

Statement of significant changes

2024-25 Final Wholesale Non-Household Charges

Wholesale charges for the majority of non-household customers (who are metered) will rise by less than the level of inflation next year. You can read more about [why bills are changing](#) further on in this document.

Illustrative bills – wholesale non-household

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	23-24 Water	Waste	Total	24-25 Water	Waste	Total	Incr %	£ per month
<i>Unmetered</i>								
Low	£99	£111	£210	£118	£128	£246	17.2%	+£3.00
Average	£195	£199	£395	£224	£225	£449	13.9%	+£4.50
High	£291	£288	£579	£330	£322	£653	12.7%	+£6.00
<i>Metered</i>								
V Small (60m3)	£133	£215	£349	£137	£222	£358	2.7%	+£0.75
Small (120m3)	£344	£363	£708	£355	£370	£725	2.4%	+£1.50
1,000m3	£1,789	£1,550	£3,339	£1,865	£1,566	£3,430	2.7%	+£7.50
5,000m3	£8,843	£8,308	£17,151	£9,140	£8,410	£17,549	2.3%	+£33.25
25,000m3	£38,615	£36,861	£75,476	£41,002	£37,322	£78,325	3.8%	+£237.25
75,000m3	£99,610	£107,686	£207,296	£107,130	£109,145	£216,275	4.3%	+£748.25
<i>Trade effluent</i>								
Small (120m3)	£344	£360	£704	£355	£368	£723	2.7%	+£1.50
1,000m3	£1,789	£1,327	£3,116	£1,865	£1,356	£3,220	3.3%	+£8.75
5,000m3	£8,843	£6,923	£15,766	£9,140	£7,089	£16,229	2.9%	+£38.50
25,000m3	£38,615	£29,668	£68,283	£41,002	£30,448	£71,451	4.6%	+£264.00
<i>Band T</i>								
1,000m3	£1,789	£1,832	£3,621	£1,865	£2,001	£3,865	6.7%	+£20.25
5,000m3	£8,843	£6,762	£15,605	£9,140	£6,941	£16,080	3.0%	+£39.50

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 Dŵr 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	23-24 Water	Waste ¹	Total	24-25 Water	Waste ¹	Total	Incr %	£ per month
<i>Unmetered</i>								
Low	£101	£277	£378	£109	£283	£391	3.6%	+£1.00
Average	£205	£453	£658	£225	£466	£692	5.1%	+£2.75
High	£288	£594	£883	£319	£614	£932	5.6%	+£4.00
<i>Metered</i>								
V Small (60m3)	£124	£229	£353	£129	£257	£387	9.5%	+£2.75
Small (160m3)	£283	£434	£717	£299	£466	£765	6.7%	+£4.00
1,000m3	£1,637	£2,472	£4,110	£1,741	£2,538	£4,279	4.1%	+£14.25
5,000m3	£8,067	£10,854	£18,921	£8,520	£11,109	£19,629	3.7%	+£59.00
25,000m3	£40,008	£52,242	£92,250	£42,426	£53,415	£95,841	3.9%	+£299.25
75,000m3	£99,610	£155,976	£255,587	£107,130	£159,458	£266,588	4.3%	+£916.75

1. Estimate based on information from Dŵr Cymru.

Dŵr Cymru sewerage bills for 2024-25 are estimates because we didn't have their final charges at the time of publication. We've worked with them to understand the likely changes and adjusted for the actual value of inflation.

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 over or under-recovery in previous years.

This year:

- Inflation as measured by the Consumer Prices Index with Housing (CPIH) was 4.2%;
- [Ofwat](#) set an effective real reduction of -0.8% for our wholesale water service and an increase of +1.0% for wholesale wastewater revenue;
- There is an upward [Revenue Correction](#) which increases charges - last year there was a negative adjustment so year on year this drives an increase of about 1.3%;
- Ofwat allowed for some [Green Recovery](#) funding this year to kick-start the economic recovery and improve the environment;
- We earned some [Outcome Delivery Incentives](#) (ODIs) for customer service and environmental improvements we delivered – however, since the total value of ODIs and Green Recovery funding was lower than last year, this reduced bills by 1.2%.

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. Non-household customers in our area have been using less water than we expected, so this leads to higher charges.

Stakeholder views

Our research¹ tells us that household customers will be concerned if their overall bill increases by more than £2 per month which is equivalent to around 5.8% 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. We now conduct a survey on this topic twice each year as part of our “customer tracker”.

Some customers only receive one of their wholesale services from us, with water or wastewater being provided by another company. The largest group of these get their water from South Staffs. We’ve worked with them to understand the combined impact on customers that have wholesale water supplies from them. 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 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 discussed the profile of [ODI](#) rewards we have applied within our charges this year in light of our investment proposals for the years after 2025 (you can read more about this in our [Business Plan](#)). 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 final charges are very similar to the draft view from September but have increased a little due to a lower estimate of non-household volume and revenue. Our retail account managers engage with retailers directly and we talk to retailers at a national level regarding the way our charges are structured in CMOS².

Managing changes in wholesale bills

Between 2020 and 2023 we delivered some great improvements in service which led to a significant reward from Outcome Delivery Incentives ([ODIs](#)) but due to the other pressures on customer bills we deferred around £54m of the rewards that could have been claimed within bills over the last two years. As a result, average bills last year were around 2.5% lower than they would have been. This year we think that it is the right time to apply these saved rewards because, [as noted above](#), the value of ODIs in this year’s charges is still less than last year.

Where we introduce new charges, or different forms of charging, we do this gradually:

Unmetered customers

We are gradually reducing the proportion of the unmetered customers bill that is linked to the [Rateable Value](#) (RV) of their property and replacing this with fixed charges. There are few non-household customers that are still charged on the basis of RV and the wholesale unit rate is the same as for residential properties. Non-households charged in this way can ask for a metered charge and where it is not practical to install a meter they can opt for an assessed charge.

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.

² Central Market Operating System

Standing charges

As a result of conversations with retailers, we are simplifying our tariff structure within CMOS – in particular, we are reducing the complexity of our metered standing charges. From 2024-25, we will have only four bands for standing charges, based on the diameter of the water meter:

	From	To
Band 1	0	25mm
Band 2	>25mm	50mm
Band 3	>50mm	100mm
Band 4	>100mm	

Water consumption bandings

In addition to the change in standing charges, we are introducing a new band for customers using between 0 and 500m³ of water per year. This has been done for the benefit of non-household retailers, as it aligns with the structure of their price controls. The wholesale charge for customers using up to 10,000m³ is the same and this change therefore has no impact on the wholesale charge that customers will pay.

Illustrative wholesale bills for sewerage only customers

The largest group of 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 indicative charges.

Estimated wholesale bills for typical South Staffs customers

Wholesale	23-24 Water ¹	Waste	Total	24-25 Water ¹	Waste	Total	Incr %	£ per month
<i>Unmetered</i>								
Low	£78	£317	£395	£81	£332	£412	4.4%	+£1.50
Average	£111	£521	£632	£115	£545	£660	4.4%	+£2.25
High	£174	£623	£797	£180	£652	£832	4.4%	+£3.00
<i>Metered</i>								
V Small (60m3)	£99	£228	£327	£102	£238	£341	4.2%	+£1.25
Small (120m3)	£247	£277	£524	£256	£289	£545	4.1%	+£1.75
1,000m3	£1,258	£423	£1,681	£1,303	£443	£1,746	3.9%	+£5.50
5,000m3	£6,188	£232	£6,419	£6,414	£242	£6,656	3.7%	+£19.75
25,000m3	£30,840	£341	£31,181	£31,969	£356	£32,325	3.7%	+£95.25
75,000m3	£89,973	£107,686	£197,659	£93,103	£109,145	£202,248	2.3%	+£382.50
<i>Trade effluent</i>								
Small (120m3)	£247	£360	£607	£256	£368	£624	2.8%	+£1.50
1,000m3	£1,258	£1,327	£2,584	£1,303	£1,356	£2,659	2.9%	+£6.25
5,000m3	£6,188	£6,923	£13,111	£6,414	£7,089	£13,503	3.0%	+£32.75
25,000m3	£30,840	£29,668	£60,508	£31,969	£30,448	£62,417	3.2%	+£159.00
<i>Band T</i>								
1,000m3	£1,258	£1,832	£3,090	£1,303	£2,001	£3,304	6.9%	+£17.75
5,000m3	£6,188	£6,762	£12,950	£6,414	£6,941	£13,355	3.1%	+£33.75

1. Estimate based on information from South Staffordshire Water

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, Dŵr 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 wastewater 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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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.

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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.

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