



South Staffs Water

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Demonstrating Financial Resilience Consultation Response,
Ofwat,
Centre City Tower,
7 Hill Street,
Birmingham,
B5 4UA

25 February 2016

Dear Sir,

Thank you for the opportunity to respond on the Demonstrating Financial Resilience Consultation. We welcome the fact that Ofwat have been fully engaged with the industry on this issue and that they have considered the feedback from the original consultation in July 2015.

Below are our responses to the specific questions set out in the consultation.

Q1 Do you agree that the proposed approach to companies demonstrating their financial resilience will provide an appropriate level of assurance about each company's long term financial viability?

Yes, we believe this is a positive step towards bringing an appropriate level of transparency to the sector in respect of long-term financial resilience.

Q2 Is there anything else that we should be recommending that companies explicitly include in their statement on long term financial viability?

We do not think there is anything else to recommend. It will be for company Boards to determine what they believe is appropriate.

Q3 Are there alternative approaches to companies demonstrating their long term financial resilience that Ofwat should be considering?

The approach set out in the consultation includes more disclosure than required by the UK Corporate Governance Code.

We do not believe that there should be a specific requirement for the assessment of financial resilience to be assured by a third party. We think company Boards should

take ownership and be able to determine the appropriate level of assurance required.

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'P. J. Saynor', with a long, sweeping horizontal stroke extending to the right.

Philip Saynor,
Director of Finance and Regulation
South Staffordshire Water PLC