

New Connection Charges

Board Assurance Statement

February 2019

Version 1.0



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This assurance statement is written in relation to Yorkshire Water Services (YWS) Developer Charging Arrangements under the provisions within the Water Industry Act 1991, as amended for the period 1 April 2019 to the 31 March 2020.

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

The charges which have been compiled are consistent with YWS's revenue controls for 2019/20, for Wholesale Water and Wholesale Sewerage that were published by Ofwat on 12 December 2014. The Developer Charging Arrangements reflect the relevant revenue from the Wholesale price controls including non-regulated charges in this area.

1. Legal Obligations and Guidance

YWS Developer Charging Arrangements have been prepared in accordance with its legal obligations, the charging rules for New Connection Services issued by the Water Services Regulation Authority in July 2018 under sections 51CD, 105ZF and 144ZA of the Water Industry Act 1991 and the Charge Scheme rules issued by the Water Services Regulation Authority in July 2018 under sections 143(6A) and 143B 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. The written procedures and information delivered from the capture process were reviewed and assured by appropriate managers.

The assurance processes for YWS charges included:

- an independent review of the charges information by senior management who were independent of the data process,
- peer reviews of the charging document as part of a wider assurance process, and
- external assurance of the charges from the independent technical auditor, Halcrow.

Findings from these assurance processes have been fully reviewed and actions to address any concerns have been implemented. The Board Audit 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 present balance of charges between Developers and other customers prior to the implementation of these rules is broadly maintained.

Ahead of publishing the charging scheme for 2018/19 a detailed investigation was conducted on the historic balance of charges between developer services customers and the general customer base and they were found to be broadly in balance. The audit process for the 2019/20 charging scheme confirmed that the broad balance had been maintained.

The determination of the balance of charges in 2018/19 was from analysis of historic network reinforcement expenditure and revenue collected from infrastructure charges from 2002-2017. This was coupled with analysis of data from historic requisition cost modelling. It allowed YWS to reflect average reinforcement costs within the infrastructure charges and maintain the balance of charges.

An RPI uplift has been applied to the 2018/19 charges to produce the new connection charges for 2019/20. The infrastructure charges have been held at the level set for 2018/19 and continue to broadly maintain the balance of charges between developer services customers and the general customer base. The generality of customers continue not to fund new development activities, which are funded through the application of relevant charges to developer services customers (developers, self-lay providers and NAV licensees). Cost reflective new connection charging is delivered through defined charges for individual new connection activities (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 that 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 operators and new appointee organisations (and their representatives), trade bodies, Ofwat, and CCWater.

The company has carried out a variety of stakeholder consultation activities including an online consultation seeking views on the accessibility and transparency of our 2018/19 charges arrangements and the changes proposed for the 2019/20 arrangements.

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

A summary of the findings from the stakeholder consultation is published on the YWS website.

Activity	Date	Stakeholder							
		Developers	SLP	HBF	Fairwater Connections	Consultants	NAV's	Ofwat	CCW
Phase 1 Follow up focus group to 2018-19 Charging Arrangements	24-Mar-18	✓	✓						
Phase 2 Follow up focus group to 2018-19 Charging Arrangements - phone discussions	March - April 2018	✓	✓						
Meeting with HBF	09-Jul-18			✓					
2018-19 Charges scheme review	19-Oct-18							✓	
2018-19 Charges scheme review	20-Nov-18								✓
Website updated, advertising banner added to homepage	22-Nov-18	✓	✓	✓	✓	✓	✓		
Website altered to reflect feedback to make documents easier to locate	22-Nov-18	✓	✓	✓					
Email blasts sent to over 150 customers advising them the consultation is live	28-Nov-18	✓	✓	✓	✓	✓	✓		✓
Discussion with Fairwater connections	30-Nov-18				✓				
Phase 1 Focus group held	05-Dec-18	✓	✓						
Consultation survey - issued 22 Nov, closed 11 Dec	11-Dec-18	✓	✓		✓	✓	✓		✓
Phase 2 Focus group held	14-Dec-18	✓	✓						

5. Directors Statements

The Board considers that in preparing and approving the New Connection charging arrangements the company has applied the processes, procedures and governance described in the detailed statement above.

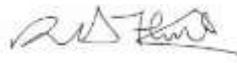
The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's independent auditors are aware of the information. So far as the directors are aware, there is no relevant audit information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

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

Signed by Yorkshire Water Services Limited Board of Directors



Anthony Rabin
Chairman



Richard Flint
Chief Executive



Liz Barber
Director of Finance, Regulation
& Markets



Nevil Muncaster
Director of Asset Management



Julia Unwin
Non-Executive Director



Ray O'Toole
Non-Executive Director



Andrew Dench
Non-Executive Director



Andrew Wyllie
Non-Executive Director



Scott Auty
Non-Executive Director



Michael Osborne
Non-Executive Director



Kathy Smith
Group Company Secretary

Appendix 1

**Yorkshire Water Charges Rules compliance
review**

RULE NUMBER	SCHEME RULE	ARE WE COMPLIANT?	EVIDENCE
Introduction and Interpretation			
1-6		N/A	
Consultation			
7	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.	Compliant	To obtain feedback on our proposals, we contacted over 150 developers, SLPs and NAVs to advise them that the consultation was available to view and comment on. The consultation was in the form of a survey, and we asked their opinions on the current document and the new document and charges.
Publication and Transparency			
8	Relevant undertakers must publish charges developed under these rules in a single document (the Charging Arrangements). 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.	Compliant	Our 'Charging Arrangements for new connection services' charging scheme will be published on the YWS website by the 1 February 2019.
9	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.	Compliant	Our 'Charging Arrangements for new connection services' charging scheme will be published on the YWS website by the 1 February 2019.

RULE NUMBER	SCHEME RULE	ARE WE COMPLIANT?	EVIDENCE
10	The Charging Arrangements must be published no later than two months before the period in relation to which they have effect. Charging Arrangements must be published at least once in every year from 2018 onwards.	Compliant	Our 'Charging Arrangements for new connection services' charging scheme will be published on the YWS website by the 1 February 2019.
11	The Charging Arrangements must explain how each charge has been calculated or derived. 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	Compliant	Our 'Charging Arrangements for new connection services' charging scheme will be published on the YWS website by the 1 February 2019. This document will include a detailed explanation of the methodology and calculation of the charges.
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 Developers or other customers who may rely on the Charging Arrangements. Undertakers should consider publishing worked examples where this could aid customers' understanding.	Compliant	Our 'Charging Arrangements for new connection services' charging scheme will be published on the YWS website by the 1 February 2019. The Charging Arrangements document has been updated and includes worked examples.
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 for new connection services' charging scheme will be published on the YWS website by the 1 February 2019. The Charging Arrangements Documents has improved narrative.
14	Undertakers must publish the charges covered by these rules in such a way that a Developer 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 for new connection services' charging scheme will be published on the YWS website by the 1 February 2019. The Charging Arrangements document enables Developers and customers to confidently assess applicable charges for a Development and includes worked examples.
15	The Charging Arrangements must identify which charges are associated with Contestable Work and Non-Contestable Work.	Compliant	Our 'Charging Arrangements for new connection services' charging scheme will be published on the YWS website by the 1 February 2019. The Charging Arrangements also explain Contestable and Non-Contestable work and charges.

RULE NUMBER	SCHEME RULE	ARE WE COMPLIANT?	EVIDENCE
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	Our 'Charging Arrangements for new connection services' charging scheme will be published on the YWS website by the 1 February 2019. The Charging Arrangements explain the methods of payment.

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 or Asset Payments 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, or Asset Payments made, 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 five weeks before the period in relation to which they have effect; 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	<p>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:</p> <p>(a) fairness and affordability;</p>	Compliant	<p>Considerable work has been undertaken to ensure the proposed charges fairly reflect work to be undertaken. Charges can be calculated in advance of a Development to ensure they are transparent and predictable.</p> <p>We have maintained our compliance with Ofwat's charging rules. Our compliance ensures our charges are fair and affordable. We have maintained the balance of charges between developers and the YWS general customer base.</p> <p>The charges we receive from Third Parties such as Highways are passed directly on to the customer.</p>
	<p>(b) environmental protection;</p>		<p>We have provided clear information to our customers on the incentives for environmentally friendly developments. By making this information available we are encouraging developments which help protect the environment by using alternative methods for surface water disposal, or proactively installing low water use solutions. Essentially reducing the demand on existing YWS networks.</p> <p>End customers may benefit from environmentally innovative solutions including lower bills that NAVs or YWS may be able to offer as a result of developers and customers being aware of the incentives that are available.</p>
	<p>(c) stability and predictability; and</p>		<p>The charges scheme includes a list of Fixed Charges enabling a customer to predict the cost of their development. These charges will be stable through the year and will not fluctuate.</p> <p>Where a fixed cost is not available, we have explained the reason.</p>

RULE NUMBER	SCHEME RULE	ARE WE COMPLIANT?	EVIDENCE
	(d) transparency and customer-focused service.		<p>We have taken onboard CCWater/SLP/Ofwat/Developer feedback that our charges documents were not easy to access. To resolve this, we have created a new webpage dedicated to hosting information about our Charging Arrangements. We will use this new webpage as a repository for our Charging information and include an archive of our previous year's documents for information should our customers wish to access them.</p> <p>We have developed an online customer application portal, providing an additional means of application and method of payment. Work on the portal will continue to improve the service and include updates based on our customers feedback.</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 present balance of charges between Developers and other customers prior to the implementation of these rules is broadly maintained. 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>A detailed assessment of our historic developer driven incomes and expenditures on a joint water and sewerage service basis, demonstrated the balance of charges between developers and other customers which is broadly maintained through our cost reflective charges. New development activities are funded through our developer charges and are not paid for by the generality of customers. This historic position will be maintained through the use of cost reflective charges for new development activities. We have established cost reflective charging at the heart of our approach, including the level of our infrastructure charges. To help protect the environment, we will continue to offer financial incentives via reduced infrastructure charges where developments use alternative methods for surface water disposal, or proactively install low water use solutions.</p>
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RULE NUMBER	SCHEME RULE	ARE WE COMPLIANT?	EVIDENCE
20	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.	Compliant	We are endeavouring to treat all customers equally, in the calculation of charges, ensuring a level playing field is maintained. With the removal of Income Offsets and Asset Payments in the 2018/19 Charging Arrangements we levelled the playing field between SLP, NAV and WaSC. So, encouraging competition within the market.
21	Charges (including any Income Offsets), any Asset Payments 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.	Compliant	Our assurance process has confirmed that our charging scheme for new connection services is fully cost reflective. This has been achieved by removing all Income Offsets from the calculations to ensure a fair and transparent charging scheme.
22	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.	Compliant	The charges have been developed to ensure all reasonable costs are recovered.
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 charges only include site specific activities.
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	Our charges only include site specific activities.
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	See Rule 48 that up front Fixed Charges are not required.

RULE NUMBER	SCHEME RULE	ARE WE COMPLIANT?	EVIDENCE
	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	<p>For Water mains, a schedule of Fixed Charges is offered to the customer, these are applied on a site-specific basis. In some situations, a site will receive a bespoke charge to account for our activities.</p> <p>YWS will not be providing a fixed quote for sewerage due to the variable nature of the function. 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 are low, generally below 10 per year.</p>
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	Requisition charges will only be site specific and will not include any network enhancement/reinforcement.
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	Compliant	Requisition charges will only be site specific and will not include any network enhancement.
	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	Requisition charges will only be site specific and will not include any network enhancement.
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 will not be in the site-specific charge but will be incorporated in the infrastructure charge.

RULE NUMBER	SCHEME RULE	ARE WE COMPLIANT?	EVIDENCE
29	In setting Requisition Charges an undertaker may (but is not required to) provide for an Income Offset.	Compliant	As mentioned above, the YWS Charging Arrangements, have been designed to be fully cost reflective, and will remove any Income Offset.
30	As regards the methodology for the calculation of Income Offsetting arrangements:		
	a) Each undertaker has discretion as to the methodology to be applied to calculate an Income Offset. Such methodology must, however, be clearly explained in the applicable Charging Arrangements;	Compliant	The new charges scheme is more cost reflective, and an Income Offset will not be applicable.
	b) In addition, as regards Water Mains, the methodology for the calculation of any Income Offset applied in respect of requisitioning charges must be equivalent to the methodology applied in calculating any Asset Payment an undertaker may make in respect of the adoption of Water Mains and	Compliant	The new charges scheme is more cost reflective, and an Income Offset will not be applicable.
	c) Nothing in these rules prevents an undertaker from providing for Income Offsetting arrangements in relation to the requisition of Public Sewers if it does not make any Asset Payments in respect of the adoption of Sewers. But if the undertaker does make Asset Payments in respect of the adoption of Sewers or Lateral Drains then the methodology for the calculation of any Income Offset applied in respect of Requisition Charges must be equivalent to the methodology applied in calculating any such Asset Payment.	Compliant	The new charges scheme is more cost reflective, and an Income Offset will not be applicable.

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 'Charging Arrangements for new connection services' charging scheme will be published on the YWS website by the 1 February 2019. The charging scheme is detailed in this document.
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. With one exception; Sewerage connections: on the very rare occasion (once in the last 16 years) where YWS elect 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	A bespoke charging service is detailed in the charges document, based on a site survey bespoke charge.
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 will only be site specific work.
34	Undertakers shall not provide for Income Offsets in setting Connection Charges.	Compliant	There are no Income Offsets in the YWS Connection Charges.

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 and the Asset Payments, if any, to be made in respect of an agreement under section 51A or section 104 of the Water Industry Act 1991.	Compliant	Adoption charges are detailed in the YWS Charging Document.
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	Only site specific charges are applicable, 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	Only site specific charges are applicable.
	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	Only site specific charges are applicable.
38	Insofar as section 51A agreements are concerned, water undertakers shall provide for Asset Payments where the undertaker calculates the requisition charge for a Water Main to include an Income Offsetting arrangement.	Compliant	Like income offset payments, no asset payment are applied in the Charging Arrangements. This levels the playing field between WaSCs, SLPs and NAVs, and simplifies the charging structure.
39	Insofar as section 104 agreements are concerned, sewerage undertakers may provide for Asset Payments for the adoption of a Sewer.	Compliant	There are no Asset Payments for sewer adoptions.

RULE NUMBER	SCHEME RULE	ARE WE COMPLIANT?	EVIDENCE
40	Where an undertaker provides for Asset Payments in respect of the adoption of a Water Main pursuant to an agreement under section 51A of the Water Industry Act 1991, or the adoption of a Sewer pursuant to an agreement under section 104 of the Water Industry Act 1991, the calculation of any Asset Payment must be equivalent to the methodology applied in calculating an Income Offset applied in respect of Requisition Charges.	Compliant	No Asset Payments will be provided.
41	Undertakers shall not provide for Asset Payments for the adoption of a Communication Pipe or Lateral Drain.	Compliant	No Asset Payments will be provided.

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 ("Diversion Charges"). In relation to Diversion 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 do not have a Fixed Charge, and a bespoke charge will be available. The majority of sewerage 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.
	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 charges document 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 charges document details the charging regime for diversions, both fixed and bespoke.

RULE NUMBER	SCHEME RULE	ARE WE COMPLIANT?	EVIDENCE
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)(iii) or 185(4); or	Compliant	Developers may be required to provide a cash bond or surety. The charges document details when this is required.
	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 charges document details when this is required.
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	We confirm that the type and amount of security is consistent with national guidance; a) 100% sewer diversion until beneficially completed, then reduced to 10% for a 12 months maintenance period, and b) sewer adoption requires a 10 % bond
46	The undertaker must clearly set out requirements for security in relation to any charges to be applied in its Charging Arrangements.	Compliant	The security requirements are detailed in the Charging Arrangements.
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	This exception has been applied to Rule 25.
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	This exception has been applied to Rule 25.

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