

NON-VERBATIM MINUTE

DATE: Thursday, October 28th

TIME: 10:00 - 11:00

METHOD: Zoom Meeting

CHAIR: Liz Twist, Co-Chair of the All-Party Parliamentary Water Group (Lab)

MINUTES

The Chair, **Liz Twist MP**, welcomed the meeting attendees and speakers to the meeting.

Before setting out the meeting and giving a brief overview of the session, she invited all attendees to join her and co-Chair Baroness McIntosh of Pickering for a moment of silence to remember the Earl of Selborne a former officer of the APPG and a great campaigner on environmental and wider water issues.

Following the minute of silence, the Chair set out the scene for our meeting, and why it's imperative for us to discuss this topic and how water could be a great indicator of potential future struggles with debt.

Before opening the session, she noted how the water industry is currently on the news around sewage waste, and how the right to connect could be an interesting topic to discuss in an upcoming session.

She then moved to introduced Emma Clancy, Chief Executive at Consumer Council for Water (CCW).

Emma Clancy, Chief Executive at Consumer Council for Water (CCW)

Emma Clancy introduced herself and thanked the Co-Chairs for the opportunity to speak at this event. She explained that CCW is the voice for water consumers in England and Wales, ensuring that people are well-informed, treated fairly and have confidence in their water services.

She then gave a brief background to the affordability review published in May, a review sponsored by DEFRA and the Welsh Government. She explained that the review set out recommendations to help support customers ranging from those under financial stress and in danger of tipping into difficulties, to those who simply cannot afford their bills. She stated that The 40 recommendations put forward by the review are an acknowledgement that we need a number of actions to reflect the diverse and difficult circumstances that individual families face. She also pointed out that one of the review's main recommendations is the creation of a single social tariff that lifts all households out of water poverty.

She then went on to build on the picture of the problem identified by the affordability review. Water is so essential to our daily lives that it is regarded as a basic human right.

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But even though we all need water, not everyone can afford it. For many families, water poverty means choosing between paying their water bill or spending money on other necessities such as heating, clothing and food. In spite of the current help being provided around 1.5m households are still in water poverty – spending more than 5% of their income after housing costs on water. Not everyone in water poverty is receiving the help they need under current arrangements, and awareness of support is too low. The current tariffs’ structure based on water company boundaries has created a postcode lottery, meaning two families facing the same financial difficulties will receive different levels of support – or no help at all – depending on where they live. Current funding arrangements mean the current schemes are not capable of fully addressing the water poverty problem, are inefficient and in some cases are nearing full capacity.

She also highlighted that these conditions have been compounded by the Covid 19 pandemic, as well as by rising inflation, increased pressure on household budgets and the removal of the £20 Universal Credit uplift, meaning that now is a crucial time to provide struggling households with the support they need.

The Affordability Review’s leading recommendation is to introduce a single social tariff for England and Wales. A single social tariff - where everyone in England and Wales has access to help based on the same eligibility criteria – removes the risk of creating winners and losers, and would deliver help where it is needed the most. It would be funded by a single central pot and have a single brand making it easy to recognise and access. Defra and Welsh Government have established a group to further explore CCW’s recommendation on a single social tariff scheme. She said that CCW are part of that group and we look forward to working with Government and industry to build a better water sector for all. She said that the Government has indicated to CCW that they would like to align any improvements to schemes with the next price review, but a new scheme will require legislation, which is subject to parliamentary time.

She then highlighted the link between these issues and the opportunity to focus on environmental investment. She stated that the provision of comprehensive support for those who struggle to pay their water bills can help reduce barriers to investment in climate resilience, and in turn, enable the water sector to boost its investment in infrastructure and support communities in ‘building back better’ as we emerge from the pandemic

She concluded by stating that the Single Social Tariff needs a joint sector approach, as well as being a huge opportunity, for the sector to demonstrate its capability of collaboration on scale, earning public trust and proving an ability to collaborate where it counts.

The Chair thanked Emma Clancy and introduced the next speaker, Adam Scorer.

Adam Scorer, CEO of National Energy Action

Adam scorer thanked the chair, and proceeded to talk about NEAs work broadly in supporting low-income and vulnerable households, in particular of the work program “People living in water poverty and fuel poverty.” He explained that although NEA’s primary focus is to eradicate fuel poverty, at the moment they are running a 3 tier program on water poverty. He posed the question of whether it made sense to talk about water poverty, rather than all poverty. He stated that the opportunity here lies not in income sufficiency

but in what makes markets operate. He added that the timing of this discussion is particularly apt, given the recent announcement of the budget. He pointed out that prices could rise faster, given the inflation around essentials, and welcomed the announcement about the Universal Credit red taper, but reiterated that 75% of recipients remain with no support to manage the cost of living crisis.

He went on to outline the four main strands of work NEA carries out on water poverty. The first strand involves common measurement to understand the scale of the problem and its consequences. The second strand focuses on water lead and lagging indicators of the issue. The third strand is centered on understanding the consequences of death – people who ask for a support package need to be given them. The final strand involves the early identification of issues and ensuring a support package assists those in need going forward.

The Chair thanked Adam Scorer and introduced **Claire Sharpe**.

Claire Sharp, Customer Director of Northumbrian Water

Claire Sharp began by saying that she remembers coming to the launch of the latest work stream by NEA on fuel poverty, and how she is aware of the joint work with NEA. She continued to say that she was very proud that they are some of the first to aim for eradicating water poverty across cities since 19% of households in the communities served by Northumbrian water were going through water poverty, and the capability of reaching the goal of eradicating water poverty across cities required collaborative and well-joined approaches.

She explained that they launched and funded an independent analysis, working with households in fuel poverty as they tend to be the same customers who experience water poverty. She stated that there is a lot to be said about data sharing, as this helps early success in trying to reach the right people, and cited the example of pensioners. This is a holistic way to find the support needed.

Claire then shared a story about one of their clients, Ellen, and how they were able to link her with StepChange, helping her to manage her situation as someone who found herself in between tariffs.

The Chair thanked Claire Sharp, and introduced **Peter Tutton**, head of policy for StepChange, and how the work of the StepChange is the ‘canary of the coalmine.’

Peter Tutton, Head Of Policy for StepChange

Peter Tutton started by greeting everyone and thanking the chair. He began by saying that the main point he wanted to get across is the growing proportion of people contacting StepChange who are struggling to keep up with basic household bills or having to use credit, including high-cost credit, to do so. In 2020, nearly a third of StepChange clients with responsibility for a water bill had water debt. He explained that there were certain groups of people that were especially likely to encounter water debt. In particular, he mentioned households with children, people with vulnerabilities in addition to their debt problems, such as mental health problems or physical disabilities. He added that often

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people tended to have negative budgets even after debt advice, and therefore would continue to struggle with essential bills.

He went on to say that so many of the water affordability StepChange sees are very hard to treat, and will remain so without public policy interventions to better support low-income households. He elaborated that these issues don't concern just water. Financially vulnerable households are more likely to have arrears on other essential household bills like gas, electricity, rent and council tax. This means there is a pressing need for a cross-sector strategy aimed at ensuring people can keep up with all their essential bills.

He said that in this respect the CCW affordability review sets out a good roadmap for policy makers and service providers to tackle water poverty but also utility debt more generally. He added that the strong emphasis on data-led cross-essential services collaboration is important, and highlighted the need for consistency in identifying and supporting financially vulnerable customers is a shared problem across sectors. Policy makers also need to deliver a more joined up framework for crisis support.

He explained that help for people in financial difficulty is increasingly delivered through localised and discretionary schemes and that Step Change's covid impact research found a relatively low take up of local welfare and other crisis support compared to the much higher number of people using credit as a safety net. This is a survival strategy that puts people at a much greater risk of falling into serious problem debt, so a focus on awareness and accessibility in the design of support schemes and customer communication is key. As a representative of the debt advice sector, he particularly welcomed the attention the CCW report gives to holistic advice in both preventing debts and reducing the harmful problem debt can cause. Stepchange clients generally have multiple debts and the margins between managing and hardship can be painfully tight. Policy makers and utility providers need to pay close attention to the micro detail of debt management. For instance, while schemes like Water direct can help people manage their bills, repeated surveys of StepChange clients show benefit deductions for debt repayment causing significant hardship when not based on actual affordability.

He said that Step Change welcomed the updated Ofwat guidance on debt repayment, and asked how firms will monitor customer outcomes from debt management practices going forward. He explained that StepChange's own work on client outcomes shows very clearly that people continue to build up arrears when they cannot make ends meet. In this respect, the effectiveness of debt advice depends on the tools that policy makers give it. He stated StepChange strongly supports the call for a single social tariff aimed at eliminating water poverty.

He concluded by reiterating the essential need for a holistic strategy for preventing financial difficulty while highlighting that without the firm foundation of policy change to ensure water bills are genuinely affordable, we are unlikely to make enough progress.

The Chair thanked Peter Tutton for his interesting and informative intervention. She then introduced the last speaker, **Sue Lindsay**.

Sue Lindsay, Director of Customer Policy & Engagement for Wessex Water

Sue Lindsay began by greeting everyone and introducing herself. She said she wanted to build on some of the themes you've heard today from the other speakers by sharing what

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Wessex Water does, and the changes they have put in place during Covid and touch on what the future might hold.

She explained that Wessex Water starts with the firm belief that water use should not be rationed by anyone's ability to pay. Because of this, they have put in place a wide range of schemes and low-rate tariffs to help customers to afford their ongoing water charges, repay their debt along with practical help to reduce water and energy use. Wessex Water wraps all of this support up under the handy water acronym of Tap to signal that our assistance is tailored to meet the customer's financial circumstances. She went on to highlight one example, their main social tariff, Assist. Assist offers customers a reduction of up to 90% off their water bills so they're paying around £1 a week when that is all they can afford based on a financial budget. It's available to anyone who can't afford to pay, whether they're at work, on benefits or a combination of both. Wessex Water delivers this through really strong and well-established partnerships with the debt advice sector. She highlighted that the value of these partnerships cannot be underestimated. It's never just about water, so by referring customers to these partners, they can receive independent holistic debt advice along with income maximisation and Wessex Water can receive an offer of payment that's sustainable as it reflects the customer's true ability to pay us and any other creditors.

She explained that Wessex Water also funds community outreach services in areas that are harder to reach, as well as financial capability initiatives to help prevent customers from falling into this situation in the first place.

She then touched on the challenge of the past 18 months and said that she thought the water industry has a really good story to tell on how they came together during the pandemic to agree on how to support customers consistently, for example in removing much of the postcode lottery that other speakers had mentioned. She highlighted the example of introducing extended payment breaks, suspended court action and increasing the promotion of Priority Services and wider financial support. Companies also developed their initiatives, for example, new partnerships to share data on customers who were shielding and increased community funding. Wessex Water launched a £50 rebate for front line workers in the NHS whose metered bills were going to be affected by the need to wash their uniforms at home more often. Wessex Water also launched the Wessex Water Foundation which is the first year funded local projects to strengthen the resilience of communities following the pandemic.

She went on to say that now water companies are thinking about Covid recovery and what needs to be in place to help customers who are going to start to get in touch. Customers are facing the end of furlough, changes to UC payments, maybe redundancy and rising energy prices. Wessex Water has worked with our debt advice partners and expert advisors to co-design Covid Assist which fast tracks bill discounts of up to 90% to customers who've been directly impacted financially by the pandemic. These customers are unlikely to have ever found themselves in this situation before and have probably used up any savings they had or spent to their limits on any credit cards to keep themselves afloat. The tariff will help them get back on track, retain a habit of paying and avoid building up unnecessary debt. And it means Wessex Water can refer the right customers to their debt advice partners at the right time.

She said that there are many other examples like this across the industry but the important thing for us all to remember is that we must be agile and ready to act on the insight from our partners on any new groups of customers coming through.

Finally, she stated that the industry is very much behind the affordability review and what it's trying to achieve. She said that CCW is sensibly conducting pilots to evaluate some of the recommendations with 12 underway. Wessex Water is also leading one looking at co-creating a single simple application form for all support schemes. It covers the process, imagery we use, terminology, language, calls for action etc. The findings should help Wessex Water make some immediate improvements to our processes, will help other companies with principles they can carry into their schemes and help inform the SST application process.

The Chair thanked Sue Lindsay for her contribution and asked about the number of customers on the different tariffs at Wessex Water.

Sue Lindsay replied that there are around 15,000 customers on the low tariff (of £1/week) and around 53,000 people if we take into consideration customers needing different forms of support.

Question and Answer

The Chair then invited Baroness McIntosh of Pickering to intervene with a question.

Baroness McIntosh said that the level agreement amongst all of the speakers about the importance of collaboration and identifying who needs to be assisted the most is remarkable. She said she would be interested in hearing from the water companies about those who are in bad debt, about those who can pay but don't, and whether that is that a source of concern. She also asked about the green levy, and the impact it has on bills. She asked Adam Scorer if the water companies had put a figure on what the green levies may add on to the water bill.

Adam Scorer replied that he did not have a figure for the impact, but that it was a significant issue in the energy sector, and that it hits people on the lowest income the most. He stated that he thought the general point is less about what the actual number is and more about how you're going to recover it from bills or taxation to find ways of exempting those people from the policy cost.

The Chair said there was another question about people who won't pay, and asked for further information.

Claire Sharp replying saying that for them, the cost is around £13 per bill

Peter Tutton remarked that a lot of people who are in 'bad' debt could pay if they were put in the right conditions. He explained that when StepChange talks to debt purchasers, they talk about how they get a much better margin where people have been advised and make affordable sustainable repayments. It makes sense to invest in the advice and in getting the debt management right. Even if this means a slightly lower monthly collection, you get a higher return in the long term.

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The Chair then moved on to address one of the questions asked via Zoom, about the links between water poverty and fuel poverty.

Mr Greenyer, added that one of the things that are so salient and rarely addressed is not just what the companies can do to support people on a low income, but what we need housing developers and builders to do. He said that it is beyond belief that we allow homes to be built that then need to be made fit for purpose again 20 years down the line because this has a huge impact on water usage and energy leakage.

Linda Gilroy agreed that it has a big impact on bills. High pipe runs waste water and also wastes hot water that is then left in the pipes after it is drawn. She wondered whether today's technology can provide some technical solutions to help reduce these bills.

The Chair invited the participants to intervene on this point.

Peter Sutton added that the broader issue is that over the last ten years, tenants of the private rental sector have had repeated experiences with eviction and the quality of their houses. The ability to not afford water puts pressure on their family life.

The Chair then moved on to the next question: How do we ensure no one is left behind, as citizens, customers and householders are not homogeneous in their understanding, finances, work status or abilities to make changes?

Emma Clancy referred to the pilots she had mentioned earlier and said that one of those is around exactly this point. Only around 5% of people are aware of social tariffs. So one of the pilots is working with a range of people in Leicester and how to use networks to get information to people.

Adam Scorer referred back to the postcode lotteries mentioned earlier in the session. This issue determined the amount of support you get, and the quantity and quality of third sector organisations that can handhold you. He said that the more we place the burden on the householder to present themselves for support the less we can get through to them. Simplicity is really key. They will rely on third sector to signpost them through that process. People come in to the system at so many different points for so many different reasons and if you expect them to do that multiple times you must expect them not to get through. You should present yourself at any point through that system to get the support that you need.

Sue Lindsay then intervened pointing out the importance of training, and highlighting some work they had carried out with pensioners recently. She said that it was often surprising to see what put them off the process, sometimes to do with factors as unexpected as the name of the scheme. There are some really simple things that can be done that are not that simple to identify.

Claire Sharp then built on that, saying that they had been looking into a 'tell us once' hub, so that the customers could enter their details once and access different partners. She said there should be ways to come together and do something that makes it easy for people who are vulnerable and they don't know where to start in asking for this sort of support.

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The Chair then introduced two more questions: Are there other (vulnerable) groups that could be identified with particular water needs and treated in the same way as frontline NHS workers? Secondly, a question about water metres and can we make them smart? Smart metering for energy seems to be helping peoples' awareness of consumption and how people can understand how to better control their energy consumption.

Sue Lindsay said that the NHS was a specific example, we have to do more. There are groups and we do protect them now and we should continue to do so

The Chair invited other members of the panel to intervene.

Adam Scorer said that it is important to be alert to what is coming out in the budget and that the two groups never get support: single parents and people for whom English is not their first language.

The Chair commented that that is what is so important about the water companies working with other companies and other debt-relief organizations. She added that there were a couple of questions about the automatic right to connect.

Claire Sharp said that Northumbrian Water very much welcomed the recommendation to government, as it will encourage sustainable drainage schemes by removing the automatic right to connect. It will reduce flooding and drainage problems.

The Chair commented by addressing the organizers of the APPG in saying that this issue is probably something to spend more time on in the future. The Chair then pointed out the meeting time had elapsed and thanked all of the speakers.