



Wessex Water Services Ltd
Summary of Changes to the
2019/20 Developer Charging Arrangements

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Summary

This document details our approach to reviewing and setting the charges in our Developer Charges Arrangements and any significant changes to these charges for 2019/20. Our draft Developer Charges Arrangements, published separately, sets out our full charging policies.

We have performed a full review of our charges for 2019/20. Our charges for 2019/20 are broadly consistent with those set for 2018/19:

- infrastructure charges and the income offset remain consistent,
- most of the existing charges and the major charges remain consistent,
- there are some changes to minor and less frequent charges where new data has become available,
- we have simplified the charges in some areas, and
- we have introduced some new charges where it was identified there were gaps in our current service provision.

We have also added to and moved sections of the document to ensure that it is more intuitive and simple to understand. It follows a logical structure and reads easily, and it is transparent in how we have calculated our charges:

- we have added explanations on how we have calculated the infrastructure charges and income offset,
- more clarity is provided on what constitutes exceptional circumstances, and
- the order and titles of the sections have been modified to more clearly distinguish between:
 - water mains connections
 - water requisitions, adoptions and diversions
 - sewer connections
 - sewer requisitions, adoptions and diversions
 - water and sewerage infrastructure charges

Please respond via email to developer.services@wessexwater.co.uk.

Introduction

2018/19 saw the introduction of the new charging regime for new development services. From 1 April 2018 we have:

- set up-front fixed prices, published in our charging arrangements document,
- set infrastructure charges based on the incurred cost of network reinforcement rather than a notional maximum value,
- provided a 15% income offset on requisition costs, and
- provided the same discount to other competing organisations such as Self-Lay Providers (SLPs) and New Appointees and Variations (NAVs).

Our 2018/19 charges were introduced following significant customer engagement. The vast majority of this engagement was positive, and the majority of the feedback since the new charges were introduced has also been positive.

Respondents have particularly praised the transparency gained from the up-front charges and our simple approach to setting charges, which is easy to understand and broadly follows the work completed collaboratively with the industry and stakeholders via WaterUK. We also introduced an innovative spreadsheet calculator for developers to use in formulating their quotes, which has received significant positive feedback.

As befits such a fundamental change in approach to charging, we have performed a complete review of the suitability of our charges for 2019/20. Our review followed UKWIR best practice principles, and we had close regard to Ofwat's Charging Rules and Defra's Charging Principles throughout the process.

The overarching aims of our charges are to:

- provide fair and affordable charges to all developers,
- provide stable and predictable charges, minimising incidence effects and, where appropriate, phasing any required changes,
- provide transparent and easy-to-understand charges, and
- ensure appropriate cost recovery of services rendered.

The review found that broadly our developer charges for 2018/19 were set appropriately. Every published charge was reassessed and predominantly we have found consistency.

We have reassessed all of our charges for 2019/20: many of the charges have changed minimally due to inflation and small changes to labour costs. Any material changes are the result of new and/or improved data or methodologies. There are only minor changes to the major charges, such as the connection charges, mains and sewer laying rates, whilst some of the peripheral charges have changed more significantly due to the re-evaluation of processes and material costs.

Where appropriate, we have simplified and merged existing charges, and elsewhere we have introduced new charges where it is clear we provide multiple services or there is a gap in service provision which our 2018/19 charges do not account for.

Changes to Charging Policy

We have made the following changes to developer charges for 2019-20:

New Charges

The following charges have been added to our charging arrangements:

Sewer Laying (Table 7-2)

- *Sewer laying charge multiplier where depth is >1.5m and ≤4m*
- *Sewer laying charge multiplier where depth is >4m and ≤6m*

We have included two new depth multipliers to capture the significantly greater costs when the depth required is greater than 1.5m. A depth requirement of >6m is considered an exceptional circumstance and priced on a bespoke basis. The majority of sewer laying is in depth of <1.5m, so this will only affect a small number of jobs. The introduction of this charge will:

- promote fairness as customers will be paying more cost-reflective charges and ensure that costs are recovered from those customers that incur them,
- continue to be transparent and simple to understand, as the simple multiplier approach reduces additional complexity and removes any uncertainty over which jobs will be charged under exceptional circumstances, and
- ensures a more complete recovery of the costs incurred.

Hydrants and Sluice Valves (Table 5-2)

- *Installation of washout/fire hydrant – minimum one per leg of main/road spur*
- *Installation of sluice valve/control valve – minimum one per leg of main/road spur*

Our 2018/19 charges did not allow for the above installations. The introduction of these charges will aid cost recovery and ensure that other customers do not pay for services provided to developers.

Water Mains Diversions (Table 5-5)

- *Disconnection/reconnection of main (shut off)*
- *Disconnection/reconnection of main (line stop)*
- *Reinstatement of ground for washout/sluice valve installation*

Our 2018/19 charges did not allow for when shut offs, line stops, or reinstatement of ground are required. The introduction of these charges will aid cost recovery and ensure that other customers do not pay for services provided to developers.

Land Entry Agreements (Tables 5-2 and 7-2)

- *Land entry agreements including compensation and legal fees*

Our 2018/19 charges did not allow for when land entry agreements are required. The introduction of these charges will aid cost recovery and ensure that other customers do not pay for services provided to developers.

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Sustainable Drainage Schemes (Table 7-2)

- *Installation of Sustainable Drainage Scheme (SuDS)*

From 2019, the 8th edition of Sewers for Adoption will come into force and we will be able to adopt SuDS constructed by developers. Since we have not generally constructed such schemes in the past, we propose to price such schemes on a bespoke basis per application. This will be on a temporary basis until we have built up a robust evidence base to provide fixed up-front charges.

Traffic Management (Tables 4-2, 5-2 and 7-2)

- *Highways Agency permit for traffic management requiring traffic lights*

In mid-late 2019, we expect Local Councils in our region to introduce a permit to erect temporary traffic management measures that require traffic lights. At this point, we will begin to pass on the charge for this service. Where a permit is not required, we will not be utilising this charge.

Abortive Visits (Table 3-2)

- *Any abortive site visit*
- *Additional site inspections*

In addition to moving our existing abortive visit charges to table 9-1, we have added the above charges.

Separated Charges

We have separated the following charges from our 2018/19 charging arrangements into multiple charges for added granularity. We have done this to aid cost reflectivity of our charges where they differ significantly. This ensures different costs are born by customers who incur them, while remaining transparent and simple to understand.

Telemetry (Tables 7-3 and 7-4)

- *Providing and/or commissioning company specific telemetry for assets offered for adoption*
split into
 - *Installation of standard telemetry including: configuration of telemetry system, provision of a telemetry outstation, LPU and secondary BT socket, wiring from outstation to marshalling box, testing all signals from source, making site live to our control room and issue all relevant certification*
 - *Installation of telemetry as above but with the addition of telemetry for a chemical dosing unit, requiring a larger outstation, additional configuration and testing*
 - *Configuration, testing and commissioning of telemetry system where approved contractor has provided the telemetry outstation and all necessary connections*

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Our single telemetry charge has been split into three separate charges to reflect three distinct services. Prior to 2018/19 we provided separate charges and following the review we propose to reinstate this.

Connections (Table 4-2)

- *Excavate, supply and lay additional pipe in road/pavement/footway and reinstate*
split into
 - *Excavate, supply and lay additional pipe in pavement/footway and reinstate*
 - *Excavate, supply and lay additional pipe in road and reinstate*

The above charge has been separated to reflect the significant difference in costs of excavating, supplying laying pipes in roads compared to pavements or footways.

Supply and Fit Meter (Table 5-1)

- *Supply and fit district meter / leakage meter (required where more than 500 linear metres of pipe is laid or the development is for more than 50 units)*
split into
 - *Supply leakage monitoring meter (required where more than 500 linear metres of pipe is laid)*
 - *Fit leakage monitoring meter and associated valves and hydrants (required where more than 500 linear metres of pipe is laid)*

The above charge has been separated. The supply of the meter is non-contestable but the fitting of the meter is contestable, so the latter charge is also present in Table 6-2.

Removed and Simplified Charges

We have combined the following charges from our 2018/19 charging arrangements into single charges for simplicity:

Sewer Connection Administration & Technical Approval Fees (Table 6-1)

- *Administration & technical approval fee*
combined from
 - *Section 106/7 administration fee*
 - *Section 106 technical approval*

In practice, these two aspects are always charged together.

Sewer Connections by means of a Y-Junction or Saddle (Table 6-1)

- *Connection by means of a Y-junction or saddle (including materials)*
combined from
 - *Connection by means of a Y-junction or saddle up to 150mm*
 - *Connection by means of a Y-junction or saddle up to 225mm*
 - *Connection by means of a Y-junction or saddle greater than 225mm*

The differences in cost between our three previous charges based upon pipe size were minimal, so these have been combined for simplicity.

Significant Changes to Charges

The following charges have changed significantly:

Connections (Table 4-2)

- *Standard connection (≤32mm diameter) via ferrule to main (including supply and installation of meter + meter box + up to 2 linear metres of service pipe)*
- *Standard connection (>32mm diameter) via ferrule to main (including supply and installation of meter + meter box + up to 2 linear metres of service pipe)*
- *Connection (≤32mm diameter) via ferrule to main (including supply and installation of meter + meter box) where developer provides all excavation & refill*
- *Connection (>32mm diameter) via ferrule to main (including supply and installation of meter + meter box) where developer provides all excavation & refill*
- *Excavate, supply and lay additional pipe in verge/unmade ground and reinstate*
- *Excavate, supply and lay additional pipe in pavement/footway and reinstate*
- *Excavate, supply and lay additional pipe in road and reinstate*
- *Connection by means of four port manifold (four connections)*
- *Connection by means of six port manifold (six connections)*

Connection charges have increased by an average of ~15% due to a re-assessment of costs and methodologies.

Meters (Table 4-2)

- *Supply 15mm meter (non-AMR)*
- *Supply 15mm meter (AMR)*

We have increased the above two charges to include the meter box and a store handling cost.

Water Mains Connections (Table 5-1)

- *Mains connection for connecting 50 properties or less that involves heightened risk to existing assets or could affect supplies to existing customers*
- *Mains connection for connecting greater than 50 properties that involves heightened risk to existing assets or could affect supplies to existing customers (including the cost of supplying a meter for leakage monitoring requirements)*

The above two charges have increased by an average of ~25% to include elements that were not included in the 2018/19 charges, such as sluice valves and/or hydrants.

Supply and Install SPS (Table 7-2)

- *Supply and install type 1 sewage pumping station*
- *Supply and install type 2 sewage pumping station*
- *Supply and install type 3 sewage pumping station*

We have significantly reduced the following three charges due to a re-assessment of costs.

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[Sewer Diversion Technical Assessment Fee \(Table 7-5\)](#)

- *Technical assessment fee (where the design for the diversion is provided by the developer)*

The technical assessment fee is increasing significantly to account for the large number of major diversions that require technical assessments.

[Road Closure \(Tables 4-2, 5-2 and 7-2\)](#)

- *Road closure fixed charge*

The following charge has been reassessed to better recover the services provided. In 2018/19, it only included the road closure application fee, which was then combined with the traffic management charge. However, on the rare occasions that full road closure is required, this is better recovered through a single fixed charge that includes the entire average cost of traffic signage.

[Administration Fees \(Tables 4-1, 5-1, 5-5, 6-1, 7-1, 7-3, 7-4 and 7-5\)](#)

Our administration fees have increased by an average of ~20% due to a re-evaluation of the time involved with processing applications.

Changes to the Charging Arrangements

We have also reviewed the appropriateness of the Charging Arrangements document and have made material changes in the interest of simplicity. We have restructured the document to make it more intuitive and simple to understand.

We have deleted superfluous text in several areas and collated sections together where required. We provide a summary of the material changes as follows:

- We have introduced detailed descriptions on how we have calculated the infrastructure charges in section 8.4, and the income offset in section 2.2.
- Greater clarity has been provided on what might constitute exceptional circumstances that require bespoke estimates. This is detailed in section 2.1.7.
- Online payments are now offered for some services. This has been included in section 1.3.4. We have moved our Payment and VAT information to section 1.
- Our charges for abortive and repeat visits have been collated into a single new table, 3-2, detailed in section 3.4.
- The order and titles of the sections have been modified to clearly distinguish between our different services. This also means that table numbers have changed from the 2018/19 equivalents. The section on infrastructure charges has moved from section 5 to section 8, which means that water requisitions, sewer connections and sewer requisitions have moved to sections 5, 6 and 7 respectively.

Section	2018/19	2019/20
1	Wessex Water	Introduction
2	Our charging arrangements – an overview	Our charging arrangements – an overview
3	Applying for a new connection	Applying for a new connection
4	New water supply connections	New water supply connections (s45)
5	Water and sewerage infrastructure charges	Water mains requisitions (s41), adoptions (s51) and diversions (s185)
6	New mains connections (section 41 requisitions)	New sewer connections (s106/s107)
7	Connecting your new development to our sewer network	Sewer requisitions (s98), adoptions (S102/s107) and diversions (s185)
8	New public sewers (requisitions)	Water and sewerage infrastructure charges (s146)
9	Our contact details	Our contact details
10	Our charges	Our charges in full