



Department
for Environment
Food & Rural Affairs

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Sharon Groth
Town Clerk and Chief Executive Officer
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4 September 2024

Dear Sharon,

Thank you for your letter of 8 July to the Secretary of State about Thames Water. I am replying as the Minister responsible for this policy area and I apologise for the delay in doing so.

The Water (Special Measures) Bill, announced during the King's Speech in July, will deliver on the manifesto commitment to put water companies under special measures by strengthening regulation to clean up our waters. These are the critical first steps in enabling a long-term and transformative reset of the entire water sector. The Bill will support greater personal liability for water company executives and will strengthen and enhance the ability of regulators to bring robust charges against water companies and executives where they have committed offences, including through automatic and severe fines.

We can assure you that the government will work closely with the water industry regulators to ensure they are properly equipped to carry out enforcement action. On 24 May this year, the Environmental Agency (EA) confirmed plans for a fourfold increase in water company inspections, to 4000 by end of March 2025 - to hold companies to account, including unannounced inspections.

Storm overflows are strictly permitted by the EA. The regulators will not let companies get away with illegal activity and where breaches are found, will not hesitate to hold companies to account. The regulators (the EA and Ofwat) have also launched the largest criminal and civil investigations into water company sewage discharges ever, at over 2200 treatment works. The EA has a dedicated team of more than 30 staff working on the investigation.

The EA is also undertaking a criminal investigation in relation to repeat sewage pollution incidents impacting the Colwell Brook and Emma's Dyke downstream from the Thames Water Witney Sewage Treatment Works (STW). The investigation relates to sewage discharges and associated pollution incidents between October 2019 and April 2021. Later pollution incidents are likely to be investigated as well. Once the investigation is complete, the EA will consider the appropriate enforcement action in line with its published Enforcement and Sanctions Policy. You can read this policy [here](#).

The EA has also secured planned improvements to the volume of sewage the Witney STW can treat before discharging from storm tanks. This is driving an uplift to the permitted flow-to-full-treatment figure for Witney STW and is on track to be in place by the end of March 2025.

This project is providing a significant treatment capacity uplift from the current 240 litres per second to 399. This will help to reduce the frequency and duration of overflows from storm tanks by enabling the sewage treatment works to treat more flow

We understand your concerns over proposed customer bill rises. For too long, investment has not kept pace with the challenges of an ageing infrastructure system, a rapidly growing population, and climate change. The figures published in Ofwat's draft determinations are not yet final and change has now begun to ensure that customers and the environment are put at the centre of decision making.

The government has also been clear that new billpayer money must be used to improve and build vital infrastructure, and not simply go towards water company bosses' bonuses and dividends for shareholders. I would also like to reassure you that customers will not pay for upgrades that companies have already been funded to do, and that Ofwat scrutinises company business plans to ensure companies are not funded twice for the same thing.

We are clear with Ofwat that increases to customer bills must be ringfenced and must not flow through to executive bonuses and dividends for shareholders where performance is poor. This will help deliver the investment needed in the water sector, as you quite rightly mentioned in your letter.

Furthermore, we agree that water bosses taking bonuses when their companies criminally pollute our waterways is unacceptable. That is why the Water (Special Measures) Bill will ensure that water company bosses are not rewarded with bonuses if the company has broken the law.

Regarding renationalisation, we appreciate the concerns about the performance of water companies such as Thames Water. However, the government has no plans to nationalise Thames Water nor any other water company. To do so would cost billions of pounds and take years to unpick the current ownership model, during which time underinvestment in infrastructure and sewage pollution would only get worse.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Emma Hardy', with a long horizontal flourish extending to the right.

EMMA HARDY MP