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Councillor Mark Hawthorne MBE
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Your ref: MH/mc
Our ref: PO2024/12074/MP

29 August 2024

Dear Councillor Hawthorne,

Thank you for your letter of 8 July to the Secretary of State about Thames Water. I am replying as the Minister responsible for this policy area.

We understand your concerns over proposed customer bill rises. For too long, investment has not kept pace with the challenges of an ageing infrastructure system, a rapidly growing population, and climate change. No one wants to see water bills rise. While we expect water companies to invest their own money into this infrastructure, we recognise that this new investment means customer bills will rise substantially. It is Ofwat's responsibility to independently scrutinise these plans and ensure that the prices water companies charge their customers are fair and proportionate.

The figures published in Ofwat's draft determinations are not yet final. Customers will not pay for upgrades that companies have already been funded to do and Ofwat scrutinises company business plans to ensure companies are not funded twice for the same thing.

After writing to Ofwat, the Secretary of State has secured agreement that funding for vital infrastructure investment is ringfenced and can only be spent on upgrades benefiting customers and the environment. Ofwat will also ensure that when money for investment is not spent, companies refund customers, with money never allowed to be diverted for bonuses, dividends or salary increases.

The Environment Secretary has been clear that new billpayer money must be used to improve and build vital infrastructure, and not simply go towards water company bosses' bonuses and dividends for shareholders. The Water (Special Measures) Bill will give the water regulator new powers to ban the payment of bonuses if environmental standards are not met and increase accountability for water executives.

The measures implemented through the Water (Special Measures) Bill are the first long overdue step in enabling a more comprehensive reset of the water industry, which – together with wider measures – will enable long-term, transformative change in performance across the entire water sector.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Emma Hardy', with a long horizontal flourish extending to the right.

EMMA HARDY MP