

March 2021

Asset management maturity assessment

About this document

This document contains the asset management maturity assessment that Ofwat has collaborated with companies to produce between November 2020 and March 2021. There is a lexicon that sits alongside this document to promote a common understanding and consistent use of terminology.

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Purpose and vision

Securing resilient water and wastewater services is a key aspect of our strategic goals to transform companies' performance, and ensure companies can meet the long-term challenges the sector faces. Resilience is also central to all of our duties, a priority in the strategic policy statements of both UK and Welsh Governments as well as being central to how water companies fulfil their statutory obligations. In our draft forward programme 2021-22, we signalled a focus on improving asset resilience by setting up the frameworks needed to assess and improve asset management capability in the sector. This includes gaining a better understanding of how companies predict the impact and manage risks to services arising from challenges such as climate change and population growth.

Water and wastewater strategic planning frameworks give us some insight into planning for future resilience challenges. However they do not cover all aspects needed to deliver long-term resilience, such as asset health and the role of asset management planning. As a consequence we currently have limited visibility of how companies are approaching these challenges; including the long term risk to customers, the environment and society from asset failure and the extent to which companies are managing these risks effectively over the long term. This, alongside incidents such as 'Beast from the East', means we are keen to develop a greater understanding of how companies are approaching these asset-related aspects of resilience.

As we continue to develop our understanding of asset health and resilience we have engaged with the sector, building on existing asset management frameworks, to co-create a bespoke asset management maturity assessment. This looks at asset management capabilities and approaches, and the data and insight used to inform decisions for the benefit of customers, environment and society now and in the long term. We really value the considerable time and commitment companies have shown in collaborating with us. This work should improve our understanding of asset management maturity across the water sector. We plan to share our high level findings and insight from the asset management maturity assessment. This will provide Ofwat and companies with a shared understanding of the range of asset management maturity, where improvement is already planned and where further improvement might be needed as well as where approaches are already fit for purpose.

Where we find examples of best practice and innovation, we will look at how we and companies can share these across the sector to influence future investment or operational change. Where we see gaps or risks, we will explore ways in which we and companies can address these. This could include industry led initiatives, changes in how we work with companies during price reviews and adjustments to how long-term asset resilience is considered as part of the price review process.

Overall, it will support Ofwat and companies to communicate more effectively and align our thinking in relation to asset health, asset management and their links to resilience.

Our timetable

We are allowing 6.5 weeks to respond to this asset management maturity assessment which means it is due to be returned close of business on **Friday 16 April 2021**.

We may include elements of the responses when we publish our findings and insights. If you think that any of the information in your response should not be disclosed (for example, because you consider it to be commercially sensitive), you should identify specific information and explain in each case why it should not be disclosed.

If you have any questions as you are completing the asset management maturity assessment, please contact us via email: operational.resilience@ofwat.gov.uk. Please return final maturity assessments to the same address.

We plan to publish our findings and insight in Summer 2021.

Guidance

The asset management maturity assessment contains 38 questions divided into six sections. The objective for each section is provided below:

Section	Objective	Number of questions
Overarching	Understand the overall strengths, areas of focus and future plans for asset management.	5
Strategy and planning	Understand how organisational objectives are translated into asset management strategy, plans and systems.	7
Decision-making	Understand how asset decisions are made; balancing performance, risks and costs to maximise the value realised over the lives of assets.	8
Asset information	Understand what asset information is collected and how it is analysed to inform decision-making. This includes the quantity and quality of asset information collected and how gaps are identified and addressed.	8
Risk and review	Understand how asset health and resilience risks are managed and what feedback and review mechanisms are in place to provide assurance that objectives are being met and how this is used to support the continual improvement of asset management activities.	5
Organisation and people	Understand the organisational structure, roles and responsibilities involved in implementing the asset management approach. This includes customer and stakeholder engagement and the leadership and governance of decision-making.	5

Lifecycle delivery is not included in the asset management maturity assessment as Ofwat takes an outcomes-focused approach to regulation and has therefore focused on investment planning and decision-making.

The asset management maturity assessment is colour-coded:

Standard question text	Question-specific information	Information required from organisation
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The structure of the asset management maturity assessment is shown below:

Q X.X	High level question text here
Guidance	This will outline any information we think you should provide or describe.
Suggested evidence	This evidence is suggested and is not a requirement. Evidence is largely focused on examples. Please include the relevant document name, section number and page number in the last row of the table.

Maturity scale	Criteria are given below to assist you to self-assess and to aid comparability across the sector. To achieve a maturity level, it is expected that all elements in the description of the level and previous levels have been met. The general descriptions of the maturity levels are provided below. However specific descriptions of each maturity level are provided for each question, apart from the leading level, which is beyond optimising. We are asking companies to provide details below to explain why they consider they are leading.					
Unaware	The organisation does not currently have any relevant processes in place and is unable to demonstrate an understanding of the issue.					
Aware	The organisation is aware of the need to have processes in place and has set out a plan or process to consider this aspect across their activities. There is evidence of intent to progress this plan.					
Developing	The organisation has begun to develop processes but they are not fully embedded or realised. The organisation has identified the means of systematically and consistently defining the issue and identified what is needed to be monitored. There is evidence of this being progressed with credible and resourced plans in place.					
Competent	The organisation has a fully articulated process in place. The organisation can demonstrate it has an embedded understanding of the issue and established processes for monitoring across all activities.					
Optimising	The organisation has executed the processes that it has in place consistently over several years. The processes are repeated, measured, evaluated and continuously improved to meet current and projected business goals.					
Leading	The organisation can demonstrate innovative and leading practice in this area of asset management. If the company selects this level of maturity, it is expected that they will provide details of the innovation and the benefits it brings customers, the company and the environment. The company can share examples of best practice.					
Maturity Score	Unaware	Aware	Developing	Competent	Optimising	Leading
Current Maturity			Wastewater	Water		
Maturity at the end of AMP7					All	
Maturity at the end of AMP8					All	
Please evidence your current maturity (500 words)						
Please provide evidence of your current maturity by responding to the guiding criteria. We strongly encourage you to adhere to the 500 word limit where possible. However this is not a strict limit so where you need to detail differing approaches (e.g. between water and wastewater) please do provide this detail.						
What are your plans in AMP7 and AMP8 (if applicable)? (500 words)						
This section is optional. Please describe your plans to improve your maturity in AMP7 and AMP8. Organisations are welcome to include how they would like the regulatory framework to change to facilitate their plans.						
If you are demonstrating leading practice, please provide details of the practice and its benefits (300 words)						
This section is optional. If you select leading as a maturity level, please provide details of the leading practice and its benefits.						
Quantitative indicator						
For some questions a quantitative indicator will be requested. For example, How frequently do you review your asset management strategy? This is expected to be completed in an excel template you will receive alongside the assessment template.						

Please signpost any documents you are appending to support your answers. Please provide the name, chapter/section number and page numbers relevant to this question.

Appended documents may be included to support your responses. Please provide the name, chapter/section number and page number.

To aid understanding of the asset resilience maturity assessment, an Asset management maturity assessment lexicon has been developed. It can be found here:

<https://www.ofwat.gov.uk/regulated-companies/resilience-in-the-round/operational-resilience/asset-resilience/>

Definitions of short, medium, and long-term are in the lexicon but are also provided below:

Short-term	Less than one year
Medium-term	Between 1 and 10 years
Long-term	Longer than 10 years

Asset management maturity assessment format

To help you to more easily fill in the maturity assessment we are providing each set of questions as a separate annexes:

- Annex 1 – Overarching questions
- Annex 2 – Strategy and planning
- Annex 3 – Asset information
- Annex 4 – Decision-making
- Annex 5 – Risk and review
- Annex 6 – Organisation and people
- Annex 7 – Quantitative indicators

**Ofwat (The Water Services Regulation Authority)
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We regulate the water sector in England and Wales.**

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