

Centre City Tower, 7 Hill Street, Birmingham B5 4UA
21 Bloomsbury Street, London WC1B 3HF

By email

25 April 2018

Environmental Information Regulations (EIR) 2004 - Request For
Information

Reference: EIR 20180442

Dear 

Thank you for your request for information concerning leakage reduction targets.

Ofwat confirms that the information requested is publicly available on Ofwat's website. I have given some background information which you may find useful with links to relevant documents and other websites which contain useful information.

Prior to 2015

Historical performance information is available on the Ofwat website here at this link: <https://www.ofwat.gov.uk/regulated-companies/company-obligations/performance/>.

For example, click on the [Companies' performance 2014-15](#) link on the left-hand side of the page – at the bottom of this page there's a link to a spreadsheet of companies' performance data - one of the worksheets in this spreadsheet is 'Leakage'.

2015-20

Most customers in England and Wales cannot chose their water supplier. Therefore, to provide companies with incentives to deliver more of what their customers need and want, we introduced outcome delivery incentives ('ODIs') at the 2014 price review ('PR14', the price control for the five-year period 1 April 2015 to 31 March 2020). Water companies engaged with their customers and stakeholders to identify commitments to their customers ('performance commitments') on the service levels they would deliver to them.

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Reducing leakage is a high propriety for customers. At PR14 (the price control for the five-year period 1 April 2015 to 31 March 2020) each company made a performance commitment on leakage, following consultation with its customers and its Customer Challenge Group and review by Ofwat. Companies have incentives to achieve and outperform their commitments to customers.

ODIs result in companies being penalised if they fall short of their commitments to customers. When companies deliver more of what customers want, and outperform their commitments, they can earn outperformance payments. As a result, ODIs encourage companies to deliver more of what matters to customers, such as lower leakage, fewer supply interruptions and fewer incidents of sewer flooding.

Leakage is also considered as part of the Water Resource Management Plans (WRMPs). Companies in England have now published their draft WRMPs for consultation.

Published information

The [Service Delivery Report 2016-17](#) (published 31 January 2018) contains leakage data on page 8 - including the company-level commitments and actual performance levels for the 2016-17 reporting year (1 April 2016 to 31 March 2017).

Alternatively, the [Discover Water](#) website includes comparable, normalised leakage data in cubic metres per km of main (per day) and also litres per property (per day).

The [Outcomes, performance commitments and outcome delivery incentives 2016-17](#) spreadsheet that we published on 31 January 2018 includes the 2015-16 and 2016-17 actual performance levels for the water companies' performance commitments (PCs) and outcome delivery incentives (ODIs). The 'PC list' worksheet includes a 'Primary category' filter in column N, so it's possible to filter for the leakage PCs. It's worth then looking at column P ('PC unit description') and excluding any PCs that are not relevant. Columns BQ-BV include actual performance and ODI data for 2015-16, columns BW-CB include actual PC and ODI data for 2016-17.

Important note: not all of the information in the 'PC list' and 'Sub-measures' worksheets is readily comparable across companies due to the use of different definitions and the fact that many commitments themselves differ between

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companies. Please refer to the relevant PR14 final determination company-specific appendix (annex 4) for individual PC and sub-measure definitions.

For more information on individual company performance, annual performance reports are published on the company's website.

2020-25

In terms of PR19 (the price control for the five-year period 1 April 2020 to 31 March 2025), then these final methodology documents are worth reviewing (probably best to search for the word leakage):

- [Delivering Water 2020: Our final methodology for the 2019 price review](#) (published 13 December 2017)
- [Delivering Water 2020: Our final methodology for the 2019 price review. Appendix 2: Delivering outcomes for customers](#) (published 13 December 2017)

I hope you find this information useful.

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Water Lane
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Yours sincerely,

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