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By email

Rt Hon Philip Dunne MP
Chair of the Environmental Audit Committee
House of Commons
London
SW1A 0AA

18 November 2021

Dear Mr Dunne

I want to inform you that, earlier today, we [launched an investigation](#) to establish whether water and wastewater companies in England and Wales are complying with the obligations Ofwat is responsible for enforcing. This follows new checks by the Environment Agency (EA) that led to water and wastewater companies admitting that they may be releasing wastewater into the environment when they were not permitted to do so.

Given the work that you have done in raising the awareness of wastewater pollution in Parliament through your Private Members Bill and through your Committee's inquiry into water quality in rivers, I know you will share our frustration.

In June, [I wrote to water and wastewater companies](#) setting out the need to improve performance on the use of storm overflows. I am concerned that companies have not acted on this.

We are pleased that the Environment Act places new responsibilities on the sector to progressively reduce the adverse impacts of discharges from storm overflows. This underlines the importance of companies fully complying with existing environmental obligations in regard to wastewater treatment and storm overflow discharges.

We work alongside the EA and Natural Resources Wales (NRW) to drive water company performance. Every five years, the EA and NRW set the environmental improvements that companies must carry out to meet their environmental obligations. As part of our price review process, which sets the price and service package that companies must deliver, we allow the funding that companies need to efficiently deliver these schemes.

Our most recent price review, published in 2019, funded around £1 billion every year between 2020 and 2025 for water companies to improve the natural environment, in line with the EA and NRW's requirements. Each year, companies certify to us that they have the funding they need to deliver their vital services and comply with their legal obligations, including their wastewater treatment works permits. No water company has informed us that it cannot fulfil its obligations relating to its wastewater treatment works discharges.

To that end, Ofwat is immediately looking into this information to understand whether companies across England and Wales have complied with their statutory duties and licence conditions, as well as their management and corporate behaviour.

I [wrote to all water and wastewater companies](#) today requesting further information to better understand the scale and extent of any non-compliance, as well as our expectations for immediate remedial action. I also reiterated our clear expectations that environmental performance and compliance with obligations should be taken into account by companies when deciding on paying out dividends or executive bonuses.

I want to assure you that if we find that companies are in breach of any obligation, which we enforce, we will take robust action to hold them to account.

I appreciate that you also want to see further action through our Strategic Policy Statement and I will be in touch with you separately to provide further information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D Black', is placed over a light grey dotted rectangular background.

David Black
Interim Chief Executive