

New Connection Charging Arrangements

Customer Consultation

11th December 2020



YorkshireWater

Agenda

- Introduction & Housekeeping
- YW Developer Services Update
- Charges
 - Consultation for 2021/22
 - Industry changes 2022 and beyond
- Codes of Adoption
 - Water
- Final Q&A

Developer Services Update

Neil Yates



YorkshireWater

Yorkshire Water Update

**We have had a 3-year
strategic plan approved by
Board focussed on
improving our customer
experience**

We are going to further invest in

- People
- Technology
- Process Improvement

What is going to change

- Improved self-serve options for customers
- Our structure, teams and people will be focussed on different customer needs
- We are going to increase payment options
- How you access information will change for the better
- An intensive programme of process improvement will improve 'your journey'
- We will provide a better service when constructing on site
- Work with you to support and deliver efficient water solutions



What's going on in the industry

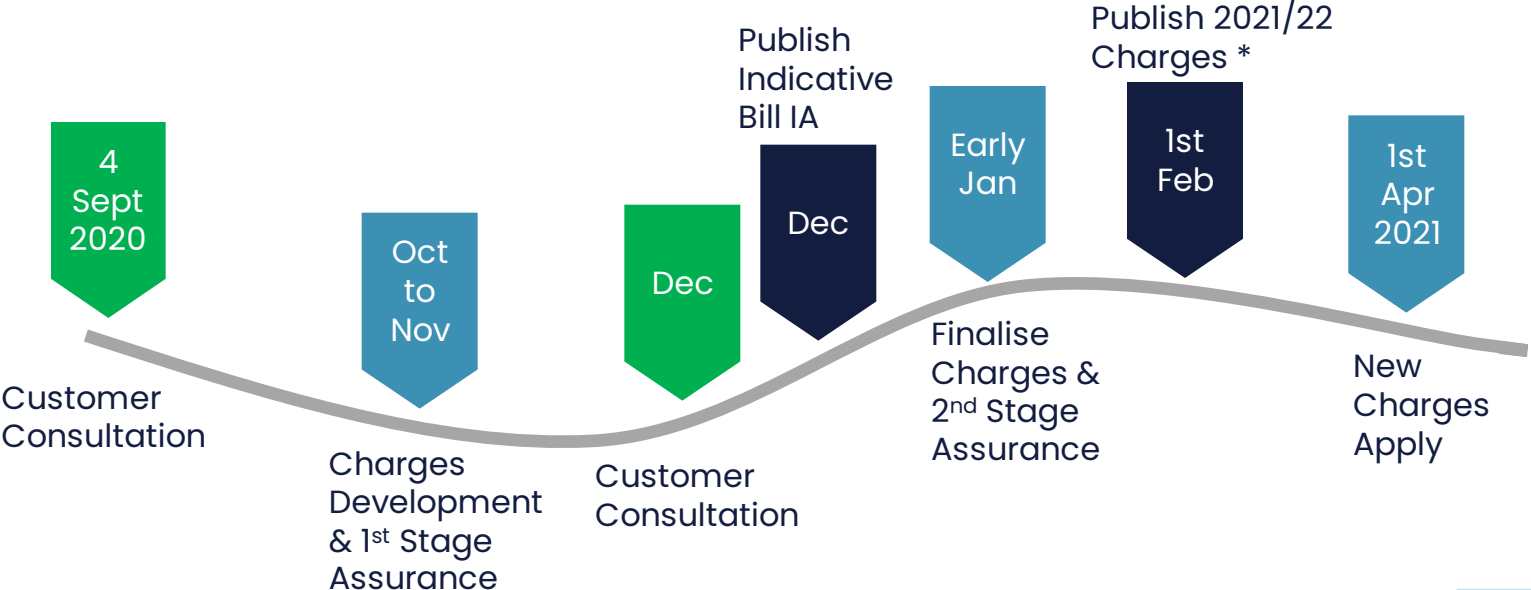
Some key strategic work streams

- Water codes of adoption
- NAV strategy and offering choice to customers
- Standardisation of approach to annual charging arrangements

Charges Consultation

Colin Fraser

Our Timeline for 2021/22 Charges



* The 2021/22 charges publication will include a separate Board assurance statement and final bill impact assessment comparison



Our Charges Approach

The charging rules set by Ofwat mean we continue to base our new connections charging framework on the four guiding principles:

- Fairness and affordability
- Environmental protection
- Stability and predictability
- Transparency and customer focus

Publishing charging arrangements with fixed charges ensures the costs for our water and sewerage new connections services are predictable for customers. There are some complex scenarios that require bespoke charges to be applied.

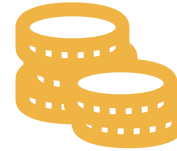
The balance between revenues from developers and our expenditures on new connections and network reinforcement work ensure there is no cross subsidy with the generality of our customers.

We removed income offsets from our charges from 2018. The rest of the sector is addressing income offsets after Ofwat updated its charging rules that apply this year.

Update from the 4th September Consultation



**Charges
Booklet**



Charges



YorkshireWater

Charges

Pete Golightly



YorkshireWater

Our Charges 2020/21 Connection Charging Services – What We Did

2020/21 Current Charges Scheme we undertook a 'Bottom Up Review' of our charges

We looked at all our application and admin fee's in fine detail to make sure they are cost reflective for our customers. We considered the following:

- The different functions within Developer Services that the service touches
- The average time they would spend on the activity
- The average wage for that role

No change to our existing prices with exception of an inflationary increase

Our Charges 2021/22 Connection Charging

To Ensure we deliver an excellent new connection service and a better experience for our customers, we have begun a 3-year programme of strategic improvement. Investing into technology, automation and our people.

As part of our extensive improvement programme, we have reviewed and increased our application fees to make sure they reflect the costs of our service.

Our construction charges are increased based on the change in the Retail Price Index (RPI) For the bill comparisons we have applied an indicative RPI increase of 3%. The actual change in RPI will be applied to the final charges when the November 2020 RPI information is published.

Our Charges

2021/22 Connection Charging

Indicative Bill Impact Assessment

Bill Costs (£)

1. Single Short Connection
 2. Single Long Connection
 3. New Block of Flats - Short
 4. New Block of Flats - Long
 5. Small Housing Development
 6. Medium Housing Development
 7. Large housing Development
 8. Self Laid Water - Small
 9. Self Laid Water - Medium
 10. Self Laid Water - Large
- Average increase incl IC's %**

	Water			Waste			Total		
	2020-21	2021-22	% Incr	2020-21	2021-22	% Incr	2020-21	2021-22	% Incr
1. Single Short Connection	1,749	1,809	3.4%	520	563	8.3%	2,269	2,372	4.5%
2. Single Long Connection	2,033	2,101	3.3%	1,052	1,143	8.7%	3,085	3,244	5.2%
3. New Block of Flats - Short	3,446	3,583	4.0%	2,230	2,408	8.0%	5,676	5,991	5.6%
4. New Block of Flats - Long	4,038	4,193	3.8%	2,762	2,988	8.2%	6,800	7,181	5.6%
5. Small Housing Development	20,186	20,831	3.2%	4,338	4,604	6.1%	24,524	25,435	3.7%
6. Medium Housing Development	80,646	83,184	3.1%	18,718	19,787	5.7%	99,364	102,971	3.6%
7. Large housing Development	285,846	294,837	3.1%	73,141	77,222	5.6%	358,987	372,059	3.6%
8. Self Laid Water - Small	3,900	4,067	4.3%	-	-	-	3,900	4,067	4.3%
9. Self Laid Water - Medium	6,604	7,067	7.0%	-	-	-	6,604	7,067	7.0%
10. Self Laid Water - Large	17,104	18,317	7.1%	-	-	-	17,104	18,317	7.1%
Average increase incl IC's %			4.2%			7.2%			5.0%

Our Charges 2021/22 Connection Charging

Our charges are increasing on average 5.0%

Do you have any comment regarding our approach?

Charges Examples

Jenny Henman



YorkshireWater

Charges examples – Our journey so far

We wanted to understand

- How we could improve our charges examples
- What was important to you
- Make sure that the examples are relevant
- If the existing examples worked
- Whether there were any other scenarios we could incorporate

Working with our customers

- Set up a representative working group
- Sent an initial questionnaire
- Held a charges examples workshop



What you shared with us

What you want to see

- Easy to use examples
- More relevant examples
- Full examples on one page
- Different sized developments

And within the different scaled examples

- Commercial/mixed use developments
- Contaminated land
- Consider In-house and self-lay provisions
- Disconnections
- Temporary Building supplies
- Also incorporate more than one supply/connection point

Proposed views for charging examples

Sewer adoption and connection – Single properties

In the examples below the customer is responsible for engaging a contractor and submitting an S106 connection application before making the connection to a public sewer. Where the adoption of the demarcation chamber, pipe and connection are requested to be adopted by ourselves, we will be responsible for the assets once the works are all confirmed as being completed. Where we are only asked to consider the connection only we will not be responsible for any of the new system apart from the made of connection once the works are all confirmed as being complete. Before a site commences a site-visiting inquiry could be requested to find out about any public systems already in existence within the vicinity of the site which may impact on design layout.

OPTION B

Surface water to private soakaway or soakaway flow to foul public sewer via adoptable connection

Single Property

Property No. and Example Description	125 l/s	100 l/s
OPTION B, Example 4	£60	£60
OPTION B, Example 5	£100	£140

OPTION B, Example 4
In this scenario, the customer has proposed to discharge their surface water to a soakaway. The foul system is proposed to be adopted after the works have been confirmed as complete. Whilst the supply is not incorporated within the example the consumed water going into the property is greater than 125 l/s.

OPTION B, Example 5
In this scenario, the customer has proposed to discharge their surface water to a soakaway. The foul system is proposed to be adopted after the works have been confirmed as complete. Whilst the supply is not incorporated within the example the consumed water going into the property is 100 l/s (24% less than 125 l/s), which will reduce the infrastructure charges.

Within each example they will show

- A description of the works needed on the site
- A diagram showing the development type
- A table showing differing costs depending upon the scenario (showing a mixture of different details e.g temporary supply, disconnection changed etc.)
- Environmental Incentives – cost savings

You also shared with us

What else you also would like to see:

- Request for an interactive on-line calculator
- Ability to self-generate charges
- Examples of filling in the forms

You also provided us feedback on our estimates:

- Look to ensure that our estimates are checked before sending
- Look to change our estimates to make they are user friendly
- Timescales for responses are key to allowing developers to plan the sale of their properties
- Look to ensure the reinforcement is clearly detailed for who needs to complete what.
- Ensure the drawings clearly show who is responsible for the works

Codes for Adoption – Water

Jenny Henman



YorkshireWater

Codes for Adoption – Water The Code

The Code details

- Obligations to work together
- Develop, Agree and Maintain Sector Guidance

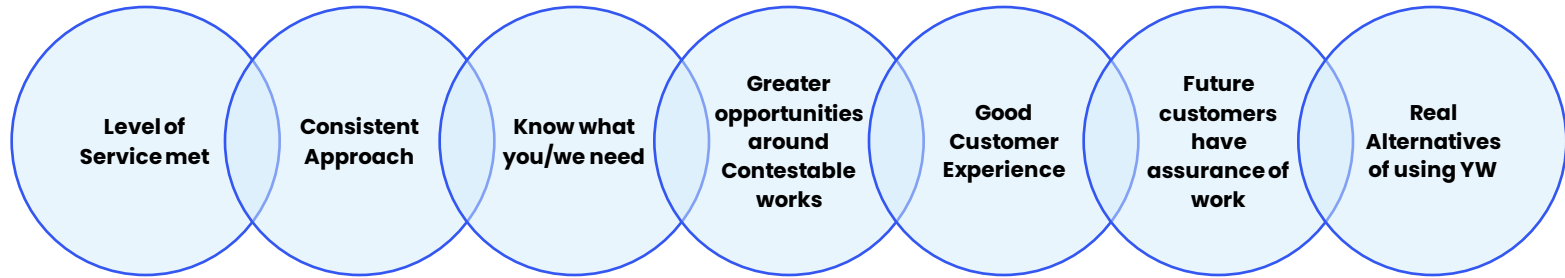
The Code sets out the requirements for adoption agreements where SLP's are installing water infrastructure:

- Procedure
- Minimum information
- Design & Construction Standards
- Adoption Agreement
- Publication requirements
- Governance arrangements, which includes future changes to the code



Codes for Adoption – Water Benefits

Implementation date : 1st January 2021



DEVELOPER

NAVs

SELF LAY
PROVIDER

Codes for Adoption – Water Our journey so far

Working with SLP's

- Monthly meeting with our SLP's
- Advertised our Design & Construction specification (DCS) Document
- Created Pipe sizing's document
- Advertised the contestable and non-contestable works in our (Annual Contestability Summary) ACS table
- Updated our website to link you to the changes
- Set up a specific email address
codesforadoptionwater@yorkshirewater.co.uk

Our website will

- Take you through the customer journey for Adoption
- Application forms will incorporate the details you need to support your application
- Let you know how you can contact us
- Keep you up to date with any changes



Codes for Adoption – Water Transitional Arrangements

- We will continue to accept S51 applications designed to Code of Practice for three months after 1st January 2021
- We would prefer though to apply the WSG to all new pre-planning enquiries, POCs and S51 applications after 1st January 2021
- S51 applications submitted prior to 1st January 2021 may (by agreement) be progressed under the WSG
- The agreement used will follow the standards in use on the scheme, ie, DCG or Code of Practice for Self Lay

Thank you