

By: John Lynch (Head of Democratic Services)
To: Kent Utilities Engagement Sub-Committee 27 January 2017
Subject: Ofwat – Water Regulation
Classification: Open

Summary: Responsibility for monitoring and reviewing performance of utility companies lies with the relevant regulator. Ofwat (Water sector regulator) are providing a presentation to the Committee outlining their responsibilities and powers in relation to regulating the water sector.

Introduction

1. Sally Irgin is attending to provide a presentation from Ofwat, outlining the regulator's responsibilities and how it works with Developers in relation to the water sector
2. Sally Irgin is an Associate Director at Ofwat, the economic regulator for the water sector. She is Director of Ofwat Casework Programme which is the organisation's front line service for customer complaints about water companies and the part of the organisation responsible for determining disputes and taking formal enforcement action where Ofwat has powers to do so. Over the last three years Sally has led Ofwat's work on developer-related disputes and a specific project working with water companies to improve their delivery of services to their developer customers.
3. Ofwat are engaging with the Committee to support ongoing work to improve communication and effective joint planning between the utility and development sectors.

Ofwat

4. Under section 2 of WIA91 as amended, Ofwat must carry out most of its work as an economic regulator in the way it considers will best:
 - further the consumer objective to protect the interests of consumers, wherever appropriate by promoting effective competition
 - secure that water companies (meaning water and sewerage undertakers) properly carry out their statutory functions
 - secure that water companies can (in particular through securing reasonable returns on their capital) finance the proper carrying out of their statutory functions
 - secure that licensed persons properly carry out their licensed activities and statutory functions
 - further the resilience objective to secure the long-term resilience of water companies' water supply and wastewater systems; and to secure that they

take steps to enable them, in the long term, to meet the need for water supplies and wastewater services

5. Subject to its main duties above, Ofwat must also regulate in the way it consider will best:

- promote economy and efficiency by water companies in their work
- secure that no undue preference or discrimination is shown by water companies in fixing charges
- secure that no undue preference or discrimination is shown by water companies in relation to the provision of services by themselves or other licensed persons
- secure that consumers' interests are protected where water companies sell land
- ensure that consumers' interests are protected in relation to any unregulated activities of water companies
- contribute to the achievement of sustainable development

(Ofwat must also have regard to the principles of best regulatory practice.)

6. Additional guidance from Ofwat in relation to development work may be found in appendix 1 (Development guidance – Ofwat)

Recommendations:

Members are asked to note the presentation and information provided by Southern Water.

The Committee may require further information be provided by relevant KCC departments and it may request further information from Southern Water.

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Appendices:

Development Guidance – Ofwat

Background Information:

Better Connected: a practical guide to utilities for home builders
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/389772/Better_Connected_Dec14_2.PDF