



# Our performance 2018/19

Delivering our promises: a summary guide



# Contents

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About this document	1
Understanding our performance	2
2018/19 annual performance overview	3
<b>Performance against our commitments:</b>	
Providing you with great water	5
Disposing of your wastewater	6
Giving you value for money	7
Delivering customer service you can rely on	9
Protecting and enhancing the environment	10
Looking to the future	11
Appendix 1 – Our performance scorecard for 2018/19	12
Appendix 2 – Penalties and outperformance payments for our performance	13
Appendix 3 – Expected performance for the rest of the 2020–25 period	14
Useful links	15

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# About this document

Our investment priorities and performance targets for 2015–20 were shaped by listening to our customers and stakeholders and understanding their priorities for the years ahead.

This document is a summary of how we've done against the performance commitments we made and provides updates on our progress so far. As well as some of our successes in the past year, we describe some of the challenges we have faced.

Our full performance scorecard is in Appendix 1 at the end of this document. The scorecard shows how we have performed in 2018/19 against our targets and any outperformance payment we received or penalty we had to pay. It also shows our performance for the last three years.

This end-of-year review summarises our full Annual Performance Report (APR) 2018/19, which is available on our website. Our Annual Report and Financial Statements for the year ended March 2019, which is our United Utilities Group PLC yearly report, is also on our website.

We are now nearing the end of the 2015–20 regulatory period, so we have included information in this report about our plans for the final year and how these could affect bills in the 2020–25 period. You can read more about how our performance during 2015–20 could affect bills in our AMP6 reconciliation publication.

Following further consultation with customers, in September 2018 we published our business plan for the 2020–25 period. Our plan was well received by the water industry economic regulator Ofwat which said, “Three companies – including United Utilities – submitted plans that set a new standard for the sector. We have given these companies the green light, so they can get started on delivering their plans for customers.” (Quote from Ofwat document PR19 initial assessment of plans overview of company categorisation.)

You can read more about our plans for the 2020–25 period on our website.

We were pleased that for the third year running Ofwat placed us in the top ‘self-assurance’ reporting category. This means Ofwat considers the information we reported last year to be of high quality and reliable, and that we are communicating issues in a clear, accessible and transparent way. We are committed to publishing information about our performance that people can understand and trust.

YourVoice, the independent customer challenge group, continues to play an important role monitoring, challenging and commenting on our performance and our future plans on behalf of customers and stakeholders (those people with an interest in our business).

The panel's members include independent customer and business representatives, quality and environmental regulators, the Consumer Council for Water and champions for vulnerable customers. In the last year, the panel has been working closely with us to make our plans for 2020–25 reflect customer and stakeholder priorities. You can read more about the panel's thoughts on our overall performance this year on our website.



Read more at: [unitedutilities.com](https://www.unitedutilities.com)





# Understanding our performance

As part of our planning for the 2015–20 period, we spoke to thousands of people across the North West to understand what service they wanted from us. This highlighted five focus areas based on the things that customers and stakeholders told us were the most important features about the services we provide.

Each focus area has a number of ‘outcomes’, which set out what we are planning to achieve.

These outcomes are based on ‘measures of success’ which have annual targets that allow customers and stakeholders to judge our performance.

There are more details about the way these incentives work and how they may affect customer bills in the 2020–25 period, at the end of this document.

We review the information we provide to customers with YourVoice, which reviews our progress against our 2015–20 business plan commitments and challenges us to continue to deliver our plans.

YourVoice has had a direct input to this report and to the full APR, and has presented its findings to our board.

Earlier in the year, we consulted on and published details of our governance and our assurance plan to give customers confidence in the information we publish. We have completed the actions set out in our Final Assurance Plan, and independent auditors have reported their findings to our board. The useful links section at the back of this document has links to the Final Assurance Plan which explains how we made sure the information in the APR is correct. There is also a link to the full APR document, which has more information about this and includes reports from our independent auditors.

Our focus areas for 2015–20	What will you see? The outcomes we want to deliver for our customers	Number of performance measures
Provide you with great water	Your drinking water is safe and clean and you have a reliable supply of water now and in the future.	9
Dispose of your wastewater	We remove and treat your wastewater without you ever noticing, and the risk of flooding for homes and businesses is reduced.	4
Give you value for money	Bills for you and future customers are fair. You'll have support if you struggle to pay. Our activities and investment support the North West's economy.	3
Deliver customer service you can rely on	You'll be very satisfied with our service and find it easy to do business with us.	3
Protect and enhance the environment	We will protect and improve the natural environment in the way we deliver services. The North West's bathing and shellfish waters are cleaner because of our work and the work of others. Our services and assets are fit for a changing climate, and our carbon footprint is reduced.	8

Like all water companies, we can receive outperformance payments if we meet, or pay penalties if we fail to meet, our targets for some of these measures.



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# 2018/19 annual performance overview

Our customer satisfaction scores this year are the best we've ever had. By continuing to focus on using innovation, we were able to provide better services to customers while working more efficiently. This has helped us achieve our best ever performance levels and we are confident we will be able to achieve a further £100 million of efficiency savings over the five-year period.

This performance came in a year that had the joint hottest summer on record and the fourth driest period across the North West in 81 years. This put severe pressure on our network and led to us announcing there would be a temporary use ban (more commonly known as a hosepipe ban) unless there was a significant change to the situation. There are details about how we responded to this extreme weather on the next page.

Our plans for 2015–20 are challenging, and targets get tougher as we go through the five-year period. Our performance over the first three years of the period earned us an overall outperformance payment of £2.2 million. This year we met or went beyond 21 of our targets, failed six of them and earned an outperformance payment of £19.2 million.

We have consistently performed better than our target for limiting pollution and managing the sewer network, which was privately owned until it transferred to us in 2011. In 2018/19 we also beat our targets relating to sewer flooding and the average time that customers are without a water supply. However, despite the overall improvement, we were disappointed with our performance relating to discoloured water, and had to pay penalties for a third year (under the water-quality service index).

In previous reports we explained that, as our performance targets got tougher each year, we thought this would lead to overall penalties being more than overall outperformance payments. However, as the plans we have put in place to improve performance are having a positive effect, we now expect to end the five-year period with an overall outperformance payment.

To improve performance levels, we brought forward our five-year £6 billion spending programmes to deliver customer service and operational improvements as soon as possible. We have been rolling out our Systems Thinking approach, which looks at how our people work and how we use information to manage our assets, to either deal with problems before they affect customers or to respond to incidents more quickly and effectively when they do happen.

Across the five years we expect to beat our original efficiency targets by £100 million. We are performing well in the way that we have been able to pay for our operations. As a result, we have already committed to invest an extra £250 million in a programme of resilience work, designed to provide extra customer and environmental benefits now and in the longer term. This year we will invest an extra £100 million to bring forward further performance improvements and get us off to a flying start for the 2020–25 investment period.

Our 2020–25 business plan was well received. Ofwat gave our plan 'fast-track' status, judging that it was high quality and needed limited, minor or no action to protect customers' interests. The plan achieved the highest grades for the sector, and we believe this reflects the quality of the plan and the performance improvements that we have already achieved.



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## This year at a glance

- > We achieved our best ever customer satisfaction scores under Ofwat's service incentive mechanism (SIM).
- > Significant improvement in operational performance levels resulted in an outperformance payment of £19.2 million in 2018/19.
- > Building on our track record of reinvesting savings, we committed to invest an extra £100 million to deliver more performance improvements earlier than planned, taking the total investment payments to £350 million.

## 2018 – a year of extremes

2018/19 was a challenging year for us. It started with the aftermath of the severe cold spell known as the 'Beast from the East'. This freezing weather was followed by a rise in temperatures which led to a rapid thaw and caused severe and rapid ground movement and a significant increase in burst water mains. We quickly arranged for extra repair teams to help us keep leaks under control.

The cold weather was followed by a long period of hot and dry weather. Summer 2018 was the joint hottest on record and the fourth driest period across the North West in 81 years.

The effects of this weather resulted in an exceptional increase in water demand of half a billion litres each day, significant reductions in reservoir levels, and ground movement that resulted in a significant increase in burst water mains.

A number of moorland fires broke out in Greater Manchester, and we were heavily involved in the response to put them out.

Most of our water comes from reservoirs, rather than from boreholes. The hot, dry weather reduced reservoir levels to those last seen in 1995 when a 14-month hosepipe ban was introduced across the region.

As a result of these exceptional circumstances, on 17 July 2018 we announced that a hosepipe ban would start on 5 August 2018 unless there was a significant change to the situation.

To try to avoid restrictions on water use, we spent an extra £80 million during the year, with much of the work designed to provide longer-term benefits and help us cope better with future droughts.

This work included:

- a 70% increase in the number of our mobile water tankers;
- an increase in the number of groundwater sources we use, meaning we can depend less on our surface water system; and
- an increase of up to 50% in the amount of water we can pump from Merseyside to Manchester. This will allow us to be more flexible in how we manage the water network.

As a result of putting our contingency plans in place, our response to the exceptional circumstances, customers using less water, and a change in the weather pattern, we were able to avoid the need for a hosepipe ban, and withdrew the notice on 2 August 2018.

We firmly believe that learning and sharing lessons from major events helps us continue to improve. We carried out a number of exercises, including working with partner organisations, to understand how we can all further improve the way we respond to and manage major events like the ones we experienced in 2018.





# Providing you with great water

**Our long-term objective:** Your drinking water is safe and clean and you have a reliable supply of water now and in the future.

## What do our customers want?

Customers told us that they were happy with the quality of their water but, in some instances, would like us to improve its taste, smell and appearance. Customers also expect reliable, uninterrupted water supplies, and to have enough water in the North West to keep the taps flowing for many years to come, even in the face of long-term issues such as climate change.

## How have we done?

Our performance against water quality and availability measures has met or gone beyond our targets for seven out of nine measures.

Despite the extreme weather we experienced during the year, we maintained our 100% performance level against our longer-term security of supply target and beat our target on leaks for the 13th year running. We know that customers see leaks as a priority and we have recognised this by putting plans in place to reduce leaks further in the future. Customers can also help by saving water. For water-saving tips visit our [website](#).

Over recent years we have been focusing on improving the way that we can identify, respond to and manage the effects of burst mains. This has involved managing water pressure, focusing investment on poor-condition water mains that supply a large number of customers, and expanding our 'water on wheels' fleet which allows us to supply water from tankers while we are repairing damaged mains. This work is now delivering real benefits, with a significant improvement against the reliable-water service index. We also received an outperformance payment for beating our target for the average minutes of supply lost.

We are making good progress on our major project to construct a pipeline to transfer water from Thirlmere reservoir into West Cumbria. We are aiming to deliver this project as soon as possible and are running ahead of the planned delivery date of March 2022, although this still depends heavily on the weather and possible construction difficulties. For more details of our work in West Cumbria, see our [website](#).

We also continue to deliver a very high level of water quality. Despite this, we failed this year to meet our increasingly tough targets for our water-quality service index. This was mainly due to the number of complaints we received about discoloured water. We are working to improve our performance through an extensive and ongoing mains cleaning programme that will reduce the risk of customers receiving discoloured water. However, the extreme hot and dry weather that we experienced in the year meant that we needed to delay this programme, as it uses a lot of water.

'Mean zonal compliance', which measures our performance against 39 water-quality standards, also contributes to this index. Although our performance remains very high at 99.93%, our performance commitment is set at 100%. Meeting this target is challenging, not least because the plumbing systems inside customers' homes affect several water-quality measures.

7 out of 9  
measures achieved



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We have been working closely with the Drinking Water Inspectorate (DWI) to learn lessons from incidents we experienced earlier in this five-year period. We have been putting in place a transformation plan, delivering improvements at water treatment works and across the water network to meet our increasingly challenging water-quality targets. As a result of this, the number of water-quality incidents that we reported to the DWI significantly reduced this year, allowing us to beat our target for the measure.



# Disposing of your wastewater

**Our long-term objective:** We remove and treat your wastewater without you ever noticing, and the risk of flooding for homes and businesses is reduced.

## What do our customers want?

Customers told us they want a reliable wastewater service that works well behind the scenes, and reduced sewer flooding, provided in a cost-effective way that doesn't increase bills.

## How have we done?

We have met three out of four of our measures in this area. We continue to focus on reducing the effect of flooding of customers' homes, by targeting schemes that are designed to reduce the risk in areas that are more likely to flood.

Our recent investments in resilience work and our Integrated Control Centre have allowed us to make our investment in the network more effective and means we can respond more effectively to incidents when they do happen. We have also been carrying out an extensive sewer cleaning programme to help us continue to improve our performance.

Our targets for sewer flooding are very challenging, and our performance against the measure depends heavily on severe weather events. In the first two years of this investment period we suffered from major storms. Although the most extreme events are not included in our reported numbers, these storms inevitably contribute to the overall number of flooded properties, and we failed to achieve our targets in both years and had to pay a penalty in 2016/17. In the last two years we have not seen the same number of extreme storms and have been able to beat our flooding target. This year we beat it by enough to earn an outperformance payment. We are planning further improvement, although the targets become even more

challenging and our performance will still be affected by the weather.

Despite our encouraging performance on sewer flooding, we did not meet the target for our 'future flood risk' measure. This measure looks at the overall risk of properties being flooded and, although we have reduced the risk this year, our target has also got tougher and we did not improve enough to achieve it.

This year has seen the overall operational performance in our sewerage network remain high. While we have seen a small increase in the numbers of sewer blockages, sewer collapses and equipment failures, our performance is still better than the targets included within our wastewater network performance index measure.

One of the main areas where we beat our target was private sewers, and we earned an outperformance payment of £7.4 million. This measure looks at the number of collapses, blockages, flooding and pollution incidents on sewers which used to be 'private' (that is, they used to be the responsibility of customers but in 2011 that responsibility transferred to us and we now manage them).

**3 out of 4**  
measures achieved



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# Giving you value for money

**Our long-term objective:** Bills for you and future customers are fair. You'll have support if you struggle to pay. Our activities and investment support the North West's economy.

## What do our customers want?

Customers want bills that are fair and affordable, with support for those who struggle to pay and money spent on projects that will deliver real improvements to services and the region as a whole. Our priority should be our main water and wastewater services, but we should look for opportunities for partnership working to bring about environmental improvements.

## How have we done?

We have met one out of our three measures in this area. We think it's really important to help customers save money on their water bills and feel that they are receiving good value for money for the services they pay for. We beat our measure on value for money, with 58% of customers saying our services provided value for money.

Research tells us that customers' views about the value of our service can be improved by greater understanding of the work we do, so we continue to take opportunities to talk about how customers can save money as well as promoting the wider services we provide. You can also take a peek into the unique underground world of almost 120,000 kilometres of pipes from Carlisle to Crewe in a no-holds-barred documentary series called 'Sewermen' on 5Spike (Freeview channel 31). The series follows the trials and triumphs of the men and women who keep the taps flowing and the loos flushing across the North West.

We are committed to helping customers who are struggling to pay. We continued to promote our range of help schemes and priority services in the local media and through customer roadshows. We contribute each year to the United

Utilities Trust Fund, which has helped customers who are having difficulties paying their bills return to making regular payments.

In January, we held our second North West Affordability summit, where we launched the North West Hardship Hub, a valuable new resource for money advice organisations. We developed the hub with experts, including Citizens Advice and housing associations, to tell people about the various services that are available. Our work on affordability and vulnerability supports our Priority Services programme, which provides targeted support and tailored help for customers experiencing short- or long-term personal or financial difficulties. Over 73,000 customers have now registered for this service.

We haven't met our target for the number of free water meters installed. We continue to promote meters to the people we believe would benefit from one. We ran a campaign featuring consumer champion Gloria Hunniford, to explain how some customers can save money with a meter. The video is available on our [website](#).

We have not reached the targeted reduction in the amount of water each household uses. The hot and dry summer of 2018 led to a further increase in demand. We continued to promote water efficiency and water meters to customers throughout the year. We delivered a significant programme to promote water efficiency, including digital campaigns, competitions, summer events, advertising (in the press, on the radio and on buses) and giving out over 130,000 water efficiency devices as well as offering free home visits to install these devices.

1 out of 3  
measures achieved





We know that we have more visits to our website from customers following such campaigns, but the factors that influence how much water customers use are wide-ranging and highly complex, and this measure is difficult to control. Although we are considering a number of extra initiatives and trials, there is a risk we will fail to meet our target next year.

We are aware that we cannot solve environmental and social challenges on our own. By supporting partners whose aims are similar to ours, we are able to work together and, in most cases, attract further funding from other sources – helping our customers' money go even further.

Natural Course, a project looking at how to protect and improve the region's water environment, is benefiting from involvement from local authorities, regulators and Rivers Trusts. For every £1 we contribute, a further £4 comes from our partners.

Partnerships offer a great way of connecting communities with issues. We have contributed to our Love My Beach partnership through employees volunteering to help to keep our region's beaches tidy. We also support schemes such as our community partnership with Youth Focus North West, which has focused on one of our region's major issues of affordability and budgeting by helping to create the 'managing your money' training module.

We believe passionately in using our investment programme to help keep the North West economy moving – generating jobs and income through our capital investments. Supporting jobs through our supply chain encourages the development of skills and jobs the North West economy needs. Working with responsible suppliers means we can achieve more and succeed together. We have estimated that our five-year programme is worth around £9 billion to the regional economy, supporting over 17,500 jobs.



Read more at: [lovemybeach.org](https://lovemybeach.org)





# Delivering customer service you can rely on

**Our long-term objective:** You'll be very satisfied with our service and find it easy to do business with us.

## What do our customers want?

Customers want great service from us every time they get in touch. They want easy access to our services and information, any problems they have with us to be dealt with quickly and professionally, and great communication from us about any issues we can't solve straight away.

## How have we done?

We have met one measure, expect to meet another - the service incentive mechanism (SIM) - and failed to meet one of the measures in this area. We have delivered further improvements in customer satisfaction over the year and a steady improvement in our performance since 2015. We have achieved this through a strong customer focus, combining higher levels of investment to improve resilience, greater use of technology to deliver better customer service, and our leading approach to supporting vulnerable customers.

This improvement is reflected in our performance on the SIM, where we achieved our best ever score this year against Ofwat's qualitative SIM measure. Our target for the SIM is to be in the top quarter of the water and sewerage companies in the England and Wales water industry.

Although the assessment of whether we have met the SIM depends on other companies' performance and can only be finalised when all companies have reported their performance, we are confident that we will achieve our target this year, and expect to earn an outperformance payment of around £16 million when Ofwat confirms our ranking.

This improved performance is mirrored across other customer satisfaction measures, for example, in August

2018 we were awarded the Institute of Customer Service's 'ServiceMark with distinction', being one of only 13 companies nationally to achieve this award with distinction.

During the year, we also finished putting in place our wide-ranging Customer Experience Programme. This programme focused on a range of developments – some of which were about technology – to allow us to better respond to what customers want from us and deliver major improvements in our customer service. The final part of this programme, our new debt manager system, went live in March 2019, and our staff are now fully trained and using the new system to help manage customer debt.

We've also improved many of our key processes and introduced new services that customers want and value, such as Moving Home and Priority Services. Priority Services provides dedicated support to customers who have a disability, are experiencing personal challenges or are in financial hardship.

The programme has also introduced improvements in digital contact channels and a new smartphone app.

Following feedback from customers, we have redesigned our bill to make it as straightforward as possible. The most important information is now on the first page, with a clear breakdown of information.

One of our objectives is to provide an improving service to developers, local authorities and highway authorities. We are disappointed that we saw a temporary dip in our performance against this measure in the year following an internal reorganisation. However, we are confident that we will deliver a better overall standard of service. Please visit

2 out of 3  
measures achieved



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our [website](#) for more details about our performance and how it compares against industry average performance in this area.

The non-household retail market is now open to competition, so business customers can choose who provides them with services such as billing, meter reading and customer services. If you are a business customer and want to know more, go to the [Open Water website](#).



# Protecting and enhancing the environment

**Our long-term objective:** We will protect and improve the natural environment in the way we deliver services. The North West's bathing and shellfish waters are cleaner through our work and that of others. Our services and assets are fit for a changing climate and our carbon footprint is reduced.

## What do our customers want?

Customers who live in the North West are passionate about their coastlines, recognising the link between good bathing water, tourism and the economic success of their local communities. They expect us to protect and improve the areas of natural beauty we own and work to reduce our carbon footprint.

## How have we done?

We are pleased to have been able to meet or beat our targets on all eight of the measures in this area.

We are delivering two main wide-ranging programmes of work that aim to improve the environment in this five-year period. The first focuses on the quality of inland and river water, and the second focuses on the quality of bathing and coastal water.

We have continued to make good progress with our programme on river water quality, having successfully delivered all of the schemes that were included in this year's programme and delivering the scheme at Ambleside and Oakmere earlier than planned.

Overall we have made good progress on our bathing water programme. During the year we completed a number of planned schemes and brought forward another scheme that will improve bathing waters off the Fylde coast. Unfortunately, due to planning difficulties we have had to delay completing two schemes in the Ulverston area to later in the summer.

We have two measures relating to pollution incidents. The first looks at category 1 and 2 incidents (the more

serious incidents), and the second looks at category 3 incidents (which are less serious). We have put in place a number of process, data and training schemes to reduce pollution incidents. As a result of these, we have consistently performed better than both of these measures throughout the first four years of the period.

We have continued to meet our targets relating to wastewater treatment, and have reduced the level of risk at our wastewater treatment works. We beat our performance target again this year. This improved performance is the result of bringing forward our spending programmes, plus the benefits of installing more automated processes and controls to improve the way we monitor and manage our assets (both onsite and offsite).

The by-product of treating wastewater is known as biosolids. Our biosolid treatment and disposal activities continue to meet environmental requirements. We are continuing to make better use of this valuable resource by promoting the use of biosolids as an alternative to fertiliser and by using them to produce energy. We have made significant progress in increasing the amount of renewable energy generated from our biosolids.

We set ourselves a target of reducing our greenhouse gas emissions by 50% from the 2005/06 baseline by 2020 and achieving a 60% reduction by 2035. We have already beaten both of those targets and our carbon emissions are now 71% below the 2005/06 baseline. We recognise our responsibility to reduce climate change and will continue to look at ways to reduce our emissions. For more details, please see our [environmental policy](#), which we revised and published in October 2018.

8 out of 8  
measures achieved





# Looking to the future

## In the current five-year period (2015–20)

We have brought forward our investment programme to deliver the early benefits of operational efficiencies and provide a better and more robust and reliable service to customers. Our innovative Systems Thinking approach to information, assets and people continues to lead to improvements in service delivery, resilience and efficiency. Over the first four years of the period we have earned an overall outperformance payment of £21.4 million for beating our performance measures, and we expect to increase this in the final year of the period.

We have been able to deliver strong financial results, supported by a robust capital structure and solid investment-grade credit rating. This means that we have continued to deliver a strong performance for our customers, shareholders and the environment.

We have built on our established track record of sharing some of this outperformance payment with customers. By the end of 2017/18 we had committed to invest an extra £250 million to support projects which would bring extra customer benefits in both the short and longer term. This year we have committed to increase our reinvestment by another £100 million to speed up further improvements in our performance and give us a flying start to the next regulatory period.

## The next five-year period (2020–25)

We published our plan for 2020-25 in September 2018. When developing this plan, we consulted over 140,000 customers on their needs and priorities. We designed the plan to deliver against four key themes: great customer service, affordable bills, innovation and resilience.

In building this plan we realised that some of the combined measures we are currently reporting against are complex, so we have simplified them to make it easier to see where we are performing well and where we could do better. We also want to make it easier for you to see how we are performing compared with the other water and sewerage companies, so we have worked with other companies and regulators to develop a series of common measures, which all companies now include in their plans for 2020-25.

Ofwat awarded our plan 'fast-track' status and said it was high quality and industry-leading in many areas, including innovation and involving customers. We received the highest grades of all the water companies. We see this achievement as recognition of both the quality of our plan and of the transformation we have made as a business. As a result of this status we received a decision on an early draft, which means we know the requirements we must meet at an early stage. We are using this extra time to make sure we are ready to introduce the plans as quickly and efficiently as we can for the benefit of the communities we serve.

The useful links page at the back of this document provides links to areas of our website, where you can read more about our overall performance this year and our plans for the future.





# Our full performance scorecard for 2018/19

Appendix 1

## Here is our performance scorecard for our 2018/19 performance.

It lists our key performance measures and performance for the first four years of the current regulatory period (2015/16 to 2018/19).

The scorecard then shows how our performance in 2018/19 compares against our target performance for the same year, whether we met the target and if we will receive a penalty or outperformance payment for our 2018/19 performance.

Plain English Campaign's Crystal Mark does not apply to our performance scorecard.

1. The Thirlmere transfer measure, compares progress on the project against original expectations, although we are ahead of schedule the penalty or outperformance payment is only assessed at the end of the five-year period.
2. Upper quartile for water and sewerage companies. Our calculations show we have met our target for 2018/19 however this is a measure of our performance relative to other companies and we are waiting for confirmation from Ofwat that we have passed.
3. The customer experience programme measure monitors the cost of implementing the programme against initial expectations, we have delivered the programme more efficiently than expected and will return the savings to customers.

	Performance				Target		2018/19 Incentives	
Performance commitment	2015/16	2016/17	2017/18	2018/19	2018/19	Pass/Fail	Impact	Value £m
<b>We promise to provide you with great water</b>								
A1: Drinking Water Safety Plan risk score	4.3	4.3	4.3	4.8	≤ 4.6	Pass	Reputational	
A2: Water quality events DWI category 3 or above	35	22	27	6	≤ 9	Pass	No outperformance payment	
A3: Water Quality Service Index	120.5	116.9	98.6	101.2	≥ 145.9	Fail	Underperformance payment	-3.62
B1: Average minutes supply lost per property (a year)	16:42	13:33	13:09	09:10	≤ 12	Pass	Outperformance payment	11.26
B2: Reliable water service index	16.4	77.8	70.8	98.5	≥ 100	Fail	Underperformance deadband	
B3: Security of supply index (SoSI)	100	100	100	100	=100	Pass	No outperformance payment	
B4: Total leakage at or below target	10.8	23.4	9.1	6.7	≥ 0	Pass	Outperformance deadband	
B5: Resilience of impounding reservoirs	161.61	164.25	165.42	165.72	≥ 164.87	Pass	No outperformance payment	
B6: Thirlmere transfer into West Cumbria (see note 1)	2	5	25	57	≥ 53	Pass	No outperformance payment	
<b>We promise to dispose of your wastewater</b>								
S-A1: Private sewers service index	91.69	91.90	85.00	89.27	≤ 100	Pass	Outperformance payment	7.4
S-A2: Wastewater network performance index	90.95	89.47	86.17	90.75	≤ 95.60	Pass	At target	
S-B1: Future flood risk	16,472	16,418	16,395	16,379	≤ 16,247	Fail	Reputational	
S-B2: Sewer flooding index	100.8	94.4	70.0	61.66	≤ 70.3	Pass	Outperformance payment	0.6
<b>We promise to give you value for money</b>								
E1: Number of free water meters installed	27,197	32,447	36,615	32,069	≥ 47,421	Fail	Reputational	
B1: Customers saying that we offer value for money	50	52	52	58	≥ 52	Pass	Reputational	
B2: Per household consumption	303	305	311	314	≤ 286	Fail	Reputational	
<b>We promise to deliver customer service you can rely on</b>								
A-1: Service incentive mechanism (SIM) (See note 1)	82	85	87	88	UQWASQ	Pass	Anticipated pass	
R-A2: Customer experience programme (see note 2)	0.001	0.363	2.756	5.685	≥ 10.860	n/a	Deadband	
D1: Commitments to developers and local authorities	95%	98%	94%	89%	≥ 94%	Fail	Reputational	
<b>We promise to protect and enhance the environment</b>								
C1: Rivers improved - water programme (NEP and AIM)	36.8	82.6	80.6	50.5	≥ 6.6km	Pass	Outperformance payment	0.2
S-C1: Bathing waters improved	0.47	0.66	1.49	4.21	≥ 3.78	Pass	At target	
S-D1: Protecting rivers from population growth	48.0	48.0	210.5	322.9	≥ 316.7	Pass	At target	
S-D2: Maintaining our wastewater treatment works	91.5	58.7	30.5	39.2	≤ 54.32	Pass	At target	
S-D3: Rivers improved - wastewater programme	0.76	46.98	120.73	178.93	≥ 173.38	Pass	Outperformance payment	0.2
S-D4a: Serious (category 1 and 2) pollution incidents	4	2	0	1	≤ 3	Pass	At target	
S-D4b: Category 3 pollution incidents	136	150	129	143	≤ 195	Pass	Outperformance payment	3.3
S-D5: Satisfactory sludge disposal	100.00	100.00	100.00	100.00	=100	Pass	At target	
<b>Total incentive position (see note 3)</b>								<b>19.2</b>

Met or beat our performance commitment (and will receive a financial outperformance payment, where this is applicable)

Failed to meet our performance commitment (and will pay a financial penalty, where this is applicable)



# Penalties and outperformance payments for our performance

Appendix 2

At the 2014 price review (PR14), we set annual performance commitments based on what our customers and stakeholders told us they would be willing to pay for our service, or based on the cost of service failure. Many of our 2015–20 performance commitments are challenging and require a significant improvement on our 2010–15 levels of performance.

Some of our performance commitments don't carry a penalty or outperformance payment, but they do have a 'reputational incentive' as our success or failure will affect how we are seen as a company. Some reputational incentives are also a focus for regulators. For example, if we failed to maintain our Drinking Water Safety Plan score this would affect our reputation, and the Drinking Water Inspectorate could also take regulatory action against us.

Most of the performance commitments do carry a penalty if we do not achieve them, and for some of these we can also earn an outperformance payment if we beat the commitment.

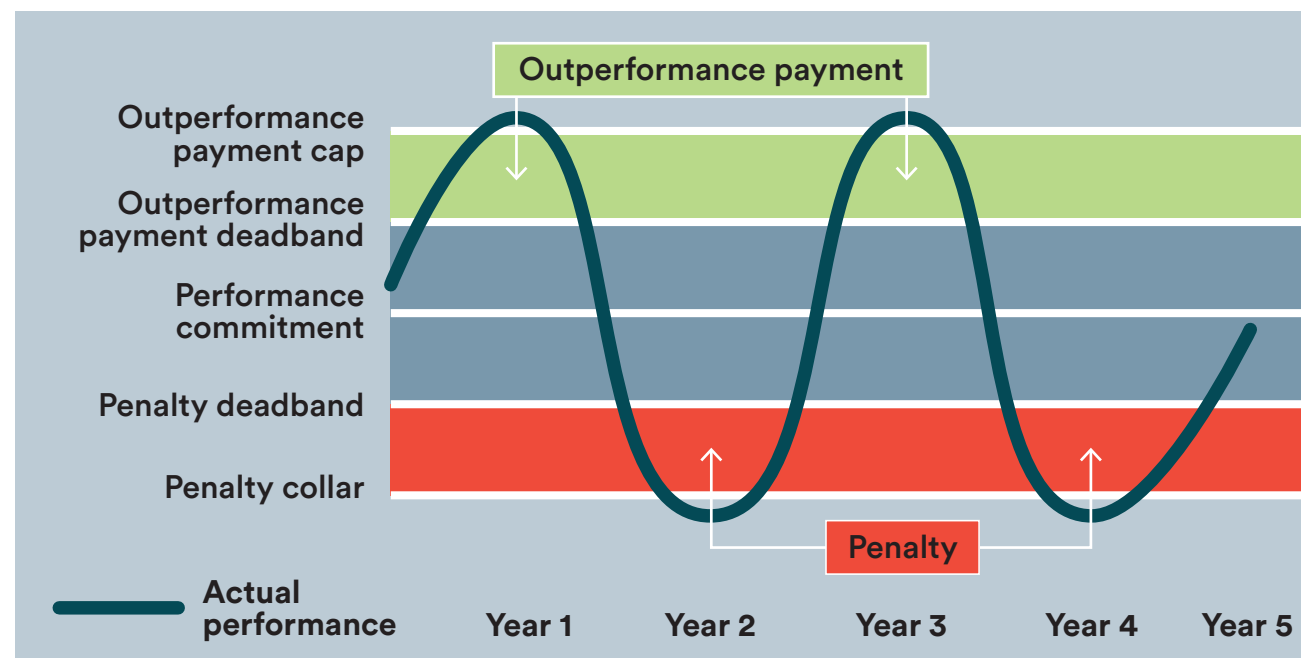
If we meet the performance commitments, we break even and don't earn an outperformance payment or a penalty. We only start to earn money once we beat the target, or have to pay a penalty if we drop below a target. There is a limit or 'cap' to the amount we can be rewarded for each promise in any given year. Customers told us that they were willing to pay for improved service in some areas. Any outperformance payment that we might achieve will only affect bills after the 2015–20 period.

There is also a limit (known as a 'collar') to the amount we have to pay in penalties for underperforming. For some measures, we have to outperform (or underperform) by a certain level, before there is a financial effect. This is because target setting is not always a precise science.

For example, when we get lots of rain it might be difficult to meet our sewer flooding commitment. That's why there's a margin or buffer built into this measure (known as the 'deadband'), which means we don't immediately pay penalties as soon as we fall below a target. Similarly, we don't immediately receive an outperformance payment as soon as we outperform a target.

We have to get beyond the outperformance 'deadband' to start earning outperformance payments – to guarantee our great performance is the result of our own efforts, and not the happy result of external factors, such as a mild winter, for example.

There is more information about our performance in relation to penalties and outperformance payments in our full Annual Performance Report 2018/19 at [unitedutilities.com](https://www.unitedutilities.com).



Plain English Campaign's Crystal Mark does not apply to this illustration.



# Expected performance for the rest of the 2015–20 period

We have made significant improvements in our performance during the first four years of the period and expect to be able to maintain these improved performance levels in the final year of the period. We also expect to receive an outperformance payment as a result of bringing forward a major project to supply West Cumbria with water from Thirlmere.

The table on this page shows the outperformance payments and penalties we are expecting for each of our performance measures. Many of the measures depend very much upon factors that are not within our direct control, such as the weather, and some of the targets continue to get tougher. So it is possible that the figures shown may change.

We expect we will have to pay small penalties for the water and retail measures. We expect to receive an outperformance payment for the wastewater measures. We have included the effect of these penalties or outperformance payments in our business plan for the 2020-25 period.

As well as the outperformance payments and penalties, there are a number of other incentives that were defined at the last price review (PR14).


Our expected performance against these incentives and how this would affect us in the 2020-25 period are set out in our PR14 reconciliation report, found on our [website](#).

We publish our plans for the 2020–25 period on our [website](#) and will confirm the final targets in December 2019.

Performance commitment	Incentive Type	Actual incentive (£m)				Forecast incentive (£m)	
		2015/16	2016/17	2017/18	2018/19	2019/20	AMP6 Total
A2: Water quality events DWI category 3 or above	Penalty only	-0.4	-0.6	-0.7	0.0	-1.2	-3.0
A3: Water Quality Service Index	Penalty and outperformance payment	0.2	-3.6	-3.6	-3.6	-3.6	-14.2
B1: Average minutes supply lost per property (a year)	Penalty and outperformance payment	0.0	0.0	-6.0	11.3	1.7	7.0
B2: Reliable water service index	Penalty and outperformance payment	-8.0	-8.0	-8.0	0.0	0.0	-23.9
B3: Security of supply index (SoSI)	Penalty only	0.0	0.0	0.0	0.0	0.0	0.0
B4: Total leakage at or below target	Penalty and outperformance payment	0.0	9.1	0.0	0.0	0.0	9.1
B5: Resilience of impounding reservoirs	Penalty only	0.0	0.0	0.0	0.0	0.0	0.0
B6: Thirlmere transfer into West Cumbria	Penalty and outperformance payment	0.0	0.0	0.0	0.0	21.6	21.6
C1: Rivers improved - water programme (NEP and AIM)	Penalty and outperformance payment	0.1	0.2	0.2	0.2	0.0	0.6
<b>Water service total (applied as a revenue reduction)</b>							<b>-2.8</b>
S-A1: Private sewers service index	Penalty and outperformance payment	7.4	7.4	7.4	7.4	7.4	36.9
S-A2: Wastewater network performance index	Penalty only	0.0	0.0	0.0	0.0	0.0	0.0
S-B1: Future flood risk	Reputational	0.0	0.0	0.0	0.0	0.0	0.0
S-B2: Sewer flooding index	Penalty and outperformance payment	0.0	-1.5	0.0	0.6	0.0	-0.9
S-C1: Bathing waters improved	Penalty only	0.0	0.0	0.0	0.0	0.0	0.0
S-D1: Protecting rivers from population growth	Penalty only	0.0	0.0	0.0	0.0	0.0	0.0
S-D2: Maintaining our wastewater treatment works	Penalty only	0.0	0.0	0.0	0.0	-4.4	-4.4
S-D3: Rivers improved - wastewater programme	Penalty and outperformance payment	0.0	0.4	0.4	0.2	-0.1	0.9
S-D4a: Serious (category 1 and 2) pollution incidents	Penalty only	0.0	0.0	0.0	0.0	0.0	0.0
S-D4b: Category 3 pollution incidents	Penalty and outperformance payment	3.3	3.3	3.3	3.3	3.3	16.4
S-D5: Satisfactory sludge disposal	Penalty only	0.0	0.0	0.0	0.0	0.0	0.0
<b>Wastewater service total (applied as an RCV uplift)</b>							<b>48.9</b>
<b>Household service total (applied as a revenue reduction)</b>							<b>-4.7</b>

Plain English Campaign's Crystal Mark does not apply to our performance scorecard.

 Met or beat our performance commitment (and will receive a financial outperformance payment, where this is applicable)

 Failed to meet our performance commitment (and will pay a financial penalty, where this is applicable)



# Useful links

[United Utilities Annual Performance Report 2018/19](#)

[United Utilities Final Assurance Plan for our Annual Performance Report 2018/19](#)

[Historic yearly reports to our regulator, Ofwat](#)

[United Utilities Group PLC Annual Report and Financial Statements for the year ended 31 March 2019](#)

[Historic United Utilities Group PLC Annual Reports](#)

[Our final Business Plan for 2015-20](#)

[Our proposed Business Plan for 2020-25](#)

[YourVoice customer panel](#)

[YourVoice statement 2018/19](#)

[Acting responsibly matters: the way we do business \(our Corporate Responsibility reporting\)](#)

[Discover Water – United Utilities performance compared with other water companies](#)







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