

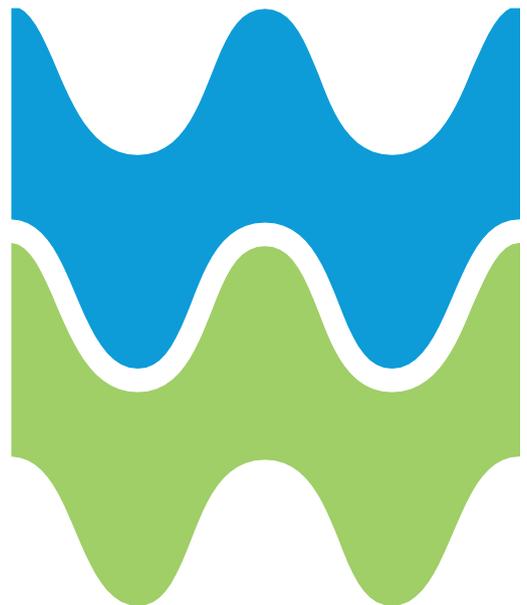
Developer Services

Data and Information Request

Supporting document

August 2022

dwrcymru.com



1. Methodology

1.1. Purpose

This document provides part of Dŵr Cymru Welsh Water's (DCWW) response to the information notice 'IN 22/02 Cost assessment data requests' issued by Ofwat on 28 April 2022. This document provides supporting information to the tables for developer services site specific information. This submission has been prepared in line with 'Developer services information request 2021-22 – supporting guidance' issued by Ofwat on 28 April 2022.

Combined with the 2020-21 data already collected, this information request will provide Ofwat with two years of developer services data. This will help to inform its approach to regulating developer services at PR24 ahead of the final methodology, which is due for publication in December 2022.

This document contains the commentary requested in the guidance document and is submitted alongside the completed Excel tables in 'Developer-services-information-request-2021-22-data-template WSH.xlsx'. The data tables contain the following elements:

Table number	Description
1	Wholesale Water Network+ - Developer services projects/phases completed in the 12 months from 1 April 2021 to 31 March 2022
2	Wholesale Water Network+ - SLPs (Self Lay Providers) competing in incumbent region during the 12 months from 1 April 2021 to 31 March 2022

This supporting document comprises of an outline of the approach taken to completing the data tables with confidence grades for each line and a summary of DCWW's approval and governance procedures with the independent assurance findings.

1.2. Background

Ofwat issued a data request to companies titled 'Gathering data about developer services: Data request 2020-21' in August 2021. The submission contained the following elements:

Table number	Description
1	Wholesale water network+ developer services projects/phases completed in the 12 months from 1 April 2020 to 31 March 2021
2	Wholesale water network+ - developer services cost advice/quotations provided in the 3 months between 1 January 2021 to 31 March 2021
3	Wholesale water network+ - SLPs and NAVs competing in incumbent region during the 12 months from 1 April 2020 to 31 March 2021
4	Wholesale wastewater network+ - Developer services projects/phases completed in the 12 months from 1 April 2020 to 31 March 2021

Ofwat has updated the 2021-22 developer services information request to exclude the quotation and wastewater requirements (Tables 2 and 4) and reduce the number of reportable columns. This simplification has been undertaken to focus companies on the information that has been most valuable to Ofwat in its analysis.

1.3. Confidence grades

Confidence grades have been provided for each component of the submission where appropriate. The confidence grades include two components, firstly a letter is assigned for the reliability of the data and secondly a number to reflect the accuracy.

Reliability bands:

- A. Measured data from sound textual records, procedures, investigations or analysis properly documented and recognized as the best method of assessment
- B. As A, but with minor shortcomings. Examples include old assessment, some missing documentation, some reliance on unconfirmed reports, some use of extrapolation
- C. Extrapolation from limited sample for which Grade A or B data is available
- D. Unconfirmed verbal reports, cursory inspections or analysis

Accuracy bands:

- 1. Accuracy to or within +/- 1%
- 2. Accuracy to or within +/- 5%
- 3. Accuracy to or within +/- 10%
- 4. Accuracy to or within +/- 25%

1.4. Structure

The structure of this document is as follows:

Section 2 contains the line commentary for:

Table 1: Wholesale Water Network+ - Developer services projects/phases completed in the 12 months from 1 April 2021 to 31 March 2022; and

Table 2: Wholesale Water Network+ - SLPs competing in incumbent region during the 12 months from 1 April 2021 to 31 March 2022

Section 3 contains a summary of DCWW's approval and governance procedures with the independent assurance findings from Jacobs.

2. Table Commentaries

This section provides commentary for this data submission which sets out:

- The approach/methodology taken to complete each field and any assumptions that have been applied;
- An indication of the level of confidence behind the data provided in each table.

2.1. Table 1 – WN+ Completed DS work

Table 1 contains the data for developer services projects/phases completed in the 12 months from 1 April 2021 to 31 March 2022 for wholesale water network+. Section 2.1.1. outlines the approach taken in the production of the data. Section 2.1.2. provides line commentary and confidence grades for the data.

2.1.1. Approach

The following decisions have been made regarding the time parameters used to report schemes:

- Schemes with a start date prior to 1 April 2017 have not been included;
- Schemes that were reported in the 2020/21 submission have not been included;
- The cut off point for data is 31 December 2021 as schemes completed beyond this point cannot be considered financially complete within the year. This applies to standard new water connections, large diameter new water connections, water main requisitions and water main diversions but excludes self-lay new water connections.
- Schemes that have costs posted from 1 April 2022 have not been included because they cannot be considered 'financially complete' for the reporting period

The following assumptions have been made in reporting the number of properties and connections:

- For requisitions, the number of properties is assumed to be equal to the number of connections associated with the main. Connections will be reported separately on financial completion of the new connections scheme.
- For diversions, the number of properties and connections is assumed to be zero, as these would be reported separately.

2.1.2. Commentary

Line 1.01: Unique identifier

The unique identifier provided is the scheme reference number taken from the source of the data in our developer services reporting systems (BPM/C4C).

Confidence grade: A1

Line 1.02: Post code district

The postcode district is the first part of the postcode for the location of the scheme. Postcodes have been taken from the source of the data in our developer services reporting systems (BPM/C4C).

Confidence grade: A1

Line 1.03: Developer services required from incumbent or SLP

Each scheme has been categorised using the drop-down menu in the information request spreadsheet. These labels are shown in the table below alongside the type of schemes that have been included for each label.

Nr	Label	Contents
1	Water connections to existing main [no new water mains]	Standard new water connections Large diameter new water connections Self-lay provider new water connections
2	New water mains & associated water connections [excluding water main diversion]	Water main requisitions
3	New water mains & associated water connections [including water main diversion]	Water main diversions*

* Any diversions delivered under the New Roads and Street Works Act 1991 have been excluded.

Schemes have been attributed to each label using information contained in our developer services reporting systems (BPM/C4C).

Confidence grade: A2

Line 1.04: Start date

Start dates for schemes undertaken by DCWW are based on applications received in the reporting year. Start dates for self-lay water connection schemes are defined as the date the quote was accepted by the customer. Start dates have been taken from the source of the data in our developer services reporting systems (BPM/C4C).

Confidence grade: A1

Line 1.05: End date

End dates for schemes undertaken by DCWW represent the date when the scheme is operationally complete as per the scope of work and the last financial transaction has been made on SAP. End dates for self-lay new water connections have been entered as 'Unknown' as the delivery is undertaken by the customer.

Confidence grade: B2

Line 1.06: New connections - incumbent – residential

New connections data has been extracted from our production and finance reporting system (SAP). Connections have been categorised as residential where they contain a domestic identifier.

Confidence grade: B2

Line 1.07: New connections - incumbent – business

New connections data has been extracted from our production and finance reporting system (SAP). Connections have been categorised as business where they contain a non-domestic identifier.

Confidence grade: B2

Line 1.08: New connections – self-lay provider – residential

Count of number of new connections for residential customers for schemes where a quote is accepted within the financial year.

Confidence grade: B2

Line 1.09: New connections - self-lay provider – business

Count of number of new connections for business customers for schemes where a quote is accepted within the financial year.

Confidence grade: B2

Line 1.10: New properties - incumbent – residential

New properties data has been extracted from our production and finance reporting system (SAP). Connections have been categorised as residential where they contain a domestic identifier. Where these were unknown, a manual check has been carried out.

Confidence grade: B3

Line 1.11: New properties - incumbent – business

New properties data has been extracted from our production and finance reporting system (SAP). Connections have been categorised as business where they contain a non-domestic identifier. Where these were unknown, a manual check has been carried out.

Confidence grade: B3

Line 1.12: New properties – self-lay provider – residential

Number of properties is assumed to be equal to the number of connections.

Confidence grade: B3

Line 1.13: New properties - self-lay provider – business

Number of properties is assumed to be equal to the number of connections.

Confidence grade: B3

Line 1.14: Length of new mains (m) - incumbent

Length of mains reflects the length of mains laid in metres in the reporting year. The length of mains laid by our contractor are recorded in our developer services reporting systems (Teamworks) and on our commercial invoice tracker then cross-referenced against our asset mapping system (GIS) for accuracy. Length of mains laid for standard new water connections are reported as zero as mains schemes are captured separately where the schemes are financially complete with the reporting period. These schemes are labelled 'New water mains & associated water connections [excluding water main diversion]'. Length of mains for large diameter new water connections (>63mm) and dedicated fire mains have been recorded in this column.

Confidence grade: B2

Line 1.15: Length of new mains (m) - self-lay provider

Length of mains vested by DCWW from the self-lay provider within the given period. This is recorded in our commercial invoice tracker then cross-referenced against our asset mapping system (GIS) for accuracy. Length of mains for self-lay new water connections is reported as zero as mains schemes are captured separately.

Confidence grade: B2

Line 1.16: Total site-specific developer services (excluding network reinforcement): Gross costs incurred by incumbent (£)

Cost information by scheme is extracted from our finance reporting system (SAP). For self-lay new water connections, costs are assumed to be equal to the revenue received.

Confidence grade: B2

Line 1.17: Total site-specific developer services (excluding network reinforcement): Gross revenue incurred by incumbent (£)

Revenue by scheme is extracted from our finance reporting system (SAP). The revenue received is assumed to be equal to the costs for each scheme for large diameter new water connections (>63mm), dedicated fire mains, requisitions and diversions. Income offsets on requisition schemes have been excluded from the data.

Confidence grade: B2

Line 1.18: Traffic management

No costs in relation to the Traffic Management Act 2014 were found to be associated with the schemes reported in this submission. Traffic Management for self-lay new water connections has been entered as 'Unknown'.

Confidence grade: A1

Line 1.19: Comments

Confidence grade: N/A

2.2. Table 2 – WN+ DS other market info

Table 2 contains the data for self-lay providers competing in the incumbent region during the 12 months from 1 April 2021 to 31 March 2022 for wholesale water network+. Section 2.2.1. outlines the approach taken in the production of the data. Section 2.2.2. provides line commentary and confidence grades for the data.

2.2.1. Approach

Self-lay providers have been identified as those who have either undertaken connections or lengths of mains laid which have been vested during the reporting period.

2.2.2. Commentary

Line 2.01: SLP name

Self-lay providers names have been extracted from various developer services systems (SAP/BPM) and reconciled back to applicant information.

Confidence grade: A1

Line 2.02: Number of developments

Count of the number of separate developments delivered by self-lay providers.

Confidence grade: A2

Line 2.03: New connections

Count of number of new connections for schemes where a quote is accepted within the financial year (SAP).

Confidence grade: B2

Line 2.04: New properties

Number of properties is assumed to be equal to the number of connections.

Confidence grade: B2

Line 2.05: Length of mains (m) laid by the SLP and vested/adopted by the incumbent

Length of mains vested by DCWW from self-lay providers within the reporting period. This is recorded in our commercial invoice tracker then cross-referenced against our asset mapping system (GIS) for accuracy.

Confidence grade: B2

Line 2.06: Estimated number of years participating in incumbent region

Estimated number of years each self-lay provider has participated in our area. One year has been added to last year's numbers as all self-lay providers in this table were reported on in the previous submission. Where this number is 10 years or more, it has been labelled as '>10 Years'.

Confidence grade: C3

Line 2.07:

Confidence grade: N/A

3. Assurance and Governance

DCWW has adopted a three lines of defence approach to the data tables in this submission, in line with our approach to regulatory data submissions.

Each data line was assigned an owner who produced a methodology statement for production of the data. The data was peer reviewed, with sign off provided by the responsible manager and director. In addition, the submission has been subject to external assurance from Jacobs. Jacobs concluded that:

- [The Welsh Water] team has a good understanding of your processes to produce the data in line with Ofwat guidance;
- [The Welsh Water] team's internal commentaries were consistent with the data we saw at the time of reviewing them and did not contain any obviously false or misleading statements in relation to that data; and
- Data are competently sourced, processed and fit for purpose.

The final submission was approved by the Strategy and Regulation Director and the Business Customer Services Director.