
Charging Reform: Summary of the Developer Forum (Cambridge Water event)

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Summary of findings



The following summary follows the structure of the workshop which was held on November 23th. We will outline 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 in particular infrastructure and requisition charges were the least clear.
- Many were uncertain how Cambridge Water (CW) come to their final requisition charges. They feel the calculations that CW arrive at need to be made more transparent.

'At the moment there is little visibility for us at the point in which we go to our customers'

- Developers would like the cost information to be available once they have acquired the land. They agreed that the timing they receive costs is important and could be improved.

'And when we do get a cost that is wildly caveated'

- Developers and SLOs felt there was often differences and disparities between figures. They would like further detail around what's included and what's not included in the cost.
- Developers and SLO's were happy with the current approach for connections charges.
- Ideally developers would like to pay upfront for charges but they can't if it is a staged development and there is a time lag.
- Customers also felt there was an inconsistent approach to infrastructure charges not only from water company to water company but also within the water company itself.

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 queried whether the new charging rules would cost them more money while others wondered what would happen with the infrastructure charges in the 5 year rolling plan if changes were to occur in the development stage.

- Some customers, particularly the NAV, felt it would be helpful to see worked examples for different scenarios specific to each of the 3 parties – SLOs, NAVs and developers.
- There was some confusion over splitting offsite works into infrastructure charges. Developers in particular were unsure this new approach would be of more benefit to them.

'What are the changes in cost going to be though? Now you've split that up it's not necessarily better to have that split I don't think.'

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 particular when considering network reinforcement.
- They feared they might be paying higher infrastructure costs now network reinforcement was included in that.
- They felt these terms (site specific and non-site specific) would be better than onsite and offsite.
- Customers felt having the diagram alongside the definitions was helpful but they also needed CW to clearly demonstrate and clarify what they needed to be paying for.

Breakout Session 3: CW's Approach and Options Considered

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

- Customers were happy for infrastructure charges to be standardised.
- It was acknowledged amongst a number of customers that a fixed standard infrastructure charge could be unfair for the small developer.

'Yeah a smaller developer would notice the difference whereas us being a bigger developer it doesn't matter so much but saying that a smaller developer building a 7 bed house probably has less people in it using less water than a 3 bed house!'

- In an ideal world customers would like infrastructure charges to be flat across the region as this would make things fair and easier for everyone.
- Customers, referenced the gas and electricity industry in having a good, simple charging system and asked why the water industry couldn't apply a similar approach.
- All customers felt that providing cost certainty was key for all parties present.

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.

'Well, you're given a figure from the beginning and you can work it out for yourself.'

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?

- Initially, there was some confusion over what exceptional costs were exactly - unforeseen costs may be a better way of describing this.
- Developers accepted there will always be unforeseen costs.

'You just need to be clear about what the issue is and the costs.'

- They felt that where exceptional costs may materialise then CW should have a conversation with them in the interest of transparency so all parties involved could come to an agreement. They also wanted it listed separately in quotes so they understood what exactly the exceptional costs were.

Breakout Session 5: Transition arrangements

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

- Customers were unsure when the charging system would come into play and if that would apply to quotation which had already been applied for.

'Will my existing quote be null and void now?'

- Some customers felt the change in charging wouldn't have much impact although they did say if they had a development with large reinforcement charges they would wait until after April so they could benefit from the new charging approach.
- It was also at this point that they mentioned wanting to know the exact approach CW were thinking of taking.

- It was suggested that where a project was yet to get started CW could give the developer a revised quote based on the new charges so developers then had the choice of both methods, but that there needs to be a cut off for new quotes.
- On the whole they were in favour of a common approach across England.

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.
- SLOs would like the ability to estimate contestable works.
- Developers like to use SLOs and rely on them to give them as much as detail as possible.

'I am a big fan of an SLO because I feel like I've got more control over them than CW.'

Future events

- All customers suggested CW could hold these events at least once a year, with 4 saying 6 monthly.
- Customers would like to be told of any changes via email.
- Customers would also like separate events based on the following topics:
 - SLO only events
 - Metering and Smart Metering
 - Water efficiency and incentives for developers around this
 - Documentation – separate applications tailored for NAVs, SLOs and developers.

Additional observations

There was mention of there currently being no incentive for building developments which were more efficient and water saving. Developers felt if there was an incentive they would be more likely to build water saving developments. They were keen to be part of a trial for greywater efficiency and smart metering and recognised that the sector is looking into water saving in relation to developments much more now.

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