



Wessex Water Services Ltd
Assurance Statement for the
2020/21 New Connections Charging Arrangements

Introduction

The Charging Arrangements fix charges for services provided to those developing land and laying new water and sewerage infrastructure for domestic purposes. These charges are set in accordance with the provisions of the Water Industry Act 1991 (the Act), the Instrument of Appointment (Licence) and other applicable laws. The charges also comply with the Charging Rules for New Connection Charges (English Undertakers) issued by Ofwat in July 2019 and relevant guidance. Charges to Licensed Providers and Household Premises are fixed under separate charges schemes.

This Scheme does not apply to charges required by the Company from another water or sewerage undertaker (including any potential new or replacement undertaker within the contemplation of section 7 of the Act) for the supply of water in bulk or bulk removal of wastewater. Such charges will be fixed by agreement between the parties having regard to sections 40 and 110A of the Act and any relevant Ofwat guidance.

Board ownership

The Board is accountable for the development of the New Connection Services Charges Arrangements.

On 29 July 2019, the Board considered and approved the strategy for customer charges and the associated governance processes.

On 30 September 2019, the Board considered proposals for changes to charges policies to be implemented from 1 April 2020.

On 2 December 2019, following further customer and stakeholder engagement, the Board confirmed the decisions above and considered an analysis of expected bill changes.

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 Assurance Statement.

The Board therefore authorised the Company's Managing Director to sign the final Assurance Statement and Charging Arrangements.

Wessex Water Services Ltd
Assurance Statement for the 2020/21 New Connection Charging Arrangements

The Assurance Statement


In making this Assurance Statement, the Board has considered the requirements set out by Ofwat in its Charges Rules.

The Board confirms that:

1. the Company complies with its obligations relating to the Charging Rules for New Connections set out in its New Connection Services Charging Arrangements;
2. the Company has appropriate systems and processes in place to make sure that the information contained in the New Connection Services Charging Arrangements and additional information is accurate;
3. the Board has assured itself that the balance of charges between Developers and other customers is broadly maintained;
4. the Company has consulted with its stakeholders in a timely and effective manner on its New Connection Services Charges; and
5. the Board of Wessex Water has assessed the effects of the new charges on customers' bills on the range of scenarios presented by Ofwat and confirms that, for a given type of development, there is not expected to be any bill increases of more than 10% from the previous year.

The Board has made this statement based on the information available to it at the current time.

The Board authorised the Company's Managing Director to sign the final Assurance Statement.

Signed:  Date: 27.01.2020

Andy Pymer
Managing Director
(on behalf of the Board)

Board considerations

In making this Assurance Statement the Board has considered the following requirements set out by Ofwat in its Charging Rules for New Connection Services:

1. The company complies with its obligations relating to the Charging Rules for New Connections

The Company engaged Mott MacDonald who reviewed and confirmed that:

- our Charging Arrangements for 2020/21 are appropriate to meet our obligations under the Water Industry Act 1991 (as amended in 1999 and 2014);
- our Charging Arrangements are consistent with:
 - Ofwat's Charges Scheme Rules (published in July 2019),
 - Wholesale Charging Rules (published in October 2018), and
 - the Charging Rules for New Connection Services (English Undertakers) (published July 2019); and
- our Charging Arrangements are consistent with the Company's obligations under licence conditions D and E.

In addition, in 2017 the Company 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 company has appropriate systems and processes in place to make sure that the information contained in the charges scheme, and the additional information covered by this annex is accurate

The Board reviewed and approved the governance and assurance processes and procedures for the setting of charges in July 2019.

In addition to the external assurance laid out above, the Company continues with its internal charges assurance processes including:

- annual update of the charges compliance manual;
- a requirement for data owners and compilers to sign certificates assuring the accuracy of their data and associated calculations; and
- 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.

3. *The balance of charges is broadly maintained between Developers and other customers.*

The Board reviewed the balance of charges over recent years: developers have contributed 89% towards the cost of new connections, with other bill payers contributing 11%. The income offset to maintain the balance of charges, applied to infrastructure charges for 2020/21, has been set at a level that maintains this balance.

4. *The Company has consulted with its stakeholders in a timely and effective manner on its New Connections Charges*

The Board was informed that internal and external stakeholders have been engaged with in a timely manner. The Company has engaged with its external stakeholders throughout the year. This feedback has been thoroughly considered when formulating proposals for 2020/21.

A consultation was carried out from 15 November to 24 December 2019. All major stakeholder groups were consulted with: this included NAVs, SLPs, developers of a variety of sizes, industry bodies and regulators.

We have also engaged with CCWater who commented on our proposals. They considered that our proposals were appropriate, and we have incorporated their recommendations into our charging arrangements.

5. *For a given type of development, there is not expected to be any bill increases of more than 10% from the previous year*

The Board was informed that the Company does not expect any bill for typical developments to increase by more than 10% from the previous year. To assure itself of this, we have assessed the typical scenarios set out in Ofwat's Information Notice 19/05 October 2019. Further detail is set out in the Charging Arrangements.