

SOUTH STAFFORDSHIRE WATER PLC

2024-25 CHARGES

STATEMENT OF SIGNIFICANT CHANGES TO DEVELOPER CHARGES

Under the charges scheme rules for new connection services issued by the Ofwat, we are required to include a statement in the charging arrangements for new connection services setting out any significant changes to bills for typical developments when publishing those arrangements for 2024-25. This is set out below:

(a) Worked examples of typical development bills for new connection services.

We have included a list of typical examples as set out by Ofwat in appendix 4 of this document.

(b) Confirmation of whether the water company is expecting there to be any bill increases of more than 10% from the previous year (for a given type of development) and, if such increases are expected:

o what size increase is expected;

A number of our service connection and mains laying charges will increase by over 10% in our 2024/25 charges compared to our 2023/24 charges. Main laying charges are increasing by an average of 15% and service connection charges are increasing by an average of 12%. These increases reflect the increasing costs incurred in providing services to developers including internal employee cost increases, contract rate increases and increases in material costs which have been particularly notable in recent months.

We have chosen to pass the full cost increases that we are experiencing in delivering service connection and main laying activity onto our charges for 2024/25 as:

- we are required to set charges which are cost reflective and
- service connection and mains laying charges recover revenue for activities which sit within a competitive market (contestable activities) and therefore this decision ensures we maintain a level playing field.

Alongside these charge increases, our income offset rebate value is reducing by 11% for 2024/25.

o what types of typical developments are likely to be affected; and

All types of typical developments are likely to be affected.

o the handling strategies adopted by the water company or why the water company considered that no handling strategies are required.

The handling factors for these increases are:

- Developer customers have until 1 April 2024 to obtain quotations for schemes under our 2023/24 charges and have a 12 month validity period on these quotes
- We have introduced a wider set of water efficiency options within our developer charges for 2024/25 such that developer customers can achieve greater discounts for building water efficient homes. If customers design homes to achieve a maximum of 80lpd they will attract a water efficiency discount which either limits the annual increase or reduces the overall bill in 2024/25 when compared to 2023/24.
- A key contributor to the overall bill increases is the reduction in income offset in 2024/25. Income offset will be removed in 2025/26 as a result of the change in charging rules. The reduction in the income offset for 2024/25 goes some way to transition developer customers ready for 2025/26.

Based on the above, the Board of Directors has assessed the effects of the new charges on customers' bills for a range of different types of development, and approves the impact assessments and handling strategies.



Andy Willicott
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South Staffordshire Water PLC