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Sent by email to: enquiries@wics.scot

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Dear Colin,

Draft Business Plan Guidance Consultation

Consumer Scotland welcomes the opportunity to respond to this consultation on the metrics which will underpin Scottish Water's draft business plan.

Given that the consultation focuses on the high-level measures themselves, and not necessarily the constituent components of certain metrics (as noted in the consultation document, some of these definitions are still being finalised) – we have aimed to constrain our response to some general points which we hope are constructive as WICS and Scottish Water finalise the metrics.

Equally, our response reflects the nature of the consumer voice elements of the Strategic Review of Charges process which, through research and engagement, will allow those in both the household and non-household markets to provide feedback to inform and evolve the draft Business Plan. Therefore, while these proposed metrics are clearly an important starting point for those discussions, the sector should be cognisant of the more specific opportunities to evolve and respond to consumer feedback offered in later stages of the Strategic Review process. These opportunities for metrics to respond to consumer feedback in the final business plan should be explicitly recognised, either in the output to this consultation or within the final methodology document for the Strategic Review.

Finally, given that it includes the primary customer experience measures, our comments primarily refer to Table 1 in the consultation. We have also provided a general sense of where our evidence suggests more detail or accountability in certain areas may be welcomed by consumers.

Alignment with metrics in England & Wales / other jurisdictions

Table 1 outlines several of the core customer experience measures which Scottish Water uses to guide its activity.

We of course agree that Scottish Water should measure the experience of its customers and provide expectations of how it estimates it will vary across the regulatory period. We also agree that it is reasonable to do so across the household, non-household and developer market segments.

Within the current Scottish Water Strategic Plan, there is a commitment to ‘empowering customers and communities’ⁱ. Fundamentally, a clear link between what Scottish Water measures and how that supports insight into whether or not it is achieving this strategic outcome, would support a better understanding of performance in this area. Customer outcomes are measured within Scottish Water using a variety of tools, however there is a recognition that more is needed to establish insight into the community experience of engaging with Scottish Water.

The commentary linked to the CEM measures suggests that ‘potential alignment’ with measures in England and Wales will be considered through discussion with Scottish Water. Generally, while Consumer Scotland fully understands that there can be benefits to the regulatory regime (and therefore consumer confidence / outcomes) that come with alignment and the comparability this offers, the priority around the design of measures should ensure that it is driving the right organisational behaviour.

Our understanding is that the proposed alignment is relatively limited in scope, with reference to CEM. Given that this consultation does not indicate the sub-metrics which may be under consideration for alignment, or set out more specific reasoning, Consumer Scotland would value the opportunity to engage with WICS and Scottish Water on these discussions and the reasoning for alignment decisions.

Equally, Consumer Scotland would welcome further discussion on the definitions being finalised for the various CEM measures and the reasoning behind these decisions.

Of course, there will be some clear areas in which aligning with a comparator metrics such as those collected by Ofwat may also represent a reasonable and more accurate development of how a specific issue is measured – e.g. aligning on the definitions of exclusions when it comes to certain incidents that impacts households, such as internal sewer flooding.

Similarly, there may be utility in having more explicit regulatory metrics that align with the Household code of practice committed to by Scottish Waterⁱⁱ. An example could include targets around Priority Service Register commitment levels as recorded by Ofwatⁱⁱⁱ. Given the

importance of this issue and the heightened risks to consumers in vulnerable circumstances, there may be value in exploring similar thresholds to incentivise PSR registration.

In principle however, and as set out previously, our priority is on ensuring that metrics are clearly designed to drive organisational behaviour that delivers the right kind of outcomes for consumers in the sector. Therefore, if it can be clearly demonstrated in those terms, we would support Scottish Water being able to diverge from measures in England & Wales if there was a clear rationale justifying how it would deliver better outcomes for consumers.

Visibility of key metrics and methodologies to consumers

Furthermore, while it may be somewhat beyond the scope of this consultation, concurrent to finalising the metrics themselves, Consumer Scotland would value WICS and Scottish Water putting due consideration to how the visibility of these reporting measures could be improved to the broader customer base. While Scottish Water engages constructively with Consumer Scotland to requests for further detail on measures like CEM, there is a clear opportunity to consider how performance is communicated to consumers in a more proactive and accessible way.

There is a breadth of high-quality data on how customers view Scottish Water's performance – transparently publishing this in a more visible format would act as an additional way to enhance the organisation's accountability. It would also act to enhance consumer confidence and visibility in the sector's performance, which will be increasingly important as the sector itself repositions to respond to transformative challenges such as climate change adaptation. Equally, much of this is more about general approach than substantively different decisions being made. Via the Annual Return process^{iv}, both Scottish Water and WICS publish much of this information, alongside commentary on how performance has evolved. Deeper consideration of how key metrics for customers are more proactively communicated, perhaps crystallised in a set of commitments from Scottish Water as the Strategic Review process concludes, would be welcome.

A process of reviewing this could also consider whether information is being made available at the right unit level (e.g. local authority, postcode area etc) – which balances data protection considerations with value to the end-user. While Household CEM gives consumers a sense of Scottish Water's performance on a national level, it is difficult to meaningfully relate this to a local or sub-national experience, which may be more relevant to individual consumers.

Such a commitment should also consider transparency around the underlying methodologies or weightings applied to derive the overall score for measures like CEM.

Visibility of the full consumer experience in the non-household market

As discussions progress on how these metrics are reviewed more generally, one point which is also worth further consideration is how much visibility exists on experience of non-

household consumers across the various touchpoints they have in the market. Via the non-household CEM, Scottish Water collects some elements of this, but reasonably, this focuses on the direct touchpoints it has with non-household consumers. Licensed Providers are clearly another crucial relationship for non-household consumers. Consumer Scotland would suggest that there may be significant value in a partnership between Scottish Water and Licensed Providers to coordinate on a project to achieve greater ongoing visibility of the experience of non-household consumers in a more cohesive way. A commitment to enhance visibility of customer experience and constructively work with other market stakeholders could be a reasonable extension and future area of focus for the proposed non-household Code of Practice.

Measuring impact on communities

Although it is not a regulatory measure (and is not proposed to be extended into regulatory reporting in the consultation) - Scottish Water also has a Stakeholder CEM measure which covers its broader engagement with civic society. An ongoing area of interest for Consumer Scotland is how Scottish Water's activity can impact 'communities' rather than individual household consumers. Some elements of this are currently measured with the Stakeholder CEM, but this metric considers a wide range of different stakeholders with varying levels of comparability. Consumer Scotland would value Scottish Water and WICS considering, via this process, if a more robust approach to monitoring community views on Scottish Water's performance and engagement would be warranted.

Engagement with other bodies

Consumer Scotland would also suggest that both WICS and Scottish Water engage with Environmental Standards Scotland to ascertain whether ESS consider that the expectations regarding sewer overflow monitoring set out in their recent report 'are fully realised via the metrics proposed. As per our previous comments, ESS also focus on "publicly available" information in their report, and so this is another area where ongoing consideration to transparency and proactive publication is important.

Other points of interest from our consumer evidence

Consumer Scotland's evidence, particularly our deliberative research^{vi} on the impact of climate change on the water sector, illustrates that consumers have a clear appetite for greater information about the sector's approach to climate change adaptation. With that in mind, while the most appropriate metrics to illustrate this are for Scottish Water and WICS to conclude, we welcome the general direction of the proposals in this consultation which should heighten visibility of this important issue. Consumer Scotland has equally found consumers have a positive view about the potential offered by blue-green infrastructure solutions, and so we welcome the additional consideration focused on metrics related to these within the consultation.

Summary

Overall, the metrics set out in this consultation should provide a broad overview of Scottish Water's performance. This includes areas where there are direct touchpoints with customers (such as those incorporated within the various CEM measures or drinking water quality / aesthetics) but also areas where our evidence shows that consumers have an ongoing interest, but measures may not currently exist, or further development is justified.

While it is for WICS and Scottish Water to determine in many of these areas, in consultation with stakeholders, which metrics are most appropriate - Consumer Scotland has aimed to set out some general principles that we hope will guide the overall approach to finalising these metrics, and how they are subsequently communicated to consumers.

We look forward to further engagement with WICS, Scottish Water, and other sector stakeholders on the development of these metrics as the Business Plan responds to consumer feedback throughout the Strategic Review of Charges.

Yours sincerely,

Shane Taylor

Water Policy Manager

Consumer Scotland

ⁱ [030220StrategicPlanASustainableFutureTogether.pdf \(scottishwater.co.uk\)](#)

ⁱⁱ [290824OurPromisesOurCodeOfPractice.pdf \(scottishwater.co.uk\)](#)

ⁱⁱⁱ [PowerPoint Presentation \(ofwat.gov.uk\)](#)

^{iv} [2022-23 Annual Return | WICS](#)

^v [Major improvements required to sewer overflow monitoring and management - Environmental Standards Scotland](#)

^{vi} [Ipsos Research Report: Climate Change, Water and Scotland's Future \(HTML\) | Consumer Scotland](#)