



Code for Adoption Agreements Consultation
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10 August 2017

Dear Sir / Madam,

Consultation on the Code for Adoption Agreements

Thank you for inviting Yorkshire Water to contribute to the recent consultation on the proposals for a single Code for Adoption Agreements. We have considered the proposals in the consultation and reviewed the draft Code for adoption agreements provided.

We agree that the proposals for the code of adoption agreement strikes a balance between prescriptive code requirements and principles within which the sector must develop the detail for delivery. We also agree that the code will help improve the delivery of developer services at a sector level.

We note that the proposals make some considerations of the work the sector already has underway in regards to the further development of sector guidance in the form of a revised Sewer for Adoption (SFA) and support for the Code of Practice for Self-Laying of Water Mains and Services. In regards to the SFA development, significant engagement and consultation activity with companies and developer services customers is required, and this will impact the sectors ability to meet the proposed timeline for submitting the sector documents to Ofwat.

We provide responses to each of the consultation questions appended to this letter.

Should you have any queries regarding any elements of our response, please contact me at: colin.fraser@yorkshirewater.co.uk

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Colin Fraser".

Colin Fraser
Regulatory Strategy Manager

Yorkshire Water Services response to the consultation on the Code for Adoption Agreements

Q1. Do you agree with our preferred approach in terms of the content and scope of our Code? Please explain your answer.

We welcome the range of options considered in developing the draft code, and agree that a combination of a principles based and a prescriptive approach is most appropriate to ensure Developer Services Customers (customers) experience improvement in the way water companies and sewerage companies (companies) deliver their services consistently across the sector.

We agree both options 3 and 4 are preferable over options 1 and 2 presented, in that they enable customers to co-develop with companies the sector guidance documents and the model adoption agreements through a collaborative and consultative process. The options also allow for these documents and agreements, once in use, to be managed in a controlled way through the formation of panels. We agree option 5 is not proportionate and is overly prescriptive.

Option 3 provides a greater degree of flexibility both for the company and the customer should they mutually wish to seek a departure from the guidance or the model adoption agreements.

Q2. Do you agree with our proposed code principles and their definitions? Please explain your answer.

We agree with the code principles and their definitions outlined in chapter 2 of the draft code document. We would like to see the resilience and sustainability principle extended to include that the arrangements must have regards to the adoption of quality and resilient infrastructure in general, to ensure water quality and service performance is maintained for End-user Customers, and not only in regards to environmental pressures, population growth, and changes to consumer behaviour.

Q3. Do you think our proposed minimum information and publication requirements are appropriate and sufficient?

We have answered this question in regards to the information and publication requirements under chapter 4 of the draft code. The consultation we believe incorrectly refers to chapter 3.

In general we agree with the information requirements. We make the following observations.

4.1.1 – should read 4.1

4.1.2 – should read 4.2

Part (d) – this should reference 3.2.4

Parts (d) and (f) – we believe the companies should not be required to publish details of revisions to the sector guidance or the model adoption agreements. Rather parts (b) and (e) should suffice in that companies must publish the most currently used versions of these key documents.

Part (h) – may be difficult to prescribe and would need to be dealt with and published by the companies on a case by case basis.

Part (k) – we agree with the principle of reporting deviations, but ask that this information is limited to the number of deviations and their relevant categories. Leaving the scope of this requirement open to revision and extension may present risks that information customer's view as commercially sensitive being divulged?

Appendix B: Transitional arrangements – page 29

B1.4 – reference to para A1.4 to be updated as no A1.4 in the code.

B1.6 – should refer to chapter 4 not para 3.9. Reference to para A1.4 to be updated as no A1.4 in the code.

Q4. 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?

We agree with the proposed approach. A great deal of work has already been undertaken in the sector to develop new codes of practice for self-laying of water mains and sewers for adoption, working in collaboration with self-lay providers and developers.

A comprehensive review of these sector guidance documents will be required to ensure they fully meet the requirements of this new code for adoption agreements.

Work on common model adoption agreements will also need to be progressed by the sector and customers, recognising the new requirements of the draft code. The timelines to achieve both the above could go beyond that proposed by Ofwat (see our response to Q8 below).

Q5. Do you agree with our proposed minimum requirements? Please explain your answer.

Yes, we agree with proposed minimum requirements to be included within the sector guidance documents and Model Adoption Agreements.

Q6. Do you agree with our proposed approach to deviations? Please explain your answer.

We agree with the proposed approach to deviations. We believe this will provide customers the required flexibility without being overly onerous to customers or companies. We do refer back to question 4 around the subsequent publication of information on deviations by companies.

Q7. 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?

We agree with the proposals to establish two panels to manage change request proposals.

We would like to see clarification that the recommendation and approval process involves the views of all companies and relevant customers, and not only those that are represented in the panel membership. As we prefer option 3 as an overall approach, we have not made comment on Ofwat's role in approving the sector documents and model adoption agreements as a first set, or for any subsequent revisions.

In relation to the proposed governance for recommending changes, under 3.7 of the draft code, we believe the requirements for the panels as drafted are confused, between a high level approach in areas regarding their constitution, and detailed prescription for their operation. We would welcome more clarity to be provided in the code on how the panels are to be formed, and the role of members to represent the sector parties as a whole and not act or vote on the basis of their own organisations interests.

We also note the operation of the panels could add time and cost burdens to parties. If it wishes to make an assessment of the resource and structural requirements for the two proposals panels, Ofwat could liaise with those parties involved in the running of the Panel currently in place that is managing changes to the Wholesale Retail Code and the Market Arrangements Code, plus their supporting technical groups.

Q8. 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?

We believe the proposed timeline to have both the sector documents and the two model adoption agreements finalised for review and approval following extensive consultation is not achievable, even under Option 3 where approval would need to be sought at a cross-sector level.

We would welcome a consideration to split the timeline between water and sewerage requirements, with the sewerage model adoption agreement and sector guidance being deferred until 2019.

We are aware of ongoing work on the Sewers for Adoption guidance to take into account development in the SuDS arena. This development does not align with the April 2018 timeline when we consider a full consultation period with customers and other stakeholders is obligatory.

Q9. 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?

Under an Option 4 approach, we agree with the three assurances the sector will be required to provide Ofwat when submitting sector documents and agreements for approval.

Q10. 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 realised 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 acquire relevant expertise. If the date for submission of the sewerage procedures and agreement were to be deferred until 2019, we would support a further three-month implementation period.

For mains adoptions, we would support a three month implementation period as a reasonable principle.

We have no further comments or points requiring clarification on the proposals for the code for adoption agreements.

End