

Statement of significant changes

2021-22 Indicative Wholesale Non-Household Charges

There will be modest increases or reductions for the majority of non-households in our area next year. You can read more about [why bills are changing](#) further on in this document.

Illustrative bills – wholesale non-household

Typical customers will see different bill changes depending on whether they are metered or unmetered and the amount of water they use. Illustrative bill changes for a range of customers are set out below.

Wholesale bills for typical customers (all areas except Chester)

Wholesale	20-21			21-22			Incr %	£ per month
	Water	Waste	Total	Water	Waste	Total		
<i>Unmetered</i>								
Low	£79	£86	£165	£76	£78	£154	-7.1%	-£1.00
Average	£170	£179	£349	£168	£156	£324	-7.2%	-£2.00
High	£262	£271	£533	£260	£234	£494	-7.2%	-£3.25
<i>Metered</i>								
V Small (60m3)	£105	£163	£268	£108	£171	£279	4.1%	+£1.00
Small (120m3)	£257	£261	£518	£261	£268	£528	2.0%	+£0.75
1,000m3	£1,537	£1,237	£2,774	£1,546	£1,231	£2,777	0.1%	+£0.25
5,000m3	£7,621	£6,752	£14,373	£7,662	£6,678	£14,341	-0.2%	-£2.75
25,000m3	£33,030	£29,751	£62,781	£33,098	£29,381	£62,479	-0.5%	-£25.25
75,000m3	£82,395	£86,768	£169,163	£83,489	£85,665	£169,154	-0.0%	-£0.75
<i>Trade effluent</i>								
Small (120m3)	£257	£298	£554	£261	£302	£563	1.6%	+£0.75
1,000m3	£1,537	£1,077	£2,614	£1,546	£1,069	£2,615	0.1%	<£0.25
5,000m3	£7,621	£5,655	£13,276	£7,662	£5,581	£13,243	-0.2%	-£2.75
25,000m3	£33,030	£23,970	£57,000	£33,098	£23,606	£56,704	-0.5%	-£24.75
<i>Band T</i>								
1,000m3	£1,537	£1,249	£2,786	£1,546	£1,309	£2,855	2.5%	+£5.75
5,000m3	£7,621	£5,163	£12,784	£7,662	£5,169	£12,831	0.4%	+£4.00

Note that these are all **wholesale bills** for retailers. Final bills for customers will depend on retailer charges.

We also provide water services in the Chester area. We don't provide sewerage services there, so the wastewater charges for these customers will be set by either Dwr Cymru Welsh Water (DCWW) or United Utilities. We've estimated overall bills including DCWW wastewater bills because they supply the majority of Chester customers.

Wholesale¹ bills for typical customers in Chester area

Wholesale ¹	20-21 Water	Waste ²	Total	21-22 Water	Waste ²	Total	Incr %	£ per month
<i>Unmetered</i>								
Low	£73	£224	£297	£85	£221	£306	3.0%	+£0.75
Average	£146	£371	£517	£162	£366	£529	2.3%	+£1.00
High	£203	£488	£692	£224	£482	£706	2.1%	+£1.25
<i>Metered</i>								
V Small (60m3)	£89	£171	£260	£96	£169	£265	1.9%	+£0.50
Small (120m3)	£214	£337	£551	£228	£333	£561	1.7%	+£0.75
1,000m3	£1,296	£2,013	£3,309	£1,356	£1,988	£3,344	1.1%	+£3.00
5,000m3	£6,363	£8,816	£15,179	£6,681	£8,705	£15,386	1.4%	+£17.25
25,000m3	£31,421	£42,393	£73,813	£33,064	£41,860	£74,924	1.5%	+£92.50
75,000m3	£94,008	£126,553	£220,561	£98,987	£124,963	£223,950	1.5%	+£282.50

1. Severn Trent bills are wholesale – DCWW bills are based on end-customer charges as DCWW wastewater services in Chester were not open to competition in 2020-21.
2. Estimate based on applying a uniform increase to Dwr Cymru charges.

Dwr Cymru sewerage bills for 2021-22 are estimates because we don't have their final charges at the time of publication. We've taken their charges from last year, adjusting for inflation and [Ofwat](#)'s draft decisions on their prices next year.

Why bills are changing

Each year the revenue controls set by [Ofwat](#) (our regulator) allow us to recover a fixed amount of revenue from our customers. For most of our charges this is modified by inflation, adjustments for performance and any past over or under-recovery in previous years.

For 2021-22:

- We forecast inflation on the Consumer Price Index with Housing (CPIH) of 0.2%, which is the same as the published rate for August;
- There is a reduction in wastewater prices under the new revenue controls [Ofwat](#) has set for the next five years (allowed revenue for water is broadly flat in real terms);
- There is no [revenue correction](#) this year and there are no adjustments for [Outcome Delivery Incentives](#) (ODIs).

Stakeholder views

Our research¹ tells us that household customers would be concerned if their overall bill increased by more than £2 per month which is equivalent to around 7% of an average household bill in our area. Non-households are much more varied in size so there is no "average" non-household, but small businesses (the vast majority, by number) have usage similar to households.

¹ This research was carried out through customer surveys and focus groups involving customers billed directly by Severn Trent and households billed for ST sewerage on our behalf by South Staffordshire Water.

Some of non-household customers get waste water services from us but take their water from South Staffs. Changes in our wastewater bills are generally modest and South Staffs' revenue controls from [Ofwat](#) mean that there could also be reductions in water prices. Our assessment of the impact on South Staffs bills is [here](#).

We showed a draft view of our charges to [CCW](#), who represent the views of water customers. Our retail account managers also engage with retailers directly, particularly regarding the way our charges are structured in CMOS² and we are simplifying our tariff structure within the system – in particular, we will complete the phased removal of seasonal charging for our largest customers in 2021-22. No concerns have been raised.

Managing changes in wholesale bills

Next year there should be very modest changes in wholesale charges in most categories. There will be increases for particular groups of customers as set out below:

Very small metered customers

Last year we introduced a separate highway drainage charge for wastewater at the introductory level of £5. This year, we have increased this to £12, which is closer to the cost of dealing with highway drainage. Relative to a very low bill this drives a relatively high percentage change – however, this is still less than 5% on a combined bill – the increase would be around £1 per month, which is not a level that most customers would find significant.

Band T (Transitional Surface Water Drainage)

In 2016-17 we introduced a transitional scheme for some customer groups which had previously been charged a concessionary rate for surface water drainage – primarily nursing homes, care homes and day care centres. Under Government guidance these did not qualify as “community premises”.

We have been progressively increasing Band T to bring the surface drainage charge for these customers into line with other surface water charges. In spite of this, we do not think bill increases for smaller customers on the scheme will rise by over 5%. A number of customers have now migrated from Band T to regular site area charges, and we expect a further group will migrate to band 6 in the charging year 2022-23.

Chester area

Wholesale water bills in the Chester area which were previously served by Dee Valley Water will rise more quickly than the rest of the region. However, we expect overall bill increases for the area to remain well below 5%.

Illustrative wholesale bills for sewerage only customers

The largest group sewerage only customers in our region receive wholesale water from South Staffs. While we don't know what their final charges will be at the time of publication, we have estimated a combined bill impact based on their PR19 determination from [Ofwat](#).

² Central Market Operating System

Estimated wholesale bills for typical South Staffs customers

Wholesale	20-21 Water*	Waste	Total	21-22 Water*	Waste	Total	Incr %	£ per month
<i>Unmetered</i>								
Low	£67	£86	£154	£67	£78	£145	-6.1%	-£0.75
Average	£110	£179	£289	£109	£156	£265	-8.2%	-£2.00
High	£165	£271	£436	£163	£234	£397	-8.8%	-£3.25
<i>Metered</i>								
V Small (60m3)	£86	£163	£249	£85	£171	£256	2.8%	+£0.50
Small (120m3)	£193	£261	£454	£191	£268	£459	1.1%	+£0.50
1,000m3	£1,092	£1,237	£2,329	£1,083	£1,231	£2,314	-0.6%	-£1.25
5,000m3	£5,370	£6,752	£12,123	£5,327	£6,678	£12,006	-1.0%	-£9.75
25,000m3	£26,862	£29,751	£56,613	£26,647	£29,381	£56,028	-1.0%	-£48.75
75,000m3	£82,530	£86,768	£169,298	£81,869	£85,665	£167,534	-1.0%	-£147.00
<i>Trade effluent</i>								
Small (120m3)	£193	£298	£491	£191	£302	£494	0.7%	+£0.25
1,000m3	£1,092	£1,077	£2,168	£1,083	£1,069	£2,152	-0.8%	-£1.25
5,000m3	£5,370	£5,655	£11,025	£5,327	£5,581	£10,908	-1.1%	-£9.75
25,000m3	£26,862	£23,970	£50,832	£26,647	£23,606	£50,253	-1.1%	-£48.25
<i>Band T</i>								
1,000m3	£1,092	£1,249	£2,340	£1,083	£1,309	£2,392	2.2%	+£4.25
5,000m3	£5,370	£5,163	£10,534	£5,327	£5,169	£10,496	-0.4%	-£3.00

Note that these are all **wholesale bills** for retailers. Final bills for customers will depend on retailer charges. There are smaller numbers of customers at the borders of our region that receive wholesale sewerage services from us and wholesale water services from Anglian Water, Dwr Cymru Welsh Water, Thames Water or Yorkshire Water. While we have not estimated the wholesale bill changes for all customers, given the level of inflation we would expect a similar impact.

Glossary

Revenue correction

Every five years, Ofwat sets revenue controls for Severn Trent. We are allowed to collect a fixed overall amount to cover the cost of running the network, supplying water, collecting waste water and treating sewage. When we set charges, we try to make sure that they will recover the correct amount in the next charging year, but we need to forecast – for example, we don't know exactly how much water customers will use in advance. If we collect more than Ofwat allowed, we return this to customers by reducing future charges and vice versa.

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Outcome Delivery Incentives (ODIs)

When Ofwat sets our revenue controls, we also agree a set of Performance Commitments with Ofwat. These are things that our customers tell us are important to them such as reducing interruptions to supply, leakage and sewer flooding. If we don't hit our targets then customers get a reduction in their bills; if we do really well and exceed the target then we are allowed to collect some more revenue. Overall, ODIs are a small proportion of the average bill. You can read more about what bills pay for on our website [here](#).

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