

This document outlines the relationship between our Social Tariff eligibility value (£16,105) as a proxy for helping customers in Water Poverty.

Water Poverty is defined as “*when a household spends more than 3% or more than 5% of their disposable income on water and sewerage bills*”.

The calculation is informed by;

ONS 2017 data relating to Family Spend in the UK.

Housing Costs for the South East region have been determined as;

Item	Value (p.a)
Average UK Housing Cost (Note 1)	£3,775.20
18% uplift (ONS Data for South East) to reflect higher costs (note 2)	£676.15 (add)
South East Housing Cost Total	£4,451.35
Water Bill removed	£205 (remove)
Final Housing Cost	£4,246.35

Note 1 – Derived from Household expenditure at financial year ending 2017 prices, by classification of individual consumption by purpose category

Note 2 - Household expenditure by region

Calculations in regard to likelihood of Water Poverty based on income of £16,105

SEW / Thames Water Customer

Item	Value (p.a)
Household Income	£16,105
Cost of Housing etc.	£4,246.35
Disposable Income	£11,858.64
17/8 average SEW/Thames water and sewerage bill	£383
% of bill to income	3.2%

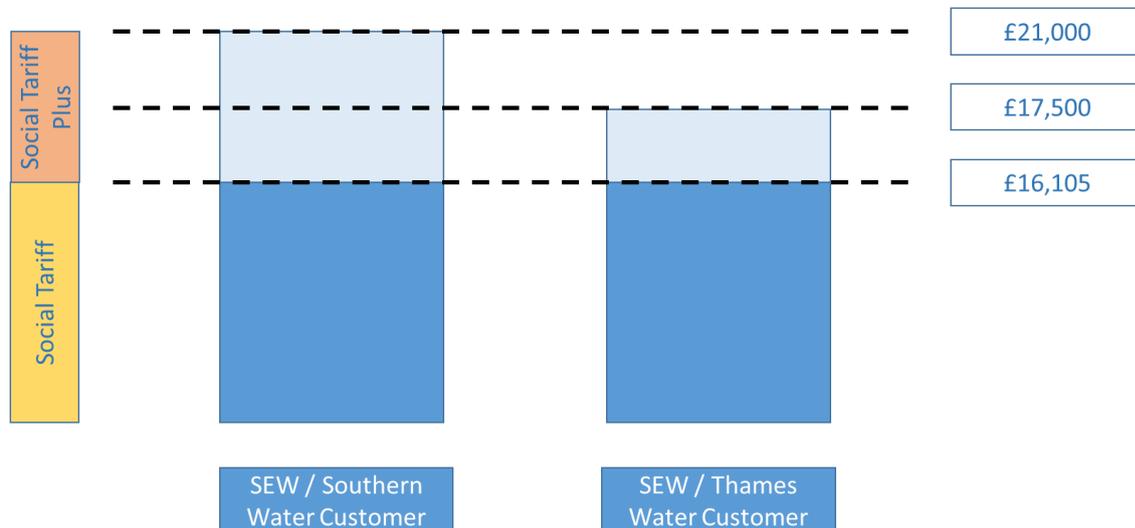
SEW / Southern Water Customer

Item	Value (p.a)
Household Income	£16,105
Cost of Housing etc.	£4,246.35
Disposable Income	£11,858.64
17/8 average SEW/Thames water and sewerage bill	£483
% of bill to Income	4.1%

Average Customer

Item	Value (p.a)
Household Income	£16,105
Cost of Housing etc.	£4,246.35
Disposable Income	£11,858.64
17/8 average SEW/Thames water and sewerage bill	£433
% of bill to Income	3.7%

By analysis of the above figures we are able to identify that to assist all customers in water poverty we would need to move our eligibility requirements to;



We propose to fill the gap created using our social tariff plus tariff subject to consultation.

At the moment we have assumed we can help 10,000 additional customers by providing same level of support to customers as in the current social tariff however we do have the opportunity during implementation to help more with less, but our current preference remains to help to same extent.

Our household income data identifies that we have 48,614 customers with a previous assumption of skewing towards the £15k to £16k – see below

Income Band	Income Level	Household Count inside SEW Area
0	Less than 15K	74,702
1	15K to 19,999	48,614

In our social tariff assumptions 22,526 customers have been assumed to be in the £15k to £16k range leaving 26,088 in the remaining income band 1 with 10,000 customers being able to be offered support by the new Social Tariff Plus (our new AMP7 tariff).

This approach (75,000 customers being helped) will mean of the total water poverty customers in our region we are in a position to support in the region of 60% of our customers in Water Poverty significantly with the willingness to pay that has been received from our customers (to the same extent as the current Social Tariff).