



DRINKING WATER INSPECTORATE

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Information Letter 05/2025

25 November 2025

To: Board level and day to day contacts of water and sewerage companies and water companies in England and Wales

To whom it may concern

Guidance for companies seeking the Inspectorate's support for schemes being submitted as part of the PR24 cost change process

1. Purpose

- i. This letter sets out the Inspectorate's expectations of companies in respect of schemes being submitted to it for support, as part of Ofwat's PR24 cost change process.

2. Background and changes

- i. In its final determination for PR24, Ofwat acknowledged uncertainty in the areas of PFAS and cyber security and announced a cost change process, whereby companies could apply for an in-period adjustment in order to deliver significant new schemes.
- ii. Application windows for schemes will open in 2026, 2027 and 2028.
- iii. The Inspectorate expects to receive for assessment and the determination of support, all schemes being submitted for PFAS, cyber security and asset health (for drinking water assets only).
- iv. Companies should present schemes in the same manner as for all other periodic review schemes, setting out the risks, options, preferred option and costs, as well as up to date regulation 28 reports for drinking water quality schemes.

- v. For asset health schemes (where the Inspectorate's support is requested), companies will additionally need to demonstrate how a deterioration in the health of the assets concerned, represents a risk to drinking water quality. The Inspectorate also seeks assurance that any assets put forward for these schemes are the priority for protecting drinking water quality and that the company has no other drinking water assets which present a greater risk in respect of asset health. Companies should provide schematic diagrams to the Inspectorate, in their submissions, explaining why the asset health of certain assets, and not others, are presenting a water quality risk.
- vi. For cyber security schemes, companies will additionally need to demonstrate that the need for the scheme originates from new or changed legal requirements, new or changed legislation or a change in threat level.
- vii. For PFAS schemes, companies should additionally demonstrate the prioritisation of any schemes submitted over those not submitted.
- viii. As with Periodic Review schemes, companies will be issued with letters of support, commend for support or decline for support. The Inspectorate will put legal instruments in place to cover the delivery of supported schemes and Acknowledged Actions will be used to track the delivery of commended schemes.
- ix. In each year of the cost change process (2026, 2027 and 2028), the Inspectorate will work to the following timetable;
 - Ahead of 31 March, the Inspectorate welcomes discussion with companies on their proposed plans. Please contact Simon Benton to arrange.
 - By 31 March, draft plans for schemes should be submitted to the Inspectorate for assessment.
 - By 30 April, decision letters will be issued to companies (unless extensive queries cause delay).
 - By 31 May, the Inspectorate expects the majority of legal instruments or acknowledged actions to be in place.
 - Early submissions are encouraged and welcomed.
- x. The Price Review Process page on the Inspectorate's website has been updated to reflect the cost change process. This page also contains links to Annex B (drinking water quality scheme submission template) and Annex C

(NIS scheme submission template), as well as all of the associated guidance.
<https://www.dwi.gov.uk/water-companies/price-review-process/>

- xi. Companies should submit drinking water quality schemes using Annex B to the Inspectorate's Price Review mailbox DWIPriceReview@defra.gov.uk.
- xii. Companies should use Annex C to detail cyber security schemes and upload these to the company's enforcement returns area on Resilience Direct. The upload should be followed with a notification email to DWIPriceReview@defra.gov.uk.

Any queries relating to this Information Letter should be addressed to Simon Benton via dwi.enquiries@defra.gov.uk.

Copies of this letter are being sent to: David Henderson, Chief Executive, Water UK; Martin Woolhead, Deputy Director Water Services, Department for Environment, Food and Rural Affairs; Matt Mulley, Water Management Team, Welsh Government; Dave Reynolds, Drinking Water Quality Regulator for Scotland; Berni Corr, Drinking Water Inspectorate for Northern Ireland; Karen Gibbs, Mike Keil and Catherine Jones, CCW; David Beesley, Ofwat; Stewart Mounsey and Richard Thompson, Environment Agency; Nadeem Raja, Food Standards Agency; Stephen Robjohns, UK Health Security Agency.

This letter is being sent electronically to board level and day-to-day contacts. Please acknowledge receipt by email to dwi.enquiries@defra.gov.uk. Hard copies are not being sent but the letter may be freely copied.

Yours sincerely



Nicholas Adjei
Deputy Chief Inspector, Drinking Water Inspectorate