



South Staffs Water

incorporating



Outcome Delivery Incentives for 2015 to 2020

January 2015








INTRODUCTION

At South Staffs Water, incorporating Cambridge Water, we are committed to delivering the highest levels of service with the lowest possible bills.

In December 2014 our regulator, Ofwat, finalised the measures of success that we will use to report on our performance from 2015 to 2020. Attached to some of these measures are financial incentives (rewards and penalties), either for outstanding performance or poor performance. Ofwat also requested that we adjust our financial incentives to match our menu choice. This document sets out our final performance commitments and financial incentives, post adjustment, which will come into effect from the 1st April 2015.

Each year, we will publish a report of our performance in these measures of success.

Outcome	Measure	Performance Commitment by 2019/20	Incentive Value*	Additional information
 Outcome Excellent water quality now and in the future	Mean Zonal Compliance (MZC)	100%	Penalty: £54k per 0.01%	Penalty applies between 99.92% and 99.95%.
	Acceptability of water to customers	1.23 nr/1000 (population)	Penalty: £159k per 0.1 nr/1000 Reward: £121k per 0.1 nr/1000	Penalty applies between 1.23 and 2.03 nr/1000 from 2017/18 [^] Reward applies between 0.53 and 1.23 nr/1000.
 Outcome Secure and reliable supplies now and in the future	Interruptions to supply	10 mins (per customer per annum)	Penalty: £453k per minute Reward: £453k per minute	Penalty applies between 12 and 14 minutes. Reward applies between 7 and 9 minutes.
	Asset serviceability infrastructure	Stable	Penalty (marginal): £76k Penalty (deteriorating): £379k	Assessment of marginal or deteriorating arises from a serviceability scoring system.
Asset serviceability non-infrastructure	Stable	Penalty (marginal): £97k Penalty (deteriorating): £487k		
 Outcome An excellent customer experience to customers and the community	Service Incentive Mechanism (SIM)	90	Incentives will be defined by Ofwat.	
	Customer satisfaction from independent surveys	98%	No financial incentive applies.	
	Community activity and engagement with customers	400 days	No financial incentive applies.	
 Outcome Operations which are environmentally sustainable	Leakage (South Staffs region)	70.5 MI/d	Penalty: £369k per MI/d Reward: £183k per MI/d	Penalty applies between 73.3 and 80.6 MI/d Reward applies between 62.5 and 66.9 MI/d
	Leakage (Cambridge region)	13.5 MI/d	Penalty: £305k per MI/d Reward: £152k per MI/d	Penalty applies between 14.0 and 15.4 MI/d Reward applies between 11.1 and 12.6 MI/d
	Water efficiency programme	Per Capita Consumption of 128.31 l/h/d	No financial incentive applies.	
	Biodiversity activity	116 ha	No financial incentive applies.	
Carbon emissions from power consumption	Additional 5210 tCO ₂ e saved	No financial incentive applies.		
 Outcome Fair customer bills and fair investor returns	Independent customer surveys of value for money and affordability	90%	No financial incentive applies.	
	Support for customers in debt	30,000 customers engaged with	No financial incentive applies.	

*The financial incentives have been calibrated to our cost sharing rate driven by our menu choice.

[^]The committed performance levels for 2015/16 is a penalty between 1.63 and 2.63 nr/1000. For 2016/17 is a penalty between 1.43 and 2.63 nr/1000.