Summary of discussion at September 2022 Outcomes Working Group

Bathing water – options

Ofwat presented three options being considered for the final methodology on how the bathing water PC could be measured at PR24. The aim of a new measure would be to provide information on actual outcomes delivered (cleaner bathing waters) and incentivise companies to make improvements. Options are:

1. percent of excellent bathing waters – this is a definition used by some at PR19 and is familiar to most companies;
2. weighted classification based approach; or
3. sample based measure.

Weighted classification based approach

- The group suggested that weightings could be based on customers' views about excellent/ good bathing waters.

Sample based measure

This is an alternative approach to assessing bathing waters, which is based on all of the samples collected at a site across an individual year. Results would be published at company rather than bathing water level.

- Some concern about the levels used and if the thresholds were appropriate and meaningful for customers. Suggestions of a group to review or confirmation of levels to be sourced externally.
- Discussion around third party impact and what effect this would have on the PC, companies could be rewarded for things they hadn't done or penalised for actions of third party. Ofwat explained that it would expect to base expected performance commitment levels on historical records, which would then incorporate the typical effects from third parties in the year.
- It would be difficult to map customer views against the sampling regime.
- Overall there was an aversion to changing to the sample based option.

General observations
- The general conclusion was that we should not move away from EA/NRW classifications. These have familiarity for the public, and that it would be confusing to have two different measures.

- Some companies have limited scope for improvement, given that 98% of bathing waters are good/excellent. Ofwat responded that the PCLs wouldn't be set using a common target or average improvement.
- Inland vs coastal bathing waters. The current options incorporate both inland and coastal bathing waters in a single PC. Ofwat noted that given the current small number of inland bathing waters, there would need to be solid reasons to separate them out.