

Water companies face new penalties up to £250million

The Environment Secretary has today (3 October) announced that he will bring forward proposals to raise the civil penalty for water companies who pollute the environment by 1,000-fold – from £250,000 to up to £250 million.

The move comes as part of the government's ongoing action to push for water companies to invest more in infrastructure that will minimise pollution incidents and secure our water supply for future generations. Last year there were 62 serious pollution incidents by water companies – up from 44 in 2020.

At present, if water companies fail to uphold the law or cause environmental harm, the Environment Agency (EA) can pursue both criminal and civil prosecutions as part of their enforcement regime.

Whilst fines handed out by the courts through criminal prosecutions are unlimited, these can be a lengthy and costly process. Using civil sanctions – Variable Monetary Penalties (VMPs) – which can be imposed directly by the EA rather than the courts can offer a quicker method of enforcement.

VMPs can be issued for more serious offences, including when there is evidence of negligence or mismanagement or when there is an environmental impact.

However, the current limit for VMPs handed out by the EA for individual breaches of the rules is £250,000. Increasing the cap for fines up to £250 million will simplify and speed up the process of enforcement by allowing the EA to directly hand out penalties to water companies.

Last month the Environment Secretary asked water companies to write to him, setting out their plans for improving environmental performance and infrastructure. Responses have been received from all water companies and are currently being scrutinised as part of the ongoing work by the government, the Environment Agency and the regulator Ofwat to drive up water companies' performance and increase accountability. We are clear that water companies should urgently look at opportunities to accelerate infrastructure delivery.

Environment Secretary Ranil Jayawardena said:

I have been clear that if water companies don't do what is expected, there will be consequences. Bigger financial penalties will act as a greater deterrent and push water companies to do more, and faster, when it comes to investing in infrastructure and improving the quality of our water.

This 1,000-fold increase sends a clear signal that we want clean rivers and coastlines, and that the duty falls to the water companies to deliver – the polluter must pay.

Environment Agency Chief Executive Sir James Bevan said:

Since 2015 the Environment Agency's criminal prosecutions against water companies have secured fines of over £138 million – with a record £90 million fine handed out to Southern Water for corporate environmental crime.

However, criminal prosecutions can be lengthy and costly, so we welcome today's proposals which will make it easier for us to hold water companies to account for environmental crimes.

We will now work closely with government to put this plan into action.

Today's proposal will be subject to consultation.

It builds on the [Storm Overflows Discharge Reduction Plan](#), published at the end of August, which brought in the strictest targets on sewage pollution and requires water companies to deliver their largest ever infrastructure investment – £56 billion capital investment over 25 years.