

Statement of significant changes

2019-20 Household Scheme of Charges

We expect that the vast majority of our household charges will increase by less 5% next year because we've taken steps to keep our average bills down. We try to manage the change in bills from year to year where we can. Our research¹ 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.

Average bill	2018-19	2019-20	Increase		Increase without smoothing	
			%	£ / month	%	£ / month
Water	£159	£154	-2.9%	-£0.50	-2.9%	-£0.50
Waste water	£153	£158	3.5%	+£0.50	16.1%	+£2.00
Combined bill	£311	£312	0.2%	<£0.25	6.4%	+£1.75

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

	2018-19			2019-20			Increase	£ per month
	Water	Waste	Total	Water	Waste	Total		
<i>Unmeasured</i>								
Low	£101	£69	£170	£102	£74	£176	3.5%	+£0.50
Average	£168	£166	£334	£157	£177	£334	0.1%	<£0.25
High	£281	£276	£557	£262	£296	£558	0.1%	<£0.25
<i>Metered</i>								
Low	£118	£109	£227	£117	£112	£228	0.7%	+£0.25
Average	£158	£158	£316	£155	£160	£315	-0.3%	<£0.25
High	£321	£327	£648	£311	£323	£633	-2.3%	-£1.25
<i>Assessed chrg</i>								
Single person	£215	£62	£278	£208	£66	£274	-1.1%	-£0.25
Flat/Terrace	£177	£118	£295	£171	£120	£290	-1.5%	-£0.50
Semi-detach'd	£189	£118	£307	£185	£120	£305	-0.7%	-£0.25
Detached	£215	£118	£333	£208	£120	£328	-1.7%	-£0.50
<i>Social Tariffs</i>								
WaterSure+	£180	£169	£348	£151	£158	£309	-11.2%	-£3.25
Here2Help 30*	£126	£118	£244	£106	£111	£217	-11.2%	-£2.25
Here2Help 70*	£54	£51	£104	£45	£47	£93	-11.2%	-£1.00

*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 Dwr Cymru Welsh Water (DCWW). We've estimated overall bills in Wrexham including DCWW wastewater bills.

Bills for typical customers in the Wrexham area

	2018-19			2019-20				
	Water	Waste*	Total	Water	Waste*	Total	Increase	£ per month
<i>Unmeasured</i>								
Low	£145	£202	£347	£148	£206	£354	2.0%	+£0.50
Average	£194	£283	£477	£197	£289	£486	1.9%	+£0.75
High	£273	£416	£689	£278	£424	£701	1.8%	+£1.00
<i>Metered</i>								
Low	£108	£190	£298	£104	£194	£297	-0.3%	<£0.25
Average	£142	£239	£381	£135	£243	£378	-0.6%	-£0.25
High	£280	£437	£717	£264	£445	£709	-1.1%	-£0.75
<i>Assessed</i>								
Single person	£89	£193	£282	£86	£196	£282	0.3%	<£0.25
Multi-occupier ¹	£128	£309	£436	£134	£314	£448	2.7%	+£1.00
<i>Social Tariffs</i>								
WaterSure+	£157	£189	£346	£155	£192	£347	0.3%	<£0.25
Here2Help 30 ²	£126	£118	£244	£106	£111	£217	-11.2%	-£2.25
Here2Help 70 ²	£54	£51	£104	£45	£47	£93	-11.2%	-£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.

Dwr Cymru sewerage bills for 2019-20 are estimates because we didn't have their final charges at the time of publication. We've taken their charges from last year and increased them for inflation and an adjustment for their previous [revenue recovery](#). We don't think customers in Wrexham will see increases of more than £2 per month overall.

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 in the Retail Price Index (RPI) was 3.2%;
- There is some upward pressure on wastewater bills because of [revenue correction](#) (catching up on revenue we didn't collect in previous years);
- The opposite is happening on water bills, which we are being reduced because we over-collected before;
- Wastewater charges are increasing because we performed really well on some [Outcome Delivery Incentives](#) (ODIs), especially preventing sewer flooding; but
- Water charges are reducing because we did not deliver the service customers expected on other measures such as interruptions.

Please note that ODI-based changes will not apply to customers in the Wrexham area this year – only to customers that had a water or wastewater service from Severn Trent before 1 July 2018.

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 are rising more quickly than our water bills, but 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 Dwr 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. Given that most customers will see modest changes in their overall bills, CCWater did not raise any significant concerns about the increases we proposed for households. However, in response to their feedback we have reviewed the balance between sewerage charges for metered and unmetered customers.

Our discussions with CCWater were based on indicative charges in October. There can be some variation when we publish our final charges – mainly because we don't know what the final inflation figure will be until December. There have been no significant changes since then – the RPI is 0.1% lower than our forecast and no customer charges are now increasing by a significant amount as a result of the changes we have made.

Managing changes in customer bills

To keep bill rises down, we can defer some charges to smooth the impact on customer bills. We've discussed our overall approach to managing Outcome Delivery Incentives and bill smoothing with [CCWater](#), which we have established over several years. We try to include ODI rewards when the overall effect on customer bills can be kept to a reasonable level – for example, when inflation is low or when there are other downward adjustments which offset any rewards we may have earned.

This year we have only included around one third of the amount that we could have claimed for [Outcome Delivery Incentives](#) to smooth the impact this has on customer bills. You can read more about our ODI performance and Ofwat's determination on their [website](#).

Without ODI smoothing, our average bills would have increased by 6.4% this year. As a result of ODI smoothing, they'll be increasing by 0.2% overall, which is less than the rate of inflation.

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 Dwr Cymru Welsh Water (DCWW). While water bills for these customers will be different from ours, given the level of inflation we would not see 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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