

# Consultation Response

## Ofwat's draft vulnerability guidance

Office of Water Services (Ofwat)

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## **About this consultation**

This consultation was launched by the Office of Water Services (Ofwat), the water industry regulator, to seek views on its new draft vulnerability guidance for English and Welsh water-only and water and wastewater providers. The guidance is designed to improve outcomes for customers in need of extra help across the water sector. It is focused on wider vulnerabilities, as financial vulnerability is covered in detail by the regulator's Paying Fair Guidelines.

## **Key points and recommendations**

- Age UK supports Ofwat's proposals for improving its vulnerability guidance in the water sector, but we also recommend a few changes.
- During a water outage suppliers should greatly improve access to bottled water distribution centres and be required to deliver to people's home addresses if they are unable to collect from a local centre.
- Ofwat should also make it mandatory for suppliers to provide compensation if they fail to adequately support customers during an outage.
- As part of overhauling its vulnerability guidance Ofwat should work with suppliers to run a comprehensive Priority Services Register (PSR) awareness campaign.
- Ofwat should reduce the burden on customers to come forward for PSR registration by putting in place automatic registration triggers.
- This should include working with the Department for Work and Pensions (DWP) to ensure that when a customer reaches State Pension age they are automatically asked if they would like to enrol onto the PSR.
- Ofwat should also permit frontline staff from the charity sector and other trusted third parties to register customers for the PSR on their behalf, following the customer giving consent.
- We strongly support Ofwat's proposal for suppliers to record customer needs instead of just their medical conditions when assessing vulnerabilities.
- With 2.7 million people aged 65+ not regularly using the internet, if at all, it is essential that suppliers are mandated to provide offline access to their services.

## **About Age UK**

Age UK is a national charity that works with a network of partners, including Age Scotland, Age Cymru, Age NI and local Age UKs across England, to help everyone make the most of later life, whatever their circumstances. In the UK, the Charity helps more than seven million older people each year by providing advice and support. It also researches and campaigns on the issues that matter most to older people. Its work focuses on ensuring that older people: have enough money; enjoy life and feel well; receive high quality health and care; are comfortable, safe and secure at home; and feel valued and able to participate.

## **Introduction**

We welcome the opportunity to respond to this consultation<sup>1</sup>. Age UK supports Ofwat's efforts to improve outcomes for customers with vulnerabilities in the water sector. Our response is designed to highlight some specific elements that we think the regulator should consider further.

Roughly 6.5% of households in England and Wales were in water poverty in 2019/20, spending 5% or more of their income on water bills<sup>2</sup>. That's around 1.5 million households. Estimates indicate that the average annual water bill will be around £448 this year<sup>3</sup>, a rise of £31 from the previous period<sup>4</sup> and the largest increase in nearly 20 years<sup>5</sup>. From 2025 things look set to get even worse, with bills expected to increase substantially because of supplier infrastructure spending<sup>6</sup>. While this new infrastructure is much needed, the cost being levied onto customer bills only reinforces the importance of protecting those in need of extra help.

While we do not have up to date data on water demand by age group, anecdotal evidence indicates that certain cohorts within our older population do have higher water needs. This includes some older people with disabilities or long-term health conditions and those living in homes where pipes and appliances are more liable to leaks – including many older and rural properties. Physiological changes as we age also mean that older people are at increased risk from the effects of dehydration<sup>7</sup>. This and wider factors put our older population in greater danger during water outages.

With this context in mind, we strongly support Ofwat's core objectives with this guidance. We are particularly pleased to see a commitment to high standards of service, ensuring inclusive design, pushing for proactive identification of customers with vulnerabilities, and a drive towards recording needs instead of just medical conditions on the PSR. We are also keen to ensure that Ofwat's objective two, 'inclusive by design', accounts for the specific needs of older people requiring extra help, especially those who do not have access to the internet. We would welcome the opportunity to liaise with water companies on what extra help may be required and how to ensure this is better delivered.

It is our view that the proposed updates to Ofwat's vulnerability guidance will better protect older people in need of extra help from their water provider. However, we are concerned about a few areas we think the regulator should consider further. We outline these concerns below.

## **Consultation questions**

We agree with the regulator's assessment that their existing definition of vulnerability<sup>8</sup> is sufficiently encompassing to protect older people in a wide variety of circumstances and it is not worth reworking this definition at this stage. We also appreciate Ofwat's recognition

that vulnerability can at times be transient in nature, requiring a dynamic response from suppliers.

While we agree with the regulator maintaining its present classification of vulnerability, we caution that any definition will only be as good as the guidance underpinning it. Crucially, this guidance needs to be accurate and comprehensive, but also sufficiently prescriptive to ensure it is followed. It is our view that compliance reviews and, if needs be, enforcement activities are key to ensuring Ofwat's principles are applied in practice. We encourage the regulator to make it a mandatory component of operating licences that this guidance be followed. Prescriptive implementation ensures minimum standards are kept while still leaving sufficient scope for suppliers to go beyond the guidance and deliver additional support in their own way.

As part of facilitating multiple communication channels and offering multiple methods of paying for bills, the regulator must better account for the impact of digital exclusion. Ofwat must be particularly mindful of this as the Water Industry Act 1991 requires the regulator to have specific regard to the consumer interests of pensioners. Age UK analysis indicates there are still 2.7 million people in the UK aged 65+ who have not used the internet in the last three months – most of who say they have never used it<sup>9</sup>. Digital exclusion is particularly high among the oldest age groups, with around a third (34%) of those aged 75+ and one in ten (10%) of those aged 65-74 not using the internet.

Water suppliers must be mandated to provide offline access to their full range of customer services. This should include telephone and postal access routes to customer service teams and the ability to pay bills by cash, cheque, and direct bank transfer. In many cases it will also be necessary for providers to deliver face to face support, especially during emergencies when the water supply has been switched off.

Burst pipes are a serious concern for older people with vulnerabilities. In 2021/22 there were 44,104 mains pipe repairs in England and Wales<sup>10</sup>. While not all of these will have resulted in a serious outage it is critical that when one occurs water suppliers immediately provide appropriate mitigation. This is particularly important for those older people who need a constant supply of water, or who have higher water needs due to a disability or medical condition.

Suppliers are supposed to provide bottled water during an outage. Sadly, in some cases their methods of distribution have proved difficult for some older people to engage with, as providers frequently set up bottle distribution centres which are inaccessible. This is especially true in rural locations. Anecdotal reports we have heard from industry experts of gridlock outside distribution centres, people with cars being prioritised over those on foot, and centres being many miles away from people's homes are truly troubling. It's

important for suppliers to be mindful that many older people cannot access public transport in their area and do not have access to a car.

As part of its updated vulnerability guidance, Ofwat must be proactive in ensuring that customers with vulnerabilities are appropriately supported during an outage. It is our view that suppliers should be required to deliver bottled water to people's home addresses in circumstances where they are unable to collect from a local centre. This must be a mandatory component of supplier vulnerability strategies moving forward. It also reinforces the importance of recording customer needs, instead of just looking at conditions. We also recommend that Ofwat mandate suppliers to provide compensation if they fail to support customers during an outage.

Ofwat's ambition of ensuring better identification of customers with vulnerabilities is tremendously important, but the regulator must recognise that many older people remain unaware of the PSR. As part of overhauling its vulnerability guidance Ofwat should work with suppliers to run a comprehensive PSR awareness campaign. The regulator should also reduce the burden on customers to come forward for PSR registration by putting in place automatic registration triggers. For example, Ofwat could work with DWP to ensure that when a customer reaches State Pension age they are automatically asked if they would like to enrol onto the PSR.

We strongly support Ofwat's proposal for suppliers to record customer needs instead of just conditions when assessing vulnerabilities. Suppliers should be regularly enquiring about the requirements of their customers in need of extra help to ensure that day-to-day assistance and crisis support are tailored to circumstances. For many vulnerable older people the extra help they require can be very specific to their situation. A simple flag on a supplier's system saying they are PSR registrants with a particular condition is in no way sufficient to account for the complexity of support they may require.

As part of its objective 3 ambitions around identifying customers in need of extra help, Ofwat should also allow representatives from the charity sector and other trusted third parties to register customers for the PSR on their behalf, after obtaining their consent. As a key provider of information, advice, and support for older people, Age UK often speaks to clients in need of extra help. Affording us the ability to support a client with PSR registration directly would be of real benefit.

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- <sup>1</sup> Ofwat, 2023. Service for all – Ofwat's draft vulnerability guidance for water companies supporting customers who need extra help. Ofwat. [Online]. Available at: <https://www.ofwat.gov.uk/consultation/service-for-all-ofwats-draft-vulnerability-guidance-for-water-companies-supporting-customers-who-need-extra-help/>. [Accessed 13/10/23].
- <sup>2</sup> CEPA, 2021. Quantitative analysis of water poverty in England and Wales. CEPA. [Online]. Available at: <https://www.water.org.uk/sites/default/files/wp/2021/04/Quantitative-analysis-of-water-poverty-in-England-and-Wales.pdf>. [Accessed 13/10/23]. Pg30.
- <sup>3</sup> Water UK, 2023. Water bills to rise by less than inflation with record support available for those most in need. Water UK. [Online]. Available at: <https://www.water.org.uk/news-views-publications/news/water-bills-rise-less-inflation-record-support-available-those-most#:~:text=Average%20yearly%20water%20and%20sewerage%20bills%20in%20England,real%20terms%2C%20than%20they%20were%20a%20decade%20ago..> [Accessed 13/10/23].
- <sup>4</sup> This review period runs from the beginning of April to the end of March each year.
- <sup>5</sup> IA, 2023. The impact of high household costs on older people facing financial hardship. Independent Age. [Online]. Available at: [https://www.independentage.org/sites/default/files/2023-09/Household\\_costs\\_report\\_2023.pdf](https://www.independentage.org/sites/default/files/2023-09/Household_costs_report_2023.pdf). [Accessed 13/10/23]. Pg18.
- <sup>6</sup> See: Water UK, 2023. Water companies propose largest ever investment. Water UK. [Online]. Available at: <https://www.water.org.uk/news-views-publications/news/water-companies-propose-largest-ever-investment>. [Accessed 13/10/23].
- <sup>7</sup> Age UK, 2020. Policy position paper: Eating and Drinking Well. Age UK. [Online]. Available at: <https://www.ageuk.org.uk/globalassets/age-uk/documents/policy-positions/health-and-wellbeing/eating-and-drinking-well-policy-position-mar-2020.pdf>. [Accessed 13/10/23]. Pg3.
- <sup>8</sup> Their definition: A customer who due to personal characteristics, their overall life situation or due to broader market and economic factors, is not having reasonable opportunity to access and receive an inclusive service which may have a detrimental impact on their health, wellbeing or finances.
- <sup>9</sup> Age UK, 2023. Applying for a Blue Badge and other council services if people are not online. Age UK. [Online]. Available at: <https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/active-communities/digital-exclusion-and-blue-badges-survey-june-2023.pdf>. [Accessed 12/10/23]. Pg3.
- <sup>10</sup> Discover Water, 2022. Loss of supply statistics. Discover Water. [Online]. Available at: <https://www.discoverwater.co.uk/loss-of-supply>. [Accessed 13/10/23].