

Fair Water Connections

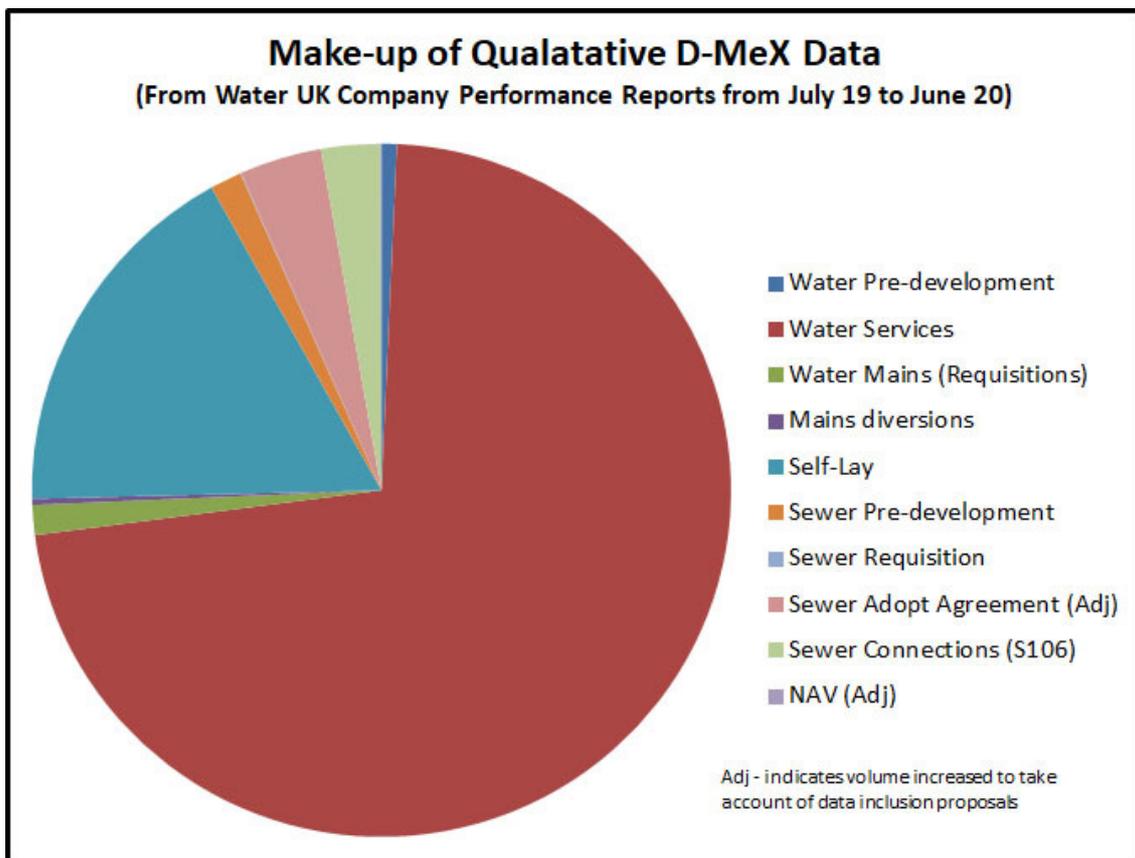
An association seeking a fair deal in water supply provision

Response to Ofwat's Consultation on Changing the Water UK Metrics in D-MeX

August 2020

This response is from Fair Water Connections which represents SLPs from across the self-lay community. Whilst our members are specifically interested in the self-lay water metrics the context in which these get used means that we have valid observations about the other areas covered by the consultation.

Our biggest concern about D-MeX is to do with the relative volumes in each work stream. Whilst we recognise that Ofwat has sought to come up with a mechanism that deals with this our members are still of the view that self-lay work, once de-duplication is factored into the surveying, (and probably other non-water service work streams) is so underrepresented that it is the way that companies deal with one-off/individual connection customers that will be the dominant factor in determining their D-MeX scores.



This is highlighted in the above chart (which shows the proportion in each work stream category based on the volumes reported by Water UK on behalf of customers (with our estimate of sewer adoption changes and NAV volumes factored into the data).

What our members find particularly bizarre is that all the emphasis in D-MeX looks to be on new water supplies and that work streams, such as sewerage (which has broadly comparable volumes) is, even before de-duplication becomes a factor, marginalised. We support this by drawing on data reported by companies in their annual performance reports. Here some 204,400 new connections were made in 2019-20. This figure broadly aligns (once allowance is made for differences between the Q2 2019 to Q1 2020 rolling data currently available from Water UK) with the total number of new connections derived from measure W4.1 (company connections) plus W30.1 (Self-Lay Plots). Yet the water service connections work activities in the survey volumes include a further 236,000 against W3.1 (Water Company Service Quotations). Given that companies themselves (i.e. excluding SLPs) only put-on (from W4.1) 113,000 connections the inclusion of re-quotes looks to us to unreasonably further unbalance D-MeX from being representative of all developer customer work streams and be heavily weighted towards how companies deal with individual water service applications.

Note – If W3.1 data was to be removed we calculate that the volumes for company water supply totals would drop from 72% of all activities triggering surveys to 46%. This still marginalises sewerage and NAVs and leaves de-duplication a significant factor but would go some way to remove a distortion which are members are surprised that Ofwat have carried forward into their D-MeX mechanism.

Furthermore water service work falls into 2 distinct work streams. These are one-off/individual services and connections provided in conjunction with mainlaying. Typically some 25% of the total are 'one-offs' (so some 51,000/annum but some of these will be done in 'clusters'). All 'one-offs' are done by companies so, allowing for connections done in conjunction with other adjoining plots there are probably some 40,000 discrete service only applications and some 62,000 done with accompanying mainslaying. So if mains schemes average 20 connections there are annually some 3,100 applications. From this it is clear that over 70% of the applications are individual connections. These will also not be adversely impacted by de-duplication constraints (which prevent the same customer being contacted many times which significantly impacts on other work, especially on larger/multiple site developments, for the same customer being sampled).

We also observe that Ofwat wishes to encourage alternative provision to developers. This means that self-lay and NAV work stream volumes will increase but, as discussed above, this is unlikely to lead to any corresponding increase in the proportion of the qualitative totals these work streams represent.

From what our members have experienced we can see that D-MeX is a factor influencing delivery improvements in all developer related work streams but it is abundantly clear to us that the calculation mechanism will predominately reward/penalise customers based on how they handle individual water service applications. We do not consider that this is fair to SLPs (and other customers) who rely on good service from water companies and, at this late stage, we call on Ofwat to make appropriate adjustments to D-MeX.

The Water UK volume data used in the above discussion has been obtained from:-

<https://developerservices.water.org.uk/public/report/99/q1-2020-21#/water/data-volumes/total-ytd>

Responses to Consultation Questions

Q1. Do you agree with the proposed NAV metrics to be included in the quantitative component of D-MeX?

We support the inclusion of the proposed NAV metrics though comment that, because of de-duplication consideration, the inclusion of multiple metrics will do little to ensure that this provision method gets fairly represented in the D-MeX outcomes.

Q2. Do you agree with the proposed NAV metrics to be included in the qualitative component of D-MeX?

We give the same response as provided for Question 1.

Q3. Do you agree with the proposed sewerage adoption metrics to be included in the qualitative component of D-MeX? Also do you agree that the existing sewerage metric S7.1 should be removed where the new metric SAM2/1 applies? Should any other sewerage metrics also be removed?

Whilst supportive of carrying forward a wider suite of measures, ones linked to the new sewer adoption arrangements, our view is that de-duplication factors are going to curtail the surveys that can be carried out so their inclusion, or exclusion, is not that material.

We have no comments on the removal of the current S7.1.

Q4. Do you agree with the proposed sewerage adoption metrics to be included in the quantitative component of D-MeX? Also do you agree that the existing sewerage metric S7.1 should be removed where the new metric SAM2/1 applies? Should any other sewerage metrics also be removed?

Without having a feel for actual company performance against the new sewerage metrics it is difficult to comment on the proposals. We do however observe that all companies report remarkable high achievement against the current suite of sewerage metrics which leads us to the view that these service standards are not particularly onerous but maybe the new standards will provide more of a differentiator between companies!

Reviewing the current data we are surprised that sewer connections (Section 106 work) are not included in the quantitative data. Given the current performance this is not an influencing factor but surely such connections need to be included to help protect customers against any falling off in delivery performance.

We have no comments on the removal of the current S7.1.

Q5. Do you have any comments on which draft self-lay water metrics should be included in the quantitative and qualitative components of D-MeX? Which existing (self-lay) metrics should be removed?

We assume that Ofwat is referring to:-

SLPM – S1/1 – Initial Application review (Cat 1) – 5 days
SLPM – S1/2 – Review PoC proposal (Cat 1) – 14 days (or 28 for complex)
SLPM - S2/1a – Review Design Application (Cat 1) – 5 days
SLPM - S2/2a – Provide design (Cat 1) – 28 days (or 42 for complex)
SLPM – S2/1b – Water Company to Review SLP design application (Cat 1) – 5 days
SLPM - S2/2b – Water Company to Provide design acceptance (Cat 1) – 14 (or 21 for complex) days
SLPM – S3 – Review / revise Water Adoption Agreement (Cat 2) – 7 days
SLPM – S4/1 – Source of Water Delivery Date (Cat 2) – ‘Right Day’
SLPM – S6 – Issue vesting certificate (Cat 2) – 5 days
SLPM – S7/1 – Validate notification and provide consent to progress with connection (Cat 1) – 5 days
SLPM – S7/3 – Install ‘screw in’ meter and record details (Cat 1) – Company defined

Our view is that all of these apart from S1/1 and S2/1a should be used in both the quantitative and qualitative assessments. Our reasoning being that they all reflect key aspects of company delivery which impacts on SLPs. Also that the work load volumes need to be maintained to help safeguard against the proportion of D-MeX outcomes being even less proportional to the volume of work which self-lay increasingly represents.

Q6. Do you agree with our proposal that the NAV metrics which we choose to be in D-MeX should apply from 1 April 2020, with survey fieldwork based on relevant transactions made from 1 October 2020, and the sewerage adoption metrics which we choose to include should apply from 1 October 2020.

We support the earliest possible introduction of the NAV measures, especially if the overall balance is also adjusted to give these an appropriate level of input into the D-MeX assessment mechanism.

Q7. Do you have any comments on our proposed approach to reporting.

See our opening commentary about the changes we feel are urgently needed to D-MeX to make it more representative of all developer customer facing work streams.

As we near the middle of 2020/1 we are far from certain on the D-MeX outcome levels that companies are currently achieving so as to be able to use this as a basis for our ongoing discussions about service delivery performance we have with many of them. So anything that Ofwat can do to share information with customers, and to make the calculation process more transparent, would be welcomed.

Also, to improve transparency, we urge Ofwat to make it a requirement for companies to make the same quantitative data they issue to Ofwat monthly available at the same frequency to customers. This is because Water UK currently only issue reports towards the end of the month following each quarter even though they are compiling the data for more frequent issuing to Ofwat.

The response has been submitted by:-

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Martyn should be contacted over any queries which arise from this response.