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By email

Dame Meg Hillier MP  
Chair of the Public Accounts Committee

16 June 2023

Dear Dame Hillier,

**Re: Storm Overflows**

I am looking forward to the private briefing to update the Public Accounts Committee on progress Ofwat has made to drive water sector improvements on 26 June. I am writing today to update you on the result of the [consultation](#) we opened last month to penalise companies that do not fully monitor their storm overflows.

Ofwat confirmed this week that water companies will be hit with penalties for failing to adequately monitor storm overflows. At our next price review from 2024, we have set out that companies must comply with a new performance commitment, which will include financial penalties for inadequate monitoring or if a monitor is faulty.

While water companies are required to install monitors on their storm overflows, Ofwat are concerned, as are many politicians and parts of the public, that they may not adequately maintain them – the latest data shows that on average they only worked around 90% of the time in 2022. This is why we launched a consultation on how we would treat non-functioning monitors when calculating a company's performance towards its target. Ofwat consulted on this last month and have now confirmed that for any combined sewer overflow (CSO) that is not monitored or is faulty, we will assume a spill rate of 100 times per year. We have toughened the penalty for non-functioning monitors based on customer and stakeholder feedback.

These penalties are in-line with the government's storm overflow discharge reduction plan, which required companies to install monitors on all CSOs, so we know how often and for how long they spill. This new performance commitment we are introducing is a regulatory tool to penalise companies for poor performance and will provide a strong incentive for companies to both reduce sewage spills and to install and maintain their monitors and ensure they face financial consequences if they do not.

The targets for each company will be set next year as part of our Price Review process for 2025 to 2030. But until then, Ofwat have been clear that, where appropriate, we expect companies to take immediate action to reduce sewage spills without additional

expenditure allowances and to properly install and maintain their monitors. This decision is something companies must now consider when preparing their business plans for submission to Ofwat in October 2023.

We will continue to use all the powers we have to drive companies to get to grips with this issue.

I would be grateful if you are able to share this information with the wider committee, and I look forward to discussing this and other sector developments in our meeting later this month.

Yours sincerely,

**David Black**  
**Chief Executive, Ofwat**