

SOUTH STAFFORDSHIRE WATER PLC

2023-24 CHARGES

STATEMENT OF SIGNIFICANT CHANGES TO DEVELOPER CHARGES

Under the charges scheme rules for new connection services issued by the Ofwat, we are required to include a statement in the charging arrangements for new connection services setting out any significant changes to bills for typical developments when publishing those arrangements for 2023-24. This is set out below:

(a) Worked examples of typical development bills for new connection services.

We have included a list of typical examples as set out by Ofwat in appendix 4 of this document.

(b) Confirmation of whether the water company is expecting there to be any bill increases of more than 10% from the previous year (for a given type of development) and, if such increases are expected:

o what size increase is expected;

A number of our service connection and mains laying charges will increase by over 10% in our 2023/24 charges compared to our 2022/23 charges. Main laying charges are increasing by an average of 22% and service connection charges are increasing by an average of 27%. These increases reflect the increasing costs incurred in providing services to developers including internal employee cost increases, contract rate increases and increases in material costs which have been particularly notable in recent months.

We have chosen to pass the full cost increases that we are experiencing in delivering service connection and main laying activity onto our charges for 2023/24 as:

- we are required to set charges which are cost reflective and
- service connection and mains laying charges recover revenue for activities which sit within a competitive market (contestable activities) and therefore this decision ensures we maintain a level playing field.

o what types of typical developments are likely to be affected; and

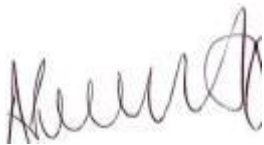
Whilst service connection and main laying charges are increasing, we are also increasing our income offset rebate from £660.00/plot to £940.29/plot and holding our infrastructure charge flat at £305.00/plot. When we review the impact of these charge changes within the six worked examples included within the Charging Arrangement document all developer customers will experience a reduced bill overall in 2023/24 compared to 2022/23.

o the handling strategies adopted by the water company or why the water company considered that no handling strategies are required.

We have assessed the increases in the aforementioned charges within the six worked examples included within the Charging Arrangement document noting the impact on developer, Self Lay and NAV customers in each and the mitigating factors against the increases in service connection and mains laying charges are:

- Income offset increases actually see the overall developer bill reduce in 2023/24 when reviewing the six worked examples set out by Ofwat for inclusion within Charging Arrangement publications
- Whilst the majority of service connection charges are increasing by more than 10%, a number of core and commonly used service connection charges are either not increasing or are increasing by less than 10%
- We have held a number of virtual meetings with developers, SLPs, NAVs and CCW to consult on our charges, communicate the impact and take into account any further comments.

Based on the above, the Board of Directors has assessed the effects of the new charges on customers' bills for a range of different types of development, and approves the impact assessments and handling strategies.



Andy Willicott
Managing Director
South Staffordshire Water PLC