



# Developer Services **Board Assurance Statement**

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2021/22



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### Contact us

**Our network services team can be contacted on:**

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## 1. Board Assurance Statement

Ofwat, the economic regulator for the water sector, requires the Company's Board of Directors to make a statement regarding assurance of the information in the Charging Arrangements document. This assurance statement is copied below.

Statement of Assurance on Charging Arrangements for 2021/22.

We confirm that the Company's Developer Services charging arrangements for 2021/22 has been reviewed and approved under the governance arrangements approved by the Board.

The Board certifies that:

1. The Company considers that it has complied with its obligations relating to Ofwat's charging rules for new connection services (English Undertakers) updated in March 2020.
2. The Company has appropriate systems and processes in place to make sure that the information contained in the charging arrangements is accurate.
3. The Company has ensured that the balance of charges between developers and other customers will be broadly maintained when the charging arrangements come into effect.
4. The Company has assessed the effects of the new charging arrangements on customer bills for a range of different type of development and has an appropriate handling strategy, where bill increases for particular developer types exceed 10%, as detailed in our Statement of Significant Changes published on our website.

In making this statement of assurance the Board has relied on:

1. The Company's well-established risk management, monitoring and control systems and processes described in the Company's Strategic Report which can be found on pages 42 and 48 of the Company's 2020 Annual Report, available on the Company's website.
2. The evidence presented by the Company to demonstrate that the approach to calculating connection and requisition charges has changed in line with the latest Ofwat charging rules and that they are set in a manner to recover the costs incurred and in an evidence-based approach broadly maintain the balance of charges between developers and other customers.
3. The evidence presented by the Company that the approach to setting the infrastructure charge ensures that the charge paid moves annually in line with the costs incurred by the Company in maintaining its level of services for all customers.
4. The report from the provider of independent assurance of charges for 2021/22 which highlighted no issues or concerns with the procedures followed and the resulting charges contained in the Developer Services Charging Arrangements.



Signed on behalf of the Board of Directors on 29 January 2021.

A handwritten signature in blue ink that reads "Ian Cain". The script is cursive and fluid.

Ian Cain  
(Group Chief Executive Officer)

A handwritten signature in blue ink that reads "Paul Kerr". The script is cursive and fluid.

Paul Kerr  
(Group Chief Financial Officer)

A handwritten signature in blue ink that reads "Murray Legg". The script is cursive and fluid.

Murray Legg  
(Senior Independent Non-Executive Director and Chair of the Audit Committee)



## 2. SES Water compliance with Ofwat's Charging Rules for New Connection Services

The below table states the reasons why SES Water considers that it has complied with its obligations relating to Ofwat's [charging rules](#) for new connection services (English Undertakers) updated in March 2020 and Ofwat's information notice 20/07 (Expectations, assurance and information requirements for water company charges for 2021-22)

Rule No.	Rule	Compliance
<b>1 - 4</b>	<b>Introduction</b>	N/A
<b>5 - 6</b>	<b>Interpretation</b>	N/A
7	Consultation - Undertakers must determine what types of charges covered by these rules may or may not be imposed, and the amount of such charges, in accordance with the principle that changes to charges covered by these rules should only be made after proportionate, timely and effective consultation with groups of persons likely to be significantly affected by the proposed Charging Arrangements (or their representatives) and any other persons the undertakers consider it appropriate to consult.	Compliant. We conducted a consultation on our proposed approach to updating our charges for 2021/22. The consultation was publicised for four weeks and hosted on our website and we engaged with a market research agency to assist with contacting our customers and stakeholders. Based on the feedback received and subsequent conversations with customers and stakeholders we have adapted our proposals for 2021/22. Wider consultation and 'action group' sessions on our charging regime and customer experience are being scheduled for 2021/22.
<b>8 - 16</b>	<b>Publication and Transparency</b>	
8	Relevant undertakers must publish charges developed under these rules in a single document (the Charging Arrangements). The Charging Arrangements must be published on the undertaker's website and in any other manner the undertaker considers appropriate for the purpose of bringing the Charging Arrangements to the attention of persons likely to be affected by it.	Compliant. Our charges have been published in our Charging Arrangements 2021/22 document. This document has been published on our website.
9	The maximum amount of any charge that may be imposed by an undertaker under the provisions of the Water Industry Act 1991	Compliant. Our charges represent the maximum charge for the specified activities. These include any



Rule No.	Rule	Compliance
	covered by these rules shall be the amount set out in, or calculated in accordance with, the Charging Arrangements published by that undertaker. For the avoidance of doubt, the charges and charging methodologies set out in the Charging Arrangements must therefore include any relevant miscellaneous and ancillary costs such as assessment, inspection, design, legal and supervision charges that the undertaker is entitled to recover, unless there is a different legal basis for the recovery of such costs.	relevant miscellaneous and ancillary costs such as assessment, inspection, design, legal and supervision charges that we are entitled to recover.
10	The Charging Arrangements must be published no later than two months before the period in relation to which they have effect. Charging Arrangements must be published at least once in every year from 2018 onwards.	Compliant. Charging Arrangements document was published on 29 January 2021, as our annual update following the original Charging Arrangements document (that was published on 31 January 2018)
11	The Charging Arrangements must explain how each charge has been calculated or derived. Where an undertaker determines the applicable charges other than by Fixed Charges, the methodology for the calculation of such charges must be explained clearly in the Charging Arrangements.	Compliant. Following stakeholder feedback on our previous years' documentation, we have improved the detail in our Charging Arrangements document of how the charges have been derived. The methodology for determining charges that are not fixed are clearly explained in the Charging Arrangements document.
12	The Charging Arrangements are to be written and presented in a clear and accessible manner, which takes due account of the varying levels of expertise of all Developers or other customers who may rely on the Charging Arrangements. Undertakers should consider publishing worked examples where this could aid customers' understanding.	Compliant. Following stakeholder feedback on our previous years' documentation, we have improved our Charging Arrangements document to provide greater level of detail and explanation to reflect the knowledge and understanding of any Developer Services customer.
13	Charges must be published with such additional information or explanation as is necessary to make clear what services are covered by each charge.	Compliant. Our Charging Arrangements document clearly details the services included within the charge.
14	Undertakers must publish the charges covered by these rules in such a way that a Developer or other customer can confidently work out a reasonable estimate of the charges payable if they know the relevant parameters of a Development.	Compliant. Our Charging Arrangements document including detailed worked examples, enable Developer Services customers to confidently work out a reasonable estimate of the charges payable if they know the relevant parameters of a Development.



Rule No.	Rule	Compliance
15	The Charging Arrangements must identify which charges are associated with Contestable Work and Non-contestable Work.	Compliant. Our Charging Arrangements document clearly defines contestable and non-contestable activities and associated charges.
16	Undertakers must provide a reasonable choice of times and methods of payment of the charges and set these out in the Charging Arrangements.	Compliant. The payments options for the infrastructure charge (and associated income offset) remain unchanged for 2021/22: A customer has two payment options for infrastructure charges: <ul style="list-style-type: none"> <li>• A customer can pay for the infrastructure charge upfront, at the same time as paying for the rest of the quote.</li> <li>• A customer can pay for the infrastructure charge in arrears, upon completion of the works.</li> <li>• Application and design fees are required up front of any service provision.</li> <li>• The full cost of the quoted work for connections must be paid prior to works commencing onsite.</li> </ul>
17	<b>Small Companies</b>	N/A
18	<b>General Charging Principles</b> - Relevant undertakers must determine what types of charges may or may not be imposed and the amount of any charges that may be imposed in accordance with the principle that charges covered by these rules should reflect:	
a	fairness and affordability	Compliant. The broad balance of contribution is maintained, so that affordability is not unduly impacted. Our charges are mainly fixed and are clear up-front to our Developer Services customers. These further aid market competition as the contestable areas of work can be confidently used as a benchmark cost to enable customers to assess alongside alternative methods of service provision.
b	environmental protection	Compliant. Our Charging Arrangements again offer a tiered potential discount (15% or 30%) against the infrastructure charge for water



Rule No.	Rule	Compliance
		efficient development approaches, which was positively received in our consultation
c	stability and predictability	Compliant. The charges published in our Charging Arrangements are fixed and are applicable to standard developments, providing for a high degree of predictability. Our published charges are predominantly based on contractor costs and rates and should therefore be stable throughout the contracted period.
d	transparency and customer-focused service.	Compliant. We have improved the detail in our Charging Arrangements document of how the charges have been derived. The transparency of the methodology has increased. This enables for improved customer service in that charges are clear and transparent. This, aligned with planned wider improvement activities, should result in a significant improvement in our Developer Services customer experience during 2021/22.
<b>19 - 22</b>	<b>Principles for Determining the Nature and Extent of All Charges Covered by these Rules</b>	
19	In setting charges in accordance with the present rules, undertakers should take reasonable steps to ensure that the balance between contributions to costs by Developers and other customers prior to 1 April 2018, is broadly maintained. Section 3 of Annex A to the Government's Charging Guidance to Ofwat published in January 2016 lists the charges under which Developers contribute costs relevant to this rule. For the avoidance of doubt, Income Offset also needs to be included. An undertaker may only depart from this general requirement where (and to the extent that) this is rendered necessary by circumstances providing clear objective justification for doing so. Any such justification must be clearly identified in any Charging Arrangements prepared pursuant to these rules.	Compliant. As our Charging Arrangements document states we have broadly maintained the current balance of contributions to costs between Developers and other customers.
20	Consistent principles and approaches must be applied to the calculation of charges and when they are payable for different classes of	Compliant. Our charges have been built on the consistent principle and approach that they do not





Rule No.	Rule	Compliance
	customer. For the avoidance of doubt, this includes the calculation of charges and when they are payable for Non-contestable Work, whether or not a person other than the undertaker is carrying out Contestable Work.	discriminate against any class of Developer Services customer.
21	Charges and arrangements for when they are each payable must be set in accordance with the principle that they should promote effective competition for Contestable Work.	Compliant. Our charges have been built on the consistent principle and approach that they promote effective competition for contestable work and Developer Services customers are aware of all options open to them.
22	For the avoidance of doubt, in charges covered by these rules undertakers may recover reasonable administrative expenses and other overheads incurred in discharging any rights or obligations under the relevant provisions of the Water Industry Act 1991.	Compliant. Our charges include appropriate administrative costs and overheads as allowed for under the provisions of the Water Industry Act 1991.
<b>23 - 30</b>	<b>Charges for the Requisition of Water Mains and Public Sewers</b>	
23	Each undertaker shall set out in its Charging Arrangements charges that will be imposed by that undertaker for work carried out by it in accordance with the duties imposed by section 41(1) (provision of requisitioned Water Main) and section 98(1) (provision of requisitioned public sewer) of the Water Industry Act 1991 (together, "Requisition Charges").	Compliant. Our Charging Arrangements document details the charges as relevant.
24	These charges are concerned with the cost to the undertaker of providing Site Specific infrastructure necessary for the provision of a Water Main and/or Public Sewer.	Compliant. Our charges are directly relevant to site-specific items.
25	In relation to Requisition Charges, an undertaker:	
a	must provide for the option of upfront Fixed Charges in respect of any work carried out by the undertaker; and	Compliant. The charges published in our Charging Arrangements are fixed and are applicable to standard developments, although there are some exceptions to this approach as permitted under these Charging Rules. Where exceptions may apply, full details, along with examples, are included in our Charging Arrangements. Items such as traffic management costs were consulted on.



Rule No.	Rule	Compliance
b	may also provide for other alternative methods for calculating charges but, where it does so, each alternative method must be explained clearly in the Charging Arrangements.	Compliant. The mechanism for calculating charges is clearly explained in our Charging Arrangements document.
26	Requisition Charges must relate to the costs of providing the requisitioned Water Main and/or Public Sewer. Such charges may not include any amount for Network Reinforcement costs.	Compliant. Network reinforcement required to facilitate a new connection will be funded via Infrastructure Charges, the requisition charges that have been developed relate to the provision of site-specific water mains only.
27	Any Requisition Charges imposed by an undertaker:	
a	must relate only to Site Specific Work carried out and costs incurred by the undertaker in order to meet its duties under sections 41(1) or 98(1) of the Water Industry Act 1991; and	Compliant. Our Requisition charges only relate to site-specific work carried out under section 41(1) of the Water Industry Act 1991
b	must not relate to work needed or desired to modify or enhance existing network infrastructure in order to address pre-existing deficiencies or to enhance network flexibility, in capacity or capability, unrelated to requirements associated with the requisition	Compliant. Our charges will not be used to address pre-existing deficiencies or to enhance network flexibility, in capacity or capability, unrelated to requirements associated with the requisition
28	Where an undertaker provides a Water Main or Public Sewer pursuant to a requisition and, in so doing, decides to increase the capacity of pipes or other infrastructure beyond that which is needed to meet the undertaker's duty under section 41(1) or section 98(1) of the Water Industry Act 1991, the costs of this work shall, if this increases the costs of the work, be apportioned so that the person making the requisition only pays costs which are in proportion to the particular capacity required by his or her requisition.	Compliant. We will only charge our Developer Services customers requesting a requisition the charges that relate to the capacity required by the specific requisition.
29	Undertakers shall not provide for Income Offsets in setting Requisition Charges.	Compliant. 2021/22 charging arrangements do not include Income Offsets in Requisition Charges.
30	Not used	N/A
<b>31 - 34</b>	<b>Charges for the Provision of Lateral Drains, the Connection of Water Mains</b>	



Rule No.	Rule	Compliance
	<b>and Communications with Public Sewers and for Ancillary Works</b>	
31	Each undertaker shall set out in its Charging Arrangements charges that will be imposed by that undertaker for work carried out by it in accordance with the duties (or rights) created by the following provisions of the Water Industry Act 1991: section 45(1) (connection with Water Main); section 46(1) (ancillary works for purposes of making a domestic connection); section 98(1A) (provision of lateral drains); section 101B (construction of lateral drains following construction of a public sewer) or section 107(1) (right of undertakers to make communication with Public Sewer) (together, "Connection Charges").	Compliant. Our Charging Arrangements document, sets out our charges for relevant WIA provisions.
32	In relation to Connection Charges an undertaker:	
a	must provide for the option of upfront Fixed Charges in respect of any work carried out by the undertaker; and	Compliant There are fixed upfront charges for water connections.
b	may also provide for other alternative methods for calculating charges but, where it does so, each alternative method must be explained clearly in the Charging Arrangements.	Compliant. The full cost of the quoted work for connections must be paid prior to works commencing onsite.
33	Any Connection Charges imposed by an undertaker must relate only to Site Specific Work carried out and costs incurred by the undertaker pursuant to sections 45(1), 46(1), 98(1A), 101B or 107(1) of the Water Industry Act 1991.	Compliant. Our Connection Charges only relate to sections 45(1), or 46(1) of the Water Industry Act 1991.
34	Undertakers shall not provide for Income Offsets in setting Connection Charges.	Compliant. We do not offer Income Offsets in relation to Connection Charges.
<b>35 - 41</b>	<b>Charges and Asset Payments in respect of an Agreement under Section 51A or 104 of the Water Industry Act 1991</b>	
35	Each undertaker shall set out in the applicable Charging Arrangements the charges to be imposed in respect of an	Compliant. Our Charging Arrangements document details the charges to be imposed in respect



Rule No.	Rule	Compliance
	agreement under section 51A or section 104 of the Water Industry Act 1991.	of an agreement under section 51A the Water Industry Act 1991.
36	These charges are concerned with the cost of Site Specific Work necessary as part of the adoption or connection of a Water Main, Communication Pipe, Public Sewer and/or Lateral Drain. Such charges may not include any amount for Network Reinforcement costs.	Compliant. Any network reinforcement will be funded via Infrastructure Charges, the requisition charges that have been developed relate to the provision of site-specific water mains only.
37	Any charges imposed by an undertaker in respect of an agreement under section 51A or section 104 of the Water Industry Act 1991:	
a	must relate only to Site Specific Work carried out and costs incurred by the undertaker in order to meet its duties under such an agreement; and	Compliant. The charges imposed only relate to site-specific works and the costs associated with the agreements.
b	must not relate to work needed or desired to modify or enhance existing network infrastructure in order to address pre-existing deficiencies, in capacity or capability, unrelated to requirements associated with the agreement.	Compliant. Any work to modify or enhance existing network infrastructure in order to address pre-existing deficiencies, in capacity or capability, unrelated to requirements associated with the agreement, will be funded from other sources.
38	Insofar as section 51A agreements are concerned, water undertakers shall not provide for Asset Payments for the adoption of a Water Main.	Compliant. We do not offer Asset Payments for the adoption of a water main.
39	Insofar as section 104 agreements are concerned, sewerage undertakers shall not provide for Asset Payments for the adoption of a Sewer.	N/A
40	Not used	N/A
41	Undertakers shall not provide for Asset Payments for the adoption of a Communication Pipe or Lateral Drain	Compliant. We do not provide for Asset Payments for the adoption of a Communication Pipe or Lateral Drain.
<b>42 - 44</b>	<b>Charges for Diversions of Pipes and other Apparatus under Section 185 of the Water Industry Act 1991</b>	
42	Each undertaker must set out in its Charging Arrangements its method(s) for calculating the charges imposed by that undertaker	



Rule No.	Rule	Compliance
	pursuant to section 185(5) of the Water Industry Act 1991 ("Diversion Charges"). In relation to Diversion Charges an undertaker:	
a	may provide for the option of upfront Fixed Charges in respect of any work carried out by the undertaker; and	Compliant. Due to the complexities associated with any diversionary works fixed charges do not apply.
b	may also provide for other alternative methods of calculating charges but, where it does so, each alternative method must be explained clearly in the Charging Arrangements	Compliant. Our Charging Arrangements document states the method that will be employed for the calculation of Diversion Charges.
43	Charges levied pursuant to section 185(5) must be calculated by reference to the principle that the undertaker is only entitled to recover costs reasonably incurred as a result of complying with the duty imposed by section 185(1) of the Water Industry Act 1991.	Compliant. Charges levied will only relate to costs reasonably incurred as a result of complying with the duty imposed by section 185(1) of the Water Industry Act 1991.
<b>44 - 46</b>	<b>Security/Deposit Arrangements</b>	
44	An undertaker is allowed to require security prior to commencing work, whether in the form of a sum deposited with the undertaker or otherwise:	
a	under section 42(1)(b), 47(2)(a), 99(1)(b), 101B(3A), 107(3)(b)(ii) or 185(4); or	Compliant. The full cost of the quoted work for connections must be paid prior to works commencing onsite.
b	for the purposes of any charges imposed under an agreement under section 51A or section 104 of the Water Industry Act 1991.	Compliant. We appreciate that each development will have its own unique situation. Under all options, we offer flexible arrangements and timing of payments. For instance, we will discuss and agree phased payments to SLPs/NAVs for staged commissioning of the entire project which would be proportional and representative of works substantially complete.
45	The type and amount of security should not be unduly onerous, taking into account the risk to be borne by the undertaker in carrying out the work in question. Where undertakers require security, the type and amount of security and the payment of interest on the	Compliant. The security required will not be unduly onerous. The type and amount of security, and the payment of interest on the security, will reflect the general charging principles.



Rule No.	Rule	Compliance
	security should reflect the general charging principles set out in paragraph 18.	
46	The undertaker must clearly set out requirements for security in relation to any charges to be applied in its Charging Arrangements.	Compliant. Our requirements for security in relation to any charges to be applied in our Charging Arrangements document will be clearly set out and documented in the applicable guidance notes and application forms, which will be accessible via our website.
<b>47 - 48</b>	<b>Exception from requirements to provide upfront Fixed Charges</b>	
47	Undertakers are not required to provide for the option of upfront Fixed Charges in accordance with paragraphs 25 (Requisition Charges) of these rules, or to comply with paragraph 14, where, and to the extent that, it would be unreasonable to expect an undertaker to do so (having had regard to the practicality of setting a cost reflective upfront Fixed Charge and the benefit to customers of producing such a charge).	Compliant. Our charges are generally based upon upfront fixed charges, although there are some limited exceptions to this approach as permitted under these Charging Rules.
48	Where paragraph 47 applies, an undertaker must set out, and explain clearly, in its Charging Arrangements the alternative method or methods that will apply for calculating charges	Compliant. For the areas where it is impractical to offer upfront fixed charges, the mechanism for calculating charges is clearly explained in our Charging Arrangements document.