MCL with DŴR CYMRU WELSH WATER

Operating and Maintaining Welsh Water's Sewerage Network 2000-2005

In 1998, MCL Consultancy Limited was asked to support Welsh Water in developing a new Sewerage Strategy for Wales. At that time, the operation and maintenance of the sewer networks and pumping stations was executed by 29 sewerage contracts, mainly local Councils. Historically, not all Councils carried out all the necessary work as this depended on their individual expertise. This resulted in a patchwork of contractual arrangements, with some work in certain areas being carried out by Welsh Water.

Welsh Water was looking to achieve in their new sewerage strategy.

- Significantly reduced number of contracted providers
- Minimal internal management overhead
- Risk and accountability for asset performance to be with the new contractors
- Performance based contracts matching risk with reward
- A transition process which maintained at minimum the existing performance

MCL provided the following input to the project:

- Design and facilitation of the change process from the existing 29 providers to the new contractual arrangements
- Development of contractual objectives, KPI's, rewards mechanisms and contractual risk and accountability with EC Harris.
- Design and facilitation of the selection process for new contractors
- Design and facilitation of launch and review workshops for the new contracts

The contractual arrangements were a "first" for the UK Water Industry. Not only did contractors have to achieve operational performance measures and financial targets, they also had full responsibility for delivery of capital maintenance. In other words, risk and accountability for asset performance throughout the life of the contracts were the contractor's responsibility. Performance measures and targets were those placed on Welsh Water by the Water Regulator, OFWAT. Contracts were awarded for operation and maintenance of the sewer networks, and operation and maintenance of the sewage pumping stations. The sewer network and sewer pumping station contractors' reward mechanisms were based on them jointly achieving their performance and financial objectives. The contractors and Welsh Water formed the Sewerage Services Alliance (SSA) for managing the operation of the sewerage assets.

The key performance indicators in these contracts over a period of five years showed

- Internal flooding incidents (DG5 OC) reduced by 43%
- Categories 1 & 2 (combined) pollution incidents reduced by 57%
- Category 3 pollution incidents reduced by 15%

The improvement in these critical areas, as well as in other important sewerage measures, contributed over 40% of the additional OPA points achieved by Welsh Water in this period. This proved to be one of the major drivers behind Welsh Water's improvement in the industry performance league from 7th to 2nd position.