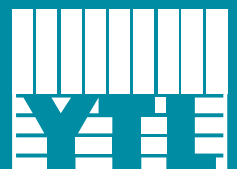


# Your views on our new connection charges 2023-24

[wessexwater.co.uk](https://www.wessexwater.co.uk)

**Wessex Water**  
YTL GROUP



# Your views on our new connections charging in 2023-24: a consultation

## Why your views on our charging arrangements are important.

Your views on our charging arrangements are important because it is the primary way we find out what changes you would like us to make to improve our service to you.

This consultation is your chance to influence the changes we make to the latest edition of our new connection charging arrangements.

In reviewing our charges for next year, you will find that we propose retaining fundamentally the same approach as previous years:

- offering you cost reflective, fixed upfront charges wherever possible through a customer focused tool that is published on our website,
- ensuring the balance of charges you pay is broadly maintained under these new arrangements, and
- that the charges we set aid and facilitate greater choice for you by ensuring a clear and level playing field for new entrants to offer you competing services.

In particular, we are keen to hear your views on the following:

- Do you find that the 'shopping list' of charges we provide in our charging arrangements provide you with the information you need for planning and forecasting the costs of your development?
- How have you found the new routes for S98 sewer requisitions (stage gate process or developer led requisition), are there any other areas that you think the added flexibility from a stage gate process may add value to you (i.e. large diversions)?
- Do you find that the provision of more granular traffic management charges will offer a clearer view of the expected costs for your development?
- What is your experience of working with us? And,
- What can we do to be of better assistance to you?

## Timetable for influencing our 2023-24 charging arrangements

This consultation is your first and best opportunity to share your views, the deadline for sending in your comments is Friday 30<sup>th</sup> September 2022.

You are also able to participate in one-to-one drop-in sessions and stakeholder meetings throughout September if you would like to do so. Please contact us to request an invitation.

Your final chance to comment on our proposed charges for next year will be when we publish on our website our proposed indicative charges for next year in late November 2022.

This timetable ensures we have time to respond to any issues you raise and implement any changes required before publishing our final charges by 1 February 2023.

Please contact us if you would like to discuss our finalised charges or other topics.

To comment on this consultation or request an invitation to one of our stakeholder meetings please contact email our Head of Developer Services at [nigel.martin@wessexwater.co.uk](mailto:nigel.martin@wessexwater.co.uk)

## **Changes to Ofwat's charging rules and regulatory developments**

Over the last year, Ofwat has continued its focus on how new connection charging should evolve.

It has:

- provided its conclusions on the consultation regarding the [Scope and balance of developer charges and incentives](#),
- requested [additional 2021-22 data from incumbent companies](#) to support any future changes, and
- consulted on its draft methodology for PR24 which can be found [here](#). We will publish our responses after the consultation deadline.

We welcome any thoughts on the draft methodology, although would also encourage stakeholders to respond directly to Ofwat. We will be discussing this in more detail in subsequent years.

We do not expect any material changes to Ofwat's charging rules for 2023-24.

### **The impact of inflation**

To ensure a level playing field, we have a duty to set cost reflective charges.

This means, that in the current high inflation climate, we expect our charges will be increasing significantly this year. Currently we expect to see inflationary pressures in excess of 10%.

This will mean we have to prepare a statement of significant changes. This will be published later in the financial year and will cover the impact of inflation, alongside how we are managing price increases in greater detail.

## **Section 1 – Do you find the ‘shopping list’ of charges we provide in our charging arrangements provide you with the information you need for planning and forecasting the costs of your development?**

To date, we have set our developer charges on a simple ‘shopping list’ of activities. We publish this annually in an online calculator [here](#). The price for each item is based on the average actual cost to deliver that activity over the last few years. This sets a fixed, upfront charge for services unless there are exceptional circumstances.

### **Traffic management**

As traffic management requirements have evolved, we have observed an increasing range of traffic management costs when compared to our simple “averaged” charge. This means that although at an overall level our costs remain reflective, on a scheme-by-scheme level we are seeing reduced cost reflectivity.

To this end we are proposing to add more granularity to our traffic management charges to ensure that they are better reflective of the work required on each project.

We are proposing:

- local road closure permit fees, to reflect the differing levels charged by local authorities,
- fees for signage, 2- & multi-way lights and restrictions to existing lights, pedestrian crossings and parking bays.

We will then use these constituent activities consistently across all areas that require traffic management.

This strikes a good balance between ease of use of our calculator and cost reflectivity. Our teams will be available to assist when preparing your quotes given the greater levels of detail required.

*Q1.1 Do you find that the provision of more granular traffic management charges will offer greater cost reflectivity and provide more certainty of costs for your developments*

*Q1.2 Do you think the proposed list of charges is sufficient, are there additional items that you think should be charged for separately?*

### **General**

Our aim is that using our charges calculator is customer focused, easy to understand and provides appropriate indicative charges. To this end:

*Q1.3 Are there any other omissions from our ‘shopping list’ that you would like to see included?*

*Q1.4 Is there scope to simplify and combine any items in our ‘shopping list’?*

*Q1.5 Is our charges calculator easy to understand and use? Are there any improvements that we could make to it?*

## **Section 2 – What has been your experience of the alternative delivery routes for S98s?**

In 2021-22 we introduced new avenues of delivery for S98 sewer requisitions. We kept a fixed upfront fee calculator for simple jobs but added a new, more flexible, stage gate process for complex jobs as well as launching developer led requisitions to empower developers to deliver more themselves or through other means.

We think this has been a positive adaptation, increasing flexibility for our customers and cost reflectivity.

*Q2.1 What has your experience of these new delivery routes been, are there further adaptations that would improve this?*

In light of this are considering if there are other areas that would benefit from this added flexibility. We think that areas where there is a range in the complexity of solution are prime candidates, such as introducing a stage gate process for complex diversions.

*Q2.2 Are there any other areas that you think the flexibility of a stage gate process would be beneficial?*

*Q2.3 Do you support the introduction of a stage gate process for complex diversions (simple diversions would still be calculated on a fixed upfront basis)?*

### **Section 3 - What is your experience of working with us? What can we do to be of better assistance to you?**

We strive to provide industry leading service for all our customers, alongside supporting the development of efficient and effective markets in this area. We are always trying to improve and, to this end, we have some general questions about our engagement with you and how easy it is to work with us:

*Q3.1 Do you find these consultations useful, could they be done in alternative ways that offer more value?*

*Q3.2 Are 1:1 sessions to discuss our charges useful, or would you rather a larger event (as per the developers' day held earlier this year)?*

*Q3.3 Was our publication of indicative charges last year of use to you, or are you just interested in the final charges, published in February?*

*Q3.4 Do you have any comments and feedback on our processes and your experience of working with us?*

## Next steps

Thank you for taking the time to read and respond to this consultation. We welcome your responses including any other comments by Friday 30<sup>th</sup> September and, if you are interested in a 1:1 session to discuss anything included here or otherwise, please email our Head of Developer Services at [nigel.martin@wessexwater.co.uk](mailto:nigel.martin@wessexwater.co.uk).

*Q1.1 Do you find that the provision of more granular traffic management charges will offer greater cost reflectivity and provide more certainty of costs for your developments*

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*Q3.4 Do you have any comments and feedback on our processes and your experience of working with us*

We will publish indicative charges on our website at the end of November 2022 before publishing final charges by the 1 February 2023.