

South Staffordshire Water PLC

Board Approval of End User Charges for 2023-24

Assurance Statement

In approving the charges for 2023-24, the Directors confirm that they comply with the following provisions. This statement also sets out how the Board has assured itself of each provision.

1. The Company complies with its legal obligations (including competition law) relating to the charges set out in its charges schemes.

The water industry is subject to UK and EU competition law. The Company confirms that it complies with the charging rules as set out by Ofwat and its Instrument of Appointment so that no undue preference or discrimination has been shown to any class of customer.

The Company has applied clear principles in setting wholesale tariffs such that customers pay the same amount for the same service, resulting in household and non-household tariffs being the same, except for any larger user discount that could be justified, measured and unmeasured differentials represented by additional metering costs, and the historic differential between South Staffs and Cambridge regions being broadly maintained.

In addition, the Company believes that the metered fixed charge should only be based on the cost of the meter (including installation) with all other wholesale activities being charged based on the volume of water used.

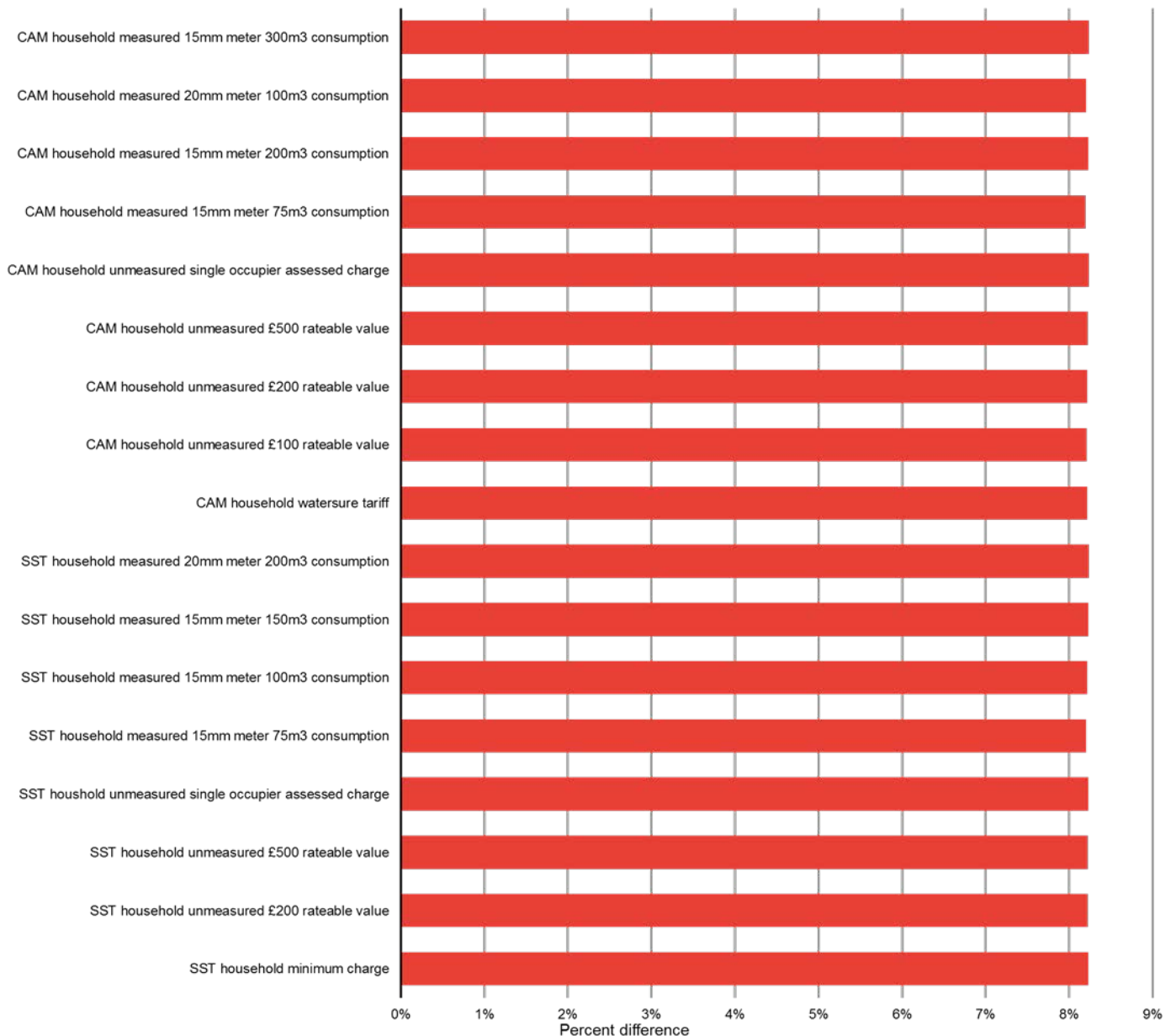
Retail tariffs have been set to ensure that they are fully cost reflective of the activities undertaken.

2. The Board has assessed the effects the new charges have on customers' bills for a range of different customer types, and approves the impact assessments and handling strategies developed in instances where bill increases for particular customer types exceed 5%.

Most customers will experience a bill increase of around 8.2%, although individual customers may experience a higher or lower increase depending on their own characteristics.

A sample of 17 different residential customers on different tariffs has been chosen to demonstrate this and the results are set out graphically overleaf:

Incidence effects on selected customers - Total bill



The Board has approved the impact assessment and handling strategies the Company is proposing.

The Company has increased the income threshold of our social tariff; "Assure", which provides discounted water bills, so that more customers can benefit from financial support. The Assure tariff was available for households with an income of less than £17,005 per year but this has now been increased to £19,050. By increasing the income threshold, more customers are eligible for a 60% discount on their water charge in the first year and 40% in the second year.

3. The Company has appropriate systems and processes in place to make sure that the data and information contained in the charges scheme, and additional information is accurate.

Internally the majority of information is sourced from either Business Plan, Final Determination or in-period adjustment data and from established reports from the Company's billing systems. The exception to this is where metered household customer numbers and consumption used for 2023-24. As a result of Covid-19, we have had to estimate the likely continued impact on consumption as result of homeworking and the economic impact on businesses of the forecast recession. We have assumed that household consumption will be 3.5% higher and non-household consumption will be 10.5% lower compared to pre-covid levels.

The staff involved at both Echo and South Staffs Water have been with the Company for a number of years and are familiar with the processes and information sources. In addition, although external assurance is not required, the Group's internal audit function has been used to give additional assurance on the data used.

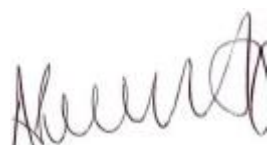
Finally, the Company has continued to use a tariffs model developed by Frontier Economics to aid the setting of compliant charges.

4. The Company has consulted CCWater in a timely and effective manner on their charges schemes.

The Company has consulted with CCWater throughout the setting of charges and we shared a draft of our likely charge increases to customers in early October.

CCWater have also reviewed the Company's draft charges schemes and any comments and changes have been incorporated to the final published version.

Approved by the Board of Directors on the 9 January 2023 and signed on its behalf.



Andy Willicott
Managing Director
South Staffordshire Water PLC