

New Connections Services Charging Arrangements 2018-19

January 2018

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Charging arrangements for new connection services

Introduction to our charges

This document sets out our charges for new connection services that apply from 1 April 2018 to 31 March 2019.

Connections services cover the work that is needed to connect new homes to the existing water and wastewater network.

Charges for connection services are split into two categories:

Network reinforcement charges - the charges for work that is needed on the existing water or sewer network to provide for new development-related growth. These will be recovered through a new 'infrastructure charge'¹, which will be fixed for both water and wastewater connections.

Site specific charges - the charges for all work carried out on the development site and the pipework required to connect the new homes to the existing water main or sewer at a defined point of connection. This includes:

- new water service connections
- new water mains
- new drainage connections
- new sewers
- diversions of existing water mains and sewers that need to be moved on a development site.

We're publishing fixed charges for most of the site specific work that we carry out.

By publishing our charges upfront, our customers should be able to confidently work out a reasonable estimate of the charges that will apply to their specific development project, at a much earlier stage, providing they know the parameters of the development.

There may be a limited number of circumstances where the work needed is not fully covered by our published charges and this is made clear in the document. There may also be circumstances when charges will be estimated upfront and reassessed once the work is complete. Again, it will be made clear where this applies.

Our charges are set in line with new Ofwat charging rules that apply to all water companies operating in England. They allow us some flexibility to develop our charges, so they reflect our company circumstances and the region we operate within. They have been developed through consultation and engagement with our customers. A copy of the new charging rules is available online at: ofwat.gov.uk/publication/charging-rules-new-connection-services-englishundertakers

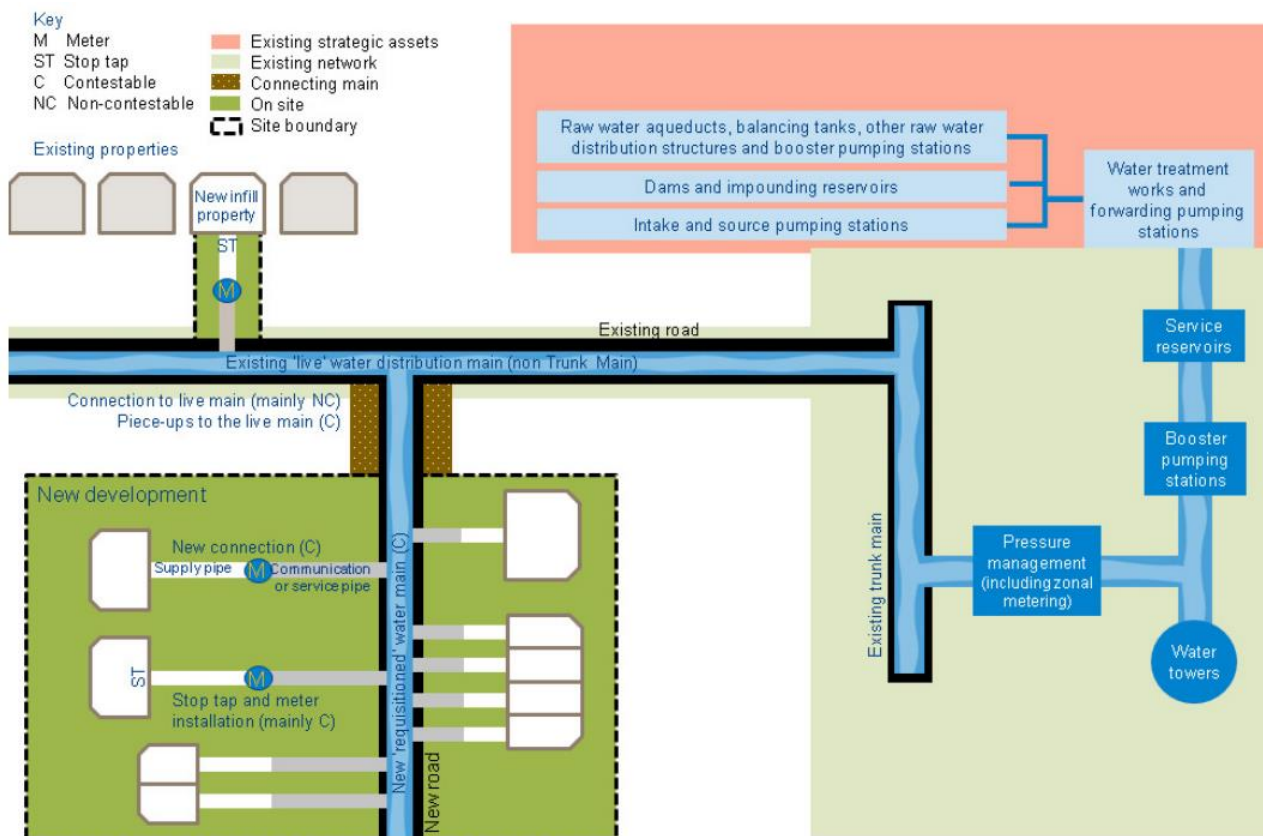
¹ We've included information about our infrastructure charges in this document for the convenience of our customers, so that information on all charges for new connections can be found in a single document. However, it should be noted that Ofwat's Charges Scheme Rules require us to fix infrastructure charges in a charges scheme made under Section 142 of the Water Industry Act 1991. This charges scheme can be viewed on our website at southernwater.co.uk/information-leaflets

Who pays for what?

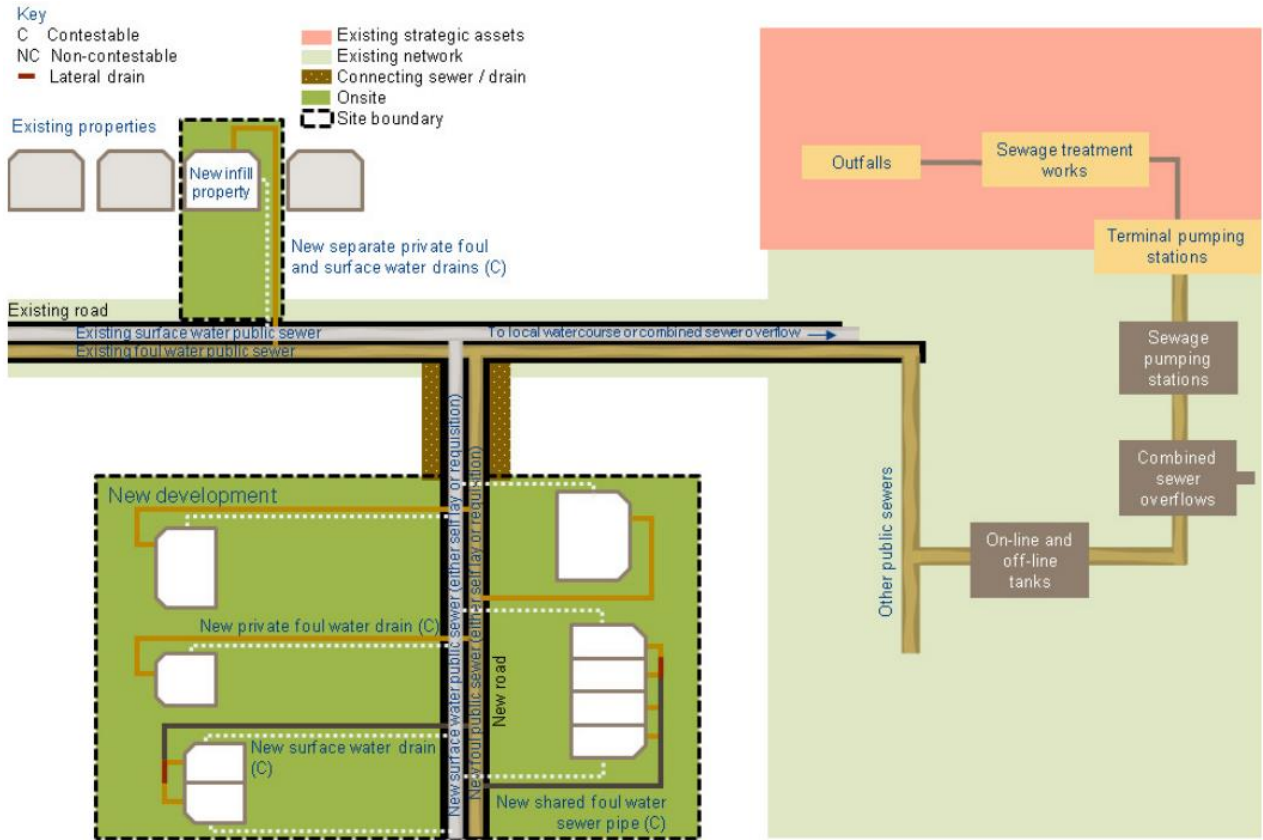
The following diagrams show who pays for what in relation to water and wastewater connection services. The diagrams are annotated as follows:

Colour	Infrastructure	Who pays and how?
Dark green and brown shaded area	Site specific work to connect to an appropriate point on the existing network	Applicants through site specific charges
Light green shaded area	Network reinforcement – upgrades and increased capacity within the existing network	Applicants through the New Infrastructure charge
Pink shaded area	New resources and treatment assets	Us through our five-year investment plan

Typical connections work and the location of existing water assets



Typical connections work and the location of wastewater assets



Who can deliver my connection work?

Customers can choose who provides the majority of new connection services for their development and who owns and operates the new network once it has been constructed.

The areas where customers have a choice over who provides the new infrastructure are known as **contestable**. There are other services, such as those linked to the security of water supply that can only be provided by us. These are known as **non-contestable services**.

The table below details who can provide or deliver different elements of the services in this area.

What service do I need?	Who generally applies?	Who can deliver?
New water supply connections and mains	Customer/developer Self-lay provider	Self-lay providers New appointees Southern Water
New sewers and laterals	Customer/developer	Developers or drainage contractors New appointees Southern Water
Adoption and operation of new water connection infrastructure	Developer Self-lay provider	New appointees Southern Water
Adoption and operation of new wastewater infrastructure	Developer	New appointees Southern Water

We encourage applicants to consider all potential delivery options and the following guide sets out further details on the options available to customers.

Self-lay providers (water supply)

Self-lay companies can install new water supply connections for a development. If you want to use a self-lay provider (SLP), or compare their service to ours, you should contact them directly.

SLPs can provide many elements of water supply infrastructure, such as mains and service pipes. When an applicant chooses to use an SLP, the SLP will agree with us the connection work it will carry out.

In most cases we will still need to carry out some work, for example design approvals or mains connections to the existing network. The SLP must include the cost of any work we need to carry out within the estimate it provides to the applicant.

The SLP can often choose who will own the new infrastructure. Once the work has been completed, and providing it reaches the required industry standards, they have the option of transferring ownership to either a new appointee (NAV), or us.

Water companies will adopt assets which are provided in accordance with the Self Lay Code of Practice, which you can find online at water.org.uk/developer-services/self-lay-code-practice

Developers and drainage contractors (wastewater)

In most situations, the wastewater infrastructure needed for a new development is constructed by the developer or a suitable drainage contractor employed by the developer. We very rarely carry out these works.

Once complete, the developer can transfer ownership of the new network to either a NAV or us. We are obliged to take ownership of (“adopt”) these types of assets providing they are designed and constructed to meet water industry standards. For most works, these standards can be found in the Water UK/WRc publication, Sewers for Adoption.

Regional water companies and new appointees and variations

Southern Water is a regional water company. All water companies can provide new connection services, or agree to take ownership of new water and wastewater connection infrastructure provided by others, in accordance with the Water Industry Act 1991. If requested by a developer, water companies are legally required to provide water mains, sewers and lateral drains through a process called requisitioning.

Alternatively, new appointees and variations (NAVs), also known as ‘inset’ companies, can provide new connection services or take ownership of the new water and wastewater connection infrastructure provided for a new development. NAVs are appointed by Ofwat and replace the regional water company. It is for the developer to choose whether to use a NAV or the regional water company to supply services for new sites, according to certain legal criteria.

For further guidance visit ofwat.gov.uk/regulated-companies/markets/nav-market

Details of current NAVs can be found online at ofwat.gov.uk/publication/register-of-new-appointments-and-variations-granted-to-date

Guide to our charges

Network reinforcement

Network reinforcement is work that needs to be carried out to our existing network to support development-related growth. This work is needed to ensure there is enough capacity in both the water and wastewater network to serve the new homes that are built without impacting on the service to our existing customers.

Network Reinforcement may include the following activities:

- Enlarging existing pipes or installing larger new pipes to increase capacity for a specific development, or further expected growth in the future.
- Upsizing existing or proposed pumping stations.
- Providing new cross-connections to improve network capacity under differing network conditions.
- Other infrastructure required to provide network capacity for growth resulting from new development.

Network reinforcement work is paid for through a new infrastructure charge. Every new property that is connected to our network will be subject to this charge.

Each company will set infrastructure charges for water and wastewater, which reflect their individual company circumstances, so applicants will see differences between companies.

This replaces the previous infrastructure charge which was the same for all companies. In some circumstances the old infrastructure charge applies - these are set out below. If you're unsure about what charge will apply to your development, contact our Developer Services team.

- New infrastructure charges apply to all new connections made to water mains or sewers laid before 1991 or after April 2018, **or**
- Old Infrastructure charges apply if the connection is made to a water main or sewer which was requisitioned between 1991 and April 2018

Water infrastructure charges – individually metered properties

Our infrastructure charges for water are detailed in the table below:

Charge	Charge	How is this applied?
New infrastructure charge	£200	Per property
New infrastructure charge (water efficient development)	£0	Per property
Old infrastructure charge	£379.62	Per property

Target 100 – promoting water efficiency

We operate in a water-stressed region and are both keen to work with developers as well as incentivise them to build new, water efficient homes. Our aim is to reduce the amount of water used by our customers to 100 litres per person per day. Our customers currently use about 130 litres per person per day. For new homes built with water efficient fixtures and fittings that achieve water use of 110 litres per person per day, we will waive the water infrastructure charge. We will

measure this against the current optional building regulations standards, to take a consistent approach.

Wastewater infrastructure charges – individually metered properties

Our Infrastructure charges for wastewater are detailed in the table below:

Charge	Charge	How is this applied?
New infrastructure charge (development size <20)	£550	Per property
New infrastructure charge (development size >20)	£765	Per property
Old infrastructure charge	£379.62	Per property

We will confirm the development size primarily through the sewer connection application process. In addition, we'll liaise with our neighbouring water companies to compare information to ensure we have accurate records. The higher charge may be levied if the appropriate sewer connection processes are not followed.

Infrastructure charges – domestic use in other premises

Infrastructure charges are applicable for domestic use in dwellings that are not individually metered, for example flats with a common billing arrangement, and non-dwellings, however they are calculated differently. We calculate this by working out the likely domestic use and how this equates to an equivalent number of domestic dwellings. We use the 'relevant multiplier' approach, which is the standard approach used throughout the water industry.

Details of how we calculate the relevant multiplier can be found online at ofwat.gov.uk/wp-content/uploads/2015/10/lic_lic_srn.pdf

Infrastructure charge credits

If the development site contained homes that were connected to our network within the last five years, we'll apply an infrastructure charge credit. This means that we'll deduct the number of former homes from the total number of houses that are built as part of the new development, reducing the number of infrastructure charges that are due. For example, if a development takes place on a site where 20 homes previously existed, and the new development will result in 40 new homes being built in their place, infrastructure charges only apply to 20 of the new homes that are connected.

In some cases, where the site was not previously housing, we may review the metered water consumption or sewer flows from the site and equate it to an average home within our area, so we can estimate how much water was used previously by the homes on the site and deduct that from the amount we expect to be used by the new properties. In the absence of metered information, other reasonable evidence will be used to estimate the prior demand on the network from the site.

Timing of charges

We'll give applicants the choice of paying the infrastructure charges either when the connection to our network is made (as they did prior to April 2018), or paying upfront. The applicant can decide which approach best suits their needs.

Upsizing new mains or sewers for future use

Occasionally, we may request that mains or sewers constructed by developers or SLPs are upsized to provide capacity for future growth. Where mains and sewers are upsized because of our request, we'll repay any extra expense reasonably incurred and fund it from infrastructure charges. Our contribution will be based on assumed flow rates for the development - relative to the other flows allowed for in the design.

Site specific charges

Our site specific charges cover all elements of work that may be needed to connect the new homes to our existing network.

What you pay will largely depend on the size of your development and its location. The cost will vary depending on the number of connections needed, the amount and size of the connecting pipework, the depth that it needs to be installed, the nature of the surface that the work is being carried out in and the size of the associated infrastructure required. We have set fixed charges that cover a range of options.

In addition, we have also set charges for other activities that we may need to carry out such as traffic management, work in the highways, working in areas of contaminated land and dewatering activities.

When we construct new water mains and sewers our charges will be discounted as we apply an 'income offset', which takes into account expected future income from the new properties. This is based on the amount of money we would expect to receive over a 12-year period from different property types. The income offset will be capped at the capital value of the requisition work. Income offsets only apply to new site specific water mains and sewers.

In order to be able to make a reasonable estimate of the cost of the site specific work required, applicants do need to know the parameters of the development.

Below we have set out a guide to site specific work that explains the different types of infrastructure that might be needed and other factors that will need to be considered. This is followed by the charges that will apply to this work.

Surface categories

The type of surface has a big influence on construction costs because of the difference in techniques used, reinstatement required and co-ordination with other parties. Our charges vary depending on the type of surface and this is set out in the charging tables that follow. The different surface types are detailed below.

No excavation - these charges apply when the trench has been pre-excavated by the customer in line with our standards. They do not include backfill or reinstatement.

Unmade ground - these charges apply to unfinished surfaces, which could include construction sites, fields or verges.

Footpaths - these charges apply when working in a footpath.

Side roads - these charges apply when working in/on a minor road. These are formally categorised as Type 3 and Type 4 roads (New Roads and Street Works Act 1991 - Code of Practice). Most local residential roads would fall into this category.

Main roads - these charges apply when working on major roads. These are formally categorised as Type 0,1 and 2 roads. These roads are much busier - examples include roads with an official A or B number (ie A27) or dual carriageways and higher speed single carriageway roads.

VAT

The charges below generally include VAT in the application and administration fees. The charges in the construction areas do not. If VAT is required on any elements of work, we will make it clear in the estimates we provide.

Water connection services – guide to our charges

New service connections

- New service connections involve sections of small diameter pipe, known as the communication pipe, laid from an existing water main to the boundary of a property where a meter chamber and stop-tap (valve) is normally located.
- A small diameter supply pipe within the boundary of a property links the communication pipe with the internal plumbing of the house. The supply pipe is the responsibility of the property owner.
- Service connections are made under Section 45 of the Water Industry Act. There is a non-refundable application charge - and an administration charge if the applicant goes ahead.
- The charges below should be combined to form the total costs associated with a particular application.
- The costs for new connections are applied per property and measured by the number of meters installed.
- The costs will vary depending on whether the work needs to be carried out in an existing road (main or side road) or in a new development site where the road is not yet surfaced or adopted.
- On new development sites, connection types are known as short side or long side. Pipework up to 3 metres long is described as short side pipework between 3 and 8 metres long is known as long side.
- For side road and main road connections, each connection has up to 8 meters of pipework included within the standard charge.
- The charges include connection to the water main, a new meter, stop-tap and boundary box.
- Larger diameter pipes may be needed to make connections to larger buildings such as flats and office blocks. We have set charges for a range of pipe diameters and up to 8 meters of pipework. Charges also include connection to the main, a new meter, valving and a boundary box.
- If more than 8 metres of pipework is needed, we have set charges for additional pipework.
- If the connections need to be made in an area of contaminated land, additional charges will apply to cover the cost of specialist fittings, pipework and management of ground conditions.
- Standard traffic management where we can keep traffic flowing, or install two-way traffic lights, are included within our standard charges. If more complex traffic management is needed and we incur additional local authority charges we will apply an additional charge for extraordinary traffic management. This isn't always easy to predict but we will make our customers aware as early as possible if this charge will apply.
- The charges associated with water connections are payable upfront, at the point of application, and at the provision of estimates for the work.

Section 45 application and administration fees

Service	Charge	Contestable / Non-contestable	How is this applied?
S45 - Application fee (first connection)	£86.57	Non-contestable	Per application
S45 - Application fee (subsequent connections)	£43.75	Non-contestable	Per subsequent connection
S45 – Self-laid application fee (first connection)	£66.17	Non-contestable	Per application
S45 – Self-laid application fee (subsequent connections)	£40.13	Non-contestable	Per subsequent connection
S45 – Administration fee (first connection)	£39.79	Non-contestable	Per application
S45 – Administration fee (subsequent connections)	£24.65	Non-contestable	Per subsequent connection
S45 – Self-laid administration fee (first connection)	£25.39	Non-contestable	Per application
S45 – Self-laid administration fee (subsequent connections)	£15.73	Non-contestable	Per subsequent connection
Water regulations inspection (external) – first of every 10 plots (1 st , 11 th , 21 st etc)	£82	Non-contestable	Per connection
Water regulations inspection (external) – every other plot (2 nd – 10 th , 12 th – 20 th etc)	£5.69	Non-contestable	Per connection
Approving site-specific water distribution systems design	£244.80	Non-contestable	Per connection
Point of connection enquiry	£110	Contestable	Per application
Abortive charges (site not ready)	£82	N/A	Per occurrence
Re-inspection fee	£82	N/A	Per occurrence

Standard connection charges

Connection type	Charge	Excavation undertaken?	Contestable / non-contestable	How is this applied?
New development site short side	£225	No excavation	Contestable	Per property
New development site short side	£285	With excavation	Contestable	Per property
New development site long side	£258	No excavation	Contestable	Per property
New development site long side	£341	With excavation	Contestable	Per property
Side road	£723	With excavation	Either	Per property
Main road	£849	With excavation	Either	Per property

Large diameter Connections

Connection type	Charge	Excavation	Contestable / Non-contestable	How is this applied?
63mm connection	£2353	With excavation	Either	Per property/premises
90mm connection	£6321	With excavation	Non-contestable	Per property/premises
125mm connection	£6582	With excavation	Non-contestable	Per property/premises

Additional pipework (per meter)

Pipe size \ Surface	No excavation	Unmade ground	Footpath	Side road	Main road
Property connections (25/32mm)	£9	£29	£60	£86	£130
63mm	£38	£62	£90	£113	£150
90mm	£40	£77	£106	£142	£173
125mm	£44	£86	£114	£151	£183

Contaminated land

Contaminated land	Charge	Excavation type	How is this applied?
Barrier connection - property connections (25/32/63mm)	£46	No excavation	Per property
Barrier connection - property connections (25/32/63mm)	£119	With excavation	Per property
Barrier pipe – 25/32mm	£15	Not applicable	Per metre of pipe
Barrier pipe – 63mm	£34	Not applicable	Per metre of pipe
Barrier pipe – 90mm	£34	Not applicable	Per metre of pipe
Barrier pipe – 125mm	£38	Not applicable	Per metre of pipe

Extraordinary traffic management

	Charge	How is this applied?
Traffic management fee	£777	Per application if required

Flats with internal meters - following our development of the standard charges, flats with internal meters do not fit easily into our standard charging arrangements, as there are lower levels of excavation. As a result, we are offering the option for a bespoke pricing option for those customers who are developing flats with internal meters. This bespoke price will be offered as an alternative to the above standard charging approach. The customer will then be able to choose which option to go with that offers best value. We strongly advise customers to take up this option as it may offer better value in these unique circumstances.

Disconnections - our unit charge for disconnections (where chargeable) will be **£409**.

New water mains

- Water mains are pipes that will supply water to new homes within a development.
- New water mains can be provided by us or by an SLP.
- When carried out by an SLP, it is done so under Section 51 of the Water Industry Act. We will adopt the new infrastructure once it's complete, providing it meets the required industry standards. There are set charges that cover this process.
- Some aspects of water main installation can only be carried out by us and we will provide an estimate to the SLP carrying out the work.
- The SLP may also request that elements of contestable work are delivered by us. These elements will be charged in accordance with the charges within this document.
- We offer an asset payment to SLPs, which is calculated in the same way as the income offset, less any non-contestable and requested contestable items.
- If the applicant would like us to provide the new water main they can do so through an agreement called a requisition under Section 41 of the Water Industry Act.
- The charges below should be combined to form the total costs associated with a particular application.
- Our water main charges include all valves, hydrants, washouts and the costs involved in co-ordinating our work with the applicant's schedule.
- Separate charges apply when a connection needs to be made to an existing water main. This includes one valve and one hydrant. The charge will depend on the size of the pipe being connected to the existing network.
- Connections to self-laid mains are simple pipe to pipe connections to mains laid under an adoption agreement.
- On some occasions we may need to install (or been requested to install) pressure-reducing valves to reduce the risk of bursts, or district meters that enable us to measure the amount of water being supplied to a specific area. These will be charged per installation and the cost will depend on the size of the pipe they are connected to
- If the site being developed is on an area of land that may be contaminated due to its previous use, we may need to install a specialist pipe known as a barrier pipe to avoid contamination of the water supply
- If these specialist pipes are required, they are charged in addition to the water main and the cost will vary depending on the pipe size
- Standard traffic management where we can keep traffic flowing, or install two-way traffic lights, are included within our standard charges. If more complex traffic management is needed and we incur additional local authority charges we will apply an additional charge for extraordinary traffic management. This is not always easy to predict but we will make our customers aware as early as possible if this charge will apply.
- We will offer an income offset when we construct a new water main which considers the expected future income from the new properties. The income offset will be applied per property and vary depending on the size of the property.
- The maximum income offset will be capped at the capital value of the requisition (as determined by the following charges).
- The charges associated with water mains laying are payable upfront and following the provision of estimates. Under our current charging approach there is an option to pay under the relevant deficit approach, where charges are payable over a 12-year period. Should this be attractive for applicants we will be able to offer a bespoke quotation on that basis. The ultimate charges may prove different to the following due to the different calculation method.

Section 51 SLP application, enquiry and administration charges

Service	Charge	Contestable / non-contestable	How is this applied?
S51 – Pre-commencement fee	£618	Non-contestable	Per adoption agreement
S51 – Water mains design approval fee	£244.80	Non-contestable	When required

Section 41 application, enquiry and administration charges

Service	Charge	Contestable / non-contestable	How is this applied?
S41 – Point of connection enquiry	£110	Contestable	Per enquiry
S41 – Mains application/ administration/design fee – 0 to 50 units	£1679	Either	Per application
S41 – Mains application/ administration/design fee – 51 to 250 units	£1770	Either	Per application
S41 – Mains application/ administration/design fee – 251 to 500 units	£1984	Either	Per application
S41 – Mains application/ administration/design fee – 500+ units	£2291	Either	Per application

New water mains laying (per meter)

Surface Pipe size	No excavation	Unmade ground	Footpath	Side road	Main road
63mm	£55	£84	£117	£143	£187
90mm	£55	£101	£136	£177	£213
125mm	£59	£110	£143	£186	£224
180mm	£70	£132	£170	£206	£245
250mm	£101	£155	£207	£240	£297
315mm	£135	£191	£277	£329	£383
355mm	£161	£219	£306	£363	£420

Connection to existing main

Connecting pipe size	Charge	Contestable / non-contestable	How is this applied?
63mm	£3285	Either	Per connection
90mm	£3285	Either	Per connection
125mm	£3437	Either	Per connection
180mm	£4781	Either	Per connection
250mm	£5305	Either	Per connection
315mm	£9909	Either	Per connection
335mm	£18229	Either	Per connection
Connection to self-laid main (any size)	£1305	Contestable	Per connection

Pressure reducing valves

Pressure reducing valves (with by-pass)	Charge	Contestable / non-contestable	How is this applied?
63mm	£8981	Contestable	Per installation
90mm	£9148	Contestable	Per installation
125mm	£9923	Contestable	Per installation
180mm	£11882	Contestable	Per installation
250mm	£17301	Contestable	Per installation
315mm	£29986	Contestable	Per installation
335mm	£30293	Contestable	Per installation

District meters

District meters (with by-pass)	Charge	Contestable / non-contestable	How is this applied?
63mm	£8254	Contestable	Per installation
90mm	£8421	Contestable	Per installation
125mm	£8913	Contestable	Per installation
180mm	£10579	Contestable	Per installation
250mm	£16341	Contestable	Per installation
315mm	£29986	Contestable	Per installation
335mm	£30294	Contestable	Per installation

Contaminated land

Contaminated land	Charge	Excavation type	How is this applied?
Barrier pipe – 63mm	£29	Not applicable	Per metre of pipe
Barrier pipe – 90mm	£29	Not applicable	Per metre of pipe
Barrier pipe – 125mm	£33	Not applicable	Per metre of pipe
Barrier pipe – 180mm	£37	Not applicable	Per metre of pipe
Barrier pipe – 250mm	£70	Not applicable	Per metre of pipe
Barrier pipe – 315mm	£82	Not applicable	Per metre of pipe
Barrier pipe – 355mm	£92	Not applicable	Per metre of pipe

Extraordinary traffic management

	Charge	How is this applied?
Traffic management fee	£916	Per application if required

Income offset discount

Property size	Income offset	How is this applied?
1 bedroom property	£1553	Per property
2 bedroom property	£1867	Per property
3 bedroom property	£2103	Per property
4 bedroom property	£2182	Per property
5 bedroom property	£2292	Per property

Income offsets for commercial properties will continue to be offered. The latest commercial charges used to develop the offset can be found in our Wholesale Statement of Principles and Charges, available online at southernwater.co.uk/information-leaflets.

Asset payments

Asset payments are payable to SLPs when they deliver water main infrastructure. The mechanism for calculating the asset payment is the same as calculating the maximum income offset. Relevant non-contestable and requested contestable items will be deducted from the asset payment as they will be delivered by us.

Wastewater connection services – guide to our charges

New lateral drains and connections

- Lateral drains are the part of the drain that runs from the edge of the property and connects with the sewer.
- Sewer connections are usually undertaken under Section 106 of the Water Industry Act through an application for a connection made to us, and when approved, work is usually carried out by a drainage contractor on behalf of the applicant.
- There are charges associated with the Section 106 application process.

- On very rare occasions, we may need to undertake connection work ourselves and we would notify you of this following review of your Section 106 sewer connection application.
- If we need to carry out this work, we do so under Section 107 of the Water Industry Act and only in those specific circumstances would the fixed charges detailed below apply.
- If we're required to make the connection, the cost will depend on the size, depth and nature of the surface in which the pipe is being constructed.
- The charges below should be combined to form the total costs associated with a particular application.
- Connections are made using different methods of connecting a new pipe to an existing sewer, existing manhole or by constructing a new manhole.
- If a new manhole is not needed, then the connection to the existing sewer or manhole is included in the pipe laying rate.
- Highways charges may apply if we need to work with the local authority to allow us to carry out the construction work. These charges would cover any temporary road, parking bay and pedestrian crossing closures.
- Extra charges will apply if we need to put in place traffic management to allow us to carry out our work safely, for example operating temporary traffic lights (other than two-way lights that are included in our basic charges) and implementing diversion routes.
- We may need to reduce the flow in the existing sewer, so we can make the connection safely. An additional charge for over pumping into the receiving sewer will be applied in these cases.
- Sewer connections are deep and must be carried out safely. On some occasions specialist ground support, such as interlocking sheet piles, may be needed to protect our construction teams and the surrounding areas and properties. If this is needed, additional charges will apply.
- In areas where groundwater levels are high we may need to carry out specialist dewatering. In most cases we can manage this with a small pump, but in some circumstances a more specialist approach will be needed. This will add to the cost significantly.
- The charges associated with water connections are payable upfront on application and provision of estimates. Work will commence on receipt of payment.

Section 106/107 application and administration charges

Service	Charge	Contestable / Non-contestable	How is this applied?
S106/107 Application/ administration fee – connection to existing sewer / manhole	£277	Non-contestable	Per application
S106/107 Application / administration fee – new manhole construction	£355	Non-contestable	Per application

Construction related charges (only where required)

Connecting pipework - unmade ground (per metre)

Pipe depth / Pipe size	Up to 1.5m	>1.5 - 2.5m	>2.5 - 3.5m	>3.5 - 4.5m
0 - 150mm	£278	£375	£472	£581
>150 - 300mm	£425	£531	£623	£726

Connecting pipework – footpath (per metre)

Pipe depth / Pipe size	Up to 1.5m	>1.5 - 2.5m	>2.5 - 3.5m	>3.5 - 4.5m
0 - 150mm	£405	£634	£771	£896
>150 - 300mm	£546	£781	£913	£1034

Connecting pipework - side road (per metre)

Pipe depth / Pipe size	Up to 1.5m	>1.5 - 2.5m	>2.5 - 3.5m	>3.5 - 4.5m
0 - 150mm	£469	£672	£743	£852
>150 - 300mm	£617	£828	£894	£999

Connecting pipework - main road (per metre)

Pipe depth / Pipe size	Up to 1.5m	>1.5 - 2.5m	>2.5 - 3.5m	>3.5 - 4.5m
0 - 150mm	£663	£905	£997	£1150
>150 - 300mm	£818	£1068	£1155	£1303

New manhole - unmade ground (per manhole)

Manhole depth / Manhole size	Up to 1.5m	>1.5 - 2.5m	>2.5 - 3.5m	>3.5 - 4.5m
1200mm	£2469	£3121	£4634	£5560
1500mm	£2901	£4023	£5981	£7388
1800mm	£3673	£5337	£7259	£8946
2100mm	£5024	£6952	£9233	£11631

New manhole – footpath (per manhole)

Manhole depth / Manhole size	Up to 1.5m	>1.5 - 2.5m	>2.5 - 3.5m	>3.5 - 4.5m
1200mm	£2953	£3688	£5348	£6542
1500mm	£3536	£4678	£6806	£8243
1800mm	£4464	£6185	£8161	£9876
2100mm	£5913	£7881	£10198	£12645

New manhole - side road (per manhole)

Manhole depth / Manhole size	Up to 1.5m	>1.5 - 2.5m	>2.5 - 3.5m	>3.5 - 4.5m
1200mm	£4014	£5192	£7587	£9085
1500mm	£4541	£5922	£8568	£10317
1800mm	£5909	£7680	£9714	£11749
2100mm	£7019	£9180	£11699	£14219

New manhole - main road (per manhole)

Manhole depth / Manhole size	Up to 1.5m	>1.5 - 2.5m	>2.5 - 3.5m	>3.5 - 4.5m
1200mm	£4818	£6025	£8542	£10076
1500mm	£5513	£6927	£9702	£11492
1800mm	£7149	£8963	£11045	£13128
2100mm	£8476	£10688	£13267	£15847

Additional charges

Charge Type	Charge	How is this applied?
Highways charge	£848	Per closure
Traffic management	£933	Weekly charge
Over-pumping the receiving sewer	£2763	Per connection
Specialist de-watering	£12861	Per connection
Specialist ground support	£2715	Per connection

New site specific sewers

- If new sewers are needed to drain the new houses, developers usually apply through the Section 104 process and work is carried out by a drainage contractor. Under this approach we will adopt the new sewer once it is complete, providing it meets the required industry standards.
- There is a similar approach for adopting already constructed sewers under our Section 102 process.
- There are fixed charges associated with the Section 104 and 102 application process.
- If a developer requires us to carry out the construction of a new sewer they can make an application through a Section 98 requisition.
- The charges below should be combined to form the total costs associated with a particular application.
- We have set fixed charges for gravity sewers, manhole construction and rising main construction. Costs will vary depending on the size and depth of the sewer.
- Our charges include the costs of design, surveys, land-entry, management costs, traffic management and related administration

- The charges also include standard trench support (excavator driven sheet piles and support structures, and groundwater management), by providing a localised pump to remove water from a trench.
- On some occasions specialist approaches may be needed, including if the development site contains contaminated material. In such cases we will provide a bespoke estimate.
- We will offer a discount when we construct a new sewer which considers the expected future income from the new properties. The income offset will be applied per property and vary depending on the size of the property. Income offsets only apply to the construction of new sewers, not any lateral connections.
- The maximum income offset will be capped at the capital value of the requisition (as determined by the following charges).
- The charges associated with new sewer infrastructure are payable upfront and following the provision of estimates. Under our current charging approach there is an option to pay under the relevant deficit approach, where charges are payable over a 12-year period. Should this be attractive for applicants we will be able to offer a bespoke quotation on that basis. The ultimate charges may prove different to the following due to the different calculation method.

Section 104 /102 application and administration charges

Service	Charge	Contestable / non-contestable	How is this applied?
S102 - Application fee (including initial administration)	£386	Non-contestable	Per application
S104 - Application fee (including initial administration)	£618	Non-contestable	Per application
S102 / S104 - Technical/ inspection fee (including final administration)	2.5% of construction value	Non-contestable	Per application
S102 / S104 - Legal fee	£400	Non-contestable	Per application
S104 - Security	Bond – 10% of construction value	Non-contestable	Per application

Section 98 requisition application charges

Service	Charge	Contestable / non-contestable	How is this applied?
S98 - Application fee (including initial Administration)	£4672.80	Non-contestable	Per application
S98 - Design fee*	10% of total project value	Either	Per application
S98 - Point of connection enquiry	£110	Either	Per application

* the design fee (or an element of it) will be refunded if, on agreement to proceed, the total cost of the construction works is less than the income offset

New gravity sewers - unmade ground (per metre)

Pipe depth / Pipe size	Up to 1.5m	>1.5 - 2.5m	>2.5 - 3.5m	>3.5 - 4.5m
0 - 150mm	£450	£628	£797	£1159
>150 - 300mm	£684	£794	£1052	£1353
>300 - 450mm	£750	£862	£1118	£1432
>450 - 600mm	£814	£983	£1268	£1621
>600 - 900mm	£1383	£1513	£1860	£2116
>900 - 1200mm	£1727	£2000	£2485	£2909

New gravity sewers – footpath (per metre)

Pipe depth / Pipe size	Up to 1.5m	>1.5 - 2.5m	>2.5 - 3.5m	>3.5 - 4.5m
0 - 150mm	£611	£714	£849	£1211
>150 - 300mm	£800	£891	£1118	£1402
>300 - 450mm	£905	£994	£1199	£1477
>450 - 600mm	£984	£1143	£1373	£1682
>600 - 900mm	£1684	£1790	£2023	£2163
>900 - 1200mm	£2111	£2399	£2750	£3030

New gravity sewers - side road (per metre)

Pipe depth / Pipe size	Up to 1.5m	>1.5 - 2.5m	>2.5 - 3.5m	>3.5 - 4.5m
0 - 150mm	£643	£791	£886	£1252
>150 - 300mm	£836	£942	£1201	£1519
>300 - 450mm	£952	£1049	£1301	£1625
>450 - 600mm	£1035	£1199	£1481	£1840
>600 - 900mm	£1763	£1857	£2181	£2400
>900 - 1200mm	£2205	£2447	£2907	£3297

New gravity sewers - main road (per metre)

Pipe depth / Pipe size	Up to 1.5m	>1.5 - 2.5m	>2.5 - 3.5m	>3.5 - 4.5m
0 - 150mm	£683	£837	£1047	£1514
>150 - 300mm	£813	£1019	£1345	£1735
>300 - 450mm	£1009	£1155	£1479	£1888
>450 - 600mm	£1092	£1315	£1678	£2131
>600 - 900mm	£1830	£1997	£2443	£2770
>900 - 1200mm	£2252	£2603	£3223	£3769

New manholes - unmade ground (per manhole)

Manhole depth / Manhole size	Up to 1.5m	>1.5 - 2.5m	>2.5 - 3.5m	>3.5 - 4.5m
1200mm	£4326	£5397	£7081	£10144
1350mm	£4658	£5798	£8223	£11561
1500mm	£5154	£6367	£8985	£13985
1800mm	£6716	£8979	£12598	£16915
2100mm	£8810	£10841	£14555	£19590

New manholes – footpath (per manhole)

Manhole depth / Manhole size	Up to 1.5m	>1.5 - 2.5m	>2.5 - 3.5m	>3.5 - 4.5m
1200mm	£5332	£6537	£8337	£11564
1350mm	£5717	£6992	£9692	£13194
1500mm	£6310	£7658	£10564	£14174
1800mm	£7823	£10698	£14472	£19263
2100mm	£10110	£12449	£17099	£22091

New manholes - side road (per manhole)

Manhole depth / Manhole size	Up to 1.5m	>1.5 - 2.5m	>2.5 - 3.5m	>3.5 - 4.5m
1200mm	£6768	£8240	£10469	£14484
1350mm	£7282	£8842	£12327	£16707
1500mm	£8078	£9733	£13492	£18019
1800mm	£10608	£12060	£16570	£19440
2100mm	£12127	£14383	£19619	£22635

New manholes - main road (per manhole)

Manhole depth / Manhole size	Up to 1.5m	>1.5 - 2.5m	>2.5 - 3.5m	>3.5 - 4.5m
1200mm	£7295	£8933	£11434	£15749
1350mm	£7818	£9548	£13448	£18196
1500mm	£8628	£10460	£14668	£19597
1800mm	£11344	£12946	£19787	£21115
2100mm	£13750	£15296	£23245	£24134

New rising main - unmade ground (per metre)

Pipe depth / Pipe size	Up to 1.5m	>1.5 - 2.5m	>2.5 - 3.5m	>3.5 - 4.5m
0 - 125mm	£395	£427	£556	£567
>125 - 180mm	£412	£444	£575	£584
>180 - 255mm	£442	£485	£630	£632
>255 - 315mm	£495	£538	£666	£715
>315 - 355mm	£558	£593	£751	£776
>355 - 400mm	£628	£715	£866	£898

New rising main – footpath (per metre)

Pipe depth / Pipe size	Up to 1.5m	>1.5 - 2.5m	>2.5 - 3.5m	>3.5 - 4.5m
0 - 125mm	£503	£535	£664	£755
>125 - 180mm	£523	£573	£703	£793
>180 - 255mm	£579	£600	£773	£891
>255 - 315mm	£656	£699	£785	£923
>315 - 355mm	£723	£765	£873	£991
>355 - 400mm	£871	£937	£1088	£1174

New rising main – side road (per metre)

Pipe depth / Pipe size	Up to 1.5m	>1.5 - 2.5m	>2.5 - 3.5m	>3.5 - 4.5m
0 - 125mm	£541	£577	£706	£801
>125 - 180mm	£562	£595	£746	£840
>180 - 255mm	£579	£622	£772	£899
>255 - 315mm	£621	£653	£879	£1028
>315 - 355mm	£885	£830	£1005	£1167
>355 - 400mm	£966	£1037	£1218	£1218

New rising main – main road (per metre)

Pipe depth / Pipe size	Up to 1.5m	>1.5 - 2.5m	>2.5 - 3.5m	>3.5 - 4.5m
0 - 125mm	£587	£638	£832	£939
>125 - 180mm	£610	£678	£850	£957
>180 - 255mm	£633	£729	£919	£1059
>255 - 315mm	£808	£866	£972	£1133
>315 - 355mm	£840	£924	£1100	£1293
>355 - 400mm	£1150	£1288	£1482	£1718

Income offset discount

Property size	Income offset	How is this applied?
1 bedroom property	£2782	Per property
2 bedroom property	£3301	Per property
3 bedroom property	£3684	Per property
4 bedroom property	£3793	Per property
5 bedroom property	£3985	Per property

Income offsets for commercial properties will continue to be offered. The latest commercial charges used to develop the offset can be found in our Wholesale Statement of Principles and Charges, available online at [southernwater.co.uk/information-leaflets](https://www.southernwater.co.uk/information-leaflets).

Site specific charges – general information

Exception to fixed charges

The charges in this document are predominantly fixed charges. On some occasions, the costs associated with laying new water mains and sewers (requisitions) may be more complex and challenging, in which case it will be difficult to provide a fixed charge.

This could include circumstances where:

- the technical complexity of the work is high, or the type of work required is bespoke or carried out infrequently
- third parties can legitimately recover their costs from companies and there is not a reasonable level of certainty of those costs in advance of connection work being undertaken
- third parties have rights to protect their assets or interests in a way that affects the construction method. The third parties' requirements are unknown upfront.
- the work is to be carried out on or close to land with particular environmental, historical or archaeological characteristics. These characteristics mean that specific measures are required during construction or reinstatement. The details of these measures may not be fully defined in advance of construction.

Where the above circumstances occur, we may be unable to provide a fixed upfront charge for the entire works, and will provide a budget estimate comprising a combination of:

- indicative or estimated charges for the elements of works affected by the circumstances above, and
- fixed upfront charges for the elements of the work where there is sufficient certainty and it is reasonable to do so.

There may be occasions when providing an indicative estimate is not possible or where the estimate will not meet the degree of confidence desired by the applicant. In these cases, we will work with the applicant to agree the best way to proceed.

Some specific examples of where exceptions could apply include:

- management and disposal of contaminated material

- extraordinary ground support such as interlocking sheet piles
- extraordinary groundwater control such as deep wells or wellpointing
- excavation of rock or artificial obstructions
- extraordinary pipe bedding requirements (such as piling)
- costs associated with land compensation or loss of profit
- statutory undertakers' diversions
- tunnelling techniques such as directional drilling or auger-boring
- pumping stations and installations
- costs of permits permissions and supervision associated with rail crossings, canal or river crossings, major highway crossings
- costs associated with 'immune bodies' where our statutory powers may not apply
- bespoke legal agreements such as Deed of Grant Easement or Transfer of Pumping Stations where not included within the routine agreements or processes.

The above list is not exhaustive but reflects some more specific examples that may fall into the principles outline above. The examples are generally highly site and context specific. The frequency these occur is also difficult to predict. Including in standard charges would be hard to accommodate and could adversely on the charges incurred all applicants.

Recalculating the charges

For all of the site specific charges, it is possible to recalculate the charges due on completion. This is often known as 'remeasuring'. This will only be undertaken against the charges detailed within this document. Charges will only change if the quantities that have previously been estimated change.

Differences in the charges

In the different categories of site specific charges there are different charges for what appear to be similar activities. There are two major reasons behind this:

- We use different delivery partners for different types of work. Connections and simple works are generally delivered using different partners to more complex, risky construction works. There are different costs associated with this.
- For some simple items there are very low costs in terms of management effort. For more complex elements the charges include all costs associated with project management, design, site investigation, customer management, dealing with external stakeholders and permits, securing planning permission and other similar activities. Due to the way that the charges have been developed, these are included within the charge items to make the charges as user-friendly as possible.

Extract of our network plans

To assist our customers in planning their works, it is possible to request an extract of our network plan. The charge associated with this is **£49.92**.

Charges for diversion work

- Developers with an interest in land that contains existing water or sewerage assets can arrange for the alteration or removal those assets to allow development work to progress.
- For both water mains and sewers this is undertaken under Section 185 of the Water Industry Act.
- All or part of the diversion works may be contestable, in which case we will give the developer the opportunity to undertake the works, or employ a suitably qualified third-party contractor to undertake these elements.

- The decision on who needs to undertake the construction is based on the risk of the work and asset criticality ratings.
- Applicants can contact Developer Services for advice ahead of application.
- Alternatively, should an assessment reveal that a developer-delivered diversion needs to be delivered by Southern Water, we'll only charge the differential in application fees.
- We do not offer published fixed charges for construction activities in this area. We'll keep this under review.
- We'll provide a bespoke estimate for each project in line with our current processes. The applicant will be free to choose how to proceed based on estimates at key stages.
- We'll utilise information from our estimating database at the early stages of the process to provide these bespoke estimates. As the design progresses we'll also engage with our suppliers to deliver an increasingly detailed and accurate quotation for the defined scope of the work required.
- The estimates may be different to the requisition published charges due to the individual nature of each site.
- The charges associated with diversions are payable upfront and following the provision of estimates.

Service	Charge	Contestable / Non-contestable	How is this applied?
S185 - Application fee (water diversion)	£1740	Non-contestable	Per application
S185 - Application fee (developer wastewater diversion)	£373.20	Non-contestable	Per application
S185 - Application fee (Southern Water wastewater diversion)	£2220	Non-contestable	Per application
S185 - Design fee (Southern Water diversion)	10% of total project value	Non-contestable	Per application
S185 – Technical assessment fee (developer diversion)	£675.60	Non-contestable	Per application
S185 – Inspection fees (developer wastewater diversion)	2.5% of construction value	Non-contestable	Per application
S185 – Legal fees (developer wastewater diversion)	£400	Non-contestable	Per application
S185 – Security requirements (developer diversions)	See below	Non-contestable	Per application

Security requirements

For developer delivered diversion projects we require a 100% performance deposit. We return 80% on completion of the works, and the remaining 20% following a one-year warranty period.

Transitional arrangements

We understand that moving to new charging arrangements presents uncertainty for customers, particularly where they may have already committed to a development based on previous charging arrangements.

We have worked with our stakeholders and Water UK to agree a set of principles by which we will base our charges during the transition period. The transition principles are set out below.

Infrastructure charges

- After 1 April 2018, premises connecting to a main or sewer that was provided as a requisition under Section 98 or Section 41 of the WIA1991, between 1991 and April 2018, will be charged using the old infrastructure charge in accordance with licence condition C. The charges recovered in accordance with licence condition C will be capped in line with the condition.
- After 1 April 2018, connections made to assets other than those above will be charged in accordance with the new infrastructure charge as defined in the Charges Scheme Rules.
- Any properties directly associated with a development where a network reinforcement requisition has been entered into, will be charged the old infrastructure charge in accordance with licence condition C. The charges recovered in accordance with licence condition C will be capped in line with the condition.

Site specific charges

- Applications received between 1 February 2018, and the 31 March 2018 for site specific mains and sewer work that will be carried out after 1 April 2018, will be quoted on either the old rules, or the New Charging Rules. Developers and SLPs will be invited to choose their preferred method.
- Applications received between 1 February 2018, and the 31 March 2018 for site specific new property connections that will be carried out after 1st April 2018, will be quoted under the old approach due to the volumes of applications. From the 1 April 2018 quotations will be made under the new charging approach.
- Developers or SLPs that have received a quotation or draft adoption agreement under the old rules, but have not formally accepted can re-apply after the 1 February 2018 for a quotation in accordance with the New Charging Rules.
- Quotations for some site specific work provided under the old rules, and accepted before 1 April 2018 are to continue to apply until 1 April 2023 unless the customer and the company agree to vary the quotation.
- Where a legal agreement is already in place in relation to charges for site specific work carried out as part of an adoption, then the charges defined within that agreement remain valid for the life of the agreement unless the customer and the company agree to vary those charges.
- Charges relating to the old charging rules, will be adjusted by inflation if the quotation or legal agreement includes an appropriate provision for adjusting the charges.

How did we calculate the charges?

Water

Site specific charges - new property connections

For new individual property connections, we analysed 12 months of new connections data. We categorised the costs into the new standard categories, along with the number of new meters (aligned with properties). This allowed us to develop the per meter (property) average costs.

For larger diameter connections (63mm and above), we undertook the same approach, but adjusted to consider those connections that were related to flats with internal meter, as these were increasing the unit costs.

The costs for additional pipework and barrier pipe for contaminated land closely correlate to the direct costs in proving these activities.

Traffic management costs were developed by using a selection of traffic management costs and building up a unit average. There was a high degree of cost fluctuation within this area. We will continue to collect data to ensure that this remains as representative as possible.

Site specific charges - water mains

The charges for laying new water mains were derived by analysing about 60 historic projects to develop all-inclusive unit charges for mains laying activities. For each pipe size we recorded total meterage and how many valves and hydrants were present. This allowed us to calculate a unit charge per meter.

Connections in most cases are a standard operation and the charges are based upon a bottom-up estimate. The charges include installation of a valve and hydrant per connection, so the same charge will apply to different classes of customer.

Meters and pressure reducing valves are based on a bottom-up estimate. These include for a bypass.

The costs for additional pipework and barrier pipe for contaminated land closely correlate to the direct costs in providing these activities.

Traffic management charges were developed by using a selection of traffic management costs and building up a unit average. There was a high degree of cost fluctuation within this area. We will continue to collect data to ensure that this remains as representative as possible.

Uplifts for project management, management of external constraints and administration costs are allied to the rates to ensure the charges cover all the costs associated with the provision of the infrastructure.

Site specific charges - income offsets and asset payments

Income offsets have been simplified to a 12-year income allowance for the various property types. The income offset applicable is capped at the capital value of the project if it is higher. If the income offset is lower, the differential must be covered by the applicant.

Asset payments are worked out in reverse. The asset payment is calculated using the income offset, less any applicable non-contestable charges and any contestable work requested by the applicant. It uses the same 12-year income allowances as the basis for the calculation.

Network reinforcement – water infrastructure charge

We reviewed our current five-year AMP6 expenditure (actual and forecast) and associated external contributions. This will continue to be our method of assessment of the charges on an annual basis.

Following this assessment, we overlaid our forecast investment for the next five years. This is higher than previously. With stability being a key principle within the new rules, £200 is the current assessment of a stable forward-looking charge. This charge could change in line with the principle that the charge will cover the costs over a rolling five-year period. As our PR19 planning process develops over the next 12 months we should be able to develop greater understanding and certainty around potential changes in the longer term.

Wastewater

Site specific charges - new lateral drains and connection

We very rarely construct new lateral drains and connections for our customers. This work is generally undertaken directly by applicants and their drainage contractors.

The charges that we have developed for laying pipes and manholes are derived from our supply chain and represent our closest view of the likely costs incurred in providing these services.

The costs for highways charges were developed by using the selection of historic costs and building up a unit average.

Traffic management costs and over pumping were derived from bottom-up estimates using supplier data.

Specialist dewatering and trench support costs were based on bottom-up estimates of the likely costs incurred for these activities.

Site specific charges – new sewers

The charges for laying new sewers were categorised into three main areas – gravity pipe laying, manholes and rising main laying. Upper limits on pipe sizes and depths are included which should cover most activities that customers would request in this area.

The base construction rates are from our estimating database. These have then been uplifted to include design, surveys, land-entry, management costs and related administration. This allows for an all-inclusive charge that allows the customer to identify the total cost of an activity using information that they would likely possess or be able to estimate or make sensible assumptions around (for example metres or pipe, sizes, depths and number of manholes).

Site specific charges - income offsets

Income offsets have been simplified to a 12-year income allowance for the various property types. The income offset applicable is capped at the capital value of the project if it is higher. If the income offset is lower, the differential must be covered by the applicant.

Network reinforcement – wastewater infrastructure charge

We reviewed our current five-year AMP6 expenditure (actual and forecast) and associated external contributions. This will continue to be our method of assessment of the charges on an annual basis.

Following this assessment, we overlaid our forecast investment for the next five years. With stability being a key principle within the new rules, £550 (for developments of 20 or less properties) and £765 (for developments of more than 20 properties) is the current assessment of a stable forward-looking charge. This charge could change in line with the principle that the charge will cover the costs over a rolling five-year period. As our PR19 planning process develops over the next 12 months we should be able to have greater understanding and certainty around potential changes in the longer term.