

Construction Charges

New Connection Charging Arrangements 2023/2024

Customer Briefing
30 November 2022



YorkshireWater

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Introduction

Developer Services construction charges

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 construction charges will change from 1 April 2023.

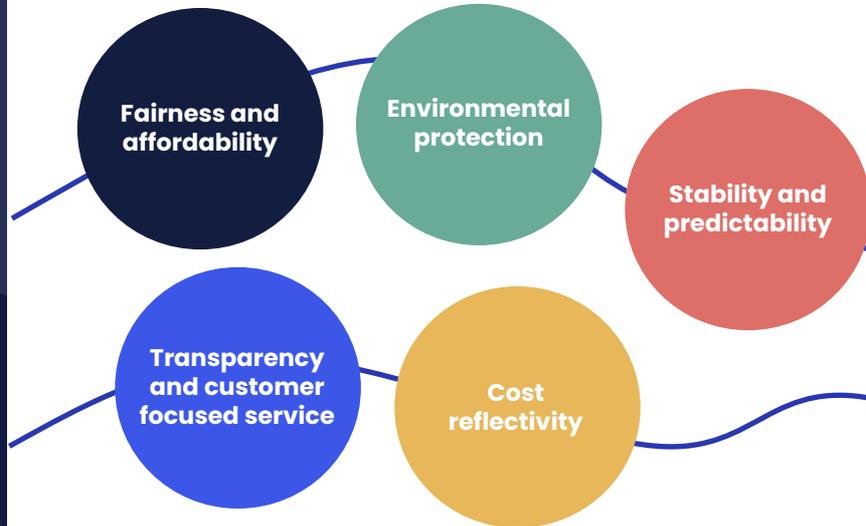
We'll also be publishing briefings about our infrastructure charges and new policy announcements shortly. You'll be able to find these briefings at yorkshirewater.com/developers

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 **14 December 2022** so that we can review any comments you have before we finalise our charges.

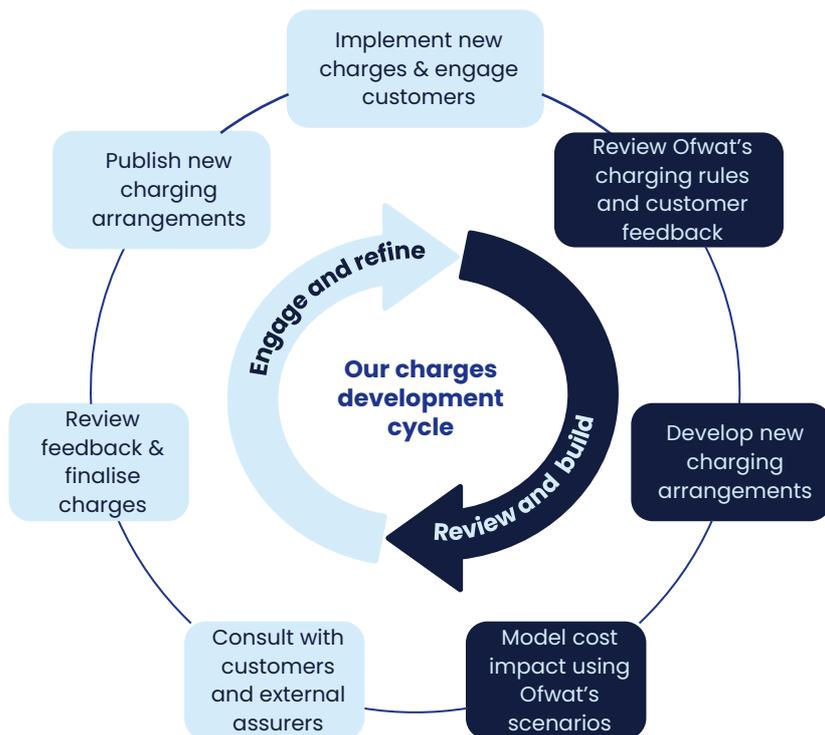
Our approach to charges

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 average 13.5% inflationary increase in construction charges based on rising supply costs.

How do we measure inflation?

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.

Where is the 13.5% increase coming from?

We're forecasting a November CPIH rate of around 8.9% based on recent rates of inflation. The November rate is published in December and is the last official rate announced before our charges are finalised for the coming financial year.

On top of CPIH, we are also seeing large increases to backfilling and reinstatement costs based on the rising costs of construction materials like bitumen across global supply chains.

In addition, we will be supplying AMI water meters from January 2023 to support Yorkshire Water's environmental targets. The AMI units are smart-enabled to make meter readings and data collection more efficient and effective, but also come with a higher cost per unit than the current AMR meters we supply.

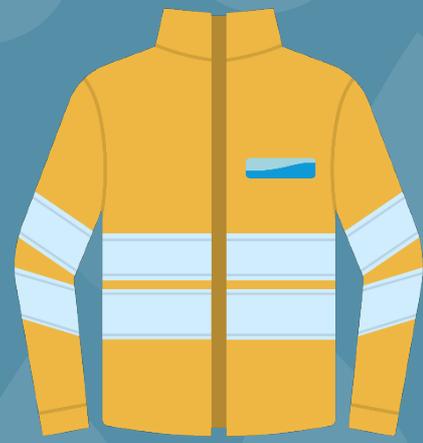
How will this impact bills across the different [development scenarios](#)?

Due to the rate of 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 2023/2024 charging arrangements, we will therefore be publishing a handling strategy in our Statement of Significant Changes at the end of **January 2023**.

A brief summary of what's changing

How will our construction charges change in 2023/24?



The headlines

We're introducing a new **remobilisation fee** for aborted mains jobs.

We're reintroducing separate **traffic management** charges.

We're revising our **pipe diameter price brackets** for service connections and mains.

We're revising how we charge for **network assembly** (mains fittings).

We're introducing new fixed rates for **additional mains phases**.

We're revising our **surface type categories** for digging, backfilling and reinstatement.

We're introducing **smart meters** for all new connections

What are the details?

Let us set out the key changes for 2023/2024.



Mains remobilisation fee

We are introducing a remobilisation fee to recover the costs of aborted mains jobs. A mains job may be aborted if the customer or site is not ready for the planned main laying work in time.

Our current abortive visit fee (published on [page 42](#) of our 2022/23 Charging Arrangements) was designed for aborted service connections, and will continue to apply to this type of work. Aborted mains jobs, however, are more costly as they involve an entire team and a larger setup. The new mains remobilisation fee will therefore reflect the higher cost of standing down from this type of work.

Item	Indicative 23/24 fee
Mains remobilisation	£650

Traffic management charges

Last year, typical traffic management costs (like 2-way traffic lights and road signs) were included in our fixed charges for standard construction activities (such as service connections and mains installations). From 1 April 2023, all traffic management will be charged separately, and these charges will be fixed and published in our New Connection Charging Arrangements 2023/2024.

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 financial year.

Pipe diameter price brackets

We're revising our pipe diameter brackets to make them more granular and cost-reflective.

Work type	Pipe diameter price brackets	
	2022/23	2023/24
Service connections	<ul style="list-style-type: none">• 25mm• 32mm–150mm	<ul style="list-style-type: none">• 25mm–32mm• 63mm–90mm• 110mm–125mm
Mains activities	<ul style="list-style-type: none">• <150mm• 150mm–<300mm• 300mm–<450mm• 450mm–<600mm	<ul style="list-style-type: none">• 63mm–125mm• 160mm–225mm• 250mm–400mm• 450mm–560mm

We'd also like to inform you that service connection costs will now be driven by the size of the connection, not the size of the meter.

Network assembly charges

We're revising how we charge for network assembly (mains fittings like washouts, fire hydrants and valves) to make things simpler.

From 1 April 2023, all network assembly fittings will be charged at the same rates based on the size of the main being fitted and whether excavation is included or not.

Item	Work type	Indicative 23/24 charge (by main size)			
		63-125mm	160-225mm	250-400mm	450-560mm
Main fitting (per unit)	Lay only	£492	£1,336	£3,405	£7,472
	Excavate & lay	£550	£1,436	£3,385	£7,526

Additional mains phases

We're introducing two fixed rates for additional phases of main laying based on whether excavation is included or not.

Item	Indicative 23/24 fee
Additional mains phase (lay only)	£2,632
Additional mains phase (excavate and lay)	£2,882

Surface types

We charge for digging, backfilling and reinstating the ground based on the surface type.

Last year, we charged for this work based on two surface types: road/footpath and unmade ground. From 1 April 2023, we'll charge based on **three surface types**: road, footpath and unmade ground. In a nutshell, we're dividing road/footpath into two brackets to reflect the costs of working on these different surface types.

Surface types	
2022/23	2023/24
<ul style="list-style-type: none">• road/footpath• unmade ground	<ul style="list-style-type: none">• road• footpath• unmade ground

We are also looking into creating bespoke charges for specialist surface types such as cobbles and anti-skid surfacing.

Smart meters

We're introducing a requirement for all new connections to be fitted with smart (AMI) metering technology from April 2023.

By removing the need for manual data collection, smart meters make readings more efficient and improve sustainability through more accurate and effective water usage reporting.

The introduction of smart metering will mean a small increase in our meter charges to reflect the higher supply costs of the AMI units.

We have also reviewed our Design and Construction Specification ([click here](#) to see the latest draft copy) to enable smart metering. This includes 1) a revised meter location policy, which is shaped by smart metering needs, and 2) a requirement for SLPs to use composite covers on boundary boxes and meter chambers for increased smart metering signal strength.

We will be issuing further information about the transition to smart metering in due course.

