

Freedom of Information/EIR Information Not Held

Centre City Tower, 7 Hill Street, Birmingham B5 4UA
21 Bloomsbury Street, London WC1B 3HF



21 September 2017

Freedom of Information request-Request For Information

Reference: FOI 20170982

Dear 

Thank you for your request for information. I write to confirm that the information you have requested is not held by Ofwat.

Your request asked for

FULL AND DETAILED DISCLOSURE OF YOUR (OFWAT'S) COMPLETE FILE/S ON OFWATS MISCALCULATIONS REGARDING CAP/S - OVER THE YEARS TO DATE - ON THE CAP/S YOU HAVE USED/APPLIED TO THE UTILITIES YOU REGULATE AND BY HOW MUCH PER YEAR YOU HAVE MISCALCULATED (OVER ALLOWED WATER UTILITIES ALLOWING THEM TO OVERCHARGE THEIR CUSTOMERS), ACTUAL FIGURES REQUIRED?

As my colleague Ben Groom explained to you previously Ofwat's main roles is to challenge and scrutinise water companies' business plans every five years to get the best deal for customers. The price customers pay are rigorously safeguarded during the price reviews. Ofwat actively monitor and analyse water company information to identify any risks that may prove harmful to the customer.

FOI 2 Information Not Held

Appointed water and wastewater companies in England and Wales are monopoly providers of water and wastewater services. We therefore regulate the price and service package that these companies offer to ensure that customers are protected.

Our statutory duties require us (in summary) to set price controls in the manner we consider is best calculated to:

Further the consumer objective to protect the interests of consumers, wherever appropriate by promoting effective competition;

- secure that water companies properly carry out their functions;
- secure that the companies are able (in particular, by securing reasonable returns on their capital) to finance the proper carrying out of those functions; and
- further the resilience objective to secure the long-term resilience of companies' systems and to secure that they take steps to enable them, in the long term, to meet the need for water supplies and wastewater services.

Subject to those duties, we also have duties to (among other things):

- promote economy and efficiency; and
- contribute to the achievement of sustainable development.

In periodic reviews Ofwats' role is to:

- set the framework and methodology;
- check and challenge the plans; and

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- set out our decisions on the five year price, service and incentive package for each company.

Price Review 19 (PR19) builds on our approach in PR14.

Through our outcomes and totex (Total Expenditure) framework, we focus companies on what matters to customers and provide companies with the flexibility to innovate, be resilient and efficient.

We expect companies to step up efficiency and challenge companies that fail to do so.

We will pass on the benefit to customers from lower financing costs in setting the cost of capital, while ensuring that efficient companies will be remunerated appropriately so they can finance their programmes.

Companies' performance will directly affect customers during the 2015-20 period, through the outcomes and performance that companies deliver. In PR14, we set financial incentives for companies, such as outcome delivery incentives, to better align their interests with those of customers. We will reconcile many of these incentives at PR19 and adjust revenues and the RCV for the 2020-25 period to take account of the incentive mechanisms we set in PR14, and for performance in the final year of the 2010-15 period. We will also take into account past performance when assessing business plans. Companies will need to demonstrate how they have taken past performance into account in their business plans, including how they responded to customers in any incidents, interruptions to service, or failures to meet performance commitments in the current period.

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In order to undertake our own regulatory functions we use published information from the water companies which is published on their own web sites to ensure transparency across the industry.

Once an FOI request is answered, it is considered to be in the public domain. To promote transparency, Ofwat may publish the response and any material released on our website in the [FOI disclosure section](#). Any personal information in the letter will be removed before publishing. We will hold the information in accordance with Ofwat's [retention and disposal schedule](#) which can be found in our Publication Scheme on our website.

If you are unhappy with the service you have received in relation to your request and wish to make a complaint or request a review of the decision, please contact:

Programme and Project Management Office
Ofwat
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7 Hill Street
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FOI@ofwat.gsi.gov.uk

If you are not happy with the outcome of that review you can ask the Information Commissioner's Office to consider your complaint. Generally, the ICO will not make a decision unless you have exhausted Ofwat's complaints procedure. The ICO can be contacted at:

<https://ico.org.uk/>

or

The Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow

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Yours sincerely,

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