

## **Response to Ofwat consultation: Core Customer Information – Ofwat’s draft guidance on core information companies should clearly provide to their customers**

**January 2024**

The Institute of Customer Service welcomes the opportunity to respond to Ofwat’s consultation on core customer information guidance for water companies to clearly provide to their customers.

The Institute’s starting position is that, as an essential service in a regulated sector, water companies must strive to ensure that they focus on and deliver an excellent customer experience for all customers. Many customers are unable to change their water supplier. For this reason, it is important that water companies are easy to work with; they update customers quickly and clearly using the customer’s channel preference when something goes wrong and signpost customers to easy-to-understand information. Customers likely see these items as the ‘essentials’ that water companies should be getting right, first time, every time.

Therefore, we highlight a point we made in previous Ofwat consultations in 2023. Ensuring water companies understand their customers, are responsive to their needs – depending on the specific need of the customer each time – and maintain appropriate dialogues using the right channels with their customers is crucial.

On core customer information and how water companies measure whether they are delivering for customers in providing such information in clear, understandable and accessible ways for customers - we would continue to urge Ofwat and water companies to use the UK Customer Satisfaction Index (UKCSI) to ensure monitoring of customer service and satisfaction levels are considered holistically.

The UKCSI provides an independent measure of customer satisfaction with water companies. It is an efficient and effective way of benchmarking customer satisfaction with other utilities companies and regulated sector companies without requiring Ofwat (or individual companies) to draw together or compile their own reports and surveys on customer service and satisfaction from customers’ standpoints.

We would also recommend setting a minimum level of customer satisfaction across a range of consistent KPIs for water companies that all should aspire to reach and go beyond. Water companies should be obliged to show that they are taking the right steps and investment to improve service and there should be measures put in place for those companies that fall below such minimum KPIs.

Such KPIs should include a minimum level of customer satisfaction but should also ensure water companies make an adequate level of investment consistently to prevent any issues, complaints, or problems in customer service experience from re-occurring.

Ofwat should also consider utilising the UK Regulators Network (UKRN) scorecards to compare customer satisfaction and service performance across regulated sectors. The Institute would be more than willing to be included as Ofwat works up monitoring and reporting mechanisms for water company’s customer service and satisfaction levels, given the Institute’s insight and authority in this area via the UKCSI and other research.

Regarding vulnerable customers and core customer information, we would continue to urge Ofwat and water companies to recognise that some vulnerable customers will be easier to identify than others and that some vulnerable customers will need specific communication channels used for them. Further, some customers who are vulnerable may not self-identify as such and some customers may become vulnerable unexpectedly (and often only temporarily) due to a change in circumstances. Additionally, others who are vulnerable may not wish to be classed as such. There are also those who may be vulnerable due to a lack of access to digital communications channels, either due to circumstances or customers’ preferred methods of communication.

As such, discretion, respect and understanding from water companies and staff of how to handle customers classed as vulnerable, and how to reach out respectfully to those customers who may be vulnerable, is key. Instilling these qualities in customer service staff will need to be driven by leaders of companies, through company culture, and proper training. However, such cultural changes and an enhanced understanding of customer service can be difficult to manage, track and continually improve on.

It should be noted that from the Institute's January 2024 [UK Customer Satisfaction Index \(UKCSI\)](#), that every sector had a lower customer satisfaction score than a year ago. Average satisfaction with Utilities organisations in the January 2024 UKCSI is 69.5 (out of 100), down by 2.2 points compared to January 2023. Further, average satisfaction with water companies is 70.7, down by 4.1 points compared to January 2023 and 5.3 points below the UK all-sector average.

In the UKCSI report, our Chief Executive, Jo Causon notes,

*“Over 30% of the 287 organisations that appear in the January 2024 UKCSI have received a lower customer satisfaction rating than they did a year ago. The adverse impact of a poor customer experience appears to have got worse, with customers more likely to experience a negative reaction when they report a problem and wait longer for their problem to be resolved. The consequences of organisations failing to understand and respond to a customer's personal situation are especially apparent for people who are experiencing low levels of financial wellbeing.”*

There will be customers to whom water companies provide service who are vulnerable *and* experiencing low levels of financial wellbeing. Therefore, the work of water companies to engage with, and provide excellent customer service to, all customers regardless of vulnerability is vital, particularly in this current cost-of-living crisis and with the energy crisis also ongoing.

### **Question 1: Do you agree with our proposal not to prescribe how, where and when to communicate the Core Customer Information?**

The Institute agrees with this proposal. The Institute would also urge Ofwat to ensure that water companies are tracking customer journeys and gaining an understanding of their customers' preferences, both in terms of how they like to see information set out and which communication channels they prefer.

Ofwat and water companies should focus on the outcomes of their investment in customer service. Water companies keeping customers well informed on planned and unplanned events, accurate billing and communications, customer queries, and sharing when their company is out and about in the community will all help to reduce inbound complaints and queries from customers. This reduces staff and organisation time spent on handling complaints and queries – whilst also improving customer satisfaction and trust of water companies and improving wellbeing of staff.

### **Question 2: Do you agree with our proposed changes as summarised in Table 1?**

The Institute agrees with the proposed changes as set out in Table 1. However, the Institute would also encourage water companies, and Ofwat, to assess periodical and consistent improvements on this core customer information that customers would like to see through either feedback surveys or dialogue with focus groups of customers. This approach would help water companies to better understand the preferences of customers (which change over time) and respond accordingly.

### **Question 3: Do you agree with the proposed scope for the Core Customer Information? In your view, is anything missing or should be excluded?**

The Institute agrees with the proposed scope for the Core Customer Information.

#### **Question 4: Do you agree with the proposed approach for companies reviewing their Core Customer Information?**

On reviewing the Core Customer Information, the Institute agrees a thorough end-to-end review should be undertaken. However, rather than limiting this to once every three years or when Ofwat requests, water companies should be expected to proactively review and act on customer intelligence and data from complaints and other regular dialogue with customers. This ensures core customer information is as useful as possible for customers and easy to understand and access.

#### **Question 5: Do you agree on the proposed areas on which companies should consult CCW? Are there any other areas on which CCW should be consulted in relation to Core Customer Information?**

The Institute agrees with the proposed areas on which companies should consult CCW.

#### **About The Institute of Customer Service**

The Institute of Customer Service is the professional body for customer service. The Institute's agenda is to assist the UK economy, consumers and workforce by helping organisations to improve their customer experience for the benefit of both organisations and their customers. Our membership includes many individuals and around 380 organisations, including around 100 members across regulated sectors, including finance, electricity, gas, water and social housing.

We provide tools and services to support continuous customer service improvement and a framework for our members to share and learn from each other. We are independent – setting standards so that our customers can improve their customers' experiences and their business performance. The Institute is the secretariat for the All-Party Parliamentary Group on Customer Service.

At the Institute, we raise the profile of the impact of customer service on business performance, including with, and on behalf of our energy sector members. The Institute also administers accreditation schemes (ServiceMark) and produces the bi-annual UK Customer Satisfaction Index (UKCSI) – the independent, objective benchmark of customer satisfaction on a consistent set of measures covering over 280 organisations and organisation types across 13 sectors.

For further information about the Institute, please visit: <https://www.instituteofcustomerservice.com/>.

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