will be received in June, and we will have approximately eight weeks to prepare, assure and submit our response. We are working with the PR24 workstream and our external assurers to plan the scope and approach of our assurance.	Commenced in the 2022–23 reporting year and will continue through to 2024.
	Water Resources Management Plan (WRMP24)	Assurance over revisions and inputs to the draft plan and the final plan.	Technical and legal assurance over the methodology and content of the plan and the data tables in June 2024.	Established approach.
Compliance	Ofwat – Section 19 Undertakings	In June 2019, Ofwat issued a notice to impose a penalty on Southern Water following their investigation which highlighted significant failings relating to the management, operation and performance of our wastewater treatments works. As a result, Southern Water has committed to implement a range of financial and non-financial measures ('S19 Undertakings').	Southern Water is required to report progress against S19 Undertakings on a half-yearly basis over the next five years. As referenced earlier, we have designed a detailed assurance plan in response to these S19 Undertakings which are listed on our website. Ongoing assurance will be completed, and progress reported to the Board and Ofwat. We will also be carrying out external assurance of our Condition P licence obligations to satisfy the S19 Undertakings. This assurance is focusing on the assessment of our progress with embedment into "Business as Usual" practices and the close out of the S19 Undertakings.	Established approach and will continue until October 2024.
	Reporting to the DWI and DWI Information Management Undertaking	Southern Water is subject to a S19 Information Management Undertaking (IMU) and six Final Enforcement Order (FEO)s.	All annual data returns provided to the DWI will be subject to first line control and will also be the subject of second line assurance. Second line assurance is undertaken biannually to confirm and track the implementation of the agreed actions included in the Information Management Undertaking Thematic assurance for FEOs will be developed on a case by case basis.	Established approach in place for our S19 Information Management Undertaking with the DWI. New for six FEOs.
	Annual Report to CCW	CCW is the statutory customer representative body for the water industry. We want to ensure that the information provided to them on a quarterly and annual basis is accurate.	Much of the information provided in the returns comes from our Ofwat Performance Commitments – this data is assured under our Annual Performance Report assurance processes (see above). Where the information falls outside of this, we will undertake second line assurance.	Established approach.
	Carbon Accounting Workbook	An Ofwat requirement aligned to the APR submission, this detailed tool calculates our greenhouse gas emissions and other carbon data.	We will engage an external assurer to complete technical assurance of our Carbon Accounting Workbook. This will be carried out as part of our APR year-end process.	Established.

Table Two: Final Assurance Plan 2024–25 continued

Alignment to Principal Risks	Risk area	Why?	The assurance we will be doing	Established/new
Compliance	ESG reporting	Sustainable Investment Bonds – as a result of raising over £1bn of sustainable bonds, one of the mandatory requirements is to report to our investors on an annual basis and provide them a report annually on the impact their investment has had on our ESG (environmental, social and governance) credentials, this is known as an ‘impact report’.	The first report for Southern took place in the 2020-21 reporting period by external assurers. External assurance to take place annually.	Established.
	Ofwat Operating licence	We have a wide range of obligations to meet as part of our Ofwat licence to operate. We want to ensure that we can demonstrate that our activities as a business align to these requirements.	Second line assurance will be undertaken as part of an annual review of our Ofwat Operating Licence. This will be our fourth annual review. The review will also support our Condition P annual assurance (as part of the Ofwat Undertakings).	Established approach.
Wastewater compliance	Reporting to the EA	Historic and ongoing investigations into the company from the EA means that we are under significant scrutiny over the information we provide. A programme of information management improvements has been delivered as part of our S19 Ofwat Undertakings.	Regulatory reports provided to the EA will be subject to first line controls. Areas of reporting that have been analysed as higher risk will be subject to second line assurance. <ul style="list-style-type: none"> • Annual Total Daily Volume (TDV) Flow Data • Event Duration Monitor (EDM) Return – Stormwater & Emergency Spills – Annual – Emergency • Event Duration Monitor (EDM) Return – Stormwater & Emergency Spills – Annual – Storm • Stormwater & Emergency Spills – Bathing Waters – Storm • Wastewater Treatment Works (WwTW) Effluent & Groundwater Annual Reporting • Wastewater Treatment Works (WwTW) Operator Self Monitoring (OSM) Annual Summary Report • Wastewater Operator Self Monitoring (OSM) Sample Programme • Wastewater Urban Wastewater Treatment Regulation (UWWTR) Sample Programme • Landfill Regs Routine Reporting – Leachate, Gas & Groundwater monitoring data (across three works) • Daily abstraction of all sites (including Water Treatment Works) – Annual Return • Biosolids to Land • Supply/Demand Balance Improvements to our spill reporting to the Environment Agency will be subject to external assurance as part of our Ofwat Undertaking.	Established approach.

Table Two: Final Assurance Plan 2024–25 continued

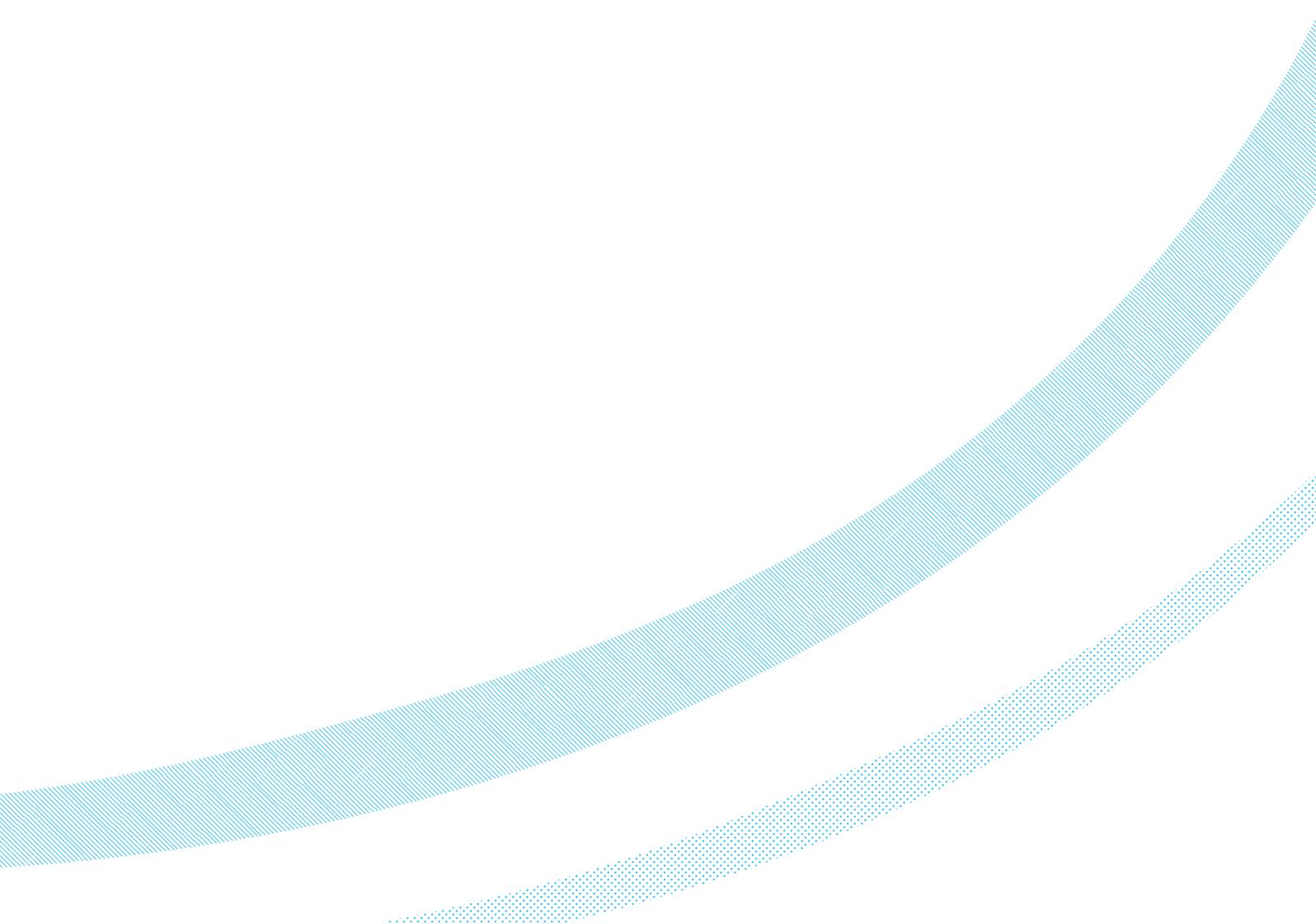
Alignment to Principal Risks	Risk area	Why?	The assurance we will be doing	Established/new
Wastewater compliance	Pollution Incident Reduction Plan	Our Pollution Incident Reduction Plan is updated annually and sets out how we will achieve a reduction in pollution incidents. This is also crucial to our work to improve our rating in the Environmental Performance Assessment.	We will undertake annual second line assurance over our Pollution Incident Reduction Plan to assess effectiveness of the current plan against meeting our targets.	Established approach.
Water	Western Area Strategic Solution (Water for Life – Hampshire)	We have committed to working with other water companies to address our water resource issues and have several proposed solutions in scope for development. The work is being overseen by RAPID (Regulators' Alliance for Progressing Infrastructure Development) comprising representatives from Ofwat, EA and DWI. The funding agreement with Ofwat for 2020–25 states we are required to obtain "external assurance of data and approaches supported by Board statement".	Assurance has continued ahead of reporting milestones to RAPID. The remaining submissions for Gates 3 to 5 will be externally assured ahead of programme completion in Autumn 2024.	Established approach expected to continue into 2024/25 in line with RAPID milestones.
	WRMP19	Annual update to data tables.	Review consistency and accuracy of data reported.	Established approach. By June 2024.
Customers – household, developers and retailers	GSS missed appointments payments	Previous failures to comply with GSS standards resulted in improvement plan. Second line assurance to review compliance.	Second line assurance on compliance with GSS requirements.	Started in the 2022–23 reporting year and will continue into 2023–24.

Appendix 1

Changes from the Draft Assurance Plan

Changes from the Draft Assurance Plan

Alignment to Principal Risks	Risk area	What we said we would do in the draft plan	Change	Rationale
Customers – household, developers and retailers	GSS missed appointments payments	Omitted from draft plan	Add assurance details	Internal assurance commitment





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