

Our Ref: [REDACTED]

22 July 2021

Ofwat
4th Floor
21 Bloomsbury Street
London
WC1B 3HF



SES Water
London Road
Redhill, Surrey,
RH1 1LJ
Telephone: 01737 772000
Facsimile: 01737 766807
Website: www.seswater.co.uk
Email: contactus@seswater.co.uk

Dear Ofwat

Ref: Response to a consultation on gathering data about developer services

Please find attached SES Water's response to your consultation on gathering data about developer services.

If you have any further queries, please do not hesitate to contact us for further information or clarification.

Your sincerely



Paul Kerr
Group Chief Financial Officer

Q1: Do you envisage having any problems completing the data request for 2021-22 by July 2022, or the historical data for 2020-21 by w/c 20 September 2021?

As we stated at the workshop on this consultation on 13 July 2021, it would be a challenge to provide the historical data for 2020-21 by September 2021. Our review of the data request identified there would need to be a substantial amount of manual data capture to complete the current data tables.

When discussed in the breakout groups at the workshop, it appeared that many companies are minded similarly in regard to the current submission timing of September 2021. Namely that the manual data capture will pose challenges to resource due to annual leave over the summer period and scheduled engagement events and New Connection Charges reviews.

The data request for 2021-22 by July 2022 is feasible if the proposed timescales for finalising the data request are held. As mentioned at the workshop there would be similar issues to the historic data request (i.e., a need for reporting system changes to capture the data and a manual data capture before the reporting changes are implemented).

Q2: If you envisage problems with providing the full historical dataset for 2020-21, what areas would you remove from the data request, or how much additional time would you need to meet the request?

We support the view that network reinforcement should be removed from the request as companies may be unable to match this cost to a specific development site, which would likely lead to inconsistencies between companies.

As noted at the workshop, consideration should be given to the fact that 2020-21 will not be a representative year due to the impact of COVID-19. The aim of this data request is to help inform the decision making for PR24, so perhaps using a subset of 2020-21 (possibly Q4 data) as a proof of concept would be more beneficial and reduces the reporting burden. If the full 2020-21 period is requested, we would suggest two months additional deadline (November 2021).

Q3: Are the definitions (provided in the cover worksheet) clear enough to mitigate the risk of reporting inconsistencies between companies? If not, what changes would you recommend?

We are generally supportive of the definitions presented, as discussed at the workshop, large complete projects can span several years, which could mean that the Discounted Aggregate Deficit (DAD) was used, which will make comparisons more complicated.

'Other DS costs' is an important definition to clarify, as this could be subject to interpretation and lead to inconsistencies between companies.

Q4: Would you be able to provide information on cost drivers, in particular length of communication pipe and surface type (split into made/unmade)?

We would be able to provide information on cost drivers, as discussed in the workshop breakout group, examples of 'Made' cost drivers are pipe length, reinstatement, traffic management, surface type, who carries out the work, i.e., multi-utility, third party costs (land agents, environmental, etc).

Q5: Are there any key new development characteristics you think are missing from the data request and should be included?

We suggest the inclusion of the number of non-household connections versus household connections in the data request.

Q6: Is there any additional developer services data you collect that you think would be helpful to Ofwat?

We suggest that this may be best answered in a further workshop once the data collation has commenced, as further data options may present itself when reporting changes and manual data capture are undertaken, which could then be incorporated into the 2021-22 data request.

Q7: Would an alternative data format be more appropriate (e.g., list / table of new developments connected in reporting year alongside relevant cost / revenue data and characteristics)?

We welcome the alternative data format that was presented by Ofwat at the consultation workshop. As discussed at the workshop it should be noted that it is challenging to match cost and contribution in the same year and it may be necessary for commentary to be submitted by companies to ensure that data is comparable.