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SENT BY EMAIL

Sarah Thomas
Policy Manager
CCW
23 Stephenson Street
Birmingham
B2 4BH



SES Water
London Road
Redhill, Surrey,
RH1 1LJ
Telephone: 01737 772000
Facsimile: 01737 766807
Website: www.seswater.co.uk
Email: contactus@seswater.co.uk

Dear Sarah

The Guaranteed Service Standards Scheme: Call for evidence

Thank you for inviting us to respond to CCW's Call for evidence on the questions you pose about the Guaranteed Standards Scheme.

We are supportive of work across the sector to re-set companies' relationships with their customers in the context of changing customer expectations and the reputational issues that we collectively face. We recognise the role that clearly defined standards and compensation as set out in this Scheme can play in that, along with the other regulatory tools such as the Customer Focused Licence Condition and associated guidance. We ask that in formulating your conclusions and future recommendations, you consider the broader context and work to drive alignment between this and other guidance provided to the industry in these matters. We do not believe that it is necessary to create new standards in areas where these are already adequately addressed by other regulatory processes, such as in the area of water quality.

We agree with your proposal to review the Scheme at this point and that it is important to understand customer expectations but ask that the current context and general level of public understanding and acceptance of how the sector works is equally taken into account when formulating recommendations. We see from our own customer interactions and research that customers are not always clear about what we are responsible for as a water company and where their own responsibility lies. One of the strengths of today's Scheme and Standards is that they are clear and easy to understand. We believe that any new standards should meet the same criteria, and standards should be avoided where liability for service issues is less clear such as in the case of pressure failures.

We also believe that there would be real benefit in exploring how we as a sector can create greater awareness of the Guaranteed Service Standards Scheme, although we do not agree that there should be a new standard relating to this in its own right.

I have set out our detailed views and comments to the questions asked in the letter below, and our Customer Experience Manager Cate Searle has volunteered to be part of your industry working group as you develop your proposals on this topic.

I hope this response provides useful input to your work and look forward to working with you as you develop your proposals.

Best regards

A handwritten signature in black ink, appearing to read "Kate Thornton". The signature is written in a cursive, flowing style.

Kate Thornton
Chief Customer Officer

Within the current standards what works well and why?

The Scheme provides customers with a clear and consistent framework for understanding the service levels that we promise and the compensation that we will pay if we do not meet these. The existence of these published standards can help reassure customers that we take service seriously and that there are consequences for the company when something goes wrong. This contributes to building trust in a sector where household customers are aware that they are not able to choose their provider and ensures that customers do receive financial compensation when we have let them down.

While it is an industry-wide framework, we welcome the approach of setting minimum standards and payment levels while giving companies the flexibility to pay higher levels where they feel this is appropriate. It is also useful that the scheme distinguishes between the scale of payments to household and non-household customers.

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

We believe it is appropriate to review the standards now, recognising that much has changed since the last review in 2018 and that we have set out an ambitious plan for PR24 and the long-term which requires us to build the trust of our customers.

We agree that it is sensible to review whether the current levels of payment are still appropriate, and that customers' expectations should be considered as part of this. We also believe that the review needs to consider what is reasonable and proportionate to the cost of providing the service. For example, it is proposed that the minimum payment for failing to respond to an account query is £50 which equates to over 20% of the average annual water bill today.

In our own extensive customer engagement in preparation for PR24 and the work conducted by others, it is clear that customer expectations of the water sector today are partly being driven by media coverage of negative stories about the sector and this should be taken into consideration. We also observe that there are relatively low levels of understanding of how the sector works. For example, customers who say that they expect there to be additional standards on water quality and wider environmental standards may not be aware of the regulation that already exists in these areas overseen by bodies such as the Drinking Water Inspectorate and the Environment Agency.

In reviewing and creating any new standards, we should ensure that they are clear and easy to understand and apply as this clarity is one of the strengths of the current framework. Situations that are more complex or nuanced, or where separate regulatory guidance already exists, would be better treated under alternative arrangements.

What needs to be changed and why?

We agree that it makes sense to review whether the standards as written adequately reflect the contact channels that customers are using today, and should be future proofed in anticipation of further digital channels becoming available.

CCW's research highlighted that customers are not always aware that the Guaranteed Standards Scheme exists but that customers find it reassuring when they know that it does. As part of the review, we also recommend that the group considers how we could grow awareness of the Scheme at individual company and sector levels. We do not however believe that this should be a standard in its own right.

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

Basic Service Failures – Your proposed new standards	SES Comments
Payment for flooding from water mains	We have a claims process in place to compensate customers for damage or loss caused by flooding. Part of this process considers any compensation required for the inconvenience or distress caused, which is highly individual, making it hard to define / apply a minimum payment value in these circumstances. We recommend that any potential payment mirrors that proposed by the sewage flooding (i.e. annual charges capped at £1000 – £1500) and this is explored further with the working group.
Payment for boil notices, and any other supply suspensions due to water	We do not support any new standards relating to water quality as these are adequately covered through the current Regulatory processes. For example, when a Boil Notice is issued this requires notification to the DWI through the Regulatory process documented with the Information Direction 2023. The DWI then follow their enforcement process to determine Recommendations, Warnings, Cautions or Prosecutions. We therefore feel that this is sufficiently covered through the Regulatory process. While we recognise the inconvenience to our customers and consider compensation on a case-by-case basis, the financial risks could be significant and could drive the wrong behaviours. For context, in 2007 we issued a boil notice to circa 50,000 properties, and therefore a new payment in this space could run into the millions. We would also challenge if this extends to Precautionary Boil Water Notice's, Do Not Drink or Do Not Use notice and if so, what the parameters would be for these categories. Standards relating to water quality must also only be in relation to incidents caused by our own failings and not those caused by a customer's pipework or actions.
Damage from service failures, such as discolouration of washing, or damage from high pressure	<p>All domestic properties should withstand 12 bar, and as business we do not accept responsibility for issues experienced under 12 bar within the customers' property. We therefore do not support the suggestion of this as a new standard.</p> <p>Again, with discolouration of washing, proving liability is not always straightforward and could open the business to potential misuse of the standard.</p>
Failure to provide bottled water when there is supply interruption	We already have strict industry regulations for providing alternative water supplies during supply interruptions and customers registered to our Priority Services. Given the complex nature of what has been suggested we recommend this is explored by the working group.

Considering the common complaints listed in the document:

- We consider that disputed liability for measured bills may not be suited to a new standard. By their very nature, these complaints are often not straightforward, and it could be hard to write a clear standard in this regard. We recommend that companies continue to resolve them on a case-by-case basis.
- We also see a relatively high volume of complaints relating to debt recovery, and it may be appropriate to consider a standard where customers have been incorrectly chased for debt. We note that Ofwat's Paying Fair Guidelines already set minimum standards in this regard however and it would be important that any new standard is aligned to these.
- We do not see significant levels of complaints or customer detriment relating to incorrect account information, and do not recommend that a new standard is set for this.

We do not agree that the standard for pressure failure should be changed as described. The cause of failure of an appliance is highly subjective and pressure issues are often due to problems with customers' own plumbing.

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

In principle we agree with this statement but note that it is not consistently reflected within Appendix A of your documents. For example, failure to answer an account query is given the same level of payment as failure to miss an appointment. The working group should also consider how any proposed new levels align with the WATRS guidelines on 'Compensation for Inconvenience and Distress'. As part of this we agree that the working group should consider how the impact of repeat service failures should be reflected.

We also note that the proposal to increase the late payment penalty does not seem to fit with this principle, as the customer detriment does not increase because the payment is late and the suggested amount is almost as much as for failure to keep an appointment.

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?

This is a complex question, as customers on the priority services register may have very different needs in any given situation and the impact on them of not receiving the level of service may also be very different. This could make it difficult to clearly set out relevant standards in this area. We also note that the CCW research findings generally indicate that respondents felt customers in vulnerable circumstances should receive additional help, not different payment amounts. This matches our focus within SES which is on providing inclusive service that works for everyone. There may be a risk in creating bespoke standards for sub-sets of customers. If CCW wish to explore this further we recommend that it is looked at by the working group with the assistance of experts in the field.

Has your company asked customers for their views on GSS and, if so, what did they say?

We have not conducted any specific research on this topic.

How do you use GSS data internally to drive performance?

Within our customer service teams, we monitor operational SLAs as part of our daily management rhythm to identify any areas where we may be at risk of missing our Guaranteed Standards and identify mitigating action to avoid this. For example, we review the age of complaints and payment queries in our queues each day to ensure that we are allocating resource and prioritising workload appropriately to deliver our promises. We regularly report on how often we have missed our

service levels and the financial impact of these within our operational teams and up to Board level. Working alongside other operational data and sources of customer insight, the data can help us identify areas where we need to improve processes. The GSS data therefore complements other data types that we have within the business and supports our overall focus on customer service improvement as we work towards improving our C-MeX performance.

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

We took this decision as part of our commitment to significantly improve our customer service performance in our PR19 plan.

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

As part of current and future business plans, we have considered the effects of climate change, with a key area of focus being to continue to build resilience across our network. While companies can and must plan for the impact of 'extreme weather' events this is a complex and rapidly changing area and would need expert consideration as you develop your proposals.