

2025–26 New Connection Charges

Statement of significant changes

This is our first set of charges under the new regulatory framework, which runs from April 2025 to 2030, that includes material changes to the charging rules for new connections.

Our underlying charges for providing new connections during 2025-26 will remain stable when compared to 2024-25. However, we will be increasing overall charges for typical developments by more than 10% and these are set out in Ofwat's Common Terms and Worked Examples.

The increase is for several reasons. Firstly, Ofwat has changed charging rules, meaning companies can no longer provide "income offset" discounts (a discount applied to the connection charge in recognition of future revenue). Also, we plan to spend more on waste network improvements to handle expected housing growth.

Introduction

Like all English water companies providing new connections, we follow the 'Charging Rules for New Connections Services (English Undertakers)'. The Rules allow us to charge developers to cover the reasonable costs of providing new connections.

Each year we review our charges to make sure they are in line with our costs. For the year 2025-26, **overall** charges are increasing by more than 10%, for typical developments, and in this document we explain why.

Our 2025-26 changes

When setting charges, water companies like Severn Trent must follow Ofwat's rules. In addition, we have several priorities:

- A transparent scheme of charges that reflects all reasonable costs; and
- A level playing field so everyone in the market can compete fairly, such as developers, Self-lay organisations and New Appointments.

These are our first annual charges under the regulatory framework which runs from April 2025 to 2030. Our underlying charges for providing new connections in 2025-26 will remain stable when compared to 2024-25. However, our overall charges to developers for typical developments will increase by more than 10%. There are several reasons for this, mainly driven by changes in industry regulations:

- The removal of "income offset" discounts;
- The introduction of an environmental contribution from developers, that will fund the new Environmental Incentive Scheme; and
- An increase in our waste infrastructure charge to support more investment into our network due to developer driven growth in new properties connecting to our network for the first time.

"**Income Offset**" means a sum of money, offered by the undertaker, in recognition of revenue likely to be received in future years for the provision of:

- i) supplies of water to the premises connected to a Water Main; or
- ii) sewerage services to the premises connected to a Sewer

It's also worth remembering that our 2024-25 waste infrastructure charge was significantly lower than the years before, so we see a higher year-on-year increase for 2025-26.

To keep bills stable, we have 'smoothed' increases in charges where we can. Examples include making the removal of income offset gradual over recent years. We have also made the infrastructure charge increase lower in 2025-26, to reduce the impact of removing income offset.

It's important for your future planning that you can prepare for changes to the charging structure. Over the last few years we have actively communicated the upcoming income offset changes to the industry, alongside stakeholders such as the House Builders Federation.

Our developer customers will benefit from our evolved environmental incentive scheme when building sustainable new homes. This will offer discounts for permeable paving, rain gardens and reduced water use. This means developer customers can more than offset the new environmental component combined charge of £109, with a reduction (for water and wastewater) of between £350 and £650 per property.

Where possible, we work with our developer customers to share information and get their views, to help us shape our New Connection Charging Arrangements. We share proposed and final charges to be transparent and to help developers forecast their future costs more easily. In addition, we have an online tool so developers can get a reasonable estimate of their overall connection costs.

Typical Development Worked Examples

Below are several worked examples for typical developments, as provided by Ofwat, that set out year-on-year comparable charges for different customer groups. We will detail all of these in our published charging arrangement document.

For all seven typical development scenarios, we use the prescribed sector template to document the relevant charge elements, with the total charge summarised to show overall year-on-year movement.

Please note that all relevant sewerage connection scenarios include a S106 application fee only, to allow for industry comparability.

Example 1: Single connection to a house from an existing main

This worked example provides charges for a single connection to an existing water main of 90mm diameter polyethylene (PE). If applicable, the worked example should include the associated charges for a single property connection to an existing sewer, which is completed by the Developer Customer. These charges are specified under 'Other Charges'.

Within construction charges, this includes: service pipe installation; boundary box fitting; meter installation; excavation; reinstatement.

Pipework:

- 25 – 32mm diameter PE pipe
- 4m pipework in road

Traffic management assumes the road (Type 3-4) is 40mph, has two lanes and does not require a road closure or lane closure. Two-way automated lights are required. There is also an assumption that the only payable local authority/council charges are for permitting.

Delivery method	2024-25 Total	2025-26 Total	Variance	Percentage
Severn Trent delivery	£3,339.31	£3,847.67	£508.36	15.22%
Self-Lay related charges	N/A	N/A	N/A	N/A

Note: 7.5% of the percentage increase is due to Income Offset removal.

Example 1a: Single connection from an existing main to four properties using a four-port manifold

This is a new worked example for 2025-26 and provides charges for a block of four properties converted from a single property that are to be connection to an existing main of 90mm diameter PE. Each property would be individually metered. For wastewater companies, the worked example should include the associated charges for connection to an existing sewer, which is completed by the Developer Customer.

Within construction charges it includes: service pipe installation; boundary box fitting; meter installation; excavation; reinstatement.

Pipework:

- 25 – 32mm diameter PE pipe
- 4m pipework in road, 4m pipework in unmade ground

Traffic management assumes the road (Type 3-4) is 40mph, has two lanes and does not require a road closure or lane closure. Two-way automated lights are required. There is also an assumption that the only payable local authority/council charges are for permitting.

Delivery method	2024-25 Total	2025-26 Total	Variance	Percentage
Severn Trent delivery	£8,172.01	£9,109.11	£937.10	11.47%
Self-Lay related charges	N/A	N/A	N/A	N/A

Note: All of the percentage increase is due to Income Offset removal.

Note: All developer customers have the opportunity to reduce their overall charges through the Environmental Incentive Scheme.

Example 2: Single connection to a block of flats from an existing main

This worked example provides charges for a block of 10 flats to be connected to an existing water main of 90mm diameter polyethylene (PE). Each flat would be individually metered. If applicable, the worked example should include the associated charges for connection to an existing sewer, which is completed by the Developer Customer.

Within construction charges it includes: service pipe installation; boundary box fitting; meter installation; excavation; reinstatement.

Pipework:

- 63mm diameter PE pipe
- 4m pipework in road, 4m pipework in unmade ground

Traffic management assumes the road (Type 3-4) is 40pmh, has two lanes and does not require a road closure or lane closure. Two-way automated lights are required. There is also an assumption that the only payable local authority/council charges are for permitting.

Delivery method	2024-25 total	2025-26 total	Variance	Percentage
Severn Trent delivery	£9,442.46	£12,620.48	£3,178.02	33.66%
Self-Lay related charges	N/A	N/A	N/A	N/A

Note: 26.6% of the percentage increase is due to Income Offset removal.

Note: All developer customers have the opportunity to reduce their overall charges through the Environmental Incentive Scheme.

Example 3: Medium housing development requiring new mains and communication pipes (excavation and reinstatement by others)

This worked example provides charges associated with the provision of new water mains with individual connections from them for each of the 50 new houses. If applicable, the worked example should include the associated charges for the 50 property connections to an existing sewer, which are completed by the Developer Customer. This worked examples assumes excavation and reinstatement activities are completed by others, except for the excavation leading to the connection to the existing water main.

Within construction charges, this includes: mains laying; service pipe installation; boundary box fitting; meter installation.

Technical Specification (Connection)	Technical Specification (Mains)
Pipework (no excavation): <ul style="list-style-type: none"> • Connection to existing main of 180mm diameter PE • 3m pipework laying (per communication pipe) 	Pipework: Total length 300m, consisting of: <ul style="list-style-type: none"> • 125mm diameter PE – 10m road type 3-4 (leading to the point of connection to an existing water main) • 125mm diameter PE – 190m • 90mm diameter PE – 100m

Design Considerations:

- 180mm diameter existing main, serving 150 existing customers
- Three commissioning phases
- Three sample chlorination and connections – footpath
- Four washouts – unmade ground
- Five valves (1 x 150mm, 3 x 100mm, 1 x 80mm) – unmade ground
- One trial hole – unmade ground

Traffic management assumes the road (Type 3-4) is 50pmh, has two lanes and requires a road closure and eight parking bay suspensions. Additional local authority/council charges for permitting should be included.

Delivery method	2024-25 total	2024-25 total	Variance	Percentage
Severn Trent delivery	£65,545.77	£83,231.36	£17,685.59	26.98%
Self-Lay related charges	£28,438.07	£43,668.24	£15,230.17	53.56%
NAV related charges	£26,698.06	£41,985.58	£15,287.52	57.26%

Notes:

The % increases for Self-Lay and NAV charges are higher than Severn Trent delivery due to Income Offset and Infrastructure Charges making up a larger proportion of Self-Lay and NAV charges therefore increases in these charges have a bigger impact.

Severn Trent delivery: 19.2% of the percentage increase is due to Income Offset removal.

Self-Lay: 44.2% of the percentage increase is due to Income Offset removal.

NAV: 47.1% of the percentage increase is due to Income Offset removal.

All developer customers have the opportunity to reduce their overall charges through the Environmental Incentive Scheme.

Example 4: Medium housing development requiring new mains and communication pipes (excavation and reinstatement by Water Company)

This worked example provided charges associated with the provision of new water mains and individual connections from them for each of the 50 new houses. If applicable, the worked example should include the associated charges for the 50 property connections to an existing sewer, which are completed by the Developer Customer. This worked examples assumes excavation and reinstatement activities are completed by the Water Company. However, should the developer appoint an SLP or NAV, this worked example assumes these (and other contestable items) would be carried out by the SLP or NAV.

Within construction charges, this includes: Mains laying; Service pipe installation; Boundary box fitting; Meter installation; Excavation; Reinstatement.

Technical Specification (Connection)	Technical Specification (Mains)
Pipework (unmade ground): <ul style="list-style-type: none"> • Connection to Existing Main of 180mm diameter PE • 3m pipework laying (per communication pipe) 	Pipework: Total length 300m, consisting of: <ul style="list-style-type: none"> • 125mm diameter PE – 10m pipework in road (leading to the point of connection to an existing 180mm PE main) • 125mm diameter PE – 50m pipework in footpath • 125mm diameter PE – 140m pipework in unmade ground • 90mm diameter PE – 100m pipework in unmade ground

Design Considerations:

- 180mm diameter existing main, serving 150 existing customers
- Three commissioning phases
- Three sample chlorination and connections – footpath
- Four washouts – unmade ground
- Five valves (1 x 150mm, 3 x 100mm, 1 x 80mm) – unmade ground
- One trial hole – unmade ground

Traffic management assumes the road (Type 3-4) is 50pmh, has two lanes and requires a road closure and eight parking bay suspensions. Additional local authority/council charges for permitting should be included.

Delivery method	2024-25 total	2024-25 total	Variance	Percentage
Severn Trent delivery	£104,297.82*	£126,786.67	£22,488.85	21.56%
Self-Lay related charges	£28,438.07	£43,668.24	£15,230.17	53.56%
NAV related charges	£26,698.06	£41,985.58	£15,287.52	57.26%

Notes:

**This value includes required excavation and reinstatement activity so as to compare like with like between charging years.*

Severn Trent delivery: 12.1% of the percentage increase is due to Income Offset removal.

Self-Lay: 44.2% of the percentage increase is due to Income Offset removal.

NAV: 47.1% of the percentage increase is due to Income Offset removal.

All developer customers have the opportunity to reduce their overall charges through the Environmental Incentive Scheme.

Example 5: Large housing development requiring new mains and communication pipes (excavation and reinstatement by others)

This worked example provides charges associated with the provision of new water mains and the individual connections for each of the 200 new houses. If applicable, the worked example should include the associated charges for the 200 property connections to an existing sewer, which are completed by the developer customer. This worked example assumes excavation and reinstatement activities are completed by others, except for the excavation leading to the point of connection to the existing water main.

Within construction charges, this includes: mains laying; service pipe installation; boundary box fitting; meter installation.

Technical Specification (Connection)	Technical Specification (Mains)
Pipework (unmade ground): <ul style="list-style-type: none"> • Connection to existing main of 180mm diameter PE • 3m pipework laying (per communication pipe) 	Pipework: Total length 1,000m, consisting of: <ul style="list-style-type: none"> • 180mm diameter PE – 20m pipework in type 3-4 (leading to the point of connection) • 180mm diameter PE – 100m pipework • 125mm diameter PE – 480m pipework • 90mm diameter PE – 400m pipework

Design Considerations:

- 250mm diameter existing main, serving 150 existing customers
- Six commissioning phases
- Six sample chlorination and connections – footpath
- Ten washouts – unmade ground
- Eight valves (1 x 150mm, 5 x 100mm, 2 x 80mm) – unmade ground
- Two trial hole – unmade ground

Traffic management assumes the road (Type 3-4) is 50pmh, has two lanes and requires a road closure and eight parking bay suspensions. Additional local authority/council charges for permitting should be included.

Delivery method	2024-25 total	2025-26 total	Variance	Percentage
Severn Trent delivery	£210,015.23	£277,804.52	£67,789.29	32.28%
Self-Lay related charges	£92,759.39	£152,937.50	£60,178.11	64.86%
NAV related charges	£88,146.85	£148,240.62	£60,093.77	68.18%

Notes: The % increases for Self-Lay and NAV charges are higher than Severn Trent delivery due to Income Offset and Infrastructure Charges making up a larger proportion of Self-Lay and NAV charges therefore increases in these charges have a bigger impact.

Severn Trent delivery: 24.0% of the percentage increase is due to Income Offset removal.

Self-Lay: 54.2% of the percentage increase is due to Income Offset removal.

NAV: 57.1% of the percentage increase is due to Income Offset removal.

All developer customers have the opportunity to reduce their overall charges through the Environmental Incentive Scheme.

Example 6: Large housing development requiring new mains and communication pipes (excavation and reinstatement by Water Company)

This worked example provides charges associated with the provision of new water mains and the individual connections for each of 200 new houses. If applicable, the worked example should include the associated

charges for the 200 property connections to an existing sewer, which are completed by the developer customer. This worked examples assumes excavation and reinstatement activities are carried out by the Water Company, however, should the developer appoint an SLP or NAV, this worked example assumes these (and other contestable items) would be carried out by the SLP or NAV.

Within construction charges, this includes: mains laying; service pipe installation; boundary box fitting; meter installation; excavation; reinstatement.

Technical Specification (Connection)	Technical Specification (Mains)
Pipework (unmade ground): <ul style="list-style-type: none"> • Connection to existing main of 180mm diameter PE • 3m pipework laying (per communication pipe) 	Pipework: Total length 1,000m, consisting of: <ul style="list-style-type: none"> • 180mm diameter PE – 20m pipework in type 3-4 road (leading to the point of connection) • 180mm diameter PE – 100m pipework in footpath • 125mm diameter PE – 480m pipework in unmade ground • 90mm diameter PE – 400m pipework in unmade ground

Design Considerations:

- 250mm diameter existing main, serving 150 existing customers
- Six commissioning phases
- Six sample chlorination and connections – footpath
- Ten washouts – unmade ground
- Eight valves (1 x 150mm, 5 x 100mm, 2 x 80mm) – unmade ground
- Two trial hole – unmade ground

Traffic management assumes the road (Type 3-4) is 50pmh, has two lanes and requires a road closure and eight parking bay suspensions. Additional local authority/council charges for permitting should be included.

Delivery method	2024-25 total	2024-25 total	Variance	Percentage
Severn Trent delivery	£345,896.03*	£431,534.34	£85,638.31	24.76%
Self-Lay related charges	£92,759.39	£152,937.50	£60,178.11	64.86%
NAV related charges	£88,146.85	£148,240.62	£60,093.77	68.18%

Notes:

**This value includes required excavation and reinstatement activity so as to compare like with like between charging years.*

The % increases for Self-Lay and NAV charges are higher than Severn Trent delivery due to Income Offset and Infrastructure Charges making up a larger proportion of Self-Lay and NAV charges therefore increases in these charges have a bigger impact.

Severn Trent delivery: 14.6% of the percentage increase is due to Income Offset removal.

Self-Lay: 54.2% of the percentage increase is due to Income Offset removal.

NAV: 57.1% of the percentage increase is due to Income Offset removal.

All developer customers have the opportunity to reduce their overall charges through the Environmental Incentive Scheme.