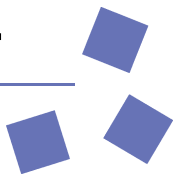


Living with Water Poverty 2014

keeping your head above water



Living with Water Poverty 2014

keeping your head above water

29 August 2014/ Job No. 638/Version 6

Prepared for:

Consumer Council for Water



Creative Research

Creative Research Ltd
43 Broadway, London W13 9BP

Phone: 020 8567 6974
Fax: 020 8567 6979

Email: creative@creativeresearch.co.uk
www.createresearch.co.uk



Contents

1	EXECUTIVE SUMMARY	1
1.1	Introduction	1
1.2	Overview of Methodology	1
1.3	Key Findings	1
1.4	Conclusions	6
2	INTRODUCTION	12
2.1	Background	12
2.2	Aims and Objectives	14
2.3	Research Method	14
2.4	Pilot Interviews	18
2.5	Structure and Content of the Interview	18
2.6	Data Analysis	21
2.7	Caveats	21
2.8	Structure of the Report	22
3	MANAGING FINANCES	23
3.1	Key Findings	23
3.2	Introduction	24
3.3	Income	24
3.4	Outgoings	25
3.5	Typologies: Capacity to Pay Bills and Money Management Skills	27
3.6	Prioritisation of Bills	32
3.7	Coping with a Limited Income	39
3.8	Perceptions of Affordability	42

4	EXPERIENCE OF DEBT	47
4.1	Key Findings	47
4.2	Introduction	48
4.3	Getting into Debt	48
4.4	The emotional impact of debt	51
4.5	Getting into Debt with Water	55
4.6	Impact of Welfare Reform	58
5	SEEKING HELP	65
5.1	Key Findings	65
5.2	Introduction	65
5.3	Experience of Seeking Help	66
5.4	Barriers to Seeking Help	68
5.5	Perceptions of Poor and Good Practice among Suppliers	70
5.6	Type of Help Wanted	74
5.7	Response to Supplier Access to Financial Information	76
6	RESPONSE TO MEASURES TO HELP WATER CUSTOMERS	80
6.1	Key Findings	80
6.2	Introduction	81
6.3	Water Meters	81
6.4	Options for Payment Frequency and Method	86
6.5	Response to Schemes	87
6.6	Communication of Schemes to Customers	95
6.7	Response to a One-stop Information Source	97

7	APPENDICES	105
7.1	Introduction	105
7.2	Recruitment questionnaire	106
7.3	Tables for income thresholds	106
7.4	Topic Guide	121
7.5	Stimulus for discussion	126
8	CONCLUSIONS	141
8.1	Introduction	141
8.2	Comparing the Samples of 2009 and 2014	141
8.3	Age and Vulnerability	141
8.4	Coping on a Low Income and Falling into Debt	142
8.5	Attitude to and Prioritisation of the Water Bill	143
8.6	Help Provided by Water Companies	144
8.7	One Stop Information Resource	145

Figure 1:	Respondents' estimated income as a proportion of the low income threshold.....	25
Figure 2:	Number of respondents who had each type of outgoing	26
Figure 3:	Relationship between the extent to which respondents were able to pay their bills (vertical axis) and the extent to which they were in control of their finances (horizontal axis)	28
Figure 4:	Relative priority of each category of outgoing.....	34
Figure 5:	Figures commonly chosen that reflect how respondents felt about being in debt	52
Table 1:	Number of respondents who 'always paid a bill when it was due', 'sometimes missed payments and then tried to catch up' and who 'had arrears and were in debt'	49

1 Executive Summary

1.1 Introduction

The aim of the research is to provide a detailed analysis of the experiences of low income customers in managing their household budgets, and in particular their water charges, in 2014. It also considers how experiences have changed since 2009 when a similar study was carried out. It seeks to provide insights which will help identify what more water companies and others could be doing to help.

1.2 Overview of Methodology

Thirty-nine depth interviews were conducted with customers of ten Water and Sewerage companies (WaSCs) and Water Only Companies (WoCs) in England and Wales. All were living on incomes no more than 10% above the threshold for defining low income for their household composition¹. The main sample of 36 interviews was structured according to lifestage, whether their water supply was unmetered or metered (inherited, chosen to have one installed or compulsorily installed), and their capacity to pay their bills – ‘making ends meet’, ‘struggling’ or ‘in arrears’. In addition, three interviews were conducted with customers with no or little English. Each interview lasted about 1 ½ hours.

Caution should be exercised in generalising from the findings to the wider population due to the small numbers involved in the research. It should also be noted that income, outgoings and the level of any arrears are as reported by respondents and not verified.

1.3 Key Findings

1.3.1 Managing finances (section 3)

- One of the variables used to structure the sample is capacity to pay one’s bills (‘making ends meet’, ‘struggling’ and ‘in arrears’). Among the research sample, propensity to be ‘struggling’ or ‘in arrears’ is not directly correlated with total income but seems to have much to do with outgoings and particularly the spend on larger bills such as housing (3.6).

¹ People are counted as being in poverty if their household income is below 60 per cent of the median (mid-point) income for all UK households. Different thresholds are set depending on the composition of a household.

- Within this sample, it was found that respondents who are deemed to be 'good money managers' are more likely to be 'making ends meet' or 'struggling'. However, they can also be found among those 'in arrears'. While they have systems in place to monitor their finances, they may end up in debt if they have a shortfall in income to cover their outgoings. 'Reasonable money managers' are more likely to be 'in arrears' as are all of the 'poor money managers' (3.6)
- In discussing which bills are given higher priority, it is often those that are for essential items, which are for fixed amounts and for which the consequences of non-payment are perceived as potentially severe (3.7)
- While water is given high priority by some, others consider it a lower priority. The principal reasons cited for the latter include a perception that water companies are more flexible about payment and, for some customers, an awareness or sense, that customers' water supply cannot be cut off (3.7)
- A range of coping strategies are used by respondents to avoid falling into debt or to manage their arrears. The most common are doing without, only buying things when they have spare money or buying less/lower quality products. They might also look to generate other sources of funds including loans (or gifts) from families or loan companies, or small amounts of unofficial additional income (3.8)
- Affordability was a concept that some respondents struggled with when asked what it meant to them and a number of viewpoints were expressed. While for many it related to the capacity to pay without struggling (and therefore often to the size of the bill), others made the point that some bills simply had to be paid and therefore must be afforded/affordable, and others related affordability to what they considered value for money (3.9)
- Outgoings such as energy and food are thought to have become less affordable while water (especially in comparison to energy) is often regarded as affordable (3.9)

1.3.2 Experience of debt (section 4)

- About two-thirds of the sample have either fallen behind, or are in arrears, with one or more of their bills and water features in this more often than other bills (4.3)
- Falling into debt is often triggered by major lifestyle changes that are largely outside of peoples' control which are then made worse by the strategies that may be adopted to try and stave off debt such as using credit cards and payday loans. These reasons apply as much to water bills as to other bills (4.3)
- Respondents often contact their suppliers when in difficulty and arrange ways of organising payments or repaying their debt (4.3)
- The emotional impact of debt is described in terms of feelings of anxiety/fear, helplessness, anger and a sense of isolation. The restrictions on outlook and lifestyle are particularly acute in relation to families and those with medical conditions (4.4)
- In line with the two-thirds of the sample who think their water bill affordable, a similar number describe positive or neutral feelings about it (4.5)
- Although the sample only contains one person currently on Universal Credit, other respondents are feeling the impact of changes to welfare and benefits, in particular in respect to disability benefits, housing benefits and employment benefits (4.6)
- While the idea of Universal Credit as a single payment making it easier to move in and out of work appeals to some respondents, other features are viewed negatively, especially by poor money managers. These features are the single monthly payment which requires them to manage their money over a longer period, the payment of housing benefit to the claimant rather than the landlord and payment to a single named person in the household. In addition, concern is spontaneously expressed about how the change to monthly payments will be managed and whether there will be a period when they receive no money (4.6)

1.3.3 Seeking help (section 5)

- Sources of help and advice when in, or in danger of getting into, debt include the suppliers themselves, intermediaries such as advice services, debt consolidation agencies and parents or other family members. With suppliers, respondents' focus is on finding new ways or frequencies of paying to help make bills more manageable (5.3)
- The service offered by Citizens Advice and other locally based advice services is often endorsed and while some might go to them if they have multiple debts, others approach suppliers themselves or debt consolidation agencies (5.3)
- Some respondents are reluctant to seek help because of personal pride, being deterred by earlier unhelpful responses, fear of potential negative consequences, the difficulty of sorting things out and an assumption that help is not available (5.4)
- Respondents provided examples of what they see as both poor and good practice by utilities and other service providers. They tend to associate poor practice with credit card companies, mortgage lenders/banks, payday loan providers and the TV licence enforcement body. It can involve what they see as intimidatory tactics, refusal to provide help that is in the customer's interests rather than the supplier's, and inadequate systems that put obstacles in the way of seeking help (5.5)
- Good practice, often associated with the utilities and media providers, is framed in terms of willingness to discuss changes to a payment plan, flexibility and the occasional suggestion of specific schemes to help the customer (5.5)
- Ideally, respondents want suppliers to offer such things as individual assessment and advice on their options, proper negotiation of what the customer can afford, early and proactive help, and to do this using a dedicated team who can be contacted by phone at no great cost to the customer and who are sympathetic and efficient. Some would like the option of receiving face to face advice (5.6)
- The response to the idea of financial information, such as entitlement to benefit, being shared with suppliers to help them better identify those in need of help is

mixed; some are very positive while others sceptical. Overall, there is a willingness to be able to opt into sharing such information as long as certain conditions regarding security, confidentiality and protection from repercussions are met. There seems to be greater trust in utilities having this information (5.7)

1.3.4 Response to measures to help customers (section 6)

- The response to water meters is generally positive from those who have one regardless of whether they have opted to have one, inherited one by moving into a metered property or been compulsorily metered. This is largely because they are small households and have seen a reduction in their bill (6.3)
- Some unmeasured smaller households might benefit from the installation of a meter but have not looked into it due to a mix of lack of awareness/interest, inertia, an assumption that the savings will not merit the effort, a desire not to have to worry about water consumption, and a preference for having a predictable bill. However, their interest is often piqued by the information that smaller households should be better off and if not, they can revert to unmetered billing after a trial period (6.3)
- Various payment methods and frequencies are being used and many feel their chosen method suits them. However, there is less awareness of paying water bills in weekly or fortnightly instalments and some could see the advantages of this. The idea of making payments through social landlords is welcomed (6.4)
- Awareness of the various payment and assistance schemes is low and only very few are making use of them currently (mainly WaterSure and Water Direct) (6.5)
- The social tariff schemes are met by a mix of approval for helping customers in genuine financial difficulties through no fault of their own, and disapproval that the schemes are funded by an amount paid by all customers including those on low incomes who are struggling but not eligible themselves (6.5)
- Despite these misgivings, each of the schemes elicits some interest in finding out whether respondents might be eligible and prompts questions about the widening of the eligibility criteria (6.5)

- The schemes attracting greatest support are Water Direct because it ensures that arrears are paid in a way that is affordable to the customer, and the Restart/Arrears Allowance type of debt relief scheme because it incentivises customers in arrears to get back into paying and enables them to 'start afresh' (6.5)
- There is a strong call for the schemes to be well publicised by water companies and resentment among these respondents that this does not seem to be the case. It is felt that greater awareness will enable people to approach their supplier directly with greater confidence (or indirectly through an intermediary) (6.6)
- The response to a one-stop information source offering help to those in difficulty paying for their water and sewerage is very positive and many would like to see water companies offer this themselves. However, they are often sceptical about suppliers' enthusiasm for doing so and feel that an independent body might act in customers' interests more. Citizens Advice and some other debt advisory services are seen as possible candidates for such a service (6.7)
- Ofwat and CCWater are little known to respondents but despite its lack of profile, the description of the latter as the 'independent water watchdog' prompts many to suggest that it might have a role based on its expertise in the water industry, its impartiality and representation of the consumer. This role is however seen as additional and supplementary to that of the water companies (6.7)
- The option of CCWater providing an enhanced service and applying for schemes on customers' behalf (or initiating the application process) is well received although not everyone thinks they would need to take advantage of it unless they are unsuccessful in their own efforts. It is seen as particularly helpful for people who are more vulnerable or lack confidence to approach their water company or find it difficult to complete the application form (6.7)

1.4 Conclusions

- The following draws a comparison between some of the 2009 and 2014 findings.

1.4.1 Comparing the samples of 2009 and 2014

- The sample of customers achieved in the 2014 study is similar in many ways to that of the 2009 sample although there are some differences which are in part, due to changes in the sampling method.
- However, among the 2014 respondents, there are more 'good' and correspondingly fewer 'poor' money managers; this may reflect a change in attitude towards the use of credit since the recession. A number of respondents who are classed as 'good money managers' report experience of debt in the past and the associated impact has resulted in them changing their approach to their finances. It may also be the case that at times of cut-backs and an often more disapproving attitude to those on benefits, recipients feel they have little choice but to try and manage their finances as best they can.

1.4.2 Age and vulnerability

- As in 2009, the retired are unlikely to be found among those who are 'in arrears' and again, this may suggest a generation effect based on a more conservative approach to debt and a lifetime's experience of managing one's finances. In 2009, it was suggested that younger people may be in greater need of assistance and based on the 2014 study, we would suggest that families in particular, may be in this position, both financially and because of the impact on their children. In terms of the pressures on daily living associated with being on a low income, those with children often appear to feel these more acutely as there is little money other than for necessities.
- While all of the payment and assistance schemes are available to eligible families, to qualify for WaterSure, families need to have at least three children and to be on a meter. Families with fewer children were also sometimes struggling but are not eligible and are unlikely to benefit from the lower bills that water metering brings to smaller households. It was also noted that while WaterSure is intended for families that are already metered (and have three or more children), in at least one case, a family was advised by its water company to have a meter installed so that they could benefit from lower bills. If this is happening, it is likely that some such families may be reluctant to accept one

because they fear that their bills will rise, even with the WaterSure tariff. They may also be concerned about (although this was not explored) what will happen if circumstances change and they no longer qualify for the tariff.

1.4.3 Coping on a low income and falling into debt

- Many of the findings relating to how people in 2014 feel about living on a low income and the strategies they use to cope mirror those of five years earlier. Moreover, the impact on some respondents' physical health and mental well-being is again evident.
- The same reasons why customers may have fallen into debt apply across the two samples but in 2014, a number of new factors have become relevant; the rise of payday lending, zero hours contracts, and the changes to welfare and benefit payments. The last of these has resulted in some respondents experiencing a drop in income at a time when household bills are increasing (sometimes rapidly), and in a few cases where respondents are switched to a different benefit, not only are they seeing their income reduce but they may also have had a period without any benefits. This has resulted in two respondents having to visit another new development, that of the food bank.

1.4.4 Attitude to and prioritisation of the water bill

- While the water bill was often seen as less affordable or unaffordable compared to other outgoings in 2009, the majority of the sample in 2014 feel positive or neutral about it. In part due to a change in sampling method, this may also be because, compared to energy, increases in water bills are viewed as less steep. Moreover, there may have been greater take-up of more frequent payment methods (at least monthly but also fortnightly and weekly). This latter change means that the amounts being paid are seen as less significant than that demanded by a six-monthly or annual bill (which was far more common in 2009).
- However, the water bill also remains the outgoing that is most likely to slip and turn into arrears. Many of the reasons for this in 2014 overlap with those of 2009 including the prioritisation of bills (rent/mortgage, council tax) which are essential, fixed and attract rapid punitive measures for non-payment and other bills which, although under greater control, are also essential (food and energy,

especially where payment is by pre-payment meter). In addition, the more frequent, and therefore lower, payments for water may be put off more easily in the hope that one can catch up.

- A change noted in this later study is the greater willingness of some customers facing payment difficulties to seek help from their water companies (and other utilities) or from intermediaries, and, more importantly, the suppliers' apparent greater willingness to negotiate. While all of those who were 'struggling' and some who were 'in arrears' in 2009 had contacted their water company, there seems to be less reluctance in 2014 for those 'in arrears' to do so. The willingness of water companies to agree repayment terms may also be one reason why there has been greater take-up of more frequent, smaller payments by respondents in the 2014 sample.
- Combined with a greater assertiveness on the part of some customers, this apparently greater tolerance on the part of water companies may have contributed to some people feeling that their water bill is less urgent/lower priority than other bills. It is difficult to say whether more respondents in 2014 are aware that their supply cannot be cut off for non-payment; certainly many, as previously, were unsure but suspected that it was unlikely or if the case, would only happen after a protracted period. None of this should however be seen as suggesting that respondents who are behind with payments or 'in arrears' do not wish to pay their water bill but rather feel that, in trying to juggle their finances, water is a bill that they can keep in the air a little longer. While water companies' attempts to help struggling customers pay their bills may impact positively on customers' perceptions, the potential downside is that water bills may still be given lower priority.

1.4.5 Help provided by water companies

- Although the numbers are small, the findings suggest that there has been an improvement in the way water companies are dealing with customers who are struggling to pay their bills, at least in terms of agreeing alternative payment terms. This was a major criticism in 2009 whereas in 2014 some respondents comment that their water company has been very helpful.

- However, we would conclude from the findings that there are still areas where water companies could be more proactive and this is important given that many customers are still reluctant to seek out help. For example:
 - Some would benefit financially from switching to a meter but a lack of awareness and understanding of the process is a barrier
 - Awareness of the various schemes available to help people with their bills remains disappointingly low, despite the fact that more help is available; there is nothing to suggest levels of awareness have improved over the last 5 years
 - There is evidence that some customers who are beginning to fall behind with payments are still not being offered help in a timely manner that could prevent the build-up of arrears
 - The research suggests that some people who might be eligible for certain of the schemes would be reluctant to enquire (if they were aware of them) in part because they perceive them as for those in greater difficulty than themselves.
- The issue of how the various schemes are funded remains as difficult now as it was in 2009 with most respondents uncomfortable with the idea that those on very low incomes who are not eligible are paying for those who are. Despite the small contribution required, many question whether funding should come from other sources such as customers on higher incomes and water company profits.

1.4.6 One Stop Information Resource

- Given the lack of awareness of measures to help customers, it is not surprising that there is considerable interest in the idea of a single source of information and advice. While customers would also like to see water companies taking the initiative and supplying this themselves, their scepticism based on past performance, drives them to support the idea of an independent, impartial and expert provider serving customers' interests in this way. While CCWater fits this specification, respondents have no awareness of the organisation. There would

therefore be benefit in CCWater seeking to raise its profile, possibly through promotion of such a service.

- Respondents were resistant to the idea of information being shared with water companies about their financial circumstances without their consent. Some were also concerned about providing such information themselves in order to allow their eligibility for the various schemes to be checked. We suspect however, that the latter concern would be diminished once it is understood why this is needed and reassurances are given about how the information will be used.

2 Introduction

2.1 Background

CCWater has an on-going commitment to press for everyone to have access to water at an affordable price, and to work with water companies to ensure that customers who are struggling to pay have access to suitable support and assistance. According to CCWater's household tracking research² around one in five households report that their water and sewerage bills are not affordable.

In 2009, Creative Research undertook, on CCWater's behalf, a piece of research called 'Living with Water Poverty'. It explored the experiences of low income water consumers and the coping strategies they use to try to meet the challenge of paying water bills from within a very limited budget.

Since 2009 the UK has experienced a prolonged economic downturn. Although water and sewerage bills have typically tracked inflation³, the 'cost of living' has risen significantly above inflation and income levels, most notably with respect to food and energy bills. The 'disposable income' available to the average UK household is currently around £2 a week lower than in 2009⁴.

Although the progressive national roll-out of Universal Credit has been delayed, a number of other welfare reforms came into effect from April 2013:

- Localisation of Council Tax Benefits was abolished - 3 million families are affected losing an average of £137 a year.
- Housing Benefit changes mean 660,000 claimants lose an average of £728 a year.
- A 1% cap on the annual uprating of benefits is expected to affect 9.6m households by £156 a year by 2015/16.

² CCWater Annual Tracking survey 2013

³ Based on the Retail Prices Index

⁴ <https://www.gov.uk/government/collections/households-below-average-income-hbai--2>

- A cap on benefits will affect 50,000 households by an average of £4,386 each year.
- In addition new tougher sanctions rules came into force in October 2012 for Jobseeker's Allowance (JSA) claimants and December 2012 for Employment and Support Allowance (ESA).

Metering is now more widespread, with some companies in areas where water resources are stretched, embarking on universal metering schemes that require households to have a meter installed. This change has the potential to affect bills and create affordability issues for some households.

Against this backdrop, companies' debt recovery strategies and procedures have evolved. Debt assistance schemes have been introduced and extended, and new debt recovery strategies are being deployed such as credit reference agency referral and in some cases, the application of additional debt charges and fees.

Following legislation⁵, customer funded social tariffs providing lower bills for some customers through a small additional charge to others, are also emerging as a local approach to help customers in need.

Water companies and CCWater have increased their efforts to inform customers about ways to reduce their bills and the help that is available for customers who are struggling to pay.

This research re-visits the earlier study and aims to update the understanding of the experiences, challenges and coping strategies of customers who struggle to pay and how this has changed. It will help to identify how water companies are adapting to the changing circumstances which their customers face and what more they can do to help address their needs now and in the future, particularly taking account of the changes which the roll-out of Universal Credit will bring (monthly payment, payment to one householder etc.).

⁵ Flood and Water Management Act 2010

2.2 Aims and Objectives

The overall aim of the research is to provide a detailed analysis of the experiences of low income customers in managing their household budgets and specifically, their water and sewerage bills. It also considers how this experience has changed since 2009 when a similar study was carried out. It seeks to provide insights that will identify what more water companies and others could be doing to help.

The specific research objectives are to explore how people on low incomes manage their financial affairs, in particular with respect to:

- how bills are prioritised and where water fits relative to other bills
- what affordability means and the extent to which water bills are considered affordable
- the range of coping strategies adopted by people on low incomes
- where and why customers get into debt and the emotional impact of debt
- perceptions of water bills and how customers fall into arrears with these
- awareness of and the perceived impact of welfare reform
- the extent to which customers seek and receive help with their bills
- awareness and perceptions of various methods of helping customers who are struggling to pay their water bill including metering, methods of payment, payment schemes as well as reactions to the idea of a one-stop shop information source.

2.3 Research Method

According to a report published by the Joseph Rowntree Foundation⁶, 13 million people in the UK were in poverty in 2011/12, the most recent year for which there is data. People are counted as being in poverty if their household income is below 60 per cent of the median (mid-point) income for all UK households. The most commonly used

⁶ <http://www.jrf.org.uk/sites/files/jrf/MPSE2013.pdf>

threshold to determine low income is £255 per week, before housing costs (BHC), and £220 per week, after housing costs (AHC). This is based on a couple with no children. Different thresholds are set depending on the composition of a household. DWP analysis⁷ sets out Equivalence scales (Appendix A2.1) by which this figure can be adjusted for different household sizes.

The research took the form of 39 individual depth interviews or interviews with couples, whose household income was no more than 10% above the threshold for defining low income for their household composition. The income thresholds, which were calculated before housing costs were deducted from household incomes, are shown in the appendices (see 7.3). Estimates of household income were established at recruitment and confirmed by researchers at the start of the interview. While respondents were asked about their household income before tax and other deductions, in reality, for those in work, household income was reported on the basis of 'take home pay' as respondents were very unlikely to know their household gross income. Thus, where we report levels of income in the report this is 'disposable income'.

The main part of the sample comprised 36 customers and was structured by lifestage, whether their water supply was metered or unmetered and, among those who were metered, whether they had inherited a meter by moving into a property which already had one, chosen to have one installed or had one installed as part of a universal metering programme.

As part of the analysis of the 2009 research, respondents were divided into three groups according to their capacity to pay their bills. These three 'types' were used in structuring the sample for 2014. As part of the recruitment process, respondents were asked which of five statements best described their situation; their answers were used to classify respondents into one of the three types:

I am/We are keeping up with all the household bills without any difficulties	1	Making ends meet
I am/We are keeping up with all the household bills, but it is a struggle from time to time	2	Struggling

7

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/206838/appendix_2_hbai13.pdf

I am/We are keeping up with all the household bills, but it is a constant struggle	3	
I am/We are falling behind with some household bills	4	In arrears
I am/We are having real financial problems and have fallen behind with many bills	5	

During the course of the interviews, members of the research team classified respondents according to their ability to pay their bills:

Able to pay all their bills when they are due	1	Making ends meet
Sometimes having to delay paying one or more bills in full when they are due and then catching up	2	Struggling
Have fallen behind with one or more bills and have on-going arrears	4	In arrears

We found that respondents' self-ratings did not always correspond with their actual circumstances as assessed by members of the research team during the interviews. Most often this was the result of how respondents perceived their situation; even though they might be 'making ends meet', they focused on the difficulty of doing so and therefore sometimes described themselves as 'struggling'. Throughout the report, we have used the researcher classification rather than respondents' self ratings.

The distribution of respondents according to the three main variables is shown below.

Lifestage		Metering		Capacity to pay bills	
Pre-family	9	Unmetered	22	Making ends meet	14
Family	14	Inherited a meter	6	Struggling	11
Post-family	8	Chose to have a meter	7	In arrears	14
Retired	8	Compulsorily metered	4		

In addition, three interviews were conducted with members of the Pakistani and Bangladeshi communities who could speak little or no English.

It should be noted that there were several differences in who was recruited for the 2014 study compared to the 2009 study. These are set out below.

2009	2014
Respondents had disposable incomes of less than £18k and met the definition of being 'in water poverty' (i.e. they were spending 3% or more of their income after housing costs on their water and sewerage bills)	Income was no more than 10% above the threshold for defining low income – this varies according to family size and composition
As part of the analysis, respondents were classified according to two typologies based on the extent to which they were able to pay their bills and their money management skills	Quotas were set to ensure the sample included a mix of those who had no current debts and those with one or more debts – based on respondent self-ratings
Quotas were set for disability, ethnicity and whether respondents were metered/unmetered. However, these variables did not have a major impact on the findings	<p>Quotas were set so that the metered sample included those who had opted or inherited a meter as well as some who had been compulsorily metered</p> <p>Ethnicity and disability were allowed to fall out 'naturally' in the 'main sample'. In addition, three interviews were conducted with respondents from minority ethnic communities who had little or no English.</p>

The respondents were drawn from ten water company regions chosen to include:

- a mix of water and sewerage and water only companies
- a good geographical spread (including Wales) and a mix of locations including metropolitan, urban and rural
- areas where there are compulsory water metering programmes
- areas which include Universal Credit pilots
- WoCs/WaSCs that have/do not have social tariffs, arrears allowance schemes, etc.
- WoCs/WaSCs with higher/lower average bills.

The ten water/water and sewerage company areas were as follows. The locations for the research are also shown.

Cambridge Water: Cambridge, Melbourn, Meldreth	South West Water: Plymouth
Dwr Cymru Welsh Water: Barry, Penarth	Southern Water: Fareham, Shoreham by Sea, Southampton, Warsash, Worthing
Northumbrian Water: Consett, Leadgate, Medomsley Edge	Thames Water: London, Oxford
Severn Trent Water: Leicester	United Utilities: Oldham, Rochdale
South Staffordshire Water: Bloxwich, Lichfield, Sutton Coldfield, Walsall	Wessex Water: Calne, Chippenham

The screening questionnaire used in the recruitment of respondents is provided in the appendices (see 7.2). As part of the sample, efforts were made to recruit a number of respondents who are in receipt of Universal Credit. However, the number of people who have been switched to the new single benefit is still low and, despite best efforts, only one such respondent was recruited.

All interviews were conducted in respondents' homes. Three of the interviews were filmed. Interviews were carried out during June and early July 2014.

2.4 Pilot Interviews

Three pilot interviews were conducted in advance of the main study to test the content of the topic guide and whether all the issues could be covered in the allotted time. As a result of this, some small changes were made including the addition of a new category for one of the sorting tasks. The direction was also given that, in the event of time being short, researchers could drop some of the schemes designed to help customers who are struggling to pay their water bill, provided that they varied those which were discussed.

2.5 Structure and Content of the Interview

Each interview typically lasted about 1½ hours. The full discussion guide and stimulus materials are provided in the appendices. A summary of the key points and the flow of the discussion are provided here.

1. Household Circumstances and Income

Details of the respondents' income and household composition were checked at the outset to ensure they were eligible for the study (a number of interviews had to be stopped at this point because respondents had not reported all their income at recruitment). Their outgoings for mortgage/rent, gas/electricity and water and sewerage were also recorded. Where possible, this was based on seeing bills and bank statements but in many cases these were not available and income and outgoings were often based on respondents' estimates. This should be kept in mind when interpreting the findings.

2. Managing Finances

Identification of all the respondent's outgoings and discussion of how these are managed including how bills are paid, awareness of when bills are due, whether respondents budget to pay bills, whether they find themselves 'robbing Peter to pay Paul' etc. They were also asked to describe their money management skills.

Respondents were given a series of cards showing the household bills which applied to them and asked to sort them in order of actual household spend from greatest to least.

They then sorted the cards again, this time according to their order of priority for payment, and the reasons for this were explored.

3. Affordability

In the context of their bills, what does 'affordable' mean and what makes something affordable or not affordable? How does affordability impact on behaviour and has affordability changed over the last year or so?

4. Debt

Respondents sorted the cards into four piles; items they always manage to pay for vs. items they might do without or only buy when they can afford to vs. items where they sometimes run up debts vs. items where they are always in debt/have on-going arrears. The difference between the groupings was explored in terms of decisions made around which bills should be paid. The reasons for being in arrears were discussed, as well as any action that had been taken/might be taken to mitigate the situation with/without the help of suppliers. Also discussed were strategies for coping with debt, its consequences and the impact being in debt could have on one's quality of life/ emotional well-being. As part of this, respondents were invited to select a figure from a composite drawing that said something about how they felt about bills they could not pay.

5. Welfare Reform and Universal Credit

Awareness of changes to welfare and benefit payments in general and exploration of the extent and nature of any impact these may have had. This was followed by awareness of Universal Credit specifically and the sharing of some information about the changes this will bring in. The anticipated impact of these changes on the respondent was explored.

6. Seeking Help and Advice

Discussion of whether the respondent had ever sought/received any help in relation to bills, the nature of this and how positive the outcome had been. Any preferences/barriers regarding providers of help and advice, whether they offer the right sort of advice and the sort of help respondents would like to see suppliers offer customers who are finding it difficult to pay their bills. Response to the idea of suppliers (including their water company) having access to information about their financial circumstances (such as whether they receive benefits) so they could more easily identify which of their customers might need help with their bills.

7. Managing Water Bills

More detailed discussion of water bills including feelings about them (a figure is again selected from the composite drawing that represents this), perceived affordability, knowledge of repercussions if the water bill is not paid, experience of being in arrears and reasons why a water bill might not be paid. For those who have been in debt to their water company, exploration of whether they have sought advice and help, from whom and with what result. For those who have not sought help, what are the barriers?

What sort of help and advice would respondents like to be given in these circumstances and can water companies learn anything from other suppliers?

8. Water Meters

Discussion of water meters in terms of both experience for those who have one, and knowledge/expectations for those who do not; perceived pros and cons. Includes steps taken to keep bills as low as possible for those who are metered, and for those who are not, barriers to switching and response to information about water meters.

9. Helping people manage their water bills

Discussion (as time permits – in the event, most schemes were covered in most interviews) of various measures/schemes aimed at helping customers pay their water bills. These are discussed in terms of awareness/experience, whether the respondent thinks he/she might be eligible and response to information provided about each. The measures/schemes are as follows:

- Different payment frequencies and methods
- Social tariffs
- WaterSure
- Water Direct
- Assistance/Trust Funds
- Restart/ Arrears Allowance type of debt relief scheme

Exploration of the best way to find out about such schemes and the help that is available.

Use of, and attitudes towards, price comparison sites and the appeal of a website or phone-based service offering advice on ways to cut water bills. Awareness of various organisations that might be able to provide advice or help around paying water bills and preferences for these. Response to the idea of CCWater offering such a service as an independent watchdog and specifically, the option of CCWater (or another organisation) starting the process of making an application for help or a meter with the water company on the customer's behalf.

2.6 Data Analysis

All except one interview was recorded (this respondent declined to give permission and the researcher took detailed notes throughout the interview) and transcripts produced. During all interviews, the research team recorded on a paper-based pro-forma questionnaire certain key points including the results of the sorting exercises and choice of tree figures. Each member of the team analysed their own interviews using these records and the transcripts according to a framework based on the topic guide. These were then entered into a spreadsheet format to enable comparison of responses by each topic area. The team held a debriefing session in which the key findings and conclusions arising from these were discussed.

2.7 Caveats

It is important to note that the findings of this research are qualitative in nature and based on a relatively small number of interviews. They should therefore be treated with considerable caution especially when generalising to the wider population – they are best considered hypotheses for further exploration and development.

Details of income and outgoings are based on information provided by respondents and as reported, may not always have been accurate.

Where respondents were paying for their energy via pre-payment meters, an estimate of annual consumption was arrived at based on the amount they typically topped up the meters over the winter and summer months.

In some cases, respondents were unable to provide information about certain aspects of their income and/or outgoings, for example, where bills were being paid directly from benefits, respondents did not always know how much these were. For this reason, where we have provided details of the numbers of respondents falling into certain categories, these may not always add up to 39.

2.8 Structure of the Report

The main body of the report sets out the detail of the findings which for each section is prefaced by a short summary. These are illustrated by verbatim comments from respondents in the depth interviews. While each quotation is anonymous, the respondent is identified in terms of:

- whether they are unmetered (prefix U), have opted to have a meter (MO), have inherited a meter (IM) or been compulsorily metered (CM)
- whether they are assessed to be a good, reasonable or poor money manager
- whether they are ‘making ends meet’, ‘struggling’ or ‘in arrears’
- where respondents have little or no English, this is also noted.

The appendices contain the recruitment questionnaire (7.2), tables used to calculate income thresholds (7.3), topic guide (7.4) and copies of the stimulus materials (7.5).

3 Managing Finances

3.1 Key Findings

- The average estimated annual income across the sample was £13.5k and was mainly derived from benefits with a small number working full or part-time.
- Housing costs accounted for a third of outgoings, energy 9% and water 3%. 22 of the 39 respondents were spending at least 3% of their income after housing costs on their water and sewerage bills, one measure that has been used to identify potential 'water poverty'. 23 were spending more than 10% of income after housing costs on energy bills. Certain outgoings, such as credit cards and insurance, were not found across all members of the sample.
- One of the variables used to structure the sample was capacity to pay one's bills ('making ends meet', 'struggling' and 'in arrears'). The propensity to be 'struggling' or 'in arrears' was not directly correlated with income - as a group, those 'making ends meet' had the lowest income levels on average; however, they also had the lowest housing, energy and water bills. Conversely, those 'in arrears' had neither the highest or lowest income but were spending the highest proportion of their income on housing and water.
- Respondents who were deemed to be 'good money managers' were more likely to be 'making ends meet' or 'struggling' but could also be found among those 'in arrears'. While they had systems in place to monitor their finances, they could end up in debt if they had a shortfall in income. 'Reasonable money managers' were more likely to be 'in arrears', as were all of the 'poor money managers'. While the former were less chaotic than the latter in managing their finances, they might have gaps in their systems or were sometimes in a period of transition regarding their income.
- Bills which were given higher priority were often those for essential items, for fixed amounts and/or those where the consequences of non-payment were perceived as potentially severe. Hence, housing, energy and council tax were, in the main, given high priority. Smaller bills might be given lower priority unless, as with the TV licence, there was the perceived threat of enforcement action. Many of the other outgoings were variable and seen as bills over which one had some control; if necessary, measures could be taken to reduce spending on them.
- While water was given high priority by some, others considered it a lower priority. The principal reasons for this included a perception that water companies were more flexible about payment and some awareness that their supply could not be cut off.
- A range of coping strategies were used to avoid falling into debt or to manage arrears. The most common were doing without, buying things only when money was spare or buying less/lower quality products. Respondents might also look for other sources of funds including loans (or gifts) from families or loan companies or small amounts of undeclared additional income.

- Affordability was mostly described as being able to pay bills without struggling to find the money but also in terms of those bills that simply had to be afforded because they were high priority. Outgoings such as energy and food were thought to have become less affordable, while water (often in comparison to energy) was mostly regarded as affordable. This seemed to be because any rises in the water bill had been less steep, because metering (and WaterSure in a couple of cases) had brought bills down and because, for some, smaller, more frequent payments made the amounts paid less significant.

3.2 Introduction

This section provides an overview of respondents' income and outgoings and how they set about managing their finances. It explores whether and how they budget to pay for their various outgoings, the payment methods they use and how they prioritise their bills in terms of which get paid and which might be delayed. It also looks at what they understand by affordability and whether and why some bills are more affordable than others. Also covered in this section are the strategies used day to day to cope with living on a low income.

3.3 Income

The principal income streams for respondents were salaries and benefits/tax credits. A handful of respondents were in work, some on a part-time basis. At least two respondents were on zero hours contracts. A number had experienced a loss of income for various reasons such as a cut in the hours they were employed, loss of a job/redundancy, loss of a partner's income, a change in benefits. Retired respondents were mainly drawing a State pension often supplemented by other benefits; a few also had a small private pension. Most had limited or no savings.

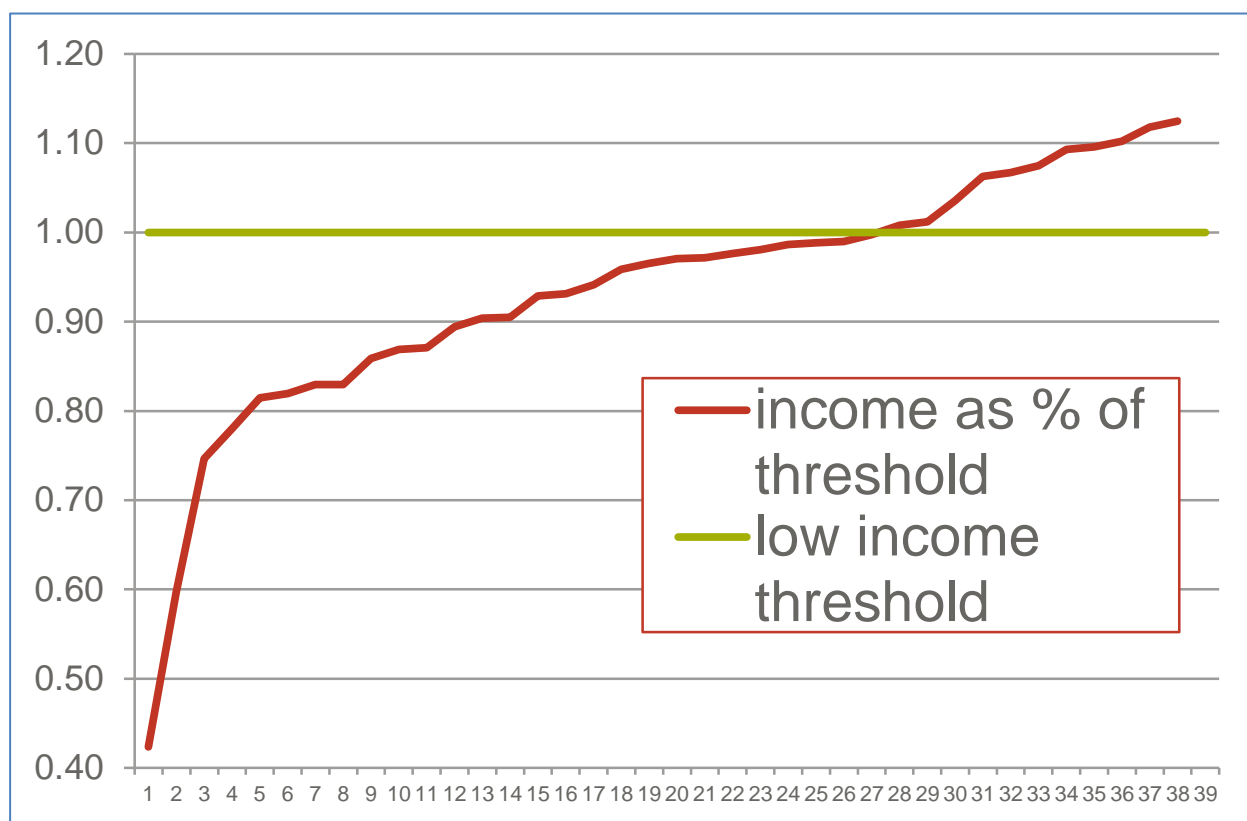
Those receiving housing benefit and/or council tax reduction⁸ did not always know how much benefit they received and/or how much rent or council tax they were paying because it was paid directly to their landlord.

The mean estimated income across the sample was £13,500 pa, with the lowest income at £3,750 pa (a single person in their thirties) and the highest at £31,000 pa (a single parent with eight children). The majority were at or below the threshold used to define 'low income' before housing costs (see section 2.3). This is shown in Figure 1.

⁸ Council Tax Reduction replaced Council Tax Benefit on April 1 2013

Figure 1: Respondents' estimated income as a proportion of the low income threshold

Values less than or equal to 1.0 were at or below the low income threshold for that particular household's composition

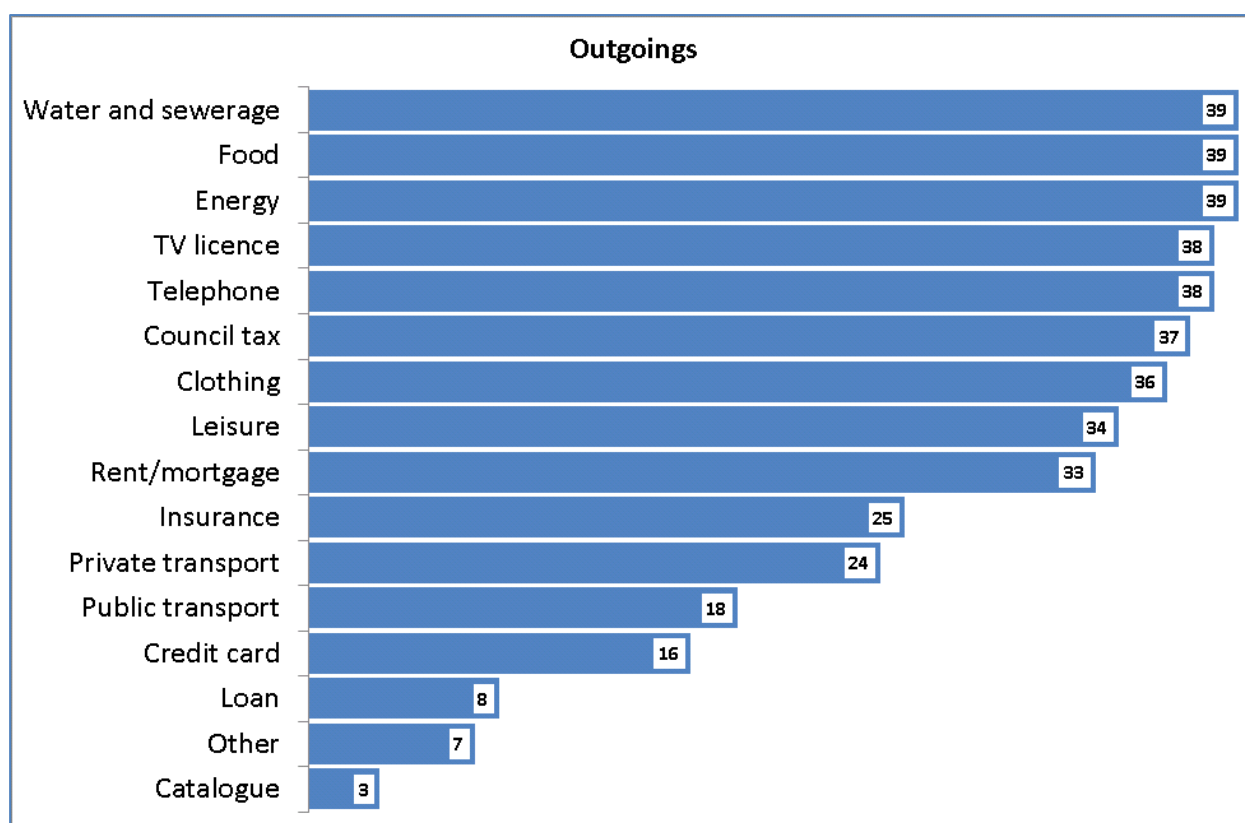


3.4 Outgoings

The largest proportion of outgoings went on housing in the form of rent or mortgage payments; on average, these payments accounted for a third of outgoings with energy taking up 9% and water 3%.

The main spend on leisure was on cigarettes, alcohol and subscription TV and, less commonly, on visits to the swimming pool and other family outings. A gym membership was occasionally mentioned. Payment for a TV subscription might sometimes be bundled up with the cost of the telephone, for example, where the broadband package included the landline.

Figure 2: Number of respondents who had each type of outgoing



As Figure 2 reveals, not all categories of spend applied to each respondent e.g.

- while most were renting, a few owned their house and had paid off their mortgage
- some could not afford certain items e.g. private transport, insurance
- some avoided certain items e.g. credit cards (a number had had these in the past but accumulated debt and wished to avoid this happening again).

In terms of outgoings on water and energy, 22 out of the 39 respondents could be considered to meet one definition of being 'water poor' in that they were spending 3% or more of their income after housing costs on their water and sewerage bills. 14 out of 39 respondents were spending more than 5% of their income after housing costs on their water and sewerage bills.

23 respondents were spending 10% or more of their income after housing costs on energy bills.

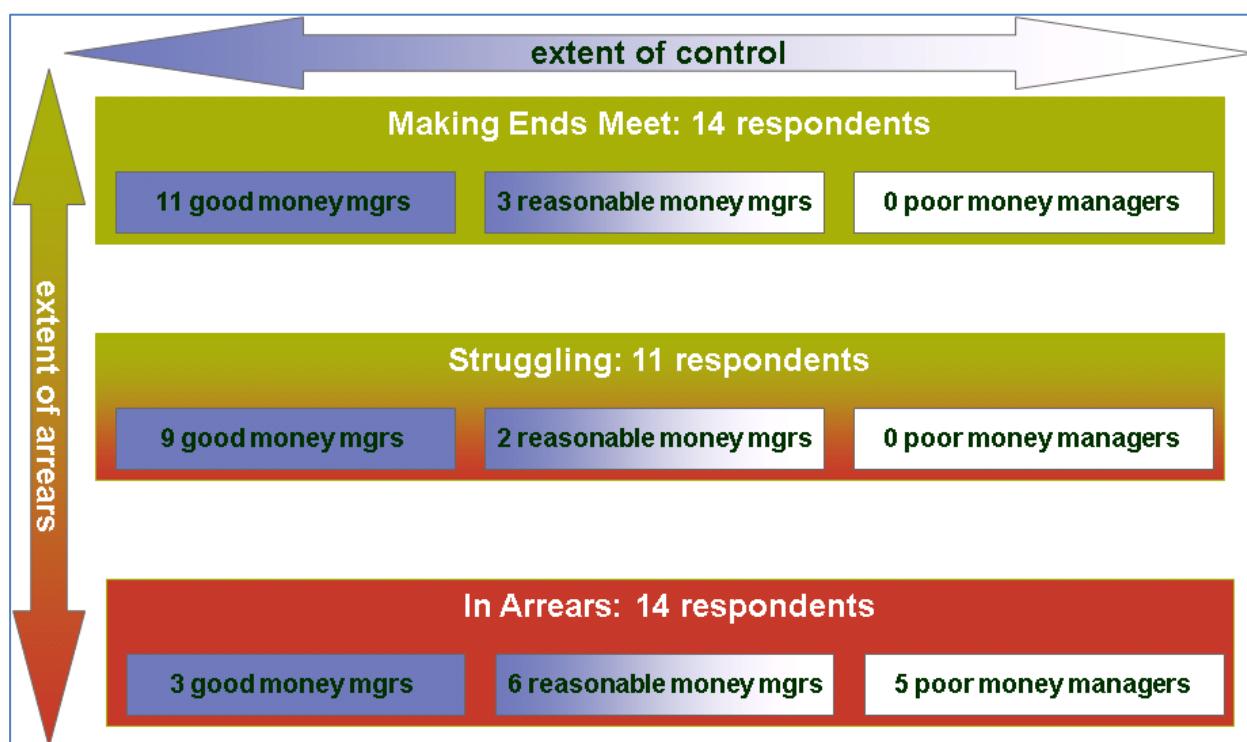
3.5 Typologies: Capacity to Pay Bills and Money Management Skills

Analysis of the 2009 study led not only to a typology based on capacity to pay bills, but also a typology based on money management skills. The types were defined as follows:

- the extent to which they were able to pay their bills - not just in relation to water but across all items of expenditure:
 - making ends meet – able to pay all their bills when they are due
 - struggling – sometimes have to delay paying one or more bills in full when they are due but managing to catch up before it becomes an on-going debt
 - in arrears - have fallen behind with one or more bills and have on-going arrears.
- the extent to which respondents seemed to be in control of, and able to manage, their financial affairs.
 - good money managers
 - reasonable money managers
 - poor money managers

Respondents were asked to assess themselves on each typology as part of the recruitment process. However, the researcher also used information provided during the interview about whether bills are always paid when they are due and whether respondents had any outstanding debts, to arrive at their own assessment. The following reflects this. Respondent and researcher ratings sometimes differed. The diagram below (see Figure 3) shows how the typologies interact. Some characteristics of respondents falling into each type are provided in the following sections.

Figure 3: Relationship between the extent to which respondents were able to pay their bills (vertical axis) and the extent to which they were in control of their finances (horizontal axis)



3.5.1 Making ends meet

The 14 respondents who were **making ends meet** included the highest proportion of good money managers although they also had the lowest estimated income levels (average of £11,200 pa). They were more likely to be either pre-family (n=5) or retired (n=6) which may help explain how some had paid off their mortgage and therefore had lower housing costs. As smaller households, they were also paying less of their income on both energy (8.4%) and water (2.4%).

This group was more likely to have a metered water supply (n=10) and less likely to have sought help/advice about their bills (7 had done so).

3.5.2 Struggling

Most of the 11 respondents who were **struggling** were good money managers and had the highest estimated income levels (average of £16,400 pa). They were more likely to be either from the family (n=5) or post-family (n=4) lifestages and were paying an estimated 33% of their income on housing, 9.7% on energy and 2.6% on water. These

households were more likely to have an unmetered water supply (n=8) and three-quarters had sought help/advice about their bills (n=8).

3.5.3 In arrears

Most of the 14 respondents in this group were either reasonable or poor money managers. They had neither the highest nor the lowest estimated annual income levels (average of £13,800) but they were paying the highest estimated proportion of their income on housing (44%) and water (3.7%) as well as 9.6% on energy. This group was found in all lifestages apart from the retired, the majority were unmetered (n=10) and all except one respondent had sought help/advice about their bills (n=13).

3.5.4 Good money managers

These formed the majority of the sample (n=23). They had a good appreciation of all of their outgoings and had systems in place to ensure bills were paid and they did not go overdrawn e.g. writing dates of outgoings in a notebook or on a calendar, a computer spreadsheet on which bills are ticked off as they are paid, text alerts from the bank. They often set themselves strict limits with discretionary spending.

“It is a bit of a preoccupation. I think you know constantly which is awful but again I’m sure we’re not the only ones, just constantly being aware of what you’re spending and what you’ve got in the bank and making sure you’ve got enough if there’s an emergency.” (U1: Good money manager, struggling)

They tended to adopt a cautious approach and to be debt adverse although some had experience of *historical debt* and were determined not to get into debt again.

However, even though they were on top of their finances, a shortfall in income meant that sometimes they might need to delay paying some bills and could end up in debt. Moreover, some of those who were just coping through their efforts to keep on top of income and outgoings, were looking towards potentially more difficult times, for example, when a child was due to go to university and both Child Benefit and Child Tax Credit would be lost.

Case Study 1 (U21)

For this couple with poor English, paying their bills is a top priority which they put down in part to their culture. They have a system for paying their bills and both regularly check their bank account to ensure they have sufficient funds available

“We Asians are different because we have this thing about not being in debt. I can't sleep if I have arrears or have not paid a bill. This is how we have been brought up by our parents.” (U21: Good money manager, making ends meet, non-English speaker)

Case Study 2 (U5)

This lady has a very good idea of her income and outgoings, recording them on a calendar (in part because she has a health condition involving forgetfulness). She stocks up on energy payments through pre-payment meters and food/toiletries on weeks when she has fewer other bills. She is aware that she could get a discount paying by direct debit but prefers to pay by cash as this offers her greater control. If necessary, she will take steps to control her bills e.g. strip washing or showering rather than taking a bath. Despite these measures, she has an outstanding credit card debt and sometimes has to delay paying bills when they are due. She is considering discontinuing her TV subscription package although her daughter says she will help her with the payments.

Case Study 3 (MO2)

This respondent relies on a Job Seeker Allowance payment of £72 pw. He views this as having £10 available per day for everything and notionally sets aside certain amounts on a daily basis for energy, water, food etc. If he ‘overspends’ on something one day, he will quickly try to make it up. He keeps any money given to him by his parents at Christmas to help with winter energy bills.

“Because what I do I get a certain amount like each week. Like £72 – I go on £10 a day and for that day then I’ve got to put in a bit of in for the electric. A bit for something else. Then I may have a few pound left for that day and the next day I might not spend so much and then I’ll sort of save that bit back but I will not spend more than £10 a day. If I’ve got to get electric or something, like £10 electric, then I’ll take that out so then that’s like £1 a day or something or just over a £1 a day and so then I go down to like £9 a day then... Yeah and like me Council Tax, I work £3.65 out over a week, then I sort of take that out from each day.” (MO2: Good money manager, struggling)

3.5.5 Reasonable money managers

Although these eleven respondents often had systems in place, there were potential ‘gaps’ in their arrangements, for example, they might divide up responsibilities for different bills and neither partner had a complete overview of their finances; they might be paying most bills by direct debit but not actively monitoring their account.

Some were less disciplined and concerned about debt, for example, one couple with a young family had taken out a payday loan to meet the cost of Christmas and some were

in a transition period and still adjusting to their changed circumstances. In at least two cases, they were waiting for their application for benefits to be assessed and were working out how they were going to cope with paying their bills.

Some were aware that there were ways in which they could lower their outgoings such as by switching energy supplier or using less water but they had not done so. Tactics used in managing finances included relying on family members to help pay bills and repay debts and leaving it to the last possible moment to pay bills.

Case Study 4 (U6)

Until recently this respondent paid all his bills by direct debit (DD) but kept going overdrawn and incurring bank charges. He therefore stopped the direct debits on some of the variable bills and now pays cash for energy at the Post Office. While he recognises that he is paying more because he does not receive the direct debit discount, he is able to cope better in this way.

“So I’m tending really to wait for the bills to come through the post and to pay them in cash which I’m having to pay more because there’s a reduction on your payments if you pay by direct debit and things like that and I think there’s a £50 cash back as well with the gas and electric if you pay both. I was doing that at one time but again I’ve stopped that so I am obviously paying more but I feel more in control and I’m not getting the charges so it’s like swings and roundabouts really because it’s not just getting swept out of my bank account, it’s coming to me.” (U6: Reasonable money manager, making ends meet)

He says, when necessary, he tries to cut back on things in order to ensure he has the money to pay his bills but he has run up a credit card bill (the facility has now been withdrawn) in part because he has been using it to draw out cash; he is currently no longer paying even the minimum amount on this. He has used up all the savings he had in an ISA. He says he is not prepared to worry about his bills.

“I’d put it on the mantle piece by the door, I’d tuck it by the phone so I’d think, ‘well, I’ve got to get to it at some point but I’m not going to worry about it at the moment’, and then hope something comes along.” (U6: Reasonable money manager, making ends meet)

Case Study 5 (IM6)

This lady is a single parent recently separated who has inherited debt due to her ex-partner not paying the bills that he was responsible for. She is very much in a transition phase, having her benefits reassessed and reorganising her affairs. She is gathering together all the bills and planning how to approach her creditors once she knows what her income will be. She also acknowledges that she is the type of person to ignore lower priority bills.

3.5.6 Poor money managers

Finances tended to be somewhat chaotic among this group of five respondents, all of whom were either delaying paying bills or had fallen into debt. Some had chosen to adopt measures which worsened rather than improved their situation such as taking out

further payday loans to repay earlier loans. While they had sought help with their debt, they tended to take action only when they had accumulated considerable arrears with a number of suppliers.

Case Study 6 (MO7)

This respondent initially claimed that she had only recently fallen into arrears and had up until then been managing her finances. However, it emerged that she had several long-standing arrears:

Energy: she had been forced to switch to PPMs in order for her arrears to be recovered

Subscription TV: this was cut off until she agreed to a repayment plan and a reduced package

Water: she has arrears and has agreed a payment plan

Credit card: she has reached her credit limit and is making the minimum monthly payment.

She uses an overdraft facility as a safety net but is now increasingly having to use her credit card for food and paying bills.

"We've had to use it for shopping and even to pay bills on now so, we are getting into a bit of a slippery slope I guess." (MO7: Poor money manager, in arrears)

3.6 Prioritisation of Bills

3.6.1 Factors influencing priorities

After ranking the bills that applied to them, respondents discussed the reasons why they gave some bills higher priority than others. A number of factors were commonly described.

- Essential vs. non-essential items

Certain items such as housing, energy, food, and water were considered essential for everyday living while others, such as clothing and leisure were deemed non-essential

"I think, you know, I can live without some things and these things are essential, we need these to get by and live." (U12: Poor money manager, in arrears)

"Because I can live without a TV whereas most of the rest of the bills are necessities, aren't they?" (U4: Reasonable money manager, in arrears)

"Things that are necessities and things that are just what you want like luxuries, aren't they? Like we've got clothing so we don't need more clothing, it is a luxury whereas you've got to pay the mortgage if not you can lose your house and get your bad credit rating and then things like that spiral out of control, don't they?" (MO6: Good money manager, making ends meet)

- Degree of control

It was perceived that certain items such as rent, council tax, water and sewerage (where unmetered) and insurance were 'fixed' and the respondent had no control over them. Items such as energy and water (where the supply was metered) offered some degree of control. Finally, other items, such as food, leisure and telephone, could be controlled more easily and there was the possibility of reducing them.

"Well, I think when bills are sent to you, when you're told you must pay, the water and the gas and electricity, when they tell you how much you've got to pay, then you've got to. If you can't afford to go out in your car then you don't put petrol in it. If you can't afford new clothes... and food, you've got your own control over. The other you've got no control over." (CM4: Good money manager, making ends meet)

"We can still control how much we spend on our food. We eat simple food and don't eat out to manage our food budget. But we have to pay the gas and rent bills. We don't have any control of these bills." (U20: Good money manager, struggling, non-English speaker)

- The consequences of non-payment

Another important factor was the repercussions of not paying a bill and allowing arrears to develop. Concerns and fears were universally expressed about being made homeless or having a service cut off or the threat of measures that would be taken by suppliers to collect a debt. These included using bailiffs and applying for County Court Judgements (CCJs). Fear of such repercussions meant that some bills were given higher priority while, conversely, the degree of flexibility demonstrated by suppliers in terms of when a bill is paid and whether customers can spread the payment sometimes contributed to a bill being given lower priority.

- The size of the bill

The size and therefore the ease of paying also played a role; smaller bills often took on a lower priority because it was perceived that if payment was delayed, it would be relatively easy to catch up at some point.

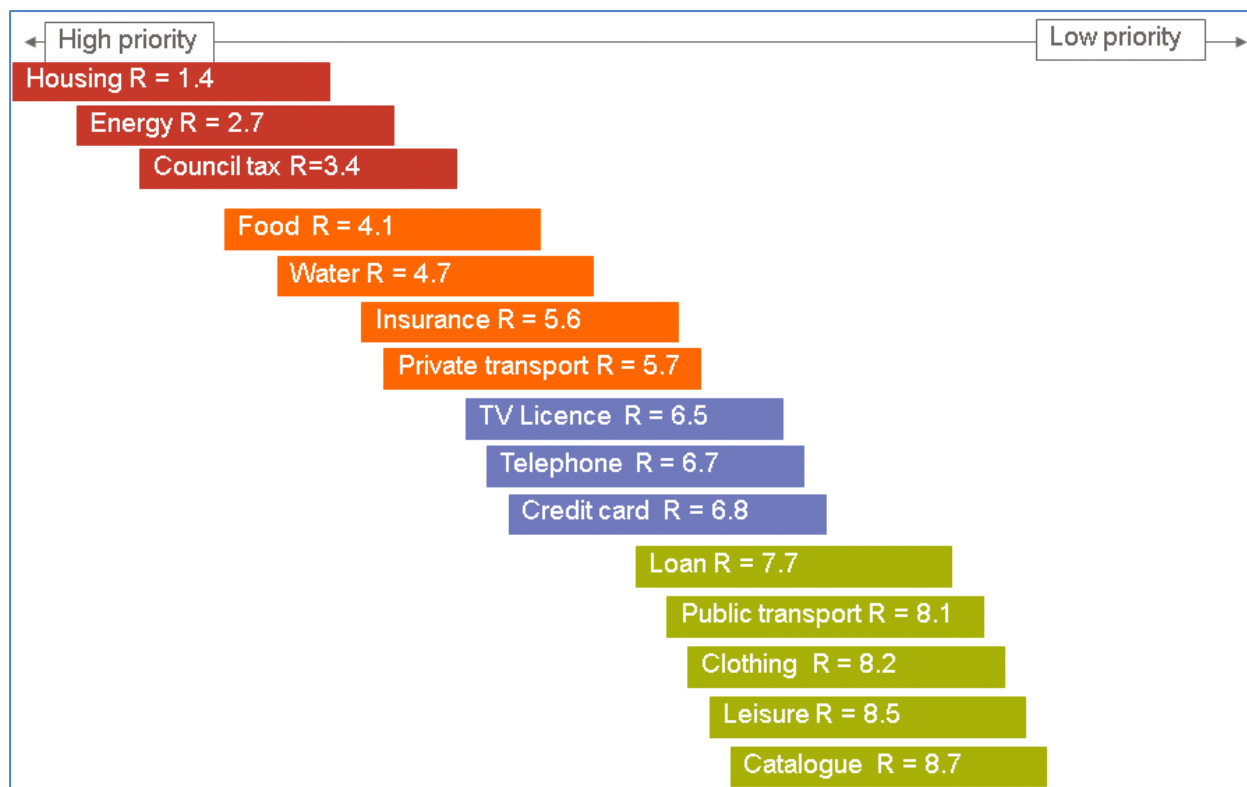
The priority assigned to a bill was often based on a combination of one or more of these factors, for example, the TV licence is a relatively small bill and easier to pay but the consequences of non-payment were often a concern (and at least a couple of respondents had encountered these in the past).

3.6.2 Priority given to different bills

Figure 4 below shows the average ranking given to each type of bill based on those respondents for whom this was an outgoing.

Figure 4: Relative priority of each category of outgoing

R= average rank where 1 = highest priority and 8 = lowest. Bases vary depending on how many respondents had each category of outgoings.



The reasons given for the level of priority assigned to each type of bill are summarised below.

Housing: universally the highest priority based on a fear of being homeless/having one's home repossessed.

"Rent, important because you don't want to get into debt with your rent, you end up getting evicted. So that is very, very important." (U15: Good money manager, making ends meet)

"Because our estate agents [sic] are a bit mean. If we pay it a day late they use words we don't like, like, 'you're going to get kicked out if you don't pay it on time'. So it scares us a bit, so I'd say that one." (U4: Reasonable money manager, in arrears)

A young man made the point that if evicted, he would not be given priority as a single person by the Council and would struggle to find another flat.

Energy: for those with a pre-payment meter (PPM), they have to pay up-front so if they want to have lighting, heating etc. they are forced to find the money to buy credit for the meter(s). Energy bills were seen as particularly important where there are young children or family members with health conditions.

“The top one for me would be electricity and gas because I’d be devastated if I didn’t have any heat because of the situation with my body. If I’m cold and I’m in pain, I can’t move.” (MO3: Good money manager, struggling)

Council Tax: a major concern based on the enforcement measures that respondents were aware of including visits from bailiffs and being taken to court. It was understood that the additional costs involved in these steps would make their financial situation even worse.

“Then the council tax because they come with the bailiffs and then you get charges and God knows what, court.” (IM4: Good money manager, in arrears)

“It’s keeping you out of jail (laughs). That’s what I always say because if you don’t pay it, you end up going to court.” (U19: Reasonable money manager, in arrears)

“Because they are the most horrible people to deal with.” (U2: Good money manager, struggling)

Where the landlord/local authority was more flexible, or where they were being paid directly out of benefits, housing and council tax might be a lower priority.

Food: although a necessity, it was felt that one has some control over what and how much to buy

“Food, you have to survive. You might have to cut down on things. Thankfully we haven’t got to the stage where we have to go to the food banks.” (U18: Good money manager, making ends meet)

Insurance: this was a relatively high priority for those who could afford it and/or who had encountered problems in the past through not being insured.

“Insurance, again if anything was to happen to my home and I hadn’t got it insured, I’m left with nothing.” (MO7: Reasonable money manager, making ends meet)

For example, one woman insisted on paying for insurance to cover her funeral costs because when her ex-partner died, her children had to find the money to pay for the arrangements; another respondent had similar insurance because she did not want her children to be responsible when she died.

Pet insurance was deemed too expensive and those with animals sometimes relied on the animal charities to help with vet expenses. However, one older couple with few outgoings was putting £70 pm aside in case their dog needed treatment.

Private transport: this was a higher priority for those living in rural locations or those who had mobility difficulties but others commented that they either went without private transport or chose not to buy petrol if they were short of money.

"We rely on our car so much, don't we, because it is a bit out of the way here..?"

...And for my work as well." (U9: Good money manager, struggling)

"Private transport I would say is next because I need it to get to interviews. I'm not living in an area where there's anything that you can walk to supermarket wise, it's a funny area, this, there isn't a centre to it so ... I mean I could walk, it would be an hour's walk to get somewhere half decent but that's not beyond my capabilities I know." (MO7: Poor money manager, in arrears)

TV Licence: for many, their television is their main/only form of leisure so that this, combined with the fear of a fine, makes this an important bill to pay. However, it is a smaller bill and if necessary, some thought they could live without a television.

"I have been caught with no TV licence before and got fined so I don't want to get caught again because the fine will be bigger." (U11: Reasonable money manager, in arrears)

"TV licence. It's not a necessity but it makes life a bit easier to have one – the telly." (IM4: Good money manager, in arrears)

Telephone: important for everyone but particularly those with family living away or in rural locations. Control over costs was exercised by some in opting for a Pay as you Go (PAYG) mobile rather than contract mobile and/or a landline, texting rather than calling, or not topping up and using the phone for incoming calls only. Similarly, landlines might be used only to receive incoming calls.

Credit card: a higher priority for those aiming to pay it off each month and, for others, a source of emergency funds

"Then next one is credit card because then I know I could borrow if I really needed to but in an ideal world, I wouldn't have to." (U7: Poor money manager, in arrears)

Loan/mail order catalogue: a small number of respondents had loans or were paying for goods over an extended period with a catalogue company. These items were a

higher priority for those who were trying to keep on top of repayments but a low priority for those who had rescheduled their debts e.g. one respondent was repaying five loans at just £1 a month per loan. A few respondents had a loan with a company that collected on the doorstep; they were sometimes able to delay payment without incurring charges.

“Maybe because it would just get more and more if you didn’t pay it and you’d just end up in more trouble.” (U19: Reasonable money manager, in arrears)

“I suppose it’s because it’s not from a bank, it’s from a man and you can say to him, ‘can I pay you twice next week?’” or like I’ve said, ‘can you come back Monday?’ And he came back, I paid him on Monday, but then it does mean I’ve got to pay him again on Thursday, so there’s that.” (U10: Good money manager, struggling)

Public transport: while this was a relatively low cost item, it was a necessity for some; without it they may need to walk or cycle.

“The public transport is important because I need to go to Chippenham to sign on to get my benefits.” (IM6: Reasonable money manager, in arrears)

Clothing: this was seen as a low priority except for children. Clothing was often bought second hand.

Leisure: many had little choice but to sacrifice leisure pursuits (other than their television) for other, more important, outgoings. If they wanted to do something a little special, they occasionally spoke of having to plan it well in advance to ensure they could pay for it.

3.6.3 Priority given to water

Looking at how the water and sewerage bill was prioritised relative to other bills, this varied. For some it was given a **high** priority because they considered the service a necessity (this was especially the case if they had health conditions). These respondents were often concerned about the consequences of non-payment including possibly having their supply cut off or being taken to court, and in one case, a respondent was worried that she might have her meter taken out if she fell behind with payments.

“You wouldn’t really be able to live in any humane circumstances if you didn’t have any water so without water you’d be struggling.” (U6: Reasonable money manager, making ends meet)

"You see I don't know whether they have the power to cut you off... but in the back of your mind, you always think they could do. They cut your water supply off and then if you haven't got access to a water supply, you've had it, haven't you?" (U18: Good money manager, making ends meet)

"Same with water and TV licence because they do send reminders and then threatening letters." (U17: Reasonable money manager, struggling)

Other respondents considered their water bill a **lower** priority. Sometimes this was because they were aware or thought that they probably could not be cut off. Indeed, a couple pointed to people they knew who did not pay their water bill for this reason.

"You take it a bit for granted that the water isn't going to stop. It gets paid though..."

Do you think you can be cut off?

No, I wouldn't have thought so. Isn't it against your human rights?" (U8: Reasonable money manager, in arrears)

"To be honest, I've worked with a lot of people now that'll stop paying their water immediately because as far as they are concerned they won't be cut off." (U3: Reasonable money manager, in arrears)

Water companies were often perceived to be more flexible than other organisations when it came to missing/delaying payments.

"I don't know why, yeah I think it's because the other ones have just got to be paid whereas the water, like I haven't had anyone knocking at the door saying, 'we're going to switch your water off unless you pay this money'." (U12: Poor money manager, in arrears)

"It's just that if we did fall behind, they wouldn't be as dramatic as that company there, especially rent. Like they won't turn our water off after a week of not paying." (U4: Reasonable money manager, in arrears)

"Keeping warm is more important than say like the water rates because you can catch up on the water rates a bit." (MO2: Good money manager, struggling)

Those who had been put on to a payment plan because of arrears perceived that they had additional latitude to pay as and when they could afford it.

"Because it's going to come out of the tap anyway and I'm going to be able to use it but obviously I need to pay the bill but that can like be paid, like I said before, I can pay extra the week after and that's why I got the Pay Point card." (U19: Reasonable money manager, in arrears)

There seemed to be a general perception that water companies would use the usual measures to gain payment from a customer for arrears but this would be a protracted

process and they would be keen not to take punitive action for such an essential service.

“Water and sewage [sic], I suppose I would imagine it would take a long time if they cut you off, wouldn’t it? That’s something you probably could go behind on a bit and they wouldn’t, they’re not going to suddenly say, ‘right, we’re not going to let you flush your toilet’.” (CM2: Good money manager, struggling)

A couple of respondents were also apparently sanguine about the idea of being cut off, feeling that they could cope in other ways including getting their water from elsewhere.

“I think it’s because I know that if they shut me off I’d probably get a water butt. Nice clean water, a couple of chlorine tablets. I suppose they are the last to act because like I was saying before, it’s seen as a public right and you’re not allowed to turn off the water supply if you’ve got children under a certain age.” (IM6: Reasonable money manager, in arrears)

Compared to other bills such as energy, respondents in some water company areas felt that their water bill was lower and therefore it was easier to find the money to pay it. In a small number of cases, the water bill was paid as ‘part of the rent’, and was not therefore seen as a separate bill.

“It’s a less expensive bill so it’s not like one of the huge ones so I guess in terms, I don’t know I don’t think a great deal of it, it’s just got to be paid..... it’s not one of those like the energy perhaps or the Council Tax because it’s not on the same scale, it’s not the same amount it just doesn’t appear as significant.” (U1: Good money manager, struggling)

“I think it’s just because it’s an easy bill to pay, it’s not too much. It’s only about £30 so it’s a manageable bill.” (U4: Reasonable money manager, in arrears)

3.7 Coping with a Limited Income

Respondents were adopting a range of coping strategies either to avoid falling into debt or to manage their existing arrears. The most widely used of these was either to do without something altogether (e.g. insurance) or only to buy things when they had spare money (e.g. clothes) or to cut back on use (e.g. buying less and/or cheaper food).

“Leisure and clothing is not important really. I mean obviously we might need things but if the money isn’t there, then I can’t buy anything, you know it will have to wait.” (IM2: Poor money manager, in arrears)

Another common strategy was to rely on family (and sometimes friends) either to provide certain items (e.g. clothes for the children) or a loan. While such loans were accepted reluctantly, it was felt to be preferable to falling into debt. A few extra pounds

might be found by selling something to a friend or on eBay or in one case, collecting scrap wire and selling it.

"I sold one of those old fashioned wooden towel rails for £10 to a friend and she transferred £10 into my account – so all those little bits then covered that bill – that's what I do – I just get on with it really." (CM2: Good money manager, struggling)

"We actually do a lot of our selling and buying through Facebook, eBay and stuff like that so we always get our stuff for cheap." (U9: Good money manager, struggling)

The types of strategy used in relation to each product/service to keep costs down/pay the bill are summarised below.

Food	
Cutting back – eating less, making do with whatever is in the cupboard	<p><i>“Well instead of buying, you might want a bit of cake, I’d cut the cake out, the biscuits out, that sort of thing. Luxuries really. Which, they can be classed as luxuries, they’re not necessities.” (U18)</i></p> <p><i>“I do make sure if I go to the supermarket, the first thing I do is make sure that the animals have got their food. As regards my food, I don’t eat meat, I never buy any meat at all, because I couldn’t afford that... If I buy a loaf of bread, I will cut it into sections and freeze it. So, you know, you economise like that.” (MO4)</i></p> <p><i>“I always try and cook fresh you know and now to be honest with you, freezer stuff is a lot cheaper than what is fresh you know.” (MO7)</i></p>
Buying cheaper food, economy brands, offers and discounts	
Cutting out non-essentials e.g. biscuits, cake – in one case, meat	
Buying in bulk	
Eating the same food over several days	
Visiting the supermarket when food about to reach its sell-by date is heavily discounted	
Visiting a food bank	
Cutting back may be an issue for those with health issues/dietary needs	
Clothing/furniture	
Only replacing clothes as they become worn out	<p><i>“Clothing I go to the car boot sales and get them very, very cheap.” (MO2)</i></p>
Relying on hand-me-downs (especially for children) or replacing clothes as Christmas/birthday presents	<p><i>“The last time I had to buy clothing for my boy was a school uniform, and I bought him clothes for his birthday present... if you didn’t get clothes [as gifts] he’d be in dire need for the rest of the year. I can’t remember the last time I bought clothes. I get donated a lot from my friends, to be honest.” (IM6)</i></p>
Buying second hand from charity shops	
Buying/selling clothes and other items on eBay and at car boot sales	
Buying in the sales	<p><i>“You can buy [clothes] cheaply and I always try and buy when they have the sale, I’m a year ahead of myself. So when M&S have their 20% off every June – I go and buy next year’s.” (CM5)</i></p>
Getting a flat furnished with free items from charity	

Energy	
<p>Cutting back on heating – being cold</p> <p>Borrowing a calor gas stove so don't have to use gas for heating</p> <p>Using emergency credit on PPMs</p> <p>Visiting parents/leisure centre (to benefit from their heating/hot water)</p> <p>For those with certain health conditions, cutting back is not an option</p>	<p><i>"Get a quilt. That's it, get a quilt and if it's that cold, go to bed." (U11)</i></p> <p><i>"In the winter this is the only radiator that I have on, I have no heating on upstairs or anywhere in the house and usually as I said, I'll have it on for an hour, I'll get a blanket, I'll wrap up, you know." (MO4)</i></p>
Leisure	
<p>Spend much of the time at home which means the TV is often the only form of leisure – may have cancelled subscription TV or down-graded their package</p> <p>May have given up smoking/switched to e-cigarettes</p> <p>Rarely drink alcohol</p> <p>Unable to go on holiday</p> <p>Do 'free' activities such as visiting the beach or a park with the children</p> <p>Need to plan for any special 'outing'</p>	<p><i>"We go to British Legion once a month. That's about it really. Can't afford to do anything else." (U12)</i></p> <p><i>"It's not like, 'oh, do you fancy doing this tonight?', you know. There ain't no point asking because we ain't got the cash to do that, we have to plan it weeks or even months ahead if we want to go somewhere." (U14)</i></p>
Telephone	
<p>PAYG (rather than a contract phone and/or landline) – may top up infrequently and use mainly for incoming calls</p> <p>May have a second hand/hand-me-down phone</p> <p>Get family to phone them back</p> <p>May share a phone</p>	<p><i>"I've never got the money to top it up, I just use it so people can get in contact with me... Apart from me putting £5 on it once every six months... That sounds silly but that's the way it is. I just can't afford to put it on it." (U11)</i></p>
Public Transport	
<p>Walk/cycle</p> <p>May not use the car until can afford to buy petrol</p>	<p><i>"I mean, to get the bus [is] just a total waste of money, so I walk up, and then I walk back. And it's about a 25 minute walk which, to be honest, I don't mind walking." (U13)</i></p>
Water	
<p>Opting to have a meter installed in order to reduce water bills</p> <p>Most of the respondents with a meter were taking steps to reduce their consumption</p>	

3.7.1 Case studies

The two couples featured below were both rated by the researcher in question as good money managers; one is in debt while the other is just managing albeit with the help of family. Both describe various ways in which they cope with being on a low income and try to manage to pay their bills.

Case Study 7 (U14)

A younger couple living on benefits, one has health issues and the other has been out of work for 18 months. Although they are good money managers, they are in arrears with some of their bills due to being left with a debt by a former partner and due to a fall in one income due to benefit changes (ESA to JSA). They sometimes turn to family for support but otherwise, try to rein in their spending.

“And clothing very rarely, if we’re desperate for something...”

...If we need something well, if it’s got holes in or something like that...

...We have had a look in charity shops or I go to like the cheap shops.” (U14: Good money manager, in arrears)

“We’ve had the scraps out of the cupboard (laughs)...

...Yeah, we’ve had like a mixture of stuff what you wouldn’t put together, we’ve put together to have some sort of meal.” (U14: Good money manager, in arrears)

Case Study 8 (U15)

An older couple living on benefits, one of whom has not been able to work for several years due to arthritis. They are making ends meet through various measures; they also spend very little on clothes, buy lower quality food than they would like and go cold in the winter rather than spending a lot on energy.

“In the winter we try not to put the central heating on. We’ll be absolutely frozen.” (U15: Good money manager, making ends meet)

“So some weeks we might not have a whole lot of food but it’s what you’ve got.” (U15: Good money manager, making ends meet)

“We’re not spending much money on clothing, when they wear out we get another.” (U15: Good money manager, making ends meet)

They benefit sometimes from help from children or siblings including a hand-me-down mobile phone and ask family members to call them back. They spread the cost of bigger purchases by buying from a mail order catalogue.

3.8 Perceptions of Affordability

Affordability was a concept that some respondents struggled with when asked what it meant to them and a number of viewpoints were expressed. While for many it related to

the capacity to pay without struggling (and therefore often to the size of the bill), others made the point that some bills simply had to be paid and therefore must be affordable, and other related affordability to what they considered value for money.

Bills that were affordable were often characterised by such descriptions as:

- one could pay them all and still have something left over
- you didn't have to juggle your money to pay the bill

"Affordable would be me having sort of enough money to not have to juggle everything, you know, rob Peter to pay Paul and going shopping and not having to count how much, going round and spending." (U12: Poor money manager, in arrears)

- you can pay them and not struggle as a result

"Well, that I can afford to pay things and still have some money left over, that's what I'd class as affordable." (U11: Reasonable money manager, in arrears)

For many, affordability was therefore relative to one's income/available money and they thought that when they had been better off in the past, the bills had often seemed more affordable.

"When I was on sickness benefit I was getting a bit more than I do on Job Seekers, so that's what I've found the difference and besides, the price of everything has gone up in any case... I'd have been able to go to the shop and buy new clothes instead of getting some second hand ones." (U11: Reasonable money manager, in arrears)

One respondent referred not to a fall in income but a loss of financial buffers that had, in the past, been available and which made bills less affordable now.

"Well at one time it was easy to get credit cards and such like so I always had the fall back position of the credit cards so everything seemed a lot easier because there was easy access to credit but now it's a different story so things were easier in the past as opposed to now." (U6: Reasonable money manager, making ends meet)

Others also introduced a time component; a holiday this year would be unaffordable whereas, one planned and saved for next year, would be affordable. An outing for the family might be unaffordable before priority bills are paid but might become affordable afterwards if there was enough money remaining.

For many, the size of the bill was important; hence mortgage, rent, council tax, energy were less affordable because they were such a drain on income but some looked at it rather differently. With some bills, often the high priority larger bills, respondents talked of not having a choice – the bills may meet the definition of ‘unaffordable’ (there is nothing left over, you have to juggle your money to pay the bill, you struggle to pay) yet one had to find a way to ‘afford’ them – they had to be affordable. This might mean trying to delay payment, cutting back in other areas, borrowing money or ending up in arrears

“I mean that gas and electricity, its unavoidable, you need to have these things. Some of it is not affordable, they keep hiking the bills, but you’ve got to pay it at the end of the day...”

... So you’d consider your energy bills to be unaffordable?...

...Well, they’re affordable as long as we’ve got the money to pay for it.” (U18: Good money manager, making ends meet)

“Whatever your mortgage is, you have to pay it, there’s no affordable about it.” (U8: Reasonable money manager, in arrears)

“As long as you can pay for something, it’s affordable.” (U9: Good money manager, struggling)

If certain high priority bills had to be afforded, for some, this meant that the lack of money left over made some of the discretionary (often lower cost) items unaffordable.

“Well, clothes are getting unaffordable, as I say, and food, believe it or not, is getting unaffordable and as far as anything else, not really, I can pay the rest.” (U11: Reasonable money manager – in arrears)

“I think all of our things are affordable but that’s because we make sure we’ve got the money set aside whereas things that aren’t affordable at the moment would definitely be things like clothes and going out with your friends and going down the pub and things like that because we physically can’t, we haven’t got the money to do it.” (MO6: Good money manager, making ends meet)

A couple of respondents brought the concept of value for money into affordability; typically energy and council tax would be seen as poor value and unaffordable.

“It means that it’s worth its money, I don’t feel like I’m being ripped off and it doesn’t make me feel like I’m struggling.” (IM5: Good money manager, making ends meet)

“I think it’s getting what you pay for, because I think sometimes you can over pay for something that you don’t really use that often and you don’t really need. I feel like council tax is a bit steep on top of rent and mortgages, I don’t understand

why you have to pay so much on top of already paying for where you live.” (U4: Reasonable money manager, in arrears)

Although a few respondents felt that generally, the affordability of their bills had not changed noticeably in the last year or so, the majority had noticed a decrease in affordability especially in relation to energy and food. This created particular problems for those who had also experienced a fall in income due to changes in their circumstances and/or benefits.

“The gas and electric, the electric especially, never ever used to go on emergency whereas now, we’ve only been here not even two years but the emergency is on as many times as the normal electric is on, so there’s a little example of a little flat. And even food, you’re not eating like you should be really, like I’ve got numerous health problems and they say ‘you’re fat, eat salad or eat fruit’ but you can’t buy fruit and salad, it doesn’t come in your budget.” (IM4: Reasonable money manager, in arrears)

Some felt that nothing was affordable because of the multiple calls on their income.

“Every bill becomes unaffordable for people like me with large families and with no income. I am all alone here and have such a big responsibility.” (U22: Reasonable money manager, struggling, non-English speaker)

“It’s unaffordable because the money we’re on don’t cover the cost to pay for things, that’s all I would suggest. The prices are going up but they’re not figuring how these people what are on Job Seekers Allowance, they need to sort of up that a bit.” (U14: Reasonable money manager, in arrears)

3.8.1 Perceptions of the affordability of water

The majority of the sample (n=27) felt that their water bill was affordable, in particular when compared to energy.

“The water bills, they have gone up £5 this year but I can manage that, it’s not a huge amount compared to my energy bills.” (U17: Reasonable money manager, struggling)

Some found their water bill more affordable because they were able to make smaller and more frequent payments and in some cases, switching to a meter had resulted in a lower, more affordable bill.

“Well, I don’t get much so it’s hard, but [it’s] affordable because when I look at how much it was before I went onto a water meter, it’s affordable.” (MO4: Reasonable money manager, making ends meet)

Conversely some unmetered customers liked the fact they could use as much water as they needed and this created the sense that water was more affordable because it seemed better value.

"I could leave the tap on all day long and it would still be the same. So I don't care how much water I use, I don't think about that." (U3: Reasonable money manager, in arrears)

One respondent had been put onto WaterSure and this had made her bill affordable.⁹

"Where I am now, it's affordable but before I had the WaterSure, I'd struggle." (U7: Poor money manager, in arrears)

Ten respondents felt that their water bill was unaffordable – they were all either 'in arrears' or 'struggling':

- some resented paying for their water at all
- where respondents were in arrears with their water company, the higher payment could make the bill less affordable

"Probably unaffordable at the moment, it's a bit extra what I pay on it because I'm on arrears. That bit of extra, and I know it's only a couple of quid, but that couple of quid could go on something else, so." (U14: Good money manager, in arrears)

"I remember one time I was paying £25.00 a month water and now I'm paying 40 and really it probably should be more because I'm in arrears, but I can't even afford £40.00 a month water." (IM2: Poor money manager, in arrears)

- in one case, a respondent paying for his energy via PPMs felt his water bill was not much lower than he was paying for his energy

"Well the price, it's £30 a month, £36 a month and I'm paying nearly as much for my water as I am for my electric and I think I get more use from my electric than I do my water." (U11: Reasonable money manager, in arrears)

- one respondent was cross because despite having had her water supply tested several times, she was still experiencing discolouration
- another felt that water companies were too focused on profits and paying themselves high salaries.

⁹ Although this respondent did not have a meter, she reported that she was told about the scheme by a housing officer at her local community centre, she applied to her water company by telephone and was put onto the scheme.

4 Experience of Debt

4.1 Key Findings

- About two-thirds of the sample had either fallen behind or were in arrears with one or more of their bills; water featured in this more often than other bills.
- Falling into debt was often triggered by major lifestyle changes that were largely outside of peoples' control which were sometimes then made worse by the strategies they adopted to try and stave off debt i.e.
 - delaying paying bills when they are due and then trying to catch up
 - using credit cards or loans with punitive interest rates as a short term buffer.
- These reasons applied as much to water bills as to other bills.
- Respondents had often contacted their suppliers when in difficulty and arranged ways of organising payments or repaying their debt.
- The emotional impact of debt was described with feelings of anxiety/fear, helplessness, anger and a sense of isolation expressed. The restrictions on outlook and lifestyle were particularly acute for families and those with medical conditions.
- In line with the two-thirds of the sample who thought their water bill affordable, a similar number described positive or neutral feelings about it.
- Although the sample only contained one person who was on Universal Credit, other respondents had felt the impact of other changes to welfare and benefits, particularly disability benefits, housing benefits and employment benefits. Several described the stress caused by the confusion surrounding the changes, the need to appeal decisions and living with a reduced income or under the threat of losing income.
- While the idea of Universal Credit as a single payment to make it easier to move in and out of work, had great appeal to some respondents, other features elicited much negative comment and concern especially from those who were poor money managers. These features were:
 - the single monthly payment which meant that they had to be able to manage their income over a longer period; the fear was that they would spend too much early in the month and not be able to cover all their bills
 - the payment of housing benefit to the claimant rather than the landlord; again, the concern being that this sum would not be passed on but spent elsewhere
 - payment to a single person; this was felt to have put the financial 'power' in the hands of one person and could lead to difficulties especially if the relationship broke down.
- In addition, concern was spontaneously expressed about the changeover to monthly payments and whether there would be a period when people received no money.

4.2 Introduction

In this section, the experience of debt is considered in terms of the incidence in the sample of both falling behind with payments and getting into arrears, the triggers for finding themselves in this situation and the emotional impact of struggling to pay one's bills or being in debt. It also looks at the impact of the welfare reforms that are being introduced, both those that are already being felt and those that are anticipated once Universal Credit is fully rolled out.

4.3 Getting into Debt

Missed payments and arrears were found across most categories of outgoings but the bill that was most commonly missed as well as the bill with which more respondents had debt, was the water bill (see Table 1).

Eleven respondents were sometimes **falling behind** with some of their bills. This was often a deliberate strategy when their outgoings exceeded their income. Several respondents were already spreading the cost of bills through the use of payment cards/plans; not only did this make larger bills easier to pay, it also gave them some flexibility to miss or make a smaller payment when they were short of money.

There seemed to be a greater willingness (compared to 2009) for customers to pre-empt the situation by contacting suppliers across the board when they were unable to pay a bill, and for suppliers to be more willing to agree extended payment terms.

Some were using their credit card to cover shortfalls and where they may not be able to pay off the bill in full in one go.

"The energy and the phone ones, there's not an ultimatum straightaway, you know, you can, if you are struggling, sort of miss a couple of payments with the energy bills and you can ring them up and they'll recalculate it and redo it again. There's a little bit of a leeway with them there and that's probably the same with the mobiles and it's not so essential." (U2: Good money manager, struggling)

Table 1: Number of respondents who ‘always paid a bill when it was due’, ‘sometimes missed payments and then tried to catch up’ and who ‘had arrears and were in debt’

	Always pay	Sometimes miss	In debt
Water	22	10	7
Energy	27	9	2
TV Licence	27	9	1
Telephone	21	9	1
Council tax	29	5	1
Credit card	6	4	4
Insurance	21	4	
Leisure	5	4	
Loan		3	4
Housing	28	3	1
Private transport	14	1	
Clothing	2	1	
Catalogue	1		2
Food	23		
Public transport	6		

Fourteen respondents had not only fallen behind with their payments but were **in arrears** with one or more of their bills. A number of reasons were given for this state of affairs.

- For some, the transition into debt had been brought about in part by one or more significant events in their lives such as the break-up of a relationship, ill health, unemployment/redundancy, reduced number of hours working or the birth of a child
- In some cases, the strategy of missing the occasional payment had become one of missing several until they were no longer able to catch up. Respondents had

often ignored the problem until it got to the point where they could no longer do so

- A number had built up large credit card bills and this included those who had adopted the strategy of using their card to keep on top of other bills; this had eventually caught up with them

"[The credit card] was used for rent and a couple of bills at the beginning and then the kids, 'can you get me this and I'll give you the cash', and of course you take the cash but you forget the interest that's going on it." (U5: Good money manager, in arrears)

- Four respondents had taken out loans but then were unable to keep up with the repayments
- In some cases, respondents put the blame on suppliers who had not made them aware of the developing problems rather than their own lack of money management skills

"So he did go through one of those companies that merge all your loans together, so you're just paying off one payment, so it's paying a bit to each one. Then they missed a load out that we didn't know about, so he's thinking that he's paid them all off, but they hid a load from him, and then they took a big chunk of his money as well." (U4: Reasonable money manager, in arrears)

- The recent rise in **payday lending** and **zero hours contracts** could tip people into debt. At least a couple of respondents were working very variable hours which they had to report regularly on so that their benefits could be adjusted accordingly. Several were making use of payday loans which they had difficulty paying; in one case, the respondent was paying off the £600 loan she took out for a holiday at the rate of £18 pw and estimated she would eventually pay back twice the amount she borrowed. Her plan was not to take out another payday loan and instead rely on her credit card with its lower interest rate.
- Issues with benefit payments underpinned some arrears; one respondent had fallen into debt because he failed to report when his son moved out resulting in an overpayment of benefits. On top of this, when his benefits were changed, bills that were being paid directly out of the previous benefit were not automatically transferred to the new benefit

"I just thought what was going to happen, it's going to change back, they're going to start taking it out of my benefit like they did before. They take it out of it and take a little bit of arrears and pay it back so I thought they'd get in touch with me. They didn't get in touch with me, it just got bigger and bigger." (U11: Reasonable money manager, in arrears)

Case Study 9 (U16)

A young single woman working as a mobile carer on a zero hours contract; she had been working 40+ hours a week but this was reduced to less than 20 and can still vary. Assessed to be a poor money manager, she currently lives alone in a house which takes about 60% of her available income. She admits that she does not know which bills are due when, says she cannot afford to budget or put money aside and sometimes has to borrow money from her mother.

Her salary is paid every four weeks into her bank account and most bills are paid by DD or quarterly. However, it is not unusual for her to have insufficient funds in her account to cover the direct debits and she incurs charges "pretty much every month." Recently she could not pay her council tax and had to contact them and have the amount due added to her next two monthly payments. She has three outstanding payday loans as well as a store card and mail order catalogue debt; she took out the second and third loan in an attempt to clear the earlier ones.

She was embarrassed about being in debt and did nothing about it for a long time until eventually, on the recommendation of a friend, she went to Step Change, a debt advice charity and, as a result, is now paying each debtor just £1 per month.

She applied to have an electricity pre-payment meter installed about a month ago but has heard nothing since and has not followed it up. Otherwise, she feels she is too busy (despite working fewer hours) to sort out and use alternative methods of payment.

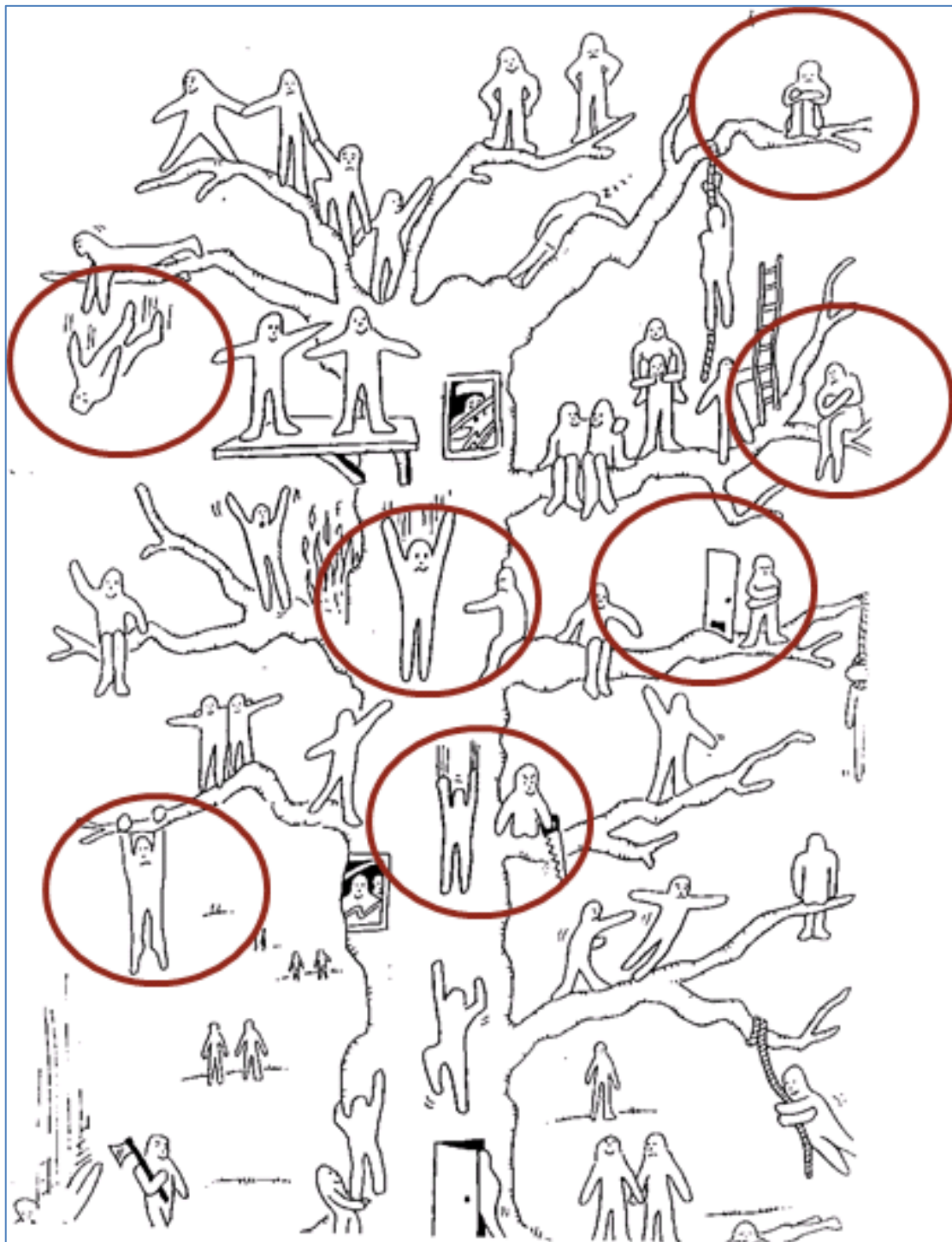
"Because of the line of work that I'm in, I don't get a lot of time to myself. Sort of when I get the bills through, have I got time to go and pay them?" (U16: Poor money manager, in arrears)

She did not inform her water company when she moved into her house, assuming that her water was included in the rent. She only contacted them earlier this year and has not yet had a bill but expects to find she owes £500 which she won't be able to pay.

4.4 The emotional impact of debt

Not surprisingly, being in debt or the prospect of being in debt evoked a range of negative emotions as conveyed by the figures selected on the composite drawing below (see Figure 5).

Figure 5: Figures commonly chosen that reflect how respondents felt about being in debt



Respondents often chose the same figures to express feelings of anxiety/fear, helplessness, anger, a sense of isolation and of simply hanging on.

- The seated figures with arms crossed seemed to capture the mood of several; being totally preoccupied by how one is going to manage, feeling thoroughly fed up about the situation and feeling isolated by the sense of responsibility

"Sitting worrying, and you can see like a, 'ahhh' playing through his mind. That's the way I see that." (U13: Good money manager, struggling)

- The isolated figure behind the door spoke of feeling excluded from the things that others took for granted because one cannot afford them and of feeling embarrassed by one's plight

"It's the little fellow behind the door. Just because I simply can't afford to do anything, I feel very excluded. I've got no choice but to stay in the house." (U16: Poor money manager, in arrears)

- The falling figure suggested variously falling backwards into a past situation when things were worse, wanting to get away from a scary situation or simply being in free fall

"Things getting out of my control and I don't like that." (CM2: Good money manager, struggling)

- The figure holding on by his fingernails (as well as the one hanging from a branch) conveyed how several were just about able to manage or were slipping in their efforts to keep on top of things

"Holding on by my fingertips. So not just holding on but actually ... Just dragging down, like gravity is just taking a hold and there is nothing you can do about it. You're going to lose your fingernails anyway. So yes, that one is a good one." (IM6: Reasonable money manager, in arrears)

For many, it was a constant nagging worry about how they would pay the next bill.

"Life is a struggle. I am always thinking of ways to cut down our expenses so that we have enough money to pay our bills." (U21: Good money manager, making ends meet, non-English speaker)

"I constantly think about it, everyday, like day to day I'd say within every 10 minutes of my life I think, 'have I got this?'" (U19: Reasonable money manager, in arrears)

"Yeah, like I said I do feel like crying a lot and I just think - how can I describe it - it is embarrassing, you do get upset at anything. Especially when you come to the point where you're thinking, 'well, how am I going to do the next bill?' You know, you're for ever living on the edge and looking at what's next and thinking - I mean last month, I just got to the point where I just didn't want to look in my bank." (MO7: Poor money manager, in arrears)

They described the impact being in debt had on their quality of life; in fact, a small number questioned whether they had any quality of life.

“Quality of life? I don’t think it’s living. There’s not much quality at the moment. There’s no money for leisure. There’s not much money to...well, there’s no money to do anything really.” (U11: Reasonable money manager, in arrears)

“I don’t really have a life. By the time I pay my bills and what not, there is no life.” (U16: Poor money manager, in arrears)

Several described how they had to change their outlook because it is only possible to live on a low income by cutting back in lots of areas and sacrificing things that other people take for granted. Such cuts must be tolerated not just now and again but all the time. Some spoke of the resentment they felt for having to give up all ‘little luxuries’ and treats.

“You’ve got to manage without it, manage with what you’ve got.” (U18: Good money manager, making ends meet)

“I suppose you just get used to it, what can you do, do you know what I mean? You get used to always not having it if you know what I mean and not going anywhere.” (MO4: Reasonable money manager, making ends meet)

A few with younger children described how they hated to constantly have to say no to even the smallest things they wanted.

“I feel bad, you know, when we go to a supermarket, the kids go, ‘can we have these?’ It’s £2, we’re like, ‘no’, you know. It’s embarrassing in a way and I do feel bad for them. I do get kind of upset about that because I feel like I’m just being mean but what can we do?” (MO7: Poor money manager, in arrears)

“Sometimes it gets you down, you think why, why me and I mean I know I’m not the only one, but if I’m in arrears I’m in arrears, you know they can’t have what I haven’t got basically.” (IM2: Poor money manager, in arrears)

“My children want to go out for pizza or Nandos but I cannot take them. One outing to Nandos comes to £80-90. I just can’t afford it. I feel very sad because I can’t give any treats to my children.” (U22: Reasonable money manager, struggling, non-English speaker)

Being in arrears, it was suggested, can also have a major impact on one’s health, causing new conditions and making existing conditions worse. Several reported having mental health issues. A man with Crohn’s Disease could not afford to keep to the diet he was supposed to have while someone else spoke about having two nervous breakdowns.

"With me, it's come out in illness. I think that's how my mind deals with things, I've had two nervous breakdowns." (IM4: Good money manager, in arrears)

A few also referred to having got past the stage of worrying and becoming 'numb to it'. It seems that at this stage they are more likely to ignore the situation because they cannot see a way out of it.

4.5 Getting into Debt with Water

4.5.1 Perceptions of water bills

Using the same tree figure, respondents were asked how they felt about their water bill. Their responses fell into three roughly equal groups:

- those who were broadly happy with their bill; they were mainly found among those 'making ends meet' or who were 'struggling' (n=15)
- those who were unhappy with their bill; they were more likely to be found among those 'in arrears' and 'struggling' (n=13)
- those who were largely neutral or indifferent when it came to their bill; they were found in all three groupings (n=11).

Positive perceptions were mainly driven by:



- feeling happy with the size of their bill – this was particularly the case for some of those on a meter

"Because I am relaxed and have no tension as such about the water bill. It is affordable and thus doesn't cause us any stress." (U21: Good money manager, making ends meet, non-English speaker)

- feeling supported by their water company

"Because I feel there they're with me on this, yeah." (U7: Poor money manager, in arrears)

"I can't remember how much I was paying a month, they lowered it. I didn't ask them to lower it, it was £20 odd and it went down to £16 and I had £100 cheque. I didn't ask them." (MO4: Reasonable money manager, making ends meet)

Negative feelings were mainly driven by:



- perceptions that water bills are too high and worries about struggling to repay arrears

"I think if they sent the information sooner, I think it's when you get such a massive big bill come through, and a lot of people are on benefits, it's like you ain't going to be able to pay that, there's no way, and you just worry about it and you think, 'oh they're going to cut your water off and you ain't going to have no water'." (U14: Good money manager, in arrears)

"Well that's more dumbfounded I suppose, sitting there and thinking, 'well, what's this all about? Why have I got to pay this amount of money, for the water?' Because I believe it's too dear." (U11: Reasonable money manager, in arrears)

"Angry, I'm angry, frustrated that it's so much money... When people say water is free, I do understand that you've got to do things to water, blah blah blah, but I think a lot of it seeps away, I think there's a lot of waste water, we're paying for that I think." (U5: Good money manager, in arrears)

Those who were neutrally disposed to their water bill were either:



- unconcerned about their bill or how they would pay it, or simply resigned to the fact that it is a bill they have to pay

"I just don't think about it, it gets paid, it's not an expensive bill." (U1 Good money manager, struggling)

"I think I'm comfortable with my water bill, it's not one of my biggest household expenses and so I don't know, maybe this guy sat on the tree here, he seems relatively comfortable." (MO7: Poor money manager, in arrears)

"It doesn't matter, when the bill comes through I know at the moment, touch wood, I'm coping, so it doesn't really matter to me." (U13: Good money manager, struggling)

4.5.2 How customers came to be in debt with water

Seven respondents were in arrears with their water company, six of whom had other arrears. The reasons underlying the debt were as for other debts; missing a few payments led to a build-up of arrears, changes in benefits, changes in personal circumstances including non-payment of the bill by an ex-partner, assumptions about how the bill would be paid which meant that it was not being paid at all. Further detail is provided below for the seven respondents who were in arrears.

<p style="text-align: center;"><u>U11</u></p> <ul style="list-style-type: none"> Fell into arrears some 10 years ago and was paying via Water Direct When taken off Incapacity Benefit and put on Job Seeker's Allowance, he assumed his water bill would automatically be switched but it wasn't so his arrears have accumulated However, he has not bothered to contact his water company and is waiting for them to contact him Assumes he will go back to paying via Water Direct 	<p style="text-align: center;"><u>IM2</u></p> <ul style="list-style-type: none"> Owes about £300 but she thinks her bill is very confusing Is supposed to be paying £40 pm to cover current bill and arrears but phoned up to say she cannot afford it Has been sent an application form for Customer Assistance Fund – she has filled in a few boxes but unable to progress it without help
<p style="text-align: center;"><u>U12</u></p> <ul style="list-style-type: none"> Claimed to have missed 'a few' direct debits but owes £1300 so this is an understatement Feels that 6 monthly bills means it is easy for arrears to build up The fact she has not been put under any pressure to pay which means the bill has been given a lower priority 	<p style="text-align: center;"><u>IM4</u></p> <ul style="list-style-type: none"> Ex-partner left her with huge debts and she ran up £1200 arrears at previous property. Agreed to repay arrears at £1 pm When she moved to current flat 2 years ago she assumed the water bill was included as part of the tenancy agreement Only discovered when meter reader called that they had not paid anything – he said he would register them as the new tenants from Jan 14. Still awaiting first bill, have no idea what it will come to and have made no provision to pay it Meter reader said they can't be cut off so not overly bothered
<p style="text-align: center;"><u>U14</u></p> <ul style="list-style-type: none"> Has arrears from previous property where her previous partner was responsible for the bills and allowed arrears to build up to £360 When she phoned the water company to say she was now taking over the bill, she was told she would also be responsible for repaying the arrears even though the bill had been in the partner's name Is repaying the arrears via Water Direct 	<p style="text-align: center;"><u>IM6</u></p> <ul style="list-style-type: none"> Recently separated from partner who was responsible for paying the water bill and had allowed arrears to build up Partner has said he will repay the arrears but she doubts he will do so. Has yet to discuss it with her water company and is waiting until her benefits are sorted out
<p style="text-align: center;"><u>MO7</u></p> <ul style="list-style-type: none"> Owes £400-500 but is challenging this Says it took the council 6 months to assess her benefit entitlement during which time she fell into debt Has been persuaded by her water company to have a meter installed so she can benefit from their 'poverty scheme' – she thinks this is WaterSure 	

4.6 Impact of Welfare Reform

A number of respondents were unaware of any of the changes that are happening to welfare/benefits either because they were not claiming any (although some have tried in the past to do so) or because their benefits had remained unchanged. Many were aware that changes are underway and some have already been affected, largely to their detriment. The three types of benefit where the impact had been felt most strongly were as follows:

Disability benefits

A handful of respondents had been reassessed for work and as a result, their situation had changed:

- two had been found ‘fit to work’ but then succeeded in having the ruling overturned on appeal; another respondent had been unsuccessful with her appeal (resulting in a reduction of £60 per fortnight) and one case was pending (if unsuccessful, the result would be a reduction on income of £40-£50 per fortnight)

“I had to go for a medical ... because I was originally on incapacity benefit because I suffered a bit with my nerves and things. And then I went to, it’s called Atos, who were awful, dreadful. They lie and what have you, and of course it was through this Atos that they stopped my money totally. So I was having no money whatsoever, no rent paid, no nothing. So of course that only added to all the worry about it, so I did go to the Job Centre, but they didn’t want me because I’ve no skills. They can see that. When I went there I did say about if I could find part-time work, but they said they deal with full-time work and that they were not like a benefits place. I’d have to go to the doctor, oh I don’t know, they got me all ... I then came back to the house when the Job Centre must have rang the DWP, whatever it is, and then they rang me and then they told me not to go to the Job Centre. I had an appointment for Valentine’s Day, 14th Feb. They told me not to attend the interview and then they put me on the sick and this is what it’s been like ever since, that I’ve been on the sick at £71.00 a week. It’s all confusing.” (MO4: Reasonable money manager, making ends meet)

“The original Atos decision to decide, without any medical...

... Aye you didn’t have a medical or anything. They hadn’t seen you!...

... It took us a whole year but I wasn’t appearing at the tribunal, and they overturned the decision. But that was all stress and worry as well...

... You had to basically fight for what you were getting in the first place...

...They sent me letters saying I was getting such and such amount and then a couple of weeks later, predating that letter, it was unbelievable some of them I got through. And I said, 'you don't know where you're at'." (U15: Good money manager, making ends meet)

- a respondent on a different (unknown) sickness benefit had lost £30pw
- another had lost higher rate Disability Living Allowance (DLA) resulting in a decrease in income of £600pm

"I've got arthritis, I've got diabetes, I've got asthma, and I've also been diagnosed with emphysema, which you get out of breath very quickly. I'm just a walking disaster... I can't explain how devastating it was to have £600 extra a month and then suddenly have the whole lot stopped. I was devastated because I thought they would give me the lower amount. I didn't expect to have the extra pension credit, but I thought they might give me the lower amount of the other because I was still finding it very difficult to get around." (MO3: Good money manager, struggling)

All of those who had seen a reduction in their income reported experiencing real difficulties as they tried to adjust.

Housing benefits

Several had been or expected to be affected at some point by the so-called 'bedroom tax'¹⁰. One woman with a young foster adult who is currently unemployed living with her was currently able to claim full allowance for her three bedroom house because she also had a disability but was unsure whether she would be able to stay in it longer term. Another woman had been told by the council that her benefit would be reduced because she had a spare room in her flat but they had failed to record that her 14 year old son was living with her.

The change to the entitlement to housing benefit for those aged 26-35 so that they only receive enough to live in a shared house meant that one young woman who is looking for her first job in social work after graduating expects to lose her one bedroom flat.

Another respondent whose part-time hours varied was having her housing benefit reassessed every month in line with this income which made it difficult for her to budget effectively.

¹⁰ Introduced in April 2013, the 'bedroom tax' refers to a reduction in housing benefit where it is deemed that there are 'spare bedrooms' in the claimant's property.

Employment benefits

For a few respondents, the tighter rules for receiving JSA were causing concern. These include demonstrating a job seeking record and the threat of sanctions if this is not achieved. Those respondents who were older and either untrained in using the internet or without access to it were particularly affected. One respondent had been told that he should use the computer at his local library and he needs to show he is applying for jobs every week.

“Well, you’ve got to go on the government website at least three times a week looking for jobs, but if you haven’t got one yourself, you’ve got to go to the library, and if you can’t use a computer, you’ve got to get lessons from the library but the library will only give you a lesson once for an hour every month. That’s not teaching you much because it will be in one ear, out the other, especially for something like that. So if it weren’t for my daughter I’d be sanctioned now and I’d not even have Job Seeker’s Allowance.” (U11: Reasonable money manager, in arrears)

Another respondent reported an apparent hardening of the attitude of Job Centre staff and feeling that however many jobs he applies for, they think he is not doing enough to find work.

“They just look at you like you’re scum. ‘You’re not looking enough. You’re not looking for work, you’re not looking enough, you ain’t doing this, you ain’t doing that’. And when I go down there and I show them I’ve applied for 50 jobs the one week and I’ve got pieces of paper to show them where I’ve applied for these jobs online and they just look at you as if to say, ‘I don’t believe you.’ Then they’ll say, ‘why aren’t you applying further afield? I don’t drive or nothing, I’ve got no money to get a car.’” (U14: Good money manager, in arrears)

Those affected by the various benefit changes often felt that the changes were disorganised with some apparently ‘giving up’ on understanding what is happening.

4.6.1 Universal Credit

There was a high level of awareness of something called ‘universal credit’ but only a few seemed to have a good understanding of it, and only one respondent was in receipt of it. When shown some information about the new benefit, many liked the idea of a ‘one stop shop’ for all their benefits especially if it eases the transition when moving in and out of work so there are no longer long delays as benefits are adjusted. It might also help, it was felt, if your personal circumstances changed.

“Yes, that transitional horrible period where they leave you for six weeks or something stupid. And then you’re on it for three weeks and you get a job and

then you've got to wait two months for your tax credits to come through or something like that.” (IM6: Reasonable money manager, in arrears)

“I think it's great, I think it should be done that way because when I was made redundant was the first time I've ever had to sign on and I can honestly say it was the worst experience I've ever had in my life because you weren't treated as a person, you were treated as a number. Whenever you wanted to try and do something, although they all work under the same umbrella, nobody ever had the details passed to them and I just can't understand why Department of Work and Pensions, why they could never link all the various departments together. So I think if they do manage to get this Universal Credit under one roof, it will just make things a lot easier.” (U2: Good money manager, struggling)

“Because when we had to change circumstances, it's like you're going to one person, going to the next person. You're trying just to change circumstances generally because you're in trouble or you've had a set back or changed jobs or stuff like that or you lose your job. And then you have to spend like £10 on 0845 numbers chasing somebody up for the next two months.” (U9: Good money manager, struggling)

The features of Universal Credit that elicited most comment were:

- the single (calendar) monthly payment and
- payment of housing benefit to the claimant and not the landlord as part of the single payment
- payment to a single person in the household.

There was a notable difference in response between poor money managers (those always or sometimes in arrears) and good money managers (some of whom are sometimes in arrears).

Single monthly payment

Good money managers felt they would be able to cope and having the benefit paid monthly might actually help them manage their finances. This should be seen in the context of their already having a bank account and making use of direct debits to pay many of their bills; at certain points in the month (depending on when their benefits are paid and when direct debits are due), they may find it hard to cover all their direct debits. A larger monthly payment might therefore mean they need to do less 'juggling'. However, they also recognised that others might not cope as well (sometimes based on their own past experience) and indeed, other respondents were less positive about the Universal Credit.

"As long as I know it's going in there I'll just have to manage it, as long as it's in there, once I know, direct debit, it'll be fine." (CM5: Good money manager, making ends meet)

Commonly voiced concerns from many respondents were that a single payment would make it harder for them to budget because they were used to managing for shorter periods ('hard enough for two weeks'). They could envisage that one might spend too much at the start of the month and have little left for what could be a long period until the next payment (currently, they might be very short for one or two days). They also referred to the psychological impact that the change might have. For example, claimants unused to having so much money in a lump sum in their account might be tempted to spend some of it on other things, leaving insufficient to cover their bills. Some also expressed anxiety about having to manage their finances and the fear of running out of money especially where they were more vulnerable.

"I'm going to struggle because obviously I'm used to getting my tax credits weekly and my wages monthly. So if that is going to go to monthly then I'm going to go a whole month with no money basically. So yeah I think that's, I don't know, it's going to be hard." (IM2: Poor money manager, in arrears)

'Housing benefit' paid to claimant

While a few already received their housing benefit (they tended to be good money managers), most worried about being able to ensure they set aside the large amount for their rent. Some simply did not want the responsibility of paying their landlord or felt unable to organise the bank account and direct debits that would be necessary.

A number commented in strong terms that they expected there to be greater rent arrears and evictions as a result of this change.

"Well, I think it's pathetic, I really do, because you're going to get the one in a lump sum and it's just going to cause more trouble. I believe people that's been on benefits, they don't know how to manage their money. They don't, because it's being managed for them. You're not paying your rent, you're not paying your poll tax. It's done for you. It's taken away for you and you're counting your pennies and all of a sudden when you get a lump of money in front of you when you're not used to having money, you're going to squander it and they're going to think, 'well, they can have it back next time, they can do that next time', or whatever. I think it's absolutely pathetic and it will never work." (U11: Reasonable money manager, in arrears)

"So many people out there that can't afford to pay for bills as it is that, if they're given this lump sum of money, even though they know it's got to go on their rent, they've never been given it before to have to pay their own. For the vulnerable

people that are not good with money I just think it's going to make them get even more and more in debt with the places that they live and then they can be evicted as well so then we'll have more homeless. I think it's quite scary actually." (U7: Poor money manager, in arrears)

"I just think it's absolutely crazy. I think there's going to be loads of people evicted for not paying their rent, loads. When those people have the extra money, I would pay it but if I was younger, in my 20s with children, maybe even 30s, I think I'd just borrow a fiver from it and pay it next week, then when it's gone, you're not going to pay it ... there are so many people going to be turned out their houses, it's a crazy way of doing it." (U5: Good money manager, in arrears)

Payment to a single named person in the household

A number of respondents expressed dissatisfaction with this because it implied that one person had 'the power' to control the finances in the household. They also questioned what would happen if a relationship broke down; many had experienced this with all the upheaval that ensued.

"I think it's quite unethical that they are going to pay it to the head of the household, whoever they consider that might be, or is. Especially in domestic violent relationships, what is that going to do?" (U3: Reasonable money manager, in arrears)

Moving on to Universal Credit had proven difficult for the respondent who was currently in receipt of it. She had been on it for about three months and while she already had a bank account, found the change from fortnightly to monthly benefit payment harder to manage. She had had to phone some suppliers to arrange to delay payment of some bills; her housing benefit was however still being paid directly to the landlord.

Others were also concerned about the **changeover period** and queried whether the new benefit would be paid in advance rather than in arrears so that claimants were not left without funds for a long period. It should be noted that respondents tended not to comment on the fact that the benefit will be paid calendar monthly rather than four weekly although one respondent assumed this meant that he would receive less money as he would, in effect, lose a month's benefit (he assumed he would receive 12 monthly payments instead of 12 four weekly payments).

"I think I'll adjust to it but I don't imagine they're going to say you should be having it this week and then suddenly you're going to get it monthly. There's going to be like a lag isn't there where people are going to be without it for a

certain amount of period where they was getting it weekly, so that might be a problem.” (U6: Reasonable money manager, making ends meet)

“The thing is, the way they’ll do it is, they’ll go from, say we get our money next fortnight, then what they’ll do is, they won’t give you anything to tide you over and you’ll have nothing...

...So the first month...

...You’re going to be in debt and then you’re going to be in more debt and more debt.” (U15: Good money manager, making ends meet)

A small number made the point that it would be most helpful in terms of organising bills if Universal Credit could be paid at the beginning of the month.

5 Seeking Help

5.1 Key Findings

- Across the sample, respondents had often sought help and advice from various sources when in difficulty paying their bills; the suppliers themselves, intermediaries such as advice services, debt consolidation agencies and parents or other family members. With suppliers, their focus was on finding new ways or frequencies of paying to help make this more manageable.
- There was much endorsement of the service offered by CABs and other locally based advice services and while some might go to them if they have multiple debts, others approached suppliers themselves or went to debt consolidation agencies. There was a perception that the course of action recommended by CAB advisors might not be one that you wished to follow because it meant giving up too much.
- Some respondents were reluctant to seek help on the grounds of personal pride, being put off by earlier unhelpful responses, the potential negative consequences, the difficulty of sorting things out and an assumption that help is not available.
- Examples of what were seen as both poor and good practice were provided by respondents. The former was often associated with credit card companies, mortgage lenders/banks, payday loan providers and the TV licence enforcement body. It involved what were considered to be intimidatory tactics, refusal to provide help that was in the customer's interests rather than the supplier's, and inadequate systems that often put obstacles in the way of seeking help.
- Good practice, often associated with the utilities and media providers, was framed in terms of willingness to discuss changes to a payment plan, flexibility and the occasional suggestion of specific schemes to help the customer.
- Ideally, respondents wanted suppliers to offer such things as individual assessment and advice on their options, proper negotiation of what the customer can afford, early and proactive help and to do this using a dedicated team who can be contacted at no great cost to the customer and who are sympathetic and efficient. Some would like the option of receiving face to face advice.
- Respondents were resistant to the idea of information about their financial situation being shared without their consent. The idea of the customer providing financial information to identify how one might be helped was also met with a mixed response. Some were very positive while others were sceptical that there would be genuine benefits for the customer. Overall, there was a willingness to be able to opt into providing this information as long as certain conditions applied relating to security, confidentiality and there being no repercussions from being identified as someone who was on a low income or in financial difficulties. There seemed to be greater trust in utilities having this information than other organisations.

5.2 Introduction

This section describes respondents' experience of seeking help when having problems paying their bills or managing debt. It covers who they approach and how they have been treated and why some people prefer not to look for help. It goes on to set out

some of the features that they regard as best practice based on good and poor experiences. Finally, it reports reactions to the idea of the customer providing personal financial information in exchange for finding out about schemes that might benefit him/her.

5.3 Experience of Seeking Help

Respondents described various resources/organisations they might approach for help if they were experiencing issues with paying their bills. These included the suppliers to which they owed money, parents and other family members who might be able to help with a hand-out or loan (that might or might not be paid back), intermediaries such as advice services (Citizens Advice, money advice services) and debt consolidation agencies.

Suppliers

A large number of respondents had sought help directly from one or more suppliers at some point although they might not initially frame the contact as 'seeking help'; but rather see it in terms of working out different ways/frequencies of paying, for example.

In general, as noted earlier, there seemed to be a greater willingness on the part of both customers and certain suppliers to discuss problems with making payments and to arrive at an agreed payment plan (including where relevant, water companies). In making contact, respondents often wished to tentatively ask about ways to pay their arrears such as by spreading payments and paying less. A few respondents seemed to be more 'experienced' at negotiating with suppliers and described how they informed the supplier what they could afford to/would pay. If the supplier tried to argue that they needed to pay more, they might stand their ground and ask whether the supplier was turning down their offer.

"Yes, actually it should be I'm paying more but I'm paying £45. I just said to them, 'this is what I can afford' in the end so I think it's about £60. So I'm paying £45 and I worked it out, this is the absolute maximum I can pay." (U5: Good money manager, in arrears)

"I know legally, in arrears you only have to pay, what is it, £1 a week on benefits or something... So long as you're willing to pay any arrears that you've got, they can't really ... So any old bill would be the arrears, and as long as I'm covering what I'm covering, I don't see how they can moan as long as I'm making an effort

to pay. Unless they want to refuse my money, which I very much doubt they would.” (IM6: Reasonable money manager, in arrears)

Very few respondents were aware of particular schemes that might help them pay their bills so that they were not in a position to ask about these specifically.

Intermediaries

Some respondents preferred to address their debt problems indirectly through intermediaries. Such bodies might be consulted before they approached suppliers themselves so they knew what to do, or afterwards, typically if they were unhappy with the outcome.

Advice services

The local CAB was often a first port of call for those respondents whose personal circumstances had changed significantly and who were concerned about the implications for their finances. In some cases, advisors had told respondents how to contact suppliers themselves; in others, advisors had done this on their behalf.

“I went to Citizens Advice and it was all trekking in, trekking out, you're losing your job ...

... They were good though weren't they, Citizens Advice, weren't they?..

... Yeah, they wrote my letters...

... They done letters for her and everything. But the others have no sympathy, that's what caused the breakdown.” (IM4: Good money manager, in arrears)

This respondent liked the face to face advice provided by his local CAB; he subsequently went on to contact suppliers himself.

“I think if you go into somewhere like the Citizens Advice where they are voluntary people with your best interests at heart, they know the circumstances, they've been through scenarios with previous people, they're a little bit more trusted. So I felt more trust in going to speak to somebody on a general term who gave me general advice about how to deal with possible debt that we might incur through obviously, the circumstances we found ourselves in. Rather than ringing up and speaking to somebody who really just wants to get you off the phone and just give you an answer and then you ring back the following day and they haven't made the notes on the computer.” (U2: Good money manager, struggling)

There was an indication that once someone had 'learned' what to do if they were getting into debt with a supplier, they had more confidence that they could subsequently contact

the supplier themselves. This included those who had learnt through having dealt directly with suppliers in the past and those who had been advised by an intermediary.

While some respondents who approached the various advice agencies had multiple debts, there was no real evidence to suggest that those in this situation were more likely to seek advice in this way. Some might be prepared to approach individual suppliers themselves while others had gone elsewhere (see below). One respondent explained that she preferred to approach suppliers herself because she was worried that an agency such as Citizens Advice might take her down a course of action that she did not want to adopt (a friend had declared herself bankrupt in a similar situation, for example). Another respondent said that she preferred to talk to the suppliers directly rather than the ‘*Chinese whispers*’ involved in an indirect approach.

Debt management and advice agencies

A small number of respondents had used such agencies or at least had had discussions with them. In some cases, these agencies offered advice and debt management at no cost (for example, Step Change) while others charged for their services.

For one respondent, debt consolidation seemed to be his only option if he was to pay off his debts (the CAB had only recommended an unacceptable course of action); in the event, he was able to clear his debts in three years.

“I’d given them all my debts. They organised it all to be set up, monthly payments in small amounts. I ended up paying the equivalent of like two debts back – monthly payments for all of them you know what I mean, so yes it did take me like three years to pay that all off but I wouldn’t have been able to pay it off otherwise. I would have ended up losing everything. They charge something like 10% every month, you know what I mean? So I was giving them £105 for the bills and £15 for the management.” (U9: Good money manager, struggling)

Others were deterred from opting for debt consolidation by the charges that some agencies make and those who felt able, approached individual suppliers themselves, rather than paying someone else to do it for them.

5.4 Barriers to Seeking Help

While many had sought help with coping with arrears, other respondents claimed not to have done so even though they might have benefited. Various reasons, sometimes in combination, were put forward:

- **Pride:** A few commented that they had been comfortable financially in the past and did not want to expose their difficulties to others, as one older woman put it, she was ‘too proud to beg’. Some simply hated the idea of means testing and demonstrating that they were so badly off that they deserved to be helped.

“I think it’s humiliating. I think it’s a good thing that it’s there but I just find that, it is sort of means tested isn’t it and then they are asking me, they are going to be asking me all these questions, I don’t like... I’m in a position where I can’t work, I hate this, I really, really, really hate it, but I have no choice other than cutting my throat. I don’t like it, it’s intrusive, it’s horrible.” (MO4: Reasonable money manager, making ends meet)

- **Deterred by unhelpful response:** Respondents may have tried approaching suppliers and felt that it was not worth pursuing because of their attitude.

“I spoke before to them and they weren’t particularly helpful. I don’t like asking for help, I’m quite stubborn. Because they weren’t particularly helpful and not interested, it kind of made me apprehensive of contacting them again.” (U8: Reasonable money manager, in arrears)

- **Concern about consequences:** Some worried that if they admitted to struggling with payments, access to loans that they had taken out in better times might be withdrawn (this could be disastrous where these were used to help juggle finances), and their credit rating might suffer so that they might not be able to access credit facilities such as mail order catalogues (often important at Christmas)
- **Perceived as too difficult:** For those who were ignoring the extent of their debt problems, the process of resolving the situation was often viewed as too daunting especially where they lacked confidence to understand and discuss their affairs. Apart from the cost, automated telephone systems and being kept waiting while they are transferred between departments often proved extremely frustrating so that respondents might give up

“I was just trying to get in touch with them but it’s a stupid automated operator and all of a sudden when they don’t understand what you’re saying they just end the call.” (U11: Reasonable money manager, in arrears)

“It’s literally relying on other people, having to talk to other people on helplines and the customer service helplines and putting on hold and listening to that god awful music. It just makes me anxious. I don’t know why, I really don’t know why.” (IM6: Reasonable money manager, in arrears)

- An assumption that bills have to be paid and there is no help available: A number felt that they had no option but to struggle on and try to pay their bills/pay off their arrears as best they could. Even though some had noticed that there was a reference to help for example, on their bill, they had no idea what form this might take or they assumed that they would be excluded from any help available (e.g. if they had a small amount of savings).

"I get the odd letter and you read, maybe there's something on the bottom saying 'there's money advice here' or things like that, or 'phone this number if you get into trouble with debt'. I've never, no, phoned any up but it's just something..."

...Any reason why you haven't?...

...Not really. Well, I'm just thinking it's a debt, it's got to be paid. How can I make it easier to pay?" (U11: Reasonable money manager, in arrears)

"I don't know. I don't think there's any help out there." (U17: Reasonable money manager, struggling)

5.5 Perceptions of Poor and Good Practice among Suppliers

Respondents were readily able to describe experiences in which they felt they had been treated poorly by suppliers when they approached them about difficulties with paying, and those where they felt suppliers had made a real effort to help them.

5.5.1 Poor practice

Respondents' criticism of suppliers was often targeted at credit card companies, mortgage lenders/banks, payday loan providers and the TV licence enforcement body. The tactics used by such organisations were seen by some respondents as intimidatory and unhelpful, for example, insisting on payment and setting rescheduled payments higher than could be afforded or trying to put the customer on to a scheme that was not in the customer's interest. There was a feeling that those who were more vulnerable were more likely to come under greater pressure because they found it harder to assert themselves. One woman with mortgage arrears described being put under pressure to go on to a scheme that she felt would undermine her ability to catch up on her payments and put her on a path to repossession.

"They said they was going to repossess and then they said, 'or you can go on this other scheme', and this other scheme was take it out of my hand. I pay a low amount, a set amount on the mortgage which wasn't even going off the mortgage because it was, you know, nothing. It wasn't high enough to even cover anything, so you were just going in debt, debt, debt, it was going higher, higher, higher but

it was a scheme that they had where they would end up with the house.” (IM4: Good money manager, in arrears)

A couple, one of whom is dyslexic, experienced prolonged problems with sorting out certain arrears. Although these were only of the order of £50, the woman (in whose name the account was) received regular phone calls yet the operator refused to speak to her partner despite her requests to do so because of her learning difficulty. It took many phone calls and several weeks to arrive at a way forward. It seemed that notes were not put on their file so they had to repeat everything each time.

“They wanted it all in one...

... Pay it all in one or they'd take you to court. I do turn round and say, 'right well, you take me to court then because you'll only get less if you take me to court and if you fine me, if you fine me you're still going to get less. So it ain't in your best interest to take me to court ...

...It took weeks to actually talk to somebody didn't it?...

...The same conversation...

...The same conversation over and over. I said, 'don't you lot put notes on the system? Like I've told you the situation, this is what's happening?'" (U14: Good money manager, in arrears)

One woman would have liked a more lenient approach to be taken by credit companies to the interest that accumulated on debts.

“Obviously they can't cancel the debt but I think if they'd have listened and been a bit more, I felt like they were really insensitive, like I said, the most money owed is the interest, I haven't actually had that money, it's interest that is their interest and it's not just me they do it to, there's thousands of people who have done the same thing.” (U5: Good money manager, in arrears)

There was felt to be an unwillingness by some suppliers to take into account customers' wider financial circumstances and their ability to pay all their bills/debts; instead, such suppliers insisted on an unrealistic amount for rescheduled payments that meant, in effect, the customer had to prioritise their bill over others. One woman was unhappy that her energy supplier insisted on her repaying her arrears through her PPM over the course of one year rather than the two years she wanted; she felt there was nothing she could do.

“I contacted them when I had the red letter and they said I'd let it go too far and there's nothing they can do to help. I've got to pay for what I've used and I said 'well, you know, is there no way they can spread it over two years so it would be a lower payment?' 'No, no, no.' You know, 'you've got twelve months to pay' and

this is their words, 'it will be', not 'can you afford?', 'it will be', and it was just like, 'okay, what can I do?' Again, they've got me, I know they've got the power because they supply my electric, I live here so I haven't got a leg to stand on." (MO7: Poor money manager, in arrears)

Moreover, if a way forward was agreed, the supplier's system might not recognise this and they could continue to receive automated letters escalating the response to the debt. Similar letters might be sent out for trivial amounts that have gone unpaid for only a very short time.

"But I've had letters from them saying you know, 'this is the second time now you've not paid on time' and I'm only like, three or four days late. And I goes in and she says, 'oh don't worry about it' and she says it's the computers that sends all the letters out . It worries me then because it says 'if you're late again, we will be putting you over to debt recovery', just for something like £3.65." (MO2: Good money manager, struggling)

The tone and manner of the person on the phone was criticised by many.

"They don't take no notice of you, they really don't. We've done it before with other companies and they don't. It's basically laugh at you on the phone basically. They might as well just pick the phone up, laugh at you and put the phone down, that's what they may as well do because that's how you get treated." (U14: Good money manager, in arrears)

"And that puts a lot of people off ringing them because they always feel as though, it's not even them you're paying the money to, it's the company, they work for the company and you've got to think of that when you ring them. It's their job to, sometimes they speak rude, they're Collections and things like that." (U19: Reasonable money manager, in arrears)

It was suggested by at least one respondent that with some suppliers, one was only treated more sympathetically if the situation affected your health, whereupon you might be moved out of the 'collections' department and dealt with by a more specialist team.

"You're going to lose the house, it will go to a bailiffs and then you'd have court costs', so they're adding all these other things and then you think, 'Oh my God, I can't pay you what you're asking for', so then if they ask for court costs ... it took me to have a nervous breakdown and get sent to hospital and God knows what... to be honest , all they do is send you to the collections department and then it's just another voice. It wasn't until I'd passed the collection parts now and I've gone into, I think it's called something like 'sympathy' and that's because you're poorly." (IM4: Good money manager, in arrears)

5.5.2 Better practice

Where respondents reported behaviour that they saw as being more helpful, this was often ascribed to utilities (energy, water, mobile phone) and some media companies.

"I think the essential ones, the gas and water, personally I think they do a brilliant job." (U7: Poor money manager, in arrears)

The tactics used to help customers with debt that respondents had experienced included:

- Suggestion of /agreement to a payment plan (including providing a payment card), allowing the customer to spread payments and the repayment of arrears

"I pay it back over three months but what they've done is they've froze my account, so no extras will be put on. I'm just on the standard sort of like, say digital TV through a box, then channels and I don't have to pay my full bill what it would've been, I just pay what I owe, so they have been quite understanding and good there and they've split over three months." (MO7: Poor money manager, in arrears)

- Willingness to negotiate about how much of arrears would be repaid monthly
- Flexibility over when payment was taken or enabling the customer to pay more at certain times to offset shortfalls at others
- Occasionally suggesting support schemes such as 'winter allowance' for gas, WaterSure, Assistance Funds

"I had that red letter saying, you know, the payment's due and it did – there was another letter that come at the back of it but it's not a letter it's like a – it was a sheet printed saying, you know, 'getting into money problems could cause big problems', and I thought, 'right, I've got to do something', and I did. I phoned them and it did say on there that 'if you phone us and let us know, then we could help'. So I thought, 'well, let's see how true this is'. Phoned them and in all fairness they were helpful." (MO7: Poor money manager, in arrears)

It was noted however, that water companies could sometimes display what respondents felt to be poor practice too

- An insistence on full payment accompanied by threats of court action
- Refusal to permit weekly payments
- A sense that the customer has to ask about schemes that might help them rather than being told about their options.

5.6 Type of Help Wanted

When asked about the type of help that would be most useful to them, respondents' suggestions fell into two areas, the nature of the help that is given and how it is delivered:

What is offered

- A detailed assessment and advice on the full range of options open to them in dealing with their problem paying and/or their arrears
- Proper negotiation as to what one can afford to pay based on all outgoings

"Just like if we have gone behind a month or two, instead of saying, 'well this is how much you have to pay us for the next two or three months and it's going to be hard for you, but you have to pay it.' Instead of doing that, just give us an option how long we want to". (U4: Reasonable money manager, in arrears)

- Approaches to provide help made early on rather than after arrears have built up.

"I mean they'd left it until I was about £800 to £1000 in debt before they changed it [the energy meter to pre-payment] over. They should be more on the ball to change people over. If people get into debt, don't leave them to build up the debt." (U9: Good money manager, struggling)

"The letter should come straight to you, 'we know it's a £20 bill you've got to pay, if you're struggling to pay, please ring this number where we can help' and that's how it should be..."

... Not wait till it gets like a few hundred. When you get a letter saying, 'oh you owe £300' and you think 'oh my god like, I ain't going to be able to pay this'." (U14: Good money manager, in arrears)

One respondent would have liked regular notification as to whether the payments he was making were enabling him to keep pace with his water bill. For him, finding that he needed to make up an £18 shortfall had been difficult and he would like to have been able to pay a little more each week to have avoided this.

"I would like if they could tell me if they can see it sort of going over that bill, if they can send me a letter or something to say 'you're using a bit more water, can you please pay an extra £1 or whatever a week' or something." (MO2: Good money manager, struggling)

- More proactive contact to inform customers e.g. about payment options
- Help with completing forms/signposting to local sources of help

- One respondent wanted to be able to ring her water company and ask to have her arrears taken out of her benefits (this was before she found out about Water Direct)

"It would be nice if you could just ring up [water company] and say, 'I'm having problems paying, I would like this much taken out of my benefits each week. Here is my national insurance number, off you go'. That would be beautiful and a lot easier." (IM6: Reasonable money manager, in arrears)

How it is offered

Respondents typically contacted the supplier by phone; they would like:

- A freephone number for mobiles or a call-back facility because of the length of time taken to get through to the person who can help them and the associated prohibitive cost of using a mobile phone
- A dedicated team dealing with those in difficulty; if these already exist, customers should be told about them

"They need a team where you can actually, where you could speak to someone and you don't feel helpless, you feel like that person who's talking to you, you are the same person because we're all the same people, we're just in different circumstances and they might be lucky enough to never hit that but ... so you need someone who talks on the same level as well, like the lady who said to me 'every time you ring now, you don't have to go to the collection, you'll come straight to the sympathy team'." (IM4: Good money manager, in arrears)

"Now knowing that they all have got the facility but none of them sing about it to say, 'look you know, if you're in trouble or if your circumstances change we have got a dedicated team that can listen'." (U2: Good money manager, struggling)

- All staff to be sympathetic, non-judgemental, prepared to listen; several spoke of how the way they were treated varied with different staff and how a poor encounter could put them off making contact again

"I'm not too sure, sometimes I feel like they're just doing it to benefit themselves, that they don't really care, I don't know. We're just customers at the end of the day. But there are some lovely people that you speak to and they are really helpful, then you just get the ones that just don't really care." (U4: Reasonable money manager, in arrears)

- Notes on their conversations to be appended to their file so that when they call again, the staff member is aware of all the details and the customer does not have to repeat them.

A few respondents commented that their preference would be to have a face to face discussion of their finances, checking of their eligibility for the forms of help on offer and to be provided with advice.

“To be honest, big companies like mortgage companies and banks, they threaten you with the bailiff but if they flipped the coin and say ‘we’ve got a certain woman within your sympathy group’, that if you needed to, she could come out and visit you and maybe take the evidence off you, rather than you’ve got more stress of you’ve got a certain date to get it by, things like that. Then I think that would have been a better approach.” (IM4: Good money manager, in arrears)

“I don’t think sending people sort of letter after letter, you know. I think all it does is frighten people more and more really and then the next thing you get a bailiff’s letter on the way because it’s been passed to a debt collector. So there must be a different, you know, over the phone and then arranging to sort of go round, but just sending letter after letter is not working.” (U3: Reasonable money manager, in arrears)

Several respondents who had had help from their water company felt they did as much as they could have done to help them

“They [water company] were really, really helpful to be fair. I would say out of the utilities, they are the one company who sort of bend over backwards to try and help you. There’s no sort of edge to them about, ‘oh well, we’re going to cut you off’, or anything like that. It was just, ‘thank you for letting us know your circumstances, this is how we can help, is this okay with you?’ And then they tried to sort it.” (U2: Good money manager, struggling)

5.7 Response to Supplier Access to Financial Information

Respondents were asked how they felt about the idea of suppliers having access to certain financial information if this enabled them to provide help that was more tailored to their circumstances. About half the sample were inclined to reject this idea, sometimes very firmly, and the rest divided into those who were more inclined to view it positively (with multiple provisos) and those who could see both its advantages and disadvantages. Those who had been in this situation themselves could see the benefits even though one respondent also had some misgivings.

“Well that’s what I had to do with British Gas, I had to give them my financial situation. It had to be done. I wasn’t very happy about it but in order to get the entitlements you would have to do it.” (U18: Good money manager, making ends meet)

“On the electricity one when we started getting pension credit, they sent us a thing out saying because you are on pension credit they pay a payment towards your electricity bill. So that came into it, they were aware that we were receiving

that and they reduced or made a payment towards our electricity bill so that was quite helpful.” (CM6: Good money manager, making ends meet)

Those who were **more positive** assumed that there was a potential for genuine benefits for the customer and on these grounds, it was worth doing.

“I think a lot of people wouldn't like it but I wouldn't mind. I don't mind giving my blood, fingerprints, anything anywhere because I've not done anything wrong, all my information, if they were looking at me, they'd be pretty bored! I think if it helped them to work out and it benefited me in the long run, if I did get into real difficulties, that they would be able to immediately look at it and think 'wow, this is why'.” (U5: Good money manager, in arrears)

“No problem with that at all, that would be okay. I think they should be given that information. I don't say they would do anything different but I wouldn't mind them having information that I was on benefit.” (U11: Reasonable money manager, in arrears)

However, very few said they would be willing for this information to be shared automatically with their water company or to provide information as standard when signing up as a customer; as much as anything, it would be difficult to keep the information up to date. Most seemed to assume that providing this information was something they would opt into when seeking information about help that was available and wished to check their eligibility.

“If they did as a standard, I wouldn't be ever so chuffed if there was nothing that they could offer me to help. It's private to me, finance is private.” (IM9: Reasonable money manager, making ends meet)

“I think there's too much of people in your business and minding this that and the other as it is, you know. If you're asked, it's up to you if you tell them.” (MO7: Poor money manager, in arrears)

“No, I wouldn't, I think you should only tell them if you want ... So you'd rather tell them yourself because what they normally do is they normally ask you for written evidence, to get forwarded on, so there is no need for anybody to know.” (IM4: Good money manager, in arrears)

Many voiced concern about the potential misuse of such personal information and proposed the following conditions:

- no sharing of information with other suppliers; respondents did not want to become targets for unwanted phone calls

“If it could be guaranteed that it could be kept confidential between the companies I wouldn't have a problem with it. But obviously, if it fell into the wrong hands, because you don't want that for people to have access to this when it has nothing to do with them.” (U18: Good money manager, making ends meet)

- no other repercussions particularly in terms of being discriminated against for example, in terms of renting (some landlords bar benefit recipients), needing guarantors (in order to be able to rent a property), switching suppliers

“But I mean it’s difficult, for anyone on housing benefit, it is difficult to rent privately because usually you get no DSS, no smokers, no pets, no students, no this, no that. But I think if it was done in the right way.” (U3: Reasonable money manager, in arrears)

- being treated with respect by the suppliers

“That depends on I suppose the way that the company were dealing with people like myself, I think. So long as it didn’t cause any prejudice or anything like that. Some people in call centres, ‘obviously, they just can’t afford this, can’t afford that.’ It all depends on how they treat you. So long as they’ve got good customer service and they’re polite and they’re understanding and they’re willing to work with you rather than badger you and bully you.” (IM6: Reasonable money manager, in arrears)

Those who were **more negative** touched on similar points but from a more cynical standpoint. They were unconvinced that there would be any real benefits for the customer, they were very wary of becoming associated with the stigma of being on benefits and they perceived a real danger in being treated differently, even by call centre staff, if they were aware of their financial background. Several spoke in terms of an ‘invasion of privacy’ or ‘big brother’.

“I just don’t think that companies should have access to your financial details, no. I wouldn’t trust them to be honest. That would not be a good idea at all, no I wouldn’t like that.” (U12: Poor money manager, in arrears)

“So your concern would be you’d get lots of people phoning you and trying to?”

... Yeah, sort of like the loan sharks, if everybody has your information and they’re thinking, ‘oh look at that poor person, they’re struggling and they’ve got all these debts and everything’.” (U14: Good money manager, in arrears)

“No, I do not think they should. I’m always wary about it, I don’t like too many people knowing too many personal details. I think it’s because I’ve seen so many things over the years, been ripped off because people’s got their details and everybody’s into their computers and I think they’re just wary now, whereas years ago you weren’t.” (U15: Good money manager, making ends meet)

It seemed that these respondents would like to benefit from anything that suppliers might offer but had real difficulties trusting them enough to provide the financial information.

"I would feel like violated in a sense but it would be nice to know that they knew that you needed the help at the same time. I'd think, how do you know that but yes, I do need the help but still." (U19: Reasonable money manager, in arrears)

However overall, there seemed to be greater willingness and trust in utilities to have this information possibly, it was felt, because these are 'essential services' that they would not wish to deprive customers of.

"What about your water company?..

... It's the same really, I wouldn't mind them having it, but I don't think they'd do much for us." (U4: Reasonable money manager, in arrears)

"If they were doing it for the right reason and being understanding and wanting to help, as long as it was confidential between me and whoever at the Water, maybe I'd sit and listen and have a discussion, and maybe try to thrash something out." (U13: Good money manager, struggling)

6 Response to Measures to Help Water Customers

6.1 Key Findings

- There was a generally positive response to **water meters** from those who had one regardless of whether they had opted to have one installed, inherited one or been compulsorily metered. This was largely because they were small households and had seen a reduction in their bill.
- Some of the unmetered smaller households in the sample might be expected to benefit from a metered supply but they had not looked into it due to a mix of lack of awareness/interest, inertia, an assumption that the savings would not merit the effort, a desire not to have to worry about water consumption, and a preference for having a predictable bill. However, their interest was often piqued by the information that smaller households should be better off and if not, they can **revert to unmetered billing** after a trial period.
- A good mix of **payment methods and frequencies** had been adopted by respondents and many expressed the view that their chosen method suited them. However, there was less awareness that it was possible to pay water bills in weekly or fortnightly instalments and some could see that it would offer them some advantages. Payment via Post Offices and PayPoints worked for some but others had issues with access and the associated cost of travel as well as charges that might be levied. The idea of a free service through social landlords was welcomed.
- Awareness of the various **payment and assistance schemes** was low and only very few were making use of them currently (mainly WaterSure and Water Direct). A few who had tried to apply had run into difficulties with completing the form and getting it signed by their doctor.
- The general response to **social tariffs** was a mix of approval for helping people who were in genuine financial difficulties through no fault of their own, and some disapproval on the grounds that the schemes are funded by an amount paid by all customers including those who are on low incomes and struggling but not eligible themselves for the schemes.
- Despite their misgivings about how they were funded, each of the schemes elicited some interest in respondents in finding out whether they might be eligible. They also often suggested that the eligibility criteria should be wide enough to include people on low incomes (not just on benefits) or families with fewer than three children.
- The schemes that met with greatest support were **Water Direct** because it ensures that arrears are paid in a way that is affordable to the customer and the **Restart/Arrears Allowance** type of debt relief schemes because they set out to incentivise customers who are in arrears to get back into paying and enable them to 'start afresh'.
- There was a strong call for the schemes to be well publicised by water companies and resentment that this did not already seem to be happening. It was felt that if there was greater awareness (through websites, print media etc.), people who were struggling would feel more confident about approaching their supplier directly or indirectly through an intermediary to check their eligibility.
- The response to a **one-stop information source** about ways to help those in difficulty paying for their water and sewerage was very positive and many would ideally like to

see water companies offer this themselves. However, they were often sceptical about suppliers' enthusiasm for doing so and felt that an independent body might act in customers' interests more. Citizens Advice and some other debt advisory services were seen as possible candidates for offering such a service.

- Ofwat and **CCWater** were little known to respondents but despite its lack of profile, the description of the latter as the 'independent water watchdog' prompted many to suggest that it might have a role based on its expertise in the water industry, its impartiality and representation of the consumer. This role was however seen as additional and supplementary to that of the water companies, providing an authority that could be invoked if they were not helpful.
- The option of CCWater providing an **enhanced service** and applying for schemes on customers' behalf or initiating the application process was well received although not everyone thought they would need to take advantage of it unless they were unsuccessful in their own efforts. It was seen as particularly helpful for people who were more vulnerable or lacked confidence to approach their water company or found it difficult to complete the application form.

6.2 Introduction

This section documents awareness and experiences of the various measures that are currently available to help customers with their water and sewerage bills. It also explores responses to information that is provided about the measures and whether respondents think they might be eligible and/or interested in applying for them. It goes on to look at how customers might find out about the measures and schemes and whether they might be interested in a one-stop information source that could provide information and advice about them. Potential candidates for the provider of this service are discussed in terms of respondents' experience and preferences. This includes specifically, responses to CCWater as the provider and the appeal of an enhanced offer in which it would apply to water companies on behalf of eligible customers for the various schemes.

6.3 Water Meters

There was a broadly positive response to having a water meter by those who already had a **metered supply** although this tended not to include those with larger families. The view was commonly put forward that it is fairer to pay for the water you use and for smaller households to pay less than larger households rather than the same.

"So we pay for what we use and they pay for what they use which I think is very fair. They are obviously going to use more because there are six of them. So to me, it makes sense that everybody should have a meter." (IM5: Good money manager, making ends meet)

While those who had **inherited** a meter might have been concerned at first, it had generally resulted in lower bills although in two cases, they could not compare because they had only recently discovered they had a meter or conversely, had lived with a meter for such a long time.

“I have never ever thought about it. I know that just some people have said to me, water meter is more expensive, but then I don’t know how you get charged if you haven’t got a water meter.” (IM2: Poor money manager, struggling)

Those who had been **compulsorily metered** were pleased to find their fears about rising bills had not materialised; a couple described how they had used the savings they had made to pay other bills (e.g. £30pm for car insurance, £20pm for energy).

“When they first came about we weren’t sure but I do think they’re beneficial because we’re only two in the house here but the lady next door’s got two girls... her water bill must be very high. ..before, we would’ve been paying the same amount and only using a fraction of their water. So we would be subsidising them, whereas it is now, you only pay for what you use which I think is a lot fairer system. I mean if you want to waste it on your garden and you think to yourself, ‘I can afford to use a bit on my garden’ and that’s it. But if you can’t, you don’t.” (CM4: Good money manager, making ends meet)

“It’s good because it means that that bill tin or bill account is now in credit each month for about £30 so in 10 months, that’s £300 – so that means that £300 will pay my car insurance when it’s due.” (CM2: Good money manager, struggling)

It was notable that nearly all those **opting for a meter** were defined as good money managers and felt they had achieved the hoped for savings.

Most of those with a meter claimed to be making efforts to reduce their consumption and many described these in detail; they included removing/not filling/sharing the bath, showerhead fittings, a brick in the cistern, not running water while teeth brushing, not flushing after every use, watering the garden with bath/sink water, using water butts/buckets to catch rainwater, fixing dripping taps, conserving water that runs before the water heats up to use in the kettle, not using the washing machine and dishwasher unless needed, buying more efficient appliances, not using the paddling pool, showering elsewhere.

Those who made little effort to save water tended to be poor money managers. One woman pointed to a friend who had reduced her bill through using less water but this was not something she was prepared to do.

"They get three minutes a shower and that is it, and she's miraculously reduced all of her bills down just by being anal about everything, down to the penny she's budgeting..."

But you don't want to go there?

I don't have the dedication or the willpower. I just want it in place and not have to worry about it." (IM6: Reasonable money manager, in arrears)

One respondent who had had a meter installed in order to enable her to access WaterSure also said that she was not making any efforts to reduce her consumption; this in part seemed to be because she was paying a fixed rate to cover her use and arrears but also because she did not seem to understand what impact using less (or more) water would have on her payment. She also felt there was a stigma attached to having a meter which brought home to her what dire financial straits she was in; this seemed to arise from confusion with energy pre-payment meters (see also below).

"How can I put it, I feel a bit council estatey, not to pre-judge anyone and we've my prepay meters I just feel, I feel like a – that's how I know really we're struggling. To be on a pre-pay meter and a majority of them sort of properties it is people who aren't as fortunate or as well off as what you could be. I guess you have to swallow your pride don't you and do what's best at the time?" (MO7: Poor money manager, in arrears)

When asked about whether they had considered having a meter, some of those who were **currently unmetered** said they were aware of the benefits and had maybe even considered it while others did not think they would save on their bill or simply knew nothing about meters. Most resistant were the larger families who expected to have to pay more with a metered supply and indeed, one had been deterred by their water company when they enquired whether they would be better off with a meter.

"I have a family of eight children. If I have a water meter I will not be able to pay the bill. It will be as high as my gas bill. I won't be able to manage." (U22: Reasonable money manager, struggling, non-English speaker)

"We have heard that water meters are not good because the bill will double. It will make the water bill unaffordable." (U20: Good money manager, struggling, non-English speaker)

"I've looked into it and I've spoken to someone from [water company] and they said they wouldn't advise me. It's cheaper if you're a single person but with a family, it's much dearer." (U17: Reasonable money manager, struggling)

Smaller households that might have benefited financially from a meter were held back by:

- inertia/they could not be bothered or had no interest in finding out
- the suspicion that the savings they might make on their water bill would not justify the effort

"I don't know how it would benefit me really. Although I probably would be a low user actually because I'm a single person, it's not like a family having baths all the time so I may benefit from having a water meter but it isn't something I'm going to really seek out... if I'm going to make any savings it's only going to be negligible savings and if I divide my bill by 52 it isn't a lot of money really, it's a few pounds a week. It's not like I'm having to pay £20 or £30 every so often, it's just you know, I pay half yearly or yearly and it's just sorted out and I'm not suddenly going to run up a big bill." (U6: Reasonable money manager, making ends meet)

- a desire not to have to worry about water consumption (for example, if they enjoy their garden and need to water it)

"It could be another one of those bills that you start to worry about if it's on a meter. 'Oh, has he had a shower, how many showers have we had today?' And using the washing machine, lots of things you would maybe start to worry about." (U1: Good money manager, struggling)

"Just because you're more conscious then of how much you're using. That's how I'd think anyway personally, I don't know how other people think. But I'd think, 'oh I can't do this, I ain't going to have a bath tonight', no... To be honest I'm not interested in water meters at all." (U13: Good money manager, struggling)

- preference for paying the same amount and knowing where you stand with your bill

"Yeah, so we don't have to really worry about, are we going to have a bath or are we going to have a shower, how much is that going to use blah blah blah and is that going to affect our monthly bill because our monthly bill is just exactly the same." (U2: Good money manager, struggling)

- cynicism that any change means the customer will end up paying more

"Well, I think it's like everything, like when you used to pay rates on your council tax, and then they've changed things. My experience, whenever they change things it affects people who can't afford it, everything goes up, doesn't it?" (U15: Good money manager, making ends meet)

- confusion of water meters with energy PPMs with their associated higher tariffs and the possibility of having to pay for the meter to be installed

"I would have thought on a water meter you pay more. That's what I was told..."

...With the gas and electric we pay more to have a prepaid meter than just having a normal meter and I think it should be the same.” (U14: Good money manager, in arrears)

On occasion, it was also assumed that since their water bill was included in their rent, they could not make the change to a metered supply as it was the responsibility of their landlord or the council/housing association.

The information about water meters that was shown to respondents without a meter confirmed that having one was not in the interests of larger families. However, many in smaller households were surprised and very positive about other features:

- smaller households should be better off plus they could test this out over a period and revert to unmetered billing if this proved not to be the case. Even the odd small family thought that it might be worth trying to see if their bills came down

“Yeah definitely, if I could try it for a year without being obligated. Like I say, I was under the assumption if you had one, that was it.” (U8: Reasonable money manager, in arrears)

- there was no charge for fitting the meter

“I thought you’d have to pay to have a meter fitted and I would just presume it would be like a few hundred pounds to have something fitted like that. Yeah it’s really interesting about the 12 months trial because that would be something I’d like to do really.” (U12: Poor money manager, in arrears)

- if it was not possible to fit a meter, their bill would be capped.

For some, it sounded as though it would be less difficult to switch to a metered supply than they had anticipated although at least one person who was in arrears with his water bill wondered if he would be able to have a meter.

“I’ll get in touch now with the water company and ask them about fitting a water meter and see what they’ve got to say from that. Unless they go and say, ‘You can’t fit one because you’re in debt to us’.” (U11: Reasonable money manager, in arrears)

But a few were still dubious and these included some respondents living by themselves or with just a partner who would probably benefit from switching. They voiced concerns about whether they would really be able to switch back to unmetered billing and whether

any savings would be worthwhile and/or would balance the extra anxiety involved in having to worry about how much water you were using.

6.4 Options for Payment Frequency and Method

Across the sample, respondents were making use of a range of different payment methods and frequencies and were often aware that options were available. The option to pay weekly or fortnightly was less known however and some of those in arrears would like to be able to pay with this frequency.

More frequent payments were very much associated with those on low incomes or who were struggling financially as these enabled them to fit payments around their variable income.

The largest proportion of the sample were paying for their water and sewerage services using **monthly direct debit**. They often commented that they felt the bill was not large and for some it was more convenient as they could tie it in with their monthly income payment. They liked the fact that once set up, they could ‘forget about it’; the alternative more frequent payment methods also involved extra cost. However, two customers who were currently paying by direct debit and were in arrears said that they would prefer to pay weekly or fortnightly.

“I suppose the only one (that has helped me) really is the direct debit. I mean I can’t say the card helped me because I used to forget to pay it every week, so direct debit is obviously, it’s there and I haven’t got to worry about, ‘oh, I’ve got to go and pay that’ because it just comes out of my bank.” (IM2: Poor money manager, in arrears)

A small number were paying on a **six monthly** basis. While two were happy to do so because they found the bill manageable, two respondents who were in arrears would have preferred to pay monthly by direct debit or weekly with a payment plan.

“I prefer to pay my water 6 months, 12 months and forget about it... It isn’t something where I’m going to have a bill every month, it’s paid for 6 months or 12 months and that’s something I don’t have to worry about then. That’s completely gone... It’s not like one of my balls I’m going to have to juggle and worry about. It’s something I can completely forget about.” (U6: Reasonable money manager, making ends meet)

A large number of respondents were paying their bill by means of a **weekly or fortnightly payment**, mainly at the Post Office, a PayPoint and in one case, online. The

payment card was particularly liked for the flexibility it gave, enabling respondents to pay however much they could afford when they could afford it.

“Because if we’ve got any spare money I try and put it on the water so having a payment card when I can pay a little bit more as and when, definitely helps and just having the Post Office in the village so it’s just really handy.” (U12: Poor money manager, in arrears)

This method of payment was not without some downsides; there might not always be a payment point available locally, charges were sometimes made and there could also be a cost associated with travelling to make a payment. It was reported by one respondent that some PayZones do not accept water bills. The idea of housing associations and other social landlords accepting payment without charge was welcomed by some and it was suggested that other payment points should also not charge.

A number of respondents did not fall into any of the above categories because they either paid for water/sewerage with their rent or directly out of their benefits.

6.5 Response to Schemes

6.5.1 General response

Awareness of all the schemes was low with a few respondents who were either on a scheme, had been in the past or were applying for something that sounded similar to one of the schemes described to respondents.

There was a mixed response in terms of water companies offering such schemes regardless of whether respondents were in debt themselves. Many were of the opinion that it was good that there were schemes to help those in difficulty and that having these reflected well on the company.

“It’s again helping people that can’t afford to pay their bills and it’s not making you panic that you can’t pay your bills because you think, ‘well, actually there is a way round it and there’s people, well people, the company that’ll be able to help you and help you find a way that you can pay’. So yes, I think they’re a good idea.” (MO6: Good money manager, making ends meet)

“I think it’s a way of engaging with people that they’re a caring and understanding company. As I said, I’ve got no issues with [water company], they’ve always been good in terms of payments and understanding and not threatening behaviour but I think if you’re suffering with a lower income or you’ve got a reduced income and you’re constantly trying to find just that little bit of extra money ... So anything that can help I think social tariffs would be, as long as it’s

for the right people, being able to use it for the right people then I think it's a benefit for the company." (U2: Good money manager, struggling)

However a few felt that people should always have to pay their bills. Moreover, a distinction was often made between those who had fallen into debt through no fault of their own and those who simply did not prioritise paying their bills and therefore were responsible for their situation. This willingness to view certain people in need more negatively was also played out in reactions to WaterSure; help provided to those with medical conditions was more acceptable than that provided to larger families.

"Not so much just because they've got a large family. I don't want to sound harsh but you know you can control that, you can control how many kids you have. You can't control if you've got an illness or, as you say, a skin problem, you know, that's not their fault, is it?" (MO4: Reasonable money manager, making ends meet)

While some who were in debt felt that they might apply/think about applying for certain schemes (typically a Restart/Arrears Allowance type of debt relief scheme, possibly WaterSure), others (Assistance funds, Water Direct) were often seen as for those who were in greater financial need than they were themselves.

There was near universal rejection of other customers paying for the schemes and this related as much to the principle as the additional amount on the bill (often even when told the sum might be just £1-2 pa) unless it was restricted to those customers who could easily afford to pay their bills. It was felt to be especially unfair to expect those who are on low incomes but not eligible for the schemes to be making a contribution.

"I wouldn't mind, like that £1200 bill I owe, if they could do something to halve it but I wouldn't want you to pay more because of me." (IM4: Good money manager, in arrears)

"I don't really like that, I like the fact that it would help people on low income, but where I'm in that situation where I'm not on a low income I wouldn't want to pay the extra thing for helping all these other people out. People that have jobs and are on a general low income do struggle and I don't mind for them, it's the people that do nothing and rely on everybody else. I don't want to help them out any more." (U4: Reasonable money manager, in arrears)

"It would be good for us because it would help us and keep our costs low but as, I know I'm not at work at the moment but I have worked. If I'm at work I'll be thinking to myself, 'hold on a minute, I work my balls off as it is paying extra payment everything else extra and then you want to bung an extra £1 on my water'." (U14: Good money manager, in arrears)

"Because for example, okay if you're very, very well off and you've got a brilliant job, paying a bit more won't affect you, but for somebody like me, who's not

under waged, I'm only just over waged, I would resent paying anything to help somebody else out, because I've struggled to get where I am... there'd be me, spot watering my plants while Joe Bloggs down the road has got the actual benefits and they're out there with a hose, and I'd think, 'I'm funding you'." (CM2: Good money manager, struggling)

There was a particular concern that the 'undeserving poor' might take advantage of or abuse the schemes, for example, by using excessive amounts of water (WaterSure) or giving even lower priority to their debt.

"If I can afford to pay the bill, £1 isn't going to make the difference between me eating and not eating but ... as I said, the people that are qualifying for those social tariffs, they need to show some responsibility for being on a reduced tariff." (MO7: Poor money manager, in arrears)

Respondents made a number of observations about the operation of the schemes as described in the information they were given. They voiced their approval of certain underpinning principles:

- proper 'vetting' of applicants to ensure that they are genuinely in need and are unable to get out of debt themselves (with guidance)
- help to get back on to a path of paying their bill.

A few spoke of the schemes in terms of the water company and customer in arrears being in a 'parent-child' or 'teacher-pupil' relationship (Water Direct, Restart/Arrears Allowance) but thought this was not a bad thing as it suggested firm guidance.

"Again I think anything that can help people, I think that's a good thing because to be honest even though writing off a huge debt would be fantastic, I think you have to ... treat people like kids really and say, 'you do this' because bills have to be paid, so I think the fact that you're saying 'you get into this and you pay something every, you show us that you can do it', because once that bill's written off, they still have to carry on paying their bills so I think that's a good one." (U5: Good money manager, in arrears)

"I think it's a good idea. It's trying to be like a parent really and trying to guide people isn't it if you're not paid so well and you get into arrears. It's saying, 'well if you start to be a bit more responsible and pay something then this scheme will give you a second chance and wipe out some of your arrears and get you onto the footing where you are a responsible payer'." (U6: Reasonable money manager, making ends meet)

"Well basically, they're just teaching people to budget their money better, aren't they?" (MO1: Good money manager, making ends meet)

Some questions were raised about the eligibility criteria for the various schemes and whether some schemes should not be just for those on benefits but others on low incomes. Comment was also advanced about the application process and how intrusive this would be; as seen above, some respondents were reluctant to 'open up' details of their life. Those who had some experience of the application form thought it variously fairly straightforward (WaterSure) or requiring a lot of historical information (Assistance fund).

6.5.2 Social Tariffs

None of the respondents living in water company regions with a customer funded social tariff in place for at least 12 months (Wessex Water and South West Water) were aware of it. A small number were interested to see if they might be eligible and one respondent retrieved his water bill to see if one was mentioned. He noted that WaterCare is mentioned on his bill although it did not give any other information.

Notwithstanding the very frequent comments about how the tariff was funded, most respondents in other regions would like to see all companies offering such a scheme if a few are able to do so, and a number said they would be keen to investigate their eligibility. A few however, were pleased that their water company did not offer a social tariff because they did not agree with how it was funded.

6.5.3 WaterSure

The information about WaterSure elicited some interest from those with certain medical conditions although they were unsure if they might qualify; these conditions included Crohn's Disease, non-specific 'bowel disease', asthma (needing to wash and clean frequently to keep dust mites down), weeping skin complaint. One respondent with a couple of children suggested there could be a sliding scale so that anyone on a low income with children might benefit. There was also some question over whether it could work for those who are not metered.

A respondent who had agreed to have a meter installed in order to qualify for WaterSure thought that others who might be eligible would be reluctant to be metered because of an assumption that they would be worse off.

"I think they must have a water meter though – does put a lot of people off you know, a lot of people who I know who you mention a water meter to, they're sort

of like, 'oh no' and when I've said that mine's less, people just don't believe me." (MO7: Poor money manager, in arrears)

Two respondents who were on WaterSure because of their family composition found the application process and form fairly straightforward (one of these was unmetered but on WaterSure, see footnote 9). A third respondent who had applied for Welsh WaterSure (which is open to unmetered households) had tried to apply on medical grounds but ran into the obstacle of her GP practice's policy which was not to sign the forms.

"I think it was just generally asking your family information, benefit information, yeah and proof that I had three children. I think I had to send something like the Child Tax thingy but yeah it's really easy." (U7: Poor money manager, in arrears)

"I had a letter off the council, and it was like a basic pack thing, but it was, 'if you get eczema, dermatitis, you can get a reduction on your water bill. But you've got to get it signed by your GP'. So I takes it over to my GP, leaves it with the receptionist, they phone me back a few hours later and say, 'No, doctor doesn't sign them anymore'. I said, 'What not at all?' 'No, not at all, he won't sign them at all'. So I phoned up the council and said, 'You gave me a form, the doctor won't sign them in any way shape or form' and they said, 'Well, it's the doctor's discretion so there's nothing we can do about it'." (U10: Good money manager, struggling)

6.5.4 Water Direct

This was a scheme that met with some approval from both those who did not need help and others who had some experience of it. It was liked because

- It helps those who find it hard to manage their money

"Because if they are getting into arrears they can't manage their money very easily which I obviously sympathise with and if they're going to need to take it out of their benefit it's again one less thing they have to worry about and I think eventually they'll get into a situation where they can manage with the money that's left over and it's not going to be a huge amount and it's probably going to help them budget more easily." (U6: Reasonable money manager, making ends meet)

"Because not everyone can manage money, not all are able to manage money, whatever the circumstances. It's a good idea, yeah. A cap which cannot be exceeded so they cannot take out more than they could afford to spend, yeah. It's a good idea." (U18: Good money manager, making ends meet)

"I think maybe if there are people that are in trouble paying their bills, not everyone is as savvy and organised as me, they need help with sorting things out." (CM5: Good money manager, making ends meet)

- It ensures arrears are paid/payments cannot be skipped

“Well I do agree with it because if it’s coming out of the benefits then that’s fair enough. And then I mean, they know that it’s getting paid.” (U16: Poor money manager, in arrears)

“I think that’s really good because you get a lot of people that just lay about and then they have to pay the bill and it comes out that way. They’ve got no choice on it. They wouldn’t pay it, some of them wouldn’t pay it. If they had it in their hand they’d go and buy drugs and alcohol instead.” (U19: Reasonable money manager, in arrears)

- For those currently on it, who have been on it or who would like to be on it, it means that they have one fewer bill to worry about. They saw it as an effective way of paying off arrears

“But I like the idea of this obviously being able to have it taken, not being seen and then you can forget about it and it’s almost like you’re not paying for it, psychologically.” (IM6: Reasonable money manager, in arrears)

“I don’t have to worry about it...

...It’s a bit like the rent money where like you don’t see it you can’t touch it...

...Basically it’s being paid. I don’t need to worry about that bill.” (U14: Good money manager, in arrears)

- The cap on the amount that can be deducted should mean that the payment should be affordable.

“I think that it’s alright for them to take the money out to pay for it each week or whatever, and take a little extra, and I think that’s fair enough. But not to take a big lump sum.” (U15: Good money manager, making ends meet)

Some would like to see this offered not just to those in arrears but those who struggle to pay.

Conversely, some viewed the scheme in a negative light on the grounds that

- It results in a loss of control over a portion of one’s income which cannot then be juggled to pay other bills
- It therefore prioritises water over other bills
- Both of the above could result in less money being available for essentials like food

“The one I’m on now it’s in my hands. I set the standard, so I can cancel it whereas this, I ain’t got a say.” (MO7: Poor money manager, in arrears)

"I think for them to get into arrears, they must be in some financial difficulty anyway so this is just reducing their income even more I guess. They'll still have a really small amount to try and get by on." (U1: Good money manager, struggling)

- Being on Water Direct with its loss of control could impact on a person's self-esteem

"Again it's having that power that I'm paying it, that it's me and it's not being stopped from me yeah. I think it's a confidence thing as well I think it would probably knock your confidence quite a bit or self esteem." (U7: Poor money manager, in arrears)

6.5.5 Assistance/Trust Funds

Some respondents drew a distinction between this one-off source of help and on-going schemes such as Water Direct; they often therefore saw this scheme as less relevant to them and more for those in a worse financial situation. It also prompted some to wonder what would happen if someone had part of their debt cleared - would they then lapse again into debt.

A respondent who was interested in finding out more (*'desperate times call for desperate measures'*) hoped that it would be paid direct to the supplier.

"I think do you know what, if this – for this to work and the way I'm getting it, is that say, for example, that £600-odd bill, they say, 'right, we'll award you £400', so you've only got, say, the £200 left, that would be a massive sort of weight lifted. You'd think, 'oh thank you, there is some sort of help out there'. I think that is a good idea but I think it must be paid direct to the company than to the person." (MO7: Poor money manager, in arrears)

One respondent was in the process of completing a form for their water company scheme while another had tried to complete one for a similar scheme - both had struggled or given up.

"I think one of the main areas that we had was we had to prove to them so it was almost like, you almost felt discriminated, you had to make sure that all the boxes were ticked and you had to prove whether you got your Working Tax Credits or your Job Seekers Allowance and this, that and the other and blah blah blah and you had to have proof of that... if I found it quite hard for somebody who's quite well educated and I've pretty much got a good sense of what to do then somebody who maybe was less fortunate then... Unfortunately it boggled me to be fair." (U2: Good money manager, struggling)

The help that was required from Citizens Advice was seen positively in terms of both ensuring that the 'right people' are helped and providing support with the form completion.

"Yes, I've been to the Citizens Advice about benefits and stuff and I think that they do actually try and help you rather than just get through the work day. It's easier for them to apply for you as well, because their applications are quite hard, aren't they?" (U4: Reasonable money manager, in arrears)

"It's good to be fair because it stops certain people who have got the money to pay it from getting away with it when they don't need it (laughs). It's given to the right people." (U14: Good money manager, in arrears)

"If somebody's going to give you some money to help yourself get sorted out, then yeah they don't want to give it to somebody that doesn't need it, that isn't worthy. I don't mean isn't worthy of it, but someone that's trying to pull the wool over their eyes. They want to give it to a genuine case, where they know it's going to go and get taken off the bills or their debt, that it's there for in the first place." (U10: Good money manager, struggling)

6.5.6 Restart/Arrears Allowance and similar debt relief schemes

Again there was a division in opinion; some responded positively to the Restart/Arrears Allowance concept whereby some water companies offer to write off part of a customer's debt if they make regular payments over a period of time. Respondents saw this as potentially offering some of those in arrears, a chance to 'start afresh' in a way that encouraged them to commit to making regular payments. In this way, for some it was better than a one-off grant.

"I think it's a great scheme. Obviously it's for the people that show that they do actually want to keep on top of things and that aren't just putting things off and spending their money on other things, they are trying to keep on top of everything." (U4: Reasonable money manager, in arrears)

Certainly, several of those in arrears thought it was a scheme that might benefit themselves.

"The benefits would yeah, it would just completely clear our remaining debt with the water company and just start afresh and yeah that would be just take so much stress because that's our biggest one really but yeah it would just make life a bit better and bearable." (U12: Poor money manager, in arrears)

"I think that would encourage a lot of people who haven't been paying their water bills to perhaps go and pay them, really. I quite like that idea of that. I'm going to ring them and tell them about my situation and offer to set up a direct debit, and if they're willing to write off some of the debt for me, then even better." (IM6: Reasonable money manager, in arrears)

Others were more negative, feeling that it might encourage people to get into debt because they could benefit from having part of their debt written off and because it could be seen as rewarding poor behaviour and getting ‘something for nothing’.

“I think it’s some kind of encouragement that you can let yourself get into this kind of debt and then we might help you out. Which is all good for anyone who’s really, really struggling but you’ve got to try and keep yourself out of it rather than knowing that there might be something to help you.” (U7: Poor money manager, in arrears)

“I think they should pay their bill because people could think ‘oh I’ll get into debt and write it off later on’, that is the way I think. I mean if you owe it and it’s your stupid fault for not paying it, so as you say, if you are like ‘I can go down the pub and have a drink’, surely you can do without having a drink, you know until you sort yourself out.” (CM6: Good money manager, making ends meet)

Some also questioned why, if someone had been struggling to pay their bill, they should be able to keep up with their payments under this scheme.

“The thing is I find with that is if you are struggling and genuinely can’t pay your water and sewerage bill and you’re behind, it says here you’ve got to keep it up for six months or a year. But if you’re struggling that much, I don’t think that’s going to be possible to do.” (U13: Good money manager, struggling)

6.6 Communication of Schemes to Customers

Given that this was very often the first time that respondents had become aware of these schemes, some anger and resentment were expressed because it was felt that the schemes were not sufficiently well publicised by the water companies. Two respondents pointed out that even though they had rung about debt problems, they had not been given details about the range of schemes available and there was a general feeling was that companies were withholding information. Despite many only wanting the genuinely needy to benefit, they felt that suppliers needed to do more to publicise the schemes.

“Well, they’ve already acknowledged me because they’ve said, ‘if you’ve got a medical problem, we need the evidence’. But why not, ‘we need the evidence and then if you qualify ...?’ So bring these schemes into the conversation or the letters. There’s no point in having schemes if nobody knows about them and like I said, that’s what I’m saying, a scheme like that, like when you owe £1200 and to me it becomes massive. It could change your way of thinking about it.” (IM4: Good money manager, in arrears)

“They don’t always tell you what they’ve got going on, who’s eligible for it. Whether you’d be you know, considered and stuff for it, they don’t tell you, and then it’s difficult... you don’t know where to go to find out things about say gas, electric and water, what they will actually do for you to help you... That’s because

they don't want everybody to know, do they? And they think, 'right we'll have this nice big scheme, nice big initiative, but we won't make it common knowledge, we'll make it so that perhaps Citizen's Advice know – I don't know Credit Unions know, for the support workers that deal with the people that are constantly in debt and that, so that they know because we don't have to include everybody'." (U10: Good money manager, struggling)

There was a common view that customers needed to be made aware of the existence and range of schemes, what they provide, who qualifies and how to apply. They expected this to be done through the water company's and other's websites, through links from various websites, through print media such as bill inserts, mailshots, letters (or emails) and a booklet, and ideally (in order to reach a larger number), through advertising, possibly in media targeted at people on low incomes.

"You'd have to be quite open and honest and I think you'd have to have a good relationship with your water supplier because some of the other utility companies they're not the friendliest so to actually go cap in hand and say, 'this is my current situation. We're a family who are solely on benefits, I have three children, is there anything you can do to help me?' Maybe that's not the society that we live in so maybe again, I think if the company made it more aware and more open on say, websites and things like that of how they can help, then it might encourage people to go and look for it." (U2: Good money manager, struggling)

Armed with this knowledge, customers could then choose to contact the water company directly (hopefully talking to a dedicated team) or an intermediary organisation to enquire about their eligibility. The sorts of intermediaries that they thought might be consulted included advisors within Citizens Advice, debt advice organisations such as Step Change, Credit Unions, government agencies (e.g. Job Centres), the local council, housing associations or neighbourhood centres, and family centres. It was suggested that knowing about the existence of the schemes would give those who were struggling or in arrears greater confidence to explain their situation and ask about them.

"If they were there in those situations in the places where you unfortunately find yourself when you are doing these sort of things, then if it's done in an advisory capacity then I think more people would find out about it and it would be easily available to people then." (U2: Good money manager, struggling)

They also frequently felt that if customers had gone into arrears, there could be more targeted communication from their water company to prompt them to seek help. While acknowledging that people often dislike cold calling, they felt that a phone call, leaflet or information pack sent to the customer might prevent them ignoring the problem. It would also create the right tone that might encourage them to take up the offer of help.

“There are a lot of people that sweep things under the carpet, or ‘I’m not going to worry about it.’ They put the bills on the side. They don’t open them and they don’t... so with a phone call I think they would be directly speaking to the person involved because they could ask that person and say ‘we feel like you haven’t paid your bill for a couple of weeks. Are you having difficulties? Would you like us to help you by steering you in the right direction?’” (MO3: Good money manager, struggling)

“Because then you feel as though that they care and it makes you feel a bit more like, ‘oh I’m not actually in trouble because I’m going to get help’, and people get worried about asking like I was saying before. Yeah I think if people didn’t always look like the big bad wolf I think it would make you feel a bit more comfortable there.” (U19: Reasonable money manager, in arrears)

The point was made that in order to ensure customers were receptive to the information, it needed to be clear, use simple language and signal why it would benefit customers to read it. On the company website, the schemes needed to be flagged up clearly on the home page.

“No one will tell you anything, what you’re entitled to but if it’s right there in front of you in bold, like as you go onto the water site, saying ‘difficulty paying? Look here, maybe help for you with schemes and bills’, big, bold, right in front of you so you don’t have to go through five or six different pages to find something which gives them the incentive to ring.” (U9: Good money manager, struggling)

“Sending someone a massive big booklet with little writing just basically that’s going to be no good. Simple and clear so people could understand what you can offer.” (U14: Good money manager, in arrears)

“They should make everyone aware of it in words they can understand. You know, not use any... I’m quite literate but not everyone is and you’ve got people from different languages and it’d be very very hard for people. So, understandable for everyone.” (U18: Good money manager, making ends meet)

6.7 Response to a One-stop Information Source

The idea of being able to have access to information about all the ways in which one could reduce one’s water bill was certainly welcomed. The sorts of information anticipated included:

- information about ways of reducing one’s bill such as the surface water drainage rebate – with the option to apply online
- help available for those in arrears or struggling to pay including the various schemes (eligibility, any downsides, etc.)

“It’s a good way of communication and without having that horrible admitting to somebody and, let’s be honest, it’s not very nice having to sit there and go, ‘yeah

I've got an issue with blah blah blah'. So it's an easy way of making an enquiry without being too intrusive into your own life. Finding out the benefits and then taking that step a little bit further." (U2: Good money manager, struggling)

- whether opting for a water meter would be beneficial
- for those who are metered, ways of reducing water consumption and information about the cost of water used in, for example, showers vs. baths etc.
- discounts on water butts, free shower timers etc.

One suggestion was that the customer would be asked for certain information and then would be informed about the schemes that they qualified for or other help that was available and relevant to their situation. There was certainly a call for the information to provide detail and not generalities.

"Not any namby-pamby, this, that and the other, but you know, inform me." (CM4: Good money manager, making ends meet)

It was felt that the service would need to be accessible by telephone (not only via the internet) and even those with internet access would like freephone contact numbers or the facility to request a call-back. They did not think that everything could be done via a website. The option for interpretation through a service such as Language Line was felt to be important by those with little English.

"Like details on whatever plan it is. And then maybe its contact details, a lot of times you cannot find contact details. So I think that's why a lot of people just ignore it because there's no way to contact them." (U16: Poor money manager, in arrears)

One younger respondent suggested that such a service could be promoted on Facebook; another by Money Saving Expert.

"Maybe on Facebook, a link to it, 'Saving money with [water company]'. If say it was a website, it could be a telephone service, that would just be capturing your attention in the first place. Something like Facebook would definitely make people look at it more. I see lots of things that have been shared and liked about companies that are doing the PPI." (U5: Good money manager, in arrears)

A further idea was that the website should be linked to the customer's online bill if they access their account this way.

"An email telling me my bill was there, 'click here', and I would click onto it and then it would say, 'and this is how you can further reduce your water usage' and all those sorts of things, then I would be far more likely to read it." (MO7: Poor money manager, in arrears)

6.7.1 Preferred provider

Respondents were presented with a number of different types of organisation to comment on in terms of awareness, experience and their credibility as a provider of such an information service.

The first choice provider for the service was the **water companies** themselves; respondents thought this was something that they should be doing if they were genuinely working in their customers' interests. The small number who had benefited from one of their water company schemes, were sometimes supportive.

"I'd like for the water companies to be offering that service in all sincerity. Providing it was advice and it was intended for the consumer. I know at the end of the day they've got to obviously cover their own backs, the financial aspect, but at the end of the day, the consumers like myself and the million other ones, they should get what they're entitled to." (U18: Good money manager, making ends meet)

"I'd just go to my water company... I guess I've got quite a lot of trust in them. I trust that they would help me and they did I guess you know, they lowered it slightly but I wouldn't look anywhere else, no." (MO7: Poor money manager, in arrears)

However, many were sceptical that the water companies would be prepared to give the information the necessary prominence based on respondents' current lack of awareness of the schemes.

Citizens Advice was seen as another well recognised organisation that could credibly offer such a service and which respondents were often happy to use or had used. Described variously as expert, confidential and trustworthy, any concern expressed was about the need to see them face to face and their accessibility; office closures and the difficulty of getting an appointment were mentioned.

"Well because the Citizens Advice, it's a big bodied company so you'd feel comfortable those are qualified people and they obviously know the ins and outs of everything. The Debt Money Advice, they can organise you and tell you what they think you could afford, good advice and things." (U19: Reasonable money manager, in arrears)

"I'd go to them because they would act on your behalf because I'd find it difficult to, I'd find it easier if somebody was to act on my behalf. That is probably why I'd go to the CAB." (MO4: Reasonable money manager, making ends meet)

Debt/money advice agencies were less known and some assumed were run on more commercial lines such as charging for their service. The name 'debt advice' suggested that one needed to be in debt before you could approach them. However, advice agencies that had been used/were under consideration by a few respondents were well regarded such as Step Change (which describes itself as a 'debt charity'), PayPlan (which says it offers 'free debt solutions') and a community-based advice service for the Bangladeshi community.

"I've never received it but I do know it's available and I think it's a good idea and I think they are exceptionally fair. In fact they're overly fair, I've seen people with plans that they, I mean they have to follow them for five years but people have had plans where they can still have [subscription TV company]. So I think these plans are very good for those that need the control with their finances". (MO7: Poor money manager, in arrears)

"I'd say the benefit of this is it's all in one place and they contact your creditors, whereas I'd have to write to my water, my gas, my electricity, my everything else and I'd have to explain each time what I was going through. This is almost done for me, it's the decisions are taken away from me and I know that these people are there to help." (MO7: Poor money manager, in arrears)

While a number of respondents used **price comparison websites** when comparing quotations for car or home insurance, not all respondents had access or wished to use the internet. Many preferred to contact a few companies themselves by phone to gather quotes. Among those who had used the sites, there was a mix of opinions with some finding them useful but others feeling that they took too much time to put in all the information required and then producing options that were confusing.

"I find price comparison sites, like I've done my contents insurance and things like that, so I know it's confusing that they ask too many questions." (U4: Reasonable money manager, in arrears)

"I don't understand how to understand numbers in your head. I can't do things like that. I look at them and I just think, I don't understand them." (U19: Reasonable money manager, in arrears)

Some were also unsure about their trustworthiness because, for example, they had heard that they were incentivised by the commissions they received.

While there was some awareness of **Ofwat**, the water industry regulator, it was frequently assumed that its role was mainly to handle complaints from consumers rather

than an information service. Comments were also made that suggested that some had a generally negative view of utility regulators.

"I would see those as sort of people who you'd escalate complaints to if you were unhappy." (U3: Reasonable money manager, in arrears)

"I think they just regulate the water companies but it's down to the water companies that should be telling you how you could reduce your bill." (IM5: Good money manager, making ends meet)

"I would only go to them with complaints, that's what, that's the image of that in my head. It's like they're the boss of it all. They're just like Ofcom and Ofgem and stuff like that." (U9: Good money manager, struggling)

6.7.2 Response to CCWater as the service provider

The **Consumer Council for Water** was the least known of the organisations presented to respondents and indeed, was unknown to almost everyone in the sample. This meant that it would not spontaneously be considered as a source of information or advice.

"I mean I don't know anything about them at all, Independent Water Watch, I know nothing about them. I'd have to research it and see." (U18: Good money manager, making ends meet)

"I only stick to things that I know, that are safe type of thing, even though they probably all are safe but ..."

... So Ofwat and Consumer Council for Water are names you're not at all familiar with?

... No. Never heard of them." (IM4: Good money manager, in arrears)

However, the combination of CCWater's name with the descriptor, 'the independent water watchdog' led many to comment favourably. This conveyed an expert (focused on water) and impartial organisation that was working in consumers' interests. For this reason, it was seen as having potential as a provider of an information service.

"The Consumer Council, that one, because it says 'watchdog'..."

So although you are not familiar with them if you ...

Well, I've heard of 'Watchdog' as regards on the TV, so they sound trustworthy." (MO4: Reasonable money manager, making ends meet)

"It means they're not the company owners. I mean it would be an independent person, they wouldn't have any axe to grind. It would be just purely knowledge, not what was good for them and trying to butter us up getting this, that and the other and we're not." (CM4: Good money manager, making ends meet)

"Probably the Consumer Council for Water because that sounds like it is a council for water and it helps the consumer. It sounds quite a good heading, and it's also the independent water watchdog, so it sounds like as if somebody is working independently from the water companies to give you the best deal, so I suppose that would stand out. I've never heard of them before, but that would stand out as being something for a person that wanted to find out more about water." (MO3: Good money manager, struggling)

CCWater's success in the role was seen as depending on it building its profile and customers being directed to it by other organisations including the water companies themselves (e.g. through their website, online bills). It also needed to ensure that when customers 'googled' for help and advice, its website was prominent.

"That's a good idea but I don't think people know it exists so it's only good if they know it's there. Unless the water companies promote this, you're not going to know it's there." (U12: Poor money manager, in arrears)

"If I knew more about them possibly, because they do sound quite official...I'd probably personally go to [water company] just because I've not really heard of the other one. If it was more advertised or if there was more about it everywhere, I'd probably check them out. But because I've not heard of them, I've not seen any advertising or anything, I wouldn't, I'd avoid them." (U4: Reasonable money manager, in arrears)

"It depends, the people at home sitting there thinking 'how can I reduce my water, how can I reduce all my bills?' Would they go to that name, would they be aware of it? I mean, that is the problem." (IM7: Good money manager, making ends meet)

"If you went into your search engine like Google and put in 'saving water' that would have to come up with that, because I'd never heard of it." (CM5: Good money manager, making ends meet)

"If I knew a bit more about them, then I probably would look into it." (U16: Poor money manager, in arrears)

While the idea of CCWater offering the service had many positives, it was not seen as an alternative to the water companies but more an addition or supplement if they did not provide what customers wanted. It was suggested that CCWater's authority could be very useful in negotiating with the supplier along the lines of *'CCWater has advised me I'm eligible for..'*

"Yes, that would be even better because obviously you've got people on PIP [Personal Independence Payments] and people that are in need and they can't do that for themselves, and if they did try they'd just probably be told, go away, or something. So it's good to have a voice behind the consumer, definitely." (IM6: Reasonable money manager, in arrears)

6.7.3 Response to the idea of an enhanced service from CCWater

When respondents were asked about the appeal of having CCWater initiate the approach to their water company to apply for a scheme for which they were eligible, there was a mixed response. This seemed to depend on a number of factors:

- Confidence in approaching the supplier
- The complexity of the application and one's ability to complete it and/or marshal all the information required
- The level of personal motivation which was in part influenced by the size of the debt
- Trust in CCWater and willingness to divulge personal/financial information that would enable it to assess your eligibility.

Some **more confident** respondents envisaged that they might use CCWater to gain information/advice and assess their eligibility (possibly in general terms) but then, empowered by this knowledge, approach the water company themselves. They might come back to CCWater if the approach was unsuccessful for some reason.

"I wouldn't mind doing it independently, approach the water company myself actually. And I have been advised by blah blah blah that I am entitled to blah blah blah, that way. And obviously you've got the name of them to back the information up because I'd like to do a bit of research and be certain myself to be honest..."

Okay, so you wouldn't want them to do that for you?

Not necessarily no. If it came to the way that the water companies weren't being forthcoming, then if I could get back to the CCW and say, 'could you now do it on my behalf?'" (U18: Good money manager, making ends meet)

"I don't think they should (start the application process), no, because I think they're doing a good job by being a watchdog and using their energies in that sphere and I think people should have enough ... to be able to apply for things themselves as long as they're not too complicated and nowadays, you can apply for things online, tick a few boxes and it isn't going to be too long." (U6: Reasonable money manager, making ends meet)

Those who were **less confident or simply felt it would be easier/save time** thought they might welcome CCWater making their application because there was less chance of being 'fobbed off' by the water company and more chance of success. To enable this

to happen, they would be prepared to provide details of their financial situation providing they had the necessary reassurances about security and confidentiality and felt they could trust CCWater.

"I mean if it's something that could be trusted just to take the pressure off you so they know what they're doing, you can trust them and hopefully they'll get you the best deal." (U12: Poor money manager, in arrears)

"If I put all the information that you initially needed and they said 'you're eligible for this, do you want us to apply for it for you?', then I'd probably do it just to save time. Or what I might do is Google and see if anyone else has done it before, and see if there's any bad comments about it." (U4: Reasonable money manager, in arrears)

"I think if you went through them as a customer and they advise you then I think that would be great yeah, because as I say, if the applications aren't straightforward then it can always put people off. So yeah, it would always be a help." (U2: Good money manager, struggling)

"That would be fabulous because people do get terribly confused, especially the elderly, with filling in forms. They hate it. Most people do." (MO3: Good money manager, struggling)

7 Appendices

7.1 Introduction

The appendices contain the following documents:

- Recruitment questionnaire used in screening potential respondents
- Tables for income thresholds used as part of the screening process
- Topic guide used in the face to face interviews
- Materials used as stimulus for discussion

7.2 Recruitment questionnaire

Hello, my name is.....I am working on behalf of Creative Research and Acumen. I wonder if you would be interested in taking part in some market research we are conducting. We want to talk to people who are struggling to make ends meet and who find it difficult to pay all or some of their bills. The purpose of the research is to see what steps could be taken to try and help such people. It involves taking part in an interview lasting around 1 ½ hours. In return for your time, I can offer you £40 (single respondent)/£50 (couple) as a contribution towards your expenses.

<u>Recruiter: please fill in the following details</u>					
<u>RESPONDENT DETAILS</u>					
Explain that you need to record the respondent's contact details so that they can be contacted in the event of a change of plans (e.g. the moderator is ill) and also for quality control procedures. Reassure respondents that no personal details or responses will be passed on to anyone not directly concerned with the research without their express permission.					
Name:					
Address:					
Postcode:					
Telephone:					
Email address:					
<u>Read out DATA PROTECTION card</u>					
Check that respondent is in agreement with this procedure.					
YES	1		NO	2	CLOSE
<u>METHOD OF RECRUITMENT</u>					
FROM RECRUITER'S DATABASE			FREE FOUND (In Street/House to house etc)		
OTHER (PLEASE WRITE IN):					
<u>RECRUITER DECLARATION</u>					
I DECLARE THAT THIS IS A TRUE RECORD OF AN INTERVIEW WITH THE NAMED RESPONDENT WHICH WAS CONDUCTED IN ACCORDANCE WITH THE INSTRUCTIONS AND THE MRS CODE OF CONDUCT. I AGREE TO BE BOUND BY THE DATA PROTECTION ACT 1998.					
SIGNATURE: _____					
PRINT NAME: _____ DATE: _____					
For Creative Research use only Respondent ID					

Once this questionnaire has been completed, it constitutes sensitive personal data – please see notes at the end regarding how it should be treated

SCREENING

S1. SHOW CARD A Can I just check, do you or any of your immediate family work in any of the following professions or occupations?					
Market Research or Marketing	1	CLOSE	Energy companies	4	CLOSE
Public Relations or Journalism	2		Water and/or sewerage companies	5	
Advertising	3		CAB, Money Advice Centres or other professions providing members of the public with financial advice/assistance	6	
			None of these	7	CONTINUE
S2a. Have you <u>ever</u> attended a GROUP DISCUSSION or IN-DEPTH INTERVIEW before?			S2b. What was the subject under discussion?		
No	1	GO TO Q1	IF PREVIOUS SUBJECT RELATED TO THIS PROJECT, THANK & CLOSE. OTHERWISE ASK Q2c		
Yes	2	GO TO S2b			
S2c. How long ago was that?			S2d How many group discussions & depth interviews have you attended in the last 3 years?		
Less than 6 months	1	THANK & CLOSE	1-6	1	GO TO Q1
More than 6 months ago	2	GO TO S2d	7 or more	2	THANK & CLOSE

We want to talk to a range of different people as part of the project and I need to ask you a number of questions first of all about yourself and your family/other household members.

Q1. Are you the person in your household who is responsible for managing your finances and paying the bills –either by yourself or jointly with your partner?

Yes: respondent is responsible for managing the household finances and paying bills	1	CONTINUE
No: respondent is not responsible	2	Either: recruit partner/person who is responsible or CLOSE

Q2. Gender

male	1	female	2
------	---	--------	---

Q3. Age: write in and record below _____

18-24	1	55-64	5
25-34	2	65-74	6
35-44	3	75+	7
45-54	4		

Q4a Write in OCCUPATION OF HEAD OF HOUSEHOLD:

ASK THE FOLLOWING FIVE QUESTIONS TO CLARIFY HEAD OF HOUSEHOLD INFORMATION:

Q4b IF RETIRED, ASK FOR PREVIOUS OCCUPATION, IF PRIVATE PENSION RECEIVED	Q4d IF LOCAL AUTHORITY OR CIVIL SERVICE OR ARMED FORCES, ASK GRADE/RANK
Q4c IF SELF-EMPLOYED OR MANAGERIAL, ASK FOR NO. OF EMPLOYEES RESPONSIBLE FOR	Q4e ASK FOR DETAILS OF TRAINING/QUALIFICATIONS
	Q4f INDUSTRY (WRITE IN)

Q4g **NOW CODE SOCIAL CLASS**

ABC1	1	No quotas	D	3	No quotas
C2	2		E	4	

Q5. Record marital status

Single or in a relationship but NOT living with partner	1	
Married/In a long term relationship and live with partner	2	
Divorced/separated/widowed	3	

<p>Q6a. <u>Including yourself</u>, how many adults are there living with you as part of your family/household? That is, people aged 18 and above and for whom you pay the bills (they may or may not make a contribution to the bills)</p> <p>Q6b. And how many children aged under 14 years old are there living with you as part of your family/household?</p> <p>Q6c. And how many children aged 14 to 17 years old are there living with you as part of your family/household?</p>		
number of adults (<u>be sure to include the respondent</u>)		
number of children under 14 years old		
number of children aged 14-17 years old		
<p>Q7 Use answers to Q3, Q5 and Q6 to code respondent's lifestyle.</p>		
Pre-family young single adult – must be living independently and not with a partner; must be responsible for paying their own bills; aged under 35; no children	1	Pre-family: recruit to quota please aim to recruit a mix and a good spread of ages up to 35
Pre-family young adult couple – married or in a permanent relationship and living with partner; must be responsible for paying their own bills; aged under 35; no children	2	
Single parent – 1 or more children living with them; all children under 18	3	Family: recruit to quota please aim to recruit a mix and a good spread of ages of both the parents and their children
Family couple – either married or in a permanent relationship and living with partner; 1 or more children living with them; all children under 18	4	
Post family single – aged 45 and above and either never had any children or all children aged 17 and above, single or not living with partner	5	Post-family : recruit to quota please aim for a mix
Post family couple – aged 45 and above and either never had any children or all children aged 17 and above, married or in a permanent relationship and living with partner	6	
Retired single – reached state retirement age and living alone	7	Retired: recruit to quota please aim for a mix.
Retired couple – reached state retirement age and either married or in a permanent relationship and living with partner.	8	

Q8. What would you say is your household's total income, before tax and any other deductions? This includes earnings from employment or self-employment, income from benefits and pensions, and income from other sources such as interest from savings. If you have a partner please include any income and benefits they receive. If you have a son or daughter or other household member who makes a contribution to paying the household bills, please include the contribution they make.

You can work it out either on a weekly, a monthly or a yearly basis, whichever is easiest for you. If your income fluctuates, please base it on the average household income over the last three months.

total weekly income	£	per week	
total monthly income	£	per month	
total annual income	£	per year	

Use attached tables to check that the total income is below the amount stated for the household composition (number of adults + number of children aged under 14 years + number of children aged 14-17 years).

total household income is below the amount shown in the tables	1	CONTINUE
total household income is above the amount shown in the tables	2	CLOSE

Q9. Which ONE of these statements best applies to you? **SHOWCARD B**

I am/We are keeping up with all the household bills without any difficulties	1	Making ends meet: recruit to quota
I am/We are keeping up with all the household bills, but it is a struggle from time to time	2	Struggling: recruit to quota
I am/We are keeping up with all the household bills, but it is a constant struggle	3	
I am/We are falling behind with some household bills	4	In arrears: recruit to quota
I am/We are having real financial problems and have fallen behind with many bills	5	

Q10. I'm going to read out to you some different items of household expenditure. For each item I read out I'd like you to tell me how affordable you feel it is by choosing an answer from this list – **SHOWCARD C**

	Always Affordable	Sometimes Affordable	Rarely Affordable	Not Affordable
Food bills	1	2	3	4
Clothing bills	1	2	3	4
Energy bills	1	2	3	4
Water and sewerage bills	1	2	3	4

Q11. How do you normally pay your electricity bills? Read out and code all that apply. And how do you normally pay your gas bills? Read out and code all that apply. (If no gas supply, leave blank)				
	Elec	Gas		
Monthly direct debit	1	1	No quotas; as found	
Quarterly direct debit	2	2		
Quarterly cash or cheque/debit or credit card e.g. by post, online, by phone	3	3		
Payment card where you make regular payments and this is deducted from your bills	4	4		
Fuel direct where a fixed amount is taken from your benefits by DWP to help clear an outstanding debt	5	5		
Prepayment meter where you purchase cards/tokens in advance and insert them in a meter	6	6		
Q12a. Record below whether or not respondent has a water meter				
Has a water meter	1	Ask Q12b		
Does not have a water meter	2	Recruit to quota		
Q12b. Which ONE of the statements best describes yourself?				
I/we asked to have the water meter installed	1	Recruit to quota		
The water meter was already installed when we moved into the property	2			
The water company insisted that we have a water meter installed – we had no choice	3			
Q12c Write in name of water company:				
Q13a. Are you and/or your partner or any other member of your household in receipt of any of the following benefits or tax credits? Tick all that apply. SHOWCARD D				
Attendance Allowance	1	Income related Employment and Support Allowance	8	no quotas
Carer's Allowance	2	Jobseeker's Allowance	9	
Child Tax Credit	3	State retirement pension	10	
Council Tax Benefit	4	Pension credit	11	
Disability Living Allowance	5	Working tax credit	12	
Housing Benefit	6	Universal credit	13	
Income Support	7	None of these	14	

Q13b. The Government has introduced a number of changes to the welfare and benefits system. Which ONE of the following statements best describes how these changes have effected you and your family				
We are better off as a result of the changes	1	no quotas		
The changes have made no noticeable difference	2			
We are worse off as a result of the changes	3			
Q14a. Do you or anyone else in your household have any of the following medical conditions? These are all conditions that mean you may need to use extra water. SHOWCARD E				
Desquamation (flaky skin disease)	1	Crohn's Disease	6	There are no quotas for these conditions but if you find someone please try and recruit them
Weeping skin disease (eczema, psoriasis, varicose ulceration)	2	Ulcerative colitis	7	
Incontinence	3	Some other condition which means you/your partner needs to use a lot of extra water (write in)	8	
Abdominal stoma	4			
Renal failure requiring home dialysis and where your health authority does not help with the water cost	5	None of these	9	
Q14b. Do you or your partner or any other member of your household have any other physical or mental impairment or an illness or condition that has a substantial and long-term adverse effect on your ability to carry out normal day-to-day activities? Long-term means that the effect of the impairment has lasted or is likely to last for at least 12 months. Normal day-to-day activities include everyday things like eating, washing, walking and going shopping.				
Yes	1	ASK Q14c – recruit to quota		
No	2	SKIP TO Q15		
Q14c. Write in name/description of respondent's/partner's impairment, illness or condition				
NB: please check that respondent's condition will allow them to take part in an interview. If they require any special aids (e.g. a signer for someone who has a hearing impairment) you must check with the office before setting up an appointment.				

Q15. Record respondent's ethnicity. **SHOWCARD F**

White British	1	recruit to quota	African	9	recruit to quota
White Other	2		Other Black	10	
Indian	3		White and Black Caribbean	11	
Pakistani	4		White and Black African	12	
Bangladeshi	5		White and Asian	13	
Other Asian	6		Other mixed	14	
Chinese	7		Other ethnic group (write in)	15	
Caribbean	8				

If recruiting a non-English speaker, code below language respondent speaks

Bengali	1	Hindi	2	Punjabi	3	Urdu	4
---------	---	-------	---	---------	---	------	---

Q16. Do you own or rent the property? Read out and code

Own outright	1	No quotas
Own and have a mortgage	2	
Rent from the local authority/council	3	
Rent from a housing association	4	
Rent from a private landlord	5	
Other: write in	6	

Ask respondent to have their utility bills or statements - gas/electricity/water – available for the interview. They may need to refer to these during the interview - they need not be shown to the researcher if respondents would rather not do so.

SHOW CARD A

Market Research or Marketing

Public Relations

Journalism

Advertising

Energy companies

Water and/or sewerage companies

CAB, Money Advice Centres or other professions providing members of the public with financial advice/assistance

None of these

SHOW CARD B

1. **I am/We are keeping up with all the household bills without any difficulties**
2. **I am/We are keeping up with all the household bills, but it is a struggle from time to time**
3. **I am/We are keeping up with all the household bills, but it is a constant struggle**
4. **I am/We are falling behind with some household bills**
5. **I am/We are having real financial problems and have fallen behind with many bills**

SHOW CARD C

Always Affordable

Sometimes Affordable

Rarely Affordable

Not Affordable

SHOW CARD D

- | | |
|--------------------------------|--|
| 1. Attendance Allowance | 2. Carer's Allowance |
| 3. Child Tax Credit | 4. Council Tax Benefit |
| 5. Disability Living Allowance | 6. Housing Benefit |
| 7. Income Support | 8. Income related Employment and Support Allowance |
| 9. Jobseeker's Allowance | 10. State retirement pension |
| 11. Pension credit | 12. Working tax credit |
| 13. Universal credit | 14. None of these |

SHOW CARD E

1. Desquamation (flaky skin disease)
2. Weeping skin disease (eczema, psoriasis, varicose ulceration)
3. Incontinence
4. Abdominal stoma
5. Renal failure requiring home dialysis and where your health authority does not help with the water cost
6. Crohn's Disease
7. Ulcerative colitis
8. Some other condition which means you/your partner needs to use a lot of extra water
9. None of these

SHOW CARD F

1. White British	2. White Other	3. Indian
4. Pakistani	5. Bangladeshi	6. Other Asian
7. Chinese	8. Caribbean	9. White British
10. White Other	11. Indian	12. Pakistani
13. Bangladeshi	14. Other Asian	15. Chinese
16. Caribbean	17. African	18. Other Black
19. White and Black Caribbean	20. White and Black African	21. White and Asian
22. Other mixed	23. Other ethnic group	

DATA PROTECTION

The Data Protection Act requires that we collect and use the information you provide to us in a manner that respects and protects your confidentiality.

Your personal details (such as name, address, phone number) will not be disclosed to anyone else without your permission other than Creative Research, the company carrying out the research.

The recordings/transcripts will only be listened to/watched/read for research purposes. Excerpts from the recordings/transcripts may be used to illustrate the research findings. This will always be done in a way to protect your identity (e.g. comments will not be attributed).

In exceptional cases the recordings/transcripts will be listened to/ watched/read by people from the client organisation working on this project. In these circumstances, where possible we will go through the material first to delete any references to people's names or anything else that could identify them.

Anyone from the client organisation who listens to/watches/reads the recordings/transcripts will sign an undertaking that they will respect the anonymity of those taking part.

Any other material or information generated by you, such as ideas written down on paper, will be subject to the same strict controls.

You have the right to **withdraw your consent** at any point in the interview/discussion. You may also withdraw from the interview/ discussion at any point.

Recruiter Guidelines

Purpose

This project is all about finding out how vulnerable people living on low incomes cope with paying their bills. You should explain to respondents that it is intended to find ways of helping such people.

Interview Length & Incentives

Each interview will last 1½ hours. Depending on who you are trying to recruit, the interviews will either be with the respondent or the respondent and their partner. Respondents who are interviewed as single people will receive a payment of £40 for taking part. Where we are interviewing a couple, they will receive £50 between them provided they both take part. If only one of them takes part, they will receive £40.

Who to recruit

When you are recruiting single people, you can find out if they would like someone else to be present during the interview if this would make them feel more comfortable. For example, a single elderly respondent may feel more at ease if they have a friend or a son or daughter present. Similarly, a single person with a disability or illness may wish to have a carer present. In this situation we will not expect the second person to take part in the interview and we will only make a payment of £40 in total. The exception to this would be if the son/daughter/carers is jointly responsible with the respondent for managing their finances. In this situation we would expect the second person to take part in the interview and we will make a single payment of £50.

Single sex couples can be included if found.

Utility Bills & Background Information for Interviewers

Respondents should be asked to have ready at interview stage where possible their utility bills or statements - gas/electricity/water. The respondent may need to refer to these during the interview and they need not be shown to the researcher.

Where to hold the Interviews

We want respondents to feel as at ease as possible and you should allow them some flexibility in terms of where the interview takes place. If a respondent is happy to be seen in their home, the researcher will visit them there. However, not everyone may wish to have a stranger visit their home – especially if they are living in poor conditions – so the other options to consider include holding the interview in your home (if nearby and you are willing to do this) or hiring a local venue. If hiring a venue, please try and find somewhere that is suitable – a community centre or village hall is probably better than a hotel.

Exclusions

Our normal exclusions in terms of previous participation in interviews and groups apply – see S2a to S2d. You should also exclude anyone who works/did work or has immediate family working in any of the professions or occupations on Show Card A – see S1.

All respondents

- **Managing household finances:** all respondents must be responsible for managing their household finances and paying the bills either by themselves or

jointly with their partner/other household member (code 1 @ Q1). In the latter case, you should aim to recruit both people.

- **Total household income:** ask respondent to estimate their household's total income as described at Q8. They can do this either on a weekly, monthly or yearly basis – whichever makes most sense to themselves.

You should then use the enclosed tables to establish if the respondent is eligible. If the total household income is **less than** the amount shown in the appropriate table, you can continue but if the total household income is **more than** the amount shown, **you must close**.

Main Quotas

You will be given the specific quotas for your respondents. Please be sure to record answers to all the questions even where there are no quotas – the information will be used as part of the analysis.

- **Lifestage:** use the answers to Q3 (age), Q5 (marital status) and Q6a-c (household composition) to determine the correct lifestage (Q7). You will have quotas for
 - pre-family (codes 1-2 @ Q7)
 - family (codes 3-4 @ Q7)
 - post-family (codes 5-6 @ Q7)
 - and retired (codes 7-8 @ Q7).
- **Financial management:** you will have quotas for
 - those making ends meet (code 1 @ Q9)
 - those struggling (codes 2-3 @ Q9)
 - those in arrears (codes 4-5 @ Q10)
- **Metered/unmetered:** you will have quotas for
 - those without a water meter (code 2 @ Q12a)
 - those who requested to have a water meter installed (code 1 @ Q12b)
 - those where the water meter was already installed when they moved in (code 2 @ Q12b)
 - those where the water company insisted that they have a water meter installed (code 3 @ Q12b)
- **Disability:** you will have a minimum quota in terms of the number of respondents saying that someone in their household either has one of the conditions listed at Q14a (codes 1-8) or has some other physical or mental impairment or long term illness (code 1 at Q14b). This means that we would like you to find at least this number but if you find more than this, you can still recruit them.
- **Ethnicity:** in the same way you will have a minimum quota for the number of respondents whose ethnicity is not White British/White Other. This means that we would like you to find at least this number but if you find more than this, you can still recruit them.

If you have been asked to recruit respondents who have no or very little English, please also record the language they speak.

Other Details to Record

There are no quotas for these questions but please be sure to record the information.

- **Gender and age:** please aim to recruit a good spread (Q2 & Q3)
- **SEG:** as found although the majority of respondents are likely to be C2DE (Q4a to Q4g)
- **Marital status:** you will need the answer to Q5 help decide on lifestage
- **Household composition:** you will need the answers to Q6a-c both to help decide on lifestage as well as whether the total household income is below the required level. At Q6a be sure to include the respondent when entering the number of adults in the family/household.
- **Affordability:** for each of the four items of household expenditure, record how affordable respondents feels it is (Q10)
- **Energy bills:** record how respondent pays for their electricity and gas bills (Q11)
- **Water company name:** (Q12c)
- **Benefits and Tax credits:** record all the various benefits and tax credits that the respondent and/or other family/household members receive (Q13a); also record the perceived impact of welfare and benefit changes on respondents (Q13b)
- **Tenure:** please record whether the respondent owns or rents their home (Q16)

Data Protection and Confidentiality

Please make sure every respondent has read the Data Protection card and given their consent. Our researchers will ask them to sign to this effect at the start of the interview

Front Page

Please complete the details on the front page:

- the respondent contact details
- respondent's agreement with how the information they provide will be used
- the method you have used to find people – if you are using your own database please remember the restrictions on previous attendance
- the recruiter declaration.

Data Security

Once a questionnaire has been completed, it will contain information that is classed as 'personal sensitive data' – this is because it includes information that can be used to identify the respondent along with their answers to a number of different questions. If you are working with paper versions, it needs to be kept securely. You should keep it with you at all times when you are out in the field and make sure the information is not on view to someone else. For example, keep it in an envelope and/or keep it in a briefcase. When you are at home, it should be kept in a secure location, such as a locked drawer or cupboard and not somewhere where a visitor to your home can see it.

If the questionnaire is in electronic form:

- The electronic data file should be stored in an encrypted form. Access to the storage medium (e.g. a disc drive) should be by means of a password. The file itself should also be password protected.
- If paper versions of the questionnaire are produced, any completed questionnaires should be kept in a locked cupboard/storage while not in use.
- Details of respondents who have been recruited must be sent to us in electronic format. The data should be sent to us in encrypted form using a secure form of data transfer.
- The file should be password protected; the header and footer should include Protect: Personal/Restricted.
- Answers to recruitment questions should be coded e.g. Q1 codes 2 & 3 (the full questions and codes should not be displayed).
- Copies of passwords should be emailed in a separate email.
- On completion of the project, the file (and any copies) should be permanently erased (i.e. deleting it in the normal manner is not sufficient). Any paper copies of the completed questionnaire should be shredded by a shredder that complies with DIN 32757 Security Level 3.

7.3 Tables for household income thresholds

Households with 1 Adult only

		TOTAL WEEKLY INCOME					
		no. children aged 14-17					
		0	1	2	3	4	5
no. children aged under 14	0	£170	£255	£340	£425	£510	£595
	1	£220	£305	£390	£475	£560	£645
	2	£270	£355	£440	£525	£610	£695
	3	£320	£405	£490	£575	£660	£745
	4	£370	£455	£540	£625	£710	£795
	5	£420	£505	£590	£675	£760	£845

		TOTAL MONTHLY INCOME					
		no. children aged 14-17					
		0	1	2	3	4	5
no. children aged under 14	0	£737	£1,105	£1,473	£1,842	£2,210	£2,578
	1	£953	£1,322	£1,690	£2,058	£2,427	£2,795
	2	£1,170	£1,538	£1,907	£2,275	£2,643	£3,012
	3	£1,387	£1,755	£2,123	£2,492	£2,860	£3,228
	4	£1,603	£1,972	£2,340	£2,708	£3,077	£3,445
	5	£1,820	£2,188	£2,557	£2,925	£3,293	£3,662

		TOTAL ANNUAL INCOME					
		no. children aged 14-17					
		0	1	2	3	4	5
no. children aged under 14	0	£8,840	£13,260	£17,680	£22,100	£26,520	£30,940
	1	£11,440	£15,860	£20,280	£24,700	£29,120	£33,540
	2	£14,040	£18,460	£22,880	£27,300	£31,720	£36,140
	3	£16,640	£21,060	£25,480	£29,900	£34,320	£38,740
	4	£19,240	£23,660	£28,080	£32,500	£36,920	£41,340
	5	£21,840	£26,260	£30,680	£35,100	£39,520	£43,940

Households with 2 Adults

TOTAL WEEKLY INCOME

		no. children aged 14-17					
		0	1	2	3	4	5
no. children aged under 14	0	£255	£340	£425	£510	£595	£680
	1	£305	£390	£475	£560	£645	£730
	2	£355	£440	£525	£610	£695	£780
	3	£405	£490	£575	£660	£745	£830
	4	£455	£540	£625	£710	£795	£880
	5	£505	£590	£675	£760	£845	£930

TOTAL MONTHLY INCOME

		no. children aged 14-17					
		0	1	2	3	4	5
no. children aged under 14	0	£1,105	£1,473	£1,842	£2,210	£2,578	£2,947
	1	£1,322	£1,690	£2,058	£2,427	£2,795	£3,163
	2	£1,538	£1,907	£2,275	£2,643	£3,012	£3,380
	3	£1,755	£2,123	£2,492	£2,860	£3,228	£3,597
	4	£1,972	£2,340	£2,708	£3,077	£3,445	£3,813
	5	£2,188	£2,557	£2,925	£3,293	£3,662	£4,030

TOTAL ANNUAL INCOME

		no. children aged 14-17					
		0	1	2	3	4	5
no. children aged under 14	0	£13,260	£17,680	£22,100	£26,520	£30,940	£35,360
	1	£15,860	£20,280	£24,700	£29,120	£33,540	£37,960
	2	£18,460	£22,880	£27,300	£31,720	£36,140	£40,560
	3	£21,060	£25,480	£29,900	£34,320	£38,740	£43,160
	4	£23,660	£28,080	£32,500	£36,920	£41,340	£45,760
	5	£26,260	£30,680	£35,100	£39,520	£43,940	£48,360

Households with 3 Adults

TOTAL WEEKLY INCOME

		no. children aged 14-17					
		0	1	2	3	4	5
no. children aged under 14	0	£340	£425	£510	£595	£680	£765
	1	£390	£475	£560	£645	£730	£815
	2	£440	£525	£610	£695	£780	£865
	3	£490	£575	£660	£745	£830	£915
	4	£540	£625	£710	£795	£880	£965
	5	£590	£675	£760	£845	£930	£1,015

TOTAL MONTHLY INCOME

		no. children aged 14-17					
		0	1	2	3	4	5
no. children aged under 14	0	£1,473	£1,842	£2,210	£2,578	£2,947	£3,315
	1	£1,690	£2,058	£2,427	£2,795	£3,163	£3,532
	2	£1,907	£2,275	£2,643	£3,012	£3,380	£3,748
	3	£2,123	£2,492	£2,860	£3,228	£3,597	£3,965
	4	£2,340	£2,708	£3,077	£3,445	£3,813	£4,182
	5	£2,557	£2,925	£3,293	£3,662	£4,030	£4,398

TOTAL ANNUAL INCOME

		no. children aged 14-17					
		0	1	2	3	4	5
no. children aged under 14	0	£17,680	£22,100	£26,520	£30,940	£35,360	£39,780
	1	£20,280	£24,700	£29,120	£33,540	£37,960	£42,380
	2	£22,880	£27,300	£31,720	£36,140	£40,560	£44,980
	3	£25,480	£29,900	£34,320	£38,740	£43,160	£47,580
	4	£28,080	£32,500	£36,920	£41,340	£45,760	£50,180
	5	£30,680	£35,100	£39,520	£43,940	£48,360	£52,780

Households with 4 Adults

TOTAL WEEKLY INCOME

		no. children aged 14-17					
		0	1	2	3	4	5
no. children aged under 14	0	£425	£510	£595	£680	£765	£850
	1	£475	£560	£645	£730	£815	£900
	2	£525	£610	£695	£780	£865	£950
	3	£575	£660	£745	£830	£915	£1,000
	4	£625	£710	£795	£880	£965	£1,050
	5	£675	£760	£845	£930	£1,015	£1,100

TOTAL MONTHLY INCOME

		no. children aged 14-17					
		0	1	2	3	4	5
no. children aged under 14	0	£1,842	£2,210	£2,578	£2,947	£3,315	£3,683
	1	£2,058	£2,427	£2,795	£3,163	£3,532	£3,900
	2	£2,275	£2,643	£3,012	£3,380	£3,748	£4,117
	3	£2,492	£2,860	£3,228	£3,597	£3,965	£4,333
	4	£2,708	£3,077	£3,445	£3,813	£4,182	£4,550
	5	£2,925	£3,293	£3,662	£4,030	£4,398	£4,767

TOTAL ANNUAL INCOME

		no. children aged 14-17					
		0	1	2	3	4	5
no. children aged under 14	0	£22,100	£26,520	£30,940	£35,360	£39,780	£44,200
	1	£24,700	£29,120	£33,540	£37,960	£42,380	£46,800
	2	£27,300	£31,720	£36,140	£40,560	£44,980	£49,400
	3	£29,900	£34,320	£38,740	£43,160	£47,580	£52,000
	4	£32,500	£36,920	£41,340	£45,760	£50,180	£54,600
	5	£35,100	£39,520	£43,940	£48,360	£52,780	£57,200

Households with 5 Adults

TOTAL WEEKLY INCOME

		no. children aged 14-17					
		0	1	2	3	4	5
no. children aged under 14	0	£510	£595	£680	£765	£850	£935
	1	£560	£645	£730	£815	£900	£985
	2	£610	£695	£780	£865	£950	£1,035
	3	£660	£745	£830	£915	£1,000	£1,085
	4	£710	£795	£880	£965	£1,050	£1,135
	5	£760	£845	£930	£1,015	£1,100	£1,185

TOTAL MONTHLY INCOME

		no. children aged 14-17					
		0	1	2	3	4	5
no. children aged under 14	0	£2,210	£2,578	£2,947	£3,315	£3,683	£4,052
	1	£2,427	£2,795	£3,163	£3,532	£3,900	£4,268
	2	£2,643	£3,012	£3,380	£3,748	£4,117	£4,485
	3	£2,860	£3,228	£3,597	£3,965	£4,333	£4,702
	4	£3,077	£3,445	£3,813	£4,182	£4,550	£4,918
	5	£3,293	£3,662	£4,030	£4,398	£4,767	£5,135

TOTAL ANNUAL INCOME

		no. children aged 14-17					
		0	1	2	3	4	5
no. children aged under 14	0	£26,520	£30,940	£35,360	£39,780	£44,200	£48,620
	1	£29,120	£33,540	£37,960	£42,380	£46,800	£51,220
	2	£31,720	£36,140	£40,560	£44,980	£49,400	£53,820
	3	£34,320	£38,740	£43,160	£47,580	£52,000	£56,420
	4	£36,920	£41,340	£45,760	£50,180	£54,600	£59,020
	5	£39,520	£43,940	£48,360	£52,780	£57,200	£61,620

7.4 Topic Guide

You will need to refer to some respondent details during the interview so be sure to have these with you.

You should fill out an interview record sheet for each interview. Some of this you may wish to do as you go along (e.g. outcome of sorting), some things you may prefer to do after the interview.

Be aware that

- we are talking to people about very personal issues so please be empathetic
- some respondents may have literacy/numeracy difficulties and you may need to read materials out to them

Explain that the research is being conducted amongst people who might find it hard to pay their bills such as electricity, gas and council tax. The purpose of the research is to see what steps can be taken to help people who find themselves in this position. This means you will need to ask them some questions about their finances but this information will be treated in the strictest confidence.

Ask permission to record interviews for note taking purposes only and confirm that the results will be confidential. Give respondent a copy of the Data Protection sheet and ask them to read and sign to show they are happy to be recorded.

1. Household Circumstances and Income

- Confirm the number of adults (18+), children aged under 14 and children aged 14-17 that are living with the respondent as part of their family/household
 - check relationships (e.g. if three adults is one an adult son/daughter?)
 - check which members of the h/h contribute to the h/h bills
 - check which members of the h/h, if any, are in work – full or part-time

If respondent gives a different answer to that recorded on the profile in terms of h/h composition, once you have established the total household income, you should use the income threshold tables to see if the respondent is still eligible; if the income is greater than the amount in the table, you must CLOSE – explain to respondent that we are only including in the research people whose income is below a certain level

- I just need to double check your household's total income that is your income before tax and deductions. I believe you have estimated this as £x per week/month/year. Is this correct?
- Can I also check that this amount includes earnings from employment or self-employment, income from benefits and pensions, and income from other sources such as interest from savings as well as income and benefits from your partner/other family members who make a contribution to household bills?

If respondent gives a different income to that recorded on the profile:

- provided this is less than the amount recorded at recruitment, continue
- if it is more than the amount recorded, you need to use the income threshold tables to see if the respondent is eligible; if the income is greater than the amount in the table, you must CLOSE – explain to respondent that we are only including in the research people whose income is below a certain level

- I also need to check how much you have to spend on certain bills/outgoings
 - mortgage/rent – check to see if respondent receives housing benefit

- gas/electricity
- water and sewerage

- Be sure to record the amount and the period to which it relates
- If the respondent is in receipt of housing benefit you need to check to see if respondent included housing benefit when estimating their total income. If they did not, you just need to record this was the case. If they did include it in their total income, you need to try and get an estimate of how much housing benefit they receive.
 - If they rent from a social landlord, the benefit is paid directly to the landlord so they may or may not know how much it is
 - If they rent privately, the housing benefit will be paid to them directly
- In the case of energy and water bills, ask to see copies of bills/statements (respondents have been asked to have these to hand)
- Water bills:
 - Check that the amount recorded covers both water and sewerage charges; in most cases, these should be on the same bill although respondents may have separate bills in some locations (especially Cambridge Water and South Staffs Water)
 - Check that water and sewerage charges do not include any arrears; in the case of an annual statement, this may not show any arrears as a separate amount so where possible, it is best to ask to see bills
- If any of this information is not available, you must ask respondents to estimate the size of these bills

2. Managing Finances

S1

- Show respondent the list of typical household bills
 - check if any of the bills do not apply to respondent and reasons why (e.g. may not be able to afford insurance, may chose not to have a credit card)
 - check to see if respondent has any additional types of bills not shown here (you should write these on cards for the card sorts)
- Thinking about all your various household bills, how do you go about managing them? Ask without prompting then use the following prompts as necessary
 - in the case of couples: who is responsible for paying the bills
 - how are bills paid? Cash? Credit card? Cheque? Direct Debit? Payment Plans? Payments taken directly from benefits? Other?
 - check whether respondent has a bank account
 - where are bills paid: online, thru the post, over the counter, PayPoint, PayZone, etc?
 - do you know which bills are due each week? do you sometimes get bills you were not expecting?
 - are you budgeting to ensure you have money available - for example, do you put money aside for certain bills?
 - do you find you are forever 'robbing Peter to pay Paul'?
 - do you have any savings? If so, do you sometimes dip into these to help pay a bill
 - how would you describe your money management skills?

Introduce stimulus cards. If necessary add cards for other types of bill not included.

Sort 1: Ask respondent to sort in order of actual household spend from greatest to least.

Be sure to record how the cards are sorted on each occasion by completing Sort Record Sheet

- if respondent has a credit card, check if they are paying off the full amount minimum amount each month

Sort 2: Sort according to priorities when it comes to payment from most important to least e.g. are food bills more important than energy bills?

- Briefly explore basis of sorting
 - what makes some items higher/lower priority?
 - Why in this order? How do you decide what to spend and why? Probe for examples where there has been a choice and how it was made. Consequences?

3. Affordability

- In the context of your bills, what does 'affordable' mean to you?
 - what makes something affordable or not affordable? Is it simply a question of the cost or do other things also affect this, such as its importance?
 - briefly explore how affordability impacts on behaviour e.g. if a bill is more or less affordable, does it affect what you do
 - has this (affordability) changed, i.e. if I had of asked the same question a year ago, would the order have been different? If yes, how has it changed and why?

4. Debt

Sort 3: Invite respondent to sort cards into 4 piles - items you always manage to pay for vs. items you might do without or only buy when you can afford to vs. items where you sometimes run up debts vs. items where you are always in debt/have on-going arrears. NB may not need all four piles

- Explore difference between the groupings
 - why are some items always paid and others not – how do you decide which bills you are going to pay?
 - which bills are hardest to pay? Why?
- If respondent has bills in the 'in debt/on-going arrears' pile:
 - ask about what led up to this e.g. an unexpectedly large bill, change in family circumstances, etc
 - explore if anything could have been done to avoid the debt/large bill
 - could the supplier have done anything to help avoid the debt e.g. getting in touch sooner
 - try to establish size of debt
 - ask about any steps currently being taken to clear the debts

- when does respondent expect to clear the debt (if known)?
- If respondent has not put any bills in the 'in debt/on-going arrears' pile:
 - have you ever fallen into arrears?
 - (if so) which areas (i.e. utilities or telephone)?
 - ask about what led up to this e.g. an unexpectedly large bill, change in family circumstances, etc
 - what, if anything could have been done to avoid the debt
 - could the supplier have done anything to help avoid the debt e.g. getting in touch sooner
 - explore how respondent went about paying off the debt
- Explore with everyone measures taken to cope
 - what do you do if you can't pay a bill? What have been the consequences?
 - is this something you're used to or does it make you feel worried/concerned? How do you manage?
- Explore impact on quality of life/emotional impact
 - how does having to make these decisions affect the way you live? Has this changed? If so, how? How do you feel about this?
 - use Tree Diagram to find out how respondents feel about having bills they can't pay – each respondent circles one or more figures on the tree which says something about how they feel – they then describe which figure they have chosen and why; **mark these as (1)**
 - NB if respondent is managing to pay all their bills, ask them to complete this exercise on the basis of if they were to have a bill they couldn't pay

5. Welfare Reform and Universal Credit

- The Government has introduced a number of changes to welfare and benefit payments (if respondent unaware of these, do not prompt)
 - to what extent, if at all, have these had an impact on your family (no impact, improved their circumstances, made their circumstances worse)
 - if changes have affected their circumstances worse: explore which changes they are referring to and how/why this has had an impact
- If respondent is not in receipt of Universal Credit
 - one of the changes that is going to come in in the next couple of years is something called Universal Credit; have you heard of this?
 - if yes: briefly explore what respondent has heard/knows
 - it will replace the 6 benefits shown here; does this affect you or other members of your family/household?
 - three of the main changes are outlined here; what are your thoughts on what you see here? Explore what impact, if any, UC might have on respondents and how they manage their household budget

S2

S3

- If respondent is in receipt of Universal Credit
 - (if not already mentioned) can you describe to me what difference being on Universal Credit has meant to you (no impact, improved their circumstances, made their circumstances worse)
 - if UC has affected their circumstances: explore how/why this has had an impact
 - (if not already mentioned) show respondent UC word board and explore the impact of the changes described.

6. Seeking Help and Advice

- Explore whether respondent has ever sought/received any help in relation to bills – either because they have found it difficult to pay or because they have fallen into debt; if yes, probe as follows
 - For which bills - Why? When?
 - How did they seek help (method)? From where?
 - Outcome good/bad/indifferent?
 - Likely to approach again? Why/why not?

Note to moderator: where respondents have debts to more than one supplier, does this make them less likely to contact the individual suppliers and more likely to go to an agency such as Citizens Advice that can review all their debts/bills across all suppliers?

- If advice/help not sought/received: Why? Barriers? Lack of knowledge? Not necessary? Why?
- (Ask all) Do you think suppliers offer their customers enough/the right sort of help and advice?
 - if respondent has experienced problems with bills: do you think you have/were offered enough/the right sort of advice by [supplier(s)]
- What types of help and assistance do you think suppliers should offer customers who are finding it difficult to pay their bills?
 - what would make you more likely to seek help if/when necessary?
- If never had difficulty paying bills, what advice or information would you seek if you did find yourselves in arrears? Where would you go/why/expectations/barriers?
- How would you feel about companies having access to information about customers' financial circumstances (such as whether they receive benefits) so they could more easily identify who might need help? How would you feel if your water company had access to this information?

7. Managing Water Bills

Go over the same issues but now focusing specifically on water and sewerage bills – depending on what respondent has said so far, you may not need to ask all of what follows but be sure you are in a position to answer them based on what respondent has already said

- Use tree diagram to find out how respondents feel about their water bill and explore reasons for choice. **Mark sheet as (2).**

- Confirm where water fits as a spending/payment priority in terms of overall expenditure – refer back to sorting 2. Why is water a high/low priority bill?
 - what do you imagine would happen if you did not pay your water bill?
 - do you think that there is any chance your water could be cut off?
 - do you think it could affect your credit rating?
 - do you think you might be taken to court?

If necessary: explain that their water supply cannot be cut off but if they did not pay their bill it could affect their credit rating and if it remained unpaid, they might be taken to court.

- Do they consider their water bill to be affordable or unaffordable? Why? Has this changed?
- Is it a bill they always manage to pay/they sometimes run up debts/they are always in debt. Why is this?
- Are they currently or have they previously been in arrears?
 - what coping measures do they use/have they used to either try and stay out of arrears or to pay off arrears?
 - has this impacted on expenditure in other areas? Have sacrifices been made? How does respondent feel about that?
- Explore whether they have sort out any help and advice about their water bill; For those who have:
 - why? when?
 - how did they seek help (method)? From where/whom?
 - outcome good/bad/indifferent?
 - likely to approach again? Why/why not?
 - If advice/help not sought/received: Why? Barriers? Lack of knowledge? Not necessary? Why?
- Do you think you have been offered enough/the right sort of help and advice?
- What types of help and assistance would you like to have? Where should it come from? How should it be delivered? What would make you more likely to seek help when necessary? Can water companies learn anything from other utilities/service providers?

8. Water Meters

- Do you have a water meter?

For those with a meter

- How long have you had it for? How did you come to have one? Did you ask for it to be installed/was it already installed when you moved in/other?
- How do you feel about having a water meter? Why is this?
- What steps, if any, do you take to keep your water bill as low as possible – ask for examples e.g. sharing bath water, cistern hippos etc.

Note to moderator: where respondents have inherited their water meter and have lived in the same property for any length of time, they may not have any point of comparison and they may not be able

to answer the following questions in italics

- *Has it changed the amount you have to pay for your water? Do you pay more or less?*
- *Has it made a difference to your bill? What impact does this have on you and your family? Do you feel having a meter puts you more in control of your water bill?*
- *Has it changed what you spend in other areas, i.e. do you have more or less to spend and on what do you spend or save it?*
- *Do you feel your water bill is now better or worse value for money because you have a meter?*
- *Has having a meter changed the priority you would give to paying your water bill? How so? Are you more or less likely to pay your water bill now you have a meter or has it made no difference?*
- Pros and cons of having a water meter. More or less expensive? Any other benefits, i.e. green issues?

For those without a meter

- Do you know water meters exist? What do you know about water meters?
 - Do you know whether you could have a water meter? Have you ever sought or been given advice about water meters? If so, from where and how did this happen? What was your response?
 - Would you like to have a water meter? Why/why not? Do you think it would/would not save you money? Why?
 - If respondent thinks a meter would save them money, probe for why they haven't switched?
 - Pros and cons of having a water meter. More or less expensive? Any other benefits, i.e. green issues?
- S4
- Show stimulus/read it out. Explore reactions – does this change respondents' views on water meters – if so, in what way and why?

9. Helping people manage their water bills.

Take respondent briefly through each of the following stimulus boards. If running out of time, choose a selection; include social tariffs if interviewing customers of SWW/Thames/Wessex. Otherwise, ensure you give equal coverage across all your depths.

S5

- **Methods of Helping People Manage Their Water Bills:**
 - Payment frequency: check how frequently respondent currently pays their water bill; if appropriate, check if they knew they could pay more frequently and whether this would be helpful
 - Where and how to pay: check where and how respondent currently pays their water bill; check if they knew about all the options listed and whether any would be helpful
- **Social tariffs**
 - views on this idea (positive/negative)?
 - if interviewing customers of South West Water/ Thames/ Wessex Water:
 - are you aware that your water company has a social tariff?

- is it something you would consider taking advantage of? Why is this?
- if respondent already taking advantage:
 - what has their experience been? has it helped – in what ways? If not, why not
- if interviewing customers of other water companies:
 - your water company does not currently offer a social tariff – do you think they should? Why is this?

S7/8

• **WaterSure (applies to all respondents except customers of Welsh Water) / Welsh Water Assist (applies only to customers of Welsh Water)**

- aware of it/reaction to it? establish if eligible
- if eligible: Are you on this tariff? If yes, has it reduced your bills? By how much? Is your water bill now more affordable than previously? Are you more/less/the same likely to pay your bill? How did you hear about it? How easy or hard was the application process?
- if eligible but not on this tariff: Why not? Does it seem like something you might benefit from? Would you be likely to find out more about it? How?

S9

• **Water Direct**

- aware of it/reaction to it? establish if eligible and on the scheme
- if eligible and on scheme: has it made payments and clearing your arrears easier or harder? How long have you been on it? How did you find out about it? How was the application process-easy or hard? Is your water bill now more affordable? Would you like to stay on it when you have cleared your arrears? Why/why not?
- if eligible and not on scheme: why is this? do you think you would be able to take advantage of this scheme? Why? Will you be likely to find out about it? How?

S10

• **Assistance/Trust Funds**

- aware of it/reaction to it? have you ever received an award from a charitable trust (not just in relation to water?)
- If yes: what was it in relation to e.g. energy bills, water bills, etc? has it made payments and clearing your arrears easier or harder? How did you find out about it? How was the application process-easy or hard? (Where relevant) who were you referred by? Is your water bill now more affordable? Better value/worse/the same value for money?
- (If no): do you think you would be able to take advantage of this type of scheme? Would you want to? Why/why not? Will you be likely to find out about it? How?

S11

• **Restart Schemes**

- aware of it/reaction to it? have you had your arrears paid off in this way?
- If yes: has it made payments easier or harder? How did you find out about it? How was the application process-easy or hard? Is your water bill now more affordable? Better value/worse/the same value for money? Has it changed the amount of disposable income you have?
- (If no): do you think you would be able to take advantage of this type of scheme? Would you want to? Why/why not? Will you be likely to find out about it? How?

- What do you think is the best way to find out about schemes and help which is available – websites, bills, leaflets inserted with bills, by phone, etc?
 - Have you ever browsed a website to compare prices for your gas, energy, broadband/landline, water or to see if you can get a service that is better suited to your needs? Why/why not?
 - What do you think about having a website where you could find out if there were ways in which you could get a lower water bill? Good/indifferent/poor idea? Why is this? **NB** if respondent doesn't have internet access, ask about a telephone-based service i.e. a number you could phone for the same purpose.
 - If you were to use a website/telephone service to see if you could get a lower water bill, what would you expect to be able to find out from it? Unprompted and then prompt as follows
 - whether your water company has a reduced/lower charge for customers in genuine financial hardship and how to apply
 - all the other ways in which you could get a lower bill e.g. by having a water meter, surface water drainage rebates, etc
- S12**
- Moderator shows the different organisations
 - which of these organisations/types of organisations are you aware of?
 - if you were to use a service like this which of these organisations would you be most likely to consider using – why?
 - are there any that you would be less likely to consider using – why?
 - are there any other organisations not shown here that you would like to offer a service like this? Why?
 - The water watchdog (CCWater) has a meter bill calculator on its website that can help customers find out if they would save money by having a meter. Customers can also access this over the phone.
 - would it be useful if they had a similar tool to advise of all the ways in which you might be able to cut your bill (social tariffs, charitable trusts, restart schemes etc).
 - is there any benefit in that service being provided by the independent watchdog rather than water companies themselves or by other businesses?
 - if you used a tool like this and found a saving might be possible, would you want the option of CCWater (or another organisation) starting the process to make the claim or meter application with the water company on your behalf?

Thank and close.

7.5 Stimulus for discussion

Household Bills

- Clothing
- Council Tax
- Credit card
- Energy (gas/electricity etc)
- Food (inc. takeaways)
- Insurance (household/other)
- Leisure (i.e. cigarettes/alcohol/Sky-type subscriptions)
- Private transport (car/motorbike including petrol/maintenance/car tax/insurance)
- Public transport (bus, train etc)
- Rent/mortgage
- Telephone (landline/mobile/other)
- TV License
- Water and sewerage

29/05/2014

JN 638 V3

1

What is universal credit?

- A new benefit for people of working age, designed to top up your income to a minimum level. Universal credit will eventually replace benefits for people who are out of work and tax credits for people in work.
- Providing your income and savings don't go above certain limits, you can carry on claiming universal credit if you are working or out of work. Universal credit may help people on low incomes who move in and out of work by reducing the problems caused by benefits stopping and starting.
- Universal credit will replace these benefits:

housing benefit

income support

jobseekers allowance

employment and support allowance

child tax credit and working tax credit

29/05/2014

JN 638 V3

2

Universal Credit

- Claimants are paid calendar monthly rather than weekly/ fortnightly or four weekly
- For families or couples just one payment is made to one member of the household
- The money can only be paid into a bank account – this can be an account in the name of one of the recipients or into a joint account
- Payments for housing costs go direct to the claimant as part of their monthly payment, rather than to landlords

29/05/2014

JN 638 V3

3

Water Meters

- Most households get a bill every 6 months based on the amount of water they have used but can usually opt to make payments monthly or weekly
- Customers can ask their water company for a meter and it is usually fitted free of charge for a minimum 12 month trial
- Where it is too costly to fit for free, householders are offered a bill based on the typical water usage for their type of property, number of occupants etc.
- Within the minimum 12 month trial period customers can return to unmetered billing but the meter remains and will be used to bill the next occupier
- Meters typically save money for one or two person households rather than larger families.

29/05/2014

JN 638 V3

4

Methods of Helping People Manage Their Water Bills

- Payment frequency
 - Payments can be made in monthly instalments
 - Payments can be made fortnightly or weekly by special arrangement with the company
- Where and how to pay
 - Payment can be made by direct debit, or at a Post Office or bank, or a PayPoint or Payzone outlet.
 - There may be a charge for payment at Post Offices and banks.
 - Some Housing Associations and Neighbourhood Offices will take payment free of charge

29/05/2014

JN 638 V3

5

Social Tariffs

- Helps customers on low incomes who struggle to pay their bill
- Customers who qualify for a social tariff pay a reduced bill
- Other customers who don't qualify pay a bit more on their bill to make up the cost

29/05/2014

JN 638 V3

6

Water Sure

- For low income metered households that need to use a lot of water e.g. a large family, so they do not have to limit their use of water for essentials like washing, cooking and cleaning
- Eligibility:
 - must have**
a water meter
receiving means tested benefits
 - and either**
3+ children under 19 at home (for which Child benefit is received)
or
a medical condition that requires more water than usual is used
- Application process: customer applies to their water company
- Water bill is capped at the level of the water company's average metered bill. Costs are recovered via other customers' bills (less than £1 per year).

29/05/2014

JN 638 V3

7

Welsh Water Assist

- Helps low income families and individuals with certain medical conditions by offering reduced water and sewerage charges
- Eligibility:
 - must have**
a member of family receiving means tested benefits
 - and either**
3+ children under 19 at home (for which Child benefit is received)
or
a medical condition means more water than usual is used
- Unmetered customers:
 - are £262 a year (2014)
- Metered customers:
 - if your bill is less than £262 for a year, you are charged for whatever you use
 - if your bill would have been more than £262, it is capped at this amount – i.e. the most you will pay is £262

29/05/2014

JN 638 V3

8

Water Direct

- This is where water charges are paid out of benefits direct to the water company
- The scheme is usually only available to customers with arrears.
- In addition to having arrears, customers also need to be on income based benefits (Income support, Job Seekers Allowance, Employment and Support Allowance or Pension Credit)
- Water companies can collect current charges and a contribution to arrears direct from benefits. Some customers find this can help them to budget. Deductions are fixed at set amounts with a cap which cannot be exceeded.

29/05/2014

JN 638 V3

9

Assistance/Trust Funds

A number of water companies have these schemes which generally work as follows:

- They are for customers in severe financial hardship
- Applicants go through a financial assessment process, often via Citizen's Advice Bureau (CAB)
- CAB applies to the trust fund on behalf of the customer
- A grant may then be awarded to the customers' priority creditors including the water company. Sometimes this is conditional on the customer showing a genuine desire to manage their finances in the future, for example, by sticking to agreed payments with their water company
- Most grants are made on a one-off basis, occasionally it is possible to reapply to the trust after a certain time
- The cost of these schemes may be paid for out of other customers' bills

29/05/2014

JN 638 V3

10

Restart Schemes

A number of water companies have these schemes which generally work as follows:

- The schemes are for customers who are struggling and genuinely can't pay their water and sewerage bills
- The aim is to help customers get back into the habit of making regular payments on their water and sewerage bills.
- If payments are kept up for six months or a year, the water company will write off some or all of the remaining debt .
- Application may be made to the water company via the CAB, money advisor or direct to the water company
- The costs of these schemes may be paid for out of other customers' bills

29/05/2014

JN 638 V3

11

Consumer Council for
Water (CCWater)
the independent water
watchdog

Price Comparison
Companies
e.g. Uswitch, Askthemarket

Ofwat
the water industry regulator

Debt/Money Advice
Agencies

Water Companies

Other consumer
organisations
e.g. Citizens Advice

29/05/2014

JN 638 V3

12

8 Conclusions

8.1 Introduction

In this final section, the findings of the research are drawn together and considered in the light of the research objectives. Comparisons are also made with the findings of the 2009 study.

8.2 Comparing the Samples of 2009 and 2014

The sample of customers achieved in the 2014 study is similar in many ways to that of the 2009 sample with differences often due to changes in the sampling method. The average estimated income across the sample is £13.5k which is higher than in 2009 (£10.75k). Both samples include roughly equal proportions of people who are 'making ends meet', 'struggling' to stay out of debt and not always paying bills when they are due, and 'in arrears' with one or more of their bills.

However, among the 2014 respondents, there are more 'good' and correspondingly fewer 'poor' money managers. This may reflect a change in attitude towards the use of credit since the recession. A number of respondents who are classed as 'good money managers' report experience of debt in the past and this experience has resulted in them changing their approach to their finances. It might also be the case that at times of cut-backs and an often more disapproving attitude to those on benefits, recipients feel that they have little choice but to try and manage their finances as best they can.

8.3 Age and Vulnerability

In 2014, the propensity to be 'struggling' or 'in arrears' is not directly correlated with income; as a group, those 'making ends meet' have the lowest income levels on average although they also have the lowest housing, energy and water bills, while those who are 'in arrears' may not have the lowest income but do have the highest spend on housing and water, and the majority are unmetered. As in 2009, the retired are unlikely to be found among those who are 'in arrears' and again, this may suggest a generation effect based on a more conservative approach to debt and a lifetime's experience of managing one's finances. On the basis of the small numbers of this sample, one might conclude that those at greatest risk of falling into debt are unmetered, larger households, and those at less risk are smaller, metered households.

In 2009, it was suggested that younger people may be in greater need of assistance and based on the 2014 study, we would suggest that families in particular, may be in this position, both financially and because of the impact on their children. In terms of the pressures on daily living associated with being on a low income, those with children often appear to feel these more acutely as there is little money other than for necessities.

While all of the payment and assistance schemes are available to eligible families, to qualify for WaterSure, families need to have at least three children and to be on a meter. Families with fewer children were also sometimes struggling but are not eligible and are unlikely to benefit from the lower bills that water metering brings to smaller households. It was also noted that while WaterSure is intended for families that are already metered (and have three or more children), in at least one case, a family was advised by its water company to have a meter installed so that they could benefit from lower bills. If this is happening, it is likely that some such families may be reluctant to accept one because they fear that their bills will rise, even with the WaterSure tariff. They may also be concerned about (although this was not explored) what will happen if circumstances change and they no longer qualify for the tariff.

8.4 Coping on a Low Income and Falling into Debt

Many of the findings relating to how people in 2014 feel about living on a low income and the strategies they use to cope mirror those of five years earlier. There are the similar emotions of helplessness, anger and feeling worn down which are often experienced even by those who are 'making ends meet'. Moreover, the impact on some respondents' physical health and mental well-being was also again evident.

The same reasons why customers may have fallen into debt applied across the five year period but in 2014, a number of new factors have become relevant; these are the rise of payday lending and zero hours contracts and the changes to welfare and benefit payments. The last of these has resulted in some respondents experiencing a drop in income at a time when household bills are increasing (sometimes rapidly), and in a few cases where respondents have been switched to a different benefit, not only have they experienced a fall in income, but they may also have had a period without any benefits. This has resulted in two respondents having to visit another new development, that of the food bank.

8.5 Attitude to and Prioritisation of the Water Bill

While the water bill was often seen as less affordable or unaffordable compared to other outgoings in 2009, the majority of the sample in 2014 felt positive or neutral about it. This is in part to a change in sampling method but may also have been because, compared to energy, increases in water bills are viewed as far less steep. Moreover, there may have been greater take-up of more frequent payment methods (at least monthly but also fortnightly and weekly). This latter change means that the amounts being paid are seen as less significant than that demanded by a six-monthly or even annual bill which was far more common in 2009.

However, the water bill also remains the outgoing that is most likely to slip and turn into arrears. Many of the reasons for this in 2014 overlap with those of 2009 including the prioritisation of certain bills (rent/mortgage, council tax) which are essential, fixed and attract rapid punitive measures for non-payment and other bills which, although under greater control, are also essential (food and energy, especially where payment is by pre-payment meter). In addition, the more frequent and therefore lower payments for water may be put off more easily in the hope that one can catch up.

A change noted in the later study is the possibly greater willingness of customers facing payment difficulties to seek help from their water companies (and other utilities) or from intermediaries and more importantly, the suppliers' apparent greater willingness to negotiate. While all of those who were 'struggling' and some who were 'in arrears' in 2009 had contacted their water company, there seems to be less reluctance in 2014 for those 'in arrears' to do so. The willingness of water companies to agree repayment terms may also be one reason why there has been greater take-up of more frequent, smaller payments by respondents in the 2014 sample.

Combined with a greater assertiveness on the part of some customers, this apparently greater tolerance on the part of water companies may have contributed to some people feeling that their water bill is less urgent/lower priority than other bills. It is difficult to say whether more respondents in 2014 are aware that their supply cannot be cut off for non-payment; certainly many, as previously, were unsure but suspected that it was unlikely or if the case, would only happen after a protracted period. None of this should however be seen as suggesting that respondents who are behind with payments or 'in arrears' do not wish to pay their water bill but rather feel that, in trying to juggle their

finances, water is a bill that they can keep in the air a little longer. While water companies' attempts to help struggling customers pay their bills may impact positively on customers' perceptions, the potential downside is that water bills may still be given lower priority.

8.6 Help Provided by Water Companies

Although the numbers are small, the findings suggest that there has been an improvement in the way water companies are dealing with customers who are struggling to pay their bills at least in terms of agreeing alternative payment terms. This was a major criticism in 2009 whereas in 2014 some respondents comment that their water company has been very helpful.

However, from the findings, we would conclude that there are still areas where water companies could be more proactive and this is important given that many customers are still reluctant to seek out help. For example:

- There are a number of respondents who would benefit from switching to a meter but lack of awareness and understanding about the process is a barrier
- Awareness of the various schemes that are available to help people with their bills remains disappointingly low despite the fact more help is available. There is nothing to suggest levels of awareness have improved over the last 5 years for those measures that were available in 2009¹¹ (albeit this is qualitative data)
- There is evidence that some customers who are beginning to fall behind with payments are still not being offered help in a timely manner that could prevent the build-up of arrears
- The research suggests that some people who might be eligible for certain of the schemes would be reluctant to enquire (if they were aware of them) in part because they perceive them as for those in greater difficulty than themselves.

The issue of how the various schemes are funded remains as difficult now as it was in 2009 with most respondents uncomfortable with the idea that those on very low

¹¹ The first social tariffs were introduced in 2013.

incomes who are not eligible are paying for those who are. Despite the small contribution required, many question whether funding should come from other sources such as customers on higher incomes and water company profits.

8.7 One Stop Information Resource

Given the lack of awareness of measures that could help customers with their water bills, it is not surprising that there is considerable interest in the idea of a single source of information and advice. While customers would also like to see water companies taking the initiative and supplying this themselves, their scepticism based on past performance, drives them to support the idea of an independent, impartial and expert provider serving customers' interests in this way. While CCWater fits this specification, respondents have no awareness of the organisation. There would therefore be benefit in CCWater seeking to raise its profile, possibly through promotion of such a service.

Respondents were resistant to the idea of information being shared with water companies about their financial circumstances without their consent. Some were also concerned about providing such information themselves in order to allow their eligibility for the various schemes to be checked. We suspect however, that the latter concern would be diminished once it is understood why this is needed and reassurances are given about how the information will be used.