



Ofwat's draft vulnerability  
guidance supporting  
customers who need extra  
help – Thames Water's  
response to Ofwat's  
consultation

2 November 2023

# Consultation Response

## Introduction

Thames Water welcomes the opportunity to respond to Ofwat's draft vulnerability guidance. No part of this response is confidential, and we are content for it to be published in full.

Thames Water is, in principle, supportive of the vulnerability guidance objectives set out in the consultation document. We agree that the objectives will play an important role in improving outcomes for customers by setting expectations and giving more clarity around the customer focused licence principles. As part of our response to the licence condition consultation, in July, we highlighted that we would like to see updated guidance on serving customers in vulnerable circumstances prioritised in the development of the guidance. We therefore welcome the publication of this draft guidance and the opportunity to provide feedback.

The changes in nomenclature suggested by Ofwat, particularly the use of the term 'customers who need extra help' are helpful. We agree that this is likely to be less divisive to customers. We recognise that the guidance focusses on the risk of non-financial harm, for example, harm which has a detrimental impact on a customer's health and wellbeing and that this is separate to the Paying Fair guidelines which focusses on reducing the risk of financial harm.

We already meet many of these guidelines, with a range of services that allow us to adapt to meet customers extra help needs. Our Priority Services Register ("PSR") registration welcome letters and web content set out our available support and we are making ongoing continuous improvements such as the British Sign Language channel we introduced last year for our customers. Our communications and correspondence teams are trained to write in an inclusive manner, and we have accredited 'Plain Numbers' practitioners in our teams. Our training course, to support our colleagues spot signs of vulnerability, was co-designed with the Money Advice Trust and has resulted in many internal referrals for affordability support or PSR registrations. Data sharing with the energy sector and the London Fire Brigade are also key routes for PSR growth, benefiting all organisations and reducing effort for customers.

The consultation document sets out the minimum expectations of companies and we welcome the aim to be proportionate in the monitoring and reporting of compliance. As detailed in our previous response we believe there is merit in allowing some form of transition period to make any changes necessary to deliver against new obligations that Ofwat has proposed. Notwithstanding this, we note Ofwat's conclusion (as published in its 12 October publication "Responses and conclusions to: Putting water customers first") that it is important to introduce this new licence condition as soon as practicable in order to provide an additional tool to drive improved performance in relation to customer service.

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

## Questions

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

We agree that the vulnerability definition as set out in the consultation document and in your 2016 Vulnerability Focus report should be retained. It continues to be relevant and aligns with other definitions used by other organisations such as the Financial Conduct Authority (“FCA”).

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

We agree that the term ‘vulnerability’ should refer to the overall topic and that the term ‘extra help’ is used to describe the many ways in which companies can provide tailored support for certain customers. We also support the use of the term ‘customers who need extra help’ to describe customers who without this tailored support may not have reasonable opportunity to access and receive an inclusive service.

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

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

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

As well as helping to bring consistency of outcomes for customers of different water companies, the guidance will have a positive impact on customers needing extra help.

For example, by publishing clear measurable commitments and progress against these, companies should be even more motivated to deliver against these for the benefit of customers. The more detailed development of measures, focussing on ‘harm’ to customers, will increase innovative thinking and the focus on taking preventative action to avoid a repetition, or reduce the impact where eradication is not possible.

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

The FCA has also made a clear positional statement on the subject, underpinned by their latest [Consumer Duty](#) requirements.

We have reviewed these and are happy that the key points, such as the risk of harm and ability to meet support needs, are also reflected in the Ofwat guidance.

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

We agree to the proposed approach to enforcing a customer focused licence condition which includes vulnerability guidance. As previously stated, we continue to believe there is merit in

allowing a transition period to make any changes necessary to deliver against new obligations that Ofwat have proposed, but we note Ofwat's recent conclusion in relation to this suggestion.

Whilst the need for companies to provide a Priority Services Register is currently a Performance Commitment, it would seem sensible that this becomes part of the licence condition.

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

We agree with the proposed objectives and that they cover the broad scope of support that should be offered.

The wording for 1.1 is broad enough to allow companies to provide an inclusive service without being prescriptive, which we welcome. For example, we provide language translation services for our customers, but do not provide written communications in languages of choice due to the disproportionate expense and delays this would create, especially with the variety of languages spoken in London. Customers often use their own digital translation services, or family members to translate this material.

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

We agree with these minimum expectations although offer the following additional comments:

##### Minimum expectation 1.3 – Compensation payments

Ofwat proposes that any compensation arrangements would be voluntary and separate to the existing guaranteed standards scheme. The concept of publishing a service level and providing compensation if key customer journeys do not provide that service, is a good concept. However, there are material challenges in operating a compensation scheme that would need to be overcome in order to implement the scheme. In addition, there are likely to be significant costs involved in setting up and maintaining an additional compensation scheme.

Many of the benefits of being on the PSR are associated to the capabilities of our people to tailor service, which is subjective and therefore difficult to define and measure such that compensation would be payable.

We note that the Customer Guaranteed Scheme was last updated in 2017 and is currently being reviewed by CCW. Their findings and recommendations will be valuable in determining good outcomes for all customers and should be considered alongside any specific guaranteed payment guidelines for those needing extra help.

##### Minimum expectation 3.2 – Awareness of Extra Help

We fully appreciate our responsibility to raise awareness of the extra help services available. We believe that national campaigns may be a good instrument for raising awareness and would encourage Ofwat, industry bodies and other sectors to also increase awareness campaigns or support campaigns by individual firms. Having common terminology, PSR registration processes and data sharing will support this.

### Minimum expectation 5.1 – Publishing vulnerability strategies

We accept that we should publish a clear strategy of how we develop our plans to support those needing extra help. However, the deadline of June 2024 may be challenging. Our PR24 submission will still be under review in the months leading up to this and, if there are any significant challenges or changes required to our plans, they may affect the strategy we intend to publish. We would therefore recommend a target date is set after Ofwat reach their final decisions on water companies' PR24 submissions and that strategies should be published to coincide with the start of the new AMP in April 2025.

### Minimum expectation 5.3 – Service Commitments

We agree that publishing service commitments to help customers understand what to expect is desirable. We would need to include some variations as to what can be expected in the event of a force majeure, when we'd do our utmost to help as many customers as possible but may not have the resources or contingencies to meet normal standards when there are great numbers of households affected. For example, clarifying how we would prioritise during a large incident and that we may need to operate on a reasonable endeavours approach.

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?

Yes, these provide a good balance between the two aspects and encourage innovation to better serve those needing extra help.

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

We support the planned approach to publishing strategies. However, we recommend that strategies are finalised and published to coincide with the start of the new AMP in April 2025.

11. 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 agree with the proposed approach and timelines, so that the standards are in place in April 2025.

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

We agree with Ofwat's proposed approach to how water companies should use it's guidance, and particularly support the outcomes focussed approach, rather than the precise means by which those outcomes are achieved. As with our response to question 8 we recommend that a target for publishing vulnerability strategies is set for a time after Ofwat reach its final decisions on water companies' PR24 submissions and that strategies should be published to coincide with the start of the new AMP in April 2025.



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