

Customer service report 2007–08

PERFORMANCE



Overview

This report examines the progress that Scottish Water has made in improving the service it provided to customers in the period 2007-08.

Contact

Katherine Russell

Director of Corporate Affairs and Customer Service

T 01786 430200 E enquiries@watercommission.co.uk



INTRODUCTION

Context

Our role is to challenge Scottish Water to become more efficient and to provide a better service. We publish a series of reports covering different aspects of the business. This regular reporting helps maintain appropriate stakeholder pressure on Scottish Water, and so benefits customers.

At the 2006-10 price review we recognised, based on comparisons with England and Wales, that there was still substantial scope for Scottish Water to improve its levels of service to customers. We set Scottish Water milestones for improvement in its overall performance assessment (OPA) score, with a target of a 40% improvement by 2010.

In this report we provide information about Scottish Water's performance against the target in 2007-08, and how performance compares with that of the water and sewerage companies in England and Wales during 2006-07.¹

Associated documents

- 'Customer service report 2006-07', Water Industry Commission for Scotland, October 2007.
- 'The Strategic Review of Charges 2006-10: The final determination', Water Industry Commission for Scotland, November 2005.

¹ This is the latest year, at the time of publication, that information is available on the performance of the English and Welsh companies.

KEY MESSAGES

How Scottish Water performed in 2007-08

We are pleased to report that Scottish Water has shown a real commitment to achieving the OPA target and, in 2007-08, provided significantly better service to customers. For the second year running, Scottish Water's OPA score improved – to 248 from 232 in 2006-07 and 165 in 2005-06.

This represents an improvement in the reporting year of around 7%. Scottish Water is 16% ahead of the milestone set out in our final determination at the Strategic Review of Charges 2006-10 (published in November 2005).

Scottish Water's score is now just two points away from its target for 2009-10 of 250 (the target we set in our Strategic Review of Charges 2006-10).

Incentives are clearly working well. Scottish Water employees at all levels are aware that their actions can impact on customer service performance both positively and negatively, the latest position being prominently displayed in Scottish Water's buildings. Importantly, their bonuses are tied to performance.

Comparison with England and Wales

This welcome improvement narrows the gap in overall performance compared with the companies in England and Wales. Scottish Water should continue to improve in:

- the quality of water it puts back into rivers,
- reducing further the number of customers experiencing inadequate water pressure, and
- reducing the amount of water that is lost through leakage.

Scottish Water has shown that it is responsive to challenges, so we look forward to progress in these areas.

Going forward, Scottish Water is proposing further significant improvements to customer service beyond 2010, designed to match the performance of the leading companies in England and Wales. We would welcome any improvement in efficiency, whether this comes from improving the levels of service to customers (without increasing costs) or from reducing costs without any adverse impact on levels of service.

SCOTTISH WATER'S PERFORMANCE

How customer service is assessed

We use an 'overall performance assessment' framework to monitor the level of service that Scottish Water provides to its customers. This index, which was originally developed by Ofwat to monitor the performance of companies south of the border, combines individual service measures that customers consider to be most important, such as:

- how quickly supply is restored after an interruption,
- how quickly Scottish Water handles complaints, and
- its performance in improving drinking water quality and environmental compliance.

To work out Scottish Water's OPA we use customer service information that it provides to us each year. This information is scrutinised for accuracy and reliability by an independent technical Reporter.

Targetted improvement

At the Strategic Review of Charges, we set annual OPA targets for Scottish Water. We challenged it to improve its performance to a score of 250 by 2010.² This would require a 40% improvement over its score in 2004-05 and, because Scottish Water's score in 2005-06 fell, a 50% improvement over that year's performance.

How Scottish Water performed

Figure 1 shows that Scottish Water's customer service (as measured by its OPA score) improved during 2007-08 from 232 to 248. As a result, Scottish Water is already very close to its target for 2009-10 of 250.

² It should be noted that the OPA target of 250 in 2009-10 no longer applies in full as Scottish Water is no longer responsible for retail non-household services. To allow for this, however, we have reduced the target by 9 points, which is the amount that corresponds to these services (which since 1 April 2008 are provided by licensed providers in the competitive market).

PERFORMANCE

Figure 1: Scottish Water's OPA score 2002-03 to 2007-08

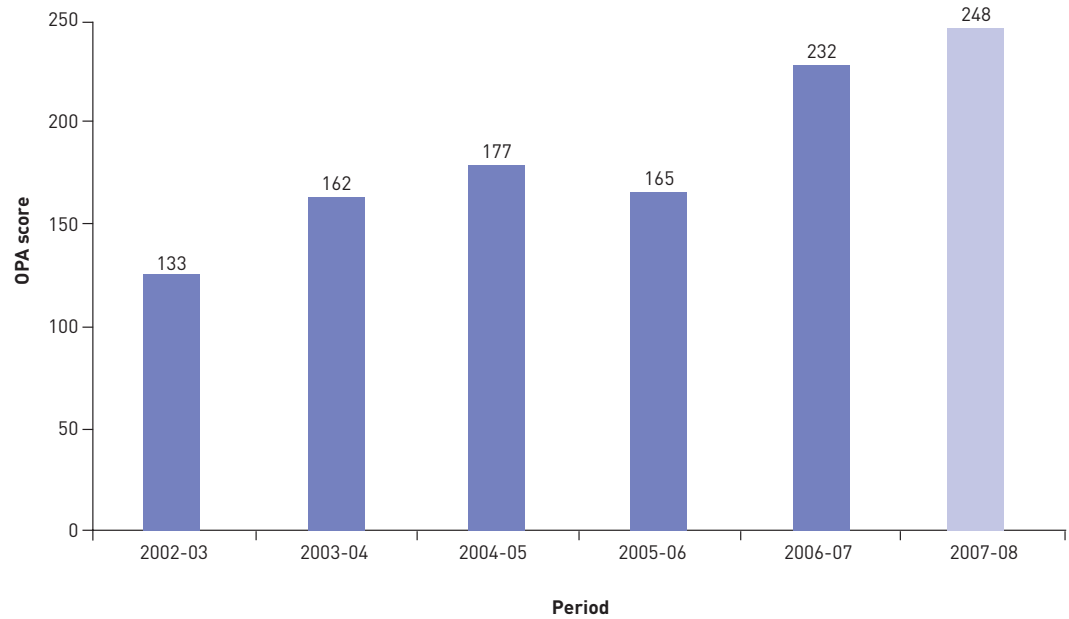
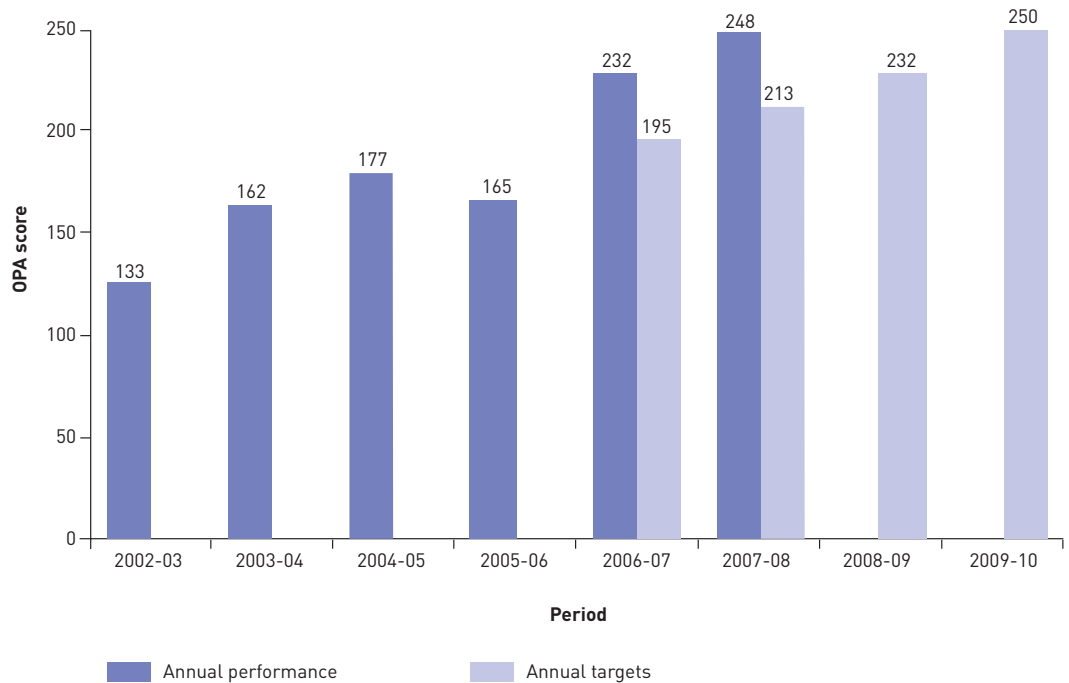


Figure 2 shows that Scottish Water has outperformed its OPA targets and is in a strong position to beat our target for 2009-10. It is well placed to build on this progress and make further improvements during the 2010-14 period.

Figure 2: Scottish Water's OPA targets and actual performance to date



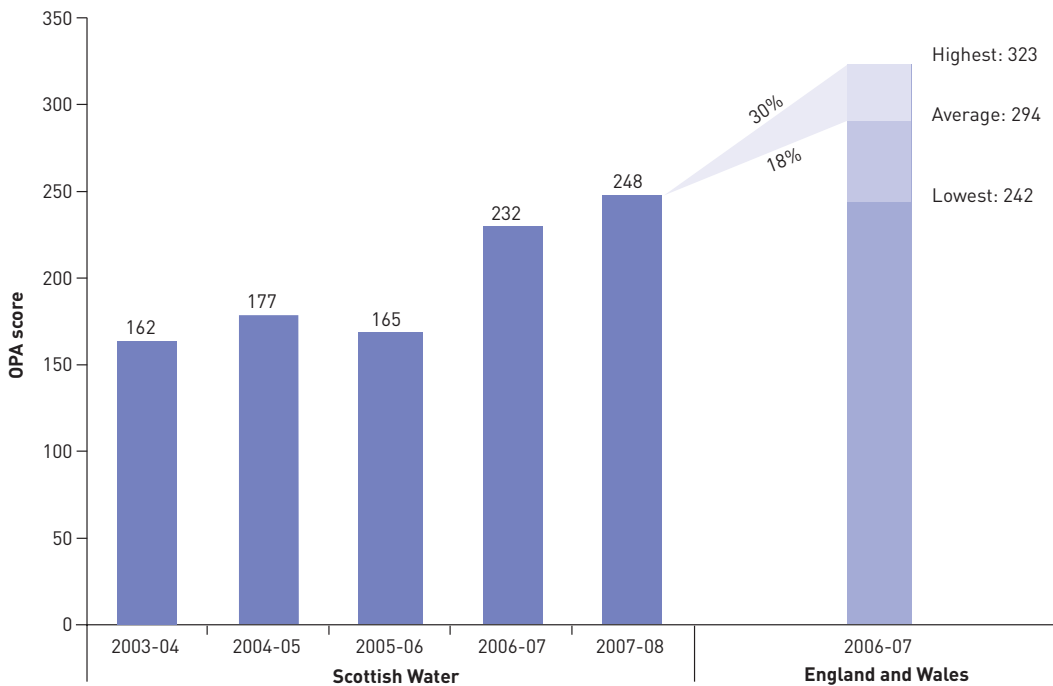
Customers are now getting a much better service because Scottish Water has shown a real commitment to achieving our target. In this regard we believe that the decision of Scottish Water's board to make the level of service to customers an important factor in the award of bonuses to management and staff has had a material impact on performance.

Comparison with England and Wales

In Figure 3 we compare Scottish Water's performance with that of the highest, average and lowest OPA scores achieved by the companies in England and Wales in 2006-07.³ We recalculate the scores for all of the English and Welsh companies to exclude the elements of the OPA that are not currently measured in Scotland (for instance pollution incidents) or are not directly comparable. Our analysis shows that while the level of service provided to customers by the best companies in England and Wales is better overall than in Scotland, Scottish Water is narrowing the gap.

We are pleased that, for the second year running, Scottish Water's customers are receiving a level of service within the range of that received by customers in England and Wales.

Figure 3: Comparison of Scottish Water's OPA scores with performance in England and Wales



Although Scottish Water's overall improvement this year means that it is just two points away from our target for 2010, it should not be complacent. There is significant scope for Scottish Water to improve its service to customers and begin to match the performance of the best companies south of the border.

³ This is the latest year, at the time of publication, that information is available on the performance of the English and Welsh companies.

How Scottish Water performed on individual measures

Scottish Water managed to improve its level of performance in five areas during 2007-08. For customers, this meant:

- fewer experienced flooding from their property's sewer,
- fewer experienced problems of inadequate pressure,
- fewer experienced lengthy unplanned interruptions to supply,
- better drinking water quality, and
- written complaints were dealt with more quickly.

Scottish Water maintained its performance in a further five measures.

However, its leakage performance deteriorated during 2007-08. This is because, although Scottish Water made progress at reducing leakage, it failed to reach the target reductions we set in 2006. Our 'Investment report' (to be published later this month) will discuss this issue in more detail.

Table 1 summarises Scottish Water's performance on the individual measures.

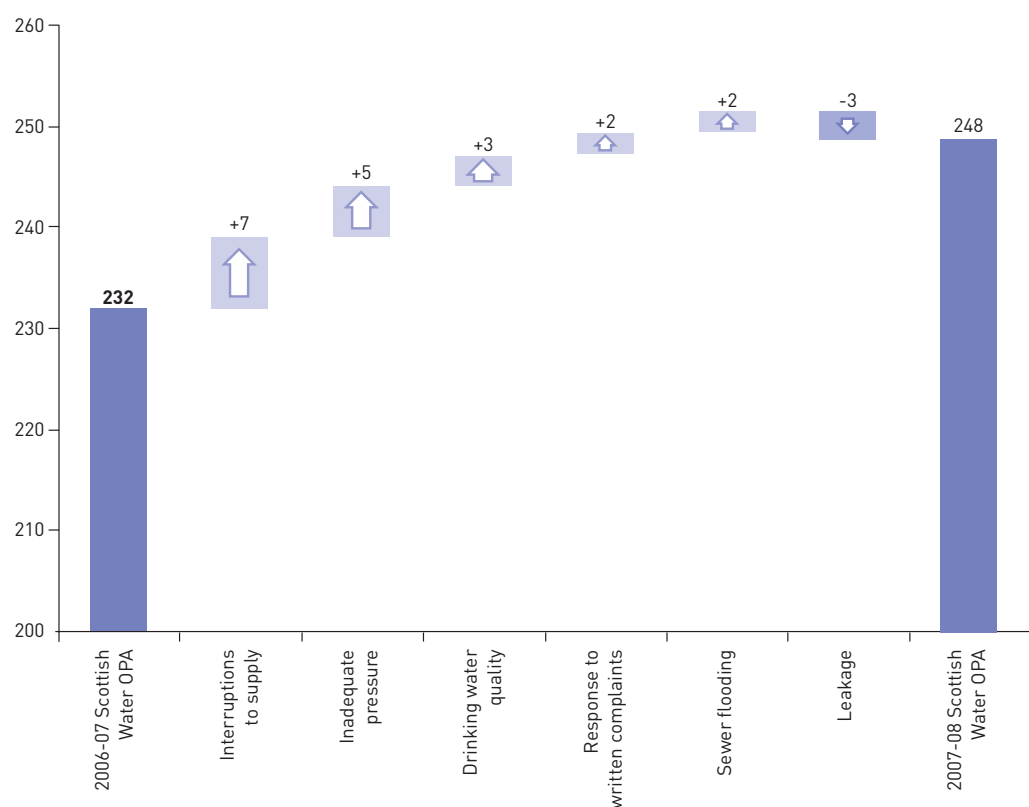
Table 1: Performance on individual measures 2007-08

Measures where performance has improved	Measures where performance has been maintained	Measures where performance has deteriorated
Sewer flooding ⁴	Hosepipe restrictions	Leakage (progress against target)
Inadequate pressure	Sewage treatment works compliance	
Unplanned supply interruptions	Sludge disposal	
Drinking water quality	Ease of telephone contact	
Response to written complaints	Response to billing contacts	

In Figure 4 we outline where Scottish Water improved its OPA score in 2007-08. The greatest improvements were in the areas of interruptions to supply and inadequate pressure.

⁴ Sewer flooding includes sewer flooding due to overload, other causes and properties at risk.

Figure 4: OPA improvements between 2006-07 and 2007-08 for individual areas of customer service



PERFORMANCE

Table 2 compares Scottish Water's performance in 2007-08 with that of the average score achieved by the companies in England and Wales in 2006-07. Scottish Water's performance is ahead compared with the average score south of the border for some measures of customer service. However, for other measures, particularly sewage treatment works compliance, there is still scope for Scottish Water's performance to improve.

Table 2: Comparison of Scottish Water's performance with the average score in England and Wales⁵

Measure	Number of points <i>above</i> average score in England and Wales	Number of points <i>below</i> average score in England and Wales
Sewer flooding ⁶	16	
Ease of telephone contact	3	
Response to written complaints	2	
Response to billing contacts	1	
Hosepipe restrictions	1	
Unplanned supply interruptions		1
Drinking water quality		4
Leakage		9
Inadequate pressure		14
Sewage treatment works compliance		39

⁵ Numbers in this table are rounded, so do not reconcile exactly with the comparison shown in Figure 3.

⁶ This measure includes sewer flooding due to overload, other causes and properties at risk.

GOING FORWARD

GOING FORWARD

We are working with the customer representative, Waterwatch Scotland, and the quality regulators – the Scottish Environment Protection Agency (SEPA) and the Drinking Water Quality Regulator (DWQR) – to bring our assessment of the OPA fully into line with that used in England and Wales. In particular, we intend to include security of supply and pollution incidents in the measure from 2010. However, these changes will only affect our reporting of Scottish Water's performance from 2011.

Scottish Water is proposing further significant improvements to customer service by 2013-14, designed to match the level of performance reported by the leading companies in England and Wales in 2007-08. We would welcome such an improvement.

In the meantime, we will continue to measure the customer service that Scottish Water provides and will report our findings in the next 'Customer service report', which is due to be published in October 2009.

14.10.08



Water Industry Commission for Scotland

Ochil House, Springkerse Business Park, Stirling FK7 7XE.

T 01786 430200 **F** 01786 462018 **E** enquiries@watercommission.co.uk

www.watercommission.co.uk