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By email

Meg Hillier MP  
Chair, PAC

30 May 2023

Dear Ms Hillier,

In addition to my recent correspondence on Ofwat's progress to drive sector improvements, I am writing today to inform you about two enforcement investigations that Ofwat launched last week into [South West Water](#) and [Dŵr Cymru](#).

Both cases relate to the accuracy of information reported on their performance on leakage and per capita consumption (PCC).

Ofwat sets performance targets for companies on leakage and PCC. Companies are assessed against these targets annually and can be penalised or rewarded, depending on their performance.

Dŵr Cymru came forward to alert Ofwat on issues it identified in 2022. In November 2022 Ofwat deferred its decision on the progress Dŵr Cymru has made towards its leakage performance commitment and any associated performance payment pending accurate data becoming available.

In the South West Water case, Ofwat deferred a decision in November 2022 on the progress the company has made towards its leakage performance commitment, as we sought to better understand how the company calculated its reported performance.

Ofwat is committed to holding companies to account for performance and for sharing timely, accurate, and complete data with us and their customers. We want to ensure that is the case in these instances. A thorough investigation will now be carried out and we will provide updates in due course on our findings, and whether there is any further action we need to take.

We recognise that Dŵr Cymru came to us when it became aware of the issue with the accuracy of its performance data, so our investigation will consider Dŵr Cymru's restated performance figures, the circumstances that led to the company reporting inaccurate performance, and what steps it has taken or is taking to address these failings. Dŵr Cymru is considering how it can remedy the matter with its customers and has already announced a £10 rebate for customers. Ofwat will consider its remedial plans as part of its investigation, and its decision on any further action.

We are determined to use all the regulatory powers as fully as possible to improve the performance of water companies for customers and the environment. Ofwat investigates water companies when it believes there may be a breach of an obligation that Ofwat has powers to enforce. Enforcement action for breaches of licence conditions and relevant requirements under the Water Industry Act 1991 can include a financial penalty of up to 10% of the company's turnover.

I cannot provide any further information on either investigation until they reach a conclusion, but I will be in touch to provide an update at that point.

Yours sincerely,

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