



Wessex Water Services Limited
Assurance Statement for the
2025-26 Wholesale Charges

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Introduction

Our Wholesale Charges scheme sets out the charges that, in the absence of any contractual agreement, our Licensed Providers must pay for services we provide in the course of carrying out our water and sewerage undertaker duties.

Our Wholesale Charges scheme sets out the terms and conditions of those charges. This statement provides assurance from the Wessex Water Services Ltd Board of those Wholesale Charges. Both documents are available on our website, at www.wessexwater.co.uk/our-charges.

Under the Water Industry Act our Wholesale Charges for 2025-26 must comply with the Wholesale Charges Rules issued by Ofwat in October 2021 (“the Charges Rules”). In addition, our Wholesale Charges should comply with our obligations under our Operating Licence and law.

Board ownership

The Board owns and is accountable for the development of the Wholesale Charges.

On 30 September 2024 the Board considered our strategy for Wholesale Charges for 2025-26 and the associated governance processes. It also reviewed and approved the Indicative Wholesale Charges for 2025-26. These charges were subsequently published on 10 October 2024.

On 25 November 2024, the Board confirmed the decisions above and considered analysis of expected bill changes based on draft final charges. The Board noted that our final Wholesale Charges will be updated to reflect November CPIH, and the impact of Ofwat’s PR24 Final Determination on revenue allowances.

The Board delegated authority for final sign-off of the charges documents to the Director of Finance, subject to review of November CPIH and Ofwat’s PR24 Final Determination, and receipt of the final charges audit report with no material concerns.

The Assurance Statement

In making this Assurance Statement, the Board has considered the requirements set out by Ofwat in its Wholesale charging rules and confirms that, to the best of its knowledge and belief:

1. The Company complies with its legal obligations relating to the Wholesale Charges it has published.
2. The Board has assessed the effects of the new charges on water supply and sewerage licensees (as a whole or in groups) who are retailing wholesale services and on customers occupying Eligible Premises (as a whole or in groups) and approves the impact assessments and handling strategies developed in instances where bill increases for licensees (as a whole or in groups) who are retailing wholesale services and on customers occupying Eligible Premises (as a whole or in groups) exceed 5%.
3. The Company has appropriate systems and processes in place (including up-to-date models and data) to make sure that the information published about its Wholesale Charges is accurate.
4. The Company has consulted with relevant stakeholders in a timely and effective manner on its Wholesale Charges; and
5. Where final Wholesale Charges are significantly different from the indicative Wholesale Charges published for the same period, the Board has considered the reasons why those changes occurred and has issued a statement explaining why those changes were not anticipated and/or mitigated.

In addition, the Board considers the Wholesale Charges consistent with Ofwat's Wholesale charging rules.

The Board has made this statement based on the information available to it at the current time.

The Board authorised the Company's Director of Finance to sign the final Board Assurance Statement and Charges Scheme.

Signed:



Date: 10 January 2025

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

Board considerations

In making this Assurance Statement the Board has considered the following requirements set out by Ofwat in its Wholesale Charges Rules (“the Ofwat Assurance Requirements”):

1. *The Company complies with its legal obligations relating to the Wholesale Charges it has published*

The Company engaged Mott MacDonald who reviewed and confirmed that:

a. Our Wholesale Charges for 2025-26 are appropriate to meet our obligations under:

- Ofwat’s Wholesale Charging Rules published in October 2021;
- The Water Industry Act 1991 (as amended in 1999 and 2014) – sections 93A (in so far as the wholesale charges do not derogate from the duty to promote the efficient use of water), 142-148 (as currently in force);
- The Water Industry (Charges) (Vulnerable Groups) Regulations 1999;
- The Water (Prescribed Conditions) Regulations 1999;
- The Water (Meters) Regulations 1988 (Amended 1988); and
- The Flood and Water Management Act 2010 – sections 43.

b. Our Wholesale Charges are consistent with the Company’s obligations under licence conditions E and R.

c. Our charges calculations are:

- based on a reasoned forecast of charge multipliers for the charging year; and
- consistent with the Company’s obligations under licence condition B and the PR24 final determination of prices and associated Notification.

2. *The Board has assessed the effects of the new charges on water supply and sewerage licensees (as a whole or in groups) who are retailing wholesale services and on customers occupying Eligible Premises (as a whole or in groups) and approves the impact assessments and handling strategies developed in instances where bill increases for licensees (as a whole or in groups) who are retailing wholesale services and on customers occupying Eligible Premises (as a whole or in groups) exceed 5%;*

In November 2024, the Board reviewed all proposed changes in charges compared to the previous charging year, based on the latest information at the time, and considered how these translated into bill changes for a selection of Eligible Premises. Incidence effects exceeded 5% for almost all customers, Eligible Premises and Licensees. We have developed a full customer communication strategy (summarised in our Statement of Significant Change) to mitigate the impacts of the greater than 5% increase in bills.

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The Board delegated authority for final sign-off of charges to the Director of Finance, subject to review of November CPIH and Ofwat's PR24 Final Determination.

Updating our charges to reflect these two factors has resulted in the following changes to wholesale bills:

Non-household annual consumption/RV	Water		Sewerage		Combined	
	£	%	£	%	£	%
Measured						
100m ³	301	16.0%	307	23.1%	608	19.5%
1000m ³	2,962	16.3%	2,604	27.3%	5,566	21.2%
50000m ³	131,886	16.3%	130,888	27.2%	262,774	21.5%
Unmeasured						
£300 RV	856	18.9%	753	26.5%	1,610	22.4%

The Director of Finance has reviewed these revised bill changes, taking account of the two factors above, and is content that our handling strategy remains appropriate in respect of the final Wholesale Charges.

3. The Company has appropriate systems and processes in place to make sure that the information published about its Wholesale Charges and additional information is accurate

The Board reviewed and approved the governance and assurance processes and procedures for the setting of charges in September 2024.

In addition to the external assurance laid out above, the Company continues with its internal charges assurance processes including ensuring clear ownership of the process resides with a senior manager, in this case the Director of Strategy & Regulation.

The charges setting process requires the economic regulation team to engage with internal and external stakeholders to ensure that the charges proposals are well rounded and practical, in particular there is significant engagement with the Company's internal lawyers and those responsible for billing and collecting charges.

4. The Company has consulted with relevant stakeholders in a timely and effective manner on its Wholesale Charges; and

The Board was informed that stakeholders have been engaged with in a timely manner. The Company discussed its charges strategy with its Customer Challenge Group (CCG) over summer 2024. It also communicated key changes with relevant stakeholders in early October 2024, in advance of publishing its indicative charges on 10 October and notifying all stakeholders of this. The Company has liaised on queries from retailers relating to the publication of these charges.

Further engagement in relation to 2025-26 charges has occurred over the autumn through the Retailers Wholesalers Group (RWG).

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The Company also met with a number of Licensed Providers on an ad hoc basis throughout the year. Wholesale charging policy was a standing item on the agenda.

5. Where final Wholesale Charges are significantly different from the indicative Wholesale Charges published for the same period, the Board has considered the reasons why those changes occurred and has issued a statement explaining why those changes were not anticipated and/or mitigated.

Since publication of the indicative Wholesale Charges, we have made the following changes:

- Used the published November CPIH figure of 3.5%.
- Updated the k-factors used in the calculation of charges with those set out in Ofwat's PR24 Final Determination Notification
- Updated our consumption forecasts taking account of more recent outturn information.

Mott MacDonald have audited these changes.

The changes resulting from the first two changes have been anticipated. As part of our indicative Wholesale Charges publication, and our associated engagement with stakeholders, we highlighted that these factors would result in changes to our final wholesale charges. On this basis, the Board has delegated sign-off of final Wholesale Charges to the Director of Finance, subject to review of November CPIH and Ofwat's PR24 Final Determination, and their impact on final charges – all of which were considered as part of the expected bill changes based on draft final charges in November 2024.