

Ofwat's Draft Forward Programme 2015-16

This is Sembcorp Bournemouth Water's response to Ofwat's consultation on its draft forward programme for 2015-16.

General comments

We welcome Ofwat's new ways of working, outlined by Cathryn Ross at the launch event in January and we look forward to more constructive engagement.

We agree that delivering value for money is critical and support involvement and resource-sharing with UKRN, but suggest that building on engagement and meaningful relationships will also assist delivery of this. We propose that adopting a further strategic priority of 'Active engagement and the building strategically valuable relationships with companies and other stakeholders' could ensure that maximum benefit is achieved. Doing so will ensure that sight of it as a priority could not be overlooked.

We are keen that Ofwat and companies work together to optimise identified benefits. The Forward Programme makes reference to Ofwat's future resource challenges and the need to work flexibly to manage them. We understand this and wish support Ofwat where this occurs but note too that companies will also be subject to increasing and competing pressures going forward, therefore all parties must be mindful of and flexible to these challenges when setting timetables and expectations.

We are keen to engage and play our part in the formation of the new approach to regulating the industry going forward and in the first instance would encourage the reinstatement of meetings between Ofwat company leads and companies as soon as practicable to commence dialogue.

Proposed work programme

Here we comment on the proposed programmes for 2015-16.

Strategy and planning

- We support the intention to explore the potential for customers to play a more fully engaged and empowered role but are unclear on how this may happen. The draft text suggests that this may be via companies and we are keen to engage in this area.
- Early clarity on Ofwat's regulatory model for the sector over the next five years will be helpful particularly if this includes planning for the 2019 Price Review. We would welcome this in 2016-17, if not before.
- We support the joint work on resilience and will welcome more information on the planned approach once it becomes available.

Casework

- We view the proposal as pragmatic and proportionate and support this revised approach.

Finance and governance

- We support the proposed activities surrounding the development of modular licences but note that this work does not feature in 2015-16. It is important for transparency that all providers' licences are at least accessible on Ofwat's website and we suggest that even if the full work plan cannot be accommodated in 2015-16 that an interim measure of making current licences available is addressed.
- The forward plan proposes that the collection requirements for 2015-16 information are shared in January to March 2016. Our view is that this is too late and may not allow sufficient preparation time to ensure that robust reporting is in place. The workshops that have been held to date have been very helpful in aiding understanding of potential requirements but we would welcome final confirmation of requirements earlier than proposed, in quarter three (October to December 2015).

Water 2020

- We welcome the intention to capture the key learning from the 2014 price review but are unclear how this will be conducted and which stakeholders will be involved. We urge that this is clarified as soon as possible and comment that we hope that an independent third party will be engaged to collate and review findings as this is, in our opinion, how the greatest value will be achieved.

Thames Tideway

- We have no comment on this work stream.

Business transformation

- While this is clearly an internal issue for Ofwat we wish to record our support for the continuation of Portfolio Leads, or equivalent, going forward. Having a central point of contact with an overall view of the company has proved for us to be a very helpful and time-efficient way of communicating and we would strongly support retention of the role.

Compliance and assurance

- An objective of this programme is to assure others that Ofwat is complying with its own policies and external requirements. However we note that the delivery plan does not state how this will be communicated to stakeholders or how it will be evaluated as successful or otherwise. We suggest that it should do.

Summary

We welcome Ofwat's new strategy and its focus on active engagement with all stakeholders, including the service providers it regulates. Moving the industry forward to a collaborative approach underpinned by a risk-based philosophy is an appropriate way forward at a time when significant change is underway.

*Sembcorp Bournemouth Water
January 2015*