

Statement of Significant Changes

Charges 2018/19

1. INTRODUCTION

This document sets out details of significant changes to charges for 2018/19 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 29 September 2017, as required by the “Wholesale charging rules issued by the Water Services Regulation Authority under sections 66A and 117I of the Water Industry Act 1991” section A4, when we published indicative wholesale charges.

2. CHANGES TO SPECIFIC CHARGES

Concessionary charges for schools

We will be introducing a new concessionary scheme applicable to schools only from 2018/19 for surface water drainage and highway drainage charges. Customers will be eligible for the concession where they fall within the scope of the following definition:

An educational establishment which:

- ***is used exclusively or nearly exclusively for delivering education and tuition of students for any or all of Key Stages 1-5 or equivalent; and also***
- ***has a playground facility attached.***

Under this concession there will be the introduction of 15 site area bands for surface water drainage and 15 site area bands for highway drainage. The site area band sizes will be the same bands as under the 2017/18 charging structure. The charges for the site area bands applicable to schools will be approximately 50% of the non-concession surface water drainage and highway drainage site area charges, with the exception of band 1, which will be equal to the non-concessionary band 1 surface water drainage and highway drainage charge.

Charges for unmeasured places of worship

These customers, which are not metered, currently pay an annual wholesale charge (for water and wastewater services) of £157.64 (2017/18 wholesale charge). This charge will increase by 12.4% (£19.48) in 2018/19. These customers currently pay significantly less than other customers for wastewater services. The increase in 2018/19 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 5 years. This is consistent with the approach taken in 2017/18. This phasing commenced in 2015/16, where we proposed to phase in the increase over a number of years.

3. UNDERLYING FACTORS

The following underlying factors impact primary charges for 2018/19:

- November 2017 RPI – November RPI is 3.88%;
- 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 0.8% and 0.9% respectively in 2018/19;

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- Movements in the adjustments resulting from the wholesale revenue forecasting incentive mechanism for 2016/17, compared to the adjustments made to 2017/18 wholesale revenue; and,
- Updated information on the costs associated with providing services, changes in anticipated customer numbers, and associated consumption.

4. BILL INCREASES OF MORE THAN 5% FROM THE 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 as described in section 2.

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

5. CHARGING POLICY

We only have one change in charging policy in 2018/19 that we consider is potentially significant. Where there is a change of occupier in a property where the Household Assessed Volumetric Charge is applied, the property will be reverted to unmeasured charges based on charging value (where we have the information) for the new occupier to enable to new occupier to decide whether to apply for a meter. It is recognised that circumstances may have changed and such properties may now be able to have a meter fitted.

20 December 2017