

Board Assurance Statement January 2023

New Connection Charging
Arrangements 2023/2024



YorkshireWater

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1. Board Assurance Statement



Board Assurance Statement

This assurance statement is written in relation to Yorkshire Water Services (YWS) New Connection Charging Arrangements under the provisions within the Water Industry Act 1991, as amended for the period 1 April 2023 to the 31 March 2024.

The charges are payable in respect of new connections, for any services provided by YWS in the course of carrying out its regulated duties.

Board Assurance Statement

1. Legal Obligations and Guidance

YWS New Connection Charging Arrangements have been prepared in accordance with its legal obligations, the Charging Rules for New Connection Services (English Undertakers) issued by the Water Services Regulation Authority in October 2021 under sections 51CD, 105ZF, 143B and 144ZA of the Water Industry Act 1991.

YWS has taken into account the Company's statutory obligations relating to charging. There has been detailed review of the charging rules by management to provide assurance that they have been complied with. The detail of the charging rules and description of compliance with the rules are documented within this statement.

This Board Assurance Statement is published on the YWS website.

2. Systems and Processes

The assurance delivered to the Board Audit Committee has provided evidence that YWS has appropriate systems and processes in place to make sure the information in the Charging Arrangements is accurate. The assurance has been completed based on the 'three levels of assurance' methodology, which is risk-based and published within the YWS Assurance Plan.

The assurance process includes audit checks and challenges by senior managers and an external independent auditor. To deliver the assurance, YWS provided information and written summaries on the end-to-end data capture process and the cost analysis undertaken. The written procedures and information delivered from the capture and analysis processes were reviewed and assured by appropriate managers.

The assurance processes for YWS charges included:

- an independent review of the cost analysis, charges information, and compliance with the charging rules by senior management who were independent of the data process,
- peer reviews of the charges as part of a wider assurance process, and
- external assurance of the cost analysis, compliance with the charging rules and evidence of appropriate consultation, from the independent technical auditor, Jacobs.

Findings from these assurance processes have been fully reviewed and actions to address any concerns have been implemented. The Audit and Risk Committee has received the findings from the completed assurance reviews.

3. Balance of Charges

The Charging Rules for New Connection Services under Rule 19 require undertakers to take reasonable steps to ensure that the balance between contributions to costs by developers and other customers prior to 1 April 2018 is broadly maintained.

Ahead of publishing the first charging arrangements for 2018/19, YWS carried out a detailed investigation on the historical balance of charges between developer customers and the general customer base and they were found to be broadly in balance. The audit process for the 2023/2024 charging arrangements confirmed that the broad balance over time has been maintained.

A combination of a detailed cost assessment of activities, and the application of CPIH to the relevant 2022/2023 charges has been carried out in order to produce the new connection charges for 2023/2024. The infrastructure charges have been increased based on our revised forecast of developer-driven network reinforcement expenditures for the five-year period to the end of 2027/2028 and improved environmental incentives to be made available to developers, self-lay providers and new appointee companies.

In combination, across both water and sewerage services, the charges continue to broadly maintain the balance between contributions to costs by developers and other customers prior to 1 April 2018. The general customer base continues not to bear costs in relation to new development and developer customers (developers, self-lay providers and new appointees) do not bear costs associated with enhancements to the existing network that are not a consequence of their new connections.

Cost-reflective new connection charging is delivered through defined and published fixed charges for individual new connection services (both non-contestable and contestable) that are undertaken by YWS.

The Board can confirm that, to the best of its knowledge, having made all due enquiries and based on sources of evidence, an appropriate balance of charges has been maintained.

4. Engagement with Relevant Stakeholders

YWS has consulted with relevant customers and stakeholders in a proportionate, timely and effective manner. This consultation has included engagement with developers, self-lay providers (SLPs), new appointees (NAVs), trade bodies and Ofwat.

The summary of stakeholder engagement activities is provided in the table on the following page.

Activity	Date	Stakeholder						
		Developers	SLPs	HBF	Fairwater Connections	Consultants	NAVs	Ofwat
One-to-one sessions for support on business as usual and discussions on future strategy	Ongoing	✓	✓					
Ofwat meetings to discuss overall customer experience	Q1 and Q2 of FY23							✓
One-to-one consultations on presentation of charging documents	Sept 2022	✓	✓		✓	✓	✓	
Briefing pack and online survey on changes to environmental incentives	22/09/22 - 21/10/22	✓	✓	✓	✓	✓	✓	
Briefing pack and online survey on changes to network policy documents	14/10/22 - 25/11/22	✓	✓	✓	✓	✓	✓	
Briefing pack and online survey on changes to application and admin fees	28/10/22 - 11/11/22	✓	✓	✓	✓	✓	✓	
SLP forum with presentation and opportunity to feedback on charges	16/11/22		✓					
Developer forum with presentation and opportunity to feedback on charges	16/11/22	✓						
Briefing pack and online survey on changes to construction charges	30/11/22 - 14/12/22	✓	✓	✓	✓	✓	✓	
Briefing pack and online survey on policy updates	12/01/23 - 27/01/23	✓	✓	✓	✓	✓	✓	
NAV forum, including presentation on charges	Q1 of FY24						✓	

5. Information Requirement and Handling Strategies

The requirement to publish information on whether bills for six typical development scenarios have increased by more than 10% has been met. The charges used in the Ofwat worked examples are based on the 2023/24 new connection charges.

The Board can confirm that to the best of its knowledge and based on evidence, the year-on-year bill increases for five of the six scenarios exceed 10%. The increases range from 9.0% to 14.8% and are published in the Statement of Significant Changes on the company website.

Stakeholder handling strategies and communications have been delivered to provide both transparency and a clear rationale for the exceedance of the Ofwat expressed bill variance threshold. The price increases have been due to:

- the impact of inflation (CPIH) on application and administration fees,
- increased service partner costs for CPIH in the contracted rates and including a higher than CPIH increase for backfill and reinstatement costs,
- the introduction of smart water meters on new connections, and
- revised forecasts of future network reinforcement expenditures to 2027/2028.

A Statement of Significant Changes, which includes a bill impact assessment for each of the Ofwat worked examples, is published on the YWS website.

6. Directors Statements

The Board considers that in preparing and approving the New Connection Charging Arrangements 2023/2024 the company has applied the processes, procedures and governance described in the detailed statement above.

The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's independent auditors are aware of the information. So far as the directors are aware, there is no relevant audit information of which the company's independent technical and financial auditors are unaware.

The Board has obtained assurance from the Audit and Risk Committee that there are appropriate systems, processes and controls in place regarding this publication.

New Connection Charging Arrangements 2023/2024 Board Assurance Statement

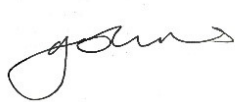
Signed by Yorkshire Water Services Limited Board of Directors



Vanda Murray
Independent Chair



Nicola Shaw
Chief Executive Officer



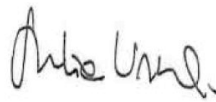
Chris Johns
Chief Finance Officer



Wendy Barnes
Independent Non-Executive Director



Andrew Merrick
Independent Non-Executive Director



Dame Julia Unwin
Independent Non-Executive Director



Andrew Wyllie
Independent Non-Executive Director



Raymond O'Toole
Non-Executive Director



Andrew Dench
Non-Executive Director



Scott Auty
Non-Executive Director



Russ Houlden
Non-Executive Director

2. Rules Compliance Review



Rule number	Scheme rule	Are we compliant?	Evidence
Introduction and Interpretation			
1-6		N/A	N/A
Consultation			
7	<p>Undertakers must determine what types of charges covered by these rules may or may not be imposed, and the amount of such charges, in accordance with the principle that changes to charges covered by these rules should only be made after proportionate, timely and effective consultation with groups of persons likely to be significantly affected by the proposed Charging Arrangements (or their representatives) and any other persons the undertakers consider it appropriate to consult.</p>	Compliant	<p>Consultation: Throughout 2022, we have hosted a number of activities, ranging from online workshops to individual meetings with developers, SLPs and NAVs to discuss our performance, plans to improve and to seek their feedback on how we can improve the services for which they pay charges.</p> <p>For 2023/2024 we have acted proportionately by issuing a broad range of timely and detailed consultations, including briefings, surveys and forums, on the changes to our charges in the context of the underlying inflationary pressure to our activities reflected through CPIH (9.3%) and larger percentage increases for materials related to construction costs. We have consulted with over 150 individual stakeholders from our contact database, including developers, SLPs and NAVs. This has included running online surveys on application fees, construction costs and changes to policies to capture stakeholders' views. The materials and surveys were issued in phases from September 2022 to January 2023, and focused on four key areas: environmental incentives, application and administration fees, construction charges and updates to our policies.</p> <p>We also invited stakeholders to forums held on 16 November 2022 where we presented on the upcoming charges for 2023/2024 and gave an opportunity for stakeholders to raise questions and make comments.</p>

Rule number	Scheme rule	Are we compliant?	Evidence
			<p>We plan to host another online workshop in February 2023 to provide an opportunity for our customers to ask questions, raise further feedback and get clarification on how our 2023/24 charges will be implemented once the charges book has been published. This will be used to form the basis of our next annual charges review for 2024/25.</p> <p>Charges documentation: We spoke to a cohort of developers, SLPs and NAVs in September 2022 to gain insights on their experience with our current charging documentation and how we could improve presentation.</p> <p>Charges: Our application charges are derived based on top-down analysis using cost allocation and forecast activities in the charging year and an annual inflationary (CPIH) increase. This approach has been shared with stakeholders. Our construction charges are based on a schedule of rates from the YWS contract partner, Network Plus.</p> <p>Zonal Charges: Our Charging Arrangements do not include separate zonal charges.</p> <p>Environmental Incentives: After a period of consultation, we have reviewed our environmental incentives for water efficiency and sustainable drainage to ensure we meet our commitment to environmental protection. As part of our review, we recognised that we need to raise awareness of our environmental incentives better – so we are now publishing them directly on our website. We have also revised our water efficiency incentive to make it clearer, fairer and easier to apply for. We’ve done this by offering a flat 20% discount on water and foul water infrastructure charges if a developer customer can provide evidence that their property/ies will consume 110 litres per person per day or less.</p>

Rule number	Scheme rule	Are we compliant?	Evidence
			<p>We captured comments and feedback to inform the direction of this policy via an online survey for a period of one month from the end of September to the end of October 2022. This survey was issued out to over 150 stakeholders, including developers, SLPs and NAVs, from our contact database, and was also published on the Developer Services landing page on our website.</p> <p>Infrastructure credits: After receiving customer feedback on our infrastructure credits policy, we have reviewed and revised the policy and issued consultation material on our proposal and an online survey in January 2023 to capture further customer feedback. From 1 April 2023, infrastructure credits for non-household properties will be calculated based on the size of the meter rather than the number of fittings and fixtures in the old non-household premises. This change makes the policy simpler and fairer for developers who are building on a brownfield site previously occupied by a non-household premises in the last five years. It no longer requires the developer to provide old fittings and fixtures information that they may not have access to and instead allows us to calculate an equivalent number of credits by checking the size of the meter at the previous premises. This methodology also gives YW a greater assurance on a genuine reduction on the network and has been consulted with our water distribution teams. We are also increasing visibility and awareness of this policy by publishing it directly on our website.</p>

Rule number	Scheme rule	Are we compliant?	Evidence
Publication and Transparency			
8	<p>Relevant undertakers must publish charges developed under these rules in a single document (the Charging Arrangements).</p> <p>The Charging Arrangements must be published on the undertaker's website and in any other manner the undertaker considers appropriate for the purpose of bringing the Charging Arrangements to the attention of persons likely to be affected by it.</p>	Compliant	Our New Connection Charging Arrangements are reviewed and updated annually after consultation with our customers. They will be published on the YWS website by the 1 February 2023.
9	<p>The maximum amount of any charge that may be imposed by an undertaker under the provisions of the Water Industry Act 1991 covered by these rules shall be the amount set out in, or calculated in accordance with, the Charging Arrangements published by that undertaker. For the avoidance of doubt, the charges and charging methodologies set out in the Charging Arrangements must therefore include any relevant miscellaneous and ancillary costs such as assessment, inspection, design, legal and supervision charges that the undertaker is entitled to recover, unless there is a different legal basis for the recovery of such costs.</p>	Compliant	Our New Connection Charging Arrangements are assured with reference to the Ofwat published charging methodologies and with suitable challenge on the inclusion of all relevant costs that are incurred to deliver new connection services. The Charging Arrangements book will be published on the YWS website by the 1 February 2023.
10	<p>The Charging Arrangements must be published no later than 1 February in the year immediately preceding the Charging Year in relation to which they have effect.</p>	Compliant	Our New Connection Charging Arrangements will be published on the YWS website no later than the 1 February 2023.
11	<p>The Charging Arrangements must explain how each charge has been calculated or derived, including through the use of worked examples. As a minimum, undertakers must publish worked examples showing the scenarios set out in the worked examples published by Ofwat in the document entitled "Common Terms and Worked Examples – English New Connection Rules". Where an undertaker determines the applicable charges other than by Fixed Charges, the methodology for the calculation of such charges must be explained clearly in the Charging Arrangements.</p>	Compliant	<p>Our New Connections Charging Arrangements book includes a detailed explanation of the methodology and calculation of our charges.</p> <p>Fixed charges are published within the book and where we depart from this, bespoke charges are used and explained within the relevant section of the book.</p> <p>The charges have been presented with the worked examples showing the six scenarios set out in the Ofwat document entitled "Common Terms and Worked Examples – English New Connection Rules".</p>

Rule number	Scheme rule	Are we compliant?	Evidence
12	The Charging Arrangements are to be written and presented in a clear and accessible manner, which takes due account of the varying levels of expertise of all Developer Customers or other customers who may rely on the Charging Arrangements, and using, where appropriate, the terms as defined at Rule 5 and those set out in the list of common terms published by Ofwat in the document entitled "Common Terms and Worked Examples – English New Connection Rules".	Compliant	Our Charging Arrangements book has been written in plain, accessible English and any technical language used has been supported by plain-English explanations and a glossary of terms. The book makes use of the terms published in Rule 5 and those set out in the list of common terms published by Ofwat in the document entitled "Common Terms and Worked Examples – English New Connection Rules".
13	Charges must be published with such additional information or explanation as is necessary to make clear what services are covered by each charge.	Compliant	Our Charging Arrangements book includes supporting detail on the services and activities covered by each charge.
14	Undertakers must publish the charges covered by these rules in such a way that a Developer Customer or other customer can confidently work out a reasonable estimate of the charges payable if they know the relevant parameters of a Development.	Compliant	Our Charging Arrangements enable all customers to confidently assess the applicable charges. To help, there are detailed worked examples in section 5.1 of the book.
15	The Charging Arrangements must identify which charges are associated with Contestable Work and Non-Contestable Work.	Compliant	Our Charging Arrangements explain contestable and non-contestable work and charges. The book includes a section entitled 'Who can carry out new connections?', which explains who can carry out contestable work where other options are available. The charges tables also detail which charges are associated with contestable and non-contestable work.
16	Undertakers must provide a reasonable choice of times and methods of payment of the charges and set these out in the Charging Arrangements.	Compliant	The Charging Arrangements detail the methods and time of payment.

Rule number	Scheme rule	Are we compliant?	Evidence
Small Companies			
17	These rules apply to a Small Company subject to the following provisions:		
	a) a Small Company is not required to publish one or more of the charges covered by these rules (or a methodology for calculating them) where it would be unreasonable to expect the company to do so (having had regard to the number of requests for the relevant services that the company would reasonably expect to receive);	N/A	These rules do not apply to YWS as we are not classed as being a small company.
	b) the charges imposed, by a Small Company under the provisions of the Water Industry Act 1991 covered by these rules must be calculated in accordance with the principles and requirements set out in these rules whether or not they are published in Charging Arrangements and this includes, where relevant, requirements to provide the option of upfront Fixed Charges;	N/A	These rules do not apply to YWS as we are not classed as being a small company.
	c) paragraph 9 of these rules does not restrict the maximum amount of a charge imposed by a Small Company if Charging Arrangements published by that company do not include relevant charges or charging methodologies;	N/A	These rules do not apply to YWS as we are not classed as being a small company.
	d) paragraph 10 of these rules does not apply to a Small Company – instead, a Small Company must publish any Charging Arrangements no later than 25 February in the year immediately preceding the Charging Year; and	N/A	These rules do not apply to YWS as we are not classed as being a small company.
	e) for the avoidance of doubt, this paragraph does not exempt a Small Company from the requirement in paragraph 46 of these rules to clearly set out in its Charging Arrangements requirements for security in relation to any charges to be applied.	N/A	These rules do not apply to YWS as we are not classed as being a small company.

Rule number	Scheme rule	Are we compliant?	Evidence
General Charging Principles			
18	Relevant undertakers must determine what types of charges may or may not be imposed and the amount of any charges that may be imposed in accordance with the principle that charges covered by these rules should reflect:		Work has been undertaken to ensure the proposed charges fairly reflect the work being undertaken. Fixed charges will also be calculable in advance of development which will ensure that they are transparent and predictable.
	(a) fairness and affordability;	Compliant	We have maintained our compliance with Ofwat's charging rules. Our compliance ensures our ability to provide fairness and affordability in our charges. We have maintained the balance between new developments and the general customer base in the YWS region. The charges we receive from third parties, such as traffic management, are passed directly on to the customer.
	(b) environmental protection;	Compliant	<p>We have reviewed our environmental incentives and provided clear information to our customers on the updated policy and the discounts available if their development is environmentally friendly. By making this information available we are encouraging developers to look to use other methods for surface water disposal, or to proactively install water-efficient solutions, essentially reducing the demand on existing YWS networks.</p> <p>End customers may benefit from the environmentally innovative solutions or lower bills that NAVs or YWS may be able to offer them as a result of our developer customers being environmentally aware in the development of a site.</p>

Rule number	Scheme rule	Are we compliant?	Evidence
	(c) stability and predictability; and	Compliant	<p>Our charges book presents a list of fixed charges enabling customers to predict the cost of the new connection services. These charges will be stable; if we have to alter charges mid-year, we will follow the same procedure as our annual charges, including consultation and providing a minimum of two months' notice of altered charges.</p> <p>Where fixed charges are not available, we explain this in our Charging Arrangements book.</p> <p>A bill impact assessment has also been undertaken for a range of typical development scenarios and published in our Statement of Significant Changes to demonstrate that the movements in our 2023/24 charges are transparent.</p>
	(d) transparency and customer focused service.	Compliant	<p>We consult with our customers via workshops on our charges to gain feedback on our services and how we deliver and present our charging information. We also continually receive feedback through the year, which we collate and use to improve our charges. The usability of the charges book is improved year on year, with each version of the book improving on the last.</p> <p>For 2023/24, we engaged with a cohort of developers, SLPs and NAVs on how our charges documentation could be clearer and more transparent. We have taken that feedback on board and made the necessary improvements.</p>

Rule number	Scheme rule	Are we compliant?	Evidence
	(e) costs of the relevant service.	Compliant	<p>Our application charges are built using top-down methodology and inflationary increase (CPIH).</p> <p>Our charge modelling includes the costs of all the activities carried out to deliver new connection services to ensure cost reflectivity in our charges. Our construction charges are built from a schedule of rates which includes all the activities undertaken by our delivery team, Network Plus.</p> <p>Our Charging Arrangements also include charges for corrective work, which is completed and charged on a retrospective basis after a quotation has been issued. This ensures all costs of relevant services are collected from developer customers.</p>

Principles for Determining the Nature and Extent of All Charges Covered by these Rules

19	<p>In setting charges in accordance with the present rules, undertakers should take reasonable steps to ensure that the balance between contributions to costs by Developers and other customers prior to 1 April 2018, is broadly maintained. Section 3 of Annex A to the Government’s Charging Guidance to Ofwat published in January 2016 lists the charges under which Developers contribute costs relevant to this rule. For the avoidance of doubt, Income Offset also needs to be included. An undertaker may only depart from this general requirement where (and to the extent that) this is rendered necessary by circumstances providing clear objective justification for doing so. Any such justification must be clearly identified in any Charging Arrangements prepared pursuant to these rules.</p>	Compliant	<p>We have assessed our historical developer-driven incomes and expenditures on a joint water and sewerage service basis for a ten-year period to 2021/22. The assessment demonstrates to YWS that the balance of contributions between developers and other customers has been broadly maintained through our charges for new connection services being reflective of costs. Over the historical ten-year period across joint water and sewerage services, we outturn a modest imbalance, which we assess as reasonable based on both our balance position prior to April 2018 and an earlier evaluation carried out at an industry level by Defra prior to it setting its guidance to Ofwat. Our new connection activities are fairly funded through our developer charges.</p>
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Rule number	Scheme rule	Are we compliant?	Evidence
			<p>We have established cost-reflective charging at the heart of our approach, including how we set our infrastructure charges against forecast network reinforcement expenditures. This has enabled our historical balance position to be maintained over time.</p> <p>In order to help protect the environment, we will continue to offer a financial incentive to developers via reduced infrastructure charges where they can demonstrate they will deliver water-efficient buildings and/or do not make connections to our network for surface water. We aim for these incentives to be funded by the developer customer group in the round.</p>
20	<p>Consistent principles and approaches must be applied to the calculation of charges and when they are payable for different classes of customer. For the avoidance of doubt, this includes the calculation of charges and when they are payable for Non-contestable Work, whether or not a person other than the undertaker is carrying out Contestable Work.</p>	Compliant	<p>We treat all customers equally in the calculation of our charges, ensuring a level playing field is maintained. With the removal of income offset/asset payments in the 2018/2019 Charging Arrangements, we levelled the playing field between SLPs, NAVs and WaSCs, thus encouraging competition within the market.</p>
21	<p>Charges and arrangements for when they are each payable must be set in accordance with the principle that they should promote effective competition for Contestable Work.</p>	Compliant	<p>Our assurance process has confirmed that our proposed charges for new connection services are cost reflective. This has been achieved by removing income offsets from our calculations to ensure charges are fair and transparent.</p>
22	<p>For the avoidance of doubt, in charges covered by these rules undertakers may recover reasonable administrative expenses and other overheads incurred in discharging any rights or obligations under the relevant provisions of the Water Industry Act 1991.</p>	Compliant	<p>The charges have been developed to ensure all reasonable costs are recovered. A review of our current charges has been undertaken with consideration of staff costs, overheads and productivity.</p>

Rule number	Scheme rule	Are we compliant?	Evidence
Charges for the Requisition of Water Mains and Public Sewers			
23	Each undertaker shall set out in its Charging Arrangements charges that will be imposed by that undertaker for work carried out by it in accordance with the duties imposed by section 41(1) (provision of requisitioned Water Main) and section 98(1) (provision of requisitioned public sewer) of the Water Industry Act 1991 (together, "Requisition Charges").	Compliant	Our requisition charges only include site-specific activities, with the exception of water main requisitions for commercial developments where network reinforcement can be charged in accordance with the Water Industry Act 1991.
24	These charges are concerned with the cost to the undertaker of providing Site Specific infrastructure necessary for the provision of a Water Main and/or Public Sewer.	Compliant	As above, only site-specific charges apply.
25	In relation to Requisition Charges, an undertaker: a) must provide for the option of upfront Fixed Charges in respect of any work carried out by the undertaker; and	Compliant	In accordance with Rules 47 and 48 that an upfront fixed charge is not required subject to an alternative method being detailed (see rule 25b below);
	b) may also provide for other alternative methods for calculating charges but, where it does so, each alternative method must be explained clearly in the Charging Arrangements.	Compliant	For water mains requisitions, a schedule of fixed charges is offered to the developer customer. These are applied on a site-specific basis. In certain special circumstances, such as for a complex or challenging project, a site will receive a bespoke charge to account for our activities. This is detailed and explained in our Charging Arrangements. YWS does not provide a fixed quote for sewerage requisitions due to the variable nature of the work. A bespoke charge based on a study for each scheme will be provided. Developers in most instances construct the sewer in third-party land. However, they do have the option of a sewer requisition. The number of sewer requisitions YWS completes is low, typically less than 10 per year.

Rule number	Scheme rule	Are we compliant?	Evidence
26	Requisition Charges must relate to the costs of providing the requisitioned Water Main and/or Public Sewer. Such charges may not include any amount for Network Reinforcement costs.	Compliant	Our requisition charges are site-specific only and do not relate to any network enhancement or reinforcement work.
27	Any Requisition Charges imposed by an undertaker: a) must relate only to Site Specific Work carried out and costs incurred by the undertaker in order to meet its duties under sections 41(1) or 98(1) of the Water Industry Act 1991; and b) must not relate to work needed or desired to modify or enhance existing network infrastructure in order to address pre-existing deficiencies or to enhance network flexibility, in capacity or capability, unrelated to requirements associated with the requisition.	Compliant	Our requisition charges are site-specific only and do not relate to any network enhancement or reinforcement work.
28	Where an undertaker provides a Water Main or Public Sewer pursuant to a requisition and, in so doing, decides to increase the capacity of pipes or other infrastructure beyond that which is needed to meet the undertaker's duty under section 41(1) or section 98(1) of the Water Industry Act 1991, the costs of this work shall, if this increases the costs of the work, be apportioned so that the person making the requisition only pays costs which are in proportion to the particular capacity required by his or her requisition.	Compliant	Suitably sizing a new pipe for further development is not included in the site-specific requisition charges, but will be incorporated into the infrastructure charges.
29	Undertakers shall not provide for Income Offsets in setting Requisition Charges.	Compliant	As mentioned above, the published YWS Charging Arrangements have been designed to be fully cost reflective and are exclusive of any income offsets.
30	Not used	N/A	N/A

Rule number	Scheme rule	Are we compliant?	Evidence
Charges for the Provision of Lateral Drains, the Connection of Water Mains and Communications with Public Sewers and for Ancillary Works			
31	Each undertaker shall set out in its Charging Arrangements charges that will be imposed by that undertaker for work carried out by it in accordance with the duties (or rights) created by the following provisions of the Water Industry Act 1991: section 45(1) (connection with Water Main); section 46(1) (ancillary works for purposes of making a domestic connection); section 98(1A) (provision of lateral drains); section 101B (construction of lateral drains following construction of a public sewer) or section 107(1) (right of undertakers to make communication with Public Sewer) (together, "Connection Charges").	Compliant	Our New Connection Charging Arrangements for the services defined in Rule 31 are reviewed and updated annually, which also includes consultation with our developer customers and stakeholders. The Charging Arrangements book will be published on the YWS website by the 1 February 2023.
32	In relation to Connection Charges an undertaker: a) must provide for the option of upfront Fixed Charges in respect of any work carried out by the undertaker; and	Compliant	Fixed charges are provided for new connections, with the exception of sewerage connections; on the very rare occasions (twice in the last 20 years) where YWS elects to make the connection, a bespoke charge will be applicable.
	b) may also provide for other alternative methods for calculating charges but, where it does so, each alternative method must be explained clearly in the Charging Arrangements.	Compliant	In certain special circumstances, such as for a complex or challenging project, a site will receive a bespoke charge for service connections undertaken under sections 45 and 46 of the Act. This is detailed and explained in our Charging Arrangements.
33	Any Connection Charges imposed by an undertaker must relate only to Site Specific Work carried out and costs incurred by the undertaker pursuant to sections 45(1), 46(1), 98(1A), 101B or 107(1) of the Water Industry Act 1991.	Compliant	Connection charges are for site-specific work only.
34	Undertakers shall not provide for Income Offsets in setting Connection Charges.	Compliant	YWS no longer applies income offsets.

Rule number	Scheme rule	Are we compliant?	Evidence
Charges and Asset Payments in respect of an Agreement under Section 51A or 104 of the water Industry Act 1991			
35	Each undertaker shall set out in the applicable Charging Arrangements the charges to be imposed in respect of an agreement under section 51A or section 104 of the Water Industry Act 1991.	Compliant	Adoption charges are detailed within our Charging Arrangements.
36	These charges are concerned with the cost of Site Specific Work necessary as part of the adoption or connection of a Water Main, Communication Pipe, Public Sewer and/or Lateral Drain. Such charges may not include any amount for Network Reinforcement costs.	Compliant	Site-specific charges are applicable only; no network reinforcement is applied.
37	Any charges imposed by an undertaker in respect of an agreement under section 51A or section 104 of the Water Industry Act 1991:		
	a) must relate only to Site Specific Work carried out and costs incurred by the undertaker in order to meet its duties under such an agreement; and	Compliant	Site-specific charges are applicable only.
	b) must not relate to work needed or desired to modify or enhance existing network infrastructure in order to address pre-existing deficiencies, in capacity or capability, unrelated to requirements associated with the agreement.	Compliant	Site-specific charges are applicable only.
38	Insofar as section 51A agreements are concerned, water undertakers shall not provide for Asset Payments for the adoption of a Water Main.	Compliant	Asset payments are no longer required. This has levelled the playing field between WaSCs, NAVs and SLPs and made the YWS charging structure much simpler. The exception is large sites that have been in construction before April 2018, which still include asset payments and are dealt with under our transitional arrangements detailed in the Charging Arrangements book.
39	Insofar as section 104 agreements are concerned, sewerage undertakers may provide for Asset Payments for the adoption of a Sewer.	Compliant	YWS does not provide asset payments for sewer adoptions.

Rule number	Scheme rule	Are we compliant?	Evidence
40	Not used	N/A	N/A
41	Undertakers shall not provide for Asset Payments for the adoption of a Communication Pipe or Lateral Drain.	Compliant	YWS does not provide asset payments.

Charges for Diversions of Pipes and other Apparatus under Section 185 of the Water Industry Act 1991

42	Each undertaker must set out in its Charging Arrangements its method(s) for calculating the charges imposed by that undertaker pursuant to section 185(5) of the Water Industry Act 1991 (“Diversions Charges”). In relation to Diversions Charges an undertaker:		
	a) may provide for the option of upfront Fixed Charges in respect of any work carried out by the undertaker; and	Compliant	Water main diversions are covered by fixed charges; where a fixed charge is not available, for example in infrequent or special circumstances, a bespoke charge will be applied instead, as detailed in the Charging Arrangements book. The majority of sewer diversions are developer led, where a fixed charge will be applicable, however capital diversions will be undertaken by YWS and a bespoke charge will be applied for this.
	b) may also provide for other alternative methods of calculating charges but, where it does so, each alternative method must be explained clearly in the Charging Arrangements.	Compliant	The Charging Arrangements book details the charging regime for diversions, both fixed and bespoke.
43	Charges levied pursuant to section 185(5) must be calculated by reference to the principle that the undertaker is only entitled to recover costs reasonably incurred as a result of complying with the duty imposed by section 185(1) of the Water Industry Act 1991.	Compliant	The Charging Arrangements book details the charging regime for diversions, both fixed and bespoke.

Security/Deposit Arrangements

44	An undertaker is allowed to require security prior to commencing work, whether in the form of a sum deposited with the undertaker or otherwise: a) under section 42(1)(b), 47(2)(a), 99(1)(b), 101B(3A), 107(3)(b)(ii) or 185(4); or	Compliant	Developers may be required to provide a cash bond or surety. The Charging Arrangements specify when this is required.
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Rule number	Scheme rule	Are we compliant?	Evidence
	b) for the purposes of any charges imposed under an agreement under section 51A or section 104 of the Water Industry Act 1991.	Compliant	Developers will be required to provide a cash bond or surety. The Charging Arrangements detail when it is required, and when interest is applicable at time of repayment.
45	The type and amount of security should not be unduly onerous, taking into account the risk to be borne by the undertaker in carrying out the work in question. Where undertakers require security, the type and amount of security and the payment of interest on the security should reflect the general charging principles set out in paragraph 18.	Compliant	The type and amount of security we charge is consistent with national guidance as follows: a) a 100% security for a sewer diversion is required until it is beneficially completed and then the security is reduced to 10% for the completion of a 12-month maintenance period, and b) for a sewer adoption a 10% security is required.
46	The undertaker must clearly set out requirements for security in relation to any charges to be applied in its Charging Arrangements.	Compliant	The types and amounts of security, and the time of payment, are detailed in the Charging Arrangements book.

Exception from requirements to provide upfront Fixed charges

47	Undertakers are not required to provide for the option of upfront Fixed Charges in accordance with paragraphs 25 (Requisition Charges) of these rules, or to comply with paragraph 14, where, and to the extent that, it would be unreasonable to expect an undertaker to do so (having had regard to the practicality of setting a cost-reflective upfront Fixed Charge and the benefit to customers of producing such a charge).	Compliant	See evidence for Rule 25 above.
48	Where paragraph 47 applies, an undertaker must set out, and explain clearly, in its Charging Arrangements the alternative method or methods that will apply for calculating charges.	Compliant	Our New Connection Charging Arrangements set out when bespoke charges are applicable.

Rule number	Scheme rule	Are we compliant?	Evidence
Validity period of quotations			
49	Where an undertaker intends to provide quotations for charges set out in its Charging Arrangements, it must explain in its Charging Arrangements the length of time over which such quotations will be valid and explain the approach the undertaker will take where the period over which a quotation is valid would cross into a new charging year. For the avoidance of doubt, provisions in Charging Arrangements relating to the validity of quotations across Charging Years may provide for charges covered by such quotations to be payable as set out in the quotation within the period so specified in the Charging Arrangements even if that charge would have been different if the quotation were provided at the time that the charges are in fact paid or payable.	Compliant	<p>Quotes for work related to service connections are valid for six months from the date of issue. Quotations for work related to water mains are valid for 12 months from the date of issue. All quotes issued are fixed for the duration of their validity period, even if we enter a new charging year during that period.</p> <p>We have reviewed our quote validity policy, and amended the validity period for work related to service connections from 12 months to six months. This is to ensure that we recover the correct costs for the construction work we carry out and increase the accuracy of forecasting for construction work demand.</p> <p>The Charging Arrangements state that for quotes with a validity period that is across more than one charging year the quoted value of charges will remain valid and will be payable by a customer even if the charge would be different in the year when the accepted quote was to be paid.</p> <p>This arrangement is stated in the published Charging Arrangements.</p>

Infrastructure charges and Income Offsetting (English Undertakers)

The following section, comprising rules 50 to 60, is issued under section 143B of the Water Industry Act 1991. The rest of the rules under section 143B do not concern charges for new connections services and are published in the [Charges Scheme Rules](#).

50	Each relevant undertaker whose area is wholly or mainly in England must fix Infrastructure Charges in their Charging Arrangements.	Compliant	Infrastructure Charges are fixed in the New Connection Charging Arrangements book and laid out clearly for customers.
51	Not used.	N/A	N/A

Rule number	Scheme rule	Are we compliant?	Evidence
52	<p>Infrastructure Charges must be determined in accordance with the principle that the amount of such charges will over each period of five consecutive Charging Years ending on 31 March 2023 and, thereafter, on 31 March in each subsequent year cover the costs of Network Reinforcement that the relevant undertaker reasonably incurs, taking into consideration both the number and relevant costs arising in consequence of new connections in the undertaker's own area, and in the areas served by New Appointees with whom the undertaker has an agreement for bulk supplies of water or bulk discharge, and before the application of any Income Offset.</p>	Compliant	<p>YWS infrastructure charges are determined based on the principle that the charges set will recover the forecast costs of reinforcing our water and sewer networks expected over each period of five consecutive charging years ending on 31 March 2024 and thereafter in each subsequent year.</p> <p>We include in our forecasts of network reinforcement costs for areas served by new appointees and the impact of our environmental incentives that can reduce the level of infrastructure charges a developer customer pays.</p>
53	<p>Charging Arrangements must include a clear methodology explaining how Infrastructure Charges have been calculated.</p>	Compliant	<p>The Charging Arrangements confirm that infrastructure charges are calculated based on the forecast cost of reinforcement and forecast number of new connections expected over each period of five consecutive charging years ending on 31 March 2024 and thereafter. We include worked examples to help customers assess the level of such charges that would apply to them.</p>
54	<p>For the avoidance of doubt, Infrastructure Charges must not relate to the costs of reinforcing, upgrading or otherwise modifying existing network infrastructure in order to address pre-existing deficiencies in capacity or in capability unrelated:</p> <p>(a) to the provision of a new water main or public sewer pursuant to an agreement with, or a duty owed under the Water Industry Act 1991 to, a person other than a relevant undertaker (including, but not limited to, the provision of a new water main or public sewer pursuant to a requisition under sections 41(1) or 98(1), a section 66D agreement or a section 117E agreement);</p> <p>(b) to the adoption of infrastructure under a section 51A or 104 agreement; or</p> <p>(c) to connections described in section 146(2) of the Water Industry Act 1991.</p>	Compliant	<p>YWS infrastructure charges do not include costs of reinforcing, upgrading or otherwise modifying existing network infrastructure in order to address pre-existing deficiencies in capacity or in capability unrelated to the clauses stated in (a) to (c).</p>

Rule number	Scheme rule	Are we compliant?	Evidence
55	<p>In setting Infrastructure Charges an undertaker may (but is not required to) provide for an Income Offset. Each undertaker has discretion as to the methodology to be applied to calculate Income Offset.</p>	Compliant	<p>YWS does not provide income offsets.</p>
56	<p>Infrastructure Charges may be set as a fixed charge per new connection, or calculated in accordance with a formula. As long as the difference between amounts is cost reflective, the amounts of Infrastructure Charges may vary to reflect different circumstances and, in particular, may be different for different geographical areas.</p>	Compliant	<p>YWS infrastructure charges are set as fixed charges. We have three separate charge amounts for water, foul water and surface water, which are applied as relevant.</p> <p>Infrastructure charges are levied in addition to the costs of physical on-site and off-site water and sewerage connection work and apply to all new connections regardless of the method by which the new connection is procured or made.</p> <p>Infrastructure charges are cost reflective based on the forecast cost of reinforcement and forecast number of new connections expected to be delivered by YWS over each period of five consecutive Charging Years ending on 31 March 2024 and thereafter. We do not adjust the infrastructure charges based on circumstances and different geographical areas within our region – i.e. we do not offer ‘zonal’ charging.</p>

Rule number	Scheme rule	Are we compliant?	Evidence
57	<p>In making Charging Arrangements, each relevant undertaker must ensure that:</p> <p>(a) the Charging Arrangements clearly set out how Infrastructure Charges have been calculated;</p> <p>(b) the amount of Infrastructure Charges applied in respect of the modification or redevelopment of existing buildings or premises is determined in accordance with the principle that the amount must take due account of any previous usage in the 5 years before the modification or redevelopment began (including supplies of water that were not for domestic purposes and drainage that was not for domestic sewerage purposes) associated with the buildings and/or premises to which the charges are to be applied and be discounted accordingly;</p> <p>(c) the Charging Arrangements clearly explain the methodology to be applied for determining a discount to reflect previous usage; and</p> <p>(d) the Charging Arrangements clearly explain the methodology to be applied for determining any Income Offset.</p>	Compliant	<p>The Charging Arrangements are clear that:</p> <p>(a) YWS infrastructure charges are calculated in accordance with the principle that the amount of such charges collected over a five-year period ending on 31 March 2028 will broadly recover the forecast costs of reinforcing our water and sewer networks to serve new developments across the region (developer-driven network reinforcement).</p> <p>(b) Infrastructure charges are payable for the connection to a water supply or public sewer of premises which have never been connected to: i) a supply of water provided for domestic purposes by a water undertaker, or</p> <p>ii) a sewer used for the drainage for domestic purposes of those premises by a sewerage undertaker.</p> <p>YWS infrastructure charges may also be payable where a site is redeveloped, including by means of conversion of a building or buildings on it, and the redevelopment results in a greater water demand from the site than in the previous five years.</p> <p>(c) the Charging Arrangements specify that the methodology to determine a discount is based on previous usage at the site where the connection is to be made.</p> <p>(d) YWS does not provide income offsets.</p>
58	<p>Rules 50 to 57 above do not apply to: (a) New Appointees; or (b) any charges scheme that has effect in relation to a period ending before 1 April 2018.</p>	Compliant	<p>See comments above on Rules 50 to 57 which have been evidenced with appropriate statements.</p>

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