

Northumbrian Water response to CCW Call for Evidence – Modern Standards for a Modern Sector: Improving how the Guaranteed Standards Scheme (GSS) works for people.

Within the current standards what works well and why?

Having set standards and payments mean that customers are treated fairly, and the approach is consistent.

The GSS ensures companies provide minimum levels of service and where they do not customers receive payment in recognition of the inconvenience caused.

The potential for payment, should a company fail a standard, encourages companies to improve processes and take action to correct issues quickly. This reduces any negative impact on customers.

Should the standards be refreshed and, if so, how?

Yes, using CCW's 2023 customer research alongside feedback from the industry and customers.

There have been limited changes in the standards of service or the statutory payments since the introduction of GSS more than 30 years ago. The refresh should reflect changes in:

- Customers' expectations
- Customers' behaviours
- Technology
- Weather patterns due to climate change.

There should be industry-wide sharing of what is paid to customers and when, including enhancements to GSS and company specific customer charter standards. This information should be used by CCW when considering changes to the GSS.

It would also be useful to look at best practice across other sectors. However, any changes to payments should be proportionate to water and wastewater bills.

What needs to be changed and why?

Standards and payments

The scope of the standards should be refreshed. For example, GSS covers only written contact - it should cover any contact channel, aligning with the contact methods, listed in the CCW Complaint reporting guidance for household customers, which includes 'Real Time' channels.

Standards and exemptions from payment should be clarified. It is also important that all standards are adopted consistently by all companies. This would aid company and customer understanding. Greater clarity and consistency would also ensure greater fairness.

The levels of payment which have not formally changed since 2001. As previously mentioned, any changes must be proportionate to water and wastewater bills.

Improved visibility

CCW's 2023 customer research showed low awareness of GSS. Consideration should be given as to how this can be improved nationally. This would include improving customers' understanding of what GSS covers, when GSS is due and how to make a claim for or receive an automatic payment.

Careful consideration needs to be given around the timing of proactive communication during an incident. Should the issue be resolved quickly, customers may submit claims which are returned unpaid as no GSS failure has occurred. This could lead to disappointment and a poor experience for customers.

Companies should share their promise to customers, ensuring information is readily available on their website along with a dedicated claim form and guidance.

Automatic penalty payments

A move to automatic penalty payments for GSS would benefit customers. Those who have been let down should not have to claim when payment is made late. We have been paying automatic penalty payments since Ofwat's recommended changes to GSS in 2018.

Are there new standards we should add, are there others that are out of date and need revising?

Regulation 17D (Complaints, account queries and requests about payment arrangements)

We would welcome the scope of the standard being updated to include 'Real Time' contact channels, as listed in CCW's complaint reporting requirements. We already include these channels in our enhancements to GSS. We make enhanced payment for account queries and complaints received through any channel, the exception being payment arrangement requests that are refused.

Regulation 17F (Entitlement to payment or credit where supply not restored as promised)

We welcomed Ofwat's recommended change to reduce the additional period payment from 24 hours to 12 hours. It is clearer for customers and encourages companies to resolve issues quickly.

We also welcomed the removal of the strategic main clause as we agreed it was open to interpretation. A customer should not have to wait 48 hours without water before they receive payment in relation to a strategic main issue.

We note in the table of GSS payment increases Appendix A that there is a payment for 'Notice unplanned of supply interruption – Failure to notify customers of emergency supply interruption'. Within the current GSS we are not required to make a payment if we do not warn of an unplanned emergency interruption. In Regulation 17E, paragraph 4, we are asked to advise customers (as soon as is reasonably practicable) when the supply has been cut off and when we propose supplies should be restored. However, we are not required to make payment if we do not do this.

Given the timing of some interruptions (for example, in the middle of the night) it is not always practical to advise customers of an interruption in real time. We do issue texts to customers during an event and include regular updates on our website. If the interruption occurs during the day, we will also canvas properties and prioritise informing our more vulnerable customers.

In addition, some interruptions are of a complex nature, and it is not always clear exactly which properties are impacted. We ask that this suggested payment for notification of unplanned interruptions be considered carefully with the industry group.

Sewer flooding

We were supportive of CCW's End Sewer Flooding Misery campaign and welcome the changes to the extreme weather exemption being formalised within the GSS.

We would welcome a discussion on the materiality criteria and appropriate payment for sewer flooding when sewage enters an outdoor structure which is being used as an indoor space, for example a home office.

Pressure standard

We agree that there is confusion surrounding this standard, both for customers and within the industry itself. We agree this standard needs to be reviewed and greater clarity provided.

CCW proposed basic service failure standards and repeat service failures

We have our own company charter standard for flooding from water mains. We believe customers should receive a refund of their annual water charge if flooding to the inside of their home occurs from one of our mains.

We have our own charter standard for situations where a boil water notice or 'Do not use' notice has been in place for an extended period to recognise the inconvenience to our customers. We also make a payment if we do not attend within four hours of a call to report a serious water quality concern which is causing illness (specifically gastrointestinal). We would welcome industry group discussion to clearly define "the company's fault".

In relation to damage from service failures, such as discolouration of washing, or damage from high pressure, we do not believe that standardising payment would be appropriate for operational issues. We do not think that GSS is an appropriate vehicle to manage compensation and damage claims for which there is a formal claims process, which is usually managed by a customer's insurance provider.

For claims that sit outside of a formal insurance claim process, we review those on a case-by-case basis. We make appropriate payment through our customer charter scheme. The payment would reflect what is reasonable and appropriate on an individual basis.

During a significant event, what we refer to as an incident, we will work with internal and external stakeholders to set up alternative water supply stations. Our focus during an operational event that leads to supply interruptions is on fixing the issue and restoring supplies quickly.

We agree that, as detailed in paragraph 4 of GSS regulation 17E, companies should be required to provide customers with regular updates, explain where an alternative supply can be found and how to contact the company. However, we do not believe payment for a failure to provide an alternative supply is warranted. Having such a standard may divert focus away from fixing the issue as quickly.

Several other factors should also be taken into consideration, including:

- The timing of the interruption. For example, if it is in the middle of the night the need for water is significantly reduced.
- The impact of the interruption on individuals. For example, an individual may not be aware of the interruption if they are at work.
- The environmental impact of delivering bottled water.

It is our view that all customers should be treated fairly and consistently. We would not consider a separate payment for someone on the PSR. Other customers may be unregistered or impacted in different ways, and it would not be fair to compensate a customer simply for being listed on the

register. It may also encourage the wrong behaviour and lead to people registering who don't really need additional support, or in extreme circumstances where they are aware of this clause.

On a case-by-case basis, we will always review individual customer circumstances during and following an incident and make a payment over and above the GSS where appropriate. This aligns with Ofwat's recommendation in their earlier review of the GSS when considering the impact of loss of supply.

We recognise the negative impact of failure to implement a complaints resolution within promised timescales. We make payments on a case-by-case basis when reviewing customer complaints and account queries where promised actions have gone undelivered. It can be difficult to quantify the impact of these failures for our customers. We would welcome a standard payment to make this process simpler for both customers and companies.

We recognise the poor experience for customers who are impacted, by repeat water supply failures, but due to the length of the interruptions do not receive a GSS payment. We have our own customer charter standard for repeat unplanned interruptions. The conditions for payment are that the interruption lasts at least one hour and not more than 12 hours (as GSS would have been paid). If the total time of these interruptions exceeds 18 hours between April and March, a payment equivalent to the interruption payment listed in the GSS is paid.

We agree that standardising payment in relation to repeat issues in relation to repeat billing or complaint issues where errors reoccur would ensure consistent and fair payment is made to customers to recognise the impact of repeat issues.

In relation changes to appointment requirements, we understand the suggestion for greater flexibility with appointments.

Appointments are carefully planned and resourced with most appointments being planned in 'AM' (7am-1pm) or 'PM' (12pm-6pm) time slots. However, we are flexible and resource two hour time slots and evening or weekend appointments when needed.

There would be an impact in offering shorter time slots for all appointments. It would lead to less flexibility; fewer customers being served and a poor experience for customers.

Should payments better reflect the impact of service failures on customers, considering both the direct financial costs and the inconvenience?

It can be complex to quantify the financial and personal impact for a customer following a service failure. The impact will vary depending on the customer's individual circumstances, making it difficult to standardise. Using damage claims as an example, the evidential burden is on the customer and not the company. We believe companies should be encouraged to review cases on an individual basis and consider a payment above the GSS minimum when appropriate. Any payment made should be proportionate to a customer's water and/or wastewater bill.

Should different service standards apply for customers who need extra help or who have been identified as needing extra help, especially those on the priority services register?

It is our view that all customers should be treated fairly and consistently.

We provide customers with additional support, (whether that's alternative bill formats, financial support schemes for those experiencing affordability issues or for customers who need a constant

supply of water for medical reasons), when they need it. However, we do not think that service standards should differ for customers on the PSR.

Has your company asked customers for their views on GSS and, if so, what did they say? Can you share the research with us?

We engaged with customers and employees, through an online survey, in 2020.

The research was intended to give a view, but it was not completed with a representative sample of our customers. We would be happy to discuss the findings from our research with CCW.

How do you use GSS data internally to drive performance?

We review GSS failures with operational teams to identify the root cause of the failure and discuss what we can do to prevent the issue reoccurring. As an example, for interruptions to supply our Network Performance team conduct a 'Post Interruption Review' ('PIR') where the interruption event is reviewed in detail. This happens whenever an interruption to supply performance commitment measure or GSS standard has failed

In our customer teams we use GSS Service Level Agreements (SLAs) to prioritise customer contact and make sure we respond within GSS timescales at a minimum. These SLAs are built into our Customer Care and Billing system and are set automatically when logging a complaint or account related contact, which requires a response.

We report on GSS failures and GSS costs, through management reports and dashboards, with assigned 'owners' responsible for different standards. Regular meetings are held with these managers and action plans put in place to address any concerns.

Within the Customer Directorate, we have a Compliance team who conduct audits of customer journeys. The findings are reported to the operational management teams and the overall Customer Leadership Team at head of service level, with corrective actions agreed and controls put in place to prevent further failures. The team also oversees compensation under the GSS. They identify trends and variances in payments and put in place interventions so areas of poor performance can be addressed.

Each department is required to conduct their own quality checks and part of the quality framework covers compliance with GSS. Our Customer Quality Manager reports on teams' quality performance monthly to the operational management teams and heads of service. They also make sure the framework is regularly updated and that team managers are completing the mandated checks.

As part of our Internal Audit programme, compliance with the GSS regulations is monitored and audited. The outcome of audits is reported to the Executive Leadership Team and to the Board's Audit Committee.

All companies have, at some point, voluntarily enhanced their GSS. What triggered this decision for your company?

Reviews have taken place periodically since the standards were established over three decades ago, and with every review of 'Our Promise to You', the customer document that sets our entire range of service standards, statutory and otherwise is refreshed.

The reviews have been carried out in conjunction with understanding customer feedback and benchmarking against what other water companies (and wider utilities) are doing. CCW also carried out analysis sector-wide, which allowed organisations to understand any gaps or areas to consider changes.

These reviews, benchmarking and analysis have allowed us to introduce and amend our Enhanced Guaranteed Standard Scheme and company customer charter, at points in time, to reflect our activities and what matters to customers.

In addition, Ofwat's MD220 review of GSS, provided us with an opportunity to carry out a deep dive into our suite of guaranteed, enhanced and company customer charter. Following the Beast from the East, we voluntarily adopted recommendations Ofwat made to enhance certain Interruption to Supply standards.

Our colleagues are educated about GSS and our enhanced commitments. They champion excellent service and are empowered to review individual cases, considering additional payment under our company customer charter when appropriate.

Faced with the changes arising from climate change, how should we consider the issue of 'extreme weather'?

The weather-related exemptions for GSS should be reviewed.

In Ofwat's 3rd climate change adaptation report, companies identified the risk associated with climate change. Increases in sewer flooding, interruptions to supply and water quality issues being some of those listed. There is a very real risk to health from poor water quality and household interruptions.

There have been a few extreme weather events in the last five years, with Storm Arwen impacting our northern operating area and resulting in over 5,000 properties being due GSS. Companies have committed to investing in their networks and putting contingency plans in place. We have taken away valuable lessons from Storm Arwen and put our own plans in place to prevent the issues we experienced during that event and ensure timely and accurate payment of GSS.

For sewer flooding we have already reviewed the exemption for those at risk of sewer flooding and would welcome a discussion for all GSS. A review of Ofwat's 'Guidance note for weather-related exemptions in the GSS Regulations' 2017 would be useful.

Additional issues to consider – Business customers

GSS for business customers is identified in the same way as household customers. For operational issues, the interruption to supply, sewer flooding or appointment record is entered into our customer care and billing system. Once the record is fully updated, the system automatically recognises if a failure has occurred under GSS and triggers an automatic notification. The GSS notification is assessed and closed. A report is sent to the retailer via a portal message advising them that GSS is due. The report includes all relevant information to support timely payment. Each month, payment is sent to each retailer, reimbursing them for GSS payments made in the previous month. It is our understanding that most retailers will pay their customer by a credit on their bill.

As with any operational failure, there may be occasions where it is not immediately apparent that a customer was impacted. In these cases, the retailer may contact us to submit a claim on behalf of their customer. We will assess the claim and manually process the GSS as required. The process will

then follow the same steps as with GSS which is automatically identified. A report will be passed across via the portal advising the retailer to pay their customer.

For complex cases and where customers have been inconvenienced but GSS does not apply, we will liaise with the retailer and their customer and on a case-by-case basis consider a goodwill payment. If we do issue a goodwill payment, this is sent direct from us, the wholesaler, to the business by cheque.

For all business customers, where our enhanced GSS or company customer charter payments apply, we have an agreement with retailers that we will issue payments and the retailer will pass the payment on to the customer. An example being interruptions to supply, where we promise to warn of planned interruptions lasting between one and four hours. Should we fail to warn a business customer of an interruption between one and four hours, we will notify the retailer who will make payment to their customer. We will then reimburse the retailer in the usual way.

Northumbrian Water

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