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By email only

8 December 2022

Dear David and Emma,

**Supporting customers through cost of living pressures**

We write in response to your letter of 17 October, setting out Anglian Water’s plans to support customers facing cost of living pressures. We are acutely aware of the challenges facing households during the current period of high inflation, and believe we offer a sector leading package of support, harnessing the power of partnerships, digital systems and data, to help customers through these pressures.

We hope you will see through the following pages, and in the accompanying material, that our current activity both reflects and builds on the approach Anglian has taken for many years as a purpose-focused company. Creating social prosperity – a core part of Anglian’s purpose – has never been more needed, and we believe it has long been a cornerstone of our approach to working with customers. That said, we are always keen to innovate in this space, and look forward to continued dialogue across the sector and beyond over the coming months.

Overall, in 2023 we will be supporting customers with our largest ever package of £135m of support. This will benefit around 330,000 customers – more than we’ve ever helped in a single year.

We believe we are able to strike the right balance between our need to carry on investing at the same time as offering support for customers by maximising the number of support avenues available to them, while doing our best to target interventions at those who most need assistance. This results in both a broad range of support measures, and targeted interventions that utilise partnerships, leverage data and systems, and make the most of engagement opportunities to proactively target customers that are in need of support.

We are pleased to be given the opportunity to set out the scale of our support. We anticipated a significant increase in support to customers during AMP7 in our PR19 business plan. This is why we included the highest performance commitment level in the industry for

the number of customers on the Priority Service Register at 12.8% (compared to the industry common PCL of 7% of customers).

We set out the scale of support in this letter by:

- firstly, setting out the range of tools available to our customers to support them through the cost of living pressures;
- secondly, showing how we are working in partnership to raise awareness of these support measures as widely as possible, including our ground-breaking partnership with gov.uk to identify customers who need support, allowing us to engage early;
- thirdly, illustrating how we are using data, systems and our Extra Care team to identify and reach out to potentially financially vulnerable customers;
- and finally highlighting how we use direct and mass engagement to raise customer awareness;
- we conclude by sharing our current performance in supporting customers in financially vulnerable circumstances.

### **Our support package**

We have a wide range of support available to customers, catering for people in many different circumstances. Alongside this letter, and as part of our commitment to promote the range of support we and others can provide to our customers, we have created an interactive catalogue of support for our customers setting out all the support available to customers through our Water Care programme.

We recognise that customers who are struggling with the cost of living are not just facing this situation with their water bill. That matters to us, and leads us to offer broad support, alongside the specific support available for their water bill.

That's why we offer a [benefits checker service](#) which allows customers to check whether they may be eligible to access a range of support and benefits to increase their income, beyond just the support we can offer directly. This checker also highlights to us whether a customer could be on a different tariff which could reduce their water bill, such as the LITE social tariff. We have found that customers who go through this benefits checking service may be able to claim far more benefits than they currently are, and in 2020-21 signposted customers to £1.7m of potential unclaimed benefits.

We also highlight to customers the affordability benefits of being on a meter. This is possible because of decisions we have made over multiple AMPs to roll out meters across our entire region. Our ongoing engagement with customers has shown they consider this to be the fairest way to pay, but also that they also recognise the most vulnerable will need support<sup>1</sup>.

We believe metering fundamentally benefits customers. Firstly, it gives customers greater control over their usage, helping them play a part in both managing both their budgets and the precious resources of the region. Metering also unlocks a greater choice of tariff, which is

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<sup>1</sup> For example, see our [PR19 Customer Research & Engagement Synthesis](#), page 120: "When customers involved in qualitative research and engagement were asked what fairness meant to them, their immediate reaction tended to be that it is fairest to pay for what you use. However, as highlighted above, customers who took part also acknowledged (sometimes on further reflection) that some people may have particular needs for additional water/difficulties in paying (a more contextual view of fairness)."

especially important to our customers who may not be able to reduce their water consumption due to circumstances that are beyond their control.

This ability for customers to manage their use is being greatly increased as we roll out our extensive smart metering programme, with around 50% of households projected to have a smart meter by 2025. As well as greater control, smart metering also helps us identify if a customer may have a leak in their home, providing an opportunity for further savings to be made to their bill.

We also ensure customers are no worse off when choosing to switch to a meter by giving an opportunity to switch back if they wish at any point in the first two years of use – for instance, if they discover their unmeasured charges would be cheaper.

The tariffs available to those on meters who find themselves struggling to pay their bill include the WaterSure tariff, the Aquacare Plus tariff (a legacy tariff with a higher fixed rate and lower volumetric charge than the standard tariff, supporting low income, higher usage households) and our social tariff, LITE. All of these enable targeted support to reach those who need it most.

Our customers tell us that they want to be in control of their finances and budgeting. So if a customer is struggling to pay their bill, or is in arrears, we will make a range of support available. This could include options to pay charges and arrears in affordable instalments; paying bills directly from benefits; or through our forgiveness scheme support, whereby we will match the arrears payments made by customers. We also offer payment breaks to support customers who face short-term financial challenges. We have supported over 300,000 customers through support measures such as these.

We also provide much more targeted support to those that really need it, such as those in acute situations. This includes the complete suspension of billing for those in hospital, and our Anglian Water Assistance Fund which can provide direct support for those who are terminally ill, or in a crisis situation which is affecting their income.

### **Water is only one part of broader Cost of Living challenge**

The scale of the current pressures on our customers goes far beyond their water bill. We believe that working in partnerships, highlighting support available through other organisations (and using other organisations to highlight the support we can offer) is the best way to support customers. Our affordability strategy therefore has a heavy focus on using data and partnerships to make sure customers receive the right support for them at the household level.

We're going the extra mile to identify and support customers who need it most. Those who are struggling with cost of living are unlikely to go to their water company for help first, and we therefore have an extensive outreach programme.

This includes a groundbreaking partnership with the Gov.uk benefits checker. We are the first water company to be included in the benefits checker which highlights to customers where specific support for them may be available. This means when a customer visits the gov.uk

website and uses the benefits checker tool, if they live in our region and qualify for a benefit, they will have the option to 'port' their data to us under a 'tell us once' principle. This allows us to proactively reach out to that customer and discuss the support available without the customer needing to make any more effort.

We recently launched this and are already seeing customers who need help being 'ported' across to us. This will be particularly valuable because we will be able to reach customers who may not be aware of the support available from Anglian, or who might not think to talk to us. This will help us to further expand the reach of support to customers over the next year, supporting customers from the earliest possible opportunity. We believe it will lift many customers out of water poverty.

Alongside this, we are supporting the Government's Household Support Fund for those in financial hardship. By partnering with six local councils, and making use of the data we hold, we have helped them to target around £2 million to those customers across our region that are struggling most to pay their bills.

We have also partnered with many third party and charitable sector organisations to help signpost where customers can get further advice and support. This includes independent debt advice services such as StepChange.

Working across the sector, we have also developed concessionary tariff passporting arrangements with all water companies that bill on our behalf to customers are still able to access our full range of support, regardless of which company bills them.

### **Using systems and data to identify customers who may be financially vulnerable**

Another way that we ensure our wide ranging support is known and accessible to as many customer as possible is through the use of data and our systems to identify those who may be eligible and in need of support.

We use credit sharing arrangements to target support based on affordability and credit score data. We are the only water company currently sharing full credit data with Experian, Equifax and TransUnion. These credit sharing arrangements enable us to gain access to rich data sets, such as affordability and credit scores which are used extensively to target support.

Our dedicated Extra Care teams take 200,000 calls every year from customers who are not in arrears but are likely to be struggling to pay their bills. This team discusses the customer's situation to understand which tariffs and other support may be right for them. This also includes checking to see if customers are claiming all the benefits to which their household is entitled, as outlined above. In 2021-22 we signposted customers to £1.7m of potential unclaimed benefits.

On top of this, we are increasing the resource levels in the Extra Care team so that we can increase the average handle time of customer calls, in recognition of the benefits that longer conversations with customers can have in terms of understanding their situation and the help

they may need. We are using call recording, interactive voice response (IVR) and speech analytics to analyse calls, and coach agents to improve customer interactions.

We also use social housing stock data to target affordability assistance, and have established data sharing arrangements to identify customers in receipt of Watersure qualifying benefits, child benefits and Pension Credit to promote and passport customers onto our social tariff.

Using these wide-ranging partnerships we are able to ensure that the support we have in place reaches a far greater number of customers than would otherwise be the case.

### **Raising awareness to reach customers directly**

Raising awareness of the support available to customers is just as important as having the right support measures in place. We use a variety of different channels to reach as many of those who may need affordability support as possible.

We have found email to be particularly effective as a means of raising awareness of our services. We are able to target this at new occupiers, and those customers with low affordability scores, in addition to more broadcast-type communications that reach a wider customer base.

These email campaigns are amplified by regular paid-for social media activity that also reaches a broad customer base. This approach often unlocks word-of-mouth and neighbour-to-neighbour promotion of our offering, as the information spreads through online communities with shared interests, making the campaigns highly cost effective.

We also use bills, covering letters and illustrated envelopes to raise awareness of the support available, including signposting to potential support from the third sector, and the government's 'Help for Households' cost of living support measures, as detailed above.

As well as directly reaching customers through these more direct routes, we make use of media campaigns to advertise the available support on radio, bus panels and beyond. We will also community events, utilising our extensive portfolio of more than 150 partnerships to raise awareness of our Watercare services.

We appreciate that not all customers wish to speak to their water provider, or that the initial conversation may feel a difficult one. For that reason, we may make contact with customers using tools such as Interactive Voice Messaging, two-way SMS, and WhatsApp.

Ultimately though, we feel a conversation is always the best way to understand what help is required. In addition to our community outreach activity, we will engage in proactive outbound calling to customers we believe are likely to need help. We are also prepared to call on people at home if that is necessary.

Finally, we have also partnered with Reach Out, a specialist organisation with a simple aim to help people find a pathway through whatever financial challenge they might be facing. Their Pathfinder team can look at customers' individual circumstances to help identify free support

that could make a big difference. This partnership won the 'best vulnerable customer support initiative' of 2022 at this year's Utilities and Telecoms awards.

### **Our performance**

We are confident that the breadth, depth and focus of our support package is class-leading, but we will always look for ways to grow and improve it. We also appreciate that what we offered yesterday may not be appropriate – or sufficient – tomorrow, and we will act accordingly. For instance, we've been able to increase the number of people on our LITE social tariff having received customer support to fund a higher level of cross-subsidy.

Our package of support continues to grow in response to the cost of living crisis, but this has not taken us by surprise. In anticipation of needing to significantly increase support provided to customers during AMP7, our business plan included the highest performance commitment level in the industry for the number of customers on the priority service register (rising to 12.8% by 2025, compared with a 7% PCL taken up by most of the industry). We are already well ahead of this, with the percentage of customers registered on the PSR at 9.4% by April 2022.

As outlined above, we recognise the value of common industry measures such as social tariffs and PSR registrations, but would suggest they are only part of the solution. That is why our support aims to help customers not just with their water bill, but to ensure they are better off overall as a consequence of the support we either signpost or provide.

We believe the number of customer we are helping is evidence this approach is working. Our PR19 Final Determination included a stretching performance commitment level to support more than 310,000 customers a year through our forgiveness scheme, breathing space, concessionary tariffs, charges holidays and temporary instalment plan support, by 2025. We are delighted to report that we have already exceeded this, supporting 324,750 customers through these schemes in 2021/22.

I hope this letter and the accompanying catalogue of customer support demonstrates both our approach to supporting customers, as well as the range of measures that are available . As set out at the start of this letter, the support we are currently providing – whilst already extensive – will be significantly expanded in 2023, with £135 million being made available to customers. We would welcome the opportunity to discuss our proposals with you further.

Yours sincerely



**Pete Holland, Director of Customer and Wholesale Services**



**Darren Rice, Regulation Director**