

DEVELOPER FORUM

December 2018



WONDERFUL ON TAP

SEVERN

TRENT

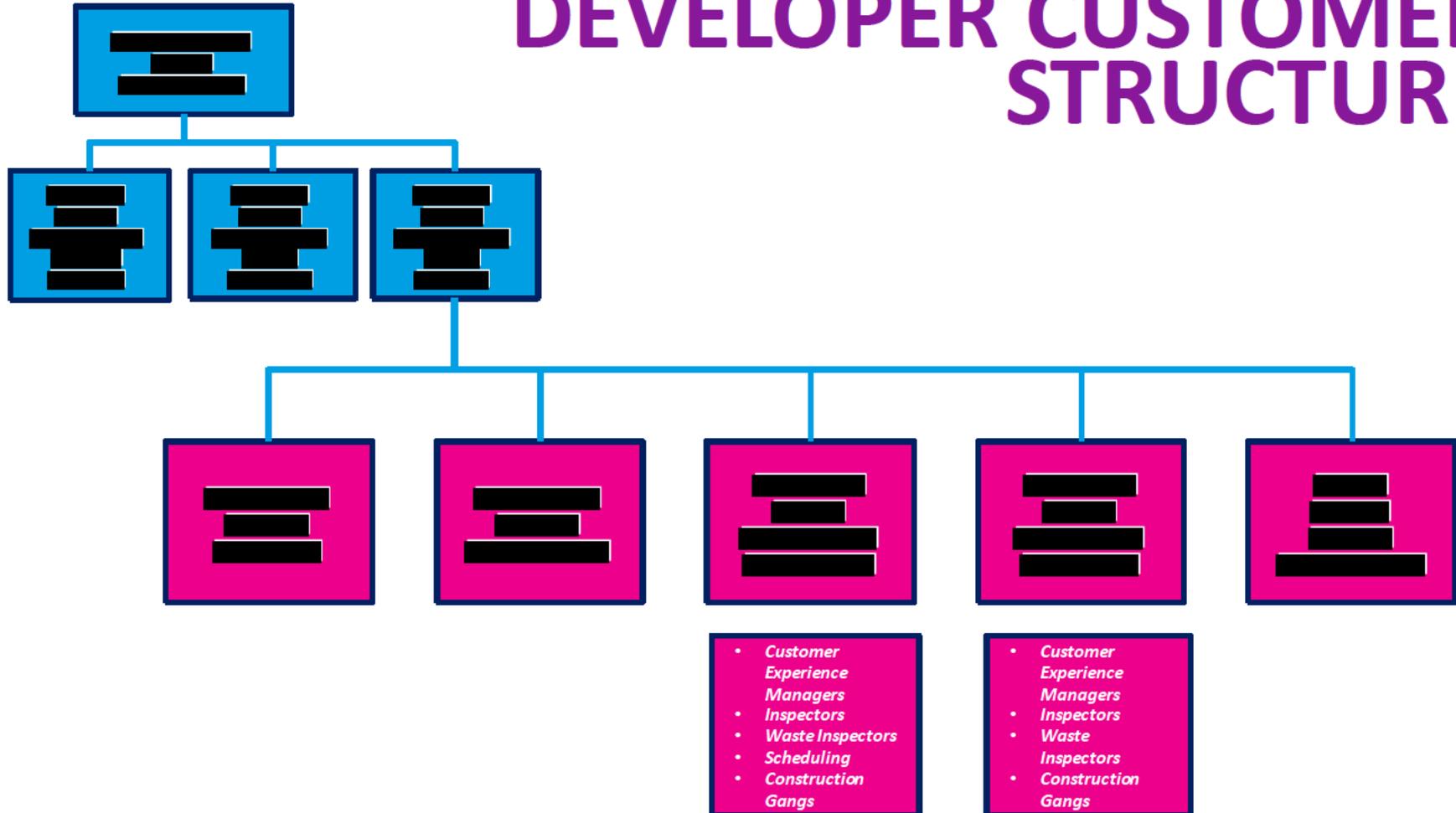
OBJECTIVES

- Be open and honest with you about our challenges
- Get your open and honest feedback
- Build a working group to improve our customer offer
- Please don't be quiet

AGENDA

<i>start</i>	<i>finish</i>	<i>activity</i>	<i>support</i>	<i>duration</i>
10:00	10:20	Intro /expectations	■	15 mins
10:20	10:40	DMEX	■	15 mins
10:40	11:00	Sewers For Adoption	■	15 mins
11:00	11:15	Break		
11:15	12:15	Waste Customer Journey	■	60 mins
12:15	12:30	Charges	■	15 mins
12:30	13:00	Website update	■	30 mins
13:00	13:10	close / B's &C's	■	
13:10	15:00	Lunch & drop in		

OUR OPERATIONAL DEVELOPER CUSTOMER STRUCTURE



D-MEX

- An introduction to D-MeX, the new Developer Measure of Experience
- Developing the measure
- D-MeX Pilot
- Challenges
- Summary

INTRODUCTION TO D-MEX

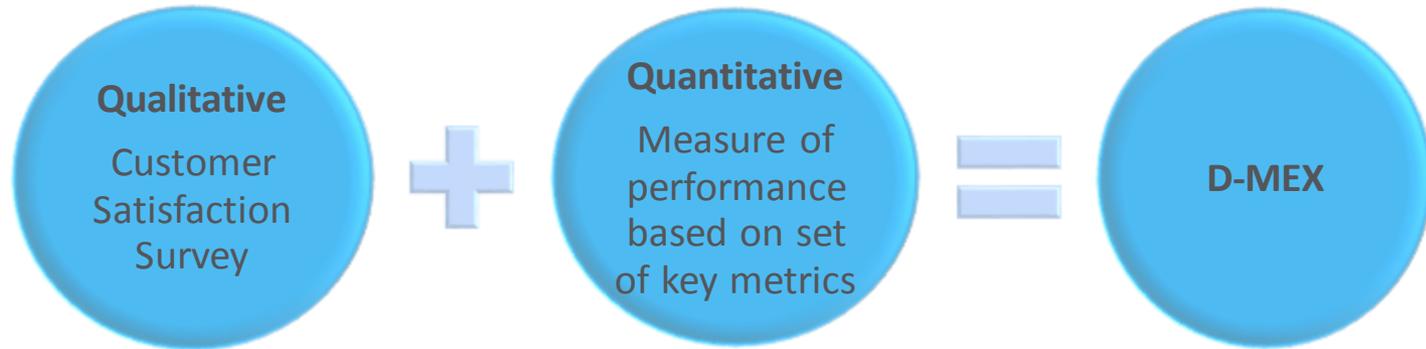
A new water industry sector measure of developer customer service and experience



Contestable and non contestable services

INTRODUCTION TO D-MEX

D-MEX will combine 2 measures of developer customer service



Transactions

Relationships

Customers surveyed at key stages of their journey, following completion of certain activities e.g. quote issued.

Certain customer groups surveyed about their broader working relationships with companies.

Ofw at testing approaches

All qualitative surveys will be undertaken by an Ofwat appointed market research consultancy to ensure consistency and independence.

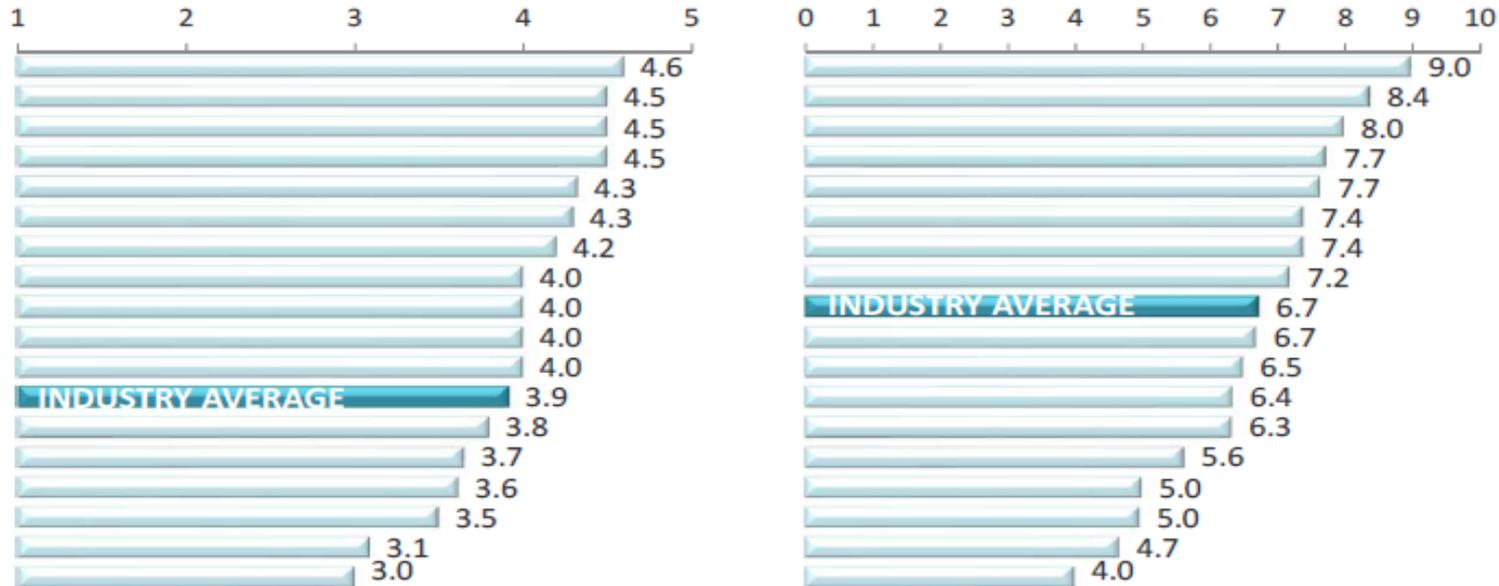
INTRODUCTION TO D-MEX

D-MEX is a financial and reputational incentive mechanism based on comparative performance

Ofwat, the economic regulator of the water sector in England and Wales, will:

- **rank** water companies D-Mex performance annually, and
- apply **performance payments** using an asymmetric mechanism
- payment range is **-5% to +2.5%** based on each companies annual DS revenue

Encouraging companies to provide an improved quality service experience and customer satisfaction; avoiding negative performance payments and striving for positive payments



WHY D-MEX

Four themes are really important across the sector as we look ahead to 2025

1. Great customer service
2. Long term resilience
3. Affordability
4. Innovation



D-MeX is based on the following principles:

- Encourages companies to improve customer experience and innovate;
- Is simple and meaningful for companies and customers;
- Is proportionate;
- Is practical to implement; and
- Measures performance across companies consistently, reliably and fairly

D-Mex does not propose to better enable competition in new connections or ensure a level playing field for new entrants. These will be supported through Codes for Adoption, NC Charging Rules and studies into the NAV market.

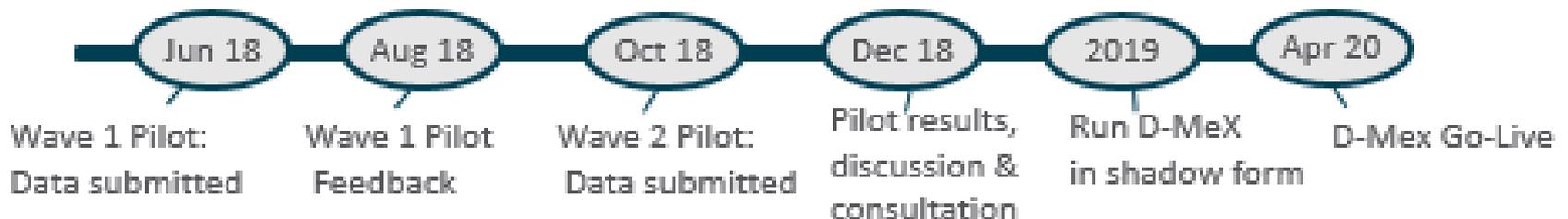
DEVELOPING THE MEASURE

Ofwat are testing the measure using a collaborative approach ready for 1st April 2020



- **Ofwat are testing the measure – working groups established and pilots undertaken**
- Developing and testing customer surveys
- Defining the precise metrics for the quantitative measure of service
- Considering whether different approaches are needed for different types of DS customers
- Considering how to take account of company specific factors
- Designing and undertaking the pilots
- Adapting D-MeX based on results of pilot findings
- Ensuring meets Ofwat principles

High-Level timeline



D-MEX PILOTS

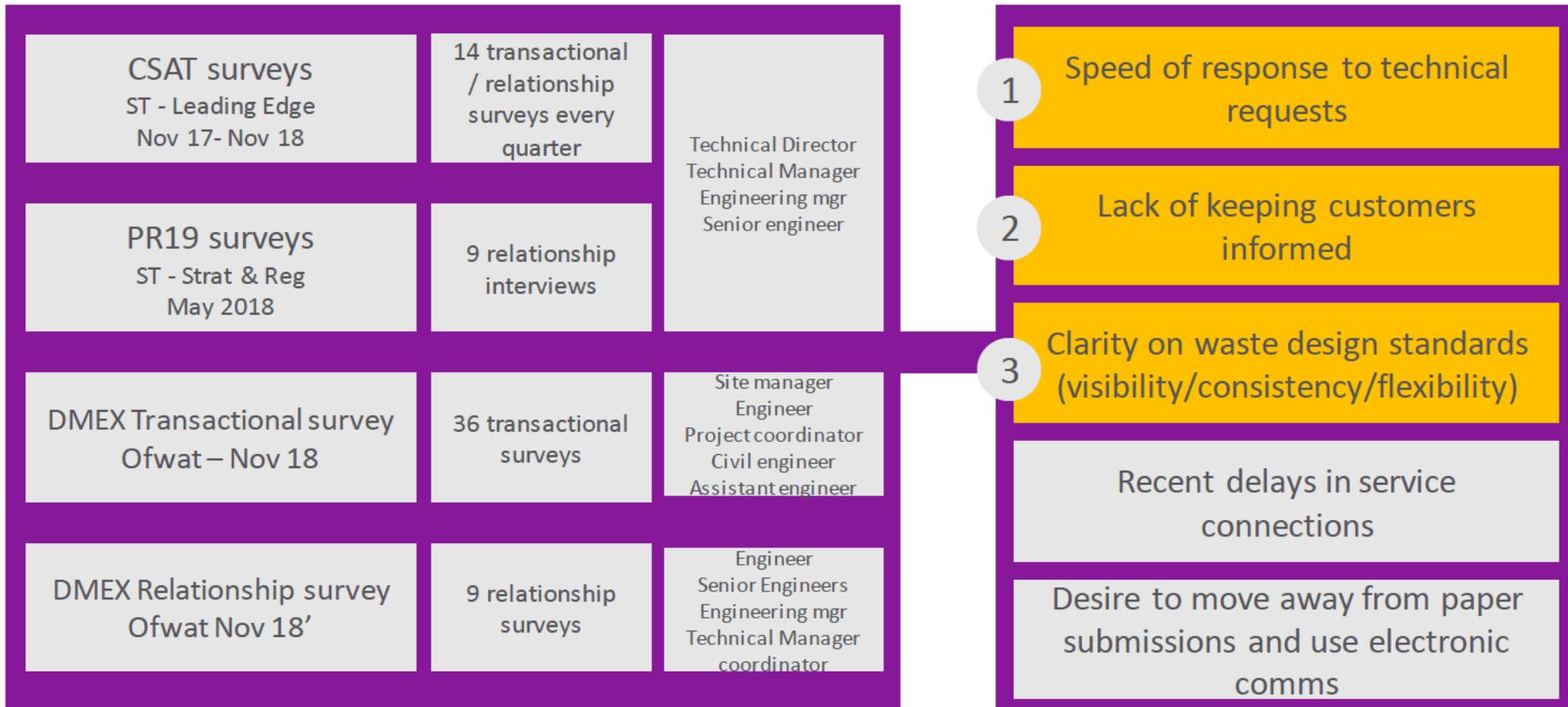
The Ofwat pilot surveys have brought out some common themes

- Initial surveys have highlighted **speed** being the most common theme:

Speed of response - time to complete - responsiveness to work programmes

- Secondary themes were:
 - Good communication - keeping customers up to date
 - Pricing and value for money
 - Right first time - accuracy of plans/drawings/quotations/information
 - An account manager or direct point of contact for larger developers
 - Sticking to deadlines
 - Ease of contact/doing business/obtaining information
 - Knowledgeable staff
 - Clarity of processes

KEY THEMES CONSISTENTLY CAME OUT OF CUSTOMER FEEDBACK



THE CHALLENGES

As with anything new, there are challenges to be overcome

The working group are helping Ofwat to work through some challenges that have been identified before the incentive mechanism goes live in April 2020

- Ensuring **comparability**
 - Size of companies and services provided
 - Customer types
 - Scale and frequency of customer engagement
 - Legislative obligations differ across England and Wales
 - Consistency and quality of data capture and reporting processes

- Ensuring works well for all DS **customers**
 - Survey fatigue
 - Correct respondent
 - Survey content and timing
 - Cross border



IN SUMMARY

- ✓ D-MeX is a new Ofwat measure of customer service and experience
 - ✓ Industry is supportive of this direction
 - ✓ Applies to all water companies
 - ✓ A comparative measure
 - ✓ Reputational and Financial
 - ✓ Ofwat pilots underway to help inform the measure and overall mechanism
 - ✓ Ofwat will finalise methodology before March 2020
 - ✓ Commences 1st April 2020
- ✓ Supporting housing growth and improving the quality of customer service
 - ✓ Seeking and valuing customer feedback
 - ✓ Working collaboratively to harmonise and innovate for the greater good of all developer services customers across the sector



CODES FOR ADOPTION

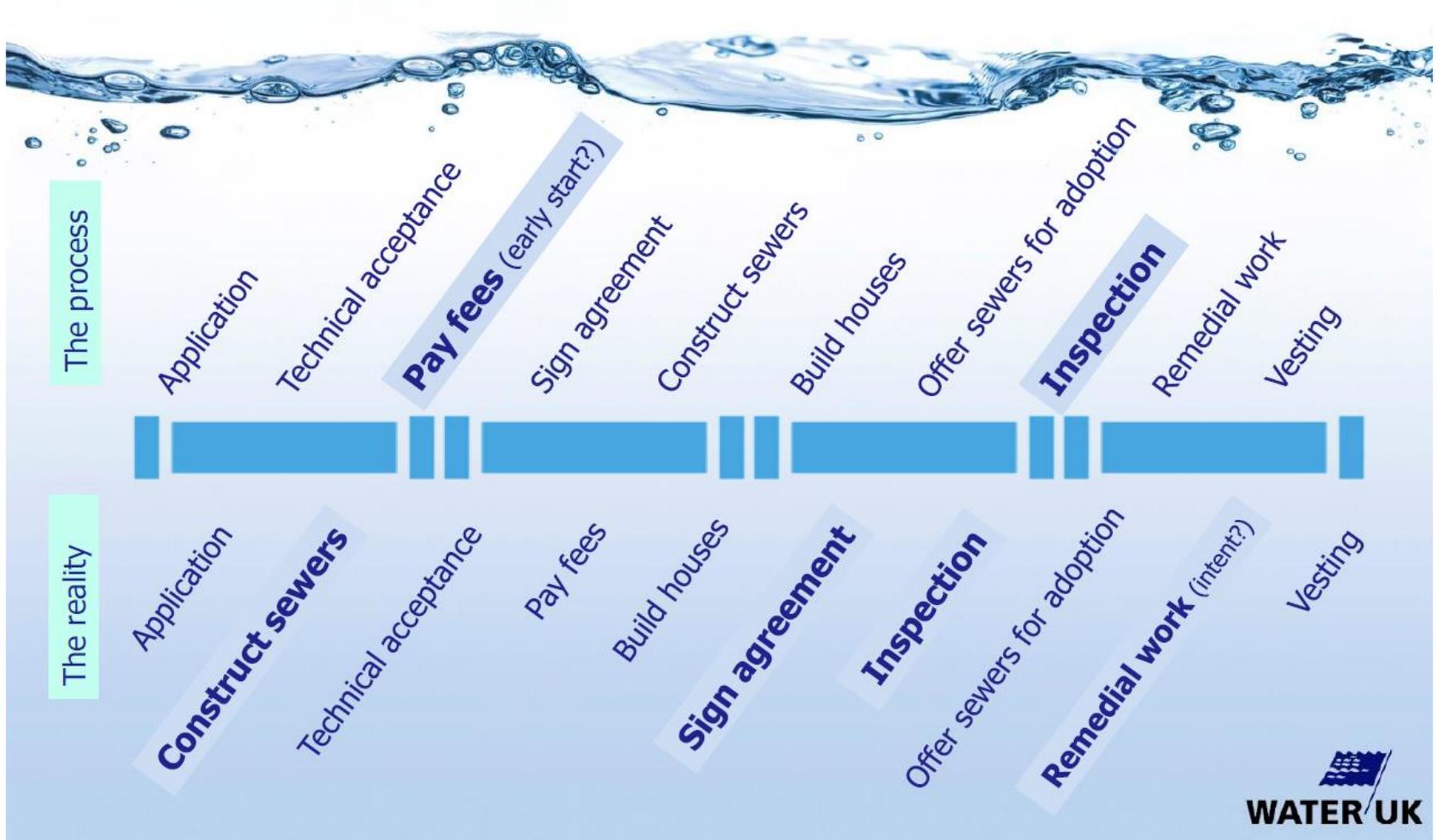
INTRODUCTION

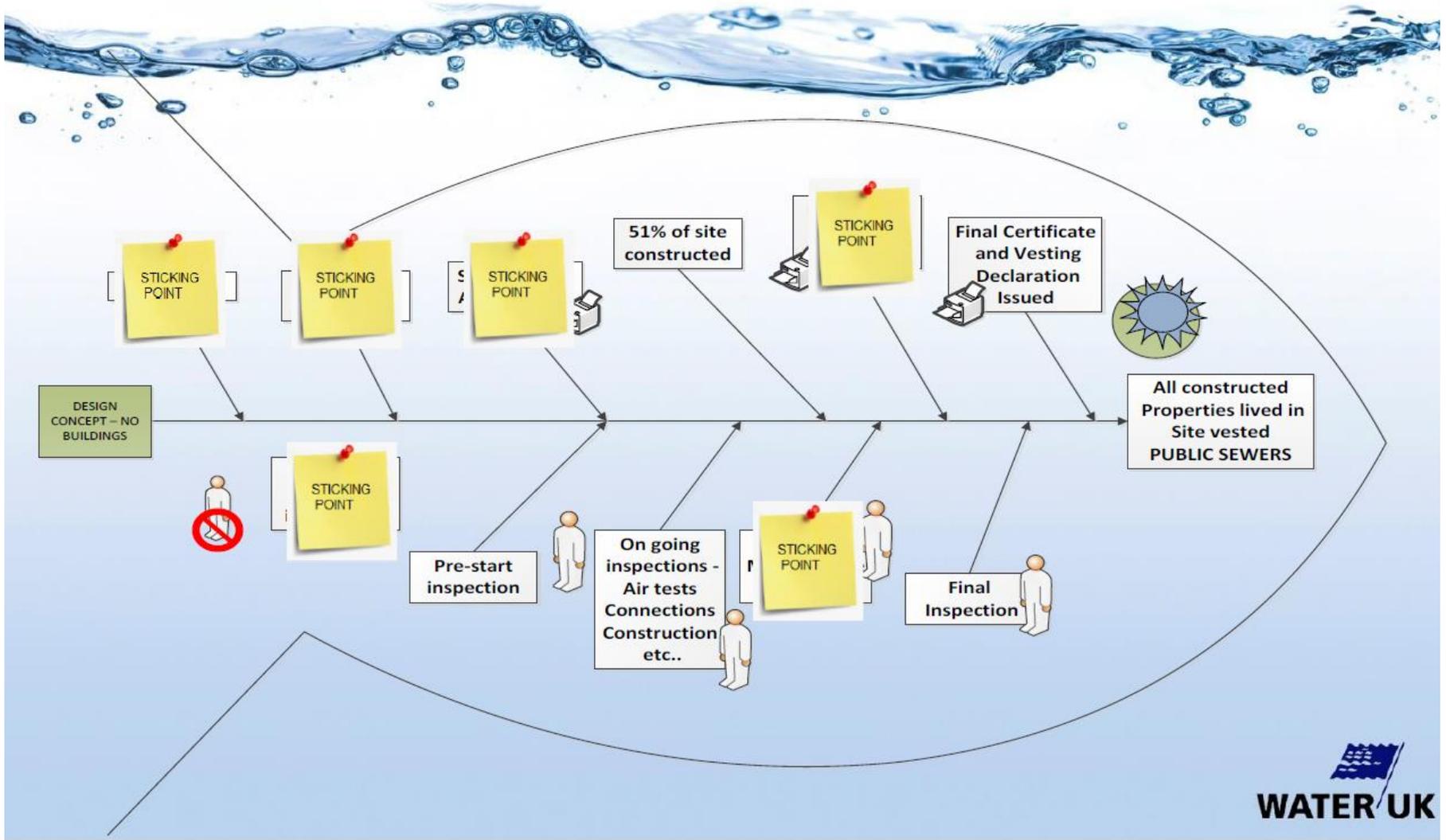
- The Water Industry Act 1991 (as amended by the Water Act 2014) requires Ofwat to issue Codes for adoption agreements.
- These are the agreements that developers or self-lay providers enter into when they want an appointed water or sewerage company to take over responsibility for infrastructure that they have constructed.
- For the Waste Adoption codes, Ofwat require that the new sector guidance is in place from 31st March 2019 (to come into effect in October 2019) and have started to undertake statutory consultation on the draft Code for Adoption Agreements they propose to issue for water and sewerage companies whose areas are wholly or mainly in England
- Water UK have taken the lead on the industry review with the idea to revisit the adoption process from the ground up
- There is a legal requirement on Water Companies to deliver this change.

THE GOAL

- Provide greater clarity, consistency and certainty for developers entering into adoption agreements
- Improve customer service
- Drive customer benefits and improve customer service
- Protect end-user customers and the environment by preventing the adoption of sub-standard infrastructure
- Speed up the process

WHY?





DEVELOPERS CONCERNS

Application to Agreement

- Poor response times
- Need for early engagement
- Involvement at Planning Consultation
- Be clearer & consistent about design standards
- Differing decisions from different members of team
- Consider more SUDS systems
- No online visibility of applications
- When inspectors are released
- Lack of agreement standardisation
- Length of time to gain signing of agreements
- Third party issues with agreements

Inspection to Adoption

- Losing inspection notes
- Lack of inspections during construction
- Not progressing until 51% occupancy
- Long maintenance periods
- Not progressing if roads are not topped off
- No real enforcement in place for adoption



THE APPROACH

The initial consultations identified 6 areas of primary concern and thus focus for the proposed codes.

- Procedures
- Local Practices
- Minimum information required
- Model adoption agreement
- Redress
- Levels of Service

Water UK have recently published a draft of the proposed sector guidance along with consultation questions. This feedback will be used to inform the development of the guidance.

<https://www.water.org.uk/technical-guidance/developers-services/codes-programme-sewerage-asset-adoption/>



PROCEDURES

The Sector Guidance is proposing a comprehensive approach to describing procedures in relation to sewer adoption, improving significantly on current published procedures. They are proposing that the procedures element of the guidance will incorporate:

- A revised process flow chart showing the responsibilities of the Developer and the Sewerage Undertaker
- Stages dealing with:
 - o Pre-Planning Enquiry
 - o Pre-Design Strategic Discussion/meeting
 - o Early start
 - o Variation – Minor and Major
- Service Level metrics for elements of the process
- The S106 connection element; once technical acceptance has been given this will also confirm approval for the connection.

Alongside the new procedures, there is an intent to publish a standardised checklist aimed at improving consistency of approach in inspection practices both within and between companies. There is scope for a more comprehensive set of checklists to be developed as part of the Sector Guidance and Water UK are consulting with the industry to see if there is appetite for this.

WHAT DOES THIS MEAN?

- The process to be followed to secure adoption of sewers and lateral drains will need to comply with and follow the process set out in the Sector Guidance.
- A full suite of relevant details must be provided when submitting an application
- A Sewerage Undertaker may reject an application where these do not contain the minimum details/information to allow an assessment to be completed.
- The details and/or information requested must accord with the Sector Guidance.
- Significantly greater harmonisation of inspection standards is being proposed, reducing the scope for different companies to adopt different approaches to approving works.

Water UK are also considering & consulting on a sunset clause in adoption agreements under which adoption would be certain once the agreement had been entered into.

LOCAL PRACTICES

The Steering group has developed draft proposals for permitted Local Practices.

Under the new Sector Guidance, it's being proposed that:

- The document known as Sewers for Adoption 8th Edition (SfA8) will be the design and construction guidance required to be published under the Code (the “Guidance”).
- The Guidance will include the design for foul sewers, surface water sewers, civil engineering specifications and pumping stations. It also refers to The SuDS Manual (C753) (CIRIA, 2015).
- Local practices will be required for elements not covered by the Guidance.

WHAT DOES THIS MEAN?

- All sewers proposed for adoption must comply with the details and specifications outlined within the Guidance.
- A water company will be expected to accept a design which technically complies with the Guidance.
- A water company may reject a design that does not technically comply with the Guidance.
- A water company will have to consult with you before publishing their own local practices on the following items (not covered in the Guidance):
 - Requirements for easements for surface water discharges to watercourse, bodies of water, sewers within 3rd party land and sewers which may form part of another feature.
 - Design approval for deep (depth to invert of pipe over 6m) or bespoke manholes, inspection chambers or ancillaries (such as flow control manholes).
 - Wastewater treatment works
 - Pumping station requirements beyond those in the Guidance.
 - Large diameter attenuation pipes or tank systems, i.e, over 750mm where flexible structural walled pipe materials are involved
 - Requirements for pre-cast concrete manholes located within the highway.
 - Location of sewers for access and maintenance

Water companies currently have local requirements for the electrical and mechanical specifications of pumping stations. Water companies also have their own standards for waste water treatment works, based on a specification developed by UKWIR. The disparities that exist between different companies' requirements in these areas have not attracted any attention during the process of developing the draft Sector Guidance. It has therefore been proposed that if necessary, these topics are addressed by the permanent Code Panel.

MINIMUM INFORMATION

At present, companies are free to define for themselves the information they need at the different stages of the adoption process. This has led to differences in companies' requirements for information. Water UK are consulting on a proposal to implement a comprehensive and common set of requirements from application to adoption.

This follows the approach taken to minimum information requirements in the Sector Guidance in relation to the adoption of water assets.

These proposals are available in full on the Water UK website.



MODEL ADOPTION AGREEMENT

Currently, it is not possible to provide a model adoption agreement. However the steering group is proposing that the agreement given with SFA6 is a reasonable starting point.

The Main Proposals:

The allowance of a cash bond (already possible within Severn Trent)

Phased Vesting subject to suitable Design Layout. Alternatively, a series of separate S104 Agreements may be preferred. The idea behind this is to enable part of a large development to be “signed off” before the whole development is built out and/or occupied.

Automatic vesting. Mandatory adoption occurs in Wales but in England adoption is discretionary as is entering into a S104 Agreement. In Wales, entering into a S104 agreement before any works are carried out is mandatory. While this cannot be implemented in England in the absence of legislation, it is proposed that if an agreement is entered into then adoption becomes certain with the provisional sign off becoming the vesting day followed by a defects liability period.

Proposing to include a two-stage dispute resolution mechanism, the first involving internal company responses and the second through mediation.

The Code requires the model agreement to contain provisions for termination. At present there are no such provisions. Practical suggestions as to what form termination could take are invited if the Code’s reference to termination means something different from termination by the issue or refusal of the Vesting Certificate.

REDRESS & LEVELS OF SERVICE

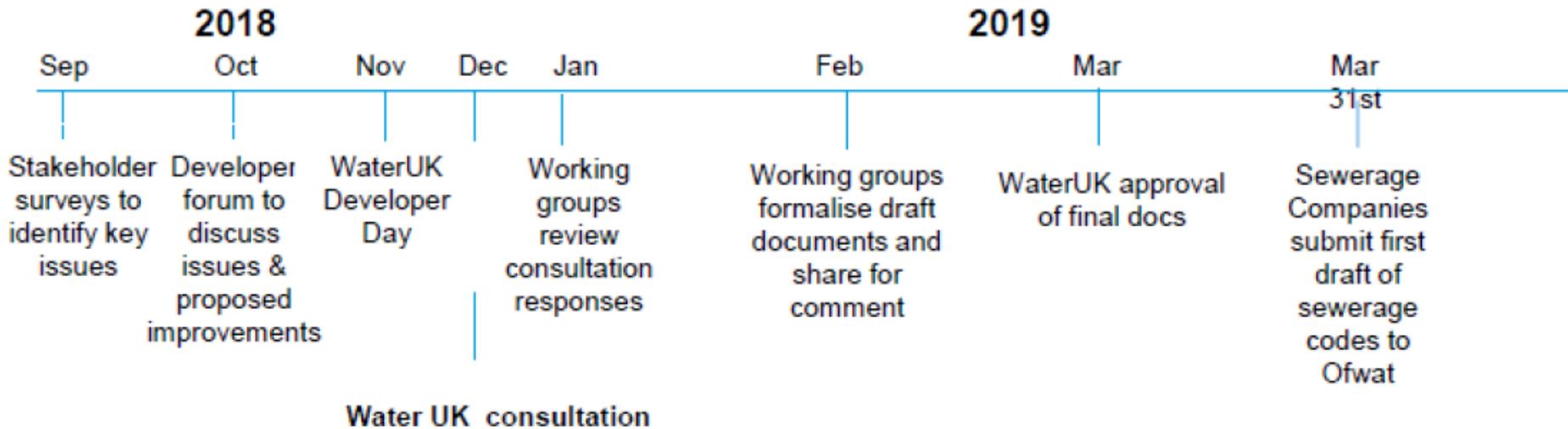
Under the new Sector Guidance, it's being proposed that:

- A consistent approach to redress for service failures is adopted across all companies
- The focus is on fixing problems rather than on paying fines for late delivery
- Developers will also have contractual remedies and will be able to use companies' existing complaints procedures where no specific redress measure is proposed
- Ofwat will retain its enforcement powers.

In line with Ofwat's requirements for the sector guidance, draft proposals for levels of service and reporting requirements have been developed.

The measures give details of what must be achieved and in what timeframe in order to drive greater accountability and performance

CURRENT PROGRAMME



BREAK

WASTE CUSTOMER JOURNEY



Developer Services – Customer Journey Map

Large Waste Section 104 – Sewer Adoption



Stage of Journey	Pre-Development Enquiry					Application		Design			Legal Agreement		Inspection / Construction					Connect / Adopt		Account Set-up			
Activities	I'm looking for info on the website to help me apply	I'm calling / emailing Asset Protection for info	I've submitted my pre-dev enquiry but haven't heard back	I'm calling / emailing the Tech Team for an update	I need to meet with Severn Trent to discuss my Application	I've received an acknowledgement letter	I've been called because of missing info	I've called in and the person doesn't know anything about my application	I've been called by Asset Protection to provide info for the Network Assessment	I've been called by the Tech Team as there's a problem with my design	I've received technical approval but I've had to wait a long time for the legal agreement	I've already paid but I have to pay more	I've been called for more info after returning my RFI and SUDS proposal	I have called my Inspector for a meeting / advice	My inspector has visited my site and advised some changes	I have called my Inspector to arrange a Pre-Maintenance Inspection	I have called my Inspector as I don't remember what I need to fix	I've had a call from the Tech Team asking for 'As Built' designs etc.	I have called my Inspector to arrange the Final Inspection	It's been days and I haven't received my Vesting Certificate			
Current Experience																							
Expected Experience																							
Feelings & Needs																							
What we can do about the problem areas	<ul style="list-style-type: none"> Clearly documented process New website containing an Application Information Pack and the ability to pay online A closer relationship with Asset Protection to flag sites which have had a pre-dev enquiry 					<ul style="list-style-type: none"> Clearly documented process Applications checked and acknowledged within 5 days Call the Customer proactively 		<ul style="list-style-type: none"> Record all Customer contact and application progress Publish clear design standards 			<ul style="list-style-type: none"> Technical approval and legal agreement sent out together Make the fee structure clearer at the start Clearly documented process 		<ul style="list-style-type: none"> Record all Customer contact and inspection progress Standard remedial work list completed by all Inspectors 					<ul style="list-style-type: none"> Record all Customer contact and inspection progress Internal SLA for preparing & issuing Vesting Certificate 					

CHARGES UPDATE

WEBSITE UPDATE



Developer Services Large Customers Forum – December 2018

Website Show & Tell



 <p>Easiest to deal with</p>	 <p>Value for money</p>
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What are we working on...	Can you help us define...
<ol style="list-style-type: none">1. The front end online application2. The 'Look & Feel' of our website	<p>Essential changes</p> <hr/> <p>'Nice to have' features</p>

CLOSE