

NORTHUMBRIAN WATER LIMITED

1. The main components of 2025/26 prices, including Ofwat's final determinations, inflation and other significant elements;

Northumbrian/Essex & Suffolk Water 25/26 increases are mainly driven by Ofwat K* factors:

Water (Resources and Network) Final Determination K factor for 2025-26 was 7.8% and then we add November 24 CPIH Inflation which was 3.5%.

On the Waste side (Network and Bioresources) Final Determination K factor for 2025-26 was 21.7% and then we add November 24 CPIH Inflation which was 3.5%.

Wholesale revenue increases are shared broadly evenly across Household and Non-household charges.

There are a couple of underlying movements in charges that also impact prices.

- Large user discounts have been reduced slightly to make them more cost reflective. The discounts are likely to reduce further in future years but it's worth noting that we are also expecting to get industry alignment on volume bandings from 26/27 and while the impact should be minimal it means that some individual customers may see different changes.
- Raw (non-potable) water charges have increased by around 20% including 3.5% CPIH as we have needed to reflect the fixed costs of this network and volumes have decreased. Future price changes are dependent on the growth in volumes on Teesside and the uncertainty on these makes it difficult to predict what we'll see over the remainder of the period to 2029-30.

2. Key areas of expenditure and investment in the region, especially in the coming year, and the benefits that this will deliver;

We are set to begin work on our most ambitious investment plan in our history.

Our five-year investment plan will begin in April 2025 and will see us spend £3.6 billion across our two regions to improve the local water and sewer network.

This major investment programme will see upgrades to some of the company's key infrastructure, including pipelines, treatment works and pumping stations, to help further

*K factors are the net allowance given by Ofwat in their price allowances to be applied before adjusting for inflation

improve the company's environmental performance and make sure customers continue to receive a reliable and high-quality water and wastewater service.

The funds raised by increased water bills are guaranteed only to be spent on improvements in the region, and in addition, we are committed to spending 60p in every pound with local suppliers to ensure funds stay in the region to support jobs and the economy. We expect this investment programme to create 3,000 jobs per year across Northumbrian Water Group and add £5.7bn to the local economy through employment and the use of local suppliers.

Smart Meters

Across both our Northern and Essex and Suffolk regions we have started to roll out a comprehensive smart meter replacement programme.

This programme will deliver benefits for both retailers and non-household customers. These benefits include;

- More detailed timely consumption data.
- Visibility of consumption patterns to help identify how to save water.
- Early leakage detection.
- More accurate and timely billing as readings can be supplied to retailers.
- Potential to offer improved pricing flexibility and new tariffs.

We will continue to work with retailers and customers as the programme progresses.

NORTH EAST REGION

Over the next five years Northumbrian Water's investment in the North East region totalling £3.6 billion will include a number of key projects, some of which are listed below;

Northumberland

We are currently spending up to £1.85m on investigative work in Berwick that will inform significant future investment over the next ten years, aimed at reducing spills from storm overflows (SOs) in the catchment.

Work has been taking place across a number of sewage treatment works in Northumberland, including Hexham, Felton and Bellingham, to protect the county's watercourses. The projects include upgrades to the treatment works to ensure they are fit for the future and, where required, increases in storm water capacity to mitigate the impact of population growth and climate change, to reduce the risk of spills to the environment.

We have also been carrying out programmes of water mains renewal, including in 2024 at Blyth and Ashington, to protect the quality and resilience of water supplies for customers across those areas. These two projects represented £3.8m of investment.

Newcastle

We are preparing to start a £2.2m project at our service reservoir in Fenham, which will support the continued safety and resilience of the site, as well as protecting water supplies for customers in Newcastle. Work is expected to start in April 2025 for up to a year.

We are working with Newcastle City Council and our partners Esh-Stantec in the planning of work to carry out maintenance on the two water pipes that lie within the structure of the Tyne Bridge. By working within the existing bridge refurbishment programme, the £2.7M investment can be carried out without adding further disruption on motorists.

Gateshead

We are working on a £3.6m programme of water mains renewal in the Felling and Pelaw areas of Gateshead, adding resilience to the local network and protecting water quality for customers. Work is due to finish in the summer.

In 2024, we completed a £3.4m investment at Lamesley to replace a rising main on our sewer network, to protect the environment and the River Team.

Sunderland

We are investing £56m in the creation of a new reservoir and connecting water mains at Springwell Village. This will protect and enhance the resilience of water supplies and is designed to deliver benefits for more than 250,000 customers across South Tyneside and Wearside for the next 100 years.

Hartlepool

We're investing £1.1m at Greatham Sewerage Treatment Works (STW) to install a new storm tank that will help to protect the environment by holding storm water and wastewater from homes at times of heavy rainfall, so that it can be treated when flows reduce. We are also in the planning stages of a project to develop a wetland at the site, which will add a sustainable treatment process to the site.

Durham

Project Pipeline: County Durham and Tees Valley – a £155m investment in the resilience and quality of water supplies for 200,000 customers across the south of County Durham and into Teesside. In total, 57km of new pipeline will be constructed, replacing old water mains, some of which have served the area for more than 100 years. We are currently working on Phase 1, connecting Lartington Water Treatment Works (WTW) with Gainford and across to Shildon, and are in the planning stages of Phase 2 further connecting on from Gainford to Long Newton, where it links with our existing Teesside network.

We have nearly completed an £11m project to create a new 6km sewer pipeline and two new pumping stations at our sewage treatment works in Plawsworth and Pity Me, which will add flexibility and resilience to our network, as well as protecting the Blackdene Burn.

Investment in recent months has included upgrades to sewage treatment works including at Bishop Middleham, Chilton Lane, Esh Winning, Hustledown, Fishburn, Sedgfield, Sacriston, Bowburn, Knitsley, Lanchester, Witton Gilbert and New Moors, near Evenwood,

representing more than £40m in improving the resilience of our services and protecting the environment.

We are also investing in upgrades to our sewer network in key locations, to reduce storm overflow spills, including at Bishop Auckland, West Rainton and Ludworth.

Darlington

We've recently invested £1.3m in upgrades to Bishopton STW to add resilience to the services it provides.

Stockton

£3.5m has been invested at our sewage treatment works between Carlton and Redmarshall, to protect water quality in the Whitton Beck and add resilience to the services the site provides.

We are also investing £16m in two projects to create new sewer pipelines to add resilience and capacity to our network, protecting the environment. £11.2m is being invested in a 9km pipeline connecting Long Newton with Middleton One Row, while a further £4.8m investment will create a pipeline between Kirklevington STW and a pumping station in Yarm.

Middlesbrough

In the Gresham Rd area of Middlesbrough, we are spending £1.3m to upgrade and increase the capacity of our sewer network, to protect against flooding.

North Yorks

Investment in our assets in North Yorkshire includes £2.5m of upgrades at Aldbrough Sewage Treatment Works, a £2.8m to install a new storm tank at Great Ayton STW, and more than £1m of investment at Great Broughton STW, helping to protect the environment in these areas.

ESSEX & SUFFOLK REGION

The five-year improvement plan will begin in April 2025 and will see the company invest £1 billion in Essex & Suffolk to improve the local water network.

This major investment programme will see upgrades some of the company's key infrastructure, including pipelines and treatment works to make sure customers continue to receive a reliable and high-quality water service.

Over the next five years Northumbrian Water's investment in the Essex and Suffolk region will include a number of key projects, some of which are listed below;

Essex

We are working on the final stages of a £20m project to create a new 19.5km pipeline to connect and balance the way we use our use of raw water sources in the Layer and Langford areas, which will add resilience to water supplies for more than 300,000 customers in the county and help to protect the environment.

Investment in the county includes the renewal of water mains, including more than £6m in recent or ongoing projects in Hutton, Hockley, Middlemead and St Lawrence.

Suffolk

Our £49.3m project to upgrade Barsham Water Treatment Works, which will complete this year, represents one of our biggest ever investments in the county and will help to protect the environment. We're also investing more than £11m in resilience work at our WTW in Rickingham.

3. How prices are likely to move over the period of the AMP – this need only be a general indication, but with the intention that customers know broadly whether they should expect the same order of increase each year, or whether it is likely to reduce or increase after year one;

While the most significant price rises are for 2025-26 we do have some positive k factor adjustments in future years although these are much smaller in scale. Our k factors for the remaining years to 2029-30 are shown below.

	2026-27	2027-28	2028-29	2029-30
Water	8%	2%	1%	5%
Wastewater	5%	3%	3%	3%

These k factors give an indication of future year price changes, however actual prices will be influenced by a number of additional factors such as;

- An annual inflationary figure based on November CPIH (published in December) released in the November before the charging year starting on 1st April each year.
- Changes in consumption patterns & numbers of customers.
- Ofwat regulatory performance rewards or penalties.

4. The support available to customers from wholesalers to help them reduce their demand – e.g. water efficiency audits, funding for demand reduction, grants, devices etc.

Supporting Customers to Save Water

NWG's strategy for Business Demand delivers support for all types of non-household in collaboration with Retailers. In 2025/26 we have three key offerings:

- The Water Saving in Business fund enables any non-household to apply for funding from NWG for action that will save water. The focus is on plans the non-households already have or are developing to reduce water use for now and in the future. The Hartismere water resource zone fund information is included as an appendix.
- The Retailer Collaboration Fund enables all retailers to submit a proposal for funding to us on what they would like to do to support their customers reduce water use. This could be focused on a specific segment of the market, or a broader offering, but aligns with what the Retailer is already offering or wants to offer based on knowledge of their customers.
- Finally, we will facilitate further water saving delivery, advertised by the retailer preferably, where the first two options do not meet either:

The scale of water savings we are required to deliver or
The scale of customers we need to reach or
The provide the specialism required to save water in certain situations.

In response to increasing water restrictions on non-domestic properties, Suffolk Chamber of Commerce has successfully launched the Suffolk Business Water Group.

Backed by Anglian Water Services and Essex & Suffolk Water, the Group includes leading voices from soft drinks, leisure, manufacturing, agriculture, Freeport East, the FSB, and local planning experts. Together, they're focused on lobbying, sharing knowledge, and developing practical solutions to tackle water stress in Suffolk, part of the UK's most water-depleted region.

This Group is an honest forum to address water challenges, share solutions, and prevent businesses from relocating to less water-stressed regions.

APPENDIX 1 - Hartismere Water Saving in Business Fund



[Download](#)

Essex & Suffolk Water is offering businesses in a specific water-stressed part of Suffolk access to a fund to help reduce the amount of water they use.

The Hartismere water resource zone, which covers Eye and surrounding areas, is currently under a moratorium, which is a temporary stop on new non-domestic water connections due to concerns over the levels of supply and demand in the area.

To help, the water company is offering a “Water Saving in Business Fund” specifically for businesses in the area. You may want to pay for a survey or consultant to give you expert advice on how to reduce your water use, or you may already have ideas you want to put into action.

Tim Wagstaff, Essex & Suffolk Water’s Lead Water Efficiency Manager, said: “Demand for water is rising, but the amount of water available remains the same. East Anglia is

classed as a seriously water stressed area, and the UK is forecast to face shortages as soon as 2050 unless we act now to protect our resources.

“Water efficiency is everyone’s responsibility. And while there are changes we can make at home that make a big difference, business have a role to play by repairing leaking taps and toilets, checking urinal controls are working correctly, and avoiding wasteful water practices.”

Many businesses across a range of different sectors, use millions of litres of water per year. Whether it’s for cooling systems, cleaning equipment and machinery, or for farmers looking after their livestock; it all counts.

But there are ways businesses can make changes to cut their costs, help the environment, and make the most of their water. For example, monitoring your usage in the first place can you identify what might need to be tweaked. Whether it’s installing a method for collecting rainwater that can then be used for landscaping or to wash down warehouses, or as simple as investing in a dishwasher for the office kitchen (that goes on when full) rather than taps being run to wash up individual cups – it soon adds up.

Tim adds: “Applying to the fund will not only help demonstrate climate awareness and eco-friendly company values, it also gives peace of mind for the future of the business, because while demand is rising, the amount of water available to us is not.

“If we work together and all play our part, then we can all, individuals and businesses alike, continue to enjoy the privilege of fresh, clean, safe water coming out of our taps, at the flick of a wrist.”

To find out more about the Water Saving in Business Fund, visit; [Water Saving in Business Fund](#) or get in touch with us at savingwater@nwl.co.uk.

Your project must:

- Be within the Essex & Suffolk Water Hartismere water resource zone and deliver water savings

- Save mains tap water and start to demonstrate a measurable, sustainable reduction in water use (litres/day saved).
- Include monthly project updates and provide a written case study/report at the end of the project.

Your project will be assessed based on a number of factors, including, but not exclusive to:

- Innovation
- Funding required
- Cost per litre of water saved
- Amount of water saved
- Wider benefits, such as community, social, or environmental

The closing date for the current round of applications is 7 March 2025.