



# **New Connections and Developer Services Charging Arrangements**

## **Statement of Significant Changes and Handling Strategies 2024/25**

## **STATEMENT OF SIGNIFICANT CHANGES**

This statement is published in accordance with the Charging Rules for New Connection Services (English Undertakers) issued by the Water Services Regulation Authority under sections 51CD, 105ZF, 143B and 144ZA of the Water Industry Act 1991, effective from April 2022

Our Charging Arrangements for 2024/25 can be found on our websites at:

<https://www.southwestwater.co.uk/building-and-development/services/charging-arrangements>

<https://www.bournemouthwater.co.uk/developers/charges/>

<https://www.bristolwater.co.uk/business-developers/charges-regulations/>

South West Water must publish any significant changes to bills for typical developments when publishing its charging arrangements for 2024/25.

In particular, where bill increases are expected to be greater than 10%, from the previous year, companies must set out the handling strategies that have been developed to manage the impact such price increases would have on customers.

South West Water has analysed the effect of the 2024/25 Charging Arrangements on a range of typical developments, and considered bill impacts for developer customers that engage directly with the company or use a Self-Lay Provider.

South West Water's Board has reviewed the effects of 2024/25 charges on developer customers and confirms there will be no increases greater than 10% to some typical developments which are highlighted within the scenarios published with our charges. These changes can be explained by some changes that South West Water has made to the way that our charges are structured following customer engagement and increases in material and resource costs.

Where the impact upon these typical developments is greater than 10% we have considered cost reflectivity and handling strategies.

### **Bill increases when compared to previous year**

The typical worked examples in our Appendix, which are based on Ofwat scenarios, demonstrate the expected variance in bills when compared to last year.

In the South West Water area none of the seven worked examples show bill increases of more than 10%. Six of the scenarios show an increase of between 5-6%. One worked example, for a medium sized housing development of 50 houses, shows an increase of 6% where non-barrier pipe is installed and 8% for barrier pipe.

In the Bristol Water area there are increases above 10% when the net impact of infrastructure charges and income offset are considered. This is often a large percentage on a small positive or negative net payment or receipt from the developer. It reflects a reduction in income offset to maintain the balance of charges reflecting lower development activity.

The scenarios are below 10% excluding the net movement in infrastructure charges and income offset. This is the same pattern as experienced in previous years.

### **Key cost factors underpinning charge movements**

The following underlying factors impact new connections charges for 2024/25

- Inflation (linked to CPIH of 4.2%)
- Revised CCTV contract rates. Taking into account forward looking cost reflectivity of those charges
- Increased Highway Authority costs (permit schemes and Streetworks/traffic management)
- Investments in customer service and customer experience improvements

### **Directors Statement**

South West Water Board can confirm that it has carefully considered the effects of the new charges on customers' bills for a range of typical developments.

### **HANDLING STRATEGY**

We have assessed the effects of the new 2024/25 charges on these typical developments and produced impact assessments to allow us to consider any handling strategies that are required where typical development would increase by greater than 10% from 2023/24 charges.

In the South West Water area, given that there are no instances where overall charges for developments are increasing by 10% or more, we have concluded that, this year, there is no requirement to implement any handling strategies.

In the Bristol Water area the handling strategy for the movements in income offset remain with promotion of the water efficiency incentive approach that allows for a discount of up to 75% in the infrastructure charge.