

Assurance statement

Household charges scheme 2025/26

ASSURANCE STATEMENT AS AT 8 JANUARY 2025

This assurance statement is provided in relation to United Utilities Water Limited's (UUV) household charges scheme for 2025/26.

Our household charges are the charges that are payable by premises which are not eligible to choose their retailer, as defined by the Ofwat eligibility guidance, for 2025/26 for any services we provide in the course of carrying out our regulated duties.

The charges presented here are consistent with UUV's revenue control for 2025/26, for household retail, published by Ofwat on 19 December 2024. Our household charges scheme reflects this price control and also includes our non-primary regulated charges.

1. LEGAL OBLIGATIONS AND GUIDANCE

UUV's charges schemes have been prepared in accordance with its legal obligations and the Charges Scheme Rules issued by the Water Services Regulation Authority ("Ofwat") under sections 143(6A) and 143B of the Water Industry Act 1991.

UUV has also taken into account the Company's statutory obligations relating to charging.

UUV's legal department has provided a legal review of the charges schemes to check for and enable consistency with UUV's operating and legislative requirements under its Instrument of Appointment and principal governing legislation.

Management has undertaken a review of each charging rule to demonstrate how each charging rule has been complied with, and this document will be published on the United Utilities website.

2. CUSTOMER BILLS, IMPACT ASSESSMENTS AND HANDLING STRATEGIES

The charges presented for 2025/26 have been subject to a forward looking cost reflectivity review and the impact of this review on customers has been assessed. Where this review indicated that a charge should be subject to a material change in order to improve its forward looking cost reflectivity (particularly where this involves an increase to a charge), UUV has implemented transitional arrangements in order to manage the impact on customers' bills. Senior managers have reviewed options and strategies for mitigating the impact on customers' bills in the year.

The Board has assessed the effects that the 2025/26 charges have on customers' bills for a range of different customer types. The Board approves the impact assessments and handling strategies developed in instances where bill increases for particular customer types exceed 5%.

For 2025/26, almost all household customers are expected to experience bill increases of more than 5% compared to the previous year (assuming constant characteristics such as consumption).

Whilst charge increases are set to exceed 5% for almost all customers in nominal terms we consider the proposed increases to be acceptable for the following reasons:

- We have sought to mitigate the impact on specific customer groups where possible by limiting the differential increases in charges across our tariff structure. However, changes in the balance of price controls arising from the PR24 draft determination will have an impact on the balance of charges for 2025/26.

Assurance statement household charges scheme 2025/26

- We have considered whether we should look to defer revenue recovery into 2026/27. However, this does not appear feasible given that we already expect 2026/27 bills to be increasing significantly due to the timing of AMP8 investment requirements.
- The company has committed in its Business Plan to provide £525 million of affordability support over the next five years, helping one in six customers who may be struggling to pay their bill. For more information please visit [How we can help with your bill | United Utilities](#)
- We are also providing each household customer with a letter explaining the increases to bills as well as details of the key investments being undertaken by the company (at a county level where appropriate) that are largely driving the increases to customer bills.

The Board considers the proposed increases in affordability support and the proposed communication plan, in addition to the handling strategies noted above in relation to wholesale charges, to be appropriate from a household charges perspective.

Appendix 1 contains a table which illustrates the expected bill impacts of the 2025/26 household charges when compared to the 2024/25 household charges for a representative set of household customers. We have chosen to rebalance an element of fixed charges onto the variable measured household tariff to support our water efficiency objectives, to provide greater benefits for customers that reduce their water consumption, and to improve affordability for customers consuming low volumes. Typical household measured bills will increase by varying amounts depending on a customer's water consumption - customers who use relatively little water will experience lower than average increases, but greater than average bill increases are expected to be experienced by some measured household customers with relatively high levels of consumption.

3. SYSTEMS AND PROCESSES

The Board manages the effective and efficient delivery of its obligations and operation of everyday activities within the business by the interaction of:

- **Authorisations, approvals and procedures:** These are set out in the United Utilities Group PLC (UUG) Internal Control Manual (ICM) to provide guidance to employees as to the system of internal controls which they must follow when acting on behalf of UUG and UUG as a whole. The ICM sets out a framework within which underlying detailed procedures and policies operate.
- **Policies:** The Board has adopted an overriding set of business principles. These are supported by a range of underlying policies that provide guidance to its employees as to how they should conduct themselves when acting on behalf of UUG and UUG as a whole. Everybody working for or on behalf of UUG must comply with the policies (to the extent they are applicable to their roles). Failure to do so may result in disciplinary action being taken. This could lead to dismissal and possible civil or criminal prosecution in serious cases. Significant policy changes are presented to the appropriate committee for discussion to review the potential impacts to customers of proposed changes, prior to being approved for implementation.
- **Governance and control:** The Board delegates responsibility for specific matters to a number of committees and working groups, which meet on a regular basis. This provides a framework that employees are expected to be aware of and comply with where relevant to their role to ensure business decisions are taken in accordance with best business governance practices. Potential changes to charges are presented to the appropriate committee for discussion and potential impacts to customers of proposed changes are reviewed. Monthly Charges Reform meetings in

Assurance statement household charges scheme 2025/26

relation to Household charges are a focal point for the Company to review all developments in charges to ensure that charging issues are given proper consideration by the directors and senior managers with accountability for approving the Company's annual charges schemes.

To oversee and take decisions affecting the execution of its obligations, the U UW Board:

- Receives and reviews performance reports from the relevant employees of the Company;
- Receives and reviews presentations from the UUG Corporate Audit Team, the financial and technical Auditors;
- Receives and reviews presentations from the directorates with responsibility for wholesale and household retail services, and functional (e.g. Finance and IT) directorates;
- Has access to executive and senior managers in the Company to verify information.

Specifically in relation to charges, the U UW Board:

- Reviews and approves the charges Assurance Statements;
- Reviews and approves the Statements of Significant Changes;
- Receives board reports, highlighting progress and any issues from the relevant business areas;
- Has access to senior managers in the Company to verify information;
- Is presented with information regarding compliance with Ofwat charging rules and the management of the various constraints;
- Is presented with evidence of stakeholder consultation;
- Is presented with significant proposed changes to the charges schemes and any modifications to the tariff structure prior to inclusion within the charges schemes; and
- Receives updates on progress with proposed changes at appropriate times.

Policy statements have been developed to support the application of the high level charging principles contained within the Charges Schemes. These statements are allocated, owned and reviewed by appropriate operational managers. A process is defined for approval of both changes to policy statements and for the introduction of new policies.

There are processes that support these policy statements with a plan to review these to reflect changes made to the Charges Schemes for 2025/26.

The Company's charges processes also include procedural and quality controls designed to provide assurance of the accuracy, completeness and reliability of data reported. The Company's procedures for the charges include:

- The written methodologies are subject to annual review and approval by an appropriate manager.
- The charges schemes are subject to a series of reviews by members of the Company's legal team for compliance with the relevant legislation.
- On completion, each charges scheme is reviewed and approved by operational and senior managers.

The charges scheme preparation is subjected to an established series of internal reviews and approvals by employees who are independent of the data compilation process.

The Board considers that the Company has appropriate systems and processes in place to make sure that the information contained in the charges scheme is accurate.

Assurance statement household charges scheme 2025/26

4. ENGAGEMENT WITH THE CONSUMER COUNCIL FOR WATER (CCW)

UW has consulted with relevant stakeholders in a timely and effective manner in the development of the household charges scheme for 2025/26.

The Company has shared with CCW the changes proposed to the charges scheme and significant policy changes. We have considered all the feedback provided by CCW as part of the review both in relation to the proposed changes and other issues raised by CCW about our charges schemes.

UW has also shared with CCW our approach to the development of household charges, discussing with them the strategies developed for managing incidence effects on customers' bills. UW has shared with CCW the expected bill impacts for representative customer groups. CCW has confirmed that it does not have any concerns with our approach to the strategies proposed to manage incidence effects.

UW has published an Engagement with Stakeholders document which includes a summary of engagement with CCW in relation to charging matters and UW's response to the feedback received. The same document contains a summary of stakeholder events held during the year, key feedback received from stakeholders and UW's response to these.

5. DIRECTORS' STATEMENTS

The Board considers that in preparing and approving the household charges scheme the Company has, using the best information available at the current time, applied the processes, procedures, governance and internal systems of control described above. They have been applied in a manner which has enabled it to satisfy itself, to the extent that it is able to do so from the facts and matters available to it, that the household charges scheme is reliable, accurate and complete in all material respects and meets its obligations.

SIGNED ON BEHALF OF THE BOARD



Louise Beardmore

Chief Executive Officer

Assurance statement household charges scheme 2025/26

APPENDIX 1a – EXPECTED BILL CHANGES FOR HOUSEHOLD

Metered households

Volume m ³ /yr	50	100	150	200
Water Only				
£ Change	28.92	57.37	85.82	114.27
% Change	21.9%	23.9%	24.6%	25.0%
Sewerage Only				
£ Change	50.77	77.22	103.67	130.12
% Change	25.4%	28.2%	29.7%	30.8%
Dual Service				
£ Change	79.69	134.59	189.49	244.39
% Change	24.0%	26.2%	27.2%	27.8%

Unmetered households

Rateable Value	100	150	200	250
Water Only				
£ Change	55.16	72.11	89.06	106.01
% Change	25.9%	25.8%	25.7%	25.7%
Sewerage Only				
£ Change	59.90	89.85	119.80	149.75
% Change	28.9%	28.9%	28.9%	28.9%
Dual Service				
£ Change	115.06	161.96	208.86	255.76
% Change	27.4%	27.4%	27.5%	27.5%

Assurance statement household charges scheme 2025/26

Assessed household charges

	Single occupier	Other property	Semi-detached	Detached	Larger property	Pensioner - single occupier	Pensioner - two occupiers
Water Only							
£ Change	29.66	45.60	58.73	68.59	130.81	26.30	42.99
% Change	26.0%	24.3%	23.1%	24.1%	23.7%	24.9%	24.6%
Sewerage Only							
£ Change	54.83	69.08	80.26	88.25	140.22	53.17	67.08
% Change	27.8%	27.9%	27.3%	28.1%	28.1%	27.8%	28.1%
Dual Service							
£ Change	84.49	114.68	138.99	156.84	271.03	79.47	110.07
% Change	27.2%	26.3%	25.3%	26.2%	25.8%	26.8%	26.6%

Other tariffs

	Water Sure	Help To Pay Tier 1	Help To Pay Tier 2	Back on Track Band 0	Back on Track Band 1	Back on Track Band 2	Back on Track Band 3	Back on Track Band 4	Back on Track Band 5	Back on Track Band 6
Water Only										
£ Change	49.69	6.91	9.79	2.30	3.46	5.76	6.91	9.22	10.94	13.25
% Change	22.0%	5.1%	5.1%	4.7%	5.5%	5.3%	5.0%	4.9%	5.1%	5.1%
Sewerage Only										
£ Change	67.15	7.49	10.61	2.50	3.74	6.24	7.49	9.98	11.86	14.35
% Change	26.3%	5.1%	5.1%	4.7%	5.4%	5.3%	5.0%	4.9%	5.1%	5.1%
Dual Service										
£ Change	116.84	14.40	20.40	4.80	7.20	12.00	14.40	19.20	22.80	27.60
% Change	24.3%	5.1%	5.1%	4.7%	5.5%	5.3%	5.0%	4.9%	5.1%	5.1%