



Protecting consumers, promoting
value and safeguarding the future

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Dear Larry

Response to the Draft Forward Work Programme

We welcome the opportunity to respond to your first draft forward programme and hope that our comments will be helpful. As the economic regulator of the water and sewerage sectors in England and Wales, we seek to protect consumers, promote value and safeguard the future. As such we have an interest in issues that affect all consumers and particularly consumers of other utility sectors.

Overview

We welcome the broad thrust of the proposals in your forward programme. We are keen to work with Consumer Focus and look to identify opportunities where we have common goals and to avoid any duplication.

We look forward to working with Consumer Focus to understand how consumers will benefit from the merging of Postwatch and Energywatch with NCC. We wish to understand how the lessons from the current merger might impact on the forthcoming review of CCWater. We are concerned to ensure that any future developments do not lessen the protection available to water consumers both domestic and non domestic.

You propose four strategic goals of value, service, access and sustainability these echo our wishes to "protect consumers, promote value and safeguard the future". We believe that consumers will be further protected through our plans to open up the water sector to more competition.

We are unclear from your draft programme how you propose to measure the outcome of your programme in a way that would enable your success to be recognised by the consumers who benefit by your actions.

As a general point we are keen to see that service improves and consumers see and feel the benefit.

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We are looking forward to the progress of your work on rating regulators. We trust that the study will provide soundly based comparisons which can inform our thinking and that we can continue the constructive discussion that we have begun.

Some more detailed points in response to the specific questions asked:-

a. How best can we be an advocate for the interests of energy and post consumers?

We would advocate an approach which objectively identifies consumer needs, prioritises these and then delivers against measured and visible outcomes.

b. Do you agree we should be an advocate for better customer service in public services?

We are keen to explore with Consumer Focus how we and the industry can learn from other sectors both public and private.

We would welcome the development of clear methods of comparing service across sectors to enable us and CCWater to put service in water sector in context. Within the water sector we believe that better service is currently being driven by the actions we are taking to focus on reducing failure demand, getting things right first time. We are introducing measures of consumer experience which focus water companies on delivering improved levels of service. For the longer term, we are also promoting a new competitive regime in order to further improve the service delivered within the sector.

c. Do you agree we should find ways to champion the interests of vulnerable consumers?

We look forward to the establishment of a broad based consumer body as this may provide opportunities for cross sector co-ordination of support for consumers who maybe classed as vulnerable in several sectors and who might benefit from a more integrated approach. For example there are difficulties in identifying consumers who are eligible for support and issues of sharing data across agencies hinder the targeting of support. We are interested in working with Consumer Focus in this area.

d. Do you agree that we should find ways to promote sustainable consumption?

We welcome your desire to improve sustainable consumption. We recently published our climate change policy statement which aligns with our strategic aim of "taking a long-term view of sustainability". We would wish to avoid duplication of effort and need to understand how your proposals and actions add to our work.

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e. Are the strategic goals that we have set helpful for consumers?

You define your proposed vision as "*more power to the people*" with a supporting Mission of "*fair deals and fair chances*". We support the concept of fairness and have recently reaffirmed our support for this as one of our key charging principles. We also agree that consumers need to be well informed and empowered so that they can exercise choice and hold suppliers to account.

We would expect consumers to be able to identify with your strategic goals of Value, Service, Access and Sustainability as their priorities for your activities and then be able to see how these aims have been achieved.

f. What priority would you give to each of these goals?

We consider each of your goals to be of equal importance?

g. Are there other things in strategic terms that we should NOT do?

We would hope that Consumer Focus will focus on where it can best add value through the cross sector view that it can bring. Targeting areas not served by others would seem to be in the most appropriate use of resources.

h. Are these criteria right for us to use in deciding how to use our resources on behalf of consumers?

One criterion which is no doubt implied but not directly stated is that there is a clear need or problem which is to be targeted by the your work when tested against these criteria, for example where markets or regulated industries are failing to meet consumers' needs.

i. Do you have any other suggestions for what we should work on?

A significant proportion of customers within the sectors you currently oversee are not individuals but business customers. Will business customers continue to have a voice through Consumer Focus? We believe that there could be a gap here which we would wish to understand as the review of CCWater approaches.

j. Are there any proposals here that you feel we should NOT pursue?

Any work which has not been derived from a demonstrable consumer need or problem.

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l. Who else should we be forming partnerships with?

We would welcome good working relationships between Consumer Focus, the sector regulators and the providers of the services. You could also form partnerships with organisations which exist to promote the interests of customers and customer service for example the Institute of Customer Service.

m. What do you see as our biggest risks?

In our view there is a risk that the current plans might leave some consumers less protected than at present. There appears to be a risk that the clear statement that NCC will not undertake case work and that Consumer Direct will only operate a telephone service leaves individual consumers with documentary and written case work unprotected. We are concerned to see how well the new arrangements are actually delivered to ensure that consumers are protected during any potential changes which affect the water sector.

o. Do these four critical success factors seem right?

The criteria look at how your work will be progressed once it is identified. It is not clear how you set out to identify the initial problem areas which will become your focus in an objective and evidence based way. It is not clear how you propose to measure the success of your activities.

Yours sincerely

Andrew Dunn
Ofwat