



The voice for water consumers  
Llais defnyddwyr dŵr

**CCW's response to  
Ofwat's draft Forward Programme  
2024-25**

**February 2024**

## 1. Introduction

The Consumer Council for Water (CCW) is the statutory consumer organisation representing household and non-household water and sewerage consumers in England and Wales. We welcome the opportunity to provide a response to Ofwat's draft forward plan for 2024-25.

## 2. Executive Summary

We support Ofwat's focus on the areas outlined within the forward plan as these largely align with [our priorities for 2024-25](#). There are many areas where we have already established a collaborative approach to working with Ofwat to deliver the improvements people want to see from their water and wastewater services and welcome the opportunity to build on this collaborative working relationship in the coming year.

## 3. Detailed Response

### Priority one: To transform water companies' performance

We agree that there needs to be a step change in water company performance, teamed with how this is communicated to customers. Our research shows that customer trust is at a 12 year low in the sector, that people expect water companies to be accountable for their actions and to be transparent when things go wrong. The sector needs to step up to these challenges to be able to begin to shift the dial on trust.

#### Performance monitoring

We welcome Ofwat's greater commitment to monitoring company performance and holding them to account when performance is not at the expected standard. We also welcome further discussion with Ofwat about how our intelligence about water companies' performance could complement those interventions.

We agree that there is still some way to go in how companies are opening up data, however, it is essential that the data is accessible and meaningful to enable the transparency that people want to see in terms of company performance.

We are also working with the industry as they begin to publish their data in relation to storm overflows. Once companies have published this data, we will be reviewing their webpages to ensure that that are meeting customer expectations, and we will provide feedback and best practice to the water and sewerage companies.

#### Customer protection

We support the work that Ofwat has done to date with respect to the customer facing licence condition. We believe that this is a step forward to ensure that customers get the support and service that they expect from their water company.

We will continue to work with Ofwat as the framework for monitoring is defined and we are developing our assessment of companies' complaint handling, debt procedures and incident

response to complement the licence condition and help uncover where positive changes can be made to benefit customers.

### Enforcement

The effective operation of wastewater treatment works and networks needs to be a priority for companies as widely reported failures have led to distrust in the water industry. People want to see that companies are addressing these issues. Therefore it is essential that Ofwat's investigation is completed as a priority and that the outcomes are clearly communicated to the public, outlining what action will be taken and how the companies will be held to account.

Increasing Ofwat's enforcement capacity is a positive step so that problems can be identified early and acted upon accordingly. However, such enforcement should not be limited to wastewater issues, and Ofwat should look further to ensure that the data that companies provide is accurate so that there is a firm evidence base for taking enforcement action.

### Markets

We agree with and support Ofwat's continued drive to resolve market frictions and enhance protections for non-household customers, about which we made recommendations for change in our [Five Year Review of business customers' experience of the water retail market](#).

We welcome the importance Ofwat is placing on the development and implementation of the revised Market Performance Framework (MPF) and we remain committed to working with Ofwat, MOSL, and market participants to implement a framework that properly incentivises trading parties to improve performance, and deliver better outcomes for customers. As part of getting the incentives right, it is important that the lack of competitive pressures on wholesalers (and currently also on retailers) to better serve business customers is recognised, and we would urge Ofwat to recognise this when reviewing the final proposed MPF ahead of implementation in 2024-25.

We are calling for strengthened market rules around interim supply arrangements and protection of customers' money when a retailer exits the market. Therefore, we welcome Ofwat's commitment for enhanced customer protections on customers' retained credit balances and supply arrangement on retailer exit. We want to continue to work with Ofwat as we remain concerned of the risks that exist. As part of this work, we want to see the Customer Protection Code of Practice made more transparent and strengthened in line with our recommendations, including our 'Credit where it's due' campaign change proposal, so customers are receiving reimbursements of their credit on an annual basis. We would welcome greater clarity on Ofwat's timeline for this work as it is currently missing from Appendix 1.

Along with Ofwat, we also want to be actively involved in the industry work to help address the wider challenges of water scarcity, including the collaborative role market participants and business customers can play in achieving this. We are pleased to see this issue set out in Ofwat's forward programme.

We welcome Ofwat's intention to consult on how new appointees are regulated given the expansion in this area of the market and have given fuller views on this in our response to the [Department for Business and Trade's Smarter Regulation consultation](#). We look forward to

seeing Ofwat's proposals for shifting the focus from licensing new sites to ongoing monitoring and reporting, and to playing an active part in this work.

## **Priority two: To meet long-term challenges through increased collaboration and partnerships**

### Water efficiency

We agree that the huge challenges facing the water sector can only be successfully addressed through collaboration and partnerships. At a regulatory level, RAPID has been successful in bringing the different regulators together for a clear common purpose, and in doing so, we are seeing more progress made on the delivery of strategic water resource options than has been seen for many decades.

The public are also becoming much more concerned about their local environment and are becoming more interested in the environmental performance of their providers. We see the importance of engaging with stakeholders as an important undertaking for Ofwat but the support of consumers, particularly when their co-operation and changing behaviours are fundamental to the success of companies demand reduction plans, is just as important. There are opportunities for the sector to work together to raise public awareness and to ensure that everyone plays their part.

The proposed Water Efficiency Fund is a welcome development given the challenging target reductions in both household and non-household water use the water companies are expected to deliver. We believe that there needs to be more oversight, co-ordination and direction given to the industry so that we build the evidence base of what interventions work most effectively and ensure funding is targeted in those areas. We have a proposal, called ARID (Accelerating Reductions In Demand), for how this could be taken forward and could potentially be integrated with the Fund. Even if this concept is not taken forward we should play a key role in the operation of the Fund.

### The innovation fund

Whilst there have been some successes with the innovation fund, we consider that more transparency in relation to the fund is needed on:

- The governance and process around the awarding of projects;
- The benefits the projects have, or will bring for customers; and
- How companies can learn from completed projects;

Projects also need to demonstrate that they can be scaled up at an industry level at greater pace, to deliver benefits to more customers, more quickly.

## **Priority three: To deliver greater social and environmental value**

### Affordability

As we look forward to the next price review period we already know that many companies are proposing considerable bill increases, and only 16% of people say that they will find these increases affordable. Many companies will not be meeting their [Public Interest Commitment](#) to "make bills affordable as a minimum for all households with water and sewerage bills more than 5% of their disposable income by 2030 and develop a strategy to end water poverty" and so

where companies are *not* committing to end water poverty by 2030, Ofwat should require them to offer greater support in the draft determinations.

Similarly, some companies intend to offer funding from their own investors, outperformance, shareholders or parent companies to support customers struggling to pay their bills. We would like to see all companies making such commitments.

We are keen to continue to work closely with Ofwat on water affordability as a key priority for both organisations. Our extensive day to day engagement with customers and companies can provide powerful insights and an ability to influence and monitor progress in the adoption of good practice. We believe there will be great value in our organisations remaining well joined up in any research and analysis work which is undertaken helping to ensure optimum outcomes for consumers.

We will also continue to work closely with companies as they develop and implement plans for innovative tariff trials. As the evidence base from these trials grows it would be useful for CCW and Ofwat to work together in evaluating outcomes and learnings, and in sharing these across companies.

#### Customer service and support

We welcome this focus from the regulator, and consider that our joint working on companies' vulnerability strategies and Priority Services Standards will result in positive changes for people. We also look forward to learning more about Ofwat's research plans in this area and how, where appropriate, they could be incorporated into the joint research programme between CCW and Ofwat.

#### Environment

Ofwat may wish to note that we have recently published research on [customer views of Nature Based Solutions](#) which found that people preferred 'nature-based' solutions where applicable because they recognised and value the additional benefits they can provide, by improving local habitats for nature and providing an amenity for the community.

#### **Other areas of the forward plan**

##### Our finances

We note that Ofwat are proposing an increase in the licence fee for 2024-25. For the increased costs, we want to see tangible benefits for customers. Ofwat needs to be transparent and accountable with respect to showing what people are getting for their money.

##### Our culture, values and ways of working

We have been leading work in the industry for all companies to have a [customer centric culture](#). In leading this work we will also be making information about our culture and how we measure improvements more accessible. We would welcome discussions with Ofwat on how it can make its performance in this area more visible to help us set a good example to companies. We would also encourage Ofwat to take the culture of water companies into consideration when considering how companies are meeting the requirements of the future customer focussed licence condition.

### Engagement in Wales

It is good to understand Ofwat's approach in Wales and how the forward plan aligns with the Welsh Government Strategic priorities. We would welcome the opportunity to meet and discuss more of the detail and potential for collaboration in Wales with your Director and new team.

### **Enquiries**

Enquiries about this consultation should be addressed to:

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