

Service Commitment Plan Update

JUNE 2024





Introduction

Our Service Commitment Plan (SCP) was published in September 2023, following Welsh Water having been classified by Ofwat as 'lagging' in its Water Company Performance Report for 2022-23. It sets out the actions we taking as part of our recovery plan to return performance across the seven 'failing' measures to targeted levels. The SCP can be found [here](#).

In the SCP we committed to updating customers, stakeholders and regulators on our progress. We are publishing this update to inform customers on how we are doing after the end of the reporting year. In addition, we provide regular updates to Ofwat and our Independent Challenge Group.

This document provides a high-level update on our progress in implementing the related initiatives in each performance area and shows our recent performance alongside the targets in the Service Commitment Plan for 2024-25.

Our full Annual Performance Report for 2023-24 will be published in July.



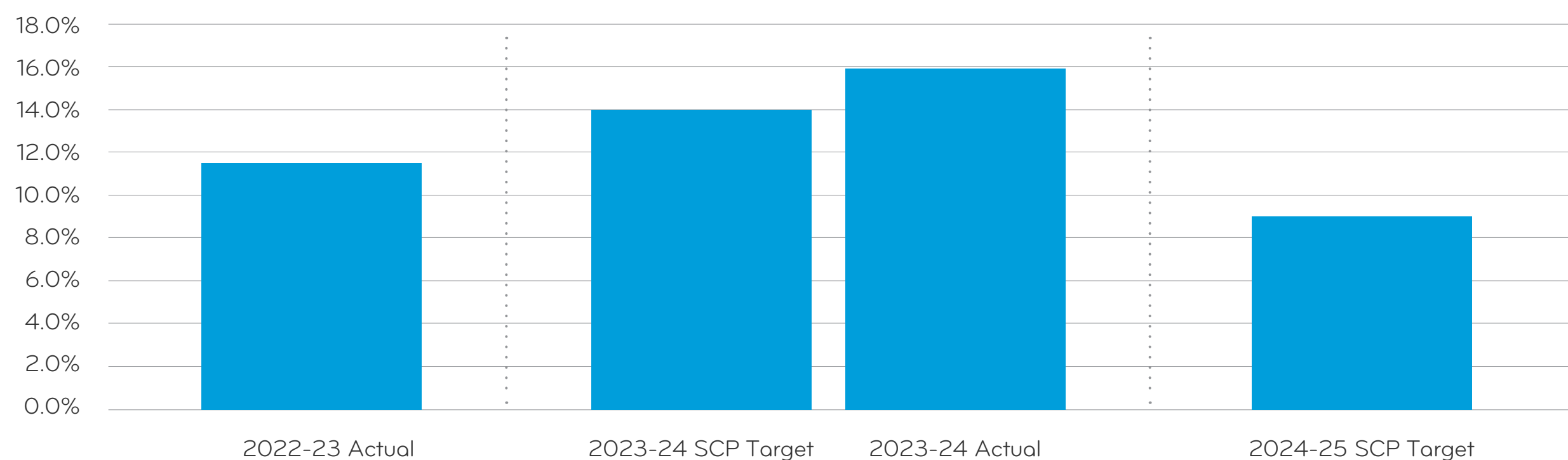
Leakage

In 2022-23 we reported a 11.5% increase in leakage. A significant part of this was due to extreme weather with a prolonged hot summer and a major winter freeze/thaw event.

In 2023-24 we made progress in implementing the initiatives set out in our Service Commitment Plan. We have significantly added to the resources of our teams who are out detecting and repairing more leaks. We also deployed additional monitoring and detection technology in our network.

All the same, due to some delays to recruiting additional resources at the start of the year and some cold weather periods over the winter, we have missed our SCP target for 2023-24.

Leakage levels have been reducing since January 2024 and we expect this trend to continue in line with the targets in the SCP.



Leakage, percentage change on 2019-20 (3 year average)



ROOT CAUSE

Extreme weather and supply chain resource constraints increasing number of outstanding leak repair jobs.

Time taken to fix leaks from customer pipes

Difficulty of identifying and detecting leaks.



ACTIONS

Reduce backlog of repairs and responsiveness by increasing resources from supply chain.

Reduce duration of customer pipe repairs by establishing dedicated customer pipe repair team

Improve effectiveness of leak detection through installation of acoustic monitors.



STATUS

Resources in place to reduce number of outstanding repairs and increase capability to respond to extreme weather events.

Specialist resources in place to reduce number of customer leak repairs

100% of additional acoustic monitors purchased and now being installed.

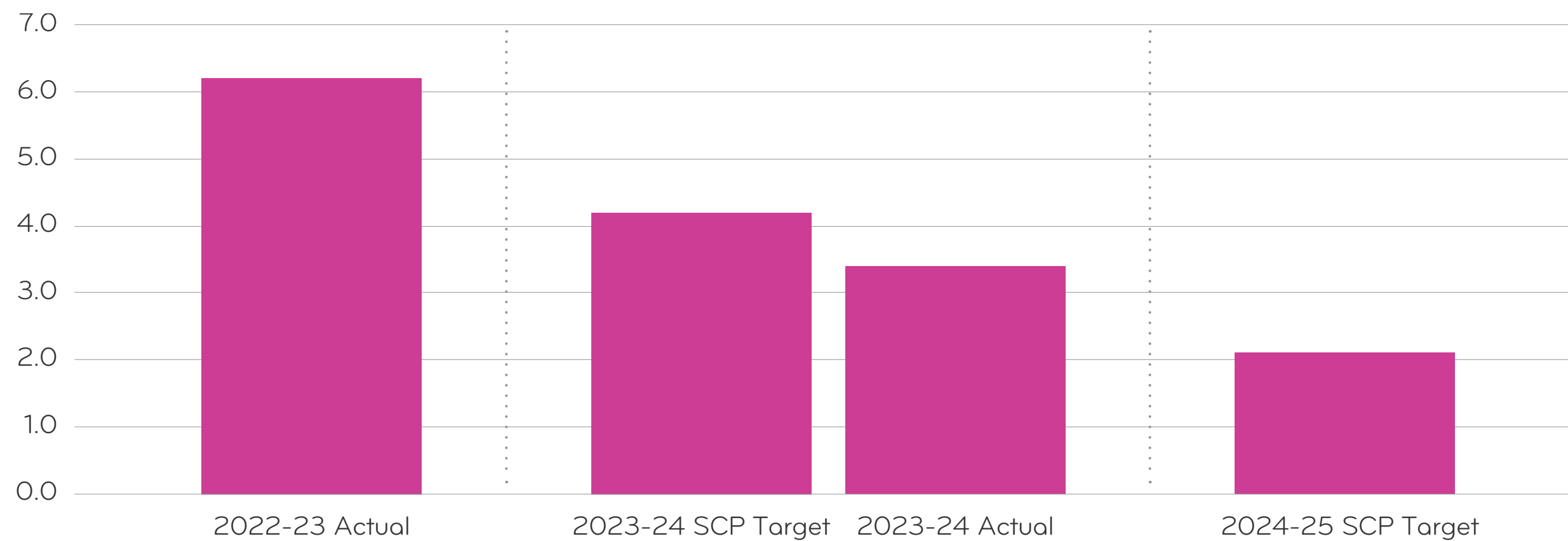


Per capita consumption

Domestic water consumption per person has been increasing since 2019-20, partly driven by the effects of the pandemic. It also appears that 'in home' leakage is going undetected for unmetered properties and counted as consumption.

The result for 2023-24 outperformed against the Service Commitment Plan, but there is much more to do. We are ramping up an advertising and behaviour change campaign, increasing the number of water efficiency audits of properties, and doing more home visits to look for leaks.

Our metering strategy, which will involve more meters installed on homes even on a non-billed basis, should also help to bring down consumption over the next five years and beyond.



Per capita consumption, percentage change on 2019-20 (3 year average)



ROOT CAUSE

Insufficient reductions in water use by customers.

Insufficient reductions in water use by customers.

'In home' leakage counted as consumption.



ACTIONS

Enhanced customer advertising campaign.

Water efficiency audits.

Domestic leakage reduction initiative.



STATUS

On track to be delivered by 31/4/2025.

Delivered 900 of targeted 1,000 audits in 2023-24. Planning to complete a further 6,000 in 2024-25.

4,000 visits delivered by end March 2024. Plan is on track.

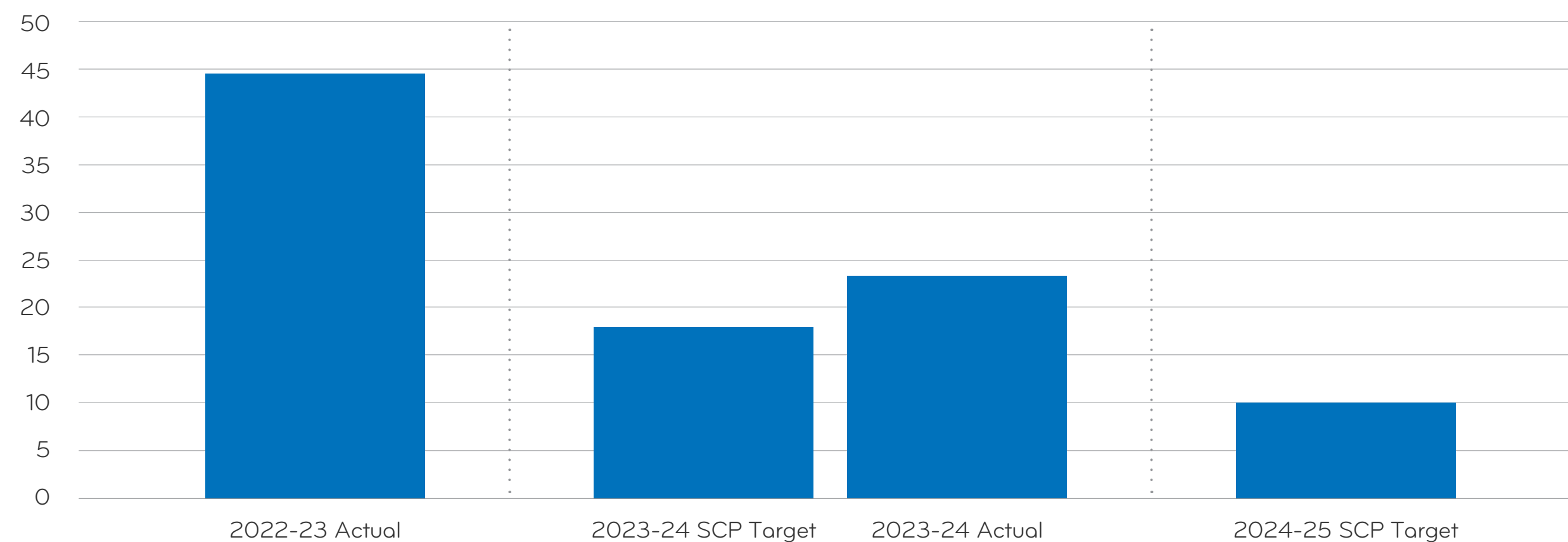


Water supply interruptions

This is a measure of the overall amount of time in a year that our customers as a whole have their water supply interrupted. It ignores any interruption of less than 3 hours which is considered an 'acceptable' threshold. It is reported as an average duration per customer.

Our actual performance in 2023-24 was over 23 minutes, an improvement on the previous year but failing the SCP target which was 18 minutes. The result was severely impacted by two significant trunk main bursts late in the year.

We are in the process of restructuring our operational response teams with the introduction of a centralised Operational Response Hub and area Response Pods.



Supply interruptions (average 'minutes lost' per customer)



ROOT CAUSE

Long response times due to large rural geographically dispersed populations.

High pressure water network increasing risk and frequency of bursts.

Extreme weather resulting in large scale events outside of management control.



ACTIONS

Additional resources aligned to demand profile – 24/7 working and new locations of tanker fleet and response teams.

Reduce pressure of network through pressure management schemes

Improve water network models to better understand and respond to extreme weather events.



STATUS

Reorganisation of resources being rolled out across region.

Pressure management schemes implemented throughout network - will be concluded 31 March 2025.

New model builds underway and on track for completion by July 2024.

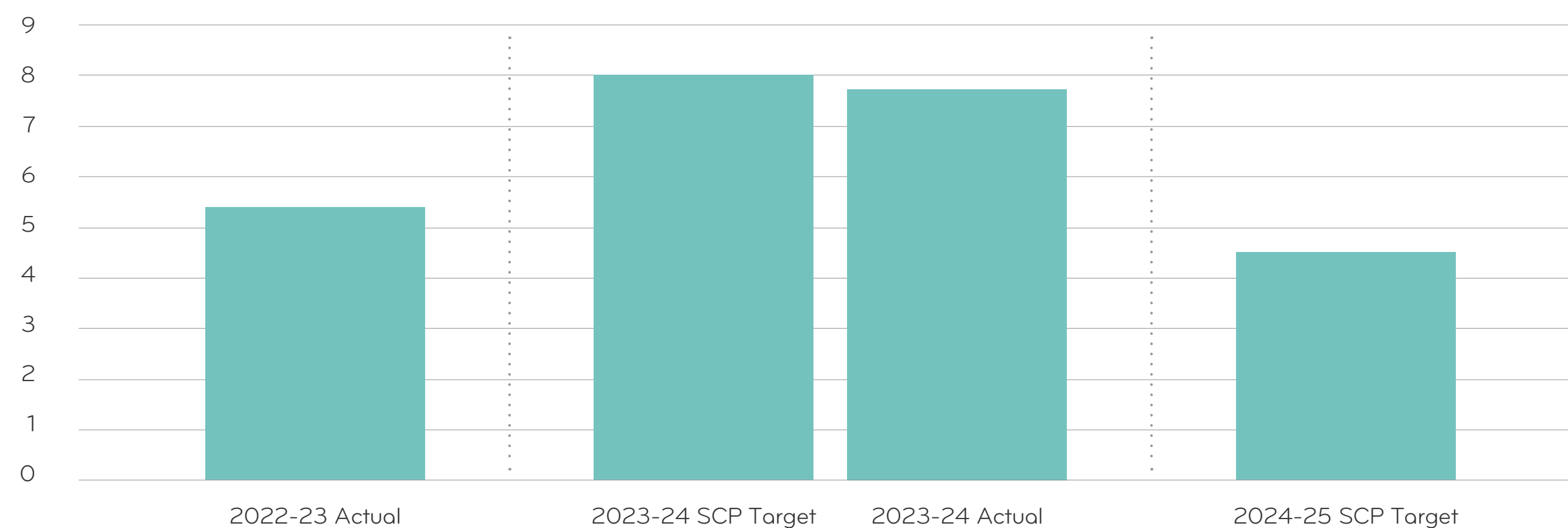


Water quality compliance

The regulatory measure here is Compliance Risk Index (CRI), compiled by the Drinking Water Inspectorate, which looks at the risks arising from failure to meet strict drinking water quality regulations.

The regulatory target is zero, and water companies strive to achieve a score as close to this as possible. In 2023-24 our result was 7.74, slightly better than our SCP target of 8.00.

There are DWI legal notices in place to deliver improvements to tank cleaning. We expect to complete the improvements by March 2025 helping support the achievement of a much-improved result of 4.5 for 2024-25.



Tap water quality compliance (CRI score) NB Regulatory target is zero.



ROOT CAUSE

Frequency of tank cleaning programme driving tank water quality failures.



ACTIONS

Accelerated tank cleaning programme



STATUS

Enhanced tank cleaning programme underway and on track.

Distribution network infrastructure condition driving discolouration of water.

Additional flushing of network.

Routine flushing of network increased to reduce discolouration of water supplied.



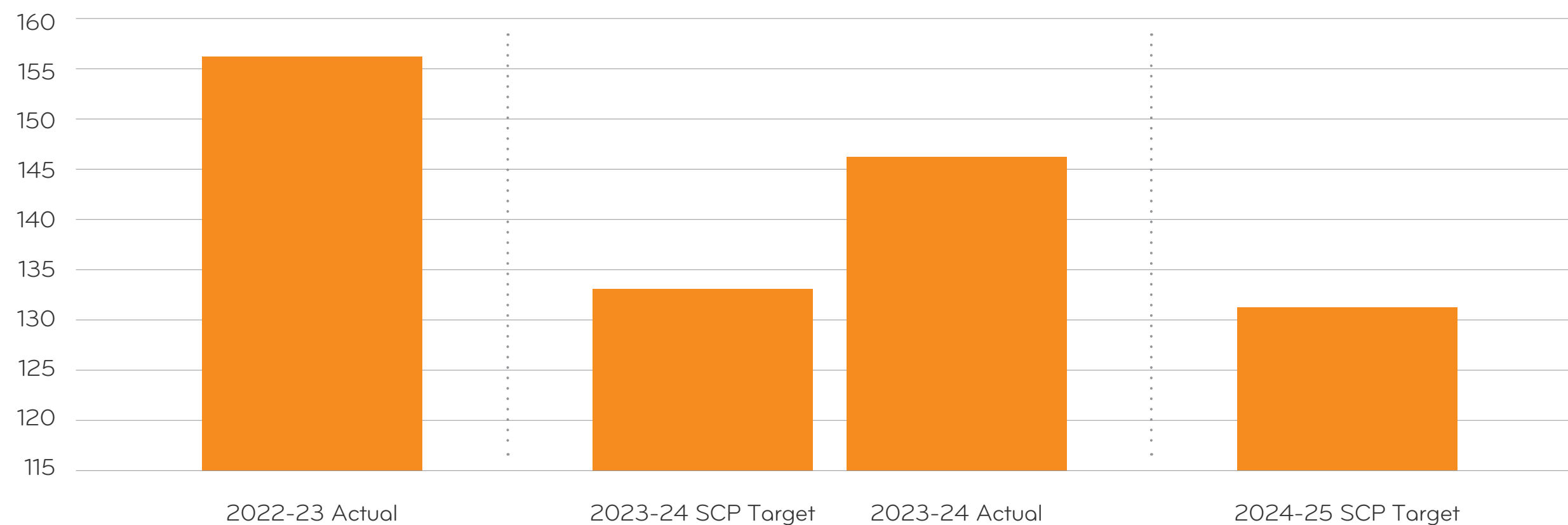
Mains repairs

Our year end performance of 146.2 main repairs per 1,000km of network is above our SCP target of 133.1. The main driver for not achieving this target was the step up in leak repairs undertaken to reduce the leakage from our network.

Most of our initiatives to reduce the number of mains bursts (linked to leakage and supply interruptions) are on track for completion for end March 2025.

An initiative running behind but forecast to catch up next year is enhanced training for water network users such as fire and rescue services. This will reduce pressure spikes which cause pipes to burst.

Leakage and supply interruptions initiatives will also support improvement on this metric.



Mains repairs per 1,000km



ROOT CAUSE

Third party interaction with our network causing bursts.

High pressure of network increases likelihood and frequency of bursts.

Ability to predict and identify bursts on network.



ACTIONS

Network user training.

Pressure Reduction Valve maintenance and optimisation / reduction of network pressure.

Improved Network Operational Control System and new analytic tools (NEADS).



STATUS

Running behind but expected to complete on target - 31/3/2025.

On track. Completion date 31/3/2025.

On track for completion by 31 March 2025.



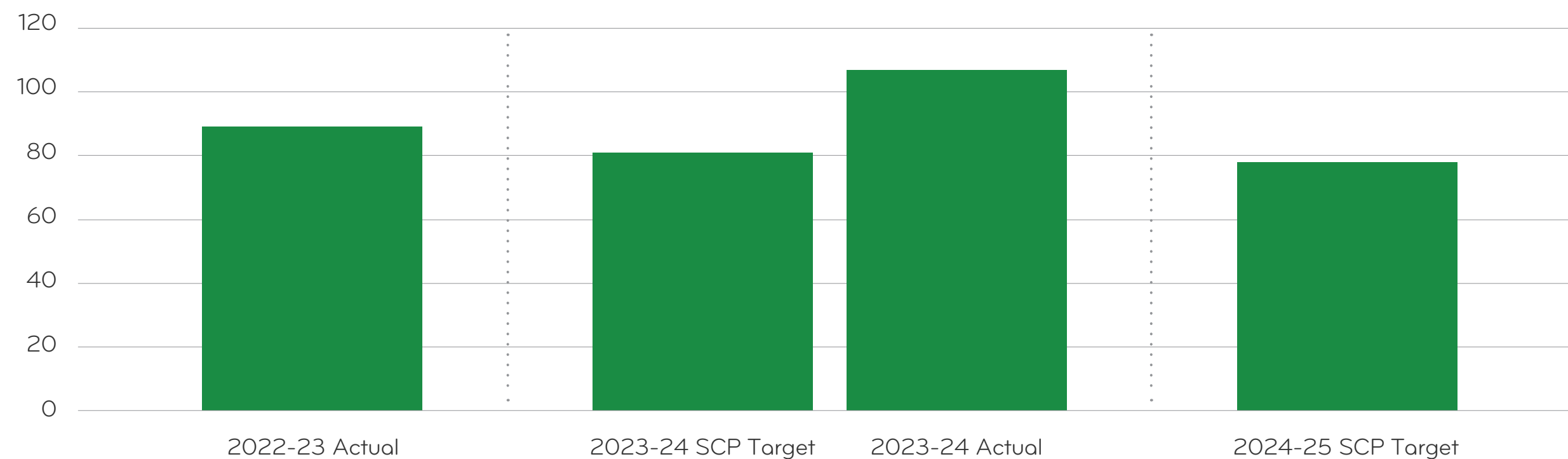
Pollution incidents

The number of pollution incidents of 107 was worse than our SCP target of 81. At the end of the year the number of pollution incidents increased significantly following the prolonged wet weather from mid-November.

Blockages remain the highest cause of incidents but more storm events resulting in hydraulic overload are causing an increasing number of incidents.

Our efforts are focused on improving detection of blockages and identifying 'hot spots' where sewers vulnerable to blockages need repair or rehabilitation.

We are also seeking to reduce response times by resourcing a new SMART network team, improving network alarms, and deploying additional pollution technicians.



Number of pollution incidents (per 10,000km of network)



ROOT CAUSE

Repeat pollutions at high-risk sites.

Lack of predictive capability to identify and respond to pollutions.

Response time to respond to and prevent pollution.



ACTIONS

'Hot spot' investigations at all repeat events to identify and resolve root cause.

Deployment of additional monitoring to identify potential pollutions quickly.

Optimising the assessment of alarms and additional pollution response teams.

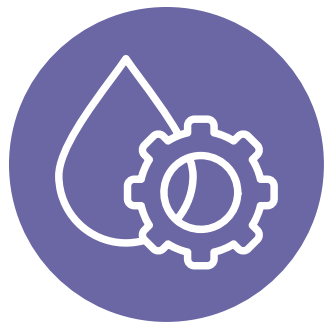


STATUS

All repeat pollutions investigated for root cause and resolution.

Additional sensors being deployed - due for completion by 31 March 2025.

Additional pollution technicians in place with ongoing optimisation of alarms.



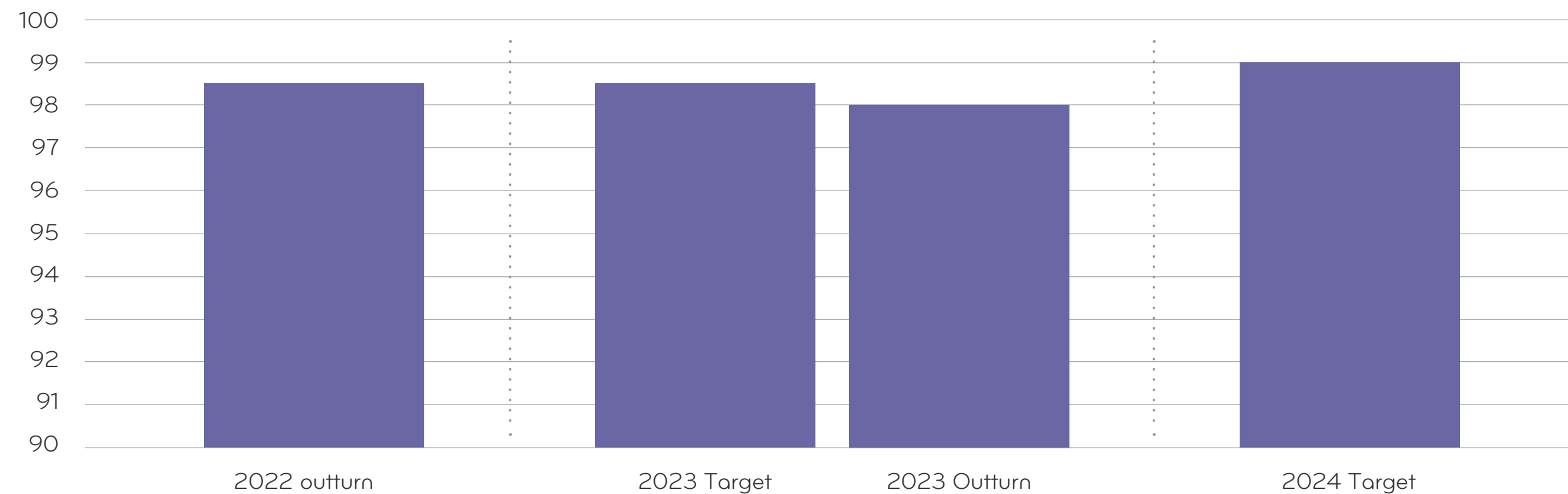
Treatment works compliance

This is a calendar year measure, and we achieved 98.01% compliance narrowly missing our SCP target of 98.50%.

Most actions planned for the end of March 2024 to improve this measure were completed on target. A range of initiatives are in progress for completion by March 2025.

For example, automated escalations for asset failure are now live for the 'at risk' sites, and 40% complete for all sites. Sensors to detect rotation failure at treatment works have been installed at 28 of 38 priority sites as at the end of December 2023.

Our 'SMART' innovation teams are also looking at treatment processes to identify opportunities for optimisation.



Treatment works compliance (%) NB Regulatory Target is 100%



ROOT CAUSE

Time taken to identify and respond to potential compliance failures.

Asset resilience and reliability causing compliance failures.



ACTIONS

Improved automation of monitoring, detection and escalation.

Innovations including remote failure sensors and solar powered recirculation to reduce risk of asset failure.



STATUS

On track to be completed by 31 March 2025.

On track to be completed by 31 March 2025.

Next steps

We continue to report to Ofwat on progress against our Service Commitment Plan on a regular basis.

Our Annual Performance Report, showing our performance against all measures for 2023-24 will be published in July. Following this Ofwat will again assess our performance against expectations.

Ofwat will also be publishing its draft expectations for company performance for 2025-30 in July 2024, with the Final Determination to be published in December.