

Thames Water Utilities Limited (TWUL)

Published date: 29 January 2026



# Statement of Assurance

2026/27

End-user household charges schemes for the  
supply of water and wastewater services

## Statement of Assurance for 2026/27 Charges Schemes

### Introduction

1. The purpose of this document is to provide a statement of our assurance in relation to our 2026/27 Charges Schemes, hereafter referred to as our “Charges Schemes.”
2. Our Charges Schemes fix the charges that our household customers must pay for the period from 1 April 2026 to 31 March 2027 for specified services we provide in the course of carrying out our regulated duties; as well as setting out the terms and conditions of those charges and the times and methods of payment that our customers can use to pay their bill. Our Charges Schemes will be made available on our website<sup>1</sup>.
3. The Charges covered by this statement have been set based on the allowed revenues as published by Ofwat in the Price Review 2024 (“PR24”) Final Determination (“FD”) adjusted for the in-period determination that reflects Outcome Delivery Incentive (“ODI”) payments relating to our actual performance from 2024/25, published by Ofwat on 13 November 2025.
4. We have also factored in a reduction to our wholesale water allowed revenues for the Blind Year Adjustment (“BYA”) that updates the forecast performance for 2024/25 that was built into the PR24 FD for the actual performance recorded across metrics including wholesale revenue recovery.
5. The Charges Schemes therefore take account of:
  - the publication of the PR24 FD which fixes the revenue we can collect from customers in 2026/27;
  - the in-period determination that reflects ODI payments relating to our actual performance from 2024/25;
  - the Thames Tideway Tunnel (“TTT”) Infrastructure Provider charge that we collect on behalf of Bazalgette Tunnel Limited from our wastewater service customers;
  - inflation (CPIH) as published by the Office for National Statistics<sup>2</sup>, at 3.5%; and
  - the forecast changes in the levels of water usage by our household and non-household customers.

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<sup>1</sup> <https://www.thameswater.co.uk/help/account-and-billing/understand-your-bill>

<sup>2</sup> “Consumer price inflation, UK: November 2025”, Office for National Statistics, 17 December 2025

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6. Our end-user prices are increasing such that typical bill increases will exceed five per cent for water-only household customers, as can be seen in Table 1 in paragraph 18 below and in Appendix 1.
7. Typical bill increases for all wastewater-only and dual service household customers will however not exceed five per cent when compared to 2025/26.

### **Board endorsement of this assurance statement**

8. Our Board accepts ownership of, and accountability for, the development of our Charges Schemes.
9. This statement has been approved and signed by Steve Buck (Chief Financial Officer), Cathryn Ross (Strategy & External Affairs Director) and Nick Land (Senior Independent Non-Executive Director and Chair of our Audit and Risk Committee) on behalf of the Board of Thames Water Utilities Limited (the “Company”). The Board delegated this authority at their meeting on 1 October 2025 where they also approved our indicative wholesale charges that were published on 13 October 2025.
10. As set out in the sections below, in approving the Charges Schemes, the Board has considered:
  - all relevant legal obligations and guidance;
  - bill movements, impact assessments and the associated approach (“handling strategies” as referred to by Ofwat) that, if appropriate, we may adopt to mitigate the impact on customer bills;
  - the existence of appropriate systems and processes used to set our charges; and
  - engagement with relevant stakeholders, in particular the Consumer Council for Water (“CCW”), the voice for water consumers.

### **Legal obligations and guidance**

11. Our Charges Schemes have been prepared in accordance with Thames Water’s legal obligations. In particular, our Charges Schemes:
  - (a) comply with the price limits imposed on us by the PR24 FD (published on 19 December 2024);
  - (b) comply with our legal obligations, as appropriate to our retail charges, including under:
    - (i) Competition Act 1998;
    - (ii) Water Industry Act 1991 (sections 93A, 142-149);
    - (iii) Flood and Water Management Act 2010 (section 44);
    - (iv) The Water Industry (Charges) (Vulnerable Groups) (Consolidation) Regulations 2015;

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(v) The Water Industry (Prescribed Conditions) Regulations 1999;

(vi) The Water (Meters) Regulations 1988; and

(vii) Relevant Licence conditions; and

(c) are consistent with Ofwat's Charges Scheme Rules as published in December 2022.

12. The Charges Schemes comply with information requirements as set out in Ofwat's Information Notice IN25/04 ("Expectations, assurance and information requirements for water company charges for 2026-27" issued in October 2025).

13. We have also considered Thames Water's statutory obligations relating to charging.

### **Bill movements, impact assessments and mitigating actions**

14. Based on our modelling for 2026/27 charges, prior to applying any reductions to our allowed revenues due to the BYA, we anticipate that year-on-year bill increases will exceed five per cent when compared to 2025/26 for all water-only household customers and some dual service household customers with higher-than-average bill values.

15. Our BYA represents a significant negative adjustment to our allowed revenues, primarily due to the revenue over-recovery recorded in 2024/25 which is compared to a zero over-recovery assumption in the PR24 FD. The BYA can be profiled over the period 2026/27 to 2029/30 at the discretion of each water company.

16. In considering how to use the BYA to smooth bill impacts for customers across the 2026 – 2030 period, we are applying a reduction of £10m to our wholesale water allowed revenue in setting our Charges for 2026/27.

17. The effect of this is that all wastewater-only and dual service customers will see year-on-year bill movements of less than five per cent when compared to 2025/26. Price rises for water-only customers will however remain above the five per cent threshold.

18. In Table 1 below, we set out the typical bill increases for household customers relative to our 2025/26 bills, both before and after the application of the BYA.

**Table 1: Average impact across typical household customer types 2026/27**

| Customer type | Pre-BYA    |         | Post-BYA   |         |
|---------------|------------|---------|------------|---------|
|               | Unmeasured | Metered | Unmeasured | Metered |
| Water-only    | 9.9%       | 10.0%   | 9.3%       | 9.5%    |
| Waste-only    | (3.7%)     | (3.5%)  | (3.7%)     | (3.5%)  |
| Dual service  | 3.8%       | 3.7%    | 3.4%       | 3.4%    |

Source: Thames Water tariff model 2026/27

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19. The figures in Table 1 showing typical bill movements indicate that after application of the BYA, water-only customers will experience bill increases in excess of five per cent for 2026/27.
20. The primary driver for the increase in our water prices that will impact bills in 2026/27 is the level of allowed revenue included within the PR24 FD as published by Ofwat. This recognises the significant and ambitious investment that is needed in our network to deliver improved services to our customers and to protect the environment.
21. The Board recognises the ongoing cost-of-living pressures that are still being felt by customers and therefore appreciates the need to identify actions to mitigate against significant price rises. We are therefore proposing to apply enough of the BYA in 2026/27 to bring price rises to below five per cent for all wastewater-only and dual service customers, retaining the remainder of the BYA to allow bill profiles in the latter part of the 2025 – 2030 period to follow a smoother trajectory.
22. Other options for the BYA profile were considered (such as front or back-loading the adjustment), however a phased approach will increase the likelihood of keeping year-on-year bill increases to below five per cent for as many years as possible between 2026 and 2030.
23. For our c.50,000 water-only household customers, price rises for services provided by Thames Water will be in excess of five per cent. Around 70% of these customers are not in receipt of mains sewerage services and, as our prices for Cess services typically follow the movements in our wholesale wastewater charges, the combined bill impact for these customers is likely to be in line with our own dual service customer base.
24. For the remaining customers that receive mains sewerage services from another water company, based on the indicative wholesale wastewater price increases for the three companies in question (Anglian Water, Severn Trent and Wessex Water) that range between 7% and 15%, taking further proportionate mitigating action on our wholesale water charges would have only a limited impact on the combined bill increase for these customers.
25. We therefore do not consider further mitigating action to be appropriate or practicable at this time, also given the inclusion of price increases of this magnitude within the PR24 FD published by Ofwat.
26. We do, however, continue to offer support through our social tariff in order to help those household customers that are at risk of struggling to pay their bill. In 2026/27, we will provide more assistance to more customers through our WaterSure and WaterHelp tariffs than ever before.
27. In 2026/27, we are also introducing additional discount tiers to our WaterHelp tariff with discounts of 25%, 75% and 99% available in addition to the existing 50% discount. This will enable us to target the support offered more appropriately and fairly. In addition, our

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Extra Support Scheme, a support measure offering a bill credit to customers who are in arrears and that have a household budget deficit, will continue in 2026/27.

28. We will be publishing on our website information for customers on price rises for 2026/27 for each tariff type (metered and unmeasured) along with the reasons for the increases.

### **Appropriate systems and processes**

29. In assessing whether there are systems and processes in place (including up-to-date models and data) to make sure the information published in the Charges Schemes is accurate, the Board has considered:

- the rigorous system for compiling, collating and managing the data and information required to produce the Charges Schemes;
- the governance framework detailing the assurance approach adopted and the outcome of the independent review of the tariff model by Internal Audit;
- the process of internal review and formal sign-off by approved appropriately qualified members of staff;
- confirmation of the degree of assurance undertaken and the source information/data used in the tariff calculations;
- the dedicated and assured charge multiplier and tariff models used to determine wholesale and retail tariffs;
- confirmation that the Charges Schemes have been calculated in a manner compliant with the individual price controls; and
- confirmation that there is no material issue outstanding arising from the assurance work undertaken.

### **Engagement with stakeholders**

30. We have engaged in an ongoing dialogue and consultation process with CCW in relation to our Charges Schemes. In particular, we have provided CCW with information on a number of separate occasions in connection with the development of our Charges Schemes and bill impacts.
31. This consultation process continued when we met with CCW on 19 December 2025 to discuss our proposed Charges, the impact on bills to customers and updates to charging documentation. CCW were supportive of our proposed approach to our Charges, acknowledging the impact of the PR24 FD on customer bills and the mitigating action we are taking in partially applying the BYA.

### **Board approval process**

32. In satisfying Ofwat's requirements specified in the Charges Scheme Rules (published on 5 December 2022) and Information Notice IN25/04 ("Expectations, assurance and information requirements for water company charges for 2026-27" published in October

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2025), we confirm, on behalf of the Board, that the Company has followed robust and rigorous procedures in developing and approving the Charges Schemes.

33. This has been achieved through a series of meetings of the Executive Committee and the Board. At the Board meeting on 1 October 2025, Cathryn Ross (Strategy & External Affairs Director), Steve Buck (Chief Financial Officer) and Nick Land, our Senior Independent Non-Executive Director and Chair of our Audit and Risk Committee, were authorised to sign assurance statements on the Board's behalf, and in doing so confirm that:

- the Charges Schemes are consistent with Thames Water's legal obligations in relation to end-user charges;
- the Board has considered the impact of the charges in the Charges Schemes on customer bills for different customer groups and approves the approach to mitigating this customer bill impact;
- the Board has satisfied itself that appropriate systems and processes are in place to ensure that the Charges Schemes are accurate; and
- the Company has consulted CCW in a timely and effective manner on its Charges Schemes.

Signed by, and on behalf of the Board:

Dated: 9 January 2026

Signed



Nick Land

Senior Independent Non-Executive Director

Dated: 9 January 2026

Signed



Steve Buck

Chief Financial Officer

Dated: 9 January 2026

Signed



Cathryn Ross

Strategy & External Affairs Director

For and on behalf of Thames Water Utilities Limited

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### Appendix 1: Household 2026/27 typical bill movements

**Table 2: Typical bill values of household customers**

|  | 2025-26<br>(£) | 2026-27<br>(£) | Change<br>(%) |
|--|----------------|----------------|---------------|
| Water u/m area 1 RV of £240                    | 372            | 406            | 9.1%          |
| Wastewater u/m area 1 RV of £240               | 288            | 278            | -3.4%         |
| Combined HH bill - unmetered                   | 660            | 684            | 3.6%          |
| Water u/m area 4 RV of £50                     | 159            | 170            | 7.1%          |
| Wastewater u/m area 4 RV of £50                | 180            | 175            | -2.6%         |
| Combined HH bill - unmetered                   | 339            | 345            | 2.0%          |
| Water u/m area 4 RV of £240                    | 462            | 505            | 9.3%          |
| Wastewater u/m area 4 RV of £240               | 373            | 359            | -3.8%         |
| Combined HH bill - unmetered                   | 836            | 865            | 3.5%          |
| Water u/m area 7 RV of £240                    | 617            | 676            | 9.6%          |
| Wastewater u/m area 7 RV of £240               | 477            | 458            | -4.0%         |
| Combined HH bill - unmetered                   | 1,094          | 1,134          | 3.7%          |
| HH metered bill water 50m <sup>3</sup>         | 188            | 204            | 8.5%          |
| HH metered bill wastewater 50m <sup>3</sup>    | 208            | 202            | -2.8%         |
| Combined HH bill - metered                     | 395            | 405            | 2.5%          |
| HH metered bill water 80m <sup>3</sup>         | 262            | 286            | 9.1%          |
| HH metered bill wastewater 80m <sup>3</sup>    | 254            | 246            | -3.2%         |
| Combined HH bill - metered                     | 516            | 532            | 3.0%          |
| HH metered bill water 120m <sup>3</sup>        | 361            | 395            | 9.5%          |
| HH metered bill wastewater 120m <sup>3</sup>   | 316            | 305            | -3.5%         |
| Combined HH bill - metered                     | 677            | 700            | 3.4%          |
| HH metered bill water 200m <sup>3</sup>        | 559            | 614            | 9.8%          |
| HH metered bill wastewater 200m <sup>3</sup>   | 440            | 423            | -3.9%         |
| Combined HH bill - metered                     | 999            | 1,036          | 3.8%          |
| HH metered bill water 1,000m <sup>3</sup>      | 2,538          | 2,801          | 10.4%         |
| HH metered bill wastewater 1,000m <sup>3</sup> | 1,678          | 1,600          | -4.6%         |
| Combined HH bill - metered                     | 4,216          | 4,402          | 4.4%          |
| HH assessed water- single occupier             | 275            | 300            | 9.2%          |
| HH assessed waste- single occupier             | 261            | 253            | -3.3%         |
| Combined HH bill - assessed                    | 536            | 552            | 3.1%          |
| HH assessed water- 1 bed                       | 318            | 348            | 9.3%          |
| HH assessed waste- 1 bed                       | 288            | 279            | -3.5%         |
| Combined HH bill - assessed                    | 607            | 626            | 3.3%          |
| HH assessed water- 3 bed                       | 376            | 412            | 9.5%          |
| HH assessed waste- 3 bed                       | 325            | 313            | -3.6%         |
| Combined HH bill - assessed                    | 700            | 724            | 3.4%          |
| HH assessed water- 5 bed                       | 446            | 489            | 9.7%          |
| HH assessed waste- 5 bed                       | 368            | 354            | -3.8%         |
| Combined HH bill – assessed                    | 814            | 843            | 3.6%          |

Source: Thames Water tariff model 2026/27

N.B. The Rateable Value (“RV”) of a property was last set by the Government in 1990 and is based on their assessment of how much the property could be let for annually. The unmetered (“u/m”) areas are as per the geographical ‘Charge areas’ seen on table 5 of the Household Charges Schedule within our Household Charges Scheme 2026/27, as published on our website.