

Consultation response: vulnerability guidance

Thank you for the opportunity to comment on this consultation.

We very much welcome this guidance. It should ensure a consistent minimum level of support and better outcomes for customers who need extra help across England and Wales. It will make sure that these customers are protected, have a good customer experience, and can easily access support when and how they need it. It will also drive continuous improvement and innovation across the sector in this area.

The guidance also provides the detail that water companies need to be able to reasonably assess and monitor compliance with the relevant principles of the new customer focused licence condition and understand the basis upon which Ofwat may consider enforcement action.

We have provided a detailed response to each question in the Appendix.

We hope you find our response helpful and if you have any queries, please do let us know.

Yours sincerely

Sue Lindsay

Director of Customer Policy & Engagement

Appendix 1

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

We agree that definitions and terminology are far less important than the actions companies actually take to support their customers. People don't like to think of themselves as vulnerable and anyone can become vulnerable at any time for a short, medium, or long time. So, day to day we refrain from defining or categorising vulnerability but instead have built a service on the basis that every customer matters, always.

This is very much reflected in our vulnerability strategy. Our staff are trained and empowered to identify signs of vulnerability and go the extra mile. We give them the right tools, confidence, and awareness to deal with complex situations they may come across. And, through our many and varied partnerships with and funding of other agencies, our customers can access holistic advice and services.

That said, it is useful to have an industry wide definition particularly for stakeholders within the water and other sectors. It is also useful for water companies themselves who will need to demonstrate compliance with the guidance as part of the broader customer focused licence condition.

We agree Ofwat should retain the definition set out in the 2016 report as it is still fit for purpose and clear. We have also received positive feedback on the definition from the Chair of our expert stakeholder Vulnerability Advisory Panel.

The wording would need to be simplified if it was to be used in any customer facing, rather than stakeholder facing, publications.

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

Yes, we agree with the approach.

As stated above, customers don't like to think of themselves as vulnerable so the term can be divisive. Terms such as 'customers in vulnerable circumstances' are also quite clumsy. The terms 'extra help' is simple and easy to understand.

We update our vulnerability strategy each year and have submitted the latest version alongside our business plan. It can be found on our website [here](#). We have already adopted all three of the proposed terms in our strategy and elsewhere.

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

Yes, we agree. Applying the guidance to all household customers in England and Wales will ensure a minimum level of consistency.

We also agree that the guidance may be applied in slightly different ways by NAVs covering only a small number of households or for business customers whose needs may be different. Where deviating from the guidance this should be explicitly set out by companies so that customers and stakeholders are clear on the services available and compliance with the relevant principles of the customer focused licence condition can be demonstrated.

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

The guidance should ensure a consistent minimum level of support and better outcomes for customers who need extra help across England and Wales. It will make sure that these customers are protected, have a good customer experience, and can easily access support when and how they need it. Where there are any gaps in compliance it should drive continuous improvement and innovation across the sector.

Using a broad expectations-based approach still allows companies to innovate and go above and beyond for their customers which is important.

We have been an industry-leader in this area for many years. We were the first to introduce social tariffs and the first water company to comply with the British Standard for Inclusive Service Provision (BS18477) making it a performance commitment in 2015. We have a very comprehensive vulnerability strategy which we update each year and work with an expert Vulnerability Advisory Panel to continually evolve our support for customers who need extra help to make sure it continues to meet their needs.

This guidance reinforces that what we are already doing for our customers is the right thing. But there is always room for improvement, and we are committed to closing any gaps in our support schemes or customer experience that might exist. Indeed, we have already set out in our business plan a high-level summary of how we comply with the draft guidance and our commitment to fully comply. This can be found on page 129 of the overview of our business plan [here](#).

The guidance also gives customers and stakeholders an additional tool to benchmark a company's performance and hold them to account, particularly if things go wrong. Customers and stakeholders will have a clear understanding of the minimum service they should expect. Our expert Vulnerability Advisory Panel and Customer Challenge Group will find the guidance helpful as they guide us in the evolution of the support we offer and challenge us on our performance.

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

We benchmark ourselves and carry out a gap analysis when new guidance is published by regulators in other sectors, such as financial services, energy, or telecoms. We also take account of best practice or guidance published by CCW (e.g., vulnerability manifesto) and other key stakeholders such as Citizens Advice.

The most comprehensive and comparable is the FCA's [FG21/1: Guidance for firms on the fair treatment of vulnerable customers \(fca.org.uk\)](#). This is actually very similar in approach to Ofwat's proposed vulnerability guidance, but the FCA include specific boxed text pulling out 'Examples of how firms can put this into practice' for each of their principles and a number of case studies of good practice. Ofwat may wish to consider this same format as it is very useful to aid understanding of the principles and broader expectations.

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

Yes. In our response to the initial consultation on the licence condition we said that the principles (as then drafted) were high level and subjective, particularly when compared to the examples of basic expectations and we noted there was a lack of developed supporting guidance. We agreed there was a balance to be struck between letting companies operate

versus providing detailed guidance on how to run their businesses, but companies would need sufficient detail to be able to reasonably assess and monitor compliance with the licence condition and understand the basis upon which Ofwat may consider enforcement action. This guidance provides that detail.

In terms of the monitoring regime, we agree it needs to be proportionate, consistent, and cognisant in terms of regulatory burden.

It is sensible to use a range of insights to monitor companies' performance. Where Ofwat and/or CCW intend to carry out research, including deep dives or qualitative research, we would ask that this is robust and truly reflective of each water company area and their performance.

We also need to be mindful of the increased surveying associated with the proposed new C-MeX design which includes, for example, surveys of customers who have experienced an incident but may not have contacted their water company. Consideration should be given to survey fatigue or duplication, particularly with customers who need extra help.

Ofwat will also need to clearly set out any new regular reporting requirements as soon as possible so that companies can make sure they have any additional data collection in place. We already monitor our performance against a range of commitments and aims in our vulnerability strategy (link provided above) and we will make any necessary amendments once the guidance is finalised and the next version published no later than June 2024.

Water companies provide regular updates to CCW on their performance using their quarterly reporting pro-forma or ad-hoc data requests. Some companies, like Wessex Water, also provide progress against new and ongoing initiatives and compliance with best practice. CCW could play a greater role in monitoring compliance against the vulnerability guidance, but it would require consistency of reporting approach across all regions, and we would need to avoid duplication between Ofwat and CCW in terms of the information they request.

We would also encourage Ofwat and CCW to share best practice that they see when monitoring compliance and provide feedback where information provided by individual companies could be improved.

Ofwat mentions the use of third-party benchmarking such as the British Standard for Inclusive Service Provision (BS18477) or the new replacement ISO. We have found the assessment process for the British Standard and other external accreditations we hold, such as the Customer Service Excellence Award, to be incredibly useful for driving improvement and closing gaps in our support and customer experience. However, not all companies hold the British Standard or new ISO so it isn't clear how Ofwat can use it as a cross-sector benchmark.

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

The draft objectives mostly cover the broad areas of vulnerability support activities, but we are surprised that 'accessibility' is not specifically mentioned or covered. Ofwat could perhaps expand Objective 2 to be Inclusive and accessible by design.

Ofwat might also expand the headline wording on some of the objectives as it may not be obvious to the reader what they entail if seen in isolation from the supporting 'what it means' text. Also, some are phrased more as an objective to achieve e.g., high standards of service and support and inclusive by design whereas others are more task based e.g., recording needs. It would be good to have more consistency in the framing.

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

Overall, yes. As stated above we have already provided a high-level view of our current compliance in the overview to our business plan.

We have a few minor comments:

3.1: Companies should take active steps to identify customers who require extra help who have not yet been identified.

A number of effective partnerships with national organisations have developed across the industry that have had an impact in this area and on customer outcomes. For example, working with the Money and Mental Health Policy Institute on research or with organisations such as Scope on awareness campaigns. It might be helpful to include reference to national partnerships under this expectation as all of the examples are local.

4.4 – In designing their approach to recording and, where relevant, sharing customer vulnerability data, companies should take into account customer views on data protection and privacy. Companies should take steps to understand how their customers who need extra help feel about the use of their data

This expectation suggests that companies should always explain clearly to customers how sensitive data they have provided, presumably through registration for Priority Services, will be used and that we should take account of customers' views (collected through research or customer panels) to inform our approaches to data sharing.

This expectation seems at odds with the work done by the water and energy sectors to share PSR data and develop a 'tell us once' approach. Water companies have switched from consent to SPI a move endorsed by the ICO. It would be a backwards step to unwind that change which was very carefully considered. We question the value research would therefore have in this area.

5.2 - Companies should take steps to understand the likely underlying requirements for extra help in their areas

This expectation refers to companies identifying the level of extra help need that is likely to exist in their areas to plan for the future and examine any gap between likely underlying needs and current extra help provide. This can only be done on a best endeavours basis using available data sets and will be more successful for longer term help.

It is very difficult to quantify the level of transitory vulnerability that may exist at any point in time or the numbers who need extra help for more obscure reasons.

5.3 - Companies should publish their service commitments for customers who have declared an extra help need so that all customers can understand the nature of help available

This expectation sits under the objective 'vulnerability strategies'. Strategy documents are typically stakeholder facing. Looking at the information water companies will need to provide in their strategies to meet expectations 5.1 and 5.2, this will certainly be the case.

For customers, we would use simpler literature or communications to advertise the services available to those who need our help and encourage them to apply.

It would be helpful for Ofwat to clarify that expectation 5.3 can be met by a combination of the vulnerability strategy document itself and other simpler publications for customers.

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?

There is always a balance to be struck between letting companies operate versus providing detailed guidance on how to run their businesses, but we have said that water companies need sufficiently detailed guidance to be able to reasonably assess and monitor compliance with the new customer focused licence condition and understand the basis upon which Ofwat may consider enforcement action.

We are very supportive of the approach taken with this vulnerability guidance. Having a series of high-level objectives and a sensible set of broad expectations under each strikes the right balance. It will drive a minimum standard across the sector ensuring that regardless of where a customer lives, they have access to the help they need when they need it. But it also leaves companies free to innovate in the services they provide to meet the needs of their own customers.

There will always be a difference across water companies as some are more successful at going above and beyond than others but there is a good degree of similarity in this particular area as all water companies recognise how important it is that customers who need extra help are identified and supported.

It is also helpful that the guidance includes an expectation (1.4) specifically linked to continuous improvement and innovation. This will help drive companies forward.

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

Yes, as long as the guidance is finalised and published as soon as possible. We first published our vulnerability strategy, Every Customer Matters, in 2018 and have been updating it each year in consultation with our expert stakeholder Vulnerability Advisory Panel. We typically aim for an autumn publication but will advance this to June.

A copy of our latest strategy was published on our website alongside our business plan (link provided above) and made available for all of our partners and stakeholders on our PartnerHub platform <https://partnerhub.wessexwater.co.uk/media/s5qiigal/every-customer-matters.pdf>

We have already provided a high-level compliance statement with the new guidance in the overview of our business plan and closed some of the gaps in content. For example, we included information on the compensation we pay under our Promise linked to Priority Services.

Once the final guidance is published, we will work with our expert stakeholders to add all other missing content to the strategy including our plans to meet each of the minimum expectations and refining the measures we will use to monitor delivery of the strategy. We will also do a further review of the broader information we provide to customers and the channels used in light of expectation 5.3.

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

Yes. Ofwat state that water companies should deliver all expectations in full but can still comply with the guidance by taking a different approach to the expectations where they can show this meets the objectives. This is consistent with the paying fair guidelines.

However, with paying fair Ofwat subsequently asked water companies to review their compliance with the principles, identify any gaps or partial compliances and provide a timeline for achieving full compliance.

In this vulnerability guidance, water companies are being asked to publish vulnerability strategies by June 2024. It isn't clear if Ofwat are expecting full compliance with all expectations by that same date. This may be difficult, if, for example, further customer research is required which leads to policy or process changes.

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?

No. We agree it is better to have a separate set of standards that can be updated, removed, or replaced without amending the core vulnerability guidance but we don't agree with the timelines.

We assume the timetable is designed to align with the end of the current performance commitment. We believe the standards should be agreed earlier particularly as we are expected to publish vulnerability strategies by June 2024, which include the types of extra help we provide, and the new customer focused licence condition comes into force in 2024.

This would not prevent the standards around reach and data checking coming into force in April 2025 as they would be direct replacements for the performance commitment.

The standards do need to take account of and align with the work that Water UK, the Energy Networks Association, and Energy UK are doing on Priority Service Registers and setting standards and in any event facilitate effective data sharing with the energy sector.

Whilst we appreciate stakeholders such as Scope and CCW feel that Priority Services should be based on service needs rather than medical terms we must be careful as to how we approach that. Energy companies have been sharing for a long time based on needs codes. Water companies have joined forces with energy and added additional relevant codes and all parties have agreed on minimum standards of service for each of those codes.

We cannot undo the progress that has been established or unravel the arrangements that now exist to achieve a tell us once sign up for Priority Services, a much better outcome for the customer.