

Water Costs Set to Surge: FM Industry Warned of Significant Regional Hikes in 2026

4 months ago



Facilities management professionals across England and Wales are being urged to review their utility budgets as water suppliers confirm a second consecutive year of above-inflation price increases.

While the headline average increase for households has been set at 5.4% (approximately £33 per year), the impact on the commercial sector is expected to be more complex and, in many regions, significantly higher. The price hikes, which take effect in April 2026, are part of a broader regulatory settlement allowing water firms to increase bills by an average of 36% by 2030 to fund a record £104 billion infrastructure investment program.

The Business Impact: Wholesale and Regional Variation

For FM directors managing large portfolios, the national average masks sharp regional disparities that could disrupt operational budgeting. While inflation sits at roughly 3.4%, several water-only suppliers are implementing double-digit increases:

- Affinity Water (Central): 13% increase
- Bristol Water: 12% increase
- Severn Trent: 10% increase
- United Utilities: 9% increase

In the non-household (NHH) market, wholesale water charges, which make up the bulk of a business water bill, are seeing even steeper adjustments. Southern Water has announced an increase in wholesale water charges of 28.1% for non-household customers, though this is partially offset by a reduction in wastewater charges.

Why the Costs are Rising

Industry body Water UK maintains that the increases are a “necessary investment” to address decades of underperformance and a public outcry over sewage spillages. The funds are earmarked for:

- Upgrading aging Victorian-era pipework to reduce leakage.
- Building new reservoirs to combat water scarcity driven by climate change.
- Drastically cutting storm overflows into rivers and seas.

Strategic Response for FMs: From Reactive to Proactive

With the regulator Ofwat allowing price rises to be “front-loaded” over the next four years, FM leaders are being advised to shift from simple bill auditing to active water management.

1. Accelerated Leak Detection As unit rates rise, the “cost of doing nothing” about minor leaks increases exponentially. Non-destructive leak detection, capable of pinpointing faults to within a two-inch square, is moving from a luxury to a financial necessity for high-usage sites.

2. ESG and Water Compliance Beyond the balance sheet, water management is becoming a central pillar of ESG reporting. FMs are increasingly expected to justify water usage and demonstrate efficiency to stakeholders. The 2026 price rise serves as a catalyst for installing smart meters and IoT-enabled monitoring systems.

3. Budgetary Forecasting With a 36% total increase projected by 2030, FM teams must move away from annual increments and toward five-year utility roadmaps. Experts suggest that “presenteeism” in water management, ignoring the utility until a burst occurs, will be the most expensive strategy of the decade.

“Ultimately, we are seeing the end of ‘cheap water’ in the UK,” said one industry analyst. “For the FM sector, the challenge is no longer just paying the bill, but proving that every drop used is delivering value to the building’s operations.”

Is your site prepared for a 13% hike this April? *Contact our editorial team to share how your business is mitigating rising utility costs.*