

April 2019

Trust in water

**PR19 draft determinations:
Severn Trent Water – Securing
long-term resilience actions
and interventions**

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PR19 draft determinations: Severn Trent Water - Securing long-term resilience actions and interventions

Following our initial assessment of plans, we categorised two types of actions for fast-track companies:

- agreed actions that fast-track companies committed to implement to ensure that their plans meet the threshold for fast-track status; and
- required actions for companies which in general were required for draft determinations (or final determinations for some aspects of past delivery).

Table 1 below sets out the agreed and required actions, a summary of the company's response to the action, our assessment of the company's response, and any further interventions we are making as part of the draft determination.

Each action has a unique reference. The prefix 'SVE' denotes the company Severn Trent Water. The central acronym references the test area where the action has been identified, please see the 'PR19 draft determinations: Glossary' for a key of these acronyms. Actions whose numbers are preceded with an 'A' denote agreed or required actions.

Table 2 below sets out any further interventions that are not resulting from an action, which we are making as part of the draft determination.

Each further intervention that is not resulting from an action has a unique reference. The prefix 'SVE' denotes the company Severn Trent Water. The central acronym references the test area where the action has been identified, please see the 'PR19 draft determinations: Glossary' for a key of these acronyms. Intervention numbers are preceded with a 'C'.

For all other documents related to the Severn Trent Water draft determination, please see the [draft determinations webpage](#).

Table 1: Severn Trent Water's response to required actions and interventions for draft determinations

Test area	Action reference	Action type	Action	Date required	Summary of the company's response to the action	Our assessment and rationale	Interventions
Securing long-term resilience	SVE.LR.A1	Required	The company should ensure that its common and bespoke performance commitments associated with operational resilience are clearly defined and sufficiently demanding for the 2020 to 2025 period and the long term, and supported by the right incentives. We expect the company to satisfy the relevant actions in the outcomes areas ensuring a line of sight between risks to resilience and package of outcomes.	11 Feb 2019	Severn Trent Water has agreed and implemented most relevant outcome actions associated with operational resilience.	Intervention required. The company should address any outstanding interventions associated with operational resilience from the 'Severn Trent Water - Delivering outcomes for customers actions and interventions' table, in particular those related to mains bursts.	Refer to interventions described in the 'Severn Trent Water - Delivering outcomes for customers actions and interventions' table.

Test area	Action reference	Action type	Action	Date required	Summary of the company's response to the action	Our assessment and rationale	Interventions
Securing long-term resilience	SVE.LR.A2	Required	The company should provide a commitment that it will, by 22 August 2019, prepare and provide to us an action plan to develop and implement a systems based approach to resilience in the round and ensure that the company can demonstrate in the future an integrated resilience framework that underpins the company's operations and future plans showing a line of sight between risks to resilience, planned mitigations, package of outcomes and corporate governance framework.	11 Feb 2019	Severn Trent has confirmed its commitment to complete the action by 22 August 2019.	No intervention required. The company has complied with the action.	N/A
Securing long-term resilience	SVE.LR.A3	Required	The company's assessment of financial stress scenarios extends only to 2025. The company should commit to demonstrating that its assessment of financial resilience extends beyond 2025 in its next Long Term Viability Statement.	11 Feb 2019	Severn Trent has confirmed its commitment to complete the action when it undertakes its next Long Term Viability Statement.	No intervention required. The company has complied with the action.	N/A

Table 2: Further interventions for draft determinations

Intervention reference	Our assessment and rationale	Interventions
No further intervention required for Severn Trent Water.		

Ofwat (The Water Services Regulation Authority) is a non-ministerial government department. We regulate the water sector in England and Wales. Our vision is to be a trusted and respected regulator, working at the leading edge, challenging ourselves and others to build trust and confidence in water.

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