



Wessex Water Services Ltd
Assurance Statement for the
2020/21 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 2020/21 must comply with the Charges Scheme Rules issued by Ofwat in January 2019 (“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 29 July 2019 the Board considered and approved the strategy for customer charges and the associated governance processes.

On 30 September 2019 the Board considered proposals for changes to charges policies to be implemented from 1 April 2020.

On 2 December 2019, 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.

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”) and confirms that, to the best of its knowledge and belief:

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 customer types and finds that there are no cases where the impact exceeds +5%;
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 and other relevant stakeholders in a timely and effective manner on its Charges Scheme.

In addition, the Board considers the charges consistent with Ofwat’s Wholesale charging rules.

The Board has made this statement based on the information available to it at the current time.

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

Signed 

Date 9.1.2020

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 2020-21 is appropriate to meet our obligations under:

- The Water Industry Act 1991 (as amended in 1999 and 2014) – section 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 January 2019).

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 PR19 draft determination of prices.

In addition, in 2017 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. The balance of charges has not materially changed since then.

Wessex Water Services Ltd
Assurance Statement for the 2020/21 Household Charges Scheme

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 eligible premises.

The wholesale charges for 2020-21 are calculated using the November CPIH of 1.50% and these then form the majority of our household charges.

The Board expects the following changes to domestic customer bills:

Customer type	Water		Sewerage		Combined	
	£	%	£	%	£	%
Average bill	230	-6.8%	218	-8.5%	447	-7.7%
Metered 1 person	118	-8.6%	131	-6.2%	249	-7.0%
Metered 2 person	205	-8.8%	200	-7.7%	404	-8.1%
Metered 3 person	241	-8.9%	229	-8.0%	469	-8.4%
Metered 4 person	281	-9.0%	261	-8.3%	541	-8.6%
Metered 5 person	333	-9.1%	302	-8.6%	635	-8.8%
Metered 6 person	375	-3.9%	336	-8.8%	711	-8.9%
Unmeasured low RV	191	-3.9%	154	-5.5%	344	-4.6%
Unmeasured mid RV	303	-3.9%	243	-5.6%	546	-4.6%
Unmeasured high RV	411	-7.8%	330	-5.6%	741	-4.7%

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 2019.

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

- regular 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 2019 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.
- The Company met with CCWater's local representatives in November 2019 and explained our approach to setting charges for 2020/21. CCWater subsequently agreed with the approach.

Wessex Water Services Ltd
Assurance Statement for the 2020/21 Household Charges Scheme

- The Wessex Water Partnership considered and made comments on our indicative wholesale charges in September 2019. These formed the majority of our overall household tariffs.