

Statement of significant changes

2022-23 Household Scheme of Charges

We expect that our average household bill will increase by 7.1%, which is £26 per year or around £2.25 per month. Our research¹ tells us that our household customers can be concerned if their overall bill increases by more than £2 per month, so we try to keep price rises below this level if we can. Unfortunately, we recognise that the average increase this year will be higher than that - you can read more about [why bills are changing](#) and what we have done to manage price rises further on in this document.

Average bill	2021-22	2022-23	Increase	
			%	£ / month
Water	£188	£199	5.8%	£1.00
Waste water	£175	£190	8.5%	£1.25
Combined bill	£363	£389	7.1%	£2.25

Illustrative bills – household customers

The change in bills for [typical](#) customers who stay on the same tariff from one year to the next (that is, customers who don't switch to a meter or apply for assistance) will be different from the "average" household. Illustrative bill changes for a range of customers are set out below.

Bills for typical customers (all areas except Chester)

	2021-22			2022-23			Increase	£ per month
	Water	Waste	Total	Water	Waste	Total		
<i>Unmeasured</i>								
Low	£109	£80	£189	£121	£96	£217	14.6%	+£2.25
Average	£203	£205	£408	£224	£224	£449	10.2%	+£3.50
High	£263	£267	£530	£291	£289	£580	9.3%	+£4.25
<i>Metered</i>								
Low	£119	£113	£232	£128	£124	£252	8.4%	+£1.75
Average	£158	£158	£316	£169	£173	£342	8.1%	+£2.25
High	£274	£253	£526	£290	£279	£568	7.9%	+£3.50
<i>Assessed chrg</i>								
Single person	£99	£99	£199	£105	£110	£215	7.9%	+£1.25
Flat/Terrace	£185	£154	£339	£195	£173	£368	8.6%	+£2.50
Semi-detach'd	£208	£189	£397	£219	£210	£429	8.1%	+£2.75
Detached	£238	£229	£467	£248	£252	£500	7.1%	+£2.75
<i>Social Tariffs</i>								
WaterSure+	£191	£178	£369	£199	£190	£389	5.4%	+£1.75
Big Diff'nce 30*	£134	£125	£258	£139	£133	£272	5.4%	+£1.25
Big Diff'nce 70*	£57	£53	£111	£60	£57	£117	5.4%	+£0.50

*Big Difference customers can receive discounts of between 10% and 90% - two bandings have been presented for illustration.

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 Dŵr Cymru Welsh Water (DCWW) or United

¹ This research was carried out through our regular "customer tracker" where we survey customers on a wide range of questions relating to our service.

Utilities. We've estimated overall bills including DCWW wastewater bills because they supply the majority of Chester customers.

Bills for typical customers in Chester

	2021-22			2022-23			Increase	£ per month
	Water	Waste*	Total	Water	Waste*	Total		
<i>Unmeasured</i>								
Low	£106	£278	£384	£113	£297	£410	6.7%	+\$2.25
Average	£207	£356	£563	£225	£380	£605	7.3%	+\$3.50
High	£258	£486	£744	£281	£518	£799	7.4%	+\$4.50
<i>Metered</i>								
Low	£106	£197	£303	£116	£203	£319	5.3%	+\$1.25
Average	£139	£238	£377	£152	£245	£397	5.2%	+\$1.75
High	£225	£361	£587	£244	£372	£616	5.0%	+\$2.50
<i>Assessed</i>								
Single person	£94	£205	£299	£103	£211	£315	5.3%	+\$1.25
Multi-occupier ¹	£158	£249	£407	£173	£257	£430	5.7%	+\$2.00
<i>Social Tariffs</i>								
WaterSure+	£191	£200	£391	£199	£213	£412	5.4%	+\$1.75
Big Diff'nce 30 ²	£134	£120	£254	£139	£128	£267	5.3%	+\$1.00
Big Diff'nce 70 ²	£57	£120	£177	£60	£128	£187	5.7%	+\$0.75

1. Multi-occupier charge combined with DCWW rate for 3 or more persons. DCWW also has a charge for 2 occupants.
2. Big Difference Scheme customers can receive discounts of between 10% and 90% - two bandings have been presented for illustration. Rate combined with DCWW HelpU charge.

Dŵr Cymru sewerage bills for 2022-23 are estimates because we didn't have their final charges at the time of publication. We've made an estimate of Welsh Water's likely increases based on our discussions with them and the value of inflation. Unmetered customers with high bills can often save money by switching to a meter – there is more information on our [website](#).

Why bills are changing

Each year the revenue controls set by our regulator, [Ofwat](#), 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 over or under-recovery in previous years.

This year:

- Inflation as measured by the Consumer Prices Index with Housing (CPIH) was 4.6%;
- [Ofwat](#) set an effective real reduction of -0.9% for our water service and -1.3% for wastewater revenue;
- There was [Revenue Correction](#) adding 3.9% to charges this year – we had far less revenue than we expected in 2020-21 due to the pandemic, and this will push up bills next year;
- Ofwat allowed for £25m [Green Recovery](#) funding this year to kick-start the economic recovery and improve the environment – this added around 2.1% to charges; and
- We deferred our [Outcome Delivery Incentives](#) (ODIs) except for Green Recovery funding so that the net value of other ODI rewards in next year's charges was zero.

The level of charges is also influenced by volume. When we set our charges, we divide our allowed revenue over the properties we serve and the volume we expect them to use. When the volume increases, this lowers our average charges and if it falls then we need to increase charges to raise the same level of revenue.

There has been a significant impact on demand this year as a result of the Covid-19 pandemic. While we expect the economy to recover during 2022-23, we think the process will be gradual – possibly with some setbacks - and we do not expect business demand to reach the same levels as we saw before the pandemic.

Customer views

Our research tells us that our household customers can be concerned if their overall bill increases by more than £2 per month, so we try to keep price rises below this level if we can. We now conduct a survey on this topic each year as part of our “customer tracker”; the results are very consistent from year to year.

We’ve worked with South Staffs to understand the combined impact on the customers they bill on our behalf. Based on these discussions, we think that the change in South Staffs bills will be similar to our combined service customers. Our assessment of the impact on South Staffs bills is [here](#). We’ve also worked with Dŵr Cymru to understand the combined bill impact on our water-only customers in [Chester](#).

We showed a draft view of our charges to the Consumer Council for Water ([CCW](#)), who represent the views of water customers. Given the level of change in bills for most customers, CCW was concerned about the level of increases for customers who might struggle to pay. We also discussed the profile of bills in future years with CCW, particularly the impact that [ODIs](#) might have in future and what timing would give the greatest bill stability. CCW believe that customers prefer a more stable bill profile without sharp increases from one year to the next, and this was supported by our own customer research.

Our discussions with CCW were based on our forecast of inflation at the time, which was 4.2%. Inflation has been rising and while we did predict an increase in November this has been higher than we expected. Our final charges are very similar but have increased a little because of the change in CPIH.

Managing changes in customer bills

Last year we discussed the potential impact of the pandemic with [CCW](#) and [Ofwat](#). With their support, we deferred some negative adjustments from 2021-22 to help offset the impact of our [revenue correction](#) from last year. Last year we delivered a great improvement in service which has led to a significant reward from Outcome Delivery Incentives ([ODIs](#)) but due to the other pressures on customer bills we have deferred £45m of the amount that could have been claimed within bills next year. Taken together, these measures mean that average household bills are around £19 (5.2%) lower next year.

Some customer bills are still linked to the [Rateable Value](#) (RV) of their home and these bills will increase by more than metered customers. This is because – in general – unmetered customers use more water. We are gradually reducing the proportion of unmetered bills that is linked to RV and replacing this with fixed charges. We introduced a fixed charge for unmetered water in 2020-21, and did the same for wastewater last year. We’re making very gradual changes to these charges, taking account of the other pressures on customers next year through higher inflation.

Many unmetered customers can reduce their charges by switching to a meter. If you are not already on a meter, you have the option of switching free of charge. If you don't save money by switching, you have two years to change your mind. You can apply via our [website](#).

Support for customers who struggle to pay their bills

For customers who may struggle to pay their bills, we offer three schemes: WaterSure, WaterSure Plus and the Big Difference Scheme (BDS). We're planning to increase the number of people we help through these schemes – we're expecting to have an additional 20,000 customers on the BDS scheme next year. There is more information on how you might qualify for [WaterSure](#) and the [Big Difference Scheme](#) on our website. We also donate to the [Severn Trent Trust Fund](#), which can help customers who are struggling with their bills.

Bills for sewerage only customers

The largest group of sewerage only customers in our region are billed by South Staffs Water. While we don't know what their final charges will be at the time of publication, we have worked with them to produce the illustrative bills below based on indicative charges in October, adjusted for the difference in CPIH inflation.

Estimated Bills for typical South Staffs customers

	2021-22			2022-23				
	Water	Waste	Total	Water	Waste	Total	Increase	£ per month
<i>Unmeasured</i>								
Low	£81	£80	£161	£85	£96	£181	12.6%	+£1.75
Average	£149	£205	£354	£157	£224	£382	7.8%	+£2.25
High	£199	£267	£466	£210	£289	£498	6.9%	+£2.75
<i>Metered</i>								
Low	£109	£113	£222	£115	£124	£239	7.4%	+£1.25
Average	£138	£158	£296	£145	£173	£319	7.5%	+£1.75
High	£224	£253	£477	£236	£279	£515	8.0%	+£3.25
<i>Assessed chrg</i>								
Single person	£96	£99	£195	£101	£110	£211	8.0%	+£1.25
Flat/Terrace	£153	£154	£307	£161	£173	£334	8.7%	+£2.25
Semi-detach'd	£214	£189	£403	£226	£210	£436	8.1%	+£2.75
Detached	£271	£229	£500	£286	£252	£538	7.5%	+£3.25
<i>Social Tariffs</i>								
WaterSure+	£155	£178	£333	£163	£190	£353	6.0%	+£1.75
Big Diff'nce 30*	£108	£125	£233	£114	£133	£247	6.0%	+£1.25
Big Diff'nce 60*	£62	£71	£133	£65	£76	£141	6.0%	+£0.75

*Big Difference customers can receive discounts of between 10% and 90% - two bandings have been presented for illustration. This has been combined with an estimated South Staffs Assure tariff, which offers discounts of up to 60%.

We have smaller numbers of sewerage customers on the borders of our area that are billed on our behalf by Anglian Water, Dŵr Cymru Welsh Water, Yorkshire Water and Thames Water. While we have not estimated the bill rises for all customers, given the level of inflation we would expect a similar impact for our other sewerage-only customers.

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.

[Go back](#)

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 your bills pay for on our website [here](#).

[Go back](#)

Green Recovery

In 2020 the Government and our regulators challenged companies to identify ways that the industry could support the country's green economic recovery from Covid-19. Our Green Recovery programme will help support around 2,500 jobs in the region while improving the local environment; it is by far the largest in the sector. You can read more about our [plans](#) here and Ofwat's funding [decisions](#) on their website.

[Go back](#)

The difference between typical and average bills

An average bill is simply the total amount billed to households divided by the number of household customers. It generally rises at a lower rate than typical bills because some customers will switch to lower tariffs during the course of a year. For example, some customers will opt to have a meter installed if they think that they will save money by doing so; customers that stay on the same tariff will not get this one-off saving. A typical bill is the amount that they will pay if nothing else changes (for example, if a customer is already metered and carries on using the same amount of water from one year to the next).

[Go back](#)

Rateable Value

A property's rateable value was originally assessed by the District Valuer on behalf of the Inland Revenue. The value was based on the size of the property, the number of rooms, the amenities available and the overall location. No new rateable values have been set since March 1990 following the introduction of the Poll Tax (since replaced by Council Tax). Water companies are still legally entitled to use rateable value as the basis for charges, but we are not able to use Council Tax banding. New properties built since 1990 do not have a rateable value and are metered. If you have a property with rateable values you can apply for a water meter, which could save you money.

[Go back](#)