



Monitoring and reporting sewer flooding in the future

Alison Fergusson, Senior Analyst

What will I cover?



Ofwat's move to more risk-based regulation

Sewer flooding – why do we need something different now?

Our concerns with the current reporting

UKWIR project on risk-based approach to sewer flooding

Objectives of monitoring and reporting

Early thoughts on the way forward

Regulatory compliance



“Our approach to monitoring compliance could shift from heavy reliance on annual regulatory returns from the companies. Instead, we could make greater use of targeted information requests or focused, in-depth examinations of high-risk areas or companies. This would require us to gather customer and market intelligence and take a different approach to checking compliance”

‘Getting it right for customers – how can we make monopoly water and sewerage companies more accountable?’ (November 2010)

Potential KPIs

Environmental impact		Reliability and availability	
Greenhouse gas emissions	●	Serviceability water above ground	●
Satisfactory disposal of wastewater	●	Serviceability water below ground	●
Pollution incidents	●	Serviceability sewerage above ground	●
Water efficiency	●	Serviceability sewerage below ground	●
		Leakage	●
		SOSI	●
Customer experience		Financial	
SIM	●	Return on RCV	●
Drinking water compliance	●	Credit rating	●
Sewer flooding	●	Gearing	●
Interruptions	●	Adjusted cash interest cover I	●
Bad debt (affordability)	●		

Where is Ofwat going on reporting and monitoring?



Companies remain accountable to customers

Companies collect and own data to make it available for customers and manage business

KPIs published by the companies

Risk-based regulation

What about future monitoring of sewer flooding?



Greater accountability to customers and meeting their expectations

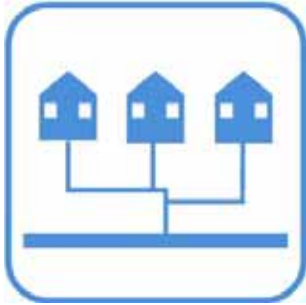
Companies understanding and managing the sewerage service holistically

Sustainable approach with a long-term perspective

Monitor only what is required for demonstrating regulatory compliance, not 'one size fits all'

Horizontal audits

Sewer flooding: why something different beyond AMP5?



Pressures of climate change, urban creep and development on sewerage system

Remaining old problems on sewer flooding register tend to be difficult and expensive to resolve

Our concerns with current reporting



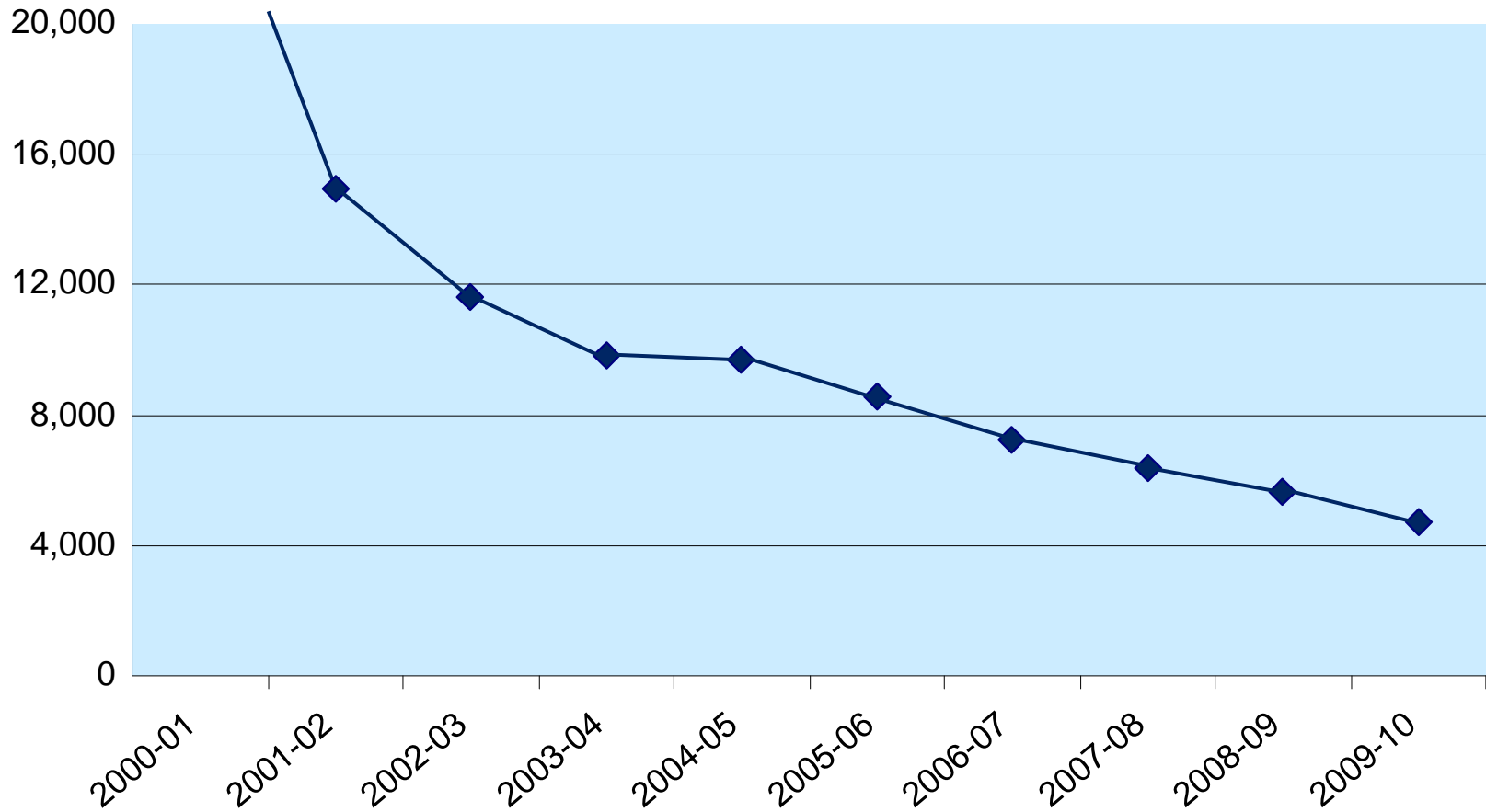
Consistency of approach and data

Customer service – are we addressing the right problems?

Incentives for efficiency – are we choosing the right solutions?

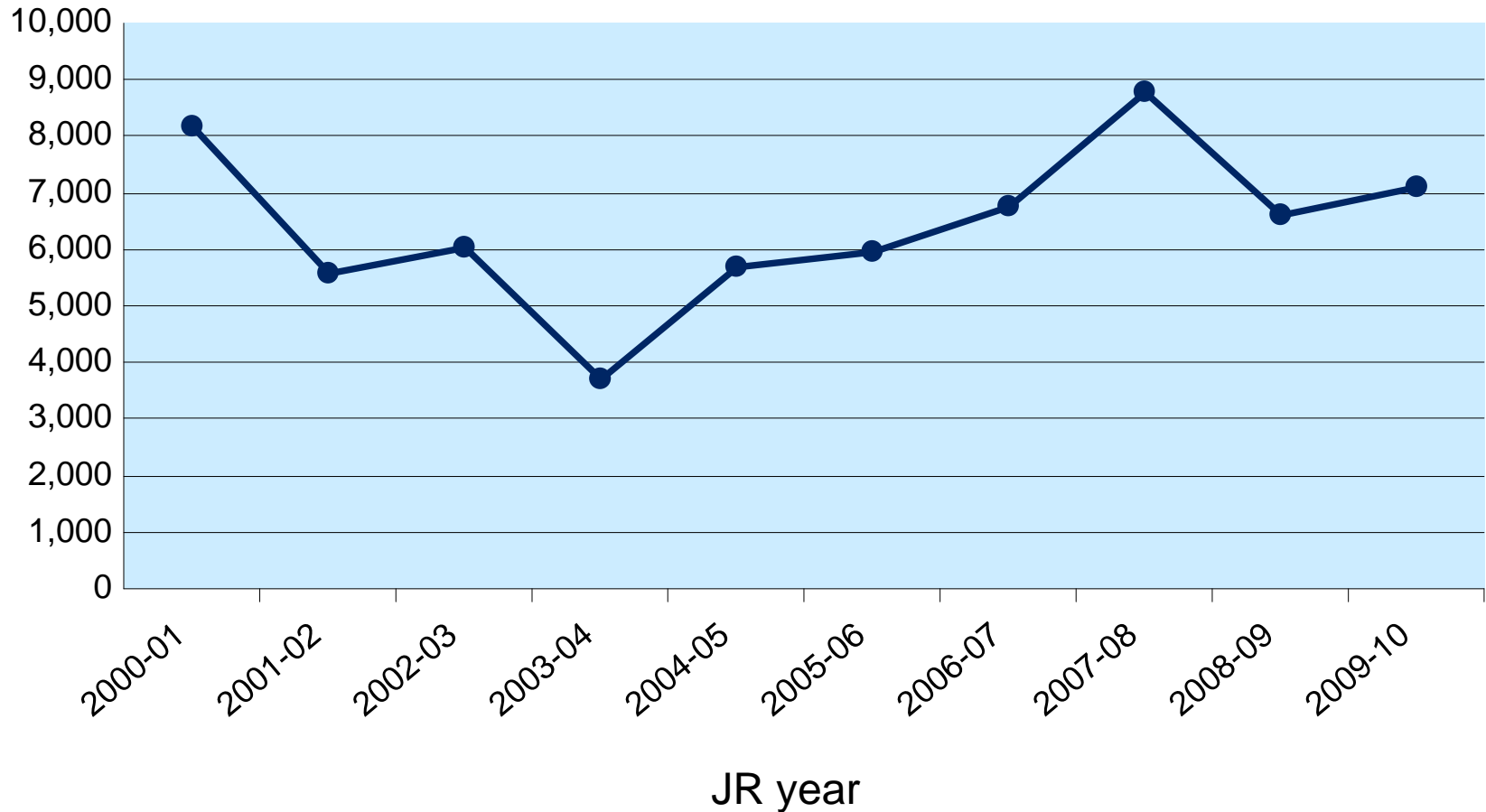
Success story?

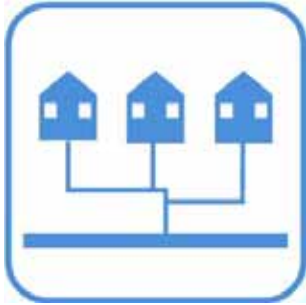
Properties on the internal 1:10 and 2:10 DG5 register



What customers experience

TOTAL internal incidents (number)





Project objectives

- a) to develop a risk-based means of ranking investment needs in sewerage
- b) to compare the risk-based approach with current ranking methods
- c) to identify the implications for regulatory processes and propose changes for consideration

Detailed recommendations

Incidents and reporting

Collect 'consequence' data reflecting customer experience

Research into effectiveness of mitigation to reduce risk

Implement a common approach to flooding register categories

Develop a code of practice for investigations

Investment

Use 'potential risk' to prioritise investment to address known flooding issues

Define named schemes to justify significant investment

All other investment regulated by total expected monetary benefits or risk score impact

Integrate frameworks for investment in sewerage to optimise proactive and reactive investment, whatever the driver

What next?



Helpful if the companies:

Gather consequence data

Research into effectiveness of mitigation

Common approach to categorisation

Code of practice for investigations

Consider potential risk to prioritise investment to address known flooding issues

Ofwat:

Need to consider integration of frameworks for investment drivers

Need to consider regulation of investment for sewerage in context of future price limits project



Two sewer flooding KPIs for future:

1. Number of incidents this year where mean time between flooding incidents (medium and high severity) is less than five years

any flooding cause



2. Number of flooding incidents in year compared with... (last five years?)

Why these – advantages?



Customers not bothered **why** sewage is in their home

Reducing regulatory burden

Risk-based – including severity

Incentive to stop properties flooding, particularly repeat flooding and flooding often

Disadvantages?



Little visibility of external flooding issues

Potential lack of history to new measures (back-casting?)

Both measures affected by weather

Your input



Discussion and SWOT analysis in breakout group

Further input from everyone over lunch

Questions

