

Call for Evidence – Independent review of affordability support for water customers

<p>1</p>	<p>What works well in terms of the current arrangements for supporting households that struggle to pay their water bills?</p>	<p>We have multiple way in which we can support customers as either separate schemes or often combined to offer a varied support. Some of our schemes include:</p> <ul style="list-style-type: none"> • Low value payment plans • Payment breaks (1-3 months in duration) • WaterSure • Assure – social tariff offering a 2 year discount (1st year 60% and 2nd year 40%) • Assure Assist – 8 weeks payment of water bill for customer awaiting Universal Credit payments • Assure Covid – short term discount for those financially affected by Covid pandemic <p>Some highlights of our schemes include:</p> <ul style="list-style-type: none"> • Assure – we changed our policy over 12 months ago that enabled us to support families. So we use a household income threshold but also then add an additional £1500 per child. • Assure schemes – we have numerous schemes in place using variations of our overarching policy which enables us to work with Councils (such as Cambridge Council scheme for Discretionary Housing benefit recipients), Charities (such as Macmillan) and Housing associations. We have 28 schemes currently in place and are always looking to develop more. • Assure Assist – we have worked with Citizen Advice, Jobcentre and DWP offices locally in both South Staffs and Cambridge region to enable fast track onto our Assure Assist scheme. • Community Team/ Dedicated team of agents – we use specialist team members both in the community and within our contact centre that enable all customers service and field teams to hand over customers for tailored and specific care. The specialist teams are empowered to make the right decision and have flexibility to administer any of our support schemes if it is the right thing to do for our customer. • Website – we have dedicated pages providing information on all of our schemes and how they work together. • Community Network – we have only 400+ stakeholder groups within our network and work with over 200+ on a regular basis to support our customers. This work well for us as we only have 4 people in our community team that cover 2 regions (South Staffs and Cambridge) and run our Community Hub.
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		<ul style="list-style-type: none"> • We issues regular news letters to our 400+ stakeholders that provide updates on support that is available. • Community Hub (Wednesbury) – the community hub has enabled us to work within a specific community to make contact with customer face to face. We see some of the most extreme financially vulnerable customers in this location and it has helped us to develop both our own financial schemes but work with partner on holistic packages. We can offer the following: Fuel Bank Vouchers; food bank vouchers; access to Citizen Advice; Digital Training; Job Centre plus; benefits checking and advice. We plan to open another Hub in our South Staffs region as soon as Covid allows. • Extra Care service – established this year this was set up to support our most vulnerable customers, who often are dealing with a complex set of needs and financial vulnerability. We offer this to approximately 5% of our overall PSR group. We can ensure that we proactively call customers and talk them through their bill so they understand the charges, make sure there account is up to date, ensure they are making payments (no matter how small) and check every 6 months they are on the best tariff. • Preventing Bill Shock – we have system tools that flag any customer for proactive contact if their bill has potentially risen (measured only). This enables us to speak to our customers and if struggling financially can get them onto suitable payment option or schemes. • Assure -The reduced discount level after a year to a lower discount allows the customer to adjust to a normal path when they come off the scheme. The discount level therefore doesn't come as a shock when coming from a discount to none at all. • Assure -The flexibility of a localised social tariff means that discretion can be applied in common sense approaches to individual customer's needs. Support can be offered even though the customer may not meet set criteria. WaterSure doesn't allow for this and therefore regional social tariffs have plugged the gap in support where appropriately needed.
2	<p>In what ways could the approach to supporting financially vulnerable households in the water sector be improved?</p>	<ul style="list-style-type: none"> • Have a standard definition of financial vulnerability aligned to the water sector. Having a flat approach to the support, WaterSure provides the rules for applying the scheme but the amount of the cap varies across the country. The cap should be a national average so that a national scheme is fair to all. This is similar to the Warm Home Discount applied by the energy companies this is a flat rate approach regardless of regional location and variation in consumer energy use from north to south of the UK.

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		<ul style="list-style-type: none">• Any national cap or amounts being applied to support would need to be considered with the variations in water bill charges as this can alter significantly throughout the UK.• The social tariff schemes are customer lead so relying on the customer to contact the water company to access support. Having a scheme which means the customer does not have to approach their water company would be easier to access.• A approach similar to the energy companies could be used, by using energy company data in terms of Warm Home Discount customers who auto qualify under the Pension Credit Guarantee Element core group means that the same customers deemed financially vulnerable for energy would also been helped under water, although this will be benefit dependent and only covers a certain customer base namely pensioners. The problem with accessing through the energy data is that not all energy providers have to provide Warm Home Discount depending upon their customer base. A broader group could then be introduced, again similar to the energy companies meaning that this discretion tariff would then still apply. Caution should be used when dealing with customers based purely on benefits, for instance with Pension Credit Guarantee, some pensioners may just be below the line by a matter of pence so miss out and therefore those that go on to receive that could be better off than that pensioner not receiving it. We would like to see the social tariff incorporate an income lead scheme rather than benefit lead scheme to take into consideration some of these households who don't receive welfare benefits.• Using Government data (including national insurance contributions) would mean that all households qualifying would receive support and the "hard to reach" will also be reached. If there was a tiered approach to discount level depending on household income threshold this would be a fair approach. The government hold information to allow this. Therefore if this approach was taken and considered, the funding for this would come from taxation already taken to support schemes. The winter fuel payments, already taken from taxation and distributed to all eligible households without having to apply for this, with the option for the customer to return the discount if they don't feel they need or due to their financial circumstances. This approach would need to be from a household income approach and tiered depending on income levels, similar to Universal Credit for single claimants, joint claimants and so on, in this instance the just about managing (JAMs) would be accounted for and assisted and as the household income grows the household would fall into the lower levels of support and even off tariff if the income exceeds the agreed set amounts. This would provide a gentle glide path back onto standard payment routes and standard across all water companies.
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		<ul style="list-style-type: none"> • All sectors, by this we mean as an example local authorities with council tax support and hardship fund, DHPs', energy with WHD and have overarching vulnerability assistance packages therefore a uniform approach should be adopted. Making the level of discount consistent nationally so that when customers move region they are not confused and making the level of household income where you qualify consistent – and therefore does add weight to the argument of a central government controlled initiative. • The National Energy Action's (NEA) 'Surviving the wilderness' report, published 4 November 2020, focuses on three sectors – energy, water and council tax. It concludes that common approaches to debt management can help customers to know what to expect at all stages of the process, and how to navigate the support options which may be available to them.
3	<p>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?</p>	<p>There are 3 main elements to this:</p> <ol style="list-style-type: none"> 1. Awareness of the schemes 2. Some people do not want help 3. Customers above the criteria thresholds <p>Latest stats from our Customer Promises Tracker – year to date with a representative sample of 200 household customers – 2019/20 figure is from 400 customers. All figures exclude a small proportion don't know:</p> <ul style="list-style-type: none"> • Figure for awareness of offering financial support in general: Just over two-fifths (41%) of customers are aware of the support offered for people who have difficulty paying their clean water bill. This figure is 5%pp higher than the 36% recorded across 2019/20. • Figure for awareness of Assure tariff: Just under a quarter (24%) of customers are aware of the Assure Tariff. Cambridge Water customers have a slightly higher awareness than South Staffs Water customers. The level of awareness recorded so far this year is 6% higher than the 18% recorded across 2019/20. • The level of awareness among customers from the social tariff household income qualification band is notably higher than those from the highest income bands, but not significantly. There is a medium correlation between income to awareness, which is what you would want to see overall in terms of the people who are most likely to need the support, but you can argue that you never know when someone's situation might change and they then need a social tariff - so with just under 1 in 4 knowing specifically about a social tariff then it highlights the awareness gap of the social tariff scheme itself.

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		<ul style="list-style-type: none"> • The landscape is changing for the country in terms of the economically active. A growing group of people who are just about managing (JAM's) who may not seek support and will manage to get by rather than looking for welfare support, maybe opt for help through friends and family, this is probably more poignant in terms of the pandemic situation where advice is hard to reach on a face to face basis. Some of these people have never needed to seek help and wouldn't know where to start. Therefore the approach of government data and insight to capture these people for support at an early stage would be beneficial rather than relying on the assistance to be customer lead. • Will the economic impacts of CV-19, mean those struggling to pay who might not get support, as over the household income threshold, mean they don't support future increases in research. Therefore, should social tariffs be extended to higher household incomes on a sliding scale – e.g. under £16.3k get a 50% discount and up to £20k get a 20% discount.
4	<p>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?</p>	<ul style="list-style-type: none"> • The discount through company social tariffs depends upon the level of cross subsidy by the customer and can vary across the country, in terms of amount of discount and the amount of funding received to finance these schemes. • A solution to this could be through the taxation/government schemes mentioned earlier and explored further in point no.5.
5	<p>Are the current arrangements for funding social tariffs fit for purpose? If not how should they change?</p>	<ul style="list-style-type: none"> • Research is undertaken with customers to establish the cross-subsidy levy. In these research groups a variety of socio-economic groups of households are invited to take part. There is evidence in our social tariff research that those consumers who are in the lower household traits as a whole are more supportive of supporting customers in financially vulnerable circumstances including customers who may be receiving support already and those who may need this in the future, such as the just about managing groups. • From qualitative research, around 1 in 5 customers thinks that social tariffs should be funded through government benefits/welfare – the introduction of nationwide schemes like Furlough and the huge burden on national debt via these schemes may raise awareness of this issue further and increase the number of customers who don't want to pay twice – once through taxes and then via their water bill. This needs to be considered moving forwards. • Reference has been made that is it fair for a household earning just over the social tariff threshold pays £5, the same as someone who earns a six figure income – what can be done about this injustice is difficult as we can't know every customers household income and this changes all the time.

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6	<p>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?</p>	<ul style="list-style-type: none"> • This has been explored in Q2, if government data was used the hard to reach households on limited incomes would be located, this would be an easier process. • If the energy Warm Home Discount approach was to be taken, by having a broader group category for those not automatically qualifying would mean a similar situation that we find ourselves in presently. By working with different partner organisations in the communities the water sector does come across customers who would not normally approach their water company for support, due to awareness of support provided.
7	<p>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?</p>	<ul style="list-style-type: none"> • Looking at the energy sector would be a route to look at, not in terms of definitions of fuel poverty but the administration of Warm Home Discount that replaced the social tariffs for energy providers. This gave a flat monetary credit applied to the consumers account regardless of where they lived. • Caution should be given when looking at definition based on percentage of household income. The energy sector had done for a considerable period of time which had no real impact as there are other compounding factors that the companies had no control over notably income maximisation, which also is a main factor with the water sector and affordability. • In order to try to overcome the fuel poverty issue another factor was down to fabric of the property and therefore schemes to address this were created such as ECO and HHCRO schemes. There isn’t that issue in the water sector. • Similarly behaviour change is a factor that is both seen in the energy and water sector particularly where meters are concerned, pay for what you use, this increases awareness of usage in energy with the smart meter although may lead to self-disconnection. Behaviour change is harder with RV customers in water as there is no reward or penalty factored in here. • Some suppliers offer their customers ways of selecting how much they want to contribute to charities or support schemes through online accounts – e.g. a slider – so that customers can select the amount they want to contribute. This could be a way of increasing support above current social tariff contribution levels but carries the risk of customers who are unaware of how much contribute complaining to water companies and customers then losing trust in the scheme.
8	<p>Other</p>	<p>In terms of future proofing support schemes in the future, two point to consider:</p>

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		<ul style="list-style-type: none">• Metered vs unmetered charges and the implications this has on actual ability to pay for what water people use and perceived ability on rateable value – what would be the impact on the schemes if for example if compulsory metering comes in nationally.• Should the whole sector be looking at how it can incentives customers to save water and when targets are hit by customers on a regional basis then money is diverted by water companies back into social schemes like social tariffs and environmental/community projects. Almost like the community energy projects where renewable energy incentives provide community support.
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