

September 2020

Changing the Water UK metrics in D-MeX - our decisions

About this document

We introduced the developer services measure of experience (D-MeX) during the 2019 price review (PR19). A common performance commitment which applies to the 17 largest water companies in England and Wales, D-MeX is designed to incentivise companies to improve the service they provide to developer services customers, including property developers, self-lay providers and new appointees (NAVs).

This document presents our assessment and decisions following our [15 July 2020 consultation](#) on changing the Water UK metrics in D-MeX.

The decisions we make change each company's performance commitment appendix as published at the PR19 final determinations in December 2019. We set out the documents that are changed as a result of our decisions in section 5.

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1. Introduction

1.1 Background

We introduced the developer services measure of experience (D-MeX) during the 2019 price review (PR19). A common performance commitment which applies to the 17 largest water companies in England and Wales, D-MeX is designed to incentivise companies to improve the service they provide to developer services customers, including property developers, self-lay providers and new appointees (NAVs).

As set out in the [PR19 final determinations](#), D-MeX has two components:

- a **qualitative component** – which includes a satisfaction survey of the company's developer services customers; and
- a **quantitative component** – which measures the performance of the company across selected Water UK performance metrics.

We directly use a selection of Water UK metrics in the quantitative component, and indirectly use them in the qualitative component, as the data source for the surveys of developer services customers.

For the quantitative component, to inform the PR19 final determinations, we appointed Jacobs to recommend which Water UK metrics should be included in the quantitative component of D-MeX. We accepted [its recommendation](#) to include 20 metrics. For the qualitative component, we included all performance-based metrics except for acknowledgements.

1.2 Making changes to D-MeX

As with all changes to performance commitments in the 2020-25 period we must consult proportionately with stakeholders, in line with annex 2 of the '[Outcomes performance commitment appendix](#)' for each company. Annex 2 also states that additional or different procedures for particular performance commitment may be specified in the relevant performance commitment template, which is the case for D-MeX, as set out in each company's performance commitment appendix.

For D-MeX, we said we may incorporate revised or new metrics that are developed by Water UK during the 2020-25 period. We noted that this may include proposed new metrics relating to the services provided to NAVs and changes arising from the Code for Adoption Agreements.

We also said that, in determining whether to make changes to D-MeX in light of these changes, our decision would be based on the principles that revisions are in customers' interests, support consistent and fair comparisons between companies and align with our wider duties.

1.3 Our July 2020 consultation

Following the introduction of 13 new NAV metrics and ten new sewerage adoption metrics by Water UK, in July 2020 we [consulted](#) on changing the metrics in D-MeX. We included a [report by Jacobs](#) which provided a recommendation on which NAV metrics to include in the quantitative component of D-MeX.

The consultation was open from 15 July to 24 August 2020 and we received 22 responses. We publish these responses in full on [our website](#).

1.4 Water asset adoption metrics

In our July consultation, we asked stakeholders for views on draft metrics relating to the adoption of self-laid water assets under the Code for Adoption Agreements for English companies. These have [now been finalised](#). We will separately consult on which of these metrics to include in D-MeX.

2. NAV metrics

In this section we set out our assessment and final decision on which metrics relating to the service provided by companies to NAVs are to be included in the quantitative and qualitative components of D-MeX.

2.1 Quantitative component

What we said in our July consultation

For the quantitative component, we proposed to include seven of the 13 NAV metrics, drawing on recommendations by Jacobs in its report ([‘Review of Water UK Service Levels for PR19 D-MeX Incentive: Review of NAV metrics’](#)) which we published alongside the consultation.

We agreed with Jacobs’ recommendations and considered that the proposed metrics were broadly consistent with the existing quantitative metrics in D-MeX, that they represented the key stages of physical service delivery and maintained an overall balance that is proportionate to the level of NAV activity relative to other developer services work.

Respondents’ views

Almost all respondents supported our proposal and agreed that the proposed metrics cover key activities in the NAV process and align with our existing approach at the PR19 final determinations.

Three respondents suggested also including an additional metric relating to the issuing finalised bulk supply agreements (WN3.1) arguing it is an important activity and could be a cause of delay in the NAV application process.

Independent Water Networks also said the same argument applies for a metric relating to bulk discharge agreements (SN3.1).

Our assessment and decision

We maintain our position to include seven NAV metrics in the quantitative component of D-MeX, as set out in appendix 1.

We consider the addition of these metrics will further incentivise companies to provide excellent service to their NAV customers. In order to ensure consistent and fair comparisons between companies we must take into consideration all developer services customers and avoid particular customer groups being overrepresented relative to others. For this reason we have been mindful of the quantity of NAV metrics to include in D-MeX.

We consider that metrics associated with the provision of a bulk supply or discharge offer, which we will include, represent activities that are more important to NAV customers than metrics relating to sending a copy of the final agreement. This is because receiving an offer enables prospective NAVs to engage in the licensing process when bidding to serve new sites, whereas finalising agreements is likely to be a less stretching activity. This is supported by Jacobs' recommendation on which metrics to include. We are also concerned that including WN3.1 and SN3.1 may create undue focus on a single activity (the agreement of a bulk supply or discharge) and lead to an overrepresentation of NAV metrics in D-MeX.

2.2 Qualitative component

What we said in our July consultation

For the qualitative component, we proposed to include all performance-based metrics, excluding acknowledgements. We noted this was in line with our approach for other metrics at the PR19 final determinations.

Respondents' views

All respondents that provided a response agreed with our proposal for the qualitative component.

Our assessment and decision

We maintain our position to include nine NAV metrics in the qualitative component of D-MeX, as set out in appendix 1.

We continue to consider that the principle of selecting all performance-based metrics excluding acknowledgements, as used at the PR19 final determinations, is an appropriate approach.

3. Sewerage adoption metrics

In this section we set out our assessment and final decision on which new sewerage adoption metrics are to be included in the quantitative and qualitative components of D-MeX.

Because these new metrics arise from the Code for Adoption Agreements for English companies, they will not apply to Welsh companies.

3.1 Quantitative component

What we said in our July consultation

For the quantitative component, we proposed to include two of the 10 new sewerage adoption metrics in D-MeX. We considered these metrics reflected key stages of service delivery by companies and did not include metrics that measured less stretching activities such as acknowledgements and technical vetting.

We proposed to remove an existing metric in the quantitative component of D-MeX (S7.1) because one of the new metrics we proposed to include measured a similar activity (SAM 3/1). We asked whether further metrics should also be removed on the same basis.

Respondents' views

Of those that responded, 11 respondents agreed with our proposal to include two of the 10 sewerage adoption metrics.

Three respondents raised concerns with removing S7.1 and replacing it with SAM 3/1. The primary concerns relate to when companies are to record activities against metric S7.1 or SAM 3/1, and that removing metric S7.1 may exclude customer transactions which will continue to be reported against S7.1 under existing transitional arrangements put in place by Water UK.

South West Water proposed including an additional metric (SAM 2/2) arguing it is a critical part of the process for a developer customer.

Our assessment and decision

We maintain our position to include two new sewerage adoption metrics, as set out in appendix 1.

We continue to consider the two metrics are reflective of key activities carried out by water companies and are in line with the approach we have taken for other customer groups. We do not consider SAM 2/2 is sufficiently stretching to include in the quantitative component.

We address the removal and transitional arrangements for existing metrics in section 3.3 of this document.

3.2 Qualitative component

What we said in our July consultation

For the qualitative component, we proposed to include eight metrics in D-MeX. We considered the same rationale applied to the sewerage adoption metrics as used for other metrics – to only include performance-based metrics and exclude acknowledgements.

As for the quantitative component, we proposed to remove an existing metric in the qualitative component of D-MeX (S7.1) because one of the new metrics we proposed to include measured a similar activity (SAM 3/1). We asked whether further metrics should also be removed on the same basis.

Respondents' views

Of those that responded, 11 respondents agreed with our proposals and ten respondents did not comment on our proposal. Severn Trent Water considered the qualitative component may contain too many metrics leading to survey fatigue and as such the company proposes fewer metrics are included.

Thames Water agreed with our proposal but suggests that SAM 1/2 should not be included because it is aimed at covering large multi-phased developments and will be rarely used.

Northumbrian Water, Thames Water and Wessex Water proposed that S6.1 is removed from the qualitative component because it will measure the same activities as new metrics SAM 2/2 and SAM 3/3. Northumbrian Water also noted that S1.1 may overlap with SAM 1/1.

As with the quantitative component, respondents commented on transitional arrangements for outstanding transactions relating to S7.1.

Our assessment and decision

We maintain our position to include eight new sewerage adoption metrics in the qualitative component, as set out in appendix 1.

We consider it is important to maintain consistency with the proposal set out in the PR19 final determinations to include all performance-based metrics except for acknowledgements. While SAM 1/2 may be rarely used, we consider it is important to include those customers in the sample that may be selected for the customer satisfaction surveys.

We do not consider the inclusion of these metrics will lead to significant survey fatigue due to our sampling approach for D-MeX. This ensures that developer services customers will not be contacted more than twice a year about the same company (and a minimum of two months will pass before they could be asked about transactions with another company).

We address the removal and transitional arrangements for existing metrics in section 3.3 of this document.

3.3 Approach for existing metrics

Some respondents requested clarity on how to treat existing metrics where they may measure the same or similar activity as new sewerage adoption metrics.

We want to avoid the duplication of metrics, namely where a new metric (such as SAM 3/1) wholly supersedes an existing metric (such as S7.1).

As respondents noted, under transitional arrangements established by Water UK, some existing metrics (such as S7.1) will continue to be reported against in future, for example where customers received a quote under the previous levels of service.

Because we do not want these customers to be disadvantaged, we are no longer proposing to remove existing metrics from D-MeX and instead we will allow these metrics to remain until no transactions relate to them. Under the calculation approach for the quantitative component of D-MeX, metrics that have zero activities reported against them do not affect the D-MeX score. For the qualitative component,

we consider customers should continue to have a chance of being selected for interview each month if they complete a relevant transaction with a water company.

In the long term, this may lead to a number of outdated metrics in D-MeX being listed with zero activities against them. While we do not consider this to be a material issue as these metrics will not affect D-MeX scores, we may consider to formally remove them at a future date if there is a sufficiently low risk to customers from doing so.

To support fair and consistent comparisons, companies are to continue to ensure that individual transactions are not reported against multiple metrics.

This approach will apply to all existing metrics that may be superseded or replaced by new metrics, including the metrics respondents note (S7.1, S6.1 and S1.1).

4. Implementation and reporting

In this section we set out our assessment and decision on when these new metrics will apply and how companies are to report them in the 2020-25 period.

4.1 Implementation date

What we said in our July consultation

In the PR19 final determinations, we said changes to performance commitments should as a default apply from the beginning of the next reporting year but recognised there may be circumstances where they could apply earlier.

In our July consultation we considered it appropriate for our proposed changes to apply earlier than 1 April 2021 due to concerns that such a delay would lead to key customer groups being underrepresented or entirely unrepresented in D-MeX in both the quantitative component and ongoing survey fieldwork, which could lead to them receiving poor service relative to other customer groups.

For the NAV metrics, in line with existing Water UK reporting arrangements we proposed that the metrics apply from 1 April 2020 for the quantitative component and from 1 October 2020 for the qualitative component (to enable survey fieldwork to begin promptly). For the sewerage adoption metrics, we proposed that the qualitative and quantitative metrics apply from 1 October 2020.

Respondents' views

Eight respondents supported our proposals. Souths Staffs Water supported our proposals, but for the NAV metrics, suggested harmonising the implementation dates for both D-MeX components.

Ten stakeholders instead proposed all metrics be delayed until April 2021 due to:

- the need to amend internal reporting systems, including Water UK's new reporting system;
- the additional complexity which may reduce the credibility of D-MeX and confuse customers; and
- the final determinations saying changes will apply from the following reporting year "as a default".

Of the NAVs that responded to our consultation, Independent Water Networks supported our proposal stating that early inclusion is critical to encourage excellent customer service and to ensure companies do not deprioritise customer types not yet in D-MeX, while Leep Water Networks said it does not object to a delay.

Our assessment and decision

We do not agree with delaying changes to D-MeX because companies have been informally reporting against the NAV metrics since at least April 2020 (and some companies since January 2020) and in October 2019 they agreed to report against the sewerage adoption metrics from October 2020. We note that there may be interactions with the development of a new reporting system by the sector but we consider this to be wholly separate to the regulatory reporting requirements of companies.

We consider any impact on the complexity of reporting to be marginal and that it is outweighed by the significant risk to customer groups from poor service, which may also undermine the development of the NAV market and cause misalignment with wider policies such as the Code for Adoption Agreements. However, to reduce undue complexity and due to the low risk to customers, we consider it appropriate to harmonise the dates when all new metrics come into effect, from 1 October 2020.

While the PR19 final determinations say that we expect changes to performance commitments to apply from the beginning of the next reporting year “as a default” we recognised there may be reasons to not do this, including alignment with other reporting arrangements. Due to the existing reporting arrangements with Water UK and the risk to customers from poor levels of service we consider these to be sufficient grounds for earlier implementation of changes to this performance commitment.

For these reasons, our final decision is to harmonise the implementation dates of both the NAV metrics and the new sewerage adoption metrics. They will come into effect for both the quantitative and qualitative components from 1 October 2020.

4.2 Reporting approach

4.2.1 Quantitative component

What we said in our July consultation

As with all performance commitments, companies are to report their performance in their annual performance reports following the calculation methodology set out in the PR19 final determinations.

With an implementation date of 1 October 2020 for some metrics, in our July consultation we proposed a slight revision to the calculation approach for the quantitative component.

We said that companies should separately calculate their performance using those metrics that apply in the first six months of the reporting year (i.e. 1 April 2020 to 30 September 2020) and the last six months of the reporting year (i.e. 1 October 2020 to 31 March 2021). To calculate an annual score for the quantitative component, companies should then report an average of these two half-year scores.

We noted that because the new sewerage adoption metrics do not apply to Welsh companies, we expected Welsh companies to report against the proposed NAV metrics but to continue to report against the existing sewerage metrics in D-MeX. To maintain appropriate comparability with other companies, we proposed that Welsh companies should also separately calculate their performance in the first and last six months of the reporting year, taking an average of these two half-year scores.

Respondents' views

Four respondents explicitly supported our proposed approach. Eight respondents disagreed, arguing our proposal would increase complexity, confuse customers and reduce transparency.

Some respondents noted the proposals in our July consultation were inconsistent with the draft annual performance report tables in our June 2020 [consultation on the Regulatory Accounting Guidelines](#).

Our assessment and decision

We decide to maintain our proposed calculation approach for the quantitative component. As a result of our decision for the new NAV and sewerage adoption metrics to apply from 1 October 2020, we consider this approach is the simplest and most transparent way to calculate annual scores. We do not consider this will significantly add to the marginal complexity of D-MeX.

For the 2020-21 reporting year, companies are to separately calculate their performance against the metrics that apply in each half-year period. The annual score will be an average of these two half-year scores.

For the avoidance of doubt, the following metrics will apply in the first half year (1 April 2020 to 30 September 2020) to all companies:

- W1.1 Pre-development enquiry – reports issued within target
- W3.1 s45 quotations – within target
- W4.1 s45 service pipe connections – within target
- W6.1 Mains design <500 plots – quotations within target
- W7.1 Mains design >500 plots – quotations within target
- W8.1 Mains construction within target
- W17.1 Mains diversions (without constraints) – quotations within target
- W17.2 Mains diversions (with constraints) – quotations within target
- W18.1 Mains diversions – construction/commissioning within target
- W20.1 Self lay Point of Connection report < 500 plots etc – reports issued within target
- W21.1 Self lay Point of Connection reports >500 plots etc – reports issued within target
- W23.1 Self lay design and terms request <500 plots etc – quotations within target
- W24.1 Self lay design and terms request >500 plots etc – quotations within target
- W26.1 Self lay water for pressure/bacteriological testing – provided within target
- W27.1 Self lay permanent water supply – provided within target
- W30.1 Self lay plot references and costing details – issued within target
- S1.1 Pre-development enquiry – reports issued within target
- S3.1 Sewer requisition design – offers issued within target
- S4.1 Sewer requisition – constructed and commissioned within agreed extension
- S7.1 Adoption legal agreement – draft agreements issued within target

The following metrics will apply from 1 October 2020 to English companies:

- W1.1 Pre-development enquiry – reports issued within target
- W3.1 s45 quotations – within target
- W4.1 s45 service pipe connections – within target
- W6.1 Mains design <500 plots – quotations within target
- W7.1 Mains design >500 plots – quotations within target
- W8.1 Mains construction within target
- W17.1 Mains diversions (without constraints) – quotations within target
- W17.2 Mains diversions (with constraints) – quotations within target
- W18.1 Mains diversions – construction/commissioning within target
- W20.1 Self lay Point of Connection report < 500 plots etc – reports issued within target
- W21.1 Self lay Point of Connection reports >500 plots etc – reports issued within target
- W23.1 Self lay design and terms request <500 plots etc – quotations within target

- W24.1 Self lay design and terms request >500 plots etc – quotations within target
- W26.1 Self lay water for pressure/bacteriological testing – provided within target
- W27.1 Self lay permanent water supply – provided within target
- W30.1 Self lay plot references and costing details – issued within target
- S1.1 Pre-development enquiry – reports issued within target
- S3.1 Sewer requisition design – offers issued within target
- S4.1 Sewer requisition – constructed and commissioned within agreed extension
- S7.1 Adoption legal agreement – draft agreements issued within target
- WN1.1 % of confirmations issued to the applicant within target period
- WN2.2 % Bulk supply offer letters issued to the applicant within target period
- WN4.1 % of main laying schemes constructed and commissioned within the target period
- WN4.2 % of testing supplies provided within target period
- WN4.3 % of permanent supplies made available within the target period
- SN2.2 % Bulk discharge offer letters issued to the applicant within target period
- SN4.1 % of main laying schemes constructed and commissioned within the target period
- SAM 3/1 Update draft agreement
- SAM 4/1 Inspections and construction period

We continue to consider that Welsh companies should also calculate their D-MeX score for 2020-21 based on two half-year scores in order to maintain appropriate comparability with other companies.

As a result, Welsh companies are to report against the same set of metrics as English companies for the first half year (1 April 2020 to 30 September 2020).

From 1 October 2020, Welsh companies are to report against the following metrics:

- W1.1 Pre-development enquiry – reports issued within target
- W3.1 s45 quotations – within target
- W4.1 s45 service pipe connections – within target
- W6.1 Mains design <500 plots – quotations within target
- W7.1 Mains design >500 plots – quotations within target
- W8.1 Mains construction within target
- W17.1 Mains diversions (without constraints) – quotations within target
- W17.2 Mains diversions (with constraints) – quotations within target
- W18.1 Mains diversions – construction/commissioning within target
- W20.1 Self lay Point of Connection report < 500 plots etc – reports issued within target
- W21.1 Self lay Point of Connection reports >500 plots etc – reports issued within target

- W23.1 Self lay design and terms request <500 plots etc – quotations within target
- W24.1 Self lay design and terms request >500 plots etc – quotations within target
- W26.1 Self lay water for pressure/bacteriological testing – provided within target
- W27.1 Self lay permanent water supply – provided within target
- W30.1 Self lay plot references and costing details – issued within target
- S1.1 Pre-development enquiry – reports issued within target
- S3.1 Sewer requisition design – offers issued within target
- S4.1 Sewer requisition – constructed and commissioned within agreed extension
- S7.1 Adoption legal agreement – draft agreements issued within target
- WN1.1 % of confirmations issued to the applicant within target period
- WN2.2 % Bulk supply offer letters issued to the applicant within target period
- WN4.1 % of main laying schemes constructed and commissioned within the target period
- WN4.2 % of testing supplies provided within target period
- WN4.3 % of permanent supplies made available within the target period
- SN2.2 % Bulk discharge offer letters issued to the applicant within target period
- SN4.1 % of main laying schemes constructed and commissioned within the target period

Now that we have concluded this consultation, we will amend the Regulatory Accounting Guidelines accordingly to ensure consistency.

4.2.2 Qualitative component

What we said in our July consultation

For the qualitative component, we noted that the submission deadline for companies to provide our survey agent with relevant customer contacts will move to the 10th of the following month starting with October 2020.

We noted that the reporting approach would not change for the qualitative component and that companies should continue to provide our survey agent with a list of relevant transactions completed in the previous month and ensure this included all metrics that apply from 1 October 2020.

Respondents' views

No respondents commented on reporting requirements for the qualitative component.

Our assessment and decision

The approach for the qualitative component does not change as a result of our decision. Companies should already be collecting this data and, as such, relevant transactions made in October 2020 should be provided to our survey agent in line with the timelines set out in the [D-MeX guidance for the 2020-25 period](#).

For the avoidance of doubt, the following metrics will now apply for the qualitative component from 1 October 2020 for all companies:

- W1.1 Pre-development enquiry – reports issued within target
- W3.1 s45 quotations – within target
- W4.1 s45 service pipe connections – within target
- W6.1 Mains design <500 plots – quotations within target
- W7.1 Mains design >500 plots – quotations within target
- W8.1 Mains construction within target
- W17.1 Mains diversions (without constraints) – quotations within target
- W17.2 Mains diversions (with constraints) – quotations within target
- W18.1 Mains diversions - construction/commissioning within target
- W20.1 Self-lay Point of Connection report < 500 plots etc - reports issued within target
- W21.1 Self-lay Point of Connection reports >500 plots etc - reports issued within target
- W23.1 Self-lay design and terms request <500 plots etc – quotations within target
- W24.1 Self-lay design and terms request >500 plots etc – quotations within target
- W25.1 Self-lay signed agreement – acknowledgements within target
- W26.1 Self-lay water for pressure/bacteriological testing – provided within target
- W27.1 Self-lay permanent water supply – provided within target
- W28.1 Self-lay vesting certificates – issued within target
- W29.1 Self-lay Asset Payments – issued within target
- W30.1 Self-lay plot references and costing details – issued within target
- S1.1 Pre-development enquiry – reports issued within target
- S3.1 Sewer requisition design – offers issued within target
- S4.1 Sewer requisition – constructed and commissioned within agreed extension
- S6.1 Technical vetting of adoptions & diversions – approval or rejection letters within target
- S7.1 Adoption legal agreement – draft agreements issued within target
- S8.1 s106 sewer connection – approval letters issued within target
- S9.1 s106 sewer connection – rejection letters issued within target
- WN1.1 % of confirmations issued to the applicant within target period
- WN2.2 % Bulk supply offer letters issued to the applicant within target period
- WN3.1 % Bulk water supply agreement signed and issued to the applicant within target period

- WN4.1 % of main laying schemes constructed and commissioned within the target period
- WN4.2 % of testing supplies provided within target period
- WN4.3 % of permanent supplies made available within the target period
- SN2.2 % Bulk discharge offer letters issued to the applicant within target period
- SN3.1 % Bulk discharge agreement signed and issued to the applicant within target period
- SN4.1 % of main laying schemes constructed and commissioned within the target period

For English companies only, the following sewerage adoption metrics will apply **in addition** to the list above from 1 October 2020:

- SAM 1/2 Review pre-design application
- SAM 2/2 Review Design Step 1: Full design review and response
- SAM 2/3 Review Design Step 2: Design acceptance
- SAM 3/1 Update draft agreement
- SAM 4/1 Inspections & construction period
- SAM 5/1 Request for pre maintenance inspections
- SAM 5/2 Issue pre maintenance certificate/provisional certificate
- SAM 6/2 Issue vesting certificate

4.3 Other issues raised by respondents

4.3.1 Representativeness of D-MeX

Fair Water Connections commented on the representativeness of the qualitative component of D-MeX, stating that it overrepresents water service applications and is unlikely to reflect increasing provision of self-lay and NAV work. Fair Water Connections requested that appropriate adjustments are made to D-MeX.

Our response

Overall design decisions for D-MeX made in the PR19 final determinations are not in scope of this consultation.

However, we note that the qualitative component should not be considered out of context. While the qualitative component is based on a random, unweighted, sample of all developer services customers that transact with a water company each month, the quantitative component is designed to ensure all relevant transactions are

accounted for in each company's D-MeX score. We note that as a result of our conclusions to this consultation, services provided to new appointees and self-lay providers will now represent a significant share of the quantitative component of D-MeX (up to 48% for some companies).

4.3.2 Impact on company performance

The Consumer Council for Water (CCW) commented that it is broadly content with the direction of D-MeX and the use of Water UK metrics in the mechanism, but queries how the addition of metrics relating to NAVs and sewerage asset adoption will have a substantial effect on companies' performance.

CCW also asked for clarity on what additional measures we plan to put in place to encourage companies to address their performance.

Our response

We are confident that the inclusion of new NAV and sewerage adoption metrics in D-MeX will increase incentives on companies to improve their performance, particularly as these customer groups are currently unrepresented or underrepresented in D-MeX. At the same time, we have ensured that the new metrics do not lead to an overrepresentation of these customer groups to the detriment of other groups.

The outperformance and underperformance payments that companies will earn or incur each year based on their D-MeX scores should drive them to increase the level of service offered to all developer services customers.

As we set out below, we will also publish annual league tables, strengthening reputational incentives on companies to improve their performance. We have already observed some improvements when D-MeX operated in shadow form in 2019-20.

4.3.3 Publishing D-MeX scores

CCW requested we include companies' D-MeX scores on our website.

Fair Water Connections requested more frequent sharing of information and increased transparency of the calculation approach with customers. It also proposes that we require companies to provide customers with the same quantitative data that is provided to our survey agent each month.

Our response

As we did for the previous service incentive mechanism (SIM) we will publish annual league tables which show how all companies have performed in D-MeX.

In terms of more frequent reporting, in our D-MeX guidance for the 2020-25 period we said that D-MeX scores will be reported annually in companies' annual performance reports. We note that Water UK currently publishes information on a quarterly basis on its website and consider that any decision relating to the frequency of this information is a matter for Water UK.

To support transparency, we outline the calculation approach for D-MeX elsewhere in section 4.2 and set out how we will communicate changes to D-MeX in section 5.

We do not consider it appropriate for our survey agent to share the information that is provided for the purposes of carrying out interviews with any other party.

5. Next steps

5.1 Communicating our decisions

These changes to D-MeX are effective from 1 October 2020 and replace the Water UK metrics that were set out in the [C-MeX and D-MeX policy appendix](#) of the PR19 final determinations.

For each relevant company, we publish a notice setting out the changes that now apply to that company's PR19 Outcomes performance commitment appendix as a result of our decisions. We include these notices on a [new webpage](#) that summarises all changes and corrections made to companies' PR19 performance commitments during the 2020-25 period, including our decisions relating to D-MeX.

Where appropriate, we also amend references on our website to this new webpage so that the impact of our decisions is clear and transparent to stakeholders.

5.2 Regulatory reporting and reconciliation

In June 2020 we consulted on a draft version of the Regulatory Accounting Guidelines for 2020-21, which included a table for D-MeX.

We also published a draft reconciliation model for D-MeX to demonstrate how we intended to reconcile outperformance and underperformance payments during the annual in-period determination process.

We will reflect all relevant changes arising from our decisions when we finalise the Regulatory Accounting Guidelines and PR19 reconciliation rulebook in 2020.

Appendix 1: NAV and sewerage adoption metrics

NAV metrics (quantitative component)

Metric	Description	Decided to include?
WN1.1	% of confirmations issued to the applicant within target period	Yes
WN2.1	% of written acknowledgements of a bulk water supply application issued within target period	No
WN2.2	% Bulk supply offer letters issued to the applicant within target period	Yes
WN3.1	% Bulk water supply agreement signed and issued to the applicant within target period	No
WN3.2	% of written acknowledgements of receipt issued within target period	No
WN4.1	% of main laying schemes constructed and commissioned within the target period	Yes
WN4.2	% of testing supplies provided within target period	Yes
WN4.3	% of permanent supplies made available within the target period	Yes
SN2.1	% of written acknowledgements of a bulk discharge application issued within target period	No
SN2.2	% Bulk discharge offer letters issued to the applicant within target period	Yes
SN3.1	% Bulk discharge agreement signed and issued to the applicant within target period	No
SN3.2	% of written acknowledgements of receipt issued within target period	No
SN4.1	% of main laying schemes constructed and commissioned within the target period	Yes

NAV metrics (qualitative component)

Metric	Description	Decided to include?
WN1.1	% of confirmations issued to the applicant within target period	Yes
WN2.1	% of written acknowledgements of a bulk water supply application issued within target period	No
WN2.2	% Bulk supply offer letters issued to the applicant within target period	Yes
WN3.1	% Bulk water supply agreement signed and issued to the applicant within target period	Yes
WN3.2	% of written acknowledgements of receipt issued within target period	No
WN4.1	% of main laying schemes constructed and commissioned within the target period	Yes

WN4.2	% of testing supplies provided within target period	Yes
WN4.3	% of permanent supplies made available within the target period	Yes
SN2.1	% of written acknowledgements of a bulk discharge application issued within target period	No
SN2.2	% Bulk discharge offer letters issued to the applicant within target period	Yes
SN3.1	% Bulk discharge agreement signed and issued to the applicant within target period	Yes
SN3.2	% of written acknowledgements of receipt issued within target period	No
SN4.1	% of main laying schemes constructed and commissioned within the target period	Yes

Sewerage adoption metrics (quantitative component)

Metric	Description	Decided to include?
SAM 1/1	Acknowledgement of receipt and application completeness	No
SAM 1/2	Review pre-design application	No
SAM 2/1	Acknowledgement of receipt and application completeness	No
SAM 2/2	Review Design Step 1: Full design review and response	No
SAM 2/3	Review Design Step 2: Design acceptance	No
SAM 3/1	Update draft agreement	Yes
SAM 4/1	Inspections & construction period	Yes
SAM 5/1	Request for pre maintenance inspections	No
SAM 5/2	Issue pre maintenance certificate/provisional certificate	No
SAM 6/2	Issue vesting certificate	No

Sewerage adoption metrics (qualitative component)

Metric	Description	Decided to include?
SAM 1/1	Acknowledgement of receipt and application completeness	No
SAM 1/2	Review pre-design application	Yes
SAM 2/1	Acknowledgement of receipt and application completeness	No
SAM 2/2	Review Design Step 1: Full design review and response	Yes
SAM 2/3	Review Design Step 2: Design acceptance	Yes
SAM 3/1	Update draft agreement	Yes
SAM 4/1	Inspections & construction period	Yes

SAM 5/1	Request for pre maintenance inspections	Yes
SAM 5/2	Issue pre maintenance certificate/provisional certificate	Yes
SAM 6/2	Issue vesting certificate	Yes

Ofwat (The Water Services Regulation Authority)
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