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17th October 2023

Dear Ofwat,

Re: Service for All – Ofwat’s draft vulnerability guidance for water companies

I am writing to you on behalf of independent Water Networks Limited (“IWNL”), part of the BUUK Infrastructure Group of companies, in response to your consultation [Service for All - Ofwat’s draft vulnerability guidance for water companies](#), published 27 July 2023. This letter presents a summary of our views on the proposals set out in the consultation and then responds in turn to the questions that you raised. I can confirm that this response is not confidential and can be published on the Ofwat website.

Summary of IWNL Views

We welcome the publication of Ofwat’s draft vulnerability guidance for water companies. We think this comes at a crucial time in the context of the ongoing cost of living crisis, given that many customers are struggling and may need extra support from their water company.

While many of our customers in vulnerable situations would not necessarily classify themselves as such, it is our responsibility to pick up on the signs and act accordingly. Ofwat’s guidance recognises this; and sets a clear expectation that all water companies should be stepping up to provide extra help to our customers where they need it. We recognise the value of such action right now and anticipate that this will only increase over time as the challenges facing the water industry, associated with a growing population and increasing water scarcity, lead to increases in end customer prices and potentially to a deterioration in overall levels of customer care.

Experience to date has taught us that vulnerability can come in a range of guises, and can be temporary, sporadic or permanent in nature. It is a fluid state that needs a flexible, tailored response from us as a company. We think Ofwat’s draft guidance, including its proposed objectives and minimum expectations with respect to vulnerability, provides a valuable signal to the industry around the principles that they should be adhering to and the proactive steps that they should be taking to ensure that they are providing the targeted support to their customers that is required, both now and in the future.

We are also supportive of Ofwat's proposals to formalise arrangements regarding the priority services registers (PSRs) that water companies have developed and are maintaining. We think the establishment of a separate standards document in this area will be a valuable tool to ensure that minimum industry standards are met with respect to the provision of services to these customer groups who will require extra help, particularly during incidents. We look forward to the opportunity to engage with Ofwat on the development of these standards.

I hope that this letter is helpful. If you would like to discuss any of the issues I have raised, please contact me via email () or phone ().

Kind regards,

Keith Hutton
Group Regulation Director

Appendix 1: Responses to specific questions posed in the consultation

1. Do you agree that we should retain the vulnerability definition we set out in our 2016 Vulnerability Focus report?

We recognise, and agree with Ofwat, that the focus of any guidance should be on the actions that companies take to support customers in situations of vulnerability rather than the terminology used. However, we also consider it is important for all companies to be working from the same understanding / interpretation of the issues at hand and we therefore think it is valuable for Ofwat to put forward a proposed definition of 'vulnerability'.

We agree with the proposed definition of vulnerability that Ofwat has included in the consultation and think this captures the key factors that can have a direct influence on end customer circumstances. The only additional consideration that we would propose is in relation to the potential for customer vulnerability to change over time; we would therefore suggest that there may be value in incorporating a temporal element to the definition.

2. Do you agree with our approach to nomenclature, particularly our use of the term 'extra help'?

In line with our response to question 1 above, while we do not think that the definitions or nomenclature used to discuss this topic should be the main focus, we recognise the value of providing clarity around the intent underpinning the words and phrases that are used. We think the proposed nomenclature in the document is clear, sensible and appropriate.

3. Do you agree with our proposed approach to applying the guidance to new appointees and the Welsh non-household sector?

Yes, as a NAV company, we think that all licenced companies who serve customers should be required to meet guidance in this area. We note that issues related to vulnerability were raised by Ofwat in its April 2023 call for inputs on the [Customer Protection Code of Practice \(CPCoP\)](#) and understand that these types of issues are likely to be considered in Ofwat's upcoming proposals regarding Tranche 2 changes to the CPCoP. Within this context we agree that it would make sense to include customers, that may not be captured by equivalent provisions within the CPCoP, via this vulnerability guidance to ensure equivalence of treatment for these individuals.

4. What impact do you think our draft guidance will have on the experiences of customers who need extra help?

We anticipate that steps taken by Ofwat to establish guidance, containing expectations of the types of vulnerability policies companies should have in place and ways in which they should support customers that need extra help, will provide the industry with greater clarity about the types of activities that they should / should not be engaging in. We would hope that this would facilitate the establishment of a consistently high standard of vulnerability services from companies across the industry; and, in turn, help to enhance the overall levels of support that are provided to customers who would benefit from extra help.

We also note that, once customers are made aware of the standards that their water company should be attaining, they may then be empowered to question their provider(s) in the event that relevant companies fail to reach those expected standards.

5. Are there further lessons from other regulated sectors that could be incorporated into our draft guidance?

We recognise that this is an evolving topic and that lessons learned will increasingly emerge over time. Our experiences of operating in other utility sectors, particularly telecoms and heat, indicate that water is generally more advanced in terms of its acknowledgement and treatment of vulnerable customers. Generally speaking, we look to deploy the same standards across the BUUK Infrastructure group.

6. Do you agree with our proposed approach to enforcing our customer-focused licence condition by reference to our draft guidance?

We think it would be sensible and proportionate for Ofwat to enforce the customer-focused licence condition by reference to a finalised version of this vulnerability guidance. The guidance sets clear expectations in terms of objectives for, and minimum expectations of, the industry; against which performance can be effectively assessed. We note, however, that there would be merit in reviewing the guidance periodically to ensure it remains appropriate and relevant given developments in both the water industry and the wider economy.

7. Do you agree that our draft objectives cover the broad areas of vulnerability support activities that companies should be considering?

We agree that the draft objectives cover the key areas of vulnerability that are relevant from a water company perspective. We also think that they effectively balance the competing objectives of providing clarity on the regulator's expectations while allowing sufficient flexibility for companies to innovate in the way that they seek to achieve them.

8. Do you agree with the proposed list of minimum expectations we have set out?

We agree with the list of associated minimum expectations that Ofwat is proposing, which will sit alongside the objectives that underpin this draft vulnerability guidance. As set out by Ofwat in the consultation, this draft guidance draws together expectations that the regulator has previously detailed in a number of different publications and, in line with this, we note that the specified minimum expectations largely formalise a number of the activities that we already engage in. However, we also note the importance of continual improvement within the sector and therefore would emphasise the value that should be attached to reviewing the guidance periodically to ensure it remains appropriate given the minimum standards / best practices that emerge in both the water industry and the wider economy.

9. Do our draft minimum expectations offer a good balance between making clear the minimum standards we expect from companies, and challenging companies to innovate and find new ways to meet the needs of their customers?

We agree that the draft minimum expectations effectively strike a balance between specifying the principles / standards that Ofwat expects companies to comply with when establishing their vulnerability strategies and providing sufficient flexibility to companies to enable them to innovate in the services they provide. In particular, we note the reference (in minimum expectation 1.4) to companies seeking to continuously improve the service they provide to customers who need extra help, and the expectation that company approaches should not be static. This clearly underscores the importance that Ofwat attaches to the value of innovation in this area.

10. Do you agree with the proposed approach and timeline around companies' vulnerability strategies?

We agree that this is a reasonable and achievable timeline given that, for most companies the majority of the elements of their required vulnerability strategy should already be in place. As such, their focus should largely be on identifying, and developing targeted strategies for those elements where gaps are evident.

11. Do you agree with our proposed approach to how water companies should use our guidance?

We support Ofwat's proposed focus on outcomes and consider that this helps to ensure that the guidelines provide companies with sufficient flexibility to deliver against all of Ofwat's expectations in full while, at the same time, giving them the scope / discretion to choose the best way to do this. We note that this flexibility is particularly evident in the reference that Ofwat makes to the ability of companies to provide evidence to Ofwat that allows them to demonstrate why an alternative approach better meets the objectives of the guidance.

12. Do you agree with our proposed approach and timelines for setting out our detailed expectations around the design of priority services registers in a separate standards document?

We recognise that there are no formal obligations on water companies with respect to the establishment of a priority services register (PSR) but we are fully supportive of efforts in this area given the benefits that this can deliver for our end customers. We have established and maintain PSRs for all of our utilities customers and are keen to explore ways in which we could enhance the arrangements that we already have in place. To this end, we look forward to engaging with Ofwat on the development of the standards.