

Affordability – companies set out further support for UK households

Although water bills comprise less than 1% of household expenditure, water companies continue to help all hard-pressed UK households by charging stable and affordable prices. Almost all companies have recently confirmed they will hold down their bills to keep them in line with or lower than inflation from 2015-20.

Water companies spend millions of pounds every year to give struggling households money off their water bills, as well as offering a range of extra support and advice measures. In the next five years, companies are proposing to increase their funding and support through these measures, which include more social tariffs.

Helping customers pay their bills

All water companies set aside funds to help hard-pressed customers with their bills.

One way companies help is to regularly contribute to the independently run social funds and charitable trusts that they have set up. These funds help lift people out of a spiral of debt and get back on their feet.

Monies from these funds are used to help clear customers' water or sewerage debts and provide support and advice on how to manage debt in the future.

These funds have helped hundreds of thousands of customers in need.

In 2012-13 companies contributed more than £10 million to these funds and have recently confirmed through their 2015-20 business plans that contributions will increase even further.

Many water companies also look to relieve the pressure on hard-pressed households and get them back on their feet by accepting payments as low as a few pounds, and with schemes to match customers' payments to reduce arrears by writing off some or all of their debts. Around 100,000 households are benefitting from these schemes and companies have proposed to increase this number.

Companies are also spending millions of pounds to ensure customers are aware of the potential support on offer. Companies have invested in specialist staff and training so that they proactively seek customers who are struggling. Companies also donate hundreds of thousands of pounds to Citizens Advice Bureaux and other regional debt and advice charities.

Customers on water meters get extra help from companies to bring down their bills even further. For example, some companies install free water saving products such as dual-flush convertors, tap inserts and shower adapters that help customers use less water, so they save money.

Companies also target and promote metering to the customers on low incomes whom they expect will benefit both from a lower bill and from greater control of their bill.

Companies plan to maintain, and in many cases step up, their funding and support for these measures in the next five years.

Social tariffs

Water companies already provide many social tariffs, reducing bills for customers who struggle to pay – and more are planned for next year and the year after.

All companies in England provide the national social tariff Watersure, which caps bills for more than 70,000 metered customers who are on means-tested benefits, and water companies will be carrying out further promotion to increase uptake. Some companies have had additional social tariffs for several years, providing assistance to many thousands more customers.

In Wales 54,000 households are either on the Welsh Water Assist tariff, which is based on the Watersure tariff but set at a lower rate and extended to unmeasured customers, or benefit from other forms of social assistance – and this total is planned to increase to 100,000 by 2020.

Companies are also introducing new social tariffs under recently implemented legislation.

Three more companies have introduced their own social tariff in addition to operating the national social tariff scheme Watersure. There are now

eight companies with their own social tariff scheme and many more are expected to start their own scheme from April 2015.

Reducing customers' bills by cutting bad debt

Customer debt adds £15 on to everyone's water bill. By far the biggest source of bad debt is the tenants of rented properties who leave before settling their water bill.

Unlike other sectors, water companies have no contracts with their consumers as they supply water on a statutory basis and do not cut off supply to customers who do not pay their bills. Consumers are not obliged to inform their water company when they move in and out of a property.

This year, water companies are spending £1m on a website to make it easy for landlords to provide voluntarily basic contact information about their tenants, so companies can register them for billing. It is expected that provision of this information will be mandatory in Wales from next year, but there are currently no such plans for England.

To achieve the full benefits to consumers, it is essential both that the provision of information by landlords is mandatory and that it covers all rented properties, whether in the private or social sectors or smaller or larger enterprises.

Better debt management practices to help customers

Water companies are stepping up their efforts to provide even better debt management methods and services for their customers. They are working with Citizens Advice to share good practice in debt management from within and outside the water sector and to build further their understanding of the implications of welfare reform and Universal Credit. This work is part of companies' customer-focussed approach to providing services.

For further information, please contact Neil Dhot, Water UK Head of Corporate Affairs, at ndhot@water.org.uk or on 020 7344 1852.