



Key Performance Indicators

2012 - 13



South Staffs Water

Key Performance Indicators

The regulator of the water sector, Ofwat, is no longer collecting annual returns (known as “June Returns”) from water companies and instead has asked each company to publish a standard set of Key Performance Indicators (“KPIs”).

Ofwat’s reporting requirements can be found here:
www.ofwat.gov.uk/regulating/prs_web201203regcompliance

For the water only companies like South Staffs Water who do not provide sewerage services, there are 11 KPIs to report on.

The KPI data that we have reported has been audited by our Independent Reporter (Monson Engineering), other than the financial measures.

The company is committed to operating in an open and transparent manner with our customers and other stakeholders. If further performance data is required or any explanation of this information is desired then please contact our Regulation Director, Matthew Lewis, preferably by email:

mattlewis@south-staffs-water.co.uk

Section 1: Ofwat KPIs

Ofwat Indicators	Definition	Unit	Performance				Tolerance	
			2008-09	2009-10	2010-11	2011-12		2012-13
Reliability and Availability								
Serviceability - water non-infrastructure	Assessment of the recent historical trend in serviceability to customers, as measured by movements in service and asset performance indicators. This a Company judgement.	N/A	stable	stable	stable	stable	Stable = Green; Marginal = Amber etc.	
Serviceability - water infrastructure			stable	stable	stable	stable	Stable = Green; Marginal = Amber etc.	
Leakage	Total leakage measures the sum of distribution losses and supply pipe losses in megalitres per day (Ml/d). It includes any uncontrolled losses between the treatment works and the customer's stop tap. It does not include internal plumbing losses.	Ml/d	74.3	74.4	72.8	68.2	65.3	Regulatory target up to 2009/10 was 75 Ml/d. Since 2010/11 leakage target is 74 Ml/d.
Water resources	Security of supply index (SoSI) to be reported annually. Indicates the extent to which a company is able to guarantee provision of its levels of service in times of restrictions of supply.	Index score	100%	100%	100%	100%	100%	A company that is at, or above its annual security of supply index target and the company has no concerns regarding its ability to meet the coming year's target.
Customer Experience								
SIM	The level of customer concern with company service and how well the company deals with them.	score	n/a	n/a	73	84	88	Score above 50
Supply interruptions	This is an all encompassing interruption measure, including all supply interruptions greater than 3 hours irrespective of whether it was planned, unplanned or caused by a third party.	minutes per total properties served	20mins 51 secs.	11 mins.	8mins 10secs.	6mins 38secs.	8mins 27secs.	Green < 30 mins; Amber 30-45mins; Red > 45mins
Environmental Impact								
Greenhouse Gas emissions	Measurement of the annual operational GHG emissions of the regulated business	ktCO2e	61.84	61.37	61.99	61.61	55.41	Green = Performance ≤10% above the company's PR09 projection.
Financial								
Post-tax return on capital ³	Current cost operating profit less tax as a return on regulatory capital value.	%	6.52%	6.76%	5.78% ¹	6.06%	6.03%	Not Applicable
Credit rating	This is similar to the information required to be submitted to the bond holders to show we comply with the relevant debt covenants.		BBB+ from Standard & Poor's; Baa2 from Moody's.	BBB+ from Standard & Poor's; Baa2 from Moody's.	BBB+ from Standard & Poor's; Baa2 from Moody's.	BBB+ from Standard & Poor's; Baa2 from Moody's.	BBB+ from Standard & Poor's; Baa2 from Moody's.	Not Applicable
Gearing ³	Traditionally financed companies – net debt as a percentage of the total regulatory capital value at the financial year end OR structured companies – as defined by company financial covenants.	%	77.5% ²	73.6% ²	73.2% ²	72.4% ²	73.0%	Not Applicable
Interest cover	For traditionally financed companies, adjusted interest cover and FFO/interest OR for structured companies, adjusted interest cover or PMICR as required within the financial covenants.		4.1:1	2.9:1	2.9:1	2.8:1	2.8:1	Not Applicable

Footnotes: 1. Profit in 2010-11 excludes the exceptional profit of £1.465m for a land sale. 2. Gearing levels exclude the premium on the index-linked Bond 3. The post-tax return on capital is based on Ofwat figures for average year RCV. The % gearing is year-end RCV as published by Ofwat.

Section 2: Company Specific Supplementary KPIs

Definition	Performance				
	2008-09	2009-10	2010-11	2011-12	2012-13
Water quality performance ⁴ – this is reported separately to reflect the importance of drinking water quality to customers. Our customers have told us that they have a strong desire to receive safe, clean drinking water from us.	99.991%	99.994%	99.983%	99.971%	99.91%
Number of mains bursts ⁵ – this is an indicator of the condition and serviceability of the mains network, although like leakage reporting, it can be heavily influenced by the extent of extreme weather conditions.	216	212	206	172	142
Customer satisfaction levels ⁶ – the overall SIM score is possibly not particularly revealing to many stakeholders who are not familiar with the SIM concept, whereas customers and others will have a greater understanding of overall satisfaction levels. This measure is taken from the Ofwat telephone surveys of 200 customers each quarter to assess their level of satisfaction with their interaction with the Company (either through billing or operational contact).	n/a	n/a	83.8%	89.2%	92.3%
Water efficiency savings ⁷ – this is now subject to an annual Ofwat target (South Staffs's target is 0.53 MI/d) for each year in the period 2010-15 and water efficiency is an important objective for Government water policy.	0.07	0.07	0.55	0.99	0.56

Section 3: Future Performance

Whilst current performance is good, the Board is becoming increasingly concerned at the risk of future service issues and resilience. This will be reflected in the business plan being compiled for completion in December that will identify future investment needs and the supporting evidence of this. Action is needed to ensure customers continue to receive safe and reliable supplies at an efficient cost. This is what they have told us they want. There is clear evidence emerging that a number of our water storage facilities and water source stations need major refurbishment or replacement in the next five years to protect service to customers. Future performance will be compromised without major investment and this would impact on a number of our headline KPIs – including serviceability; resource availability; supply interruptions; water quality standards and resilience. Every effort is being made to reduce the risks mentioned and minimise the impact of the need for greater investment in our assets on the level of future customer bills.

Footnotes: 4. Water quality performance is based on the Mean Zonal Compliance (MZC) measurement.

5. Ofwat trigger levels for potentially deteriorating asset serviceability are when bursts levels exceed 242 bursts / 1,000km

6. Customer satisfaction levels are based on 800 telephone surveys each year, representing the % stating they were "satisfied" or "very satisfied" with how the company dealt with either an operational query or a billing query.

7. The water efficiency target for South Staffs is 0.53 MI/d from 2010-11. Prior to this a target did not exist.