

Progress made but too many water companies still falling short

The Environment Agency has today (13 July) released its [annual report](#) on the environmental performance of England's nine water and sewerage companies.

Whilst there were improvements in 2020, no single company achieved all the expectations for the period 2015 to 2020. These included the reduction of total pollution incidents by at least one-third compared with 2012 and for incident self-reporting to be at least 75%.

The sector coped well with Covid-19 pressures in 2020 and recently committed over [£850m to help contribute to a green recovery](#) from the pandemic. However, a number of companies are still failing to live up to their responsibilities to regulators, their customers and the environment.

Since 2011 the EA has used the Environmental Performance Assessment (EPA), which rates each company in England from 1 star to 4 star, for performance on environmental commitments such as pollution incidents and treatment work compliance. Where these commitments are not achieved, companies will face underperformance penalties, with Ofwat having new powers to levy fines from 2020.

The report shows:

- Southern Water and South West Water were rated as 2 star (requiring improvement)
- Anglian Water and Thames Water were rated as 3 star (good)
- Five companies (Northumbrian Water, Severn Trent Water, United Utilities, Wessex Water and Yorkshire Water) achieved 4 stars, although certain improvements are still required
- 2015-2020 expectations, including full compliance for waste water discharge permits and a 50% reduction in serious pollution incidents compared with 2012, have not been met
- Severn Trent Water, United Utilities and Wessex Water sustained the highest level of performance for most of the last five years

Serious pollution incidents declined for the second year in a row to the lowest number ever – but while there were 285 fewer total pollution incidents than in 2019, it was still the second highest number of total incidents since 2015.

Southern Water and South West Water both performed significantly below target for this metric, Southern Water for the second year in a row and South West Water for the tenth year in the row. Both companies' performances have been consistently unacceptable. Over half of serious incidents were also due to Anglian Water and Thames Water.

The results come the week after Southern Water was sentenced to pay a [record-](#)

[breaking £90m fine](#) after pleading guilty in court to 6971 unpermitted pollution discharges. The successful Environment Agency investigation was the biggest the regulator has ever conducted, making clear that polluters will be made to pay for damage to the environment. Earlier this year Thames Water was also fined [£4 million](#) and [£2.3 million](#) for separate pollution incidents.

Environment Agency Chair Emma Howard Boyd said:

Over half the water sector is now achieving the highest industry rating, showing that clear targets and regulatory focus combined with investment in the environment delivers change in the water sector. But, some companies are still failing in their duty to the environment and there remains a tendency to reach for excuses rather than grasp the nettle. As last week's £90m fine for Southern Water showed, environmental laws must not be undermined.

I have been meeting water company chairs in the last few weeks to set out our expectations for them to redouble their efforts to improve or maintain their environmental performance, something which continues to be a priority for both customers and shareholders.

Environment Minister Rebecca Pow said:

Water companies have environmental responsibilities and they must realise them. They have a legal duty to avoid pollution to our rivers and other waterways.

This report which spans the last 12 months makes for extremely disappointing reading. Even the industry-leading water companies have more work to do, especially on the use of storm overflows.

Getting the basics right is critical for water companies and then they need to go further in playing their part in achieving a higher level of ambition for our precious water environment. On these grounds I will not hesitate to set higher expectations for both water companies and regulators to ensure a level of service that the people of this country and the environment deserve.

In light of the annual report results, Environment Agency Chair Emma Howard Boyd has already met all water company chairs, while Environment Secretary George Eustice and Environment Minister Rebecca Pow will be meeting Southern Water and South West Water respectively in the coming months.

Following enforcement action taken by Ofwat on Southern Water in 2018, the company has a package of undertakings to deliver, including steps to improve investment and performance at its wastewater treatment works and to increase transparency for customers about its environmental performance.

And as a result of South West Water's consistent poor performance on the EPA, the company has a bespoke performance commitment with Ofwat to ensure they are aiming to achieve and maintain 4-star status from 2023-2025.

Other action Defra and the Environment Agency are taking includes:

- The Storm Overflows Taskforce, set up in 2020, will continue to push forward its commitment to eliminate harm from storm overflows and increase monitoring and transparency from the companies. New legal duties on water companies have already been included in the [Environment Bill](#).
- Reviewing regulatory actions, such as inspections, audits and data checks, and continuing to challenge companies to address areas where performance needs to improve, including getting to the root cause of non-compliance and pollution incidents, with more targeted plans for issues including sewer blockages.

David Black, Interim Chief Executive at Ofwat said:

It's disappointing to see repeat poor performance from some companies who are failing to take their responsibilities seriously enough. Addressing environmental challenges remains a top priority for water companies and the performance of some companies falls well short of what customers expect. We are pleased to see the performance of the leading companies in the sector, which demonstrates what can be achieved with focus and attention.

A step-change in culture and commitment is required if the sector is to fundamentally change the way it delivers for customers and the environment. Our work with government, the Environment Agency and other stakeholders will continue to ensure we hold companies to account so that the environment is left in a better condition for generations to come.