

UUW25

# Affordability and vulnerability operational delivery

October 2023

Chapter 4 supplementary document

This document demonstrates our affordability and vulnerability capabilities for customers that benefit from extra help. It provides more comprehensive supporting information on the operating environment for affordability and vulnerability in the North West. It also illustrates how United Utilities engages with stakeholders to understand and respond to affordability and vulnerability challenges faced by customers in our region.

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# 1. Introduction

## 1.1 Key messages

**Building on a great track record:** In AMP7 United Utilities led the industry in the breadth and depth of our affordability support. We used a combination of social tariff arrangements, shareholder contributions and partnership work with the third sector to deliver a broad range of schemes and tools to support customers with affordability challenges. We have won recognition as a leader in the water industry and in the wider economy for the strength of our approach, winning awards for our innovative, effective and comprehensive approach.

**Unprecedented package of affordability support for AMP8:** Engagement with customers demonstrates that our business plan for AMP8 will deliver services that are highly valued, but bill increases in AMP8 are material, and many customers are concerned about affordability challenges. United Utilities will provide an unprecedented £525 million of affordability support to those in need, including making direct financial contributions worth £200 million. This will enable us to increase the number of lower income households able to access reduced bills each year to c.590,000. By providing more than 1 in 6 customers a reduced bill we expect we can deliver improved services without an increase in levels of water poverty.

**A refreshed approach to affordability and vulnerability, embracing partnerships and new ways of working.** We're launching 'Water Without Worry' a holistic approach to offering affordability and vulnerability offerings, with simplified branding, improved accessibility and increased customer awareness. Our capabilities in collaborative partnership working, open data (including open banking) and data sharing (across utilities) are truly leading, meaning we can offer frontier stretching affordability support offerings. We seek to proactively identify and engage customers who may be financially stretched before they fall behind on payments, providing them with relevant and effective options to control their water charges.

**Leading on extra care for customers in vulnerable circumstances:** We have an industry leading Priority Services scheme, and pride ourselves on being an organisation that delivers fair, flexible and inclusive services, with the aim of increasing positive outcomes for consumers in vulnerable situations, whilst minimising risks of consumer harm. In March 2023 we were the first water company to achieve the new Inclusive Service Kitemark certification ISO22458:2022 for consumer vulnerability support. We see this as a vital part of delivering against the aspirations and ambitions set by the forthcoming Customer Duty being added to company licences.

## 1.2 Structure

1.2.1 This document is structured as follows;

- **Section 2** Provides an understanding of affordability challenges in the North West
- **Section 3** Provides an executive summary of UU's approach to affordability
- **Section 4** Demonstrates UU's track record in providing comprehensive affordability support
- **Section 5** Provides details our approach to understanding customers and communities
- **Section 6** Provide detail of the comprehensive affordability support options available
- **Section 7** Details other customer propositions not already covered
- **Section 8** Details UU's approach to making support accessible
- **Section 9** Details how UU have built Strategic Partnerships to support with affordability
- **Section 10** Details UU's Data led Innovative approach to addressing affordability
- **Section 11** Demonstrates UU's industry leading practices
- **Section 12** Details UU's approach to supporting customers in vulnerable circumstances
- **Section 13** Details future plans to address vulnerability

## 2. The North West Context

2.1.1 The North West faces many socio-economic challenges and is home to many of the most income deprived communities in the country. This means that United Utilities has to provide its services against the background of significant vulnerability and affordability challenges being faced by customers in our region. This need has meant we have placed particular emphasis on delivering effective customer assistance schemes and over AMP6 and AMP7 we have emerged not only as an industry leader in providing extra help for customers who would benefit from support but in many respects we have been at the forefront across the broader utility space in addressing these needs.

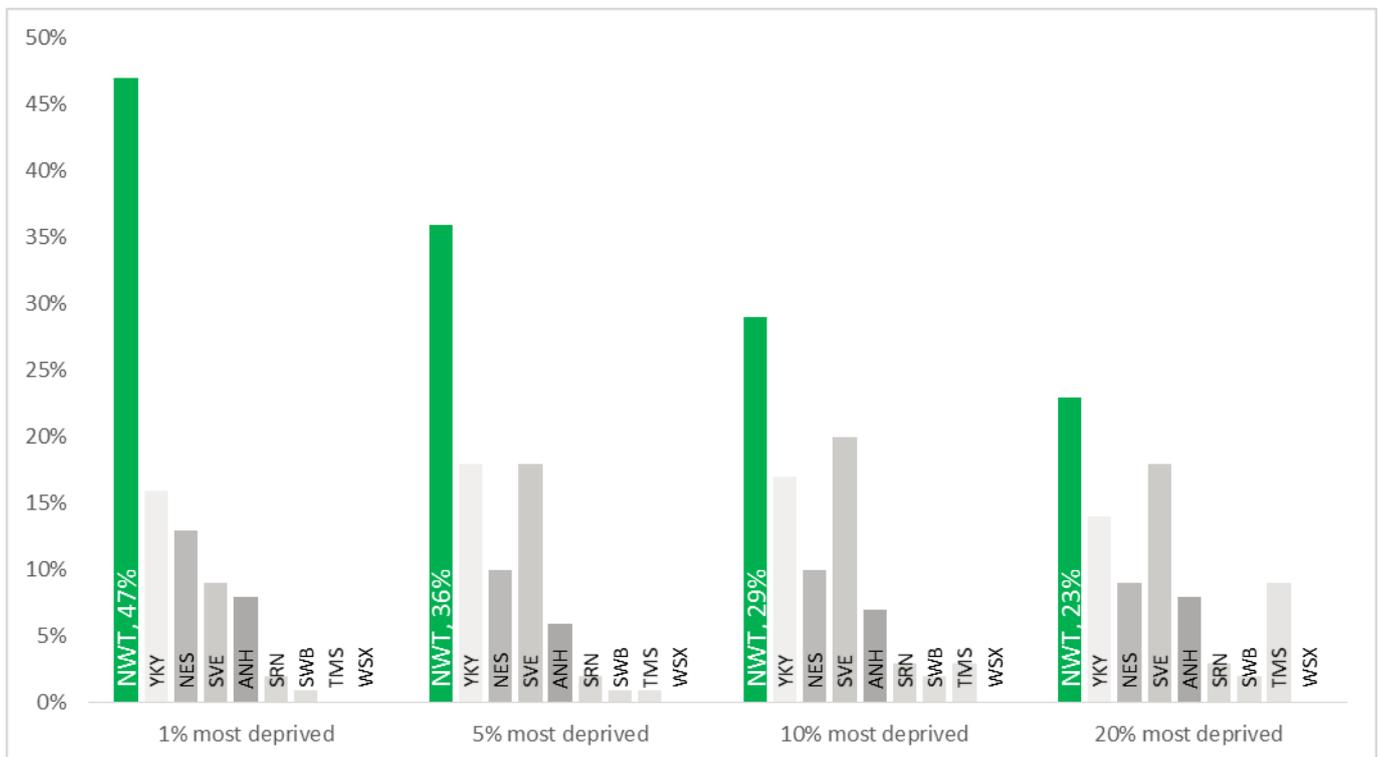
2.1.2 That said, there is no doubt that the North West of England is one of the toughest operating environments for a utility retailer. Like others in the water industry, we are being challenged to improve the scale and effectiveness of the support we offer against a background of rising household costs, economic uncertainty and a decrease in the percentage of people of working age. How we respond to this challenge will be crucial to securing and maintaining customers’ trust and confidence in the sector in the years ahead, but this will be more difficult for us than others in the water industry.

2.1.3 Figure 2 over the page summarises some of the challenges faced by customers and the depth of affordability and vulnerability support that they require from responsible, sustainable utility providers. This need is more pronounced in many communities in the North West.

### Regional variances in deprivation

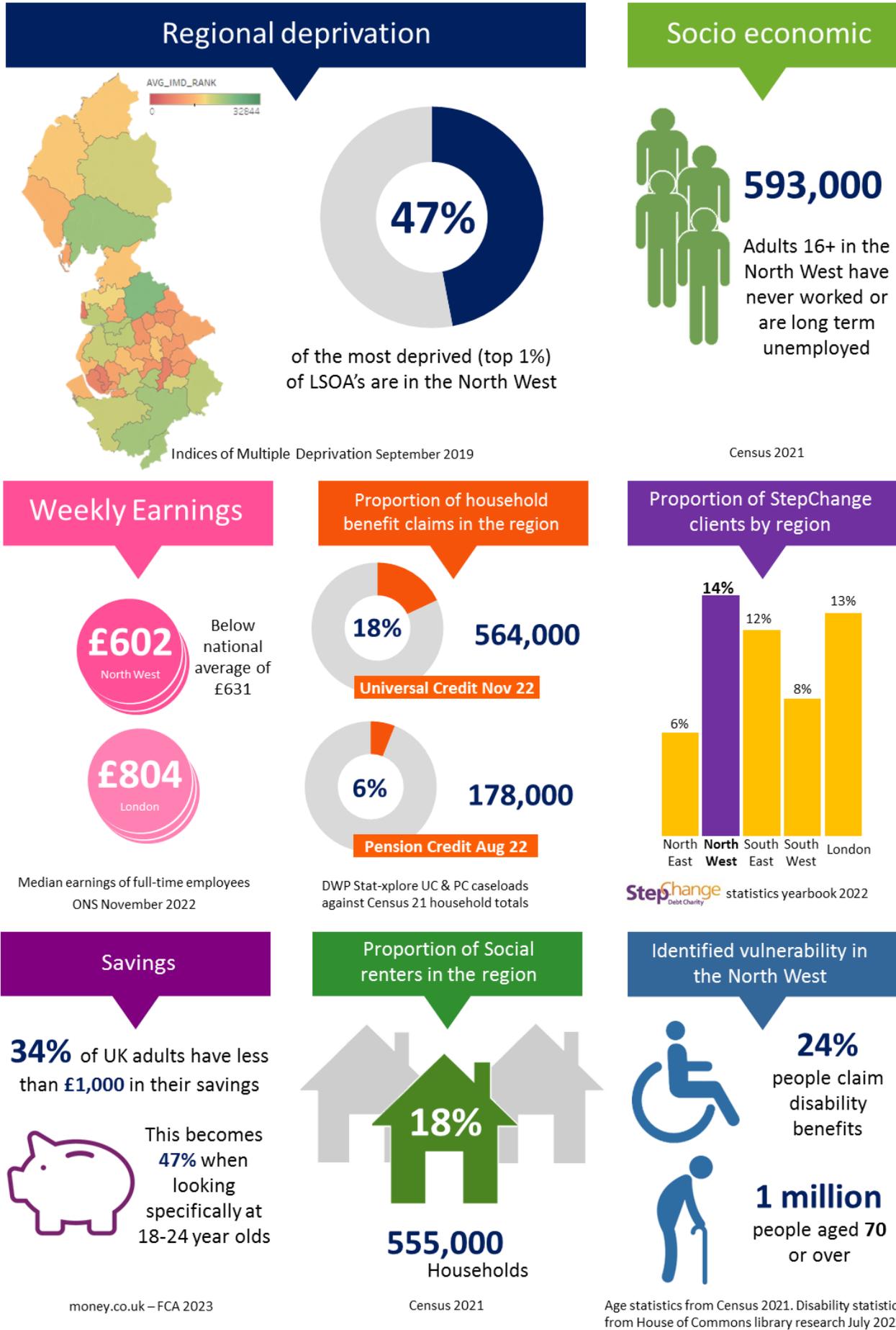
2.1.4 The North West has the largest population of economically deprived households in the country. According to data compiled by Public Health England, the North West is below national averages for several other key indicators of deprivation, spanning not just financial, but also educational, physical and mental health indicators. Figure 1 below demonstrates UUW’s relative position when compared with all other English WaSCs. This is clear evidence that UUW has a significantly higher proportion of the most deprived LSOA’s in the North West region compared to other water companies.

**Figure 1 Percentage of most deprived LSOAs (neighbourhoods) by decile and region for all English WaSCs**



Source: Indices of multiple deprivation 2019

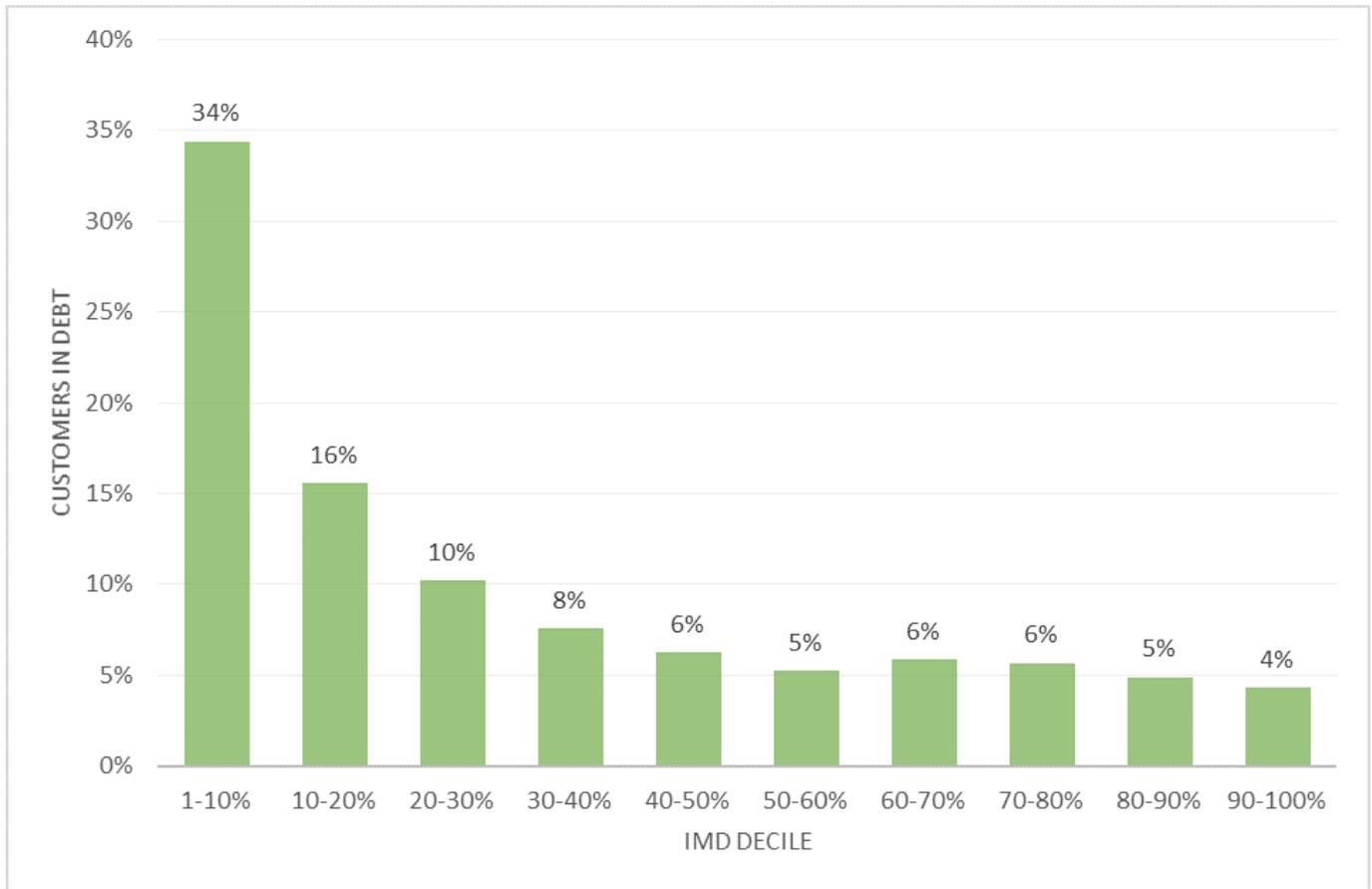
Figure 2 Statistical infographic profiling the North West



Sources: See footnotes in graphic

2.1.5 In the North West deprivation is strongly predictive of debt risk. Customers in the lowest 40% of deprived areas more likely to be in debt compared to the more affluent areas. Figure 3 below shows the proportion of UUW customers in debt by IMD decile demonstrating the correlation between deprivation and bad debt.

**Figure 3 Proportion of customers in debt for each IMD decile**



Source: United Utilities data overlaid on Indices of Multiple Deprivation

## 2.2 Cost of Living Challenge

- 2.2.1 Energy price increases are disproportionately hitting poorer households, as they spend a much larger share of their household income on gas and electricity. The bottom decile of households (of income) spend almost three times as much of their budgets on gas and electricity compared to the highest-income decile (11% versus 4%).
- 2.2.2 Institute of Fiscal Studies analysis in January 2023 - incorporating an £800 increase to Ofgem’s tariff cap - showed that the pattern of poorer households being hit harder by inflation is likely to continue. A more than doubling of prices of gas and electricity increased the difference in the rate of inflation experienced by richer and poorer households. Assuming an example average rate of inflation of 10%, the analysis suggested that the poorest households may face average inflation rates of as high as 14%, compared to 9% for the richest households.
- 2.2.3 Given the levels of extreme deprivation in the North West region, it is clear that cost of living challenges have significantly impacted customers. A recent report by Centre for Cities (Out of pocket, the places at the sharp end of the cost of living crisis) identified that English cities with the lowest average wages, such as Blackburn and Burnley have already experienced the highest levels of inflation.)
- 2.2.4 Our own research has also indicated that cost of living pressures are impacting customers with lower levels of disposable income:

- In our regular “State of the Nation Customer Research” quarterly study April 23 – customers are telling us that the issue they are most concerned about the state of the economy at 83% and 59% concerned about their household finances. Customers are still worried that they may not be able to afford to pay their household bills – particularly energy, food and council tax. 74% of customers surveyed are worried about meeting their outgoings – up 16% since January 22

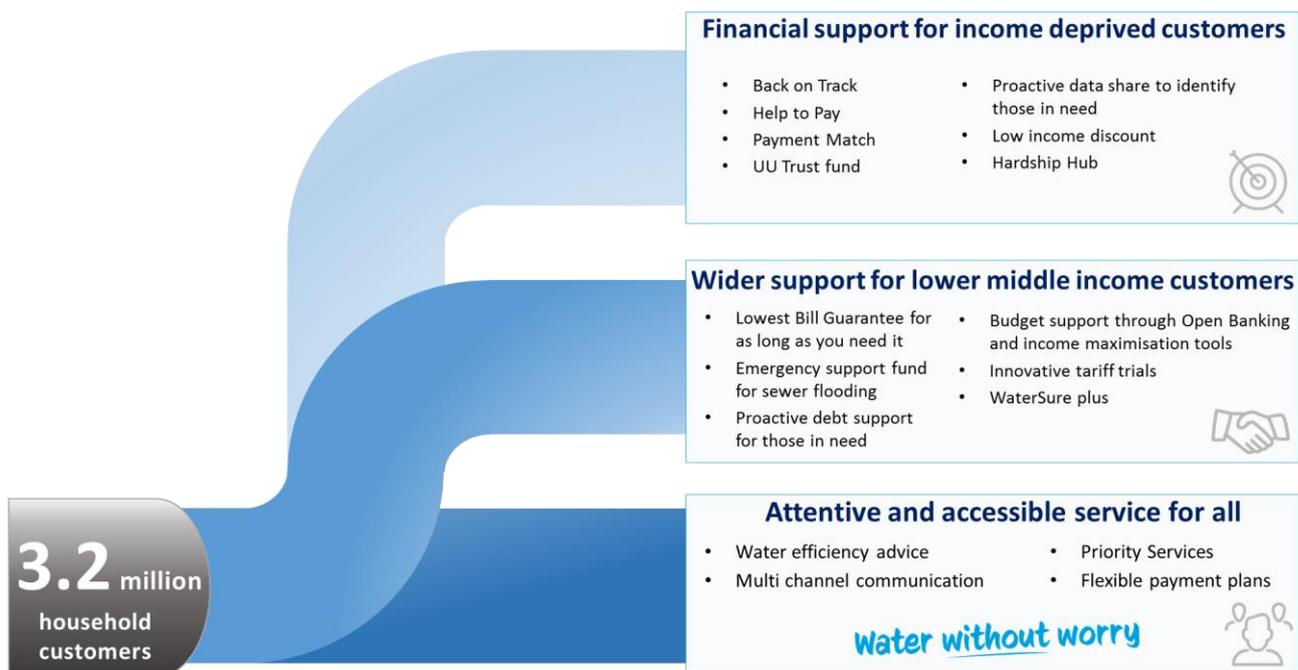
- 2.2.5 We have proactively taken a number of steps to identify customers in need of support and improve the accessibility and awareness of the help that’s available.
- 2.2.6 We continue to seek best value from the £280 million of affordability support we are providing in AMP7 (50% of which is company funded). This includes continuing to review affordability support scheme promotion, to ensure we continue to engage those most in need.
- 2.2.7 We’ve also updated all collection communications to reflect the challenges customers may face in making payment and encouraging them to contact us if they are struggling
- 2.2.8 We’ve also make active use of data from our Credit Reference Agency partner enabling enhanced segmentation within our early intervention campaigns tailoring messages to increase awareness of the support we and specialist 3rd party organisations can offer. We have sent over 380,000 communications to customers since April 22.

### 3. UUW’s approach to addressing affordability

#### 3.1 Summary overview

- 3.1.1 We have long recognised that the degree of socio-economic challenges in the North West means that the need for financial support for customers is greater in our region than other areas of England. This is why United Utilities has consistently placed significant emphasis on delivering effective customer assistance schemes, often in conjunction with other schemes, to support people in vulnerable circumstances. Over AMP7, we have focussed significant effort and resource to ensure that we have a leading approach to providing solutions to address affordability challenges, and we’ll be redoubling our efforts and focus in AMP8 as bill increases will mean more customers will need support and those that already receive it will need a greater level.
- 3.1.2 United Utilities provides leading levels of affordability support to those in need. Our capabilities in open data and data sharing are truly innovative, meaning we can offer a frontier stretching affordability support offering.
- 3.1.3 We don’t want customers in the North West to worry about their water bill. This is why our plan for AMP8 sees us propose a package that would increase the level of financial support available to customers to £525 million, which includes £200 million of shareholder funded support (the largest shareholder commitment in the water sector to date) extending the reach of support to 590,000 customers. This will be the most extensive support package we have offered to customers with more than 1 in 6 receiving some level of support towards their bill. Our strong track in delivering industry leading affordability support provides the foundation for our plan in addition to ensuring wider support is available, providing an attentive and accessible service for 3.2 million household customers, as shown in Figure 4.

**Figure 4 A comprehensive package of support, with measures in place for all customers**



- 3.1.4 A summarised view of our current AMP7 and planned AMP8 support for customers and communities is included in this section. Further information is provided in sections 4 to 11 which illustrate the extensive focus and range of support options available for customers who need help with payment of their bill.

Figure 5 Illustration of AMP7 Affordability offerings

## AMP 7



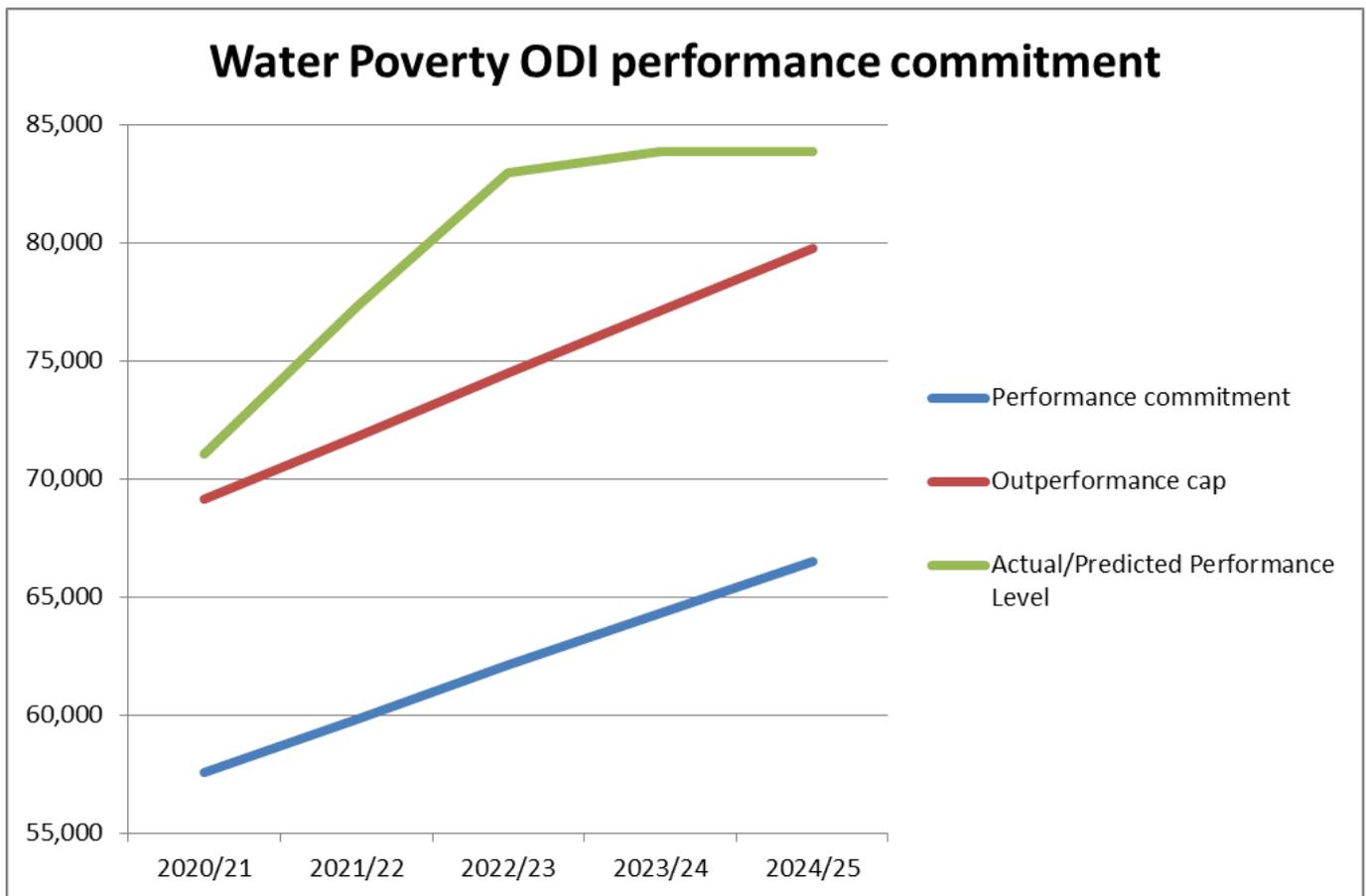
## Our support package in AMP7

- 3.1.5 **£280 million of financial support for customer during 2020-2025.** For the current price control period, United Utilities committed to providing at least £71 million of direct financial support from shareholders to customers. This is delivered through discounted tariffs, payment matching and UU Trust Fund grants. We now expect that shareholder support will be at least £140 million during the period, helping customers out of debt and, even more importantly, avoiding customers from becoming indebted in the first place.
- 3.1.6 A further £140 million of customer support is available to customers from “social tariff schemes” which are delivered by UUW and recovered from wider customer contributions. Support from this source has been extended beyond our initial targets for AMP7 as we worked to enhance the offering to provide support during the COVID-19 pandemic.

## Our performance in AMP7

- 3.1.7 We are now supporting over 230,000 customers with payment of their water bill. This has been made possible in part by our drive to identify and support those difficult to engage customers who need our help the most. We continue to innovate and look for ways to improve not only our support offerings but the accessibility of that support.
- 3.1.8 To ensure customers facing affordability challenges are supported we designed a new bespoke performance commitment and ODI, which focuses on the number of customers lifted out of water poverty through UUW action. This was structured to ensure that we seek to provide financial support to as large a number of customers in water poverty as possible and to ensure the degree of support provided is significant in the context of each customer’s individual circumstances. The definition of water poverty used for this measure was where customers were spending more than 3% of their annual household income, after housing costs, on water and wastewater services.
- 3.1.9 A focus on lifting customers out of water poverty meant we have been able to increase the effectiveness of our schemes and be better incentivised to focus support on customer groups most in need. The PR19 final determination document included a performance commitment to lift 66,500 customer out of water poverty by 2025 with a performance cap applied at 79,792 for 2025.

Figure 6 Water Poverty ODI performance



Source: United Utilities Annual Performance Reports and projections

- 3.1.10 Our track performance demonstrates that we work hard to delivery our promises to customers and regulators and have consistently outperformed the ODI performance cap throughout the AMP. As Figure 6 above shows, as at March 2023 we were lifting c.84,002 customer out of water poverty as a direct result of our interventions.
- 3.1.11 Over the course of AMP7 we have been substantially increasing the number of customers helped through our support schemes. By 2024/25 we anticipate over 230,000 customers will be receiving financial assistance via one or more of the United Utilities support schemes. This represents a more than doubling of the levels when we began AMP7 and provides us with a strong platform from which to drive AMP8 performance.

**Driving industry leading practices**

- 3.1.12 We believe that external assessments indicate that our support for customers struggling with affordability is strong. In 2021 CCW published its affordability review and a summary of recommendations of good practice for supporting customers who find their water bill unaffordable. We received a green assessment with no recommendations for improvement. We have a strong history of providing shareholder backed support to customers and we were one of only two water companies to provide a full suite of affordability offerings expected by CCW.
- 3.1.13 We were recognised for ‘exemplary’ performance following Ofwat’s Paying Fair review into company provision and customer access to affordability schemes, debt management, and cash collection processes. We were able to demonstrate compliance with all 7 principles as well as the 145 minimum service expectations. 12 of our minimum service expectation responses were considered to be examples of good practice. Practices such our new flexible PayAsUGo scheme, extensive partnership working including our annual Affordability Summit and use of insight and intelligence to anticipate the needs of customers and target action have been highlighted as representing good practice for others to adopt.

3.1.14 We continue to innovate and deliver improvements in the provision, identification and application of affordability support:

- Introduced a single affordability support application form and support booklet which simplifies the application process and ensures customers are supported via the lowest possible bill.
- We were the first water company to utilise open banking as part of our affordability assessment process improving the accuracy and efficiency of the process.
- We were the first water company to utilise new DWP data share provisions to proactively identify customers eligible for social and WaterSure tariffs.

3.1.15 We continue to benchmark our payment management and affordability support capabilities against global best practice standards. We are the only water company to have achieved and maintained the coveted Chartered Institute of Credit Management quality accreditation and more recently were awarded CICM Centre of Excellence status. We continue to win awards and most recently our affordability and collections team have won Water Team of the Year and Best Vulnerable Customer Support team at the U&T Awards. We have also won the Utility Week Cost of Living award, recognising our extensive approach to responding to customers' needs as result of increasing cost of living pressures.

#### **Data led innovation - using system and data to identify financially vulnerable customers**

3.1.16 One of the biggest changes in our approach to affordability in AMP7 is the way in which we use data to increasingly target and define affordability support. Developments in our data and predictive analytics capability has allowed us to offer tailored interventions, including early identification and support for high risk homes, deeper affordability support for those most in need, and active communications to key customer segments.

#### **Understanding customers and communities**

3.1.17 We've built extensive, ongoing partnerships with the communities that we work with focussing more on areas with high levels of deprivation and organisations that support the most vulnerable of customers from local authorities to smaller charitable organisations. Through these engagements we learn more about how our affordability support can best reach those that need it; and gain local advocates for our support schemes.

3.1.18 We have also built regional and national partnerships including membership of industry bodies with organisations such as Money Advice Liaison Group (MALG) and the Institute of Money Advisors (IMA), gaining insight into cross sector best practice and building opportunities to work across multiple sectors.

#### **Future Affordability support**

3.1.19 Our business plan proposes new levels of affordability support for those customers that find paying their water bill a challenge. We recognise that this business plan requires real term bill increases at a time when levels of deprivation and general financial stress are high and particularly felt in our region. We want to ensure that affordability of future bills is secured for as many customers as possible.

3.1.20 We have therefore developed more comprehensive and wide reaching support catering for people in many different circumstances as illustrated in Figure 7 designing support schemes that help as many customers as possible who need extra financial help. In AMP8, to balance investment needs with affordability as well as water efficiency, we've developed innovative charging and financial support schemes that will deliver targeted and effective support. The provision of our largest ever industry leading package of financial support.

Figure 7 Illustration of AMP8 Affordability offerings



Source: United Utilities PR24 business plan

3.1.21 We are launching our new holistic support offering under the umbrella concept of Water Without Worry which will encompass all affordability and vulnerability support offerings. The simplified branding will make engaging with UUW to access support schemes, Priority Services, metering and water efficiency even easier. The concept resonates with our aim to ease customers concern around their water bill and the brand will help aid customer recall.

**Our most extensive support package**

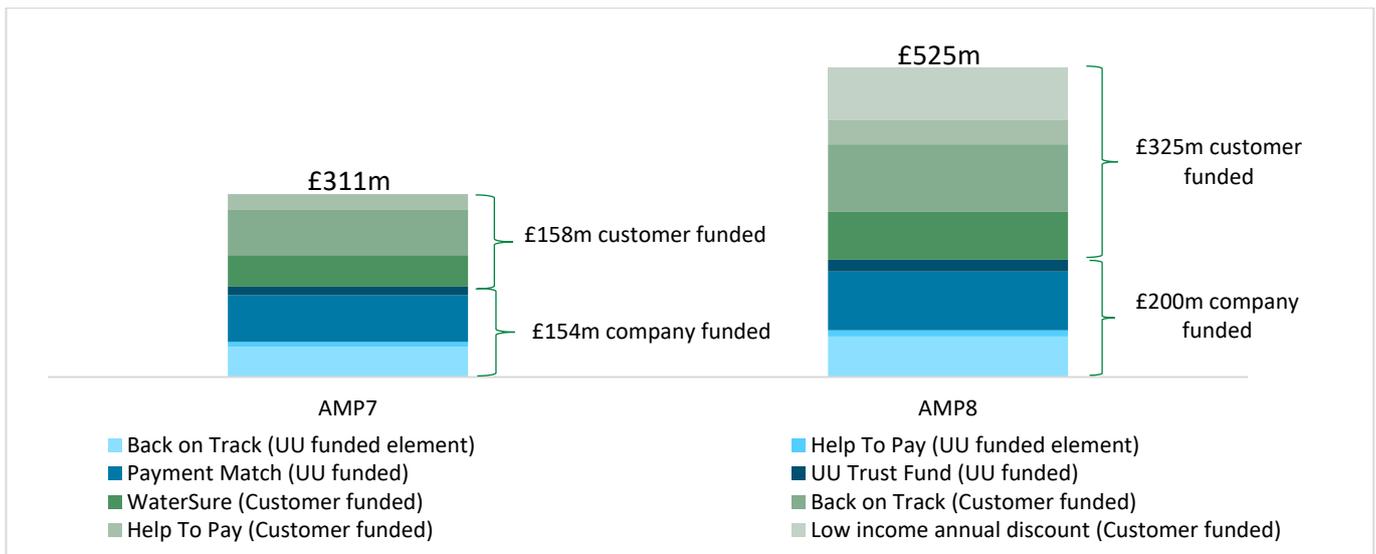
3.1.22 At the heart of our proposals for AMP8 is £525 million of direct financial support for low income and financially distressed households, including £200 million of shareholder funded support. This direct financial support will build on existing support packages, which have been effective in managing levels of water poverty in AMP7. By increasing the levels of financial contributions from both customer and shareholders we believe we will be able to provide appropriate levels of support for those most in need, and ensure that a new wide ranging social tariff scheme, designed to reach all customers on the very lowest incomes can be implemented.

3.1.23 As we move from AMP7 to AMP8 we plan to introduce new support tariffs, whilst managing transitions for customers on existing UUW schemes. We plan to provide £200 million of shareholder support to maintain existing UUW financial assistance schemes, matched by £325 million of social tariff contributions from customers. We plan to maximise support offered through our existing social tariffs, and utilise increased customer support for social tariffs to provide a new c.£90 million discount scheme, specifically designed to provide a measure of support to as many income deprived customers in the North West as possible.

"I've had support in the past. I was in debt with my water and got the debt cleared. It was such a big help and felt like a weight was lifted off me. I didn't get that kind of help for other bills."  
**Female, Merseyside**

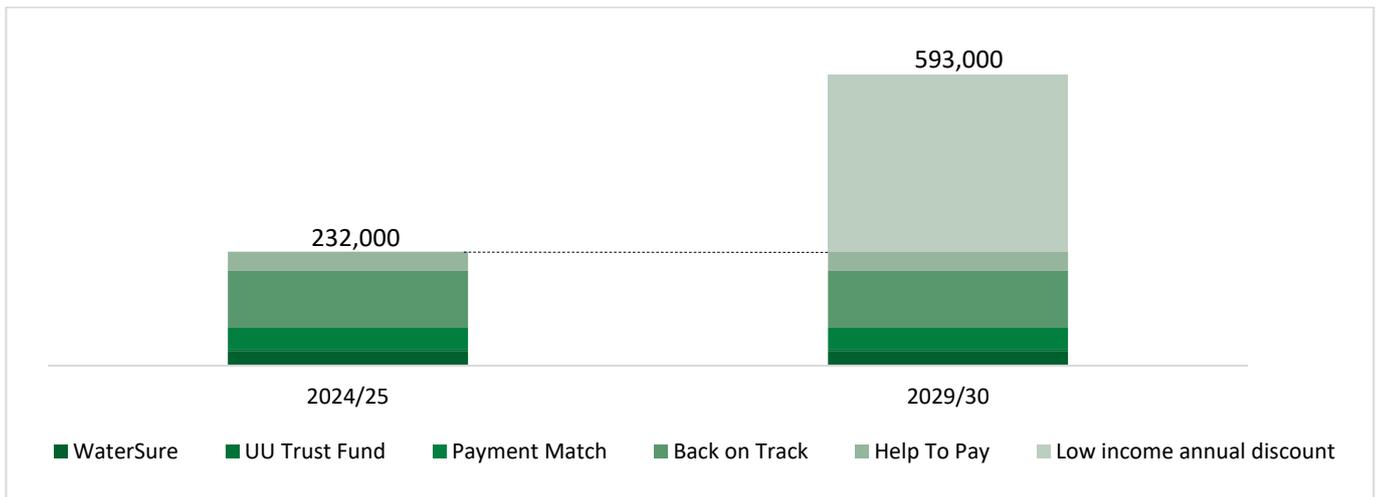
3.1.24 Overall this package will increase the number of customers helped each year to c.590,000 (compared to a projected 230,000 in 2025). Without help we foresee levels of water poverty increasing by 35 per cent, but with these interventions we expect to avoid any increase in levels of water poverty, despite real terms bill rises.

Figure 8 UUW affordability support scheme value



Source: PR24 table SUP15

Figure 9 Affordability schemes: number of customers receiving financial support annually



Source: PR24 table SUP15

The proposed affordability programme for AMP8 will substantially increase the number of customers receiving support. Maintaining support for the c.230,000 customers expected to be on support tariffs by 2024/25 will cost c.£440 million across AMP8.

- Continued support:** A commitment to continue to support the 154,000 customers currently benefiting from a capped bill at the lower water poverty 3 per cent bill to income ratio via our Back on track and Help to Pay tariffs. We have developed a set of indicative transitional arrangements that gradually reduce the scale of discounts offered to customers until they align to the objective of reducing bills to the point that they are no more than 5 per cent of household disposable income. In developing these indicative arrangements we have had to consider the importance of avoiding unaffordable year on year increases in bills for some of our lowest income customer groups. We anticipate that it will take between 5 and 10 years to fully transition all customers currently in receipt of social tariffs to the new tariff levels.
- New discount scheme:** Introduction of a new fixed annual discount that will support low income households. The new tariff will provide a £50 bill discount for all households that meet government definitions of being income deprived but who are not yet in receipt of a UUW social tariff or WaterSure. There are currently around 510,000 households (16%) in the North West which are defined as income deprived (see PR24 table SUP15.22). Working with the DWP we will be able to proactively get support to all

qualifying customers, and so overcome existing concerns around low levels of water industry social tariff awareness. CCW, in their recent review of water industry affordability support arrangements identified the need to extend affordability support to many more households. A discount of £50 aligns well with recent CCW work looking into options for a more consistent approach to social tariffs across water companies, and is aligned to existing government funded bill discounts in the South West Water region. This new support measure will, in combination with UUW's wider affordability package, mean we are able to provide discounted bills to more households than ever before.

- **Lowest Bill Guarantee Scheme:** Expansion of our Lowest Bill Guarantee scheme offering an extended open guarantee for low income customers for as long as they need our help targeted at customers in receipt of means tested benefits.
- **Independent Grant Making Trust:** The provision of financial support via an independent grant making Trust for low income customers with no insurance provisions who have been impacted by internal sewer flooding. The Emergency Support Fund will provide £1 million of financial support over the 5 year AMP period to pay for repair work as a result of damage done to customer's properties.
- **WaterSure Plus:** The creation of a new WaterSure Plus tariff extending eligibility to those customers on a water meter with medical conditions or a large family to include low income customers in receipt of Disability Living Allowance, Personal Independence Payment or Attendance Allowance.
- **Deepening Partnerships:** Building on our established affordability and vulnerability panel relationships to work collaboratively in a strategic partnerships to proactively identify and support customers that need our help. In particular we are seeking to deepen partnerships with panel member organisations such as Macmillan, MIND, AgeUK, and disability partnerships who we know customers often turn to first when in need of help. Through working with these organisations we hope to increase our ability to quickly offer a full package of support to those who would benefit from extra help in a way that we are unable to achieve on our own.
- **Holistic Support:** We will be extending our extensive range of support offerings to include new holistic support measures for targeted customer groups. This will include the provision of benefit checks as part of our affordability assessment process and free water efficiency audits and related internal leak repairs for affordability cases.
- **Focus on Social Housing and Local Authorities:** Working with social housing providers and Local Authorities to promote our Save water, Save energy, Save money initiative. Working together we will deploy an "always on" approach to customer engagement, backed up by mainstream mass awareness campaigns and partnership/collaborations designed to increase reach and support behavioural change.

### Driving industry leading practices

- 3.1.25 We will launch a "**Better Together initiative**" with the primary purpose of developing partnerships with organisations and influential community groups/leaders to work together and provide support to customers e.g. National Energy Action who focus on tackling fuel poverty.

### Data led innovation - using system and data to identify financially vulnerable customers

- 3.1.26 We will improve accessibility of support through the implementation of new functionality into the UUApp/MyAccount services. Providing a fully digitalised end to end affordability journey incorporating open banking will enable customers who need support to apply and receive an instant decision regarding their application. Improving our self-service options will allow customers to apply for help at a time that suits them best.
- 3.1.27 Through development of new Data Share arrangements with local authorities/social housing providers we will work together to identify customers in vulnerable circumstances proactively supporting low income customers struggling to pay. Through trusted partner arrangements customers will be proactively placed on qualifying lower bill tariffs.

### **Understanding customers and communities**

- 3.1.28 Building on our current outreach capability we will introduce Community Champions who will help digitally excluded customers access the help they need. Their attendance at key local events will increase customer and organisational awareness of the support UUW has available.
- 3.1.29 Through our volunteering programme, our employees will supporting local community partnerships building relationships within local communities and increase awareness of the support available to customers in vulnerable circumstances.

## 4. A track record of affordability support

- 4.1.1 Understanding the scale of the affordability challenge in the North West of England is crucial when attempting to develop interventions. Our extensive experience of operating in a region with many communities with extreme deprivation has provided unique insight into how the level of water and wastewater charges and bill movements affects customers on low incomes. Our AMP8 plan strives to deliver fairer bills for customers whilst delivering improvements in service, resilience and environmental measures. We recognise the required bill increases and general level of financial stress in the North West will mean some customers will find day to day household expenses - including water charges - difficult to afford. Measuring water poverty can be a useful quantitative way of observing affordability pressures for the lowest income households and how they change over time.
- 4.1.2 Building on the latest water poverty assessments developed by Frontier Economics on behalf of Defra we have projected how levels of water poverty in the United Utilities region are impacted by expected changes in water charges and household incomes. This work uses the definition of water poverty set out by Frontier Economics, specifically defining a household as being in water poverty when water charges exceed 5% of household income, after housing costs.
- 4.1.3 Based on their assessment of household incomes and bills Frontier identified that in 2020/21 some 274,000 are likely to have been classified as living in water poverty. This compares to around 6% of homes in water poverty in England and Wales as a whole, indicating that levels of water poverty are c.60% worse in the North West than the national average.
- 4.1.4 In this section we present details of how we have responded to this with our leading package of affordability support services. We discuss tailored support for lower income customers, provide details of our extensive efforts to engage with other organisations when providing support, set out examples of our collaborative and data led innovation, and we explain how independent challenge and accreditation are being used to help us improve our services.
- 4.1.5 In 2022 we commissioned independent research into the Social Return on Investment (SROI) of our social tariffs and payment matching. The findings of this research robustly demonstrate the substantial benefits each of our existing support schemes offers to society as a whole. The report has confirmed the SROI ratio, or ratio of benefits to costs, is estimated to be 6.54. This means that, for every £1 invested into the schemes, over £6.54 of benefits are estimated to be generated. Additionally the report concluded the support schemes produced a number of outcomes for individuals and their families, including improvements to their financial situation, physical and mental health, healthy eating, housing, relationships and employment.
- 4.1.6 As set out in section 3, we set out an ambitious target for reducing water poverty in AMP7 through a bespoke performance commitment and we have exceeded the target every year.
- 4.1.7 By 2024/25 we anticipate that we will continue to support over 230,000 customers with financial assistance via one or more of the United Utilities support schemes.

### 4.2 Comprehensive affordability support options available

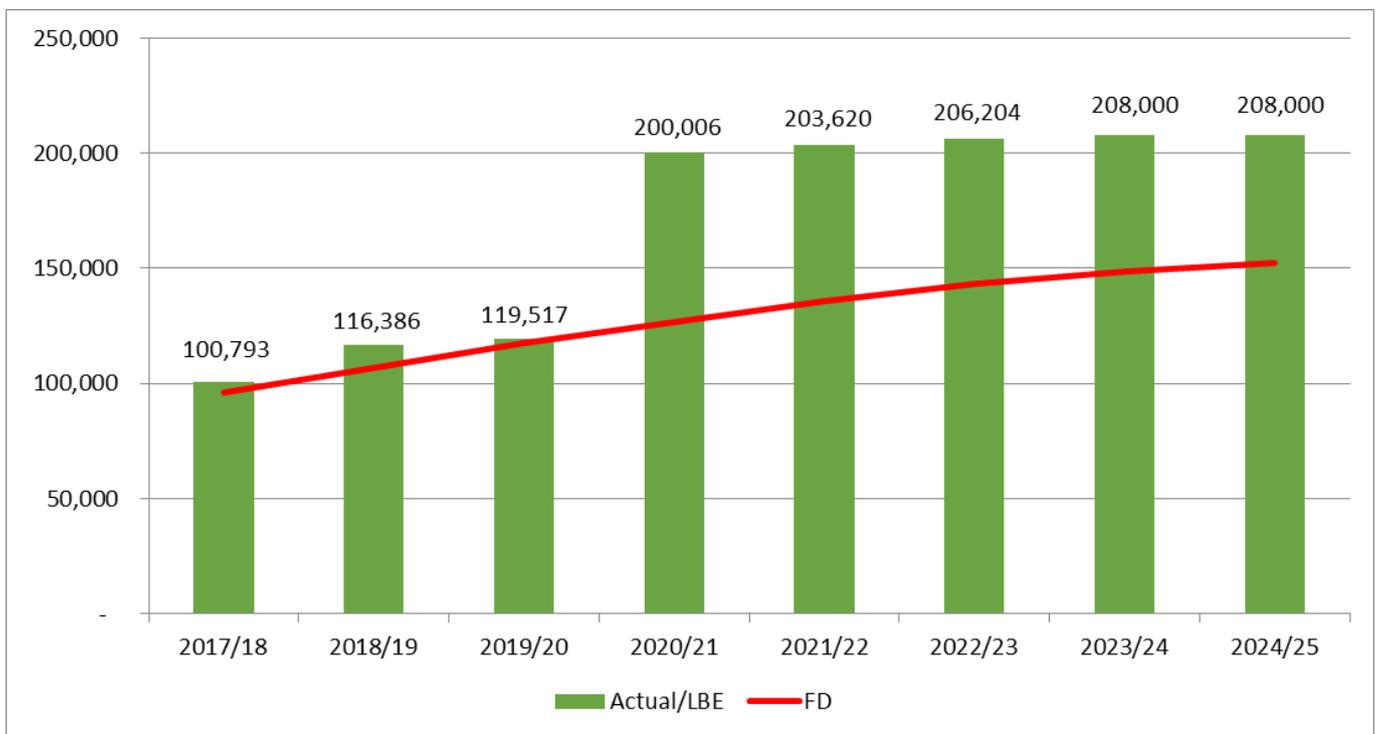
- 4.2.1 United Utilities provides leading levels of affordability support to those in need. As a result of our intense focus, we have developed capabilities in open data and data sharing that are truly innovative, meaning we can offer a frontier stretching affordability support offering.
- 4.2.2 We are now supporting over 230,000 customers with payment of their bill representing around six per cent of our household customer base.
- 4.2.3 This has been made possible in part by our drive to identify and support customers who need our help the most. We continue to innovate and look for ways to improve not only our support offerings but the accessibility of that support.

4.2.4 We have in place comprehensive support offerings that are delivering industry leading support:

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Low Income Tariffs</li> <li>• Arrears matching scheme</li> <li>• Water Direct Payments</li> </ul> | <ul style="list-style-type: none"> <li>• Bursary Schemes</li> <li>• Flexible payment plans</li> <li>• Field engagement campaigns</li> </ul> |
|--|---|

**“I genuinely didn’t think that they offered that many different options, the fact they offer all that is great.”**  
**Female, Merseyside, Potential Qualifier**

**Figure 10 Outperformance of PR19 target for number of customers on Financial Assistance Schemes<sup>1</sup>**



Source: United Utilities data

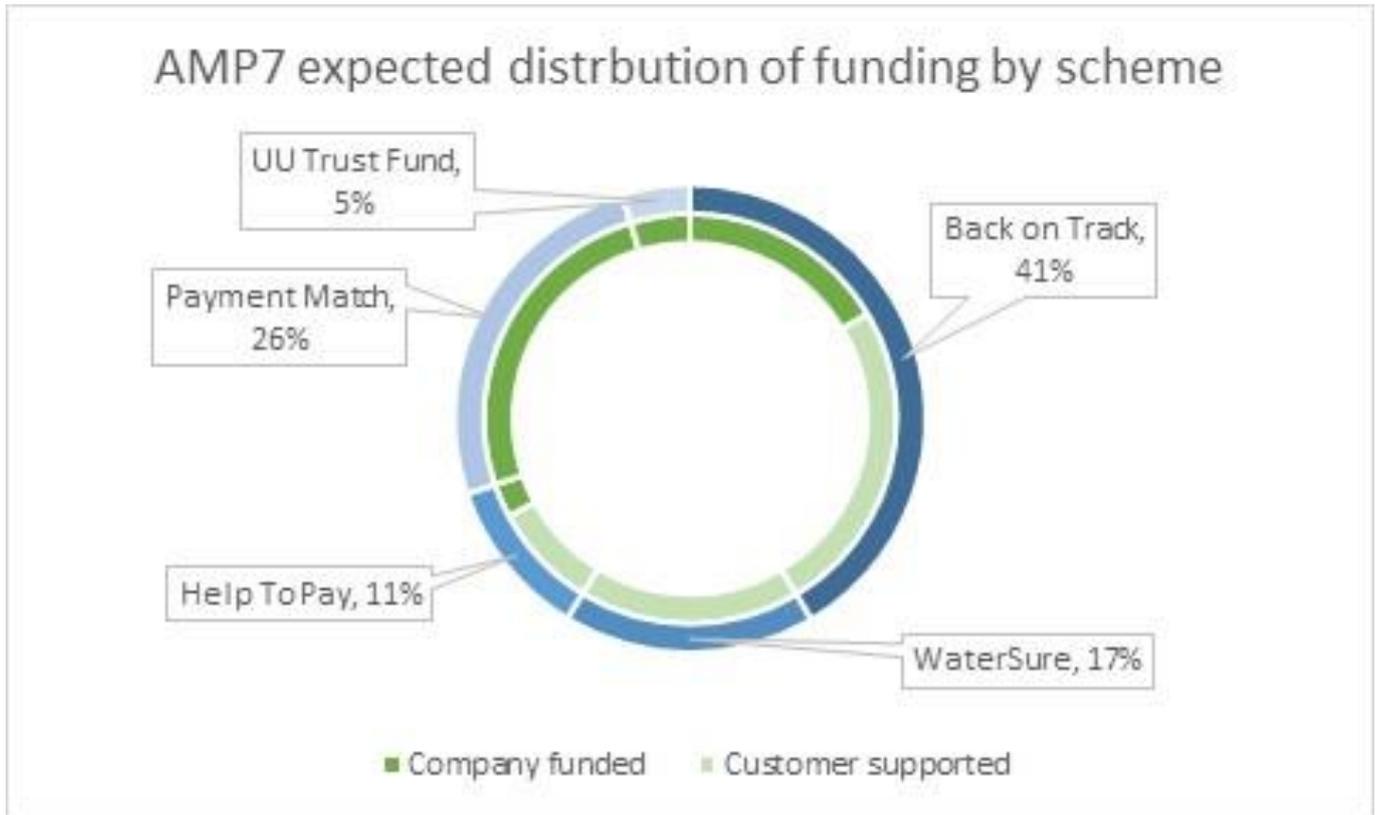
4.2.5 Underpinning our affordability offering for the current price control period is our £71 million commitment to provide company funded support through discounted tariffs and UU Trust Fund grants to individuals and families. We now expect that shareholder support will be at least £140 million during the period, helping customers out of debt and, even more importantly, avoiding customers from becoming indebted in the first place.

4.2.6 A further £140 million of customer support is available to customers from “social tariff schemes” which are delivered by UUW and recovered from wider customer contributions. Support from this source has been extended beyond our initial targets for AMP7 as we worked to enhance the offering to provide support during the COVID-19 pandemic. We have continued to maintain these enhancements in the post-pandemic period, and take up remains high. Taken together, this means that £280 million of

<sup>1</sup> Values reported using PR19 scheme definitions. Number of customers receiving payment matching is counted based on PR19 approach (ie: number of customers being helped on last day of financial year). PR24 measurement is based on number of customers helped during the year.

financial support is expected to be provided to North West households between 2020 and 2025. Figure 11 below shows how the funding is distributed by scheme.

*Figure 11 Expected distribution of funding by scheme.*



Source: United Utilities data

- 4.2.7 For AMP8 we will continue the core commitment to provide significant direct company funded support, the nature of this support will adapt to reflect the changing customer circumstances.
- 4.2.8 We work hard to promote affordability support to customers who might benefit, many of the customers supported only become aware of their eligibility because of our proactive approach to increasing awareness of schemes and our targeted communications approach.
- 4.2.9 We recognise that making financial support schemes available is only part of the task. Customers need to be aware of the schemes, aware of their eligibility for the schemes and persuaded that taking action to enrol will provide them with real benefit.
- 4.2.10 We are continuing to take our affordability support to our customer’s doorsteps via our award winning Town Action Planning programme designed specifically to engage with hard to reach customers. We also actively engage with customers via digital and written communications, through social media and via our customer website. We utilise data and insight provided by our Credit reference Agency (CRA) partner to target support customers where data indicates they may be having trouble paying some household bills. We also work with the DWP to proactively identify customers that qualify for a discounted tariff.

## 5. Understanding customers and communities

### 5.1 Engaging with our stakeholders

5.1.1 A central part of our strategy is to continuously improve our support to customers utilising community and social partnerships. Gaining insight from other organisations and those that work directly with people in vulnerable or financially stressed circumstances is crucial to improving the services that we offer. Working more closely with these groups' means we learn more about the challenges people on low incomes or in vulnerable circumstances face. It also means we can create combined service offers that effectively address customer issues we could not implement on our own.

#### The independent YourVoice Customer Affordability and Vulnerability Panel

- 5.1.2 In 2017 we first introduced an Independent Affordability and Vulnerability Panel to challenge and provide further insight into how best to engage customers in vulnerable circumstances. The Panel continues to act as a voice for those customers who have traditionally found it difficult to raise concerns. The Panel plays a key role in ensuring that we deliver leading services, and is also working with us to co-design new services and interventions. The Panel includes members of the North West Independent Challenge Group, YourVoice. During the latest business planning process the Panel has acted as a sub-group, feeding back on affordability and vulnerability matters to YourVoice.
- 5.1.3 Acting independently of United Utilities, the YourVoice Customer Affordability and Vulnerability panel has a focussed remit on how best United Utilities can engage and address customers in vulnerable circumstances, including those facing transient vulnerability and those facing affordability challenges. The panel currently comprises an independent chair and secretary, plus representatives from housing associations and a wide range of relevant groups as shown in Figure 12 below.

**Figure 12 Membership of the independent Customer Affordability and Vulnerability panel**

	An internationally acclaimed user charity delivering mobility and independent living services. Their aim is to support disabled people and people living with long-term health conditions.
	Salford Welfare Rights and Debt Advice Service provides free confidential and independent advice on debt problems.
	A leading mental health charity supporting millions of people each year.
	UK charity providing companionship, advice and support for older people who need it most.
	A charity working to reduce suicide through its confidential listening service, resources, campaigning and influence to policy.
	One of the largest UK energy companies. British Gas has achieved excellence in many areas in supporting vulnerable customers.
	Citizens Advice is a national charity providing free and impartial advice on peoples' rights and responsibilities.
	Macmillan Cancer Care help improve the lives of people living with cancer through medical, practical, emotional, financial and personal support.
	The Rural Services Network is a Special Interest Group of the Local Government Association. They are a membership organisation and work on behalf of our members as the national champion for rural services.
	Electricity North West is a British electricity distribution network operator, responsible for the administration and maintenance of the network that distributes electricity to the North West of England excluding Merseyside and parts of Cheshire.

## 5.2 Customer Research

- 5.2.1 We have engaged extensively with a wide range of customers and stakeholders, including debt advice groups, customer champions, and YourVoice our own ICG which includes a specific Affordability and Vulnerability panel to better understand how we can help address affordability challenges for low to middle-income households focusing on not only financial challenges but improving accessibility and awareness of the support available.
- 5.2.2 We've also commissioned specific affordability focused research designed to provide insight from hard to reach and rehabilitated customer groups. We conducted 60-minute interviews looking to understand participants' relationships with and approach to their finances and accessing support with paying bills, their experiences with and perceptions of United Utilities (including barriers and enablers to engagement), and their initial reactions to United Utilities' propositions.
- 5.2.3 We focused on three specific customer groups:

- (a) In debt - Customers who remain resistant to contact about collections management.
- (b) Engaged - Customers who have engaged with United Utilities about collections management.
- (c) At risk - Customers who may need to engage with United Utilities about collections management in the near future. These are defined as customers that are still maintaining payments with United Utilities, but are starting to show distress with other creditors (via credit reference agency data).

### Key insights

- (a) The research found that despite the support options and proactive communications provided by United Utilities, there is low awareness of United Utilities support amongst the disengaged and at risk customers surveyed. However, once made aware of the support United Utilities offers, reactions tend to be positive, in contrast to often negative experiences with other providers.
- (b) In accessing support, customers want to feel heard and not judged, to feel support is right for them, to feel some agency in the process, and to be able to easily access the support.
- (c) Customers, especially those currently in the 'at risk' category, often struggle to admit they need financial support, but will increasingly need it with prices rising. Focusing efforts on designing propositions with broad appeal, that are easily accessible and increasing customer awareness by promoting the support options available and delivering information using a communication method that suits the preferences of certain customers.
- (d) Our plans for AMP8 continue to build on our already industry leading affordability support. We shared details of activity we were considering with participants to gain their feedback on viability of the proposals. We value customer insight and the feedback they provided will inform the design of future support offerings.

## 5.3 Community Engagement

- 5.3.1 We have built extensive, ongoing partnerships with the local communities across the North West. Our Outreach team have built relationships with a wide range of organisation including charities, housing associations, Citizens Advice offices and other local debt advice groups. Through these engagements we share information about the range of help we can provide, learn more about how we can best reach those customers that need our help; and gain local advocates for our support schemes who can help increase awareness amongst their communities.
- 5.3.2 We have also built regional and national partnerships including membership of industry bodies with organisations such as MALG (Money Advice Liaison Group) and Institute of Money Management (IMA), gaining insight into cross sector best practice and exploring opportunities to work together across multiple sectors.

- 5.3.3 We've invested in dedicated Outreach activity for over a decade and it's been a real success, we've further invested in this area by adding in additional resource. The team now consists of an Outreach and Engagement Manager and Officer, both of these roles work to increase awareness across the third sector of what UUW can offer in terms of financial support to customers who are struggling to pay.
- 5.3.4 To ensure we could continue to reach communities and organisations that support vulnerable people during the pandemic we utilised MS teams and other online forums to engage with local authorities and DWP advice centres. Smaller events such as zoom coffee mornings and community online events were also attended, giving maximum coverage for customers. A range of visits to Children's Centres, Libraries, Social Supermarkets and Community Centres has resulted in additional engagement being booked in to talk to vulnerable customer groups.
- 5.3.5 To ensure organisations offering debt/financial advice remain up to date with the support we offer we regularly send bulk communications to organisations making them aware of the help available and any changes to the eligibility criteria that they need to be aware of. In April 2022 we shared the information about the expansion of our social tariff as part of our cost of living response with our outreach contacts which was received positively by recipients. We receive lots of positive feedback about the wide range of support available to customers and our outreach presentations to 3<sup>rd</sup> party organisations:

***"If the other utilities put in half of the effort that UU do we would be in a much better place".***

*Steve Cullen, Chief Officer, Citizens Advice Warrington and YourVoice panel member*

***"I was taken aback with all the support UU can offer"***

*Elaine Morgan, Principal Strategy Reform, Greater Manchester Combined Authority*

***"The team really enjoyed it and it's great to see just how much you offer customers, they couldn't ask for more"***

*Laura Beetham, Money Advice Triage Officer, Your Housing Group*

- 5.3.6 We've developed a data led approach to community engagement enabling us to target support to the areas of the region who need our help the most. A wide range of organisations have been engaged with focussing more on areas with high level of deprivation and organisations that support the most vulnerable of customers. From local authorities to smaller charitable organisations and organisations supporting customers with support into employment.
- 5.3.7 In the context of upward pressure on the cost of living we are also working with Local Authorities to directly engage at risk customers via community drop in events in response to the cost of living challenge. These events bring together housing providers, foodbanks, other utilities and debt advice groups to provide holistic financial support for financially at risk households.

## **5.4 Future plans to increase reach and engagement**

- 5.4.1 We recognise that access and awareness of the support available for customers is key to ensuring those customers who need our help the most receive it. CCW reiterated in their Affordability Review the importance of removing barriers such as lack of trust, a fear of form filling, low levels of literacy, language and disabilities which can all prevent customers accessing the support they need.
- 5.4.2 We will continue to working together with our network of support advice organisations and to utilise customer insight gained via research to develop solutions focused on improving the accessibility of support by making the customer journey of sourcing and applying for support simpler. Developing a deeper understanding of the diverse community which we serve will highlight the barriers to different communities in accessing support enabling us to tailor services and provide community focused support.
- 5.4.3 We are simplifying our holistic support offering under a new umbrella concept Water Without Worry which will encompass all affordability and vulnerability support offerings. The simplified branding will make engaging with UU to access support schemes, Priority Services, metering and water efficiency advice even easier helping aid customer recall.

- 5.4.4 We will introduce Community Champions who will be the link between UUW and the communities in which we serve. Our attendance at community events will further increase customer and organisational awareness of the support UUW has available, and through the provision of IT equipment will help digitally excluded customers access the help they need.
- 5.4.5 We also plan to tailor community engagement focusing on raising awareness of support available within our more diverse or vulnerable customer groups to identify those most in need. This will be supported through collaboration with organisations with proven experience in supporting diverse or vulnerable customers.
- 5.4.6 Embedding our team directly within communities through pop-up support hubs and attendance at community events will provide the opportunity for face to face customer engagement further increasing the awareness and accessibility of support.
- 5.4.7 Our Community Champions will be employees from across the business who care passionately about their local community and the role that UUW can play in supporting customers. We drive to enable our people to achieve great things in the communities we serve. By donating their time and energy, employees build relationships with community groups and charities, as well as contributing to projects that support the delivery of our sustainability strategy.
- 5.4.8 Integration of our Community Champions with local organisations may also open up opportunities for grant funding for dedicated resources in key organisations seeking to improve reach within certain communities.



## 6. Comprehensive affordability support options available

### 6.1 Support Tariffs

6.1.1 United Utilities has a comprehensive set of support tariffs. These are summarised in Table 1 below and then described in more detail.

**Table 1 Description of our tariffs that provide financial assistance as described to customers**

Tariff	Description
Back on Track support tariff	If you're finding it difficult to pay your bill and you're either receiving benefits or on a low income following a recent change in financial circumstances, we can help by putting you on a fixed charge, depending on your circumstances.
Help to Pay social tariff	If you are receiving Pension Credit and struggling to make payments, you can apply to have your bill capped at a more affordable amount based on your income and outgoings.
WaterSure	If you have a water meter and receive benefits, and use a lot of water due to certain health conditions or having a large family, our WaterSure scheme caps your annual bill at the average bill, regardless of how much water you use.

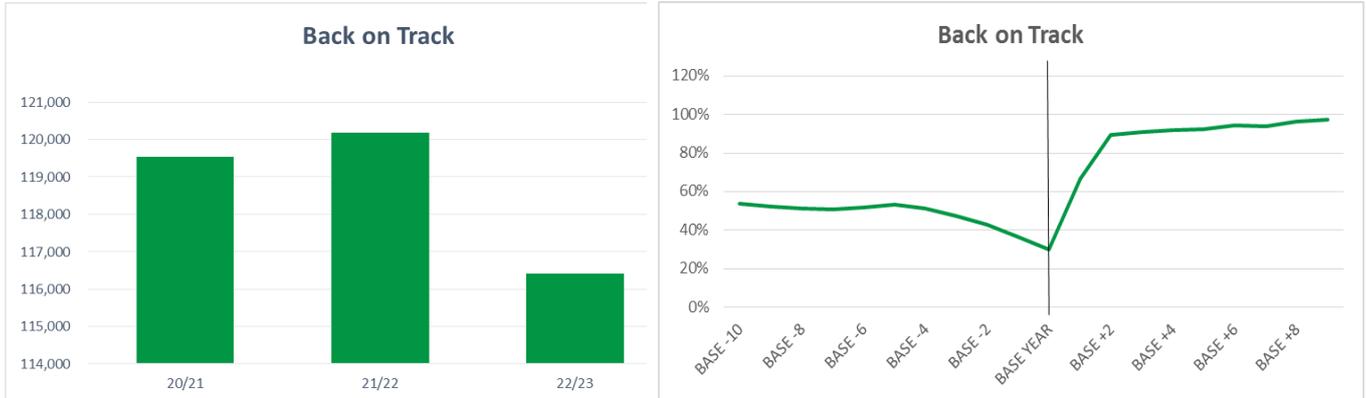
#### *United Utilities support tariffs*

##### **Back on Track Tariff**

- 6.1.2 This is our widest reaching tariff and is available to both unmeasured and measured customers and provides a capped bill based on a customer's household income level. The seven bands of the tariff range from £96 to £516 per year. In 2022 we extended the range of support by introducing a new "Band 0" tariff designed to support customers on very low incomes such as single customers under the age of 25 receiving Universal Credit. This recognised the financial challenges these specific customer groups face in making ends meet.
- 6.1.3 We have continued to promote our Back on Track and there are now over 116,000 (figure 14) customers on the tariff. We have seen strong sustained growth in the number of customers who have signed up to this tariff.
- 6.1.4 In 2020 we recognised the need to provide additional financial support to customers during the COVID-19 pandemic and were the first water company to secure regulatory approval for an extension to our social tariff, with an additional £15 million available to help keep customers out of debt. The eligibility for this tariff was extended to include customers who had been financially impacted by the COVID-19 pandemic and who either receive benefits or have a household income of less than £21,000 a year. The impact of extending the scheme resulted in an additional 75,000 customers to receive a more affordable bill through cross subsidy. This support was an addition to previously agreed social tariff support for low income pensioners.
- 6.1.5 Extending the eligibility of this tariff this highlighted the need for further support for customers on low incomes who were just about managing. The COVID-19 pandemic was an example of an event that triggered a change in a customer circumstance impacting their ability to keep up with their household bills. We have since gained customer approval to keep this extended support provision in order to provide lower bills for such customers in the future. The Back on Track tariff discount is funded through a combination of U UW and customer contributions. Crucial to the viability of this scheme is the long term benefits to cash received as compared to reduction in sales from imposing a capped tariff and reductions in cost to serve for these hard to engage customer groups. We are utilising a combination of

our own customer data coupled with previous payment performance data and household income information provided by our CRA partner, the DWP data share arrangement and CACI to help us target promotional activity.

**Figure 13 Growth in customers on Back on Track Tariff and their payment performance**



Source: United Utilities data

6.1.6 The SROI ratio, or ratio of benefits to costs for the Back on Track Scheme, is estimated to be £5.76.

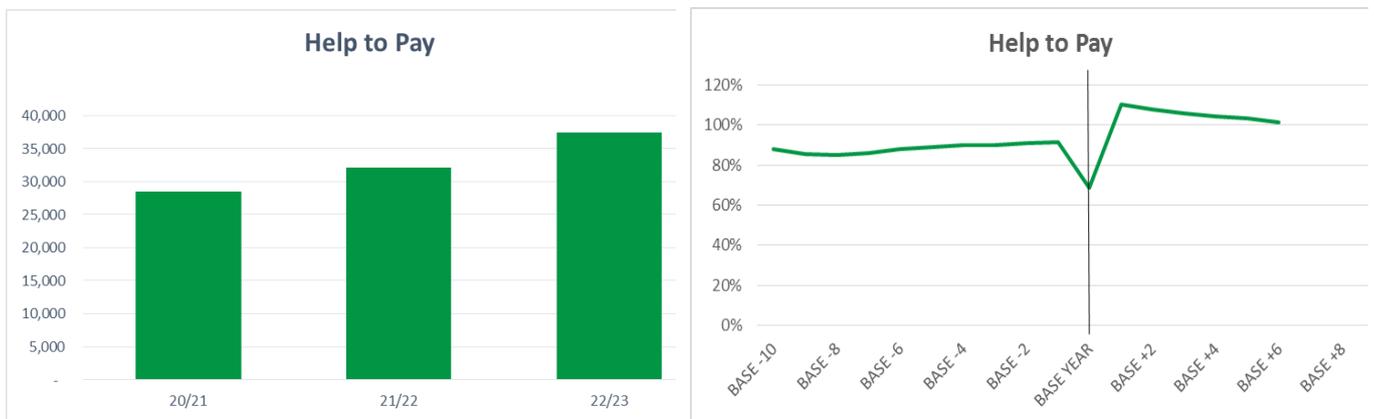
**Help to Pay Social Tariff**

6.1.7 The tariff is available to both unmeasured and measured customers and provides a capped bill to poor pensioners. For eligible customers in receipt of Pension Credit there are two tariff bands ranging from £270 to £384 per year. The tariff applied is determined dependent on a customer’s individual circumstances.

6.1.8 We launched our social tariff – the “Help to Pay” (HTP) scheme – on 1st April 2015. This followed two rounds of customer research to obtain the required level of support from customers for its introduction. The research concluded that customers were prepared to pay 43p per year of cross-subsidy provided it was used specifically to support poor pensioners. This was on the proviso that UU would also match the level of cross-subsidy from customers and fund the administration of the scheme.

6.1.9 We have continued to promote our Help to Pay tariff to customers and have utilised the new DWP data share arrangement successfully to proactively identify eligible customers enabling us to increase the number of customers on the tariff to over 37,000 as shown in figure 15.

**Figure 14 Growth in customers on Help to Pay tariff and their payment performance**



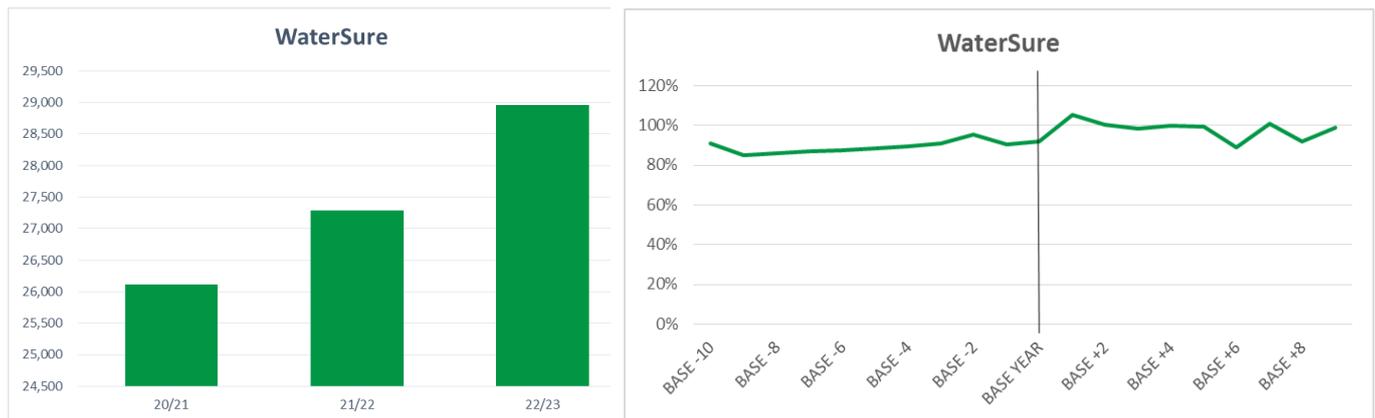
Source: United Utilities data

6.1.10 The SROI ratio, or ratio of benefits to costs for the Help to Pay Scheme, is estimated to be £5.03.

## WaterSure

- 6.1.11 The government mandated WaterSure scheme is designed to provide protection to low-income families (in receipt of means tested benefits) who have high consumption as a result of either a medical condition or family size and are on a measured basis of charge.
- 6.1.12 We continue to promote WaterSure during various customer interactions throughout our organisation and have over 28,000 (figure 16) customers on the tariff. In 2021 we started to include assessments for WaterSure eligibility in our single affordability assessment process. This ensures customers receive the lowest possible bill aligned to their personal circumstances. The volume of customers benefiting from the WaterSure tariff has continued to increase and we forecast continued growth in the number of customers on this tariff.

**Figure 15 Growth in customers on WaterSure Tariff and their payment performance**



Source: United Utilities data

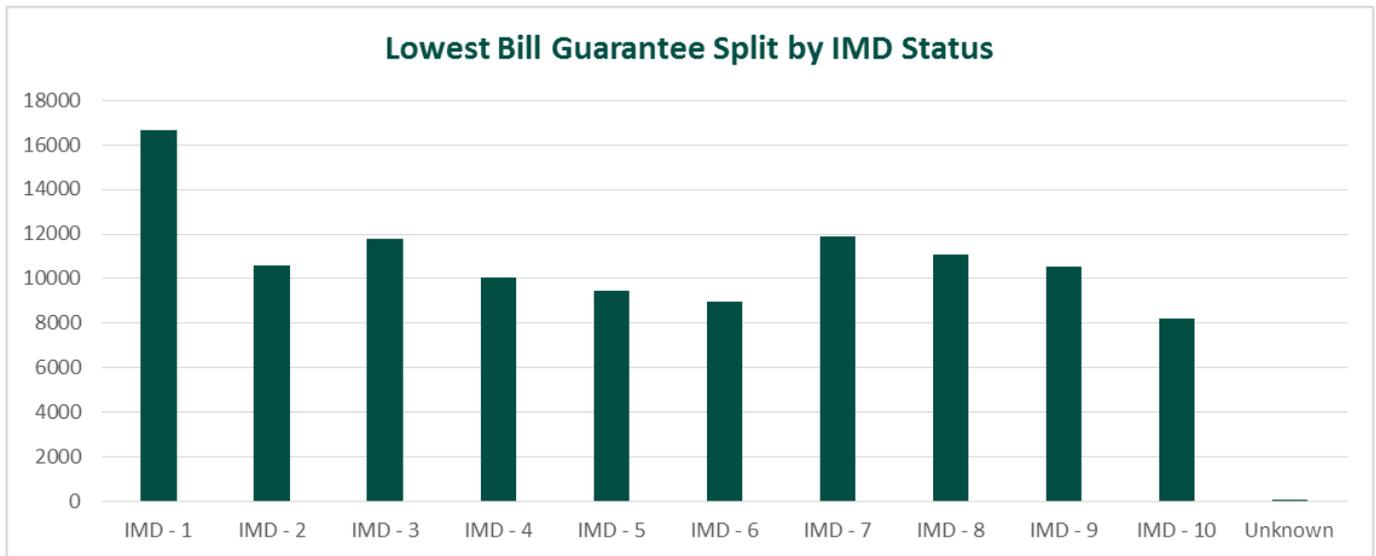
- 6.1.13 In AMP8 we will be trialling a **WaterSure Plus scheme** which is an extension to the current Government legislated WaterSure scheme maximising support for customers. WaterSure Plus will extend eligibility to those customers on a meter with medical conditions or a large family to include low income customers in receipt of Disability Living Allowance, Personal Independence Payment or Attendance Allowance. These non means tested benefits provide help with extra living costs to people who have a long-term physical or mental health condition or disability who experience difficulty doing certain everyday tasks or getting around because of their condition.
- 6.1.14 Introducing WaterSure Plus as part of our social tariff offering will extend the reach of the scheme to include other low income customers groups who need to use lots of water due to factors such as having a water dependent medical condition or large family.

## Lowest Bill Guarantee

- 6.1.15 In September 2020 we formally launched our new Price Promise scheme known as Lowest Bill Guarantee. This was part of delivering on our PR19 commitment to do more to support customers with affordability issues.
- 6.1.16 This is a new offer aimed at unmeasured customers that would likely benefit if they moved onto metered charges but who may need more certainty about the impact on their bills before they can commit to a switch. The guarantee makes a promise to customers that, if they elect to take up a Free Meter Option (FMO), we will monitor their charges, and will charge them the lesser of their new measured charge or their old rateable value based unmeasured charge. This two year commitment goes much further than existing “right to revert” schemes widely available across the industry, where customers can choose to go back to unmetered charges after one or two years, but are still liable for higher charges during the period that they have a meter.
- 6.1.17 The scheme has been developed in direct response to customer research which indicated that one of the biggest barriers for customers taking up an FMO is the fear of larger future charges. By introducing a

way for customers to have clarity on future charges we hope to help them overcome this loss aversion, nudging them into a choice which is better for their household, and thereby open up metered charging to a larger group of customers. The initial results have shown customers who have opted to have a meter installed are realising significant savings. As Figure 16 shows, since the scheme was launched 109,000 customers have joined our Price Promise LBG scheme saving them over £29 million when compared to their original RV bill. A higher proportion of customers are in the lowest deprivation decile (IMD 1) compared to other deciles.

**Figure 16 Volume of customers on Lowest Bill Guarantee scheme and split by IMD status**



Source: United Utilities data and Indices of Multiple Deprivation

**Table 2 LBG scheme**

IMD status	Volume of customers
Customers on LBG Scheme since 2020	109,201
Active on the Scheme	75,874
Completed scheme/No longer Qualify	33,327

- 6.1.18 Following the success of our current LBG scheme and to increase the volume of customers applying who could benefit from a meter we plan on expanding our offering. This will include an open Lowest Bill Guarantee targeted at low usage low income customers in receipt of means tested benefits. These customers may be reluctant to move to a water meter as they prefer the certainty of a fixed bill and knowing exactly what they will pay regardless of their usage.
- 6.1.19 Where the company is confident that the installation of a water meter would result in a significantly lower bill for the customer we will offer an enhanced Price Promise meaning that, as long as you’re receiving means tested benefits we’ll continue to offer you our lowest bill guarantee for as long as you need our support. The longer term guarantee will remain in place until a change in circumstance (no longer on benefits/improvement in financial circumstances) means there is a reason to review the guarantee level. Example promotional material is shown in Figure 17.

Figure 17 Illustration of literature for enhance Lowest Bill Guarantee Scheme

**Lowest bill guaranteed... for life!**

Switch to a water meter and we'll make sure your bill is the lowest it can be for as long as you need our support.

**United Utilities**

**Water for the North West**

**A flexible bill for as long as you need it**

We believe you could lower your water bill with a meter. Most customers who switch save at least £100 compared to their existing bill. However, some customers avoid switching as they prefer the certainty of a fixed bill and knowing exactly what they will pay regardless of usage.

The good news is, when you switch to a meter we offer a lowest bill guarantee. Our Price Promise means you won't pay more than your fixed bill regardless of the amount of water you use. That's because we always check your water use against your existing fixed bill and charge you the lower amount.

Normally, we only provide this guarantee for two years. However, we really want more customers on low incomes to give meters a try which is why we want to offer you our lowest bill guarantee for life.

In simple terms it means that, as long as you're receiving means tested benefits\* we'll continue to offer you our lowest bill guarantee for as long as you need our support.

To find out more, give us a call on [TEL]. We can also arrange a convenient date to fit your meter so you can start making a saving straight away.

And don't worry, we'll never recommend you switch to a meter unless we're confident you will make a saving.

**Don't miss out on this very special offer – call [TEL] today!**

\*To be eligible for our 'lowest bill guarantee for life' scheme you need to be in receipt of one of the following means tested benefits: BENEFIT NAMES. Visit [unitedutilities.com/LBG-for-life](http://unitedutilities.com/LBG-for-life) for further details and full eligibility criteria.

**United Utilities** **Water without worry**

Water for the North West

04/23/SD/100204

Source: United Utilities publicity material

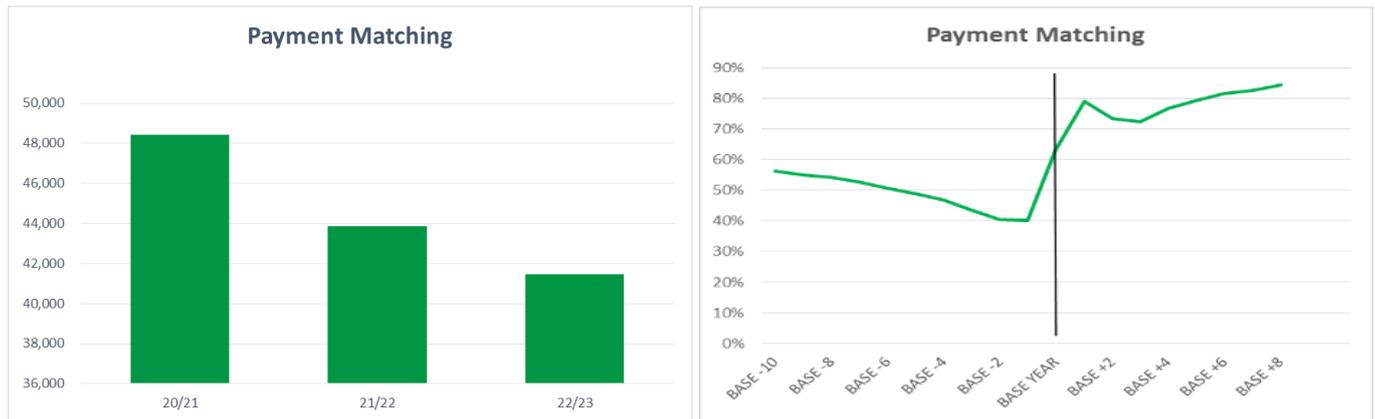
- 6.1.20 The introduction of this new scheme aligns with a recommendation made by CCW in its Affordability review which recommended that for customers in financial difficulties, water companies should offer a longer term lowest bill guarantee for low income, low usage customers who may be reluctant to move to a water meter.
- 6.1.21 Offering a longer term assurance will also move to address concerns amongst housing providers who can be reluctant to install meters due to changes in household composition that can occur as a result of change of tenancies resulting in potentially higher bills for customers than the original RV based bill.

## 6.2 Accelerated arrears clearance support

- 6.2.1 Where customers have fallen into arrears, United Utilities offers payment matching and bursary schemes to help them back into credit. We provide more details of these below.

### Payment matching scheme

- 6.2.2 The payment matching scheme was introduced to provide customers who had built up substantial arrears an opportunity to rehabilitate their payments. Once on the scheme, for every pound a customer pays UU matches this for the first 12 months of payments. Thereafter, UU double matches each pound paid by a customer on the scheme until their arrears are clear. This scheme is funded entirely by UU. Over the course of AMP7 we'll provide over £78 million of financial support through payment matching.
- 6.2.3 We utilise nudge techniques to keep customers engaged with the scheme. We send customer's pre-emptive text messages prior to a payment being due and are sending more regular communications showing them the value of payments we've matched and how their balance is reducing contribute to the strong sustainability of this scheme. We promote the scheme extensively to customers. Since 2016 we've helped over 83,000 customers become water debt free and we believe this to be one of the largest re-start schemes in the sector.

**Figure 18 Growth in customers paying via our Payment Matching Scheme and their payment performance**

Source: United Utilities data

6.2.4 The SROI ratio, or ratio of benefits to costs for the Payment matching Scheme, is estimated to be £8.32.

6.2.5 It is clear from the Figure 18 above, that the payment matching scheme is extremely effective in encouraging customers to pay off their debts to UUW. This is as a result of the intensive and proactive communication processes we use to encourage customers to stay on track. We also match their payments every 40 days recognising that positive re-enforcement of progress via well done communications encourages ongoing payment. The volume of customers on the scheme has reduced in line with our bad debt improvement and strategy to engage and support customers early in the debt cycle preventing the build-up of arrears.

*“I have never been caught up with a utility bill since I couldn't work due to epilepsy, I was really stressed and anxious all the time as I owed a lot of money! Thanks to the scheme I am now out of debt completely for water and it gave me the strength to ask for help with my rent arrears so we are now out of debt with rent too! Just electricity to go so thank you”*

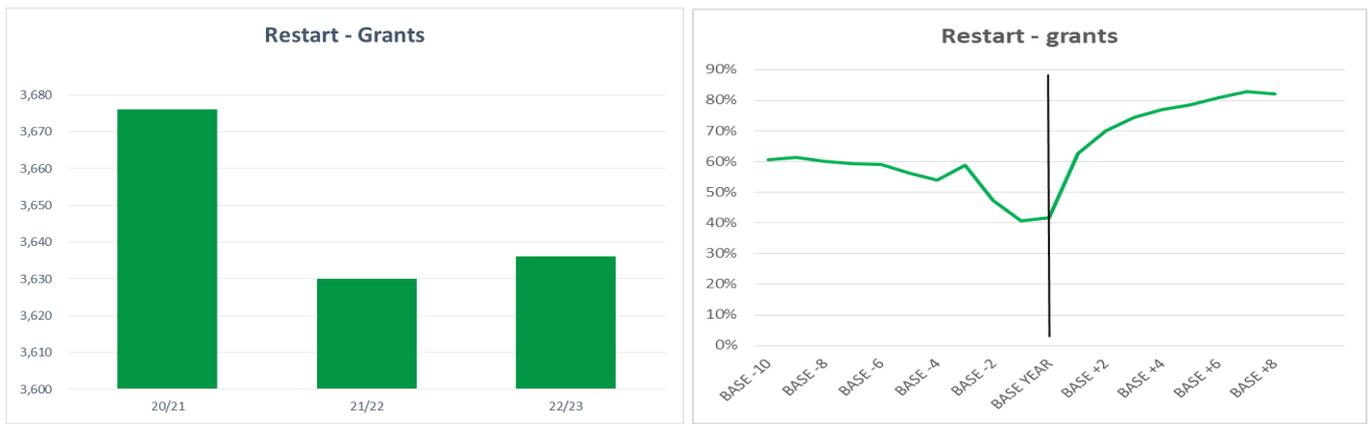
*“What a brilliant scheme. I had avoided paying the bill for ages, and had become worried about debt collectors. I knew I had to face up to it, so, 1 morning I made the call and wish I had done it sooner. Staff were great and really helpful, they didn't judge me and offered me this scheme, where United Utilities matched my payments. I saw my bill reducing each month, which gave me the incentive to keep paying it. This is a fantastic scheme and helped me greatly. It was paid off in just over a year. United Utilities.....you have great staff. Thank you, I can now sleep better at night”*

#### Customer Feedback

#### Bursary schemes to help clear arrears

- 6.2.6 The United Utilities Trust Fund is an independently registered charity, providing grants to customers who face affordability and debt issues. Administered by a board of trustees, the UUTF pays off outstanding debts to both UU and other creditors.
- 6.2.7 We introduced the UUTF in 2005/06 and so far have donated c£78.7 million to it. To date, the UUTF has helped over 71,000 customers by providing them with grants to help pay off arrears that they had accrued on their water and wastewater account. The total value of the grants provided is £59.3 million, with an average grant value of £830. The provision of these grants is having a very positive impact on rehabilitating future payment levels from those customers helped.

**Figure 19 Payment performance for customers who have received a UUTF Grant**



Source: United Utilities data

- 6.2.8 The SROI ratio, or ratio of benefits to costs for the UUTF, is estimated to be £3.59.
- 6.2.9 As demonstrated in figure 20, typically, a customer who is helped by the UUTF pays approximately 40 per cent of their charges in the year leading up to the grant. After receiving help their payment rate increases to between 70 per cent and 80 per cent and our records show that this is maintained even when a customer applied to the UUTF 11 years ago.
- 6.2.10 We work extremely closely with the UUTF administrators and are quick in following up the award of a grant. In addition to supporting customers with clearance of their arrears we also assess their eligibility for a lower bill tariff, this ensure they are on the lowest possible tariff for their on-going charges.

**Case Study – UU Trust fund grant awarded**

Mr O is 59, he lives alone and is in receipt of Disability Living Allowances, mobility and care. An application was completed by Mr O’s daughter following a conversation with United Utilities.

Mr O is suffering from an extremely rare and advanced form of dementia. Although he has displayed symptoms for the past ten years he has only recently received a diagnosis, mainly due to his young age. Over the past three years he has lost the ability to swallow and in recent months his mobility has been significantly impaired. Mr O is also incontinent and has significant care needs.

His daughter explains that Mr O previously had his own business and was very well liked and sociable, but over the past few years he has socially isolated himself and does not have any contact with friends or family apart from herself and her sister. Mr O initially refused any support. However, he is now engaging with various agencies led by social services and will soon be moving into a property suited to his care needs.

Following advice from the Trust Fund the family will be applying for a personal benefit for Mr O.

Upon notification of the grant, his daughter called to offer her sincere thanks and praise to both UU and the Trust Fund for their kindness and support during a very difficult time.

**6.3 Flexible ways to pay**

6.3.1 We are committed to ensuring that customers have the maximum range of flexible ways to pay their bill as possible. We set out below the range of schemes we offer.

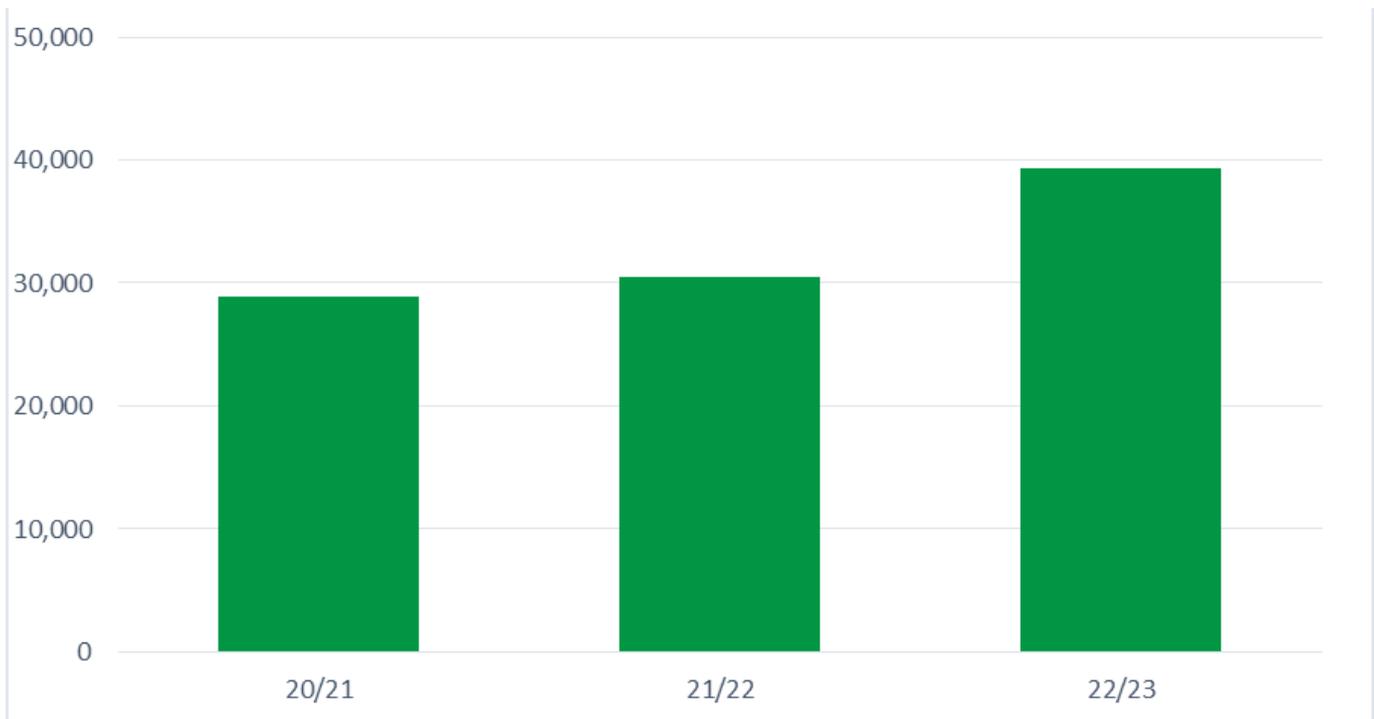
**Water Direct payments**

6.3.2 This is a payment method whereby customers in receipt of certain qualifying benefits can pay their ongoing water charges and a contribution to their arrears, directly to UU, before they receive their benefit payment from the DWP. UU actively promotes the DWP ‘Water Direct’ scheme and has

“The payment methods are good. You have to be flexible because at the moment, especially after COVID, people can’t guarantee a steady income”  
**Male, Merseyside, Potential Qualifier**

maintained a consistent volume of customers paying by this method in recent years as shown in Figure 20.

**Figure 20 Number of customers paying via Water Direct**



Source: United Utilities Data

- 6.3.3 We now have circa 39,000 customers on this payment method. We adhere to the DWP “Joint statement of intent” protocol and make active use of both customer applications (customer consented) and proactive supplier applications (unconsented – after a customer has two failed payment arrangements and threat of court action).
- 6.3.4 We have built up strong working relationships with DWP offices. It is clear that many of the DWP processing offices face challenging times concerning the level of resource available to process applications and the general “flux” and changes that happen on regular basis to the work carried out at each office. The introduction and subsequent migration of customers onto Universal Credit (UC) provides challenges in respect of third party deductions. This is mainly due to way in which UC benefits are calculated meaning customers UC payments can vary month on month on occasions resulting in no payment being made to creditors.
- 6.3.5 We continually strive to improve our successful application rate for “proactive” DWP supplier applications through extensive modelling and profiling work undertaken by our predictive analytics team. These applications are made to the DWP for deductions from benefits when a customer has failed to engage with UU throughout the collections process, using a mixture of internally captured data and the data provided from Credit Reference Agencies. The increase we have achieved in the application acceptance rate demonstrates that we are more effectively targeting the right accounts to send to DWP offices for processing, improving efficiency and reducing costs for both UU and DWP.

### Flexible Payment Plans

- 6.3.6 Offering tailored payment plans to suit all of customers’ individual circumstances plays a vital role in supporting low to middle income households avoid falling into debt in the first place. DWP Family Resource Survey data shows that 83% of households in the North West with no savings are low income households (gross weekly income less than £1,000), so avoiding bill shocks and providing structured payment plans can do a lot to help households manage budgets.

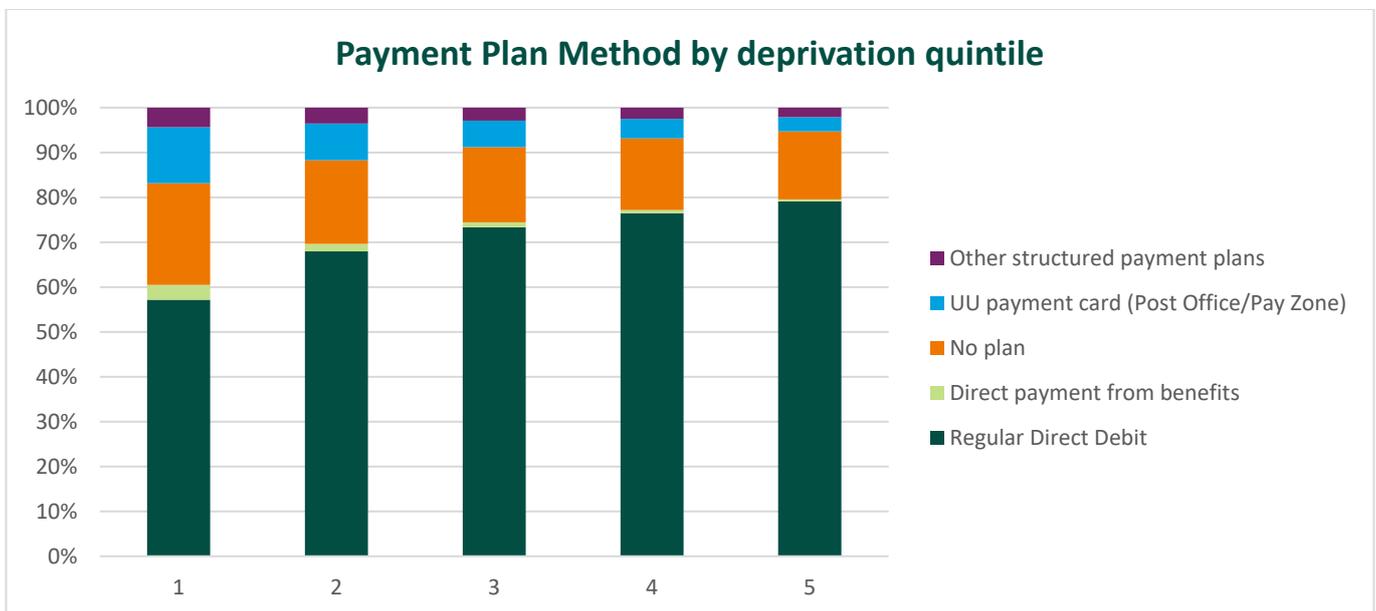
6.3.7 We offer a wide range of payment methods which offer flexibility and ease of use, a particular area of focus for us has been to promote Direct Debit. We believe that we have one of the highest Direct Debit penetration rates in the sector at c72% (table 3), and offer the widest range of payment day options (any day of the working week, weekly, fortnightly, four weekly, bi-annually, annually or on demand).

**Table 3 Volume of customers by plan method type**

Plan Method	Number of Customer (April 2023)	% of Customer (April 2023)
Direct Debit	2,271,238	72%
Payment Card (OTC)	154,860	5%
DWP - Water Direct	41,564	1%
Other Plan Types	121,485	4%
No Plan	575,371	18%

Source: United Utilities data

**Figure 21 Payment plan method by IMD level**

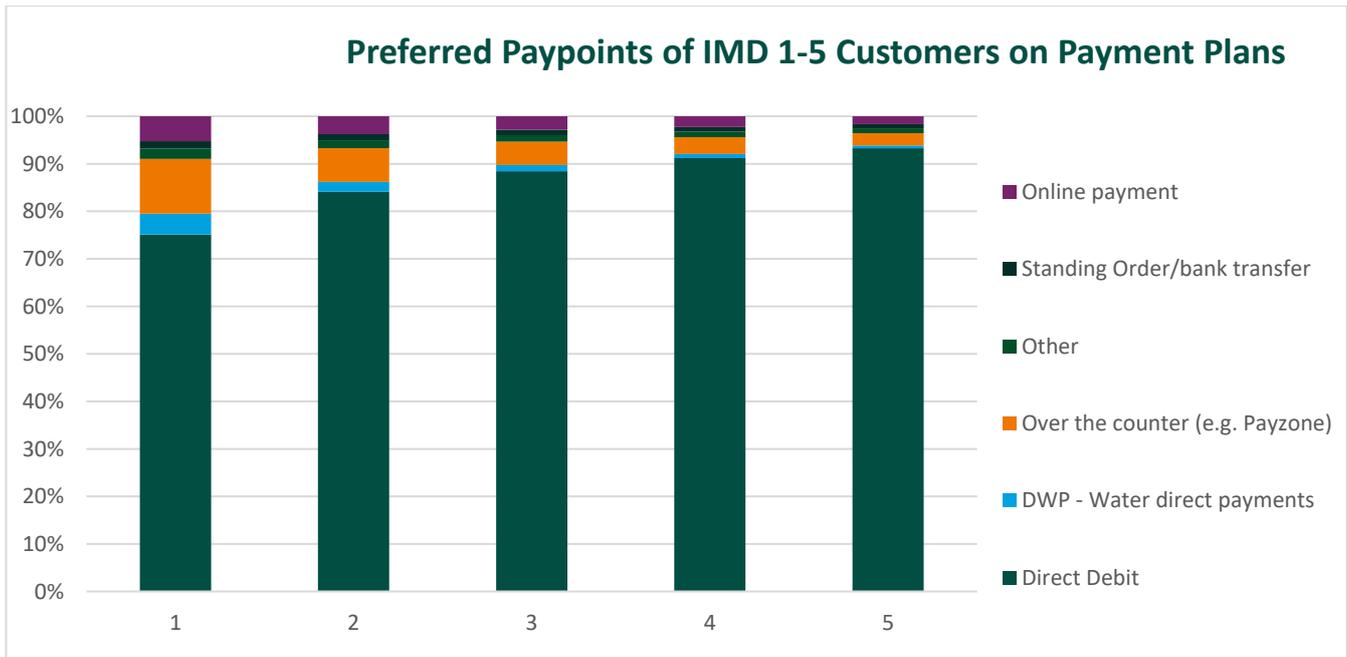


Source: United Utilities data and Indices of Multiple Deprivation

6.3.8 As Figure 21 demonstrates, many customers who face affordability challenges benefit from our flexible payment options with a higher variety of payment options being utilised for those customers in the lowest quintile (1) of derived areas. Payment cards can be used to make payments at a range of outlets, free of charge at any Post Office or Paypoint outlet. We’ve recently expanded our payment network through the inclusion of Paypoint outlets making it even easier for customers to make payments at a time, location, and frequency that is convenient for them. Whilst the payment card option is more expensive for UU to process than other payment methods, we continue to provide it free of charge to customers and customer feedback on this option is very positive.

6.3.9 To help non-DD customers remember to pay, we offer a reminder SMS message service which is sent ahead of a payment due date. This message contains a link to both our Automated Payment Line and our website for customers to make a payment. We also provide a number for the customer to call us to make a payment to an agent over the phone.

Figure 22 Customer payment type by IMD level



Source: United Utilities data and Indices of Multiple Deprivation

- 6.3.10 As Figure 22 shows, it is clear that having a diverse range of payment methods and frequencies available for customers is key. Different demographic segments of our customer base use differing types of payment methods. Customers in the lowest quintile (1) of deprivation access more flexible payment methods such as over the counter outlets (Payzone, Post Office etc.) and digital payment methods (Website/UUApp) to a much larger degree than other more affluent segments. Customers tell us this is because whilst Direct Debit mandates offer convenience they also take away financial control from households managing to tight budgets.
- 6.3.11 Combining a wide range of payment methods along with complete flexibility of payment frequencies (weekly, fortnightly, 10 monthly, 12 monthly, and four weekly payments) means that we are able to easily match a payment frequency to customers’ income patterns. For many customers this makes it easier to manage household finances.
- 6.3.12 In 2024 we’re expanding our range of payment options to make use of emerging technology providing customers with the option to pay by continuous card payments, this payment method will offer the same flexibility in terms of payment date and frequency as our other payment methods. This payment method is often preferential to low income families as it puts them in control of their payments when compared to direct debit.
- 6.3.13 We’re also developing the capability for customers to save their card details making it easier to make payment in the future and are expanding our payment types to include an option to pay via Wallet Pay (Apple & Google pay).

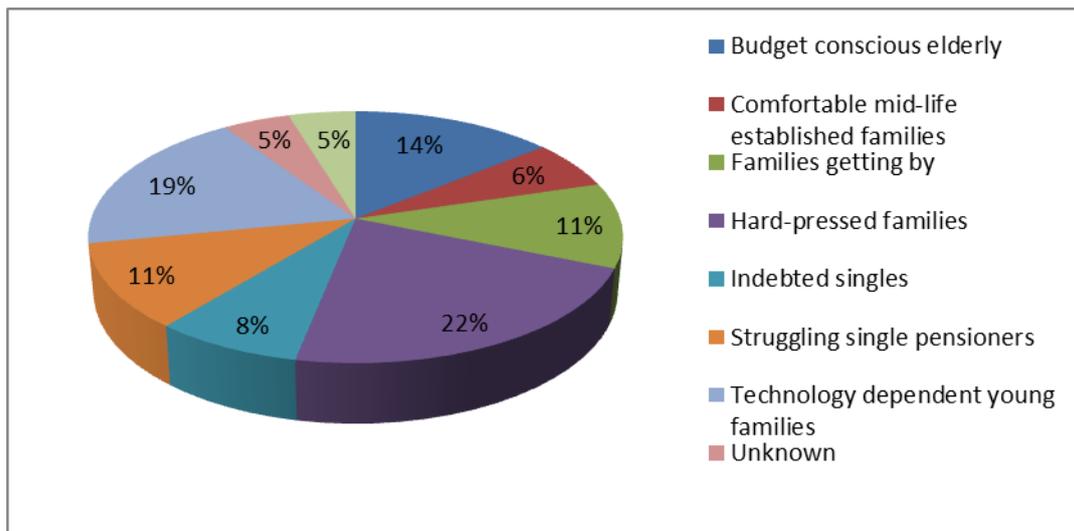
**Pay As You Go - flexible payment plan**

6.3.14 In June 2021 CCW published an Affordability report in which it made a number of recommendations on ways water companies could further improve the support they give to customers. One recommendation was that customers should be given greater choice and control over how they pay their water bill.

6.3.15 In September 2021 we launched a new digital payment plan which gives customers more flexibility over how and when they make their payments. *PayAsUGo* gives customers the option to pay at whatever frequency suits their personal circumstances as long as they meet the agreed payment milestones as shown on their payment schedule. This new plan was designed to support customers with a fluctuating household income, such as our self-employed customers or those on zero hour contracts.



**Figure 23 Percentage of customers on a PayAsUGo payment plan by customer segment**



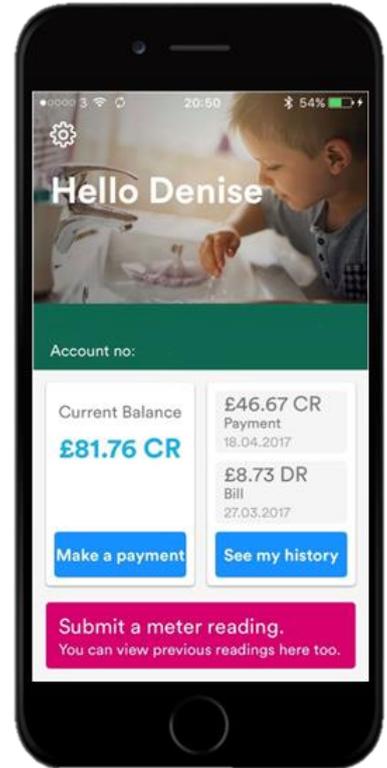
Source: United Utilities data

6.3.16 We’re promoting our PayAsUGo plan as a payment support option that can help “Just About Managing” customers who may be struggling financially but don’t quite meet the requirements to qualify for our financial support schemes, or customers with unstable income levels who would benefit from paying in bitesize chunks at a frequency that suits them. As figure 25 suggests, customers that are more financially vulnerable require this flexible approach to paying.

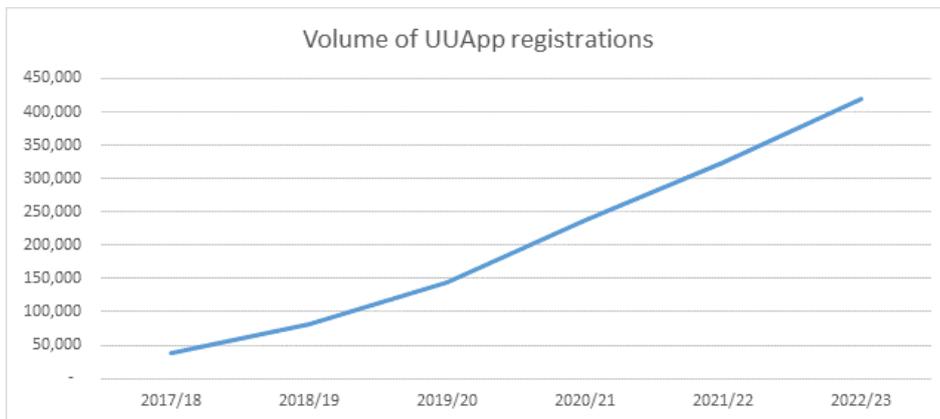
6.3.17 We’ve run a number of targeted campaigns on social media boosting posts to customer segments more likely to be self-employed, work in employment sectors where zero hour contracts are more widely used or live in areas of the North West where employment can be more seasonal.

**Mobile App**

- 6.3.18 In 2017 we were the first UK water company to introduce a fully functional mobile app for customers.
- 6.3.19 The app is available to download, providing customers with access to manage their water account easily and effectively, even when on the go. Functionality enables customers to make a payment, view account details, submit a meter reading and report a problem if they spot a leak or are experiencing a supply issue. So far over 419,054 customers have downloaded the app. As shown in Figure 24 below, we saw accelerated growth through the COVID-19 pandemic as customer explored self-service options to help manage their account.

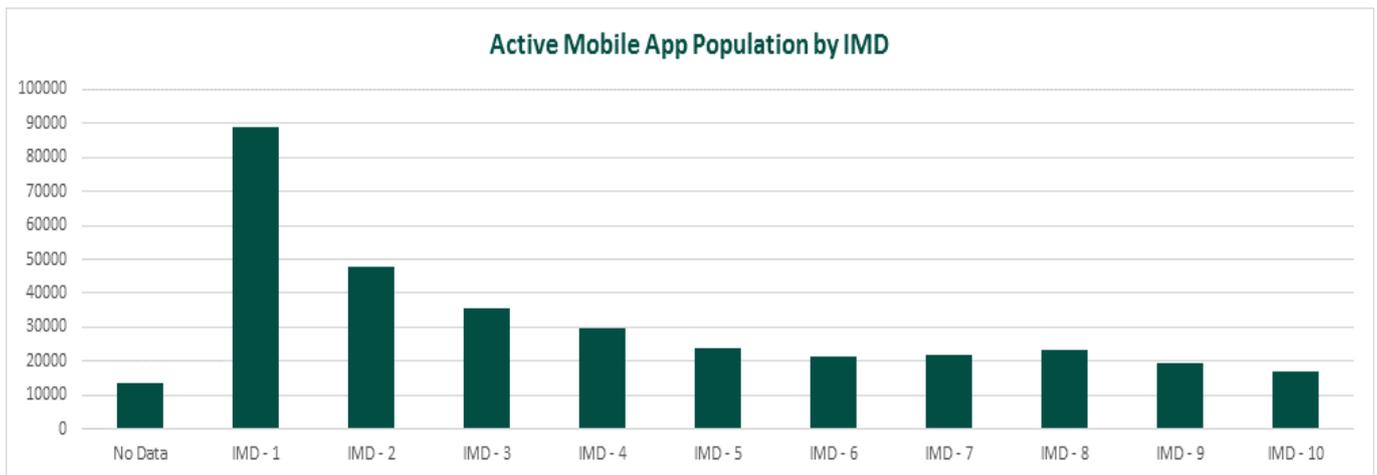


**Figure 24 Growth in volume of customers registered for the UU App**



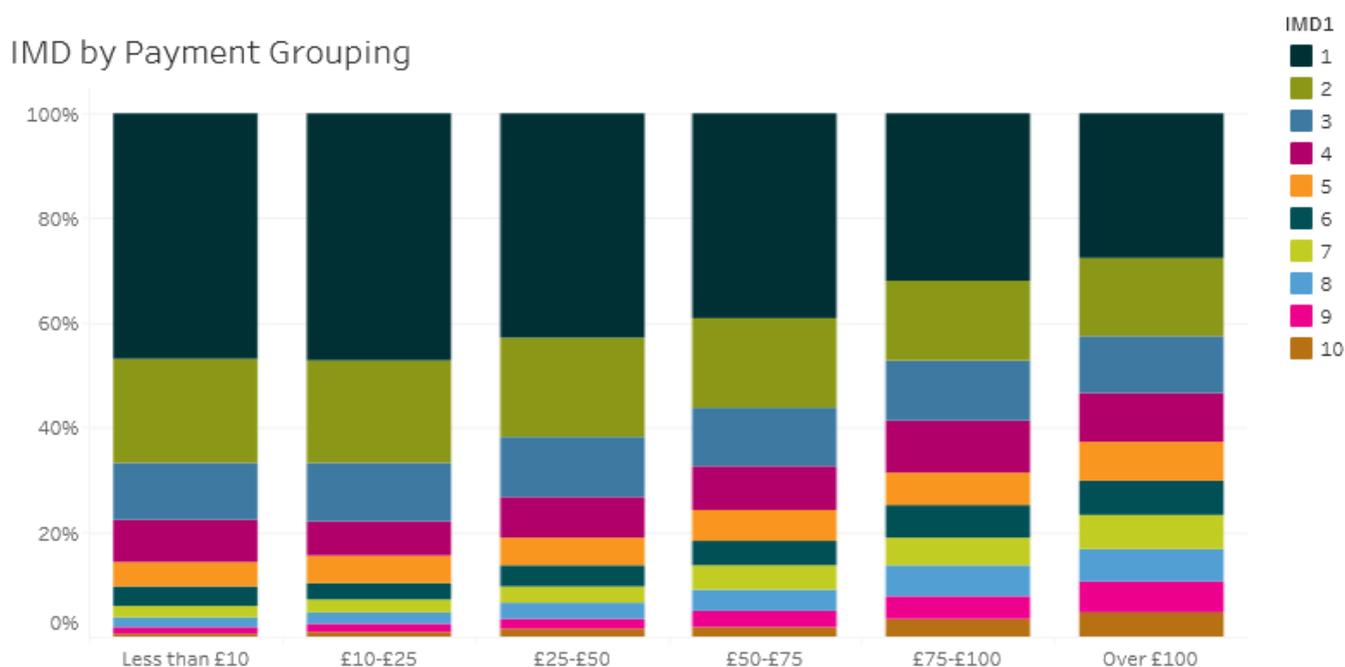
- 6.3.20 The predominant users of the app are the most deprived (IMD 1) customers, as shown in Figure 25 below. The app offers payment flexibility by enabling customers to make smaller, more frequent payments and upload meter reads to generate more frequent bills to help budget for their payments.

**Figure 25 Volume of customers registered for the UUApp by IMD**



Source: United Utilities data

- 6.3.21 Figure 26 below shows that users in the most deprived decile tend to use the app to make more frequent, lower value payments than other users.

**Figure 26 Value of App payments by IMD**

Source: United Utilities data

### Payment Breaks

- 6.3.22** We currently offer payment breaks as a key support option for helping customers to manage short-term financial pressures. Introduced initially in 2017 to help customers manage the transition onto Universal Credit we have been steadily increasing the flexibility and accessibility of the Payment Break offer to enable more customers to benefit from it.
- 6.3.23** Similar to schemes that already exist in the financial services sector, a payment break offers customers the option of delaying bill payments for a short period to help them manage through a financial shock. Examples of the types of life events that might merit a payment break include loss of a job, unexpected household repair bill or even maternity pay ending a month or two before the planned return to work date. These type of events can put large, but temporary stress on household budgets. Through offering a payment break, a customer can avoid falling into debt and establish an affordable payment plan for the future.
- 6.3.24** Our payment break scheme was particularly effective during the COVID-19 pandemic. We extended the scope of the scheme enabling all customers who identified as struggling to pay to access breathing space by deferring payments for up to 3 months.
- 6.3.25** At the height of the pandemic, by September 2020 we'd received 8,000 requests for a payment break or payment plan deferral. Customers re-engaged positively when their payment break ended as shown by a high percentage of customers having an active plan in place at the end of the break period.
- 6.3.26** The option of a payment break is an important part of our early intervention strategy which proactively engages with those customers showing warning signs of struggling to pay and potentially slipping into debt. We know that once customers fall behind on their payments it can be hard to catch up again, and payment breaks may be an appropriate preventative measure for many customers.

## 7. Other customer propositions

7.1.1 In addition to the schemes and tariff approaches already mentioned, we provide a range of adjacent customer propositions which help customers who need extra help to overcome affordability and/or vulnerability challenges.

### Water Meters – Love Meters/Trust Meters

7.1.2 Meter penetration within our company supply area is currently around 48 per cent for households and 91 per cent for non-households. This is lower than for many other UK water companies. However, unlike many companies in the East and South of England we are not located in an ‘area of serious water stress’, meaning that we are legally unable to implement compulsory metering. Billing can only occur on a meter where customers opt for this, or where a customer has moved into a property with a meter installed.

7.1.3 Our current metering strategy focuses on maximising meter penetration (60% of households by end of AMP8) and customer engagement through communication. Campaigns play a key role in encouraging customers to save money through converting to a measured bill as well as continuing the promotion of our Lowest Bill Guarantee (LBG) incentive.

7.1.4 We’ve run targeted and personalised campaigns, for example “**Cheaper on a meter**” was designed specifically to encourage customers over 50 to switch to a meter.

7.1.5 We worked hard to dispel myths regarding water meters that can discourage customers who would benefit from applying for a meter. We encourage customers with more bedrooms than people to use our online calculator designed specifically to help customers see if a meter would be suitable for them.

7.1.6 Our website contains a video recorded in conjunction with CCW, case studies based on lived experiences and common FAQs designed to provide insight and assurance to customers relating to meters.

7.1.7 Informing customers how much they could save by switching to a meter helps encourage customers to apply knowing they are protected by our LBG price promise. For rateable value bill payers we illustrate personalised potential savings via a graphic on their bill showing the range of bill levels different household sizes could expect to pay through a metered tariff. This can help customers based on fixed tariffs compare their actual bill size with a similar household when on a meter.

7.1.8 We recognise that one of the barriers to switching to a meter is the worry that if customers experience a leak then they will be liable for those charges. Our Leakage Code of Practice offers customers assurances against this worry through the provision of an allowance for an internal leak and an allowance for an external leak.



### Enhanced metering

- 7.1.9 In order to support customers with lower bills and help them understand their water consumption we are rolling out an enhanced metering programme in areas of low meter penetration and high likelihood customers will save money when compared to their RV based bill.
- 7.1.10 Enhanced metering uses the lowest bill guarantee capability to provide customers with the lowest bill and informs bill messaging enabling customer to compare their measured and unmeasured charges nudging them to save money.

### Water Efficiency

- 7.1.11 We are delivering customer-centric marketing approaches to encourage self-help activity that can save customers money.
- 7.1.12 For example, traditional messaging on water efficiency might stress the benefits to the environment. However, our research has shown that customers respond far more actively to water efficiency messages when water saving measures are presented as an aid to managing their water bill. An example of such messaging is shown in Figure 27 below.

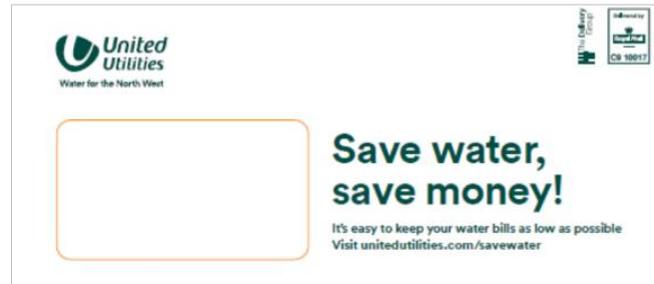
**Figure 27: Use of water bill savings as a driver of water efficiency messaging**



- 7.1.13 In the North West context, we have innovated further this year to highlight the link between water efficiency and energy efficiency, noting that heating hot water is an important driver of energy bills. Crucially, this has helped persuade customers to save water and realise cost savings whether or not they have a water meter installed; using less hot water saves money, regardless of whether the water supply is metered.
- 7.1.14 We target water efficiency interventions using household income, occupancy and consumption data, we utilise continuous flow alerts to identify instances of high consumption/leaks at lower income properties as a way to help lower water and energy costs. We include water efficiency messaging on envelopes and collection letters signposting our new Get Water Fit platform. For customers with affordability challenges we offer specialist home visits, helping resolve supply issues and recommending water efficiency devices.
- 7.1.15 We've partnered with Cenergist and completed over 20,000 visits' since 2019. Insight from these visits told us that 90% of customer side leaks are internal to the home of which 76% are leaking toilets. We've used this insight to refine messaging to customers when we receive leak alerts from our Automated Meter Read water meters and provide targeted messages to customers telling them they have a leak likely from their toilet and provided leaky loo strips. In addition we use the Cenergist water efficiency

visits to fit water saving devices and trial new technology such as flow regulators for customers who need it most.

- 7.1.16 We've added text promoting water efficiency to our paper bill envelopes, in our billing leaflet and MyAccount paperless billing notifications thereby expanding the reach of promotional messages to all customers.



- 7.1.17 Water efficiency forms part of our affordability conversations and is included in collections documents as an option for how customers can reduce their bill. Water efficiency messaging along with the promotion of the benefits of a water meter are directed at customers who we believe through targeted interventions could save money on their water bill.
- 7.1.18 We've developed a communication strategy that raises the awareness of water efficiency across TV, radio, social media and through the press. We've also been using emails and SMS messaging to reach those customers who we believe would benefit the most with data led targeted communications such as our leaky loo campaigns. As a result of our proactive communications 50 per cent of customers repaired the leak saving up to £591 on their annual water bill.
- 7.1.19 We're piloting a partnership in Stockport to develop a proposition to work collaboratively with social housing landlords to identify and fix leaks in low income tenanted households. The proposition will also focus on opportunities for tenants to save water helping them to save money on their water and subsequently their energy bill.
- 7.1.20 Over the last 12 months, we have undertaken 24 pilot schemes that have tested new ideas, concepts and ways of working in order to inform our AMP8 plans. Our pilot study on customer visualisation of consumption aimed to test how to best present consumption information to customers to encourage them to use less water. Different visualisations of consumption data was developed and tested with focus groups. 72 per cent of measured customers surveyed said they liked the tool and would use it, as well as most saying they would change their water usage behaviour as a result of having this information in an app. The creation of a highly performing and user friendly usage visualisation tool means that in future we may be able to make a smart meter offering more attractive for some customers.

### Billing frequency

- 7.1.21 Customers charged on a water meter are generally billed twice a year. This is typical for the water industry and reflect that the majority of meters require manual readings. We've launched a quarterly billing offering and have already moved 130,000 customers onto this bill frequency where they have signed up for self-service and are served by an AMR meter where reads are automatically provided.
- 7.1.22 More frequent billing puts customers in control of their bill size by giving them early insight into their consumption and allowing them to change their behaviour in order to reduce water usage. Wider benefits range from avoidance of bill shock, help with budgeting, improved debt collection as customers get more frequent views of their usage and earlier indications of non-payment particularly for tenanted properties where customers often leave a property prior to their first bill being produced. The pilot will be extended to other customer groups once the costs/benefit analysis is understood by customer segment.

### New propositions for AMP8

- 7.1.23 We propose to trial and then widely roll-out a range of new tariff reforms. Beginning in AMP7 we are systematically testing and iteratively developing a new package of household tariffs. These new tariffs seek to support water bill affordability, whilst also incentivising sustainable customer behaviour.

### Rising block and standing charge reform

- 7.1.24 In 2024/25 we will be trialing a new rising block tariff. These tariffs can offer strong water efficiency incentives for metered household customers, by offering reduced unit rates for initial water consumption, but higher charges for increased usage above 'efficient' levels. Whilst such tariffs have been tried in the past we anticipate that smart meters may offer a route to overcome some of the barriers that these types of tariffs have traditionally faced.
- 7.1.25 We are also reviewing our existing standing charges for metered customers. Standing charges for measured customers can have the unintended consequences of limiting customers' ability to reduce charges through improved water efficiency. This is an issue that low occupancy, low income householders have raised with us in the past. We are considering reducing standing charges to help such customers maximise the financial benefits of water saving. However in doing so we will consider, and seek to mitigate impacts on high occupancy, low income homes.
- 7.1.26 In a similar vein we will also trial a **new assessed volume charges for pensioners**. Assessed volume charges are needed where an older property cannot have a meter fitted due to pre-existing plumbing arrangements. Assessed charges have traditionally been based on average customer consumption rates. Pensioners are more likely to be single occupiers, and more likely to be on a lower income than working age households. An assessed charge specifically for this customer group may help reduce tariffs and be more reflective of actual usage pattern.

### Water efficiency incentive schemes

- 7.1.27 Taking learnings from innovations in the energy sector, we are developing a range of new options to encourage all customers to reduce water usage. One idea that we will pursue in 2024/25 is an action based reward scheme.
- 7.1.28 Customers that take action to reduce their water usage, or improve the sustainability of drainage arrangements will be entered into a monthly draw. The types of activity that may qualify a customer for entry could include fitting water efficient or sustainable drainage devices, reducing levels of water usage, or fixing customer side leaks. The draw could include traditional physical prizes, but could also include current year bill discounts.
- 7.1.29 The initiative is planned to be trialled in 2024/25. Although principally aimed at encouraging sustainable water usage these incentive schemes may also prove effective at helping lower income households reduce their water charges, by giving customers a simple and fun route to engaging with sustainability messages.

### Community-based incentive schemes

- 7.1.30 Learning from others in the water sector we are investigating the potential for community based incentive schemes. These schemes provide an entire community with the opportunity to access reduced bills by collectively adopting more sustainable behaviours. Building on community engagement trials<sup>2</sup> in 2021, new tariff trials are planned for AMP8.
- 7.1.31 An example scheme could offer a community-wide bill discount in the event that the community in aggregate took action to reduce sewer blockages in their local area. We anticipate individual communities that suffer from pronounced sewer flooding or other service issues would be offered the opportunity to access reduced charges in return for a generalised change in behaviours.
- 7.1.32 Again, whilst the scheme is not specifically designed to support water bill affordability we anticipate that many lower income communities could potentially access reduced charges. Many income deprived communities suffer from sewer blockage and flooding issues, and may be offered access to these community based incentive schemes.

<sup>2</sup> UUW, Wastewater Spider Trials, [https://www.unitedutilities.com/globalassets/z\\_corporate-site/about-us-pdfs/p121-ww-spider-trials/final-report.pdf](https://www.unitedutilities.com/globalassets/z_corporate-site/about-us-pdfs/p121-ww-spider-trials/final-report.pdf)

## 8. Accessibility of support

### 8.1 Awareness of support available

#### Ensuring help gets to those customers that need it

- 8.1.1 Whilst more help is now available than ever before, awareness of assistance schemes remains relatively low. CCW found awareness of the existing support schemes (such as social tariffs) to be low, with only 37% of respondents having heard from them. We have been working hard to develop innovative ways of getting the most vulnerable in society to engage with us.
- 8.1.2 We undertake brand tracker surveys. In our recent March 2023 survey one of the questions we ask is designed to measure the impact of our increased affordability promotion, we ask “*United Utilities has some schemes available for customers who are struggling to pay their water bills. Are you aware of any of these?*” Our August 2023 survey reported 41% awareness demonstrating the benefit of the increased activity we have undertaken in this area but highlighting that there is still more we can do to increase awareness further.
- 8.1.3 We target our affordability support to the customer segments we believe need our help the most. Support with bill payments is threaded through all of our collection letters alongside ad hoc campaigns designed to promote tariff eligibility, to highlight support if customers experience a change in circumstances and as part of our response to specific economic challenges such as the COVID-19/COVID-19 pandemic and current cost of living pressures.

### 8.2 Accessibility of support

- 8.2.1 Customers can apply for support using a method that suits them. We provide Freephone telephone services, online application forms, email and webchat. Customers can also apply for help via a third party debt advice organisation and dedicated partner organisations.
- 8.2.2 Where water and sewerage services are provided by different water companies we work with neighbouring water companies to ensure that all United Utilities customers are on the best support tariff available to them, without requiring the customer to apply to multiple water companies for support. We have an agreement in place that if the water providing company accepts the customer onto a financial supported tariff, then the corresponding border company reduced sewerage tariff is applied where beneficial to the customer. Where customers notify us they are moving house and will be leaving the area, if they are currently benefiting from financial assistance with their water bill we advise them to speak to their new water company about financial support options they have available.

#### Simplified single application process

- 8.2.3 We are also leading efforts to ensure that once customers who are eligible for support recognise this and reach out to us, that they can access support as soon as possible. We are minimising administrative or bureaucratic hurdles which might otherwise obstruct or slow down access.
- 8.2.4 Ensuring our support schemes are accessible has been a focal area for us. CCW also recommended in their Affordability Review that companies should operate a simple application process that covers all support schemes.
- 8.2.5 We were early adopters of this principle having launched a single struggling to pay application form in 2021 replacing all the individual scheme application forms and in March 2022 we consolidated all of our affordability information into one single support booklet ([www.unitedutilities.com/globalassets/documents/pdf/support-with-your-bill.pdf](http://www.unitedutilities.com/globalassets/documents/pdf/support-with-your-bill.pdf)).

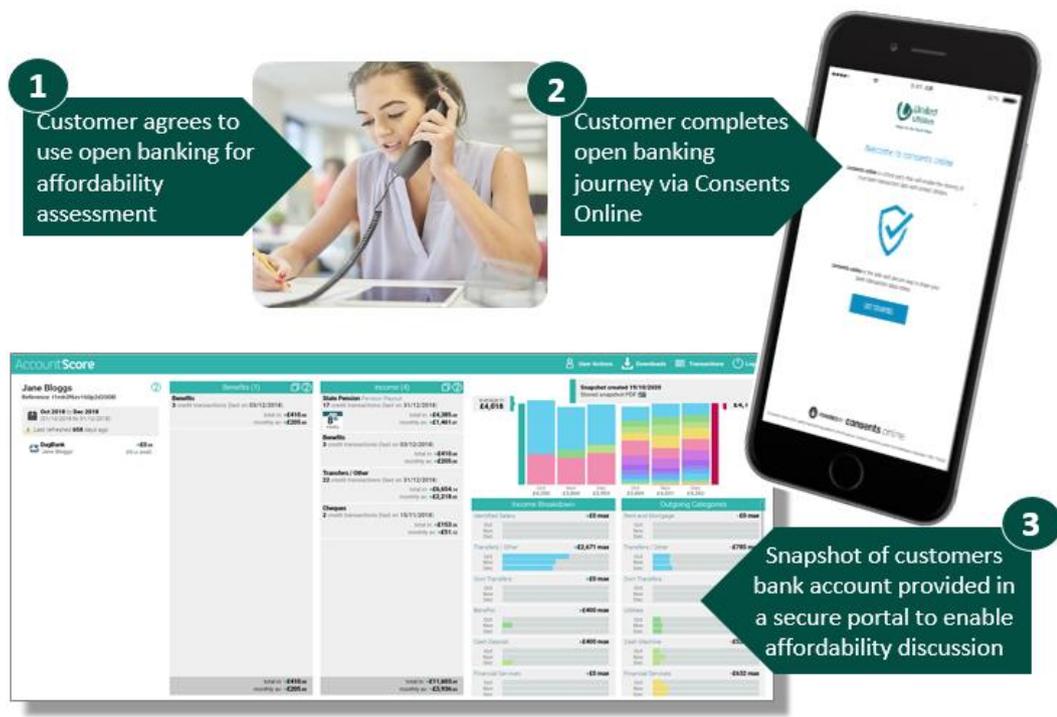


- 8.2.6 A single application allows us to assess the customer for all support schemes removing the onus from the customer to understand the schemes and ensures they receive the most appropriate support for their individual circumstances.
- 8.2.7 In October 2016 we introduced a dedicated Affordability Team. This team is trained to recognise the signs of affordability challenges and show empathy to the customer and has been instrumental in the growth of our affordability schemes. Members of the team also talk to customers about the benefits of our Priority Services Register. To support the team we developed a bespoke application process that our agents use to complete their affordability assessments. The collation of key information relating to household composition and the associated financial circumstances of people living at the property including their income and expenditure details enables the application process to assess the schemes customers are eligible for and ensures they are offered the lowest possible tariff.

**Open Banking**

- 8.2.8 In 2021 we further enhanced our affordability assessment process by offering customers the option to provide their financial information via open banking technology. We were the first water company to implement an open banking solution to support our affordability assessment processes and have led the utilities sector by identifying and harnessing the potential of open banking.
- 8.2.9 Our idea was to utilise open banking technology to verify customer income real-time to improve the accuracy and efficiency of our customer affordability assessments. We implemented an improved customer journey in three key steps Figure 28 we gain agreement to use open data for the affordability assessment; we obtain customer consent via an online consent portal and receive a summarised view of a customer’s income straight from their bank account including evidence of benefit payments.

**Figure 28 Open Banking customer journey**



Source: United Utilities Open Banking case study

- 8.2.10 The use of open banking streamlines customer eligibility for reduced-rate social tariffs. Were it not for this solution, customers applying for help with payment of their water bill would have to manually collate their income and expenditure information including evidence of benefit receipt in preparation for their telephone affordability assessment. As well as reducing effort, the open banking approach reduces the time taken to make an application and reduces the time between a customer making an

application and receiving a decision. Our innovative approach improves first time completion rate meaning customers are given a decision on tariff eligibility there and then and a sustainable payment plan can be agreed.

- 8.2.11 Open data now forms a key part of one of our most sensitive customer journeys and we're pleased with initial results that 40 per cent of customers offered the option to use open banking agreed. Customer feedback on their experience of open banking is very positive with customer saying it was easy to use and 83% saying they would use it again despite never having used it before.
- 8.2.12 The integration of open banking has transformed a process which used to require physical forms of verification and over a week of administration, we are now able to verify customer's income real-time improving the accuracy and efficiency of our affordability assessments.
- 8.2.13 Following the success of this initial use case we are exploring the wider use of open banking in our customer journeys for example enhancing payment conversations with customers to improve the overall sustainability of payment plans.

### **Our future plans to develop our approach to affordability assessment**

- 8.2.14 We will build upon our already industry leading approach to affordability assessment by further enhancing our customer journey when applying for affordability support and PSR.

- Enhancing our agent, online and doorstep affordability assessment process to include an income maximisation check. This process will highlight to customers additional Government benefits or other financial support schemes they may also qualify for, helping customers increase their total household income.
- Enhancing our use of "Recite me" technology improving accessibility of support for all customer groups particularly customers where language or disability is a barriers.
- Improved accessibility through the implementation of new functionality into the UUApp/MyAccount enabling a fully digitalised affordability journey, incorporating open banking enabling a full self-serve application process for customers who need support with payment of their water bill.
- We will also be exploring ways to support customer through financial support and PSR application utilising AI to enhance the affordability journey experience

- 8.2.15 Utilisation of a data led assessment (Know Your Customer) designed to identify low income households at the point of a customer moving into a property. This will enable targeted interventions to support bill payment. E.g. the assessment will determine levels of support required, the most appropriate bill frequency and plan type to suit the customers' needs.

### **Website design**

- 8.2.16 We regularly review our website creating new uncluttered pages, a streamlined menu and sitemap. We followed CCW's recommendations to use industry common language and simplification when referencing our support schemes. The web design is mobile enabled, responsive, and works effectively across device types. We use videos to explain concepts that result in calls into our contact centres such as explaining bills or what you get for your money. Customers can opt to use the webchat option to talk to our team if they require support or further information regarding services we offer.
- 8.2.17 We make use of clear visible icons and distinct, content manageable sections in the website to draw the eye to the most important content. The content manageable areas allow for seasonal and topical campaigns that can be updated instantly to respond to changing situations. This is particularly helpful when attempting to adjust customer messaging during short duration network incidents.
- 8.2.18 Our website is accredited by Shaw Trust and Crystal Mark. The site has been built to a high AA standard for accessibility access and the Recite me tool means customers can adapt the website language, font

etc. to suit their needs. This is particularly helpful for customers who have a visual impairment/learning disability or English is not their first language.

- 8.2.19 We have a dedicated area on our website for customers who may need support with payment of their bill. We've designed the web page to help customers access the support they are looking for. The support options are grouped into three core categories of lowering your bill, help with paying of your water debts and flexible payments and payment breaks.
- 8.2.20 We've designed an animated video designed to illustrate our affordability journey and the range of support schemes we have available.
- 8.2.21 Following feedback from customers who talked about the embarrassment of being in debt, we created a "Struggling to Pay" form on our website. This allows customers to enter information regarding their financial circumstances including their household income and essential expenditure which enables us to assess their eligibility for all of our support schemes and notify them of all the support they qualify for.
- 8.2.22 We have a dedicated freephone line available for use by the debt advice sector which routes their calls through to our specialist affordability team. This ensures our services are accessible when needed as we recognise the time pressures third party advice organisations face in managing high volumes of client demand for financial support.

### **Affordability Visits – taking support to customer's doorsteps**

- 8.2.23 In 2016 we launched our Town Action Planning (TAP) initiative to target some of our most vulnerable customers, taking support to their doorstep providing help when they need it the most. Customer segmentation data is used to focus on towns and postcodes where customers are most likely to be experiencing water poverty and are not responding to our normal engagement strategies. Suitably trained staff visit customers' homes to help assess their entitlement to our assistance schemes, each visit takes 45 minutes which allows us to listen and fully understand the customer's situation so that we can find long-term sustainable solutions, not a quick 'cash' fix.
- 8.2.24 We only setup payment plans that are affordable, sustainable and in the best interests of the customer. We can verify customer eligibility for support tariffs and other financial assistance on the doorstep, meaning we can often sign a customer up to a scheme and agree a payment plan there and then, in many cases customers are eligible for support in reducing debt and lowering charges.
- 8.2.25 We use leaflets to preannounce our visit, this helps customers feel more comfortable when we knock on the door. The literature we use is targeted for an audience where English language skills may be lower than average. A message of help and support includes information about those already benefitting from the initiative in their neighbourhood, helping to promote a community feel.
- 8.2.26 We measure the success of TAP based on the number of assistance scheme setups and accounts resolved, as well as the sustainability of new payment plans. Out of 263,627 visits since 2016/17 (up to March 2023) 31 per cent had a successful outcome. Around 40,000 customers have signed up to a payment arrangement, of these 27,700 (69 per cent) have also been signed up to the Payment Matching accelerated arrears clearance scheme and/or a lower tariff to help with affordability going forward. This help has been provided to customers who otherwise would have been referred to Debt Collection Agencies (DCA).



8.2.27 Improvements in bad debt performance and the introduction of other innovative ways of engagement with customers has meant the number of doorstep visits undertaken has reduced year on year, but it still remains an integral strategy in reaching customers who are difficult to engage with.

### 8.3 Working together to support customer affordability

#### Co-creating collaborative solutions

8.3.1 Over a number of years we have continuously improved our affordability support through collaborative co-creation with community groups, the debt advice sector and through events such as our North West Affordability Summit. We’ve developed a strong understanding of which aspects of our affordability offerings work well, and which require further improvement. Working together with a cross section of industry and advice organisations, we develop new ideas and gain insight into best practice from other sectors.

Figure 29 : The first North West Affordability Summit



Source: United Utilities materials

8.3.2 In January 2018 on “Blue Monday” we held the first North West Affordability Summit in Liverpool with the aim of bringing together representatives from a wide range of different sectors and communities with the collective goal of identifying new opportunities to make a difference. This ground breaking event brought together representatives from organisations such as debt advice charities, food banks, Department for Work and Pensions, Credit Unions, Councils, Housing Associations, MPs and other utility companies attended the day. The day facilitated the exchange of ideas and co-creation of potential solutions.

8.3.3 The event emerged with some very clear themes and led to the development and delivery of ground breaking innovation which now forms part of our core affordability offerings providing support to customers and include:

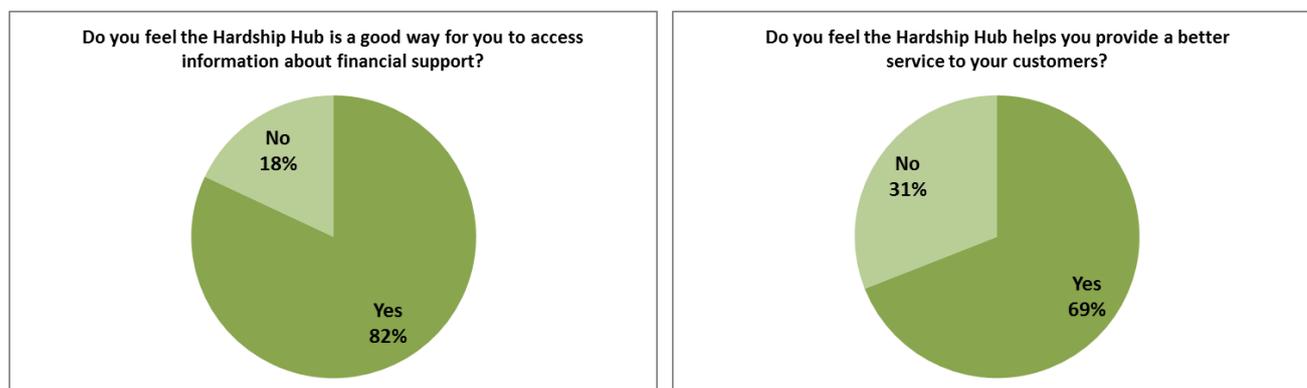
- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• North West Hardship Hub</li> <li>• Payment Break Scheme</li> </ul> | <ul style="list-style-type: none"> <li>• Lowest Bill Guarantee</li> <li>• Early Intervention campaigns</li> </ul> |
|---|---|

### North West Hardship Hub

- 8.3.4 The primary initiative resulting from the 2018 Summit was to develop a new North West Community Advice Hub that provides a consolidated view of all the support schemes available across the region, enabling Money Advice workers to support their clients more effectively.
- 8.3.5 Attendees said the amount of time it takes for them to source support for their clients as a result of having to access individual organisations support schemes made it difficult to provide optimum help. They felt it would be really helpful if there was one consolidated source of information which is the role that the Hardship Hub was created to fulfil.
- 8.3.6 In January 2019 we launched the trip advisor style Hardship Hub a one stop shop for debt advice which now has one stop shop for debt advisors enabling easy access to 559 support schemes from 235 different organisations.
- 8.3.7 The hub is accessed through personal registration and is utilised by housing associations, money advice workers & wider support organisation, it incorporates a flexible search facility, the ability to leave feedback about a scheme and to ask a clarification question of organisations scheme owner.
- 8.3.8 The hub was co-created with members of the money advice community, we established a project design team made up of representatives from the advice community, United Utilities and our appointed technology partner – ICOM – to ensure it met their requirements.
- 8.3.9 The Hardship Hub is the only product in existence with a regional specific focus designed to help money advisors and other organisation support their clients in a more efficient manner. The hub hosts our scheme information, alongside larger organisations such as councils and financial services but also includes smaller local charitable organisations that ordinarily advisors otherwise may not know exist.



**Figure 30 Hardship Hub user feedback survey results**



Source: United Utilities survey data

- 8.3.10 As can be seen in Figure 30 we've recently surveyed the registered users to gain their feedback on the usability of the hub, 82% said they felt the hub was a good source of consolidated information and 69% said it helps them provide a better service to their customers.

### Collaborative Working - Affordability Summit 2023

- 8.3.11 On 16 January 2023 we hosted the 4<sup>th</sup> North West Affordability Summit which brought together over 80 representatives from housing associations, charities and the debt advice sector for the first time since 2020 to explore options for collaborative cross sector working. The summit provided a great opportunity for us to share the extensive range of support we have available to help customers alongside guest speakers from NEA (National Energy Action) and Experian who shared their sector insight.

- 8.3.12 Facilitated breakout sessions provided an opportunity for us to explore opportunities for partnership working, all organisations recognised the benefits of working collaboratively to support customers and openly shared their experiences and challenges through the lens of their specialist sectors.
- 8.3.13 There were clear themes that emerged throughout the day reinforcing the importance of accessibility, simplicity and increasing awareness of the support available for customers in vulnerable circumstances. We discussed opportunities for the introduction of data share agreements enabling the proactive identification of eligible customers and a fast tracked trusted partner application process.
- 8.3.14 Attendees from local authorities and social housing providers were particularly interested in exploring opportunities for increasing the level of meter penetration and joint working to delivery water efficiency programmes. Valuable insight was gained into the barriers to meter installation from a housing provider's perspective that can be used when considering future tariff innovation and sector specific propositions.
- 8.3.15 Attendees felt that the creation of case studies based on lived experiences would be beneficial to dispel myths particularly relating to water meters. An illustration of the benefits of support schemes including Lowest Bill Guarantee will all help advisors explain to customers the options available to lower their bill.
- 8.3.16 After the event we asked attendees for their feedback. This confirmed that the face to face event was particularly popular enabling attendees to connect with new people, explore joint working opportunities and hear from guest speakers with different perspectives on how the cost of living pressures are represented in their industries. Participants felt that the content was relevant to them and their role.

#### **Delegate Feedback**

"It was very insightful to learn about the water meters as I now feel I would be able to explain it to any of my clients in the hope of saving them money. I will also relay the information to my family and friends".

"The group exercises were enjoyable as it allowed us to connect with others and share valued opinions. It was great to hear about the support that others are providing their residents with and learn how their approach to the cost of living crisis works"

- 8.3.17 We're exploring opportunities for the facilitation of more frequent events providing a platform for organisations to come together and share learnings and best practice. The insight we gain from these events is invaluable and they are fed back into our efforts to align to customers' needs today and in the future.
- 8.3.18 We will continue to deliver iterative improvements to our affordability offerings, informed by collaborative engagements with the 3<sup>rd</sup> sector, other sectors and customers. Working collaboratively with our Advisory Panel and attendees from the North West Affordability Summit we adopt an inclusive approach to designing products and services gaining insight into the challenges in their specific sectors, designing new products and gaining feedback and direct input into the potential effectiveness of any proposed solutions.

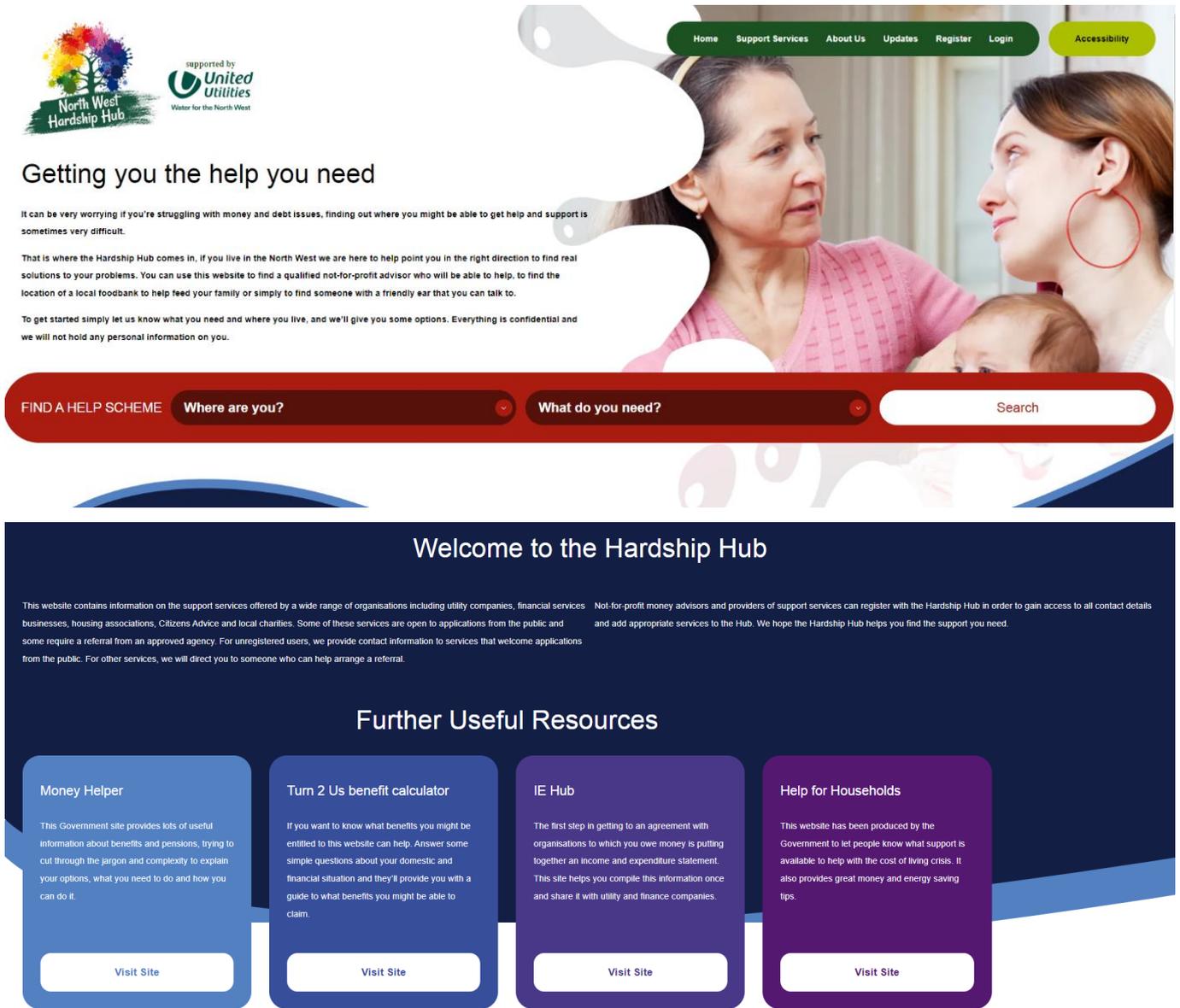
#### **Evolution of North West Hardship Hub**

- 8.3.19 In 2023 we will be expanding the reach of our holistic debt advice portal, the 'North West Hardship Hub' making accessing support easier than ever for customers and communities. Expanding access to beyond the support organisations who utilise the hub today will expand the reach of the local, regional and national services to help customers access support when they need it.
- 8.3.20 The hub will be designed to optimise accessibility with a new simplified search and filtering system, the ability to shortcut and simple presentation of key information including contact details for service providers and debt advisors where third party referrals are required.
- 8.3.21 The inclusion of the accessibility product Recite me will enhance significantly the usability of the site. Recite me is a web accessibility assistive toolbar which enables the creation of inclusive online

experiences by providing accessibility and language options enabling visitors to customise your website in a way that works for them.

- 8.3.22 The hub will include new features that enhance further the one stop shop concept by providing customers with easy access to benefit checking services, budgeting advice, Government Help for Household schemes and other reputable debt advice organisations. Figure 31 below shows what the new homepage of the Hub will look like.

Figure 31 Hardship Hub homepage



Source: United Utilities Hardship Hub website

## 9. Strategic Partnerships

### 9.1 Providing holistic support to customers

9.1.1 We have long recognised that the issues customers face are rarely confined to their water bill alone. In fact, the water bill is usually only a fraction of the problem, so solutions need to be holistic and be drawn more widely.

*Table 4 Current partner organisations*

	<p>IE Hub allows you to enter your income and expenditure online so you can easily share this information with a variety of companies when applying for support with your household bills.</p>
	<p>Turn2Us is a national charity helping people when times get tough who can provide practical help and support to get you back on track. Their free to use <a href="#">benefits calculator</a> and <a href="#">grant search</a> tools enable you to check what benefits you might be able to claim and what grants you might be able to apply for.</p>
	<p>Money Wellness provide free confidential debt advice and ongoing support, budgeting tips and tools to help customers money go further and access to free counselling to help improve financial wellbeing.</p>

- 9.1.2 We work alongside a number of specialist third party organisations to ensure UU customers obtain wider holistic help for their financial situation as listed in table 4 above. We partner with IE Hub which offer customers the ability to share their completed Income and Expenditure form with other creditors saving them time and often the distress of completing the process multiple times.
- 9.1.3 Working in partnership with Turn2Us we have incorporated our social tariff and Priority Services information into their benefit calculator. This means our support offering is highlighted if they live in our post code area. We also promote income maximisation checks on our collection letters and our agents also have the ability to send customers direct SMS messages with links through to benefit check and grant search tools.
- 9.1.4 We’ve partnered with Money Wellness to provide customers with a warm transfer option or alternative direct booking service enabling them to request a call back at a time that suits them to talk through their financial situations with a specialist advice agency. We actively promote Money Wellness as part of our early intervention campaign to our most at risk customers providing a support option to discuss their wider financial situation prior to falling into arrears.

### 9.2 Accessibility of holistic support

- 9.2.1 Our website contains information to help customers access more holistic support information including case studies which illustrate how customers in different circumstances have accessed support.
- 9.2.2 The **Free Independent Advice** section of the website contains information and contact details for organisations that can provide free independent advice to customers who are struggling to pay. The range of organisations customer can be referred to include debt advice, income maximisation and support with managing their budget.
- 9.2.3 Our agents are trained to signpost customers who are in arrears to a range of external money advice providers such as MoneyHelper, National Debt Helpline and Citizen Advice. We also include details of third party support organisation in our customer communications at the first point at which customers are showing signs of struggling to pay and throughout our collection journey in letters, digital social media campaigns and early intervention messaging.

- 9.2.4 We've also developed a specific area on our website that provides useful information on credit scores and the importance financial health as we recognise credit scores influence the likelihood of accessing affordable credit for items such as mortgages/tenancies and mobile phones. We've included hints and tips for keeping healthy credit scores, an independent MoneyHelper video that explains how customers can improve their credit score and information on how to access free credit reports.

### 9.3 Future strategic partnerships

- 9.3.1 We will launch a **"Better Together initiative"** with the primary purpose of developing partnerships with organisations and influential community groups/leaders to work together and provide support to customers e.g. National Energy Action who focus on tackling fuel poverty.
- 9.3.2 Building on our established affordability and vulnerability panel relationships to work collaboratively in a strategic partnerships to proactively identify and support customers that need our help. In particular we are seeking to deepen partnerships with panel member organisations such as Macmillan, MIND, AgeUK, and disability partnerships who we know customers often turn to first when in need of help. Through working with these organisations we hope to increase our ability to quickly offer a full package of support to those who would benefit from extra help in a way that we are unable to achieve on our own.
- 9.3.3 We are also planning to work with social housing providers and Local Authorities promoting our Save water, Save energy, Save money initiative. Working together we will deploy an "always on" approach to customer engagement, backed up by mainstream mass awareness campaigns and partnership/collaborations designed to increase reach and support behavioural change.
- 9.3.4 Other new initiatives planned for AMP8 include:

- Development of strategic partnerships designed to increase awareness of PSR and affordability support available for customer suffering from health problems or other vulnerabilities.
- Increased integration of UU support offerings into third party communications/leaflets and online hubs extending reach beyond direct UU marketing.
- Evolution of events such as the North West Affordability Summit creating online events enabling communication with larger audiences collaborating with other organisations to provide holistic support

Ofwat's Fair Pay guidelines encourage companies to offer customers access to holistic debt advice to help them maximise their incomes, and make them aware of other forms of support they may be eligible for through Government or other service providers. In AMP 8 we'll leverage existing and new partnerships to continue to offer specialist services for our customers:

- Provision of income maximisation helping customers' check if they are missing out on any means tested benefits through newly developed partnerships with specialist organisation.
- Customers will be offered the opportunity for direct referral for specialist debt advice where a multi debt situation is identified
- Working with our CRA partner we'll identify and offer segments of customers 12 months free access to their credit report enabling them to understand their current credit score and payment performance with other creditors.

## 10. Data led Innovation

### 10.1 Industry leading approach

- 10.1.1 One of the biggest changes in our approach to affordability in AMP7 is the way in which we use data to increasingly target and define affordability support. Our ability to identify marginal affordability cases means we can reliably engage with working poor and those that are just about managing, encouraging early engagement prior to falling into arrears
- 10.1.2 Developments in our data and analytics has allowed us to offer tailored interventions, including early support for high risk homes, deeper affordability support for those most in need, and active communications to key customer segments.

#### **DWP data sharing – proactive identification and ongoing validation.**

- 10.1.3 In March 2021 we were the first water company to begin data sharing with the Department for Work and Pensions utilising the data share provisions under the Digital Economy Act 2017 to access benefit data for the purpose of lifting customers out of water poverty. We utilise the data share arrangement at various points in the customer journey including a benefit entitlement check at the point of initially moving customers onto a discounted tariff and also to check if customers remain eligible at regular renewal points. The ability to share data with the DWP removes the need for customers to provide copies of their benefit entitlement or other personal information, making the journey much easier for them to continue receiving support.
- 10.1.4 For example, when a WaterSure account is due for renewal and the qualifying reason is large family we are able to validate with the DWP that the customer is still in receipt of the required means tested benefit and that they are receiving child benefit for 3 or more children enabling the customer to be auto renewed onto the reduced capped tariff.
- 10.1.5 In addition we are using the data share agreement to proactively identify new customers who are eligible for support. We have built a number of predictive models utilising credit reference agency, customer segmentation and customer specific data to identify customers with a higher probability of successful match to benefit data at the DWP.
- 10.1.6 To date we've identified customers in receipt of Pension Credit and other means tested benefits enabling us to proactively apply our Help to Pay & Back on Track social tariffs to over 32,000 customers. The new data share new provisions have enabled us to support customers who historically have been difficult to engage with ensuring support is provided to those customers who need it the most.

#### **Credit Reference Agency Data share**

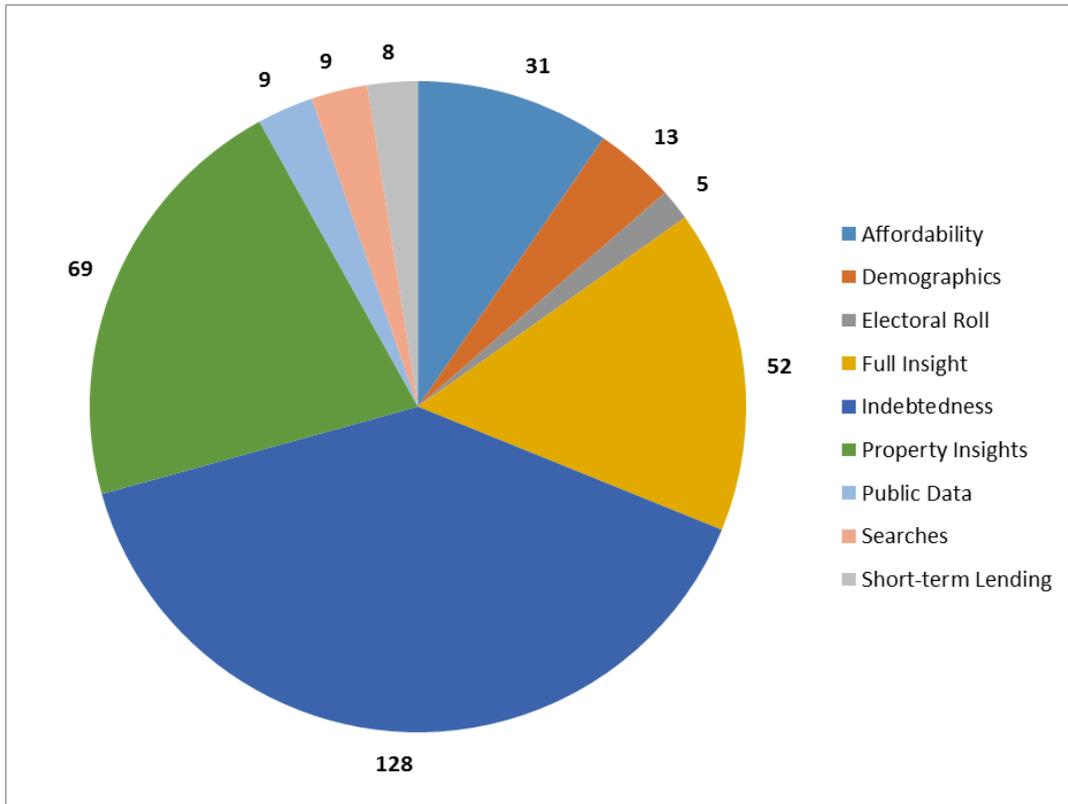
- 10.1.7 We have been sharing payment performance data since 2014 with Equifax and we're one of the first water companies to share data on our full customer base, in line with recommended best practice we currently share with all 3 of the main Credit Reference Agencies (CRA's) in the UK. Data sharing operates under the principles of reciprocity meaning you have to share your customers payment performance data to be able to access services that the CRA's offer that can improve the efficiency and effectiveness of your collections and customer management journeys.
- 10.1.8 Out of our 3.2m customer records, over 88% have a positive share meaning that the data shared will likely have a positive impact on their credit file. Sharing information can mean that we help customers with thin credit files demonstrate their positive payment behaviour enabling access to more affordable lending. To share data with CRA's we need to demonstrate a high standard of data quality. Recognising the challenges water companies face with data capture due to our statutory obligations to supply we introduced a data cleanse and enrichment process in 2013. This process runs on a monthly basis validating and enriching customer names and dates of birth. As at financial year end in March 2023 we had updated over 1.8m pieces data improving our bill accuracy and enabling improved customer and

collections management. We also enrich customer contact information appending mobile phone numbers and emails addressed enabling us to optimise customer contact across all media channels.

**Data led decisions**

**10.1.9** Six times per year we purchase individual customer data from our CRA partner for all 3.2 million customers to help us understand each individual customers' circumstances and identify those households likely to be under financial strain. Refreshing the data regularly ensures we have insight into new customers' ability to pay on a timely basis and also identify recent changes in a customer's financial behaviour (credit activity/payment behaviour.) This enables us to identify where customers are at risk of falling into debt to initiate early intervention support.

*Figure 32 CRA data characteristics by category*



Source: United Utilities data

**10.1.10** As Figure 32 shows, a comprehensive and varied range of data is obtained from property insights to specific affordability related traits, totalling 324 data characteristics

**10.1.11** Through the use of our own information on customers' combined with bespoke household customer segmentation developed in partnership with CACI and insight provided by our credit reference agency partner we have improved significantly our understanding of our customer's propensity to pay. This new information is helping us to target new payment support propositions for those customers most likely to benefit from them, and so prevent many customers from falling into arrears. The insight we can gain into a customer's wider financial circumstances enables us to target payment support propositions for those customers most likely to benefit from them.

**Predictive Analytics**

**10.1.12** We have an established predictive analytics team who have developed models and scorecards that are used to drive our collection strategies, target our affordability support and inform wider customer management activities including propensity to have changed address or be deceased and identification of customers for early intervention support. Predictive scorecards & live indicators are constantly being re-evaluated to ensure that predictive strength is maximised.

Figure 33 : Data categories that feed into internal developed indicators

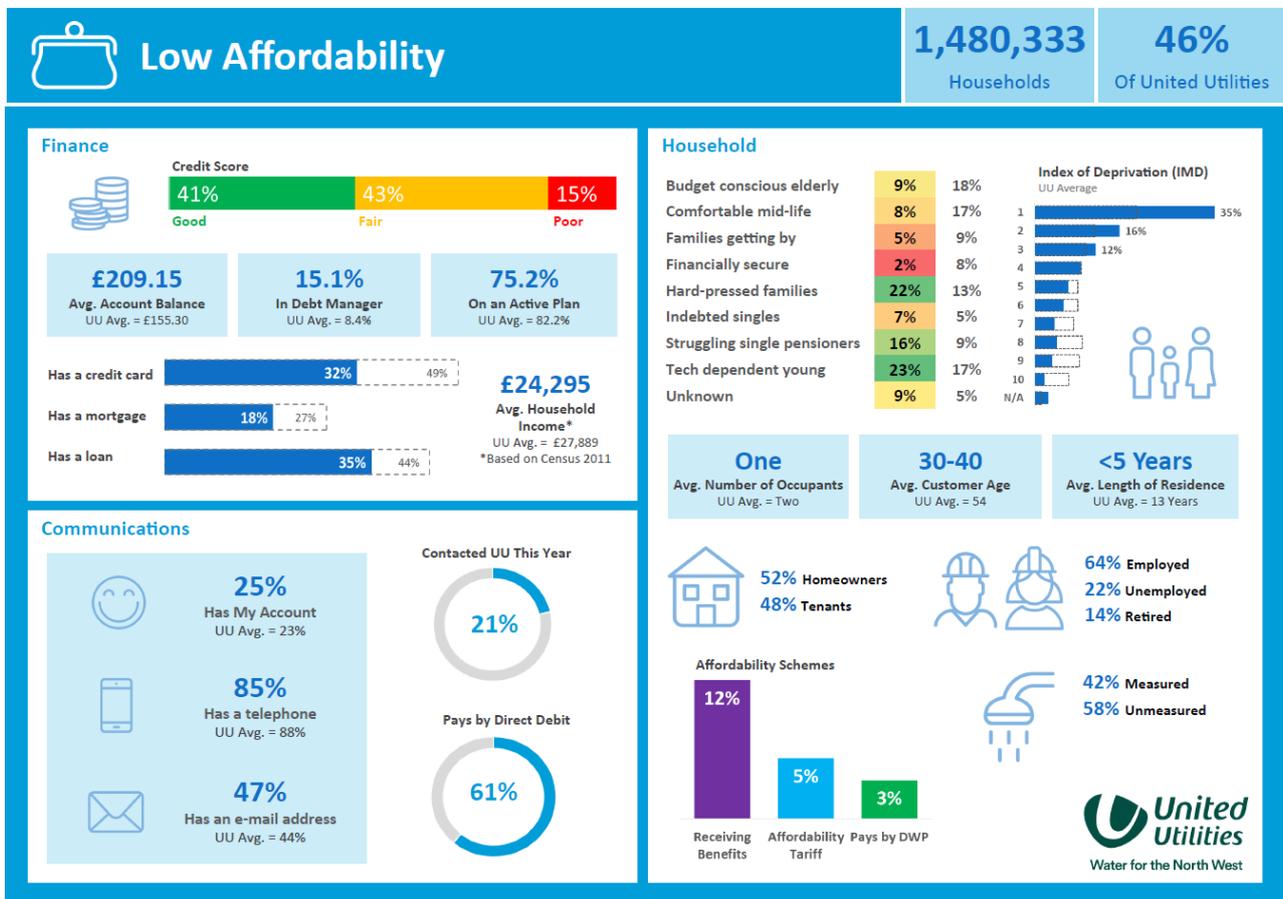


Source: United Utilities data process

10.1.13 The 12 scorecard indicators shown in Figure 33 above are fed directly into our billing and collection system and are utilised to drive next best actions, customer eligibility for support and collections strategies. The ability to target support based on individual customer data means we can support those customers who need it the most.

10.1.14 Utilising data to create infographics that enable the visualisation of the makeup of certain customer groups. The example below in Figure 34 shows statistics for our customers deemed to be in a low affordability situation.

Figure 34 Example of internally developed affordability infographic



Source: United Utilities data

- 10.1.15 Indications of financial credit worthiness (and whether the customer is most likely to be unable to pay or is choosing not to pay) inform the collection treatments and content of our customer communications including tailored promotional messages. We recognise the importance of data to ensure the most appropriate support is provided. Our agents are trained to record or revalidate data relating to customers circumstances in our billing system including information such as homeowner status, employment status and benefit status. This information combined with the financial status of the account helps our agents determine if the customer may need support with payment of their bill.
- 10.1.16 To provide our agents with a rounded view of the customer's account our billing system also calculates a RAG status driven by the payment status of the account. This provides a view to the agent of the amount the customer is required to pay and whether the account is in an early or later arrears status.
- 10.1.17 We also have a promotion box that outlines whether the customer is eligible for certain schemes, for example a Payment Break or our social tariff.
- 10.1.18 For customers who enter late arrears, our debt management system calculates a number of "eligible for" flags that are both visible to our agents as next best action prompts to aid customer conversations and are utilised in automated decisions to promote our range of financial assistance schemes to customers throughout our collection treatments. The "eligible for" flags are calculated using combination of customer, CRA and bespoke CACI segmentation to determine potential customer eligibility for a support scheme.
- 10.1.19 The combination of "eligible for" flags also determine the content within customer letters tailoring the promotional content to the customer's individual circumstances. For example if the customer is billed based on their rateable value but their account data suggests they would benefit from a water meter to reduce their ongoing charges then an FMO promotional message will be output within our collection letters. Similarly if they have a high level of arrears we will promote payment matching and the UU Trust Fund.

### Affordability Scorecard

- 10.1.20 We've developed additional scorecards to support our DWP Data share arrangement enabling us to ensure the customers we send for an eligibility check are proportional and comply with GDPR guidelines. Individual scorecards predict the likelihood of a customer qualifying for our social tariffs as they are in receipt of means tested state benefits or Pension Credit, or potential eligibility for WaterSure by combining the likelihood of means tested benefit receipt with large family indicators.
- 10.1.21 In respect of WaterSure we're using a combination of UU customer data including consumption data and number of occupiers coupled with CRA insight, we've recently achieved a 48% match rate to benefit receipt and 20% where 3 or more children live at the property satisfying the large family eligibility criteria. An example of the range of data we utilise in the WaterSure scorecard is shown in Figure 35 below:

Figure 35 Illustration of WaterSure predictive scorecard

CACI segment				Unsecured debt / Account turnover (Banding)				Number of accounts currently in arrears			
Category	Sample	% WS	Score	Category	Sample	% WS	Score	Category	Sample	% WS	Score
F	6,330	79%	56.0	1	12,550	66%	39.1	<= 0	27,454	46%	-2.9
A + B + C + D + E + G + H	23,917	49%	-1.4	2 + 3 + C	4,514	59%	21.9	> 0	8,413	64%	9.6
Unknown	5,620	21%	-56.5	M	18,803	37%	-31.1	<b>Home ownership indicator</b>			
<b>Postcode percentage children</b>				<b>Employment decile</b>				<b>Home ownership indicator</b>			
Category	Sample	% WS	Score	Category	Sample	% WS	Score	Category	Sample	% WS	Score
<= 20.5%	20,650	39%	-25.4	<= 3	19,553	61%	8.6	Tenant	20,624	56%	13.4
<= 25.2%	8,877	56%	14.6	<= 9	14,792	39%	-8.7	Homeowner	15,243	42%	-18.3
> 25.2%	6,270	77%	69.5	> 9	1,452	16%	-31.4	<b>Number of live accounts</b>			
Unknown	70	27%	-57.6	Unknown	70	27%	-19.0	<= 1	2,588	37%	-28.8
<b>Affordable housing flag</b>				<b>House type</b>				<= 8	25,262	48%	-3.7
Category	Sample	% WS	Score	Category	Sample	% WS	Score	<= 14	6,936	58%	17.7
Affordable housing	9,732	72%	23.5	Semi / Detached / Terrace / Unknown	33,576	53%	8.4	> 14	1,081	68%	42.9
C	16,852	45%	-5.1	Other (Northern Ireland)	1	0%	-33.3	<b>Percentage of houses with single occupiers</b>			
M + Others	9,283	36%	-14.1	Flat	2,290	9%	-171.4	Category	Sample	% WS	Score
<b>Employment indicator</b>				<b>Age of oldest live account (months)</b>				<b>Percentage of houses with single occupiers</b>			
Category	Sample	% WS	Score	Category	Sample	% WS	Score	<= 70%	27,415	52%	7.6
Not employed	8,036	72%	86.0	<= 54	5,094	27%	-80.3	> 70%	1,987	41%	-34.0
Employed	23,803	46%	-12.2	> 54	30,773	54%	12.3				
Unknown / Retired	4,028	25%	-95.7								

Source: *United Utilities data*

### Early intervention Scorecard

- 10.1.22 Early intervention campaigns were initially introduced in in 2019 as a recommendation following the North West Affordability Summit to enhance our use of data to identify and proactively support customers who were “Just about managing”. We enhanced our early intervention scorecard as part of our COVID-19 pandemic response adding in additional CRA affordability data including income shock indicators to identify customers whose circumstances had changed. This insight coupled with changes seen in customer behaviour enabled tailored campaigns promoting financial support and wider customer service offerings.
- 10.1.23 The scorecard utilised a combination of internal and external data designed to identify customers that are starting to struggle financially that are not yet in arrears with their water bill. The scorecard looks at a range of CRA data items to identify changes in a customer’s financial behaviours such missed payments, credit card utilisation and the number of credit searches within the last 12 months.
- 10.1.24 Identified customers are split into three risk categories which enables a tailored approach to communication. Customers are then contacted by email to promote affordability advice including the benefits of having a water meter. High risk customers are sign posted to 3rd party support organisations. Since April 2022 over 380,000 emails have been sent out to customers.

### CACI household segmentation

- 10.1.25 Key to implementing a successful programme of behavioural studies and trials is the ability to segment the customer base. We have undertaken a large-scale segmentation analysis to understand the makeup of relevant customer groups. Working with customer data and marketing experts CACI we have created a set of eight key customer segments, with further sub segments focussed on customers in most need of support. We have now developed the capability to match each household in the region to these segments, and have included this segmentation within our billing system, enabling easy use of the information. This is an enhancement on previous segmentation models employed at UU, which were typically targeted at the postcode level and not individual customer level.

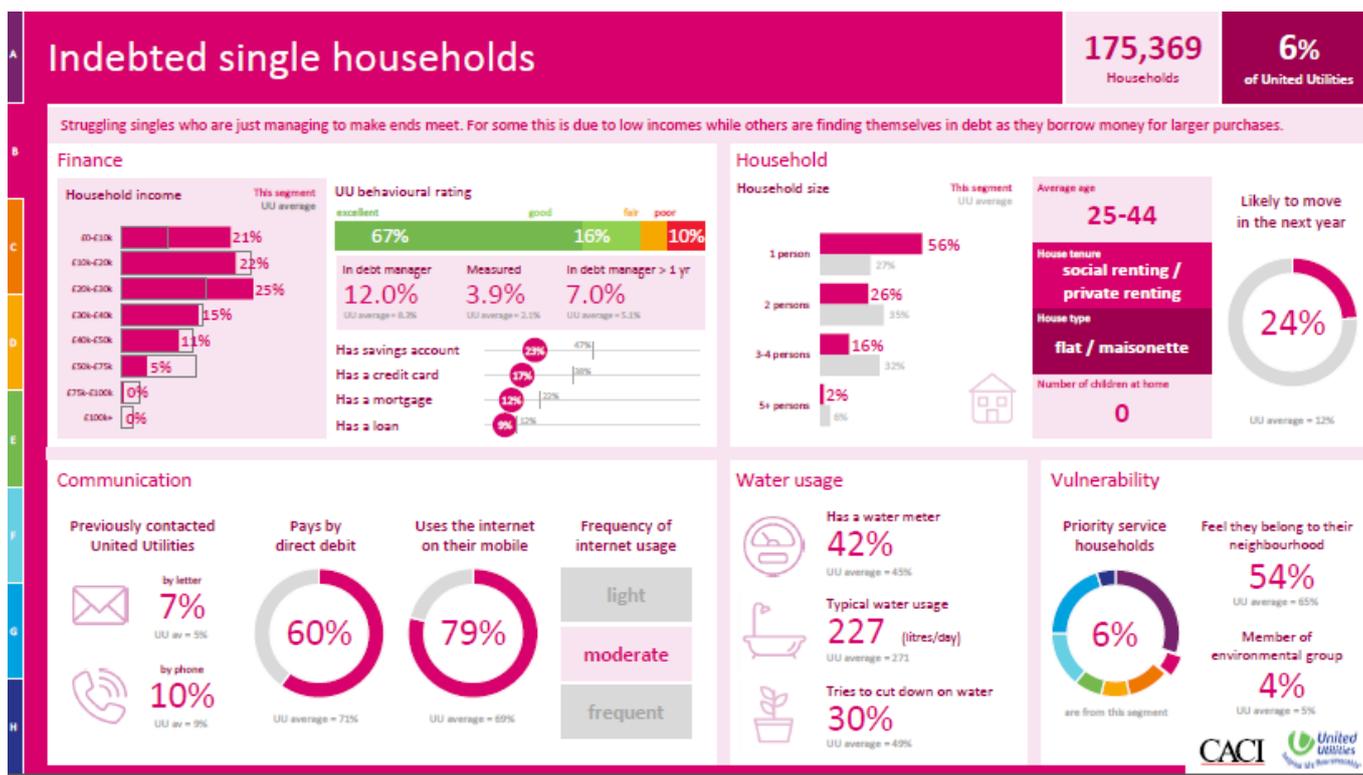
**Table 5 2021/21 Customer volumes by CACI segment**

Budget Conscious Elderly	Technology Dependant young Families	Comfortable mid-life established families	Hard pressed families	Struggling Single Pensioners	Families getting by	Financially secure empty nesters	Indebted singles
18%	19%	17%	13%	9%	10%	9%	6%
554,326	579,863	525,268	418,851	295,769	300,924	265,925	175,369

Source: *United Utilities data*

- 10.1.26 For each segment we have created a customer pen portrait (see example in Figure 36 below). This provides an overview of the segment’s key attributes and behavioural preferences when considering debt management, affordability and vulnerability support and helping to understand propensity to engage in other key digital retail offerings. By loading this segmentation analysis into our processes and systems we are able to swiftly and repeatedly undertake targeted campaigns and behavioural trials to improve the customer experience and reduce bad debt and cost to serve.
- 10.1.27 This new segmentation underpins many of the new bad debt and customer experience improvements initiatives we have delivered across AMP6 and AMP7. The CACI data is combined with Credit Reference Agency and customer supplied data to provide a robust rounded view of a customer’s circumstances enabling us to tailor billing, payment and affordability support.

Figure 36 Example pen portrait developed by CACI



Source: United Utilities data

## 10.2 Future data innovation plans

- 10.2.1 We have invested heavily in data and analytics over the last 10 years recognising the value of understanding your customers and being able to predict where customers might be at risk of falling into debt and proactively contacting these customers with a support offer to prevent this where possible. The development of scorecards and predictive models has enabled us to both improve our bad debt position and considerably increase the volume of customers receiving support with payment of their water bill. For example our early intervention model enables us to identify customers who whilst paying their water bill are starting to show signs of financial stress or income shocks enabling us to proactively reach out with targeted offers of support.
- 10.2.2 We regularly review the predictive power of our models and working with our CRA partner explore new data insight that could enrich further the value of the scorecards.
- 10.2.3 We will continue to endeavour to improve data in the billing system to help identify customers within hard to reach communities. Through enhanced data led interventions we will increasingly be able to identify marginal affordability cases, meaning we can reliably engage with working poor and those that are just about managing, encouraging early engagement prior to falling into arrears.
- 10.2.4 Proactively identifying customers in need with local authorities. Through development of new Data Share arrangements with local authorities, utilising provisions under the Digital Economy Act 2017 to proactively support low income customers struggling to pay is a priority.
- 10.2.5 Through the introduction of data share arrangements with for example local authorities/housing providers we will work together to identify customers in vulnerable circumstances including those at risk of falling into debt. We are currently developing a data share agreement that will enable us to support hard to reach customers and provide proactive support through our lower bill tariffs and accelerated arrears clearance schemes
- 10.2.6 Proactively identify customers in need with the DWP. We will continue to utilise the DWP to identify customers eligible and proactively apply social and WaterSure tariffs. We will also explore additional

opportunities for data sharing with the DWP, to gain additional insight into customers in vulnerable circumstances, for example we could potentially receive notification of customers awarded Universal Credit, and use this as an engagement prompt.

- 10.2.7 Proactive monitoring of measured consumption data to identify customers who may be in need of support, indications of customer behaviour change can indicate the need for a targeted intervention e.g. indications of changes in usage.

# 11. Driving industry leading practices

## CCW Affordability Review

- 11.1.1 Our affordability approach is regularly challenged by a range of external organisations. In 2021 CCW published its affordability review and a summary of recommendations of good practice for supporting customers who find their water bill unaffordable.
- 11.1.2 CCW surveyed all water companies to assess their current level of compliance against the 10 core best practice recommendations (Figure 37), the survey asked water companies to report their current capabilities and indicate any plans to incorporate the recommendations in the future.

**Figure 37 CCW 10 Affordability Review Recommendations**



Source: CCW affordability review

- 11.1.3 We believe that external assessments indicate that our support for customers with affordability issues is strong. In 2021 CCW published its affordability review and a summary of recommendations of good practice for supporting customers who find their water bill unaffordable. We received a green assessment with no recommendations for improvement. We have a strong history of providing shareholder backed support to customers and we were one of only two water companies to provide a full suite of affordability offerings expected by CCW (See Figure 38 below).
- 11.1.4 As part of the affordability review a number of water companies are piloting initiatives that underpin the one of the ten core recommendations. United Utilities are leading on two of the pilots; our PayAsUGo flexible payment plan and Universal Credit Payment Breaks. We share insight from the pilots with CCW and water company representative enabling other organisations to consider implementing similar schemes.

Figure 38 CCW published water company support scheme comparison table 2021

Company	Charitable Trust or in-house crisis Fund	Payment Matching to clear debt	Payment Breaks (Permanent schemes rather than as part of Covid-19 response)	Benefit entitlement checks	Water efficiency home audit	Lowest bill guarantee as part of meter option	Money / debt advice referral arrangement
<b>Water and Sewerage Companies</b>							
Anglian Water	✓	✓	✓	✓	✗	✗	✓
Dŵr Cymru/Welsh Water	✗	✓	✓	✗	✓	Coming Soon	✓
Hafren Dyfrdwy	✗	✓	✓	Under Trial	✓	✗	Under Trial
Northumbrian Water	✗	✓	✓	✓	✓	✓	✓
Severn Trent	✓	✓	✓	✓	✓	✗	✓
South West Water	✓	✓	✓	✓	✓	✗	✓
Southern Water	✓	✓	✓	✗	✓	Not applicable'	✓
Thames Water	✓	✓	✓	✓	✓	✓	✓
United Utilities	✓	✓	✓	✓	✓	✓	✓
Wessex Water	✗	✓	✓	✓	✓	✓	✓
Yorkshire Water	✓	✓	✓	✗	Coming Soon	✓	✓

Source: CCW

### Industry performance benchmarking

- 11.1.5 We continue to benchmark our payment management and affordability support capabilities against global best practice standards.
- 11.1.6 We believe that we're the best collections team within the water industry, the last few years have been challenging due to an increasing number of customers experiencing financial difficulties many for the first time. We have been agile, proactive and demonstrated resilience and adaptability whilst delivering outstanding customer support.
- 11.1.7 We were recognised for 'exemplary' performance following Ofwat's Paying Fair review into company provision and customer access to affordability schemes, debt management, and cash collection processes. Practices, such our new flexible PayAsUGo scheme, extensive partnership working including our annual Affordability Summit and use of insight and intelligence to anticipate the needs of customers and target action have been highlighted as representing good practice.
- 11.1.8 As we continue our transformational journey one of the focal areas has been to professionalise credit management and collections within our company, demonstrating that we go above the minimum regulatory requirements for conduct.
- 11.1.9 In February 2019 we received the Quality Accreditation, CICMQ, granted by The Chartered Institute of Credit Management (CICM). We're the first and only water company to be given the accreditation. This represents formal recognition of our commitment to quality, continuous improvement and best practice in all aspects of credit management and collections.

***“The work you have all performed deserves the highest accolade and I am thrilled you have been awarded CICMQ accreditation. Focus is very firmly on raising the professionalism of the department. The teams performed great work in the affordability and vulnerability areas and with the launch of the CICMQ workshop, awareness has been raised of the benefits of studying, the sharing of best practice and how valuable the CICMQ accreditation is.”***

Sharon Adams CICMQ assessor

- 11.1.10 In February 2021 we retained our CICMQ accreditation receiving a recommendation to apply for Centre of Excellence status and our Head Of Income became a Fellow of the CICM. Our CICM membership enabled transformation of our recruitment approach with the introduction in 2021 of CICM apprenticeships; now all new entry level recruits will study professional CICM qualifications and existing employees encouraged to study Diplomas in Credit management as part of our journey to professionalise our credit management function.

***“They approached the CICMQ Mid-Term Review with the same enthusiasm, vigour, commitment and passion they would a CICMQ formal assessment and the supporting evidence proved fascinating in its content highlighting collaborations, innovations, showcasing achievements and affordability schemes and incentives.***

***An outstanding presentation which highlighted so many best practices and made my role as their Assessor for CICMQ accreditation very easy. The COVID-19 pandemic brought unprecedented challenges which only served to highlight their rapid response and ensure their continued support for their customers by exploring different options of payment but at the same time, mitigate any substantial losses to their organisation.”***

Sharon Adams CICMQ assessor

- 11.1.11 In February 2023 we won the prestigious CICM Excellence in Credit Management Award. CICM Excellence in Credit Management status is the Chartered Institute of Credit Managements highest accolade. The professional body awards this accreditation only to organisations that can demonstrate they meet specific challenging criteria as confirmed by the Institute’s Executive Board.

***“United Utilities demonstrate a real focus on vulnerability and making it as easy as possible for customers to get whatever support they may need. Their involvement with CICM demonstrates team engagement and through flying the flag for Credit Management and Collections UU shows that it really is a business that is committed to providing great service internally and externally, delivering great results and supporting the development of the whole team.”***

Sue Chapple Chief Executive of CICM

- 11.1.12 The award is the pinnacle of our transformational journey recognising our culture of engagement and development through investment in our people, our commitment to quality evidenced by the CICMQ accreditation, our focus on continuous improvement and our commitment to share best practice supporting the wider credit community
- 11.1.13 We challenge ourselves against the best in the country, not just the water sector. Our Revenue Director continues to share best practice in collections and in 2021 became Chairwoman for U&T Credit 500 group and lead for the CICM Professional standard steering group for Consumer Credit Management. We recognise the importance of sharing best practice in collections regularly speaking at conferences, through interviews for industry magazines and judging multiple industry awards.
- 11.1.14 Over the last 5 years we’ve won a number of industry awards as illustrated in figure 39 below, recognising our approach to supporting vulnerable customers, our innovative use of technology and overall collections performance. The awards are judged by a wide range of leading industry experts and recognise our outstanding performance.
- 11.1.15 Most recently our affordability and collections team have won Water Team of the Year and Best Vulnerable Customer Support team at the U&T Awards. We have also won the Utility Week Cost of

Living award, recognising our extensive approach to responding to customers’ needs as result of increasing cost of living pressures.

- 11.1.16 Our range of affordability support meets best practice standards, and in some instances exceeds it. We have been repeatedly recognised as industry leading in the support available for customers.

Figure 39 - Visual of award wins during AMP7

## External recognition for our great performance during AMP 7

These awards recognise excellence across the utility and credit industries and reward organisations that have achieved outstanding performance in the last year. To win or to be shortlisted shows that we have reached the very highest standards, as judged by panels of leading independent experts.

2023

Vulnerable Customer Strategy of the Year **Credit Awards WINNER June 2023**

**B2C Collections Team Award**  
United Utilities Water

**Excellence in Credit Management**  
United Utilities Water Ltd

2022

Cost of Living Award. **Utility Week WINNER December 2022** **UtilityWeek AWARDS**

Water Team of the Year, Best Conduct and Culture and Best Vulnerable Customer Support Team Awards. **U&T Awards WINNER December 2022**

2021

Best Use of Technology **U&T Awards WINNER December 2021**

Utility Team of the Year, Best Use of Technology and Vulnerable Customer Strategy of the Year **Credit Awards WINNER December 2021**

2020

Best Vulnerable Customer Support Initiative – Covid-19 **U&T Awards WINNER November 2020**

Water Team of the Year  
**U&T Awards Highly Commended November 2020**

Utilities & Telecoms Team of the Year and Best Use of Technology  
**Credit Awards WINNER November 2020**

Credit Excellence Awards in Collections  
**Credit Excellence Awards WINNER June 2020**

Consumer Team and Innovation & Technology  
**2020 CICM British Credit Awards WINNER February 2020**

Source: United Utilities

## 12. UU's approach to supporting customers in vulnerable circumstances

### 12.1 Tailored support to our vulnerable customers

12.1.1 For many of our customers living in the North West, daily life can be difficult. This could be due to medical needs, different abilities, life events or financial worries. Add a problem with your water and/or energy services and it can be even more challenging.

12.1.2 We provide industry leading support for customers living in vulnerable circumstances, having extended our Priority Services offering to those that really need it, and ensuring that we continue to improve the quality and scale of the support we provide.

12.1.3 Our focussed and flexible approach ensures that all customers, regardless of their specific needs, find they can engage with their water and wastewater services in a way that suits their individual needs.

"I completely agree that people who are vulnerable should still have the same access because it's a duty of care as a company."  
**Future Bill Payer, Manchester**

#### Specialised offerings

12.1.4 We recognise that those in vulnerable circumstances often have different requirements to other customers. Working with partners and customers we have identified a range of enhanced services which are beneficial to those living in these situations.

12.1.5 Together with a dedicated team, who receive additional vulnerability awareness training, plus facilities like webchat and social media, becoming a Priority Services customer with UU means you automatically become eligible for additional free benefits and services to help support you via our tailored services such as:

- Bills produced in different formats including braille; large print; coloured paper; talking bills and audio bills
- Knock and wait, giving customers additional time to answer the door if we need to visit your home.
- Add a trusted family member or friend via our nominee scheme, so we can talk to them on your behalf if you're unable to contact us.
- Translation services via Language Line, for real time, three way telephone conversations, if you're unable to speak English or prefer not to.
- Recite me, our online accessibility tool available on our website and MyAccount, offering additional online tools to help support customers that may require extra help in using the internet.
- Subtitles and British Sign Language added to frequently viewed customer videos. These include topics such as Priority Services, How to use Recite Me, Understanding your Water Bill, How to submit a meter reading and accessing our Affordability Support if you're struggling to pay.
- Giving notice of interruptions for planned maintenance works.
- Regular updates on unplanned works that may impact water supply or wastewater services.
- Additional support for dialysis patients, plus customers with a medical dependency for water, before and during interruptions to water supplies.
- Sewer flooding support.
- If you have trouble accessing your water meter due to mobility needs for example, if we're able to do so, we will relocate the meter internally free of charge.
- The delivery of bottled water and tailored communication in the event of proactive and reactive interruptions to supply in a tiered approach, ensuring we get to the most vulnerable in need first.

12.1.6 Our teams of Priority Service advisors within billing and network enquiries receive additional awareness training/briefings on varied vulnerabilities (including more in depth specific suicide awareness), giving them the tools to help and support those customers that may find things difficult to handle or may not understand. We also signpost customers to trusted organisations and charities that can help when we are unable to (for example 'Hub of Hope' online/app offering specialised help within postcode areas). Training covers topics including:

- Mental health
- Suicide awareness
- Autism
- Dementia Friends
- Cancer support
- Bereavement support
- Power of attorney
- Domestic / economic abuse

## 12.2 Engagement with recognised third sector organisations and stakeholders

### Utilities Together

- 12.2.1 All utility companies, whether water, gas or electricity are serving the same customers in their respective regions. This means they are also serving the same customers that are living in vulnerable circumstances.
- 12.2.2 United Utilities, Electricity North West (ENW), Cadent Gas, Northern Gas Networks and SP Energy Networks recognised that working together more closely and collaboratively for the sake of customers could only benefit their overall customer experience with us all. By sharing vulnerability support best practice between the five companies, we also have an opportunity to save time, money and resources in putting in place customer support. In the North West, we've collectively shared an ambition to support customers and communities, often in extreme vulnerable situations.

### Mobile Advice Centre

- 12.2.3 An example of the power of the Utilities Together initiative is the collective engagement with Age Concern Central Lancashire, ENW and Cadent in the launch of a Mobile Advice Centre initiative. UU, ENW and Cadent jointly covered the cost for the refurbishment of a mobile advice centre (MAC) vehicle. The MAC will enable us to take our combined services where they are needed most. In doing so, we hope to reach greater numbers of lonely, isolated and vulnerable people, and offer 'outreach' with a difference.
- 12.2.4 Amongst other interventions it will help to facilitate dementia awareness, and provide vital support to carers. Use of the facility will offer customers:

- Energy and water savings advice and access to benefits, plus help with their water bills
- Energy and water efficiency advice including access to grants
- Providing advice on safety in the home
- Promotion of the Priority Services Register

12.2.5 The MAC is available to the Utilities Together group in an emergency in supporting customers in vulnerable circumstances.

### Water and energy in the home

- 12.2.6 Utility companies working more collaboratively has resulted in the creation of a single home audit for specific vulnerable customers in our region. The 'water and energy in the home' project has enabled us to offer customers a single home audit, covering both water efficiency and energy saving ideas. Free water and energy saving gadgets are installed at the time of the audit with associated cost savings for the customer. If a plumber is required because of leaks, this can also be arranged for a future date, again, free of charge.
- 12.2.7 A proof of concept for the pilot was conducted via trusted partnership organisation called Groundworks, in areas with high deprivation in our region. A partnership with a proven track record of effective customer interaction. Combining check lists from existing water and energy home audits, this one audit gives the customer an improved experienced, receiving all relevant home audit ideas whether that's water or energy, from one source, rather than contacting multiple companies.

### Utilities Together booklet

- 12.2.8 One example of the benefits Utilities Together can bring is unified communications for example we have recently drafted a joint booklet.

**Figure 40 Draft image of the Utilities together booklet**



Source: Utilities together

- 12.2.9 Creation of the Utilities Together booklet (Figure 40) brings together facts, figures, hints and tips around water efficiency and energy saving, plus money savings to be made and of course safety in the home. These booklets will be available to customers and our partners as a helpful information source covering all their utilities in our region.
- 12.2.10 As we move into AMP8 collaborative working with utilities together group will provide further opportunities via cross sector working to engage and effectively support vulnerable customer whilst minimising the number of times customers need to engage with their utility providers.

### United Utilities vulnerability summit

- 12.2.11 As principal sponsors of Warrington's disability week, we held our second annual vulnerability summit in June 2023 at Walton Gardens, Warrington in conjunction with the ongoing events in the run up to the disability awareness day. The customer vulnerability event, brings together professional representatives working with vulnerabilities, to discuss how best we can all support people in the North West, living with additional needs and the people that care for them. We had representatives from all three utility providers with Cadent and Electricity North West joining us, plus the fire service, sharing how we're working together to help people in our region, whether that's due to age, ill-health, disability, mental health problems, financial worries or language barriers. Disability awareness day

12.2.12 Warrington’s disability week ends with the annual disability awareness day an event organised by the Warrington disability partnership which sees 20,000 people attend. We run a stand promoting all things priority services, water efficiency and affordability, sharing with our customers all the ways in which we can support them when they need it.



Source: United Utilities material

### Priority Services partnerships and engagement

12.2.13 Another example of the key partnership that we have developed includes our work with a network of independent pharmacies in the North West to promote PSRs for water and energy in the North West. We include key multi-utility PSR and energy efficiency messaging on 700,000 pharmacy prescription bags and distributed 105,000 PSR leaflets across 350 pharmacies in our region. The locations are selected through our social data mapping with a range of data sets that enabled us to identify hard to reach communities.

12.2.14 We have invested heavily in developing local partnerships. Our Vulnerable Customer Engagement Lead works closely with charities and voluntary organisations in helping UU to promote Priority Services amongst the most at need groups. These trusted organisations regularly talk to customers on our behalf, explaining the importance of joining the register and how we can support. They do this via a mixture of word of mouth; public events, conferences, leaflet drops and social media posts.

Our local partnerships cover communities such as:

- Disability
- Chronic illnesses
- Medical need for water
- Mental health
- Age
- Fire support services
- Financially struggling
- Energy
- Rural areas
- Community groups

## 12.3 Sharing data and partnerships to ensure we know where our vulnerable customers are

### Data sharing with Electricity North West

12.3.1 One of the most effective ways of identifying customers eligible for Priority Services is through sharing information with other organisations that maintain similar registers.

- 12.3.2 The energy sector already has an established framework for data exchange across companies to keep and share Priority Services Registers for the benefit of customers. To enable learning and immediate collaboration between the water and energy sectors - and to act as a 'proof of concept' for the industry to follow - we completed a ground breaking cross sector pilot between United Utilities and Electricity North West (ENW), rapidly trialling and testing new approaches to data sharing.
- 12.3.3 Issues such as customer consent, needs codes and aligned communications have all been addressed in the trial. Since the start of the trial in 2018, data sharing has become business as usual for both organisations and we have jointly shared over 195,000 pieces of customer vulnerability data, equating to over 15 per cent of UU PSR registrations.
- 12.3.4 Being the first in the industry to transfer data in this way has enabled us to share our learnings, with most water companies now sharing data through their own regional agreements. We have reported on the success of the data sharing initiative to the UK Regulators Network so that others can learn from our experiences.
- 12.3.5 United Utilities and Electricity North West have also developed a prototype online Priority Services Registration portal, allowing customers and third party organisations to register those in need for Priority Services, acting as a one stop shop for water, electricity and gas for customers living in the North West. A pilot ran in 2022 with Citizens Advice Manchester. Feedback from the phase one of the pilot was incorporated for the launch of the portal to other stakeholders to use directly. Phase two incorporates the inclusion of partner organisations. Phase three is to explore the potential of embedding the portal onto the UU external website, so at the point of a customer applying for Priority Services, this information is sent direct to energy at the time of the customer's registration.

### Other key partnerships

- 12.3.6 Electricity North West are the distribution network operator (DNO) for the majority of the North West, but there are another two DNOs serving customers in our region. SP Energy Networks are the DNO for customers in Cheshire, Merseyside and the Wirral, plus Northern Powergrid covers areas in Cumbria. We now have data sharing agreements with both SP Energy Networks and Northern Powergrid, enabling us to share valuable PSR data with all the DNOs that serve our seven million customers in the North West.
- 12.3.7 Through a promotional partnership, formed in 2022, Guts UK will help us to target customers with specific wastewater needs. These are customers living with specific medical problems, where their wastewater services are as just as important (even more so in many occasions) than clean water services. Registering these customers to Priority Services will again give us the ability to support and offer extra care directly and promptly during incidents.
- 12.3.8 In 2023, Kidney Care UK agreed to join as a new partnership funded by UU. Targeting customers living in the North West with kidney related condition resulting in a medical requirement for water. Together with promotional avenues such as websites, social media and mailshots, Kidney Care UK have access to patients during dialysis and visit these customers on a regular basis. They are a trusted organisation and are able to register people for Priority Services, plus help with applications for specific support tariffs such as WaterSure.

### Change of legal basis to share data

- 12.3.9 In September 2021, UU changed its legal basis to capture and store the PSR data from 'Consent' to 'Substantial Public Interest' (SPI), in line with industry best practice. ENW decided to align their Legal basis for Priority Services data with UU, and this resulted in an increase in weekly data exchanges. The change to SPI also allows us to mirror all data currently kept by energy, not just customers newly registered.
- 12.3.10 During Water and Wastewater incidents – such as interruptions to water supplies caused by storms and bursts - this legal basis change now means that any sharing of vulnerable customers data can now be

automatically added to our Priority Services Register. It's about knowing where customers with enhanced needs are, so we're there to help and support when they need us most.

## 12.4 Accreditations

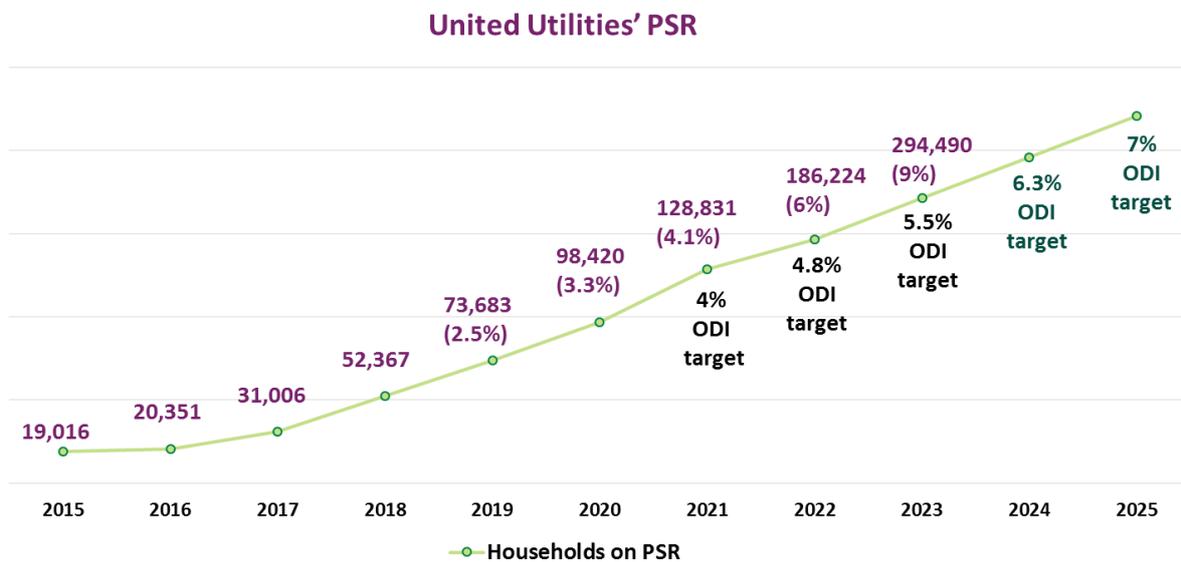
- 12.4.1 We recognise the importance of looking outside the utilities sectors in identifying best practice vulnerability support offerings. External accreditation and recognition can be a powerful tool to drive service improvement, and over the course of AMP7 we have sought to test our PSR offerings against the leading benchmarks.
- 12.4.2 In 2020, we first achieved verification for British Standards BS18477:2010 for consumer inclusion. Being one of our outcome delivery incentives (ODIs), we achieved this a year early before the start of AMP7, the first to achieve an upgraded version of the standard. Since then, we have been annually re-verified twice without any non-conformances or recommendations for improvement.
- 12.4.3 The standard was developed by consumer organisations, charities and government bodies to encourage the use of fair, ethical and inclusive practices and improve accessibility to services for all; show organizations how to identify vulnerable consumers and how to treat them fairly to help them comply with the law; plus increase consumer confidence in service providers by helping them to understand what consumers have a right to expect from them
- 12.4.4 British Standards had received international interest in the standards resulting in the creation of ISO22458:2022 Kite mark Consumer vulnerability — Requirements and guidelines for the design and delivery of inclusive service in mid-2022. Being a natural progression from BS18477 for our next audit in March 2023 we applied against these new requirements and guidelines for organisations on how to design and deliver fair, flexible and inclusive services that will increase positive outcomes for consumers in vulnerable situations and minimize the risk of consumer harm. The new kite mark covers organisational culture and strategy, inclusive design and how to identify and respond to consumer vulnerability.. United Utilities were the first of three water companies to have been verified as receiving ISO22458:2022 and more importantly, again never have received a single non-conformance or any recommendations for improvements. Under nine guiding principles, evolving into ISO22458 kite mark has given us:
- Greater alignment with regulatory best practices
  - Ensuring our services are accessible to greater number of customers
  - Ensuring the quality of customer interactions
  - Reduce the likelihood of problems and complaints
  - Improve customer satisfaction and building trust
  - Demonstrates ethical behaviour and social responsibility
  - Wider compliance with regulatory and legal obligations
- 12.4.5 In 2021, we won the award for Customer Initiative of the Year from the Water Industry Awards for our improvements in customer service to cultural communities, which are often more likely to be adversely affected by a disruption to their water supply. The aim of the initiative was to create multicultural awareness among our operational customer facing teams, helping them be more mindful about customers' different needs which stem from such things as race, ethnic origin and religion.
- 12.4.6 In 2021, Warrington Disability Partnership awarded U UW their 'Appreciation of Efforts Award', for the work we undertook to provide customers with additional needs through the COVID-19 pandemic. This award had a special meaning for us, knowing it came direct from customers with additional needs themselves that have experienced our services and appreciated the support we offered.

# 13. Future plans to address vulnerability

## 13.1 Growth in registrations

13.1.1 Since the official launch of Priority Services in 2015, we have grown the register by over 1400%, exceeding AMP7 targets for registration growth, demonstrated in Figure 41.

Figure 41 UU Priority Services Register growth and AMP7 performance targets



Source: United Utilities data

13.1.2 We know from working with energy companies that UU’s AMP7 Performance Commitment target of 7 per cent PSR reach by 2025 in AMP7 may be insufficiently stretching. Approximately 25 per cent to 30 per cent of energy customers are on the energy sector Priority Service Registers, so knowing disability figures for our region we have been challenging ourselves to double our ODI target during the current AMP, and to go further in AMP8, targeting 20 per cent PSR reach by 2030 (Table 6).

Table 6 UU PSR growth targets

	2021/22 (AMP7)	2024/25 (AMP7)	2029/30 (AMP8)
Current performance target	4.8%	7%	N/A
New aspirational target	5.88% (achieved)	15%	20%

Source: United Utilities data

13.1.3 Achieving these levels of PSR registrations will not be easy, but we have developed a comprehensive set of innovative proposals to help us identify those customers most in need of support, and are developing plans to boost awareness of the scheme with customers.

13.1.4 Contacting customers every two years, to verify and understand if their needs have changed is key to ensuring that the Priority Services Register is always up to date. It is important that we help customers in the best way when we are aware of their situation.

13.1.5 There are some customers however, who may be living with a terminal illness or a lifelong disability/condition, and are acutely aware that their situation is not going to change. These customers have expressed dissatisfaction at being contacted as part of the verification ODI as they are not only contacted by water but also by energy. Whilst there is an ongoing activity across water and energy to look to address data sharing, now that we are all on the same legal basis for holding data, we propose that only certain needs codes trigger a requirement for attempt to verify every couple of years.

### Development of data models

- 13.1.6 We are working with the Cabinet Office, Defra, CCW and a small group of other water companies to clarify legislative changes, permitted under the Digital Economy Act 2017, to encourage data sharing of vulnerable customers by government bodies.
- 13.1.7 Through partnerships with Department of Work and Pensions, and other holders of relevant data, we will use advanced data sharing arrangements and analytic capabilities to proactively identify vulnerable customer groups. We will enhance our existing customer vulnerability data model to overlay with both geographical and demographic data. This will highlight areas and communities that contain the hardest to reach customers. Factors such as rural isolation, cultural barriers and high deprivation can be barriers to engaging vulnerable customers. We will target these groups, collaborating with trusted charities and organisations.

### Working with other water companies

- 13.1.8 Through our involvement with an Ofwat funded innovation project, United Utilities joined up with, Severn Trent Water, South East Water, Thames Water and CCW in the creation of the paper 'Supporting customers and vulnerable circumstances. Using behavioural science and design thinking methodology, the project determined the relationships between the types of communication methods used to connect with consumers and their effectiveness. This involved conducting research and trials, focussing on a demographically diverse pilot location in Leicester, to test and ascertain how the right campaigns and support could be directed to those most in need. The insights obtained were shared to help tailor customer journeys and communication channels to be more appropriate and effective, facilitating a step-change improvement for the water sector in the engagement of hard-to-reach customers and communities.

### Sharing data with Fire Rescue Services

- 13.1.9 United Utilities will be actively seeking data sharing agreements for vulnerable customer data with North West fire support services, including:

- Cumbria Fire Support Service
- Lancashire Fire Support Service
- Greater Manchester Fire Support Service
- Merseyside Fire Support Service
- Cheshire Fire Support Service

- 13.1.10 The first of these agreements will be with Lancashire Fire and Rescue Service, via a one way secure transfer of vulnerable customer data from Lancashire Fire to UU after obtaining customer information during the fire service's safe and well visits.
- 13.1.11 United Utilities has started to engage with local Councils and Local Resilience Forums to eventually put in place a two way data sharing agreements. Knowing where our most vulnerable customers are in their hour of need can be critical during storms which affect water and power supplies. Sharing vulnerable customer information on a regular basis will mean we will know where our most vulnerable customers are should an incident occur, saving valuable time when we need to identify and help customers in severe circumstances without water.

## 13.2 Additional support to customers

- 13.2.1 Our AMP8 plan includes the introduction of a new emergency support scheme designed to support customers experiencing transient vulnerability as a result of sewer flooding. This new scheme, developed in response to customer feedback, provides financial support to customers at a time when they need our help the most.

### UU Trust grants for those in need of emergency support – Sewer flooding

We recognise that an internal sewer flooding event can be a distressing experience for many households. Over the last few years we have taken a range of measures to reduce the likelihood of sewers flooding, and improved our response capabilities to better help customers recover quickly from a flooding event.

Nevertheless, there are instances when UUW support may not go far enough, particularly where a customer has a limited income and/or no access to insurance.

Working with the independent UU Trust, we will establish an Emergency Support Fund to provide financial support grants to cover payments for repair work as a result of sewer flooding damage to customer properties. The UU Trust will administer the fund, and make independent, case by case decisions on grants. This will enable additional support for customers most in need. We anticipate grants will be made to low income customers without insurance who have been impacted by sewer flooding, with up to £1 million being distributed over a 5 year period, depending on customer need. An example of some promotional material is shown in Figure 42 below.

**Figure 42: Draft promotion materials for the proposed emergency support fund**



Source: *United Utilities publicity material*

## 13.3 Multicultural communities

13.3.1 A still developing concept for improved engagement with multicultural communities, where current PSR engagement levels are low, and there is concern the nature of Priority Services support may not always be as effective as it should be.

13.3.2 Capabilities to be further developed within this space include:

- **Network groups:** Our own internal Multicultural Network Group will help us understand the needs of cultural backgrounds, plus give advice and support on our initiatives.
- **Multicultural Calendar:** The creation of an online Multicultural Calendar includes key dates relating to 20 different faiths and religions. With definitions, it indicates how people may use water differently. This calendar is used when planning large works to determine if customers will be affected due to their religion and faith e.g. works normally planned for night work could affect customers during Ramadan.

- **Helping yourself and others:** A tailored online training package for customer facing roles. Increasing knowledge and confidence, e.g. awareness of our diverse customer base and supporting their needs, plus support with common customer queries. Also, a Customer Handbook, a guide for future reference, which can be read online via tough books, or downloaded direct from our intranet. This handbook (figure 43 below) will act as a tool to help our people deliver the best service for our customers. It includes answers to some commonly asked questions, along with QR codes for educational videos, also serving as a refresher on some of the training content from 'Helping yourself and others'.
- **Cultural prompting:** Automatic text messages to our network customer facing front line roles. Understanding of different cultures participating in different ways, e.g. fasting, prayer days or family gatherings. Giving customer facing roles the tools to help them understand customer's faiths and changing needs for water.
- **Multicultural connectors:** The creation of multicultural connectors into the business will enable us to proactively promote our services and the benefits of joining the Priority Services Register within cultural communities living in the North West. With the assistance of the UUW Multicultural Network group we will use their own life experience to help us recruit people from different cultures and backgrounds, people with the knowledge and ability to give valuable feedback on what works, where and when.
- **Translation services:** Using our existing translation provider, Language Line, we will roll out this facility to operational field roles, giving them the tools to connect with customers if they're unable to communicate in English. We will explore advanced call routing, giving our agents the visibility to see the preferred language of a customer before taking a call, giving the customer an improved serviced.
- **Internal skills to improve our service:** We will use our own diverse workforce in customer services to call upon their skills, knowledge and experience in giving us feedback on our translation services and the end to end customer journey.

**Figure 43: Draft of customer handbook**



Source: United Utilities Company Handbook for field teams

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**Water for the North West**