



South Staffs Water

Affordability

Paying the price of keeping water on tap



Background

- Since privatisation in 1989 water industry has invested over £90billion
- Bills increased by nearly 50%
- By 2006, 14.5% of households were spending over 3% of net income on water bills
- One in seven customers say bills not affordable
- Future bills will rise due to e.g. increased infrastructure and environmental spend
- Customer debt nationally adds about £15 a year to bills



CCW Research

- Customers generally in favour of social tariffs
- If subsidies not decided by ability to pay, could shift affordability problems on to other customers
- 48% preferred Government assistance through benefits or payments to water companies
- 30% suggested funding from company profits
- Customers may be willing to pay towards social tariffs if necessary



Water Poverty

- Targeted, appropriate protection for vulnerable customers & those least able to pay
- Benchmark: >3% of disposable income
- About 5.4 million households >3% on water bills; more than 2.6 million spend >5% OFWAT June 2012
- SSW household customers: metered 160,018
unmetered 376,605 Total: 536,623
- Fuel poverty: household needs to spend >10% of its income for an adequate heating regime
- West Midlands region highest at 21.6%

Government Statistics Jan 2013



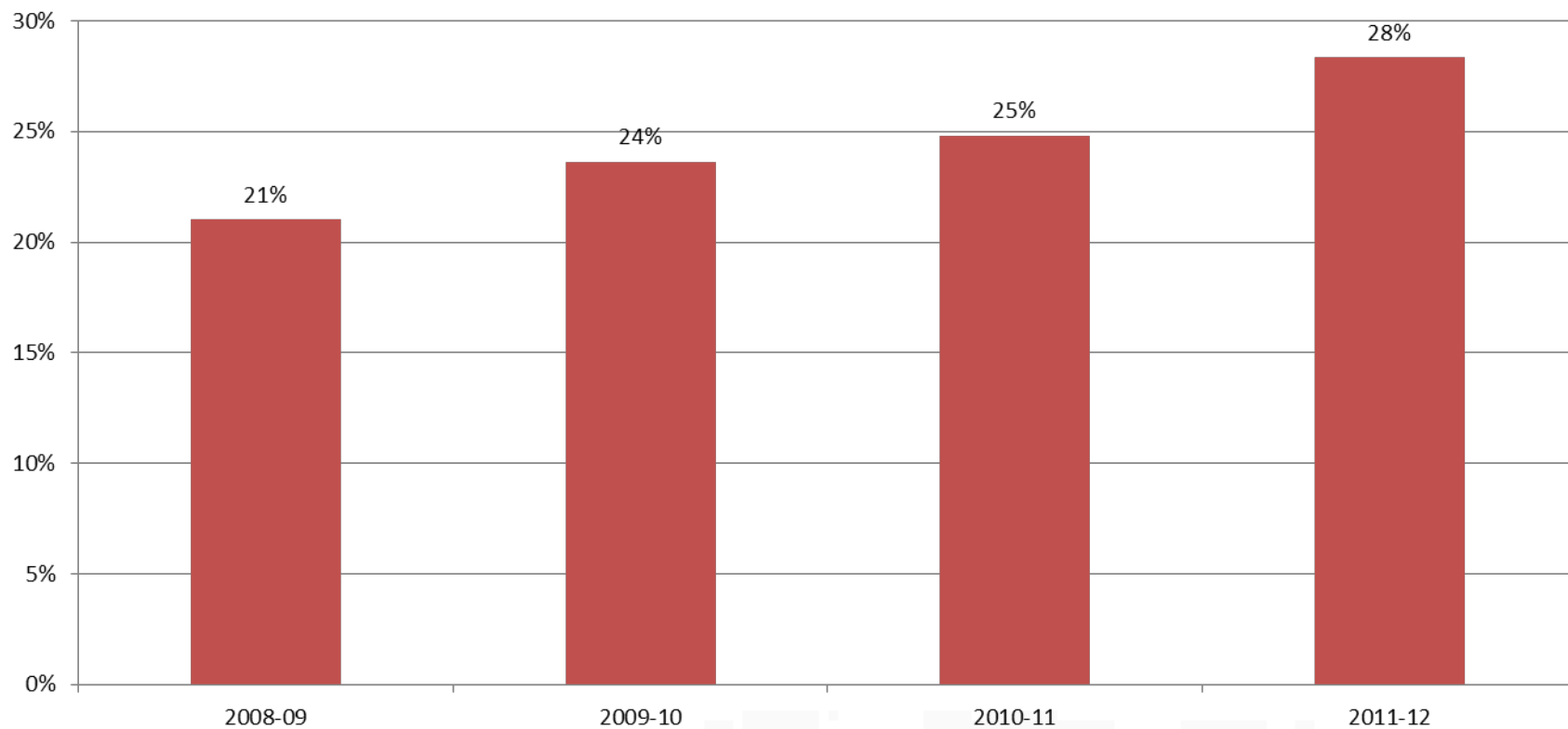
South Staffs Water

Percentage of households spending more than 3% of disposable income on water services

Average income	2004-5	2005-6	2009-10
Working household with children	1.2	1.5	1.9
Working household without children	3.2	3.8	4.1
Non-working household with children	16.5	19.0	23.0
Non-working household without children	29.9	33.4	36.5
Pensioners	11.6	13.6	16.9
All households	7.9	9.2	10.7
Lowest income quintile	2004-5	2005-6	2009-10
Working household with children	6.3	7.4	9.5
Working household without children	29.5	33.2	37.2
Non-working household with children	20.6	23.3	27.6
Non-working household without children	47.1	51.7	55.0
Pensioners	28.0	32.3	37.5
All households	29.4	32.9	36.9



Percentage of household's with debt as a percentage of billed customers



Help available from SSW

- Charitable Trust

	2007/08	2008/09	2009/10	2010/11	2011/12
Customers receiving grants	477	527	613	478	642
Grants total	£64,326	£74,985	£95,000	£76,297	£115,942

- WaterSure assisting 708 customers. Changes possible on numbers eligible as a result of new Universal Credit and end to Council Tax Benefit
- Meter options and payment plans
- Assessed charges/single person's assessed charge
- Water efficiency advice and free water saving devices
- SSW charges remain 3rd lowest in England and Wales



Social Tariffs: Defra Guidance

- Assist low income households
- Prevent new bad debt
- Local solutions
- Assessment of impact
- Greater focus on needs & views of customers
- Consult customers
CCW
- Show meaningful reductions
- Be broadly acceptable to customers & consumer reps
- Acceptable levels of cross subsidy (1.5% of average bills i.e. £4.40p 2012/3)



New initiatives to help customers

Wessex & Bristol Water Assist tariff

- To be opened up to all customers 1/4/2013.
- Average saving £100. New band for lower income families. WaterSure clients to transfer to Assist

South West Water

- New Water Care tariff for below £275 per week income & on certain benefits. Average saving estimated as £123 for 10,000 customers.



Ofwat Affordability Seminar

- Offer choice of bill frequency
- Flexible direct debit payments
- Discount for prompt payers
- Address low take up of incentives
- Improved customer communication
- Different treatment for change of circumstances
- Trial different approaches with control groups.
- Customer segmentation - debt management
- More use of data sharing
- Debt advice



Looking to the immediate future

- Major changes-Universal credit: benefit caps; monthly payments; limits on affordable rents, shared accommodation & mortgage interest.
- Personal independence payment replacing DLA
- Council tax benefit replaced by local schemes
- Reduced capacity & utilisation of advice services fails to take holistic approach to personal debt
- Advice services experiencing reduced support from some local councils
- Hardship cases likely to increase further

