

# Meeting note

12 April 2023

## Workshop with environmental stakeholders on Ofwat's approach to storm overflows at PR24

This note summaries a virtual discussion held by Ofwat with environmental stakeholders on its approach to storm overflows at PR24 on 12 April 2023.

### Attendees

Name	Organisation
<b>Ofwat</b>	
Jeevan Jones	Ofwat
Thea Hutchinson	Ofwat
<b>Environmental stakeholders</b>	
Monika Mendelova	Afonydd Cymru
Adam Selby	Canal & River Trust
Richard Howell	Chartered Institute of Ecology and Environmental Management
Becky Malby	Ilkley Clean River Group
Laura Foster	Marine Conservation Society
Jane Wilson	Natural England
Nik Perepelov	RSPB & Blueprint for Water
Louise Reddy	Surfers Against Sewage
Amina Aboobakar	The Rivers Trust
Mark Lloyd	The Rivers Trust
Ross Evans	The Welsh Countryside Charity
Ali Morse	The Wildlife Trusts
Nick Measham	WildFish
Tom Hayek	Wildfowl & Wetlands Trust
Ellie Ward	Wildlife and Countryside Link
Ash Smith	Windrush Against Sewage Pollution
Geoff Tombs	Windrush Against Sewage Pollution
Peter Hammond	Windrush Against Sewage Pollution

Stephen Jones

Windrush Against Sewage Pollution

## 1. Overall approach

Ofwat noted customer expectations around storm overflows and set out its overall approach to the 2024 price review (PR24), including performance commitments designed to improve outcomes for customers and the environment.

Ofwat set out its proposal to ensure delivery and incentivise improvements through a performance commitment based on average spills per storm overflow, and invited views.

Comments received included:

- **Use of an average spills measure.** Some stakeholders suggested instead basing the measure on the duration or volume of discharges. Others recognised this may be more possible for future price reviews once more advanced monitors are installed. One stakeholder asked about the effect of a changing denominator if water companies report changes in the number of storm overflows.
- **Approach to target setting.** Stakeholders said targets should align with statutory obligations, enforcement findings and previous funding (including the accelerated infrastructure delivery project), so customers do not pay twice.
- **Nature-based solutions.** Some stakeholders supported greater use of nature-based solutions and suggested this could be encouraged through performance commitments and price control deliverables at PR24.
- **Compliance and reporting.** Stakeholders said that Ofwat should make clear that companies need to comply with their statutory obligations – and for them to only use storm overflows in exceptional circumstances. Stakeholders also said that if companies report inaccurately, they should be punished. One stakeholder suggested Ofwat should make greater use of its enforcement powers.
- **Executive pay and dividends.** One stakeholder suggested companies should be prevented from paying executives bonuses and shareholders dividends unless the company provide guarantees it is meeting its legal obligations.
- **Regulatory framework.** While some stakeholders welcomed Ofwat's engagement, they also challenged the overall approach to economic regulation of the last 30 years. One stakeholder recommended avoiding telling companies what to build or how, and to focus on outcomes and enforcement if companies fail to meet their obligations.

## 2. Unmonitored overflows

Ofwat invited views on options for incentivising companies to install and maintain event duration monitors on their storm overflows.

Comments received included:

- **Penalties for unmonitored overflows.** Stakeholders supported penalties for companies that did not provide complete data – but there were a mixture of views on which option Ofwat should take.
- **Strong financial incentives.** Stakeholders supported strong financial incentives, so that companies would not prefer to leave storm overflows unmonitored. Some stakeholders supported financial incentives that scale by the period of time that monitors do not operate.
- **Accuracy and completeness of reporting.** Numerous stakeholders noted the extent of storm overflows that were not monitored or only partially monitored in 2022, with some concerns about the reasons given by companies, particularly since many were only recently installed. Stakeholders suggested that Ofwat should require companies to provide assurance and audits of their data returns.

### 3. Emergency overflows

Ofwat asked whether emergency overflows should be included within the storm overflows performance commitment, or kept separate but with new reporting requirements for the 2025–30 period.

Comments received included:

- **Support for keeping separate.** Stakeholders supported keeping the measures separate, because of the different functions and numbers of discharges from the two types of overflows.
- **Applying penalties for discharges.** Some stakeholders suggested that the pollution incidents performance commitment should be sufficient to capture discharges, while one stakeholder suggested penalties should also apply to emergency overflows.
- **New reporting requirements.** Stakeholders supported new reporting requirements to ensure that emergency overflows are not being misused and companies do not divert discharges from storm overflows to them to avoid penalties.

### 4. Timeline and next steps

Ofwat confirmed the timeline and that it intended to consult in early May 2023, prior to finalising its policy approach in June 2023.

Ofwat thanked attendees for their contributions, including the strength of feeling which reflected the importance of these issues.