

Have your say

Developer Services charging consultation 2024/25

Introduction

Every year we publish our Developer Services charging arrangements for the services we offer, guided by Ofwat's charging principles.



Fairness and affordability



Environmental protection



Stability and predictability



Cost reflectivity



Transparency and customer focused service

As we prepare our charges for the 2024/25 period, we recognise the value in getting your feedback in relation to changes we are proposing to make. Your opinions also help us shape the service offerings we provide by reflecting on what is important to you within our charging structure.

This year we're interested in hearing your views on:

- **Infrastructure charging.**
- **Environmental protection and incentives.**
- **Your customer journey.**

How to give us your views

Our consultation can be found below and is made up of six questions in total. You can give us your thoughts by completing our online [form](#) here. This will take around five minutes.

The consultation will remain open until **Friday 1 December**. If you'd prefer to email us or have any other questions in relation to our charges consultation, please email connectconsult@nwl.co.uk.

What happens next?

Our charging review has several stages, leading up to publication of our final 2024/25 charging on **Monday 1 April 2024**.

NOVEMBER 2023

Have your say

- We'll gather your responses on our 2024/25 charging consultation and publish an anonymised summary document.
- We'll feed your input into our charges review considerations.

FEBRUARY 2024

Charges published

- We'll finalise the 2024/25 charges and publish them on our website, including worked examples no later than Thursday 1 February 2024.

APRIL 2024

Charges implemented

- The new charges will come into effect from Monday 1 April 2024.

Infrastructure charging

Infrastructure charges are applied to each new connection made to the public network. Separate fees are applicable for both water and wastewater. These charges are a contribution towards the maintenance and resilience of infrastructure that serves the new connection.

Infrastructure charges are set to reflect our expected level of investment to provide additional network capacity. We calculate this based on the number of new premises connecting to our network on a forward-looking basis.

To support the level of investment required which will ensure network capacity, we recognised a need before the 2023/24 charging year begins to increase our water infrastructure charge while providing stable and predictable charges.

We have calculated our indicative 2024/25 water infrastructure charge by determining the level of investment required over a five-year period, as well as the number of new connections we expect to connect to our network over this period.

Table 1 – Northumbrian Water

2023/24 Water Infrastructure Charge	Proposed 2024/25 Water Infrastructure Charge	Percentage Change
£165	£325	96%

Table 2 – Essex & Suffolk Water

2023/24 Water Infrastructure Charge	Proposed 2024/25 Water Infrastructure Charge	Percentage Change
£200	£375	87.5%

The figures quoted are as reflective as possible at this stage and are for consultation purposes only. They may differ from the final published charges.

We don't expect a material uplift in the wastewater infrastructure charge beyond inflation.

While we recognise that this is a notable increase in the proposed water infrastructure charge, the new rate has been determined by the following factors:

- 1 Assumed number of connected properties for each year of the forecast period. These are:
 - a Approx 40,000 properties in the Essex and Suffolk region over the five-year period
 - b Approx 57,000 properties in the Northumbrian region over the five-year period

We have also taken into account that a proportion of connected properties utilise our infrastructure charge discounts. For water, this percentage is set at approximately 15% for the period. For wastewater, the percentage is set at approximately 60% of connections benefitting from an infrastructure charge discount.

- 2 Investments over a five-year period of schemes that are currently 'in flight' as well as the expected level of expenditure for other key schemes we plan to deliver. Over the next five years we plan to spend approximately £39m in the water network and approximately £4m in the wastewater network across the Northumbrian Water and Essex & Suffolk Water operating areas.

More information on these schemes can be found [here](#).

Ofwat consultation on infrastructure charging rules

In a recent consultation, Ofwat considered a review of the way infrastructure charges are calculated.

The proposed change would allow infrastructure charges to be set in a way which accounts for historical variances. Network reinforcement expenditure can be variable, with the timing of major developments causing yearly expenditure to significantly change year on year.

We support an approach where infrastructure charges are less volatile and more predictable.

We'd like to understand your opinion on the changes that are being considered by Ofwat to the way the infrastructure charges should be calculated.

1. <https://www.ofwat.gov.uk/wp-content/uploads/2023/08/Changing-Ofwats-charging-rules-to-support-the-new-developer-services-framework.pdf>.

Question 1

What is your view on adopting Ofwat's proposal to set infrastructure charges using historical variances?

Environmental protection

Water management, and the reduction in consumption, is one of our five environmental priorities. As our region grows, we're committed to supporting the development of incentives and believe they have been effective so far in promoting sustainable practices.

Incentives

For several years we have offered incentives in the form of an infrastructure charge discount to promote a lower consumption of water and sustainable wastewater practices.

Currently, we offer a water efficiency incentive to customers that design and build a household premise to achieve a consumption of no more than 110 litres per person per day. In wastewater, where new surface water infrastructure drains to sustainable methods and not the public sewer, the discount is also applied.

In both scenarios where evidence is provided, we will waive the infrastructure charge per property to £0. We plan to keep this approach in place within the 2024/25 charging arrangements.

We have noted a strong take-up of discounts for wastewater, with comparatively little take-up for water. We believe that planning policy drives a take-up for wastewater and that incentives are best coupled with planning requirements. We're keen to hear your opinion on what constitutes an effective environmental protection incentive.

Question 2

What are your opinions on the level of incentive we offer? To what extent do other factors (such as planning policy) influence your decision to seek these discounts?

Calculating efficient water usage

We want to set our incentives in a way that is easy to understand and allows you to plan. We also believe that adopting common standards among water providers will promote environmental goals effectively.

One aspect of this is how efficiency targets are assessed. The government has committed to mandatory water labelling in 2025 and there is an opportunity to adopt a common fittings-based approach when calculating water efficiency.

Question 3

What is your view on adopting a fittings-based approach to calculate a development's consumption level?

Efficiency compliance and assurance

Alongside this, we recognise the need for an effective compliance process when claiming environmental discounts.

We propose that under a fittings-based approach, we would undertake assurance audits to ensure discounts are applied fairly and correctly. The level of assurance would be applied on a case-by-case basis. For example, companies with a record of reliable delivery will require less assurance than companies delivering their first efficiency project.

Question 4

How could a compliance/assurance process to the awarding of environmental discounts work in practice?

Question 5

What is your view on the assurance process requiring evidence submissions e.g. invoices for fixtures and fittings purchased?

This would not necessarily be for every project and the level of evidence required would vary.

Your customer journey

In the recent satisfaction survey conducted independently by Ofwat, we're delighted to have been recognised by our customers as the number 1 leading performing company in a measurement of developer experience for Quarter 1 of 2023/24. Our customers rated their overall satisfaction at 87% when working with us.

Listening to your feedback, we've been working hard to implement changes suggested by you to enhance the experience that you have with us.

These include:

- **Single point of contact**
Creation of a new Account Management function with dedicated Account Managers who are on hand to support your project needs.

Introduction of new team members to increase our presence at all stages of the journey and streamline our response timescales.

- **Transparent communication**
Reviewing our communication and programme of engagement to keep you up to date.

We held our annual Developer Day in May with high attendance from representatives across our customer groups.

- **Online experience**
We've continued to invest heavily in our online portal. We've held several engagement sessions with Self Lay Providers and NAV customers to improve our application process.

In conjunction with our charging review, we work to deliver 10/10 experiences. A critical part of this is providing best value for money within our services. We're keen to understand from your perspective how we can maximise value, thinking about your recent experience working with us.

Question 6

What does good value for money look like from a service offering perspective? How can we maximise this based on your recent interactions working with us?

**Thanks for your time and contribution.
We look forward to hearing your views.**

Investments over a five-year period

This is our current view of the needed level of investment, we continually review this plan to make sure investment is delivered where it is needed and that the costs of doing so are accurately reflected.

SCHEME	PROJECT STATUS	REGION	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
PR19 Growth Birchwood BPT to Elford SR	Closed	NWL	£0	£825,181	£63,104	£273	£0	£0	£0
PR19 Growth Eglington pumps to North Charlton / Wandylaw SR	Commissioned	NWL	£0	£750,864	£194,574	£46,736	£0	£0	£0
PR19 Growth Honeyhill to Blanchland Pow Hills	Closed	NWL	£0	£473,509	£307,641	£0	£0	£0	£0
PR19 Growth Beacon Hill to Newton on the Moor PS	Closed	NWL	£0	£228,047	£47,094	£0	£0	£0	£0
PR19 Growth Great Ayton WBS	Commissioned	NWL	£0	£42,244	£176,103	£14,617	£0	£0	£0
PR19 Growth Heugh to Meloborne	Commissioned	NWL	£0	£0	£727,000	£289,736	£0	£0	£0
PR19 Growth East View WBS	Commissioned	NWL	£0	£0	£683,026	£346,001	£0	£0	£0
PR19 Growth Stokesley	Commissioned	NWL	£0	£0	£574,881	£10,000	£0	£0	£0
PR19 Growth Burtree Lane / Berrymeads	Commissioned	NWL	£0	£0	£491,111	£191,008	£0	£0	£0
Low Lane Reinforce Main	Closed	NWL	£0	£0	£151,117	£12,559	£0	£0	£0
(New Dev) South Newsham Road, Blyth - Offsite reinforcement	Implementation	NWL	£0	£0	£16,245	£305,256	£0	£0	£0
PR19 Growth Ford pumps	Implementation	NWL	£0	£0	£0	£1,020,002	£0	£0	£0
North Charleton (Growth)	Feasibility	NWL	£0	£0	£0	£942,200	£0	£0	£0
Station Road Wallsend (Growth)	In Plan 2023/24	NWL	£0	£0	£0	£400,000	£0	£0	£0
PR19 Growth Hemlington	In Plan 2023/24	NWL	£0	£0	£0	£163,000	£1,000	£0	£0
High Leven (Growth)	Feasibility	NWL	£0	£0	£0	£49,000	£1,640,520	£0	£0
Wyanyard Booster (Growth)	In Plan 2023/24	NWL	£0	£0	£0	£38,500	£225,500	£1,000	£0
South East Ashington Development Area (Growth)	In Plan 2023/24	NWL	£0	£0	£0	£200,000	£35,000	£982,500	£982,500
Fenrother Booster (Growth)	In Plan 2023/24	NWL	£0	£0	£0	£3,000	£122,000	£0	£0
			£0	£2,319,845	£3,431,896	£4,031,888	£2,024,020	£983,500	£982,500
South East Aashington Development Area (Growth)	Spillover from AMP7	NWL	£200,000	£35,000	£982,500	£982,500	£0	£0	£0
Wynyard Booster (Growth)	Spillover from AMP7	NWL	£38,500	£225,500	£1,000	£0	£0	£0	£0
Belford to Warren Mill	Proposed	NWL	£0	£0	£500,000	£230,000	£0	£0	£0
Widdrington Lakes, Morpeth	Proposed	NWL	£0	£0	£500,000	£0	£0	£0	£0
Boosebeck and Justive WPS	Proposed	NWL	£0	£0	£500,00	£0	£0	£0	£0
PR19 Growth Campjill WPS Alnwick	Proposed	NWL	£0	£0	£150,000	£0	£0	£0	£0
Teesside University Science Block	Proposed	NWL	£0	£0	£50,000	£0	£0	£0	£0
Longframlington	Proposed	NWL	£0	£0	£20,000	£0	£0	£500,000	£0
Morpeth	Proposed	NWL	£0	£0	£20,000	£0	£0	£500,000	£0
Sleekburn	Proposed	NWL	£0	£0	£20,000	£0	£0	£500,000	£0
Bebside	Proposed	NWL	£0	£0	£0	£500,000	£500,000	£500,000	£0
Land East of Longbeck Road	Proposed	NWL	£0	£0	£0	£500,000	£420,000	£0	£0
Frys Booster	Proposed	NWL	£0	£0	£0	£250,000	£0	£0	£0
Liverton Booster	Proposed	NWL	£0	£0	£0	£250,000	£0	£0	£0
PR19 Growth Highcliffe WPS	Proposed	NWL	£0	£0	£0	£195,201	£0	£0	£0
Throckley NAV	Proposed	NWL	£0	£0	£0	£130,000	£0	£0	£0
Low Copelaw Newton Aycliffe	Proposed	NWL	£0	£0	£0	£70,000	£0	£0	£0
Burtree Lane West	Proposed	NWL	£0	£0	£0	£0	£450,000	£0	£0
West Street Normanby	Proposed	NWL	£0	£0	£0	£0	£340,000	£0	£0
Newham Hall Coulby Newham	Proposed	NWL	£0	£0	£0	£0	£250,000	£0	£0
High Leven Phase 2	Proposed	NWL	£0	£0	£0	£0	£0	£500,000	£0
			-	-	£2,743,500	£3,107,701	£1,960,000	£2,500,000	£0
PR19 Growth Silver End Reinforcement	Closed	Essex	£208,857	£0	£0	£0	£0	£0	£0
PR19 Growth London Road Beccles	Commissioned	Suffolk	£16,181	£39,319	£86,927	£0	£0	£0	£0
PR19 Heybridge ESW	Closed	Essex	£0	£33,000	£304,849	£0	£0	£0	£0
PR19 Growth High Lodge Cty PK Development	Implementation	Suffolk	£0	£30,325	£156,439	£1,947,325	£34,030	£0	£0
PR19 Growth Framlington	Feasibility	Suffolk	£0	£16,797	£128,390	£398,303	£1,940,000	£1,781,925	£0
PR19 Growth Fresh Wharf Road Barking ESW	Implementation	Essex	£0	£10,000	£208,359	£61,536	£0	£0	£0
Growth Skylarks Diss Road, Botesdale	Commissioned	Suffolk	£0	£0	£140,011	£6,597	£0	£0	£0
Stoney Hills Poor Pressure	Commissioned	Essex	£0	£0	£124,314	£27,953	£0	£0	£0
PR19 Growth Boreham Booster Upgrade	Feasibility	Essex	£0	£0	£15,110	£73,590	£0	£0	£0
Growth Castleton Way, Eye	Implementation	Suffolk	£0	£0	£7,422	£204,796	£0	£0	£0
Burnham Booster	PRE-CP1	Essex	£0	£0	£0	£20,000	£350,000	£0	£0
			£225,038	£129,440	£1,171,842	£2,740,100	£2,342,030	£1,781,925	£0
PR19 Growth Framlington	Spillover from AMP7	Suffolk	£398,303	£1,940,000	£1,781,925	£0	£0	£0	£0
PR19 Growth Noreham Booster Upgrade	Proposed	Essex	£0	£0	£2,000,000	£2,000,000	£2,000,000	£2,000,000	£2,000,000
St. Margarets Court	Proposed	Essex	£0	£0	£90,000	£0	£0	£0	£0
Ilketshall to Ringsfield (Growth)	Proposed	Suffolk	£0	£0	£0	£500,000	£500,000	£470,000	£0
PPE in Althorne	Proposed	Essex	£0	£0	£0	£500,000	£500,000	£220,000	£0
NAV in Barking	Proposed	Essex	£0	£0	£0	£0	£490,000	£0	£0
Bacton	Proposed	Suffolk	£0	£0	£0	£0	£200,000	£510,000	£0
Mountnessing pumps	Proposed	Essex	£0	£0	£0	£0	£0	£250,000	£0
PR19 Broadland Sands Holiday Park Corton	Proposed	Suffolk	£0	£0	£0	£0	£0	£250,000	£0
			-	-	£3,871,925	£3,000,000	£3,690,000	£3,700,000	£2,000,000