



# Policy Statement

## Adoption of NAV Assets

The purpose of this policy is to provide clarity on Southern Water's position on the adoption of potable water and wastewater assets serving a NAV's customers. It outlines the circumstances when adoption of these assets will be considered, including the laws, regulations and asset standards which govern their adoption. The usual expectation is that all or most of the assets within the NAV area, as well as offsite, site-specific assets, would vest in the NAV and be operated by them, in perpetuity, as their public assets.

### Legal and Regulatory Equivalence

Under the provisions of the Water Industry Act 1991, Ofwat has the power to appoint a limited company to provide water and/or sewerage services to their customers in an area previously served or unserved by the incumbent monopoly provider. Effectively, the new appointee becomes the statutory undertaker for a specific geographic area and, as such, has the same duties and responsibilities as the previous statutory water company.

These duties and responsibilities include the legal duty under Sections 51 and 104 of the Water Industry Act 1991 to adopt water and wastewater assets constructed by developers (pipes, sewers, lateral drains, pumping stations etc.) and the regulatory responsibility to effectively operate and maintain them throughout their lifecycle to ensure an excellent quality and value of service to their customers.

### Adoption of Assets within a NAVS Area of Appointment

The default expectation, as the NAV has been appointed as the supplier for its area with the same duties and responsibilities as the former incumbent company, is that the NAV would adopt the assets within its area of appointment and operate and maintain them in perpetuity. Thus, it would only be in exceptional circumstances, where there was a specific commercial advantage to Southern Water (as distinct from the NAV), that we would contemplate adopting assets constructed inside the NAV's area of appointment, which are wholly or predominantly benefiting a NAV's own customers.

### Adoption of Site-specific Assets Outside a NAVs Area of Appointment

Where any assets are constructed and commissioned outside of a NAVs area of appointment, for the purpose of connecting the NAV's potable water and/or wastewater supply network to our networks, and those assets exclusively serve a NAV's customers, the expectation is they should be adopted by the NAV. This is the expectation, regardless of whether the offsite assets have been constructed and commissioned by our contractor or the NAV's contractor. Where these offsite assets have been sized to accommodate the demand from other current or future developments, they cannot be considered site-specific and we would consider adopting them in accordance with the codes of practice and standards referenced at the end of this document.

## Beneficial Use

In specific circumstances, where it is clear a benefit is derived by Southern Water or its customers from the operation of a NAVs water and wastewater supply assets, an agreement to adopt the asset could be considered in accordance with the following codes of practice and standards:

Wastewater assets:

- Sewers for Adoption 7th Edition - A Design & Construction Guide for Developer
- Southern Water Supplementary Addendum to Sewers for Adoption 7th Edition -- Pumping Station Design Requirements - MED4006
- Civil Engineering Specification for the Water Industry, 7th Edition
- Developer Services Adoptable Pumping Station Guidance

Potable water assets:

- Code of Practice for the Self-Laying of Water Mains and Services – England and Wales
- Self-Lay Policy Supplementary Document - Design Practices, Schedule of Permissible Materials and Construction Arrangements

We will undertake an initial technical assessment of whether our network and customers benefit at the time we receive the technical drawings and specifications of the assets.

Where a benefit is derived but asset adoption is not a viable option, we are willing to discuss entering into a bespoke commercial arrangement with the NAV to share responsibility for the financing, operation, maintenance and land ownership of the asset.

An example of Southern Water deriving a benefit from a NAV asset would be the ability to defer the capital investment required to increase the capacity of a treatment works by making use of spare capacity in a treatment works owned and operated by the new appointee. In this instance, it would be reasonable for us to contribute to operating and maintaining the asset or to compensate for a proportion of the costs incurred by the new appointee. The precise nature and level of this contribution and financial compensation would be dealt with on a case by case basis, at our discretion, within the bespoke commercial agreement.

## References

- Civil Engineering Specification for the Water Industry, 7th Edition
- Sewers for Adoption 7th Edition - A Design & Construction Guide for Developer
- Southern Water Supplementary Addendum to Sewers for Adoption 7th Edition -- Pumping Station Design Requirements - MED4006
- Developer Services Adoptable Pumping Station Guidance
- Code of Practice for the Self-Laying of Water Mains and Services – England and Wales
- Self-Lay Policy Supplementary Document - Design Practices, Schedule of Permissible Materials and Construction Arrangements
- Water Industry Act 1991

Version	Date	Author	Amendments
0.1	03/09/2019	Mat Brown	-
0.2	06/09/2019	Mat Brown	Incorporating amendments by Jane Pritchard on legal and regulatory equivalence
0.3	09/09/2019	Mat Brown	Incorporating amendments by Stuart Ward, Daniel Whitcher and Chris Nelson. Revised to cover both potable and wastewater assets and include reference to the self-lay code or practice
1.0	11/09/2019	Mat Brown	Incorporating comments from Dylan Freeman on the adoption of assets outside the NAVs area of appointment. Document issued.