CCW

The voice for water consumers
Llais defnyddwyr dŵr

CCW Water Affordability Review

Thematic Analysis of Call for Evidence Responses January 2021

ccwater.org.uk

This report provides a summary of the analysis of all responses, outlining high-level themes and corresponding sub-themes. Where relevant it highlights verbatim comments and suggested improvements/ ideas for redesigning affordability support for the water industry across England and Wales.

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Attributes of respondents to call for evidence

To prepare this report, NEA has analysed 37 responses to the open call for evidence. All responses were given a reference number (CCW#) to allow for anonymised analysis. Responses were first analysed by stakeholder type, and then by the geography each stakeholder represents. The results are presented below (Table 1 and Figure 1):

Count of Stakeholder Attributes	Geography							Grand Total
Stakeholder Type	England	England and Wales	GB	Scotland	UK	Unknown	Wales	
Academic		1						1
Regulator		1						1
Third Party	1		1		2			4
Third Party - Charity	1	1		1	4		1	7
Trade Body		1						1
Unknown						3		3
WaSC	8	1					1	10
Water Company CCG	3							3
WoC	6							6
Grand Total	**19**	**5**	**1**	**1**	**6**	**3**	**2**	**37**

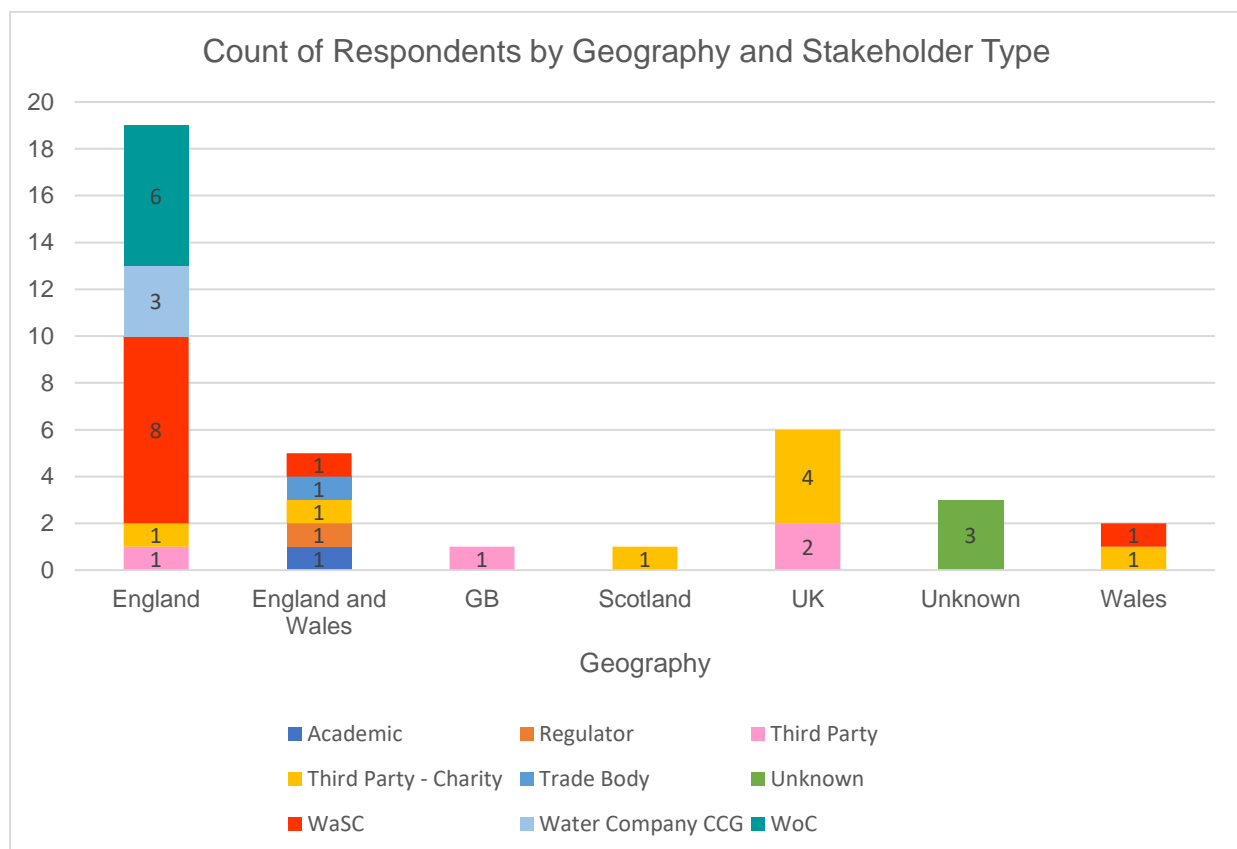*Table 1 - Count of Stakeholders by Attributes*

Figure 1 - Visual representation of respondents by stakeholder type and geography

Thematic Analysis

Using the coding software, NVivo, all 37 responses were reviewed, and themes identified. This resulted in 15 high-level themes being identified, broken down into a further 141 sub-themes. The 15 high-level themes are outlined alphabetically below:

1. Application Process
2. Awareness
3. Cross-Sector Best Practice
4. Customer Acceptability
5. Data
6. Eligibility Criteria
7. Funding
8. Gaps and Limitations
9. Government and Regulators
10. Ideas and Innovation
11. Identification
12. Support Schemes
13. Sustainability
14. Water Poverty
15. What works well

For each theme and sub-theme two quantitative pieces of data can be derived:

1. The number of files coded
    - This equates to the number of unique responses to the call for evidence which referred to each specific theme or sub-theme. This number therefore cannot be higher than the total number of responses analysed (i.e., 37).
2. The number of references coded
    - This equates to the number of instances each specific theme or sub-theme was referred to within the response. As responses may have made several references to each theme, this number has no limit (e.g., one file may have made 10 references to an individual sub-theme).

It is important to note that some items may have been coded more than once. For example, where the coded information is relevant to both the application process and data sharing (linked by passporting or simplification of process) this has been coded twice. This demonstrates that many of themes identified are linked in multiple ways, and therefore solutions must be holistic and should be tested against multiple success factors before being recommended.

In addition to the aforementioned themes and sub-themes, 11 'general comments' themes were coded, where the respondent referred to an area of interest but did not provide a specific comment (for example, many respondents discussed the various approaches used to measure water poverty without specifying which metric they believed to be correct or indicating that they are supportive of developing a single definition). Where relevant, some of these comments have been referenced in this report.

The following sections of this report will outline the outcome of the analysis by each high-level theme in alphabetical order.

Application Process

Number of files coded = 23
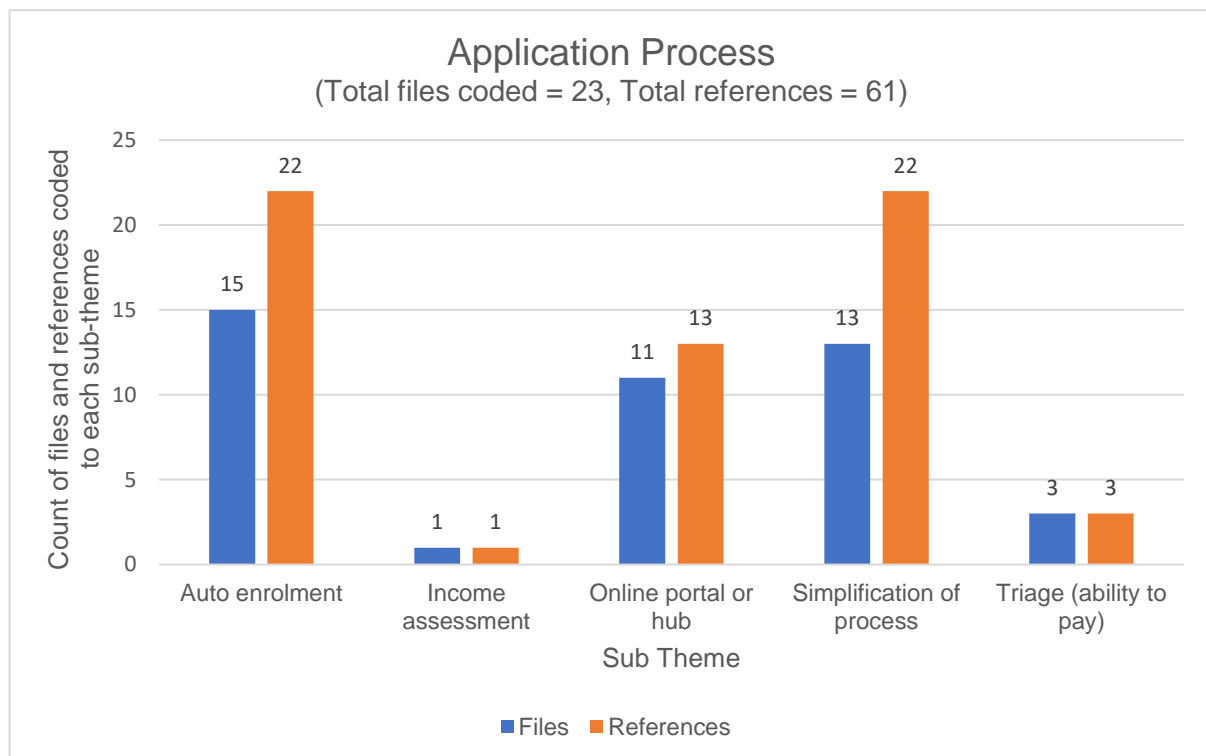*Number of references coded = 61*

Figure 2 - Visual representation of sub-themes coded to 'Application Process'

As can be seen from Figure 2, the majority of references coded to this theme were related to 'auto-enrolment', 'online portal or hub', and 'simplification of process'.

Auto-enrolment

40.5% of responses (15 of 37) referred to auto-enrolment in various contexts. Many respondents made direct reference to the need for auto-enrolment and/or passporting. This included the use of data-sharing and the Digital Economy Act (DEA).

> *"Providing schemes where verification is made easy, for example a national model, linked into Credit Reference Agencies, or government data would provide a fair and consistent approach for all water companies, and potentially provide easier renewal processes".* **Respondent CCW25**

> *"We are aware that some companies adopt a single application approach so that customers can be assessed for a range of different schemes at once – for example, Watersure, social tariffs, PSR, trust funds or a restart scheme. In shared supply areas, some companies take this a stage further by data-sharing and passporting customers onto schemes operated by the relevant water/wastewater provider".*
> **Respondent CCW30**

Additionally, respondents suggested improving the ability of third-party partner organisations to complete the full application process for their clients, including verification processes.

> *"We have established an Affordability Promotions team that works with organisations, such as housing associations, that will have regular contact with customers. We will train their employees to manage the social tariff application process, which means they can incorporate this into a wider discussion about debt*

advice. It also takes away any 'fear' of contacting us and therefore they are more likely to complete an application".
Respondent CCW18

"Offering partners training to allow them to assess applications for water affordability support on behalf of the water company would be an excellent way to identify more 'hard to reach' families and could reduce administration costs (it is our understanding that some water companies already offer this option to their partners). It would mean partner organisations would be able to guarantee support to the family they were working with, and could help them through the application process, verifying any evidence they needed to provide. Building a network of local organisations with the ability to do this would strengthen affordability support – it could be targeted to the community support most likely to be engaging with eligible customers, such as food banks".
Respondent CCW22

One respondent suggested that enrolment could be undertaken by a single intermediary – every water assistance scheme could be managed through a 'single point of entry':

"We believe that a single intermediary, providing alignment and acting as one entry point for all water assistance, would have enormous impact in terms of engagement and awareness with support. This would begin to close the gap in addressing the scale of the affordability problem".
Respondent CCW32

Online portal or hub

Often highlighted by respondents as examples of best practice, online 'hubs' were referenced by 11 respondents as being an essential tool to simplify the application process and make it easier for both customers and stakeholders to access the range of support available.

"We'd like to see an improved customer journey for getting support. People would be able to easily see in one place all the support available to them from their essential service providers if they register and apply for support through one secure portal or through a support service".
Respondent CCW29

"From experience, the most successful programmes are those where a company works with the local network – local authorities, medical professionals and local charity and intermediaries and where a referral network is co-ordinated with one central hub. Customers needing support are referred in by any one partner and the customer receives a holistic package of support".
Respondent CCW36

One respondent suggested this central hub could be created across multiple sectors, to improve data sharing in regard to vulnerability and to encourage more cross-sector collaboration.

"Each sector may have some individual definitions of vulnerability; many definitions will overlap across utilities and others will be relevant to all sectors. A combination of a central hub allowing organisations to be alerted to vulnerability, working alongside closed-user groups would cater for this scenario – it would provide each sector with the level of detail it requires while ensuring vulnerable consumers can highlight their high-level circumstances through one mechanism to their service providers".
Respondent CCW5

Simplification of process

While some respondents suggested that the application process for affordability support in water is simpler than it is in other sectors, some suggested that improvements could still be made. Respondents suggested that simplifying the process might encourage more customers to apply, as the current requirements may disincentivise customers from completing the process – usually due to the level of evidence they need to provide.

> *"Current mechanisms require customer effort, and our experience Is that many applications are not completed. A more pragmatic approach to producing evidence for applications and renewals could be deployed. This should balance risk against the effort required. Best practice around simplifying applications should be shared form inside and outside of the sector".*
> **Respondent CCW14**

> *"We all recognise that those that need financial assistance will often be vulnerable in other aspects of their life and that this vulnerability may impede their access to the financial assistance that they need. It is therefore important that we make the gateway to assistance as simple as possible. The current requirement of documentary evidence to support eligibility for WaterSure acts as disincentive for some customers to progress their applications. Despite repeated follow up by companies, these customers simply drop out of the process. Relaxing this approach would ensure that more people received the support they are entitled to".*
> **Respondent CCW18**

Some recognised that while simplifying the process is in the best interest of the customer, it may not always be possible to do so:

> *"We believe more complex and detailed application processes are not in the best interests of the customers and creates unnecessary protocols and barriers in the process… With our challenge on water poverty, it remains unlikely that we will be able to maintain that simple application as we require more data to assess the potential water poverty impact".*
> **Respondent CCW19**

Awareness

Number of files coded = 33
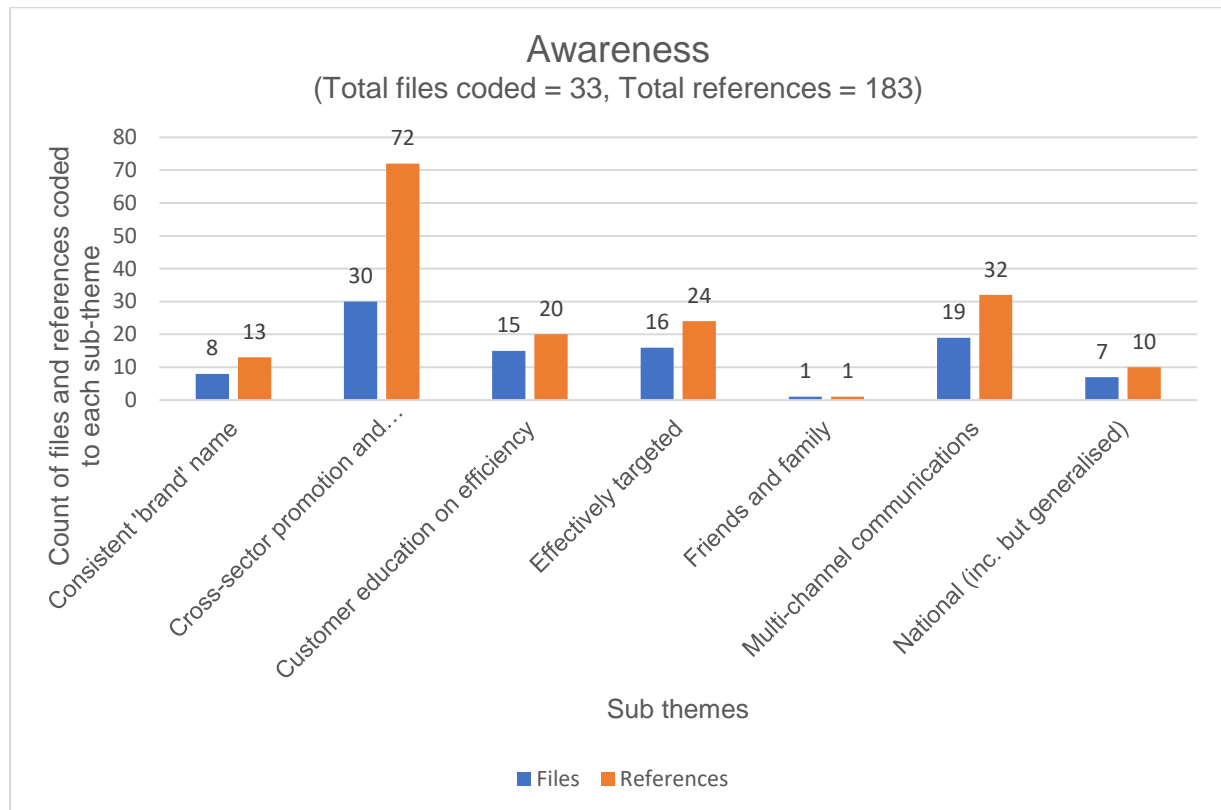*Number of references coded = 183*

Figure 3 - Visual representation of sub-themes coded to 'Awareness' (excluding general comments)

> *"In water, unlike energy, customers cannot switch provider and choose what 'deal' they are on – so there is no trigger to 'make decisions' on which tariff is better (standard or social). We believe that to a degree, this reduces the awareness of choice – i.e. that there is a social tariff available. It would be helpful if water companies could consider this – that accurate and accessible information with which energy customers base decisions - is lacking in the water sector. In order to address this, there needs to be much greater understanding by the public that social tariff deals are available, and how they as customers might benefit from choosing them".*
> **Respondent CCW32**

Cross-sector promotion and partnerships

As can be seen from Figure 3, a large portion of the responses received were related to 'cross-sector promotion and partnerships' with 30 of the 37 responses (81.1%) referencing this in their submission.

> *"The framework put in place must encourage and make it easy for customers to receive holistic support and advice, alongside assessing ability to pay, which can only be achieved through effective working partnerships with the advice sector, which water companies fund".*
> **Respondent CCW13**

Many water company responses included references to where they have extended their own partnership networks to improve the services offered to customers. Some of these approaches may be well established, where others are in the earlier stages of development,

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and it was recognised that this could be improved on a national scale to avoid duplication of effort.

> *"We engaged with 127 partners throughout Covid-19 lockdown. This proved an effective way of promoting support. National partnerships between the industry and specific organisations who can reach targeted customer segments could widen the benefit we are seeing locally from this model".*
> ***Respondent CCW14***

Additionally, it was acknowledged that water affordability is not an issue in isolation. Respondents highlighted other areas of challenge for low-income and vulnerable customers, suggesting that a more collaborative approach would be in their interest:

> *"A customer in water poverty, given the comparatively lower cost of water, is likely to also be in fuel poverty and financially vulnerable as well – this means collaboration and working in partnership with a range of organisations is absolutely key".*
> ***Respondent CCW21***

> *"There are a number of things that can help to a certain extent but what is really needed is a concerted effort by all those who come into contact with households who are currently in, or may in future be in, financial difficulties to ensure that holistic advice and help is given, including in relation to water bills".*
> ***Respondent CCW23***

Effectively targeted

Many respondents referenced targeted promotional activity as key to raising awareness of affordability support. Often the comments were also coded to multi-channel communications, and to the need to improve data sharing to better understand who to target with which message. The responses suggested a cross-sector, or partnership approach would be most effective, and many suggested there are opportunities to learn from best practice in other industries.

> *"Suppliers could do more to build awareness around their schemes, for example publicising extra support on bills, sending targeted information to households in debt or to areas with a high deprivation index. It is also encouraged that suppliers are more transparent about their eligibility criteria, to help customers know if they would be eligible for the scheme".*
> ***Respondent CCW7***

Multi-channel communications

Recognising that one size does not fit all, many respondents outlined the activity they currently undertake to reach customers via a range of methods. Some highlighted customer insights obtained through their own customer research:

> *"The most commonly suggested methods of increasing promotion were through company websites and social media accounts, providing information on bills, and proactive engagement with customers who may be struggling before they fall into debt. Customer also believed that TV advertising, postal correspondence and working with external agencies (i.e., Citizens Advice, Job Centre, elderly day centres) were also useful avenues for promotion".*
> ***Respondent CCW21***

> *"We recognise that engagement routes must be varied so we operate a mix of channels to meet different needs; our services can be accessed from healthcare settings, on national helplines, online platforms and in local community hubs –*

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always seeking to address wellbeing, financial vulnerability and poverty".
Respondent CCW32

It was also recognised here that more needs to be done for people in ethnic minority groups, those with language barriers, and those with lower-level literacy skills, to ensure they can access support as required. Suggestions included using radio, audio files, video animations, and multi-lingual literature.

Customer education for efficiency

Many respondents recognised that the efficient use of water is an important factor for making bills more affordable; 64.3% of references to this were made by an organisation in the water industry.

> *"This framework needs to look at financial support but also support for water efficiency – with the vast majority of [our] customers having a metered supply, improving water efficiency is an important element of helping customers with their water bills".*
> ***Respondent CCW23***

Three respondents referenced smart metering, highlighting how the development of smart metering in water, "mirroring the energy sector", could provide customers the opportunity to control their usage and manage their bills. They also recognised the need to protect vulnerable consumers with a 'lowest bill guarantee'.

Consistent 'brand' name

Eight of the 37 responses recommended the introduction of a single naming convention for affordability support in water, suggesting that this would then allow for targeted promotions, increased awareness, and the ability to campaign nationally.

> *"The adoption of a common brand would be a potential major step forward in raising awareness".*
> ***Respondent CCW30***

> *"Using a standard name for the support scheme and a national, standard approach would allow the industry to work as one, ultimately benefiting from the awareness that would be created at scale. This would also support customers who move between supply areas and allow for a joined up, industry wide awareness campaigns".*
> ***Respondent CCW8***

National (inc. but generalised)

32 references were made regarding national promotion of support. Some of these comments suggested that while national promotion is needed to raise awareness, the local differences in support mean that the campaign must be more generalised, with the finer detail provided locally. Respondents who recommend developing a national scheme for support did not say this, as their preference would be that local differences in support levels are minimised.

> *"There should be a national promotion of support available to encourage all customers to seek help if they need it. This promotion should be generalised due to the local differences in support available and should focus on raising awareness that support exists at the local level".*
> ***Respondent CCW21***

"There needs to be two types of awareness campaigns, a national one lead by CCW and a local one for each water company".
Respondent CCW28

"We would recommend an industry-wide campaign for affordability support, which aims to raise awareness of options and encourage those struggling to come forward for support. This would be easier to achieve if eligibility criteria were consistent across the industry but could still be done to raise awareness of the support currently available with some more high-level messaging".
Respondent CCW22

Cross-Sector Best Practice

Number of files coded = 23
Number of references coded = 66

Respondents were asked to provide details of "*any particular lessons from other fields or sectors, which may be transferable, that the water sector should take account of in shaping its future approach*". In total, 18 sub-themes were identified from the examples provided. Figure 4 shows all themes where the theme was referenced in more than one file. Any themes which were referenced in only one response have been shown in the following table (Table 2).
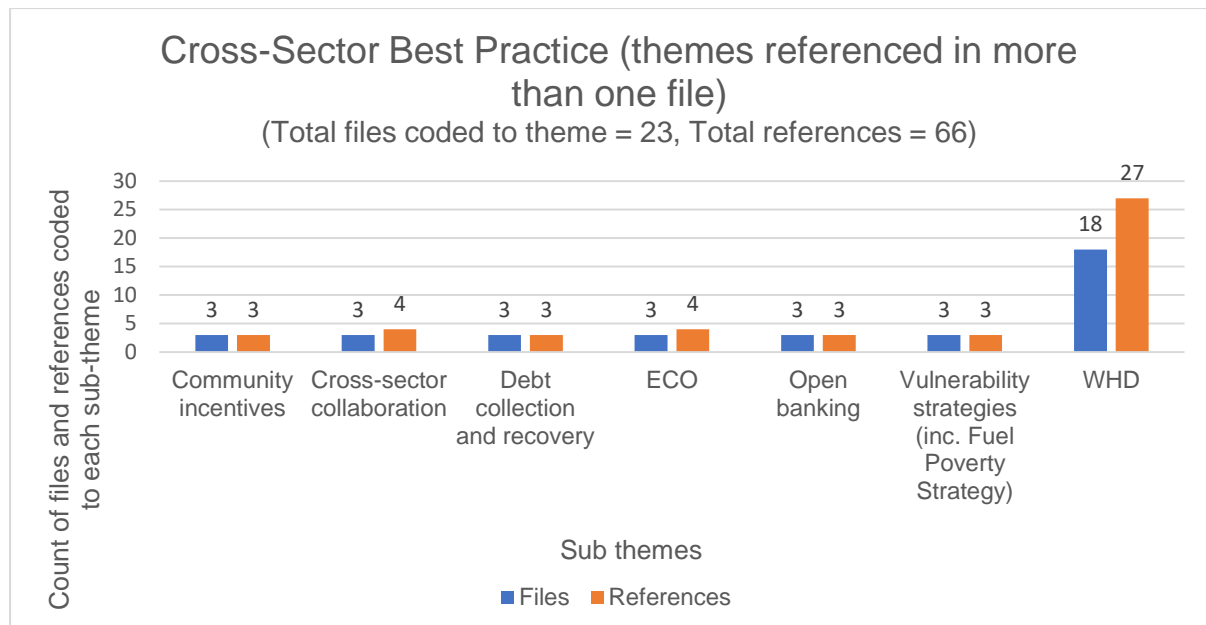

Figure 4 - Visual representation of sub-themes with more than one file coded to 'Cross-Sector Best Practice' (excluding general comments)

Warm Home Discount (WHD)

The most common example provided in responses was the Warm Home Discount scheme in energy, referenced 27 times across 18 responses (46.5%). One of the main reasons for recommending this model is the method of funding – while WHD is cross-subsidised, the levels are not determined through willingness-to-pay research but are determined and then redistributed to suppliers based on need, and therefore no 'postcode lottery' occurs as it does in water.

> "*The Warm Home Discount scheme, which operates in the energy sector to support affordability customers, is a good comparison to take account of when shaping the future approach for the water sector. This tariff is not part of any willingness to pay but instead rebalanced across customer groups".*
> **Respondent CCW19**

One respondent outlined the five principles the scheme was originally designed to meet, suggesting similar principles should be developed for any future water affordability scheme:

> "*1. Delivers a clear benefit for consumers; 2. Better focuses support on vulnerable households; 3. Delivers value for money; 4. Consistent with competitive energy markets; and 5. Ensures a smooth transition from the current arrangements".*
> **Respondent CCW22**

Many respondents outlined the difference between the core group and the broader group in WHD, suggesting that the broader group would allow companies to meet the local and

regional challenges their communities face. They highlighted the need to maximise the use of the powers in the Digital Economy Act (DEA) to fully realise the potential in replicating a core group, but also the need to learn from the energy industry and expand the core group eligibility to further remove any variations.

> *"In the energy sector scheme, the 'core group' is tightly defined, restricted to customers receiving the Guarantee Credit element of Pension Credit, giving energy suppliers extensive opportunities to differentiate their 'broader group' support criteria. Given the 'postcode lottery' concerns in the water sector, if this overall approach was used, then it may be appropriate to have a more expansively defined 'core group', to reduce the degree of variation between individual company schemes".*
> **Respondent CCW20**

Acknowledging that there is more to the scheme than the bill rebate, some respondents highlighted 'industry initiatives' as an additional element which could be replicated in water. This would allow the installation of efficiency measures in customers' homes, and for increased activity in advice and income maximisation.

> *"Importantly the industry initiatives element of the scheme enables the development and delivery of wider innovative financial and energy efficiency advice and measures, free to those who most need it".*
> **Respondent CCW36**

Community Incentives

Examples of innovative ideas which incentivise customers to support those less fortunate in their communities were provided by three respondents. These included:

- **CLP Power Hong Kong** whose scheme incentivises energy customers to be more efficient by giving them the opportunity to earn 'eco points' and exchange them for rewards, but also donates the eco points to subsidise the electricity bills of low-income and vulnerable customer groups
- **Telecoms data exchanges** whereby various telecoms companies encourage customers to donate their mobile data, or their old devices, to the digitally excluded
- **Peer to peer trading in energy** where pilot schemes have been developed to encourage excess power generated from solar panels to households in fuel poverty.

> *"Should the whole sector be looking at how it can incentivise customers to save water and when targets are hit by customers on a regional basis then money is diverted by water companies back into social schemes like social tariffs and environmental/community projects. Almost like the community energy projects where renewable energy incentives provide community support".*
> **Respondent CCW9**

Cross-sector collaboration

As seen in the analysis of the 'Awareness' theme, partnership-working and collaboration has featured heavily in the responses to the call for evidence. This sub-theme highlighted the **Big Energy Saving Network** where it was suggested that the existing energy champions could also be trained to be water champions. Additionally, some more general comments referenced the benefits of more collaboration in this area.

> *"…all sectors are currently struggling with the same challenges in dealing with vulnerable customers. There are a significant number of working groups and initiatives trying to achieve the right outcome for customers. There are opportunities for much more collaboration and pooling of resource to meet common goals and the to translate results into processes that are tailored to a*

specific sector".
Respondent CCW5

Debt collection and recovery

Examples provided under this sub-theme included:

- **Inclusive Economy Partnership**, a steering group "developing best practice standards for debt collection and recovery, sponsored by UK Government"
- **Citizens Advice debt advisors**, who, working with local authorities, provide "pre-action assessments of individuals' ability to pay", improving debt collection for the local authority whilst ensuring customers can manage the repayments
- **FCA Debt Guidance**, where the respondent calls for one specific point to be replicated across any industries offering payment holidays – "A firm may assess that a payment deferral is obviously not in a customer's interest. In such cases, the firm should instead provide tailored support appropriate to the customer's circumstances".

ECO

The Energy Company Obligation (ECO) was referenced by three respondents as being suitable for replication by the water industry to improve water efficiency and affordability. At a minimum it was suggested that partnerships should be developed with companies working to deliver ECO to identify energy customers who would also benefit from support in water, given the eligibility criteria for ECO is similar to most water affordability support.

> *"…there is an abundance of learning that the water sector can take from the energy sector and the Energy Company Obligation, a government energy efficiency scheme in Great Britain to help reduce carbon emissions and tackle fuel poverty. It places legal obligations on larger energy suppliers to deliver energy efficiency and cost saving measures to domestic premises… We are surprised that a similar scheme for delivering affordability and water efficiency has not been introduced".*
> ***Respondent CCW36***

Open Banking

Open banking was referenced in three responses as a method of reducing the evidence required during the application for affordability support. It was suggested that this be explored in addition to other data sharing opportunities across sectors and utilising the powers of the DEA.

> *"Open banking is a secure way for customers to provide their financial information. This process can make provide affordability evidence required to apply for certain support schemes easy and simplify the application process".*
> ***Respondent CCW8***

Vulnerability Strategies (including Fuel Poverty Strategy)

Despite not being directly related to the delivery of affordability support in water, some respondents referenced the impact vulnerability strategies and the Fuel Poverty Strategy have made since being introduced, suggesting the introduction of similar strategies could better align understanding across key stakeholders, and allow further development of best practice guidelines and research.

> *"The energy industry benefits from a national fuel poverty strategy with a clear definition of fuel poverty. While we don't believe that the current or proposed*

definitions of fuel poverty are transferable to the water sector, we do
believe that there are inherent benefits from a shared understanding across
companies, stakeholders and government of the issue to be addressed".
Respondent CCW24

Other Themes

The themes shown in Table 2 were discussed less often in responses but have been included for completeness. Each of these themes was only referenced by one respondent.

Sub-theme	Insights
BT basic scheme	Created with DWP, this scheme offers low-cost phone and broadband to households on a means tested benefits with zero earnings.
Energy	*"Fines from energy companies that are levied for breach of regulations, are given to the Energy Redress Fund… We find that the interventions being funded have clear responsibilities, there are well defined roles and objectives, and they have prioritised the highest impact interventions that deliver value for money".* **Respondent CCW32**
Essential service discount tariff	*"To meet the scale of ambition the social tariff could be aligned with Energy to create one single 'essential service discount tariff' that becomes a widely recognised service. We appreciate that this may not be possible within the scope of this review, but it should still be a goal to aim at".* **Respondent CCW31**
Ethical regulation and practice	*"Scotland's water sector has adopted the concept of ethical regulation and practice. This includes the principle of 'doing the right thing' for customers, the environment, and the industry itself. Such an approach may support the identification of customer-focused policy and practices that more effectively deliver the right outcomes for those that may struggle to pay rather than be inhibited by unhelpful and un-insightful policy and practice".* **Respondent CCW11**
Financial education and literacy	*"Other sectors are also strong advocates of financial education and financial literacy. We fund projects of this nature, but more can be done in this area".* **Respondent CCW13**
Guaranteed standards	*"A nationally agreed tariff could be accompanied by a suite of enhanced locally developed support to tackle more severe cases of hardship. This is like the Guaranteed Standards Scheme where companies have a set of prescribed service standards and compensation to adhere to as a minimum but have then enhanced those Promises in their local versions of GSS."* **Respondent CCW13**
Local Authority remit charges	*"One additional example which we would highlight is the power granted to local authorities to remit council tax charges on grounds of severe financial hardship under Section 13A(1)(c) of the Local Government Finance Act 1992".* **Respondent CCW30**
Payment management	Respondent CCW34 referenced various examples of payment management approaches and technologies, including: - Tully's behavioural change approach - CLP's autopay reminder service - Bulb GoCardless (flexible billing)
Thriving Communities partnership	The partnership work together to create deeper awareness and connections, building collaborative networks and platforms for collective learning and action. "The challenge is not to 'fix' people, rather to unite and shape a system around what works better for people. We aim to create a fair and connected system, so that

	everyone in Australia can achieve an adequate standard of living, and live free from discrimination"
TV Licensing	*"The TV Licensing Simple Payment Plan is a scheme based partly on referral from Debt Advice organisations, as people receiving debt advice are deemed to be in financial difficulty and therefore in need of this additional support".* **Respondent CCW7**
Vulnerability reporting	*"Ofgem produces a Vulnerable Consumers in the Energy Market Report. This includes good practice on identifying vulnerability, ensuring affordability, and tackling debt. As part of its monitoring framework Ofgem requires energy companies to submit information on the number of customers in debt/on debt repayment plans including debt repayment rates, size of debt and length of payment plans. This helps to identify if customers are being treated fairly with due consideration of their ability to pay, and if companies are intervening early enough to prevent debt build up. Ofwat or CCW should consider equivalent monitoring for the water sector".* **Respondent CCW34**

Table 2 - Summary table of sub-themes with only one file coded to 'Cross-Sector Best Practice'

Customer Acceptability

Number of files coded = 18
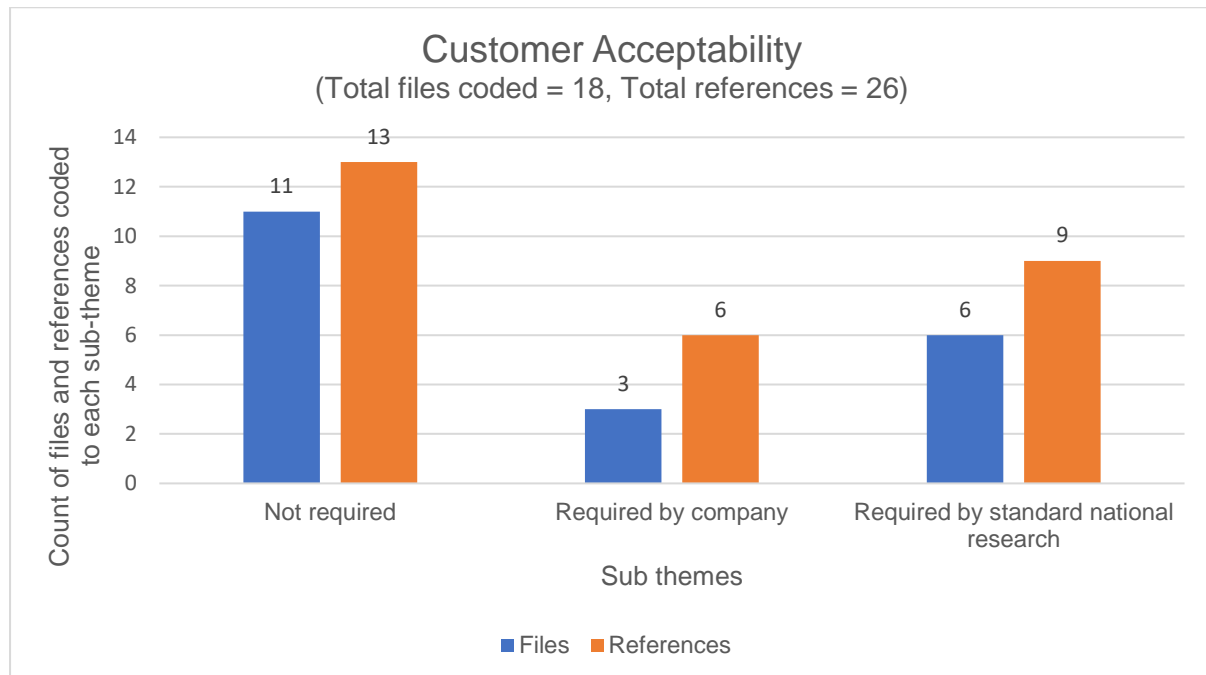*Number of references coded = 26*

Figure 5 - Visual representation of sub-themes coded to 'Customer Acceptability' (excluding general comments)

In total, 18 responses (46.5%) included explicit references to the requirement for broad customer acceptability in willingness-to-pay research.

Of the 11 responses (61.1%) which suggested that broad customer acceptability should no longer be required, four respondents also provided comments to support customer acceptability by company or by standard national research which were relevant only to certain scenarios. This shows that there are benefits from all approaches, and that the preferred options change depending on the end solution.

Views aligned to 'not required'

"Cross subsidies are commonplace across society and already inherent in other aspects of water charging. If 'affordable bills' is approved by government as an outcome that should be delivered for society, this should remove the need for broad customer support to be sought for any national social tariff".
Respondent CCW13

"With this clear public policy steer providing the required legitimacy, it should then be possible for the current constraint of requiring broad customer support for social tariffs to be relaxed (for example customer support only being required for cross-subsidies above a defined threshold) or preferably removed entirely, enabling more support to be provided".
Respondent CCW20

"The availability of support should be broadly consistent and should be based on need rather than customer willingness to pay".
Respondent CCW30

Views which cross multiple sub-themes

"A potential alternative to solely relying on customer support, via willingness to pay, is to balance such support with the views of the Customer Challenge Groups (CCGs) (in addition to balancing with the view of CCW). CCGs currently act as a conduit to ensure that the views of customers are heard and are is reflected in water company policies. There may be scope, in consultation with Ofwat, to expand their role. By amending the process required to agree on cross-subsidy levels, there is the potential to improve this process to become more reactive and flexible to situations which arise that may require a change in cross-subsidies. This would ensure that support is available to all when it is required".
Respondent CCW21

Views aligned to 'required' either by company or by national research

"If consultation remains an obligation the key test that the proposed level of cross-subsidy should have broad customer acceptability should be a simple majority rather than a higher threshold applied by CCW".
Respondent CCW17

"The survey-based approach itself leads to significantly different outcomes. Surveys are developed by individual companies and whilst questions may be similar, they can be asked in subtly different ways. They can also be carried out across different timeframes and lead, as is evident, to different results. If this approach was to continue the survey approach needs to change perhaps moving to either a standardised survey or one carried out nationally with regional results, otherwise it is difficult to see how consistent outcomes can be achieved".
Respondent CCW25

Data

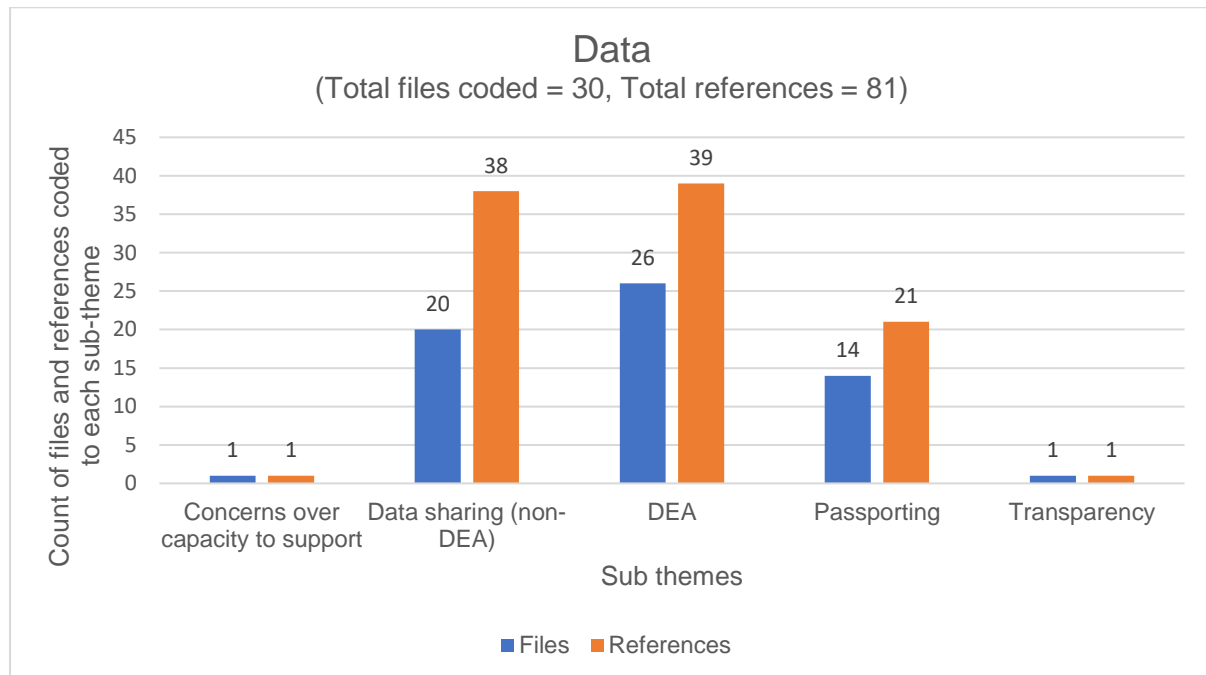*Number of files coded = 30*
Number of references coded = 81

Figure 6 - Visual representation of sub-themes coded to 'Data' (excluding general comments)

Not surprisingly, the majority of responses made referencing to data sharing and passporting, both using the powers of the DEA to access DWP, or similar Government level, data, and also between partners to aid the identification of households in need for improved targeting and promotion. A total of 30 responses (81.1%) made explicit reference to data sharing.

> *"Experience from the energy sector shows that the most effective and resource efficient approach however would be to prioritise data sharing initiatives that can help industry and third parties proactively identify customers in financial difficulty and automatically deliver support. Data sharing and matching initiatives to date have been slow to progress. Recent research for the UKRN has highlighted that the barriers to data sharing have often been behavioural rather than legal".*
> **Respondent CCW34**

Data sharing (non-DEA)

Many of the responses referring to non-DEA data sharing discussed how water companies are 'data poor' as they don't have contracts with their customers. In order to address this data gap, they referenced the need to improve data sharing practices with other sectors, including, but not limited to:

- Other utility companies (including the energy sector and use of the Priority Services Register)
- Landlords
- Debt Advice sector
- Local Authorities
- ONS (Connected Open Government Statistics – COGS)
- Credit Reference Agencies (CRAs).

"Vulnerability is not typically limited to one sector. If an individual is impacted by a life event, a physical health or mental capacity issue or severe financial difficulties, this will permeate through many aspects of their everyday life – utilities, banking, telecoms, housing, health, benefits, council tax etc. It seems logical therefore, for organisations to share high-level information and not develop different systems or processes for each sector. Sharing information about vulnerability removes the challenge of identifying it and consequently treating people appropriately".
Respondent CCW5

"We think customer journeys for people accessing support with essential services should be much simpler, and rely on sharing between government and providers, and between providers in different sectors where possible and in line with data protection rules. We've called for a government-led taskforce to look at these issues and propose improvements".
Respondent CCW29

"Data sharing within the utility sector could help earlier identification of customers in need of support, not solely benefit recipients. Where a customer is in receipt of a social tariff within the energy sector it should be easily transferrable and passported to the water sector – and vice versa".
Respondent CCW10

DEA and Passporting

"The scale of what could be achieved through data sharing is illustrated by the numbers of households (over 300,000) added to our temporary priority services register from the shielded data that Welsh Government shared with companies in Wales in the early days of the pandemic. The sector has just commenced data sharing arrangements with DWP, and this will be piloted to understand eligibility for WaterSure. However, it should be stressed that this has still to be proved, and the scheme is designed along a data matching principle rather than data sharing".
Respondent CCW18

Many respondents referenced the powers of the DEA, stating that it was intended to help water companies to support customers in water poverty but that this may not be having the impact the sector had hoped. Some did reference the delays with the initial data sharing agreements, recognising that some factors were outside of their control.

Respondents discussing the DEA referred to the benefits of 'data matching' for proactive targeting of support, 'passporting' for automatic enrolment and renewals, and improved verification processes. Some references were made to the limitations of the data available, recognising it does not currently cover Universal Credit claimants, and that it would be easier to utilise the powers for data-matching if eligibility criteria was more aligned.

"The data-sharing arrangements with DWP that a leading group of water companies are about to start implementing will help to a certain extent, but the restrictions placed around the process in order to comply with data protection requirements make it less of a boost than it could be – it also does not currently cover data on Universal Credit recipients (though there are plans in place to remedy this over time)".
Respondent CCW23

"The creation of a single social tariff scheme across England and Wales - unlocking cross subsidy support with a data led legislative mandate available to 100% of eligible customers, underpinned by data sharing with the Department for Work and Pensions (DWP) for initiation and ongoing eligibility verification".
Respondent CCW31

Eligibility Criteria

Number of files coded = 28
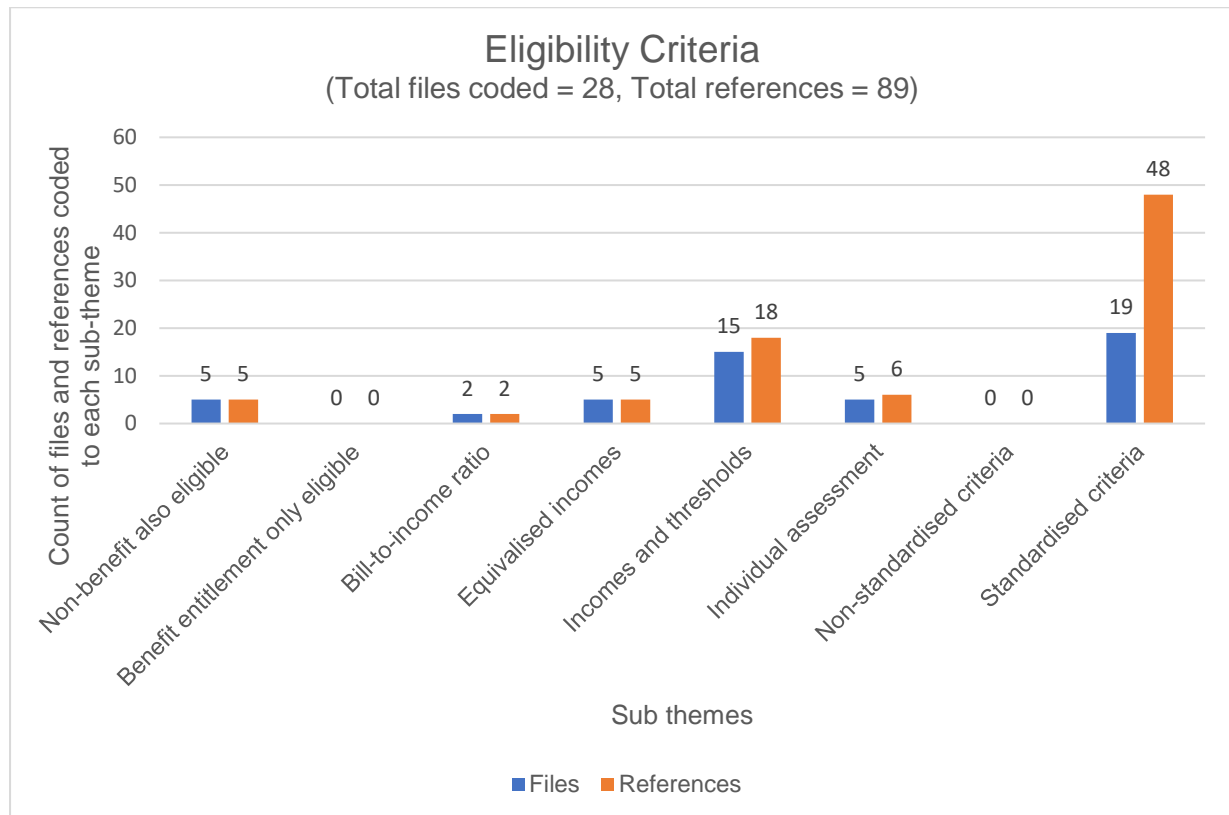*Number of references coded = 89*

Figure 7 - Visual representation of sub-themes coded to 'Eligibility Criteria' (excluding general comments)

Standardising Eligibility Criteria

19 of the responses to this call for evidence (51.4%) made explicit reference to the need for standardising eligibility criteria. By comparison, there was not one reference which directly opposed this view, though 17 responses did not address it directly.

> *"A focused approach by water companies working together was seen as highly successful in delivering an aligned approach to Social Tariff eligibility. This was seen as extremely important for partners who often covered multiple water company areas due to the fragmented supply regions in the South East region. By working together all companies adopted the same eligibility approach ensuring simplification for front line service delivery for our partners. Similarly, the approach adopted across all water companies in England to suspend recovery activity at the start of Covid restrictions was very positive".*
> ***Respondent CCW19***

Responses suggest that a more standardised approach to eligibility criteria would:

- Help both customers and partners to understand who is eligible for support, improving the onboarding process
- Support the 'levelling up' process
- Increase awareness of water affordability support by making them easier to promote on a national basis

- Place companies in a better position to "utilise the powers of the Digital Economy Act for data-matching and auto-enrolment, reducing complex administration costs and ensuring those most in need of support receive it"
- "Alleviate the current postcode lottery (and the double impact this can have for customers with different water and sewerage suppliers)".

> *"Simplifications should include straightforward criteria that guarantee eligibility and require minimal information/evidence. Scheme rules should also be consistent across large geographies (e.g. at country level) to make it easy for national bodies and governments to promote support. This approach would also make it possible to provide clearer, high quality web advice content".*
> **Respondent CCW29**

Some responses proposed that this standardisation be done at a minimum level to allow for further flexibility by companies to meet local and regional needs. This way, all customers could expect a certain minimum level of support. This is reflective of the core and broader group approach of WHD.

> *"We know from our own work talking with customers when offering money advice – that this lack of consistency is unfair and also affects consumer confidence. When we work with people to address their money concerns, the biggest single reasons they give us for not seeking help before, is because 'they think they don't need it' or 'they aren't eligible for support'. Better support across the utility sector starts with a better baseline of provision and communication. When it comes to improvements, consistency and coherent communication of the financial help must be prioritised".*
> **Respondent CCW32**

Benefit Entitlement

Throughout the majority of responses, the need to align eligibility criteria to benefit entitlement has been referenced in relation to data-matching and utilising the powers of the DEA. However, not one response explicitly stated that this should be the *only* criteria, whereas five responses stated that it is important to ensure that criteria is wider than just those on benefits to ensure we do not miss others who are struggling.

> *"Our research was very clear that customers do not favour tariffs being limited to only those on benefits so [our] tariff is available to anyone who cannot afford their ongoing charges be they on benefits, in low paid work or a combination of both".*
> **Respondent CCW13**

> *"There are many examples of schemes where eligibility is assessed on benefit income with variable cut off points for household income (e.g. earnings thresholds within universal credit) such as help with help costs, free school meal eligibility and court fee remission schemes. However, we think it would potentially be a mistake to rely exclusively on receipt of means-tested benefits as a proxy for need, as this approach risks cutting off some consumers from potential help. Some people have no recourse to public funds and so are unable to claim benefits notwithstanding low income and potential need. Self-employed people may have low but fluctuating incomes which make it difficult in practice to claim benefits or create a reluctance to claim benefits".*
> **Respondent CCW30**

> *"Caution should be used when dealing with customers based purely on benefits, for instance with Pension Credit Guarantee, some pensioners may just be below the line by a matter of pence so miss out and therefore those that go on to receive that could be better off than that pensioner not receiving it. We would like to see*

the social tariff incorporate an income lead scheme rather than benefit-lead scheme to take into consideration some of these households who don't receive welfare benefits".
Respondent CCW9

Income Thresholds and Equivalalisation

As is often the case, there are mixed views on the level that an income threshold should be set at, and whether or not this should be equivalised. Concerns were raised that having a simple income threshold may limit the ability to effectively address households with larger occupancy, and comments regarding the impact of housing costs and/or housing benefit on income levels.

> *"CAS research in 2018 highlighted that income is the best proxy for targeting financial support to those that may struggle to pay, based on households paying more than 3% of income after housing costs, rather than Council Tax banding or even being in receipt of Council Tax Reduction".*
> ***Respondent CCW11***

> *"A simple threshold of household income limits the ability to effectively address those households with larger occupancy who may have affordability concerns… We would strongly support the use of equivalised income levels".*
> ***Respondent CCW10***

Assessing eligibility against the Standard Financial Statement (SFS) was proposed by one respondent as a method of addressing exceptional circumstances:

> *"…while we support the general principle of linking financial support to low income, there are situations where people who may not fall into a low-income bracket nonetheless have high fixed outgoings – for example due to health costs – which create pressure on their financial position. It is very difficult to design support schemes flexible enough to take account of exceptional situations, but one approach could be to accept referrals from advice and support agencies backed by a Standard Financial Statement (SFS) demonstrating an income deficit as an exceptional route, outside of normal criteria".*
> ***Respondent CCW30***

One respondent highlighted an approach taken during their response to the Covid-19 pandemic, which demonstrates an element of flexibility:

> *"As part of its COVID-19 response, the Government provided a temporary £1,000 uplift in Universal Credit, we have excluded this from the income calculation for [our] tariff to ensure that customers who are benefiting from this uplift do not become ineligible for the tariff or receive a lower discount than they would under normal circumstances".*
> ***Respondent CCW24***

One respondent supporting equivalalisation made the following argument:

> *"Families with numerous children fall through the gaps in provision across the majority of suppliers. This is because these families receive additional benefits to help with the cost of children; this pushes them over the income threshold, but this additional income does not translate into more disposable income. Many families, especially single parent households, struggle to keep up with the increased costs children bring, for example more spent on children's footwear and clothing, food and electricity. [We] would like to see social tariff eligibility equivalised for households based on number of children".*

Respondent CCW7

One respondent suggested that a review of what is considered as income is required, to ensure that customers are not detrimentally impacted:

> *"Advisers have highlighted that some disabled people are missing out on help …*
> *as a result of PIP being counted as income within [the] eligibility guidelines, whilst*
> *it isn't for the [social] tariff. This is especially concerning as Citizens Advice*
> *research shows that disabled people are also more likely to be in vulnerable*
> *circumstances… changing [eligibility guidelines] to disregard PIP as income*
> *(bringing it in line with the [social] tariff) would ensure that disabled people who*
> *are struggling with high living costs can also benefit from [other support]".*
> **Respondent CCW15**

Funding

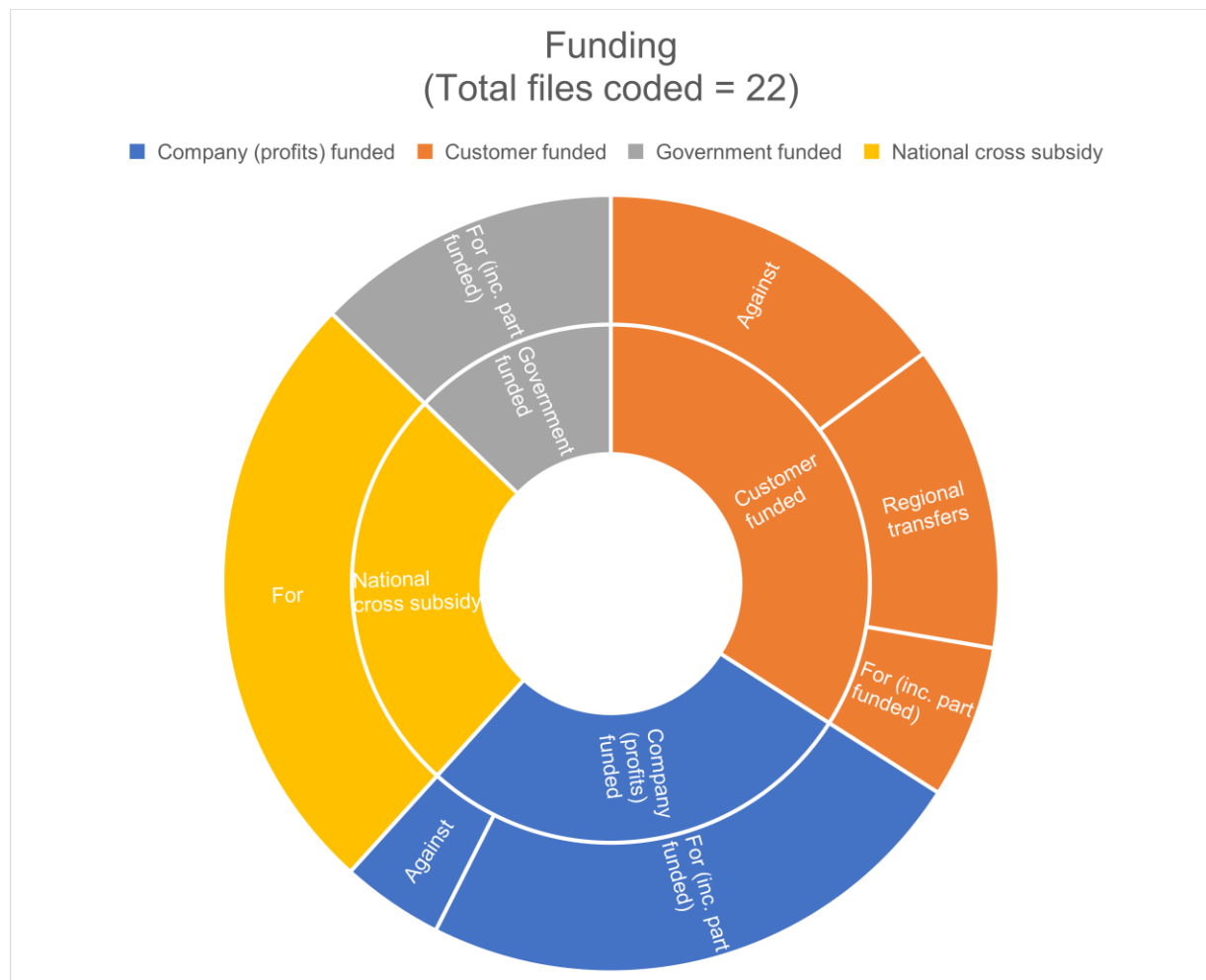*Number of files coded = 22*
Number of references coded = 45

Figure 8 - Visual representation of sub-themes coded to 'Funding' (excluding general comments)

The issue of funding is extremely complex, and although a lot of references were made to the current funding mechanisms, only 22 respondents made explicit reference to their views on *how* schemes should be funded in the future. These views were varied, and some respondents suggested they were supportive of a range of funding options dependent on the structures of the affordability schemes moving forward.

More generally, respondents commented on the limitations of the current funding mechanisms, and the requirement for any future mechanism to be sustainable, flexible and "extend beyond individual period review processes".

> *"We believe that the approach adopted should be driven by an objective assessment of the support that is required. CCW should start by assessing the need for affordability support, the distribution of that need (both short and longer-term), and then determine the appropriate policy framework in order to meet that need".*
> **Respondent CCW34**

Four overall themes were discussed in the responses, Company (Profits) funded, Customer funded, Government funded, and National Cross Subsidy. In the case of 'National Cross

Subsidy' it is implicitly assumed that this will still be customer funded, but we will discuss these separately.

Company (Profits) Funded

Only two respondents explicitly stated they were against affordability support being funded from company profits, with one outlining a number of reasons:

> *"Social tariffs require a sustainable and consistent funding source which create difficulties for Shareholders to fulfil that role for a number of reasons:*
>
> *Shareholders support would be discretional and proportionate to the level of dividend received. This would lead to differing levels of support, would lead to bill shock as the number of customers, or the scale of support, would fluctuate depending on their generosity.*
>
> *Additionally, while companies that are at the top end of the efficiency scale would have dividends greater than the anticipated rate of return which could be used to fund social tariffs, there will always be companies at the bottom end of the efficiency scale due to the nature of yardstick comparative competition. These companies won't have excess dividends to use for social tariffs.*
>
> *Further, some companies may be better serving their wider customer base if they were able to invest excess dividends into certain operational areas such as water mains infrastructure or reducing sewer flooding. Being restricted to using a certain level of dividends on funding social tariffs may be at the expense of providing a better service overall. Given companies have varying priority lists and Ofwat's priorities for companies are not limited to water affordability at the expense of everything else, a mandated shareholder funding could be detrimental to the overall service offered".*
> **Respondent CCW31**

The remainder of views coded to this theme indicated they were not opposed to company funding, albeit the majority would expect this would be 'part-funding' of affordability support and not funding the schemes in their entirety (only one respondent from 11 suggested that companies should fund *all* affordability support). This includes funding partnerships and referral services which support customers with a wide range of challenges.

> *"Companies should be encouraged to contribute towards the funding of debt advice, income maximisation and other interventions that address water affordability holistically. Many companies already do this to some extent, but greater consistency and transparency is needed".*
> **Respondent CCW30**
>
> *"Suppliers should expect to fund a social tariff offering through profits. [We] would like to see research undertaken to understand the cost benefit of supporting customers with their water bills; this could include the cost avoided in trying to recoup bad debt".*
> **Respondent CCW7**
>
> *"The most equitable system would be a national scheme with a fixed and transparent sum paid by other customers with the Companies picking up any excess".*
> **Respondent CCW6**
>
> *"It looks bad when water companies asking customers earning just over the threshold to pay to support customers, whilst shareholders are continuing to earn profits".*
> **Respondent CCW3**

> *"The notion of bill cross-subsidy is based on an assumption that the majority of customers find their bills affordable and therefore can and are willing to help the minority. But if the number of customers struggling becomes a more sizeable proportion of the overall customer base, the approach becomes less workable".*
> **Respondent CCW34**

Throughout the responses analysed, many of the issues raised, under all themes, are considered to be resultant of the current funding mechanism (customer cross-subsidy) and the limitations this mechanism presents. Some of the respondents who are against support being funded in this manner referenced the current economic uncertainty, the correlation between agreed cross-subsidy levels and the level of deprivation in that area, and whether this approach to funding is 'fair'.

> *"The support available should not depend on asking customers the extent to which they are prepared to support a scheme as this results in widely differing levels of support. One could also argue it is unfair on other customers who then subsidise those who cannot afford the bill".*
> **Respondent CCW6**

> *"The requirement for ongoing customer willingness to pay, even to maintain the existing level of cross subsidy puts the number of customers that a company can provide support to at risk. Any reduction in willingness to pay means either that companies have to limit support, including potentially removing support from customers that currently meet the eligibility criteria, or increasing company contributions".*
> **Respondent CCW18**

> *"There are stark differences in willingness to pay for cross subsidies across the country and in very deprived areas, the burden is potentially starting to fall on those who are, themselves, only just about managing".*
> **Respondent CCW13**

Of the respondents who provided arguments in favour of customer funding continuing, many discussed the idea of 'regional transfers', whereby customer contribution was equal across all companies, but was then redistributed based on need. It was suggested that this would be a similar approach to the new Innovation Fund, with funds collected by companies from customer bills and then distributed according to a national framework.

> *"An alternative could be some form of the explicit or implicit transfers between regions according to need typical in other public and private sectors – for example via some form of 'national funding pot', which could cover either both England and Wales, or separate pots for the two nations, depending the views of the two governments".*
> **Respondent CCW20**

> *"In a similar way, CAP would like to see water suppliers working more collaboratively to distribute the social tariff funding more evenly across England and Wales. Suppliers should pay a proportional amount into a communal pot, which is distributed across suppliers based on need and size of customer base. Ofwat or CCW would both be suitable organisations to administer this pot. This should not be a costly process, in energy Ofgem administers the Warm Home Discount Initiative and the cost of doing so is only 0.1% of the total pot".*
> **Respondent CCW7**

> *"Any framework needs to be designed and delivered in a way that does not place undue burden on bills as this would simply put more customers into financial difficulties".*

One respondent (CCW18) suggested there was an "opportunity for Ofwat to account for the difference from undiscounted bills when assessing how to create capacity for sustainable funding", which could be worth further exploration.

Government Funded

Of the six respondents who explicitly discussed government funding for affordability support, not one response was in opposition to this. All six believed there to be a strong case for financial support being funded from national taxation, but recognised that current constraints on public spending could limit the possibility of this.

> *"In the Walker report there was balanced consideration of the views about social tariffs and the issues of cross subsidy between customers which at that time was restricted to WaterSure and those social tariffs that did not involve any cross subsidy. The report noted that 'Respondents to our consultation felt strongly that government should be addressing questions of general poverty, and that paying for it should be on a progressive basis via the national taxpayer'".*
> **Respondent CCW17**

> *"From qualitative research, around 1 in 5 customers thinks that social tariffs should be funded through government benefits/welfare – the introduction of nationwide schemes like Furlough and the huge burden on national debt via these schemes may raise awareness of this issue further and increase the number of customers who don't want to pay twice – once through taxes and then via their water bill. This needs to be considered moving forwards".*
> **Respondent CCW9**

National Cross Subsidy

12 respondents discussed the concept of a national cross subsidy, none of whom were in opposition to the concept. It was agreed that a national cross subsidy would provide much needed consistency, removing regional variations and reducing the 'postcode lottery'. Some responses suggested this could be at a minimum level of support, with the possibility of additional regional 'top-up' funding, whereas others considered this approach to be the only mechanism of funding.

> *"There should be a national minimum standard for cross-subsidy, which can be 'topped up' by companies…addresses the majority of the concerns and original guidance around social tariffs. This option would allow regional differences to be addressed, whilst still closing the gap which causes the current postcode lottery. To reduce the variation due to regional bills, this could be defined as a percentage of the average household combined bill in England and Wales – £397 in 2020/21 bill prices".*
> **Respondent CCW22**

> *"The most equitable system would be a national scheme with a fixed and transparent sum paid by other customers with the Companies picking up any excess".*
> **Respondent CCW6**

> *"We would advocate an approach based on centralised funding and a single central design for social tariffs. This would permit costs savings, provide a fairer basis for cross-subsidy, and allow for the creation of a single scheme and brand to take proper advantage of promotional opportunities".*
> **Respondent CCW30**

Gaps and Limitations

Number of files coded = 30
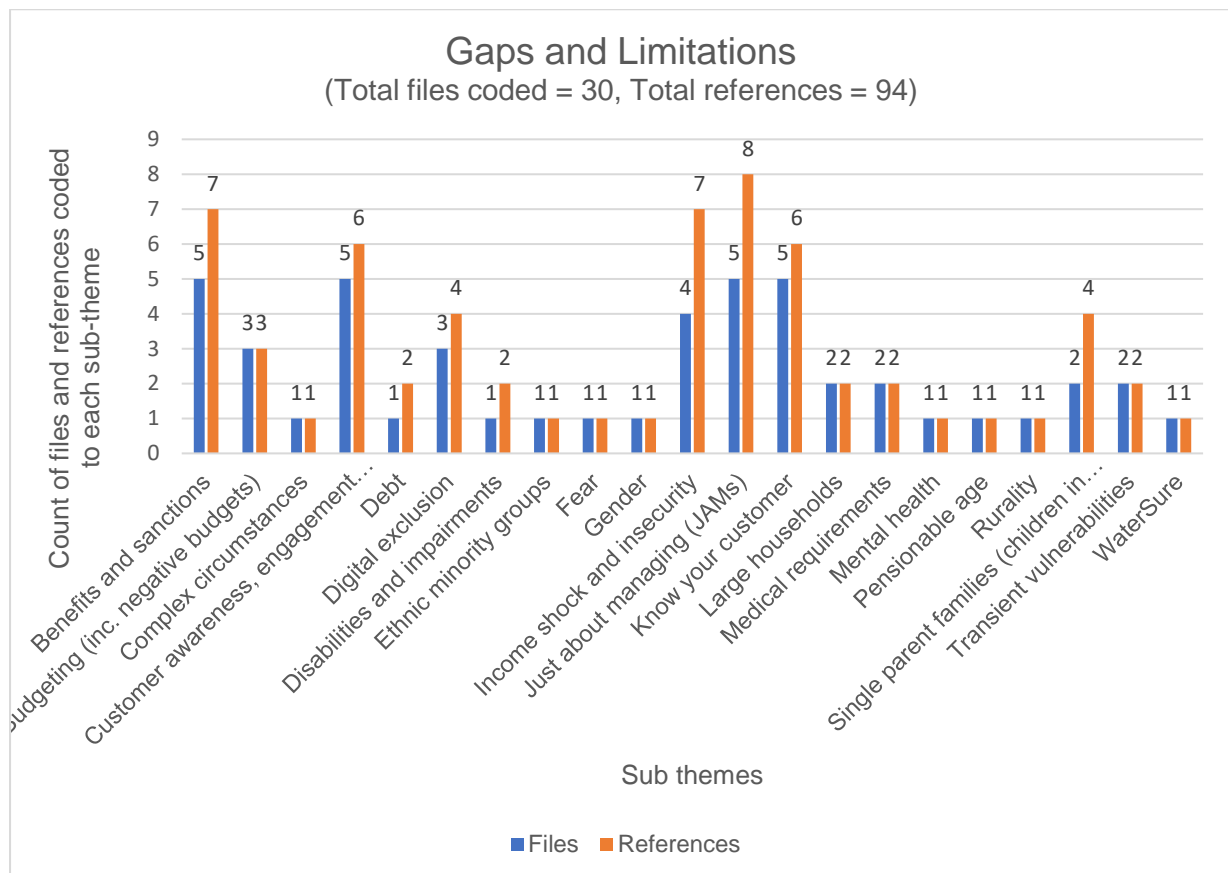*Number of references coded = 94*

Figure 5 - Visual representation of sub-themes coded to 'Gaps and Limitations' (excluding general comments)

As could be expected, the list of 'gaps and limitations' identified from responses is quite extensive. In total, 21 sub-themes were identified. A comment made by one respondent was concerning, as it suggested they did not have any gaps in their provision as all previously identified gaps had been addressed. While this would be a perfect example of continuous improvement, in reality, and especially considering the numbers of gaps identified by other respondents, it is extremely unlikely that all gaps have been identified and/or addressed.

Any sub-themes which have been referenced in more than one file have been summarised in the following section. In addition, the following themes were also referenced:

- Complex circumstances
- Debt
- Disabilities and impairments
- Ethnic minority groups
- Fear
- Gender
- Mental health
- Pensionable age
- Rurality
- WaterSure.

Benefits and Sanctions

Respondents highlighted three key points:

- That if eligibility is aligned to income-related benefits alone it can cause detriment to the working poor and self-employed who are 'just about managing'.
- That anyone in a payment arrangement, or debt write-off plan, who falls subject to benefits sanctions may be unable to make a payment which results in their debt write-off agreement being cancelled.
- That there is a much higher rate of water poverty among benefit-dependent households, with those receiving benefits being 1.5 times more likely to be water-poor than non-benefit households, yet households in receipt of income-related benefits are less likely to be metered.

Budgeting (including Negative Budgets)

> *"Based on our analysis, those clients who have a water debt, when compared with those who do not have a water debt: are more likely to have a deficit budget; are less likely to put aside an amount for regular savings to build financial resilience; are more likely to receive income benefits; have more debts overall; and owe higher amounts in priority debts".*
> **Respondent CCW30**

Respondents highlighted that the ability to manage a budget, as well as the balance between income and expenditure, is important to consider, and some customers may need additional help with financial management or education.

Additionally, it was highlighted that households with negative or deficit budgets are a growing area for concern, likely increasing further due to the financial impacts of the pandemic.

> *"Citizens Advice reported the number of people they help with debt who have negative budgets growing from 32% in 2016/17, to 38% in 2018/19, with the depth of the income deficit increasing from £167 to £203 in the same period and found that 4 in 5 of the people they help are close to falling into a negative budget, meaning they have less than £100 a month left after living costs".*
> **Respondent CCW22**

Customer Awareness, Engagement and Understanding

As well as comments regarding general awareness of support, respondents gave examples of some customers not realising they needed to pay for their water and building up debt, or not understanding how to pay. Examples of customers struggling to engage were also provided, which could possibly be as a result of other vulnerabilities.

> *"Many customers struggle to engage with water companies and other service providers. This may be due to non-financial vulnerabilities such as mental health problems, mental capacity limitations, disability, or poor physical health. Difficulty engaging with companies may also reflect a lack of skills and confidence, time pressures or multiple urgent tasks".*
> **Respondent CCW30**

> *"The inability of a customer to understand and control factors that relate to their cost of water and billing can create affordability issues. For example, water companies report that some new bill payers do not always realise that they have to pay for water, or do not understand how or what to pay which can result in debt building up with resultant consequences. Metered customers may not understand how to, or not have the information and tools to regulate water use or to prevent leakages. Customers may also lack understanding and awareness of services available to help them. For instance, if a customer is on a payment plan which is*

semi-annual, and is unaware they can change their billing frequency, they may be less able to plan and budget for the size of their bill".
Respondent CCW34

Digital Exclusion

Respondents referenced the increasing trend of companies using online methods to communicate with customers and to find details of affordability support schemes. While it was recognised that multi-channel communications are important, and for many this will be the preferred method of engagement, respondents highlighted that "76% of those aged over 65 years have zero basic digital skills" and that "in 2018, there were 5.3 million adults in the UK who had either never used the internet before or had not used it in the last three months", showing a significant need for alternative methods of raising awareness to be implemented.

Additionally, more needs to be done to make websites accessible, as where some people may have the access to digital technologies, they struggle with the accessibility of websites, and will often 'click away' from a website they find difficult to navigate.

Income Shock and Insecurity

As seen with the current Covid-19 crisis, income shocks and insecure incomes (such as zero hours contracts) pose a significant risk to households in their ability to manage their finances. Respondents highlighted that this is not always just the case for low-income households, stating that some high-income households who were furloughed at 80% of their salary, capped at £2,500 a month, may have experienced negative budgets for the very first time.

Comments were also provided in regard to a person's ability to prove their income when work is seasonal, or insecure, and how payment arrangements may be difficult to maintain.

> *"In addition to a permanently low income, households can face transient issues with paying their water bill as a result of temporary income changes or due to ongoing volatility of income. For example, a customer may be temporarily unemployed, or they may not have a salaried job but instead have an income which varies from week to week as a result of the number of hours they are contracted. Where this leads to difficulty paying their water bill, the customer can fall into a cycle of debt (potentially also relating to non-water living costs) which can lead to more permanent water poverty".*
> **Respondent CCW34**

Just About Managing (JAMs)

> *"Customers who are 'just about managing' need to be better supported as they often cope by going without other essentials. It's very difficult to identify these customers as they are unlikely to be in debt or missing payments and there may be cultural or societal barriers to engagement".*
> **Respondent CCW13**

Linked to the previous theme, 'income shock and insecurity', respondents highlighted the group often referred to as 'JAMs' as being particularly at risk. These households may not be in debt with their companies and may be able to make their regular payments for water services, despite earning only just above the income threshold for support. This makes them difficult to identify unless they self-present, and with limited, if any, flexibility in their household disposable income, a small bill or income shock could tip them over the edge.

This is the group most detrimentally impacted during the Covid-19 crisis. It was highlighted that, as they aren't currently accessing support themselves, they will be, unknowingly, funding the cross-subsidy to pay for others to access financial support.

> *"Typically, these schemes operate on a threshold basis so that customers earning over a certain amount contribute to the system, but those earning less than the value can claim from the system. This is inherently unfair as customers earning just over the threshold (e.g. £16,381 per year) are required to support customers earning just under the threshold (e.g. £16,379). Especially as those earning £250k per year typically pay the same as those earning £16,381".*
> **Respondent CCW3**

One respondent suggested a way to address this gap, and this could warrant further consideration:

> *"This approach would need to be from a household income approach and tiered depending on income levels, similar to Universal Credit for single claimants, joint claimants and so on, in this instance the just about managing (JAMs) would be accounted for and assisted and as the household income grows the household would fall into the lower levels of support and even off tariff if the income exceeds the agreed set amounts. This would provide a gentle glide path back onto standard payment routes and standard across all water companies".*
> **Respondent CCW9**

Know Your Customer

> *"Water companies don't know the household size or resources of their customers. [Nor] indeed do they know how much non metered customers, about half, consume".*
> **Respondent CCW1**

Five respondents highlighted the lack of knowledge water companies have about their customers, as they do not directly contract with them. While this can not be considered a specific gap on its own (as in, it does not directly identify a customer group) this does provide limitations, mainly on a company's ability to identify customers who may be in need of support.

> *"Fundamentally, with a duty to supply and no application form to be completed for our services, we often do not really know our customer. Often occupier details are acquired from third parties such as landlords and often means that we do not even have a full name. Whilst, personal circumstances change over time, having a formal process that ensures that we know our customer well when they start to use our services would be very helpful".*
> **Respondent CCW12**

Large Households

Respondents highlighted concerns regarding the application of an income threshold to a large family, as often the benefits they receive for their children can tip them over the income threshold. Additionally, reference was made to the budgeting concerns these households may face if accessing WaterSure based on the age of their dependents.

> *"We have heard directly from households with large families who may have concerns of budgeting and bill volatility once their children reach an age where they no longer qualify for support (but still live at home). In this situation, their water use is still high and the security of the WaterSure tariff will no longer apply*

to their metered bill, meaning they could experience significant bill increases, and often decide not to apply".
Respondent CCW22

"Families with numerous children fall through the gaps in provision across the majority of suppliers. This is because these families receive additional benefits to help with the cost of children; this pushes them over the income threshold, but this additional income does not translate into more disposable income".
Respondent CCW7

Medical Requirements

While recognising that WaterSure offers support for those on benefits who have a medical condition requiring additional water use, respondents still felt some customers with medical requirements can miss out on support they desperately need.

"Customers with a terminal illness but who require higher water consumption miss out in the current arrangements as schemes are tailored towards households on benefits. These types of customers aren't always entitled to benefits and also do not go through the process of applying during end of life".
Respondent CCW14

Single Parent Families (Children in Household)

"The result is that single parent families, couples with large families and multi-unit households are now most likely to live in water poverty. The probability of a lone parent with one child being in water poverty at the 3% threshold unequivalised [sic] income is 44.9% while that of a childless couple is only 13%... having children in the household nearly doubles the risk of being in equivalized water poverty. Only 17.8% of those without children in the household are in water poverty at the 3% threshold ".
Respondent CCW1

Respondents highlighted the 'lone parent' group as being the most at risk of water poverty and of fuel poverty, and how more needed to be done to support them.

Transient Vulnerabilities

Respondents recognised the difficulties which occur due to the transient nature of vulnerability, highlighting those who experience temporary financial difficulties as being difficult to both identify and support.

"We consider that financial vulnerability is often multi-dimensional and can be a transient state that affects people at different periods of time, especially considering the COVID-19 pandemic, or it can be long-term in effect. Customers' personal circumstances are not the only factors to consider; external events, or the actions or processes of companies, can equally contribute to the risk of financial vulnerability.
Respondent CCW21

Government and Regulators

Number of files coded = 24
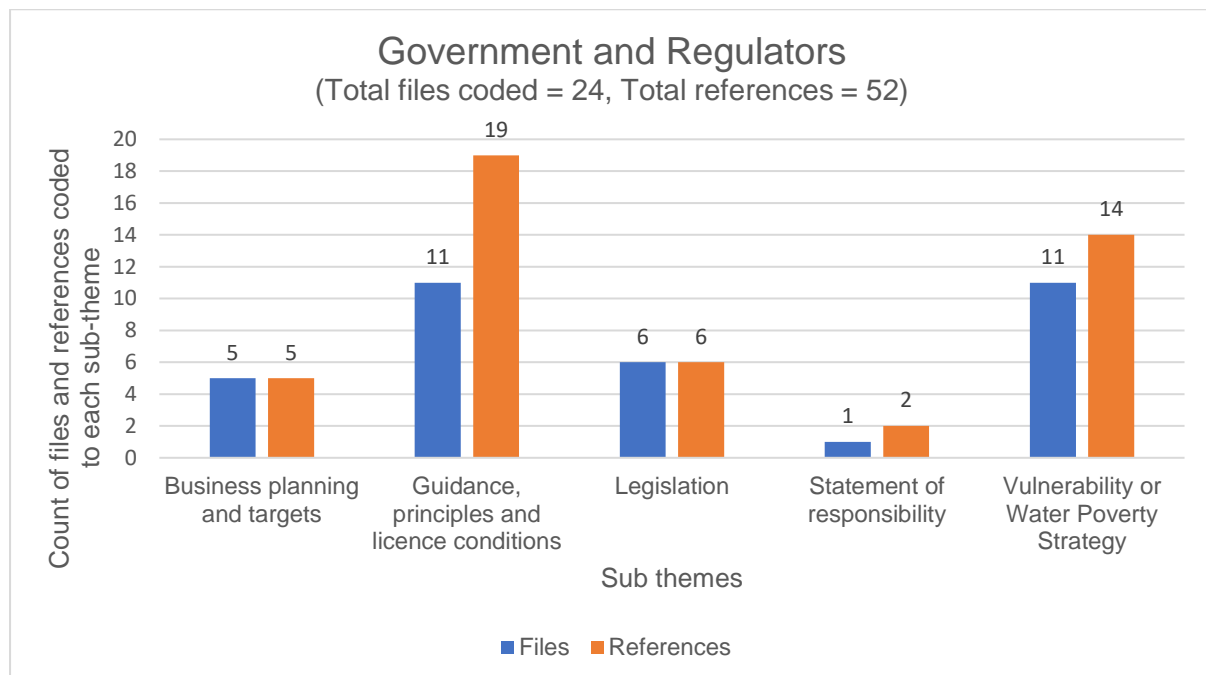*Number of references coded = 52*

Figure 6 - Visual representation of sub-themes coded to 'Government and Regulators' (excluding general comments)

In total, 24 respondents made reference to the role of the regulator and/or Government in addressing vulnerability and affordability in water. General comments in this area referenced the role of Government in facilitating safe and secure data sharing arrangements, the need for 'one-off debt write-off' for customers experiencing short-term financial difficulties due to Covid-19, and the need to bring sectors together through welfare policy to truly address consumer needs.

The comments that could be assigned to more specific themes are addressed in the following section.

Business Planning and Targets

> *"Historically due to the business plan funding and research requirements, companies have generally set tariff funding and need on a 5-year business plan period. The recent Covid19 impacts are clearly supporting that there is a need for shorter periods of planning to enable companies to react to the emerging economic landscape and needs".*
> **Respondent CCW19**

Comments under this sub-theme referenced the need to include affordability support, specifically social tariffs, in price controls, but to do so in a way that does not encourage companies to target the 'low hanging fruit'. Companies should be targeting the households most in need first.

> *"We believe that changing the focus of performance commitments from raw number of customers on social tariffs to a more holistic approach focusing on number of customers in water poverty may help to alleviate some of the performance driven behaviours of companies. Social tariffs act as an enabler to achieving 0% water poverty but this form of commitment requires a more*

comprehensive approach than just driving up numbers".
Respondent CCW21

Additionally, one respondent outlined the Energy Company Obligation (ECO) scheme in energy, stating:

> *"We are surprised that a similar scheme for delivering affordability and water efficiency has not been introduced and this maybe a concept that Defra, Ofwat, CCW and other key stakeholders could develop for the next price review, if there is a need to stimulate more progress at pace and at 'least cost', as we move towards the net zero target. Taking a step further, there could be a cross energy and national water co-ordinated programme to tackle poverty and carbon emissions, which would support customers as we move through the energy transition and towards the net zero target".*
> **Respondent CCW36**

Guidance, Principles and Licence Conditions

Respondents outlined the requirement for a common definition of 'affordable' as agreed by Government, recognising that this is subjective terminology, with a similar call for an agreed approach to 'water poverty', and an agreed methodology for calculation of disposable income.

> *"While we encourage boldness in establishing a policy framework for the next decade and beyond that will be sustainable and will enable the ambition to end water poverty to be realised, we recognise that this is fundamentally a question of social policy for which democratic legitimacy is required. Ultimately, decisions on the degree to which over time it will be possible to close the water poverty gap, and the timescale for this, will therefore be for governments. A clear steer from the respective governments that the desired outcome over time is affordable bills for all would provide clarity for all water sector stakeholders".*
> **Respondent CCW20**

Additionally, respondents highlighted Government guidance to Ofwat, "Ofwat should challenge companies to improve the availability, quality, promotion and uptake of support to low income and other vulnerable household customers", stating they felt this was possibly unachievable given current constraints on social tariff funding.

Respondents suggested guidance be reviewed, with suggestions including a minimum set of standards, a higher percentage of cross-subsidy being acceptable (i.e., more than 1.5% of the customer bill), and "what constitutes appropriate customer research and broad support from customers".

One very specific concern was raised, specifically relating to high court enforcement officers for debt collection:

> *"We would suggest that debt collection methods and the use of High Court Enforcement Officers (HCEOs) to enforce judgments for energy and water arrears should be looked at again. We think it is poor practice for energy and water providers to use HCEOs as it adds complexity, unnecessary stress and excessive court costs and collection fees for consumers who are likely to be in particularly vulnerable circumstances".*
> **Respondent CCW30**

Legislation

Several respondents outlined that significant changes to social tariffs and other affordability support may require more substantial changes to legislation. Additionally, this was suggested for better targeting through data sharing, suggesting the Digital Economy Act does not appear to be having the impact the sector had hoped it would.

> *"An alternative, and better, approach would be to start with assessing the need for affordability support for an essential public service, and then determine the appropriate policy framework in order to meet that need in a consistent and sustainable manner across England and Wales".*
> **Respondent CCW20**

> *"Presently there is national social support provided via the WaterSure scheme (which is a cross-subsidised cap for certain customers with large families or medical conditions on a water meter, rather than a social tariff). The balance the Government must strike between using public expenditure to assist financially vulnerable households over water affordability problems is essentially a matter of public policy and is rightly for the Government to decide".*
> **Respondent CCW21**

Statement of Responsibility

One respondent suggested that a statement of responsibility is required to help the sector understand who is responsible for different aspects of social tariffs.

> *"Greater clarity in who is responsible for what aspects in social tariffs. Having Government, Ofwat and CCWater issue a clear statement would allow for companies to respond more quickly to any changes to external circumstances like Covid… At times there seems to be some confusion about the role of different parties in designing and approving the affordability framework, particularly as it relates to social tariffs. We think CCW, Ofwat and Government might want to provide a refreshed statement on this that would allow companies to move at speed if such a scenario like Covid happened again".*
> **Respondent CCW26**

Vulnerability or Water Poverty Strategy

Some respondents highlighted the progress made since the introduction of a fuel poverty strategy, or a vulnerability strategy in energy, suggesting that similar strategies should be introduced by Defra and by Ofwat.

> *"Whilst this may not be in scope for this review, we feel it is important to stress the importance of a strategy like this at every opportunity, and it would be something which could really make a significant difference to the future of affordability in water".*
> **Respondent CCW22**

Examples were given of companies already working collaboratively, which would support the introduction of strategies of this type. In the interim, it was suggested that companies do more to develop their own vulnerability strategies, potentially in collaboration.

> *"Companies continue to develop thinking in this area and through UKWIR's Big Questions and Water UK's Public Interest Commitments, are working together to progress an industry-wide definition of water poverty, understanding of the drivers of water poverty and evaluating approaches to reducing water poverty, which we hope will lead to the development of a national water poverty strategy supported*

Ideas and Innovation

Number of files coded = 15
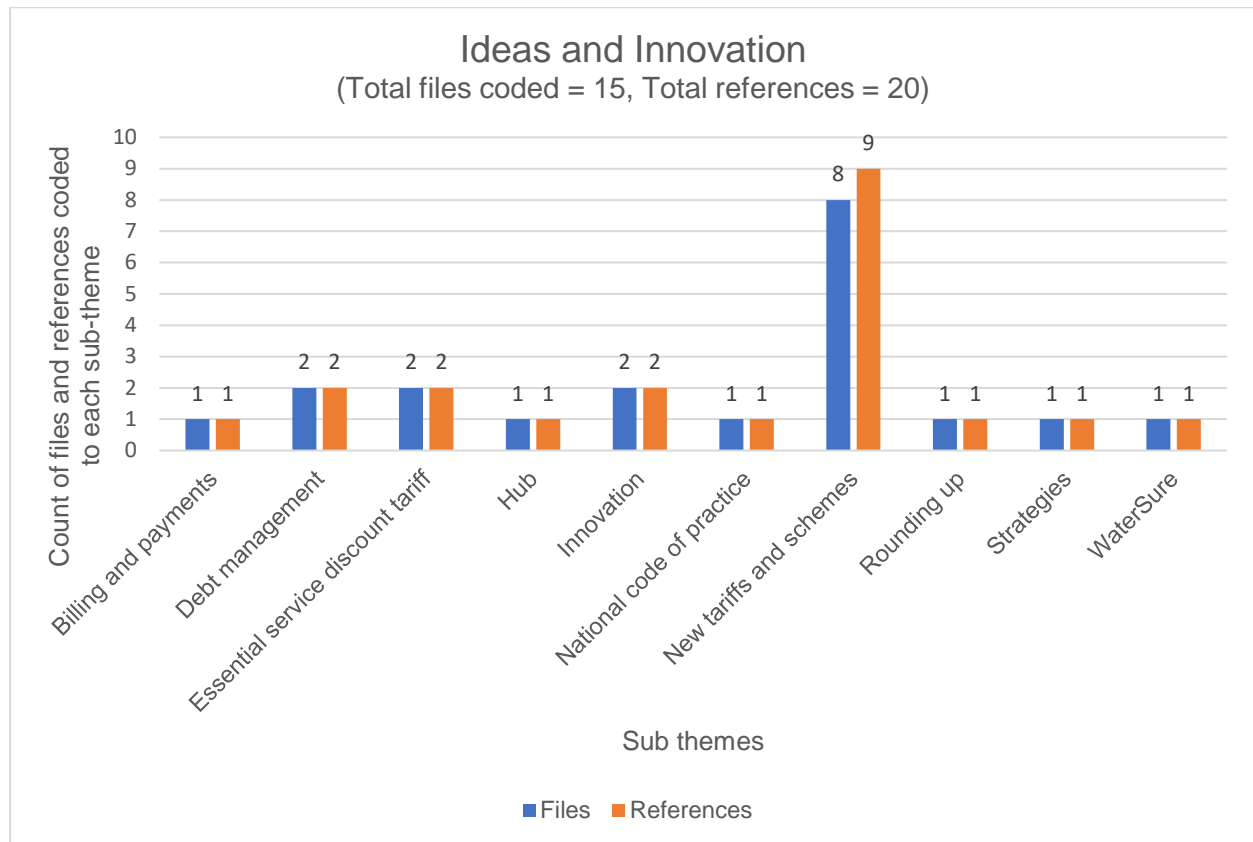*Number of references coded = 20*

Figure 71 - Visual representation of sub-themes coded to 'Ideas and Innovation'

The main sub-theme to be derived in this area was for 'new tariffs and schemes', which will be explored in further detail below. Other ideas were provided, including:

- Greater flexibility around billing and payment methods, including allowing customers to pay more in some months and less in others (particularly helpful for those with seasonal incomes)
- The possibility of removing customers who will *never* be able to pay their bill (even on the lowest tariff) from the billing cycle
- The introduction of a measure of 'severe indebtedness' to help manage and standardise the debt management cycle
- Aligning with energy to create a single 'essential service discount tariff'
- Introducing a centrally managed support hub for all customers regardless of company (at either a national level, or regional level)
- Ensuring the newly introduced innovation competition targets a fair share of funding to supporting customers in vulnerable circumstances and struggling with bills
- Introduction of a national code of practice for carrying out referrals and income assessments
- Giving customers the option of 'rounding up' their bill, the proceeds of which top-up affordability support funds
- Development of company-specific affordability strategies with customers and key stakeholders; and

- Changing the WaterSure cap from the company's average household bill to the company's average *metered* household bill.

New tariffs and schemes

> *"It is important that any future design accommodates Innovative tariff solutions and is not at the detriment of current recipients".*
> **Respondent CCW14**

Eight respondents (21.6%) provided suggestions for new tariffs and schemes, or significant changes to current schemes. They acknowledged the linked between income and bills when considering water poverty and recognised that any future design "accommodates innovative tariff solutions and is not at the detriment of current recipients".

One respondent discussed the reform required to the standing charge for metered customers:

> *"If more consumers had meters it would be possible to reform water tariffs further. At present water tariffs are regressive due to the standing charge. Small consumers pay more per unit. Standing charges are justified by arguments about fixed costs and the need for charges to reflect marginal economic costs. We are not convinced by these arguments".*
> **Respondent CCW1**

Although this is specific to standing charges, it suggests that wider reform of billing and charging could be considered also. The respondent continues to suggest an alternative approach to standing charges, and a similar idea was also provided by another respondent:

> *"Social and environmental arguments would support the abolition of standing charges. Indeed, it might mitigate water poverty if there were lower charges for the first x% of water consumed each quarter. In an ideal world we would provide a tranche of clean water free of charge, the next tranche would be charged at a basic rate and then we would charge a really high tariff for water use above a certain level, penalising those who use drinking water to clean cars or water their gardens".*
> **Respondent CCW1**

> *"We encourage CCW to be bold and consider the fullest range of options including a minimum water affordability allowance, a minimum basic allowance and innovative tariffs which encourage customers to voluntarily support their neighbours".*
> **Respondent CCW34**

One respondent suggested looking at specific tariffs introduced to support customers who are struggling to pay for the first time due to Covid-19. They suggested that this could be a potential quick win for wider implementation.

Two respondents considered the concept of fairness of any future schemes, suggesting that personal factors may limit a person's ability to interact with the market, and that wider factors, such as the size of the bill, are not, but should be, factored into any affordability schemes.

> *"There is a feeling of unfairness because unlike other customer groups, they are unable to take steps to limit their usage for health reasons. Working with our customers, we have been able to support those most in financial hardship. We would like to see consideration to either an extension of the WaterSure scheme to make it more inclusive, or development of a new scheme for those with high*

medical water usage".
Respondent CCW25

"The size of the bill is also not factored into schemes. For example, a customer getting a 50% reduction from their [bill] is likely to be better off than a customer getting a 70% reduction from a higher bill in a different area. We encourage the sector's approach to focus on the net bill people pay (measured against the context of income) rather than percentage tariff reductions alone".
Respondent CCW26

One respondent provided two ideas for redesigning tariffs, one specifically for social tariffs, and another for an overall charging tariff. Further detail and modelling for the social tariff idea has been provided in their response (CCW22), including eligibility criteria and an example of costing, but has been summarised below:

- Three core groups for eligibility
- The ability to 'flex' eligibility criteria to meet local/regional needs
- Discount provided directly linked to the industry agreed measure of water poverty (e.g. if a 3% measure, then bills would be no greater than 2.9% of customer's disposable income after housing costs).

The idea for an overall charging tariff tries to link water efficiency with bill security:

"…offer customers a water meter with a guarantee that their bill will not be any higher than a pre-agreed limit (we suggest this is £x per household member, but it could be made simpler by limiting it to the unmeasured bill). The household would then be encouraged to reduce their per capita consumption (PCC) and would receive a reward for doing so (either a rebate on their bill, or vouchers etc.). This gives customers bill security, but encourages sustainable water use at the same time, with a financial incentive for those with affordability issues".
Respondent CCW22

Identification

Number of files coded = 24
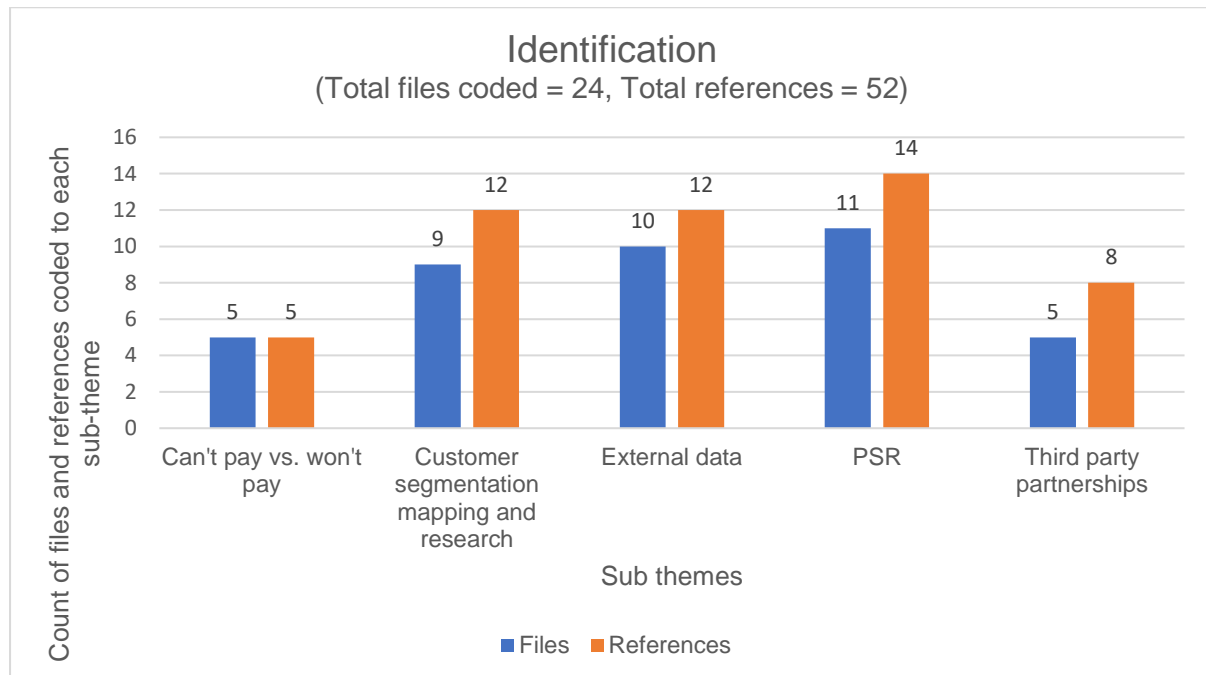*Number of references coded = 52*

Figure 82 - Visual representation of sub-themes coded to 'Identification' (excluding general comments)

PSR

Eleven respondents (29.7%) indicated that the Priority Services Register (PSR) could play an important role in identifying households in need of support, indicating that it could be used to share data responsibly, and could be improved by expanding the level of customer information held, offering more methods for registration (including friends and family), and updating the list of 'needs' to capture financial difficulty.

> *"Data sharing with a targeted approach should include identifying people to be registered for support through the PSR. However, a reform of the priority services register is required, as 'needs codes' should focus on 'needs' which would include those who are on low income and struggling financially and not just a list of a description of conditions, which limits the information recorded about customers' needs".*
> **Respondent CCW37**

> *"For the last year we have been partnering with utility industry stakeholders and clients who want to see a step change in customer service for vulnerable groups and improving identification of vulnerability by enhancing the use of the Priority Services Register (PSR).*
> *We also suggest this should be accompanied with actions to work with the energy sector ensuring financial vulnerability is captured in a systematic way by suppliers via the PSR".*
> **Respondent CCW32**

External Data

A common theme throughout this call for evidence has been the need to improve data sharing mechanisms to better identify households in need of support and to automate the

process. Respondents gave examples of areas where data sharing could be explored or improved, including:

- The 'blue badge' mobility scheme
- Household income data/ Credit Reference Agencies
- Energy suppliers and installers working to deliver ECO projects; and
- Shielding customer lists (Covid-19 specific).

> *"The key to unlocking the identification of those who are eligible without creating hurdles to demonstrate through provision of paperwork comes through data sharing. This can be applied for both renewals of customers already in receipt of support but also for proactive targeting where the data share agreement permits".*
> **Respondent CCW31**

Customer Segmentation Mapping and Research

> *"We have undertaken a large-scale segmentation analysis to understand the characteristics of our customers. Working with customer data and marketing experts… we created a set of eight key customer segments, with further sub-segments focussed on customers in most need of support. We can match each household in the region to these segments, and have included this segmentation within our billing system, enabling easy use of the information".*
> **Respondent CCW27**

Many respondents outlined the benefits of customer segmentation mapping, particularly given the changes in the affordability landscape post Covid-19, where more households are in financial difficulty, some of whom for the first time. One respondent highlighted that this type of research could allow for prevention of affordability problems when matched to other datasets.

> *"Prevention of affordability problems should be as important as looking at how to help people when they are faced with that difficult situation. This calls for a better understanding of different groups of customers and their needs, as well as understanding of the drivers of the affordability problems so that effective bespoke approaches to prevention can be considered. Prevention activities therefore should also be reflected on by this review with the aim of helping customers before they fall into financial vulnerability".*
> **Respondent CCW33**

Third Party Partnerships

It was clear from the responses under this sub-theme that many companies value the relationships they have with third-party partners, and find they are extremely effective at helping to identify customers in need of support. It was recognised that these organisations need to be funded to offer their services, which is "at odds with the retail cost to serve model".

> *"…the work required to try and engage with our hard to reach customers requires significant manual effort and 'on the ground' presence. Much can be achieved through effective partnerships, such as Citizens Advice, registered social landlords and local authorities. However, these organisations all face financial constraints and to ensure that this reach can be achieved at scale across each company region is at odds with the retail cost to serve model".*
> **Respondent CCW18**

"This effective partnership working helps us to reach out to the "struggling silent" among our customers who would not otherwise realise that they are entitled to support which could dramatically reduce their bills, and provides access to harder to reach customers who are reluctant to deal with us directly".
Respondent CCW24

'Can't Pay' vs. 'Won't Pay'

Some respondents highlighted the 'can't pay/ won't pay' argument, whereby some water companies believe certain customers may *choose not* to pay their water bills despite being able to do so as they do not face many consequences for non-payment. Views were mixed in this area, with respondents from water companies more likely to consider this to be an issue than those from other stakeholder groups.

"One of the key limitations in current arrangements is the identification of those who need help and the ability to differentiate between those who cannot pay and those who simply don't want to pay".
Respondent CCW23

"…many customers with water arrears are not avoiding payment purposefully. Recent research has shown that many households in financial difficulty would not want to default on their water bill. In a recent report from Ofgem, Consumers' experiences with energy during the COVID-19 pandemic, it was found that 40% of people would not defer their payment for water, 38% would try to reduce their spending/use, 12% said they would defer their payment and 12% said they did not know. Interestingly, water ranked higher than any other utilities for people not wanting to defer a payment".
Respondent CCW7

Support Schemes

Number of files coded = 28
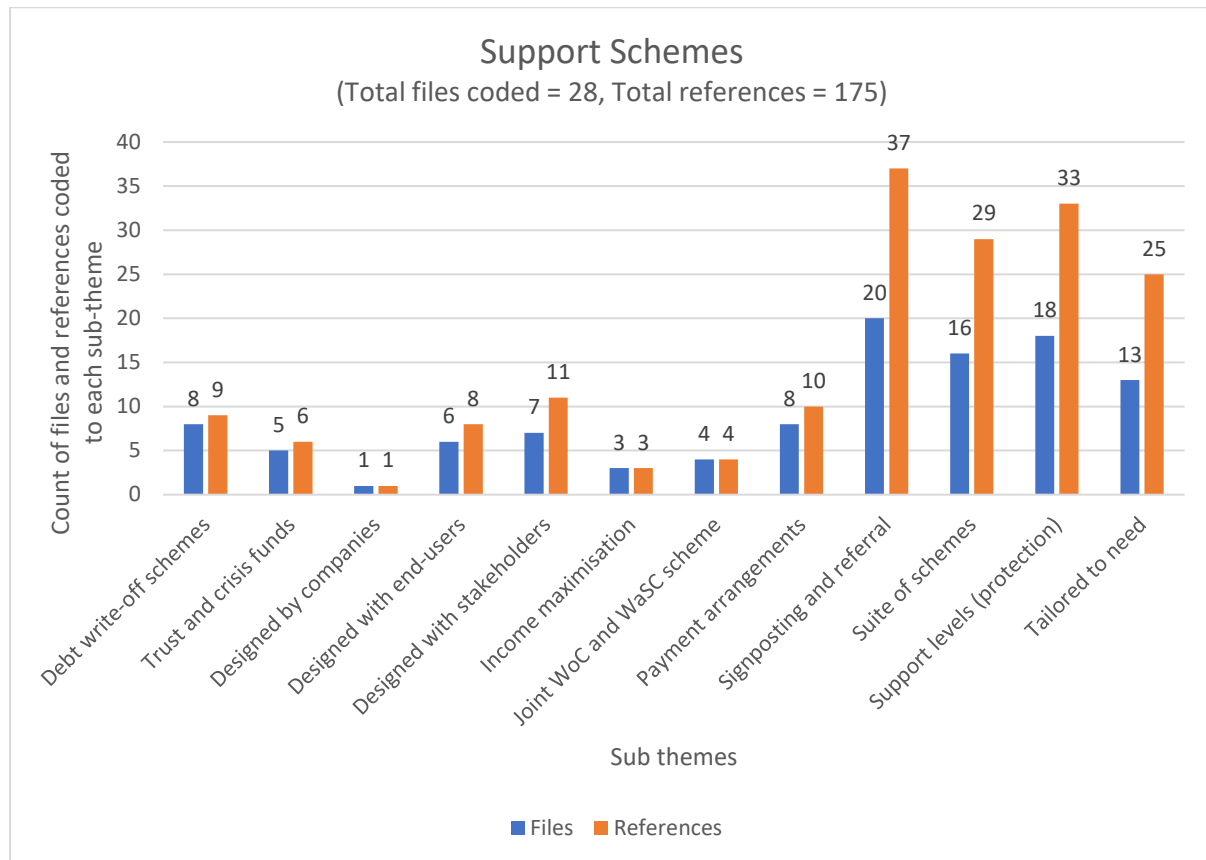*Number of references coded = 175*

Figure 93 - Visual representation of sub-themes coded to 'Support Schemes' (excluding general comments)

When considering the design of support schemes themselves, respondents discussed a wide range of aspects. The most common sub-themes have been discussed in detail in the following section. Separately, we have pulled out comments regarding a national scheme, which 22 (59.5%) respondents made explicit reference to, and comments providing specific areas for review of current support schemes.

Signposting and Referral

> *"Partnership working is an essential way of pooling resources. This can be challenging due to the vast number of small organisations. A national industry approach to partnership with charities and other support organisations could make the most of resources available".*
> **Respondent CCW14**

37 references to signposting and referrals were made by 20 respondents to the call for evidence. AS seen through comments with advertising and promotion of affordability support, many companies feel that partnerships are vital to delivering positive outcomes for customers and identifying those in need of support. Comments under this theme highlighted the need for two-way referrals, both into the water company for affordability support, and outbound for support with other identified needs.

> *"It is our understanding that all water companies in England and Wales recognise their limitations in how far their support can improve a customer's overall financial*

*situation, and all respond to this by making onward referrals to debt
charities and other support agencies as appropriate. Expanding referral networks
to meet multiple needs is important in delivering holistic outcomes for customers,
and companies should be encouraged to do so".*
Respondent CCW22

*"Support should not be limited to financial help. Referrals to third parties like
Citizens Advice can provide quality advice on wider financial issues and support
people to access other sectoral support schemes for people in vulnerable
circumstances".*
Respondent CCW29

However, one respondent was opposed to these types of partnerships being funded by
water companies, stating:

*"The current review will need to be courageous in tackling the issue that water
companies are not the ideal mechanism for providing support to people in need;
encouraging water companies to provide help with water bills (which is their
proper concern) should not be allowed to stray into debt counselling, welfare
rights, social care or health care, all of which are properly handled by other
government departments and NGOs better equipped for it than water companies,
and should not be funded by water customers".*
Respondent CCW17

Support Levels (Protection)

18 respondents (48.6%) discussed either the level of support which should be provided for
any new or re-designed schemes, or the requirement to ensure that those currently receiving
a higher level of support would be protected should future changes reduce the level of
discount.

*"Consideration must be taken of any incidence effects of transitioning customers
to any new scheme and protection put in place for any customers that may no
longer qualify".*
Respondent CCW13

*"A move for example from a 60% to 30% level of discount would have the impact
of doubling a customer's bill despite still providing a headline discount over
standard charges. We would suggest current arrangements are retained for these
customers".*
Respondent CCW10

Some respondents highlighted how the lack of consistency in support levels is unfair and
affects customer confidence, and examples of schemes provided by water companies in
their responses highlight this issue further with a wide range of support levels/ discounts
provided. Several respondents suggested a sliding scale of support would be the most
appropriate, maximising the funding to support as many customers as possible. However,
some respondents still suggested that simplicity was the most important thing, and therefore
the level of discount should be the same for everyone.

*"The sliding scale approach allows for funding to be fully maximised and for
support to be provided at a level appropriate to the customer's needs. (For
example, a 90% discount on a £400 bill would cost £360. For the same cost, three
households could be supported with a £120, or 30%, discount which would
adequately meet their needs)".*
Respondent CCW22

"Will the economic impacts of CV-19, mean those struggling to pay who might not get support, as over the household income threshold, mean they don't support future increases in research. Therefore, should social tariffs be extended to higher household incomes on a sliding scale – e.g. under £16.3k get a 50% discount and up to £20k get a 20% discount".
Respondent CCW9

"We have witnessed other companies with tiered levels of support seeing most customers ending up on the highest level of support. Customers and third sector advisors would naturally attempt to achieve this, and it has hard to audit data to deny the highest level of support".
Respondent CCW31

"We support additional work to review a 'fixed' price social tariff used by all companies and the requirement for customer to support for such tariffs. This could result in a standard priced water bill for all customers who qualify and therefore remove the current post-code lottery of support and remove the requirement to conduct customer research every time a change to the cross-subsidy is proposed".
Respondent CCW8

Suite of Schemes

Respondents were very clear that while it is natural to discuss social tariffs as the main form of affordability support in water, they are not the only solution. Many responses included other examples of support schemes and suggested that a suite of schemes is necessary to ensure the right service is offered to each customer.

"This breadth of support is a strength of the current arrangements that should be retained; while much focus inevitably falls on social tariffs, they are not the only tool for addressing affordability challenges and in many circumstances may not be the right tool to use".
Respondent CCW20

"The UKWIR report, "Defining water poverty and evaluating existing information and approaches to reduce water poverty", recognises that there is a range of influencing factors that impact customers' ability to pay, and recommends a toolkit approach that is not solely reliant on social tariffs, and which supports companies in ensuring their affordability strategy reflects the particular drivers and trends within their regions".
Respondent CCW24

Tailored to Need

"The delivery of effective support requires a willingness to move away from a 'one size fits all approach', recognising customers' unique circumstances on a case-by-case basis and putting measures in place that are appropriate and fair".
Respondent CCW11

All 13 respondents who made reference to the tailoring of affordability support did so in recognition of there being no 'one-size-fits-all' solution to affordability problems. They discussed the need for a range of solutions, some of which would be direct financial support measures, but others which would be more focused on educating customers to use less water to reduce their bills.

"There is no single solution that will bring all of these customers out of water poverty, for some metering alone will provide sufficient reduction to their bills.

*Others will be lifted out of water poverty through a combination of water
efficiency measures and income maximisation. For those households still in water
poverty at this stage (c.40% on a pre-COVID assessment) a social tariff will be
applied.*
Respondent CCW24

Payment Arrangements

Several respondents discussed the range of payment frequencies and methods required to truly tailor support to individual circumstances. Many referenced the Covid-19 response, highlighting the number of households accessing payment holidays, and the introduction of 'breathing space'.

> *"Support for customers in financial distress should also include greater flexibility
> and innovation around billing and payment methods. For example, billing at
> shorter intervals, instead of annually or bi-annually, has the potential to reduce
> outstanding amounts for customers; this will help them to cope better when they
> are faced with multiple payment demands. There is scope for companies to do
> even more in terms of offering people flexibility in how they pay their bills. For
> example, allowing customers to pay more in some months and less in others has
> the potential to help complement peoples' irregular incomes".*
> **Respondent CCW33**

> *"We believe that agreeing affordable repayment plans aligned to the customer's
> circumstances and reviewed as frequently as required is the most beneficial way
> to help customers reduce debt. Both Breathing Space and Payment Breaks work
> well in providing a customer with an appropriate amount of time to either formulate
> a repayment arrangement or to cover unexpected financial difficulties".*
> **Respondent CCW8**

Debt Management (Write-off schemes and trust/crisis funds)

There were mixed views on debt management, with some respondents feeling water company involvement should be limited only to the water debt, and others feeling that the company has a responsibility to have in place referral services for wider debt issues.

> *"It is reasonable that water companies should provide financial support for
> customers in debt to the company or facing financial vulnerability that threatens
> non-payment. The question is how much further the community at large should
> want them to go".*
> **Respondent CCW17**

Many respondents highlighted the payment matching schemes as best practice and suggested that all companies should offer these at a minimum. Some offer this support through trust funds or crisis funds, with mixed preferences in the responses analysed.

> *"Compared with restart schemes, trust funds have more complex criteria and
> processes. Clients may require significant help to complete an application and will
> not know the outcome of that decision for some time. Inevitably, given the nature
> of trust funds, there is an element of value judgement about which customers are
> most deserving. This, along with uncertainty about outcomes, can be off-putting
> for potential applicants. On the other hand, trust funds provide independence from
> the company. They can be used to support customers with particularly complex
> situations, provide extra financial assistance beyond debt write off and can be a
> vehicle for funding debt advice".*
> **Respondent CCW30**

It was also suggested that more could be done to ensure that debt teams and vulnerability teams within water companies can work together better, "ensuring that vulnerable customers in debt do not experience harsh debt collection activity".

> *"In recent years Ofwat has given more autonomy to the water sector in how they manage customer debts. The rationale being that balancing the debt books is up to each supplier. However, [we have] seen a growing rise in the number of water companies using High Court Enforcement as a regular method of debt collection. This is a heavy-handed form of debt collection and can cause much distress to individuals. Moreover, in [our] experience there is very little collaboration between Vulnerability and Affordability teams and Debt Management teams with suppliers. This can see low-income households receiving County Court Judgments (CCJs) or experiencing High Court Enforcement, when due to level of household income, this is not an appropriate way of engaging with the customer and enforcement fees exacerbate the debt situation".*
> **Respondent CCW7**

Designed by…

The question of *who* should design affordability support schemes was approached by 14 respondents. 50% of those believed the schemes should be designed with stakeholders, 42.8% either designed by, or tested with, end-users, and only one respondent indicated that it was the role of the company to design schemes.

> *"We maintain our long-held view that water companies are best placed to design and implement social tariffs through their charges schemes".*
> **Respondent CCW21**

> *"Any recommendations made within the context of this review should be tested with customers. This is to ensure that changes are made 'with' householders, and not 'for' householders; whilst stakeholders are often well placed to comment and advise on changes on behalf of customers, they cannot be truly representative of all customers. Therefore, appropriate testing with customers will provide additional confirmation that the recommendations for future affordability support schemes are suited to meeting customer needs".*
> **Respondent CCW22**

> *"Working with partners can have many benefits, including helping to co-create solutions, informing support scheme and tariff design, and acting as trusted intermediaries. This role of being trusted intermediaries is particularly important, as companies recognise that some financially vulnerable consumers may prefer to reach out to third sector organisations rather than their water company or other creditors".*
> **Respondent CCW20**

National Scheme

Of the 22 respondents who explicitly gave an opinion on a national scheme for affordability support, only three (13.6%) offered arguments against this approach.

> *"There is an inevitable temptation to assume that fairness dictates a nationally uniform provision of support. The same argument could be applied with much more force to the provision of the water itself - but we do not manage it that way in the UK. The water itself, as well as its purification and delivery, differs geographically, and variation in the provision of support for the vulnerable should be consistent with every other part of the business. The regulator should make sure that minimum standards are guaranteed in this as in all areas of provision, but the water companies should continue to use their individual judgement and*

initiative to devise local solutions".
Respondent CCW17

"There is a danger that a national scheme could result in the "lowest common denominator" of support, whilst potentially having the breadth or simplicity of application but lacking the ability to focus meaningful and significant levels of support for those most financially vulnerable".
Respondent CCW10

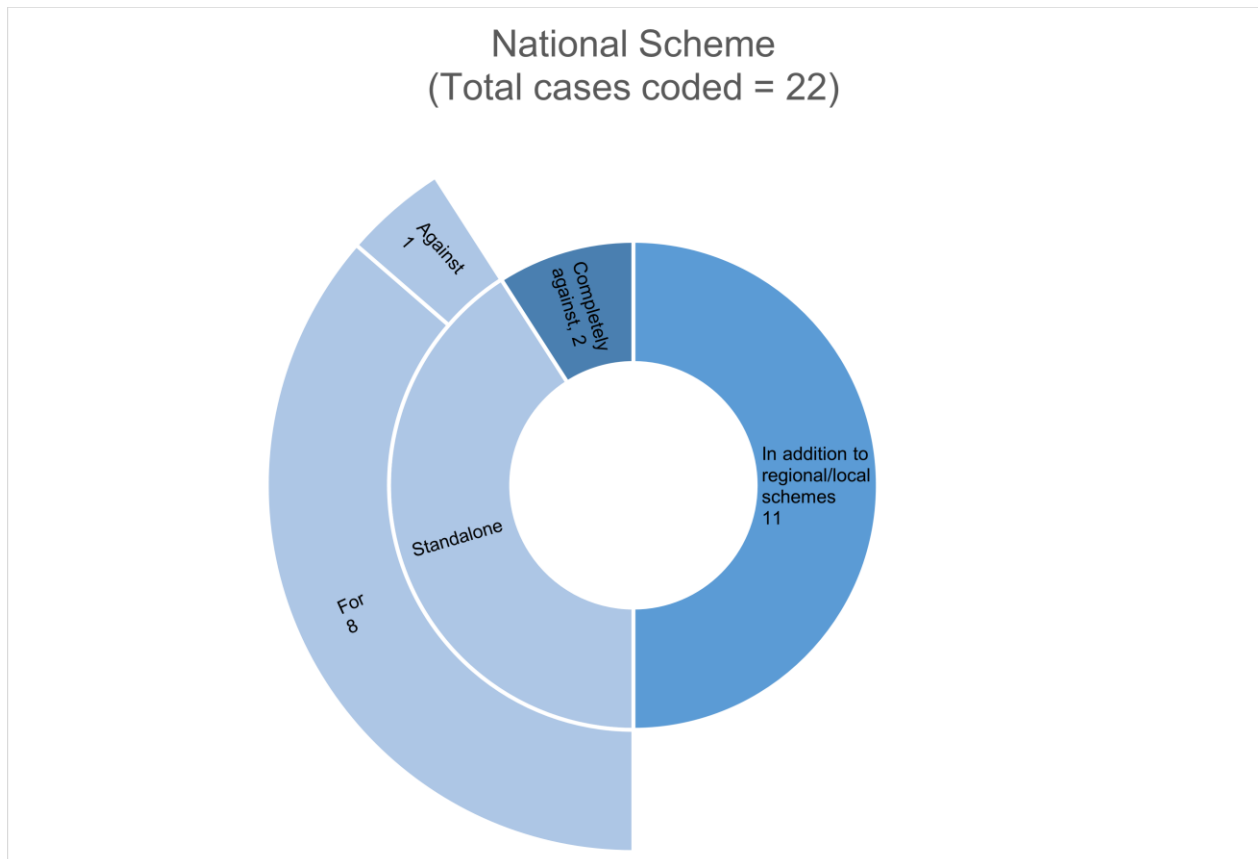National Scheme
(Total cases coded = 22)

Figure 104 - Visual representation of views on a national scheme, as coded to 'Support Schemes'

Of the respondents indicating they were in favour of a national scheme, 42.1% favoured a standalone scheme, whereas the majority (57.8%) showed preference for a national scheme to be introduced *in addition* to local/regional schemes.

"Any national tariff or scheme could be accompanied by a suite of enhanced locally developed support to tackle cases of more severe hardship".
Respondent CCW13

"We advocate for all companies to offer a common minimum level of support for those in financial difficulties, while providing companies with the flexibility to tailor their approaches to adapt to local need beyond a given minimum level of service. Importantly, required minimum service levels or rather 'levelling up' should tackle all six drivers of water poverty, not just apply to social tariffs".
Respondent CCW34

"We would advocate an approach based on centralised funding and a single central design for social tariffs. This would permit costs savings, provide a fairer basis for cross subsidy, and allow for the creation of a single scheme and brand to take proper advantage of promotional opportunities."
Respondent CCW30

This lends itself to the introduction of a set of minimum standards, with flexibility for companies to address more local issues as required.

"Perhaps the simplest framework would be to agree a minimum standard of support and minimum eligibility thresholds, with companies having the freedom to go above and beyond should they be able to".
Respondent CCW23

Review of Current Schemes

Respondents outlined specific areas of both WaterSure and Water Direct which should be reviewed as part of this process. This included:

- Water Direct

"Unfortunately, the administration of the scheme is not as efficient as it could be. Applications can take weeks to be assessed, making simple changes (such as a change of address) requires the whole process to be re-started, payments are sometimes stopped with no notification and it is impossible to make urgent changes if errors have been made (which can sometimes lead to customers having too much taken out of their benefits). If improvements could made to the running of this scheme it would definitely help customers who are perhaps more chaotic in relation to managing their finances to reduce, and stay out of, debt".
Respondent CCW23

"DWP policy makes this service available to customers who are in arrears with their water bill by >£50. Customers who struggle to budget and want to remain out of arrears are not allowed to use the DWP Water Direct payment service. We know that this can cause unnecessary stress and anxiety to customers and can lead them to missing payments so that they may then become eligible to benefit from the use of Water Direct. We believe that all customers in receipt of benefits should be offered the DWP Water Direct payment service".
Respondent CCW8

- WaterSure

"The current requirement of documentary evidence to support eligibility for WaterSure acts as disincentive for some customers to progress their applications. Despite repeated follow up by companies, these customers simply drop out of the process. Relaxing this approach would ensure that more people received the support they are entitled to".
Respondent CCW18

"We would like to see consideration to either an extension of the WaterSure scheme to make it more inclusive, or development of a new scheme for those with high medical water usage… The process for applying for WaterSure could be made more accessible by adding a banding approach offering incremental levels of support up to fifty percent. This ideally would be weighted to income deprivation".
Respondent CCW25

"The WaterSure bill capped should be changed from 'the company's average household bill level' to 'the company's average metered household bill level'. This would lower the water bills for all WaterSure households and stop the transfer of

households from WaterSure to Social Tariffs as the latter are lower".
Respondent CCW28

Sustainability

Number of files coded = 24
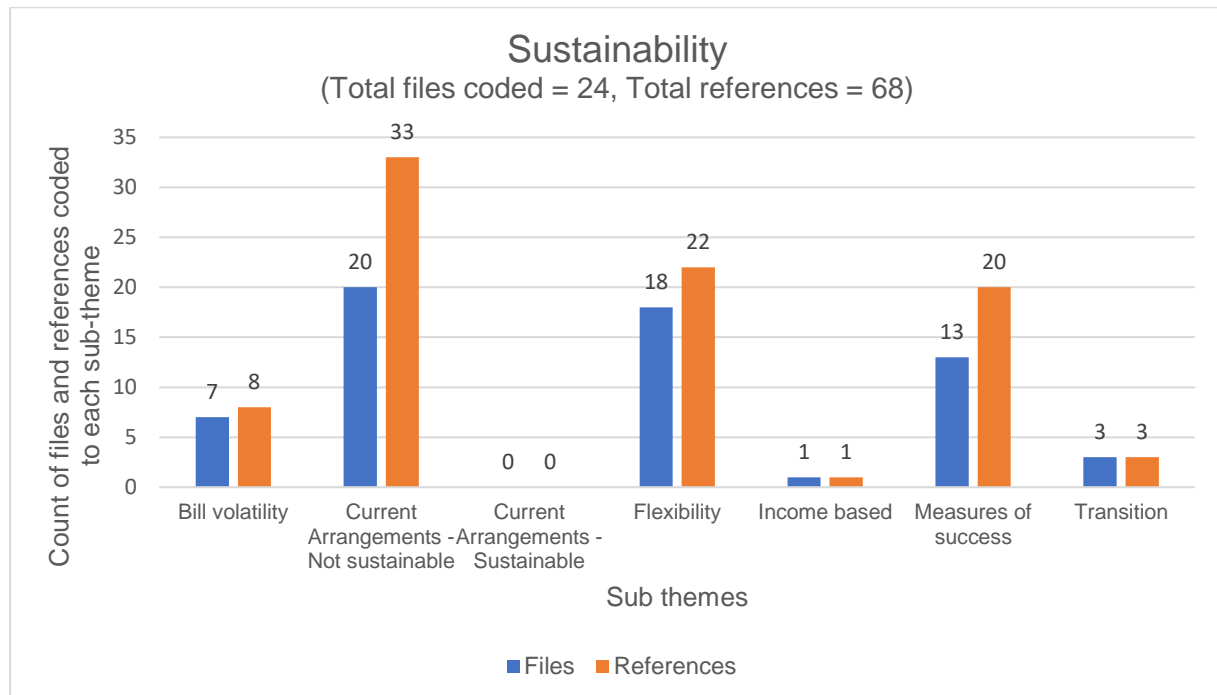*Number of references coded = 68*

Figure 115 - Visual representation of sub-themes coded to 'Sustainability' (excluding general comments)

When asked if the current arrangements were sustainable, 20 respondents (54.1%) explicitly stated that the current arrangements *are not* sustainable. Reasons included:

- The current funding arrangements will not meet future demand
- Future projections of social tariff growth may be exceeded, and companies may not be able to gain support for additional cross-subsidy
- The volume of customers needing support already exceeds the funding available
- Some companies are already funding shortfalls for social tariff funding
- The level of social tariff support (for cross-subsidy) falls as deprivation increases
- The pandemic has exacerbated already existing challenges.

> *"We do not believe the current arrangements are sustainable or capable of meeting likely future needs. We know the pandemic has put so many more people at risk and companies have to support a growing number of people in transitional vulnerability, as well as those with long term deep complex needs".*
> **Respondent CCW37**

One respondent did say that current arrangements *may* be sustainable, but it was caveated with this not meeting the needs of customers. This was felt to be a contradiction, and so was not coded to the 'current arrangements – sustainable' sub-theme.

> *"The current arrangements may be sustainable as far as [we] are concerned (in terms of the room for manoeuvre in relation to the design of our social tariff) but the issues flagged earlier in this response means that maintaining the status quo would not be delivering the best outcome in terms of meeting the needs of financially vulnerable households. Therefore we believe that changes do need to be made to ensure there is a more robust framework that allows the financially vulnerable to be more effectively supported".*

Respondent CCW23

Additionally, respondents provided comments based on 'bill volatility', 'flexibility', and 'measures of success', which have been explored in further detail below.

Bill Volatility

Several respondents outlined the requirement to keep bills as stable as possible for customers, to help them with budgeting and avoid bill shock. This was discussed in the context of future price reviews, and also in regard to monitoring bill levels for increased water usage or leaks.

> *"In addition to income volatility, metered customers can also face bill volatility. While water bills are relatively stable from one month to the next under normal circumstances, volatility could occur as a result of billing issues which lead to a back-bill or an erroneously high bill for example. In addition, when a metered customer experiences a water leak which significantly increases their water use. This can have similar implications as income volatility for those customers who are close to facing affordability challenges under normal circumstances. Some bill volatility may have arisen because of increases in water use as a result of Covid-19".*
> **Respondent CCW34**

> *"We believe that it is important that low-income households have certainty over the support that their water company can provide and therefore it is vital that we take this opportunity to establish a long-term sustainable funding model".*
> **Respondent CCW18**

Flexibility

> *"This review must therefore consider the adaptability of support in order to respond to an ever-changing world".*
> **Respondent CCW14**

Respondents highlighted how the current arrangements allow for companies to be flexible in the support they provide in order to meet local/regional needs.

> *"The flexibility of a toolkit approach has allowed companies to respond to the impacts of COVID-19 in an agile way that reflects the varying degrees of economic impact that the pandemic and associated lockdowns have had on household finances".*
> **Respondent CCW24**

It was clear that this is something many respondents feel future schemes should retain; flexibility should allow for meeting local/regional needs, also allow for exceptional circumstances to be met and also give companies the ability to adapt the support as customer needs change.

> *"It is very difficult to design support schemes flexible enough to take account of exceptional situations, but one approach could be to accept referrals from advice and support agencies backed by a Standard Financial Statement (SFS) demonstrating an income deficit as an exceptional route, outside of normal criteria".*
> **Respondent CCW30**

Measures of Success

Many statements were made which could be considered a 'measure for success'. These have been collated below and could be used to test potential solutions before making recommendations. Some degree of weighting may want to be applied.

- Avoid a situation where customers currently receiving support are no longer eligible.
- An affordable bill should be provided to all customers regardless of where they live.
- Services should be accessible to all.
- Customers should be able to access the same level of support (or at least a minimum level) regardless of where they live.
- Help those most in need, starting with the worst first.
- The funding mechanism should not disproportionately affect low-income households.
- Data sharing opportunities should be maximised.
- Services should be sustainable and able to adapt to changing needs.
- Support levels should not depend on levels of customer generosity.
- Greater clarity in who is responsible for what aspects of social tariffs.
- Solutions should support increased investment for future generations of customers.
- Have an appropriate balance between schemes meeting local circumstances and moving towards a more standardised approach.

Water Poverty

Number of files coded = 17
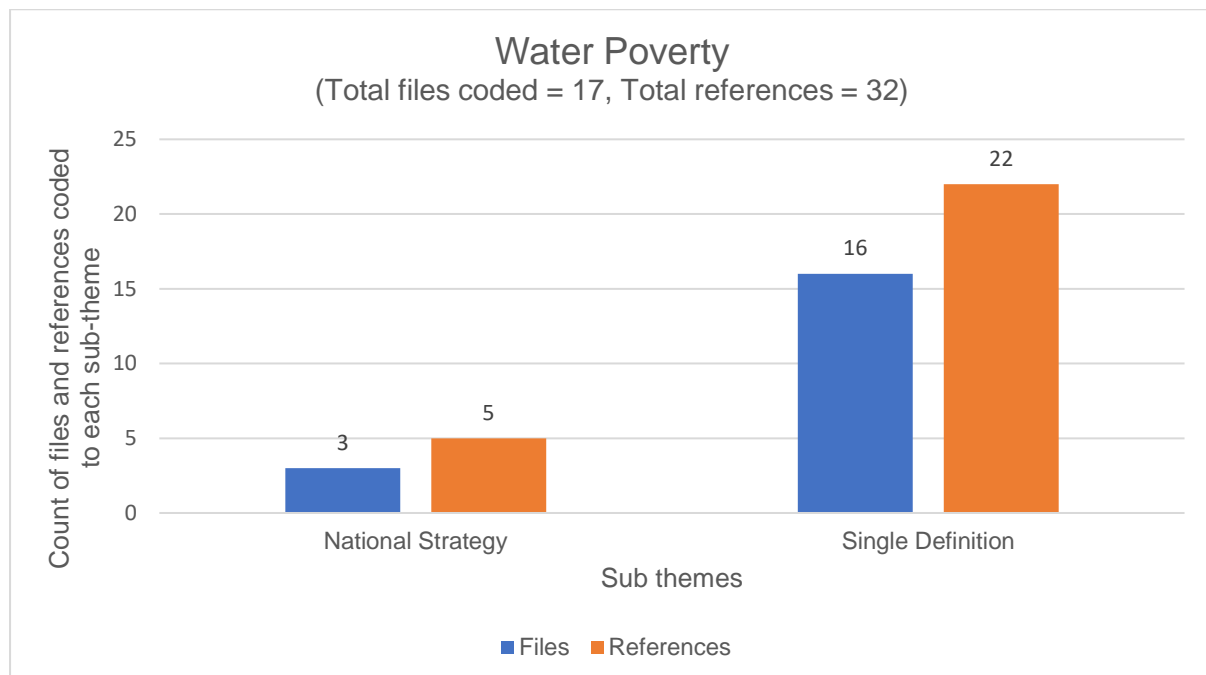*Number of references coded = 32*

Figure 16 - Visual representation of sub-themes coded to 'Water Poverty' (excluding general comments)

> *"Water poverty is conventionally defined as households spending more than 3% and 5% of their net income after housing costs on water. Water bills have risen faster than general prices and faster than earnings since privatisation. In 2018/19 21% of households paying for water in England and Wales were spending more than 3% of their income on water and sewerage and 10.0% were spending more than 5% of their income".*
> **Respondent CCW1**

Single Definition

16 respondents (43.2%) made a case for a single definition of water poverty in the UK. Respondents referenced the work underway via the Public Interest Commitment (PIC) to achieve this and suggested that progress towards reducing the number of customers in water poverty is a better focus than "raw numbers of customers on social tariffs".

> *"We believe that the water industry should amend its focus on achieving raw numbers of customers on social tariffs, and transition to a % of customers in water poverty approach. Whilst this approach incorporates numbers of customers on social tariffs as a factor it develops a more holistic approach to supporting customers. We believe that the Water UK work as part of the Public Interest Commitment to develop a common definition of water poverty within England and Wales is a good start to this transition".*
> **Respondent CCW21**

> *"…we fully support the work being undertaken through Water UK and UKWIR to define a common measure of water poverty and to develop an industry understanding of the key drivers of affordability. This would support companies to work together to understand the potential future pressures on financially vulnerable households and develop a range of flexible solutions".*
> **Respondent CCW24**

> *"To improve the identification of customers the delivery of support should be focused on eliminating Water Poverty across the sector (those customers paying >5% of income on bills) rather than on absolute number of customers supported through schemes".*
> **Respondent CCW26**

National Strategy

While recognising the work which is ongoing in this area, some respondents still highlighted the need for a joined-up strategy to address water poverty. It was suggested that this strategy should be at Government level to encourage progress in this area.

> *"…we believe that an industry definition of, and objective metric for measuring water poverty, supported by a water poverty strategy endorsed by government would allow the water sector to work with a shared understanding of the issues and drivers of financial vulnerability and would improve the ability of companies to collaborate on sharing best practice and developing innovative support mechanisms that can be flexed to adapt to regional differences".*
> **Respondent CCW24**

What Works Well

Number of files coded = 18
Number of references coded = 36

The call for evidence asked respondents to list what they think works well in the sector currently. Respondents stressed it is important to recognise and retain best practice wherever possible, and not reinvent the wheel if something is working well.

> *"Great progress has been made over the last few years, by us and the industry collaborating to support customers in financial hardship; but we accept that more is needed to improve outcomes for customers".*
> **Respondent CCW8**

Many comments in this area were specific examples of water company schemes, often provided by the companies themselves. Reference to specific social tariff schemes have been removed, and the examples collated in the list below:

- Flexibility of approach works well; "the wide range of support made available by water companies to tackle these different drivers of water poverty… shows that no one measure tackles all the drivers".
- "A variety of support arrangements, dedicated resource and a clear focus works well internally".
- Collaboration with other companies within a region (including health organisations, NHS trusts, and other utility companies) has resulted in wider reach of promotional material.
- A good understanding of issues customers in vulnerable circumstances face, and a clear willingness to help those with affordability issues.
- Payment matching schemes should be considered as cross-sector best practice.
- Schemes supporting customers with income deficits are best practice, as are lowest bill guarantees.
- "The general growth in bill support has been a positive feature of recent years and has helped to embed water affordability advice within debt advice".
- "The guidance behind social tariffs has allowed a range of social tariff propositions to be developed and lessons shared within the industry".
  "Importantly, households don't face the risk of their service being disconnected if they fall behind with their water bill payments and we believe this is critical for such an essential service as water".

![CCW logo]

The voice for water consumers
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