

# 2016/17 highlights

## Operational highlights

Our planned acceleration of investment and Systems Thinking approach has successfully delivered operational benefits and now helped us to achieve Outcome Delivery Incentive (ODI) rewards in the first two years of this five-year regulatory period. Alongside this, our new customer service management team is delivering further improvements in customer satisfaction, which saw us end the year as one of the leading companies in our peer group for Service Incentive Mechanism (SIM) scores, with record SIM scores across a range of areas throughout the year and our customers continuing to rate us highly on billing and wastewater services.

### The best service to customers

#### A leading company for Service Incentive Mechanism (SIM) scores

- › Re-energised our approach, delivering further improvements in customer satisfaction
- › Achieved our best ever qualitative SIM scores, above industry average for the full year, and ending the year as a leading company in the sector
- › Customer complaints reduced 27 per cent, with a 55 per cent reduction in issues not resolved at first contact

#### Accelerated investment delivering operational and customer benefits

- › Improving resilience of our network
- › Delivered another net ODI reward of £6.7 million, giving us confidence to refine our ODI target range further to a £30 million reward to a £50 million penalty over the 2015-20 period
- › Effective and efficient delivery of capital programme, with TCQI score remaining high at 93 per cent



**Pictured:** We've undertaken a series of roadshows across the North West to speak to customers about our Priority Services.

### At the lowest sustainable cost

#### Delivering or exceeding our targets

- › Remain on track to meet our totex allowance
- › Outperformed Ofwat's revenue allowance on household retail cost to serve despite challenging targets
- › Low cost of debt locked-in places us in a strong position to deliver our target of beating Ofwat's industry allowed cost of debt

#### Systems Thinking driving improved operational performance, resilience and innovation

- › Design for Manufacture and Assembly (DfMA) innovative approach
- › On track to deliver the £100 million of totex savings across the regulatory period underpinning our business plan

#### Solid financial performance

- › Underlying operating profit up 3 per cent
- › Effective pensions hedging protecting us from volatile market conditions



**Pictured:** Storm overflow pipes travelling from Norway to Anchorsholme to be used as part of our bathing water quality programme.

### In a responsible manner

#### Excellent Environmental, Social and Governance (ESG) credentials

- › Industry Leading status in the Environment Agency's assessment, and one of only two companies to attain Green rating for serious pollution incidents
- › Retained World Class rating in Dow Jones Sustainability Index for ninth consecutive year

#### Launched Priority Services


- › Offering dedicated support for customers experiencing short or long-term personal or financial challenges

#### Additional investment to improve resilience

- › £100 million additional investment across this regulatory period as outperformance is earned
- › First £20 million being made available in 2017/18, with the remaining investment to be phased over the next two years of this regulatory period



**Pictured:** Floating solar panels at Godley Reservoir, Greater Manchester producing renewable energy.

 Read more about how we performed against our [Operational KPIs](#) on page 32

 Read more about our [Operational performance](#) on pages 34 to 39