



Wessex Water Services Ltd
Assurance Statement for
Charging Arrangements for New Connections Services 2024-25

Introduction

Our Charging Arrangements for New Connection Services 2024-25 present the fixed charges for services provided to those developing land and laying new water and sewerage infrastructure for domestic purposes between 1 April 2024 and 31 March 2025.

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 Services (English Undertakers) issued by the Water Services Regulation Authority under sections 51CD, 105ZF, 143B and 144ZA of the Water Industry Act 1991 issued by Ofwat in October 2021 and other 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 Charging Arrangements for New Connection Services.

On 24th July 2023, the Board considered and approved the strategy and proposals for changes to policies for customer charges and the associated governance processes, to be implemented from 1 April 2024.

On 27th November 2023, 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, Ofwat's requirements for Board assurance of charges were met and duly approved this Assurance Statement.

The Board therefore authorised the Company's Chief Finance Officer to sign the final Assurance Statement for Charging Arrangements for New Connection Services and the Charging Arrangements for New Connection Services.

Assurance Statement


In making this Assurance Statement, the Board has considered the requirements set out by Ofwat in Expectations, assurance and information requirements for water company charges for 2024-25 (IN 23/09), Charging Rules for New Connection Services (English Undertakers) and in Common Terms and Worked Examples - English New Connection Rules and confirms that, to the best of its knowledge and belief:

1. the Company complies with its obligations relating to Ofwat's Charging Rules for New Connection Services (English Undertakers)
2. the Company has appropriate systems and processes in place to make sure that the information contained in the charges scheme and additional information is accurate
3. the present balance of charges between developers and other customers is broadly maintained by setting the revenue from developers to a consistent proportion of the total cost of developer activity; and
4. the Company has consulted with its stakeholders in a timely and effective manner.

In addition, the Board has assessed the effects of the new charges on customers' bills using the scenarios specified by Ofwat and notes that the bill impacts of more than 10% from the previous year as set out in the Statement of Significant Changes statement included within the New Connection Services Charging Arrangements 2024-25 with further detailed information in the separate Statement of Significant Changes document. The Board has reviewed and approves the mitigations and handling strategies set out in the document.

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

The Board authorised the Company's Chief Finance Officer to sign the final Assurance Statement, Charging Arrangements for New Connection Services 2024-25 and Statement of Significant Changes in Charges for New Connections.

Signed:  Date: 29.01.2024

Andy Pymer
Chief Finance Officer
(on behalf of the Board)

Board considerations

In making this Assurance Statement the Board has considered the following:

1. The Company complies with its obligations relating to the Charging Rules for New Connection Services (English Undertakers)

The Board considered the outcome of a review undertaken by the Company's technical assurance provider (Mott MacDonald), which confirmed that:

- our Charging Arrangements for 2024-25 are appropriate to meet our obligations under the Water Industry Act 1991 (as amended in 1999 and 2014)
- our Charging Arrangements are consistent with:
 - Charges Scheme Rules from April 2023 (dated Dec 2022),
 - Wholesale Charging Rules (dated October 2021), and
 - Charging Rules for New Connection Services (English Undertakers) (dated October 2021); and
- our Charging Arrangements are consistent with the Company's obligations under licence conditions D and E.

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 2023.

In addition to the external technical assurance detailed above, the Company continues with its internal assurance processes as detailed in the Regulatory Assurance Manual including:

- a requirement for the compiler, owner and reviewer to certify 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 Strategy & Regulation.

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 legal team and those responsible for billing and collecting charges.

3. The present 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

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contributing 11%. The income offset to maintain the balance of charges, applied to infrastructure charges for 2024-25, 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 charging arrangements

The Board was informed that internal and external stakeholders have been engaged in a timely manner. The Company has engaged with its external stakeholders throughout the year and their feedback has been carefully considered when formulating proposals for 2024-25.

In addition, we published indicative charges in December 2023 to give early indications of what we would be charging and an opportunity for feedback and engagement.

5. There are no significant changes in charges of over 10% across any of the common scenarios set out in Common Terms and Worked Examples – English New Connection Rules

The Board was informed that the Company expects a bill for typical developments to increase by less than 10% from the previous year's comparable scenario as summarised below.

Type	2024-25 £k	2023-24 £k	% Change
Single Connection	3.1	2.8	7%
Single Connection to a block of flats	6.9	6.5	6%
Medium development (Excavation: Others)	71.6	71.3	0%
Medium development (Excavation: Wessex Water)	124.0	125.7	-1%
Large development (Excavation: Others)	223.3	223.6	0%
Large development (Excavation: Wessex Water)	421.8	425.0	-1%
Medium development (SLP)	21.7.0	21.2	2%
Medium development (NAV)	15.7	15	5%
Large development (SLP)	50.0	50.3	-1%
Large development (NAV)	37.6	37.5	0%