

Water and sewerage company performance on pollution hits new low

The Environment Agency is today calling for:

- Courts to impose much higher fines for serious and deliberate pollution incidents. Fines currently handed down by the courts often amount to less than a Chief Executive's salary.
- Prison sentences for Chief Executives and Board members whose companies are responsible for the most serious incidents and company directors struck off so they cannot move on in their careers after illegal environmental damage.

The Environment Agency has today (14 July) released its [annual report](#) on the environmental performance of England's nine water and sewerage companies.

The report shows that overall in 2021, the performance of the companies fell to the lowest level we have seen under the Environmental Performance Assessment (EPA). Measured against our 4 star rating, most of the companies' performance declined. Despite continuing enforcement action against those breaching environmental laws, water companies remain undeterred by the penalties currently being issued by the courts.

Southern Water and South West Water were given just a 1 star rating, while 4 companies were rated only 2 stars – meaning they require significant improvement.

Northumbrian Water, Severn Trent Water and United Utilities performed more positively and maintained 4 stars.

Since 2011 we have used the 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.

Following a regular 5-yearly review of the EPA process, the Environment Agency has deliberately tightened its metrics to set stretching targets that will push companies to meet regulatory requirements and our expectations. Not only did most companies fail to meet these new higher standards, most of them saw their performance deteriorate against the previous standards.

The latest EPA shows:

- The sector's performance on pollution was much worse than previous years.
- Southern Water and South West Water were rated as 1 star.
- Three companies (Northumbrian Water, Severn Trent Water and United Utilities) maintained 4 stars, although certain improvements are still required.
- Seven water companies had an increase in serious incidents compared to 2020. In total there were 62 serious incidents for 2021 – the highest

since 2013.

- There has also been no overall improvement for several years in total incident numbers or compliance with conditions for discharging treated wastewater.

The Environment Agency Chair Emma Howard Boyd met with the Chairs of water companies over the last week.

Emma Howard Boyd, Chair of the Environment Agency, said:

It's appalling that water companies' performance on pollution has hit a new low. Water quality won't improve until water companies get a grip on their operational performance. For years people have seen executives and investors handsomely rewarded while the environment pays the price.

Company directors let this happen. We plan to make it too painful for them to continue like this. The amount a company can be fined for environmental crimes is unlimited but fines currently handed down by the courts often amount to less than a Chief Executive's salary. We need courts to impose much higher fines. Investors should no longer see England's water monopolies as a one-way bet.

In response to its annual EPA report, the Environment Agency is today calling for:

- Courts to impose much higher fines for serious and deliberate pollution incidents – although the amount a company can be fined for environmental crimes is unlimited, the fines currently handed down by the courts often amount to less than a Chief Executive's salary.
- Prison sentences for Chief Executives and Board members whose companies are responsible for the most serious incidents
- Company directors struck off so they cannot simply move on in their careers after illegal environmental damage

A Defra spokesperson said:

This report shows that water companies are ignoring their legal responsibilities. Water company chiefs cannot continue to make huge profits whilst polluting our waters.

We will not tolerate this behaviour and we will take robust action if we don't see urgent improvements. We are the first government to set out our expectation that water companies must take steps to significantly reduce storm overflows and earlier this year we consulted on a comprehensive plan to tackle the adverse impact of discharges from storm overflows.

Since 2015 the Environment Agency's prosecutions against water companies have

secured fines of over £138 million. In 2021 the Environment Agency concluded seven prosecutions against water and sewerage companies with fines of £90 million, two of £4 million, £2.3 million, £1.5 million, £150,000 and £540,000. Five prosecutions have already concluded in 2022 with fines of £300,000, £240,000, £233,000, £50,000 and £18,000, and more prosecutions are progressing in court.

Working with Ofwat and Defra, we have set out clear expectations through the Water Industry Strategic Environmental Requirements (WISER) for 2020-2025 which we expect water and sewerage companies to meet. Ofwat's PR24 methodology is currently out for consultation and we will be responding in due course to help shape it and ensure it meets the ongoing challenges.

Other action Defra and the Environment Agency are taking includes:

- Increasing inspections of sewage treatment works
- New requirements through the Environment Act for companies to put monitors on all their storm overflows, both on the network and at sewage treatment works and make the data public
- Carrying out the country's largest ever investigation into environmental crime, our [investigation of all water companies into potential flow-to-full treatment \(FFT\) non-compliance](#) at wastewater treatment works. This involves all the water companies, and we are looking at whether they have knowingly and deliberately broken the law in relation to the treatment and discharge of sewage
- Toughening our regulation – placing greater emphasis on the root causes of non-compliance and pollution incidents and making sure that our company action plans are targeted and effective

ENDS

Notes to editors:

- On 18 November 2021, the Environment Agency (EA) and Ofwat announced major investigations into potential widespread non-compliance by water and sewerage companies at wastewater treatment works.
- The investigations were launched after companies revealed to us that they may be in breach of their permit conditions. This issue was brought to light following the EA's requirement of companies to improve how they monitor and manage flow-to-full treatment at wastewater treatment works through the installation of new monitors.
- While the investigation progresses, the EA, government and Ofwat are working closely together to ensure water and sewerage companies take immediate action where potential breaches of permit conditions are identified. It is the water and sewerage companies' responsibility to bring their sites back within compliance as soon as possible and they will be held to this by the regulators.