OfwatPandO,
Ofwat,
Centre City Tower,
7 Hill Street,
Birmingham,
B5 4UA

By email to: OfwatPandO@ofwat.gov.uk

21 July 2021

Dear Sir/Madam,

South Staffs Water inc. Cambridge Water response to the gathering data about developer services consultation

Thank you for the opportunity to respond to the above consultation. Our responses to the specific questions are attached. Please let me know if you have any questions.

Yours faithfully,
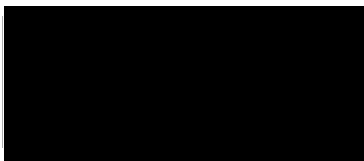
Adam Stevens,
Senior Developer Services Manager
South Staffordshire Water PLC

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?

We believe the size of the data request here feels disproportionate when considering the proposed submission timescales and the outcomes sought.

The undertaking required to complete this data request is significant and, whilst we would be able to report on some of the data requirements from our standard reporting, the majority of the content does not sit within our standard reporting and we are likely to require the use of assumptions and a period of time spent compiling data to complete these tables.

We are a small company and we would not have the resources to complete these tables ready for September 2021 if we wanted to achieve the same level of confidence in our data as we do for our routine annual reporting.

We understand the reasoning behind this data request and we understand that this type of information is required when assessing the regulation approach to developer services going forward. We would however highlight that the merits of reporting this data can reduce as more bands are introduced which focus on smaller ranges of data which might have low volumes of activity/cost associated and are more susceptible to significant variances. The merits are also reduced when the data is compiled using assumptions or where the water company has less confidence in the data which would be relevant here.

Similarly extensive data tables were requested as part of the PR19 process starting with 'App28'. Populating these tables was incredibly time consuming and ultimately did not produce the benefits which justified the resource commitments.

The setting of developer charges for 2022/23 (including customer consultation) will be a priority in August and September as well as engaging with our customers on the Self Lay Code for Adoption practices in 2022/23 and this makes the September deadline for 2021 particularly challenging.

Looking further ahead, if this is the required level of reporting going forward it is likely that we will need to set up new reporting processes and potentially make system changes that will incur time, resource and cost.

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?

Please note the points raised in response to question 1 in terms of problems we envisage.

As we will be setting and consulting on annual charges from August we would ask that we are afforded an additional eight weeks to complete this data request.

Alongside to the additional time, the areas that we suggest removing from the data request are below:

- We suggest reducing the number of bands relating to the number of properties in a given development, especially for 'connection only' data where typically we do not see schemes of over 20 plots (where no main is required).
- We suggest removing either the number of properties or the number of connections, we do not believe including both will provide much benefit.
- We suggest removing local network reinforcement from the tables completely. Whilst there is typically a specific scheme which triggers the need for reinforcement it is also typical that other developments (large and small) in the surrounding area will benefit (or be enabled) from that reinforcement or that the cumulative effect of many developments over a number of years have led to the point where reinforcement is required when the next development is required, therefore applying reinforcement spend to specific bandings of development feels inappropriate and will cause water companies to populate this data in differing ways. In addition the revenue for all reinforcement is recovered evenly across all connections and so we do not believe there is much merit in dividing this information across a series of bands.
- We suggest removing the reference to service connections made on NAV sites as NAVs are best placed to provide this information themselves as these connections remain their asset and will be connected into their new mains. We can, however, provide information relating to bulk supply connections for NAV schemes provided by ourselves.
- We suggest removing 'number of years competing in incumbent's region' as this information is best provided by SLPs themselves. Many SLPs have been operating in our region for many years and it may not be possible to access this historic data to identify when we first interacted with them to provide accurate information here. We can provide approximate information here but it may not be acutely accurate.

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 that clarity is required regarding quotations as often requotes are required where the customer needs to change the design of a mains scheme or the number of plots required for example, we suggest that one quote per scheme is included for i.e. that requotes are not included for.

We recommend that clarity is provided regarding 'project financial close'. We could populate the tables based on the full lifecycle of a scheme however this will not be confined to a single financial year for most large developments and the sum of the data lines will not be consistent with the APR reporting figures which focus solely on financial year spend and revenue. We would support financial year reporting rather than full lifecycle reporting.

When a Self Lay provider completes a scheme they will invariably complete the site based activity and we will complete the offsite connecting infrastructure on their request. When compiling this data it will not be obvious how much activity the SLP

has laid (to determine who has completed the majority of the contestable activity) and therefore we would use an assumption that all Self Lay providers have completed the majority of the contestable activity in all Self Lay schemes.

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

We can provide information on length of communication pipe and surface type. However to present information in the format displayed in the proposed data tables which represents all work undertaken in a year will take a significant period of time.

We would note that the proposed data tables do not actually reference length of communication pipe, only length of new mains.

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

We have no further recommendations here.

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

We have no further recommendations here.

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 believe a more concise format would be more appropriate as described in our responses above.

When we compile data to use when setting charges we do not need to consider the number of plots in a development or how much contestable activity is completed by ourselves compared to another party. We focus our data structure around asset size (communication pipe length), time taken to complete, the type of traffic management etc which is a core reason why the data proposed within this request is time consuming to put together. It may be worth considering structuring data based more around the core cost drivers rather than plot sizes.

Alternatively, once our charges have been calculated we do compile worked examples as part of our regulatory requirements and to illustrate annual customer impact internally and it may be worth considering structuring this data request around those existing working examples.

Finally, a significant amount of information relating to quotes and construction activity provided to developers, SLPs and NAVs is reported into Water UK and the D-MeX quantitative element which may be of use to replace some of the data requirements within this request.