



The voice for water consumers
Llais defnyddwyr dŵr

ccwater.org.uk

**Independent review
of water affordability -
one year on**



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Summary: **A year of progress**

Our review of water affordability has sparked a wave of action over the past year to improve the support for people who struggle to afford their water bills. Governments, water companies, Water UK and Ofwat have enthusiastically taken on the challenge of delivering changes that will help ease the pressure on millions of households.



6 out of 10

of the review's key recommendations have been fully or largely implemented.



24 out of 40

actions have been fully or largely implemented. A further 14 are on the path to completion.

Making services more inclusive

Water companies have committed to embedding inclusive service delivery through achieving accreditation against British or international standards.

Ending the postcode lottery of financial support by 2025

The UK and Welsh Governments are exploring our proposal for a single water affordability scheme to end the postcode lottery of financial support that our review highlighted as a major barrier to ensuring everyone gets the help they need.

New legislation would be required to bring about meaningful changes that ensure everyone has access to fair and consistent support with their water bill.

We want a new universal scheme in place by **April 2025**.



A commitment to care for customers

Ofwat has updated its Paying Fair guidance to companies on dealing with customers in debt to reflect the conclusions from our review. The regulator is also working on developing a new customer-focused condition for water companies' licences.

This would require companies to consider affordability and vulnerability across all of their operations.

Wider benefits coming downstream

Companies have made good progress towards delivering:

- Lower bills for some customers receiving help through the WaterSure scheme by companies capping bills at the average metered bill – we estimate an average £29 saving per affected household – totalling £4m.
- Stronger links between affordability and water efficiency strategies which could provide typical savings of more than £100 to each household that is helped – as much as £11m in savings overall.
- New bill guarantees to give people the confidence to make the switch to a meter could help them access typical savings of around £50 each. Potentially keeping as much as £48m in the pockets of struggling households.
- Additional benefit checks could maximise the income of some households, unlocking thousands of pounds in unclaimed benefits – the value of this to households could be as much as £24m.

Improving the flow of data

Water UK and companies have been working to put in place and strengthen data-sharing agreements, so companies can more easily identify customers who could qualify for financial help.

Pilot schemes provide springboard to change

10 water companies have been piloting nine of our recommended actions across 12 pilot schemes. Six of these pilots have been completed and the findings shared with the rest of the industry to support and inform their own changes.



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Introduction: Cost of living pressures strengthen case for change

It has been just over a year since the publication of **CCW's independent review of water affordability**. During that time the financial pressures on households in England and Wales have reached boiling point. Rising energy costs and soaring inflation have fuelled a cost of living crisis that few of us could have anticipated when we embarked on the review on behalf of the UK and Welsh Governments in October 2020.

The average household energy bill could rise to as much as £2,800 a year during the course of 2022-23 and - while few of us are immune to these inflated costs - the impact on people can vary enormously.

Those on the lowest income face the most severe consequences and the prospect of making impossible choices unless they are provided with targeted support¹.

The stark impact of those choices is reflected in our own research where customers have spoken candidly about missing meals or washing their clothes while taking a shower to keep a lid on water and energy costs.

These pressures can put an almost intolerable strain on people's wellbeing. The Money and Mental Health Policy Institute found that almost half of adults facing serious debt problems also

suffered difficulties with their mental health. People struggling with debt were also three times more likely to have considered suicide in the past year.

Cost of living research published by the water regulator Ofwat in spring 2022 found **a third of water bill payers that expected their finances to get worse in the coming year felt depressed**.

The growing strain on people's finances and its potential impact on their wider wellbeing has made the implementation of our review's recommendations even more critical. These have the potential to bring immediate and long-term relief to households already in financial hardship, or on the brink of falling into it.

While water charges are currently increasing at a far more modest rate than energy², they remain another concern for households struggling to make their budget stretch.

Joint research from CCW and Ofwat found more than a third of customers struggled to pay bills fairly frequently.

However, just 4% of bill payers had reported receiving financial help from their water company in the past year.

Water companies recognise the mounting pressure on households and have responded positively to the recommendations from our review.

Our report highlights some of the significant strides that have been taken by the industry to enhance the financial support for households swimming against a tide of rising costs. Good progress has also been made towards delivering the central foundation of our review - the creation of a single water affordability scheme.

Through adopting this more consistent and sustainable approach to helping

those in hardship we can provide peace of mind for millions of households long into the future.

Providing that security to people on a low income can also help to transform the discussion on future investment in tackling the wider environmental challenges facing the sector.

These include making sure we have enough water to meet the demands of our growing population, while protecting the environment we source our supplies from.

Making sure our sewer network is robust enough to deal with our increasingly volatile climate will also demand investment on a scale that will inevitably put pressure on customers' bills.

That makes it even more imperative that people on a low income have the support they need to keep bills affordable.

¹ The poorest 10% of households spend 54% of their average weekly expenditure (£298.90) on essentials such as water, energy, food and housing. Those in the richest 10% spend 42% of their average weekly spend on the same essentials (£1,073.20). <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/energypricesandtheireffectonhouseholds/2022-02-01>

² Average water bills rose by 1.7% to £419 in April 2022. However, there are significant regional variations with the average bill rising by 10.8% in one company area.



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Introduction: Cost of living pressures strengthen case for change

Ending the postcode lottery: Creating a universal water affordability scheme

The amount of help you receive if you cannot afford your water bill should be a reflection of your need - not where you live. However our review highlighted that the existence of different water company social tariff schemes – each with their own eligibility criteria and funding arrangements – has created a postcode lottery of support across England and Wales. This means that two families facing the same financial difficulties can receive vastly different levels of support, just because they are served by different water companies.

Our review proposed replacing this patchwork of schemes with a single social tariff that would ensure water charges remain affordable³ for people wherever they live. It would also help protect low-income households from the threat of water bills soaring in the same way we've seen with energy.

The recommendation has attracted widespread support from stakeholders within and beyond the sector, as well as parliamentarians from across the political spectrum.

The UK and Welsh Governments have established a development group to explore with CCW, water companies and other stakeholders how a new water affordability scheme could be structured.

The group is considering options around the potential design of the tariff, funding arrangements, communications and the process of transitioning to it.

CCW has also supported this work by keeping a close eye on people's views when it comes to assisting households who cannot afford their water bill. Our latest **research** found that three-quarters of people are in favour of help being provided to reduce the bills of those struggling to pay.

Two-thirds of those surveyed also felt that any contribution they made to subsidising this financial assistance should help people wherever there is a need in England and Wales, and not just in their own water company region.

The path to a single social tariff is not without its challenges and making it a reality will require legislative change.

Our goal is for it to be in place by April 2025, which we believe is achievable given the coalition of enthusiastic support that has united behind it.

Defra and Welsh Government intend to issue a public consultation to inform the next stage of this work.

We are also working with the regulator Ofwat to ensure that the next five-year price-setting process - PR24 – is able to accommodate the implementation of any new scheme⁴.



Companies should offer a lowest bill guarantee for low income, low usage people who may be reluctant to move to a meter.

Range of
£3m-£48m
£50 per household who would benefit

³ Our recommendation is for a scheme which ensures no household has to spend more than 5% of their income on water charges (after housing costs and equivalised for family size)

⁴ <https://www.ofwat.gov.uk/regulated-companies/price-review/2024-price-review/>



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Introduction: **Cost of living pressures strengthen case for change**

Wider change: Delivering the review's recommendations

Alongside the creation of a single social tariff, our review sets out a number of wider recommendations to help improve struggling households' awareness of and access to the wider support available to them.

The response from the sector has been overwhelmingly positive. Water companies, Ofwat and Water UK have worked with us constructively in considering - and in many cases implementing - these actions.

Our report showcases some examples of the wider good practice that is being applied by companies to encourage others to further improve the support they provide.



Piloting changes with water companies

Over the past year we've been working with a group of water companies to **trial some of the recommendations to emerge from our review**. This has given us the opportunity to get some of the key actions in place quickly, allowing us to observe and learn from their implementation and adapt different approaches where it is necessary.

Six of these pilot schemes have been completed by companies and they have shared their findings at a series of CCW-led workshops. These sessions have enabled good practice and valuable insights from the pilots to be shared with the wider sector as they adopt similar changes.





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Making it easier to apply for support

Wessex Water has completed research with customers and stakeholders to co-create a simplified application process that will cover several aspects of support.

It looked at what would be the easiest way to access support, and what type of language and imagery to use, so any application form is easy to understand and complete.

The research enabled the company to create some principles that it and others can use to create a simple application process.

The company **shared its findings** and suggestions with the rest of the industry in March 2022.

It made clear that applying for help should be a positive experience for customers but raising awareness of the assistance that is available remains the most important improvement that companies can make.



Examples of good practice



London Fire Brigade

Thames Water has teamed up with the London Fire Brigade (LFB) to identify people through the emergency service's Home Fire Safety Visits who may be particularly vulnerable if an incident affects their water supply and could benefit from registering for priority services. Customer research showed that 92% were happy that the Fire Brigade had passed their information to Thames Water. One recent supply interruption in London led to a number of residents being supported because of the partnership.

A customer from Church End said: "I am happy that London Fire Brigade shared my data with Thames Water. Without that I wouldn't have had water for two days. I am disabled and live alone so I was very grateful. It's made me feel a lot safer knowing people know I need help. I am glad both organisations did that for me – I appreciate it."

A portal operated by a third party, Auriga Services, has enabled this information to be shared with other London-based utilities.



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Creating a clear line of sight to help

Welsh Water put messages on the envelopes of its mailing to customers to raise awareness of financial support.

The company has chosen to persevere with this approach despite not seeing any immediate increase in take up of assistance. Evidence from the advertising industry suggests messages often need to be viewed many times before they have an impact.

We want to see other companies adopt these relatively simple changes to increase the visibility and awareness of financial support.

South Staffs and Cambridge Water made its contact channels more visible on bills and envelopes so people were encouraged to get in touch about help schemes and alternate payment arrangements.

Different approaches were also used to get its 'Here for You' messages out to the sections of the community most likely to need help, including through a face-to-face hub.

Breaking the community down into different groups and tailoring the approach to communicating with them was an important part of its success.

This helped to get financial support to those most in need and at the same time boosted the company's customer **experience rating**. It has now permanently adopted this approach.



Examples of good practice



Partnerships, training, and awareness

Welsh Water delivers free training and awareness-raising sessions to partner organisations, including Citizens Advice and Job Centres.

These help their employees better understand the support the company can offer to their clients. Almost 2,000 people have benefitted from the training sessions over the past year.





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Improving understanding of communities

Severn Trent Water is experimenting with ways to engage with communities to find out what works in different local and regional areas.

These include working with schools to educate children so they can influence adults in their household and exploring whether community centres and places of worship can help spread the message about priority services. It is also investigating whether using behavioural science can increase take up – for example, using messages showing how other people are signing up to support.

Yorkshire Water has put in place a team entirely focused on reaching out to a community in a financially deprived area of Sheffield, where awareness of financial support and priority services is also below the regional average.

The team is raising awareness of the financial support that is available through working closely with local authorities, community groups and charities. It is also using a variety of media from local radio to advertising billboards. Through social media alone its messages have reached 150,000 people.

Its community officers have held coffee mornings and presentations with local groups, all aimed at raising awareness of support - as well as educating people on other issues such as preventing sewer blockages, with advice on what not to flush down the toilet.



Examples of good practice

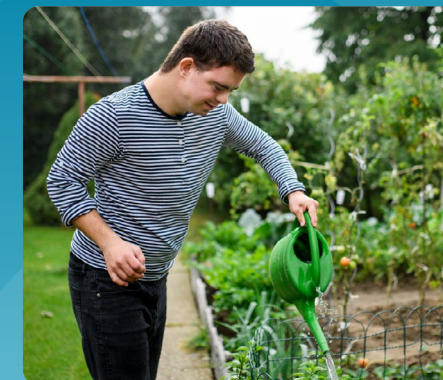
SEVERN TRENT

Care Leaver Support

Managing bills and personal finances for the first time can be a daunting prospect for many young adults leaving care. They face the challenge of paying a variety of utility bills for the first time, which can be overwhelming and lead to them ending up in arrears.

Severn Trent's Big Difference scheme aims to tackle this. It offers a 70% reduction off average water bills until the age of 25. Typically a saving of more than £250.

A successful pilot scheme in Coventry has led to Severn Trent also working with other local authorities within its region.





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Forging stronger links between **reducing bills and water efficiency strategies**

Thames Water wanted to work out how much its Smarter Home Visits (SHVs) could reduce water use and cut people's bills.

It found the visits could reduce usage by an average of 75 to 90 litres per day (l/d).

One in ten visits identified water being wasted through problems like leaking toilets and fixing these issues could produce savings of 229 l/d.

It also found that fitting devices - such as showerhead water savers - could lead to long-term savings. The company found this to be most effective when targeting households using over 500 l/d, which is about 20% of Thames Water's customer base.

The biggest savings often came from terraced houses with the most significant being in deprived areas and households using more water due to higher occupancy levels.

Thames Water has published its findings on its **website**.

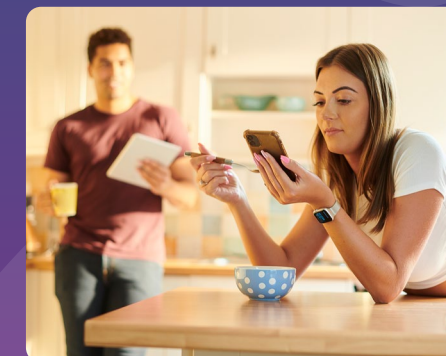


Examples of **good practice**



Household Grants

Thames Water has been working with Hampshire and Kent County Councils to help people impacted financially by the Covid-19 pandemic. The two councils have used Thames Water's knowledge of its financially vulnerable customers to identify those most likely to benefit from the Household Grants scheme. Grants worth over £100,000 were given to Thames Water to allocate to over 400 people to reduce their debts. Southern Water, South East Water and Affinity Water have also passed on grants through the partnership, which relies on strong collaboration between the councils and water companies.





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Developing a single **online support hub**

Northumbrian Water is working on creating a central hub that allows energy and water companies to share details of who is on their priority services registers (PSR).

These registers feature customers who have signed up for different forms of practical help. For example, the delivery of bottled water to their home during periods of disruption to their water supply.

The ambition is for this to eventually lead to data being shared between utility providers to make it easier for customers in need of financial help to be identified and helped at an earlier stage.

A cross-sector steering group is taking the project forward.

Examples of **good practice**



Community Hub

The company is using targeted communications at a local level to raise awareness of its free support for people in vulnerable circumstances. It has identified areas of high deprivation where it is hosting face-to-face pop-up sessions, and partnering with local representatives from organisations like Citizens Advice and Warm Wales.

A mobile Community Hub was used to provide advice and support in the communities where this was needed, reaching more than 1,000 people during its first month of operation.





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A more flexible way to pay

United Utilities (UU) has adopted a Pay As U Go scheme that allows people to pay more or less money depending on how much they can afford at the time. This flexible approach could be particularly beneficial for customers with unpredictable income that can vary from week to week.

The company has been promoting Pay As U Go through targeted communications, as well as highlighting the payment option on its billing leaflets and early debt reminders.

Take up of this option has so far been relatively low so the company has reviewed and tweaked the promotional materials on its website and in other customer communications to try and increase awareness and uptake of this scheme.

UU will continue to monitor the pilot before making any further potential changes.

Examples of good practice



United Utilities is taking advantage of open banking technology to verify customer income in real-time. This improves the accuracy and speed of assessing if a customer is eligible for support.

The use of open banking streamlines the process of checking customer eligibility for social tariffs. It saves customers that are applying for help from having to collate information on their income and expenditure, including evidence of receiving benefits, in preparation for their telephone assessment.

Completing an assessment using open banking considerably reduces the time and effort this takes for customers, with the added benefit of increased accuracy. It also means customers find out far more quickly whether they are eligible for the reduced water tariff.

Customers' experiences of the use of open banking have been very positive, with 88% saying they would use it again.



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Helping people survive the wait for Universal Credit

South Staffs and Cambridge Water has been offering a 100% discount on water charges for customers applying for Universal Credit. This lasts for an eight-week period while their Universal Credit application is processed. After the initial discount, the customer is moved to its social tariff with lower discounts (60% for year 1; 40% for year 2).

Problems associated with Covid-19 have hampered the pilot and restricted its take up. However it has still provided a critical lifeline to a small number of customers during a period when they had no income. That has been enough for the company to continue to offer the scheme to those who need it.

United Utilities stepped up its promotion of the support available to people transitioning to Universal Credit at the end of September 2021. It rebranded a previous scheme and relaunched it to raise awareness of the help available for people struggling to pay, while waiting for their first Universal Credit payment.

The company will now allow people to defer their first payment by up to eight weeks to support them while they wait for their first benefit payment. It will also work with partner organisations to promote the additional support on offer, while considering eligibility for other forms of assistance.

The pilot will continue to run until this August with the company likely to retain the scheme as part of its suite of assistance packages.

Examples of good practice



South Staffs Water

WOW – Water on Wheels

The company went the extra mile to help people unable to afford their bills by hitting the road in a new community vehicle – named ‘Water on Wheels’ – in November 2021. Staff examine people’s individual needs, providing information on everything from explaining bills and easy ways to pay to signing up for social tariffs and how to save money.





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Highlighting financial support to people registering for other forms of help

Affinity Water has added information on financial support to its welcome packs for people who sign up to its Priority Services Register.

The packs carry a clear 'call to action' that states 'We may be able to lower your water bill'.

People are directed to a webpage and an online application form for financial help.

The company also provide a QR code, telephone number and WhatsApp options for people to find out information and apply. It found 20% of webpage visits had led to social tariff discount applications.

It now wants to boost the number of people clicking through to explore financial help.



Examples of good practice



Reach Out Initiative

The company is working with an independent organisation to reach out to people that are facing debt recovery and are not engaging with it. People are signposted to support and benefits across the range of financial issues they are facing.

Households can be referred back to Anglian Water to resolve their debt where it is deemed appropriate and the customer has given their consent. The approach means customers do not have to tell their story more than once.





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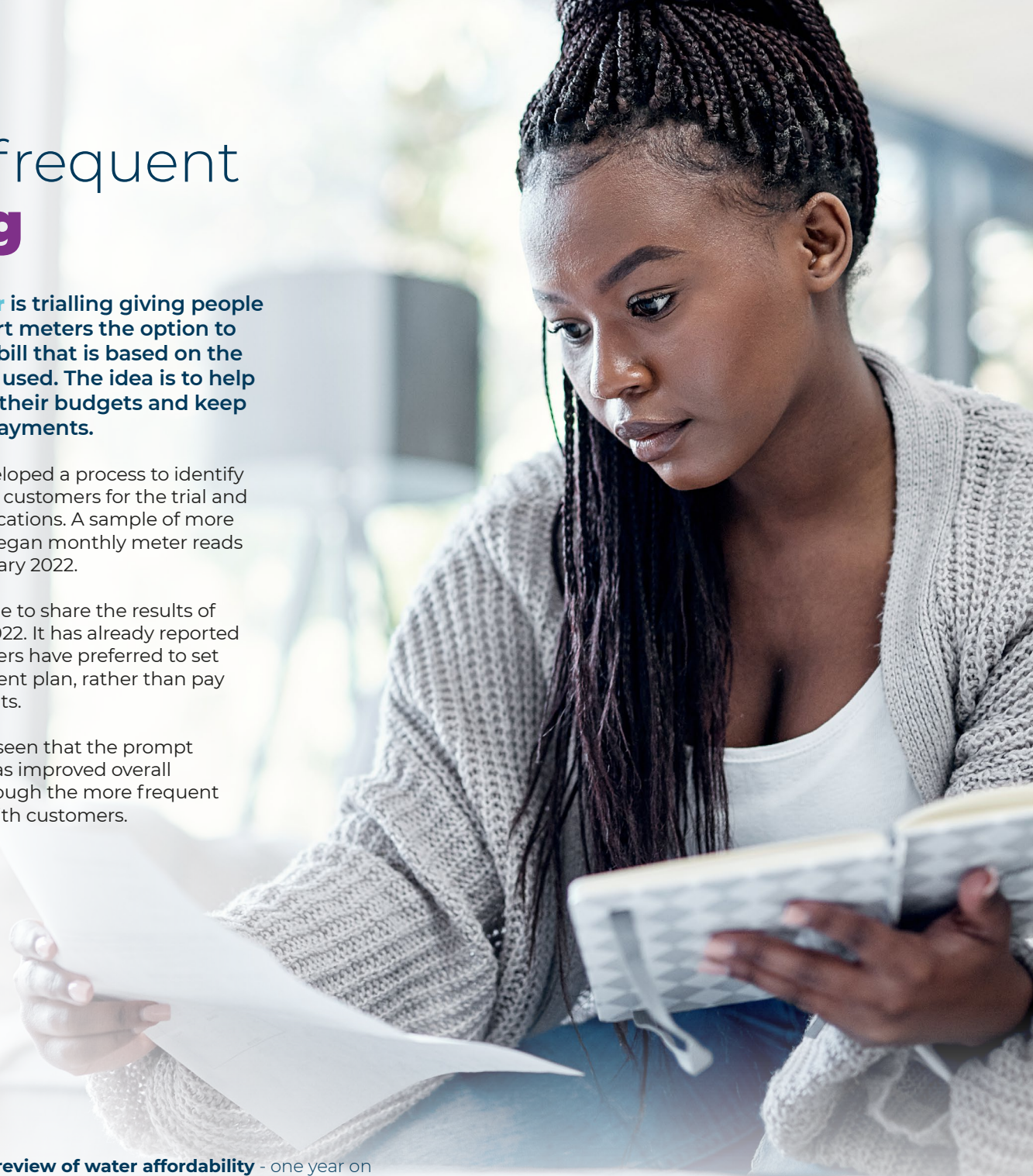
More frequent billing

Southern Water is trialling giving people who are on smart meters the option to have a monthly bill that is based on the water they have used. The idea is to help people manage their budgets and keep on top of their payments.

The company developed a process to identify different groups of customers for the trial and tailor its communications. A sample of more than 300 people began monthly meter reads and billing in January 2022.

It expects to be able to share the results of this work in July 2022. It has already reported that some customers have preferred to set up a regular payment plan, rather than pay fluctuating amounts.

The company has seen that the prompt of a monthly bill has improved overall payment rates through the more frequent communication with customers.



Examples of good practice

south east water

South East Water forged a partnership with three borough councils in Kent, using the Digital Economy Act as the basis to share information on customers. The council uses its own data and systems to identify who is eligible for the water company's social tariff based on a simplified household income threshold.

Through receiving property and customer data from the council, the company is able to apply the tariff quickly and tell the household the great news that their bills will be capped. This auto enrolment approach has been well-received by customers and councils.

Each council also supplies a monthly file to South East Water with details of any new customers that are eligible for its support schemes.

South East Water has reported that sharing data this way has so far led to about £1.5m of additional discounts for customers. The company has set its sights on similar agreements with four other councils.



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Savings on tap: Introducing a meter bill guarantee and maximising the benefits of saving water

Evan and Kevin bought their first home just before the pandemic but Covid-19 has turned their finances upside down. The loss of Evan's job has left them struggling to cover the cost of bills.

They have considered trialling a water meter in their three-bedroom home but fear it could increase their bills.

The couple discover their water company has introduced a two-year meter bill guarantee that gives them the security of knowing switching won't cost them a penny more.



They take the plunge and end up saving £200 a year and through further targeted water efficiency advice and devices from their company they save another £100.



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Overview of **progress**

We've kept track of the progress made by the water sector in implementing the actions set out in our review. Different circumstances mean a number of actions may be less relevant to some water companies or might take longer to implement. Overall, we have seen very significant progress during the last year.

We have also reviewed five actions where barriers to implementing them were identified by companies or other organisations. Listening to feedback has led us to make changes to these actions, which are explained below:

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.

Some customers would pay less with a water meter but are fearful of switching to one just in case they end up with a higher bill. We would like to see water companies put in place a long-term guarantee that provides the peace of mind that many customers crave.

Eight companies now have schemes which provide a two-year guarantee. In our view this offers a good level of reassurance to customers who may be unsure about whether they could save by switching to a water meter.

We consider these companies have gone a long way to achieving the commitment we were seeking.

United Utilities is also piloting a four-year guarantee with some customers and this trial will provide us with useful insights on the potential value of introducing longer guarantees.

Customers moving house should be automatically transferred onto financial support schemes between water companies, where this is possible and customers consent.

This action relies on arrangements that allow data to be shared.

We want to see the industry make far greater progress in overcoming the barriers to data sharing.

In the meantime, we have asked companies to ensure they encourage people receiving financial support from them to speak to their new supplier about available assistance when they move home.

Companies that have adopted this practice are being recognised as meeting our current expectations.

An industry-wide approach to crisis support funds should be agreed by all water companies, and this should adhere to consistent operating principles.

Key differences in the funding and charitable status of existing schemes mean there is significant variation in the way companies operate them.

It became clear that imposing a consistent approach could have the unwanted impact of restricting the scope of help offered by some companies.

Instead, we worked with companies to identify the **key principles of a good hardship fund**.

We will expect companies to adhere to these when they establish or review their own schemes.

Water companies should write off a minimum of five weeks' charges for social tariff applicants if they are also waiting for a Universal Credit claim to be processed.

This approach offers the most significant support to people in these circumstances and we welcome the fact that South Staffs & Cambridge Water is continuing to provide this help. However, we recognise that payment holidays and other approaches can also be effective in helping those facing a period without any income while applying for Universal Credit.

The outcomes of all projects funded by Ofwat's Innovation Competition Fund should include an impact assessment in relation to financial and wider vulnerability.

We recognise that many Innovation Fund submissions will have no relevance to financial or wider vulnerability. Therefore we expect Ofwat to signal to companies that it would like to see more submissions which deliver better outcomes for people facing financial or wider vulnerability.



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Tracking progress **of our recommendations**⁵

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

These tables provide a traffic light assessment of the progress towards delivery of our key recommendations and the actions within each area. Timescale shown are also those identified in our original report.

Recommendation

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

Actions to deliver recommendation	Timescale
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.	
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.	



Acheived



On track



No significant progress



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.

We consider that all companies offer a good range of payment methods to their customers and are committed to both retaining traditional approaches, such as payment by cheque, and exploring ways to widen the options available where emerging technology enables this.



Making use of self-service technologies, water companies should give customers the flexibility to manage the amount and frequency of their payments.

Four companies are offering customers greater flexibility so they can pay more or less money depending on how their income fluctuates. The remaining 14 companies are all open to adopting this approach and are at different stages of putting this into practice. The pace of change will vary depending on companies' different payment systems.

Companies are also keen to learn from the findings of United Utilities' pilot scheme to support their progress.

⁵ For actions relating to water companies the assessment is based on information provided by all Water and Sewerage companies and Water only companies operating in England and Wales and by one company which operates under a new appointments and variations (NAV) licence.



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Where practical, such as where smart metering is deployed, water companies should give customers the option to receive more frequent bills.

Four companies already give people the option to pay bills more frequently based on actual meter readings, helping them to manage their budget on a 'Pay as you go' basis. 11 of the remaining 14 companies are also planning to offer this or are considering it. Southern Water's ongoing pilot scheme will help to inform the way other companies introduce these changes.

The constraints of existing company systems and equipment mean it may take some companies longer to implement. The impact of the future roll-out of smart meters also needs to be considered, which is why we see this as a medium-term objective.



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.

The UK Government is not minded to make this change.

Its position is that Water Direct is not intended to be a budgeting tool or an alternative method of paying bills for individuals receiving benefits.

Its view is that there are already a variety of conventional payment options available for people whether they are on benefits or not, including Direct Debit.

While a change in government policy is not currently possible, CCW is encouraging water companies to continue to promote flexible payment options voluntarily.



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Recommendation

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

Actions to deliver recommendation

At the first indication that a customer is "struggling to pay", water companies should offer holistic debt advice or an income maximisation review.

Water companies should offer a lowest bill guarantee of at least two years for low income, low usage households who may be reluctant to move to a water meter (Revised Recommendation).

Water companies should ensure that water efficiency forms part of their affordability strategies by linking messaging and identifying options to provide enhanced interventions, to take advantage of emerging technologies.

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).

Timescale



At the first indication that a customer is "struggling to pay", water companies should offer holistic debt advice or an income maximisation review.

Holistic debt advice is now offered by 17 companies with 15 also providing checks to help customers determine if they are entitled to any benefit payments. The remaining companies are undertaking pilot schemes this year with a view to implementing these changes.



Water companies should offer a lowest bill guarantee of at least two years for low income, low usage households who may be reluctant to move to a water meter (Revised Recommendation).

Eight companies now offer this guarantee and a further three are considering it. The recommendation is not relevant to three companies due to their compulsory metering programmes.



Water companies should ensure that water efficiency forms part of their affordability strategies by linking messaging and identifying options to provide enhanced interventions, to take advantage of emerging technologies.

Thames Water's pilot has helped to highlight the benefits of adopting this approach and companies have responded by putting in place measures to join up these areas of work. Arrangements are now in place at 16 companies with a further two on track to achieve this objective.



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).

Ofwat is progressing this action and committed to developing a customer-focused licence condition in its 'Time to act, together' strategy. Ofwat held a workshop in June 2022 to engage with stakeholders about its plans. We are delighted that the regulator is committed to increasing companies' customer focus.



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A clean bill of health: Offering holistic debt advice through a dedicated helpline

Single mum Jessica has been sinking deeper into debt with her water charges and other household bills. The income from her part-time job has been stretched to breaking point by the rising cost of living. She does not believe her water company will help her and is afraid to open any mail from it.

Her water company has started adding messaging about the financial support it can offer customers on its envelopes.

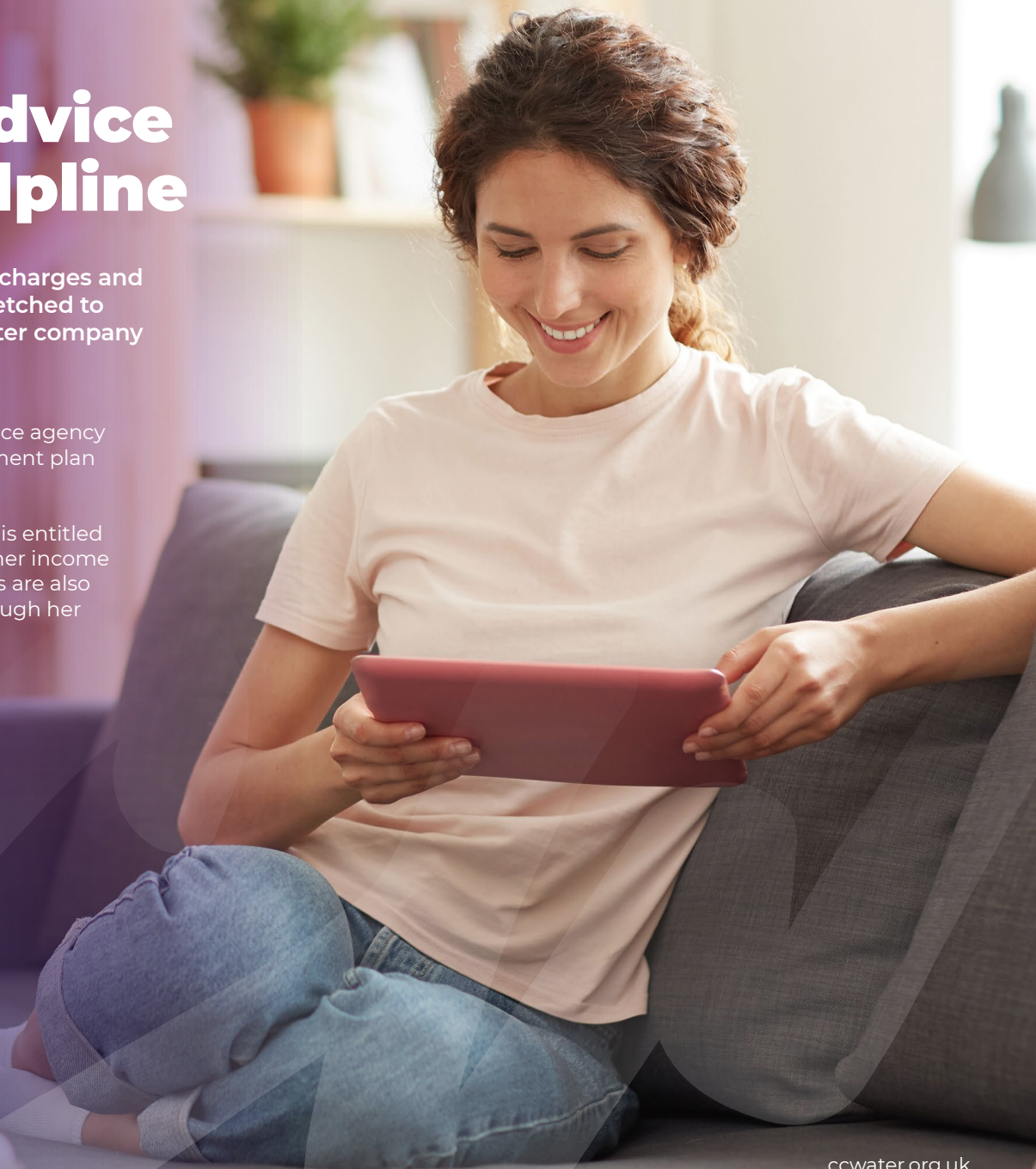
This prompts Jessica to get in touch with her supplier via a dedicated support number her company has established – ensuring she gets straight through to someone who can help.

They refer her to a partner advice agency which is able to agree a repayment plan for all her debts.

The agency also finds that she is entitled to Universal Credit – boosting her income by £2,000 a year. Her water bills are also halved from £400 to £200 through her company's social tariff.



Universal Credit boosted Jessica's income by £2,000 a year. Her water bills were also halved from £400 to £200 through her company's social tariff.





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Recommendation

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

Actions to deliver recommendation

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.

Timescale



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.

Ofwat has now conducted a review and published its [Paying Fair guidelines](#).

We are pleased that the guidance reflects the recommendations from our review and embeds these as clear minimum services expectations.

These changes have the potential to bolster support for customers in or on the cusp of debt with their water company. The guidance will help to ensure debt support more closely reflects a customer's individual circumstances, as well as encouraging greater consistency over the way people are assessed and treated.

Putting more onus on companies to reach out to customers to see if they need support is also a vital step towards overcoming the barriers to existing help, including low awareness and a lack of trust.





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Recommendation

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.

Actions to deliver recommendation

Water companies should provide practical support (such as through payment holidays or enhanced social tariff support) to people waiting for a Universal Credit claim to be processed (Revised Recommendation).

CCW will work with companies to identify and publish key principles of a good hardship fund for companies to take account of when establishing and reviewing such schemes (Revised Recommendation).

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.

Timescale



Water companies should provide practical support (such as through payment holidays or enhanced social tariff support) to people waiting for a Universal Credit claim to be processed (Revised Recommendation).

All companies provide payment holidays and other help in these circumstances. South Staffs and Cambridge Water continues to offer enhanced social tariff support for those also applying for Universal Credit.



CCW will work with companies to identify and publish key principles of a good hardship fund for companies to take account of when establishing and reviewing such schemes (Revised Recommendation).

We worked with the sector at our affordability workshop in October 2021 and subsequently with Water UK to develop a set of **principles**. These were published on our website at the beginning of the year. We remain committed to working with companies to ensure they adhere to these principles when establishing or reviewing their schemes.



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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.

Simplified arrangements for WaterSure renewals are now in place at 14 companies with all others working towards these changes. Some companies are also adopting other approaches, such as using data-sharing arrangements with the Department of Work and Pensions (DWP) to confirm the receipt of benefits. These are being used to help identify those who may need support through WaterSure and other social tariff schemes, as well as to confirm eligibility.



Improving water affordability should be considered by water companies, Ofwat and CCW when exploring future options for alternative tariffs and charging structures.

We are keen to support companies with the ambition to trial innovative tariffs, while ensuring that they take account of how changes might improve or worsen the position for low-income households. We have asked Ofwat to adapt its charging rules to companies when they are next updated so they reflect this expectation. Ofwat is still considering this but has indicated that it is supportive of the aim.



Water companies should consider capping WaterSure bills at the average metered household bill level (rather than overall average bill level).

We are pleased to report that 7 companies now have this arrangement in place and a further 6 are working towards implementing it or are giving it further consideration. The remaining companies concluded this was not an appropriate measure for them to adopt in the context of their wider plans to help customers struggling to afford their bill.

We're satisfied that all the companies have met our expectation by giving proper consideration to this option.



All water companies should operate a simple application process that covers all support schemes.

Nine companies are now operating a single application process and a further nine have plans to do so or are considering it. Some companies want to examine the findings of Wessex Water's pilot scheme before making any changes. We will review companies' progress when we meet with them this autumn.



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A welcome relief: Highlighting financial help through priority services

Alina lives alone and her disability means she is anxious about being left without water during an incident. She joins her water company's Priority Services Register (PSR) to ensure she receives bottled water during any periods of disruption.

She was interested to discover in her PSR welcome pack that her company also offer financial help so she gets in touch.



Alina is told she qualifies for WaterSure due to her disability and related water use. She learns that her bill will be reduced by £210, with her company having also adopted a recommended action to extend its discount – increasing her saving by £30 a year.



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Recommendation

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

Actions to deliver recommendation

Timescale

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.



Ofwat to challenge the water sector to drive better financial and wider vulnerability outcomes for customers from the Innovation Fund (Revised Recommendation).



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.



All water companies should commit to making a contribution to pay for wider affordability support.

15 companies are now putting their hand in their own pocket to help fund some of the financial support that they offer. Making their own contribution shows companies are committed to playing their part in helping struggling households, which is why we will continue to press the three remaining suppliers to follow suit.



Ofwat to challenge the water sector to drive better financial and wider vulnerability outcomes for customers from the Innovation Fund (Revised Recommendation).

Ofwat is reviewing the Innovation Fund and has recently consulted on its future approach. It has committed to adopt this recommendation as part of the review.



Water companies should consider giving customers the option to make voluntary donations towards helping those who can't afford their bills.

All companies have considered this option but none have chosen to implement it.

Several companies have said that they will keep the option in mind, while others did not feel this was viable. Some companies believe the cost and complexity of administering it would outweigh the additional contributions it would generate.

Others were also concerned about asking people to consider making further contributions, even on a voluntary basis.

We will ensure that companies keep this option under review in order to adapt to changing circumstances in the future, which could exhaust existing sources of funding.



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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.

Ofwat must notify CCW when it is proposing to take enforcement action against a water company. This enables us to comment on whether we think the proposed action is suitable. The regulator will consider our views, and those of other interested parties, before making its final decision.

Ofwat has now committed to strengthen this process even further by meeting with CCW after it has notified us of its proposed action. These meetings would allow us to discuss the proposals, particularly where customer redress might form part of a settlement package instead of a fine.

This should enhance CCW's opportunity to comment on the suitability of the proposals, including any practical considerations for their delivery which might lead to better outcomes for customers - including those in vulnerable circumstances.



At the first indication that a person is 'struggling to pay' companies should offer an income maximisation review.

Range

£2.4m-£24m

£4,807 per household who would benefit



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Recommendation

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.

Actions to deliver recommendation

Timescale

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.



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.



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.

Additional support measures put in place by the UK and Welsh Governments and water companies during 2020-21 helped to prevent a significant surge in uptake for social tariff schemes. This has meant companies have been able to manage demand for financial support within their existing capacity. Only one company has approached us to do further customer research with a view to increasing its cross subsidies. However others will continue to move closer to exhausting funding, particularly in the present economic climate. We want both governments to consider this recommendation should the rising cost of living spark an unmanageable spike in demand for water company support.



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.

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.

The idea of creating of a single scheme that provides consistent and sustainable support for households that cannot afford their water bill has attracted widespread support both from within the industry and beyond.

We've also been enormously encouraged by the response from the UK and Welsh governments, which have seized the opportunity to explore in greater depth the support this and other potential options could provide.

The two governments quickly established a development group, which has been examining funding options as part of its work.

A public consultation to help inform the next phase of work is planned.



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Recommendation

Customer communications should be clear and accessible.

Actions to deliver recommendation	Timescale
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.	12
Water companies should ensure that financial support information is visible and prominent on customer bills (including the envelope).	12
Companies should allow customers to apply for support using a communication method that suits them.	12
Companies should maintain dedicated communications channels for consumers in vulnerable circumstances so that they can always get through, even at busy times.	12
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.	3yrs



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.

Companies have made good progress in improving their written communications over the last year. All of them have taken steps to ensure written communication is clearer and more inclusive.



Water companies should ensure that financial support information is visible and prominent on customer bills (including the envelope).

12 companies have made their advice on financial support more visible on customers' bills, with a further 6 planning to implement improvements. The pilot schemes led by Welsh Water and South Staffs and Cambridge Water have helped to inform these changes.



Companies should allow customers to apply for support using a communication method that suits them.

We are satisfied that all companies offer people a good choice of communication methods, ensuring that people seeking help can choose to engage in a way that reflects their preferences and needs.



Companies should maintain dedicated communications channels for consumers in vulnerable circumstances so that they can always get through, even at busy times.

12 out of 18 companies now advertise dedicated contact channels for people seeking financial support.

This is to ensure that their call is always answered. Several of the companies who have not yet adopted this approach have pointed to the short waiting times on their main telephone numbers. However in the interests of ensuring help is always available when people reach out for it, we believe that promoting a dedicated contact number for financial support represents best practice.



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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.

We explored this issue with companies and other organisations at our affordability workshop in October 2021 and developed proposals for common ways to describe financial support schemes.

We aim to publish these later this year following further discussions with the industry.



Making sure water efficiency is part of affordability strategies.

Range of
£2.2m-£11.3m

£78-£135 per household who would benefit



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Recommendation

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

Actions to deliver recommendation

Timescale

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, as part of their Annual Performance Reports.



Water 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, as part of their Annual Performance Reports.

Water UK – working with CCW, Defra, Welsh Government and Ofwat - has commissioned Frontier Economics to undertake modelling of different options for a new single social tariff to inform the development of the proposal. The study will also provide updated analysis on the current scale of the water poverty challenge. It is intended that the findings will be published in summer 2022.

In its Paying Fair guidelines decision document, Ofwat committed to revisit the information it collects, including whether companies should submit more data annually on household water debt levels.



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.

Eight companies now have this in place and a further six are considering implementing it. Similar changes for other companies will depend on improvements to their own systems in the future.

Four companies will not be adopting this approach having raised concerns about sharing this type of data - even in a limited form - with other teams. We are very disappointed by their refusal to make these changes. They should reflect on why other companies have been able to overcome these issues to ensure support needs can be easily viewed across all relevant teams.



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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.

Work is underway to develop a framework that is shaped by what is learned from the successful bid to Ofwat's Innovation Fund – 'Supporting customers in vulnerable circumstances'. The pilot will use behavioural science to improve engagement with hard-to-reach customers and communities. This includes help managing bills and understanding customers' communication preferences during planned and unplanned events. The project partners are CCW, Severn Trent Water, South East Water and Thames Water.



Water UK should work with other stakeholders to develop a water vulnerability commitment that the industry signs up to and embeds.

Water UK has responded very positively to this action and worked with all companies in England and Wales. Companies have agreed to sign up to either the British Standards Institute (BSI) or the new International Organisation for standardisation (ISO) standard on inclusive services. This demonstrates the sector's commitment to addressing vulnerability and embedding the principles of designing and delivering inclusive services.

Already, 8 water companies have achieved BS 18477 Inclusive Service Provision standard and all other companies in England and Wales have committed to either working towards this standard, or towards the new BS ISO 22458 international standard for the design and delivery of inclusive services. This sector-wide commitment was made in May 2022.





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Tracking progress of our recommendations

Recommendation

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

Actions to deliver recommendation	Timescale
Water companies should ensure all Priority Services Register registrations receive a welcome pack or 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.	



Water companies should ensure all Priority Services Register registrations receive a welcome pack or communication, which should include information on financial support options.

Affinity Water's welcome pack pilot scheme produced very promising results and 14 companies have now adopted this recommendation. The remaining four are planning to implement it this year.



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.

All companies are taking steps to monitor metered customers' consumption and will contact households proactively if they detect a potential problem, such as where a sudden increase in usage occurs.








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Tracking progress **of our recommendations**

Recommendation

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

Actions to deliver recommendation	Timescale
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.	
Companies should work towards having arrangements to notify other companies of financial support needs when people move out of their area. In the short term they should have processes in place to ensure customers are notified of the need to explore support options with their new company when they advise they are moving out of area. (Revised recommendation).	
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 portal should allow the users to track the progress of their submission.	
A cross-sector code to record customer's 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: <ul style="list-style-type: none"> • Water companies • Energy suppliers • Local authorities • Debt Advice Sector • Governments (for shielding data if needed in future) • Other regulated industries. 	



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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.

15 companies have put in place a more seamless application process for people served by two different water and sewerage suppliers. The remaining three companies do not yet have arrangements in place covering all of the customers they serve but they are working towards this. We expect these changes to be fully implemented during the current year.



Defra should make the Landlord and Tenant Address Portal compulsory in England to raise the visibility of residents who may need help.

We have provided further briefing information to Defra and called for it to enact the existing legislation that would bring England into line with Wales. However we recognise that Defra is currently prioritising work on the exploration of options for the implementation of our recommendation for a new water affordability scheme.



Companies should work towards having arrangements to notify other companies of financial support needs when people move out of their area. In the short term they should have processes in place to ensure people are notified of the need to explore support options with their new company when they advise they are moving out of area.

16 companies have made changes to help ensure people receiving financial help who leave their supply area are reminded to speak to their new company about their assistance schemes. The remaining two companies are planning to follow suit shortly.



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.

The idea of the portal was developed further at Northumbrian Water's Innovation Festival in 2021. It has since secured financial backing from Ofwat's Innovation Fund.

The project – Support for All - will involve creating a hub for utilities to securely host and share information relating to people in vulnerable circumstances. Information submitted to the hub could be accessed by other utility providers to make sure no one misses out on support. Once the hub has been successfully piloted at a regional level, it will provide a template that can be rolled out across England and Wales.

Partners in this work are: CCW, Northumbrian Water, Accenture PLC, Microsoft PLC, Ordnance Survey Limited, UK Power Networks, Cadent Gas Limited, Northern Power Grid, Northern Gas Network, Thames Water Utilities Ltd.



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.

We're delighted by the good progress that has been made with nearly all of the companies that requested data sharing arrangements with the DWP now having these in place - eight companies in all. Sharing of Universal Credit data has also commenced with companies which have agreements in place. We want to see this sharing of data continue to grow as we explore the development of a new water affordability scheme.



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Tracking progress of our recommendations



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.

Water companies are currently focused on improving the sharing of existing data on Priority Services Registers across other sectors. Sharing information on people's financial circumstances requires sensitivity and we recognise that this recommendation will take time to implement.

However we believe the framework to enable future sharing should be put in place. We will continue to work with the sector to move towards wider sharing of data in the longer term.



Companies should work with other stakeholders and organisations to develop data sharing frameworks to provide mutual benefits to organisations with shared customers.

All but one of the companies now have data sharing frameworks in place with the other closing in on establishing one.



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Next steps: Tackling the remaining challenges

There has been little respite for millions of households over the past year as the challenges posed by the pandemic have given way to a wave of rising living costs fuelled by the energy crisis and soaring inflation.

It is against this backdrop that the water sector has warmly and actively embraced our review's recommendations to strengthen the financial support for those who cannot afford their water bill or people only just about managing to stay afloat.

This report bears testimony to the significant progress that has been made across the majority of actions set out in our review, with many households already benefitting from the positive changes made by companies.

The volatile financial climate has only served to underline the need for us to accelerate our efforts to ensure the water sector is at the forefront of alleviating some of the unsustainable pressures on low-income households.

In the coming year we need:



Water Companies

- To review any gaps in the recommendations they have implemented and, where relevant, work towards filling these.
- To agree and adopt common descriptors for support schemes.
- To make progress on the sharing of data on financial vulnerability within the sector and with the energy sector.
- To make progress on the development of an online hub to share support needs.
- To seek opportunities to use their own company funds to enhance support.



Ofwat

- To commit to ensuring water companies are guided to have regard to water affordability in developing future tariff proposals.
- To complete work on the development of a customer-focused licence condition.
- To make provisions in its plans for the price review in 2024 to enable the introduction of a new single water affordability scheme.



UK and Welsh Government

- To introduce legislation for the water affordability scheme at the earliest opportunity to ensure it is in place by April 2025.
- To keep under review the need to relax guidance on funding of social tariff schemes in light of any potential surge in demand for support.
- To enact the legislation which is in place to make the Landlord TAP scheme mandatory in England, bringing it in line with Wales.
- To consider expanding the facility to pay through Water Direct to all people in receipt of benefits, not just those in debt.

The needs of customers are changing rapidly in this volatile economic climate and everyone across the sector should be prepared to show speed and agility in adapting to them. The water industry showed during the pandemic it is able to quickly shift gears and provide people with the support they need during times of crisis. Companies need to sustain that sense of urgency and show empathy as they help customers navigate the cost of living pressures in the immediate and long term. Not only will that help bring critical financial relief to people in hardship, it can also build trust and stronger relationships between companies and the customers that depend on their services.



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