

Vision and Strategy Web Form Response (David Arscott)

<b>Name</b>
David Arscott
<b>Open questions</b>
<b>Based on the draft in our discussion document, what do you think should be included in a shared vision for the sector? What are the collective aspirations it needs to achieve?</b>
<p>Delivering everyday excellence: This should be for the core regulated services of water supply and sewage disposal. Non-regulated services can then be regulated by the market.</p> <p>Stewardship for the future: When it refers to "a sustainable future", does this mean the future of the water companies or the future of the core services? Where it refers to "protect and enhance the environment", it is not clear if companies have a responsibility beyond looking at the impact of their operations. There needs to be clarity where responsibilities lie, but incentives for them to contribute more broadly to environmental sustainability.</p> <p>Values for individuals and for society: So long as the regulated water sector remains in a silo, it will not have the opportunity to generate multiple benefits from its investments. Companies should therefore have greater freedom to invest in multi-party initiatives which can deliver a range of benefits.</p>
<b>Should water companies be encouraged or incentivised to consider wider public value in what they do? What does this phrase mean to you, and should Ofwat take a role in making that change happen?</b>
<p>Water companies absolutely should be encouraged to engage in business activities that deliver wider public value. This means being able to use publicly funded assets for non-regulated use. For example, if a reservoir is under-used, then make it available as a 'water bank' for use by others such as abstraction licence holders. This lack of commercial freedom is actually holding back growth of economic activity and innovation. Ofwat has to decide its role. But if it is going to be more than a policy maker and overseer, then it needs to get engaged full heartedly and be resourced accordingly.</p>
<b>Do you think long term aspirations and targets will be effective in driving the sector forwards? What should they cover and how should they work in practice?</b>
<p>Inevitably, a number of the proposed aspirations and targets will be achieved. However, there too many uncertainties and too much change going on in the world to have any level of certainty as to the degree of success which will be achieved. The worrying aspect about this is the lack of agility in the sector if more companies start to fail. Knowing where the regulatory framework and where companies need to be agile is challenging. Investment parameters are always a good place to start. For example, under what circumstances could companies invest regulated revenue into third party assets?</p>
<b>Do you think we're focusing on the right areas in which to drive transformational change, as we've set out on pages 26-29? E.g. innovation, the natural environment, customer relationships.</b>

These are all good areas to focus. Free access to good quality data would create a significant benefit to local businesses and environmental organisations. This needs to be part of a national initiative, coordinated with other utilities, OS, Met Office, government departments, etc, so that we can have data-rich catchments with GIS-contextualised data.

**How do you think we could evolve our approach to price controls, building on the conversation on page 36?**

Water is under-priced in the UK. If we recognise that, then we can agree that it should subsidised on the one hand, and opened to markets on the other to create more opportunities to create value from the water cycle. Opening up the wholesale element of the industry to markets is welcomed. We need to support the circular economy and enable feed-in initiatives similar to the sustainable energy market.