

AMP8 Assurance Strategy

September 2025

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AMP8 Assurance Strategy

Introduction and overview

The provision of reliable, accurate and complete information and data is an essential part of building and maintaining trust with customers and other stakeholders who rely on the services we provide. Given our position as a provider of essential public services, we have a responsibility to provide accurate and easily accessible information about performance. We pride ourselves on publishing trusted information and have a proven track record of providing open, transparent and high-quality information about our performance to customers, stakeholders and regulators. We have a sound approach to assurance which is a key enabler to high-quality data provision. We intend to maintain and, where appropriate, evolve our approach to assurance throughout AMP8 to build further on the trust we have earned, make improvements where shortcomings are identified and to enhance the confidence that customers, regulators and other stakeholders can have in United Utilities' performance reporting.

This document sets out the overarching approach to assurance to ensure:

- The assurance activities that we have in place to provide reliable, accurate and complete data.
- The type and coverage of assurance.
- The process by which conflicts will be managed.

In addition, the CVs of key members of the Independent Technical Assurance (ITA) are appended to this document.

Structure

This document is structured as follows:

- Section 1 – AMP8 Assurance Framework
- Section 2 – Annual Assurance Plan
- Section 3 – Conflict of Interest Process
- Section 4 – Independent Technical Auditor Summary CVs for key team members

This document is designed to provide a complete and transparent overview of the approach U UW takes in respect of assurance of regulatory information within principal regulatory publications and submissions.

In addition, the report addresses Ofwat's requirement for an assurance strategy to be prepared for delivery of the AMP8 enhancement programme. This requirement is detailed Ofwat's Final Determination. This can be found on page 9 at the follow location: <https://www.ofwat.gov.uk/wp-content/uploads/2024/12/PR24-final-determinations-Expenditure-allowances-1.pdf>

This strategy will be reviewed and updated annually or when there is a material change occurs, such as substantial amendments to the reporting guidance or a change in the provider of ITA services.

1. AMP8 Assurance Framework

The key pillars of our assurance approach are summarised below:

- **Risk assessment**

We have adopted a structured risk assessment process to underpin the governance and assurance processes supporting our reporting. The overall combined risk rating is used to help to determine the level of governance and assurance that is applied to the reported information.

- **Process**

We utilise a well-established 'three lines of assurance' framework. The three lines of assurance are:

- First – Management has accountability for developing and maintaining sound processes, systems and controls in the normal course of its operations.
- Second – The Regulation and Compliance or Finance team, where applicable, have accountability for providing the framework and governance for our regulatory reporting. Our Corporate Audit team undertakes rolling and cyclic audit activity and targeted reviews for key submissions.
- Third – Independent audit and assurance activities are typically undertaken by specialist external auditors. These audits are generally carried out on a "limited assurance" basis¹.

- **Governance**

We are committed to the very highest standards of corporate governance with defined accountabilities from the U UW board cascaded into our operational governance and review process. We apply the principles and report against the provisions of the 2018 UK Corporate Governance Code.

In 2023 we established a new board Compliance Committee to ensure the board had an even greater opportunity to provide early and in-depth scrutiny of regulatory submissions and to help ensure the accuracy of information presented to regulators and customers.

1.1 AMP8 reporting and assurance

Background

The provision of reliable, accurate and complete information and data is an essential part of building and maintaining trust with customers and other stakeholders who rely on the services we provide. Given our position as a provider of essential public services, we have a responsibility to provide accurate and easily accessible information about performance. We pride ourselves on publishing trusted information and have a proven track record of providing open, transparent and high-quality information about our performance to customers, stakeholders and regulators. We have a sound approach to assurance which is a key enabler to high-quality data provision. We intend to maintain and, where appropriate, evolve our approach to assurance to build further on the trust we have earned, make improvements where shortcomings are identified and to enhance the confidence that customers, regulators and other stakeholders can have in United Utilities' performance reporting.

We continue to welcome any comments or other feedback on this document or on our approach to reporting on our performance or assurance more generally. Comments should be sent to us at myview@uuplc.co.uk

AMP8 assurance framework

We strive to follow best practice. Over AMP8 we will continue to develop and refine our approach to assurance so we ensure that we deliver high-quality data into the public domain. We look to clearly identify any areas of

¹ Limited assurance is an industry term used to define the type or context of assurance. Limited assurance is generally undertaken on non-financial information where the characteristics of the underlying data are often less well defined than for financial style audits where the type of controls in place typically allow for definitive testing to be undertaken. Further information on assurance engagement types may be found within the following standard published by the Financial Reporting Council: [Internation Standard on Assurance Engagements 3000 \(Revised\)](#)

particular risk and provide additional assurance steps where required. We work with stakeholders and YourVoice – the independent challenge group representing North West customers – to further improve transparency and stakeholder engagement with our reporting in AMP8 we will continue utilising our assurance framework across a number of principal publications, including our Annual Performance Report, Delivery Plan Progress Reports, business plan submission, and other key submissions to Ofwat or other regulators.

Risk Based Assurance

We continue to adopt a structured risk assessment process which underpins the governance and assurance processes supporting our regulatory reporting. The risk assessment approach builds on the approach we took during previous AMPs which reflected Ofwat’s requirements.

The key component of this approach is the assessment of regulatory data against a set of criteria to establish the impact and probability of potential misreporting of information. The reviews cover both historic and forecast data, methodologies, performance and compliance statements and audit trails to confirm that the information reported is reliable accurate and complete and meets regulatory reporting requirements.

The risk assessment process separately reviews the impact and probability of potential risks associated with misreporting data. The risk assessment is undertaken within a model and generates an overall combined risk rating (very low, low, medium, medium high, high or critical).

The impact score assesses the scale of the potential consequence of inaccurate, incomplete, misreported or late data across four categories: stakeholders, competition, finance (either in period or at the next price setting) and performance targets, outcomes or deliverables (again in period or future).

The probability score is assessed via two steps; initially the inherent risk involved in the processes for data collection, manipulation and reporting the data is assessed and then the mitigating effect of any established control activities, systems and processes is then assessed to determine the overall likelihood rating. The overall combined risk rating is then derived from the combination of the impact and the likelihood score (see Figure 1.1 below).

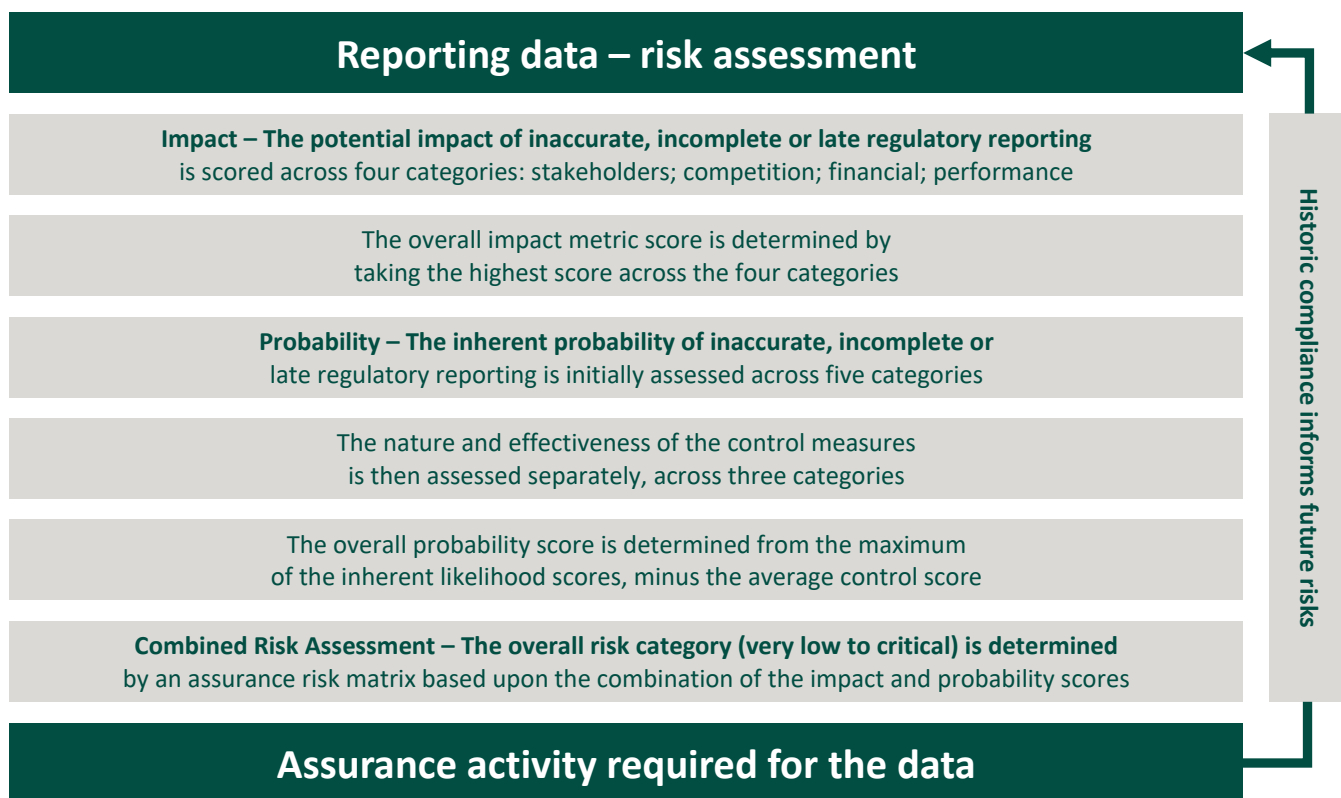


Figure 1.1 – Regulatory reporting risk assessment

The overall combined risk rating is used to help to determine the level of governance and assurance that is applied to the reported information. Figure 1.2 below sets out the differentiated assurance applied on the basis of the risk assessment.

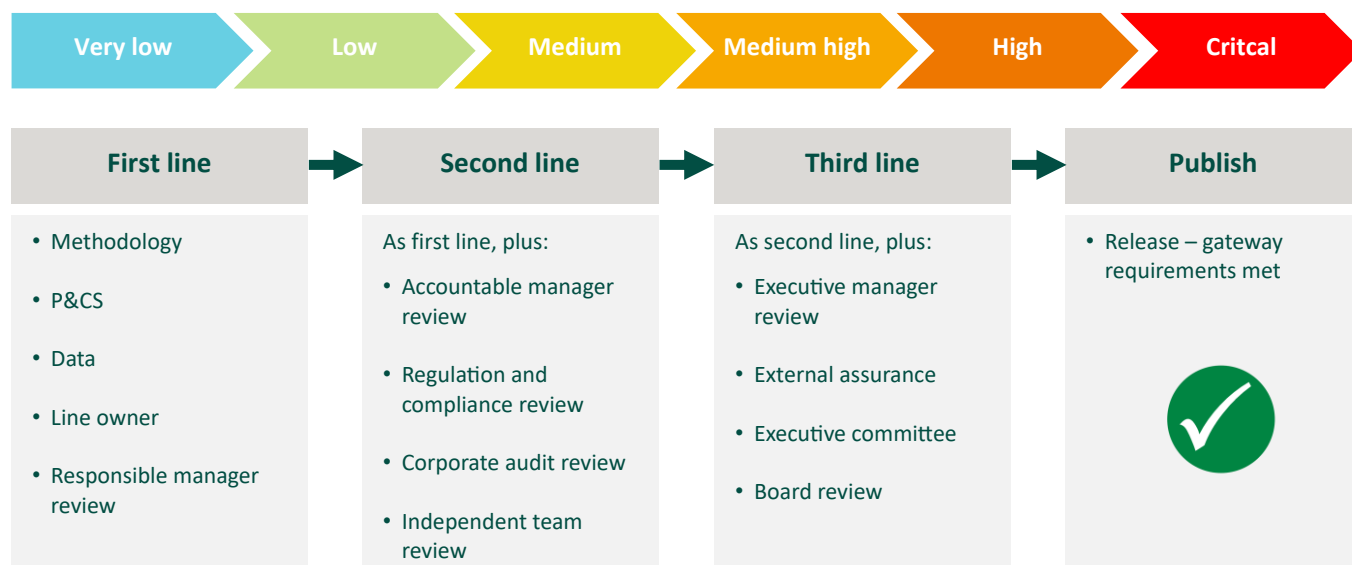


Figure 1.2 – Risk assessment assurance process

This also ensures that as the level of risk increases the governance and assurance applied to the reporting of data also increases. The approach makes sure that critical risks are escalated up to board level and the reporting of this data is subject to detailed independent assurance.

Key risks identified through this process are subject to additional targeted assurance. We set this out in our targeted assurance plan, which can be found in Section 2 of this document. When finalising additional targeted assurance, other relevant factors are also considered in addition to the results of the risk assessment such as customer priorities and previous reporting issues. The risk assessment process is an ongoing activity and forms an integral part of the sign off process for regulatory reporting – demanding both challenge and confirmation of the risk levels applied.

In addition to supporting the governance and assurance processes applied to the regulatory data, the results of this risk assessment are used to determine how the identified risks are managed. The risk assessment process assigns a risk rating of very low, medium, medium high, high or critical to the information to be reported.

1.2 Assurance process

Approach

The performance commitments (PCs), outcome delivery incentives (ODIs), Price Control Deliverables (PCDs), Delivery Plans and supporting data that form the basis for the 2025-30 business plan period (AMP8) determination are based on the services we deliver in support of our statutory and regulatory obligations and reflect the preferences of customers.

As a consequence of this approach, the majority of the data required to report on the delivery of our ODIs, PCs and PCDs are a subset of routine operational and management data that is directly used to support and direct key business activities.

For operational information we have also established a centralised reporting function, which has accountability for both assuring the quality of the data and for providing a central source of management information which can be used by many areas of the business.

Information about the delivery of our capital programme is collated and maintained by specialised Programme Management Office teams. This information is used to track key information about the delivery of projects and programmes until completion.

Accountability for performance delivery

The accountability for operational and regulatory reporting sits with the relevant business units responsible for the day-to-day management of the associated processes. At the start of AMP8 we refreshed and updated accountabilities for regulatory reporting information, reflecting the most up to date organisational structure.

Scorecards are used by business areas to monitor performance against the regulatory measures supplemented by, and informed by, relevant operational measures. The scorecards are hierarchical and are rolled down within the relevant business area so that specific targets can be set, measured and if necessary appropriate management interventions can be made in a timely manner and actions can be taken appropriately.

The process by which we capture and report data is defined in a suite of methodology statements. Each of the methodology statements are reviewed during the year and signed off appropriately by the accountable owner. These documents also set out the systems used to capture and report data, role accountabilities, processes used to analyse and calculate the resultant performance levels and the key process controls, and checks that assure the resulting data.

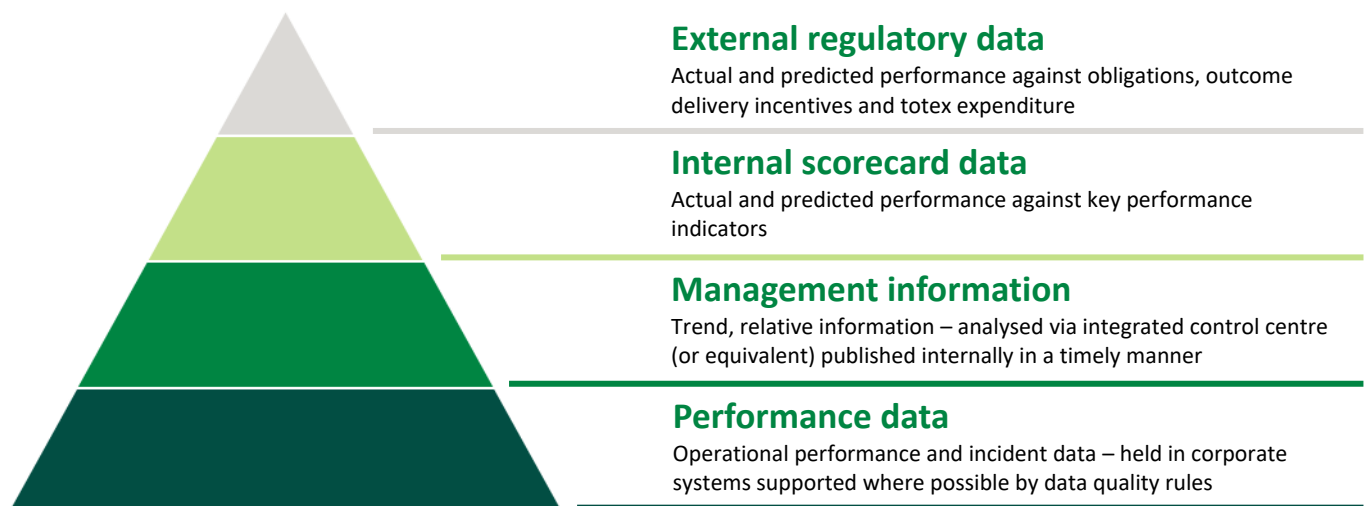


Figure 1.3 – Hierarchy of data for performance management and reporting

Detailed data capture and measurement process

The detailed process for capturing regulatory data, key supporting information for that data, or data that is critical to ensure that we comply with our regulatory or statutory obligations, is set out within a series of methodology documents. As mentioned earlier, these documents are regularly updated by accountable business owners and reviewed for completeness and compliance by the Regulation and Compliance team as part of its 'second line of assurance' oversight role.

These methodologies, together with the data collected and compliance against relevant targets, form the basis of both the routine and reactive review and assurance process with any risks or issues being identified and escalated as appropriate within the business.

1.3 Three lines of assurance

The approaches we take to audit and assure our data and reporting is based upon the ‘three lines of assurance’ approach that we successfully used during previous AMPs for regulatory reporting. This is described below.

- In the first line of assurance management has accountability for developing and maintaining sound processes, systems and controls in the normal course its operations.
- In the second line of assurance the Regulation and Compliance team or Finance team has accountability for providing the framework and governance for regulatory reporting.
- The third line of assurance provides independent audit and assurance activity through independent technical auditors and in some cases specially appointed third-party providers. These audits are generally carried out on a limited assurance basis. The U UW Corporate Audit team also provide an independent review of the effectiveness and application of the assurance framework and undertake targeted reviews.

First line of assurance – Business and management accountability and responsibility

Accountability for developing and maintaining sound processes, systems and controls in the normal course of operations.

- Ongoing review of processes and systems and controls, e.g. investment meetings, business reviews, report findings for key internal and external deadlines
 - Performance compared to regulatory expectations
 - Change in risk profile identified through performance and compliance statements, control testing and evidencing, line ownership, accountable and responsible management review
 - Assessment of data reliability and accuracy using confidence grade mechanism
- Identifying material changes to systems and processes

Second line of assurance – Providing the enabling framework and governance for regulatory reporting

Regulation and Compliance

- Review of information submitted prior to key internal and external deadlines
 - Analysis of methodology, performance and compliance statements and supporting information
 - Monitoring delivery of obligations, outcome delivery incentives and Price Control Deliverables
- Identifying systemic risks (internal horizon scanning) linking to Regulatory Interactions System
- Gathering industry intelligence (external horizon scanning) and making recommendations to relevant executive committees
- Reporting to executive management teams and other risk functions

Finance Team

- Review of information submitted prior to key internal and external deadlines
 - Analysis of methodology, performance and compliance statements and supporting information
 - Monitoring delivery of obligations and expenditure
 - Reporting to executive management teams

Third line of assurance – Audit programme (rolling and reactive audits)

Corporate Audit

- Independent audit and assurance activity.
- Cyclic audit activity to provide on-going testing and assurance of key processes and controls

Technical Auditor

Independent audit and assurance activity.

- Cyclic audit activity to provide on-going testing and assurance of key processes and controls driven by assurance map across obligations
- Risk-based audit activity determined by risks, issues and intelligence identified through first and second lines of assurance

Financial Auditor

- Examines financial records and reports to ensure accuracy, compliance with regulations, and to provide an independent assessment of the company's financial health.

Figure 1.4 – Three lines of assurance process

The Independent Technical Auditor and Ofwat expectations

The independent technical auditor (ITA) provides additional confidence that regulatory data is reliable, accurate and complete. The ITA is engaged by United Utilities but also has a duty of care to Ofwat which sets common industry assurance requirements across a range of delivery and performance reports. The ITA is a qualified technical specialist who can provide an independent opinion.

To help facilitate the audit process we provide accurate and complete information so that assurers are able to interrogate, verify and assess that information. This may include providing access to primary sources and background data.

We work closely with the ITA to ensure both Ofwat's expectations, and any company specific led items are covered within its scope of work. These high-level expectations are set out by Ofwat in the Final Determination. These may be found in Section 1 of the following document: <https://www.ofwat.gov.uk/wp-content/uploads/2024/12/PR24-final-determinations-Expenditure-allowances-1.pdf>

1.4 Application of the three lines of assurance to our regulatory reporting

The key elements of the three lines of assurance approach which is to be applied to the assurance of reporting are summarised below.

Using our established processes and methodologies for reporting and assuring data

We establish a RACI model for our regulatory reporting based around our organisational structure. This allows clear line of sight across reporting information from the line owners, responsible and accountable managers and the accountable executive directors to produce and approve performance and compliance statements. These set out the evidence to support the reported performance and control checks that have been applied. Regulatory and operational performance data is collected and reviewed at regular intervals throughout the year.

Some of the information only warrants collection and assurance annually, due to the stable nature or the use of the data. This allows data to be signed off and locked down earlier, and where changes are subsequently required, formal change protocols are in place.

Comparing the reported outturn performance with company business plan targets, regulatory targets and historic performance

This exercise allows variances to be identified and explored. Where required, explanatory statements are sought from the accountable managers. These statements are analysed and assessed by the Regulation and Compliance team or Finance teams and findings are reported to the relevant directors. Following the review, findings are reported and escalated to the executive and board as appropriate.

Reviews are undertaken by our Corporate Audit team and ITA of the company's processes.

Corporate audit's findings are reported to the board. Should a significant regulatory risk or issue materialise during the report year then we will update Ofwat and the appropriate stakeholders accordingly to demonstrate that the company is aware of and is responding appropriately to manage that risk or issue. Whenever possible, any risks or issues identified are addressed immediately. Where this is not practical, they will be built into an improvement plan for the following year's regulatory reporting cycle.

Review and challenge by the YourVoice independent panel forms an additional part of the third line of assurance

To ensure that our reporting is independently challenged we have established a stakeholder forum called the YourVoice panel. YourVoice's findings are reported alongside the findings of our Corporate Audit team and external technical and financial auditors to aid the board's decision to approve the annual suite of performance reports.

1.5 Governance and accountability

Approach

Effective governance is not just the responsibility of our board and executive team. We aspire to apply the highest standards of governance to the way we conduct business, and we strive to ensure that these standards are cascaded throughout the company. In support of this, we have in place internationally accredited management systems governing quality, environment and health and safety to ensure consistently high standards.

Our certifications are scrutinised on a regular basis by external auditors to ensure we meet the requirements of the standards. These audits include documentation reviews, office-based interviews and site visits involving employees from all parts of the business. We also run a rigorous programme of internal audits that covers the full breadth of the Group's activities. The findings of our risk-based audit programme are communicated regularly to our board, and our performance in the delivery of actions arising from our audit findings is monitored and reviewed closely by members of the Executive team.

Over the past few years, we have been monitoring the considerable change in the areas of governance and narrative reporting and continue to build on our approach to reporting. We continue to apply a structured and thorough approach to the governance and assurance of our reports and adopted the principles of transparent reporting. Our United Utilities Annual Report and Financial Statements for each year of AMP will be prepared in accordance with the principles set out in the International Framework published by the International Integrated Reporting Council and the UK Corporate Governance Code.

Further details of the governance arrangements are set out each year in United Utilities Group PLC Annual Report and Financial Statements.

Annual Reports can be found on our Corporate website on the following link:

<https://www.unitedutilities.com/corporate/investors/results-and-presentations/annual-reports/>

Board level accountability and control

Our board manages the effective and efficient delivery of its obligations and operation of everyday activities within the business through the interaction of:

Authorisations, approvals and procedures

These are set out in the United Utilities Group PLC (UUG) internal control manual (ICM) to provide guidance to employees as to the system of internal controls which they must follow when acting on behalf of United Utilities Water (UUG) and United Utilities Group (UUG) as a whole. The ICM sets out a framework within which underlying detailed procedures and policies operate.

Business unit directors are required to complete an annual management control self-assessment. This assessment provides confirmation that reporting processes and systems of control are robust, and any actions identified during the report year have been addressed, or have actions scheduled (this includes and assessment of their responsibilities under both the Water Industry Act and Licence).

Policies

The UUG board has adopted an overriding set of Business Principles. These are supported by a range of underlying policies that provide guidance to our employees as to how they should conduct themselves when acting on behalf of UUG and UUG as a whole.

Everyone working for or on behalf of UUG must comply with the policies (to the extent they are applicable to their roles). Failure to do so may result in disciplinary action being taken. This could lead to dismissal and possible civil or criminal prosecution in serious cases.

Governance and control

The UUG board delegates responsibility for specific matters to a number of committees and working groups. This provides a framework that employees are expected to be aware of and comply with, where relevant to their role, to ensure business decisions are taken in accordance with best business governance practices.

Regulatory reporting

The board signs off regulatory reports based on approved assurance processes.

Operational governance and review process

As part of the governance framework for our regulatory data, we have agreed a RACI matrix for regulatory information. Regulatory data is signed off by the relevant data owner and senior manager. The risk assessment described in section 1.1 of this document determines the level of management sign off based upon a risk-based review of the importance of the data and the materiality of any potential risks or issues. This ensures that all issues are escalated to an appropriate level. The different sign off levels are line owner, responsible, accountable, and executive owner.

- **Executive** – the director of the relevant business
- **Accountable** – the owner of the relevant performance scorecard and the director accountable for delivery of the measure
- **Responsible** – the manager responsible for the day-to-day performance of the measure with accountability for achieving the targets and monitoring and confirming performance and compliance levels
- **Line owner** – the subject matter expert who is accountable for the capture, review and provision of the data

The regulatory data is provided by the business and collated by the Regulatory and Compliance team or Finance teams who independently review, monitor, assess and challenge the reported data against internal and external targets and expectations. Regulatory information is captured at regular intervals throughout the year.

Depending on the nature of the information and the outcome of the risk assessment information, some information is collated quarterly. The teams are also accountable for checking and verifying that the relevant data capture methodology has been complied with and that any risks and issues identified during this process are escalated appropriately within the business potentially up to board level.

2. Annual Assurance Plan

Background

The assurance framework that we have put in place to support our regulatory reporting is designed to ensure that we can:

- provide accurate data, based upon robust data assurance activities; and
- demonstrate that we are listening to customers and delivering services they want and can afford.

This section of the assurance strategy is our assurance plan. The assurance plan identifies key areas where we have applied or expect to apply our assurance framework within principal regulatory submissions such as the Annual Performance Report.

We will update and publish our assurance plan each year. We continue to welcome any comments or other feedback on this plan or on our approach to reporting on our performance more generally. Comments should be sent to us at myview@uuplc.co.uk

Structure of this Annual Assurance Plan

This document has three sections and an appendix. Following this background and context section, the remainder of the document is structured as follows:

- Section 2.1: Coverage of the assurance plan
This section provides a summary of where we typically apply the assurance framework.
- Section 2.2: Targeted assurance
This provides a summary of the areas for targeted assurance.
- Section 2.3: Next steps
This section sets out how and when we publish reports.

2.1 Coverage of the assurance plan

Annual Performance Report

Our principal regulatory publication is the Annual Performance Report (APR). This report provides key information to demonstrate how we are complying with our statutory and regulatory obligations and to track our performance and the delivery of our business plan commitments. We will continue to review any errors which are identified through our internal checks and Ofwat queries and introduce additional processes to reduce the chances of similar errors occurring in future.

AMP8 Enhancement Programme

In December 2024, Ofwat published their PR24 Final Determination for all companies. This set out price, service and incentive package for the water sector between 2025 and 2030 (termed the AMP8 period). This included increases in expenditure allowances to delivery better outcomes for customers and the environment.

Given this increase Ofwat also sets out new and additional expectations in respect of assurance and monitoring the delivery of these improvements in their Final Determination. One of these obligations is the requirement to publish a Delivery Plan. This plan will set out the actual and forecast performance for outputs, expenditure and in some cases milestones for Price Control Deliverables (PCDs) programmes, Gated Mechanism projects and Enhanced Engagement projects.

Our AMP8 Delivery Plan will be published in July 2025, with the assurance framework applied to each element of the submission. Delivery of the AMP8 enhancement programme will be tracked and assured with future updates to the information published and provided to Ofwat in order to facilitate the monitoring of the AMP8 enhancement programme. Such future updates will also be subject to the principals of the assurance framework.

Charges schemes

The charges schemes set out the company's wholesale charges, end user household charges and new connections and developer service charges and the terms and conditions of those charges. They are subject to a series of reviews by members of the company's legal team for compliance with the relevant legislation. On completion, each section of the charges is reviewed and approved by middle and senior managers. Corporate Audit provides an independent review of the charges models, and the relevant sections of the assurance statement for wholesale and household charges and for new connections and developer services. Corporate Audit presents its findings to the UUW board. The charges scheme assurance statements are published on our website.

Targeted or industry-wide data reviews

From time to time, we are required to provide information to Ofwat to support targeted reviews that are undertaken on industry-wide issues. For example, during AMP7 we provided additional data to support Ofwat's review of competition in developer services and changes proposed through PR24. When information is requested by regulators to support targeted reviews, where possible we review the risks associated with data and establish assurance and governance plans for the data provided, proportionate to the risks involved and the time available for collation, checking and submission.

Ongoing industry investigation

On 18 November 2021, Ofwat and the Environment Agency (EA) launched industry-wide investigations into company compliance with discharge permits at wastewater treatment works. In August 2024, Ofwat announced its draft decision to impose financial penalties on the first three wastewater companies under its investigation (Northumbrian, Thames, Yorkshire). This first tranche of investigations is now reaching conclusion with Ofwat accepting Undertakings from Yorkshire Water and Northumbrian Water and a financial penalty being imposed on Thames Water.

In a second tranche of activity, Ofwat announced that it had opened an enforcement case in relation to UUW along with three other companies as part of its ongoing investigation in July 2024. Ofwat subsequently served a formal notice under section 203 of the Water Industry Act 1991 on UUW in order to gather further information for its investigation. In relation to the EA investigation, UUW continues to comply with the notices issued under section 108 of the Environment Act 1995. We continue to cooperate with these investigations. As they continue and, ultimately, complete we will continue to consider and review any emerging findings or conclusions and understand what implications, if any, there may be for our future assurance and reporting approach.

Casework or company-specific information requests

We actively manage casework and work with customers to try to address their concerns before they escalate into formal cases. We monitor industry casework so that we can try to pre-empt issues that have occurred in other areas. If cases are raised, we seek to work with the Ofwat Casework team so that we can provide the information that it needs. Reports are produced about cases and potential cases for the executive, with lessons learnt from cases (both our own and industry wide cases) being disseminated and presented back to the relevant business area through team meetings and workshops.

Bioresources, water resources and wastewater information

Our water resources management plan (WRMP) defines our strategy to achieve a long-term, best value and sustainable plan for water supplies in the North West. The final WRMP for 2020–25 was published in August 2019. All water companies are required to produce an annual review of their WRMP to ensure that the plan remains fit for purpose. In this annual review we report on our water resources activities for the reporting year, and our progress delivering the plan. Information on our WRMP is also published on our website to enable potential market participants to identify opportunities to supply water resources or provide demand management or leakage services.

The processes around the production and assurance of these documents and information are well established and robust. Specific detail of the governance and assurance activities associated with the WRMP are set out in a technical report published alongside the WRMP on our website. The WRMP for the 2025–30 period has received full regulatory approvals and will be published in December 2024.

Along with other water and sewerage companies, we have developed a long-term drainage and wastewater management plan (DWMP). While long term planning is not new for wastewater, these plans are designed to transparently document the companies' wastewater asset bases, provide a baseline view of the operational or performance issues affecting these assets, demonstrate how these assets and performance risks would change over time as a consequence of changes in demand and climate change and set out an optimised long term programme of work to cost effectively address these issues.

The final DWMP for 2025–30 was published in May 2023. Both these plans inform our overall Long Term Strategy, the 2024 Price Review and related submissions.

The DWMP and the WRMP are updated every five years and programmes of work are in place to ensure the next cyclical update of plans are completed. We will review the risks associated with data and establish assurance and governance plans for the data provided, proportionate to the risks involved and the time available for collation, checking and submission.

We also publish information relating to bioresources on our website, which is designed to enable potential market participants to identify opportunities to supply services in the treatment, transport, recycling and disposal of bioresources.

Additional regulatory reporting and publications

In addition to the information that we publish or provide to Ofwat, we also provide information to other regulators and stakeholders, such as the Environment Agency, Drinking Water Inspectorate and Consumer Council for Water. This information is also subject to our risk-based assurance and governance processes. Much of this information is subsequently published on the websites of the regulators themselves or used on the websites of industry forums where it can provide useful comparative information between companies. A key site which contains performance data from companies across England and Wales is the Discover Water website: discoverwater.co.uk

Strategic programmes

We have a number of strategic programmes which require assurance, including HARP (Haweswater Aqueduct Resilience Programme), North West Transfer (NWT) and Water Resources West. Details of the assurance and publications associated with these submissions will be agreed internally and where relevant with the UUW board.

Reconciliation models and applications for in-period determinations

Ofwat has set a series of incentives to encourage cost efficiency and the delivery of outcomes that customers want. The reconciliation mechanisms ensure that risks are appropriately allocated between customers and companies. The models allow adjustments to revenues. We will apply our assurance approach when submitting reconciliation models or applications for in-period determinations to Ofwat. We know that our customers and stakeholders will be interested in this approach.

2.2 Targeted areas

Objective of the review of targeted areas

The objective of the risk assessment process that we have applied to our regulatory reporting is to:

- identify risks to the accuracy and reliability of our reported data; and
- identify areas where we may not be effectively demonstrating that we are listening to customers and delivering the services that they want.

Process for identifying targeted areas

We have identified risks to our regulatory reporting and identified targeted areas in four main ways:

- **Previous reporting issues**

These areas have been identified through post submission reviews or feedback on our submissions. They are included as targeted areas to provide assurance that we are learning from and have addressed these issues.

- **Inherent data accuracy risks**

These risks have been identified through our internal structured risk assessment process, which is summarised in our regulatory reporting assurance framework document. This process has reviewed each element of regulatory reporting and highlighted those areas which are at greater inherent risk. The risks which have been identified through the risk assessment are mainly as a result of new or changed external reporting requirements or due to recent internal changes in systems, processes, accountabilities or business planning. We also consider the findings of regulatory investigations and commentary that affects other companies and consider what the impact might be for our reporting or what we can learn.

- **High priority areas for customers or the environment**

These areas of our performance and reporting have been targeted to provide assurance that we are listening effectively to customers and reporting transparently on the information that they consider to be important. We also consider any areas that have a high environmental priority. Customer or other stakeholder research and feedback has helped to identify the specific areas to focus on.

- **Delivery and performance**

These areas have been targeted to provide assurance that we are listening to customers and delivering services they want and can afford. The areas have been identified through comparison of actual and target performance levels, with areas being targeted where performance is not expected to meet target.

Table 2.1 sets out each of the targeted areas, the nature of the risk that has generated the targeted area, the reason for the risk, the additional governance or assurance for each risk and who is providing assurance for the risk.

Table 2.1 – Areas of targeted assurance for 2025/26

Area	Previous issues	Inherent data inaccuracy	High Priority	Delivery and performance	Additional governance or assurance	Who is assuring?
AMP8 Performance (Performance commitments / outcome delivery incentives / Delivery Plan)		✓	✓	✓	<ul style="list-style-type: none"> - Sign off by executive sponsor - Monthly performance boards & Performance reported to the board throughout the year - Regular liaison with external regulators and groups - Regular review and challenge with YourVoice - Detailed internal methodologies reviewed by ITA (presenting findings to the board) - Complex calculations set out in APR appendix for transparency 	ITA
Water quality			✓	✓	<ul style="list-style-type: none"> - Performance monitored throughout the year - Monthly updates to the board and DWI (providing updates against the improvement plan and Water Quality First objectives) - Quarterly updates with Senior DWI team and six weekly updates with local DWI team - Discolouration added to UUW scorecard - Data reviewed and approved by Executive director - Performance reviewed and challenged by YourVoice 	Internal
Charges and tariff scheme		✓	✓		<ul style="list-style-type: none"> - Reviewed by legal team for compliance with relevant legislation - Management review of each charging rule to demonstrate how each charging rule has been complied with including any amendments (for example Ofwat has consulted on converting its NAV tariff guidance into charging rules). - Corporate Audit reviews section 3 of the assurance statement for wholesale and household and section 2 for new connections (presenting findings to the UUW board) - The company publishes and provides to Ofwat an assurance statement. 	Internal
WwTW permit compliance		✓	✓		<ul style="list-style-type: none"> - Independent environmental regulation and compliance team now provides independent advice, challenge and assessment. - Undertake reviews of permit compliance processes and procedures 	ITA
Strategic Resources Programme		✓	✓		<ul style="list-style-type: none"> - r each work element (STT, Kielder SRO, and River Bollin DPC) led by executive programme sponsor. - Establishment of stakeholder, engineering and environmental working groups and an overall programme board and steering group. - Independent advice sought on specialist matters 	Various Internal and external

Area	Previous issues	Inherent data inaccuracy	High Priority	Delivery and performance	Additional governance or assurance	Who is assuring?
					- Assurance framework has been agreed with the other partners on the STT project to assure RAPID and the company boards of the details and requirements within the programme.	
Drainage and wastewater management plan		✓	✓	✓	- Programme led by executive sponsor - Establishment of delivery steering group led by executive sponsor. - Independent advice sought on specialist matters - Governance approach defined and ongoing - Review of final guidance ongoing	Various Internal and external
Pollution			✓		- Dedicated resource provides reports and analysis of performance - Established governance framework for performance reporting - Sign off by executive sponsor prior to Board review.	ITA
Internal sewer flooding			✓	✓	- Sign off by executive sponsor - Monthly performance boards & Performance reported to the board throughout the year - Regular review and challenge with YourVoice - ITA reviews undertaken to test process, assumptions, methodology and data - Regular data quality checks undertaken using systemised reports to verify coding of incidents	ITA
Storm overflows		✓	✓		- Dedicated resource provides reports and analysis of performance - Established governance framework for performance reporting - Sign off by executive sponsor prior to Board review.	ITA

Movements from 2024/25 Plan

Areas removed from targeted assurance status

Market support – whilst the markets we operate evolve and we continue to support their effective development, our competition law compliance programme is considered mature. The activities in place to support effective participation in these markets have become business as usual and therefore not considered areas of targeted assurance.

Haweswater Aqueduct Resilience Programme – this programme of work will be delivered via the Direct Procurement for Customers (DPC) framework. Within this framework the processes to assure delivery of the scheme is separately defined and therefore removed from the list of items for targeted assurance.

PR24 – In December 2024, Ofwat published their PR24 Final Determination for all companies. The specific programme assurance on the price review programme has now been completed. Delivery of our subsequent AMP8 obligations will be assured and this is covered within the **AMP8 Performance Targeted area**.

Reconciliation models and applications for in-period determinations – these will be included within the AMP8 Performance targeted area.

2.3 Next steps

This document sets out our indicative 2025/26 Assurance Plan. This will be next refreshed in September 2026.

In the interests of continuing to increase the transparency of our reporting, we will also continue to work with the YourVoice panel to review our performance and the coverage and reporting of this performance. We continue to evolve and review our assurance approach throughout the year, both before and after this document is published and will incorporate learnings and feedback. We welcome any comments or other feedback on this document or on our approach to reporting on our performance more generally.

Comments should be sent to us at myview@uuplc.co.uk

3. Conflicts of Interest

Introduction and overview

Managing conflicts of interest within an assurance setting is extremely important. A conflict arises when a professional’s own interest or the interest their organisation conflict with the independent assurance process. In AMP8 this could be where, for example, a consultant is providing engineering design services to United Utilities Water but also providing assurance services on the same topic and there are no mitigations in place to recognise and deal with any potential conflicts of interest in order to avoid any actual or perceived harm that could arise. In this scenario the confidence taken by stakeholders from the assurance process could be undermined as the independent and unbiased nature of the assurance work could be potentially put at risk.

Avoiding this is especially important to Ofwat and other stakeholders who rely on assurance to provide confidence that performance reporting is reliable, accurate and complete and programmes of work are on track for delivery. Similarly, internal business decisions that rely on flawed assurance processes could give rise to unforeseen and unnecessary financial or operational risks. Ignoring conflicts of interest can also lead to legal penalties, damage to the organisation's reputation and reduce trust among stakeholders.

Therefore it is important that measures are in place to manage and/or eliminate conflicts of interest. This acts to support confidence in the assurance process and that actual, potential or perceived conflicts of interest are identified. To this end we have, in conjunction with our assurance provider, developed a conflict of interest management process.

3.1 United Utilities’ conflict of interest management process for regulatory assurance

Ofwat expects companies to be transparent and provide information that enables customers and stakeholders to understand company performance. To ensure the reliability of this information, companies must have robust assurance processes in place. Reflecting the increases in expenditure allowances in AMP8 Ofwat has strengthened its assurance requirements, including their requirements for the management of conflicts of interest. This is in recognition on the fact that a number of assurance providers may also be part of groups that are assisting companies in actual delivery their programme, including as measured by of Price Control Deliverables and Performance Commitment targets.

In conjunction with our existing assurance provider, we have developed a conflict of interest process which is shown in [Figure 3.1] below.

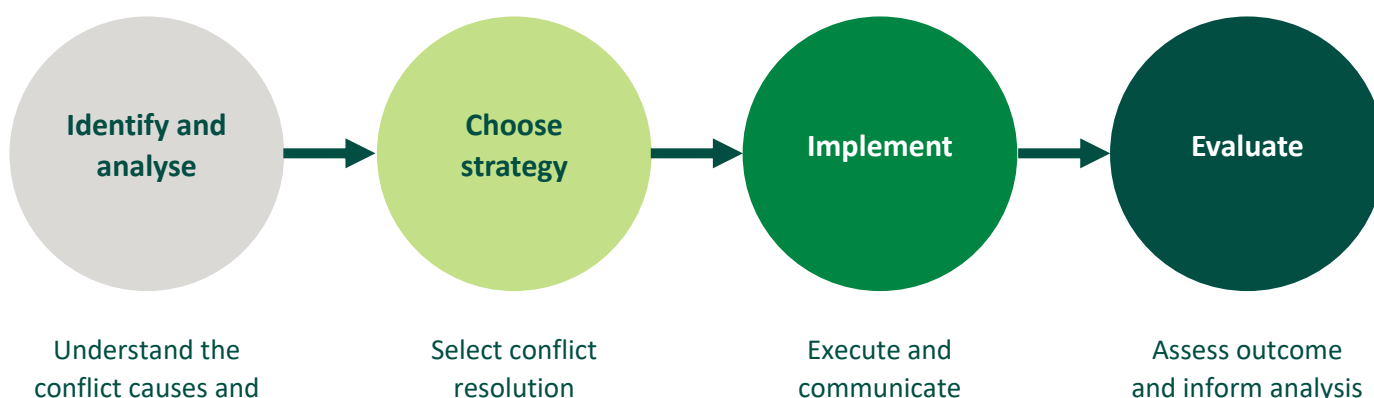


Figure 3.1 - Conflict of Interest Management Plan

Each of the stages along with the key activities within each stage are described in [Table 3.1] below. Under normal circumstances we believe it unlikely that any particular threat will pass to the second stage of the process. This is because the independent technical assurer has its own conflict of interest management controls which act to identify any potential conflict prior to a commission commencing with United Utilities. Secondly, a large number of areas covered by the AMP8 assurance framework are performance measures which currently benefit from continuity of assurance from key, conflict free members of the independent third-party assurance team. However, as an additional and preventative safeguard a risk assessment will be completed ahead of each key regulatory submission. This will also provide focus on new or changing requirements and whether a conflict of interest exists.

Table 3.1: Conflict of interest process

Stage	Key activities
Identify and assess	<p>Identification:</p> <p>Prior to each key commission where the independent technical assurer input is required, the Regulatory Reporting team will undertake a risk assessment to identify any instances of actual, potential or perceived conflicts of interest. The results of assessment will be shared with the Head of Regulatory Reporting and Assurance for consideration.</p> <p>This assessment will include assessment of the assurance proposal, including the conflict of interest disclosure forms provided by the assurer.</p> <p>The assurer in their proposal (and assurance letters) will confirm they have not identified any conflicts of interest.</p> <p>To test the completeness of the assures internal control, the Regulatory Reporting Manager will perform periodic checks on the independent third-party assurer key controls within their own Conflict of Interest Management Plan. This may include checking completeness of training material, completion records and conflict of interest disclosure forms.</p> <p>Assessment:</p> <p>Where a material risk is raised a forum of key business representatives will be convened. The membership of the forum will be determined based on the specific circumstances that apply but it will be chaired by the Head of Regulatory Reporting and Assurance. The forum will be responsible for assessing the threat identified and making recommendation to manage, mitigate or eliminate the issue.</p> <p>Any disputes will be escalated to the Regulation and Compliance Director and, if necessary, the Board.</p>
Choose strategy	<p>Where a conflict has been identified the appropriate mitigation will be determined by the Head of Regulatory Reporting and Assurance. This may include putting additional safeguards in place (e.g. requesting the assurer change the resource allocated) or if deemed a material conflict making provision for an alternative assurance provider to be put in place.</p>
Implement	<p>Following determination of the strategy, the outcome of this is communicated and the appropriate mitigation is actioned by the Head of Regulatory Reporting and Assurance.</p>
Evaluate	<p>Following completion of the assurance commission, business as usual contract performance activities should be employed by the Regulatory Reporting team.</p> <p>Periodically, the Regulatory Reporting team will perform checks on the independent third-party assurer's key controls within its own Conflict of Interest Management Plan. This may include checking completeness of training material, records and conflict of interest disclosure forms.</p> <p>Papers noting the effectiveness of the conflict of interest management process will be shared with the Compliance Committee (and where appropriate the Audit Committee). The Head of Regulatory Reporting and Assurance will be responsible for this.</p>

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Water for the North West