

Submission: Green Recovery Submission
Document: Board Assurance statement
Date: 29th January 2021

1. Board Assurance Statement

The Board of directors (the Board) of United Utilities Water Limited (Uuw or the company) confirms that it believes that the proposals submitted are of high quality and meet the requirements of the green economic recovery programme.

Within the constraints of the timescale for submission, the proposals have been:

- developed using an assurance approach which is consistent with the PR19 submission process;
- designed to represent an appropriate development of activity beyond the existing AMP7 programme;
- subject to appraisal by third parties, including relevant regulators;
- informed by customer research, including additional customer research in relation to forecast bill impacts.

1.1. Assurance framework

The company has applied an overarching assurance framework to the development of the green recovery submission. This framework was managed by a dedicated assurance workstream which defined and oversaw the implementation of the governance and assurance activity. Key elements of this framework are set out below:

Clear deliverables - A detailed programme of work based upon a defined list of external and supporting internal deliverables was established. These deliverables were cross referenced to the green recovery requirements to confirm that all elements were being addressed by the programme;

Clear accountability - A programme wide RACI matrix has been developed. This sets out Executive accountabilities to the Board for each main component of the submission

Comprehensive programme plan - The individual deliverables were managed through an integrated central plan, setting out key internal and external deliverables and dependencies;

Risk assessment - Each deliverable in the programme was risk assessed to identify the likelihood and potential consequence of errors. The review ensured appropriate mitigation was in place and confirmed the minimum level of governance and assurance required

Three lines of assurance - Each Executive sponsor was accountable for the assurance of their deliverables. The effectiveness of the framework and completeness of the assurance has been reviewed by UU Corporate audit with independent technical assurance provided for higher risk elements of the plan;

Governance - Each Executive sponsor confirmed that they had successfully completed work which should adequately address all green recovery requirements. This confirmation, together with the findings from the three lines of assurance set out above - was used to support the Board's decision to sign the assurance statement supporting this submission.

Review, challenge and scrutiny by YourVoice - In addition to the Executive led assurance process, our customer engagement has been shared with YourVoice (the customer challenge group) at meetings held in January 2021.

1.2. Assurance conclusions

As a consequence of the rigour applied to the governance and assurance of the proposals we are confident that:

- **The strategy for data assurance and governance processes has taken all reasonable steps to deliver high quality data**

The assurance framework that has been applied throughout the development of the green recovery plan is built upon the framework that we have developed and applied to our annual regulatory reporting. This framework utilises a targeted risk assessment process to determine the nature of the governance and the level of the assurance that has been applied to each component of the plan.

- **Performance commitments and investment programmes**

The data required to report on the delivery of our performance commitments and other commitments has been developed to be a subset of our routine and often long standing operational and management information that is directly used to support and direct key business activities. Regular financial and performance data and year-end LBEs are reported to Board level. This includes outturn performance for the 2015-20 period, outturn performance for the current year and predicted performance over the remainder of the current year. Our current year performance commitments have been assured in line with our assurance framework.

- **Case for acceleration**

The proposals identify how the projects meet the required “green recovery” criteria such as being the bringing forward of AMP8 projects or spend on specific new innovations in advance of AMP8.

- **Clear evidence of need**

The proposals provide clear evidence of need and identify links, where relevant, to statutory drivers and have sought to demonstrate how activity meets regulatory expectations, including evidence of support from the Environment Agency and other stakeholders.

- **Evidence that the scheme options have been optimised**

Each business cases provides a clear robust schedule of delivery and demonstrates the environmental, social and public value benefits of the scheme. In support of this, evidence has also been provided that an appropriate range of options were considered and were subject to an appropriate level of cost-benefit analysis.

- **Delivery of the schemes in a cost efficient and financeable manner using a robust commercial approach**

The scenario analysis undertaken demonstrates our ability to finance the proposed schemes whilst maintaining financial and operational resilience and managing bill impacts on customers. The submission also sets out why the proposed activity should be deliverable alongside our existing commitments. All schemes proposed were subject to a rigorous commercial approach through the company’s Commercial, Engineering and Capital Delivery teams and - where appropriate - our Estimating teams. The cost estimates and the efficiency of the specific proposals have also been subject to a benchmarking exercise in conjunction with our market engagement methodology (MEM), a process to identify the most appropriate procurement route. Cost methodology and benchmarking of cost curves has been subject to external assurance.

- **Demonstration of customer support and customer protection**

The proposals demonstrate alignment with evidence of customer priorities and preferences. Ofwat and CCW were engaged on the scope of additional research undertaken in support of the green recovery proposals and this has been delivered in a proportionate way. In some areas where we propose to accelerate AMP8 projects, previous customer research has been cited where relevant. All schemes progressed will be subject in future to our existing regulatory reporting regime.

- **Additional benefits of acceleration are made clear**

Our submitted proposals identify how inclusion of the schemes as part of the Green Recovery programme will deliver benefits to customers and the environment, including estimates of job creation and economic activity as work progresses.

- **Exploring sources of third party funding and support**

Each proposal has considered what sources of third party support could be utilised to maximise the efficacy of activity, improve value for money and minimise costs for customers. Where possible, we have identified both financial and non-financial sources of support.

- **Minimising customer funding and managing bill impacts**

The proposals recognise the need to minimise the call on customer funding and manage bill impacts during AMP7. The company proposes to hold over recovery of costs through customer bills until AMP8 and has consulted with customers on the potential bill impacts. We expect to continue to review the timing of recovery through customer bills as part of the PR24 process, paying attention both to the impacts on customers overall and specific customer groups including customers in vulnerable circumstances or facing significant affordability pressures.

The Board therefore believes that the green recovery proposals are of high quality, represent strong outcomes for customers and the environment, offer good value for money, are capable of implementation by the company alongside existing regulatory and statutory commitments and are consistent with the company's purpose, vision and values.

Signed on behalf of the Board of United Utilities Water



Steve Mogford

Chief Executive Officer