

AffinityWater

Charging Arrangements for New Connections Services

Statement of Significant Change 2025/26



Introduction

The purpose of this statement is to provide our stakeholders with information on changes to the structure of our charges and any other significant changes to our charges which are anticipated for the 2025/26 charging period beginning 1st April 2025.

The information included in this document is published in accordance with the new connections charges scheme rules issued by Ofwat. We will publish our New Connections Charging Arrangements of Developer Services Charges by 1st February 2025.

Affinity Water Developer Services provide advice and guidance, and if requested, delivery capability for the provision of new water services for developer customers, including self-lay providers and new appointments and variations.

If you would like further information, including details on how to apply for a developer services activity, please see our website: <https://www.affinitywater.co.uk/developing>.

Significant Changes

For the 2025/26 charging period the industry will continue to use a set of consistent worked examples; ours can be found in our New Connections Charging Arrangements publication. These can be found [here](#). We use these worked examples to help determine significant changes to our charges and the impacts that may be felt by our customers.

There is a significant increase to the total charge of some of our worked example calculations which exceed the 10% guideline threshold outlined in the latest Ofwat Information Notice. These are set out in the table below.

Scenario	Description	2024/25 Charge (£)	2025/26 Charge (£)
1	Single connection to a house from an existing main	4,198	4,791
1a	Single connection to three properties, repurposed from a single property, and from an existing main	-	8,941
2	Single connection to a block of flats from an existing main	9,334	15,291
3	Medium housing development requiring new mains and communication pipe (excavation and reinstatement by others)	108,470	134,392
4	Medium housing development requiring new mains and communication pipe (excavation and reinstatement by Water Company)	160,332	201,162
5	Large housing development requiring new mains and communication pipe (excavation and reinstatement by others)	369,463	471,263
6	Large housing development requiring new mains and communication pipe (excavation and reinstatement by Water Company)	550,853	702,523

The changes this year reflect the updated methodology set out by Ofwat, including the Environmental Incentives Common Framework (EICF) resulting in charges that exceed the 10% threshold in some scenarios. However, when excluding water efficiency, environmental incentives, and the environmental component adjustments, the actual overall change remains at only 1% which is less than the cost of inflation.

Our Board of Directors have assessed the effects of the new charges on customers' bills for a range of different types of developments using the above information and approves the impact assessments and handling strategies developed.

These significant changes are also referred to in our Board Assurance Statement, which can be found [here](#).

Further information on the detail of the significant changes, the drivers and the handling strategies can be found below.

Environmental Incentives Common Framework

Under new guidance issued from Ofwat, the Environmental Incentives Common Framework (EICF) requires all water companies in England to offer at least one environmental incentive to promote water efficiency. In addition, all developer customers must pay an environmental component charge to fund these incentives. This framework will take effect from 1 April 2025.

As a result of this methodological change, our worked example scenarios show an increase exceeding 10%. However, this is not a true reflection of actual material cost increases. When the environmental incentive, environmental component, and water efficiency adjustments are excluded, the average increase across scenarios is only 1%. This is set out in the table below.

Scenario	2024/25 Charge (£)	2025/26 Charge (£)
1	4,787	4,791
1a	-	8,941
2	15,224	15,291
3	137,920	134,392
4	189,782	201,162
5	487,263	471,263
6	668,653	702,523
Overall Change		1%

Excludes Environmental Incentive, Environmental Component and Water Efficiency.

Ofwat guidance also requires water companies to include the lowest level of the environmental incentive payment in the worked example scenarios. This does not account for our three-tier incentive system and bespoke offering, and therefore is not fully reflective of the incentives we actually offer to developer customers.

Onsite Charges

As our contract with our current delivery partner comes to an end, we are close to finalising contracts with our new partners. The recent review of market costs conducted through our tender process has resulted in efficient and stable rates, with some increases and decreases. These rates, which form the basis of our bottom-up, cost-reflective charges have increased on average by 1% across the worked example scenarios, remaining below the rate of inflation. We are confident these are fair representations of the current landscape and will allow us to continue to operate on a level-playing field with other market players.

We strive to ensure our contracts with delivery partners contribute to the stability and predictability of our charges, and as such anticipate changes to charges over the next few years to be limited to direct annual industry factors such as inflation, material costs and connections volume.

Handling Strategies

Through our consultation work, we understand that our developer customers are keen that our charges are reflective of the work we carry out. We have an obligation under competition law to ensure our charges are cost reflective, which is also governed through a general charging principle. We recognise that any increase may have a negative impact on our developer customers, therefore, we have taken the following steps to help our customers plan for the increases to our charges and ultimately attempt to mitigate any negative impacts:

- Published a written technical consultation to provide further detail and explanatory calculations, where required, on our website and across multiple social media platforms.
- Released appropriate and targeted communications to recent customers encouraging participation and outlining the importance of feedback in ensuring we continue to deliver for our customers.
- Streamlined and improved ease of completion of related consultation questions centralising all elements on the developer section of our website.
- Extended our consultation period to increase the opportunity for customers to respond and provide feedback.
- Published our consultation response decision document at the end of November 2024 on our website. This was to provide customers with advanced visibility of our planned approach.
- Engaged with our assurers to understand best practice and have ensured that our approach is consistent with the industry.
- Continued offering an application fee calculator on our website for our customers to use to accurately understand the cost of their application.
- Continued offering of a new connections cost estimator tool on our website for our customers to use to obtain a budget estimate for their new connection works. This allows customers to self-serve information before committing to a full application, and the associated application fees.
- Updated our website with advanced warning messaging regarding upcoming changes to our charges.
- Updated our email signatures with advanced warning messaging regarding upcoming changes to our charges.
- Continued monitoring and encouragement of open conversations with our customers via our charges email account: charges@affinitywater.co.uk