

# Ofwat webinar: Engaging Customers, Addressing Affordability and Vulnerability

**14 February 2019 3.00 – 5.00**

**Q and A**

## Areas covered:

- Engaging customers
- Addressing Affordability and Vulnerability

[Webinar slides are available on our website.](#)

## Question and answer session

**Q. If we are doing further engagement around ODIs before 1st April with limited time are Ofwat OK with the company just gaining customer support for in or out of period ODIs at a total package level, or are you expecting this to be done for each individual ODI in the proposed package?**

**A.** In our Final Methodology we set out our expectation that companies would adopt in-period ODIs as a default for all their ODIs. We did however recognise that in-period ODIs may not be appropriate in some cases (for example due to a performance commitment relating to a long-term objective with significant uncontrollable short-term variation or due to the innovative nature of a proposed PCs.). Where this is the case we expect companies to provide a justification relating to the specific performance commitment. It is, however, ultimately a matter for companies to determine what, if any, additional evidence (including customer engagement) is required to address our actions on the timing of ODIs

**Q. Where companies have revised ODI packages as a result of Ofwat issues raised does Ofwat anticipate a re-run of customer engagement to support any modified rewards and penalties? Does this include areas where changes to ODI targets have been mandated?**

**A.** We expect companies to use the PR19 methodology to guide their decisions on where new evidence of customer support is needed. It is possible that some companies already have evidence of customer support that was not submitted in or with the 3 September business plans, or it may be necessary to generate evidence of customer support via new customer engagement activities. We understand the limitations that companies have, due to the limited time available for development of new evidence, so anticipate that they will determine how to generate the best quality evidence possible within the timeframe.

**Q. In referencing on-going engagement were you reflecting companies' on-going activity in terms of now i.e. prior to business plan engagement or the plans they had**

**for future on-going engagement.**

**A.** In assessing ongoing engagement, we reviewed what companies had been doing in terms of ongoing engagement with customers during and since the last price review as it is this engagement that should have shaped the business plan submitted to us on 3 September.

We used the evidence provided on customer engagement to then assess how well companies have reflected customer views in its proposals in business plans.

**Q. If we commission additional research that will not be finished before 1st April to ensure it is sufficiently high quality, will you consider it for draft determination if it is submitted after 1st April?**

**A.** The material provided on 1 April will need to be done to the highest quality possible within the time available, to ensure we have enough sufficient evidence to develop the draft determinations.

There will be an opportunity for companies to respond to our draft determinations, including the provision of additional evidence of customer support.

**Q. Where companies have made revisions to business plan submissions which have impacted bill levels does Ofwat anticipate that overall acceptability testing will be re-performed?**

**A.** Unless specifically identified in a company's set of actions, there is no explicit requirement to undertake further bill acceptability testing. We encourage companies to consider whether further testing is in the best interests of customers as part of their re-submitted business plans.

Some of our actions require companies to adopt new performance commitments, this is not in itself a reason for companies to drop any performance commitments already included in their business plans. A company needs to provide convincing evidence to support its rationale, if it decides to drop Performance Commitments it has already proposed in its business plan.

**Q. As part of the new PC, has Ofwat considered the impact on data checking with the implementation of data share with the energy companies and the driver to have a one stop shop from either water or energy?**

**A:** The UKRN initiative on data sharing was considered in the development of the new common performance commitment, in particular the opportunity it presents for companies to improve the quality of their customer data.

In terms of data checking, it's up to companies to satisfy themselves that adequate checks to ensure customers continue to receive correct services have been carried out. We note companies have pre-existing obligations around data quality including those set out in the General Data Protection Regulations (GDPR).

**Q. How are we to know if we are achieving social research best practice? This is often subjective and undefined.**

**A.** Companies should refer to best practice guides where relevant for social research. An example is the MRS Code. In addition, Customer Challenge Groups have expertise in this area which should help companies to assure themselves of this.

**Q. In the document describing the common performance commitment, page 2, Priority Services Register (PSR) data checking - it talks about proactive interaction, but I assume we would not discount reactive interaction - ie an incoming call from a customer wishing to update their details**

**A.** The main purpose of the PSR data-checking is for companies to ensure that they have accurate, current data about their customers. Therefore, reactive engagement can be used as a tool to assure companies this purpose is achieved and contribute towards a robust system of governance around data quality

**Q. In the document describing the common performance commitment, page 2, PSR data checking - it talks about 'personal information updated as a result'. If a customer does not engage I am assuming 'no feedback' may be the appropriate action if a customer does not respond. In some situations repeated lack of engagement may result in the customer being removed from the PSR, but not always.**

**A.** We will address this query as part of a workshop on the vulnerability common performance commitment to be held in March.

**Q. In the document describing the common performance commitment, page 3, PSR data checking - it talks about individuals instead of households. Does it mean households?**

**A.** In relation to the requirement for companies to report the total number of individuals that have been added to or removed from the register, companies can report the number of households added and removed from the register if the data is not available to report numbers of individuals. Where possible, we encourage companies to report the corresponding figure for individuals alongside this.

**Q. The industry is going to adopt common priority service needs codes, would be advantageous to harmonise understanding on which needs codes relate which common service groups that are asked to be reported in the data table.**

**A.** We will address this query as part of a workshop on the vulnerability common performance commitment to be held in March.

**Q. For the PC do you have any more information on why you set the minimum target of 7% of households?**

**A.** In setting the 7% target for the new common performance commitment, we reviewed the relevant information companies had submitted to us and used this to benchmark. Based on this we consider the target to be both stretching and realistic.

We would also emphasise that this target is considered a minimum standard, and therefore companies should look to go beyond it if it is in the interests of their

customers. Some companies proposed higher levels than this in their business plans.

**Q. Consistent with funding of other ODIs, will Ofwat grant allowances for companies beyond the 7% on the PSR measure?**

**A.** Our Price Control allows companies to meet stretching performance commitments within their base costs. It is up to companies to make the case for material additional cost allowances beyond the modelled allowance on a case by case basis through the cost adjustment claim process.

Ofwat  
February 2019