



Customer bills and potential increases explained

Our Business Plan: Creating A Better Environment For Our Communities includes investment from 2025 to 2030 which is nearly double that of. It will deliver major improvements in terms of access to reliable water supplies, the quality of the water we return to the environment and the services we offer our customers. It will improve our environment, with its unique combination of coastline, chalk streams and diverse natural habitats.

Our bills will need to increase to pay for the improvements. Excluding the impact of penalties and rebates, by 2030 water bills will increase 69% and sewage bills 27% on 2025 levels. For the combined water and sewage bill, this equates to an average increase of 44% between 2025 and 2030.

To support our customers, we'll be maintaining our social tariff discount at 45% and more than doubling the extent of our support. Up to 200,000 customers will benefit, compared to 123,000 in the past year. We are increasing the value of our Hardship Fund from £250,000 annually to £1.25 million, and also increasing the number of customers we support through our capped tariff and debt matching schemes.

Alongside this financial support, we'll expand the reach of our Priority Services Register from just over 9% to more than 20% of our customers. This means customers who need additional support will receive it.

Why isn't Southern Water reinvesting profits and getting its shareholders to pay for performance improvements?

We know that our past performance has fallen short of expectations. We acknowledge those failings, and we are doing everything we can to address them through our Turnaround Plan, which is intended to deliver a short, sharp improvement in performance by 2025.

Since 2020, our customer bills reduced by around 6% per year because of performance penalties and bill rebates to repay our customers and communities for these failings. Our shareholders, not our customers, have paid for this.

In fact, our shareholders have invested £1.6 billion since 2021 to accelerate our turnaround, enhancing our financial stability and that of our group, accelerating performance improvements and helping us build new infrastructure. This equates to a £1 billion investment above the allowances set by our regulator for 2020–25 – equivalent to £1,500 per household to 2025.

This investment follows the huge changes we've already made to our business, increasing transparency about our performance, and embedding a new culture centred around a Code of Ethics which is driving our day-to-day decision-making.



No dividends have been paid to our external shareholders since 2017. In the 2025–30 period over £400 million of allowed returns will be retained in the company to support planned investments.

So why are bills increasing now when Southern Water’s performance is still not where it needs to be?

The bill reductions mentioned above apply until 2025. The investment from our shareholders is currently financing our 2023–25 Turnaround Plan.

At the same time, the challenges we are facing in the South East are already having an impact on our services, our customers and the environment. Changes to our climate mean we are experiencing more extreme weather events; these changes alongside rapid urbanisation and population growth mean we must take a long-term view when we’re preparing our plans.

Our plans consider how these changes will impact our services as far out as 2050. We have considered what we have to build, and when, so we can preserve our environment and keep taps running and toilets flushing for future generations. We also need to phase increases in bills to pay for these changes so that our future customers are not paying for all the adaptations we need to make.

Our plan for the next five years is the first stage of plans required for that 25-year time horizon. This will require us to have continuing conversation with our regulators about how we manage to keep bills affordable not just for the next five years, but for the longer term.

What’s in the plan that requires bills to increase so much?

Our proposed Business Plan 2025–30 outlines how we will invest a record £7.8 billion, which includes investing £3.3 billion in improving our environment – the single largest investment in this area to date. We spoke to 25,000 customers across our region for 8,000 hours to create this plan. It is based on what they told us was most important to them.

This investment will enable us to:

- limit our impact on local rivers by reducing the amount of water we take from them,
- build new long-term water sources, including water recycling plants,
- upgrade our largest water and wastewater treatment sites so they can support future population growth and the local economy,
- improve water quality in 1,000km of rivers; and
- reduce storm overflows at 179 priority bathing and shellfish water sites along our coastline.