

Summary of discussion at March 2022 Outcomes Working Group

What next for the Outcomes Working Group

Questions considered: Should the group continue to meet / what should the focus be / what points do you expect to be discussed?

- Group considered valuable for broader discussions and there is support for it to continue past the publication of the draft methodology. Preference expressed for online meetings.
- It would be useful to have more information as to the outputs of associated task and finish groups (biodiversity, river quality etc.).
- Preference expressed to continue to review proposed individual PCs and ODI rates as well as the overall package as methodology develops. Further discussions requested in relation to setting of performance commitment levels (PCLs), although this may be best held as part of the cost assessment working group.

Asset health and operational resilience options

Measures suggested by the UKWIR report 'Future asset planning' were shared for consideration. The majority of attendees had not had the opportunity to read the report prior to the group meeting. Attendees were asked what are the practical options for financial PCs at PR24?

Water service

- Concern that there is an interaction between active leakage repairs and mains repairs. Suggestion that performance commitments should make a distinction between company identified defects (ie proactive mains repairs) and customer identified defects (ie reactive mains repairs), as proactive is a function of leak detection activity.
- The repairs of customer reported defects was seen to possibly lead to sub optimal repairs, as the focus is on customer view rather than larger leaks. There was felt to be a large overlap between PCs in this area and queries about what this means for incentives and behaviour.
- Agreement that the more connected a network is, the less impact unplanned outage will have on customers, but if it's not measured, how do you determine that the right level of risk is there.
- Base asset health is considered subjective by most, it would require a lot of rules in order to approach consistency in reporting and could lead to a significant need for third party assessment.
- Some expressed surprise that drought resilience measure was not included, as they felt there's no adverse effect and it focuses on their primary role. Others felt

there are issues with it as a measure and that it is well covered by the WRMP process.

- It was noted that time spent on unplanned maintenance could also apply to treatment works, there is a need to understand overlaps so that it doesn't drive wrong behaviours. Clarity needed as to at what point does a reactive job cross over into planned job, i.e., if it becomes a long-term fix.
- There were some concerns expressed as to how the proposed measures fit with long term strategies, especially if they are amended in the next period. Overall view was that correctly calibrated incentives were needed, with a focus on long term targets. Short term incentives could be delivered via price control deliverables (PCDs).
- No further measures were suggested as potential options, beyond those included in the presentation.

Wastewater service

- Agreement that sewer flooding in a storm is dependent on a company's modelling capability. It is potentially covered by DWMPs and therefore should not be a PC.
- Discharge compliance viewed as covering treatment works, but not as an asset health PC – noted that this is already proposed as an environmental common PC.
- Time spent on unplanned maintenance could potentially also cover treatment works area. There could be issues with consistency amongst companies and the definitions for planned / unplanned would be key due to possible crossover.
- Some discussion was had as to whether sewer collapses should be incentivised, as they may not impact on customers. A level of judgement is required regarding whether a sewer is collapsed / partially collapsed when reporting against this measure.
- Base asset health is considered subjective by most, it would require a lot of rules in order to approach consistency in reporting.
- Sewer defect density was viewed as a potential future measure (not PR24), as there was concern about the amount of historic data available to benchmark and convert to a financial PC. It is currently deployed in areas of high density to identify network in poor condition. With 1000's km of sewers only a sample could be reviewed, and criteria would need to be developed around selection of sample size and area.
- There was a difference of opinion around sewer blockages, some seeing it as an obvious omission as they had it as a bespoke PC in PR19. Others saw the impact being measured elsewhere (pollutions, flooding), and would lead to duplication.
- No further measures were suggested as potential options, beyond those included in the presentation.