

# **BUSINESS PLAN 2025 TO 2030**

## **PRT11 ADDRESSING AFFORDABILITY AND VULNERABILITY**



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# 1. AT A GLANCE

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## A. Making water affordable for all and supporting customers who need extra help

This document highlights how we have been delivering for customers who need extra help and how we will continue to meet the expectations of our customers in the future. We have developed an adaptive plan which will deliver support to customers who may need additional help from us with our bills and services.

We explain our strategy to achieve continued high performance across key areas, where customers need our ongoing support. It additionally highlights how this strategic approach delivers on regulatory guidance and external expectations. It provides our strong ambition to deliver:

### **Affordable water for all. Always.**

Our ambition remains to be the lowest cost supplier of water services, ensure tariffs for the future are fair for customers as well as providing a robust strategy for supporting our customers in water poverty.

To ensure that our overall plan has remained affordable (through remaining efficient and recognising customer needs), we have considered delivery of our vision alongside our Long-Term Delivery Strategy plan. We have delivered a Business Plan that primarily focuses on remaining compliant, alongside necessary investment needed to support our customers.

We recognise the impact that investment has on our customers' bills and our investment cases have been through a rigorous process of continual assessment, review, and challenge, resulting in critical investment, based on our core pathway. We have robustly challenged ourselves on efficiency both internally and externally (from customers, stakeholders, and industry experts) prior to submission. We have ensured that base costs and funding will deliver the maximum output and stretch delivery in all areas of the business.

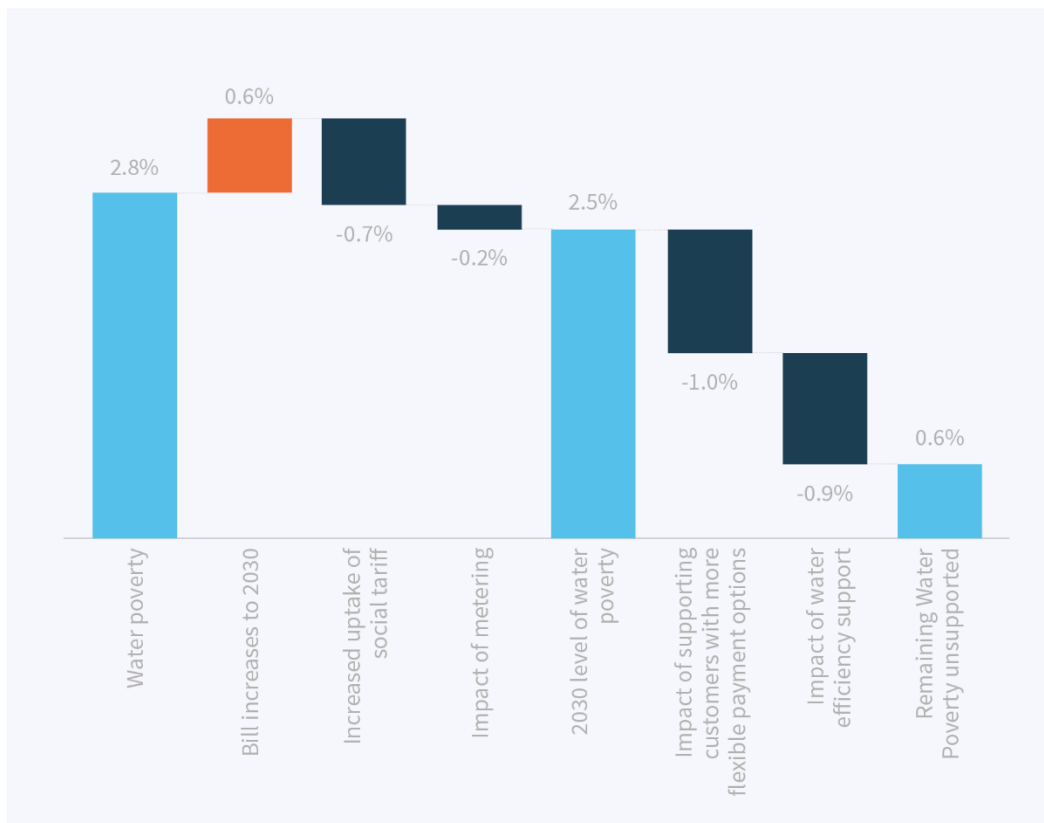
We are also extremely aware of the impact that our customers sewerage bills will have on their day-to-day finances, with Southern Water's average sewerage bill for our customers rising significantly. Whilst we are unable to influence this bill, we will continue to work hard to support our customers that need extra help.

We know from the joint Acceptability and Affordability Testing we undertook with Southern Water that 29% of customers would find it difficult to afford to pay the proposed bill, with 44% of customers finding it difficult to afford to pay the combined bills.

We will take an adaptive approach to Affordability Support tariffs to ensure that we meet the evolving external landscape, as well as having a broader strategy of support for customers in water poverty.

Our strategic approach has recognised the key impacts of our business plan on bills for our customers, and we have dealt with this through reducing and supporting those in water poverty which is summarised in the figure below:

### Figure 1: Water Poverty



The combination of approaches dealing with tariffs, discounts and more flexible approaches to affordability will mean we will address water poverty for our customers.

#### Accessible services for all

We remain committed to providing and continually enhancing how customers can access our services, whatever their needs.

Our approach shows how we will continue to deliver for customer through traditional channels, whilst investing in state-of-the-art new customer applications with Kraken to open new capabilities and be at the heart of delivery both now and in the future. Future generational preference shows that digital engagement is key, but we also recognise that we cannot leave customers behind that are not digitally engaged.

With this push for a future digital strategy, we will ensure our digital platforms are compliant with digital accessibility accreditation of WCAG 2.1 and to ensure we are overall accessible we will implement the BSI ISO 22458:2022 Inclusive service standard.

We have a strong delivery plan for working with community partners. This will not only increase our reach but also, we will provide improved technology that will enable these partners to be able to speed up how we can jointly provide and support our joint customers and end users.

We support the 'tell us once' approach, meaning that we have built strong links to data sharing for the benefit of our customers, for example working with local councils to identify customers who may be eligible for support to enable us to auto enrol wherever possible.



With our PSR (Priority Services Register) customers, we know that we can enhance the great service that our customers already receive. We will make sure that PSR services are clear for customers, based on their needs.

Our PSR contains some of the most sensitive customer data that as a company we hold, and we want to ensure that we continue to protect this information and data in a continuing robust approach. As we move towards more online services, the protection of this data will remain critical for us.

For customers who may struggle to afford water efficient devices, we will target our campaigns to undertake household efficiency device retrofits and advice, ensuring that these customers can reduce usage and save money when they are able to.

### **Strong tailored support for vulnerable customers and communities if something goes wrong**

On the occasional times when customers are impacted by supply disruption, our strategy will focus on proactiveness, minimising the impact and reducing any customer anxiety.

We intend to use our new customer applications to enable us to provide more regular incident management and we will be able to tailor that to customer choice across a 24-hour window.

We will tailor our PSR service benefits to meet the needs of each individual customer, as well as using our capabilities to reach out to customers to check risks in a dynamic way during incidents.

We want to ensure that our 'at-risk' customers who need immediate access to water receive this with limited wait and we will find innovative ways to speed up the supply of bottled water during incidents to these customers.

By working with local stakeholders such as Councils and Social Housing associations, we will find ways to store water and use a more community incident approach to support customers. This will include our Local Resilience Forum partners.

### **How we will connect and partner with the community**

We bring to life our intentions to build on our strong community partnerships to continue to deliver for our customers in this ever changing and complex world. This includes how we will continue to work with our community partners and use expert forums to help further develop our ongoing commitments in this area.

We will target these data shares to ensure that customers who are both easy or hard to reach are aware of services and registered for anything that they are eligible for including tariffs and PSR.

We want to give our partners the correct tools to make it easy for them to help customers who need support in registering for extra help. We will do this through digital portals and hubs that will give access, information, and support to our communities.

Our Community Team will not only provide support and advice on vulnerability and affordability, but we will also expand this to provide a more holistic solution by embedding water efficiency advice within the team. We will also target our team with developing more strategic partnerships, solutions, and opportunities whilst we support our direct customer community events in the most effective way. i.e., customer service advisors.

We will work with other water companies, as well as our colleagues in other utility sectors, to identify joint opportunities for working together.

## **Enabling our vision and outcomes**

Our strategy and the approaches that we have taken meet several key objectives:

- i. Consumer protection ambitions.
- ii. Ofwat Vulnerability guidance.
- iii. Customer and stakeholder expectations.

We have developed strong and robust internal KPIs that ensure that we continue to meet key objectives:

- Maintain our position as lowest cost water service provider.
- Ensuring that our strategy for making water affordable provides a broad range of solutions for our customers in water poverty, including as we transition to a higher metered customer base.
- Continue to grow the number of customers our Priority Services Register reach by 2030 to 15% as well as measuring customer satisfaction of these customers.
- Better understand our customers' needs and keep our data on customers accurate and up to date around vulnerability and affordability.
- We recognise the importance of providing more customers with support services, but we acknowledge that the quality of those services is just as important. We will implement ongoing customer satisfaction surveys as part of this strategy.

## How our approach been informed

We have developed our approach to supporting customers through the insight that we have gathered, including:

- **Customer Engagement** – As part of our embedded AMP7 engagement strategy (see PRT03: Engaging with our customers and communities), we have undertaken comprehensive deep dive research with our customers to help better understand the views of customers around their willingness to pay, how much support should be provided and what those who require support need.
- **Our Customer Service and Community Team** – Working with customers and stakeholders in the communities, we have been able to better understand how we can enhance our service provision better.
- **Industry groups, cross-sector groups and regulators** – We have been able to gather insight from these working groups to inform and establish additional opportunities.

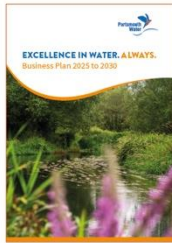
## Key delivery approach

We will be making some key changes to our Operating Model to maximise delivery in the future which is enabled through new capability with our enhanced CRM system and partnership with Kraken Technologies. This change enables us to:

- Work with our stakeholders and community partners in a more holistic way, focused on vulnerability, affordability, and water efficiency.
- Use data sharing between partners where we can deliver the best benefits for our communities. This will form a key strand of our future Open Data Strategy which will be published later in 2023-24.
- Continue to offer an accessible and inclusive service for our customers, including maintaining channels for our hard-to-reach customers.
- Where customers cannot use digital channels, they will be able to access information and data through their channel of choice, meaning that they can always call us and speak to our team, giving accessibility to the same information as those who self-serve.
- We will adapt our telephone channels to ensure that we continue to meet the high standards that gets us to our high position in C-MeX currently.
- We will work hard to find innovative new solutions to delivering for our customer

## 2. DOCUMENT MAP

### Business Plan to 2030



PRT01  
**EXCELLENCE IN WATER. ALWAYS.**  
Business Plan 2025 to 2030

For the full navigation plan and documents visit  
[portsmouthwater.co.uk/business-plan-2025-2030](https://portsmouthwater.co.uk/business-plan-2025-2030)

### Supporting Documents



PRT02  
Delivering Havant Thicket Reservoir for Our Customers and the Region



PRT03  
Engaging and Understanding Our Customers and Communities



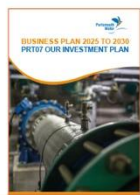
PRT04  
Delivering for Our Customers and Communities



PRT05  
Delivering Outcomes for Our Customers



PRT06  
Managing Our Resilience in the Long Term



PRT07  
Our Investment Plan



PRT08  
Delivering Our Investment Plan



PRT09  
Securing Value for Money



PRT10  
Innovation to Enhance Our Service Delivery



PRT11  
Addressing Affordability and Vulnerability



PRT12  
Accounting for Past Performance



PRT13  
Aligning Risk and Return



PRT14  
Our People

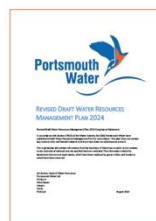


PRT15  
Board Assurance

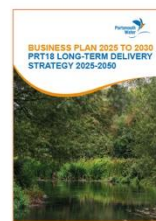
### Vision and Our Long-Term Plans



PRT16  
Our 25-Year Vision (consultation version)



PRT17  
Water Resource Management Plan (revised)



PRT18  
Long-Term Delivery Strategy 2025-2050

## 3. ADDRESSING AFFORDABILITY AND VULNERABILITY

### A. Helping hand when customers need it

We have been proven to provide an excellent service to our customers and this can be seen across our key customer performance metrics in this AMP and before.

Our ambitions and learnings continue to grow as the world changes and our society adapts. As a provider of an essential service, we recognise that we have a moral obligation to deliver increased social value in our industry.

We published our 25-year vision in 2023 for consultation. Our vision is clear with two of the four priorities directly relating to our ambitions in this area. These priorities are:

**Priority Three:** Co-Create solutions which deliver our customers', communities', and stakeholders' priorities.

**Priority Four:** Affordable water for all. Always.

#### Figure 1: Our Vision and Priorities



Our strategic approach is focused on ensuring that our services are designed to deliver key outcomes for our customers and the communities that we serve, including:

#### **Affordable water for all. Always.**

For many years we have been the lowest-cost water service provider in England and Wales, while maintaining our upper quartile position in customer satisfaction. We never compromise our quality to deliver the experience that we believe our customers deserve.

Whilst we aim to hold our position, we acknowledge that we also need to adapt and recognise the pressures that our customers are experiencing. External influences include the rise in utility bills, the ongoing increase in the overall cost of living, as well as climate anxiety and social inequality.

We recognise that whilst our bills may remain affordable, our customers are paying one of the largest sewerage bills to Southern Water. This will have a far bigger impact on our customers finances and that's why despite having the industry's lowest charges, we understand not everyone will be able to afford to pay our bill.



Our process has ensured that we have minimised the costs to customers' bills by making sure every element of additional spend is absolutely necessary from a compliance and investment perspective.

We need to ensure, not only that we deliver the best value possible, but to also incorporate consumer protection to increase proactivity in identifying vulnerable customers earlier and offer support to anyone who is struggling or may struggle in the future.

### **Accessible services for all.**

As a region, we are lucky to have a diverse range of communities that live, work, and visit our area. As a company, we aim to embrace that diversity and hold ourselves accountable to ensure our services are appropriately adapted for everyone who accesses our services.

We will build on our existing communication adaptations such as large-print bills, braille, and Recite Me accessibility tool to make it as easy as possible for our customers to access our services, no matter how they choose to interact with us. Whether that's through our door-to-door teams, our digital channels, or any other means, we want to make sure that our customers can get the help they need, when they need it.

For our digital users we will develop our new Kraken system with inclusive design at the heart of what we offer. This new application will also provide our Customer Service Team the ability to provide a great service for customers who wish or need to use the phone to talk with us.

### **Supporting customers when something goes wrong.**

Our services are vital to our customers health and wellbeing and some of those customers can be impacted more significantly than others when their environment changes.

This can be particularly seen when there is an interruption to water supply with disabled consumers and even the elderly at potentially much higher risk than typical customers. We want to ensure that our incident management and service recovery plans ensure that we support these customers and reduce any anxiety that they may feel during these infrequent events.

We remain committed to proactive approaches enabling us to manage these situations where we can resolve or minimising impact on these customers.

### **Connecting and working with partners in the community.**

For many years, we have partnered with local organisations within our community to provide customers with services they trust. We have a team dedicated to vulnerability and affordability, and we work with these local organisations to promote and provide these priority services to our customers.

We see great value in these partnerships, and we remain committed to continue working within the community. This work is central to our service provision and delivery plans.

## **Our plan and key areas of focus**

Our approach to addressing vulnerability and affordability, set out in this plan, outlines a clear set of commitments in what we will deliver for our customers to ensure that we are supporting them in everything that we do.

At the core, this document enhances a clear strategy that has both adapted and enhanced since our previous PR19 submission. This new PR24 Vulnerability Strategy will need to adapt to the changing external environment and the needs of communities. We will ensure that our strategy is regularly updated and published for stakeholder and customers.

**We have focused these commitments on 4 key areas of activities:**



Affordability



Accessibility



Protecting our communities



Working with our community partners

Whilst Performance Commitments are no longer focused on our work in these areas, we have through this strategy set internal KPIs that are both robust, ambitious and reflect the needs of our customers and communities based on our research and horizon scanning.

**To support affordability, we have committed to:**

Maintaining our approach and ambition to deliver the lowest water industry bill and avoid customer debt by providing our customers with the tools and partners that can be used to gain support.

Continue our adaptive approach to financially supporting customers through low-income support tariffs, whilst also supporting the National Social Tariff design.

Commit to delivering innovative tariffs that reflect fairness and have consumer protection inherent in design.

Support 28,000 customers by 2030 with a discount equivalent to £800,000 per year.

Double our hardship funding for customers in arrears in the next AMP.

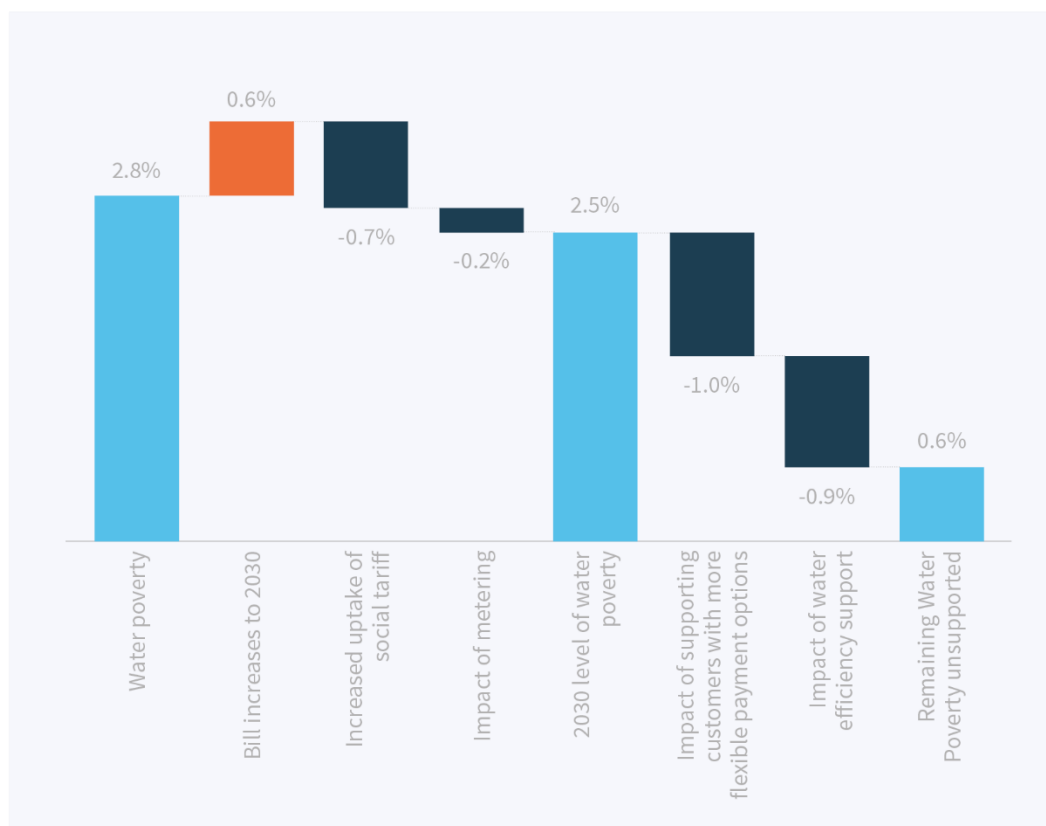
Provide metered transition tariffs for customers who may need extra help as they move to a measured charge.

Providing water efficiency support and audits to 34,000 customers each year to help them save water and money.

We will connect our SMART data to provide customers with our 'triple promise' of not just saving water, but also reducing their energy bills, as well as wastewater services with Southern Water.

The points above are critical to achieving our strategic approach to managing water poverty, where our customers are already facing significant increases in external bills such as energy and food costs. We have adapted an impactful strategy for delivering this which shows how we forecast our strategy to support our customers.

**Figure 2: Water Poverty**



We will create data shares with local partners to make sure that everyone who is eligible for support receives it.

**Ensuring our services are accessible, we have committed to:**

Retain customer choice of channels for contact, payment and asking for help.

Make sure all customer facing channels are inclusive through achieving the WCAG 2.1 website standard and the BSI Inclusive service standard ISO 22458:2022 accreditations, as well as retaining the Institute of Customer Service ServiceMark accreditation.

Use data and our new customer applications to help identify customers to both extend the reach of our PSR and enhance the data we hold about those customers. We will extend our PSR to 15% of households by 2030, as well as maintaining the PSR data revalidation targets for attempted and actual revalidation contacts.

We will be focused on turbo charging our data share working with Southern Water, our wastewater provider, local councils, DWP, as well as other stakeholders in our areas such as housing providers and the 3rd sector.

We will ensure that every PSR customer that is transitioning to a meter (or already on one) and wants to see how they can save money and water will be eligible for a household efficiency audit.

Every PSR customer will receive an annual reminder of the specific service benefits they are entitled to, based on their specific needs.

We will not only extend the number of people within our Community Team, but we will expand their roles to provide a holistic solution of water efficiency, vulnerability and affordability with our communities and stakeholders.

We will strive to keep everything simple for our customers recognising that our world can be technical, but we will develop a Tone of Voice that is fit for purpose for all.

**To protect customers and communities, we have committed to:**

Enhancing our customer communications during unplanned outage including tailored messages based on customers' needs.

Ensuring that we support customers families and carers through enhanced messaging.

We will use our ongoing insight about demographics in regions to help us manage incident risks in addition to what we already know.

We will ensure that customers who need urgent bottled water supplies receive them quicker than they do today.

We will utilise our new customer application capability to enable customers to choose when they wish to receive messages and how they do.

**Working with community partnerships, we have committed to:**

Improving our stakeholder mapping capability and regional understanding will be critical to understanding and managing community partnerships for the AMP.

We will grow our partnerships ensuring that it reflects the community that we serve.

We will enable and empower through technology and data the capability of our stakeholders to work with us.

## How we have continued to improve so far over AMP7

In our Business Plan for 2020 to 2025 (PR19) we set out clear commitments for supporting customers requiring extra support around vulnerability and affordability. These ambitions were:

**Affordability and value for money** - We will maintain our position of having the lowest bill in the industry by a considerable margin. We will keep average household bills at less than 0.5% of average household incomes.

**Affordability in the long term** – Deliver flat bills, in real terms, over the next 15 years.

**Those struggling to pay or at risk of struggling** – Increase the number of customers on a Social Tariff to 8,000 by 2025 and keep the tariff to less than 0.5% of the Government's low-income household income threshold.

**Priority Services Register Reach** – To achieve an increased reach so that 9% of our households are on the PSR (compared to the industry common commitment of 7%).

**Priority Services Register Data revalidation** – To achieve a 90% attempted data revalidation with customers who have been on the PSR for over 2 years (45% in year one of the AMP) and achieve 35% actual revalidation (17.5% in year one of the AMP).

**Satisfaction of local stakeholders in how we manage vulnerability** – To achieve an ambitious 85% satisfaction rating.

In addition, CCW undertakes several comparator surveys to better understand how companies are performing in areas such as scheme awareness. Whilst we made no commitments around this, we have included this to help show our broader performance and our recognition of the part that awareness plays in our delivery plan.

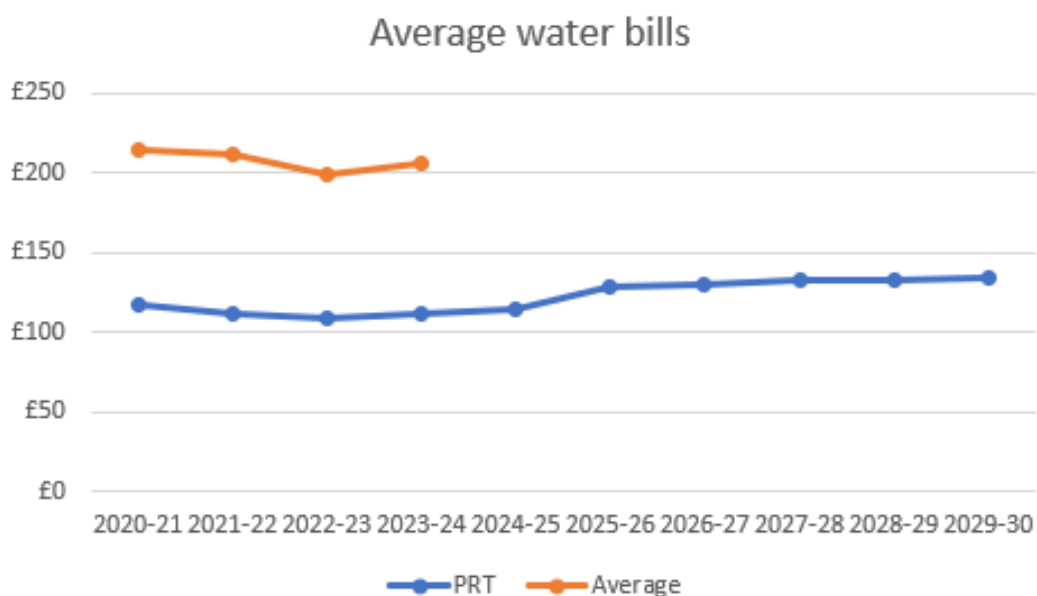


## Managing affordability over last few years

We have continued to achieve the lowest bills in England and Wales. We have achieved this through our strong culture of recognising the need to deliver best value and efficiency for our customers and this is inherent in everything we do today and in the future.

Despite the challenges of the pandemic and the cost of living increases impacting on every part of our business, particularly around energy usage, we have demonstrated commitment to supporting our customers and communities through keeping our bill increases lower comparatively. Our average water bill in 2022/23 was £109 compared to an industry average of £199. The graph below shows how we have managed to deliver low bills for our customers.

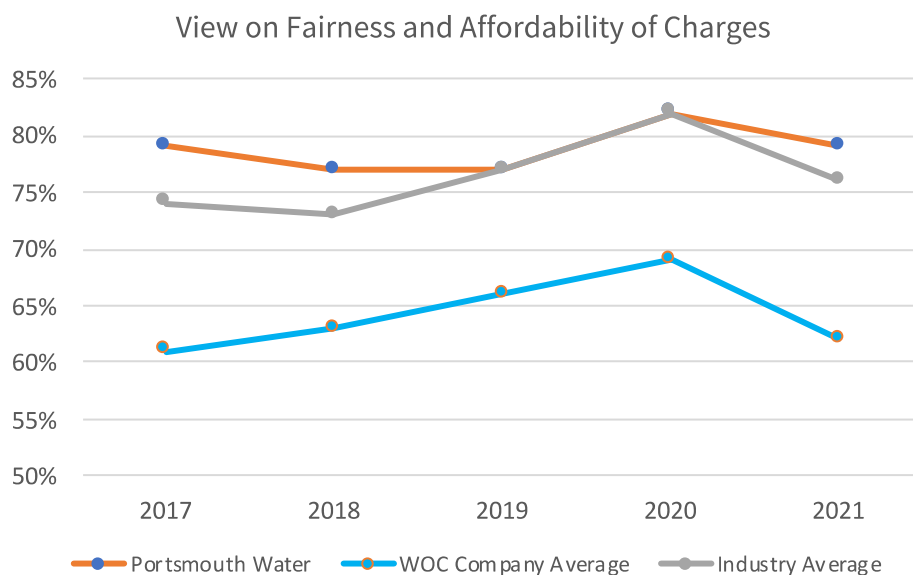
**Figure 3: Average water bills**



## External comparators of our bills with our customers

We have tracked the CCW survey results which asked customers across England and Wales on their annual views on affordability and fairness of charges. We have achieved great performance in this area outperforming both the Water Only Company performance as well as the industry average.

**Figure 4: CCW Survey on customers views of affordability and fairness of charges**



Our customers views for the 5 years through to 2021-22 on charges being fair and affordable are significantly higher than any other Water Only company ('WOC').

Customer sentiment has averaged 15% above other WOCs during the same period.

We also achieved a higher than industry average compared to the total industry average in England and Wales over that same 5-year period.

This has been supported by our ongoing performance on our operational delivery incentive's which have been shared back with our customers and our ongoing efficiency commitment.

Over the AMP we have had to continually adapt to the ever-changing impacts on our customers and our teams to ensure that we offer relevant and appropriate support to those that may have been impacted by the pandemic but continue to be impacted by cost of living.

### Delivering our affordability schemes in AMP7

Whilst our water bills remain the lowest, we know that many customers remain under wider pressures to continue to keep their heads above water to maintain day-to-day impacts on expenses.

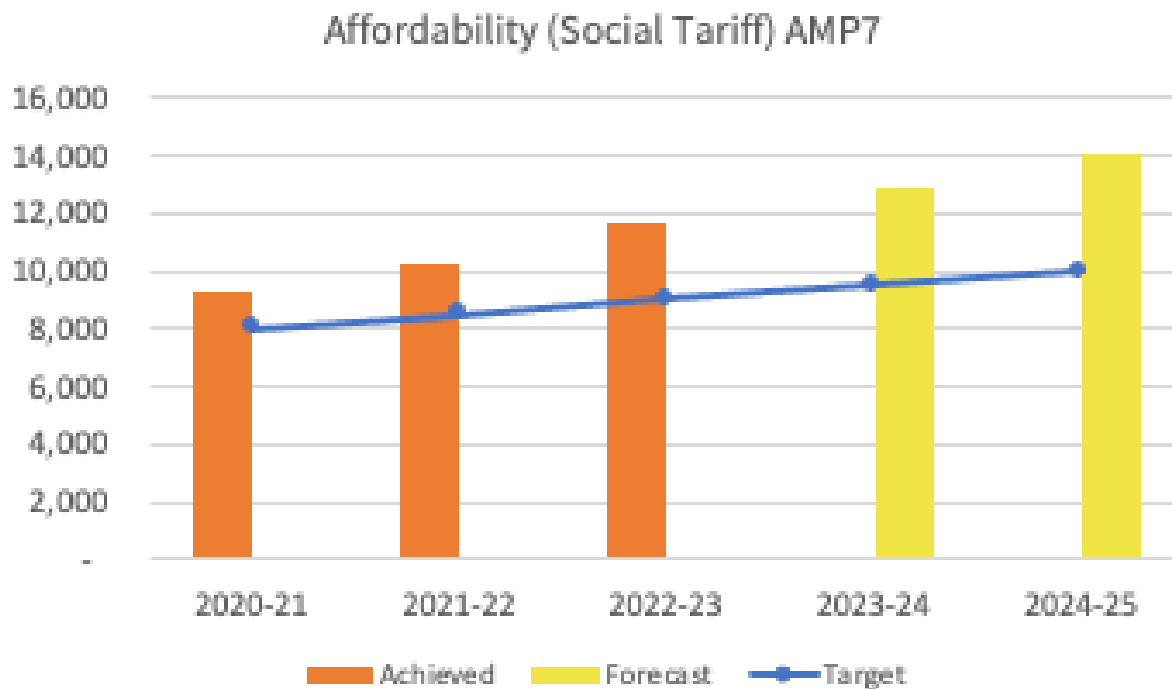
For those customers that still struggle to pay we provide a targeted Social Tariff Scheme that discounts bills to an even lower amount and in 2022/23 this capped eligible customers water bills to £82.73.

With a strong strategy focused on ensuring that we meet the needs of our customers and communities, we have exceeded against our ambitious target of supporting 9,000 households by March 2023 through our Social Tariff and 10,000 households by March 2025.

By March 2023 we have achieved 11,673 households being in receipt of our Social Tariff delivering discounted tariffs.

This has delivered £601,306 in discounts to March 2023 so far to those customers with the lowest incomes.

**Figure 5: Our performance on Social Tariff 2020 to 2023**



We owe our strong performance in this area to our continual focus on:

**Community Team** – We have a team in place who are focused on collaborating with our customers directly attending local events, working with local stakeholders. The stakeholder engagement is driven alongside frontline teams that identify customers in need, such as Housing Associations, Councils and the 3rd Sector.

**Community Partnerships** – we ensure our stakeholders have direct relationships with our customers to communicate our schemes effectively and provide simple routes for them to be able to signpost customers. More about this work and case studies can be seen later in this document.

**Website sign up** – Enabling our customers to be able to sign up for tariffs directly via our website.

**Data usage** – Using the data we have access to, to deliver additional benefit to our customers.

**Increasing our Social Tariff Eligibility** - Recognising the post pandemic challenges our customers faced in 2022/23 we also extended the eligibility to customers with household income of up to £21,000 following research with customers to extend the cross subsidy that they were willing to pay.

More about this research can be seen in later in this document about customer insight which has informed our plan.

This will enable us to support a total of 27,500 customers (an additional 17,500) through our Social Tariff schemes providing an additional support to our customers of £728,00 per year between 2022 and 2025 compared to the original 10,000 customers that we had planned to support in the AMP.

As well as supporting customers through our Social Tariff offering, we have been able to deliver a number of initiatives to support customers struggling to pay and these include:

- **Arrears Assist** – A company funded scheme designed to support households that have fallen into arrears but trying to pay off their outstanding debts. Through our matched payment scheme, we have delivered c. £70,000 each year to March 2023 to reduce the water bill debt for 1,000 households.
- **WaterSure** – A tariff supporting our customers that are metered, have a large family or a medical condition that requires them to use more water. By March 2023 we have 241 customers on this scheme
- As we currently have a below average metered customer base then we expect our customer awareness of the scheme to be lower when compared against other water companies and we see this in CCW customer surveys.
- Many disabled consumers are eligible for our Social Tariff due to their household income and as this delivers a better financial discount to our customers, we operate a “best tariff” approach meaning most eligible customers for this tariff are within the Social Tariff service provision.
- To March 2023 customers who are on this support are low in both value and discount (to average bill value in line with legislation).
- **Supporting customers through our available support options.** – We have been implementing several tools that customers can access that provides support to those who may be struggling to pay, and a range of our already available schemes are:



Implementing enhanced payment breaks to help customers who need debt advice



Co-hosted community events to provide face to face support



Data share agreement with Southern Water to ensure customers receive discounted sewerage tariffs



Community partnerships set up to improve awareness of wider support



Provided metered customers with water efficiency devices to reduce charges



Signposted customers needing additional advice support to 3<sup>rd</sup> sector organisations



## Continued development to support customers in vulnerable circumstances

Our service is essential for community health and wellbeing and service disruption can have a bigger impact on those customers whose circumstances may be more vulnerable.

We have focused on targeting customers who may need extra support by ensuring that they are registered on our Priority Services Register ('PSR') and that what we do know about those customers is up to date. This ensures that we can deliver the correct services and support to those customers.

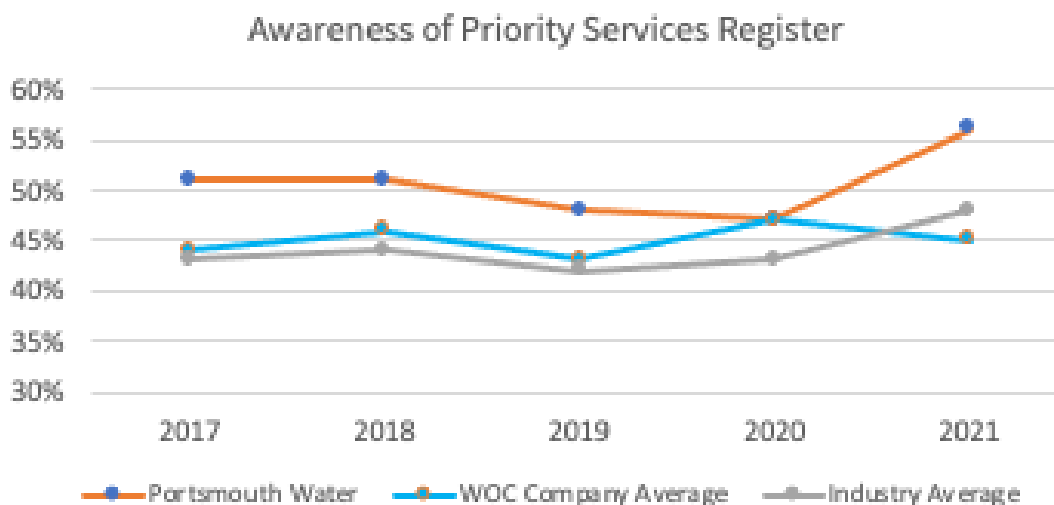
### Our focus on improving customer and stakeholder awareness

With a focus on ensuring that everyone who needed our support gets it, we have continued to collaborate with our local stakeholders and promotion directly to customers. We have delivered this through our Community Team to ensure that when customers need to make use of our PSR, either on an ongoing basis or just temporarily, that they are fully aware of the scheme.

#### External comparators of awareness with our customers

CW's survey over the last 5 years (2021-22 last published results) has shown our strong performance in ensuring awareness is high and we have continually achieved a result of 6% higher than the water industry average. This co-relates strongly with the relationship which we have with our customers that we see in the strong C-MeX results in the AMP as well achieving 1<sup>st</sup> place in quarter 1 of 2023-24.

**Figure 6: CCW industry survey of PSR awareness**

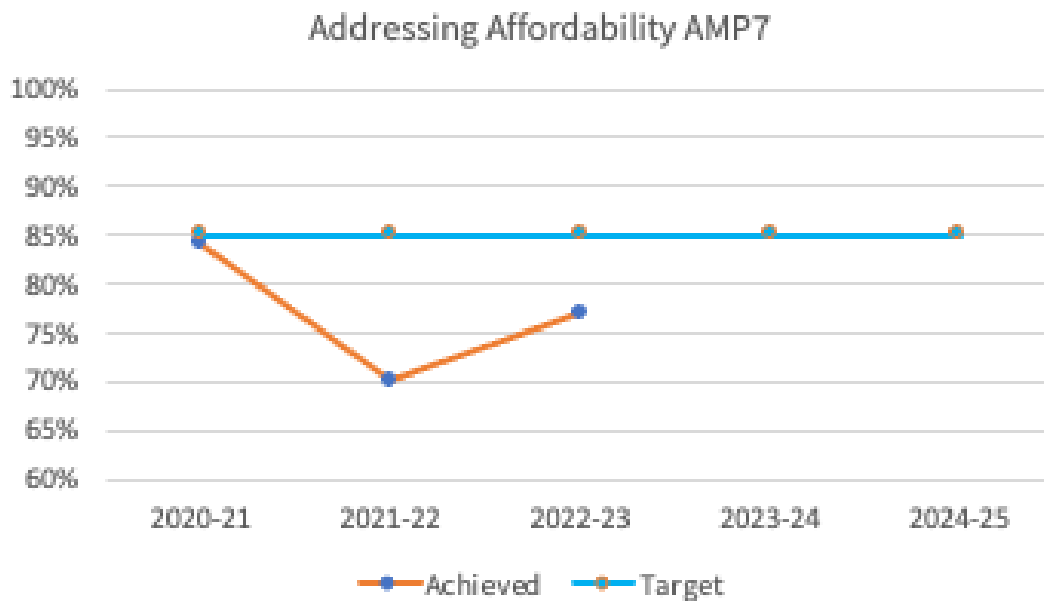


#### Testing awareness and performance with our region's stakeholders

Our local community stakeholders have been key partners in supporting us to improve awareness, providing a platform for communicating with customers to amplify our voice and to support customers registering for the scheme.

To ensure that we get these key partnerships right, we undertake a vulnerability survey with our stakeholders annually to ensure that these relationships remained effective. The Performance Commitment that we set out for the AMP was based on an ambitious target to achieve an 85% response of satisfied or very satisfied from local support organisations.

**Figure 7: Our performance commitment survey with local stakeholders**



Whilst in year 1 of the AMP we were close to achieving this ambitious target of 85%, missing by just 1%, in year 2 we saw a drop to 70%. In year 3 we achieved 77% which although still missing our ambitious target, is a significant improvement on year 2 of the AMP.

Other water companies have introduced similar measures in understanding the satisfaction levels of services and targets have been set lower than our ambitions, with some targets increasing over time. A good example of this is South East Water's Vulnerability Stakeholder survey which is similar to our approach. South East Water set a baseline performance in 2019-20 with a target to increase at 1% per year. Average achievement with stakeholders in this AMP is 69.3% achieving 76% in just one year.

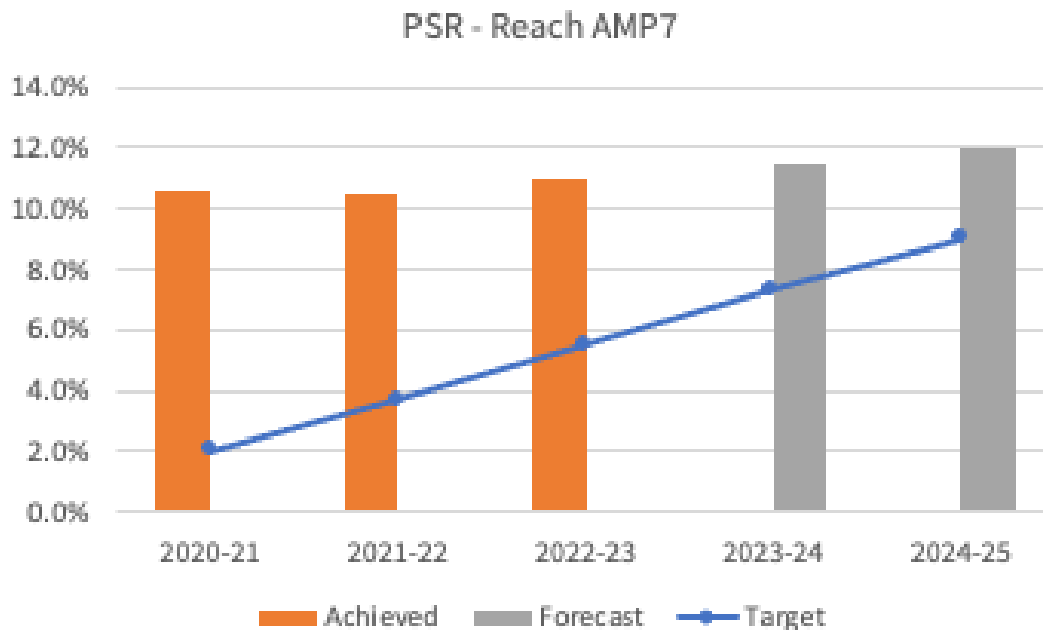
Whilst this is a key focus for us, we recognise that this target may be difficult to achieve and although we are not achieving our target our overall performance was exceptional for year 1, remaining strong in year 2 with improvement made in year 3.

### Understanding our customers needs

Whilst awareness is critical for the ongoing community, our focus has been on identifying and registering customers that may need extra help and are eligible for being on our PSR.

The approach that we have taken has been hugely successful and we have, over the AMP, increased our number of supported households' way beyond our expectations and forecast.

### Figure 8: Households registered on our Priority Services Register



Our forecast by the end of March 2025 is that we expect to support 9% of our households through the PSR scheme.

By the end of March 2023, we expected to have 5.5% of households supported, however, using data that we already held we have been able to auto-enrol those customers who we knew to be eligible but had not registered themselves. This resulted in our PSR covering 10.6% of our household properties (an overachievement of 8.6% in year 1).

To achieve this overperformance, we implemented three critical changes for the business:

#### Change 1:

How we process our PSR data

Changing the legal basis of processing customer data from consent to substantial public interest may seem to purely be a technical change, but instead this had real practical benefits to managing this information.

It enables us to share data and for 3<sup>rd</sup> parties such as friends and families to easily register customers on their behalf. The impact of this is clear, it is easier, it is simpler and it opens the opportunity for the 3<sup>rd</sup> sector and other sectors to automatically register a customer onto our PSR.

### Change 2:

Sharing data with the energy sector and councils

Making it simple for our customers to register, not just with ourselves, but also across their energy providers is key to our strategy.

In 2022-23 agreed data shares with SSEN as the local Electricity DNO (Distribution Network Operator) who holds the PSR register for both the electricity and gas network. This allows us to cross match our data to maximise the reach of our PSR as well as protection for our customers by the energy sector.

We continued our ongoing relationship with local councils and housing providers working together.

### Change 3:

Enhancement of our PSR codes

Working with the rest of the industry and the energy sector we have aligned the data that we capture to ensure that we are consistent cross-sector.

It has enabled us to better understand customer needs in determining the services they need, at any part of the customer journey, alongside delivering an enhanced level of service for our customers as well.

## Staying connected to our customers to get the service right

As part of our PR19 data strategy, we wanted to ensure that for those customers registered on our PSR stayed connected with us and understand individual customer needs based on their circumstances.

Embracing the common Performance Commitment that the industry has adopted over the last 3 years has helped us to develop and implement robust approaches to meet this commitment over AMP7.

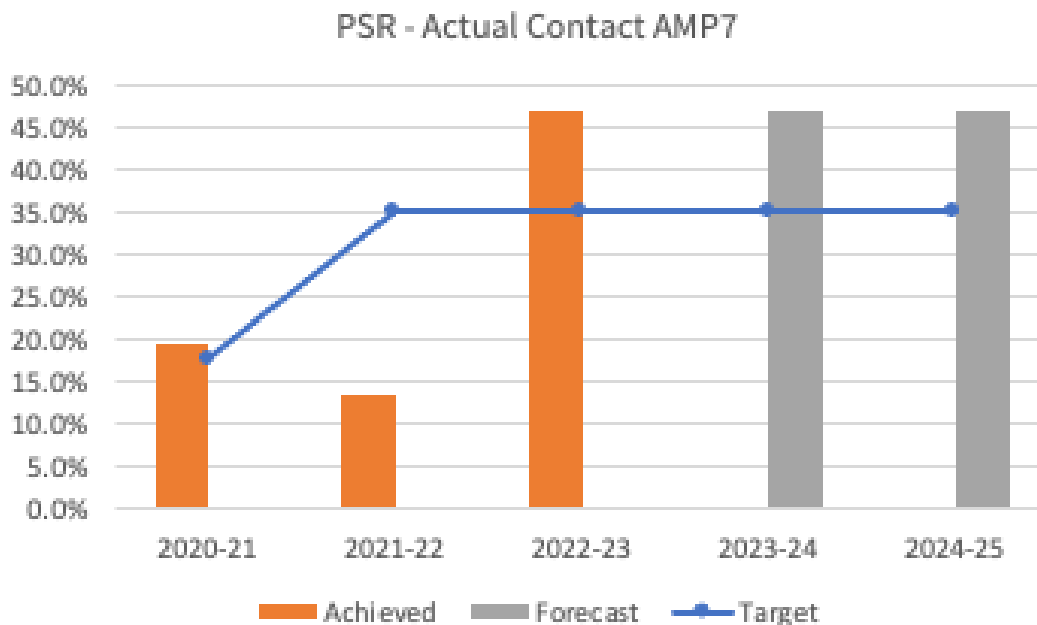
Over the period 2021-22 and 2022-23 we have developed, embedded, and refined robust engagement with our PSR customers to keep their data accurate with a focus on those who have been registered for over 2 years.

We have achieved this through the development of customer journeys and proactive communications with our customers to enable us to keep their data up to date. Our focus in this area is to continually ensure that our customers and households are receiving the correct services they require.

### Our actual data revalidation contacts

This measure was set by Ofwat in PR19 to enable companies to compare their performance against the same measure. It is based on the number of customers that have been on the PSR for more than two years, have been contacted and their PSR needs codes and data revalidated.



**Figure 9: Data revalidation actual contacts**


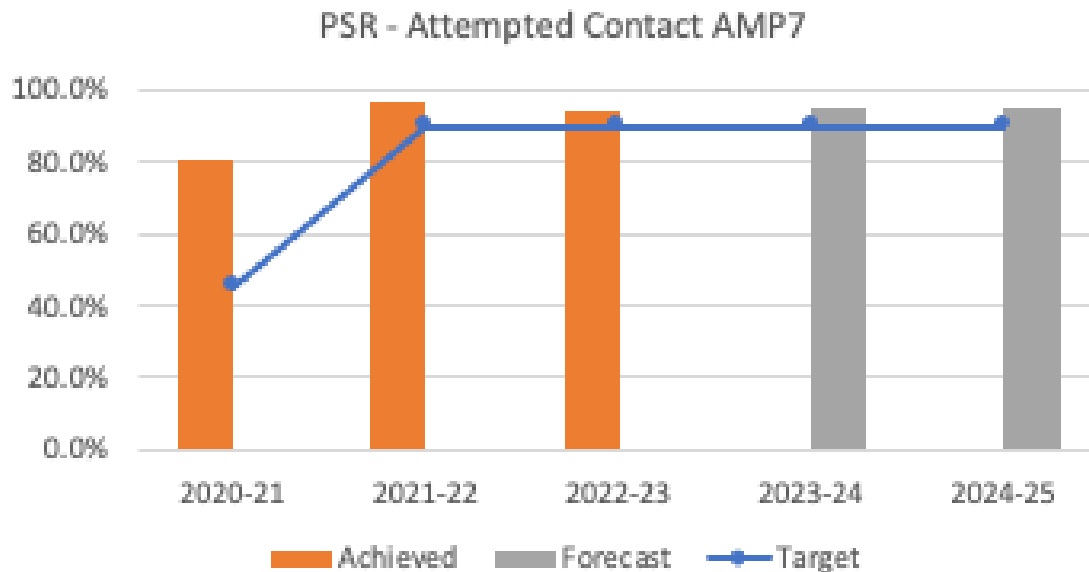
In the first year of AMP7 we achieved the transition target set by Ofwat. With this year strongly linked to lockdown we were able to achieve contact with customers to achieve that target.

In the second year of the AMP we found this target extremely challenging being hampered by the impacts of Covid on vulnerable customers, our inability to meet customers face to face due to lockdowns and a nervousness of customers to share data when we did contact them. We learnt from this though and were able to quickly react and we immediately shifted our focus to develop a strong and robust customer journey focused on a multichannel engagement plan with customers to validate registration. To ensure that we delivered against this ambition, we partnered with a digital agency who were able to provide us with the supporting technology to make immediate improvements which has seen a significant shift in our year 3 results achieving an actual contact rate of 46.8%.

Our change of approach provided us with practical solutions for delivering with customers, from direct lettering, calls and face to face visits and working in the community with the 3<sup>rd</sup> sector and with customers directly through our Community Team. As a result, we surpassed the target significantly, achieving 46.7% compared to the target of 35%. To achieve this, we would have also needed to make significant inroads into the customers who we had not been able to contact during lockdown.

#### **Our attempted data revalidation contacts**

Again, this measure was set by Ofwat in PR19. It is based on the number of customers that have been on the PSR for more than two years and have met Ofwat's specified definition of having had a company attempted contact.

**Figure 10: Data revalidation attempted contacts**


The work we have done on customer journeys to revalidate the data we hold on our PSR customers has focused on delivering proactive engagement from ourselves, through outbound contact and the work with stakeholders to reach those customers.

We have been successful in meeting and exceeding this annual target in each year of the AMP and forecast to continue to do so.

### Delivering shared outcomes with our community partners

Our success in this area has been amplified through our strong commitment to the development of community partnerships and we have worked hard through our specialist team to identify and develop partnership opportunities.

We have focused in both the areas of vulnerability and affordability in developing strong relationships and partnerships with others in the community with similar objectives. Two strong examples of how we have collaborated to reach out to customers who need access to our PSR.

## B. What informed our plans in this area?

Our plans have been informed by insights obtained through our current Engagement Strategy (see the Engaging with our customers and communities):



Horizon scanning



Customer and stakeholder research



Learnings from our teams day to day activities



Cross sector activities

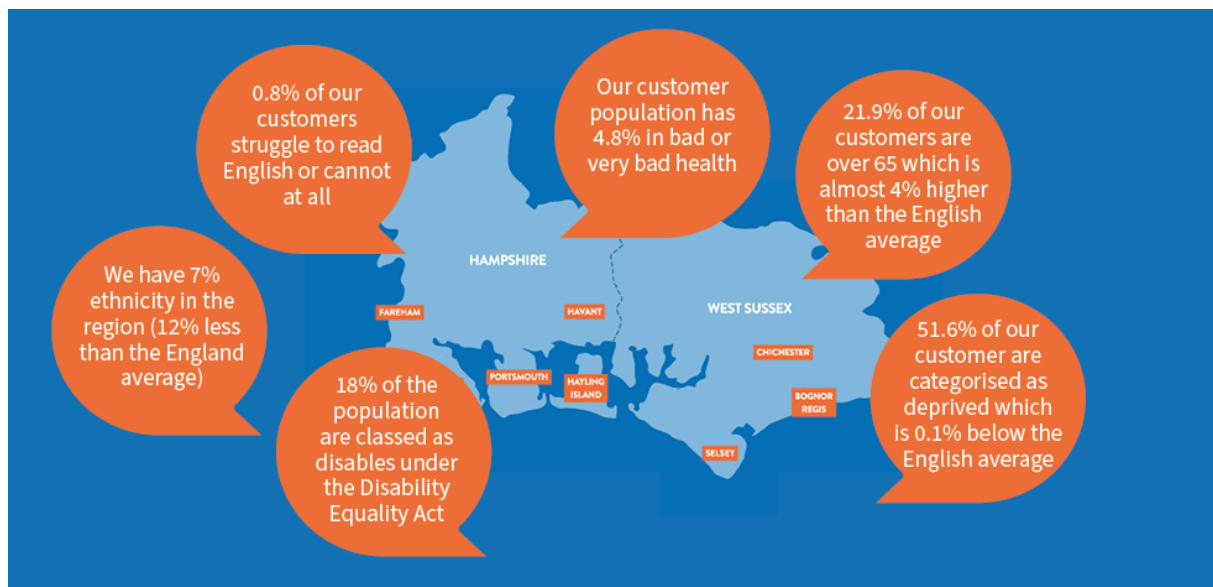
Over this AMP we have focused on further developing our approach to horizon scanning. Through this approach we have more knowledge on external factors and influences on our area. This allows us to better understand the support, services and needs of our customers and wider community.

We have developed our approach to horizon scanning across several key areas including:

- **External region-specific data** - For example, ONS data on deprivation or disability.
- **External research and insight studies** – Typically, this is national data analysis and research on relevant topics on a larger scale, often national but includes other water companies and sectors including third sector.
- **Research commissioned by Portsmouth Water** - Surveys and research with our customers including affordability, bill plan choices and smart metering research.
- **Stakeholder research** - Surveys and conversations with our local or national stakeholders.
- **Data from regulatory organisations (Ofwat CCW, Ofgem, UKRN and UKWIR)** – Insight provided from industry comparative measures in both water and the wider energy sector.
- **Our own knowledge base and experience** – utilising what our specialists in the Community Team have learnt from our stakeholders and our own customer data.

Our horizon scanning forms the basis of our future focused strategy and plan, helping us to develop our service offerings to accurately reflect the needs of our customers and the communities in our region.

## Figure 11: Horizon scan insights



Insight and data such as above has enabled us to define our strategy and delivery plans for the next AMP, whilst ensuring that we have constant measures enabling us to adapt our plans to meet the changing environment and customer need.

Over the AMP we have had to continually adapt to the ever-changing impacts on our customers and our teams to ensure that we offer relevant and appropriate support to those that may have been impacted by the pandemic but continue to be impacted by cost of living. This has included maintaining our Payment Break Scheme and increasing the income threshold for eligibility of our Social Tariff.

We know from the insight that we have gathered that there are a broad range of factors impacting on our customers and we must be aware of these factors to ensure that we adapt to the changing pressures on our customers and communities.

To help us better understand the needs of our customers we have embedded engagement within our day-to-day business activities with the following specific activities supporting our horizon scanning in relation to vulnerability and affordability. We have provided a high-level view of relevant engagement and insight that has been gathered to support our strategy for PR24:

**Table 1: What insight approaches have we undertaken?**

Insight objectives	How did we gather insight?
<b>How we support customers in vulnerable circumstances or are struggling to pay.</b>	<p>A key part of our Engagement Strategy and big conversation framework both for:</p> <ul style="list-style-type: none"> <li>The ability to influence bills through usage and SMART metering.</li> <li>How we should support customers who are struggling to pay their bills.</li> <li>External research and reports.</li> <li>Understanding customer needs.</li> </ul> <p>Deep dive research for vulnerable customers on our PSR or on support tariffs.</p>
<b>How affordable are customers water and sewerage bills.</b>	<ul style="list-style-type: none"> <li>• Quarterly dip testing with Barometer research customer survey quarterly.</li> <li>• Affordability and Acceptability Testing. <ul style="list-style-type: none"> <li>• External research and reports.</li> </ul> </li> </ul>
<b>How customers would like their bill profile to look now and in future</b>	<ul style="list-style-type: none"> <li>• How investment should be spread across generations.</li> </ul>
<b>What should we be focusing our investment on</b>	<ul style="list-style-type: none"> <li>• Customers' needs and priorities on investment.</li> </ul>
<b>What support should be given to customers to make bills more affordable</b>	<ul style="list-style-type: none"> <li>• Which customers should be supported.</li> <li>• How much are customers willing to pay to support.</li> <li>• How much support should be provided.</li> </ul>
<b>Does the support provide to the community meet the expectations of expert stakeholders?</b>	<ul style="list-style-type: none"> <li>• Annual stakeholder survey.</li> <li>• Conversations with local stakeholders.</li> <li>• Work with regulators (Ofwat, CCW) and water and energy sector.</li> </ul>

Our insight gathering from multiple sources has identified several challenges that consumers generally face because of the impact of cost of living increases. Many of this insight, particularly called out, likely impacts on specific groups which helps us to target our support to demographics.

## External insight is telling us

A summary of the external insight is provided below:

### Step Change briefing paper (March 2022)

- 11 million people have built up £25 billion of coronavirus-related debt, making them less financially resilient to shocks.
- Over 4 million people are using credit to pay for essential bills and stuck in harmful, desperation borrowing.
- 1 in 5 adults (21%) are worried that the cost of living and energy bill price rises will drag them into debt they simply cannot pay back.
- In 2022, 1 in 3 bill payers had fallen into arrears compared to the previous 2 years of 1 in 7 customers.

#### Things to adapt to?



Our customers may have larger debts that may impact them over the next few years as they pay those back and potentially this may increase as cost of living rises.

Far more of our customers may need support to varying degrees and our credit management processes need to help identify these customers.

### Office for National Statistics – Cost of Living Insights Tracker (March 2023)

- Renters had higher odds of experiencing some form of financial vulnerability (4.4 higher odds), compared with those who own their home outright; more than half (55%) of renters reported being unable to afford an unexpected, but necessary, expense of £850, compared with 12% of outright homeowners.
- Adults aged 25 to 34 years had the highest odds of experiencing some form of financial vulnerability (2.2 higher odds), compared with those aged 75 years and over; around a third of adults aged 25 to 34 years (34%) reported borrowing more money or using more credit than usual compared with a year ago, compared with 7% of those aged 75 years and over.
- Parents living with dependent children aged 0 to 4 years and aged 5 years and over had higher odds of experiencing some form of financial vulnerability (3.5 and 4.1 higher odds respectively), compared with non-parents or parents not living with dependent children; around half (54%) of parents living with a dependent child reported being unable to save in the next 12 months, compared with 4 in 10 (42%) non-parents, or parents not living with a dependent child.
- Adults with a personal annual income of £10,000-£15,000 had the highest odds of experiencing some form of financial vulnerability (4.3 higher odds), compared with adults earning £50,000 or more per year; a higher proportion of adults earning £10,000-15,000 per year reported being unable to save in the next 12 months (56%), compared with 24% of those earning £50,000 or more per year.
- Adults who pay for their gas or electricity through prepayment meters were almost twice as likely to report using credit more than usual, through things such as credit cards and loans, because of



the increases in the cost of living (26%), than those who do not pay for their gas and electricity through a prepayment method (14%).

### Things to adapt to?



Understanding who owns and who rents properties may help us identify those who may be more at risk.

Customers with dependents are more likely to be at risk to affordability issues.

The 25 to 34 age group may be at risk at overstressing their commitments due to continued borrowing.

Energy prepayment meter customers may struggle due to other borrowing commitment.

## Office for National Statistics Public Opinions and Social Trends (February 2023)

- Over 9 in 10 (94%) adults reported their cost of living had increased compared with a year ago. A lower proportion (69%) reported an increase over the last month.
- The most reported reasons given by adults for the rise in their cost of living during this period were related to increases in the price of their food shop (95%), their gas or electricity bills (73%) and the price of their fuel (39%).
- When asked what they were doing because of increases in the cost of living, around 7 in 10 (69%) adults said they were spending less on non-essentials, while 60% said they were using less fuel, such as gas or electricity in their home.

### Things to adapt to?



All customers are at risk of not being able to meet commitments and our processes should adapt to this.

With a likely increase in the sewerage services for our customers alongside other increases we should promote the support mechanisms and payment options for our customers.

As our SMART meter programme begins, we will be proactive at supporting with both transition tariffs as well as the capability to be more water efficient to reduce household costs.

## StepChange 'A snapshot of UK personal debt in 2022'

- The number of households with Water arrears has decreased from 33% in 2021 to 29% in 2022, but the value of average arrears has increased from £988 in 2021 to £1,065 in 2022.
- Cost of living increases had moved from being the 8th most common reason for falling into debt in 2021 to the 2nd most common reason in 2022.
- The average monthly income surplus decreased by 27% from £100 in 2021 to £73 in 2022. The number of households with a negative budget had risen from 27% to 29%
- 16% of their clients did not work due to illness or disability.
- 66% of their clients rented their property through either Council, Housing Association, or private landlords.

- 56% of the StepChange clients had at least one additional vulnerability with 40% of those having a mental health condition.
- The Southeast of England has 12% (per 10,000 local population) seeking debt advice.

### Things to adapt to?



Continue to support customers who have arrears and maintain a strong focus on preventing customers from going into debt with us.

Recognise the link between affordability and disability (PSR).

Continue our approach to partnerships and ramp up partnerships with Councils, Social Housing Providers and landlords including developing more data shares.

Link more with the debt advice sector.

- 

## SCOPE – Disability Price Tag 2023: the extra cost of disability

An average disabled household requires £975 per month to achieve the same standard of living as a non-disabled household.

This equates to 63% of household income after housing costs and these figures account for additional benefit payments such as PIP (Personal Independence Payment).

### Things to adapt to?



- Continue to work with disability focused 3<sup>rd</sup> sector stakeholders.

Target Disability needs codes which are disability indicators with affordability support.

Build in consumer protection to our metering tariffs.

- 

## AGE UK: Later Life in the UK 2019

By 2030, 21.8% of the population are predicted to be 65 or over.

The fastest growing age group is the 85+ group and is set to double by mid 2041 and treble by 2066 to 7% of the UK population.

The likelihood of being disabled or experiencing multiple chronic and complex health condition increases with age.

Older adults who live alone are more likely to have; long term conditions (50%); mental health conditions (25%).

### Things to adapt to?



Consider population size in relation to eligibility for PSR.

Linking service needs for older customers with our PSR service benefit requirements.

### Ofwat: Cost of Living Wave 3 Report (March 2023)

23% of customers in England and Wales said they were struggling to pay their water bill, up 8% from the same time in March 2022.

29% of customers are aware of the financial support offered by water companies.

53% of customers responded that their financial position had worsened in the previous year.

### Things to adapt to?



Maintain our support to avoid customers falling into arrears.

Continue our long-held approach to be the lowest cost water bill.

Consider this in light of customers in our region.

## What our own insight is telling us

### Annual Stakeholder Survey: 2022-23

We currently work with over 80 local stakeholders who work in our region and whose end users are also our customers. Each year we undertake our own bespoke research with these organisations to better understand how we can improve our work with these stakeholders and our customers in vulnerable circumstances.

70% of respondents were satisfied, or very satisfied with the services we provided to our vulnerable customers.

That we should advise customers of when PSR bottled water deliveries would happen in an incident.

We could be more proactive in working with stakeholders. This was further evidenced by low awareness of stakeholders of our support schemes.

It was felt that the DWP scheme Water Direct, which provides a service to enable customers on government benefit to have a low payment level deducted at source, could be better used to support vulnerable customers.


Ensuring that customers eligible for both WaterSure and Social Tariff received the most beneficial tariff.

When asked about water meter installations, 48% of respondents thought it was unacceptable or gave a neutral response. Concerns stemmed from worries about those who could be disadvantaged as they are unable to reduce usage, have larger families or have lack of certainty on the bill.

When it came to using SMART meters, 52% of respondents felt they would be useful if metering was the chosen approach – allowing customers greater visibility of personalised water use.

They also gave us a future viewpoint which included:

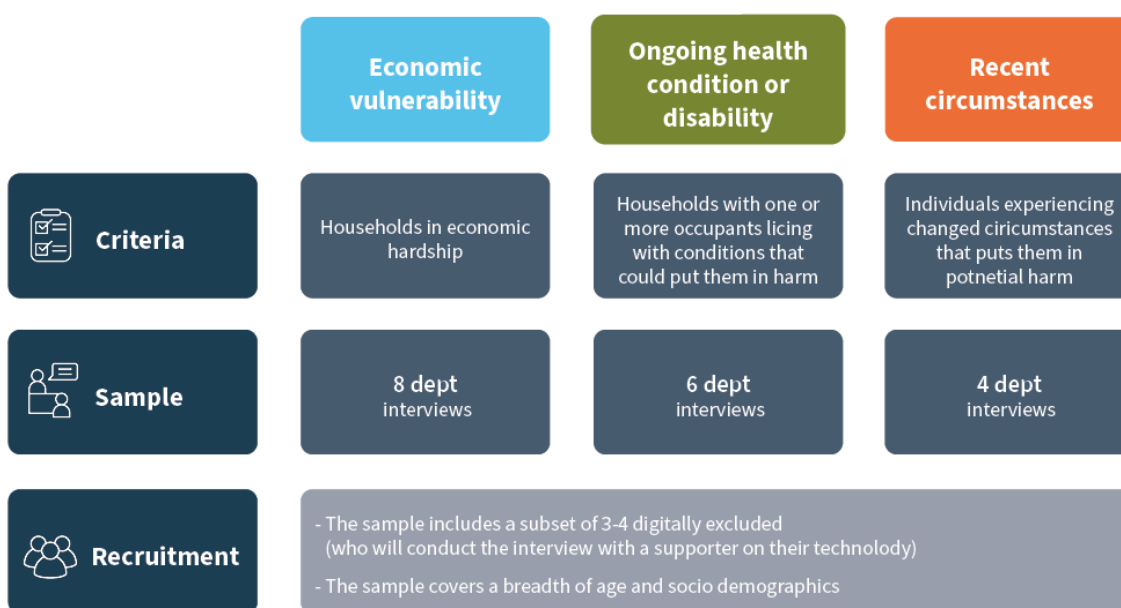
- Introduction of a hardship fund
- More joined up thinking when dealing with customers with problems
- Accessibility of water saving devices
- Help with landlords on installing a meter
- Provide more printed leaflets that can be shared with customers
- Improved website

<p>Things to adapt to?</p> 	<p>Consider how to better communicate our PSR service benefits to customers and stakeholders.</p> <p>Continue to increase our partnerships particularly in areas of increasing awareness of schemes, water efficiency solutions and non-digital solutions.</p> <p>Improve our accessibility to digital platforms.</p>
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### Our Depth Interviews with customers in vulnerable circumstances

Throughout July and August 2022, we directly undertook qualitative research through 18 in-depth interviews which directly focused on 3 different customer segments:

Figure 12: Our depth Interviews



### The research had the following objectives. To understand:

- Vulnerable customers and their circumstances.
- What vulnerable customers expect Portsmouth Water to address over the next 5-25 years.
- Responses to the priorities Portsmouth Water have proposed to tackle over the next 25 years.
- Reactions to Bill Support, Metering (including Smart metering and variable tariffs) and Bill Profile.

### The research told us:

Vulnerable customers generally do not see themselves as vulnerable and hesitant to apply for financial support.

There is anxiety about cost of living impacts and those already financially vulnerable were more nervous about the future.

Customers are more focused on energy costs particularly resulting from media coverage.

Water is less of a problem due to it being a low bill and stable for most, on unmetered charges.

Expectations on excellent customer service saw crossover with typical customer needs.

Many customers liked that they had to have minimum interaction with the company except when there was a problem – they wished to maintain this.

Customers want succinct communications that fit with their personal needs without extra offers and services.

Customers want the option to use online account services for simple tasks.

Receiving real-time notifications of an incident is reassuring and encouraged by this group.

Being flexible is important – this includes when working on the street and making adjustments.

When contacting customers about late payments then don't be accusatory in communications.

Some respondents connect with local organisations to mitigate feelings of isolation.

Some concern over SMART Metering for larger families and vulnerable customers who may get anxiety over usage.

- 24/7 support when required including regular updates on outage and issues in their area.

### Things to adapt to?



How we approach talking to customers about vulnerability needs to be managed carefully with correct language.

We need to reassure customers that we can support them both now and, in the future, to avoid anxiety.

Our services need to continue to be flexible but also when we are working in the community.

We need to build protection for larger families and vulnerable customers into our SMART meter programme.

There are times when customers want more communications (during an incident) and times when they prefer very little or none.

## Our Big Conversations Research: Affordability

### The research told us:

- The cost of living crisis has broadened the number of customers who are worried about affording their overall water and sewerage bill; fewer customers find the water and sewerage bill affordable today than in 2015.
- Awareness of PW financial aid schemes has been increasing but remains low.
- The majority support the idea of a social tariff and 70% find £3 on the annual bill acceptable – although some think Portsmouth Water profits should pay towards it.
- Vulnerable customers are most concerned about long-term bill increases, underlining the need for ongoing support they can rely on.

### Things to adapt to?



Re-enforces our linkage between disabled consumers and affordability impacts.

As we move from a larger unmetered to metered customer base, we need to focus on how this will impact some customer groups.

Our Social Tariff willingness to pay has provided an uplift and we will need to ensure that our scheme design reflects providing support to a broader range of customers.

## WaterUK Water Poverty Report: June 2022

In 2022 Frontier Economics undertook industry wide analysis to inform companies with a view of water poverty. This report identified a number of key insights for us based purely on our company and region specific data:

Water poverty is currently comparatively low in our region. The most recent England & Wales estimate is 8.5% of households (2021). Whereas our region estimate is 4.9% of households (2023-24) considering both water and sewerage services.

For our water bills only, this figure is c.2.9% of households (2023-24).

One third of our water poor households have negative disposable income after housing costs – to remove these households from water poverty would require a £0 bill. This we believe would not be considered reasonable by customers and therefore we will need to manage this group of households in acute financial distress by ultra-flexible payment plans and water efficiency support.

More than 25% of households in water poverty have a gross income (excl. disability benefits) above £30,000. This is a level above which we currently do not believe that customers would support social tariff being applicable. We believe these households are best supported via targeted demand reduction measures (water efficiency assistance, innovative tariffs, etc.)

## Acceptability and Affordability Testing: Summer 2023

This research with our customers is a key part of our business plan process and delivers results which is based on centrally designed research lead by Ofwat, CCW along with a Steering Group made up of the water companies and stakeholders.

### Customer sample was made up of:

Household customers:



- Ofwat prescribed sample from all 5 (quintiles) referenced against the ONS Income Deprivation of household data.

Non-Household customers:

- Utilised Dunn and Bradstreet business directory.
- Commercial online business panels.

### **The research that was combined with Southern Waters charges told us:**

Current water and sewerage bill affordability:

- Today 12% of customers are finding it difficult to afford their water and sewerage bills today.
- 46% of customers are finding it fairly or very easy to pay their bills.
- 42% of customers are finding it neither easy nor difficult.

Customers having seen a personalised proposed bill profile showing both our charges and Southern Water's bill charges said:

- 44% of our customers would find the combined bill difficult to afford.
- 19% of customers would find it fairly or very easy to pay.

We explored how customers who said they would struggle to pay for bills would fund this additional charge and the main responses were:

- Spending less on non-essential (48% of those struggling).
- Spending less on essentials (56% of those struggling).
- Using less fuel, gas and electric in home (47% of those struggling).
- Using less water (35% of those struggling).
- At 34% and 33% respectively customers struggling to pay indicated they would use credit or borrow from family and friends.

### **The research relating to our increased bill profile told us:**

- Only 29% of customers told us that they would find the bill increases proposed by us as difficult to afford (compared to 44% of both bills when combined).
- Our research tells us that there are particular segments that will struggle:
- Social grades C2DE more likely to find it difficult.
- Vulnerable customers with medical conditions are likely to be more impacted by bill increases, although there is no significant difference between any vulnerable customer group.
- Customer not on a water meter feel they may be more impacted (31% of unmetered customers compared to 22% metered).

### Things to adapt to?



Our focus needs to continue with those customers most likely to be struggling to pay already or at risk.

Help customers understand benefits of metering and how that could enable certain customer groups to save money on bills and be more in control.

Ensure that we have consumer protection for those customers whose essential usage may be higher than typical customers.

Provide strong water efficiency support including data and devices that will help customers understand usage particularly to low income and lower social grades.

## Willingness to pay research 2021

The core purpose of the research was to provide a regional and company view of the provision of support tariffs to compliment any minimum standards and objectives that are defined by Ofwat or DEFRA as part of a single social tariff strategy.

We focused on the following objectives:

- Customer views on affordability and value for money of our service.
- The current view of the Social Tariff in principle.
- Current acceptability of the cross-subsidy level.

### Key findings:

65% of customers felt that water and sewerage charges were affordable.

Whilst this is a reduction since 2015 (73% was achieved) there is likely to be strong link to cost of living and high energy prices during the period of the survey. There was a strong co-relation between customers with household incomes below £30,000.

88% of customers agreed with the principle of a Social Tariff with 68% of customers agreeing with the principle of other customers paying for this support. However, when customers are exposed to the contribution value, we see the following results:

- 81% of customers found a £1 contribution acceptable.
- 76% of customers found a £2 contribution acceptable.
- 70% of customers found a £3 contribution acceptable.

86% of customers found the scheme design (c. 3% of households receiving a £31 reduction) acceptable although almost 50% said they would prefer a scheme that offered a lower level of support to more households.

This will enable us to support a total of 27,500 customers (an additional 17,500) through our Social Tariff schemes providing an additional support to our customers of £680,000 per year between 2023 and 2025 compared to the original 10,000 customers that we had planned to support in the AMP.

As a result of this work in 2023 we increased our eligibility for Social Tariff support to households whose incomes which are £21,000 or less (ignoring certain benefits such as disability). This aligns us with the Southern Water eligibility threshold which helps us to operate a “tell us once” strategy with Southern Water through our data share capability.

We have also increased our community partnership work with stakeholders to ensure we reach out to those eligible.

Using the insight gathered we can feed this into the development of our overall strategy and approaches.

At a high level, we have identified the following key insight which influences our strategy:

**Table 2: Vulnerability and affordability insight**

Key insight	Applying to our strategy
<b>A higher-than-average aging population which has a propensity to have disabilities or long-term chronic conditions</b>	<ul style="list-style-type: none"> <li>• Focus on using data (internal and external) to identify customers who are eligible for support.</li> <li>• Linking age of customers to broader range of support offerings.</li> <li>• Focus on likelihood of fixed incomes for this customer segment.</li> </ul>
<b>Over half of our customers are categorised as deprived</b>	<p>Use data to target these higher percentage regions of deprivation in our area including working with local stakeholders.</p> <p>Focus on wider community challenges and how we can support with a broad range of company support and activities.</p> <p>Provide more water efficiency support to help customers reduce their cost of bills.</p>
<b>Percentage of disabled consumers and those with bad or very bad health</b>	<p>Recognising that these customers are more significantly impacted by cost of living focus on linking our PSR and affordability solutions together along with water efficiency devices and additional support through SMART meter data and our Connected World.</p> <p>Targeted messaging that is tailored to customer circumstances when promoting water efficiency.</p>
<b>Customers impacted by debt</b>	<p>Tailor our collections and arrears systems, processes, and teams to proactively recognise the likelihood of increased mental health impacts and have defined pathways to offer customers debt advice and support.</p>
<b>Improve advice on when PSR services are mobilised in an incident</b>	<p>As part of our PSR service promotion and data revalidation define what customers will receive under the PSR based on their circumstances.</p>
<b>Concerns on SMART meter installations</b>	<p>Provide services that show a clear benefit for customers based on their specific needs including how it will improve our communications and operational delivery.</p> <p>Link how water efficiency support can be offered to customers who are vulnerable.</p>

	Working with larger landlords such as Social Housing Providers and the National Residential Landlords Association (NRLA) to minimise customer disruptions for their tenants but also to support and help communicate benefits and opportunities.
<b>Helping customers to better budget</b>	Expanding our water efficiency support and data through our new CRM and self-serve portals.
<b>Vulnerable customers may not see themselves as vulnerable or may be reluctant to seek support</b>	Use behavioural science to deliver communications proactively. Tap into local stakeholder support to help spark behavioural change with this group.
<b>Some customers connect with local stakeholder organisations</b>	This can be used to raise awareness, registrations but also give customers a sense of certainty about being the right thing to do.
<b>Using online capability, getting 24/7 support and more immediate messaging</b>	Potential opportunity to improve the integration with our new CRM, making the customer journeys frictionless and providing tailored messaging during incidents, with tailored agile messaging.

## C. Our plan to deliver for all. Always.

As well as our clear ambitions to deliver for our communities, we are also embracing and reinforcing our long-term commitment to the communities we serve. This is not a new concept for us, having been a critical part of our community for over 150 years and our smaller region really supports us being able to be part of those communities in a practical and real way.

For years we have protected the environments we live and work in, supported our community groups, schools and universities as well as recruited from those same communities.

### Making our services affordable.

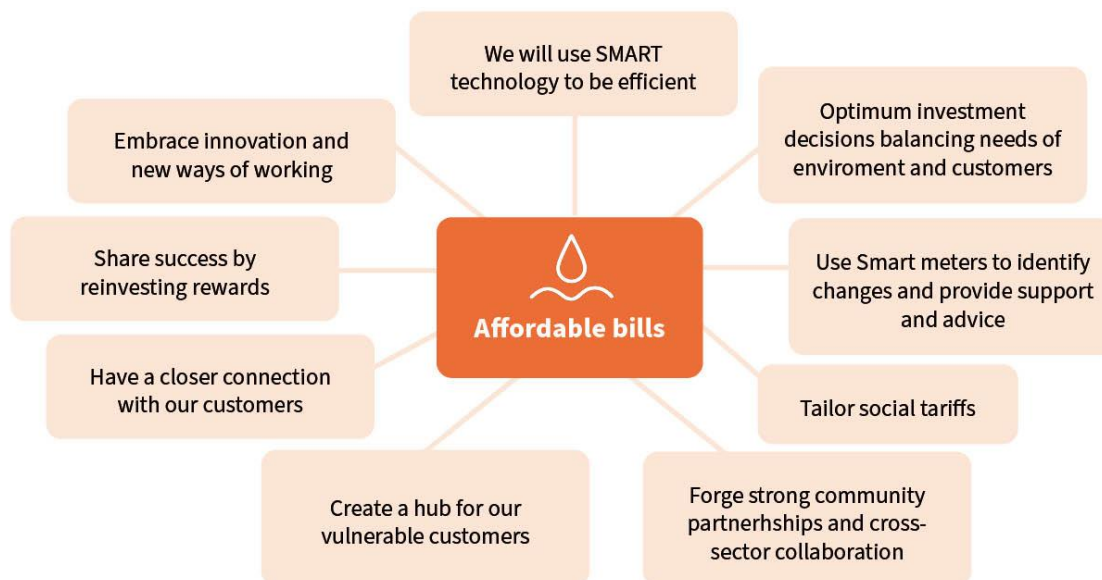
Affordability is a key theme within this business plan. We have placed a strong emphasis on the need for balancing increasing investment alongside affordability. Our approach has ensured that we have considered affordability constraints and meeting our long-term challenges such as the environment. It is important to recognise that the cost of living impacts have potential to impact our customers for several years.

Bill impacts will remain an even higher focus for our regulators and ourselves when considering our plan. Our strategy is a clear demonstration of how we will meet Ofwat's new Customer Licence Condition to support our customers across this area.

We have a long-term strategy and vision with a priority to deliver **"Affordable water for all. Always."** and our measure of success on this is that water poverty won't exist, and bills will be affordable for all.

Our strategy has several key strands to ensure that we deliver in this key area:

**Figure 13: Affordable bills**



### **Establishing the optimum investment plan to deliver outcomes and remain affordable.**

We have kept our bills affordable for our customers and maintain our lowest cost services, whilst maintaining our ambitious delivery plans with strong customer and environmental outcomes.

To ensure the delivery plan remains the most efficient for all customers our investment plan core pathway has been created alongside a number of key principles:

Ensuring that everything that we need to do to meet our duties that needs to be delivered or started in the Business Plan period is included.

If there are opportunities to commence in future AMPs, then we have done so.

Challenged ourselves significantly around what we deliver in our base funding to deliver more efficiently.

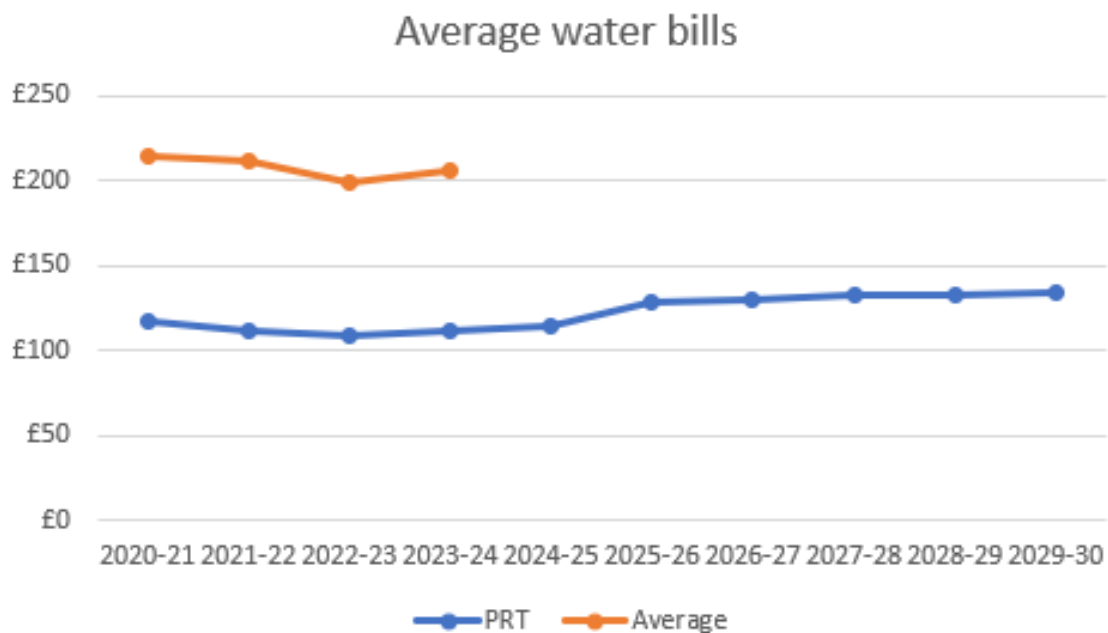
Drawn more new activities into our base delivery costs with a challenge to use innovation particularly to deliver our ambitious targets.

Be fair about how our long-term investment will be spread across the generations through our Long-Term Delivery Strategy.

Ensured that our investment cases deliver real outcomes and value for both our customers and the environment.

### **Bill Profiles and our approach to tariffs to build in consumer protection to our bills.**

We continue with our vision to remain the lowest water services bill in England and Wales. We have successfully achieved this position across AMP7, and we continue to deliver on this promise throughout this business plan. As well as providing a highly stable bill value between 2025 and 2030.

**Figure 14: Average water bills**


Our tariff strategy for AMP8 will focus on delivering protection to customers who are in water poverty and may be struggling to pay their bill. We will leverage of our SMART meter programme to deliver this both now and the future.

Our current analysis, working with Frontier Economics shows that we currently have 2.9% of our household property base classed as being in water poverty (water charges are greater than 3% of household income less housing costs).

With the planned increase through to 2030 we expect this to raise by a further 0.6%. With a total forecast of 3.2% water poverty households to target our support.

We will support these customers through our affordability strategy that provides a range of support targeted to support these households:

- Increase the support of our Social Tariffs – we have already increased our eligibility to £21,000 household income.
- Amend our Social Tariff structure to increase more customers being supported over and above our ambition of 28,000 households through restructuring the discount level proportionate to income levels i.e. medium income customers may receive support through a tariff but with a lower level of discounting being applied.
- Offer highly flexible payment options to work with customers who may be struggling to pay. This will include other support mechanisms including our Arrears Assist support.
- Support customers with water efficiency advice and retrofit devices to reduce their water usage to lower their bill.

Our current analysis of the shows us that as at today we have c. 2.9% of households that may be in water poverty.

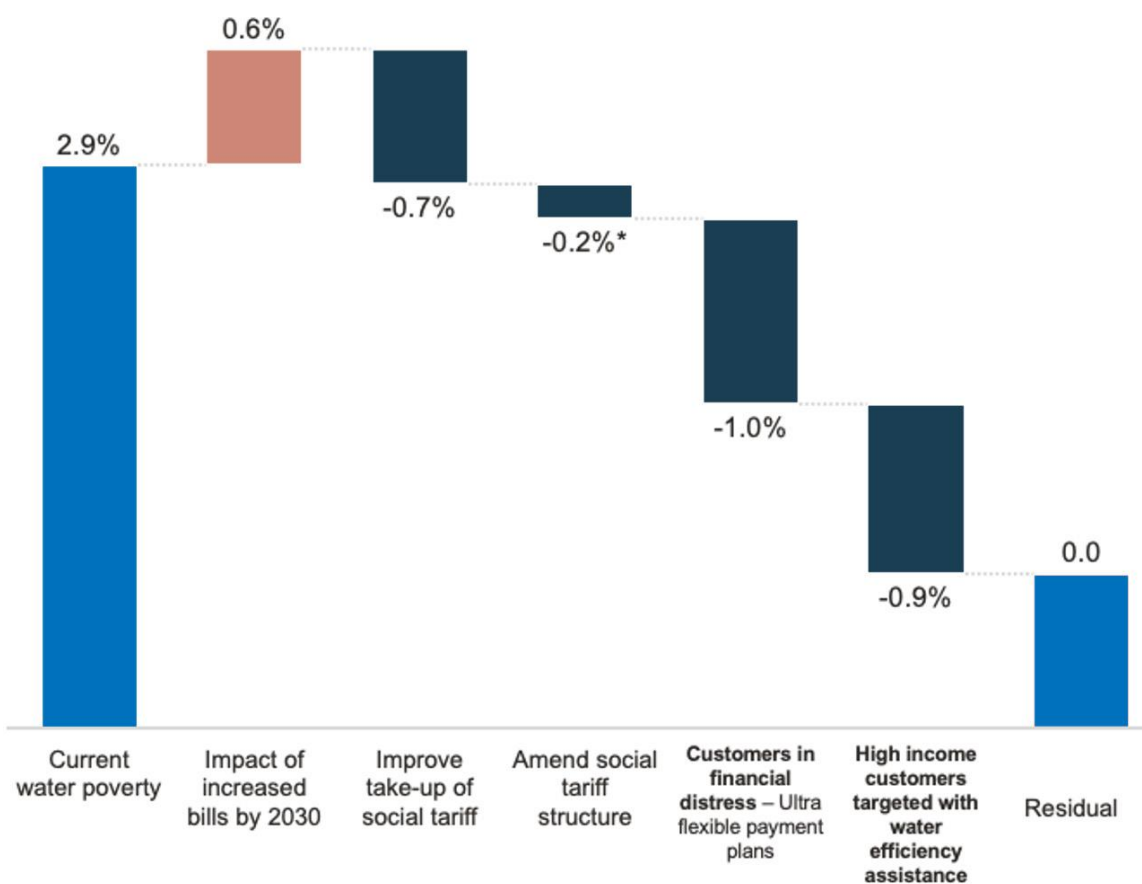
Upward pressures on this number are likely to be created because of our modest proposed bill increases, coupled with a move to metered charging for all customers.



Through supporting our customers though, we can reduce this pressure through our support tariff mechanisms, plus supporting customers with retrofit water efficiency devices, audits and education.

For some households however, low users will be able to reduce their bills (not just our bill but also the Southern Water sewerage bill that will also be based on volumetric use) through more efficient behaviours.

**Figure 15: Impact on water poverty**



As can be seen, the key plan aspects which will ensure that we can deliver this commitment to fully managing customers in water poverty (which we have calculated for one service as customers where water bill is greater than 2.5% of household disposable income (equivalised for occupancy).

**SMART metering impact**

Our strategy will be to implement SMART meters across all household properties, and this will mean that circa two thirds of our households will move from an unmetered banded charge to a variable metered charge over AMP8 and AMP9. The period of this Business Plan will see an additional 170,000 meters installed and we know that for some customers, this will impact on their charges being higher due to usage.

Our investment case for delivering this metering programme will ensure that customers remain supported through this transition through:

- A transition approach to moving from the unmetered charge to metered charging (over a 12 month period).
- Identifying Social Tariff and WaterSure eligibility for newly metered customers.

- Provision of water efficiency audits, leak identification and support and efficiency devices for retrofit – our Hypercare solution.

### Our affordability workstreams

The key elements of our delivery plan will concentrate on supporting customers struggling to pay through five key workstreams.

**Figure 16: Key affordability delivery plan workstreams**



### Workstream 1 – Manage our customers debt position to achieve an industry low

Our delivery plans will focus on supporting this commitment through several enablers.

#### Keeping the bill for our services as low as we can.

We will deliver this through:

- Delivering an approach that is adaptive and necessary based on our forward planning.
- Maintain a strong efficiency culture within our teams.
- Through our Values Framework balance costs against nature-based solutions.
- Deliver additional Social and Environmental value in all that we do.

This plan sets out a bill profile which we believe to be the best in the industry for customers and enables us to meet the affordable for all criteria, alongside our schemes and support that we provide to our customers.

#### Avoiding customers falling into debt and supporting them when they do.

This is an area of our plan where innovation will play a large part [See [PRT10 Innovation to Enhance Our Service Delivery](#)].

The partnership we have developed with our new Customer Relationship Management Partner, Kraken Technologies, provides us with innovative capabilities with how we engage with our customers and stakeholders. Our credit management processes are also an area that are a high priority of using data and technology to support our ambitions.

We are seeing a considerable number of customers falling into financial difficulty who have not experienced this before. This group of customers can often be difficult to engage with as they may feel embarrassed by the position they are in, and unaware of support mechanisms.

Our new system Kraken implementation will give us the opportunity to enhance these identification processes through several enhancements:

**Integration of Credit Reference Agency data for all customers** – We intend to implement full data sharing with a supplier which will not only support us with better understanding our customers and any financial challenges they may be experiencing beyond their water bill.

**Proactive communications** - This approach will enable us to proactively identify customers who may be struggling but due to the low cost of our bills may not have yet flagged this with us. Taking a proactive approach through data access will help us to identify, adapt our approach and tailor messaging to our customers.

- **Open Data approach** - This is a far more open approach to managing and supporting our customers using AI and machine learning approaches used through the customer journey, along with flexible payment plan management allowing customers to better manage their financial budgets in the short term.

**Continuous Improvement** - Improving our customer journey and credit management processes – We will enhance our existing journeys to continue to deliver for our customers and their needs:

**Signposting** - We will continue to improve our signposting for customers who need additional debt advice and support from trusted 3rd parties to ensure that we help our customers to get support at the earliest opportunity.

**Enhancing the digital experience** - We will develop our journeys through our digital platforms using the development of our support hub, website and self-serve systems, but we will also ensure that our traditional communication channels such as phone, managed by our highly experienced and trained teams can provide the same level of service to our non-digital customers.

**Data & Insights** - Our approach will also take the insight learning that identifies the increased risks of customers who can be categorised into renters, having dependents, aged between 25 and 34 as examples of particular risk characteristics that have been identified.

To deliver debt advice we will partner with both an;

- Online support partner (such as Money and Pensions Service (MaPs)) offering our customers an online digital support service on an on-going basis. This will again ensure that our non-digital customers are supported through a partnership with a local debt advice network.
- Local stakeholder delivering face to face support for those customers that need it the most such as Citizens Advice.

We will also support and work with specialist agencies such as SCOPE.

Encouraging our customers to reach out for support. We have identified through insight that the group of customers really needing support is changing. We are seeing a move away to customers who traditionally needed support to more average and middle-income customers whose commitments are increasing significantly.

Through ongoing reviews of our tone of voice and collections and arrears communications and collateral to encourage customers to recognise that we aim to support them through problems they

may be having. This is enabled through our increased bill and communication capabilities through our new CRM.

We will double our own hardship fund Arrears Assist fund to support customers with almost £500,000 being awarded to support customers through challenging times they have.

We will continue to leverage 3rd party funds to support our customers, including Southern Water's Hardship Fund and the DWP Hardship fund. We will continue along with our community partnerships to seek further referral points for our customers needing help.

## Workstream 2 – Adapting our financial support offerings

### (a) Making sure our bills remain affordable

Inherent protection in any innovative tariffs – As part of our ongoing incentivisation for achieving our water efficiency (Per capita consumption) target over the remainder of AMP7 and the period of this Business Plan, we will develop, trial and implement tariffs that are inherently innovative, and which support our overall ambitions in areas such as affordability and water efficiency.

Recognising from our insight that some customers may be adversely impacted, such as customers with disabilities who must use more water due to their conditions (but not eligible for WaterSure) and larger low-income families. We will ensure that tariffs we implement have consumer protection built into the design. This will ensure that our vulnerable customers are not excluded from participation in the trials because of their circumstances and likewise, are not adversely impacted.

Our defined approach will support our overall strategy to keep bills affordable.

### (b) Providing support through our Social Tariff

In 2022 we extended our eligibility for our Social Tariff to household incomes £21,000 or below which aligned with our customer cross-subsidy increase to £3.00 per year. This provides a discount value of almost £950,000 to support our customers.

Our scheme is currently designed to ensure that customers pay the minimum charges as set out in our Scheme of Charges, currently an annual charge of £88.53 or just over £1.70 per week (under 25p per day).

This approach has enabled us to support 11,673 customers so far this AMP.

## National approach to Social Tariffs

Our future strategy for delivering Social Tariff remains an adaptive one as we continue with our embedded engagement and insight approach.

We are supportive of customers, wherever they live, receiving the support that they need to make bills affordable and despite our lowest bills in the industry we strive to use this support tariff to successfully manage those customers who fit into this category.

We recognise that there is likely to be a change on the minimum expectations that companies Social Tariff provides to customers within AMP8 and we remain fully supportive of the likely approach.

Adaptive review annually – The changing external financial environment along with our change from unmetered to metered basis of charging over AMP8 and AMP9 lends itself to an annual review on how customer needs are being met. This can be challenging as there is a strong co-relation as cost of living increases impacts on a broader range of customers that the affordability and willingness to support cross subsidies may be traded off by customers. It is for that reason we remain supportive of the national tariff.

As part of our adaptive planning alongside our embedded insight and engagement strategy approach this review will ensure that we have an ongoing and improved awareness of how we can support our customers more effectively as well as validating our assumptions made about the impact of metered charges etc.

This approach enables us to maintain our commitment to develop a strategy to support our customers that may be in water poverty as well as keeping Social Tariff at the core of this strategy.

We have undertaken econometric modelling with our partners Frontier Economics who have significant experience in this area having undertaken industry work for WaterUK in this area.

This modelling told us (see Fig 2: Water Poverty earlier in the section) that without any intervention as part of our plan we would see an increase to water poverty of a further 0.6% being a total of 3.4% customers. A key aspect of delivering support for customers in water poverty includes the element of increasing and adapting our Social Tariff as below with our initial focus being to support 27,500 (doubling the customers supported from AMP7) and applying customers with four times the discounts being up to £821,000 annually.

### (c) Adapting our hardship funding support

We will continue to provide our company funded support scheme (Arrears Assist) which currently delivers c. £70,000 support to our customers as part of this company funded support schemes. Our current scheme delivered support to 446 of our customers in 2022-23.

We will be adapting our scheme design to increase the support to our customers as part of our affordability support.

The scheme is designed to support those who have built up arrears and is based on behavioural science encouraging customers with previously poor payment histories to return to the habit of making regular payments.

We focus our support to customers who have more than £300 arrears and have not made payments in the previous 12 months reducing arrears by £1 for every £1 paid by customers. In AMP7 so far, we have matched payments to the equivalent of £70,000 each year and aim to find additional ways to support our customers to £190,000 each year.

As well as continuing this fund we will increase the hardship funding through two ways:

- Sharing any rewards we achieved on our Performance Commitments (the Operational Delivery Incentive) with customers who are struggling (this is supported by our customers who said we needed to support struggling to pay customers).
- We are doubling our hardship funding delivered through our Arrears Assist fund.

### (d) Innovative tariffs

Using innovative tariffs, we will provide further support to our customers as part of our Water Poverty Strategy. We will be considering these key areas for improving the affordability for our bills through the incentivisation of customers to reduce their discretionary demand.

Using our innovative partnership with Kraken we will focus on developing innovative trials with our customers based on strong behavioural science approaches through our 'Water Lab' with outcomes being shared with regulators, other water companies, cross-sector and relevant stakeholders.

We will be adaptive to our customers' needs when developing tariffs, but we will be focused on modelling and trialling the following types of tariffs to support our customers:

- **Supporting disabled customers** - Research and cross-sector benchmarking has shown that our disabled customers have been impacted far more significantly in the recent cost of living impacts than typical customers. We will design and test tariffs that reflect a higher essential use for this customer segment which reflects they should not be impacted harder due to their disability.
- **Dynamic Flexible Tariffs** – Based on our relationship with the Kraken Technologies, we will look to use linking spot tariffs linked to energy tariffs where customers with both water and energy smart meters will be able to save money dynamically though reducing usage over specific spot times.



- **Alternative Social Tariff** – We will focus on providing discounts to customers who are eligible for Social Tariff but trial tariffs that provide incentives for customers who reduce their usage despite capped discounts.

### Workstream 3 – Using data to increase reach of our support

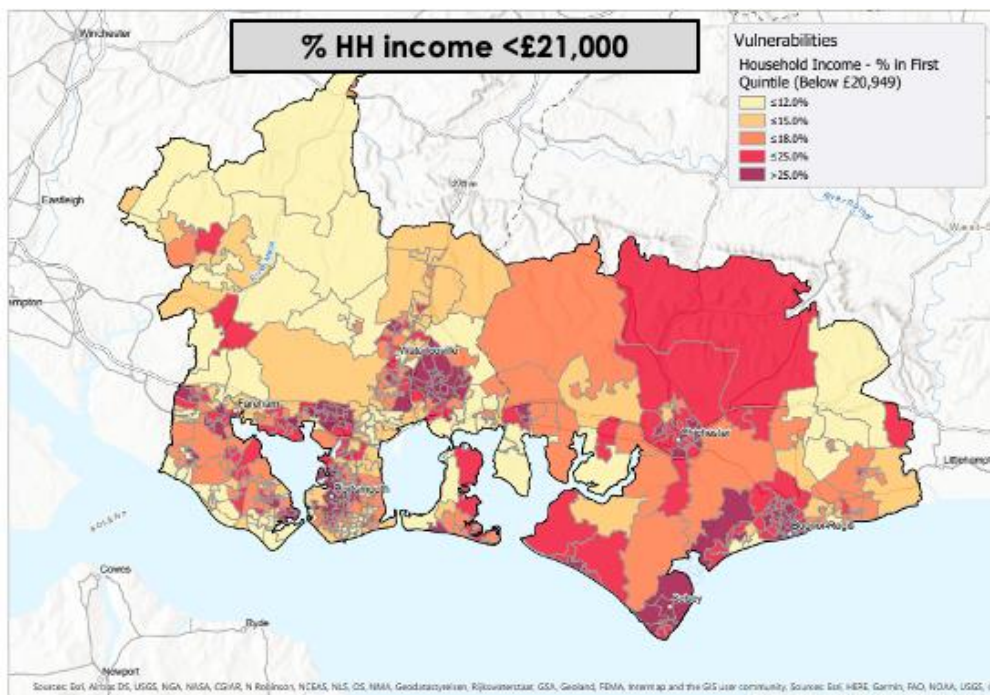
With a focus to support as many customers as possible we will continue to explore how we can use internal and external data to better support our customers. We will deliver this new plan to meet our new ambitious targets through a range of methods in our delivery plan:

#### (a) Our own understanding of data

Our increasing capability in this area will enable us to develop a data driven approach to focusing on areas where need is greater.

Using ONS (Office of National Statistics) data relating to deprivation we have been able to overlay and visualise our region relating to our Social Tariff. We have been able to consider where to target our communications and community campaigns based on the areas of our community with the highest number of customers eligible for our Social Tariff.

### Figure 17: Affordability and Social Tariff Heat Mapping



Heat mapping the region by colour shows us the potential penetration that could be achieved.

Almost 63,000 properties have a household income below £21,000 and could be eligible for our Social Tariff.

There is a reduction in uptake which potentially could be pinned to the low bill cost and value of the discount.

Based on our current Social Tariff reach we can identify the areas where community penetration could be better achieved (circled).

- (b) **Grow our data opportunity with our local councils.**



In 2021-22 a significant breakthrough was made with a local council in the Southeast to help share customer information who were eligible for a company's Social Tariff scheme using the Digital Economy Act as the basis of the ability to share that data.

The key benefit of this approach is the ability to auto enrol customers onto their best support tariff without the need for customers to be aware or even to have needed to apply for the scheme.

This would be a highly advantageous position for us to achieve through focusing on creating these data shares will ensure that as we implement adaptations to our affordability support that we are able to ensure a better understanding of customers eligible for the schemes. It additionally provides maximum protection for customers needing our support.

It provides maximum process efficiency in delivering customer support but there remain challenges with some councils still not supporting the approach.

We will use our Community Team to engage, and target set up of these relationships along with.

**(c) Department of Works and Pensions.**

Utilising the work that the industry has been doing with the DWP to focus on some key areas including affordability. Data sharing with DWP requires a different approach with us needing to identify potential eligible customers which can then be checked as part of the data share including elements such as receipt of benefits.

Our innovative CRM system combined with our Water Lab approach will enable us to create a strong data driven approach to help us better identify those customers who are eligible for additional support through overlaying this external data into our reporting coupled with an AI approach linking with other customer data available to us, such as credit reference data agency.

**(d) Cross-Sector data sharing**

In 2022-23 we successfully implemented data sharing with our local electricity Distribution Network Operator ('DNO') who is SSEN. This has enabled us to share data for our joint customers and support the 'tell us once' approach to registration for Priority Services.

We will be continuing our data share work exploring opportunities that exist through linking other sectors with ourselves across our region and communities.

We will be looking as to how we can work with other sectors to support this area of work through:

**Working further with the energy sector:**

- **Linking water and energy usage** - data to support our customers with reducing usage but also the ability to reduce significantly higher energy bill costs.
- **Jointly identifying those in real hardship** – through linking the work that the energy sector undertakes to provide warm home and energy advice to joint customers we will be exploring how we can jointly work together with our water efficiency work, retrofitting energy and water efficiency devices along with affordability support. Linking together should provide our joint customers with better outcomes.
- **Sharing the insight** – Our new embedded strategy on insight provides a continual dip-test of how customers with affordability issues are coping in the external environment and for water. Not only will we be sharing insight with the energy sector, but we will actively seek to include useful data and insight that supports our joint outcomes. This will naturally help us to jointly understand how collaboration can be stretched from today to meet customer needs recognising that customers who are struggling to pay can be hard to reach and engage with.

**Working further with the social housing sector:**

Social Housing Providers in our area naturally work with many of the most vulnerable customers in our region and we recognise the importance of developing great partnerships with this sector. Our

outcomes are aligned with targets to support their residents, protect those who may be struggling to pay and embed sustainability into their delivery plans.

Our Community Team will over the AMP target joint working, campaigns and opportunities to work together particularly in the areas of reducing usage, identifying internal leaks (leaky loos and taps) and supporting customers with Income Maximisation opportunities.

## Workstream 4 – Connecting with our struggling customers through SMART data

Our ambition to create a SMART network enables us to enhance the already great relationship that we have with our customer. Through the additional capability that data and visualisation brings we will support our customers several ways to ease the affordability challenge that they may be experiencing (either temporarily or more long term).

- The ability to deliver monthly digital billing – which will be helpful for short-term tenancies ensuring that these customers do not fall into arrears or leave unpaid bills that they are not aware of. We know that this will be of extreme value in the short-term Social Housing rental market.
- An ability to make behavioural changes within the capabilities of their circumstances and to understand the impact on their usage and their bills.
- The introduction of customer journeys that deliver real-time payment adjustment messaging, thus ensuring that customers do not rack up high bills based on usage that they weren't aware of and allowing the longest possible spread over months of those increased or decreasing usage charges.
- Identification of customers who may be 'self-disconnecting' through minimising usage to an extent that is a potential risk to their health. In 2023 we have seen the emergence of 'Hygiene Poverty' being deliberate reductions in showering, bathing, and hygiene to reduce the costs of household bills directly resulting from the cost increases occurring through the cost of living rises.

## Workstream 5 – Supporting customers to reduce their usage and their charges

Providing water efficiency support – With a focus both on supporting customers to reduce usage and deliver bill savings we will provide focused water efficiency support for customers who are financially vulnerable. This will include:

- **Access to free water efficiency devices** – We will continue to actively promote retrofit devices where customers wish to reduce their usage. This will be to any of our customers however we will look to promote devices specifically to regions who have indicators of deprivation as well as working with Social Housing Providers to retro fit to properties in our area. We will target that 50% of our devices are distributed to customers who are or may be at risk of being in water poverty.
- **Better access to data and data-sharing** – We will seek to look at how we can work with partners using the Digital Economy Act to support our targeting of water efficiency. Either through targeted tailored messaging using our new digital platforms or alternatively directly through trusted partners.

Linking water usage to other household bills – As part of our new CRM and SMART data, we will be exploring connected ways of using data to link usage and savings cross-sector data. We will use our Water Lab partnership to develop and drive more integration particularly around:

- **Wider energy costs** – Research and behavioural science tell us that customers are more likely to reduce water usage or act smarter when they can see a clearer linkage between how they are using water and the impact on their energy bills. This will provide us with the opportunity to work cross sector with the electric and gas sector to provide more holistic solutions for our customers with maximum benefit.

- **Saving on wastewater costs** – As we move more of our customers from unmetered charging then the supplier will change customers wastewater charges. Wastewater costs in our region are particularly high and therefore cost reductions through water savings will be more meaningful in this aspect of the customers total household bills.
- **Providing free leak repairs and leak allowances for vulnerable customers** – We recognise that leaks on the customer system for many of our vulnerable customers can cause anxiety and worry about the cost of repairs, impact on their bills and simply finding someone to undertake the work that they trust and will undertake the repair to the right quality.

We will work with our customers, partners (including Social Housing, insurers such as HomeServe and local councils) to provide easy access advice and support in repairing leaks which may be currently identified as genuine usage.

In this AMP we have already undertaken leak repairs and provided leak allowances for vulnerable customers and to further support reducing anxieties, we will be extending our free leak repair service to include free leak repairs and allowances beyond the first leak. This will also extend to properties that are privately rented by a vulnerable customer.

### Our accessibility workstreams

Figure 17: Key accessibility delivery workstreams



#### Workstream 1 – Communicating with us.

**Giving our customers choice** - Whilst digitalisation of services is increasing and we need to fully embrace this shift, it remains important that we retain our focus on maintaining existing traditional channels such as telephone and home visits. Whilst we will continue to develop and promote our new CRM with a host of digital solutions, we will ensure that we always embed existing traditional channels into our systems whilst adopting additional channels such as social media and instant messaging services such as WhatsApp.

Our teams will have the necessary skills to support customers whatever their vulnerability and we will ensure that we maintain and grow our skill set in this area whilst ensuring that users of these more traditional services are not left with long wait times, or an inferior service compared to others.

**When paper is the best option** – While digital communication is becoming more popular, we know that many elderly and vulnerable customers prefer printed materials. This is because they can take

their time to read and understand the information, and they may not have access to the internet. We will continue to provide hard copy leaflets for these customers.

**Enhancing our digital channels** – Whilst we will not digitally neglect our customers that wish to use traditional channels to access our services, for many, digital channels are the easiest way to communicate with us and our insight tells us that customers wish to undertake simple transactions online but maintain the option to talk to us about more complex things. We therefore need to ensure that our systems that we create have:

- We are designing our digital capability with inclusiveness built into the design ensuring that it meets the needs of our customers with additional needs to make the journey accessible, frictionless and inclusive.
- We will seek to ensure that our digital platforms conform to Web Content Accessibility Guidelines (WCAG) 2.1 to a 'AA' standard.
- We will be mindful of our impacts on customers data usage when accessing our services through 'mobile' technology. The impacts of data poverty continue to grow as customers end fixed broadband services and become reliant purely on mobile data. Many customers may struggle to afford data bundles that provide enough data to cover the month and high data usage platforms can significantly impact on this poverty trap.
- We will partner with an expert and implement a digital hub that draws together our services for easy access by our customers and stakeholders alike, this will include referral points and signposting for our customers. This hub will include access to:
  - a benefits checker – enabling customers to check that they have all the benefits income to which they are entitled.
  - Debt advice signposting – enabling customers to seek relevant support either digitally, by phone or in person.

**Implementing the BSI ISO 22458:2022 Inclusive services and consumer vulnerability quality framework** – We intend to achieve this accreditation which formalises our strategic approach to delivering services to our customers who are vulnerable and financially struggling. We will retain this through the AMP and utilise this to enhance our services further.

**Supporting third parties representing our customers** - There are times when we are unable to take a proactive approach, for example when there has been a bereavement. In these circumstances we want to make sure that we do not increase anxiety or make it difficult to deal with us.

We will develop our new customer systems and processes to enable representatives to be registered and easily undertake activities on the customer behalf in advance or when that isn't possible that we will handle these processes with sensitivity and care. We will support our customers through signposting customers to services to Bereavement Services such as the relationship that we have with Settlid that co-ordinates communications to a broad range of service providers you choose to be told, removing one element of stress from customers families and friends in difficult times.

## Workstream 2 – Improving identification of those who need our support

We support the "tell us once" concept for our customers, especially those on our PSR who have vulnerabilities and challenges. We know that having to repeat themselves to multiple companies when they need additional services can be frustrating and embarrassing and can act as a barrier to them getting the help they need.

We need to continually search for opportunities to share data in a compliant, but innovative way, which provides customers who are not aware of their entitlement for support with our services.

- **DWP Data Sharing** – Following the implementation of data sharing from DWP on our customers financial position (particularly the receipt of disability benefits) we aim to continue the development of data sharing to focus on additional support areas we can provide for our

customers including PSR – customers who are identified as being in receipt of disability benefits can automatically be enrolled for our PSR services.

- **Cross-sector Data Sharing** – Following the successful implementation of our data sharing with our local energy Distribution Network Operator (DNO), being, Scottish & Southern Energy Network (SSEN), we propose to continue promoting this service offering for our customers and working with SSEN to support our “tell us once” approach. Customers registering on our PSR will be automatically shared with SSEN, as are new customers registered on SSEN’s PSR.
- **Continue to protect our customer data** – We understand the importance of the health and financial data that we are holding and using to support our customers registered for affordability tariffs and health data.

Whilst we would sooner not have to collect and store the level of data we do; it is necessary for us to provide the right service to our customers at the right time. With this in mind, we continue to focus on the security of that data and who and why we share that data with doing this in our continuing way of maintaining a respect for our customers.

### Workstream 3 – Ability to retrofit and participate in water efficiency

We recognise that for some of our customers they may wish to become more water efficient but would struggle to undertake fitting of our retrofit devices or be able to access the type of devices they many needs.

Adapting to this challenge we believe is critical if we are to gain the customer engagement that we would like to help our customers, whatever their needs, to reduce their consumption, identify leaks etc. We will therefore focus on the following aspects of delivery:

- i. Home audits including the fitting of devices – We will be undertaking 34,000 home audits per year with a focus on any customers on PSR.

### Workstream 4 – Understanding our service benefits we deliver

**Customers understanding how we will support them and when** – Our research with stakeholders and customers found that making our vulnerability and affordability support service offerings clearer would help customers understand what they are signing up for.

This clarity in messaging could drive more customers who need the support (but are reluctant to seek that support for any reason) feel more comfortable asking for support.

- i. Develop service bundles based on customer characteristics of customers on our PSR grows then it becomes important to link service benefits to our customer needs. We will develop a range of packages that will meet different customer characteristics.
- ii. Enhanced initial on-boarding - We currently provide full onboarding for our vulnerable customers, but we will be more specific in the service benefits that customers will receive based on our understanding of their needs. This ensures they are fully aware of what they will receive and when.
- iii. Ensuring that stakeholders understand the PSR service provisions – Working with our future partners is key and critical to successful delivery of customer outcomes and we will utilise our work delivered by our Community Team to ensure that stakeholders are involved with our service design and principles.

We will use location specific marketing via stakeholder groups to communicate the benefits.

### Workstream 5 – Expanding the work of our Community Team

**Providing holistic services and solutions** – We will expand our successful vulnerability team to enhance this into a new Community Team focusing on working with and in the community, with our stakeholders and customers.

Our aim is to work with local stakeholders and communities through targeted joined up campaigns that will focus on delivering joint outcomes on vulnerability, affordability and water efficiency. Linking these key themes should be linked together to provide the best experience for our customers and the engagement to deliver outcomes.

## Workstream 6 – Keeping it simple

**Using language that our customers understand clearly** – We know that we can sometimes talk technically and not every customer can understand this. We want to ensure that all our communications are engaging and easily understood by customers.

We will work with external stakeholder groups to improve our approach in this area as well as whilst ensuring our own tone of voice, campaign and document designs within our internal teams remains relevant.

Our bills and communications – As part of the implementation of our new customer systems and journeys we will ensure that we don't just focus on developing new communications, but we will also focus on our existing communications and documents to ensure they are easy to understand. This is critical to deal with our new world smart metering.

## Protecting our community workstream

### Workstream 1 – Communications to customers in vulnerable circumstances

**Communications with our vulnerable customers during an unplanned outage** – This is a key area and consistently identified, not just for water companies, but also our research with other essential services such as energy suppliers as vulnerable customers who experience a water supply problem in their home may become anxious about whether the problem is isolated to them and how long it will last. We will ensure our tailored journeys work to address this anxiety in the following ways:

- i. **Ensuring we understand the customer needs** - Our PSR on-boarding communications provides customers with certainty about what they can expect from us when something goes wrong. Our focus on (1) defining service benefits from the start, and (2) communicating these benefits on a regular basis will ensure that customers have a far deeper understanding of what they will see and what they will be told, when and how.
- ii. **Automating our processes** - We also automate annual contact with our PSR contacts to ensure our data is kept up-to-date and customers are receiving the correct level of support from us.
- iii. **Tailored communications** - Through learning of other sectors, our own research and industry best practice we will seek to implement through our new customer systems tailored communications to our vulnerable customers using a risk focused approach. This will include the introduction of:
  - Specific targeted SMS messaging.
  - Landline messaging.
  - Wider general customer messaging.
- iv. **Checking in with our customers** - We will use this messaging as part of our key strategy for engaging with and protecting our customers through a 'new innovative process during unplanned outages. Our focus will be to ensure that the customer is not at risk and that they are kept up to date at regular intervals, as necessary.
- v. **Updating carers** - For our most at risk customers, we will consider how we can provide updates to carers and those working to protect the customer at home. Our key focus will be to protect the health and well-being of those customers.
- vi. We will instigate our messaging campaign on a risk basis within 30 minutes of the disruption.



## Workstream 2 – Continuing to develop insight about our region

**Using our insight to flag potential hotspot regions** – Whilst we are one of the highest performing companies on how many customers we have protected (as a percentage of our household properties) we know that we still have groups of customers that should be in the PSR but for whatever reason have not registered or are unaware of the service. We will continue with our vulnerability mapping of the region particularly relating to vulnerability and affordability. This insight will help our teams plan local activities. Understanding where we have low PSR penetration for example, helps team plan wider in larger impacts.

Understanding both the health and disability profile, as well as deprivation in that area, will help us to predict the likelihood of identifying unknown vulnerable customers or simply through deprivation access to vehicles (to collect alternative water) and potential financial resources to deal with disruptions during the incident.

**Developing a service approach based on customer understanding** - The enhancement of our risk-based approach will ensure that we keep everyone safe and secure during any incident irrelevant of scale. We will be capable of delivering this approach through the additional data which we now hold because of our increased PSR 'needs' codes.

These codes allow us to identify those customers most at risk in unplanned outages so that we can prioritise our support to those customers along with where necessary gaining additional support from our local stakeholders and agencies.

**Providing bottled water** – Our strategic approach will be based on delivering water to customers based on the period 7am to 8pm and overnight (outside of the stated times).

- **Disruptions between 7am and 8pm** - We will aim to deliver a supply of bottled waters to the highest risk customers within 1 hour of the disruption being identified. Bottled water will be delivered by us or our partners. When we have identified that an area will be losing supply we will attempt to deliver to those high-risk customers before customers even lose their supply.
- **Disruptions overnight** - Whilst many customers will be unaffected by any overnight disruptions, we recognise that this isn't always the case and certain high-risk customers may need access to water during this period. When there are customers impacted overnight, we will ensure that we identify those customers in advance and will deliver to these customers during an overnight disruption. We will aim to deliver within 4 hours of the interruption start.

### Working in partnership with our community workstream.

We have a long history of developing and working with community partnerships recognising that through working together we can deliver our own outcomes as well as supporting the delivery of partners outcomes for the community.

## Workstream 1 – Continuing to Improve our regional understanding and insight relating to stakeholders

Continuing to develop our stakeholder mapping - our approach to improving our understanding through mapping our region we will continue to use internal and external data to provide us with ongoing insight into community stakeholders and needs.

This approach will enable us to target partnerships and relationships proportionately with risk and need. We will be mindful to avoid leaving anyone behind who may need support but lives in a high affluency or low need area.

We will focus our partnerships on the 3 key areas of:

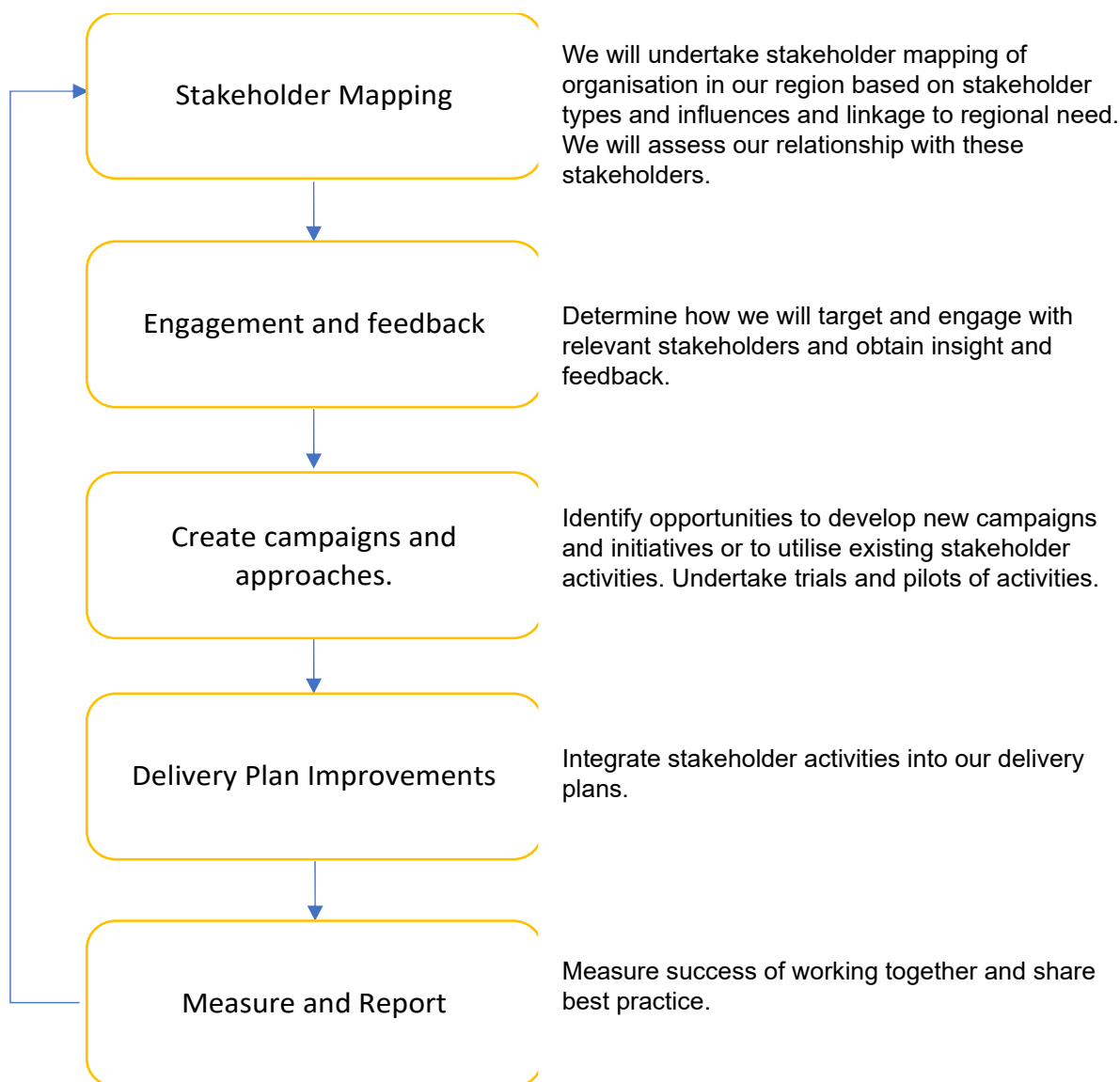
- Affordability
- Accessibility



- Support during incidents

**Development of our stakeholder database and partnerships** - Building on our already strong approach, we will introduce a stakeholder engagement strategy that will enable us on an ongoing basis to adapt and evolve to the current requirements.

**Figure 18: Stakeholder mapping steps**



**Workstream 2 – Increasing our community partnerships**

**Increasing our community partnerships** – We will work with both local and national stakeholders to support our communities through:

- Promoting positive change in the areas of vulnerability, affordability and water efficiency that have a benefit for our customers and communities. We will do this through our Community Team that we have increased reach, capability, and capacity through additional resource.

- Collaborating with local stakeholders to deliver shared outcomes for our customers particularly relating to supporting customers who are struggling or need additional support.
- Engage with regulators on key initiatives (such as the single social tariff) to ensure that our customers and communities receive best value.
- Drive for innovative approaches in working with stakeholders.

**Identifying and supporting 'Warm Spaces'** – Our local community approach is well placed to particularly focus on the development of warm spaces. Warm Space support enables us to work with the local community to target key insight we are seeing through the insight we have gathered, which includes:

- A high proportion of our customers live alone.
- By 2030, 21.8% of the population are predicted to be 65 or over.

Our support through the local Warm Space network will enable key spaces to be set up with local stakeholders that will also provide a touch point for these customers who are engaging with the initiative.

### **Workstream 3 – Enabling stakeholders to act for our customers**

**A support hub to link us with our stakeholders** – We know from stakeholder research that many of the organisations that are supporting our joint customers are wanting to register customers onto our schemes or negotiate payment arrangements to help customers who are in debt.

With the implementation of our new customer systems and our support hub we will develop and enable stakeholders to be able to register customers easily and simply onto our systems without the need to talk to us by phone. They will be able to simply register customers, saving time and effort but also enabling the stakeholder certainty in the support that will be provided to their service user.

We will consider how this can be extended to include water efficiency home visit requests.

The Support Hub will provide local stakeholders with access to other support capabilities including debt advice and bereavement advice.

## D. Measuring success for customers and the community

Many of our current KPIs and measures which relate to vulnerable customers and those struggling are we believe are highly effective and provide a great measure of how we are doing as a company.

We are therefore proposing that we will use many of these measures on an ongoing basis to set our ambitions and measure our performance against those commitments. As these are internal KPIs only our customer surveys will be delivered through an ongoing programme of pulse surveys from our innovative CRM platform alongside our own survey of stakeholders through our own tools.

The KPIs and measures that we will continue to publish alongside our strategy progress will include:

### Measuring performance of our Priority Services Register

**Our PSR Reach** - We will continue to measure the percentage of households that are registered on our PSR.

Insight from ONS data tells us that c. 18% to 20% are likely to be eligible for our PSR either on the basis of age or disability although young families are likely to well exceed this value.

Based on our current performance the identified regional need and our targeted approach our ambitions are to achieve the following targets over the AMP ending with 14% of household registered.

**Table 3: Priority Services Register target**

Year	% of households on PSR
2025-26	12.5%
2026-27	13%
2027-28	13.5%
2028-29	14%
2029-30	14.5%

**Our PSR Data revalidation** – recognising the need to keep data accurate we propose the existing ambitions continue to be measured for AMP8.

**Table 4: Priority Services Register target for data revalidation**

Year	% of households on PSR for over 2 years with attempted contacts	% of households on PSR for over 2 years with actual contacts
2025-26	90%	35%
2026-27	90%	35%
2027-28	90%	35%
2028-29	90%	35%
2029-30	90%	35%

#### Measures relating to Affordability support.

**Our Affordability Support through Social Tariff** – We will continue to set an ambition based on the needs of our region designed to challenge our promotion to customers and their registration.

**Table 5: Customers on Social Tariff**

Year	Households on Social Tariff
2025-26	16,000
2026-27	19,000
2027-28	22,000
2028-29	25,000
2029-30	27,500

#### Measures relating to our stakeholders' views of how we engage with them.

**Stakeholder Survey** – We will continue to survey our stakeholders to ensure that the services we deliver remain robust and appropriate for our customers. With our learnings from this AMP, we will set these measures to reflect improving relationships with our stakeholders and we will set this to improve by 5% by the end of AMP8.

**Table 6: Stakeholder satisfaction of vulnerable services**

Year	Stakeholders not dissatisfied with services
2025-26	71%
2026-27	73%
2027-28	75%
2028-29	75%
2029-30	75%

### Customer satisfaction of those who are receiving support.

**Satisfaction of customers who are receiving affordability support** – This will be to assess the services that we are offering (affordability and PSR) remain appropriate and how we deliver those services are the best they can be for customers.

**Table 7: Customer Satisfaction of those on affordability tariffs**

Year	Customers on affordability tariffs not dissatisfied
2025-26	+1% of 2024-25 baseline
2026-27	+1% of previous year
2027-28	+1% of previous year
2028-29	+1% of previous year
2029-30	+1% of previous year

**Table 8: Customer Satisfaction of those on PSR**

**Satisfaction of Customers who are on the PSR** – This will be to assess the services that we are offering remain appropriate and how we deliver those services are the best they can be for customers.

Year	Customers on affordability tariffs not dissatisfied
2025-26	+1% of 2024-25 baseline
2026-27	+1% of previous year
2027-28	+1% of previous year
2028-29	+1% of previous year
2029-30	+1% of previous year

### Using innovation in our delivery

There are three key areas of innovation that will help us not just deliver but overachieve beyond our ambitious delivery plan.

We recognise that this is important because of the value that vulnerability and affordability delivers for both customers and community.

#### We will use innovative thinking and solutions to deliver:

- **Affordable Water for all. Always.** - Our whole investment case seeks to embed innovation and learning from this AMP and previous ones to maintain our lowest water bills in England and Wales.
- **Engaging with our customers** – An engaging relationship with our customers will be critical in supporting the delivery of demand reduction as well as identifying those customers that need support.
- We will utilise our industry first use of our new CRM application that will give us access to communicate with our customers through more channels and in innovative ways to enhance our already great relationship with our customers.
- Specifically for customers who need extra support it will provide an easy route for carers and family to be easily and quickly act for customers as well as providing hubs and access to vulnerability stakeholders to self-serve on our customers behalf ensuring that our gaps with our harder to reach customers can be closed.
- **Open Data** – Our new CRM and customer apps will enable smarter use of open data through APIs. We have already planned for a future of opening up data to other sectors that customers wish to enable (rather like the journey for banks and financial institutions for Open banking).
- We will ensure vulnerability and affordability remains a workstream as part of our Open Data strategy once published in future.

## 4. GOVERNANCE AND ASSURANCE

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Production of this supporting document has been undertaken in accordance with internal governance and assurance procedures and processes.

This comprised initial drafting by an internal Lead Author, supported by external consultants, Frontier Economics as appropriate, under the direction of an Executive Owner who retains Executive responsibility for the document content including robustness and accuracy.

The document has undergone three stages of internal review before being signed off by the Board:

1. Executive Owner,
2. Nominated Executive,
3. Internal Executive Review Team including the CEO and CFO.

The Board has been engaged in the development of the business plan and its content through subject specific discussions at monthly PR24 Steering Committee meetings that have taken place since late 2021. Minutes of relevant meetings are included in PRT15 Board Assurance, Appendix PRT15.01.





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