



*Wessex Water Services Limited*  
Assurance Statement for 2025-26 Indicative Wholesale Charges

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## Introduction

Our Wholesale Charges document<sup>1</sup> sets out the charges that, in the absence of any contractual agreement, our Licensed Providers must pay for the services we provide in the course of carrying out our water and sewerage undertaker duties.

Ofwat's Wholesale Charging Rules, published in October 2021, requires undertakers to publish their 2025-26 Indicative Wholesale Charges no later than 13 October 2024.

This document sets out our assurance for Indicative Wholesale Charges for 2025-26.

Indicative charges were reviewed by the Board of Directors in September 2024 based on the best information at the time. We expect to publish our final Wholesale Charges for 2025-26 by 13 January 2025, although this is dependent on the publication of Ofwat's PR24 Final Determination (which will confirm revenue allowances for 2025-26). Ofwat has indicated that this publication may be delayed until early 2025, in which case our wholesale charges would not be confirmed before February 2025.

Our final Wholesale Charges will be updated to reflect the latest available information, including November CPIH, Ofwat's PR24 Final Determination, and any information received through ongoing stakeholder engagement before their final approval by the Board.

## Board ownership

The Board owns and is accountable for the development of the Wholesale Charges.

On 30 September 2024 the Board considered our strategy for Wholesale Charges for 2025-26 and the associated governance processes. It also reviewed and approved the Indicative Wholesale Charges for 2025-26. These charges were subsequently published in October 2024.

The Board further confirmed that to the best of its knowledge and belief the Ofwat assurance requirements were met and duly approved the signing of this assurance statement.

The Board therefore authorised the Company's Chief Finance Officer to sign-off of the assurance statement.

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<sup>1</sup> Published on our website here: <https://corporate.wessexwater.co.uk/our-performance/our-charges>

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### Assurance statement for 2025-26 Indicative Wholesale Charges

In making this Assurance Statement, the Board has considered the requirements set out by Ofwat in its wholesale charging rules and confirms that, to the best of its knowledge and belief:

1. The company complies with its legal obligations relating to the indicative wholesale charges it has published.
2. The Board has assessed the effects of the new charges on water supply and sewerage licensees who are retailing wholesale services and on customers occupying Eligible Premises and approves the impact assessments and handling strategies developed in instances where bill increases for licensees who are retailing wholesale services to eligible customers and on customers occupying Eligible Premises exceed 5%.
3. The company has appropriate systems and processes in place (including up-to-date models and data) to make sure that the information published about its indicative wholesale charges is accurate; and
4. The company has consulted with relevant stakeholders in a timely and effective manner on its indicative wholesale charges.

In addition, the Board considers the indicative wholesale charges consistent with Ofwat's wholesale charging rules.

The Board has made this statement based on the information available to it at the current time.

We will be monitoring the economic and regulatory outlook and when new information becomes available, including that received through stakeholder engagement and consultation, the 2025-26 wholesale charges will be updated accordingly before their final approval.

Signed:



Date: 10/10/2024

Andy Pymer  
Chief Finance Officer  
(on behalf of the Board)

## Board considerations

In making this Assurance Statement the Board has considered the following requirements set out by Ofwat in its Wholesale Charges Rules (“the Ofwat Assurance Requirements”):

**1. *The Company complies with its legal obligations relating to the Indicative Wholesale Charges it has published***

The Company engaged Mott MacDonald who reviewed and confirmed that:

a. Our Indicative Wholesale Charges for 2025-26 are appropriate to meet our obligations under:

- Ofwat’s Wholesale Charging Rules published in October 2021;
- The Water Industry Act 1991 (as amended in 1999 and 2014) – sections 93A (in so far as the Indicative Wholesale Charges do not derogate from the duty to promote the efficient use of water), 142-148 (as currently in force);
- The Water Industry (Charges) (Vulnerable Groups) Regulations 1999;
- The Water (Prescribed Conditions) Regulations 1999;
- The Water (Meters) Regulations 1988 (Amended 1988); and
- The Flood and Water Management Act 2010 – section 43.

b. Our Indicative Wholesale Charges are consistent with the Company’s obligations under licence conditions E and R.

c. That our charges calculations are:

- based on a reasoned forecast of charge multipliers for the charging year; and
- consistent with the Company’s obligations under licence condition B and the PR24 draft determination and Notification.

In addition, in 2017 the Company engaged Frontier Economics to review the methodologies by which the Company’s charges are set to confirm that they are defensible under the Competition Act 1998. The balance of charges has not materially changed since then.

In making this statement, the Board reviewed all proposed changes in charges compared to the previous charging year and considered how these translated into bill changes for a selection of eligible premises.

The Indicative Wholesale Charges for 2025-26 are calculated using a forecast November CPIH of 3.4% based on recent forecasts published by three leading banks.

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The Board expects the following changes to wholesale bills:

Non-household annual consumption/RV	Water		Wastewater		Combined	
	£	%	£	%	£	%
<b>Measured</b>						
100m <sup>3</sup>	265	2.1%	280	12.2%	545	7.1%
1000m <sup>3</sup>	2,602	2.1%	2,332	14.0%	4,934	7.4%
50000m <sup>3</sup>	115,867	2.1%	117,280	14.0%	233,147	7.8%
<b>Unmeasured</b>						
£300 RV	737	2.3%	676	13.5%	1,413	7.4%

We have developed a full customer communication strategy to mitigate the impacts of the expected increase in bills.

**2. The Company has appropriate systems and processes in place to make sure that the information published about its Indicative Wholesale Charges and additional information is accurate**

The Board reviewed and approved the governance and assurance processes and procedures for the setting of charges in September 2024.

In addition to the external assurance laid out above, the Company continues with its internal charges assurance processes including ensuring clear ownership of the process resides with a senior manager, in this case the Director of Strategy and Regulation.

The charges setting process requires the Economic Regulation Team to engage with internal and external stakeholders to ensure that the charges proposals are well rounded and practical, in particular there is significant engagement with the Company's internal lawyers and those responsible for billing and collecting charges.

**3. The Company has consulted with relevant stakeholders in a timely and effective manner on its Indicative Wholesale Charges**

The Board was informed that stakeholders have been engaged with in a timely manner. The Company discussed its charges strategy with its Customer Challenge Group (CCG) over summer 2024, as well as communicating key changes with relevant stakeholders in early October 2024. Further engagement with CCG and CWW will take place over autumn 2024.

The Company also met with a number of Licensed Providers on an ad hoc basis throughout the year. We have not received any specific proposals on or changes to our Wholesale Charges.