

Views on Ofwat guidelines for water companies in supporting residential customers pay their bill, access help and repay debts: a consultation  
Response: South Staffs Water and Cambridge Water

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| 1 | Help make it easier for all customers to pay their water bill | <p>The minimum expectations outlined are fair and in the main something that as a business we already do.</p> <p>However, there is always room for improvement.</p> <p>We saw during the pandemic customers approach to making payments change, not just water but in other areas too, new payment options such as PayPal and pay by phone app were a way to make quick and easy payments, customers turned more to digital but the main question here is, did this leave some customers stuck with what to do. Maybe customers made it work rather than we made it work for the customers.</p> <p>We know some of our customers have more uncertainty around contracted hours, with zero contract hours being a factor for many we must adapt our payment options to fit with the customers' ability to pay within their lifestyle, when they have the money to pay this rather than a rigid structured approach to taking payments. We must promote this better and ensure the customer feels they are in control of their payments and therefore financial state. We should collaborate with our customers and find out what would make it easy for them to pay. Involve the customer in our decisions and strategy, whether in formalised groups or varied groups to encourage new ideas and cross demographic customers. In the short term we have had Payment Breaks, medium term we have been looking at debt triggers and in the long term we are developing a new billing system called Aptumo that is more customer focussed and give us more options for customers.</p> <p>Make direct debit payment dates more flexible to fit with a customer's financial lifestyle and when they get their money. Having a direct debit being taken from your account 2 weeks after you have been paid is not always the best fit for a customer who relies heavily on a strict budgeting and financial plan, especially if they are following a 3<sup>rd</sup> party payment debt repayment plan.</p> <p>A collaborative approach to finding out what fits best with customers is an effective way to develop plans, working with customers and service providers will help to shape that better, but having the right data is paramount here with the systems able to adapt to that change. This needs to be always done quickly and easily and the customer must be informed of any change or agreement that has been made.</p> |
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|   |   | <p>We have found previously that customer focus groups have helped shaped some of our services and a funded approach to customer collaboration and therefore inclusive by design approach is key to ensuring we are best placed to change and adapt our support. Any changes we make as a result should be reported back to the customers, to keep that motivation with them to help shape and make support better. The, what you said, what we did approach works well with our online customer community H2Online for engagement and a similar approach for face-to-face forums should be adopted.</p> <p>For customers who have arrears or struggle with their bills, maybe about to default should be handled by an account manager, so they have that one stop shop, not having to explain each time to another agent. For that agent to be skilled and empowered to do the right thing for the customer, to go with the customer on this journey of becoming debt free with us (like the CAP approach) and therefore have the trusted relationship with our agent to do what’s right and support them. This all then helps with customers perceptions of the business as a trusted and caring organisation.</p> <p>We should look at payment offers, regardless of the amount, something is better than nothing, especially for that customer experiencing financial difficulties. This could be managed through the account manager and reviewed with the customers as part of their ongoing recovery.</p> <p>We should have solid relationships with social housing providers so that customer accounts can be updated effectively, and contact made with the new tenant immediately to guide them through payments and support. We come across many instances of tenants moving into a property and they have not updated their account. This can then cause the customer to accrue arrears unnecessarily. Merely asking the tenant to contact the water company to update their account without any recourse to the social housing provider shouldn’t be permitted. Social landlords should have a legal obligation to update their tenant’s accounts immediately upon letting the property, failing to do so would render them liable for the charges. This can be done through Landlord Tap, or data agreements when a tenant signs their tenancy agreement.</p> |
| 2 | <p>Make sure customers who are eligible for help receive it when it is needed</p> | <p>Predicting customers at risk of going into a debt situation can be supported by data platforms such as Lift and Safe Haven, they come at a cost and whether this can be factored into a debt strategy but having early intervention insight is a must.</p> <p>Anyone can have financial difficulties, but until you have experienced the actual feeling of having no money and nowhere to turn, or people who are close to you experiencing this, it can be very difficult to empathise</p>   |

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|  |  | <p>with that customer. To enable us to ensure we offer the right level of support to our customers we must ensure we invest in training of Customer Care teams to spot potential clues that the customer maybe having financial difficulties.</p> <p>Water bills are not seen as priority debts, often money advice agencies will advise the customer they need to pay their priority debts/bills and if a water bill isn't on that list, it shouldn't be a surprise that customers may experience financial hardship with accruing arrears. Until such time that a water bill is seen as a priority debt, we need to bear in mind this may not be the customers decision to prioritise which debts/bills are paid, after all they are seeking expert advice with money advice agencies. In terms of Breathing Space, a water bill is seen as an ongoing liability, so there needs to be some synergy here in terms of definition of prioritisation at a government steered level.</p> <p>As a business we need to understand when we need to "hand" that customer to an expert under a support regime so their case can be handled until such time that requirement is no longer needed. Working and partnering with income maximisation/debt organisation could be key here, but the funding and support to enable this functionality needs to be available to the water company. Should this be done on a wide scale water company procurement operation to look at the cost to serve model then reducing?</p> <p>The approach to GDPR and how we deal with customers can be a barrier, how we take data or the approval to speak with someone on a customer's behalf can be limiting for a business, this needs to be handled correctly by the water company so that effective communication is key to deliver a great service.</p> <p>Ensuring the customers get the right help when they need it, does not just come under what support we have to give them, but we do have multiple ways 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"><li>• Low value payment plans</li><li>• Payment breaks (1-3 months in duration)</li><li>• WaterSure</li><li>• Assure – social tariff offering a 2 year discount (1<sup>st</sup> year 60% and 2<sup>nd</sup> year 40%)</li><li>• Assure Assist – 8 weeks payment of water bill for customer awaiting Universal Credit payments</li></ul> |
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|  |  | <p>We have adapted the schemes over the years, borne out of feedback to the engagement team and learnings from some of the service users we engaged with.</p> <p>Examples of some of the feedback we were receiving:</p> <ul style="list-style-type: none"><li>○ Why do you need to see proof of income, if I am a debt advisor working through debt issues with them?</li><li>Or</li><li>○ They have no money as they are claiming Universal Credit.</li></ul> <p>We took these on board and quickly changed and adapted to make it easier and some of the other areas we adapted our support where we could influence and change are listed below:</p> <ul style="list-style-type: none"><li>● Assure schemes<ul style="list-style-type: none"><li>○ We changed our policy over 18 months ago that enabled us to support families. So we use a household income threshold but also then add an additional £1500 per child.</li><li>○ We have numerous passport 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 for customers with end-of-life care DS1500, helping to prevent debt situations and worry) and Housing associations disabled facilities adaptations grant departments, fuel poverty and other localised poverty schemes. The flexibility of our 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.</li><li>○ Assure Assist the 100% grant for 8 weeks for those with no household income, then going straight onto the standard tariff.</li><li>○ 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 does not come as a shock when coming from a discount to none at all.</li><li>○ Reduced the application form considerably</li></ul></li><li>● 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.</li><li>● Charitable Trust financial support for customers with arrears</li></ul> |
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|   |  | <ul style="list-style-type: none"> <li>○ Recently changed the policy to align more to the social tariff benefit exclusions</li> <li>○ Aligned some eligibility for a DRO in terms of savings</li> <li>○ Made the payment schedules £1 a week rather than a sliding scale</li> <li>○ Made the application form more user friendly</li> </ul> <p>With the introduction of a national tariff we hope there is still scope to be able to passport customer's through localised schemes, where there has been identified a need to support to prevent debt or affordability concerns.</p> <p>We are presently looking at Life Ledger for supporting customers families, it's a one stop shop in the form of a bereavement portal.</p>  |
| 3 | Treat customers that have their accounts managed by agents as customers of the company | <p>Presently the billing system does not allow us to capture this information in terms of the tenant's name but as we progress to a new system we should be able to identify customers who would qualify for a discount on their water which then can be passed onto the customer.</p> <p>Although the social housing provider from a Local Authority or Housing Association perspective may confidently apply this through legal intervention and agreements, private landlord properties may not be as easy to service.</p> <p>Although we would welcome the ability to be able to ensure the tenant receives the level of support through a discounted tariff it needs to be managed closely and effectively ensuring the additional funds go to the actual tenant, as the billing system as it stands at the moment doesn't allow this. Whereas with energy this is different especially in the private sector landlord area where prepayment meters are installed.</p> |
| 4 | Be proactive in contacting customers in debt   | <p>Our customers should expect us to be able to identify the best approach for them. However, research has seen that many of the debt/money advice organisations customers do not seek debt advice for a number of years and therefore becoming further in debt. So, we need to look at how we can encourage our customers to communicate with us as a creditor quicker.</p> <p>We should be able to rely on our billing systems to identify patterns in payment dates, changes in payment types, which may trigger a contact with the customer to investigate further, but the correct approach and questioning should be adopted. Customer's we find who have payment issues we should account managed,</p>   |

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|   |   | <p>debt is often linked to mental health concerns and vice versa, so we should look at approaches that will fit the customer.</p> <p>We should follow up customer correspondence in relation to debt in a timely manner and we should bear in mind the breathing space customers and ensure they are handled appropriately as they may be susceptible to hardship.</p>   |
| 5 | Be clear, courteous, and non-threatening to customers in debt | <p>Breathing space is a new area introduced in May 2021 which should give support to customers needing that time although their ongoing liabilities include their water bill. A customer on Breathing Space should not be treated any differently or detrimentally and should be offered the support when coming off this immediately, triggers should be in place to identify these customers who have required this intervention as a priority customer for support.</p> <p>As a business we should be able to support customers who are unable to pay their bills, we should be comfortable to challenge customers who do not want to pay and are able to. Here are some of the things to already offer:</p> <ul style="list-style-type: none"> <li>- Clear, easy to understand bills with clear signposting to help if worried about paying the bill</li> <li>- Different methods of communicating with customers; sms, letter, email, voice, chat, social media etc as customer communication preferences differ</li> <li>- Ensure written communications to customers are supportive but clear in terms of required customer action and factual but non-threatening consequences (communication should be tailored based on what we know about the customer from data segmentation and any previous customer interactions to avoid for example sending a litigation letter to a vulnerable customer with intent but lack of ability to pay)</li> <li>- Upskilling customer care advisors to show empathy, understanding and to have the skills to set up individually tailored payment plans based on the customer's individual circumstances (this can be in conjunction with external resources such as for example - Wiseradviser from MAT)</li> <li>- Call monitoring to assess advisor call quality and 121 feedbacks</li> <li>- Field activity supervision audits to assess quality of field visits</li> <li>- Specialist trained customer service advisors to handle higher risk customer issues</li> <li>- Education of customers on managing finances and priorities (without being a financial advisor)</li> </ul> |

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|   |   | <ul style="list-style-type: none"> <li>- Use of data to help segment customers to make better decisions and route customers to appropriate treatments. Do this whilst accepting that some customers will have the ability to pay but choose not to pay and will require more assertive debt collection activity. This is important to be fair and consistent to those who want to pay but do not have the ability to pay</li> </ul>   |
| 6 | <p>Agree payments that are right for each customer in debt</p>                | <p>We use internal and external data to aid decision making on next appropriate steps/ action with customers. This means effective data capture when talking to customers and accurate information including customer contact details to aid making contact in the future. This also means making effective use of external data and using all data to try and ascertain if a customer has the intent and ability to pay. This then enables us to agree with our customers the right payment plan/ course of action and first next steps.</p> <p>We are considering the use of Open Banking because this would allow the customer to share their financial situation meaning more easily faster and potentially more accurate assessments can be made on the customer's financial situation increasing the likelihood of implementing the most appropriate payment plan</p> <p>Linked to Open Banking, provide customers with self-serve help such as links to MAT's National Debtline, and self-assessment Income and Expenditures</p> <p>We are also looking at referring/ handing off certain customers who hit a 'trigger' when talking to them on the phone, either inbound or outbound. Warm transferring wherever possible these customers into a small specialist function with advisors who have received enhanced customer vulnerability and financial hardship training. This specialist function can help establish if the customer should go down a 'won't pay' or 'can't pay' route</p> <p>We also need to be assertive with lack of intent, ability to pay customers and put them down assertive collections routes including litigation to maximise focus and resource on supporting genuine hardship cases</p> |
| 7 | <p>Treat customers facing debt recovery by debt recovery agents with care</p> | <p>A lot of these points are covered in sections 5 and 6 but here are some more...</p> <p>All calls are quality monitored and calls from customers in debt require same level of customer care, empathy, listening and effective advice. Agents are measured and performance managed on this basis.</p>   |

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|  |  | <p>Satisfaction surveys offered to all contact types including collections calls and feedback/learning/improvements from customer insight used to improve customer experience</p> <p>We offer a face-to-face customer experience at our Community Hub. Customers can walk in without appointment and get help. We even have the CAB in attendance on certain days to provide impartial independent advice</p> <p>Side-by-side advisor coaching and feedback on calls, especially newer members of the team</p> <p>Call listening barometer style sessions for management</p> <p>Manager quality checks on customer field visits to see customer challenges firsthand and evaluate field performance</p> <p>Debt Operational Management attendance at key Consumer Protection/ Water UK/ Ofwat meetings and roundtable events to ensure collaboration on customer initiatives</p> <p>Careful selection and supervision of external debt providers such as Field work</p> <p>Debt Management policies and procedures that put the customer first with the aim of helping them become debt free as quickly but sustainably as possible and avoiding cyclic debt problems</p> <p>Effective use of data and advisor judgment to make appropriate decisions on which customers should benefit from Water schemes including those that incentivise the writing off of historical debt (this means ensuring these services go to customers in genuine need and not those who choose not pay and exploit the resource)</p> <p>Designing and implementing policies and procedures with the use of data that identify at the earliest opportunity those customers who are on the cusp of a financial problem and provide early intervention. Also important to do this for those customers who may not know how to seek help or be reluctant to get help</p> |
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| 8 | Other |  |