

# **Ofwat WSL Implementation Project**

## **Post Implementation Review and Lessons Learned**

### **Overview**

The water supply licensing (WSL) regime went live on 1 December 2005 following a two-year implementation project. On 28 November 2005, we hosted a workshop for the stakeholders who had worked closely with us on the WSL project, either on our industry advisory groups or to develop detailed policy and regulations. These included representatives from large business customers, potential licensees, appointed water companies, government and other regulators.

The workshop provided these stakeholders with the opportunity to review how the WSL project had been implemented and managed, and to identify any lessons learned. Prior to the workshop we provided them with a list of questions on all aspects of the implementation process and asked them to seek the views of the wider stakeholder groups they were representing. At the workshop we then discussed the different aspects of the implementation process from each stakeholder groups' perspective.

This document summarises stakeholders' views of the WSL project and lists the follow-on recommendations that were identified at the workshop.

### **General approach**

The WSL project was recognised by stakeholders as an ambitious and difficult project to implement. Despite this, the project was delivered on time and within two years, which on balance, stakeholders felt was an appropriate timescale. Overall, stakeholders considered that we had followed our initial plan as outlined in WSL 1/03<sup>1</sup>, and that the process had worked well and been very well managed.

Stakeholders welcomed the fact that our approach to this project was proactive. In particular, it was acclaimed by them for its engagement of stakeholders and their commitment to the project. Stakeholders felt that it had been extremely valuable to be so involved, that they were able to influence the process and that we took their views on board.

As with most projects, at times some stakeholders found some deadlines particularly challenging. Despite this, they considered that there was enough flexibility in the process to accommodate changes and conflicting priorities. All stakeholders found the project highly resource intensive, which was mainly attributed to the nature of new legislation and the large, but necessary, number of project outputs.

Stakeholders suggested that having more precise dates (rather than just months) for milestones and publications earlier on in the process might have helped them to plan their resources more effectively, even if these dates later changed. Whilst some delays did occur during the project, stakeholders felt that they were always made aware of these and understood the reasons for this.

---

<sup>1</sup> WSL 1/03: 'Water supply licensing implementation process - information paper', 5 December 2003.

## **Industry advisory groups**

Throughout the project, we engaged stakeholders mainly through expert advisory groups, whose membership comprised representatives of business customers, potential licensees, appointed water companies, government and other regulators. The industry advisory groups proved to be an extremely valuable part of the process, offering expert knowledge of operational and technical issues and enabling informed debate and challenge on complex issues. Stakeholders felt that the sponsor group was particularly successful in securing buy-in to the project from senior management across the industry.

The groups achieved their objectives of helping to develop guidance, and provided real-life examples and experience to ensure the effectiveness and practicality of the final documents and the WSL regime. Stakeholders considered that representation on the groups could have been more effective, with some companies reporting that they were not kept up to speed with developments. Despite this there was generally good input to the groups from all stakeholders.

Many of the groups' discussions necessarily focused on legal and theoretical issues. However, on reflection, stakeholders felt that it might have been beneficial to include practitioners (people with technical and operational knowledge of running a water company) in those early discussions to make sure that the proposals were practical. The use of subgroups reporting to the main advisory group was welcomed as a good means of getting detailed work researched and completed and involving practitioners in decisions surrounding detailed operational and technical issues.

On the whole, group members felt that we achieved the right balance between allowing discussions to run on during meetings and keeping them within their allocated timeslots. Where discussions did move on to other issues, stakeholders understood why it was necessary to do this. However, a few members did question whether there was too much focus on process towards the end of the project such that some issues were given less consideration than required in order to achieve deadlines.

## **Consultations**

A significant part of the project involved a series of public consultations on policy documents that had been developed with the advisory groups. Stakeholders welcomed the public consultations and felt that 12 weeks was the appropriate consultation length, particularly given the legal nature of some of the documents. Even though we reduced the number of consultations by grouping linked issues into one document, some stakeholders would like to have seen even fewer consultations. Stakeholders welcomed the process of having just one round of public consultation supported by iterative development in the advisory groups.

Stakeholders would have preferred to see more detailed response documents and regulatory impact assessments, detailing individuals' comments, rather than just providing a general picture. Overall, stakeholders found the final guidance and regulations to be comprehensive and complete.

## **Communication**

Communication with stakeholders was taken forward using a range of techniques, including stakeholder meetings, industry workshops, a series of WSL, MD and RD letters and the use of update bulletins on our website. The use of WSL letters, which updated stakeholders on WSL developments and advised them of any action they needed to take, was particularly welcomed as a concept. Stakeholders felt that the process was transparent and that our communication was appropriate and successful. Most stakeholders considered that they were adequately informed throughout the process.

Going forward, stakeholders suggested that there should just be one WSL contact in each company. This was most important for water companies where MD, RD and WSL letters are addressed to different personnel within the company and could delay a message on WSL being relayed to the appropriate person. They also suggested that the WSL area of our website could be improved to make it easier to navigate and find documents.

Our workshops to educate stakeholders and listen to their concerns were particularly well received, especially by some of the smaller water companies that didn't have enough time or resources to be closely involved throughout the entire project. It was thought that these should continue during operation of the regime.

Individual representatives on the advisory groups often found it difficult to feedback to their stakeholder groups and get them actively involved. They suggested that a lack of executive involvement within some companies could explain why they now have a less than comprehensive understanding of the regime. Some stakeholders felt that the feedback of decisions from the advisory group by their representatives was not always effective and that going forward, direct contact from us could remedy this.

## **Follow-on recommendations**

For Ofwat:

- Continue to hold educational workshops for stakeholders to increase understanding of the WSL regime.
- Improve website so that stakeholders can easily access information on WSL.
- Continue to take a proactive approach to operation of the WSL regime.
- Continue to engage stakeholders through expert advisory groups and involve practitioners as early as possible.
- Continue to use subgroups to carry out detailed work, giving smaller companies the opportunity to be involved.
- Maintain communication with stakeholders through a single contact point in each company and provide a summary of decisions and actions arising from each advisory group meeting.
- Consider publishing examples of best practice in order to move towards standardisation throughout the industry.

For WSL stakeholders (large business customers, potential licensees, appointed water companies, government and other regulators):

- Consider how far governance can be passed from us to stakeholders.

- Work with us to further develop the policy on strategic supplies, secondary undertakers, standardisation and any other issues that arise.
- Through experience and best practice, identify areas where existing guidance needs to be amended or improved.
- Improve and maintain communications within stakeholder groups to ensure that all stakeholders are aware of issues relevant to them and have the opportunity to contribute their views.
- Advise us on the way forward for competition, using practical knowledge and experience, in order to inform Defra's review of the WSL regime.

**WSL Project Team**  
**March 2006**