

Response email: customerfocus@ofwat.gov.uk
cc. james.hawthorne@ofwat.gov.uk

Dear James

Re: Service for all – Ofwat’s draft vulnerability guidance for water companies supporting customers who need extra help

As you know, Sustainability First is an independent charity and think tank focused on promoting practical solutions to deliver fair and sustainable energy and water sectors. Our response to this draft guidance, the proposed objectives and minimum expectations is overwhelmingly positive and therefore our comments below are by exception only. In addition, we praise Ofwat for their proactive, open and early engagement on this draft guidance, prior to its publication for consultation.

Sustainability First particularly welcomes

We especially welcome (and therefore hope the proposals will not be watered down):

- The **‘inclusive by design’ objective** which should help to ensure that those customers not on the priority services register (PSR) have more accessible services and communications. However, we suggest a few adjustments to the guidance in this area to support companies in realising the benefits of inclusive design (see point 3 below).
- The requirement for water companies to co-create with relevant customers and stakeholders, and publish, a **vulnerability strategy** which outlines need, service provision and clear measurable performance commitments or targets for the short, medium and longer-term. This helps allay our concerns that companies’ approaches to tackling consumer vulnerability will slip back in the future given Ofwat’s decision not to explicitly focus on non-financial vulnerability in the PR24 price control methodology.
- The requirement for companies to develop clear policies around **compensation arrangements** for customers whose extra help needs have not been met. There has long been a disconnect between the numbers on the PSR and those who actually receive timely useful services when needed. This should help incentivise improvements here.
- The strong focus on companies **continuing to innovate their service provision**. Many of the adaptations outlined have not changed in many years despite new technological capability and potential benefits to updating them.
- The requirement for water companies to **monitor the effectiveness** of their different services and customers’ with additional needs **overall satisfaction**. This will help ensure companies provide timely services which meet customers’ practical needs and help drive service innovation.

Overall, this guidance, which is effectively underpinned by Ofwat’s Customer Licence Condition, should act as a strong incentive for companies to improve and deliver good standards of service and

support for all customers. Its effectiveness however will ultimately be dependent on Ofwat's approach to monitoring and enforcement.

Areas where we'd like to see some changes to the guidance

There are a few areas in the guidance which would benefit from clarification or strengthening. This is particularly the case as Ofwat states that the guidance is intended to signal 'regulator future direction'.

1. **PREVENTION** - As a general point across all objectives, - we'd welcome a more explicit focus on 'prevention' of harm - that is water companies supporting individual customers to stay safe ahead of problems happening and preventing problems through well-designed services. E.g. the adjustment mentioned in case of supply interruptions is the provision of bottled water 'during' incidents. But companies should also be encouraged to engage with customers at risk of greater harm ahead of problems occurring so they are prepared in case of issues and also have peace of mind. This is especially the case in areas that are prone to multiple supply interruptions in a year E.g. they should have bottled water stored, advice on how to stay safe, and who to call. In the energy sector, energy network companies have long-provided emergency boxes to certain customers on their PSR in case of supply interruptions. These include things like torches, blankets, numbers to call, advice on how to store medicines safely in case of a power outage. Water companies should be encouraged to proactively identify and reach out to high-risk customers in the same way they are to those at risk of falling in debt or financial difficulty.
2. **COMPENSATION ARRANGEMENTS** – Companies are likely to develop different compensation approaches. If that occurs, we'd welcome Ofwat committing to review the different approaches after a year to identify good practice. Also to then consider the alignment of compensation standards in the future. This may be necessary to ensure a common minimum level of compensation and to prevent a postcode lottery in the quality of compensation dependent on your water company.
3. **INCLUSIVE BY DESIGN** – the aim of inclusive design is to design communications, products and services, with end consumers, in a way that makes them easy to use by the widest number of people. In this way it reduces the need for specific adjustments, the need for customers to contact the company, and can keep costs down while improving the customer experience. At present the guidance doesn't seem to quite capture the spirit of inclusive design. It appears to emphasise accessible communications but it needs an equal focus on easy to use and accessible services and the co-development of services and communications with customers, which is an important part of the process. For example, if companies provide smart water meter displays or water efficiency reports to customers these need to be designed in an inclusive way with customers. E.g. larger font (for those that might need glasses); not in colours that can't be read with someone with colour blindness; any physical buttons on technology should be easy to use including by the large numbers of customers with basic dexterity problems etc. In the energy sector for example all smart energy displays are required to be inclusively designed. Ensuring usability or user's ability to use new products and services is also an important factor in minimizing the digital divide and

inequality and ensuring the benefits of innovation are delivered for all.

4. IDENTIFYING CUSTOMERS

- a) We welcome the requirement for water company staff to receive appropriate training. We strongly suggest Ofwat also include a requirement to keep training up to date and to monitor the effectiveness of that training, especially for frontline operational staff. From our work with water companies it appears that this is not consistently done. These inclusions would also help deter a 'tick box' approach to training.
- b) With the PSR it is important to record not just the extra support required but also the householder's situation/condition. This is as service provision and service need may need to change dependent on the wider context e.g. during covid-19 new vulnerability risk factors emerged that impacted different groups differently.

5. VULNERABILITY STRATEGIES

- a) Given the link between financial and non-financial vulnerability Ofwat should be explicit that vulnerability strategies include how the company will support low income customers and those struggling financially to ensure a joined-up approach to those with additional needs. We assume this is the intention but the guidance would benefit from clarification.
- b) We'd welcome a commitment from Ofwat to, with wider stakeholders, in the future, review water companies proposed performance commitments in their vulnerability strategies to see if there are areas that could be aligned across all companies. E.g. it would be useful to encourage all water companies to monitor and report on customer satisfaction, PSR gap, service provision, in the same way. This would empower us as consumer advocates to more easily compare performance and identify high and lower performers.
- c) While we appreciate the objectives and expectations set out in the vulnerability guidance are most directly relevant to the 'customer'-focused licence condition G4.5, we'd welcome the guidance encouraging companies to consider what role they can and should play in relation to customers' additional needs in their communities and preventing wider vulnerability. E.g. are their roadworks inclusively designed to prevent harm to those with disabilities?

6. COLLABORATION AND ENGAGEMENT – In addition, we'd support an explicit expectation that companies:

- a) Map their vulnerability related stakeholders to understand who is interested and impacted by their decisions and proactively engage with them.
- b) Undertake in-sector and cross-sector collaboration and partnership working where it's in customer interests to do so. This would be especially useful as historically some water companies have been slow to collaborate despite the benefits to end consumers as it can be more expensive, complex and time consuming to do so. This is arguably in part illustrated by the slow progress of cross-sector PSR data sharing.

These two areas could be included in the vulnerability strategies guidance. They are especially important as some issues e.g. affordability, may be best supported with a cross-sector and more consumer-centric approach.

7. PUBLISHING RESEARCH AND INSIGHT – Lastly, we'd welcome Ofwat reminding companies in the guidance of the expectation on them to publish research and insight on customer needs and experience in a timely way as outlined in Ofwat's high-quality standard for engagement ['Shared in full with others'](#) . The teams leading on this area may not be aware of the latter and it is useful to bring all the guidance together in a single place. Ensuring timely publication of research and insight would support Ofwat, CCW and organisations such as our own in understanding current and changing need and experience. It may also prevent organisations reinventing the wheel when commissioning new research, with cost benefits. This is particularly valuable as engaging hard to reach groups can be expensive.

We look forward to continuing to work with Ofwat on these issues and the future standards for priority services registers. Please don't hesitate to get in touch if you have any questions or we can help in any other way.

Kind regards

Zoe

Zoe McLeod
Associate Director Sustainability First