



Developer Services

New Connections Charging Arrangements 2021/2022

Consultation Response Document – November 2020

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1 Introduction

1.1 Affinity Water

We are the largest water-only supplier in the UK, and we are committed to delivering a high-quality water service to all our customers.

We provide on average 900 million litres of water each day to a population of more than 3.6 million people in parts of Bedfordshire, Berkshire, Buckinghamshire, Essex, Hertfordshire, Surrey, the London Boroughs of Harrow and Hillingdon and parts of the London Boroughs of Barnet, Brent, Ealing and Enfield. We also supply water to the Tendring peninsula in Essex and the Folkestone and Dover areas of Kent.



Each year, around 12,000 new properties are connected to our network. Most properties are connected to our existing water mains while others require our network to be extended (and sometimes reinforced) to facilitate connection.

From 1 April 2018, the basis for charging for the new connections services we provide changed. From this date, water companies are required to set charges in accordance with rules made by Ofwat, the water industry regulator.

There are two sets of rules that we must follow in setting our charges for the period 1 April 2021 to 31 March 2022, both published by Ofwat in July 2019:

- Ofwat's Charging Rules for New Connection Services (English Undertakers)¹

¹ www.ofwat.gov.uk/publication/charges-schemes-rules-from-april-2020/

- Charges Scheme Rules issued by the Water Services Regulation Authority under sections 143(6A) and 143B of the Water Industry Act 1991²

These rules apply to the provision of water mains and new connections provided for domestic purposes as well as the diversion of water mains situated in private land. They do not apply to:

- a) requests for a supply of water for non-domestic purposes,
- b) requests made by a water supply licensee for the connection of premises to our network, or other steps in respect of that system; or
- c) charges under an agreement to provide one or more water undertakers with a supply of water in bulk.

We are required to determine our charges for new connections services in accordance with the principle that charges covered by the rules should reflect:

- a) fairness and affordability;
- b) environmental protection;
- c) stability and predictability; and
- d) transparency and customer-focused service.

We must also take reasonable steps to ensure the balance between contributions to costs by developers and other customers prior to 1st April 2018, is broadly maintained.

Following our customer charging consultation event on 13th October 2020 and our written consultation³, which closed on 6th November 2020, this document summarises respondent feedback and sets out our proposed approach for our 2021/22 charges, taking into consideration the useful feedback provided by our stakeholders.

NB: While the intention is for these proposed charges to be included in our charges for 2021/22, they are subject to ongoing internal governance processes and, as such, final charges will be published in our New Connections Charging Arrangements Document by 1st February 2021.

² www.ofwat.gov.uk/consultation/consultation-on-charging-rules-for-new-connections-and-new-developments-for-english-companies-from-april-2020/

³ <https://www.affinitywater.co.uk/docs/developer/DS-NC-Charging%20Consultation-2021-22.pdf>

2 Definitions

1. Developer

Any person or business which is responsible for a development.

2. Fixed charge

This means charges set for a given Charging Year which are fixed in amount or which are calculated by reference to a predetermined methodology set out in the undertaker's Charging Arrangements, the application of which allows calculation at the outset of the total amount owing in that Charging Year in respect of the charges in question. Such charges are to be fixed for a Charging Year, as defined above. For the avoidance of doubt, and subject to the above, undertakers may impose Fixed Charges by reference to a unit measurement (for example, per mega-litre). Furthermore, undertakers may offer more than one Fixed Charge in charging for a service provided in accordance with the present rules (for example, by differentiating between different geographic areas).

3. Income Offset

A sum of money offset against the charges that would otherwise be applied for the provision of a Sewer or Water Main in recognition of revenue likely to be received by the relevant undertaker in future years for the provision of: i. supplies of water to premises connected to the new Water Main; or ii. sewerage services to premises connected to the new Sewer, and "Income Offsetting" shall be construed accordingly.

4. Infrastructure Charge

"Infrastructure Charge" means the charges described in section 146(2) of the Water Industry Act 1991. That is, a charge paid by the developer to the water company when a property is connected to the company's water supply or sewer for the first time which contributes to wider network reinforcement to meet the increased demand arising from the new connections.

5. Network Reinforcement

This refers to work other than Site Specific Work, as defined below, to provide or modify such other: i. Water Mains and such tanks, service reservoirs and pumping stations, or ii. Sewers and such pumping stations as is necessary in consequence of the Site Specific installation or connection of Water Mains, Service Pipes, Public Sewers and Lateral Drains pursuant to an agreement with, or a duty owed under the Water Industry Act 1991 to, a person other than a relevant undertaker, including a requisition (under sections 41(1), 98(1) or 98(1A)), under an agreement for adoption (under sections 51A or 104), under a section 66D of or a section 117E agreement, pursuant to section 45(1) (Duty to make connections with main) or in accordance with another duty imposed by the Act, or in consequence of the exercise of rights under section 106(1) (Right to communicate with public sewers). It also includes the additional capacity in any earlier Water Main or Sewer that falls to be used in consequence of the provision or connection of a new Water Main or Sewer.

6. New Appointments and Variations/New Appointee (NAVs)

New appointment and variations provide water and/or sewerage services to customers in an area previously served by the incumbent monopoly provider. A new appointment is made when Ofwat appoints a company for the first time to provide services for specific geographic area. A variation is where an existing appointment is varied to extend the areas served.

7. Pre-Development Enquiry

Pre-development enquiries allow a developer customer to obtain information regarding feasibility of providing water services to a development. This helps with the decision-making process regarding whether to develop a piece of land and/or support in the planning permission process.

8. New Connection Services

This is the collective term for New Water Mains, New Sewers, Service Connections, Lateral Drains, Waste Connections and Diversions.

9. Self-Lay Providers (SLPs)

An accredited operative who can lay the pipework for a new water main or sewer rather than the infrastructure being laid by the water company.

3 Pre-Development Enquiries

3.1 Pre-Development Enquiries – Our consultation approach

Affinity Water are committed to supporting growth in our region and would like to encourage developer customers to talk to us at the earliest stages of planning their development using our pre-development enquiry service. This is so that we can understand how water may be provided to the proposed development in the most efficient and timely way. Early engagement ensures we can fully appreciate our customer requirements and plan for any infrastructure requirements in the best possible way.

Our pre-development service will help you to understand the costs involved in serving the site, the most appropriate point of connection and also if there are any existing water assets within your development area which may need diverting. It will also inform us where reinforcement may be required in order to support your development.

Considering our view that this early engagement is vital, our intention is to remove the pre-planning enquiry fee and offer this service at a zero charge.

3.2 Question and associated responses on Pre-Development Enquiries

Q1) Do you agree with our proposed approach to charging for pre-development services?

All respondents were in favour of our proposal to apply a zero charge for our pre-development services. The feedback suggests that customers agree there is a benefit in using this service at the early stages of planning developments and that knowing any potential difficulties upfront with serving the site would be of significant comfort to the developer customer. One respondent noted that our proposed approach would align to wider utility companies, as well as to match steps other water companies have made in this area. It is important to identify that one respondent also noted it was essential that these costs are not recovered through site specific charges.

Affinity Water Conclusion

Taking into consideration our consultation feedback, there is clearly strong support for this proposal. Affinity Water considers early engagement crucial to help build relationships with our developer customers. It is also imperative that we understand any supply issues involved in upcoming development and be able to plan for any necessary reinforcement in advance. We note the reference to the costs being recovered through site specific charges and confirm this is not the intention. Given this, our conclusion is that our pre-development enquiry will be free of charge from 2021/22.

4 Infrastructure Charges

4.1 Application of Infrastructure Charge – Our consultation approach

The purpose of an infrastructure charge is to enable a charge to be levied to reflect broadly the expected additional load placed on our network by the connection of premises not previously connected to it. Infrastructure charges do 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.

In line with Ofwat charging rules, we have reviewed our infrastructure charge for 2021/2022 alongside our forecasted connections volumes for AMP7, beside the future expected expenditure for network reinforcement. We expect that these charges will remain stable across the remainder of AMP7.

Our Infrastructure Charge is set at a flat rate per property connected for domestic purposes. We are not proposing any change for 2020/21. The 2020/2021 and proposed 2021/22 charges are laid out in the table below.

2020/21 Standard Water Infrastructure Charge per property (£)	375
2021/22 Standard Water Infrastructure Charge per property (£)	253

4.2 Question and associated responses on Infrastructure Charges

Q2) Do you agree with our approach on reducing the infrastructure charge in line with expected volumes and subsequent reinforcement need?

Respondents have largely supported our approach to adjust the infrastructure charge in line with a reduction in future network enhancement costs. Feedback stated that respondents felt this was a fair and sensible approach and welcomed our openness in calculating the figure. One respondent noted a concern regarding how this charge would be levied with respect to liability on connection, rather than at terms issued stage. In addition, one respondent sought clarification regarding how the water efficiency discount would function alongside the infrastructure charge.

Affinity Water Conclusion

With respect to the infrastructure charge per property, Affinity Water can confirm that the charge will be adjusted in line with our updated forecasts on network enhancement spend for growth. This charge is currently calculated to be £253 from 2021/22 onwards and will be confirmed in our charging arrangements document.

In reference to the charge being levied, Affinity Water can confirm that the infrastructure charge is payable in the charging year of which the connection is made, therefore the appropriate charge is to be levied at that time. Further, we are able to verify that the water efficiency discount introduced in 2020/21 will apply moving into the next charging year, with the discount levied against the infrastructure charge as per the current approach.

We will ensure that this information is clear in our charging arrangements document.

5 Income Offset

5.1 Income Offset – Current approach

An income offset payment under these charging arrangements are for all new connections where an infrastructure charge is applicable. The income offset is placed against the infrastructure charge, instead of the mains requisition cost following the policy change in Ofwat's Charging Rules. We will apply an income offset for each new connection for a supply of water to the premises connected to a water main where an infrastructure charge is applicable.

Currently, where an income offset is due in line with our charging arrangements, this payment becomes due when the connection is made to the main and when the customer billing account set up is complete. As a result of the income offset being larger than the infrastructure charge, this often results in a refund due to customers at the end of the scheme, upon connection completion. We do not feel this provides the best possible customer experience; therefore, we are consulting on a new approach to applying the income offset to applicable schemes.

5.2 Income Offset – Our consultation approach

In order to promote a more refined customer experience, we are consulting on providing the income offset payment as part of upfront cost-advice process. As part of our annual review of charges, the income offset amount has been reviewed and updated as per the table below.

Income Off-Set Calculation		
Description	Percentage Uplifts	£ Excluding VAT
Total Income Offset / Asset payments for period 19/20		4,237,323
Total number of valid domestic connections to New Mains for the period 19/20		11,002
Calculated income Offset Value		385.14
CPIH Increase November 2019	1.5%	5.78
Calculated income Offset Value 2020		390.92
Forecasted CPIH Increase November 2020	0.28%	1.09
Calculated Income Asset Value for 1 April 2021		392.01

As the proposed income offset value exceeds the proposed infrastructure charges, our intended approach for 2021/2022 would be to provide the resulting discount as part of the scheme cost-advice.

5.3 Question and associated responses on Income Offset

Q3) Would you welcome our proposed approach to the application of the income offset payment as part of the upfront cost-advice activity? Please provide justification for your response.

Respondents expressed that our proposed approach to income offset would be favourable as it would remove unnecessary complexities attributed with a two-stage process. One respondent also referred to the benefit of this approach by alleviating the cash outlay developer customers may experience because of the removal of the income offset from mains requisition schemes. Another respondent suggested the implementation of a further improvement by means of introducing a payment plan for developer customers, to enable works to be planned in whilst payments are pending and to settle payments on a regular basis.

Affinity Water Conclusion

We believe this approach provides a better service to our customers and is aligned to our principle of making things easy for our customers. We are pleased to see our stakeholders are supportive of this approach.

We can confirm that from 2021/22 our income offset payments are to be settled against the infrastructure charge in our up-front cost advice process. We can also confirm that our income offset value will be adjusted in as per our approach in the table, pending assurance processes and confirmation on CPIH inflation rates.

In addition, we take on board the feedback provided regarding a payment plan. We are pleased to say that this is already something we are investigating as part of our transformation programme and are encouraged that we are aligned with our customers in this respect. This element, however, will be progressed separately to the charging arrangements work and we will consult on this separately should we feel it necessary.

6 Administration, Application and Design Fees

Each year when setting out our charges, we try to structure them in a way that is easy for our developer customers to calculate cost associated with their projects. With this in mind, we are considering changing the structure of our administration, application and design fees to reflect our desire to be easy to do business with.

6.1 Administration, Application and Design Fees – Current approach

The below tables show our **current structure** for administration, application and design fees:

Application Fees

2020/21 Mains Application Fees:

Table 6.2: Mains Application Fees			
Ref	Item	Unit	£ Excluding VAT
6.2.1	Application Fee for Mains (with an existing pre-development report)	per application	393
6.2.2	Application Fee for Mains (no pre-development report)	per application	786
6.2.3	Re-application Fee for Mains (with an existing pre-development report)	per application	196
6.2.4	Application Fee for Mains (with revised pre-development report)	per application	393

2020/21 New Connections Application Fees:

Table 7.2: New Connections Application Fees			
Ref	Item	Unit	£ Excluding VAT
7.2.1	Application Fee (first property connected)	per application	157
7.2.2	Application Fee (each subsequent property connected)	per application	31
7.2.3	Application Fee Change of Requirements (50% Minimum Charge)	Per application	78
7.2.4	Application Fee Change of Requirements (each subsequent property connected - 50% Minimum Charge)	Per application	15

2020/2021 Self-Lay Connections Application Fee:

Table 9.2: Self-lay Service Connections Application Fees			
Ref	Item	Unit	£ Excluding VAT
9.2.1	Application Fee Service Connections (first property connected)	per application	157
9.2.2	Application Fee Service Connections (each subsequent property connected)	per connection	21

2020/2021 Self-Lay Mains Application Fee:

Table 8.2: Self-lay water mains Application Fees			
Ref	Item	Unit	£ Excluding VAT
8.2.1	Application Fee for self-lay mains (with an existing pre-development report)	per application	393
8.2.2	Application Fee for self-lay mains (no pre-development report)	per application	786

2020/2021 Diversions Application Fee:

Table 10.2: Diversion Application Fees			
Ref	Item	Unit	£ Excluding VAT
10.2.1	Application Fee for diversion (with an existing pre-development report)	per application	393
10.2.2	Application Fee for diversion (no pre-development report)	per application	786

Administration Fees

2020/21 Mains Administration Fees:

Table 6.4: Mains Administration Fees			
Ref	Item	Unit	£ Excluding VAT
6.4.1	Mains Administration Fee (fixed element)	per application	577
6.4.2	Mains Administration Fee (variable element)	per linear metre of main laid	15

2020/2021 Self-Lay Mains Administration Fees:

Table 8.4: Self-lay water mains Administration Fees			
Ref	Item	Unit	£ Excluding VAT
8.4.1	Administration Fee	per application	577
8.4.2	Site Visit	per visit	159

2020/2021 Self-Lay Connections Administration Fees:

Table 9.3: Self-lay communication pipes Administration Fees			
Ref	Item	Unit	£ Excluding VAT
9.3.1	Administration Fee (all properties connected)	per connection	52

2020/2021 New Connections Administration Fees:

Table 7.3: New Connections Administration Fees			
Ref	Item	Unit	£ Excluding VAT
7.3.1	Administration Fee (properties connected)	per connection	110
7.3.2	Administration Fee (each subsequent property connected)	per connection	110

2020/2021 Diversions Administration Fees:

Table 10.4: Diversion Administration Fees			
Ref	Item	Unit	£ Excluding VAT
10.4.1	Diversion Administration Fee (fixed element)	per application	577
10.4.2	Diversion Administration Fee (variable element)	per linear metre of main laid	15

Design Fees

2020/21 Mains Design Fees:

Table 6.3: Mains Design Fees					
Ref	Item	Unit	£ Excluding VAT		
			Design Fee	Minor Design Change	Major Design Change
6.3.1	0-50 properties	per scheme / phase	944	236	755
6.3.2	51-100 properties	per scheme / phase	1,132	283	905
6.3.3	101-200 properties	per scheme / phase	1,320	330	1,055
6.3.4	201 -300 properties	per scheme / phase	1,508	377	1,205
6.3.5	301-400 properties	per scheme / phase	1,696	424	1,355
6.3.6	401-500 properties	per scheme / phase	1,884	471	1,505
6.3.7	501-600 properties	per scheme / phase	2,072	518	1,655
6.3.8	601-700 properties	per scheme / phase	2,260	565	1,805
6.3.9	Increment for each additional 100 properties above 700 per phase of development.	per scheme / phase	188	47	150
6.3.10	Review design prepared by developer or self-lay provider . The first submitted design will be reviewed free of charge. Should we require any changes to be made at this point, we will also complete the first review of the amended design free of charge.	per scheme / phase	Free of Charge for the first design submission and first amended design if required		
6.3.11	Review subsequent design prepared by developer or self-lay provider .	per scheme / phase	262	65	210

6.2 Admin, Application and Design Fees – Our consultation approach

Proposed changes to our design fees

We are proposing to move away from design fees calculated by plot volumes and replace with an easier structure. We propose to move to design fees for the following:

- Small (1-100 properties)
- Medium (101-200 properties)
- Large (201+ properties)

To ensure the broad balance of charges, whilst managing cost-reflectivity, we would propose to calculate these based on averages of the current design fees as illustrated in Table 6.3 above.

The background to the design services we provide is that we obtain all our designs via an outsourced Contractor, selected in a competitive tender process. As such we believe that their costs reflected in our charges will be at market rates and comparable i.e. a level playing field to other contractors and Self-Lay Providers (SLP). In addition:

- the design team provides an inclusive service. The total cost of the design is recovered in the calculated average fee
- in line with the requirement to provide a fair and level playing field and promote competition, we are undertaking a review of our design fees
- our intention is to continue not to charge a fee for the design review in the upstream market (Work that can only be undertaken by Affinity Water), including the first review and subsequent first revision

The above elements, which formed part of our methodology in 2020/2021 remains unchanged.

Our proposed table for Design Fees in 2021/2022 is as follows:

Mains Design Fees 2021/2022		
Description	Unit	Design Fee £
Small: 0-100 properties	Per scheme/phase	1,038
Medium: 101-200 properties	Per scheme/phase	1,320
Large: 201+ properties	Per scheme/phase	1,790

Proposed changes to our application fees

For our application fees, where applicable, we are proposing to remove the re-application and change of requirements application fee. Whilst our application fee structure will not change, we will be reviewing the values to ensure they remain cost reflective.

Proposed changes to our administration fees

We are proposing to remove the variable elements currently listed, within our Mains and Diversions work-types. Instead, we will list one fixed charge administration fee for Mains and Diversions, to simplify the ability for developer customers to predict their scheme charges. In order to provide one fixed cost, we are analysing and reviewing historic costs associated with administration fees on schemes and intend on providing an average in order to maintain the balance of charges.

6.3 Questions and associated responses on Admin, Application and Design Fees

Q4) Do you agree with our proposed approach regarding simplification to our administration fee, removing the variable element?

Respondents stated that they were in favour of our approach to simplify the calculation of our administration fee, as well as the removal of the variable element. Our stakeholders are keen to ensure our charges are as simple and predictable as possible. One respondent, however, has noted that an outline proposal in this area has not provided the appropriate clarity on the approach.

Affinity Water Conclusion

We believe this simplified approach provides our customers with a higher level of cost predictability and are pleased that customer feedback supports our proposed approach. Following consultation responses on this question, our administration fees within our 2021/22 charges will be structured using a small, medium and large format, with further details on this structure explained in our conclusions to Question 6. In addition, we will remove the variable element of the administration fee and continue with one fixed charge. We take on board feedback with regards to the level of detail provided at consultation stage and commit to engaging with this respondent further.

Q5) Do you agree with our proposed approach regarding removal of re-application and change of requirements application fee?

Respondents were supportive of this proposal, stating that developments often come with an element of uncertainty which may result in minor changes of requirements. Our customers, therefore, endorsed our more flexible approach. One respondent also noted the challenge of identifying requirement changes and understanding the difference between minor and major changes.

Affinity Water Conclusion

Considering the positive feedback to our approach and the fact that we believe this proposal will provide our customers a more seamless, flexible experience with us, we intend on moving forward with this approach for 2021/2022. We take on board the feedback received regarding minor and major changes to schemes and will ensure that this is clearly distinguished in our 2021/22 charging arrangements document with regards to our Design Fees. This remains consistent with the information in our 2020/21 charging arrangements document, Section 6.3:

“(5) A minor design change is: a. a change to the site boundary; or b. a change to the size of the water main; or c. adding, removing or changing the location of the communication pipes. (6) A major design change is: a. a change of route or layout of the water mains on site; or b. a change to the point of connection of new water mains to the existing network; or c. a change to the overall water demand of the site; or d. splitting the scheme into phases or changing the phasing plan.”

Q6) Do you agree with our proposed approach regarding the simplification of our design fee?

In general, respondents agreed with the concept of simplifying our design fees. However, one respondent noted that our current approach was already straightforward and therefore did not agree, nor disagree, with our proposal approach. In addition, there were areas of clarification requested, with respect to the potential impact which limiting the categories might have, causing unforeseen detriment to developments which are just over the threshold of a particular category. There were also queries raised as to how these charges

would apply where SLPs submit designs for approval and whether these charges would be based on properties on a phased basis, or on the total development.

Affinity Water Conclusions

Taking respondents feedback into consideration, it is our intention to move forward with simplifying our design fees for 2021/22. Considering responses from our stakeholders, as well as alignment to Ofwat's recent consultation document, we propose to adjust our plot range to the following:

Small = 0 - 49 plots

Medium = 50 - 100 plots

Large = 101+ plots

We believe this will mitigate some of the risk around any negative impact caused by developments which may have originally been just within the threshold for the category. However, we commit to engaging with this respondent directly to provide some further information with regards to the calculation split across these categories.

With respect to how these charges would apply to SLPs submitting the design, our current approach will continue. That is, should an SLP submit a design for approval by Affinity Water, this review will be undertaken free of charge for the first design submission and first amended design if required. This will be clearly identified in our charging arrangements document, consistent with item 6.3.10 in our 2020/21 charging arrangements document.

Finally, in response to the query regarding whether these charges would be levied on phased or full development, the charge will be levied based on the phased design should the customer apply using this method. We would encourage a phased approach to be taken to ensure the design is fit for purpose at the time of supply need.

7 Approved Plumbers

7.1 Application of Approved Plumbers Discount – our consultation approach

We are committed to ensuring high quality work is completed to ensure safe drinking water for all of our customers.

We encourage the use of the Water Industry Approved Plumbers' Scheme (WIAPS) which is funded by sixteen Water Suppliers to administer an approved plumber's scheme for them. In order to become a WIAPS member, applicants have to demonstrate that they have been suitably trained as a plumber, that they have adequate knowledge of the Regulations by passing an assessment and they must be able to confirm that they have appropriate insurance cover.

To reflect our desire to use WIAPS, or another accredited scheme, approved plumbers for developer services work, we propose to introduce a discount on receipt of a valid approved plumber scheme certificate (i.e. WIAPS certificate) showing that work was completed by a plumber on an approved accreditation scheme. We are looking to offer this discount against each new service connection which would be reflected at cost advice stage.

In our 2020/21 charges, we charge £15 to review each approved plumber scheme certificate. We are proposing to reverse this charge for our 2021/22 charges and offer a £15 discount for each certificate on a per plot basis.

7.2 Question and associated responses on Approved Plumbers

Q7) Would this proposed discount encourage you to use an approved plumber and submit evidence? If not, please state why it would not?

It is clear from our customer feedback that there is support for an approved plumber discount to be introduced. Respondents were pleased that Affinity Water are considering passing through the benefits of this scheme to their developer customers and also felt it was aligned to best practice within the industry. One area of clarification requested was that whether the discount would be applicable only on the external pipework, or whether the internal plumbing was also considered.

Affinity Water Conclusion

We believe this approach ensures the quality of work carried out is of a high standard and in turn supports our commitment for high quality drinking water across our region. At present, the discount would be levied for external pipework only, providing a discount for the use of competent, approved groundworkers/plumbers to install site side pipe work in compliance with the current water supply (water fittings) regulations 1999. With strong support for this proposal from consultation responses, our intention is to be include a £15 discount, on a per plot basis, in our 2021/22 charges.

8 Traffic Management Charges

8.1 Structure of Traffic Management Charges – Our consultation approach

Currently, our traffic management fees are built into our 2020/21 charges. We are committed to ensuring that all our fees are cost reflective for our customers. We also want to ensure that our customers can easily access all potential charges associated with their projects prior to submitting an application to us.

With this in mind, for our 2021/22 charges, we are proposing to remove all traffic management uplifts and create a traffic management fixed cost table, providing set charges for services e.g. 2,3,4-way lights. We believe this will provide our customers with better insight and understanding into all costs related to their project, and ensure each charge is cost reflective.

We are also seeking feedback on the structure of road closure charges. As different local authorities have different fees for road closures, we are proposing to either price actual costs on receipt of information from individual authorities or provide an average fixed cost upfront.

8.2 Question and associated responses on Traffic Management Charges

Q8) Do you agree with our proposed approach to remove the traffic management uplift from our charges and provide a table of fixed costs?

In summary, respondents were supportive of our approach to move towards traffic management charges only being levied where such costs specifically arise. Again, it is clear that our stakeholders are keen to uphold the simplification and predictability elements that this approach would bring.

Affinity Water Conclusion

Following stakeholder feedback, we will be setting out a fixed cost traffic management charges table in our 2021/22 charges document, removing the uplift applied across our charges. These charges will be fixed and reviewed on an annual basis.

Q9) Would you prefer road closures to be costed as actual on receipt of information from individual authorities, or provide an average fixed costs upfront?

All our respondents favoured an average fixed cost approach to traffic management charges, including road closures. It was felt that this approach would help timeframes and understanding all costs associated with a scheme, as well as providing more cost predictability earlier in the process. One respondent noted that although they felt an average fixed cost approach offered several benefits, to aid a full response, it would have been useful to provide the proposed fixed charge.

Affinity Water Conclusion

Following positive respondent feedback, we will be setting an average fixed cost for road closure charges in 2021/22. The value of these charges will be calculated and published as part of our 2021/22 charges document.

9 Transition Arrangements

Our 2021/22 charges will be published by 1st February 2021. Although our new charges will come into effect for work commencing on or after 1st April 2020, we understand that some schemes will be at different stages of the scheme lifecycle. To support our customers, we are proposing the following transitional arrangements.

- Quotations for works which have been accepted on or before 31st March 2021 will retain the costs as listed in the scheme cost advice document. If construction works **have not** commenced, you will be able to request us to request your scheme using our 2021/22 charges.
- Any application made between 1st February 2021 – 31st 2021 will be issued dual costs. We will provide a cost using our 2020/21 charges and a cost using our 2021/22 charges. You will then be able to pick which costs you would like applied to your scheme.
- Quotations issued between 1st February 2021 – 31st March 2021 will be valid for 120 days from the date the quotation is issued.
- Any application made on or after 1st April will be calculated using our 2021/22 charges and will be valid until 31st March 2022.
- If an SLP or NAV signs an agreement issued under our 2020/21 charges, we will honour the costs set out in the scheme agreement as long as there is no variation to the scheme on or after 1st April 2021. If there is a variation to the scheme, on or after 1st April 2021, we will issue a requote and new agreement.

9.1 Questions and associated responses on transition arrangements

Q10) Is our proposed approach for transition arrangements, including the timeframe of 120 days for the acceptance and payment of a 2020/21 quotation, reasonable?

The majority of our respondents felt that the timeframe of 120 days for the acceptance and payment of a 2020/21 quotation was reasonable. We received one request to adopt a 180-day timescale, with the view that 120 days might be slightly challenging.

Affinity Water Conclusion

Taking all respondent feedback into consideration, and having completed a benchmarking exercise across the industry, we will be structuring our transition arrangements to allow a timeframe of 180 days for the acceptance and payment of a 2020/21 quotation. We feel that this approach provides our customers with a substantial window to proceed with a 2020/21 quotation if they wish to do so.

Q11) If your answer to Q10 is no, please specify which elements you disagree with and why

Through feedback in this area, one respondent requested clarification regarding SLP/NAV agreements and the scenarios whereby charges would be levied against variations as outlined in our consultation proposal above. Clarification was sought as to whether 2021/22 charges would be applied to the variation element only and whether further detail would be provided regarding the definition of a variation.

Affinity Water Conclusion

With regards to new charges being levied against only the variation element of the scheme, Affinity Water feel that this would cause undue complication and unnecessary administrative work. As such, should there be a variation, the new charges would be applied to the scheme in its entirety. We commit to ensuring the

definition of a variation is clear within our charging arrangements document and propose that a variation is only applied at the same level as would be applied for a requisition scheme under a major design change. Currently this is defined as:

“(6) A major design change is: a. a change of route or layout of the water mains on site; or b. a change to the point of connection of new water mains to the existing network; or c. a change to the overall water demand of the site; or d. splitting the scheme into phases or changing the phasing plan.”

10 Conclusion

We thank all our respondents and stakeholders who engaged with us throughout this consultation process for our 2021/22 charges.

We look forward to moving ahead with our customer focused approach and will publish our final charges before 1st February 2021.

For any further queries, please contact us through charges@affinitywater.co.uk