

Thames Water Utilities Limited (TWUL)
Published date: 3 February 2020



Statement of Assurance

2020-21

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

Statement of Assurance for 2020-21 Charges Schemes (end user and Infrastructure charges)

Introduction

1. The purpose of this document is to provide a statement of our assurance in relation to our 2020-21 Charges Schemes, hereafter referred to as "Charges Schemes."
2. Our Charges Schemes fix the charges that our household customers must pay for the period from 1 April 2020 to 31 March 2021 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 our charges. A copy of our Charges Schemes will be made available on our website (www.thameswater.co.uk).
3. In addition, companies are required to fix Infrastructure Charges in a charges scheme. These are set out in our Infrastructure Charges Scheme 2020-21.
4. The charges covered in this statement have been set in line with the revenues allowed under the PR19 price control limits established in our Final Determination (published 16 December 2019).
5. The charges take account of:
 - Not meeting our leakage performance target in 2018-19, resulting in c. £48m being returned to customers; and
 - Inflation, based on CPI-H of 1.5%.
6. The result of these amendments is that bill increases for all our household customers will not exceed 5% when compared with 2019-20 (see Appendix 1).

Requirements of this statement

7. Our Charges Schemes and our Infrastructure Charges Scheme must comply with Ofwat's Charges Scheme Rules published in July 2019.
8. These require, among other things, that an assurance statement be published to confirm adherence to all of the matters set out in the Annex to the Charging Rules. Our Assurance Statement must confirm the following:
 - (a) We comply with our legal obligations (including competition law) relating to the charges set out in our Charges Schemes.
 - (b) The Board has reviewed the effects of the 2020-21 charges on customers' bills for a range of different customer types to assess whether bill increases for any particular customer types exceed 5%.
 - (c) We have appropriate systems and processes in place to ensure that the data and information contained in the Charges Schemes, and additional information, is accurate.
 - (d) We have consulted the Consumer Council for Water (CC Water) in a timely and effective manner on our Charges Schemes.

Statement of Assurance for 2020-21 Charges Schemes (end user and Infrastructure charges)

9. Our Assurance Statement must make it clear how our Board assured itself of the above conditions. We are also required to provide Ofwat with the average bill data which is a summary of our average household bills. This has been provided separately to Ofwat in accordance with their timetable requirements.

Board endorsement of this assurance statement

10. Our Board accepts ownership of, and accountability for, the development of Charges Schemes.
11. This statement has been approved and signed by Brandon Rennet (Chief Financial Officer), Nick Fincham (Director of Strategy and Regulation) and Nick Land (Senior Independent Non-Executive Director) on behalf of the Board of Thames Water Utilities Limited (the "Company"). The Board delegated this authority at their meeting on 26 September 2019.
12. As set out in the sections below, in approving the 2020-21 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.

Legal obligations and guidance

13. Thames Waters' Charges Schemes have been prepared in accordance with its legal obligations. In particular, our Charges Schemes:
- (a) Comply with the price limits imposed on us by the PR19 Final Determination (published on 16 December 2019);
 - (b) Comply with our legal obligations, as appropriate, to our retail charges and Infrastructure 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.

Statement of Assurance for 2020-21 Charges Schemes (end user and Infrastructure charges)

- (c) Are consistent with applicable Ofwat Charges Rules (end-user charges rules 1-24 and Infrastructure Charges rules 26-34)
14. The Charges Schemes comply with information requirements as set out in Ofwat's Information Notice 19/05 (published October 2019) – Expectations, assurance and information requirements for water company charges for 2020-21.
15. Thames Water has also considered the Company's statutory obligations relating to charging.

Bill movements, impact assessments and handling strategies

16. The Board has assessed the effects of the Charges for a range of customer types and recognises that the End-User Charges do not increase customer bills by more than 5%.
17. A financial model is maintained which shows the level of charges for water, wastewater and combined services for the relevant period covered by the Charges Schemes.
18. This financial model also operates as an Impact Assessment of the Charges Schemes which sets out the level of increases for each category of customer by service.
19. We have reviewed bill increases for a range of different customer types and have not identified any that exceed 5%. The impact on a range of typical household bills is set out in Appendix 1.

Appropriate systems and processes

20. 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 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

21. We have engaged in an ongoing dialogue and consultation process with CC Water in relation to our charges and Charges Schemes. In particular, we have provided CC Water with information on a number of separate occasions in connection with the development of our charges, Charges Schemes and bill impacts.
22. This consultation process continued when we met with CC Water on 20 December 2019 to discuss our proposed charges, the impact on customer bills and updates to charges schemes.
23. In addition, we have consulted with and will continue to consult with CC Water on the design and amount of water and wastewater Infrastructure Charges.
24. We will continue to engage with CC Water following publication of this Assurance Statement on or before 3 February 2020.

Statement of Assurance for 2020-21 Charges Schemes (end user and Infrastructure charges)

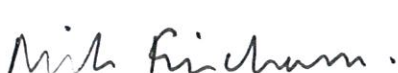
Board approval process

25. In satisfying the requirements of the Charges Schemes, Infrastructure Charges Scheme and Assurance Statement, we confirm, on behalf of the Board, that the Company has followed robust and rigorous procedures in developing and approving the Charges Schemes, Infrastructure Charges Scheme and Assurance Statement.
26. This was achieved through a series of meetings of the Executive Committee and the Board. At the Board meeting on 26 September 2019 the Chief Financial Officer, the Director of Strategy and Regulation and the Senior Independent Non-Executive Director were authorised to sign assurance statements on the Board's behalf.

Signed by, and on behalf of the Board:

Dated: 9 January 2020 Dated: 9th January 2020

Signed 
Nick Land, Senior Independent
Non-Executive Director

Signed 
Nick Fincham, Director of Strategy & Regulation

Dated: 9 January 2020

Signed 
Brandon Rennet, Chief Financial Officer

For and on behalf of Thames Water Utilities Limited

Statement of Assurance for 2020-21 Charges Schemes (end user and Infrastructure charges)

Appendix 1: Household 2020-21 typical bill movements (with leakage rebate applied)

Table 1 - Typical bill values of household customers after leakage rebate

	2019-20 (£)	2020-21 (£)	Change (%)
Water u/m area 1 RV of £240	187	193	3.3%
Wastewater u/m area 1 RV of £240	151	153	1.8%
Combined HH bill - unmetered	337	346	2.6%
Water u/m area 4 RV of £50	76	78	3.1%
Wastewater u/m area 4 RV of £50	87	91	4.0%
Combined HH bill - unmetered	163	169	3.6%
Water u/m area 4 RV of £240	234	241	3.3%
Wastewater u/m area 4 RV of £240	201	203	1.1%
Combined HH bill - unmetered	434	444	2.3%
Water u/m area 7 RV of £240	314	324	3.3%
Wastewater u/m area 7 RV of £240	262	263	0.5%
Combined HH bill - unmetered	575	587	2.0%
HH metered bill water 50m ³	89	88	-0.8%
HH metered bill wastewater 50m ³	116	108	-6.8%
Combined HH bill - metered	205	197	-4.2%
HH metered bill water 80m ³	130	130	0.2%
HH metered bill wastewater 80m ³	142	135	-4.9%
Combined HH bill - metered	272	265	-2.5%
HH metered bill water 120m ³	184	185	0.7%
HH metered bill wastewater 120m ³	177	171	-3.3%
Combined HH bill - metered	361	356	-1.2%
HH metered bill water 200m ³	292	296	1.3%
HH metered bill wastewater 200m ³	246	243	-1.4%
Combined HH bill - metered	538	538	0.0%
HH metered bill water 1,000m ³	1,374	1,401	2.0%
HH metered bill wastewater 1,000m ³	940	960	2.1%
Combined HH bill - metered	2,314	2,361	2.0%
HH assessed water- single occupier	133	135	1.7%
HH assessed waste- single occupier	121	126	4.5%
Combined HH bill - assessed	253	261	3.1%
HH assessed water- 1 bed	160	159	-0.6%
HH assessed waste- 1 bed	138	142	2.5%
Combined HH bill - assessed	298	301	0.8%
HH assessed water- 3 bed	193	191	-0.8%
HH assessed waste- 3 bed	159	162	2.1%
Combined HH bill - assessed	352	353	0.5%
HH assessed water- 5 bed	232	230	-0.9%
HH assessed waste- 5 bed	184	187	1.8%
Combined HH bill - assessed	416	417	0.3%

Source: Thames Water tariff model 2020-21 v4a