



Wessex Water Services Ltd
Assurance Statement for the
2018-19 Developer Charging Arrangements

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Introduction

The Charging Arrangements fix charges for services provided to those developing land and laying new water and sewerage infrastructure for domestic purposes. Under the Water Industry Act our charges for these services must comply with the Charging Rules for New Connection Charges (English Undertakers) issued by Ofwat in August 2017. Charges to Licensed Providers and Household Premises are fixed under separate charges schemes.

This Scheme does not apply to charges required by the Company from another water or sewerage undertaker (including any potential new or replacement undertaker within the contemplation of section 7 of the Act) for the supply of water in bulk or bulk removal of wastewater. Such charges will be fixed by agreement between the parties having regard to sections 40 and 110A of the Act and any relevant Ofwat guidance.

Board ownership

The Board owns and is accountable for the development of the Developer Charges Arrangements.

On 24 July 2017 the Board considered and approved the strategy for developer charging and the associated governance processes.

On 27 November 2017, following stakeholder engagement, the Board confirmed that to the best of its knowledge and belief the Ofwat Assurance Requirements were met and duly approved the giving of this Assurance Statement.

The Board therefore authorised the Company's Managing Director to sign-off of the final Assurance Statement and Charging Arrangements subject to there being no material changes.

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The Assurance Statement

In making this Assurance Statement the Board has considered the requirements set out by Ofwat in its Charges Rules (“the Ofwat Assurance Requirements”).

The Board confirms that:

1. The Company complies with its obligations relating to the Charging Rules for New Connections set out in its Developer Charging Arrangements
2. The Company has appropriate systems and processes in place to make sure that the information contained in the Developer Charging Arrangements and additional information is accurate
3. The Board has assured itself that the balance of charges between Developers and other customers is maintained
4. The Company has consulted with its stakeholders in a timely and effective manner on its Developer Charges

The Board authorised the Company’s Managing Director to sign-off of the final Assurance Statement and Charging Arrangements.



Date: 21.12.17

Andy Pymer
Managing Director
(on behalf of the Board)

Board considerations

In making this Assurance Statement the Board has considered the following requirements set out by Ofwat in its Charging Rules for New Connection Services (“the Ofwat Assurance Requirements”):

1. *The company complies with its obligations relating to the Charging Rules for New Connections*

The Company engaged Mott MacDonald who reviewed and confirmed that:

- our Charging Arrangements for 2018-19 are appropriate to meet our obligations under the Water Industry Act 1991 (as amended in 1999 and 2014).
- Our Charging Arrangements are consistent with Ofwat’s Charges Scheme Rules (published in December 2016) and the Charging Rules for New Connection Services (English Undertakers) (published August 2017).
- Our Charging Arrangements are consistent with the Company’s obligations under licence conditions D and E.

In addition, the Company engaged Frontier Economics to review the methodologies by which the Company’s charges are set who confirmed that they are defensible under the Competition Act 1998.

2. *The company has appropriate systems and processes in place to make sure that the information contained in the charges scheme, and the additional information covered by this annex is accurate*

The Board reviewed and approved the governance and assurance processes and procedures for the setting of charges in July 2017.

In addition to the external assurance laid out above, the Company continues with its internal charges assurance processes including:

- annual update of the charges compliance manual
- a requirement for data owners and compilers to sign certificates assuring the accuracy of their data and associated calculations
- ensuring clear ownership of the process resides with a senior manager, in this case the Director of Regulation and Reform.

The charges setting process requires the economic regulation team to engage with internal and external stakeholders to ensure that the charges proposals are well rounded and practical, in particular there is significant engagement with the Company’s internal lawyers in preparing the Charging Arrangements and those responsible for billing and collecting charges.

3. *The balance of charges is broadly maintained between Developers and other customers.*

The Board reviewed the balance of charges over the past four years: developers have contributed 91% towards the cost of new connections, with other bill payers contributing 9%. The income offset has been set at a level that maintains this balance.

4. *The Company has consulted with its stakeholders in a timely and effective manner on its Developer Charges*

The Board was informed that internal and external stakeholders have been engaged with in a timely manner. The Company has engaged with its external stakeholders at a number of different times over the year to test and validate its proposals. At each consultation all major stakeholder groups were consulted with: this included NAVs, SLPs and developers of a variety of sizes. The following consultations were carried out:

- The Company commissioned an independent Market Research Company to carry out a qualitative survey of stakeholders in May 2017. This informed the initial charging proposals and garnered significant useful feedback, including the proposed structure of charges that would satisfy the Charging Rules.
- The Company carried out a number of bilateral meetings with stakeholders in September 2017. At these meetings the initial proposals were shared and further feedback gathered to inform the final charging proposals.
- An online survey was carried out in December 2017 on our final proposals.

We have also engaged with CCWater who commented on our proposals. They considered that our proposals were appropriate.