



Wessex Water Services Ltd
Assurance Statement for the
2019/20 Developer 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. Under the Water Industry Act our charges for these services must comply with the Charging Rules for New Connection Charges (English Undertakers) issued by Ofwat in July 2018. 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 owns and is accountable for the development of the Developer Charges Arrangements.

On 30 July 2018 the Board considered and approved the strategy for developer charging and the associated governance processes.

On 26 November 2018, following stakeholder engagement, the Board 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-off of the final Assurance Statement and Charging Arrangements subject to there being no material changes.

The Assurance Statement

In making this Assurance Statement the Board has considered the requirements set out by Ofwat in its Charges Rules ("the Ofwat Assurance Requirements").

The Board confirms that:

1. The Company complies with its obligations relating to the Charging Rules for New Connections set out in its Developer Charging Arrangements
2. The Company has appropriate systems and processes in place to make sure that the information contained in the Developer Charging Arrangements and additional information is accurate
3. The Board has assured itself that the balance of charges between Developers and other customers is maintained
4. The Company has consulted with its stakeholders in a timely and effective manner on its Developer Charges

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



Date: 29.1.19

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 (“the Ofwat Assurance Requirements”):

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 2019/20 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 2018),
 - Wholesale Charging Rules (published in October 2018), and
 - the Charging Rules for New Connection Services (English Undertakers) (published July 2018).
- Our Charging Arrangements are consistent with the Company’s obligations under licence conditions D and E.

In addition, the Company engaged Frontier Economics to review the methodologies by which the Company’s charges are set who confirmed 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 2018.

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
- 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 in preparing the Charging Arrangements 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 the past four years: developers have contributed 92% towards the cost of new connections, with other bill payers contributing 8%. The discount to maintain the balance of charges, applied to requisition charges for 2019/20, has been set at a level that maintains this balance at 15%.

4. *The Company has consulted with its stakeholders in a timely and effective manner on its Developer 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 with formulating proposals for 2019/20.

A consultation of the draft charging arrangements was carried out from 27 November to 26 January 2018. 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.