



*Wessex Water Services Ltd*  
Statement of Significant Changes in Charges  
for  
New Connections Services 2023-24

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## Summary

Each year we publish our charges for new connection services. We set these charges to ensure that all customers pay the correct amount for the work they are receiving. This ensures that we are providing a level playing field for all participants in this market.

Central to this is the need for our charges to be fair, transparent, and cost reflective. We review each charge annually, updating our cost models to reflect the actual costs we have seen over recent history as well as any known upcoming changes.

With CPIH index of inflation at a 40 year high, and construction output price indices often higher than this we are seeing unprecedented inflationary pressures across our supply chain.

Due to the requirement to set cost reflective charges this will result in increases across our charges for new connection services.

The table below sets out what we expect these increases to be for a number of sample developments,

Figures in £k	2023-24	2022-23	% Change
Single Connection	3.1	2.6	17%
Single Connection to a block of flats	12.0	10.3	16%
Medium development (Excavation: Others)	99.0	85.9	15%
Medium development (Excavation: Wessex Water)	153.5	132.9	15%
Large development (Excavation: Others)	334.8	288.8	16%
Large development (Excavation: Wessex Water)	536.2	461.9	16%
Medium development (SLP)	49.0	42.5	15%
Medium development (NAV)	42.7	36.4	17%
Large development (SLP)	161.5	138.3	17%
Large development (NAV)	148.7	126.3	18%

We have published full details of the calculations behind these charges using our charges calculator as part of our new connection charges scheme.

## Handling strategies and mitigations

Due to the requirement to set cost reflective charges there are limited options for us to mitigate these cost increases. We have a robust internal challenge process that reviews costs of completed jobs to ensure that we are setting cost reflective charges annually.

However, we are aware of the impact increasing prices have on customers and so we have:

- Developed a comprehensive communication strategy to ensure that all customers are aware of the increases and can plan accordingly
- Continued to promote alternative delivery models (SLPs, NAVs) so that customers can choose the most effective delivery strategy for them

## Communication strategy

We have continued proactively engage with all stakeholders over the year – this ensures that there are no surprises and enabled all customers to plan for these price increases.

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Our communication started in Summer 2022 with our annual new connection services charging consultation. This highlighted the risk of increasing charges if inflationary pressures remained high. We offered all stakeholders one on one session to come and discuss these issues with us.

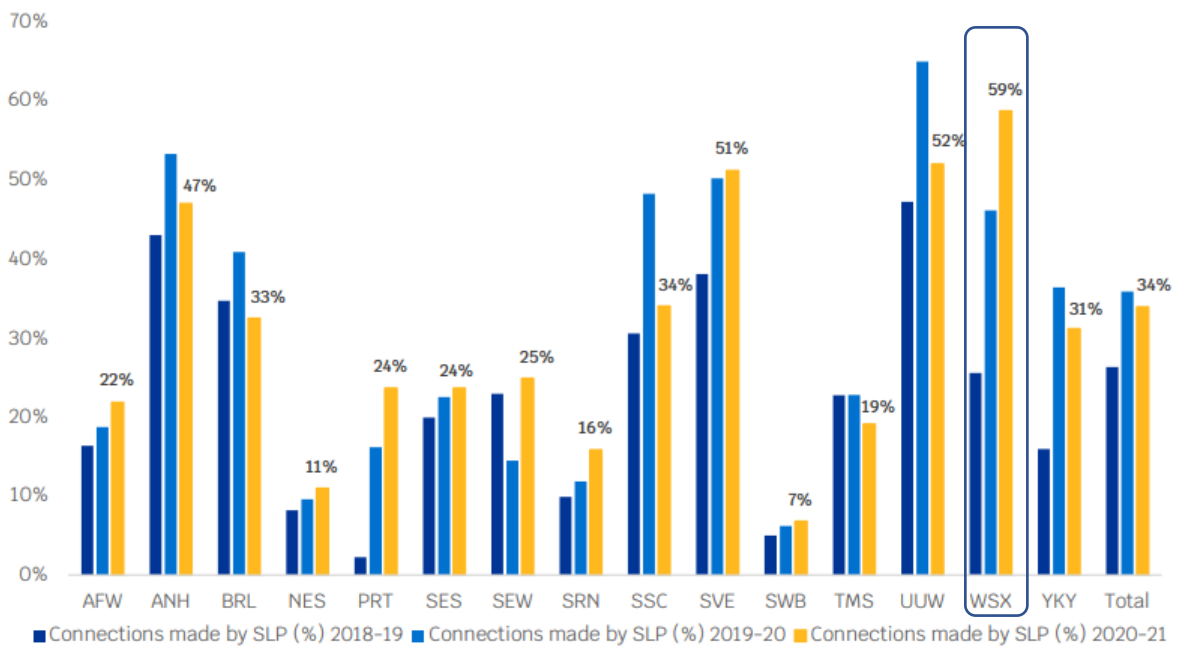
We offered an open session discussing our charges and the upcoming potential changes alongside publishing indicative charges in November giving as early as feasible sight of the potential increases.

We will continue to engage with customers beyond publication, offering an external “charges roadshow” to discuss the changes if there is appetite.

### Giving our customers options

We have continued to clearly promote in our charges literature that in many cases there are alternatives to coming to us for this work (i.e. SLPs or NAVs).

This is clear as we have amongst the highest penetration of work done by SLPs across the industry.



Source: SIA Partners. '[Connection Charges for Developer Services in England. Root Cause Analysis](#)'. August 2021.

This will help ensure that customers can make sure they are choosing the delivery method that works most effectively for them.

Where customers do choose to come to us for these services we are constantly trying to innovate and make sure there are delivery options that work for them. Recently we introduced new delivery routes for S98 requisitions such as a phased gate approach to charging that gives customer more control over their cashflow and developer led requisitions where they can use their own delivery partners. We are expanding where we offer these options to ensure that customer can procure these services as efficiently as possible.

## Infrastructure charges

Over the last couple of years, we have seen significant needs identified for network reinforcement – this would suggest an increase in waste infrastructure charges. However, we have also routinely seen the profile of delivery slip backwards to ensure we are delivering the most efficient solution and to align with the rollout of development most efficiently. This is creating a bow wave of investment, that could be required over the next two years or over a longer time out to 2030.

When setting our infrastructure charges for this year we have considered a range of scenarios between the need for immediate investment, and a smooth, although increased from the last couple of years, level of investment. We have set our infrastructure charges assuming the later smoothed profile as:

- We are seeing an increase in lead times throughout the supply chain, with a number of items, particularly pumps taking in excess of 6-12 months.
- A slowdown in economic conditions will likely result in a slowdown in development and a slowdown in the investment required.

With the ongoing high inflation, making this assumption limits the immediate impact on customers. We think that setting the charges too high based on an overly optimistic delivery profile results in a materially worse outcome for customers than the converse.

## Board Assurance

I confirm on behalf of the Board, that the Board has assessed the effects of the new charges on customers' bills for a range of different types of development and finds that there are cases where the impact exceeds +10%. These changes and associated handling strategies and mitigations are set out above.

The Board approves the impact assessments and handling strategies set out in this statement of significant changes and is confident that the Company has followed robust and rigorous procedures in developing and approving the 2023-24 Charging Arrangements for New Connections.

This document is signed by Andy Pymer on behalf of the Board.

Signed: 

Date: 27.01.2023

Andy Pymer  
Chief Finance Officer  
(on behalf of the Board)