






Our performance 2015-2016






Delivering our promises: a summary guide



Contents

-  **About this document**
-  **Understanding our performance**
-  **2015-2016 annual performance overview**

Performance against our promises:

-  **Provide you with great water**
-  **Dispose of your wastewater**
-  **Give you value for money**
-  **Deliver customer service you can rely on**
-  **Protect and enhance the environment**

 **Appendix 1 - Our full performance scorecard for 2015-2016**

 **Appendix 2 - Penalties and reward for our performance – how does it work?**

 **Appendix 3 - Useful links**



 **This is our document home page**



About this document

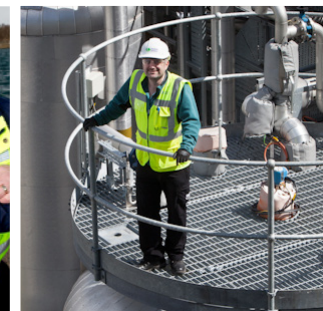
Our investment and plans for 2015-2016 have been shaped by listening to our customers and stakeholders and understanding their priorities.

This document gives a summary on how we've done against the promises we made as part of our business plan for 2015-2020, which was written following thousands of conversations with customers and stakeholders across the North West.

We include an update on our progress so far, including some of this year's positives, but also the areas where we could improve.

As well as reporting on our progress every three months, we have shared this end-of-year review with our [YourVoice panel](#). Its role is to make sure we perform well in delivering our commitments to our customers and stakeholders. The panel's members include independent customer and business representatives and quality and environmental regulators. You can read more on their thoughts on our overall performance this year on our [website](#).

Our full performance scorecard is at the end of this [document](#).



You can also read more in our full [Annual Performance Report 2015-2016](#), which the details in this document are taken from, and our Annual Report and Financial Statements for the year ended March 2016, which is our [United Utilities Group PLC yearly report](#).



Understanding our performance

As part of our planning for the 2015-2020 period, we spoke to thousands of people across the North West to understand what level of service they wanted from us. Our five customer promises are based on the things that customers and stakeholders told us were the most important features about the services we provide.

Each promise has a number of 'outcomes', which represent what we're aiming to achieve to help us deliver those customer promises. The outcomes are based on 'measures of success' that allow

customers and stakeholders to judge our performance against these targets.

Like all water companies, we pay penalties or can receive financial rewards if we meet, or fail to meet, targets associated with some of these measures. All penalties and rewards are set by our regulator, Ofwat.

There are more details about the way incentives work at the end of this document and in our full [Annual Performance Report](#).

We review the information we provide to customers with our YourVoice panel,

whose role is to review our progress against our 2015-2020 business plan commitments and to challenge us to continue to deliver our plans. YourVoice has had direct input to this report and the full Annual Performance Report and presented its findings to our board. Earlier in the year, we consulted and published details of our governance process 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.



What were our customer and stakeholder priorities for us during 2015-2020?

Customers told us their priorities for our business plan for 2015-2020. We promise to:	What will you see? The outcomes we want to deliver for our customers	Number of measures for these outcomes see note below
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



 [You can read our full scorecard and performance for this year at the end of this document.](#)



2015-2016 annual performance overview

In 2015-2016 our overall performance against our targets was better than initial expectations, resulting in rewards for some measures, penalties for others and an overall reward for 2015-2016 of £2.516 million. The targets will get tougher as we move through the five-year investment period, and we will need to continue to make improvements in our performance, which will be extremely challenging.

It has been a particularly challenging year, with a number of major incidents which have caused considerable inconvenience for many of our customers and have affected our performance. We are very grateful for our customers' patience and understanding while we worked to deal with the issues, which are highlighted below.

We also pushed forward with our five-year £5.5 billion investment programme this year, aiming to deliver early improvements to our water and wastewater operations as soon as possible. This approach has led to further progress, particularly in our wastewater business.

We're continuing to invest in what we call our 'systems thinking' approach, which

means how we use our assets (such as our treatment works) and our data (minute-by-minute information about how well our works are performing), and how our people work on a day-to-day basis. We will be rolling out additional information technology systems later in 2016, which will help support our drive for further improvements.

We have worked this year on preparing for the opening of the water market for business customers. You can read more details later in this document.

The operational issues this year included the following.

> In August, there was a water-quality incident in parts of Lancashire. Public health is a key priority for us, so after detecting the parasite cryptosporidium in drinking-water supplies we issued a 'boil water' notice to over 300,000 properties. We brought in extensive additional technology and people, putting in place improved ultraviolet (UV) water treatment to restore the water quality to the high standards our customers expect as quickly as possible. We restored the full service in early September.

> In summer, 18,000 properties in Bolton had no water supply, many for over 12 hours, due to a technical fault at Sweetloves water treatment works. The fault meant we were not able to disinfect the drinking water produced at the works in the normal way, to kill any germs that may be present. We used alternative supply vehicles to pump drinking water into our network to restore customers' water supply as quickly as possible. As a precaution, we asked 59,000 customers to boil their water for three days once water supplies had been restored.

> The effect of the floods across Cumbria, Lancashire and Greater Manchester in December was devastating for many of our customers, and we worked hard to maintain water supplies and to get our wastewater treatment facilities working again after they were flooded. The high levels of rainfall over the winter caused a significant number of floods in the last few months of 2015-2016, which also affected our performance in relation to sewer flooding.

This year at a glance

- > Increased investment to operational benefits
- > Particular improvements in our wastewater performance
- > Good development in our 'systems thinking' approach to managing our assets
- > Moved forward in our preparation for changes to the water market in England, where business customers will be able to choose their water supplier
- > A number of significant operational challenges, particularly in Lancashire and Cumbria



We promise to provide 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?

Our 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 for our water customer promise met or beat our targets for six out of nine measures.

Overall, we continue to supply a very high level of water quality but we've seen a disappointing growth in the number of events where water quality is reduced, so have introduced a series of improvements in training our staff, improving our processes, making sure our assets are fit for purpose and making sure we can detect issues early. Water quality is a particular area of focus for us in the coming year.

Our performance has been good against measures for water-mains bursts, the number of properties affected by poor pressure, and dealing with customers who contact us about the availability of their water supply. We also beat our target for reducing leaks. We have plans in place to further reduce the amount of time customers are without a water supply and the number of customers who need to contact us about having 'no water'.

We also delivered our two key milestones for our project to construct a pipeline which will allow us to transfer water from Thirlmere reservoir into West Cumbria.

The two serious water-quality incidents in Lancashire and Bolton which we mentioned earlier in this document were very disappointing. Following the Bolton incident, we failed our 'reliable water service' measure, due to some customers being without water for longer than 12 hours. At the time of writing, we are waiting for the Drinking Water Inspectorate's (DWI) report into the Lancashire incident, but we have not

waited to receive the report before taking action. We are continuing to make improvements to our incident-management processes, based on what we have learnt from previous incidents, and in May 2016 we launched a new 'Priority Services' service to support our vulnerable customers and those with additional needs.



We promise to dispose 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?

Our 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 put their bills up.

How have we done?

We have achieved three out of our four performance commitments, and did not have to pay a penalty for the other one.

We continue to invest in schemes designed to reduce the effect of flooding on our customers' homes, targeting areas that are more likely to experience flooding, and have made a good start on our plans for schemes which will reduce the effect of sewer flooding to customers' homes.

We were pleased to see a further improvement in customer satisfaction in our score on Ofwat's service incentive mechanism (SIM) compared with the previous year for wastewater services. The service incentive mechanism looks at how satisfied customers are with our service when they contact us, and also the number of customers who find they need to get in touch.

We have been able to continue to reduce the numbers of blocked and collapsed sewers that affect customers, stakeholders and the environment. We have outperformed the measure for private sewers, which looks at the numbers of collapses, blockages, flooding and pollution incidents on sewers which were 'private' (that is they used to belong to our customers and are now managed by us).



We promise to give 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, and support if they are struggling to pay. And they want us to spend money on projects that will deliver real improvements to services and the region as a whole.

How have we done?

We think it's really important to help our customers save money on their water bills and feel that they are receiving good value for money for the services they pay for. 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 to save money and promote our wider services to customers. This year we've achieved our target for value for money, but there is still more work to do.

We've not achieved our targeted reduction in the amount of water each household uses, but have continued to promote water efficiency and water meters to

customers throughout the year, through a combination of marketing campaigns and new schemes designed to encourage customers to reduce how much water they use in their own homes. This will be an area of focus for the year ahead.

We continue to be committed to helping our customers who are struggling to pay.

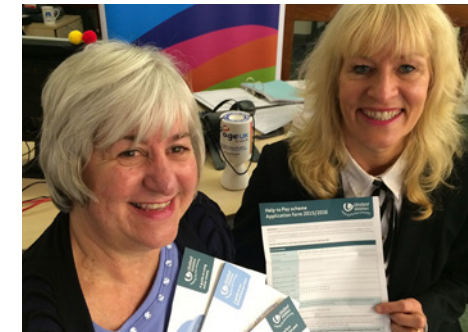
We've extended our assistance schemes and launched a new social tariff in 2015. We contribute each year to the United Utilities Trust Fund, which has been effective in helping customers who are having difficulties paying their bills return to making regular payments.

Our support for partnerships has also continued this year. 'Catchment Wise', our approach to tackling water-quality issues in lakes, rivers and coastal waters has continued to support projects across the region, while our land-management partnership with the RSPB is helping to transform catchments (the land on which rain falls and is gathered to enter the drinking-water cycle). By supporting

partners with similar aims as us, we are able to work together, and in most cases attract further funding from other sources – helping our customers' money go even further. For example, our partnership with regeneration charity Groundwork aims to make a difference in areas affected by our investment projects. Last year for every pound we spent, the partnership managed to attract over £3 more to spend on the project.



1 out of three measures achieved
Click to see scorecard



Relax
You're saving money without even trying

Did you know that using water wisely can reduce your energy bill? That's because a lot of water we use in the home is heated prior to use, so the less hot water wasted the better for your pocket. The good news is that making a saving has never been easier. We have a range of water-saving gizmos you can order from our website FREE of charge and they'll help to reduce your energy bill by up to £30 a year! ** Order now at unitedutilities.com/watertight and you can lie back and enjoy all that extra money!

Reduce your energy bill by up to £30 a year**

unitedutilities.com/watertight

**Saving is based on average energy charges at April 2015. Savings have been calculated using data obtained from installed items.



We promise to deliver 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?

Our 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've delivered major improvements in our customer service performance over recent years. But there is more work to do. We have lots of exciting work underway which will help us to deliver better customer service, collected under our 'Customer Experience Programme'. This programme is currently on track against our plans for the five years of the business plan.

The programme focuses on a range of developments, some of which are about technology, to allow us to better respond to what customers want from us. We know they want to speak to us in the way they choose, at the time they choose, so we need to make sure we are there when they need us.

Our new contact centre IT system will include a new website and customer relationship management system – where we store customer information – which allows customers to get the information they need from us more quickly, for example, by managing their account online.

Our target for customer service, as measured by Ofwat's service incentive mechanism (SIM), is to move to the top quarter of the England and Wales water-industry performance tables in the medium term.

This improvement in customer service is strongly linked to our vision to be the best water and wastewater company in the UK, providing great service to our customers. The first three Ofwat customer satisfaction surveys for 2015-2016 saw us improve our score for performance relating to water quality, despite the effect of the water quality incidents and flooding, and we have a slight improvement for our 'quantitative performance', which means that fewer customers have needed to contact us about their bills or water and wastewater issues. At the time of publication we are waiting to find out our final place in the

performance tables, compared with other water companies.

Part of our objectives for this promise is to provide an improved service to developers, local authorities and highway authorities. We are pleased to have outperformed our measure by delivering a better standard, which can be seen in a [new dedicated page on our website](#).

Our preparations are well underway for the deregulation of the water industry for non-household customers in April 2017, when business customers will be able to choose their water company, in the same way that you can choose who provides your electricity and gas. Recognising that there could be benefits for our customers in reduced bills and improved service, in March 2016 we announced that we had entered into a joint venture with neighbouring water company Severn Trent, and were delighted to receive the approval of the Competition and Markets Authority. The new company, 'Water Plus', began operating on 1 June 2016 and will combine the capabilities of both companies, working to deliver an attractive choice for large and small business customers in England and Scotland.



Note: At the time of publication, one of these three measures is still to be confirmed by Ofwat.



We promise to protect and enhance 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 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.

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 our local communities. They expect us to take care of the areas of natural beauty we own and work to reduce our carbon footprint.

How have we done?

We have a wide-ranging programme which aims to improve the environment for this five-year period and have made a good start on the activities in our plans.

On the Environment Agency's latest assessment (2014), we are in joint second position among the nine water and sewerage companies.

We haven't achieved the performance commitment for maintaining our wastewater treatment works, but this

hasn't resulted in a penalty. This can be largely put down to issues at five wastewater treatment works – Alsager, Longton, Congleton, Leigh and Liverpool – and we will focus extra attention on these works. We are aiming to maintain our performance by delivering our capital programme, to design and build improvements at particular works, in the next four years. In Liverpool, Her Royal Highness the Princess Royal opened the £200 million extension to the treatment works. The new Sequencing Batch Reactor will clean 11,000 litres of wastewater a second, contributing to a cleaner River Mersey and the continued regeneration of the waterfront.

The storms of December 2015 had a severe effect on our communities in Cumbria, Lancashire and Greater Manchester, and our services were also badly affected. For example, the treatment process at Kendal wastewater works was washed away. Our work to rebuild and

repair this site is now almost finished and our new treatment works should be more able to withstand exceptional flooding incidents like this in the future.

We delivered our year-one bathing-water improvement schemes on time, including a significant scheme at Allonby wastewater treatment works in Cumbria, and provided new monitors at bathing and shellfish water sites which were agreed with the Environment Agency.

Sludge is a by-product of treating wastewater. Our sludge treatment and disposal activities continue to focus on meeting environmental requirements and promoting the use of sludge as an alternative to fertiliser. We have also made significant progress in increasing the amount of energy generated from our sludge, with a target of producing 35% of our own electricity by 2020.



Our full performance scorecard for 2015-2016

Appendix 1


Performance commitment	Target	2015/2016	Results	Penalty/reward	
Provide you with Great Water					
Drinking Water Safety Plan risk score	≤ 4.3 risk score	4.3	Pass	Reputational	
Water quality events DWI category 3 or above	≤ 12 events	35	Fail	Penalty	£0.447m
Water Quality Service Index	≥ 119.3 index points	120.5	Pass	Reward	£0.227m
Average minutes supply lost per property (a year)	≤ 16:00 mins	16:42	Fail	Within deadband	
Reliable water service index	≥ 100.0 points	16.447	Fail	Penalty	£7.974m
Security of supply index (SoSI)	≥ 100.0 points	100.000	Pass	Target	
Total leakage at or below target	≥ 0 variance	10.80	Pass	Within deadband	
Resilience of impounding reservoirs	≥ 161.2 risk points	161.61	Pass	No reward available	
Thirlmere transfer into West Cumbria	≥ 2 %	2	On track	Met target	
We promise to dispose of your wastewater					
Private sewers service index	≤ 100 points	91.69	Pass	Reward	£7.376m
Wastewater network performance index	≤ 106.2 points	90.95	Pass	Penalty	
Future flood risk	≤ 16511 points	16,472	Pass	Reputational	
Sewer flooding index	≤ 93.1 points	100.8	Fail	Within deadband	
We promise to give you value for money					
Number of free water meters installed	≥ 61644	27,197	Fail	Reputational	
Customers saying that we offer value for money	≥ 49	50	Pass	Reputational	
Per household consumption	≤ 294	303	Fail	Reputational	
We promise to deliver customer service you can rely on					
Service incentive mechanism (SIM)	UQWASC*	TBC	TBC	TBC	TBC
Customer experience programme	≥ 1.053	0.001	On track	Within deadband	
Delivering our commitments to developers, local authorities and highway authorities	≥ 91%	95%	Pass	Reputational	
We promise to protect and enhance the environment					
Contribution to rivers improved - water programme (NEP schemes and abstraction changes at 4 AIM sites)	≥ 0km	36.84	Pass	Reward	£0.056m
Contribution to bathing waters improved (includes NEP phase 3&4 bathing water intermittent discharge projects)	≥ 0.36 BWE	0.47	Pass	Penalty	
Protecting rivers from deterioration due to population growth (includes Davyhulme non-delivery penalty)	≥ 1.8	48.0	Pass	Penalty	
Maintaining our wastewater treatment works (includes Oldham and Royton WwTWs special cost factor claims)	≤ 83 points	91.48	Fail	Within deadband	
Contribution to rivers improved - wastewater programme (includes Oldham, Royton and Windermere)	≥ 0.75 Km	0.75 Km	Pass	Met target	
Wastewater serious (category 1 and 2) pollution incidents	≤ 4 incidents	4	Pass	Met target	
Wastewater category 3 pollution incidents	≤ 204 incidents	136	Pass	Reward	£3.278m
Satisfactory sludge disposal	≤ 100	100.00	Pass	Met target	
				Total reward:	£2.516m


Here is our full performance scorecard, as included within our Annual Performance Report (APR).

The scorecard in the APR also provides information on financial performance.

For details of how penalty and rewards work, please see the next page.

To see the APR [click here](#).

 Failed to meet our performance commitment (and paid a Penalty, where this applies)

 Met or beat our performance commitment (and received a reward, where this applies)

*Upper quartile, water and sewerage company performance.

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



Penalties and reward for our performance – how does it work?

Appendix 2

At the 2014 Price Review, we set annual performance commitments based on what our customers and stakeholders told us they would be willing to pay for the services they received, or based on the cost of service failure. Many of our performance commitments for 2015-2020 are challenging and require a significant improvement on our 2010-2015 levels of performance.

Some of our performance commitments don't carry a penalty or reward, but they do have a 'reputation incentive', which means our success or failure in this area can affect how we are seen as a company. Our promise around value for money is an example of this – whether we meet the promise relies on customers' views, that is, do they think their water bill represents good value for money? Other reputational incentives may also be a focus for other 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 enforcement action against us.

Most of the performance commitments do carry a penalty if we do not achieve

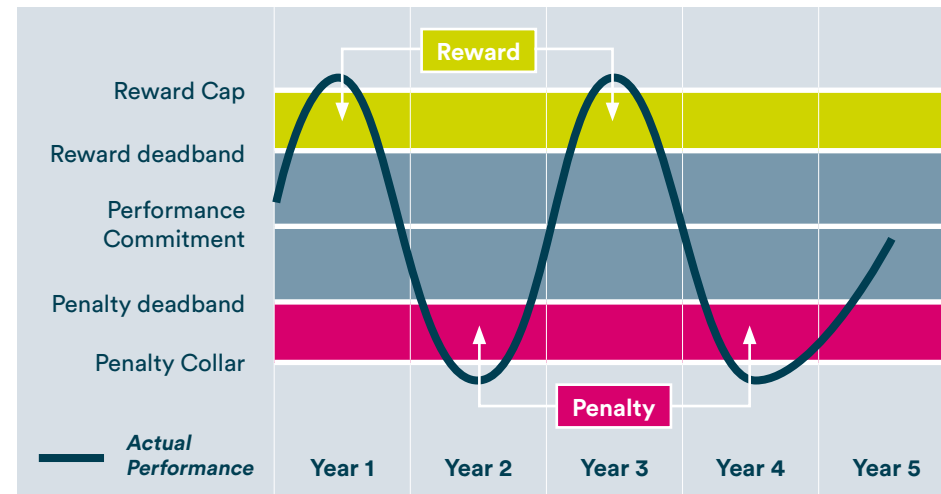
them, and for some of these we can also earn a reward if beat the commitment.

If we meet the performance commitments, we 'break even' and don't earn a reward or have to pay 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. Our customers told us that they were willing to pay for improved service in some areas – but any reward that we might achieve will not affect bills during the 2015-2020 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, in a year when we get lots of torrential 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 have to pay penalties as soon as we fall below a target. Similarly, we don't immediately receive a reward as soon as we outperform a target. We have to get beyond the reward 'deadband' to start earning a reward – 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.



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



There is more information about our performance in relation to penalties and rewards in our full [Annual Performance Report](#).



Useful links



- > [United Utilities Annual Performance Report 2015-2016](#)
- > [United Utilities Final Assurance Plan for our Annual Performance Report 2015-2016](#)
- > [Historic yearly reports to our regulator, Ofwat](#)
- > [United Utilities Group Plc Annual Report and Financial Statements for the year ended 31 March 2016](#)
- > [Historic United Utilities Group Plc Annual Reports](#)
- > [Our final Business Plan for 2015-2020](#)
- > [Playing our part in the North West – 25 year strategy](#)
- > [YourVoice customer panel](#)
- > [Acting responsibly matters: the way we do business \(our Corporate Responsibility reporting\)](#)
- > [Historic United Utilities Corporate Responsibility reports](#)

