

15/12/2020

FAO

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Dear

### **Response to the CCW call for evidence**

Auriga is one of the UK's leading providers of services to people in financial difficulty. Our principal aim is to support people struggling with bills who are in a vulnerable situation and water affordability is central to this. We are charity owned and operate as a Public Benefit Entity.

One important service we provide is the administration of three of the largest water charitable assistance schemes in England and Wales. Alongside this we work for water and energy companies directly helping to identify and support consumers in vulnerable situations. We also administer water company social tariff schemes which have led to successful outcomes for thousands of low-income households.

Our role is critical to addressing both water and fuel poverty; we work on a range of UK wide advice and financial support schemes – and offer learnings and insights in these services.

Auriga welcome the opportunity to respond to the CCW review on the financial support offered by different water companies across England and Wales.

Yours sincerely

## Background: Auriga

Our response to your review builds on the insights from the core programmes of activity our business provides:

### 1. The work we do on behalf of the independent water charitable trust funds for Severn Trent, Thames Water and United Utilities to enable households in vulnerable situations to access extra assistance.

Annually we:

- Administer the provision of £10.5 million of awards and grants to repay customers water bills, provide essential household goods and cover fees for bankruptcy and Debt Relief Orders.
- Receive and assess over 33,300 applications for assistance from households who are struggling with paying their water bills.
- Help 13,500 households with water grants and assistance to allow them to pay off debts and manage their money.
- Deliver transformational impact; based on past independent evaluation, we estimate our annual water assistance and awards create £3.06 of added value per £1 invested<sup>1</sup>. £32m of added value in terms of the positive contribution made to society. Principally, this value arises from securing key improvements in financial wellbeing, physical and mental health and housing outcomes for customers. Our surveys tell us 76% of recipients of help are able to meet future water charges after accessing extra assistance with water bills.

### 2. The affordability services we provide for water companies to help people struggling with their financial commitments.

We promote social tariffs, engage hard-to reach groups and make assessments on household eligibility for different schemes. Schemes administered by Auriga have supported over 2 million people since 1997.

### 3. Our portfolio of hardship and crisis services, delivered for charities, local authorities, the NHS and the energy sector.

COVID-19 has created the biggest socioeconomic crisis of a generation. In 2020 there has been unprecedented demand for our emergency support work and services; and in response we have shown an enormous drive to address food, water and fuel poverty.

- In November 2019 we provided 1,148 emergency fuel vouchers to people in fuel poverty. A year on, in November 2020 the number of emergency fuel vouchers and payments we provided increased to 8,338 equalling over £ ¼ million in assistance towards the cost of fuel.

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<sup>1</sup> Social Return on Investment report produced by Ecorys - <https://www.aurigaservices.co.uk/impact/media-centre/>

#### 4. Our advice services for vulnerable groups

We provide holistic support for people with complex vulnerability risks and multiple debts. Our independent money, income maximisation, debt and energy advice ensures households are well supported when struggling to pay.

We recognise that engagement routes must be varied so we operate a mix of channels to meet different needs; our services can be accessed from healthcare settings, on national helplines, online platforms and in local community hubs – always seeking to address wellbeing, financial vulnerability and poverty. Our advice directly increases people's income, enabling them to feel in control of their lives, provide financial comfort and relief from financial stress and enabled greater of confidence as people regain a sense of planning and management of their own lives.

Annually we:

- Receive 3,720 individual referrals for independent welfare and debt advice - where it has been identified that the customer is struggling with a wider range of bills and credit commitments.
- Enable greater financial security for some of the most vulnerable in society; for example, the average gain in income for seriously ill patients provided with in-depth advice in NHS renal wards is £5,688 per person.

#### 5. The innovative work we undertake, collaborating with partners to turn challenges into opportunities

Our vision is to create three million healthy homes by 2030 and we are pro-active in our work with the utility sector to help achieve this:

- For five years we have catalogued and published a free *National Help with Water and Energy Booklet*. The publication, on our website [www.aurigaservices.co.uk](http://www.aurigaservices.co.uk) is aimed at frontline money and debt advisers. Utility companies recognise that frontline advisers support millions of people who fall behind with bills; in October 2020 we worked with twenty-seven energy and water suppliers to get the latest information on their support schemes including different forms of Covid-19 assistance.
- To improve the identification of vulnerability, we offer the UK's first fully integrated and independent Priority Services Register (PSR) portal. Our new portal was launched in 2020 and provides all utility companies with a single platform to keep up-to-date with their customer needs making PSR registration faster and smarter than ever before. We launched the portal as part of our objective to see better engagement and support for vulnerable consumers in the energy and water industry.

## Summary of our recommendations

Our 15 recommendations were formed in response to each of the questions raised by the CCW review. We have combined them into a brief summary, under three priorities:

- **Create greater consistency of positive consumer experience across the water and energy market**
- **Make direct referrals for independent regulated money and debt advice support**
- **Prioritise accessibility and inclusion**

### 1. Create greater consistency of positive consumer experience across the water and energy market

1.0 We support the introduction of more **universal and fair support**. Specifically, we would welcome:

- a. **A single point of entry for all water assistance schemes** to help all customers in need. This single point of entry will need to understand the customers situation well - rather than capture information led by a company's scheme or individual initiative.
- b. **A single point of entry for new PSR registrations** across water and energy. We suggest this should be accompanied with enhanced monitoring and reporting of the PSR and ensuring financial vulnerability is captured in a systematic way by suppliers via the PSR.
- c. **A requirement for suppliers to 'level up' to a common minimum level support** for all customers' who have an inability to pay water bills or have debt issues.

1.1 To **improve social tariffs**, we would suggest that:

- a. Companies retain flexibility in conjunction with **higher levels of standardisation in social tariff schemes**. We would recommend (i) exploring agreements to minimum eligibility criteria and (ii) researching groups of vulnerable consumers who are being excluded from tariffs that really need some help. Increasing standardisation will allow companies to utilise the powers of the Digital Economy Act for data-matching and auto-enrolment processing, reducing administration costs and ensuring those most in need of support receive it.
- b. **There is clear and consistent communication and branding for all social tariff schemes. Well-defined national expectations** in terms of criteria and benefits will further enable companies and third parties to promote and target the schemes to specific cohorts of customer groups - and can include local allowances to have some variation in how tariffs are implemented.

- c. **Provision of a social tariff acts as a catalyst** for suppliers to establish whether the customer has underlying financial problems and to referral to debt advice/money guidance and/or advise on water or energy saving measures is standard.
- d. **As financial resilience across the UK is at an all-time low, we would ask the government to establish if they are willing to contribute to support social tariff funding, where the need is greatest.** This would be part of establishing a long-term strategy to support people as the economic crisis rolls on.

1.2 To **learn from the energy sector**, we would suggest that:

- a. **CCW lobbies the water regulator to set-up a similar scheme to the Energy Redress Fund - or join forces to create one larger scheme to help people in water and fuel poverty.** We would be pleased to share with CCW our insight into the issues and the difficulties that people are facing in fuel poverty, who use a prepayment meter and cannot afford to keep their home warm.

## 2. Make direct referrals for independent regulated money and debt advice support

2.0 Although we appreciate the industry is doing more than ever to reduce bills, still 1 in 10 people tell CCW their water and sewerage bills are not affordable. Every single customer we speak to is struggling to pay for water services due to their wider financial circumstances.

We know that:

- Money, income maximisation and debt advice has a large bearing on a household's ability to manage financial stress at an early stage of problems emerging.
- The offer for referrals varies considerably between companies and individual customers

2.1 With this in mind, we recommend:

- a. **All water suppliers should be alert to establishing whether a customer has underlying financial problems and to directly refer to debt advice/money guidance/ benefits entitlement checks** and/or advice on water/energy saving measures where appropriate.
- b. **We would suggest all suppliers take a more proactive approach and have stretching targets for warm handover customers to free debt advice via telephone and digital means.**

In 2021 MaPS are funding an additional 550 new trainee debt advisers delivering advice across various channels in England and Auriga is pleased to be part of this offer. We would be pleased to talk to suppliers that are interested in using Auriga as a referral partner.

### 3. Prioritise accessibility and inclusion

3.0 We urge water companies to make a step change in improving engagement and awareness amongst underrepresented groups. We believe several actions from the water industry could advance diversity and inclusion:

- a. *Carrying out research to identify any evidence that hard-to-reach groups, including ethnic minorities are:*
  - *less likely to obtain appropriate support with paying bills*
  - *disadvantaged either because they are unable to access services or because they receive inadequate help from services.*

*This data would enable the industry to target those in need - and supplement the recent CCW data - which confirms a lack of awareness particularly among ethnic minority groups and young people of available assistance with bills.*

The financial support available from water companies should be accessible to everyone. We recognise the need to improve inclusion of support and recommend this starts with a priority to increase engagement for all, based on:

- b. *Better communication of information about assistance services and the access pathways from the water sector.*
- c. *Communication and messages should recognise the challenge of inclusion and reduce barriers to increasing knowledge. Specific consideration should be given to customers who (i) don't have English as first language (ii) can't use on line facilities (iii) have low literacy, thinking about use of radio, audio files and video animations to increase knowledge and understanding.*
- d. *Water companies more actively engaging ethnic minority community health and community representatives. This will help them understand issues at a local level and build trust with community partners who can act as a trusted source of communication.*
- e. *Water companies co-produce and pre-test assistance messages with their target communities or vulnerability cohorts to identify language that retains meaning of the core message and cultural context for the target audience. Messages for ethnic minority communities should be tailored to reflect socio-cultural influences and drivers of behaviour which, at times, may differ from White British communities.*

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

### Independent Charitable Trusts

#### Background

Severn Trent, Thames Water and United Utilities recognise that many customers in vulnerable circumstances need more attention, so they each have independent charitable trusts, free from company control. As self-standing, self-governing charities, the water company trust funds are free to determine their own schemes, manage their own performance and priorities.

The trust funds operate schemes that provide grants to customers who are struggling to meet their water bill payments, as well as further assistance payments to cover the costs of essential household goods and fees for bankruptcy and Debt Relief Orders (DROs). Three schemes operated by the trusts also award organisational grants, primarily to fund local partner agencies to deliver debt advice services.

We manage and administrate the three water companies' trusts and a customer assistance scheme. In partnership with the trustees of each trust fund, we commissioned independent consultants Ecorys to undertake a Social Return on Investment (SROI) analysis to quantify the social value created by the collective investment in the schemes, in providing grants and assistance to vulnerable customers in Great Britain.

#### What works well

##### Outcomes

The evaluation covered support from obtained by 13,656 customers struggling to meet their water payments. The SROI concluded that in 2017:

- After receiving support from the trust funds, 82% of recipients were able to meet their future water charges.
- The ratio of benefits to costs is estimated to be 3.06. This means that, for every £1 invested into the schemes, £3.06 of benefits is estimated to be generated. If debt written off following bankruptcy or Debt Relief Orders proceedings was included, the SROI ratio rises to 3.67.
- The main outcomes from the support, as defined in the survey, related to finances and financial capability, health, housing, relationships, employment and employability.

##### Engagement

The trust funds we operate concentrate on supporting vulnerable households in hardship struggling to keep up with their water bills. The engagement models for supporting people are either (i) direct on the telephone – using the freephone numbers we provide (ii) direct on the individual charities portal applying online (iii) transfers and referrals from water companies or (iv) transfers and referrals through charities, money advisors, organisations and agencies like local citizens advice.

Although we are seeing more and more people accessing the trust fund application services online, we still take around 300 calls a day from people asking for help to pay their water bills and reduce their debt levels. We listen to everyone without judgment and take time to understand and record

their specific situation - we treat customers as we would wish to be treated. This alone is an extraordinarily powerful service; if customers are feeling troubled, distressed or concerned, and they call Auriga, they find somebody at the end of the phone who will listen, in a very real and meaningful way, without judgment.

Beyond listening, the application and the potential financial support, we also offer in-house referrals to our own skilled money advisers (where the contracted fund or service includes it). We find that relevant targeted information and assistance on money, benefits and debt advice makes an enormous difference when delivered to those most in need and at the time when they most need it.

Some water trust funds also provide people with longer-term advice and support and this is achieved by investing in organisational grants to projects and local community organisations who deliver debt and money advice services. One example is below, from the Severn Trent Trust Fund, who have funded the delivery of money and welfare advice to vulnerable renal patients at the University Hospital Birmingham. The Trust wanted an assistance service they could offer to patients which could help them to deal with the financial difficulties caused by illness and long-term disability.

#### **Money and welfare advice for vulnerable renal patients at the University Hospital Birmingham (UHB)**

The Severn Trent Trust Fund has funded the project since 2016 together with the NHS and the government Money Advice and Pension Service. Auriga deliver this service at the UHB and satellite units, in a typical month the service:

- provides 33 patients with assistance in money, welfare and wellbeing support
- undertakes 20 benefit checks
- identifies £51,000 of income and benefit gains

Overall, the total financial gains on behalf of patients achieved to date is over £2.7 million. Of this total, 14% has been in the form of income from charitable grants from a range of UK trust funds. The single overall biggest financial gain achieved for an individual patient at UHB is £45,400.

Since 2016 over 50 patients have received professional representation in welfare tribunal cases, these have secured in excess of £330,000 of welfare benefit.

The benefits of the service have been evidenced <https://www.aurigaservices.co.uk/impact/media-centre/>, it has shown to have an enormous boost to patient's financial security alongside the added benefits of support with managing money. Clara Day, the Consultant Nephrologist at UHB describes the service as an absolutely crucial part of her work: *'of all the things that I have done for kidney patients this service has made the most difference to patients' lives'*.



### Mutually beneficial relationships

Crucially, the trust funds provide customers with financial support, in the form of a grant to reduce water arrears. Daily around 130 applications are submitted to us and around half of the applications are approved for support. As a result of support households in debt have; the ability to pay the bill, have more money and they reduce further missed payments.

In 2020 we have been encountering customers with extreme levels of poverty and loneliness. Mark's case study below highlights one recent example of how the United Utilities Charitable Trust Fund works with the United Utilities company to support people living in vulnerable circumstances – and where everyone works together we can secure long-term improvements and stability of the customers situation.

#### **Mark - living alone, low income and debt**

- 44 years old, Mark lives on his own and is in receipt of a benefit income.
- Suffered a serious industrial accident when he was 22 years old, causing chronic psoriasis covering 80% of his body.
- Unable to work and was in receipt of Disability Living Allowance. When the benefit changed to Personal Independence Payment, Mark did not qualify which reduced his income.
- Had failed to pay his water bill arrears for many years. Mark was ashamed to ask anyone for help and arrears had built up, alongside other unpaid bills; he was in deep debt.
- After five years of no contact with his family he became incredibly worried about the debt and reached out to his sister during the start of lockdown in 2020.
- His sister supported him to ensure that he addressed the problem debt.

#### The Trust Fund and United Utilities

- On his behalf, Mark's sister contacted the United Utilities Trust Fund to ask for help with his water debt. An application was made and a grant of over £2,000 was approved by the Trust Fund to meet part of the cost of the water debt.
- Mark's case was then referred back to United Utilities for further assistance. The company set up a payment plan and this encouraged his family to help him by helping to pay towards his other debts.
- A further review of Mark's budget confirmed he would struggle to clear the water arrears in full. An application for the United Utilities social tariff 'Back on Track' was approved. After being applied to his account, this tariff reduces his ongoing charges considerably.
- The combination of support will help prevent Mark from struggling to keep up with water bills and has helped him begin to recover from his debt problems.

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

We believe it would be valuable to look at three areas of improvements that would be low-cost and relatively easy-to-implement:

- a. ***A single point of entry for all water assistance schemes to help all customers in need. This single point of entry will need to understand the customers situation well - rather than capture information led by a company's scheme or individual initiative.***

All water companies share a common purpose to ensure that consumers receive high standards of service at a fair price. This common purpose brings meaning to our work; we enable customers in hardship to be fully engaged in support created for their benefit and for the good of society. We believe that a single intermediary, providing alignment and acting as one entry point for all water assistance, would have enormous impact in terms of engagement and awareness with support. This would begin to close the gap in addressing the scale of the affordability problem.

- b. ***A single point of entry for new PSR registrations across water and energy. Customers should be able to sign up, in one place for water and energy Priority Service Registrations.***

For the last year we have been partnering with utility industry stakeholders and clients who want to see a step change in customer service for vulnerable groups and improving identification of vulnerability by enhancing the use of the Priority Services Register (PSR).

We also suggest this should be accompanied with actions to work with the energy sector ensuring financial vulnerability is captured in a systematic way by suppliers via the PSR.

More information about our portal can be found here <https://www.aurigaservices.co.uk/our-services/uk-priority-services-register/>

- c. ***A requirement for suppliers to 'level up' to a common minimum level support for all customers' who have an inability to pay water bills or have debt issues.***

Another important, area that affects consumer experience across the water and energy market is the lack of consistency between companies in terms of support for financially vulnerable households.

We know from our own work talking with customers when offering money advice – that this lack of consistency is unfair and also affects consumer confidence. When we work with people to address their money concerns, the biggest single reasons they give us for not seeking help before, is because 'they think they don't need it' or 'they aren't eligible for support'.

Better support across the utility sector starts with a better baseline of provision and communication. When it comes to improvements, consistency and coherent communication of the financial help must be prioritised.

**Question 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?**

**Beneficiary Demographics**

Our 2017 independent evaluation observed that:

- The majority of beneficiaries of support with water arrears were aged 45 or older, overall, 54% of beneficiaries were in this age range and 45-54 was the most common age for beneficiaries.
- Around half of beneficiaries (55%) rent their home from a housing association
- 80% of successful applications were from households containing only one adult
- Most beneficiaries (61%) had no children
- 17% of households assisted included a disabled person
- In terms of ethnicity 83% of beneficiaries were White British

These findings make sense in terms of the costs of living alone: it is well evidenced that as a result of spending more of their income on housing costs, bills and food, those who live on their own are among the least financially secure household types. <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/articles/thecostoflivingalone/2019-04-04>

However, the trust funds and assistance schemes need to consider cohorts of financially vulnerable households who may otherwise be overlooked for support. We are aware that under 25s and over 75s are the least engaged with their water companies and with further assistance - so vital messaging may be missed by these demographics.

We also agree with CCW’s latest Water Matters survey concluding that companies should engage with ethnic minority groups and consider language barriers when considering how to contact customers.

*We urge water companies to make a step change in improving engagement and awareness amongst underrepresented groups. We believe several actions from the water industry could advance diversity and inclusion:*

- a. *Carrying out **research** to identify any evidence that hard-to-reach groups, including ethnic minorities are:*
  - *less likely to obtain appropriate support with paying bills*
  - *disadvantaged either because they are unable to access services or because they receive inadequate help from services.*

*This data would enable the industry to target those in need – and supplement the recent CCW data which confirms a lack of awareness particularly among ethnic minority groups and young people of available assistance with bills.*

*The financial support available from water companies should be accessible to everyone. We recognise the need to improve inclusion of support and recommend this starts with a priority to increase engagement for all, based on:*

- b. *Better communication of information about assistance services and the access pathways from the water sector.*

- c. *Assistance communication and messages should recognise the challenge of inclusion and reduce barriers to increasing knowledge. Specific consideration should be given to customers with low literacy, thinking about use of radio, audio files and video animations to increase knowledge and understanding.*
- d. *Water companies more actively engaging the ethnic minority community health and community representatives. This will help them understand issues at a local level and build trust with community partners who can act as a trusted source of communication.*
- e. *Water companies co-produce and pre-test assistance messages with their target communities or vulnerability cohorts to identify language that retains meaning of the core message and cultural context for the target audience. Messages for ethnic minority communities should be tailored to reflect socio-cultural influences and drivers of behaviour which, at times, may differ from white British communities.*

### Wider debt

We know from our 2017 research that on average, beneficiaries who had assistance with paying their water bill had paid off 38% of their debt from all bills (in total combined) since getting support from a water trust fund or assistance scheme.

Reflecting on our experience:

- Support does not necessarily entirely alleviate all debts; and although we appreciate the industry is doing more than ever to reduce bills.
- Still 1 in 10 people tell CCW their water and sewerage bills are not affordable.
- Each of the 300 people who call us every day, report they struggle to pay for water services due to their financial circumstances.

We also know that:

- Money, income maximisation and debt advice has a large bearing on a household's ability to manage financial stress and are particularly beneficial at an early stage of problems emerging.
- The offer for referrals varies considerably between companies and individual customers

### Direct referrals for independent regulated money and debt advice support

With this in mind, we recommend:

- a. ***All water suppliers should be alert*** to establishing whether a customer has underlying financial problems and to directly refer to debt advice/money guidance/ benefits entitlement checks and/or advice on water/energy saving measures where appropriate.
- b. ***We would suggest all suppliers take a more proactive approach*** and have stretching targets for warm handover customers to free debt advice via telephone and digital means.

In 2021 MaPS are funding an additional 550 new trainee debt advisers delivering advice across various channels in England and Auriga pleased to be part of this offer. We would be happy to talk to suppliers that are interested in using Auriga as a referral partner and can offer free debt advice from April 2021.

**Question 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?**

**More people are getting stuck in a long-term debt cycle**

Assistance from water companies is going to continue to be very relevant for people in the future.

Our crisis work all over the country is demonstrating that families are now at greater risk of being pushed into economic hardship - and groups who already faced poverty were likely to see their income reduced further, because COVID-19 is exacerbating existing inequalities.

We suggest that the sector needs to focus on some big opportunities to stop increasing numbers of households getting stuck in a long-term debt cycle. One way to get more help to more people is through general awareness raising and trust building, whether this be through targeted campaigns or more active outreach to vulnerable people.

*Developing the current system of social tariffs could be one of the most useful forms of financial help, and we would suggest that:*

- a. *Companies retain flexibility in conjunction with **higher levels of standardisation in social tariff schemes**. We would recommend (i) exploring agreements to minimum eligibility criteria and (ii) researching groups of vulnerable consumers who are being excluded from tariffs that really need some help. Increasing standardisation will allow companies to utilise the powers of the Digital Economy Act for data-matching and auto-enrolment processing, reducing administration costs and ensuring those most in need of support receive it.*
- b. ***There is clear and consistent communication and branding for all social tariff schemes. Well-defined national expectations** in terms of criteria and benefits will further enable companies and third parties to promote and target the schemes to specific cohorts of customer groups - and can include local allowances to have some variation in how tariffs are implemented.*
- c. ***Provision of a social tariff acts as a catalyst** for suppliers to establish whether the customer has underlying financial problems and to refer to debt advice/money guidance and/or advise on water or energy saving measures as standard.*

**Other possible solutions for water companies**

- Don't allow debt to build up, take more early intervention.
- At the point of sign up to water account – discuss customer need – social tariff, Watersure, PSR
- Enforce social landlords to make water companies aware of new tenancies – get the customer onto the right scheme from the start, prevent debt build up – encouraging a longer and more sustainable tenancy.
- Make better use of third parties – improving the trust and support for customers, looking at the wider issues that lead to water debts.
- There are customers that will never be able to pay, even on the lowest tariff, should these be removed from the billing cycle?

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

Funding in the main is based on cross subsidies which have to be agreed and approved by the customers of water companies, therefore the level of support which can be provided by a company is determined by a willingness to pay.

If customers are less willing to support those struggling by an increase in their water bill - then fewer can be helped or to a lesser extent. This leads to the so called 'postcode lottery' of social tariff support. Cross subsidy can also push other customers into water and fuel poverty by increasing bills and tipping customers over the edge.

**Changes required to funding**

We believe it should be based on the extent of the need - not by how much other customers are willing to pay. For example, how many customers are in water and fuel poverty across the region should determine how much support is provided.

There is pressure on the water industry to keep bills as low as possible, but also a pressure to support those who are unable to pay – a cross subsidy model for social tariffs creates an added strain on keeping bills affordable for all.

If a company covers an area which has very high levels of unemployment and deprivation and had to use a cross subsidy to fund - then the impact on all customer bills would be significant.

- a. *As financial resilience across the UK is at an all-time low, we would ask the government to establish if they are willing to contribute to support social tariff funding, where the need is greatest. This would be part of establishing a long-term strategy to support people as the economic crisis rolls on.*

**Question 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?**

**More needs to be done to encourage people generally to contact their water supplier and ask for help**

An overall barrier to getting support is the willingness of people to contact their supplier to ask for it. As 12% of customers surveyed by CCW (2019) deem their bills to be unaffordable; this leaves a potential 2 million customers still struggling to pay for their water bills. It is clear more needs to be done to encourage all customers who cannot afford their water bills to ask for help.

From our own experience, we suggest that more **proactive** work is carried out on:

- Promotion and awareness of water assistance complementary to crisis support by local authorities.
- Promotion and awareness of water assistance with energy pre-payment meter (PPM) customers, as a preventative measure. Research shows they are more likely to be in vulnerable situations such as having existing physical and mental health issues, or in living in poverty.

**Since the start of the pandemic, women under 30 have been particularly hard-hit financially**

Although there has been a widespread increase in the number of people claiming universal credit or jobseeker's allowance in 2020, women aged 16-29 saw a very large increase at 115%. There are now 344,000 young women who are claiming unemployment benefits, according to the Office for National Statistics, claims overall more than doubled between March and November 2020. Men’s claimant rates are also currently very high and the age group 30-39 has recently seen the largest increase in claims at 117%.

We are alert to the fact that unemployment and provision of benefits acts as a catalyst for a customer developing underlying financial problems and then cannot pay water bills. We support greater targeting of promotion and awareness of water assistance notably to younger people, particularly those new to claiming unemployment benefits, to help them reassert financial control and reduce their money worries.

To do this effectively, the water sector will need to be agile and consider that younger people and people who have recently fallen into financial hardship, will want to engage in a different way and there will definitely be a stigma around claiming help and assistance. Partnership working is needed with DWP and wider government data sharing policy.

**More needs to be done to encourage people in ethnic minority groups and people with language barriers to contact their water supplier and ask for help**

We agree with CCW’s latest Water Matters survey concluding that a) companies should be more engaged with ethnic minority groups and b) there should be more thought about language barriers when deciding how to contact customers.

*We urge water companies to make a step change in improving engagement and awareness amongst underrepresented groups. We believe several actions from the water industry could advance diversity and inclusion:*

- a. *Carrying out research to identify any evidence that hard-to-reach groups, including ethnic minorities are:*
  - *less likely to obtain appropriate support with paying bills*
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*This would data would enable to industry to target those in need – and supplement the recent CCW data which confirms a lack of awareness particularly among ethnic minority groups and young people of available assistance with bills.*

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- d. *Water companies more actively engaging the ethnic minority community health and community representatives. This will help them understand issues at a local level and build trust with community partners who can act as a trusted source of communication.*
- e. *Water companies co-produce and pre-test assistance messages with their target communities or vulnerability cohorts to identify language that retains meaning of the core message and cultural context for the target audience. Messages for BAME communities should be tailored to reflect socio-cultural influences and drivers of behaviour which, at times, may differ from White British communities.*



**Question 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?**

Both the water and energy sector have improved their understanding of vulnerability and have made some progress in working with and across their industries to improve support for consumers in vulnerable circumstances. Both sector regulators promote good front-line support by companies, and we know from our updated *National Help with Water and Energy Booklet* (2020) <https://www.aurigaservices.co.uk/> that utility companies are responding comprehensively to the challenge of affordability as a result of COVID-19.

However, in addressing some of the biggest national challenges for vulnerable customers which relate to; access, affordability and debt, both sectors have limited evidence of high-impact interventions across England and Wales. One of the biggest issues is that discount schemes in both sectors do not necessarily reach the customers who need them most.

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

**Ofgem Energy Redress Fund**

Finally, we would highlight the successful management and performance of the Ofgem Energy Redress Fund, which supports vulnerable customers and helps to develop innovative products and services. Fines from energy companies that are levied for breach of regulations, are given to the Energy Redress Fund.

We commend the Ofgem decision to engage an expert third party. They have ensured the voluntary redress funding is:

- well targeted to vulnerable circumstances; and
- allocated in the best way to maximise the long-term positive impact of voluntary redress payments for energy consumers across Great Britain.

We work with many Redress funded projects on making payments and providing arrangements to support vulnerable consumers with emergency fuel vouchers. 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.

There are many Ofgem Redress projects offering direct help in a crisis and as a form of support from to address fuel poverty, they offer good value for money. We recommend that:

- a. ***CCW lobbies the water regulator to set-up a similar scheme to the Energy Redress Fund - or join forces to create one larger scheme to help people in water and fuel poverty. We would be pleased to share with CCW our insight into the issues and the difficulties that people are facing in fuel poverty, who use a prepayment meter and cannot afford to keep their home warm.***