

Statement of significant changes

Scheme of Charges 2022/23

This statement has been completed in accordance with the information requirements of the Charges Scheme Rules 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 2022/23 has been reviewed by the Board.

The pandemic has put pressure on water bills through its impact on customer demand, and the impact of changes in the prices of some goods has placed upwards pressure on the rate of inflation, significantly beyond the levels seen in previous years. The outturn level of 4.6% provided for limited headroom for bill increases to be constrained below 5%, and as a result our unmetered charges show an increase of 7%. To mitigate the extent of charges increases in response to inflationary pressure the Board has again decided to bring forward expected Outcome Delivery Incentive (ODI) penalties arising from 2021/22 performance as part of the handling strategy (see table 1 below), having adopted a similar approach in setting charges for 2021/22. They also considered the impact of the charges on a range of different customer types and made decisions to rebalance revenue between customer classes to achieve a level of bill stability (in accordance with Rule 8).

After reviewing the actual impact of the 2022/23 tariffs it is clear that unmetered customers will see increases of greater than 5%, as will some metered foul-only and water-only customers. The Company will ensure that these customers are aware of the possible impact on their bill and will work with them to minimise the impact.

HelpU customers and WaterSure Wales customers will see the cap on their bill increasing to ensure that the tariffs remain available for the widest number of customers.

The 2021/22 charges contained an adjustment for estimated ODI penalties arising in 2020/21. These have now materialised and Ofwat published their determination of in-period adjustments for ODIs in relation to 2020/21 on 11 November 2021.

In our charges for 2022/23 we include a true-up for the difference between our forecast ODI penalties relation to 2020/21 and the outturn figure, and we also include a forecast of ODI penalties incurred in 2021/22.

Our charges for 2022/23 also include an element of the revenue which we under-recovered in 2020/21. However, to mitigate the impact on customer bills we have chosen to defer recovery of some of this revenue to future years. We have also returned to customers the over-recovery of household retail revenue from 2020/21 attributable to lower than expected take-up of social tariffs.

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 2022/23 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 2022/23 as COVID-19 restrictions are eased compared to 2021/22 then the bill impact will be reduced.

| | 2022/23 | 2021/22 | Change | |
|--|----------------|----------------|--------------|--------------|
| | Total Bill (£) | Total Bill (£) | Variance (£) | Variance (%) |
| Household | | | | |
| Dual Service customers | | | | |
| Unmetered Dual Service | | | | |
| Low RV | 469 | 440 | 29 | 7% |
| Medium RV | 634 | 595 | 39 | 7% |
| High RV | 812 | 762 | 50 | 7% |
| Metered Dual Service | | | | |
| Low consumption | 293 | 282 | 11 | 4% |
| Medium consumption | 382 | 368 | 14 | 4% |
| High consumption | 554 | 533 | 21 | 4% |
| Uniform Service Charge Dual Service | | | | |
| Full Service | 652 | 612 | 40 | 7% |
| Unmetered Dual Service - foul only | | | | |
| Low RV | 417 | 389 | 29 | 7% |
| Medium RV | 582 | 543 | 39 | 7% |
| High RV | 760 | 711 | 50 | 7% |
| Metered dual Service - foul only | | | | |
| Low consumption | 262 | 248 | 14 | 6% |
| Medium consumption | 351 | 328 | 23 | 7% |
| High consumption | 522 | 482 | 40 | 8% |
| Uniform Service Charge Dual Service - foul only | | | | |
| USC Foul Only | 600 | 560 | 40 | 7% |
| Social Tariffs | | | | |
| HelpU – pre-1 August 2020 customers | 236 | 221 | 15 | 7% |
| HelpU – Customers from 1 August 2020 | 266 | 250 | 16 | 7% |
| WaterSure Wales | 374 | 360 | 14 | 4% |
| Water Only | | | | |
| Unmetered medium RV | 251 | 236 | 15 | 6% |
| Metered medium consumption | 147 | 140 | 7 | 5% |
| Wastewater Only - full sewerage service | | | | |
| Unmetered medium RV | 383 | 359 | 24 | 7% |
| Metered medium consumption | 235 | 228 | 7 | 3% |
| Wastewater Only - foul only | | | | |
| Unmetered medium RV | 331 | 307 | 24 | 8% |
| Metered medium consumption | 204 | 188 | 16 | 9% |

Table 3: Illustrative bills – Non-household customers

The table below shows the bill arising from the Scheme of Charges 2022/23 for a range of typical business customers and shows the variance from the bill of the previous year (assuming constant consumption for measured customers).

| | 2022/23 | 2021/22 | Change | |
|--------------------------------------|----------------|----------------|--------------|--------------|
| | Total Bill (£) | Total Bill (£) | Variance (£) | Variance (%) |
| Non Household | | | | |
| Unmetered Dual Service | | | | |
| Medium RV | 796 | 748 | 48 | 6% |
| Metered Standard Dual Service | | | | |
| Medium consumption | 1,853 | 1,763 | 90 | 5% |
| Industrial Tariffs | | | | |
| Band 1 (50 MI - 100 MI) | 96,528 | 90,818 | 5,710 | 6% |
| Band 2 (100 MI - 250 MI) | 194,189 | 182,693 | 11,495 | 6% |
| Band 3 (250 MI - 500 MI) | 379,527 | 357,043 | 22,483 | 6% |
| Band 4 (500 MI - 1000 MI) | 700,652 | 659,124 | 41,527 | 6% |
| Non Potable | | | | |
| Raw Band A | 1,914 | 1,813 | 101 | 6% |
| Partial Band A | 1,390 | 1,318 | 72 | 5% |
| Raw Band B | 199,027 | 187,635 | 11,392 | 6% |
| Partial Band B | 1,055,615 | 997,728 | 57,886 | 6% |
| Wastewater Only | | | | |
| Medium RV | 477 | 448 | 29 | 6% |
| Average consumption | 1,095 | 1,049 | 46 | 4% |
| Trade Effluent | | | | |
| Trade effluent (<100MI) Total Bill | 10,876 | 10,362 | 514 | 5% |
| Trade effluent (>100MI) Total Bill | 407,838 | 390,101 | 17,737 | 5% |