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Dear Ofwat

Putting water customers first – a consultation on introducing a customer-focused licence condition into the licences of all water companies in England and Wales

Many thanks for the opportunity to respond to the above consultation issued in May of this year. We welcome the chance to contribute to the development of this proposal and to have been involved in the earlier conversations and workshops on this topic.

Overall, we are highly supportive of Ofwat's objective of seeing high standards of customer service and support for the full diversity of customer needs across the water sector. We consider that securing customer confidence in water companies' focus on the provision of excellent customer service is an important building block in rebuilding trust in the sector, which is critical to the important strategic challenges that we face.

We are also pleased to note Ofwat's recognition that many customers are already satisfied with the service that they receive. This mirrors much of the customer feedback that we receive at SES Water and we have a focused plan to deliver a consistently excellent level of service to even more customers in the future. We are encouraged that our C-MeX ranking of 13th last year, which is a two-place improvement on the first two years of the AMP, reflects the steady progress that we are making but our ambition is to be amongst the best in the sector on this important measure and we are not complacent.

In that context we are pleased to see this proposal for principles based regulation in this area. For this to work it will be important that the right balance is struck between detailed guidance and ensuring companies have enough flexibility to make the right decisions for their customers and to ensure that the reporting requirements are both appropriate and proportionate.

As always, we have happy to clarify or discuss any matters noted in this response further with you.

Yours faithfully

Kate Thornton
Chief Customer Officer



SES Water is a trading name of Sutton and East Surrey Water Plc
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SES Water's response to Ofwat's consultation on Putting water customers first – a consultation on introducing a customer-focused licence condition into the licences of all water companies in England and Wales

Q1: Do you have any comments on the outcomes or examples?

Response: We believe that it is helpful to understand the desired outcomes that Ofwat has used to inform the principles proposed for this licence condition. Working with these principles in mind will support companies in designing more innovative customer experiences that are genuinely tailored to meet the needs of specific customer groups, shifting the focus from simply meeting the standard. In the same spirit, it will be important that Ofwat equally keeps the outcomes in mind when monitoring compliance with the principles.

We agree that the three outcomes described are the right ones. They correlate well to what our customers tell us matters to them about the service that they experience and how they describe our service when they are happy with it.

The examples of good and practice do not map neatly to the outcome under which they are shown with no indication of whether they relate to systemic or one-off issues. They do illustrate the impact on customers of receiving poor service however, and demonstrate that to consistently meet customer expectations, companies need to be delivering across all dimensions.

Q2: Do you have any suggested changes to the proposed wording of the principles to meet our specified outcomes for households?

Response: We have no suggested changes to the proposed wording of the principles.

Q3: Do you agree with our proposed approach to exclude non-households from the condition relating to customers struggling to pay or in debt, consistent with corresponding non-households served by a retailer?

Response: We agree that there should be consistency in how non-households are treated across those encompassed within this proposed licence condition and those served by a retailer.

Q4: Do you agree with our proposed approach that the remainder of the licence condition apply to non-household customers without a retailer?

Response: We agree with this proposed approach.

Q5: Should any areas of customer service be prioritised in our development of the guidance? If so, which areas?

Response: We welcome the move to principles based regulation and the flexibility that this approach brings. Where Ofwat has any specific minimum expectations about how companies should deliver against the principles, it would be useful to set these out, while recognising that in the main Ofwat's desire is to move away from such a prescriptive approach.

Q6: Which matters/company activities will benefit from having more detailed guidance, and which less?

Response: Where other regulatory bodies are also developing guidance on expectations related to the delivery of positive outcomes for our customers, it would be helpful for Ofwat guidance to align with the content and level of detail in that so that companies are clear on which guidance to

follow and what they need to do to comply. For example, under the Security and Emergency Measures Directive the Drinking Water Inspectorate is setting out its expectations with regards to the provision of services to vulnerable customers in case of an incident.

Alignment of guidance is also important where companies are required to work with partners from outside the sector to deliver against the principles. As we have recently learned through our work on implementing Priority Services Register data share with our local Distribution Network Operator, it is important to establish common understanding and expectations across both parties where more than one regulator is involved.

Another area where less guidance may be required is where detailed expectations already exist as part of an external standard that companies are aligning to. As part of work to deliver against the recommendations of CCW's report on affordability and reference within the consultation document, the majority of companies have made a commitment to work towards the British Standard 18477 for Inclusive Service Provision which already provides a detailed set of expectations and guidance.

Q7: Do you agree with our proposal to include reference to CCW as a consultee within guidance?

Response: We agree. CCW have an important role to play in representing the voice of water consumers in the development of customer service standards for today and the future. Including them as a consultee within this guidance will help ensure that there is alignment between their expectations and those of Ofwat, creating the clarity that companies need to focus on the right areas. For example, they have already done a great deal of work in the area of supporting customers with vulnerabilities resulting in a detailed set of recommendations that companies are working towards. This work can provide a useful starting point for the development of more detailed guidance from Ofwat in support of the new licence condition principles, with consultation providing a mechanism for CCW to contribute to the development with any further thinking and insight they have generated since the publication of their last report on the topic.

Q8: How can we gather further insight on company performance in this area?

Response: We would like any approach to insight gathering to be proportionate and ensure that we strike the right balance between the level of resource that we are able to invest in delivering the customer outcomes that we all support and any increased reporting burden. In assessing what is proportionate, we believe that a company's size should be taken into consideration. As one of the smallest water only companies streamlining the process is key for us given the limited resources we have available to us.

From a customer perspective, we also believe it is important that any customer is not contacted by multiple parties to give feedback about the same incident and that they would expect us to be sharing insight appropriately within the sector where it is in their interests.

The outcomes that have been used in the design of the principles are those that matter most to customers of water companies and are therefore often those described in verbatim responses to the monthly C-MeX surveys conducted by Accent on behalf of Ofwat. In addition to using the numeric scores to measure company C-MeX performance, these comments could be used to provide qualitative insight into customers' experience of company performance. While the sample size is small in any given month, across the year it provides useful insight.

Companies could be asked to provide case studies of how they respond to given scenarios and the outcomes that their customers experience as a result. This would facilitate the sharing of best

practice which is one of Ofwat's desired outcomes. They could also be asked to provide evidence of how they have sought and applied learnings from their own and other companies' experience. For example, at SES Water we have been expanding our approach to gathering customer feedback and delivering improvement actions following incidents such as supply interruptions which we could share.

This is in addition to customer insight being gathered as part of our PR24 Business Plan and associated Long-Term Delivery Strategy submissions.

Where companies are accredited under relevant external standards, this can be used as evidence of companies' compliance with the principles.

Q9: What are your views on annual reporting requirements to monitor compliance against this licence condition?

Response: We are happy to report annually on compliance with this new licence condition as we do for other conditions.

Q10: What are your views on the proposed timescales for implementation?

Response: We already strive to deliver excellent customer service across our activities and support the implementation of the new licence condition as quickly as is realistically achievable.

In terms of how the new condition is introduced however, we would like to see recognition that it will take time for companies to complete gap analysis comparing current delivery to the final principles, so time should be allowed to implement any required changes. The same is true should any significant level of additional reporting be required. Ofwat also need to allow time for companies to respond to more detailed guidance as it is produced both at the outset of the licence condition and when it is subsequently updated.

Q11: What are your views on consequent changes to other conditions in licences and are there any other changes we should make?

Response:

Principles G4.5 and G4.6 of the new licence condition require companies to provide adequate support for customers in vulnerable circumstances, including those struggling to pay. We would like to highlight that, to varying degrees, the ability of companies to fulfil this requirement, now and in the future, is constrained by the current interpretation of what may constitute undue discrimination in charging under Condition E of the licences.

We would welcome assurance from Ofwat that in line with the principles based approach, and its objective of ensuring companies adequately support financially vulnerable customers, it will apply greater flexibility in its future interpretation of licence condition E, broadening what it deems to be due discrimination accordingly. An updated perspective taking account of the new duty and wider economic circumstances would empower companies to effectively meet customer needs and to fully discharge their responsibilities under the new licence condition.