

Thames Water rebate

27 September 2023



Thames Water has been ordered to pay back more than £100million to its customers by regulators.

Water watchdog Ofwat ordered the under-performing company to return the money following a string of failings, it announced today, September 26.

The rebate follows its assessment of Thames Water's performance with customers seeing the results on their bills next year. Ofwat's decision was published in its annual Water Company Performance Report, which rates companies based on pollution incidents, customer service and leakage.

Targets are set to incentivise water companies to deliver more for customers and the environment, Ofwat's report read. It added: "Where they fall short, we reduce the amount of money companies can collect from customers." On Thames Water customers receiving £100 million back next year, it said: "While that may be welcome to billpayers, it is very disappointing news for all who want to see the water sector do better."

David Black, Ofwat chief executive said: "The targets we set for companies were designed to be stretching - to drive improvements for customers and the environment. However, our latest report shows they are falling short." He added: "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."

It is yet more bad news for the firm following the report in July that found Thames Water among worst in country due to standout levels of pollution and poor monitoring left it joint last among the country's "very disappointing" water and sewerage companies.

Thames Water is the largest water company in the country and serves 15 million people including many in Surrey and Kent. It is owned by a consortium of pension groups and sovereign wealth funds and, in 2023 reported an annual loss of £30.1 million.

Environment Secretary Therese Coffey has now written to Thames Water informing it to expect a meeting in order to scrutinise its improvement plans.

A spokesperson for Thames Water said "Our customers expect a great service from us every time, and we're sorry when we fail to deliver at the first opportunity. In 2022-2023, we met 55 per cent of our annual performance commitments.

"While it is our job to deliver our services whatever the weather, our performance last year was severely affected by the summer drought and December freeze/thaw event. In March this year our shareholders injected £500million of new equity into Thames Water to help fund improved operational performance. Our shareholders are willing to provide a further £750million of equity funding before 2025, subject to certain conditions.

"They also acknowledge that additional equity funding, indicatively of £2.5billion, will be required during the next regulatory period, 2025-2030, to further improve operational performance and financial resilience. This is the largest equity support package ever seen in the UK water sector and underscores our shareholders' commitment in delivering Thames Water's turnaround and life's essential service for the benefit of our customers, communities, and the environment.

"Our turnaround is already delivering performance improvements. Our complaints fell by 28 per cent, the second consecutive significant year-on-year reduction and we have seen improvements in several key performance commitments including a reduction in sewage discharges, internal sewer flooding, and sewer blockages.

"We're making progress and we'll continue to engage and work with Ofwat as we implement our plan. We're determined to do better for our customers and the environment."

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Image: Hogsmill river in Ewell where there were sewage leaks.