

Statement of significant changes

Scheme of Charges 2023/24

This statement has been completed in accordance with the information requirements of the Charges Scheme Rules last published in October 2021.

Section 1 – Significant bill increases

- a) Confirmation of whether the undertaker is expecting there to be any bill increases of more than 5% from the previous year (for a given customer type assuming a constant level of consumption) and, if such increases are expected:
- (i) what size increase is expected;
 - (ii) which customer types are likely to be affected; and
 - (iii) the handling strategies adopted by the company or why the company considered that no handling strategies are required.

The change in end bills of both residential and business customers arising from the Scheme of Charges 2023/24 has been reviewed by the Board.

Allowed revenues for water and sewerage companies are set by the industry regulator, Ofwat, at five yearly price reviews. These are then subject to annual adjustments for the level of inflation (as measured by the consumer price index including housing costs, known as CPI(H)); for the Company's performance in delivering service measures agreed at the price review, and to correct for any under- or over-recovery of revenue in previous years.

The level of inflation was particularly high during 2022 due to a range of factors that have been widely publicised, with significant impacts on the cost of living. The November CPI(H) figure, which is applied to our charges for 2023/24, was 9.3%. This inevitably means larger bill increases than have been applied in recent years, with metered bills increasing by 8.0% and unmetered bills by 9.4%.

The Board of Dŵr Cymru Welsh Water recognises that tariff increases of this magnitude will not be welcomed by customers, particularly at a time of ongoing economic uncertainty. The company currently supports around 108,000 household customers through its social tariffs, with capacity to support a further 40,000. In addition, the Board has approved the creation of a new scheme to provide temporary bill relief to those household customers who do not qualify for social tariffs, but who may face short-term crises in their household finances.

After reviewing the impact of the 2023/24 tariffs it is clear that all customers will see bill increases of greater than 5%, assuming no change in their property or consumption level. The Company will ensure that customers are aware of the likely impact on their bill and will work with them to provide support where possible.

HelpU customers and WaterSure Wales customers will see the cap on their bill increasing in line with movements in standard charges, to ensure that the tariffs remain available for the widest number of customers.

Tables 2 and 3 show the effect of the published charges on a representative sample of customers in accordance with the Information Requirements of the Charges rules.

Table 2 Illustrative bills – Household customers

The table below follows the Charges Scheme Rules Information Requirements and shows the bill arising from the Scheme of Charges 2023/24 for a range of typical residential customers and shows the variance from the bill of the previous year. This analysis assumes constant consumption for measured customers: if these customers are able to reduce their consumption in 2023/24 compared to 2022/23 then the bill impact will be reduced.

	Usage	Total Bill £	Total Bill £	Movement £	Movement %
	£RV or m ³	2023/24	2022/23		
Full Service					
Unmetered Dual Service					
Low RV	50	493	469	24	5.1%
Medium RV	122	694	634	60	9.4%
High RV	200	911	812	99	12.1%
Metered Dual Service					
Low consumption	50	317	293	24	8.0%
Medium consumption	79	413	382	30	8.0%
High consumption	135	598	554	44	7.9%
Uniform Service Charge Dual Service					
Full Service		716	652	64	9.8%
Water Only					
Unmetered medium RV	122	271	251	20	7.9%
Metered medium consumption	79	155	147	8	5.6%
Wastewater Only					
Unmetered medium RV	122	423	383	40	10.4%
Metered medium consumption	75	257	235	22	9.5%
AMC					
1 person medium		366	339	27	8.0%
2 person medium		456	422	34	8.0%
Foul Only					
Unmetered Dual Service - foul only					
Low RV	50	441	417	24	5.7%
Medium RV	122	642	582	60	10.2%
High RV	200	859	761	99	13.0%
Metered dual Service - foul only					
Low consumption	50	282	262	21	7.8%
Medium consumption	79	378	351	27	7.8%
High consumption	135	563	523	41	7.8%
Uniform Service Charge Dual Service - foul only					
Foul Only		664	600	64	10.6%
Wastewater Only - foul only					
Unmetered medium RV	122	371	331	40	12.1%
Metered medium consumption	75	223	204	19	9.4%
AMC Dual service - foul only					
1 person medium - foul only	-	332	308	24	7.8%
2 person medium - foul only	-	421	391	31	7.8%

Table 3 Illustrative bills – Non-household customers

The table below shows the bill arising from the Scheme of Charges 2023/24 for a range of typical business customers and shows the variance from the bill of the previous year (assuming constant consumption for measured customers).

	Usage	Total Bill £	Total Bill £	Movement £	Movement %
	£RV or m ³	2023/24	2022/23		
Full Service					
Unmetered Dual Service					
Medium RV	198	878	796	82	10.3%
Metered Standard Dual Service					
Medium consumption	460	2,033	1,853	180	9.7%
LITs					
Band 1	75,000	105,807	96,528	9,279	9.6%
Band 2	175,000	212,967	194,224	18,743	9.7%
Band 3	375,000	416,311	379,789	36,522	9.6%
Band 4	750,000	768,711	701,552	67,159	9.6%
Band 5	1,250,000	1,205,203	1,099,343	105,860	9.6%
Non Potable					
Raw Band A	1,500	2,079	1,914	165	8.6%
Partial Band A	1,000	1,493	1,390	103	7.4%
Raw Band B	415,724	218,131	199,027	19,104	9.6%
Partial Band B	2,105,801	1,157,347	1,055,615	101,733	9.6%
AMC Dual Service					
Commercial Band 2	822	3,041	2,764	277	10.0%
Commercial Band 2 - foul only	822	2,987	2,648	339	12.8%
Metered Wastewater > 100MI					
Wastewater > 100MI full service	360,000	723,718	661,714	62,004	9.4%
Wastewater > 100MI foul only	360,000	705,899	608,734	97,165	16.0%
Trade Effluent					
R < 100MI	8,000	3,021	2,713	308	11.4%
V < 100MI	8,000	3,767	3,368	399	11.9%
VB < 100MI	8,000	1,538	1,374	163	11.9%
B < 100MI	5,000	3,366	2,989	377	12.6%
S < 100MI	700	492	432	60	13.8%
Total Bill		12,183	10,876	1,307	12.0%
R > 100MI	350,000	88,369	78,995	9,374	11.9%
V > 100MI	350,000	159,285	142,380	16,905	11.9%
VB > 100MI	350,000	62,440	55,825	6,615	11.8%
B > 100MI	213,000	126,288	113,359	12,929	11.4%
S > 100MI	28,000	19,662	17,279	2,383	13.8%
Total Bill		456,043	407,838	48,206	11.8%

Section 2 – Changes in charging policy

(b) Details of any significant changes in charging policy by the company from the previous year.

2023/24 Charges

There are no charging policy changes from the Scheme of Charges 2022/23.

Appendix 1: 23/24 main charges and movements from 22/23

Tariff	23/24	22/23	% Change
Water			
Unmetered Fixed Charge	138.23	141.12	-2.1%
Unmetered Variable (RV) Charge	1.0877	0.9022	20.6%
Metered Fixed Charge	40.51	38.48	5.3%
Metered Volumetric Charge	1.4526	1.3741	5.7%
Help U - old	109.09	101.14	7.9%
Help U	124.01	114.98	7.9%
WaterSure Wales	166.32	157.50	5.6%
Wastewater			
Unmetered Fixed Charge – full service	215.36	213.67	0.8%
Unmetered Variable (RV) Charge	1.6992	1.3859	22.6%
Metered Fixed Charge	110.82	101.23	9.5%
Metered Volumetric Charge	1.9534	1.7848	9.5%
Help U - old	148.44	134.42	10.4%
Help U	167.29	151.49	10.4%
WaterSure Wales	236.99	216.51	9.5%

Appendix 2 – Schedule of Engagement with the Consumer Council for Water

Date	Purpose	Outcome
30/8/22	Discussion of indicative charge proposals	We presented a summary of our proposals for 23/24 charges, with impacts on households and non-households
12/10/22	Provision of CCW template	We provided CCW with a populated version of their template, setting out expected bill impacts for 23/24
18/11/22	Response on affordability	We responded to CCW and Ofwat's letter on affordability support for 23/24
24/11/22	Discussion of final charge proposals	We presented an update on key charges movements since our previous meeting
Jan '23	Provision of CCW template	We will provide a final version of CCW's template, setting out final bill movements