

# Statement of Board Assurance provided to the Water Services Regulation Authority 2019–20 charges

31 January 2019



from  
**Southern  
Water** 

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# Statement of Board Assurance provided to the Water Services Regulation Authority - 2019–20 Charges

The Company, under the direction of the Board, has undertaken a thorough process of internal and external assurance with regard to the setting of charges for the 2019-20 charging year.

As a result of the assurances it has received, the Board has satisfied itself to the best of its ability that:

- a) the Company complies with its legal obligations relating to the charges set out in its charges schemes;
- b) the Board has assessed the effects of the new charges on customers' bills for a range of different customer types, and approves the impact assessments and handling strategies developed in instances where bill increases for particular customer types exceed 5%;
- c) 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; and
- d) the Company has consulted the Consumer Council for Water (CCWater) in a timely and effective manner on its charges schemes.

We provide information on our compliance with Ofwat's charges scheme rules in the Annex to this assurance statement.



Ian McAulay  
Chief Executive Officer



Paul Sheffield  
Senior Independent Non-Executive Director

## Annex to retail charges assurance statement – compliance with Ofwat’s charges scheme rules

Rule no.	Charges scheme rule	Compliance statement
1-6	Introduction and Interpretation	N/A
7	Consumer Council for Water	
7	Before making a charges scheme a relevant undertaker must consult the Consumer Council for Water about its proposed scheme in a timely and effective manner.	<p>Compliant.</p> <p>We commenced engagement with CCWater on our main charges for 2019-20 in June 2018.</p> <p>The engagement has taken a number of forms.</p> <p>There has been an on-going exchange of emails with CCWater since June, including the provision of information to CCWater both proactively and in response to their queries.</p> <p>Information on our 2019-20 charging proposals was presented to CCWater at their regular Quarterly Meeting with our Customer Services Directorate in August 2018.</p> <p>A follow-up teleconference with CCWater took place on 18 September 2018. The content of this telecon was based on CCWater’s proforma. CCWater asked a number of questions during the telecon, which we responded to prior to.</p> <p>Following consultation with CCWater during PR19, and with their full support, we decided to change the eligibility criteria for our Essentials (social) tariff with effect from 1 April 2019 (see also our Statement of Significant Changes).</p> <p>We received a letter from the Regional Chair of CCWater on 8 January 2019 confirming the engagement that had taken place and summarising the key matters arising from it.</p> <p>A summary log of our consultation with CCW is provided with this Annex.</p>

Rule no.	Charges scheme rule	Compliance statement
7, cont		<p>With regard to infrastructure charges, we consulted CCWater as part of our wider consultation on the review of new connection charges and infrastructure charges for the 2018-19 charging year. This consultation comprised a number of telephone calls and email exchanges with CCWater. We also asked CCWater to review our stakeholder consultation material prior to release, and invited them to participate in the consultation as a respondent.</p> <p>Furthermore, we undertook a post implementation review with CCWater on the 1st October 2018 to secure feedback and input into the setting of our 2019-20 charges and associated update to our New Connection Charging Arrangements document, which includes information about our infrastructure charge. On 31 October 2018 we had a telecon with Ofwat to receive their feedback on our Charging Arrangements document. This was a follow up to a face to face meeting on the 16th May 2018.</p> <p>On both occasions we explained our methodology for the development of the infrastructure charges and maintaining the balance of contributions between developer customers and existing bill payers. As a result of this feedback we have enhanced the information in our Charging Arrangements document on how the infrastructure charge has been derived.</p>
8	Bill stability	
8	Undertakers should carry out a proportionate impact assessment whenever the nominal value of bills for a given customer type (assuming a constant level of consumption) is expected to increase by more than 5% from the previous year.	<p>Compliant.</p> <p>In accordance with our Statement of Significant Changes, which was published on 8 January 2019, no class of household customer will experience an increase in their total bill (i.e., wholesale charges plus retail charges) of more than 5% from the previous year. This assumes a constant level of consumption (or rateable value or number of bedrooms in the case of rateable value-based charges and assessed measured charges respectively).</p>
9-11	Publication	
9	Charges schemes must be published no later than the first working day of the February immediately preceding the Charging Year in relation to which they have effect.	<p>Compliant.</p> <p>We have published our charges schemes on our website by the prescribed deadline of 1 February 2019.</p>

Rule no.	Charges scheme rule	Compliance statement
10	Charges schemes must be published on a relevant undertaker's website and in such other manner as the undertaker considers appropriate for the purpose of bringing it to the attention of persons likely to be affected by it.	Compliant.  As rule 9.  We will also continue to publish customer-friendly versions of the formal charges schemes for household customers.
11	Where a relevant undertaker has published or fixed standard charges otherwise than under a charges scheme for any services provided by that undertaker, charges schemes must state how customers may obtain a copy of such charges and, if applicable, where on a relevant undertaker's website those charges may be found.	Compliant.  Our charges schemes signpost readers to where information on other types of charge can be found on our website.
12-17	Principles for determining the amounts of charges	
12	Consistent principles and approaches must be applied to the calculation of charges for different classes of customers.	Compliant.  We apply consistent principles and methodologies to the calculation of charges for different classes of customer.
13	Charging structures must reflect the long run costs associated with providing the relevant service.	Compliant.  With the exception of a small number of properties that attract a fixed annual charge, our allowed wholesale water supply revenue in respect of household premises is recovered by variable charges.  The costs of providing surface water drainage and highway drainage are recovered by fixed annual charges.  Otherwise, with the exception of a small number of properties that attract a fixed annual charge, our allowed wholesale sewerage revenue in respect of household properties is recovered by variable charges.

Rule no.	Charges scheme rule	Compliance statement
14	Charges for services provided to domestic premises must be fixed so that the average difference between metered charges and unmetered charges only reflects any differences in the costs of, and the additional benefits of, the provision of one service relative to the other;	Compliant.  The difference between our metered and unmetered household retail charges reflects the difference in the average-cost-to-serve revenue allowances for dual-service metered and unmetered household customers in our PR14 Final Determination.
15	Differences between charges for services provided to larger users of water and charges for services provided to smaller users of water must only be based on cost differences associated with differential use of network assets, differential peaking characteristics, different service levels and/or different service measurement accuracy.	Compliant.  The difference in charges between our household standard charges and household large user charges are based on cost differences associated with differential use of network assets. The differences are supported by our cost model, and are broadly in line with the rest of the industry.
16	Where cost differences associated with differential peaking characteristics are used as a basis for differences between charges for services provided to larger users of water and charges for services provided to smaller users of water, the charges fixed on that basis must be structured on an appropriate peak demand basis.	N/A. We do not have charges associated with differential peaking characteristics.
17	Charges for sewerage services must take into account the different pollutant loads associated with household foul sewage, non-household foul sewage, trade effluent, surface water draining from premises and surface water draining from highways.	Compliant. We have separate wholesale sewerage charges for foul drainage, surface water drainage, highway drainage, and trade effluent.

Rule no.	Charges scheme rule	Compliance statement
18	Assessed charges	
18	Charges schemes must allow a customer to choose to pay an assessed charge determined in accordance with this rule in the specified circumstances:	N/A because household properties in our water supply areas are subject to our Universal Metering Programme.  If a meter cannot be fitted at reasonable cost then our Household Charges Scheme requires that the basis of charge is switched from rateable value to assessed measured.
(a)	The type and amount(s) of an assessed charge must be determined in accordance with the following principles:	
(i)	assessed charges should, as closely as practicable, reflect the metered charges that would apply in relation to the volume of water that is likely to be supplied; and	Compliant.  Our assessed charges are based on the number of bedrooms in the customer's home.  The average occupancy by bedroom count of household properties in our area has been established using Census data, and this average occupancy data has been applied to average consumption data to derive an assessed annual volume of water supplied for each bedroom count.
(ii)	the amount of an assessed charge payable by an individual who is the sole occupier of domestic premises (a single occupier assessed charge) should reflect the volume of water that is likely to be supplied to domestic premises occupied by one individual in the relevant area.	Compliant.  We provide a single occupier assessed charge.
(b)	The specified circumstances for the purposes of this rule are where a water undertaker has received a measured charges notice in accordance with section 144A of the Water Industry Act 1991 but was not obliged to give effect to it because:	N/A. Our area has been classed as water-stressed, and household properties in our area are subject to our Universal Metering Programme.
(i)	it is not reasonably practicable to fix charges in respect of the premises by reference to the volume of water supplied, or	In accordance with our Universal Metering Programme Charges Scheme, the basis of charge for any household property that cannot be metered under our Universal Metering Programme is assessed charges.
(ii)	to do so would involve the incurring by the undertaker of unreasonable expense.	

Rule no.	Charges scheme rule	Compliance statement
22	Trade effluent	
19	Charges schemes that include any unmetered charges must clearly state the basis on which those charges are fixed or determined and, in the case of rateable value charges, state: which rating valuation list charges are fixed or determined by reference to; and if the undertaker uses a different value or other amount to that specified in such a list, the methodology or other basis on which that different value or other amount is calculated.	Compliant.  Our three household charges schemes specify the Rating Valuation List that unmetered charges are fixed or determined by reference to.  Additionally, the documents set out how we may apply a notional rateable value in certain circumstances.
20-21	Wastewater charges	
20	Sewerage undertakers' charges schemes must provide for a cost reflective reduction in the charges payable for the provision of sewerage services to any premises where the sewerage undertaker knows, or should reasonably have known, that surface water does not drain to a public sewer from those premises.	Compliant.  We have provided customers with a rebate of the surface water drainage charge, upon successful application, since April 2000.  Where we make a rebate, we proactively apply the rebate to other properties in the immediate vicinity.  Prior to 2015-16, we only backdated the rebate to the start of the charging year in which the claim was made. With effect from 2015-16, we make the rebate effective from 1 April 2015 or the customer's occupation date if this is later.
21	Sewerage undertakers must set out in their charges schemes how any reduction in the charges payable for the provision of sewerage services to any premises will be calculated if customers can demonstrate that they have significantly reduced the volume of surface water draining to a public sewer from their premises or explain why there is no such provision.	Compliant.  Our charges schemes explicitly state that we do not offer partial reductions in the surface water drainage charge and explains the basis for this decision.

22	Charges to be paid in connection with the carrying out of a sewerage undertaker's trade effluent functions must be based on the Mogden formula, a reasonable variant of the Mogden formula or on a demonstrably more cost reflective basis.	<p>Compliant.</p> <p>Note that because we have exited the business customer retail market we no longer publish a charges scheme under the Water Industry Act 1991 in respect of business customers.</p> <p>Our wholesale trade effluent charges are based principally on the Mogden formula, supplemented by our fixed annual consent monitoring charge structure, which better reflects the risk presented by the discharge and the associated monitoring requirements.</p>
23	Social tariffs / Concessionary drainage charges	
23	Charges schemes must state:	
(a)	(a) whether or not undertakers have decided to include in the charges scheme:	
(i)	provision designed to reduce charges to community groups in respect of surface water drainage from their property (having had regard to any guidance issued by the Minister under section 43 of the Flood and Water Management Act 2010);	<p>N/A</p> <p>We do not offer concessionary drainage charges, and this is explicitly stated in our household charges schemes.</p> <p>We note that these concessionary charges are principally offered by those water and sewerage companies that have implemented area-based charges for surface water drainage to mitigate the impacts of those charges on groups such as schools, churches, and community organisations.</p>
(ii)	provision designed to reduce charges for individuals who would have difficulty paying in full (having had regard to any guidance issued by the Minister under section 44 of the Flood and Water Management Act 2010); and	<p>Compliant.</p> <p>Our Household Charges Scheme includes provision for a social tariff made under the section 44 of the Flood and Water Management Act 2010 and having had regard to the associated guidance issued by the Minister.</p> <p>We are planning to implement a pilot of a self-funded social tariff in the first half of 2019. Our Household Charges Scheme includes provision for this pilot.</p>

(b)	if any such provision is included, how eligible customers can apply for such reduced charges.	Compliant.  Our Household Charges Scheme sets out how eligible customers can apply for the social tariff. It also sets out how we have selected customers for participation in our pilot of a self-funded social tariff.
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Rule no.	Charges scheme rule	Compliance statement
24	Times and methods of payment	
24	Charges schemes must include provisions giving customers a reasonable choice as to the times and methods of payment of the charges fixed by the scheme.	Compliant. Our charges schemes include provisions giving customers a reasonable choice as to the times and methods of payment of the charges fixed by the scheme.
25	New appointees	N/A
26-33	Infrastructure charges (English undertakers)	
26	Each relevant undertaker whose area is wholly or mainly in England must fix Infrastructure Charges in a charges scheme.	Compliant. Our Infrastructure Charges Scheme sets out our Infrastructure Charges. Information on Infrastructure Charges is also provided in our Charging Arrangements document so that, for customer convenience, all information relating to new connection charges is available in a single document.
27	Infrastructure Charges must be determined in accordance with the principle that the charges should reflect:	
(a)	fairness and affordability;	Compliant. Our Wastewater Infrastructure Charges have a tiered approach where a lower charge is applied for developments of lower than 20 total properties. This is because: <ul style="list-style-type: none"> <li>• currently we do not undertake capacity checks for developments of lower than 20 properties, therefore by definition they do not incur Section 98 network reinforcement costs;</li> <li>• we want to minimise the impact of price rises to those customers who do not currently pay for site specific network reinforcement (in-line with feedback from CC Water and the Home Builders Federation).</li> </ul> We believe that a degree of rebalancing of the costs of network reinforcement is appropriate. However we feel that larger developments tend to have a larger impact on network capacity, therefore a higher charge is appropriate.  Our Water Infrastructure Charge is a flat rate with the potential for a 100% discount. We feel that the tiered approach, aligned with the potential for a 100% discount for water, gives an appropriate balance of affordability for our customers in area where we supply both water and wastewater services. The tiered approach for wastewater helps to mitigate price rises for individual customers and smaller developers.

Rule no.	Charges scheme rule	Compliance statement
(b)	environmental protection;	<p>Compliant.</p> <p>Our Water Infrastructure Charge includes a 100% discount for developers who commit to water efficient development. This is an important incentive as we operate in a water stressed area. The discount forms part of our wider Target 100 strategy to promote efficient water usage from our customers, and is applicable to those developments constructed with fixtures and fittings that promote consumption of lower than 110 litres per person per day on average.</p>
(c)	stability and predictability; and	<p>Compliant.</p> <p>The new mechanism for Infrastructure Charges provides greater certainty for customers, particularly larger developers who have often had to fund site specific network reinforcement costs that were difficult to anticipate up-front. We have looked at both current and potential future levels of investment to determine our charges, and selected a level that we anticipate can be maintained in the longer term. The level of our infrastructure Charges will be stable moving from 2018-19 to 2019-20, ahead of significant change anticipated due to new rules in 2020.</p>
(d)	transparency and customer-focused service.	<p>Compliant.</p> <p>The mechanism for the determination of Infrastructure Charges is transparent and the mechanism for calculating is communicated within our Infrastructure Charges Scheme. This has been updated for 2019-20 giving greater detail into the basis of the calculation of the charges. Publishing fixed charges enables much greater certainty for customers.</p>

Rule no.	Charges scheme rule	Compliance statement
28	Infrastructure Charges must be determined in accordance with the principle that the amount of such charges will over each period of five consecutive Charging Years ending on 31 March 2023 and, thereafter, on 31 March in each subsequent year cover the costs of Network Reinforcement that the relevant undertaker reasonably incurs, less any other amounts that the relevant undertaker receives for Network Reinforcement.	<p>Compliant.</p> <p>Our Wastewater Infrastructures Charges for 2018-19 and 2019-20 have been calculated through assessment of our 5 year AMP6 expenditure and external contributions. This will continue to be our method of assessment of the charges on an annual basis.</p> <p>Our Water Infrastructure Charge is positioned at a higher level than current average AMP6 investment levels. This is because our forecast investment for the next 5 years is higher than current levels, and we are keen to maintain a stable charge rather than see price increases (see rule 27c).</p> <p>Given significant changes to how the income offset is treated (impacting on the Infrastructure Charge) are likely in 2020, we feel that stability is crucial for all stakeholders pending the significant change anticipated in 2020-21.</p>
29	Charges schemes must include a clear methodology explaining how Infrastructure Charges have been calculated.	<p>Compliant.</p> <p>Our Infrastructure Charges Scheme makes it clear how the charges have been calculated. Further detail on the basis of the calculation has been provided in the 2019-20 version of our Charging Arrangements document.</p>
30	For the avoidance of doubt, Infrastructure Charges must not relate to the costs of reinforcing, upgrading or otherwise modifying existing network infrastructure in order to address pre-existing deficiencies in capacity or in capability unrelated:	<p>Compliant.</p> <p>Our Infrastructure Charges do not relate to the costs of reinforcing, upgrading or otherwise modifying existing network infrastructure in order to address pre-existing deficiencies in capacity or in capability unrelated to these sections. The method of calculation does not include any of these types of investment.</p>
(a)	to the provision of a new water main or public sewer pursuant to an agreement with, or a duty owed under the Water Industry Act 1991 to, a person other than a relevant undertaker (including, but not limited to, the provision of a new water main or public sewer pursuant to a requisition under sections 41(1) or 98(1), a section 66D agreement or a section 117E agreement);	
(b)	to the adoption of infrastructure under a section 51A or 104 agreement; or	

Rule no.	Charges scheme rule	Compliance statement
(c)	to connections described in section 146(2) of the Water Industry Act 1991.	
31	Infrastructure Charges may be set as a fixed charge per connection or calculated in accordance with a formula. As long as the difference between amounts is cost-reflective, the amounts of Infrastructure Charges may vary to reflect different circumstances and, in particular, may be different for different geographical areas.	Compliant. Our Infrastructure Charges will be based on a fixed cost per connection.
32	In making charges schemes, each relevant undertaker must ensure that:	
(a)	charges schemes clearly set out how Infrastructure Charges have been calculated;	Compliant. The method of calculation is detailed within our Infrastructure Charges Scheme. Further detail on the basis of the calculation has been provided in the 2019-20 version of our Charging Arrangements document.
(b)	the amount of Infrastructure Charges applied in respect of the modification or redevelopment of existing buildings or premises is determined in accordance with the principle that the amount must take due account of any previous usage in the 5 years before the modification or redevelopment began (including supplies of water that were not for domestic purposes and drainage that was not for domestic sewerage purposes) associated with the buildings and/or premises to which the charges are to be applied and be discounted accordingly; and	Compliant. Our approach to calculating Infrastructure Charges, in the case of modification or redevelopment of existing building or premises, includes for a mechanism to take due account of any previous usage in the 5 years before the modification or redevelopment began.
(c)	charges schemes clearly explain the methodology to be applied for determining a discount to reflect previous usage.	Compliant. Our approach for determining the above discount is clearly determined within our Infrastructure Charges Scheme.
33	Rules 26 to 32 above do not apply to:	
(a)	new appointees; or	Not applicable
(b)	any charges scheme that has effect in relation to a period ending before 1 April 2018.	Not applicable

Rule no.	Charges scheme rule	Compliance statement
A1-A3	Annex: Information requirements	
A1	Each undertaker should provide to the Water Services Regulation Authority an assurance statement from its Board of Directors and publish its statement no later than the time of publication of the charges schemes confirming that:	Compliant.  We have submitted our assurance statement to Ofwat and published it at the same time we published our retail charges schemes.
(a)	the company complies with its legal obligations relating to the charges set out in its charges schemes;	Compliant.  Licence Condition B (compliance with price controls): Oxera Consulting LLP has provided assurance that our charges are compliant with the applicable price controls.  Licence Condition E (undue discrimination and undue preference): In some areas our cost allocation is necessarily based on assumption as opposed to actual data. Where assumptions have been used these have been verified by subject matter experts within the Company. Compliance in this area is subjective, and therefore cannot be stated absolutely.
(b)	the Board has assessed the effects of the new charges on customers' bills for a range of different customer types, and approves the impact assessments and handling strategies developed in instances where bill increases for particular customer types exceed 5%;	Compliant.  We include below, as part of this assurance statement submission, a statement explaining the Board's assessment of bill increases

Rule no.	Charges scheme rule	Compliance statement
(c)	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; and	<p>Compliant.</p> <p>Deloitte LLP provided assurance on the appropriateness of our systems and processes for the assurance of our 2017-18 wholesale charges, and our Head of Group Accounts has advised that there have been no material changes to those systems and processes that would affect the setting of charges for 2019-20.</p> <p>Deloitte also audited our 2017-18 accounts. While they were unable to adopt a control reliance strategy for their audit, due to IT issues, they undertook substantive testing and made the following comment in their report to our Audit Committee: "...we have tested the design and implementation of controls related to significant risks. We consider these controls to be appropriately designed and implemented". In addition there were no material issues raised in Deloitte's report, and they issued an unmodified audit statement on our financial statements.</p> <p>Oxera Consulting LLP have assured our 2019-20 charges. As part of their work, Oxera performed checks on the base data used for forecasting the number of billed properties and volumes of water and wastewater. For the ten most material charges in terms of revenue yield, Oxera checked the base data used for forecasting purposes back to source systems.</p>
(d)	the company has consulted the Consumer Council for Water (CCWater) in a timely and effective manner on its charges schemes.	<p>Compliant.</p> <p>As rule 7.</p>

Rule no.	Charges scheme rule	Compliance statement
A2	With the exception of new appointees, each undertaker should provide to the Water Services Regulation Authority a statement setting out any significant changes anticipated by the undertaker, and publish the statement, at least three weeks before the publication of the charges schemes. The statement should include the following.	Compliant. On 8 January 2019 we published and provided Ofwat with a statement setting out any significant changes anticipated.
(a)	Confirmation of whether the undertaker is expecting there to be any bill increases of more than 5% from the previous year (for a given customer type assuming a constant level of consumption) and, if such increases are expected:	
(i)	what size increase is expected;	
(ii)	which customer types are likely to be affected; and	
(iii)	the handling strategies adopted by the company or why the company considered that no handling strategies are required.	
(b)	Details of any significant changes in charging policy by the company from the previous year.	
A3	In addition to the assurances set out in A1 above, new appointees' assurance statements must include assurance that their charges schemes offer:	N/A
(a)	levels of service at least comparable to the previous appointee's charges scheme;	
(b)	prices that do not exceed those in the previous appointee's charges scheme for similar services; and	
(c)	prices equivalent to those specified in the new appointee's application for each individual appointment or variation area.	

# Statement regarding the Board's assessment of bill increases<sup>1</sup>

## Household customers

Assuming a constant level of consumption (or rateable value or number of bedrooms in the case of rateable value-based charges and assessed measured charges respectively), no class of household customer will experience an increase in their total bill (i.e., wholesale charges plus retail charges) of more than 5% from the previous year.

The tables below provide a summary of bill increases for each basis of charge (measured, assessed measured, rateable value) for a range of household customers.

### Measured customers

Volume m3/a >>>	50	100	150	200	250	300	350
Dual Service							
Change £	5.73	9.13	12.54	15.94	19.34	22.74	26.15
Change %	2.19%	2.08%	2.03%	2.00%	1.98%	1.97%	1.96%
Sewerage Only							
Change £	4.87	7.93	10.98	14.03	17.08	20.13	23.19
Change %	2.84%	2.81%	2.80%	2.79%	2.78%	2.78%	2.78%
Water Only							
Change £	0.86	1.21	1.56	1.91	2.26	2.61	2.96
Change %	0.96%	0.76%	0.69%	0.65%	0.62%	0.61%	0.59%

<sup>1</sup> Infrastructure charges have been excluded from the scope of this statement

## Assessed measured customers

Number of bedrooms >>>	Single Occupier	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom
Dual Service						
Change £	6.90	8.23	9.62	10.66	10.95	11.47
Change %	2.28%	2.20%	2.16%	2.13%	2.12%	2.11%
Sewerage Only						
Change £	5.71	6.90	8.15	9.08	9.34	9.80
Change %	2.89%	2.86%	2.85%	2.84%	2.84%	2.83%
Water Only						
Change £	1.19	1.33	1.47	1.58	1.61	1.67
Change %	1.13%	1.00%	0.92%	0.88%	0.86%	0.85%

## Rateable value customers

RV £ >>>	50	100	150	200	250	300	350	400	450	500
Dual Service										
Change £	8.12	13.67	19.22	24.77	30.32	35.87	41.42	46.97	52.52	58.07
Change %	4.36%	4.58%	4.69%	4.75%	4.79%	4.81%	4.83%	4.85%	4.86%	4.87%
Sewerage Only										
Change £	5.32	8.82	12.32	15.82	19.32	22.82	26.32	29.82	33.32	36.82
Change %	4.17%	4.45%	4.58%	4.66%	4.71%	4.74%	4.77%	4.79%	4.81%	4.82%
Water Only										
Change £	2.80	4.85	6.90	8.95	11.00	13.05	15.10	17.15	19.20	21.25
Change %	4.76%	4.85%	4.89%	4.92%	4.93%	4.94%	4.95%	4.95%	4.96%	4.96%

We have a suite of tariffs and schemes that provide financial assistance to customers who find our charges to be unaffordable. Customers with affordability issues who have a meter and live in one of our water supply areas are pro-actively targeted by our water efficiency advice and retrofit programme. We also have a home visit programme, which provides customers with debt advice, and establishes whether they are eligible for one or more of our affordability tariffs and schemes.

## Business customers

This statement does not discuss the increase in total bills (i.e., wholesale charges plus retail charges) for business customers. This is because we exited the business customer retail market with effect from 1 April 2017, transferring our business customers to Business Stream.

The increases in our wholesale charges for business customers are discussed in a separate assurance statement provide to Ofwat by our Board.

## Summary Log of Consultation with CCWater

Date	CCWater	Southern Water
15 February 2018		Emailed results of analysis of average consumption of metered single occupier households in response to CCW challenge re: assessed volume underpinning our single occupier assessed charge.
27 February 2018	Email re: CCW's ongoing concerns re: our single occupier assess charge and advising that Ofwat had asked them to gather data from all companies.	
1 June 2018	Email to kick-off the annual process of reviewing charging proposals for the next charging year, including specific questions on significant bill impacts, HH/NHH reclassification, single occupier assessed charge.	
14 June 2018		Email response sent to CCW's email of 1 June, including responses to the specific questions.
6 July 2018		Emailed copy of Preliminary Statement of Significant Changes to Non-Household Primary Wholesale Charges.
9 July 2018	Emailed acknowledgement of receipt of Preliminary Statement of Significant Changes, and advised contact details of new Policy Manager for Southern Water.	
2 August 2018	Emailed proforma containing our responses of 14 June, requesting any updated information prior to Quarterly Meeting with our Customer Services team on 23 August.	
7 August 2018		Emailed CCW proforma updated with an early view of the year on year movement in wholesale charges and average household bills.
10 September 2018	Emailed request for telecon.	
11 September 2018	ii. Emailed telecon invite for 18 September.	i. Emailed availability for a call and sent an updated version of the proforma. ii. Accepted invite and asked whether any additional information was required for discussion on the call.
18 September 2018		Telecon held. Southern Water went through the latest information provided on the CCW proforma, and answered CCW's questions.

Date	CCWater	Southern Water
8 October 2018	Email requesting clarification re: timing of phasing out of NHH wholesale fixed charge structure.	Email response sent.
		Emailed soft copy of information re: 2019/20 non-household wholesale indicative charges due to be published on website by 12 October, including web page link
20 October 2018		Email sent to advise CCW that, following consultation with them and local water supply companies, we have decided to change the eligibility criteria for our Essentials (social) tariff. An updated CCW proforma was sent with the email.
	Email requesting additional information from Ofwat's WRFIM Model.	Email response sent.
13 December 2018	Email requesting information re: final charges for 2019-20 once November 2018 RPI available.	Email response sent advising that November 2018 RPI would be available on 19 December 2018, and that details of final charges for 2019-20 would be sent as soon as possible after this. Email also enquired when we would receive CCW's formal acknowledgement of the consultation process we had undertaken with them on 2019-20 charges.
	Email response advising that the formal acknowledgment was likely to be sent in early January.	
19 December 2018		Email providing substantive response to CCW's email of 13 December.
8 January 2019	Emailed letter from regional Chair thanking us for consulting on 2019-20 charges	

## Note regarding: PR19

As part of our customer and stakeholder consultation for our PR19 Business Plan, we consulted extensively with CCWater during the 2018-19 charging year on changes to the design of our social (Essentials) tariff and the level of bill cross-subsidy paid by household customers to fund the tariff.