



YourVoice

Reflecting on United Utilities' performance – 2019/20

Over the last year we, the Your Voice panel, have continued to work closely with United Utilities to review and challenge its 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

We have had two main 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 its progress against the performance commitments it made and how it has reported on delivering these.

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 level of customer involvement and how United Utilities took account of this in its business plan. We also reviewed Ofwat's responses to the plan and how United Utilities was preparing 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 deadline for submitting 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 for everyone who lives and works in the North West to be 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, which has gained Plain English Campaign's Crystal Mark. 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 it did not meet its targets.

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 finished, the number of complaints has remained high.

The company should start to receive fewer complaints as customers see the benefits of the mains-cleaning programme, 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 its plan for 2020–25 includes potential major cleaning work on the Vyrnwy Aqueduct.

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 payments 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 managing private sewers and 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. The company met all but one of the regulatory deadlines in the year, and the one project that it didn't complete on time was delayed by just one week due to problems with final testing. The company also continued to make 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 being ahead of schedule on 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 measure, C-MeX, and also finished first in the third and fourth quarterly 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 £71 million of funding 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, 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 feel the effects of coronavirus. We were pleased to be kept fully informed about the company's response and how it 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 their bills. This is clearly going to be a very difficult challenge 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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June 2020