

## **Wessex Water Services Ltd Response to Ofwat's PR19 Draft Determination – August 2019**

**Representation reference: Cost Assessment C22**

**Representation title: Business rates**

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### **Summary of issue**

In 2017-18 we released a provision we had been holding on waste business rates. This is a one-off adjustment and there should be no expectation that it is repeatable through the next price control.

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### **Change requested**

Our business rate allowance is based of the values implied by the RVs and the UBR = £8.824m per year rather than our 2017-18 actuals of £8.746m.

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### **Rationale (including any new evidence)**

In our 2017-18 APR we submitted a combined business rates value of £25.056m (wastewater £8.746m, water supply £16.310m) despite paying rates bills of £27.348m. Our submitted value was subdued by releasing provisions of £2.292m (wastewater £1.096m, water supply £1.196m). Meaning our true wastewater rates bill in 2017-18 was £9.842m.

This was disclosed in our annual accounts and reviewed by our financial auditor EY.

We note that due to the scale of the transitional relief we are receiving on water supply that there is no need for this adjustment on supply as our implied rates is still lower than that paid in 2017-18.

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### **Why the change is in customers' interests**

Taxation policy is set centrally by UK government to meet society's objectives. It is appropriate that the impact of this flows through correctly to both businesses and end consumers.

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**Links to relevant evidence already provided or elsewhere in the representation document**