

## Anglian Water Services Limited

### Statement of Assurance for 2025/26 Customer Charges Scheme

#### I. Requirements for this Assurance Statement

In its charging rules Ofwat sets out that it requires a statement from the Board in order to provide assurance with regards to the published Charges Scheme:

- of compliance with legal obligations in relation to charging;
- of the impact assessment and handling strategies considered;
- as to the accuracy of the charges; and
- on the process that the Company has followed in engaging with stakeholders.

#### II. How the Requirements have been met

Our Charges Scheme fixes the charges that our customers are required to pay for the period from 1 April 2025 to 31 March 2026 for any services we provide in the course of carrying out our regulated duties. The Charges Scheme sets out the terms and conditions of those charges, and the times and methods of payment that our customers may use to pay our charges. A copy of the Charges Scheme has been provided to Ofwat and is available on our website ([www.anglianwater.co.uk](http://www.anglianwater.co.uk)).

Our charges are developed on the basis of the revenues that Ofwat allows us to recover each year from our customers during AMP8. These are determined by Ofwat through the Price Review 2024 (“PR24”), and the resulting Determination, together with the mechanisms set out in the PR24 Rulebook that adjust those allowed revenues for performance in prior years.

Ofwat imposed five separate revenue controls as part of PR24. These revenue controls relate to five separate areas of our service:

- a) Household water and wastewater retail services;
- b) Wholesale water resources;
- c) Wholesale water network plus;
- d) Wholesale wastewater network plus; and
- e) Wholesale Bioresources.

Our Charges Scheme reflects the revenue controls and areas of service, together with those non-primary charges which we consider are covered by the scheme.

The Board can confirm that to the best of its knowledge, the following statements are true:

- a) The Charges Scheme and supporting information have been prepared in accordance with the Company's legal obligations relating to customer charging, including under:
  - (i) Water Industry Act 1991 (as modified), and other relevant statutory legislation;
  - (ii) Floods and Water Management Act 2010 (in relation to the company social tariff);
  - (iii) Licence Condition B (and, in particular, the requirement that charges must comply with price limits);
  - (iv) Licence Condition E (and, in particular, the requirement no undue preference is shown to, and that there is no undue discrimination against, any class of customers or potential customers);
  - (v) Those provisions of Licence Conditions F, G, H and R that are relevant to the Company's obligations in respect of customer charging; and
  - (vi) Charging rules published by Ofwat, where applicable.
- b) The company has taken reasonable steps to assess the fitness for purpose of the models that are used to generate the charges.
- c) No charges have been set with the objective of distorting competition to supply customers in contestable markets.
- d) The effect of the new charges on bills are reasonable, based on a review of details as to average measured and unmeasured household bills and the incidence effects for household customers by service and by tariff at typical consumption points. Where bill increases are above the 5% benchmark set by Ofwat in its Charging Rules, the Board has been provided with details of those customer types affected, the level of the increase across a range of typical consumption points and the number of customers likely to be adversely impacted. The Board has approved the proportionate impact assessments and handling strategies for these customers.
- e) To ensure its accuracy, the information on which the Charges Scheme and other incidental information is based, including information relating to the regulatory accounts, and information drawn from the billing system reports to assist in the generation of reasonable forecasts of demand and customer numbers, is produced in accordance with the Company's quality assurance processes which are subject to internal and external audit under the oversight of the Audit Committee of the Board.
- f) The Consumer Council for Water ("CCW") has been consulted in relation to the preparation of the Charges Scheme, specifically in conference calls held on 26 September 2024 and 6 January 2025 to discuss the proposed charges and impact on bills, including our communication strategy for customers where bill incidence effects may exceed 5%. CCW has confirmed that they do not have concerns with our approach to the charges. Given the general level of increases, they have asked us in our

communication strategy to focus on increasing awareness of the financial and budgeting assistance that is available to customers in managing their bills. Their comments have been reflected in the Charges Scheme and handling strategies adopted.

In approving the 2025/26 Charges Scheme, the Board has considered the following information:

- a) The charging guidance to Ofwat published by the UK Government which requires (inter alia) that:
  - (i) any moves towards greater cost reflectivity of charges should be introduced in a measured fashion and should be to the overall benefit of all customers; and
  - (ii) the extent and impact of de-averaging on charges for particular groups such as rural customers should be limited by Ofwat.
- b) As set out in the Board paper dated 8 January 2025, details of the charging strategy, cost allocation and tariff setting process, which was developed reflecting the basis of charging and to provide for appropriate revenue recovery across tariff groups; plus compliance with Ofwat's charging rules.
- c) The report prepared by the Financial Auditor following the completion of certain assurance work the scope of which was to (i) confirm the allowed revenue for 2025/26 and (ii) confirm that the charges proposed recover this revenue.
- d) An assessment of the customer bill impacts for an extensive range of customer groups, including impact assessments and handling strategies.
- f) The outcome from discussions with CCW in regard to charges strategy, bill incidence effects arising from the application of the strategy and resulting handling strategies, compliance with legislation, the revenue controls and Ofwat's Charging Rules for 2025/26.

#### **IV. Board Approval**

The Board acknowledges its responsibilities in relation to the development of the Charges Scheme.

The Board confirms it approved the Customer Charges and this statement of assurance for submission to Ofwat at the meeting held on 13 January 2025.

**Signed by members of the Board of Directors for Anglian Water Services Ltd on 13 January 2025.**