

Board assurance of charges for 2021-22

In approving the 2021-22 SES Water Schemes of Charges, the Board has considered:

1. Internal assurance

- 1.1 The information presented to the Board on the charge setting process and expected outcome on future charges at the Board meetings held on 24 September 2020 and 25 November 2020, together with further updates provided to the Board in January 2021. This included the Company's view on how the proposed charges met all legal and regulatory obligations.
- 1.2. The change in charges for a range of different customer types as presented by the Company. The change is primarily due to a reduction in the Company's allowed revenue compared with 2020/21, inclusive of latest inflation rates. All charges are calculated using the Company's Final Determination (published in December 2019) and the blind-year adjustments confirmed by Ofwat for SES Water on 28 September 2020.
- 1.3. The effects of new charges and any significant changes on customers' bills for a range of different customer types, including the level of the relevant inflation index. No customer types will experience a bill increase of more than 5%, as set out in our Statement of no significant changes.
- 1.4. The company's systems and processes for documenting data on customer numbers by type, consumption volume and the models that calculate the charges based on the input data collected.

External assurance

- 2.1 The report from the external assurance of charges for 2021-22 with respect to compliance with the required procedures and the resulting charges contained in the Wholesale Charges Schedule and Household Charges Schedule.

3. External engagement

- 3.1 The Company has communicated with Consumer Council for Water (CCW) on a timely basis about the proposed changes in its charges and is always open to discussion or response to any relevant query.

Based on the scope and outcome of the process review detailed in this statement and the engagement described above, the Board is able to confirm that:

1. The Company considers that it has complied with its legal obligations relating to the charges published in the Wholesale Charges Schedule and Household Charges Schedule.
2. The Company has appropriate systems and processes in place to make sure that the information contained in the schedule is accurate.

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3. The Company has consulted the CCW in a timely and effective manner on its charges and has provided information to all stakeholders on the expected change in charges through publication of indicative charges in October 2020.
4. The report from the provider of independent assurance of charges for 2020/21, which highlighted no issues or concerns with the procedures followed, and the resulting charges contained in the Wholesale Charges Schedule and Household Charges Schedule.
5. The Company has assessed the effect of the charges that will apply from April 2021 on a range of different customer types. The Board confirms that no customers will see charges increase by more than 5% for 2021/22 and therefore no formal impact assessments or handling strategies need to be applied.
6. The Company has assessed the change in wholesale charges since indicative charges were published in October 2020 and have concluded that the change is not material.

Signed on behalf of the Board of Directors, 13 January 2021.

Ian Cain



(Group Chief Executive Officer)

Murray Legg



(Non-Executive Director and Chair of the Audit Committee)

Paul Kerr



(Group Chief Financial Officer)
