

July 2019

Trust in water

Conclusions on proposed modifications to the company licence conditions to include the Board leadership, transparency and governance objectives

About this document

On 14 May 2019 we published a [Consultation under section 13 and 17IA of the Water Industry Act 1991 on proposed modifications to the licence conditions of 17 water companies and Bazalgette Tunnel Limited \(trading as Tideway\) to include the Board leadership, transparency and governance objectives](#) ('the consultation'). The consultation closed on 14 June 2019.

In the consultation, we set out our proposal to modify the licence conditions of the 17 largest regulated water companies (appointees) in England and Wales and the only licensed infrastructure provider (Bazalgette Tunnel Limited, known as Tideway) (collectively 'the companies') to insert a requirement into the companies' licences that they must meet the objectives of the [Board leadership, transparency and governance – principles](#) which were first published in January 2019 (the '2019 principles').

Under section 13 (or 17IA, as applied by the Water Industry (Specified Infrastructure Projects) (English Undertakers) Regulations 2013 ('the Regulations', for Tideway) of the Water Industry Act 1991 (WIA91), we are able to modify the conditions of a company's licence if it agrees to the changes we are proposing to make. Before making modifications under section 13 (or 17IA, as applied by the Regulations, for Tideway) of the WIA91, we must give notice in accordance with that section. The consultation was a notice under section 13 (and 17IA, as applied by the Regulations, for Tideway).

All companies gave their consent to making the modifications to their licence and had no comments or objections as to the form of the proposed licence modifications. We therefore amended the appointees' licences on 22 July 2019. The new condition will come into effect for the companies on 1 August 2019. Notices setting out the licence modifications for each company can be found on our website.

Notice of modification of licences

This document is a notice confirming that Ofwat has now modified the licences of the 17 water companies in accordance with section 13 of the WIA91. We set out the reasons for the modifications in the consultation and still consider those reasons to be valid. The changes for Tideway under section 17IA of WIA91, as applied by the Regulations, will be made shortly and we will publish a further notice accordingly.

Responses to the Consultation

As set out above, each company responded to the consultation by providing its consent to the changes we proposed. There were no other responses to the consultation.

Related changes to the 2019 principles

We have also made minor updates to the [2019 principles](#) to:

- reflect that meeting the objectives is now a licence requirement;
- align the language used for the objectives in the 2019 principles document with the language used in the licence;
- clarify our expectations in relation to the guiding provisions; and
- make it clear that the 2019 principles replace both the regulated company and holding company principles from 2014.

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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