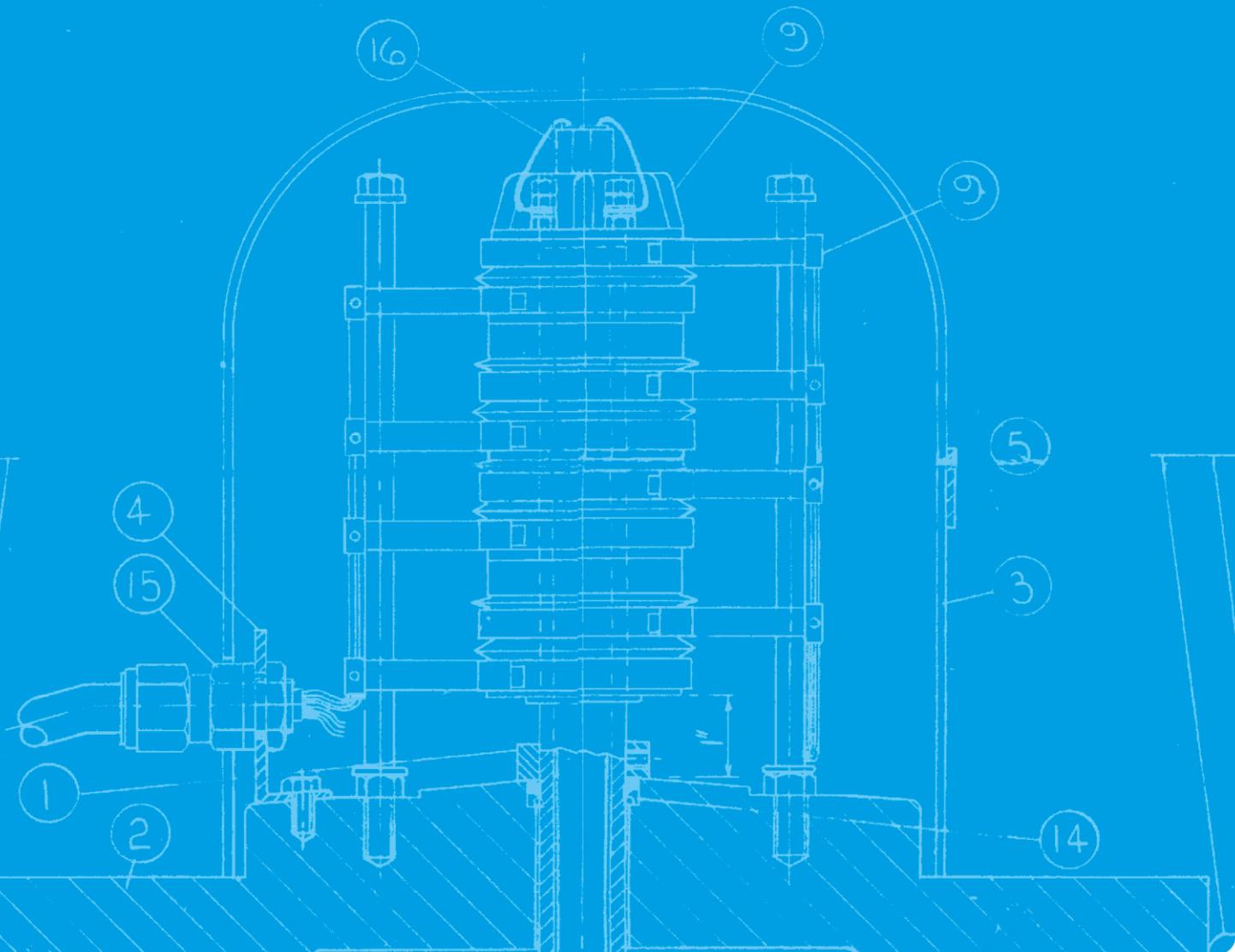


Consultation on 2016/17 Forward Programme

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Consultation on Ofwat forward programme 2016/17

We welcome the opportunity to comment on Ofwat's plans for the coming year. Transparency and predictability are two important characteristics of better regulation and we consider that Ofwat's consultation is an important contribution to promoting a more effective regulatory framework.

On the whole we agree with and welcome the proposals detailed in the forward plan. Our comments are focused on two areas where we think there are opportunities to provide additional transparency and clarity. This will help all companies to more efficiently and effectively engage with Ofwat.

Timelines

At present the forward plan only indicates which quarter a document will be published as opposed to a specific date.

Whilst we appreciate the need for flexibility and recognise that dates will change, it would be helpful to have more clarity about when Ofwat will be publishing documents and requesting data. Clarity about data requests is particularly important because we need to plan and organise appropriate assurance. Therefore having forewarning over these requests will allow us to better manage our internal plans and resources so that we can more effectively and efficiently engage with Ofwat.

Scope of forward programme

At present the forward plan appears to have some gaps so there is an opportunity to provide additional clarity. For example we note that there is no reference to consultations on the Regulatory Accounting Guidelines or on the approach to setting the cost of debt which we are expecting in 2016/17. Given the importance of these topics it would be helpful to have better understanding of when they are likely to be issued.

We also consider that there is an opportunity to be more specific in relation to what is being proposed in the forward plan. For example in relation to Finance and Governance there is a proposal to "carry out a targeted review of a service area". Our experience from the most recent targeted review demonstrates the importance of understanding the scope and timing of a review so we can have the right people available. More specificity would therefore help promote more effective engagement on these important activities.

We look forward to the publication of the final forward programme for the coming year and are happy to discuss any of the points outlined above in further detail should you wish.