



Mr Dylan Spedding,
Ofwat Forward Programme Consultation 2009-10 and 2010-11,
Corporate Affairs Division,
Ofwat,
Centre City Tower,
7, Hill Street,
Birmingham B5 4UA
8 February 2008

Our Ref: LR/Water Sector Interest Group
Submitted by email
Dear Mr Spedding,

OFWAT Forward Programme 2009-10 and 2010-11

The Association for Consultancy and Engineering (ACE) represents the business interests of consultancy and engineering firms working in the built and natural environment. It is a leading association in this field counting around 800 firms – large and small, operating across many different disciplines – as members. Our member firms represent around 70,000 employees in the UK representing more than £4.5bn worth of turnover. This paper sets out our response to Ofwat's consultation for the forward programme 2009-10 and 2010-11.

Our ACE Water Sector Interest Group offer the following responses to the consultation

Section 1. Pages 4-5

Protecting consumers

Consumers have a right to refer disputes with WASC's to Ofwat for them to investigate. As part of the consumer experience measures it would be helpful for Ofwat to publish the numbers of referrals per annum from consumers and to identify how many complaints are upheld by Ofwat, in order to establish how effective Ofwat has been in this area of consumer protection.

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Promoting value

It is noted that one of Ofwat's key outputs is to make recommendations to Government to enable effective competition. Whilst encouraging competition in what is effectively a regionalised monopoly in providing water and sewerage services (one of the motives underpinning privatisation of the industry), a balance needs to be struck between a lowest-cost approach driven by competition and the long term stability of the industry. This is particularly important in view of the challenges the industry faces with respect to climate change, ever-increasing environmental standards, and managing for water resource.

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Safeguarding the future

The 2007 flooding events and the current Pitt Review demonstrate that Government is now focused on planning to ensure adequate protection is implemented as a priority. The water industry, together with local authorities, will have a key contribution to make and Ofwat's stated outcome that the industry plays its fair part in any 'wider' water and drainage strategy is noted.

However, this should take into account sewerage undertakers' statutory duties in respect of areas from which it accepts surface drainage and the funding thereof, together with an appreciation of the role of local authorities and their land drainage remit, such that an objective, common sense approach to local drainage in particular is achieved. Any extension of sewerage undertakers' surface drainage duties may require changes in legislation: adequate funding must be accounted for if changes are to be made.

In order to encourage a long-term sustainable industry Ofwat should actively encourage water companies to deliver schemes which provide lowest whole-life cost solutions. These need to integrate urgently the proposed outputs relating to construction costs, maintenance, legislative compliance, carbon usage, green house gas emissions, renewable energy and climate change. Ofwat needs to engage proactively with the Environment Agency and Water Companies to secure a holistic sustainable solution. For example construction of sewage treatment or pumping facilities to avoid water pollution may not be the optimum solution if the overall carbon footprint (construction and operation), causes greater environmental damage.

Section 2. Page 9

Our resource requirements

The consultation suggests a possible need for increased resources to meet enforcement action. We would expect this additional cost to be offset by contributions from the culpable parties, either by the imposition of fines or recovery costs.

Next Steps

We note that Ofwat is planning to hold a workshop for stakeholders this summer to discuss the forward programme and we would welcome an invitation to this event. We look forward with interest to reading the published report in March.

Yours sincerely,

Scot Parkhurst
Policy and Operations Director
Association for Consultancy and Engineering