

ICOSA WATER SERVICES LIMITED

Statement of Significant Change for 2023-24 Charges Schemes

Introduction

This Statement of Significant Change for Icosa Water Services' 2023-24 Charges Schemes provides the stakeholders of Icosa Water Services Limited with information relating to the significant changes to our end-user customer charges for the 2023-24 charging year compared with the 2022-23 charging year.

This statement is made in accordance with Ofwat Information Notice IN 22/03 ("Expectations, assurance and information requirements for water company charges for 2023-24" published in September 2022) and annex A2 of the Charges Scheme Rules¹ published by Ofwat in December 2022. It confirms;

- whether end-user customer bill increases of more than 5% compared to the previous year are expected.
- If so, which types of customers are likely to be affected.
- The 'handling strategies' that, if appropriate, we may adopt to mitigate the impact on customer bills.
- Details of any significant changes in charging policy.

Icosa Water Services' charging policy is to match the tariffs of the various local incumbent water and sewerage companies where we operate. This ensures that customers are no worse off than if they had been connected to the incumbent. The incumbent water and sewerage companies review their charges annually and adjust them to cover their allowed revenues in the PR19 Final Determination as published by Ofwat in December 2019 and any in-period determinations that have been made thereafter to reflect things such as inflation, under/over recovery of allowed revenue and delivery incentives etc. Other than the normal price indexations, we are not aware of any significant changes having been made to the incumbents underlying incumbent charging policies.

Inflation (CPIH) as published by the Office for National Statistics at December 2022 was 9.3%.

We have assessed the impact of the 23/24 price changes on measured water and wastewater customers and water and wastewater Watersure customers. We have identified that most household customers will have year-on-year bill increases exceeding 5% when compared to 2022-23, assuming a constant level of consumption.

Household Water Customers

Table 1 below sets out the typical bill increases for household water customers relative to our 2022-23 bills.

Table 1: Household Water Charges - Price changes 23/24.

Incumbent Region	22/23 Measured Water Charge based on 100m ³ p.a.	23/24 Measured Water Charge based on 100m ³ p.a.	Increase / (Decrease)	Percentage Increase / (Decrease)	22/23 Watersure Charge	23/24 Watersure Charge	Increase / (Decrease)	Percentage Increase / (Decrease)
Affinity Central	£136.70	£149.54	£12.84	9.39%	£158.26	£173.66	£15.41	9.74%
Affinity East	£206.64	£227.82	£21.18	10.25%	£242.18	£267.60	£25.42	10.49%
Affinity South East	£217.89	£240.41	£22.52	10.34%	£255.68	£282.71	£27.02	10.57%
Anglian - Anglian	£199.03	£226.68	£27.65	13.89%	£232.74	£265.42	£32.68	14.04%
Anglian - Hartlepool	£138.50	£146.76	£8.26	5.96%	£160.90	£170.51	£9.61	5.97%
Bournemouth & West Hampshire	£131.18	£131.61	£0.43	0.33%	£152.46	£152.88	£0.42	0.28%
Bristol	£184.62	£199.32	£14.70	7.96%	£212.56	£229.55	£16.99	7.99%
HD Cymru Zones A&D	£201.49	£218.85	£17.36	8.62%	£233.16	£252.35	£19.19	8.23%
HD Cymru Zone B	£174.92	£191.15	£16.23	9.28%	£201.28	£219.11	£17.84	8.86%
HD Cymru Zone C	£165.63	£182.03	£16.40	9.90%	£190.13	£208.17	£18.04	9.49%
Northumbrian - Essex and Suffolk	£192.81	£203.28	£10.47	5.43%	£222.62	£234.69	£12.07	5.42%
Northumbrian - Northumbria	£160.38	£168.90	£8.52	5.31%	£183.93	£193.66	£9.73	5.29%
Portsmouth	£107.66	£114.93	£7.27	6.75%	£123.53	£132.22	£8.69	7.03%
Severn Trent A Zone1-8	£192.74	£209.93	£17.19	8.92%	£225.02	£245.10	£20.08	8.92%
Severn Trent B Zone9	£172.90	£193.79	£20.89	12.08%	£201.22	£225.74	£24.52	12.19%
Severn Trent C Zone10	£177.00	£198.16	£21.16	11.95%	£206.14	£230.98	£24.84	12.05%
South East - Eastern	£220.28	£246.70	£26.42	11.99%	£258.16	£289.57	£31.40	12.16%
South East - Western	£174.38	£194.75	£20.37	11.68%	£203.08	£227.23	£24.14	11.89%
South Staffordshire	£161.31	£174.56	£13.25	8.21%	£185.24	£200.47	£15.23	8.22%
South West (Single Service)	£249.48	£255.36	£5.88	2.36%	£287.92	£294.04	£6.12	2.12%
South West (Dual Service)	£233.66	£237.75	£4.09	1.75%	£272.10	£276.43	£4.33	1.59%
Southern	£173.81	£192.56	£18.75	10.79%	£204.81	£226.88	£22.07	10.78%
Sutton East Surrey North	£124.11	£142.12	£18.01	14.51%	£144.71	£165.72	£21.01	14.52%
Sutton East Surrey South	£153.11	£176.12	£23.01	15.03%	£179.51	£206.52	£27.01	15.05%
Thames	£175.20	£201.16	£25.96	14.82%	£206.03	£236.68	£30.65	14.88%
United Utilities	£208.01	£223.80	£15.79	7.59%	£244.65	£263.56	£18.91	7.73%
Welsh Water	£175.89	£185.77	£9.88	5.62%	£203.37	£214.82	£11.45	5.63%
Wessex	£229.74	£253.67	£23.93	10.42%	£270.69	£299.00	£28.32	10.46%
Yorkshire	£178.44	£193.44	£15.00	8.41%	£208.25	£225.60	£17.35	8.33%
Yorkshire - York	£113.81	£123.72	£9.91	8.71%	£130.70	£141.94	£11.24	8.60%
AVERAGE INCREASE	£176.47	£191.74	£15.27	8.65%	£205.15	£222.95	£17.80	8.68%

The figures in table 1 show that water bills will increase by more than 5% in most regions and that the average increase across all regions is £15.27 (8.65%) per annum for measured water customers and £17.80 (8.68%) per annum for watersure customers. The measured analysis is based on an average estimated household demand of 100m³ per property per annum which reflects the typical demand of modern water efficient homes on our network.

Household Wastewater Customers

Table 2 below sets out the typical bill increases for household wastewater customers relative to our 2022-23 bills.

Table 2: Household Wastewater Charges – Price Changes 23/24.

Incumbent Region	22/23 Measured Water Charge based on 100m3p.a.	23/24 Measured Water Charge based on 100m3p.a.	Increase / (Decrease)	Percentage Increase / (Decrease)	22/23 Watersure Charge	23/24 Watersure Charge	Increase / (Decrease)	Percentage Increase / (Decrease)
Anglian - Anglian	£246.65	£272.59	£25.94	10.52%	£277.43	£307.71	£30.28	10.91%
HD Cymru Zones A&D	£185.09	£216.54	£31.45	16.99%	£206.66	£242.11	£35.44	17.15%
Northumbrian	£171.30	£186.73	£15.43	9.01%	£189.45	£206.41	£16.97	8.96%
Severn Trent (Detached)	£211.78	£234.40	£22.62	10.68%	£234.05	£259.07	£25.02	10.69%
Severn Trent (Semi Detached)	£190.09	£210.61	£20.52	10.79%	£212.36	£235.28	£22.92	10.79%
Severn Trent (Other)	£168.41	£186.83	£18.42	10.94%	£190.68	£211.50	£20.82	10.92%
South West (Single Service) Full	£369.52	£394.86	£25.34	6.86%	£429.02	£457.32	£28.30	6.60%
South West (Single Service) Abated	£298.95	£345.46	£46.51	15.56%	£348.76	£398.04	£49.28	14.13%
South West (Dual Service) Full	£352.17	£373.76	£21.59	6.13%	£411.67	£436.22	£24.55	5.96%
South West (Dual Service) Abated	£282.54	£324.36	£41.82	14.80%	£332.54	£376.94	£44.40	13.35%
Southern	£235.21	£259.99	£24.78	10.54%	£271.77	£300.25	£28.48	10.48%
Thames	£158.46	£171.22	£12.76	8.05%	£177.44	£191.25	£13.82	7.79%
United Utilities	£228.36	£247.77	£19.41	8.50%	£252.78	£274.27	£21.49	8.50%
Welsh Water	£270.79	£296.39	£25.61	9.46%	£304.70	£333.51	£28.81	9.46%
Wessex	£223.16	£236.86	£13.70	6.14%	£256.19	£271.63	£15.44	6.03%
Yorkshire (full charges)	£238.03	£255.62	£17.59	7.39%	£273.41	£292.99	£19.58	7.16%
Yorkshire (abated charges)	£221.94	£238.61	£16.67	7.51%	£254.10	£272.58	£18.49	7.28%
AVERAGE INCREASE	£238.38	£261.92	£23.54	9.87%	£271.94	£298.06	£26.12	9.61%

The figures in table 2 show that wastewater bills will increase by more than 5% in all regions and that the average increase across all regions is 9.87% at £23.54 per annum for measured wastewater customers and 9.61% or £26.12 for wastewater Watersure customers. The measured analysis is based on an average estimated household demand of 100m3 per property per annum which reflects the typical demand of modern water efficient homes on our network.

Handling Strategies

The primary driver of significant bill increases for 2023-24 is high inflation. The Board recognises the wider cost-of-living crisis, and the need to identify actions to help customers manage the increase in costs.

For customers who are struggling to pay, we are here to help.

We operate a scheme known as the WaterSure Scheme, which provides alternative tariff options to household metered customers who meet certain criteria. The scheme ensures that their metered bill will be capped at a fixed annual charge. The reduction in the charges will take effect from the beginning of the charge period in which the application is made, and it must be renewed annually.

- To qualify for the tariff the customers must be in receipt of a qualifying benefit and have either:
- Three or more children under the age of 19 living at home? Or:
- Someone in their household has a medical condition that means you need to use more water.

Alongside WaterSure and paying by monthly direct debit we offer our customers flexible payment plans to help ensure that customers are not having to make payments that are outside their means.

Signed on behalf of the board:

A handwritten signature in black ink, appearing to read "R Bradley".

Robert Bradley

Director of Finance and Customer Services.

A handwritten signature in black ink, appearing to read "Raoul de Lange".

Raoul de Lange

Legal and Regulatory Director

A handwritten signature in black ink, appearing to read "Stephen Bradley".

Stephen Bradley

Managing Director