

Ofwat Forward Programme 2014/15 – draft for consultation

Sembcorp Bournemouth Water's response

Introduction

This is Sembcorp Bournemouth Water's response to Ofwat's consultation on its draft Forward Programme for 2014/15.

We welcome this opportunity comment on Ofwat's strategy which is particularly relevant due to the state of change the industry will continue to inhabit for several years to come.

By its nature a strategic document is high-level, but the practical lessons learned in the last year should be incorporated in Ofwat's future strategy. We give more detail in our specific comments below.

In response to Ofwat's specific question regarding the transparency of the reporting against the Government's strategic policy priorities, we find the approach relatively clear, but that the whole Forward Programme and its links to the policy priorities could have been made more transparent and easier to follow by creating a summary of the projects and their impacts at the start of the Forward Plan.

General comments

- We agree that plans should look beyond 2015-20. The consultation suggests this at a high level but goes on to state that the plan will provide direction for the next five years.

We suggest that, wherever possible or relevant this should be until at least 2025. Encompassing two AMP periods will ensure a longer-term view in a period when the industry is undergoing significant change.

- We agree that Ofwat's strategy is broadly aligned to Government's strategic policy priorities. However, whilst its work against Priority II (proportionality of the regulatory framework) is, on the whole, successful it should be kept under review and lessons learned from previous activities incorporated in to future activities.

For example, it has become clear during the PR14 process that to ensure that data from companies is consistent reasonably detailed guidance on what is required is needed. Whilst we support simplicity and light-touch regulation an approach that is too 'light touch' can result in varied interpretations of needs, creating more work, cost and regulatory burden for both Ofwat and companies; as has recently been demonstrated during the query process.

We do believe that for the monopoly part of the service there will always need to be a defined minimum level of service and associated guaranteed standards.

Customers of the monopoly should have a national reference point upon which to challenge companies. This is also helpful to companies.

- To be flexible to the ongoing change in the industry the strategy should:
 - Be structured in such a way that it will evolve with the sector
 - Be consistent with other work being conducted, particularly that of Open Water
 - Permit flexibility within policy decisions to respond to the ongoing evolution of the sector. Any guidance issued should be kept as high-level as is feasible and then reviewed for effectiveness.
 - Not constrain the evolution of the sector.
- Implementing changes, in particular to charging and reporting, can often require long lead times. To avoid a squeeze on time available to companies to implement any requirements the committed timetable for publication of consultations, policy decisions and guidance must not be allowed to slip.

*Sembcorp Bournemouth Water
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