

South Staffordshire Water PLC

Statement of Significant Change to End User Customers

Under the charges scheme rules issued by the Water Services Regulation Authority (Ofwat), specifically sections 143(6A) and 143B of the Water Industry Act 1991, the Company is required to provide a statement summarising significant changes to 2025-26 charges. These are outlined below:

(a) The Company is required to advise whether there are any charge increases of more than 5%.

Wholesale charges have been calculated in accordance with the allowed revenue set by Ofwat in its Final Determination of price limits for 2025 to 2030. Inflation of 3.5% has been applied to wholesale tariffs, in line with the CPIH figure published by the Office of National Statistics.

Retail charges have been recovered in line with revenue allowance per customer allowed in the 2024 Final Determination for residential customers.

Most customers will experience a bill increase of around 25.6%, although individual customers may experience a higher or lower increase depending on their own characteristics.

We recognise that this is a significant increase for customers and will be particularly challenging for those customers who are struggling to pay.

Why are bills rising?

In delivering our Business Plan, we have engaged with more than 92,500 customers and stakeholders across our strategic research and ongoing business-as-usual insight programmes. This was to ensure all our decisions are grounded in their views and priorities. Our plans will deliver significant investment and improved outcomes for customers including:

- Investing £40m to ensure excellent water quality and reliable assets.
- Investing £16m to enhance and protect the environment.
- Investing £55m to achieve 76% metering coverage by 2030 and help customers to reduce water use.
- Delivering our ambition to meet net zero emissions by 2050.
- Delivering an ambitious 17% leakage reduction.

Although we are one of the most efficient companies in the industry, as assessed by Ofwat, we are not immune to the substantial increase in energy costs that has emerged since 2022. We use a significant amount of energy to transport our treated water to homes and businesses in our region and will require additional funding. There is also a knock-on effect on other areas such as the chemicals we use to treat raw water and the pipes we lay. In our plans, we challenged ourselves to deliver further efficiencies over the 2025-30 period, which will help to partly offset the impact from energy costs.

How are we helping customers?

As part of our handing strategies, we have put in place a number of support measures to help customers with their bills. These are:

- In anticipation of a likely significant increase in bills in 2025, we expanded our 'Assure' tariff last year to help an additional 8,000 customers who are struggling to pay through reducing their bill by a typical 40%. This is funded by an increase in contribution to our social tariff fund from £5 to £8.
- During 2025/26 we will be undertaking a trial of our 'essential user' tariff. This is specifically targeted at those customers who do not qualify for the 'Assure' tariff but are still struggling to pay. They will receive a 40% discount on their essential water use and will be encouraged to bring down their discretionary use to help save money.
- For customers who use significant amounts of water because of a medical condition or a large family, we have a specific 'Watersure' tariff which caps the bill at the typical average bill of all customers, both metered and charged on the rateable value of their property. For 25-26, we have committed to cap this at the typical average bill of metered customers only, which is lower. This will save these customers around £10 a year.
- In advance of bills being sent for 2025/26 charging year, we are putting together an email campaign and wider communication campaign via social media that will set out the options for customers struggling to pay. The email campaign will take a segmented approach and target vulnerable customers and those with low affordability and tailor the messaging to suit. In addition, we will be delivering a series of roadshows focused specifically in our debt hotspots to provide support for our customers.
- We have also redesigned our bill inserts for all customers to:
 - Explain why bills are increasing, where funds are spent and how.
 - Include support messages in place linking to social tariff and payment options.

(b) The Company will be making the following change to charging policy.

The Company has made no changes to its charging policy.

Approved by the Board of Directors on 7 January 2025 and signed on its behalf.



Charley Maher
Director
South Staffordshire Water PLC