

Social Tariff and Debt Management Research

Final Report for Wales...



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Objectives and Approach

- This research covered Severn Trent Water customers in both England and Wales, but this report focuses on findings amongst customers living in **Wales only**.

The main objectives of the research were as follows;

- Understand how Severn Trent's and Dee Valley Water's existing social tariff schemes are viewed by recipients, exploring the application process; impact of the help received etc.
- Establish how customers find out what help is available and determine the appeal of the Big Difference (BDS) and Here2Help schemes amongst non-recipients
- Understand the journey to water debt, exploring the circumstances that lead to arrears; how customers view playing water bills; how they view the attitude and approach of Severn Trent / Dee Valley
- Explore views on approaches to preventing arrears and encouraging debt repayment
- Identify a range of approaches to be tested further.

To meet the objectives, a 3 stage research approach was implemented;

- *Stage 1 - Initial exploratory qualitative research* – designed to understand the underlying issues and undertaken first in order to inform the follow-on Stage 2 quantitative
- *Stage 2 - Quantitative interviewing* –telephone interviews amongst a sample of customers 'On a social tariff' and those 'Not on a social tariff, but likely to qualify for one'.
- *Stage 3 – Qualitative co-creation* – co-creation sessions with customers and staff to refine 3 solutions that emerged from the initial research.

Sampling

- Customer **contact details were provided by Severn Trent and DVW** for use in the research and these were split into two samples;
 - *‘On a social tariff’* - customers receiving a social tariff (either BDS or Here2Help)
 - *‘Not on a social tariff, but likely to qualify for one’* - customers living in areas with a high degree of deprivation based on the Index of Multiple Deprivation (IMD). To establish that customers would be likely to qualify, screening questions were used at the start of all interviews, as follows;
 - Severn Trent customers – needed to agree that they *‘only have enough for the essentials’* or *‘I tend to run out of money before the end of the week/month’*
 - DVW customers – self-defined annual household income below £15,500.
- Where a customer was **in water debt** (defined as arrears of £100+ for more than 12 months) this was tagged to their record. Note;
 - *They weren’t necessarily in water poverty (i.e. spending 5%+ of income on water)*
 - *The 2% of debtors who ‘won’t pay’ were excluded from the research.*

Stage I Qualitative - Methodology

- Details of the different elements of the Stage I qualitative in Wales are shown below
- Note, all qualitative respondents were classified as being in water debt.
- **3 x in-depth interviews**
 - 1 Severn Trent customer in Powys (not on BDS)
 - 2 Dee Valley Water customers (1 on Here2Help and 1 not on Here2Help but likely to be eligible)
 - Fieldwork was undertaken during October 2017.
- **Additionally, as part of the wider project 2 focus groups were carried out with customers living in England, as follows:**
 - Customers who've received a grant or other support from the Severn Trent Trust Fund (STTF)
 - Customers on the Big Difference Scheme
 - Both held at Auriga office in Sutton Coldfield on October 11th.
- **Also as part of the wider project 12 in-depth interviews were undertaken in the Severn Trent English region and were split as follows:**
 - 3 were on BDS
 - 9 were not on BDS but likely to be eligible and had been in water debt
 - Fieldwork was also undertaken during October 2017.
- **Some of the findings from the English region research were applicable to Severn Trent customers living in Powys and therefore have been included in this report.**

Stage 1: Wales depth interview sample profile

3 female		0 male	
BDS 0	No social tariff 2		H2H 1
Live alone 0	2 adults, no children 0	Single parent 2	2 + adults, children 1
White 3	Black 0		Asian British 0
0 live in England		3 live in Wales	
1 Severn Trent customers		2 Dee Valley customers	
All 3 were in 'water debt' (defined as £100+ debt for 12+ months)			

Participants were recruited via Qa's in-house contact centre team using a specified database provided by Severn Trent and Dee Valley Water.

Stage 2 Quantitative - Methodology

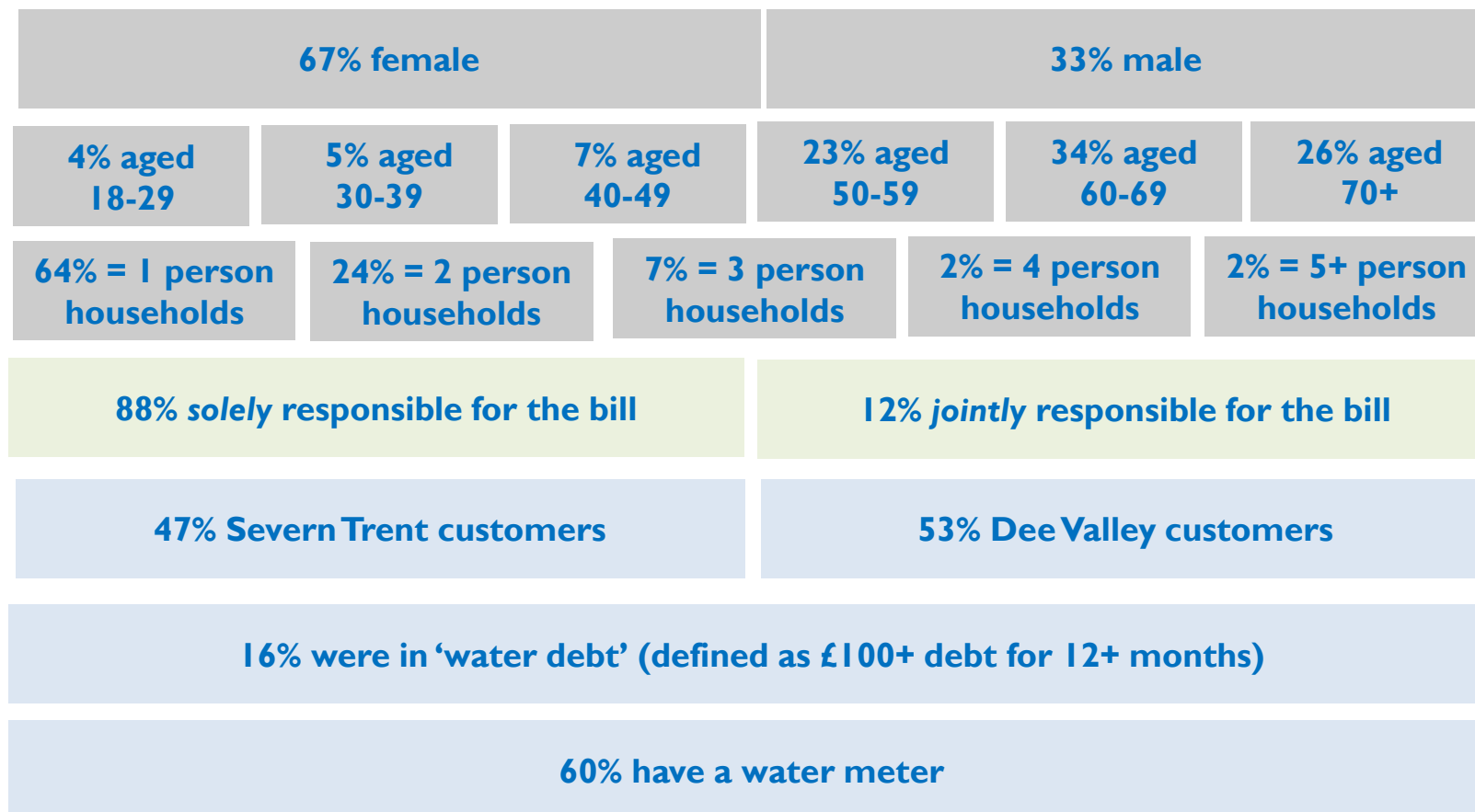
- **200 telephone interviews;**
 - All interviews completed 19 October to 7 November 2017
 - Interviewing was split between customers 'On a Social Tariff' and those 'Not on a Social Tariff, but likely to qualify for one'
 - Wales sample was split between Powys (Severn Trent) and Wrexham (DVW)
 - All respondents in Wales were offered the option to take part in Welsh – none wished to
 - A minimum quota was set on those defined as being in water debt
 - The table below summaries the profile of the final achieved sample;

	Sample Type		Total
	Customers on a Social Tariff	Customers not on a Social Tariff	
Powys	44	56	100
Other Wales	50	50	100
Total	94	106	200

- **Note, in the following analysis;**
 - All Powys customers on a social tariff are receiving BDS
 - All Other Wales customers on a social tariff are receiving Here2Help.

Stage 2 sample profile – On a Social Tariff

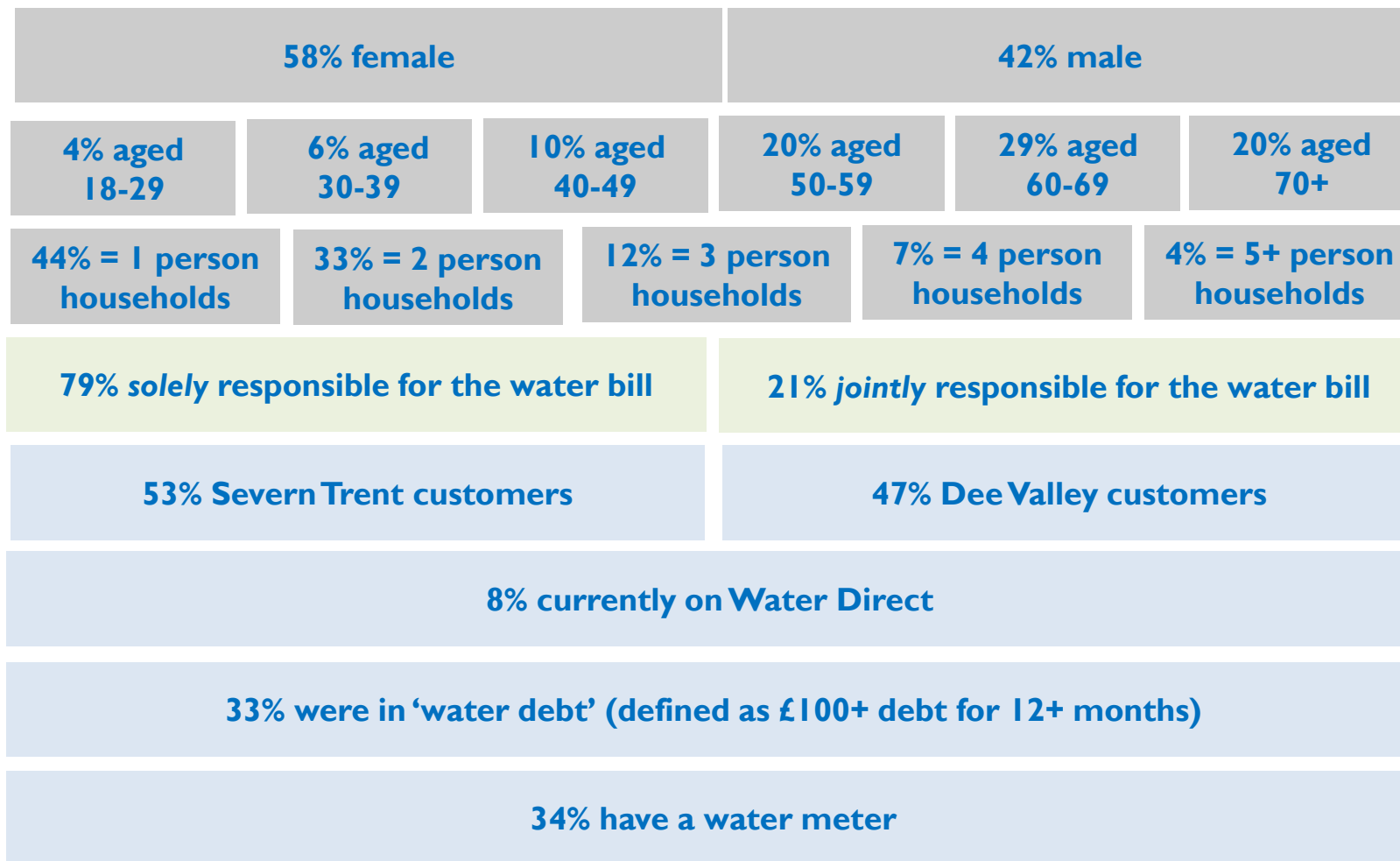
- The 94 interviews with customers on a social tariff broke down as follows;



- Note;**
 - Respondents in Wales generally had an older age profile than those in England; for example, they were significantly more likely to be aged 60+ (60% vs. 23%).

Stage 2 sample profile – *Not on a Social Tariff*

- The 106 interviews with customers not on a social tariff broke down as follows;





RESULTS

Results content

- **What life is like for customers in water debt**
- **Relationship with Severn Trent / DVW**
- **How water debt was tackled**
- **Experience of social tariffs & other support**
- **Reducing water debt**
- **Learning from other organisations**
- **Conclusions**
- **Solutions & co-creation themes**



What life is like for customers in water debt

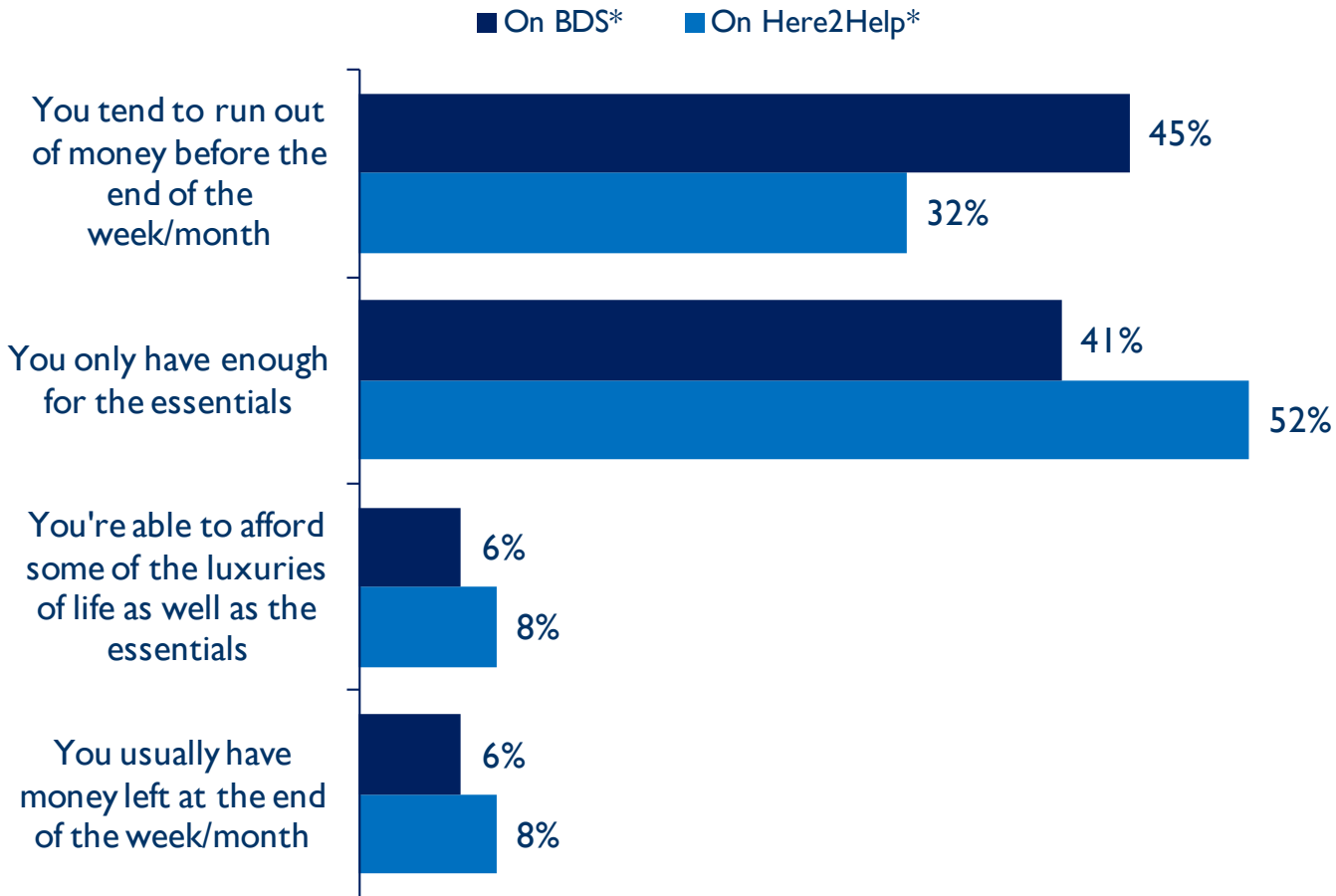
Summary of key findings

This section outlines the circumstances that customers facing potential water debt find themselves in. It provides context when considering why people apply for a social tariff, how they get into water debt and for helping people pay back their debt;

- For customers in Wales in water debt, a culture of social hardship is the norm although the degree to which this affects customer's lives does vary, with some facing more severe situations than others.
- Customers in debt are often balancing multiple issues, including unemployment, ill health, caring responsibilities or living as part of large, multi-generational households.
- Managing household bills is a challenge for most and the water bill takes its place alongside other financial requirements and doesn't exist as a debt in isolation.
- Amongst customers on BDS in Powys, more than two-fifths say they run out of money before the end of the week/month and most of the remainder *'only have enough for the essentials'* - a similar situation exists amongst customers on Here2Help.
- That said, by their own admission one-in-twenty on BDS and almost one-in-ten on Here2Help *'have money left at the end of the week/month'* highlighting that some may not need the level of support they currently receive.

Most, but not all, on a tariff face financial struggles

Q4. Which of the following is true for you?



* **Caution:** Small base size

Single answer only allowed - Base: All on BDS (44) / on H2H (50)

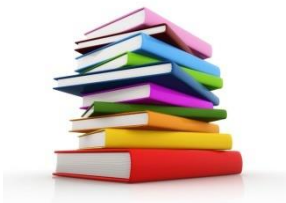
- Notably, one-in-twenty on BDS (6%) and almost one-in-ten on Here2Help (8%) 'have money left at the end of the week/month'.

Many deal with multiple and complex challenges every day

**Affects of cancer
and severe illness**



**Poor literacy and
numeracy skills**



Caring for an elderly relative



**Low income, unemployment
and welfare**

jobcentreplus

Depression and anxiety



Multiple generations living together



Physical and mental health problems the norm for many

Qualitative findings suggest some consistent patterns;

- All depth interview respondents had either personal health issues of some kind or were living with someone who had health issues – such as a partner, child or an elderly relative
- Health issues varied from physical to mental – many had a mix of both
- Physical health was often cited as a barrier to employment, and often heavily restricted those in self employment
- Mental health problems often occurred as a result of physical health issues
- Several were single parent families who struggled to balance work and childcare.

“I have massive panic attacks.” - Wrexham, On Here2Help

“I have panic attacks... It’s when everything gets on top of you... I could just sit down and cry.” – Wrexham, Not on a Social Tariff

“I had three months off because I couldn’t stop vomiting, they found out I got a hiatus hernia... And now I’m off again because I’m ill again.” – Powys, Not on social tariff

Low income, unemployment and benefits featured regularly

- Long term unemployment and a reliance on benefits featured amongst qualitative respondents
- Others were reliant on low paid jobs or self-employment and could be described as *'just about managing'*
- For these people, financial difficulty was transient and went up and down according to frequently changing circumstances: in and out of work, fluctuating health problems
- For some, caring responsibilities (such as for elderly parents or partners) restricted their ability to work full-time
- Benefit payments helped them to get by and manage on a low income
- A small number had seen income stop altogether due to sudden injury or a health scare and therefore were unable to work and earn for long periods of time

"I am working but I've had a lot of time off sick." - Powys, Not on social tariff

"I did have my own little business, but it's just not doing anything at the moment." – Wrexham, Not on social tariff

"I had a shoulder injury ...the start of a whole downward spiral of mental breakdown."
Wrexham, On Here2Help

A culture of financial hardship is the norm for most

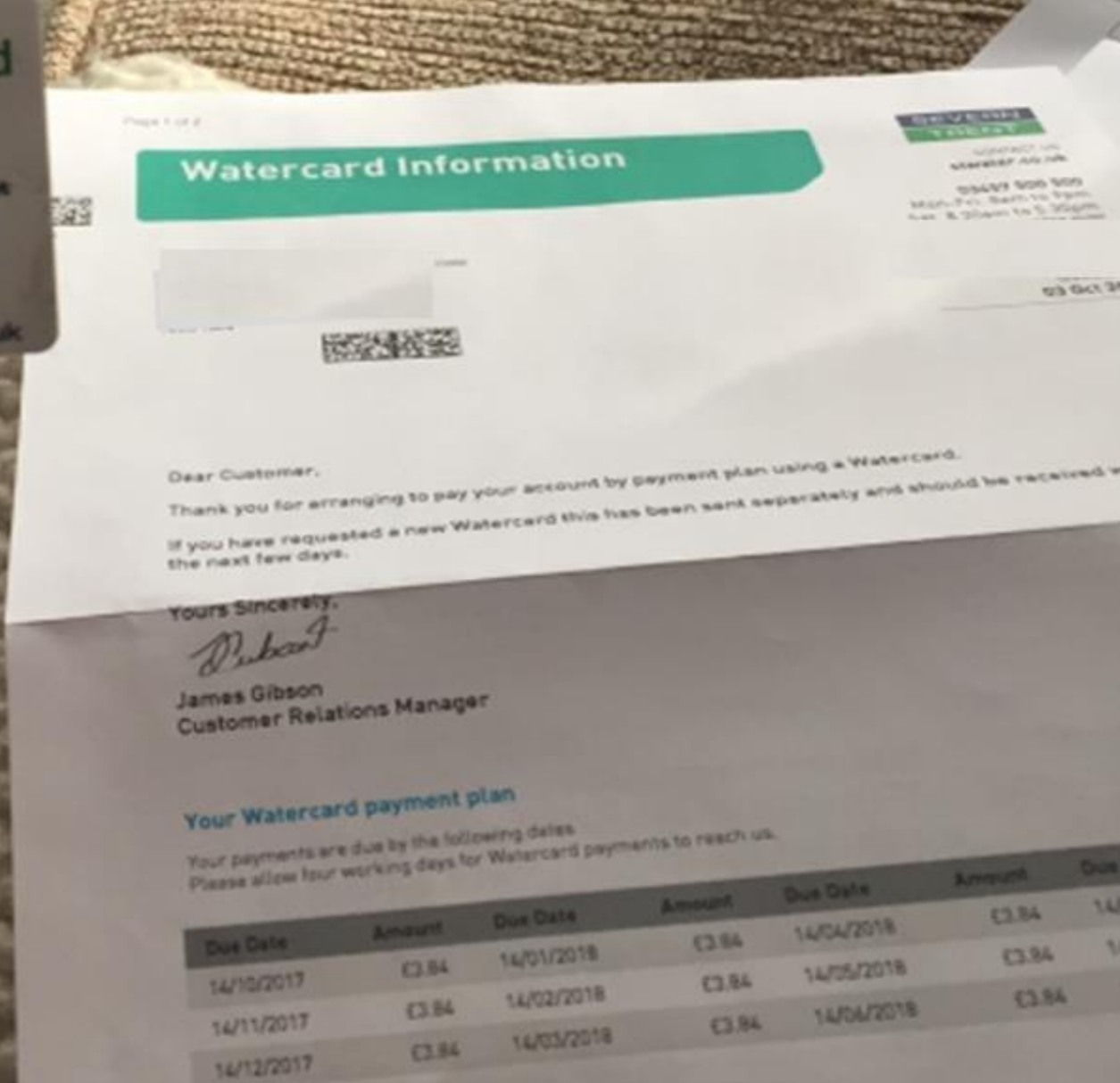
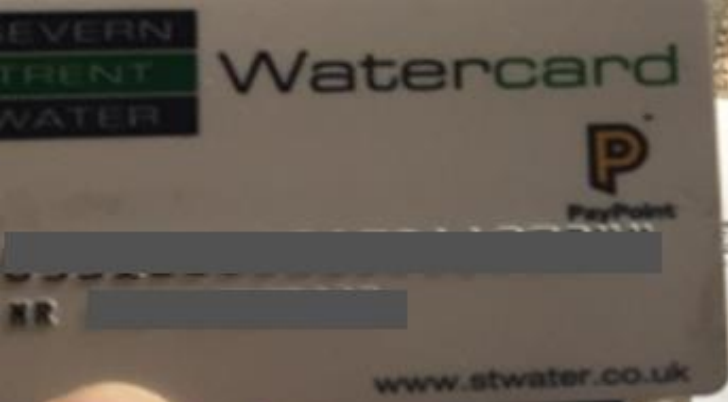
- All participants had recent or ongoing experience of financial difficulty
- Such difficulties varied in their severity and in their duration
- Several were dealing with financial issues over the long term (5 years +)
- Others cited financial difficulty as something that frequently came and went
- A minority had sudden and severe finance issues from a major life event
- Overall for most, hard financial times were ready to pounce at any point.

“You know when everything just mounts up, mounts up and mounts up? ...There’s a snapping point.” – Wrexham, Not on social tariff

“When things were really bad, you know, every single penny literally counted and we would be going to the shop with a handful of coppers to get a loaf of bread and embarrassing crap like that.” – Wrexham, On Here2Help

“I haven’t got the money for this, the money for that...I’ve just sat down and cried.” – Wrexham, Not on social tariff

“We basically live from pay check to pay check.” - Powys, Not on social tariff



Relationship with water company & water bills

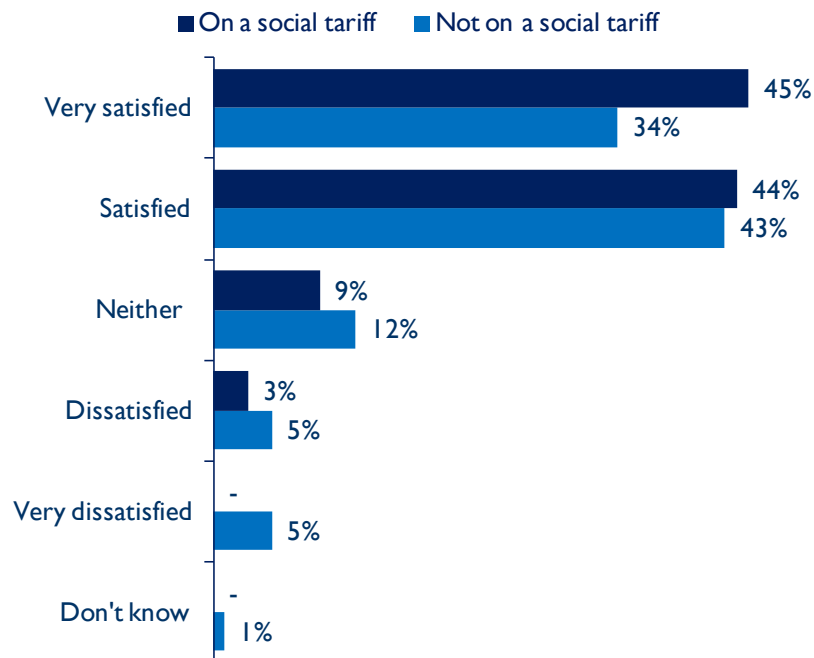
Summary of key findings

This section explores customer attitudes towards their water company and towards their bill and how bills are viewed compared to other household costs;

- 3 questions that are used on the STW Customer Satisfaction Tracker were included in the Stage 2 telephone survey to understand how customers from Powys in this research compare with the wider Severn Trent customer base and this comparison highlighted;
 - Although not statistically significant, there is evidence to suggest that Severn Trent customers in Powys on a social tariff are more likely to feel satisfied with their water company and to agree that their bills are affordable than Severn Trent Water customers in England & Wales generally.
 - In contrast, Severn Trent customers in Powys that are not currently receiving a social tariff (but who would be likely to qualify for one) are less likely than Severn Trent Water customers in England & Wales generally (and those in receipt of a tariff) to feel satisfied with their water company and to agree that their water bills are affordable. Again, these are not statistically significant differences.
- Customers claim to understand what they owe and how and when to pay their bill. Most telephone survey respondents pay by Direct Debit or Watercard/Pay Point.
- Amongst those not on a social tariff there is clearly scope to improve perceptions of the degree of flexibility and support offered to customers struggling to pay their water bills.
- Compared with other household bills, most don't view their water bill as a high priority – other bills such as rent/mortgage, council tax and food are seen as more important and not paying these is felt to carry more immediate and/or more severe consequences than not paying the water bill.

Being on a tariff improves perceptions of Severn Trent

Q1c. Taking everything into account, overall how satisfied are you with your water company?

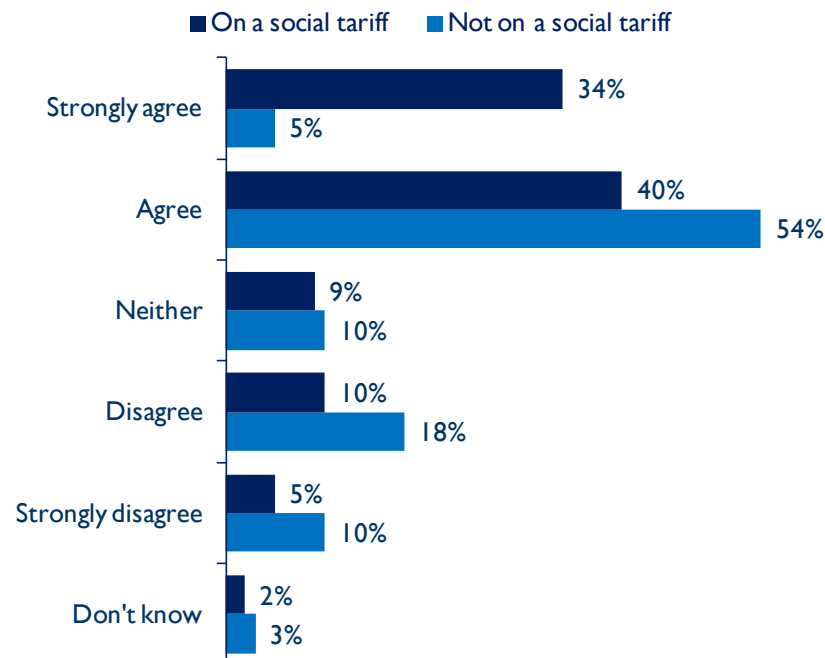


Single answer only allowed Base: All on a tariff (94) / Not on a tariff (206)

NET: Very satisfied/Satisfied;

Severn Trent Tracker (Eng/Wales) (YTD 2017)	- 81%
On a social tariff – Powys (ST)	- 89%
Not on a social tariff – Powys (ST)	- 77%

Q1b. How much do you agree or disagree that the water charges you pay are affordable to you?



Single answer only allowed Base: All on a tariff (94) / Not on a tariff (106)

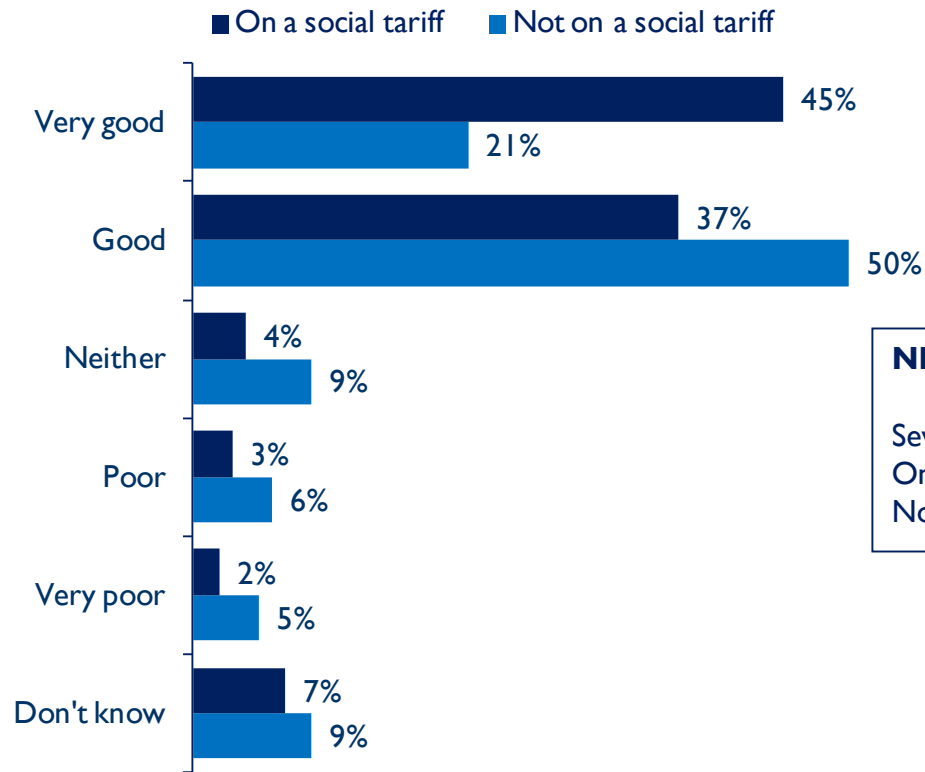
NET: Strongly agree/Agree;

Severn Trent Tracker (Eng/Wales) (YTD 2017)	- 63%
On a social tariff – Powys (ST)	- 73%
Not on a social tariff – Powys (ST)	- 52%

- **NET: Agree for affordability is 60% for H2H recipients, lower (not significantly) than BDS (73%)**
- **But in contrast, Dee Valley customers not on a tariff are a little more likely (but not significantly) to feel water charges are affordable than Severn Trent ones (66% vs. 52%).**

Customers on BDS/H2H are the most likely to consider they get value for money

Q1a. How do you rate the water services you receive in terms of value for money?



NET: Very good/Good;

Severn Trent Tracker (Eng/Wales) (YTD 2017)	- 59%
On a social tariff - Powys (ST)	- 84%
Not on a social tariff - Powys (ST)	- 77%

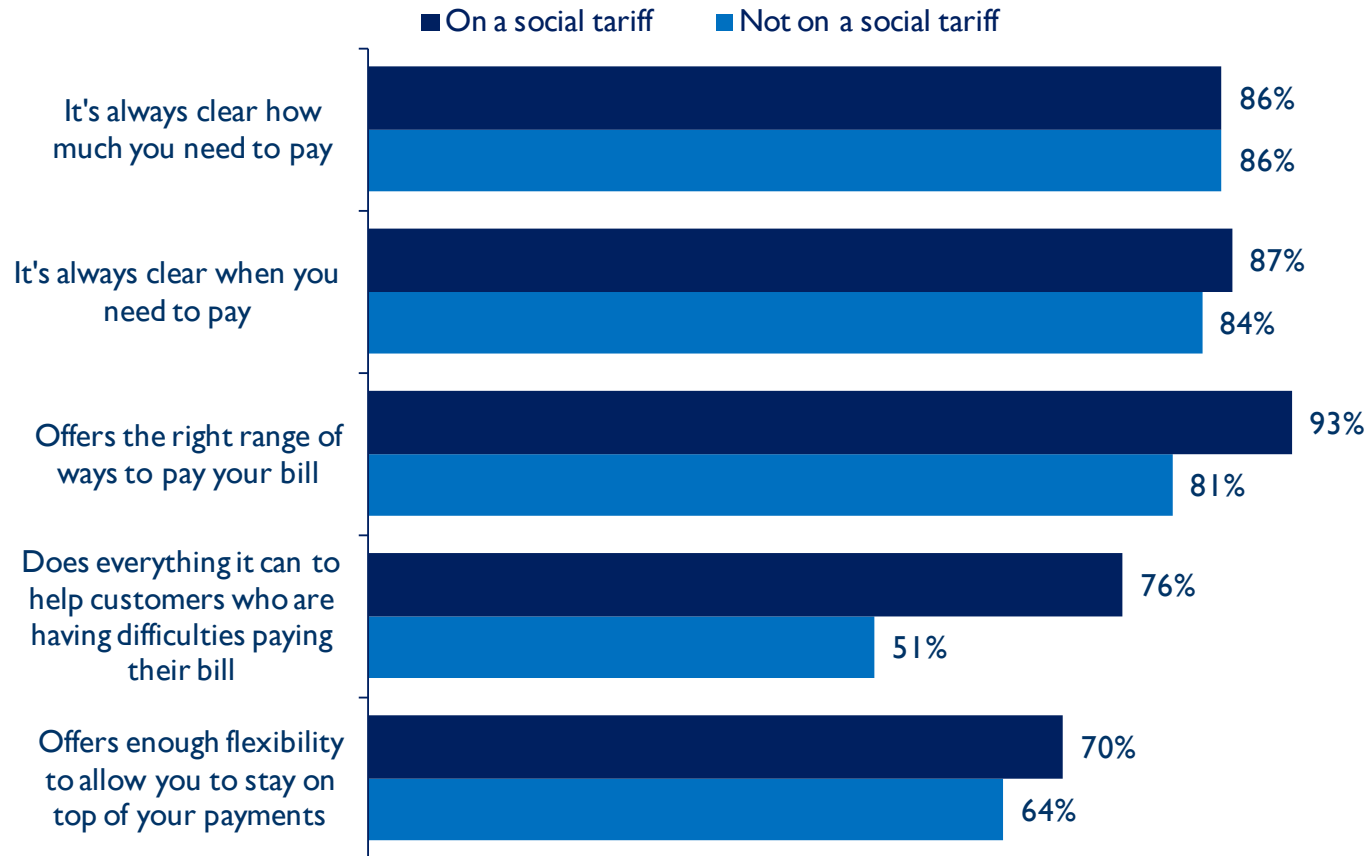
Single answer only allowed Base: All on a tariff (94) / Not on a tariff (106)

- The majority of those 'On a social' and 'Not on a social tariff' rated the value for money they receive from their water company as being 'good' or 'very good' (83% and 71% respectively)
- Amongst Severn Trent customers, those 'On a social' were more likely to believe they receive value for money (84%) than Severn Trent customers generally (59%) and those 'Not on a social tariff' (77%) – although these differences are not statistically significant.

No clear evidence that these customers don't understand their bill

Q7. Thinking about your bill, how far do you agree with the following?

- Showing NET % agree (score of 4 or 5 out of 5) -



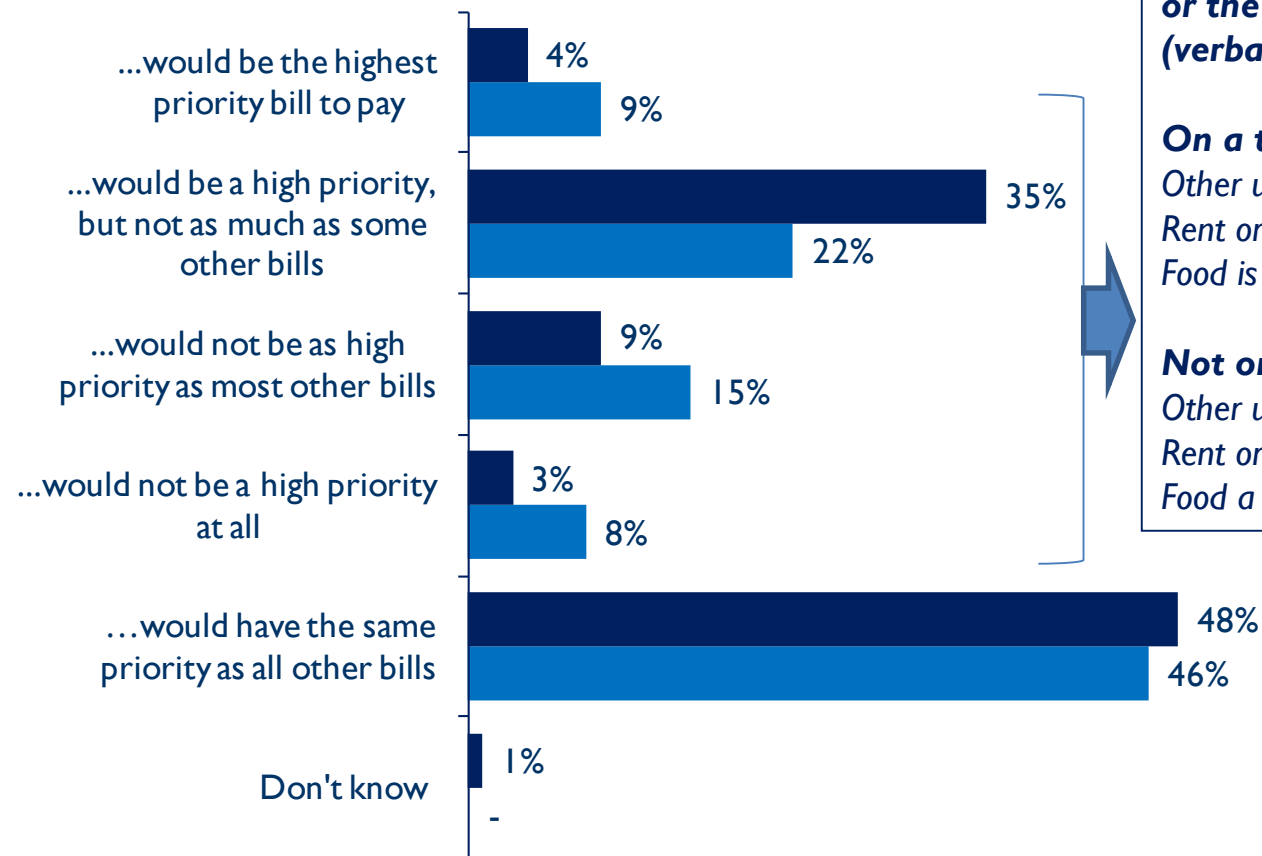
Single response on a 5 point scale allowed Base: All on a tariff (94) / Not on a tariff (106)

- Almost 1-in-10 customers 'Not on a tariff' feel Severn Trent/Dee Valley could do more to 'help customers' having difficulty paying their bills (8%) – more likely (not significantly) amongst STW customers (Powys) than DVV customers (11% vs. 6%).

The water bill is lower down the worry list

Q5. Which of the following do you agree with most? If you were facing money problems, paying your water bill...

■ On a social tariff ■ Not on a social tariff



Respondents who felt it wasn't the highest or the same priority were asked why (verbatim responses);

On a tariff;

Other utilities are a higher priority - 24%
Rent or mortgage is a higher priority - 10%
Food is a higher priority - 4%

Not on a tariff;

Other utilities are a higher priority - 13%
Rent or mortgage is a higher priority - 12%
Food a higher priority - 7%

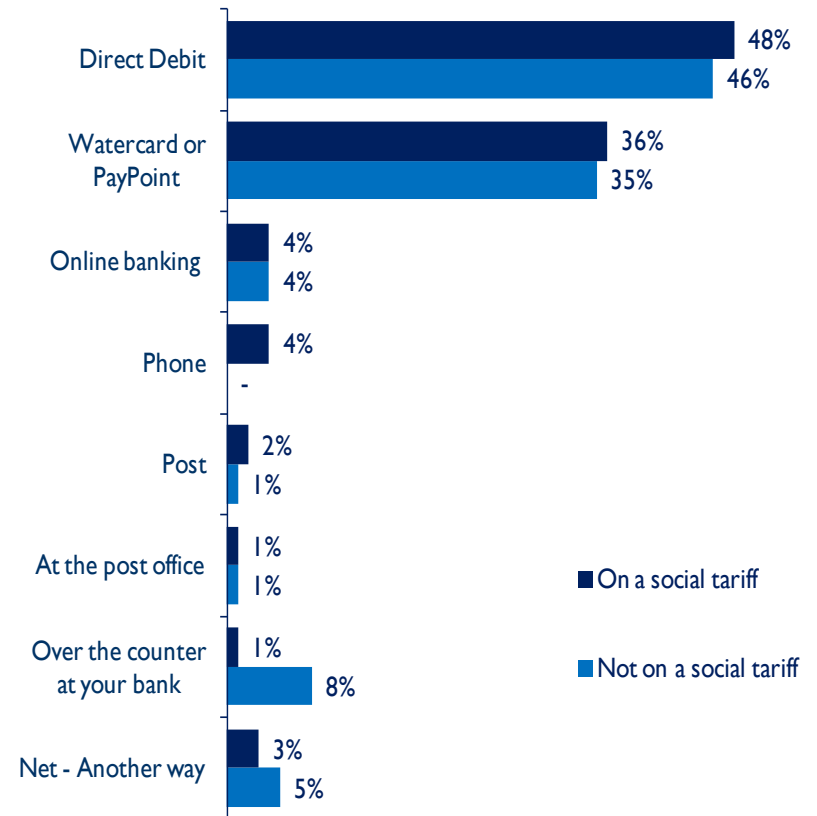
Single response only allowed Base: All on a tariff (94) / Not on a tariff (106)

- Amongst Powys respondents on BDS, half (50%) said the bill 'would be a high priority' - this figure was only 22% amongst customers receiving Here2Help.

High proportion paying water by payment card as allows for control

- Water cards allow customers to be in control of when they pay
- But cards make it easier to choose not to pay at any time so arrears are more likely
- Direct debit more common payment method amongst those in less dire financial situation, because they tend to have a regular income
- But direct debit is unsuited to very low income households due to the threat and cost of bank charges if they go overdrawn
- If wholly benefit dependent then bills are covered by the welfare system so they are less likely to be missed
- But Universal Credit may see more having to manage bills independently as bills no longer paid via the benefit system, recipients will receive a lump sum of cash to then pay bills themselves - which may lead to an increase in water debt and arrears

Q2. What payment method do you usually use to pay your water bill?



Single response only allowed Base: All on a tariff (94) / Not on a tariff (106)

“You get a water card... It can only be in a pay point, and I haven’t got a pay point so we’re basically visiting the next village or town.” – Wrexham, Not on a social tariff

Water company is a regular feature in debtors' lives

Qualitative findings highlight some consistent findings;

- For customers in water debt, their relationship with the water company is one of regular contact with a mix of positive and negative experiences – this is true for both Severn Trent and DVW
- This is due to regular liaison relating to ongoing debt issues, such as arrears notices and discussions about repayment
- Those not on a scheme struggled to articulate what their water bill was as they couldn't differentiate the actual bill from the amount owed in arrears;

“I haven't got a clue to be honest.” – Powys, Not on a social tariff

- But the water bill was seen as the lesser of many evils when faced with multiple creditors chasing them
- As their water would not be cut off most felt they could survive without paying (if it came to it);

“I've never been in debt with the utilities [energy] companies because if you don't top it up, you're sitting in the dark!” – Wrexham, Not on a social tariff

Journey to water debt is often complex and chaotic

- For the 3 depth interview respondents, water debt had been part of life for some time
- Health issues and unemployment were cited as key triggers for financial spiral - other life events can also act as a key trigger: injury, divorce, domestic abuse
- Some were living on a knife edge where any life change immediately led to debt
- Water debt was rarely isolated as many had multiple debts and 'red letters'
- And if paying by direct debit for most payments – the energy, phone and internet bills were likely to join the growing pile of arrears
- 32% receiving BDS/H2H looked for support after a 'specific event', but majority just 'needed help generally'.

“When I applied for H2H I'd had no wages for nearly four months and I'd had no benefits either so I was really on rock bottom.” – Wrexham, On Here2Help

“I had a nervous breakdown... I was doing 80 hours a week... My husband was in and out of the hospital at the time.” – Powys, Not on a social tariff



How water debt was tackled

Summary of key findings

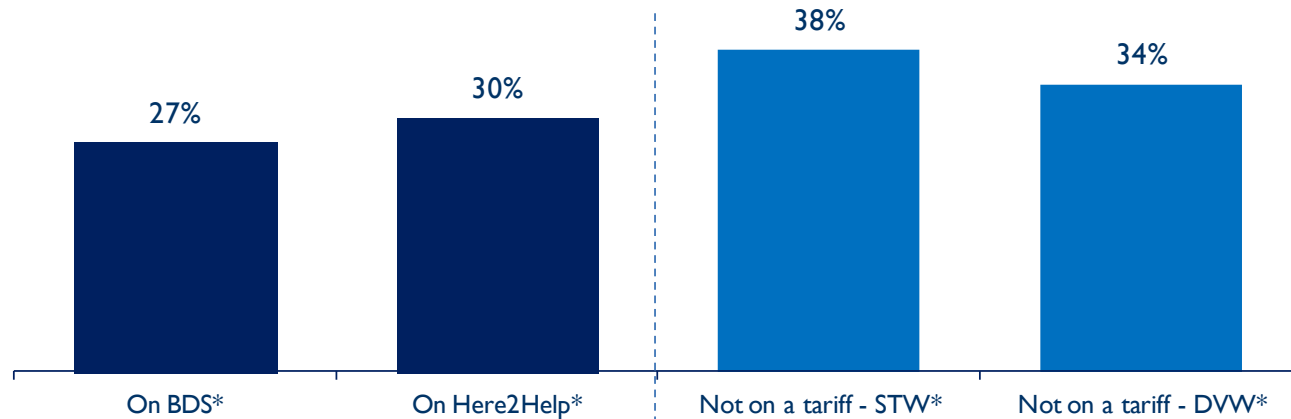
This section explores how customers deal with being in water debt and examines Severn Trent and DVW's approaches to dealing with customers in these circumstances;

- The arrears letter is a pivotal touch point and recalled by many facing water debt
- For some, its arrival causes anxiety and concern and it's tone and content can be seen as confusing and harsh, particularly as recipients are often juggling multiple other challenges.
- However, there is also evidence that it is an effective call to action to try and resolve payment issues, prompting customers to contact their company to try and sort out their bill.
- Qualitative respondents reported mixed experiences of dealing with the call centre – both the Severn Trent and DVW calls centres were considered to be helpful, but lacking in a human touch.
- Overall customers wanted to work together with the water company to find a solution that worked for both parties but this meant Severn Trent / DVW needed to be better at seeking to understand customers' circumstances before agreeing a way forward.

The arrears letter is a pivotal touch-point for many

Q9. Have you ever received a letter telling you that you are in arrears with your water bill?

- Showing % answering yes -



Base: On BDS (44) / On H2H (50)

* **Caution:** Small base size

Base: All not on STW (56) / DVW (50)

* **Caution:** Small base size

Response to letter (verbatim comments);

Emotional response;

- I felt depressed or unhappy* - 19%
- I felt stressed or nervous* - 15%

Reaction;

- I called the water company to discuss* - 22%
- I called the water company and paid* - 15%
- I paid the bill* - 19%

Base: All recipients on a tariff (27) – small base

Response to letter (verbatim comments);

Emotional response;

- I felt stressed or nervous* - 18%
- Didn't feel anything particularly* - 18%
- I felt depressed or unhappy* - 8%

Reaction;

- I called the water company to discuss* - 39%
- I paid the bill* - 18%
- I set up a payment plan* - 13%

Base: All recipients not on a tariff (38)

Wording of letters could be improved

The arrears letter was explored in the qualitative findings;

- Most recall receiving the arrears letter on numerous occasions
- Some suggested the language of the letters could be more supportive and empathetic
- Customers in Wales felt less threatened by the arrears letters than customers in England but still felt these letters were a cause of worry
- Qualitative respondents also confirmed a range of responses to receiving the letter;

“It’s just not a very nice feeling to be honest, they just make you stick your head in the sand even more.” – Powys, Not on a social tariff

- And when they did make contact, experiences of call centre staff varied (true when contacting both Severn Trent and DVW);

“Then when you do ring them up on the rare occasion that I do try and contact them, somebody ‘will ring you back.’ ... You never get anybody ring you back.” – Wrexham, Not on a social tariff

“It’s frustrating ‘cos you’re just having to repeat yourself over and over again, then you get to the point where you don’t wanna ring up.” - Powys, Not on a social tariff



Summary of key findings - I

This section looks at the existing social tariffs and how they are viewed by recipients. It also examines where customers would go to seek help and the social tariff application process and explores the impact of tariffs on customers circumstances

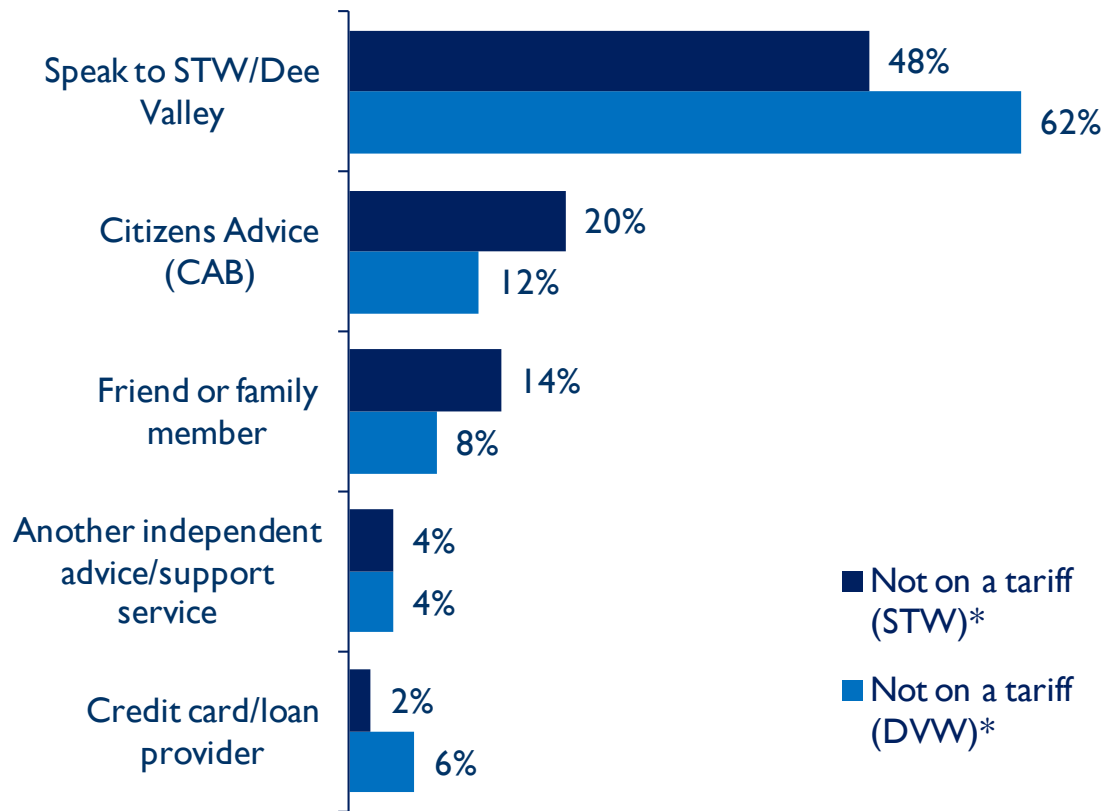
- Customers '*Not on a social tariff*' expect to approach their water company for help if they have trouble paying and would prefer to find out about the help available from them.
- But in reality, customers use a range of channels to access help and not just their water company (including Citizen's Advice, friends, independent advisors).
- Awareness of BDS (5%) and Here2Help (8%) is low amongst customers in Wales '*Not on a social tariff*' (even after prompting), highlighting that most who could qualify do not know about the existence of the social tariff.
- There is scope (in the opinion of both those on BDS and those on Here2Help) to improve how easy it is to find out what financial support is available, but the application process itself is generally seen as manageable (although half of those on BDS received help with it).
- Additionally, social tariff recipients in Wales gave comparatively low ratings for how easy it is to find out how to apply, so improvements could be made here as well.
- Some differences between '*On a social tariff*' customers in Powys and those in the rest of Wales are evident, but these mainly reflect differences between BDS (received by Powys customers) and Here2Help (received by DVW customers). Particularly, BDS recipients are more likely to receive help with their application and less likely to feel it is easy to find out what help is available and whether they qualify for it.

Summary of key findings - 2

- Customers '*On a social tariff*' believe that the tariff is making a positive difference to their financial circumstances, both their monthly living costs and their long-term financial situation
- That said, customers on BDS (essentially those in Powys) were more likely than those receiving Here2Help (i.e. those supplied by DVW) to feel the scheme makes '*a big difference*', to their short and long-term financial situation. Given the more generous nature of BDS, these responses probably reflect reality (notably, a quarter of those receiving Here2Help feel it makes '*no difference*' to their long-term financial situation)
- Generally, apart from the impact on their financial situation, customers in Wales in receipt of a tariff also talk about other positive benefits including improvements to their physical and mental health and their general well-being. It's also evident that receiving a social tariff improves how customers view their water company, with genuine appreciation for the help received. However, here also the impact is more pronounced for recipients in Powys than other parts of Wales which is again likely to reflect differences between the two schemes.
- Notably, the majority of customers on BDS felt that it met their expectations '*more than they expected*' (while views on Here2Help were more evenly distributed). As such, the evidence suggests that the BDS scheme may be more generous than it needs to be, which in turn means Powys social tariff recipients may get a better deal than those in other parts of Wales.
- Amongst those '*Not on a social tariff*', the majority of both Severn Trent and DVW customers felt that the respective tariffs would help them now or in the future highlighting that a degree of unfulfilled demand exists amongst customers (linked in part to the low levels of awareness of these schemes).

Water company considered the first contact point if needing help

Q13. If you needed to, where would be the first place you'd go if your household needed help with paying its water bill?



Multiple responses allowed

Base: All not on a tariff STW (56) / DVW (50)

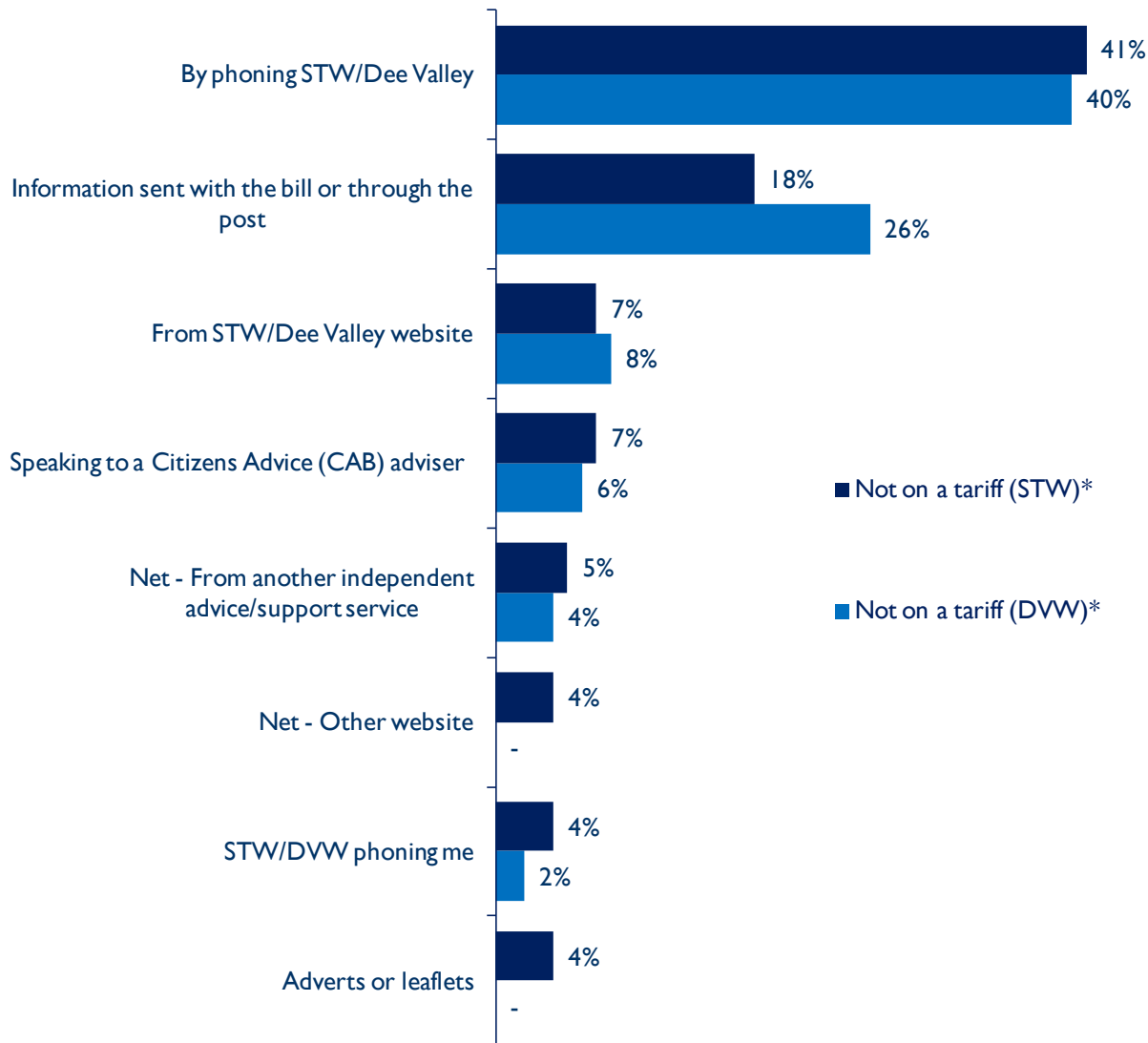
*** Caution:** Small base size

- Water debtors had a low awareness of support schemes if not on any
- Some mentioned Severn Trent had suggested 'some kind of scheme'
- But some struggled to comprehend advice due to feeling overwhelmed and stressed with their situation

"I rang up [DVW] to ask about the Here2Help thing 'cos I didn't know about it somebody else told me about it." – Wrexham, On Here2Help

Generally, customers expect to find out about help from water company

Q14. How would you prefer to find out about what help is available to you to pay your water bill?



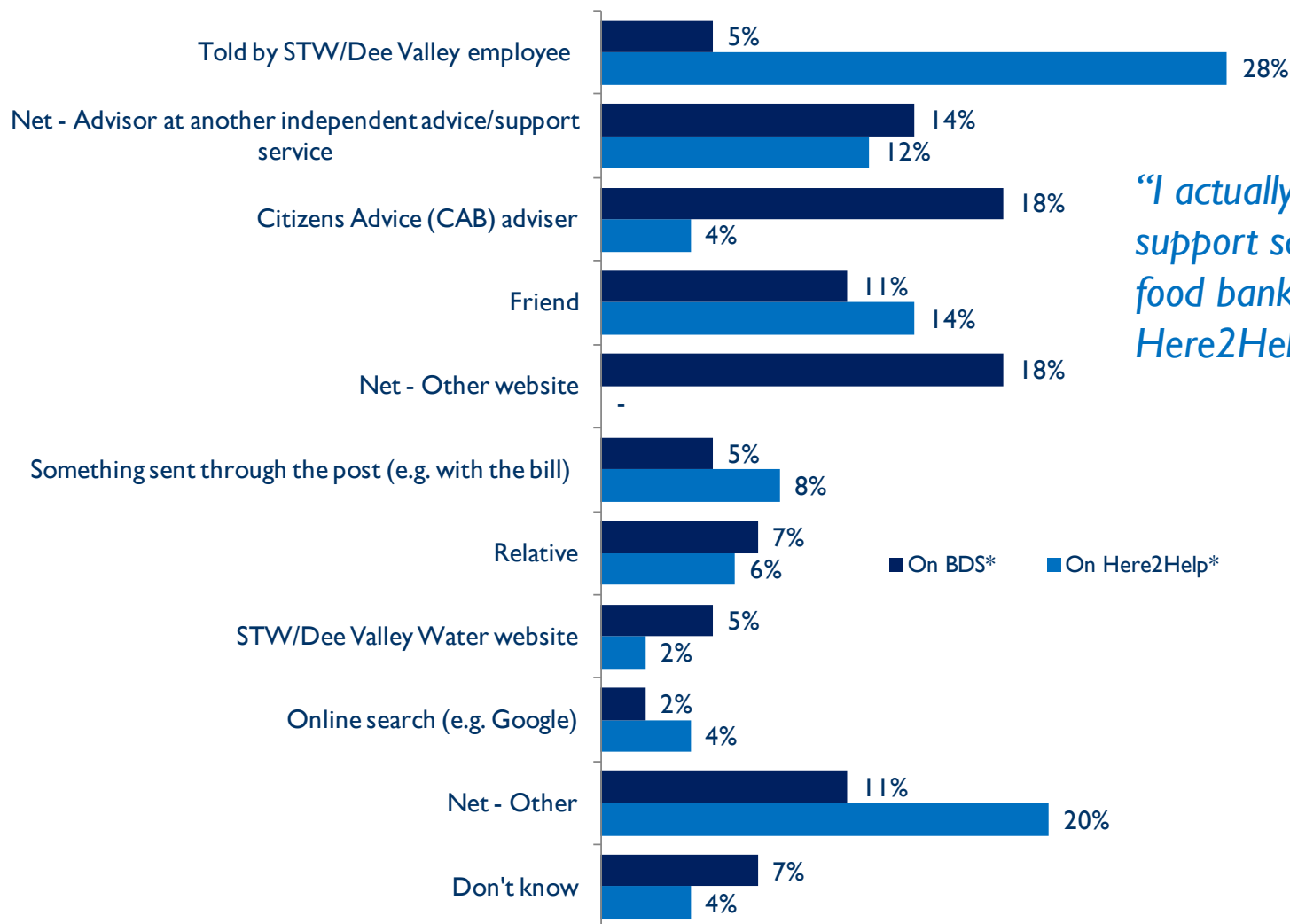
- Expectation they will be informed about help if phoning Severn Trent/Dee Valley Water.
- But, qual indicated that most will not proactively contact Severn Trent/Dee Valley Water as only likely after arrears letter.
- Alternatively, some relied on text alert systems from their bank to alert them when a payment couldn't be made.

* **Caution:** Small base size

Multiple responses allowed Base: All not on a tariff STW (56) / on DVW (50)

Range of channels actually used to find out about BDS/H2H

Q13. How did you first find out about the scheme?



"I actually found out about the support scheme through the food bank." - Wrexham, On Here2Help

* **Caution:** Small base size

Multiple responses allowed Base: All on BDS (44) / on H2H (50)

Low awareness noted amongst those not receiving BDS/H2H

- Amongst those not currently receiving a social tariff...
- **Without prompting;**
 - No Severn Trent customers on Powys were aware of BDS
 - None of the Dee Valley customers were aware of Here2Help
- **After prompting** with a brief description of the respective tariffs;
 - 5% of Severn Trent customers in Powys confirmed they'd heard of BDS
 - 8% of Dee Valley customers confirmed they'd heard of Here2Help.
- These low levels of awareness were also evident amongst qualitative respondents not currently receiving a tariff;

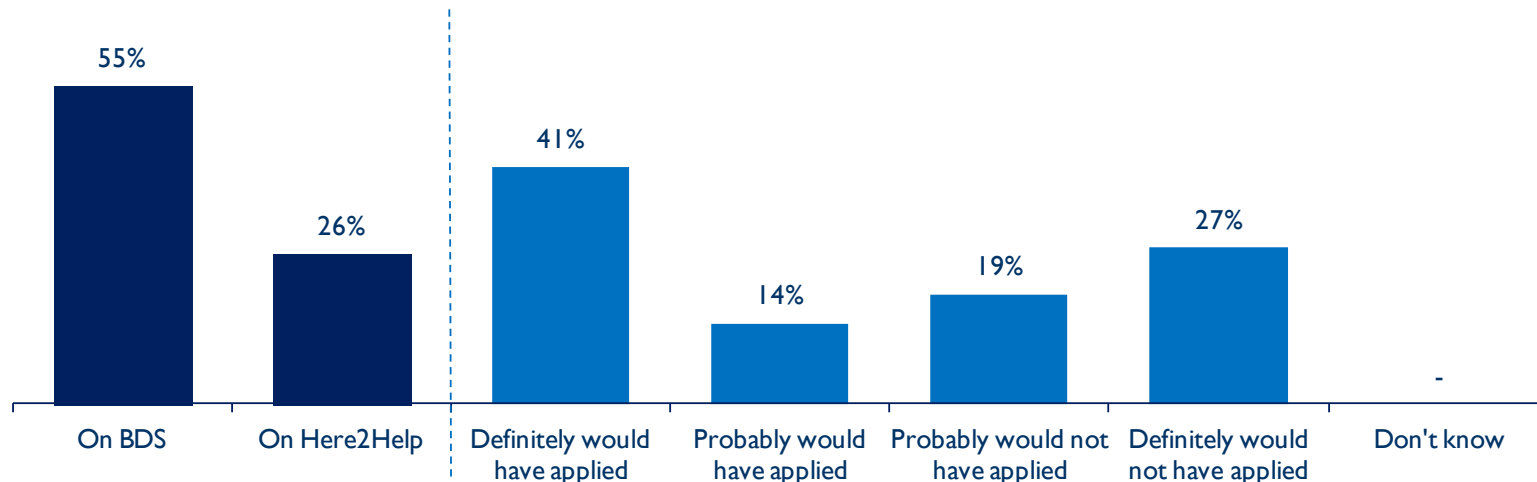
“Never heard of it [Here2Help].” – Wrexham, Not on a social tariff

“Not aware of either of these schemes (BDS and Severn Trent Trust Fund).” – Powys, Not on a social tariff

Support with the application process is crucial to many

Q17. Did you receive help from anyone to complete the application process?

Q19. Would you have still applied for the scheme if you hadn't received help?



Base: On BDS (44) / On H2H (50)*

* **Caution:** Small base size

Base: All received help (37) - BDS (24), H2H (13)*

Both question single response only allowed



A follow-up question amongst the 37 respondents who received help asked who'd helped;

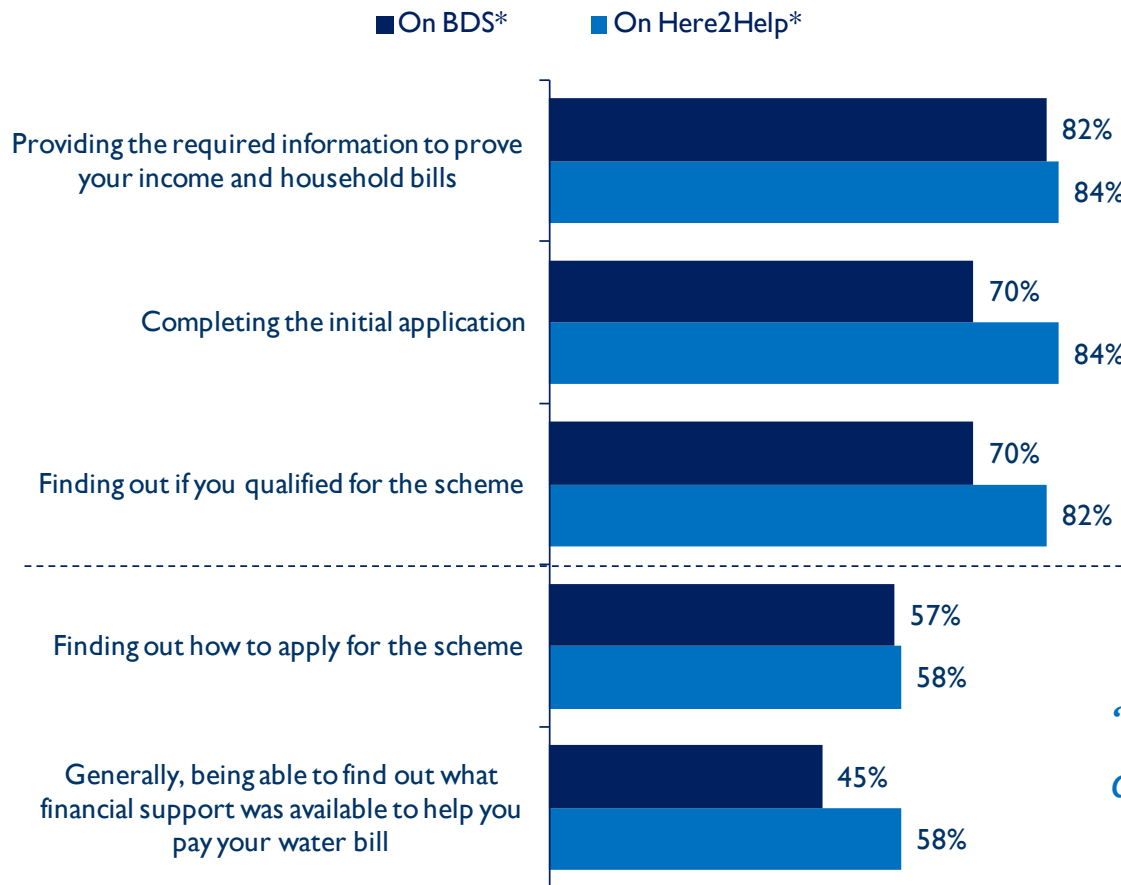
Someone from STW/Dee Valley	- 30%
Citizens Advice (CAB) adviser	- 19%
Age UK advisor	- 16%
Friend or family member	- 14%
Social worker	- 5%
Support worker	- 3%

- Amongst those who received help, the type of help given was mainly related to 'working through household finances' (86%) and 'completing the application form' (76%).

More could be done to make customers aware of help available

Q20. Finding out and applying for the scheme, how easy or difficult were the following?

- Showing NET % easy (score 4 or 5 out of 5) -



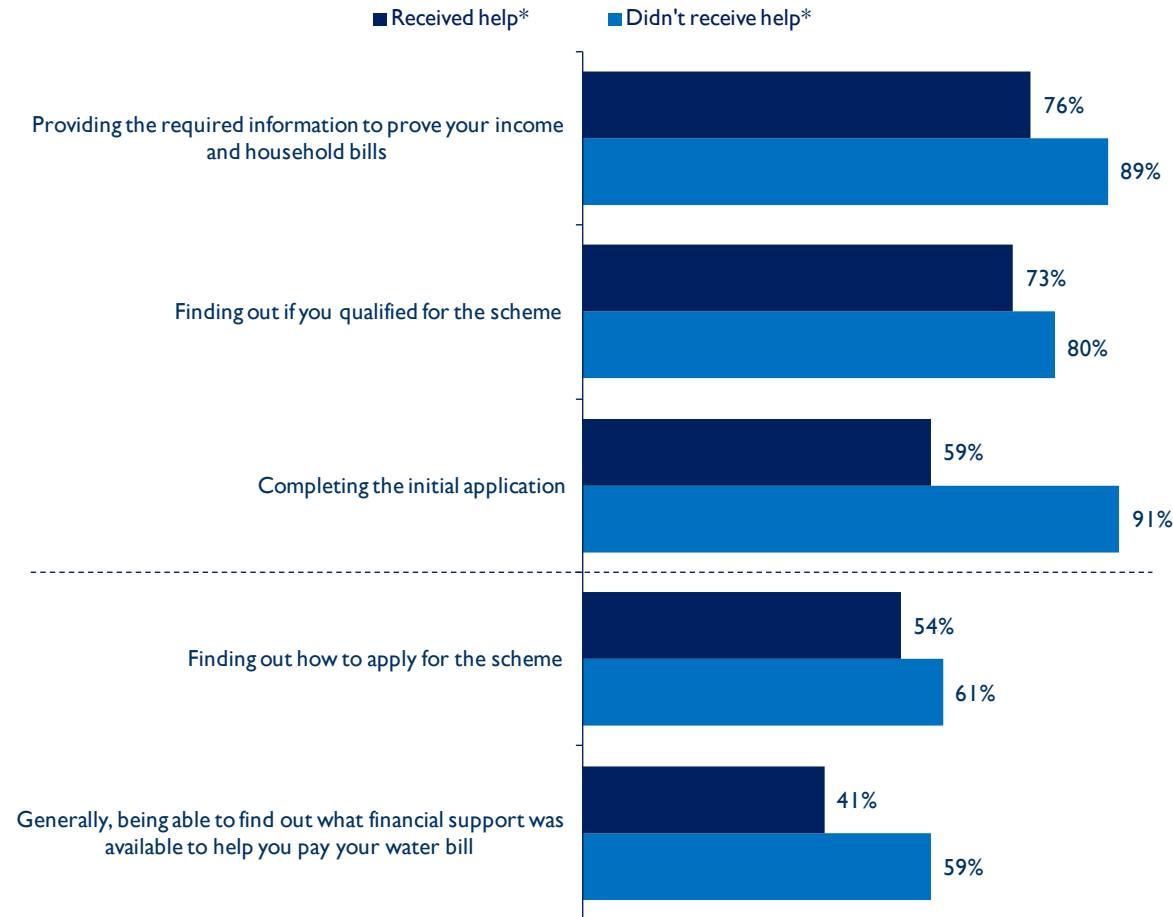
Single response on a 5 point scale allowed Base: All on BDS (44) / on H2H (50)
* Caution: Small base size

- These findings suggest that more could be done to improve how easy it is to find out what financial support is available
- Additionally, there would seem to be scope to improve understanding of how to actually apply
- However, once customers commence their application they generally seem happy with the application process.

“I’ve never seen it [Here2Help] really advertised.” - Wrexham, On Here2Help

Those receiving help, tended to find the application process difficult

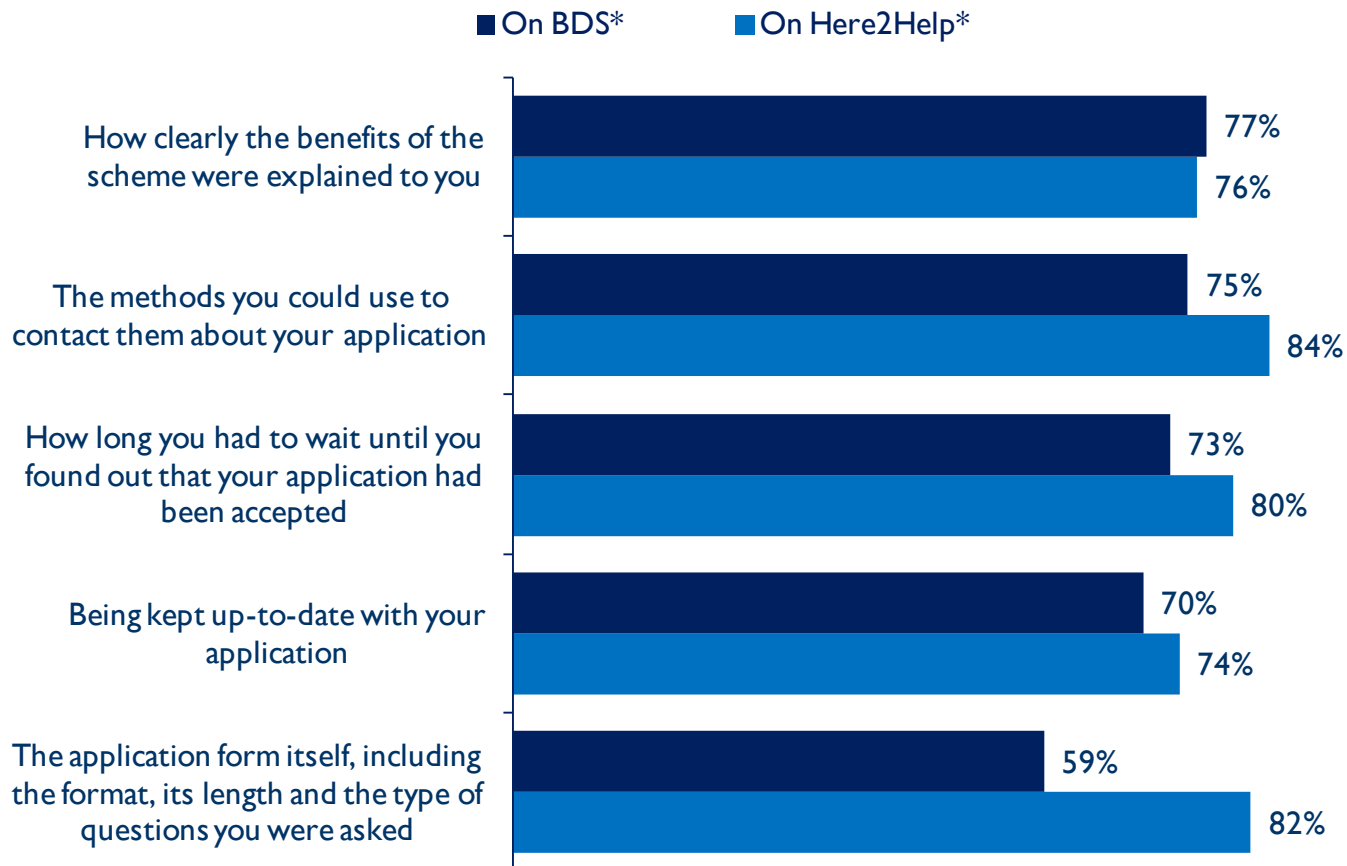
Q20. Finding out and applying for the scheme, how easy or difficult were the following?
- Showing NET % easy (score 4 or 5 out of 5) -



- This chart shows the views of those who did receive help with their application vs. those who did not
- Generally, those who received help were less likely to consider it 'easy' to find out what helps was available and how to apply
- They were also less likely to consider that the application process is easy
- Additionally, amongst all on a tariff - those who received help with their application were less likely to be satisfied with the 'application form itself' (57% vs. 90%).

Majority satisfied with *communication* during the application process

Q23. How satisfied or dissatisfied were you with the following?
- Showing NET % satisfied (score 4 or 5 out of 5) -



* **Caution:** Small base size

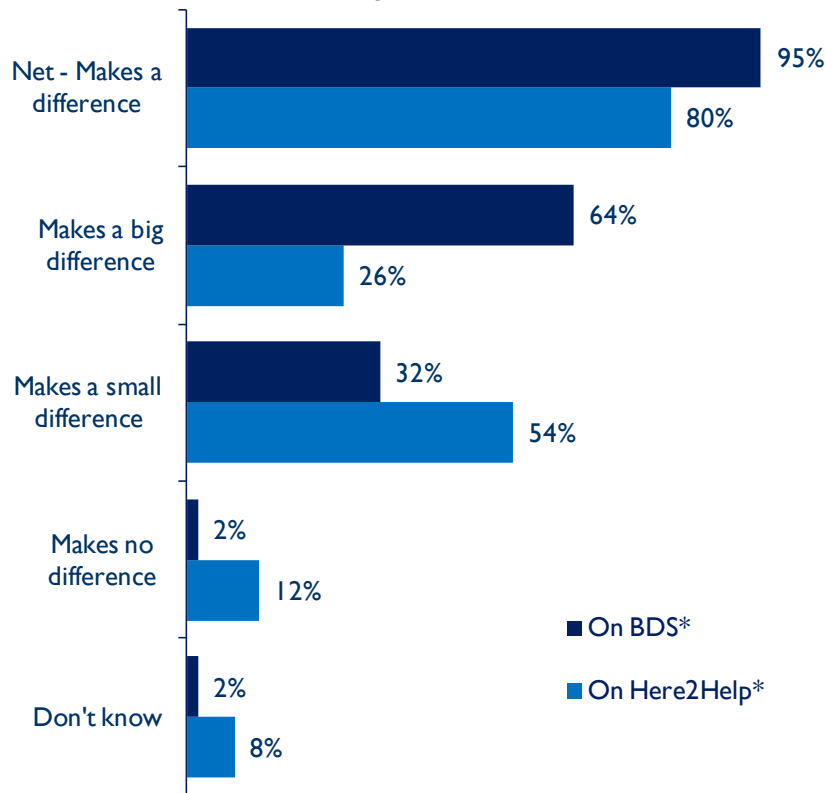
Single response on a 5 point scale allowed Base: All on BDS (44) / on H2H (50)

- 30% on BDS and 28% on H2H 'contacted water company during application process'
- Of all who contacted, 93% thought it was 'easy' to contact them.

BDS particularly can be financially life changing

Q26. How far would you say that the help you receive with paying your water bill has made a difference to the following?

- The amount of money your household has to live on each month while you're on the scheme -

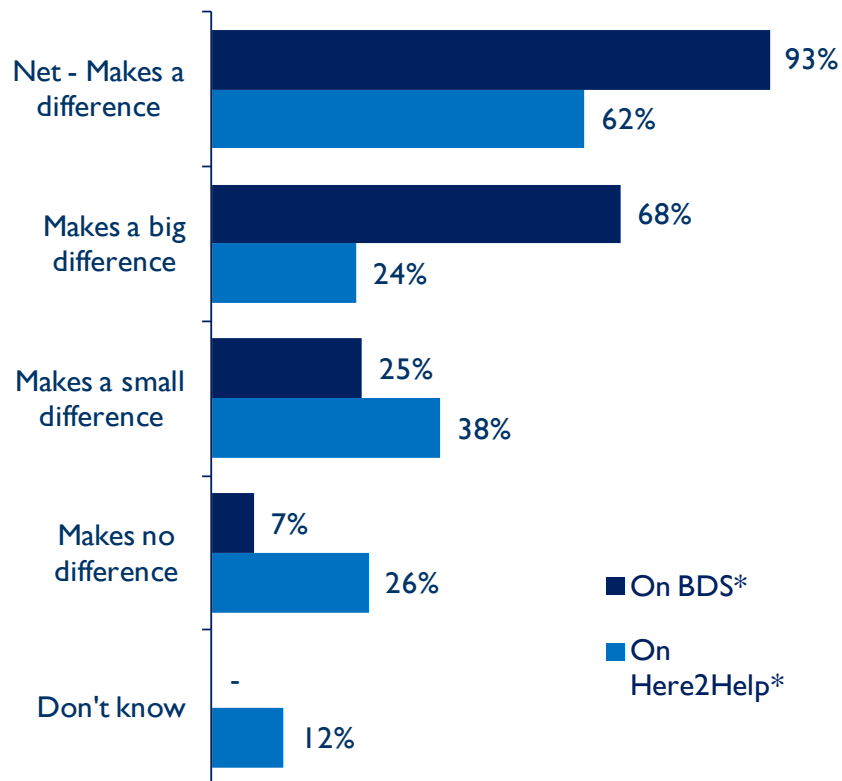


* **Caution:** Small base size

Base: All on BDS (44) / on H2H (50)
Single response only allowed

Q26. How far would you say that the help you receive with paying your water bill has made a difference to the following?

- Your household's long-term financial situation -



* **Caution:** Small base size

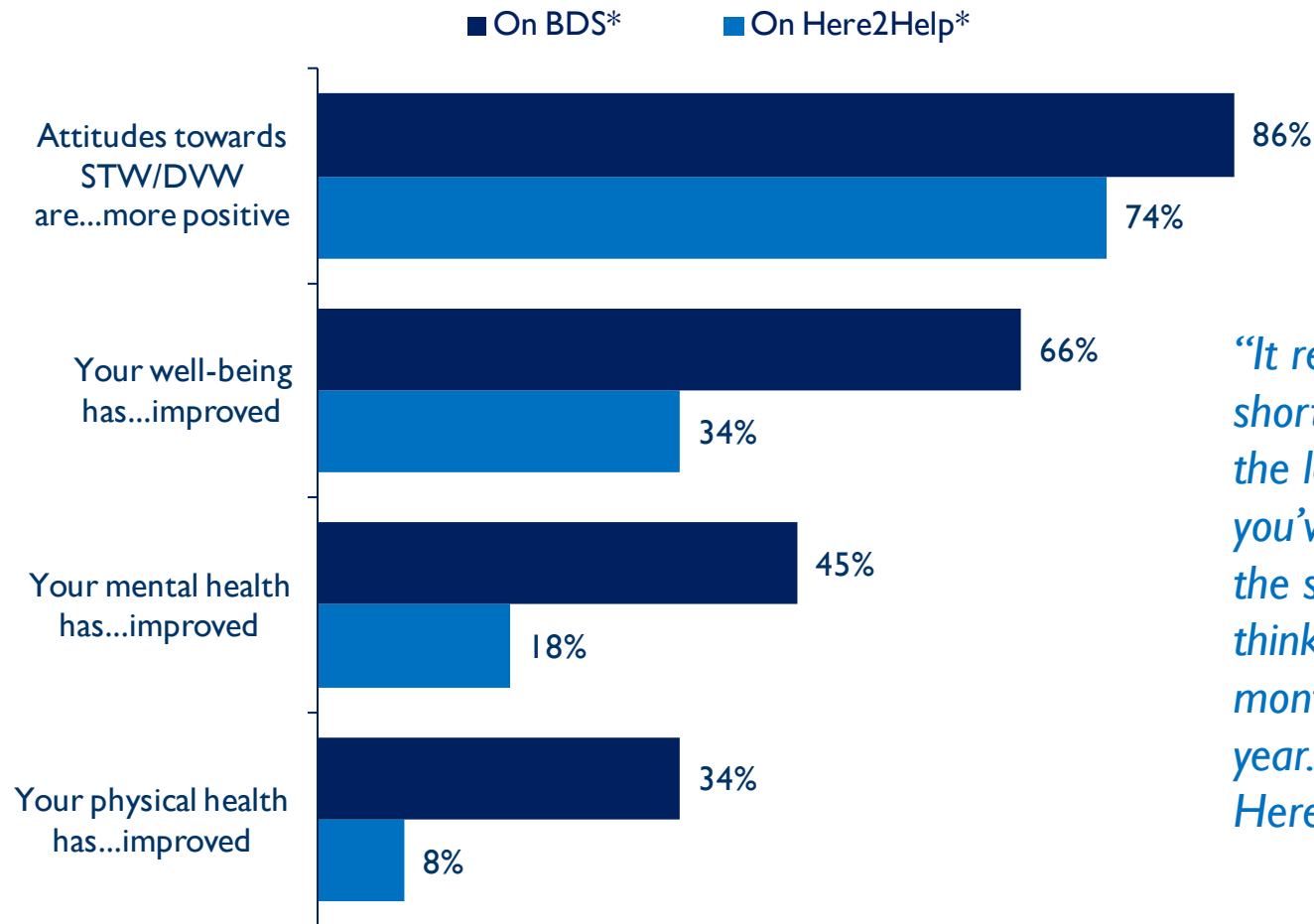
Base: All on BDS (44) / on H2H (50)
Single response only allowed

- BDS more likely to feel it makes a 'big' financial difference than H2H recipients
- A quarter of those receiving H2H think it 'makes no difference' long-term.

Non-financial outcomes are also positively impacted

Q27-Q30. Since receiving help from the scheme, would you say that...

- Showing NET % positive/improved -



“It relieves pressures in the short term so they can think of the long term because, when you’ve got so much pressure in the short term you can’t even think of next month, or two months later, or even next year.” - Wrexham, On Here2Help

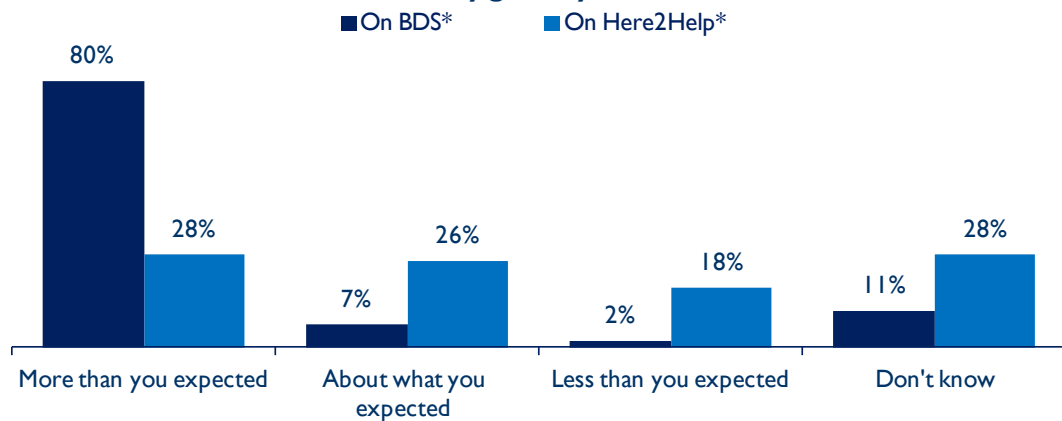
* **Caution:** Small base size

Single response only allowed

Base: All on BDS (44) / on H2H (50)

Is BDS too generous for some recipients?

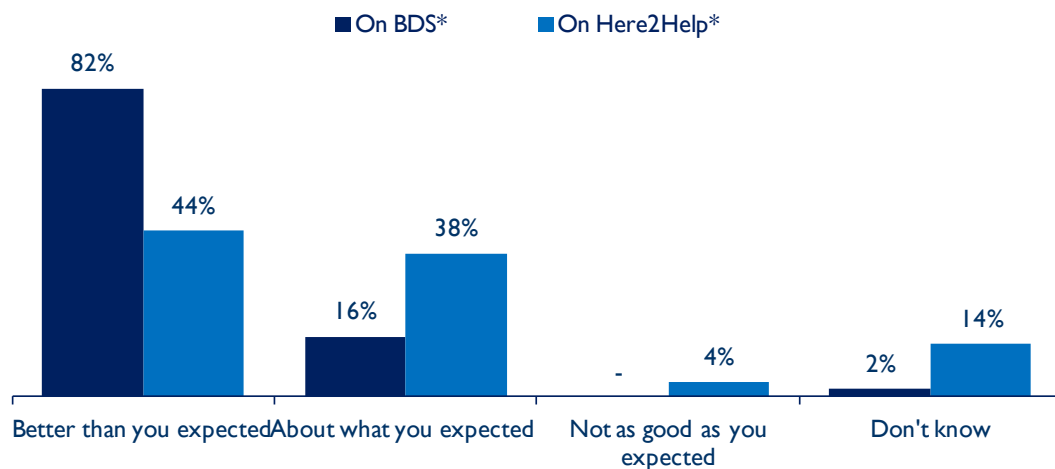
Q25. Compared with the level of discount you thought you might get when you first decided to apply for help with paying your water bill, would you say that the amount of discount you now actually get off your bill is....



* **Caution:** Small base size

Single response only allowed Base: On BDS (44) / On H2H (50)

Q31. In general, would you say that the scheme has been...



* **Caution:** Small base size

Single response only allowed

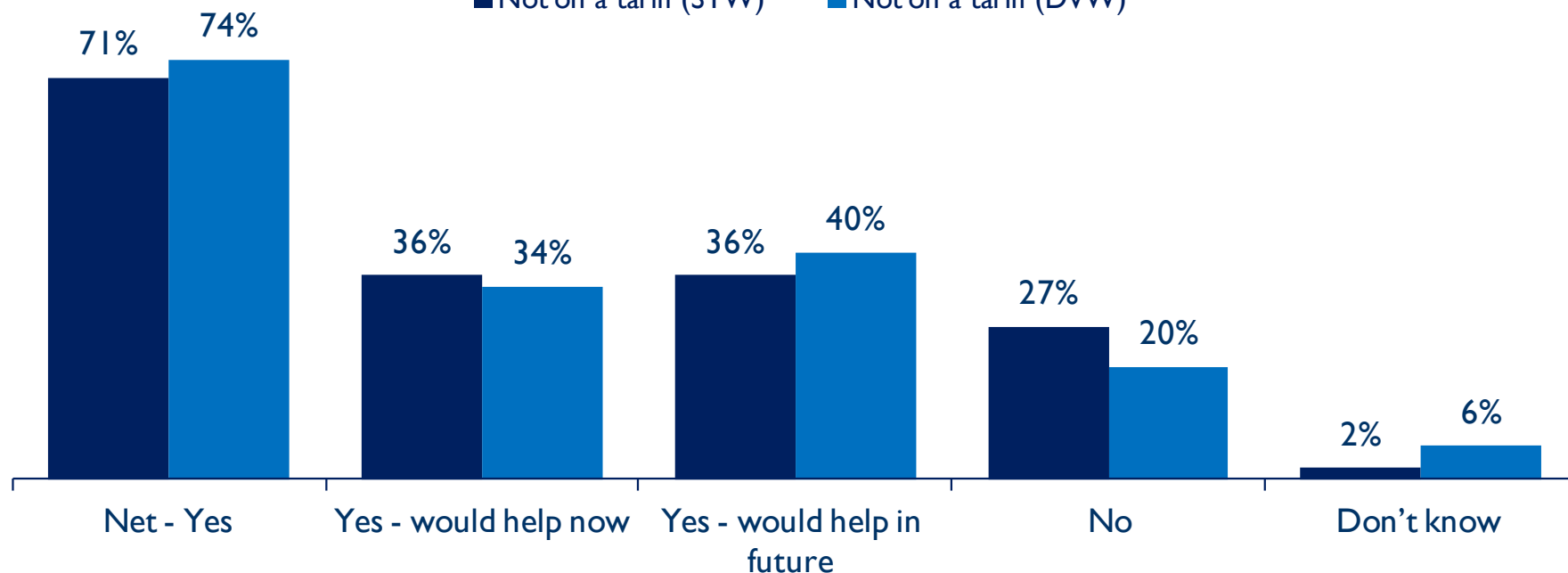
Base: On BDS (44) / On H2H (50)

- Some surprise in qual that water company even offers discounts
- The level of help offered by BDS in particular exceeded the expectations of most recipients in Powys
- A more mixed picture was evident amongst recipients of Here2Help.

Majority of those not on a tariff felt it would benefit them

Q30. Do you think that (BDS/H2H) is something that your household would benefit from either now or in the future?

■ Not on a tariff (STW)* ■ Not on a tariff (DVW)*



Base: All not a tariff and never been on BDS/H2H - STW (56) - DVW (50)
Single response only allowed

- We can't be certain that they would actually qualify if they applied, but...
 - amongst those who would benefit, 84% were 'interested' in an application
 - 72% of those who wouldn't benefit said 'don't have trouble paying water bill'

But knowing tariffs were paid for by others caused concern

- When told that Severn Trent and Dee Valley Water's schemes were paid for by the wider customer base most felt a sense of guilt or unfairness
- This tended to be because they didn't like the fact that other customers may have to subsidise them for being in a situation that was of their own making or unfortunate circumstance
- For some it seemed to add to the shame of being in debt and having to rely on others to help them get by
- There were a small number of customers though who felt that having paid their way for many years that this was in some way fair as anyone could end up in financial trouble and need help at any point.

"It's not fair on good honest working, hard working people." - Powys, Not on a social tariff

"On the one hand I feel a bit tight, and then on the other hand, I've worked for the 20 years previous to the 2 years I've been off, so surely I can use a little bit of the kitty?" - Wrexham, On Here2Help





Debt

Reducing water debt

Summary of key findings

This section explores customers' views on a number of possible approaches that Severn Trent and DVW could take to helping those who are facing water debt. It also details the experiences of those in debt when dealing with other household service providers, highlighting good practice;

- Brief descriptions of a range of existing methods (and possible future methods) for helping customers facing problems paying their bills were tested in the telephone survey and there was support amongst the majority of customers for all these approaches
- In particular, phone calls from the water company were seen as attractive to customers
- Customers would also like to see Severn Trent and DVW working with those who struggle with water debt to set-up payment plans
- The majority receiving a tariff and those not receiving a tariff supported a payment matching scheme – no difference was evident between customers of Severn Trent and those of DVW
- A number of these were developed further and taken forward into the Stage 3 co-creation sessions for more detailed exploration (detailed in the next section).

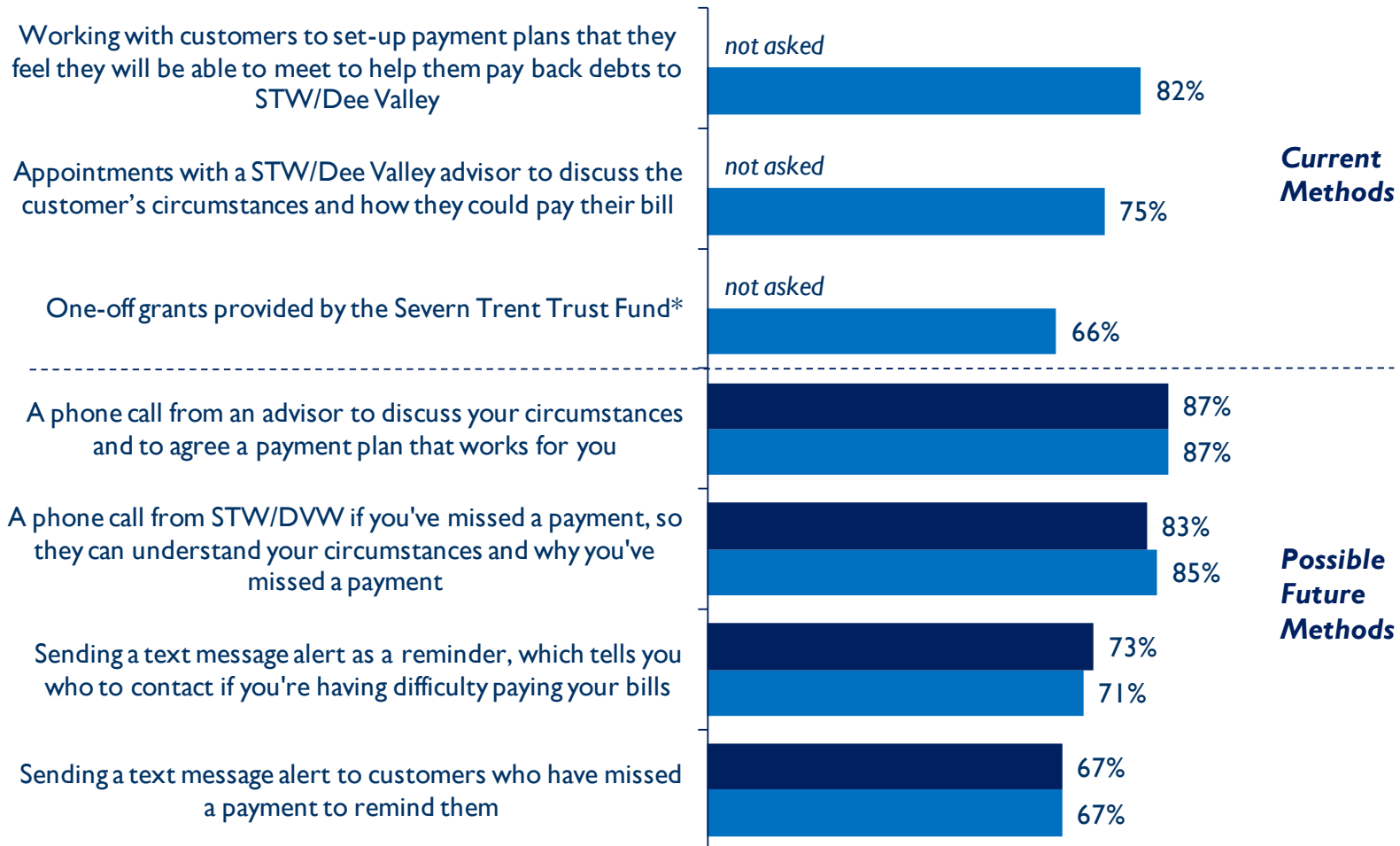
All options for reducing water debt are considered to be helpful

Q7-8. Helpfulness of schemes to help people who may be in danger of falling behind with their water bills?

- Showing NET % helpful (score 4 or 5 out of 5) -

■ On a social tariff

■ Not on a social tariff



**Current
Methods**

**Possible
Future
Methods**

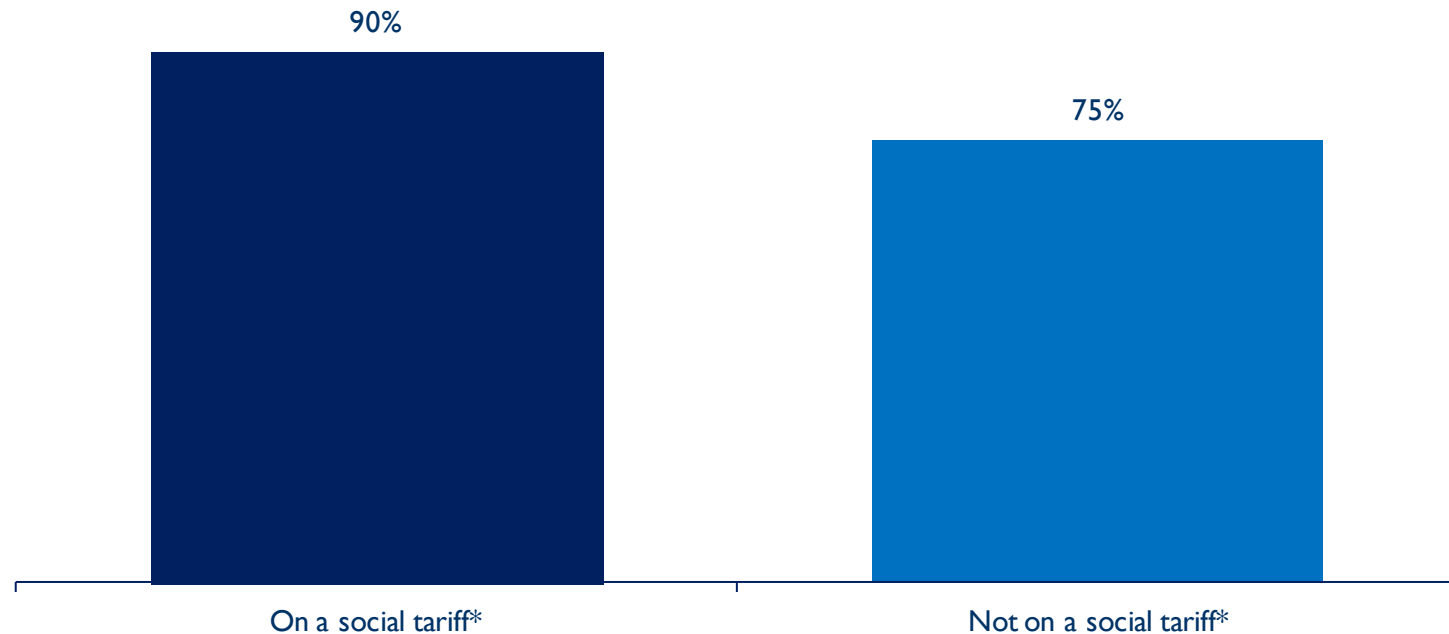
* STW customers only

Single response on a 5 point scale allowed Base: All on a tariff STW (94) / Not on a tariff (106)

Payment matching scheme also widely supported

The way this works is that when a customer pays back £1 towards their old debt with their water company the company would also pay £1 towards the debt as well.

Q12. Do you think STW/Dee Valley should offer payment matching scheme?
-Showing % answering yes-



***Caution:** Small base size

Base: All on BDS/H2H (94) / All not on a tariff (106)
Single response only allowed



Conclusions

Conclusions – water debt

- Journey to water debt is complex but typically relates to health issues, unemployment or income reduction and significant life events
- Many are in vulnerable circumstances, so likely to need a more specialised and considered approach during the arrears communications
- Whilst Severn Trent / Dee Valley are seen to be quick to address payment plans for debtors, a personal human touch and an ability to empathise are sometimes lacking
- Arrears letter was the most notable interaction but had mixed success – it can prompt an immediate call to the helpline but it can also trigger procrastination or be totally ignored
- Call Centre process seems impersonal, sometimes harsh and inflexible – a need for a more person-centred approach to find a way forward was suggested
- There was a low awareness of support schemes
- BDS generosity welcomed and helps certain recipients get back on their feet once scheme ends but many likely to go back in to arrears soon after
- H2H beneficial to a point but limited in its generosity so not life changing
- Some may need to be on a generous scheme for life whereas others will move forward with a lower level discount intervention.

Conclusions – receiving a social tariff

- Although water bills are of comparatively low concern to many (other utilities & mortgage/rent more important), being on a tariff clearly leads to positive outcomes for recipients
- The financial support provided improves customers short and long-term financial situation and improves general wellbeing
- Being on a tariff also leads to improvement in the way STW/DVW is viewed, with increase satisfaction
- Generally, BDS more impactful than H2H (because of the bigger discount), so customers in Powys have a different experience of being on a social tariff than those in other parts of Wales
- However, evidence from qual and quant suggests not all recipients may need the support they get and...
- ...there is a clear suggestion that BDS may be unnecessarily generous
- Few on BDS/H2H offered any real criticism or suggested obvious improvements, although it's important to recognise that the application form is off-putting for some.

Conclusions – looking for help

- The majority of those not currently on a tariff feel it would help them, but awareness is low (especially for Here2Help)
- Intuitively, customers expect to find out about support available from their water company - in reality, few would contact directly if there was a problem
- In fact, a range of channels were mentioned by those not on a tariff as the way they found out about it (and water company not actually the way most find out there is help available)
- Although most felt that the application process was fine, half applying for BDS (and quarter for Here2Help) sought help with their application – this means a different experience for applicants in Powys compared to those in other parts of Wales, reflecting the different availability of the two tariffs in these areas.
- Where help with the application is sought, this is often crucial to making an application and around half receiving help might not have applied without it
- Informing customers about what help is available and making it clear how to apply for the schemes are areas that customers feel could be improved.



Solutions & co-creation themes

Themes to be tested at co-creation

It was agreed that the following possible solutions to help reduce water debt could be introduced and they were taken forward for further development in the co-creation workshop;

1. A text alert to say '*you've missed a payment*'. Include signposting to help if struggling. Who should get it? When? What should the message be?
2. Weigh up preferred discount levels, balanced with numbers of people who could be helped. Should BDS be less generous, to reach more people; should H2H be more generous to have a real impact? And what should the qualification criteria for BDS/H2H be? Who should be helped?
3. 'A 3-stage *matched payment scheme*' to help you pay off your arrears. 1) We match your payment, 2) We double your payment, 3) We write off your remaining arrears after 2 years

Summary of co-creation outcomes

This summary reveals key outcomes from co-creation event held with Dee Valley Water customers and staff in Wrexham in December 2017 whereby Qa Research tested 3 solutions that emerged from the Social Tariff and Debt Management study. Another event was held in Leicester where the BDS scheme was debated, therefore we make reference to this in this summary as Powys customers would be impacted.

- **Text alerts to be sent day after payment missed** - use customer first name, signpost to support if struggling, free phone number, sign off from Severn Trent / Dee Valley Water. If another reminder needed then repeat 24 hrs later if low level arrears but after one week if severe arrears
- **Here2Help** - scheme could be increased to 50% reduction but consider varying levels so a certain proportion of the reduction can be matched with customer needs/circumstances
- **Big Difference Scheme** - highest level of generosity (90%) could be reduced to 70% as still seen as impactful but would help almost double the volume of customers that can receive it
- **Eligibility** - consider customer circumstances rather than purely based on income. Therefore expenditure details as well as household circumstances seen as important factors to take in to account
- When **communicating eligibility** important for Severn Trent / Dee Valley Water to make potential applicants aware of the factors that will be considered when assessing customer circumstances so they can decide whether to bother applying or not
- The 3 staged **match payment scheme** seen as very positive once it was understood. Key to its success will be clear communication and upfront and ongoing dialogue with eligible customers
- **Match payment scheme best as a 'one off'** but important to understand whether customers will be able to afford the bill once exiting the scheme, or could they be signposted to different scheme?



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This research has been carried out in compliance with ISO 20252, (the International Standard for Market and Social research), The Market Research Society's Code of Conduct and UK Data Protection law

