

# MURAD QURESHI AM

City Hall  
Queen's Walk  
London SE1 2AA  
Switchboard: 020 7983 4000  
Minicom: 020 7983 4458

Cathryn Ross  
Chief Executive, Ofwat

Web: [www.london.gov.uk](http://www.london.gov.uk)

5<sup>th</sup> November 2013

MQ/NS/DCD

Dear Ms Ross,

I am writing to you as the London Assembly Labour Group Environment Spokesperson following your letter of 17<sup>th</sup> October regarding Ofwat's draft determination to disallow Thames Water's request for an increase in water bills for 2014/15. May I start by saying that I strongly welcome the comprehensive challenge Ofwat has made to the application and in particular the critical assessment given to calculations of bad debt.

In my last letter in August I highlighted the cost of living crisis which is affecting communities across London. In the months that have past Londoners have been faced with further sharp increases in utility bills, in particular energy, leading to increased fuel poverty. It would be grossly inappropriate for Thames Water, holding a monopoly as it does in the Greater London area, to use its position to add extra strain on family finances at a time when they have never been tighter.

In addition to the strong challenge provided by Ofwat, the London Assembly's Environment Committee recently held a discussion with Thames Water executives to hear first-hand the reasons being offered for a price increase. Details of the session have been sent to you under separate cover in my capacity as Chair of the Environment Committee.

I would however like to highlight the issue of bad debt and the inadequate responses I received from Thames Water on how it is calculated. I do not feel that Thames Water have sufficiently explained how the figure of £165m in bad debt was reached in contrast to your own analysis that it amounted to just £29m. There is also the question of how this debt is managed, particularly in relation to difficulties in identifying short term tenants in arrears, as Landlords are not compelled to pass details of them to the company. This clearly needs to be revisited in the future as part of a holistic approach in examining how bad debt can accrue and how it can be best managed in the interest of all Thames Water customers.

In the short term Londoners are looking to Ofwat to continue its critical analysis of Thames Water's application and reach a conclusion that reflects the difficult and austere times being experienced by communities across our capital.

I look forward to hearing your decision in due course.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Murad Qureshi', with a horizontal line underneath it.

**Murad Qureshi AM**  
LONDON ASSEMBLY MEMBER