**Policy dashboard**

**Regulatory reform**

**Priorities for action**
- Ofwat needs to sort out the policy direction early on and further disaggregation of the price controls for FR9.
- The Water 2020 project gives a good early grounding, although the framework for abstraction reform is still to be proposed for FR9 and will spark considerable industry debate and carry high risk of slippage.
- Companies will need to ensure their assurance plans and risk assessment processes are in place and systems ready to report against the new requirements for AMP6.

**Retail reform**

**Priorities for action**
- Finalise policy on retail exits, licencing and level playing field.
- MOSL needs greater pace in delivering the market arrangements that access provider has been appointed.
- Companies also need to make significant progress with their market readiness programmes to enable the key milestones to be hit in time for PR19.
- Companies will need to prepare for market opening in October 2016 and have selected service providers for the central IT architecture plan, and have selected service providers for the central IT systems.

**Upstream reform**

**Priorities for action**
- Government may need to provide policy direction on our upstream reforms soon. It is essential for this programme to be delivered in time for PR19.

**Environmental challenges**

**Priorities for action**
- Significant resilience expenditure agreed at PR14, companies are delivering the improvements in their AMP6 programmes.
- The Water Framework Directive is embedded and understood in the sector, although practical challenges in meeting the requirements by 2020. Investment in the WFD is forecast by companies and agreed through PR14.

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Roadmap to reform of the water sector

November 2015

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Roadmap to reform of the water sector

November 2015
**Roadmap to reform of UK water sector – November 2015**

**Initial independence**

- Companies are required to submit revised planning applications for new regulatory periods. Existing regulatory periods will be reviewed to ensure alignment with wider water governance reforms.

- **Key**
  - Delta Government
  - Ofwat
  - Companies/investors
  - OFWAT/OWP

**Water legislation**

The Water and Waste Water (WWR) regulations have been passed in the UK. They will come into force in April 2016 and will replace the existing regulatory framework.

- **Key**
  - Draft Water Bill

**Regulatory reform**

- Reform of the regulatory framework is progressing as part of the broader reform of UK water governance. Ofwat is developing policy on retail exit to enable incumbents to cease non-household retail after the market opens.

- **Key**
  - Retail exit

**Water companies**

- Water companies are required to develop new plans and strategies in line with the new regulatory framework.

- **Key**
  - Water companies

**Market testing**

- Market testing will evaluate the potential for enhanced competition in the water sector.

- **Key**
  - Market testing

**Water resource management plans**

- Water companies are required to prepare Water Resource Management Plans (WRMPs) every 5 years, setting out how public water supply service will be maintained.

- **Key**
  - Water resource management plans

**Water quality**

- New improvements are being made to water quality standards and monitoring.

- **Key**
  - Water quality

**Economic regulation**

- Economic regulation will continue to play a crucial role in ensuring efficient and fair outcomes for customers.

- **Key**
  - Economic regulation

**Social regulation**

- Social regulation will continue to focus on the role of water companies in meeting the needs of vulnerable customers.

- **Key**
  - Social regulation

**Environment**

- Ofwat's assessment of need includes monitoring company-specific outcomes, disaggregated turnover and increasing segmental separation.

- **Key**
  - Ofwat's assessment of need

**Water legislation**

- Water legislation is being reviewed to ensure alignment with wider water governance reforms.

- **Key**
  - Water legislation

**Regulatory framework**

- The regulatory framework is being reviewed to ensure alignment with wider water governance reforms.

- **Key**
  - Regulatory framework