

Green light for social tariffs?

Written by Phillip Mills
Monday, 03 September 2012 15:05

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The guidance includes lots of good phrases, e.g.

"explicitly designed to target those customers most likely to experience affordability problems"

"implementing local solutions to local problems"

"social tariffs ...part of a coherent package of effectively targeted support..."

The key word here is 'targeted'. However the guidance is agnostic on the approach companies should adopt. It talks about using a proxy for affordability problems as a passport to company social tariffs. It also refers to individual assessments of affordability, with the support of third parties and advice agencies.

It's already been shown that using the benefits system to identify those households in need of support with their water bills is an extremely blunt instrument. Snell and Bradshaw showed that the majority of households in 'water poverty' are not receiving means-tested benefits or working tax credits. Their and others' conclusion are that eligibility needs to be based on the verifiable

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circumstances of the specific household.

Whatever individual approaches the companies adopt they'll need to convince the regulator that their approach is evidence based and that it has the support of their customer base.

It's clear then that water companies cannot do this alone. They will need significant support from those in the third sector to identify customers in need of support and eligible for a company social tariff.