

Subject: Written answer to your QWA HL2887 received from Lord Gardiner of Kimble, the Department for Environment, Food and Rural Affairs

Lord Gardiner of Kimble, the Department for Environment, Food and Rural Affairs, has provided the following answer to your written parliamentary question (HL2887):

Question:

To ask Her Majesty's Government, in the light of regulation 5(1) of the Water Industry (Specified Infrastructure Projects) (English Undertakers) Regulations 2013, which provides that "the incumbent undertaker must not undertake a specified infrastructure project", what assessment they have made of statement in the Thames Water Utilities' annual report and financial statements 2016–17 that "On completion of construction of the Thames Tideway Tunnel, substantially all the risks and rewards of ownership will lay with the Company" –that is, Thames Water Utilities. (HL2887)

Tabled on: 06 November 2017

Answer:

Lord Gardiner of Kimble:

Bazalgette Tunnel Limited (trading as 'Tideway') is the private sector company set up to design, build, finance, operate and maintain the Thames Tideway Tunnel. Once the Thames Tideway Tunnel construction and system acceptance is completed, the above ground assets, structures and equipment constructed by Tideway on land acquired by Thames Water for purposes of the project will transfer to Thames Water's ownership. The deep tunnels, shafts and other related non-mechanical assets will remain in Tideway's ownership, along with responsibility for inspections and any necessary maintenance arising to ensure the tunnel continues to operate effectively. Thames Water's statutory obligation for ensuring effective drainage of its area remains, and as part of this it will have the right to exclusive use of the Thames Tideway Tunnel to discharge sewage into it and remove it for treatment. This arrangement is a finance lease as defined under international accounting standards, from which the terminology in Thames Water's published accounts relating to risks and rewards of ownership lying with the company derives.

Date and time of answer: 17 Nov 2017 at 14:52.