



# Statement of Risks, Strengths, Weaknesses and Draft Assurance Plan

2024–25

November 2024

from  
**Southern  
Water** 

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# Introduction

At Southern Water we provide essential water services to 2.6 million customers, and wastewater services to more than 4.6 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.

This document presents the findings of our Risks, Strengths and Weaknesses review and Draft Assurance Plan for our performance reporting in relation to the 2024–25 financial year and for some annual reporting for the 2024 calendar year. Both are key elements of our annual assurance cycle. We continue to embed our programme of improvements to ensure our regulators and other stakeholders can trust the data that we report. We use assurance to thoroughly test information we publish in a manner that is independent and verifiable. Our Board, via the Audit Committee, oversees this process.

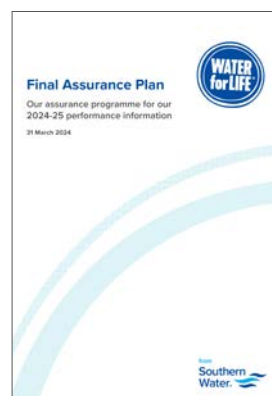
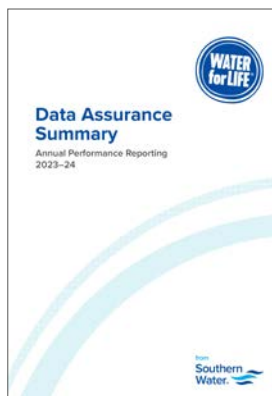
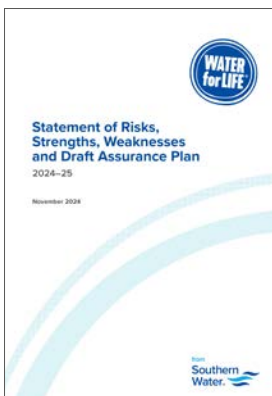
This consultation document sets out our initial assessment of where assurance will be most important in the 2025-26 reporting year. We welcome views on this and in particular: what regulatory information is most important to our customers; the level of risk associated with that information; and whether our proposed assurance plans are appropriate to mitigate those risks.

We aim for the assurance that we perform and commission to provide our internal and external stakeholders with sufficient comfort over the robustness and quality of the information that we report.

This document is one of three documents relating to assurance that we publish during the year as part of our annual reporting:

- Statement of Risks, Strengths and Weaknesses and Draft Assurance Plan for consultation (published in November).
- Final Assurance Plan (March) which takes on Board comments from the consultation on the Statement of Risks, Strengths and Weaknesses and Draft Assurance Plan.
- Data Assurance Summary (in July in parallel with our Annual Performance Report).

All three documents focus on the quality of our information reporting and governance. They can be found at [southernwater.co.uk/our-reports](https://southernwater.co.uk/our-reports).



# 1. How to respond to this consultation

## We welcome your views.

If you would like to respond to this consultation, please answer the following questions after reading this document:

- Q1:** Are there any risks or areas of concern that you feel have not been identified and that should drive our assurance plan?
- Q2:** Does our plan provide sufficient assurance to our identified areas of risk? If not, what improvements could we make?
- Q3:** Do you have any other comments?

The consultation will remain open until 31 January 2025.

Responses can be emailed to [regassurance@southernwater.co.uk](mailto:regassurance@southernwater.co.uk) or can be sent to:

Head of Risk, Audit and Assurance  
Southern House  
Yeoman Road  
Durrington  
West Sussex  
BN13 3NX.

## 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.

#### 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.

We publish our assessment of our Risks, Strengths, and Weaknesses as a matter of good practice. There is no regulatory requirement for us to do so however we have continued to do so in accordance with the requirements set out by Ofwat (Appendix A).

#### 2.2. Wastewater investigations

As reported previously, in 2019 Ofwat undertook an investigation into our wastewater reporting that led to a decision to impose a financial penalty of £3 million. 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 put in place, and are putting in place, to ensure that the issues identified in the investigation have been stopped and cannot be repeated.

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 October 2024 update to Ofwat we were able to report that we have now completed the delivery of the programmes of work and embedment plans that support the S19 Undertakings. Our September 2024 assurance review included broader programmes of work to support our compliance with our broader duties as outlined in Section 94 of the Water Industry Act 1991 and the Urban Wastewater Treatment Regulations 1994 (UWWTR).

Additional information on the investigation can be accessed in the Ofwat investigation report, which can be viewed on their website<sup>1</sup>. A summary of our assurance work is uploaded to our website<sup>2</sup>, 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.

<sup>1</sup>Notice-of-Ofwats-proposal-to-impose-a-penalty-on-Southern-Water-Services-Limited-1.pdf

<sup>2</sup>Investigations – Southern Water

### 2.3. Condition P assurance

In order to meet the Licence Condition P Certificate requirements of the Ofwat Licence of Appointment and the Section 19 undertakings, the Southern Water Board needs to be able to clearly evidence the level of diligent enquiry that the board has undertaken, to ensure that it is able to demonstrate that the company will have sufficient:

- financial resources and facilities;
- management resources; and
- systems of planning and internal control.

The Southern Water Board signs off Condition P assurance statements. These enable the Board to clearly demonstrate it has discharged its responsibilities and has made diligent enquiry into the principal risks facing both the wider business and the wastewater business (to support the Ofwat Section 19 undertakings). The Condition P assurance statements were updated this year to reflect some of the uncertainties built into our business plan, and the upcoming publication of the draft determination from Ofwat. The statements were also updated to focus on some of our core regulatory and statutory duties including Section 94 of the Water Industry Act and the Urban Wastewater Treatment Regulations.

The Condition P certification process was subject to external review of Assurance Statements from our external auditor Deloitte LLP.

### 2.4. Our Business Plan for the Period 2025–2030

On 28 August 2024, we submitted our response to Ofwat’s Draft Determination on 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 (southernwater.co.uk)**

The final confirmation of our business planning for the period 2025-2030 is captured as part of the Final Determination which is due to be issued by Ofwat in December 2024. The Final Determination will introduce on April 1, 2025, a new set of performance commitments to the business and associated with these commitments will be pre-determined financial incentives based on their achievement.

Ofwat will also introduce a set of price control deliverables (PCDs) with associated financial incentives based on the PCD outcome and/or outputs to deliver as part of the scheme or the group of schemes. We will also be required to report progress on these, and other enhancement schemes to Ofwat. We will ensure we can accurately report against these and identify the risks and controls to support provision of accurate information about our performance.

The development of these processes has already commenced, and a key aspect of our regulatory assurance work in the remainder of 2024-25 and 2025-26 will be auditing these processes and ensuring that effective risks and controls have been identified and have been embedded within our reporting cycles.

# 3. Continuous customer and stakeholder engagement

## 3.1. Customer engagement

Listening to our customers is part of what we do every day. This includes activities such as customer research, analysis of data (e.g. contact data, complaints of social media monitoring), sharing insight with other companies and tracking of customers priorities and their expectations. Our insight work allows us to have a deep understanding of what our customers want and help to drive improvements in what we deliver.

In 2023-24 we engaged with over 35,000 customers for direct feedback and views on our service and future plans, representing over 8,000 hours of engagement. Our Water Futures 2030 (household customers) consumer group continue to be central to our engagement with customers in the last year. Our Customer and Communities Challenge Group, made up of experts, helped review, challenge and improve our plans. The groups follow best practice guidance, as set out by the Consumer Council for Water (CCW), to provide a continuous dialogue on both our current delivery and future planning.

Increased public scrutiny of the sector and increasing investment plans for the future has placed greater emphasis on our need for continued engagement. We track major events, media impact, importance of priorities, run social listening and analyse consumer trends. As we head towards 2025, data continues to show the rising cost of living is still a concern. Our customers want to be able to understand that investment in the infrastructure puts them first by protecting their local environment and ensuring reliable services for future generations. Customers want to see what is happening in their own local community and our detailed insight helps personalise our engagement to provide the most relevant information that they want to see. Our focus for the next year is more around the accessibility and agility of insight so we can quickly adapt to our customer expectations.

Being open, honest and transparent is key to building and maintaining trust and legitimacy. As well as reporting openly, this means setting out commitments to our stakeholders and delivering on them. True transparency, for example through our Rivers and Seas Watch spills service, will raise customers' visibility of what we are doing to address the issues we face. As a result, we are working hard to help our customers understand the issues, and to give more visibility of key improvement programmes to support our performance.

## 3.2. Stakeholder and regulator engagement

### 3.2.1 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 started in 2020, and a programme of asset and IT improvements designed in cooperation with the DWI is nearing completion, and is due to conclude by the end of March 2025. As a result of this activity, we have improved our ability to link our asset, network, customer and water quality data. We are due to submit final annual progress reports to the DWI by 31 March 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.

### 3.2.2. 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 recently released the Environmental Performance Assessment (EPA) for 2023 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 retained our two-star environmental performance rating of in 2023. As a company committed to protecting the environment and serving our customers, 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 now have EDM coverage across 100% of our storm overflow outfalls, including inland outfalls. Our on-going programme of maintenance ensures that we can maintain at least 95% availability of these assets.

We have a mature programme of installation and active monitoring of maintenance in place to support this programme. Any EDM that has not reported for up to three days is automatically added to our maintenance schedule and is actively tracked to ensure completion of the task. In addition to this regular review of EDM availability, less reliable monitors are being phased out of the estate. This is allowing us to push our EDM availability to beyond 95% (we expect this to keep progressing through the year).

Our Rivers and Seas Watch 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 any release and its frequency. Following feedback from our working group, customers, and an independent review, we have been working hard to develop a new and improved version of Beachbuoy called Rivers and Seas Watch, which was launched in June 2024. Rivers and Seas Watch is a critical part of our dedication to transparency, and we regularly ask for feedback from our User Group which includes councils, campaign groups and bath water users to ensure the best possible service.



## 4. Risks, strengths and weaknesses

In developing our approach to identifying our risks, strengths, and weaknesses we consider a range of factors and assess their impact on our customers, our stakeholders, and our business as a whole.

In order to continue to build confidence that we can deliver on the commitments we have made to our regulators and customers we publish our Assurance Plan (in draft and final versions) to ensure that our critical regulatory commitments are at the core of our assurance approach.

### 4.1. 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 Draft 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 new five-year business plan, including 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 2025-2030;
- 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 (EIR) from the media, the general public and environmental stakeholder groups;
- Ensuring that the delivery model(s) that we adopt for the commitments we have made are robust; and
- Focused mitigation activities to reduce risks relating to regulatory compliance and cyber security.

Southern Water Executives review and moderate the corporate risk profile of the company. We currently have twelve principal risks that are outlined in our annual report<sup>3</sup>. 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.

<sup>3</sup> [Investigations – Southern Water](#)

## 4.2. 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.

### 4.2.1. 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 (Environmental, Social & Governance) 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;
- 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.

### 4.2.2. 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 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.

### 4.2.3. 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.

## 4.3. Areas of Weakness

We 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 whilst 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 &amp; 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. There are also potential security risks to data access, including an increased threat of cyber security attacks on our network.</p> <p>As reported on our website earlier this year, the company was subject to a cyber ransomware attack. This impacted a limited part of Southern Waters server estate; we have notified in the order of 5 to 10 percent of our customer base to let them know that their personal data has been impacted. We also notified our current and 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 Security of Network and Information Systems (NIS) Directive.</p> <p>In response to the cyber security attack, the company commissioned a review by independent cyber specialists earlier this year. Working with our independent technical advisers, we have now concluded our in-depth investigation of the potentially compromised data and we are taking any remaining steps to notify affected customers, employees and former employees. We are 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>Our 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 Request (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>  |

# 5. Our approach to assurance

## 5.1. 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.

## 5.2. Types of assurance

Whilst the assurance requirements for our different regulators are different, we have a standard approach to the way we prioritise and plan assurance for 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:

### 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.

### 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.

## 6. Draft Assurance Plan for 2025–26

Following both our risk-based review and external/internal engagement, we propose the following areas to be subject to a greater level of assurance.

In Table Two we outline the main elements of our Draft Assurance Plan for 2025–26.

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 Risks, Strengths and Weaknesses report, as well as taking on views from our ongoing engagement with regulators, our external assurers, and customers.

**Table 2: Draft Assurance Plan 2025–26**

| 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, Executive Leadership Team (ELT) and the Audit Committee. 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 reporting processes 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 approach for assuring end of year Ofwat APR information provided.</p> <p>This will continue for the remainder of the current business plan period.</p> |
|  | RC26 mid-year assurance   | AMP8 will introduce new reporting measures that have not previously been reported, or that have only been reported as shadow metrics at the end of AMP7.   | We will undertake detailed end to end process assurance over the risks and controls associated with the production of these new measures.  | Established approach which will continue taking account of any evolving regulatory requirements.  |
|  | 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 accounting standards.</p> <p>Our financial auditors will carry out assurance of reported performance data and presentation of information and risks.</p>  | Established approach which will continue taking account of any evolving regulatory requirements.  |

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**Table 2: Draft Assurance Plan 2025–26 continued**

| Alignment to Principal Risks | Risk area   | Why?  | The Assurance we will be doing  | Established/new              |
|------------------------------|---|---|---|------------------------------|
| Delivery                     | Delivery Plan, Delivery Action Plan and Delivery Plan progress report for 2025-2030 assurance | <p>Our Delivery Plan will set out the milestones for the completion of our capital delivery programmes and our PCD output targets for 2020-25. Our Delivery Action Plan will set out the actions we propose to expand our delivery capacity.</p> <p>Both plans are subject to monitoring through the Delivery Plan progress report.</p> | <p>Ofwat require us to publish assured versions of our Delivery Plan and Delivery Action Plan on our website in line with publication of our Annual Performance Report in July. We are also required to report progress against both plans to Ofwat, at least every six months and up to three months.</p> <p>Where Ofwat specify that external assurance is required, we will procure this through an appropriate third party. Where the information falls outside of this, we will undertake second line assurance.</p> | New requirement for 2025–30. |
|                              | Large Gated Schemes   | <p>Very large capital delivery schemes will require regulator approval at defined milestones or “gates” and will be externally assured at each gate. Ofwat requires external assurance over schemes at each gate and we will not be able to proceed to the next gate until assurance has been undertaken.</p>                           | <p>Technical assurance will assess our schemes from an engineering and investment perspective.</p> <p>Commercial assurance will assess the cost estimation element by looking at efficiency of our schemes and changes to costs since the business plan was published.</p> <p>If assurers cannot agree our costs, an Anomaly and exclusion report will be issued to us and Ofwat by assurers.</p>   | New requirement for 2025–30. |
| Digital and Water            | Security of Network and Information Systems (NIS) and Cyber Security assurance                | <p>The Security of Network &amp; Information System Regulations provide legal measures to boost the level of security (both cyber and physical resilience) of network and information services for the provision of essential services and digital services.</p>  | <p>We will ensure the second line assurance team have oversight of the NIS annual return.</p> <p>In 2024 we commissioned a review by independent cyber specialists following the cyber security attack. We will conduct a follow up review on this in 2025.</p>   | New approach from 2024–25.   |
|                              | WRMP24  | <p>Assurance over revisions to the final plan following regulator feedback.</p>   | <p>We will submit our final WRMP24 to DEFRA in March 2025 and once approved, publish the plan. If DEFRA recommends material changes to the plan, assurance will need to be repeated to allow the Board to approve publication.</p>  | Established approach.        |

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**Table 2: Draft Assurance Plan 2025–26 continued**

| Alignment to Principal Risks | Risk area                  | Why?  | The Assurance we will be doing  | Established/new       |
|------------------------------|----------------------------|---|---|-----------------------|
| Compliance                   | Ofwat 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 ('Undertakings'). | Southern Water is required to report progress against Undertakings on a half-yearly basis over the next five years. We are currently in discussion with Ofwat about the close out of these undertakings. The current potential scope of this work going forward is not yet clear. | Established approach. |
|                              | Reporting to the DWI       | We provide a significant amount of information to the DWI with respect to our assets, our drinking water data, and our water quality sampling   | All annual data returns provided to the DWI, and the water quality sampling programme, will be subject to first line control and will also be the subject of second line assurance.   | Established approach. |
|                              | 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).<br>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 approach. |
|                              | 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 Water took place in the 2020-21 reporting period by external assurers. External assurance to take place annually.   | Established approach. |
|                              | 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. |

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**Table 2: Draft Assurance Plan 2025–26 continued**

| Alignment to Principal Risks | Risk area  | Why?  | The Assurance we will be doing  | Established/new   |
|------------------------------|--|---|---|---|
| Wastewater and 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.  | Regulatory reports provided to the EA will be subject to first line controls.<br>Areas of reporting that have been analysed as higher risk will be subject to second line assurance. <ul style="list-style-type: none"> <li>Annual Total Daily Volume (TDV) Flow Data</li> <li>EDM Return – Stormwater &amp; EO Spills – Annual – Emergency</li> <li>EDM Return – Stormwater &amp; EO Spills – Annual – Storm</li> <li>Stormwater &amp; EO Spills – Bathing Waters – Storm</li> <li>WwTW Effluent &amp; Groundwater Annual Reporting</li> <li>WwTW OSM Annual Summary Report</li> <li>Wastewater OSM Sample Programme</li> <li>Wastewater UWWTR Sample Programme</li> <li>Landfill Regs Routine Reporting – Leachate, Gas &amp; Groundwater monitoring data (across three works)</li> <li>Daily abstraction of all sites (inc WTW) – Annual Return</li> <li>Sludge Quantity &amp; Quality</li> <li>Supply/Demand Balance</li> </ul> Improvements to our spill reporting to the EA will be subject to external assurance as part of our Ofwat Undertaking. | Established approach.   |
|                              | 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 second line assurance team will continue to provide support to the programme to ensure we meet RAPID’s requirements, and that activity aligns with the PR24 business plan and WRMP24.   | Established approach expected to continue into 2024/25 in line with RAPID milestones. |



## Appendix A – Ofwat requirements for all companies

| Activity   | Requirement   | Comment   |
|--|---|---|
| <b>Engagement on risks, strengths, and weaknesses exercise</b> | Companies should carry out an exercise each year to consider these aspects in order to target areas to improve. This should consider both data assurance and how companies provide assurance to customers more generally.                                     | Southern Water maintains ongoing dialogue with its customers and stakeholders. Outcomes from these discussions are considered when pulling these documents together. We have ongoing work with stakeholders, community groups and customer insight programme every day. For greater assurance and challenge we also engage with: <ul style="list-style-type: none"> <li>our Independent Climate &amp; Advisory Group (ICEG)</li> <li>Customer and Communities Challenge Group</li> <li>A series of Consumer Panels – which include households, businesses, harder to reach audiences and customers of the future</li> </ul> |
| <b>Publish risks, strengths, and weaknesses statement</b>      | Companies should complete and publish statements on their risks, strengths, and weaknesses exercise.<br>All statements should be published before 30 November each year.  | In line with previous years, it will be published and available on our website by 30 November 2024.   |
| <b>Publish draft assurance plans</b>                           | Companies need to complete the risks, strengths, and weaknesses exercise before they publish draft assurance plans.<br>The Draft Assurance Plan should include any areas that are targeted based on this exercise.  | In line with previous years, it will be published and available on our website by 30 November 2024.   |
| <b>Engagement on assurance plans</b>                           | Companies should proactively engage with stakeholders, giving them the opportunity to provide comments on draft assurance plans.  | Our Draft Assurance Plan includes details of how to respond to the document and we proactively seek responses from key stakeholders.<br>The responses we receive are incorporated into our Final Assurance Plan.  |
| <b>Publish final assurance plans</b>                           | Companies publish final assurance plans, providing responses to any comments they have received.  | We publish our final assurance plans on our website each year and they will be available on our website by 31 March 2025.   |
| <b>Other requirements</b>                                      | Companies should provide: <ul style="list-style-type: none"> <li>transparency on the audit procedures they have put in place in relation to data assurance; and</li> <li>a summary of the outcome of the data assurance that has been carried out.</li> </ul> | We publish our Data Assurance Summary on our website each year. This will be published alongside our Annual Performance Report in July 2025.  |

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**Southern  
Water**   
Ensuring water for life