

Friction and Flow: A Report from the Autumn 2019 Retail Users Forum



The Autumn Retail Users Forum took place on 26th September in Birmingham.

Co-ordinated by Waterscan on behalf of business water customers, this bi-annual meeting helps support the success of the water market through the provision of a platform for customers to engage directly with key industry bodies to raise awareness of the wider issues, share positive feedback and discuss current challenges. Ultimately, the aim is to boost the UK's water sustainability while reducing cost and consumption, improving business resilience and enhancing operational efficiencies for business customers.

Speakers at the September event were:
Graham Turk, Director of Production & Supply - **Affinity Water**, Steve Hobbs, Senior Policy Manager - **Consumer Council for Water**, Steve Arthur, Market Performance Director - **MOSL**, Shaun Kent, Principal Market Outcomes and Enforcement - **Ofwat**, Karma Loveday, Editor - **The Water Report**, Claire Yeates, Director and Neil Pendle, Managing Director - **Waterscan**, and Lucy Darch, CEO - **Wave**.

Performance

As part of the opening proceedings, Ofwat's Shaun Kent delivered a market status report, concluding that it was disappointed with slow progress in many areas: particularly in eliminating frictions that stand in the way of a free-flowing water market.

The regulator reported 53% customer awareness of the open market, a slow but steady increase of 5% year on year. However, just 13% of non-household customers are currently active in the marketplace with 4% of customers switching or renegotiating contracts in the second year of the market, unchanged from the first year. Key drivers for action are the opportunity to lower bills, save water and save time, with 8% of switchers citing that they had achieved some form of bill consolidation to date.

Ofwat went on to highlight the three main issues of current concern, all of which are impacting the customer experience, increasing retailer costs and hindering the development of value-added services. These were: the poor aggregate performance of wholesalers against industry standards with only approximately 80% of tasks completed on time; a lack of complete, accurate and timely market data; and lastly, poor interaction between wholesalers and retailers. To address these, the regulator is now taking a firmer approach with the market operators that continue to fall short of expectations. See our blog for more on [Ofwat's position](#).

Further detail can be found in Ofwat's State of Market Report 2018-2019 – July 2019.



The Consumer Council for Water (CCW) corroborated Ofwat's position on the customer experience, highlighting a 382% increase in customer complaints since market opening: an increase mostly driven by issues with billing and poor customer service. On the other hand, 84% of customers that have switched and 89% of re-negotiators found that the benefits they had achieved as a result had met or exceeded their expectations.

Steve Hobbs stated that a downward trend in complaints - with wholesalers and retailers being part of the solution - along with greater awareness of the open market with easier ways for customers to compare providers are the improvements the CCW would most like to see.

Speaking for MOSL, Steve Arthur said that its focus moving forward would be to address the root causes of under-performance, strengthen reputational and financial incentives for market players, improve consumption and customer/asset data and make this open access, and to encourage innovation to make the market attractive to disruptors.

Claire Yeates, who sits on the Market Arrangements Code Panel (whose role is to optimise market outcomes through the effective management of the market codes which govern the water market) outlined its planned strategic approach to these issues. This approach will encompass specific actions around customer engagement, a thorough review of data, systems and codes, and enabling innovation to come to the fore.

To find out more about how water companies in England and Wales are performing, visit [Discover Water](#).

Perspectives

The Forum continued by inviting delegates to see the market through different lenses – those of a retailer and wholesaler. Lucy Darch, CEO of relatively new market entrant Wave led the session.

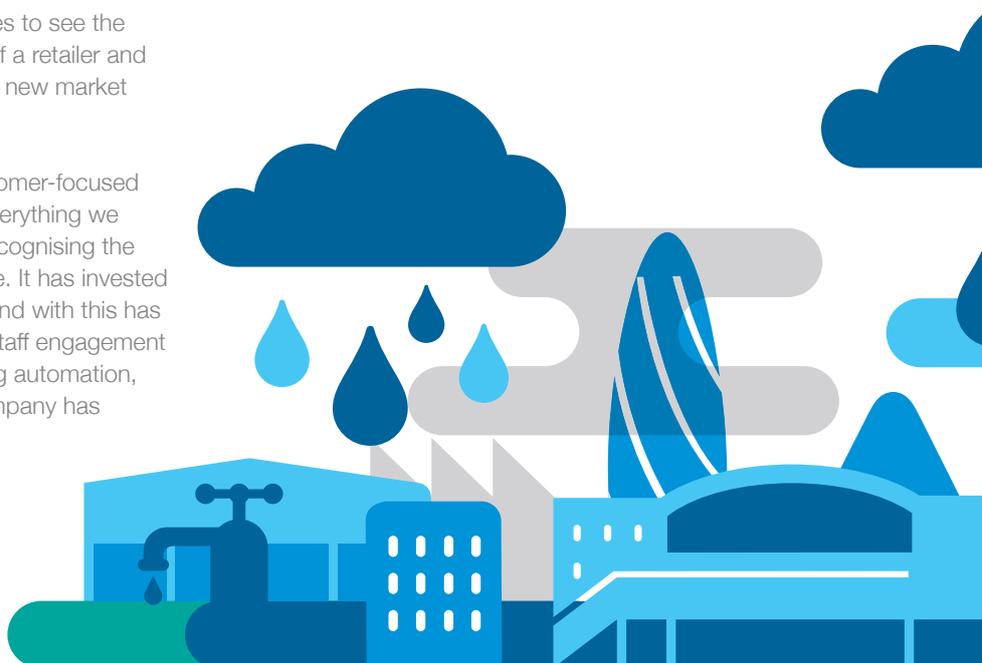
With a stated vision 'to be the most customer-focused utility, delivering value and efficiency in everything we do', Wave has set its sights high while recognising the challenges that an immature market pose. It has invested £4.5m in the two years since formation and with this has come considerable process in terms of staff engagement and systems architecture aimed at driving automation, efficiency and customer service. The company has reported a 96% customer retention rate.

Moving forward, focus areas will be meter reading by embracing workflow management and smart technologies, building an efficiency-focused business culture, developing customer-specific propositions and further people development. As part of its Active Water Management added-value programme, for example, Wave is working with Waterwise on household customer awareness and education around the need to reduce water use.

Leading nicely on, the subject of Graham Turk's session was Tackling Britain's Drought Risk. Affinity Water serves 3.6 million customers in south east England, in areas that the Government has designated as being under serious water stress.

In an insightful presentation which detailed rainfall and groundwater levels since 1979, he introduced a drought management plan and asked businesses to consider what they could do to prepare for water scarcity. Actions might include, for example: ensuring that water is on corporate risk registers, using all the available data for decision making, setting demand reduction targets and raising awareness of the growing concern about water availability. He also asked attendees to question their day-to-day water use and consider water's value as a resource.

Speaking for the National Drought Group, Neil Pendle outlined the Environment Agency's current position. He stated that water companies are currently feeling confident about supply this year, but he highlighted that a dry 2019/20 winter could present serious, widespread risk to the environment due to lack of groundwater recharge.



Participation

Taking all this information on board, forum attendees participated in two engaging workshops, providing valuable customer insights on the topics of the market and water scarcity.

Workshop 1: What Are Retailers Doing Well and What Key Issues Do They Need to Address?



Overwhelmingly, delegates viewed consolidated billing across customer estates as a huge positive in the open market; a customer-centric approach that really makes a difference to efficiency and demonstrates that retailers are trying to help. The hope is that this will lead to monthly billing.

A second key theme was around innovation and expertise. The view was that retailers can drive down consumption by innovation and by imparting their expertise to customers so that they in turn can use this to improve internal knowledge and efficiency.

Delegates had a significant wish list of challenges that they would like to see retailers work on moving forward. Clarity, transparency and simplification sum up the findings. Customers really want to see a move towards standard tariffs a simpler way to present bills which allow meaningful site comparisons.

Issues around trade effluent charges were particularly prevalent, with one delegate noting that there are currently 56 ways of calculating trade effluent. The desire is for clearer explanations and cost breakdowns on bills with auto-allocation of payments.

All recognised that better interaction between wholesalers and retailers, together with more meter reading and better data reporting would be key to understanding, and driving down, consumption. This would also facilitate better account management – perhaps a single point of contact for large customers – and faster dispute resolution, a big step forward in improving customer experiences.

Workshop 2: Water on Tap? Britain's Wet Reputation Running Dry



Delegates were asked for input on what retailers, wholesalers and industry bodies could do to help them address the UK's looming water crisis. On this topic, delegates were united in concluding that it was all about communication.

Wholesalers publishing open source data and a compulsory water disclosure scheme were two ideas, along with a cohesive and large-scale marketing campaign around water stress and associated business risk.

At customer level, there was concern about communicating critical supply and service information via bills as this approach doesn't generate the required visibility with company decision makers for preventative or remedial action. Clear communication about the scale of drought concern (up or down) is desired at localised supply-point level and this needs to be broadcast through co-ordinated communications to all relevant stakeholders along with a clear indication of whether supply needs to be reduced or turned off.

To discuss any of the issues raised in this report, please contact us. For further reading, see Karma Loveday's article for [The Water Report](#).

The next Retail User Forum will take place in London in March 2020. All business water customers are welcome to attend this free event. To register your interest please email info@waterscan.com.