

Richard Coackley BSc CEng FICE FCIWEM
Chairman, Smoothing Investment Cycles in the Water Sector – Implementation Group
Immediate Past President, Institution of Civil Engineers
71 Tarvin Road
Littleton
Chester
Cheshire CH3 7DD
Tel: 07753 628126
Email: coackleyrj@btinternet.com

20th May, 2013

Stephen St Pier Esq
Finance and Networks Division
Ofwat
Centre City Tower
7 Hill Street
Birmingham
B5 4UA

Dear Mr St Pier,

Response – Setting price controls for 2015 -20 – business planning expectations

As Chairman of the Implementation Group set up to deliver the recommendations from the recent study carried out by Infrastructure UK and Ofwat in *Smoothing Investment Cycles in the Water Sector* I welcome the opportunity to respond to this consultation and thank Ofwat for providing the opportunity to do so.

The Implementation group was established to deliver the recommendations of the report and comprises senior representatives and input from IUK, Ofwat, Water companies, Industry Inspectorate bodies, the water industry supply chain, Water UK, British Water, ICE, CECA and ACE. I enclose a list of members and correspondents for information.

The group is now working on the delivery of these recommendations.

I would like to respond in particular to the area that the Implementation Group is addressing and the part of the earlier Gray review on which your consultation document is focused. Namely, the need “to reduce the burden of regulation on the companies to encourage them to be more flexible and innovative in their approach”

One of the significant challenges to encouraging flexibility and innovation while also improving infrastructure resilience is the ongoing stop/start funding caused by the regulatory cycle.

One of the key areas which would help provide robust long term planning, returning ownership of business plans to the companies and also provide considerable support in successful delivery of the IUK and Ofwat Cyclical report's recommendations is a clear mechanism to remove financial risk associated with bringing work forward, or "rollover" works across AMP periods, and allow a continuity of workload.

We recommend that there should be measures to manage this issue within the regulatory mechanism. This would lead to further development of "best practice" business planning and assist in a better investment planning climate.

Long term business planning delivery requires resilience in long term skills, capacity and investment. The Implementation Group believes that there is a workable and equitable solution and would be pleased to discuss this approach. Such measures would be an important enabler and would help the water industry deliver increased value to the customer at the same time as retaining the integrity of the Industry's declared regulatory mechanism.

Yours sincerely,



Richard Coackley

Chairman, Implementation Group
Smoothing Investment Cycles in the Water industry

Smoothing Investment Cycles in the Water Sector

Water Cyclical Report - Implementation Group Membership

Richard Coackley (Chair)	Immediate Past President	Institution of Civil Engineers (ICE) (& Director, URS)
Alasdair Reisner (Secretariat)	Director of External Affairs	Civil Engineering Contractors Association (CECA)
Mark Worsfold	Chief Engineer	OFWAT
Liz Barber	Finance & Regulation Director	Yorkshire Water
Mel Karam	Director of Asset Management	Southern Water
Alan Couzens	Infrastructure UK	UK Treasury
David Elliott	Director, Environment & Assets	Wessex Water
Graham Firth	Director, Asset Management	Bristol Water
Lawrence Gosden	Capital Delivery Director	Thames Water
Paul McMahon	Director, Economic Regulation & Market Reform	Water UK
Paul Mullord	UK Director	British Water
Chris Newsome	Director, Asset Management	Anglian Water
David Smoker	Chair	Society of British Water and Wastewater Industries (SBWWI)
Colin Waugh	Director	Clancy Docwra
Tony Williams	Director of Water	AECOM
Mike Willis	Development Manager	MWH
George Sloss	Regional Operations Director	Galliford Try
Graham Keegan	Director	Costain
Ian Barker	Head of Water, Land and Biodiversity	Environment Agency (EA) & Chair representing SSG
Crispin Oyen-Williams	Head of Policy and External Affairs	Association for Consultancy and Engineering (ACE)