

**OUTCOME DELIVERY INCENTIVES  
Q3 2017/18  
CUSTOMER CHALLENGE GROUP UPDATE**

Customer Challenge Group paper

**Meeting number:** 6

**Meeting Date:** 7<sup>th</sup> February 2018

**Paper No:** 4

**Title:** Company Performance in Quarter 3 of 2017-18

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**Printing:** This document does contain graphs or pictures and therefore does require you to print in colour. If you are unable to print in colour please contact Nikki Blake, who will arrange a colour copy for you.

<b>What is this paper about:</b>	To inform the CCG about the company's performance during Quarter 3 against its Outcome Delivery incentives.
<b>What is the context of this paper:</b>	This is a quarterly paper to highlight our year to date performance.
<b>What is the relevance of this paper:</b>	As above
<b>Action needed from the CCG:</b>	This paper is for information.

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## INTRODUCTION

The purpose of this paper is to provide an update to the Customer Panel on the performance for the period April to December 2017 against the Outcomes agreed in our 5 year business plan.

## 1 PERFORMANCE: APRIL TO SEPTEMBER 2017

The table below shows our performance against our outcomes for Q3 of 2017-18.

**Key for the below table:**

- Green indicates the target is expected to be met
- Red indicates the target is expected to be missed
- Amber indicates that we expect to be within the acceptable deadband range
- White indicates that there is no target for 2017/18, but we are on track for its 2019 or 2020 target or that we do not have a year to date number

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Outcome	Financial or reputational	Industry ranking/ average 2016-17	FD Target 2017-18	2017-18 Actual YTD Performance	
Customer satisfaction measures	Financial -reward & penalty (DB)	N/A	See separate table		
Customers consider bills to be value for money and affordable	Reputational	N/A	>80% (19-20)	71%	
Leakage	Financial - reward & penalty (deadbands)	6 <sup>th</sup> (m <sup>3</sup> per km) 6 <sup>th</sup> (l per property)	90.0 MI/d	84.6MI/d	
SIM	Financial - reward & penalty	9th	>80*	N/A	
Properties at risk of low pressure	Financial - reward & penalty (deadbands)	Joint 5th	60	48	
Average interruption time – minutes	Financial - reward & penalty (deadbands)	13 <sup>th</sup>	12	5.3	
Meeting the water resource deficit	Financial - penalty only (deadband)	N/A	0 MI/d	0 MI/d	
Mean zonal compliance (calendar year)	Financial - penalty only (deadband)	Average 99.96%	100%	99.95%	
Breaches of abstraction licences, discharge consents and environmental permits	Reputational	N/A	0	18	
- Discharge consents				4	
- Annual abstraction licences				0	
- Daily abstraction licences				14	
Pollution incidents (Category 1-2)	Reputational	N/A	0	0	
Compliance breaches of legislation of health and safety regulations	Reputational	N/A	0	0	
Number of breaches of National Security obligations	Reputational	N/A	0	0	
Number of compliance breaches with other statutory obligations and licence conditions	Reputational	N/A	0	1	
Discolouration contacts	Financial - reward & penalty (deadbands)	14 <sup>th</sup>	0.58	0.82	
Above ground asset performance	Financial - penalty only	N/A	Stable	Stable	



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Outcome	Financial or reputational		FD Target 2017-18	2017-18 Actual Performance	
Number of sites at risk of flooding	Reputational	N/A	0*	N/A	
Burst mains	Financial - penalty only (deadband)	N/A	2,429	1,966	
KG of carbon emissions per customer per year	Reputational	Joint 14th	37.7kg *	N/A	
We will monitor our abstractions at low flows at environmentally sensitive sites	Reputational	N/A	0	Kingston: -1.08 Windmill Hill: -2.85	

Customers consider...	Business Plan Baseline	Final Determination Target	2015-16 Actual	2016-17 Actual	Q1 2017-18 Actual	Q2 2017-18 Actual	Q3 2017-18 Actual	2017-18 YTD Actual	
Appearance of their water to be acceptable	4.6	4.6	4.4	4.5	4.5	4.5	4.6	4.5	
Taste and odour of their water to be acceptable	4.3	4.3	4.1	4.2	4.2	4.3	4.3	4.2	
Level of leakage to be acceptable	3.6	4.0	3.4	3.8	3.9	3.9	3.8	3.9	
Their direct interaction experience to be positive	4.5	4.5	4.2	4.3	4.2	4.4	4.4	4.3	
Their water supply is of sufficient pressure	4.5	4.5	4.2	4.2	4.2	4.3	4.4	4.3	
The frequency and duration of supply interruptions is acceptable	4.7	4.7	4.6	4.6	4.6	4.7	4.7	4.6	
The frequency of water use restrictions to be acceptable	4.1	4.1	4.2	4.4	4.3	4.5	4.3	4.4	

## 2 KEY UPDATES

### 2.1 BREACHES OF ABSTRACTION LICENCES, DISCHARGE CONSENTS AND ENVIRONMENTAL PERMITS

**Discharge consents:** We have four discharge consent breaches in 2017/18:

- A discharge failure was reported on the Tonbridge Compensation Borehole. This borehole has currently been switched off, and is under review
- A warning letter was received from the Environment Agency (EA) on 1<sup>st</sup> November to advise a discharge via overflow channels from the Barcombe bankside storage reservoir had occurred into the local water course containing blue-green algae. The EA have since visited the site and left satisfied we have in place measures to avoid a repeat event
- A discharge failure occurred at the Holywell sludge lagoon. Operations East team managers are liaising with the Environment Agency to resolve issues
- A discharge failure in the western region is currently being investigated.

**Daily abstraction licences:** We have incurred 14 daily abstraction licence breaches:

- Boxalls Lane – 1 day - where previously we were not capable of pumping at Peak day rate, cleaning enabled this. The initial yield after the cleaning was more than expected – requiring us to set alarms on the output.
- Ryarsh (Trosley) – 13 days - we breached our daily abstraction licences at Ryarsh during a period of high demand when we had reduced bulk supplies and some issues at our own sites which reduced supply. This issue is being investigated to prevent it occurring again in the future.

In quarter 2, we reported 17 daily abstraction breaches. However, following a further review of the incidents we have established that three of the days were due to a data error.

### 2.2 NUMBER OF COMPLIANCE BREACHES WITH STATUTORY OBLIGATIONS AND LICENCE CONDITIONS

During the year we have had one breach. A warning letter was received from the EA on 1st November to advise a discharge via overflow channels from the Barcombe bankside storage reservoir had occurred into the local water course containing blue-green algae [see discharge section above]. The EA have since visited the site and left satisfied we have in place measures to avoid a repeat event

In May 2016 the Drinking Water Inspectorate issued enforcement action in respect of data reporting under the Water Industry (Supplier's Information) Direction 2012. We are pleased to report that following a thorough review and the implementation of corrective actions the DWI revoked the enforcement order in May 2017 confirming that it was satisfied the issue had been resolved. They recognised the work that has been done to capture and document the processes

and the commitment of the team to resolve the issue. They also commented that the secondary internal checks that had been implemented should be shared with the industry as an excellent example of good practice

### 2.3 DISCOLOURATION CONTACTS

Our discolouration contacts outcome is reported on a calendar year basis. Our year end result is 0.82 contacts per 1000 population, which compares to our current target of 0.58. We have incurred a penalty of £358k.

Six water supply zones (WSZ) have had a contact rate over 2/1000 compared with nine in 2016. For the first time on record, no WSZ had a contact rate over 4/1000. Burwash water supply zone has had an annual rate of over 4/1000 contacts for the past 10 years, we are very pleased that this is no longer the case.

Our flushing programme increased from 500 miles to over 900 miles being flushed by December, this level of flushing will continue throughout the remaining years of this business plan period.

SeaQuest installations in December 2016 are beginning to show improvements in the areas supplied. Our last SeaQuest installation is due to be complete by the end of January 2018 and we are hopeful that the benefits will continue to be seen in 2018.

The “in your area” of our website has been updated to show discolouration incidents as customers have told us that they would like this. We have also provided additional information on discolouration on our new website. We are still planning to train staff members to our ‘live chats’ on discolouration when required as many customers prefer this.