WONDERFUL ON TAP

SEVERN TRENT

Changes in our charges[1]

2026-27 Final Wholesale Non-Household Charges

Wholesale charges for the majority of non-household customers (who are metered) will rise by more than the level of inflation next year. You can read more about why bills are changing further on in this document.

Illustrative bills – wholesale non-household

Customers will see different bill changes depending on whether they are metered or unmetered and the amount of water they use. Illustrative bill changes for a range of customers are set out below.

Wholesale bills for typical customers (all areas except Chester)

	25-26			26-27				£ per
Wholesale	Water	Waste	Total	Water	Waste	Total	Inc %	month
Unmetered business								
Low	£345	£236	**£581**	£369	£296	**£665**	14.4%	+£7.00
Average	£421	£282	**£703**	£445	£348	**£793**	12.7%	+£7.50
High	£478	£317	**£795**	£502	£387	**£889**	11.8%	+£7.75
Metered business								
Very small (60m3)	£185	£218	**£403**	£184	£260	**£444**	10.1%	+£3.50
Small (160m3)	£446	£361	**£807**	£439	£415	**£853**	5.8%	+£4.00
1 Ml/a (1,000m3)	£2,636	£1,719	**£4,355**	£2,581	£1,892	**£4,474**	2.7%	+£9.75
5 Ml/a (5,000m3)	£13,087	£9,089	**£22,177**	£12,802	£9,949	**£22,751**	2.6%	+£48.00
25 Ml/a (25,000m3)	£60,164	£37,587	**£97,751**	£60,546	£40,820	**£101,365**	3.7%	+£301
75 Ml/a (75,000m3)	£159,506	£121,355	**£280,860**	£163,410	£132,102	**£295,512**	5.2%	+£1,221
Trade effluent								
Small (160m3)	£446	£420	**£866**	£439	£456	**£895**	3.4%	+£2.50
1 Ml/a (1,000m3)	£2,636	£7,241	**£9,878**	£2,581	£7,812	**£10,393**	5.2%	+£43.00
5 Ml/a (5,000m3)	£13,087	£7,241	**£20,328**	£12,802	£7,812	**£20,614**	1.4%	+£23.75
25 Ml/a (25,000m3)	£60,164	£35,428	**£95,592**	£60,546	£38,209	**£98,755**	3.3%	+£264
Band T								
1 Ml/a (1,000m3)	£2,636	£2,265	**£4,902**	£2,581	£2,735	**£5,316**	8.4%	+£34.50
5 Ml/a (5,000m3)	£13,087	£7,967	**£21,054**	£12,802	£8,911	**£21,713**	3.1%	+£55.00

Note that these are all **wholesale bills** for retailers. Final bills for customers will depend on retailer charges.

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.

[1] Wholesale non-household statement of significant changes

Wholesale[1] bills for typical customers in Chester area

	25-26			26-27				£ per
Wholesale	Water	Waste	Total	Water	Waste	Total	Inc %	month
Unmetered business								
Low	£201	£377	**£577**	£226	£420	**£647**	12.0%	+£5.75
Average	£348	£450	**£798**	£375	£502	**£877**	9.9%	+£6.50
High	£447	£525	**£972**	£474	£586	**£1,060**	9.1%	+£7.25
Metered business								
Very small (60m3)	£173	£303	**£476**	£175	£340	**£514**	8.1%	+£3.25
Small (160m3)	£413	£571	**£984**	£414	£642	**£1,056**	7.4%	+£6.00
1 Ml/a (1,000m3)	£2,431	£5,194	**£7,626**	£2,426	£5,772	**£8,198**	7.5%	+£47.75
5 Ml/a (5,000m3)	£12,063	£23,826	**£35,888**	£12,026	£26,837	**£38,863**	8.3%	+£248.00
25 Ml/a (25,000m3)	£60,125	£116,982	**£177,106**	£59,930	£132,159	**£192,089**	8.5%	+£1,249
75 Ml/a (75,000m3)	£159,506	£356,762	**£516,268**	£163,410	£402,821	**£566,231**	9.7%	+£4,164

1. Estimate based on information from Dŵr Cymru.

Dŵr Cymru sewerage bills for 2026-27 are estimates because we didn't have their final charges at the time of publication. We've worked with them to understand the likely changes and adjusted for the actual value of inflation.

Why bills are changing

Each year the revenue controls set by Ofwat (our regulator) 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.

If business demand falls, this leads to a lower contribution to the cost of running the services we provide and upward pressure on bills for all customers. We also expect some household and business customers to move to lower tariffs, which reduces their contribution. This will inevitably lead to increases for customers that continue to be billed in the same way as they were last year.

The factors affecting a **combined bill** for non-household customers are:

- Inflation added **+3.5%** to wholesale bills
- **Ofwat revenue controls** allowed for an effective real increase of **+7.3%**
- **Blind Year Adjustments** to revenue and expenditure reduced bills by **-1.7%**
- **Performance adjustments** (**ODIs**) increased bills by **+0.5%**
- **Volume** and other changes increased charges by **0.4%.**

The increases will deliver huge 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 here.

Stakeholder 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 household 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. An extra £5 per month equates to an increase of about 11% on the average household bill. There is a huge difference between large and small non-households which means that an average might not be very representative of bill changes for most customers. Most are small businesses with usage of 500m3 or lower, similar to metered households.

Our illustrative bills above show that the increases for small business customers are around the level that may be significant. These price rises are necessary in order to deliver on customer priorities for improvement to service and the environment. We talked to households and business customers across our region when we were putting together our plans. When we explained what our plan would deliver, customers generally thought that our plan was acceptable and focussed on the right things.

Some customers only receive one of their wholesale services from us, with water or wastewater being provided by another company. The largest group of these get their water from South Staffs. We've worked with them to understand the combined impact on customers that have wholesale water supplies from them. Our assessment of the impact on South Staffs bills is here. We've also worked with Dŵr Cymru to understand the combined bill impact on water-only customers in Chester.

We showed a draft view of our charges to the Consumer Council for Water (CCW), 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. We discussed the increase in charges this year and the profile of future bills in light of our investment proposals for the years after 2025 (you can read more about this in our Business Plan). 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. We have therefore deferred some revenue that we could have included within charges this year; this reduced wastewater bills by around 5.5% (2.4% on a combined bill).

Our final charges are little different to the early view which we showed to CCW in September. The small difference is mainly due to changes between our early view of "Blind Year Adjustments" and Ofwat's final determination for these; there is also a small difference due to the level of inflation.

Our retail account managers engage with retailers directly and we also engage with retailers at a national level through the RWG[1]. In recent years we have implemented a number of RWG recommendations to harmonise and simplify tariff structures:

- We have applied the common 95% "return to sewer" assumption;
- We have reduced the number of meter-based standing charges from 11 to 4 broad size bands;
- We have organised our volumetric charges into five broad thresholds (aligning to the Retail controls) and aim to simplify this further in future.

Our industry regulator Ofwat has been fully involved in all RWG discussions.

[1] Retailer Wholesaler Group

Managing changes in wholesale bills

Where we introduce new charges, or different forms of charging, we do this gradually:

Unmetered customers
We are gradually reducing the proportion of the unmetered customers bill that is linked to the Rateable Value (RV) of their property and replacing this with fixed charges. There are few non-household customers that are still charged on the basis of RV and the wholesale unit rate is the same as for residential properties. Non-households charged in this way can ask for a metered charge and where it is not practical to install a meter they can opt for an assessed charge.

Volumetric charges
We are gradually harmonising the volumetric rates paid by non-household customers at different levels of consumption. This will better reflect the increasing scarcity of water resources and will reduce the complexity of our charges in future, in line with RWG recommendations. However, we expect this transition to take a significant period of time and the pace of change will depend on other factors influencing customer bills such as inflation and future investment.

There are no changes to the structure of our wholesale charges this year.

Illustrative wholesale bills for sewerage only customers

The largest group of sewerage only customers in our region receive wholesale water from South Staffs. While we don't know what their final charges will be at the time of publication, we have estimated a combined bill impact based on their indicative charges.

Estimated wholesale bills for typical South Staffs customers

Wholesale	25-26 Water[1]	Waste	Total	26-27 Water[1]	Waste	Total	Incr %	£ per month
Unmetered								
Low	£163	£236	£399	£168	£296	£464	16.3%	+£5.50
Average	£205	£282	£487	£212	£348	£560	14.9%	+£6.00
High	£237	£317	£554	£245	£387	£632	14.1%	+£6.50
Metered								
V Small (60m3)	£129	£218	£347	£133	£260	£393	13.2%	+£3.75
Small (120m3)	£290	£361	£651	£300	£415	£714	9.7%	+£5.25
1,000m3	£1,646	£1,719	£3,365	£1,700	£1,892	£3,593	6.8%	+£19.00
5,000m3	£8,105	£9,089	£17,194	£8,370	£9,949	£18,319	6.5%	+£93.75
25,000m3	£40,399	£37,587	£77,987	£41,720	£40,820	£82,539	5.8%	+£379.50
75,000m3	£117,590	£121,355	£238,945	£121,429	£132,102	£253,530	6.1%	+£1,216

1. Estimate based on information from South Staffordshire Water, updated for final value of inflation.

Note that these are all **wholesale bills** for retailers. Final bills for customers will depend on retailer charges. There are smaller numbers of customers at the borders of our region that receive wholesale sewerage services from us and wholesale water services from Anglian Water, Dŵr Cymru Welsh Water, Thames Water or Yorkshire Water. While we have not estimated the wholesale bill changes for all customers, given the level of inflation we would expect a similar impact.

Glossary

Revenue Corrections

Every five years, Ofwat sets revenue controls for Severn Trent. We are allowed to collect a fixed overall amount to cover the cost of running the network, supplying water, collecting wastewater and treating sewage. When we set charges, we try to make sure that they will recover the correct amount in the next charging year, but we need to forecast – for example, we don't know exactly how much water customers will use in advance. If we collect more than Ofwat allowed, we return this to customers by reducing future charges and vice versa.

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Blind year adjustments

Ofwat sets revenue allowances every five years; revenue controls for the period from April 2025 to March 2030 were set in December 2024. At that point, Ofwat's determinations included some forecast revenue and expenditure for the financial year 2024-25. Once the actual results are known, we apply an adjustment to bills which takes account of the difference. We try to spread this out over the control period to limit the effect on price changes from year to year.

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Outcome Delivery Incentives

When Ofwat sets our revenue controls, we also agree a set of Performance Commitments with Ofwat. These are things that our customers tell us are important to them such as reducing interruptions to supply, leakage and sewer flooding. If we don't hit our targets then customers get a reduction in their bills; if we do really well and exceed the target then we are allowed to collect some more revenue. Overall, ODIs are a small proportion of the average bill. You can read more about what your bills pay for on our website here.

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Rateable Value

A property's rateable value (RV) 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 Poll Tax (since 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, set a rateable value for any new property or change an existing RV. New properties built since 1990 do not have a rateable value and are metered.

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