
Charging Reform: Summary of the Developer Forum (South Staffs event)

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South Staffs Water

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Summary of findings



The following summary follows the structure of the workshop which was held on November 2nd at South Staffs Walsall offices. It outlines the main themes which stemmed from each breakout session we had with developers, Self-Lay Organisations (SLO), consultants and a NAV.

Breakout Session 1: Concerns around current charges

Do you have any concerns about the current charges for new developments?

- Key concerns revolved around the lack of transparency around current charges.
- Developers and SLOs mentioned water companies in general were reluctant to give prices pre-development and establish costs. Many were uncertain how South Staffs Water (SSW) come to their final infrastructure charges.

'It's not hidden figures but the less transparent figures'

- Developers and SLO's felt infrastructure charges were currently not very cost reflective and customers were left wondering how SSW had come to the figure they had arrived at.
- Developers tended to prefer using SLOs as they felt they had more control than when they work with a water company; the cost given to them is often more attractive and they are more transparent with their costs.
- On the whole customers feel that communication is very important (this related to general communication around the proposed changes and obtaining cost in the first instance and what the implications are if the costs do change in the future).

'But the issues you have is communication, it's not so much charges per se. It's getting things. Communication between companies is always the issue more than the charges.'

- Customers also want the South Staffs website to be user friendly: ie provide all the charges online in easy to access format to help them work out costs for schemes. Invoicing should allow for 'plot call offs' to be in batches.

Breakout Session 2: Understanding perceptions of the 'rules' around charging and definitions of site specific and non-site specific

Do you have any thoughts on the charging rules laid out?

- Some customers felt SSW's interpretation of income offset was not clear.

- It should be noted only one NAV was present in the room, who felt the rules and diagrams were more tailored towards SLO's and developers as NAVs do not have an offsite remit.
- They felt the rules generally focussed on requisition charges but were also concerned about charges that fall outside of this cost (particularly infrastructure charges).

Are the diagrams outlining site specific and non-site specific clear? Do you agree with the definitions of site specific and non-site specific?

- The customers felt the definitions of site specific and non-site specific could be made clearer in terms of the point of connection.

Breakout Session 3: SSW's Approach and Options Considered

Broadly, what do you think of SSW's preferred approach to charging?

- Customers were happy for infrastructure charges to be standardised, although some felt clarification was needed around these. Customers generally understood that some of the charge will be for network reinforcement offsite however despite the changes many felt that it would be unclear as to how SSW would arrive at these charges.
- There was concern amongst a number of customers that fixed standard infrastructure could be unfair for the small developer.

'It penalises small developer out in the sticks compared to a big developer in the city.'

- Customers asked if infrastructure charges would be flat across the region as this would make things fair and easier for everyone.
- Customers, particularly SLOs felt SSW and other companies should be looking at standardising connections charges as it can be very different depending on which water company you're dealing with.

'Its things like that, that I think need standardisation. If it's going to be this new transparent world then I think those type of things need sorting out for me.'

- Customers would also like clarity on any off-site work as well because they need to know if the work is contestable or not.
- On the whole, customers understood the diagram although both groups felt that knowing the point of connection as early as possible would be very useful when planning and designing developments because it provides a certainty around costs.
- There was mention of there currently being no incentive for building developments which were more efficient and water saving. Developers felt is

there was an incentive for instance, a volume related rebate they would be more likely to build water saving developments.

On the income offset/asset payment do you prefer?

- A) A fixed % income offset
- B) A simplified DADs model type calculation
- C) A fixed amount income offset, applied on a per plot basis

Alternative options include:

- D) Cost per plot
- E) Cost per metre

- A fixed amount income offset, applied on a per plot basis was the most preferred option by the majority of customers. This was due to the cost certainty it brings when budgeting. It was also remarked as easier and fairer.

'It's simpler to understand and in the interest of transparency...'

Breakout Session 4: Considering variations in cost and managing risk

Do you have any views on how potential cost variations should be treated in quotations where exceptional costs materialise?

- Customers did not mind if exceptional costs were to materialise but they feel SSW should communicate this to them as earlier as they can to provide them with reassurance.

'Just let us know we don't want any costs to be hidden'

- They understood that as developers they should also provide SSW with the right information for them to give a price and accept that communication should work as a 2 way process.

Breakout Session 5: Transition arrangements

Is there anything you think SSW should consider when transitioning to the new charging?

- All customers would like a grace period although there was a difference of opinion with some customers suggesting a grace period of up to 6 weeks while others felt that up to year would be better.
- Some raised the question of how will SSW cope if there is an influx of work applied after 1st April? They felt that SSW should prepare for this.
- They felt strongly that SSW need to be telling developers, SLO's, consultants and NAVs about the changes and what this specifically means for them as soon as possible.

- On the whole they were in favour of a common approach across England although there was some scepticism as to whether this would ever happen.

'They should be applied countrywide as they are easier to understand and you could make connections anywhere and it would be the same process'

Breakout Session 6: Competition

Do you think the charges we have proposed will promote effective competition, and if not why not and how can they be improved in this area?

- Views were mixed as to whether competition would be affected.
- The NAV felt disadvantaged as he felt there was a lack of separation between the onsite and offsite works.
- SLO's would like to know what the non-contestable charges are and worked examples would help them to understand this.

Future events

- All customers suggested SSW could hold these events every 6 months.
- Customers would like communication when there are any pricing changes, changes in timescales and when any new processes arise.

Additional observations

Some customers were concerned that SSW is coming late to the table on the consultation, particularly given that a decision has to be taken on preferred approach to charging (i.e. the consultation document doesn't clearly identify SSW's preferred approach). Customers did comment that given the timeframe and the need to have everything up and running in time for April, this does make the timeframe challenging. One SLO commented that another water company had been clearer for example in their preferred approach during the consultation, and while the preferred approach may not be liked by him, he felt that this at least gave him more certainty around what will happen come April.

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