

yourviews@ccwater.org.uk  
1st Floor Victoria Square House  
Victoria Square  
Birmingham  
B2 4AJ

Our ref call for evidence

10.12.20

### **Independent review of affordability support – Call for Evidence**

Thank you for sharing your Call for Evidence and allowing us, Anglian Water, the opportunity to respond with our thoughts and views.

For ease we have noted our comments alongside the respective questions.

#### **1. What works well in terms of the current arrangements for supporting households that struggle to pay their water bills?**

Whilst we recognise that the current arrangements bring challenge and in part inconsistency across the country, they do allow companies to effectively target the available help at those most in need. This in turn helps minimise the cost of administering any schemes.

As water bills are often one of the lowest household bills, providing a discount does not address the overall root cause of the problem. Having the flexibility in approach has resulted in us being able to offer an extensive Extracare package of support to low income households, including those not in receipt of benefits. This involves bespoke holistic assessments of the individual's circumstance, inhouse income maximisation assessments, tailored packages of support and/or referral to third sector organisations and signposting to unclaimed benefits. Of those referred for unclaimed benefit, the value signposted can be around £5,000 per individual.

Using external data to profile and identify households in potential need of support has helped us target any communication and support efficiently.

Having a range of flexible payment options and channels together with encouraging our metered customers to submit meter readings and create bills at a frequency they choose, helps to increase awareness of water usage, charges and allows them to manage their budgets more effectively.

Our Smart metering programme will provide real time data and provide customers the opportunity to control their usage and spend much more closely.

**2. In what ways could the approach to supporting financially vulnerable households in the water sector be improved?**

A national scheme in addition to the individual company's current offerings would create consistency of approach and negate the supposed 'post code lottery' of receiving support.

A national scheme alone however will restrict the ability for the available support package to address the specific regional customer needs. There is a danger that a national scheme could result in the "lowest common denominator" of support, whilst potentially having the breadth or simplicity of application but lacking the ability to focus meaningful and significant levels of support for those most financially vulnerable.

We would therefore suggest that any national scheme be in addition to, or form a minimum position, alongside current schemes or tariffs which would also avoid customers suddenly finding themselves no longer eligible and facing new financial struggles.

In addition, we would support the adoption of a national code of practice alongside the agility to carry out referrals and income and expenditure assessments through a digital offering.

**3. Are there gaps or limitations in the current arrangements, if so what? Which households in need of support are currently missing out on it. What evidence can you provide in relation to this? How could it be addressed?**

A simple threshold of household income limits the ability to effectively address those households with larger occupancy who may have affordability concerns. Using eligibility for government benefits alone can also exclude those just above the minimum threshold who need support. We would strongly support the use of equivalised income levels.

Where their income is above minimum levels, customers using excess amounts of water due to medical reasons can at times miss out on support.

**4. Are current arrangements sustainable and capable of meeting likely future needs in terms of supporting financially vulnerable households? If not, how should this be addressed?**

To provide an effective package of financial support current funding arrangements will not meet future demand. The funding arrangements should enable level and scale of support to flex, reducing and growing as the customers' needs change.

Whilst we would support a national scheme for future support arrangements, consideration must be given to any transition period. We should avoid a situation where customers currently receiving support find themselves no longer eligible. A move for example from a 60% to 30% level of discount would have the impact of doubling a customer's bill despite still providing a headline discount over standard charges. We would suggest current arrangements are retained for these customers.

We would recommend that any national scheme has a single naming convention with simple eligibility criteria than links into or signposts to wider support whilst encouraging water efficiency and is available to benefit and non-benefit recipients.

**5. Are the current arrangements for funding social tariffs fit for purpose? If not how should they change?**

Whilst the funding and amount of support available could be increased and expanded to widen the range and scope of assistance provided it should be recognised that our overall customer base, regardless of their financial situation, will inevitably be contributing to this model. The level of support the industry provides should be proportionate to the customers water and sewerage charges and not their total household affordability issues.

A national tariff could provide consistency; perhaps however this should be considered as a national mandated level of cross subsidised support. The individual companies could then design their own range of support measures and tariffs to address the regional differences and needs. This would encourage ongoing development and innovation where the efficiency and effectiveness of the support provided could be assessed by CCW.

**6. How could the sector's approach to promoting and delivering support (rather than the mechanisms they use) be improved? How could households' awareness of assistance options be raised, including hard to reach households? How could the process for households to apply for financial support schemes be improved to make access easier?**

Greater data sharing with DWP would enhance the industry's ability to target and address financial vulnerability.

In addition, data sharing within the utility sector could help earlier identification of customers in need of support, not solely benefit recipients. Where a customer is in receipt of a social tariff within the energy sector it should be easily transferrable and passported to the water sector – and vice versa. Cross sector promotion and communication of the support available would then become more effective and efficient.

Whilst data sharing will minimise administration costs and means we can proactively apply discounted tariffs and signpost support; it highlights the previous challenge over capacity to support increased volumes.

Overall creating a “tell us once” approach has benefits from both a customer experience and effectiveness of providing support.

Consistency of bills is a key priority for customers and by ensuring bill profiles over the amp (or longer) are kept as smooth as possible, any sudden bill increases would be avoided and in turn avoid creating affordability issues.

**7. Are there any particular lessons from other fields or sectors, which may be transferable, that the water sector should take account of in shaping its future approach?**

In terms of future approach there should be holistic support measures and not merely focussed on social tariff structures. Consideration and support in terms of reducing water usage, frequency of billing and a range of payment methods should all be provided. The overall solution should focus on long term sustained, targeted and quality support and not purely about the reach of support offered.

Anglian Water is a member of the Inclusive Economy Partnership steering group developing best practice standards for debt collection and recovery, sponsored by UK Government. We believe creating this leadership position and championing this voluntary code of practice along

with other likeminded organisations, could have a real impact on the communities we serve at a time when many are experiencing significant financial hardship.

We look forward to your findings, conclusions and recommendations published in Spring 2021.

Yours sincerely