OFWAT

News release

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# Ofwat delivers flat bills for customers

**- Average bill in England and Wales remain flat by 2015 -**
**- Average bill about £34 lower than companies' proposals -**
**- Largest ever investment in the sector of more than £22 billion over the next five years-**

Ofwat today published its final decisions on the prices water and sewerage companies can charge their customers between 2010 - 15. The regulator's decision will see more than £22 billion invested in maintaining and improving services to consumers, while household bills remain broadly flat until 2015.

The average bill across England and Wales will decrease by £3 to £340 by 2015.[1] This is before inflation is considered.

Compared to what companies asked for, Ofwat's challenge sees average bills about £34 (10 per cent) lower by 2015.

Regina Finn, Ofwat Chief Executive Officer said:

> "People can shop around for the best deal on many things, but not water. Our job is to do this for them.
>
> “Customers have told us that they want us to keep water and sewage charges flat while maintaining a safe, reliable supply of water. That’s what we’ve delivered.
>
> “There's more to this than just low bills, it's about what customers get for their money. We’ve scrutinised every pound in the companies’ plans to make sure they deliver what customers want. At a fair price.
>
> “We're allowing companies to invest more than ever before, £22 billion. We’re making sure it’s invested in the right place, at the right time, for the right price. Everyone will see real benefits from these proposals.
>
> “It doesn’t end here. We will now make sure the companies deliver on their promises. If they don’t we’ll take action to protect customers.”

Ofwat's decision will see more than £935 invested for every property across England and Wales by 2015.

This investment will allow companies to ensure customers continue to see improvements and receive a safe, reliable supply of drinking water. Key benefits of the investment will include:

**Safe, reliable supplies**

- Improve 140 water treatment works and 550 sewage treatment works to maintain and improve the environment and drinking water quality
- Over 10,000km of water mains being improved or replaced – more than the equivalent of London to Cape Town
- More than £1billion will be spent on maintaining and improving drinking water quality
- Investment in cleaning the mains pipe supplies serving more than 1 million people in reducing discoloured water.

**Protecting Customers**

- Extreme events such as flooding can severely disrupt water supplies. Almost 10 million people will benefit from investment to guard against them being without water.
- Addressing sewer flooding problems for more than 6,300 properties.

**Environment**

- Maintain or improve more than 3,000km of rivers to meet EU environmental standards.
- Improve water quality in more than 55 wetlands and bathing waters.
- More than 100 schemes to work with farmers and landowners. This will help control pollution and reduce costs by better use of land, preventing pollution of drinking water sources requiring costly treatment

**Saving water and using energy wisely**

- By 2015, the water savings that companies will make by meeting water efficiency targets, reducing leakage, and increasing metering will amount to more than 100 billion litres per year. That is enough water to supply the cities of Liverpool, Bristol and Brighton for more than a year.

- Over the next five years, companies are investing in renewable energy sources generating enough extra electricity to power around 90,000 homes. That's more than enough electricity for all the homes in Portsmouth. This will both help reduce carbon emissions and keep water bills down.

**Where is the money going?**

- £12.9 billion to maintain and replace the assets, from pipes to treatment works - If laid end to end the 330,000 km of pipes would stretch round the earth almost 14 times.

- £4.6 billion to improve drinking water and the environment

- £2.7 billion to make sure there is enough water, and capacity to treat sewage into the future

- £1.1 billion to improve service levels to customers, like reducing pressure problems and sewer flooding

- £0.9 billion to deliver big projects such as large sewers

**Note: Release continues with tables on following page**

## Table A: Final determinations – expected average annual household bills

| | Expected Average annual household bills (£) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2009-10 | | | 2010-11 | | | 2014-15 | | | Change (since 2009-10) | |
| **Company** | **Water** | **Sewerage** | **Total** | **Water** | **Sewerage** | **Total** | **Water** | **Sewerage** | **Total** | **Total** | **Change %** |
| **Water and sewerage companies** | | | | | | | | | | | |
| Anglian | 172 | 216 | 389 | 167 | 213 | 380 | 159 | 202 | 361 | -28 | -7% |
| Anglian Water | 173 | 216 | 389 | 168 | 213 | 381 | 160 | 202 | 362 | -28 | -7% |
| Hartlepool Water | 127 | | 127 | 124 | | 124 | 126 | | 126 | -1 | -1% |
| Dŵr Cymru | 171 | 233 | 404 | 164 | 232 | 396 | 155 | 219 | 374 | -29 | -7% |
| Northumbrian | 147 | 167 | 314 | 158 | 168 | 326 | 163 | 168 | 331 | 17 | 6% |
| Northumbrian | 131 | 167 | 299 | 141 | 168 | 309 | 144 | 168 | 313 | 14 | 5% |
| Essex & Suffolk | 169 | | 169 | 182 | | 182 | 190 | | 190 | 21 | 13% |
| Severn Trent | 152 | 152 | 305 | 160 | 144 | 304 | 151 | 140 | 292 | -13 | -4% |
| South West | 207 | 283 | 489 | 205 | 278 | 483 | 205 | 278 | 483 | -6 | -1% |
| Southern | 127 | 246 | 373 | 136 | 240 | 376 | 138 | 255 | 393 | 20 | 5% |
| Thames | 183 | 121 | 303 | 189 | 117 | 305 | 180 | 133 | 313 | 10 | 3% |
| United Utilities | 169 | 205 | 374 | 173 | 187 | 361 | 172 | 192 | 364 | -9 | -3% |
| Wessex | 202 | 210 | 412 | 209 | 203 | 412 | 224 | 200 | 424 | 12 | 3% |
| Yorkshire | 154 | 178 | 331 | 150 | 177 | 327 | 149 | 183 | 332 | 1 | 0% |
| **WaSC average (weighted)** | **165** | **181** | **346** | **169** | **175** | **343** | **165** | **178** | **343** | **-3** | **-1%** |
| **Water only companies** | | | | | | | | | | | |
| Bournemouth & W Hampshire | 133 | - | 133 | 139 | - | 139 | 134 | - | 134 | 1 | 1% |
| Bristol | 157 | - | 157 | 156 | - | 156 | 168 | - | 168 | 11 | 7% |
| Cambridge | 114 | - | 114 | 117 | - | 117 | 116 | - | 116 | 2 | 1% |
| Cholderton | 188 | - | 188 | | - | | 188 | - | 188 | 0 | 0% |
| Dee Valley | 128 | - | 128 | 130 | - | 130 | 130 | - | 130 | 2 | 2% |
| Veolia South East* | 185 | - | 185 | 184 | - | 184 | 181 | - | 181 | -4 | -2% |
| Portsmouth | 93 | - | 93 | 90 | - | 90 | 87 | - | 87 | -6 | -7% |
| South East | 169 | - | 169 | 177 | - | 177 | 174 | - | 174 | 5 | 3% |
| South Staffordshire | 124 | - | 124 | 126 | - | 126 | 126 | - | 126 | 2 | 2% |
| Sutton & East Surrey | 166 | - | 166 | 166 | - | 166 | 167 | - | 167 | 1 | 1% |
| Veolia East* | 169 | - | 169 | 167 | - | 167 | 160 | - | 160 | -10 | -6% |
| Veolia Central* | 156 | - | 156 | 158 | - | 158 | 146 | - | 146 | -10 | -6% |
| **WoC average (weighted)** | **148** | **-** | **148** | **151** | **-** | **151** | **148** | **-** | **148** | -1 | -1% |
| **Industry average (weighted)** | **162** | **181** | **343** | **165** | **175** | **340** | **162** | **178** | **340** | **-3** | **-1%** |

*****The three companies noted announced that on 1 July 2009 they changed their names to reflect their position as Veolia group companies. Veolia East was formerly known as Tendring Hundred, Veolia Central as Three Valleys and Veolia South East as Folkestone and Dover.
All figures are quoted in 2009/10 prices.
Some totals may not add up due to rounding.

**Table B: Comparison between companies' final business plan (FBP) proposals and Ofwat Final Determinations (FD) - change in average household bills from 2009-10 to 2014-15**

| Company | Company Business Plans | 2009 Final Determination | Difference (£) | Difference (%) to FD 09-10 bill |
|---|---|---|---|---|
| | Change in average bill by 2014-15 (£ at 2009-10 prices) | | | |
| **Water and sewerage companies** | | | | |
| Anglian** | 12 | -28 | -39 | -10 |
| Hartlepool | 18 | -1 | -19 | -15 |
| Dŵr Cymru | 0 | -29 | -29 | -7 |
| Northumbrian*** | 43 | 17 | -26 | -8 |
| Northumbrian area | 42 | 14 | -28 | -9 |
| Essex and Suffolk area | 38 | 21 | -17 | -10 |
| Severn Trent | 13 | -13 | -26 | -8 |
| South West | 29 | -6 | -35 | -7 |
| Southern | 47 | 20 | -27 | -7 |
| Thames | 52 | 10 | -42 | -14 |
| United Utilities | 28 | -9 | -37 | -10 |
| Wessex | 25 | 12 | -13 | -3 |
| Yorkshire | 21 | 1 | -20 | -6 |
| **WaSC average (weighted)** | **29** | **-3** | **-32** | **-9** |
| | | | | |
| **Water only companies****** | | | | |
| Bournemouth & W Hampshire | 25 | 1 | -24 | -18 |
| Bristol | 46 | 11 | -35 | -22 |
| Cambridge | 8 | 2 | -7 | -6 |
| Cholderton | 27 | 0 | -27 | -15 |
| Dee Valley | 12 | 2 | -10 | -8 |
| Veolia Southeast | 29 | -4 | -33 | -18 |
| Portsmouth | 12 | -6 | -18 | -20 |
| South East | 38 | 5 | -34 | -20 |
| South Staffordshire | 21 | 2 | -19 | -15 |
| Sutton & East Surrey | 45 | 1 | -44 | -26 |
| Veolia East | 25 | -10 | -34 | -20 |
| Veolia Central | 13 | -10 | -23 | -15 |
| **WoC average (weighted)** | **25** | **-1** | **-26** | **-18** |
| | | | | |
| **Industry average (weighted)** | **31** | **-3** | **-34** | **-10** |

*Percentage of FD 2009-10 bill
**We did not require Anglian to provide a bill for the Anglian area only as part of its business plan submission. This is for the average bill for both regions.
***This is the combined average bill for both the regions of Northumbria and Essex and Suffolk
****These relate to water only bills
All figures are quoted in 2009/10 prices.
Some totals may not add up due to rounding.

## Table C: Price limits for 2010-11 to 2014-15

| | Annual price limits | | | | | |
|---|---|---|---|---|---|---|
| **Company** | **2010-11** | **2011-12** | **2012-13** | **2013-14** | **2014-15** | **Average[1]** |
| | | | | | | |
| **Water and sewerage companies (WaSC)** | | | | | | |
| Anglian | -0.7 | 0.0 | 1.4 | 1.1 | 0.9 | 0.5 |
| Dŵr Cymru | -1.3 | -1.3 | -0.4 | -0.4 | -0.6 | -0.8 |
| Northumbrian | 5.0 | 3.8 | 0.9 | 0.0 | -1.0 | 1.7 |
| Severn Trent | -1.0 | 0.0 | 0.0 | -1.0 | -1.1 | -0.6 |
| South West | 1.1 | 3.4 | 2.5 | 1.3 | 1.1 | 1.9 |
| Southern | -0.7 | 0.0 | 3.6 | 3.3 | -0.1 | 1.2 |
| Thames | 0.2 | 0.4 | 4.6 | 0.4 | 1.4 | 1.4 |
| United Utilities | -4.3 | -0.2 | 0.6 | 1.0 | 1.2 | -0.4 |
| Wessex | 0.3 | 0.3 | 1.9 | 1.9 | 1.5 | 1.2 |
| Yorkshire | -1.2 | -1.3 | 1.4 | 1.8 | 1.6 | 0.5 |
| **WaSC average (weighted)** | **-0.8** | **0.2** | **1.7** | **0.7** | **0.5** | **0.5** |
| | | | | | | |
| **Water only companies (WoC)** | | | | | | |
| Bournemouth & W Hampshire | 4.0 | 2.1 | -0.5 | -0.8 | 0.2 | 1.0 |
| Bristol | 0.6 | 4.2 | 4.0 | 0.3 | -0.2 | 1.8 |
| Cambridge | -1.0 | -1.0 | 0.9 | 0.2 | -0.6 | -0.3 |
| Cholderton | 2.4 | -1.0 | -1.6 | 0.8 | -0.7 | 0.0 |
| Dee Valley | 0.6 | 0.6 | 0.6 | 1.0 | -0.5 | 0.5 |
| Veolia Southeast | 1.2 | 1.2 | 1.6 | 1.6 | -0.9 | 0.9 |
| Portsmouth | -4.8 | -2.1 | -1.7 | -1.4 | -0.6 | -2.1 |
| South East | 4.4 | 3.9 | 1.7 | -1.4 | 0.6 | 1.8 |
| South Staffordshire | 1.5 | 0.0 | 1.9 | 0.0 | -0.6 | 0.6 |
| Sutton & East Surrey | 0.0 | 0.0 | 2.0 | 1.4 | -1.2 | 0.4 |
| Veolia East | -1.6 | -1.4 | -0.7 | -0.7 | -0.9 | -1.1 |
| Veolia Central | 1.4 | 0.8 | -2.8 | -2.8 | -2.3 | -1.2 |
| **WoC average (weighted)** | **1.6** | **1.6** | **0.3** | **-1.1** | **-0.8** | **0.3** |
| | | | | | | |
| **Industry average (weighted)** | **-0.6** | **0.3** | **1.6** | **0.6** | **0.4** | **0.5** |

1. The average for the price limits is the geometric average of the annual price limits.

## Notes to Editors

1. The average household bill is, by definition, an average across all customers. Individual customers' bills may be more or less than the average because of their particular characteristics, for example, whether they have a water meter. Changes to customers' bills will vary according to which company supplies them. Some customers receive their water services from one company and receive their sewerage services from another.

2. Ofwat is the economic regulator of water and sewerage companies in England and Wales. It exercises its powers in a way that it judges will protect the interests of consumers, promote value and safeguard future water and sewerage services by allowing efficient companies to carry out their functions properly, and finance them.

3. Every five years Ofwat sets limits on the prices water and sewerage companies in England and Wales can charge their customers. Its final decisions follow the submission of water companies' final business plans in April.

4. Ofwat final decision on price limits is due to come into effect in April 2010, with the delivery of bills for April 2010 – March 2011.

5. For more details about the price review process and Ofwat's final decisions, please visit www.ofwat.gov.uk .

6. Ofwat's final decisions will allow companies to build on the successes of the last 20 years. Since privatisation, £85 billion of investment across England and Wales has seen significant improvements in service delivered. These include:

   - Leakage down by around a third since its peak in the mid-1990s.
   - Around 339,000 fewer customers at risk of lower pressure – a reduction of 99% since 1989.
   - The proportion of properties at highest risk of sewer flooding has reduced by more than 75% in the last 10 years – more than 20,000 properties.
   - Drinking water quality in England and Wales is comparable with the best in Europe. In 2008 99.96% of drinking water met quality standards.
   - In 1990, only around 78% of England and Wales's bathing waters met the minimum standards. In 2009 this figure had risen to 98%.

7. Proposed bill changes have been rounded to the nearest whole £ (for example, a change of £3.82, will be written as an increase of £4). Some % totals may therefore not add up due to rounding.

8. Ofwat published its draft price limits in July 2009. These are available on the Ofwat website www.ofwat.gov.uk

9. Media enquiries to Ofwat Press Office on:

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