

INFRASTRUCTURE CHARGE

LET'S START WITH A VALID AND HIGHLY RELEVANT QUESTION IN LIGHT OF THE RECENT MEDIA COVERAGE OF THE WATER AND SEWERAGE SECTOR

WHAT CONTRIBUTION(S) FOR EXISTING NETWORK IMPROVEMENTS DO HOUSEBUILDERS AND DEVELOPERS MAKE TO WATER & SEWERAGE COMPANIES DUE TO THE IMPACT OF BUILDING NEW HOMES?



With the Water and Sewerage Sector reeling from a litany of criticism relating to environmental abuse, unsustainable levels of debt, a severe lack of responsive infrastructure investment, CEO salaries/bonuses, and questionable dividend payments, **it is hardly surprising the sector has come under intense scrutiny.**

The **lack of investment**, whether it be for maintenance of existing water and sewerage assets, or new infrastructure, **has been laid bare.** But all is not what it may seem, especially in the context of House Builders and Developers constructing much needed new housing.

Focus has inevitably moved to population growth and primarily the impact new housing and development has on existing water and sewerage networks. **It has to be accepted that every newly built property, irrespective of building typology, needs a water supply,** and whenever possible, a connection to the existing public foul sewer network, or in some instances, a public surface water sewer (albeit with reduced discharge rates and volumes).

This brings us to a fundamental question:

Does a house builder/developer pay for upgrades and/or reinforcement to the existing water and sewerage network to allow for this?

The answer is unashamedly YES, and to the tune of c. £2.8billion (cumulative) up to 1st April 2018, starting from the date of Sector privatisation in 1989.

This huge contribution from House Builders and Developers (defined as water and sewerage infrastructure charges) was levied under the provisions of the newly introduced legislation in 1989. **The principal purpose of these infrastructure charges was to enable Water and Sewerage Companies to reinforce their existing networks** as a consequence of new development and justifiably so.

How and what the Companies do with this significant income stream is largely at their behest.



NOW COMES THE NEXT BIG QUESTION:

HAS THIS £2.8 BILLION CONTRIBUTION BEEN USED BY WATER AND SEWERAGE COMPANIES FOR THE PURPOSE FOR WHICH IT WAS INTENDED?

The answer that many may find quite shocking is that no one knows, even Defra, the Environment Agency, Natural England, and host of other statutory bodies. House Builders and Developers certainly don't know.

This may come as a bigger shock but more **surprisingly, neither does the Water and Sewerage Sector Economic Regulator, Ofwat.** Embarrassingly, **Ofwat has disclosed** (only in last few years) that from 1989 up to 1st April 2018 **they themselves have no idea where, when, how, or even if Companies had spent this vast contribution** from the Development Sector for the purpose for which it was designated. **Staggering but true** and to the point of being somewhat alarming.

The reader is left to draw their own conclusions.





Technical & Development
Services Holdings Ltd.
West End House,
60 Oxford Street,
Wellingborough,
Northants,
NN8 4JJ

Tel: 01933 423720
Mob: 07939 595778
Email: enquiries@t-d-s.com
Web: www.t-d-s.com