



Wessex Water Services Ltd
Assurance Statement for the
2024-25 Bulk Charges for NAVs

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Introduction

Our Bulk Charges for NAVs Method Statement sets out the approach to determine the bulk charges for services provided to a NAV (a newly appointed water company that supplies a previously unserved site). A copy of our Bulk Charges for NAVs Method Statement is available on our website¹.

Ofwat consulted on potential changes to how they regulate the bulk supply or discharge charges paid by NAVs in July 2020 and issued guidance in January 2021, which revised the previous May 2018 guidance.

Our Bulk Charges for NAVs should also comply with our obligations under our Operating Licence and law.

Board ownership

The Board owns and is accountable for the development of the Bulk Charges for NAVs Scheme.

On 24th July 2023 the Board considered and approved the strategy for customer charges and the associated governance processes.

On 25th September 2023 the Board considered proposals for changes to charges policies to be implemented from 1 April 2024.

On 27th November 2023, following further customer and stakeholder engagement, the Board confirmed the decisions above and considered an analysis of expected bill changes.

The Board further confirmed that to the best of its knowledge and belief the Ofwat Assurance Requirements were met and duly approved the signing of this Assurance Statement.

The Board therefore authorised the Company's Chief Finance Officer to sign-off the final Assurance Statement and Bulk Charges for NAVs Scheme.

¹www.wessexwater.co.uk/our-charges

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The Assurance Statement

In making this Assurance Statement, the Board has considered the requirements set out by Ofwat in its Guidance (“the Ofwat Guidance”).

The Board confirms that:

1. The Company complies with its legal obligations and the Ofwat Guidance relating to the charges set out in its Bulk Charges for NAVs documents;
2. The Company has appropriate systems and processes in place (including up-to-date models and data) to make sure that the information published about its Bulk Charges for NAVs is accurate; and
3. The Company has consulted with relevant stakeholders in a timely and effective manner on its Bulk Charges for NAVs.

The Board has made this statement based on the information available to it at the current time.

The Board authorised the Company’s Chief Finance Officer to sign-off of the final Assurance Statement and Bulk Charges for NAVs documents.

Signed



Date 28.01.2024

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

Board considerations

In making this Assurance Statement the Board has considered the following requirements set out by Ofwat in its Bulk Charges for NAVs guidance:

1. *The Company complies with its legal obligations and the Ofwat guidance relating to the charges set out in its Bulk Charges for NAVs documents*

The Company engaged Mott MacDonald who reviewed and confirmed that our Bulk Charges for NAVs document for 2024-25 is appropriate to meet our obligations under our legislation, including the Water Industry Act 1991 (as amended in 1999 and 2014) – section 93A (in so far as the Bulk Charges for NAVs do not derogate from the duty to promote the efficient use of water), 142/149;

- a. Our Bulk Charges for NAVs document is consistent with Ofwat's revised guidance (published in January 2021).
- b. Our Bulk Charges for NAVs document is consistent with the Company's obligations under licence conditions E, R and S.
- c. That our charges calculations are:
 - based on observed cost data and use reasoned approaches to calculate the deducted costs, and
 - consistent with the Company's wholesale charges for 2024-25.

2. *The Company has appropriate systems and processes in place (including up-to-date models and data) to make sure that the information published about its Bulk Charges for NAVs is accurate; and*

The Board reviewed and approved the governance and assurance processes and procedures for the setting of charges in July 2023.

In addition to the external assurance laid out above, the Company continues with its charge's assurance processes including:

- A requirement for data owners and compilers to sign certificates assuring the accuracy of their data and associated calculations; and
- Ensuring clear ownership of the process resides with a senior manager, in this case the Director of Strategy & Regulation.

The Company engaged Frontier Economics in October 2022 to peer review the model and methodology to ensure alignment with the Ofwat guidance and progress towards aligning to the current industry best practice (which continues to evolve).

The charges setting process requires the Economic Regulation team to engage with internal and external stakeholders to ensure that the charges proposals are well rounded and practical, in particular, there is significant engagement with the Company's internal lawyers and those responsible for billing and collecting charges.

3. *The Company has consulted with relevant stakeholders in a timely and effective manner on its Bulk Charges for NAVs.*

The Board was informed that stakeholders have been engaged with in a timely manner. The Company has engaged with its external stakeholders in the following ways:

- The Company consulted on proposals for Bulk Charges for NAVs in September 2020, before the outcome of Ofwat's consultation, which resulted in the updated January 2021 Ofwat guidance.
- Since then, the Company is fully engaged with the bulk charges for NAVs working group that has been set up. This group is run by Ofwat and attended by representatives of both incumbent companies and NAVs. Discussions at this group have been highly productive in defining best practice for setting our bulk charges.
- The Company has engaged with both Ofwat and stakeholders in the methodological development of charges to align with best practice for 2024-25.