

Consultation on gathering data about developer services

Severn Trent Response

July 2021

WONDERFUL ON TAP



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Summary of response

We are pleased to have this opportunity to respond to Ofwat's proposals to gather additional data about developer services and to have contributed to the supplementary Ofwat developer services data gathering workshop held 13 July. As a result of the sector workshop discussion and subsequent outputs, that in the most part we concur with, we will keep this response brief and reiterate some of the workshop outputs where appropriate.

We fully support Ofwat's ambitions to improve the approach to the regulation of developer services for PR24 and understand the need for further insight to aid decision making.

Overall, we believe that most of the data requested can be obtained and provided however the request for historical data by 20 September is a very tight timescale that will prove extremely challenging. We also think that some elements of the data request may not add the value anticipated and could be removed or amended.

More detailed answers to the specific questions raised in the request are included below.

Kind regards

Dawn Quinn
Developer Services Regulation and Compliance Manager

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?

It will be challenging to complete the interim data request by September. This is primarily because it will involve manual intervention and detailed review, which will take time, especially in terms of ascertaining some of the requested disaggregated detail and cost splits. Additional resources will be required, and in some instances, it will be the same people who are responsible for reviewing charges at the same time.

The July 2022 submission should be feasible as we will have more time to put in place processes to collect/report on the additional data.

Some developments go back multiple years whereas APR data takes a 12 month view therefore, providing data on a project completion basis could be a challenge. This is also true for costs and revenues where care would be needed to ensure no duplication or omission.

In the most recent APR companies reported on additional developer services market data that may already provide sufficient information on the state of the market without the need for additional data requests.

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 believe that additional time is needed and propose that the end of quarter 3 is a more reasonable timeline. We are mindful that we have now entered school holidays and are also progressing with the work required to update annual charging arrangements.

In terms of the data being requested we think that aligning to APR, wherever possible, would be advantageous and easier.

We concur with the workshop outputs in terms of recommending the removal of the wastewater data requests as there is little activity and the ground surface type as there is little value to be added. Also, the removal of network reinforcement as we do not think this will really add value and there needs to be consideration given to price base issues.

We also concur with the view that it may be easier to provide data in a different way e.g., via a list of developments with appropriate commentary to aid comparison. We would also consider that a reduction in the development size categorisations may make it easier.

The data request relating to quotes will be very time-consuming and require significant manual intervention, especially in relation to the contestable and non-contestable elements. A proposal to ease this reporting burden is to take a representative snapshot of data, for example, over a month rather than a year. It would be easier to inform on contestable costs and non-contestable costs by scheme.

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 believe most definitions are reasonable, but it is likely that areas of clarification will be sought once work commences and nuances highlighted.

As raised at the workshop, stakeholders need to be mindful of the differences in approach to network reinforcement between English and Welsh companies.

We think it important to ensure absolute clarity on the definition of 'completed' and 'other DS costs' and it would be helpful to align to APR wherever possible. We would also welcome clarity on the term 'minority' and 'majority' provider.

To minimise reporting inconsistencies and enable meaningful comparisons it will be necessary for companies to provide very clear explanations of any assumptions or apportionments used.

In terms of costs incurred by third parties' incumbent companies would not have good site of these.

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 think it possible to provide information on cost drivers.

In terms of SLPs we feel that it is not necessarily the ground type that drives their choice of activity, but the risk associated with undertaking the works.

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

We have nothing specific to add now.

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

We have nothing specific to add now but if anything comes to mind, on reflection, we will let you know.

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)?

In line with workshop discussions we think that a simplified format would be easier to complete such as listing by site.