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Our ref JS/AS/J3

Your ref

5 February 2015

Dear Cathryn,

**Ofwat's forward programme 2015-16 – draft for consultation**

We read with interest Ofwat's draft forward programme and are pleased to have the opportunity to comment upon it.

It is clear from the document that Ofwat has been giving considerable thought to its priorities and scope of future work in the context of becoming part of the Government's Comprehensive Spending Review and contemplating a substantially reduced budget. The consequences of this change include an expectation that service providers will take greater ownership of challenges posed to the sector and will work in partnership with Ofwat and other industry stakeholders in developing solutions to tomorrow's needs.

We are happy to accept these challenges. We like to think that Anglian Water has demonstrated its ability to lead proactively where it identifies opportunities to secure improvements for customers, the environment or society. In this context, we would highlight our extensive endeavours to support non-household retail market opening with Peter Simpson's ongoing involvement as well a number of secondments to the programme over a number of years; our campaigns to promote customer behavioural change that include *Keep it Clear*, *Drop 20* and *Keep Water Healthy*; our research programmes on water resource allocation, reported in documents such as *Sustainable Water Stewardship*, *A Right to Water* and most recently

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Registered in England  
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*Markets, water shares and drought: Lessons from Australia*; our focus on performance improvements prioritised by our customers, such as improved resilience, leakage reduction, carbon reduction and bathing water improvements; and our participation in the Business in the Community Business Connectors programme. We recognise both changes in the world around us, to which we have to respond, and opportunities to promote changes ourselves.

Given our track record, we therefore welcome the challenges posed by the draft forward programme and look forward to continue demonstrating our positive contribution to the debate and development of markets and regulation. I am pleased to have been invited to join Ofwat's Task and Finish group on developing the approach to resilience.

Another theme of the draft Forward programme is Ofwat's continued intention to regulate companies according to the degree of confidence it has in them and the findings of its risk assessment processes. It is positive that low risk companies might enjoy greater flexibility and less intensive ex ante regulation. Not only does this approach reward companies with a positive track record and place responsibility for assurance where it rightly lies, it also encourages the customer-focussed, rather than regulator-focussed, behaviour that Ofwat is seeking to nurture.

We stand on the brink of an exciting period for the development of the water industry, with a new price control period about to start, new markets being developed or contemplated and an evolution in regulatory outlook. We look forward to playing our part as a leader in the sector, working in partnership with Ofwat and other stakeholders, to continue raising standards for the benefit of our customers and society.

Yours sincerely,



**Jean Spencer**  
**Regulation Director**