

Levels of service performance

This note gives an outline of Scottish Water's levels of service performance to date and our initial expectations for 2015-20.

Key messages

Since 2002, Scottish Water's level of service performance has improved considerably, narrowing the substantial gap in performance between Scottish Water and companies south of the border.

At the last price review Scottish Water agreed to accept our challenge to match upper quartile performance of the industry before 2015, which would require it to score between 380 and 400 points on our 'overall performance assessment' (OPA) index. Scottish Water is on track to achieve this.

At the time that we set that challenge, the threshold of 380 points was significantly higher than the median score across the companies of 373. Since then the median has increased to around 380 points, suggesting that the lower threshold for Scottish Water should also be raised.

We therefore invite the Customer Forum and Scottish Water to reach agreement on the levels of service to be achieved during 2015-20.

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 'overall performance assessment' (OPA). For further details please see Note 2 which discusses measurement issues.

This note gives a brief overview of Scottish Water's performance trends, looks at the latest available comparative information from England and Wales and sets out our initial expectation for performance in 2015-20. This is not intended as a firm goal, but rather to assist the Customer Forum in its deliberations with Scottish Water.

Scottish Water's improving performance

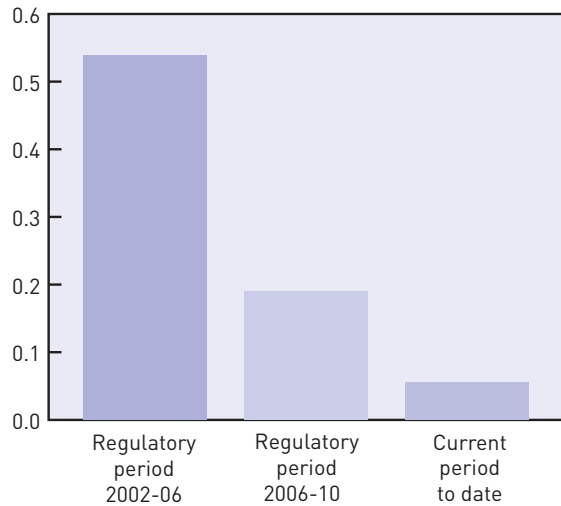
When Scottish Water formed in 2002 there was a substantial gap in customer service performance between Scottish Water and the companies in England and Wales, with Scottish Water lagging behind in most performance areas. Since then, regulatory targets and management incentives linked to the OPA score have stimulated substantial and sustained improvements in performance, supported by better methods of gathering, compiling and auditing technical information on levels of service.

This is illustrated in the following figures, which show progress in a number of key performance areas over the past decade (the previous two regulatory periods and the first two years of the current period).

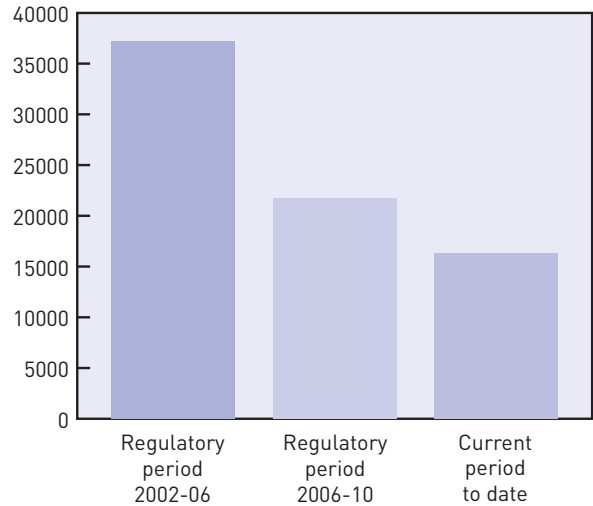
This drive towards improvement over the past ten years has meant that Scottish Water has narrowed the gap in overall customer service performance compared with leading English and Welsh companies.

Note 3: Levels of service performance

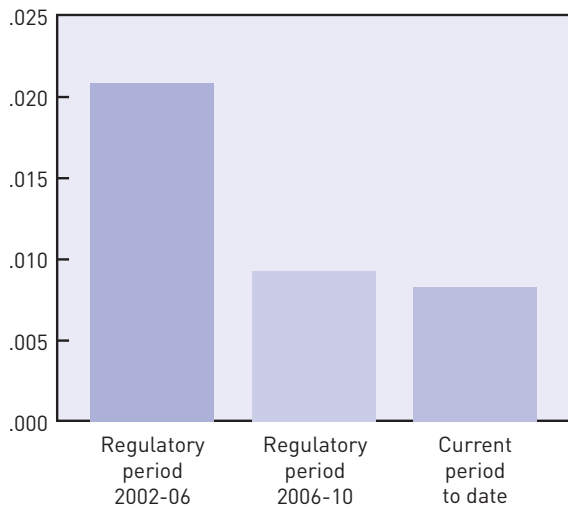
% of properties receiving inadequate pressure



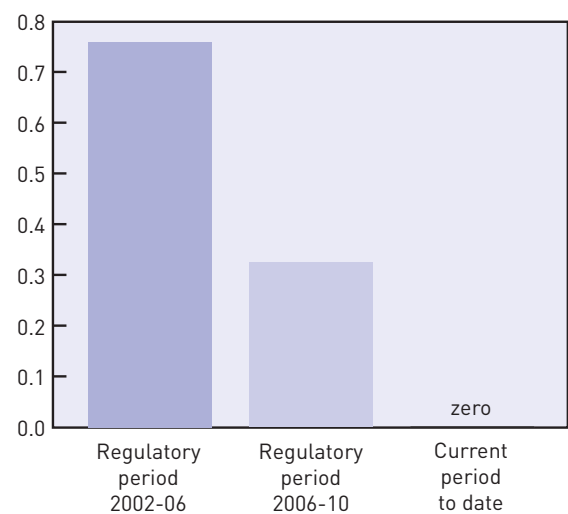
Number of properties experiencing unplanned interruptions not resolved within 6 hours



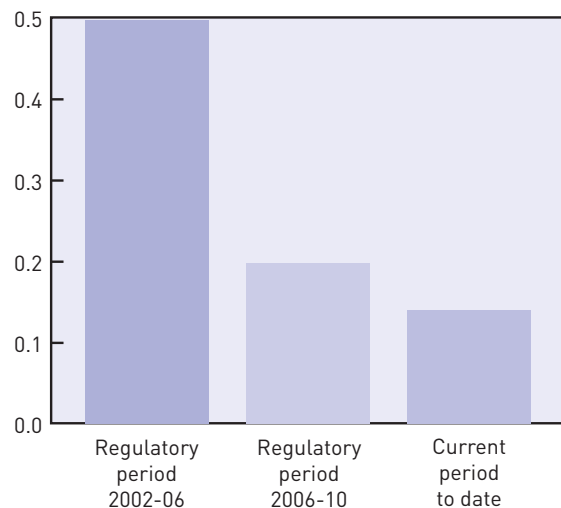
% of properties experiencing sewer flooding incidents



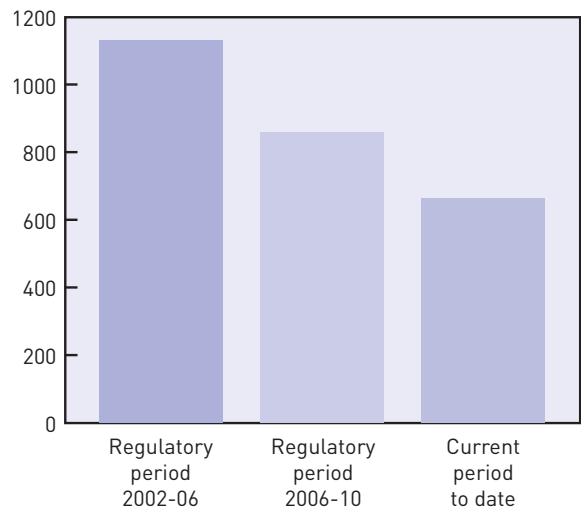
% of complaints not responded to within 10 days



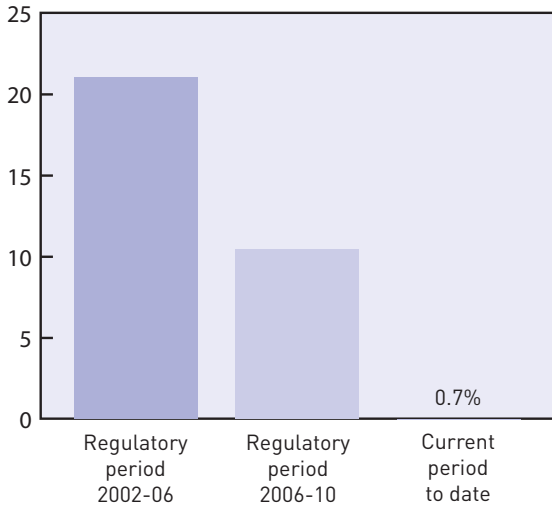
% of water samples failing to comply with drinking water standards



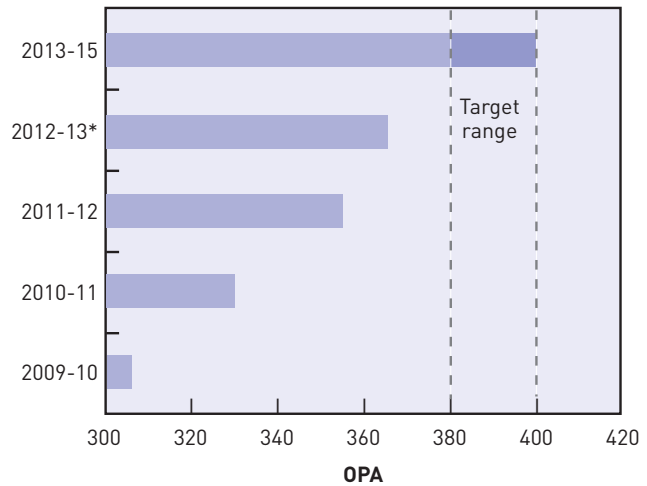
Total leakage (ML/d)



% of population served by non-compliant wastewater treatment



Scottish Water’s recent OPA performance



*The figure for 2012-13 is Scottish Water’s latest projection.

Scope for improvement

During the last price review, we aimed to build on the progress made so far and sought an appropriate challenge to be achieved by 2013-14. It was agreed by us and Scottish Water that a target of 380-400 OPA points, to be achieved by 2013-14, was an appropriate target, representing upper quartile performance in England and Wales.

Scottish Water is on course to deliver this, but it remains a significant challenge. In 2011-12 its OPA score was 355 points, and there remain a number of areas with scope for improvement.

The table below shows how Scottish Water’s current performance compares on each component of OPA against the English and Welsh companies in 2010-11 (the latest information available).

Scottish Water performance comparison with England and Wales

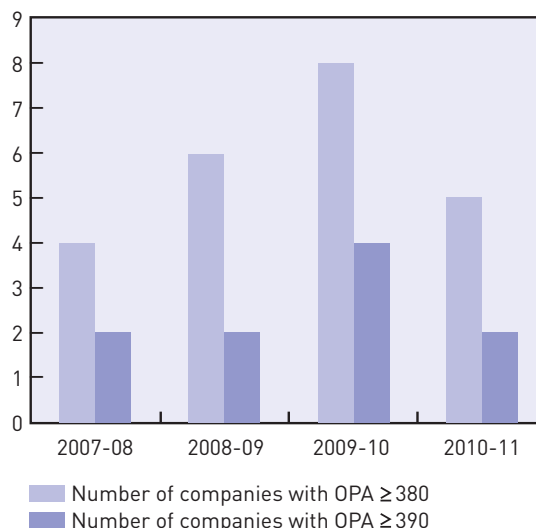
Component of OPA	Scottish Water exceeds the best in England & Wales	Scottish Water matches the best in England & Wales	Scottish Water is around the typical level compared to England & Wales	Scottish Water is below typical compared to England & Wales	Scottish Water trails the worst in England & Wales
Inadequate water pressure					■
Supply interruptions			■		
Hosepipe bans		■			
Drinking water compliance					■
Security of supply					■
Sewer flooding	■				
Customer contact	■				
Assessed customer service		■			
STW compliance				■	
Sludge disposal		■			
Achievement of leakage target		■			
Pollution incidents				■	

It is clear that there is still significant scope for Scottish Water to improve, and we expect Scottish Water to continue delivering improvements in customer service performance during the current regulatory period. We still consider that upper quartile performance would remain an appropriate target.

Taking account of recent performance by companies summarised in the figure on the right, it is apparent that a score threshold of 380 points no longer represents quite the same challenge as it did. We would therefore suggest increasing the lower threshold to 385 points.

At the upper threshold, little has changed in England and Wales. It should be noted that the maximum possible OPA score is 418, and the highest yet achieved in any year by an individual company is 411. Only one company (Wessex Water) has exceeded 400 points year on year, suggesting that 400 may remain a challenging upper threshold.

OPA performance: England and Wales



Points to be aware of

Occasionally events wholly or partially beyond a company's control have an impact on performance measures, resulting in adverse effects on the OPA score. An example of this is the effect that the extremely harsh weather in December 2010 had on some companies and their customers, leading to many interruptions to supplies. Yorkshire Water, generally one of the best performers, was one of the companies worst affected, and its performance on interruptions dipped significantly, accounting for the loss of 22 OPA points.

It may be appropriate to take this factor into account when reviewing Scottish Water's performance across a full price review period and when agreeing performance targets.

Conclusion

We would wish to retain a framework where there is an objective, measurable outcome that accurately reflects the service provided to customers and the environment. Note 2 sets out some ideas for how the current OPA framework could be developed, yet retain these features. Until such changes are proposed our suggested range for 2015-20 is between 385 and 400 OPA points.

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