
south east water

Annual Performance Report Consultation 2018-19

South East Water response

22 February 2019

South East Water
Rocfort Road
Snodland
Kent
ME6 5AH



Pure know_how

Contents

1.	Introduction	4
2.	Consultation Questions	5
2.1	Q1 Transparency of financial flows - Appendix 1 contains our new table 1F;	5
2.1.1	a. Do you agree with the scope of the proposed information items in the new table?	5
2.1.2	b. Is there any information missing from this table which you think should be included in order to achieve transparency and consistency for financial flows reporting? Do any of the line item definitions require further explanation?	5
2.2	Q2 New connections - Appendix 1 contains our new table 2K;	5
2.2.1	a. Do you agree with the scope of the proposed information items in the new table?	5
2.2.2	b. Is there any information missing from this table which you think should be included in order to achieve transparency and consistency for new connections reporting? Do any of the line item definitions require further explanation?	5
2.3	Q3 What are your views on the proposed changes to the existing tables in Appendix 1?	5
2.3.1	RAG 3 - Revenue reporting	5
2.3.2	RAG3 - Licence modifications	5
2.3.3	RAG 3 - Executive pay disclosures	5
2.3.4	RAG 3 - Financial flows	5
2.3.5	RAG 3 - New Connections	6
2.3.6	RAG 4 - Minor correction	6
2.3.7	RAG 4 - Water treatment works size bands	6
2.3.8	RAG 4 - Guidance deleted	6
2.3.9	RAG 4 - Guidance expanded	6
2.3.10	RAG 4 - Water resources	6
2.3.11	RAG 4 – Income	6
2.3.12	RAG 4 – Income	6
2.3.13	RAG 4 - Water resources	6
2.3.14	Table Issues	6
2.3.15	RAG 3.11 Section 1.1	8
2.4	Q4 What are your views on the issues highlighted in section 3 ‘Future developments in performance reporting’? Are there any other issues which we should consider? We are particularly interested in your views on the impact of additional price control units (section 3.2).	8
2.5	Q5 What are your views on our preference to require all costs associated with the ‘Traffic management act’ to be reported (section 6)?	8

2.6	Q6 What are your views on our additional asset type descriptions for Water resources which recognise 'desalination' and 'effluent reuse' abstraction assets (section 7)?	8
2.7	Future developments in performance reporting	8

1. Introduction

This paper sets out South East Water's response to the consultation on 'Annual Performance Report issued by Ofwat in January 2019.

Any queries in relation to this document should be sent to [REDACTED].

The following section provides a response to each of the questions raised in the consultation document.

2. Consultation Questions

2.1 Q1 Transparency of financial flows - Appendix 1 contains our new table 1F;

2.1.1 a. Do you agree with the scope of the proposed information items in the new table?

No overall concerns with the proposed table.

2.1.2 b. Is there any information missing from this table which you think should be included in order to achieve transparency and consistency for financial flows reporting? Do any of the line item definitions require further explanation?

It would be useful for Ofwat to clarify what supporting narrative they expects companies to included with the table.

2.2 Q2 New connections - Appendix 1 contains our new table 2K;

2.2.1 a. Do you agree with the scope of the proposed information items in the new table?

The scope appears reasonable.

2.2.2 b. Is there any information missing from this table which you think should be included in order to achieve transparency and consistency for new connections reporting? Do any of the line item definitions require further explanation?

There needs to be more explanation of what is considered administration/providing information for new connections. It would also be useful to have clarity around the applied discounts and what companies are expected to put in place.

2.3 Q3 What are your views on the proposed changes to the existing tables in Appendix 1?

2.3.1 RAG 3 - Revenue reporting

No issues with the proposed changes.

2.3.2 RAG3 - Licence modifications

No issues with the proposed changes.

2.3.3 RAG 3 - Executive pay disclosures

No issues with the proposed changes.

2.3.4 RAG 3 - Financial flows

No issues with the proposed changes.

2.3.5 RAG 3 - New Connections

No issues with the proposed changes, but it should be noted that the calculation is done over a rolling 5yr rolling period.

2.3.6 RAG 4 - Minor correction

No issues with the proposed changes.

2.3.7 RAG 4 - Water treatment works size bands

No issues with the proposed changes.

2.3.8 RAG 4 - Guidance deleted

No issues with the proposed changes.

2.3.9 RAG 4 - Guidance expanded

No issues with the proposed changes.

2.3.10 RAG 4 - Water resources

No issues with the proposed changes.

2.3.11 RAG 4 – Income

No issues with the proposed changes.

2.3.12 RAG 4 – Income

No issues with the proposed changes.

2.3.13 RAG 4 - Water resources

No issues with the proposed changes

2.3.14 Table Issues

Table	Line	Issues
1E - Minor correction	2	No issues with the proposed changes.
1F – New table	All	No issues with the proposed changes, but note the following. What was row 17 is now row 19, line definition is currently incorrect, currently reads the value to be reported is the sum of line 1F.17 less 1F.17. The calculation should be the sum of line 1F.17 less 1F.18
2A – Minor correction	3, 4	No issues with the proposed changes
2E – Legal reference		No issues with the proposed changes.
2I – Bulk supply charges		No issues with the proposed changes, except to note that the end of the line definition for row 7 has been cut off.
2K – New table	All	No issues with the proposed changes.
3A – Terminology update		No issues with the proposed changes.
4C - Terminology update		No issues with the proposed changes.

3C - Minor corrections	4, 6	No issues with the proposed changes.
3S – Update		No issues with the proposed changes.
1.1.1 4B, 4G - Minor correction	1, 2	<p>No issues with the proposed changes, except to note the following:</p> <p><u>Table 4B</u> - There is a contradiction between the detailed changes and the new RAG4 for row 1 on table 4B. The detailed changes state this row should now reference table 2B row 24 but the definitions are still referencing table 2B row 21.</p> <p><u>Table 4G</u> Similarly, the definition for row 2 has not been updated for the detailed changes</p>
4C – Correction	1, 2, 3	No issues with the proposed changes
4H – New lines	21, 26	No issues with the proposed changes.
4J - Minor correction	25, 29	No issues with the proposed changes, except to note that the definitions for rows 20 and 21 have been repeated.
4L – New lines	3, 16, 17	No issues with the proposed changes, except to point out that the definition for row 33 needs updating to include rows 30 to 32.
4P	33, 79, 80	No issues with the proposed changes, except to note the definition for row 33 needs updating and the definitions for rows 79 and 80 needs completing.
4P – New lines	7, 8, 15, 17	No issues with the proposed changes
4P – Minor correction	13, 16, 17, 21, 22, 24	No issues with the proposed changes.
4P - New lines	28, 38	No issues with the proposed changes
4P - Minor correction	55, 57-59, 60-63, 64, 69, 83-90, 91	No issues with the proposed changes
4P - Move	63	No issues with the proposed changes
4P - Deletion	64	No issues with the proposed changes
4P - Correction	103-110	No issues with the proposed changes
4Q - Update	16, 17, 19	No issues with the proposed changes
4Q – Minor correction	24, 26	No issues with the proposed changes

4Q - Deletion	27	No issues with the proposed changes
4Q – New lines	28, 29	No issues with the proposed changes
4V – New column		No issues with the proposed changes
4V - New lines		No issues with the proposed changes

2.3.15 RAG 3.11 Section 1.1

No issues with the proposed changes, except to note that Section 1.1.3 is a repeat of section 1.1.2 and not required.

2.4 Q4 What are your views on the issues highlighted in section 3 ‘Future developments in performance reporting’? Are there any other issues which we should consider? We are particularly interested in your views on the impact of additional price control units (section 3.2).

We have no issues with the inclusion of new price controls. However, we should be mindful of the implications of income being reported for Water Resources (and any future new price control units) which will give rise to the need to split wholesale water income between the price control units. Clarity on the calculation that should be used for the allocation to Water Resources would be welcomed.

2.5 Q5 What are your views on our preference to require all costs associated with the ‘Traffic management act’ to be reported (section 6)?

No issues with the proposed changes

2.6 Q6 What are your views on our additional asset type descriptions for Water resources which recognise ‘desalination’ and ‘effluent reuse’ abstraction assets (section 7)?

No issues with the proposed changes

2.7 Future developments in performance reporting

We are contributing to the proposal from Water UK regarding performance commitments – in particular for unplanned outage. We have therefore, not provided a separate response as part of this consultation. In particular we support the UKWIR Unplanned Outage proposal which has the objective of driving consistency and best practice in relation to this measure.

Contact Us

South East Water
Rocfort Road
Snodland
Kent
ME6 5AH

southeastwater.co.uk

Follow us

