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Independent Chair
Southern Water Customer Challenge Group
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Finance and Networks Division
Ofwat
Centre City Tower
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26 March 2013

Dear Mr Beddoes,

Setting price controls for 2015-20 – framework and approach. A consultation.

I write to welcome the above consultation and to take the opportunity to respond on behalf of the Southern Water Customer Challenge Group. In doing so, I am reinforcing comments I have already given to Ofwat colleagues.

In providing feedback, we believe that responses with respect to the technical matters in the document and responses to the specific questions set by Ofwat are a matter for the companies and other bodies, including the other regulators. Our purpose in responding is to provide feedback to Ofwat on its plans for CCGs, both in the 2013 period when we will produce our Report and submit it to Ofwat, and around the role of CCGs in the 2014 period, when Ofwat delivers the draft and final determinations.

We have three main points to make:

1. We would strongly encourage you to maintain the position of not prescribing a particular format for the CCG Report. As previously advised, at an Ofwat CCG Chairs meeting, we have invested considerable time and effort in working with the Company to develop a set of criteria for assessing the acceptability of the draft business plan. We have shared this thinking with you and believe our approach is consistent with Ofwat's intention. We anticipate using these criteria to structure our report and suspect this will make it different in approach from others. We hope it will be welcomed in

the spirit of Ofwat's challenge to companies and CCGs to develop their own approaches to business planning.

2. We welcome the clarity, both in the Consultation and in subsequent discussions, about the role of CCGs in the 2014, draft and final determination period. We find it particularly helpful that it is clear that Ofwat expects CCGs to continue to face directly at the company during this period, challenging them throughout, albeit with the benefit of additional information supplied by Ofwat.
3. We would encourage Ofwat to consider the timing of the submission of the draft Business Plans and the CCG Report and the practicality of them being submitted simultaneously. As I have pointed out in previous meetings, we believe that we will need a period of time after the company submits the draft Business Plan to conclude our own Report - I think this will take weeks not months, but it won't be simultaneous. This is for two reasons: firstly, we would need an appropriate amount of time to consider what the final Business Plan says in order to assess how well customer feedback has been reflected within it; and secondly, because we need to respect the fact that six of the ten CCG members are volunteers, who do not have the same time available as full time paid staff in the company or the regulator.

We hope you find the above response helpful and I would be happy to discuss further should it prove useful.

Yours sincerely,



Anna Bradley
Independent Chair