

MONEY  
ADVICE TRUST

BUSINESS  
DEBTLINE

NATIONAL  
DEBTLINE

WISER  
ADVISER

Consultation Response:

# CC Water Improving the WaterSure Financial Support Scheme

Response by the Money Advice Trust

Date: September 2024

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# Introduction

## About the Money Advice Trust

The Money Advice Trust is a charity founded in 1991 to help people across the UK tackle their debts and manage their money with confidence.

The Trust's main activities are giving advice, supporting advisers and improving the UK's money and debt environment.

In 2023, our National Debtline and Business Debtline advisers provided help to 127,390 people by phone, webchat and our digital advice tool with 2.38 million visits to our advice websites. In addition to these frontline services, our Wiseradviser service provides training to free-to-client advice organisations across the UK and in 2023 we delivered this free training to 800 organisations.

We use the intelligence and insight gained from these activities to improve the UK's money and debt environment by contributing to policy developments and public debate around these issues.

Find out more at [www.moneyadvicetrust.org](http://www.moneyadvicetrust.org).

## Public disclosure

Please note that we consent to public disclosure of this response.

# Our response

We run National Debtline and Business Debtline where we help people with multiple debt problems. We have included some statistical information about our client profile to illustrate our points. This helps to explain why it is very important for our clients to gain all the support they are eligible for in relation to water and other household bills, particularly given that some of our clients are struggling to pay even their household bills in the current economic climate. Households continue to be under significant financial strain. For more information, see our recent report “Broken Budgets”.<sup>1</sup>

## Our National Debtline client profile

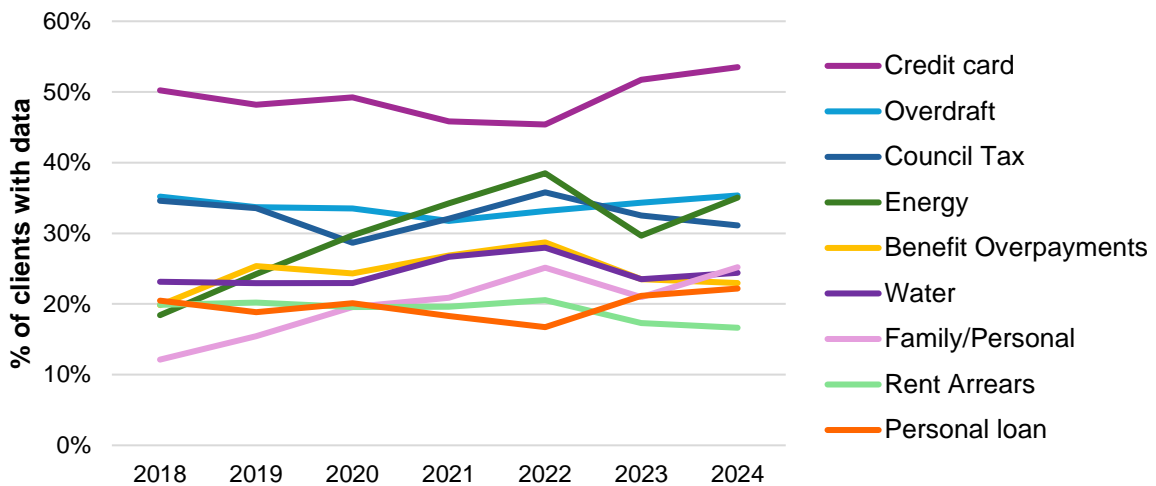
We have sent out some of our debt and demographic profiles below.<sup>2</sup>

- **Over one in four (27%)** people we help at National Debtline have **water debt**. On average, they owe **£1,014** – a 6% increase compared to 2023. Over the longer-term, the amount people owe in water arrears has risen significantly, up by 37% since 2020 (when average arrears were £738).
- More than two in five (43%) people we help at National Debtline have a **negative budget**. This means that their income is less than their essential spending.
- Almost one in two National Debtline clients (47%) have an **annual net income** below £20,000. More than one in ten (13%) have an income below £10,000.
- Nearly seven in ten (68%) National Debtline clients **receive welfare benefits**.
- The average amount our clients spend on ‘**food and household**’ each month has **increased by 20%** in the past year (equivalent to £65 extra a month). Food and household costs amounts to 20% of a client’s average monthly expenditure.
- Almost seven in ten National Debtline clients (67%) have **at least one ‘priority debt’**. This means they are in arrears with a household bill such as rent, mortgage, council tax or utility bills.

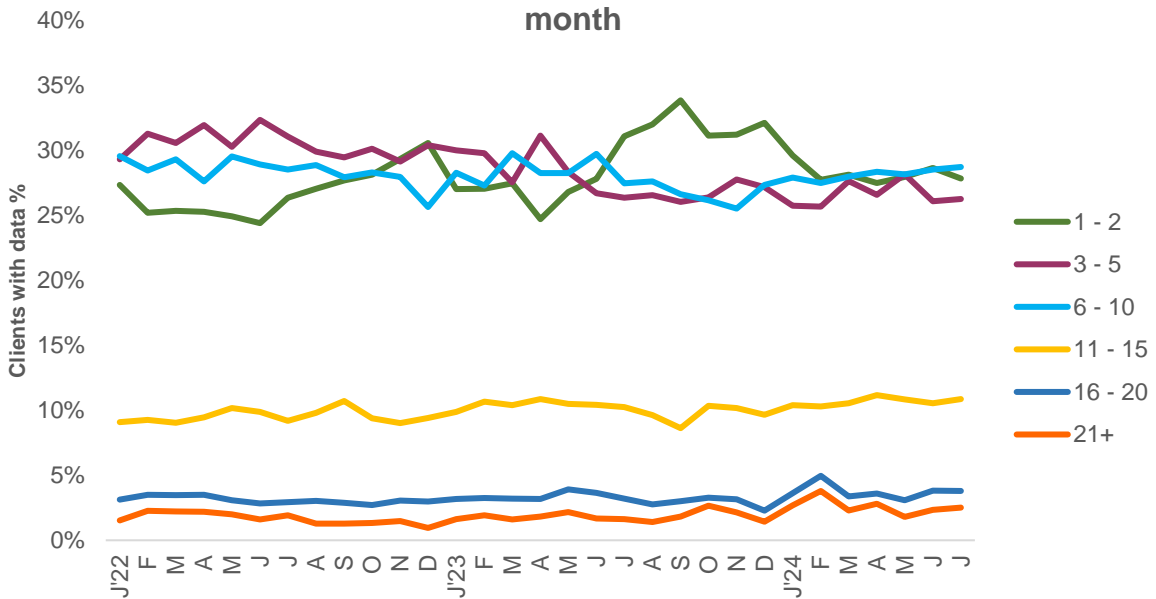
<sup>1</sup> <https://moneyadvicetrust.org/wp-content/uploads/2024/07/Broken-Budgets-Money-Advice-Trust-July-2024.pdf>

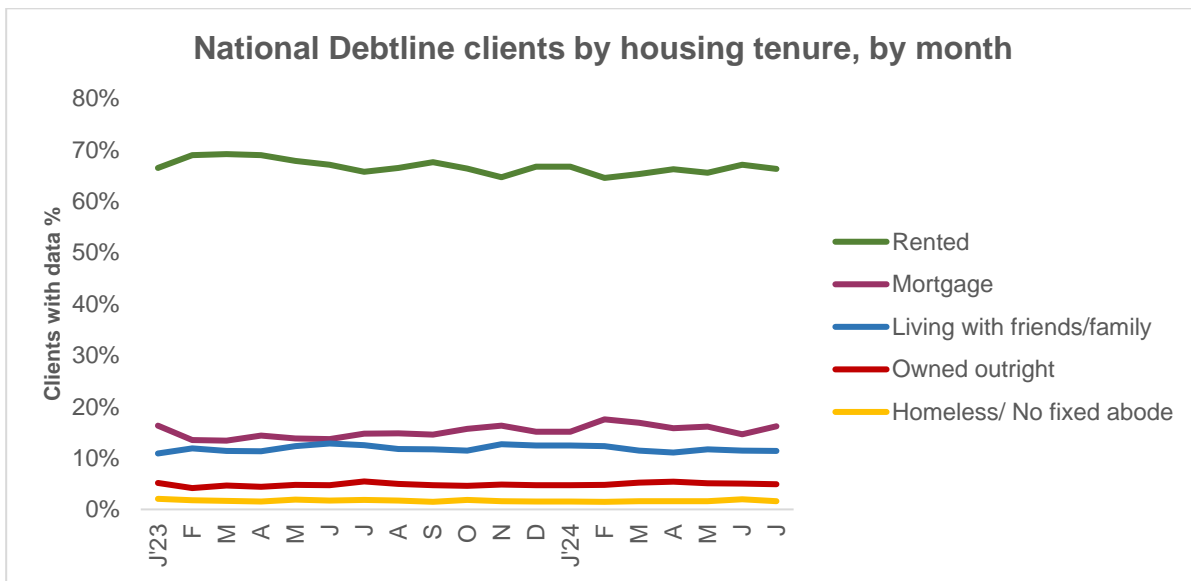
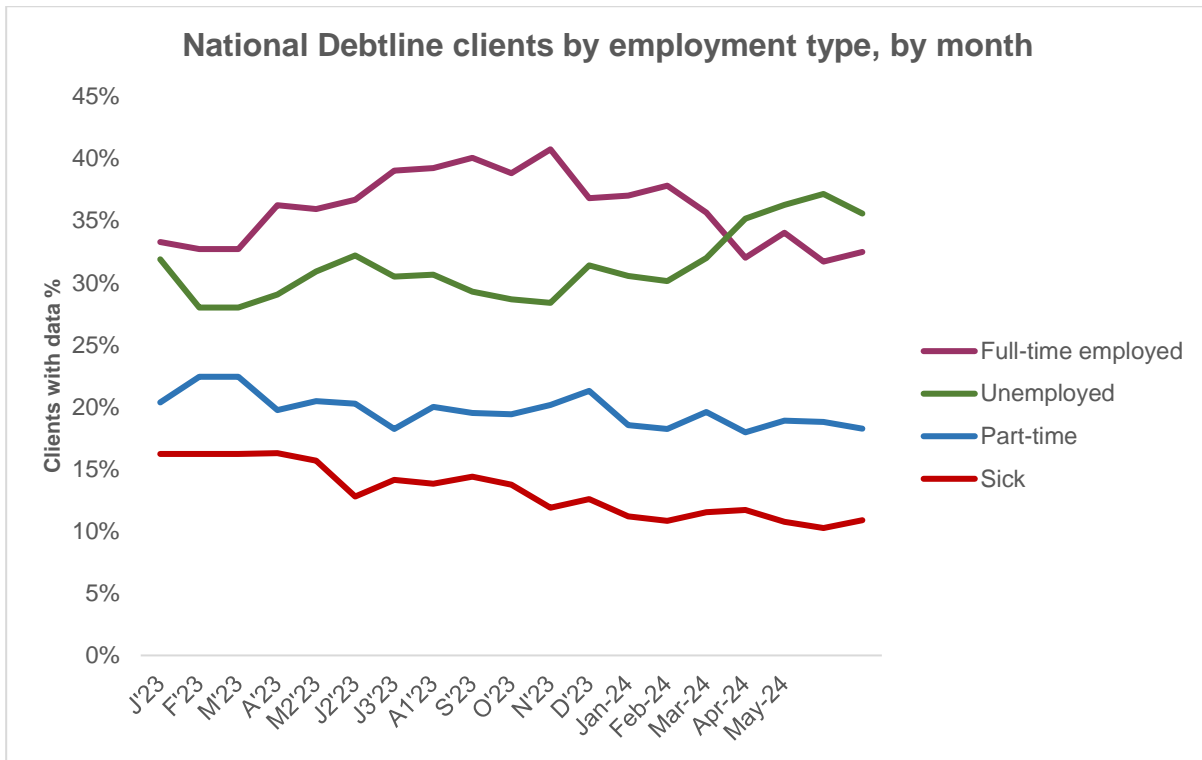
<sup>2</sup> All data sourced from our Customer Relationship Management system. Based on all clients where information is available

### Most common debt types by proportion of National Debtline clients, by year



### The number of debts held by National Debtline clients, by month





# Comments on eligibility criteria

## Metered bill

It would appear sensible to retain the eligibility criteria that requires households to have water meters to qualify for support. As the purpose of the scheme is to ensure people are protected from high water bills due to essential usage, then this would make sense.

However, it is vital that social tariff schemes will assist low-income households who are on both metered and unmetered supplies. We retain our support for a single universal social tariff scheme across all suppliers.

## Low income

The list of eligible benefits is very restrictive currently. We want the scheme to reach as many people as possible, so expanding eligibility restrictions from certain benefits to cover all households with large families and medical conditions would make sense. However, this approach would need an income threshold to avoid high earners getting help unnecessarily.

A household income level threshold will also have its drawbacks as pointed out in the paper. We would not like to see unintended consequences if the threshold is set so low that existing eligible families lose their support. A higher all-encompassing income threshold or multiple thresholds depending upon household size would be required.

We very much support an expansion to include disability benefits in the eligibility definition. This would go a long way to ensure that people with the extra costs of a disability will be able to obtain support with their high water bills. Their disability benefits will generally be used in extra care costs and expenses related to their disability or condition.

We would not expect it to be likely that there are many high-income households that are eligible for support. We wonder if it is worth exploring the likely numbers where this is a consideration, to ensure that this support is sufficiently targeted.

## Family size

We would object to any changes to the scheme that increases the number of children required to claim support. This would mean some families currently getting support would lose out. The eligibility criteria are already restrictive, and very few families obtain help under the scheme. Such a move would make the scheme too narrowly focussed.

In terms of reaching those in real need, WaterSure scheme eligibility should be reduced to two children in our view. As there are other criteria that mean some of these families would still not qualify for the scheme due to their water usage being below the average eligible for help, then this change will only help those most in need of support.

This approach could be combined with a suitable income threshold as discussed, so that families on low incomes would get help if they have two children or more.

If support was extended to higher water usage needed in multi-generational households, this might be fair where the higher water usage is due to the older family member's medical condition. Despite the likelihood of that person receiving their own benefit income, this could well be used for care needs and so on and not be available to pay the water bill.

We think there might need to be some modelling of how this would affect the scheme costs, to ensure the scheme is targeting the money in the best way possible.

## Medical conditions

We would support the expansion of the scheme to remove the specified list of conditions as this seems very limited. The scheme should include any medical condition that requires "significant additional water usage" as suggested in the paper.

However, we think that it would be helpful for examples of indicative conditions to be included to help consumers think about whether they might be eligible and include mental health conditions in the examples. It should of course be clear that assistance is not limited to the examples given.

The requirement to obtain a note from a medical practitioner is too burdensome, particularly where there are problems with GPs charging to provide such evidence. We support the expansion of this evidence to include other forms of evidence as well.

There should also be a requirement on water companies to accept any condition as eligible where a medical practitioner confirms this condition requires extra water usage.

## Comments on bill support

The paper states that more than 220,000 customers are saving just over £300 a year under the WaterSure scheme. This seems to us to be very low, and unlikely to reflect the level of need out there. It is vital that the scheme is widened to ensure more support is available to more households.

We agree that *at the very least* the cap should be changed to the company average metered bill level rather than the company's average bill. We are aware that in some areas, water bills are much higher than others. Therefore, further changes to the cap to use the **lowest** of the local average metered bill **or** the industry average metered bill would be even more significant in improving the support to struggling households.

We can see the reasoning behind replacing the cap with a discount from the bill as this would also provide help to more eligible households with their bills even where they do not have increased overall usage. However, this approach does not appear to help households with higher water usage needs who may miss out on the additional level of support they currently receive.

This type of support could be addressed through a social tariff that looks at affordability of bills overall rather than through the WaterSure scheme which is designed to protect metered customers from higher water bills. The needs of non-metered customers who cannot afford high water bills using rateable value need to be addressed, and this may be best through a social tariff.



If a percentage discount or a fixed amount discount was to be adopted under this model, it might be easier for clients to have a predictable fixed amount deducted. This could be better for clients in terms of budgeting and protecting those with very high usage.

We wonder if there could be consideration given to tiered discounts, given that the average water bill is set to go up by 20% over the next five years so that the discounts would increase to counteract the effects of the bill increases on eligible households.

We appreciate that whatever mechanism is put in place, the cost burden will be felt by other customers as their bills would increase to pay for these support measures. As the costs are, at the moment, around £2-3 per year, even doubling the support available would have minimal impact on other customers. We would query why companies cannot continue to fund some of the support rather than rely on cross subsidy from other customers' bills.

We would support the introduction of a single occupier bill cap. This would be very welcome and reach a group of people that are excluded under the current scheme.

## For more information on our response, please contact:

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