

Anglian Water Services bill increases in 2024

This year, we're investing more than £930 million into our region's infrastructure, including measures to secure water supplies for generations to come, and projects to protect and enhance our precious natural environment. We know increasing bills is never welcome, but it's vital that we invest in our networks and operations to build resilience to the increasing challenges facing the East of England – especially climate change. And we're delivering this crucial investment – as well as an extensive package of support for our customers – for an average cost of just **£1.45** per day.

We also understand that it's still a challenging time for many people. That's why we're launching a **£70 million** package of support for anyone struggling with the cost of living, which will help **420,000 customers** pay their bills and access additional financial support in 2024.



How bill increases are calculated

Average bill (2023/24)

+ Planned annual increase to accommodate investment.

We decide this every five years as part of our business plan, and it's signed off by Ofwat at the time (in this case, 2019).

+ Cost of inflation. Like every business, we're facing increased costs due to inflation. We use the November 2023 CPIH rate (Consumer Price Index plus Housing) to calculate this.

- Underperformance adjustment. You may have read about 'refunds' on your water bill – we've automatically taken your share of this money off your bill increase. (See [Has the £27m penalty you owe Ofwat been taken into consideration?](#)).

= Average bill (2024/25)

£1.34 per day for an average household.

+5.4% (£0.08 per day for an average household).

+4.2% (£0.06 per day for an average household).

-2.3% (£33.5m)
(-£0.03 per day for an average household).

=£1.45 per day for an average household.

Why are bills increasing?

Ofwat regulate charging rules that govern how water companies set their bills to make sure that they are fair and transparent. They regulate the amount of revenue each company is allowed to charge customers through their water bills.

Like everyone, we have been impacted by cost pressures from rising energy prices and inflation. But we also know that our region is growing quickly, and climate change is having an increasingly big impact – so it's important that we continue to invest in our region's infrastructure to prepare for these challenges.

To improve services and ensure further investment in innovative projects and solutions that will provide a sustainable future for our customers, water, and the environment, people will see an increase to their water bills from 1 April 2024.

While bills are going up, they will remain one of the lowest bills

for the majority of customers, at around just £1.45 a day on average, and even less if you have a water meter.

Why is the increase higher than the rate of inflation?

We are investing more than £930m this year, nearly £185m of which is specifically targeted to help prepare our region to meet the significant challenges of a rapidly changing climate, and growing population. This includes our strategic pipeline programme, where we're building hundreds of kilometres of pipeline to transport water from the wetter parts of our region in the north to the drier south and east.

The increase to the average bill to £1.45 a day – which equates to an average annual increase of £39.11/year – is helping pay for that, as well as absorbing the impact of inflation.

At the same time, we are helping vulnerable customers who may struggle to pay their bills with a £70m package of cost-of-living support.

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£70m

is in place to help vulnerable customers who may struggle to pay their bills to support with rising cost-of-living.

Since 2020, we've supported more than

1.37m

unique customers.



How can you justify increasing bills...

...during a cost of living crisis?

We design our business plan and programmes of investment based on what our customers tell us is important to them. In 2019, when we submitted our business plan for 2020-25, we prioritised securing a resilient water supply for our region's growing population, cutting leakage even further, and cutting carbon emissions.

Obviously, in 2019 we couldn't have predicted that this five year period would bring the Covid-19 pandemic, supply chain issues and cost of living crisis. But it has also shown how vital it is to invest in our water and sewerage infrastructure, as climate change brings increasingly extreme weather, and our region's population continues to grow.

We know the last five years haven't been easy, and although we still believe it's right to deliver the investment our region needs, we're also committed to keeping this affordable for our customers. That's why we've announced a £70m package of cost-of-living support for anyone who's struggling to pay their bill. Since

£12.5m

in benefits have been claimed by customers who didn't know they were eligible for them.

2020, we've supported more than 1.37 million unique customers who were struggling to pay their bills, and we're expecting to support an additional 420,000 customers in 2024/5 (this forecast would give us an overall figure of nearly 1.8 million customers for AMP7).

Our specially-trained Extra Care team are also always available to help you find a way forward, with a personalised plan made just for you. We can make sure you're on the right tariff, look at payment plans and point you towards other help and benefits to increase your household income. We've carried out more than 200,000 Extra Care assessments since 2020, through which we've helped our customers claim more than £12.5 million in benefits they didn't know they were eligible for.

...when your environmental performance is bad?

Although we are leading our industry in many areas – such as leakage and customer support – we know we don't always get it right, and our environmental performance recently hasn't always been up to scratch. Our performance is regulated by Ofwat, and this year we have paid a £33.5 million underperformance payment, which is reflected in your bill. (see here for more detail on this).

The cost of our bills is agreed with Ofwat based on the investment we are planning to deliver in our region. This year, we will be delivering more than £930 million of investment into our region's infrastructure and environment, including more than £170 million to reduce pollution, and more than £43 million on our industry-leading smart meter programme.

...when your CEO/other executives have received a bonus?

Everyone at Anglian Water is held to extremely high environmental and business standards, and remuneration is directly linked to company performance. Although we surpassed our regulatory targets in many areas last year, including the delivery of our environmental programme, we know our performance in other areas wasn't good enough.

We are very clear that we don't reward failure. Our CEO's bonus last year was cut by 65% to reflect our reduced performance, specifically around the environment, and none of this bonus was paid for by customers.

...when your CEO/other executives have such high salaries?

In order to keep our business running effectively, it's important that our senior leaders are highly experienced in their field – and to attract that kind of talent, we need to pay people competitively. Our Chief Executive has worked in the water industry for more than 30 years, since 1989, and his pay is benchmarked against others in our industry and other businesses of similar size.

...when your shareholders are still receiving a dividend?

Our shareholders have shared our vision of investing today to ensure the long term resilience of our region. They have wholeheartedly endorsed the changes we've made to enshrine environmental and social purpose at the heart of the business, and we are pleased to now be in a position to repay their faith in us by sharing our financial returns with them.



In 2020-2025, our investment programme has totalled around

£6 million

In 2025-2030, we are estimating a total investment of around

£9 million

Fundamentally, our operating profit, and any dividends we make to our shareholders, is always far smaller than the investment we make into our region.

For 2020-2025 our investment programme has totalled around £6 billion, and for 2025-2030 it's likely to sit around £9 billion.

The level of dividends we can pay is overseen by our regulator, Ofwat. The rate of return is currently 4.19% in real terms - about the same as investing in an ISA account. If we're going to be able to deliver the plan we've proposed for the next five years, we need to make sure the water industry remains an attractive option for investors and this includes giving a fair return for shareholders.

Has the £27m penalty you owe Ofwat been taken into consideration? What about the money off bills that I read about in the media?

In 2022/23 we earned positive rewards in areas such as the delivery of our environmental

programme, whereas we incurred negative adjustments in other areas such as leakage and pollution performance. The net result was an underperformance payment of £27 million last year. This is set at 2017/18 prices, so adjusted for inflation, we have paid £33.5 million in underperformance payment.

This year's bill increases use the latest rate of inflation as part of informing the charges for customers as well as reflecting the -£33.5m adjustment.

What will the extra money go towards? Does this mean you're investing to reduce leaks, pollution, etc?

Every five years we work with our regulator, Ofwat, to decide what investment we think our region needs, and how much we need to charge our customers to deliver this investment. Ofwat is clear that customer bills must remain affordable, and we wholeheartedly agree. We are working hard to ensure water bills are as low as possible, while

still preparing our region to meet the significant challenges of a rapidly changing climate and a growing population, which puts extra demand on resources.

Over the next year we are investing more than £930m to help prepare our region to meet the significant challenges of a rapidly changing climate, and growing population. This includes more than £18 million on leakage, more than £170 million to reduce pollution, and £19.5 million to reduce flooding.

Am I paying off Anglian Water's debt? Why don't you borrow less so bills can stay lower?

The percentage of customer bills spent on servicing debt and equity is set and agreed with Ofwat as part of our business planning process, by determining the optimum level of gearing to achieve the lowest possible customer bills - for AMP7 (2020-25) this figure is 18%. This rate does not change from year to year during the AMP as it was agreed with our regulator in 2020.

If companies were funded entirely through equity, which typically has a higher required rate of return, this would in fact increase the cost to the customer rather than reduce it. Instead, an optimal balance is sought where the overall cost of capital is at its lowest without jeopardising the financial stability of the business. Over the years, this structure has successfully gained significant market confidence from both debt and equity investors, which has seen the cost of capital reduced materially – in effect reducing customer bills.

What difference does this increase make to the average bill?

For the vast majority of customers, bills will increase to around £1.45 a day – which equates to an average annual increase of £39.11/year – meaning that water remains one of the lowest bills for most households.

Does money from bills go towards paying dividends to shareholders?

See ‘How can you justify increasing bills when your shareholders are still receiving a dividend?’ on Page 4.

Does Anglian Water expect to make a profit this year?

It wouldn’t be right to discuss this now as we’re reporting on financials later in 2024. Any profit we do make provides us with a platform from which to invest in building a resilient business, delivering environmental improvements across our region, and supporting our customers.

What support is there for customers who can’t afford the increase, or are already in arrears?

The vast majority of our customers pay their bills and for those that need help we hope the support we’re offering will make it easier to do so.

We recently announced a £70m support package for customers struggling with the cost of living. We’ll continue to work with those customers who need help, including offering free advice to help households understand what benefits they may be entitled to and giving discounts of up to 50% depending on people’s situation.

How customers reduce their water bill?

Our communities are growing and the average household now uses 15% more water than it used to, meaning we all need to be mindful of the water we use at home and in the garden. Having a water meter installed remains the best way of keeping bills down as you only pay for what you use. And of course, taking steps to reduce water consumption also helps too.

We are investing in smart meters to help customers understand their water usage and how they can save money on their bills. We’re installing 1.1 million smart meters in our customers’ homes by 2025. This will also help to create a much fuller picture of where and when water is being used and to identify leakage.

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Since 2020, we’ve carried out more than

200,000

Extra Care assessments.

