



Wessex Water Services Limited
Statement of Significant Changes to Household Charges
2025-26

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In accordance with the Charges Scheme Rules issued by the Water Services Regulation Authority (Ofwat) under sections 143(6A) and 143B of the Water Industry Act 1991, this statement is to notify stakeholders of the proposed significant changes to our household charges for 2025-26.

Household charges refer to charges levied and recoverable from domestic premises for any services provided while carrying out our functions as a water and sewerage undertaker. Domestic premises, as defined in the Charges Scheme Rules, means any premises used wholly or partly as a dwelling or intended for such use, such as a house or flat.

Calculation of 2025-26 chargesAllowed revenues

Charges seek to recover the revenue allowed to us by the Regulator, Ofwat. The calculation of allowed revenue for 2025-26 is based on the PR24 Final Determination and uses the following two elements:

- 1) The revenue per control based on the “k” factors per service area set out in the PR24 Final Determination. Ofwat’s Final Determination sets a higher allowed revenue for 2025-26 than for 2024-25, reflecting the step up in services we need to provide particularly for wastewater. The k-factors for each price control are set out in the table below.

Price control	K Factor
Water resources	3.66%
Water network plus	13.36%
Wastewater network plus	22.36%
Bioresources	48.4% ¹
Retail	31.1% ¹

As this is the first year of a new price control, these k-factors also incorporate the impact of regulatory mechanisms that adjust allowed revenues for performance in prior years (ODIs and accounting for previous under / over-recovery). There are no separate adjustments for regulatory penalties or deferred revenues.

- 2) The November CPIH inflation figure of 3.5%.²

The overall increase in allowed revenues for 2025-26 due to these elements is around 22%.

Consumption assumptions

Charges are also affected by consumption forecasts. We are forecasting slightly higher household consumption than our 2024-25 forecast used to set this year’s charges, as well as a slight increase in the number of customers. However, this is offset by a fall in forecast consumption volumes for non-household customers. Overall, these changes have a negligible impact on charges.

¹ There is no k factor for bioresources and retail in the same way for the other wholesale controls, however we have expressed here the real terms change in allowed 24-25 to 25-26 revenues.

² [Consumer price inflation, UK - Office for National Statistics](#), Office for National Statistics, 18 December 2024.

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Additionally, as in previous years, we have accounted for the impact of meter switchers on the relative balance of consumption between measured and unmeasured customers. As low-usage unmeasured customers switch to a meter, the average consumption of unmeasured customers has increased. This means that, to ensure we continue to reflect differences in the relative costs of serving these customer groups, the percentage increase in unmeasured charges is slightly higher than for measured customers.

Other changes

We have made no changes to the structure of our charges, the methodology for calculating household charges, or our charging policy this year.

Bill incidence effects

Taken together, the factors set out above will result in bill incidence effects of over 5% on both our primary wholesale and our household charges. The table below further details the impact of the key drivers explained above.

Factors influencing household charges	Impact on combined unmeasured charge	Impact on combined measured charge
November CPIH inflation	3.5%	3.5%
Change in revenue allowances due to k-factors	18.4%	18.4%
Change in relative consumption due to meter switching	2.1%	-0.5%
Total change in typical bill	24.1%	21.4%

These changes translate to typical bill increases ranging from £2.55 to £20.10 per month. All customer groups are likely to be affected. The full range of changes is shown below.

Household customer type	Water		Sewerage		Combined	
	Bill	Increase per month	Bill	Increase per month	Bill	Increase per month
Unit	£	£	£	£	£	£
Metered 1 person	208	£2.55 (17.2%)	222	£3.28 (21.5%)	430	£5.82 (19.4%)
Metered 2 person	307	£3.91 (18.0%)	307	£4.94 (23.9%)	614	£8.85 (20.9%)
Metered 3 person	363	£4.67 (18.3%)	355	£5.88 (24.8%)	718	£10.56 (21.4%)
Metered 4 person	425	£5.52 (18.5%)	408	£6.93 (25.6%)	833	£12.45 (21.9%)
Metered 5 person	505	£6.63 (18.7%)	477	£8.28 (26.3%)	982	£14.91 (22.3%)
Metered 6 person	570	£7.52 (18.8%)	533	£9.38 (26.8%)	1103	£16.90 (22.5%)
Unmetered "low" 100 RV	310	£4.40 (20.5%)	262	£4.74 (27.6%)	572	£9.13 (23.7%)
Unmetered "medium" 160 RV	494	£7.08 (20.8%)	418	£7.63 (28.1%)	912	£14.71 (24.0%)
Unmetered "high" 220 RV	672	£9.68 (20.9%)	568	£10.42 (28.2%)	1240	£20.10 (24.1%)

Assessment of impacts

In light of the significant bill increases expected for 2025-26, we have considered whether there is scope to amend or offset these changes in some way, for instance by deferring the recovery of some revenue until later in AMP8.

The key driver of the higher bills this year is an increase in investment that will allow us to meet the challenges of a rapidly changing world and deliver the step change in services that is required to meet new obligations and targets set by regulators, while continuing to provide excellent and resilient service elsewhere.

In developing our PR24 business plan, we carefully considered the profiling of revenues over AMP8 and how to balance the need for this immediate investment while limiting the impact on customers. We proposed a smooth increase in revenues over the first three years of AMP8, followed by a smaller increase in the final two years. To achieve this, we leveraged a range of mitigations which included: slowing down the cost recovery of investment; and reprofiling revenue beyond 2025-26, in order to limit the immediate bill impacts. We also set out how these measures should be adjusted, if Ofwat set a materially lower revenue allowance than that proposed in our business plan, in order to maintain an appropriate balance between affordability and the need for investment³.

Ofwat has taken account of this in setting allowed revenues in its PR24 Final Determination..

Having assessed Ofwat's overall settlement in the round, we do not therefore consider that we are in a position to defer any revenue allowed by Ofwat in 2025-26 as part of its Final Determination⁴. We consider this is necessary to support the overall financeability and deliverability of our plan.

Moreover, we have put in place a clear strategy to mitigate the impact of these bill increases on the most vulnerable customers in our region. The measures put in place are set out below, and will reduce bill impacts for affected customers significantly below those headline impacts presented in the table above.

On this basis, we are therefore satisfied that our proposed charges for 2025-26 strike the best balance between investment, service quality and affordability (particularly for those customers most likely to face affordability issues). We have also reviewed the k-factors set out in Ofwat's Final Determination for future years in AMP8. Consistent with our business plan, we consider that the application of these k-factors will lead to a relatively smooth bill profile over the rest of AMP8.

Handling strategy and mitigations

We are continuing our approach of making it as easy as possible for customers to receive assistance with paying their bills, through the following measures:

- 1) Our tailored Assist social tariff offers a variable level of support based on their need. For those already on our Assist tariff, we will not be passing through the full bill increase, instead only increasing bills in line with rises to benefits (which is 1.7%). This will directly mitigate the bill increases for around 25,000 households.

³ This is detailed in our PR24 Draft Determination representation [WSX-R06 – Affordability](#).

⁴ Ofwat's assessment of cashflow adequacy is also based on the profile of revenues set out in the Final Determination.

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- 2) We continue to offer support to higher users through our WaterSure tariffs. We have retained our policy of setting WaterSure tariffs at the (lower) average measured bill level.
- 3) We have also limited the increase in fixed charge elements of our tariffs to 5% or less. This gives all customers more scope to save money through meter switching and water efficiency savings, which we will continue to promote.
- 4) We continue to encourage unmetered customers to reduce their charges by [switching to a water meter](#). This includes our Money Back Guarantee which allows customers to switch back to unmetered charges if they don't save money in the first two years. We will also encourage households covered by the rollout of our smart meter programme (from mid-2025) to switch to metered charges.

We have actively engaged with stakeholders, including CCW, our Customer Challenge Group, and our Vulnerability and Affordability Panel about the changes to charges, our handling strategies and mitigations and our customer communications. This included meetings held with all groups during November 2024. These groups did not raise any significant concerns with our proposed charges, and supported our handling and communication strategies.

A summary of our key customer communications is set out below.

Customer communications

To help give early notice to customers of bill increases we have:

- Included information on bill increases in our November customer magazine, sent to our households in our region;
- Included an 'insert' into bills sent to customers;
- Published information on our website; and
- Included an update in our November electronic newsletter.

These communications include information on likely bill increases (based on our indicative charges), how to save water and save money, and how we can help customers who are struggling to pay. Alongside this, we have made it clear on our charges webpages how customers can save water and money, promoting our water efficiency and metering offerings to help all customers mitigate the impact of increasing charges. This includes information on our debt support scheme (Restart) for those who are struggling to pay, and for customers in debt.

We have also published further information on our website alongside this Statement of Significant Change, updated to reflect our final charges, which explains why bills have increased and the key reasons for this. We will carry out further communications between the publication of our full household charges scheme (on 1 February) and the start of the next charging year on 1 April.