

Thames Water Utilities Limited (TWUL)  
Published date: 1 February 2022



# Statement of Assurance

2022-23

End-user household charges schemes for the  
supply of water and wastewater services

## Statement of Assurance for 2022-23 Charges Schemes

### Introduction

1. The purpose of this document is to provide a statement of our assurance in relation to our 2022-23 Charges Schemes, hereafter referred to as our “Charges Schemes.”
2. Our Charges Schemes fix the charges that our household customers must pay for the period from 1 April 2022 to 31 March 2023 for specified services we provide in the course of carrying out our regulated duties; as well as setting out the terms and conditions of those charges and the times and methods of payment that our customers can use to pay their bill. Our Charges Schemes will be made available on our website<sup>1</sup>.
3. Companies are no longer required to include Infrastructure Charges in a charges scheme. These charges are set out in our Charging Arrangements for New Connection Services 2022-23 and referenced in the appropriate Statement of Assurance.
4. The Charges Schemes covered by this statement have been set based on the allowed revenues in the PR19 Final Determination (“FD”) as published by Ofwat in December 2019 and the in-period determination that relates to our actual 2020-21 Outcome Delivery Incentive (“ODI”) performance as published by Ofwat in November 2021.
5. The Charges Schemes therefore take account of:
  - the publication of the PR19 FD which fixes the revenue we can collect from customers in 2022-23;
  - the in-period determination which applies to our 2022-23 allowed revenues the relevant ODI penalties that relate to our actual performance in 2020-21;
  - the Thames Tideway Tunnel (“TTT”) Infrastructure Provider charge that we collect on behalf of Bazalgette Tunnel Limited from our wastewater service customers;
  - inflation (CPIH) as published by the Office for National Statistics, at 4.6%; and
  - the changes in the levels of water usage by our household and non-household customers brought about by Covid-19.
6. Our end-user prices are increasing such that bill increases for household customers will not exceed 5% when compared to 2021-22, as can be seen in table 1 in paragraph 16 below and in Appendix 1.

### Board endorsement of this assurance statement

7. Our Board accepts ownership of, and accountability for, the development of our Charges Schemes.
8. This statement has been approved and signed by Alastair Cochran (Chief Financial Officer), Cathryn Ross (Strategy & Regulatory Affairs Director) and Nick Land (Senior Independent Non-Executive Director) on behalf of the Board of Thames Water Utilities

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<sup>1</sup> <https://www.thameswater.co.uk/help/account-and-billing/understand-your-bill>

## Statement of Assurance for 2022-23 Charges Schemes

Limited (the “Company”). The Board delegated this authority at their meeting on 30 September 2021 where they also approved our indicative wholesale charges that were published in October 2021.

9. As set out in the sections below, in approving the Charges Schemes, the Board has considered:
- all relevant legal obligations and guidance;
  - bill movements, impact assessments and associated handling strategies;
  - the existence of appropriate systems and processes used to set our charges; and
  - engagement with relevant stakeholders, in particular the Consumer Council for Water (“CCW”), the voice for water consumers.

### Legal obligations and guidance

10. We are in the process of undertaking a compliance review of two specific subsections of company policies and their application to a very small minority of customers, namely a) leak allowances for customers with no prior usage data; and b) the application of the eligibility period of existing and future WaterSure customers.
11. Aside from the ongoing review referenced in paragraph 10 above, our Charges Schemes have been prepared in accordance with Thames Water’s legal obligations. In particular, our Charges Schemes:
- (a) comply with the price limits imposed on us by the PR19 FD (published on 16 December 2019) and the in-period determination that relates to our actual 2020-21 ODI performance (published on 11 November 2021);
  - (b) comply with our legal obligations, as appropriate to our retail charges, including under:
    - (i) Competition Act 1998;
    - (ii) Water Industry Act 1991 (sections 93A, 142-149);
    - (iii) Flood and Water Management Act 2010 (section 44);
    - (iv) The Water Industry (Charges) (Vulnerable Groups) (Consolidation) Regulations 2015;
    - (v) The Water Industry (Prescribed Conditions) Regulations 1999;
    - (vi) The Water (Meters) Regulations 1988; and
    - (vii) Relevant Licence conditions; and
  - (c) are consistent with Ofwat’s Charges Scheme Rules as published in October 2021.

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12. The Charges Schemes comply with information requirements as set out in Ofwat's Information Notice IN 21/04 ("Expectations, assurance and information requirements for water company charges for 2022-23" issued in October 2021).
13. We have also considered Thames Water's statutory obligations relating to charging.

### Bill movements, impact assessments and handling strategies

14. The Board has assessed the effects of the charges in our Charges Schemes on our household customers for a range of customer types.
15. The Board has not identified any groups of household customers that will have year-on-year bill increases exceeding 5% when compared to 2021-22.
16. In table 1 below we set out the typical bill increases for household customers relative to the post-rebate position of our 2021-22 bills<sup>2</sup>.

**Table 1: Average impact for typical household customers 2022-23**

Customer type	2022-23	
	Unmeasured bill increase (%)	Metered bill increase (%)
Water-only	4.1%	3.9%
Waste-only	3.4%	2.1%
Dual service	3.8%	3.1%

Source: Thames Water tariff model 2022-23

17. The figures in table 1, showing typical bill movements and our impact assessment for a range of customer groups seen in Appendix 1, confirm that no customer groups will experience bill increases in excess of 5% for 2022-23. For this reason, no mitigating action is required at this time.
18. As shown in table 2 below, we expect our average household bill to increase by 0.7% in 2022-23. The percentage increases shown below are lower than the typical bill movements seen in table 1 due to the impact of additional take-up of our social tariffs that offer discounts to household customers struggling to pay their bill.

**Table 2: Average Household Bill impact 2021-22 to 2022-23**

Customer type	Average Household Bill			
	2021-22	2022-23	Movement	
	£	£	£	%
Water-only	231	232	1	0.5%
Waste-only	189	191	2	0.9%
Dual service	420	423	3	0.7%

Source: Household Average Bills Information 2022-23

<sup>2</sup> Our 2021-22 water charges are subject to a rebate relating to Ofwat's investigation into our leakage performance; tariffs before the rebate and charges after the rebate are both published in our Charges Schemes 2021-22.

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Note that the average bill values above have been rounded to the nearest whole pound.

### Appropriate systems and processes

19. In assessing whether there are systems and processes in place (including up-to-date models and data) to make sure the information published in the Charges Schemes is accurate, the Board has considered:
- the rigorous system for compiling, collating and managing the data and information required to produce the Charges Schemes;
  - the governance framework detailing the assurance approach adopted and the outcome of the independent review of the tariff model by Internal Audit;
  - the process of internal review and formal sign-off by approved appropriately qualified members of staff;
  - confirmation of the degree of assurance undertaken and the source information/data used in the tariff calculations;
  - the dedicated and assured charge multiplier and tariff models used to determine wholesale and retail tariffs;
  - confirmation that the Charges Schemes have been calculated in a manner compliant with the individual price controls; and
  - confirmation that there is no material issue outstanding arising from the assurance work undertaken.

### Engagement with stakeholders

20. We have engaged in an ongoing dialogue and consultation process with CCW in relation to our Charges Schemes. In particular, we have provided CCW with information on a number of separate occasions in connection with the development of our Charges Schemes and bill impacts.
21. This consultation process continued when we met with CCW on 2 December 2021 to discuss our proposed Charges Schemes, the impact on bills to household customers and updates to charging documentation.
22. We will continue to engage with CCW following publication of this Assurance Statement on 1 February 2022.

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Board approval process

23. In satisfying Ofwat's requirements specified in the Charges Scheme Rules (published on 20 October 2021) and Information Notice IN 21/04 ("Expectations, assurance and information requirements for water company charges for 2022-23" published in October 2021), we confirm, on behalf of the Board, that the Company has followed robust and rigorous procedures in developing and approving the Charges Schemes.
24. This has been achieved through a series of meetings of the Executive Committee and the Board. At the Board meeting on 30 September 2021, the Chief Financial Officer, the Strategy & Regulatory Affairs Director and the Senior Independent Non-Executive Director were authorised to sign assurance statements on the Board's behalf, and in doing so confirm that:
- the Charges Schemes are consistent with Thames Water's legal obligations in relation to end-user charges;
  - the Board has considered the impact of the charges in the Charges Schemes on customer bills for different customer groups; and
  - the Board has satisfied itself that appropriate systems and processes are in place to ensure that the Charges Schemes are accurate.

Signed by, and on behalf of the Board:

Dated: 21 January 2022

Signed   
Nick Land, Senior Independent  
Non-Executive Director

Dated: 21 January 2022

Signed   
Cathryn Ross, Strategy & Regulatory Affairs Director

Dated: 21 January 2022

Signed   
Alastair Cochran, Chief Financial Officer

For and on behalf of Thames Water Utilities Limited

## Statement of Assurance for 2022-23 Charges Schemes

### Appendix 1: Household 2022-23 typical bill movements

**Table 3: Typical bill values of household customers**

	2021-22 (£)	2022-23 (£)	Change (%)
Water u/m area 1 RV of £240	207	215	4.0%
Wastewater u/m area 1 RV of £240	156	160	2.9%
Combined HH bill - unmetered	363	375	3.5%
Water u/m area 4 RV of £50	84	87	4.0%
Wastewater u/m area 4 RV of £50	93	94	1.6%
Combined HH bill - unmetered	176	181	2.7%
Water u/m area 4 RV of £240	259	269	4.0%
Wastewater u/m area 4 RV of £240	206	213	3.4%
Combined HH bill - unmetered	464	482	3.7%
Water u/m area 7 RV of £240	347	361	4.0%
Wastewater u/m area 7 RV of £240	267	276	3.7%
Combined HH bill - unmetered	614	638	3.9%
HH metered bill water 50m <sup>3</sup>	94	98	3.9%
HH metered bill wastewater 50m <sup>3</sup>	110	111	0.5%
Combined HH bill - metered	205	209	2.1%
HH metered bill water 80m <sup>3</sup>	139	144	3.9%
HH metered bill wastewater 80m <sup>3</sup>	138	139	1.4%
Combined HH bill - metered	277	284	2.6%
HH metered bill water 120m <sup>3</sup>	198	206	3.9%
HH metered bill wastewater 120m <sup>3</sup>	174	177	2.1%
Combined HH bill - metered	372	383	3.1%
HH metered bill water 200m <sup>3</sup>	317	329	3.9%
HH metered bill wastewater 200m <sup>3</sup>	246	253	2.9%
Combined HH bill - metered	563	583	3.5%
HH metered bill water 1,000m <sup>3</sup>	1,503	1,563	4.0%
HH metered bill wastewater 1,000m <sup>3</sup>	970	1,012	4.3%
Combined HH bill - metered	2,473	2,575	4.1%
HH assessed water- single occupier	145	152	4.9%
HH assessed waste- single occupier	128	132	3.1%
Combined HH bill - assessed	273	284	4.1%
HH assessed water- 1 bed	171	179	5.0%
HH assessed waste- 1 bed	144	149	3.5%
Combined HH bill - assessed	315	328	4.3%
HH assessed water- 3 bed	205	215	4.9%
HH assessed waste- 3 bed	165	171	3.7%
Combined HH bill - assessed	370	386	4.4%
HH assessed water- 5 bed	246	259	4.9%
HH assessed waste- 5 bed	190	198	4.0%
Combined HH bill – assessed	437	456	4.5%

Source: Thames Water tariff model 2022-23

N.B. Our 2021-22 typical bills in the table above are shown net of the leakage rebate that applied to our water charges in that year.