



# Modern Standards for a Modern Sector: Improving how the Guaranteed Standards Scheme (GSS) Works for people. CCW Call of Evidence.

## Southern Water response

09<sup>th</sup> October 2023

Southern Water welcomes the opportunity to comment on this important proposal regarding the refresh of the Guaranteed standards scheme.

Southern Water respects the efforts by CCW in re-evaluating and refreshing the Guaranteed Standards scheme (GSS) that has largely remained unchanged since the privatisation of the water industry over three decades ago. GSS has brought positive change to the industry in ensuring companies adhere to a particular set of standards, but we believe these standards no longer encapsulate evolving consumer expectations. Furthermore GSS's compensatory aspects do not mirror the actual inconveniences faced by consumers today.

We strongly believe that like Ofwat's Vulnerability guidance and Customer license condition, the GSS's statutory guidelines should encourage innovation. Allowing companies compensation strategies to be more reflective of customers actual inconvenience. This might mean introducing sliding scales of compensation or allowing water companies the autonomy to craft goodwill policies that cater more personally to the customer, rather than adhering to a rigid, one-size-fits-all payment approach.

In conclusion, while we appreciate the foundation that the GSS has laid down, we believe that for it to remain relevant, it must be both dynamic and reflective of the contemporary needs and challenges of the industry and its consumers. We look forward to collaborating with CCW and other stakeholders in ensuring a more responsive, fair, and innovative future for water service standards.

Should you have any questions please contact: [Regcorrespondence@southernwater.co.uk](mailto:Regcorrespondence@southernwater.co.uk)

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### 1. Within the current standards what works well and why?

The fact that we have GSS processes and plans in place is a positive. It clearly details when and what we should pay when customers are dissatisfied with the service provided, or they are inconvenienced through the fault of their water company. GSS ensures that there are standards of service that the customer can expect and that the companies must provide.

Most GSS payments are paid to the customer automatically. This presents a streamlined and pleasant journey for our customers, preventing repeat contacts and not inconveniencing our customers any further.

### 2. Should the standards be refreshed and, if so, how?


We believe that a revamp of the GSS is needed to ensure that our customers are getting the compensation they deserve when things go wrong and that the level of GSS payments should reflect the inconvenience caused, and the nature of the error or contact.

Whilst it is important to have a uniform approach across all Water companies, there should be some flexibility for companies to create their own innovative approach to compensating customers. An example of this is when a customer has been assured that the noisy repair works outside their home will end on a specific date, however overruns causing further inconvenience, noise, and disruption. At the moment no GSS would cover this, however we use our Ex-Gratia-payment Policy to apply a goodwill gesture to the customer account, based on the level of inconvenience caused.

### 3. What needs to be changed and why?

Alongside a standard approach to GSS payments, there should be allowances for water companies to decide on how to compensate their customers. For example, a £20 GSS payment to one person may be preferred, however another means of compensation such as flowers, a gift voucher or a hamper may be more favourable to a different customer. This poses challenges for regulation or auditing; however, a one size fits all approach is not the best outcome for all our customers and does not foster a culture of inclusion based on individual needs.

We agree that the GSS payment value needs to increase, however we do not agree with all the payment proposals submitted by CCW. There needs to be clear difference between a minor inconvenience and a major inconvenience. Currently the proposed payments do not do this, and customer may take offence knowing that their major inconvenience yields little more compensation than somebody who suffered a minor inconvenience. For example, the proposed £75 GSS payment for not notifying a customer of a planned outage who is then without water and has been unable to make their own provisions, compared to



the proposed £50 GSS payment for a minor administrative error does not seem comparable either financially or based on the level of inconvenience.

The current GSS does not consider repeated failures, this is something that could and should be introduced. Whilst companies may have their own goodwill Policies in place to bridge this gap, a standardised approach would be preferable. This should include a specific period indicating what “repeated failure” means and should be clearly defined to prevent ambiguity.

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

##### Proposed areas where new standards could be introduced:


**Common Complaints** – SW already has a mechanism in place where we offer a standard Goodwill payment to any displeased customer. This is covered in our Ex-Gratia Payments Policy (Annexe B). We believe that allowing companies to compensate customer who have complained in their own way is a much more suitable approach. Rather than enforcing a GSS, perhaps companies should be empowered to create their own internal policies to support customers when complaining.

**Billing or Complaint Investigation** – We currently have established standards that mandate compensation for customers in cases where we either fail to respond substantively or do not act in accordance with the predetermined timelines. Introducing additional General Service Standards related to billing or complaints might introduce confusion for both the companies and the customer. A one-size-fits-all approach neglects the nuances of specific cases, such as the length and complexity of investigations or the seriousness of a particular complaint. It would be more practical to let individual companies decide on their compensation strategies for these situations, however if they are introduced then a scale of compensation would be desirable.

**Repeat service failure** – Repeated service failures that have adversely affected customers for more than six hours on multiple occasions within a certain period, should receive enhanced compensation payment to reflect the inconvenience caused. Our suggestion would be that the GSS payment is doubled. As stated in Q.3 there needs to be a clearly defined meaning of “repeated failure” including a specific time scale to avoid confusion.

Pinpointing those impacted for durations shorter than six hours currently presents its challenges. Establishing a new GSS payment for interruptions under six hours would necessitate considerable updates to data systems. Although the ongoing installation of smart meters will aid in better data collection, a full deployment across all households might take a while, therefore customers may miss out on entitled GSS payments as the data would not be present.

**Boiled Water notices or Restricted Use** – The introduction of a compensation structure for these issues seems reasonable. However, the compensation should be variable, depending on the degree of inconvenience caused to the customer. For instance, a scenario where residents cannot consume tap water is undoubtedly more disruptive than being unable to wash dishes. The GSS compensation should reflect the level of inconvenience and be adjusted accordingly.



**Cloudy Discoloured Water** – Incorporating this under the GSS would be difficult to administer, as multiple external factors can contribute to water discoloration or cloudiness. Standardising compensation for every reported instance could put undue investigative pressure on water companies and potentially create disputes with customers. It would be problematic to ascertain responsibility, especially when the issue is not due to the water company's actions. Hence, it would be prudent to allow water companies the autonomy to decide on compensation, trusting them to act in the best interest of their consumers. We do not feel that a standardised GSS is appropriate.

**Water Main flooding** – We believe this should be in line with internal wastewater flooding protocols; however the affected customers could be compensated up to a maximum value of £750 of their annual charge based on the fact the flooding involved clean/fresh water rather than wastewater. We would bear responsibility for complete clean-up and any necessary property repairs as standard.

**Roadblocks/closures** - Offering GSS payments for road blockages or closures seems impractical. When water companies undertake such actions, it is usually to execute essential repairs that benefit the customer. While it is crucial to minimise inconvenience, by offering apologies, notifying residents in advance, etc. there is a chance that those affected might not even be SW's customers. External road users might face disruptions too and determining who, and how much to compensate them would be burdensome. Individual company policies can be framed to offer compensation for those adversely affected by extended road closures, negating the need for a standardised approach across the industry.

Proposed areas where the existing standards could be improved:


**Complaint Response** – The nature of a complaint and the duration required for its resolution are crucial. Complaint handling can vary widely in terms of duration due to the complexities of individual cases and the extent of investigation needed. The process can also be elongated if the complainant does not engage promptly. Consequently, it would be fitting to adopt a compensation model that is variable, aligning with the gravity of the complaint, the inconvenience it caused as well as the duration taken for resolution.

**Low Pressure** – Low pressure causes an inconvenience to the customer, however not on the same scale as a full water outage. There are multiple causes of low pressure which are not always the fault of the water company. If introduced the GSS payment should reflect the level of inconvenience caused. This could be based on how long the customer experienced low pressure before the problem was rectified.

**Groundwater** – It is our belief that enforcing GSS for groundwater related problems is not practical. There can be multiple reasons outside of a water companies control that can lead to groundwater flooding. Geographically Southern Water has a large amount of underlying Chalk bedrock, which is a common factor when ground flooding occurs.

**Extreme weather exemption** – There should be a clear definition of 'extreme weather' to ensure water companies maintain uniformity in their approach across different regions, especially in cases of unpredictable severe weather events. We will refrain from invoking the exceptional weather clause if recurring issues arise, particularly those relating to inadequate capacity to which we have been alerted. However, in other scenarios, evaluations will be performed on an individual basis.

**Changes to appointment requests** – In today's fast-paced world, providing a 2-hour appointment window is not just feasible but also desirable. Such an approach minimises disruptions for the customer, permitting them to plan their regular activities around the appointment. However, this tightened schedule can make



the potential for unexpected delays more likely. Even though the water company can manage a portion of these risks, certain unforeseen factors will inevitably remain beyond our control.

CCW would expect that urgent appointments are prioritised over others, therefore there may sometimes be a need to cancel or reschedule a less urgent appointment at short notice, to prioritise others. This would then lead to SW providing GSS payments, for essentially trying to do the right thing.

Introducing evening slots is a commendable initiative for customer convenience. Yet, it does necessitate rethinking operational strategies, such as shift adjustments, additional staffing, and expanding the fleet, all of which would entail considerable investment. We believe it is more pragmatic to leave the decision of offering evening appointments to individual companies and not integrate it into the GSS.

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

Payments should indeed be more reflective of the actual impact of service failures on customers. Rather than employing a uniform approach, it would be beneficial to consider both the direct financial burdens and the personal inconveniences experienced by customers. A sliding scale based on these factors would be more equitable, ensuring that those who have faced greater difficulties or disruptions due to a service failure receive compensation commensurate with their hardships.

See attached annexe A – This details CCW proposed GSS payments, compared to SW views on GSS payments.


### **6. 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 essential to recognise that while the GSS payments cover customers on the Priority Services Register (PSR) in areas already identified, there is still a need for a more personalised approach in certain scenarios. Rather than imposing a uniform standard, especially for those needing “extra help,” water companies should be empowered to exercise discretion to offer acts of goodwill when lapses occur. For instance, if there is a failure to deliver bottled water within the agreed time, instead of a direct monetary compensation, alternative remedies such as food vouchers, shopping coupons, or other innovative solutions tailored to the individual's needs can be provided. This not only shows empathy and understanding but also helps in addressing the specific needs of the affected customers.

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

Southern Water has limited experience gathering feedback on GSS from its customers, however some work has been done on Service Level Agreements (SLAs), which are supported by customers. This support is believed to extend to GSS.

The feedback we have received suggests that many customers expect compensation for service failures, but responses vary based on the customers priorities or own personal feelings and morals.

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- Dissatisfied customers have stated that they often feel the level of compensation does not match the inconvenience.
  - Environmentally conscious customers are frustrated when environmental damages are monetized and compensation payments are made, rather than spending that money on environmental investments.
  - Some customers have stated they would prefer the company to invest in root cause analysis and resolutions rather than offering compensation when things go wrong.

We have found that supply disruptions can lead to two waves of complaints: firstly, for the disruption itself, and secondly, if GSS responses are perceived as slow or not paid on time.

Southern Water can potentially gain more insights on this matter for any future consultations via our customer panels.

## **8. How do you use GSS data internally to drive performance?**


Within Southern Water, we use GSS data as an essential tool to gauge our service performance to customers. Daily, we convene in our performance hubs to closely monitor and discuss the service we provide. These sessions are not only attended by our team but also by our service partners to ensure a comprehensive review.

On a monthly schedule, the senior management team along with the Executive team evaluates this data in-detail during our performance committee meetings. One of the main focuses during these evaluations is on metrics that could potentially lead to GSS payments to our customers. It is our priority to maintain the highest service standards, so whenever we identify that our service is not meeting the expected benchmarks, we promptly initiate corrective actions. We monitor the effectiveness of these actions and ensure continued adherence to our performance goals.

Furthermore, to consistently enhance the customer experience, we have rolled out multiple initiatives as part of our Transformation Plan. These initiatives target critical areas of customer experience, aiming for marked improvements. A few examples include sending timely updates to our customers through SMS during significant phases of their journey with us. We are also leveraging modern video technology to solve customer issues without always requiring an appointment of waiting for a follow up.

Transparency is a value we hold in high regard. This is evident especially during service disruptions, where we prioritise open and honest communication, ensuring our customers are well-informed during water and waste service anomalies so that they fully understand the actions we are taking, and what level of service they can expect during a disruption.

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



Southern Water recognised that the Guaranteed service scheme did not encapsulate every potential incident, problem or complaint that may affect our customer base. As a direct result in 2023 we introduced our own Ex Gratia Policy.

The policy was developed to assist in addressing complaints and queries related to inconveniences that customers face which do not fall under the Guaranteed Service scheme.

These inconveniences might arise from the organisation's construction, maintenance, or administrative tasks that are not explicitly documented in any GSS policy. The essence of this guidance is to ensure that the customers receive a response that is both fair and consistent, especially when they have experienced significant inconvenience or distress.

Examples of such situations include repeated errors in bill formats, delays in construction beyond assured dates, inadvertent access to private lands, and obstructions to property access due to work-related activities.

The overarching objective of the Policy is to prioritise the customer's experience and rectify any significant inconveniences, irrespective of any enforced regulations.

The most recent example of when we have gone above and beyond and utilised the Ex-Gratia Payments Policy was between December 2022 and February 2023. We experienced a water outage in Hampshire twice within this period inconveniencing our customers repeatedly. As a result, Southern Water decided to double the GSS payments to all household and Businesses that were affected. This meant paying over 9000 households and 400 businesses double their expected GSS payment. This evidences our commitment to our customers ensuring they are compensated fairly when we fail them.

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

As climate change continues to reshape our world, it is imperative that the issue of 'extreme weather', especially excess water, is tackled innovatively. It is also crucial that what constitutes "Extreme weather" is clearly defined.

Rather than penalising companies through fines, a more proactive approach would be to offer incentives to those companies that go beyond the conventional methods and adopt novel solutions. Water companies should be motivated to openly acknowledge these challenges and proactively communicate with their customers about the changes and the measures being taken. Furthermore, companies can play a pivotal role in promoting sustainable practices among customers. Encouraging households to use water butts, recycle water, and adopt other conservation techniques, through incentives, will not only alleviate some of the pressures brought about by "extreme weather" but also foster a collective sense of responsibility towards our environment.

## **Annexe A – GSS Proposed Payment amounts.**



GSS Payment  
Proposal Southern W:

## **Annexe B – SW EX Gratia Payments Policy**



Ex-Gratia Payments  
Guidance - final draft