

By email: [Andrew.White@ccwater.org.uk](mailto:Andrew.White@ccwater.org.uk)

Andrew White  
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Consumer Council for Water  
23 Stephenson Street,  
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5<sup>th</sup> September 2024

Dear Andrew,

## **Call for Input – Improving WaterSure**

We provide our views on the development of the WaterSure scheme below. Our response is divided into sections, following the structure of the call for evidence.

Water is essential and our metered customers who have unavoidably high water use and/or limited means should be able to use the water they need without fear of the effect on their bill. We recognise that it is for us and other water companies to raise awareness of WaterSure, proactively reach out to customers believed to be eligible and make it as easy as possible for customers to apply. As far as possible, WaterSure and other social tariff schemes should also be consistent with reducing non-essential water use.

### **Remove the requirement for claimants to be in receipt of benefit**

We know that means testing can discourage applications for help as some customers are sensitive to sharing details of their financial circumstances and benefit entitlements. However, means testing is a way to ensure that help is directed toward customers who need it most. We further think that the customers who subsidise WaterSure are trusting us to administer it diligently and would expect us to establish clear eligibility and ensure we target the help available effectively.

On balance, we are in favour of retaining a means test, either through receipt of benefits or income threshold (discussed in the following section below). We think that WaterSure should support households most in need and therefore participants should meet pre-determined eligibility requirements. In reaching this conclusion we realise that if we are to operate means testing systems, we need to make claiming as easy as possible for our customers.

### **Replace benefit entitlement with a household income level threshold**

We are not opposed to substituting the benefits entitlement gateway for an income threshold test instead. However, this approach does duplicate our low-income eligibility test for our LIFT social tariff and we already pro-actively switch low income WaterSure customers to LIFT where they would be better off. In our case then, this proposal may not act to increase numbers on WaterSure as many who would qualify for reason of low income are already supplied on more advantageous LIFT terms.

Our pro-active transfers of WaterSure customers to LIFT tariff means that some of our residual low income WaterSure customers have household income that exceeds the social tariff threshold. Some of these customers could lose WaterSure entitlement if they were measured against an income cap rather than receipt of benefits. In March 2024 there were 1,377 WaterSure customers meeting the large family/low-income condition, who we have not been able to switch to LIFT because they would not qualify or benefit from LIFT so this provides an upper estimate of the numbers who might lose out.

On balance then, we would prefer to retain the benefits entitlement route to WaterSure. Across our LIFT and WaterSure social tariffs, this offers protection for both those on low incomes and those on benefits so in our view, widens the coverage of qualifying circumstances the most.

## **Expand qualifying benefits to include non means-tested benefits**

We would support expanding the qualifying benefits to include non-means tested disability benefits with additional caveats such as upper income threshold limit together with a check against the average consumption based on the number of occupiers.

Disability benefit income helps to reduce income gaps between different health conditions and equalise income, however in general, disabled people tend to have lower incomes than non-disabled people and therefore may be impacted by the cost of living more.

However, we must consider the consequences and impact on the administration in validating different elements of eligibility such as cost, ease, and simplicity. We would prefer customers to be able to self-serve as much as possible and provide evidence of their eligibility. However, some customers may find providing evidence of their household income intrusive and not understand the reason this information is being requested, how it will be used or where stored.

## **Increase or reduce the number of children needed to qualify**

We are not in favour of increasing the number of children needed to qualify as this would remove support from some of our current WaterSure customers. Instead, we support retaining the number of children classed as a large family (3 or more children in full time education under the age of 19).

If there were a change to decrease the number of children to two, we consider that would significantly widen the number of households eligible and the required cross subsidy. However, we recognise that we do not hold sufficient information in the business to estimate reliably the likely number of new claimants. Overall, we think WaterSure exists to protect metered customers from high water bills where they have low income but unavoidably high water use due to large numbers of children. We think it harder to justify two children as a large number than three, as two is an average family size.

## **Extending support to larger multi-generational households**

We are not in favour of extending assistance to multi-generational households as in almost all cases, older adults have an income, typically state and private pensions or pension credit. We think it reasonable to expect that older adults in multi-generational households use those incomes to contribute to household bills. Dependent children in full time education on the other hand generally do not have incomes or be reasonably expected to contribute to household bills, which we think provides the justification for including those kinds of families within WaterSure, but not older adults.

We understand that sometimes the reason for multi-generational households is the need for families to care for older adults. Often elderly care is associated with some of the listed medical conditions and benefits entitlements that are already qualification criteria.

## **Signal eligibility more clearly**

We are concerned that removing the listed conditions and replacing with a blanket statement could risk creating uncertainty for potential claimants as to whether they will qualify. It may have the unintended consequence of deterring claims rather than encouraging take-up. We are not however opposed to extending the list of named conditions, for example to include dementia and mental health conditions where these can reasonably be thought to result in higher water use. Overall, we think the greatest benefit will result if guidance were updated with a more exhaustive list of medical conditions that may require extra water use so that it is clear from both a customer and company perspective.

We recognise that a more exhaustive list may nevertheless suffer omissions. Where a GP or alternative evidence confirms a non-listed medical condition that results in extra water use, we should accept this and apply the tariff. We currently apply discretion to support households who may not meet the listed eligibility requirements but use more water due to a medical condition. In these cases, we assess the consumption to determine if the usage levels are higher than the average based on the number of occupiers.

## **Change the cap to the company average metered bill level**

We currently set our WaterSure cap amount to the level of our forecast local average metered bill (as we have 3 charging regions). If we unwound this and moved to overall company average bill, a greater number of customers in our Central area would see an increase in cap amount whilst a smaller number in our East and Southeast areas would see a larger reduction. We would prefer to retain the local metered bill cap to avoid this outcome.

## **Change the cap to either the local average metered bill or industry average metered bill – whichever is lower**

As noted above, our preference is for local average metered bill.

We are not clear on the practicalities of setting an industry average cap. At the time that we set our tariffs and WaterSure caps we do not know what the expected industry average bill will be, as companies have not yet published their bills for the year ahead. This would need to be resolved for the proposal to be workable.

## **Replace the cap with a percentage or fixed amount discount**

We think there are advantages to this approach as it delivers a protection to customers whilst retaining price signals to discourage non-essential use in a way that an overall bill cap does not. On the other hand, the absence of a cap removes the predictability for WaterSure customers, and we think our low-income customers in particular value the certainty of knowing the maximum that they can be charged, which also helps them to budget.

## **Introduce a single occupier bill cap**

We support further development of a single occupier WaterSure cap. It could extend assistance to single occupier customers with medical conditions, recognising that the current scheme is based on average bills, not single

occupation and that single occupiers are likely to be managing on a single income. We have not been able to make precise estimates of the additional WaterSure take-up that a single occupier cap would generate but expect the cross-subsidy amount to be lower (as new Watersure single occupiers would be using less water than the average or they would already be inside the current Watersure scheme).

The proposal does create additional costs to validate single occupation, which might be readily demonstrable from the Council Tax bill, where single occupiers can obtain a 25% reduction).

Yours sincerely,

**Rebecca Froud**  
**Director, Customer Experience**