



# **Developer Services**

## **New Connection Charging**

### **FY 2026-2027 Consultation**

**November 2025**

## Introduction

Our Development Services team is committed to supporting growth across our region by delivering reliable water and wastewater services to new developments. We're passionate about providing excellent customer service and recognise the importance of your feedback in shaping our strategic direction.

Each year, we review and update our Charging Arrangements for New Connections, and we actively consult with our developer customers to ensure any changes are informed by your insights. Bill stability and price predictability remain central principles of our charging scheme. Following last year's one-off adjustment to align with AMP8 contractor rates, we've made every effort to maintain stable charges across both water and wastewater services.

While most charges will remain unchanged, some site-specific rates may increase above inflation to reflect underlying base contracts and ensure cost-reflective pricing. Our infrastructure charge will also increase to reflect inflation and lower than forecast connection numbers.

## Changes to Site-Specific Charges

For 2026–27, while we aim to keep overall increases to a minimum, some site-specific charges relating to water connections may rise above inflation. This is due to our obligation to ensure charges remain cost-reflective and align with market rates for contractor costs. Charges will also be adjusted in line with CPIH, currently forecast at approximately 3-4%, with the final figure confirmed using the Office for National Statistics' November release.

## Changes to Infrastructure Charges

We continue to invest significantly in network reinforcement to support new development across our region. We have seen fewer connections than forecast and therefore base infrastructure charges for both water and wastewater will increase above inflation to ensure our investment programme is adequately funded. These increases will be partially offset by a reduction in the wastewater environmental component. We have reduced our wastewater environmental component to account for a lower than anticipated take up of incentives.

## Environmental Incentive Schemes

Our environmental incentives scheme will remain unchanged this year to support bill stability and consistency. New rules introduced in 2025 established water efficiency incentives across the industry. We aligned our environmental incentive schemes with industry standards where appropriate and introduced optional enhanced discounts for water-neutral and wastewater-neutral sites. Take-up of these incentives has been lower than anticipated, so we would like to encourage developers to apply for environmental incentives at the application stage. For example, as most developments are expected to include Sustainable Drainage Systems (SuDS), developers should ensure they apply for the corresponding incentive when submitting their application.

If a developer wishes to receive environmental incentives, they must provide evidence of compliance with environmental incentive schemes at the time of initial application. We cannot accept evidence after issuing the invoice for the infrastructure charge.

While we aim to keep our incentive criteria stable over time, changing building standards may increase water efficiency targets in the future. We will be obliged to align our incentive criteria to the latest building regulations and rules contained in the Environmental Incentive Common Framework. Therefore, the incentive criteria may fluctuate from year to year and will be applied at the date of connection. We would like to understand how you adapt to changes in building

regulations where developments have a multi-year build out profile and how we could accommodate changing environmental standards.

## Key questions:

Q1. What do you think of our Environmental Incentive Scheme?

Q2. How could we make it easier to use our Environmental Incentive Schemes?

Q3. What transitional arrangements are needed for our environmental incentive schemes to accommodate changing building regulations?

Q4. Do you have any other thoughts on how we could improve our charges?

## How to have your say

Your feedback on our proposals will help us consider all aspects of the new charging framework before we finalise our approach.

Please provide feedback by Friday 12th December 2025.

To have your say, please read this document then:

- email us at [newconnectioncharging@southernwater.co.uk](mailto:newconnectioncharging@southernwater.co.uk)
- Write to us at: Developer Services - New Connections Charging  
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Southern House  
Yeoman Road  
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We'll use your feedback to shape our final proposals which we will publish on 1 February 2026.

Please refer to the relevant question if you have a specific response. We also welcome general feedback.