

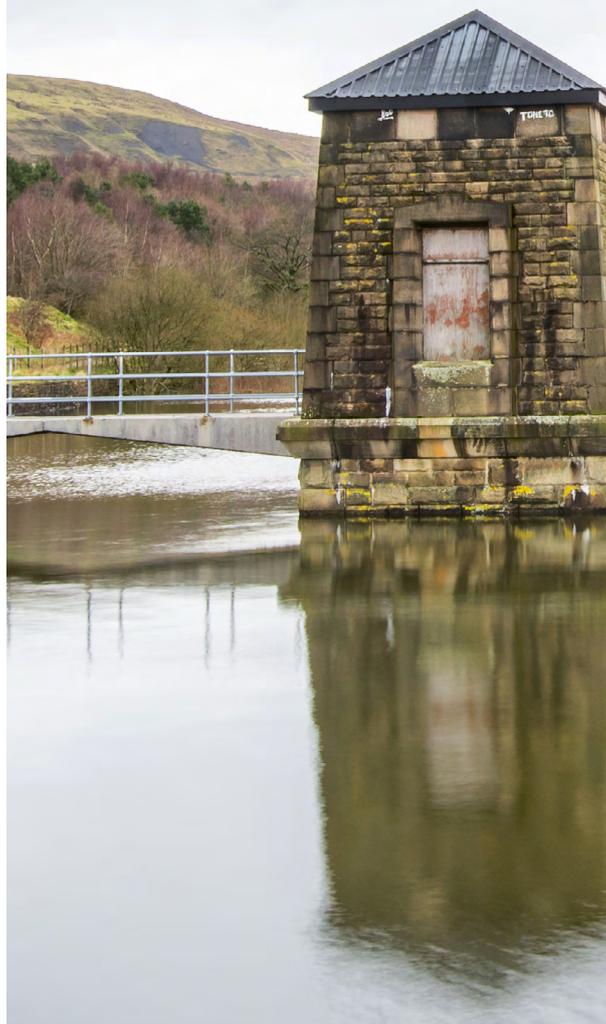
Our performance 2020/21

Customer summary of
our annual performance



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About this document

This document is a summary of our performance against the commitments we agreed to deliver in year one of the five-year business plan period, which runs from 1 April 2020 to 31 March 2025. This five-year period is sometimes called ‘AMP7’. In the first year of AMP7 (1 April 2020 to 31 March 2021) we made substantial investments to improve the services that are important to customers and other stakeholders who are affected by and have an interest in our service and performance. This update highlights where our performance has been better than expected, and explains the areas where we could improve further in the coming years.

Throughout year one, we regularly reviewed our performance with the YourVoice panel. YourVoice is an independent customer and stakeholder group that challenges the way in which we provide our services and the commitments we made in our business plan, which took account of the views of customers and stakeholders. The panel’s members include independent customer and business representatives, as well as quality and environmental regulators. You can read more about the work of the panel and its thoughts on our overall performance on our website at:

 unitedutilities.com/corporate/about-us/performance/yourvoice

There are more details about our performance in our full Annual Performance Report 2020/21 (APR), which the details of this summary are taken from. The 2020/21 United Utilities Group PLC Annual Report and Financial Statements is also available on our website. Links to both of these documents are provided on page 17 of this document.

We are always interested in what customers and stakeholders have to say. If you have any comments about this or any of our other publications, please send them to us at myview@uuplc.co.uk and we’ll get back to you.



Understanding our performance

Our business plan for the period from 1 April 2020 to 31 March 2025 is based on direct feedback from thousands of customers and stakeholders across the North West. This feedback highlighted the areas that were considered top priorities for the services we provide, and helped shape our plans and the benefits we will deliver.

For AMP7 we have seven ‘outcomes’ which describe what we want to achieve for customers. Over the next few pages we describe our performance in year one for each of these outcomes.

These outcomes contain a number of ‘performance commitments’. These are yearly targets we try to meet and which help show customers and stakeholders how well we are performing. We have 46 individual performance commitments across the seven outcomes, as shown in the table below.

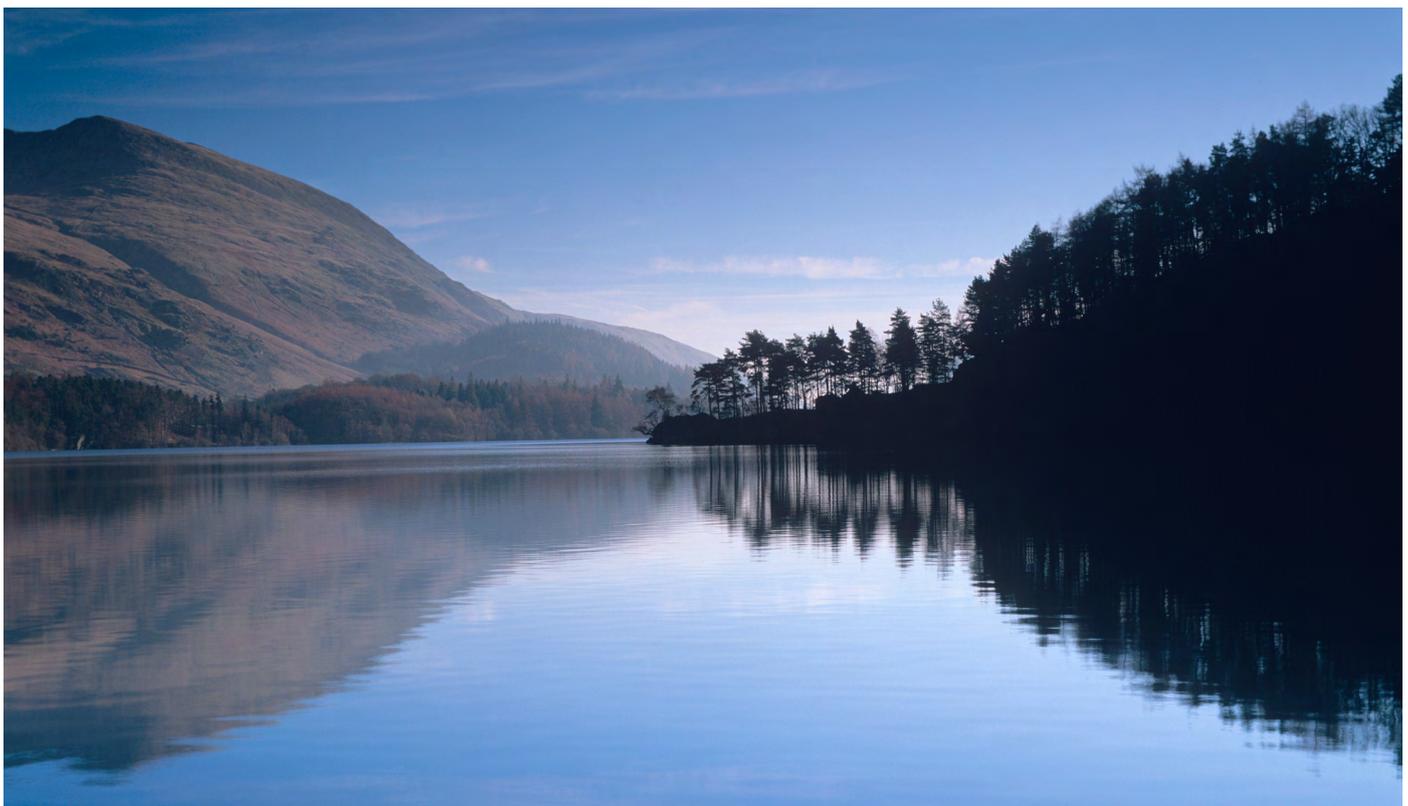
In this document we tell you how many performance commitments we have met or failed to meet. Some of the performance commitments are for targets to be achieved in future years. For these commitments we consider that we have passed the commitment if our plans are ‘on track’ to achieve

the upcoming targets.

Like all water companies, if we beat certain targets we can earn financial incentives called ‘outperformance payments’. But for many targets, if we fail to meet them we receive a financial penalty. These incentives and penalties are then reflected in bills – we can issue higher bills when our performance for customers is strong, but must issue reduced bills if our performance has been poor and we have missed our targets.

Appendix one contains more details about how outperformance payments and financial penalties work, and appendix two shows how they affect customers’ bills.

Outcome description	Number of performance commitments
1. Your drinking water is safe and clean	5
2. You have a reliable supply of water now and in the future	11
3. The natural environment is protected and improved in the way we deliver our services	9
4. You’re highly satisfied with our service and find it easy to do business with us	5
5. We will improve the way we work to keep bills down and improve services	8
6. Collect and recycle wastewater	2
7. The risk of sewer flooding for homes and businesses is reduced	6
Total	46



Year-one overview

This is the first year of AMP7 and we have seen our best ever operational performance, despite the challenges we faced as a result of the ongoing COVID-19 pandemic. We have achieved our plans to protect and improve the environment by bringing forward investments and, where possible, using digital technology to help us deliver benefits sooner, at a lower cost and in a more sustainable way, which can be maintained over the long term and protects resources for future generations. We achieved or beat more than 80% of our performance commitments. We know that we have more work to do across the rest of AMP7 to try to improve our services and achieve more of our targets, and we give more details about this over the next few pages.

Here are some of our highlights:

- We beat our target on leaks for the 15th year in a row, delivering our lowest ever level of leaks, using a combination of techniques ranging from satellite technology to sniffer dogs.
- We have seen the benefits of our Pollution Incident Reduction Plan, with no serious pollution incidents for the second year running, and we reduced the total number of pollution incidents by almost a third.
- By following our performance improvement plans, for the first time ever we have had no wastewater treatment works classed as failing (as assessed by the Environment Agency).
- We have helped over 71,000 customers out of water poverty (people who spend more than 3% of their income on their water bill).
- We are helping more customers who are struggling to pay their bills than ever before through our extensive support schemes, and we acted quickly during the early stages of the pandemic to make sure more customers could benefit from our social tariff payment support scheme.

- We have more than halved our number of supply interruptions, achieving our best ever performance.

The weather has been very challenging during the year. We have experienced significant variations in weather, with long, dry periods as well as major storm events. These conditions have reduced our performance in certain areas, including per capita consumption (the amount of water used per head of population), the number of flooding incidents and the number of written complaints.

Despite the challenges we faced this year, customer satisfaction with our services remains strong. We believe we are in a unique position to make a real, positive contribution to society and we have an ambitious and innovative approach to making our services affordable and helping customers in vulnerable circumstances.

You can read more details about our performance over the next few pages.





1. Your drinking water is safe and clean

What do customers want?

Customers have told us they want a reliable and high-quality water supply that they can trust for quality, taste, appearance and smell. Our water-quality ambition is to meet current and future drinking-water quality standards, providing a reliable supply of safe, clean water for future generations.

We have made five performance commitments about safe, clean water and we have achieved our target, or are on track with delivery, for three of these in year one.

What have we done?

We supply a very high level of water quality and we have continued to deliver a water-quality improvement programme this year, focusing on training and behavioural change for our staff, improving our processes and targeting investment. There are, however, some other areas we will look to improve further in the future.

The water industry measures whether water companies are meeting water-quality standards using a measure called the Compliance Risk Index (CRI), which is defined by the drinking-water quality regulator, the Drinking Water Inspectorate. We aim to achieve a perfect score of zero for this measure, but in year one of AMP7 we missed this target with a score of 2.58. We are confident that our improvement plan will deliver further benefits in future years and we will continue to aim for the zero target.

We also missed our target for reducing the number of contacts we received from customers about the taste, smell or

appearance of their water.

Our performance in year one was 17.7 contacts per 10,000 people, against a target of no more than 17.2. We received fewer contacts about the taste or smell of water, but received more contacts about the appearance of drinking water. We are working with the Drinking Water Inspectorate and have committed to a number of actions to help us to improve our performance in this area, including expanding our programme of cleaning and flushing water mains.

We have increased awareness of how customers can improve the quality of the water in their home and also reduce the amount of water they use. In surveys to measure this, awareness improved by 13.8%, beating our target of 2%. To achieve this we used a number of campaigns aimed at customer groups, including those who use a lot of water. We also continued broader promotion activity, such as through our sponsorship of local ITV weather forecasts, using our water-efficiency campaign, waterwise, and leak-detection messages.

We have two performance commitments that will also help improve water quality, but the programmes of work relating to those commitments won't start until future years. The first of these programmes of work will reduce the discolouration of water from the Vyrnwy treated-water aqueduct and will require mains to be cleaned or relined. The second will help to reduce the risk of lead in customer properties by replacing lead service pipes. We have made significant preparations so that we are ready to start these programmes of work in order to meet our targets.





2. You have a reliable supply of water now and in the future

What do customers want?

Our customers want to rely on us to provide enough water to meet their current and future needs. We want to improve the reliability of the water we supply, reducing both short-term interruptions and the risk of longer-term interruptions. We are focusing on reducing leaks and encouraging water efficiency, which research has shown to be high priorities for customers.

We have made 11 performance commitments about the reliability of the water supply and we have achieved nine of these in year one.

What have we done?

We are proud to have achieved our lowest ever level of leaks through one of our largest yearly reductions ever, and we are on track to reduce leaks by 15% over AMP7 by using traditional and innovative techniques.

Our performance on supply interruptions has been another area of success for us. The average time that customers were without a water supply was 4 minutes 48 seconds. This is our best ever performance, and saw a 53% reduction in customer interruptions compared with last year. It is the third year in a row we have beaten our annual target, and this is our biggest ever yearly improvement.

We were also successful in reducing the number of mains repairs and improving our resilience measures (measures taken to maintain essential services in a range of circumstances).

We fell short of our target for the number of properties on the low-water-pressure register, with 1.113 per 10,000 connected properties against our target of no more than 0.760. In the last year we experienced an increase in demand and a change in demand patterns due to the COVID-19 pandemic and dry weather, which increased the number of customers who had low pressure. We will continue to work on pressure control in the network and will look for ways to improve water pressure going forward.

'Per capita consumption' is a measure of the average amount of water each person in our region uses each day. More customers have spent more time at home during the COVID-19 pandemic, and everyone has used more water for washing their hands. This has increased the amount of water being used. We have been working with customers to help them understand their water use and make informed choices to use less water where possible. Despite this, however, we were unable to achieve our target of reducing the amount of water each person used per day by 1.3 litres. Instead this figure increased by 1.7 litres per person per day.

We will continue to work hard to encourage customers to save water through water-efficiency programmes, helping them to protect this precious resource and save money on their bills.





3. The natural environment is protected and improved in the way we deliver our services

What do customers want?

Customers, stakeholders and regulators expect us to improve the quality of the environment. We are delivering a programme of environmental improvements and, where possible, achieving this in a more sustainable way which can be maintained over the long term and protects resources for future generations. We aim to run and maintain our assets (for example, wastewater treatment works, water sources and pipelines) effectively to avoid polluting the environment. We are also looking to adapt to the effect of things that are outside our control, such as climate change and population growth, and encourage customers to make changes to their behaviour so we can reduce the amount of water we need to take from environmentally sensitive sites where water is sometimes scarce. We have made nine performance commitments about protecting and improving the natural environment through the way we provide our services.

We have achieved our target, or are on track with delivery, for seven of our performance commitments in year one.

What have we done?

To continue to reduce pollution incidents, we have put in place a pollution-incident reduction plan. This plan contains a number of strategic initiatives and targeted approaches for our staff, covering topics such as culture, systems thinking (understanding how individual parts of a system such as the wastewater network interact, in order to identify patterns of behaviour and so predict behaviour in different circumstances), training and maintenance. As a result of this effort, we have achieved our best ever performance of 18.1 pollution incidents per 10,000 kilometres of sewer, representing a 31% reduction in incidents compared with the previous year. We are particularly pleased to have achieved no events in the most serious category of pollution incidents.

We have also developed an overall improvement plan to make sure our wastewater treatment works meet the conditions of their Environment Agency permit, and have put in place individual intensive care plans for sites we consider to be at high risk of failing to meet these in the future. This year, just one treatment works did not meet the conditions of its Environment Agency permit. This is our best ever performance against this standard, but still means we narrowly missed our target of 100%, achieving 99.75%.

To improve air quality, we want to reduce the environmental effect of emissions from our bioresources sites, which are the sites where we use sewage sludge to produce energy. We delivered a programme of work which meant we released less nitrogen oxide per unit of energy produced from our bioresources facilities. This programme of work, along with continuing to maintain our assets well, meant we were able to reduce the amount of nitrous oxide released per unit of energy produced, achieving 1.30 NO_x/GWh (nitrous oxide per gigawatt hour), beating our target of no more than 1.42.

Despite a year of positive performance, there was one incident where we did not meet our performance commitment in the biosolids management process, which is the process to recycle the final product from our bioresources operations. This meant we achieved a 99.87% performance against a target of 100% for our performance commitment on recycling biosolids. We carried out a review following the incident and have now put measures in place to avoid similar failures in the future. We expect a performance of 100% against this performance commitment over the rest of AMP7.





4. You're highly satisfied with our service and find it easy to do business with us

What do customers want?

We are committed to delivering the best possible service for customers. We will work to offer customers the services that they want and value. We will promote support for customers in vulnerable circumstances and make sure that the support we provide is of an excellent standard by achieving and maintaining a British Standards Institution accreditation for inclusive service.

We have made five performance commitments about customer satisfaction and being easy to do business with. We have achieved all five commitments in year one.

What have we done?

Our Priority Services scheme is for customers who need extra support or who are in vulnerable circumstances. It offers services such as providing bills in Braille or large print, our staff using passwords when visiting customers' homes, and extra support during supply interruptions. We are really pleased that this year we achieved accreditation from the British Standards Institution (BSI) following their assessment of the quality of this service. We continued to increase the number of customers registered for our Priority Services scheme, and now have over 128,000 customers registered.

We have performed well in C-MeX, which is the measure used across the water industry to assess customer service and experience. We now offer ten ways for customers to contact us, including traditional contact methods like phone or post as well as email, social media and live chat. One element of the C-MeX score where we performed less well was an increase in the number of written complaints. Many of these were related to dry weather, the effect of storms and high water usage.

D-MeX is the measure of service and experience provided to developers such as housebuilders. It measures the speed of the service we provide to developers for things such as providing quotations for connections, responding to enquiries before development work starts, and site inspections. It also measures customer satisfaction with those services.

For both C-MeX and D-MeX we achieved fifth position out of 17 water companies.

We also measure our performance in delivering high standards in the quality of our roadwork sites and reinstatements (filling in excavations). We beat our target in this area. Our target is for no more than 11% of completed work to fail to achieve standards. Our performance was 10.56%.





5. We will improve the way we work to keep bills down and improve services

What do customers want?

Customers want bills that are fair and affordable, with support available for those who are struggling to pay, and want money spent on programmes of work that will bring real improvements to services and the region as a whole. We also aim to make sure that we are sending bills to all customers who are receiving our services.

We have made eight performance commitments about the way we work to keep bills down and improve our services. We have achieved our target, or are on track with delivery, for eight of these in year one.

What have we done?

Throughout the year we have continued to involve customers in many different aspects of the services we offer, including 'stop the block' messages, water-efficiency measures, the winterwise scheme, our leaks service and promoting our app and My Account services. We are very pleased that 78% of customers who took part in a survey say we offer value for money. This is better than our target of 71% of customers. We look forward to restarting our face-to-face activities to involve our customers when it is safe to do so.

A customer is considered to be in water poverty if they spend more than 3% of their household income on their water bill. This year we helped 71,000 customers out of water poverty. This was better than our target of 57,600. We have continued to promote all of our customer support schemes and have extended some of these to support customers who have been furloughed or made redundant as a result of the COVID-19 pandemic. We work with

money advice agencies, such as Turn2Us and Stepchange, to promote the support they can provide.

By making sure we get all customers' bills correct, we can make sure all the bills we issue are fairer. We've improved our performance by using a number of existing and innovative approaches to calculate bills. This includes developing an app to help staff identify properties where the occupants may not yet have contacted us to register for bills to pay for our services.

We also achieved our year-one target for systems thinking. This is an approach that involves managing our assets, people and processes as part of a broader overview of our systems, using factors such as location, landscape and weather information. This means that we understand the bigger picture associated with our work and can understand patterns and predict performance, in order to work more efficiently and effectively and aim to avoid service failures before they affect customers or the environment.



8/8
measures
achieved



6. Collect and recycle wastewater

What do customers want?

Customers recognise that removing wastewater is one of our main responsibilities. There is strong customer and stakeholder support for reducing both flooding and pollution incidents associated with wastewater. We aim to achieve this through innovative technologies and planned programmes of work to manage risks before they affect customers.

We have made two performance commitments about collecting and recycling wastewater and met the year-one target for one of these.

What have we done?

Our positive performance on sewer collapses is a result of our early investment programme, improved technical checks of each incident and active approach to investigating problems on the sewer so that we can stop repeat events.

This survey work has helped us to identify collapses and other problems on the sewer network before they affect customers or the environment. Our target was no more than 15.51 sewer collapses per 1,000 kilometres of sewer and we beat this by achieving 14.61.

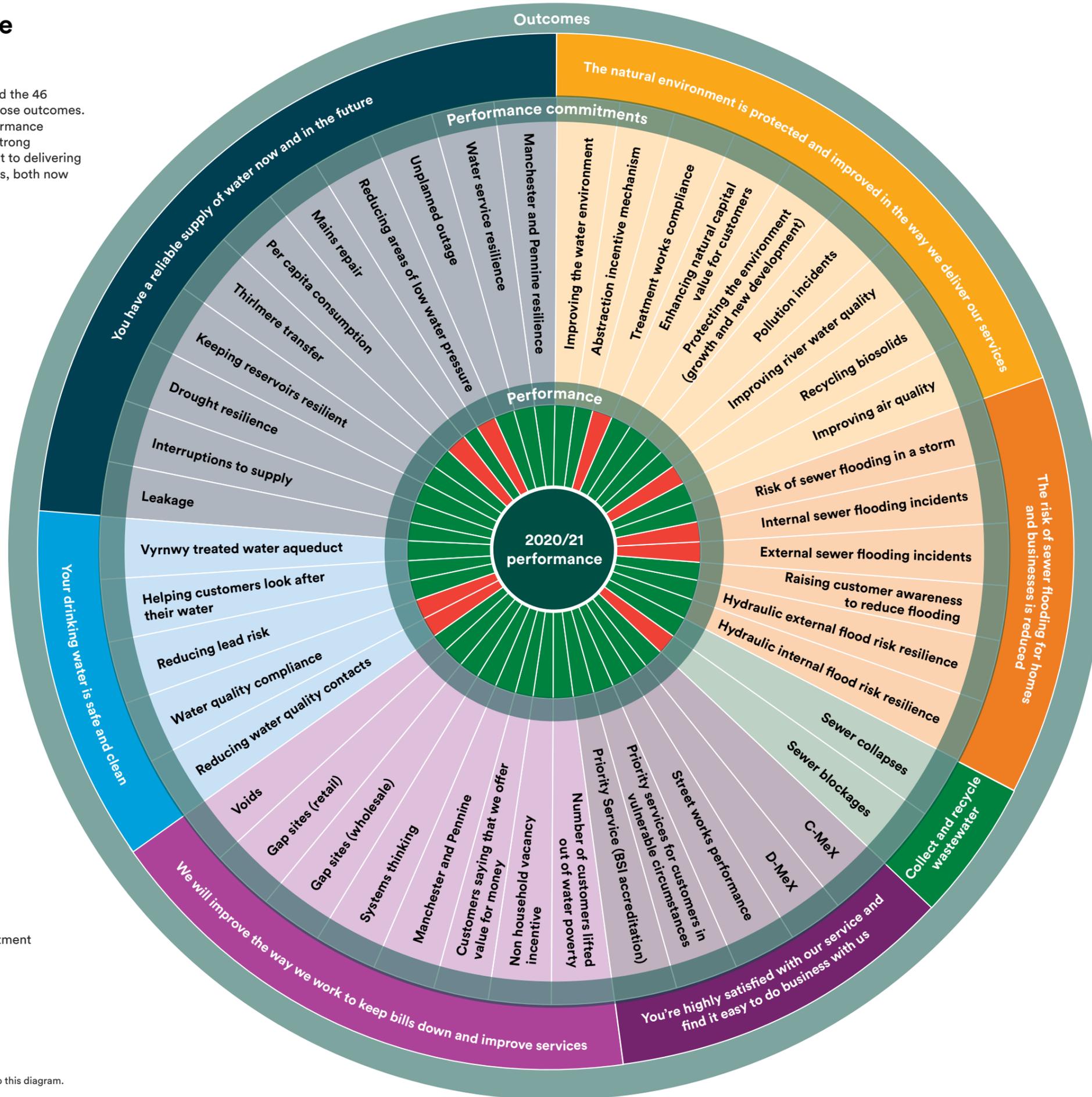
To reduce the number of sewer blockages we are continuing with increased sewer cleaning programmes and customer campaigns such as 'stop the block', and we are employing dedicated blockage teams to respond to incidents faster. We are also rolling out our dynamic network management model, which makes innovative use of monitors in the sewer network to help us identify changes.

This means we can identify possible issues before they happen and deal with them before they affect our service. Our performance in year one was 22,352 blockages, meaning we failed to meet our target of no more than 20,664 incidents. However, we are confident that the strategies we are putting in place should help improve our performance in future years.



Year one performance

This diagram shows our seven outcomes and the 46 performance commitments that make up those outcomes. We have met or exceeded 37 of these performance commitments in year one (over 80%). This strong performance demonstrates our commitment to delivering what matters to customers and communities, both now and into the future.



Key:
■ Performance commitment not met
■ Met or exceeded performance commitment

Plain English Campaign's Crystal Mark does not apply to this diagram.

Appendix one – How do underperformance and outperformance payments work?

In AMP7 we have agreed to deliver 46 different performance commitments. Each performance commitment is based on what matters to customers and stakeholders and will mean that we need to improve the level of service we provide. Each of these commitments has an incentive placed against the performance targets. For some performance commitments we can earn an outperformance payment (or reward) for great performance or have to pay an underperformance payment (a penalty) if we don't perform well. Outperformance and underperformance payments will be reflected in customers' bills. Some commitments have no financial incentive but can have a positive or negative effect on our reputation. The table below shows the different types of incentives.

Incentive	Description
Underperformance	If our performance is worse than our target or deadband level (see below), we will pay an underperformance payment.
Outperformance	If our performance is better than our target or deadband level, we will receive an outperformance payment.
Non-financial	Although we will not pay any underperformance payments or receive any outperformance payments for this type of incentive, poor performance could damage our reputation, while good performance could improve our reputation.

Note: A deadband is a buffer which means we don't pay a penalty or receive a reward as soon as we beat or fail targets. This helps make sure that we receive rewards for great performance and that we are not penalised for small underperformances which might be beyond our control.



Appendix two – How our performance affects your bill (bill impact)

In period adjustment – For most of our performance commitments, the penalties and rewards that apply as a result of our performance will be added up at the end of each financial year and reported in our Annual Performance Report. If we receive an overall reward, we can make a small increase to customer bills in the following financial year. If we are in an overall penalty position, we will reduce customer bills in the following financial year.

End of period – For a small number of our performance commitments we will measure and report our performance across the full five years of AMP7 and then work out whether we have met or failed our targets. Any penalties and rewards generated from these performance commitments will be added to or taken off customers' bills in the last year of AMP7 and the first year of the next AMP.

We have met or beaten over 80% of the targets in year one, improving the services that we provide to customers. Our performance has generated financial penalties of -£13.394 million and outperformance payments of £32.477 million. Ofwat (the economic regulator for the water industry) has decided that the underperformance payments that relate to

the per capita consumption target should be deferred until year five of AMP7. This means that the net outperformance payment for year one of AMP7 is expected to be £20.825 million. Ofwat will now review our calculations and reported performance and will decide the final value of these payments for year one of AMP7. These will then be reflected in customers' bills for the 2022/23 charging year.

The total level of customers' bills in 2022/23 will also depend on a number of other factors which have yet to be decided or reported. These include the level of inflation recorded for November 2021 (which is not reported until December 2021). This means that we cannot publish final information about changes to bills in 2022/23 until late 2021 and early 2022.

However, if Ofwat confirms our estimate of an outperformance payment of £20.825 million, we think it is likely that this will add approximately £7 to £8 to the average household bill to reflect the increased level of performance we have provided. This represents approximately 2% of the average household bill in 2020/21, which was £434.



Useful links

United Utilities Annual Performance Report 2020/21

unitedutilities.com/globalassets/documents/pdf/united-utilities-annual-performance-report-2020-21

United Utilities Final Assurance Plan for our Annual Performance Report 2020/21

unitedutilities.com/corporate/about-us/performance/assuring-our-performance-2020-25

United Utilities Group PLC Annual Report and Financial Statements for the year ended 31 March 2021

unitedutilities.annualreport2021.com

Historic United Utilities Group PLC Annual Reports

unitedutilities.com/corporate/investors/results-and-presentations/annual-reports

Our Final Business Plan for 2020–25

unitedutilities.com/corporate/about-us/our-future-plans/Our-current-business-plan/

Pollution Incident Reduction Plan

unitedutilities.com/globalassets/documents/pdf/pollution-incident-reduction-plan_september-2020.pdf

YourVoice Customer panel

unitedutilities.com/corporate/about-us/performance/yourvoice

YourVoice statement 2020/21

unitedutilities.com/globalassets/documents/pdf/apr-yourvoice-statement-2020-21

Discover Water – United Utilities performance compared with other water companies

discoverwater.co.uk