

About this document

This document is our response to CCW's call for input on improving the WaterSure financial support scheme.

We are a non-ministerial government department that was established in 1989 when the water and sewerage industry in England and Wales was privatised. We operate under a legal framework that provides, among others, a clear mandate for intervening on behalf of customers in vulnerable circumstances whilst carrying out our relevant functions. Section 2 (2A) (a) of the Water Industry Act 1991 stipulates that we shall protect the interests of consumers, and in doing so have regard, non-exhaustively, to the interests of individuals who are disabled or chronically sick; of pensionable age; on low incomes; and residing in rural areas. We also act in accordance with the respective statutory strategic policy statements published by UK and Welsh Governments.

Our aim is that water customers in England and Wales get high standards of customer service and support for the full diversity of their needs, financial and non-financial. Our new customer-focused licence condition¹, introduced earlier this year, requires water companies to understand the needs of their customers and provide appropriate support. It strengthens our powers to act against companies failing to provide that support.

¹See Ofwat, [Customer-focused licence condition - Ofwat](#)

Introduction

We are pleased to share our thoughts on CCW's call for input. WaterSure is an important source of financial support for some household customers who need to use relatively large amounts of water. It is a scheme that caps bills for metered, lower income customers with higher levels of non-discretionary water usage either due to having a large family or for medical reasons. The scheme forms part of a broader support offering to customers in need of a helping hand with bills. It is also an important complement to some of the innovations in charges that companies are currently trialling, such as rising block tariffs. Such charging trials have an important role to play in helping households achieve other goals, such as water efficiency by incentivising customers to reduce discretionary demand for water.²

We therefore welcome CCW taking stock of current arrangements and considering how the scheme should evolve to effectively meet the needs of customers into the future. The remainder of this document provides our high level response to the call for input. We welcome the opportunity to engage further with CCW as it continues to refine its thinking ahead of submitting recommendations to Defra and Welsh Government in February 2025.

Eligibility criteria

Water companies should aim to provide great customer service, to all their customers, but this is particularly important for customers that need extra help and support. We know that a growing proportion of customers in need of a helping hand with bills are receiving help from schemes that guarantee lower bills, such as WaterSure and wider social tariff support. But there is more to do, and we expect all companies to identify those people that are eligible for help and respond accordingly by providing that help.

All water companies currently offer their customers social tariffs and WaterSure and legislation enables companies to provide reduced charges for customers who would otherwise have difficulty paying their bill in full.

The current WaterSure eligibility criteria is set out in the Water Industry (Charges) (Vulnerable Groups) (Consolidation) Regulations 2015. WaterSure is offered in both England and Wales, although there are no equivalent regulations in Wales. Customers must be metered, in receipt of a means tested benefit and have high levels of water usage due to either having a large family (defined as three or more children) or a medical condition that requires additional water use. New appointees (also known as NAVs) also offer WaterSure to their customers. The cost of WaterSure is primarily borne by other customers and our latest data from companies' Annual Performance Reports (APRs) suggests that WaterSure currently adds £2.65 to customers' annual bills.

²See Ofwat, [Conclusions on charging innovation to support affordability](#), 2023.

We think that CCW's call for input presents a good foundation for further discussion and accompanying analysis to build a better picture on what the changes proposed might mean in practice. This will help Government make decisions about how WaterSure should evolve into the future.

The call for input initially focuses on the WaterSure eligibility criteria, presenting a range of options with potential to both narrow and widen the scheme across different criteria. Where possible, quantifying the scale of customers eligible for any new or refined scheme will be an important part of helping to understand and balance trade-offs and make informed decisions on the future of WaterSure.

We think there are data sources that might help CCW to build more of a picture for what some of these proposed eligibility changes might mean in practice. For instance, on the family size criteria, there are estimated to be around 3.7 million one-child families in the United Kingdom as of 2023, with a further 3.38 million two-child families, and 1.18 million families that have three or more children.³

On multi-generational households, ONS data suggests 2.1% of households in England and Wales were multi-generational, albeit this estimate is based on data from 2021.⁴

More generally, any changes in these areas will require companies to access accurate household occupancy data, as we noted in connection with our wider work on charging innovation to support affordability.

For low income households, DWP statistics suggest that there are around 1.26 million claimants of the Disability Living Allowance across England and Wales.⁵ The latest Personal Independence Payment (PIP) statistics show there were 3.4 million claimants entitled to PIP in England and Wales as at 30 April 2024.⁶

There is likely to be further information available on the prevalence of different medical conditions across the population. This is a currently an important WaterSure criteria and an area where there may be benefit in understanding more about what works for customers when it comes to talking about medical conditions given some of the sensitivities involved. We expect companies to be empathetic to customer medical needs and can see benefit in a combination of approaches, with companies signalling the fully inclusive scope of the regulations and including some examples of customer medical needs covered to help encourage customers to come forward and apply for support.

³ [UK family sizes 2023 | Statista](#)

⁴ [Families in England and Wales - Office for National Statistics \(ons.gov.uk\)](#)

⁵ [DWP benefits statistics: August 2024 - GOV.UK \(www.gov.uk\)](#)

⁶ [Personal Independence Payment: Official Statistics to April 2024 - GOV.UK \(www.gov.uk\)](#)

Overall, there are a lot of moving parts for CCW to consider with WaterSure eligibility so it will be important to weigh up the pros and cons of different courses of action, the interactions between options, as well as being mindful of possible 'cliff edges' and unintended consequences from any changes. For instance, the cost implications for just-about-managing customers who do not qualify, any potential undermining of water efficiency initiatives aimed at discretionary water use and any blurring of the scheme with wider social tariff support.

Support provided

The Call for Input also includes consideration of the nature of WaterSure support received by qualifying customers. The WaterSure regulations currently require that annual charges to qualifying customers are capped at the level of that company's average bill. This means that the level of WaterSure charges vary by water company, sitting within the wider framework for the water sector where household customers' average bills differ, with variations between water company areas (as a result of, for example, network characteristics and different levels of investment required).

CCW consider options that include changing the WaterSure cap from the company's average household bill level (derived from measured and unmeasured averages) to the company's average metered bill level (which is likely to be lower and is something that some water companies are already doing). Other options put forward for consideration include setting the WaterSure bill cap to whichever is lower for the customer of the company average metered bill level or the industry average bill. CCW also put forward the option of replacing the cap with either a percentage or fixed amount discount.

We think that CCW's call for input is a good starting point for further consideration on the support being provided through WaterSure. While CCW recognise these options will result in the lowering of water bills for WaterSure households, it also acknowledges the likelihood of an increase in funding being needed across options. As with any changes to eligibility criteria, it will be important for CCW to consider the likely scale of bill increase necessary across options to help Government make informed choices on the level of support provided through the scheme.

Our cost of living research found that awareness of the support available for those customers struggling to pay continues to remain relatively low. So, we think there is scope (even before any changes to WaterSure) for companies to do more by raising awareness of the WaterSure support available and how to access it; making processes of application smooth so qualifying customers are not deterred from applying. Overall, we expect to see smooth customer journeys and experiences, with companies responding to customers' different needs.

Concluding remarks

In summary, we are supportive of CCW considering WaterSure through this call for input and committed to working with CCW and other stakeholders as it considers and refines different options in the coming months. Given the complexity of choices to be made, we think that CCW should consider whether there is merit in consulting on its proposed changes in due course, ahead of making any formal recommendations to Government next year. This will allow proposals to be fully tested, costed and future proofed given the significant opportunity that CCW's work in this area presents for evolving the WaterSure scheme.