

CONSULTATION RESPONSE



CC Water – Draft Forward Work Programme

5 February 2008

Response from HBF: Consultation on the Draft Forward Work Programme

Introduction

The Home Builders Federation welcomes the opportunity to provide CCWater with our comments on the above mentioned Consultation. We would however express from the outset our disappointment in the fact that our Industry has no Consumer body to represent the House Building Sector. Considering its political and economic importance to UKPLC the issues we have with the Water Companies seem to go unnoticed and even OFWAT are somewhat detached from accepting responsibility to drive issues forward on our Industry's behalf.

The above was one of many matters we raised in our Submission to the All Party Parliamentary Group Inquiry into the Future of UK Water Sector and reference was made to the Inquiry Panel of CCWater's remit which does not seem to cover Business Customer matters, although there is an element of mixed messages being communicated when CCWater have in fact taken an active role in progressing competition in the area of Water Supply Licensing.

We will however seek to respond to eight questions presented in the Consultation all be it from our Industry's perspective.

a) Do you agree that our main focus should be on the 2009 Price Review?

Yes, we do see that CCWater's main focus should be on PR09. It would also be true to say that we see CCWater having an important role in driving forward the Water Sector to enable it to have more transparency and accountability. We see this is as important as PR09 in the way that the Companies are held to account.

b) Do you agree that we should retain the other three priorities from our 2007-08 Work Programme?

Yes, but again would state that accountability is in our view an important aim that CCWater should be championing. This does not only relate to the Companies but also to the Regulator OFWAT.

It does seem that the Water Sector is predominantly governed by the economic Regulator and lacks an emphasis on being Customer focussed, be it the Consumer or Business

Customer. At times the Companies have a tendency to act like they are performing a public service rather than acting like a privatised industry.

c) Do you agree that we should continue to engage on issues relating to fairer charges, and on influencing relevant policy issues emerging from Europe?

Obviously we are bound by certain aspects of European legislation like the Water Framework Directive and this will have an impact on PR09.

In relation to fairer charges, the House Building Industry makes a substantial contribution to the Companies and it would be true to say receives poor levels of service, a total lack of transparency, policies which vary across all of the Companies and no accountability of costs. There is no better an example than Infrastructure Charges. Since 1989 as an Industry we have contributed £1.35bn worth of Infrastructure Charges and to date no one seems to know what the money has been used for and even OFWAT seem unsure on what Infrastructure Charges can be allocated to and their Guidance is not reflective of the Companies policies in this area.

So yes, we would like to see fairer charges or at the least explained in detail what they are being used for.

d) 2009 Price Review – Have we identified the correct issues to focus on?

If CCWater's focus is only on the Consumer then yes these probably are the correct issues. Although we would say that no mention seems to have been made on the extraordinarily high levels of leakage that exists. From a Consumers perspective it does seem somewhat perverse that we all are being told that water is a scarce resource yet over 20% of all water distributed is lost through leakage. Regardless of the economics involved just on the matter of perception it does not send out the right messages.

There is also the other aspect of flooding which the Consultation does seem lacking in detail to the point that in England and Wales we do not have a legally binding intergrated Code of Practice in the management of Surface Water.

e) Right First Time - Have we identified the correct issues to focus on?

The objective of this section is an aspiration which is admirable, yet we would say is far from being achievable, if evidence to date is anything to go by. As we have previously stated, the Companies are not 'customer-focussed' and do not seem to treat complaints in an expedite way.

On the paragraph title "What this will deliver" – to compare water with other utilities on delivery from our Industry's experience is to relate bad to worse. So we again state that CCWater should be seeking that the Water Sector becomes more accountable across all of its duties.

f) Value for Money – Have we identified the correct issues to focus on?

In acting for the Consumer, yes – but should CCWater also be playing a pivotal role in educating the Consumer on water efficiency as well, as this could in many cases result in lower charges to the Consumer?

It is interesting that CCWater have made a reference to competition and your role in monitoring its development. To date the introduction of competition for our Industry has been fraught with problems and it is evident that the Companies do adopt an attitude of “smoke screens” and barriers. So we would see the introduction of competition needs a greater emphasis on leadership in driving competition forward than what has taken place to date.

g) Water on Tap – Have we identified the correct issues to focus on?

Yes and part of our reply to the previous question endorses this fact.

h) Other Activities and Monitoring – should we be doing more, if so, what?

A response to this question has been covered in part by our replies to the previous questions, although we would express our concern in CCWater’s reference to sustainable development. At present CCWater have told the HBF that they cannot act on our Members behalf yet they advocate a responsibility towards sustainable development as an objective. We would therefore extend an invitation to CCWater to engage with the HBF to discuss what areas of commonality may exist between our two organisations in this area.

Conclusion:

We hope CCWater find the comments of our response to this Consultation of interest in taking issues forward. We would conclude in making CCWater aware of the dialogue we are about to undertake with OFWAT and DEFRA where in liaison with our Members the HBF has compiled a list of issues which our Industry sees needing addressing. This is listed below and may be of interest to CCWater.

HBF Water Industry Issues

1. Statutory Obligations should be placed on Water and Sewerage Companies in relation to all levels of service which are critical and affect the Development Cycle and the supply of New Homes.
2. Model Legal Agreements and Generic Documentation across the Water and Sewerage Industry.
3. Code of Practice between the respective Industries in relation to Health and Safety Issues and the obligations under the CDM Regulations, with an emphasis on design criteria and the access of Water Industry personnel on to development sites.
4. Transparent Cost Information showing the detail about what actually the costs are for when providing water and sewerage infrastructure.
5. Companies to have an organogram of key contacts which is communicated to Developers.
6. Joined up Companies Policies which are universally applied through England and Wales for Water and Sewerage.

7. Codes of Practice which have a greater legal standing than guidance on a number of issues:-
- Water and Sewerage Infrastructure Charges
 - Offsite Network Reinforcement for Water and Sewerage
 - The Planning System and the Companies Obligations for the Connection of Foul Sewers under the “Right to Connect”
 - The Management of Surface Water on New Developments which brings together all aspects of present criteria or guidance and obligations under the “Right to Connect” to the Companies Vested Surface Water Sewers
 - Accuracy and Detail of Companies Water and Sewer Records
 - Procedures to evaluate developments prior to Planning Consent
8. PR09 to provide detail costs for large scale developments over 100 units and to set out how this has been derived i.e. forward planning of infrastructure improvements to cater for new development.
9. An Ofwat Determination Process which is faster or has an interim means of arbitration.
10. Listed cost information from all Companies on specific items so a comparison can be made between Companies i.e. water connection costs, fees etc.
11. Legislation or Statutory Obligations for the maintenance and adoption of SUDS, supported by a Code of Practice.
12. Closer liaison between both Industries through a “Management Board” and possible Sub-Groups chaired or driven by Ofwat or Defra.

All of these 12 issues emanate around three key areas which overall are:-

Timing - Certainty of Constraints - Fairness

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