

## **SOUTH STAFFORDSHIRE WATER PLC**

### **2019-20 CHARGES**

#### **STATEMENT OF SIGNIFICANT CHANGE**

Overall, the average household bill in the South Staffs region will fall from £147 in 2018-19 to £146 in 2019-20, and will fall from £140 to £139 in the Cambridge region. The total combined bill across both regions is £144 which is in line with our Business Plan submission.

Under the charges scheme rules issued by the Water Services Regulation Authority (Ofwat), specifically sections 143(6A) and 143B of the Water Industry Act 1991, the Company is required to provide a statement summarising significant changes to 2019-20 charges. These are outlined below:

- (a) The Company is required to advise whether there are any charge increases of more than 5%.

Wholesale charges have been calculated in accordance with a K factor of -0.56% as set by Ofwat in its Final Determination of price limits for 2015 to 2020. Inflation of 3.2% has been applied to wholesale tariffs, in line with the RPI figure published by the Office of National Statistics. Finally, an adjustment to charges has been made to reflect the over recovery of wholesale revenue charges in 2017-18 of £0.212m. Retail charges have been recovered in line with the 2014 Final Determination for residential customers.

No customer type will experience a bill increase of greater than 5%, although individual customers may experience an increase greater than 5% depending on their own characteristics.

All charges for 2019-20 will be published at the beginning of February.

- (b) The Company will be making the following change to charging policy.

As part of its affordability strategy the Company has had a Social Tariff in the South Staffs and Cambridge regions since 2016. Customers have paid £1.50 to cross subsidise the tariff which has helped more than 10,000 customers per year who struggle to pay their bill.

In advance of setting charges for 2019-20, the Company has carried out customer research into increasing the cross subsidy to £3 and the majority of the feedback received has been supportive. This will allow the Company to help

more than 26,000 customers. The Company has also secured CCWater's support following consultation on the results of the research findings.

Approved by the Board of Directors on 11 January 2019 and signed on its behalf.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

**Phil Newland**  
**Managing Director**  
**South Staffordshire Water PLC**