



The voice for water consumers
Llais defnyddwyr dŵr

CCW's response to Ofwat's

Putting water customers first: A consultation on introducing a customer- focused condition into the licences of all water companies in England and Wales

June 2023

Introduction

1. The Consumer Council for Water (CCW) is the statutory consumer organisation representing household and non-household water and sewerage consumers in England and Wales. We welcome the opportunity to provide a response to Ofwat's consultation
2. We are pleased to have been able to provide our views to Ofwat as it has developed its thinking on the proposed customer licence condition. We have also undertaken customer research¹ jointly with Ofwat to help ensure that people's views, expectations and experiences feed into this work and are central to the outcomes it will drive for them.

Our response

3. CCW welcomes the proposed introduction of a customer licence condition. We believe that the legal duty created can help ensure the industry gives appropriate focus to meeting the needs and expectations of people into the future. We also recommended the introduction of the customer licence condition in our 2021 independent review of water affordability for UK and Welsh Governments.²

Do you have any comments on the outcomes or examples?

4. We support the outcomes identified by Ofwat. CCW has extensive day-to-day contact with people as we answer their enquiries; help resolve the problems they experience with their water services, and through our extensive customer research. We consider that the outcomes underlying the licence condition align well with what customers tell us about their experiences and expectations.

¹ Ofwat/CCW Customer Licence Condition Research <https://www.ccw.org.uk/publication/customer-licence-condition-research/>

² CCW – Independent Review of Water Affordability <https://www.ccw.org.uk/our-work/affordability-and-vulnerability/affordability-review/affordability-review-recommendations/>

5. We tested outcomes and principles in the joint research³ project. All participants felt the outcomes were appropriate and covered the areas they would expect in receiving good service from their water company. Few felt that there were gaps or potential omissions. When respondents did mention this it tended to relate to more specific requirements that would more appropriately sit in the guidance that will accompany the Licence.

Do you have any suggested changes to the proposed wording of the principles to meet our specified outcomes for households?

6. We do not wish to propose any changes to the wording. We have already had the opportunity to input to the drafting of the principles as Ofwat has worked with us in developing its proposed approach.
7. We support the use of a principles based approach allowing for flexibility of application to specific scenarios and for greater opportunity for innovation in delivering customer outcomes.

Do you agree with our proposed approach to exclude non-households from the condition relating to customers struggling to pay or in debt, consistent with corresponding non-households served by a retailer?

8. It is appropriate to differentiate between the affordability support that should be available to household and to business customers. Businesses incur water service costs, at least primarily, in the operation of a business or a service rather than in meeting the essential living needs of the customer. As such, we agree that this particular provision should not apply to non-household customers even where they are served by an appointee rather than a business retailer.
9. Ofwat might consider whether a separate Licence Condition applicable to micro and small businesses in England is appropriate on issues that are similar to household

³ Ofwat/CCW Customer Licence Condition Research <https://www.ccw.org.uk/publication/customer-licence-condition-research/>

issues, such as debt payment or the provision of water during incidents to businesses with livestock, taking into account the findings of the review of the businesses Customer Protection Code of Practice.

Do you agree with our proposed approach that the remainder of the licence condition apply to non-household customers without a retailer?

10. We agree that the remainder of the licence condition should apply to non-households that are not part of the business retail market and subject to the protections provided to those customers. Outside of the protections in relation to financial vulnerability, non-households have the same right as households to expect that their services meet standards that align with the licence condition principles. This includes the provisions relating to non-financial vulnerability ensuring services meet the needs of all consumers.

Should any areas of customer service be prioritised in our development of the guidance? If so, which areas?

11. It will be helpful for Ofwat to provide a comprehensive range of guidance across the areas covered by the licence. Our joint research⁴ identified that customers see this as an important step in ensuring companies understand what is expected of them and can be held to account for performance. As such, we would like to see Ofwat move to develop guidance across all relevant areas at the earliest opportunity, and we will contribute to this work.

12. Ofwat has already taken steps to update guidance on supporting customers who are struggling to pay through its Paying Fair Guidelines⁵. It has also begun the process to review guidance on supporting customers at risk of wider vulnerability. We welcome

⁴ Ofwat/CCW Customer Licence Condition Research <https://www.ccw.org.uk/publication/customer-licence-condition-research/>

⁵ Ofwat Paying Fair Guidelines <https://www.ofwat.gov.uk/regulated-companies/vulnerability/paying-fair-guidelines/>

Ofwat giving priority to these areas to ensure that updated guidance is in place at the earliest opportunity to protect consumers facing potential vulnerability.

Which matters / company activities will benefit from having more detailed guidance, and which less?

13. Respondents to our research indicated a preference for guidance to be specific without being restrictive; giving water companies a clear indication of what is expected and how to deliver it without stifling innovation.
14. Overall we feel that there a balance will need to be struck between the specificity of guidance and the need for adequate flexibility and less detailed guidance. This applies across the range of principles covered by the guidance. Greater specificity is likely to be needed in relation to aspects of service where the risk of significant detriment is higher, such as in relation to supporting vulnerable customers and those in debt who are financially vulnerable. Specific guidance relating to customer information and complaint processes will also be important.
15. Less detailed guidance may be required where the similar outcomes can be achieved in a range of different ways without a high risk of significant detriment. For example, this might apply to the way in which companies approach putting things right when things have gone wrong.

Do you agree with our proposal to include reference to CCW as a consultee within guidance?

16. Yes, we welcome the proposal including reference to companies needing to consult with CCW in finalising their policies or procedures on specified matters. This builds on the role we already undertake under the current licence condition G. We will work with Ofwat to ensure this is reflected in the guidance documents that are developed.

How can we gather further insight on company performance in this area?

17. There will be benefit in Ofwat bringing together multiple stands of evidence to assess performance both proactively and reactively. We are keen to work closely with Ofwat on this and believe we can provide useful intelligence to support Ofwat's monitoring

of compliance with the licence condition, highlighting both any potential areas of concern and good practice.

18. CCW is well placed to provide useful intelligence based on our skills and experience, the information we gather through complaints and research, and our close and on-going engagement with customers and companies. This basket of evidence enables us to identify areas of concern and provide an integrated and triangulated assessment of company performance.

19. Key areas where CCW can provide insights include:

- Complaints – including complaints about incidents, ease of contact, debt and vulnerability support and ADR outcomes
- Assessments on incidents, complaint handling, and debt processes
- Data and research evidence, including our annual water matters tracking research
- Social media monitoring and mystery shopping exercises

20. There is particular value in the fact that CCW represents a source of independent evidence, helping to validate any conclusions ultimately reached by Ofwat.

What are your views on annual reporting requirements to monitor compliance against the licence condition?

21. We support the proposal for companies to report annually on compliance with the principles set out in the licence condition. This will help ensure companies maintain good focus on delivering service that meets required standards. It will be useful to have their account of how they have performed, what improvements they need to make, and what action will be taken to achieve this. We will need to work with Ofwat to ensure we have clarity over the information Ofwat collects and the information CCW collects.

What are your views on our proposed timescales for implementation?

22. We support the proposal to introduce the new licence condition in Quarter 3 of 2023/24 following the statutory processes.

What are your views on consequent changes to other conditions in licences and are there any other changes we should make?

23. It would seem sensible to remove Condition J and to set out monitoring and reporting needs within guidance.