
PR24

**NORTHUMBRIAN
WATER** *living water*

**ESSEX & SUFFOLK
WATER** *living water*

CUSTOMER AFFORDABILITY

**APPENDIX A1
NES02**

A large, stylized graphic of water splashing from the top right corner, rendered in white and light green, set against a dark green background. The splash is composed of several curved, parallel lines that create a sense of motion and volume.

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1. EXECUTIVE SUMMARY

We were the first water company to set an ambitious goal to eliminate water poverty in our operating areas by 2030 despite serving some of the most deprived customers in the UK, with lower-than-average household incomes. This goal was a significant commitment in our [inclusivity strategy](#) and has influenced wider national debates about the scope and opportunity for a national social tariff. We are delivering against this ambition. By the end of 2022, we had helped over 190,000 customers in water poverty through bill reductions and support tariffs, against a target of 125,000 by 2025. This reduced water poverty in our areas from 22% to 9.6%.

We have achieved this by delivering our zero water poverty action plan, which includes a wide range of initiatives to move over 400,000 customers out of water poverty by 2030. In addition to social tariffs, this includes increasing awareness of our support, implementing data-sharing agreements, innovative technology, and data science solutions, and building strategic partnerships with national and local stakeholders.

A large part of this reduction was because of the 18% bill reduction we set out in our business plan for 2020/21, the largest bill reduction of any company across the sector. By reducing bills, this immediately moved more than 185,000 customers out of water poverty in 2020. However, high inflation and stagnating wages have meant that bills have increased as a proportion of household incomes. Our bills in the North East are still lower than they were in 2019 (£391 compared to £409) and bills in Essex and Suffolk are about the same as they were in 2019 (£259 compared to £256), even after inflation. But we now estimate that all these reductions in water poverty from reducing bills will now be reversed by 2025.

From 2025, we expect bills to increase – by as much as 19.5% by 2030. This is mostly due to increasing statutory requirements, which means increased investment in reliable water supplies, meeting the long-term needs of the environment, and resilience of water and wastewater networks.

In addition to increasing bills, the current cost-of-living crisis means that there is less money available for households and increasing pressures from other essential bills, and so more and more households will struggle to pay. Our [long-term strategy](#) (NES_LTDS) shows that bills will continue to increase in the long-term.

1.1. KEEPING BILLS AS LOW AS POSSIBLE FOR ALL CUSTOMERS

We have done everything we can to make sure bills are kept as low as possible for all customers. This means challenging ourselves to be more efficient, but also ‘changing the conversation’ – including pushing back to the Government and regulators to propose alternative methods of meeting statutory outcomes where customers asked us to advocate for these.

For example, the legal requirements set by the Levelling Up and Regeneration Bill would have required us to meet ‘technically achievable limits’ for nitrogen removal at many of our wastewater treatment works in the Tees catchment. We estimated this would cost more than £650m to deliver, and so developed our ‘Advanced WINEP’ programme to use catchment and nature-based solutions to deliver the same outcomes – but at a much lower cost for customers (£48m). We discussed this proposal in detail with customers to understand their views on the risks, costs, and benefits – and overwhelmingly, they preferred our Advanced WINEP solution. They asked us to challenge the Government and regulators on this.

We provided evidence on the potential impact on bills, as well as our advanced WINEP proposals, to regulators, Ministers, and local stakeholders. We spoke to a wide range of stakeholders, with our executive team, independent non-executive directors, and Water Forum members all working to raise awareness of the issue and potential risks and benefits to customers. This stakeholder engagement has allowed us to put forward our Advanced WINEP as part of our business plan, saving customers an estimated **£274m** and providing **£104m** of additional wider environmental and social benefits (see our [protected areas and bathing waters enhancement case](#), NES28).

We do not believe our customers should pay for all new statutory requirements or bear the impact of regulatory decisions made elsewhere. We have worked hard to change the conversation on where this burden falls – for example, supporting increasing water efficiency standards for new developments and appliances (such through our work to support the development of the [UK water efficiency strategy](#)); supporting the Government in developing funding options for a national social tariff; and advocating for customer evidence to be included in national decisions where customers are expected to pay for improvements in their water bills - such as on storm overflows, sludge and river water quality monitoring.

We discussed the right balance between investment and bill increases with our customers throughout our programme of customer engagement (see [A7 – Customer and Stakeholder Engagement](#), NES08). We explored the risks and benefits of phasing some investments where we could delay these, such as on asset health, lead replacement, and climate change resilience, and we developed our investment programme in parallel with customer and stakeholder engagement before seeking final views in our affordability and acceptability testing. We also explored the risks and benefits of phasing statutory investments where long-term targets were set beyond 2030 (such as long-term leakage and water efficiency targets). And we used customer valuations of different outcomes to support our assessment of best value throughout the planning process.

These discussions showed that most customers (around 80%, from our qualitative affordability and acceptability research) support our 'preferred plan' rather than only the 'must do'. More people thought that our 'preferred plan' would be difficult to afford (around 34%, compared to 27% for the 'must do' plan). This was consistent with our findings throughout our customer engagement programme, where some customers consistently told us that although they supported the additional ambition and outcomes from our 'preferred plan' rather than just our 'must do' plan, they would not be able to afford any bill increase at all. We have taken this challenge from customers very seriously and have worked hard to push back on statutory investments and develop further support for affordability.

Finally, we worked with customers to discuss our forecasts of bills in the long term, based on the pressures from increasing environmental awareness and needs, climate change, population growth and other long-term risks. Customers told us that they preferred a slowly increasing bill to 2030 due to current cost of living pressures.

1.2. ELIMINATING WATER POVERTY

Rising bills and lower incomes mean that our ambitious goal to eliminate water poverty in our operating areas will be increasingly difficult to meet. Our modelling shows that, with bill increases, it is unrealistic to continue to aim for a definition of water poverty where water bills are more than 3% of household income. Instead, we will set this definition at 5% of household income. This aligns with the CCW [affordability review](#) and the Water UK [public interest commitment](#).

Even with a new definition, achieving this goal will require significantly more funding and effort to achieve than 2020-25. We have reviewed and updated our affordability and inclusivity strategy and will meet this challenge through a more than four-fold increase in our affordability support package for customers including a substantial increase in our social tariff as well as through innovation and partnership working. Our shareholders will also provide significantly more financial support (£20m) to customers through a new hardship fund.

Alongside our social tariffs ([see 5.4.1](#)), this includes supporting customers through our compulsory metering programme including identifying customers who need assistance and providing free water efficiency advice and leak detection and repair ([see 5.4.3](#)). We will continue to actively promote and encourage customers to use debt advice providers, to help customers to maximise their income, and have worked with partners to develop online benefit checking and tariff eligibility tools to help customers get the support they are entitled to ([see 5.4.4](#)). We are introducing innovative tariffs to help customers to save money through their bills ([see 5.4.5](#)).

1.3. NON-FINANCIAL VULNERABILITY

Tackling water bills and incomes is just one aspect of affordability and inclusivity. Our strategy also sets out how we will continue to build awareness of our financial support and priority services, where although we have done a lot of work in the last two years to help our customers, we are disappointed that still only 46% of customers know about this ([see 5.6.1](#)). We will also continue to build awareness of the non-financial support we offer ([see 5.6.3](#)). We know that strategic partnerships and local relationships are key to successful outcomes, and we will continue to build on these ([see 5.6.2](#)).

This has been successful during 2020-25, for example increasing the number of customers on our Priority Services Register by 153% in two years by working with others.

Digital innovation can also help. We are already working with other water companies and wider utility companies to identify the best way to share information about those who need extra support (where customers have given their explicit consent). Our 'Support for All' project seeks to design and build a hub to allow Priority Service Registers to be shared between companies – and we want to develop this into a national platform ([see 5.6.5](#)). Our wider plans for digital services will support customers by providing more information and options, including for those who are digitally excluded ([see 5.6.6](#)).

We are also continuing to build our ability to understand our customers' needs, and to make sure we have the right tools to support customers directly where appropriate or to further signpost them to additional support services. This means increasing our inclusivity awareness for all employees ([see 5.6.4](#)), and working towards creating a more diverse workforce ([see 5.6.8](#)).

1.4. ENHANCING AFFORDABILITY

We have explored how we can demonstrate ambition to further enhance affordability – both for future customers, and for household customers who are struggling to pay.

In our appendix [A7 – Customer and Stakeholder Engagement](#) (NES08), we explain how we have engaged with our customers to understand their priorities for improved outcomes (see [prioritisation of common PCs](#), NES44) and their views of how and when statutory requirements are best delivered (see enhancements and other service area summaries, NES43).

We explain how we have taken these views and concerns about affordability into account in our decisions in our business plan and long-term delivery strategy. For example, we describe these discussions and what we did in response for some of the key areas in [Section 5.1](#) – and in more detail in our enhancement cases. Our Water Forum and Customer Engagement Panel (CEP) challenged us on this issue in particular (see [A7 – Customer and Stakeholder Engagement](#), NES08).

We have also considered other ways of supporting customers, and there are seven components to this in our business plan:

- We have proposed a voluntary sharing mechanism for the risk-free rate under our 'alternative return' proposals (see [A5 – Risk and Return](#), NES06). This mechanism will help to protect customers if – as expected – interest rates reduce between now and 2030, by sharing the benefits of this. An independent estimate of this suggests it could return £92m to customers if interest rates fall in line with inflation forecasts.

- Our shareholders have committed to an additional £20m over 2025-30 to fund our new Financial Hardship fund ([see 5.4.6](#)).
- We have explored and are continuing to explore charging innovations which could help customer affordability, including driving water efficiency.
- We are introducing measures to support water affordability for non-household customers, including water efficiency advice. This could help to support services that our communities depend on.
- We will provide increased support and compensation for customers who experience repeat sewer flooding (see [A4 – Outcomes](#), NES05).
- We will reinvest any outperformance from our biodiversity performance commitment into further improvements, so that we can support the Government’s ambition while minimising future bill increases (by investing early; see [A4 – Outcomes](#), NES05).
- We will reinvest any outperformance on capital maintenance (see our [asset health enhancement case](#), NES35).

In the context of increasing statutory requirements, we have worked hard to keep bills as low as possible for all customers – and where we cannot, we have increased our support for those who cannot afford to pay.

We were the first water company to set an ambitious goal to eliminate water poverty in our areas. Our PR24 business plan supports and builds on this ambition, so that we can continue to provide our customers with the support they need.

For the first time since we stopped providing retail services to businesses and other non-households in 2017, we will also provide affordability support for some non-households. We are not allowed to provide financial support, but we will extend our free water efficiency audits and leak repairs to some non-households too ([see 5.5](#)).

2. INTRODUCTION

Our water and wastewater services are essential, so keeping bills affordable is extremely important. We set out [our inclusivity strategy in 2018](#), showing how we would eradicate water poverty by 2030 and make sure that water bills are affordable for all our customers. In the context of an increasing cost of living crisis and large statutory investment requirements, we published our updated inclusivity strategy in 2023.

This appendix describes our approach to developing, testing, and refining our affordability and vulnerability support for customers in PR24. It is designed to be read with our [business plan](#) (NES01), [long-term strategy](#) (NES_LTDS), and [Appendix A7 - Customer and Stakeholder Engagement](#) (NES08).

In [Section 3](#), we explain the commitments we set out in 2018 – and assess our performance against these and reflect on what we have learned and improved on. We have added other innovative projects since then and describe those that we have either delivered already or are in the process of delivering.

[Section 4](#) discusses the external factors, research, and regional trends we have considered in shaping our plans. We also set out the actions we have taken, and are continuing to take, to deliver the recommendations highlighted in CCWs affordability report.

[Section 5](#) describes our plan for the 2025-30 period and our approach to supporting customers in water poverty and vulnerable circumstances, which focuses on the following:

- What our plan means for current and future customer bills and how we have considered this through a long-term approach to affordability.
- How we have tested affordability and acceptability with customers.
- The impact our bills will have on water poverty and the steps we are taking to eradicate water poverty.
- The wide-ranging interventions and support we will provide to customers facing affordability challenges.
- How will we identify, engage, and support customers in vulnerable circumstances and partner with organisations and stakeholders.

Section 6 describes our objectives for 2025-30 and how we will measure progress against these.

2.1. BUSINESS PLAN NAVIGATION

This appendix supports Ofwat in assessing some of the ‘customer engagement, affordability and acceptability’ tests in the Quality and Ambition Assessment, as set out in the [PR24 methodology](#) and [Appendix 12 - Business Plan Incentives](#).

TABLE A1.1 – MINIMUM EXPECTATIONS FOR CUSTOMER ENGAGEMENT, AFFORDABILITY AND ACCEPTABILITY

Minimum expectations (from Ofwat methodology)	Where is this covered?
The company’s plan provides sufficient and convincing evidence that its customer engagement activities meet our standards for research, challenge, and assurance.	A7 Customer and Stakeholder Engagement (NES08), Sections 4 and 5
The company’s plan explains how it has taken account of views on the affordability of its proposals for all customers, including for those who struggle, or at risk of struggling, to pay their bills.	Section 5.1
The company’s business plan and long-term delivery strategy demonstrates that its proposals are likely to be fair and affordable for both current and future customers.	Section 5.2 , A3 Costs (NES04) and LTS (NES_LTDS)
The company’s plan provides sufficient and convincing evidence that it has followed our guidance for testing customers’ views of the affordability and acceptability of its proposals.	A7 Customer and Stakeholder Engagement (NES08), Sections 4 and 5
The company’s business plan includes plans for supporting customers to pay their bills using social tariffs and other methods. We expect the company to include plans for the two scenarios we specify in our methodology.	Section 5

We address some of these minimum expectations in [A7 – Customer and Stakeholder Engagement](#) (NES08), including explaining our approach to meeting (and exceeding) the standards for research, challenge, and assurance and how we met the guidance for testing customer views of the affordability and acceptability of our proposals. We also explain how we tested this in our Board Assurance statement in Appendix [A2 – Data, Information and Assurance](#) (NES03).

In this appendix, we explain our plans for supporting customers to pay their bills using social tariffs and other methods. As [clarified by Ofwat](#) since their final methodology, we do not include plans for two scenarios, with a single scenario based on the current legislative arrangements for social tariffs. These would have likely have been very similar, other than the

levels of funding available, as the national social tariff was likely to have been similar to our existing tariff (though with a 5% definition of water poverty, rather than 3%).

In addition to the minimum expectations, we have set out a more ambitious plan. In Appendix [A3 - Costs](#) (NES04), we show how we will deliver stretching performance from base expenditure allowances, how our enhancement programme is efficient and well justified, and provides best value solutions where customers support this.

In this appendix we have also explored how we could demonstrate ambition to tackle affordability overall, for all customers, including future customers and those struggling to pay. We have discussed the difficult choices about balancing and phasing statutory or critical investments and affordability with our customers throughout developing our business plan. Based on these views and customer preferences, we have challenged statutory requirements and deadlines on their behalf where there could be a better outcome.

In our customer insight summaries and [line-of-sight report](#) (NES45, also see [A7 – Customer and Stakeholder Engagement](#), NES08), we describe how we have taken account of affordability concerns and demonstrated how our customers' preferences are reflected in our business plan and long-term delivery strategy.

We have also included new ways of supporting customers in our business plan. We describe our approach to new charging innovations in [Section 5.4.5](#), and our plans to significantly increase contributions from our investors in [Section 5.4.6](#). We have chosen this approach because this will provide funding to do more to support affordability in all future scenarios (rather than just relying on a share of outperformance that would be particularly difficult to achieve with stretching targets). We explain other ways we will share outperformance in other appendices (see [Section 1.4](#)).

3. BACKGROUND

We were the first water company to set an ambitious goal to eliminate water poverty in our operating areas by 2030 despite serving some of the most deprived customers in the UK, with lower-than-average household incomes. This goal was a significant commitment in our [inclusivity strategy](#) and has influenced wider national debates about the scope and opportunity for a national social tariff.

3.1. REDUCING THE NUMBER OF HOUSEHOLDS IN WATER POVERTY BY 66%

At PR19, we set several targets to support meeting our ambitious goal. The first of these targets was to **reduce the number of households in water poverty by 66% by 2025**.

When we first set our water poverty target, we estimated that around 22% of our customer base was in water poverty, or around 380,000 households. We set out to reduce this number to 140,000 households by 2025, a reduction of 240,000. We developed our zero water poverty action plan, which includes a wide range of initiatives to help reduce costs of those least able to afford them, and so move these customers out of water poverty. This includes social tariffs, increasing awareness of the support we provide, implementing data-sharing agreements, innovative technology and data science solutions, income maximisation, metering and water efficiency, and building strategic partnerships with national and local stakeholders. We explain these initiatives in more detail in [Section 5.6.2](#).

We were initially pleased with our progress. By the end of 2022, our zero water poverty action plan had helped over 190,000 customers in water poverty through bill reductions and support tariffs.

However, two years on from the economic impacts of the global coronavirus pandemic, our customers are experiencing the highest inflation rate of the past forty years and face significant increases in the cost of living in the form of higher energy, food, and fuel prices. In addition, the end of the £20 uplift in Universal Credit in October 2021 hit some customers with hard-pressed household budgets, driving an increased reliance on food banks and difficult decisions about what to go without. This has created major challenges in meeting our ambitious goal.

Table A1.2 below shows how we planned to achieve this target when we set this in 2018. This relied on three strands:

- The ambitious 18% **bill reduction** we set out in our business plan for 2020/21, the largest bill reduction of any company across the sector, would mean a substantial reduction in the number of customers in water poverty.
- **Social tariffs** would also make a very large contribution, with a target to have 105,000 households on social tariffs by 2025.
- **Smart metering and water efficiency** would provide further benefits by reducing water bills, either through tackling leaks (including from internal plumbing, such as leaking toilets) or for customers with high unmetered bills.

TABLE A1.2: CUSTOMERS SUPPORTED BY EACH STRAND, PLANNED AND ACTUAL

Initiative	Our target for 2025	2022 actual	2025 forecast (now)
18% bill reduction	125,000	92,877	0
Social tariffs	105,000	96,210	150,000
Smart metering	59,000	<1,000	10,000
Total	289,000	190,087	160,000

Source: our PR19 business plan and 2022/23 APR.

Our **18% bill reduction** meant that we immediately moved 185,752 customers out of water poverty in 2020, ahead of our original target of 125,000. However, inflation and stagnating wages has meant that bills as a proportion of household incomes have increased substantially since 2020 and, by 2025, we forecast the improvements we saw previously will be eroded.

In the North East, bills are still lower than they were in 2019 (£391 compared to £409) and bills in Essex and Suffolk are about the same as they were in 2019 (£259 compared to £256). The cost of living crisis has meant that we now estimate that only 92,877 customers have now been helped out of water poverty by 2022, and by 2025, this will fall to zero as bills increase further.

Our combined water and wastewater bill in the North East is one of the lowest in England and Wales, and more than £50 below the average in 2023/24 (£391 compared to £448 average). Our water bill in Essex and Suffolk is one of the highest water-only bills in England and Wales, at around £44 higher than average.

Table A1.3 and Table A1.4 show average bills for companies in England and Wales in 2019-20 and 2023-24. These show the impact of our bill reductions at PR19 compared to other water companies.

TABLE A1.3: AVERAGE COMBINED BILLS (ACTUAL PRICES)

Water and wastewater company	Average bill, 2019/20	Average bill, 2023/24
Wessex Water	£485	£504
Dŵr Cymru	£444	£499
Anglian Water	£440	£492
South West Water	£491	£476
Thames Water	£398	£456
AVERAGE	£419	£448
Yorkshire Water	£401	£446
United Utilities	£441	£443
Southern Water	£438	£439
Severn Trent	£354	£419
Northumbrian Water	£409	£391
Hafren Dyfrdwy	£312	£372

Source: [Discover Water](#).

TABLE A1.4: AVERAGE WATER-ONLY BILLS (ACTUAL PRICES)

Water company	Average bill, 2019/20	Average bill, 2023/24
Wessex Water	£250	£261
Essex and Suffolk Water	£256	£259
Thames Water	£216	£258
Affinity – South East	£209	£257
South East Water	£211	£242
Affinity Water – East	£184	£227
Anglian Water	£191	£222
South West Water	£213	£216
Sutton and East Surrey	£199	£216
AVERAGE	£193	£215
Bristol Water	£189	£213
Severn Trent Water	£175	£213
United Utilities	£211	£210
Yorkshire Water	£173	£198
Hafren Dyfrdwy	£153	£195
Dŵr Cymru	£189	£193
Northumbrian Water	£185	£188
Affinity Water – Central	£175	£187
Southern Water	£157	£186
South Staffs	£147	£173
Cambridge	£141	£161
Bournemouth	£149	£140
Portsmouth	£107	£117

Source: [Discover Water](#).

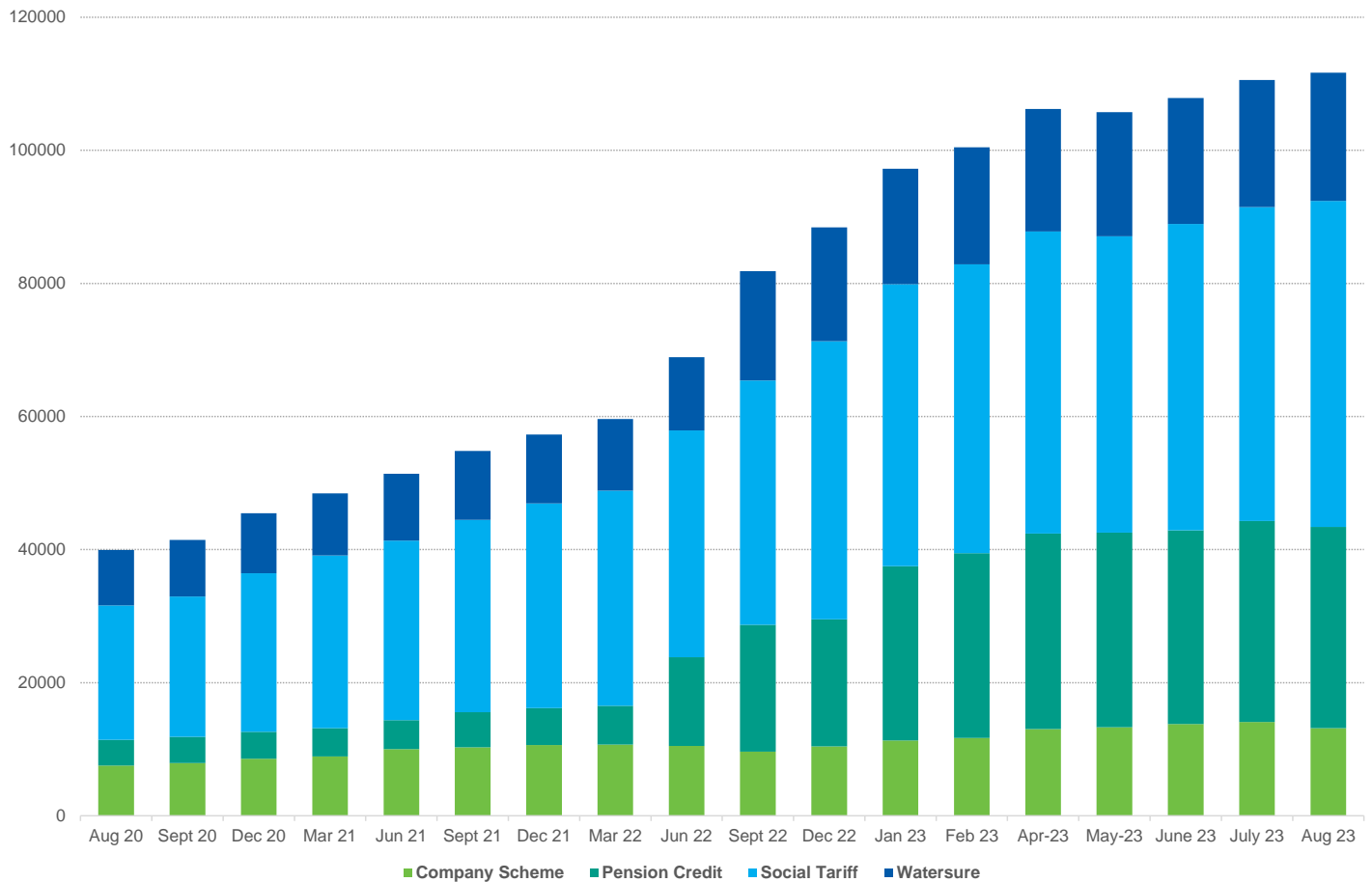
Our bill reduction has still had a large impact in supporting affordability, but only from helping to mitigate the impacts of rising inflation and living costs and it has not helped to reduce the number of households in water poverty, as originally planned. In response to the challenges we have faced, we have worked hard to increase the scope and awareness of the support we offer to make improvements for the remainder of 2020-25.

We planned to increase the number of customers supported by a **social tariff** to 105,000 by 2025. We based this profile on a mix of funding from our win-win debt-funded support scheme and an increased cross-subsidy from other customers. By July 2023, we were supporting 107,863 customers with a reduced bill.

- During 2022/23, we increased the number of customers benefitting from financial support through our [Support Plus tariff](#) by 65,081 to 75,164, an increase from 10,083. This provides a discount of up to 50% for customers on a low income or receiving pension credit.
- The number of customers on our company-funded tariff also increased by 8,175 from 5,602 in 2019, which means we now have 13,777 customers benefitting from bill reductions of up to 50%. These customers are not eligible under low-income criteria but might have other debts which mean that water bills are unaffordable. We provide these customers with support from StepChange, a debt charity, too.

- We've also seen a steady increase in our WaterSure numbers, and we now have 18,922 customers on this tariff compared to 6,670 in 2019.

CHART A1.5: AFFORDABILITY SUPPORT BY TARIFF TYPE



Source: our internal reporting

Chart A1.5 shows how the number of people receiving affordability support has increased since August 2020. We have met and exceeded our original plan for social tariffs take-up through innovative data sharing and data science projects to help identify more households that would benefit from a social tariff. This has led to substantial increases in uptake for social tariffs, including automatic applications based on data sharing. On the next page, we provide an example case study that shows how data sharing has made a strong contribution to this outperformance. This has been particularly important in the context of the cost-of-living crisis.

We expected that **smart metering** would help move 59,000 customers out of water poverty through improved water consumption savings. This is because our ‘whole area metering’ approach means that we install smart meters for a whole area at once, but then continue to charge customers on an unmeasured basis. Installing meters like this allows us the

benefits of scale as well as detecting leakage and monitoring the network, without depending on households switching to meters.

Our teams can then identify customers who would save from switching to a metered bill – that is, around 20-25% of customers – and then proactively and regularly communicate with them to encourage them to switch to a meter where this is beneficial to them. We discuss this further in [Section 5.4.2](#).

However, following delays due to the pandemic and social distancing rules and then supply-chain issues and further challenges resulting from the global chip shortage, we have made much less progress on smart metering than we expected by 2023. These numbers will continue to grow up to 2025 as we seek to get our smart metering programme back on track. Further details can be found on the progress of our smart metering programme in [Appendix A6 Deliverability and Past Performance](#) (NES07).

Case study: data sharing with the DWP to move customers out of water poverty

In March 2021, we were an early adopter of data sharing with the Department for Work and Pensions (DWP) to help identify customers needing financial support. This Act allowed DWP and other authorities to share information with water companies to help people living in water poverty to reduce their water bills, improve water efficiency, or improve their health or financial well-being.

We securely share customer data with the DWP, which matches it against its records to let us know if a customer receives certain benefits. This approach allows us to provide industry-leading proactive service to our customers, applying discounts to their water bills and moving them out of water poverty without needing them to take time and effort to apply to us. For example, this allows us to identify customers who may be eligible for our WaterSure and Pension Credit tariffs.

As a result of this arrangement, we have reduced customer effort and now automatically verify eligibility for Bill-Cap Watersure and our Low Income Pensioner Discount using DWP information. This has helped to increase the number of customers benefiting from Watersure by more than 200% as of September 2023.

The pension credit matching has been even more successful resulting in more than seven times as many (an increase to 30242 from 4152) pensioner households supported by a discounted bill compared to March 2021. We know pensioner households have heightened concerns about scams and often view support schemes as handouts. This proactive approach has overcome this barrier and provided customers with the discounts they are entitled to.

3.2. INCREASING AWARENESS OF SUPPORT

We know that those needing support are often the very hardest to reach. While increasing awareness of our support is essential, more is required to make sure all eligible customers can and do access these services.

We measure customers' awareness of the additional financial support we offer. This includes both discounted bills and writing off customer arrears for eligible customers. We measure this awareness in quarterly surveys with customers. Customer awareness of additional financial support dropped to 41% in 2022/23, lower than our target for this year of 52%.

We are disappointed with this result, especially as we have done a lot of work in the last two years to help our customers who have found themselves in financial difficulty. This includes a sustained advertising campaign, providing detailed information to all customers at key points (such as the end of the Covid-19 furlough and at Christmas), promoting additional support on billing envelopes and standard letters, updated website information, partnerships with social housing providers and councils on change of tenancy, and introducing training for employees on inclusivity. This is in addition to developing practical tools to help our employees talk to customers, friends, family and neighbours about affordability and the support available.

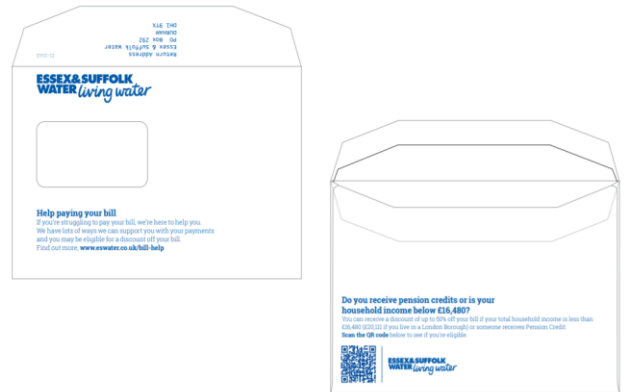
We are integrating a sustained campaign across internal messaging, external communications, digital and social media, marketing, and stakeholder engagement acknowledging the wider affordability challenges. For example, we brought together our focus during Customer Service Week (4-8 October 2021) with a relaunch of 'Water without the Worry' where we focused on promoting the support services we offered and encouraged our customer service colleagues ('Water without the Worry' Warriors) to use a specially designed social media tool kit to promote our services on their local social media groups.



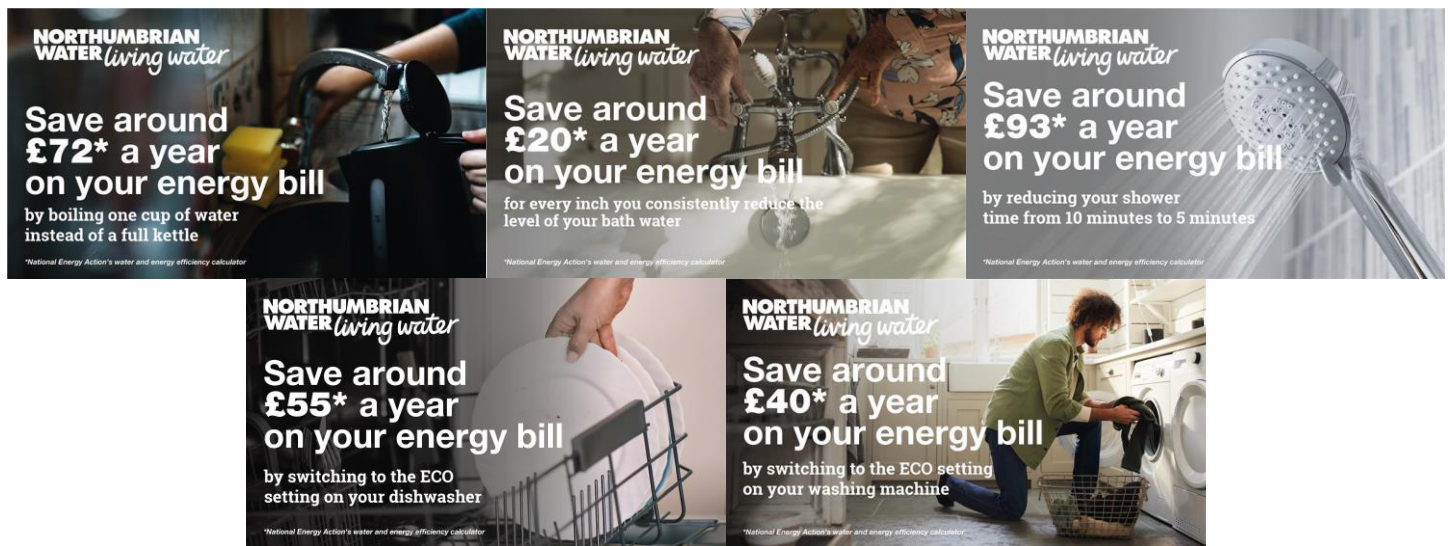
In 2021 our integrated advertising campaign focused on the message 'help with bills', and we communicated a wide range of free support, especially for those unexpectedly affected by the pandemic and people already having financial difficulties. We continue to provide our customers with guidance on how we can help make sure their water bills are more affordable. Using feedback from customers and their representatives, we have made changes to make finding the help they need on our website easier.

Over Christmas 2021, we reached out to stakeholders asking them to share information about our financial support services with their local communities and partners and providing advertising materials to use.

Since January 2022, all our customer billing correspondence has promoted our additional support prominently on envelopes. We have also changed all our standard letters and reminders to make support offers much more visible. In addition, our website now includes information about money and mental health support, giving customers alternative ways to talk to us and signposting where they can get external help. We also have a quick eligibility checker to tell customers what schemes suit their circumstances.



We have created updated adverts for 2022/23 to highlight the financial savings available from combined energy and water savings:



We have also worked extensively with partners to explore all appropriate data-sharing opportunities. For example:

- We committed to a five-year partnership with the charity National Energy Action to fund its Water Poverty Unit, a hub for research and sharing national best on affordability, from which the whole sector benefits.
- We have also been working to strengthen our links with local authorities and housing associations in our regions. We have 11 partners who will assess for social tariffs on our behalf as part of their financial well-being work for tenants in their social housing. These assessments are regularly completed at change of tenancy so that discounts are offered from their first bill. In addition, we are working with two local authorities on arrangements to share social tariff eligibility data across their areas, extending beyond their tenants to reach more customers. We already have such an agreement fully signed with the London Borough of Barking and Dagenham.

- We have worked with Norfolk County Council helping customers in arrears through the Government’s Household Support Scheme. We are discussing data sharing and hardship support with a further six councils.
- We are working with Believe Housing and Gentoo on an approach to use our existing data-sharing arrangements with DWP to assist customers where we don’t bill them directly.
- We were also the first water company to partner with StepChange, a leading UK debt charity, and we developed practical tools for our employees to help them talk to customers, friends, family, and neighbours about Water without the Worry – challenging them to recognise that we all know people who need a bit of extra support.
- Internally, we introduced training on inclusivity in partnership with the Money Advice Trust to help identify customers in situations where we can offer further support.

We also work to increase the awareness of our priority services, and this has increased from 39% to 45% by the end of 2022/23 (compared to our target of 52%).

We did this through proactive contact campaigns with customers using more than two million targeted email communications and social media campaigns – generating significant interest and engagement with the relevant pages of our website. We have also increased and improved our social media messaging, focusing on situational rather than service-based narratives to target and offer support to different customers group.



We have used new digital technology to increase the reach of our Priority Services Register, with a substantial increase to 8.8% of our household customers by March 2023 (and we are now on track to meet our target of 10% by 2025).

Case study: Support for All, a cross-sector PSR hub

We are working with UK Power Networks, British Gas, Northern Powergrid, Northern Gas Networks and other water companies, to identify the best way to share information about those who need extra support. After successfully bidding for funding to Ofwat’s Innovation Fund, the ‘Support for All’ project seeks to design and build a hub to host this data, sharing Priority Service Registers between companies. Once this is working regionally, we intend to develop this into a national platform to benefit society as a whole.

3.3. OUR INCLUSIVITY TARGETS

We are proud to have maintained BS 18477: Inclusive Service Verification, as we said we would in our business plan at PR19. The standard assesses whether inclusive services are fully accessible to all customers and whether companies have the right business processes. We were an early adopter of this in our PR19 performance commitments, with all companies now committing to meeting this standard through Water UK.

From 2022, the standard has been updated and there is now a Kitemark scheme based on BS ISO 22458 (updated from 18477). In August 2023 we conducted a gap analysis against this new standard and accreditation is being completed in October 2023, which we are committed to maintaining throughout AMP8.

We also work hard to make sure that customers who receive support are satisfied with the services they receive (through a satisfaction score out of ten), indicating that we deliver a quality approach to supporting these customers. Although we have a very high standard of customer experience (we are the best in the sector in 2022/23), it is particularly important that we understand the experience of this group of customers, who receive specific services. We are meeting our performance commitment to satisfy customers who receive additional financial support, scoring 9.2 in 2022/23 against our target of 8.7.

Case study: Settld

SETTLD is a free, simple, and secure 'tell us once' end-of-life service we introduced in February 2022. It is the first time a water company in the UK has joined forces with a bereavement administration service to help ease the end-of-life admin stress for their customers.

The service allows next-of-kin to send us, and all other companies, a death notification by completing just one form. Once a next-of-kin has completed a SETTLD form, it updates customers on the closure or transfer of all accounts through digital notifications. This drives a faster resolution and removes effort and admin from the applicant, giving them more time to focus on what matters. In addition, SETTLD is rated an excellent 4.9/5 for customer satisfaction from its users.

We want to make sure that all of our customers have a voice. At PR19, we made two commitments:

- At least 25% of all of the customers who get involved in shaping our services and plans for the future will be those who need extra help.
- We will make sure that the customers who actively take part will be representative of the diversity of people we serve.

Our Appendix A7 – Customer and Stakeholder Engagement (NES08) explains how we have met this requirement. This includes offering participants different routes to engage (including a blend of online and in-person engagement). This helps us to make sure that we hear a wide range of voices, from as many customers as possible.

4. UNDERSTANDING THE ISSUES – INFORMING OUR PR24 PLAN

Since 2018, our shared understanding of water affordability has improved. This includes cross-sector reviews such as the [CCW Affordability Review](#) in 2020, and other research from stakeholders since, but also our own learning from our experiences and performance up to 2023 and the shared findings from other water companies and sectors.

In developing our business plan, we wanted to make sure that we had learned from our experiences and performance since 2018. We also wanted to do much more analysis to identify the groups of customers – and specific customers – who are either in water poverty or are at risk of being in water poverty.

This section looks at what we have learned, and the factors from our analysis that drive affordability and inclusivity challenges. We have used this in developing our plans for 2025-30.

4.1. CCW AFFORDABILITY REVIEW

In 2020, Defra and the Welsh Government asked the Consumer Council for Water (CCW) to carry out a [review of affordability](#) across the sector and make recommendations to water companies and regulators. This built on findings from their Water Matters research series, which showed that in 2019/20, one in ten customers in England considers their water bill to be unaffordable – and CCW expected this to increase due to the economic consequences of Covid-19. They published their findings and recommendations in 2021.

CCW made ten recommendations in its report. We have already taken action to implement most of the recommendations and advice given, and we are working towards implementing the rest. We describe our progress against these, and our future plans to tackle the remainder, in [Annex 1](#) of this appendix.

Case study: Improving flexible payment arrangements

As our customers' incomes continue to be impacted by Covid-19, rises to VAT, and increases in the cost of living, we want to do everything we can to protect the affordability of water bills by supporting them to have more control and flexibility over the payments they make.

In June 2021, we launched the option for customers to make payments using KiKapay. This new payment service uses open banking to connect customers to their bank to initiate secure and immediate payments. It gives customers more control over their payments, and several hundred customers have used this to keep their account current.

At our 'virtual' Innovation Festival in 2020, we worked with Netcall, an organisation with a quick and easy app development platform, to explore pain points for customers in arrears. Using this insight, they created an app that makes a smoother and more efficient journey. For example, customers can request changes to the amount they pay each month – reducing their payment by 50% or increasing it by 25%. In addition, the form includes a button to request financial support for customers who feel they would benefit from a broader affordability conversation. After a successful trial period,

we are working to build this into our website directly.

The Breathing Space legislation came into force on 4 May 2021 and gives someone in problem debt the right to legal protection from their creditors, usually for up to 60 days. We have placed holds on 3,960 customer accounts with a total debt value of £4.97m. While a customer is in Breathing Space, we communicate with them and their debt advisor about our SupportPlus options and ways to help.

Once a Breathing Space has ended (either after 60 days or earlier), 43% of our customers have since made a payment, 8% have moved to an insolvency route, 29% are on an agreed payment arrangement, and 18% have entered our affordability process. These trends have remained consistent. If a customer does not come out of Breathing Space with a solution, we proactively contact the customer to encourage them to talk to us for further support.

In particular, we supported the introduction of a sustainable, single social tariff to eliminate water poverty in England and Wales at the 5% level. CCW said that this tariff should have consistent eligibility criteria and be easily accessible to all customers. We worked closely with Defra, CCW and others to support further analysis of how such a single social tariff might be implemented – and we are disappointed that this work to explore a single water affordability scheme is no longer progressing. For PR24, we wanted to make sure that our support became more consistent with this approach, to help to deliver a more consistent approach across England and Wales in the absence of the introduction of a single scheme.

The water sector's approach to affordability has evolved over many years. The Consumer Council for Water's (CCW) Living with Water Poverty research from 2014, and the previously updated research from 2009, defined water poverty as where 'a household is spending more than 3% of their disposable income on water'. The definition was formalised in 2010 by the Understanding Water Affordability Advisory Group in 2010, comprising social research experts and representatives from stakeholder organisations, and used by Ofwat in its evidence report on affordability and debt in response to the Independent Review of Charging for Household Water and Sewerage Services.

In 2018, we set our target at this 3% level as defined by CCW – this was industry leading, and much more ambitious than many other water companies who targeted a 5% definition of water poverty (that is, 'a household is spending more than 5% of their disposable income on water').

However, the CCW Affordability Review recommended that a social tariff should be set at the 5% level. This was based on a quantitative analysis [by CEPA](#) (updated from work previously done for Water UK), alongside other research, which showed that this was an appropriate measure of water poverty. In April 2019, [Water UK pledged](#) to make water bills affordable as a minimum for all households with water and sewerage bills more than 5% of their disposable income by 2030.

FIGURE A1.6: PROGRESS AGAINST CCW AFFORDABILITY REVIEW RECOMMENDATIONS

<p>Recommendation 1 Customers should be given greater choice and control over how they pay their water bill.</p>	<p>Recommendation 2 Companies should, wherever possible, take appropriate action, tailored to a customer's individual needs, with the aim of preventing financial difficulty.</p>	<p>Recommendation 3 Debt support should be based on a customer's individual circumstances and ability to pay.</p>	<p>Recommendation 4 A range of wider support options should be offered. These should have clear, consistent eligibility criteria and be easily accessible for all customers, with co-design principles being adopted.</p>	<p>Recommendation 5 All available funding streams should be maximised to enable water companies to provide the most effective affordability support for customers.</p>
<p>We have:</p> <ul style="list-style-type: none"> Increased the range of payment arrangements available. Provided both an online account and app where customers can view bills, balance, and set up payment arrangements. Offered payment breaks to customers and implemented the Debt Respite Scheme (Breathing Space). Offered on short-term payment arrangements to support customers through periods of reduced income. 	<p>We have:</p> <ul style="list-style-type: none"> Developed a warm transfer service set up with StepChange to provide debt and income maximisation advice. Built an income maximisation tool on our website to assess for eligibility for tariffs and provide information and options about affordable arrangements. Reviewed our company funded discounted tariff to make it easier to apply with in house assessment. 	<p>We have:</p> <ul style="list-style-type: none"> Introduced financial support assessment to assess eligibility to both ESW and AWA support tariffs. Aligned our full income assessment to SFS and offer full arrears write off for customers with long term affordability problems. Implemented Open Banking solution to easily validate income and expenditure details. 	<p>We have:</p> <ul style="list-style-type: none"> Enhanced offering of affordability tariffs to support both low income customers and those struggling to pay both short term or long term. Developed a water efficiency tariff which incentivises lower water consumption through rewards, without penalising those who don't or can't reduce their usage. One stop tariff assessment introduced to assess for all tariffs. 	<p>We have:</p> <ul style="list-style-type: none"> Increased our customer-funded cross subsidy to an average of £3.75 which has enabled us to provide additional financial support. Expanded our company funded tariff offering to customers in short term financial difficulty.
<p>Recommendation 6 Introduce a sustainable, single social tariff to eliminate water poverty in England and Wales at the 5% level. This tariff should have consistent eligibility criteria and be easily accessible to all customers.</p>	<p>Recommendation 7 Customer communications should be clear and accessible.</p>	<p>Recommendation 8 Water companies should improve their understanding of their customers and the communities they serve, through research, engagement, and increased transparency.</p>	<p>Recommendation 9 Water companies should take a proactive approach to identifying those customers who may need support.</p>	<p>Recommendation 10 Through information and data sharing, companies should increase the information they hold to improve the identification of customers in need of financial support.</p>
<p>We have:</p> <ul style="list-style-type: none"> Played an active role in the development of a national single social tariff and we will align our social tariffs with the proposed National Social Tariff definition and eligibility criteria. 	<p>We have:</p> <ul style="list-style-type: none"> Enhanced our messaging across all communications to highlight available support. Updated and aligned our affordability scheme names following CCW customer research. Simplified online registration for PSR. Achieved BSI Accreditation for a second year demonstrating our vulnerable customer focus in communication and services. 	<p>We have:</p> <ul style="list-style-type: none"> Involved customers and at least 20% of all research participants in vulnerable circumstances. Engaged customers in the development of communications and bills. Ran innovation festival sprints leading to the development of our Support for All project. Utilised Water Poverty and PSR modelling tools to understand our customer base and enhance targeting. 	<p>We have:</p> <ul style="list-style-type: none"> Ran joint promotion with Age UK North Tyneside. Implemented daily PSR data sharing with UKPN. Developed new pre-paid leaflets to allow customers to easily sign up for PSR where not digitally engaged. Rolled out Dementia Awareness and Mental Health training across company to identify needs. 	<p>We have:</p> <ul style="list-style-type: none"> Established Water Poverty unit with NEA. Implemented DWP Data sharing for Low Income Pensioner Discount and WaterSure. Partnered with multi organisation to enhance range of support available (IE Hub, Settlid).

There are currently 12 pilot schemes across the sector trialling some of the recommendations from the CCW independent review of water affordability. Some of these are now complete, and we have used the results of these to inform our approach for PR24.

The affordability review highlighted our contribution to innovation in this area – that is, our successful bid to Ofwat's Innovation Fund for our cross-sector 'Support for All' project, a solution to allow PSR data to be shared between different sectors.



Developing a single online support hub

Northumbrian Water is working on creating a central hub that allows energy and water companies to share details of who is on their priority services registers (PSR).

These registers feature customers who have signed up for different forms of practical help. For example, the delivery of bottled water to their home during periods of disruption to their water supply.

The ambition is for this to eventually lead to data being shared between utility providers to make it easier for customers in need of financial help to be identified and helped at an earlier stage.

A cross-sector steering group is taking the project forward.

4.2. EVIDENCE FROM OTHER STAKEHOLDERS

As part of our work to understand affordability, we provided funding in a partnership with National Energy Action to create a Water Poverty Unit to bring affordable water and affordable warmth to vulnerable and low-income householders. As part of [their response](#) to CCW's affordability review, NEA recommended that all water companies should agree and adopt a common measurement of water affordability by 2025 – and that there should be a common water poverty strategy and a statutory target to eliminate water poverty by 2030. They noted that this should not prevent the mitigation of the impacts of water poverty now.

NEA also suggested some principles for making sure that affordability support was fair for all households. This included consistency across companies, and helping those who were in 'severe water poverty' first. NEA also recommended that the common approach to a national social tariff should seek to cover the 'water poverty gap' – that is, bringing customers below a 3% or 5% threshold, rather than a fixed discount or cap (this is the approach used for our social tariff already).

Case study: NEA and the water poverty unit

NEA works across England, Wales and Northern Ireland to make sure everyone in the UK can afford to live in a warm, dry home. To achieve this, we aim to improve access to energy and debt advice, provide training, support energy efficiency policies and local projects and coordinate other related services which can help change lives. NEA also works with Northumbrian Water Group (NWG) and other water companies to eradicate water poverty by 2030. The programme aims to establish an industry-acknowledged definition of water poverty and a more consistent and joined-up strategy to deliver positive outcomes for customers struggling with water bills.

Adam Scorer, Chief Executive, NEA said: "This is a tremendously exciting project. We are delighted to use our 35 years of experience tackling fuel poverty to help better understand and tackle water poverty. People who struggle to afford a warm and dry home will struggle to afford other essential services, such as water. Understanding what works and how it can be applied in energy and water should bring benefits to both sectors, and we look forward to working with NWL, and other water stakeholders, to help make it happen."

<https://www.nea.org.uk/water-poverty>

[Citizens Advice suggested](#) further data matching to provide support for people struggling to pay water bills, as well as noting that reducing consumption would play a role in improving affordability, as well as meeting other objectives on sustainability and the net zero transition.

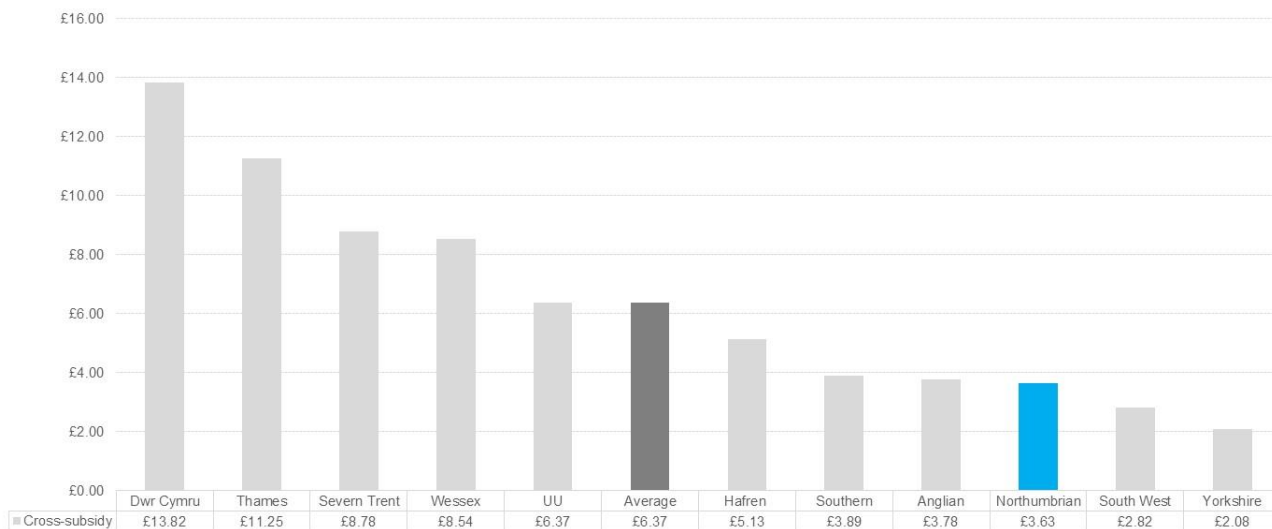
In our own response to the Affordability Review, we highlighted the risk of a 'postcode lottery' on the cross-subsidy that was provided in different company areas (which is determined by customer engagement for each individual company).

CCW considered this and proposed alignment of social tariff support schemes, along with the Government making funding mandatory through bills at a local level – or, preferably, through a single social tariff with a central funding pot.

We are only permitted to fund social tariffs through cross-subsidies which are recognised and supported by other customers, and in 2020 we carried out customer research to test support for an increase in our cross-subsidy for social tariffs and to understand what level of subsidy they might be willing to bear.

This led to a cross-subsidy of £3 in Essex and Suffolk, and £3.75 in the North East (that is, customers are willing to pay this amount on average on their bills to support customers in water poverty). This compares to an average customer-funded cross-subsidy per dual service social tariffs customer across the industry in 2021/22 of **£6.37** (our analysis from company Annual Performance Reports). We expected that this would be low, as our areas do not have high incomes, and this was higher than we expected. However, this meant that there was less opportunity for cross-subsidies than for other companies. Chart A1.7 shows a comparison across companies.

CHART A1.7: 2021/22 CROSS-SUBSIDY BY COMPANY



Ofwat’s [Listen, Care, Share work](#) in 2021 and 2022 showed that more and more bill payers are struggling to pay one or more household bills – including an increase in the proportion struggling with water bills. This research showed low levels of awareness of financial support (much lower than our own metrics), and increasing challenges. Since this research, the cost-of-living crisis has become much more challenging, with energy bills and inflation creating more issues still.

In our [affordability and acceptability research](#) (NES50), only 15% of our customers said that they found it difficult to pay their bill at the moment. However, 46% said they would find it difficult to pay the proposed bill for 2030. This difficulty was particularly apparent among lower income groups, younger groups, and those living in areas classed as more deprived in the Index of Multiple Deprivation (IMD). This shows the importance of affordability support in 2025-30, when bills will increase.

4.3. UNDERSTANDING OUR CUSTOMERS – OUR DETAILED ANALYSIS

The ability to segment and analyse our customer base in a granular and dynamic way is essential to understanding how deprivation and other factors affect individual customers.

Previously, one of the main challenges we have experienced has been getting an accurate measure of income. This has been exacerbated by the impact of Covid-19 on incomes, which has made it more difficult to detect differences between underlying and temporary issues. In developing our affordability and inclusivity plans for PR24, we have drawn on our dedicated research and learning from our partners to understand better our customers and the challenges we must overcome. For example, we know that customers who are less satisfied with their water and wastewater services are more likely to benefit from extra help – this insight is supported by our own evidence, and the findings from CCW's annual Water Matters research.

We carried out a large-scale analysis of our entire customer base at a granular level to understand the regional composition of specific customer groups, the potential challenges, and water poverty implications. We worked with leading credit reference agency TransUnion to develop a detailed dataset about household incomes, housing costs, and water bills. This exercise uses actual and estimated household data, and region-specific variables and assumptions to assess likely local economic conditions. TransUnion generated a central set of household income projections as part of this work and developed these further by removing housing costs to enable comparison with our water poverty metrics.

This analysis brings different data sources and assumptions together to help us to identify the scale of the problem in our areas – and how this will change in future. This is a more sophisticated analysis than those previously done by Ofwat, Defra, and others to model water affordability, as it brings together more datasets, and uses real local information.

TABLE A1.8: MONTHLY AVERAGE HOUSEHOLD INCOME, HOUSING COSTS, AND BILLS BY REGION

Region	Number of records	Average household income	Average household housing cost	Average annual water-only bill
Essex	610,822	£2,281	£1,084	£28
Suffolk	112,654	£1,897	£936	£17
Northumbrian	1,090,048	£1,942	£777	£32
Combined	1,813,524	£2,054	£890	£29

Source: TransUnion analysis of our customer data.

From our original input file, we located 3.5m individuals using TransUnion residence and domicile data, of which we also located income information for a large proportion of records (around 87%). This meant that our analysis looked at about 1.8 million records for our customers (compared to just estimates of income distributions as previously used in national assessments of water poverty).

Based on analysis of these records, we identified 21% of households in the North East, 18% in Essex, and 9% in Suffolk as living in water poverty. Overall water poverty across all three regions is 19%, which compares to around 17.4% in England, indicating that water poverty levels are 1.6% worse than the national average.

Our analysis also forecasts that more households will be in water poverty without interventions.

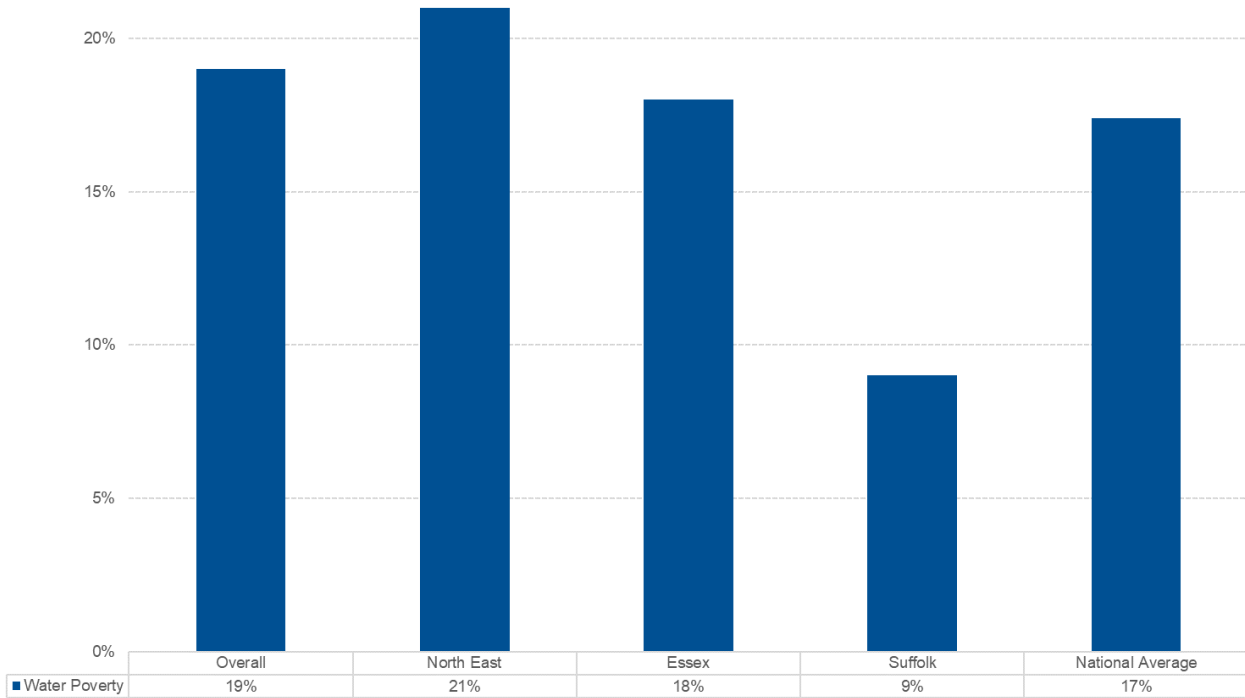
In 2022, average pay rose by 6.4% between September and November compared to 2021. However, when adjusted for rising prices, wages fell in real terms by 2.6%. Larger families are being hit particularly hard since changes in cost-of-living payments no longer consider family size and instead place a limit on two children. And benefit payments remain **around 6% below their pre-pandemic level**, in real terms.

Higher mortgage costs as fixed-rate loans come to an end and new deals are negotiated will add to the financial burden already felt by millions of households reeling from the worst fall in living standards in a century. Mortgage payments are expected to increase by £3,000 a year for about two million homeowners forced to refinance their loans in 2023, and a knock-on rise in average rents will also hit millions of private tenants.

Living costs are also rising at the fastest rate in almost 40 years, with energy and food prices increasingly rapidly, and inflation is at its highest rate in 40 years, driving historic falls in real household disposable income.

Water bills, while a relatively small part of a household's overall spending, are still a cost that all households incur, and any reduction in bills will help their overall financial position. While our goal relates to water poverty, this is a strong indicator of more general economic challenges, so holistic support for households is essential.

CHART A1.9: WATER POVERTY LEVELS AT A 3% BILL TO INCOME THRESHOLD



4.4. THE NORTH EAST

As measured by the Index of Multiple Deprivation (IMD), the North East has the highest percentage of households deprived in at least one dimension (54.55%). Gateshead, Northumberland, and Hartlepool are in England's top ten local authorities for the most significant percentage point increase in the most deprived 10% of areas. This shows an increase in neighbourhoods classed as highly deprived, three of these top ten local authorities are in the North East.

As of [2021/22 End Child Poverty Report](#), the North East has the second highest child poverty rate in the UK at 35.2%, up from 26.3% in 2014/15. Six of the region's parliamentary seats now feature in the list of the 20 areas with the highest increase in child poverty rates in the UK. Around [40% of the population](#) live in households with an income of less than £20k.

There is also a higher proportion of unemployed people in the North East than in the rest of the UK, and the average household income is £33k. In addition, more than 25% of the households are socially rented, and households containing lone parents occur more in the North East than in Great Britain (2019 Acorn profiles).

Because of high poverty levels in the North East, more than a third of households cannot afford even small unexpected but necessary expenses (such as repairing supply pipes). The region also has the highest proportion of accounts with a debit balance (the number of account balances in debit compared to the total number of customer accounts), the highest bill-to-income ratio(s) and the highest proportion of accounts with two or more payments down.

TABLE A1.10: NORTH EAST BILL TO INCOME THRESHOLDS BY INCOME BANDS

Income	Household count	%2down	Bill ratio >1	Bill ratio >2	Bill ratio >3	Bill ratio >5
Missing	69,656	2.8%	0	0	0	0
Negative affordability	107,682	5.2%	0	0	0	0
>6k	100,479	5.5%	79%	78%	77%	67%
>8k	41,404	5.4%	80%	78%	64%	34%
>10k	42,346	5.1%	80%	72%	52%	13%
>12k	42,136	5.2%	81%	64%	41%	3%
>14k	41,305	4.8%	81%	58%	28%	1%
>16k	38,539	5.1%	81%	52%	15%	1%
>18k	36,336	5.0%	80%	43%	6%	1%
>20k	33,976	5.0%	78%	35%	3%	0%
>22k	31,899	5.0%	76%	26%	2%	0%
>24k	30,097	5.0%	73%	15%	1%	0%
>26k	28,803	4.7%	70%	8%	1%	0%
>28k	27,198	4.9%	68%	5%	1%	0%
>30k	25,501	4.8%	65%	4%	1%	0%
>30k+	392,691	4.7%	21%	1%	0%	0%
Total / average *	1,090,048	4.9%	72%	38%	21%	9%

4.5. ESSEX

Essex is home to some of the poorest wards in England (in Southend) and towns with deep-seated urban deprivation. More than 123,000 people in Essex, including 40,000 children, live in areas that are in the 20% most deprived of the whole UK.

Essex is also home to a growing gap between the most and least deprived districts. It is one of the largest counties in England, with a diverse make-up from the rural north of the county to the urban developments of the Thames Gateway. 4.3% of the population lives in households with an income of over £100k. There is a higher proportion of self-employed people than the rest of the UK, and the average household income is £38k. Almost 20% of the households are likely to be privately rented, and the average age is slightly younger than the base (2019 Acorn profiles).

Essex has the highest overall proportion of mortgage payers, and 2% of households in Essex have six or more residents - likely due to apartments/flats with the same property reference number- and a lower proportion of households with one or two occupants compared to our other regions.

TABLE A1.11: ESSEX BILL TO INCOME THRESHOLDS BY INCOME BANDS

Income	Household count	%2down	Bill ratio >1	Bill ratio >2	Bill ratio >3	Bill ratio >5
Missing	32,000	2.7%	0	0	0	0
Negative affordability	72,380	4.0%	0	0	0	0
>6k	46,991	4.0%	88%	83%	75%	61%
>8k	16,899	3.9%	85%	65%	48%	22%
>10k	16,443	3.6%	82%	58%	38%	14%
>12k	16,006	4.2%	77%	49%	27%	7%
>14k	15,748	3.8%	73%	42%	20%	3%
>16k	15,536	4.0%	69%	34%	15%	2%
>18k	15,105	3.9%	65%	28%	11%	1%
>20k	14,911	3.7%	61%	23%	6%	1%
>22k	14,088	3.7%	58%	19%	4%	1%
>24k	13,626	4.0%	53%	15%	2%	0%
>26k	13,478	3.9%	49%	12%	2%	0%
>28k	12,820	3.6%	46%	9%	2%	0%
>30k	12,323	3.6%	41%	6%	1%	0%
>30k+	282,468	3.8%	12%	1%	0%	0%
Total / average *	610,822	3.8%	61%	32%	18%	8%

4.6. SUFFOLK

In Suffolk, deprivation varies hugely. Several areas have the country's highest deprivation levels, with higher levels than any in the North East. Suffolk also has a higher proportion of retired people than the rest of the UK, and the average household income is £34k. Almost 40% of the households are likely to be owned outright, and the average age is slightly older than the base (2019 Acorn profiles).

Most households in Suffolk are metered with fewer accounts being two or more payments down, reflected in the average debit balance and the low proportion of customers in debt.

Suffolk has slightly lower levels of people living in relative poverty (17.8%) than the UK average (22%). However, increasing numbers of Suffolk residents are experiencing fuel and food poverty and struggling with low incomes and housing costs. In addition, the Covid-19 pandemic and the current cost of living issues have further increased the number of Suffolk residents affected and the depth of poverty many people are experiencing.

Suffolk has lower levels of poverty than some parts of the country. Still, some challenges make it hard for many to make ends meet, most notably lower than average income and high housing costs compared to the England average.

TABLE A1.12: SUFFOLK BILL TO INCOME THRESHOLDS BY INCOME BANDS

Income	Household count	%2down	Bill ratio >1	Bill ratio >2	Bill ratio >3	Bill ratio >5
Missing	8,072	2.5%	0	0	0	0
Negative affordability	14,047	5.0%	0	0	0	0
>6k	12,073	5.0%	96%	87%	73%	49%
>8k	4,372	5.2%	90%	55%	25%	3%
>10k	4,131	4.1%	84%	39%	12%	2%
>12k	3,916	4.5%	75%	27%	6%	1%
>14k	3,780	4.2%	68%	16%	3%	1%
>16k	3,547	3.6%	60%	9%	2%	1%
>18k	3,495	4.7%	51%	6%	1%	0%
>20k	3,324	5.0%	44%	3%	1%	0%
>22k	3,166	4.9%	36%	3%	1%	0%
>24k	2,956	4.0%	27%	1%	0%	0%
>26k	2,885	4.5%	22%	1%	0%	0%
>28k	2,647	5.2%	16%	1%	0%	0%
>30k	2,508	4.2%	13%	1%	1%	0%
>30k+	37,735	4.8%	3%	0%	0%	0%
Total / average *	112,654	4.5%	49%	18%	9%	4%

4.7. VIEWS FROM OUR CUSTOMER ENGAGEMENT

We tested our plan with customers throughout its development – from discussing priorities, through to testing affordability and acceptability. This included carrying out ‘pre-acceptability’ research, where we explored some topics from our business plan in more depth with customers before our formal affordability and acceptability testing. Where reasonably possible, this followed the prescribed guidance set out by Ofwat for affordability and acceptability testing.

‘Part A’ of this research aimed to understand customer views about three potential business plan packages – a ‘must do’ plan, a ‘proposed’ plan and an ‘alternative’ plan. Specifically, we sought to understand each of the following objectives for each topic:

- Explore views on the affordability and acceptability of each potential business plan.
- Identify high-level views on the costs associated with each business plan package and the trajectory of these.
- Identify how to make our preferred plan more acceptable/affordable to inform options for refinement.

Customers across both regions were cautious about their confidence in their current finances and when considering their finances in two years due to the rising cost of living. As part of the conversation, however, it was generally agreed that they received good value for money for their water service.

We asked customers to discuss opportunities for the company to improve on affordability. Customers raised a number of issues, as summarised below (extract from our research report):

NWG to put their own profits into funding investment, rather than increasing customers' bills	The initial increase of £130 for ESW customers' bills was felt to be a sharp increase for the 'must do' plan 1.	Being transparent with customers as to where profits go, where their money from bills is spent
Educating customers on how to save water and recycle water	Greatest concern is for more vulnerable people living on pensions, benefits or low incomes. A need for understanding social tariff support available to them	Starting in 2025, two years gives time for customers to start saving in preparation
Overall positive mean score (6.8) when considering value for money for their service	Overall mean level of current concern (5.3) is neutral when considering how they feel about finances	Overall mean level of concern with finances decreases (5.1) when considering finances in two years' time

Customers wanted to understand why their current bills in the Essex and Suffolk area were higher than in other areas (we later discussed this with the same group of customers in an additional '[Your Water, Your Say](#)' session, explaining the impacts of investment in water resources and the impact this had on water resilience and investment in 2020-25 compared to other customers in the South East).

Customers also wanted to understand more about why investment is needed in certain areas, and wanted to be confident that money was actually spent on these investments in practice, and that bills were kept as low as possible. Customers felt that we could do more to communicate with customers about why investment is needed and to support and educate customers to recycle or save water to help reduce their bills.

Customers were also concerned for vulnerable groups, including those who could not afford their water bills. They said that support for these groups would make plans more acceptable.

Many customers felt that the increase in bills from the 'must do' plan was already too high – but eventually still chose the highest plan as they considered this the best value. Customers did not think there was much choice, with statutory investments dominating the plan. In particular, most participants supported removing lead pipes due to the health impacts this could have. Young participants (our 'future customers' group) also thought it was important to prioritise climate change, net zero, and the environment.

Customers said that the cost of living crisis, the uncertainty of the future, and whether other bill increases will occur made it difficult for them to be confident in their ability to finance increases. They preferred certainty about long-term bill increases, rather than volatile changes, but agreed with a slowly increasing bill profile. Customers wanted us to allocate some profits into funding investment, and felt that any bill increase should come with measures to improve affordability.

We carried out our qualitative affordability and acceptability research (NES49) in May 2023, with a refined 'preferred plan' and our 'must do' plan as possible options (with slightly reduced costs). Customers felt that the bill impact of both plans was significant, and they were concerned about affordability in the context of rising bills and stagnant incomes. However, customers accepted that most of the investments are statutory – and where they are not, they were strongly supported by customers as the preferred option.

Throughout these sessions, customers expressed frustration that investment would be funded by customers. They wanted assurance that:

- Profits/shareholders were also used to fund investment (particularly in Essex and Suffolk who were concerned they already had one of the highest bills in the country).
- Transparency about progress and how money was being spent to achieve targets was important – customers wanted to know where their money is going and that wise investments are being made.
- That efficiency and innovation were considered first before increasing customer bills.

- Where commitments were not achieved, customers got their money back.

Although there were concerns about affordability of the proposed bill increase, this was not greatly different between the two plans (around 33% thought it would be difficult to afford the 'preferred plan', compared to around 27% for the 'must do' plan). Customers expressed a preference for a greater level of ambition than our preferred plan, though did not want to support a higher bill increase than in our proposed plan. These were small sample sizes (as this was qualitative research).

In our [quantitative affordability and acceptability research](#) (NES50), there was evidence of affordability concerns – particularly among households in Essex and Suffolk, where 65% agreed they sometimes struggle to pay one of their household bills (compared to an overall result of 37%). Similarly, 70% of households in Essex and Suffolk said they were 'just about getting by' compared to an overall result of 44%.

Respondents did not generally find their current water and wastewater bill difficult to pay – 46% found it easy to pay, 37% said it was neither easy or difficult, and only 15% found it difficult. However, when presented with the proposed bill for 2025 to 2030, 46% said that they would find this difficult to pay, while 20% would find it easy and 30% neither easy nor difficult. Affordability concerns were particularly high among low income groups, younger groups, and those living in areas classed as more deprived in the index of multiple deprivation (IMD).

In addition to this, customers who found our plan acceptable (74% of all respondents) said that they supported what we are trying to do in the long term, and that our plan seemed to focus on the right services. Those who found the plan unacceptable said that the bill increases were too high or that company profits are too high.

We recognise that affordability is a serious concern, and we saw throughout our research that many customers do not want to see increases in bills. We discussed this in detail with customers, as other customers did want improvements in services and were willing to see an increase in bills to achieve this. In our plan ([Section 5](#)), we explain how we addressed this by reducing the impact on average bills across our plan (by pushing back on statutory requirements where these were not clearly in the interests of customers, and challenging ourselves on efficiency). This is still not sufficient to address the affordability concerns for some customers, so in [Section 5.4](#) onwards we explain how we have substantially increased our affordability support for customers who are most struggling to pay.

5. PR24 – OUR PLAN

In the context of increasing affordability challenges, largely driven by inflation and the increasing cost of living, we knew that households would not welcome increases in water bills – even if they accepted the reasons behind these. However, we also knew that new statutory requirements introduced since 2020 would drive a very large and sustained increase in water bills over the long-term.

In developing our PR24 business plan and long-term delivery strategy, we have been open with customers about these impacts throughout the process – and we have included them in making difficult decisions about what should be in our business plan, and how investments should be phased over time. Where we could, we have pushed back to government and regulators either to reduce statutory requirements where appropriate, or to propose alternative ways of meeting the right outcomes at a lower cost to customers (often with larger and wider social and environmental benefits). We describe this in [Section 5.1](#).

This has helped to reduce some of the increase in bills that might otherwise have been needed.

We then looked at our long-term strategy and the likely scenarios for bills in future. We concluded that a bill profile which increases in real terms to 2030 was appropriate (and we describe our process for deciding this in [Section 5.2](#)).

We tested these plans with customers again, discussing possible options for phasing some of our work. Although our business plan is mostly investment to meet statutory requirements with specific deadlines, we presented options around the phasing of storm overflows, climate change adaptation, and asset health – and discussed these issues in detail with customers and stakeholders. Our approach to testing affordability and acceptability is described in appendix [A7 – customer and stakeholder engagement](#) (NES08).

Finally, we developed our plan for achieving zero water poverty in the context of increasing bills and the challenges set out in Section 3 and 4. We describe this plan in [Section 5.3](#), with further details on the specific measures we will use on affordability and vulnerability in the following sections ([5.4](#) to [5.6](#)).

This plan remains at risk from long-term trends in both statutory investment requirements and incomes. In our [long-term strategy](#) (NES_LTDS), we have looked at how bills and incomes might change up to 2050, and what this might mean for affordability. In particular, there are some large uncertainties that could have a major impact:

- The need for new water resources to tackle future sustainable abstraction reductions in Essex and Suffolk.
- The need for new investments to comply with new environmental legislation – particularly requirements for expensive and unnecessary ‘end of pipe’ solutions for removing nitrogen from catchments; potential new landbank restrictions for sludge requiring incineration; or an acceleration of the storm overflows programme.
- The uncertainty about future household incomes and poverty in a cost-of-living crisis.

We discuss these uncertainties in more detail in our [long-term strategy](#) (NES_LTDS).

5.1. REDUCING THE IMPACT ON AVERAGE BILLS

In developing our [long-term strategy](#) (NES_LTDS) and [business plan](#) (NES01), we have assessed the affordability of bills. This is essential in understanding the overall acceptability of our 2025-30 business plan proposals.

Both our long-term strategy and business plan are driven by significant statutory requirements – with the core pathway and all adaptive pathways requiring significantly higher investment in each period for the next 25 years than in the past. This will result in higher water and wastewater bills.

However, in the short-term, the cost-of-living crisis and high inflation mean that many households would face difficulty paying their water bills even before these increases. Therefore, we have had to consider the balance between investment and affordability.

We discussed individual elements of our business plan with customers during Phase 3 and Phase 4 of our customer research (see Appendix [A7 Customer and Stakeholder Engagement](#) (NES08) for a description of our strategy, the phases, and the pre-acceptability research we carried out). These discussions focused on particular elements of our plan where these could be phased, delayed, removed, or where there were alternatives that could be applied. We also spoke to our Water Forum, which carried out deep dives on the need for these investments, challenging us to reduce these plans or pursue alternatives where possible. We summarise these elements below.

For our affordability and acceptability research, we then developed two ‘packages’ of investments and service levels, based on these discussions (see [Section 5.3](#) and Appendix [A7 Customer and Stakeholder Engagement](#), NES08). Our [line-of-sight document](#) (NES45) provides more detail about how we took customer evidence into account when making our decisions.

- **Storm overflows** – the earliest [formal target for storm overflows](#) is to tackle the worst polluting and most harmful overflows discharging to priority sites by 2035 (75% of storm overflows at high priority sites to be improved by 2035). The Government has also published an indicative trajectory which suggests that 38% of high priority sites (and 14% of all storm overflows) should be improved by 2030.

Environmental improvements are the main driver for bill increases, including an estimated £33 by 2030 for storm overflows, which will increase further to an estimated £51 by 2035 (compared to 2024/25 bills)¹. Customers support environmental improvements but are reluctant to pay for these through their bills (see [enhancements and other service area summaries](#), NES43).

¹ Estimated at the time of our affordability and acceptability research.

Customers told us they were concerned about potential bill increases, and so we provided evidence to the Government in our draft DWMP (and separate correspondence) about the potential bill impacts, and our concern that customer evidence should be considered when setting the Storm Overflow Discharge Reduction Plan (SODRP). We also asked Ofwat to support us in setting the right balance between investment and bill impacts, including taking a holistic approach across all the requirements for 2020-30. The Government decided that these targets – and the associated bill impacts – were appropriate.

We discussed this with customers in our ‘pre-acceptability’ research, and they told us that although they supported doing more than the minimum, the ‘must do’ plan (which included storm overflows) would already be difficult to afford. We looked at alternative options for storm overflows, where we might meet the statutory requirements by either reducing costs or delaying investment until 2030-35.

We developed an approach to using smart networks to optimise our network, combining this with possible storage and green solutions to reduce the cost estimates. We are still piloting this approach, which has worked in other countries but is not yet used in the UK. We describe how we have challenged ourselves on cost efficiency in our Appendix [A3 – Costs](#) (NES04).

We also modelled different scenarios for phasing investment between 2025-30 and 2030-35, looking at thirteen alternatives. Many of these alternatives did not comply with statutory requirements, particularly the requirement to invest at Marske-on-Sea and Seaton Carew before 2030 (to comply with ‘no deterioration’ at these bathing waters). Our remaining flexibility was on other bathing water storm overflows, where our preferred plan would tackle half of these before 2030 – these are some of the more difficult and expensive schemes and could be delayed until the 2030-35 period if customers were comfortable with these bathing water overflows not being addressed before then. We considered alternative ways of targeting storm overflows, such as looking at those that spill the most first.

We put two options back to customers in our affordability and acceptability research – our preferred plan (£33 on bills by 2030) or the ‘must do’ plan (£21 on bills by 2030). The ‘must do’ plan delays almost all bathing water schemes to 2030-35, except for Marske-on-Sea and Seaton Carew, and will have the same impact on bills by 2035 (as this delays storm overflows, rather than not addressing them). We explained that we preferred the plan for £33 on bills because this would tackle half the bathing water schemes before 2030, which were a priority for stakeholders, and would be consistent with the SODRP trajectory. Although investment in 2025-30 would be high, our long-term strategy forecasts show that delaying investment until 2030-35 would mean additional costs above a potentially even higher investment programme in future.

Customers strongly preferred our ‘preferred plan’ and thought that this was an important investment. Many preferred an even higher phasing option, including the idea of intergenerational fairness (‘what can you buy nowadays for £10 a month, and yet you’re protecting the future?’) However, many customers would not support a higher bill increase to achieve this, and so we did not propose a further accelerated plan.

- **Removing nitrogen** – the legal requirements set by the Levelling Up and Regeneration Bill would require us to meet ‘technically achievable limits’ for nitrogen removal at many of our wastewater treatment works in the Tees catchment. We initially estimated this would cost more than £650m and discussed the emerging findings and difficult choices with our Board and Water Forum. We developed an ‘advanced WINEP’ programme that used catchment and nature-based solutions to deliver the same outcomes – but saving up to £600m for our customers.

We provided evidence on the potential impact on bills, as well as our advanced WINEP proposals, to regulators, Ministers, and local stakeholders. In response, the Government revised the draft legislation to reduce the scope of the requirements, and we estimated that this would still cost £320m.

Ofwat and the Environment Agency invited us to submit an ‘advanced WINEP’ which could use catchment and nature-based solutions to tackle nutrient neutrality. We submitted this plan to our regulators in January 2023 and discussed this with customers to understand what they would prefer – and overwhelmingly, they preferred our advanced WINEP solution. They asked us to challenge the Government and regulators on this.

“Participants considered the removal of nitrogen to be important, but the low percentage impact and high costs of engineering solutions where the main concerns, prompting participants to suggest seeking alternative solutions alongside challenging Defra. Overall, there was a preference of using catchment, nature-based solutions.”

[\(Deliberative Research into Complex Bill Drivers for 2025-30\)](#), December 2022).

After some challenging discussions with Government and regulators, we have chosen to include our ‘advanced WINEP’ within our business plan. We describe this in more detail in our [protected areas and bathing waters enhancement case](#) (NES28). We are still discussing this option with the Environment Agency, as the legislation on nitrogen removal is still evolving. We have provided an alternative option that would be technically compliant with the WINEP rules alongside our business plan.

- **Asset health** – we spoke with customers about their priorities and appetite for risk on asset health. We knew from our research that customers support a balanced approach, between a focus on affordable bills and making sure that risks are addressed in a timely way. Most customers understood the ‘dilemma between a short-term fix and a long-term plan’ and said that the same work might cost more in future – and could prevent costs and problems escalating in future years. They also thought that safe, clean spaces are valuable both for employees and communities. Other customers were cautious about spending money before it is necessary, and thought the future was quite uncertain. They thought bills would need to be kept affordable.

In response to customers, we developed a ‘hybrid, middle ground option’. This focuses on civil structures at treatment works – where we know exactly what work is necessary now, and where this has an immediate impact on service (including creating safe, clean spaces). This also includes a small uplift in mains replacement, in response to customer challenge to include this in our investment plans. We describe this in more detail in our [asset health enhancement case](#) (NES35) and in our [line-of-sight document](#) (NES45).

- **Climate change adaptation** – we discussed our planned work on flooding and power resilience with customers, as well as the potential for future issues with increasing temperatures. We asked customers if they preferred to do this later, understanding the continuing risk to supply interruptions and pollution incidents during extreme weather.

Customers support doing the work on flooding and power resilience now, even with the additional impact on bills. Again, this work has an immediate impact on service, and we know exactly what work is necessary now. We will focus on understanding the effects of increasing temperatures on treatment processes and materials, to reduce the future costs of tackling these issues. We discuss this in more detail in Section 7 of our [line-of-sight document](#) (NES45).

- **Net zero** – we developed plans for switching to electric vans from 2025, when vehicles needed replacing at the end of their useful life. Customers thought we should delay or drop this investment, as the right technical solutions are not clear (we could find that biodiesel is more effective) and this might be cheaper in future. Our Water Forum also challenged us to reduce the costs and to tackle this within base expenditure (in addition to similar points about technology and timing). We removed this as an enhancement business case, and we are exploring how this can be achieved in local areas (where it might be cheaper or there are specific supply chain or infrastructure benefits) within our normal base expenditure on vehicles. We discuss this in more detail in Section 11 of our [line-of-sight document](#) (NES45).

Across our whole plan, we have set challenging efficiency assumptions – and we can deliver these through innovation and partnership working. For example, our Northumbrian Integrated Drainage Partnership provides wider benefits as well as more efficient delivery of flooding reductions, through shared schemes. Our Appendix [A3 – Costs](#) (NES04) explains how we have challenged ourselves on efficiency.

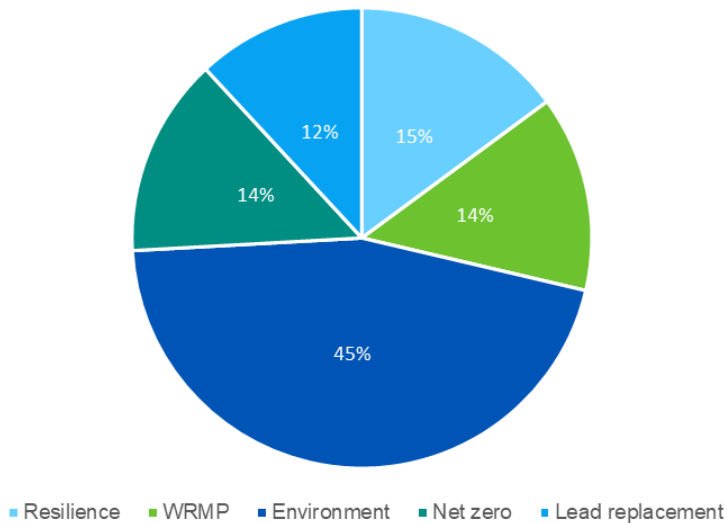
We have used ‘systems thinking’ principles to understand how our relationships and connections across our areas can support more effective and efficient services to customers. And we will pursue alternative ways to reduce customer bills or deliver more value, such as nutrient credits, bioresources trading, or providing bulk supplies of water, where (and if) we can take these opportunities.

Our business plan will mean an increase in average water bills (excluding inflation) of between **£32** and **£36** per year (or 12.5% to 14%) for Essex & Suffolk Water customers, and an increase in combined bills of between **£71** and **£77** per year (or 18% to 19.6%) for Northumbrian Water customers.

5.2. BILL PROFILES AND LONG-TERM AFFORDABILITY

Our long-term strategy looks at the bill impacts under different future scenarios (see [our long-term strategy](#), NES_LTDS, Section 4.4). Under all of the scenarios we considered, bills are going to rise continually between 2025 and 2050. This is driven by the increasing need to invest to meet statutory obligations to address environmental issues and adapt to climate change and population growth to ensure we can provide reliable, resilient and sustainable water.

CHART A1.13: CORE PATHWAY INVESTMENTS 2025 TO 2050 (INVESTMENT £M AND % OF TOTAL)



Our [long-term strategy](#) (NES_LTDS) looked at our long-term targets, tested these with customers, and worked back from these to the actions and investment that we would need to deliver. This builds on established long-term planning frameworks and their common assumptions and forecasts.

Our strategy goes on to define plausible future scenarios for 2050, that explore some of the challenges and risks in the long-term. We calculate bill impacts as well as estimating the future impacts on affordability.

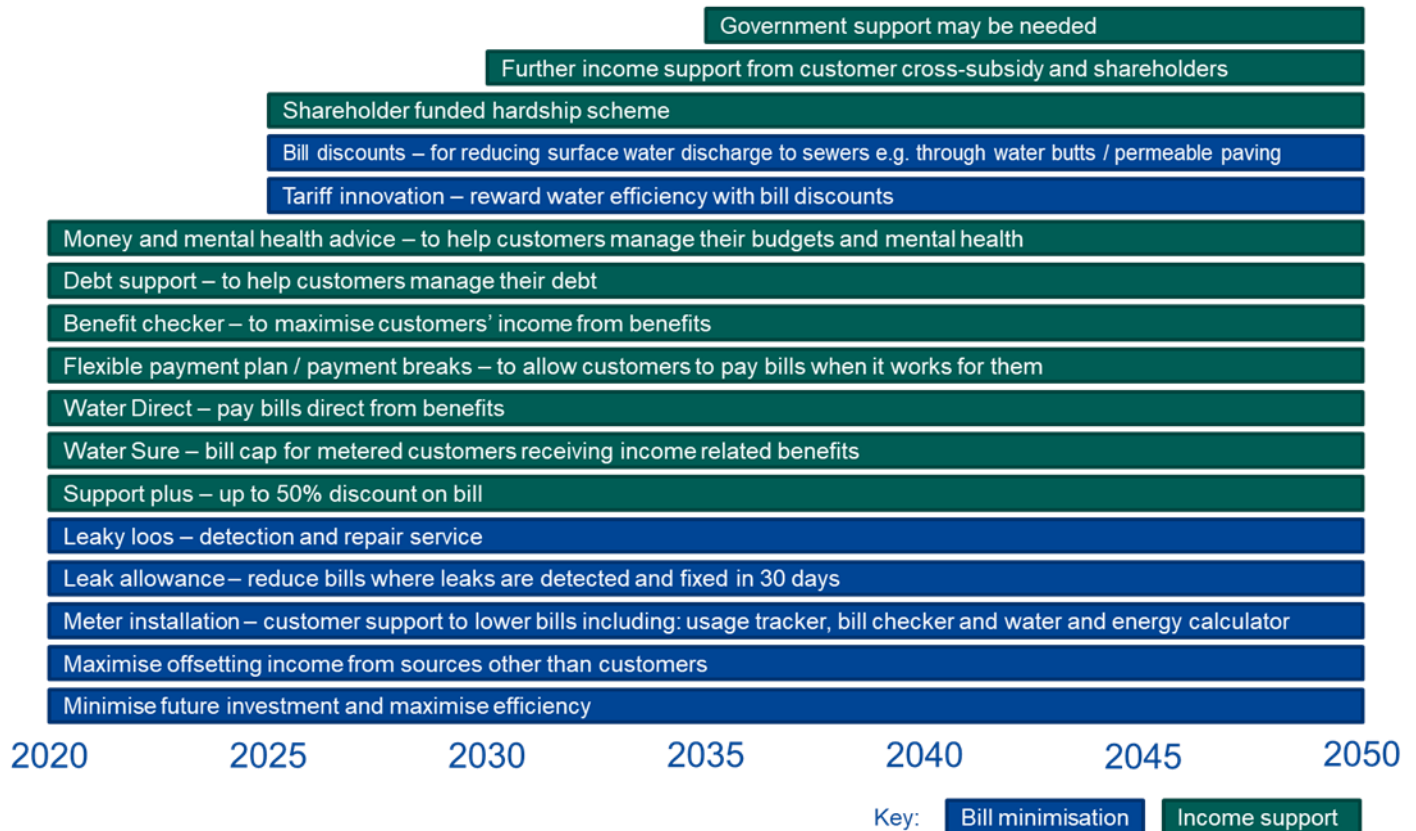
We estimate that by 2050, combined water and wastewater bills in the North East could increase from 1.3% of the median income (in 2024/25) to between **2.1% and 5.3%** of median income. Under the scenario with the highest bill impacts, this could rise to between 3.3% and 8.1% of median incomes.

In our long-term strategy, we explain our approach to mitigating future bill increases. This includes:

- Minimising future investment requirements and increasing efficiency (similar to our approach in [5.1](#)).
- Maximising offsetting income.
- Social tariffs and affordability support (see [5.3](#) to [5.6](#)).
- Changing the conversation about the value of water.

We consider that we should be able to maintain affordability from customer cross-subsidies and shareholder contributions up to 2035. However, due to the level of investment we expect to need to make, financial support from the government may be needed from 2035 to keep out customers out of water poverty (under CCW's 5% definition).

CHART A1.14: EVOLUTION OF AFFORDABILITY SUPPORT TO 2050

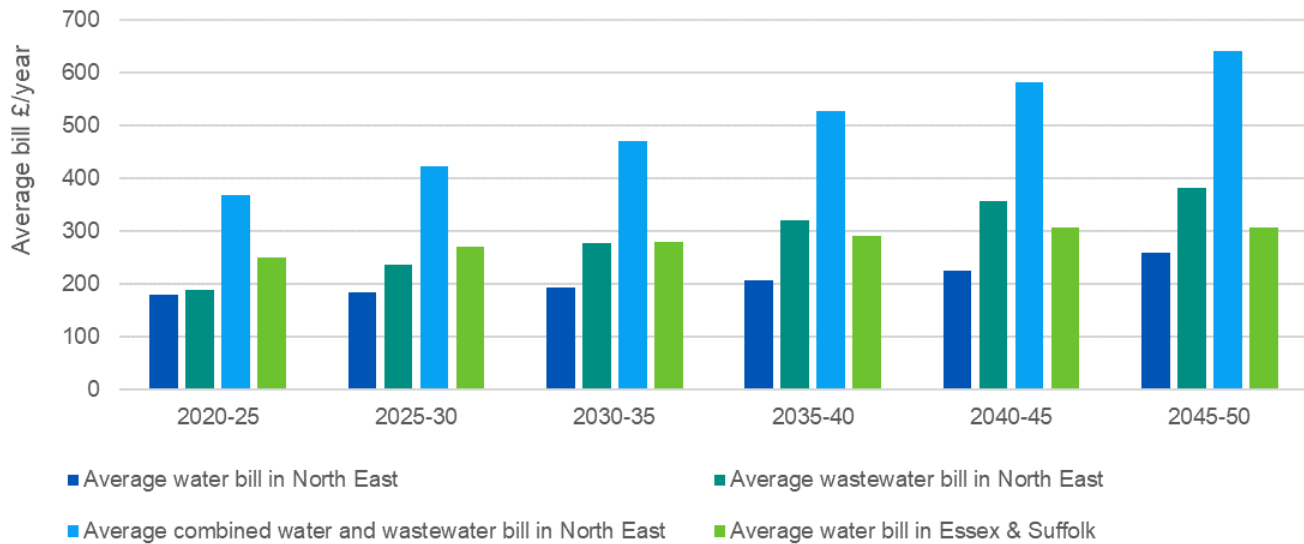


Source: our [long-term delivery strategy](#) (NES_LTDS).

Chart A1.14 shows our view of how affordability support will need to evolve in future under these forecast bill increases. Chart A1.15 shows our forecast bills for each of Essex & Suffolk Water (left) and Northumbrian Water (right) under each scenario in our [long-term delivery strategy](#) (NES_LTDS).

In our [consultation on our long-term strategy](#), we included an ‘affordability focus’ scenario where we would delay some expenditure from the next ten years to support affordable bills in the short-term. This included delaying investment in storm overflows, asset health, lead reduction, and net zero. We noted that this would mean higher bills in the long-run. We discussed phasing these investments with our customers as part of our customer engagement on both the long-term strategy and our PR24 business plan, and our customers said that they preferred to invest now – and supported the phasing in our ‘medium’ options for our qualitative affordability and acceptability research. So, this affordability focus scenario has been removed from the final long-term delivery strategy and we have included these investments in our plan.

CHART A1.15: AVERAGE BILLS 2021-50 (22/23 PRICES)



This bill profile uses no adjustments to PAYG or run-off rates, so under this forecast, customers pay for the assets and services they are using – that is, it is fair for existing and future customers. Our customers strongly agree with the principle of fairness between existing and future customers, with investments reflected in water bills during the lives of those assets (see our [customer engagement summary](#), NES43, for details).

Our increasing bill profile reflects the natural rate of increase from the corresponding increase in investment at PR24. We could consider adjusting this bill profile if either:

1. **Customers supported a different bill profile.** However, customers told us during our [‘pre-acceptability’ research](#) that a bill increase by 2030 was more acceptable than an immediate increase because of the current cost of living pressures.
2. **Long-term bills were expected to follow a different profile.** A rising bill profile would not be appropriate if we did not expect bills to continue rising after 2030. However, our long-term bill profile shows that an increasing bill profile at PR24 supports the long-term trajectory for bills under any scenario.

In our [‘pre-acceptability’ research](#), we asked customers about their views about steady increases versus a sharp increase in the first year, then remaining flat. Most customers preferred a steady increase, saying that for example, *‘with the cost of living up as a whole, it would be easier to manage little steps than having it one step, then staying the same, then having another increase’*. Some customers preferred a sharp increase in the first year, then remaining flat, saying that for example *‘if you get the increase initially and immediately, it’s paid, it’s done... that makes it easy and it’s for peace of mind – you know what you’ve got to pay for four years’*.

We also asked customers about their view on steady increases versus volatile changes in bills. The vast majority of participants (96%) preferred steady increases rather than volatile changes in their bill. For example, '*a steady increase makes it much more easy to budget*'.

We have kept our increasing bill profile, reflecting customer preferences and long-term bill expectations. We have smoothed this bill profile to show an even increase between years, reflecting our customers' views about steady bill increases.

How will incomes change in future?

Predicting how incomes will change is difficult, and our areas already have some of the biggest challenges. However, our central assumption for our long-term strategy is that incomes keep up with inflation. Although this has not been the case in the last two years, this is broadly in line with historical trends over the long term.

We looked at how incomes might change in our long-term strategy scenarios. Under some scenarios, we might see regional growth that increases household incomes in our areas faster than in other parts of the UK so that affordability problems would reduce. Local industrial strategies show how this might be achieved. In others, we might see limited economic growth and increasing water bills, which could lead to serious affordability issues. We could see these bill increases focused on just one of our areas – for example, the need for desalination in Essex would greatly impact bills.

Either of these scenarios would greatly impact our ability to meet targets to drive down water affordability. We will need to keep our approach to affordability under review.

5.2.1. Bill impacts in the North East

Northumbrian Water customers have one of the lowest average bills of any combined water and wastewater company in England and Wales, and bills are currently 5% lower than four years ago. The average Northumbrian Water customer bill in 2019/2020 was £409, which has since reduced to £391 in 2023/2024 – even after inflation (these numbers are in nominal terms).

We expect average water bills to increase gradually from **£393** in 2024/25 to between **£464 and £470** in 2029/30 (in 2022/23 prices).

Table A1.16 shows our bill profile in real terms, and with inflation included.

Although we do not yet know the full impact of business plans for other water companies, an initial analysis shows that we are likely to have the lowest combined bill in England and Wales by 2030.

TABLE A1.16: BILL PROFILE 2024/25 TO 2029/30

Using Ofwat's updated 'early view' return		2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Northumbrian water and sewerage bills excluding inflation	£ per year	393	406	419	434	448	464
Northumbrian water and sewerage bills including inflation	£ per year	431	454	478	505	532	561
Essex & Suffolk water bills excluding inflation	£ per year	257	264	269	276	282	289
Essex & Suffolk water bills including inflation	£ per year	283	295	307	321	335	350

Using our 'alternative view' return		2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Northumbrian water and sewerage bills excluding inflation	£ per year	393	411	425	440	454	470
Northumbrian combined bills including inflation	£ per year	431	459	484	511	539	569
Essex & Suffolk water bills excluding inflation	£ per year	257	266	273	279	286	293
Essex & Suffolk water bills including inflation	£ per year	283	297	311	325	339	354

5.2.2. Bill impacts in Essex and Suffolk

Essex & Suffolk Water bills are currently 1% higher than four years ago. While these are the second highest for any water-only company, driven by the investment we made in the Abberton Reservoir expansion in the 1990s, we have delivered one of the lowest bill increases across all companies since 2019. The average ESW customer bill in 2019/2020 was £256, which has increased to £259 in 2023/2024 even after inflation (both numbers in nominal terms).

We expect average water bills to increase gradually from **£257** in 2024/25 to between **£289 and £293** in 2029/30 (in 2022/23 prices).

Table A1.17 shows our bill profile in real terms, and with inflation included.

TABLE A1.17: BILL PROFILE 2024/25 TO 2029/30

Using Ofwat's updated 'early view' return		2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Northumbrian water and sewerage bills excluding inflation	£ per year	393	406	419	434	448	464
Northumbrian water and sewerage bills including inflation	£ per year	431	454	478	505	532	561
Essex & Suffolk water bills excluding inflation	£ per year	257	264	269	276	282	289
Essex & Suffolk water bills including inflation	£ per year	283	295	307	321	335	350

Using our 'alternative view' return		2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Northumbrian water and sewerage bills excluding inflation	£ per year	393	411	425	440	454	470
Northumbrian combined bills including inflation	£ per year	431	459	484	511	539	569
Essex & Suffolk water bills excluding inflation	£ per year	257	266	273	279	286	293
Essex & Suffolk water bills including inflation	£ per year	283	297	311	325	339	354

5.3. ACHIEVING ZERO WATER POVERTY

Rising bills and lower incomes mean that our ambitious goal to eliminate water poverty in our operating areas will be increasingly difficult to meet. Nevertheless, we know how important this is, so we will continue supporting customers towards our ambitious goal. Our modelling shows that, with bill increases, it is unrealistic to continue to aim for a definition of water poverty where water bills are more than 3% of household income. Instead, we will set this definition at 5% of household income. This aligns with the CCW [affordability review](#) and the Water UK [public interest commitment](#), as set out in Sections [4.1](#) and [4.2](#), and provides support which is more consistent with other water companies.

Our analysis shows that around 20.6% of households are in water poverty (using a definition set at 3%) – despite all our work to support people with social tariffs, this is almost back to the same level as at the start of our affordability ambition in 2018. This is because of increasing inflation and stagnant incomes. In the North East, around 22.6% of households are in water poverty, and in Essex and Suffolk around 17.7%. This means about 400,000 households in total.

CCW recommended a national social tariff to be set using a 5% definition. In the absence of the Government progressing this scheme, we are keen to at least deliver this in our regions. We plan to double the number of customers receiving financial support between our 2025 forecast position and 2030.

5.3.1. Why can't we continue to use a 3% definition of water poverty?

We currently have around 400,000 households who are in water poverty (using a definition of 3%). Supporting all of these customers today would cost around £41.4m per year. We are currently supporting around a quarter of these customers, at a cost of around £10m per year.

With increasing water bills, we estimate that more than 540,000 customers would be in water poverty by 2030 – and more than 1,000,000 by 2035. Supporting all of these customers would cost around £57m per year by 2030, and £142m per year by 2035. Even if we increase the cross-subsidy from other customers to £10 per year, in line with our updated research (see [5.4.1](#)) we would require an additional £77m to fund this social tariff.

This is not affordable, and further, targets some customers who are less likely to require this help in practice. As Ofwat notes in their [affordability and debt reports](#), the measures of 3% and 5% represent the sensible upper and lower bounds for measuring affordability – with these bounds being based on the level of average bills between 2010 and 2015. As water bills become a larger proportion of income, these will need to increase to measure affordability robustly (for example, the equivalent threshold measure for energy bills is 10% of income - and there are concerns that this is now too low). It is likely that the 3% threshold will no longer be a good definition of water poverty.

We considered alternative measures, such as 4% of income. Using this definition would mean that around 400,000 customers would be in water poverty by 2030, which would require around £30m of funding (in addition to an increased cross-subsidy).

A 5% level is more affordable and aligns with the CCW [Independent Review of Water Affordability](#), which was not in place when we set our original 3% target. This review concluded that:

“While there is no single ‘right’ definition of water poverty, this review considers customers who are spending 5% or more of their household income on their water bill to be in ‘severe water poverty’. The reasons for this are:

- It is the generally accepted level of water poverty in the water sector; for example, this has been the basis for the recent Water UK public interest commitment, which all water companies in England have signed up to.*
- There is alignment between the total number of households at the 5% water poverty level and the number of households who told CCW that they struggle with the affordability of their bills.*
- There is a strong overlap between water poverty and poverty more widely at this level. 92% of those in water poverty at the 5% level are in relative income poverty. At the 3% level this overlap falls to 73%.”*

Moving to a definition based on 5% of income would mean that around 300,000 customers need support by 2030, which will be fully funded by a cross-subsidy of £10 per single-service customer. This would mean consistency with other companies and the CCW review conclusions and would allow additional shareholder funding to be redirected elsewhere (see [Section 5.4.6](#)).

5.3.2. Our eight themes for tackling water poverty by 2030

The essential nature of our services means that keeping bills affordable is extremely important. If water bills are not affordable or perceived as affordable, this can damage customer and stakeholder trust in our communities. While this means making sure overall bills represent good value for money, we also must pay particular attention to those customers who find it most difficult to pay. Water and sewerage services should be affordable for all our customers – whatever their circumstances – and they should all have equal access to an unrivalled customer experience.

Our plan continues to focus on supporting the households who need the most help – with our new definition of water poverty, this means the 300,000 customers who need support most.

We will do this through eight themes for tackling water poverty:

- Social tariffs** ([see 5.4.1](#)) - we will align our social tariff scheme more closely with the ongoing industry work to improve consistency in the support that companies offer their customers. We will continue to focus on the relationship between water bills and household incomes (after housing costs), and we will continue to offer a ‘tiered’ discount (as recommended by NEA and others, and as discussed for the national social tariff).
- Metering** ([see 5.4.2](#)) - our affordability plan for PR24 needs to support compulsory (progressive) metering delivery, as set out in our WRMP for Essex and Suffolk. As the metering programme progresses, we have developed strategies to support customers in Suffolk and then Essex, focusing on providing ‘on the ground’ help. For example, we plan to

help customers during the compulsory transition to smart meters by deploying water efficiency tips, household retrofits, and leakage detection and repair to reduce customer bills. This would be supported by a two-year 'no detriment' guarantee, and regular ongoing feedback on usage and opportunities to save.

- **Water efficiency (see 5.4.3)** - studies show that between 200 and 400 litres of water per day can be saved by repairing just one leaking toilet. Up to 8% of all toilets in homes across our operating area are estimated to leak. This presents a significant opportunity to repair toilets, educate customers on the amount of water wasted daily and save money. We will use data from our metering programme to help identify who could benefit from support.
- **Income maximisation (see 5.4.4)** - debt and financial advice are vital in supporting customers struggling with bills, and we actively promote and encourage customers to access these services. We will work closely with debt advice providers, such as Stepchange and Money Advice Trust, to signpost their services and financial support to make sure they can fund this critical work. We have also developed online benefit checking and tariff eligibility tools with Policy in Practice and Anglian Water to help our joint customers get the support they are entitled to; this type of collaboration is essential to supporting customers to make sure bills remain affordable. We are also looking at opportunities to offer discounts to our customer base which help our customers' money go further.
- **Tariff innovation (see 5.4.5)** - we have also looked at innovative tariffs that could help customers save money, such as reducing standing charges to allow customers to reduce their bills where they were using less water. We hope to trial a water-saving tariff alongside our smart metering programme next year to reward customers who reduce their consumption.
- **Changing the conversation and phasing** - keeping bills lower by reducing the amount of investment that is required could have a very large impact on water poverty. We have been partly successful in reducing the statutory requirements for 2025-30, or finding alternative better value approaches. We will continue to focus on this, including work to mitigate the risks of trigger points identified in our long-term delivery strategy (such as a possible requirement for desalination from 2040).
- **Building awareness of our help (see 5.6.3)** - There is a significant challenge across the sector to raise awareness and take-up of financial and non-financial support. Identifying customers who are most likely to need help and, more importantly, engaging with them can be challenging. We place particular emphasis on delivering effective customer assistance schemes and we will continue to identify and engage with customers in vulnerable circumstances and improve the breadth and uptake of support we offer. It is also vital that our employees have awareness of the broad range of needs of our diverse customers and have tools to support customers and we will be delivering our Inclusivity Awareness training across our organisation.
- **Financial hardship fund (see 5.4.6)** - aligning with the common definition of water poverty at 5% means there is no scope for further shareholder funding to increase support in this area so from 2025 we will introduce our new Financial

Hardship fund, with a £20m contribution from our shareholders over the next five years. This is new support from our shareholders from 2025 onwards and in addition to current commitments.

5.3.3. Continuing to support existing customers at 3%

Aligning our plans and support packages for addressing water poverty at 5% will mean creating a gap for customers we have already supported at a 3% water poverty level. Our analysis indicates that the typical customer in this gap will likely have a low income, and a reasonably average water bill.

We will continue to support customers who are already benefitting from our social tariffs, though the absolute level of bill reductions will remain constant as average water bills increase – so that these are slowly reduced over time as a proportion of average bills. This means that customers who currently benefit under the 3% definition will slowly move to a 4% and eventually a 5% level of support. We will fund this through cross-subsidy from other customers where possible, but any additional costs of retaining this support will be funded by shareholders.

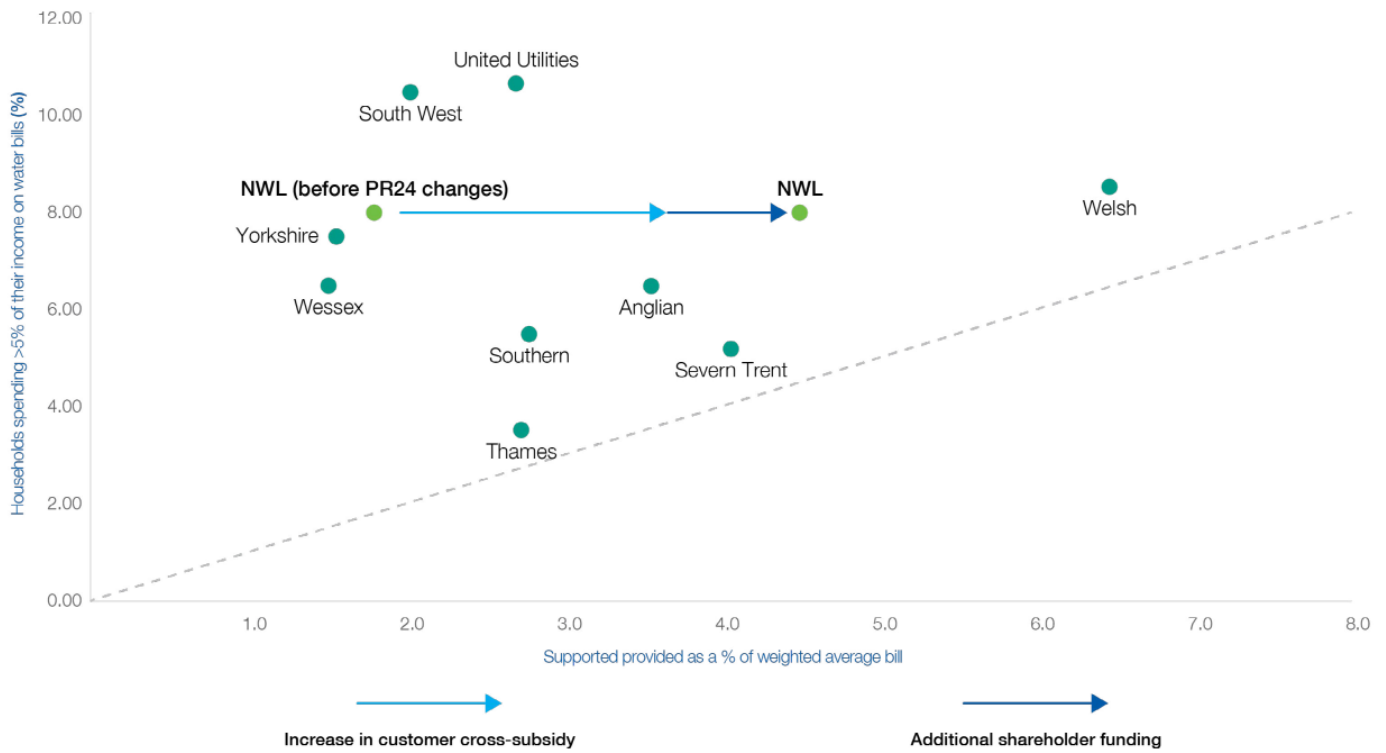
We will also continue to support customers at a 3% level through behavioural change towards water consumption, hardship cases, tariff innovation, and through offering holistic support such as through our income maximisation approach and by supporting wider household savings.

5.3.4. Comparing our support to other water companies

Our analysis of water poverty across other water companies and the support they provide currently shows that our plan for 2025-30 will be one of the most ambitious in the sector, with one of the highest levels of funding support compared to the size of our water bills.

Chart A1.18 below shows our support now and at PR24, and how this changes, compared to other companies. This shows that we will move to one of the largest support packages (as a % of weighted average bill). The y-axis on this chart shows the % of households spending more than 5% of their income on water bills according to a [CEPA study](#) for Water UK, allowing a more robust comparison across the sector – we have not estimated the impact on reducing water poverty against the CEPA estimate, as we do not have the data to do so.

CHART A1.18: SUPPORTING CUSTOMERS WITH OUR LARGEST AFFORDABILITY PACKAGE EVER



Source: [CEPA work](#) for Water UK and NWL analysis of APR 2022/23

Note: this chart is replicated in our [main business plan](#) (NES01).

5.4. SUPPORTING CUSTOMER AFFORDABILITY

In this section, we provide more detail about our plans for supporting customer affordability at PR24.

5.4.1. Social tariffs

We were part of the core Development Group, led by Defra, to create a single National Social Tariff (NST) for England and Wales. We were active in several subgroups, including economic modelling, operations, and communications. If it had been implemented, this tariff would have made sure that no one had to spend more than 5% of their income after housing costs on water bills. This is strongly aligned to our current approach to social tariffs, except for the definition of water poverty used (where we have used 3% of income rather than 5%).

The PR24 methodology asks us to consider two scenarios in our plan for 2025-30 – where a single water affordability discount scheme is introduced during 2025-30, and where it is not. In [published responses to queries](#), Ofwat has said that it does not now expect us to do this, as there is no longer any expectation that a national social tariff will be introduced.

Our current SupportPlus tariff is there to help households on low incomes who find our bills unaffordable. Under this tariff:

- Customers qualify for a reduction if they have a total household income that is less than £17,005 (£21,749 for London boroughs), and they spend more than 3% of their total household income (after housing costs) for their annual water and wastewater bill.
- We calculate the level of discount to reduce bills to below 3% of income. The minimum discount is 10%, and the maximum discount is 50% of the annual bill.
- Alternatively, if a household's income is not sufficient to cover their essential bills, we can reduce bills up to 50%. This requires a financial assessment for an independent debt advice organisation, such as the StepChange debt charity.
- Alternatively, if someone in the household receives Pension Credit and they spend more than 3% of their total household income (after housing costs) for their annual water and wastewater bill.

This is already a similar structure to the proposed national social tariff, and in line with the recommendations from stakeholders on structure (that is, a level of discount set to tackle water poverty directly, rather than a fixed discount). From 2025, we will change our SupportPlus tariff so that this targets 5% of their total household income, rather than 3%. This will help to create consistent tariffs between water companies.

By 2030, this will cost £36.7m per year and would support 300,000 customers (at full take-up). This compares to our current tariff, which now would cost £41.4m per year and would support over 400,000 customers (at full take-up). In practice, this currently costs about £10m per year, as we are helping about a quarter of customers above the 3% threshold.

We expect the funding for this tariff to increase from around £10m per year in 2022 to around £18m per year by 2030, as we expect to double the number of customers on SupportPlus (despite fewer people now being eligible).

To support customers who have difficulty affording bills, we ask customers from our broader customer base to fund a cross-subsidy. In 2020 we carried out customer research to support an increase in our cross-subsidy for social tariffs. As a result, we currently have a cross-subsidy of £3 in Essex and Suffolk bills, and £3.75 in the North East, one of the lowest rates in the industry. This level of cross-subsidy enables us to help around 100,000 households.

For our affordability and acceptability research, and for our initial customer research to assess support for our PR24 social tariff, we used an assumption that customers would accept £10 per service cross-subsidy (so, £20 for combined water and wastewater services). This aligns with the working definition of the national social tariff, which made this assumption, and which – at the time – we expected to be implemented.

We recognise the importance of work to reduce inconsistencies across our industry and instead align approaches as per the CCW affordability review to drive consistency and aid customer communication. However, implementing consistent criteria without shared funding nationally would challenge areas like ours with higher levels of deprivation as fewer people can fund a regional scheme.

In 2023, as there would be no national social tariff, we conducted research to quantify whether customers were willing to increase their contribution towards the social tariff and whether the proposed amounts are acceptable.

We asked customers if they would be willing to contribute on top of their current bill, to reduce bills for customers who have low incomes and are genuinely struggling to pay their water and wastewater bill with responses received from 500 Northumbrian Water customers and 569 Essex & Suffolk Water customers. Overall, 62% of Northumbrian Water and 61% of Essex & Suffolk Water respondents said that they were willing to contribute towards the maximum proposed monthly contribution of 86p and 58p respectively (equivalent to £10.00 and £6.96 per year).

This increase enables us to help an additional 200,000 households, supporting 300,000 households by 2030, and would provide support to individuals with incomes of up to £20,000, who can still be paying more than 5% of their income for water bills.

This cross-subsidy is a large increase from the level our previous research has indicated. This is because we compared our research methodology to other water companies and switched to using a panel survey method as we thought our method was systematically under-estimating support (we discussed this with the Water Forum and Customer Engagement Panel, as well as CCW).

We expect to begin increasing our level of cross-subsidy towards this level from 2024/25, and used our forecast new level of cross-subsidy in our affordability and acceptability quantitative survey (as required by Ofwat and CCW guidance).

Different companies offer a range of social tariffs alongside non-social tariff measures such as the WaterSure tariff, charitable trusts, benefits checks, water efficiency assistance and debt forgiveness schemes. CCW highlighted in their

affordability review that we had support and assistance schemes across all categories except a charitable trust (see section [5.4.6](#)).

Case study: Improving social tariff uptake through data science

Typically, the UK water industry relies on credit reference agencies regarding water poverty data and accessing insight required to make true impacts which is inefficient and expensive.

We have developed a unique neural network (WEPM) to mitigate this. The neural network itself is not a single algorithm but a framework for many different machine learning algorithms to work together and process complex data inputs. Such systems 'learn' to perform tasks by considering examples, generally without being programmed with task-specific rules.

The model is applied to over two million of our existing customer accounts. Over 30 variables are used to predict customer groups and individuals at risk and simulate various billing scenarios to calculate the impact of varying tariff changes on water poverty.

Testing/validating the model against available income/expenditure data has provided high confidence levels; the model successfully identified 83.3% of customers in water poverty. That said, WEPM is designed to provide continuously improving accuracy, its algorithms configured to learn over time and accommodate new data sources as these arise to refine trending and the application of optimal affordability tariffs.

Using data science for continual monitoring means we can accomplish our goal of eradicating water poverty by 2030. Historically we have estimated volumes of customers in water poverty. Still, without a reliable picture at the individual account level, WEPM identified an unacceptable 18.4% of our customer base as water poverty. Modelling allows us to detect customers currently in trouble and – significantly – triangulates contributing factors to anticipate when customers may become water poor. Consequently, we can take pre-emptive measures to support customers before they fall behind on their water bills.

Bad debt currently adds an estimated £21 each year to each customer's bill. Our modelling enables intelligence-led decisions, stretching our ambition to lead the sector in addressing Water Poverty. By reducing reliance on credit agencies' data services, we will realise sustainable savings of at least £50,000 every year – good for customers and the company.

This research was named the Data Project of the Year at the Water Industry Awards 2019.

5.4.2. Metering

Our smart metering programme for PR24 is closely linked to achieving our water resource plans. Our affordability plan for PR24 needs to support compulsory (progressive) metering delivery, as set out in our WRMP for Essex and Suffolk.

Further details on our WRMP are available here:

<https://www.eswater.co.uk/services/water/draft-water-resources-management-plan-2024-consultation/>

<https://www.nwl.co.uk/services/water/Draft-Water-Resources-Management-Plan-2024-consultation/>

We have developed our strategy to support customers in Suffolk and then Essex as the metering programme progresses, focusing on providing 'on the ground' help. For example, we will engage with customers in the community to offer free water-saving advice, water-saving kits, and home audits, provide information and guidance on support tariffs, and advise and educate customers on accessing digital resources such as our mobile app and website. Additionally, we will proactively communicate information where we suspect leakage and support customers with free supply-pipe repairs where relevant.

To support the elderly and those with visible and non-visible disabilities, we will offer alternative meter placement if the location would result in the customer being otherwise unable to access and read a meter for themselves and targeted financial support will be given to customers in financial hardship through schemes like social tariffs and Bill-Cap WaterSure, which is a scheme intended to assist customers who may use higher than average amounts of water and are claiming means-tested benefits. We will also use tariffs and investigate opportunities for new, innovative tariffs to support households, especially multi-generational households, and provide peace of mind through exploring options to offer additional value-add services. We will research options to postpone switching to measured bills if this would help customers' budgets improve overall affordability. We will also work to understand additional opportunities from the Digital Economy Act, which may enable us to support hard-to-reach customers further. We want to use this opportunity to fully engage with the customers to increase what we know about our customers, so we can provide personalised and tailored advice and support on the best tariff for them alongside signposting to additional support, Priority Services registration, and water efficiency advice.

Customers in the Essex area already provide a snapshot of the impact of metering a whole area on relative bills. This differs from households proactively opting for a meter to save money. Other companies have found that they needed to focus on affordability during this transition (such [as Southern Water](#), South East Water, [and Thames Water](#) during their universal metering programmes).

While many customers will find they can financially benefit from moving to a water meter, there is a risk that they will be worse off. This is because we will take a holistic and customer-centric approach to installing water meters and the range of support we offer. However, we know from our Vulnerability Research in 2016 that awareness of the extra help available is very low in our customer base, so this support may not reach customers who need it most. Since then, we have done a

lot to make sure customers are receiving all the help they can get, and we need to do more in 2025-30 if we introduce a compulsory metering scheme.

In the North East, smart metering allows us to target those customers who would save from switching to a water meter and proactively contact them. This will then support achieving our water poverty goal. We assume that at least 10% of these households could save money. This is because around 20% of households save from whole area metering in Essex, and about half are making significant savings.

Of the remaining unmeasured households, 53% have incomes under £30k and are more likely to fall into water poverty. We are currently working on an affordability assessment tool to help make the assessment process for social tariff eligibility easier for customers. For PR24, we are looking to extend this tool to identify low-income unmeasured households proactively we believe would save by having a meter fitted and targeting them for switching. This has proven to be an effective tool in reducing water poverty in other water company areas with relatively low metering, such as Wales.

As part of the TransUnion analysis ([see 4.3](#)), we have looked at water poverty in our metered and unmetered customer base to help us understand the impact of compulsory (progressive) metering in our Essex and Suffolk operating areas. The analysis shows that unmetered households are slightly more likely to have low incomes than high incomes. We are keen to understand whether these customers would see a reduction in the bill from metering sufficient to remove a number from water poverty, for example, single pensioners might have a high unmetered bill but not use much water.

We plan to support customers during the compulsory transition to smart meters by deploying water efficiency tips, household retrofits, and leakage detection repair to reduce customer bills. In addition, we want to use this opportunity to fully engage with the customers to increase what we know about our customers, so we can provide personalised and tailored advice and support on the best tariff for them alongside signposting to additional support, Priority Services registration, and water efficiency advice. This will focus on those in water poverty and any worse off after the switch. We will also raise digital awareness by encouraging customers to sign up for our app to monitor usage. This will allow us to communicate more regularly with customers about their use of supporting water efficiency and affordability.

We have included the costs of this support within our unit rates for metering in our enhancement case for [demand management](#) (NES15). We have also included the costs of providing community water savings advice and affordability support under our metering programme, as this is an important opportunity to drive support for both water efficiency and water poverty.

In [A6 – Deliverability](#) (NES07) we explain that the Covid pandemic, an international chip shortage, and recruitment challenges have delayed our progress and we expect to deliver only 75% of our metering programme in 2020-25. We focused on maximising the benefits of the programme for customers for leakage and PCC benefits, but this also meant that we did not deliver as much affordability support as we expected (particularly in the first years of this period). We explain in NES07 what we have done to address these challenges for 2025-30 to provide confidence we can deliver this.

5.4.3. Water efficiency

Water efficiency measures inside and outside the home can dramatically reduce household water use, water bills and potentially wastewater and energy bills.

Studies show that between 200 and 400 litres of water per day can be saved by repairing just one leaking toilet. The studies also state that up to 8% of all toilets in homes across our operating area are leaking, and this grants us a vast opportunity to repair the toilets, promote how to fix the toilets and educate customers on the amount of water that is being wasted in this way, every day.

In 2020-25, we have set out to repair 37,500 leaking toilets (an average saving of 215 litres per customer receiving this service). As this is still a new service, there is still some uncertainty around the take-up rates of this offer from customers, and we have assumed 10% based on previous programmes of work. However, we estimate that repairing one leaking toilet would save each Northumbrian Water customer £174.39 per year, and each Essex & Suffolk Water customer would save £201.86, including sewerage charges savings. In our customer research, our customers were surprised that we offered this service, but were very pleased that we do – and they understand why.

There are synergies with smart metering options to identify internal plumbing losses that can be highlighted for repair and, therefore, water savings. For example, we will use data from our metering programme to help identify who could benefit from support. Where there are leaks, we will provide internal plumbing and free supply pipe repairs to those who can't afford to make these repairs. This will further help reduce water consumption and leakage and provide a positive customer experience.

Many water-saving interventions also have the added benefit of reducing energy use, saving customers money on their energy bills. Heating water (excluding space heating) accounts for 17% of household energy use. Our water efficiency messages can help raise awareness of the link to larger opportunity for customers to be efficient and save money.

As part of their pilot scheme following the CCW affordability review, Thames Water published the [results of their research](#) into the effects of water efficiency on affordability. This helps to show that water efficiency interventions can take people out of water poverty, if targeted for affordability rather than in more water stressed areas where this directly impacts on security of supply.

WaterWise also notes the importance of water efficiency in tackling water poverty, particularly for homes on a water meter, in the [UK water efficiency strategy](#). This includes energy savings from low flow showers and taps, as well as low water washing machines and dishwashers. The Energy Saving Trust and Water UK [worked together](#) to show ways that saving water could reduce energy use too.

We describe our water efficiency strategy in our appendix [A4 – Outcomes](#) (NES05).

5.4.4. Income maximisation

We currently work with customers to increase their income by supporting them in claiming the benefits they are entitled to. This can help to fill some of the gaps.

Although it is difficult to estimate how much this will deliver, delivering holistic support as part of our progressive metering programme in Essex and Suffolk will help to identify and address this gap. A report from Entitledto (<https://www.entitledto.co.uk/blog/2022/february/our-annual-review-suggests-about-15-billion-of-benefits-remain-unclaimed-each-year/>) in February 2022 estimates that around £15bn of benefits remain unclaimed by about seven million households in the UK.

We have always helped customers to understand the benefits they are entitled to claim to make sure they get all the benefits they are eligible for. To date, this has primarily been done by referring to the third parties that help customers with debt support. However, in 2020 we embedded the [Policy in Practice benefit calculator into our website](#), allowing customers to self-serve this service by completing their situation through the service.

Debt and financial advice are vital in supporting customers struggling with bills, and we actively promote and encourage customers to access these services. For example, if we pick up on 'triggers' in customer conversations, we can transfer customers directly to StepChange for advice. In addition, we have long committed to accepting the debt advice provider's decisions regarding future payment plans for our customers. We work closely with debt providers to signpost their services and financially support Stepchange and Money Advice Trust to make sure they can fund this critical work.

We are also expanding our employee benefits scheme provider to offer discounts to our customer base. This provides a range of deals which help our customers' money go further by offering a range of discounts, covering high-street retailers, supermarkets, and online stores to save on every pound spent. We estimate that our employees save an average of 7.5% on spending made through the platform.

We are enhancing our website services to further build on removing barriers for customers applying for our affordability tariffs. For example, we've been working with TransUnion to develop a first-of-its-kind consolidated household income check tool. Previous tools have only been able to complete individual-level assessments so that they would involve multiple income assessments for all but single occupiers. This leading tool allows customers to self-apply for our tariffs online, providing summary household income information only, making the whole process quicker, with instant feedback on eligibility and less intrusive.

Case study: Reducing customer effort

We have been working with Anglian Water, who we share an operating area with for providing separate water and wastewater services, to identify how we can allow for a one-stop application for tariff applications for our customers where we bill them for water, and Anglian Water bills them for sewerage.

Anglian Water uses Policy in Practice's benefit assessment tool to qualify customer tariff applications. We have to build a joint application process within the tool to give the added benefit of an income maximisation check as part of the application.

Policy In Practice has started to build the application. Once live, customers applying with us or with Anglian Water will be advised if they are eligible for either scheme. The application will be sent to both companies to finalise with their consent.

We also amended our data-sharing agreement with Anglian to allow them to share new WaterSure applications as the eligibility criteria are consistent. This is a leading approach within water companies and an exciting opportunity to demonstrate collaborative working, as recognised by CCW, the voice for water customers.

Steve Grebby, Policy Manager at CCW, said: "It's great to see Essex & Suffolk Water working with Anglian Water to make it much easier for customers in our region to get the full help they are entitled to with their water and sewerage bills. The rising cost of living is putting intense pressure on low-income households, so water companies need to make it as simple as possible for customers to access help when they need it most."

5.4.5. Tariff innovation

We have also looked at innovative tariffs that could help customers save money, such as reducing standing charges to allow customers to reduce their bills where they were using less water.

In 2021, in partnership with the NEA, we ran a design sprint involving 26 participants from 16 organisations to explore if water tariffs could be redesigned to address multiple challenges facing the water industry and its customers. Recognising the ongoing work towards a single social tariff, this was not about providing additional support to those eligible for pre-existing affordability support but about identifying other needs and developing potential tariffs to meet those needs. In addition, in line with the customer participation FACE framework, we are introducing a new water-saving smart meter in 2023/24 to reward customers for positive environmental and water use behaviours to achieve a shift in attitudes and sustainable behaviour change.

We are also keen to trial new tariffs and have engaged with the recent Ofwat consultation and workshops. For example, we hope to trial a water-saving tariff alongside our smart metering programme next year to reward customers who reduce

their consumption. Tariff innovation will be crucial in PR24 plans and our longer-term approach to affordability. However, this would offer limited support, so our immediate focus is on the help we can provide today.

Ofwat has opened discussions about tariff innovation in the context of supporting affordability, and we have responded to their consultation on this. For example, we would be looking to support large households or people with limited control over water use due to household composition (for example, children or medical conditions).

We also seek to understand opportunities for using innovative tariffs to phase any negative impact of compulsory metering. For example this might include capping charges for high water users who cannot effectively manage their usage, such as larger households or lower-income households with a medical need where benefits are not paid. These customers are not eligible for the WaterSure tariff but would be vulnerable to a large bill increase.

Innovative tariff options we will explore by 2030 include:

- **Supporting efficient water usage** - Water pricing is an important tool for improving water efficiency and enhancing social equity. Increasing block tariffs are by far the most common charges for water services and they are used in countries where water has been historically scarce such as Spain and the Middle East and key questions we will explore through customer research and trials include developing our understanding of the optimum number of blocks, the volume of water use associated with each block, and the prices to be charged for water use within these blocks.
- **Support for higher occupancy households** - who may be more at susceptible to the impacts of our metering programme and at higher risk of entering water poverty. This may involve offering to cap household bills to the average bill of a four-person household where individual usage is within our target 110 per capita consumption level.

We will explore the potential to work with the DWP to share and maintain occupancy data for the purposes of reducing the complexity and overheads associated with operating a dynamic and bespoke scheme of this nature.

- **Incentivising reduced demand at peak times** - The continued rollout of smart meter technology will provide applications to identify and reward customers for cutting down on their water usage at certain periods or times of day. This could help customers save money off their bills by helping to balance peaks and troughs in water demand during periods of increased usage or warmer weather. This has been successfully used in the energy sector with a quarter of eligible customers taking part to reduce their consumption.
- **Capping bills for customers with medical requirements** - We are working in partnership with Scope, the disability equality charity, to understand opportunities to support customers on low incomes, but not in receipt of benefits, who need to use more water for medical reasons, to develop a bespoke bill cap that encourages efficient water use without penalising for water used for medical purposes. This is similar to WaterSure, but could expand eligibility.
- **Considering different bill structures for non-households** – we will need to set charges to encourage businesses to use less water, particularly in areas where pressures on water demand (and so new costs to supply water) comes

from growth in non-households. We will explore ways to do this through supporting efficient water usage, in addition to our enhancement case for increased NHH water efficiency and metering (NES36).

5.4.6. Financial hardship fund

CCW's [review of water affordability](#) (see [Section 4.1](#)) made some recommendations to improve support and assistance schemes. This review showed that although we have most of the same support and assistance schemes as other companies, we do not currently have a charitable trust or in-house crisis fund.

Other companies mostly use these to fund company debt support, such as payment matching schemes, and are only accessible if customers are already in arrears. The level and type of support offered varies between companies, making it difficult for customers to know what support is available. Customers told CCW that although these funds seem like a great way to help someone in a crisis, some were concerned that such an arrangement could be open to abuse. Customers also raised questions about how water companies would decide which of its customers are most in need.

In response to the review, The Money Advice Trust noted that 'value judgements' could be off-putting for potential applicants – but independence from water companies could help to support customers with particularly complex situations, provide extra financial assistance beyond debt write off, and can be a vehicle for funding debt advice. CCW recommended that there should be an industry-wide approach to crisis support funds, agreed by all water companies, and adhering to consistent operating principles.

At PR19, we decided not to introduce such a fund as it does not target water poverty directly - and so instead we focused on tackling water poverty through our social tariffs and other actions instead. Our social tariff already targets customers who are struggling directly by reducing their bill if they spend more than 3% of their income on water bills. However, since we will change our social tariff from 2025 to align with the common definition of water poverty (5%), there is no scope for further shareholder funding to increase support in this area.

So, from 2025, we will introduce our new Financial Hardship fund – with a **£20m contribution** from our shareholders over the next five years. This is new support from our shareholders from 2025 onwards, in addition to current commitments.

We will design our Financial Hardship fund in more detail over the next few months, following the [principles set out by CCW and Water UK following the affordability review](#) – that is:

- We will promote the availability of this scheme through our website, customer literature, and through partners (where we are already well placed to do so, see [5.6.2](#)).
- The scheme will be flexible to help match a person's needs – for example, the timescale for the award process should help to make sure that urgency of the customer's situation is recognised.
- Awards will offer help in other ways that are over and above just helping with water bills and arrears. In particular, we would like to explore how this can support reducing water poverty and providing other community benefits such as

water efficiency (for example, through providing water efficient appliances), reducing surface water drainage (and so reducing charges), and support with other essential bills (including expanding our work with foodbanks). This should help address concerns about funds being directed at water poverty.

- The decision-making process will be independent of the company, with a transparent and easy-to-understand process. We will work with our Water Forum to support an independent, transparent, and easy-to-understand process and governance.

We might find that a hardship fund does not need £4m of funding per year – this is much larger than many hardship funds in the sector, and the largest per customer by far. In this case, we could use this funding as ‘revenue foregone’ or for other initiatives to tackle water poverty.

5.5. AFFORDABILITY FOR NON-HOUSEHOLD CUSTOMERS

Since the opening of the business retail water market, non-household customers have been billed by their water retailer, with licensed retailers buying wholesale water services from us. Although we no longer have a direct billing relationship with non-household customers, our plans for PR24 will support affordability for these customers by expanding our smart metering and water efficiency programmes.

In collaboration with Water Resource East (WRE) Water companies (Anglian Water, South Staffs Water and Affinity Water), we engaged Blue Marble to talk to Retailers and non-household customers to understand current understanding/perception, barriers, testing of demand management propositions and short/long term opportunities. This research was a vital step, providing stronger relationships with all stakeholders and better understanding the existing market provision. Within the research, improvements for each proposition were suggested by the retailers and NHHs, to support our most cost effective and efficient plans.

Collaborative meetings have been held with WRE companies, retailers, industry contractors and stakeholders and, in addition, evidence gathering from other credible sources including other water companies, retailers and water demand consultants currently working with households and non-households has all been used to provide as much detail and evidence on the most cost-effective methods of reducing water consumption.

We have shared our plans as they have developed with our two largest retailers, Wave and Everflow, who make up c.90% of our NHH connections. Up to and after 2025 we will continue to interact to identify the best ways of delivering together.

Discussions focused on the relationships retailers have with their customers and decisions of how to best to manage this will be agreed ahead of delivery from April 2025 with retailers involvement. We will continue to build on these relationships, with a concerted effort on driving long-term and impactful relationships with water retailers.

We are increasing our smart metering and water efficiency activities for non-households to help support the Government's target to reduce non-household demand. This responsibility is not completely ours, as we do not provide 'retail' services to these customers, which includes water efficiency advice. However, we know that we can help to drive water savings across these customers – and [our water demand enhancement case](#) (NES15) includes funding to achieve this.

The key components of our water efficiency strategy that will deliver a reduction in non-household water demand are detailed below:

Providing information

- **Customer side leakage education** - promoting how to find leaks and the importance of checking/ repairing leaking toilets, taps and overflows.

- **Customer specific alerts** - alerts for NHH customers 'we have noticed your use is higher than normal' based on a three-month average. The alert could make customers consider other actions they could do to prevent their consumption increasing – for example, 'Do you have a leak?'. This could also encourage them to tell us if circumstances have changed, bettering the data we hold. Other alerts, such as 'There is high demand in your area, please consider reducing your water use' could make customers consider other actions they could do to prevent consumption increasing.
- **Free water efficiency assessment** - visiting the NHH property to understand and look at ways water can be reduced. A report will be produced from the assessment determining next steps and actions for the NHH. This could include reviewing processes, engaging with staff about water use, as well as leaving a selection of water saving devices from the water saving kit. The assessment will be free to boost take up rate and this channel would be a route to offer NHH's visits from the report findings. We could specifically target community buildings to support cost savings, which could in turn support better services for communities.

Infrastructure and investigating leaks

- **Leak investigation** - NHHs could request a specialist to visit in order to find a suspected leak or to identify areas where a leak is likely to happen.
- **Rain/greywater re-use** - where possible, installing alternative water use infrastructure in NHHs.
- **Find and fix leaky loos** - supporting NHHs to check for leaking toilets and encouraging them to get repaired. Places such as retail areas, shopping centres/public toilets, supermarkets where there are a large number of toilets will be checked regularly. Depending on the type, if a leak is found we would either complete the repair, or inform the retailer and monitor whether or not this is fixed.

Water efficiency for domestic-type use

- **Domestic use self-serve** - water and energy saving products provided for free to companies using domestic type water use (taps, toilets, showers).
- **Individual, tailored audits** - identifying and repairing any leaks (internal like taps and toilets, and external pipes), retrofitting water saving devices within and behaviour change regarding washing, food preparation, etc. for hairdressers, hotels, leisure centres, multi-business sites, offices, pubs, restaurants, schools, shops and residential care homes.

Water efficiency for mixed-type use

- **Free water efficiency visit** - similar to the assessment above, this would involve visiting the NHH property to understand and look at ways water can be reduced. A report would be produced from the assessment

determining next steps and actions for the NHH, which would include installing water saving devices into staff spaces and repairing leaks.

Water efficiency consultancy for industry

- This would start with the highest water users and work downward in order to better understand water use in industry, identify areas where water is not being used efficiently, and provide suggestions and solutions to reduce water waste. An external contractor will be used to ensure the correct level of expertise is available, and each visit will be thorough and tailored. Solutions could include reusing greywater, harvesting rainwater, reducing use of potable water, installing devices to regulate water use, and many more.

5.6. SUPPORTING CUSTOMERS IN VULNERABLE CIRCUMSTANCES

Vulnerabilities are often complex, multi-layered, and interconnected. Vulnerability is not a fixed state but can change over time as situations and circumstances change. There are many drivers of vulnerability, but ultimately anyone can be at risk of becoming vulnerable. There are also clear differences between financial and non-financial vulnerabilities. Non-financial vulnerabilities include life events like bereavement, retirement, divorce and health issues, a lack of education and literacy, and confidence with financial matters or digital skills. All of these can impact a consumer's well-being and ability to make suitable and affordable financial decisions.

Our **Priority Services Register (PSR)** offers practical support for those customers who need it, and they can benefit from these free services for as long as necessary. For example, help could be required due to age, disability, mobility, illness, mental health, communication needs, life changes (such as pregnancy) or if customers have children under five. We explain our plans for this in [Section 5.6.1](#).

Our plans for 2020-25 support our commitment to make sure that all customers, regardless of their specific needs, can access and receive the support they need. Our five strategic themes are:

- **Strategic partnerships and local relationships** ([Section 5.6.2](#)) – We will work with trusted advice agencies, such as Citizens Advice, and voluntary organisations that support our customers, promote our services, and refer customers to trusted organisations for additional support. For example, we have established strategic partnerships with National Energy Action (NEA) to establish a Water Poverty unit. We were the first water company to partner with StepChange, which offers free, independent debt advice to help customers manage their budgets. In combination with the rollout of our smart metering programme, we will look to partner with local authorities and trusted third parties to engage and support customers. We are working to become a member of Scope utilities. This partnership will help us understand our customers and the challenges they face around affordability. As Watersure is only for means tested benefits, there are many different demographics that have issues not covered by these criteria and we will work to understand them, their challenges, and how we can offer support.
- **Water company collaboration** – For customers in our ESW operating area, we take other companies wastewater charges into account when determining water poverty levels. We currently provide assessments of eligibility for Thames support tariffs as part of our own assessments and we signpost support available from Anglian where appropriate. During large-scale operational incidents, we share information on priority services registered households to make sure support is provided where needed.
- **Building awareness of our help** ([Section 5.6.3](#)) – Identifying customers most likely to need help and, more importantly, engaging with them can be challenging. The socio-economic challenges in our operating area mean the need for priority services to support customers is more significant than in many other regions in England and Wales. We will develop tailored services and communications for each circumstance, such as targeted campaigns, with additional room for personalisation within these approaches. Hyper-personalisation of our messages will enable us to







proactively communicate and offer timely support when it can bring customers the greatest value. Despite difficulties achieving this in AMP7, we remain committed to increasing awareness levels of financial and non-financial support to 65% by 2030.

- **Inclusivity awareness for all employees (Section 5.6.4)** – Our employees must know all customers' needs and have tools to support customers directly where appropriate or further signpost them to additional support services. We have developed practical tools for our employees to help them talk to customers, friends, family, and neighbours about water without worrying – challenging them to recognise that we all know people who need extra support. In addition, we introduced training on inclusivity in partnership with the Money Advice Trust to help identify customers in situations where we can offer further support. By 2030, we will have delivered our internal training to 99% of employees and this will also be included within our corporate induction for 100% of new employees. This helps our customers and communities by increasing awareness and understanding how to identify and tackle where support is needed.
- **Sharing customer data if this provides wider benefits for them (Section 5.6.5)** – We are working with British Gas, SGN, UK Power Networks, Northern Powergrid, Northern Gas Networks and the Cross Utilities Forum – as well as with other water companies – to identify the best way to share information about those who need extra support (where customers have given their explicit consent). The 'Support for All' project seeks to design and build a hub to host this data, sharing Priority Service Registers between companies. Once this is working regionally, we would like to develop this into a national platform. By 2030, we aim to share 10,000 records annually.
- **Being easy to access through channels of customers' choice (Section 5.6.6)** – Our plans make sure we keep pace with and drive positive change through technology enablement while providing all customers can contact us where, when, and how they need to. We will make our digital experiences more personal to the customer, surfacing information they need or would find useful at each point in the online journey. We will also make it easier for customers to get the help they need by creating an online tool that will allow customers to assess their eligibility and suitability for additional services such as affordability schemes, Priority Services, water metering and efficiency. We will measure customer satisfaction and the ease of contact through regular customer surveys. By 2030, we aim for nine out of ten customers to find us easy or very easy to contact.
- **Support during compulsory metering (Section 5.4.2)** – While many customers will find they can financially benefit from moving to a water meter, for some there is a risk that they will be worse off, and we will take a holistic and customer-centric approach to the installation of water meters and the range of support we offer. To support customers we will proactively communicate what has been planned for metering in an area, clearly stating why, how, and when any installations will be carried out, what having a meter means for bills and the way they pay, and what financial and non-financial support options are available. Communication will be shared across a range of different channels, and in multiple languages, and we will engage with local minority, community, consumer groups, and local authorities to ensure we can access hard-to-reach customer groups and support all key demographics and ethnicities.

5.6.1. Priority services

Our Priority Services Register (PSR) offers practical support for those customers who need it, and they can benefit from these free services for as long as necessary. For example, help could be required due to age, disability, mobility, illness, mental health, communication needs, life changes (such as pregnancy) or if customers have children under five.

The services we provide through our Priority Services scheme include:

 <p>Stay safe in your home - set a password</p> <p>Protect your home from scammers and bogus callers. We'll use your chosen password when we call or visit, so you know it's really us</p> <p>Register now</p>	 <p>Water delivered to you if supply is interrupted</p> <p>If you'd have difficulty collecting an alternative supply of water, need a constant supply for medical needs, or have children under the age of five</p> <p>Register now</p>	 <p>Communicating with you in different formats</p> <p>We can send your bills and letters in large print, Braille and audio CD. We also offer Text Relay and British Sign Language video translation</p> <p>Register now</p>
 <p>Extra support</p> <p>You can let us know if you want more time to answer the phone or door if we call or visit you. We can also read your water meter if you find it difficult to take a reading</p> <p>Register now</p>	 <p>Translation services</p> <p>If English is not your first language, we can provide a telephone interpreter. You can also translate our website by clicking language options at the bottom of the page</p> <p>Register now</p>	 <p>Nominate someone to manage your account</p> <p>You can nominate a carer, relative or family to manage your account. They can speak to us on your behalf and we can send them your bills and letters</p> <p>Download form</p>

Through Covid-19, we have seen customers' interactions with us and behaviours around disclosure of the circumstances change. This has shown, in some situations, more willingness to share information with us and has seen our PSR registrations grow. Alongside this, we have moved from requiring explicit consent from customers to join PSR to the special public interest. This involved changes to our privacy policy and communication with all our customers. It also allowed us to use our trusted partners and data on our customers to add customers to our register, where they had demonstrated key characteristics associated with needing extra support. We have embedded this approach into our interactions with customers on the phone and in written communication. As a result, we are sharing the positive message that we have proactively added them for tailored support because of the situation they shared with us.

Case study: Age UK North Tyneside

Working in partnership builds trust with our customers, a recent mailshot sent with Age UK North Tyneside has seen increased engagement and applications for Priority Services, particularly our Low-Income Pensioner Discount. This trial brought 4,500 new customers to our PSR. This approach can add approximately 60,000 additional properties to the PSR if extended.

By utilising our data to target elderly customers in North Tyneside, we have written to customers to promote the vast array of support which Age UK provide and also detail the tariffs and support we can offer. This has started additional partnership work with Age UK North Tyneside, and currently, we are sharing data to help them understand the journey to net zero for elderly customers.

Sonya Roe, Head of Charity Services at Age UK North Tyneside, said:

“We appreciate that working with trusted partners helps us to reach more customers and share messages about the services we can provide to them. We were delighted to be approached by Northumbrian Water to help build confidence in the benefits of its Priority Services Register and signpost to our own range of services. We very much look forward to working together in the future to bring benefit to our mutual customers.”

We are building upon our work in AMP8, and we will further extend engagement and improve our service offering for our PSR through a number of key initiatives. We will:

- Build upon the activities carried out to deliver our capital plans on our water and wastewater networks and the rollout of our smart metering programme to engage with customers and raise awareness and take up of our additional services.
- Raise awareness of PSR within our organisation has also been a key deliverable to enhance the understanding of services, how they benefit customers, and how colleagues can signpost or add someone to our PSR. In partnership with Northern PowerGrid, we will develop a robust training package for everyone in Northumbrian Water. We provide separate modules depending on the type and level of customer interaction. Our team members are our ambassadors and has encouraged them to sign up their friends and family where appropriate.
- Provide trained experts for customers who have experienced bereavement, are receiving end-of-life support, or are caring for someone who is. These experts will provide a holistic and full wrap-around care offering covering all our services. We will also give these customers a named advisor to support them personally throughout their journeys with us.

Case study: Prioritising vulnerable customers

Storm Arwen was an unprecedented and extreme weather event at the end of November 2022, affecting many of our customers, people, and assets.

We commissioned Jacobs to prepare a report into our storm preparedness and response. Jacobs’s findings concluded that our extreme event preparedness was effective and that we went above and beyond to attend to our customers in the aftermath of the storm. The review also stated that we went beyond our duty in organising alternative water supplies and that ensuring customers on the PSR were kept informed and were provided with bottled water was a key focus.

There are also many examples of where our teams went above and beyond to support the communities they serve, for example supporting customers with private water supplies with bottled water, helping to fix private generators, and in remote areas providing a temporary kitchen to support those without power. We’ve also been using recent incidents and topical situations as a proactive opportunity to encourage customers to update their contact details with us, sign up for PSR, and promote online accounts (through email marketing and our social media channels). More than 2,700 people signed up to the Priority Services Register in one week following our communications about storms Eunice and Dudley.

We are mindful that operational incidents may also affect customers in business properties, such as care homes and hospitals. We have robust operational processes to support these customers during an operational incident, and sensitive customers are flagged on our systems to enable us to identify those affected easily. Each sensitive business customer is also segmented into one of the following tiered levels of support:

DESCRIPTION/GUIDANCE	EXAMPLES	NW/ESW/WS RESPONSE
High dependency and /or high occupancy vulnerable residential population such as those establishments where relocation would be highly problematic.	<ul style="list-style-type: none"> Hospitals. Prisons. 	<ul style="list-style-type: none"> Retailer to provide site specific water supply plan, and NW/ESW to potentially provide tinkered supplies direct into on-site mains, or... Provide dedicated static tanks.
Non-household vulnerable population.	<ul style="list-style-type: none"> Residential care homes. Hospices. Nursing homes. Sheltered housing. Customers for who Part 2 (Priority Services) applies. 	<ul style="list-style-type: none"> Depending on quantity of water needed, provide dedicated static tank(s) or bottled water.

<p>Non-household with unacceptable societal impact.</p>	<ul style="list-style-type: none"> • Schools. • Nurseries. • Education establishments. • NHS walk-in centres. • Dar care facilities. • Doctors surgeries. • Dentists. 	<ul style="list-style-type: none"> • Consider quantity of water needed and assess feasibility of customer collecting bottled water from hub location.
<p>Animal use.</p>	<ul style="list-style-type: none"> • Farms with livestock. • Zoos. • Vets. • Kennels/catteries. 	<ul style="list-style-type: none"> • Consider quantity of water needed and assess feasibility of customer collecting bottled water from hub location. Consider use of non-potable water.
<p>Critical national or local infrastructure such as establishments that may have an immediate detrimental effect, or effect a wider incident response.</p>	<ul style="list-style-type: none"> • Airports. • Train or bus stations. • Motorway services. • Road tunnels. • Ports. • Emergency Services. • Essential food industries. • Power stations. 	<ul style="list-style-type: none"> • Consider quantity of water needed and assess feasibility of customer collecting bottled water from hub location.

5.6.2. Expand our strategic partnerships and nurture regional and local relationships

Partnerships are key to successful outcomes for those most in need. In AMP8, we will continue to build a strong network that is alive to our customers' needs and reaches the households and individuals who will benefit most from our support and services. We will work with trusted advice agencies, such as Citizens Advice, and voluntary organisations that support our customers, promote our services, and refer customers to trusted organisations for additional support.

We plan to further develop our support for customers by expanding our strategic regional and community partnerships through the following key areas:

- We already partner with StepChange Debt Charity, which offers free, independent debt advice to help customers manage their budgets. In addition, StepChange will refer customers to us, advising them to apply for our affordability schemes. Our customers' feedback on this service has been very positive, with many customers being provided with a route out of debt.

Case study: Stepchange partnership

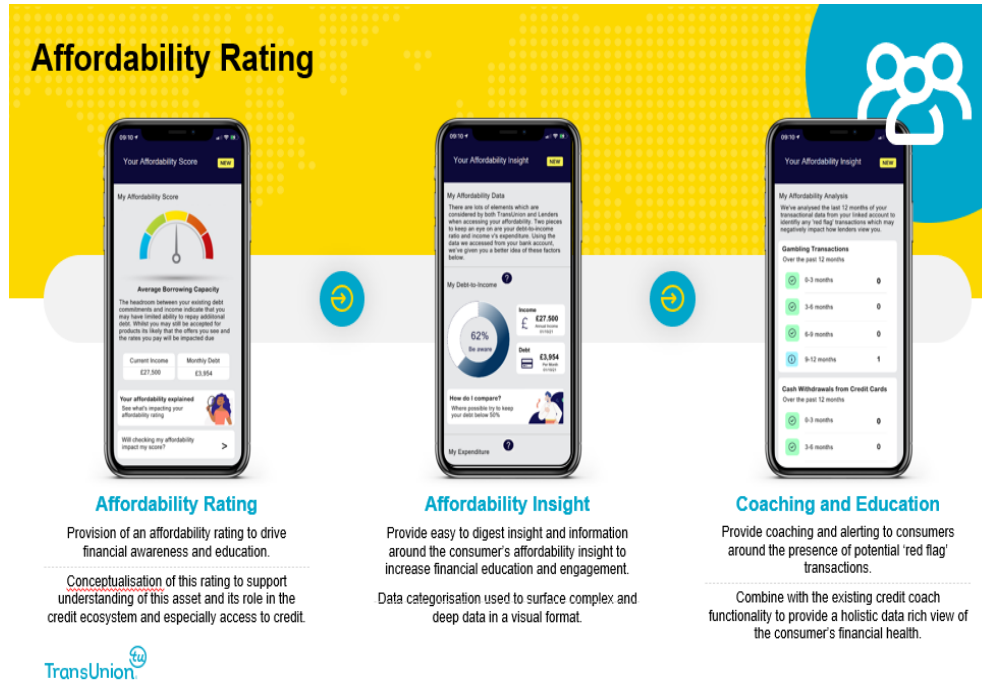
The national debt charity, StepChange, is one of the flagship partnerships that complement our vision and purpose and creatively works with us to deliver against our customers' priorities.

We were the first water company to partner with StepChange, sharing this good practice with the rest of the industry. As a result, in 2021, we were the top water company for referrals to the independent debt charity, StepChange. We made 2,848 referrals, a 38% increase in our referral rate. This was a fantastic achievement in a year where StepChange saw referral numbers drop across the charity.

Our core activity with StepChange has focused around:

- Customer teams receiving specialist training from the charity.
- Directly referring customers to StepChange and giving time for the customer to work with StepChange to achieve an action plan and debt solution.
- Helping customers access support far broader than water debt to add the biggest possible difference to their lives.
- Joint communications with customers.
- We continued to expand and develop our activity, such as working with StepChange to design our social tariff.

- Extend our commitment to fund the industry-leading water poverty unit with the NEA to continue to learn lessons from their great efforts to eradicate fuel poverty and to understand how we can work together to benefit water and energy consumers.
- In combination with the rollout of our smart metering programme, we will look to partner with a discount provider to offer a range of shopping discounts which help customers' money go further. Customers will be able to access a range of discounts, covering high-street retailers, supermarkets, and online stores to enable them to save on every pound spent.
- Working with partners, such as our recent Believe Trial, which saw our people working in the same office as Believe Housing, to offer a more holistic customer support experience, and we will further build on this to develop a 'one-stop shop' approach to support housing providers and other partners.
- Build strong community partnerships in Essex and Suffolk linked to our smart metering roll-out. We must make sure we can share and raise awareness with all customers, reaching diverse cultural and minority groups.
- We will expand our partnerships with organisations on their warm-spaces initiatives where applicable. For example, we have worked with Gateshead Council and Citizens Advice Gateshead to support their warm spaces initiative over the winter months. In addition, we're committed to making donations to help offset the additional costs for water use incurred by the smaller organisations offering these services.
- Work with TransUnion to give our customers access to their credit information which will drive awareness, share insight, and provide education and alerts to support them in taking steps to improve their credit score and overall financial well-being.



- Additionally, we will continually review customer feedback, and the levels of engagement and support provided in each area and by demographic to identify gaps in our coverage that we can further work to close. Finally, we will identify key partners who can fill gaps in our capability where these exist.

Case study: Believe Housing Partnership

Following an idea from our Innovation Festival in the summer, we completed an initial six-week trial working with Believe Housing in the North East. Believe is a social housing provider in County Durham with more than 18,000 homes.

During the trial, we co-located employees in Believe's offices, also working with the local authority and MaPS to offer a one-stop support service covering water, housing, council tax and money/debt advice.

This initiative delivered fantastic customer outcomes in providing rounded support to those in need. We are evaluating the next steps and have already had interest from two more housing associations which operate in our area wanting to carry out similar activities.

5.6.3. Building awareness of our help

There is a significant challenge across the sector to raise awareness and take-up of financial and non-financial support. Identifying customers who are most likely to need help and, more importantly, engaging with them can be challenging. It is estimated that four in ten households in the poorest fifth of the population do not receive the benefits they are entitled to, leaving them without additional support.

The socio-economic challenges in our operating area mean the need for priority services to support customers is more significant than in many other regions in England and Wales. This is why we place particular emphasis on delivering effective customer assistance schemes. In addition, we must continue to work to identify and engage with customers in vulnerable circumstances and improve the breadth and uptake of support we offer. Responding to these local and national challenges both now and in the future will be vital in building and maintaining trust with our customers.

Some customers may not seek help because they are wary of sharing their personal information or through pride or fear. These customers may prefer to make sacrifices, such as going without heating or food, rather than failing to pay their water bill. Customers may also not realise the impact a change of circumstances, such as illness, bereavement or job loss, can have. As a result, they may refuse support if it is not promoted correctly, and no single approach to services or communication will be successful with all customers.

We are working in partnership with UK Power Networks (UKPN), Believe Housing and Age UK North Tyneside to communicate the benefits of our PSR and to increase uptake. As of 2023 we have 173,388 customers signed up to our Priority Services Register, an increase of over 100,000 compared to 2022.

In readiness for next year's price increases we have been working with customers on a new bill design, which will go live early next year. We have focused this work on making sure that our bills are clear and easy to understand and that customers are able to understand their payment options and the support we offer to help them. In advance of our annual billing of unmeasured customers in February we will be running an enhanced customer awareness campaign around the help we offer and how to save money on bills.

We will develop tailored services and communications, such as targeted campaigns, for each circumstance, with additional room for personalisation within these approaches. Correctly understanding customers' needs and diverse circumstances is critical to success. For customers needing extra help and support, we will use straightforward language in our communications and avoid jargon.

To assist with this we will integrate our financial and non-financial support services and customer records to make sure we can provide a clear and combined service package to customers. Combining these two data sets will enable us to better target and personalise our messages to make sure they are more relevant and have the greatest impact. Hyper-personalisation of our messages will enable us to proactively communicate and offer timely support when it can bring customers the greatest value.

Where we cannot help further, customers tell us they would like us to signpost them to other sources of local help, such as charities and organisations that provide grants. We will seek to partner with these organisations to support as many as possible.

We have made significant strides to enhance our local and strategic partnerships and key initiatives for AMP8 that will further build upon this include:

- Rebranding our inclusivity messaging following customer research. This will see our communications evolve from personas we used in developing out Water Without the Worry campaign to more relevant and accessible profiles.
- We will integrate our annual marketing communication campaigns to better highlight the financial and non-financial services we offer, personalised and tailored to customers unique circumstances.
- We will work with partners and stakeholders to share key messages across all available channels to ensure maximum exposure and reach.
- We will work to support customer adoption and education of digital tools and we will offer alternative routes of communication where social media and digital tools are unavailable. This may include having a greater presence in local communities where there is higher levels of digital deprivation.

5.6.4. Inclusivity awareness for all employees

It is vital that our employees have awareness of the broad range of needs of our diverse customers and have tools to support customers directly where appropriate or further signpost them to additional support services. Key to this is delivering our Inclusivity Awareness training across our organisation.

Our online Inclusivity Awareness training has already been provided by the Money Advice Trust for 300 of our frontline teams to give them the tools to identify customers in situations where we can offer further support. This will be expanded to provide in-house training for all frontline teams and supply partners. This training programme will be reinforced with coaching and best practice assessments. We will run a detailed internal awareness campaign for all employees about the different types of circumstances customers may be in where we should offer extra help and support. On an ongoing basis we always encourage employees to contribute their ideas to improve services for customers and will highlight examples of good practice.

Additional projects that we will work to deliver over 2025-30 include:

- Creating an enhanced inclusivity training package for employees co-designed with Northern Gas Networks (NGN) and the National Energy Action group (NEA).
- Refining our affordability training to provide tailored communications and solutions.
- Working with the Alzheimer's society to become a Dementia Friends Company.
- Supporting colleagues in our field teams with full information of customers' needs and providing them with the tools to allow easy sign up to our support schemes.
- Hosting regular diversity and inclusion sessions that are open to all employees.
- Providing in-depth training for recruiting managers around diversity and inclusion.

- Informing our teams to develop an enhanced understanding of the different characteristics and needs.
- Utilising diversity and inclusion networks to increase external engagement.



5.6.5. Data sharing

We know that those needing support are often the very hardest to reach, and while increasing awareness of the support we offer is important, this alone will not be enough to make sure all eligible customers are able to access these services. We are therefore also working with partners to explore all appropriate opportunities for data sharing.

Since starting our data sharing arrangements with the DWP last year, we have increased the number of customers benefiting from Watersure by more than 60%. We now have four times as many pensioner households supported by a discounted bill compared to January, thanks to the data sharing arrangements allowing us to be proactive and apply the discount before contacting them. We know pensioner households have heightened concerns about scams and often view support schemes as handouts, meaning that marketing alone to this group had been less successful with relatively low engagement.

Case study: Data sharing with the energy sector

In December 2021 we began the first phase of a PSR data sharing programme with UKPN, the company which owns and maintains the electricity cables and lines in our Essex and Suffolk operating areas. We now receive around 10-15 new applications a day from UKPN. We are manually checking and updating these new registrations at present, with the intention of moving towards full automation. Phase two, which will build the mechanism to extract PSR data from our Customer Contact and Billing system, to share with UKPN has started.

Since April 2023 we have had an equivalent data sharing programme for our Northumbrian Water customers with Northern Power Grid (NPG).

We have also been working to strengthen our links with local authorities and housing associations in our regions. We now have 11 partners who will assess for social tariffs on our behalf as part of their financial wellbeing work for tenants in their own social housing, and two more will shortly go live. We are working with three local authorities on arrangements to share social tariff eligibility data across their areas, extending beyond their own tenants to reach more customers. We already have such an agreement fully signed with London Borough of Barking and Dagenham.

Our plans for AMP8 will see a significant expansion of the breadth and depth of data sharing arrangement to make sure we can support as many customers as possible and provide better integration between our offerings for financial and non-financial support.

By 2030 we will have delivered the following improvements:

- Expanded PSR data sharing for all regions including with the NHS.

- Implemented data-sharing agreements with local authorities and housing providers in our operating areas and incorporated PSR in our scheduled agreements with local authorities.
- Have arrangements to share data with trusted partner organisations, with customers' consent, so that customers who need extra support do not have to keep providing information to multiple organisations.
- Implement 'Support for All' innovation to develop data sharing.

5.6.6. Being easy to access through channels of customers' choice

We aspire to be the world's most digital water company, making sure we keep pace with and drive positive change through technology enablement while providing all customers can contact us where, when, and how they need to.

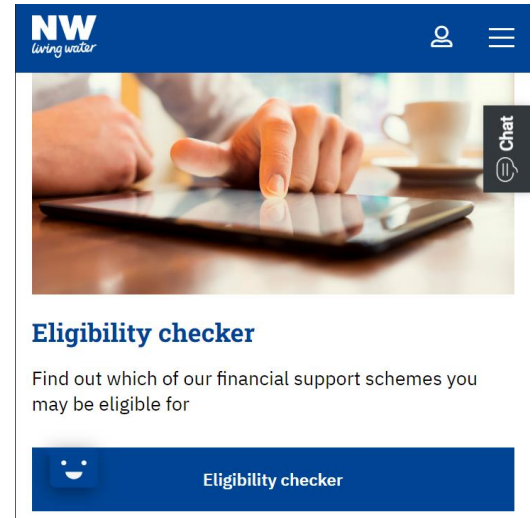
We recognise that customers who need extra help often wish to use online channels because of personal sensitivities. We will enable this by systematically reviewing all customer journeys across our digital and non-digital estate, creating improved service and journey maps, and digitising touchpoints wherever possible.

Although levels of digital deprivation have been falling, there is a strong link between poverty and digital exclusion. We must continue to offer customers a range of accessible contact methods and support customer adoption of digital tools. For customers who prefer or require non-digital channels, we already use home visits to talk customers through the types of support we can provide, and a small number of customers visit our offices to seek help. We know face-to-face conversations can be a useful way to make sure customers understand and can get access to all of the services we provide. We often use customer drop-in sessions and our customer engagement vehicle, Flo, to reach customers across local communities and speak to them about how we can help. We are extending the level of face-to-face contact to support customers. We will target communities where our help will make the biggest difference. We are investing in additional Flo vehicles for Essex and Suffolk to make sure we plan a visible and active role in our local communities.

Key future developments include:

- As part of our smart metering implementation, we will support customers in moving to monthly electronic billing for smart metered customers. This will aid customers' understanding of the link between billing and usage and narrow the gap between moving into a property and receiving their first bill.
- We will make our digital experiences more personal to the customer, surfacing information they need or would find useful at each point in the online journey.
- We will use proactive notifications such as in-app and web notifications, including push notifications in our mobile app and text messaging to flag usage changes to customers to alert them to possible increases in water use.

- We will enhance our digital capabilities to offer our customers more flexibility and control of their payment plans. This will support customers with irregular incomes, such as those on zero-hours contracts, and customers requiring short-term budgeting flexibility.
- We will make it easier for customers to get the help they need by creating an online tool that will allow customers to assess their eligibility and suitability for additional services such as affordability schemes, Priority Services, water metering and efficiency.
- We will introduce an income verification tool to evaluate suitability for a low-income discount, meaning that sending evidence for this discount type will no longer be required.
- We further plan to simplify online registration and access to our services and provide better options so all customers can manage their accounts and services online. This will make it easier for our customers and make sure they don't have to repeat information. For example, our technology can put contacts through to the same person the customer was previously in touch with. In addition, the investments we are making in new systems make it far easier for our advisors to see at a glance, a customer's history and understand their circumstances.
- We will also be further building our understanding of customer behaviour on their usage of our digital products by using customer insight data and customer research to shape what we deliver in the future.



5.6.7. Employee inclusion, diversity, and equity

Understanding the diversity in our business is key to helping us support colleagues and the communities we serve. In 2022 we launched our TIDE Strategy (TIDE: Together for Inclusion, Diversity and Equity), which outlines our commitment to a workforce representing the different cultures, backgrounds, and viewpoints of the communities we serve. This strategy outlines our approach to inclusion, diversity, and equity. Our ambitions include working towards a more diverse workforce that reflects all our regions' customers. For us, diversity helps our success and ability to innovate, with different people bringing skills and thinking to improve what we do and how we do it.



Progressing towards realising our ambition will see us build upon our successes and learning from PR19. Key focus areas for 2025-30 include:

- **Community engagement** - We already have a wide-ranging community engagement strategy with teams and volunteers available for community events. We will further utilise that engagement to inform and support our TIDE targets. Additionally, we will use future census data to give us information on the broader picture of customer demographics.
- **Community information** - Many of our 'minority' communities have groups and forums that we can tap into to offer advice and support. Some of these communities have traditionally been seen as 'hard to reach', and we will liaise with local councils and other organisations in our operating areas to connect with community leads and representatives.
- **Customer participation** - We routinely use community and customer forums which provide an important structure for listening to the voices of our customers. It is vitally important that we make sure these environments are as representative of our customers as they can be, and we will work to ensure the composition of these groups reflects the diverse communities we serve.
- **Recruitment** - A deeper and broader connection in local communities will aid our TIDE recruitment targets. A greater profile in our minority communities will, in the long term, see Northumbrian Water and Essex & Suffolk Water as an employer of choice as more customers become aware of all our services. This will contribute to ourselves being seen as more than just 'the water bill' in communities where our profile currently is no more than that.
- **Diversity and inclusion** - We have developed a gender diversity action plan to reduce the gap in gender pay and diversity and inclusion training will be included in our new Leader Management Development Programme for all new managers and all new starters will receive Diversity and Inclusivity training. Our Procurement team has already developed an action plan to diversify our suppliers and contract tendering attraction.

In 2022 we started a new female health group to highlight its support for various women's physical and mental health issues, including menopause, fertility, and women's safety. We have also been named one of the UK's Best Workplace for Women, achieving a 19th place ranking in the Super Large Category, published by Great Place to Work UK. We are the only water and sewerage company to feature, and we are among 263 UK-based organisations recognised for creating a great workplace for all.

Working in partnership with other organisations will support us in achieving our TIDE ambitions. For example, we have been working with organisations that are leaders and experts in areas including gender, ethnicity, sexual orientation, disability, and social deprivation.

Our partners for the lifetime of this strategy are:

• Women in Science and Engineering (WISE)	Gender
• Business In the Community (BITC) Race Charter	Ethnicity
• Stonewall Diversity Champion Programme	Sexual Orientation
• Business Disability Forum (BDF)	Disability
• Association for BAME Engineers (AFBEUK)	Gender/Ethnicity
• Community Groups	Social Deprivation

5.6.8. Customer and stakeholder participation

At each successive price review the water industry has placed increased emphasis on giving a voice to all customers. Our PR19 business plan introduced a new, ambitious goal to ‘Give every single customer the opportunity to have a strong voice and engage with us, with at least two million customers participating by 2025.’

The starting point for the design of our sampling and segmentation approach comes from two specific commitments we made in our PR19 business:

- At least 25% of all of the customers who get involved in shaping our services and plans for the future will be those who need extra help.
- We will make sure that the customers who actively participate will be representative of the diversity of people we serve.

The majority of our research projects have multi-strand approaches, this means offering participants multiple routes in and plenty of time to engage. This is to make sure that a wide range of voices are heard and as many customers as possible have the opportunity to take part.

Our affordability and acceptability research (NES49 and NES50) explain how we considered views from different customers as part of our PR24 business planning process.

6. MEASURING PROGRESS

Our customers place great value on the support we provide and our measures in this area indicate progress on water poverty and the satisfaction of our customers who receive additional financial and non-financial support. We also measure the overall perception of value for money – while this is a perception measure, we believe it is the best way to assess views of whether the cost of our services for all our customers is appropriate.

We are confident in our ability to deliver our plans, and we give our commitment over the coming years to do so.

To support the delivery of our plans, we will closely monitor our progress on key metrics and report back regularly to our customers, the Water Forum, strategic partners, and stakeholders.

Key metrics we will use to measure progress include:

EVERY YEAR WE WILL:

- Provide an up-to-date and detailed assessment of water poverty within our operating areas to track progress in areas and demographics.

BY 2030 WE WILL:

- Have over 250,000 customers registered for Priority Services.
- Increase awareness of both Priority Services and Financial Support to 65%, and keep awareness at this level as a minimum.
- Provide diversity and inclusion training to 100% of new employees.
- Contact a minimum of 90% of households, which have at least one individual registered on the PSR, every two years to make sure they are still receiving the right support, with confirmed contact with a minimum of 35% of households.

BY 2035 WE WILL:

- Achieve +63 NPS for customers who need extra help.
- Have reduced water poverty from 24% of our customer base to zero at a 5% threshold.

7. ANNEX 1 – CCW AFFORDABILITY REVIEW

Recommendation	We have...	We plan to...
<p>Recommendation 1 - Customers should be given greater choice and control over how they pay their water bill.</p>	<ul style="list-style-type: none"> • A wide range of payment arrangements is available. • Provide both an online account and app where customers can view bills, balance, and set up payment arrangements. • Offered Payment Breaks to customers and implemented the Debt Respite Scheme (Breathing Space). • Agree on short-term payment arrangements below actual usage amounts to support customers through periods of reduced income. 	<ul style="list-style-type: none"> • Enhance our app and online account services to allow for automatic adjustments of payments for both long and short-term changes. • Provide smart metering customers options to be billed more frequently.
<p>Recommendation 2 - Companies should, wherever possible, take appropriate action, tailored to a customer's individual needs, with the aim of preventing financial difficulty.</p>	<ul style="list-style-type: none"> • A warm transfer service set up with StepChange to provide debt advice and income maximisation for anyone struggling with their bills. • Both short and long-form income and expenditure forms within our billing system to be able to customer's customers financial position when setting payment arrangements. This information is also used to understand most suitable route of recovery and targeted promotion of water direct. • Provided training to our teams on benefits of debt advice and income maximisation. • Income maximisation tool delivered by Policy In Practice on website, which has been enhanced to both give assess for eligibility for tariffs and provide options to provide full I&E and information around affordable arrangements. • Increased the use of doorstep visits, with enhanced training to Orbit who conduct doorstep visits on our behalf. Their visit includes a full tariff assessment alongside signing up for Priority Service Register. • Reviewed our company funded discounted tariff to make it easier to apply with in house assessment. This will reduce customers bill by 	<ul style="list-style-type: none"> • Provide targeted money-saving and water-efficiency advice to customers as part of our smart metering programme. • Offer customers advice and coaching on ways to improve their credit and overall finances through our partnership with TransUnion. • Enhanced training for all frontline teams on spotting signs of financial hardship and discussing income and expenditure to make affordable and sustainable arrangements. • Provide online income and expenditure tool using AI technology to support completion easily with built-in SFS guidance. • Review the lowest bill guarantee.

	<p>up to 50% and hold arrears while in financial hardship.</p> <ul style="list-style-type: none"> • Introduced low bill guarantee for two years following meter installation. • Deliver enhanced support at meter installation to identify any leakage and get these repaired quickly. Water efficiency advice is provided at the same time. • Partner with IE Hub to share completed income and expenditure details with multiple companies in one transaction. 	
<p>Recommendation 3 - Debt support should be based on a customer's individual circumstances and ability to pay.</p>	<ul style="list-style-type: none"> • For customers in financial hardship, charges are reduced by 50% and arrears are held while they make payments towards their ongoing charges. After two years, we ask for an updated financial position and will then look to see if they are eligible to for an arrears support payment to reduce their arrears. This will be a minimum of matched payments up to writing off all arrears which are not secured. • Introduced financial support assessment to assess eligibility to both ESW and AWA support tariffs. • Aligned our full income assessment to SFS and offer full arrears write off for customers with long term affordability problems. • Our online tool provides an instant decision on eligibility for all affordability tariffs and WaterSure and compares costs to metered bills. • We promote customers completing an income and expenditure with debt advice company to assess for potential full debt write off. • Targeted support to customers struggling by partnering with a Foodbank. Where customers engage with us for tariff assessment, we provided a free months' water charges. • Implemented Open Banking solution to easily validate income and expenditure details. 	<ul style="list-style-type: none"> • Provide online income and expenditure tool using AI technology to support completion easily with built in SFS guidance. • Targeted messaging to customers to complete income and expenditure with option to use Open Banking. • Customers able to move between channels when completing income and expenditure with advisors telephone/WhatsApp support.

<p>Recommendation 4 - A range of wider support options should be offered. These should have clear, consistent eligibility criteria and be easily accessible for all customers, with co-design principles being adopted.</p>	<ul style="list-style-type: none"> • Enhanced offering of affordability tariffs to support both low income customers and those struggling to pay both short term or long term. • Website updated with clear details of all schemes available, with eligibility checker to identify tailored support with only a few clicks. • Affordability support titles aligned following CCW research. • Innovation festival sprint completed with partners to identify a water efficiency tariff which incentivises lower water consumption through rewards, without penalising those who don't or can't reduce their usage. • One stop tariff assessment introduced to assess for all tariffs including moving to a water meter. This also provides benefit maximisation advice. • WaterSure bills capped at average metered household bill level. 	<ul style="list-style-type: none"> • Continue to use our industry-leading Innovation Festival to design new and novel solutions to meet customer needs. • Implement a beat-the-bill water-efficiency and money saving campaign to complement our smart metering programme. • Reviewing company funding for crisis support or enhanced reductions. • Review opportunities for new and innovative tariffs identified as part of Innovation Festival sprint as below. • Introduced Homecare tariff which provides peace of mind by including Homeserve insurance in the overall costs so no additional costs are incurred if something goes wrong with plumbing or drainage. • Implemented our Watercare tariff to support high users of water who don't qualify for Watersure but do meet a 3% bill-to-income assessment. • Provide protection from bill shocks when rolling out our smart metering programme.
<p>Recommendation 5 - All available funding streams should be maximised to enable water companies to provide the most effective affordability support for customers.</p>	<ul style="list-style-type: none"> • Increased our customer-funded cross subsidy to an average of £3.75 which has enabled us to provide additional financial support. • Implemented drop swap onto our app to raise donations for good causes. • Expanded our company funded tariff offering to customers in short term financial difficulty. 	<ul style="list-style-type: none"> • Research customer support for an increase in cross-subsidies to fund an enhanced package of social tariffs. • Explore opportunities for shareholder funded support.

<p>Recommendation 6 - Introduce a sustainable, single social tariff to eliminate water poverty in England and Wales at the 5% level.</p>	<ul style="list-style-type: none"> • Played an active role in the development of a national single social tariff. 	<ul style="list-style-type: none"> • Align our social tariffs with the proposed National Social Tariff definition and eligibility criteria.
<p>Recommendation 7 - Customer communications should be clear and accessible.</p>	<ul style="list-style-type: none"> • Used envelopes and bills to promote the wide range of support available. • Enhanced our messaging across all communications to highlight available support. • Updated and aligned our affordability scheme names following CCW customer research. • Worked with language specialist partner Mazaru to improve clarity of written communications including bills, promotions and reminder letters being issued to customers. • Introduced 'good neighbour' branding for written communications so that messages are relatable and building increased trust. • Provide Recite across all our website to allow for translation and tailoring for individual needs. • Set up a partnership hub on our website for all services • Enhanced our mobile app offerings to allow for increased self-serve where this is customers choice. • Simplified online registration for PSR. • Increased number of face-to-face visits across all areas to provide affordability assessment support. • Launched WhatsApp as a contact channel. • Upgraded our communications system so that all contact channels are aligned and offering enhanced routing options. • Achieved BSI Accreditation for a second year demonstrating our vulnerable customer focus in communication and services. 	<ul style="list-style-type: none"> • Use customer research to update branding and messaging. • Deliver and integrated marketing communication campaign. • Expanded programme with partners and stakeholders to share key messages, across available channels. • Offer alternative routes of communication where digital channels and tools are not available. • Expanding WhatsApp across wider areas • Involve customers in a full review of contact methods and messaging. • Further develop our mobile app and increase self-serve capabilities. • Connect customer, billing, and smart meter data to deliver Hyper personalisation and targeted communications. • Explore options for further expanding our language translation services. • Achieve BSI Inclusive Service Kitemark accreditation.

<p>Recommendation 8 - Water companies should improve their understanding of their customers and the communities they serve, through research, engagement, and increased transparency.</p>	<ul style="list-style-type: none"> • Involved customers and stakeholder when understanding challenges. • At least 20% of all research participants in vulnerable circumstances. • Regular stakeholder of views on affordability and inclusivity satisfaction. • Created dedicated Water Forum task group. • Ran quarterly surveys on customer satisfaction with customers on our affordability tariffs and PSR to understand satisfaction and potential service improvements. • Engaged customers in the development of communications and bills. • Ran innovation festival sprints leading to the development of our Support for All project. • Utilised Water Poverty and PSR modelling tools to understand our customer base and enhance targeting. 	<ul style="list-style-type: none"> • Launch website you said we did section. • Review options for dedicated engagement resource to increase visibility and sharing with customers and stakeholders. • Use community investment initiatives including Just an Hour and Drop Swap to develop stakeholder and partner connections. • Utilise our networking groups to share and develop best practise. • Annual water poverty modelling produced, with enhanced understanding of household to allow for targeted plans.
<p>Recommendation 9 - Water companies should take a proactive approach to identifying those customers who may need support.</p>	<ul style="list-style-type: none"> • Ran joint promotion with Age UK North Tyneside. • Implemented daily PSR data sharing with UKPN. • Welcome letters for Priority Services provide information about affordability tariffs and support available. • Developed new pre-paid leaflets to allow customers to easily sign up for PSR where not digitally engaged. These have been given to RNIB and NHS Trusts. • Rolled out Dementia Awareness and Mental Health training across company to identify needs. • Provided autism awareness training to debt teams which we are intending to roll out to all customer teams. 	<ul style="list-style-type: none"> • Use income and demographic information to deliver targeted smart metering and affordability support. • Extensive community engagement provided as part of Smart metering roll out to build trust and raise awareness of support available. • Expand on NHS partnerships to allow for automatic sign ups. • Expansion PSR data sharing for all regions. • Innovation Festival Sprint to explore options for expanding use of Support for All and how this incorporates other sectors and financial support.

<p>Recommendation 10 - Through information and data sharing, companies should increase the information they hold to improve the identification of customers in need of financial support.</p>	<ul style="list-style-type: none"> • Established Water Poverty unit with NEA. • Highlighted water poverty as key theme in our Community Investment Strategy. • Created data sharing agreements with local authorities and housing providers. • Became an active member of NGN Governance Group, PAN Northern Collaboration, Utilities Together. • Worked with partners to provide cross sharing of information to reduce customer effort. • Trialled 'One-Call' an integrated support offering with Believe Housing to provide customers with support from cross sector in one interaction. • Implemented DWP Data sharing for Low Income Pensioner Discount and WaterSure. • Partnered with 12 Councils to complete tariff assessments. • Created digital economy act data sharing agreements with two councils. • Partnered with multi organisation to enhance range of support available (IE Hub, Settlid). 	<ul style="list-style-type: none"> • Develop a 'one-stop-shop' approach to support housing providers and other partners for both tariffs and PSR. • Implement Support for All project to expand data sharing. • Create community partnerships linked to smart meter roll out. • Expand strategic partnerships to target most hard to reach. • Run Innovation Festival Sprint to further build upon Support for All project.
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