



Charges Scheme Charges 2020/21

Statement of Significant Changes in Charges for New Connection and New Developments

Published Date: 31 January 2020

Statement of Significant Changes to Charges Scheme Charges 2020/21

The Board and Audit Committee of Affinity Water Limited have overseen the preparation of this Statement of Significant Changes for New Connection and New Developments 2020/21 (“Statement of Significant Changes”). Due to the timing of the publication of this Statement of Significant Changes in relation to scheduled meetings of the Board, the Board established a board committee which included executive and non-executive directors to act on behalf of the full Board to review its preparation.

The Board committee on behalf of the Board has:

- reviewed the requirements published in “Information Notice 19/05”, setting out Ofwat’s expectations for this Statement of Significant Changes;
- considered the actions undertaken by management to prepare charges scheme charges for 2020/21; and
- assessed the effects the charges scheme charges will have on customers’ bills for the eight worked examples below, which represent a range of different types of development:
 - Single Connection (long side)
 - Single Connection (short side)
 - New Block of Flats (long side)
 - New Block of Flats (short side)
 - Small Housing Development
 - Medium Housing Development
 - Large Housing Development
 - Self Laid Scenario

Based on this analysis, Affinity Water expects that one category of customer will experience an increase of more than 10% from the previous year for any given customer type, assuming similar projects. A summary of the expected changes to charges is set out in Appendix 1. Small housing developments will see an increase of 16%, this represents c.10% of our annual plot applications. This is primarily the result of the shifting of income offsets away from developers of greenfield sites requiring new mains and towards developments that don’t involve the construction of new mains. Whilst changes represent an increase for small to medium housing developments requiring new mains, similar developments connecting into existing mains would anticipate a fall. The effect of our changes has also lowered prices for many types of development, the most extreme reduction being 48%. Overall, we consider that this rebalancing creates fair charges, as is the intention of the changes to the charging regime. We have not therefore made any attempt to prevent this incidence effect.

Patrick O’D Bourke

**Independent Non-Executive Director
On behalf of the Board**

30 January 2020

Appendix 1: Expected changes to Charges 2020/21 – Worked examples

We have used the example set out in Appendix 1 of Ofwat's publication IN 19/05 in order to assess the effect of our changes on a range of customers

(1) EXAMPLES - Water: Connection to existing main

- Water: Connection to existing mains - No new mains required;
- 25-32mm PE11 pipe
- Short connection – 4m road surface;

Description	Qty	Charges 2019-20 (£)	Charges 2020 - 21 (£)	Total 2019-20 (£)	Total 2020-21 (£)
Table 7.2: New Connections Application Fees					
7.2.1 Application Fee (first property connected) per application	1	157	157	157	157
Table 7.3: New Connections Administration Fees					
7.3.1 Administration Fee (first property connected) per application	1	126	110	126	110
Table 7.4: Installation of Connections (MDPE)					
7.4.1 Carriageway, Per connection Single: 25-32mm. Carriageway	1	1,296	1,360	1,296	1,360
7.4.20 Carriageway, Per linear metre, Lay Pipe (25-32mm). Carriageway	3	278	291	834	873
15.11 Infrastructure Charge	1	375	375	375	375
15.7 Deduct income offset	1	0	-436	0	-436
Total (£) Excluding VAT				2,788	2,439 -12.52%

1. Example 1A

(1) **Water: Connection to existing mains - No new mains required;**

- 25-32mm PE11 pipe
- Long connection – 8m (4m road surface and 4m unmade ground);

Description	Qty	Charges 2019-20 (£)	Charges 2020 - 21 (£)	Total 2019-20 (£)	Total 2020-21 (£)
Table 7.2: New Connections Application Fees					
7.2.1 Application Fee (first property connected) per application	1	157	157	157	157
Table 7.3: New Connections Administration Fees					
7.3.1 Administration Fee (first property connected) per application	1	126	110	126	110
Table 7.4: Installation of Connections (MDPE)					
7.4.1 Carriageway, Per connection Single: (25-32mm). Carriageway	1	1,296	1,360	1,296	1,360
7.4.9 Carriageway, Per linear metre, Lay Pipe (25-32mm). Carriageway	3	278	291	834	873
7.4.20 Verge, Per linear metre, Lay Pipe (25-32mm). Verge	4	79	82	316	328
15.11 Infrastructure Charge	1	375	375	375	375
15.7 Deduct income offset	1		-436	-	-436
Total (£) Excluding VAT				3,104	2,767 -10.87%

2. Example 2

New block of flats Water: 10 new units connected to an existing main - No new mains/sewer required;

- Large diameter (63mm) water connection – barrier pipe
- Short connection – 4m road surface;

Description	Qty	Charges 2019-20 (£)	Charges 2020- 21 (£)	Total 2019-20 (£)	Total 2020-21 (£)
Table 7.2: New Connections Application Fees					
7.2.1 Application Fee (first property connected) per application	1	157	157	157	157
7.2.2 Application Fee (each subsequent property connected) per application	9	31	31	279	279
Table 7.3: New Connections Administration Fees					
7.3.1 Administration Fee (first property connected)	1	126	110	126	110
7.3.2 Administration Fee (each subsequent property connected)	9	105	110	945	990
Table 7.4: Installation of Connections (MDPE)					
7.4.3 Carriageway, Per connection Without meter Single: 50-63mm	1	1,480	1,554	1,480	1,554
7.4.3 Barrier, Per connection Without meter Single: 50-63mm	1	87	91	87	91
7.4.21 Carriageway, Per linear metre, Lay Pipe (50-63mm)	3	283	297	849	891
7.4.21 Barrier, Per linear metre, Lay Pipe (50-63mm)	3	13	13	39	39
7.4.40 Per property / item, Install Internal 15mm Screw-in Meter - first property connected (includes meter)	10	107	98	1,070	980
15.11 Infrastructure Charge	10	375	375	3,750	3,750
15.7 Deduct income offset	10		-436		-4,360
		Total Excluding VAT		8,782	4,481 -48.98%

3. Example 2A

(1) New block of flats

Water: 10 new units connected to an existing main - No new mains/sewer required;

- Large diameter (63mm) water connection – barrier pipe
- Long connection – 8m (4m road surface and 4m unmade ground);

Description	Qty	Charges 2019-20 (£)	Charges 2020 - 21 (£)	Total 2019-20 (£)	Total 2020-21 (£)
Table 7.2: New Connections Application Fees					
7.2.1 Application Fee (first property connected) per application	1	157	157	157	157
7.2.2 Application Fee (each subsequent property connected) per application	9	31	31	279	279
Table 7.3: New Connections Administration Fees					
7.3.1 Administration Fee (first property connected)	1	126	110	126	110
7.3.2 Administration Fee (each subsequent property connected)	9	105	110	945	990
Table 7.4: Installation of Connections (MDPE)					
7.4.3 Carriageway, Per connection Without meter Single: 50-63mm. Carriageway	1	1,480	1,554	1,480	1,554
7.4.3 Barrier, Per connection Without meter Single: 50-63mm	1	87	91	87	91
7.4.10 Carriageway, Per linear metre, Lay Pipe (50-63mm)	3	283	297	849	891
7.4.10 Verge, Per linear metre, Lay Pipe (50-63mm)	4	89	93	356	372
7.4.10 Barrier, Per linear metre, Lay Pipe (50-63mm)	7	13	13	91	91
7.4.21 Per property / item, Install Internal 15mm Screw-in Meter - first property connected (includes meter)	10	107	98	1,070	980
15.11 Infrastructure Charge	10	375	375	3,750	3,750
15.7 Deduct income offset	10		-436	-	-4,360
		Total (£) Excluding VAT		9,190	4,905 -46.63%

4. Example 3

(1) Small Housing Development_ 10 New connections – 50m of New mains required -

90mm PE – 10m road surface; 90mm PE – 20m unmade surface; 63mm PE – 20m unmade surface

Description	Qty	Charges 2019-20 (£)	Charges 2020-21 (£)	Total 2019-20 (£)	Total 2020-21 (£)
Table 6.2: Mains Application Fees					
6.2.2 Application Fee for Mains (no pre-development report)	1	786	786	786	786
Table 6.3: Mains Design Fees					
6.3.1 0-50 properties	1	787	944	787	944
Table 6.4: Mains Administration Fees					
6.4.1 Mains Administration Fee (fixed element)	1	577	577	577	577
6.4.2 Mains Administration Fee (variable element)	50	37	15	1,850	750
Table 6.5: Laying of Water Main					
6.5.1 Carriageway, Per linear metre, Lay Pipe (80-100mm)	10	279	292	2,790	2,920
6.5.1. Verge, Per linear metre, Lay Pipe (80-100mm)	40	91	95	3,640	3,800
Table 6.7: Connecting Water Main into Supply System (MDPE & Barrier Pipe)					
6.7.1 Verge, Per connection, Under Pressure Connection / Branch Connection (50-190mm diameter pipe)	1	1,344	1,411	1,344	1,411
Table 7.2: New Connections Application Fees					
7.2.1 Application Fee (first property connected), per application	1	157	157	157	157
7.2.2 Application Fee (each subsequent property connected), per application	9	31	31	279	279
Table 7.3: New Connections Administration Fees					
7.3.1 Administration Fee (first property connected), per application	1	126	110	126	110
7.3.2 Administration Fee (each subsequent property connected), per application	9	105	110	945	990
Table 7.4: Installation of Connections (MDPE)					
7.4.1 No Exc, 25-32mm, Per connection Single:	10	325	341	3,250	3,410
7.4.9 No Exc. Lay Pipe (25-32mm), Per linear metre	20	32	33	640	660
15.11 Infrastructure Charges, Per connection	10	375	375	3,750	3,750
15.7 Income offset, 2019-20 90% of Mains Construction Charges / 2020-21, Per connection	10	-90%	-436	-6,997	-4,360
Total (£) Excluding VAT				13,924	16,184 16.23%

5. Example 4

- (1) **Medium Housing Development- 50 new connections off new mains; Total length 300m, consisting of: 180mm PE – 10m road surface; 180mm PE – 90m unmade surface; 125mm PE – 100m unmade surface; 90mm PE – 100m unmade surface.**

Description	Qty	Charges 2019-20 (£)	Charges 2020 - 21 (£)	Total 2019-20 (£)	Total 2020-21 (£)
Table 6.2: Mains Application Fees					
6.2.2 Application Fee for Mains (no pre-development report)	1	786	786	786	786
Table 6.3: Mains Design Fees					
6.3.1 0-50 properties, per scheme / phase	1	787	944	787	944
Table 6.4: Mains Administration Fees					
6.4.1 Mains Administration Fee (fixed element), per application	1	577	577	577	577
6.4.2 Mains Administration Fee (variable element), per linear metre of main laid	300	37	15	11,100	4,500
Table 6.5: Laying of Water Main					
6.5.3 Carriageway, Lay Pipe (131-190mm), Per linear metre	10	357	374	3,570	3,740
6.5.3 Verge, Lay Pipe (131-190mm), Per linear metre	90	119	124	10,710	11,160
6.5.2 Verge, Lay Pipe (101-130mm), Per linear metre	100	100	104	10,000	10,400
6.5.1 Verge, Lay Pipe (80-100mm), Per linear metre	100	91	95	9,100	9,500
Table 6.7: Connecting Water Main into Supply System (MDPE & Barrier Pipe)					
6.7.1 Verge, Under Pressure Connection / Branch Connection (50-190mm diameter pipe), Per connection	1	1,344	1,411	1,344	1,411
Table 7.2: New Connections Application Fees					
7.2.1 Application Fee (first property connected), per application	1	157	157	157	157
7.2.2 Application Fee (each subsequent property connected), per application	49	31	31	1,519	1,519
Table 7.3: New Connections Administration Fees					
7.3.1 Administration Fee (first property connected), per application	1	126	110	126	110
7.3.2 Administration Fee (each subsequent property connected), per application	49	105	110	5,145	5,390
Table 7.4: Installation of Connections (MDPE)					
7.4.1 No Exc, 25-32mm, Per connection, Single:	50	325	341	16,250	17,050
7.4.9 No Exc, Lay Pipe (25-32mm), Per linear metre	100	32	33	3,200	3,300
15.11 Infrastructure Charges , Per connection	50	375	375	18,750	18,750
15.7 Income offset , 2019-20 90% of Mains Construction Charges / 2020-21, Per connection	50	-90%	-436	-31,252	-21,800
Total (£) Excluding VAT				61,869	67,494 9.09%

6. Example 5

Large Housing Development - 200 new connections off new mains; Total length 1000m, consisting of: 180mm PE – 10m road surface; 180mm PE – 290m unmade surface; 125mm PE – 300m unmade surface; 90mm PE – 400m unmade surface

Description	Qty	Charges 2019-20 (£)	Charges 2020 - 21 (£)	Total 2019-20 (£)	Total 2020-21 (£)
Table 6.2: Mains Application Fees					
6.2.2 Application Fee for Mains (no pre-development report), per application	1	786	786	786	786
Table 6.3: Mains Design Fees					
6.3.3 101-200 properties, per scheme / phase	1	1,102	1,320	1,102	1,320
Table 6.4: Mains Administration Fees					
6.4.1 Mains Administration Fee (fixed element), per application	1	577	577	577	577
6.4.2 Mains Administration Fee (variable element), per linear metre of main laid	1,000	37	15	37,000	15,000
Table 6.5: Laying of Water Mains					
6.5.3 Carriageway, Lay Pipe (131-190mm), Per linear metre	10	357	374	3,570	3,740
6.5.3 Verge, Lay Pipe (131-190mm), Per linear metre	290	119	124	34,510	35,960
6.5.2 Verge, Lay Pipe (101-130mm), Per linear metre	300	100	104	30,000	31,200
6.5.1 Verge, Lay Pipe (80-100mm), Per linear metre	400	91	95	36,400	38,000
Table 6.7: Connecting Water Mains into Supply System (MDPE & Barrier Pipe)					
6.7.1 Verge, Under Pressure Connection / Branch Connection (50-190mm diameter pipe), Per connection	1	1,344	1,411	1,344	1,411
Table 7.2: New Connections Application Fees					
7.2.1 Application Fee (first property connected), Per connection	1	157	157	157	157
7.2.2 Application Fee (each subsequent property connected), Per connection	199	31	31	6,169	6,169
Table 7.3: New Connections Administration Fees					
7.3.1 Administration Fee (first property connected), Per connection	1	126	110	126	110
7.3.2 Administration Fee (each subsequent property connected), Per connection	199	105	110	20,895	21,890
Table 7.4: Installation of Connections (MDPE)					
7.4.1 No Excavation, 25-32mm, Per connection Single:	200	325	341	65,000	68,200
7.4.20 No Excavation, Lay Pipe (25-32mm), Per linear metre	400	32	33	12,800	13,200
15.11 Infrastructure Charges , Per connection	200	375	375	75,000	75,000
15.7 Income offset , 2019-20 90% of Mains Construction Charges / 2020-21, Per connection	200	-90%	-436	-95,242	-87,200
Total (£) Excluding VAT				230,194	225,520 -2.03%

7. Example 6

Self-laid scenario

- Total admin fees and any other relevant fees charged to SLPs (application, inspection, etc).

Note: The quantities input below are assumed from example 5.

Self-Lay Fees							
Ref	Item	Unit	Qty	Charges 2019-20 (£)	Charges 2020-21 (£)	Total 2019-20 (£)	Total 2020-21 (£)
8.2: Self-lay water mains Application Fees							
8.2.2	Application Fee for self-lay mains (no pre-development report)	per application	1	786	786	786	786
8.3: Self-lay water mains Design Fees							
8.3.1	<i>Review design prepared by developer or self-lay provider</i>	<i>per scheme / phase</i>	1	262	-	262	-
8.4: Self-lay water mains Administration Fees							
8.4.1	Administration Fee	per application	1	577	577	577	577
8.4.2	Site Visit	per application	4	159	159	636	636
8.5b: Other Services provided under adoption agreement for water mains							
8.5.2	Take Water Sample	per sample	5	159	159	795	795
8.5.3	Review water sample analysis	per sample	5	16	16	80	80
9.2: Self-lay Service Connections Application Fees							
9.2.1	Application Fee Service Connections (first property connected)	per application	1	157	157	157	157
9.2.2	Application Fee Service Connections (each subsequent property connected)	per application	199	21	21	4,179	4,179
9.2: Self-lay communication pipes Administration Fees							
9.3.1	Administration Fee	per connection	200	52	52	10,400	10,400
15: Infrastructure charges							
15.7	Infrastructure Charge	per application	200	375	375	75,000	75,000
					Total (£) Excluding VAT	92,872	92,610 -0.28%

As defined in our Charging Arrangements (Section 15.7) 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.