

Statement of Significant Changes

Charges 2026/27

1. INTRODUCTION

This document sets out details of significant changes to our charges for 2026/27 as required by the Charges Scheme Rules annex A2 issued by the Water Services Regulation Authority ("Ofwat") under sections 143(6A) and 143B of the Water Industry Act 1991. This updates the indicative wholesale charges information, as required by the Wholesale Charging Rules¹ annex A3, which we published on 13 October 2025.

2. BILL INCREASES COMPARED TO PREVIOUS YEAR

Compared to the previous year, almost all customers are expected to experience bill increases greater than 5%. This is based on a CPIH inflation rate of 3.6% and assumes constant characteristics such as consumption.

Greater than average bill increases are expected to be experienced by some measured household customers with relatively high levels of consumption, as we have chosen to rebalance an element of fixed charges onto the variable measured household tariff to support our water efficiency objectives, and to provide greater benefits for customers that reduce their water consumption. The increase in annual charge for the lowest consuming 10% of metered customers is expected to be 6.8% while the top 10% of customers by consumption will see increases of 14.0%. However, the company's affordability support schemes should ensure that the majority of low income / high consuming households should not experience this level of increase.

The assurance statement for household charges and the household charges scheme set out the expected bill increases for representative groups of customers.

3. UNDERLYING FACTORS

The changes in our household charges for 2026/27 detailed below are in addition to the following underlying factors which will impact primary wholesale charges for 2026/27:

- The application of November 2025 CPIH to the wholesale revenue caps of 3.6%;
- The application of the 7.1% allowed increases in regulated wholesale revenue, which take into account revenue recovery and ODI-related adjustments from AMP7
- A net 3.1% decrease relating to the Blind year adjustment for the difference between actual and forecast 2024/25 performance (note that we have deferred collection of the non-ODI element of the Blind year adjustment until later in AMP8);
- A 6.3% increase to water revenues relating to Direct Procurement payments for the Haweswater Aqueduct Resilience Programme
- Changes in underlying assumptions when setting charges, which have had a 2.8% increase on charges compared with the prior year.

¹ Issued by the Water Services Regulation Authority ("Ofwat") under sections 66E and 117I of the Water Industry Act 1991

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4. CHANGES TO SPECIFIC CHARGES

Household trials

We will continue offering the existing rainwater management trials and the water-efficiency trials in relation to free water meter installations, water-efficiency assessments and flow regulators to our household customers. We will no longer be carrying out trials to install pipe lagging and tap covers.

We have added 3 trials for 2026/27:

1. Water Efficiency – area-based incentive to reduce the amount of water used
2. First time sewerage – existing premises connect to UU sewer instead of private treatment and receive up to 3 years wastewater charges free
3. Rainwater management – buy a rainwater collection device from our website and receive a credit to your water services bill

We have increased the amounts of the incentive that we will pay for both the prize draw and the existing rainwater management trials.

One off digital tariff incentive

We are introducing a one off “sign up” discount of £5 for customers that opt to have paperless bills.

19 December 2025