

YourVoice

Reflecting on United Utilities' performance – 2019/20

Over the last year, the YourVoice panel has continued to work closely with United Utilities to review and challenge performance as it delivers water and wastewater services which reflect the priorities of customers and stakeholders across the North West.

Our members include independent customer and business representatives, the Consumer Council for Water, environmental regulators and champions for vulnerable customers. The experience these people bring to the panel is insightful and helpful when challenging United Utilities to improve its performance for business and household customers.

Our role, 2015–20

The panel has had two principal roles over the period from 2015 to 2020.

Firstly, we have challenged United Utilities to deliver the promises it made to customers in its business plan, monitoring progress against its performance commitments as well as how it has reported on its delivery.

Secondly, we have challenged United Utilities in preparing its business plan for 2020–25, to make sure it is based on a thorough understanding of customer and stakeholder views. We commented through our own report to Ofwat (the water regulator) on the extent and depth of customer engagement and how the company took account of this in its final submission. We also reviewed Ofwat's responses to the plan and how the company was preparing itself to deliver against the finally agreed document.

To help us, we have used subcommittees to look at United Utilities' proposals in detail, and to review and challenge them as appropriate. Our workload peaked in 2018 as the submission of the 2020–25 business plan approached, but the frequency of our meetings has returned to normal this year.

We have direct contact with the United Utilities board and its executive team, as well as the company's subject matter experts. We reviewed regular progress reports showing how

United Utilities was performing against its customer promises and performance commitments, and we have emphasised how important it is that everyone who lives and works in the North West is able to understand how the company is performing.

2019/20 overview

We are pleased to report that in our view United Utilities' 2019/20 Annual Performance Report accurately reflects the company's performance. United Utilities continues to produce an easy-to-read performance summary. The company also publishes extra information on its website, including an interactive digital presentation to help customers and stakeholders access and understand the information more easily.

We are encouraged that United Utilities shares the main messages from its reporting on social media and through advertising so that even more people see them.

In terms of performance during the year, results show both positives and negatives. For many of its targets, United Utilities' performance improved year on year, and it is clear that the company has learned from past events to effectively manage some of this year's challenges. However, we continued to challenge the company to make improvements where targets were not met.

One example of this is in the Water Quality Services Index, which is an important measure for customers. Water quality remains very good, but the company has failed to hit its target for this measure in the last four years. This is largely due to the number of complaints from customers about discoloured water. The company started an extensive mains cleaning programme, which had to be temporarily suspended during the very dry summer of 2018, but although this work is now complete, complaint numbers have remained high.

Complaints should begin to reduce as the benefits of this work show through and we will remain focused on this issue as targets continue to get tighter over the next five years. We are pleased that the company recognises this too, and that potential additional major cleaning work on the Vyrnwy Aqueduct has been included in its plan for 2020–25.

We were disappointed that United Utilities' did not hit its sewer flooding target this year after significant year-on-year improvements over the previous four years. We recognise that the weather contributed to both the relatively poor performance this year as well as the good performance in the previous two years. Reducing sewer flooding is a priority for customers, and targets for the next five years will get increasingly challenging. As a result, the company has chosen to reinvest £100 million of outperformance to make a flying start towards some of its targets for the next five years, with a significant proportion of this being invested in tackling sewer flooding. This is very welcome, as was the decision to split the current sewer flooding index measure into a number of more specific and transparent measures.

There were also a number of positives in the company's performance during 2019/20. There was continued high performance in the management of private sewers and in avoiding pollution incidents, and we were also pleased that United Utilities' recent focus on improving the resilience of its water supplies allowed it to beat its target for interruptions to the water supply. We were impressed with the way the company has managed and delivered the major environmental improvement programmes agreed with the Environment Agency. All but one regulatory dates were achieved in the year, with that single project delayed just one week due to problems with final testing. The company also continued making very good progress with a major pipeline construction scheme to transfer water from Thirlmere reservoir to a new water treatment works for West Cumbria. The outperformance payment for the acceleration of this project made up the majority of the £22 million United Utilities earned from Ofwat's outcome delivery incentives (penalty and outperformance payments) for this five-year period.

Customer service and support

Over the last five years, we have seen United Utilities transform its approach to customer service. This was recognised by Ofwat in the price review process with a reward against the industry-wide Service Incentive Mechanism (SIM). We are encouraged that during 2019/20 United Utilities came third out of the 11 water and wastewater companies in a pilot year for the industry's new customer service metric, C-MeX, and also finished first in the third and fourth quarter surveys of customers who had contacted them.

We very much welcome the focus that the company has provided on affordability and vulnerability. Over 100,000 customers have signed up for its Priority Services scheme, meaning they get tailored help when they need it, which is a welcome development. We support the company's commitment to provide funding of £71 million towards financial support schemes for financially vulnerable customers in the next five years. This figure could increase through a benefit sharing arrangement which would give customers lower bills, even more targeted financial support and/or grants for community schemes. We will scrutinise the way these benefit sharing arrangements are applied and the way that customers are consulted about this.

In the last few weeks of 2019/20 United Utilities began to be impacted by coronavirus. YourVoice members were pleased to be kept fully informed about the company's response and how United Utilities was adapting in order to keep providing services to customers. We support its actions, along with those of the rest of the industry, to support business customers and retailers and to extend its support tariffs for households struggling to pay bills. This is clearly going to be very difficult for the company to manage as it starts its next five-year period and we will continue to monitor and challenge the company, on behalf of customers.

If you would like to contact us about United Utilities' performance or our work, please email us at myview@uuplc.co.uk.

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