

Statement of significant changes

2020-21 Household Scheme of Charges

We expect household bills to increase by a modest amount next year. Our research¹ tells us that overall bill increases above £2 per month would be a cause concern to customers, so we have taken steps to keep bill impacts below this level. While some increases are above 5%, this represents no more than £2 per month for the vast majority of our customers. Average bills for Hafren Dyfrdwy will remain the lowest in Britain next year.

Average bill	2019-20	2020-21	Increase		Increase without smoothing	
			%	£ / month	%	£ / month
Water	£154	£162	5.2%	£0.75	8.3%	£1.00
Waste water	£158	£138	-13.0%	-£1.75	-13.0%	-£1.75
Combined bill	£312	£300	-4.0%	-£1.00	-2.5%	-£0.75

You can read more about [why bills are changing](#) and the steps we have taken to reduce the impact on customers this year ([mitigation](#)) further on in this document.

Illustrative bills – household customers

Bills for [typical](#) customers who stay on the same tariff from one year to the next (that is, customers who don't switch to a meter or apply for assistance) will see bill changes that are different from the "average" household. Illustrative bill changes for a range of customers are set out below.

Bills for typical customers in Powys and Monmouthshire

	2019-20			2020-21			Increase	£ per month
	Water	Waste	Total	Water	Waste	Total		
<i>Unmeasured</i>								
Low	£102	£66	£168	£107	£71	£178	5.9%	+£0.75
Average	£153	£154	£307	£160	£159	£319	4.0%	+£1.00
High	£240	£242	£482	£249	£247	£496	2.8%	+£1.25
<i>Metered</i>								
Low	£117	£112	£228	£124	£118	£242	6.0%	+£1.25
Average	£151	£158	£309	£160	£164	£324	4.8%	+£1.25
High	£255	£249	£504	£266	£259	£525	4.1%	+£1.75
<i>Assessed chrg</i>								
Single person	£99	£101	£201	£97	£116	£213	6.0%	+£1.00
Flat/Terrace	£171	£155	£325	£174	£172	£346	6.4%	+£1.75
Semi-detach'd	£185	£188	£373	£193	£201	£394	5.8%	+£1.75
Detached	£208	£225	£433	£218	£238	£456	5.3%	+£2.00
<i>Social Tariffs</i>								
WaterSure+	£151	£158	£309	£162	£138	£299	-3.2%	-£0.75
Here2Help 30*	£106	£111	£217	£113	£96	£210	-3.2%	-£0.50
Here2Help 70*	£45	£47	£93	£49	£41	£90	-3.2%	-£0.25

*Here2Help customers can receive discounts of between 10% and 90% - two bandings have been presented for illustration.

¹ Hafren Dyfrdwy is part of the Severn Trent group; this research was carried out by the ST group through customer surveys and focus groups involving customers billed directly by Severn Trent and households billed for ST sewerage by another water company.

We also provide water services in the Wrexham area. We don't provide sewerage services there, so the wastewater charges for these customers will usually be set by Dŵr Cymru Welsh Water (DCWW). We've estimated overall bills in Wrexham including DCWW wastewater bills.

Bills for typical customers in the Wrexham area

	2019-20			2020-21				
	Water	Waste*	Total	Water	Waste*	Total	Increase	£ per month
<i>Unmeasured</i>								
Low	£148	£257	£405	£152	£273	£425	5.0%	+£1.75
Average	£206	£377	£582	£215	£401	£616	5.7%	+£2.75
High	£263	£473	£736	£278	£503	£781	6.1%	+£3.75
<i>Metered</i>								
Low	£104	£166	£269	£111	£176	£288	6.8%	+£1.50
Average	£132	£221	£353	£141	£235	£376	6.3%	+£1.75
High	£207	£394	£601	£217	£419	£636	5.9%	+£3.00
<i>Assessed</i>								
Single person	£86	£174	£261	£88	£186	£273	4.8%	+£1.00
Multi-occupier ¹	£134	£264	£398	£136	£281	£418	4.9%	+£1.50
<i>Social Tariffs</i>								
WaterSure+	£151	£191	£342	£162	£203	£365	6.7%	+£2.00
Here2Help 30 ²	£106	£114	£220	£113	£122	£235	6.7%	+£1.25
Here2Help 70 ²	£45	£114	£160	£49	£122	£170	6.6%	+£1.00

1. Multi-occupier charge combined with DCWW rate for 3 or more persons. DCWW also has a charge for 2 occupants.
2. Here2Help customers can receive discounts of between 10% and 90% - two bandings have been presented for illustration. Rate combined with DCWW HelpU charge.

Dŵr Cymru sewerage bills for 2020-21 are estimates because we didn't have their final charges at the time of publication. We've taken their charges from last year, modified for inflation and [Ofwat](#)'s Final Determination (FD). While our bills for Wrexham customers are very similar to what we expected after Draft Determinations, the FD provided for a significant real increase in Dŵr Cymru's average wastewater bills next year.

Why bills are changing

Each year the revenue controls set by our regulator, [Ofwat](#), allow us to recover a fixed amount of revenue from our customers. For most of our charges this is modified by inflation, adjustments for performance and any past over or under-recovery in previous years.

This year:

- Inflation as measured by the Consumer Prices Index with Housing (CPIH) was 1.5%;
- [Ofwat](#) set revised revenue controls to take account of new requirements – this increased overall water revenues by 3.9% but reduced wastewater revenues by 1.6%.
- The new revenue controls also take account of past performance – there are no additional adjustments this year for [Revenue Correction](#) or Outcome Delivery Incentives ([ODIs](#))

Customer views

Our research tells us that our household customers would be concerned if their overall bill increased by more than £2 per month, so we try to keep price rises below this level. Because changes in our bills affect some

households that receive either water or sewerage services from another company, we made sure that we included some single-service customers in our research. We also showed a draft of this statement to an online panel of customers and have taken account of their views regarding the way we communicate bill changes.

Our waste water bills have changed a little this year because we're charging separately for highway drainage. This was always part of customers bills before but it's now a separate item on the bill. For metered customers, it's been taken out of the standing charge; for unmetered customers it's been removed from the Rateable Value (RV) based charge. We've also added a small fixed charge for unmetered water bills in the Powys area (this does not affect customers in Wrexham who already paid a fixed or standing charge).

Although bills for some of our combined customers are rising more quickly than others, we don't expect our customers to see increases of more than £2 per month overall. As we don't provide sewerage services in the Wrexham area, we've estimated the overall bill impact with indicative figures for Dŵr Cymru Welsh Water bills. Our assessment of the impact on is [here](#).

We showed a draft view of our charges to [CCWater](#), who represent the views of water customers. We've taken account of their views and have rebalanced our charges to limit the higher increases wherever we can.

Our discussions with CCWater were based on indicative charges in October. There is always some variation when we publish our final charges, because we don't know what the final inflation figure will be until December. Another difference this year was Ofwat's Final Determination (FD) of prices limits, which was not published until 16 December. Although there were some changes in the FD, we have kept average bills broadly the same as expected in October as discussed below. The CPIH is 0.1% lower than our forecast. Aside from these two factors, we have made no changes that have made a significant difference to customer charges.

As we note above, wastewater bills for our [customers in Wrexham](#) will probably change a bit more because the FD for Dŵr Cymru Welsh Water has changed quite significantly from Ofwat's draft view. Our water charges for Chester are little different to those we forecast in October.

Managing changes in customer bills

On 16 December [Ofwat](#) set out its Final Determination (FD) of revenue controls for the next 5 years. Following our Draft Determination, we asked Ofwat to defer some revenue until later in the next 5 year period to smooth the impact on customer bills. We've discussed our overall approach to managing these effects with [CCWater](#). Although Ofwat made some changes to the profile of our bills we still saw some increases that were higher than we would like next year, so we have taken further steps to smooth out bill increases; this reduces average water bills by around £4 below our FD allowance next year. Without this action, bills for some customers might have increased by more than 10% for a combined service. As a result of the steps we've taken, they'll typically be rising by less than 5% or under £2 per month.

In percentage terms, households with unmetered bills are likely to see the largest increases. Customers in this position can often reduce their charges by switching to a meter. If you are not already on a meter, you have the option of switching free of charge. If you don't save money by switching, you have two years to change your mind. You can apply via our [website](#).

Support for customers who struggle to pay their bills

For customers who may struggle to pay their bills, we offer three schemes: WaterSure, WaterSure Plus and the Here2Help Scheme. This year we're planning to increase the number of people we help through these schemes. There is more information on how you might qualify for [WaterSure](#) or [Here2Help](#) on our website.

Bills for sewerage only customers

We have a small number of sewerage customers on the borders of our area that are billed on our behalf by Dŵr Cymru Welsh Water (DCWW). While water bills for these customers will be different from ours, we would not expect a significant increase in their bills relative to the customers we bill directly.

Glossary

Revenue correction

We are regulated by Ofwat, which sets our revenue controls. We are allowed to collect a fixed overall amount to cover the cost of running the network, supplying water, collecting waste water and treating sewage. When we set charges, we try to make sure that they will recover the correct amount in the next charging year, but we need to forecast – for example, we don't know exactly how much water customers will use in advance. If we collect more than Ofwat allowed, we return this to customers by reducing future charges and vice versa.

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Outcome Delivery Incentives (ODIs)

When Ofwat sets our revenue controls, we also agree a set of Performance Commitments with our regulator and other stakeholders. These are things that our customers tell us are important to them such as reducing bursts, leakage and sewer flooding. If we don't hit our targets then customers get a reduction in their bills; if we do really well and exceed the target then we are allowed to collect some more revenue. Overall, ODIs are a small proportion of the average bill. You can read more about what your bills pay for on our website [here](#).

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The differences between typical and average bills

An average bill is simply the total amount billed to households divided by the number of household customers. It generally rises at a lower rate than typical bills because some customers will switch to lower tariffs during the course of a year. For example, some customers will opt to have a meter installed if they think that they will save money by doing so; customers that stay on the same tariff will not get this one-off saving. A typical bill is the amount that they will pay if nothing else changes (for example, if a customer is already metered and carries on using the same amount of water from one year to the next).

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