

DEVELOPER CHARGING 2025/26

Consultation

- **Welcome**
- **Regulatory changes**
- **Infrastructure charges and discounts**
- **2025/26 charges overview**
- **Moving forward**

CHARGES CONSULTATION WELCOME

This consultation is to update you on recent changes led by Ofwat regarding the management of costs in the water sector, with a strong emphasis on cost reflectivity. As part of our ongoing commitment to delivering excellent customer service and ensuring good value for money, we want to keep you informed about these developments and seek your input on some important issues.

These changes will play a key role in shaping how we approach cost management in the future, and your feedback is invaluable to us as we continue to enhance the services we provide.

We look forward to hearing your views and engaging with you on these important matters.

REGULATORY CHANGES

IMPACT ON DEVELOPER CHARGING

REGULATORY CHANGES

ENSURING FAIRNESS AND COST REFLECTIVITY

- As part of our ongoing commitment to delivering fair and transparent pricing, we have undertaken a comprehensive review of our charges ahead of the 2025/26 charging year. This review is designed to ensure that our pricing is in line with industry standards and Ofwat charging rules.
- We are committed to cost-reflective charges, meaning the price for a particular service or activity is directly linked to the underlying costs incurred in providing that service. This approach ensures that customers pay the costs NWG incurred to carry out the works, and water companies must clearly demonstrate the cost drivers behind their charges.
- Our goal is to offer prices that provide good value for money while accurately reflecting the costs we incur.
- Additionally, we are dedicated to improving the quality of service we offer to all customers. This includes further development of our digital platform, which will enhance accessibility and support for all customer types.

REGULATORY CHANGES

CHANGES TO DEVELOPER CHARGING

- To achieve cost reflectivity, we have aligned our charges with the actual costs of providing our services. We continue to review our charges to ensure we are operating efficiently and promoting competition within the region. In readiness for AMP8, we have refreshed our methodology and foresee increases in our charges.
- To provide transparent costs we're **unbundling** our charges so that individual elements of the charge are displayed. For example, you will see more specific categories of road surface in **backfill and reinstatement costs**, and more detail in your **traffic management** cost breakdown to account for local conditions. This means you may see more line items on your quote; however, we are committed to keeping our charges as concise and clear as possible.

Q1. What charges are you most interested in seeing broken down further?

REGULATORY CHANGES

CHANGES TO DEVELOPER CHARGING

- Ofwat have consulted on changes to the charging rules and intend to implement new and revised rules as soon as possible after the 9th of December 2024. We are seeking your views on the proposals.
- A copy of the proposals can be found below
[Statutory-consultation-on-changing-Ofwats-charging-rules-to-further-protect-customers-in-the-new-developer-services-framework.pdf](#)

Q2: What are your views on OFWAT's new charging rules to support cost reflectivity?

INFRASTRUCTURE CHARGES NETWORK REINFORCEMENT AND ENVIRONMENTAL INCENTIVES

INFRASTRUCTURE CHARGES

CHANGES TO THE INFRASTRUCTURE CHARGE

- We plan to increase our infrastructure charges across the Northumbrian and Essex & Suffolk regions to continue to invest in vital reinforcement work to support ongoing building and developments, in line with OFWAT's charging rules.
- Our network reinforcement costs are forecasted on a 5-year forward looking basis and the charge is calculated separately for each region, with the Essex & Suffolk region in particular requiring significant reinforcement.
- We no longer offer an **income offset**, however our **environmental incentive** scheme is in place as a means of receiving a discount against the infrastructure charge. This will be funded by the new **environmental component**. We will calculate this annually to ensure we are able to fund schemes that incentivise water saving.

Q3. Do you understand why infrastructure charges are added to each quote and what they are used for?

INFRASTRUCTURE CHARGES ENVIRONMENTAL INCENTIVES

- Ofwat have indicated a move to a **fittings-based** approach for the Environmental incentive scheme instead of the current discounts for meeting certain standards of water efficiency, however this is pending final decision
- We will also support new and innovative approaches to improving water efficiency and it is our intention to encourage developers to meet more ambitious consumption targets

Q4: Do you currently take up the incentives and if not, what is the reason why?

Q5: What is your view on moving to a fittings-based approach?

2025/26 CHARGES

UPCOMING CHANGES

UPCOMING CHANGES

ENHANCING TRANSPARENCY IN TRAFFIC MANAGEMENT COSTS

- We are committed to providing more detailed and granular traffic management cost breakdowns in our quotations and worked examples. This includes a clear breakdown of costs driven by local authority requirements, safety measures, and other factors such as:
 - Additional signage: costs for extra signage needed to meet safety or legal standards.
 - Out-of-hours working: additional costs for carrying out work outside of standard operating hours.
 - Extra operatives on site: the need for additional staff to ensure safety or compliance with local regulations.
- To ensure that these costs are identified and explained upfront, we have enhanced our quotation process. This includes:
 - Further training for Estimators: Our estimators have undergone additional training to better identify all relevant costs.
 - Improved site survey process: We've refined our site survey process to ensure a more comprehensive understanding of the requirements and to capture any hidden or potential costs early.

UPCOMING CHANGES

BACKFILL & REINSTATEMENT

- We are introducing additional categories for reinstatement to our pricing to better reflect specific local conditions where we are working.
- We're moving from a banded approach to calculating costs based on the exact length of excavation and specific surface types encountered so you'll get a more precise and tailored pricing structure.
- The ability to provide more precise quotes is enabled by enhancements we've made to the site detail card and survey processes. This improvement helps with collecting more accurate data upfront

Q6. How can we further improve our site survey process for you?

UPCOMING CHANGES COLLABORATION WITH SELF LAY PROVIDERS

- We want to work closely with SLPs to improve the **meter installation** process through better collaboration aiming to lower costs, reduce inefficiencies and ensure clear communications. To achieve these goals, it will be essential to align on expectations and create a streamlined, transparent process that benefits both parties.
- Key areas we're looking at are;
 - Detailed installation procedures with clear deliverables
 - Reducing abortive visits
 - Improved operational efficiencies
- **Q7: How can NWG and SLPs work together more effectively to achieve the above?**

MOVING FORWARD

FUTURE ENGAGEMENT

MOVING FORWARD

FUTURE ENGAGEMENT

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|---------------------------------------|---|---|
| 15/12/24 | Jan 25 | 01/02/25 |
| Consultation response deadline | Charges finalised and signed off | New charges published |
| 01/04/25 | Summer 2025 | Winter 2025 |
| New charges come into effect | Developer Day | Consultation for 26/27 charging year |

Q8: Do you feel well informed about water/waste connection guidelines and policies? Do you receive the right information at the right time? If not, what can we do to improve this?

MOVING FORWARD QUESTIONS

Changes to developer charging

Q1. What charges are you most interested in seeing broken down further?

Q2: What are your views on Ofwat's new charging rules to support cost reflectivity?

Changes to infrastructure charging

Q3. Do you understand why infrastructure charges are added to each quote and what they are used for?

Q4: Do you currently take up the incentives and if not, what is the reason why?

Q5: What is your view on moving to a fittings-based approach?

Changes to traffic management charging

Q6. How can we further improve our site survey process for you?

Collaboration with self-lay providers

Q7. How can NWG and SLPs work together more effectively to achieve the above?

Future engagement

Q8: Do you feel well informed about water/waste connection guidelines and policies? Do you receive the right information at the right time? If not, what can we do to improve this?

Please send your responses to
connectconsult@nwl.co.uk by
15/12/24

Please answer as many questions as you wish. If there is something else you'd like to discuss or a question you'd like to ask then please get in touch – we're open to any feedback and would love to hear from you.

THANK YOU

The background features a gradient from dark blue on the left to light green on the right. A large, curved, teal-colored shape overlaps the bottom left. Several thin, parallel, curved lines in shades of green and teal sweep across the lower right portion of the image.