

Levels of service measurement

This note gives an outline of our framework for measuring Scottish Water's levels of service performance, and how this framework could be improved for 2015-20.

Key messages

Changes in Ofwat's approach to monitoring companies' levels of service performance mean that we can no longer use the 'overall performance assessment' (OPA) framework for benchmarking Scottish Water.

Nevertheless we wish to retain an objective, outcome-based measure that accurately reflects the service provided to customers and the environment in Scotland.

We therefore invite the Customer Forum and Scottish Water to propose improvements to the OPA framework, so that it better reflects customers' priorities in Scotland.

Introduction

We monitor the level of service that Scottish Water provides to its customers through a scoring system devised by Ofwat some 15 years ago called the OPA¹.

The OPA is calculated by weighting 17 individual performance measures that can be broken down into four categories: water supply levels of service, sewerage levels of service, customer service and environmental performance.

Ofwat no longer collects the data for calculating companies' OPA scores, so no further benchmarking with companies in England and Wales is possible. However, there is now an opportunity to develop the OPA framework so that its focus is to track performance in the areas that matter to customers in Scotland. The Commission is open to proposals jointly from the Customer Forum and from Scottish Water.

This note gives a brief overview of Scottish Water's performance trends, looks at the latest available comparative information from England and Wales, and outlines how the current OPA framework could be developed.

Changes to the OPA framework

The OPA was originally developed by Ofwat in the late 1990s to compare the customer service performance of the companies in England and Wales. It has been beneficial to date to use the same performance assessment framework as is used in England and Wales, allowing direct comparisons of Scottish Water's performance against that of the companies south of the border.

Ofwat recently retired the OPA framework; however we consider that there could still be significant benefits from using a similar framework, provided it objectively measures Scottish Water's performance and reflects the priorities of customers in Scotland. There are a number of ways in which the current framework could evolve to achieve this.

¹ For more information see Information Note 9, one of a series of summary notes available at http://www.watercommission.co.uk/view_Information_notes.aspx

1. The measurement of particular aspects of performance could be improved.

Scottish Water has improved the accuracy and reliability of performance information. Nevertheless, further improvement appears possible. For example, according to the report by Black & Veatch on Scottish Water's OPA score for 2011-12, Scottish Water could:

- initiate investigations to look for new low pressure areas, instead of only investigating after a customer complaint;
- replace generic factors and assumptions with actual site data in the calculation of treatment works losses, raw water mains losses and outage data that are used in the assessment of security of supply to customers;
- record the number of properties affected by sewer flooding, rather than the number of incidents as at present; and
- improve the quality of data on external flooding (not currently part of the OPA).

The report also noted that Scottish Water may be underestimating leakage from customers' supply pipes, and stated that an improved methodology is required before the next regulatory period.

2. Performance minima and maxima used to calculate OPA points could be updated.

Rather than being set in relation to historical performance by companies, the Customer Forum could agree approaches where minima and maxima are based on:

- recent performance ranges reported by companies (up until 2010-11);
- projected ranges for levels of service negotiated between the parties; and
- today's performance by Scottish Water (minima) and the Customer Forum's aspirations for the future (maxima).

3. Better account could be taken of external impacts on performance or of the underlying service provided to customers.

Scottish Water may argue that some measures of performance are unduly sensitive to influences, such as extreme weather events, outside its direct control. Whilst recognising that Scottish Water should strive to insulate customers from such events, it may be that performance could be measured in ways that better reflect the underlying service provided to customers. It should be noted however that companies adopted Ofwat's performance measurements, even when these may have been sensitive to events outside companies' control.

4. Aspects of performance that are excluded from OPA could be included.

The flooding from sewers of gardens, driveways, etc ('external sewer flooding') is not currently included in the OPA. This could be an example where the Customer Forum considers that the OPA needs to be widened. There may well be others.

5. Some aspects of OPA performance may no longer be considered relevant to customers in Scotland.

We are not aware of any areas of OPA that are likely to come into this category, but the Customer Forum may consider that particular measures could be dropped.

6. The relative weights attributed to different aspects of performance could be reviewed and updated to reflect customers' priorities.

The legitimacy of the OPA for customers would be increased if the Customer Forum were to review the relative weightings of performance areas within a revised OPA, using research evidence as appropriate.

7. There may be scope to develop regional OPA indices within Scotland.

The OPA currently measures performance across the whole of Scotland. The Customer Forum may see merit in the use of regional OPA scores.

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