

Indicative Wholesale Charges 2027-28

Board Assurance Statement

2027/28 Indicative Wholesale Charges

Charging year: 1 April 2027 to 31 March 2028

The Board has overseen the development of the 2027/28 indicative wholesale charges for South West Water, Bournemouth Water and Bristol Water. Having considered the governance arrangements, independent assurance, customer-impact assessments and handling strategies, the Board confirms that:

- appropriate systems and processes are in place, including up-to-date models and data, to make sure that the information published about the wholesale charges is accurate;
- the company complies with the legal obligations relating to the wholesale charges it has published;
- the Board assessed the effects of the new charges on water supply and sewerage licensees retailing wholesale services, and on customers occupying Eligible Premises, whether considered as a whole or in groups. Where bill increases exceed 5%, the Board is overseeing the relevant impact assessments and proposed handling strategies which will be finalised before January 2027; and
- the company will consult relevant stakeholders on its wholesale charges in a timely and effective manner.



Purpose and scope

This statement explains how the Board assured the 2027/28 indicative Wholesale Charges for South West Water, Bournemouth Water and Bristol Water. It describes the legal, regulatory and independent checks undertaken and how the Board considered the effects on retailers and business customers.

What the Board reviewed

- The indicative wholesale charges and regional charges documents.
- The Statement of Significant Changes, including the regional typical-bill appendix.
- Impact assessments for groups with increases above 5%.
- Management review records and reports from independent assurance providers.

How this relates to the Statement of Significant Changes

The Statement of Significant Changes explains the expected changes, how retailers and business customers may be affected, and the support or other handling strategies available. This statement explains how the Board assured that analysis and the published charges.

What the Board considered

The Board considered legal and regulatory compliance, tariff accuracy, bill movements, stakeholder engagement, affordability support, non-household impacts and significant differences between indicative and final charges.

Our assurance approach

The company uses three levels of checks to support the accuracy and compliance of its wholesale charges.

Level of check	What this involved
1. Management checks	Preparation, review, quality control and sign-off of model inputs, forecasts and judgements.
2. Oversight and compliance checks	Policies, legal and regulatory compliance checks, internal assurance and the company's management systems.
3. Independent checks	External assurance of source inputs, model operation, charging constraints and alignment with the approved business plan.

Checks on the tariff model

- Management reviewed and approved the information entered into the tariff model.
- Independent checks compared selected model inputs with their original sources.
- Tariffs and charges were checked against Ofwat's Wholesale Charging Rules.
- Model results were compared with the allowed revenues from regulatory determinations.

Result of the independent checks

The independent assurance provider, Jacobs Assurance, provided a report to the Board which identified no material issues or risks that the tariffs did not comply with the relevant requirements.

Assurance over the 2027/28 charges

Area checked	Checks completed	What the Board concluded
Legal obligations	Management reviewed the Water Industry Act 1991 requirements and Ofwat's Wholesale Charging Rules (as most recently issued in October 2025).	The Board considered whether the published wholesale charges comply with the relevant obligations.
Systems and processes	Tariffs were developed through established quality-management, review and sign-off processes.	The Board satisfied itself that appropriate systems and processes are in place to support accurate charges.
Bill movements	Charge structures, bill incidence and movements above 5% were analysed.	The Board considered the affected groups, reasons for movements and handling strategies.
Customer support	Support options and the customer communications plan were considered.	The Board considered how customers would understand the investment-related increase and access support.
Stakeholder engagement	The company engaged with Retailers and other relevant stakeholders at appropriate stages.	The Board considered whether engagement will be timely and effective.

Customer impacts and support

Who the requirements cover

“Water supply and sewerage licensees” are retailers that buy wholesale services. “Eligible Premises” are business and other non-household customer premises that may receive retail services through the business retail market.

PR24 Final Determination revenue movements and CPIH of 3.0% mean that most customers are not expected to see increases above 5%. The detailed examples are shown in Appendix A of the Statement of Significant Changes.

How the Board reviewed customer impacts

- The examples cover each relevant region and distinguish water-only, wastewater-only and dual-service impacts.
- Each example states the customer basis and uses consistent assumptions across both years.
- The cash and percentage movements reconcile to the tariff model.
- Groups receiving bill increases above the 5% threshold are clearly identified.

Evidence considered by the Board

The Board considered the detailed bill-impact analysis, its reconciliation to the tariff model, the groups affected and the relevant support or other handling strategies. The detailed customer examples are published in the Statement of Significant Changes.

Water-efficiency discounts and incentives

Where a water-efficiency scheme applies, the relevant customer information will explain who is eligible, how water reduction is measured, the value of any discount or reward and when it will be applied.

Governance and assurance supporting the charges

The Board considered the following governance and assurance arrangements used to develop the 2027/28 wholesale charges:

- The Pennon Group Board acts as the main governing body overseeing the regulated businesses covered by this statement.
- The Company uses an established risk and assurance framework to identify, review and manage charge-setting risks. The approach is published each year in the company's assurance plan.
- The risk and assurance approach for charges remained largely unchanged from the previous review and was considered suitable at both business-unit and corporate levels.
- The tariff model was developed by an external specialist and uses information, forecasts and judgements that are reviewed and approved by management.
- The policies contained in the Charges Schedules are reviewed annually. No changes to those policies were planned for 2027/28.
- External consultants supported the analysis and evaluation of the charge structures.
- The company's Quality Management System covers the policies and processes used to develop tariffs and charges, and those policies and procedures are regularly updated.
- Bristol Water has separate price controls and tariff calculations. Its calculations, modelling and assurance have been integrated with the wider South West Water process to provide a consistent approach and governance across the regions.
- Where significant changes to primary wholesale charges are proposed, a Statement of Significant Changes is published to explain the expected changes, customer impacts and handling strategies.
- Independent technical assurance covered both the information entered into the tariff model and the model itself. The independent reports were made available to the Board and reported no material issues.

Outcome of these checks

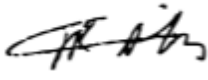
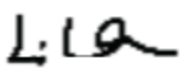
The Board used this evidence, together with the legal compliance review, customer-impact assessment and stakeholder engagement, when reaching the confirmations in this statement.

Information and assumptions used

The Board recognises that uncertainty remains around consumption, future inflation, the cost of living and the wider economy. The charges have therefore been developed using the best available information and assumptions. These assumptions will be updated where appropriate for setting final charges.

Board approval

Approved by the South West Water Board for the 2027/28 charging year.

Name	Position	Signature	Date
David Sproul	Chair		26 September 2026
Andrea Blance	Independent Non-Executive Director		26 September 2026
Jon Butterworth MBE	Independent Non-Executive Director		26 September 2026
Dorothy Burwell	Independent Non-Executive Director		26 September 2026
Loraine Woodhouse	Independent Non-Executive Director		26 September 2026
Andrew Haines	Independent Non-Executive Director		26 September 2026
Keith Haslett	Chief Executive Officer		26 September 2026
Laura Flowerdew	Chief Financial Officer		26 September 2026