

12 September 2024

**By email: [Andrew.White@ccwater.org.uk](mailto:Andrew.White@ccwater.org.uk)****Re: Call for input – Improving the WaterSure Financial Support Scheme**

Dear Andy,

Thank you for the opportunity to contribute to this review, and allowing us additional time to provide a response.

As noted in the call for input, the legislation governing WaterSure does not formally apply in Wales, but we have considered it to be in customers' interests for us to align to the scheme as applied in England.

Welsh Water has applied an enhanced level of support to the WaterSure scheme for many years, capping the bill at our metered average bill rather than the overall average bill, which we label as WaterSure Wales. This additional support is provided through a company contribution from our unique not-for-shareholder model, which is also used to support our social tariff "HelpU". We currently support around 32,000 customers on this tariff, 2.5% of our total customer base.

We agree that the time is right for a review of WaterSure, some 25 years on from its introduction. Since that time there has been the introduction of a range of social tariffs and support measures across the industry, many of which offer significantly greater discounts than WaterSure, with different eligibility criteria.

We suggest that an objective of any amendments arising from this review ought to be that there is no overall reduction in the number of customers supported, or the level of subsidy they receive. Removing customers from WaterSure through changes to eligibility would potentially lead to customer complaints and dissatisfaction, and adversely impact affordability.

However, we would also be concerned about any changes which led to a significant increase in the number of customers eligible for WaterSure, and/or the level of discount they receive. We are conscious that the cross-subsidy from WaterSure is set out in legislation and has not been subjected to recent customer research on acceptability or willingness to pay. Increasing WaterSure support would increase the bill impact on non-eligible customers, so it is important that this is only done to a level acceptable to them. Whilst another option would be to increase the level of company contribution, this would be

at the expense of contributing to other social tariffs, so the needs of the different groups being supported must be balanced.

It should also be noted that companies have prepared PR24 business plans including affordability and social tariff support, our proposals did not assume any change to WaterSure eligibility or discounts.

One option through this consultation could be to consider whether it is beneficial to continue to retain WaterSure as a separate tariff, or whether it should be incorporated into other social tariffs. This would particularly be if the eligibility criteria were amended to include an income threshold, which would in that case align more closely with other social tariffs. Our view is that WaterSure is currently effective at supporting a range of customers who do not otherwise qualify for social tariffs, and it would be preferable for it to be retained as a separate tariff.

We note that in the event that the industry moves to a single social tariff approach, it may be pragmatic to align the eligibility and discounts provided through WaterSure within that.

## Eligibility criteria for consideration

### Measured Customers Only

In its current form, we agree that the tariff can only be applicable to measured customers, as it is seeking to mitigate drivers of higher measured bills for those customers that are not able to afford them.

Whilst unmeasured customers also face affordability challenges, these are best addressed through other social tariffs.

### Low Income

**Remove the requirement for claimants to be in receipt of benefits**

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

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

At present WaterSure differs from other social tariffs because of its availability to customers who may be above the income threshold for social tariffs. Customers below the income threshold would be likely to be placed on a social tariff instead, because that would offer a greater level of discount.

If the WaterSure eligibility was amended to income rather than benefits, the difference between it and social tariffs would reduce, which would further raise questions around its usefulness as a separate tariff or whether these customers would be better supported through social tariffs.

Regarding disability benefits, we would agree that it could be appropriate to include non-means tested disability benefits, but may need to consider the extent to which these impact water usage. Where customers have disabilities which impact their ability to pay this should be captured through the existing means tests.

## **Family Size**

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

We suggest that maintaining three children as the threshold is appropriate. We would not wish to see support withdrawn from customers with three children if the threshold was increased, whilst reducing the threshold would potentially significantly increase the number of eligible customers. Where those customers with two or fewer children face affordability issues we would aim to support them through social tariffs.

### **Extending support to larger multigenerational households**

We suggest that this may add undue complexity to the eligibility assessment. The eligibility criteria for medical conditions already include a number of conditions which may cause increased water usage amongst older customers. Older family members will likely be in receipt of pensions and potentially other forms of financial support alongside this such as Disability Living Allowance which can support with affordability issues for larger households.

## **Medical Conditions**

### **Signal eligibility more clearly**

We do agree that the current list of medical conditions is not comprehensive and that many customers may not self-identify as being eligible for the scheme or cause confusion. We do provide support for any medical condition such as dementia where there is significant water use, so we do support the new wording.

## **Bill support provided**

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

Welsh Water already caps the WaterSure Wales charge at the company average metered bill level. We agree this is the most appropriate limit as the tariff is for measured customers only.

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

We prefer the approach that the tariff remains linked to the local (company) average metered bill. This ensures alignment between a company's tariffs and its other social tariffs. There are also practical issues through the tariff setting process in that the company's own average bill levels are known to it and are adjusted and balanced in the calculations, whereas industry levels would not be known until after tariffs are confirmed and published.

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

We feel that to meet the objectives of WaterSure, a cap is preferable. If a discount against the volumetric charge was applied instead, this would create the risk that some customers with higher consumption could still face high bills, and feel incentivised to reduce consumption when they are unable to do so. The application of percentage discounts can also create greater technical and administrative complexity than a single capped tariff.

### **Introduce a Single Occupier bill cap**

We suggest this cap would not be meaningful in practice, as our previous studies have found that the bill for single occupiers is often lower than that applied through our social tariffs. Where single occupier customers are not eligible for social tariffs, we suggest they are best served by remaining on standard tariffs.

## **Conclusion**

We hope you find the views expressed above useful. Please let us know if you would like to discuss any of these points further.

Yours Sincerely

Samantha James  
Managing Director, Household Customer Services