

Welsh Water's Statement of Risks, Strengths and Weaknesses 2016/2017



Statement of Risks, Strengths and Weaknesses

Who we are

Welsh Water is the sixth largest of the ten regulated water and wastewater companies in England and Wales. Our primary responsibility is to deliver safe and reliable drinking water and sanitation to the 3.2 million people we serve across most of Wales, Herefordshire and parts of Deeside. We provide an essential public service and, as custodians of the water industry in our area, we are responsible for protecting the environment and delivering a high quality and reliable service to our customers.

Our vision

Customers must be able to trust that the essential services we deliver are safe and of the highest standard. We know that we are relied upon to do the right thing on their behalf. This is why we put customers first. They are at the heart of everything we do.

We will earn the trust of our customers every day by delivering high quality essential services that protect our customers' health, our communities and the environment around us.

Our values

We're proud to put our customers first. We strive for excellence in all that we do. We're always open to new ideas and challenge ourselves to discover better ways of working. We are safe in everything that we do and never cut corners. Being honest, even when things are difficult, means our colleagues and customers can always trust us to do the right thing. By living by these values, every day, we will earn the trust of our customers.

CONTENTS

1. Background and Context	2
2. Our Approach	2
3. About this Document	3
4. Our Company Culture and Governance	3
5. Our Assessment of Data Quality Risks	5
6. Results of Assessing the Impact of Data Quality Risks	5
7. Results of Assessing the Probability of Data Quality Risks	6
8. Summary of Data Quality Risks	8
9. Next Steps	9

Appendix 1: Impact and Probability Risk Matrix - Direction of Travel from 2015/16 to 2016/17

Appendix 2: Impact and Probability Risk Matrix 2016/17

Appendix 3: Definition of Performance Measures

1. BACKGROUND AND CONTEXT

1.1. In the summer of 2017 we will publish our Annual Performance Report for 2016/17. This will be along the lines of Performance Reports we have published for many years. The report will enable stakeholders to assess how we have performed against those measures of success that are regarded by our customers as being the most important (the "Performance Measures"). The targets for the Performance Measures were agreed with customers as part of an extensive customer engagement exercise carried out when we were preparing our business plans for the 2015-20 period.

1.2. It is important that we provide information to customers and stakeholders that is customer-led, accessible, clear, accurate, transparent and timely. Our ongoing objective therefore is to make available information that is easy to understand and navigate and which enables them to understand how we are performing. We also recognise that this helps build trust and confidence in the business.

1.3. Last year Ofwat reviewed the performance of all water companies, using an assessment of historic performance against a number of criteria. Of the 19 companies, two were classified as "self-assured" (the highest category) and only one was placed in the "prescribed" category (the lowest category). Welsh Water, along with the other 15 companies, was placed in the "targeted" category (i.e. the middle category). In assigning us to this category, Ofwat concluded that we have demonstrated that we are able to deliver accurate and reliable information that gives stakeholders trust and confidence. We are awaiting the latest review from Ofwat.

1.4. Ofwat also acknowledged that we are best placed to identify the risks, strengths and weaknesses associated with providing information of the quality they would expect to see. To allow us to develop a "targeted" assurance plan, we have therefore undertaken a reporting risk assessment for all relevant data that will be contained in the Annual Performance Report. This was an important exercise and was the basis of this Statement of Risks, Strengths and Weaknesses.

2. OUR APPROACH

2.1. We welcome Ofwat's approach – consistent, high-quality, timely and comprehensive information is vital to support good decision-making and improve service outcomes. The reliability and accuracy of data is a matter of great importance to us and this is an opportunity to build on what we have had in place for some time. We have retained many of the processes and initiatives which have served the business well such as quality assurance of data, due diligence, training and process mapping.

2.2. We have an audit and assurance framework in place designed to allow the systematic monitoring and evaluation of the various aspects of our performance to ensure that standards of quality are being met. This involves having appropriate governance arrangements, close involvement by our Board in the assurance process, and the right level of independence in the process to provide third party review and challenge. This provides assurance to our Board, stakeholders and customers to give legitimacy and certainty of the level of performance and service that we are delivering.

2.3. The information that we publish on our performance will be assured to maintain and build a high level of trust and confidence from our customers and stakeholders. Adopting a risk based approach to assurance, and using internal and external review provides robust challenge and scrutiny of our performance.

2.4. Our risk based assurance approach examines our end to end outcomes reporting process to identify the risks, strengths and weaknesses that may arise in providing the quality of information that customers and stakeholders trust. It also examines the probability of these risks materialising, and also the potential impact that they may have. This ensures that we focus on the areas which would have the highest impact, and allows us to take action to monitor and actively manage any risks.

2.5. The approach we have followed is based on the methodology set out by Ofgem which was developed to provide guidance on best practice for conducting and reporting Risk Assessment and data assurance activities in order to ensure complete, accurate and timely data is submitted. Our approach has been independently reviewed and endorsed by KPMG who concluded that:

- We have a good understanding of Ofwat's requirements and our policy documents and risk mapping documents cover all the necessary bases; and
- Our Data Assurance Plan (based on the methodology set out by Ofgem) is appropriate.

3 ABOUT THIS DOCUMENT

3.1. This Statement sets out our view of the strengths and weaknesses of our data assurance framework. Firstly, it considers the features of our corporate culture and governance regime that supports the quality of reported data. Secondly, it reports on the results of our detailed risk assessment.

4 OUR COMPANY CULTURE AND GOVERNANCE

4.1. Our approach to data assurance leads us to consider risks associated with processes and identify specific controls that are in place to manage or mitigate them. However, it is important to remember that these controls do not operate within a vacuum and take place within an organisation with its own culture and governance which itself provides a level of reassurance for many risks.

4.2. The culture of our Company is defined by the values we adopt and the knowledge, skills and attitudes of our employees. We have made it our vision to earn the trust of our customers every day. It is vitally important that we act responsibly as individuals and as a company at all times — not only when we are required to do so by law, but also generally, in our working lives.

4.3. We are committed to ensuring we give our employees the tools to do their job, which is why we invest in many internal development schemes. We take pride in being Investors In People accredited for the work that we do in making people the best that they can be.

4.4. We work in an environment where managers don't hide away in offices and there is an open door policy at all times, so if a colleague has a question, they will always be able to get an answer. This enables us to build closer working relationships, accessibility and an open flow of communication.

4.5. Our culture is a cornerstone of the data assurance process and is based on shared values and beliefs. It helps shape the way we conduct our everyday business and ensures we strive to "do the right thing". Because of its importance, company culture is sometimes described as a layer of control even preceding the first line of defence against inaccurate information. Maintaining a positive culture is important to us because:

- everyone is aware of the expectations regarding high quality information;
- other controls will focus on checking and correcting errors, but in a positive corporate culture, errors are less likely to arise because individuals create, record and transmit information completely and accurately as part of the way they work;
- other controls are laid over the top of the information-reporting process, but cultural controls are embedded within it;
- other controls might be occasional or periodic, but culture is ongoing and permanent; and
- everyone knows that they can be honest about data errors.

4.6. Corporate governance is the system of rules, practices and processes we put in place to run our business effectively, ensure we meet our legal and regulatory obligations and effectively manage our risks. Good governance is fundamental to all of our activities; it helps to build the trust of our customers and other stakeholders and aids effective decision making.

4.7 Culture is much more about people than it is about rules. We see our Code of Conduct as a baseline; a culture is created by what we do rather than what we say.

4.8. In terms of data assurance, we consider that the following features of our culture and governance framework are strengths:

- Two of our six corporate Values are “Trusted to do the right thing” and “Excellence in everything we do”. These apply to the handling of information as much as any other process.
- We expect all our managers to be ‘honest and trustworthy’ and act with integrity” at all times. These behaviours are written into our Corporate Behaviours Framework.
- Our employees understand and appreciate the value attached to data quality and the processes used to generate the data. The Regulation Department provides advice and guidance in the form of Information Packs and one-to-one training sessions.
- Our Corporate Behaviours Framework actively encourages colleagues to “have the confidence to raise any concerns” about inaccurate information or suggest improvements to existing processes that will improve data quality. The options available to colleagues wishing to raise any concerns are detailed in our whistle blowing procedure.
- Reviews of performance are conducted regularly throughout the Company from Board level to individuals. This includes those carried out by the Board, the Chief Operating Officer, the Quality and Environment Committee and the Dŵr Cymru Executive Team.
- The Reporter carries out a formal review and certification of all Performance Measures and provides a detailed report commenting on compliance with procedures, relevant regulatory reporting requirements and highlights any issues with the reported figures. This includes checking the source of data, compilation of the data including the process of any extrapolation and assessing the adequacy of reported data. In addition, the Reporter will review and score all of our Methodology Statements which exist for all of our key measures.t
- Ahead of the publication of the Performance Report, the internal Business Assurance team carry out a high level audit and evaluation of the systems in place on the reporting framework within Dŵr Cymru and review the effectiveness of the system of risk management, control and governance.
- A programme of internal audits is approved and overseen by the Audit Committee to assess the adequacy of control, governance and risk management processes. The results of these audits are reported to the Audit Committee, which ensures that actions arising from internal audits are completed on a timely basis.
- Some of our key stakeholders also carry out audits and scrutiny of our data. For example, Natural Resources Wales carry out an annual audit on our operator self-monitoring (OSM) data for sewage treatment works covering sample scheduling, analysis, storage, reporting and use of data. They have carried out a first audit of our permitted flow monitoring data provision/use. Site inspections are also carried out at a number of our sewerage treatment works each year and data/data management is often assessed during these. CCWater also conduct regular assessments of our process for dealing with written complaints from customers.
- We have a well embedded risk management process that identifies, assesses and manages our risks. All colleagues play a part in risk management. Individual teams within the business take responsibility for managing risks within their areas of responsibility. These are discussed every month at a meeting of the Executive team. The Executive team’s update on strategic risks affecting the business is reviewed at every Board meeting.
- Robust financial control monitoring processes provide assurance that our key financial controls are operating effectively, and that we can trust the financial information produced by our accounting system.
- Our Internal Management System (IMS), which has accreditation to various ISO Standards, has been established to reinforce the management of risks associated with many areas of our business and compliance with obligations. Audits of compliance with this system are conducted internally and by our third party certifiers (BSI).

5 OUR ASSESSMENT OF DATA QUALITY RISKS

5.1. **Risk** is defined as an uncertain future outcome that, if it occurs, will have negative effects on the quality and reliability of Annual Performance Report submissions. A Risk is specified by the combination of the probability of it occurring and a measure of the impact should it occur. Risk relates to the level of expectation that inaccurate or incomplete data will be submitted to our stakeholders in the future and the possible consequences.

5.2. The overall Risk profile for each Performance Measure is determined by assessing both the probability of it containing an error and the impact this error would have across key drivers. Therefore, the Risk Matrix comprises two component metrics – the Impact Metric and the Probability Metric. The Total Risk Rating is a combination of both metrics.

5.3. The probability element of Risk is proxied by the Probability Metric and the impact element of Risk is proxied by the Impact Metric. The Impact and Probability Metrics are defined as follows:

- **Impact Metric:** a measure to represent the impact of an identified Risk materialising. It relates to the expected impact of inaccurate or incomplete data on stakeholders, our finances, our reputation and our coverage in the media. It is scored by assessing each performance data measure against the specified impact categories.
- **Probability Metric:** a measure to represent the probability of error occurrence. It is scored through the evaluation of the processes for data collection, reporting and the related control systems and processes.

6 RESULTS OF ASSESSING THE IMPACT OF DATA QUALITY RISKS

6.1. The Impact Metric has four ratings, 1 to 4, with 4 denoting the highest level of adverse impact and 1 denoting the lowest level of adverse impact that would arise (in a realistic worst-case scenario) due to the use of inaccurate or incomplete data.

6.2. To calculate the Impact Metric we use the three categories:

- a. Financial;
- b. Reputational (including Media coverage); and
- c. Stakeholders;

and score on a scale of 1 to 4.

6.3. To calculate an overall impact score for a Performance Measure, we take the highest score of all impact categories. We interpret the impact assessment as being the associated impact of inaccurate or incomplete data and not the impact associated with poor performance that the data might reveal. In doing so, we assume a “realistic” worst-case scenario.

6.4. Our assessment of the impact that inaccurate or incomplete data would have on our Performance Measures is detailed in Table 1 overleaf.

Table 1. ***Impact Scores for all our Measures of Success***

Low Impact (1)	Moderate Impact (2)	High Impact (3)	Very High Impact (4)
G2 (Competence for Role) SC2 (Net promoter score)	C1 (Responding to climate change) C2 (Carbon footprint) D2 (At risk customer service) D4a (Business customer satisfaction) D4b (Business customer satisfaction) D5 (Earning the trust of customers) SC1 (Bad debt)	A2 (Customer Acceptability) A3 (Reliability of supply) B1 (Abstraction of water for use) B3a (Preventing Pollution incidents - sewerage and water) B3b (Preventing Pollution incidents - sewerage and water cat3) D3 (Properties flooded in the year) E1 (Affordable bills) E2 (Help for disadvantaged customers) F2 (Leakage) F3b (Asset resilience - Waste) H2 (Financing Efficiency - Credit rating) SC3 (Complaints)	A1a (Safe Drinking Water % of samples compliant) A1b (Safe Drinking Water Mean Zonal Compliance) B2 (Treating waste water) D1 (Service Incentive Mechanism) F1 (Serviceability water/waste) F3a (Asset resilience - Water) G1 (RIDDOR Incidents)

7 RESULTS OF ASSESSING THE PROBABILITY OF DATA QUALITY RISKS

7.1. The Probability Metric has four ratings, from 1 to 4, with 4 denoting the highest probability and 1 denoting the lowest probability of inaccurate or incomplete data. There are seven categories that are scored for each Performance Measure in order to calculate its probability score. These are:

- | | | | |
|----|--|---|----------------------|
| 1. | I1. Complexity of data sources | } | Inherent Probability |
| 2. | I2. Completeness of data set | | |
| 3. | I3. Extent of manual intervention | | |
| 4. | I4. Complexity and maturity of reporting rules | | |
| 5. | C1. Control activities | } | Control Frameworks |
| 6. | C2. Experience of personnel | | |
| 7. | C3. Evidence of historical errors with this data | | |

7.2. I1 to I4 reflect the inherent (I) probability of error where no additional controls (on top of general system or process controls) are used to reduce Risk. C1 to C3 reflect the control (C) framework in place to reduce the probability of error. Combining these gives the overall probability of error, taking into account any controls that are in place.

7.3. The overall probability score ranges from 1 to 4 and all other factors being constant, high inherent Risk or a weak control environment should result in a higher Risk score, while low inherent Risk or strong control environment should result in a lower Risk score.

7.4. We might expect to see greater variation between Performance Measures in the Probability Metric Scoring than we would expect for Impact Metric Scores. This is because each Performance Measure will have different reporting systems, processes, and control environments for reporting data.

7.5. We consider that robust control frameworks are in place for all our Performance Measures. Within last year's (2015/16) Risks, Strengths and Weaknesses Statement we included six Performance Measures as High Risk which was generally a combination of several factors including:

- the fact that in the main they were new Performance Measures introduced in April 2015 and the proper operation of internal controls had not yet been independently tested by our in house internal audit team or our external third party expert – the Reporter;
- they were complex areas that require an element of judgement; and
- recent regulatory reporting issues within the water sector in general.

7.6. Each year, and for all Performance Measures, the Reporter undertakes the following:

- Analysis of management controls, governance, independent review and oversight, audit coverage, impact, inherent risk and controls for each measure;
- Review of the methodology used and the adequacy of methodology documentation;
- Checks that the methodology actually used conforms to Methodology Statements;
- Checks on the sources, adequacy and completeness of data used for the analysis;
- Audits of the reported numbers to check that these are consistent with the base data and have been correctly compiled from it;
- Confirms the establishment of robust and transparent audit trails; and
- Makes recommendations aimed at improving assurance, if any are necessary.

7.7. In their 2015/16 APR Assurance Report, the Reporter concluded that for all our Performance Measures, including the six specifically targeted, "there is appropriate quality assurance with checks and controls identified and applied, including over the sources required to report your performance".

7.8. For each Performance Measure, the Reporter produced a Summary Sheet outlining the findings of the review and where appropriate enhancements to existing processes. These findings were used to update the Impact and Probability Risk Matrix produced for the 2015/16 Risks, Strengths and Weaknesses exercise.

7.9. The result of our update exercise was that the risk profile for each of the six targeted Performance Measures reduced. In total, the risk profile for half of our Performance Measures reduced while the other half remained the same. Appendix 1 shows the direction of travel of the risk profile for each individual Performance Measure. Appendix 2 shows the final Impact and Probability Risk Matrix for 2016/17.

8 SUMMARY OF DATA QUALITY RISKS

Performance Reporting

8.1. We will use the Impact and Probability Risk Matrix for 2016/17 (Appendix 2) as the focus to direct our assurance activities. When drawing up our assurance plans we generally prioritise the Performance Measures that fall within the red zone (High Risk) or amber zone (Medium High Risk). However, it can be seen from Appendix 2 that no Performance Measures currently reside within either of these zones.

8.2. Instead, we will focus on the Performance Measures within the yellow zone (Medium Low Risk). Our objective will be to highlight opportunities to improve our control framework further. We will achieve this by reviewing in-depth the respective Risk and Control Assessment Matrix. We adopt a rigorous and methodical approach to assessing the data quality risks for each Performance Measure. We identify the key processes used throughout the data reporting cycle, understand the inherent risks, and determine whether our existing controls are adequate and efficient in mitigating those risks. We refer to this as our Risk and Control Assessment Matrix. Our Regulation Team, with appropriate support from our Compliance Team and the Reporter, will work closely with colleagues within the business to examine whether we can introduce additional controls or strengthen existing ones to reduce the residual risk likelihood value.

8.3. The Medium Low Risk Performance Measures we propose to target during 2016/17 are:

	E2	Disadvantaged Customers
	D3	Properties Flooded in the Year
	F1	Serviceability
	F2	Leakage
	F3a	Asset Resilience Water
	F3b	Asset Resilience Waste
	G1	RIDDOR

Developer Services

8.4. The Water Act 2014 introduced new obligations in relation to the services we offer to developers. We have also begun to voluntarily report our performance along with other water companies, so that customers can compare the standard of service they receive from us in context with the rest of Wales and England. Given these new requirements, and in the light of forthcoming statutory changes, this will be an area of focus for our future assurance plans.

Price Control and Segmental Financial Reporting

8.5. The introduction of separate price controls for water, waste, household retail and non-household retail will place further customer (retailer) scrutiny on how we allocate our costs between wholesale and retail activities, augmenting the importance of cost allocation.

8.6. Our 2015/16 Annual Performance Report contained greater details of our financial reporting with income and expenditure being reported against each price control and also against different accounting units. This is an area that we will focus assurance activities on, including external assurance conducted by an independent third party, to provide stakeholders with continued confidence in our reported figures.

Business Retail Market Reform

8.7. The Water Act 2014 introduces a new framework of retail competition for non-household customers. Our Licence Condition R2 – Retail Market Opening, places a requirement on us to be ready for the opening of the business retail market to competition in April 2017. This is an area that we will focus assurance activities on to allow our business customers to have confidence in any performance data published.

Website Publications

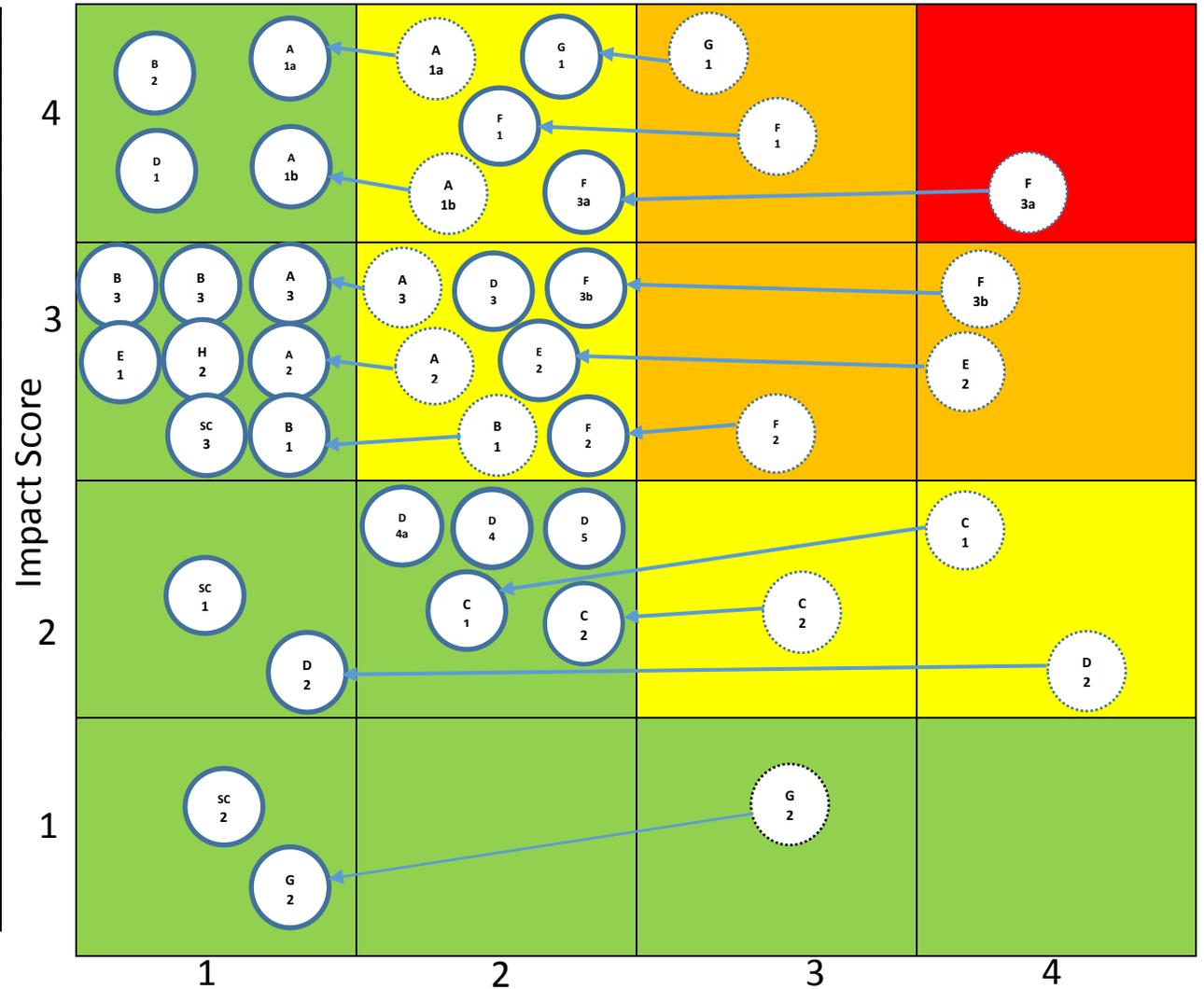
8.8. There are a number of key publications on our website for customers and stakeholders to use that explain not only our performance but also our main policies and practices. When considering the scope of our 2016/17 data assurance process we believe it is important to include this wide range of publications and not purely focus on our Annual Performance Report and Financial Reports as our customers and stakeholders rely on the full range of information we provide not just what might be regarded as the core regulatory publications. This is an area we will engage with our Customer Challenge Group to ensure they are content with the scope of documents included in the data assurance process and also to canvass views on how, relevant, understandable and easy to access the information is.

9 NEXT STEPS

9.1. We will use the results of our Risks, Strengths and Weaknesses Statement to inform the Assurance Plan that we will develop in the coming months. As in previous years our Assurance Plan will include a variety of assurance measures including internal reviews by colleagues within Dŵr Cymru, audits by the Company's Internal Audit team and audits by third party organisations. Once we have considered stakeholders' views on our risk assessment process we will publish our Assurance Plan in draft. We will invite stakeholders' views on the draft plan. We will then publish our final Assurance Plan in March 2017, having considered stakeholder feedback.

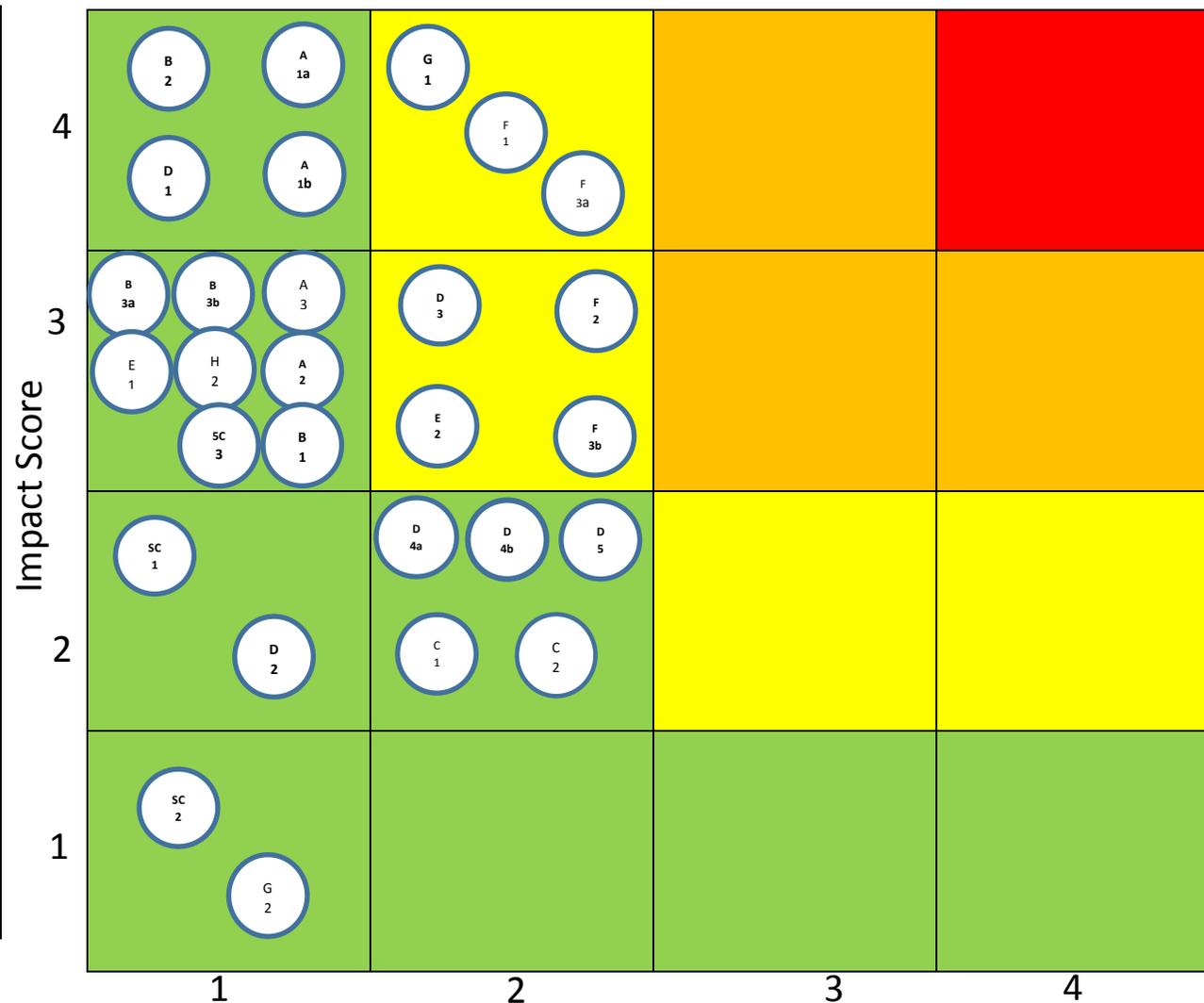
APPENDIX 1. Impact and Probability Risk Matrix - Direction of Travel from 2015/16 to 2016/17

Ref	Performance Measure	Risk
A1a	Safe Drinking Water % of samples compliant	
A1b	Safe Drinking Water Mean Zonal Compliance	
A2	Customer Acceptability	
A3	Reliability of supply	
B1	Abstraction of water for use	
B2	Treating waste water	
B3a	Preventing Pollution incidents Cat 1,2 & 3	
B3b	Preventing Pollution incidents Cat 3 only	
C1	Responding to climate change	
C2	Carbon footprint	
D1	Service Incentive Mechanism	
D2	At risk customer service	
D3	Properties flooded in the year	
D4a	Non Household customer satisfaction %	
D4b	Non Household customer satisfaction score	
D5	Earning the trust of customers	
E1	Affordable bills	
E2	Help for disadvantaged customers	
F1	Asset Serviceability water/waste	
F2	Leakage	
F3a	Asset resilience (Water)	
F3b	Asset resilience (Waste)	
G1	H&S RIDDOR Incidents	
G2	Competency for role	
H2	Financing Efficiency - Credit rating	
SC1	Bad debt	
SC2	Net promoter score	
SC3	Complaints	



APPENDIX 2. Impact and Probability Risk Matrix 2016/17

Ref	Performance Measure	Risk
A1a	Safe Drinking Water % of samples compliant	
A1b	Safe Drinking Water Mean Zonal Compliance	
A2	Customer Acceptability	
A3	Reliability of supply	
B1	Abstraction of water for use	
B2	Treating waste water	
B3a	Preventing Pollution incidents Cat 1,2 & 3	
B3b	Preventing Pollution incidents Cat 3 only	
C1	Responding to climate change	
C2	Carbon footprint	
D1	Service Incentive Mechanism	
D2	At risk customer service	
D3	Properties flooded in the year	
D4a	Non Household customer satisfaction %	
D4b	Non Household customer satisfaction score	
D5	Earning the trust of customers	
E1	Affordable bills	
E2	Help for disadvantaged customers	
F1	Asset Serviceability water/waste	
F2	Leakage	
F3a	Asset resilience (Water)	
F3b	Asset resilience (Waste)	
G1	H&S RIDDOR Incidents	
G2	Competency for role	
H2	Financing Efficiency - Credit rating	
SC1	Bad debt	
SC2	Net promoter score	
SC3	Complaints	



APPENDIX 3 Definition of Performance Measures.

Ref	Performance measure	Definition
A1a	Safety of Drinking Water (% compliance)	Provide safe drinking water that meets the Drinking Water Inspectorate's standards. The percentage of the sample tests that are compliant with the standards. We take over 250,000 samples tests per year at our water treatment works, service reservoirs and at customer taps.
A1b	Safety of Drinking Water (Mean zonal compliance)	Mean Zonal Compliance (MZC) is published annually in the Drinking Water Inspectorate (DWI) report and is their primary measure used to compare overall water quality performance between water companies and regions of England & Wales. The MZC covers 39 different parameters, such as Iron, Lead and Aluminium, which are tested to establish the quality of water as received by customers.
A2	Customer acceptability	The number of contacts received from customers in the year regarding the appearance, taste or odour of drinking water.
A3	Reliability of Supply	The average number of minutes that customers are without water within our supply area (includes both planned and unplanned interruptions).
B1	Abstraction of water for use	The percentage compliance with our abstraction licences, as issued by Regulators.
B2	Treating wastewater	For each of our wastewater treatment works there is a permit which regulates the quality of wastewater the company is allowed to discharge into rivers and coastal waters, which is regulated by the NRW. The measure is the % compliance against the discharge permits.
B3a	Preventing pollutions (cat 1,2&3)	Reduce the number of pollution incidents (caused by blockages or collapsed sewers). Pollution incidents are categorised as category 1, 2 or 3 incident and reported by the Natural Resources Wales. Category 1 are the most severe and are major or serious impact on the environment, people or property. Category 2 - significant impact or effect on the environment, people or property. Category 3 - minor or minimal impact on the environment, people or property.
B3b	Preventing pollutions (cat 3 only)	As above but only category 3 pollution incidents (minor or minimal impact on the environment, people or property).
C1	Responding to climate change	Reduce the amount of rainwater entering our sewers. The measure is the volume of surface water removed from the system, expressed as number of properties.
C2	Carbon footprint	To generate more renewable energy and therefore to offset our carbon emissions and the cost of imported energy.
D1	SIM	Service incentive mechanism (SIM) is a measure introduced by the Regulator Ofwat to monitor and report customer service information across all water & wastewater companies as a comparative measure.
D2	At Risk Customer Service	The number of customers who are on our register of "at risk". They are deemed to be "at risk" because their service has repeatedly fallen short in one of the following five areas: discolouration of water, interruptions to supply, low pressure, and odour from wastewater assets and sewer flooding.
D3	Properties flooded in the year	The number of properties suffering internal sewer flooding per year.

Ref	Performance measure	Definition
D4a	Business Customer Satisfaction % satisfied	Business customer satisfaction as measured by either satisfied or very satisfied in the six monthly survey undertaken.
D4b	Business Customer Satisfaction	Business customer satisfaction as measured by the average customer score out of a total of 5 then converted to a percentage.
D5	Earning the Trust of Customers	Customer trust as measured in an annual survey.
E1	Affordable Bills	The company will continue to make bills more affordable by maintaining falling bills in real terms, beating inflation by at least 1% a year.
E2	Help for Disadvantaged customers	Help more customers who genuinely struggle to pay their bills by providing assistance through social tariffs.
F1	Asset Serviceability	Maintain our assets. Serviceability includes a basket of sub-measures used to monitor the effectiveness of our asset management and the maintenance of our assets.
F2	Leakage	Reduce our leakage levels.
F3	Asset Resilience	Improve the resilience score of our most strategic assets. Improve the percentage of strategic assets that are resilient against a set of criteria. Strategic assets are those where failure would have a major impact on service to customers or on the environment.
	Health & Safety RIDDOR	Keep colleagues safe by reducing the number of RIDDORs (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) each year.
	Competence for Role	Ensure our colleagues are trained to be fully competent in their roles.
	Financing Efficiency	Maintain our A grade credit rating or equivalent, so we continue to access low-cost long term finance.
	Bad Debt	The measure to record the value of bad debt (unpaid customer bills).
	Net Promoter Score	A survey undertaken across a number of companies (not just water utilities) to establish how our customers rate Welsh Water service in comparison to other companies.
	Complaints	The number of written customer complaints we receive.