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By email

28 June 2019

Dear Chief Executive,

This has been a dark week for the water industry. The publication of our findings against Southern Water for sewage treatment failures, and the deliberate misreporting of its poor performance from 2010 to 2017, rightly met with shock and anger from the public and the wider sector. We have seen the strength of feeling expressed in the press, on social media and through direct contact from members of the public.

I do not want to believe that the culture that existed in Southern Water – and which Ian and his team are committed to stamping out – is representative of the sector as a whole. But none of us can afford to be complacent. This week has shown again that the public's trust in the water sector depends on companies behaving with integrity, honesty and transparency and nurturing a strong public service ethos throughout.

If you have not already done so, I expect you and your Boards to consider, and to engage with your customers on, the following questions:

1. Are Ofwat's findings against Southern Water, and the public reaction, widely understood across your business? This is not a matter just for your Regulation or Compliance teams but is a stark reminder of the responsibilities that everyone in your company – from Board Director down – has to customers and the environment;
2. How confident are you that the events in Southern Water could not happen in your company? How does your Board test that the governance and assurance arrangements you have in place give you the right information about your performance? What do you do to encourage an appropriate culture in the organisation as a whole? How do you encourage your people to speak up if something is wrong?
3. What are you doing to allow your stakeholders and especially those in the communities you serve, to help you understand the impact you are having? For example, could you provide more open access to raw performance data? Are you and your Board plugged in to what influencers and customers are

saying on social media? Are you making it easy enough for local groups to have a two way dialogue with you about their concerns?

Our action this week sends a message to the whole sector that we will not tolerate companies that show scant regard for their responsibilities to customers and the environment. Companies should expect us to step up the sanctions we impose for breaches of this nature.

Yours sincerely

**Rachel Fletcher**  
**Chief Executive**