

**Consultation Vulnerability guidance for water companies supporting customers who need extra help.**

**Severn Trent response**

**10<sup>th</sup> November 2023**

## Introduction

**We welcome the opportunity to respond to Ofwat’s consultation paper on the draft vulnerability guidance for water companies supporting customers who need extra help.**

We recognise the importance of supporting customers who need extra help and understand that the focus needs to be on delivering better outcomes for customers particularly those who are most vulnerable and struggling to pay. At Severn Trent we fully embraced Ofwat’s Paying Fair guidelines and Ofwat judged us to be “exemplary” in July 2023 in how we responded to the 143 requirements. We support Ofwat’s vulnerability guidance, which aligns with our current customer plans and provides the flexibility for us to continue to improve the service we provide to customers who need extra help.

The consultation mentions that improving company performance around vulnerability is best addressed through Ofwat’s wider regulatory toolkit rather than PR24. However, we wanted to highlight that our PR24 business plan includes proposals to make accessing our support schemes more streamlined and to increase the number of customers we can provide with back up supplies by 160% (with more use of tankers to supply people in their houses than using bottled water stations).

In the remainder of this response, we address the specific questions raised in your consultation document. We agree with the draft vulnerability guidance with one caveat. Our main concern is minimum requirement 1.3. We consider that there should not be different compensation arrangements for customers who need extra help or identified as needing extra help and that compensation arrangements should be fair for all customers. We are not sure if Ofwat intends minimum requirement 1.3 to mean separate compensation arrangements for customers who need extra help, but we are concerned it could be interpreted to require them.

### **1. Do you agree that we should retain the vulnerability definition we set out in our 2016 Vulnerability Focus report?**

We agree that retaining the definition set out in the 2016 Vulnerability Focus report is appropriate. We agree that the definition and terminology used by the industry are less important than the overall support we offer to customers, but it is helpful for them to be clear and understood by all.

We know through research that the awareness of support that is available for all vulnerabilities remains lower than we would like it to be, despite all our efforts to increase awareness. We know that customers react and engage with companies more when the descriptors and definitions are short and easy to understand. Our vulnerability strategy embodies the current definition; however, our focus is very much on the types of support for our customers who need extra help.

### **2. Do you agree with our approach to nomenclature, particularly our use of the term 'extra help'?**

We support the use of the term ‘extra help,’ which is plainer English, easier to understand and is more inclusive of all types of vulnerable customers. We rely on mutual engagement with customers that require additional support, and we know that calling it ‘vulnerability’ can be quite a divisive term with customers tending not to share as much with us. We agree the term ‘extra help’ creates a better connotation and opens up conversations on all opportunities of ‘extra help’ that we have to offer from setting up an affordable payment arrangement through to receiving bottled water. We therefore agree that using the term of ‘extra help’ will help customers engage better with us and us with them.

**4. What impact do you think our draft guidance will have on the experiences of customers who need extra help?**

We believe the draft guidance will have a positive impact on the extra help our customers will receive and support our current direction of travel in further improving our service. We are working hard to enhance our approach to inclusivity already, specifically financial vulnerability. This includes a review of our current schemes to ensure we have the appropriate support available for the wide variety of circumstances our customers could experience at any point in their life - this includes large families, households with seasonal incomes, and households in long-term financial difficulty. We are also reviewing how our customers access this support - we are introducing a new application process called "Something for Everyone," which anyone will be able to access (including carers for vulnerable customers where appropriate) and see what they might be eligible for. We plan to encourage people to do this via a targeted communications campaign. It will provide quicker administration, all of which will be accessible across digital channels, telephony, and face to face. This will deliver an easier, customer friendly and more impactful experience for those in need. We provide more details of how we are streamlining access to our support and the engagement we have done with customers on the approach in our PR24 business plan annex on affordability<sup>1</sup>.

**5. Are there further lessons from other regulated sectors that could be incorporated into our draft guidance?**

We continuously look for best practice from other water companies and other sectors to see if we can improve our service. We consider Ofwat's draft guidance already captures the best practice of which we are currently aware. We will continue to monitor other sectors for lessons learned and will share with you and the industry whenever we find them.

**6. Do you agree with our proposed approach to enforcing our customer-focused licence condition by reference to our draft guidance?**

We agree with your approach. In our response to Ofwat's consultation on the customer-focused licence condition we asked for clear guidance on the expectations set out because we are committed to improvement customer experience and regain trust with our customers. We believe our customer values are already aligned to the licence condition and appreciate the clarity on the guidelines set out.

**7. Do you agree that our draft objectives cover the broad areas of vulnerability support activities that companies should be considering?**

We agree that the five draft objectives cover the broad areas of vulnerability and activities companies should be considering. We recognise these five objectives are most important to our customers, and we believe these objectives cover our customers' needs and expectations, and we know these can develop over time, sometimes quickly. We are supportive of these draft objectives and Ofwat's aim to raise standards of vulnerability support within the sector. We share the same passion to rightly put customers at the fore, particularly those who need extra help.

**8. Do you agree with the proposed list of minimum expectations we have set out?**

We largely agree the proposed minimum expectations that have been set out. We note the correlation between these and some of the requirements in the Paying Fair guidelines, which Ofwat judged us to be

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<sup>1</sup> [https://www.stwater.co.uk/content/dam/stw/about\\_us/pr24/sve11-annex-3b-affordability.pdf](https://www.stwater.co.uk/content/dam/stw/about_us/pr24/sve11-annex-3b-affordability.pdf)

‘exemplary’ in how we responded to the requirements in July 2023. Ofwat welcomed how we communicated effectively and sensitively with customers in vulnerable circumstances, offered more frequent billing to encourage customers to pay and made efforts to re-engage with customers after initial occurrence of a failed repayment arrangement.

Below we comment on the minimum expectations.

Minimum Expectations:

### **Objective 1 – High standards of service and support**

**Minimum expectation 1.1: Companies should adapt their services to customers in line with any known extra help needs. This is especially important during times where there is increased risk of harm, for example, during incidents.**

We are pleased that we already offer a wide range of different communication channels which suit customers’ needs. We have many different communication channels to speak to our customers, we provide six alternative bill/communication formats, we offer specific time and frequency communication slots, for customers who would prefer to contact us via text we offer SMS and two-way messaging. For customers who are not able to contact us at all we offer face to face visits to help support.

During incidents we rely on our Priority Service Register and offer an ‘always on’ service, which means customers will receive a constant supply of water during an incident, which may be delivering bottled water to customers who need it or located distribution points in their local areas. During incidents we also update our phone lines to include personalised messages when customers’ postcodes are recognised, and the most relevant information is shared. During the next price control period we will be increasing the number of customers we can provide alternative supplies to by 160%, with a great focus on tankers providing supply into people’s houses than on bottled water.

We offer nine different payment methods to our customers, this includes being able to pay via third party deductions from their benefits, paying by Direct Debit or by a Watercard. We also offer different types of frequencies and payment dates to suit customer needs. For customers who do have a Power of Attorney as soon as we are made aware we will deal with them going forwards and will offer our nine different payment methods and ensure all essential interactions are done with the nominated Power of Attorney.

We offer protection from bogus callers and the option for customers to sign up to our doorstep password scheme when customers join the Priority Service Register. Any of these contacts are managed by one specific team internally known as our ‘Care and Assistance’ team.

For new meters, we aim to install these externally so we can access them without disturbing our customers. When they are sited outside, we do not expect customers to need to access their meter outside, however we do offer guidance and video walkthrough on how to access meters externally sited in a boundary box for assistance. For meters that are internally sited we ensure these are located in the best possible place that is both accessible for customers and us, which is also helpful in case maintenance work is required at any point.

**Minimum expectation 1.2: Companies should ensure that the level and nature of support available to customers is presented in a way customers can understand.**

We have recently updated our descriptors for all of our support schemes following CCW’s Affordability Review to ensure these are aligned and consistent across the industry. Our schemes are now more recognisable, and customers better understand the level of support our schemes have to offer.

As part of our Vulnerability Strategy, we have enhanced our application process which means customers will soon be able to fill in one application for all of our schemes. Then, based on their circumstances, we will offer the schemes which are most appropriate, this ensures the help we have available can be offered much more quickly and is more informative.

We are working with partners, such as local authorities, the Department for Works and Pensions, housing associations, charities, and food banks to identify customers who are struggling and to increase awareness of the support we provide. As part of this we bring together advice and support agencies at events for customers in the local communities most need of support.

We are working with local authorities to proactively identify customers in financial hardship to passport these customers directly onto our schemes. This has enabled us to directly support those customers who might not engage with us through our usual channels and remove any barriers that the application process might create for some of our customers. We are currently working with several local authorities to help allocate water grants made available through the Government's Household Support Fund and have proactively approached every other local authority in our region, with a similar offer. We are currently engaging with Kidney Care UK to see how we can support the estimated 11,000 customers in our region who need to dialyse regularly, either at home or in hospital units.

We are also building awareness of our affordability schemes across radio, social media, the press, and targeted emails to reach those we believe are most in need. We used the media launch of Societal Strategy last year to further promote our affordability schemes. Our Societal Strategy is also highly collaborative, and we will be working with local authorities, community groups and schools in long-term relationships over ten years.

**Minimum expectation 1.3: Companies should develop clear policies that set out any compensation arrangements for customers whose extra help needs have not been met.**

We currently follow the current Guaranteed Standards of Service (GSS) guidelines, and any compensation arrangements are reviewed on a case-by-case basis through our Gesture of Goodwill process. We are currently working alongside CCW in their GSS review and have responded to their Call for Evidence on 13<sup>th</sup> October.

We feel that there should not be different compensation arrangements for customers who need extra help or identified as needing extra help and that compensation arrangements should be fair for all customers. Any customer who needs extra help would have already been identified on our PSR or would identify themselves during an event and additional appropriate support will be given to them (e.g., doorstep delivery of bottled water). We feel that this provides the support they need during an outage and, thereafter, they should receive the same standard compensation as all customers affected. We do also believe having different compensation arrangements with customers needing extra help could send an adverse message to our overall customer base who may have experienced the same, similar, or worse experiences. We feel the GSS standards should be applied to all customers regardless of whether they require extra help or not.

We are not sure if Ofwat intends minimum requirement 1.3 to mean separate compensation arrangements for customers who need extra help, but we are concerned it could be interpreted to require them.

**Minimum expectation 1.4: Companies should seek to continuously improve the service they provide to customers who need extra help. This may include finding innovative ways to design or implement services.**

We continuously seek to improve our service for all customers, particularly those who have been identified as needing extra help.

We have developed personalised and tailored debt journeys to ensure the effectiveness of our collections approach and feel we already have sufficient guidelines to ensure the highest of standards are achieved. We have built different 'debt personas' within our debt collections system based on data we have developed during the end-to-end debt journey. This approach means we apply tailored interventions dependent on the history of the customers' circumstances, particularly if they require extra help.

We are working closely within the community. In particular, in hard-to-reach communities, we host face to face events designed to engage with customers who may struggle to contact us due to personal obstacles.

When we design products, communications, or services within our business we do carefully consider accessibility needs. When we are in contact with our customers, we provide a wide range of ways they can manage their accounts online themselves using the functionality of 'ReciteMe', which is inclusive by design.

Through our bespoke onboarding training, not only do we teach colleagues how to learn our systems, but also how to have really good conversations with our customers and how to spot signs proactively where customers may be vulnerable either financially or physically. For example, if a customer has phoned us in a panicked state about debt and worrying about paying their bill, our specialist Care and Assistance team will case manage them for a period of time, whilst understanding their needs, offering the relevant services, and supporting them personally where required.

**Minimum expectation 1.5: Companies should use a range of data to monitor the effectiveness of their extra help services, and the satisfaction levels of customers who have made such needs known.**

We continue to monitor customer outcomes through internal measures of complaints and our C-MeX performance. We have invested in Speech Analytics to help provide better insight and satisfaction on many different communication topics, which enables us to be proactive and service recover where possible.

We also receive verbatim scores and comments from customers after they have been in touch with us to identify areas of improvement. This feedback option is offered to all our customers including vulnerable customers. We track our scores and performance regularly and monitor its effectiveness frequently.

We also use an internal customer tracker survey which is a good opportunity to hear what our customers think of us, our services, and our communications.

We take part in several customer panels, including specific vulnerability panels and also customer service networking meetings. At these sessions we discuss and benchmark against other companies where possible to drive improvements to satisfaction levels.

**Objective 2 – Inclusive by design**

**Minimum expectation 2.1: Companies should communicate with customers in a way that is easy to understand to a diverse range of audiences. This should be underpinned by relevant insights, which may include research, engagement, and accreditation.**

Within our code of practice, we recognise that customers may find themselves in a vulnerable position at any point in their life, sometimes temporary or lasting. Changes to our policies and codes of practice are carefully considered with the impact on customers at the question. We use our customer tracker data to help build these changes. We also consult CCW when big changes are planned. We are working closely on the customer focussed licence condition and how this can benefit our customers.

We provide tailored support and offer case management to customers experiencing complexities. When we design products, communications, or services within our business we do carefully consider accessibility needs.

When we are in contact with our customers, we provide a wide range of ways they can manage their accounts online themselves using the functionality of 'ReciteMe', which is inclusive by design.

We have a team of co-ordinators out and about daily in our communities specifically at hard-to-reach places, to help customers who may struggle with over the phone or online communications with us.

**Minimum expectation 2.2: Companies should offer their customers a range of ways to interact and communicate. This includes allowing customers to opt for third party billing where appropriate.**

We have many different communication channels to speak to our customers, we provide six alternative bill/communication formats, we case management and offer specific time and frequency communication slots, for customers who would prefer to contact us via text, we offer SMS and two-way messaging. For customers who are not able to contact us at all we offer face to face visits to help support.

In terms of third-party billing, we do not have any consolidated agreements with local authorities, housing associations or other social housing providers. However, for bulk supplies which housing associations are paying us for we do make them aware of their responsibilities and their rights when we open a billing account with them. We promote our schemes and support directly to the housing association for them to sign post their customers where possible.

**Minimum expectation 2.3: Companies should consult with CCW, and engage with stakeholders and other customer representatives, when making significant changes to their proposed service offering around vulnerability.**

We have established strong relationships with CCW, and prior to changes and introducing new proposals we liaise directly with them. We give CCW the opportunity to comment on upcoming communications we may be sending to customers and make recommendations. A recent example of this is our new BDS+ scheme which has been adapted this year so we can help support more customers. We spent time with CCW walking them through our new approach and how we can best communicate the change to our customers.

**Objective 3 – Identifying customers.**

**Minimum expectation 3.1: Companies should take active steps to identify customers who require extra help who have not yet been identified.**

Our strategy involves working closely with local authorities to identify customers in financial hardship to passport them straight onto our support schemes. This has enabled us to support customers who might not have previously engaged with us through our usual contact channels and has helped remove barriers in the application process. An example is our Care Leavers programme, through which we help young adults who are leaving the care system by passporting them straight onto our schemes helping them transition into society.

Other approaches include improvements to our debt recovery journeys for those customers who may be financially stressed. Using credit bureau information we receive on customers within our debt recovery system, if details of financial vulnerability are highlighted, we ensure that the appropriate support is signposted to the customer. We also implemented a completely new journey in September 2021 for late payers, which includes earlier and consistent intervention via multiple different contact methods i.e., via phone, SMS, and letter, to help customers avoid building up arrears.

We are continually looking at ways that we can raise awareness of our schemes and support across radio, social media and through the press. We have been using targeted campaigns to reach customers who are most in need, using CACI demographic data to improve accuracy.

**Minimum expectation 3.2: Companies should take steps to proactively increase customer awareness of the extra help available to those who need it.**

We have a team out and about in our communities on a daily basis, promoting the range of affordability schemes we offer, raising awareness of how to save water, and hosting events and drop-in sessions. These events are hosted across our region particularly in hard-to-reach communities and designed to engage with customers who may struggle to contact us due to obstacles such as language. We are continually looking at ways that we can raise awareness of our schemes and support across radio, social media and through the press. We have been using targeted campaigns to reach customers who are most in need, using CACI demographic data to improve accuracy.

**Minimum expectation 3.3: Companies should train their staff to spot potential requirements for extra help, even when a customer has not previously declared it.**

Through our bespoke onboarding training, not only do we teach colleagues how to learn our systems, but also how to have really good conversations with our customers and how to spot signs proactively where a customer may be vulnerable either financially or physically but not obvious and how to handle this sensitively. For example, for a customer who has phoned us in a panicked state about debt and worrying about paying their bill, our specialist Care and Assistance team can case manage them through to further support with us, whilst signposting the customer to our other advice and support networks. We have a dedicated Care and Assistance team who go through bespoke in-depth training into how they can identify tell-tale and hard to spot signs of vulnerability and when to intervene to ensure we are delivering the best service to our customers.

**Minimum expectation 3.4: Companies should actively consider how they can reduce communication burdens on customer who need extra help; this could include establishing data sharing arrangements with partner organisations.**

We are exploring more data sharing at the moment, and the potential of data purchasing with third parties. We currently have 2 Data Sharing Agreements through our monthly Priority Services activities. We also work closely with local authorities to identify customers who require extra help, such as our Care Leavers Programme, which helps young adults leaving the care system by passporting them onto our schemes helping them transition into society.

Our Societal Strategy is also highly collaborative, and we will be working with local authorities, community groups and schools in long-term relationships over ten years.



#### **Objective 4 – Recording needs.**

**Minimum expectation 4.1: Companies should take appropriate steps to record customers' extra help needs. These records should be held securely and in line with wider data protection requirements.**

Our systems are robust and secure. When we speak to customers, we hold a clear record of the contact we have had, and our calls are recorded and kept for 12 months. As part of our identity checks we do check that customers' contact details are up to date.

When a customer that requires extra helps makes themselves known, as long as they consent, we will keep a record of this on their account via a 'special condition,' and depending on what needs they require, their account is then bespoke managed through different journeys. We review this information frequently, or on a basis that suits the customer. For example, if the customer has a long-term disability and they have identified themselves to us, we would not then contact them again to reconfirm, but we would in scenarios where extra help may be for a smaller period of time.

**Minimum expectation 4.2: Companies' records should be reviewed regularly to ensure they are up to date.**

Our systems are robust and when we speak to customers, we hold a clear record of the contact we have had, along with this our calls are recorded and kept for 12 months. As part of our identity checks, we do check that customers' contact details are up to date. We review this information frequently, or on a basis that suits the customer, for example if the customer has a long-term disability and they have identified themselves to us, we would not then contact them again to reconfirm or confirm the information is still accurate.

**Minimum expectation 4.3: Companies should consider how their records of customers' needs can be designed in a way that can help deliver wider benefits to their customers; for example, reducing communication burdens for customers through data sharing.**

We are exploring more data sharing at the moment, and the potential of data purchasing with third parties. We currently have 2 Data Sharing Agreements through our monthly Priority Services activities. We agree with the approach of the 'tell us once' service, and we do require mutual engagement with customers to make this happen.

Our system has the ability to keep a record of a customer's needs in one place, so if a customer is speaking with us about multiple different topics, their needs are easily identifiable to ensure that nothing is missed and that the conversation is tailored appropriately.

**Minimum expectation 4.4: In designing their approach to recording and, where relevant, sharing customer vulnerability data, companies should take into account customer views on data protection and privacy. Companies should take steps to understand how their customers who need extra help feel about the use of their data.**

We agree with this approach, and believe it is important that customers have the option to decide what information they want to be stored and shared.

## **Objective 5 – Vulnerability strategies**

### **Minimum expectation 5.1: Companies should develop and maintain a vulnerability strategy setting out how they plan to support the extra help needs of their customer base.**

We are currently developing our Vulnerability Strategy setting out our short-, medium- and long-term plans. Within our strategy we are planning to design a ‘one stop shop’ hub which outlines the minimum expectations set out by Ofwat in this guidance, along with other enhanced services we have to offer.

Our strategy clearly outlines our commitments and targets we are expecting to meet, whilst weaving in both customer and stakeholder input and feedback along the way.

Our strategy will be published on our website and easily accessible for anyone who wishes to read this, we are on track to deliver this before June 2024. This will give us time to consult with our stakeholders on the strategy.

### **Minimum expectation 5.2: Companies should take steps to understand the likely underlying requirements for extra help in their areas.**

Whilst we are pleased that our strategy already meets a lot of these minimum requirements, we know there is more we need to do to bridge the gap between the needs of our customers and the extra help they may require. We are using CACI demographic data already to improve our accuracy in understanding our customer base and who are most needing extra help, we are continuing to invest in this now and in the future and we can ensure we are reaching the more customers.

### **Minimum expectation 5.3: Companies should publish their service commitments for customers who have declared an extra help need so that all customers can understand the nature of help available.**

Our current plan for 2020-2025 is published on our website<sup>2</sup> and is accessible for all of our customers. We have also published our plans for 2025-2030<sup>3</sup> which outlines clearly what our commitments are for the next AMP and beyond. Our proposed service commitments for 2025-30 include reducing storm overflow spills by 30%, reducing pollution incidents by 30% and reducing leakage by 16%. These commitments will not be confirmed until Ofwat’s final determinations of PR24 in December 2024. Within our PR24 business plan we clearly outline our three main priorities for 2025-30, one of them being affordable bills for our customers<sup>4</sup>.

## **9. Do our draft minimum expectations offer a good balance between making clear the minimum standards we expect from companies, and challenging companies to innovate and find new ways to meet the needs of their customers?**

We do feel that the minimum expectations offer a good balance whilst still challenging companies to come up with innovative ways to meet the needs of our customers. We recognise our responsibility in continually improving and evolving our service offering to match the needs and expectations of our customers at pace. We

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<sup>2</sup> <https://www.stwater.co.uk/regulatory-library/2020-2025-submission-documents/>

<sup>3</sup> <https://www.stwater.co.uk/regulatory-library/2025-2030-submission-documents/>

<sup>4</sup> See page 5 of [https://www.stwater.co.uk/content/dam/stw/about\\_us/pr24/sve04-main-plan.pdf](https://www.stwater.co.uk/content/dam/stw/about_us/pr24/sve04-main-plan.pdf)

are pleased to report that we are already doing a lot of work in this space and that the minimum standards set out are already within our Vulnerability Strategy.

**10. Do you agree with the proposed approach and timeline around companies' vulnerability strategies?**

We agree with the proposed timeline to publish our Vulnerability Strategy by the end of June 2024. This will give us time to engage with our stakeholders on the strategy.

**11. Do you agree with our proposed approach to how water companies should use our guidance?**

We agree with the proposed approach to how water companies should use the guidance. We're pleased we are already largely aligned with the minimum expectations set out and are working towards bridging the gap between the needs of our customers and the extra help they may require.

Our strategy clearly outlines our commitments and targets we are expecting to meet, this will include the compliance with the legal and regulatory requirements which apply.

**12. Do you agree with our proposed approach and timelines for setting out our detailed expectations around the design of priority services registers in a separate standards document?**

Yes, we agree with the proposed approach and timeline to the detailed expectations around the design of the Priority Service Register standards ready to be in place by April 2025. As the consultation says, this will allow for the standards to be in place when the current PR19 performance commitments on priority services registers lapse on 31 March 2025.