

BOARD ASSURANCE STATEMENT 2020/21

The South West Water Board of Directors (SWW Board) has overseen the development of the South West Water (SWW) and Bournemouth Water (BW) New Connection Services Charging Arrangements for 2020/21. The charges detailed in the Charging Arrangements document are compliant with SWW's legal and statutory obligations and have been developed in accordance with Ofwat's Charging Rules for New Connections Services (English Undertakers).

The governance and assurance processes applied to the development of these charges are summarised below:

- In the opinion of the Board, SWW has in place a well-established and effective set of policies and processes covered by a robust Quality Management System. Policies and procedures relating to the development of the New Connection Services Charging Arrangements 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 New Connection Services Charging Arrangements
- SWW operates a Charging Arrangements Working Group attended by senior managers and operational managers which discusses relevant policies, strategies and governance approach. The Charging Arrangements Working Group reports to the SWW Tariff Steering Group which is attended by a subset of the Executive Management Team and senior managers. The steering group has reported to the SWW Board
- additional internal scrutiny is provided through Board and Tariffs Sub-Committee
- as well as internal assurance, external technical expertise has been utilised and assurance secured, providing SWW Board with confidence that the work conducted is compliant. SWW Board has reviewed the report the independent third party prepared to present their findings on their review and confirms there are no material issues
- the Charging Arrangements are also subject to internal review and sign off by the appropriate senior manager.

SWW has sought to engage with all developer customers, including self-lay providers and new appointees through:

- invitations to large customers to attend one to one interviews
- an anonymous online survey designed and administered by an independent expert for smaller and single-transaction customers
- day to day business as usual contact.

To ensure all customers had opportunity to comment online, reminders requesting their opinion were issued by the independent third party.

Feedback invited included:

- the current structure of charges and extent of information provided in SWW's Charging Arrangements
- indicative incidence impacts arising from changes to Ofwat's Charging Rules for New Connection Services (English Undertakers), effective 1 April 2020
- proposed transition arrangements and options to manage incidence impacts.

All feedback has been considered and where appropriate amendments made to SWW's proposed approach.

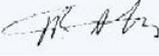
Reflecting Ofwat's requirements and through review, challenge and scrutiny at the Board and Tariffs Sub-Committee, in the development of 2020/21 charges the SWW Board has:

- received board reports from the relevant business areas outlining the approach to developing the charges
- had access as required to relevant senior managers to verify information
- had access to the findings of internal and external assurance activities
- considered SWW's legal obligations related to new connection services charges
- considered the effects of the proposed charges on customers.
- considered the systems and processes in place to ensure that the charges published are accurate.

Directors Statement

SWW Board can confirm, due to the assurance activities undertaken during the development of the New Connection Services Charging Arrangements that:

- in their opinion, the New Connection Services Charging Arrangements are consistent with SWW's legal obligations
- it has satisfied itself that appropriate systems and processes are in place to ensure that the charges are accurate
- charges are set to ensure that the balance of charges paid by developers and end-customers is broadly maintained by ensuring that the total charges paid by developers (or to developers in the case of self-lay) maintains broadly the same balance of charges that developers paid (or received in the case of self-lay), prior to April 2018.
- appropriate engagement has been carried out with relevant key customers and stakeholders, and is satisfied with this engagement and feedback in developing the final charges
- it has considered the impact of the 2020/21 charges on developers and other stakeholders, for example, self-lay providers and new appointees.

NAME & POSITION	SIGNED
SIR JOHN PARKER Chairman	
LOUISE ROWE Finance Director	
LORD TAYLOR OF GOSS MOOR Senior Independent Non-Executive Director	
JON BUTTERWORTH Non Executive Director	
MARTIN HAGEN Non Executive Director	
NEIL COOPER Non-Executive Director	
GILL RIDER Non-Executive Director	
CHRIS LOUGHLIN Managing Director and Pennon Group Chief Executive	
SUSAN DAVY Pennon Group Chief Financial Officer	
IAIN EVANS Pennon Group Independent Non-Executive Director	
CLAIRE IGHODARO Pennon Group Independent Non-Executive Director	