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Competition & Markets Authority

Waterdetermination2020@cma.gov.uk

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Re: Competition & Markets Authority – Ofwat Price Determinations

Dear Mr Kip Meek,

I write to you as Managing Director of Balfour Beatty's Gas & Water business unit. We employ over 1800 people to maintain and construct some of the UK's most critical utility infrastructure.

Balfour Beatty has worked with Anglian Water on its @one Alliance for over fifteen years. The long continuation of a contract such as this is uncommon in the infrastructure industry and demonstrates the mature and sustainable contracting approach that Anglian Water have adopted and developed, in partnership with its supply chain.

We recognise that Ofwat need to achieve value for money and positive outcomes for its customers. Anglian Water's track record has demonstrated that it has been able to balance being as efficient as possible with leading service provision. Its proposed plan is a continuation of this; balancing continued efficiencies in how it operates against achieving positive outcomes on issues such as the environment and leakage. Ofwat's determination does not allow this to happen and places overwhelming downside risk on Anglian Water with limited upside opportunity. As a result, the full range of customer outcomes are likely to suffer.

We are proud of our involvement in the @one Alliance and believe that its model represents the future of infrastructure contracting; one focussed on customer outcomes and partnership working. As evidence of this, the @one Alliance is a reference case study for 'Project 13', an industry-led response to past contractual models that fail not just clients and suppliers, but also the end users of infrastructure systems. Project 13 aims to develop a new way of working that moves away from a transactional approach to one that is based on mutual value and joint efficiencies.

The @one Alliance model is fair and focussed on efficient delivery of customer outcomes. Anglian Water are an integrated part of the model and sit alongside its supply chain partners. This is a key factor in making the model work.

Over the course of the Alliance it has been a leader in achieving frontier leading efficiencies whilst delivering positive outcomes for its customers and wider society. As such, we support Anglian Water in its challenge that Ofwat's determination does not provide a balanced funding framework and will not deliver best value for its customers.

Yours sincerely,

Matthew Steele

Managing Director, Balfour Beatty Gas & Water