

Information notice

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2014 price review – process for submitting business plans and customer challenge group reports

This information notice explains and clarifies the processes we will use as part of the 2014 price review when:

- companies submit their business plans for 2015-20; and
- [customer challenge groups \(CCGs\)](#) submit their reports on companies' plans.

It also provides more detail about how companies and CCGs should submit their plans and reports, respectively.

The 2014 price review is our process for setting the price and service package ('price controls') that each of the monopoly water and sewerage and water only companies must deliver in each of the five years between 2015 and 2020.

Introduction

In '[IN 13/06: 2014 price review timetable - deadline for business plan submission](#)', which we published in July 2013, we confirmed that the deadline for each company to send us their business plans is 2 December 2013. We also confirmed that

CCGs would need to provide their reports at the same time.

In '[Setting price controls for 2015-20 – final methodology and expectations for companies' business plans](#)' (our 'methodology'), which we published in July 2013, we set out our expectations for the content of companies' business plans.

We explained that companies should submit a business plan narrative, together with a defined set of supporting data tables. To encourage company ownership of business plans, we also confirmed we would not specify the content or presentation of business plans.

We understand that some companies have embraced this flexibility and are proposing to supplement their formal submission with a dedicated web-based portal and other methods of presenting information. We welcome this innovative approach.

Similarly, we explained that we would not be specifying the content or presentation of CCGs' reports. We want to give each

CCG the freedom to explain its findings in the most effective way.

Submitting business plans

We require each company to submit to us:

- one electronic copy of its business plan narrative, in PDF (.pdf) format – copies should not be locked down and they need to be searchable; and
- one electronic copy of the supporting data tables, in MS Excel (.xls or .xlsx) format.

It would also be helpful if companies could also provide a copy of the business plan narrative in MS Word (.doc or .docx) format.

Companies should email all documents to price.review@ofwat.gsi.gov.uk, by no later than 12 noon on 2 December 2013.

We are not requiring companies to submit hard copies of their business plans to us. Companies are free to do so if they wish and they should be sent to:

Ofwat, Centre City Tower, 7 Hill Street, Birmingham. B5 4UA.

This is a formal document that alerts our stakeholders to a change in the way that we regulate the water and sewerage sectors in England and Wales.

Submitting CCG reports

CCGs should email one electronic copy of their report to price.review@ofwat.gsi.gov.uk, by no later than 12 noon on 2 December 2013. Hard copies can be sent to Ofwat, Centre City Tower, as above.

We do not have a preferred format for CCG reports.

Use of web-based information and other methods to present information

A number of companies have proposed to supplement their formal business plan submission with a dedicated web-based portal and/or other methods.

But to use such information in our analysis, we need to be certain that it cannot be changed after the company has submitted its business plan. So, any company that wishes to use a web-based portal or other method will need to provide us with appropriate assurance that clearly demonstrates how it has secured the integrity of the information provided.

Companies will need to provide this assurance along with the security of the data to us by 12 noon on 2 December 2013.

Business plan query process

At previous price reviews we made extensive use of formal queries to companies to resolve questions

about their submissions. This imposed a significant administrative burden on both us and companies. It also meant that we were effectively performing detailed quality assurance of companies' plans.

We explained in our methodology that we wanted companies to take more ownership of their business plans – including in relation to assurance.

So, we are taking a different approach to business plan queries for the 2014 price review. Unlike at previous price reviews, **we will not carry out detailed verification of companies' business plans**. Instead, we will simply check that companies' submissions are complete.

Each company's assigned Ofwat staff member (its 'Portfolio Lead') will acknowledge receipt of its submission by email within 24 hours. They will list all the documents we have received. It is for each company to ensure that this list is correct and complete.

Between 2 and 16 December 2013, we will carry out simple completeness checks to ensure that we can:

- access and read all documents submitted; and
- process the data tables submitted into a format we can use for our analysis.

If we identify any issues with a company's submission during the

completeness checks, its Portfolio Lead will raise formal queries with it. We expect companies to respond to any such queries within one working day.

Once we have finished the completeness checks, **we do not intend to issue any further queries on business plans**.

If any queries are not resolved by the end of 16 December, we will close those queries and use the business plan as it was submitted for the risk-based review.

Dealing with errors in submissions

In the methodology statement we explained our expectation that companies' Boards need to take responsibility for signing off business plans. To this effect we expect them to put in place any processes that they feel they need to be assured that they are submitting high-quality plans.

This assurance is an important part of our assessment of business plans. If the plans that we receive are not of a high quality, then this will impact our assessment under the risk-based review.

If a company has identified an error in its business plan submission, it should raise the issue and explain the impact with the Portfolio Lead as soon as possible. We will then consider whether the company should provide a revised submission.

Enquiries

If you have any questions about this information notice please send them to price.review@ofwat.gsi.gov.uk.

More information

[‘IN 13/06: 2014 price review timetable - deadline for business plan submission’](#)

[‘Setting price controls for 2015-20 – final methodology and expectations for companies’ business plans’](#)

[2014 price review web pages](#)

[Customer challenge group webpages](#)

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