



Wessex Water Services Ltd
Assurance Statement for the
2019/20 Household Charges Scheme

Introduction

Our Household Charges Scheme fixes the charges that, in the absence of any contractual agreement, our household customers have to pay for services we provide in the course of carrying out our duties as a water and sewerage undertaker. Our Household Charges Scheme sets out the terms and conditions of those charges, and sets out the times and method of payment that our customers can use to pay them. A copy of our Charges Scheme is available on our website, at www.wessexwater.co.uk/our-charges.

Under the Water Industry Act our Household Charges Scheme for 2019/20 must comply with the Charges Scheme Rules issued by Ofwat in July 2018 (“the Charges Rules”). The Charges Rules require companies to publish an Assurance Statement. In addition the Charges Scheme should comply with our obligations under our operating Licence and law.

Board ownership

The Board owns and is accountable for the development of the Household Charges Scheme.

On 30 July 2018 the Board considered and approved the strategy for customer charges and the associated governance processes.

On 24 September 2018 the Board considered proposals for changes to charges policies to be implemented from 1 April 2019.

On 3 December 2018, following further customer and stakeholder engagement, the Board confirmed the decisions above and considered an analysis of expected bill changes.

The Board further 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, Charges Scheme and Statement of Significant Changes subject to their being no material changes save those required following the publication of November RPI.

The Assurance Statement

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

The Board confirms that:

1. The Company complies with its legal obligations relating to the charges set out in its Charges Scheme
2. The Board has assessed the effects of the new charges on customers’ bills for a range of different types, and confirms that no customer is expected to see an increase in bill in excess of 5% as a result of the charges proposals
3. The Company has appropriate systems and processes in place to make sure that the information contained in the Charges Scheme and additional information is accurate
4. The Company has consulted the Consumer Council for Water (CCWater) and other stakeholders in a timely and effective manner on its Charges Scheme

The Board authorised the Company’s Managing Director to sign-off of the final Assurance Statement, Charges Scheme and Statement of Significant Changes.



Date: 8.1.19

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 Charges Rules (“the Ofwat Assurance Requirements”):

1. *The Company complies with its legal obligations relating to the charges set out in its Charges Scheme*

The Company engaged Mott MacDonald who reviewed and confirmed that:

- a. Our Charges Scheme for 2019/20 is appropriate to meet our obligations under:
 - The Water Industry Act 1991 (as amended in 1999 and 2014) – sections 93A (in so far as the Charges Scheme does not derogate from the duty to promote the efficient use of water), 142/149;
 - The Water Industry (Charges) (Vulnerable Groups) Regulations 1999;
 - The Water (Prescribed Conditions) Regulations 1999;
 - Water (Meters) Regulations 1988;
 - Measuring Equipment (Cold Water Meters) Regulations 1988; and
 - The Flood and Water Management Act 2010 – sections 43 and 44.
- b. Our Charges Scheme is consistent with Ofwat’s Charges Scheme Rules (published in July 2018).
- c. Our Charges Scheme is consistent with the Company’s obligations under licence conditions E and R.
- d. That our charges calculations are:
 - based on a reasoned forecast of charge multipliers for the charging year; and
 - consistent with the Company’s obligations under licence condition B and the PR14 determination of prices.

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

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2. *The Board has assessed the effects of the new household charges on domestic customers' bills for a range of different customer types, and confirms that no customer type is expected to see an increase in bill in excess of 5% as a result of the charges proposals*

In making this statement the Board reviewed all proposed changes in charges compared to the previous charging year and considered how these translated into bill changes for a selection of customer types.

The main driver for increases to 2019/20 charges is an RPI value of 3.2%. The Board is returning previous over-recovery to customers totalling £19.7m which will ensure bills increases are subdued in a period of low household income growth.

The Board expects the following changes to domestic customer bills:

Customer type	Water		Sewerage		Combined	
	£	%	£	%	£	%
Average bill	£246	0.6%	£238	1.7%	£484	1.1%
Metered 1 person	£128	0.4%	£140	0.5%	£268	0.4%
Metered 2 person	£224	0.4%	£217	0.6%	£440	0.5%
Metered 3 person	£264	0.4%	£249	0.6%	£512	0.5%
Metered 4 person	£308	0.4%	£284	0.6%	£592	0.5%
Metered 5 person	£366	0.4%	£331	0.6%	£697	0.5%
Metered 6 person	£412	0.4%	£368	0.6%	£781	0.5%
Unmeasured low RV	£198	0.9%	£163	1.7%	£361	1.3%
Unmeasured mid RV	£315	1.0%	£258	1.8%	£573	1.3%
Unmeasured high RV	£428	1.0%	£349	1.8%	£777	1.3%

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In addition, the Company engaged Mott MacDonald who reviewed and confirmed that no customer's end charges will increase by more than 5%. As part of the review the incidence effect for every end-user tariff at every possible volume or Rateable Value was calculated and assessed.

3. *The Company has appropriate systems and processes in place to make sure that the information contained in the Charges Scheme and additional information is accurate*

The Board reviewed and approved the governance and assurance processes and procedures for the setting of charges in July 2018.

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

- annual update of a 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 and those responsible for billing and collecting charges.

4. *The Company has consulted the Consumer Council for Water (CCWater) in a timely and effective manner on its Charges Scheme*

The Board was informed that stakeholders have been engaged with in a timely manner. In addition, the company has engaged with CCWater in the following ways:

- CCWater is a member of our independent Affordability Advisory Group which met in July 2018 and agreed our approach to providing Social Tariffs to vulnerable customers in our region, including extending the Assist Social Tariff to charities housing the low income and vulnerable. As a result of the group's challenges the proposal to extend the Assist Social Tariff to charities was modified.
- The Company met with CCWater's local representatives in November 2018, explained our approach to setting charges for 2019/20 and provided them a draft of our Charges Scheme highlighting any changes made. CCWater subsequently commented and agreed with the proposed bill changes and charges scheme.