Consultation Response

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Response to Ofwat consultation on the Guaranteed Standards Scheme

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Age UK

Age UK is a national charity that works with a network of partners, including Age Scotland, Age Cymru, Age NI and local Age UKs across England, to help everyone make the most of later life, whatever their circumstances. In the UK, we help more than seven million older people each year by providing advice and support. We also research and campaign on the issues that matter most to older people. Our work focuses on ensuring that older people: have enough money; enjoy life and feel well; receive high quality health and care; are comfortable, safe and secure at home; and feel valued and able to participate.

About this consultation

In August 2018, Ofwat published a call for evidence on reforms to the Guaranteed Standards Scheme (GSS), under which water companies are obliged to pay compensation to customers affected by supply interruptions. The context is the period of cold weather in February and March 2018 – known as the 'Beast from the East' – during which over 200,000 customers in England and Wales were left without supply for more than 4 hours.

Age UK welcomes these reforms and is pleased to respond to this call for evidence. Below, we outline some initial points about older people and supply interruptions, before responding to selected consultation questions.

Key points

1. Older people in certain circumstances are among those most vulnerable during supply disruptions, for example those with health conditions, mobility problems, limited means of communication or those who are socially isolated. In some cases, they may be severely impacted by disruption.
2. We are concerned that many vulnerable customers did not receive adequate support from their water company. A particular concern is that only a third (36%) of customers with a health condition which meant they were reliant on water received alternative water supplies.
3. Ofwat should increase compensation payments to reflect the potential harm and distress caused. Payments should be increased with inflation.
4. We strongly agree that payments should increase exponentially with the length of disruption, to reflect the mounting potential harm and distress.
5. Customers in vulnerable circumstances are at greatest risk during disruptions and should receive higher compensation to reflect the greater costs they face. This would incentivise companies to identify in advance those most at risk.
6. As well as reforming compensation, Ofwat should ensure companies improve their performance supporting customers in future interruptions, including by more customers on their PSR, better information via a range of communication channels, and delivery of emergency supplies to those most in need.
7. Ofwat should consider penalising companies who provide inadequate information or practical support for customers on their PSR.
8. Ofwat should also require companies to publicly report on their response, including their support for customers on their PSR and those in vulnerable circumstances but not on their PSR.
9. In addition to interruptions in supply, Ofwat should improve its guidance to companies in the event of other occurrences that might severely affect people in vulnerable circumstances, such as localised flooding.

Initial comments: Older people at risk during supply interruptions

Older age should not automatically be equated with vulnerability. Many older people are capable and self-reliant and do not wish to be seen as 'vulnerable'. However, older people in certain circumstances are among those who are most vulnerable during water supply interruptions ('disruption'). Below, we outline some of the key risk factors.

i. Additional needs for water

Some older people consume large volumes of water due to living health conditions. For example, people living with incontinence use the toilet and wash clothes more frequently. There are around 3.2 million people aged 65+ with urinary incontinence in the UK, the majority of which are women.[1] More broadly, 36 per cent of people aged 65-74 and 47 per cent of those aged 75+ have a limiting longstanding illness.[2] Lack of access to clean drinking water and toilet facilities can make it difficult for people to take medication or otherwise manage their health.

Customers with a health condition meaning they are reliant on water were most likely to report being 'badly affected' by disruption (40%) in research by the Consumer Council for Water (CCW) into the 'Best from the East'.[3] It is therefore hugely concerning to see that only a third (36%) of these customers received alternative water supplies.[4] Similarly, a relatively high proportion (30%) of households including people with an illness[i] or disability were badly affected.

Even assuming people reliant on water can access emergency supplies during a disruption, they may not have enough to meet their needs. CCW research suggests that for more than a fifth (22%) of customers who received emergency supplies, it was not enough to meet their needs.[5]

ii. Ability to access adequate emergency water supplies

Older people are especially likely to have mobility problems; this applies to 18 per cent of people aged 60-69 and 38 per cent of those aged 70+, compared to 12 per cent of all adults. Combined with difficulties accessing transport, this makes is difficult for some older people to get about. For example, 11 per cent of those aged 65+ say they find it difficult to access a corner shop. Indeed, CCW research shows that a relatively high proportion (36%) of customers with mobility issues were badly affected.[6]

People with caring responsibilities may be unable to leave the house to access supplies. There are over 2 million older people in the UK providing unpaid care; of these, more than 400,000 are aged 80+.[7]

People in these kinds of situation and others – such as living with visual impairment – may struggle to physically travel even short distances to collect and carry home emergency water supplies.

iii. Communications

While water companies provide important information to customers online – including about supply interruptions – many older people do not use the internet. Whereas virtually

[i] In the CCW research, there are related but separate categories of research participants – 'health condition reliant on water' and 'household illness/disability'.

all (99%) 16-34 year olds do so, this falls to eight in ten (78%) of people aged 65-74 and 44 per cent of those 75+.[8] As well as being excluded from this source of information, these customers are unable to communicate with their company during a disruption by email, social media or reporting problems via its website.

Older people are also less likely than younger people to use a mobile phone; 72 per cent of people aged 75+ do so.[9] Despite this, older people overall are more likely to have a mobile phone than use the internet. This means text messaging or mobile calls can be a key method for water companies to communicate with older customers during an interruption, for example to provide vital updates.

For those older people who are most likely to be heavily reliant on their water supply, landline and doorstep calls may be the only practical means of communication, and water companies should be prepared to contact local agencies, such as the local parish or town council, that can help with door-to-door communications.

iv. Other challenges

Older people may face other significant barriers to coping. People living with **dementia** – estimated to be 850,000 people, of whom 808,000 are aged 65+ – may struggle to understand the situation and know how to respond.

Some older people are **socially isolated**, meaning they are less likely to have friends or family living close by who can help them cope with disruption by passing on information, communicating with the water company or helping to access supplies. Four in ten (42%) people aged 65+ live alone. Further, 17 per cent of older people have less than weekly contact with family, friends and neighbours.[10]

A supply interruption or similar crisis can have a severe impact on people with **frailty**. The NHS England defines frailty as 'a loss of resilience that means people... do not bounce back quickly after a physical or mental illness, an accident or other stressful event.'[11] One in seven (14%) people aged 60+ live with frailty; these are people who may not have a single identifiable condition but who could be tipped into a seriously life-limiting stage or even a loss of independence following an incident that might be easily overcome by someone who is fitter.

Conclusion

It is unacceptable that water companies should fail to provide support for those customers facing these risks and challenges. This is especially the case for lengthy interruptions to a service as essential as water. While we agree with Ofwat that the compensation regime can be improved – as we discuss below – the water industry also needs to improve more broadly in terms of emergency support, for example in terms of localised flooding.

Improvements might include –

- Higher numbers (and proportions) of customers on a company's priority service register (PSR), including through data sharing (with customer consent) with energy companies.
- A guarantee that all customers on a PSR will receive support in a disruption (and penalties if they do not).

- Better provision of emergency water supplies to those most reliant on it and least able to access it themselves.
- Better communication with customers, including more up-to-date and useful information, and through a range of online and offline channels.
- More consideration of other circumstances when people in vulnerable positions may need extra support, for example localised flooding following on from a burst pipe, that may seem relatively minor but could have serious implications if, say, a sheltered housing development is flooded.

Responses to questions: Arrangements for when supply is not restored

1. Adjusting the levels of compensation for supply not being restored under the GSS arrangements.

a) Should the levels of compensation for supply not being restored under the GSS arrangements be maintained or increased?

Levels of compensation should be increased; the current levels of compensation are inadequate. For example, a two-day interruption for an older person with mobility problems and incontinence would likely cause severe problems and distress. Compensation of £40 is completely inadequate; that person may need to spend significant sums on transport, water supplies, phone calls and possibly even accommodation. In addition, they should be adequately compensated for the distress and inconvenience caused.

We have no view on what specific level payments should be set at. Further, more than the standard level of payments, we are especially concerned (as explained below) that –

- payments increase exponentially with the length of the disruption, and
- vulnerable customers, who are more at risk, receive higher payments, or full recompense of extra costs such as alternative accommodation.

b) Could an increase in the minimum level result in companies paying less compensation to customers than they currently do by encouraging them to not exceed a higher minimum? If so, how could this be addressed?

We have no strong view. We think the minimum level should be increased to a decent and more appropriate level and companies should continue to have the option to pay higher amounts. Rather than focus on the amount of compensation, Ofwat could introduce an outcome-based approach, such as ensuring that vulnerable consumers are not left financially out of pocket.

2. Payment thresholds and exemptions for supply not being restored.

b) Should compensation increase by a larger amount the longer disruption lasts (i.e. exponential)?

Yes, compensation should increase exponentially. We agree with Ofwat's 'concern that the current GSS arrangements are not reflective of the impact on customers of being without water for a prolonged period.' We think the risks rise exponentially the longer a disruption lasts.

For example, disruption lasting into a second day or beyond could mean a customer has to source safe drinking water on multiple occasions, which may be extremely difficult due to mobility problems. That person may need to take multiple taxi trips. They may also need to make multiple lengthy phone calls, which can be costly. In addition, customers may feel growing levels of anxiety and distress.

CCW research backs this up, with the proportion of households badly affected rising from 18 per cent in a 1-day disruption to 44 per cent in a 3-day or longer disruption.[12]
Further, we note that long disruptions were common during the Beast from the East; a fifth (18%) of customers reported supply interruptions lasting longer than 24-48 hours. A further third of customers (35%) reported interruptions longer than 48 hours.[13] Some people were without water for up to a week.

In addition, increasing compensation in this way would create a stronger incentive for companies to act quickly and minimise disruption.

3. Other areas to consider relating to compensation for supply not being restored.

b) Are there any other changes to the arrangements we should consider relating to payments for supply not being restored to ensure that customers receive fair, fast and free from hassle compensation?
We welcome the fact that payments are made automatically without the customer having to take action. This hassle-free mechanism prevents the situation where people miss out because of difficulties making claims such as a lack of internet access, health conditions or disabilities. However, consumers should also have the right to put in a claim for extra reimbursement if applicable.

A small risk is that some customers may worry when they see unexpected money deposited into account. According to CCW research:

> *'More than half of all customers who experienced a supply interruption, including those in vulnerable circumstances, were unaware that they were due any compensation'*.[14]

Indeed, some types of scam involve unexpected deposits in a person's bank account. It is therefore important that companies communicate clearly and quickly to explain to customers what the payment is and why they have received it.

Arrangements for all payments under the GSS

4. Adjusting all payments under the GSS by inflation.

a) All payments could be increased by inflation retrospectively from 2001 when the levels of compensation were last changed. Would this approach be reasonable and proportionate?
We have no strong view on whether payments should be increased by inflation retrospectively from 2001, or on any other specific methodology. The important point is that payments should be higher than current levels to reflect the level of potential harm for customers.

b) All payments could be price inflated automatically in future. Would this approach be reasonable and proportionate?
Yes, this would reasonable and proportionate. We see no reason why compensation should not keep up with inflation.

5. GSS arrangements for different types of customers.

b) Should there be different compensation arrangements for customers in vulnerable circumstances? If so, what approaches could be adopted in order to differentiate fairly?
Yes, we agree. Customers in vulnerable circumstances – including many older people – are by definition at the highest risk during disruptions and should be compensated accordingly. This should apply irrespective of whether or not they are on a company's PSR. We note the CCW finding that:

> *Most household customers in vulnerable circumstances were given insufficient support by their water company, did not receive a customised service, and so were especially impacted by the event.*[15]

For example, older people with frailty may be especially at risk of suffering more severe impacts of water disruption, including drinking unsafe water. The CCW research includes an example of someone who got a urinary tract infection after drinking emergency water supplies from a tanker. Older customers at risk in this way – often 'older old' (80+) people – should be on their company's PSR and receive appropriate support.

Higher compensation for vulnerable customers would incentivise companies to focus on those most at risk of harm. It should therefore also incentivise them to identify in advance those most at risk and register them on their PSR. We note that only 5 per cent of household customers affected by disruption received information on how to register on their company's PSR.[16] Ofwat should continue to monitor PSR numbers and processes, e.g. how visible is information on the PSR, how easy is it to register?

Higher compensation for vulnerable customers should receive broad support from the wider customer base. CCW research suggested that among unaffected customers 'sympathy is mainly with vulnerable customers, for whom they want the water company to provide fully-customised support.'[17]

Companies should prioritise efforts to ensure the safety of customers on its PSR, for example, by providing information by text and providing easy routes for those customers to get in touch if they need support. Research by CCW includes examples of failure to do this, with one participant saying 'They [Welsh Water] have a list of vulnerable people and I am on the list, and they should have contacted us but they didn't.'[18] So, in addition, Ofwat should consider penalising companies who fail to provide practical support for customers on its PSR, including failure to supply water.

[1] Buckley BS, Lapitan MCM (2009) Prevalence of urinary and faecal incontinence and nocturnal enuresis and attitudes to treatment and help-seeking amongst a community-based representative sample of adults in the United Kingdom. International Journal of Clinical Practice; 63 (4): 568–573
[2] The estimate is for the UK, based on Great Britain data from the General Lifestyle Survey 2011, Office for National Statistics, 2013
[3] https://www.ccwater.org.uk/wp-content/uploads/2018/06/Customers-experiences-of-the-freeze-thaw-events-of-March-2018.pdf, Table 30
[4] Ibid., Table 20
[5] Ibid., Table 23
[6] Ibid., Table 30
[7] University of Essex. Institute for Social and Economic Research and NatCen Social Research, Understanding Society: Waves 1-5, 2009-2014 [computer file]. 7th Edition. Colchester, Essex: UK Data Archive [distributor], November 2015. SN: 6614, http://dx.doi.org/10.5255/UKDA-SN-6614-7
[8] https://www.ons.gov.uk/businessindustryandtrade/itandinternetindustry/bulletins/internetusers/2018
[9] https://www.ofcom.org.uk/__data/assets/pdf_file/0011/113222/Adults-Media-Use-and-Attitudes-Report-2018.pdf
[10] Loneliness, Social Isolation and Living Alone in Later Life, C. Victor et al., 2003
[11] https://www.england.nhs.uk/ourwork/ltc-op-eolc/older-people/frailty/
[12] https://www.ccwater.org.uk/wp-content/uploads/2018/06/Customers-experiences-of-the-freeze-thaw-events-of-March-2018.pdf, Table 32
[13] Ibid., Table 28
[14] Ibid., p.10
[15] Ibid., p.11
[16] Ibid., p.22
[17] Ibid., p.10
[18] Ibid., p.20