

south east water

Statement of significant changes

Household Charges 2023/24

January 2023



Pure knowh₂ow

South East Water

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Overview

The purpose of this statement is to provide our stakeholders with information on changes to charges set out in our charges schemes and in particular to our household charges for 2023/24.

This information is provided in accordance with the charges scheme rules issued by Ofwat. This statement should be read in conjunction with the Board assurance statement for charges schemes 2023/24.

Significant changes and expected increases

We have calculated the changes in bills between 2022/23 and 2023/24 over a wide range of bill types to carry out detailed impact assessments.

Our regulated charges for 2023/24 are indexed to the November 2022 consumer price index (CPIH) which measures inflation.

We will apply the increase in charges in line with our price control. As any other business, the prices we pay for the electricity needed to run our plants and to pump water in our network and the price of goods and services we need to run the water service have increased significantly with inflation.

Our charges for 2023/24 also incorporate the outcome of Ofwat's final determination of 15 November 2022 relating to in-period ODI for 2021/22.

This will result in increases in excess of 5% with the weighted average household bill increasing by 11.95%.

We confirm that there has been no significant change in our charging policy compared with the previous charging year.

Customer types likely to be affected

We have assessed the impact of household charges increases on end-user customers.

For this assessment we reviewed a large number of customer groups, encompassing different types of charges (e.g. measured, unmeasured and assessed) and consumption to understand their impact of different groups of end-user customers.

We have shared this analysis with the Consumer Council for Water.

Details on these scenarios are set out in the Appendix to this statement of significant changes and are also included in the appendices to the household charges scheme 2023/24.

Our handling strategies for customers

When bill increases for our customers are expected to exceed 5%, Ofwat charges scheme rules state that we must develop handling strategies to help mitigate the impact of these increases.

We have confirmed and approved the applications of these handling strategies which have also been set out in our statement of significant changes and in our household charges scheme.

We will take the following actions to help customers manage their water bills.

Our Affordability Tariffs

We will increase the promotion of our four affordability tariffs to help ensure that as many customers who are eligible as possible actually benefit from them:

- (a) Social Tariff: A tariff that provides a discount for low income households and caps the customer bill at the equivalent value of our Single Room Assessed tariff
- (b) WaterSure: An industry tariff that is designed to support customers with eligible benefits that have either (i) large families, or (ii) a medical condition that requires additional water usage
- (c) Single Occupier Tariff (unmetered charge): For customers who we have not been able to install a meter at their property we provide a specific assessed charge.
- (d) Single Room Assessed Tariff (unmetered charge): For customers who are unmetered in HMOs (Houses of Multiple Occupation).

We will continue our direct promotion through different channels to support customer awareness and encourage sign up.

Auto-enrolment on Affordability Tariffs

We will continue and accelerate our work with local councils in our region to sign up to our affordability data share scheme enabling councils to enrol eligible customers to the appropriate tariff.

Pre-empting eligible customers post 1st April 2023

The eligibility threshold for our Social Tariff is usually the same as the “threshold for those entitled to Child Tax Credit only” under the section published at <https://www.gov.uk/government/publications/rates-and-allowances-tax-credits-child-benefit-and-guardians-allowance/tax-credits-child-benefit-and-guardians-allowance> under the Tax Credits Income Thresholds and Withdrawal Rates.

This usual threshold for 2022-23 is £16,480 and would normally be £17,005 in 2023-24 however we will increase it to £18,005 in 2023-24 to increase the number of customers eligible.

We may increase that threshold further in 2023-24, to support as many customers as possible in line with what they told us they would support in willingness to pay surveys and to further our commitment to help customers in water poverty.

Auto Enrolment using the DWP Data Share Scheme

We will participate in the industry data share with the Department for Work and Pension that will help us identify more customers that may be eligible for our affordability tariffs.

Promotion of our Helping Hand Scheme

We will continue to make our company funded support scheme available to customers who have fallen into arrears and are attempting to maintain payments. This scheme reduces customer arrears enabling them to focus on current payments.

Supporting customers on Benefits through the DWP Water Direct Scheme

We will continue to support customers who receive relevant benefits and are also in arrears by reducing their payments to a minimum through the Water Direct scheme.

General payment management support

We will continue to promote and make available to customers our payment management options to help customers who are struggling with both the cost increase and general cost of living crisis. The primary tools we offer are:

- **Payment Plan auto increase protection** – We have designed our systems to ensure that customer payment plans are not increased to an unmanageable level through system parameters and customer communications.

- **Payment breaks (Payment holidays)** – Recognising the impacts of energy costs and increasing water costs, we will be actively promoting and supporting customers through offering payment breaks.

Trusted Partners Scheme

We will continue and accelerate our work to create Trusted Partners in higher risk regions or higher risk customer segments. This provides direct access for vulnerability and affordability stakeholders to our system to enable them to register customers they identify through the support they provide to our joint customers.

Development of Community Partnership Lead role

To support the impact on customers and our required work with stakeholders we have created a new role of Community Partnership Lead.

Provision of Water Efficiency Devices and Support

To support customers reducing their water usage and therefore cost, we will continue to promote and develop our water efficiency programme which will include:

- Continued supply of free and subsidised water efficiency devices for retro fitting in household properties.
- Increased household water efficiency audits and efficiency device fitting specifically to customers in high risk affordability areas.
- Increased water efficiency direct customer messaging for customers not on our My Account digital platform.

Stakeholder engagement

We welcome feedback and comments from retailers and other stakeholders with regard to the structure and content of our tariffs to inform future strategy.

Please send your observations or queries in relation to this proposal to:

yourwateryoursay@southeastwater.co.uk

APPENDIX – Customer group bill impacts

Weighted Average	Maximum Variance	Minimum Variance
11.95%	13.16%	10.22%
£ 32.80	£ 10,914.46	£ 3.05

Description	Consumption	Total Variance [%]
Customer Characteristics		
Customer 1 Tariff Zone West Household Measured Standard	50	10.656%
Customer 2 Tariff Zone West Household Measured Standard	100	11.681%
Customer 3 Tariff Zone West Household Measured Standard	150	12.109%
Customer 4 Tariff Zone West Household Measured Standard	200	12.344%
Customer 5 Tariff Zone West Household Measured Standard	250	12.492%
Customer 6 Tariff Zone East Household Measured Standard	50	11.117%
Customer 7 Tariff Zone East Household Measured Standard	100	11.994%
Customer 8 Tariff Zone East Household Measured Standard	150	12.343%
Customer 9 Tariff Zone East Household Measured Standard	200	12.531%
Customer 10 Tariff Zone East Household Measured Standard	250	12.648%
Customer 11 Tariff Zone All Household Measured Low User	10	13.155%
Customer 12 Tariff Zone All Household Measured Low User	25	13.155%
Customer 13 Tariff Zone Mid Southern Household Unmeasured RV Property	100	10.215%
Customer 14 Tariff Zone Mid Southern Household Unmeasured RV Property	200	11.513%
Customer 15 Tariff Zone Mid Southern Household Unmeasured RV Property	300	12.015%
Customer 16 Tariff Zone Mid Southern Household Unmeasured RV Property	400	12.281%
Customer 17 Tariff Zone Sussex Household Unmeasured RV Property	100	11.223%
Customer 18 Tariff Zone Sussex Household Unmeasured RV Property	200	12.115%
Customer 19 Tariff Zone Sussex Household Unmeasured RV Property	300	12.442%
Customer 20 Tariff Zone Sussex Household Unmeasured RV Property	400	12.612%
Customer 21 Tariff Zone West Kent Household Unmeasured RV Property	100	11.113%
Customer 22 Tariff Zone West Kent Household Unmeasured RV Property	200	12.052%
Customer 23 Tariff Zone West Kent Household Unmeasured RV Property	300	12.398%
Customer 24 Tariff Zone West Kent Household Unmeasured RV Property	400	12.578%
Customer 25 Tariff Zone Mid Kent Household Unmeasured RV Property	100	12.281%
Customer 26 Tariff Zone Mid Kent Household Unmeasured RV Property	200	12.641%
Customer 27 Tariff Zone Mid Kent Household Unmeasured RV Property	300	12.789%
Customer 28 Tariff Zone Mid Kent Household Unmeasured RV Property	400	12.870%
Customer 30 Tariff Zone West Household Unmeasured Assessed One	-	10.403%
Customer 31 Tariff Zone West Household Unmeasured Assessed Two	-	11.420%
Customer 32 Tariff Zone West Household Unmeasured Assessed Three	-	11.069%
Customer 33 Tariff Zone West Household Unmeasured Assessed Four	-	10.591%
Customer 37 Tariff Zone East Household Unmeasured Assessed One	-	10.696%
Customer 38 Tariff Zone East Household Unmeasured Assessed Two	-	11.603%
Customer 39 Tariff Zone East Household Unmeasured Assessed Three	-	10.572%
Customer 40 Tariff Zone East Household Unmeasured Assessed Four	-	10.804%
Customer 43 Tariff Zone West Household Unmeasured Single Occupier	-	11.388%
Customer 44 Tariff Zone West Household Unmeasured Single Room	-	10.893%
Customer 45 Tariff Zone East Household Unmeasured Single Occupier	-	11.685%
Customer 46 Tariff Zone East Household Unmeasured Single Room	-	11.229%
Customer 47 Tariff Zone West Household Measured Large HH 10-50	10,500	13.126%
Customer 48 Tariff Zone East Household Measured Large HH 10-50	10,500	13.132%
Customer 49 Tariff Zone West Household Measured Large HH 50-250	50,000	13.158%
Customer 50 Tariff Zone East Household Measured Large HH 50-250	50,000	13.147%

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