Indicative Wholesale Charges Scheme 2027/2028

Board Assurance Statement



Published October 2026

YorkshireWater

How to view this document

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Our contents page links to every section within this document. Clicking on a specific section will instantly take you to it.

1. Click on the contents button to return to the contents page.
2. This button takes you to the previous page.
3. This button takes you to the next page.

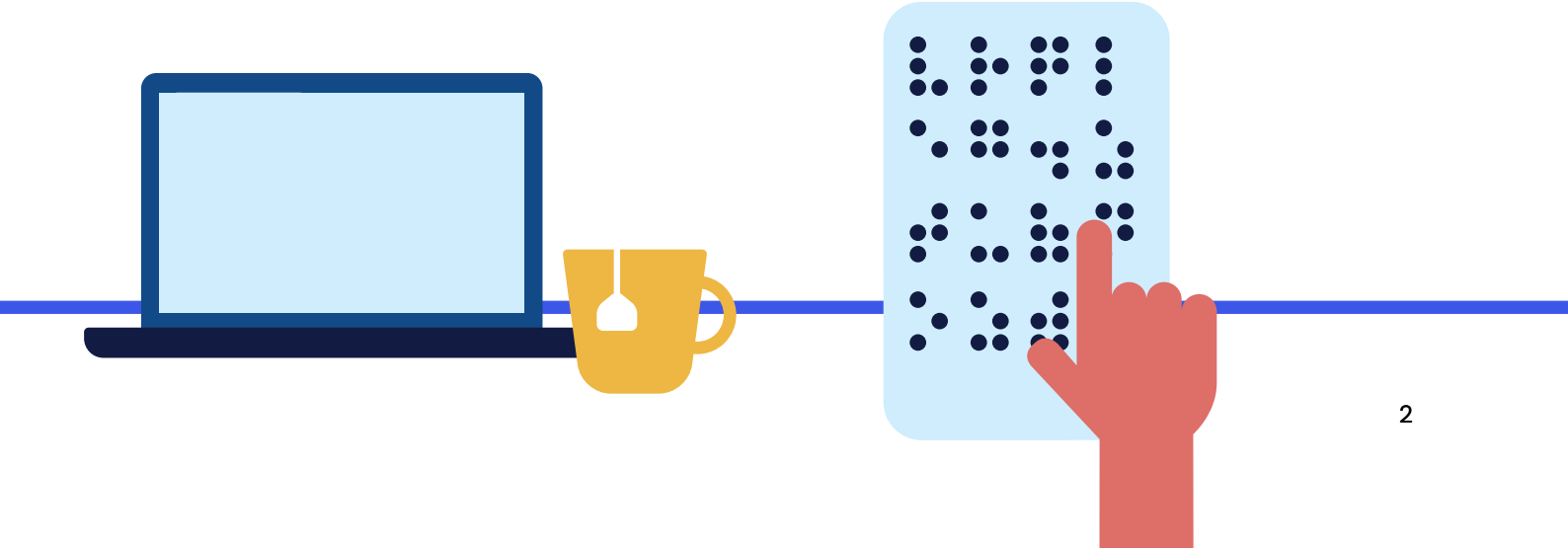
There are also many other clickable links within this document which we've made easy to spot by underlining and **highlighting** them in blue.

Accessibility matters. That's why we want all of our customers to be able to engage, navigate, and understand our Indicative Wholesale Charges Scheme.

By using assistive technology like screen readers, text-to-text speech programmes and Braille displays, we can provide equal access to anyone with visual, mobility, or cognitive impairments.

We've taken steps to ensure this document supports additional accessibility needs:

- Screen readers will recite content in a logical order, as well as identifying headers and providing alternative text for images.
- Table of contents and bookmarks to aid navigation.
- Easy-to-read text that's structured using headings, clear paragraphs and tables.
- Comfortable colour contrast.



Contents

We've created colour-coded sections to help you to navigate this report easily. Just click on the section you are interested in on the contents page, and it will navigate you to that section.

The report is structured as follows:

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2027/2028 Indicative Wholesale Charges Board Assurance Statement

2027/2028 Indicative Wholesale Charges Board Assurance Statement

In making this assurance statement, the Board has considered the requirements set out by Ofwat in its Wholesale Charging Rules, published in October 2025, and confirms that, to the best of its knowledge, having made all due inquiries and based on appropriate sources of evidence, that:

a. the company complies with its legal obligations relating to the indicative Wholesale Charges it has published;

b. the Board has assessed the effects of the new charges on water supply and sewerage licensees (as a whole or in groups) who are retailing wholesale services and on customers occupying Eligible Premises (as a whole or in groups) and approves the impact assessments and handling strategies developed in instances where bill increases for licensees (as a whole or in groups) who are retailing wholesale services to eligible customers and on customers occupying Eligible Premises (as a whole or in groups) exceed 5%;

c. the company has appropriate systems and processes in place (including up-to-date models and data) to make sure that the information published about its indicative Wholesale Charges is accurate;

d. the company has consulted with relevant stakeholders in a timely and effective manner on its indicative Wholesale Charges;

We set out below an overview of the 6.6% increase in wholesale revenue allowances from 2026/2027 (£1,642m) to £1,751m (2027/2028) to illustrate this:

£m	Water	Waste	Wholesale total	% variance in wholesale revenue
2026/2027 Revenue allowances	**679**	**964**	**1,642**	0.0%
Reversal of FD24 BYA performance impacts:	**-**	**-**	**-**	0.0%
Outcome delivery incentive in period adjustment for FD24 BYA performance	(5)	14	**9**	0.7%
Revenue forecasting incentive adjustment for FD24 BYA in 2026/2027 revenue allowances	21	(5)	**16**	1.3%
2026/2027 Revenue allowances adjusted	695	972	**1,667**	2.0%
Inflation – November 2026 3.56%	25	30	**55**	3.6%
2027/2028 changes in allowed revenue:				
Changes in allowed revenue from the impact of price review (large increase in investment obligations)	31	69	**100**	6.5%
ODI – Adjustment for 2026/2027 performance	(28)	(63)	**(92)**	-5.9%
Revenue forecasting incentive adjustment for 2026/2027 performance	8	13	**21**	1.3%
2027/2028 PR24 Revenue sacrifice for Company contribution towards customer support tariffs				
2026/2027 - Reversal of revenue sacrifice	-	-	**-**	0.0%
2027/2028 - Revenue sacrifice	-	-	**-**	0.0%
2027/2028 Revenue allowances	**731**	**1,020**	**1,751**	**6.6%**
% revenue movement	**7.7%**	**5.9%**	**6.6%**	**–**

We have set our indicative Wholesale Charges using a reasonable expectation of the allowed revenues that we will receive using the information as published within our 2025/2026 Annual Performance Report (APR), which may change following the outcome of Ofwat's in-period determination process.

Whilst we have not made any significant changes to methodology or introduced any new tariffs, we have seen an increase in our bill assessment impact of: 9.0%-9.1% for dual service Yorkshire customers, 8.8%-9.0% for dual York Water customers, 9.8%-10.2% for single service water customers, 8.2%-8.5% for single service Sewerage customers and 8.2% for single service Trade Effluent customers.

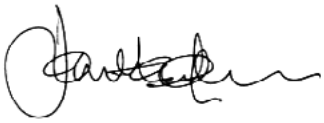
The main drivers for the bill impacts are the Ofwat FD24 investment plans for 2026/2030 (AMP8), forecast for November CPIH of 3.56% (which remains above the long term government target of 2%), and continued reduction in underlying consumption forecasts in both household and non-households.

After taking the considerations noted above, if we anticipate that the final Wholesale Charges will differ by more than an indexation variance to the indicative Wholesale Charges, as per the Wholesale Charging guidance we will publish the explanation of movements within the Board Assurance Statement, which will accompany the Final Wholesale Charges.

The Board owns and is accountable for the development of the indicative Wholesale Charges document. The indicative Wholesale Charges document and this supporting assurance statement was approved collectively by the Board in October 2026.

2027/2028 indicative Wholesale Charges Board Assurance Statement

Signed by Yorkshire Water Services Limited Board of Directors



Jonathan Lewis
Independent Non-Executive Chair



Nicola Shaw
Chief Executive Officer



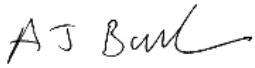
Martin Gee
Chief Finance Officer



Andrew Merrick
Independent Non-Executive Director



Furqan Alamgir
Independent Non-Executive Director



Tony Ballance
Independent Non-Executive Director



Basil Scarsella
Independent Non-Executive Director



Kunal Koya
Non-Executive Director



Kamal Abi-Salloum
Non-Executive Director

Charges data assurance summary

Charges data assurance summary

The governance in place and the assurance process detailed below in the production of the indicative Wholesale Charges, allows the Board to review and provide confidence in the charges we publish and the assurance processes we have followed.

The Board of Directors sign the 'Board Assurance Statement' which confirms:

- The Charges comply with our legal requirements.
- The Board has reviewed the effects of the 2027/2028 charges on customer bills for a range of customer types to assess if bill increases have exceeded 5%.
- We have consulted with the relevant stakeholders in a timely and effective manner.
- Appropriate systems and processes are in place to ensure the data and information contained in the Charges and additional information is accurate.

Whilst we have not made any significant changes to methodology or introduced any new tariffs, we have seen an increase in our indicative Wholesale Charges bill assessment impact of between: 9.0%-9.1% for dual service Yorkshire customers, 8.8%-9.0% for dual York Water customers, 9.8%-10.2% for single service water customers, 8.2%-8.5% for single service Sewerage customers and 8.2% for single service Trade Effluent customers.

We also note that there is an outstanding consultation on changes to the charging rules, which would take effect on 1 April 2027 if implemented. We have set our indicative Wholesale Charges on the rules currently in place and have not adjusted for proposed changes.

We have set our indicative Wholesale Charges using a reasonable expectation of the allowed revenues that we will receive using the information as published within our 2025/2026 Annual Performance Report (APR) and end of AMP7 reconciliation models, which may change following the outcome of Ofwat's in-period determination process.

After taking the considerations noted above, we anticipate that the final Wholesale Charges will differ by more than an indexation variance to the indicative Wholesale Charges. As per the Wholesale Charging guidance we will publish the explanation of movements within the Board Assurance Statement, which will accompany the Final Wholesale Charges.

Completed assurance levels explained

By mapping our assurance activities into three levels, the Board are given confidence that sufficient assurance is provided at the right time. Challenges can be investigated and an explanation provided at the earliest opportunity. A description of the levels of assurance is provided in the diagram on the next page. This includes both internal and external review.

Charges assurance levels explained

Level 1

Business operations

Level 1 assurance comes from controls in our front-line operations. It takes place throughout the year. We regularly review our processes, systems and controls to make sure we report accurately. It includes having the right people in the right roles, who are responsible for delivering a service, for example our named data providers and data managers.

The value of this assurance is that it is timely and comes from the business experts who understand the performance and the challenges faced.

Level 2

Oversight functions

Level 2 assurance comes from oversight teams with specialist knowledge, such as our Finance, Regulation and Legal teams. This assurance is separate from those who have responsibility for delivery as described in Level 1. This assurance can comprise of compliance reviews, process effectiveness reviews and policy reviews. It can advise on improvement or enforce compliance.

The value of this assurance is that those involved will review information for technical accuracy, compliance and against wider company expectations.

Level 3

Independent assurance

Level 3 assurance is carried out by independent assurance providers. This includes our internal audit function, the customer forum and other external experts. The teams that carry out this assurance operate to professional and ethical standards. This means they will form their own opinions on the information and evidence they review.

The value of this assurance is that it is independent of line managers and the organisation. The team inform senior management but report to the Board.

Senior management
Receives the assurance findings and makes sure appropriate action is taken to respond to the findings.

Customers and Stakeholders

The Board
Reviews the outcomes of all assurance activities and approves the information and the publications.

Board Audit Committee
Receives the findings from audits and any action we are taking in response to the audit findings. It makes sure processes and controls are in place for the publications.

Level 1:

- All data inputs into the tariff model are from assured data sources, internal experts or forecasted.
- The tariff model is updated, and calculation input checks are reviewed.
- All movements in tariffs are reviewed and bill impacts assessed.
- Level 1 assurance ensures we remain compliant with the relevant revenue controls.
- Level 1 assurance confirms we are compliant with the published charges, principles and guidelines.

Level 2:

- The Tariff Steering Group, which included internal business experts in regulatory finance, retail services and tariffs held several meetings to discuss charging policy, strategy and governance.
- A qualified member of our internal legal team is asked to agree any changes to the charges scheme book.
- The Tariff Steering Group has confirmed that the methodology has been followed, the resulting charges comply with the charging guidance requirements, the proposed tariffs meet regulatory requirements and the assurance process has been completed.

Level 3:

- External independent assurance was provided by our assurance provider AtkinsRéalis they;
  - assured the charges model to ensure the calculations are robust and the model is fit for purpose.
  - assured the charges model for compliance with charging principles and guidelines.
- A paper is submitted to the Board which contains;
  - a summary of the assurers findings – this allows a check to the Charging principles and guidelines;
  - the timetable for completion – this gives confidence the process is under control and all reporting requirements will be achieved;
  - tables comparing charges – this provides a transparent review of the movements in charges.
- Internal Audit complete an annual billing audit, to confirm that the tariffs have been included within the billing system correctly.

Stakeholder consultation table

Stakeholder consultation table

Date	Overview	Details of correspondence	Stakeholder	Yorkshire Water Response
Sep 2026	Research with customers	Research with customers on attitudes and behaviours regarding water efficiency, and to explore impacts of different potential changes to charges.	Business Customers, Retailers, Defra, Ofwat	In progress; results expected in October 2026, currently we do not plan to make significant changes for the 2027/2028 charging year, but will continue to review for future delivery.
Sep 2026	RWG Tariff Harmonization (second phase)	Retailers and RWG have requested we align to the Good Practice proposed last year. Previous retailer engagement suggests retailers are in favour of our alignment to this. First phase was implemented for April 2026. Second stage to be delivered in time for April 2027.	Retailers, RWG, MOSL	Retailers are being consulted on exact timeline. Final output is complicated by Ofwat's REC changes which are not expected to be finalized until late 2026. We are operating under the assumption that Ofwat's proposals will go ahead and RWG guidance will align with the updated REC.
Sep 2026	CCWater request for information on 2027/2028 impacts.	We received a request for information from CCWater for an update on our plans for 2027/2028 charges, with respect to whether we are planning any changes to our charges or attempting any rebalancing of charges that could potentially create bill shocks (or changes in charges which are significantly different from the norm) for some customers.	CCW	We completed the CCWater template to reflect the bill impact assessment of the proposed indicative Wholesale Charges. The ranges are: 9.0%-9.1% for dual service Yorkshire customers, 8.8%-9.0% for dual York Water customers, 9.8%-10.2% for single service water customers, 8.2%-8.5% for single service Sewerage customers and 8.2% for single service Trade Effluent customers.

Stakeholder consultation table

Date	Overview	Details of correspondence	Stakeholder	Yorkshire Water Response
30/09/2026	Teams meeting with CCWater to discuss the indicative Wholesale Charges for October 2026.	YW met with CCWater to discuss the approach to the publication of the indicative Wholesale Charges.	CCW	We discussed the bill impact assessment of the proposed indicative Wholesale Charges. The ranges are: 9.0%-9.1% for dual service Yorkshire customers, 8.8%-9.0% for dual York Water customers, 9.8%-10.2% for single service water customers, 8.2%-8.5% for single service Sewerage customers and 8.2% for single service Trade Effluent customers.

Thank you for reading

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YorkshireWater