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## **C3 ASSET INVENTORY**

NIAUR will not require an Asset Inventory of the company for PC10. However, NIAUR will be seeking an inventory for PC12 and as part of the PC10 submission requires the company to provide information on how it plans to prepare and provide such an inventory for PC12. The company should include its anticipated road map, milestones and costs for the development of Asset Inventory in its PC10 submission.

The following is an overview of NIAUR's requirements for the PC12 inventory which will provide guidance for the company in delivering both the project plan in PC10 and the Asset inventory in PC12.

### **Objectives and format for PC12 submission**

#### **Objectives**

To:

- enable the company to summarise the latest investigations and audits of its asset stock, including the condition, performance and age of assets, taking account of new assets added as part of the enhancement programmes; and
- provide a basis on which to review changes.

NIAUR will use this information to assess whether company has complied with its general duty as water and sewerage undertaker to maintain the capability of its assets and so serviceability to customers and the environment.

#### **Format**

The asset inventory consists of:

- An asset inventory, summarising the company's surveys of its asset stock valuation, asset life categories and summary age profiles, condition and performance as at the end of the base year for the business plan period. The format of the asset inventory data capture will be based on the Ofwat model and the company can refer to these for more detailed information on reporting requirements.
- A detailed explanation by the company of changes in the proportions of asset value in the asset condition and performance categories from the Transfer Scheme and the SBP positions, with particular reference to assets condition relative to these. This explanation shall take account of the effects of capital maintenance and new assets added as a result of quality and other enhancement programmes. Where possible, the company should give an example of significant past capital maintenance expenditure and the extent to which it has proved optimal, with learning points for future incorporation in company planning procedures.

A separate table will be provided for those works operating under a PPP contract. As these assets will not be depreciated, the company should report the value built up by the company of the PPP assets over the various asset groups e.g. raw water aqueducts, surface water treatment works etc.

The PC12 submission will also require the following:

### **Report on information systems used for asset management planning**

The company will be required to demonstrate that it has developed such systems, procedures and quality assurance systems as are appropriate for the purposes of efficient and economical management and operation of its networks of assets. In order to do this, the company will be required to set out details of the management information systems used to underpin company asset management plans for activity on both underground and surface assets.

The asset management process is underpinned by information on the asset base. This information provides a foundation for engineering studies identifying differences between the current status of assets and the continuing outputs needed to satisfy both legal requirements and to maintain serviceability to customers. Such information is also used to provide a basis for the current cost valuation of assets and is thus important in assessing the appropriate key financial ratios used to assess the projected financial performance of company.

A key element should be an explanation by the company of the information used to update its underground asset management plan in accordance with Condition L of the Instrument of Appointment. The company will also be required to confirm the extent and current status of its underground asset management plan.

The company will also be required to confirm the status of the detailed asset register or suitable geographical information system.

### **Summary of asset inventory**

The company will be expected to at least carry out sufficient surveys to provide full coverage of the asset base and so inform a statistically robust assessment of the condition and performance of the asset stock.

### **Changes in asset condition since 1 April 2007**

The company will be required to:

- explain the trend in the condition and capability of the asset base since the position on transfer (1<sup>st</sup> April 2007).
- explain the changes in the proportions of asset value in the asset condition categories from the transfer and SBP positions This explanation shall take account of the effects of capital maintenance and new assets added as a result of quality and other enhancement programmes.

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- explain the changes in capability with reference to performance grading over the same period, and the difference made by incorporation of service risk aspects in performance in the submission.

In terms of performance, the company should aim to briefly review any relationship between condition and performance, incorporating service risk, and how changes in condition may affect performance.

### **Guidance for Reporter**

The Reporter will be required to comment on the company's submission for PC10 (the asset inventory project plan) and to assess and comment on the appropriateness of the company's submitted proposals for meeting its obligations for PC12. This should include an assessment as to the adequacy of the information systems that the company is proposing to use in the development of the asset inventory and for the purposes of efficient management and operation of its underground and surface assets.