

GSS consultation
Ofwat
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10th September 2018

Wessex Water response – Call for evidence consultation - Guaranteed Standards Scheme (GSS)

Thank you for the opportunity to comment on this consultation.

Although we understand why this consultation is focussing on restoration of supply, it feels like a missed opportunity for a wider review of the Guaranteed Standards Scheme both in terms of the standards of service covered by the scheme and the compensation payable. The scheme has not been reviewed for some time and we question whether it reflects customers' current expectations or priorities. For example, ten days to respond to a written complaint may not be in line with customer expectations, given the growth in email contact.

In 2014 we did a full review of our Promise with our Have your say online customer panel both in terms of the Promises we make, the compensation payable and the method of making compensation payments. We tested minimum compensation ranging from £10 through to £30. We have used the insight from our research to inform the response to the questions in this consultation and a copy of the research newsletter and full research report are attached.

Under our Wessex Water Promise we offer enhanced guaranteed standards of service and minimum compensation of £25 which is above the statutory level. We also offer a number of company specific Promises over and above those included within the statutory scheme.

Our research showed that many of these company specific Promises such as response times and clean ups for sewage flooding, advance notice of work in the street, dealing with water quality contacts including sampling, and reading meters on the day of a house move were all very important to customers. Promises relating to simpler billing or administrative tasks are less important to customers.

I hope you find this helpful.

Regards

Appendix 1

Question 1

Adjusting the levels of compensation for supply not being restored under the GSS arrangements.

- a. **Should the levels of compensation for supply not being restored under the GSS arrangements be maintained or increased?**

Under our Wessex Water Promise for supply restoration, we automatically pay an initial payment of £25 followed by £25 for each additional 24 hours without water. For business customers our Retailer Promise gives an initial automatic payment of £50 followed by £50 for each additional 24 hours without water.

Our research suggests a number of customers expect higher levels of payment for restoration of supply than the current minimum £20 - 40% suggested £30 for unplanned interruptions and 33% suggested £30 for planned interruptions. We decided to offer a consistent minimum payment in our Promise that was higher than GSS rather than offer different payment amounts for each Promise. This seemed easier for customers to understand.

On this basis we would be comfortable if the GSS compensation was increased but we believe the payment for each additional 24 hours should also be reviewed and potentially increased to match the initial payment. This better acknowledges the ongoing impact and inconvenience of a supply interruption.

- b. **Could an increase in the minimum level result in companies paying less compensation to customers than they currently do by encouraging them to not exceed a higher minimum? If so, how could this be addressed?**

This would be unlikely. We do not currently have plans to amend our Wessex Promise and would continue to offer an overall enhanced minimum payment of £25. If the minimum payment for supply restoration is increased to £25 for example, then it would match our Promise for this area of service. If the minimum was increased to £30, then we would amend our Promise for restoration of supply.

Question 2

Payment thresholds and exemptions for supply not being restored.

- a. **Should these thresholds be changed in the any way (e.g. brought forward, reduce the length of time between graduations)? If so, how and why?**

We didn't look at this specifically in our research but there were no negative verbatim comments from customers on the thresholds used to trigger compensation.

This only really affects unplanned interruptions (12 and 48-hour thresholds) as payment is triggered for planned interruptions as soon as the time on the notice is exceeded.

We would suggest asking customers what they expect in terms of the trigger point for compensation. Generally, customers are very tolerant if things go wrong as long as the customer service and support they receive from their water company

is very good. Restoring the supply and providing alternative supplies while that is being done is more important than compensation. We include a Promise for example around the provision of bottled water.

b. Should compensation increase by a larger amount the longer the disruption lasts (i.e. exponential)?

We need to be careful that GSS is kept as simple as possible for customers to understand. Rather than exponential increases we would prefer an increase in the payment for each additional 24 hours as suggested above.

c. Should there be any changes made to the current exemptions to the GSS for supply not being restored?

No.

Question 3

Other areas to consider relating to compensation for supply not being restored.

a. Should GSS be expanded beyond supply interruptions to cover supply restrictions, such as temporary use bans?

No.

b. Are there any other changes to the arrangement we should consider relating to payments for supply not being restored to ensure that customers receive fair, fast and free from hassle compensation?

Our research showed that 47% of customers would prefer compensation to be paid directly into their bank account. Traditionally GSS payments have been made by cheque or credit to billing accounts.

Question 4

Adjusting all payments under the GSS by inflation.

a. All payments could be increased by inflation retrospectively from 2001 when the levels of compensation were last changed. Would this approach be reasonable and proportionate?

We do not believe this is the right approach. We would advocate basing compensation payments on customers' expectations. Our research showed, on a cumulative basis, 62% are happy with £20 as the minimum compensation across GSS as a whole, 73% with £25 and 100% with £30.

In the case of billing or more administration type standards, many felt £10 or £15 was sufficient as this better matched the impact. For example, 45% felt £10 was sufficient if we failed to answer a written complaint in 10 working days, 43% felt £10 was sufficient for failing to agree a day and time to suit them for an appointment and 50% felt £10 was sufficient if we failed to answer an account query in 10 working days.

b. All payments could be price inflated automatically in future. Would this approach be reasonable and proportionate?

We would prefer a review to be undertaken and then the GSS payment levels set for a period of time. Annual review would be unnecessary.

Question 5

GSS arrangements for different types of customers.

- a. **Should the arrangements differentiate between compensation for businesses of different sizes (e.g. big businesses and SMEs)? If so, what approaches could be adopted in order to differentiate fairly?**

No. The loss of supply can have as significant an impact on a factory as a local hairdresser. Compensation should be kept simple for customers and their retailers, many of whom have to deal with multiple wholesalers.

If differentiation on compensation was considered, you could use the customer segmentation by consumption used by [MOSL](#). Alternatives such as 'by tariff' would be difficult given the wide variety of wholesaler and retailer tariffs in the market.

The market also offers an opportunity for retailers to offer added value services during supply interruptions, lessening the impact on customers. Ofwat's approval of CPW010 on sharing of emergency contact details helps with this.

- b. **Should there be different compensation arrangements for customers in vulnerable circumstances? If so, what approaches would be adopted in order to differentiate fairly?**

We do not believe there should be differences in the minimum compensation for different customers. We should offer a fully inclusive service and support all customers appropriately through a service failure.

That said companies should be able to choose to offer additional compensation to those who have suffered greater financial impact such as those on low incomes if they choose.

Under our Wessex Water Promise we do have Promises for those registering for our Priority Services scheme. This is an extract from our Promise booklet.

| PRIORITY SERVICES | | Compensation if we fail to keep our promise | How we'll pay you |
|-------------------|--|---|-------------------|
| Registering | We will register you for Priority Services immediately if you call us. | £25 | C |
| | We will register you for Priority Services within 10 working days if you email or write to us, or fill in our online form. | £25 | C |
| Our commitments | <p>We'll compensate you if you have asked us to do the following and we don't:</p> <ul style="list-style-type: none"> • send you a bill in a particular format, eg, braille, large print or a language other than English • communicate with you in your preferred way • send an item of literature in the format you choose. | £25 | C |

These could be expanded to include additional protection during a supply interruption or major incident that falls outside communication.

Question 6

Are there any other changes to the arrangement we should consider relating to all compensation payments under the GSS to ensure that customers receive fair, fast and free from hassle compensation?

We have made a suggestion above about the method of payment.