

# **HOUSEHOLD CHARGES SCHEME 2020/21**

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Board Statement  
of Assurance

## **BOARD STATEMENT OF ASSURANCE FOR CHARGES SCHEME RULES 2020/21**

The Northumbrian Water Limited (NWL) Board has overseen the development of customer charges for 2020/21.

The latest charges scheme rules, issued under sections 143(6A) and 143B of the Water Industry Act 1991, were published by the Water Services Regulation Authority (Ofwat) in July 2019 and come into effect on 1 April 2020 for the 2020/21 charging year.

The charging scheme rules state that each undertaker should provide Ofwat with an assurance statement from its Board of Directors and publish its statements no later than the time of publication of the charges schemes confirming that:

- a) the company complies with its legal obligations relating to the charges set out in its charges schemes;
- b) the Board has assessed the effects of the new charges on customers' bills for a range of different customer types, and approves the impact assessments and handling strategies developed in instances where bill increases for particular customer types exceed 5%;
- c) the company has appropriate systems and processes in place to make sure that the information contained in the charges scheme, and the additional information covered in the annex is accurate; and
- d) the company has consulted the Consumer Council for Water (CCWater) in a timely and effective manner on its charges schemes.

The purpose of this statement is to clearly state that NWL has satisfied these requirements.

### **Governance and Assurance**

We closely monitor the rules published by Ofwat and ensure that all changes are incorporated into our charges publications. In order to do this we have strong governance arrangements and assurance processes which have been applied to the development of these charges throughout the year, and are summarised below.

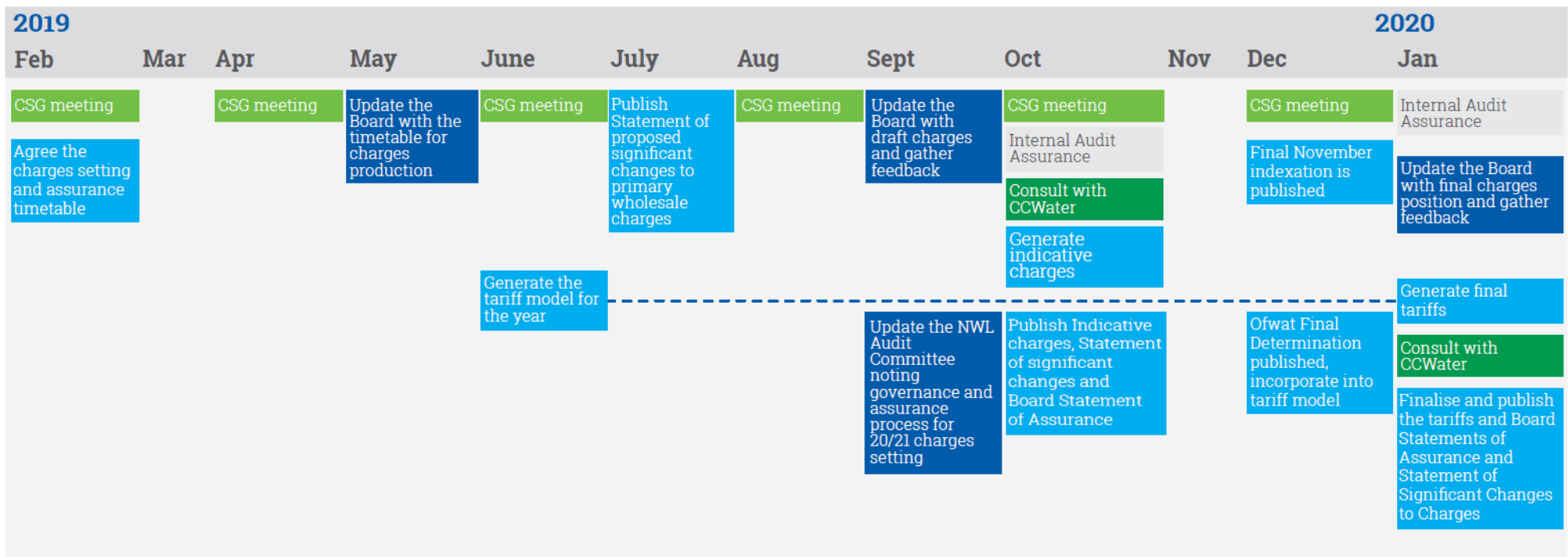
- A specific quality assurance procedure sets out the process to be followed in setting charges each year, and is reviewed annually to ensure that any necessary changes to the approval process are incorporated. This assurance builds on the work and recommendations previously carried out on our charges model by our external advisors.
- The NWL Internal Audit department has reviewed our assessment of compliance and confirmed that input data from Company systems and the calculation of allowed revenues are robust.
- NWL engaged Ernst & Young LLP (EY) to perform testing of the logical operation of certain financial models prepared by, or on behalf of, NWL to generate its proposed tariffs. The scope of EY's work was determined by NWL and EY is only responsible to NWL for their work.
- The Charges Steering Group (CSG) chaired by the Finance Director, comprising a sub-group of the Executive Leadership Team (ELT), including the Customer Director, the Assets and Assurance Director and the Corporate Affairs Director along with senior managers from various disciplines within the business, met several times in the year to discuss charging policy, strategy and governance. Any significant decisions and matters arising have been reported to the ELT and as required to the Board.
- Charges movements were reviewed by the CSG see appendix 1 for a summary of decreases for household bills.
- We have consulted with CCWater on our charges. CCWater did not highlight any areas of concern that would require us to change our processes or our assumptions for the charges for 2020/21.

More information on our overall Assurance Plan can be found at <https://www.nwg.co.uk/about-us/nwl/governance2/assurance/>.

### **Development of charges**

We have a well-established timetable for the production and approval of our tariffs and charges schemes and schedules and this is incorporated into our Assurance Plan for the year. The charges have been developed through the following process:

# DEVELOPMENT OF CHARGES



## Summary

The strong governance and assurance arrangements that have been applied in the development of the charges provide the Board with a sound basis to confirm that:

- a) NWL's charges for 2020/21, as set out in its charges schemes, comply with our legal obligations;
- b) We have assessed the effects the new charges have on customers' bills for a range of different customer types and confirm that there are no instances where bill increases exceed 5%;
- c) NWL has appropriate systems and processes in place to make sure that the information contained in the charges schemes, and additional information, is accurate; and
- d) NWL has consulted CCWater on its charging schemes for 2020/21 charges in a timely and effective manner.

**Signed on behalf of the NORTHUMBRIAN WATER LIMITED Board**

A handwritten signature in black ink, appearing to read 'Johns', with a stylized flourish at the end.











**CHRIS JOHNS**  
Finance Director





















## Appendix 1







### SUMMARY OF HOUSEHOLD BILL DECREASES FOR 2020/21











The table below summarises the indicative household bill decreases for 2020/21 for a typical range of household customer types (assuming a constant level of consumption). This includes measured customers and highlights indicative examples of low, average and high consumption customers. Our unmeasured examples use indicative low, average and high rateable values. We have also included the indicative bill decreases for our assessed charges.

## HOUSEHOLD EXAMPLE BILL DECREASES

NORTHUMBRIAN WATER - MEASURED CUSTOMERS			
 Low volume	 £14.36	 Low volume	 £41.46
 Average volume	 £24.57	 Average volume	 £62.84
 High volume	 £65.38	 High volume	 £148.34
WATER DECREASE		SEWERAGE DECREASE	

NORTHUMBRIAN WATER - UNMEASURED CUSTOMERS			
 Low rateable value	 £19.61	 Low rateable value	 £54.30
 Average rateable value	 £26.32	 Average rateable value	 £64.46
 High rateable value	 £53.16	 High rateable value	 £105.07
 Assessed charge	 £19.51	 Assessed charge	 £69.21
 Assessed charge (single occupier)	 £11.01	 Assessed charge (single occupier)	 £47.21
WATER DECREASE		SEWERAGE DECREASE	

ESSEX & SUFFOLK WATER - MEASURED CUSTOMERS	
 Low volume	 £20.47
 Average volume	 £36.78
 High volume	 £102.02
WATER DECREASE	

ESSEX & SUFFOLK WATER - UNMEASURED CUSTOMERS	
 Low rateable value	 £20.63
 Average rateable value	 £34.74
 High rateable value	 £91.17
 Assessed charge	 £29.10
 Assessed charge (single occupier)	 £12.80
WATER DECREASE	

#### KEY

 Water  Sewerage  Decrease