



Putting water customers first –
Thames Water's response to
Ofwat's consultation on
introducing a customer focused
licence condition

6 July 2023

Section 1 Consultation response

Introduction

Thames Water's purpose is to deliver life's essential service so our customers, communities and the environment can thrive.

Thames Water recognises that delivering sustainable, long-term improvements to customer service and the overall experience that we provide to our customers is essential. Delivering outstanding customer service is one of the key priorities of our turnaround plan and we have been working across the company to transform how we are set up to serve our customers.

It is important to us that our customers have a positive experience when they contact us across all forms of communication. We currently offer multiple channels of communication, (social media, our website, radio, email and text) to reach as many customers as possible. As part of our transformation plan, we have brought in-house all our Billing contact centre calls to offer enhanced support to our customers. In addition, we have recently transitioned our digital channels to Tech Mahindra for webchat, social media and WhatsApp. This is the beginning of an exciting partnership where we can improve our automation opportunities on our digital channels and provide an efficient and optimal customer experience.

We also want to be proactive in our communications with our customers and have launched several campaigns to keep our customers informed of what we are doing and to provide them with general advice such as 'Our Sizzling Summer Tips'. Some of our recent campaigns include:

- In November 2022 we launched a campaign that championed our front-line teams working 24/7 to find and fix leaks as well as highlighting the investment we are making to ensure our network is fit for the 21st century. This campaign reached customers by radio TV and online video;
- In preparation for the freeze-thaw event in December 2022 we sent out a proactive press release advising customers on tips to protect their pipes ahead of the forecasted thaw. We sent out over 2.1 million emails to customers detailing what customers could do to protect their pipes; and
- We are encouraging customers to use water wisely, over the summer, across a range of channels. We have recently engaged with regional radio stations, sent over 2 million emails packed with water saving advice to customers and created a new web page with water saving tips.

We are also pleased that over the last two years we have delivered a significant reduction in customer complaints.

However, despite this progress we recognise that we don't always get it right, but we want our customers to have the confidence that when things go wrong, we'll work to put things right as soon as we can.

Thames Water is, in principle, supportive of the policy objectives of Ofwat's proposal to introduce a customer-focused condition into the licence of all water companies in England & Wales which would replace the current licence condition G. We recognise that, as a provider of a vital public service, our customers rightly expect to receive high standards of customer service and support for the full diversity of customer needs across the sector.

As you can see, we are taking our responsibilities to deliver a great customer service seriously, but we do have a long way to go to reach where we would like to be for example on the Customer Measure of Experience or C-Mex. Our transformation programme will deliver improvements for our customers, but this will take time to fully embed. We believe that it is appropriate that the licence condition affords companies that are in turnaround sufficient time to deliver the improved outcomes for customers that are so required. As such we believe that there is merit in allowing a transition period of perhaps six months between when the new licence obligation is finalised and it coming into force. Such a transition period will enable companies a small window of opportunity to make any changes that are necessary to deliver against the new obligations that Ofwat has proposed.

We set out below our response to the specific questions you have raised as part of the consultation process.

Questions

1. Do you have any comments on the outcomes or examples?

Within the consultation document you set out the outcomes you expect companies to achieve for their customers and used these to develop the draft licence condition. These include:

- Customers are well informed;
- When something does go wrong, affected customers have confidence that their company will put it right; and
- The full diversity of customers' needs are identified, understood and met by companies in the services and extra help they provide.

Thames Water agrees with the importance of each of these outcomes. We appreciate that customers should have a positive experience when dealing with their water and waste company across all forms of communications. We also appreciate that things can sometimes go wrong, and where they do customers should expect their company to work hard to resolve a problem as quickly and as effectively as possible.

Thames Water recognise the importance of offering customers a range of communication channels and the need for customers to be able to get in contact with their water or waste provider quickly and easily.

Thames Water agree that understanding customers' individual circumstances is important and we take support for vulnerable customers seriously.

The examples given in the consultation document are good examples of good practice and bad practice. As mentioned above things can sometimes go wrong but customers should expect their company to put things right as soon as possible.

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

Thames Water supports the application of the proposed licence to all household customers and to an adapted version for those non-household customers not served by a retailer.

We agree with the proposed wording which sets out the requirement to deliver the six principles in relation to our customers.

These principles include:

- Proactive in communications so that customers receive the right information at the right time, including during incidents;
- Make it easy for customers to contact it and provide easy to access customer information;
- Provide appropriate support for customers when things go wrong and help to put it right;
- Learn from past experiences and share these with other sector players;
- Understand the needs of customers; and
- Provide support for customers who are struggling to pay and for customers in debt.

Thames Water supports these principles and are already embedding these in the way that we work. For example, we continuously assess our performance against our incident response and subsequently make improvements to our incident management processes and controls. As a result, our incident management response approach has improved significantly from the freeze thaw event in 2018, which meant we were in a much better place to cope with the freeze thaw incident in December 2022. We communicated much better with our customers keeping them informed through our multiple media channels including social, website, radio, email and text and also increased our resources at our contact centres.

We have also improved how we communicate information around compensation payments to our customers. We have recently reviewed our compensation policy so that it is simple to understand and easy to access for our customers.

We want to reach out to more vulnerable customers too. We've designed our Watersure bill cap, WaterHelp schemes and Customer Assistance Fund for those customers who may be struggling to pay their bills.

Earlier this year, we launched Sign Video on our website which connects customers who are deaf or hard of hearing with a British Sign Language (BSL) interpreter so they can communicate with us. Since then, we have also introduced a service called Language Line, which provides both interpretation and language translation services for customers.

We also continue to expand our Priority Services Register. This means we can offer customers extra support not only during incidents and emergencies but also easier to read bills and a dedicated phone number.

Thames Water consider it critical that customers, particularly those that are vulnerable, can access help and advice in a timely and accessible manner. The use of multiple channels is essential to maximise communications with our customers, particularly during incidents. We recognise that we don't always get things right and need to learn from past experiences.

We have a few minor considerations to the wording used in the principles as set out below:

- On G4.4 – We would recommend replacing the words ‘sector players’ with ‘relevant stakeholders’; and
- On G4.5 We would recommend replacing the words ‘understands the needs of customers’ with ‘understands the needs of customer segments of the Appointee’ to show that our service levels are informed by insight.

3. 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?

Yes, we agree with Ofwat’s proposed approach. However, we note that non-household customers without a retailer will only apply to Welsh customers and business customers of new appointees.

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

Non household customers in England require a retailer as part of how the market operates. Non-household customers are covered by the Customer Protection Code of Best Practice.

Non household customers without a retailer will only apply to Welsh customers and business customers of new appointees.

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

Thames Water would like to see updated guidance on serving customers in vulnerable circumstances prioritised in the development of the guidance as the latest guidance on this topic is from 2013 and it would be useful to share best practice in this area.

We will consider the existing guidance related to the draft principles as detailed in Table 5 of the consultation document.

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

Thames Water would like more guidance on what is defined as best practice and the expectations of how companies can meet the principles. This should provide more consistency across the industry.

Thames Water would also like to understand how Ofwat will monitor compliance with the licence.

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

Yes, we agree with your proposal to include reference to CCW as a consultee within the guidance. CCW already engages with the industry on customer complaints and can provide insight into driving consistency across the industry.

We also consider it appropriate to consult CCW on our policies and procedures as set out in the current licence condition G.

8. How can we gather further insight on company performance in this area?

As you have stated in the consultation document there is existing insight available particularly through working with CCW, C-Mex and information requests such as the recent freeze-thaw event update.

Thames Water consider self-reporting on company websites beneficial to drive consistency across the industry and for companies to establish and publish management arrangements in place to discharge compliance with the licence.

9. What are your views on annual reporting requirements to monitor compliance against the licence condition?

Thames Water accepts that there may be some reporting requirements in the annual return against the licence condition.

However, we need to be clear on what compliance against the licence condition looks like and what measures are used to report on compliance.

There is a need to take into account that the industry will lack maturity compared to that observed in other industries like energy and financial services and take this into account in the initial assessment of compliance. It may be beneficial to set some thresholds for compliance or to take into consideration action plans in place to address areas where customer service could be better. Transition arrangements or a time lag between the final licence condition wording and the condition coming into effect would be beneficial. We would recommend 1 April 2024.

It should also be recognised that if new obligations require businesses to rework how they engage with their customers, modifications to existing customer handling processes may be required which may take some time to implement. Customer expectations will also continue to increase alongside capabilities to better support customers.

10. What are your views on the proposed timescales?

The proposed timescales of quarter 3 2023/24 seem quite challenging and do not give companies time to address any potential shortfalls in compliance. It is recognised that the industry needs to improve customer service but there should be some transition arrangements with time given for companies to embed improvements that may be required. As stated above, Thames Water propose an effective from date of 1 April 2024. In addition, each company could have an action plan to deliver further work to deliver compliance and then this should be taken into consideration while assessing compliance.

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

Thames Water agree that the current condition G can be covered in the new licence condition and that condition J can be made redundant given the level of duplication in condition M.

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.