

# Scottish Water's Performance 2012-13

## About this document

**This document reports Scottish Water's performance in delivering outcomes for customers and the environment in 2012-13, the third year of the five-year regulatory control period 2010-15.**

During this period, Scottish Water expects to improve its efficiency further, continue to increase its service levels, and deliver all of the drinking water, environmental and other improvement objectives set by the Scottish Ministers. Standards are already high, so the challenge is considerable.

We assess performance by comparing what was delivered in 2012-13 with Scottish Water's Delivery Plan projections for that year. The plan sets out the output delivery profiles for delivering the Scottish Government's objectives for 2010-15, within the financial limits that we set at our Final Determination<sup>1</sup>.

### Overview of performance

The table opposite provides an overall rating, alongside a summary comment on performance, for each of the eight main areas that affect outcomes for customers and the environment.

We are pleased to report that Scottish Water continued to perform well in 2012-13, with all areas achieving a rating of 'on track' or better.

We welcome the ongoing improvements in levels of service to customers, where Scottish Water remains on track to achieve a score of 380 by 2013-14. This is comparable with recent performance by leading water companies in England and Wales.

Progress in delivering the major investment programme also remains on target. We will continue to focus on performance in this area as Scottish Water still faces a significant challenge in maintaining momentum in delivering further improvements.

Scottish Water has outperformed its projections in the areas of investment of the 2010-15 programme, levels of service to customers, leakage reduction, and maintaining financial strength.

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<sup>1</sup> Water Industry Commission for Scotland, 'The Strategic Review of Charges 2010-15: The Final Determination', November 2009.

**SUMMARY OF SCOTTISH WATER'S PERFORMANCE FOR THE YEAR 2012-13**

Area of performance	Measure	Performance		Our rating	Remarks
		Projected by Scottish Water	Actual		

**Key outcomes for customers**

Delivery of projects remaining from pre-2010 investment programmes	Number of projects still remaining at year end	12	9	On track	Scottish Water is ahead of target, but will need to maintain its focus on completing the small number of remaining projects.
Delivery of 2010-15 investment programme	Overall Measure of Delivery (OMD) index	192	205	✓	All but four of the 48 programme areas are on or ahead of target and recovery of these four is expected during 2013-14.
Levels of service to customers	Overall Performance Assessment (OPA) index	338	368	✓✓	Achieved 13 points higher than the equivalent score in 2011-12. Scottish Water plans to achieve a score of 380 by 2013-14, comparable with recent performance by leading water companies in England and Wales.

**Leakage**

Performance against leakage target	Leakage level in millions of litres per day	635	575	✓	Reduced leakage to 575 million litres per day, against a target of 635.
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**Costs**

Investment costs	Capital spend in £ millions	494	487	On track	Investment costs were contained, even though Scottish Water's output delivery was ahead of planned levels overall.
Operating costs	Operating costs in £ millions	512	499	On track	Scottish Water's day-to-day costs were on track.
Use of borrowing	Net new borrowing in £ millions	100	100	On track	Borrowing of £100 million was taken as projected.

**Financial strength**

Key financial ratios	Cash interest cover ratio	3.1	3.6	✓	Ratios benefited from good control of costs. Financial outperformance limits the risk to future customers of increased bills to cover investment costs.
	Funds from operations as a percentage of net debt	11.4	13.2		

Key: ✓✓ significant outperformance      ✗ underperformance  
 ✓ outperformance      ✗✗ significant underperformance  
 On track on track

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