



STATEMENT OF SIGNIFICANT CHANGES 2025/26

As required under section A4 of the Wholesale Charging Rules issued by the Water Services Regulation Authority under sections 66E and 117I of the Water Industry Act 1991, South West Water (SWW) is publishing details of any significant changes to our indicative primary wholesale charges for 2025/26, including where bill increases are expected to be greater than 5% from the previous year.

Our wholesale charges, published alongside this statement, have been developed using best available information and assumptions, notwithstanding ongoing uncertainty around the economic environment.

Our Charges Schemes, to be published separately, will set out charges for all customer tariffs for 2025/26.

Key assumptions underpinning charge movements

The changes in primary charges for 2025/26 include the following assumptions:

- November CPIH inflation estimate (3.5%) using Government and independent sources.
- Charges for all regions have been set using the PR24 Final Determination
- Estimated future consumption and customer numbers.

Charging policy

In recent years we have undertaken significant work to remove water poverty in the region, encourage water efficiency and make our charges progressive.

In 2024/25 we restructured the SWW non household (NHH) large user charges (water and wastewater) to remove the falling block structure and reflect that the region is no longer in water surplus. This is being phased in across the AMP and the second tranche has been applied in 2025/26.

For 2024/25 we also identified a need to rebalance the recovery of surface water drainage costs between household and non-household customers. This is also being phased in across the AMP and the second tranche has been applied in 2025/26.

During 2024/25 we have commenced a number of progressive charging trials – these are ongoing as the trial period crosses several financial years. Full details of the proposed trials and charges applicable to each trial are published in the Appendix of the Wholesale Charges Document for each region.

We committed to a target of zero customers in water poverty by 2025 and we remain committed to maintaining that position. We have plans and processes in place to support customers in need through water efficiency, metering and social tariffs as well as our ongoing charge trials and reviews to refine our charging structure.

Fundamentally we want our charges to be as fair as possible. Fairer charging means that customers who use more water pay more, allowing us to ensure that our bills are more affordable for those who might struggle to pay for an essential service.

Bill increases of more than 5% from the previous year

Primarily due to the uplift in revenue in the Final Determination, all customers in the SWW and BW regions are expected to see a bill increase greater than 5% in 2025/26. In the BRL region most customer will see a >5% increase due to PR24 but the total bill movement is usually less than £30 year on year.



In addition to opting for a meter we provide domestic support tariffs through Watersure, Watercare and Assist and our extensive water poverty modelling has so far led to the automatic enrolment of 26,000 customers onto these tariffs to remove them from water poverty.

We are working with customers by offering payment breaks, water efficiency advice and home visits as well as help with debt (including proactive intervention to help avoid debt). To ensure customers have all the financial income available we help customers to identify benefit entitlement and our Watershare+ incentive scheme has shared financial efficiencies with our customers which can be used either to become a Pennon Group Plc shareholder or as a credit against the bill. Alongside this our Stop the Drop and Water is Precious campaigns have provided direct support to customers, rewarding them financially for collective water efficiency activity.

For NHH customers we are focused on supporting these customers through their retailers to maximise water efficiency saving measures to reduce consumption and therefore bills. This will include specific focus on the greatest impacted customers in advance of the charging year commencing in order to tailor support where necessary.

Further review of handling strategies has been undertaken between indicative and final tariffs to ensure every possible support is available to our customers.

Bill movement from previous year

The chart below shows the underlying drivers of the movement in the average household bill between prior and current year. As this is the first year of the new cycle the PR24 k factors includes the ODI and RFI adjustments from FY24. The main uplift is due to the business plan submitted for PR24 – this funding will be utilised to deliver our customer’s top priorities, including securing safe, clean drinking water, reducing the use of storm overflows across the regions’ bathing waters, and protecting the environment.

Whilst there will be some adjustments to customer bills, we are committed to keeping our bills affordable for all. We will continue to offer support programmes for those in financial difficulty and work on initiatives to improve efficiency and reduce costs. During the 2025-2030 period we plan to increase our package of financial support to over £200m and are doubling down on our commitment to eradicate water poverty by 2030.

