



CIVIL ENGINEERING CONTRACTORS ASSOCIATION

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Rhiannon McHugh
PR09 Planning Team
Ofwat
Centre City Tower
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Ref: JRW/2008/U2

Dear Ms McHugh,

Setting Price Limits for 2010-15 A Consultation Paper

The Civil Engineering Contractors Association (CECA) was established in November 1996 at the request of contractors to represent the interests of civil engineering contractors registered in the UK as well as to provide a full range of services to members.

CECA promotes the positive contribution that the civil engineering industry makes to the nation. The Industry is an integral part of the economy and provides the necessary transport and other infrastructure necessary for a modern society.

CECA's current membership is in excess of 330 civil engineering companies, which range in size from large and well-known national names to the medium and smaller sized company, which may operate at a more regional level. Many CECA members carry out work for utility companies of which water and sewerage provision is an integral part of modern living.

In a recent internal re-organisation CECA implemented the creation of a Utilities Working Group to deliver to its members a more focussed approach to work done for utilities and to try to develop relations with stakeholders so that contractors are better placed to deliver services to its clients which add value.

The following comments relate to the delivery of construction services to the water industry and are intended to be helpful and supportive where our members concerns are addressed.

Paragraph 3.5.1 Good practice in asset management planning

It is noted that capital maintenance expenditure by water companies is to take into account 'whole life costs' and this is to be applauded provided that this is so when assessing tenders for works.

Paragraph 4.5.10

CECA acknowledges that Ofwat considers that the ‘early start programme’ introduced for the 2004 price review has not resulted in any or few ‘early starts’. Therefore the downturn of work for the construction industry continues to become significant at the end of the five-year cycle of investment. The interruption of this workflow creates difficulties in construction and inevitably has a knock-on effect in efficiency as expertise disperses away from the water industry into other fields where work is more consistently delivered.

CECA notes that for the next price review Ofwat expects “each company to manage the profile and timing of capital investment so that they avoid inefficient disruptions to the flow of work to suppliers”.

CECA accepts that this attempts to address the construction industry’s misgivings on the uneven flow of work and the resulting problems caused, but there are a number of difficulties which could mean that the current situation is perpetuated. For instance, no investment period is stated. Does it mean 25 years, and if so how is the handover of work achieved between one supplier and another when contracts are renewed.

This remains a significant concern for CECA members.

If you wish to discuss any of the above issues then please contact me.

Yours sincerely

A handwritten signature in black ink that reads "John Wilson". The signature is written in a cursive style with a horizontal line underneath the name.

John Wilson
Technical and Environmental Officer