

This document is the response of Water UK to the Ofwat consultation on the Code for Adoption Agreements- June 2017

1) Do you agree with our preferred approach in terms of the content and scope of our Code? Please explain your answer.

Yes. We think that the proposed approach strikes a good balance between allowing the sector and its customers to devise adoption arrangements that are mutually acceptable while providing the reassurance that if there is a failure to agree any issues, the solution can be neutrally arbitrated by Ofwat. In practice, we would not expect there to be many issues which might require resolution by Ofwat.

2) Do you agree with our proposed code principles and their definitions? Please explain your answer.

Yes. These are general principles which the sector is familiar with.

3) Do you think our proposed minimum information and publication requirements are appropriate and sufficient?

We were unclear as to Ofwat's expectations in this regard. Section 3 of the code deals with the underlying documentation that must be developed and not with what must be published. We would suggest that more detailed guidance could be published on the publication requirements.

We also note that section 3.1.2 (d) does not read well. Can it be clarified?

4) Do you agree with our proposed approach of requiring companies to develop Sector Documents and Model Adoption Agreements in consultation with Developer Service Customers, according to a set of minimum requirements?

Yes. As Ofwat notes, some of this work is already underway. The adoption process in relation to water is being dealt with via the Self-Lay Forum (comprising water companies and SLPs) and in relation to sewerage the revision of Sewers for Adoption is being handled via a project steering group which includes Developer Services customers.

However, we would point out that in both areas, the work done to date will need to be reviewed to assess its compliance with the code's requirements. In practice, this is likely to require new institutional arrangements to formalise the roles of the respective parties in relation to both water and sewerage.

While we have not carried out a detailed comparison between the current documentation and the code's requirements, we would expect this to be a relatively substantial exercise given the range of requirements for these documents.

Work on sector agreements, on the other hand, is less well advanced. There is an interim "self-lay" agreement under discussion but while it does not give rise to any material problems, so far as we are aware, it is in need of modernising.

The sector has not carried out any recent review of the model sewer adoption agreement.

5) Do you agree with our proposed minimum requirements? Please explain your answer.

No comment.

6) Do you agree with our proposed approach to deviations? Please explain your answer.

No comment.

7) Do you have any comments on our proposed approach to governing the initial approval of and subsequent changes to the Sector Documents and Model Adoption Agreements?

The process and criteria by which Ofwat would consider these documents could benefit from being specified in more detail. In other words, by what standards will the sector's work be considered?

In practice, we would find it helpful for Ofwat to provide guidance during the process of development of the guidance documents and model agreements. Is this something to which Ofwat could commit?

8) Do you consider the proposed timeline for submitting the Sector Documents and Model Adoption Agreements to us for approval to be realistic and achievable? If not, what would you consider to be a suitable timeline?

A number of considerations suggest that the currently proposed timescales are not reasonably achievable.

Resourcing

Water companies will need to make available specialists to assist in the process of developing codes and agreements. At a time when PR 19 work is placing an increased demand on resources, it will be challenging to secure time from the necessary individuals.

While in relation to self-lay there is an existing Forum involving SLPs, no such forum currently exists in relation to sewerage. In both areas, however, we envisage that "shadow" panels will need to be instituted to ensure that the sectoral documentation meets customers' expectations. Our experience in other areas suggests that outside the trade associations, it can be difficult to secure sufficient input from the service providers themselves (SLPs and developers). It could take some time to identify the necessary individuals for this work from the various stakeholder groups. We would need to assess how much time those individuals would be able to devote to this work.

The development of this documentation will need to be organised by Water UK as the representative body for the sector. This will be a significant project for Water UK which currently has only one individual who can take responsibility for this area of work. We do currently have a contractor who can assist but he is due to end his contract at the end of the year. A replacement is being sought but is not yet in place.

We also consider that irrespective of resourcing issues, there are some relatively substantial topics that will need addressing through this work.

Mains adoption

Looking first at water main adoption, the work that has been done so far in the Self Lay Forum is to prepare a practitioner-led guide to the process. Paragraph 3.1 of the draft code contains a substantial number of requirements that the sector guidance must comply with, some of which will require detailed further analysis, eg in relation to the construction process and in respect of the provision for mediation. Our experience with other similar items of work suggests that the March date will not be achievable.

Recognising that there is a starting point in the work that has been done to date, we would therefore suggest delaying the planned timescale for this work by six months.

Sewerage

These concerns over the currently proposed timetable apply with greater force to the sewerage work.

Work is currently underway within Water UK to develop Sewers for Adoption to take into account the new policy that companies are proposing in relation to SuDS. The opportunity is also being taken to update non-SuDS elements of SfA 7.

WRc is carrying out the technical drafting on behalf of Water UK and their current timetable will not allow the Ofwat timescale to be met if we also maintain the current periods which Water UK's arrangement with WRc allows for stakeholder consultation.

WRc is not responsible for more general procedural documentation or for the sewerage adoption agreement and no work has so far been done on these aspects. Any work would be starting from a blank sheet of paper.

We would therefore suggest that the timetable for submitting the sewerage documentation be extended to 1 April 2019.

9) Do you have any comments on the assurances the sector will be required to provide to us when submitting the Sector Documents and Model Adoption Agreements to us for approval?

In principle the requirements are acceptable but as the body that would be providing the assurances, Water UK would welcome guidance on the degree of formality that these assurances must take and on the type of evidence that would be required to meet the approval requirements.

10) Do you have any comments on our proposed transitional arrangements to enable companies to comply with the Sector Documents and Model Adoption Agreements?

Given the scale of changes being effected by the new Sewers for Adoption, we believe a lengthy implementation period is required to allow companies to put in place the necessary procedures and indeed expertise. System changes can take many months to arrange as has been demonstrated by our recent work on Build Over agreements. We would be happy to share more detail about our experience with Build Over if that would be helpful.

If the date for submission of the sewerage procedures and agreement were to be 1 April 2019, we would recommend a further six-month implementation period.

As regards mains adoption, we currently expect that the changes will be less substantial and we would therefore propose a three-month implementation period. This should be sufficient to allow the necessary system and procedure changes.

Water UK

10 August 2017