

New Connections and Developer Services Charging Arrangements

Statement of Significant Changes and Handling Strategies 2022/23



South West
Water



Bournemouth
Water

STATEMENT OF SIGNIFICANT CHANGES

As required under Ofwat Information Notice IN 20/07 – Expectations, assurance and information requirements for water company charges, South West Water must publish any significant changes to bills for typical developments when publishing its charging arrangements for 2022-23.

In particular, where bill increases are expected to be greater than 10% from the previous year companies must set out the handling strategies that have been developed to manage the impact such price increases would have on customers.

South West Water has analysed the effect of the 2022-23 Charging Arrangements on a range of typical developments, and considered bill impacts for developer customers that engage directly with the company or use a Self-Lay Provider.

South West Water's Board has reviewed the effects of 2022-23 charges on developer customers and confirms there will be increases greater than 10% to some typical developments which are highlighted within the scenarios to be published with our charges. These changes can be explained by some changes that South West Water has made to the way that our charges are structured and increases in material and resource costs.

Where the impact upon these typical developments is greater than 10% we have developed handling strategies intended to lessen the immediate impact of these increases.

Following customer engagement, we have been requested to change the structure of some charges from the 2021/22 arrangements which we have considered. This has resulted in the following changes being made:

We have reduced the connection length to 2m for our standard offsite connection fixed charge. Previously we had fixed charges based on the average cost of an up to 5m connections and >5m up to 10m. Additional lengths greater than 2m will be charged at a per meterage rate based on the relevant surface type.

Whilst we have seen increases in the barrier pipe charges for offsite new connections, we have undertaken further analysis and believe that less than ten customers will be impacted by this increase.

We believe that this change increases granularity to customers whilst maintaining the simplicity and transparency of our charges.

Customers also requested that we split our main laying charges into small diameter bandings which we have done within our 2022/23 charges by creating two new size bands.

In our 2021/22 charging arrangements we previously provided a charge for mains diameter up to, and including 200mm. Within our 2022/23 charges we now have two new size bands for 0 -100mm diameter and 101-200mm diameter which provides increased granularity to our charges.

Directors Statement

South West Water Board can confirm that it has carefully considered the effects of the new charges on customers' bills for a range of typical developments, and, where these increases are greater than 10%, have approved the handling strategies contained within our charging documents.

The summary of this analysis can be found in our [Charging Arrangement](#)

HANDLING STRATEGY

Within section 13 we show Ofwat's scenarios for typical developments where we have two where the overall impact to customers will be greater than 10% when compared to our 2021/22 charges.

We have two others where the typical charges for barrier pipe exceeds 10% but we do not believe that a handling strategy is required as explained below.

Site costs for offsite new connections to both a house and a block of flats

In part some of these changes can be explained by changes that we have made within these year's charges following consultation with customers to provide greater granularity within our charges.

Specifically, we have reduced the connection length to 2 metres for our standard offsite connection fixed charge. Previously we had fixed charges based on the average cost of an up to 5 metre connections and >5 metre up to 10m metres. Additional lengths greater than 2m will be charged at a per meterage rate based on the relevant surface type.

We have also made some changes to our reinstatement categories to provide greater granularity for different surface types when compared to our 2021/22 charges. Consequently, the impact upon scenarios 1 and 2 have seen increases to customers which South West Water will introduce handling strategies to lessen the immediate impact to our customers and allow them to budget effectively without immediate cost increases.

Generally, the customers who require offsite new connections are small developers or builders and therefore cost increases are likely to impact the budgeting of these projects.

Consequently, South West Water will honour new connection quotations until the end of September 2022 which provides at our customers at least six months beyond the start of the new financial year. We have chosen six months because our assessments have shown that typical developments of this type will be completed within a six month period and therefore the time extension will ensure that customers do not receive cost increase surprises mid project.

We will continue to work closely with this customer segment to help to lessen the impact of these changes and will commit to considering any customer requests where exceptional circumstances may impact customers beyond the agreed extension date.

This will include reminding customers of the supplier choices that they have to deliver these construction services.

Site costs where the customer requests South West Water to undertake onsite excavation and reinstatement

These scenarios show increases greater than 10%, for sites requiring barrier pipe, and therefore the company has considered whether a handling strategy is required. We analysed this scenario further to understand the impact upon our customers by assessing the frequency that developers request South West Water to undertake onsite excavation and reinstatement.

We have, for many years, offered developers the option of undertaking all excavation and reinstatement on land which they own as we believe that this provides our customers with greater choice, promotes competition beyond the self-lay market and also provides the developer with direct control of costs and programme by using a contractor of their choice for the works.

In the past ten years we have not had any requests from developers for South West Water to provide onsite excavation and reinstatement and therefore we do not believe that there is any material impact upon our customers from the increase in these charges so do not propose a handling strategy as these scenarios are not reflective of the activity within our region.