

Thames Water Utilities Limited (TWUL)

Published date: 13 January 2026

Version 1.0



Statement of Significant Change

2026/27

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

Statement of Significant Change for 2026/27 Charges Schemes

Introduction

1. The purpose of this Statement of Significant Change for 2026/27 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 2026/27 charging year (the “Charges”), compared with the 2025/26 charging year.
2. This statement is made in accordance with Ofwat Information Notice IN25/04 (“Expectations, assurance and information requirements for water company charges for 2026-27” published in October 2025) 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 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.

Why bills are changing

5. For 2026/27, 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 2026/27 have been impacted by:
 - 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;

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

Statement of Significant Change for 2026/27 Charges Schemes

- 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.

6. There are no significant changes in charging policy from the previous year.

7. The process of removing a legacy unmeasured wholesale water fixed charge, instead recovering the associated revenue through our variable charges has been put on hold in 2026/27. This process commenced in 2025/26 and was to be phased over three years, however, due to the significant increases in our wholesale water charges in 2026/27, the phased change will recommence in 2027/28 to limit the impact that it will have on customers with a higher Rateable Value.

Impact of our Charges for 2026/27 on typical household customer bills

8. 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.

9. 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.

10. 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.

11. 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.

12. 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

² ["Consumer price inflation, UK: November 2025"](#), Office for National Statistics, 17 December 2025

Statement of Significant Change for 2026/27 Charges Schemes

13. 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.
14. A detailed impact assessment will be made available in the Statement of Assurance for our 2026/27 Charges Schemes due to be published on 30 January 2026.
15. 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.
16. 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.
17. 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.
18. 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.
19. 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.
20. 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.
21. We will be communicating with our customers on price rises for 2026/27 through information published on our website and, where relevant, on customers' bills.

Statement of Significant Change for 2026/27 Charges Schemes

Support for those who need it

22. For those household customers struggling to pay their bill, we continue to offer support through our WaterSure and WaterHelp tariffs which, in 2026/27, will provide more assistance to more customers than ever before.
23. 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. More information on our household charges will be available in our Charges Schemes due to be published on 30 January 2026.
24. 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 to help even more customers in 2026/27.

Stakeholder engagement on tariff changes

25. 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.
26. 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.

Declaration

27. 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 the Statement of Significant Change for 2026/27 Charges Schemes on the Board's behalf.
28. We confirm on behalf of the Board, that Thames Water Utilities Limited has followed robust and rigorous procedures in developing and approving the 2026/27 Charges Schemes.
29. This document is 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.

Statement of Significant Change for 2026/27 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