

Statement of Significant Changes

Charges 2019/20

1. INTRODUCTION

This document sets out details of significant changes to charges for 2019/20 as required in “Charges scheme rules issued by the Water Services Regulation Authority under sections 143 (6A) and 143B of the Water Industry Act 1991” section A2. This updates the information previously published on 25 September 2018, as required by the “Wholesale charging rules issued by the Water Services Regulation Authority under sections 66E and 117I of the Water Industry Act 1991” section A4, when we published indicative wholesale charges.

2. BILL INCREASES COMPARED TO PREVIOUS YEAR

The majority of customers - 99.9% - will experience bill increases of no more than 5% compared to the previous year (assuming constant characteristics such as consumption).

Bill increases above 5% are expected to be experienced by unmeasured places of worship and households on the new assessed charge for larger properties as described in section 4.

The Assurance statements for Wholesale Charges and Household Charges Scheme demonstrate the expected bill increases on representative customers.

3. UNDERLYING FACTORS

The following underlying factors impact primary charges for 2019/20:

- November 2017 RPI – November 2018 RPI is 3.19%;
- Changes in allowed revenue – Our final determination for the period to March 2020 allows for wholesale revenue for the water service and the wastewater service to increase by 0.76% and 0.27% respectively in 2019/20;
- Adjustments relating to the wholesale revenue forecasting incentive mechanism – movements between the adjustments made for 2018/19 charges, compared to the adjustments proposed for 2019/20; and,
- Updated information on the costs associated with providing services, changes in anticipated customer numbers, and associated consumption.

4. CHANGES TO SPECIFIC CHARGES

Charges for unmeasured places of worship

These customers, which are not metered, currently pay an annual wholesale charge (for water and wastewater services) of £177.12 (2018/19 wholesale charge). This charge will increase by 12.53% (£22.20) in 2019/20. These customers currently pay significantly less than other customers for wastewater services. The increase in 2019/20 is part of a phased approach to bring them in line with the concessionary scheme applicable to places of worship for a surface water drainage customer which consumes a similar amount of water. To mitigate the customer impact, based on the current approach, this phasing is expected to take a further 4 years. This is consistent with the approach taken in 2018/19. This phasing commenced in 2015/16, where we proposed to phase in the increase over a number of years.

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New assessed charge for each of water and sewerage for larger household properties

We charge household customers on the basis of an assessed charge where a water meter cannot be installed. From 1 April 2019 we are introducing a new assessed charge for larger properties if certain criteria are met. This combined charge is to be set at £894.51 and will be phased in over three years. Customers moving from an existing assessed charge in 2018/19 to the new assessed charge will experience bill increases of between 25% and 46% in 2019/20 (based on a combined water and sewerage bill). We expect that this change should affect less than 0.01% of domestic customers, who will be contacted individually to explain the change and the transitional arrangements that will apply

Introduction of a second tier on the Help to pay retail tariff

The help to pay scheme has been developed to help certain household customers to pay their water and wastewater services charges. We are introducing a second tier of this household retail charge from 1 April 2019. Where the qualifying person is the only adult living at a premises, the tier one help to pay charge will apply. For other households with a qualifying person, the tier two help to pay charge will apply. The second tier charge will be set at £360, with the charge for the existing tier set at £255.

5. CHARGING POLICY AND OTHER CHANGES

There are no significant changes in charging policy since last year.

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