

April 2022

Developer services information request 2021-22 – supporting guidance

About this document

This document accompanies a developer services information request that will collect additional developer services data from incumbent water and wastewater companies for the 2021-22 charging year.

Companies were signposted to the information request in [Information notice 22/01 Expectations for monopoly company annual performance reporting 2021-22](#), and in the [2020-21 developer services information request](#) that was published on 9 August 2021.

This document sets out the changes we have made to the 2021-22 developer services information request. These changes have been informed by our analysis of 2020-21 developer services data and should reduce the regulatory burden on companies. This document also provides guidance to companies when completing the information request.

Combined with the 2020-21 data already collected, this information request will provide two years of developer services data. This will help to inform our approach to regulating developer services at PR24 that we will set out in our PR24 final methodology in December 2022.

Deadline for completing the developer services information request

Completed developer services information requests and accompanying commentary should be submitted by **Monday 15 August 2022**.

We ask companies to provide accompanying commentary alongside the completed data request, which sets out:

- The approach/methodology taken to complete each table and any assumptions that have been applied. Please describe any changes to the approach you have taken to complete this information request versus the 2020-21 developer services information request.
- An indication of the level of confidence behind the data provided in each table (e.g., RAG ratings). Please indicate any changes in confidence levels compared with the 2020-21 developer services information request.

Please email the completed data request and any accompanying commentary to CostAssessment@ofwat.gov.uk.

If you have any issues with completing the data request by this date or wish to discuss any aspect of the data request, please contact us using the same email address.

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1. Introduction

This document accompanies a developer services information request that will collect additional developer services data from incumbent water and wastewater companies for the 2021-22 charging year.

Companies were signposted to the information request in [Information notice 22/01 Expectations for monopoly company annual performance reporting 2021-22](#), and in the [2020-21 developer services information request](#) that was published on 9 August 2021.

This document sets out the changes / simplifications we have made to the 2021-22 developer services information request. These changes have been informed by our analysis of 2020-21 developer services data and should reduce the regulatory burden on companies. This document also provides guidance to companies when completing the information request.

Combined with the 2020-21 data already collected, this information request will provide two years of developer services data. This will help to inform our approach to regulating developer services at PR24 that we will set out in our PR24 final methodology in December 2022. More specifically, the data we receive will help us to:

- better understand the state of competition in the developer services market. This will inform our view on whether an approach to regulating developer services that relies more on competition can be justified;
- improve developer services cost assessment; and
- refine existing uncertainty mechanisms within the price control.

The remainder of the document is organised as follows:

- **Section 2** presents the structure of the developer services information request and the changes we have made following analysis of 2020-21 developer services data.
- **Section 3** sets out our next steps.
- **Appendix A** defines the key terms included in the developer services data request.

2. 2021-22 developer services information request

We have simplified the 2021-22 developer services information request to focus on information that has proved to be most valuable based on our analysis of 2020-21 developer services data. The changes we have made substantially reduces the burden on companies.

The 2021-22 developer services information request consists of two tables. These are described below alongside the changes we have made from the 2020-21 information request.

Table 2.1: 2021-22 developer services data request - table descriptions

Table	Title	Description	Changes made to 2021-22 information request
1	Wholesale Water Network+ - Developer services projects/phases completed in the 12 months from 1 April 2021 to 31 March 2022	<p>The aim of this table is to provide a detailed overview of all wholesale water (i.e., obtaining a water supply for a new development) developer services projects/phases that were financially closed in the 12-month period between 1 April 2021 and 31 March 2022, broken down by each new development.</p> <p>A site may have multiple phases. If one phase is applied and designed for separately, then this should be captured separately in the data request.</p> <p>Completed new development projects / phases that started within the last 5 years should be captured.</p> <p>This table will enable Ofwat to assess how the level of contestability differs for different new development types and assess how costs and cost recovery vary for different new development types.</p> <p>It is important to obtain data on financially closed new development projects / phases so that costs, revenues, and workloads/volumes are aligned.</p> <p>We expect all developer services projects/phases that were financially closed in the 12-month period between 1 April 2021 and 31 March 2022 to be reported. Including developments where new water mains are not required (ie water connection to existing main).</p>	<ul style="list-style-type: none"> Information on developments served by NAVs is not requested. Information on excavation, backfilling and reinstatement is not requested. Connection type information is not requested. Length of communication pipe is not requested. Percentage of work undertaken by incumbent versus SLP is not requested. Total site-specific developer services costs and revenue are requested, instead of separate reporting of site-specific construction costs/revenue and other developer services costs/revenue. Residential and business new connections and new properties are requested separately.
2	Wholesale Water Network+ - SLPs competing in incumbent region during the 12 months from 1 April 2021 to 31 March 2022	<p>The aim of this table is to collect data on self-lay providers (SLPs) who competed for site-specific wholesale water developer services work within the incumbent's region in the 12-month period between 1 April 2021 and 31 March 2022.</p>	<ul style="list-style-type: none"> Formerly Table 3 in the 2020-21 developer services data request. We have removed requirement for NAVs to be reported. For each SLP, we request the number of developments in which site-specific developer services work was completed.

We have also removed the following tables from the 2021-22 developer services information request:

- Developer services cost advice / quotations provided by the incumbent water company (formerly table 2 in the 2020-21 developer services information request).
- Wholesale wastewater network + completed developer services projects / phases (formerly table 4 in the 2020-21 developer services information request).

As described in the contents page of the data request:

- Manual data input is required in the yellow shaded cells
- Please select an option from the drop-down list in the blue shaded cells

We ask companies to provide accompanying commentary alongside the completed data request, which sets out:

- The approach taken to complete each table and any assumptions that have been applied. Please describe any changes to the approach you have taken to complete this information request versus the 2020-21 developer services information request.
- An indication of the level of confidence behind the data provided in each table (e.g., RAG ratings). Please indicate any changes in confidence levels compared with the 2020-21 developer services information request.

We have inserted a 'comment' column into each worksheet / table to allow for any additional information to be inserted, and additional information can also be provided within the accompanying commentary if helpful.

3. Next steps

The deadline for receiving completed data requests and accompanying commentary is **Monday 15 August 2022**.

We will use the data submitted by companies to inform the PR24 final methodology, if it is of sufficient quality. We will also confirm in late 2022 if a further developer services information request will be issued for 2022-23 data.

The high-level timetable of developer services data collection is outlined below.

Table 3.1 – high-level timetable of developer services data collection

July 2022	Ofwat publishes PR24 draft methodology
August 2022	Companies submit 2021-22 developer services data
Late 2022	Ofwat confirm if a further developer services information request will be issued for 2022-23 data.
December 2022	Ofwat publishes PR24 final methodology

Appendix A: Developer services information request 2021-22 – Glossary

Table 1: Wholesale Water Network+ – Developer services projects/phases completed in the 12 months from 1 April 2021 to 31 March 2022

Column	Term	Definition
1.01	Unique identifier	Please include a unique identifier (ie number) to prevent duplication.
1.02	Post code district	Please include the postcode district of the new development (eg B26).
1.03	Developer services required from the incumbent or SLP	<p>Select the services the developer required from the incumbent or SLP (self-lay provider) to obtain a water supply to the new development from the drop-down list:</p> <ul style="list-style-type: none"> • Water connections to existing main [no new water mains] • New water mains and associated water connections [excluding water mains diversion] • New water mains and associated water connections [including water mains diversion] <p>Please choose the category from the drop-down list that is most appropriate for the new development in question.</p>
1.04	Date - Start	<p>The date new water infrastructure construction commenced at the new development and/or phase of development.</p> <p>A site may have multiple phases, but if one phase is applied and designed for separately, then this should be captured separately in the data request.</p> <p>Completed new development projects / phases that started / commenced within the last 5 years should be captured.</p>
1.05	Date - End	<p>The date the new development project / phase was financially closed during the 2021-22 financial year.</p> <p>A site may have multiple phases, but if one phase is applied and designed for separately, then this should be captured separately in the data request.</p> <p>Completed new development projects / phases that started within the last 5 years should be captured.</p>
1.06 to 1.09	New connections	<p>Total number of new service connections between a property (or properties) and a new/existing water main at project/phase financial close, that are served by the incumbent. It should exclude connections between an existing main and a new requisition main. It should also exclude service connections served by a NAV.</p> <p>The number of new services connections should be broken down into:</p> <ul style="list-style-type: none"> • The number of new service connections served by the incumbent where the incumbent does the tapping • The number of new service connections served by the incumbent where a SLP does the tapping • Service connections relating to residential / household properties • Service connections relating to business / non-household properties <p>The number of new connections should not necessarily be the same as the number of new properties. One new service connection could serve</p>

Column	Term	Definition
		multiple properties, or a new connection could be required in an existing property.
1.10 to 1.13	New properties	<p>Total number of new properties added to the network at project/phase financial close, that are served by the incumbent. It should exclude new properties served by a NAV.</p> <p>The number of new properties should be broken down into:</p> <ul style="list-style-type: none"> • The number of new properties served by the incumbent where the service connections were made by the incumbent. • The number of new properties served by the incumbent where the service connections were made by a SLP. • Residential / household properties. • Business / non-household properties. <p>For avoidance of doubt, a group of properties supplied by a single connection should be counted as several properties. They should only be treated as a single property if a single bill covers the entire property.</p>
1.14 to 1.15	Length of new mains (m)	<p>Total length of new water mains (m) broken down by:</p> <ul style="list-style-type: none"> • Total length of new water mains (m) laid by the incumbent at project/phase financial close. • Total length of new water mains (m) laid by a SLP at project/phase financial close, which the incumbent water company adopts.
1.16	Total site-specific developer services (excluding network reinforcement) – gross costs incurred by incumbent (£)	<p>Total actual outturn costs incurred by the incumbent water company at project/phase financial close associated with:</p> <ul style="list-style-type: none"> • Site-specific developer services construction work Work on, or provision of, water structures or facilities located on a development as well as work to provide and connect a requested main, communication pipe on to, or in the immediate vicinity of, the development. Where the developer services project includes any diversionary works, the costs for these works must be included here alongside other site-specific costs (e.g., service connection and mains requisition). Costs associated with the Traffic Management Act should also be included here. • Other developer services activities Indirect / overhead developer services costs and pre-construction costs, including application and administration fees. <p>For avoidance of doubt, the following should be excluded:</p> <ul style="list-style-type: none"> • Costs or work required as part of network reinforcement. • The value of adopted assets.
1.17	Total site-specific developer services (excluding network reinforcement) – gross revenue received by incumbent (£)	<p>Total contributions received by the incumbent water company from developers at project/phase financial close associated with:</p> <ul style="list-style-type: none"> • Site-specific developer services construction work Work on, or provision of, water structures or facilities located on a development as well as work to provide and connect a requested main, communication pipe on to, or in the immediate vicinity of, the development. Where the developer services project includes any diversionary works, the contributions received for these works must be included here alongside other site-specific contributions (e.g., service connection and mains requisition).

Column	Term	Definition
		<p>Contributions received towards Traffic Management Act costs should also be included here.</p> <ul style="list-style-type: none"> • Other developer services activities <p>Contributions received towards indirect / overhead developer services costs and pre-construction costs, including application and administration fees.</p> <p>For avoidance of doubt:</p> <ul style="list-style-type: none"> • Network reinforcement contributions should be excluded. • Value Added Tax (VAT) should be excluded. • Revenue should be reported as a positive number and should be reported before the deduction of any discounts (e.g., income offset).
1.18	Traffic management required?	<p>Are costs payable because of compliance with the Traffic Management Act 2004?</p> <p>Please select one of the following options from the drop-down list:</p> <ul style="list-style-type: none"> • Yes • No
1.19	Comments	<p>Please provide any additional comments that you think may be helpful in our analysis (e.g., contaminated land; is excavation through rock or artificial hard material required; etc.). Any factors make the new development 'special' relative to other new developments.</p>

Table 2: Wholesale Water Network+ – SLPs competing in incumbent region during the 12 months from 1 April 2021 to 31 March 2022

Reference	Term	Definition
3.01	SLP name	The name of the SLP competing for site-specific developer services work.
3.02	Number of developments	Number of developments in which site-specific developer services work was completed (e.g., new service connections; new water mains; and/or water mains diversion).
3.03	New connections	Total number of new service connections between a property (or properties) and a new /existing water main that are made by the SLP in the reporting period (if known).
3.04	New properties	Total number of new households and non-households connected to the network by the SLP in the reporting period (if known).
3.05	Length of mains (m) laid by the SLP and vested/adopted by the incumbent	Total length (m) of new water mains laid by the SLP and vested/adopted by the incumbent in the reporting period (if applicable/known) (m).
3.06	Estimated number of years participating in incumbent region	Estimated number of years the SLP has been competing for contestable developer services work in the incumbent region (e.g., number of consecutive years the SLP has been awarded contestable developer services work).
3.07	Comments	Please provide any additional comments that you think may be helpful.

**Ofwat (The Water Services Regulation Authority)
is a non-ministerial government department.
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