



**The Consumer Council for Water's response
to
Citizen's Advice's consultation on its draft
consumer work plan 2019-20**

February 2019

1 Introduction

- 1.1 CCWater is the independent ‘water watchdog’, championing the interests of water consumers in England and Wales. Our aim is to secure the best outcomes for all water consumers, present and future.
- 1.2 Representing household, business and other non-household water consumers, we use our own research and complaints data to hold the water industry to account, helping to ensure that customers remain at the heart of decision-making.
- 1.3 We welcome the opportunity to comment on Citizens’ Advice (CA) draft Work Plan for 2019-2020 in England and Wales. This document sets out CCWater’s response.
- 1.4 Overall we are supportive of your draft Work Plan, and we have commented on a number of cross-cutting issues where our working together could increase the insights necessary to make changes to benefit consumers.

2 Detailed Response

- 2.1 There are a number of cross-sector issues outlined in the draft Work Plan where we believe that there would be value in us working together. Overall, our response focusses on these areas and outlines where we already have evidence which may be of use when considering your future work. We will be happy to discuss any of these areas with you in further detail.

2.2 Making markets work for consumers.

Tackle the loyalty penalty (Cross-sector)

- 2.2.1 We will keep in touch with you about your findings on this work. While households do not have the option to switch water retailers, most non-households can switch water retailers in England. Findings from this work could be used to prevent or mitigate similar outcomes in the non-household (NHH) water retail market in England.
- 2.2.2 We responded to the CMA’s investigation following your super-complaint and said:
 - The NHH water and sewerage retail market gives some protection to non-switching customers as retailers are required to put them on default tariffs¹.

¹ Default tariffs cap bills (plus annual adjustment) at levels in line with what they would have paid their water companies prior to April 2017.

- However, the ‘loyalty penalty’ issue could arise if NHH water customers who are unaware they can switch or fail to engage in the market, are charged more on a default tariff than they can obtain via negotiation or switching.
- CCWater research² (July 2018) found over half of small and medium sized enterprises (SMEs) did not think they could switch retailer. The smaller the business, the less aware they were.
- NHH water customers could be affected by a ‘loyalty penalty’ if:
 - Default tariffs are withdrawn, which may cause the price to increase;
 - Awareness levels amongst SMEs of the NHH retail water market do not increase; and
 - More competitive deals are available for market active NHH customers.

Help consumers switch energy supplier (Energy)

2.2.3 We are also developing a new water company league table, focussing on the areas that customers have told us matter most to them. There may be benefit to us sharing our thoughts on this with you and discussing your further development work on your star rating table. It will be useful to share insights to date.

Promote better outcomes for small business customers (Energy)

2.2.4 We will be doing thinking on the engagement and interaction of SMEs with the retail market, and how we can improve awareness. As you plan this too, it will be useful to share the knowledge we have on this.

Improve industry processes (Energy)

2.2.5 As you are aware, we have carried out a tracker survey³ of water consumers’ options since our inception in 2005. We are happy to share our experience of developing the survey and the use and analysis of the findings.

Estimate the scale of consumer detriment (Cross-sector)

2.2.6 We note you are going to renew your consumer detriment work. We would value the insights from this work, and are happy to work with you on this where it is helpful to do so.

² Consumer Council for Water: Small and medium-sized enterprise (SME) awareness of non-household (NHH) retail water market choices. July 2018. Link [here](#).

³ CCWater Water Matters 2017 tracking survey. Link [here](#).

2.3 Better Value Infrastructure

Advocate for better value networks (Energy)

2.3.1 To help your input into R110-2, we are happy to share our experiences in challenging the water companies and Ofwat to improve outcomes for water consumers, and in improving the level of consumer engagement in the price setting process.

Ensure better value from monopoly services (Cross-sector & Energy)

2.3.2 We have carried out work on the cost of capital for the water industry, which we are happy to share with you for your financial performance work. We have also accessed across the industry their financial performance and are working through our regional and Wales teams with each water company on how they are sharing any out performance gains with customers.

2.3.3 We note your plan to examine whether alternative models of delivery for monopoly services would lead to better consumer outcomes and whether there is scope to widen the use of competition. We are happy to meet with you and share our consumer research findings with you.

2.4 A fair deal for vulnerable consumers

2.4.1 A current focus for us is on the transient or temporarily vulnerable consumer. This could be highlighted more within your Plan. While the Priority Service Register (PSR) is a valuable tool, it is not suitable for managing transient vulnerability. Our 2018 research⁴ following water supply interruptions in March 2018 found that consumers who were not registered on the PSR, but did consider themselves vulnerable during the ‘Beast from the East’, did not feel they got the support they needed during the water supply interruptions. Some of the research findings on transient consumers could have a crossover to energy, for example when there are major power outages. We are happy to discuss this further..

2.4.2 Your PSR tool sounds useful as a concept for both energy and water PSRs. We will be happy to continue to input into this during our regular meetings on consumers in vulnerable circumstances.

⁴ CCWater Customers’ experiences of water supply interruptions following the ‘Beast from the East’ in March 2018. Link [here](#).

Warmer homes: improve household energy efficiency (Energy)

- 2.4.3 We will work on the Big Energy Saving Week (as we have done this year [\[link\]](#)), to highlight the link between hot water and energy use..

Ensure support systems work effectively for vulnerable groups (Cross-sector)

- 2.4.4 We support the use of minimum standards of support for people with mental health issues, as we said in our response to the consumer green paper consultation. We will continue to share our work on mental health issues with you and others to aid cross-sector understanding.

3 Summary

- 3.1 In conclusion, we have insights we can share with CA, and believe that through closer working we can reduce detriment to consumers across the water and energy sectors.

Please direct any queries to:

Jenny Suggate
Senior Policy Manager
jennifer.suggate@ccwater.org.uk