

INDEPENDENT CUSTOMER CHALLENGE GROUP – SOUTH EAST WATER

CONSUMER VULNERABILITY SUB-GROUP

TERMS OF REFERENCE

Last updated, March 2018

This Terms of Reference for South East Water's Customer Challenge Group (CCG) Consumer Vulnerability Sub-Group (CVSG) has been developed with the main CCG and agreed by them. This document should be read in conjunction with the Terms of Reference for the main CCG.

1. ROLE

The CVSG will support the main CCG in its work. In particular it will focus on:

- **Quality of engagement** - challenge South East Water on the quality of its approach to engaging with customers in vulnerable situations, and those that represent them, including those people who are hard to reach. 'Vulnerable situations' includes customers who are struggling or are at risk of struggling to pay their water bills.
- **The degree to which customers are listened to** – challenging the company to ensure the views, needs and priorities of customers in or at risk of vulnerability, are fairly reflected in South East Water's ongoing decision-making and its business plan for 2020 to 2025.
- **Quality of service and support** - advise and challenge South East Water on its approach to identifying, supporting and empowering customers in, or at risk of being in, vulnerable situations – both today and in the future. The CVSG will seek evidence of the quality of vulnerability and affordability support provided and proposed by South East Water. Notably, how targeted, accessible, efficient, and effective the Company's approach and measures to address vulnerability are. This includes how well South East Water has used data and partnerships.

2. RATIONALE

Research carried out by the Consumer Council for Water shows that one in eight customers find their water bill unaffordable across England and Wales. As much as half the population, irrespective of where they live, will find

themselves at some point in temporary circumstances that may make them vulnerable. As the provider of an essential service, and to comply with relevant disability and equalities legislation, South East Water has an important role to play in ensuring:

- Consumer protection – to reduce the likelihood and impact of water related vulnerability e.g. in the instance of a water supply interruption.
- All customers can access the Company's key services – so as to reduce the likelihood of a customer being at a disadvantage due to their characteristics, circumstances or situation, because of South East Water's approach.

This Sub-Group was set up in April 2017 to:

- Enable greater scrutiny of South East Water's activities to identify, engage, empower and support customers with additional needs on behalf of the CCG.
- Challenge, advise and support South East Water, in its desire to improve service to customers with additional needs so as to 'be the company that *all* customers want to be supplied by and people want to work for'.

It was also recognised that consumer vulnerability was an area of customer engagement that had the potential to deliver significantly better outcomes for some consumers and for South East Water.

3. DEFINITIONS

For the purpose of this Sub-Group we have adopted Ofwat's definition of affordability as outlined in its PR19 Methodology document and built on the regulator's, definition of vulnerability so as to recognise South East Water's wider role in supporting customers with additional needs beyond information provision.

- **Affordability:** is the ability of a customer to pay their water bill.
- **Vulnerability:** relates to customers whose characteristics, situation or circumstances mean they may need sensitive, well-designed and flexible support and services so as to not be at a disadvantage including especial detriment, when engaging with their water company or accessing water. This approach focuses on vulnerability risk factors and recognises that vulnerability may be transient, with customers moving in and out of vulnerability.

4. DUTIES

Key duties are to challenge and advise South East Water:

- To have a clear **understanding** of who **its customers** are that may have additional needs, and what those vulnerabilities might be using appropriate sources of information and data.
- To have clear understanding of the **strategic partners** in its area who they could work with to deliver their engagement approach and support the delivery of its business plan and to deliver on its statutory obligations.
- To have effective and comprehensive mechanisms in place to **identify** customers with additional needs – maximising use of all touch points and keep any information about vulnerability up to date.
- To **engage strategically** with its customers and key stakeholders to have a clear understanding of the views, wants, needs and priorities of its customers in potentially vulnerable situations.
- To effectively **target** support at those in need of assistance. This includes customers who are **struggling to pay** having **easy and effective** access to assistance.
- To have fair and effective mechanisms to minimising **bad debt**.
- To ensure appropriate **awareness** and **accessibility** of products, services and support.
- To engage with appropriate stakeholders to **co-develop** solutions to problems that customers face where it can deliver better outcomes.
- To undertake **partnership** working, including with utilities and third party organisations on vulnerability issues where it can deliver better outcomes for consumers.
- To explore **innovative** solutions to deliver customer priorities more effectively and cost efficiently.
- To work with customers in vulnerable situations and groups who represent them to develop a **Vulnerability Strategy**, and operational processes and policies that reflect customers different views and needs.
- To work with customers in vulnerable situations and groups who represent them to develop **performance indicators**, and to deliver effective **outcomes** that reflect any differing needs and priorities.
- To ensure **the views** of customers with additional needs, who may be hard to reach are **captured** and reflected in the business plan and ongoing decision making.
- To ensure the company plans for **the future**, and considers future needs of customers in vulnerable situations.
- To monitor and demonstrate the **effectiveness and cost efficiency** of measures to address vulnerability.

Out of scope

The overall affordability of bills remains a matter for the main CCG.

5. AUTHORITY AND POWERS

The CVSG is acting on behalf of the CCG. The authority and powers to act are outlined in the CCG Terms of Reference.

Ofwat's February 2016 Vulnerability Focus Report¹ encourages CCGs to challenge the company's approach to vulnerability.

Ofwat's Delivering Water 2020 PR19 final methodology document² states that in assessing the company's approach to affordability and vulnerability Ofwat will take into account evidence from the CCG report.

Companies must have *at least one* bespoke performance commitment for addressing vulnerability in their business plans following customer engagement and challenge from their CCGs. They are also able to propose bespoke performance commitments on affordability that reflect their specific challenges.

Government in its Strategic Priorities Statement, has challenged water companies to go further in how they support customers in vulnerable situations, including those struggling to pay.

6. CHAIR AND MEMBERSHIP

The Chair of the main CCG will act as the Chair of the CVSG unless otherwise agreed with members of the CVSG. In between meetings of the Sub-Group, the Chair will be the principal link between the Sub-Group and the Company but will ensure that all Sub-Group members are kept informed and involved.

The Chair shall determine the appointment of the CCG members on to the CVSG. Membership of the Sub-Group will reflect the expertise and skills needed to perform its role. Members of the Board or their representatives are able to attend the Sub-Group by invitation. The quorum necessary for the CVSG will be three members including the Chair. In the absence of the Chair, the Chair may nominate a deputy to chair a meeting. If the Chair is unable to do so, the members may elect a Chair for the meeting.

7. FREQUENCY AND LOCATION OF MEETINGS

The CVSG will convene once a month until September 2018. Meetings may also be convened when a need arises.

Meetings will be held in person, or remotely if this is not possible. The format of each meeting will be agreed in advance of the meeting with South East Water.

¹ https://www.ofwat.gov.uk/wp-content/uploads/2016/02/prs_web20160218vulnerabilityfocus.pdf

² <https://www.ofwat.gov.uk/publication/delivering-water-2020-final-methodology-2019-price-review/>

Communication and decisions may also take place between meetings as necessary, including by telephone and email.

8. EVIDENCE BASE

The Sub-Group will gather its information in a variety of ways. This includes but is not limited to:

- Presentations by and information from South East Water.
- Information from external parties and organisations e.g. presentations, reports, meetings.
- The sharing of relevant information between members including insights gained beyond their CCG role.
- Use of comparative information.
- Attendance at relevant external events.
- Horizon scanning – to identify relevant research and information.
- Attending and observing South East Water engagement activities.

9. SECRETARY

To ensure its efficient operation South East Water will provide sufficient secretariat function for the CVSG.

10. MINUTES OF MEETINGS

The Secretary shall minute the proceedings and resolutions of all meetings including recording the names of all those present and in attendance. Minutes shall be circulated promptly to all members of the CVSG for agreement.

11. CHALLENGE LOG AND FEEDBACK

Challenges raised in the meeting, and responses given by South East Water will be recorded in the main CCG Challenge Log. This includes challenges made outside of the Sub-Group meetings including by email or in discussions. Actions will be captured in an Action Log.

14. REPORTING

The VCSG will report to the South East Water CCG. The Chair or a nominated member of the Sub-Group will feed back to the CCG on progress of the Sub-Group. The findings of the Sub-Group will be included in the CCG Assurance Report to Ofwat. The CCG will report to South East Water's Board and/or its relevant committees on the work of the Sub-Group.

All other aspects of governance as per the main Customer Challenge Group Terms of Reference