

BACKGROUND AND PURPOSE OF PAPER

Our vision at NWG is to be the national leader in the provision of sustainable water and waste water services.

The purpose of this paper is to update the Water Forum on how our latest performance compares with others in the industry and to share some recent industry developments regarding comparative information.

LATEST COMPARATIVE PERFORMANCE

NWG Management Team monitors performance on a monthly basis via a review of our Balanced Scorecard. The scorecard contains 33 metrics which cover our corporate themes of Customer, People, Competitiveness, Environment and Performance.

For 21 of these measures we are able to draw comparisons with the other nine water and sewerage companies (WaSCs) in England and Wales.

A summary of our latest comparative performance is included as an attachment.

Our relative performance against these measures is a strong indicator of our progress towards achieving our vision. More specifically, to achieve our vision we are aiming to:

1. Be number one for customer service as measured by the Service Incentive Mechanism (SIM).
2. Obtain more first places than any other company
3. Be above average in all measures

This comparative information is used to help set our Balanced Scorecard targets. These are stretch targets aimed at achieving our vision and in many cases are more stringent than our performance commitments (i.e. our commitments made to customers and regulators as per our AMP6 business plan).

This approach continues to drive strong performance with the majority of metrics showing year on year improvement.

There remain some challenges with achieving our national leader vision, in no small part due to other companies striving to improve as well. Our key priorities for 2017 will again be focused on where we need to make the biggest improvements. In particular, we must focus on SIM (qualitative and quantitative), water quality (discoloured water, taste and odour, coliforms and overall water quality)

and sewer networks (flooding and pollution incidents). In some of these measures, our performance in 2015/16 or 2015 was at or below the average performance of the other WaSCs.

CONSISTENCY OF REPORTING

Such comparative information relies on performance being measured consistently across the industry. We are a strong advocate of consistent performance measurement as we believe it drives both transparency and future service improvements. There remain some challenges, however, and NWG have successfully lobbied for further work to be done in this area. This has resulted in the Water UK 'Convergence' project which is examining consistency for four key metrics: Pollution, Sewer Flooding, Interruptions to Supply and Leakage. More recently this has also contributed to the launch of the Strategic Dashboard initiative.

STRATEGIC DASHBOARD

The objective of the Strategic Dashboard is to provide a 'shop window' into the water sector and to help improve trust and confidence in the sector through access to trustworthy data.

The initiative is being led by Water UK with collaboration from:

- Ofwat
- Defra
- the Welsh Government
- the Environment Agency
- Natural Resources Wales
- the Drinking Water Inspectorate
- the Consumer Council for Water
- Water and Sewerage companies in England and Wales.

It provides information on topics such as drinking water, after you flush, the environment, and customer satisfaction. The dashboard can be found at: www.discoverwater.co.uk we encourage you to review it and let us know your views.

The geographic scope of the dashboard is England and Wales and the primary intended audience is the informed household customer. A group of customers were involved by EY Seren in the design of phase 1 of the dashboard.

The intention is for the dashboard to be hosted independently of any individual water sector stakeholder. EY Seren has been appointed as an independent delivery partner.

Phase 1 of the dashboard was completed in August 2016. It contains a mixture of contextual information for example “where does water come from” along with industry level performance against a range of metrics.

Phase 2 is due to be complete for December 2016, and will contain details of water company performance against a selection of the metrics, enabling comparisons to be drawn.

Consistency of information across the industry continues to be a challenge, and working groups have been established to support Water UK / EY Seren.

NEXT STEPS

It is expected that the strategic dashboard will inform an Ofwat consultation due in November/December 2016 on Common Measures of Success for AMP7. Initial indications are that Ofwat will select a subset of the comparative performance measures on the dashboard to become common measures at PR19. A further subset of these measures is then expected to be subject to “horizontal checks” i.e. do companies have broadly consistent performance commitments and penalty/reward thresholds.

Finally there is an expectation comparative performance will be shared with customers as part of our engagement for PR19. We are considering how the Strategic Dashboard can support this.