

HELP THE AGED

WE WILL™

16 November 2007

Chairman
Independent Water Review Panel (IWRP)
Calvert House
23 Castle Place
Belfast
BT1 1FY

Dear Professor Hillyard

Re: Strand Two: Independent Water Review

Previously Help the Aged, along with fellow colleagues in Age Concern NI and the Age Sector Reference Group, met with members of the Panel (13th September) to raise key issues that concerned us in relation to the impact of Water Reform on older people. I would like to take this opportunity to briefly outline key matters that remain a concern for us, particularly given their relevance to the remit of Strand Two of the independent review.

Affordability

Throughout the consultation process of Water Reform, the age sector has firmly voiced the importance of ensuring a charging policy that is affordable for pensioner households and prevented existing vulnerable pensioner households from experiencing water poverty currently and in the future. A wide range of research highlights the incidence of poverty among older people in NI. We recommend serious consideration is given to this situation and that it is not exacerbated. We welcome an investigation into adequate measures needed to ensure this does not happen.

We note that the IWRP Strand One report recommends a charging system based on the capital value of properties and for future water charging to be included, as an itemised charge, within domestic rates bills. In terms of protecting low income households, the current rate relief measures assess the household's income and decide the level of affordability in terms of paying for

rates. If this assessment has determined a household unable to pay for the bill in full, we believe there is an argument that this assessment should apply to any future water charging element within the domestic rates bill. Our rationale is that this could be a simplistic means of protecting already-assessed low income households. We recommend a thorough examination of the extension of current rate relief measures to apply to water charging and its impact on prevention of financial hardship on pensioner households.

In terms of the previous proposed water affordability tariff, within the Strand One report we are concerned to learn about the estimated number of households that would remain in water poverty after the application of the affordability tariff. Help the Aged are aware that there are barriers and failures within the current benefit system - the DSD estimate unclaimed benefits for older people in 2003-2005 amounted to up to £134million. We believe that much more needs to be done to ensure maximisation of benefit up-take levels: campaigns and efforts to achieve this need to be more effective and targeted. We welcome investigation and examination of proposals that would better protect older people from experiencing water poverty and prevent future financial deprivation.

Other areas

Help the Aged responded to the public consultation in relation to Draft Instrument of Appointment of the Northern Ireland Water Limited ("Licence") and the Proposal for a Draft Water and Sewerage Services (Northern Ireland) Order 2006. We would refer the Panel to the issues highlighted in both submissions regarding licence conditions and legislative framework (enclosed).

Thank you for the opportunity to make a submission in relation to Strand Two of the independent review. We would be happy to meet to discuss this issue further.

Yours sincerely

Michelle Bagnall
Policy Officer

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**Response to Consultation of Proposal for a Draft
Water and Sewerage Services (Northern Ireland) Order
2006**

August 2006

INTRODUCTION

1. The work of Help the Aged is about facilitating and enabling older people to remain in control of their lives. We work through a partnership approach with older people as equal partners. In addition, we also work with other agencies through an age sector approach to influence future policies. The work is aimed towards providing practical services as well as campaigning and lobbying on a range of issues. Older people are directly involved in this work. The core values which underpin our work are combating poverty, defeating ageism, reducing isolation and promoting quality in care.

THE AFFORDABILITY TARIFF – PROTECTING THE VULNERABLE

2. The primary aim of Help the Aged has been to ensure older vulnerable people receive adequate protection against water charges. Our understanding of an additional household bill having a huge strain on the pensioner purse has been strengthened through our consultations with older people. While we welcomed the introduction of the affordability tariff we forewarned that the introduction of water charges would still prove to be an additional financial burden on the pensioner purse.
3. It is important to understand to what extent the affordability tariff is being utilised. To this end the success of the affordability tariff in part will depend on the awareness of an older person's entitlement to benefits in the first instance. We believe that the take-up level of the affordability tariff must be reviewed on an ongoing basis to monitor its success. If there is a low take-up level of the tariff we would ask for a targeted awareness raising strategy to maximise take-up levels.

4. In terms of Article 213 our understanding is that the DRD will have an obligation to award grants to the water GoCo during the first three years from when water charges begin. These grants provide the essential funds required to support the affordability tariff. It appears that following 2010 the payment of grants will be at the discretion of the DRD.

5. We are deeply concerned that the current draft legislation allows for the potential cessation of the affordability tariff after 2010. This is unacceptable. There is no indication from Government that pensioner income will increase. In addition there is no indication that the weekly household expenditure will decrease to allow for the ability to pay for water charges from 2010. To this end we strongly believe that the affordability tariff should not be at a risk of being removed. We urge for serious consideration of this issue. A long-term commitment for the protection of older vulnerable people through the affordability tariff must be established from the outset.

METERING

6. Help the Aged welcome the option for older people who are not entitled to the affordability tariff to opt for a meter. However there appears to be a lack of information available on the plans on how this will happen. We believe it is important that a debate on the detail and implementation of the metering strategy is initiated without delay. This will enable the provision of clear information on the processes and procedures that is needed to facilitate the installation of meters. Help the Aged have a firm understanding of the issues facing older vulnerable people. We would be keen to participate in this debate.

REPRESENTATION AND FURTHER PROTECTION

7. Under Article 6(3) we welcome the reference to specific groupings¹ stating consideration will be taken in seeking to protect the interests of consumers by the DRD and the regulatory authority.
8. We believe it is important for older vulnerable people that there is a statutory body charged with the responsibility of representing water consumers.
9. Help the Aged fully support the Consumer Council as the water consumer representative body. We believe that in order for the Consumer Council to carry out its role the incoming water legislation must include and clearly state the following points:
 - A duty for the water company to consult the Consumer Council on matters of interest to consumers. Furthermore, we believe the Consumer Council should be consulted as part of the consultation process of any charging scheme. We note an absence of this duty in the current draft legislation and therefore call for its inclusion;
 - The Consumer Council should have the opportunity to investigate all matters raised by way of a water complaint². We believe older people must have the assurance that the independent consumer body for water has the powers to investigate matters on their behalf *before* the complaint is referred to a separate body;

¹ The specific groups outlined are the disabled and chronically sick; pensioners; persons on low incomes; and residents of rural areas.

² By use of the term 'water' we refer to all matters relating to water and sewerage services.

- We believe any complaint handling process between the relevant bodies must be clear, simple and efficient, including the recognition of accepting complaints via telephone.
- We recognise the potential involvement of a number of agencies should a complaint dispute arise: the new GoCo; the DRD; the DOE; the Consumer Council; and the regulatory body. We believe there is great potential for confusion given this number of organisations. If we have a complaints process that is complex and confusing older people will most likely decline from using this public service. This will result in a failure to assist our most vulnerable older consumers. To this end we ask that the Consumer Council is the first port of call for complainants should a complaint require further investigation.

REGULATORY POWERS

10. Help the Aged support a regulatory water body (currently the Northern Ireland Authority for Energy and Gas Regulation, referred to as 'the Authority') having the powers to act as an independent and effective regulator. The current draft legislation allows for the DRD to delegate enforcement powers relating to water supply to the Authority, if the DRD chooses to do so. We strongly believe that the primary duty of enforcement should lie with the Authority. Furthermore the duties of the Authority should not be fettered in any way.

THE FUTURE

11. It is our understanding that the current legislation allows for changes to the ownership of the water and sewerage services to occur without further consultation. This legislative issue is of concern to us. We believe that should the current GoCo arrangement change a further round of public consultation should take place.

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2 February 2007

Mr Martin McKee
Water Reform Unit
Lancashire House
3rd Floor
5 Linenhall Street
BELFAST
BT2 8AA

Dear Mr McKee

Re: Consultation on the Draft Instrument of Appointment of the Northern Ireland Water Limited (“Licence”)

Help the Aged has contributed to previous consultations on Water Reform and we welcome the opportunity to contribute to the draft Instrument of Appointment.

As a charity organisation working with older people since 1986, our policy work focuses on key issues including poverty and protecting older people from future deprivation. In our response we will outline Conditions within the Instrument of Appointment that are important issues that may affect pensioner households, and all other households across Northern Ireland.

CHARGES (Condition B)

- With reference to the charging period post 2010 there does not appear to be an adjustment measure to allow for any increase in price from April 2010 i.e. there is no protection for households should prices significantly increase. We strongly believe that a provision must be put in place to protect against significant price increases. We recommend that a provision should be made for the Northern Ireland Authority for Utility Regulation (NIAUR) to introduce a mechanism that will allow pensioner households and all other households to adjust to price increases.

- We strongly believe that responsibility for and management of revenue shortfall should not lie with pensioner households or any other household. It is our understanding that under Part II paragraph 4.1A if the Department does not undertake to pay any shortfall under the transitional scheme then the burden of cost may fall with domestic households. This is an uncertainty and a potential risk that is of concern to us due to the impact it may have on low-income pensioner households. We recommend that this discretion on the part of the Department is removed.
- Part II paragraph 4.4 (ii) is of concern to Help the Aged as it allows bad debt to be passed onto paying households. We do not believe this to be a fair and equitable manner of charging for water. Paying households cannot manage or be held responsible for non-paying households: this responsibility should lie with Northern Ireland Water Limited (NIWL) as it is within their power to manage debt. Furthermore the current provision lacks an incentive for the NIWL 1) to introduce an efficient debt management policy to minimise the level of bad debt, and 2) to establish customer friendly policies that will provide an incentive for customers to pay their water bill. We recommend that this paragraph is removed from the licence and that the responsibility for bad debt is placed with the water company.
- With respect to the determination process between the NIAUR and the NIWL it is our understanding that Part II, paragraph 4.13 provides provision for the Department to intervene in a dispute following a determination where NIWL is not satisfied with the outcome. We believe this could seriously compromise the independent regulation of the water company. Given the Department plays the role of owner and sponsor of the water company this provision creates a conflict of interest that is of concern. We recommend that this paragraph is amended to allow a disputes process following a determination, under this section, to progress to the Competition Commission for resolution and not to the Department.

CODES OF PRACTICE AND COMPLAINT HANDLING (Condition G)

- We welcome that the Condition includes notification to, and consultation with the General Consumer Council on the part of the NIWL in relation to a change of policy that may affect consumers.
- Where there is customer dissatisfaction or possible reason for a complaint it is important that the complaint handling process is clear, simple and efficient and that it also includes the recognition of accepting complaints via telephone: the latter point is of particular importance to Help the Aged and is a view we have raised in the

previous consultation³. Furthermore we do not believe the current Condition is in line with guidance and best practice in complaint handling and we would struggle to understand the rationale as to why a water supply company should not operate to the same best practice guidance as, for example, the electricity and gas regulated industries⁴. We recommend this Condition be amended to reflect recent developments in complaint handling best practice for similar utilities across GB.

PROCEDURE ON DEBT RECOVERY (Condition H)

- Again we welcome that the Condition has provided for consultation of the NIWL with the General Consumer Council when the code of practice for debt recovery is reviewed or substantially revised.
- We believe it is important that the water company is encouraged to engage in best practice debt recovery procedures. Specifically, it is important to understand the causal factors behind the debt and to this end we recommend that debt recovery practices and procedures make best efforts to identify such causes and that help is offered to improve the financial management circumstances of the customer.

Thank you for the opportunity to respond to this consultation. We would welcome any feedback in relation to our response and would be grateful for an update on the outcome of this consultation. Should you require further comment or clarification on our response please contact me on 02890 895 587.

Yours sincerely

Michelle Bagnall
Policy Officer

³ Help the Aged, Response to Consultation of Proposal for a Draft Water and Sewerage Services (Northern Ireland) Order 2006

⁴ See Ofgem: Gas and Electricity Codes of Practice, Guidance for Domestic Suppliers, 2001