

Response from University of Birmingham to consultation on updated guidance on whether non-household customers in England and Wales are eligible to switch their retailer

1. Overview

We are concerned that the treatment of student residences appears to be inconsistent with the approach taken in the "Consultation on supplementary guidance: assessing whether non-household customer in England and Wales are eligible to switch their water and wastewater retailer" and could result in the University of Birmingham incurring additional costs for water supply and disposal and increased administrative complexity as a result of market opening, we urge Ofwat to alter its guidance so a university campus is treated a single entity regardless of the historic "plumbing" arrangements – and hence is eligible for the market in its entirety.

2. University of Birmingham situation

Edgbaston campus

The University of Birmingham is based in Edgbaston, Birmingham. The large campus contains many academic and support buildings together with residences for 5,000 students. The campus is dissected by infrastructure and transport routes, including roads, railway and a canal.

There are 36 water meters on site, around 10 of which measure supplies to our student residences.

In common with most universities now, most of our accommodation is in self-contained flats with shared kitchen facilities. However, there is a central dining facility in one of our residential buildings, which all students are entitled to use should they wish.

To be eligible for accommodation, individuals have to be studying at the university and have to vacate the accommodation when they complete their studies thus their occupancy of the accommodation is dependent upon their link with the University.

The accommodation is typically let to students on a 42-week basis. The university makes some of the accommodation available as short term lets during the summer months.

The campus is treated as a single account by our incumbent supplier Severn Trent and offers us a number of benefits including a consolidated bill covering all supply points.

Other sites

The University has a number of other sites, including another campus in Selly Oak, Birmingham, and other facilities in Stratford-Upon-Avon, Coventry, and Coniston. These are used for academic purposes only and as such are not relevant to this consultation response.

3. Issues raised for us by Ofwat's approach to eligibility for the non-household retail market, as detailed in the March 2016 Consultation on supplementary guidance: assessing whether non-household customers in England and Wales are eligible to switch their water and wastewater retailer

We note the following key points from the illustrative scenario supplied in the supplementary guidance on university halls of residence and accommodation (p9-10):

- Section 3.2 i) of the Eligibility Guidance states that “the number of meters is not necessarily a good indication of whether those premises comprise a single set of premises” while in the Eligibility Guidance the metering arrangements do appear to be of paramount importance to determine if student residences can enter the competitive market.
- A campus where all buildings are supplied with a single supply point is eligible to switch. This includes halls of residence and accommodation of all sorts.
- A hall of residence with its own supply point is eligible to switch if it is centrally catered - i.e. if there is a dining room where the students eat.
- A hall or residence with its own supply point is ineligible to switch if each unit is self-catered - i.e. with individual or shared kitchen facilities.

If the guidance is applied as it stands, the University of Birmingham (and presumably other universities with similar campus situations) could be worse off in the competitive market than at present, due to an increase in complexity and potentially an increase in cost.

In addition, we are concerned the situation for different campuses and universities across England will be messy and inconsistent – purely as a result of historic connections arrangements.

Our specific concerns are three-fold, as follows.

a) We could be worse off

- The Campus is considered as a single account and under the proposed eligibility guidance; it seems our account would effectively be split into two: buildings eligible

to participate in the retail water market and buildings ineligible to participate. This would increase complexity and cost for us and limit opportunities to engage with the competitive market.

- Due to the geography of the campus, it would be very expensive and disruptive for us to attempt to alter supply point arrangements to improve our position in the market. So this is effectively not an option.

b) We also need further clarity on the following, given these situations are not detailed in the supplementary guidance:

- Given some of our accommodation is for part of the year used for short term letting, does this alter its status as “university accommodation”? We note holiday lets and short stay accommodation is deemed eligible to be included in the market.

- Given there are optional central catering facilities on site, should our residences be considered catered or self-catered?

- Given the accommodation (other than short term lets) is exclusively for those at the university, we feel the residential elements of the campus are dependent on the non-household parts, and as such should be considered non household under Ofwat’s general guidance.

c) The national picture for universities would be unnecessarily complex and inconsistent.

- For example, a self-catered hall of residence on a campus with a single supply point would be in the market; while an identical self-catered hall of residence elsewhere with its own supply point would be out of the market. Historic plumbing arrangements would dictate universities’ opportunity (or not) to get a better deal. This is not a customer-focused approach.

We also note also the likelihood of the household market opening at some point after 2020. In light of that, it seems particularly futile to introduce cost and complexity for universities for what could be just a few years.

4. Recommendation

To maximise opportunities to engage with the competitive market and to ensure we do not incur additional costs and complexity as a result of market opening, we urge Ofwat to alter its guidance so a university campus is treated a single entity regardless of the historic “plumbing” arrangements – and hence as eligible for the market in its entirety.

5. Contact:

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