



*Wessex Water Services Ltd*  
Statement of Significant Changes to Charges for New Connection  
Services - 2025-26

---

Wessex Water Services Ltd  
Statement of Significant Changes for New Connection Services charges - 2025-26

## Summary

In accordance with the Charging Rules for New Connection Services (English Undertakers) issued by the Water Services Regulation Authority (Ofwat), this statement is to notify stakeholders of significant changes for new connection charges for 2025-26.

## Calculation of charges

Our charges have been developed in line with the general charging principles as set out in Ofwat's Charging Rules for New Connection Services. They are set to recover the efficient costs of providing new connections and any ancillary services for new developments.

Central to this is the need for our charges to be fair, transparent, and cost-reflective. We review each charge annually, updating our cost models to reflect the actual costs we have seen over recent history as well as any known upcoming changes.

This year's connection charges are increasing. The main factors driving this increase are:

1. A planned increase in infrastructure charges, reflecting our approach to setting these charges to recover forecast network reinforcement over a five-year time horizon according to smoothed profile of increases.
2. The removal of the income offset, which Ofwat has said should not be applied for any connection entered into from April 2025. This further increases the (net) infrastructure charge to be paid.
3. An increase in labour time & materials required for certain jobs, following an internal review of the time and full set of activities that is undertaken to deliver recent new connections. This is required to ensure that we recover the full costs of provision going forwards, and that our charges remain cost reflective.
4. An increase in traffic management costs, partly resulting from increases in third-party charges.
5. The ongoing impact of inflation, which, while not as high as in previous years, remains forecast to be above the Bank of England target.
6. The government's announcement of increased National Insurance payments from 6 April 2025.

This will result in bill incidence effects of over 10% for the worked example scenarios set out as part of Ofwat's charging rules.

The table below sets out what we expect these increases to be for typical developments, aligned to Ofwat's Common Worked Examples. As shown, for a number of scenarios, the removal of the income offset accounts for the majority of the increase.

Scenario	2025-26	2024-25	% change	% change net of income offset
Single connection	£3.3	£2.7	25%	19%
*Single connection to 4 properties (4-port manifold)	£6.4	£4.9	30%	20%
Single connection to a block of flats	£9.1	£5.9	54%	24%
Medium development (Excavation: Others)	£86.8	£66.6	30%	17%
Medium development (Excavation: Wessex Water)	£139.1	£119.0	17%	10%

Wessex Water Services Ltd  
Statement of Significant Changes for New Connection Services charges - 2025-26

Large development (Excavation: Others)	£277.9	£203.3	37%	<b>19%</b>
Large development (Excavation: Wessex Water)	£474.8	£401.8	18%	<b>10%</b>
Medium development (SLP)	£28.7	£16.7	72%	<b>19%</b>
Medium development (NAV)	£22.4	£10.7	108%	<b>24%</b>
Large development (SLP)	£72.8	£30.0	142%	<b>23%</b>
Large development (NAV)	£60.2	£17.6	241%	<b>28%</b>

*Figures are in £k, nominal price. \*New prescribed scenario*

We have published full details of the calculations behind these charges using our charges calculator as part of our new connection charges scheme.

### Handling Strategies and Mitigations

The proposed changes in charges support investment that allows us to meet requests for new development. Furthermore, due to the requirement to set cost-reflective charges, there are limited options for us to mitigate these cost increases. We have a robust internal challenge process that reviews costs of completed jobs to ensure that we are setting cost-reflective charges annually.

Notwithstanding this, in light of the expected increase in connection charges, we have implemented two major mitigations:

- We continue to challenge and review the efficiency of delivery, setting stretching efficiency challenges on the cost of delivery. We will monitor outturn against forecast job times during next year to ensure job forecast times continue to be correctly calibrated.
- We have also smoothed the forecast increase in infrastructure charges which recover the costs of network reinforcement, so there is a broadly linear profile of increases across the next five years to 2030. This is due to the forecast profile of our network reinforcement investment being frontloaded earlier on in AMP8, particularly for waste. All other things equal, this results in a lower overall increase in combined supply and waste connection charges for 2025-26, compared to setting charges to recover in-year costs.

We have also put in place a clear communication strategy to ensure that all customers are aware of the increases and can plan accordingly – this is summarised below.

Finally, we will continue to promote alternative delivery models (SLPs, NAVs) so that customers can choose the most effective delivery strategy for them. This is reflected in the fact that there has been continued growth in the number of NAV properties connected in recent years, by 40% and 25% so far in 2024-25 for supply and waste respectively.

### Communication strategy

To help give early notice to customers of the bill increases, we published a full set of indicative charges on our website in November 2024, significantly in advance of the next charging year, and notified all relevant stakeholders. To accompany this, we extended invitations for further discussions around charges, either as one-on-one sessions, or as a group session.

We have held ad hoc engagement with developers throughout the year, including on charging arrangements. We will continue to do so between now and the start of the next charging year in April 2025, to ensure that they are aware of and understand the changes in charges.

Wessex Water Services Ltd  
Statement of Significant Changes for New Connection Services charges - 2025-26

**Board Assurance**

I confirm on behalf of the Board, that the Board has assessed the effects of the new charges on customers' bills for a range of different types of development and finds that there are cases where the impact exceeds +10%. These changes and associated handling strategies and mitigations are set out above.

The Board approves the impact assessments and handling strategies set out in this statement of significant changes and is confident that the Company has followed robust and rigorous procedures in developing and approving the 2025-26 Charging Arrangements for New Connections.

This document is signed by Andy Pymer on behalf of the Board.

Signed



Date: 29 January 2025

Andy Pymer  
Director of Finance  
(on behalf of the Board)