

Application & Admin Fees

New Connection Charging Arrangements 2023/2024

Customer Briefing
28 October 2022



YorkshireWater

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Introduction

Developer Services application & admin fees

As we prepare our New Connection Charging Arrangements 2023/2024, we've put together this briefing pack to give you an idea of how our application and administration fees will change from 1 April 2023.

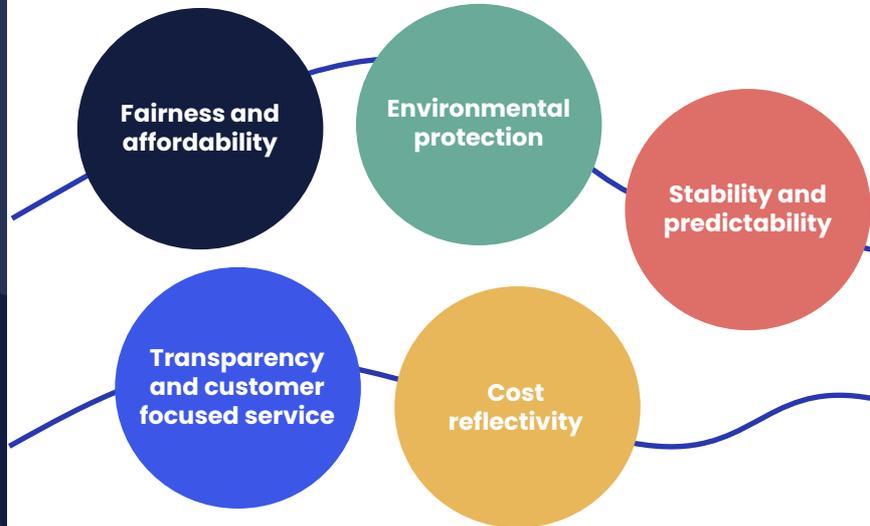
We'll also be publishing briefings about our construction charges, infrastructure charges and new policy announcements shortly. You'll be able to find these briefings at yorkshirewater.com/developers

Tell us what you think

If you'd like to comment on any of the information in this pack, please [follow this link](#) to take part in our online survey. This survey will close on **11 November 2022** so that we can review any comments you have before we finalise our charges.

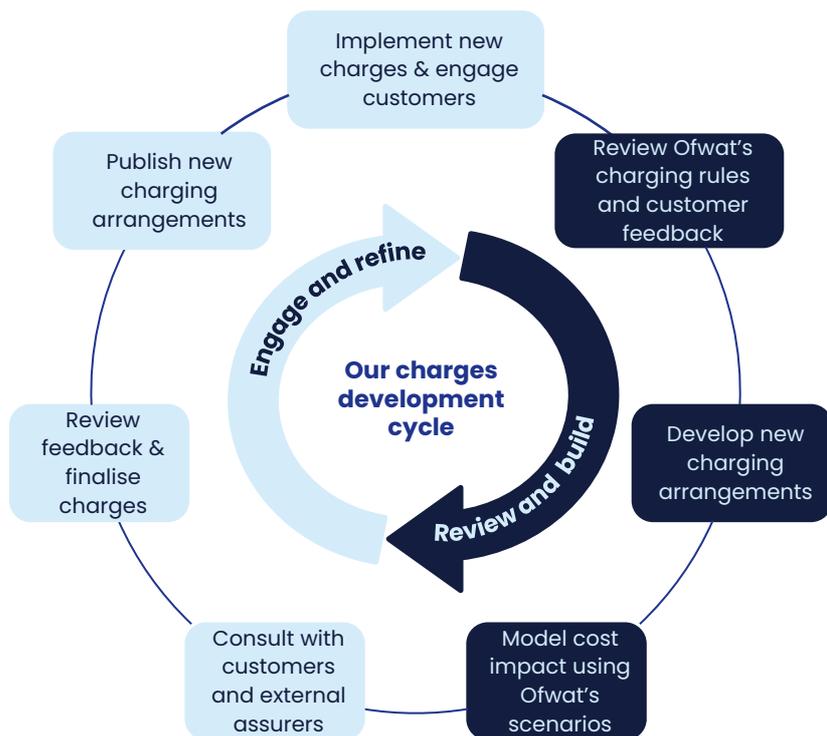
Our approach to charges

Every year, the build-up of our charges is guided by **Ofwat's charging principles**:



We build our charges through a combination of 'top down' modelling (the costs of running Developer Services) and 'bottom up' modelling (the time and manpower costs of delivering each of our services).

As we develop our charges, we aim to build on Ofwat's foundational principles through a **cycle of continuous improvement**:



Our forecast for inflation in 2023/24

This is an exceptional time

With inflation running at its highest level in 40 years, we recognise this is an extremely challenging time for many.

Like countless businesses across Yorkshire, Developer Services is faced with rising supply costs. We are also required by our regulator, Ofwat, to ensure that we reflect these costs in our charges.

While we're continuing to apply the **Consumer Prices Index (CPIH)**, as we do every year, the exceptional economic conditions mean that we are likely to pass on a much higher rate of inflation to our customers in 2023/24 than before.

We're forecasting an 8.5% inflationary increase in application and admin fees based on projected November 2022 CPIH.

Why do we use CPIH?

The Consumer Prices Index including owner occupiers' housing costs (CPIH) is the regulatory increase index used by Yorkshire Water.

It is also the increase mechanism written into our service-partner contract with Network Plus – the delivery team that carries out construction work on our behalf.

CPIH is generally considered one of the most comprehensive measures of inflation.

Why the November 2022 rate?

We use the CPIH November rate to forecast annual costs in our business plan for the upcoming financial year (April – March). Our charging arrangements must therefore match this rate to ensure we're cost-reflective.

The November rate is published by the government in December and is the last official rate announced before our charges are finalised for the coming year.

Which charges are uplifted by CPIH?

The majority of our water/sewerage application and administration fees increase in line with CPIH – although some fees may be subject to a different rate of increase to improve our cost reflectivity.

What about construction charges?

Construction activities (like digging, pipe laying and connections) are carried out by our delivery team, Network Plus. Our service-partner contract with Network Plus has moved to Year 2 prices. Based on CPIH movement from April 2021 to March 2023, we're forecasting a 13% increase in prices.

Handling strategy

Due to inflation, some of the **development scenarios** we are required to model by Ofwat will see an average overall increase of more than 10%.

To give confidence in our 2023/24 charges, we will be publishing a handling strategy in our Statement of Significant Changes at the end of **January 2023**.

Clean-water application & admin fees

We're making some changes to become more transparent and cost-reflective.

- All clean-water application and administration fees will now be **non-refundable**, except for mains design fees, which may be refunded if the design has not been created at the time of cancellation.
- **Mains design fees** will now be charged upfront alongside the initial mains application fee, rather than invoiced separately, to improve transparency of our charges.
- **Checklists fees** (the fees we charge for processing work requests for service connections) will now be charged per plot, rather than per application, so we can more accurately recover our administrative costs.

Indicative fees

Item	Fee	
	2022/2023	2023/2024
Connections checklist fee	£20 (per application)	£27 (per plot)

Please note: the 23/24 fee listed here is indicative only and subject to change as we've yet to finalise our charges for the coming year.

What are the details?

Why are you introducing a no-refund policy?

The no-refund policy covers application and admin fees only, and will ensure that we can recover the costs of general administrative activities. These activities begin as soon as we receive the application or request and include processing, checking for payments and sending out correspondence.

Are design fees excluded from the no-refund policy?

Mains designs are a separate chargeable activity to the general administration of a mains application. That means we can refund a design fee if you decide to cancel your application before we've done the design work. However, design fees will not be refundable if the design has already been created at the time of cancellation.

Why are the design fees now being charged upfront?

We received feedback from stakeholders and customers that charging the design fee upfront alongside the application fee (rather than invoicing for it after the fact) will provide more transparency and certainty about costs before an application is submitted.

Why is the checklist fee now being charged per plot?

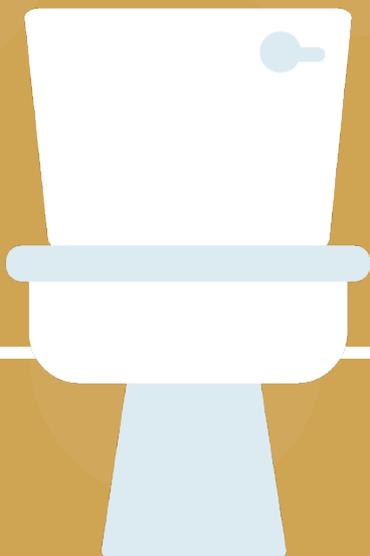
Charging per plot will allow us to account for the administrative work that's done for each connection. This includes processing the work order, planning and scheduling the work, and setting up individual billing accounts per plot.



Sewerage application & admin fees

We're changing our sewer adoption, diversion and requisition fees to become more cost-reflective.

- Non-refundable deposits for minor and major (developer led) **sewer diversion applications** will increase at the November 2022 CPIH rate of inflation.
- Non-refundable deposits for **sewer adoption applications** will be brought into line with the deposit amount for sewer diversions.
- We're introducing a new upfront application fee for **sewer requisitions** and major (Yorkshire Water led) **sewer diversions**.



Indicative fees

Application type	Fee	
	2022/23	2023/24
Non-refundable deposits		
Minor Sewer Diversion (S185)	£675	£732
Major (Developer-led) Sewer Diversion (S185)	£675	£732
Adoption of New Sewers (S104)	£500	£732
Adoption of Existing Sewers (S102)	£500	£732
Up-front application fees		
Sewer Requisition (S98)	N/A	£500
Major (YW-led) Sewer Diversion (S185)	N/A	£500

Please note: the 23/24 fees listed here are indicative only and are subject to change as we've yet to finalise our charges for the coming year.

What are the details?

Why are sewer adoption deposits increasing at a higher rate than diversion deposits?

Historically, sewer adoption and sewer diversion deposits were aligned at £500. Since then, we have increased the diversion deposit by the CPIH rate of inflation each year.

To make sure we are fully reflective of the costs involved in assessing sewer adoption applications going forward, we are re-aligning our adoption and diversion workstreams and associated costs.

Why are you introducing new application fees for sewer requisitions and major (Yorkshire Water led) sewer diversions?

When we receive these applications, there are costs involved with processing, assessing and carrying out initial discussions with applicants.

Not every application that we work on progresses to the construction stage, so we have decided to charge for the administrative work upfront, at the point of application.

We also have a responsibility to be transparent about our costs. Charging a fixed application fee upfront allows us to be cost-reflective and also gives developer customers certainty about the costs involved before they submit the application.

Self-lay application & admin fees

We're introducing some new fees to reflect the following administrative costs.

- **Minor variation request fee** – to cover the cost of processing a request to make minor variations to a self-lay agreement.
- **Bulk meter request fee** – to cover the cost of processing a request for water meters to be supplied by Yorkshire Water.
- **Collection fee** – to cover the cost of ordering, storing and supplying water meters, housing units and other materials for order and collection.
- **Meter installation report fee** – to cover the cost of processing the SLP's meter installation details and reporting this activity to Water UK.
- **Self-lay design checking fee** – to cover the cost of reviewing an SLP mains scheme design.



Indicative fees

Item	Indicative 23/24 fee
Minor variation request	£50
Bulk meter request	£50
Collection fee	£50
Meter installation report	£50
Self-lay design checking fee	£300

Please note: the 23/24 fees listed here are indicative only and are subject to change as we've yet to finalise our charges for the coming year.

What are the details?

What does a minor variation request cover?

You can make a minor variation request if you need a small change to a self-lay (section 51A) legal agreement. This includes:

- a change to the source of water (SOW) delivery date
- a change to who's liable for payment of Yorkshire Water quotes.

It does not include major variations such as changes to the design of the scheme or the scope of the works – these still need to be made via a re-design / re-approval request.

How and when will the self-lay design checking fee be charged?

The design checking fee will be charged as an upfront fee in the 'self-lay mains and service connections' application, and will be based on the number of properties included in the scheme (see the table above).

Why are you now charging for bulk meter requests and meter installation reports?

While we haven't previously charged for these activities, we have a responsibility to our regulator, Ofwat, to ensure that we reflect the costs of delivering our services. We've therefore created two new fees that reflect the time and manpower costs involved in doing these administrative tasks.

Is the new collection fee different from the existing delivery fee?

Yes. The collection fee will cover the cost of ordering, storing and supplying meters, housing units and other materials for collection. The delivery fee that is currently in place (and will remain in 23/24) covers the cost of delivering an order of meters or housing units to a development site.

NAV application & admin fees

We're creating a single NAV application form that will cover the entire end-to-end journey, from site-served status to main laying.

To be more fully cost-reflective, we are introducing some new fees to cover the following administrative costs.

- **NAV application admin fee** – to cover the cost of general administration of the NAV application (checking for payment, processing the application and sending an acknowledgement).
- **Site-served status fee** – to cover the cost of identifying the site-served status of a site and issuing a letter detailing this information.
- **NAV self-lay design checking fee** – to cover the cost of reviewing an SLP-created mains scheme design for a NAV site.
- **Bulk supply agreement fee** – to cover the cost of drawing up and executing a bulk supply agreement.
- **Bulk discharge agreement fee** – to cover the cost of drawing up and executing a bulk discharge agreement.



Indicative fees

Item	Indicative 23/24 fee
NAV application administration	£50
Site-served status	£100
NAV self-lay design checking fee	£300
Bulk supply agreement	£150
Bulk discharge agreement	£150

Please note: the 23/24 fees listed here are indicative only and are subject to change as we've yet to finalise our charges for the coming year.

What are the details?

How will the single NAV application work?

We'll have a single application for all services we offer to NAVs. At the beginning of the form will be a picklist, including all the relevant fees, where you can specify what you're requesting. This will determine which section of the application you'll need to complete, and which supporting documents you'll need to provide. The NAV application administration fee will apply to every NAV application submitted.

How and when will the NAV admin fees be charged?

The NAV admin fees will all be included in the NAV application form and will be chargeable upfront on submission. You will be charged for the service(s) you have requested in your submitted application.