

Case study: Driving improvements in customer service

The services consumers receive have improved significantly since privatisation. Twenty years ago customers, as they do now, expected safe, reliable, high-quality water and sewerage services at a fair price. But what they actually received was very different.

For example, large areas of England and Wales were at significant risk of supply interruptions. Many more properties experienced low water pressure and incidents of sewer flooding. In addition, when customers complained about service failures they received a response that fell well short of today's standards.

Since the mid-1990s we have used the overall performance assessment (OPA) as one of our regulatory tools. This has incentivised the companies to improve performance across a broad range of services provided to consumers and the environment. It has allowed us to compare the quality of the overall service and tells consumers and other interested parties how their local company has performed relative to other companies.

The current OPA incentivises the companies because we publish a league table each year and take account of the relative performance of individual companies when we set their price limits. It measures company performance against a wide range of indicators. These include reducing incidents of low water pressure, responding to complaints and environmental impact. While it has evolved over time, the companies' performance has improved. For example, between 1996 and 1999 the companies achieved on average about 70%

of the maximum OPA score. In 2007-08, they achieved 88%.

However, in addition to other challenges like climate change, the companies now face rising expectations from consumers for the services they provide. Consumers expect the choice, quality and responsiveness that match their 21st century lives – as well as meeting their more basic needs. This is why we are reviewing the way we incentivise the companies to drive forward continuing improvements in customer service.

We want customers to continue to receive the safe, reliable, high-quality and sustainable services at a fair price they expect now and in the future. But we also want the companies to continue seeking ways to improve the quality of the service they provide. Since last year, we have been piloting new consumer experience measures, which will be central to a revised 'service incentive mechanism'. This is so that we can encourage the companies to focus on the quality of their customers' experiences and meet their expectations, reduce service failures and resolve more complaints first time.

As well as improving customer satisfaction, this will help reduce bills as the companies incur lower costs arising from poor service.

Further information on how we protect basic services and drive further improvements to customer service can be found in our '[Service and delivery](#)' report for 2007-08. More details of our plans to change customer service incentives will be available when we publish our consultation on this subject in summer 2009.

0.02%

Percentage of properties in England and Wales with low water pressure in 2007-08.



99.96%

Overall compliance with the drinking water standards in England and Wales in 2007 continued to be very high at 99.96%.

| Principle | Explanation |
|--|---|
| 1. A safe and reliable water and sewerage service for consumers that minimises the impacts on the environment now and in the future. | The OPA has incentivised companies to improve the core drinking water, environmental and customer services they provide. |
| 2. Consumers continue to get a fair deal and receive a level of service that consistently meets their needs. | Recent research shows that about 90% of consumers are very or fairly satisfied with the service they currently receive. We are introducing new experience measures and reviewing the incentive mechanism to keep the companies focused on meeting their consumers' changing expectations. |
| 3. Financially robust sectors that are able to meet consumers' needs at a fair cost, into the future. | Price limits are set to allow the companies to deliver core water, environmental and other services to their consumers at a fair cost. The OPA provides an additional reputational and financial incentive on the companies to provide good service. |
| 4. Companies that remain accountable to their consumers. | The revised incentive mechanism will focus more directly on measures of consumers' experience, including satisfaction and customer contacts resulting from poor service. |
| 5. Using the best available information to support decision making. | Our work on the consumer experience and incentives reflects developing thinking and evidence on customer service. Consumer Focus welcomed it as innovative good practice in its recent 'Rating Regulators' report. |