

# Supporting customers in vulnerable situations

Feedback from the Love Every Drop online community

**Prepared for Anglian Water**

by incling 27.07.2022



# In this report...

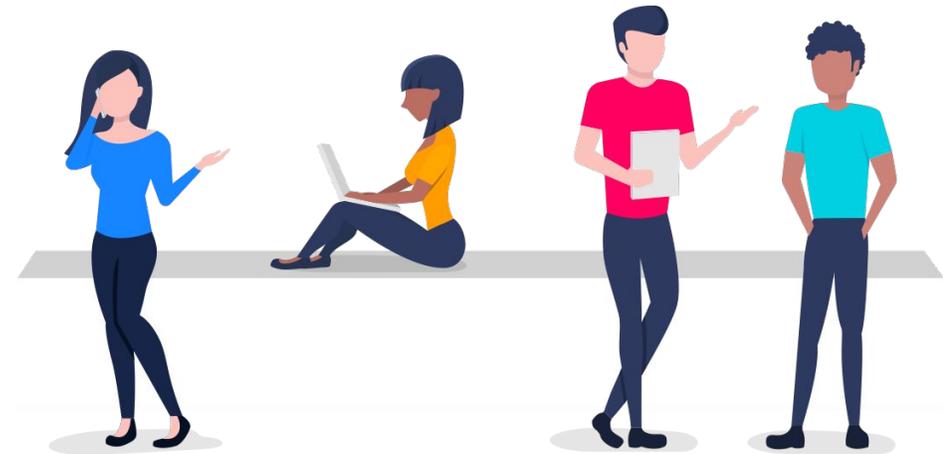
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# **01 BACKGROUND AND METHODOLOGY**

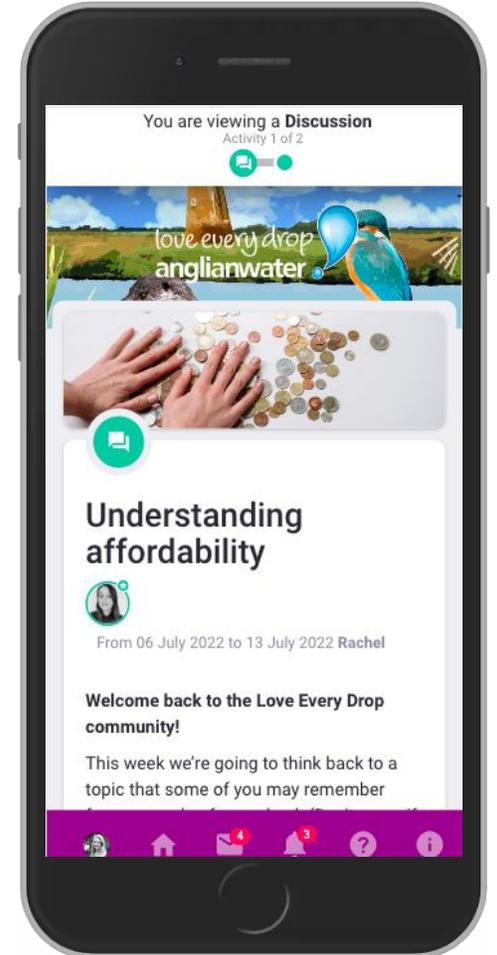
## **What we did and who we spoke to**

# Research objectives

In 2018, Anglian Water ran a piece of research in the Love Every Drop community which allowed them to further their understanding of the drivers of affordability and the role that water plays in the overall choices that customers make around prioritising spend, as well as gain an understanding of levels of available customer support. In 2022, Anglian Water now want to gain insight on any shifts in these attitudes and behaviours captured in 2018, with specific focus on the impact of the current financial crisis the UK is currently facing.

## Over a two-week period, we explored:

- ★ **Drivers and behaviours around affordability**
- ★ **Prioritisation of water and perceived risk impacts of non-payments**
- ★ **Emotional response and buy-in to current vulnerability investment and the different initiatives**

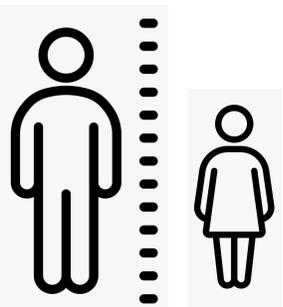


# The Audience that took part

**Approximately 153** members of Anglian Water's customer community took part in each activity

## A spread of age groups:

18-34: 8  
 35-54: 13  
 55-64: 47  
 65-74: 36  
 74+: 19



## Gender:

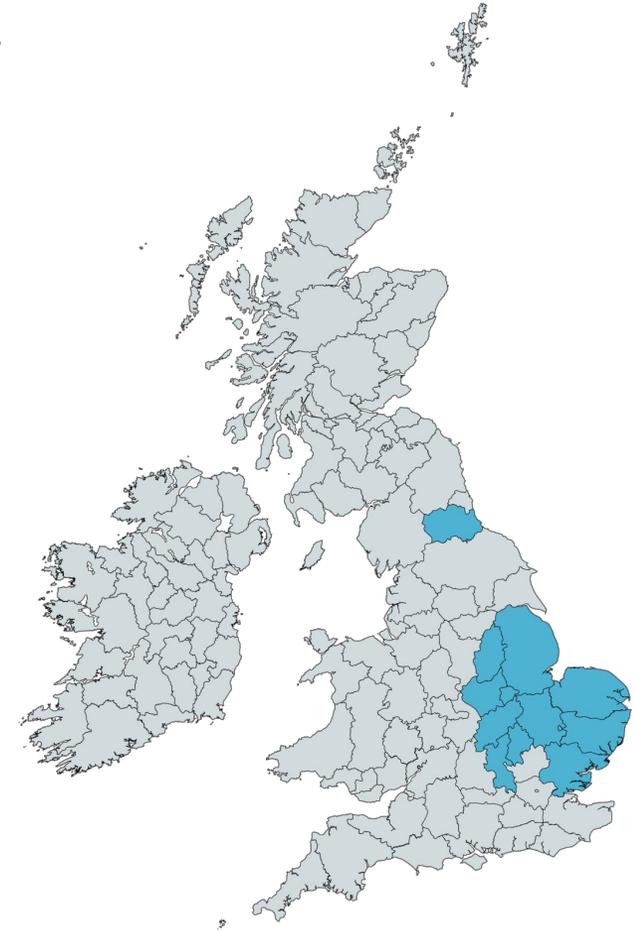
Female: 59  
 Male: 94

## Geographical spread across the Anglian Water region:

Norfolk: 32  
 Suffolk: 20  
 Cambridgeshire: 20  
 Northamptonshire: 21  
 Essex: 15  
 Lincolnshire: 24  
 Buckinghamshire: 10  
 Bedfordshire: 11

## Vulnerability

Vulnerable Customers: 68  
 Not Vulnerable Customers: 82



# **02 UNDERSTANDING AFFORDABILITY**

## **Affordability drivers and behaviours**

# Since 2018, we have see an overall shift in affordability: need now outweighs want.

**Affordability is now grounded in being able to cover the basics and confidently pay for essential bills including food, water, and electricity. The desire to lead the lifestyle they want has taken a back seat for many customers, with the focus now on 'getting through' this difficult period.**

## **SURVIVAL MODE ACTIVATED**

Affordability is now more so about when customers feel they have enough money to cover all necessary expenditures. Having enough to also spend on the things they want and enjoy is less of a priority.

**NEED**

**WANT**



# The majority of customers are feeling less financial flexibility since 2018, due to the economic downturn

## WHAT'S GOING ON?



Financial situations have drastically changed for the worse since 2018; many are experiencing financial uncertainty due to recent events such as the COVID-19 pandemic, Brexit, or global conflicts.



Bills, taxes, petrol, food and leisure items have all increased in price. However, salaries haven't matched the inflation (9%), and as a result customers are **struggling** with the increased cost of living, feeling high levels of stress and concern.



Views on affordability have certainly changed in last [year]. Everyday shopping is now appreciably more expensive, utility bills are eye-watering and vehicle fuel prices are untenable. We have reduced car use, eliminated most take-away meals and reduced service levels/subscriptions for streaming and mobiles. All in all, a general austerity budget regime.

65-74, Essex

# Because of this, many customers have been forced to follow more drastic measures when managing their finances

## HOW ARE CUSTOMERS MANAGING THIS?

Customers are cutting back on non-essentials, budgeting, making cuts to their daily spending and negotiating where possible.

- **Budgeting** has been playing a significant role when planning month to month; many feel a lot more conscious of what's coming in and out and have adopted budget sheets/use budget apps to manage this.
- **Non essential spending/treats** such as eating out in restaurants, holidays, entertainment and leisure subscriptions or unnecessary car journeys have been reduced by many.
- Customers have made the most of **negotiating on utility bills** (namely gas and electric) where possible, with many feeling more inclined to talk to their providers to ensure they are on the best/most affordable rate.



We find that having a budget at the beginning the month detailing any outgoing is helpful - it's however, then more difficult to budget when extra expenditure for the month is needed w.g. Something breaking

26-34, Suffolk

# Whilst the majority of outgoings feel hard on the purse strings right now, compulsory payments cause the most worry due to concerns around the impact of missed payments



## Compulsory payments such as utility bills, taxes and rent/mortgages

Payments that hold a large consequence if not paid (such as council tax, mortgage payments, utility bills) are one of the biggest financial worries. There is perceived little flexibility on the due dates or amounts due if a customer is struggling to pay. They are necessities that customers can't go without.

We all have bills to pay, such as utility bills and these are priority, along with mortgage / rent etc. all of which are increasing at the moment, so I am trying to reduce consumption to maintain a balanced budget.

55-64, Norfolk



## The fear of unexpected and unplanned large expenses

Although budgeting can aid with financial planning, unexpected costs, such as car and appliance breakdowns or household maintenance, are always looming at the back of customers' minds.

There are some thing you just can budget for such as pests/rodents activity breakages leaks etc so yes it difficult and with everything going up its hard but if you want more wages and more money things will go up.

26-34, Suffolk



## Entertainment and leisure purchases, living to the same standard as before

There's still a pressure on customers to try and maintain their lifestyle, e.g by spending money on holidays and leisure items. Whilst these are often the first to be cut back on, there is still a desire to try and maintain a lifestyle that makes them happy.

We are tending to concentrate more on what we buy and skipping a few non essential luxuries.Meals out/ social outings are a little more cost conscious.

55-64, Northamptonshire

# Customers are now actioning their own financial levers to keep costs down

We are seeing the finance management plans shared in 2018 in action, with customers keen to utilise any and every opportunity to take control of their outgoings

**GREATEST FLEXIBILITY AND OPTION TO REDUCE SPEND**



- Holidays
- Entertainment & luxuries
- Hobbies and interests
- Savings

- Insurance
- Food
- Gas, electric and water
- Fuel
- Phone & broadband

- Mortgage & rent
- Council tax

**LESS FLEXIBILITY AND OPTION TO REDUCE SPEND**

Lifestyle enhancement has become a luxury for many, but shopping purchases such as clothing can be reduced by carefully selecting cheaper stores, shopping during sales and utilising loyalty schemes to get the best offers. These options as a collective make budgeting for 'moments of joy' easier.

Although mandatory to pay, some utility bills can be negotiated by switching providers to make the monthly cost cheaper as well as water /smart meters being installed to monitor and reduce utility usage.

Scheduling direct debits of when bills are going out can apply less pressure to the individual budget. If payments are made soon after payday and at a set date every month it makes it much easier for customers to plan the rest of their budget compared to bills going out sporadically throughout the month.

Discounted items are always welcome, as are second-hand goods. We sometimes go to the carboot sale for bargains as even the charity shops are expensive.  
**45-55, Norfolk**

Water meter and smart meter are beneficial to everyone. They can keep up to date with the prices. By cutting back on spending. The smart meter will also encourage this.  
**55-64, Cambridgeshire**

I wouldn't say any of my outgoings are easy to pay but they are budgeted and I know which date in the month they go out  
**45-55, Bedfordshire**

# **03 WATER AND AFFORDABILITY**

## **Prioritising risk**

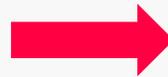
# In 2022, customers are much more likely to feel concerned about their water bill

In 2018 water bills weren't front of mind; for most, the water bill wasn't the most expensive utility bill. However, as more customers are budgeting and planning ahead, there is a general sense of heightened concern when it comes to all compulsory bill payments.



## 2018 - FOCUSING ON BALANCING NEED WITH WANT

- A general consensus that there is lower risk attached to missing a water payment in comparison to other utility bills - more informed customers were aware that water specifically cannot be cut off and as a result would see it as something that could be de-prioritised.
- Less overall financial pressure for most, likely leading to lower consideration of consequences.



## 2022 - FOCUSING ON THE NECESSITIES

- A general heightened financial concern leads to a more black and white approach to priorities - water is a necessity, therefore it's top of mind. It still comes in lower than rent/mortgage payments, but is now more likely to be considered on par with gas and electric bills when it comes to prioritisation.
- A slightly lower level of awareness around the impact of missing a water payment, even amongst those more informed - there is a stronger sense of *'I'm not sure what would happen, but I don't want to find out so I'll be doing everything to avoid it!'*
- Many are less likely to be in a position to account for any unplanned fees/additional debt to cover missed payments.

# For most, water is considered as much of a priority as other utility bills

There is a general assumption that payment leads to provision, but there is a lack of awareness around the exact consequences that come with a missed or late payment.

**HIGH PRIORITY**

**LOW PRIORITY**

## **MORTGAGES // RENT**

Without mortgage / rent payments, customers would have nowhere to live. There are obvious severe consequences and therefore paying for 'shelter' is the first priority: no mortgage or rent payment that can be missed.

## **TAXES AND UTILITIES, INCLUDING WATER BILLS**

Taxes and utilities often have legal and potentially health repercussions if not paid. However, those costs can often be negotiated, and many consider switching providers to get the best rate. With a shift towards 'survival mode' mentality though, the importance of water payments now falls in line with other utilities for many, with higher concern around the consequences of a missed payment - it's not worth the risk.

## **PETROL AND FOOD SHOPPING**

Naturally, being able to feed yourself and your family is a priority, but the cost of a food shop can often be reduced with discounts or going for supermarkets' own brand. Journeys can be limited if necessary to cut back on petrol, and these costs can often be shared out across members of the household.

## **LEISURE AND ENTERTAINMENT**

Cutbacks have been made on leisure and entertainment. For example streaming subscriptions, cinema trips or meals out.

I pay first mortgage, council tax, electric bills, broadband, tv and mobile phone bills, these are bills that need to be paid to provide somewhere safe to be at home.

**45-55, Bedfordshire**

All utility bills (after rent of course) are prioritised and all on direct debit. I wouldn't put one above the other (electricity, water, rent)...

**55-64, Cambridgeshire**

I began to think twice-or even three times about buying books, or even clothes (secondhand or ebay) , now essentials come first, regular payments council tax, ground rent, loan repayment, water, electric, gas, then food

**75+, Lincolnshire**

# Water meters play a significant role in boosting perceived affordability of water

Customers highly appreciate the control that a meter gives them over spend

## STAYING IN CONTROL OF SPEND IS KEY

- Smart meters provide customers with clear visibility of their water use, allowing them to budget accordingly and reduce usage if they feel it's needed.
- This leads to lower levels of concern, as it's one element of their finances that they can be in control of. This is highly appreciated in such an otherwise financially volatile and stressful time.
- Anglian Water could leverage this positivity towards Smart Metering, running comms in which they share customer 'money saving' stories to boost positive perceptions and installation rates.

We have certainly taken more notice of the electric smart meter to prepare for next year done things such as fitted timer to sockets to turn of router  
**65-74, Lincolnshire**



I encourage a water meter it helped me to detect water leaks inside the home and outside the property. By the usage of your water. But a smart meter tells you the cost of all your items used around the house.  
**55-64, Cambridgeshire**



# **04 VULNERABILITY SUPPORT**

## **In the context of affordability**

# Greater promotion of support services is needed to increase awareness among customers



**Many long-term ‘Love Every Drop’ members are aware of the support available due to being informed about them on the community in 2018.**

Other customers have heard about the services through the media or by seeing messaging on their bills, but most **don’t know the details** (e.g. the eligibility criteria, how much each service is costing the customer).

A significant number of participants were **unaware of some or all of the current support services**, with **tariffs** being the **most known** (mainly previous/current tariffs users) and **bad debt** being the **least known**.

A minority suggest these services should not be promoted more widely in order to reduce non-vulnerable customers taking advantage.

“If it were not for my participation in this forum I would not be aware of this type of support although I assume that agencies such as Age Concern and The Samaritans are aware”

Cambridgeshire, 65-74

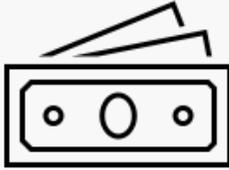
“I knew that there was some sort of Support Schemes available, but didn't realise that there were that many available, and what the criteria was to receive them.”

65-74, Suffolk

“Don't promote it to people that do not deserve it or those who are using the system to benefit when they should not.”

65-74, Essex

# Ways Anglian Water can promote their support services



## Bills

Have this information presented clearer on bills.



## Emails

Include information in an email to customers - e.g. as a subsection on the “through the plughole” emails.



## Target those who need it most

Display information (leaflets, posters etc) in places where those in vulnerable situations might be more likely to frequent (e.g. job centers, social services, hospitals, food banks).

Directly call customers who are behind on their bills to inform them of these services; prevent rather than cure.

“Your marketing strategy should be focussed on reaching those more likely to be struggling.”  
55-64, Lincolnshire



## Written communication

Send letters, advertise in local magazines/ newspapers to ensure customers without internet access or technical skills can stay informed.



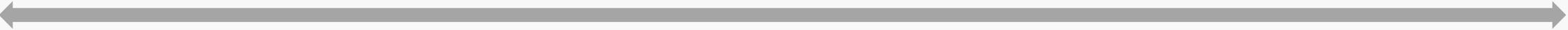
## Websites and Social Media

Highlight the services more on the Anglian Water website, and post information on social media sites to tap into a range of audience groups.

# The £23/y eligible customer fund is more polarising: while necessary to the majority, there is also stronger resistance to it

In a time of financial crisis, we see a slight shift towards acceptance in comparison to the 2018 study. However, with this also comes greater concern at the other end of the scale; many are no longer in a position to be able to help others as they are struggling with costs themselves.

## AGREEMENT & ACCEPTANCE



## LIMITS TO WHAT WE CAN DO

## DISAGREEMENT & REJECTION

**Help is needed.** The majority of customers are sympathetic towards those who struggle to pay their bills. As it could happen to anyone (family, friends, themselves) they are happy with paying the current rates (approx £23/y) to support genuinely vulnerable customers.

**Not in this current climate.** With the cost of living rising, a minority of customers feel too stretched to be paying for other customers.

**Pro supporting, against bad debt payments.** Some customers feel happy to financially support vulnerable customers via budgeting and tariffs, but in line with what we saw in 2018, the line is drawn at bad debt.

**Not our responsibility.** Some customers strongly feel that this money should be taken from **Anglian Water's profits**, or the **government** rather than falling on other customers. If shareholders were sharing this burden, these customers would be more accepting of this inclusion in their bills.

"In today's stressed financial climate it is difficult to state that anyone is happy paying bills. Although the three schemes discussed are all worthy of merit. The current level of £23 per annum seems reasonable.

65-74, Lincolnshire

"Happy but the cost of bad debt component not so. What proportion of bad debt is from customers who know that they cannot be cut off and don't pay because of that."

75+, Suffolk

"I think the support of people paying bills is the role of the government, and shouldn't be passed onto customers to support other customers. With the recent cost of living increases, price cap increases, I don't believe further costs should be put onto customers for anything other than their usage."

26-34, Bedfordshire

# The current economic climate highly impacts preparedness to pay more

While many would be prepared for a small increase in bills (£1-£5), the thought of any extra cost is highly concerning for some right now.

## Prepared for bill increase

### Rising need requires rising support

For those in favour of current payments, many are happy for the yearly payments to increase by a small amount (e.g. £1, £2 or £5) to support the increase in vulnerable customers caused by the rising cost of living.

“I would be quite happy to have an increase to help others in need as it can take a hell of a lot of pressure off someone to have one bill significantly reduced, especially as everything else is going up so rapidly.”

45-54, Cambridgeshire

### Increasing payments may increase vulnerability

Some customers are concerned that raising the bills will in fact create more vulnerable customers, as in the current economic climate people are already struggling to pay their bills at the current rates.

“I think an increase of £10 per year in one go would be an excessive amount for customers £1 -£5 would perhaps be tolerable, any more and you run the risk of more customers becoming vulnerable.”

65-74, Northamptonshire

## Not prepared for bill increase

### Not affordable at this time

Other customers are against their own bills increasing at this time, as they are struggling to manage increased financial pressures. It’s felt that the additional payments for vulnerable customers should wait until the economy improves.

“Would I be prepared to pay more? Twelve months ago I would have said yes. Right now, with the cost of living increasing I would say no.”

45-54, Buckinghamshire

# Suspicion over benefit fraudsters affects willingness to financially support vulnerable customers

“I feel that many of the organisations providing aid today are not identifying fraudsters and are happy to play the good samaritan to a proportion who are not deserving of the charity.”

75+ Northamptonshire

“It isn't clear if these non payers have been offered the concessions and are those most vulnerable or people happy to not pay safe in the knowledge they will always be supplied.”

55-64, Norfolk

“Living on benefits is now a career choice, and the more benefits available the more the work shy are being enabled to carry on not working.... I am not happy to pay an extra £23 a year of my hard earned money to support the feckless”

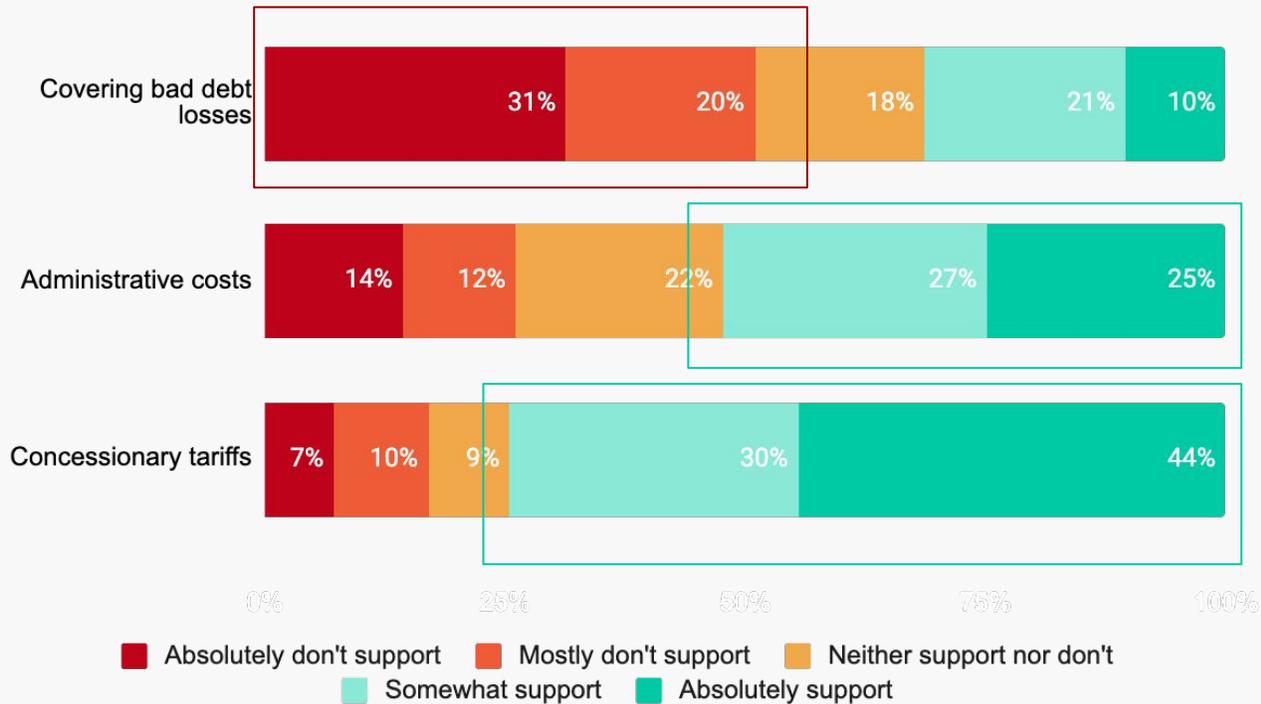
65-74, Norfolk

**Customers need reassurance that their money is going to individuals who are truly in a vulnerable position, and not just those benefiting off the system.**

- Customers are concerned that they may be paying towards people who are only slightly worse off, or even better off than themselves.
- Call for Anglian Water to make sure they're doing all they can to “weed out” customers who are ‘playing the system’.
- Individuals with medical conditions or disabilities are considered to be more deserving of the support services, but only if they also have a low income.
- More information is required on the extent that bills are chased, and how monies are recovered. For instance, before getting into the unrecoverable stage of bad debts, what preventive steps are being taken to help inform the customer that they're on a slippery slope? Is there any education on how to reduce their usage or early intervention regarding non-payments? And are there any consequences for customers who simply refuse to pay their water bills?

# Customers are more supportive of services that help prevent rather than recover bad debt losses

Q: Please tell us how much you support each option:  
N=153



## Covering bad debt losses

The majority (51%) of customers do not support paying towards bad debt losses; many feel that this is not something that should be subsidised, and if it must be then it should be covered by AW profits or government intervention.

## Administrative costs (e.g. flexible payments)

Most (52%) support administrative costs, with the belief that *'some money is better than none'* - inflexibility would only result in more customer debts, and a greater cost to society.

## Concessionary tariffs

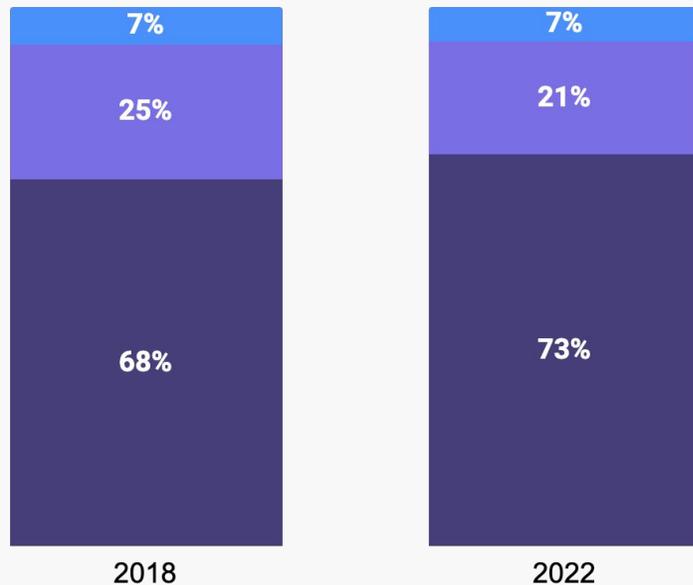
As the most supported option, customers feel concessionary tariffs target those that 'truly' need the help, enabling them to cope with their payments. This in turn helps to prevent bad debt losses.

# Customer perceptions & preferred support services have not significantly changed since 2018

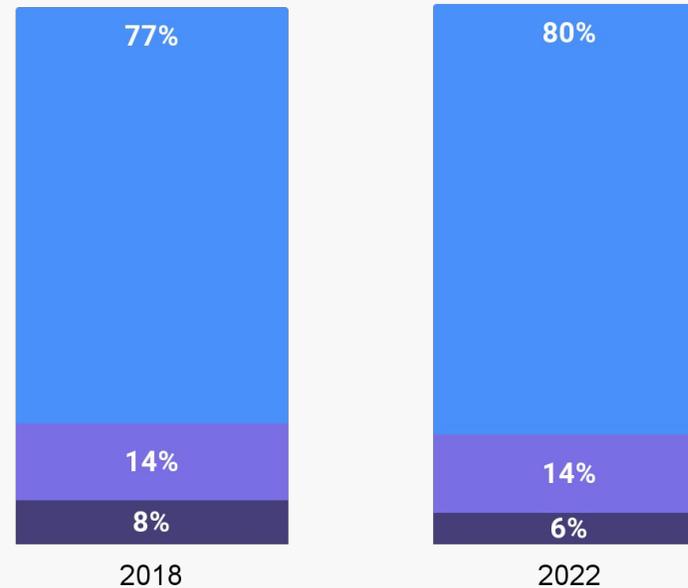
Concessionary tariffs remain the favourite, with bad debts still perceived negatively among customers

■ Covering bad debt losses 
 ■ Administrative costs 
 ■ Concessionary tariffs

Which do you support the **MOST**?



Which do you support the **LEAST**?



**2018: N=69. 2022: N=153**

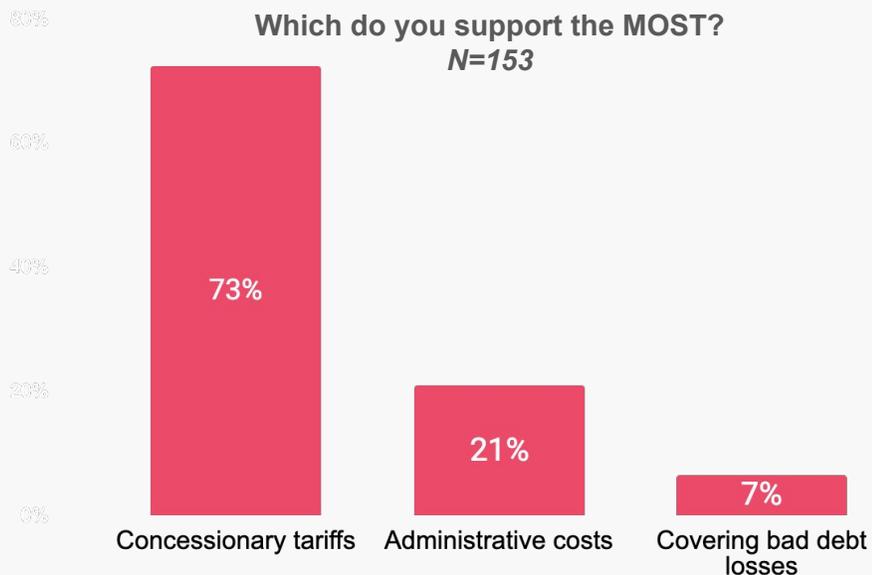
“I find the bad debt fund concerning. Paying customers are in fact paying for recovering the money for non-payment, while AW continue to make profits.”  
**2018 customer**

“It is AW's responsibility to make CERTAIN that debts are paid and not rely on other customers to bail out AW's inefficiencies whilst they continue to make exorbitant profits to satisfy the shareholders.”  
**2022 customer**



# Concessionary tariffs are considered the best method of support by the majority

- ✓ **Vulnerability is assessed.** Having specific criteria for tariffs gives customers more confidence that help is being provided to the truly vulnerable.
- ✓ **More appropriate for customers to cover.** Customers are more in favour of helping water be affordable to all customers rather than admin or debt costs.



- ✓ **'A helping hand' rather than full payment.** Many feel that helping vulnerable customers pay their bills is a better approach than fully removing their payment responsibilities.
- ✓ **An as and when approach.** Customers can be added/removed from tariffs where support is applicable, reducing unnecessary costs.

“These refer to where the customer has been assessed as not being able to pay because of their lack of means. Assuming that these customers situations are regularly reviewed this does make sense.”

**75+, Buckinghamshire**

“This supports customers, bad debt provision and the admin costs should be part of any companies general overheads I don't see why AW should be any different”

**65-74, Norfolk**

“This is helping people who want to pay but find it difficult to do so. As against supporting people who simply refuse to pay.”

**55-64, Cambridgeshire**

# Those most at risk are more favourable to concessionary tariffs

**Low earners (under 18k), N = 22; high earners (50k+), N = 19**



**Somewhat supportive or absolutely supportive of concessionary tariffs**

**Low earner**

**91%**

**High earner**

**74%**

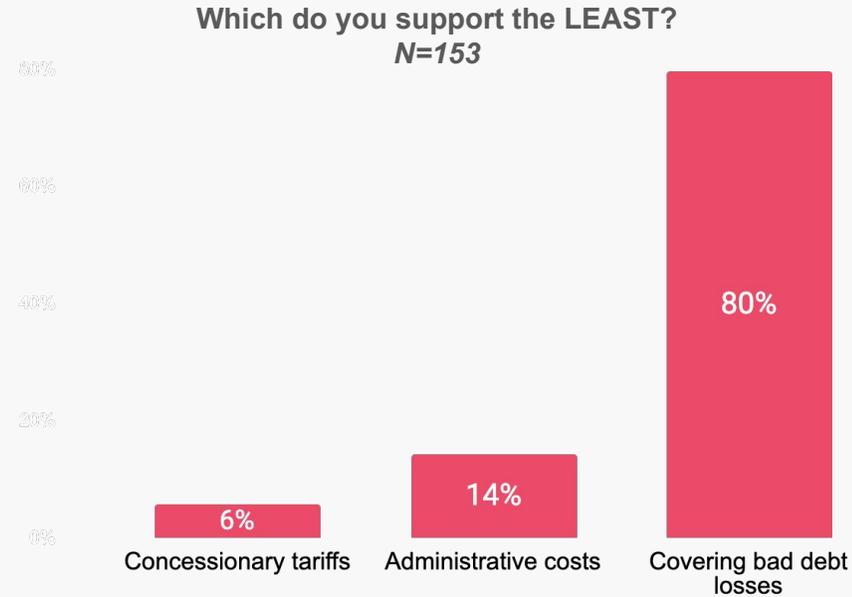
- Customers who are more likely to be in a vulnerable position themselves (low earners) are very in favour of tariffs, as they can understand how these services can help people during hard times.
- Anglian Water could use real customer voices in an effort to move away from ‘benefit fraudster’ perceptions, sharing stories of how vulnerability can happen quicker than expected, and the true need for these ‘safety net’ support services.

“These can take a lot of pressure off families etc. it helped me when I first took Ill and was struggling to pay a huge monthly bill, I went onto a meter and my payments reduced massively I believe in paying for what you use and this has made me very careful with water to ensure my bill stays low each month. It’s a shame these services aren’t available for other services like gas & Electricity!!”  
**Cambridgeshire, 45-54, <18k**

“Pensioners like myself who live alone on a low income who’s bill mostly consists of fixed charges could benefit from a reduction in the fixed charges.”  
**Essex, 65-74, <18k**

# 👎 Covering bad debt losses is considered the least preferred method of support

- **Shouldn't be the customer's responsibility.** Many strongly believe unpaid debt should be covered by Anglian Water or the government, rather than through other customers' bills.
- **Can't pay or won't pay?** Concern that customers are taking advantage of the system.



- **More information needed:**
  - To what extent are bills chased before they land on customers?
  - Is Anglian Water doing everything they can to prevent this stage, e.g. offering concessionary tariffs or flexible payments to these customers?

“As a huge utility company, I would expect Anglian Water to have a contingency bad debt fund to cover at least some of the bad debt losses - it shouldn't all be paid by customers who can/ do pay their bills”  
**Lincolnshire, 55-64**

“I understand the reason behind it, but I think the government should support this more. Also not clear what is happening when the charge is finally paid (if so) by the person owing.”  
**Cambridgeshire, 35-44**

“Because this doesn't always mean customers who are struggling to pay, but customers who are refusing to pay. That is a different situation entirely.”  
**Northamptonshire, 55-64**

# 05 SUMMARY AND RECOMMENDATIONS

01

# Sensitivity when it comes to bill communications

It's easy to see that it's a hard time for everyone at the moment when it comes to finances. Any future communications on bill increases or payments will need to be sensitive to the current situation, and take into account that whilst not everyone may be classed as a vulnerable customer, people may be finding themselves in vulnerable situations.

## 02

## A potential driver for smart meters

Budgeting and striving to get the lowest rates for utilities eases a lot of customers financial pressures when it comes to pre-planning finances. Some customers mentioned that having a Smart Meter has enabled their water bill to be reduced as they can easily view their usage. This could be a driver for Anglian Water to promote the benefits that Smart Meters can bring.

03

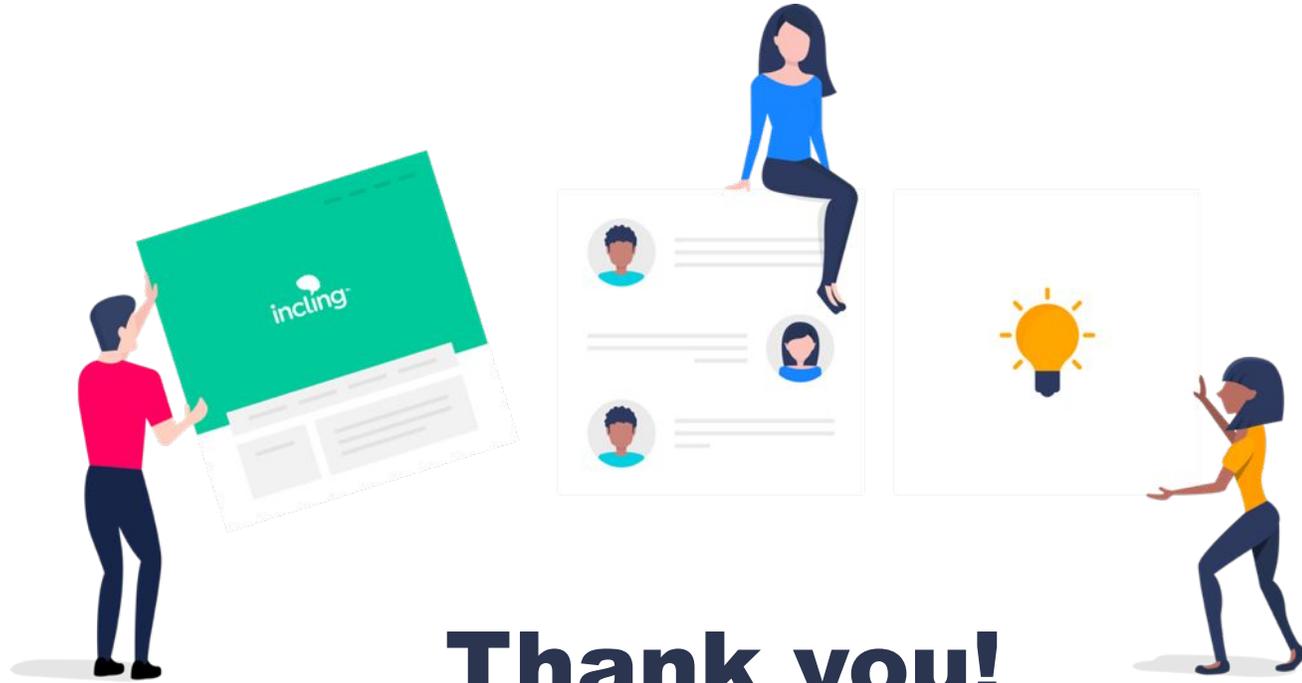
## **Customers are happy to support vulnerable customers, but are concerned that further bill increases might stretch them too far**

In the current economic climate, many customers would prefer either small bill increases per year (£1, £2), or for no increases to be made at this current time.

04

## **Paying off other customers' bad debts is still considered unfair**

As in 2018, customers are strongly against covering other customers' bad debt. There is a need to reassure that these customers are receiving as much support as possible (e.g. offering concessionary tariffs and flexible payments) before it gets to this stage, and that appropriate measures are taken against people who choose not to pay their bills, rather than can't afford to.



**Thank you!**

**Any questions? Just reach out to us on  
[amy.wilde@incling.com](mailto:amy.wilde@incling.com)**