

Provisional Outline Framework produced by Fair Water Connections
Setting out the components necessary for Adoption Code Implementation (covering water assets)
in ways that work for all stakeholders

This version produced 10 August 2018

	Component	Rationale For Inclusion
1	Summary high level procedures covering all the developer enquiry/upfront stages prior to the making of an adoption application.	This being produced to cover all provision channels (self-lay, requisitioning and NAV). Made to stand-alone so that it does not look over burdensome on self-lay.
2	A Code of Practice based on the current national CoP with the removal of the upfront elements but otherwise minimal changes.	Charging changes has produced much disruption and confusion so retaining the well-established CoP framework should minimise market disruption when the Adoption Code gets implemented.
3	Minimise the number of 'control points'. These include pre-payments and needing to addend meetings before advancing works.	SLPs are regulated by the WIRS framework and unnecessary 'control points' are a restriction on their ability to freely work. Hence objective justifications must be provided to support whenever a 'control point' is introduced into the procedures.
4	A schedule of company specific "permissible materials and local construction arrangements". (Such as type and sizes of pipe where there are established company specific practices).	This is already a Code of Practice requirement. Should be produced in a standard format with a table summarising local requirements in all companies.
5	Access (via a web link) to company specific design requirements.	This is already a Code of Practice requirement. Whilst a standard template for this guidance would be beneficial time precludes this being advanced prior to Code implementation.
6	A supplementary document showing which companies have 'local practices' (which vary from those in the Code of Practice, or other standard documents, other than those in 3 and 4 above) and summarising which aspects of the standard arrangements are being 'locally' changed.	Given the push for standardisation SLPs should be able to readily establish where there are local arrangements.
7	A company specific document which details (including providing a full specification and giving an objective justification) all 'local' variations to the standard arrangements.	This is to provide the necessary full 'local' specifications and the rationale for an individual company to deviate from the standard practices.
8	Whilst general guidance on company websites, and in their literature, is welcomed no requirements related to adoption should be detailed in any documents not included in this schedule.	This is to prevent what currently happens with 'local' requirements being put into general guidance and charging publications. Such requirements being readily known by company staff but difficult for SLPs to establish. Delays with meter, and other material provision, merit these being included in the metrics.

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9	A schedule of key performance metrics (based on those that companies already report against but with the removal of largely 'administrative' measures and with the addition of a metrics covering the provision of meters and other company provided materials).	Existing metrics cover non-contestable work elements that are important to SLPs. Retaining current metrics aligns with Code requirement to state levels of service against measures that are currently publically reported.
10	A schedule of permitted allowable performance metrics exceptions. These covering advance notice times issued at preliminary (and no later than agreement acceptance) stages and where the customer is not ready for the work on the 'due' date.	Customers do not understand how companies can report high levels of compliance against performance targets yet customers know that they routinely experience provision delays. Hence a clear framework for allowable reporting exceptions is necessary.
11	(Linked to 9 and 10) Performance standards customers can expect and meaningful financial Redress payable when standard is not delivered, i.e. move to a world of 'guaranteed standards'.	Although financial Redress can never adequately compensate customers for the direct, and reputational, losses when performance targets are not met it has been demonstrated (in gas and electricity) to change company behaviour towards 'owning' delivery of non-contestable works. Hence companies instigating 'improvement plans' to safeguard against repeated failures is encouraged but does not provide sufficient a driver to ensure that delivery behaviours will be fully 'customer focused'. Having financial Redress also provides a stimulus for customers to chase up that each 'failure' has been registered by the company.
12	Linked to 11 to report every occasion when performance has not been to the target and Redress payments have been made.	Given that financial Redress will, in all probability, not be set at levels which fully compensate customers, particularly for reputational losses, it is important that company performance is fully transparent. Hence all 'Redress' events need to be publically reported (and shared with Ofwat for D-MeX consideration).
13	Provide, in a standard format, named contacts for escalating any complaints relating to company performance.	Such information is not always readily available and is needed for Code compliance. It would be helpful if all companies provided it in the same format. The named persons being at a level where they can intervene to address any delivery delays.
14	Dispute resolution channels and mediation.	Most disputes should be able to be resolved through direct discussions with persons at a level (see 13) who are able to directly intervene. Should the dispute be about SLP performance we would expect this to be handled through WIRS. With independent mediation is viewed as a last resort.

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15	Provide an adoption agreement that is no more onerous than the exchange of letters by which developers can accept company provision/requisitioning terms. (See below for details of accompanying agreements to facilitate this happening).	From a competition compliance stance it is wrong that self-lay provision requires developers and SLPs to accept a bulky agreement when an exchange of letters for requisitioning works usually suffices. (Especially when requirements are placed on developers and SLPs in the current adoption agreement regarding vested works which are not so stated when the developer has on-site commissioned works directly provided by a water company). Hence a significant change in the agreement framework is required to achieve the 'level playing field' principle in the Adoption Code.
16	To facilitate the 'exchange of letters' terms acceptance it is proposed to introduce;- a) a new framework agreement between developers and water companies covering both adoption and in-house/requisitioning provision. (This could be later extended to include sewer adoptions); and, b) a new framework agreement (linked into WIRS) which commits SLPs to deliver to company requirements. Included in both of these will be company commitments to deliver in accordance with their published performance standards and other requirements that arise from Adoption Code compliance.	Clearly the 'exchange of terms acceptance letters' outline (in 13) above will not be sufficient to cover all adoption related contractual matters. Hence the proposal to advance the 2 specific interface agreements (which can be put in place at an early stage and thereby not adversely impact on adoption related provision over, and above, in-house/requisitioning provision).
17	Include within the Adoption Agreements facilities to allow SLPs to use water company road opening powers (on works that are to be adopted).	It is a competition barrier that SLPs have to obtain their own road opening licences on works that are to be adopted when company contractors benefit from the powers, and cost savings, which arise from statutory noticing. Given the push, by some companies, to get SLPs to take on a greater range of connection work in the highway this matter now requires addressing.
18	Integrate control and management of the WIRS scheme into the Adoption Code governance. The proposal being to have a WIRS oversight subgroup to work with Lloyd's Register (who operate the scheme on behalf of companies) and for this group to be able to make recommendations direct to the Adoption Code governance panel. Also for the subgroup to take responsibility for working with Lloyd's Register to introduce any scheme changes made necessary by Adoption Code changes.	Although WIRS operates under a memorandum of Understanding signed up to by all companies (and instigated through Water UK) it is not 'owned' by companies and there is no established means of enhancing scheme scopes or ensuring that the scheme operates in ways which gives companies the safeguards they require. Hence the opportunity needs to be taken to tie WIRS into the Adoption Code governance arrangements.

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19	To use WIRS as a means of securing SLP compliance against agreement requirements.	SLPs retaining their WIRS registration is the means by which they can continue to operate (and serve developer customers). Hence continuing operating compliance is paramount to SLPs (but the role of WIRS as a compliance tool is not always appreciated by companies) so there should be no need for SLPs to have, other than in exceptional/site specific situations any requirement on them to put in place additional indemnities.
20	To remove the requirement for SLPs to ensure that their operatives hold Network Construction Operations (Water) registrations with EU Skills (which necessitate them undertaking formal training and obtaining a NVQ) and replace it with the requirement, which is already in WIRS, for SLPs to assess the competence of their operatives and only deploy them on works which are within their pre-defined competence criteria.	When WIRS was set-up the indicators were that the water industry was going to make the holding of NCO(W) registrations mandatory. This has not happened (despite repeated company assurances that they will make it a requirement when term contracts get renewed). Continuing with SLPs needing to hold NCO(W) is discriminatory as companies can recruit operatives direct from SLPs and immediately use them on works whereas SLPs need to train any experienced operatives they themselves recruit from companies. Unless there is now a firm commitment from companies to make NCO(W) a requirement on anyone who works on their networks the WIRS requirement needs to be changed.
21	To remove the requirement for SLPs to ensure that their operatives hold a Safety Health and Environmental Awareness (Water) registration with EU Skills.	Whilst SHEA(Water) registrations are much less onerous than getting a NCO(W) registration it is another requirement which is only on SLPs operatives and not generally made mandatory for company operatives and term contractors. It is also questionable whether the NCO(W) assessment contains much that is not also a (mandatory) National Water Hygiene requirement.
22	A contestable works framework which, as a minimum, accepts all of the activities in the current Code of Practice as being universally contestable. (Though companies can introduce 'local' variations in accordance with 6 above).	The current CoP sets out an established framework of contestable activities and there looks to be no basis for this to now be restricted.

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23	To introduce a mechanism to extend the range of the current listed set of contestable activities to include new scopes, particularly the making of (starting with relatively small diameter) connections to live networks.	Those companies where self-lay is a significant proportion of their connections activities are realising that it would be advantageous to them to open up low risk connections to SLPs. This would be best done as agreed WIRS scope enhancements (rather than by somewhat ad-hoc 'local' changes). Hence the necessary mechanism (see 16 - WIRS governance, above) needs to be put in place for structurally extending WIRS scopes and a start made on making a defined range of connections contestable.
24	Standardising service connection sign-off regarding approval of private pipework. The proposal being to categorise companies into those which:- a) allow widespread self-certifications; or, b) allow self-certification but require a number of (sample) inspections; or, c) insist on inspecting every property Also to define allowable metering options. All to be done in ways where SLPs can readily understand the 'local' operating requirements.	This is much history, and appetite towards risk, which has led to the wide ranging cross company differences in service connection approvals. It is also the part of the connections process which has the biggest set of different parties involvement. These include the developer, the developer's plumber, the developer's groundworker, the SLP and the water company. Hence there will be local differences in this process stage but having a standard set of options, where companies define which is their method in their 'local construction arrangements' would greatly ease the cross company misunderstandings which currently arises.
23	Company staff training about the Adoption Code framework.	A frustration to SLPs is that they regularly encounter company staff who have limited familiarity with open competition practices and how to behave when handling adoption works. To address this some form of structured training needs to be put in place to ensure that, on Adoption Code implementation, all are fully aware of the changes that are being introduced.

Notes

1. This is a preliminary listing of what FWC members expect to be put in place by companies for full Adoption Code compliance. FWC will be refining this schedule during August and September plus, where appropriate, adding cross references and greater substantiation. FWC would welcome all input to assist in the development of this framework (with the view of establishing what is needed to meet the broad consensus of all stakeholder test).
2. As far as FWC is aware the Water UK sponsored group has not produced a comparable schedule setting out what they intend to offer to water companies for them to issue to Ofwat for approval at the start of 2019. Hence we are not able to cross check whether our minimum requirements match with those that the Water UK sponsored group is currently progressing.
3. Feedback on the above FWC schedule can be made to Martyn Speight, FWC Managing Coordinator by email to martyn.speight@fwconnections.org or by phone on 07889187717.