

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

**Response from Dŵr Cymru Welsh Water**

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

A1. The outcomes and examples given are useful to understand what Ofwat expect companies to achieve for their current and future customers. We agree they set the context within which the licence condition will be practically applied and enforced.

We have noted that the examples given, other than the one for “The full diversity of customers’ needs are identified, understood and met by companies in the services and extra help they provide”, are very specific individual customer issues and could therefore relate to isolated incidents. We understand that the licence condition is not the appropriate tool to enforce against individual customer incidents but rather it is being designed to require companies to develop and implement systemic approaches in order to meet general principles. Also, it will be used in relation to customer service failings which indicate a company has failed to do this. It would therefore be useful if, when the guidance is developed, to show how the examples given link back to demonstrating that a company is not meeting its customers’ needs generally, rather than detailing what could be an individual customer issue / complaint.

The example given in relation to the full diversity of customers’ needs isn’t a specific customer issue and is a good example, and we would suggest that examples for the other outcomes are developed along similar lines.

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

A2. We agree with the proposed wording of the principles and do not propose any changes.

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?

A3. Yes.

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

A4. Yes.

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

A5. We support the development of appropriate guidance for all the draft licence principles and agree with Ofwat’s view that it should be proportionate. We agree that guidance should be considered on a prioritised basis, however it is important that guidance is available for all aspects of the licence condition so that companies understand Ofwat’s expectations.

We note Ofwat are considering where it may be appropriate to introduce minimum expectations within the guidance and are mindful of balancing this with the need for flexibility and ability for companies to tailor their activities to meet the needs of their customers in their own operating area. Whilst we agree with this approach, we would suggest that Ofwat bear in mind the speed with which technology and customer expectations change and that any minimum expectations are therefore set accordingly. For example, detailing what communication channels a company should offer down to

specific activity such as webchat, twitter etc, could rapidly become outdated. We would recommend therefore that any minimum standards set are broad and flexible enough to allow companies to evolve in line with these changes.

In terms of prioritisation for developing guidance, we support the views gained through the customer research Ofwat have completed, as detailed in Table 4 in the consultation.

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

As stated in the consultation, we agree with the approach of keeping guidance relevant and appropriate, whilst making sure it provides clarity to companies of what is expected of them. Including examples of good and poor practice in relation to the licence principles will be of benefit, as will setting out the minimum standards that Ofwat expects companies to deliver.

As detailed in A5 above, we support the view gained through the customer research as detailed in Table 4 and would suggest these are the areas where more detailed guidance would be of benefit.

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

A7. Yes we agree with the proposal to include reference to CCW as a consultee within guidance, which is a requirement of Condition G in the current licence.

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

A7. As detailed in the consultation there is already a lot of existing insight available from customer research carried out by Ofwat, CCW and companies themselves. Companies also provide information through their annual reporting, one-off information requests and through all the C-MeX work. Insight is also available through various CCW reports, such as their Water Mark publication, companies' quarterly returns to them, research reports and their debt and complaint assessments.

We would recommend reviewing the insight currently available, identifying any gaps, and then identifying how any missing insight can be obtained if necessary and proportionate.

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

A9. We are generally supportive of annual reporting to monitor compliance against the licence condition and note that Ofwat are proposing to include an obligation in the new licence condition for companies to "explain in a manner that is effective, accessible and clear how [the company] is meeting the principles set out in paragraph G4". We support Ofwat's proposal that further detail about reporting requirements should be set out in guidance to support the principles cited in the actual licence condition.

We are pleased to learn that Ofwat are currently reviewing companies' compliance with the Paying Fair guidelines and would agree that the learnings from this process should be used to inform the approach to monitoring compliance with the licence condition.

Q10. What are your views on our proposed timescales for implementation?

A10. We note Ofwat's comment that the proposed licence condition covers activities that companies should already be doing in order to provide good customer service and agree that customers do need protection should they fail to do this.

Whilst we therefore support, in principle, the introduction of the new licence condition in quarter 3 2023/24 (following the required statutory processes in England and Wales), it will be essential that supporting guidance documents are available at the same time. If they are not, then we would

recommend that the timescale for implementation is amended in line with their completion. This will ensure that companies have time to make any change they may need to make to their systems and processes, including for reporting purposes.

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

We agree with Ofwat's comment that in introducing this new licence condition duplication and overlap needs to be avoided.

We agree that the current condition G can be deleted if the requirements it sets out are covered in appropriate guidance for the new licence condition. Similarly we note the potential overlap of the new licence condition with elements of the current condition J, and how other elements of condition J are potentially covered by condition M. We note Ofwat is considering consulting on deleting Condition J and would support this approach.

We don't believe there are any other changes that Ofwat need to make at this time.