

Statement of significant changes to charges – Retail

(Published January 2024)

Introduction

This statement of significant changes is made under Ofwat’s charges scheme rules (rule A2) <https://www.ofwat.gov.uk/publication/charges-scheme-rules/>. It sets out changes we are making to our charges in the 2024-25 charging year for residential customers.

This statement does not discuss the increase in the total bills (i.e. wholesale charges plus retail charges) for business customers, because we exited the business customer retail market with effect from 1 April 2017. Information about significant changes to our non-household wholesale charges can be found in our Updated statement of significant changes to primary non-household wholesale charges, published in October 2023 [southernwater.co.uk/media/9118/statement-of-significant-changes_2024-25.pdf](https://www.southernwater.co.uk/media/9118/statement-of-significant-changes_2024-25.pdf)

This statement does not discuss the year-on-year change in infrastructure charges. Information about our infrastructure charges can be found in our Infrastructure Charges Scheme and Charging Arrangements document <https://www.southernwater.co.uk/developing-building/connection-charging-arrangements>

(a) Bill increases of more than 5% from the previous year (for a given customer type assuming a constant level of consumption)

Residential customers

Due to high inflation, continued investment and the impact of prior year performance, all groups of residential customers will experience an increase in their total charges (i.e., wholesale plus retail) of more than 5% from the previous year.

Details of the additional steps we are taking to mitigate the impact of the bill increases for household customers are provided in the Statement regarding the Board’s assessment of bill increases” section of the 2024-25 Board Assurance Statement for end-user charges.

The tables below provided a summary of bill increases for each basis of charge (measured, assessed measured, rateable value) for a range of customers.

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Measured customers	Dual service		Water only		Waste only	
	Change £	Change %	Change £	Change %	Change £	Change %
Usage m3/a						
50 m3/a	36.29	13.6%	15.08	14.1%	21.20	13.3%
100 m3/a	61.56	13.6%	27.17	14.1%	34.39	13.2%
150 m3/a	86.82	13.6%	39.25	14.1%	47.57	13.2%
200 m3/a	112.09	13.6%	51.33	14.1%	60.76	13.2%
250 m3/a	137.36	13.6%	63.42	14.1%	73.94	13.2%
300 m3/a	162.63	13.6%	75.50	14.1%	87.12	13.1%
350 m3/a	187.89	13.6%	87.58	14.1%	100.31	13.1%
Assessed measured customers						
Basis of charge						
Single occupier	41.77	13.5%	17.84	14.1%	23.94	13.1%
1 bedroom	51.74	13.5%	23.53	14.1%	29.61	13.1%
2 bedrooms	62.00	13.5%	28.57	14.1%	35.12	13.1%
3 bedrooms	69.62	13.5%	32.35	14.1%	39.18	13.1%
4 bedrooms	71.97	13.5%	33.61	14.1%	40.34	13.1%
5 bedrooms	75.66	13.5%	35.37	14.1%	42.37	13.1%
Rateable Value (RV) customers						
Total RV						
£100	41.87	13.5%	17.55	14.1%	24.32	13.1%
£150	58.07	13.5%	25.15	14.1%	32.92	13.1%
£200	74.27	13.5%	32.75	14.1%	41.52	13.1%
£250	90.47	13.5%	40.35	14.1%	50.12	13.1%
£300	106.67	13.5%	47.95	14.1%	58.72	13.1%
£350	122.87	13.5%	55.55	14.1%	67.32	13.1%
£400	139.07	13.5%	63.15	14.1%	75.92	13.1%
£450	155.27	13.5%	70.75	14.1%	84.52	13.1%
£500	171.47	13.5%	78.35	14.1%	93.12	13.1%

(b) Details of significant changes in charging policy from the previous year

Residential customers

Social tariff update

To continue to support our customers we have increased our social tariff to £13.00. This will allow us to reach an additional 30,000 customers compared to 2023-24 and to continue to offer the minimum discount of 45% to all eligible customers.

Business customers

Structure of wholesale charges for business customers

In 2017-18, we introduced a new transitional fixed wholesale charge for non-household customers. This was intended to help smooth the transition to the opening of the non-household retail market and reduce the risk of bill increases for larger customers. When we introduced these fixed wholesale charges, we made clear that they were temporary and that they would be phased out over time.

We removed the fixed wholesale charge for our wastewater charges in 2020-21 and reverted to fully volumetric charges. As per our intention published in prior year statements, we have now commenced phasing out the two fixed standard non-household charges. This will allow for all volumetric charges to align so that no customers are receiving discounts at various levels of consumption. This approach will enhance the fairness and cost-reflectivity of our charges, as well as encourage more efficient water usage. These fixed charges will be fully phased out by 2026-27.

New ammonia charge

We introduced a separate wholesale charge 2021-22 for ammonia within the Mogden formula in that is used to determine trade effluent charges. This has provided more clarity for businesses on the costs of treating their ammonia discharges, enabling them to respond to these price signals. This change means our wholesale charges partly reflect the amount of ammonia discharged into the sewerage system and translates into lower wholesale charges for customers with a low ammonia discharge, and higher wholesale charges for customers with a high ammonia discharge, making the wholesale charges more cost-reflective. We set out a shadow charge in 2020-21 and a low charge in 21-22 to ensure our customers could prepare for the charge being introduced in the following charging year. We engaged with our trade effluent customers and continue to phase in the charge in order to limit the bill increases for customers.