

A large, light blue graphic of a water tap is positioned in the upper right corner. Below it, two light blue water droplets are shown falling vertically towards the center of the page.

COVID WATER USE AND THE IMPACT ON POVERTY IN THE UK

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Action for Warm Homes

waterwise

It has been almost eight months since lockdown was announced in the UK due to the Covid-19 pandemic. Offices and schools were closed and, wherever possible, employees were asked to work from home; over 9.6 million people were furloughed via the Government's Coronavirus Job Retention Scheme¹; and in the early days of lockdown, people were limited to just one form of outdoor exercise a day, for a maximum of an hour. In just a matter of days, 'normal' life changed, and people were spending more time at home than ever before. And, as we move closer to winter, the 'second wave' of the crisis is now upon us, the gradual easing of restrictions we saw over the summer period has now stopped and instead restrictions are tightening across the UK in the areas most affected by the rising number of cases.

With increased time at home comes changes in everyday behaviour. Consumption of every-day household utilities, such as water and energy, changed overnight in the early days of lockdown as they moved from consumption in offices or schools, to in-home consumption instead. This paper explores the changes in household water consumption and the subsequent impact on water companies, low-income households and the environment. It will discuss the need for resilience of our water supply in the future and will conclude with recommendations to safeguard against bill-shocks for the most vulnerable householders whilst reinforcing that 'water's worth saving'.

The Impact of Covid-19 on Water Use and Bills

Covid-19 and Water Use

Anecdotal evidence indicates the Covid-19 pandemic is resulting in large increases in water use in the home (circa 15-20%) with reductions in business use (circa 30-50%). This is likely due to increased time at home during lockdown and associated behaviour changes, such as more frequent and longer handwashing, increased showering and washing of clothes after being out of the house. Water companies have had to respond quickly to ensure they could get water to where it was needed – rather than industrial areas, water resource management had to be refocused to residential use.

Statistics released from the Office of National Statistics (ONS) show a huge increase in the number of people washing their hands during the Covid-19 crisis. The statistics were gathered during the period 20th March - 30th March and are designed to understand the impacts of the virus on UK people and households. Results found that almost all the adults surveyed (99.8%) said they had washed hands with soap and water specifically to avoid infection in the last seven days, with almost 9 in 10 (89.9%) saying they had increased the frequency of doing so since the pandemic. Increased handwashing has been vital in reducing the spread of the virus.

Additionally, some households, especially those which included key workers, have needed to wash clothes more often to 'kill' any virus that may be on work uniforms etc.

The first month of lockdown coincided with a UK heatwave which, irrespective of people spending more time at home, always leads to people using more water for paddling pools, hot tubs and watering their gardens. So, the combination of lockdown behaviour changes and the heatwave resulted in truly exceptional water demand over the Easter 2020 bank holiday weekend. April turned out to be the sunniest April on record², followed by the sunniest May on record³.

SES Water reported that the week commencing 18th May saw the highest demand of the previous 12 months, with the largest demand for a single day being the 21st May, which coincided with the highest temperature. In the last week of May, SES's demand forecast was approximately 170 megalitres a day, but in reality, they experienced demands of 206 megalitres a day that week, over 21% higher than predicted.

It is widely recognised that more efficient water use at home and by businesses is crucial if we are to maintain water supply security in the face of climate change and population growth and to avoid the huge economic impacts of drought⁴. Saving water is directly related to saving energy and carbon emissions. The water industry and the water heating our homes is responsible for 6% of UK carbon emissions⁵.



Dry Stream - Hertford Heath, UK. May 2020



Scorched Earth - Hertford Heath, UK. May 2020

With ambitious goals to be net zero carbon as an industry by 2030, it was already clear how crucial water efficiency was in the UK, and this is even more obvious following the pandemic. Climate change will mean that we will experience more shocks to our water systems in the future, and the need to be resilient to these shocks is vital. Being water efficient will help us not only mitigate those changes by reducing our emissions but it will be essential to enable us to adapt to them as well.

Covid-19 and Water Bills

For millions of people, personal finances have been hit hard and hit quickly. The economic impacts of a sustained national lockdown have been substantial, with some industries being hit far harder than others. Unfortunately, the crisis has resulted in a strong correlation between the likelihood of someone being furloughed or losing their job and them having previously been on a low-income. The weighted average median pay in the five hardest-hit sectors is around £10.60 an hour, it is nearly 40% higher for the five least affected sectors⁶.

At the time of writing this paper, there have been:

- Over 3.2 million claims for Universal Credit⁷;
- Over 9.6 million people furloughed as part of the Government's Coronavirus Job Retention Scheme⁸; and
- Over 1.9 million requests for mortgage payment holidays, and a further 1.7 million requests for payment breaks on credit cards and loans⁹.

The Social Metrics Commission believe that many of those in poverty prior to the Covid-19 outbreak could move deeper into poverty as a result of job losses, or reduced hours or pay, exacerbating the already increasing trend in deep poverty seen in the last two decades. Both the incidence and severity of poverty may increase due to the pandemic, as those previously close to the poverty line may have now moved into poverty under the

Commission's measure due to their changing employment status¹⁰.

By early August, over 70,000 payment breaks had been granted by the 17 water companies in England and Wales during the Covid-19 crisis. While a payment holiday may help a customer to manage a temporary change in their financial circumstances, they are not the best support option for a longer-term financial shock. The missed payments are accrued and need to be paid at a later date. This accumulation of debt may lead to increased payments in the future, which could cause further issues for customers experiencing financial detriment. Water companies need to be considerate of this and may need to offer to spread the accumulated debt over a longer period to help the customer make repayments based on their ability to pay.

In addition to this, households on a water meter may be starting to see changes in their water bills due to increased consumption over the last six months. These 'bill shocks' may be unexpected due to the lack of visibility with water use, and, for some, will come at the same time as Government support ends and unemployment rates rise. The possibility of increased bills due to consumption only affects metered households; households who are billed against rateable value will not experience this bill shock. This risks giving water meters a 'bad name', as the disproportionate impact becomes apparent. Recognising too that some households, for example those working in the health sector, may be needing to wash uniforms more often during the outbreak, some companies offered a rebate to cover the cost of additional water used if they were on a water meter.

It is worth noting that the pandemic coincided with the end of PR19 price review and the start of the new price control period, AMP7, in April 2020. This price control saw widespread reductions in customer bills, an average of 12%, or £50 year, across bills in England and Wales. In some areas customers have received a higher reduction, but when paired with increased water consumption, they will not see the full benefit of this, whilst unmetered customers will.

For example, Company A reduced bills by 20% in April 2020. Unmetered households saw a 20% reduction in the price they pay for their water and sewerage services despite using more water at home due to the lockdown. Metered households' water bills were also subject to the same reduction, but as their water use also increased due to lockdown, the net impact on their bills resulted in them only seeing a 5% reduction in bills, therefore being at a higher level of detriment than unmetered households.

Water Company Response in England and Wales

Due to social distancing restrictions, the usual face-to-face water efficiency interventions such as home and business water audits were inevitably scaled back to protect householders and water company staff. Some water companies adapted quickly and started carrying out virtual water audits via teleconference followed by posting the necessary water efficiency devices directly to the customer. New behaviours developed during the crisis, such as increased hand washing, may raise the future importance of things like low-flow tap fittings in reducing water consumption.

Water companies did however scale up customer communications about using water wisely during the hot weather. Social media messaging around saving water was adapted to ensure that it didn't contradict government advice that washing hands is one of the best ways to control the spread of the virus. Spurred on by the water demand situation, a national summer water saving campaign 'Water's Worth Saving' was launched in conjunction with all UK water companies and led by Waterwise and Water UK. Throughout Autumn, Waterwise is

running a complimentary campaign called 'Water Makes it Possible' highlighting the many ways water is intrinsic to our lives¹¹.

Water companies were quick to respond to the potential financial impacts of the crisis too, announcing a range of support measures to be offered by all companies to anyone struggling to pay their bills because of the crisis. Support included payment holidays, flexible payment plans and methods, and expansion of existing social tariffs and other support schemes, alongside an immediate suspension in debt collection activities and enforcement visits.

The consistency of approach from companies has meant that messaging is simpler and easier for customers to understand what support exists, especially for those experiencing payment issues for the first time. It would therefore be extremely beneficial for this consistency of support to continue once the crisis has abated.

Looking to the Future

Vulnerable customers must continue to be protected. Metered customers will have higher bills in the next billing cycle and customers who have had a payment holiday will still have to pay their unpaid bills, meaning future bills will be increased. Could the cost of the paused water bills be waived for certain vulnerable customers?

The pandemic has shown how central water is to our everyday lives. Whether it's the day-to-day uses of water in the home, the use of water for increased hygiene measures in the fight against Covid-19, or the use of water for recreational activities, water continues to feature significantly. Could water be valued more now than ever before? And how might this change how we use it? We have seen how changes to an individuals' behaviours or circumstances can significantly impact the nation's water use, which proves it is possible to use behaviour change to reduce water demand in the longer term.

Could the cost of the paused water bills be waived for certain vulnerable customers?

Could water be valued more now than ever before?



Water Makes it Possible Campaign Material, October 2020.

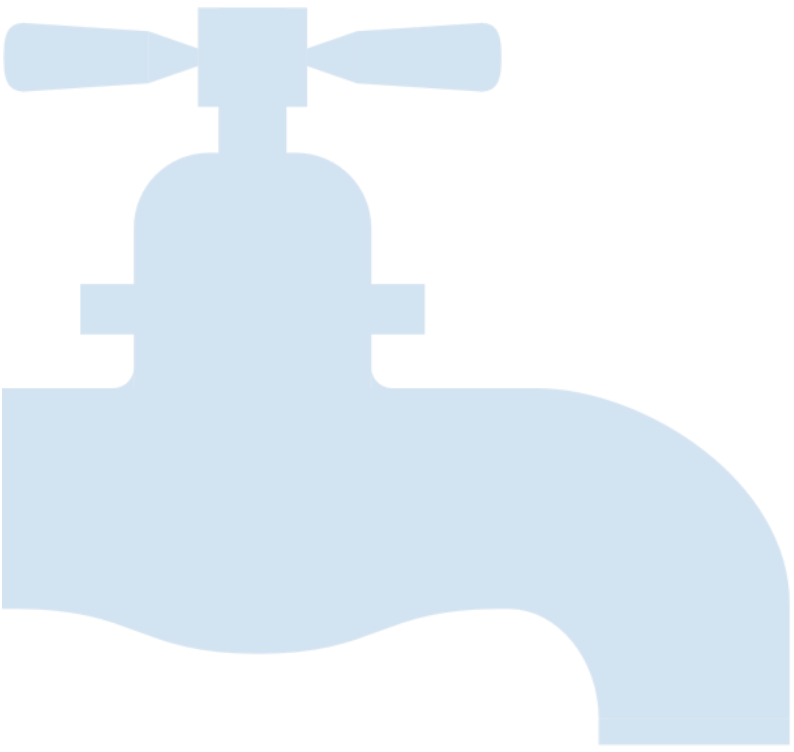
As we now work through the second wave of the virus, and the long-term financial impacts of the pandemic are realised, what comes next? Companies will need to continue supporting customers impacted hardest by unemployment rises or significant changes in their financial circumstances, but for how long will this be sustainable?

Water companies proved their resilience during this time and lessons will be learned throughout the industry on how to deal with shocks coupled with hotter weather in the future. Water efficiency linked to saving customers money on their bills, and financial support for the most vulnerable must continue to be a priority for water companies and the industry going forward.

What comes next?

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Waterwise is an independent, not-for-profit UK NGO
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