



Wessex Water Services Ltd
Assurance Statement for the
2020/21 Bulk Charges for NAVs

Introduction

Our Bulk Charges for NAVs document 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 document is available on our website, at www.wessexwater.co.uk/our-charges.

Ofwat's May 2018 publication "Bulk charges for NAVs: final guidance" set out the process it will follow in determining the appropriate bulk supply charges for a NAV, replacing guidance published in 2011 and 2013. While Ofwat will not issue charging rules for Bulk Charges for NAVs until the relevant elements of the 2014 Water Industry Act are enacted, it has stated that it expects water companies to follow its new guidance when determining bulk supplies to NAVs from the date of the new guidance's publication.

In addition, our Bulk Charges for NAVs should 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 29 July 2019 the Board considered and approved the strategy for customer charges and the associated governance processes.

On 30 September 2019 the Board considered proposals for changes to charges policies to be implemented from 1 April 2020.

On 2 December 2019, 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 giving of this Assurance Statement.

The Board therefore authorised the Company's Managing Director to sign-off of the final Assurance Statement and Bulk Charges for NAVs Scheme.

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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 document
2. The Company has appropriate systems and processes in place to ensure that the information contained in the Bulk Charges for NAVs document and additional information is accurate
3. The Company has consulted with its stakeholders in a timely and effective manner on its Bulk Charges for NAVs

The Board authorised the Company's Managing Director to sign-off of the final Assurance Statement and Bulk Charges for NAVs document.

Signed 

Date 9.1.2020

Andy Pymer
Managing Director
(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 document*

The Company engaged Mott MacDonald who reviewed and confirmed that our Bulk Charges for NAVs document for 2020/21 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 guidance (published in May 2018).
- 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 2020/21.

2. *The Company has appropriate systems and processes in place to ensure that the information contained in the Bulk Charges for NAVs document and additional information is accurate*

The Board reviewed and approved the governance and assurance processes and procedures for the setting of charges in July 2019.

In addition to the external assurance laid out above, the Company continues with its internal charges assurance processes including:

- regular update of a charges compliance manual;
- a requirement for data owners and compilers to sign certificates assuring the accuracy of their data and associated calculations
- ensuring clear ownership of the process resides with a senior manager, in this case the Director of Regulation and Reform.

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 had contact with a number of NAVs over 2018 and 2019, where the new guidance was discussed. Their considerations were taken into account when formulating the charges.