

Addressing poor performance by water companies in England and Wales

We set water companies targets and incentives to deliver more for customers and the environment. Where they fall short, we reduce the amount of money companies can collect from customers.

The targets we set for water companies were designed to be stretching – to drive improvements for customers and the environment. Our latest report for 2022-23 shows that the companies are falling short, leading to £114 million being returned to customers through bill reductions. While that may be welcome to billpayers, it is very disappointing news for all who want to see the water sector do better.

It is not going to be easy for companies to regain public trust, but they have to start with better service for customers and the environment. We will continue to use all our powers to ensure the sector delivers better value for consumers and the environment.

**£114
million**

returned to customers
next year for company
underperformance

“

I am concerned about the impact of climate change and our use of water on chalk streams and our environment”

“

What are you doing to prevent rivers from being overwhelmed with sewage in the winter and to reduce the impact of drought on aquifers in the summer?”

– Customer comments at a [‘Your water, your say’](#) meeting



In-period outcome delivery incentives (ODIs) [determinations](#)

Ofwat sets water companies targets and incentives to deliver better outcomes for customers and the environment. Where they fall short on these, we reduce the amount of money companies can collect from customers. If companies perform better than their targets, then that figure may be increased.

What matters to customers



I'm intrigued by the very large number of leaks in the streets and in pavements and the fact that they happen relentlessly all year round"

- Customer comment at a 'Your water, your say' meeting



Customer satisfaction

Customer satisfaction continues to fall. Improving this should be a key priority for all companies. In 2022-23, customer satisfaction fell for most companies, and it is now worse than it was in 2020-21 for all companies. We are, however, pleased to see that all companies report a further increase in the number of customers recorded on their priority services registers.



Internal sewer flooding

The number of internal sewer flooding incidents in customers' homes has reduced by 27% since 2019-20. The sector must continue to drive performance improvements if it is to meet its target of 41% reduction by 2024-25. Almost all companies reduced the number of sewer flooding incidents in customers' homes in 2022-23.



Leakage

While many companies have made progress in reducing leakage, more improvement will be needed if the sector is to meet the 16% reduction that it committed to in the 2020-25 period. Reducing losses through leakage is an important part of maintaining secure water supplies for customers. Since the start of the 2020-25 period, we have seen some of the fastest rates of leakage reduction in the past decade. However, in 2022-23 most companies reported an increase in annual leakage.



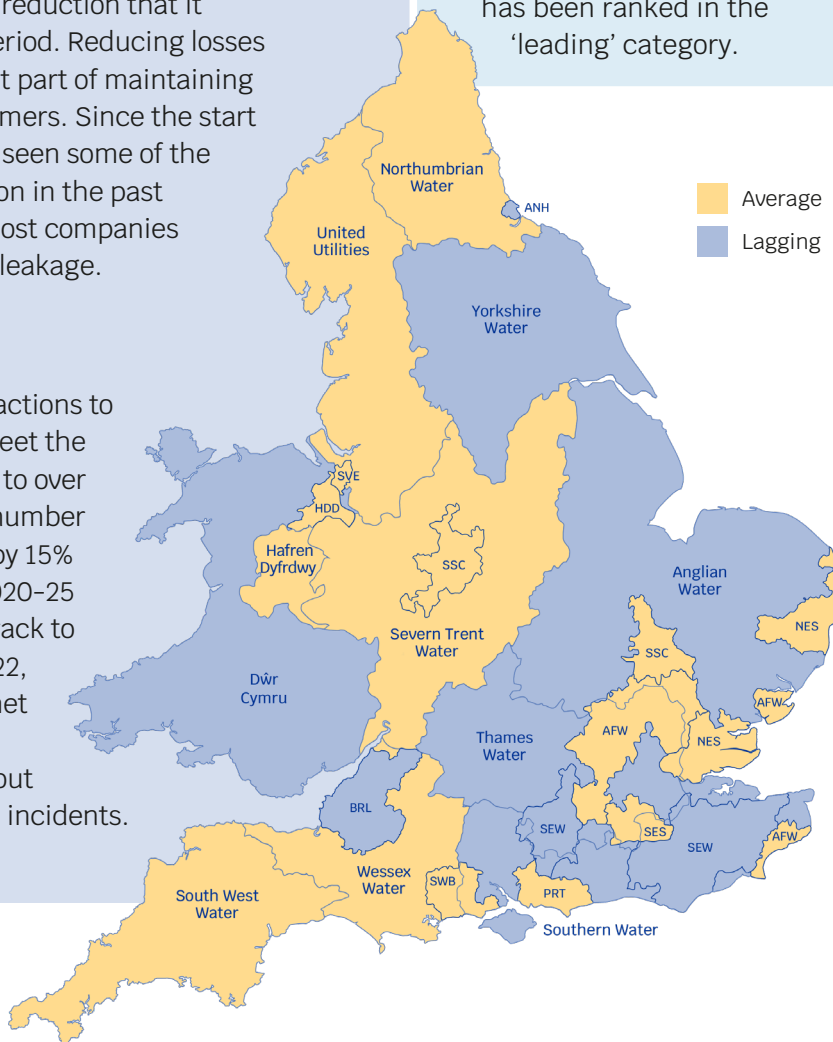
Pollution incidents

Companies need to accelerate actions to reduce pollution incidents to meet the 30% reduction they committed to over the 2020-25 period. While the number of pollution incidents reduced by 15% in the first three years of the 2020-25 period, companies are not on track to meet the 2024-25 target. In 2022, fewer than half of companies met the performance commitment level. We remain concerned about the number of serious pollution incidents.

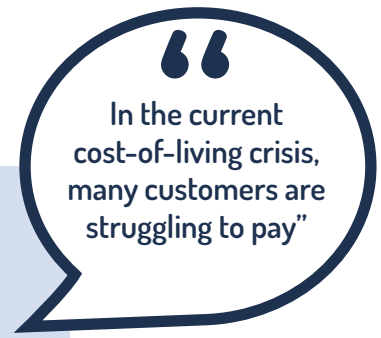


Water company performance report

An annual [report](#) by Ofwat. It categorises companies' performance as 'leading', 'average' or 'lagging', against a set of common metrics, including pollution incidents, customer service and leakage. For 2022-23, no company has been ranked in the 'leading' category.

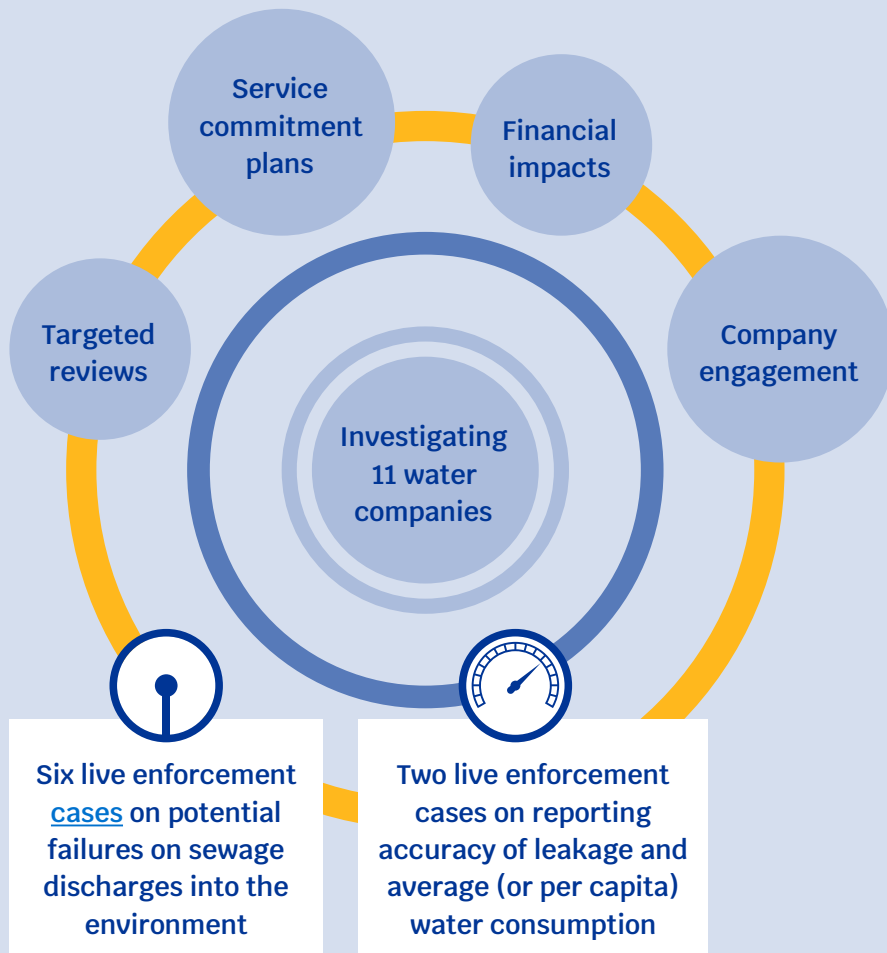


We are taking action to drive improvement



“
In the current
cost-of-living crisis,
many customers are
struggling to pay”

– Customer comment at a
[‘Your water, your say’](#) meeting



Customer research

Our research measuring [consumer trust](#) (February 2023) found:

Trust in water companies is decreasing.

Nearly half of customers believe water companies put the interests of stakeholders and owners first.

How Ofwat regulates the sector



Using licences to ensure companies meet their obligations



Taking enforcement action where companies fail to meet their duties



Analysing data and monitoring and reporting on company performance



Listening to customers and interest groups



Setting the price, investment and service package customers receive every five years



Working within government policy and environmental regulation frameworks



Collaborating with other regulatory and third party organisations



Developing policy and initiatives, for example the Innovation Fund