

January 2022

# **Ofwat's forward programme 2022-23 – draft for consultation**

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## Foreword

The past year has highlighted, once again, the vital importance of water for public health, and of a resilient, thriving water environment. The passing into law of the Environment Act in November 2021 was accompanied by extensive public discussion of concerns about pollution from the wastewater network and the quality of our rivers, illustrating the growing public interest in water and its environmental footprint. This was reinforced by the high profile of the COP26 summit in Glasgow and its strong resonance for the water sector as well as the Environmental Audit Committee's recent report on water quality in rivers.



This increased scrutiny has come alongside a series of other challenges for the sector, including the continuing Covid-19 pandemic and the supply chain issues that have affected so many businesses over the last year. At Ofwat, we welcome the ongoing co-ordination and planning that has taken place across the sector to respond to these issues. Nevertheless, the sector's ability to meet these pressing challenges must be accompanied by sustained commitment to delivery and planning for the longer term.

The Environment Act provides new levers for regulators and obligations on companies to improve and enhance the water environment. Our work will stretch across both the immediate challenge of improving water quality in rivers, and the longer-term work to incentivise the sector to reach Net Zero emissions in line with government targets. We have made clear our concerns about water companies' unacceptable performance in releasing sewage into the environment and are taking action with the Government and other regulators to tackle these issues and hold companies to account. This is a priority for the months ahead. At the same time, we will continue to push forward better environmental outcomes through the Water Industry National Environment Programme (WINEP) and the NEP in Wales, and by developing new approaches to protect the environment through our innovation fund.

Customers' expectations of company service and engagement have changed significantly in the past couple of years, and our work last year to understand customers' experiences during the pandemic highlighted the continuing challenge of affordability, and especially the needs of vulnerable customers. This will continue to be an important element of our policy work, and we look forward to working with our partners at CCW and other organisations, as well as with customers and their representatives, as this develops.

We will continue to build a rounded view of company performance using a range of data and insights. This information will help us to enable better outcomes across the sector and to target improvements where needed. We expect companies to also be open and transparent with their customers about how they are performing. We will continue our work to challenge companies to maintain resilient financial structures and to be transparent about their financing decisions.

The year ahead represents the first major step in the next price review, with the publication of our draft framework for PR24 due in the summer. Developed in consultation with stakeholders and the sector, this will promote a long-term approach to delivering value for customers and the environment and will reflect the strategic priorities and objectives of both the Welsh and UK Governments. We will also be reviewing the business retail price caps and exploring how we can strengthen the supplier of last resort arrangements in the business retail market.

As we enter the new financial year, we look forward to continuing to work with both the UK and Welsh governments as they set out new priorities for us in their Strategic Policy Statements, as well as with our partner sector regulators, Natural Resources Wales, the Environment Agency and the Drinking Water Inspectorate.

Overall, we look to the sector to respond to new and ongoing challenges efficiently and with agility, and to focus on delivering the best outcomes and value for customers and the environment, both now and in the future. Our three strategic goals – to transform water company performance, to meet long-term challenges and to provide greater value for customers and the environment – continue to shape our programme for the coming year, as set out in the following pages.

**David Black**  
**Interim Chief Executive**

We would welcome any comments on this document. Please email them to [forward@ofwat.gov.uk](mailto:forward@ofwat.gov.uk) with the subject subject 'Ofwat's forward programme 2022-23 – draft for consultation' or post them to:

Forward Programme Consultation response  
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The closing date for this consultation is Friday, 18 February 2022. If you wish to discuss any aspect of this consultation, please contact Jenny Block on 0121 644 7645 or by email at [jenny.block@ofwat.gov.uk](mailto:jenny.block@ofwat.gov.uk).

We may publish responses to this consultation on our website at [www.ofwat.gov.uk](http://www.ofwat.gov.uk). We will consider not publishing your response if you indicate that there are any elements that you consider to be confidential. Information provided in response to this consultation, including personal information, may also be published or disclosed in accordance with access to information legislation – primarily the Freedom of Information Act 2000 (FoIA), the Data Protection Act 2018, and the Environmental Information Regulations 2004. For further information on how we process personal data, please see our privacy policy.

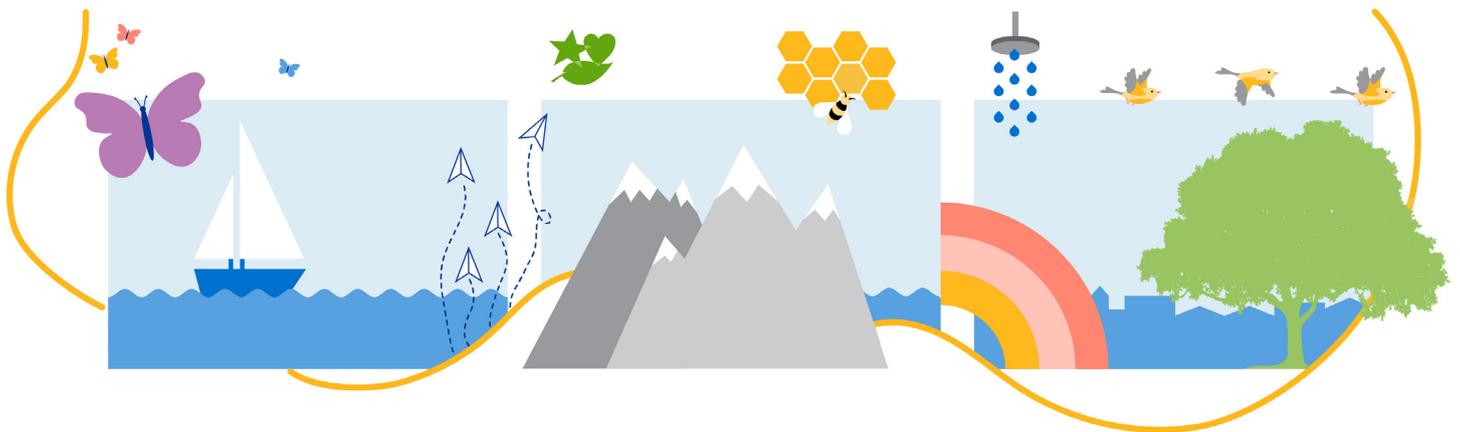
If you would like the information that you provide to be treated as confidential, please be aware that under the FoIA there is a statutory [Code of practice](#) which deals, among other things, with obligations of confidence. In view of this, please explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information, we will take full account of your explanation, but we cannot give an assurance that we can maintain confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on Ofwat.

# 1. Introduction

## Looking ahead

Our key aim is for the water sector to provide the very best service to customers, improve the environment and improve life through water both now and in the future and this is reflected in our forward programme for the financial year 2022-23.

## Our three strategic goals



**To transform water companies' performance**

**To drive water companies to meet long-term challenges through increased collaboration and partnerships**

**For water companies to provide greater public value, delivering more for customers, society and the environment**

These goals and the strategic outcomes we aim to achieve reflect the role of water companies in delivering a vital service, the need for the sector to meet serious challenges and to provide the wider improvements that society expects, as well as the impact we expect our regulation of the water sector to have. We will continually review our progress towards addressing the current challenges faced by the sector. We also recognise with the ongoing impact of the Covid-19 pandemic that we will likely need to be flexible in our approach and priorities, including to meet the changing needs of customers.

The following themes are expected to remain important throughout the rest of this price control period and looking to PR24 and beyond:

- **Environment:** The sector has a central role in addressing the immediate and long term environmental and climate challenges we face. We are increasing our focus on environmental issues and we will continue to drive improvements in the sector's current and future environmental performance using all of our regulatory tools. This work will continue to cover a wide range of areas, including delivering improvements to water quality and reducing the use of storm overflows, and supporting the sector's net zero ambitions and flood risk management. We will work closely with the Environment Agency, Natural Resources Wales, and other organisations to achieve these outcomes and plan for different potential future scenarios.
- **Customer outcomes:** We will continue to focus on improving outcomes for residential and business customers through our regulatory policy work, holding companies to account for improved performance. We will continue to focus on affordability and vulnerability in relation to household customers, reflecting concerns highlighted in our ListenCareShare campaign. This will include considering the case for a new customer-focused licence condition in the coming year. Customer views will remain a key element in shaping companies' plans for PR24, and alongside the engagement that companies will do with their customers, we will take forward collaborative customer research with CCW, involving water companies to ensure that we have clear and comparable data on customers' views to inform our decisions on PR24.
- **Major infrastructure:** We plan to use competition for the market where appropriate for major new infrastructure via DPC or other routes (where possible), creating new opportunities for investors. In the context of the RAPID framework, as we move forward with the development of strategic projects, we will also seek to ensure that the pipeline of projects and links between the national framework for water resources, regional plans and company plans are strategically aligned, and that resource implications are effectively managed.
- **Open data:** This is a key enabler and tool to support transformation by the sector, stimulate more innovation and collaboration, encourage new business models and service offerings as well as improved transparency. We are looking to the sector to embrace this challenge and expect companies to keep pace with the wider digital economy and customer expectations and to see measurable progress in delivering open data over the course of the next year. We also expect companies to be transparent with the evidence on which they base decisions, including their choice of options in water resource planning.
- **Collaboration with regulatory partners:** We will continue to focus on collaboration with our partner regulators in the water sector, being more joined up across our respective remits. This is key for water resource planning, ongoing operational resilience and to meet the environmental ambitions of both the UK and Welsh governments. It is also vital in the context of strengthening our collective capabilities, improving outcomes for customers in vulnerable circumstances and supporting necessary innovation and investment.

We will play our part in delivering the UK and Welsh governments' strategic priorities and objectives for the sector. We remain bound by the current strategic policy and objective statements (SPSs) until the new statements come into force, but our plans for the year reflect a range of ongoing work consistent with the direction currently under consideration by both governments. We recognise the distinct policy and legal contexts in England and Wales and will continue to work closely with stakeholders in each country to reflect these differences in our regulatory approach, including in the design of PR24.

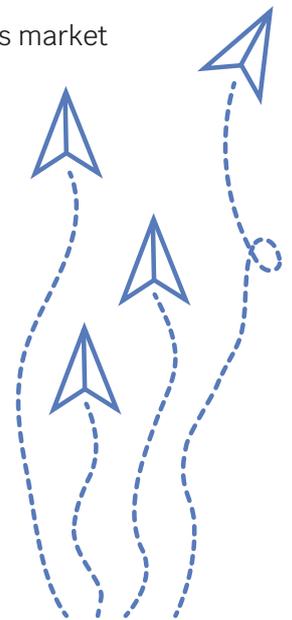
We set out below a headline perspective on progress in achieving the three central goals in our strategy.

## Transforming company performance

We have made progress in developing our understanding of company performance and we have seen some positive signs of improved performance in areas where we have provided a clear focus and challenge, notably in relation to leakage. However, our work on asset management and resilience, and the need to address issues concerning companies' wastewater discharges and operation of storm overflows, show that there is much more to do if companies are to deliver effectively and efficiently for customers and the environment now and in the future. At minimum, companies need to ensure they are in compliance with their legal obligations. We expect companies to address areas of poor performance proactively and promptly and, where necessary, we will take action to ensure that they do so.

In the business retail market, market participants have made some progress to address market frictions, but we consider urgent and targeted action is required to improve the quality of market data and to improve incumbent company support for the market. We are working with the market operator (MOSL) and market participants to take action to resolve these frictions, including via reform the business retail Market Performance Framework (MPF), which will be implemented in 2023-24. In the shorter term we are working with MOSL and market participants to introduce a more holistic approach to monitor and strengthen company performance.

We want to see the value for customers, communities and the environment delivered through open data. This is an important time for the sector to be establishing some key foundations for open data and we will evaluate the progress the industry is making in autumn 2022.



## Preparing to meet long term challenges

One of the four key goals for PR24 is to increase the sector's focus on the long term. Many of the challenges facing the sector can only be met through a long term approach, including adapting to climate change and meeting net zero emissions targets. That is why we expect companies to set their five-year business plans in the context of long term delivery strategies, with their planned long term actions and investment considered in terms of 'adaptive pathways', with clear triggers and decision points on the assessment of the right options to efficiently deliver long term outcomes.

There has been substantial progress this year in the development of strategic water resources schemes and companies' regional planning and there are further milestones next year as schemes proceed through to gates two and three under RAPID.

The Environment Act 2021 puts the framework in place for clear statutory targets for the recovery of the natural world in four priority areas: air quality, biodiversity, water and waste. We will support Defra in the development of the targets applicable to the sector and continue to support the work of the Storm Overflows Taskforce, which is seeking to drive longer term improvements and reductions in the use of storm overflows. The Environment Act 2021 also provides much needed impetus to longer term planning with respect to drainage infrastructure, in the wider context of the system of flood and water resource management. This sits alongside developing policy in Wales, including pursuant to the Environment (Wales) Act 2016, which puts in place a delivery framework for the sustainable management of natural resources in Wales.

All of this requires companies to consider their investment priorities and delivery to support customers of today and future generations, taking account of the pressures on the cost of living and on utility bills that customers will face. The full range of potential solutions for these complex challenges needs to be considered, to maximise long term sustainability and biodiversity. There also needs to be a similarly sharp focus on demand side solutions, including more water efficiency measures. We need to see material progress on sector action to motivate reduced demand.

Investment in the sector is for the long term and we are also beginning to see different funding solutions and investment opportunities for those with a focus on environmental sustainability and long term delivery and we expect the sector to capitalise on these opportunities. Alongside this, water companies need to maintain resilient financial structures if they are to meet their obligations to customers now and into the future. We are considering options to strengthen the existing regulatory regime to better protect customers and the environment and expect companies to demonstrate how their financing arrangements take account of the interests of customers.

## Greater social and environmental value

We published principles to support the development of both our own and companies' approach to public value and these have been broadly welcomed. We are already seeing how this approach can be applied in some core policy areas, such as the environment (WINEP/NEP) and PR24, and it has been one of the five themes of our innovation fund. We expect to finalise the principles shortly and look forward to seeing them become more embedded in company culture and decision making.

The sector needs to be even more customer focused, with companies working harder to transform their ability to serve customers, including through improving the effectiveness of their complaints processes. We expect companies to be able to respond to the full diversity of customer needs, particularly customers in vulnerable circumstances, and to fully support customers who are in debt or struggling to pay their bills. We recently [consulted](#) on revising our guidelines on how companies could do more to make it easier for customers to pay their bills, including customers in debt, and we aim to finalise our guidelines in early 2022. We will maintain the impetus for companies in the water and energy sectors to develop solutions for the sharing of Priority Services Register data.

As part of our own customer-focused work, we are making progress in deepening our understanding and skills, including through our collaborative work with CCW but also greater engagement with other consumer organisations, to ensure that customer views are taken into account in our regulatory approach, including PR24.

We set out below how our work for next year reflects our core strategic goals and delivers the customer and environmental outcomes we set out in our strategy, [‘Time to act, together’](#) (section 2); how our work aligns with the strategic priorities and objectives set by the UK and Welsh Governments (section 3); the estimate of the overall expenditure which we expect to incur during the year in the exercise of our functions (section 4); and milestone deliverables in our forward programme (section 5). The appendix sets out how we intend to meet our obligations with respect to better regulation.

## 2. Our strategic goals to 2025 and beyond and alignment to outcomes for customers and the environment

Our strategy aims to drive the following outcomes:

- reliable, resilient, safe and good quality water and wastewater services;
- leaving the environment in a better condition for future generations; and
- value for money for customers, keeping bills affordable; and
- companies acting in the long-term interests of society and the environment.

We have set out our expectations of companies in terms of what they need to do to help us deliver these outcomes. We also fully recognise that we need to keep our own operations under constant review so that we can continue to improve to meet the future challenges and ambitious targets we have set.

We set out below what we set out to achieve in 2022-23 against our customer and environmental outcomes.

## Reliable, resilient, safe and good quality water and wastewater services

We will further develop our scrutiny and the transparency of company performance, using improved data and insight to increase our focus on areas of activity where performance needs to be improved, for example to address water quality issues. This will include insight from company APRs and areas of outperformance and under-performance against companies' performance commitments, and we will publish reports on sector performance.

We will use bespoke engagement with companies where they need to deliver turnarounds for their customers and the environment.

We will focus our policy development, both in the context of PR24 and more broadly, on addressing areas where we expect to see improvement to address harm to the interests of customers and the environment, for example reducing the use and impact of storm overflows and improving operational resilience, including asset management.

We will continue our drive to see the sector work collaboratively to explore the opportunities and benefits that a more open approach to data can present to benefit customers and the environment, including in the business retail sector where urgent progress needs to be made to improve poor quality customer, consumption and asset data. We have already seen improvements in this area, particularly through our Innovation fund but there is more that could be done. In '[H2Open – Open data in the water industry: a case for change](#)', we set out our expectations for open data and for measurable progress to be made, which we will review in autumn 2022.



## Leaving the environment in a better condition for future generations

We will consult on and finalise our methodology for PR24 with increased focus on longer-term adaptive planning.

We will work with our partner regulators and drive the sector to improve their day-to-day environmental performance to enhance the quality of the water environment, particularly with respect to serious pollution incidents.

We will play our part in the implementation of new measures under the Environment Act 2021 to reduce the use of storm overflows by companies in England and the adverse impacts of overflows on the environment and public health, taking robust regulatory action where needed to ensure significant long-term improvements. In that context, we will also progress our investigation, launched in November 2021, into how water and sewerage companies are operating their sewage treatment works.

We will continue to support the development of draft regional water resource plans, and expect to see increasing alignment between these and company draft water resource management plans which we will review during the year, alongside the development of water resource solutions being considered through RAPID.

Taking account of companies' update to Defra on climate change adaptation, we will consider how best to use the tools at our disposal to improve the focus, transparency and impact of companies' approaches to meeting the challenges of climate change.

Following the release of the new WINEP guidance in December 2021, our work on the WINEP will move to a new phase. This will include supporting the sector's ability to implement nature and catchment-based solutions (where they are the right approach) to achieve multiple benefits for the environment, optimising our approach to the assessment of companies' plans under WINEP and working with the EA to ensure the 'best value' plans are identified, invested in and evaluated.

We will continue to challenge the sector in its ambitions to deliver net zero by reference to the government's targets, encompassing both operational and embedded emissions, respecting the carbon reduction hierarchy.

We will continue to align our work on developer services / NAVs to support the environment through policies to promote more sustainable drainage and more water efficiency in new homes.

We will maintain our oversight and overview of the completion stages of the Thames Tideway Tunnel project with an increasing focus on system commissioning and acceptance to secure the expected benefits.

## Value for money for customers, and affordability

We will continue to develop our Customer Insight programme, to ensure our work is informed by an understanding of customers' priorities, expectations and experiences.

We will work with CCW to take forward recommendations from its affordability review, including encouraging water companies to implement recommendations to improve customer awareness of and access to affordability support.

We will participate in the group established by Defra and the Welsh Government to consider the development of a new approach to social tariffs to provide support to customers struggling to pay their bills.

Through our methodology for PR24, we will be requiring companies to address robustly the affordability and acceptability of their plans and require them to explore new models of delivery which may deliver better value for money for customers.

We will continue to drive the sector to engage constructively with the development of PSR data sharing between the water and energy sectors.

We will take forward work to consider additional protections for customers, and particularly vulnerable customers, including through development of a new licence condition.

We will continue to collaborate to share learning and best practice – for instance, by continuing to be a proactive member of the UK Regulators Network on consumer issues and the Government's Consumer Forum.

We will conclude our review of the business retail price caps, and continue to seek to strengthen protections for non-household customers in the event of retailer exit.

We will continue our work with business retail market participants, including the new Strategic Panel, to resolve market frictions, improve water efficiency in the non-household sector, and remove barriers to innovation.

We will continue to refine and optimise our use of markets-based tools more generally to deliver greater benefits for customers, including through innovation, greater efficiency, and longer term sustainable investment.

We will work with Welsh Government, Defra, companies and other stakeholders to consider changes to the regulatory framework to enable new connection charging rules to come into effect for Welsh companies from April 2023, resulting in more transparent, predictable charges for developers.



## Companies acting in the long term interests of society and the environment

In addition to the focus of our work in PR24 on the long term, we will continue to monitor companies' progress in the management of leakage where they have been challenged by Defra to halve leakage across the industry by 2050, including considering new ways to support customers in tackling leakage on their premises.

We will take the learning from the first two years of the innovation fund, optimise our approach to target key policy areas, seek wider participation in the fund, and continue to promote optimum sharing of results across participants and the sector.

We will make further progress in the development and delivery of the RAPID programme strategic water supply infrastructure projects, carrying out the gate two scrutiny for those projects on the standard track and the gate three assessment for those projects on the accelerated track.

We will review the strategic and outline business cases for key DPC schemes, including for Southern Water, the Anglian Middlegate scheme and Dŵr Cymru's Cwm Taf scheme.

We will embed lessons learned from the first DPC schemes and from the gated approval process through RAPID to provide guidance to the sector, and streamline existing processes where we can. We will also continue to play our part in encouraging new capital and funding to the sector through these schemes.

We will continue to encourage companies to ensure they maintain levels of financial resilience that reflect the essential nature of the service they provide, and we will take forward work with the sector to ensure customer interests are protected.

We will embed the principles on public value in our policy work and BAU, ensuring companies focus on delivering wider value to society and the environment in the delivery of their core services.



## Ofwat's continual improvement

We will continue our work to make it easier to get things done in Ofwat through continual business improvement and our medium-term planning work to Ofwat 2025.

We will continue to implement our people strategy so that we are a highly performing, diverse and inclusive organisation – a great place to work where our people feel valued and empowered.

We will continue to implement our IT and data strategies to improve our efficiency and to automate tasks where possible to make work more rewarding for our people and improve our insight.

We will continue to improve our evaluation and will use this to improve our effectiveness in bringing about change in the industry for the benefit of customers.

### 3. How our work aligns with UK and Welsh Government strategic priorities

Under the Water Industry Act 1991, the UK and Welsh Governments may issue statements setting out strategic priorities and objectives for Ofwat. We are required to act in accordance with these statements when discharging relevant functions relating to companies wholly or mainly in England and Wales respectively. Strategic policy statements from the UK and Welsh Governments to Ofwat were finalised and came into effect during 2017-18. Both the UK and Welsh Governments are in the process of issuing updated strategic policy statements in late 2021-2022. In developing our Forward Programme, we have had regard to the themes emerging from the draft SPS published by the UK Government, and discussions with the Welsh Government.

We are required in the forward programme to signal how our activity for the forthcoming year aligns with the objectives and priorities in the Strategic Policy Statements. By reference to the existing statements, the diagram below shows how these are aligned to the work we plan to undertake under each of our customer outcomes:

Welsh SPS objectives	Our customer outcomes	Defra SPS objectives
Strong customer focus Affordability Innovation	Reliable, resilient, safe and good quality water and wastewater services	Protecting customers
Markets and competition where appropriate	Value for money for customers, keeping bills affordable	Making markets work
Resilience Sustainable management of natural resources	Leaving the environment in a better condition for future generations	Securing long-term resilience
Long-term affordability and resilience	Companies acting in long-term interests of society and the environment	

## 4. Expenditure

Our expenditure requirements are met by licence fees, which customers ultimately pay for in their water and wastewater bills. We recover these licence fees from the water companies we regulate, and any unspent budget is generally returned to companies and hence customers. The cost of Ofwat in 2022-23 is estimated to be £1.22 (£1.20 in 20-21) per customer and will support the delivery of the strategic aims and milestones set out in this document.

The UK Government approved a three-year flat cash budget with a modest increase for additional work on the Environment and Direct Procurement for Customers as part of the last spending review. In 2022-23 this equates to an annual budget of £32.3 million, overall a fall in real terms. The Core Ofwat budget is subject to any Civil Service pay award such that it will increase in line with wider Civil Service pay announcements.

We aim to fulfil our responsibilities effectively and efficiently and as part of our business improvements, we have started implementation of new systems which will realise efficiency benefits and improve effectiveness.

We continue to consider that work in relation to DPC projects should be covered across all companies given the broader benefits that accrue as a result of lessons learned from these early projects.

The total estimated licence fee of £32.3 million is comprised of £0.5 million from Thames Tideway, £1.3 million from Water Supply and Sewerage Licensing (WSSL) and the remainder representing the core Ofwat budget.

### Changes to our planned work

As part of our role we are required to carry out a range of work such as licensing of companies and licence enforcement investigations. We plan our resources on the basis of a certain level of these activities but if we receive more applications or need to conduct more investigations than expected we may need to reprioritise other work. We will notify stakeholders where there are significant changes.

## 5. Milestones

### April – June 2022

Gate three assessment of the RAPID programme strategic water supply infrastructure projects on the accelerated track

Publish our recommendations following the RAPID Regulatory and Commercial Framework consultation

Publish guidance on our Direct Procurement for Customers Framework

Evaluate the innovation fund's pilot period and consult on future plans

Progress the recommendations of our initial assessment of companies' compliance with Flow to Full Treatment requirements of their environmental permits

Take forward and consult further on our work on financial resilience

### July – September 2022

PR24 – consult on our draft methodology for setting the revenue limits, performance commitments and incentive framework ('price controls') for regional water and wastewater companies

Business retail – consult on proposals relating to the business retail price caps

Support the development of draft regional plans

Publish and lay our annual accounts 2021-22 before the UK Parliament and the Senedd to account for our work and expenditure during the year. This will also explain how we have contributed to delivering the strategic priorities and objectives set for us by the UK and Welsh Governments

## **October – December 2022**

Business retail – publish decisions relating to the business retail price caps (implementation from April 2023)

Publish in-period determinations for the 17 largest companies so that any incentive payments due can be recovered in the 2023-24 charging year

Publish annual league tables on companies' service to their customers: the customer service measure of experience (C-MeX) to their residential customers and developer services measure of experience (D-MeX) to their developer customers

Publish final Regulatory Accounting Guidelines 2022-23 to ensure that the annual performance report is prepared consistently and in line with our overall regulatory reporting framework

Publish our Service Delivery and Monitoring Financial Resilience reports

Following our consultation, publish our final methodology for setting the price controls for regional companies beyond 2025

Complete the review of industry progress on open data

Gate two assessment of the RAPID programme strategic water supply infrastructure projects on the standard track

Draft WRMP consultation

## **January – March 2023**

Gate two final decisions for the RAPID programme strategic water supply infrastructure projects on the standard track

## Appendix: Reducing regulatory burdens

For Ofwat to make the greatest contribution possible to improving life through water, this requires a balance in terms of our approach to regulation: companies need to operate within the context of an appropriate regulatory framework, including intervention where necessary, and also with the ownership and accountability for operating their businesses and the maximum freedom possible within necessary constraints.

In carrying out our work we have regard to the principles of best regulatory practice, including that our activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed, as required by section 2(4) of the Water Industry Act 1991. The duty introduced by the Regulatory Enforcement and Sanctions Act 2008 is another part of this framework of better regulation. It requires us to:

- review the regulatory burdens we impose or maintain;
- remove any that are unnecessary and unjustifiable; and
- report each year on how we intend to fulfil this duty as we carry out our regulatory work.

Every year, we seek to ensure that regulatory burdens are kept to a minimum while ensuring companies deliver the best outcomes for customers. We continually review our regulatory approach to ensure we use the most appropriate mechanism to realise best outcomes and meet our obligations under both Acts.

Our approach to fulfilling these duties also continues to evolve to better deliver the goals set out in our strategy. A key aspect is our ongoing work to bring about improvements to companies' data transparency, which we continue to work on and will review in the coming year. Better quality data, coupled with greater transparency, will support our work to ensure that the regulatory levers in place are the right ones and that intervention is correctly targeted and companies' accountability is clear.

Other ways in which we will address regulatory burdens is through our continued collaboration with regulatory partners, which amongst other positive outcomes seeks to deliver regulation for companies which is more consistent and streamlined, and less burdensome, and our intention to further develop our approach to evaluation, ensuring that questions as to the suitability and proportionality of any burdens is reflected at the right stage in our decision making.

The outputs we plan to deliver throughout the coming year will also reflect these duties and the approach outlined here; for example, our planned PR24 methodology will be targeted so as to place a focus on areas and behaviours which we consider will challenge and motivate companies to deliver key outcomes.

**Ofwat (The Water Services Regulation Authority)  
is a non-ministerial government department.  
We regulate the water sector in England and Wales.**

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