# **WONDERFUL ON TAP**



# **Statement of significant changes**

## 2025-26 Household Scheme of Charges

We expect that our average household bill will increase by 21.7%, which is around £8.25 per month. We recognise that this increase will have an impact on most households - you can read more about why bills are changing and what we have done to manage price rises further on in this document.

Average bill	2024.25	2025-26	Increase			
	2024-25		%	£ / month		
Water	£238	£321	35.1%	+£7.00		
Wastewater	£219	£235	7.1%	+£1.25		
Combined bill	£457	£556	21.7%	+£8.25		

#### Illustrative bills – household customers

The change in bills for <u>typical</u> customers who stay on the same tariff from one year to the next (that is, customers who don't switch to a meter or apply for assistance) will be different from the "average" household. Illustrative bill changes for a range of customers are set out below.

Bills for typical customers (all areas except Chester)

	24-25			25-26				£ per
	Water	Waste	Total	Water	Waste	Total	Increase	month
Unmeasured								
Low	£257	£254	£511	£372	£263	£635	24.1%	+£10.25
Average	£312	£304	£616	£448	£309	£757	23.0%	+£11.75
High	£353	£341	£694	£506	£343	£849	22.3%	+£13.00
Metered								
Low	£146	£143	£289	£207	£164	£371	28.2%	+£6.75
Average	£219	£217	£436	£311	£243	£554	27.0%	+£9.75
High	£328	£316	£644	£467	£350	£818	26.9%	+£14.50
Assessed chrg								
Single person	£123	£135	£258	£170	£150	£320	24.2%	+£5.25
Flat/Terrace	£218	£200	£418	£325	£235	£560	34.1%	+£12.00
Semi-detach'd	£248	£244	£492	£359	£276	£635	29.1%	+£12.00
Detached	£297	£303	£600	£426	£334	£759	26.5%	+£13.25
Social Tariffs								
WaterSure+	£222	£216	£438	£321	£235	£556	27.1%	+£9.75
Big Diff'nce 30*	£155	£151	£306	£225	£164	£389	27.1%	+£7.00
Big Diff'nce 70*	£62	£60	£123	£90	£66	£156	27.1%	+£2.75

<sup>\*</sup>Big Difference customers can receive discounts of between 10% and 90% - two bandings have been presented for illustration.

We also provide water services in the Chester area. We don't provide sewerage services there, so the wastewater charges for these customers will be set by either Dŵr Cymru Welsh Water (DCWW) or United Utilities. We've estimated overall bills including DCWW wastewater bills because they supply the majority of Chester customers.

Bills for typical customers in Chester

	24-25			25-26				£ per
	Water	Waste	Total	Water	Waste	Total	Increase	month
Unmeasured								
Low	£215	£389	£603	£289	£443	£732	21.3%	+£10.75
Average	£287	£445	£733	£391	£508	£899	22.7%	+£13.75
High	£324	£483	£807	£443	£551	£994	23.1%	+£15.50
Metered								
Low	£139	£234	£373	£194	£262	£457	22.5%	+£7.00
Average	£207	£284	£491	£291	£320	£611	24.5%	+£10.00
High	£309	£434	£743	£435	£494	£928	25.0%	+£15.50
Assessed chrg								
Single person	£125	£434	£559	£184	£494	£678	21.3%	+£10.00
Multi-occupier <sup>1</sup>	£239	£434	£673	£360	£494	£854	27.0%	+£15.00
Social Tariffs								
WaterSure+	£222	£237	£459	£321	£266	£588	28.0%	+£10.75
Big Diff'nce 30 <sup>2</sup>	£155	£166	£321	£225	£187	£411	28.0%	+£7.50
Big Diff'nce 70 <sup>2</sup>	£62	£66	£129	£90	£75	£165	28.0%	+£3.00

- 1. Multi-occupier charge combined with DCWW rate for 3 or more persons. DCWW also has a charge for 2 occupants.
- 2. Big Difference Scheme customers can receive discounts of between 10% and 90% two bandings have been presented for illustration. Rate combined with DCWW HelpU charge.

Dŵr Cymru sewerage bills for 2025-26 are estimates because we didn't have their final charges at the time of publication. We've made an estimate of Welsh Water's likely increases based on our discussions with them and known changes since indicative charges were published in October, such as the value of inflation. Unmetered customers with high bills can often save money by switching to a meter – there is more information on our website.

## Why bills are changing

Each year the revenue controls set by our regulator, <u>Ofwat</u>, allow us to recover a fixed amount of revenue from our customers. For most of our charges this is modified by inflation, adjustments for performance and any over or under-recovery in previous years.

The level of charges is also influenced by volume. When we set our charges, we divide our allowed revenue over the properties we serve and the volume we expect them to use. When the volume increases, this lowers our average charges and if it falls then we need to increase charges to raise the same level of revenue. Nonhousehold customers in our area have been using less water than we expected, so this leads to higher charges.

#### This year:

- Inflation added +3.2% to bills.
- Ofwat revenue controls allowed for an effective real increase of +18.3%
- Volume effects increased average bills by +0.2%

The largest impact arises from Ofwat revenue controls, which are driven by the need for increased investment in our service over the next five years (2025-2030) – particularly, improving our environment. You can read more about what this is delivering for customers and the environment <u>here</u>.

It is important to note that this is the increase in the **average** household bill. During the course of the year, we expect some customers will reduce their bills by switching to metered charges, <u>WaterSure</u> or our <u>Big Difference</u>

<u>Scheme</u> and these reductions affect the average. Customers that remain on the same type of charge will see a different level of increase, as set out in the tables above.

#### **Customer views**

As part of our "customer tracker", we survey a group of customers to understand the level of increase that might have a significant impact on their household finances. Around 60% of customers thought that an increase of £5 per month would have some impact on their household finances and that this would have a big effect on around 20% of households. We know that bill increases this year are above that level and this is necessary in order to deliver on <u>customer priorities for improvement</u> to service and the environment.

We've worked with South Staffs to understand the combined impact on the customers they bill on our behalf. Our assessment of the impact on South Staffs bills is <a href="here">here</a>.

We showed a draft view of our charges to the Consumer Council for Water (<u>CCW</u>), who represent the views of water customers. Given the level of change in bills for most customers, CCW was concerned about the level of increases for customers who might struggle to pay. CCW believe that customers prefer a more stable bill profile without sharp increases from one year to the next, and this was supported by our own customer research.

Our final charges are different to the early view which we showed to CCW in September. This is mainly due to the difference between <u>Ofwat's</u> draft and final determinations for future prices; there is also a small difference due to the level of inflation. CCW have been fully involved in Ofwat's periodic review and were aware that final charges were likely to be different from the early view.

#### Managing changes in customer bills

In the future, we will need to make significant investment in our services, as we've set out in our <u>plan for the next five years</u>. Engaging with <u>CCW</u>, we've used the levers available to us to smooth out price rises so that customers do not see sudden increases in charges. This has helped to reduce the change in wastewater charges this year but for water there is a very large increase in the rate of investment that we need to make in order to make sure that customers have a reliable supply of clean water in the future.

Changes to the Big Difference Scheme

The <u>Big Difference Scheme</u> (BDS) is our social tariff, which is available to customers that are struggling to pay their water bills. Right now, the BDS provides customers with a fixed charge and this replaces their regular bill. This means they pay the same amount however much water they use, even if they are on a meter. In future, we will apply a fixed discount to customers' regular bill – this will mean that metered BDS customers can still save money if they are careful about what they use.

Customers are enrolled onto the BDS scheme for a year at a time. For customers that are already on the scheme and who still qualify when they are due for renewal, we will apply a discount that gives them a bill that is broadly similar to the charge they would have paid under the old approach. New customers joining the scheme for the first time will receive a fixed discount based on their circumstances.

Water Smart Trial

During the year we will be trialling a new charge called "Water Smart". This will provide customers with a significant discount on the first 5,000 litres of water they use each month; they will pay regular rate for the next

5,000 and a premium rate on usage of more than 10,000 litres. We think that this could encourage customers to save water and that most households will be better off on the tariff.

This type of charge is sometimes called a "rising block tariff" and they are commonly used in other countries around the world. It is a trial, so it will not be available everywhere in our region. We'll invite around 3,000 customers to join the scheme, but nobody will have to take part if they don't want to. Our regulator Ofwat has encouraged companies to try out innovative approaches which could help with affordability.

Fixed charges for unmetered customers

Some customer bills are still linked to the <u>Rateable Value</u> (RV) of their home and these bills will increase by more than metered customers. This is because – in general – unmetered customers use more water. We are gradually reducing the proportion of unmetered bills that is linked to RV and replacing this with fixed charges. We're making very gradual changes to these charges, taking account of the other pressures on customers.

Many unmetered customers can reduce their charges by switching to a meter. If you are not already on a meter, you have the option of switching free of charge. If you don't save money by switching, you can change your mind and switch back to an unmetered charge provided you ask us to do this within one year. You can apply for a meter via our website.

### Support for customers who struggle to pay their bills

For customers who may struggle to pay their bills, we offer many forms of support including: WaterSure, WaterSure Plus and the Big Difference Scheme. We're increasing the number of people we help through the Big Difference Scheme by a further 35,000 between April 2025 and March 2026 and by the end of 2030 we're aiming to support around half a million customers who may struggle to afford their bills. The Big Difference Scheme provides discounts of up to 70% off water bills for those in need. There is more information on how you might qualify for <a href="WaterSure">WaterSure</a> and the <a href="Big Difference Scheme">Big Difference Scheme</a> (BDS) on our website. We have also recently introduced debt payment matching through BDS Plus to support up to 30,000 customers per year with debt repayment support as well as a bill discount.

#### Bills for sewerage only customers

The largest group of sewerage only customers in our region are billed by South Staffs Water. While we don't know what their final charges will be at the time of publication, we have worked with them to produce the illustrative bills below based on indicative charges in October, adjusted for the difference in CPIH inflation.

**Estimated Bills for typical South Staffs customers** 

	24-25			25-26				£ per
	Water	Waste	Total	Water	Waste	Total	Increase	month
Unmetered								
Low	£154	£254	£408	£178	£263	£441	8.2%	+£2.75
Average	£194	£304	£498	£225	£309	£534	7.3%	+£3.00
High	£224	£341	£566	£260	£343	£604	6.8%	+£3.25
Metered								
Low	£129	£143	£271	£149	£164	£313	15.3%	+£3.50
Average	£183	£217	£400	£211	£243	£454	13.6%	+£4.50
High	£264	£316	£580	£305	£350	£655	13.0%	+£6.25
Assessed charges								
Single person	£181	£135	£316	£210	£150	£360	14.0%	+£3.75
Flat or terrace	£252	£200	£452	£293	£235	£528	16.8%	+£6.25
Semi-detached	£320	£244	£564	£371	£276	£647	14.6%	+£6.75
Detached	£73	£303	£376	£84	£334	£418	11.2%	+£3.50
Social Tariffs								
WaterSure Plus	£113	£216	£329	£131	£235	£366	11.3%	+£3.00
Big Diff'nce 30*	£79	£151	£230	£92	£164	£256	11.3%	+£2.25
Big Diff'nce 60*	£32	£60	£92	£37	£66	£102	11.3%	+£0.75

<sup>\*</sup>Big Difference customers can receive discounts of between 10% and 90% - two bandings have been presented for illustration. This has been combined with an estimated South Staffs Assure tariff, which offers discounts of up to 60%.

We have smaller numbers of sewerage customers on the borders of our area that are billed on our behalf by Anglian Water, Dŵr Cyrmru Welsh Water, Yorkshire Water and Thames Water. While we have not estimated the bill rises for all customers, given the level of inflation we would expect a similar impact for our other sewerage-only customers.

#### **Glossary**

#### The difference between typical and average bills

An average bill is simply the total amount billed to households divided by the number of household customers. It generally rises at a lower rate than typical bills because some customers will switch to lower tariffs during the course of a year. For example, some customers will opt to have a meter installed if they think that they will save money by doing so and some will move to discounted tariffs such as <a href="WaterSure">WaterSure</a> or the <a href="Big Difference Scheme">Big Difference Scheme</a> (BDS); customers that stay on the same tariff will not get this one-off saving. A typical bill is the amount that a customer will pay if nothing else changes (for example, if a customer is already metered and carries on using the same amount of water from one year to the next).

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#### **Rateable Value**

A property's rateable value was originally assessed by the District Valuer on behalf of the Inland Revenue. The value was based on the size of the property, the number of rooms, the amenities available and the overall location. No new rateable values have been set since March 1990 following the introduction of the Community Charge ("Poll Tax") which has since been replaced by Council Tax. Water companies are still legally entitled to use rateable value as the basis for charges, but we are not able to use Council Tax banding. New properties built since 1990 do not have a rateable value and are metered. If you have a property with rateable values you can apply for a water meter, which could save you money.

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