

NORTHUMBRIAN WATER LIMITED

BOARD STATEMENT OF ASSURANCE FOR CHARGING RULES FOR NEW CONNECTION SERVICES

The Northumbrian Water Limited (NWL) Board has overseen the development of the charges for 2018/19. The governance arrangements and assurance processes which have been applied to the development of these charges are summarised below.

- The charges setting process falls within our robust Quality and Environmental Management System which reflects the implementation of a number of quality standards in the business including ISO 9001. These quality processes are subject to internal audits and external accreditation.
- A specific quality assurance procedure sets out the process to be followed in setting charges each year, and is reviewed annually to ensure that any necessary changes to the approval process are incorporated.
- The NWL Internal Audit department has reviewed our assessment of compliance and confirmed that input data from Company systems and the calculation of allowed revenues are robust.
- The Charges Steering Group (CSG), comprising a sub-group of the Executive Leadership Team and senior managers, met several times in the year to discuss charging policy, strategy and governance.


The charges have been developed through the following process:

- February 2017 – The CSG agreed the 2018/19 agenda items for consideration and the assurance approach. A dedicated project team was set up for Developer Services Charging.
- April 2017 – A detailed presentation was given to the CSG regarding the draft Ofwat guidance for Developer Services charging for 2018/19 onwards.
- June 2017 – The CSG received a progress update on the Developer Services charging project.
- July 2017 – The project team reviewed the Ofwat guidance 'Charging Rules for New Connection Services (English undertakers)'.
- August 2017 – Updated Ofwat Charging Rules were issued and reviewed by the project team.
- January 2018 - Executive Committee of NWL Board approved the final 2018/19 charges and Statement of Assurance.

The strong governance and assurance arrangements that have been applied in the development of the charging arrangements for New Connection Services provide the Board with a sound basis to confirm that:

- NWL's charges for 2018/19, as set out in its charging arrangements, comply with our legal obligations relating to the Charging Rules for New Connection Services;
- NWL has appropriate systems and processes in place to make sure that the data and information contained in the charging arrangements, and additional information, is accurate;
- NWL has carried out a detailed review of Developer Services charging and has engaged with developer, Self-Lay Provider and New Appointment and Variation (NAV) customers and stakeholders, including trade bodies such as Home Builders Federation, House Builders Association and Fair Water Connections throughout the review process; and
- NWL is confident that the changes to new connections charges has broadly maintained the balance of charges between Developers and other customers.

Signed on behalf of the NORTHUMBRIAN WATER LIMITED Board



CHRIS JOHNS
Finance Director