

Putting water customers first: A consultation on introducing a customer-focused condition into the licences of all water companies in England and Wales - Ofwat consultation

Scope Response

July 2023

Scope summary

Scope welcomes the opportunity to respond to Ofwat's consultation on introducing a customer-focused condition into the licences of all water companies in England and Wales. We support Ofwat taking this measure, and our response sets out further areas for Ofwat to consider.

We know that increasing water bills are part of the cost-of-living-crisis that is the biggest issue disabled people are facing right now, and we already know that life costs more if you're disabled. Even before this current crisis, disabled people already faced extra costs of £975 per month on average. The average extra costs rise to £1,248 per month where there are two disabled adults in the household and at least two children. And for households with one disabled adult, one non-disabled adult and at least one child, the average extra cost is £634.¹

About Scope

We're Scope, the disability equality charity. We won't stop until we achieve a society where all disabled people enjoy equality and fairness. At home. At school. At work. In our communities.

We're a strong community of disabled and non-disabled people. We provide practical and emotional information and support when it's needed most. We use our collective power to change attitudes and end injustice.

We campaign relentlessly to create a fairer society. And we won't stop until we achieve a society where all disabled people enjoy equality and fairness.

¹ Scope (2023), Disability Price Tag – Policy report, <https://www.scope.org.uk/campaigns/extra-costs/disability-price-tag-2023/>

Background

Below is some consumer feedback and statistics from Scope's Disability Utility Support (DUS) service. This information sheds light on the types of help disabled consumers look for and the different categories of disability/impairment. This information may benefit Ofwat and water suppliers, as when consumers struggle to get help from their supplier, they will seek alternative help.

Energy and water: the impact on Scope's energy services

Since January 2021, Scope's Disability Energy Support service (DES) that offers free energy and water advice to disabled people has had a total of 13,424 referrals. 57% of those referrals were received in 2022; this is a 281% increase in referrals when compared to the 2,020 referrals received in 2021. In the first six months of 2023, DES has had 3,627 referrals, with 71% of those referrals received in the first three months.

Scope has seen an increase in consumers seeking utility advice. In the first six months of 2023, 180 consumers have been signposted to Scope's Disability Utility Support (DUS) service from DES and Helpline.

Scope's Helpline service which offers free, independent, and impartial advice to disabled people has received a total of 2,561 internal signposts from DES and DUS. In 2022, there were 1,453 internal signposts to Helpline. As of June 2023, 1,065 consumers have been referred to the service; referrals for 2023 are on track to surpass the 2022 figure.

Disability Utility Support (DUS)

Between April 2022 and March 2023, 42 consumers provided feedback on their experiences with DUS. 93% of consumers would recommend DUS. Of these consumers, 36% hoped for some help, 17% wanted help and advice, and 21% wanted a fully successful solution to their utility issues.

50% of consumers receiving help from DUS, were then signposted to another Scope service, with 12% being referred specifically to Helpline. Over that year, 24% of DUS consumers considered Scope to be "much better" than other resources/assistance available to them. Of 60 comments, consumers emphasised their appreciation of DUS' function in arranging communication with utilities/suppliers on the consumer's behalf:

“He made contact with the water supplier and did all the necessary actions. Made sure everything was clear and understood and in order in getting the right support and information that benefits my needs.”

“I spoke with [Adviser] he explained everything very clearly as I have learning difficulties and broke it down, so I understand everything. He explained everything clearly and was very helpful.”

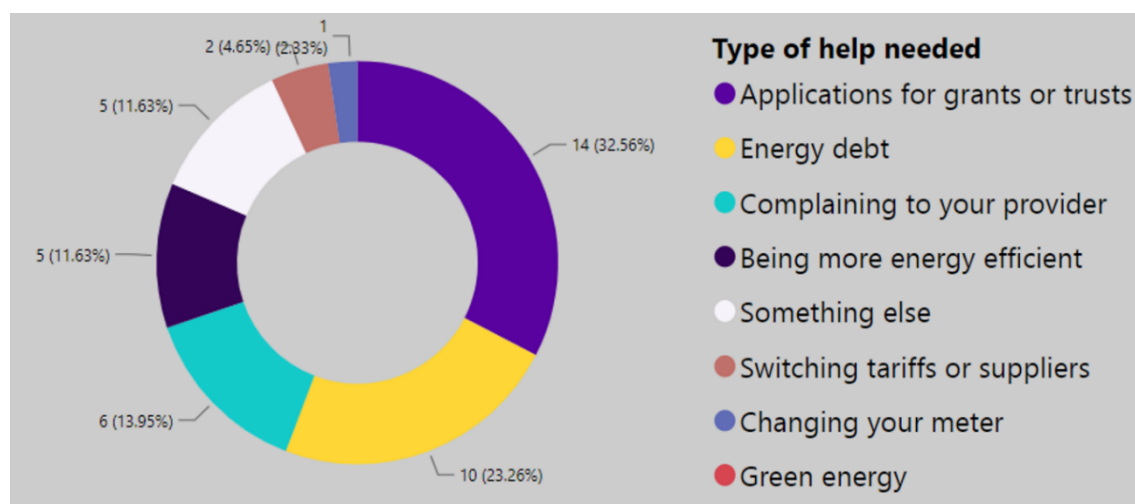
“Helped me understand without making me feel stupid and made sure on the 3-way telephone call that I understood all that was talked about. Excellent service from [Adviser], great charity.”

DUS figures as of June 2023

DUS has received a total of 180 referrals since January. The month of June accounts for 46% of total 2023 DUS referrals. Consumer demand for help with utilities rose by 38% between May and June and has increased by over 937% since March 2023.

When consumers are referred to DUS, they select their reasons for contacting Scope. Below are the top 3 reasons selected:

- Applications for trusts or grants: accounts for 32% of all referrals
- Energy debt: accounts for 23% of all referrals.
- Complaining to your provider: accounts for 14% of all referrals.



Scope is not alone in consumers requesting help or advice with applications for grants or trusts. Citizen’s advice June Cost of Living

report² highlighted that between January 2022 and May 2023, over 1.3 million people have enquired about applications for grants or trusts.

Scope response to consultation questions

1. Do you have any comments on the outcomes or examples?

Ofwat should give some consideration as to whether they should set a definition of ‘vulnerability’, as other regulators such as Ofgem have done. The Walnut report acknowledges that consumers in vulnerable circumstances have different and specific needs so need more support. The report explains that vulnerable people may be 1) prone to worry, 2) less able to access water in supply outages, 3) less confident dealing with bills, 4) more susceptible to scammers, and 5) reluctant to contact their supplier.³

We would also suggest that Ofgem consider whether there are clearly defined criteria that list the circumstances in which a home visit would be triggered/necessary, and if the mention of “affordable payment plans” account for consumers in a negative budget that may be unable to pay anything.

2. Do you have any suggested changes to the proposed wording of the principles to meet our specified outcomes for households?

No proposed changes to wording.

3. Do you agree with our proposed approach to exclude non-households from the condition relating to customers struggling to pay or in debt, consistent with corresponding non-households served by a retailer?

Yes.

4. Do you agree with our proposed approach that the remainder of the licence condition apply to non-household customers without a retailer?

² https://public.flourish.studio/story/1634399/?mc_cid=37c414fa63&mc_eid=0e2c988d05 Slide 5.

³ <https://www.ofwat.gov.uk/wp-content/uploads/2023/05/Customer-licence-condition-research-report-final.pdf>, page 25

Yes.

5. Should any areas of customer service be prioritised in our development of the guidance? If so, which areas?

Yes. Value for money and dissatisfaction, ability to pay, and disabled people and their experiences should be prioritised by Ofwat in the development of guidance.

In an Ofwat online survey conducted by Savanta, findings show that customer dissatisfaction with water supplier value for money has doubled, from 14% in March 2022 to 28% in 2023.⁴ Over half, 56%, of bill payers reported struggling to pay bills either all, most or some of the time. Of the top five ways of managing bills, 46% cut back on non-essential spending, 38% asked to borrow money from friends or family, 20% used credit cards, 18% spoke to suppliers about financial help, and 16% used their overdraft to pay bills.⁵

Overall, 23% reported struggling with their water bill; this is a 53% increase from the March 2022 survey. 73% struggling with their water bill reported having to choose which bills to prioritise, and 25% were concerned about the cost of water; this is a 21% increase since October 2022. 33% of people with a disability or long-term health condition struggle to pay their water bill, and 70% of people with a long-term illness, health issue or disability reported struggling to pay bills sometimes or often.⁶ 64% of billpayers with a disability or health condition shared that they expected to struggle financially (compared to 42% of non-disabled customers).⁷

A June 2023 Age UK report⁸ highlighted that for post-retirement customers, having a disability or caring for someone with a disability/health condition, is one of the main factors impacting their finances.

⁴ <https://www.ofwat.gov.uk/wp-content/uploads/2023/05/Cost-of-living-wave-three-report-1.pdf>, page 10.

⁵ <https://www.ofwat.gov.uk/wp-content/uploads/2023/05/Cost-of-living-wave-three-report-1.pdf>, page 5.

⁶ <https://www.ofwat.gov.uk/wp-content/uploads/2023/05/Cost-of-living-wave-three-report-1.pdf>, page 4.

⁷ <https://www.ofwat.gov.uk/wp-content/uploads/2023/05/Cost-of-living-wave-three-report-1.pdf>, page 8.

⁸ <https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/money-matters/poverty-in-later-life-briefing-june-2023.pdf>, page 4.

In a June 2023 report⁹, the Money Advice Trust (MAT) shared that between March 2022 and now, 3.7 million more people are now behind on household bills. Furthermore, 3.3 million more people have gone without energy or water in the last three months due to rising costs; this is a 53% increase since March 2022.

MAT highlight that those on means-tested benefits were more likely to struggle financially, and in the last three months 21% went without food, and 12% began using foodbanks. Linked to this, of those unable to work due to a long-term illness or disability, 50% (one in two) shared that money worries negatively impacted their health; the percentage of disabled people that avoided using household energy was 1.7 times higher than the rest of the UK population.

The Consumer Council for Water (CCW) May 2023 report¹⁰ illustrated similar findings. In 2022, 61% of disabled households felt their financial situation had worsened in the last year. This is a 35% increase on the 2021 figure, and a nearly 91% increase since 2020. The CCW recommends that water suppliers consider the findings and identify actions to be taken on the matter.

In a February 2023 report¹¹, the CCW also found that of 2,138 consumers, “expensive” was the top negative word used to describe water suppliers, along with “wasteful” and “greedy”. Nearly 50% of consumers provided negative descriptions of the water industry. When asked to describe how water suppliers could improve consumer trust, stopping or reducing levels of water pollution scored highest at 16%.

6. Which matters / company activities will benefit from having more detailed guidance, and which less?

Scope believes that matters that would benefit from more detailed guidance include:

- An agreed definition of “vulnerability”.
- Examples/circumstances/set criteria in which a home visit would be triggered/necessary.
- Allowance/consideration for those in a negative budget who cannot afford to pay anything.

⁹ https://moneyadvicetrust.org/media/documents/Money_Advice_Trust_-_Under_Pressure_report_-_June_2023.pdf, page 2.

¹⁰ <https://www.ccw.org.uk/publication/water-matters-2022/>

¹¹ www.ccw.org.uk/app/uploads/2023/04/Perceptions-and-trust-in-water-companies.pdf

7. Do you agree with our proposal to include reference to CCW as a consultee within guidance?

Yes. It would provide extra weight to the guidance and ensure consumer interests are prioritised.

8. How can we gather further insight on company performance in this area?

Compliance reviews and maturity monitoring are good practice for the purpose of accountability and development. Further insight could be gained through annual consumer feedback where Ofwat clearly explains the purpose of the insight gained, so consumers have context and understanding and can provide honest answers. If practicable, it may be useful for the review request to come from Ofwat rather than the water supplier.

9. What are your views on annual reporting requirements to monitor compliance against the licence condition?

Considering the consumer experience in decision-making could make the annual reporting/monitoring against the licence condition very useful. So long as the CCW remain involved in developing guidance for reporting, then this could be beneficial for all.

10. What are your views on our proposed timescales for implementation?

Quarter 3 2023/24 sounds realistic.

11. What are your views on consequent changes to other conditions in licences and are there any other changes we should make?

So long as all elements of Condition G and J remain a requirement in the new streamlined guidance, and Ofwat still require justification/reasoning for failure to meet standards, then streamlining is welcomed and prevents duplication of rules. The requirement to consult with CCW should also remain.

For more information, please contact:

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Affairs