

July 2019

Trust in water

# PR19 draft determinations

**Thames Water – Addressing affordability and vulnerability actions and interventions**

## PR19 Draft Determinations: Thames Water - Addressing affordability and vulnerability actions and interventions

Following our initial assessment of plans, we categorised two types of actions for slow-track and significant scrutiny companies:

- required actions for companies which in general were required for draft determinations (or final determinations for some aspects of past delivery); and
- advised actions for companies to do by a specific date but that are not required for our draft determinations.

Table 1 below sets out the required and advised actions, a summary of the company's response to the action, our assessment of the company's response, and any further interventions we are making as part of the draft determination.

Each action has a unique reference. The prefix 'TMS' denotes the company Thames Water. The central acronym references the test area where the action has been identified, please see the 'PR19 draft determinations: Glossary' for a key to these acronyms. Actions whose numbers are preceded with an 'A' denote required actions and actions whose numbers are preceded with a 'B' denote advised actions.

Table 2 below sets out any further interventions that are not resulting from an action which we are making as part of the draft determination.

Each further intervention that is not resulting from an action has a unique reference. The prefix 'TMS' denotes the company Thames Water. The central acronym references the test area where the action has been identified, please see the 'PR19 draft determinations: Glossary' for a key to these acronyms. Intervention numbers are preceded with a 'C'.

For all other documents related to the Thames Water draft determination, please see the [draft determinations webpage](#).

**Table 1: Thames Water's response to required actions and interventions for draft determinations**

Test area	Action reference	Action type	Action	Date required	Summary of company response to action	Our assessment and rationale	Required interventions
Addressing affordability and vulnerability	TMS.AV.A1	Required	Thames Water has not provided sufficient evidence to demonstrate that it has engaged with customers on bills beyond 2025, particularly for the 2025-30 period. Thames Water should undertake customer engagement on long-term bill profiles for the 2025-30 period and provide sufficient evidence to outline customer support for each of the profiles tested. Thames Water should confirm that testing has been assured by its customer challenge group and conducted in line with social research best practice.	1 April 2019	Thames Water undertakes customer research concerning customer acceptability of its bills for the 2025-30 period. The company surveys a sample of over 1,000 customers, weighting in line with the characteristics of its customer base. The questions involve showing its current projected profile for the 2025-30 period - 84% of customers say it is acceptable. The company further states that it will undertake research on different bill profiles for the 2025 to 2030 period in Spring 2019. The company is reducing its projected average bill in the 2025 to 2030 period from a real terms increase of 8.9% (as submitted in its September business plan) to a flat profile throughout the period. The company states that 'through careful analysis of our longer-term plans, we expect that there will be no increase in average annual combined	No intervention required.  Our original concern about the lack of clear customer support for Thames Water's bill profile for the 2025-30 period has been addressed through customer testing with its preferred approach gaining 84% acceptability. The company reduces its projected bill profile for the 2025-30 period from an 8.9% increase to a flat bill. We note the company's intention to test multiple	N/A

					household bills in real terms for the following 5 year period, up until 2029/30'. The customer challenge group states it 'believes that Thames has made a significant effort to listen again to as many of its customers as it can'.	bill profiles with customers in spring 2019.	
	TMS.AV.A2	Required	<p>Thames Water has proposed a reputational performance commitment on Priority Services Register (PSR) growth, 'Number of customers on the priority services register' (PR19TMS_AR04). It is proposing to increase its PSR reach from 0.8% in 2019/20 to 2.5% of customers in 2024/25. We consider this to be an insufficiently ambitious target. In addition, it has checked no PSR data over the past two years.</p> <p>We propose to introduce a common performance commitment on the Priority Services Register (PSR): Thames Water should adapt its performance commitment on 'Number of customers on the priority services register' (PR19TMS_AR04) to align with the proposed PSR common performance commitment by increase its proposed PSR growth to at least 7% of its customer base (measured by households) by 2024/25 and committing to checking at least 90% of its PSR data every two years.</p> <p>For further information on the performance commitment definition, and reporting guidelines, please refer to 'Common performance commitment outline for the Priority Service Register ("PSR")', published on the initial assessment of plans webpage.</p>	1 April 2019	See PR19 Draft Determinations: Thames Water - Outcomes actions and interventions	See PR19 Draft Determinations: Thames Water - Outcomes actions and interventions	See PR19 Draft Determinations: Thames Water - Outcomes actions and interventions
	TMS.AV.A3	Required	<p>Thames Water has stated that it will achieve the British Standards Institution (BSI) standard for inclusive services but has not provided a performance commitment or plan on how it will do so.</p> <p>The company should propose a performance commitment on achieving the British Standards Institution (BSI) standard for fair, flexible and inclusive services for all and maintaining it throughout the 2020 to 2025 period.</p>	1 April 2019	See PR19 Draft Determinations: Thames Water - Outcomes actions and interventions	See PR19 Draft Determinations: Thames Water - Outcomes actions and interventions	See PR19 Draft Determinations: Thames Water - Outcomes actions and interventions
	Advised actions	Advised	No advised actions.	N/A			

**Table 2: Further interventions for draft determinations**

Intervention reference	Our assessment and rationale	Interventions
N/A	N/A	N/A

Ofwat (The Water Services Regulation Authority) is a non-ministerial government department. We regulate the water sector in England and Wales. Our vision is to be a trusted and respected regulator, working at the leading edge, challenging ourselves and others to build trust and confidence in water.

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