

Thames Water Utilities Limited (TWUL)

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Version 1.0



Statement of Significant Change

2025/26

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

Statement of Significant Change for 2025/26 Charges Schemes

Introduction

1. The purpose of this Statement of Significant Change for 2025/26 Charges Schemes is to provide the stakeholders of Thames Water Utilities Limited (the “Company”) with information as to the significant changes we are making to our end-user customer charges for the 2025/26 charging year (the “Charges”), compared with the 2024/25 charging year.
2. This statement is made in accordance with Ofwat Information Notice IN 24/08 (“Expectations, assurance and information requirements for water company charges for 2025-26” published in October 2024) and annex A2 of the Charges Scheme Rules¹ published by Ofwat in December 2022. It confirms:
 - i. whether end-user customer bill increases of more than five per cent compared to the previous year are expected;
 - ii. if so, which types of household customers are likely to be affected;
 - iii. the approach (“handling strategies” as referred to by Ofwat) that, if appropriate, we may adopt to mitigate the impact on customer bills; and
 - iv. details of any significant changes in charging policy.
3. The Charges Schemes covered by this statement have been set based on the allowed revenues in the Price Review 2024 (“PR24”) Final Determination (“FD”) as published by Ofwat on 19 December 2024.

Why bills are changing

4. For 2025/26, our allowed revenue has been set by Ofwat as part of our PR24 FD. This fixes the amount of revenue we can collect from our customers. Our allowed revenues are also adjusted to include inflation. Our bills for 2025/26 have been impacted by:
 - the publication of the PR24 FD which fixes the revenue we can collect from customers in 2025/26;
 - 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 Statistics², at 3.5%; and
 - the forecast changes in the levels of water usage by our household and non-household customers.

¹ "[Charges Scheme Rules](#)", Ofwat, December 2022

² "[Consumer price inflation, UK: November 2024](#)", Office for National Statistics, 18 December 2024

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5. There are no significant changes in charging policy from the previous year.
6. For 2025/26, we are processing a change to remove a legacy unmeasured water fixed charge, instead recovering the associated revenue through our variable charges.
7. For our Assessed Household Charge (“AHC”) customers, the unmeasured water fixed charge is being absorbed into our AHC banded water charges by increasing the underlying assessed volume of water applicable. This improves the cost reflectivity of our AHC banded charges as our AHC customer base is more widespread (now including many terraced, semi-detached and detached houses) than the large blocks of flats category that the assessed volumes have been historically based on.
8. This change is revenue-neutral and has no impact on total AHC water bills as the removal of the fixed charge is wholly offset by the increase to the AHC banded water charges.
9. This increase of around 12m³ per annum in the underlying assessed volume also impacts the AHC banded wastewater charges, likewise making them more cost reflective and representative of our AHC customer base. The impact of this change is an additional increase of around £16 to annual AHC wastewater bills.
10. For customers charged according to the Rateable Value (“RV”) of their property, the removal of the unmeasured water fixed charge to instead be recovered through variable RV charges will be phased over the course of the next three years due to the impact that it will have on customers with a higher RV.

Impact of our Charges for 2025/26 on typical household customer bills

11. We have assessed the effects of the Charges on our household customers for a range of customer types and have identified that all household customers will have year-on-year bill increases exceeding five per cent when compared to 2024/25, assuming a constant level of consumption.
12. In Table 1 below, we set out the typical bill increases for household customers relative to our 2024/25 bills.

Table 1: Average impact across typical household customer types 2025/26

Customer type	2025-26	
	Unmeasured bill increase (%)	Metered bill increase (%)
Water-only	37.7%	39.4%
Waste-only	42.9%	42.2%
Dual service	40.0%	40.7%

Source: Thames Water tariff model 2025/26

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13. The figures in Table 1 showing typical bill movements confirm that all customers will experience bill increases in excess of five per cent for 2025/26.
14. A detailed impact assessment will be made available in the Statement of Assurance for our 2025/26 Charges Schemes due to be published on 31 January 2025.
15. The primary driver for the price increases that will impact bills in 2025/26 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, as set out in our PR24 Business Plan³. This follows decades of our average household bill being below the industry average and below the level that it was 10 years ago, taking inflation into account.
16. The Board recognises the impact that significant price rises may have on customers and therefore appreciates the need to identify actions to mitigate those significant price rises. The scope of these actions is, however, limited by the scale of input cost inflation and investment requirements faced by the Company, as well as the industry.
17. The Board has considered mitigating actions, such as revenue deferral, to minimise bill increases for customers in 2025/26, however the full revenues set by Ofwat in the PR24 FD are required to fund the investment needed in our network. Additionally, our proposed 'rise and flat' bill profile, accepted by Ofwat in the PR24 FD, applies the highest annual increase at a time when interest rates and the financial impact on customers are expected to reduce.
18. Whilst we are therefore not in a position to be able to defer bill increases from 2025/26 to future years, the Board does expect that annual price rises for the remainder of the 2025 – 2030 period (known as AMP8) will be significantly lower than those which apply to 2025/26. This is because the bill profile that we proposed and agreed with Ofwat has significant price increases in the first year of AMP8, followed by a much flatter and more stable increase profile in the four subsequent years, resulting in a lower bill by the end of the price control period than that generated by a more gradual increase profile.
19. We will be publishing on our website information for customers on price rises for 2025/26 for each tariff type (metered and unmeasured) along with the reasons for the increases. Links to the relevant webpages will be shared with Ofwat and CCW as set out in the requirements of Information Notice IN 24/08.

³ [PR24 Draft Determination response – Strategic Narrative](#), Thames Water, August 2024

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Support for those who need it

20. For those household customers struggling to pay their bill, we continue to offer support through our WaterSure and WaterHelp tariffs which, in 2025/26, will provide more assistance to more customers than ever before. More information on household charges will be available in our Charges Schemes due to be published on 31 January 2025.
21. In addition, our 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 and is being expanded and the bill credit increased to help even more customers in 2025/26.

Stakeholder engagement on tariff changes

22. We have had regular meetings with the Consumer Council for Water (“CCW”), the voice for water consumers, to discuss the impact of our Charges on end-users. We are required to consult with them in advance of publishing our Charges Schemes.
23. This consultation process continued when we met with CCW on 6 January 2025 to discuss our proposed Charges Schemes, the impact on bills to household customers and updates to charging documentation. Whilst acknowledging the impact that the PR24 FD has on our charges, CCW noted the significant increases being proposed alongside the targeted support being offered through our social tariffs and, as such, did not raise any significant concerns regarding our charges.

Declaration

24. At the Board meeting on 2 October 2024, Cathryn Ross (Strategy & External Affairs Director), Alastair Cochran (Chief Financial Officer) and Nick Land, our Senior Independent Non-Executive Director and Chair of our Audit and Risk Committee, were authorised to sign the Statement of Significant Change for 2025/26 Charges Schemes on the Board’s behalf.
25. We confirm on behalf of the Board, that Thames Water Utilities Limited has followed robust and rigorous procedures in developing and approving the 2025/26 Charges Schemes.
26. This document is signed by Alastair Cochran (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.

Statement of Significant Change for 2025/26 Charges Schemes

Signed by, and on behalf of the Board:

Dated: 9 January 2025

Dated: 9 January 2025

Signed 

Signed 

Nick Land
Senior Independent Non-Executive Director

Alastair Cochran
Chief Financial Officer

Dated: 9 January 2025

Signed 

Cathryn Ross
Strategy & External Affairs Director

For and on behalf of Thames Water Utilities Limited