



Department
for Environment
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Dear Mr Carmichael,

Thank you for your letter of 4 February on social tariffs and the evidence you took in the Committee hearing on 21 January.

The Government is committed to taking action to address water poverty and support struggling families, particularly as water bills rise following Ofwat's Final Determinations. We also welcome your interest in and support of this work, and have addressed each of your questions below.

1 – What assessment has (a) the Government and (b) Ofwat made of the sufficiency of the proposed levels of support for customers in water poverty over the next 5 years? If such an assessment does not exist, we ask that the Government ensure one is made as a matter of urgency and the details of that assessment provided to this Committee.

As the economic regulator for the sector, Ofwat assesses customer bill levels for each water company through the five-yearly Price Review process, as part of which water companies must set out in their business plans how they will address affordability for households that are struggling to pay their bills. As you have noted in your letter, companies have set out how they plan to more than double their social tariff provision across the forthcoming Price Review period – from 4% of customers supported in 2020-25, to 9% by 2030. We welcome this commitment and are working with industry to keep the current support schemes under review to ensure vulnerable customers across the country are supported.

2 – We ask that the Minister puts on record their commitment to developing a Single Social Tariff and continuing to remove all barriers to its implementation as soon as possible.

3 – We call on the Minister to set out a timetable for developing a Single Social Tariff, to come into effect in 2025. The Minister should also work with Ofwat and water companies to ensure that already finalised plans for bill increases and investment do not impede its development.

As you reference in your letter, Government, via the Water (Special Measures) Act, has amended and supplemented existing powers to provide for special charging arrangements for customers in need. This will enable Government to bring forth new, improved affordability support schemes and is designed to ensure that water companies can better identify eligible customers and make sure they get the full support to which they are entitled.

There are, however, complexities which must be considered before introducing any new affordability support schemes. Furthermore, any such schemes must be subject to stakeholder consultation and normal Parliamentary procedure. We are therefore unable to commit to any specific policies, or a timeframe within which any new policies will be implemented, at this time.

4 – We ask that the Government starts making progress on developing an automated system for social tariffs but does not allow this to postpone the availability of better support for consumers.

Action has already been taken via the Water (Special Measures) Act, which amends relevant provisions of the Digital Economy Act 2017 and the Water Industry Act 1991 to enable potential auto-enrolment of eligible customers onto future water support schemes.

5 – Can you outline the steps that Defra and other departments, such as the Department for Work and Pensions, are taking to improve the awareness of support available to those experiencing water poverty?

We are working closely with Ministers and officials across departments to improve the awareness and targeting of affordability support, particularly through our work with the Child Poverty Taskforce, which is aiming to deliver the Government's Child Poverty Strategy in Spring 2025. Unfortunately, we are not able to share details of this work at this time.

We are clear as Government that we expect water companies to ensure their customers know what support schemes are available and how to access them if they need help. Available schemes include bill discount schemes such as WaterSure and social tariffs, actively offering payment breaks or payment holidays, adjusting payment plans urgently to help with sudden changes in household finances, simplifying the processes for customers to get extra assistance, and helping customers get advice on benefits and managing debts.

Additionally, we expect companies to hold themselves accountable for their public commitment to end water poverty by 2030.

Yours sincerely,



EMMA HARDY MP

Parliamentary Under Secretary of State for Environment, Food & Rural Affairs