

**BULK CHARGES FOR NEW
APPOINTMENTS AND VARIATIONS
BOARD STATEMENT OF ASSURANCE
2026/27**

NORTHUMBRIAN WATER LIMITED

BOARD STATEMENT OF ASSURANCE FOR BULK CHARGES FOR NEW APPOINTMENTS AND VARIATIONS 2026/27

The Northumbrian Water Limited (NWL) Board has overseen the development of customer charges for 2026/27.

The latest charges scheme rules, issued under sections 40(E) and 110F of the Water Industry Act 1991, were issued by Ofwat in November 2025 and came into effect on 1 April 2026. The charging rules state that each incumbent should provide the Water Services Regulation Authority (Ofwat) an assurance statement from its Board of Directors and publish its statement no later than the time of publication of the Bulk Charges confirming that:

- a) the company complies with its legal obligations relating to the published Bulk Charges;
- b) the company has appropriate systems and processes in place to make sure that the information contained in the Bulk Charges publication is accurate;
- c) the company has consulted with relevant stakeholders in a timely and effective manner on its Charges Schemes; and
- d) where avoided costs are significantly different from the previous year's avoided costs, the Board has considered the reasons why those changes occurred and has issued a statement explaining why those changes were not anticipated and/or mitigated. For these purposes, 'significantly different' means by more than 10%.

The purpose of this statement is to clearly demonstrate that NWL has satisfied these requirements.

Governance and Assurance

We closely monitor the rules published by Ofwat and ensure that all changes are incorporated into our charges publications. In order to do this, we have strong governance arrangements and assurance processes which have been applied to the development of these charges throughout the year and are summarised below:

- The NWL Internal Audit department confirmed that input data from Company systems and the calculation of allowed revenues are robust.
- NWL have previously engaged Ernst & Young LLP (EY) to perform testing of the logical operation of certain financial models prepared by, or on behalf of, NWL to generate its tariffs. The scope of EY's work was determined by NWL and EY is only responsible to NWL for their work. This model has been used to generate tariffs published for 2026/27.
- The Charging and Markets Leadership Group (CMLG) is a sub-group of the Executive Leadership Team (ELT) and discusses charging issues and the annual charge setting process for NWL, in addition to promoting and monitoring market arrangements across NWL. The CMLG is chaired by the Chief Financial Officer and includes the Director of Customer and Corporate Services and the Regulation & Assurance Director along with senior managers from various disciplines within the business. The group met several times in the year to discuss charging policy, external markets, strategy and governance. Any significant decisions and matters arising have been reported to the ELT and, as required, to the Board.
- Charges movements were reviewed by the CMLG.

More information on our overall Assurance Plan can be found at [Data Assurance Statement 2024/25](#).

Development of charges

We have a well-established timetable for the production and approval of our tariffs and charges schemes and schedules, and this is incorporated into our Assurance Plan for the year. The charges have been developed through the following process:

DEVELOPMENT OF CHARGES

2025											2026
Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan
Agree charges setting and Assurance timetable	CMLG meeting				CMLG meeting		CMLG meeting	Consult with CCW re indicative primary wholesale charges	Communications planning for potential bill increases	CMLG meeting	Internal audit assurance
RWG Good Practice Guide published (NHH Charges)							Update NWL Audit Committee noting governance and Assurance processes for 2026/27 charges	Internal audit assurance	Developer Services Day held	Final November indexation published Ofwat Final Determination for BYA published	Update Board with final charges
							Update NWL Board with draft charges for 2026/27	Publish indicative primary wholesale charges	Ofwat Final Determination for ODI payments 2024/25 published	Ofwat workshop: Water efficiency and business user charges	Consult with CCW regarding final charges and handling strategies
							Ofwat call re Unmeasured charges and	Communications planning for potential bill increases		Developer Services consultation sessions	Notify Ofwat of average and typical bill increases
								Ofwat Final Determination for BYA published		Communications planning for potential bill increases	Finalise and publish tariffs and associated documents in accordance with Ofwat timetable

Avoided costs

The only significant change in the calculation of avoided costs for 2026/27 is the increase in the leakage allowance. This is due to the use of more accurate data from NWL for onsite leakage rather than using the level of leakage that NAVs were reporting in their APRs. This change is in accordance with the Ofwat guidance.

Consultation

In November 2025 we requested feedback from our developer services customers (developers, SLPs, and NAVs) and held our 'Developer Day' event to meet with our developer services customers and discuss how we can best support them, including cost, value for money and environmental incentives. We will be repeating this event in 2026 and would like to engage with as many customers as possible.

Summary

The strong governance and assurance arrangements that have been applied in the development of the charges provide the Board with a sound basis to confirm that:

- a) NWL's bulk charges for 2026/27, as set out in its published document, comply with our legal obligations;
- b) NWL has appropriate systems and processes in place (including up-to-date models and data) to make sure that the information published is accurate;
- c) NWL has consulted with relevant stakeholders in a timely and effective manner on its bulk charges; and
- d) where avoided costs are significantly different from the previous year's avoided costs, the Board has considered the reasons why those changes occurred and has issued a statement explaining why those changes were not anticipated and/or mitigated. For these purposes, 'significantly different' means by more than 10%.

Signed on behalf of the NORTHUMBRIAN WATER LIMITED Board

A handwritten signature in black ink, appearing to read 'M. A. Williams'.

Matt Williams
Chief Financial Officer