

Statement of significant changes

2021-22 Household 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 less than £2 per month for the vast majority of our customers. Average bills for Hafren Dyfrdwy should remain the lowest in Britain next year.

Average bill	2020-21	2021-22	Increase	
			%	£ / month
Water	£163	£172	5.4%	£0.75
Waste water	£147	£151	2.7%	£0.25
Combined bill	£311	£324	4.1%	£1.00

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

	2020-21			2021-22			Increase	£ per month
	Water	Waste	Total	Water	Waste	Total		
<i>Unmeasured</i>								
Low	£107	£78	£185	£112	£88	£199	8.0%	+£1.25
Average	£160	£175	£335	£168	£183	£351	4.7%	+£1.25
High	£249	£272	£521	£256	£279	£535	2.6%	+£1.25
<i>Metered</i>								
Low	£124	£118	£242	£132	£115	£247	2.0%	+£0.50
Average	£160	£164	£324	£170	£159	£329	1.8%	+£0.50
High	£266	£259	£525	£285	£254	£539	2.6%	+£1.25
<i>Assessed chrg</i>								
Single person	£97	£115	£212	£103	£95	£197	-6.7%	-£1.25
Flat/Terrace	£174	£171	£345	£187	£150	£338	-2.2%	-£0.75
Semi-detach'd	£193	£200	£393	£210	£185	£394	0.3%	<£0.25
Detached	£218	£237	£455	£240	£224	£463	1.8%	+£0.75
<i>Social Tariffs</i>								
WaterSure+	£162	£138	£299	£172	£151	£324	8.0%	+£2.00
Here2Help 30*	£113	£96	£210	£120	£106	£226	8.0%	+£1.50
Here2Help 70*	£49	£41	£90	£52	£45	£97	8.0%	+£0.50

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

¹ This research was carried out through our regular "customer tracker" where we survey customers on a wide range of questions relating to our service.

Most of our water customers are 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

	2020-21			2021-22				£ per month
	Water	Waste*	Total	Water	Waste*	Total	Increase	
<i>Unmeasured</i>								
Low	£152	£266	£418	£159	£267	£426	2.0%	+£0.75
Average	£215	£390	£605	£229	£393	£621	2.7%	+£1.25
High	£278	£490	£768	£299	£493	£792	3.1%	+£2.00
<i>Metered</i>								
Low	£111	£193	£304	£116	£194	£310	1.9%	+£0.50
Average	£141	£249	£390	£147	£250	£398	2.1%	+£0.75
High	£217	£424	£641	£229	£427	£655	2.2%	+£1.25
<i>Assessed</i>								
Single person	£88	£171	£258	£99	£171	£270	4.7%	+£1.00
Multi-occupier ¹	£136	£288	£425	£152	£290	£441	4.0%	+£1.50
<i>Social Tariffs</i>								
WaterSure+	£162	£200	£362	£172	£201	£373	3.2%	+£1.00
Here2Help 30 ²	£113	£120	£233	£120	£121	£241	3.4%	+£0.75
Here2Help 70 ²	£49	£120	£169	£52	£121	£172	2.2%	+£0.25

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 2021-22 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).

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. 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.

This year:

- Inflation as measured by the Consumer Prices Index with Housing (CPIH) was 0.6%;
- [Ofwat](#) set an effective real increase of +2.6% for water and +1.3% for wastewater;
- There are no additional adjustments this year for Outcome Delivery Incentives ([ODIs](#));
- There is a small upward [Revenue Correction](#) for the wastewater service relating to forecasting differences from 2019-20.

The level of charges is also influenced by volume. When we set our charges, we divide our allowed revenue over the properties we serve and the volume we expect them to use. When the volume increases, this lowers our average charges and if it falls then we need to increase charges to raise the same level of revenue.

There has been an impact on demand this year as a result of the Covid-19 pandemic. While we expect the economy to recover during 2021-22, we think the process will be gradual and we do not expect demand to reach the same levels as we saw before this year.

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. We now conduct a survey on this topic each year as part of our “customer tracker”; the results are very consistent from year to year.

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 [CCW](#), 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 CCW 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. Forecasts for inflation and demand have been more uncertain than usual because of the Covid-19 pandemic. At the time we prepared our indicative charges, we forecasted lower inflation and did not anticipate a second national lockdown. However, taken together these two factors have changed our expected charges by less than 2%. We’ve kept CCW informed about the changes between indicative and final charges.

Managing changes in customer bills

As the change in average bills is only around 4% or £1 per month, we have taken no further action to adjust household charges this year.

We are gradually reducing the proportion of unmetered customers bills that is linked to the [Rateable Value](#) (RV) of their home and replacing this with fixed charges. We introduced a fixed charge for unmetered water last year, and this year we have done the same for wastewater. Some unmetered households are likely to see higher than average increases, but these should remain less than £2.00 per month. Note that this only applies to customers in Powys – unmetered customers in Wrexham already paid a significant proportion of their water bill through a fixed or standing charge.

In Wrexham we are holding the fixed charge broadly flat, which will help keep bills down for the smallest customers. However, it does mean that the element of the charge based on [Rateable Value](#) will increase. 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.

[Go back](#)

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](#).

[Go back](#)

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).

[Go back](#)

Rateable Value

A property's rateable value was originally assessed by the District Valuer on behalf of the Inland Revenue. The value was based on the size of the property, the number of rooms, the amenities available and the overall location. No new rateable values have been set since March 1990 following the introduction of the Poll Tax (since replaced by Council 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. If you have a property with rateable values you can apply for a water meter, which could save you money.

[Go back](#)