

NewStatesman

How to tackle water poverty together

Making a difference in the lives of water customers



Sponsored by

NWG
living water

Water poverty in the UK: Facts and figures*

*provided by National Energy Action

Proportion of single-parent families who spend more than 3% of their household disposable income on water bills

41%

The average annual combined water and sewerage bill in England and Wales

£415

Amount required to close the water poverty gap and achieve zero water poverty

£1.25bn a year

Number of households that spend more than 5% of their disposable income on water bills

2.3m

NewStatesman

12-13 Essex Street
London, WC2R 3AA
Subscription inquiries:
charlotte.mullock@
newstatesman.co.uk

Head of Partnerships
Dominic Rae
+44 (0) 20 3096 2273
Commercial Director
Peter Coombs
+44 (0)20 3096 2268

Special Projects Editor
Will Dunn

Special Projects Writers
Rohan Banerjee
Jonny Ball

Design and Production
Leon Parks

Cover illustration
Shutterstock/Mopic

The paper in this magazine originates from timber that is sourced from sustainable forests, responsibly managed to strict environmental, social and economic standards. The manufacturing mills have both FSC and PEFC certification and also ISO9001 and ISO14001 accreditation.

This is a commercially led supplement paid for by Northumbrian Water Group. First published as a supplement to the New Statesman of 27th September 2019. © New Statesman Ltd. All rights reserved. Registered as a newspaper in the UK and US.

This supplement can be downloaded from:
newstatesman.com/page/supplements
© New Statesman Ltd. All rights reserved.
Registered as a newspaper in the UK and US.

Contents

3 / Heidi Mottram CBE

4 / Adam Scorer

5 / Tony Smith

6 / Sector voices

Combating water poverty

Heidi Mottram CBE, chief executive at Northumbrian Water Group, discusses the ways in which the sector is helping vulnerable customers



I am very proud to introduce you to this *New Statesman* special report on water poverty, sponsored by Northumbrian Water Group. At Northumbrian Water Group (NWG) we have a strong background for taking on the challenge of water poverty – in May 2018, we made a commitment to eradicate water poverty in our supply areas by 2030. We were the first in the water industry to do so, leading the way to make a real difference to the lives of our customers.

NWG is made up of Northumbrian Water, which provides water and wastewater services in the North East of England, and Essex & Suffolk Water, which provides water services to two separate supply areas. We are a large business, proud of the regions we serve, and determined to deliver an unrivalled customer service.

We recognise that the reputation of our sector cannot be changed by a commitment in isolation – or without carefully understanding the causes and tools needed to tackle this issue. Building on the excellent progress made on fuel poverty, we are funding research and programmes led by National Energy Action, alongside practical applications for our customers. This commitment, combining independent research, a focus on those customers we can help the most, and seeking to build a new way of thinking across all utilities, demonstrates the ambition and plans we have to benefit our customers, our regions and the wider water sector.

We hope that our goal for zero water poverty will create greater collaboration

inside and outside the sector to help our customers who really need this support. We have already seen encouraging results with WaterUK's Public Interest Commitment making it clear that the wider sector is now working towards ensuring water is affordable for everyone and a strategy to tackle water poverty is developed. We believe, and our customers tell us, that improving our customers' ability to afford our services is one of the most important ways we can help them. Social tariffs, which offer discounts for customers who are genuinely struggling to pay, certainly have a major role to play.

But this should not be a static, one-shot attempt at improving comparative affordability. By giving customers more control of their bill, improving water and energy efficiency, and engaging our employees in community activities there is much more that we can do.

The sector cannot eliminate water poverty on its own – we need strong partnerships with advice agencies and voluntary organisations that support our customers, to promote our services and refer those who need additional support. We know that the first port of call for a customer facing financial hardship is unlikely to be their water provider, and their water provider is unlikely to be able to lift them from this hardship alone. A customer in water poverty, given the comparatively lower cost of water, is likely to also be in fuel poverty and financially vulnerable as well – this means collaboration and working in partnership with a range of organisations is absolutely key. So if we can jointly work together and intervene to take on all of these challenges society as a whole will benefit.

This is why I am so pleased that this special *New Statesman* report, which we have sponsored, will give a voice to charities, regulators, consumers, local councils and more in moving forward this important debate. We hope it sparks interest, enthusiasm, passion and drive in joining with us to completely eliminate water poverty.

Water poverty, industry and government

Possibly the least surprising insight from utility markets, is that people who struggle to afford their energy costs are often the same people who struggle to meet the costs of other essential services, including water. National Energy Action (NEA) has led the fight against fuel poverty for over 30 years. In that time, we have seen a number of statutory definitions, measures, strategies and targets for eradicating fuel poverty.

Given that the policy frameworks and regulatory regimes between energy and water are so similar, it is plain common sense to learn from the successes and challenges in each sector. NEA is working with Northumbrian Water Group on a shared objective to eradicate water poverty by 2030. It is a bold aim and a challenging timetable, but that is what is needed. We believe our experience of the successes and setbacks in fighting fuel poverty will help the water sector to move more quickly and with greater purpose toward eradication.

Water companies can't disconnect their customers, but water bills can lead to significant amounts of debt, and the stress of this can have a big effect on the physical health and mental wellbeing of a customer. Metered customers may even choose to ration their use of water in an effort to save money, leading to poor hygiene, declining level of social inclusion and multiple health risks for them and their families.

The Digital Economy Act already offers a broad definition of water poverty based on reasonable cost. The starting point for NEA is to establish a common way of



Adam Scorer, chief executive of National Energy Action, discusses the work of his organisation, the wider utilities sector and government in finding solutions to water poverty

measuring water poverty. We believe that a household should be deemed to be in water poverty if the cost of their combined water and sewerage bill is more than 3 per cent of their household income after housing and childcare costs. This is consistent with the budget provided by the Joseph Rowntree Foundation in its Minimum Income Standard calculation – the minimum amount of income required to achieve a decent standard of living.

We also believe that we should measure a water poverty gap to understand the depth of the issue. This would be the amount that bills would need to decrease, or incomes increase, to take a household out of water poverty. This would bring the water sector in line with the measurement of fuel poverty.

While a consistent measurement is necessary for progress, it is a long way short of being sufficient. We will need to establish a date in statute to eradicate water poverty, to raise awareness of the issues customers face when struggling with their water bills, to establish a government water poverty strategy and for social tariff eligibility and support levels to be reviewed.

As in energy, this public policy architecture will need to work with practical projects involving cross-industry project partners from water companies, to energy networks, housing associations, local authorities and more.

There is already a lot of good work and best practice to build on. NEA will play a full role in focusing this work not just on reducing the impact of water poverty, but on eradicating it. We want to turn off the tap, not just mop up the flood.

No one should have to worry about water

Tony Smith,
chief executive
at the Consumer
Council for Water,
considers what
water companies’
performance on
affordability support
reveals about the
progress they have
made towards
tackling water
poverty



As an essential service, water should be affordable to all customers and delivered in a way which meets everyone’s needs, whatever their circumstances. No-one should have to worry about struggling to afford something as essential to life as water, but that is the reality facing around three million households in England and Wales. That’s why we continue to demand much more from water companies in providing a lifeline to households before they sink further into debt because of unpaid utility bills.

Indeed, few organisations are better placed to understand the pressures facing households in financial hardship than the Consumer Council for Water; the scale of the problem is evident through the many thousands of conversations we have with customers every single year, as well as our comprehensive, continuous programme of customer research. Often it boils down to being on a low income or experiencing a sudden change in circumstances, as customers struggle to keep pace with the rising cost of household and other essential bills.

Latest figures from 2018-19 show that the number of customers supported through companies’ social tariff schemes increased by 36 per cent in the year, to 533,000. These largely customer-funded schemes can substantially cut the bills of low-income households, in some cases by as much as 90 per cent. This is encouraging progress, but still only helps a small fraction of the customers who tell us they struggle to pay their bills. The potential impact of social tariffs is hampered by three major obstacles – low

awareness, poor funding and regional variations in company support – and we believe the industry can still do more to help those customers who are struggling to pay.

Our affordability report, *Water for All: Affordability and vulnerability in the water sector*, published in 2018, warned that the growth of social tariffs remains heavily constrained by other customers’ willingness to fund them. Without a fresh injection of funding, these schemes will not be able to reach three quarters of the customers who need support. That is why we will keep calling on companies to follow the lead of United Utilities, Dwr Cymru Welsh Water and Yorkshire Water in contributing some of their own profits towards these schemes, rather than relying on funding from other customers’ bills.

In the meantime, we are proud to report that customers continue to benefit from the online tools we launched in 2016 in partnership with poverty relief charity, Turn2Us. Our Benefits Calculator and Grants Search tools enable customers to discover whether they are entitled to further welfare benefits or assistance through grants. In 2018-19, more than 3,200 consumers used the Benefits Calculator and identified that they might be eligible for annual benefits totalling in excess of £10.1m. Our water meter calculator also remains an invaluable tool in helping many customers identify whether they could save money by switching to metered charges. Last year, customers identified potential savings of £19.7m, an uplift of £5m compared to the previous year.

Looking ahead, the Consumer Council for Water will continue to press companies – and the regulator – to implement a longer-term solution to the funding of social tariffs in order to ensure we achieve our ultimate aim of universal water affordability for every customer in the future.

For more information about the work of the Consumer Council for Water in tackling water poverty, please visit our website www.ccwater.org.uk

The view from the sector

Voices from the industry, the regulator and government discuss how water poverty affects their work and their organisations



Rachel Fletcher
Chief Executive, Ofwat

Keeping water good value for money and affordable for everyone is one of our key objectives. And while water poverty is a complex problem, there are some simple fundamental steps that can help tackle it.

First, water companies need to understand who their customers are. They need to know who might be at risk of finding water unaffordable, be able to

spot the signs that someone is starting to struggle, and help them early.

Second, companies need to act holistically. People in water poverty are likely to be struggling with other financial commitments – such as energy bills or council tax, for example. Service providers are increasingly working collaboratively to help customers needing extra support.

Third, we need affordability and debt support schemes in place to reach those who really need them. Water companies understand the challenge and are acting: just recently they confirmed plans to help 1.5m people struggling to pay and committed to make water affordable for all. We will keep pushing with the sector and others, until we achieve that goal.



Michael Roberts
Chief Executive, Water UK

Ensuring that no-one has to worry about water debt due to their personal circumstances is a priority for water companies. The industry is committed to helping all households with their bills, by continuing to keep bills falling in real terms over the next five years, and by nearly doubling the number of customers who are provided with

support with their bills through measures like social tariffs.

Bills have stayed pretty much the same in real terms since 1994, and by 2025 there will have been a decade of real terms reductions in bills – which currently average around £1 a day. In addition, through our Public Interest Commitment, the sector is working towards making bills affordable for all households with water and sewerage bills over 5 per cent of their disposable income by 2030, as well as developing a strategy to end water poverty.

To achieve this goal and make water poverty a thing of the past will require a package approach tailored to local needs, including measures such as helping customers to be more water efficient, extending social tariffs and additional forms of financial assistance, and working with other organisations to support those customers who are in vulnerable circumstances.



Cllr Gavin Callaghan
Leader of Basildon Council

I am the leader of an area that includes the biggest economy along the Thames Estuary outside of Canary Wharf, but is also one of the most unequal boroughs in the country.

I do not underestimate the pressures that those in our less affluent areas face, with regards to water as well as rent and other utilities.

Water is clearly central to all our lives, and we need to do all we can to make sure that nobody in our borough experiences water poverty.

But my ambitions are bigger than

simply ensuring my residents get what they need to survive. I want to put the ladders of opportunity in place for people to raise everyone up to the level where all of our residents live the healthiest, most productive lives they can regardless of their postcode.

I will do this by focusing my council's resources in the areas where they can have the biggest impact, and by working better with new and established partners. But I am also working hard to ensure our communities feel listened to and understood, as it is only by working with them that we can help them thrive, and eradicate blights like water poverty once and for all.



Nicci Russell
Managing Director, Waterwise

Without water we can't survive. And as many of us found out when the "Beast from the East" hit, our economy and society can't function without it either.

In the UK we pay around £1 a day for water to be pumped to our homes and taken away as wastewater. For some this is cheap – for others it's unmanageable.

Water efficiency can help. It makes the water we have go further, and for

“The industry is committed to helping all households”

metered homes, it can bring water bills down. Even without a water meter, energy bills come down as we take shorter showers, fit water-efficient showerheads and only use the washing machine on full loads. A British household with a power shower could save £55 a year on energy bills by switching to an eco-showerhead. Even a washing-up bowl can save both water and energy.

All water companies in the UK have free water efficiency visits and products to help manage their bills down.



Phil Wilson
MP for Sedgefield

Eradicating poverty in all its forms is one of the most important goals in politics can set ourselves. It's very positive to see companies in the water sector prepared to play their part in tackling this issue. Getting an agreed definition of what water poverty means and setting a definitive target for addressing this would be a huge step forward, and we in parliament should be ready to support that.

However, when my constituents find themselves in water poverty it is usually part of a more complex set of interrelated issues, so there is a need for other agencies, supported by parliamentarians, to work together to address them.

They include worklessness, how the benefits system operates, fuel poverty and housing. Tackling one of these by itself will have limited value. We need a holistic approach to make sure the efforts being made in the water sector really make a difference to my constituents' lives.

WATER WITHOUT THE WORRY

Working together to eradicate water poverty by 2030



We're working in partnership with organisations who are committed to achieving this goal. If you share this ambition to make a real difference to customers who are most in need of support, please contact noworries@nwl.co.uk or visit www.nwl.co.uk/wwtw.



NORTHUMBRIAN WATER *living water*

ESSEX & SUFFOLK WATER *living water*