

DATA FOR DELIVERY

*HOW WATER COMPANIES CAN TOP OFWAT
PERFORMANCE TABLES*



Ofwat's Service Delivery Reports provide transparency for customers on exactly how water companies are performing and areas where they must improve. The regulator published its 2020–2021 Service Delivery Report findings in November 2021, measuring providers' performance against a series of metrics including leakage, customer satisfaction and pollution.

Taking the report as a whole, of course some suppliers performed better or worse than others across different rankings, but overall, there was no clear frontrunner. Ofwat's recent report marked the first year of PR24, and now providers know where the starting point is, it's time to get to work and improve in year two.

To use the learnings from the Service Delivery Report to improve service and move up the rankings, providers must remember what Ofwat is trying to achieve: keeping customers and communities safe and connected to clean water supplies, and protecting the environment.

As they are ranked in so many different areas, it might initially seem hard for water companies to know where to begin. However, the key building block is the vast quantity of data they have at their disposal, which can be used to boost performance and address the big-ticket items.

Four Ways Data Can Help

1. Boost customer satisfaction

One of the most important measurements in the Ofwat report is customer experience, scored as 'C-Mex'. The 2021 findings specifically highlight this as an area for improvement, but where can providers make a difference in practice? Billing is a great place to focus: customer satisfaction can be seriously weakened by receiving a bill addressed to the wrong person, inaccurate billing compared to usage, or no bill at all.

With so much customer data supplied by third parties like landlords, letting agents or outgoing tenants, it can be hard to guarantee everything is correct. The good news for providers is that better data management can help improve billing. Cleansing customer data to identify and plug any gaps is key – Are customer names collected in a uniform format? Are occupancy dates correct? Have customers moved from other properties 'in area' which should be linked to new accounts?

With a complete and operational dataset, providers can ensure names and addresses are correct, and that bills are accurate, timely and reach the right people.

2. Reduce bad debt

Ofwat also measures water providers on how they make provisions for bad debt. Many companies have maintained or increased these provisions to account for the impact of Covid-19 on the finances of both households and businesses – and their ability to pay bills.

Water providers can improve their provisioning accuracy by running analytics on customer data to determine bad debt risk and which payments they're more likely to be able to collect. From here, customer segmentation, collections strategies and policies can be re-balanced for optimum performance, including tariffing, payment plans, customer contact strategies, and agent training on how to collect debt in appropriate ways.

3. Identify vulnerable customers

Companies are measured on the size and accuracy of their priority services registers, which covers vulnerable customers. Ofwat's latest report urges providers to spend the next 12 months identifying 'hardest to reach' customers who should be added to their register and receive additional help. It can be hard to find customers-in-need, as many don't realise they are entitled to support and do not make themselves known.

To identify them, water companies can harness third-party data to look for evidence of financial support, such as receiving benefits payments, pension credits or a lack of National Insurance contributions, which points to a lack of employment. They can then take proactive action, helping these people onto social tariffs, or advising them on how to lower their water consumption.

4. Water leakage

Ofwat judges companies on leakage, which covers more than just burst pipes. Most suppliers have thousands of properties where they don't know who to bill, which are registered as voids. Water usage for these properties all contributes to 'leakage'. Registering with a water supplier is often not a priority for people moving into a property – some even move out again without ever paying! This creates a big revenue leakage bill for providers to cover.

However, by bringing together internal and third-party data, companies can identify should-be bill payers, and cut the number of void sites. Reaching the right people faster can not only improve leakage performance, but save on collections fees, accelerate revenue and collections rates, and ultimately reduce bad debt.

Looking Forward

As Ofwat continues to drive the industry forward, providers have clear goals to work towards. The next year will be especially important, with companies looking to boost their ranking in the annual Service Delivery Report. Data holds the key to accelerating progress: using it to improve on these four priority metrics can push providers up the performance tables and ultimately create a pipeline for success across the industry.

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w sagacitysolutions.co.uk

e enquiries@sagacitysolutions.co.uk