

SOUTH STAFFORDSHIRE WATER PLC

2025-26 CHARGES

STATEMENT OF SIGNIFICANT CHANGES TO DEVELOPER CHARGES

Under the charges scheme rules for new connection services issued by the Ofwat, we are required to include a statement in the charging arrangements for new connection services setting out any significant changes to bills for typical developments when publishing those arrangements for 2025-26. This is set out below:

(a) Worked examples of typical development bills for new connection services.

We have included a list of typical examples as set out by Ofwat in appendix 4 of this document.

(b) Confirmation of whether the water company is expecting there to be any bill increases of more than 10% from the previous year (for a given type of development) and, if such increases are expected:

o what size increase is expected;

Our infrastructure charges and a number of our service connection and mains laying charges will increase by over 10% in our 2025/26 charges compared to our 2024/25 charges.

The 18% increase in our infrastructure charge simply reflects the investment we expect to make in network reinforcement schemes in AMP8 in line with our PR24 plan. We have maintained a consistent charge for a number of years however we now need to increase this charge to ensure we recover the cost of the network reinforcement schemes.

A number of our service connection and mains laying charges will increase by over 10% in our 2025/26 charges compared to our 2024/25 charges. Main laying charges are increasing by an average of 19% and service connection charges are increasing by an average of 14%. We continue to experience cost pressures and whilst we will do all we can to maintain stable charges, mitigate against increases where we can and operate as efficiently as possible, we need to ensure our charges are cost reflective as we continue to stabilise following two years of unprecedented cost pressure increases. It is clear that we need to increase our charges to not only reflect the employee cost, contractor cost and material cost increases that we will experience as we move into 2025/26 but also to continue to recover from those unprecedented increases in recent years.

We have chosen to pass the full cost increases that we are experiencing in delivering service connection and main laying activity onto our charges for 2025/26 as:

- we are required to set charges which are cost reflective and

- service connection and mains laying charges recover revenue for activities which sit within a competitive market (contestable activities) and therefore this decision ensures we maintain a level playing field.

o what types of typical developments are likely to be affected; and

All types of typical developments are likely to be affected.

o the handling strategies adopted by the water company or why the water company considered that no handling strategies are required.

The handling factors for these increases are:

- Developer customers have until 1 April 2025 to obtain quotations for schemes under our 2024/25 charges and have a 12 month validity period on these quotes
- We have a wide set of water efficiency options within our developer charges such that developer customers can achieve greater discounts for building water efficient homes which can mitigate any bill increases.

Based on the above, the Board of Directors has assessed the effects of the new charges on customers' bills for a range of different types of development, and approves the impact assessments and handling strategies.



Charley Maher
Director
South Staffordshire Water PLC