

Water Industry Commission for Scotland

Information Note 7

CUSTOMER SERVICE: OVERALL PERFORMANCE ASSESSMENT (OPA)

Introduction

The Water Industry Commission promotes the interests of customers by ensuring that customers pay no more than necessary to deliver the objectives set by Scottish Ministers and that Scottish Water improve the service it provides to customers. In setting charge caps for 2006-10, we have allowed sufficient funding for Scottish Water to improve significantly the level of service that it offers to customers. This information note explains how we intend to measure improvements in the level of service provided to customers.

The level of service provided to customers encompasses a number of different factors. We use an Overall Performance Assessment (OPA) originally developed by Ofwat to assess water and sewerage companies' performance in England and Wales. This OPA takes account of performance across a range of activities that affect the service provided to customers. By using the same mechanism, we can compare Scottish Water's performance against other companies.

The service areas we assess

We calculate the OPA by weighting 11 individual performance measures¹ that can be broken into four categories:

- water supply, levels of service;
- sewerage service, levels of service;
- customer service; and
- environmental performance.

These are the same four categories as used by Ofwat to assess the performance of water and sewerage companies in England and Wales. However, Ofwat's OPA includes four additional performance measures (a total of 15) for which comparable information has not been available in Scotland. We are working with the Scottish Environment Protection Agency, the Drinking Water Quality Regulator and Waterwatch Scotland to obtain comparable information.

In Appendix 1 to this note we have included a summary of the components of the OPA and differences between Ofwat's OPA and our version. Appendix 2 includes a summary of each of the performance areas that we assess.

¹ Some performance measures include more than one measure.

How the OPA works

To calculate the OPA score, we convert the company's performance in each service area to a score out of 50 points. The better a company's performance, the higher the score it receives. For each measure and for each company, we define the maximum and minimum performance (based on the companies historic performance for the measure in 1997-98)². If a company's performance in the current year is better than the best achieved previously, it will receive a score of 50 points. Performance below the worst recorded previously receives a score of 5 points.

Once all of the individual customer service measures have been converted to scores out of 50, they are weighted according to the importance of each measure to customers. These weightings were assessed based on market research. We use the same weightings that Ofwat developed for comparability. However, previous market research showed that customer preferences in Scotland were similar to those in England and Wales. Appendix 3 provides a summary of the market research.

Monitoring customer service using the OPA

In the Strategic Review of Charges 2006-10, we set Scottish Water milestones for improving its OPA score. We also included sufficient funding within the charge caps that we set to ensure that these milestones can be met. We consider that these milestones form an important part of the regulatory contract that Scottish Water must deliver during the 2006-10 period.

Table 1 summarises Scottish Water's actual OPA score in 2004-05 and the milestones for improvement that we have set in each year.

	2004-05 Actual	2005-06	2006-07	2007-08	2008-09	2009-10
OPA score	177	-	195	213	232	250

These improvements in the OPA will bring Scottish Water closer to the level of customer service delivered by companies in England and Wales. We will only consider that Scottish Water has delivered the regulatory contract if these OPA milestones are met. Scottish Water cannot, and should not, endeavour to reduce costs at the expense of improved customer service.

Each September, we publish a Customer Service Report that will comment on Scottish Water's delivery of these OPA milestones. We believe that stakeholders – especially customers – will welcome the increased transparency that the combination of clear targets and clear monitoring will bring.

² Except sewer flooding where ranges are set from performance over 1997-8 to 2002-03, and low pressure where ranges are set from performance in 2002-03.

In our Customer Service Report we will also continue to compare Scottish Water's performance with water and sewerage companies in England and Wales.

Conclusion

The OPA is a reliable method for assessing Scottish Water's improvements in customer service. It is important to our monitoring of Scottish Water's delivery of the regulatory contract.

Appendix 1: Comparison of Ofwat's OPA and our version

OPA component	Included or not	Basis and comparability of measure
Inadequate pressure	Included	Actual performance, equivalent measure
Unplanned supply interruptions	Included	Actual performance, equivalent measure
Hosepipe restrictions	Included	Assumed performance
Drinking water quality	Included	Actual performance, some difference in definition of measure
Sewer flooding (overloaded sewers)	Included	Actual performance, equivalent measure
Sewer flooding (other causes)	Included	Actual performance, equivalent measure
Sewer flooding (at risk)	Included	Actual performance, equivalent measure
Company contact (3 out of 4 measures)	Included	Actual performance, equivalent measure
Assessed customer service	Not included	
Sewage treatment works compliance	Included	Actual performance, equivalent measure
Sewage sludge disposal	Included	Actual performance, equivalent measure
Category 1 & 2 pollution incidents (sewerage)	Not included	
Category 3 pollution incidents (sewerage)	Not included	
Category 1 & 2 pollution incidents (water)	Not included	
Leakage	Included	Assumed performance

Appendix 2: Summary of OPA components

Water Supply, levels of service

Inadequate pressure: The assessment used for this measure of service is the percentage of connected properties at risk of receiving pressure below the reference level. At the reference level pressure, a 9-litre bucket should be filled within one minute.

Unplanned supply interruptions: the number of properties experiencing unplanned supply interruptions in excess of 6, 12 and 24 hours. Interruptions lasting longer than 24 hours are given a double weighting.

Hosepipe restrictions: the average proportion of person weeks of hosepipe restrictions imposed over the most recent five-year period. Restrictions for each of the five years are weighted, to give more significance to recent years.

Drinking water quality: the percentage of compliant samples (ie the percentage of water samples that met the required level of quality)

Sewerage service, levels of service

Sewer flooding (overloaded sewers): the percentage of properties connected that have been affected by an incident of internal sewage flooding caused by the overload of a sewer (excluding incidents caused by severe weather).

Sewer flooding (other causes): the percentage of all properties connected to a company's sewer network which have been affected by an incident of internal sewage flooding caused by equipment failure or sewer blockage or collapse.

Customer service

Company contact: a measure based on three equally weighted aspects of the contact with customers:

- percentage of billing contacts that are answered within five working days;
- percentage of written complaints that are answered within ten working days; and
- percentage of calls received that are answered within 30 seconds.

Environmental performance

Sewage treatment works compliance: the percentage population equivalent served by sewage treatment works that do not comply with their discharge consents.

Sewage sludge disposal: the percentage of total sewage sludge that is disposed of in an unsatisfactory manner.

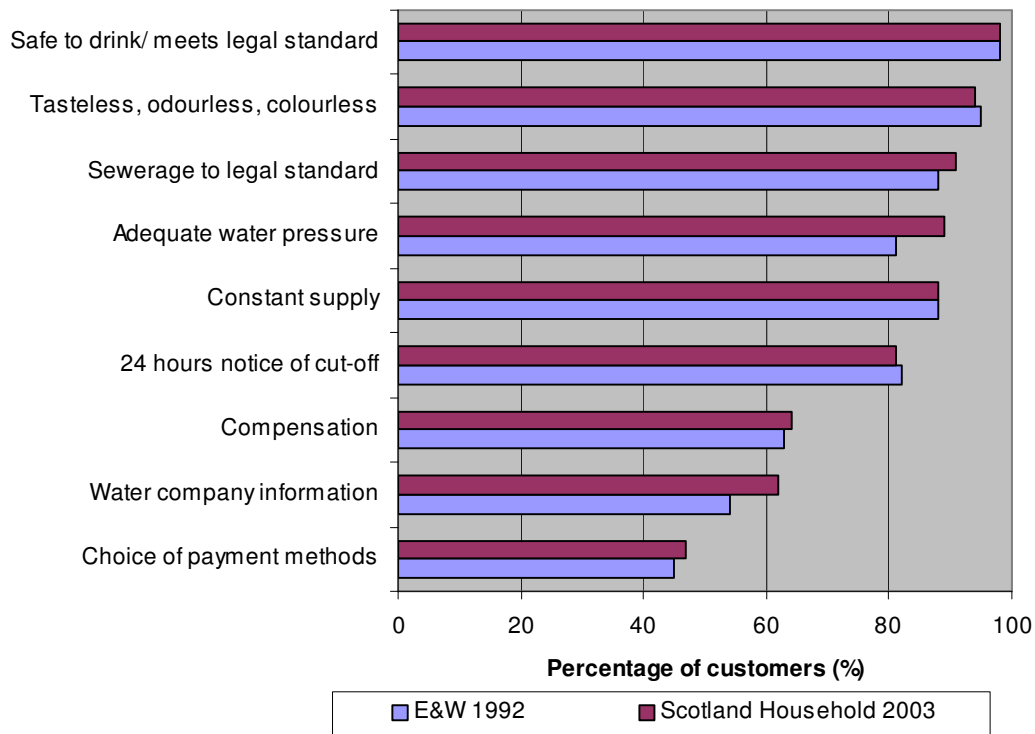
Leakage: An assessment of progress towards the level of leakage considered to be economically viable, termed the economic level of leakage (ELL). It is calculated on three-years worth of performance information and the company's score is based on six performance bands.

Appendix 3: Relevant comparable information

Customer views were analysed as part of the Quality & Standards 3 process³. The study concluded that customer views were broadly consistent in the importance they attach to particular standards of service and for priorities of investment. It also concluded that there are no particular reasons to expect that customers in Scotland would have different priorities.

Figure 1 compares the importance of service standards between Scotland and England and Wales⁴

Figure 1: Importance of service standards



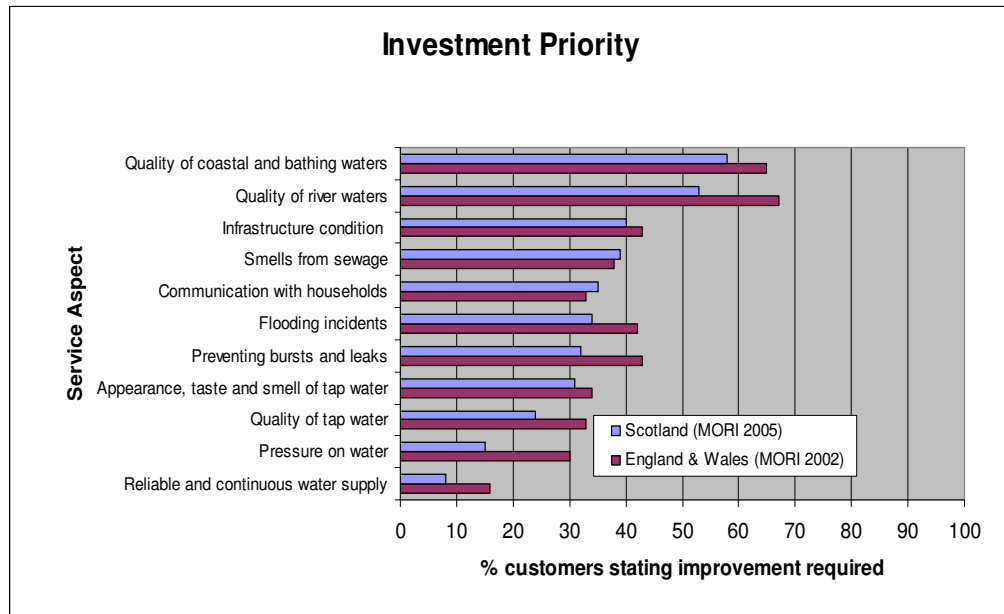
Recent information⁵ has allowed us to update comparisons on customers' priorities for investment. This is shown in Figure 2.

³ The full report can be found at the Scottish Executive website:
<http://www.scotland.gov.uk/Publications/2005/02/20664/52126>

⁴ Surveys carried out by MORI in 1992 (England and Wales) and the Water Customer Consultation Panels in 2003 (Scotland).

⁵ MORI 2002 (England and Wales) and MORI 2005 (Scotland)

Figure 2: Priorities for improvement



Finally, figure 3 summarises customers' views on willingness to pay for improvements.

Figure 3: Willingness to pay for improvements

