

ACTION PLAN TO ADDRESS RECOMMENDATIONS MADE BY SIA PARTNERS JULY 2022

Key

Action complete
Underway
To be covered in tariffs engagement
Slippage against action timescale

Ref	Recommendation	Action timescale	Comments	Status
1.1	Ensure that AMR shared procurement rates are well-understood and promoted across existing SLPs with existing/historic sites in South West Water's network. South West Water could also promote this new arrangement to any SLP registered as operating in the Southwest.	ASAP	<p>Emails sent on 6 July 2022 to SLPs advising that the arrangement now in place.</p> <p>Further engagement undertaken during September 2022 seeking SLP views on amendments to the framework to further support SLPs.</p>	Complete
1.2	Processes are already in place for scrutiny of contractor rates but there are areas of charges, chiefly connections charges, where a systematic review would be useful. This is particularly pertinent for less prevalent charges (e.g. barrier pipe).	2023/24 charges process	<p>All rates reviewed as part of the 2023/24 tariff-setting process. This included an independent third party review.</p> <p>We have refined our mainlaying methodology from a per-property to per-metre approach. This has addressed the potential for volatility of charges, particularly those that relate to less prevalent charges.</p>	Complete

2.1	Consider adoption of a per-metre on-site mainlaying charge to provide greater cost-reflectivity. To incorporate developers' views, South West Water should undertake engagement to understand if customers in the Southwest have different wants compared to other parts of England.	2023/24 charges process	In line with Sia's recommendation and following careful consideration of incidence impacts and consultation with customers for 2023/24 we have introduced a per-metre mainlaying charge to replace the previous per property charge.	Complete
2.2	Undertake detailed engagement as part of the formation of 23/24 charges that looks at utilising a broader set of pipe diameters, which more closely reflects the costs to deliver them.	Reviewed as part of the development of the 2023/24 Charges scheme	A more granular breakdown of charges is now included in section 3c of the 2023/24 Charging Arrangements.	Complete
3.1	Provide better communication on how mainlaying charges are apportioned for mains of different diameter. Moreover, where there is more context that could be provided, we recommend that this is included in South West Water's worked examples for clarity.	ASAP	Action brought forward: 2022/23 Charging Arrangements republished in October 2022 with additional information.	Complete
3.2	Further clarify any confusion between Scenarios 3 and 5 versus Scenarios 4 and 6, regarding South West Water's requirement that all customers carry out excavation and reinstatement on land they own and occupy. This could be achieved by clearly stating South West Water's approach on the relevant worked examples or by working with its incumbent contractor to provide a rate for on-site excavation that would more accurately represent the costs of delivery.	Reviewed as part of the development of the 2023/24 Charges scheme	Action brought forward: 2022/23 Charging Arrangements republished in October 2022 with notes added to the scenario examples to clarify SWW's position regarding onsite excavation were added (ie. that our charges assume that developers will undertake all onsite excavation).	Complete
4.1	Commence consultations on the design of future charges, e.g., 23/24, much earlier in the process.	Reviewed as part of the development of the 2023/24 Charges scheme	Our engagement programme commenced earlier than previous years, enabling us to introduce a further stage. In addition to recognising the feedback received via Sia following	Complete for 2023/24 charges, and will continue in future years

			<p>its engagement with SLPs in May/June 2022, our first-stage engagement commenced in October 2022. This involved the widest survey conducted, with the greatest number of participants invited to participate. The initial survey was issued to over 600 stakeholders and published on South West Water and Bournemouth Water websites.</p> <p>In December 2022 and early January 2023, we held one-to-one sessions with customers, followed by a virtual 'Customer Forum' for all customers held in January 2023.</p> <p>The benefit of the revised approach has been the highest survey feedback rate we have achieved to date; greater and more in-depth engagement with customers and stakeholders.</p>	
4.2	Increase the quality and frequency of engagement mechanisms such as Developer Days and find greater pathways for direct engagement between SLPs and South West Water.	Incorporate in planning of Charges engagement	<p>Our engagement programme already includes 'key account meeting' with SLPs, developers and NAVs operating in our region. Frequencies are dictated by the customer's requirements.</p> <p>Through the early charges engagement developers and stakeholders expressed a want for virtual engagement which we are happy to offer. As a result we expect Developer / Market Days to be held this way, and following feedback we also expect them to be focussed on</p>	<p>Complete</p> <p>Ongoing work on this area to continue</p>

			fewer charges-related matters and more policy and customer-related topics. We are actively working with customers and stakeholders to understand what will work best for them.	
5.1	Consider including greater articulation of the comparative advantages of a developer using an SLP rather than an incumbent. Best practice on website communication includes not only making the SLP option clear and accessible to developers but also articulating the potential benefits of using an SLP	ASAP	Further information was published on South West Water and Bournemouth Water websites August 2022 following consultation with SLPs on the wording to be used.	Complete
6.1	Undertake engagement with developers across their two supply areas and assess if there is a variance in the views that developers have towards South West Water or SLPs. The survey should include a mixture of developers e.g., those operating across Devon/Cornwall compared against those in Bournemouth and similarly, those who have predominantly used South West Water over the last three years vs those who are increasingly using SLPs.	Being reviewed as part of the development of the 2023/24 Charges scheme	<p>Sia Partners examined potential exogenous drivers that could influence the level of SLP activity in Devon and Cornwall. As shown in the Executive Summary published with this document, these were:</p> <ol style="list-style-type: none"> 1) The relative remoteness of Devon and particularly Cornwall may result in fewer sites being attractive for SLPs travelling into the region from elsewhere. 2) The increased availability of flats and apartments in Bournemouth may be contributing to the higher SLP activity in the area since South West Water's per-property charge makes these sites more desirable for SLPs to compete on. 3) South West Water is distant from the concentration of SLPs in central England and distant from London which may be a factor 	<p>Exercise complete for 2023/24 charges, but work will continue to increase our understanding of the SLP market in Devon and Cornwall.</p> <p>In addition to the regular key account meetings we hold with SLPs, we will continue to include wider stakeholder engagement alongside use of market information and liaison with colleagues in the Bristol Water area of operations.</p>

			<p>contributing to the higher uptake in Bournemouth when compared to Devon and Cornwall.</p> <p>As part of the 2023/24 charges engagement, we reached out to all SLPs on the Lloyds Register.</p> <p>The engagement contained a specific question asking which area the respondent operates within, the intention behind it being to assess any material pattern or variance by area. However, to date no meaningful information to further explain the variance within the operating areas has been received, therefore more work is needed.</p> <p>Part of this further work will be to seek to understand the various dynamics associated with differing company supply areas using experiences of colleagues in the Bristol Water area of operations.</p>	
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