

# CHARGES STEERING GROUP

## Terms of Reference



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### PURPOSE

A formal Executive Leadership Team (ELT) sub-committee, providing strategic guidance and making policy decisions on charging-related issues, and providing governance on compliance matters to support NWL Board approval of charges.

The steering group aims to implement charges that meet the following principles. Charges are:

Ethical (Fair)	non-discriminatory against any group of customers, whilst taking account of affordability
Customer-focussed	understandable and legitimate
Market-ready	charges are fit for purpose for the non-household and NAV markets
Compliant	compliance requirements are met with fair trade-offs where necessary
Stable	the change in charges levels and structures are managed and that major changes are understood and communicated with customers
Competitive	recover full allowed revenue

Charges to be considered by the steering group include household, non-household, developer services and new appointment and variation charges. Additionally, all in-area water and waste water contracts are to be brought to the CSG for final approval of charges.

### MEMBERSHIP

Finance Director (Chair)  
Customer Director  
Assets & Assurance Director  
Director of Corporate Affairs (by invitation)  
NWL Financial Controller  
Head of Wholesale Services  
Head of Income  
Pricing & Income Accounting Manager

### 5 KEY PRINCIPLES TO KEEP IN MIND

1. Charges must be cost reflective.
2. Charging structures should be equitable and seen to be equitable.
3. Charging bases should reflect changing national economic conditions and the expansion or contraction in demand for water and waste water services.
4. Charging structures should be simple to administer and explain; impose low costs of collection and be relatively stable.
5. Incidence effects should be managed

### RESPONSIBILITIES

Strategy

- Propose charging principles (for Board approval)
- Design appropriate future charging structures
- Maintain 'risk register' of charging-related issues and approve mitigating actions
- Approve stakeholder communication strategy in respect of charges

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- Agree charging-related customer research to be carried out
- Agree charging related elements of the Inclusivity Strategy

### Policy

- Consider and approve changes to charging structures
- Consider and approve any new cross subsidised social tariffs
- Consider any charging and payment related commitments made in the AMP7 Business Plan
- Consider handling strategies for bill impacts of changes to charging structures
- Consider communications to customers and stakeholders about bill changes
- Ensure availability of resources to deliver changes
- Approve wording of charges schemes and any changes
- Consider and approve any in-area water and/or waste water contracts

### Governance

- Monitor effectiveness of tariffs for revenue recovery
- Monitor the reconciliation of cross subsidy tariffs
- Monitor potential bill impacts arising from changes in charge multipliers
- Monitor compliance and inform decision making where trade-offs are required
- Monitor the charging elements of any new in-area water and/or waste water contract.
- Agree assurance process for annual charges
- Agree Board Assurance Statements prior to publication
- Assess assurance and recommend annual charges to Board
- Report any significant decisions and matters arising to ELT and as required to the Board

## MEETING FREQUENCY

At least quarterly, with following outline work plan:

April	<ul style="list-style-type: none"><li>• agree action plan for the year and longer term direction</li><li>• identify issues to be considered in tariff structure</li></ul>
July	<ul style="list-style-type: none"><li>• monitor income recovery against tariff expectations and identify potential bill impacts arising from changes in charge multipliers</li></ul>
September	<ul style="list-style-type: none"><li>• draft tariffs for following year</li></ul>
Late December / early January	<ul style="list-style-type: none"><li>• sign off tariffs for recommendation to Board</li><li>• sign off charges scheme wording &amp; publication</li></ul>