

A woman with voluminous curly brown hair is sitting on a light-colored sofa. She is wearing a white ribbed t-shirt and is looking down at a black smartphone held in her hands. The background is a bright, modern interior with a white wall and a decorative screen.

# ccw

The voice for water consumers  
Llais defnyddwyr dŵr

[ccwater.org.uk](http://ccwater.org.uk)

# ccw

Independent review  
of water affordability



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## Independent review of water affordability

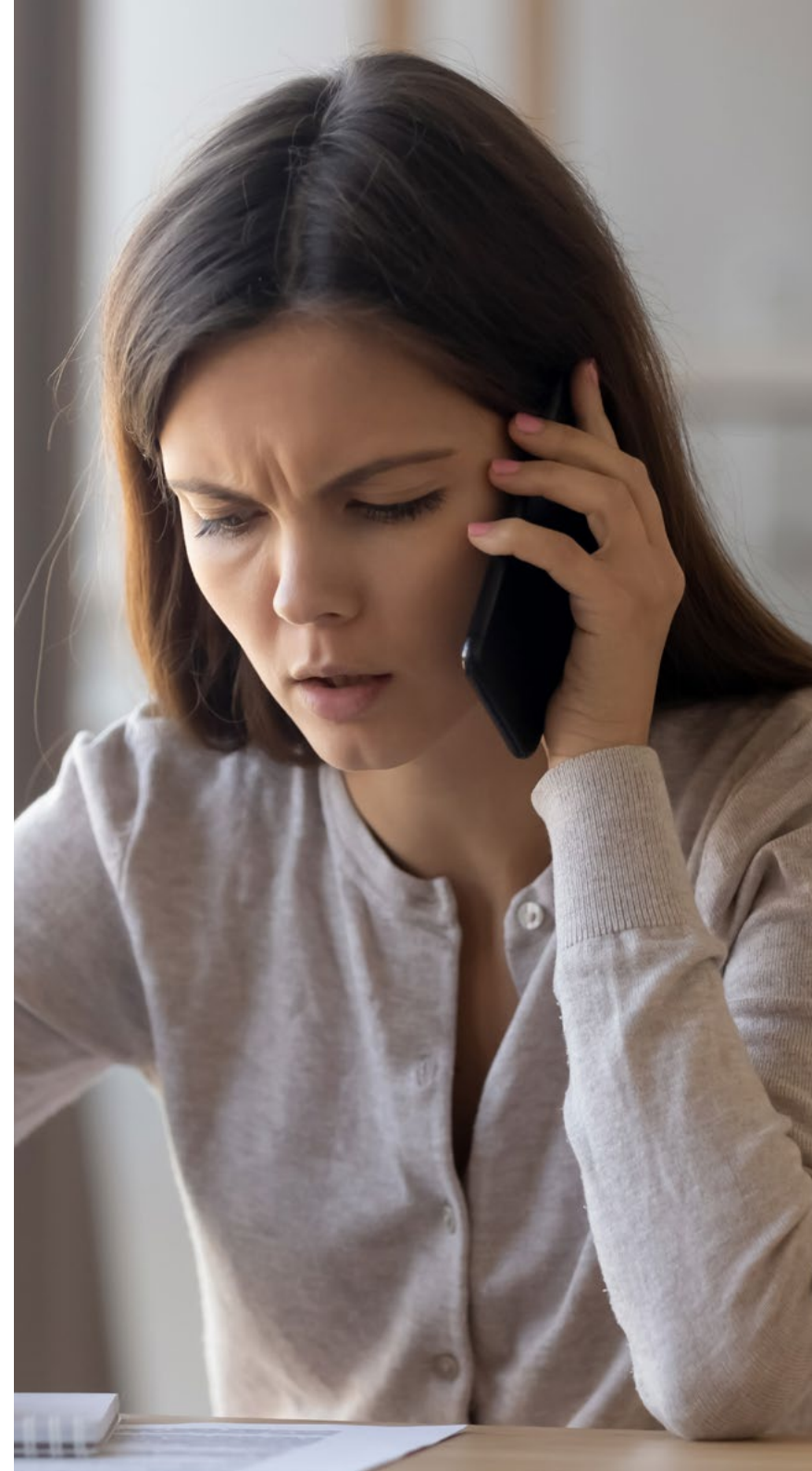
# Affording water: An introduction to this review

Our lives depend on water and so does the world around us. Water is so fundamental to our daily lives that it's considered a **basic human right**, with the provision of safe, sufficient and affordable water directly linked to the health, dignity and prosperity of communities across the world.

Although we all rely on water, not all of us can afford to pay for it. **CCW's Water Matters Research 2019-20** showed that one in ten customers in England and one in eight in Wales considers their water bill to be unaffordable, a figure that could still increase due to the economic consequences of the coronavirus pandemic.

For many, this struggle forces difficult choices, ones we don't think anyone should have to make. Many household customers aren't aware that their water supply can't be disconnected if they fail to pay their bill, and we know from CCW's **Living With Water Poverty research** that some customers continue to pay for their water and sewerage services even when they can only afford to do this by sacrificing other necessities such as heating, clothing and food.

They can fall into arrears, leading to a worsening of their overall financial circumstances. They may face civil legal recovery action, including: visits from bailiffs, County Court Judgements (CCJs) and damage to their credit ratings. Some households can find themselves in a downward spiral of debt.



**Covid-19** has added extra pressure on many people's household finances. The outbreak of the coronavirus in 2020 is just one example of how people's circumstances can change rapidly due to unexpected or unplanned external factors. With the full extent of the financial impact of Covid-19 still unclear, **the help offered to people by financial assistance schemes is now more vital than ever.**

“

Household customers cannot have their water supply disconnected for failing to pay their bill.

However, falling into arrears can lead to a worsening of their overall financial circumstances.

CCW





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## Independent review of water affordability

# Affording water: An introduction to this review

Although the experiences we've mentioned before can affect anybody at any time, the help and support that's available to water customers varies greatly depending on whereabouts in England or Wales they live.

Each water company offers a different combination of financial and practical support, meaning customers in some areas receive more help than their counterparts in other regions. We don't think this situation is fair, meaning that the current range of solutions isn't fit for purpose.

Companies have made significant progress over the last decade in implementing measures to supporting financially vulnerable customers. Our review identified a number of areas where that support could be strengthened.

### In particular:

- The range of assistance offered by companies can be further improved and tailored to customer needs
- Much can be done to improve awareness of, and ease of access to, support schemes, and to overcome barriers that prevent customers getting the help they need
- In their current form, social tariff schemes, which reduce bills for the lowest income households, can't help everyone that needs help (and are at risk of not being able to meet the need arising from the economic impacts of the pandemic). They also provide different levels of support to different customers based on where they live.

The review has identified a series of recommendations and actions to address these problems.



As the independent voice for water consumers in England and Wales CCW was asked by the UK and Welsh Governments to undertake an independent review of the current affordability support for financially vulnerable water customers in England and Wales. This review was asked to identify if changes to existing measures, their financing and delivery mechanisms could provide greater benefits to consumers facing financial pressures.

This review has explored the effectiveness of the current support on offer, researched alternatives and made a series of recommendations of how – with the help of Governments, regulators, third-sector organisations and water companies – it could be improved. You can find out more about the structure and governance of this review on [page 11](#).

While this review focuses on water poverty, we hope that some of the solutions proposed in these recommendations will help put money back into people's pockets, helping them to maximise their income and making a positive impact on more than just their water bill.



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'.

**Auriga Services**

### What is water poverty?

Water poverty describes the situation where a household struggles to pay their bill due to low income.

CCW explored water poverty levels when assessing the current schemes to understand the current gap in support and to identify if the current scheme is targeting customers who are most in need of support.

We concluded that low income households spending more than 5% of their income (after housing costs) can be considered to be facing water poverty and in need of help with their bill.

You can find a full list of the review's recommendations [here](#).



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## Independent review of water affordability

# Summary of recommendations

This review makes 10 recommendations, which are summarised here along with what action should be taken – and by whom – to make each one a reality.

As an active and vocal consumer body, CCW aims to be a positive catalyst for change and will work with the sector to make these recommendations happen.

Customers should be given greater choice and control over how they pay their water bill.

Companies should, wherever possible, take appropriate action, tailored to a customer's individual needs, with the aim of preventing financial difficulty.

Debt support should be based on a customer's individual circumstances and ability to pay.

A range of wider support options should be offered. These should have clear, consistent eligibility criteria and be easily accessible for all customers, with co-design principles being adopted.

All available funding streams should be maximised to enable water companies to provide the most effective affordability support for customers.

Introduce a sustainable, single social tariff to eliminate water poverty in England and Wales at the 5% level. This tariff should have consistent eligibility criteria and be easily accessible to all customers.

Customer communications should be clear and accessible.

Water companies should take a proactive approach to identifying those customers who may need support.

Water companies should improve their understanding of their customers and the communities they serve, through research, engagement, and increased transparency.

Through information and data sharing, companies should increase the information they hold to improve the identification of customers in need of financial support.





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## Independent review of water affordability

# Summary of recommendations

When suggesting timescales for these actions, we have defined:



**Immediate**  
(and ongoing)



**Short term - 12 months**  
as meaning within the next 12 months



**Medium term - 3yrs**  
as within the next three years



**Long term - 3-6yrs**  
as between three to six years from now

Recommendation	Actions to deliver recommendation	Timescale
<b>Customers should be given greater choice and control over how they pay their water bill.</b>	A wide range of payment methods should be offered by water companies, retaining existing methods and making use of emerging technologies (for example, apps and electronic payment options), to allow customers to choose what works best for them.	Immediate (and ongoing)
	Making use of self-service technologies, water companies should give customers the flexibility to manage the amount and frequency of their payments.	Short term
	Where practical, such as where smart metering is deployed, water companies should give customers the option to receive more frequent bills.	Medium term
	UK Government should amend the Water Direct scheme to allow it to be offered as a payment option to all customers in receipt of benefits - not just those who are in debt.	Medium term
<b>Companies should, wherever possible, take appropriate action, tailored to a customer's individual needs, with the aim of preventing financial difficulty.</b>	At the first indication that a customer is "struggling to pay", water companies should offer holistic debt advice or an income maximisation review.	Short term
	Water companies should ensure that water efficiency forms part of their affordability strategies by linking messaging and identifying options to provide targeted and enhanced interventions, to take advantage of emerging technologies.	Short/ Medium term
	Water companies should offer a 'long term' lowest bill guarantee for low income, low usage customers who may be reluctant to move to a water meter.	Medium term
	Ofwat should introduce a customer-focused license condition which includes measures to ensure companies take into account a customer's ability to pay and how it affects their customer journey (for example, when chasing debt, or determining how long to spread repayment following payment breaks).	Medium term



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## Independent review of water affordability

# Summary of recommendations

Recommendation	Actions to deliver recommendation	Timescale
<b>Debt support should be based on a customer's individual circumstances and ability to pay.</b>	Ofwat should review its debt guidance to companies. The revised guidance should reflect cross-sector best practice and include minimum standards. A consistent means of assessing a customer's ability to pay should be established and a consistent approach to the actions taken as levels of debt increase.	Medium term
<b>A range of wider support options should be offered. These should have clear, eligibility criteria and be easily accessible for all customers, with co-design principles being adopted.</b>	Water companies should write off a minimum of 5 weeks' charges for social tariff applicants if they are also waiting for a Universal Credit claim to be processed.	Short term
	An industry-wide approach to crisis support funds should be agreed by all water companies, and this should adhere to consistent operating principles.	Short term
	A 'self-service' model for all WaterSure reconfirmations should be adopted by water companies, with random auditing.	Short term
	Those with long-term medical needs who need to use high volumes of water 'for life' should only need to reconfirm their income every year, and not their medical conditions.	Short term
	All water companies should operate a simple application process that covers all support schemes.	Short term
	Water companies should consider capping WaterSure bills at the average metered household bill level (rather than overall average bill level).	Short term/ Medium term
	Improving water affordability should be considered by water companies, Ofwat and CCW when exploring future options for alternative tariffs and charging structures.	Medium term



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## Independent review of water affordability

# Summary of recommendations

Recommendation	Actions to deliver recommendation	Timescale
<b>All available funding streams should be maximised to enable water companies to provide the most effective affordability support for customers.</b>	All water companies should commit to making a contribution to pay for wider affordability support. This could cover: <ul style="list-style-type: none"> <li>• Moving WaterSure cap to average metered bill levels</li> <li>• Writing off charges during the Universal Credit application process</li> <li>• Improving crisis funds</li> <li>• Providing debt advice/income maximisation reviews</li> <li>• Setting up and administering a single social tariff.</li> </ul>	Short term
	The outcomes of all projects funded by Ofwat's Innovation Competition Fund should include an impact assessment in relation to financial and wider vulnerability.	Short term
	Water companies should consider giving customers the option to make voluntary donations towards helping those who can't afford their bills.	Medium term
	Restorative justice is where a company funds something of benefit to the community to make good for something it has done wrong. Where appropriate Ofwat should apply the restorative justice approach instead of fines through a transparent process, which allows for redress to be used to support financially vulnerable households.	Medium term
Recommendation	Actions to deliver recommendation	Timescale
<b>Introduce a sustainable, single social tariff to eliminate water poverty in England and Wales at the 5% level. This tariff should have consistent eligibility criteria and be easily accessible to all customers.</b>	UK Government and Welsh Government should temporarily relax the need for companies to demonstrate customer acceptability for funding through bills where needed to address a surge in demand due to the economic impact of Covid-19.	Short term
	UK and Welsh Governments to lead the industry in co-designing and implementing a single social tariff. Water companies should consider funding the setup costs for the scheme.	Medium/long term
	Government should put in place a source of funding sufficient to enable the eradication of water poverty at 5%. If customer funding is used then one central pot for England and Wales should be created.	Medium/long term





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## Independent review of water affordability

# Summary of recommendations

Recommendation	Actions to deliver recommendation	Timescale
<b>Customer communications should be clear and accessible.</b>	Companies should make all written communications fully accessible and inclusive, including 'easy read' and multi-lingual versions. End-users should be involved in the design process.	Short term
	Water companies should ensure that financial support information is visible and prominent on customer bills (including the envelope).	Short term
	Companies should allow customers to apply for support using a communication method that suits them.	Short term
	Companies should maintain dedicated communications channels for consumers in vulnerable circumstances so that they can always get through, even at busy times.	Short term
	With the support of CCW, companies should develop common branding and unified descriptions for all support schemes (for example, payment matching, charitable trusts, payment breaks). These should be promoted consistently throughout England and Wales.	Medium term
<b>Water companies should improve their understanding of their customers and the communities they serve, through research, engagement, and increased transparency.</b>	Water UK should publish periodic updates on the scale of the water poverty problem, and Ofwat should direct companies to publish affordability and vulnerability data annually.	Short term/ Medium term
	Water UK should work with other stakeholders to develop a water vulnerability commitment that the industry signs up to and embeds.	Short term/ Medium term
	Companies' Customer Relationship Management systems should show a rounded view of customers' circumstances at a glance, so that all departments can see when a customer needs support and the factors that may influence a customer's behaviour.	Medium term
	CCW will develop a framework to help companies understand their local and regional demographics, who might need help and how best to communicate with them.	Medium term
<b>Water companies should take a proactive approach to identifying those customers who may need support.</b>	Water companies should ensure all Priority Services Register registrations receive a welcome pack or communication which should include information on financial support options.	Short term
	Water companies should monitor customers' metered water consumption to identify those customers who may be in need of support (e.g. high usage due to leakage or low usage from self-rationing) and make an appropriate intervention.	Medium term



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## Independent review of water affordability

# Summary of recommendations

Recommendation	Actions to deliver recommendation	Timescale
<p><b>Through information and data sharing, companies should increase the information they hold to improve the identification of customers in need of financial support.</b></p>	Information should be shared between water companies, so that customers whose water and sewerage is provided by different companies only have to apply once for support.	Short term
	Customers moving house should be automatically transferred onto financial support schemes between water companies, where this is possible and customers consent.	Medium term
	Water companies should work with the Department for Work and Pensions (DWP) to ensure the Digital Economy Act is used to its full potential, so that customers can be automatically enrolled for support when they need it.	Medium term
	Defra should make the <b>Landlord and Tenant Address Portal</b> compulsory in England to raise the visibility of residents who may need help.	Medium term
	CCW will consult with water companies, Ofwat, the Department for Business, Energy and Industrial Strategy (BEIS) and the UK Regulators Network with an aim to establish a taskforce to ensure essential services collaborate to build an online hub that will be used by companies and customers /customer representatives to record the customer's financial and other support needs, which will then notify the relevant companies to initiate the support. The portal should allow the users to track the progress of their submission.	Medium term
	A cross-sector code to record customers' financial vulnerability needs on the Priority Services Register should be introduced by water companies with the support of Water UK and Energy UK.	Medium term
	Companies should work with other stakeholders and organisations to develop data sharing frameworks – with the support of CCW, Welsh government and Defra - to provide mutual benefits to organisations with shared customers, which could include: <ul style="list-style-type: none"> <li>• Water companies</li> <li>• Energy suppliers</li> <li>• Local authorities</li> <li>• Debt Advice Sector</li> <li>• Governments (for shielding data if needed in future)</li> <li>• Other regulated industries.</li> </ul>	Medium term



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## Independent review of water affordability

# Setting the scene

## The true cost of water



Households currently spend on average **£408 per year on their water and sewerage bill.**

This amount varies depending on water usage for those with a water meter, or for those who have no water meter, the historic valuation of their property (called **Rateable Value or RV**) or an assessment of water usage (**assessed volume charge**).

It also varies depending on the water company providing the services. Water charges are limited under determinations made by the economic regulator, Ofwat, but these are individual to each company and take into account a whole range of local circumstances and investment needs.

Of course, if a customer is struggling to pay their water bill, they're probably finding it tough to pay for other things, too.

Water is relatively inexpensive compared to energy – an average annual dual fuel bill is around **three times that of water** – and that's why we hope that many of the recommendations we're making in this report will have a wider impact, providing customers with a range of financial support that'll help with more than just their water bill.

## The two schemes which currently offer ongoing bill reductions are **social tariffs** and the **WaterSure scheme**.

To complement these, water companies also offer a growing range of additional support for financially vulnerable customers. The support offered by some companies include: flexible payment methods, payment breaks, charitable trust payments, payment matching schemes to clear arrears, water efficiency audits to support water saving for metered customers and bill guarantees to encourage customers to switch to a water meter.

While it's clear that the range and scope of the financial support measures provided by water companies has improved in recent years, it's still the case that not all households are receiving the help they need.

## In fact, the support you get with your water bill depends on where you live.

That's a problem because people who need help don't receive it in equal measure, or in accordance with their need, it just depends on the company they're served by. Customers moving from one area to another can find themselves losing the support they once relied on, through no fault of their own.

This lack of consistency across the industry also makes it difficult for households on a low income to understand what help they can access. Equally – with so many varying support schemes on offer across England and Wales – it's difficult for supporting organisations, including debt advice agencies and charities to point customers in the right direction.







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## Independent review of water affordability

# Our approach to this review

In October 2020, UK and Welsh Government Ministers commissioned CCW to conduct an independent review of the current affordability support for financially vulnerable water customers in England and Wales.

## What the review aims to do

The objective of this review is to collect evidence and assess whether:



The current support measures are effective in assisting financially vulnerable customers, including those with temporary financial challenges across England and Wales.



The current social tariff funding mechanism is fit for purpose and sustainable.



Changes to existing measures, their financing and delivery mechanisms could be improved to provide greater benefits to consumers facing financial pressures.

The review's guiding objective has been to make recommendations that will lead to the elimination of water poverty. This is closely aligned with the scope set by Governments for this review and is supported by CCW's objective of eliminating water poverty, as well as **Water UK's commitment** on affordability, which all water companies in England have signed up to.

It is worth noting that this review is not aiming to solve overall poverty, but does recognise that water poverty and overall poverty interact. This wider context is something that has been taken into account throughout this review.



Our guiding objective has been to make recommendations that will lead to the elimination of water poverty.



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## Independent review of water affordability

# Our approach to this review

## Our process

The review was launched in October 2020 and strong and independent governance was established through the creation of a project working group, a project steering group, and a Stakeholder Advisory Group.

The stakeholder advisory group was established to provide expert input and challenge in relation to the direction and delivery of the review.

Membership of the group included: **The Department for Environment, Food and Rural Affairs (Defra), Welsh Government, Water UK, Ofwat, Money Advice Trust, National Energy Action, academics, Department for Business, Energy and Industrial Strategy (BEIS), The Bevan Foundation and water company representatives.**

The review had three main phases:



**The information gathering phase.**



**The analysis phase.**



**The options & recommendations phase.**



## Information gathering: October 2020 – December 2020

The review's call for evidence was launched on 22nd October via a live interactive virtual session with CCW's Chief Executive alongside representatives from Water UK and the Money Advice Trust.

The recording of the live session was **accessible via CCW's website** throughout the period of the review. The **call for evidence document** set out the background and challenges in water affordability, as well as a set of questions that the review was seeking to answer as part of this evidence gathering phase.

These questions asked the review to examine what works well in terms of the current arrangements, while considering the gaps, limitations and sustainability of the current offering in order to make recommendations around what could be improved.

The call for evidence ended on 15th December. There was a good response in this first phase of the project, with 37 responses including from regulators, water companies, charities and personal submissions.

You can read all of the individual responses to the call for evidence (where permission was granted for us to publish) online, or a **summary is also available**.

At this stage, the review also commissioned a number of research projects to help us assess the effectiveness of current financial support arrangements and to understand how this issue is tackled in other sectors.

[You can read more about our research here.](#)



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## Independent review of water affordability

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# Our approach to this review



### Analysis phase: January 2021

In the second phase of the review, during January 2021, we were assimilating and analysing all the evidence we'd received.

As well as the call for evidence responses, we also analysed the results of further work we'd commissioned in support of this review.

This included:

- **A consumer survey on views on social tariffs, including overall perceptions of social tariffs and views on funding.**
- **A review of affordability support in other sectors.**
- **An in-depth study of the experiences of those living with low income.**

The review also considered evidence from analysis commissioned by Water UK to identify the scale of the current water poverty problem.



### The options & recommendations phase February – March 2021

The final phase of the review is where various options were considered and narrowed down to a series of specific recommendations. We also conducted further consumer research and additional financial modelling to test some of the recommendations.

The review engaged with stakeholders and tested options through our Stakeholder Advisory Group. The role of the advisory group was to provide intellectual input, peer review assumptions made and analysis conducted and scrutinise and challenge options or recommendations.

We conducted six online focus groups with consumers in England and Wales to test and validate our draft recommendations and proposals for helping consumers with water bill affordability support.

All groups were water bill payers; three groups included respondents on a mixed level of income and three other groups were on a low income.





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## Independent review of water affordability

# Our research and evidence

A range of evidence has been used in this review. Some research has been specifically commissioned by this independent review and some has been commissioned by third parties.

In addition, the review draws on CCW's existing knowledge and data (including the data it collects from companies, complaints data and its **annual Water Matters research** which tracks consumer views on a range of issues, including affordability).

You can find summaries and links to the various research reports over the following pages:



## Call for evidence – Thematic Analysis

Responses to our call for evidence were analysed from different perspectives. Using a coding software, 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.

You can read the thematic analysis of our call for evidence responses [here](#).



## Quantitative analysis of water poverty in England and Wales - CEPA modelling

Cambridge Economic Policy Associates (CEPA) was commissioned by Water UK to develop and implement an approach for estimating the scale of water poverty in England and Wales as of 2019/20, using a consistent approach across individual companies.

This piece of work aimed to build on the findings of the project carried out by CEPA and Sustainability First for **UK Water Industry Research (UKWIR)**, which sought to:

- **Develop a clear understanding of what is meant by water poverty**
- **Assess metrics that could be used to measure it**
- **Identify the fundamental drivers of water poverty**
- **Summarise the range of approaches which water companies may use to alleviate it.**

In line with common approaches to assessing water poverty, CEPA focuses on two thresholds at which a household might be defined as water poor: a 3% and a 5% ratio of bills to income.

### CEPA estimates that:

- Roughly **1.5 million households spend more than 5% of their income** (after housing costs) on water and **4.1 million spend more than 3%**
- The monetary size of the water poverty gap - if it were possible to perfectly target interventions - is **£236 million at 5%** and **£720m at 3%**.

- The cost to close the water poverty gap would add an average increase of **£11 (at the 5% level)** and **£39 (at the 3% level)** on non-water poor customers' bills if it was possible to perfectly target interventions to close the gap.

The cost to customers who are not receiving help to resolve water poverty has significant regional variations. CEPA noted that:

- **At the 5%** level the increase on bills to close the poverty gap in different regions ranges from the equivalent of **at least £4 to at least £32 for each non water poor customer.**
- **At the 3% level** the increase on bills to close the poverty gap in different regions ranges from the equivalent of **at least £14 to at least £102** for each non water poor customer.

You can read CEPA's full quantitative analysis [here](#).



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## Independent review of water affordability

# Our research and evidence



## Water for All: Water Affordability and Vulnerability Report

This report is published annually by CCW. It considers the performance of water and sewerage companies in England and Wales in supporting customers facing financial vulnerability during 2019-20. It also examines the response to wider vulnerability and company efforts to ensure their services are accessible to all customers.

The report also reflects on the sector's response to supporting customers through the immediate impacts of Covid-19 and how they are preparing to meet the longer-term challenges likely to flow from it. This report provides valuable data and insights that feeds into this review.

[You can read the full report here.](#)



## Attitudes to Social Tariffs - Yonder Omnibus Research

In order to better understand attitudes towards social tariffs, the independent review commissioned Yonder to:

- Identify the extent to which people support schemes that reduce water bills for low-income households struggling to pay.
- Identify current awareness of water company support schemes.
- Determine consumer views on the acceptability of paying for social tariffs in different ways.
- Examine any differences by consumer demographics and sub-groups.

[You can read the full report of Yonder's omnibus research here.](#)



## Cross-sector review of affordability support by Sheffield Hallam University

This piece of work reviewed approaches to affordability support (including their nature, delivery mechanisms and approaches to engaging vulnerable and hard to reach customers) across a range of essential service sectors.

Particular emphasis was placed on identifying good practice and lessons relevant to the engagement of vulnerable and hard to reach households in affordability support aimed at avoiding or alleviating water poverty.

[You can read Sheffield Hallam University's review of affordability support here.](#)



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## Independent review of water affordability

# Our research and evidence



### Low income households' experiences of water bill affordability and support by DJS Research

This was a qualitative piece of research exploring the personal experiences and attitudes of customers on low incomes (i.e. in receipt of income related benefits, or household income of less than £16,000 a year).

This included their experience of managing household budgets, whether and how their situation has been affected by the pandemic and lockdown, their relationship with their water company and how they would like the company to communicate with them.

You can read the full research report by DJS Research [here](#).



### Water bill affordability: Customers' views on water bill support options

We conducted six online focus groups with consumers in England and Wales to test and validate our draft recommendations and proposals for helping consumers with water bill affordability support. All groups were water bill payers where three groups included respondents on a mixed level of income and three other groups were on a low income.

You can read the full report from this testing [here](#).





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## Independent review of water affordability

# The challenges we face

The water industry has worked hard to tackle the problem of water poverty, taking innovative and thoughtful approaches to offering a wide range of services to customers struggling to pay their bills. You can find plenty of examples of best practice in CCW's 2019-20 Water for All report.

At the end of

2019-20

almost

900,000\*

financially vulnerable households in England and Wales were receiving help through reduced water bills.



28%

more households received help than the previous year.

This delivered annual bill reductions of approximately

£150 million



\* this figure double counts households which receive services and support from two different companies.

But unlike in other sectors, energy for example, the social tariffs offered to water customers rely on the consent of other bill-payers.

Water companies are required to assess their customers' 'willingness to pay' in order to determine how much of their customers' bills they can use to fund cross-subsidies like social tariffs. This limits the funding available to water companies to provide struggling customers with the help they need, especially in areas with high levels of deprivation, where more people need help but fewer people can afford to provide it. With funding for affordability support therefore limited, and often stretched to the maximum, the current measures do not go far enough towards eradicating water poverty.

CCW's 2019-20 Water Matters research found that 1 in 10 customers consider their water and sewerage bills to be unaffordable (1 in 8 in Wales). This suggests that around 2.5 million households may currently need help with their water bills.

While there is no single 'right' definition of water poverty, this review considers customers who are spending 5% or more of their household income on their water bill to be in 'severe water poverty'. The reasons for this are:

- It is the generally accepted level of water poverty in the water sector; for example, this has been the basis for the recent Water UK public interest commitment, which all water companies in England have signed up to.
- There is alignment between the total number of households at the 5% water poverty level and the number of households who told CCW that they struggle with the affordability of their bills.
- There is a strong overlap between water poverty and poverty more widely at this level. 92% of those in water poverty at the 5% level are in relative income poverty. At the 3% level this overlap falls to 73%.

The recommendations we're making in this report seek to create a range of support options that lift people out of this circumstance.

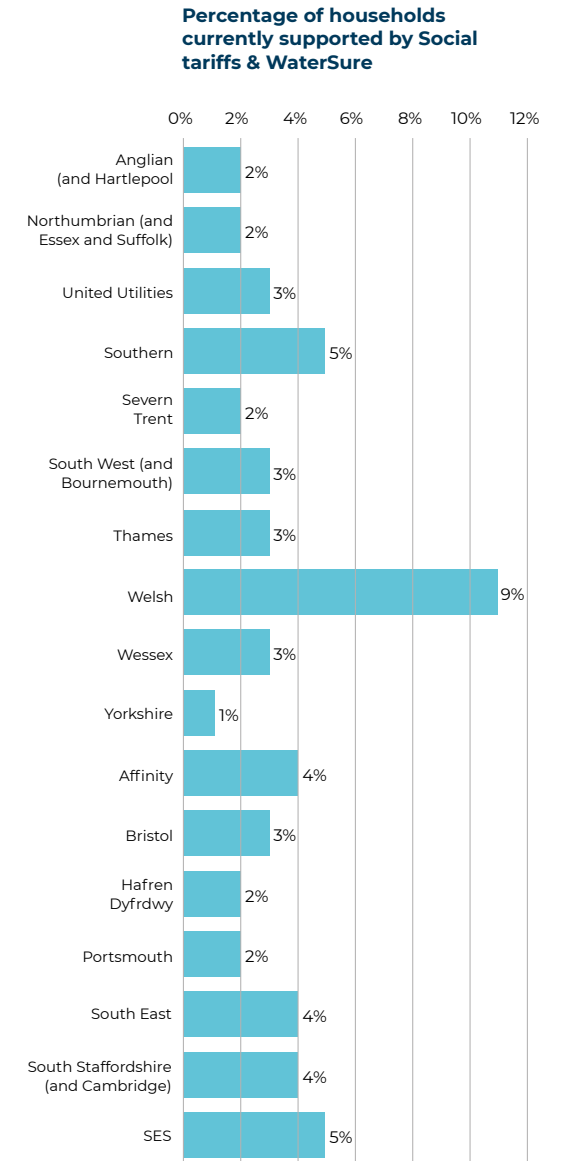
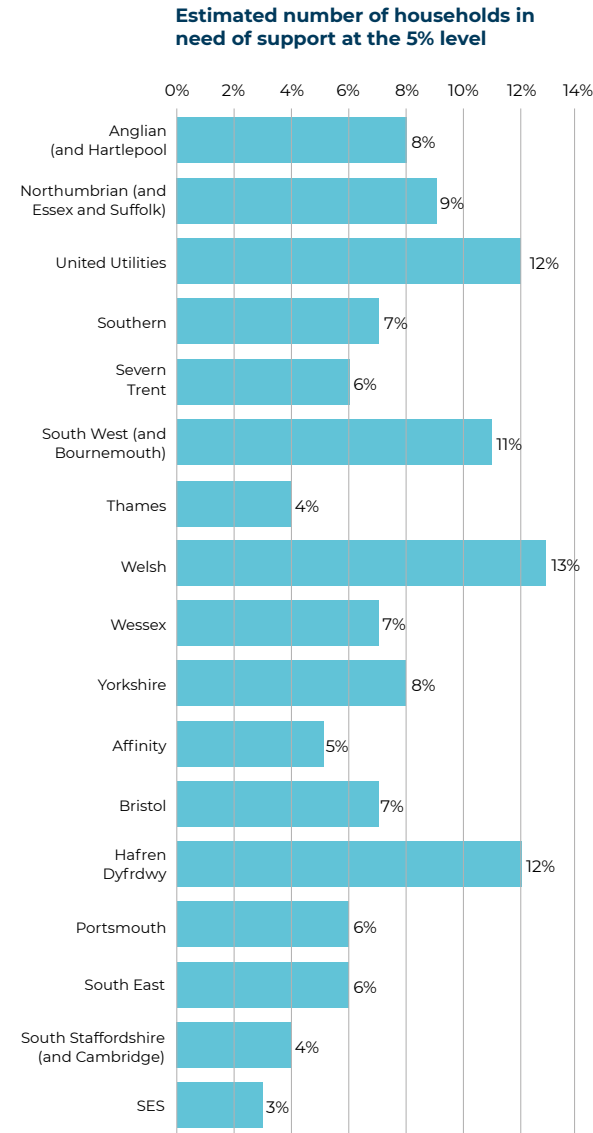
“ 1 in 10 customers considers their water and sewerage bills to be unaffordable (this is 1 in 8 in Wales). Suggesting that around 2.5 million households may currently need help with their water bills. ”

# The challenges we face

## The postcode lottery

The current situation, with varying costs of water bills across England and Wales and irregular provision of support for those struggling to pay, means that water poverty is a 'postcode lottery', with households in very similar circumstances being eligible for drastically different level of support depending on where they're located.

The three cases illustrated on [page 20](#) are examples that show how drastically different the support can be for those who struggle to pay, with the only difference being where they live and which water company happens to service that area.





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## Independent review of water affordability

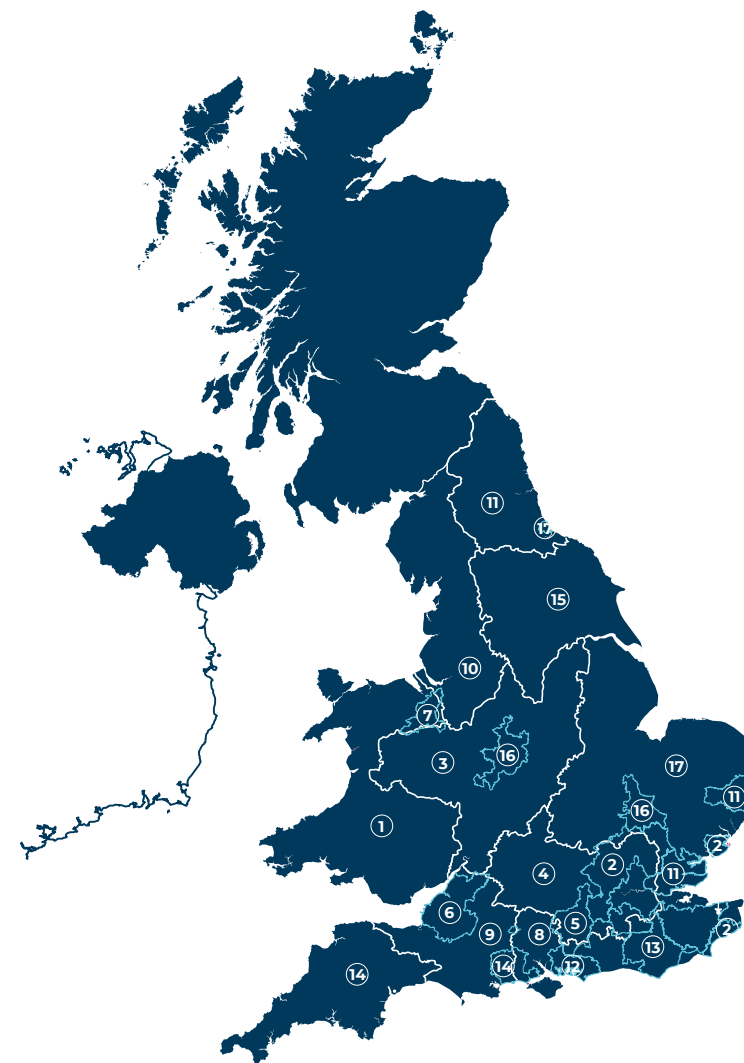
# The challenges we face

## The postcode lottery

Estimated percentage of those facing water poverty\*  
lifted out of poverty by current measures

36% ① Welsh	12% ⑩ United Utilities
25% ② Affinity	9% ⑪ Northumbrian (and Essex and Suffolk)
21% ③ Severn Trent	8% ⑫ Portsmouth
20% ④ Thames	7% ⑬ SES
16% ⑤ South East	6% ⑭ South West (and Bournemouth)
16% ⑥ Bristol	6% ⑮ Yorkshire
15% ⑦ Hafren Dyfrdwy	5% ⑯ South Staffordshire (and Cambridge)
15% ⑧ Southern	4% ⑰ Anglian (and Hartlepool)
13% ⑨ Wessex	

\* At the 5% level of water poverty





## Independent review of water affordability

# The challenges we face

### The postcode lottery



✓  
**90%**

Sam and Charlie have two children and are struggling to manage on an extremely tight budget having both recently been made unemployed. Their water company has **reduced their annual bill by 90% - (from £400 to £40).**



✓  
**20%**

Zoe and Damien are in the same financial position and also have two children to support. However, they live about 150 miles South of Sam and Charlie. Their water company was only able to **reduce their bill by 20% - (from £400 to £320).**



✗  
**0%**

Priya and Anton are also in exactly the same circumstances, but live 100 miles North of Sam and Charlie. Their company could make no reduction to their bill, as its scheme is currently limited to helping only customers with higher bills. So, the couple have to **pay the full £400 bill.**



This set of circumstances can mean that customers find themselves plunged into water poverty if they move house to a different water company's area where they are no longer eligible for the same support they received at their previous address.

It also means that people experiencing the same financial difficulties but living in different areas can't necessarily access the same help and support.





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# The challenges we face

### Awareness of available support

Water companies also face challenges in ensuring that the hardest to reach households are aware of and take up the support they offer. There has been some positive innovation and collaboration between companies in this area. Nevertheless, awareness remains an area where more can be done to ensure the most vulnerable do not miss out on much needed support.

Company-specific schemes mean there is no recognisable industry-wide support programme available, making it difficult for there to be any national promotion of the help that customers can access.

The main way in which water companies tell their customers about the support available is by including information on their bills or sending leaflets to spread the word. But some people who are struggling with water poverty may actively avoid opening their bills, meaning this information is easily missed.

While water companies often seek other ways to reach out to customers, those in vulnerable circumstances through mental or physical health conditions or disabilities may have less access to publicity about help unless it is specifically presented to them through a medium appropriate to them.

CCW's **Water Matters research**, shows that only 10% of customers in England, and 14% in Wales, are aware of the help available via WaterSure, suggesting that many more households could tap into this source of support.

More generally, **only 49% of customers** rank their company as 'good' in terms of how it communicates about services, plans and availability of additional support services.

We explore more about barriers to awareness on page 29.



“  
Only 49% of customers rank their company 'Good' in terms of how it communicates about services, plans and availability of additional support services.

# The challenges we face

## Accessing support

**Lack of awareness is an obvious barrier to accessing support. The variety and complexity of support available to customers who struggle to pay their water bill can be a barrier, not only to communicating and spreading awareness, but also to customers applying for the support to which they are entitled.**

Not knowing what help is available isn't the only barrier to accessing support.

The **Low income households' experiences of water bill affordability and support research commissioned for this review** revealed that other barriers can include:

### **Mental and emotional barriers:**

It can be difficult for some customers to come to terms with their need for help and to admit this to a third party or, even harder, to an anonymous corporation.

This can lead to a 'head in the sand' approach – either by deliberate avoidance or as a consequence of simply not having the emotional strength to seek help. The customer can then enter a cycle of decline as the problem escalates and their ability to grasp it diminishes.

Customers who start off with emotional barriers find these can escalate to wider mental health problems which prevent them from engaging with financial problems or service providers. This can include suffering from anxiety or depression and can lead to avoidance of the issue.

### **Lack of trust:**

There is a general feeling of alienation among customers of all large companies, with the company being seen to hold power over its customers. Companies can be perceived as profit-driven with little regard or care for individuals. This can be more evident amongst those with long-term financial difficulties.

### **Complexity:**

Customers may be worried about the potential complexity and difficulty in applying for help. This can be lack of confidence in completing forms or simply worrying about the difficulty in pulling together any supporting evidence that is required.

### **Physical health:**

Customers with chronic health conditions may have periods in which they are not well enough to engage either with their finances generally or seeking help specifically.

Some other disabilities – such as blindness or deafness – were identified as increasing the difficulty for customers to find out about support and to make contact or apply for it.

### **Location:**

Customers in more rural locations will not have as easy access to services as those in urban areas. This will include access to third party advisors as they cannot visit offices – e.g. Citizens Advice. They will be reliant on telephone or internet channels – and may have poor internet service.

### **Literacy and language skills:**

Some customers will simply not be able to manage the application process for themselves while others will not have the confidence, writing or computer skills to do so. While some water companies have succeeded in reducing the length of their application forms down to single pages, some are still as long as five pages.

Those who speak little, or no, English or who are not confident in the language, have difficulty finding out about support unless information is translated. These customers can be put off accessing help because they are nervous about calling a company in case they are not easily understood or cannot understand the other person.



**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 from inside and outside of the sector.**

**Yorkshire Water**





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## Independent review of water affordability

# The challenges we face

## Coronavirus pandemic

The economic consequences of the coronavirus pandemic have raised both immediate and longer-term challenges for the water industry in terms of its support for financially vulnerable households.

The **support put in place by the sector**, combined with the broader Government support mechanisms, have so far – and within the constraints of the current system – proved largely effective in ensuring many customers facing potential financial vulnerability have not fallen behind with water charges.

However, the longer-term impact on households' financial circumstances remains concerning. In particular, rises in unemployment would make water charges and other bills less affordable for a growing number of households.

It is vital that the sector's future approach to supporting households is capable of meeting these considerable challenges, while being flexible enough to adapt to future changes.



“  
It is vital that the sector's future approach to supporting households is capable of meeting these considerable challenges.”



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## Independent review of water affordability

# A detailed view: Support and assistance schemes



### What the evidence tells us:

- **Social tariffs aren't suitable for all customers and situations.**
- **Not all support is tailored to individual needs.**
- **Water poverty doesn't exist in isolation, but working more holistically to tackle affordability problems is a challenge.**

**Social tariffs are often considered the main source of affordability support in water however, there are many other forms of financial support available which help water customers to save money, maximise the help they receive through benefits, and manage their debt.**

Social tariffs aren't suitable for all customers and situations. Affordability issues are unique to individual circumstances, with many customers requiring more support - or different support - to that offered by a social tariff.

“

**A range of solutions needs to be available to ensure the right service is offered to each customer.**

CCW

Additional support currently provides an opportunity for companies to respond to the needs of their customers at a local level and innovate to find tailored solutions.

However, the lack of consistency across England and Wales adds to the 'postcode lottery', meaning that households in some regions will be better – and more holistically – served than others. Wider support should be strengthened and grown across the industry to help to prevent households from falling into water poverty. To facilitate this, this review recommends that all water companies should operate a simple application process that covers all support schemes.

We'll now explore these issues in more detail, and outline this review's recommendations of how these could be solved.





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## Independent review of water affordability

# A detailed view: Support and assistance schemes

Company	Charitable Trust or in-house crisis Fund	Payment Matching to clear debt	Payment Breaks (Permanent schemes rather than as part of Covid-19 response)	Benefit entitlement checks	Water efficiency home audit	Lowest bill guarantee as part of meter option	Money / debt advice referral arrangement
Water and Sewerage Companies							
Anglian Water	✓	✓	✓	✓	✗	✗	✓
Dŵr Cymru/Welsh Water	✗	✓	✓	✗	✓	Coming Soon	✓
Hafren Dyfrdwy	✗	✓	✓	Under Trial	✓	✗	Under Trial
Northumbrian Water	✗	✓	✓	✓	✓	✓	✓
Severn Trent	✓	✓	✓	✓	✓	✗	✓
South West Water	✓	✓	✓	✓	✓	✗	✓
Southern Water	✓	✓	✓	✗	✓	Not applicable*	✓
Thames Water	✓	✓	✓	✓	✓	✓	✓
United Utilities	✓	✓	✓	✓	✓	✓	✓
Wessex Water	✗	✓	✓	✓	✓	✓	✓
Yorkshire Water	✓	✓	✓	✗	Coming Soon	✓	✓

\* Not applicable in the cases of Southern Water and South East Water as they have fully rolled out universal metering schemes

## The current landscape

Currently, water customers can take advantage of a range of sources of support in addition to social tariffs. We'll explore some of these now, taking a look at how they work and what they deliver before outlining what changes this review thinks should be made to provide a suite of support that strikes the balance between being consistent across England and Wales, yet easily personalised to suit customers' individual circumstances.

To understand the variations in support measures offered by each water company, take a look at this chart:



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## Independent review of water affordability

# A detailed view: Support and assistance schemes

Company	Charitable Trust or in-house crisis Fund	Payment Matching to clear debt	Payment Breaks (Permanent schemes rather than as part of Covid-19 response)	Benefit entitlement checks	Water efficiency home audit	Lowest bill guarantee as part of meter option	Money / debt advice referral arrangement
<b>Water only companies</b>							
Affinity Water	✓	Coming Soon	✓	✓	✓	✗	✓
Bournemouth Water	✓	✓	✓	✓	Coming Soon	✗	✓
Bristol Water	✗	✓	✓	✓	✗	✗	✓
Cambridge Water	✓	Coming Soon	✓	✗	✓	✗	✓
Essex and Suffolk Water	✗	✓	✓	✓	✓	✓	✓
Hartlepool Water	✓	✓	✓	✓	✓	✗	✓
Portsmouth Water	✗	✓	✓	✗	✗	✗	Under review
South East Water	✓	Coming Soon	✓	✗	✓	Not applicable*	✓
South Staffs Water	✓	✗	✓	✗	✓	✗	✓
SES Water	✗	✓	✓	Coming Soon	✓	✓	✓

\* Not applicable in the cases of Southern Water and South East Water as they have fully rolled out universal metering schemes



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## Independent review of water affordability

# A detailed view: Support and assistance schemes

## Helping customers who are ‘Just About Managing’

Some customers may be struggling financially, but don't quite meet the requirements to receive financial support. We call these ‘Just About Managing’ (JAM) customers, who may not be in arrears but describe themselves as struggling to afford their bills.

More than half (55%) of participants in the **Affordability amongst financially vulnerable customers research** fell within this category. Many of these customers are typically budgeting very carefully and may have to make difficult decisions or trade-offs – for example, using food banks in order to afford rent – and yet they often miss out on support because they are not yet in debt or are just over income thresholds.

Because these households may still make regular payments and aren't in debt, it's difficult for water companies to identify who may fit into this group unless the customer themselves comes forward. As such, many of these customers miss out on support they need, while still contributing towards the financial support offered to others, for example, via social tariffs.

A number of our recommendations will provide extra help to those who are ‘just about managing’, either as a one-off – such as crisis funds, debt advice or income maximisation – or on an ongoing basis, like the enhancement of flexible payment options, water efficiency measures and the reduction of the WaterSure bill cap.



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.

**Wessex Water**

# A detailed view: Support and assistance schemes

## WaterSure

All water companies operate schemes that reduce or limit the bills of lower income households who meet certain qualifying criteria. The **WaterSure scheme**, which is statutory in England but offered by companies voluntarily in Wales, limits the level of metered bills for benefit recipients with high essential water usage needs due to family size or medical conditions. In 2019-20, £45m of WaterSure support was provided to 166,946 households\* in England and Wales.

Customers eligible for WaterSure have their bill 'capped' at the average household bill for their company.

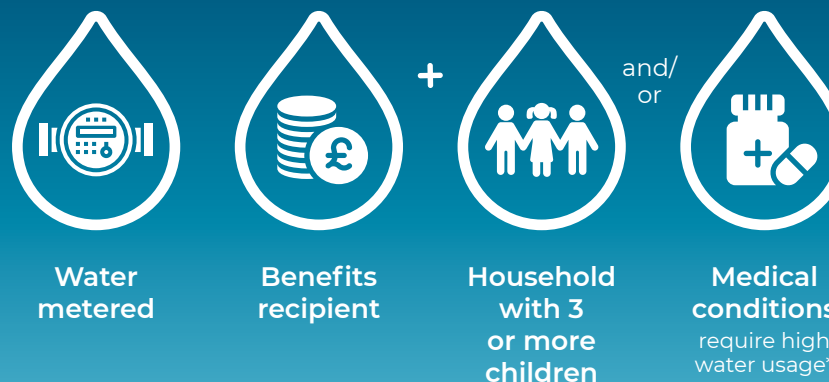
The scheme is available for customers with a water meter who are in receipt of one or more of a specified list of benefits, and are also either a) in receipt of child benefit for three or more children under the age of 19; or b) have someone living at their property who has a medical condition that makes their water use significantly higher than average.

We are encouraging companies to consider capping Watersure bills at the lower average household metered bill level rather than the overall average bill level. This will ensure these customers pay an amount which is more typical for other customers who are metered and that this vulnerable group gets more support.

\* This figure double counts households which receive services and support from two different companies.

### Explaining WaterSure eligibility

Customers may be eligible for support if they fit into a combination of the following categories;



\* Conditions such as; eczema, psoriasis, incontinence, Crohn's disease, etc.

“  
In 2019-20, £45m of WaterSure support was awarded to 166,946 households\* in England and Wales.



# A detailed view: Support and assistance schemes

## WaterSure

Respondents to this review's call for evidence also highlighted a number of areas regarding WaterSure which they felt could be improved upon, including reviewing the level of evidence required, making the eligibility criteria less restrictive, and considering the long-term support needs of some groups.

To reduce the administrative process of the current WaterSure scheme, this review recommends that a 'self-service' model is adopted for all WaterSure reconfirmations, so that customers can complete their own declarations, with random auditing.

Those with long-term medical needs who need to use high volumes of water 'for life' should only need to reconfirm their income every year, and not their medical conditions.

There are two key areas where WaterSure could be improved. These are:



The volume of evidence required might discourage households from applying for support they desperately need. As well as their benefits summary and National Insurance number, households are asked to provide proof of their eligibility under medical needs or due to having a large family.



WaterSure is subject to annual reconfirmation which is repetitive and may require a lot of evidence gathering.

“

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.

Dŵr Cymru /  
Welsh Water

# A detailed view: Support and assistance schemes

## Charitable trusts and crisis funds

Some water companies operate charitable trusts or crisis funds to offer further help to customers who need financial support.

The coronavirus pandemic has demonstrated the value of these funds. A number of water companies have increased their contributions to trust funds as part of their response to Covid-19. Many of these donations have included personal contributions from various members of the executive leadership team.

The majority of funds available are used to fund company debt support - such as payment matching schemes - and are only accessible if the customer is in arrears. As with many of these solutions, the level and type of support offered varies between companies, making it difficult for customers to know what support is available. The lack of consistency also makes it hard for partners (e.g. debt advisory agencies) to signpost customers to the support available to them.

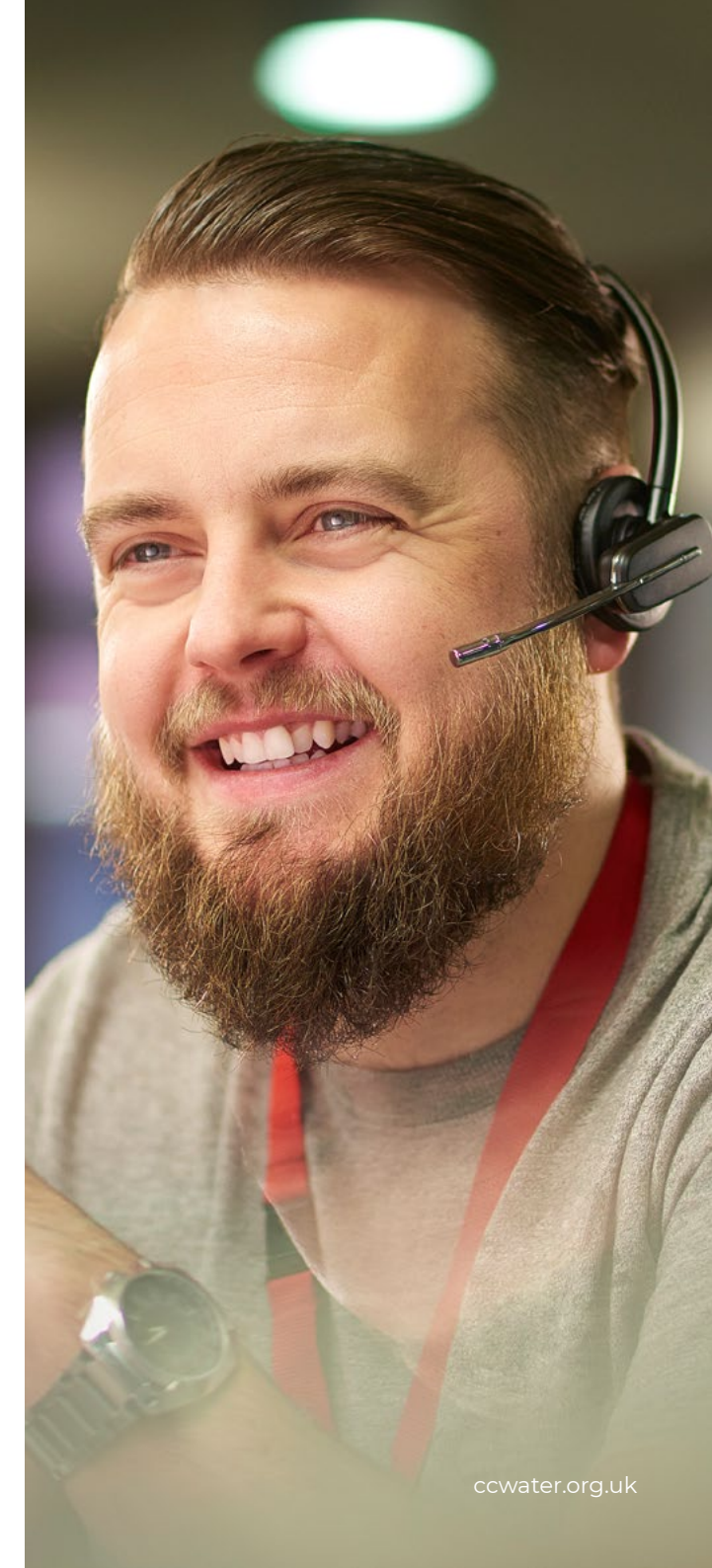
**Customers told our researchers** that while they thought charitable trusts and in-house crisis funds seemed like a great way to help someone in a crisis – while positioning water companies as caring and helpful – some were concerned that such an arrangement could be open to abuse. Questions were also raised around the longevity of support these schemes could offer, as well as about how a water company would decide which of its customers are most in need.

This review would like to see the water industry agree a consistent approach to crisis support funds, signing up to consistent rules as a part of this agreement.

“

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.

**Money Advice Trust**





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## Independent review of water affordability

# A detailed view: Support and assistance schemes

## Water efficiency measures

Using water wisely and making efficient choices will help water customers reduce more than just their water bill, as energy bills can also be reduced by using less hot water. However, whether water supplies are metered or not, it's not always easy for customers to understand how much water they use, or what they can do to reduce their consumption. A number of respondents to this review's call for evidence suggested that water companies should refine their water efficiency messaging to help customers control the water they use and their bills.

A number of water companies already offer water efficiency home audits as part of their package of affordability support measures. This review feels there is scope for some companies to do more to link these important issues and give them greater prominence.

Updated research for the **Climate Change Committee** has identified a number of cost-effective adaptation options to improve the water efficiency of both existing and new homes. Measures not only reduce household water consumption but also save energy and carbon emissions and reduce water and energy bills.

For existing homes, analysis shows that there are a number of upgrade measures including low-flow taps, click lock kitchen taps, dual-flush WCs and low-flow showers that could be installed at zero additional cost to homes over the lifetime of the equipment.

In the energy sector, schemes such as the Energy Company Obligation (ECO) and the **Nest scheme** in Wales have been introduced to deliver energy efficiency measures to low-income domestic households, alongside efficiency advice and income maximisation. These types of scheme have multiple benefits, including supporting the UK Government's levelling-up agenda and the move to net zero.

“

There are strong links between water and energy efficiency which could be maximised through upgrades and retrofit, especially by local authorities and housing associations as there is an opportunity to procure water efficient devices to help reduce water and fuel poverty.

**Climate Change Committee**



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## Independent review of water affordability

# A detailed view: Support and assistance schemes

## Water efficiency measures

This review encourages water companies to take a more proactive approach to helping customers access savings through water efficiency. Its recommendation is that companies should monitor their customers' water consumption in order to identify those in need of support – for example, customers whose usage is high due to leakage, or unusually low from self-rationing – and make an appropriate intervention.

For low-income households with low water usage who would save money by switching to a meter, companies should offer a 'long term' bill guarantee to provide customers with reassurance that, subject to reasonable conditions, their metered bill will never cost more than their current bill giving them confidence to switch to a meter.

Companies should identify options to provide enhanced interventions, particularly targeting low income households, and provide financial support to allow them to take advantage of emerging technologies.

For example, crisis or trust funds could provide support for low income households towards purchasing water efficient white goods.

Finally, water companies should ensure that water efficiency forms part of their affordability strategies by linking in messaging to raise the profile of opportunities to save water and money.

“

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.

**Agility Eco**





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## Independent review of water affordability

# A detailed view: Support and assistance schemes

## Short-term/transient support

No two situations are the same, and a range of risk factors can move individuals into – or out of – water poverty at any given time. According to UK Water Industry Research (UKWIR)'s **framework for alleviating water poverty**, these include (but are not limited to): absolute income, non-water living costs and the unit cost of water. Any one of these factors can change at any given time, meaning that financial vulnerability can be especially transient or short-term in nature.

Here, we'll explore two areas of short-term or transient support: the transition to claiming Universal Credit and the impact of unexpected major events.

### Universal credit

At present, households claiming Universal Credit must wait five weeks for their application to be processed and their first payments to come through. For many, this 'five week wait' for support can prolong the struggle they face to make other payments.

Research by the **Trades Union Congress** (TUC) revealed some of the problems faced by claimants during the five-week wait. One in five claimants said they could 'just about cope' with their financial commitments during this time, but only one in ten said they could [comfortably] cope. 86% reported that the advance payment put pressures on their household budget.

South Staffs and Cambridge Water have already taken action to provide support to those customers claiming Universal Credit. The company provides a 100% water discount for eight weeks for social tariff applicants who have made a new Universal Credit claim – helping them during a period when they may have no income.

This review thinks that the rest of the water industry should take similar action. As part of the suite of wider support options the report recommends companies offer, the review is calling for a minimum of 5 weeks' charges to be written off for customers who apply for social tariff support while their application for Universal Credit is still being processed. This is a change the review believes water companies can choose to make relatively swiftly, making an immediate difference to the pressure their customers feel.

### Crises and major events

The Covid-19 pandemic has shown that people's circumstances can change rapidly due to unexpected or unplanned external factors.

While these events may not always be national – some may be regionally-based and therefore need to be tailored to specific companies – our call for evidence highlighted that flexibility is key to ensuring companies can address these needs when such crises arise.

The current funding arrangements for social tariffs may not offer enough flexibility to meet the changing needs of consumers.

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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.

Scope



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## Independent review of water affordability

# A detailed view: Support and assistance schemes

## Vulnerability support

A customer's ability to afford their water bill is often linked to other factors within their personal circumstances. This review has defined vulnerability as an inability to access or receive an inclusive, safe service, which negatively impacts a consumer's well-being, finances or health. Vulnerability can be permanent or temporary, for example, recovering from an injury or having a newborn baby to care for.

Sometimes, a person's 'vulnerability' will be the cause of their affordability issues, but the opposite can also be true, and other customers who may be considered 'vulnerable' may not experience any affordability issues at all.

With this complex interdependency in mind, it's important for water companies to consider each customer's circumstances holistically, taking the time to understand the factors influencing their personal situation before tailoring support solutions that meet their individual needs. Two key recommendations that water companies should take to assist consumers in vulnerable circumstances are a proactive approach to identifying those customers who may need support, and make sure this action is tailored to a customer's individual needs, with the aim of preventing financial difficulty.

Here, the review considers three areas of vulnerability support that can relate to affordability measures:

- **The Priority Services Register (PSR)**
- **Customer referrals and;**
- **Income maximisation.**

## Priority Services Register (PSR)

Each water company operates a Priority Services Register, which is essentially a list of customers in vulnerable circumstances, who may need some extra help should things go wrong – for example, someone who's housebound may need bottled water to be delivered in the event of a supply interruption.

There are two key issues with the Priority Services Register as it currently operates. Firstly, customers aren't always aware of the PSR, or understand its benefits. Secondly, the PSR isn't always used to its full potential in terms of identifying customers who need support and maximising the opportunities open to them.

### We'll focus on this issue first.

By expanding the type of data held to include more information about each customer – including financial difficulty – the PSR could play an important role in identifying those households who could potentially be in need of support. Sharing this data between organisations could also help water companies – and other utility suppliers – take a collective approach to helping customers who need it, reducing the administrative burden on the customer and streamlining signposting between organisations. This would mean customers are supported holistically across all essential services. This review recommends that a data sharing framework is designed to provide organisations with shared customers access to essential data about vulnerability.

Because there's an overlap between consumer vulnerability and affordability issues, it's important for water companies and other utility providers to record where customers might need extra financial support.

As such, the review is also recommending that a cross-sector code is added to all Priority Services Registers to record customers' financial vulnerability needs. This should be introduced by water companies with the support of Water UK and Energy UK.

### Now, let's consider customer awareness.

From CCW's **Water Matters research**, we know that customer awareness of the availability of PSRs and the help they can offer is disappointingly low at just 42%. By centralising promotion of the PSR under one brand water companies could take a much more centralised, coordinated approach, which could also be more cost-effective.

As part of its recommendations, this review is calling for water companies to ensure that all Priority Service registrations receive a welcome pack – or some kind of initial communication – which includes information on the financial support options available to them.

As an example, Affinity Water is preparing to trial the introduction of welcome packs, which will be sent to all customers registering for Priority Services, and will include targeted messaging around affordability support.

# A detailed view: Support and assistance schemes

## Vulnerability support

### Customer referrals

Most, if not all, water companies have a network of partners to whom they refer customers with additional support needs. This includes referrals for debt advice and support, which we discuss in further detail on [page 42](#). However, referrals from partner organisations back to the water companies are not always forthcoming, with multiple models used across companies.

With many customers in need of support with other needs, not just debt, a strong and targeted network of partners is important. This network can, and should, be two-way, to ensure the benefits for customers and both organisations are maximised.

Although simply signposting customers to partner organisations is an easier option, follow-on rates can be low if a customer is required to act themselves. Instead, companies should make the referral to a partner organisation, passing over the necessary information with the customer's informed consent. This is known as a 'warm transfer', which is more effective as the receiving partner organisation will hold all the required information without needing to take the detail from the customer again.

An example of an effective 'warm transfer' is demonstrated by Severn Trent Water, which has launched a pilot to provide financial support to young people leaving the care system as they move into independent living. The trial will initially see the company working in partnership with Coventry City Council, where young adults will be fast-tracked onto the company's social tariff scheme.

The longer-term aim is to also expand this support to cover education around bills and how to save water, as well as showcasing all the opportunities that are available such as work experience placements and apprenticeships.

Referrals can also be inbound, where the customer approaches an external organisation for support and issues with water are identified. This is particularly true of support from social tariffs or other schemes such as crisis/trust funds. Companies should try to make this process as straightforward as possible, ideally allowing passporting onto their support schemes to make the interaction smooth for the customer.

A great example of taking a proactive approach to helping customers access the maximum support available to them is shown by Northumbrian Water. The company used the information it already held on customers who had previously advised the company they received pension credits to automatically provide bill reductions under its Pension Credit Social Tariff, without the need for customers requesting them.

Meanwhile, Dŵr Cymru/Welsh Water has trained some external partners to be able to assess eligibility for water affordability support. These partners refer people directly onto the schemes, with Dŵr Cymru/Welsh Water accepting the income assessment of the partner organisation and not requiring any additional evidence.

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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.

**Yorkshire Water**

# A detailed view: Support and assistance schemes

## Vulnerability support

### Income maximisation

The link between water poverty and income is clear, with higher incomes reducing the likelihood of water poverty, while also having positive knock-on effects on consumer debt and overall bill levels.

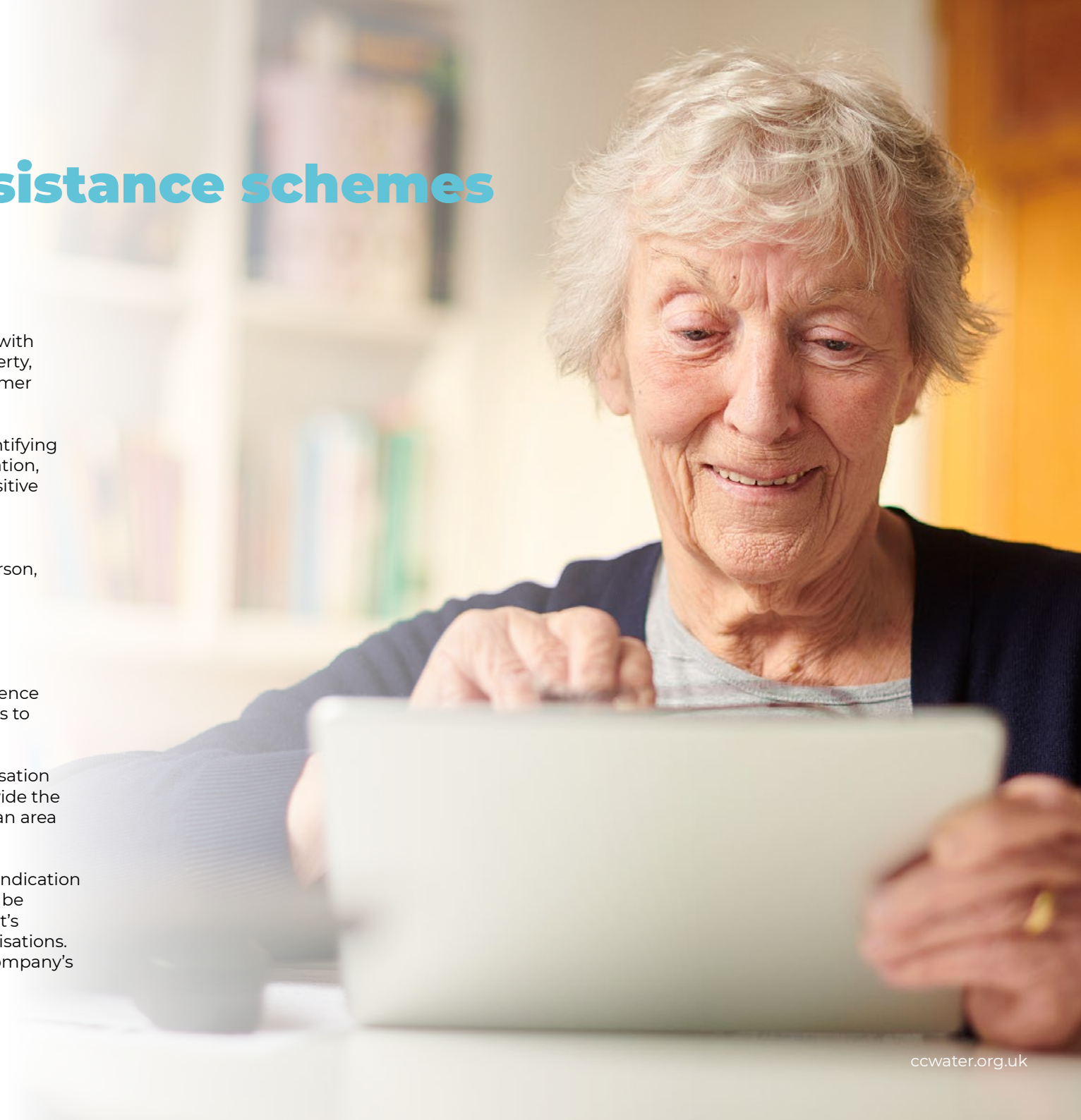
Helping customers to maximise their income by identifying savings and grants is referred to as income maximisation, and is the only area where companies can have a positive influence over their customers' income.

For example, according to **National Energy Action**, Benefits Entitlement Checks cost around £75 per person, but can deliver as much as £1000 in value to the customer themselves.

Sometimes this is completed by water companies in-house and sometimes by an external agency. However, one respondent to the review's call for evidence asked if it should even be the role of water companies to provide income maximisation services.

Likewise, some companies advertise income maximisation as a service they provide, but others either don't provide the service, or don't advertise that they do. Again, this is an area where customers' options vary by water company.

This review concludes that all customers, at the first indication that they are struggling with their water bills, should be offered an income maximisation review, whether that's delivered by the water company or via partner organisations. Income maximisation should also form part of the company's debt management process (see **page 58**).





# A detailed view: Support and assistance schemes

## Billing and payments

The two main factors influencing water poverty are incomes and bills. If incomes increase or bills decrease, then the level of water poverty will reduce. That's why, this review has considered how changes to billing and payments can influence affordability.

Here, the review explores four areas related to billing and payments:

- **Charging/billing**
- **Payment flexibility**
- **Payment methods**
- **Payment holidays.**

## Charging and billing

Charging mechanisms are limited, and outdated. At present, the amount that customers are charged for their water is either based on meter readings or is unmetered, and based on the rateable value of their home.

Unlike with energy, customers do not have the option to switch tariffs or suppliers to save money.

An unmeasured bill carries no incentive for a customer to be more water efficient, and so bills and efficiency are often considered separately.

This review is asking water companies and Ofwat to ensure that improving water affordability is fully considered in any future development of alternative tariffs and charging structures.

# A detailed view: Support and assistance schemes

## Billing and payments

### Payment flexibility

Although companies offer many payment options to their customers, frequency and flexibility options are not always interchangeable and managed by request, not by the customer themselves.

This approach could be thoroughly modernised by making use of existing and emerging technologies giving customers the ability to self-serve.

Making use of self-service technologies, water companies can give their customers greater flexibility, choice and control in managing the amount and frequency of their payments. One of the water companies leading the way is United Utilities, which offers an app allowing customers a large degree of payment flexibility.

“  
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.  
Ofwat

## Lucas:

Payment flexibility  
& use of technology



Lucas

Lucas is a zero hours contract worker, meaning he doesn't work fixed hours and his income is unpredictable. Some months he earns a reasonable amount, but other months he earns very little. In low-income months he would sometimes miss water payments or go without other essential items to pay them.

His water company developed an app, which allows him to set his own payment schedule. In higher-income months, he can overpay, but in months when his income is lower he can reduce the amount he pays. The app makes sure he never falls too far behind and sends an alert to the water company if further financial support may be needed, so they can proactively get in touch to offer help and support.

# A detailed view: Support and assistance schemes

## Billing and payments

### Payment methods

Many new and emerging technologies offer innovative ways of paying for bills or purchases, allowing customers to choose the methods which best suit their circumstances. Comparatively, the water industry tends to offer more traditional methods of payment, which may not include a customers' preferred payment method.

Meanwhile, the **Affordability amongst financially vulnerable customers research commissioned by this review** shows that some customers – particularly the elderly – still like to continue to pay their bill by cheque, with many relying on the fact that a cheque won't be processed for a number of days, giving them time to ensure the money is in their account. While conducting research for this review, we heard anecdotally that cheques, and in some instances cash payments, may be being phased out, despite customers relying on them.

Another payment method, the numbers for which are declining, is Water Direct. This offers payment directly from a customer's benefits but is only available to those in arrears.

Extending this scheme to allow customers to choose it as a payment option to help them budget could offer a vital lifeline, and this review recommends that Water Direct is offered as a payment option to all customers in receipt of benefits, not just those who are in debt, or offering an alternative, more appropriate, solution.

Offering a wide range of payment methods that make use of emerging technologies (while retaining traditional payment methods for those who feel more comfortable using them) would allow customers to choose what works best for them. It's the conclusion of this review that water companies can introduce wider choice straight away to make an immediate difference.

For metered customers, this could include giving them the option to receive more frequent bills. This is an approach that Southern Water is preparing to trial.

“

The Department for Work and Pensions (DWP)'s policy makes Water Direct available to customers who are in arrears with their water bill by more than £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.

**Affinity Water**





The voice for water consumers  
Llais defnyddwyr dŵr

## Independent review of water affordability

# A detailed view: Support and assistance schemes

## Billing and payments

### Payment holidays/deferrals

Offering a short reprieve to many customers experiencing income shocks, payment holidays or deferrals are only effective in the short-term, and therefore may not be the most suitable option for all customers in need of financial support.

Ultimately, a payment holiday is just a deferral. The money is still owed, and needs to be paid back, often by spreading it over future bills. It is therefore important for water companies to assess the customer's ability to pay, to ensure that a payment break is the most appropriate solution for them, and to ensure that any deferred payments are spread over a suitable period of time to avoid placing further pressure on customers.

The Financial Conduct Authority stated in its recent **guidance on payment deferrals**:

“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.”

This may mean tailoring the length of the payment break to an individual, rather than agreeing a default of three months.



**Taking all of these factors into account, this review recommends that customers should be given greater choice and control over how they pay their water bill.**



# A detailed view: Support and assistance schemes

## Debt support

The processes used by water companies to manage customer debt are not consistent across the industry and can result in bills increasing, worsening affordability issues overall. By making improvements in the water industry's approach to debt support, this review believes that water companies can provide a more tailored approach that's based on a customer's individual circumstances and ability to pay.

When things go wrong and a customer ends up owing money to their water company, they can often be nervous of contacting their company for support for fear of being judged, or that they will be required to repay the debt in full even though their circumstances do not allow it. Many customers also still aren't aware that their water cannot be disconnected, and so fear they could lose access to the service if the company becomes aware they owe money.

This section looks at three specific areas related to debt support:

- **Payment matching schemes**
- **Referrals for third-party support and;**
- **Debt collection processes.**

\*A deficit budget is where someone doesn't have enough income to cover their living costs.

“  
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.  
”

**Money Advice Trust**





The voice for water consumers  
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## Independent review of water affordability

# A detailed view: Support and assistance schemes

## Debt support

### Payment matching schemes

By agreeing a payment plan with the customer, water companies can match customers' payments pound-for-pound until the agreed payment plan time has elapsed. While payment-matching schemes are recognised as cross-sector best practice, some customers miss out as not all water companies offer it as an option.

If a customer is on a payment plan but experiences a short-term financial shock (for example, loss of benefits or bereavement) then they may be unable to make their payments that can result in them losing access to the payment matching scheme which is a vital lifeline to them.

Companies should be encouraged to 'freeze' payment plans in these situations, or agree a further reduced payment, extending the period before the remaining debt is cleared.

While each scheme has been designed by the individual company offering it, one which stands out as best practice is the **'Payment Matching Plus Scheme'** offered by United Utilities, which encourages healthy payment relationships. The company matches customers' payments by £1 for every £1 paid in the first six months, rising to £2 for every £1 after this, with the promise to clear any remaining debt after two years of meeting the payment agreement.

### Referral for third-party support

As we explored earlier, some companies have extensive networks of third-party partners who can support customers facing financial hardship. With the full extent of the financial impact of Covid-19 yet to be seen, this support could be needed more now than ever before. Despite this, some third-party referral networks are more comprehensive than others, meaning that support isn't consistent for all customers.

CCW will consult with water companies, Ofwat, the Department for Business, Energy and Industrial Strategy (BEIS) and the UK Regulators Network with an aim to establish a taskforce to ensure essential services collaborate to build an online hub for two-way referrals that can be used by water companies and charities to share information. What's more, data sharing frameworks should be designed to provide mutual benefits to organisations with shared customers, which could include water companies, energy suppliers, local authorities, the debt advice sector and other regulated industries.

As part of a design sprint at its Innovation Festival, Northumbrian Water – in partnership with CCW – is planning to work with key stakeholders from other sectors, including the third sector, UK and Welsh Governments, to establish a "tell us once" vulnerability hub.





# A detailed view: Support and assistance schemes

## Debt support

### Debt collection processes

'Bad debt' is the term given to money that's owed by customers to water companies, but will never be repaid. Water companies therefore write this off and recover the loss by adding an extra charge to customers' bills. This adds around **£13 to each customer's bill every year**.

Some respondents to the review's call for evidence indicated that current approaches to debt enforcement in water – such as High Court Enforcement – can be too 'heavy-handed', and called for these to be reviewed.

Certainly, processes aren't aligned between different departments within companies - including teams that deal with vulnerable customers - meaning that some people who need additional help could end up facing greater challenge.



Having considered these factors in detail, this review recommends that Ofwat should review its debt guidance to companies. The revised guidance should reflect cross-sector best practice and include minimum standards. A consistent means of assessing a customer's ability to pay should be established and a consistent approach to the actions taken as levels of debt increase.

At the same time, Ofwat should introduce an customer focused licence condition which includes measures to ensure companies take account of customers' ability to pay - for example, when chasing debt, or determining how long to spread repayment following payment breaks.

The review also thinks that water companies can help to improve this process by revising their debt strategies to include a consistent approach, which clearly outlines what action will be taken at each increasing stage of a customer's debt.

“

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.

Christians Against Poverty

# A detailed view: Support and assistance schemes

## Options for additional funding

There are a variety of funding sources that the industry could tap into in order to maximise the financial support and assistance for their customers.

These include:

- **Ofwat's innovation funding**
- **Customer redress agreed as an alternative to fines and community support.**

We'll explore the effectiveness of each of these options on the following pages.

### Company contributions

**From the research commissioned by this review,** we know that customers are happier to contribute towards helping those in need when they know that their water company is contributing too. Therefore, this review proposes that companies commit to a financial contribution to fund these wider support schemes and help build a positive, trusted reputation with their customers.

### Ofwat Innovation Fund

Ofwat's Innovation Fund, which first opened for competition in January 2021, aims to grow the water sector's capacity to innovate, by inviting companies to compete for funding in order to develop their innovations.

The innovation competitions are being funded by £2.50 from all customers, including those who struggle to pay. It therefore seems right to this review that customers in financial difficulty should benefit from the projects delivered under the competitions.

More focus should be given to addressing the challenge of affordability and vulnerability, with a requirement to assess the impacts of all projects on vulnerable consumers to truly embed a culture of consumer vulnerability across water.

“

We are pleased that Ofwat's £200 million Innovation Fund is encouraging innovation and collaboration, for new business models and service that benefit customers, including those in vulnerable circumstances. We are also pleased that the companies themselves have an emphasis on vulnerability in their Water Innovation Strategy, in one of their seven themes 'Providing the services our customers and society expect and value'.

There is a great opportunity here for some joined up thinking and partnership working across sectors, to co-create and deliver impactful programmes, in the strive to eradicate water poverty. We would urge the industry to ensure that a fair share of the Innovation Fund is targeted on helping support customers in vulnerable circumstances and struggling with bills.

**Agility Eco**



# A detailed view: Support and assistance schemes

## Options for additional funding

### Redress

Ofwat has the power to impose enforcement orders and financial penalties when water companies fail to meet their obligations, with financial penalties on the most serious contraventions. Any such fines are paid straight to treasury. However Ofwat can also agree to arrangements where redress is made to customers instead of a fine being imposed. However often this redress is made on a blanket basis, meaning the benefit of this rebate is often not visible, or doesn't add as much value as targeted support.

One recent example is the record £126m fine issued by Ofwat in June 2019. This was returned to customers in the form of a direct bill rebate of £61 off every waste water bill issued by that company over a five-year period. This had a broad reach, and ensured everyone received a fair share, but it had a relatively small impact on individual financial situations.

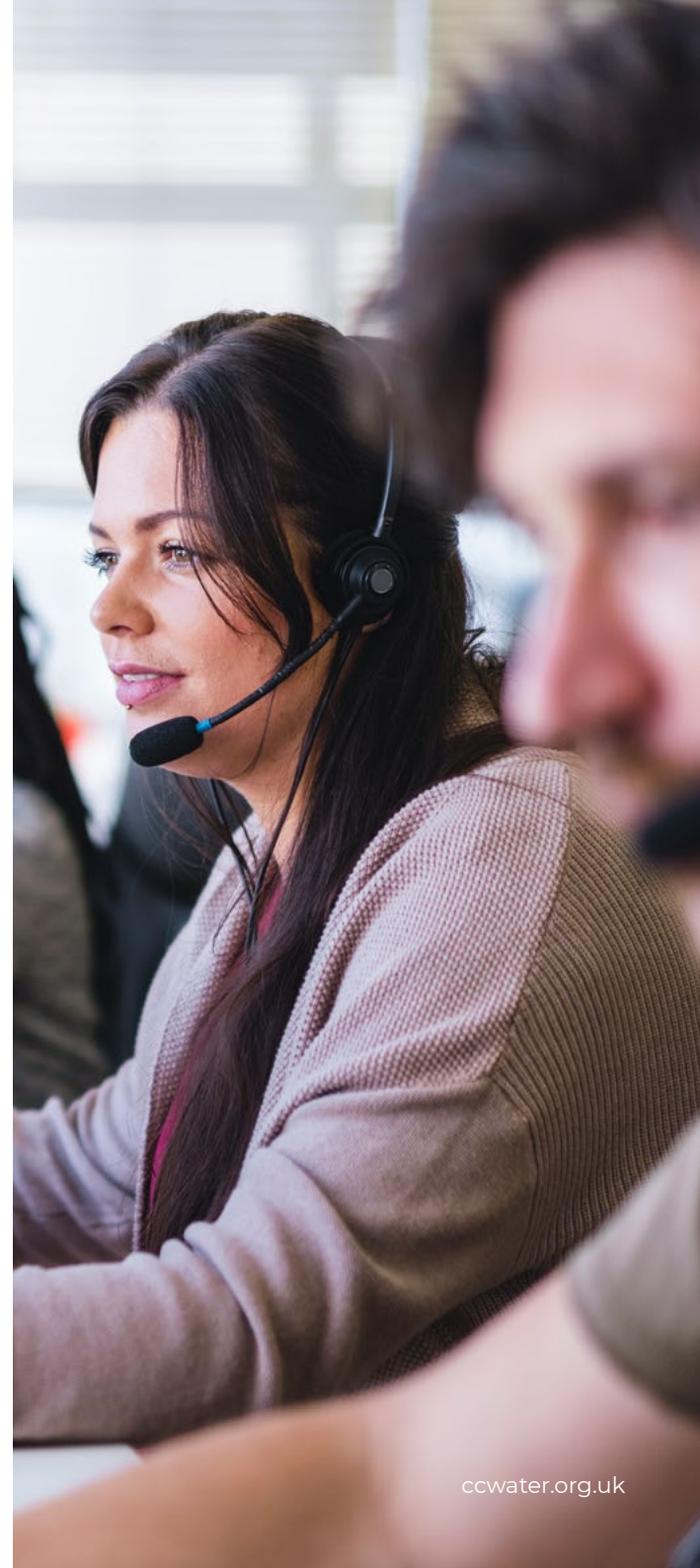
Had this level of fines been more targeted, it could have had a more substantial impact on those worst-off, whilst also being more transparent to customers.

This review is calling on Ofwat to ensure that, where appropriate, instead of issuing company fines, the option of returning this money directly as redress to help those who can't afford to pay their bills is considered in an open and transparent way.



**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.**

**Auriga Services**



# A detailed view: Support and assistance schemes

## Options for additional funding

### Community support

In sectors other than water, it's common for companies to operate charitable funds, where customers can make donations towards helping those who need support and for projects that benefit their local communities.

In its 2019 **'World Giving Index'**, the Charities Aid Foundation (CAF) found that the UK ranks second in the world for donating money, with 71% of people estimated to donate.

With the UK's philanthropic history, this option could be more readily explored by water and utility companies in England and Wales.

Some of the responses to this review's call for evidence highlighted community support schemes as a funding option that could be implemented within the water industry.

This review has listened to these voices and thinks companies should consider giving their customers the option to make voluntary donations towards helping those who can't afford their bills.

Examples of existing schemes that allow other customers to directly support those in vulnerable circumstances include:



**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.

There are many options which could be considered here including one-off donations and rounding-up bills, but all of them would require an 'opt-in' process to be developed.

It would also be worthwhile to introduce a safeguard measure, to try and limit donations from those who are 'just about managing', as often people who have experienced hardship are more willing to support others when they feel able.

While they should not be stopped from donating, perhaps the amount should be limited as a safeguard, or it is a requirement for them not to be in arrears.

It would also be essential for water companies to be transparent about how these funds are spent.

## A detailed view: **Support and assistance schemes**

### Recommendations for improving support and assistance schemes

In this area, this review is making five recommendations.

#### 1. Customers should be given greater choice and control over how they pay their water bill.

- A wide range of payment methods should be offered by water companies, retaining existing methods and making use of emerging technologies, to allow customers to choose what works best for them.
- Making use of self-service technologies, water companies should give customers the flexibility to manage the amount and frequency of their payments.
- Where practical, such as where smart metering is deployed, water companies should give customers the option to receive more frequent bills.
- Government should amend the Water Direct scheme to allow it to be offered as a payment option to all customers in receipt of benefits - not just those who are in debt.

#### 2. Companies should, wherever possible, take appropriate action, tailored to a customer's individual needs, with the aim of preventing financial difficulty.

- At the first indication that a customer is "struggling to pay", water companies should offer holistic debt advice or an income maximisation.
- Ofwat should introduce a customer focused licence condition which includes measures to ensure companies take into account a customer's ability to pay and how it affects their customer journey, (for example, when chasing debt, or determining how long to spread repayment following payment breaks).
- Water companies should offer a 'long term' lowest bill guarantee for low income, low usage customers who may be reluctant to move to a water meter.
- Water companies should ensure that water efficiency forms part of their affordability strategies by linking messaging and identifying options to provide targeted and enhanced interventions, to take advantage of emerging technologies.

## Janet: Community support



**Janet is on a very low income. When her fridge broke 18 months ago, she had to take out a high-cost loan to pay for a new one. As a result of these high repayments, she fell behind with her water charges and has only just got back in credit.**

Now, her washing machine is broken too. But because her water company now gives customers the option to contribute towards a charitable fund by rounding up their payments to the nearest pound, she has somewhere to turn to for help. The water company also contributes to this fund, and it uses the money to offer grants for replacement white goods to customers facing financial hardship. The water company gives Janet a grant for a highly water and energy efficient washing machine, which will help to keep future running costs down too. This helps her through the crisis and she manages to keep paying her water bill.

# A detailed view: Support and assistance schemes

## Recommendations for improving support and assistance schemes

### 3.

**Debt support should be based on a customer's individual circumstances and ability to pay.**

- Ofwat should review its debt guidance to companies. The revised guidance should reflect cross-sector best practice and include minimum standards. A consistent means of assessing a customer's ability to pay should be established and a consistent approach to the actions taken as levels of debt increase.

### 4.

**A range of wider support options should be offered, with new options designed with the help of end users. These should have clear, consistent eligibility criteria and be easily accessible for all customers.**

- Water companies should write off a minimum of 5 weeks' charges for social tariff applicants if they are also waiting for a Universal Credit claim to be processed.
- An industry-wide approach to crisis support funds should be agreed by all water companies, and this should adhere to consistent operating principles.
- A 'self-service' model for all WaterSure reconfirmations should be adopted by water companies, with random auditing. Those with long-term medical needs who need to use high volumes of water 'for life' should only need to reconfirm their income every year, and not their medical conditions.
- Water companies should consider capping WaterSure bills at the average metered household bill level (rather than overall average bill level).
- Improving water affordability should be considered by water companies, Ofwat and CCW when exploring future options for alternative tariffs and charging structures.
- All water companies should operate a simple application process that covers all support schemes.

### 5.

**All available funding streams should be maximised to enable companies to provide the most effective affordability support for customers.**

- All water companies should commit to making a contribution to pay for wider affordability support. This could cover:
  - Moving WaterSure cap to average metered bill levels
  - Writing off charges during the Universal Credit application process
  - Improving crisis funds
  - Providing debt advice/income maximisation reviews
  - Setting up and administering a single social tariff
- Water companies should consider giving customers the option to make voluntary donations towards helping those who can't afford their bills.
- Where appropriate, Ofwat should apply the restorative justice approach instead of fines through a transparent process, which allows for redress to be used to support financially vulnerable households. Restorative justice is where a company funds something of benefit to the community to make good for something it has done wrong.
- The outcomes of all projects funded by Ofwat's Innovation Competition Fund should include an impact assessment in relation to financial and wider vulnerability.





The voice for water consumers  
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## Independent review of water affordability

# A detailed view: Social tariff schemes



### What the evidence tells us:

- Current social tariff design is not linked to need and lacks the capacity to lift everyone out of water poverty due to their dependence on customers' willingness to pay.
- Variations in eligibility criteria and the support that is offered has created inconsistent levels of assistance across England and Wales.
- The existence of multiple schemes makes it harder to promote social tariffs at an industry-wide level and paints a complicated picture for those advising low-income households.
- Lack of awareness and trust, a fear of form filling, low levels of literacy, language barriers and disabilities have all created barriers to accessing support.
- Due to the funding limitations, existing schemes are at risk of running out in the short-term as more households seek help due to the financial impact of Covid-19.

### Over the past decade, social tariff schemes have become a key method of financial support for low-income households struggling to afford their water bills.

They were the result of **legislative changes in 2010**, which gave water companies the ability to develop and introduce special tariffs that could reduce the bills of some customers based on their income. It also allowed water companies to fund this assistance through other customers' bills in the form of a cross subsidy. UK and Welsh Government guidance made clear that companies had to consult with customers over their willingness to fund the support as they developed their schemes.

Since then, all water companies in England and Wales have introduced social tariff schemes, which are financed, either wholly or in part, by customer bills. At the end of 2019/20, more than 720,000 customers\* in England and Wales were receiving help through these schemes, and were receiving bill reductions totalling approximately £105 million. These figures will include some double counting of households where a customer served by different water and sewerage companies receives support from both. CCW's work with water companies to introduce, improve and raise awareness of social tariffs has helped ensure the number of customers supported by these schemes has more than quadrupled over the last five years. However, regional differences over how much customers are prepared to contribute – combined with other local preferences relating

to what the money can be spent on – has meant the emergence of a range of schemes, each with its own eligibility criteria and level of financial support.

This range of schemes – each with its own design and level of available funding – presents a confusing picture, not only for customers but also for the advice agencies that signpost households to support.

These differences have created barriers for people trying to access help, and have made it much harder for financial assistance to be promoted at an industry level.

“  
**At the end of 2019/20, more than 720,000 households in England and Wales were receiving help through these schemes, and were receiving bill reductions totalling approximately £105 million.**”

\* this figure double counts households which receive services and support from two different companies.



The voice for water consumers  
Llais defnyddwyr dŵr

## Independent review of water affordability

# A detailed view: Social tariff schemes

The support available through social tariffs varies from company to company. Customers in different parts of England and Wales have indicated quite different levels of willingness to fund social tariff schemes.

Across England and Wales, this can range from as low as **£1 per customer in some areas to as much as £22 in others.**

In particularly deprived areas, schemes are under strain due to an imbalance between the number of customers who are able to contribute towards funds and the number needing to access the help they provide.

Only three water companies – Dŵr Cymru Welsh Water, United Utilities and Yorkshire Water – contribute their own company money towards these schemes.

Because of these regional differences, water companies have developed schemes which vary considerably in terms of who is eligible for support, the value of the assistance provided, and how many households can potentially be helped each year before customer funding is exhausted. This further adds to the inconsistent approach to alleviating water poverty across the sector.

Over the coming pages, we'll take a look at the limitations of the current model of social tariffs and explore a range of potential solutions that could feasibly tackle this, before making our recommendations.

Here are some examples of social tariffs and how they vary:



### WaterHelp by Thames Water

A 50% bill reduction for customers whose household income is less than £16,105 (£19,565 in London) excluding disability benefits.



### Assist by Bristol Water

Discounts of up to 87% on the average household bill based on assessed ability to pay.



### Lift by Affinity Water

Water bills capped at £97.90 for households with an income of less than £16,105 or for recipients of benefits.



# A detailed view: Social tariff schemes

## Future options for social tariffs

Exhausting every penny from the existing schemes mentioned above could extend help to a further 500,000 customers.

However this review estimates that only about 180,000 households would actually be lifted out of water poverty (at the 5% level), because the current social tariffs were not designed to reduce that measure.

In the immediate future, there is also a danger that some companies could see their spare capacity within current funding dry up completely as more customers seek help due to the financial fallout from Covid-19.

We'll now take a closer look at two ways in which the existing arrangements could be adapted to overcome some of the existing barriers to ending water poverty.

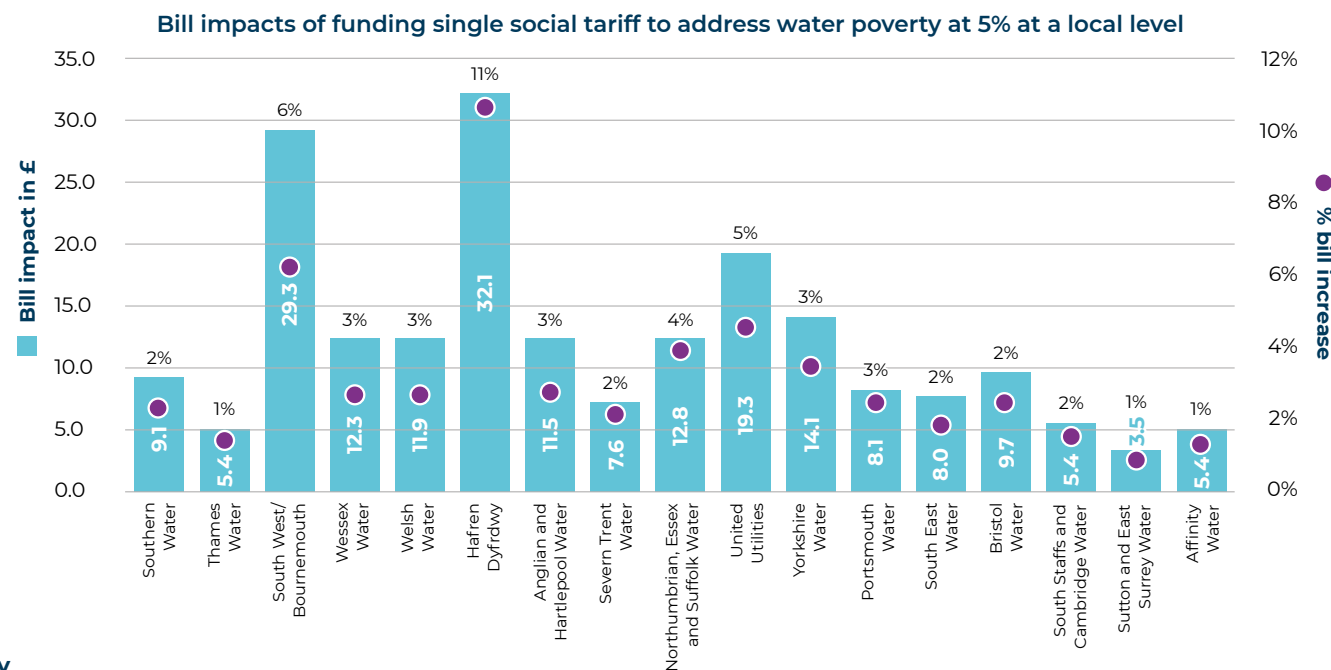
### One option: Aligning locally-funded tariffs

One way water companies could overcome some of the inconsistencies in support is by aligning their social tariff schemes so that they're all offering the same level of support, with the same eligibility criteria. This has already been done – in part – in the South East of England, where the significant overlap between different suppliers of water and sewerage services has led to some collaboration.

However, because each individual company would still rely on its own customers for funding, the support on offer would still be limited by the amount of funding available.

Setting a consistent level of support would cause significant variations in the number of customers that could be helped. The only way to overcome this would be to set restrictive eligibility criteria, limiting take-up levels based on the capacity of those companies with the lowest levels of available funding.

Governments could consider making funding mandatory through bills at a local level, based on the actual need that exists in each region. However customers in regions with the highest levels of need would end up paying a disproportionate amount of the costs. The chart below illustrates this:



# A detailed view: Social tariff schemes

## Future options for social tariffs

### Recommended option: a new single social tariff

Introduce a single social tariff where everyone in England and Wales has access to help based on the same eligibility criteria and receives consistent support. This more consistent approach would support the UK Government's **levelling up agenda**. It would also make it easier to promote assistance and provide advice on the scheme. Wiping the slate clean would provide a fresh opportunity to design a scheme that is geared up from the start to lift people out of water poverty.

Any new tariff could make the best use of data-sharing powers introduced by Government under the Digital Economy Act 2017. This could potentially allow eligible benefit recipients to be automatically enrolled for support based on their circumstances and ensure the hardest to reach customers don't miss out as many currently do.

A single social tariff would need to have a reliable source of funding to achieve its ambition of ending water poverty. That cannot be achieved through the current dependency on customer consent to funding.

The **Attitudes to Social Tariffs - Yonder Omnibus** research showed that the majority of people feel that an acceptable way to fund social tariffs is through the general tax system. This was perceived to be fairer because the amount recovered through taxation would be directly linked to a person's ability to contribute, meaning the cost would be spread without over-burdening those customers who are 'just about managing'.

While the review considers paying for social tariffs through taxes to be the fairest approach, offering a reliable and sustainable source of funding that people support, it's important to recognise this may not be possible given the huge demands already being placed on Government spending due to Covid-19.

In the absence of public funding, the UK and Welsh Governments could choose to require companies to fund support through customer bills at a sufficient level to completely meet the level of regional need.

This would mean that the need to demonstrate customer acceptability is relaxed, but poses the risk that it would increase bills for customers who are 'just about managing' but not quite eligible for support.

The water sector has **made a firm commitment** to make bills affordable as a minimum for all households with water and sewerage bills more than 5% of their disposable income by 2030 – part of its strategy to end water poverty. This is a sector-wide objective so it seems reasonable that this should be funded at an industry level.

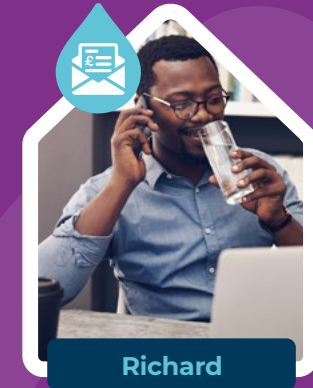
Allowing funding contributions to be shared across company regions would ensure customers in more deprived areas were not hit with disproportionate costs and therefore the scheme would be more efficient.

This review recommends that UK and Welsh Governments should lead the industry in designing a single, sustainable social tariff, creating one central funding pot across England and Wales, which uses a customer cross-subsidy at a level which allows the eradication of water poverty at the 5% level we mention above.

Given that it will take some time to introduce a replacement single social tariff there remains a pressing need to tackle the immediate pressures being placed on the existing schemes by Covid-19.

Amendments to existing social tariff schemes should be considered to make sure they are robust enough to deal with a sudden influx of households needing financial support.

## Richard: Single social tariff



Richard

**Richard was previously not eligible for financial help from his water company. His sister, who lives 150 miles south and is in similar financial circumstances, was eligible for her water company's social tariff.**

Now, all water companies in England and Wales have introduced a single social tariff with common eligibility criteria, both Richard and his sister get the same level of help to make sure their charges are affordable.





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## Independent review of water affordability

# A detailed view: **Social tariff schemes**

## Future options for social tariffs



New appointments and variations (NAV) are companies that provide water and/or sewerage service to customers. NAVs apply to Ofwat to take over responsibility for specific geographical areas, usually development sites, and Ofwat consults on any proposals before granting applications.

A NAV has the same duties and responsibilities as a statutory water company. Furthermore, they must match or, preferably, exceed the service standards of the incumbent company and can recover no more than the charges levied by the incumbent water company/companies for the same services.

NAV) are much smaller companies – some of them have less than a thousand customers – and they tend to operate over a large number of sites across many different incumbent water company areas. They must provide the same range of support for their customers as larger companies including offering the WaterSure tariff and operating a Priority Services Register.

However, they do not currently have to offer any social tariffs, even though the charges that they levy will include an amount equivalent to what the incumbent company recovers for the purposes of paying for a social tariff. CCW is keen to work with Ofwat to ensure this issue is addressed. Furthermore in the event of the introduction of a single social tariff this review would expect this to also be made available by the NAVs to their customers.





The voice for water consumers  
Llais defnyddwyr dŵr

## Independent review of water affordability

# A detailed view: Social tariff schemes

## Future options for social tariffs

### Structuring the single social tariff

Introducing a single social tariff would represent a huge opportunity for the water industry to work together to help solve the affordability problem in a way that's cost-effective and thoroughly thought through.

UK and Welsh Governments to lead the industry in co-designing and implementing a single social tariff. Water companies should consider funding the setup costs for the scheme.

This review has considered multiple ways in which this might be approached, and its conclusion is that these are the four most viable:

These are included to form the basis of the discussion and co-creation work.

#### Option 1: Fixed bill reduction for all customers

This option would reduce all eligible customers' bills by a fixed amount. This approach would be easy to communicate to customers and would be simple for the water companies to administer.

There would still be a clear link to water efficiency for households on a meter, and every eligible customer would receive exactly the same discount.

However, giving everyone the same bill reduction would mean some households would receive more support than they need, while others wouldn't get enough. This solution would cost more than is necessary to take all households out of water poverty.

#### Option 2: Fixed Percentage bill reduction

This option would reduce eligible customers' bills by a fixed percentage, with the size of the reduction being targeted at taking households out of water poverty. A 40% reduction in bills is equivalent to £163.20 on the average bill, which is close to what would be needed to lift all customers out of water poverty.

While this would be a fair and simple solution, the support is not specifically tailored, meaning the same issues would arise as with the previous option.

#### Option 3: Bill Cap linked to water poverty measure

Under this option, the bills of all eligible households would be capped, meaning that customers would never pay more than the maximum set amount. The cap would be personalised for each household, calculated by taking into account their household income and the amount they pay for water, and would give them just enough to take them out of water poverty. For metered customers whose water usage took their bill above the cap, then they would pay the smaller amount.

This solution is efficient, tailored and fair, reflecting what each household pays for their water and accounting for regional pricing differences. However, it would be more difficult to communicate, would be more complex for water companies to administer, and doesn't encourage customers to be more water efficient.

#### Option 4: Free block of water

With this solution, all eligible households would be given a free water allowance (for example, 150 litres per day), which would typically have a value of around £160 (based on typical water and sewerage charges) – approximately the same amount needed to eliminate water poverty at an average level.

This scheme would be simple for companies to administer and clear for them to communicate. It would raise customers' awareness of their own water efficiency, although there might also be a risk that some customers might ration their water use to avoid most charges. The scheme could also lead to some households receiving more - or less - support than they need, and would cost more than is necessary to eliminate water poverty.





The voice for water consumers  
Llais defnyddwyr dŵr

## Independent review of water affordability

# A detailed view: **Social tariff schemes**

## Future options for social tariffs

### Funding the single social tariff

**Research commissioned by this review** shows that there is considerable public support for the use of company profits to fund the financial support that's offered to customers. When companies make their own contribution towards providing support, customers are also much more willing to contribute.

But company profits can vary considerably, and providing consistent financial support requires a stable source of funding.

The Warm Home Discount scheme, which provides energy bill reductions, was referenced as an example of best practice in 46% of the responses to our call for evidence. One of the main reasons for recommending this model is the method of funding – while the scheme 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.

One of the difficulties of funding support through customer bills is that the cost of lifting everyone out of water poverty will vary considerably across each region.

Funding these costs at a local level would place much higher pressures on customers in areas where poverty is more prevalent. That could risk dragging even more people on the fringes of needing help into water poverty.

The way to overcome this would ideally be to use general taxation to fund the support, but failing that, funding it more consistently through bills at an industry level would mean the costs are spread more evenly across customers.

This approach would also allow the industry to achieve its commitment to customers of eradicating water poverty. That's why this review recommends that water companies, Water UK and Ofwat work together to create a single social tariff scheme across England and Wales.



# A detailed view: Social tariff schemes

## Future options for social tariffs

### Funding the single social tariff

There are timing considerations to be made when thinking about setting up a single, industry-wide social tariff. This will take a while to establish, while in the meantime, current social tariff support is likely to come under pressure – and potentially be exhausted – due to the impact of Covid-19 on household finances. To overcome this short-term challenge, the current customer consent requirement needs to be revisited.

This review is calling on UK and Welsh Governments to:

1

In the short term, temporarily relax the need for companies to demonstrate customer acceptability for expanding funding, to accommodate any surge in demand due to the impact of Covid-19.

To create a single pot to potentially close the gap between the current position and everyone being lifted out of water poverty at the 5% disposable income level would add £11 to water bills. However, it is unlikely that this amount would be added to bills in one go as it would take some time to identify and place customers on the new single social tariff. In addition, this cost would be offset over time by a reduction in the cost associated with 'bad debt' – that is, the cost passed on to other customers to cover companies' losses from unpaid bills. Phasing out some of the current support could also help to reduce this cost over time.

This review estimates that in time, the extra cost of this approach might only be around £6 per customer per year, and could be even lower if some customers can be lifted out of water poverty by support measures other than a social

2

In the medium to long-term, put in place an adequate source of funding for future social tariffs. It is for Governments to decide on the source of funding.

tariff, such as through benefit checks and accessing lower bills by opting for a meter. By comparison, the **annual cost contributed** by energy customers to fund the Warm Homes Discount is around £13.

To reduce the impact of the introduction of a single social tariff on customers who are currently being supported at a higher level, CCW recommends that they be allowed to retain that level of support for a period of time – with this 'top-up' being phased out over an extended period.

Moving to a single social tariff approach could also enable water companies to make cost savings by sharing the cost of materials, promotional activities and potentially also sharing some administrative processing to reduce the duplication of activities across all companies.





# A detailed view: Social tariff schemes

## Future options for social tariffs

### Auto enrolment

Using data provided by the Department for Work and Pensions (DWP) to auto enrol customers who need help onto appropriate support schemes would also help to overcome the current problem of water affordability support not reaching those who need it. More than 40% of respondents to the review's call for evidence 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.

The sector has already begun trialling the sharing of data with the DWP under the provisions of the Digital Economy Act. There may be scope in the future to share information about household incomes, particularly if a single social tariff was pursued which required information about income. Looking ahead, this review recommends that the water industry uses the Digital Economy Act to its full potential so that customers can be automatically enrolled for support when they need it.

If the DWP was able to share information on income and household size, enrolment onto an appropriate tier of support could be automatic for households in receipt of benefits. To what extent water companies could tailor support would depend very much on the level of detail of the data provided by DWP. For example, if the data provided water companies with a detailed understanding of a customer's circumstances, the support they offer could be better personalised. If the data was more generic, the water company could provide basic support and ask the customer to provide more information in order for them to tailor a solution to suit them.

Information should also be shared between water companies, so that customers whose water and sewerage is provided by different companies only have to apply once for the support they need.

## Sofia: Awareness & data sharing



**Sofia has struggled to afford her water bill for some time, but she didn't know she'd be eligible for a reduced bill, and thought schemes like that wouldn't be available to her.**

Now, the water company has used data shared by the Department for Work and Pensions to identify Sofia as someone needing help, and has automatically reduced her bill without her having to ask or apply.

## A detailed view: **Social tariff schemes**

### **Recommendation for improving social tariffs**

In this area this review is making one crucial recommendation.

#### **1.**

**Introduce a sustainable, single social tariff to eliminate water poverty in England and Wales at the 5% level. This tariff should have consistent eligibility criteria and be easily accessible to all customers.**

- UK and Welsh Governments, should lead the industry in co-designing and implementing a single social tariff. Water companies should consider funding the setup costs for the scheme.
- Government should put in place a source of funding sufficient to enable the eradication of water poverty at 5%. If customer funding is used then one central pot for England and Wales should be created.
- Defra and Welsh Government should temporarily relax the need for companies to demonstrate customer acceptability for funding through bills where needed to address a surge in demand due to the economic impact of Covid-19.





The voice for water consumers  
Llais defnyddwyr dŵr

## Independent review of water affordability

# A detailed view: **Access and awareness**



### What the evidence tells us:

The evidence gathered as part of this review shows that not only is customer awareness low of the type of support that's on offer, but they also face problems accessing the support that's available. These problems can be summed up as follows:

#### Access to support:

There are several barriers preventing customers accessing the support they need.

- **The application process is often complex and repetitive.**
- **Companies don't know their customers well enough to proactively offer help.**

#### Awareness of support:

- **Customers aren't always aware of what support is available, while some don't always trust their water company to have their best interests at heart.**
- **Water companies could do even more to build closer, more positive relationships with their customers.**
- **Water companies don't always communicate in a way that meets their customers' needs.**
- **Variations in eligibility criteria makes it difficult for water companies to widely promote the support they offer.**

**Despite the wide range of support available, millions of customers are missing out on getting help because they're simply not aware of what help is available. Even those who are aware of what's on offer can find it difficult to access support, either because of a complex application process or because of practical or emotional barriers they face due to their personal circumstances.**

There's also a clear need for water companies to improve the quality of the data they hold about their customers, so that they can get better at proactively offering help to the right people at the right time.

All of these issues were recurring themes among the responses to this review's call for evidence. Making improvements in these areas can help to make sure no-one has a sleepless night worrying about an unpaid water bill or mounting debt.

The review has developed several proposals of how water companies can increase the information they hold and improve the identification of those customers who might be in need of financial support.

# A detailed view: Access and awareness

## The current landscape

### Accessing support



#### Who may need financial support?

Data tells us that 53% of Bangladeshi households, 46% of Pakistani households and 42% of black households **are in the lowest quintile of income**, as are 23% of households where somebody in the family **is disabled**.

There are several barriers preventing customers accessing the support they need. Firstly, the range of methods and channels available can make it difficult for people to find the support they need quickly and easily. This can then be compounded by additional factors such as lack of trust, a fear of form filling, low levels of literacy, language barriers and disabilities.

There are also certain groups within society who find it **more difficult to access information about financial support**. This includes people in minority ethnic groups, those with language barriers, **disabled people** and those with **lower-level literacy skills**, and this review recognises that more needs to be done to ensure they can access the help they need. Suggestions from the call for evidence included using radio, audio files, video animations, and multi-lingual literature.

From here, the review has developed a recommendation that calls upon all water companies to make their written communications fully accessible and inclusive, including 'easy read' and multi-lingual versions. Co-designing these with end-users will help to ensure they fully meet the needs of those they're trying to help.

Even if individuals overcome all of those barriers, the application process itself can, in some cases, be complex and repetitive, asking people to provide excessive evidence, many times over. This can lead to people giving up on the process and subsequently missing out on the support they need. Data about people in receipt of income-related benefits is held by the Department of Work and Pensions (DWP), and simply sharing this with water companies could remove the need for customer effort.

“

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.

**Dŵr Cymru/Welsh Water**





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## Independent review of water affordability

# A detailed view: Access and awareness

## The current landscape

### Accessing support

Most applications for support require people to complete an online form, without providing additional options for people who may be less IT literate or unable to access technology. Limiting the options of channels people can use to apply can reduce their likelihood to do so.

Providing customers with choice of their preferred method of contact, such as text messaging, WhatsApp, telephone, online or face-to-face, could help increase the number of people submitting applications.

This review is making a range of recommendations to help customers to access the support they need. Above all, water companies should seek to improve their understanding of the customers and communities they serve, through research, engagement and increased transparency.

CCW will play its part to support companies in doing so, helping them to take a systematic approach to mapping local and regional demographics, making it easier for them to identify who might need help and how best to communicate with them. Therefore, this review is asking companies to publish annual data on affordability and vulnerability, to help clarify a national picture of customer vulnerability.

The review also concludes that companies' internal Customer Relationship Management systems should show a rounded view of customers' circumstances at a glance, so that all departments within the company can see when a customer needs support and the factors that may influence a customer's behaviour.

Over a fifth of the poorest 10% of households now rent privately. It's therefore crucial that water companies get their details so that they can be made aware of and access the support on offer.

Making the Landlord and Tenant Address Portal compulsory in England (as it already is in Wales) will also raise the visibility of residents who may need help.

Some companies are already making inroads into developing a better understanding of their local customer base. Yorkshire Water's trial with **BAME Voices** in Bradford is due to start in the second half of 2021, while Severn Trent Water is due to begin trialling behavioural science and customer engagement, focussing on hard-to-reach non English speaking customers and communities, in Leicester.

These pilots will help the companies develop a deeper understanding of the barriers these communities experience in accessing support, while exploring how the water companies and communities can build trust by examining diversity and inclusion in companies, considering how to recruit from within these communities and how best to utilise community support, particularly during an incident.

Making sure consumers in vulnerable circumstances can always get through to someone at their water company when they need to is also extremely important, especially during an incident or emergency. This review recommends that water companies should maintain dedicated communications channels for consumers in vulnerable circumstances, so that they can always get through, even at busy times.



The voice for water consumers  
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## Independent review of water affordability

# A detailed view: Access and awareness

## The current landscape

### Awareness of support

Not being able to choose a supplier means that many customers don't have an active relationship with their water company, and many customers assume that because they cannot switch their water provider, there are no options for reducing their bills. This rather distant and detached relationship can have an impact on how aware they are of the support their company offers.

When **we spoke to customers** as part of the research for this report, we found awareness of the existing support schemes (such as social tariffs) to be low, with only 1 in 4 respondents having heard of them. Many customers had not even considered that such support may be available, while **some we spoke to** were surprised to learn about social tariffs and in some cases even slightly dubious, highlighting the issue that many people don't trust their water company to truly care about their needs.

In fact, CCW's **Water Matters research** tells us more about the groups of customers who are more likely to have low levels of trust in their water company, and there are close links to their need for additional support. Statistically, customers who receive benefits, have a disability, or say their bills are unaffordable are more likely to also have low levels of trust in their water company. Customers from households on the lowest incomes (less than £10k a year) are significantly more likely to have low levels of trust than households in some of the other higher income groups.

Lack of awareness of the support available is particularly apparent amongst those who have moved to the UK recently and who are used to different processes in their native country. We discuss cultural and language barriers in more detail on **page 60**.

Compounding this lack of awareness is that water companies' communications are often driven by the priorities of the company, rather than by customers' needs. Companies frequently fail to provide information about support in a format that makes it particularly visible or accessible to the customers they're trying to reach. When receiving a bill, many customers only look at the amount owed – and when companies don't display additional information clearly enough, customers either miss it, or might perceive that this information is being deliberately hidden by companies. That's why this review recommends that companies make sure the availability of financial support is not only visible and prominent on all customers' bills, but on the envelopes, too.

Similarly, sharing information through digital channels like social media tends to take priority over other methods, but this doesn't necessarily reach everyone and tends to actively exclude certain groups in society. Although there has been a decline in the number of adults described as 'internet non-users' (those who have either never used the internet or have not used it in the last three months), **figures from 2018** show that there were still 5.3 million adults in the UK – that's 10% of the adult UK population – in this situation.

There are some people who do not, or cannot, use digital tools or online services. This can be for a number of reasons - they might have made a choice not to, they may lack motivation and/or confidence, they might not have the recognised basic digital skills, or they might not have access to (or be able to afford) devices or connectivity. This means that they are 'digitally excluded'.



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## Independent review of water affordability

# A detailed view: Access and awareness

## The current landscape

### Awareness of support

Digital exclusion is most prevalent among elderly and disabled people, while internet non-users and those with fewer digital skills are more likely to be in lower socioeconomic groups. According to the **Lloyds Bank UK Consumer Digital Index 2020 survey**, people with an annual household income of £50,000 or more are 40% more likely to be able to carry out basic digital tasks than those earning less than £17,499. The survey also found that Wales, the East Midlands and North East of England have the lowest proportions of people with a full set of digital skills and the highest proportions of internet non-users.

A 2020 Ofcom survey of over 3600 people found that older people and those from lower income households are also less likely to own a smartphone, which is needed in order to use contact tracing apps. For example, 5% of respondents in the 35–54 age group did not own a smartphone, compared with 30% in the 55+ age group. An October 2020 survey of around 650 people aged 60+ by **Silver Voices**, a charity for older people, found that 31% had reported downloading the app. Out of those who had not downloaded it, nearly 6 in 7 said it was because their phone was too old to support it.

Why does this matter? Water companies' over-reliance on digital communication was also highlighted following the 'Beast from the East' in 2018, which brought with it a sudden freeze and rapid thaw leaving more than 200,000 customers across England and Wales without a water supply for four hours or longer.

CCW's research following this event highlighted that many customers wanted up-to-date information that could be accessed from other sources than just social media.

More recently, CCW's **Water for All report (2019-20)** recommended that water companies undertake a program of understanding on how communities in their area communicate, to find out what communication channels consumers really use, not just what organisations want them to. This understanding should be built around information on ethnicity, language, literacy, trusted sources of information, preferred and most used communication channels and which audiences are using them. Companies should then use the evidence to communicate to customers in a language they understand and through channels that they are known to use.

Thames Water has done just this. Working with **LanguageLine** and **deafPLUS** in London, the company developed an app to give its employees live face-to-face access to a British Sign Language (BSL) interpreter and alternative language interpreters via a handheld device or laptop. This means they can communicate with their hearing-impaired customers and non-English speaking customers in a way that's convenient and helpful for them. The company recognised that the need for language access has become more unpredictable as society has become increasingly multilingual. By being able to assist every individual regardless of their language, culture or ability companies can deliver a higher value experience at the moment of need.

A 2020 Ofcom survey of over 3600 people found that older people and those from lower income households are also less likely to own a smartphone, which is needed in order to use contact tracing apps.

For example

5%

of respondents in the 35–54 age group did not own a smartphone



compared with 30% in the 55+ age group

# A detailed view: Access and awareness

## The current landscape

### Awareness of support

It's not just customers whose awareness of the support on offer needs to improve. National organisations offering advice and guidance to those struggling financially can also find it difficult to refer people to the right water company support. This is because every company's support scheme has a different name, and eligibility criteria also varies from company to company. Nineteen respondents to our call for evidence in this review made explicit reference to the need for standardising eligibility criteria.

Often, customers are looking for help and support with more than just their water bill. A customer in water poverty is also likely to be in fuel poverty, or struggling with other financial commitments like council tax, housing payments, or other utility bills. As such, they're likely to need to access support from a range of suppliers, which can often prove difficult with so many information sources to navigate.

To tackle this issue, United Utilities has funded the design and launch of a new tool to help partner organisations who support customers in the North West of England. The North West Hardship Hub offers money advisors a 'one stop shop' for all debt support schemes available to their clients. Following the principles of Trip Advisor, money advisors can search for all the available help in their local area and be able to rate schemes, recommend them to colleagues, access application details and obtain key contact details of scheme owners.

This concept should be adopted throughout the industry, with common branding and unified descriptions adopted for all companies' support schemes, making them more easily recognisable through consistent promotion across England and Wales.

“

The adoption of a common brand would be a potential major step forward in raising awareness.

**Money Advice Trust**

“

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.

**Affinity Water**

“

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.

**Bristol Water**



## A detailed view: **Access and awareness**

### The current landscape

#### Consistency through collaboration

Over 80% of the responses received to this review's call for evidence made reference to the importance of 'cross-sector promotion and partnerships' in tackling water poverty.

Recommended by the Commission for Customers in Vulnerable Circumstances, the Energy Vulnerability Commitment was established in the energy sector to encourage all energy providers to commit to driving up standards of support for consumers in vulnerable circumstances.

Often viewed as an example of best practice, this commitment represents a key mechanism for positioning affordability initiatives and associated practices firmly towards customers in vulnerable circumstances. It connects vulnerable and harder to reach customers with energy companies' programme design and service delivery.

Taking a similar approach in water could help to re-orientate the focus of affordability initiatives by giving these customers the opportunity to shape service delivery through their feedback.

Water companies should follow this lead, with the help of CCW. This review is calling on the industry to develop a water vulnerability commitment that all companies sign up to and embed within their organisational culture.

“

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 outcomes for consumers. There are opportunities for much more collaboration and pooling of resources to meet common goals and then to translate the results into processes that are tailored to a specific sector.

**Vulnerability Registration Service**

## Alex: Payment matching



Alex was in arrears with their water charges and other bills. They don't earn enough to pay back what they owe, and feels like it'll be impossible to get back on track. They don't know that their water company has a payment matching scheme which could help them clear their debt faster.

Because most water companies are now offering payment matching under a single brand, they are widely promoted on national TV and radio. Hearing about the scheme on the radio, Alex calls their water company to ask about it. Within a year, they've cleared all of their water debt with the help of payment matching.

## A detailed view: **Access and awareness**

### Recommendations for improving access and awareness

In this area this review is making four recommendations.

#### 1.

##### **Customer communications should be clear and accessible.**

- Companies should make all written communications fully accessible and inclusive, including 'easy read' and multi-lingual versions. These should be co-designed with end-users.
- Companies should offer customers the opportunity to apply for support using a communication method that suits them.
- Companies should maintain a dedicated communication channel for consumers in vulnerable circumstances so that they can always get through, even at busy times.
- With the support of CCW, companies should develop common branding and unified descriptions for all support schemes. These should be promoted consistently throughout England and Wales.
- Water companies should ensure that financial support information is visible and prominent on customer bills (including the envelope).

#### 2.

##### **Water companies should improve their understanding of their customers and the communities they serve, through research, engagement, and increased transparency.**

- Companies' Customer Relationship Management systems should show a rounded view of customers' circumstances at a glance, so that all departments can see when a customer needs support and the factors that may influence a customer's behaviour.
- CCW will develop a framework to help companies understand their local and regional demographics, who might need help and how best to communicate with them.
- Water UK should work with other stakeholders to develop a water vulnerability commitment that the industry signs up to and embeds.
- Water UK should publish periodic updates on the scale of the water poverty problem, and Ofwat should direct companies to publish affordability and vulnerability data annually.



# A detailed view: **Access and awareness**

## Our recommendations for improving access and awareness

### 3.

**Water companies should take a proactive approach to identifying those customers who may need support.**

- Ensure all Priority Service registrations receive a welcome pack/ communication which should include information on financial support options.
- Water companies should monitor metered customers' water consumption to identify those customers who may be in need of support (e.g. high usage due to leakage or low usage from self-rationing) and make an appropriate intervention.

### 4.

**Through information and data sharing, companies should increase the information they hold to improve the identification of customers in need of financial support.**

- Information should be shared between water companies, so that customers whose water and sewerage is provided by different companies only have to apply once for support.
- Customers moving house should be automatically transferred onto financial support schemes between water companies, where this is possible and customers consent.
- Water companies should work with the Department for Work and Pensions (DWP) to ensure the Digital Economy Act is used to its full potential, so that customers can be automatically enrolled for support when they need it.
- Defra should make the Landlord and Tenant Address Portal compulsory in England to raise the visibility of residents who may need help.
- CCW will consult with water companies, Ofwat, the Department for Business, Energy and Industrial Strategy (BEIS) and the UK Regulators Network with an aim to establish a taskforce to ensure essential services collaborate to build an online hub that will be used by companies and customers/customer representatives to record the customer's financial and other support needs, which will then notify the relevant companies to initiate the support. The hub should allow the users to track the progress of their submission.
- A cross-sector code to record customers' financial vulnerability needs on the Priority Services Register should be introduced by water companies with the support of Water UK and Energy UK.
- Companies should work with other stakeholders and organisations to develop data sharing frameworks - to provide mutual benefits to organisations with shared customers, which could include:
  - Water companies
  - Energy suppliers
  - Local authorities
  - Debt Advice Sector
  - Governments (for shielding data if needed in future)
  - Other regulated industries



The voice for water consumers  
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## Independent review of water affordability

# Next steps

CCW will take the following actions to help lay the foundations and support the delivery of the recommendations that this review has identified:



### Identify and share good practice on:

- Improving the accessibility of customer communications and ensuring they reflect customer preferences.
- Monitoring customers' water consumption and other behaviours to identify customers in need of support.
- Providing holistic debt advice, or an income maximisation review.
- Ensuring water efficiency forms part of affordability strategies.
- Simplification of WaterSure evidence requirements.
- Sharing of information about affordability support needs between water companies.



### Water companies - working with CCW - should identify learning points from pilot schemes and existing initiatives in the following areas:

- Making use of self-service technologies to give customers the flexibility to manage the amount and frequency of their payments, following a pilot by United Utilities.
- Where practical, such as where smart metering is deployed, water companies should give customers the option to receive more frequent bills. Southern Water is already planning to trial this.
- Ensuring the availability of financial support is visible and prominent on customer bills (including the envelope). This will follow pilot work by Dŵr Cymru/ Welsh Water and South Staffs and Cambridge Water.
- Learning from a trial by Affinity Water to ensuring all Priority Services registrations receive a welcome pack or communication which includes information on financial support options.
- Using the Digital Economy Act to its full potential so that customers can be automatically enrolled for support when they need it.
- Write off a minimum of 5 weeks' charges for customers who apply for social tariff support while their application for Universal Credit is still being processed. This will be informed by the work currently underway with South Staffs and Cambridge Water.
- Establishing a taskforce to ensure essential services collaborate to build an online portal for two-way referrals that can be used by all. CCW will do this by utilising a design sprint at Northumbrian Water's innovation festival.
- Developing a framework to help companies understand their local and regional demographics, who might need help and how best to communicate with them. CCW will do this in collaboration with Yorkshire Water and Severn Trent Water.
- Learning from a pilot by Thames Water that seeks to forge a stronger link between water efficiency and affordability strategies. The pilot will include identifying options to provide enhanced interventions and the deployment of emerging technologies.





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## Independent review of water affordability

# Next steps

CCW will take the following actions to help lay the foundations and support the delivery of the recommendations that this review has identified:



### Collaborate to secure change in the following areas:

- Reviewing debt guidance.
- Developing a water vulnerability commitment that the industry signs up to and embeds.
- Establishing an 'Ability to Pay' licence condition.
- Seeking an extension of the Water Direct scheme.
- Making the Landlord and Tenant Address Portal compulsory in England.
- Introducing a cross-sector financial vulnerability needs code on the Priority Services Register.
- Developing data sharing frameworks.
- Creating one central funding pot for social tariffs across England and Wales.
- Ensuring the innovation fund includes an impact assessment in relation to financial and wider vulnerability.
- Temporarily relaxing the need for companies to demonstrate customer acceptability for funding through bills where needed to address a surge in demand due to Covid-19 economic impacts.
- Agreeing an industry-wide approach to crisis support funds – that adhere to consistent operating principles.



### Seek commitment from water companies to ensure that they:

- Offer a wide range of payment methods, retaining existing methods and making use of emerging technologies, to allow customers to choose what works best for them.
- Offer a 'long term' lowest bill guarantee (targeted on low-income households with low usage who would save money by switching to a meter).
- Consider capping WaterSure bills at average metered household bill level (rather than overall average bill level).
- Publish affordability and vulnerability data.
- Maintain dedicated communication channels for consumers in vulnerable circumstances.
- Commit to making a contribution to pay for wider affordability support.
- Develop common branding and unified descriptions for all support schemes and promote these consistently throughout England and Wales.



### This review calls upon Defra and Welsh Government to instruct the industry to do the following:

- Co-create and implement a single social tariff with the involvement of relevant stakeholders.



The voice for water consumers  
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## Independent review of water affordability

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### Next steps

This review firmly believes that nobody should find themselves having to choose between paying their water bill and affording other household essentials, such as food and heating.

At the conclusion of this review, the water industry is presented with a unique opportunity to work together, alongside the governments in England and Wales, to tackle affordability and end water poverty once and for all. This is particularly imperative at this time, given the economic impact of the coronavirus pandemic.

The review's aim has been to provide practical and strategic tools to end water poverty. As we've seen, water debt can have a devastating effect on some customers' overall financial circumstances.

The review concludes with the hope that its recommendations go even further than alleviating water poverty, and have a positive impact in reducing poverty more widely.



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