
From:
Sent:
To:
Subject:

Good morning,

Please see the below the London Fire and Emergency Planning Authority's response to Ofwat's consultation on the financial monitoring framework:

Response

London Fire Brigade (LFB) wishes to comment on this consultation in relation to the repair and maintenance of fire hydrants which is incumbent upon the water industry as part of its Water industry Act obligations. Our comments relate to this requirement generally but also with regards to question 6 within the consultation - *Q6: How far outside the regulatory ring fence do you think that we should be looking? Should the scope of the financial monitoring framework include more information in respect of principal holding companies, the ultimate controlling parties of the regulated companies or other key shareholders?*

The repair charges levied by Water Companies for hydrant maintenance (for which the Fire Service is obliged to meet the Water Companies costs) are highly inconsistent. Research commissioned by the Chief Fire Officer's Association in the first half of 2015 produced two key findings relating to cost:

- Within the same region, the cost levied for a particular hydrant repair type by one water company can be three times higher than that levied by another
- A hydrant repair type in the same street, managed by the same local authority but on the boundary of two water companies can be charged at £300 higher by one company than the other

The lack of competitiveness in the water industry and the fact that fire authorities are tied to a single water company service provider in their area is unacceptable practice in 2015. The discrepancies in these pricing differences also highlight an apparent inadequacy by Ofwat as industry regulator for whom price monitoring is a responsibility.

LFB holds the view that if one water company is able to undertake work at a lower cost than another, that lower cost is realistic, achievable and demonstrable. Therefore that cost should be applied across all water companies, possibly with minor variation allowed for regional differences in respect of wages and parts costs. Alternatively the fire service should have the option of the more cost-efficient service provider undertaking work in a region outside of the water company's boundaries.

LFB believes that it is also a regulator's responsibility to challenge such discrepancies and that this is done openly and transparently. LFB has noted separate correspondence from Ofwat regarding a Resilience Task and Finish Group. LFB has responded to this expressing a wish to be party to it although no response or communication has yet been received from Ofwat to date.

Please let me know if you have any queries.

Many thanks

Anthony Jackson
External Liaison Officer
London Fire Brigade
020 8555 1200 (ext 30760)
Email: anthony.jackson@london-fire.gov.uk

 |  | www.london-fire.gov.uk