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October 2003

Customer Service Report 2001-02

East of Scotland Water Authority
North of Scotland Water Authority
West of Scotland Water Authority

**WATER INDUSTRY
COMMISSIONER
FOR SCOTLAND**

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Foreword

This is the first annual *Customer Service Report*. It examines the levels of service provided to customers by the three Scottish water and sewerage authorities in 2001-02 – the final year before they were merged to become Scottish Water.

Customers need to be confident that the service they are receiving meets their expectations on quality and provides value for money. This has particular relevance in Scotland because:

- Scottish customers pay among the highest water and sewerage bills in the UK;
- water and sewerage bills are still going up; and
- customers cannot change their supplier if they are unhappy with the service they get.

Higher customer charges have made possible sustained increased investment in the Scottish water industry. It is crucially important that this investment is effective, and that customers see the benefit of the spending. Two of the most important indicators of value for money for customers are:

- how reliable the service is; and
- how the industry responds to their enquiries and complaints.

This report provides detailed and objective information on these measures.

I am disappointed to report that, in 2001-02, the quality of service provided by the authorities for some measures of service did not improve, and for others actually deteriorated. Put simply, customers in Scotland paid higher bills but saw no corresponding improvement in service.

The overall level of service to customers in 2001-02 was still significantly lower than that delivered by the companies in England and Wales. It was broadly equivalent to that of the water and sewerage companies in England and Wales prior to 1997. The gap in performance applies to both asset performance (the reliability of the service) and to customer service measures (contacts with customers).

The value to customers of this better level of service was not included in my assessment of the relative efficiency of the industry in Scotland at my *Strategic Review of Charges*.

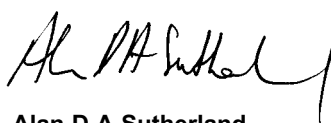
Yet there are no valid excuses for this efficiency gap. As my recent reports on costs & performance and on investment & asset management have highlighted, investment per property in the period 1989-2006 will be broadly similar in Scotland to that in England and Wales. And the condition of water and sewerage assets in Scotland appears to be no worse than that south of the border.

The performance of the authorities in 2001-02 reported in this document sets the benchmark against which I will measure and report the improvement of Scottish Water in future. I have highlighted here those areas where particular strides should be taken to match best practice elsewhere. This presents a real opportunity for Scottish Water. Taking advantage of this opportunity will require good management, a focus on the core business, and decisive action to improve efficiency and value for money to customers.

For our part, we will continue to consult extensively with both household and business customers about their perception of the industry and the service it provides. This allows us to make recommendations based on qualitative and quantitative feedback.

I welcome the creation of the Water Customer Consultation Panels. They can play an important role in helping to keep me informed of the full range of views held by customers.

We shall also be pushing for further improvements in the Guaranteed Minimum Standards. This includes the addition of a new standard covering water pressure, so that customers who suffer low water pressure receive compensation.



Alan D A Sutherland

Water Industry Commissioner for Scotland
October 2003

Contents

Foreword		
Executive summary		Page 04
Chapter 1	Introduction	Page 08
Chapter 2	The information we use	Page 09
Chapter 3	How we assess performance	Page 11
Chapter 4	Performance in Scotland 2001-02: Overview and asset performance measures	Page 13
Chapter 5	Performance in Scotland 2001-02: Customer service measures	Page 21
Chapter 6	Comparison with England and Wales - overall performance assessment	Page 26
Chapter 7	Comparison with England and Wales - individual measures	Page 29
Chapter 8	Guaranteed Minimum Standards	Page 34
Chapter 9	Are there reasons for poor performance?	Page 35
Chapter 10	Conclusions and future priorities	Page 38
Appendix 1	Information sources and quality	Page 39
Appendix 2	The overall performance indicator	Page 40

Executive summary

Objectives of the report

This report examines the levels of service provided to customers by the three Scottish water authorities in 2001-02. This was the last year before the authorities were merged to become Scottish Water in April 2002.

The report provides detailed information about how the authorities performed for key measures of customer service. These measures cover aspects of service relating to both the reliability of the service and how well the authorities deal with enquiries and complaints from customers.

For each measure of service, we make the following assessments:

- How each authority's results for 2001-02 compare with their performance in the previous year.
- How the authority's performance compares with that of the water and sewerage companies in England and Wales.

For each measure, we also combine the performance of the three authorities in 2001-02 into a single, Scotland-wide result. This gives us a benchmark result against which to assess Scottish Water's performance for that particular measure in future.

The information we use

Sources of information

Information is vital to effective economic and customer service regulation.

The three Scottish water authorities¹ were required to provide us with detailed annual information on all aspects of their business. This 'annual return' includes the information we use to report on the levels of service provided to customers.

In addition, we carry out our own 'quality performance' audits of a sample of responses to complaints for each

authority. These audits examine the quality of the authority's contact with its customer, including aspects such as how clear and friendly the response is and how well the complaint is addressed.

We also carry out a range of other activities to help us gain an understanding of how household and business customers perceive the industry and the service they receive. This includes feedback we receive from our customer surveys², frequent public meetings and consultations on specific issues.

Finally, we carry out continual review of the customer service standards offered elsewhere so that we are aware of – and can push for – best practice in service delivery for Scottish water and sewerage customers.

Information quality

The provision of robust and accurate information by the authorities is critical if fair and meaningful comparisons are to be made.

In England and Wales, independent technical auditors, known as 'Reporters' verify the methods used by companies to derive regulatory information for Ofwat. This detailed scrutiny helps to ensure that information is reliable and unbiased.

There are currently no arrangements for Reporters in Scotland, and it seems likely therefore that the customer service information submitted by Scottish Water may sometimes overstate real performance. For example, in some cases reported performance may not lie at the mid point of Scottish Water's estimated error range. These error ranges are large for some performance information, introducing potentially substantial bias.

North of Scotland Water Authority failed to provide some of the required information to compare performance in the levels of service relating to water pressure and sewer flooding. This failure to provide information may obscure poor performance. It could also hamper efforts to target improvements in the area served by the former authority.

¹ We will require similar information from Scottish Water from 2002-03 onwards.

² These questionnaires were sent to 2,250 customers of the three water authorities in November 2000, April 2001 and January 2002.

Consequently it has also been impossible for us to compare overall performance in Scotland as a whole for these measures. In future, we will expect Scottish Water to provide information on all aspects of service to customers.

For other measures of service we have significant concerns about the accuracy of the information provided by the authorities. When they submit information to us, the authorities also give an indication of the likely range of error. In a large number of cases the authorities gave an error range of between 25% and 50%, which is clearly unacceptable. We will continue to press for improvements in this area.

How we assess performance

Combined service indicators

We assess performance for those service areas that are most indicative of the service customers experience.

The 'Overall Performance Assessment' (OPA) combines results for individual service level measures with other information about performance in drinking water quality and environmental compliance³.

The OPA provides a single score that allows us to rank the authorities alongside each other and alongside the water and sewerage companies in England and Wales.

Notable individual events do not have a direct impact on the OPA. For example, a cryptosporidium outbreak (such as the one in Aberdeen in North of Scotland Water Authority's area in 2001-02) is an example of poor performance. The OPA will not directly reflect the inconvenience caused to customers by a service level failure. The OPA could, however, indirectly be impacted by, for example, an increased number of phone calls or complaints from customers.

The areas of service included in the OPA fall into two broad categories.

- 'Asset performance measures' which relate to the

water supply and sewerage infrastructure. These measures indicate how reliable the service is, and include aspects of service such as water pressure, interruptions to water supply and sewer flooding.

- 'Customer service measures' which depend on people and processes, rather than the infrastructure. This covers how the industry responds to customer enquiries and complaints.

These two assessments allow us to rank each authority's performance alongside that of the companies in England and Wales, giving us a picture of their relative performance in these two key areas.

Individual service indicators

In addition to the OPA, in this report we also outline performance on a year-on-year basis for the individual performance measures. We also compare performance on these measures with the water and sewerage companies in England and Wales.

Performance in Scotland 2001-02

Table 1 (overleaf) shows how performance for each measure of service changed over the previous year.

- The authorities failed to deliver consistent improvement in their quality of service during 2001-02 compared with the previous year's performance. Indeed, for 8 of the 21 measures for which information was provided performance stayed the same or actually worsened. This applies both to the operation of the network and to communication with customers.
- Performance by the two authorities that reported sewer flooding is a particular concern. Better information has revealed that the extent of the problem is worse than previously thought. When it happens, sewer flooding is an extremely unpleasant event for customers and we expect Scottish Water to respond quickly, effectively and sympathetically.

³ The Drinking Water Quality Regulator provides information on drinking water quality to us. Information about environmental compliance is included in the annual return supplied to us by the authorities.

Table 1: Summary of changes in service performance 2000-01 to 2001-02⁴

	East of Scotland Water Authority	North of Scotland Water Authority	West of Scotland Water Authority	Scotland
Pressure	+	n/a	+	n/a
Planned interruptions	=	-	+	-
Unplanned interruptions	+	-	+	+
Sewer flooding twice in 10 years	-	n/a	+	n/a
Sewer flooding once in 10 years	-	n/a	-	n/a
Billing contacts	+	-	+	+
Written complaints	+	+	+	+
Telephone contacts	+	+	-	-

Key:
 + improved performance from 2000-01 to 2001-02
 - worsening performance from 2000-01 to 2001-02
 = no change in performance from 2000-01 to 2001-02
 n/a information not available

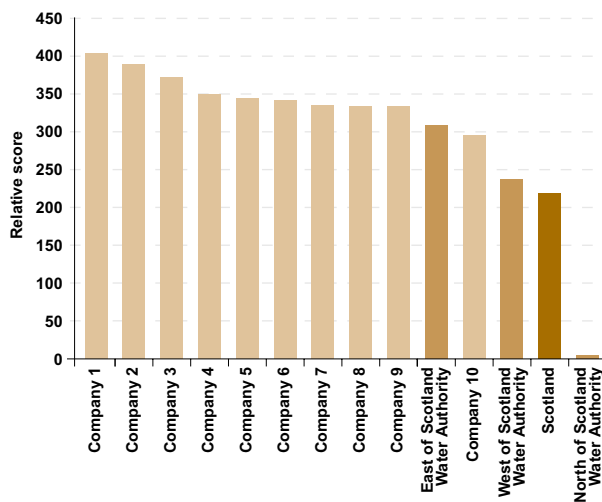
Comparison with England and Wales

Overall performance assessment

Figure 1 shows the relative overall performance for the Scottish water authorities and for the water companies in England and Wales.

In terms of overall performance, Scotland as a whole ranked below every company in England and Wales in 2001-02.

Figure 1: Relative overall performance 2001-02

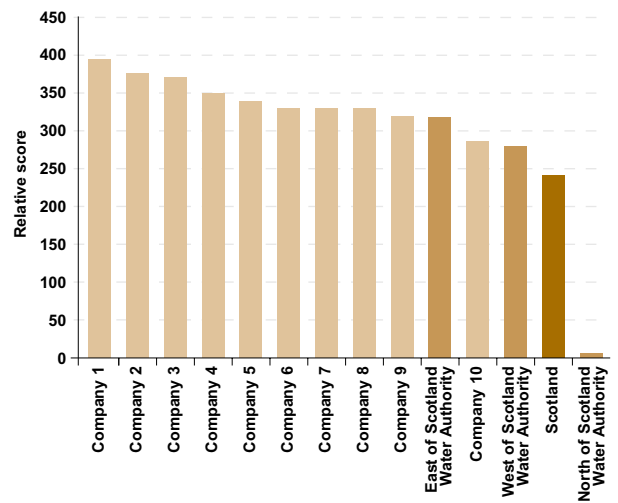


We have assessed overall performance in the two service areas of asset performance and customer service measures.

Asset performance measures

The three authorities' relative ranking on asset performance is shown in Figure 2. Once again, Scotland as a whole ranks at the bottom of the pack.

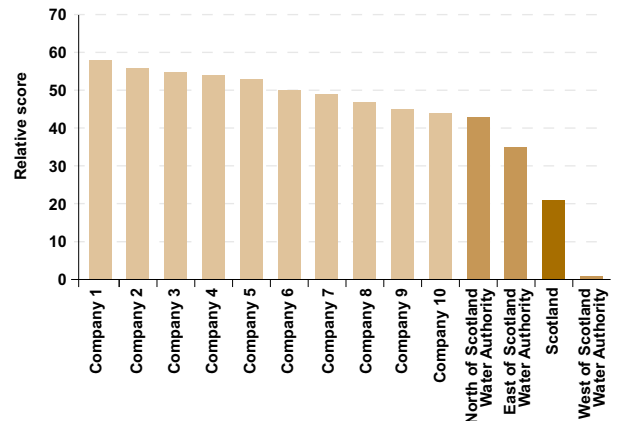
Figure 2: Relative performance for asset performance measures 2001-02



Customer service measures

All three authorities trailed the poorest performing water and sewerage companies in England and Wales in these important customer service measures. This is illustrated in Figure 3.

Figure 3: Relative performance for customer service measures 2001-02



⁴ See Chapters 4 and 5 for an explanation of each measure.

Individual measures 2001-02

The authorities' performance is actually worse than the OPA score might suggest. This is because their performance is some years behind that of the best performing companies in England and Wales. For some measures, it is before published results are available for England and Wales. In other words, for several important aspects of service, customers in England and Wales have enjoyed better service than those in Scotland for many years.

Table 2 shows, for each measure, the year in which the best company in England and Wales achieved the performance that the best authority in Scotland is only now achieving.

Table 2: Year in which current leading Scottish service was delivered to customers in England and Wales

Service measure	Year service level achieved in England and Wales
Pressure	1996
Unplanned interruptions ⁵	2002
Sewer flooding twice in 10 years	pre-1993
Sewer flooding once in 10 years	pre-1993
Billing contacts	pre-1993
Written complaints	1999
Telephone contacts	1998

Are there reasons for poor performance?

Attempts may be made to justify poor relative performance in Scotland by asserting that the gap results from a worse asset condition, lower levels of investment, job cuts or challenges posed by Scotland's geography.

However, from our analysis in these areas we can see no valid excuses for the discrepancy in performance.

Future priorities

We believe that Scottish Water should be able to make up ground faster than progress was achieved in England and Wales as it is able to draw on the experience of the companies south of the border and in other utility sectors.

We will, therefore, continue to press for improvements to bring service performance provided to customers in Scotland more into line with those delivered to customers in England and Wales, particularly for asset performance measures.

Meanwhile, and alongside our work on the service measures reported on in this document, we have identified other areas where service performance could be improved, as follows:

- introduction of a Guaranteed Minimum Standard⁶ for pressure, so that customers who suffer from low pressure are entitled to compensation;
- further development of the priority register of customers who require particular assistance in the event of a service failure, or who need on-going specific support (for example, receiving documents in Braille); and
- introduction of a Code of Practice⁷ for debt, which would include details of procedures for dealing with customers who are in debt, payment plans and other recovery mechanisms.

⁵ Information for planned interruptions is not provided because the standards are not comparable. This is because at present we collect information for restoration 1 and 4 hours after the stated time, whereas Ofwat collects it for 6, 12 and 24 hours after the stated restoration time.

⁶ Guaranteed Minimum Standards are common minimum standards of service that the authorities must meet. Failure to comply with any of the standards entitles the customer to financial compensation.

⁷ The Codes of Practice set out the service level provided by the authority to its customers. This will include the Guaranteed Minimum Standards and any other voluntary standards adopted by the authorities, how to complain to the authorities, and how to obtain additional customer information.

Chapter 1

Introduction

This is the first annual *Customer Service Report*. In the *Strategic Review of Charges*, we recommended to Scottish Ministers that we should publish three annual reports on progress in the Scottish water industry. These were:

- a costs and performance report,
- a report on the investment and asset management of the industry, and
- a report on the level of service provided to customers.

This report examines the levels of service provided to customers by the three Scottish water authorities in 2001-02. It provides detailed information about how the authorities performed for key measures of customer service. These measures cover aspects of service relating to both the reliability of the service and how well the authorities deal with enquiries and complaints from customers.

For each measure of service, we make the following assessments:

- How each authority's results for 2001-02 compare with their performance in the previous year.
- How the authority's performance compares with that of the water and sewerage companies in England and Wales.

We also combine the performance of the three authorities in 2001-02 for each measure into a single, Scotland-wide result. In addition, we highlight those areas where particular strides should be taken to match best practice elsewhere.

The results presented here give us a benchmark against which to assess Scottish Water's performance in future. We will report in the next *Customer Service Report* on the performance of Scottish Water in 2002-03. This report will be published by the end of 2003.

The report contains ten chapters. Chapter 2 sets out the sources of information we use and our concerns about information quality. Chapter 3 explains the methods we use to assess performance. In Chapter 4 we examine how the authorities performed in 2001-02, and compare this with their performance for the previous year on asset performance measures. Chapter 5 covers customer service measures.

Chapter 6 sets out each authority's overall performance assessment compared with the water and sewerage companies in England and Wales. Chapter 7 outlines how the authorities' performance compares with that of the water and sewerage companies for individual measures of service.

In Chapter 8 we report on the Guaranteed Minimum Standards and in Chapter 9 we examine whether there are any valid explanations for poor performance. This is followed by a short chapter setting out our conclusions and priorities for the future.

Chapter 2

The information we use

Information is vital to effective economic and customer service regulation. We use both quantitative and qualitative evidence to inform our view of how the water industry in Scotland is performing.

We draw our information from a variety of sources, including the three water authorities and other key stakeholders such as water and sewerage service users, their representatives, and other third parties⁸.

This allows us to form a representative view of industry performance, rather than being unduly influenced by information from any single stakeholder.

2.1 Sources of information

The water authorities

The three water authorities were required to provide us with detailed information on all aspects of their business on an annual basis⁹. This 'annual return' includes information about a whole range of subjects, from the number of customers to the total length of water mains. It also includes information for the customer service measures examined in this report.

Customers and customer representatives

We consult extensively with both household and business customers about their perception of the industry and the issues it faces.

- We conducted a survey of customers in April 2001. The survey was made up of 2,250 customers of the three Scottish water authorities (750 from each water authority area). We received 1,431 valid questionnaires, equivalent to a response rate of 64%.
- During the period covered by this report, there were three Consultative Committees in place. These Committees played a vital role in our consultation strategy, providing independent feedback on water

service issues from a broad spectrum of customers across Scotland. Each Committee held a large number of meetings in public across Scotland. The Committees were replaced by the Water Customer Consultation Panels in April 2002.

- The Large User Group is made up of 10 members that are broadly representative of large user organisations (ie those that use more than 100 megalitres of water or effluent processing per year). It meets regularly across Scotland. The Commissioner and the Chairman of the Large User Group also regularly meet with other organisations representing the business sector in Scotland.
- We have a statutory duty to investigate any complaints that have not been resolved by the water authorities. All of the complaints we receive are recorded, investigated and analysed. These complaints are an important source of information about the level of service provided to customers.

Our research

We carry out continual review of the customer service standards offered elsewhere so that we are aware of – and can push for – best practice in service delivery for Scottish water and sewerage customers.

Part of this is the 'quality performance' audits that we carry out on the authorities' responses to complaints. Each audit reviews 40 randomly selected cases.

The audits provide an insight into the quality of the authorities' contact with customers, covering issues such as how clear and friendly the response is and how well the complaint is addressed. During the audit we also check that the Guaranteed Minimum Standards and the authorities' Codes of Practice are being adhered to.

⁸ For instance, contractors or suppliers to the industry.

⁹ Scottish Water will also have to provide similar information to us from 2002-03 onwards.

2.2 Regulatory information

Provision of information

The provision of robust and accurate information by the authorities is critical if fair and meaningful comparisons are to be made.

In England and Wales, independent technical auditors, known as 'Reporters' verify the methods used by companies to derive regulatory information for Ofwat. This detailed scrutiny helps to ensure that information is reliable and unbiased.

There are currently no arrangements for Reporters in Scotland, and it seems likely therefore that the customer service information submitted by Scottish Water may sometimes overstate real performance. For example, in some cases reported performance may not lie at the mid point of Scottish Water's estimated error range. These error ranges are large for some performance information, introducing potentially substantial bias.

Unfortunately, we have serious concerns about some aspects of the information that the authorities provided to us for this report. These issues have hindered our ability to make judgements in some areas of service.

Missing information

The first issue is missing information. North of Scotland Water Authority failed to provide information for water pressure measures for 2000-01, and for sewer flooding measures for both 2000-01 and 2001-02. The authority argues that this failure is the result of internal restructuring and the move towards Scottish Water, with key staff leaving or moving to new roles within the organisation. Given that two year's worth of information is missing, we find this explanation inadequate.

The authority also claims that although it was unable to report the information in the required format, customers had not experienced any reduction in the level of service received. This claim is unsubstantiated,

and is contradicted by some of the complaints that we have received.

For these measures it has not been possible for us to compare overall performance in Scotland as a whole. In future, we will expect Scottish Water to provide full information for all measures.

Information quality

The second issue is the quality of the information provided. For some measures of service we have serious concerns about the accuracy of the information provided by the authorities. When they submit information to us in the form of a number or a percentage score, the authorities also give an indication of the likely size of any error associated with that piece of information. In a large number of cases the authorities gave an error range of between 25% and 50%, which is clearly unacceptable¹⁰.

Appendix 1 provides more detail about information sources and quality.

It is essential that we receive good quality information in order for us to make fair and accurate comparisons. We will continue to press for improvements in this area.

¹⁰ The companies in England and Wales generally provide information with an accuracy of plus or minus 5%.

Chapter 3

How we assess performance

In this report we have adopted the well-established approach that Ofwat uses in its annual levels of service report on the performance of companies in England and Wales. Using the same approach allows us to compare the authorities' performance with that of the companies south of the border, as well as with each other.

The approach involves collecting and analysing information on a series of individual measures of service. These measures cover many of the issues that matter most to customers, such as how quickly supply is restored after an interruption and how the authorities handle complaints.

3.1 Combined service indicators

The overall performance assessment

We can calculate a single indicator for each authority's overall performance based on the information provided to us. This Overall Performance Assessment (OPA) combines results for individual service level measures with other information about performance in drinking water quality and environmental compliance¹¹.

The OPA indicator covers a broad range of service categories, each containing a number of separate measures¹²:

- water supply – pressure, supply interruptions and drinking water quality;
- sewerage service – sewer flooding incidents and risk of flooding;
- environmental impact – sewage treatment works compliance and pollution incidents; and
- customer service – speed of handling complaints, billing enquiries and telephone contacts.

The method we use to calculate the OPA is based on an existing methodology developed by Ofwat for its overall performance assessment of companies in England and Wales. Using this methodology, each individual measure is given a weighting according to the relative importance customers attach to different aspects of service¹³. By using the Ofwat weightings, we are assuming that Scottish customer preferences are the same as those of customers in England and Wales¹⁴. Our customer survey findings indicate that the priorities of customers in Scotland, as one might expect, do not appear to be materially different from those of customers in England and Wales.

The OPA provides a single score that allows us to rank the authorities alongside each other and alongside the water and sewerage companies in England and Wales.

3.2 Individual service indicators

In order to gain a picture of overall performance for the two broad categories of asset performance and customer service we break down the OPA score into two parts.

Asset performance measures

Asset performance measures cover areas of service that depend on the water supply and sewerage infrastructure. Poor performance or failure in these areas cause inconvenience to customers or damage to their property. These measures indicate how reliable the service is and include:

- properties receiving a supply of water at low pressure;
- properties affected by planned and unplanned interruptions to supply;
- the speed with which supply is restored after interruption; and
- properties at risk of sewer flooding.

¹¹ The Drinking Water Quality Regulator provides information on drinking water quality to us. Information about environmental compliance is included in the annual return supplied to us by the authorities.

¹² See Appendix 2 for a detailed list of measures.

¹³ The OPA is weighted between the various measures and categories using Ofwat's OPA weightings. The way we do this is explained in more detail in Appendix 2.

¹⁴ If the preferences of Scottish customers were shown to differ from those of their English and Welsh counterparts this would require us to reflect these preferences in the weighting used in the OPA. This would, however, not materially affect the relative performance of Scotland at this time.

Customer service measures

Customer service measures cover areas of service that depend on the management and employees of the organisation and the processes they use, rather than the infrastructure.

These measures include:

- number of enquiries and written complaints;
- speed of response to billing enquiries;
- speed of response to written complaints; and
- speed with which customer telephone calls are answered.

Failure to respond quickly, accurately and efficiently to customers can cause irritation; it also imposes an administrative burden on business customers.

These two assessments allow us to compare each authority's performance with that of the water and sewerage companies in England and Wales, giving us a picture of their relative performance in these two key areas.

In Chapters 4 and 5 we review the year-on-year performance of the authorities in relation to all of the individual asset performance and customer service measures listed above. In Chapter 7 we compare performance in these measures with that provided by the companies in England and Wales.

Chapter 4

Performance in Scotland 2001-02: Overview and asset performance measures

4.1 Introduction

In this chapter we examine how the authorities performed in 2001-02, and compare this with their performance for the previous year.

First we present an overview of how service changed over the two years. We then present the detailed information for each individual asset performance measure of service. Chapter 5 considers performance in Scotland for customer service measures.

For each of these individual measures, we examine first the issue as it impacts on customers. We then report on the authorities' performance and set out the next steps.

4.2 Overview

It is disappointing to report that the authorities failed to deliver improvement in their quality of service in many areas during 2001-02. This is despite the fact that we have consistently set out very clearly the importance of customer service and our expectations for future performance in this area. Each quality performance audit of complaints that we have carried out highlighted detailed areas for improvement within each authority. The audit reports also outlined best practice.

For a large number of measures (8 of the 21 measures for which information was provided), performance stayed the same or actually worsened compared with the previous year. Poor performance was reported for measures of both asset performance and customer service.

For only one measure, responding to written complaints, was improvement reported by all three authorities. For every other measure at least one authority showed deteriorating performance, or failed to report performance.

Table 3: Summary of changes in service performance 2000-01 to 2001-02

	East of Scotland Water Authority	North of Scotland Water Authority	West of Scotland Water Authority	Scotland
Pressure	+	n/a	+	n/a
Planned interruptions	=	-	+	-
Unplanned interruptions	+	-	+	+
Sewer flooding twice in 10 years	-	n/a	+	n/a
Sewer flooding once in 10 years	-	n/a	-	n/a
Billing contacts	+	-	+	+
Written complaints	+	+	+	+
Telephone contacts	+	+	-	-

Key:

- + improved performance from 2000-01 to 2001-02
- worsening performance from 2000-01 to 2001-02
- = no change in performance from 2000-01 to 2001-02
- n/a information not available

As Table 3 indicates, North of Scotland Water Authority failed to provide information for three measures. This failure to provide information may hide poor performance. It could also hinder efforts to target performance improvements in the area served by the former authority.

4.3 Asset performance measures

Much of the money raised from customers by water and sewerage service providers is spent on maintaining or replacing infrastructure assets. These assets include water mains, sewers and treatment works.

It is essential that these assets are kept in good working order. If they do not work properly, customers will not receive a constant supply of water at a reasonable pressure and their sewers may not provide adequate and reliable drainage.

We analyse below the results, year on year, for four asset performance measures:

- pressure,
- planned supply interruptions,
- unplanned supply interruptions, and
- sewer flooding.

4.4 Pressure

Issue

Inadequate pressure can occur for several reasons. There may be insufficient pumping capacity, for example, or the mains pressure may be kept low to minimise the risk of bursts.

Customers will still expect their supplier to provide a supply of water at a pressure that is sufficient for domestic purposes (cleaning, drinking, washing and cooking). When customers turn on the tap, their water should come out at a steady flow, neither too slow nor too fast. Without adequate pressure some household appliances, such as boilers and electric showers, will not work. Low pressure also causes other inconvenience to customers; for example, it could cause a cistern to take a long time to refill.

The authorities undertake to provide a supply at the customer's tap at a 'reference level' of pressure¹⁵.

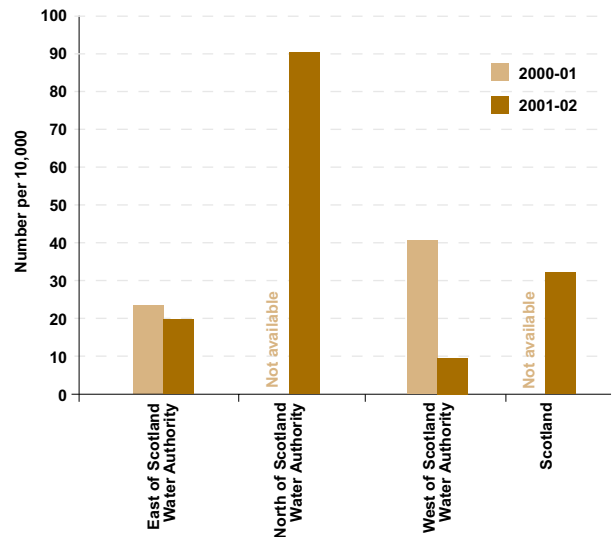
Performance

Table 4 shows the number of properties reported as experiencing low pressure¹⁶ and Figure 4 shows the proportion of properties.

Table 4: Number of properties experiencing low pressure

Area	2000-01	2001-02
East of Scotland Water Authority	1,705	1,526
North of Scotland Water Authority	n/a	5,062
West of Scotland Water Authority	4,364	1,019
Scotland	n/a	7,607

Figure 4: Proportion of properties experiencing low pressure



The annual return suggests that West of Scotland Water Authority significantly improved its performance by reducing the number and percentage of properties experiencing low pressure. However, this reduction is explained by the fact that the recorded 2000-01 figure overstated the actual number of properties affected by low pressure. This came to light because the authority received more accurate information from its integrated network management system.

East of Scotland Water Authority showed a modest improvement in performance.

The high number of properties suffering low pressure in the north of Scotland indicates that there is a greater problem with low pressure here than elsewhere in Scotland. This is the first year that a new measuring technique has been used by North of Scotland Water Authority to assess the number of properties receiving low pressure, and the authority has limited confidence in the results of its analysis. It is even possible that the situation is worse than Table 4 suggests.

¹⁵ This reference level of pressure enables water to reach the top floor of a house at a pressure of ten metres head. This means that the water should reach a storage tank in the attic of a two-storey house or fill a nine-litre bucket in one minute. As internal plumbing can affect whether this is possible, an alternative measure of 15 metres of head in the water main serving the property is used.

¹⁶ That is, pressure below the reference level.

Next steps

Scottish Water is currently developing its understanding of the condition and performance of its above and below ground assets. This information is stored in its integrated network management system. Scottish Water has set itself a target that 60% of the network will be covered by the system by the end of March 2004. We will continue to monitor progress towards this target.

We would also expect that this improved understanding of assets will allow Scottish Water to deal with pressure problems more effectively and to target investment to rectify any problems.

4.5 Supply interruptions – planned

Planned supply interruptions can impact on customers in two ways: the initial inconvenience of being cut off and the inconvenience caused if supply is not restored at the promised time. We monitor the impact on customers by collecting information in three areas:

- Issue 1 – the number of planned interruptions;
- Issue 2 – the number of properties affected by planned interruptions;
- Issue 3 – restoring supply within the stated time.

Issue 1 – the number of planned interruptions

When the authorities need to carry out work on the water supply network it is sometimes necessary to cut off the supply to some customers temporarily.

The number of planned interruptions is a reflection of the amount of work that the authority is carrying out on its water mains. If more work on the network is being undertaken, then the number of planned interruptions will rise.

Performance

Table 5 shows the number of planned interruptions for each authority area. To allow for comparison between the authorities, in Table 6 we present information for the number of interruptions per 100km of water main.

Table 5: Total number of planned interruptions¹⁷

Area	2000-01	2001-02	Percentage change
East of Scotland Water Authority	1,792	3,336	86.2%
North of Scotland Water Authority	1,076	1,243	15.5%
West of Scotland Water Authority	2,878	2,219	-22.9%
Scotland	5,746	6,798	18.3%

Table 6: Number of planned interruptions per 100km of water main^{17, 18}

Area	2000-01	2001-02	Percentage change
East of Scotland Water Authority	16.6	30.1	81.7%
North of Scotland Water Authority	6.0	6.9	14.0%
West of Scotland Water Authority	15.9	12.3	-22.8%
Scotland	12.3	14.4	17.2%

In 2001-02 there was an overall increase in the number of planned interruptions for both East of Scotland Water Authority and North of Scotland Water Authority.

East of Scotland Water Authority explains the increase in planned interruptions as relating to improvements in the systems staff use to report interruptions. North of Scotland Water Authority attributes the increase to a number of operational factors, including ongoing mains renewals, an increase in the number of small maintenance projects taking place, and other network activities.

West of Scotland Water Authority reported a decrease in the number of planned interruptions. In part this is explained by a 13% decrease in the length of mains replaced¹⁹.

Next steps

We shall continue to monitor the performance of Scottish Water in this area to ensure that the number of interruptions is no more than it should be given the extent of mains replacement and repair. We will also monitor the extent and effectiveness of communication with customers about planned interruptions to supply.

¹⁷ The percentage calculations have been rounded and therefore may appear inconsistent with Tables 8 and 9.

¹⁸ Information in Table 6 has been altered from that provided in the authorities' annual returns to eliminate a calculation error in the returns.

¹⁹ In 2001, West of Scotland Water Authority replaced 195km of mains, compared with 225km replaced in 2000.

Issue 2 – the number of properties affected by planned interruptions

The number of properties affected by an interruption will depend on the number of interruptions and on where on the network the interruption occurs. An interruption in an urban area will almost certainly impact more properties than one in a rural area.

When planning to interrupt the supply, the authorities can take steps to minimise the number of properties affected. They may, for example, re-route flows on the network so that properties that would otherwise have lost supply continue to receive a service. They can also communicate effectively with the area due to be affected in order to minimise the impact of the disruption.

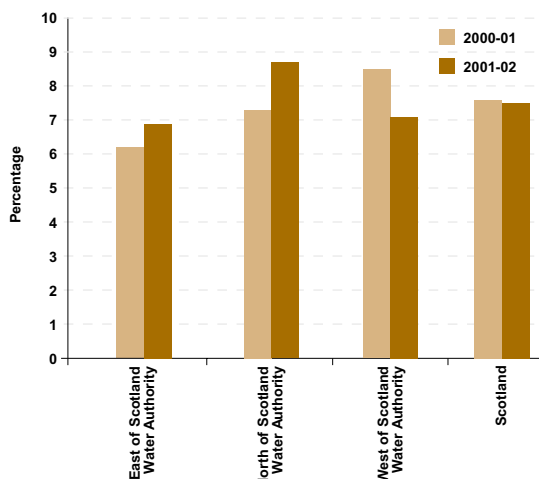
Performance

Table 7 shows the number of properties affected by planned interruptions, and Figure 5 shows the proportion of properties.

Table 7: Number of properties affected by planned interruptions

Area	2000-01	2001-02	Percentage change
East of Scotland Water Authority	45,354	52,926	16.7%
North of Scotland Water Authority	40,749	48,961	20.2%
West of Scotland Water Authority	91,724	75,650	-17.5%
Scotland	177,827	177,537	-0.2%

Figure 5: Properties affected by planned interruptions as a percentage of all properties



Next steps

We will continue to monitor performance in this area to ensure that Scottish Water takes all such reasonable steps to ensure that as few customers as possible are affected by planned interruptions.

We will also monitor the effectiveness of communication with customers affected by planned interruptions.

Issue 3 – restoring supply within the stated time

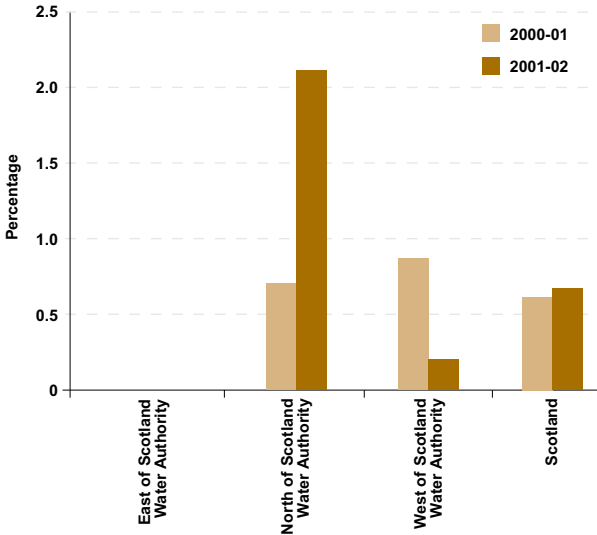
It is important for customers that, when a planned interruption takes place, the authority takes steps to minimise disruption, give adequate notice and provide a realistic estimate of how long the interruption will go on for. They should then strive to restore the supply within the stated time.

Customers affected by a planned supply interruption should not have to suffer the further inconvenience caused by a late restoration of supply. It would, of course, be unacceptable for an authority to overestimate the length of time the interruption is likely to take in order to allow itself more time to finish the work.

Performance

Figure 6 shows the percentage of properties not restored within four hours of the stated time. The authorities' performance on this measure is good, with almost all affected properties seeing their supply restored within four hours of the stated time.

Figure 6: Percentage of properties not restored within 4 hours of stated time²⁰



East of Scotland Water Authority reported that it restored supply within four hours of the stated time in every case for both 2000-01 and 2001-02. However, the authority admits that some planned interruptions go unreported by field staff, so the record on restoration cannot be fully substantiated.

West of Scotland Water Authority’s performance improved compared with last year, and supply is not restored within four hours of the stated time for only a small number of properties.

North of Scotland Water Authority performed worst, with an increase in the number of properties not restored within four hours of the stated time. The authority has provided no explanation for this deterioration in performance.

Next steps

We will particularly monitor performance in the former North of Scotland Water Authority area next year to ensure that an adequate level of service is provided to customers.

4.6 Supply interruptions – unplanned

We report performance in three areas:

- Issue 1 – the number of unplanned interruptions;
- Issue 2 – the number of properties affected by unplanned interruptions;
- Issue 3 – restoring supply within 12 hours.

Issue 1 – the number of unplanned interruptions

Unplanned interruptions to the water supply occur for a variety of reasons. Infrastructure that is in poor condition or badly managed will be more prone to bursts. Bursts can also be caused when the ground moves because of traffic vibration or following natural events such as freezing and thawing. Activities by third parties, such as other utilities, can also damage pipes.

Performance

Table 8 shows the level of unplanned interruptions. To enable comparisons between the authorities, Table 9 presents information for the number of interruptions per 100km of water main.

Table 8: Total number of unplanned interruptions²¹

Area	2000-01	2001-02	Percentage change
East of Scotland Water Authority	596	1,129	89.4%
North of Scotland Water Authority	2,342	2,475	5.7%
West of Scotland Water Authority	1,579	1,328	-15.9%
Scotland	4,517	4,932	9.2%

²⁰ East of Scotland Water Authority reports that all properties are restored within at most 4 hours of the stated time.

²¹ The percentage calculations have been rounded and therefore may appear inconsistent with Tables 5 and 6.

Table 9: Unplanned interruptions per 100km of mains^{21, 22}

Area	2000-01	2001-02	Percentage change
East of Scotland Water Authority	5.5	10.2	84.9%
North of Scotland Water Authority	13.1	13.7	4.3%
West of Scotland Water Authority	8.7	7.4	-15.8%
Scotland	9.7	10.4	8.1%

Next steps

We will continue to press Scottish Water to improve its understanding of its underground infrastructure. This would enable Scottish Water to manage and invest in its infrastructure more effectively. In the shorter term, we will monitor how well Scottish Water responds to unplanned interruptions.

Issue 2 – the number of properties affected by unplanned interruptions

Unplanned interruptions to the water supply cause inconvenience to customers. An important measure of the likely impact of an unplanned interruption is the number of properties affected.

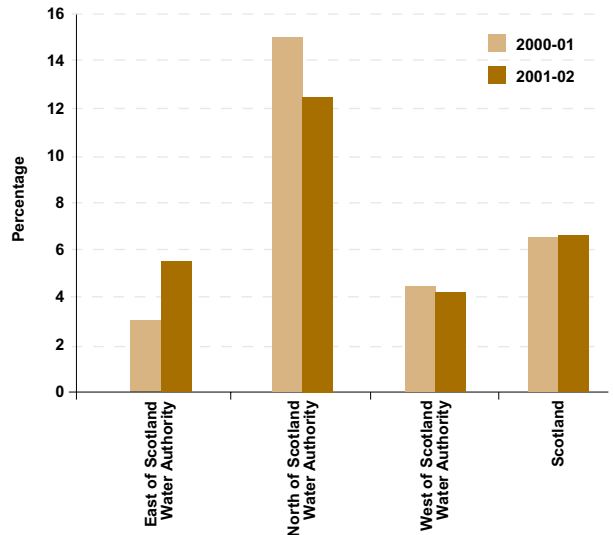
Performance

Table 10 shows the number of properties affected by unplanned interruptions. Figure 7 shows the proportion of properties.

Table 10: Number of properties affected by unplanned interruptions

Area	2000-01	2001-02	Percentage change
East of Scotland Water Authority	22,280	42,328	90.0%
North of Scotland Water Authority	83,682	69,773	-16.6%
West of Scotland Water Authority	47,830	44,552	-6.9%
Scotland	153,792	156,653	1.9%

Figure 7: Properties affected by unplanned interruptions as a percentage of all properties



Both West of Scotland Water Authority and North of Scotland Water Authority reported falls in the number of properties affected by unplanned interruptions in 2001-02 over the previous year.

East of Scotland Water Authority reported increases in both the number of incidents and in the number of properties affected. Two incidents in Edinburgh during the year affected a large number of properties. Those incidents may well have contributed to the increase in the number of affected properties, but it is important to note that there was also a large increase in the total number of planned interruptions.

Next steps

We will continue to monitor the performance of Scottish Water in this area to make sure that customers are not unduly affected by unplanned interruptions and that the considerable investment that is taking place in the infrastructure is leading to better performance in this area.

Issue 3 – restoring supply within 12 hours

To minimise the disruption caused by an unplanned interruption, the supplier should endeavour to restore supply to customers as quickly as possible, and should provide information on how long the interruption is likely to last.

²² Information in Table 9 has been altered from that provided in the authorities' annual returns to eliminate a calculation error in the returns.

Performance

Table 11 shows the number of properties where supply has not been restored within 12 hours.

Table 11: Number of properties not restored within 12 hours

Area	2000-01	2001-02
East of Scotland Water Authority	518	441
North of Scotland Water Authority	3,469	3,584
West of Scotland Water Authority	2,148	19
Scotland	6,135	4,044

East of Scotland Water Authority reports that there were fewer than 500 properties affected by unplanned interruptions where supply was not restored within 12 hours. West of Scotland Water Authority reports that supply was restored within 12 hours in almost all cases.

However, North of Scotland Water Authority's performance was poor in both years. This may be partly because the extended supply lines in some parts of the authority's network make re-routing difficult or impossible in some circumstances.

Next steps

We expect Scottish Water to maintain good performance in areas covered by the former East of Scotland Water Authority and West of Scotland Water Authority. We also expect it to improve on the poor performance in North of Scotland Water Authority's area.

Scottish Water's investment in its integrated management system should help this process. We will continue to monitor Scottish Water's progress in this area to ensure that it is better able to identify where a burst on the network has taken place and that it manages the level of service to customers appropriately.

4.7 Sewer flooding

We report performance in two areas:

Issue 1 – the number of properties affected;

Issue 2 – the number of properties at risk of sewer flooding.

Issue 1 – the number of properties affected

Although sewer flooding is a relatively rare occurrence, it is likely to be very distressing and unpleasant for customers when it happens.

Sewer flooding can be caused by a number of factors. If a sewer does not have sufficient capacity to cope with a severe storm, it will become overloaded and waste water may back up into the customer's property. Flooding can also be caused when sewers get blocked or collapse, or when a piece of equipment such as a pump fails.

Suppliers should understand the performance of their sewerage infrastructure. They should take appropriate steps to minimise the risk of blockages or other avoidable problems that will adversely impact customers.

Performance

Table 12 shows the number of properties affected by sewer flooding.

Table 12: Total number of properties affected by sewer flooding

Area	Overloaded sewers		Other causes	
	2000-01	2001-02	2000-01	2001-02
East of Scotland Water Authority	84	47	8	6
North of Scotland Water Authority	n/a	n/a	n/a	n/a
West of Scotland Water Authority	95	155	1,085	268

We are disappointed that North of Scotland Water Authority failed to provide information for sewer flooding measures for both 2000-01 and 2001-02. The authority argues that this failure is the result of internal

restructuring and the move towards Scottish Water, with key staff leaving or moving to new roles within the organisation. Given that two year's worth of information is missing, we find this explanation inadequate.

The authority also claims that although it was unable to report the information in the required format, customers had not experienced any reduction in the level of service received. This claim is unsubstantiated, and is contradicted by some of the complaints that we have received. Furthermore, sewer flooding was a major issue at the Tain public meeting held in September 2002.

West of Scotland Water Authority reported a significant fall in sewer flooding due to 'other causes' (ie blockages, sewer collapses, and equipment failure²³). However, it did not provide information about the number of failures attributable to each of the possible 'other causes'. It attributes the increase in sewer flooding caused by overloaded sewers to poor weather conditions.

Next steps

We will continue to consult with customers to gain greater understanding of the importance they attach to this issue and their willingness to pay to see the number of properties affected reduced. We will monitor Scottish Water's investment to ensure that it is consistent with customer preference.

We will also press Scottish Water to provide more information about the specific causes of sewer flooding.

Issue 2 – the number of properties at risk of sewer flooding

The authorities are required to assess the number of properties that are at risk from sewer flooding. They report on those properties that are liable to flood twice in every ten years and those that are liable to flood once in every ten years. This would include properties, for example, where the sewer serving that property may have inadequate capacity to cope with exceptionally poor weather. When reporting this information, no account can be taken of flooding caused by the actions of third parties (for example the blocking of a sewer by a foreign object).

²³ For example, combined sewer overflow failures.

Performance

Table 13 shows the number of properties in each area at risk of sewer flooding.

Table 13: Number of properties at risk of sewer flooding

Area	Liable to flood twice in ten years		Liable to flood once in ten years	
	2000-01	2001-02	2000-01	2001-02
East of Scotland Water Authority	209	396	5	44
North of Scotland Water Authority	n/a	n/a	n/a	n/a
West of Scotland Water Authority	250	240	134	221

While it may seem that the number of properties at risk of sewer flooding is very small, representing a fraction of a per cent of all properties in the east and west of Scotland, we need to bear in mind the distress that sewer flooding causes. It is a matter of concern that both East of Scotland Water Authority and West of Scotland Water Authority reported increases in the number of properties at risk over the previous year. They attribute this to a number of properties being added to their registers as a result of better information.

Once again, North of Scotland Water Authority failed to provide information for this measure.

Next steps

We expect Scottish Water to allow no deterioration in the network in the period to 2005-06. Consequently only better information on already existing problems should further increase the reported number of properties at risk of flooding. We also expect Scottish Water to provide information on sewer flooding in the former North of Scotland Water Authority area for 2002-03.

Chapter 5

Performance in Scotland 2001-02: Customer service measures

When customers have reason to contact their water and sewerage provider – whether it is an enquiry about their bill or a complaint about an aspect of service – they should receive a prompt, clear and professional response. Their enquiry or complaint should be properly followed up, and any explanations provided to them should be clear and easy to understand.

Feedback from our Focus Groups²⁴ indicates that:

- if an issue cannot be resolved, customers expect a clear explanation as to why that is the case; and
- customers expect any promises made by the authorities to be kept.

In this chapter, we analyse the performance for the three customer service measures of billing enquiries, written complaints and telephone contacts. For each measure we explain the issue, report on performance and detail next steps.

5.1 Billing enquiries

We monitor performance in two areas:

- Issue 1 – the number of billing enquiries;
- Issue 2 – how quickly the authorities respond.

Issue 1 – the number of billing enquiries

The only contact many customers have with their water and sewerage service provider is to enquire about billing matters. We receive information from the authorities on how they performed in responding to billing enquiries in writing and by telephone.

Local authorities bill the vast majority of domestic customers for water and sewerage services on behalf of the three water authorities (and continue to do so for Scottish Water). Our analysis has shown that this is a cost-effective way to deliver bills. The water authorities retain responsibility for the content and accuracy of the bills, and for dealing with any queries relating to them.

The majority of billing enquiries are consequently from non-domestic customers. They are likely to be more aware of their bill, and of the actual cost of the services they receive.

Most billing enquiries cover:

- notification of a change of address,
- requests to change the method of payment,
- calculation of the bill, and
- responses to metering enquiries.

Performance

Table 14 shows the number of billing enquiries received by each authority.

Table 14: Number of billing enquiries (written and telephone)

Area	2000-01	2001-02	Percentage increase
East of Scotland Water Authority	14,572	53,876	269.7%
North of Scotland Water Authority	39,682	39,445	-0.6%
West of Scotland Water Authority	110,060	95,341	-13.4%
Scotland	164,314	188,662	14.8%

The total number of billing enquiries in Scotland increased by 14.8% between 2000-01 and 2001-02. This results from a large reported increase in the number of enquiries received by East of Scotland Water Authority. The authority attributes the increase to the introduction of a new billing system, changes to charges and the authority's metering programme for non-domestic customers.

²⁴ Focus groups held during January and February 2001, following the first customer survey.

Next steps

We will continue to monitor the performance of Scottish Water in this area to ensure that it provides clear and accurate information to its customers. We will also continue our audit work so that we develop our understanding of the nature of, and the reasons for, enquiries. This will allow us to make recommendations to Scottish Water on how to improve its service to customers.

Issue 2 – how quickly the authorities respond

The authorities report to us how quickly they responded to billing, charging and metering enquiries.

The authorities should try to answer a customer’s enquiry within the standards set out in their Code of Practice. One of Scottish Water’s aims must be to improve the handling of billing enquiries, as this has been highlighted as a particularly weak area.

Performance

Figures 8 and 9 show the percentage of enquiries dealt with within five working days and within ten working days.

Figure 8: Percentage of enquiries answered within five working days

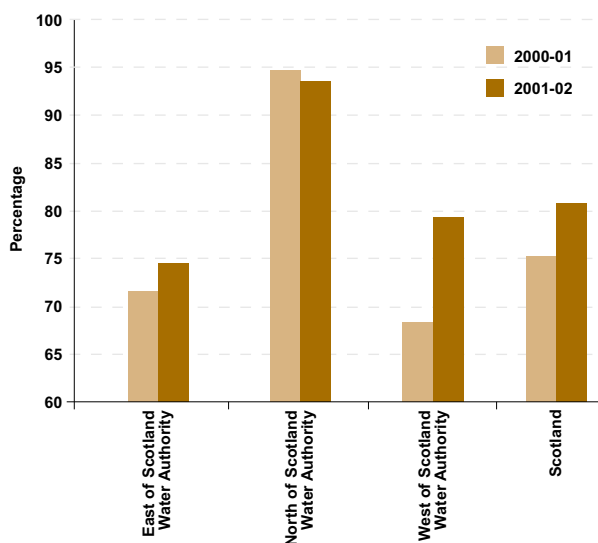
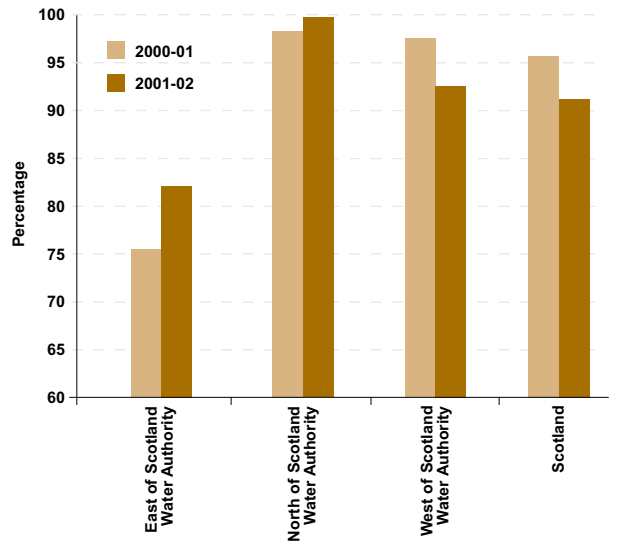


Figure 9: Percentage of enquiries answered within ten working days



It is disappointing to note that West of Scotland Water Authority’s performance in responding within ten working days worsened and that East of Scotland Water Authority’s performance, whilst improved, was still very poor.

Next steps

We will press for a rapid improvement in Scottish Water’s performance in responding to enquiries within both five and ten working days. This should be possible because Scottish Water can draw on the standards set by North of Scotland Water Authority.

5.2 Written complaints

When a customer has cause for complaint, the reasons have often been unpleasant and sometimes very serious. It is therefore particularly important to handle a customer’s complaint well. Responses to customers should be prompt, relevant and easy to understand.

As part of our quality performance audits we measure the quality of responses using objectively set criteria for which there is a clear “yes” or “no” outcome.

We report performance in three areas:

- Issue 1 – the number of complaints;
- Issue 2 – the speed of response;
- Issue 3 – the quality of the response.

Issue 1 – the number of complaints

Customers who receive poor service or are unhappy about any aspect of the service provided to them are entitled to complain. The number of complaints could be taken as a reflection of customer dissatisfaction. However, since customer awareness of the water industry generally and the price paid in particular is increasing, it is likely that greater awareness has contributed to the increase in complaints.

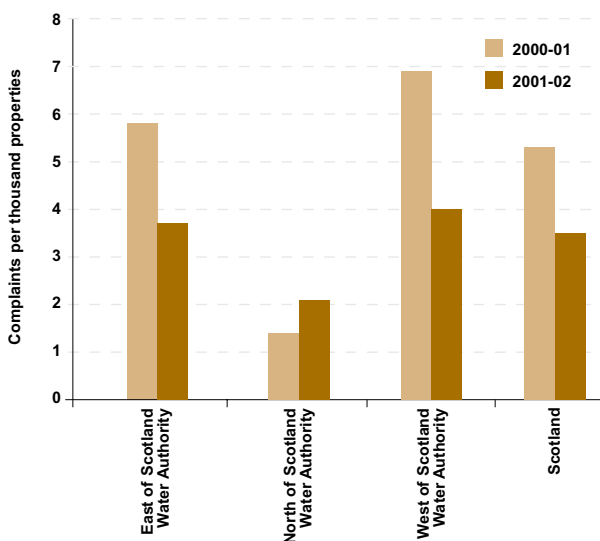
Performance

Table 15 shows the number of complaints received by the authorities and Figure 10 shows the number of complaints per thousand properties.

Table 15: Number of written complaints

Area	2000-01	2001-02
East of Scotland Water Authority	4,258	2,829
North of Scotland Water Authority	806	1,195
West of Scotland Water Authority	7,404	4,283
Scotland	12,468	8,307

Figure 10: Number of written complaints per thousand properties



There was a considerable fall in the number of complaints reported by both West of Scotland Water

Authority and East of Scotland Water Authority (down by 42% and 34% respectively).

The number of complaints to North of Scotland Water Authority increased by nearly half, although this was from a low starting point. The authority explained that this was the result of a change in how it defines enquiries and complaints. Many contacts that would now be classified as a complaint had previously been categorised as an enquiry.

Next steps

We will continue to monitor information about complaints provided by Scottish Water. We will extend our audit of Scottish Water’s complaint handling to ensure that year-on-year comparisons of the number of complaints are consistent.

Issue 2 – the speed of response

The authorities should try to respond to a complaint within the standards set out in their Code of Practice. Customer expectations of service providers are increasing across the board. We expect Scottish Water to respond effectively and quickly when a customer has been disappointed.

Performance

Table 16 shows the percentage of complaints dealt with within five working days and within ten working days.

Table 16: Written complaints – speed of response

Area	Percentage of written complaints answered within 5 working days		Percentage of written complaints answered within 10 working days	
	2000-01	2001-02	2000-01	2001-02
East of Scotland Water Authority	49.3%	56.8%	79.0%	99.9%
North of Scotland Water Authority	32.9%	42.6%	84.5%	99.0%
West of Scotland Water Authority	22.7%	52.8%	90.5%	98.9%
Scotland	32.5%	52.7%	86.2%	99.2%

The speed with which the authorities handled complaints appears to have improved markedly in 2001-02.

Across Scotland, over 99% of complaints were answered within ten working days. We welcome improvements in the speed of response across Scotland.

Next steps

Scottish Water should now strive to improve the number of complaints responded to within five working days. We will use our audits of complaint handling to ensure that this better response time has not been achieved at the expense of the quality of the responses.

Issue 3 – the quality of the response

As well as receiving a prompt response, customers should receive replies that address their complaints clearly and accurately.

Our quality performance audits assess the quality of the response provided, including whether:

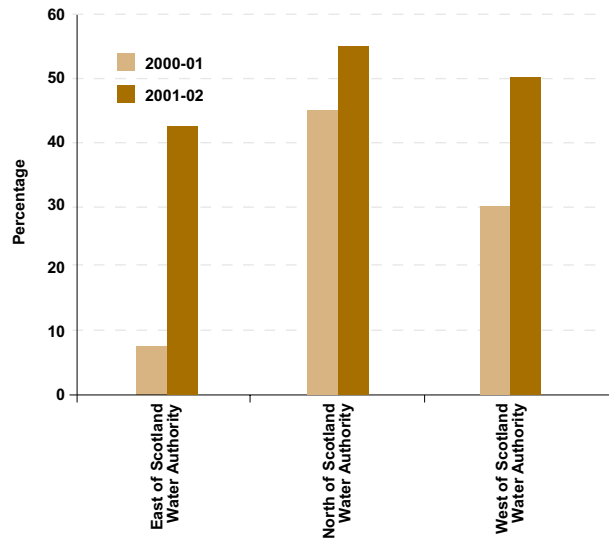
- it was dealt with by the correct person in the authority;
- it addressed the substance of the complaint;
- it was written in plain English and avoided technical jargon; and
- the tone was appropriate.

Each authority receives a score for each written response sampled on the basis of these criteria. This score is then converted to a percentage score. The target, defined in the audit as ‘what the water authorities should aim to achieve’, is 98% or higher.

Performance

Figure 11 shows the change in the authorities’ complaints audit performance between 2000-01 and 2001-02.

Figure 11: Percentage of written responses achieving the target standard



The performance of all three authorities improved from 2000-01 to 2001-02.

Next steps

Overall we expect to see improvements in the quality of responses in future. Many of the responses to complaints sampled in our audits were not written in plain English, used an inappropriate tone and failed to apologise. Such errors are basic and we will continue to highlight similar deficiencies during our audits.

5.3 Telephone contacts

Issue

Many customers prefer to make contact by telephone rather than by letter because they find it easier and quicker. The authorities recognise this by providing free or low cost numbers that take the customer through to a call centre.

Table 17: Total number of telephone contacts

Area	2000-01	2001-02
East of Scotland Water Authority	220,540	220,595
North of Scotland Water Authority	258,402	201,269
West of Scotland Water Authority	288,050	353,179
Scotland	766,992	775,043

Customers expect their calls to be handled efficiently and effectively.

We believe that Ofwat’s minimum standard for the speed with which calls should be answered provides a reasonable benchmark against which we can assess the authorities’ performance. This standard is that at least 90% of calls should be answered within 30 seconds, with no more than 5% of calls abandoned. If customers are made to wait much longer than this they are more likely to abandon their call.

Performance

Figure 12 shows how quickly calls were answered and Figure 13 shows the percentage of calls abandoned by customers.

Figure 12: Percentage of calls answered within 30 seconds

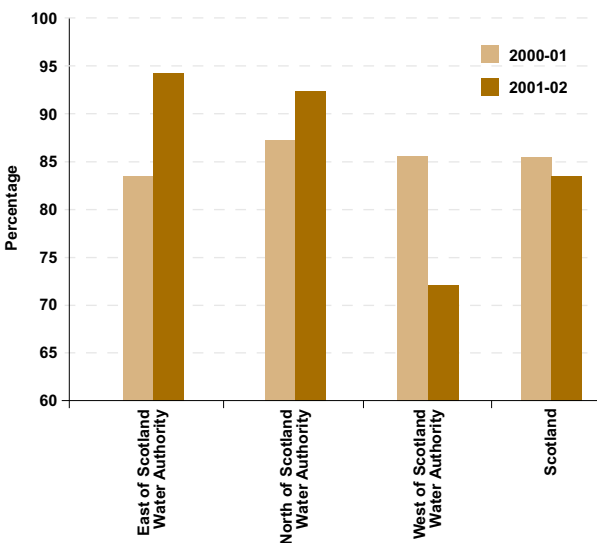
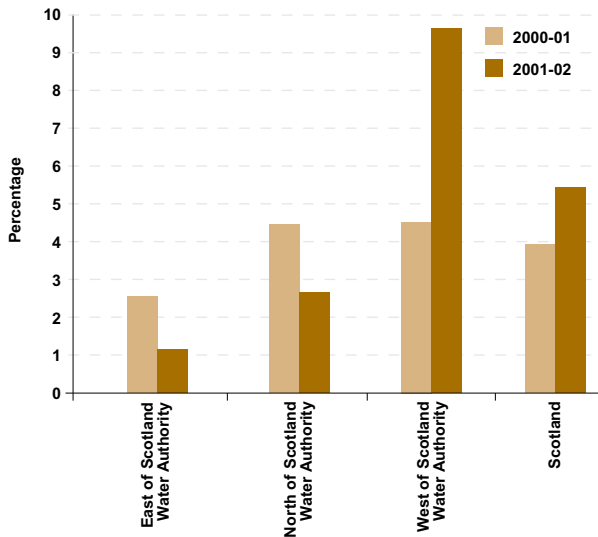


Figure 13: Percentage of total calls abandoned



We are pleased to report that East of Scotland Water Authority and North of Scotland Water Authority both exceeded Ofwat’s acceptable minimum standard in 2001-02.

West of Scotland Water Authority’s performance, however, deteriorated to a point where it fell well short of the minimum standard. This poor performance also had the effect of dragging overall performance across Scotland below the minimum standard.

The authority attributed its poor performance to an increase in the total number of calls and the implementation of a new customer management system. The number of abandoned calls increased over the Christmas and New Year period. At this time, lower staff numbers and increased activity by the authority on its debt recovery programme resulted in more calls remaining unanswered within 30 seconds.

Next steps

We will monitor the performance of Scottish Water closely to ensure that customers living in the west of Scotland benefit from an appropriate level of response to telephone enquiries.

We will also press Scottish Water to ensure that it can maintain service at all times. This is particularly important in the event of a major service failure.

Chapter 6

Comparison with England and Wales – overall performance assessment

6.1 Introduction

The Overall Performance Assessment (OPA) provides us with a single measure of overall performance that allows us to compare the authorities with the water and sewerage companies in England and Wales.

Our OPA is based on the indicator developed by Ofwat for its levels of service assessments. The OPA combines results for the individual asset performance and customer service measures. Ofwat also adds information about performance in drinking water quality and environmental compliance. We have included these for Scotland where possible. The measures that make up the OPA are set out in Appendix 2.

Unfortunately, we have not been able to implement Ofwat's OPA in full in Scotland.

When drawing conclusions from the results set out in this chapter, it is important to take account of two factors as they may introduce bias that is favourable to the Scottish water authorities.

Firstly, there may be differences in the interpretation of the definitions we have adopted for particular measures. We have striven to ensure that performance information is collected using definitions that are consistent with those used in England and Wales. In comparing performance, we wish to avoid measures that are biased towards either Scotland or England and Wales. Independent audit of reported information in Scotland, similar to arrangements in England and Wales, would increase the confidence of stakeholders that conclusions on levels of performance in Scotland are sound and unbiased.

Secondly, in some cases we have had to exclude measures from the OPA so that we can make comparisons with the water and sewerage companies. This may have been necessary because:

- the information to create the measure is not available in Scotland;
- it is not measured in the same way;
- or the measure itself is not applicable.

These measures include leakage, hosepipe bans and the provision of information to customers. This may well have favoured Scottish authorities since it would seem likely that the authorities would have drawn attention to good performance.

The OPA indicator covers a broad range of service measure categories, each containing a number of separate measures²⁵:

- water supply – pressure, supply interruptions and drinking water quality;
- sewerage service – sewer flooding incidents and risk of flooding;
- environmental impact – sewage treatment works compliance and pollution incidents; and
- customer service – speed of handling complaints, billing enquiries and telephone contacts.

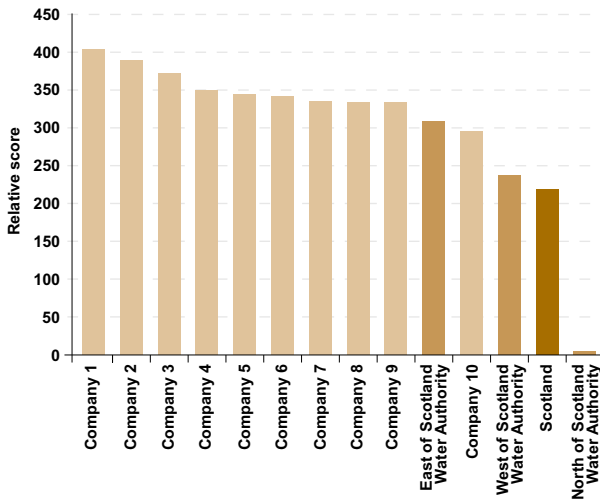
Notable individual events do not have a direct impact on the OPA. For example, a cryptosporidium outbreak (such as the one in Aberdeen in North of Scotland Water Authority's area in 2001-02) is an example of poor performance. The OPA will not directly reflect the inconvenience caused to customers by a service level failure. The OPA could, however, indirectly be impacted by, for example, an increased number of phone calls or complaints from customers.

²⁵ See Appendix 2 for a detailed list of measures.

6.2 Overall performance assessment 2001-02

In terms of overall performance, Scotland as a whole ranked below every company in England and Wales in 2001-02²⁶. This is illustrated in Figure 14.

Figure 14: Relative overall performance 2001-02



East of Scotland Water Authority achieved a standard that was slightly better than the worst performing company south of the border. Both West of Scotland Water Authority and North of Scotland Water Authority trailed behind the pack.

In order to understand why overall customer service was so poor, we have broken the overall performance assessment down into two areas: asset performance measures and customer service measures.

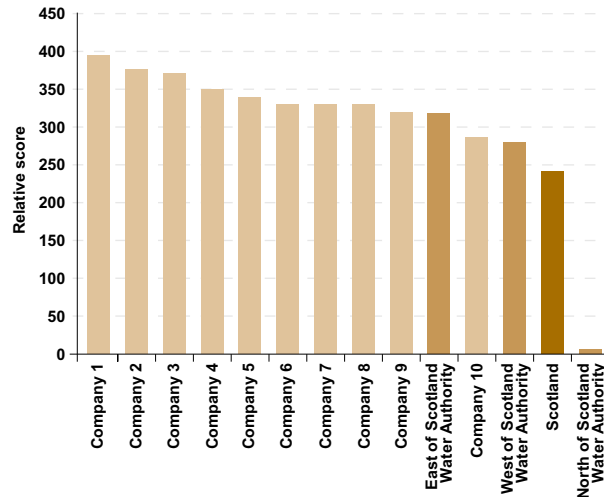
6.3 Overall performance: asset performance measures

Asset performance measures are a reflection of the condition of the assets and how they are operated. A water supply interruption, for example, may be caused by a burst, indicating an asset in poor condition. However, the service received by those customers who are affected by the burst will also depend on how promptly the authority rectifies the situation (ie their operational performance).

Performance in Scotland is closer to performance in England and Wales for asset measures than for customer service measures. This is despite North of Scotland Water Authority's poor performance on asset measures. This would seem to be consistent with the information on asset condition that we discussed in our *Investment and Asset Management Report 2000-02* (March 2003).

The three authorities' relative performance on asset performance measures is shown in Figure 15.

Figure 15: Relative performance for asset performance measures 2001-02



The performance of North of Scotland Water Authority is influenced by two particular factors. Firstly, there is the relatively high proportion of properties below the reference level for water supply pressure. Secondly, a relatively high proportion of the population in that area is not served by a compliant sewage treatment works. The investment programme for the 2002-06 period will address many of these problems. For example, new treatment works are being put into operation in 2002-03.

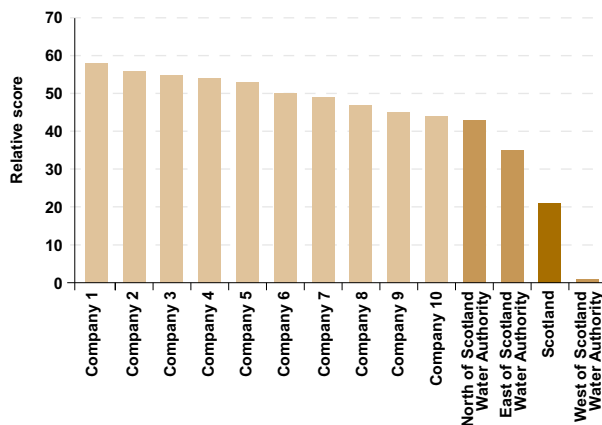
²⁶ The England and Wales companies are shown anonymously because our adjustments have changed some of the relative ranking compared to that shown in Ofwat's levels of service report 2001-02.

6.4 Overall performance: customer service measures

Customer service measures assess the service provider's performance in interacting with its customers. This includes how well it responds to billing enquiries and complaints.

The relative performance of the authorities is shown in Figure 16. Scotland as a whole ranks at the bottom of the pack when compared with the companies in England and Wales.

Figure 16: Relative performance for customer service measures 2001-02



Responding well to enquiries from customers requires good management, good organisation and well motivated staff. It is instructive that North of Scotland Water Authority was able to deliver the best level of customer service despite having the most problems with the performance of its assets.

We would expect that the level of service in other areas of Scotland could quickly be increased to that already achieved in the North. This would ensure that in the event that a Scottish customer has a problem with their water or sewerage service they could expect a response broadly comparable to that available south of the border.

Chapter 7

Comparison with England and Wales – individual measures

7.1 Introduction

In this chapter we compare the service provided by the authorities with that received by customers in England and Wales for each of the individual service measures.

We do this by comparing the authorities' performance in 2001-02 with that of the water and sewerage companies in England and Wales for the same year.

We first provide an overview of performance. We then give information for each of the individual measures, as follows:

- asset performance measures (pressure, planned supply interruptions, unplanned supply interruptions and sewer flooding);
- customer service measures (billing enquiries, written complaints, and telephone contacts).

7.2 Overview of performance for individual measures

Table 18 shows, for each measure, the year in which the best company in England and Wales achieved the performance that the best authority in Scotland is only now achieving.

Table 18: Year in which current leading Scottish service was delivered to customers in England and Wales

Service measure	Year service level achieved in England and Wales
Pressure	1996
Unplanned interruptions ²⁷	2002
Sewer flooding twice in 10 years	pre-1993
Sewer flooding once in 10 years	pre-1993
Billing contacts	pre-1993
Written complaints	1999
Telephone contacts	1998

²⁷ Information for planned interruptions is not provided because the standards are not comparable.

²⁸ This reference level of pressure enables water to reach the top floor of a house at a pressure of ten metres head. This means that the water should reach a storage tank in the attic of a two-storey house or fill a nine-litre bucket in one minute. Chapter 4 gives more information about the way we monitor problems of low pressure.

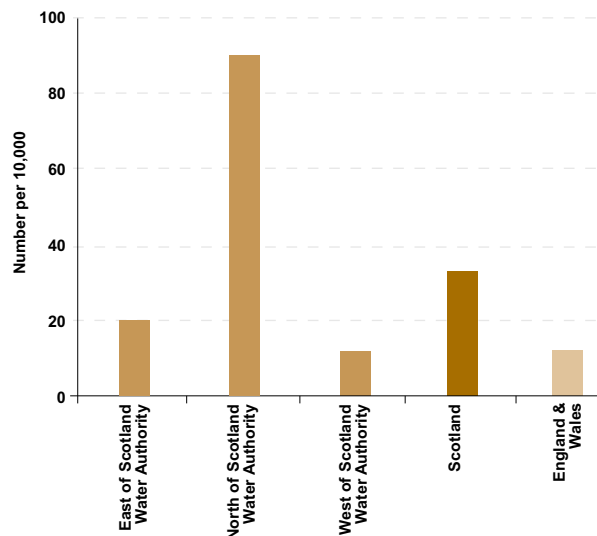
Generally the authorities' performance is some years behind the best performance in England and Wales. For some measures, it is before published results are available for England and Wales (1992-93). In other words, for several important aspects of service, customers in England and Wales have enjoyed better service than those in Scotland for many years.

7.3 Asset performance measures

Pressure

We compared performance by the authorities in attaining the 'reference level' for pressure²⁸ with that achieved by the industry in England and Wales. The outcome is illustrated in Figure 17.

Figure 17: Proportion of properties experiencing low pressure 2001-02



The companies in England and Wales took some time to improve their understanding of the scale and incidence of low water pressure. The information provided by the authorities clearly shows that a greater proportion of properties receive low pressure in Scotland than in England and Wales. It suggests that the best performing authority, West of Scotland Water Authority, is on a par with the average performance of the whole industry in England and Wales.

However, it is likely given the experience of the companies in England and Wales that the estimates provided by the authorities understate the true position.

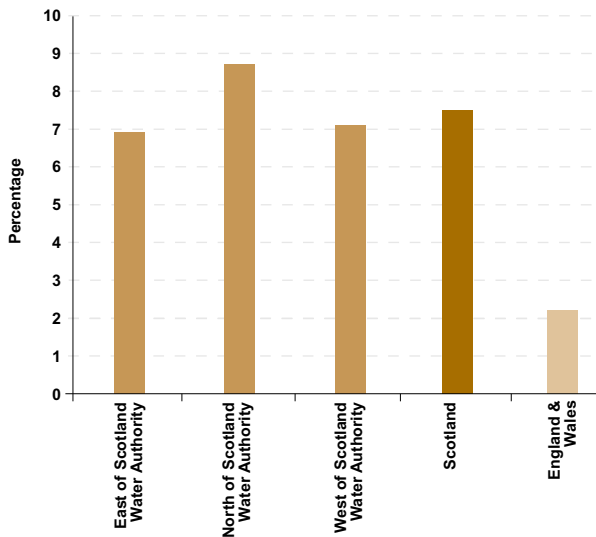
The performance of North of Scotland Water Authority is relatively very poor. No water and sewerage company in England and Wales has performed as poorly since 1997.

We are pressing for a new Guaranteed Minimum Standard for pressure to be introduced. If Scottish Water fails to reach the pressure standard, customers would be entitled to be paid compensation. This would act as an added incentive for Scottish Water to improve performance in poor performing areas.

Planned interruptions

We have compared the percentage of properties affected by planned interruptions by the authorities with that of the companies in England and Wales. The outcome is illustrated in Figure 18.

Figure 18: Percentage of properties affected by planned interruptions 2001-02

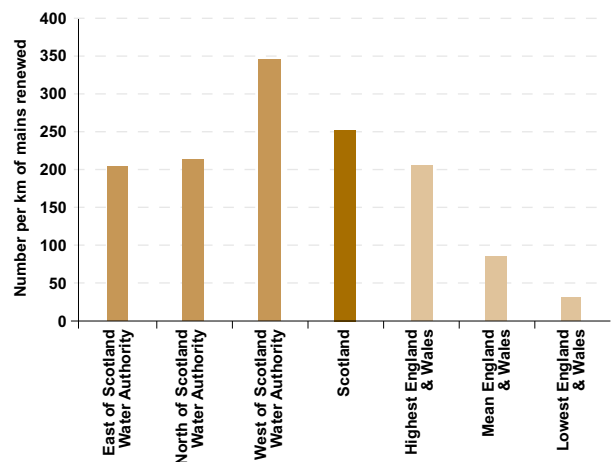


A customer of the authorities in Scotland is at least three times as likely to be affected by a planned interruption as a customer in England and Wales.

This discrepancy in performance is not explained by higher levels of capital investment in Scotland in renewing the mains infrastructure.

Figure 19 shows the number of properties affected by planned interruptions, expressed per kilometre of mains renewed during 2001-02. It confirms that performance in Scotland falls well short of that provided to customers in England and Wales. It is possible that some of the apparent shortfall in performance may result from a dependency in some remote communities in Scotland on a single mains supply. This is in contrast to urban areas where water supplies can often be re-routed to customers while renewal work on the infrastructure is in progress.

Figure 19: Number of properties affected by planned interruptions per km of water mains renewed in 2001-02

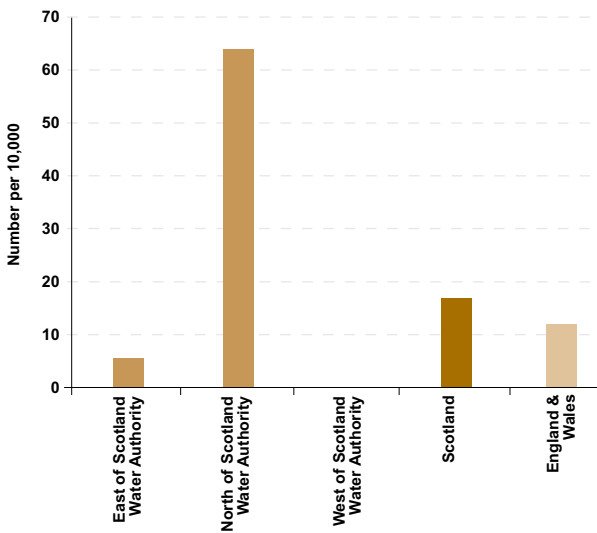


Disruption to customers by planned supply interruptions can be minimised by restoring supply as soon as possible and certainly within the time stated. Unfortunately, the information we collect on the number of planned interruptions exceeding the stated restoration time cannot be compared with that for England and Wales. This is because we collect information for restoration 1 and 4 hours after the stated time, whereas Ofwat collects it for 6, 12 and 24 hours after the stated restoration time. We plan to introduce comparable timebands in Scotland from 2004-05 onwards.

Unplanned interruptions

We have compared the percentage of properties affected by unplanned interruptions where supply is not restored within 12 hours by the authorities with the same information for England and Wales. The outcome is shown in Figure 20.

Figure 20: Proportion of properties affected by unplanned interruptions where supply is not restored within 12 hours 2001-02²⁹



The performance of both East of Scotland Water Authority and West of Scotland Water Authority in 2001-02 appears to be better than the average industry performance in England and Wales in the same year. However, performance south of the border is brought down by one company that registered a large, exceptional event, lowering the England and Wales average.

We are however concerned that the apparent good performance of East of Scotland Water Authority and West of Scotland Water Authority is, at least in part, due to poor communication of the true position by field staff.

Extended distances may increase response times but this should be offset by the fact that it can be quicker to deal with an interruption in more rural areas than in an urban area. Again, local practice in dealing with interruptions is almost certainly not as effective as it could be.

As a result of North of Scotland Water Authority's performance, the overall performance in Scotland is at the same average level as that provided to customers by the industry in England and Wales in 1997. Even this comparison, however, may flatter the Scottish authorities.

Sewer flooding

We have compared the risk that properties in each authority's area will be affected by sewer flooding with that of the industry in England and Wales. The outcome is shown in Table 19.

Table 19: Proportion of properties at risk of sewer flooding 2001-02

Authority/area	Twice in 10 years	Once in 10 years
East of Scotland Water Authority	56 in 100,000	83 in 100,000
North of Scotland Water Authority	n/a	n/a
West of Scotland Water Authority	22 in 100,000	52 in 100,000
England & Wales	18 in 100,000	48 in 100,000

A higher percentage of customers are at risk of sewer flooding in areas served by East of Scotland Water Authority and West of Scotland Water Authority than in England and Wales. North of Scotland Water Authority is in the process of developing its register of properties at risk of sewer flooding, so unfortunately did not provide information for this measure.

At both levels of risk, the performance of East of Scotland Water Authority and of West of Scotland Water Authority is not at the level of the best performing company in England and Wales before 1992-93.

It is likely that the current estimates from the authorities will understate the true scope of the problem. We will continue to press Scottish Water to improve its understanding of this particularly unpleasant problem.

²⁹ West of Scotland Water Authority reports that it restored supply to all properties affected within 12 hours.

7.4 Customer service performance measures

Number of billing enquiries

In Scotland, local authorities bill most domestic customers for water and sewerage services on behalf of the three water authorities. Many customers may therefore direct their enquiries to their local authority as the bill provider.

Before the authorities came into being in 1996, the local authorities provided water and sewerage services. Customers are used to paying for these services as part of the larger council tax bill and may not think to query any charge specifically. Complaints to us about charging suggest that many customers do not realise that the local authorities no longer provide these services.

Because the local authorities bill most domestic customers, there are significantly fewer billing enquiries across the whole of Scotland than there are for similar sized companies in England and Wales.

Notwithstanding the fact that the majority of billing enquiries are made by non-domestic customers, we have compared the number of enquiries received by the authorities with that of three sample companies in England and Wales. The outcome is shown in Table 20.

Table 20: Number of billing contacts 2001-02

Authority/company	Number of billing contacts
East of Scotland Water Authority	53,876
North of Scotland Water Authority	39,445
West of Scotland Water Authority	95,341
Scotland	188,662
North West Water Ltd	2,611,000
Severn Trent Water Ltd	2,809,000
Yorkshire Water Services Ltd	1,617,000

In setting efficiency targets, we took no account of the differences in levels of service in Scotland and in England and Wales. As such, the industry in Scotland's revenues were set at a level that should ensure a broadly similar level of service is provided to customers. There is therefore no cost reason for an inadequate or slow response to customers. The relatively low absolute

number of complaints can also not be used as a justification.

Consultation with the non-domestic sector throughout late 2000 and early 2001 highlighted issues that are of particular importance to these customers.

These include:

- billing accuracy and clarity,
- regular billing, and
- regular meter reading and consumption information.

They also looked for improved key account management and communication.

Speed of response to billing enquiries

Given the much smaller reported volume of enquiries, customers could reasonably expect that the speed with which the authorities handle enquiries would be similar to that of the industry in England and Wales.

We have compared the speed with which the authorities handle billing enquiries with that of the industry in England and Wales. The outcome is shown in Table 21.

Table 21: Percentage of billing, charging and metering contacts handled within 5 and 10 and over 10 working days

Authority/area	Within 5 working days	Within 10 working days	Over 10 working days
East of Scotland Water Authority	74.5	82.1	17.9
North of Scotland Water Authority	93.5	99.7	0.3
West of Scotland Water Authority	79.2	92.6	7.4
Scotland	80.9	91.1	8.9
England & Wales	98.8	99.8	0.2

Performance in answering billing enquiries by North of Scotland Water Authority is comparable with the current average performance of companies in England and Wales. However, it is performing at a level that was achieved by the leading England and Wales company before 1992-93.

West of Scotland Water Authority's performance is similar to the average performance of companies in England and Wales in 1992-93. East of Scotland Water

Authority's performance in answering complaints within ten working days is comparable to that of the poorest performing companies in England and Wales in 1992-93.

Such poor performance would be bad enough but it is important to remember that these comparisons do favour the industry in Scotland, as not only is the percentage handled lower but the volume of complaints handled is much less.

Written complaints

We have compared the number of complaints received per thousand properties by the authorities with those of the industry in England and Wales. The outcome is shown in Table 22.

Table 22: Complaints per thousand properties

Authority/area	Complaints per thousand properties
East of Scotland Water Authority	3.7
North of Scotland Water Authority	2.1
West of Scotland Water Authority	4.0
Scotland	3.5
England & Wales	4.9

Across Scotland in 2001-02, the authorities reported fewer complaints per thousand properties than the average in England and Wales. As noted already, it is difficult to draw conclusions based on the proportion of customers complaining. The reported performance set out in Table 22 could be taken as a measure of relative customer satisfaction. However, since customer awareness of the water industry generally and the price paid in particular is increasing, it is likely that this awareness contributed to the increase in complaints.

Speed of response to written complaints

We have compared the speed with which each authority area handles written complaints with that of the industry in England and Wales. The relative performance of the authorities is shown in Table 23.

Table 23: Percentage of complaints handled within 5 and 10 and over 20 working days

Authority/area	Within 5 working days	Within 10 working days	Over 20 working days
East of Scotland Water Authority	56.8	99.9	0.00
North of Scotland Water Authority	42.6	99.0	0.17
West of Scotland Water Authority	52.8	98.9	0.33
Scotland	52.7	99.2	0.19
England & Wales	59.0	99.3	0.15

One concern raised by the information in Table 23 is the high proportion of written complaints to West of Scotland Water Authority that are not responded to within 20 working days. We can see no reason for this and would expect this performance to improve markedly during 2002-03.

The best performing authority is providing a similar service to the best performing England and Wales company in 1999.

Telephone contacts

We have compared the speed with which each authority answers the telephone with that of the industry in England and Wales. We also examined the percentage of calls abandoned by customers. The outcome is shown in Table 24.

Table 24: Percentage of calls answered within 30 seconds and percentage of calls abandoned

Authority/area	Answered within 30 seconds	Calls abandoned
East of Scotland Water Authority	94.2	1.2
North of Scotland Water Authority	92.3	2.7
West of Scotland Water Authority	72.1	9.6
Scotland	83.6	5.4
England & Wales	92.3	1.8

We are concerned by the poor performance of West of Scotland Water Authority and would expect a significant improvement in this area during the first year of Scottish Water.

The speed with which the best performing authority, East of Scotland Water Authority, answers the telephone was achieved by the best performing company in England and Wales in 1998.

Chapter 8

Guaranteed Minimum Standards

One of the first initiatives of this office was to consult on the introduction of Guaranteed Minimum Standards³⁰.

Guaranteed Minimum Standards were introduced in Scotland in October 2000. These are common minimum standards of service that the authorities must meet, and which customers have a right to expect.

Failure to comply with any of the standards entitles the customer to financial compensation. In most instances, compensation is £20. The exception to this is for cases of sewer flooding, where the authorities are required to clean up and reimburse the annual sewerage charge to the customer affected.

The scheme does not cover every situation where poor service might arise, and the authorities are of course free to compensate customers for poor service in situations falling outside the Guaranteed Minimum Standards. Each of the authorities did set itself additional targets in their respective Codes of Practice.

Table 25 shows the number of payments made by each authority and the average payment. We would have expected the average payment to be £20. Where it is more, either the number of payments is understated or payments have been greater than £20. Payments of less than £20 are unacceptable.

The three authorities present different pictures. We expect Scottish Water to apply the scheme fairly and consistently across Scotland, as customers are entitled to the same level of service or appropriate compensation, regardless of location.

The Guaranteed Minimum Standards are as follows:

- **Planned interruptions** – give 48 hours notice of a planned interruption likely to last more than four hours and restore supply within the stated time.
- **Unplanned interruptions** – restore supply within 12 hours of an unplanned interruption (or within 48 hours for a trunk main).
- **Following an internal sewer flooding incident** – visit within 3 hours and solve the problem within 8 hours, clean up the mess and refund annual sewerage charge.
- **Payment enquiries** – respond to a request to change the method of payment within 5 working days, and to other billing, charging and metering enquiries within 10 working days.
- **Complaints** – respond fully in writing to a written complaint, or to a telephone complaint where a written response is requested, within 10 working days.

Table 25: Guaranteed Minimum Standards 2000-01 and 2001-02

	2000-01		2001-02	
	Number of payments	Average payment	Number of payments	Average payment
Planned interruptions				
East of Scotland Water Authority	74	£48.92	237	£26.92
North of Scotland Water Authority	30	£20.67	16	£22.50
West of Scotland Water Authority	11	£33.64	14	£24.29
Scotland	115	£40.09	267	£26.52
Unplanned interruptions				
East of Scotland Water Authority	64	£120.00	152	£31.32
North of Scotland Water Authority	179	£21.01	15	£58.67
West of Scotland Water Authority	4	£35.00	0	n/a
Scotland	247	£46.88	167	£33.77
Sewer flooding				
East of Scotland Water Authority	74	£316.11	81	£331.65
North of Scotland Water Authority	90	£273.99	56	£343.84
West of Scotland Water Authority	283	£116.62	341	£235.54
Scotland	447	£181.33	478	£264.52
Payment enquiries				
East of Scotland Water Authority	n/a	n/a	46	£13.91
North of Scotland Water Authority	9	£20.00	3	£20.00
West of Scotland Water Authority	19	£20.00	n/a	n/a
Scotland	n/a	n/a	49	£14.29
Billing, charging and metering enquiries				
East of Scotland Water Authority	872	£21.06	2,650	£19.62
North of Scotland Water Authority	9	£20.00	98	£20.61
West of Scotland Water Authority	339	£20.00	3,486	£20.01
Scotland	1,220	£20.75	6,234	£19.85
Written complaints				
East of Scotland Water Authority	n/a	n/a	13	£19.23
North of Scotland Water Authority	7	£20.00	10	£22.00
West of Scotland Water Authority	49	£22.45	35	£21.71
Scotland	56	£22.14	58	£21.21

³⁰ *First steps in ensuring improved customer service* (May 2000).

Chapter 9

Are there reasons for poor performance?

This report has shown that the overall quality of service provided by the authorities did not improve, and for some measures of service actually deteriorated. In addition, the overall level of service to customers was significantly lower than that delivered by the companies in England and Wales.

We have set out in this report specific justifications used by the authorities and other commentators to explain instances of poor performance. Those seeking to justify poor performance will often argue that factors such as:

- poorer asset condition,
- lower levels of investment,
- job cuts, and
- the challenges posed by Scotland’s geography,

account for the difference in levels of service received by customers in Scotland.

Yet, as we demonstrate below, these would not be valid excuses.

9.1 Asset condition

If a service provider is operating with a poorer quality asset base than another then, all other things being equal, this could impact on the relative levels of service they deliver.

Our recent report on the investment and asset management of the water industry (March 2003) examined in detail the condition and performance of the assets in Scotland, and compared this to the position in England and Wales. Using information provided in the annual return, asset condition is assessed on a scale of 1-5, with 1 representing ‘very good’ and 5 representing ‘very poor’. The results indicated that the condition of the assets in Scotland lie within the range of comparable companies in England and Wales.

This is illustrated in Figures 21-24. They show the respective position of the Scottish asset base for each of the four main asset categories.

In situations where the performance of an asset category is poorer than its condition would justify, this might imply that operational policies are at fault.

Figure 21: Water treatment works in condition grades 4 and 5

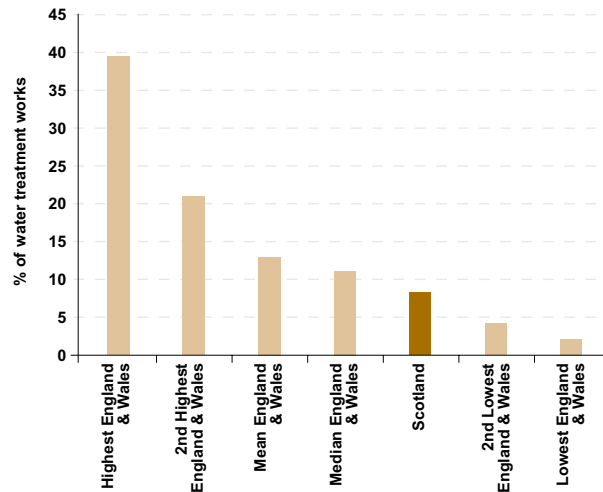


Figure 22: Water mains in condition grades 4 and 5

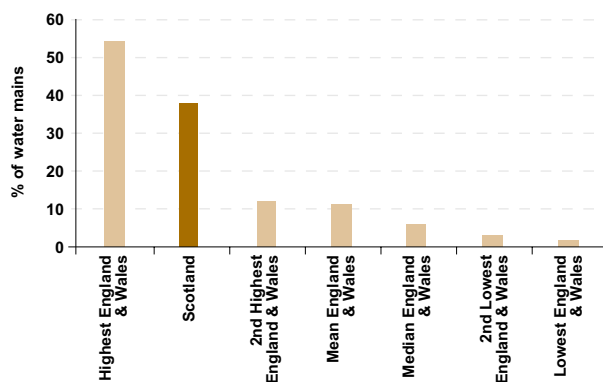


Figure 23: Sewage treatment works in condition grades 4 and 5

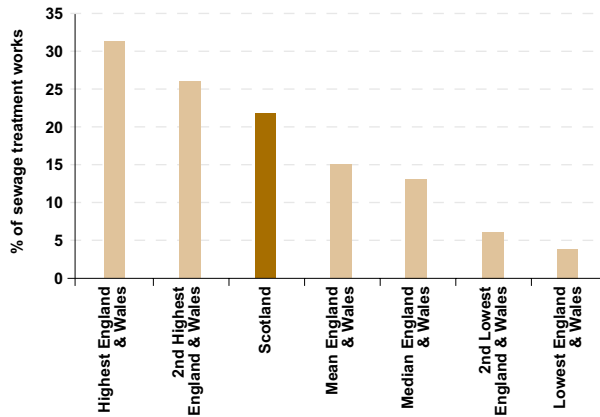
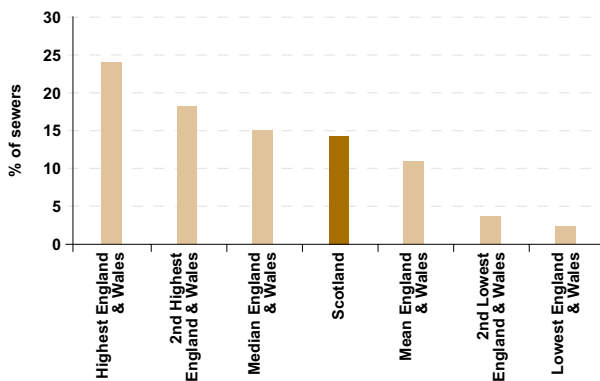


Figure 24: Sewers in condition grades 4 and 5



9.2 Investment levels

We reported on the investment performance of the three authorities in our investment and asset management report in March 2003. This report documented the relative levels of investment either side of the border.

In the investment and asset management report we noted that the Scottish water industry invested over £888 million in the past two financial years, representing nearly £170 for every individual in Scotland, or around £380 per property.

We also noted that since 1999-2000 the authorities have invested more per property in Scotland than did the industry in England and Wales. We expect this to continue to be the case until at least 2006. It is likely that investment expenditure on a per property basis over the entire period 1989 to 2006 will have been broadly the same in Scotland as in England and Wales.

Clearly, therefore, poor relative performance in service delivery cannot be said to result from lower investment in Scotland. It may be, however, that the outputs achieved by this investment in Scotland have resulted in fewer improvements in customer service than could reasonably have been expected.

9.3 Job cuts

In the *Strategic Review of Charges 2002-06*³¹, we set challenging but achievable efficiency targets for the water industry in Scotland. In April 2003, Scottish Water announced a voluntary severance programme, linking this to the need to meet the efficiency targets we had set.

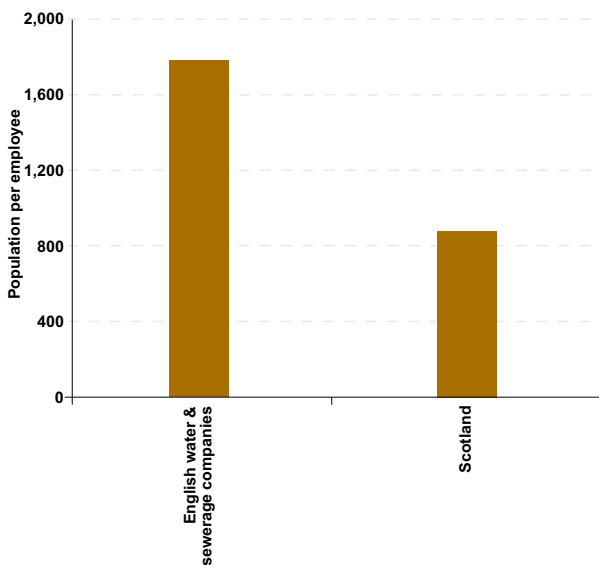
It is a matter for management how efficiencies are achieved. But reductions in manpower should not be used as an excuse for lower standards of customer service.

In our costs and performance report (February 2003) we noted that the level of operating expenditure per property carried out by the authorities has also been greater than that of the industry in England and Wales. For example, manpower costs per property in Scotland are about double those in England and Wales.

The industry south of the border has successfully delivered better service, water quality and environmental compliance for its customers, while improving its efficiency significantly.

Moreover, companies in England are providing better levels of service with fewer staff, as Figure 25 illustrates.

Figure 25: Average number of people served per employee³²



³¹ *Strategic Review of Charges: 2002-06* (November 2001).

³² Figures 25 and 26 use the number of direct employees of the English water and sewerage companies. Comparable employee numbers are not available for Wales, because of the contracting out of activities by Welsh Water.

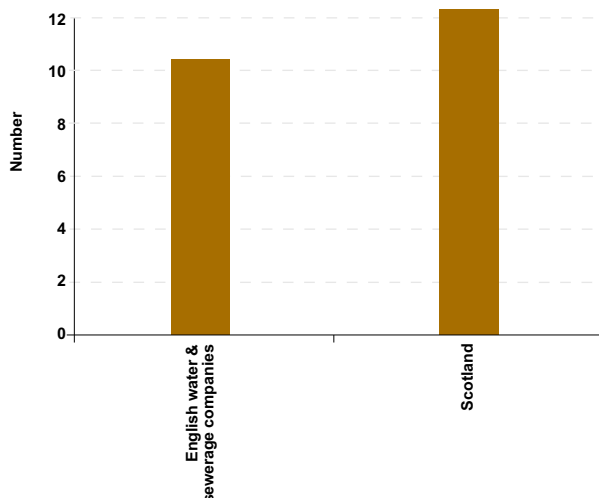
9.4 Challenges posed by Scotland's geography

There appears to be no particular factor relating to Scotland's geography that is not experienced by some companies in England and Wales. Moreover, the method of benchmarking that we use to compare performance takes full account of geography, assets and the range of customers. It is also worth noting the following:

- Although Scotland contains areas that are relatively mountainous, several companies south of the border operate in similar conditions but provide better levels of service.
- Some water and sewerage companies in England and Wales serve regions with a similar mix of urban and rural areas. The average number of connections per kilometre of water main in Scotland is very similar to that of several companies in England and Wales. In fact, the company with the fewest connections per kilometre in England and Wales (Wessex Water) is the most efficient.

Figure 26 compares the level of employment in the water industry in Scotland per km of water main with that in England and Wales. This confirms that neither job cuts nor the challenges of Scotland's geography can be used to justify a poorer level of service to customers.

Figure 26: Number of employees per 100km of water main³²



Chapter 10

Conclusions and future priorities

10.1 Conclusions

This report has shown that in their final year of operation, the three authorities made little progress in improving the levels of service they offered to customers in Scotland. For 8 of the 21 measures for which information was provided, performance stayed the same or actually worsened compared with the previous year. This applies both to the operation of the network and communication with customers.

As a result, the overall level of service to customers in Scotland was still significantly lower than that delivered by the companies in England and Wales.

Yet our analysis shows that there is no valid excuse for this discrepancy in performance.

We will continue to monitor the performance of Scottish Water to ensure that customers get the service for which they are paying – a service which is more in line with that delivered to customers south of the border. The performance of the authorities reported in this document sets the benchmark against which our assessments will be made in the future.

We expect Scottish Water to be able to make up ground faster than progress was achieved in England and Wales in the last ten years. This is because it will be able to draw on the experience of the companies south of the border and in other utility sectors.

10.2 Future priorities

Meanwhile, and alongside our work on the service measures reported on in this document, we have identified other areas where service performance could be improved. We have reached these conclusions in response to feedback from customers through consultations, answers received to our customer surveys, our frequent public meetings and our analysis of best practice in service delivery elsewhere. We will continue, also, to listen to the views of all customers as expressed through the Water Customer Consultation Panels.

Introduction of a Guaranteed Minimum Standard for pressure

The authorities, and now Scottish Water, aim to provide a supply at the customer's tap at a 'reference level' of pressure. This pressure level will, under normal circumstances, enable water to reach the top floor of a house at a particular pressure³³. We would expect the standard adopted in Scotland to be no worse than that adopted by the companies in England and Wales.

Under the Guaranteed Standards Scheme that operates in England and Wales, compensation is automatically paid to customers if pressure falls below the standard level³⁴. The equivalent scheme in Scotland, the Guaranteed Minimum Standards, does not include a standard for pressure at present.

We shall be pressing for this standard to be included, so that customers will be entitled to compensation where pressure falls below the target level.

Development of a Priority Register

We recognise that because of their age, disability or illness, some vulnerable customers may face particular difficulties if there is a water supply problem, such as an interruption to supply or a pollution incident. Customers may also require ongoing support, such as receiving documents in Braille.

We shall be pressing Scottish Water to publicise its Priority Register of customers more widely and to ensure that as many customers as possible who have a need for specific assistance or service are included.

Introduction of a Code of Practice for dealing with customer debt problems

At present, all companies in England and Wales are required to have in place a Code of Practice for dealing with customers who are in debt. These Codes of Practice include details of procedures for dealing with those customers who are in debt, payment plans, and other recovery mechanisms.

We shall be pressing Scottish Water to introduce its own Code of Practice.

³³ This reference level is ten metres head, at a flow of nine litres per minute. For ease of measurement, the authorities adopt a surrogate pressure (15 metres head) in the adjacent water main serving the property.

³⁴ The company pays £25 where a customer experiences low pressure for one hour or more on two occasions.

Appendix 1

Information sources and quality

Sources of information

The main sources of information used in this report are:

- the three authorities' 2000-01 and 2001-02 annual information returns to the Water Industry Commissioner for Scotland;
- the 2000-01 and 2001-02 Ofwat reports *Levels of service for the water industry in England and Wales*; and
- the 1993 to 2002 Ofwat *June returns for the water industry in England and Wales*.

Information quality

We require reliable and accurate information in order to make meaningful comparisons of performance between the authorities and the companies in England and Wales.

Confidence grades

The authorities assign a confidence grade to each piece of information submitted to us in their annual return. This is made up of a letter indicating reliability of the information and a number indicating its accuracy.

Reliability

- A** Sound written records, procedures, investigations or analyses that are properly documented and are the best method of assessment.
- B** The assessment has minor flaws such as partial use of old assessment, missing documentation, unconfirmed reports or extrapolation.
- C** Extrapolation from limited samples of grade A or B data.
- D** Unconfirmed verbal reports, cursory inspections or analyses.
- M** Information not available.

Accuracy

- 1** ±1%
- 2** ±5%
- 3** ±10%
- 4** ±25%
- 5** ±50%
- 6** ±100%
- X** For very small numbers where accuracy cannot be calculated or the error could be more than 100%.

Information quality 2001-02

Table 26 shows the confidence grades for the information provided by each authority for each measure of customer service.

Table 26: Confidence grades

	East of Scotland Water Authority	North of Scotland Water Authority	West of Scotland Water Authority
Water pressure	C4	C5	C5
Planned interruptions	B4	B2	B3
Unplanned interruptions	B4	B3/B4	B3
Sewer flooding	B4	M	A2
Billing enquiries	A2	A2	B2
Written complaints	A1	A2	B2
Telephone contacts	B2	A2	A1
Guaranteed Minimum Standards payments	B2	A1 to C4	A1

We recognise that some of this information can be difficult to collect, but we expect to see improvements made by Scottish Water. It should aim for confidence grade B3, reliable information accurate to ±10%, which is the minimum standard broadly achieved by companies in England and Wales.

We will undertake audits where we suspect that the confidence grade is unsupported.

Appendix 2

The overall performance indicator

The individual measures that make up the overall performance indicator are as follows.

- The percentage of water samples taken at the tap that comply with water quality parameters.
- The percentage of connected properties experiencing unplanned interruptions of longer than 12 hours.
- The percentage of properties subject to inadequate water pressure.
- The number of sewer flooding incidents per 100,000 connected properties caused by overloading.
- The number of sewer flooding incidents per 100,000 connected properties caused by other factors.
- The number of category 1 and 2 sewerage activity pollution incidents per million of population equivalent served.
- The number of category 3 sewerage activity pollution incidents per million of population equivalent served.
- The percentage population equivalent served by non-compliant sewage treatment works.
- The percentage of customer billing contacts responded to within five working days.
- The percentage of written complaints responded to within ten working days.
- The percentage of received telephone calls answered within 30 seconds.

Some measures included by Ofwat in its assessment were excluded on the grounds that the information was not comparable or relevant. The following measures were omitted:

- hosepipe restrictions;
- bills based on meter readings;
- assessed service including revenue and debt collection, complaint handling, information to customers, telephone contact hours, compensation policy, supply pipe repair policy and services for disabled and elderly customers;
- sewage sludge disposal;
- Category 1 and 2 water service pollution incidents;
- leakage levels.

When calculating the overall performance indicator we used the Ofwat methodology, as set out in *Linking service levels to price* (February 2002).

Ofwat divides all of the indicators of performance into four categories. It then assigns a weighting to each based on customer preferences. Where we have had to exclude a particular measure, we have maintained the balance between categories. Ofwat's weightings are set out in Table 27.

Table 27: Categories of measures

Category of measures	Weighting
Water supply	3
Sewerage service	1.5
Customer service	1.5
Environmental performance	2.75

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