

Statement of Significant Changes in relation to the Anglian Water Services Charges Scheme 2023/24

Our tariff structure for 2023/24 is unchanged from our 2022/23 scheme.

Charges seek to recover, at 2023/24 prices, the revenue allowed to us by the Regulator, Ofwat.

The calculation of allowed revenue for 2023/24 has four elements:

1. the wholesale revenue per control based on the “K” factors per service area set out in the CMA Redetermination published on 17 March 2021;
2. the published CPIH for November 2022;
3. the results of those mechanisms set out in the PR19 Rulebook that adjust those allowed revenues for performance in prior years; and
4. the allowed retail revenue expressed as an average cost to serve per customer.

Published “K” Factors

The K factors set out a percentage increase to the prior year allowed revenues on a consistent price base. For the 2023/24 charging year the CMA published K factors are as set out in the table below:

Price Control	K Factor
Water Resources	2.28%
Water Network Plus	4.88%*
Wastewater Network Plus	6.00%
Bioresources	2.41%**

*Adjusted for the change in scope to the Elsham DPC

**Bioresources = deduced K re 20/21 outturn and adjusted usage (fixed vs variable costs)

Some of the increase to next year’s bills is to support investment that allows us to meet the challenges from a rapidly changing climate and a growing population. Water is also increasingly scarce, with a need to leave more water in the environment, and which increases the costs of finding, treating and supplying it to customers. We referred the original Final Determination to the CMA in order to support our long term environmental and social responsibilities. We had hoped that a revised determination would be published in time to be reflected across four years of the AMP from the 2021/22 charging year, however this was not possible. As a consequence, the revised determination has been reflected into the final three years of the AMP, starting with the charging year 2022/23, thereby compressing the uplift in revenues into that time period.

CPIH

Alongside other industries we are experiencing significant upward cost pressures and it is important that we can recover these costs in order to maintain delivery of our service obligations to our customers. Inflation this year is higher than in recent years.

Our charges are based on the November CPIH figure of 9.4%.

PR19 Rulebook

Application of the PR19 Rulebook mechanisms results in three types of adjustment: the first for under or over recovery of allowed wholesale revenue in the 2021/22 charging year under the RFI mechanism; the second for under or over performance of the outcome performance commitments set out in the Final Determination at PR19; and the third for the under or over recovery of allowed revenue in the final year of AMP6. For the 2023/24 charging year the resulting adjustments (in 2023/24 prices, £m) per revenue control are set out in the following table:

Price Control	RFI Adjustment 2021/22	Outcome Performance 2021/22	AMP6 Blind Year Adjustment
Water Resources	0.0	0.3	0.0
Water Network Plus	(10.7)	(7.9)	(0.2)
Wastewater Network Plus	3.5	(8.3)	(7.2)
Bioresources	0.2	0.0	0.0
Retail Revenue		2.0	

The RFI adjustments reflect under/over recovery in allowed wholesale revenues on a “single till” basis across main charges and revenue from developers (called Grants & Contributions).

The 2021/22 over recovery on wholesale water revenue reflects higher non-household peak usage and Grants & Contributions revenue than forecast; the under-recovery on wastewater revenue reflects lower recovery of Grants & Contributions revenue and lower non-household demand and trade effluent strengths than forecast.

The outcome performance penalties reflect the net position of under/over performance for the outcome performance commitments, as set out in tables 3A and 3B of our Annual Performance Report 2021/22.

Bill incidence effects

As a consequence of the calculation of allowed revenue, and our forecast of customer numbers and demand, we expect all customer classes to experience bill increases that exceed five per cent, based on a constant level of usage.

Household Customers Handling Strategy

For Household customers we are focusing on increasing awareness of the budgeting, affordability and partnering support we offer, using advertising, email and social media contact including the continued roll-out of “Nextdoor” community messaging. We have used “Talk Money Week” in November to raise awareness of the scale and breadth of support we offer. We will also be communicating tips and advice as to how small changes in behaviour can save water, energy and money. On our website we are increasing the prominence of and improving navigation to the details of the support we offer.

In addition, we continue to highlight to customers on their bills how to access support if they have any concerns regarding paying their bill.

Typical bill incidence effects are as set out in the tables below:

Anglian Water

Line description	WATER			SEWERAGE			COMBINED (WITH SWD)			
	2022/23	2023/24	% Change	2022/23	2023/24	% Change	2022/23	2023/24	% Change	£ Change

Measured - standard										
100 m3 pa	£199.03	£226.68	13.9%	£246.65	£272.59	10.5%	£445.68	£499.27	12.0%	£53.59
150 m3 pa	£283.30	£323.52	14.2%	£323.60	£360.39	11.4%	£606.90	£683.91	12.7%	£77.01
250 m3 pa	£451.83	£517.20	14.5%	£477.50	£535.98	12.2%	£929.33	£1,053.18	13.3%	£123.85

Measured - watersure										
	£203.00	£224.00	10.3%	£257.00	£276.00	7.4%	£460.00	£500.00	8.7%	£40.00

Measured - aquacare plus										
100 m3 pa	£177.20	£201.68	13.8%	£224.73	£247.26	10.0%	£401.93	£448.94	11.7%	£47.01
150 m3 pa	£217.80	£248.52	14.1%	£257.85	£284.39	10.3%	£475.65	£532.91	12.0%	£57.26
250 m3 pa	£299.00	£342.20	14.4%	£324.08	£358.65	10.7%	£623.08	£700.85	12.5%	£77.77

Unmeasured										
100 rv	£289.93	£335.50	15.7%	£322.83	£363.51	12.6%	£612.76	£699.01	14.1%	£86.25
180 rv	£302.39	£350.06	15.8%	£335.49	£377.76	12.6%	£637.89	£727.82	14.1%	£89.93
300 rv	£321.09	£371.90	15.8%	£354.49	£399.13	12.6%	£675.58	£771.03	14.1%	£95.45

Hartlepool Water

Line description	WATER		
	2022/23	2023/24	% Change

Measured - standard			
75 m3 pa	£110.50	£117.07	5.9%
100 m3 pa	£138.50	£146.76	6.0%
200 m3 pa	£250.50	£265.52	6.0%

Measured - watersure			
	£134.00	£143.00	6.7%

Measured - aquacare plus			
75 m3 pa	£110.50	£117.07	6.0%
100 m3 pa	£126.33	£133.93	6.0%
200 m3 pa	£189.66	£201.36	6.2%

Unmeasured			
Licence Fee	£145.65	£153.90	5.7%