Wessex Water Services Limited
Assurance Statement for the 2017-18 Charges Schemes

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

Under the Water Industry Act our customer Charges Schemes for 2017-18 must comply with the Charges Scheme Rules issued by Ofwat in December 2016 and the Wholesale Charges Rules issued by Ofwat in November 2016 (“the Charges Rules”). The Charges Rules require companies to publish an Assurance Statement. In addition the Charges Schemes should comply with our obligations under our operating Licence and law.

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 Schemes
   
   a. The Company engaged Mott MacDonald who reviewed and confirmed that:

   Our Charges Schemes for 2017-18 are 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 Schemes are consistent with Ofwat’s Charges Scheme Rules (published in December 2016) and Wholesale Charging Rules (published in November 2016).
c. Our Charges Schemes are 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, the PR14 determination of prices and the PR16 determination of prices.

In addition the Company has previously 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.

2. The Board has assessed the effects of the new charges on 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

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.

In addition the Company engaged Mott MacDonald who reviewed and confirmed that no customer’s end charges or wholesale charges will increase by more than 5%.

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

The Board reviewed and approved the governance and assurance processes and procedures for the setting of charges in July 2016.

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 Schemes**

The Board was informed that:

- CCWater is a member of our independent Affordability Advisory Group which met in July 2016 and agreed our approach to providing Social Tariffs to vulnerable customers in our region.
- CCWater is a member of our customer panel, The Wessex Water Partnership, which considered and made comments on our approach to charges in October 2016, and amendments were made as appropriate.
- the Company met with CCWater’s local representatives in October 2016, explained our approach to setting charges for 2017-18 and provided them a draft of our Charges Schemes highlighting any changes made.

In addition the Board confirms that the Company has not entered into any new special agreements since the previous Statement of Assurance, nor has the terms of any existing agreement been renewed or revised since that date.

**Board Ownership and Assurance of Charges**

The Board understands that it has ownership and accountability for the development of the Company Charges Schemes.

On 25 July 2016 the Board considered and approved the strategy for customer charges and the associated governance processes.

On 26 September 2016 the Board considered proposals for changes to charges policies to be implemented from 1 April 2017 and approved indicative wholesale access charges for 2017/18. These charges were subsequently published on 30 September 2016.

On 28 November 2016, following further customer and stakeholder engagement, the Board confirmed the decisions above and additionally considered analysis of expected bill changes by customer group.

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 Ofwat Assurance Statement.

There is no Company Board meeting between the publication of November 2016 RPI and the date on which Ofwat considers good practice for the publication of this
Assurance Statement (11 January). The Board therefore also considered and approved how differences to the Company assumption of RPI compared to the actual published value in December would be reflected in final charge rates.

These changes having duly been made the Board confirms that:

1. The Company complies with its legal obligations relating to the charges set out in its Charges Schemes
2. The Board has assessed the effects of the new charges on 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
3. The Company has appropriate systems and processes in place to make sure that the information contained in the Charges Schemes and additional information is accurate
4. The Company has consulted the Consumer Council for Water (CCWater) in a timely and effective manner on its Charges Schemes

The Board delegated the sign-off of the final Assurance Statement, Charges Schemes and Statement of Significant Changes to the Company's Managing Director.

Date: 22.12.16

Andy Pymer
Managing Director
(on behalf of the Board)