

mua Water

Annual Review of Code for Adoption

2026

Document control

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Background

During 2025–26, Ofwat reinforced its expectations regarding compliance with the Codes for Adoption (CFA) framework, which was introduced to create a consistent approach for the adoption of water and wastewater infrastructure across the industry. The CFA requires water companies to use standardised adoption agreements, construction specifications and service standards, reducing the need for developers and Self-Lay Providers (SLPs) to navigate different requirements across multiple water company regions.

On 11 February 2026, Ofwat issued a communication to all water companies, Water UK and the Independent Network Association highlighting concerns identified through a recent evaluation of the CFA. The review found that, while the CFA has delivered significant benefits through greater consistency and transparency, there remains inconsistent reporting of deviations from the sector documents and Model Adoption Agreement (MAA). The evaluation also noted that some new appointees had adopted approaches that deviated substantially from the CFA framework.

To strengthen compliance and maintain the benefits of standardisation across the sector, Ofwat reminded all companies of their obligation to produce an annual report detailing the use of agreed deviations from CFA requirements. These reports help Ofwat understand the scale and nature of deviations being applied and identify potential issues within the sector guidance documents that may require future amendment. Excessive or routine use of deviations could undermine the consistency that the CFA was designed to achieve.

The communication also emphasised the requirement for companies to maintain clear and accessible information regarding local practices and CFA panel arrangements. This is intended to ensure that developers, SLPs and other stakeholders understand how to participate in the change proposal process and contribute to the ongoing development of industry standards.

As a result, a review of current practices, reporting arrangements and website information is required to ensure compliance with Ofwat's expectations and to support the submission of the annual CFA Deviations Report by 15 July 2026

Purpose

The fundamental purpose of this document is a regulatory compliance exercise intended to provide Ofwat with assurance that the benefits of the Codes for Adoption (standardisation, transparency and competition) are being preserved across the sector.

The annual deviations report enables Ofwat to identify non-compliance, challenge excessive reliance on deviations, and determine whether changes to the sector guidance framework are required.

Scope

This review covers the period 1 April 2025 to 31 March 2026, corresponding to the 2025–26 regulatory reporting year referenced in Ofwat's communication. The review assesses the organisation's compliance with the Codes for Adoption (CFA) requirements relating to the identification, approval, recording, reporting and publication of deviations from the Model Adoption Agreement (MAA) and sector guidance documents during the reporting period. It also considers the management of local practices, the adequacy of governance and record-keeping arrangements, and the availability of information regarding CFA panels and the change proposal process to developers and Self-Lay Providers (SLPs).

Regulations and Guidance

The review was undertaken with reference to the Water Industry Act 1991, Ofwat's Code for Adoption Agreements, the Model Adoption Agreement, the Water Sector Guidance, the Sewerage Sector Guidance, and Ofwat's communication dated 11 February 2026 regarding Codes for Adoption communication and reporting requirements. Collectively, these documents establish the regulatory framework governing the adoption process, deviation reporting, local practices, and stakeholder engagement requirements applicable during the 2025–26 reporting year

Methodology

During the reporting year, 16 licences were granted. Of these, 12 associated sets of adoption agreements were either completed or had progressed to engrossment. These were reviewed and compared to the corresponding model agreements whereupon the deviations, nature and category of departure was identified and recorded for the purposes of providing this annual review.

Summary

The agreed deviations were largely consistent in nature, covering procedural requirements, financial security arrangements, technical specifications, asset scope, protected strips, and execution provisions.

Review – Water Adoption Agreements

Our water adoption agreements include an exclusion within 4.2(e) removing direct contractual reliance on Appendix C (Procedures) of the Water Sector Guidance governing the delivery and adoption process

The standard wording requiring the self-lay provider to act "in its own name" was removed from Clause 9.1(a) in our agreements as a reflection of current practices amongst ICP's (gas and electricity) to utilise the street works permitting in our name. However, SLP's continue to carryout works in their own name.

Clause 10.2(a) was amended in all agreements to require testing certification from an approved laboratory, in addition to testing undertaken by the Water Company while retaining the requirement for written confirmation and supporting certificates. This aligns with the requirements for accredited laboratories and tests on drinking water supplies by the Drinking Water Inspectorate.

The agreements also removed the requirement for written confirmation of satisfactory test results to be provided within 24 hours and omitted prescribed timescales under Clause 10.6(a). These amendments do not alter the underlying obligation to demonstrate that the assets have been satisfactorily tested prior to connection and adoption but instead provide greater operational flexibility in the submission and verification of testing information. As the amendments appeared consistently across all agreements reviewed, they are considered standard procedural departures from the model form rather than project-specific variations.

Clause 12.5 was amended so that connection information must be provided within five days respectively for household connections (instead of three). Non-household remains within one day for all connection requests. The clause was also restructured by separating part of its provisions into a new Clause 12.6 – solely about the provision of owner / occupier name, address and date.

Such is the uncertainty surrounding the provision by a developer of the name, address and occupation date of a new owner or occupier being lawful under UK data protection legislation, one developer required the following amendment:

*If the SLP has not already provided the name and address of the owner of the Premises, the Developer shall **where it is permitted to do so by Data Protection Legislation** provide such information and the date that that person became (or will become) the owner and/or occupier in writing to the Water Company....*

Clause 23 was amended to expressly provide that notices under the agreement may not be served by email and must instead be delivered using the alternative methods specified in the agreement, such as post or hand delivery.

A small number of agreements contained additional legal drafting amendments intended to qualify the exercise of contractual discretion and ensure that obligations were proportionate. These included the insertion of the word "reasonable" in Clause 12.1, requiring compliance only with reasonable procedures and rules issued by the Water Company, and the inclusion of the phrase "unreasonably withheld or delayed" in Clauses 19.2 and 27.1(b), preventing parties from withholding consent or approval without proper justification. Collectively, these amendments introduce objective standards of reasonableness into the agreement, promoting cooperation between the parties and reducing the potential for arbitrary decision-making while leaving the substantive allocation of rights and responsibilities unchanged

A summary is presented below:

Summary of deviations showing the nature and categories for Water Adoption Agreements

Deviation	Nature of Deviation	Category	Instances
Exclusion of Appendix C (Procedures)	Removal of the standard procedural appendix from the agreement	Procedures / Governance	12
Clause 9.1(a) – removal of "in its own name"	Restricts or amends the SLP's authority to undertake activities in its own name	Legal Drafting	12
Clause 10.2(a) – approved laboratory included	Testing certificates may be provided by an approved laboratory or a Water Company	Testing & Certification	12
Clause 10.2(a) – removal of 24-hour timescale	Removes requirement to provide testing confirmation within 24 hours of a pass result	Testing & Certification	12
Clause 10.6(a) – removal of timescale	Deletes prescribed timeframe for compliance with testing obligations	Testing & Certification	12
Clause 12.5 – revised connection information timescales	Timescales amended to 5/3 days for household connections and 1/1 day for others	Operational Process	12
Clause 12.5 split to create new Clause 12.6	Restructuring of connection information provisions	Operational Process	12
Clause 23 – notices not permitted by email	Notices must be served by methods other than email	Communications	12
Schedule 2 – Works carried out by Water Company	Additional schedule setting out works undertaken by the Water Company	Operational Process	1
Clause 12.1 – inclusion of "reasonable"	Obligation qualified by a reasonableness standard	Legal Drafting	1
Clause 12.6 – Data Protection qualification	Disclosure obligation limited by applicable Data Protection Legislation	Data Protection	1
Clause 19.2 – inclusion of "unreasonably"	Consent or approval cannot be unreasonably withheld or delayed	Legal Drafting	1
Clause 27.1(b) – inclusion of "unreasonably"	Restriction on withholding or delaying	Legal Drafting	1

Review – Sewer Adoption Agreements

The most common amendments relate to the financial security provisions, with almost all agreements either waiving surety and cash deposit requirements or removing references to deposited sums and sureties from the relevant security clauses and schedules – where developers wanted absolute certainty that they didn't apply.

We have also modified the definition of the adopted works, with amendments to the definitions and technical specification schedules extending the scope of adoption beyond conventional sewers to include soakaways, attenuation systems, surface water drainage infrastructure, pumping stations, outfall structures and balancing facilities.

An additional Technical Specification Schedule has been incorporated into our template agreement to provide greater clarity regarding the assets being adopted and transferred to our ownership.

The Fourth Schedule protected strip provisions by expressly defining the protected strip as 1.5 metres wide each half of the centre line or by defined reference to the scale and highlighted strips identified on the plans.

Several agreements included project-specific pumping station provisions through amendments to the Technical Specification Schedule. These departures required additional documentation, certification and commissioning information and, in one case, introduced site-specific departures from the Design and Construction Guidance (DCG) requirements.

A number of agreements also contained bespoke provisions relating to landowner protections, including advance notice requirements before access to adjoining land, obligations to reinstate affected land to the adjoining landowner's satisfaction, and extensions to the developer indemnity contained within Clause 15 to cover both us and the Local Authority concerned.

There have been two occasions where the prohibition of planting along protected strips appear to conflict with the landscaping arrangements upon which developers secured planning permission and so we have included landscaping plans by way of inclusion of a new definition and modified excluding provision.

A bespoke zero-day adoption arrangement under which assets vested immediately and became subject to a post-adoption defects period was made with one developer

Our template agreement modifies the execution provisions to permit electronic signatures (DocuSign)

A summary is presented below:

Summary of deviations showing the nature and categories for Sewer Adoption Agreements

Deviation	Nature of Deviation	Category	Instances
Surety and Cash Deposit Waiver	Waiver of surety/cash deposit requirements under the Agreement (10) or as preferred by the developer in two instances deletion of standard security provisions relating to deposited sums and sureties throughout the agreement (2).	Financial Security	11
Expanded definition of Works	Works definition extended to include soakaways (4); surface water drainage assets and attenuation infrastructure (3); pumping stations, accessories, outfall structures and balancing facilities (1). Inclusion of an additional Technical Specification Schedule that allows the descriptive outline of the works that is being adopted to be made clear to assist with removing uncertainty.	Scope of Works	8
Protected Strip	Protected strip dimension either specified as 1.5 m (8); or defined by land marked yellow rather than fixed width (1).	Land & Easements	9
Additional pumping station requirements	Additional requirements including O&M Manual, Davit Socket Certificate, NICEIC Certificate, WIMES-compliant pumps and dosing equipment provisions	Technical / Operational	3
Departure from DCG	Site-specific departures from Design & Construction Guidance requirements for pumping station	Technical / Operational	1
Additional landowner provisions	Notice prior to access and obligation to restore land to landowner's satisfaction (2) and developers indemnity extended to adjoining landowners (1)	Landowner Protection	2
Electronic signature	Execution block amended to permit electronic signatures	Execution / Administrative	7
Approved Landscaping Works	New defined term for planning permission approved / sanctioned landscaping works that is then used to modification of standard planting restrictions to accommodate approved landscaping	Landscaping	1
Redefined maintenance period	Maintenance period extended beyond 12 months where obligations remain outstanding	Maintenance & Adoption	1
Vesting Declaration	Developer retains responsibility until separate vesting declaration issued	Maintenance & Adoption	1
Adoption fee	Additional fee payable upon adoption	Maintenance & Adoption	1
Remedial works	Undertaker may undertake remedial works and recover costs from developer	Enforcement	1
Bespoke Zero-Day Adoption S104	Assets adopted immediately, with revised 12-month maintenance period obligations recast as a post-adoption defect period	Adoption Structure	1
Asset Value Payment Set-Off	Permits offset of adoption-related payments against asset value payments	Commercial	1

Next Steps

Following this review we will continue to:

- Monitor the use of deviations and maintain appropriate records.
- Ensure all agreed deviations are captured for inclusion in future annual reporting.
- Periodically review local practices to ensure they remain justified and aligned with CFA principles.
- Review emerging industry guidance and sector document updates to assess whether existing deviations remain necessary

In addition, we will undertake a review of the disapplication of Appendix C (Procedures), Clause 9.1(a), Clause 0.2(a), Clause 10.6(a), and Clause 12.5 to assess their ongoing justification and identify opportunities to reduce unnecessary deviations from the Model Adoption Agreements.