

July 2019

Trust in water

# PR19 draft determinations

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

## PR19 Draft Determinations: Wessex 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 'WSX' denotes the company Wessex 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 'WSX' denotes the company Wessex 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 Wessex Water draft determination, please see the [draft determinations webpage](#).

**Table 1: Wessex 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	WSX.AV.A1	Required	<p>Wessex Water has not provided sufficient evidence to demonstrate that it has engaged with customers on bills beyond 2025, particularly for the 2025-30 period.</p> <p>Wessex 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. Wessex Water should confirm that testing has been assured by its customer challenge group and conducted in line with social research best practice.</p>	1 April 2019	<p>Wessex Water does not undertake the bill testing we required for the following reasons; it states that its bill increase in 2025-2030 will be lower than what we found in our financial model and the increase in average earnings over the period. The company's bill is not reliant on moving money between periods. It also states that the bill in the 2025 to 2030 period will be determined by a number of factors beyond the company's control, given this it does not believe testing will give the company actionable insights. The company also states that the price control sets bills for five year periods and neither the company nor Ofwat will be bound by what is said about bills beyond this timeframe. The customer challenge group states that the company's position is 'reasonable'. On customer support for the long term profile it further states 'the Partnership looked again at the previous</p>	<p>No intervention required. We are not setting long-term bill profiles at PR19.</p> <p>Wessex Water does not undertake research on 2025-30 bill profiles. Despite its misgivings, we consider there to be significant benefits in testing future bill profiles, both in terms of gaining customer views on any large shifts in expenditure and in planning appropriately. Wessex Water does not make clear what the bill for the 2025 to 2030 period will be beyond stating that any increase will be below average wage growth. Given the company appears to</p>	N/A

					customer engagement results and is confident that customers preferred smooth bill profiles and notes that Wessex Water is promising this'. It also suggests the company add questions on long-term bills to its regular customer opinion tracker survey.	have cut its real terms bill significantly since its original submission, it may be of limited benefit to require it to undertake this research. However, we expect the company to monitor customer preferences on future bills on an ongoing basis, as per the suggestion of its customer challenge group, and we note this in its draft determination summary document.	
WSX.AV.A2	Required	<p>Wessex Water has proposed a financial performance commitment on Priority Services Register (PSR) growth 'Number of customers added to the Priority Services Register' (PR19WSX_C1). It is proposing an out and under outcome delivery incentive and is aiming to increase its PSR reach from 2% in 2019/20 to 5.9% of customers in 2024/25. In addition, the company 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): Wessex Water should adapt its performance commitment on 'Number of customers added to the Priority Services Register' (PR19WSX_C1). This would involve making the performance commitment reputational and targeting a PSR reach of at least 7% of households by 2024/25. It should also commit to checking at least 90% of PSR data every 2 years via its performance commitment.</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: Wessex Water - Outcomes actions and interventions	See PR19 Draft Determinations: Wessex Water - Outcomes actions and interventions	See PR19 Draft Determinations: Wessex 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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