

Consumer Council for Water – Response to consultation on the Code for Adoption Agreements

Broadly speaking, we agree with the proposed approach of Option 4, including the draft code and outline principles. In particular, we support Ofwat's preference for implementing a regime that will allow it to take meaningful action if companies do not follow its code. However, we have some concerns about the proposal to place requirements on the sector to set up and administer panels, which we have outlined in response to specific questions below.

1. Do you agree with our preferred approach in terms of the content and scope of our Code?

We note that, in section 3 on Options, there are no risks outlined for this approach. Ofwat needs to make it clear that it has considered these. For example, we have identified a risk that some key stakeholders will not be represented.

7. Do you have any comments on our proposed approach to governing the initial approval of and subsequent changes to the Sector Documents and Model Adoption Agreements?

We consider that Ofwat needs to be more specific about the potential membership of any panel that is set up to develop these documents. The consultation uses the term 'developer services customers' representatives' to cover developers and self-lay organisations. It also states that the panels will comprise equal numbers of companies and developer services customers' representatives. In practice, therefore, the panels could comprise larger developers only and meet Ofwat's guidance. This would be contrary to the spirit of ensuring that all groups are involved in the development of sector arrangements. To address this, Ofwat needs to specify that any panel will include self-lay organisations as well as representatives for smaller scale and individual developers.

We also note Ofwat's statement that where there is a sector-recognised accreditation scheme 'the relevant panel must include a representative from the scheme's advisory panel, but their attendance will be advisory only and will not include the ability to vote on Change Proposals'. We would like Ofwat to consider:

- What should happen if there is no such accreditation scheme?
- What recourse will an accreditation scheme representative have if he/she believes that the panel is ignoring advice and acting unwisely / inappropriately / unlawfully?