

# **AMP6 Reporter**

2018-19 Annual Performance Assurance  
Report  
Affinity Water

21 June 2019



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# Table of contents

<b>Chapter</b>	<b>Pages</b>
<b>Assurance Statement for Affinity Water’s 2018-19 Annual Performance Report</b>	<b>4</b>
<b>1. Scope of work</b>	<b>6</b>
<b>2. General Comments on Governance, Processes and Reporting</b>	<b>7</b>
<b>3. Findings and Issues Raised During Audits</b>	<b>8</b>
3.1. Performance Commitments	8
3.2. Reporting of Common Metrics for PR19	9
3.3. Reporting of Data for the Additional Regulatory Information	10
3.4. End of AMP Performance	11
3.5. Summary of Changes in Company Submission	11
<b>4. Future Reporting Issues</b>	<b>17</b>

## Tables

Table 1-1 Scope of assurance – Mapping of Affinity Water Data Tables onto Regulatory Submissions.....	6
Table 3-2 Notable Issues Encountered during Audit of Additional Regulatory Information Tables .....	10
Table 3-3 Summary of Changes to Company Methodology and/or Reported Data.....	13

# Assurance Statement for Affinity Water's 2018-19 Annual Performance Report

Atkins is engaged by Affinity Water to provide independent assurance on non-financial aspects of the annual reporting activities that Affinity carries out. This assurance statement encapsulates observations we made during the technical audit of aspects of Affinity Water's Annual Performance Report for 2018/19. We presented our findings Affinity Water's Regulation Executive Team on 6<sup>th</sup> June 2019 and the Affinity Water Audit Committee on 17<sup>th</sup> June 2019.

This statement is part of a continuous improvement process that has involved detailed consideration of the methodologies and their applications by which Affinity Water reports on its performance at financial year end. For the areas we cover and from the information we have been provided with, we conclude that the Company has a full understanding of and has sufficient processes and internal systems of control to meet its reporting obligations. We also conclude that the Company has appropriate systems and processes in place to allow it to manage its reporting risks.

Our approach to technical assurance is to draw upon our experiences at previous rounds of audit and to plan in detail who should be present, what information will be covered, where and when. We issue a notification, carry out the audit, provide immediate verbal feedback and a formal feedback summary including requests for further information or clarification with a table of issues raised. The issues from all of the audits and subsequent interactions are compiled into an Issues Log, which is used to manage the resolution of reporting issues before the finalisation of the technical assurance process. This statement reflects the technical assurance position after the iterative process of resolving outstanding issues has concluded. It should be read in conjunction with Affinity Water's Risk and Compliance Statement 2018/19.

Affinity Water has 13 Performance Commitments (PCs), nine of which have associated financial penalties and in some cases rewards.

As part of our independent assurance of Affinity Water's annual reporting, we have been engaged to audit the tables and submissions to be published in Affinity Water's 2018/19 Annual Performance Report, regulatory reporting to other bodies (CC Water, Water UK, Drinking Water Inspectorate) and internal company reporting.

The APR Data Tables 2019 we have assured are:

- Table 3A – Outcome performance table, excluding underperformance penalties and outperformance payments
- Table 3C – Abstraction Incentive Mechanism (AIM)
- Table 3D – Service Incentive Mechanism (SIM)
- Table 3S – Shadow reporting of AMP7 common Performance Commitments: leakage, customer supply interruptions, unplanned outage, PCC, mains bursts, customer vulnerability and risk of severe restrictions in a drought
- Table 4A – Non-financial data
- Table 4D - Wholesale Totex Analysis – Water, Part B Capital Expenditure
- Table 4L: Enhancement Expenditure by Purpose – Wholesale Water
- Table 4P – Non-financial data for Water Resources, Water Treatment and Water Distribution – Wholesale Water
- Table 4Q – Non-financial data – Properties, Population and Other – Wholesale Water

In a series of approximately 25 meetings from April to June 2019, we carried out combined methodology and data audits designed to confirm whether:

- Affinity Water has appropriate systems, procedures and reporting mechanisms in place to control and meet its reporting obligations.

- Affinity Water understands the accuracy of the data that it is providing and is able to identify where specific reported data may not be appropriate to meet regulatory expectations. Many of the items that we audit inherently contain an element of uncertainty, so it is not possible to assure their absolute accuracy.
- The key assumptions and processes that are used to report against Affinity Water's Performance Commitments are consistent with the way that the target was set for the PR14 Final Determination.
- The methodologies that have been used for reporting of the common metrics are consistent with the technical guidance that has been published by Ofwat, and where there are shortfalls these have been identified appropriately using the Red, Amber, Green classifications provided by Ofwat.

The vast majority of reporting processes continue to demonstrate either consistent good practice or incremental improvements from previous years. Where we have previously noted areas of inadequacy in reporting procedures these have now been addressed, and clear written procedures are in place for all ODIs that have been publicly reported on this year.

We traced reported data back to data sources and information systems. There were 81 items of reported data where we identified some errors in calculations and/or areas of misunderstanding in relation to the reporting guidelines. These were all addressed prior to submission. There are also some areas where our assurance is limited to confirming that the summary figures in reports have been transposed accurately as it is not possible to interrogate the raw data due to constraints in the reporting system (e.g. residential property numbers and vulnerability reporting from HiAffinity, the billing system).

After completion of the assurance process, we identified three remaining areas of concern in relation to 2018/19 reporting:

1. There are weaknesses in domestic meter replacements methodology but these do not materially impact on the reported number and also ownership within the business for the reporting could be improved.
2. There are systemic issues with reporting from HiAffinity, the Company's billing system, which impact on the robustness of the reporting for residential property numbers and vulnerability reporting for the social tariffs.
3. There were weaknesses in the total population served reporting. The current approach underpins PCC reporting so we suggest that it remains in place for 2019/20 reporting year and that the Company revisits what is the most robust way for deriving population for AMP7.

We consider that the published metrics provide a fair and reasonable account of Affinity Water's performance in 2018/19 and progress towards achieving its 2020 targets. While we observed a number of issues for which we provide comment within our main report, we believe these do not impact materially upon the potential to sign-off the Company submission. Each is an area we believe should be given further consideration as part of continuing improvement to performance reporting by Affinity Water.

We confirm that Affinity Water has continued to provide us with full and transparent access to its systems and processes, including unrestricted access to all systems, files and documents that we requested from the Company. During the assurance activities, we had free access to the Director of Regulation and her team and the full cooperation of the people responsible for preparing and reporting the 2018/19 APR and regulatory submissions and the supporting information.



**Jonathan Archer**  
Regulation Director  
Reporter providing Technical Assurance Services to Affinity Water

# 1. Scope of work

As part of our independent assurance of Affinity Water's annual reporting, we have been engaged to audit the tables and submissions to be published in Affinity Water's 2018/19 Annual Performance Report, regulatory reporting to other bodies (CC Water, Water UK, Drinking Water Inspectorate) and internal company reporting.

The APR Data Tables 2019 we have assured are:

- Table 3A – Outcome performance table, excluding underperformance penalties and outperformance payments
- Table 3C – Abstraction Incentive Mechanism (AIM)
- Table 3D – Service Incentive Mechanism (SIM)
- Table 3S – Shadow reporting of AMP7 common Performance Commitments: leakage, customer supply interruptions, unplanned outage, PCC, mains bursts, customer vulnerability and risk of severe restrictions in a drought
- Table 4A – Non-financial data
- Table 4D - Wholesale Totex Analysis – Water, Part B Capital Expenditure
- Table 4L: Enhancement Expenditure by Purpose – Wholesale Water
- Table 4P – Non-financial data for Water Resources, Water Treatment and Water Distribution – Wholesale Water
- Table 4Q – Non-financial data – Properties, Population and Other – Wholesale Water

The following tables show the scope of the audit in more detail and how the Company's internal tables map onto the Ofwat reporting:

**Table 1-1 Scope of assurance – Mapping of Affinity Water Data Tables onto Regulatory Submissions**

Affinity Water Tables	Regulatory Submissions
Table A: Table A: AMP6 Performance Commitments	APR 2019 Tables 3A, 3C and 3D
Table 1: Water quality	APR 2019 Tables 3A, 4Q and DWI reporting
Table 2: Health and safety	Not required as part of any regulatory submission
Table 3: Guaranteed Standards Scheme (GSS) payments	Not required as part of any regulatory submission
Table 4: Service Incentive Mechanism (SIM)	APR 2019 Tables 3A and 3D
Table 5: Complaints - Information for CCWater	CC Water
Table 6: Telephone contact	Not required as part of any regulatory submission
Table 7: Consumer experience satisfaction survey	APR 2019 Table 3D
Table 8: Metering	APR 2019 Table 4Q
Table 9: Properties, billing and population	APR 2019 Table 4A and 4Q
Table 10: Water balance and leakage	APR 2019 Table 4A, 4P and 4Q and Information for the Environment Agency (annual average out-turns)
Table 11: Resources	APR 2019 Table 4P and 4Q
Table 12: Treatment	APR 2019 Table 4P
Table 13: Mains and communication pipes	APR 2019 Table 3A, 4P and 4Q
Table 14: Reservoirs, boosters and average pumping head	APR 2019 Table 4P
Table 15: Supply Interruptions and low pressure	APR 2019 Table 3A and other lines not required as part of any regulatory submission

Affinity Water Tables	Regulatory Submissions
Table 16: Serviceability	APR 2019 Table 3A and other lines not required as part of any regulatory submission
Table 17: Greenhouse gas accounting and energy	APR 2019 Table 4Q and other lines not required as part of any regulatory submission
Table 18: Abstraction incentive mechanism (AIM)	APR 2019 Table 3C
Table 19: Vulnerable customers	APR 2019 Table 3S and other lines not required as part of any regulatory submission
Table 20: AMP7 and other	Not required as part of any regulatory submission
Table 21: Reporting by Community	Not required as part of any regulatory submission
N/A	APR 2019 Table 3S
N/A	APR 2019 Table 4D Part B Capital Expenditure
N/A	APR 2019 Table 4L

As with previous years our reporting is carried out on an exception basis, whereby we have concentrated on any issues, concerns or areas for improvement that we identified during the course of our audits. We audit a large number of processes, systems and calculations in order to cover the scope of work described above, and a significant number of these do not include any areas of exception identified within this report. An indication of changes to the submission arising out of our audits is included in Section 3.5 below.

Our scope is confined to the numerical reporting systems used to provide data relating to the areas of scope coverage described above. We are not responsible for assurance relating to financial reporting, or compliance with legal requirements under the Water Industry Act.

## 2. General Comments on Governance, Processes and Reporting

All reporting systems that are used for reporting are familiar to us, so we are able to comment on both their adequacy and consistency with previous report years, and in particular whether key assumptions and processes are consistent with the way that ODIs were set. The vast majority of reporting processes continue to demonstrate either consistent good practice or incremental improvements from previous years.

Clear written procedures are in place for all PCs. Following up from APR 2018, written procedures are now in place and fit for purpose for the reporting of AIM. Methodologies generally exist for all other areas and the Company is undertaking an exercise to ensure there is a consistent format used for all reporting areas.

Affinity Water has integrated the elements of the APR formerly in the Wholesale Cost Assessment Tables into the Additional Regulatory Information and into its core annual data gathering and assurance process. The controls and governance that are in place for this are therefore improving, but still not as well established as the PCs. For example, we noted for reporting the capital expenditure in the year (Table 4D), some items of expenditure had been reported against incorrect service type or line entry. These were remedied at audit, but additional QA and processes are needed. We believe there should be clear alignment of the methodology and supporting spreadsheets with the terminology and definitions in Tables 4D, 4L and the RAG4.08 (or currently relevant guidance).

For 2018/19, the Guaranteed Standards Scheme (GSS) was added to our scope, an area that we had not looked at since 2016 because it was considered low risk by the Company and it is not reported externally. The scope this year was limited to auditing the number and value of payments made in the year and we concluded that these processes were generally sound and that the reporting is a reasonable reflection of the number and value of payments made in the year. The scope did not allow for assurance that Affinity Water has suitable processes in place for making all the payments that are required. This wider scope and the issue of 'ownership' of GSS within the Company, which appears to have lapsed and has been raised recently within the Executive Management Team, will be followed up as part of a wider GSS project outside of the current APR process.

We also made a number of observations where methodologies for reporting other data could be strengthened or changes were required in order to meet reporting requirements. These have been addressed by Affinity Water and are set out in more detail in Section 3.5.

Based upon our activities and information collated to date we can state that we believe that:

- We have been given free access to relevant staff and information on request, including unrestricted access to all systems, files and documents that we requested from the Company
- Except where noted below, the processes, procedures and data complied with the required assurance criteria as set out in our scope of works

## 3. Findings and Issues Raised During Audits

### 3.1. Performance Commitments

As with previous years we classify our findings into 'red', 'amber' and 'green' categories. The definition for each category as follows:

- 'Red'. These are material issues that mean that either we cannot provide assurance to that area, or there are issues that present a material reporting risk to the Company, either in terms of inconsistency with the Business Plan PCs, or in terms of the Company's ability to understand whether it has discharged its obligations.
- 'Amber'. These are significant issues that are worthy of comment at the Audit Committee level, and may need to be addressed to mitigate the risk to the business in the longer term.
- 'Green' these are relatively minor issues that are designed to provide continuous improvement to the reporting process and are highlighted within the individual audit summaries that we provide for the Company.

For the purpose of the reported data for APR 2019, we did not identify any 'red' or 'amber' issues during our audits that remained outstanding by the time of submission.

We had some concerns about previously reported leakage figures. The calculations underpinning the reported PC and shadow leakage figures for APR 2019 involved analysis of a large burst on a 900mm trunk main near Iver treatment works. With the burst occurring between the treatment works and the district metered areas, a detailed analysis was required to assess 'actual' leakage rather than leakage assumed through extrapolation of wider company area results. This involved consideration of the scale and duration of the leak. In the analysis carried out by the Company there is reference to *"historical DI calculation from the raw data.....was underreporting due to the exemption of West Hyde pumping station"*. On face value, this implied that approximately 15Ml/d was being understated in the DI calculation and that there may have been under reported leakage at APR 2016 and APR 2017. We challenged the accuracy of previously reported figures and the Company was able to provide a detailed explanation, which allayed our concerns. Notwithstanding this, we believe the Company should amend and clarify the wording of the reference document, the content of which led to our concerns. The covering explanation highlighted the extent to which the Company relies on empirical adjustments for faulty and failed internal transfer flow measurements.

The Iver leak has put a focus on the real time reporting and identification of anomalous behaviour of the supply network. During our audits, we noted that there is room for improvement of the local water balance closure at a community level. The reporting of leakage, at a Company level, for the PC accommodates shortfalls in the quality and reliability of local flow and demand data and there is no reason to doubt the reported figure. However, there will need to be accuracy at a much more granular level if the challenging targets of AMP7 are to be met.

There was also a focus on the property numbers which underpin the leakage and PCC calculations. These use the old property classification rather than the new split since the opening of the non household retail market

in April 2018. This is consistent with how the targets were set for AMP6. As discussed elsewhere, we have also suggested that the Company revisits what is the most robust way for deriving population in AMP7.

### 3.2. Reporting of Common Metrics for PR19

Our audit activities this year covered the shadow reporting of leakage, per capita consumption (PCC), supply interruptions, mains bursts, unplanned outage, risk of severe restrictions in a drought and vulnerability. With the exception of the risk of severe restrictions in a drought and vulnerability metrics, Ofwat require that the technical components that make up the methodology are graded according to a specific red/amber/green categorisation.

For the leakage convergence metric, we found that the method used by Affinity Water is generally compliant with Ofwat's good practice guidance and we agreed with Affinity Water that all components are 'Green', with the following exceptions:

- Coverage and availability of monitoring are both being proposed as Amber by the Company. They are starting to improve both coverage and availability, and it is clear that their process prevents any material impact on the reported figure, so we consider that the Amber grades are appropriate.
- Household Night Use is assigned Amber on the basis as the assessment is across the whole of Affinity Water. The coverage of the Central Region with fast logging is not repeated in the East and Southeast Regions.
- Trunk Main leakage is assigned Red on the basis that the systems were clearly not actively in place to identify the lver leak early.
- Unmeasured Consumption is assigned Red insofar as the WATCOM sample no longer is representative of Company demographics.
- Company Own Water Use is assigned Amber due to the uncertainties about the scale of the take-offs for operational use at works like Egham.
- Other Water Use is assigned Amber on the basis that it is relying on old data.

For the PCC convergence metric, we found that the method used by Affinity Water is generally compliant with Ofwat's good practice guidance, but there are some weaknesses as follows:

- Household population is assigned a Red status as there is no adjustment for clandestine or understanding of the scale.
- Unmeasured Household Consumption on the basis that the WATCOM sample is no longer representative of Company demographics.

We identified that the Company had used the incorrect property dataset based on the old property classification rather than the new split since the opening of the non household retail market in April 2018. This was subsequently corrected.

For the Unplanned Outage convergence metric, we found that the method used by Affinity Water is generally compliant with Ofwat's good practice guidance, and we agreed with Affinity Water that all components are 'Green', with the following exceptions:

- Planned Outages is assigned Amber, as it has minor shortcomings in the programme of works source data. This has improved from last year's Red assessment.
- Exclusions is assigned Amber, as it has minor shortcomings in the normal water quality operating band and evidence of water quality events source data. This has improved from last year's Red assessment.

For interruptions to supply we found that the method used by Affinity Water is compliant with the recommended good practice, with data assurance on shorter durations incidents being improved from previous years. All categories are appropriately reported as 'Green'.

For mains bursts we found the Company are generally compliant with Ofwat’s good practice guidance and we agreed with Affinity Water that all components are ‘Green’. The Company are including an additional 4 rework jobs as part of the shadow burst reporting number for APR19. The Ofwat guidance on the bursts reporting discussed number of ‘repairs’ and as such it is reasonable to include reworks. The Company indicated that it would include a short commentary around the differences between the APR19 reported numbers and the shadow reporting to Ofwat.

For the risk of severe restrictions in a drought metric we found that the method used by Affinity did not comply with the latest version of the Ofwat technical guidance. The approach and reported figure has now been updated to reflect the latest guidance, with additional detail on procedures, assumptions and data sources added to the methodology document.

For the reporting of vulnerability, we found that the Company’s method for managing and reporting customers on the Priority Services Register complies with the Ofwat guidance. A new Advisor Portal went live in January 2019 which is a significant enhancement on the previous system. A gap was identified in the Company’s process document which has been addressed to more accurately capture how the reporting is generated. We were able to confirm that the old records were successfully migrated over to the new system and we tested the reporting for 2018/19. Our findings were satisfactory.

### 3.3. Reporting of Data for the Additional Regulatory Information

Although we encountered a number of errors and areas of non-compliance with the reporting requirements during our audits, Affinity Water took steps to address such issues prior to submission. We are therefore able to confirm that Affinity Water has taken reasonable steps to provide data that are accurate and in compliance with the reporting requirements and Ofwat definitions with only three exceptions identified below.

Where we identified risks or issues during our audits we have classified them using a RAG system similar to the that used for the PCs, but with slightly different definitions, as follows:

- ‘Red’. These are material issues that mean that either we cannot provide assurance to that data, or the data are so poor that they do not provide a meaningful reflection of the company’s actual position in relation to that Cost Assessment factor.
- ‘Amber’. These represent issues that are not significant enough to prevent us assuring the data, but where there are either non-trivial errors in the reported data or areas of uncertainty that are either outside of Affinity Water’s own confidence grade or would be considered “unusual” in comparison to industry norms.
- ‘Green’ these are relatively minor issues that are designed to provide continuous improvement to the reporting process and are highlighted within the individual audit summaries that we provide for the Company.

We did not identify any ‘red’ issues during the course of our audits, but three ‘amber’ issues remain. These are summarised in Table 3-1, along with the potential risks and implications of those issues.

**Table 3-1 Notable Issues Encountered during Audit of Additional Regulatory Information Tables**

Ofwat Table, Line and Subject	Issue	Methodology	Data
Table 4Q Line 11 Meter replacements	There are some weaknesses in the report which means the Company could potentially have some erroneous records and also under-reporting the true level of activity if a meter is renewed more than once in a year. However these issues do not materially impact on the reported number. Ownership within the business for the reporting of this data could also be improved.		

Ofwat Table, Line and Subject	Issue	Methodology	Data
Tables 4A and 4Q: Properties and Voids reporting  WaterSure and Social tariff numbers not reported in APR Tables but were reported in PR19 submission, they will be reported in AMP7 as well as likely to be published by Affinity Water in other material	There are systemic issues with reporting from HiAffinity, the Company's billing system. As a result, there are some areas where our assurance limited to confirming that the summary figures in reports have been transposed accurately. This is because it is not possible to interrogate the raw data due to constraints in the HiAffinity billing system, namely the residential property numbers and vulnerability reporting for the WaterSure and Social tariffs.  There is also another issue with direct reporting from HiAffinity which means that the Company is reporting to 21st March as opposed to complying with the regulatory reporting period of 31st March 2019. There is no flexibility built into the reporting from HiAffinity so the dates cannot be modified from the third Thursday in the month; however, we do not believe this materially impacts on the reporting as it is a constant and consistent issue over the years so it is a matter of accruals rather than quantity.  Our understanding is that there is a cost implication in addressing these system issues but from a reporting and assurance perspective, it would be advisable to address them.		
Table 4Q.15 Total population served	There is no documented process for deriving the total population served. The Company uses a different approach to deriving household and business population when good practice would suggest a consistent approach should be used, and that the approach for deriving the business population is the more robust, and refreshing the data annually rather than the current practice of once every 5 years when a new WRMP is being prepared from an appropriate data specialist. In addition, the property data underpinning the household population was not made available for audit. As the current approach also underpins PCC reporting, we suggest that it remains in place for 2019/20 reporting year and the Company revisits what is the most robust way for deriving population for AMP7.		

For Tables 4D and 4L, we trailed a sample of entries back to the source spreadsheet. We challenged a number of the allocations made and appropriate changes were made to the tables. The expenditure per project/scheme is taken on face value for the purposes of this audit and the assumption made that such figures have been through the audits of the financial auditors. Overall, we concluded that, following changes made as a result of challenges made at audit, the allocation of expenditure into Tables 4D and 4L is appropriate.

### 3.4. End of AMP Performance

Although it is not a reporting risk, we noted that there continues to be a significant risk of the lead communication pipe (CP) replacement programme not meeting the AMP6 targets in Watford and Finchley due to both internal and exogenous factors. The delivery of the lead CP programme was a key element of the PR14 Final Determination and is the subject of a formal agreement with the DWI, so regulatory risks from non-delivery may be significant.

The number of properties on the Low Pressure "At Risk" Register (often referred to as the DG2 Register) for 2019/20 may become a concern. Within the last year, the Company has added an additional 750 data loggers through the WaterNet system to take the total to 1,000, covering 95% of District Metered Areas. Preliminary investigations by the Company reveal that the new loggers may add an additional 42,600 properties across 117 locations to the register, albeit many will be easily resolved by valve operations and PRV adjustments.

### 3.5. Summary of Changes in Company Submission

We have listed below a summary of the impact of changes made as a result of the technical assurance of the Company's submission. These changes relate to either or both changes to the Company methodology and the reported data.

Their RAG status was at one time either likely to be “Amber” or “Red” but these areas generally have a “Green” status now because the issue(s) identified have been addressed and therefore are no longer likely to represent notable issues or risks.

In total, there have been 81 changes to reported data compared with what was originally presented for audit. If a reporting area is not listed herein, there were no issues identified either with the methodology or the reported data.

**Table 3-2 Summary of Changes to Company Methodology and/or Reported Data**

Table, Line and Subject	Changes to Methodology	Changes to Reported Data	Reported Data		
			Line/Subject	Audit	Final
Table A Line 1: W-A1 Leakage	Exposing the assumptions in the DI calculation at Egham WTW.	Changed to accommodate better available flow meter information	Line 1	193.35	196.1
Table A Line 2: W-A2 Average water use	N/A	Changed to accommodate better available flow meter information DI calculation at Egham WTW	Line 2	147.74	149.2
Table A Line 9: WC-2 Number of bursts mains	Following Atkins recommendation, an additional report will be set to run for the 1 <sup>st</sup> week in each month to act as a cross check with the Maximo burst report to ensure all MB2 bursts are being captured.	N/A			
Table A Line 5 W-A5 and Table 18: Abstraction incentive mechanism (AIM)	N/A	Correction required to Hiz catchment reported total AIM score (and overall AIM score) as 31 <sup>st</sup> March 2019 flow data previously missing.	Total	-2,379.88	-2,383.84
Table A Line 12: SIM, Table 4: SIM, Table 5: Complaints - Information for CCWater, Table 6: Telephone contact, Table 7: Consumer experience satisfaction survey	Updated to take account of steps in processes and some assumptions made that were not previously captured. Also captured non-compliance with written correspondence received over weekend which it is not possible to include in survey sample.	The method for reporting the SIM qualitative survey score changed to reflect the RAG5 guidance.  Changes were made to the unwanted calls and written complaints numbers as a result of audit findings.  Error in formula on Table 8 Line 5 impacts on Table 5 Line 25.	Written complaints	2,065	2,149
			Escalated written complaints	121	129
			Unwanted calls	92,668	92,775
			Qualitative survey score	4.21	4.215
			Total SIM score	81.15	81.20
			Table 5 Line 25	8,301	830,1444
Table 8: Metering	N/A	Revisited post-audit by Regulation team	Line 3	2,213	14,682
		Error in formula for % residential properties metered	Line 5	0.58%	57.69%
Table 9: Properties, billing and population - Lines 1, 3 to 7, 12 to 14	Method for calculating average residential properties changed to reflect best practice and align with business properties methodology.  Method for reporting external and internal meter split changed from assumption based on historic reporting to use actual reporting.	Calculation method changed for average residential properties.  Internal/external meter reporting now based on actual numbers not a % assumption split.  Error in treatment of voids for residential properties identified at audit. Void numbers subsequently updated	Line 3	603.439	604,280
			Line 4	694.190	686,521
			Line 5	76.621	82,356
			Line 6	1,374.250	1,373,157
			Line 7	1,432.384	1,431,875
			Line 12	68,450 then 69,033	47,671
			Line 13	23.402	21,384

Table, Line and Subject	Changes to Methodology	Changes to Reported Data	Reported Data		
			Line/Subject	Audit	Final
	The approach used for reporting of household voids was inconsistent with the approach for setting the ODI AMP7 targets in the PR19 Business Plan. The Ofwat RAG guidance allows for uneconomic to bill customers to be excluded but they were being included for APR reporting.  Other minor improvements exposing assumptions and capturing end-to-end processes.	to be consistent with PR19 Business Plan approach.	Line 14	34.733	37,334
Table 10: Water balance and leakage	N/A	Further to audit challenges, the Company reviewed Distribution Input process in more detail and identified three imports had not been captured. The difference to the reported numbers is not material but they have now been updated to capture these omissions.	Line 3	184.06	184.07
			Line 4	136.33	136.34
			Line 7	801.17	801.19
			Line 9	151.13	151.14
			Line 10	196.07	196.08
			Line 11	953.10	953.12
Table 11: Resources	Lines 9-17, 18-20, 25-31 - Methodologies updated to include additional detail on procedures and data sources.	Some of the outage entries were incorreced excluded, and the calculations were subsequently corrected.  The increase in leakage was being reported as a zero enhancement to the Supply Demand Balance, when this should be represented by a negative value for consistency with previous years.	Table 11 Line 26	38.35	38.67
			Lines 30 and 31	2.27	-14.51
	Line 24 - Methodology updated to include climate change impacts, in line with the RAG guidance, and to provide additional detail on adjustments made to capacity figures to reflect treatment and network constraints.	Water resources capacity (measured using resources yield) reported figure updated to include climate change impacts, in line with RAG guidance.	Line 24	1,154.83	1,149.61
Table 11: Resources – Lines 1-8 and Table 12:	Methodology documents updated to include governance section for Lines 1-8 and a	Lines not compliant with Ofwat definition, which states that DI should be used (with	T11 Line 1	0.003	0.003
			T11 Line 2	0.006	0.005
			T11 Line 3	0.343	0.371

Table, Line and Subject	Changes to Methodology	Changes to Reported Data	Reported Data		
			Line/Subject	Audit	Final
Treatment – Lines 1-15, 30-45	clarification for Lines 30-37 and 38-45.	bulk imports included and bulk exports excluded). Figures amended prior to submission.	T11 Line 4	0.648	0.621
			T12 Line 6	0.00	1.79
			T12 Line 6	346.88	382.31
			T12 Line 8	26.97	26.73
			T12 Line 10	10.79	10.70
			T12 Line 11	66.48	65.89
			T12 Line 12	284.03	281.48
			T12 Line 13	185.87	184.23
			T12 Line 30	32	40
			T12 Line 31	21	22
			T12 Line 32	20	20
			T12 Line 33	10	10
			T12 Line 34	8	8
			T12 Line 35	1	2
			T12 Line 36	2	2
			T12 Line 37	1	1
			T12 Line 38	0.036	0.037
			T12 Line 39	0.068	0.067
			T12 Line 40	0.118	0.113
			T12 Line 41	0.119	0.114
T12 Line 42	0.190	0.182			
T12 Line 43	0.039	0.085			
T12 Line 44	0.223	0.204			
T12 Line 45	0.207	0.198			
Table 12: Treatment	Lines 16-29 - Methodologies updated to include additional detail on procedures, data assurance and checks and controls.	N/A			
	Line 46 - Methodology updated to include information on schemes included under this line.	N/A			
	Line 47 - Methodology updated to include information on data sources.	Reported figure updated to match the latest population data from GIS.	Line 47	2,813.976	2,814.007
Table 13: Mains and communication pipes	N/A	Rounding discrepancies corrected for Line 2: Trunk Mains renewed, Line 3: Mains diverted excluding Developer Services and Line 24 Total length of mains post 2001, which also	Line 2	10.93	10.09
			Line 3	0.62	0.65
			Line 5	5.22	5.25
			Line 6	52.19	51.38
			Line 24	2,888.6	2,888.7

Table, Line and Subject	Changes to Methodology	Changes to Reported Data	Reported Data		
			Line/Subject	Audit	Final
		impacts on two calculated cells.			
Table 17 Lines 1-14: Green-house gas accounting and energy	Updated to take account of steps in processes and some assumptions made that were not previously captured.	The audit revealed issues resulted in the GHG emission number changing. There were also changes resulting from the leakage audit regarding Distribution Input and Average pumping Head that also resulted in changes to the total emissions reported.	Line 2	4,736	14,261
			Line 4	62,301	63,886
			Line 5	17	25
			Line 6	12	154
			Line 7	5,311	5,446
			Line 8	78,215	89,610
			Line 11	78,215	89,610
			Line 12	191,616	193,595
			Line 13	31,193	32,647
Line 14	223	226,242			
Table 19: Total number of customers on Water Direct	Methodology to be updated to address removal of reporting entry that does not constitute a customer.	Error in calculation, including field that did not relate to customer entry.	Line 8	3,118	3,117
Table 20: AMP7 ODIs – Cyber security and resilience	There is discussion about renaming the measure as IT Resilience to more accurately reflect what it captures.	Only 10 of the 19 P1 and P2 incidents had been transposed into the reporting spreadsheet. This was reviewed and updated to include all 16 incidents.	Line 3	1,028	1,130
Table 3S: Per capita consumption	N/A	Company used incorrect property dataset based on the old property classification rather than new split since the opening of the non household retail market in April 2018.	Block E Line 8	159	162
Table 3S: Risk of severe restrictions in a drought	Methodologies updated to include additional detail on procedures, data assurance and checks and controls.  Methodology originally not compliant with the most recent technical guidance for this metric, which states that the 25 year average risk should be reported rather than the in-year risk.	Reported figure updated to ensure compliance with latest Ofwat technical guidance.	Block F Line 9	45.90%	41.94%
Table 4D: Wholesale totex analysis Lines 12-16	Reporting does not fully align with RAG 4 due to restrictions on categories in the existing accounting system. The system is due for	Combination of re-allocations resulting from assurance process coupled with further review of other items by the Company.	Line 12	38,498k	15,348k
			Line 13	32,567k	54,578k
			Line 14	5,604k	6,552k
			Line 15	25,958k	26,506k

Table, Line and Subject	Changes to Methodology	Changes to Reported Data	Reported Data		
			Line/Subject	Audit	Final
	replacement in 12 to 18 months so there may be a minor improvement next year followed by a step improvement in the new AMP when the new system is up and running.	The impact on the totals varied. Lines related to: Maintaining the long-term capability of the assets, Other capital expenditure and Infrastructure network reinforcement.	Line 16	5,660k	5,660k
Table 4L: Enhancement expenditure by purpose – Water	As for Table 4D above.	Minor changes to quantum and expenditure moved between service areas.	Line 13	4,450k	6,088k

## 4. Future Reporting Issues

We discussed how the Company is preparing for the new customer service measures which are being piloted in 2019/20, the C-Mex and the new complaints metric developed by CC Water, for implementation in AMP7. The implications of C-Mex are very similar to the existing SIM survey in that the Company must provide a compliant sample of customer data and this poses no challenges for the Company. The guidance for the new complaints metric is in our opinion not robust but still very challenging in its current format to report upon. We have discussed the benefit of a mid-year audit around October 2019 to gauge how effectively changes to the systems and new processes are bedding in at the Company and to identify what if any risks need mitigation.

In November 2018 Ofwat published its recommended changes to the statutory minimum compensation scheme – the Guaranteed Standards Scheme (GSS) – for consideration by the UK Government. These recommendations were borne out of Ofwat's displeasure with how the freeze thaw events were handled by some water companies in early 2018 and were then followed by a period of consultation with stakeholders. Ofwat has called for immediate changes as well as setting out longer-term changes which will require the legislation governing GSS to be changed. The industry has been focused on PR19 and the Business Plan submission so to our knowledge many companies have not yet adopted the changes. There will be changes that impact on Affinity Water both in terms of the level of compensation on offer for customers as well as what is covered. GSS is therefore likely to receive more significant scrutiny in the near future.

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