

Changes in charges for 2018/2019 - FAQ's Developer Day

This document of Frequently Asked Questions is to provide supporting information and is to be read alongside the slide pack issued from the recent Developer Day held on 19 October 2017. The slide pack can be found on our website ([Focus groups](#))

Q1. What do developers contribute towards?

A. The amounts paid by developers can be broadly broken down into the following:

- Infrastructure charges – which are a contribution per connection towards offsite network reinforcement required as a result of new developments;
- Cost of new mains and sewers – the cost of a new water main paid by a developer / SLP / NAV will be reduced by the income offset / asset payment;
- Connection charges; and
- Diversions.

Q2. How are the charges set?

A. Our charges for 2018/19 have been set based on the costs associated with each activity:

- Infrastructure charges – the charge has been calculated based on our estimate of the offsite network reinforcement required as a result of development over the next five years, and the number of new connections expected;
- Cost of new mains and sewers – charges have been set based on factors such as the length and diameter of mains required and the surface type;
- Income offset / asset payment – this has been set to ensure that the balance of income recovered from developers and other bill paying customers is broadly maintained – i.e. overall developers don't end up contributing more than under the old charging arrangements.
- Connection charges – set based on the costs associated with new connections. In addition, we will be publishing charges for connections above 25mm – previously these were on a quotation basis.

Q3. When will the new charges be published?

A. The charges will be published within our charges scheme on our website by 1 February 2018.

Q4. What period are the charges applicable to?

A. The charges scheme published by 1 February 2018 is applicable for the 12 months from 1 April 2018. The charges will be reviewed annually. In addition, transitional arrangements will be in place, more information on these will be published on our website in due course.

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Q5. If Developers are not aware of what specific offsite reinforcement is required as a result of the new development as it's no longer part of the developer quote, how will developers know that the network will be ready for connection?

A. The new charging rules will allow us to be more strategic and efficient about how we spend money but we need you to talk to us. The more dialogue you have with us, the less likely the time factor will be an issue for you as we will be able to plan ahead.

Any offsite reinforcement needed will be picked up in our pre-development response. We want to re-iterate how important communication and you working with us is. The more we know, the easier it will be for us to plan and this will prevent delays.

Q6. What are the timescales for starting reinforcement? Will this just be looked at after quote acceptance?

A. There will always be a reactive element but we are working on moving towards a much more planned approach. The sooner we know about new developments and when they will happen, the earlier we can plan to ensure any required offsite work is completed.

Q7. Will Developers need to fund new sewage treatment works, e.g. needed for garden villages?

A. No, under our existing charging arrangements water treatment works and sewage treatment works are not funded through the contributions from developers, and this will continue to be the case under the new charging arrangements. Only developer driven network reinforcement is recovered from developers.

Q8. Do the examples represent real developments?

A. The examples presented are based on actual developments in our area. We wanted to show examples of different developments, as there is no one typical development. We also wanted to highlight to you that there will be winners and losers from the changes. However, overall, we have ensured that the overall balance of revenue recovered from developers is broadly maintained to that under the current charging arrangements.

Q9. Is it correct that I will no longer contribute for offsite network reinforcement?

A. Under the current charging arrangements, a contribution to offsite network reinforcement is made by developers where the specific development requires specific offsite work. Under the new charging arrangements, a contribution to offsite network reinforcement will be made through the infrastructure charge, with the same contribution paid for each new connection.

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Q10. Is there a new application fee and processing fee?

A. Under the current charging arrangements the charges did include the costs that will now be recovered through the application fee and processing fee, therefore these are not in addition to what was charged for previously. We have chosen to separately identify these for 2018/19 in order to provide greater transparency in our charges.

Q11. One of the examples shows a significant increase in the developer contribution. Is this related to the number of plots on a development?

A. The income offset / asset payment for a housing development is based entirely on the number of plots in the development. The mains laying cost (before application of the income offset / asset payment) will be based on the parameters of the development, such as the length of mains required. The example showing an increase has a significant length of mains laying required in proportion to the number of plots.

There will be winners and losers as a result of the new charging rules, when compared to the existing charging arrangements. Those developments with high total mains laying costs relative to the number of plots are likely to see an increase in the developer contribution. On the other hand, those developments with low total mains laying costs relative to the number of plots are likely to see a decrease in the developer contribution.

Q12. If we break a big scheme into smaller schemes will this make any difference to the income offset / asset payment?

A. The income offset / asset payment will be paid in recognition of the number of new customers we are getting revenue from and not the length of the new mains being laid. The amount of plots, and therefore the total income offset / asset payment will not change if a scheme is carved up into smaller schemes.

Q13. Aren't your charge increases capped at 5%?

A. We are required to ensure that the new charges are set based on the new charging rules, and therefore this could result in some charges increasing by more than 5%. However, we are required to ensure that the overall balance of our revenue from developers and other bill paying customers is broadly maintained – i.e. developers don't end up paying a significant amount more than they currently do.

Q14. The examples shown are all for new water mains, what is the impact of the new charges for a sewer requisition?

A. We only carry out a small number of sewer requisitions. Therefore, instead of publishing fixed charges for sewer requisitions, we plan to publish indicative rates for developers to use as a guide. If a sewer requisition is required developers can contact us to request a site specific quote, which will reflect the exact circumstances of the sewer requisition.

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Q15. When is the infrastructure discount available from?

A. The infrastructure discount is only applicable for those developments charged under the 2018/19 charges scheme. We are currently working on detailed transition plans based on the transitional arrangements presented at our Developer day in October 2017.

Q16. Will there be an infrastructure discount for SUDS?

A. The infrastructure discount for 2018/19 will only be applicable where there is no surface water connection to our existing sewer network.

Q17. Will United Utilities Water be adopting SUDS?

A. We are currently trialling the adoption of some SUDS.

Q18. If a S104 submission discharges to a watercourse or pond, would this be appropriate for a discount? What if the watercourse drops into the UU system further down the line?

A. The infrastructure discount for 2018/19 will only be applicable where there is no surface water connection to our existing sewer network.

Q19. What tools are being used to calculate the less than 110 litres of water per person per day?

A. We will be able to provide more information on the infrastructure discount in 2018.

Q20. How will non-households be charged the new infrastructure charges?

A. For non-household premises, served by a supply pipe larger than a 25mm external diameter, infrastructure charges will continue to be calculated using the relevant multiplier.

Q21. Will the infrastructure discount apply to non-households?

A. Yes, the infrastructure discount will apply to non-households.

Q22. What if you get the five year forecast wrong for network reinforcement expenditure?

A. Our infrastructure charges for 2018/19 have been set based on our view of forecast network reinforcement expenditure and will be reviewed annually.

Q23. Will you be publishing water and wastewater diversion charges?

A. For diversions there will a published set of fixed rates for water. For wastewater, we will not be publishing a set of fixed rates, as we only carry out a very small number of wastewater diversions.

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Therefore, we have concluded that these will continue to operate in the same way, and UU will tender the work to get the best quote.