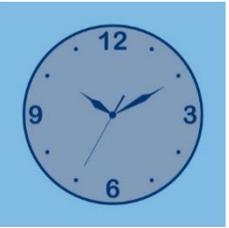




Towards inclusive service for all – Ofwat’s vulnerability focus report

Chair: Richard Khaldi, Senior Director, Customers and Casework
18 February 2016

#InclusiveWater2016



Welcome

Part 1: Landscape

Part 2: Sharing good practice

Part 3: Reflection

Vulnerability in PR19

Closing comments

Part 1: Landscape



Towards inclusive service for all – Ofwat’s vulnerability focus report

Cathryn Ross, Chief Executive, Ofwat
18 February 2016

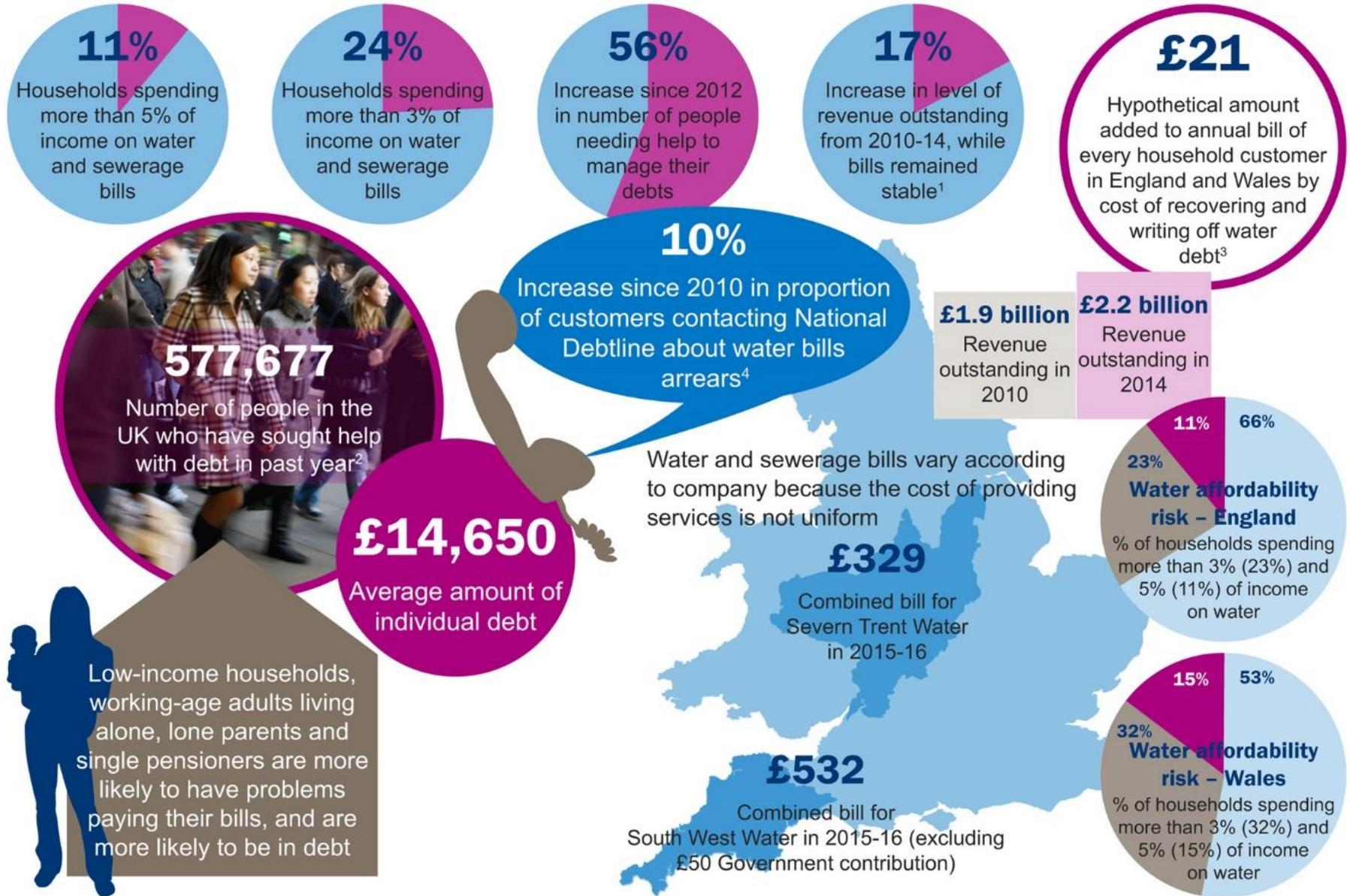
#InclusiveWater2016

Vulnerability is a **transient** state: customers can move in and out of circumstances that make them vulnerable



Data from FCA occasional paper no 8, "Customer vulnerability", February 2015, unless stated otherwise

Ofwat's report, 'Affordability and debt 2014-15', published in December 2015, aimed to inform the work of policy and decision makers to address affordability issues and water debt for household customers in England and Wales





A pro-active approach to building strong relationships will lead to an in-depth understanding of customer circumstances



Understanding the drivers of vulnerability for your customer base



“Vulnerable customers” should not be treated as a separate group



Flexible, bespoke and inclusive service arrangements should be part of standard customer service for ALL customers



Innovative approaches and partnership

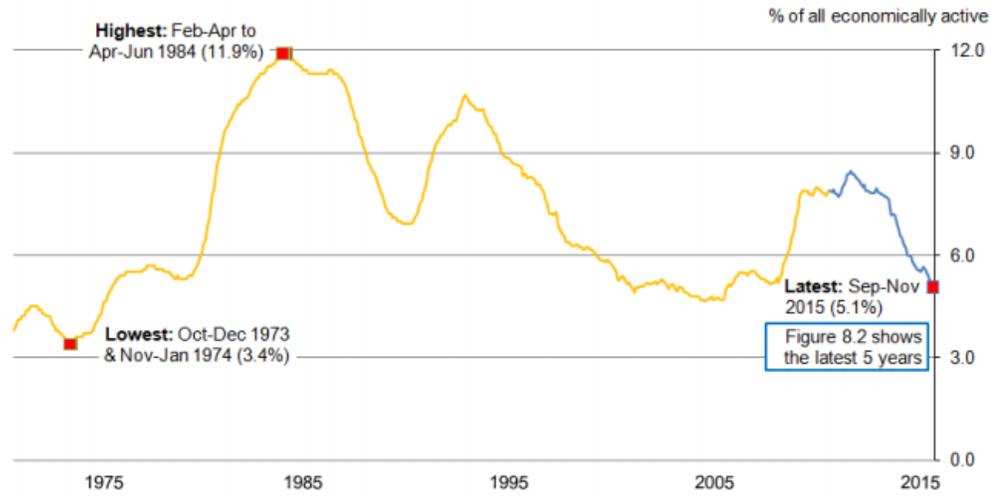
Changing needs in a changing economy

citizens
advice

Hugh Stickland
Chief Economist
Citizens Advice
[@CABHugh](#)

Figure 8.1: UK Unemployment rate (aged 16 and over), seasonally adjusted

January to March 1971 to September to November 2015



UNITED KINGDOM INTEREST RATE



Reasons to be cheerful

Figure 1: GDP growth, chain volume measure, Q1 2010 to Q4 2015, quarter on previous quarter and quarter on same quarter of the previous year

UK



Figure B: CPI 12-month inflation rate for the last 10 years: December 2005 to December 2015

United Kingdom

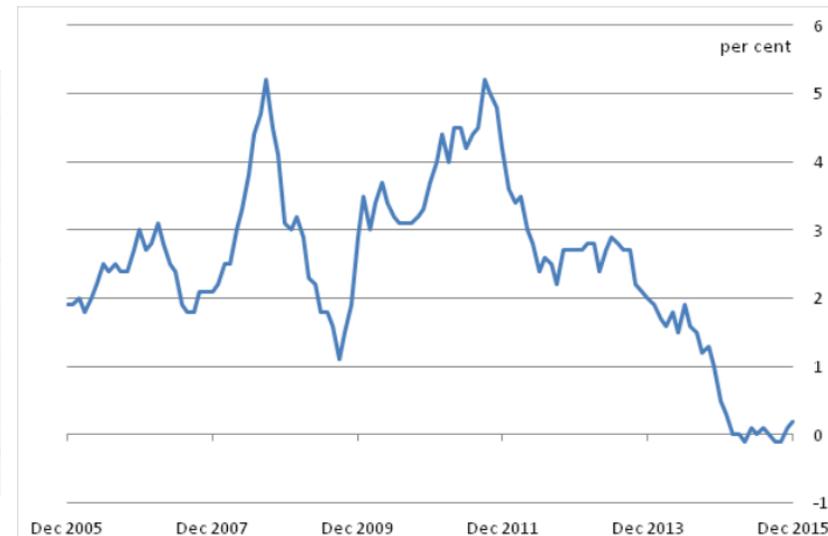


Figure 6.1: Great Britain average earnings annual growth rates, seasonally adjusted

September to November 2010 to September to November 2015



Reasons to be cheerful (if you don't like charts)

- UK plc is growing faster than any G7 nation
 - There are more people in work than ever before
 - Unemployment is at an 11 year low
 - Wages are growing at 2 per cent
 - Inflation is on the floor - we are feeling richer
 - Interest rates remain ultra-low
-
- The long-term economic plan
 - Hard working families
 - Britain is paying down its debt

However...

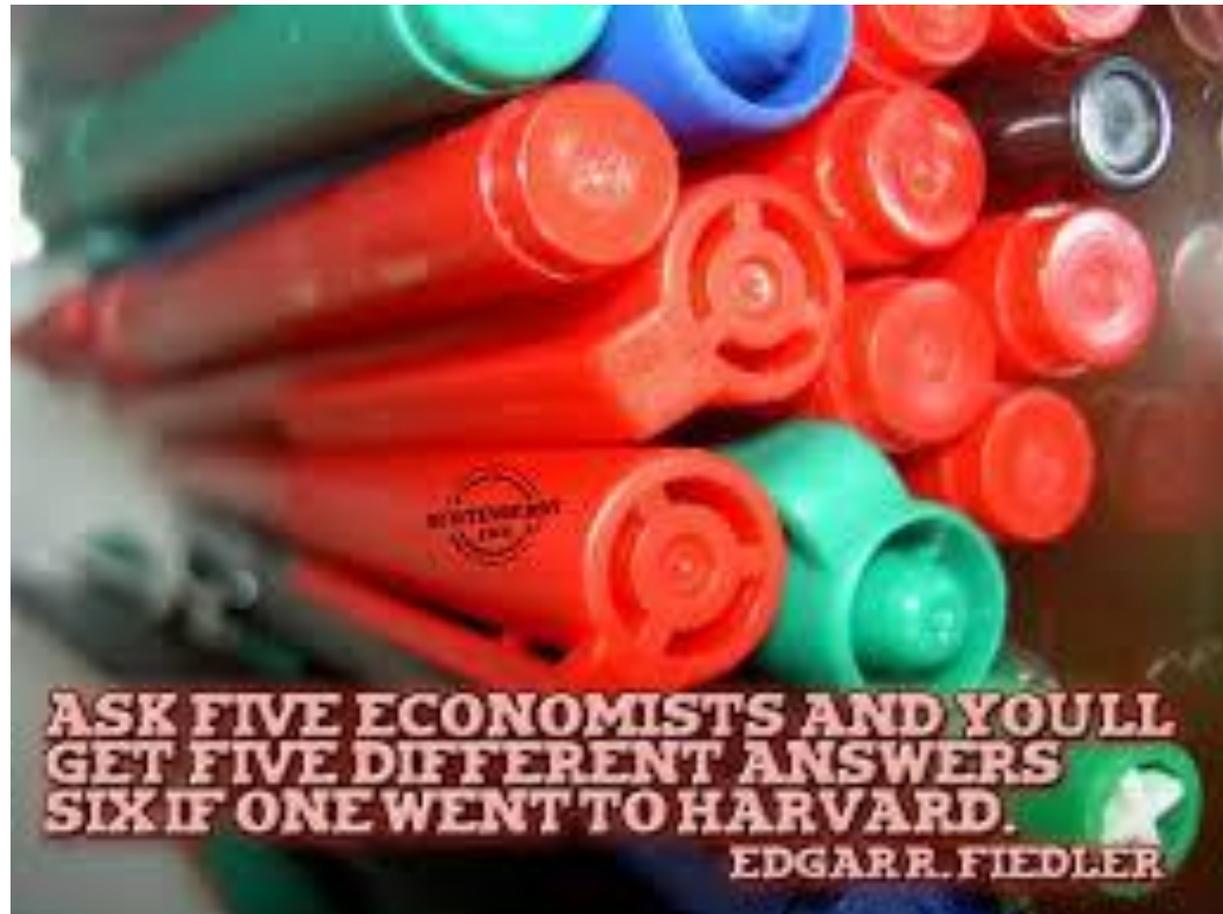
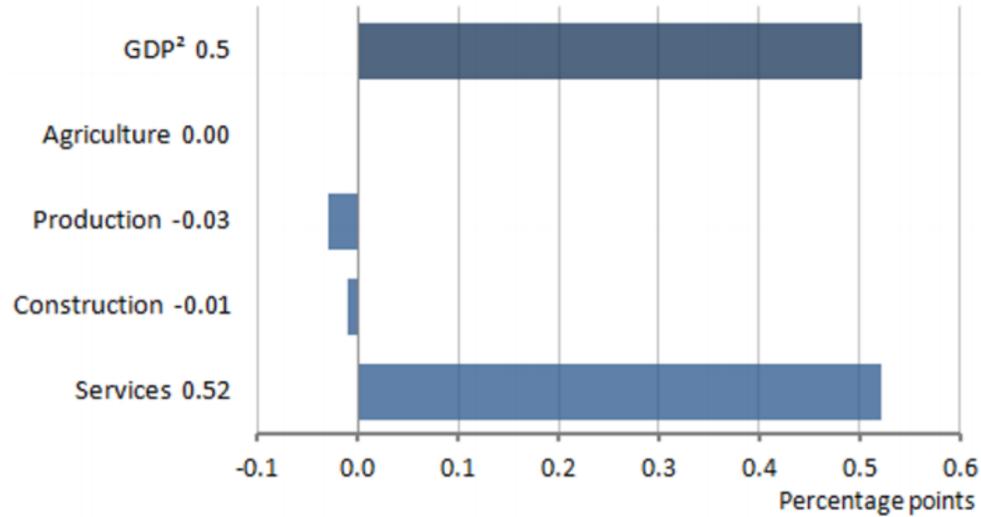


Figure 1: GDP contributions (1) to the quarter-on-quarter percentage change, Quarter 4 (Oct to Dec) 2015

UK



Do you want to buy or rent?

Deposit amount: £ 10000

How many bedrooms?

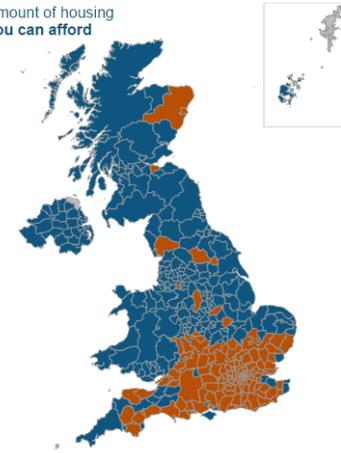
I want a property that is:

How much can you spend on monthly rent or mortgage payments?

Go

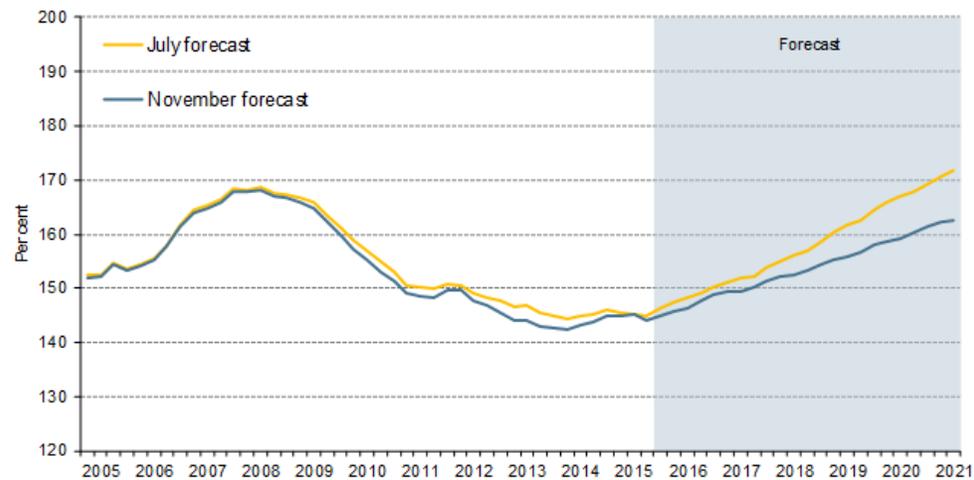
The prices shown alongside the local authorities are what you would pay each month. Some parts of the country may remain "not affordable" because the calculator assumes you need a deposit of at least 5% to get a mortgage.

59% Amount of housing you can afford



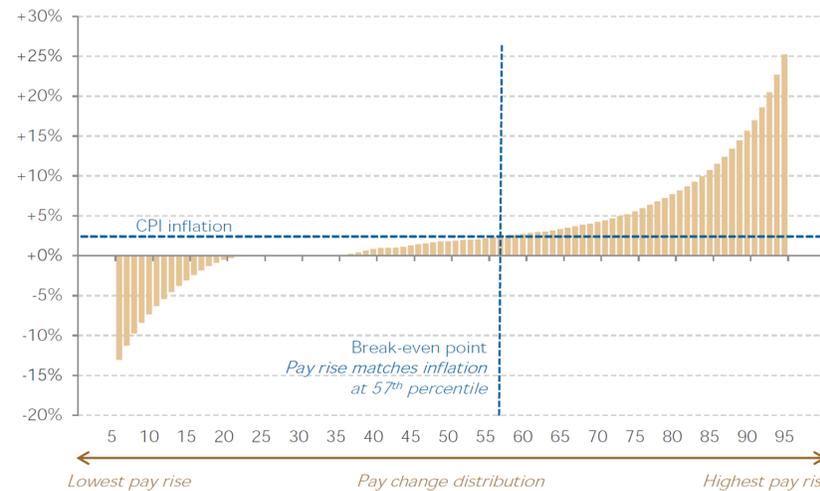
INTERACTIVE

Reasons to be cautious



Source: ONS, OBR

Annual change in hourly pay for those continuously employed in the same job

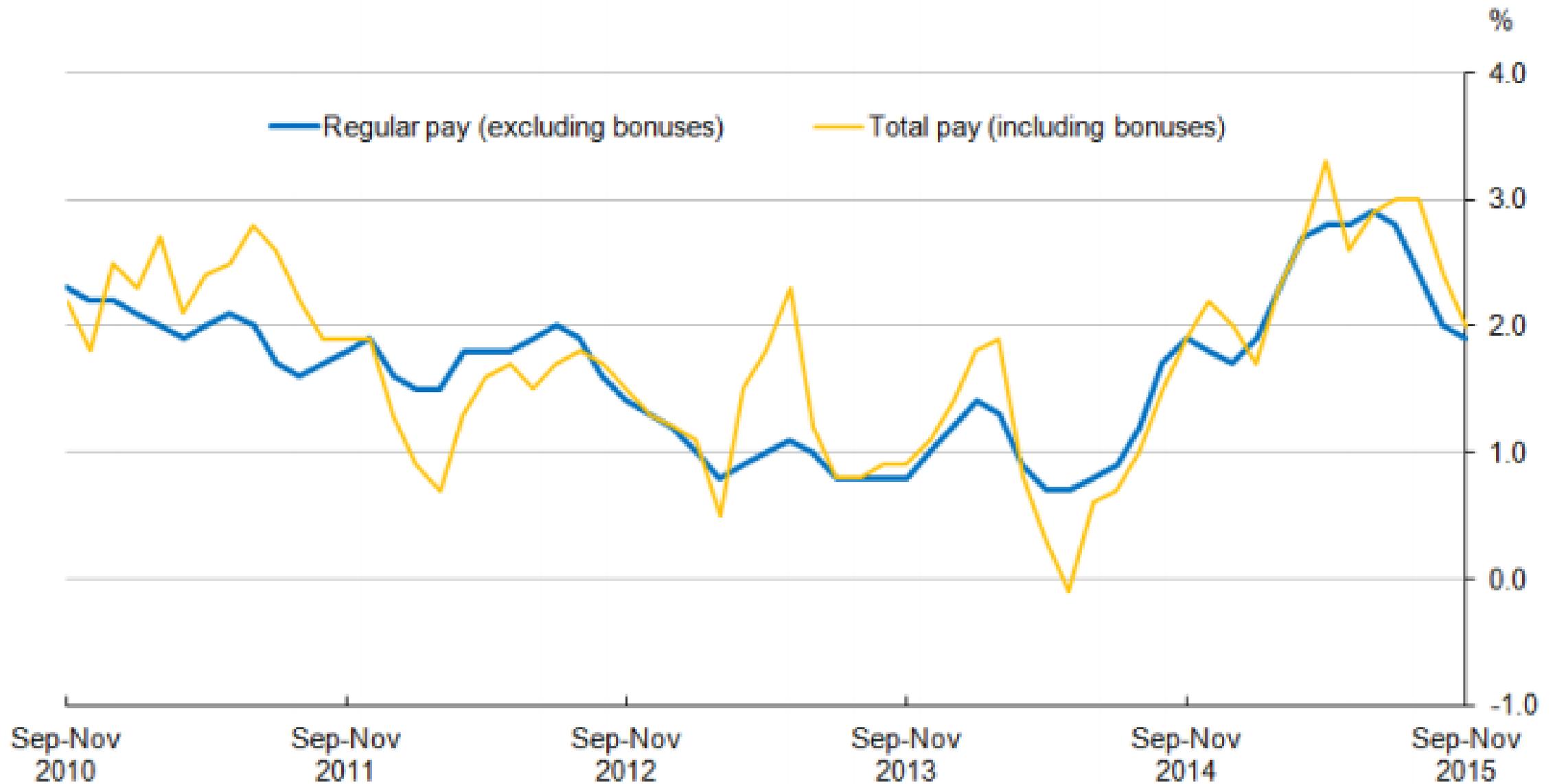


Reasons to be cautious (if you don't like charts)

- Growth is uneven, heavily reliant on service sector
 - Many of the jobs created are insecure, Zero Hours Contracts
 - The housing market is overheating - rents are following suit
 - Pay cuts and freezes are still widespread
 - Private household debt is creeping back to crisis levels
-
- Global slowdown? China, US, Eurozone
 - Bank of England revising down growth
 - Impact of welfare reforms focused on poor

Figure 6.1: Great Britain average earnings annual growth rates, seasonally adjusted

September to November 2010 to September to November 2015



Annual change in hourly pay for those continuously employed in the same job

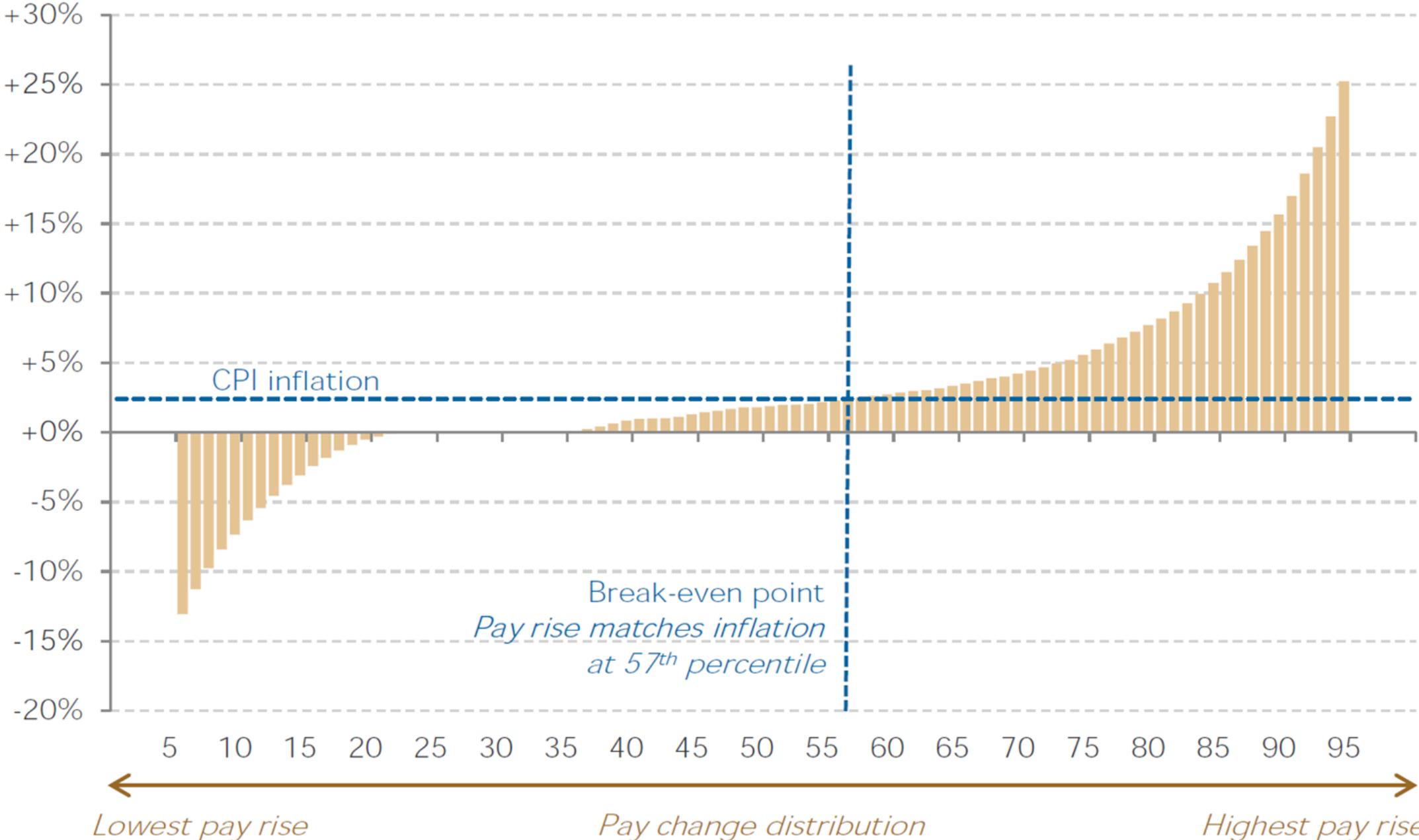


Figure 1. Estimated distributional impact of personal tax and benefit measures announced for implem

announced for implem

Figure 2. Estimated distributional impact of gains from the new NLW announced in the July 2015 Budget, 2019–20

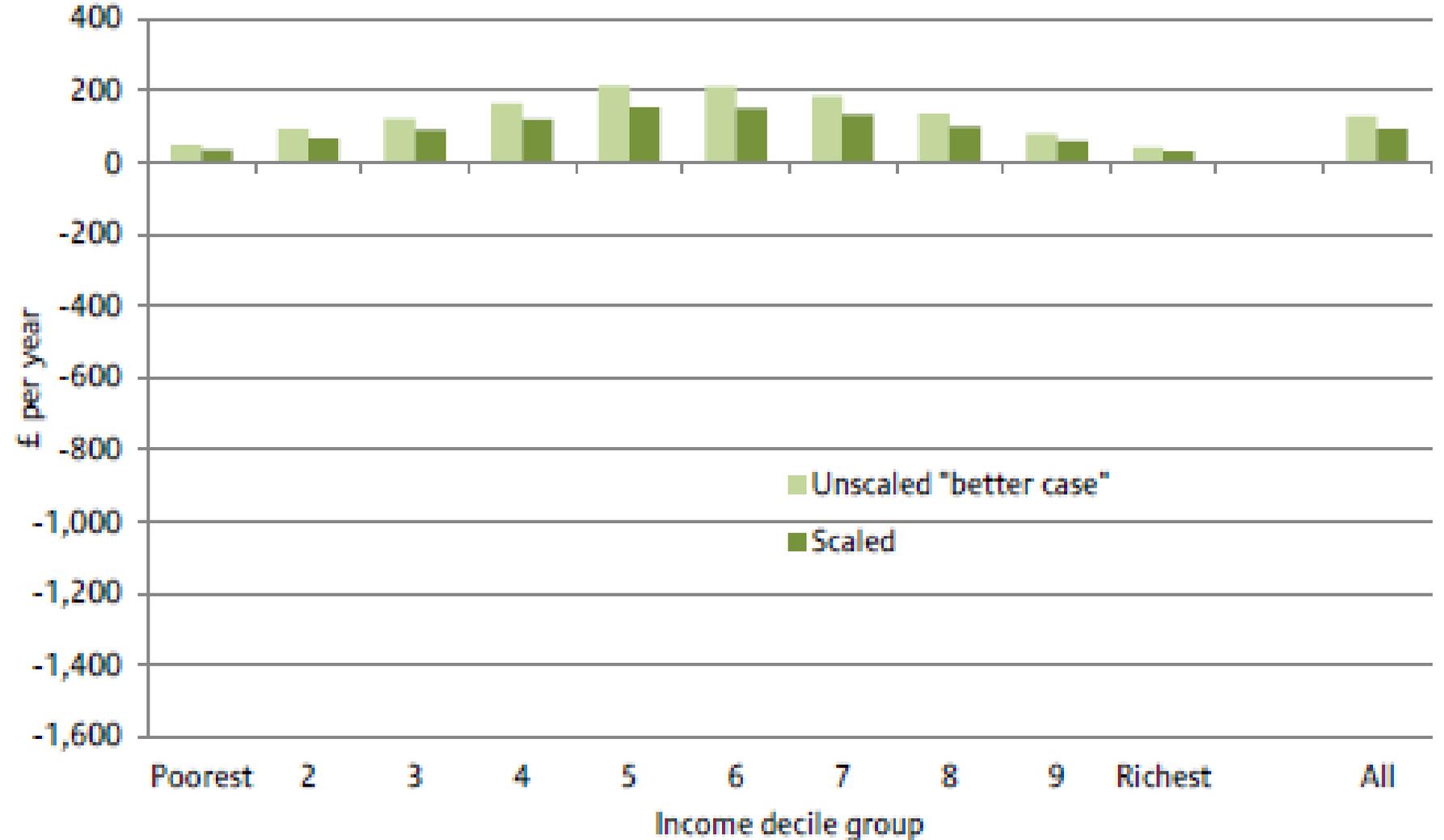
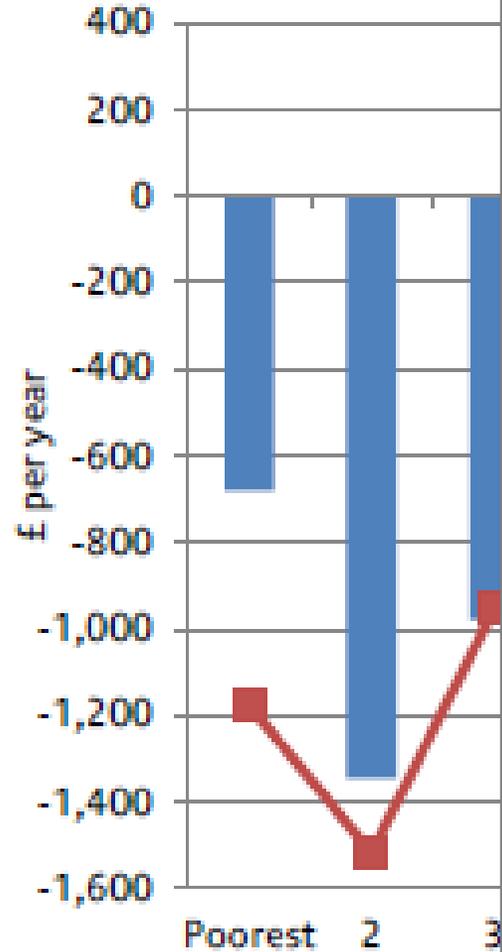


Figure 17 Percentage change in number of clients seen for water debt issues 2008/09 – 2013/14 against estimated Welfare Reform loss per adult

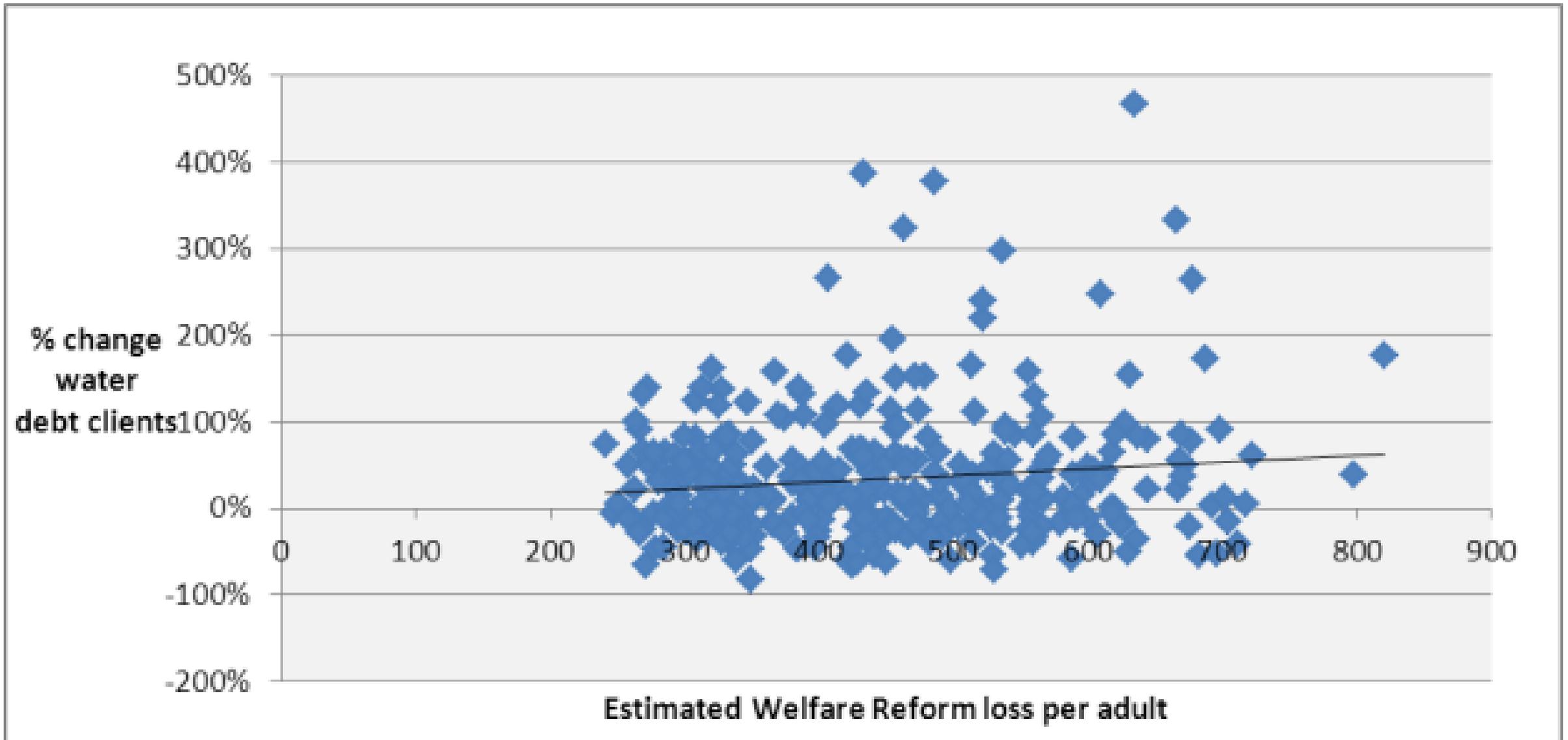
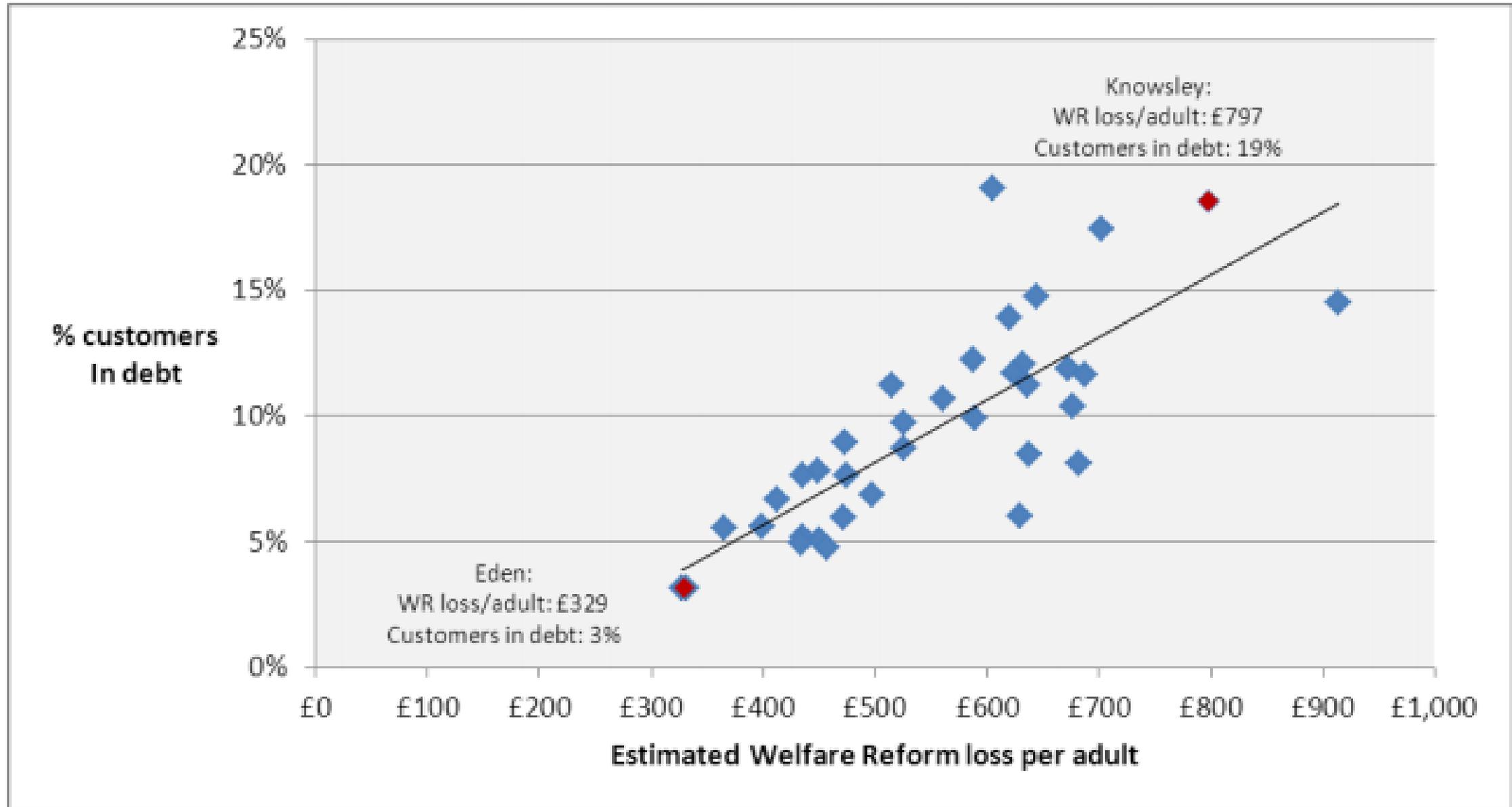


Figure 28 United Utilities: estimated welfare reform loss per adult against per cent customers in debt by Local Authority 2013/14



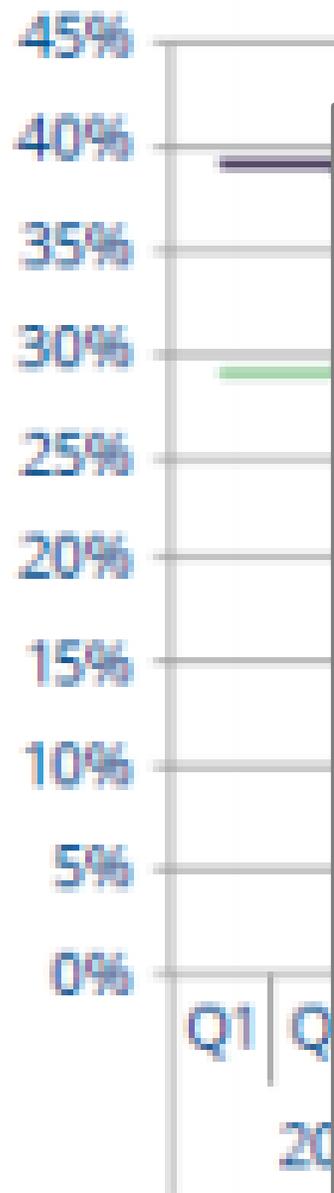
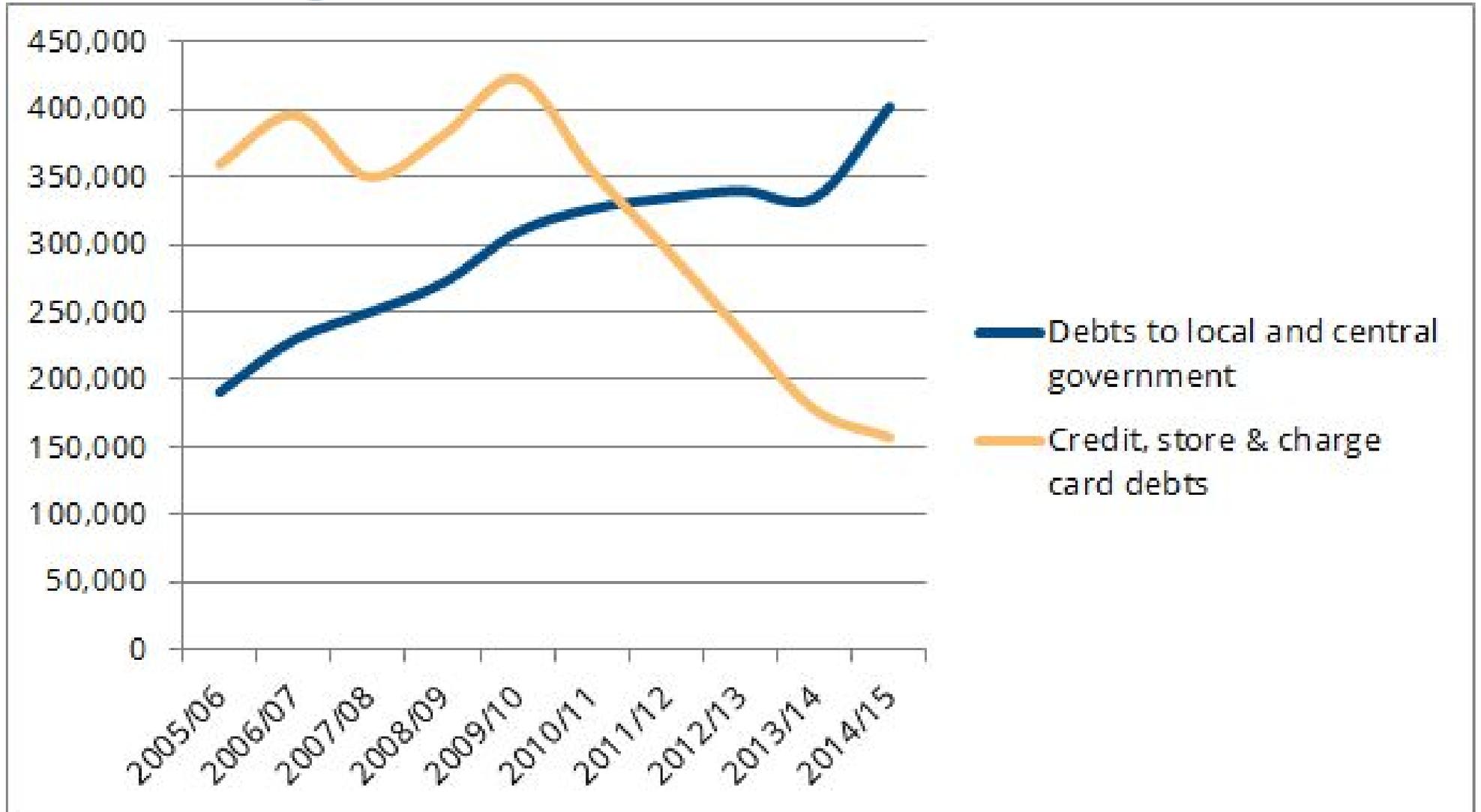
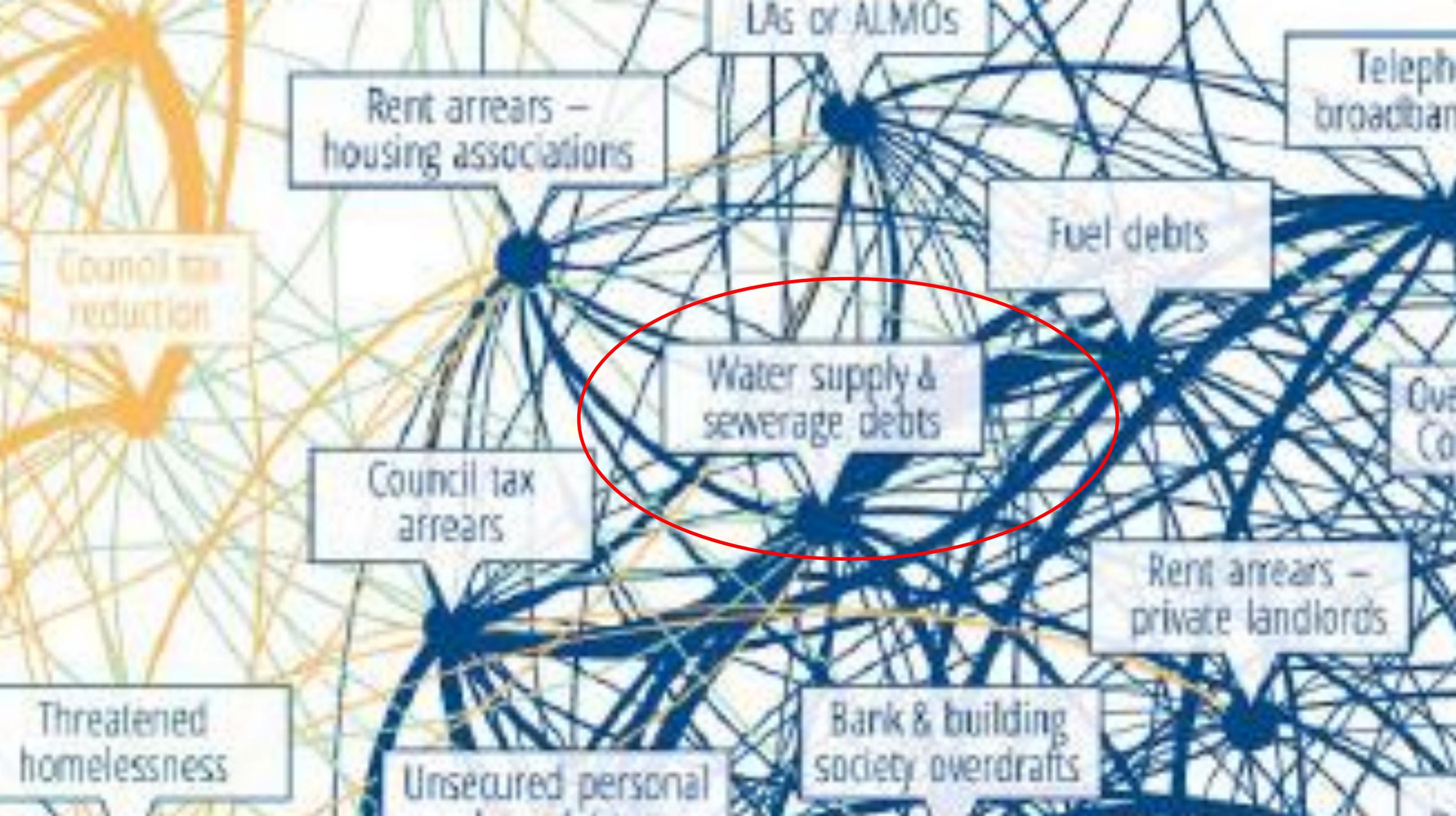


Figure 1: Trends in issues about credit card debt and debts to local and national government between 2005/06 and 2014/15





Rent arrears – housing associations

Council tax reduction

LAs or ALMOs

Teleph broadband

Fuel debts

Water supply & sewerage debts

Council tax arrears

Over Co

Threatened homelessness

Unsecured personal

Bank & building society overdrafts

Rent arrears – private landlords

A final thought...

Everything was falling apart – Citizens Advice helped me get back on track.

**citizens
advice**

The value of the
Citizens Advice
service: our impact
in 2014/15

Key facts about Citizens Advice:



6.2 million
advice issues
dealt with directly



2.5 million
clients advised
directly



20.7 million
visitors to our
online advice
citizensadvice.org.uk



2,500
locations where
we provide free
and independent
advice across
England and Wales



2 in every 3
clients have their
problem solved



4 in 5
clients said advice
improved their
lives, including
reducing stress
and improving
finances



95%
of our clients
say they would
recommend us



90%
reported
satisfaction with
the overall service
they received

Non-financial vulnerability: a charity perspective

Alzheimer's
Society

Leading the
fight against
dementia

Caroline Newby
Partnerships Manager
Alzheimer's Society

Ofwat Vulnerability Focus Report Launch
18 February 2016

What makes an individual 'vulnerable' for the water industry?



How could this affect someone's experience with a water provider?



Bills and payments



Communication problems



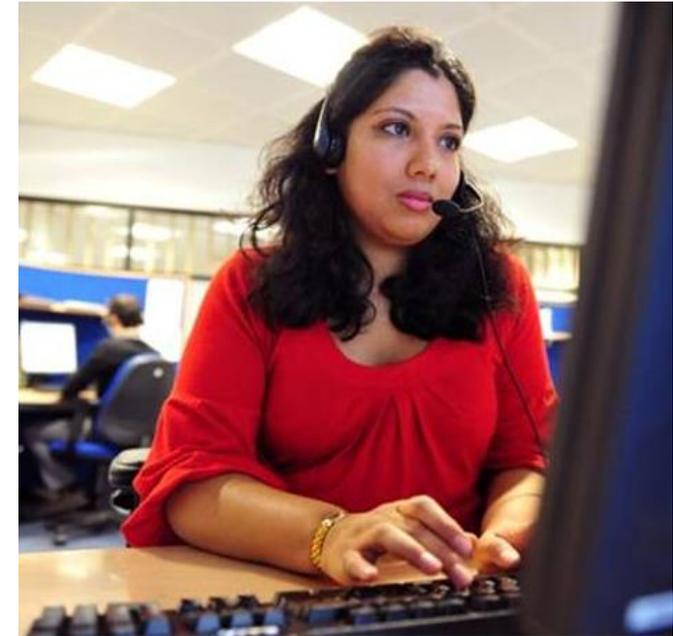
Poor customer service



Third party experience and reputation

How can these issues be overcome?

- Knowing your customer's needs
- Having processes in place to provide additional support
- Providing adequate training for staff
- Learning from best practice both within the water sector and further afield



Contact details and further information

Alzheimer's
Society

Leading the
fight against
dementia

Email: caroline.newby@alzheimers.org.uk

T: 0207 423 5167 M: 07483 926 188

www.alzheimers.org.uk

From financial difficulty to consumer vulnerability

Matt Vaughan Wilson
Partnerships Manager
Money Advice Trust

Ofwat Vulnerability Focus Report Launch
18 February 2016

MONEY
ADVICE TRUST

BUSINESS
DEBTLINE

NATIONAL
DEBTLINE

WISER
ADVISER

ADVICE YOU CAN TRUST

MONEY
ADVICE TRUST

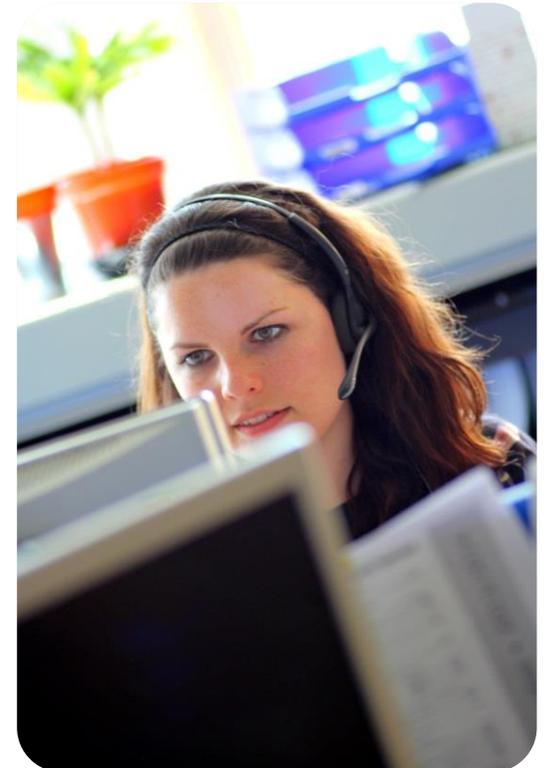
From financial difficulty to consumer vulnerability



Consumer vulnerability, as now understood, is a broad and challenging area

What can we learn from past experience?

What can we draw from work on financial difficulty, affordability and mental health?



Debt and mental health

Significant links between debt and mental health - in both directions

Research in 2010 highlighted issues and experiences of creditor staff on this issue

- Low customer disclosure rates – barriers to disclosure
- Lack of staff knowledge and skills
- Lack of staff confidence
- Issues around informed consent and third parties

Guidance, training and tools (drills such as TEXAS, IDEA, CARERS) have been developed to support staff

The Royal College of Psychiatrists and the Money Advice Trust

Debt collection and mental health:
ten steps to improve recovery



A briefing for creditors and debt collection agencies based on a national survey of 1270 frontline collections staff

RC
PSYCH
ROYAL COLLEGE OF
PSYCHIATRISTS

Money
Advice
Trust

MONEY
ADVICE TRUST

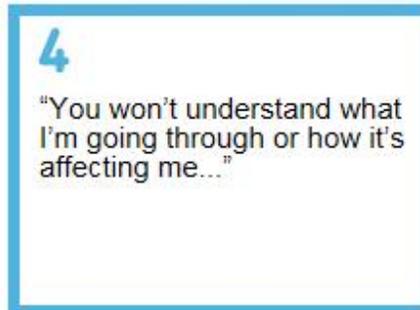


Why do so many customers not disclose?

Customer concerns about disclosure

This research identified some of the most common reasons why people choose not to disclose. Select each of the customers below to see what their concerns are.

Select the **images** to find out more.



Customer
conversations
are key



How do you encourage disclosure? Encouraging disclosure

There are some simple steps you can take to encourage disclosure.

Use reminders

Explain the benefits

Be transparent

Use appropriate questioning

Explain the benefits

Again, where appropriate, you can emphasise the benefits of disclosure. For example:

"If you have a personal, health or other issue that can make it harder to manage your finances, you can tell us. This will help us to understand your situation, and could mean that we're able to provide a service that better meets your needs."

You've reached the end of this section. Select the **forward** arrow to return to the main menu and go to the next section.



1 / 1



Complex
issues can
be made
manageable

Contact details and further information

Email: matthew.vaughanwilson@moneyadvicetrust.org

T: 0121 410 6263 M: 07769 166 533

www.moneyadvicetrust.org

www.vulnerability.training

MONEY
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DEBTLINE

WISER
ADVISER

ADVICE YOU CAN TRUST

MONEY
ADVICE TRUST



Views of vulnerability: British Standard for Inclusive Service Provision

David Bell, Director of Standards Policy
18 February 2016



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By Royal Charter

BS18477 Inclusive Service Provision

Pioneering standard developed by BSI & public interest bodies

A summary of the British Standard for inclusive service provision - identifying and responding to consumer vulnerability (BS 18477: 2010)



- Complements Customer Service & Web Accessibility standards
- Defines vulnerability
- Highlights triggers and risk factors
- Procedures, processes & staff to respond to vulnerability by providing a flexible service that meets individual needs.

BS18477 Inclusive Service Provision

British Standard definition of consumer vulnerability

...or unfairly or inappropriately treating the consumer unfairly

[Office of Fair Trading]

NOTE It might be that a consumer is unfairly or inappropriately denied a service or transaction available to others, experiences financial loss, is not given adequate choice, or experiences less than reasonable satisfaction with a service.

2.6 consumer disadvantage

condition in which a consumer experiences difficulty in accessing or using services or in dealing with communications

2.7 consumer vulnerability

2.7 consumer vulnerability

condition in which a consumer is at greater risk of misselling, exploitation or being put at a disadvantage in terms of accessing or using a service, or in seeking redress

reality, vulnerability can affect any consumer and cannot be applied to fixed, identifiable groups of consumers with certain characteristics or personal circumstances.

2.8 inclusive service

BS18477 Inclusive Service Provision

How organisations are using BS18477

- Real scenarios & examples
- Recommended for use by Citizens Advice, FCA, FOS and Ofgem
- Supported by compliance audits
- Expected to be updated in 2016



White Paper
for Service
Providers

Providing fair, flexible
and inclusive services

- a business perspective

A thick teal curved line starts from the left edge of the slide, arches over the top, and descends towards the bottom right corner.

David Bell
Director of Standards Policy

david.bell@bsigroup.com

020 8996 6347

bsi.



Ofwat's vulnerability focus report and practitioners' pack

Margaréta Serfőző-Matharu, Principal, Strategy & Policy, Ofwat
Dr Charlotte Duke, Director, London Economics

18 February 2016

#InclusiveWater2016



Broaden understanding and stimulate interest and debate around vulnerability – customer vulnerability

Enable Ofwat to create a framework that encourages and enables companies to better identify and support customers in circumstances that make them vulnerable

Help those working in the sector to better identify these customers, enabling companies to target the appropriate package of support to those who need it

Provide practical help and resources to companies in developing, implementing and shaping their vulnerability policies and strategies

Desk-based review

Published academic, policy reports and grey literature on **'what is vulnerability'**

Definitions
Drivers
Triggers

Water company business plans for PR14

Water company submissions to Ofwat affordability report 2015

Water UK Vulnerability Innovation Hub

Interviews

Approaches to **defining vulnerability**

Indicators of vulnerability including long-term vulnerability

Best practices when dealing with customers in vulnerable situations

What **good practice** may look like

Focus groups

Identification of key:

Triggers/signals

Barriers to identification and support

Possible **solutions**

Role of different organisations in provision of solutions

Integration

Development of **supporting research report for** integration into Ofwat report

What is vulnerability?

Proposed trigger point approach to identification

Barriers

What good may look like

Practices reported to work well

Key findings - Ofwat's vulnerability focus report 2016

Part 2: Sharing good practice

G1

Good practice in customer care and engagement

G2

Good practice in data gathering and sharing

G3

Good practice in creating partnerships

G4

Culture change issues and support options

G5

Ofwat research and regulatory approach

‘Open space’ / market stall style

Process and timing

1 hour total time

Listen – contribute if you wish – move on at any time

Suggestion: visit two to four groups

Leaders will repeat their case study input two or three times in the hour as groups ‘refresh’

Time remaining announcements at 30, 15 and five minutes

Considerations

Brief contributions – not lectures!

Keep groups to maximum 20 (10 seated, 10 standing)

Reflection questions to consider

What have you heard before?

What was new?

Where is the opportunity for the greatest impact across the industry?

What are the next steps for your organisation?

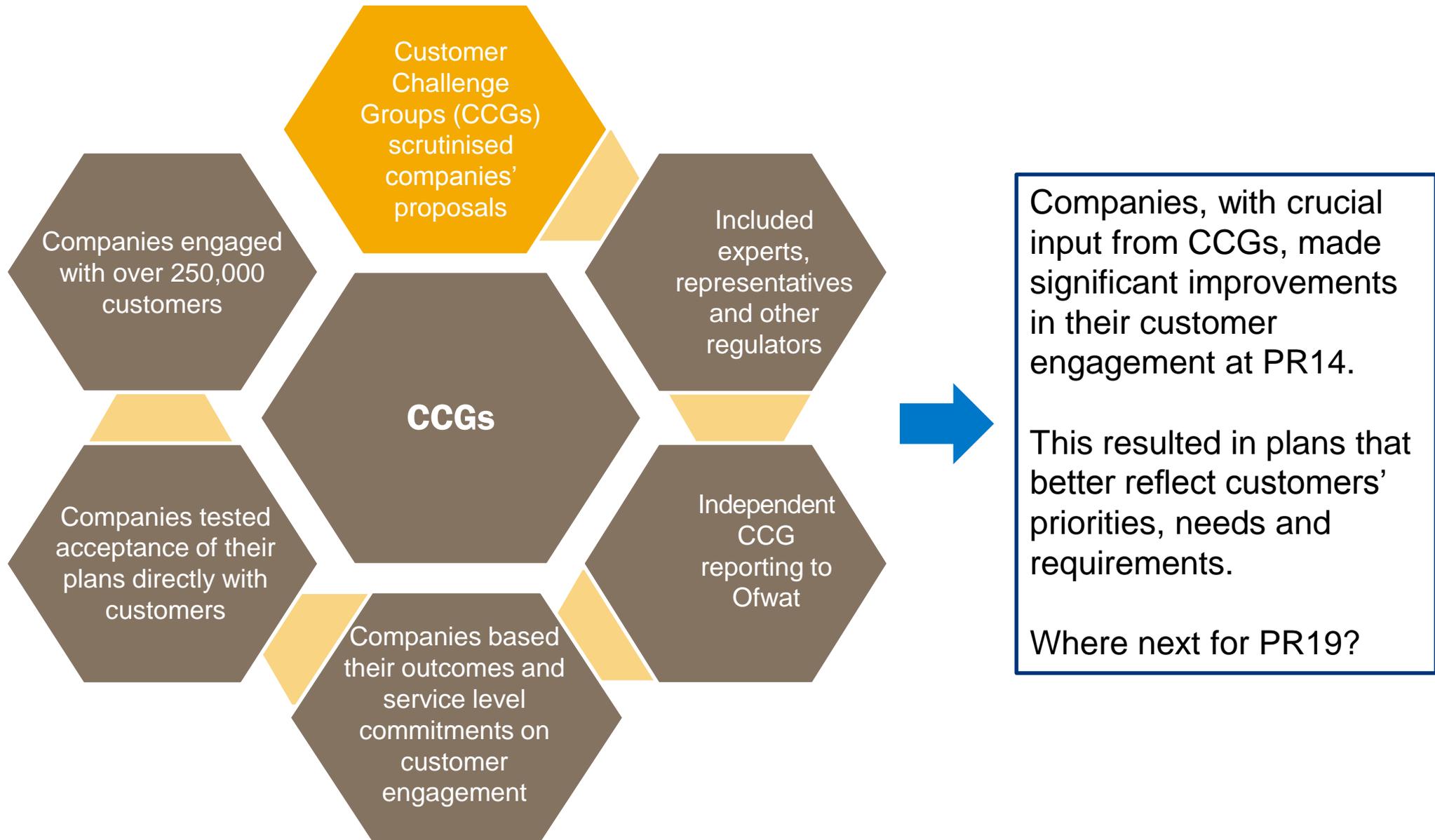
Part 3: Reflection

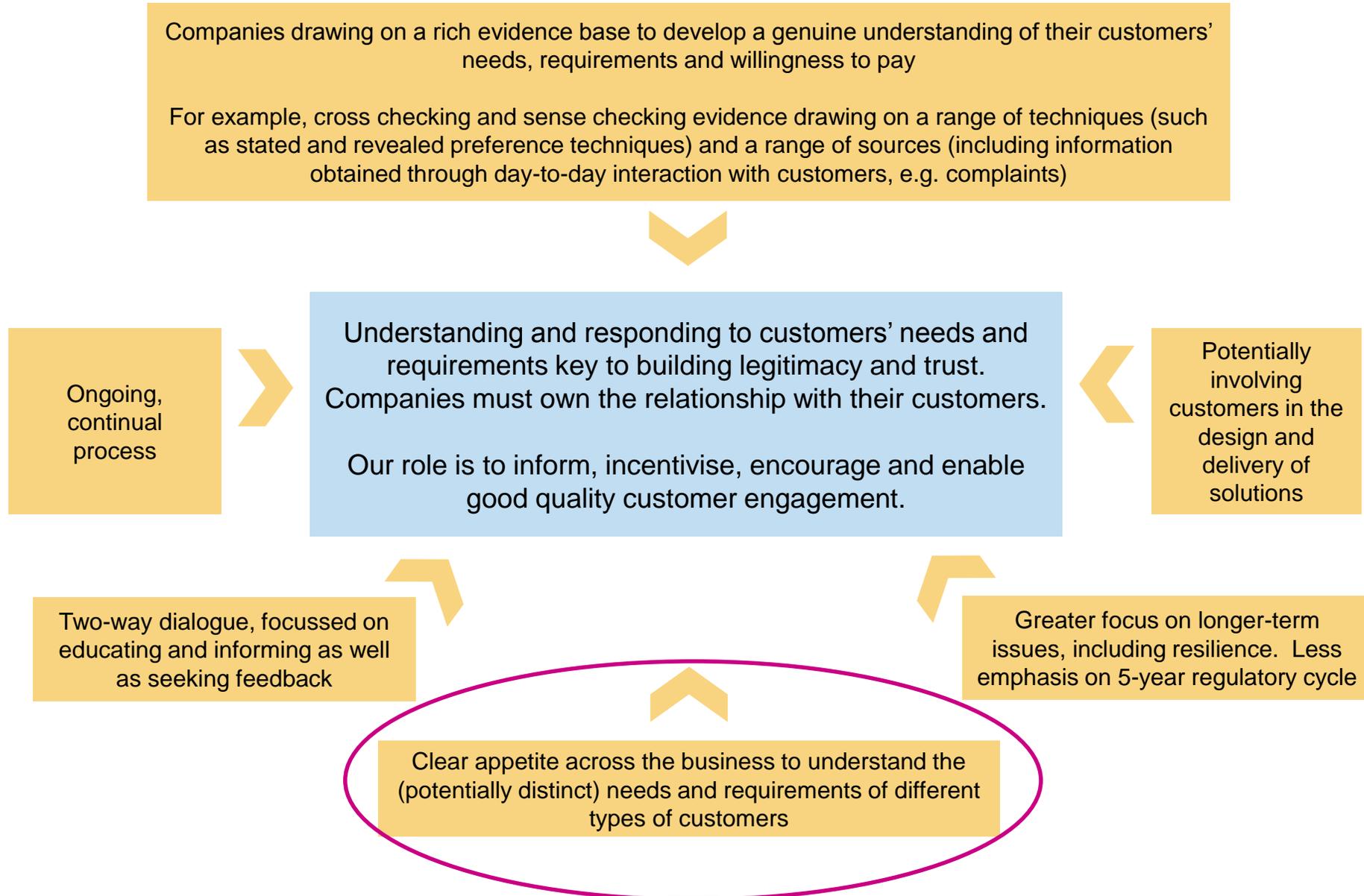
Looking forward to PR19

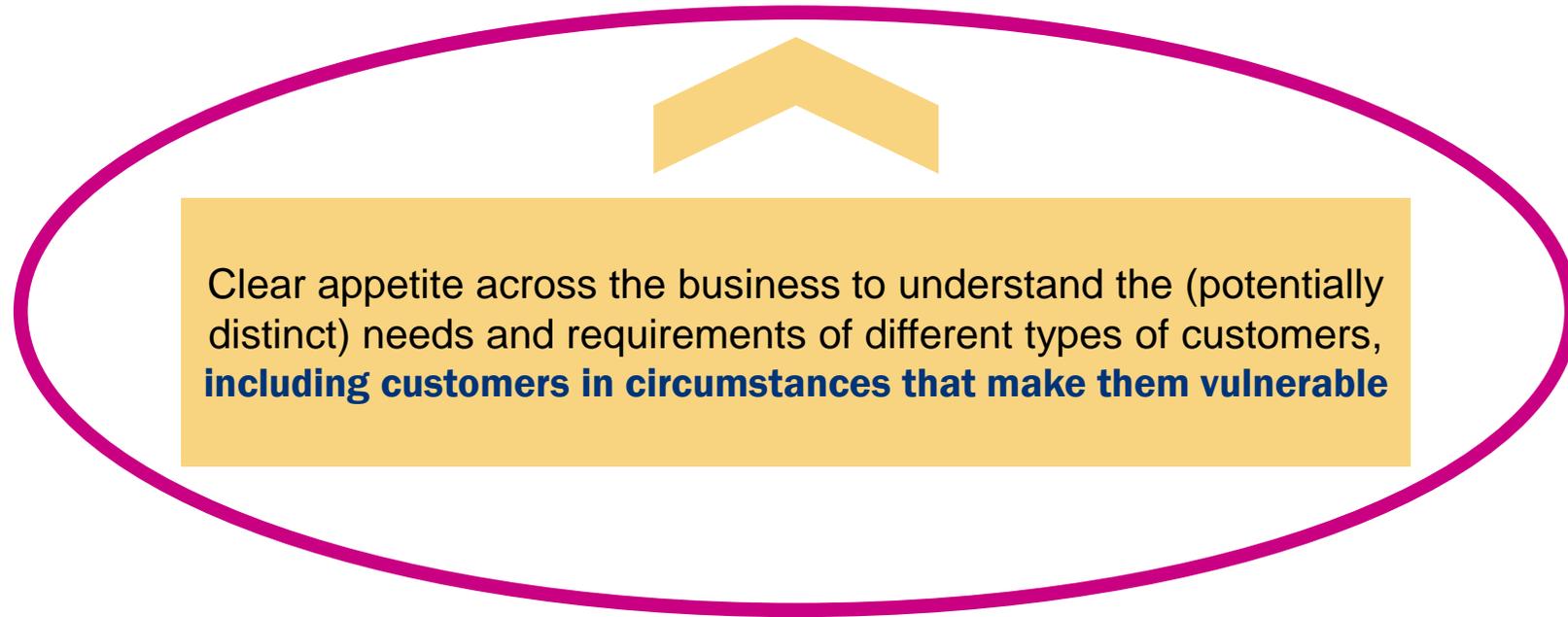
Georgina Mills, Director, Ofwat
18 February 2016



#InclusiveWater2016







Understanding and responding to the needs and requirements of customers will also involve understanding and responding to the - potentially distinct - needs and requirements of customers in circumstances of vulnerability.

Excellent customer service will involve an inclusive service for all.

Today's report is intended to **help companies** further improve their customer engagement by providing some guidance - without being prescriptive – on the following:

- What does vulnerability really mean in the context of the water sector?
- What are the potential triggers that might indicate a customer is - or is about to become - vulnerable?
- What examples of good / innovative practice currently exist - both inside and outside the sector?

Proposed CCG role at PR19 is to challenge and assure: the quality of customer engagement; and the degree to which the results are reflected in the company's plan.

Today's report is also intended to **help CCGs** challenge companies':

- Overall approach to delivering a customer-focused service;
- Including, their approach to understanding and responding to the needs and requirements of customers in circumstances that make them vulnerable.

Closing comments

Jonson Cox, Chairman, Ofwat

18 February 2016

Ofwat

#InclusiveWater2016



www.ofwat.gov.uk

[Twitter.com/Ofwat](https://twitter.com/Ofwat)