

SOUTH STAFFORDSHIRE WATER PLC

2020-21 CHARGES

STATEMENT OF SIGNIFICANT CHANGE TO END USER CHARGES

Overall, the average household bill in the South Staffs region will increase from £146 as set out in our Business Plan for 2019-20 to £149 in 2020-21, and will remain unchanged at £139 in the Cambridge region. The total combined bill across both regions is £147.

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 2020-21 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 the allowed revenue set by Ofwat in its Final Determination of price limits for 2025 to 2030. Inflation of 1.5% has been applied to wholesale tariffs, in line with the CPIH 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 2018-19 of £0.006m. Retail charges have been recovered in line with the 2019 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 2020-21 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.

In advance of setting charges for 2020-21, the Company has carried out customer research into increasing the cross subsidy from £3 to £4 and the majority of the feedback received has been supportive. This will allow the Company to help more than 35,000 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 13 January 2020 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'Phil Newland', with a long horizontal flourish extending to the right.

Phil Newland
Managing Director
South Staffordshire Water PLC