

## Statement of significant changes

### 2020-21 Non-Household Scheme of Charges

We expect that the vast majority of our non-household charges will increase by less than 5% next year because we've taken steps to keep our average bills down. 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 – non-household

Typical customers will see different bill changes depending on whether they are metered or unmetered and the amount of water they use. Illustrative bill changes for a range of customers are set out below.

#### Bills for typical customers in Powys and Monmouthshire

Customer bills	19-20			20-21			Incr %	£ per month
	Water	Waste <sup>1</sup>	Total	Water	Waste	Total		
<i>Unmetered</i>								
Low	£77	£110	<b>£187</b>	£79	£109	<b>£187</b>	0.2%	<£0.25
Average	£155	£201	<b>£357</b>	£158	£199	<b>£357</b>	0.1%	<£0.25
High	£233	£293	<b>£526</b>	£237	£290	<b>£527</b>	0.1%	<£0.25
<i>Metered</i>								
V Small (60m3)	£139	£223	<b>£362</b>	£130	£201	<b>£331</b>	-8.6%	-£2.50
Small (120m3)	£284	£320	<b>£604</b>	£277	£302	<b>£579</b>	-4.1%	-£2.00
1,000m3	£1,513	£1,297	<b>£2,810</b>	£1,517	£1,310	<b>£2,827</b>	0.6%	+£1.50
5,000m3	£7,345	£6,870	<b>£14,215</b>	£7,411	£6,980	<b>£14,391</b>	1.2%	+£14.75
25,000m3	£31,491	£31,224	<b>£62,715</b>	£31,769	£31,575	<b>£63,344</b>	1.0%	+£52.50
75,000m3	£77,633	£88,749	<b>£166,382</b>	£79,485	£91,079	<b>£170,564</b>	2.5%	+£348.50
<i>Trade effluent</i>								
Small (120m3)	£284	£334	<b>£618</b>	£277	£303	<b>£580</b>	-6.2%	-£3.25
1,000m3	£1,513	£1,068	<b>£2,581</b>	£1,517	£992	<b>£2,510</b>	-2.8%	-£6.00
5,000m3	£7,345	£5,509	<b>£12,854</b>	£7,411	£5,163	<b>£12,574</b>	-2.2%	-£23.25
25,000m3	£31,491	£23,422	<b>£54,914</b>	£31,769	£21,766	<b>£53,535</b>	-2.5%	-£115.00

- For some customers, wastewater services will be provided by Dŵr Cymru Welsh Water; DCWW also bill some of our wastewater-only customers on our behalf.

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

Customer bills	19-20			20-21			Incr %	£ per month
	Water	Waste <sup>1</sup>	Total	Water	Waste <sup>1</sup>	Total		
<i>Unmetered</i>								
Low	£136	£202	£338	£142	£215	£357	5.6%	+£1.50
Average	£206	£321	£527	£234	£342	£576	9.2%	+£4.00
High	£262	£416	£678	£308	£443	£751	10.6%	+£6.00
<i>Metered</i>								
V Small (60m3)	£151	£168	£319	£132	£179	£311	-2.6%	-£0.75
Small (120m3)	£266	£334	£600	£244	£355	£599	-0.2%	<£0.25
1,000m3	£1,279	£1,995	£3,274	£1,214	£2,123	£3,338	2.0%	+£5.25
5,000m3	£5,973	£8,792	£14,765	£5,753	£9,358	£15,111	2.3%	+£28.75
25,000m3	£29,539	£42,341	£71,880	£28,457	£45,066	£73,523	2.3%	+£136.75
75,000m3	£87,393	£126,442	£213,835	£84,643	£134,578	£219,221	2.5%	+£448.75

1. Estimate based on applying a uniform increase to Dŵr Cymru charges.

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, adjusting for inflation and public information from [Ofwat](#)'s final decisions on their prices next year. While our bills in 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. However, we don't know exactly how this will affect non-household customers.

## Why bills are changing

Each year the revenue controls set by [Ofwat](#) (our regulator) allow us to recover a fixed amount of revenue from our customers. This covers the cost of treating water, running and maintaining our network and cleaning wastewater before it is discharged to the environment (you can read more about what your bill pays for [here](#)). For most of our charges this is modified by inflation, adjustments for performance and any past over or under-recovery in previous years.

For 2020-21:

- 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)

## Stakeholder views

Our research tells us that household customers would be concerned if their overall bill increased by more than £2 per month<sup>1</sup>, which is equivalent to around 8% of an average household bill in our area. Non-households are much more varied in size so there is no “average” non-household, but small business customers (the vast majority, by number) have usage similar to households.

Because changes in our bills affect some customers 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.

The change in water bills is different to the movement in wastewater charges, but we don't expect significant increases for the majority of our non-household customers (who are metered). There will be higher increases for unmetered customers, but they have the option of changing the way they are charged as we discuss in the [section below](#). 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 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 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 deferred some further revenue until later years - this reduces water bills next year below our FD allowance. Without this action, charges for small business customers might have increased by 5-6% on a combined service. As a result of the steps we've taken, they'll typically be rising by less than 5%. However, there will be increases for some groups of customers as set out below:

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<sup>1</sup> 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.

### *Unmetered customers*

We have introduced a fixed charge for water and a separate highway drainage charge for wastewater. This does not result in an increase that customers would find significant. Note that this only applies to customers in Powys – unmetered customers in Wrexham already paid a fixed or standing charge.

In Wrexham we are reducing the fixed charge, which will help keep bills down for the smallest customers. However, it does mean that charges based on [Rateable Value](#) will increase and other unmetered businesses will pay more. Larger premises can often save money by having a meter installed, and if it is practical to install a meter we will do this free of charge – see our [website](#) for details. If we can't fit a meter, customers can request an assessed charge – this will be based on an estimate of water consumption.

## **Bills for sewerage only customers**

We have a small number of wastewater customers on the borders of our area that are billed on our behalf by Dŵr Cymru Welsh Water (DCWW). Given the level of inflation and projected [water](#) bills for DCWW in [Ofwat's](#) final determination, we would not expect a significant increase in their combined bills.

## **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 a little 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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### **Rateable Value**

The District Valuer on behalf of the Inland Revenue originally assessed rateable values. They were based on the size of the property, the number of rooms inside the property, the amenities available and the overall location. No new rateable values have been set since March 1990 following the introduction of the Poll Tax.

Water companies are still legally entitled to use rateable value as the basis for charges, but we are not able to use council tax banding. New properties built since 1990 do not have a rateable value and are metered

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