

OFWAT FORWARD PROGRAMME 2014-15 CONSULTATION RESPONSE FROM DEE VALLEY WATER

1. GENERAL APPROACH

We welcome the opportunity to respond to Ofwat's consultation on the forward work programme for 2014-15. Overall, we are supportive of the majority of the activities set out for 2014-15 but we have some concerns in regard to the specific points raised below.

On a general point, with the general consensus that customers need to be at the heart of the planning process, it is important that Ofwat has the best possible understanding of all customers' views. Companies have that understanding from the extensive consultation process that they have undertaken for this and other periodic reviews. In carrying out its strategic assessment, Ofwat should address the steps it will take to ensure it has an understanding of customers' views and priorities and how it can reconcile that understanding with water companies' and CCWater's. In this respect, it is disappointing that Ofwat is putting more distance between itself and customers as a consequence of the ADR process.

2. OVERALL PROGRAMMING

Whilst acknowledging this consultation is on the draft version of the forward work programme we believe it would be appropriate to specify more exact dates in the final version of the forward work programme. This will help provide confidence that the steps to complete the activity have been thought through and should ensure that sufficient resources will be made available. In our experience wide windows such as Quarters or seasons do not provide sufficient focus for the delivery of work packages.

We are pleased to note that Ofwat intends to recruit a Head of Programme Management and hope the successful candidate will apply a disciplined approach to ensure the planned activities are achieved.

3. LICENCE REVIEW

The activity to review licences sets out many sensible steps and we welcome the review of licences to bring them up to date. However, if it is just a tidying up exercise then care should be taken to ensure it does not distract from more pressing matters.

4. ALTERNATIVE DISPUTE RESOLUTION (ADR)

We remain to be convinced of the merits of this approach and we do not currently see how the Alternative Dispute Resolution process will be financially better for customers. The setting up and operation of the ADR provider would seem to introduce new costs/overheads that customers will have to bear for no real benefit for the vast majority of customers that will not have cause to use it.

If Ofwat is only going to transfer some of the smaller, routine complaints then it is questionable why these routine complaints would need to be transferred at all, as Ofwat, with their more extensive experience, should be able to resolve them in a shorter timescale.

One final concern about this new approach is that we can foresee that the new ADR provider will, particularly in the short term, have to refer to Ofwat for guidance to resolve some of the complaints and so add another step in the process.

5. NEW STRATEGY

We welcome the open and consultative approach to exploring how Ofwat can regulate effectively for the future, the first steps of which have been a most encouraging improvement.

6. FINANCING

Given the current focus on costs and the importance of providing value for money to customers we think it is important for Ofwat, especially given the increase in fees, to be more transparent and perhaps provide more detail on the main cost drivers in the financial forecast including, for example, the cost implications of the introduction of the Alternative Dispute Resolution.

Dee Valley Water
10 February 2014