



SSC04f – PR24 Data tables commentary – Developer services

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DS1e - Developer services revenue (English companies)

Line Reference	Commentary												
DS1e.1	<ul style="list-style-type: none"> This line reflects developer-driven diversions We have used average historic run rates as this activity is customer-driven and very few are known about many years in advance (they are typically requested and delivered in-year). The forecast is flat as the number and scale of diversions has no correlation to the number of connections. Diversions are excluded from the requirement of having fixed and published annual charges however we have populated this line on the basis that we will fully recover our expected costs where applicable (we have one scheme in AMP7 where this is not applicable due to the easement arrangements) and this aligns to the charging rules 												
DS1e.2	<ul style="list-style-type: none"> This line reflects NRSWA-driven diversions We have used average historic run rates as this activity is customer-driven and very few are known about many years in advance (they are typically requested and delivered in-year). We have populated this line on the basis that NRSWA diversions are 82% cost recovered. We use the same approach when charging for NRSWA diversions as we do for S185 diversions (aside from applying 82% once the quoting is complete) however NRSWA diversions are not covered by the developer services charging rules. 												
DS1e.3	<ul style="list-style-type: none"> This reflects expected HS2 revenue. We have had to base this upon the work packages that could be required in the coming years. We are totally dependent on the progress, guidance and instruction of the HS2 project (external not internal factors). The spend figures are based on tendered values for these work packages however these work packages are not all instructed at this stage. There is a mixture of contribution percentages across the work packages which are each based on the Bacon and Woodrow formula 												
DS1e.4	<ul style="list-style-type: none"> We have baselined our AMP8 forecast on £4m annual spend which we believe is a representative and typical total. We have then forecast the AMP8 revenue figures for each year by multiplying £4m by the ratio of forecast connections in each year. This aligns to developer charges as it considers the per plot structure of our infrastructure charges (in using connections as a variable) but in any given year we will have legacy infrastructure charges alongside the current infrastructure charge which apply to our connections (depending on when the respective agreements were entered into). The revenue forecast will not align to the spend profile year-on-year as the spend forecast is based on the delivery of specific schemes which is 'lumpy' whereas the revenue profile will be smooth as the infrastructure charge is based on an average five-year forecast calculation in line with the new connection charging rules 												
DS1e.5	<ul style="list-style-type: none"> This line includes our forecast of revenue from Severn Trent for their share of the Hampton Loade long-term plan during AMP7. 												
DS1e.7	<ul style="list-style-type: none"> Income offset will no longer be included within schemes entered into after March 2025. This forecast assumes that as legacy schemes from AMP7 are concluded throughout AMP8 the income offset being paid out from these schemes will tail off. Again we have used the 2024/25 total and applied the profile below which reflects how we would expect connections from legacy schemes to be delivered up to a five-year period. <table border="1" data-bbox="438 1787 1294 1865"> <thead> <tr> <th></th> <th>2025/26</th> <th>2026/27</th> <th>2027/28</th> <th>2028/29</th> <th>2029/30</th> </tr> </thead> <tbody> <tr> <td>Profile</td> <td>100%</td> <td>44%</td> <td>23%</td> <td>8%</td> <td>3%</td> </tr> </tbody> </table>		2025/26	2026/27	2027/28	2028/29	2029/30	Profile	100%	44%	23%	8%	3%
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Profile	100%	44%	23%	8%	3%								
DS1e.8	<ul style="list-style-type: none"> There is no definition for what are 'more water efficient developments' and what is 'less water efficient developments'. As we expect that those developers who do take up our discount scheme will likely take up the less onerous options (e.g. fittings) we have populated the discounts (against the infrastructure charge) that we will apply for our water efficiency schemes against DS1e.9. We have not yet set out the options which will apply for AMP8 or the levels of discount or rebate for each and therefore we have used a flat rate for AMP8 which is a notable increase from the average discount totals applied in AMP7 to reflect 												

	the ongoing increased focus on water efficiency however it also reflects the findings of the case studies recently outlined by Ofwat in the environmental incentives consultation which noted low uptake from developers.
DS1e.9	<ul style="list-style-type: none"> As above.
DS1e.11	<ul style="list-style-type: none"> We have baselined our AMP8 forecast on a total annual spend of £3.5m for 6,000 connections reflecting that we expect to spend £3.240m in 2024/25 when delivering 5,364 connections. Our AMP8 connections spend will be subject to inflationary effects alongside efficiencies from delivering greater volumes of connections. Each year of our AMP8 forecast is calculated by multiplying £3.5m by the ratio of forecast connections in each year compared to 5,364. This aligns to developer charges as it is baselined from historic run rates of revenue which use our charges and we expect to be 100% cost recovered in line with the new connections charges principles.
DS1e.12	<ul style="list-style-type: none"> We have baselined our AMP8 forecast on a total annual spend of £3.5m. The profile is flat as mains activity is only partly correlated to the profile of new connections. Our AMP8 connections spend will be subject to inflationary effects, equally in AMP8 we should be fully cost recovered as we should no longer be delivering legacy schemes where income offset was applied against the mains charges (and we only recovered a contribution) which aligns to the new connections charging rules. We are aligned with developer charges – see DS2e.6 commentary below.
DS1e.13	<ul style="list-style-type: none"> In AMP8 the forecast is zero as HS2 revenue will be in the price control and therefore this has been moved to DS1e.3 rather than DS1e.13.

DS2e - Developer services expenditure (excluding diversions) - water (English companies)

Line Reference	Commentary												
DS2e.1	<ul style="list-style-type: none"> We have used known schemes, expected timings and expected scheme costs plus knowledge of historic delays in developments to forecast this spend. The delivery of many network reinforcement schemes is dependent on the commencement or progress of specific developments and we have to use an assumption of delays based on historic experience to ensure our forecast is as accurate as possible. We would typically assume that 46% of our scheme spend materialises when we compare historic forecasts and actual delivery. Here we have used 40% as the forecast period is over seven years instead of the usual five-year forecasts that we use when setting infrastructure charges. The only exception is a scheme which is required to be delivered in 2025/26 at an expected cost of £3.44m, this scheme has been included in full in addition to the remainder of the forecast which has been multiplied by 40%. 												
DS2e.2	<ul style="list-style-type: none"> Asset value payments have not been applied to new schemes since the start of AMP7 however we have a large quantity of unclaimed asset payments on legacy schemes (or legacy schemes still under development). This forecast assumes that as legacy schemes from AMP6 are concluded asset payments tail off throughout AMP8. Again we have used the 2024/25 total and applied the profile below which reflects how we would expect payments from legacy schemes to be delivered up to a five-year period. <table border="1" data-bbox="438 1108 1292 1187"> <thead> <tr> <th></th> <th>2025/26</th> <th>2026/27</th> <th>2027/28</th> <th>2028/29</th> <th>2029/30</th> </tr> </thead> <tbody> <tr> <td>Profile</td> <td>100%</td> <td>44%</td> <td>23%</td> <td>8%</td> <td>3%</td> </tr> </tbody> </table>		2025/26	2026/27	2027/28	2028/29	2029/30	Profile	100%	44%	23%	8%	3%
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DS2e.3	<ul style="list-style-type: none"> The total expected connections spend across DS2e.3 and DS2e.5 aligns to DS1e.11 as connections work should be fully cost recovered. The annual connections spend is split between DS2e.3 and DS2e.5 using historic splits of highway work (where typically no main is required) and site based work (where mains are typically required). <table border="1" data-bbox="630 1366 1109 1489"> <thead> <tr> <th></th> <th>£ split</th> </tr> </thead> <tbody> <tr> <td>highway</td> <td>73%</td> </tr> <tr> <td>site</td> <td>27%</td> </tr> </tbody> </table>		£ split	highway	73%	site	27%						
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DS2e.4	<ul style="list-style-type: none"> We have no further costs to reflect in this line. 												
DS2e.5	<ul style="list-style-type: none"> As above. 												
DS2e.6	<ul style="list-style-type: none"> The total expected mains spend across DS2e.6 aligns to DS1e.12 as mains work should be fully cost recovered by AMP8 												
DS2e.7	<ul style="list-style-type: none"> We have no further costs to reflect in this line. 												

DS4 - Developer services - New connections, properties and mains

Line Reference	Commentary																																																				
DS4.1	<ul style="list-style-type: none"> Historically, we have delivered 65-69% of local plans excluding covid year. This is around 5,700 connections. We are forecasting to deliver 70% of local plans to the end of the period, and 75% in AMP8. This ensured phasing is consistent with WRMP plans but with realistic delivery expectations applied; profile below. Therefore, we are forecasting a small increase in average connections for future forecasts vs historically We have applied 97% to the total connections forecast to reflect residential connections based on average splits in actual figures within recent years <div data-bbox="215 862 1516 1332" style="text-align: center;"> <p>Connections compared to local plans</p> <table border="1" style="display: none;"> <caption>Connections compared to local plans (000)</caption> <thead> <tr> <th>Year</th> <th>HH and NHH Local plans (000)</th> <th>HH and NHH Actual connections (000)</th> <th>HH and NHH Forecast connections (000)</th> </tr> </thead> <tbody> <tr><td>2018-19</td><td>9.0</td><td>5.5</td><td>5.5</td></tr> <tr><td>2019-20</td><td>9.1</td><td>6.0</td><td>6.0</td></tr> <tr><td>2020-21</td><td>8.9</td><td>3.5</td><td>3.5</td></tr> <tr><td>2021-22</td><td>8.4</td><td>4.5</td><td>4.5</td></tr> <tr><td>2022-23</td><td>8.0</td><td>5.5</td><td>5.5</td></tr> <tr><td>2023-24</td><td>7.8</td><td>5.5</td><td>5.5</td></tr> <tr><td>2024-25</td><td>7.5</td><td>5.5</td><td>5.5</td></tr> <tr><td>2025-26</td><td>8.3</td><td>6.3</td><td>6.3</td></tr> <tr><td>2026-27</td><td>7.9</td><td>6.0</td><td>6.0</td></tr> <tr><td>2027-28</td><td>8.5</td><td>6.4</td><td>6.4</td></tr> <tr><td>2028-29</td><td>8.5</td><td>6.4</td><td>6.4</td></tr> <tr><td>2029-30</td><td>8.2</td><td>6.2</td><td>6.2</td></tr> </tbody> </table> </div>	Year	HH and NHH Local plans (000)	HH and NHH Actual connections (000)	HH and NHH Forecast connections (000)	2018-19	9.0	5.5	5.5	2019-20	9.1	6.0	6.0	2020-21	8.9	3.5	3.5	2021-22	8.4	4.5	4.5	2022-23	8.0	5.5	5.5	2023-24	7.8	5.5	5.5	2024-25	7.5	5.5	5.5	2025-26	8.3	6.3	6.3	2026-27	7.9	6.0	6.0	2027-28	8.5	6.4	6.4	2028-29	8.5	6.4	6.4	2029-30	8.2	6.2	6.2
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DS4.2	<ul style="list-style-type: none"> As above however we have applied 3% for business connections 																																																				
DS4.4	<ul style="list-style-type: none"> We have assumed that 50% of our connections (DS4.1 and DS4.2) will be completed by self lay providers Prior to covid impacting the development market our self lay market share was just under 50%, this share dropped in 2020/21 but has grown in the years since so we expect it to stabilise around 50% in AMP8 																																																				
DS4.5	<ul style="list-style-type: none"> We have taken an average of the ratio of properties and connections from recent years and applied this to residential connections to calculate residential properties 																																																				
DS4.6	<ul style="list-style-type: none"> We have assumed that business properties and business connections are the same We would have multiple properties from a single connection where we have a block of flats for example where each flat is metered and each flat has a separate billing account, this scenario is residential, where we provide business connections to a block of flats or similar we would only have one metered large supply with one billing account and therefore this supports the approach of having the quantity of residential connections equal to the quantity of business connections 																																																				
DS4.8	<ul style="list-style-type: none"> We have assumed a build out rate of 50 plots per year for each of our NAV schemes We have assumed the forecast of scheme awards below <table border="1" data-bbox="215 1848 1508 2004"> <thead> <tr> <th>2015</th> <th>2019</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> <th>2025</th> <th>2026</th> <th>2027</th> <th>2028</th> <th>2029</th> <th>2030</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>1</td> <td>1</td> <td>2</td> <td>7</td> <td>5 (first 6 months)</td> <td>10</td> <td>12</td> <td>15</td> <td>18</td> <td>20</td> <td>23</td> <td>25</td> </tr> </tbody> </table>	2015	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	1	1	1	2	7	5 (first 6 months)	10	12	15	18	20	23	25																										
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	<ul style="list-style-type: none"> • We have multiplied 50 plots against the number of annual schemes against 62% • 62% reflects the actual number of connected plots that we have been made aware of by NAVs in recent years when compared to the number of schemes multiplied by the 50 plot build out rate
DS4.9	<ul style="list-style-type: none"> • We have assumed all NAV plots are residential
DS4.12	<ul style="list-style-type: none"> • We have assumed all SLP connections are residential
DS4.13	<ul style="list-style-type: none"> • We have taken a simple approach of using an average of the first three years of mains laid data for AMP7 and forecast this forwards using a flat profile
DS4.14	<ul style="list-style-type: none"> • We have taken a simple approach of using an average of the first three years of mains laid data for AMP7 and forecast this forwards using a flat profile

DS5 - Network reinforcement costs

Line Reference	Commentary
DS5.1	<ul style="list-style-type: none">DS5.1 and DS5.2 align to DS2e.1, we have only one known pumping station scheme which appears in DS5.2 in 2025/26, otherwise all other costs appear in this line
DS5.2	<ul style="list-style-type: none">As above
DS5.3	<ul style="list-style-type: none">We have no further costs to reflect in this line.

DS6 - Network reinforcement drivers - potable mains, sewers, pumping stations and pumping capacity

Line Reference	Commentary
DS6.1	<ul style="list-style-type: none"> We do not believe we have any mains to be laid under the 'proportional allocation' at this stage and therefore this line is populated with zero
DS6.2	<ul style="list-style-type: none"> The network reinforcement profile aligns the meterage that we expect to deliver in line with the spend from line DS2e.1 The requisitions profile aligns to the meterage that we expect to deliver in line with DS4.13 and DS4.14 The resilience profile is based on the known meterage of specific schemes We have populated the maintenance profile as zero because we do not expect to lay or upsize any mains for maintenance purposes, we will carry out rehabilitation schemes however these mains are not new meterage (they replace what was there before) nor are they upsized We have populated the water quality profile as zero because we do not expect to lay or upsize any mains for water quality purposes
DS6.3	<ul style="list-style-type: none"> We do not believe we have any mains to be laid under the 'proportional allocation' at this stage and therefore this line is populated with zero
DS6.4	<ul style="list-style-type: none"> We do not believe we have any mains to be upsized
DS6.9	<ul style="list-style-type: none"> We do not believe we have any new potable pumping stations to be built under 'proportional allocation' at this stage and therefore this line is populated with zero
DS6.10	<ul style="list-style-type: none"> The network reinforcement profile aligns the meterage that we expect to deliver in line with the spend from line DS2e.1 We have three known schemes populated under resilience however the driver for these are supply-demand however this line appeared to be the most appropriate location to represent these schemes
DS6.11	<ul style="list-style-type: none"> We do not believe we have any new potable pumping stations to be upsized under 'proportional allocation' at this stage and therefore this line is populated with zero
DS6.12	<ul style="list-style-type: none"> The network reinforcement profile aligns the meterage that we expect to deliver in line with the spend from line DS2e.1
DS6.13	<ul style="list-style-type: none"> We do not believe we have any additional capacity under 'proportional allocation' at this stage and therefore this line is populated with zero
DS6.14	<ul style="list-style-type: none"> The network reinforcement profile aligns the meterage that we expect to deliver in line with the spend from line DS2e.1 We have three known schemes populated under resilience however the driver for these are supply-demand however this line appeared to be the most appropriate location to represent these schemes