

**Table 6b – Applications for vulnerable customer status****Commentary by REPORTER****Introduction***The key points:*

1. We checked the records of vulnerable customers and confirm that they are properly maintained, are up to date and the correct criteria has been applied.
2. There is no double counting relating to customers qualifying under both criteria.
3. We checked the validity of the approval of applications for vulnerable customer status and found them to be reasonable.
4. The numbers reported are actual numbers from the spreadsheet and no sampling or extrapolation used.
5. We confirm that numbers include new applicants and re-applications

**Our approach to the audit**

In undertaking the audit for Table 6b we reviewed policy and procedures at DCWW's office at Nelson and then reviewed documentation for the collection and recording of information at Thames Water offices at St Mellons.

Our approach to the audit was as follows:

1. Check the validity of the procedures for approval of applications for vulnerable customer status. Discuss policy with DCWW Customer Services and follow up by interviewing staff at Thames who manage the register on their understanding of procedures.
2. Audit the information in the Excel spreadsheet used to manage the register and audit the information extracted from the register at 31 March 2007.
3. View the spreadsheet and check for double counting by selecting a sample of customer references and searching for duplicates. Understand the procedures adopted to prevent double counting of new applicants on the register.

4. Confirm that numbers include new applicants and re-applications by checking entry dates.
5. Assess the reliability of data on the spreadsheet and confirm whether Thames has extracted the data directly or from samples or estimates.

## **Comments on methodology**

### *General*

There are no changes to DCWW's methodology for processing and reporting on vulnerable customers. A spreadsheet is used to 'manually' record the applications, their status and the registration details.

Registration is reviewed annually and every existing application is rechecked. The records on the database distinguish between total applicants, successful applicants and reasons for refusal. The record is reviewed annually and continuously kept up to date as the applications are processed. Any customer on the register for part of the year is counted in the table.

Successful applications are only valid for up to one year and it is the customer's responsibility to re-apply. However, DCWW will send reminders to customers on the register when their validity period is over. Basic checks are made on applications to determine if they are valid. These validity checks are regarded as reasonable and appropriate. The vulnerable customer tariff is backdated to the 1<sup>st</sup> April when a successful applicant is registered part way through the Report Year. DCWW issue re-application forms in June each year. Customers who are on the register and subsequently move house are required to re-apply for vulnerable customer status.

No information has been provided by nor is required from other companies for this table's reported figures. Figures reported are actual figures from the spreadsheet and no sampling or extrapolation is used.

### *Conclusions*

1. We confirm that the number of applicants and successful applicants is correct and the recording system is properly maintained, up to date and the correct criteria have been applied.

2. We compared on a sample basis a number of customer records in the spreadsheet with Customer Accounts System and confirm that the information was consistent.
3. We received confirmation from DCWW that where an application is received on any form of renewal document, the applicant is sent the correct application form and that re-applications are included in the reported numbers.
4. DCWW accurately describes in its commentary how it eliminates any double counting.
5. DCWW does not applying the tariff in a manner more flexible than that set out under the Regulations.

### **Comments by line**

Line 1-6: We believe that the explanation in DCWW's commentary for the 36% increase in applications (699 in JR07, 512 in JR06) is reasonable. No other reason for the increase was identified other than the provision of vulnerable customer tariff information on customer bills and in DCWW publications or through direct contact with customers. The number of successful applications has increased by a corresponding 36% (580 in JR07, 426 in JR06).

### **Comments on confidence grades**

The system DCWW use is appropriate for meeting the Ofwat reporting requirements to a standard that would make A1 confidence grades appropriate if grades were required.

**Date:** June 2007  
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