



## **BOARD ASSURANCE STATEMENT FOR INDICATIVE WHOLESALE CHARGES 2022/23**

The South West Water Board of Directors (SWW Board) has overseen the development of both South West Water (SWW) and Bournemouth Water's (BW) indicative wholesale charges for 2022/23.

The charges as presented have been developed using the extent of known information, to be compliant with SWW's legal and statutory obligations and have been developed in accordance with Ofwat's Wholesale Charging Rules. The governance and assurance processes which have been applied to the development of these charges are summarised below:

- the SWW Board has in place a well-established and effective set of policies and processes covered by our robust Quality Management System. Policies and procedures relating to the development of tariffs and charges are regularly updated, and charges have been developed in accordance with the company's quality assurance processes
- the SWW Board (comprising of Executive and Non-Executive Directors) has been fully engaged with the process of developing the wholesale indicative charges
- SWW has a Tariffs Steering Group which is attended by a subset of the Executive Management Team, Senior Managers and discusses relevant policies, strategies and governance approach. The Tariffs Steering Group reports into and makes recommendations to the SWW Board
- SWW also has a Tariffs Working Group attended by the Risk and Compliance Manager which supports the activities of the Tariffs Steering Group
- additional internal scrutiny is provided through Pennon's Legal Department, and internal audit processes
- as well as internal assurance, external technical assurance is secured on both inputs into the tariff model and the tariff model itself, providing SWW Board confidence the tariffs model is fit for purpose. SWW Board has reviewed the reports the independent third parties and internal assurance team prepared to present their findings on their review and confirms there are no material issues
- at appropriate stages in the development of tariffs and charges, SWW engages with the Consumer Council for Water (CCW) and other stakeholders. As a part of its engagement with CCW, SWW discusses its approach to the development of its charges, bill incidence effects and charges policies with its local CCW representatives

- SWW has robust processes in place to annually review policies which are contained within the Charges Schedules. For 2022/23, no changes to these policies are planned.

Reflecting Ofwat's requirements and through review, challenge and scrutiny at the SWW Board, in the development of 2022/23 indicative wholesale charges SWW Board has:

- received board reports from the relevant business areas outlining the approach and progress in developing charges and highlighting any material issues
- been given access as required to relevant senior managers to verify information
- been presented with the findings of internal and external assurance activities
- considered SWW's legal obligations related to wholesale indicative charges
- considered the effects of the proposed charges on customers and as there are no instances where the bill increases are material, SWW Board recognises there are no impact assessments and handling strategies developed
- social tariffs remain directly linked to underlying tariffs and are unchanged from prior year – up to 85% discount on standard charge
- considered the systems and processes in place to ensure that the charges published are accurate; and
- considered the stakeholder engagement that has been carried out in relation to the setting of these charges.

### **Directors Statement**

Due to the strong governance and assurance processes applied during the development of the indicative wholesale charges, SWW Board can confirm:

- it has satisfied itself that appropriate systems and processes are in place to ensure that the charges are accurate.

To the extent that uncertainty will remain around consumption due to COVID-19, CPIH, indicative charges have been developed using best endeavours and known information, SWW Board has carefully considered whether:

- the indicative wholesale charges schedules are consistent with SWW's legal obligations in relation to wholesale charges
- the impacts of the new charges on customer bills for different customer groups require impact assessments and handling strategies to be developed

- appropriate engagement was carried out with relevant stakeholders, including CCW, in a timely and effective manner.

SWW Board considers the process that SWW has gone through in setting the 2022/23 indicative wholesale tariffs for both SWW and BW is sufficient to ensure that in all material aspects the wholesale charges comply with the relevant legal and statutory obligations and have been developed in accordance with Ofwat's Wholesale Charging Rules. There are no instances where the bill increases exceed 5% at this stage.

Name & position	Signed
<b>Gill Rider</b> Chair	
<b>Neil Cooper</b> Senior Independent Non-Executive Director	
<b>Iain Evans</b> Independent Non- Executive Director	
<b>Claire Ighodaro CBE</b> Independent Non- Executive Director	
<b>Jon Butterworth MBE</b> Independent Non- Executive Director	
<b>Susan Davy</b> Chief Executive	
<b>Louise Rowe</b> Finance Director	
<b>Paul Boote</b> Pennon Group Finance Director - in attendance	