

Customer-focused licence condition

Draft outcomes and scope for discussion
with stakeholders

20 September 2022

ofwat



Aim of the session

- Provide an update on the work to date, and plan going forwards;
- Shared understanding of the outcomes we hope to achieve through introducing a customer-focussed licence condition;
- Share the scope of the licence and share views;
- Next steps.



Agenda 1 – 3pm

1 – 1:45pm Section 1: Where are we in relation to customer service in the water sector?

- What we have heard so far
- Building on progress made to date
- Programme plan and timetable
- Questions and comments

Break

2 – 3.20pm Section 2: How the licence condition will drive improvement in customer service

- Outcomes – including discussion (20mins)
- Licence principles – including discussion (20mins)
- Group exercise and feedback – (40 mins)

3.20pm Section 3: Next steps





Section 1: Where are we in relation to customer service in the water sector?

State of play

Non-financial vulnerability

- Sector has responded positively to PR19 challenge on PSR reach
- Some companies further behind
- Limited picture on the quality of services vulnerable customers receive whether or not they are on the PSR

Financial vulnerability

- Increasing number of customers struggling to pay – pressures likely to increase
- Ofwat issued Paying Fair guidelines earlier this year
- We expect refresh of companies debt policies, procedures, systems by 31 December

Customer service

- Monitoring C-MeX results carefully
- Latest ICS findings of interest, including: around equality across communication channel, customer service culture within organisations

Feedback summary

Need for clear outcomes

- “We feel it is important for Ofwat to clarify the high-level objective they hope to achieve by introducing this customer focused licence condition. This would then provide the scope of this area of work, which in turn will result in a more focused conversation.”

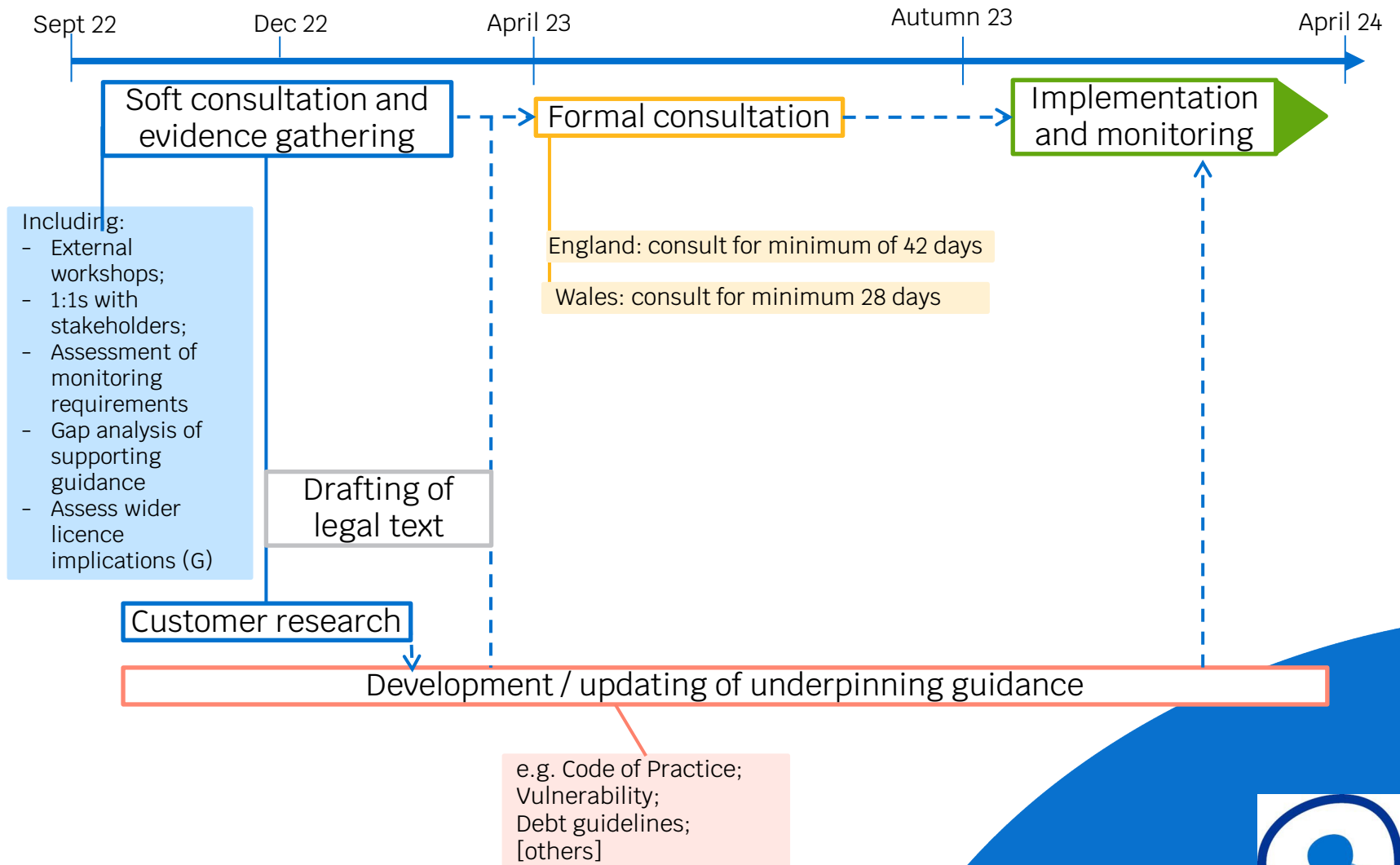
Principles based licence, but with an open mind

- “We consider that great care should be taken with very prescriptive mandates or prohibitions, because they may act so as to impede innovation and improvement.”
- “We would prefer it to be a set of high level principles that links to existing guidance such as supporting customers in vulnerable circumstances, debt, GSS. With any high level principles it needs to be clear what's compliance means in practice.”
- “Specific requirements should not be entirely ruled out *as long as we are sure that they will not stifle innovation*.”
- “We would encourage Ofwat to learn from Ofgem’s progress in this area and develop a principles-based vulnerability strategy with areas of significant importance being detailed in licence, to ensure an appropriate route for escalation and/or enforcement is provided. “

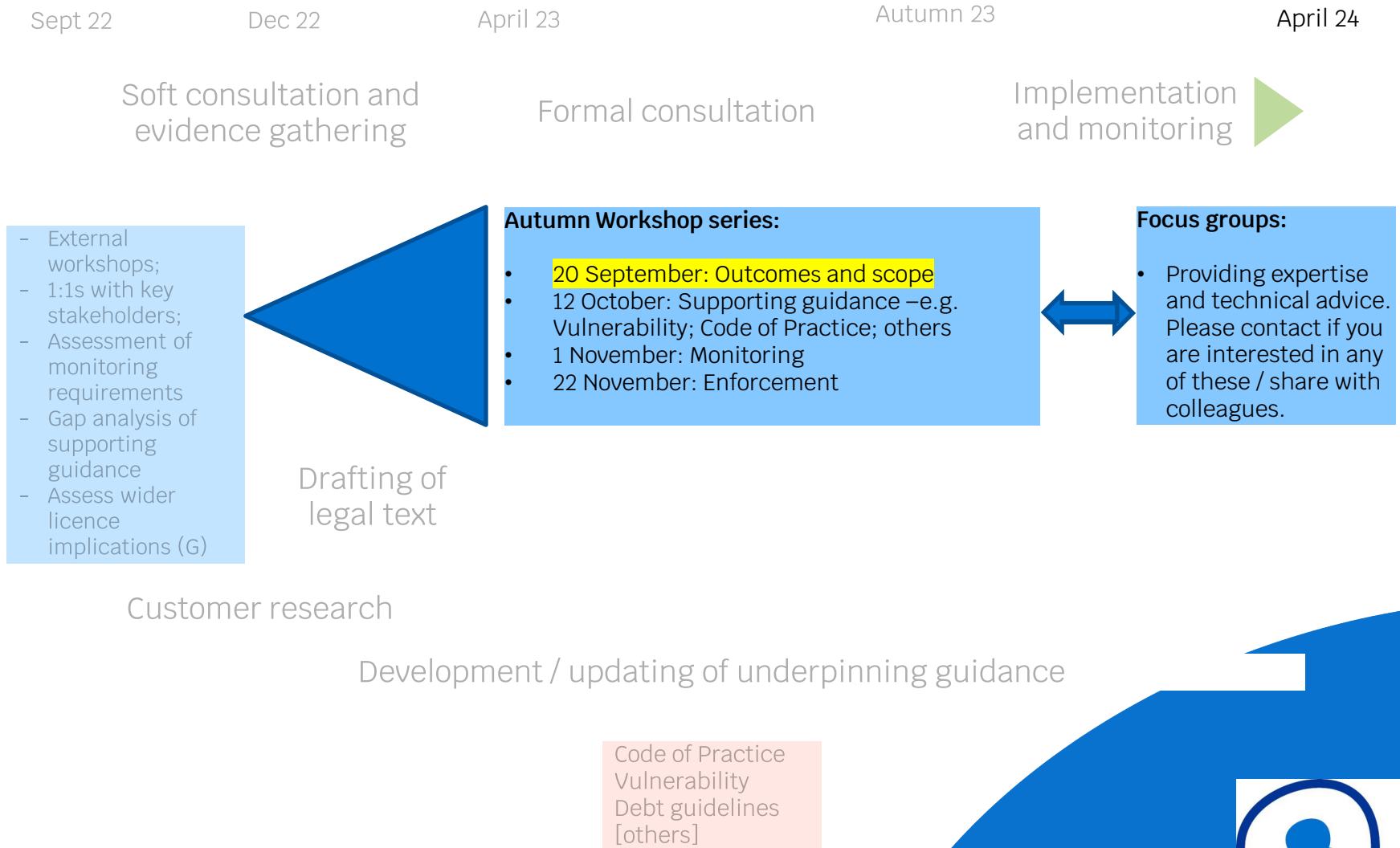
Importance of guidance – including utilising guidance which already exists.

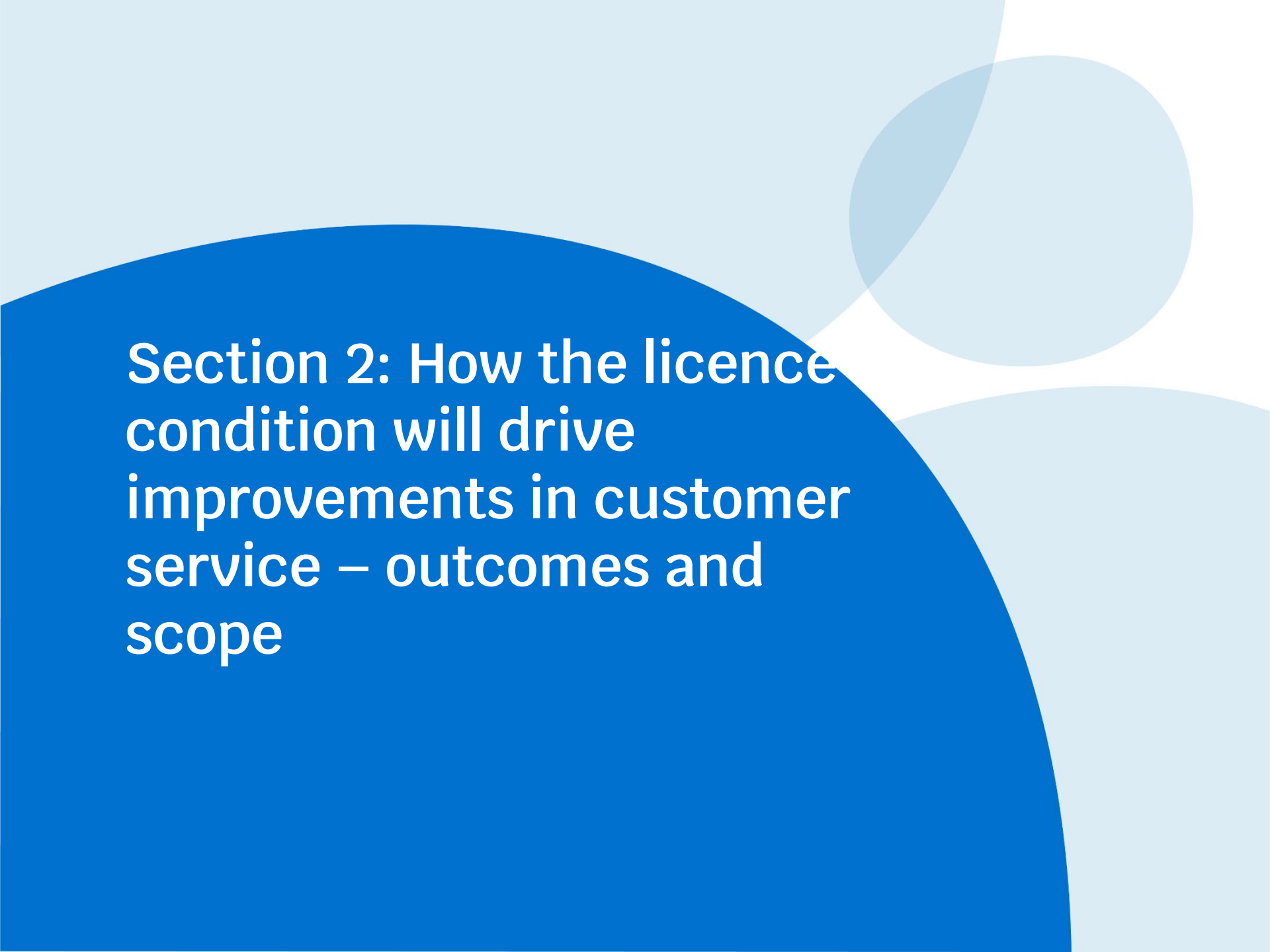
- “Suggest a relatively general licence condition underpinned by guidance”
- “Guidance published by regulators helps steer companies particularly if companies are required to publish their compliance with it.”

Programme plan



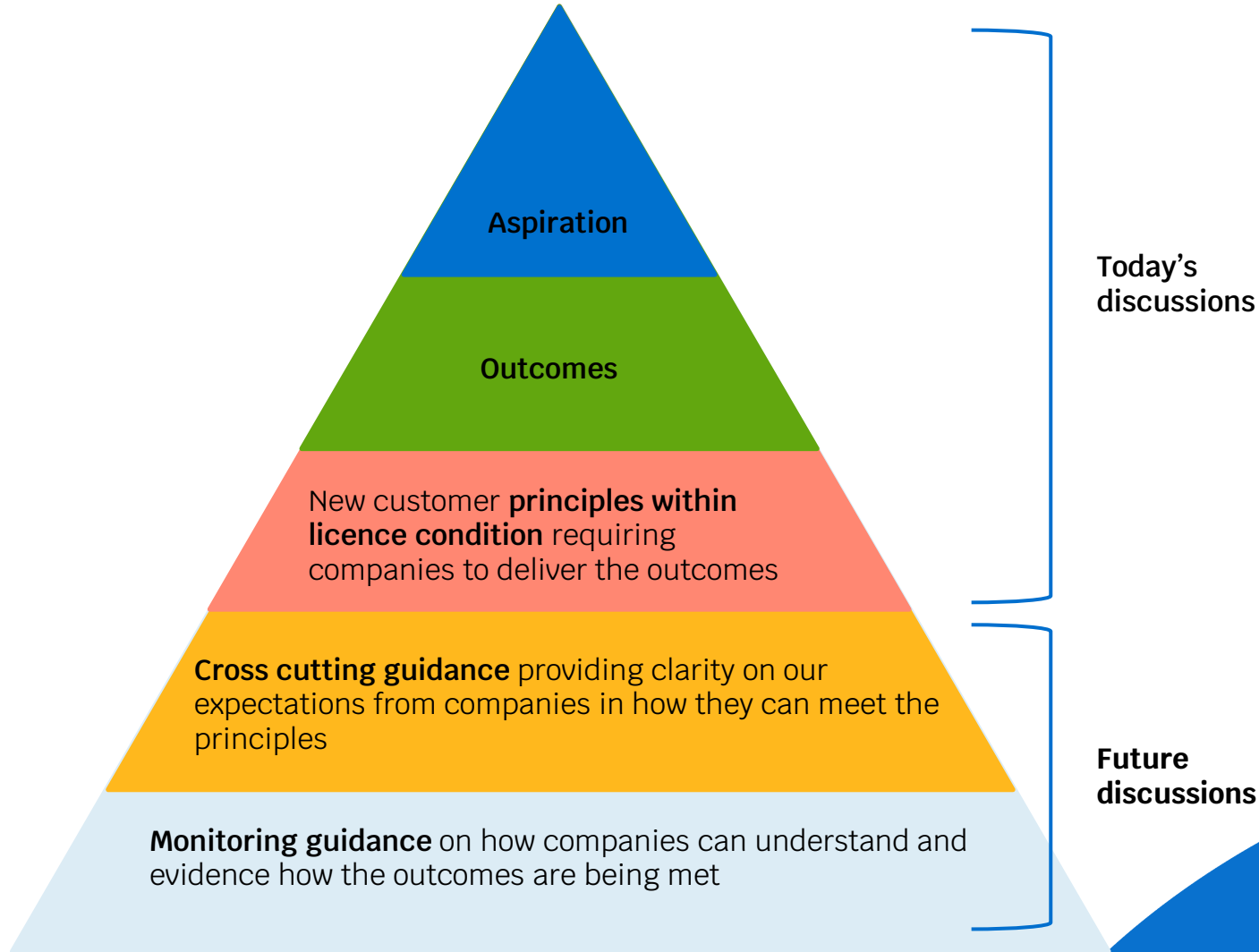
Autumn workshops





Section 2: How the licence condition will drive improvements in customer service – outcomes and scope

The big picture



What do we want to achieve?

- High standards of customer service and support for the full diversity of customer needs

Aspiration

- Customers feel well informed
- Customers have a positive experience of dealing with their water company
- Customers have confidence that if something goes wrong their company will put it right
- The full diversity of customers needs are identified, understood and met by companies in the services they provide

Draft Outcomes



Draft Outcomes: What does good look like? (discussion)

Outcome - DRAFT	New customer principles within licence condition requiring companies to deliver the outcomes
Customers feel well informed	Companies are proactive in their communications so that customers receive the right information at the right time
Customers have a positive experience of dealing with their water company	Companies tailor their communications to meet the needs of their customers
Customers have confidence that if something goes wrong their company will put it right	<p>Companies provide appropriate support when things go wrong and help to put things right</p> <p>Companies identify and address shortcomings and demonstrate continual improvement</p> <p>Companies learn from past experiences to prevent foreseeable customer harm</p>
The full diversity of customers needs are identified, understood and met by companies in the services they provide	<p>Companies understand the needs of their customers through customer insight.</p> <p>Companies provide tailored support for customers in vulnerable circumstances</p> <p>Companies provide a range of support options for customers who are struggling to pay; and customers in debt</p>



Group exercise

We want to discuss and get feedback on these outcomes and principles:

- Where are we now in relation to them?
- What do they mean in practice for company activities and services?
How do we translate these longer term outcomes into shorter term objectives, supported by guidance?
- What is the role of guidance in providing clarity?
- How do we embed these principles in company behaviour and activity?

We will separate into groups but take each outcome and its principles in turn

We will come back as a group to feed back.





Next steps

Expressions of interest for future working groups – please comment in the chat:

- Deep dive: Guidance
- Deep dive: Monitoring
- Deep dive: Enforcement

All feedback welcome.

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We will use the feedback and discussions from today to inform the next aspect of our work: the supporting guidance required to ensure all companies are able to adhere to the licence condition.

Next workshop: Supporting guidance - 12 October

Huge thanks for attending today and we hope to work with you throughout this project.

