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By email: Sarah.Thomas@ccwater.org.uk

13 October 2023

Dear Sarah,

RE: Call for evidence: Modern Standards for a Modern Sector: Improving how the Guaranteed Standards Scheme (GSS) works for people

Thank you for the opportunity to submit evidence in support of your review of the Guaranteed Standards Scheme. We support the need for a review given the length of time that the current framework has been in place and the subsequent changes in customer expectations and economic environment.

The role of the GSS is to provide fixed compensation payments for generic, measurable failures to meet a defined commitment level. This is in contrast to more specific, individual, complex issues, which have always been more appropriately addressed through case-level reviews with bespoke compensation arrangements.

To ensure GSS regulations continue to deliver on the needs of customers, we believe that the framework should be simple, fair and consistent:

- Simple to understand so that customers know what they are entitled to and that this aligns with company definitions;
- Fair in that they are proportionate to the level of inconvenience caused whilst not causing significant impact on customer bills;
- Consistent in that they can be applied in exactly the same way across the whole industry.

Some of the proposed additions to the GSS in CCW's call for evidence do not meet these criteria due to the complex nature of the issues they relate to. This risks making it harder for customers to understand and more problematic for

companies to apply, and deviates away from the role of providing fixed compensation for a defined instance of failure.

We should also keep in mind new and existing regulatory mechanisms that serve to support fair outcomes for customers, most significantly the new customer-focused licence condition. This will create a base level of service expectations and provides enforcement powers for Ofwat if these are not met.

Appended to this letter we provide our detailed responses to the questions raised in the call for evidence document.

We look forward to working further with you in development of the GSS.

Should you have any questions or require more information about our response, please let me know.

Yours sincerely,

Tom Greenwood
Customer Experience Strategy & Assurance Manager

CCW Call for evidence: Modern Standards for a Modern Sector: Improving how the Guaranteed Standards Scheme (GSS) works for people

Yorkshire Water provides below its responses to the questions raised in the call for evidence.

Section A: CCW view of the current GSS.

1) Level of payment for GSS failures

The call for evidence document provided a table showing proposed increases in minimum payment levels for existing GSS issues. We have added a column to the table explaining our view on each of these proposals.

Issue	Standard	Current level of payment (including voluntary enhancements)	Proposed minimum level of payment	YW Comments on proposed minimum level increase
Making appointments	Failure to give notice or allot a specific appointment time.	£20 -£50	£30	CCW customer research suggests this payment is surprising to customers and therefore does not need to change.
Keeping appointments	Company does not keep allotted appointment or cancels without notice.	£20 -£50	£50	£50 seems excessive for some scenarios - CCW research suggested it should increase but that the level of proposed increase is 'generous' (rather than fair). It could be based on a sliding scale e.g., if we don't turn up or cancel after the start of the appointment window, a higher payment may be applicable as the inconvenience to the customer is greater, but if cancelled before the start of the appointment window but still less than 24hrs notice, it could be a lower payment.
Account queries	Failure to send substantive reply to query.	£20 - £35	£50	Excessive for the impact on the customer as per CCW customer research.
Requests about changes to payment arrangements	Failure to send substantive response to request for change in payment arrangements.	£20 - £35	£50	Excessive for the impact on the customer but could introduce a sliding scale (only with a couple of options)
Complaints	Failure to send substantive response to complaint.	£20 - £50	£50	Excessive for the impact on the customer but could introduce a sliding scale (only with a couple of options)

Notice of planned supply interruption	Failure to give appropriate notice of planned supply interruption.	£20 - £35	£75	Excessive for the impact; we believe current value of £30 is fair.
Notice unplanned of supply interruption	Failure to notify customers of emergency supply interruption.	£20 - £35	£75	This wording does not align with a current standard. We believe it may refer to the water supply not being restored within 12 hrs. If this is the case, we feel £50 is more appropriate for the initial 12 hrs with a potential increase in that value for any additional 12 hr period thereafter.
Supply restoration	Failure to restore supply within promised timescale.	£20 - £35	£75	Excessive for the impact to customers; we believe current value of £30 is fair. A sliding scale could be looked at e.g., if water off for up to 1hr after timescale promised pay £30, if off between 1 & 3 hrs longer could be £35.
Water pressure	Pressure fails on two occasions within 28 days.	£20 - £50	£75 for basic level failure as described	Excessive for the impact on the customer, customers rarely know their pressure has dropped, even when it meets the threshold for GSS. CCW research reflected this - customers felt pressure issues were lower impact than missed appointments.
Internal flooding from sewers.	Effluent enters a customer's property.	Annual charges, capped at maximum of £1000	Raise maximum by £750	Proposed increase to maximum payment will not impact many customers. We believe the increase would be better on the minimum payment and recommend an increase to £200, this would mean more customers would benefit.
External flooding from sewers.	Effluent enters a customer's land.	Annual charges, capped at maximum of £500	Raise maximum by £500	Proposed increase to maximum payment will not impact many customers. We believe the increase would be better on the minimum payment and recommend an increase to £100, this would mean more customers would benefit.
Late payment of GSS payments		£20	£40	Covered in section 3C

2) Areas where new standards could be introduced

a) Basic service failures

- **Payment for flooding from water mains**

More clarity is needed regarding this. If the intention is that it relates to internal flooding of a property, we do not believe a mandated payment is required. We

are liable for any damage caused if a property is flooded from our water main and it is dealt with via insurance on a case-by-case basis. Out of pocket expenses are taken into account when settling the claim.

- **Payment for boil water notices and any other supply suspensions due to water quality problems that are the company's fault**

We do not believe it is appropriate for these issues to be included as part of the GSS. Whilst there is some common guidance in the industry, the DWI state that all boil order events must be treated individually.

In many cases the imposition of the public health notice is made on a precautionary basis. Provision of GSS payments as a default for every occurrence of public health notices could create incentives for water companies to delay provision of notices.

Water companies are not always the party responsible for deteriorations in water quality, and establishing liability can be a lengthy process. This could then lead to delays in payments and a lack of clarity for customers.

- **Damage from services failures, such as discolouration of washing, or damage from high pressure.**

A standard payment does not fit these types of events. We currently deal with these through either insurance or ex-gratia payments, and believe that is the best way to make sure each case is dealt with on an individual basis. In addition, if this was added to GSS it is not something you would be able to identify automatically to be able to make the payment.

- **Failure to provide bottled water when there is a supply interruption. As part of this, an additional payment could be made, in recognition of the likely additional impact, for example if the customer is on the Priority Services Register.**

It is appropriate that where we have failed to deliver bottled water to a customer with a registered need for constant water supply on the PSR that they should receive compensation.

Other than instances of failed PSR commitments, we do not believe that temporary alternative water supply provision is something that should be covered under GSS. This type of service expectation will fall under the new

customer-focused licence condition in that "*the appointee... provides appropriate support.... including during and following incidents*" (G3.5).

If we were to introduce GSS for bottled water supply more generally, there is some complexity that would need to be clarified:

- Will it be different in unplanned events to planned work?
 - Is the expectation that it would apply only when customers have requested a delivery or is it for all customers affected by the interruption?
 - If for all it would be difficult to be able to automatically identify these, for example we may drop a pallet of water off at a certain location and this could all be gone by the time a particular customer arrives.
 - If a timescale was set out e.g. within 5 hours, what trigger would start the clock e.g. it is from the time of the first no water?
- **Failure to implement a complaints resolution within promised timescales. For example, if a company agrees to pay an amount of compensation but does not make the payment.**

We don't believe this should be included as a GSS element as there are lots of potential outcomes to complaints and the impact of not achieving the associated deadline will be different for each customer. We believe compensation should be paid but that it should be for each individual company to agree with the customer based on the personal impact on them.

b) Common complaints

- **Disputed liability for measured bills**

A clear definition would be required as to what this covers and when any GSS would become payable. If this is in reference to customers who are disputing their consumption, then this would be very difficult to measure and to identify the cause. For example, customers contact us regarding high consumption saying they can't have used that much water but when they reflect on it (and this may not be immediately) they realise there was a reason for using more water e.g. child home from university.

- **Debt Recovery**

We currently pay for incorrectly registered CCJs and Defaults when the customer contacts us to dispute or if we identify that it has been done incorrectly. This could be an element that is added to GSS as it can have significant impact on a customer but as the majority of these are identified when the customer provides

additional information it couldn't be an automatic payment and would have to be claimed.

- **Incorrect Account Information**

More clarity would be needed as to what this covers.

c) Repeat service failures

In principle applying a standardised payment where repeat failures occur would place an unnecessary reporting burden on companies. These should be picked up by companies and dealt with on an individual basis.

- **Water supply failures. An example of this might be if the water is off more than four times, each lasting over 3 hours, within a 12-month period; or situations where water supply failures reoccur but are too short to trigger GSS payments. Ofwat set out in its 2018 recommendations that more consideration is needed on the thresholds that trigger payments.**

We currently offer within our Customer Charter an element similar to the above (detail below) so we do believe this would be a good addition to the regulations. However, we currently pay this on a claimed basis and believe it would put unnecessary reporting burdens on companies if it was included and was expected to be paid automatically. We do agree that a fixed amount is better for customers than a calculated payment.

"If we interrupt your supply to carry out emergency work on three or more occasions totalling over 15 hours within a 12-month period we will refund the equivalent of 10% of the customer's water charges"

- **Water quality events, such as cryptosporidium outbreaks, boil water notices or cases of discoloured or cloudy water**

We do not believe these should form part of GSS.

In principle, it may appear that payments to customers impacted by a DWI Notified Event could provide a trigger for compensation. The difficulties of obtaining evidence for the Event, the root cause, and responsible party apply to both localised individual property issues, and those which affect many customers at one time.

Discolouration is an aesthetic parameter, and as such for many customers is a subjective concern. Most reported cases are single 'one-off' issue and usually the issue is no longer present when a visit takes place. Although water company assets are predominantly the source of aesthetic discolouration material, it is also possible for discolouration to have originated in private pipe work and because of domestic plumbing arrangements. It's also possible for discolouration to occur for customers because of impacts of third party – either by damage to company assets or by their activity (e.g., excessive draw on company mains by business premises). This also creates an evidential issue in identifying the cause.

It does seem fair that customers subject to repeated discolouration caused by company assets should receive compensation – particularly if this damages customers equipment. We believe these should be dealt with on an Individual case by case basis. Consideration could be given to ask all companies to include an element that covers this in their own charters but not be prescriptive about the value.

Customer do often notice aeration in water (cloudy/milky water) but this does not represent a breach of any standard in the Water Supply (Water Quality) Regulations. It does not seem appropriate to provide a compensation payment for water which meets regulatory standards.

Like discolouration the cause is not always the responsibility of the company. It may also be due to private fittings.

- **Repeat flooding from water mains or pipes that are the company's responsibility and within a reasonable time period.**

See response under repeat flooding from water mains in the "Basic service failures" section.

- **Errors created during the billing process, or a complaint investigation, that reoccur after a company has promised to tackle them.**

It would be very difficult to set a fixed amount for these as the impact on the customer will vary, we believe this should be left up to the company to agree on an individual basis when they occur.

Such payments could apply for multiple incidents of the same service failure at the same premises, or for multiple different service failures at the same

premises. We would welcome your views on where repeat service failure payments might be appropriate.

This would add complexity in administration and would be very difficult to explain simply and clearly for customers.

3) Areas where the existing standards could be improved

a) Payments for extended periods of service failure.

- **Pressure failures. Problems with pressure can interfere with supply. In some cases, failures may not be enough to trigger payments under the current GSS scheme but may make it very difficult for people to operate appliances.**

We do agree that low pressure can cause difficulties for customers, but we believe the current measure should remain as it is sufficient to identify issues caused by the company's asset. It would be very difficult to use another measure as the cause can be complex and more often than not is due to historic pipework layout of the property e.g. joint supplies.

- **Groundwater inundation filling sewers with water and preventing people from flushing their toilets.**

More clarity would be needed on the definition of groundwater and the intent of the measure. We class groundwater inundation as groundwater (below ground level) infiltrating into our sewers, causing them to run at higher flows continuously, overloading the sewers during heavy rainfall or when the water table is particularly high. Currently we would class these as overloaded until we could remove the infiltration and if any property experienced internal sewer flooding as a result GSS would be paid. The only time this might not be the case is if a specific input was found (i.e., a field drainage being diverted into our sewer).

If the definition of groundwater inundation is in relation to surface water flooding and inundating our sewers during heavy rainfall, then we would generally class these as overloaded if the surface water was getting into our sewer and then causing it to overload and spill. If the flooding is caused by majority surface water only then we would class these as groundwater run-off and not Yorkshire Water responsibility.

- **Failure to handle complaints in a timely manner. If a company misses a deadline for dealing with a complaint, it will pay the same amount whether it responds one day later or six months later. In other cases, companies' actions could extend the length of time needed to resolve a complaint – for**

example if there is a delay in investigating a complaint or if the company relies on information that it should have known was incorrect.

We believe there is scope for a change to the current measure. A sliding scale could be applied based on the number of days delay.

b) Extreme weather exemption

Following CCW's "End sewer misery campaign" and the subsequent recommendations we do not apply this exemption if there has been a previous internal sewer flooding event within a rolling 10-year period that has been associated as a YW asset fault. This could be formalised within the GSS review. We do not believe any other change should be made and that the current exemption should apply if the above criteria hasn't been met.

c) Simplifying late payment penalties

In our response to Ofwat's Call for evidence consultation - GSS in August 2018 we did recommend that all penalty payments associated with GSS should be automatic to ensure consistency and clarity for customers. However, we believe an increase of £40 across all the standards to be excessive and does not represent a relative value for the impact of the failure. We believe a smaller increase up to £25 is more appropriate.

d) Changes to appointment requirements

We currently offer AM, PM or evening appointments 4pm – 8pm (for certain departments) and 2hr appointment windows. In addition, if a customer does require a shorter window we do accommodate where possible. We do not have any evidence to say that customers feel our current offering is not sufficient. We do not believe there is any need for change on this element as forcing companies to do shorter time windows will impact on efficiency, resource and compliance. In addition, our current offering already exceeds what other utilities have to provide.

e) Greater visibility and clarity of service standards

The developing customer-focused licence condition's principles reflect some of the issues we raise in this document. We will work with Ofwat on the GSS review so our recommendations will work in the context of the new Licence Condition. An option could be to agree a consistent title of any document that outlines both the GSS regulations, and any additional commitments companies want to make, similar to the PSR. This way it could be referenced on Ofwat/ CCW website.

It would be really useful to work with customers to understand what good would look like for them as there are lots of complexities in the background trying to incorporate the definitions, exclusions etc.

Section B: What customers feel about the current standards

We believe it is important to include the views of customers in the design of standards. We note that some of the customer views expressed around proposed payments are not reflected in the values in the table in appendix A. Extensive customer testing (quantitative and qualitative) should form part of the evidence base for changes to the GSS. Ideally views on payment should be provided without prompting with proposed values so as not to lead responses. Customers should also be made aware that GSS is funded through company operating costs and therefore through customer bills. This is important contextual information as GSS payments need to reflect fairness for all customers.

Section C: Additional issues to consider

1) Business Customers

We believe that some elements should be different for Business Customers as some of the current GSS elements would have a lesser impact on businesses so may not be appropriate, for example, GSS In relation to appointments. Cancelling an appointment within 24hrs for a household customer is likely to have a more significant impact than for a business customer as the customer may have had to take a day or half a day off from work. Whereas a business is usually open between certain hours weekdays, so the Inconvenience is less.

GSS for non-household customers is identified and processed the same way at the front end for Business Customers. The only difference is we don't physically issue the refund to the business a notification is sent to the retailer advising them of the necessary payment that needs to be made which they make to their customer. We currently don't do assurance checks to ensure that they have Issued the refund to their customer.

Any review of GSS for business customers would need to Involve UKWRC and MOSL.

2) A robust and flexible regime

Developing a framework for reviewing the scheme on a more regular basis is a good approach and one that can be clearly shared with customers for transparency. It could also support the new customer-focused licence condition.

Section D

Within the current standards what works well and why?

The majority of the standards work well as they are not overly complicated for customers to understand and compensate for the things that are Important to them.

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

The standards do need to be refreshed to ensure that they reflect what is Important to customers and that the value is representative of the failure.

What needs to be changed and why?

We do not believe that wholesale changes are required. The monetary value needs to be reviewed and a mechanism put in place for periodic reviews of the values. As identified in CCW's research, the low pressure standard is the most difficult element for customers to understand what that looks like for them. Whilst we believe the trigger for the payment should stay the same a review of the wording would be needed.

We must also consider the customers of New Appointments and Variations (NAVs) companies and how the GSS is applied to these groups.

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

There are a few that we currently offer to our customers within our Customer Charter that we believe would be a good addition to the standards. These have been outlined earlier in our response.

Whilst not in the current GSS, we believe that Licence Condition Q: Interruptions in supply because of drought could be brought under the scheme to simplify the compensations framework for customers.

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

It is very difficult to set a standardised amount of compensation when considering inconvenience as the impact on each customer can vary significantly. GSS should be applicable for things that are easily measurable and can be clearly defined to ensure transparency for customers.

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?

As there is a range of services covered under the Priority Services register and these vary by company a fixed service failure payment does not seem the right approach. In addition, the impact of failing to achieve the relevant service varies depending on the service.

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 are currently undertaking some research and have some interim findings. We would be happy to share the full results of the research when completed.

How do you use GSS data internally to drive performance?

We review GSS volumes in performance hubs as part of our continuous improvement practices, identifying areas requiring attention and targeting reductions in incidence of GSS failure as a lead measure.

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

A review should be completed on the definition of extreme weather to ensure fairness and consistency across the industry.