

Information notice

IN 18/08 April 2018



This is a formal document that alerts our stakeholders to a change in the way that we regulate the water sector in England and Wales.

Expectations for companies reporting of financial flows for 2017-18

This information notice sets out the way in which we expect all companies to report their financial flows to investors for 2017-18. This will be the first time that this data has been provided and will cover the periods 2015-16, 2016-17, 2017-18 and an average for the 3 years. A new reporting [template](#) and accompanying [guidance](#) have been developed for the collection of this data.

Background

Ofwat's vision for the water sector in England and Wales is one where customers, the environment and wider society have trust and confidence in vital public water and waste water services.

We are working towards improving the transparency concerning financial flows to investors. Our expectation is that in the future there will be a clear comparison in the annual performance reports (APR) between the financial flows to investors on the basis of the actual capital structures of water companies and what they would have been under our notional structure.

Over the past few months a working group, including representatives from a number of companies, have developed an appropriate metric, incorporating those elements that have the most significant impact on the financial flows to investors.

What is requested from companies

Ofwat is requesting that companies complete and submit the data relating to financial flows for 2017-18 and the two prior reporting periods. The data should be entered into the [template](#) provided.

Companies are requested to provide a supporting narrative that they feel may be appropriate to fully explain and highlight the key features of the analysis.

Whilst this year's submission is not formally part of the APR, companies may wish to provide evidence that the data has been assured, either internally, externally or both.

Companies should publish the data for the current year in their APR. However, Ofwat may publish elements of companies' data, as part of the Monitoring Financial Resilience report later in the calendar year.

Next steps

Companies are requested to submit their data in relation to financial flows by 15 July 2018, alongside the submission of their 2017-18 APR.

Future reporting requirements will be formally incorporated into the APR and will form part of the 2018-19 RAG's consultation process, which will be published in May 2018.

Enquiries

If you have any questions about this information notice, please send them to:

Financial.Flows@ofwat.gsi.gov.uk

Ofwat (The Water Services Regulation Authority) is a non-ministerial government department. We regulate the water sector in England and Wales. Our vision is to be a trusted and respected regulator, working at the leading edge, challenging ourselves and others to build trust and confidence in water.

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