DRINKING WATER INSPECTORATE
Ground Floor, SW, Seacole Building
2 Marsham Street, London
SW1P 4DF

Enquiries: 0330 041 6501

E-mail: DWI.Enquiries@defra.gov.uk
DWI Website: www.dwi.gov.uk

14 April 2025

Special Reference Group – Water PR24 price redeterminations
Competition and Markets Authority
25 Cabot Square
London
E14 4QZ

Dear Special Reference Group members

Water PR24 Price Redeterminations

I write concerning the five references submitted by Ofwat to the CMA for redetermination, following its 2024 price review. This letter provides a brief overview of the following:

- an introduction to the Drinking Water Inspectorate and our regulatory functions
- the Inspectorate's role in the price review process
- summary information on submissions supported by the Inspectorate as part of the price review process for each of the five water companies, together with any observations appropriate in the 'Statement of Case' submissions from each of the five water companies concerned.
- Concluding Comments on the purpose and objectives of DWI in the process

There are several pieces of legislation relevant to our submission, which we set out here, for brevity throughout the rest of the letter.

- The Water Industry Act 1991 (as amended) herein referred to as 'the Act'.

- The Water Supply (Water Quality) Regulations 2016 (as amended) (England) and the Water Supply (Water Quality) Regulations 2018 (Wales) herein, collectively referred to as 'the Water Quality Regulations".

- The Network and Information Systems Regulations 2018 (as amended), herein referred to as 'the NIS Regulations'.

- The Security and Emergency Measures (Water and Sewerage Undertakers and Water Supply Licensees) Direction 2022 (as amended) herein referred to as 'the SEMD'

Some areas of the Inspectorate's work are considered highly sensitive in respect of national security. We respectfully request that the CMA redacts the sections of this letter and its appendices, that are highlighted in green, before publishing or sharing this letter with any other parties. We have sent unredacted copies of this letter to Ofwat and the relevant sections to the five companies requesting redetermination.

1 Introduction

Drinking Water Quality

The Drinking Water Inspectorate was formed in 1990 to provide independent reassurance that public water supplies in England and Wales are safe, wholesome, and acceptable to consumers.

The Inspectorate regulates the water industry under powers conferred by the Secretary of State for Environment, Food and Rural Affairs and by Welsh Ministers under section 86 of the Act, which designates the 'Chief Inspector of Drinking Water'. The Inspectorate ensures that water companies meet the requirements of the Water Quality Regulations. The Inspectorate also publishes information about drinking water quality, and provides technical advice to the Secretary of State and Welsh Ministers.

Long Term Planning Guidance

In September 2022, the Inspectorate wrote to all water companies in England and Wales to advise them that our updated guidance on long-term planning. This document, "Guidance note: Long term planning for the quality of drinking water supplies", provided advice to water companies on their planning and investment decisions for their PR24 business plans, and also set out how the Inspectorate might assist companies in the PR24 process. The guidance made no new policy initiatives and set no new legal obligations. It set out the Inspectorate's views of the context

within which water companies were expected to plan for the long-term security of drinking water quality, and the sufficiency and resilience of water supplies.

The guidance set the expectation that water companies should be able to demonstrate that their business plans made provision to meet all of their statutory obligations under the Act and the Regulations, including the need for public water supplies to be safe, wholesome and acceptable to consumers, within a regulatory regime that requires water companies to take a proactive, risk management approach to water supply from source to tap. To achieve these objectives, it expected provision to be made for a sustainable level of asset maintenance, to maintain public confidence in drinking water quality and water supply sufficiency in the long-term. These expectations are the fundamental duties of a competent water supplier, and are consistent with legislative requirements; guidance from Ministers; the views of the National Infrastructure Commission on planning within the water sector; and national and international good practice in water supply.

In addition, the guidance included specific advice to companies on the Inspectorate's role in the PR24 process and how companies might seek support for specific improvement proposals. The Inspectorate's remit includes enforcement duties that are relevant to a periodic review process, as schemes supported by the Inspectorate become statutory obligations for water companies. Water companies seeking technical support from the Inspectorate for improvement schemes within the PR24 process were required to demonstrate the need for each proposal. The case for justification required evidence of the company's need for mitigation of new or partially managed risks, and an options appraisal process to identify the most robust, and sustainable solution. Evidence was also required to demonstrate that the preferred solution could deliver the improvements and benefits required, and of delivering the required outcomes to the best practicable timescale for the benefit of consumers.

Strategic approach to lead reduction in drinking water

The use of new lead pipes for the distribution of drinking water was banned in 1969, due to the toxic effects of lead, which can leach from lead pipes into the water. However, there remains a lot of older housing stock that still have lead supply pipes (the pipe that connects a water main to the property). On 8 February 2021, the Inspectorate published a report on research it had commissioned on Long-term Strategies to Reduce Lead Exposure from Drinking Water. This followed the EU proposed reduction in the lead standard from 10 to 5µg/l and the World Health Organisation's position, that there is no lower threshold for adverse effects of lead on human health. The report concluded with a package of far-reaching

recommendations and conclusions, and that lead pipe replacement is ultimately the required long-term measure to reduce human exposure to lead from drinking water.

Our expectation was that water companies would use the report in planning to mitigate lead in the future. On 5 December 2022, the Inspectorate wrote to all companies, requesting they submit their strategies for tackling lead in AMP8 and beyond, by 31 March 2023. The Inspectorate assessed the strategies and provided detailed feedback to companies. Overall, the strategies lacked ambition, particularly in relation to the water industry meeting its stated ambition of achieving lead-free drinking water by 2050 by replacing lead pipes. We requested that all of the lead strategies, amended following our feedback, were submitted to us as section 19 undertakings, so that they would be formalised into legal instruments prior to Ofwat's draft determinations and thus companies were obliged to deliver on those legal commitments. The acceptance of these undertakings was not an endorsement of the lack of ambition for lead pipe replacement, but to safeguard the planned investments in lead mitigation which will still benefit the protection of public health. Overall, the industry will need to significantly ramp up lead pipe replacement if it is to achieve its stated 2050 'lead free' ambition in the previously published Water UK Roadmap.

Strategic approach to PFAS risk management in drinking water

PFAS (per- and polyfluoroalkyl substances) are persistent pollutants, that are not easily broken down in the environment. Research into their toxicity to humans is ongoing, but some have already proven to be toxic and/or carcinogenic and in some forms, are bio accumulative. PFAS are ubiquitous in the environment of most industrialised countries and exist in several thousand different forms having been used in many day-to-day products for decades. PFAS are therefore compounds of interest that present a potential risk to drinking water quality and the Inspectorate has acted to ensure the industry is proactive in its risk-based approaches to protect the health of consumers.

On 22 March 2023, the Inspectorate wrote an Information Letter (Ref: 02/2023) to all water companies in England and Wales, setting out our expectations of them in respect of PFAS during AMP8. The guidance built on that given in an Information Letter the previous year (Ref: 03/2022), which set out our expectations of companies in respect of PFAS risk assessment, sampling and reporting. The earlier guidance defined three tiers for 47 (which later became 48) PFAS, based on their detected concentrations. Our ongoing expectation is that companies risk assess all of their supply systems (source to tap) for PFAS, carry out catchment investigations to try to identify the sources of PFAS, engage with relevant stakeholders and take part in PFAS related research. Feedback was provided to companies on their PFAS strategies.

In December 2023, the Inspectorate once again wrote to companies setting out our expectation that the PFAS strategies, with our feedback incorporated, were submitted as section 19 undertakings, for us to formally lend support to the schemes in the PR24 process. The Inspectorate directed companies to mitigate tier 3 sources immediately (not wait for AMP8 to begin this work). For tier 2, we required mitigation plans to be developed and to start to be implemented within AMP8, on a risk-based, priority basis. For tier 1, we required risk mitigation plans to be developed, which could then be implemented should concentrations increase, or future toxicological studies reveal the specific PFAS detected is toxic at tier 1 concentrations.

We welcome Ofwat's intention to offer a re-opener (Cost Change) during the AMP, so that companies can submit cases for funding where PFAS risks are identified under these undertakings. We have committed to conduct a technical assessment of all such schemes and serve individual legal instruments to track them (where supported). In the meantime, we do consider that all such schemes are already covered by the section 19 undertakings in place.

Drinking water storage tanks

Treated drinking water is usually stored in tanks within distribution networks, to buffer changes in demand whilst keeping the production of drinking water relatively stable. Storing drinking water can present challenges in respect of maintaining its wholesomeness. The conditions of storage assets are critical in this respect. The water industry's own technical guidance The Principals of Water Supply Hygiene states that a water storage asset should be internally inspected at least every 10 years. The Inspectorate collects data on treated water storage tanks and has initiated enforcement, on the basis of an elevated risk to the wholesomeness of drinking water, where companies exceed 10 years between inspections. Of the five companies referred to CMA in this case, Wessex Water are the only company that does not currently have active legal instruments in place for treated water storage assets.

Drinking water discolouration and acceptability

Drinking water cannot be considered wholesome if a consumer refuses to drink it based on its appearance, odour or taste. Each year, the Inspectorate receives data on the number of consumer complaints related to drinking water quality. We analyse the data and identify regulatory interventions that may be required. Discoloured water, with a brown, black or orange (BBO) appearance overwhelmingly accounts for the largest share of drinking water quality related consumer complaints. Overall, the performance of the water sector in relation to BBO consumer complaints is

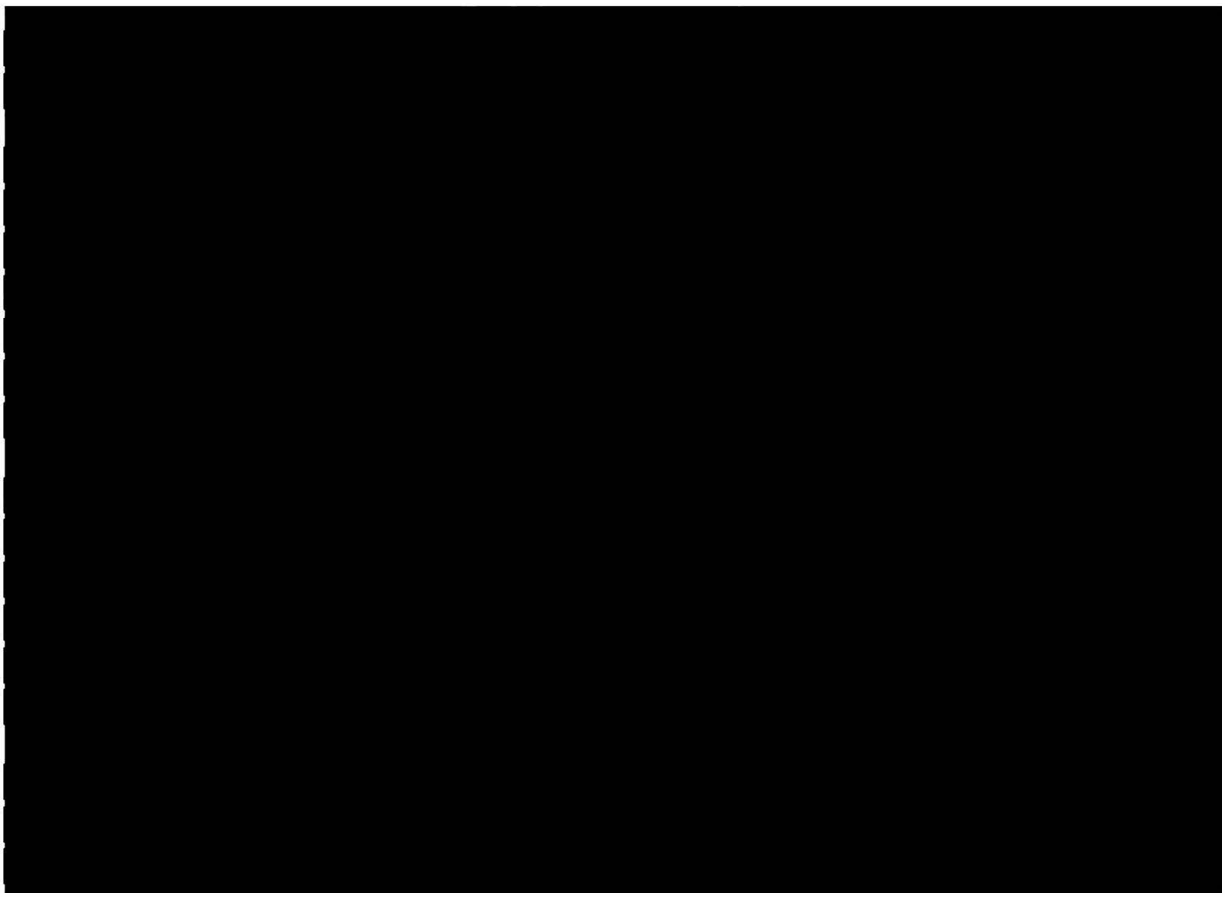
improving year on year. However, where a water company's BBO complaint performance is either not improving at the required rate, is significantly higher than other water companies, or has discreet areas with persistent discolouration that are not improving, we will initiate targeted enforcement action in the form of an improvement notice served on the company. Whilst this action is independent of the price review process, we expect companies to make sufficient provision for discolouration improvements within their business plans. The most effective solution to BBO discolouration is often the replacement of deteriorated cast-iron mains. We expect companies with deteriorated cast-iron mains to have a proactive mains replacement programme which can be phased over numerous investment periods, in a risk-based priority order.

Network and Information Systems (NIS)

In 2018, the United Kingdom transposed the European NIS Directive (2016/1148) into UK law and the NIS Regulations came into force. These regulations define essential services, one of which is the supply of drinking water. They designate Operators of Essential Services (OES). These regulations required all water companies supplying more than 200,000 properties to be designated as OES. The regulations go on to designate the Secretary of State for Environment, Food and Rural Affairs (in England) and the Welsh Ministers (in Wales) as the Competent Authorities in respect of these regulations. The Chief Inspector of Drinking Water for England and Wales has been designated to operate as Competent Authority on their behalf.

In respect of PR24, companies were originally expected to have considered their own future cyber threat risk assessment when making decisions on the investments re uired to defend s stems critical to rotect their essential service.

[redacted]



The ECAF was introduced after companies had made their original PR24 submissions in April 2023. The companies were therefore invited to make a further submission to the Inspectorate and Ofwat for PR24, where the original plans would not meet the desired threat resilience target by 2028. For this reason, the Inspectorate received and assessed NIS submissions in two distinct sets.

Security and Emergency Measures Direction (SEMD)

The SEMD was first introduced in 1998, and this was managed by the respective Governments in England and Wales. The direction is made under section 208 of the Act. Broadly, it covers security and emergency measures affecting water and wastewater services. This introduced a risk-based approach to security, alongside the delegation to the Inspectorate as the regulator. Paragraph 3 of SEMD requires companies to have regard to guidance, and therefore much of the requirements set out in the next paragraph are based in guidance (this guidance is made available to water companies, but is not published in the public domain). The power for regulation and enforcement remains with the Secretary of State and Welsh Ministers, however the Inspectorate act on their behalf under the Carltona principle.

Emergency planning was updated to ensure that water companies have the obligation to provide alternative water to **ALL** customers that are out of supply. [redacted] they are required to plan for a reasonable worst case scenario, which should cover the requirements to provide water to all [redacted] companies' reasonable worst case scenario is smaller than [redacted] then they must still plan for [redacted] of their total population, and are encouraged to go further. This is a change from the local planning thresholds previously, which were company specific to urban and rural areas. This change of threshold came into effect on 1 April 2025.

The Cabinet Office has requested Government departments to undertake a review of critical national infrastructure (CNI), which has lead to respective governments newly designating sites as CNI by function, which is also in the updated methodology [redacted] The work to date has resulted in a number of new designations across the sector, along with the removal of designation where applicable. A CNI site is broadly designated if it [redacted]

The main difference for security in the revised SEMD 2022 is that it has moved to a risk-based approach. [redacted] As a result of the [redacted] the sector typically has a high baseline level of security, with much of the investment [redacted] Companies are now looking to upgrade [redacted] It should be noted that CPNI is now the National Protective Security Authority (NPSA).

[redacted]

2 The Drinking Water Inspectorate's Role in the PR24 Price Review Process

The Inspectorate participated in the 2024 price review process by providing guidance to Ministers, fellow Regulators, water companies, and other stakeholders on drinking water quality, NIS and SEMD issues. This guidance took account of specific drinking water, SEMD and NIS legislative requirements; Ministerial expectations for the PR24 process as summarised in "The government's strategic priorities for Ofwat" (February 2022) (England) and "Strategic Priorities and Objectives Statement to Ofwat issued under section 2B of the water Industry Act 1991" (December 2022) (Wales); fellow Regulators' guidance on PR24 process matters; as well as the Inspectorate's own various guidance on matters relating to drinking water quality, NIS and SEMD.

Throughout the PR24 process, we have worked closely with Ofwat. This has included regular liaison at leadership and working levels and in-depth discussions regarding specific issues, for example, NIS, Lead and PFAS. Where Ofwat have allowed funding for a scheme supported by the Inspectorate, they have set the Price Control Deliverable (PCD) measure of achievement, as successful delivery, to the satisfaction of the Inspectorate, of the associated legal instrument.

The Inspectorate developed and introduced the Compliance Risk Index (CRI) in 2016. The CRI is a measure designed to illustrate the risk arising from treated water compliance failures and it aligns with the current risk-based approach to regulation of water supplies used by the Inspectorate. It assigns a value to the significance of the failing parameter, the proportion of consumers potentially affected and an assessment of the company response. In PR19, Ofwat used the CRI to measure the drinking water quality performance of companies during AMP7. For the first AMP of use in this way, the CRI was given a "deadband" of 2.0, meaning companies could get scores of up to 2.0 before financial penalties imposed by Ofwat began to apply. This was based on the median value of CRI at the time.

During the PR24 process, the Inspectorate and Ofwat worked closely on updating the CRI deadband proposals for AMP8. Whilst CRI remains the Inspectorate's measure, which we report on independently, it is for Ofwat to decide on the performance measures it wishes to apply to companies in the final determination. It was therefore appropriate for Ofwat to consult with the Inspectorate on proposals for a revised CRI deadband for cross-regulatory consistency. We agreed that a transition to a deadband of 1.0 through the AMP8 period would target continuous improvements in drinking water quality, whilst accepting there will always exist an element of risk, so a zero deadband would not be appropriate.

Throughout the winter of 2022/2023, the Inspectorate met bilaterally with all the undertaker water companies to discuss their planned drinking water quality, NIS and SEMD improvement schemes and to provide some initial feedback. The aim of this engagement was to assist companies in preparing schemes that the Inspectorate would be able to support.

The Inspectorate required all schemes for which our support was being requested, to be submitted to us by 31 March 2023 for drinking water quality schemes, and by 30 April 2023 for NIS and SEMD schemes. For NIS, the ECAF development (see details above, in section 1) meant a second submission deadline to the Inspectorate of 31 October 2023. The Inspectorate assessed all schemes against the criteria noted in section 1, above. All assessments were peer reviewed and then presented to an oversight panel before decisions were finalised.

Where the Inspectorate supported schemes, the scheme details were formalised into legal instruments, using the Inspectorate's enforcement powers. For drinking water quality, this took the form of either a Notice under regulation 28(4) of the Water Quality Regulations, or an Undertaking under section 19 of the Act. For NIS schemes, it took the form of a Notice under regulation 17(1) of the NIS Regulations. For SEMD, the majority of companies offered Undertakings under section 19 of the Act. Thames Water did not offer undertakings, despite submitting schemes to us for support. The Inspectorate conducted a series of audits to validate the risks that the company had communicated to us. Having validated the risks, the Inspectorate was left with no choice other than to serve two Final Enforcement Orders, under section 18 of the Act, on the company to deliver its supported SEMD schemes, as this is the only enforcement option open to us where an undertaking is not offered.

Where an improvement scheme is specified in a legal instrument, the company has a legal obligation to deliver the programme of work to the agreed timescales.

Where a scheme did not meet assessment criteria for support, for example, if a proposed scheme was outside of the regulatory remit of the Inspectorate, we declined to give it our support. However, it remained open to the company to retain the scheme within its business plan.

Between the options of support and decline to support, there was a third option employed; commend for support. The Inspectorate commended for support those schemes which would provide benefit to consumers for areas within our regulatory remit, but where the evidence of the risk being realised imminently was insufficient for us to employ our regulatory powers in the form of a legal instrument. Most commonly, these were where companies were seeking to improve resilience and prevent risks from being realised in the future. For example, some commend for

support schemes were for disinfection upgrades, where the current disinfection arrangements were in compliance with the regulatory requirements, but the company felt there was future risk which required mitigation before there was a chance it could be realised. The Inspectorate supports long term planning and future risk mitigation and we commended schemes that demonstrated this approach.

Commend for support schemes were captured into “Acknowledged Actions”. Acknowledged Actions are an acknowledgement by the regulator that the regulated party intends to carry out a set of actions. They are formally agreed in writing and are monitored through to delivery by the Inspectorate in the same manner as our legal instruments are monitored, although they hold no legal status. Any realisation of risks captured within acknowledged actions in the future may cause them to be escalated to formal legal instruments.

Several water companies submitted late schemes for consideration of support, either beyond our initial timeframe for consideration of support before the draft determination, or between the draft and final determinations. The Inspectorate assessed these schemes on a case-by-case basis, after first ensuring Ofwat were aware of them. In some cases, Ofwat made us aware of additional schemes, which we then requested details of from companies. In some cases, Ofwat referred schemes to us for assessment where they had not previously been submitted by the water companies.

The Inspectorate has a dedicated enforcement team, which not only serves new legal instruments, but monitors and maintains each legal instrument throughout its lifetime. With this monitoring in place, it should not be possible for a legal instrument to reach its end, with the Inspectorate concluding that it has failed to be delivered. Early signs of failure, or the failure of interim measures within the legal instrument will be addressed promptly with the company concerned. For all schemes that are in legal instruments or acknowledged actions, we have committed to provide regular and timely feedback to Ofwat on progress.

The Inspectorate does operate a change control process form all of our legal instruments. On application from a company, the Inspectorate can change the contents of a legal instruments where a reasonable, evidenced case for doing so has been made. These changes will be communicated to Ofwat. However, a significant change may mean benefits do not fully arise within the designated AMP period as originally planned.

3 Summaries of Submissions made to the Drinking Water Inspectorate by the Appellant Companies

Details of the improvement schemes that were submitted by the five companies are provided in the attached appendices to this letter. A brief summary for each company is as follows, together with a comment on whether the schemes feature within the Statements of Case made by each company to the CMA.

Anglian Water

Anglian Water submitted 31 schemes [redacted] to the Inspectorate for consideration of support. 27 schemes were supported, 3 were commended for support and 1 scheme was declined. Full details are provided in appendix 1, below.

The Company claim to have been underfunded by £60m in the final determinaton, to improve drinking water quality and reduce the risk of supply restrictions to c. 305,000 properties. The Company further claim that the water storage point asset health is significantly deteriorating, necessitating higher spend on maintaining these assets. Furthermore, they state that, "The Drinking Water Inspectorate have highlighted storage points as a public health risk repeatedly in their Chief Inspector's reports.". This is likely in reference to the enforcement action we have taken against the company for its treated water storage assets.

The Company state that because of the determination, they must choose to cut-back on maintenance of certain asset classes or overspend its base allowances, which could have consequential impacts on drinking water quality in the future.

Northumbrian Water

Northumbrian Water submitted 18 schemes [redacted] to the Inspectorate for consideration of support. All 18 schemes were supported. Full details are provided in appendix 2, below.

The company state they have not received the funding required for their civil structure asset heath scheme to invest in water treatment works and service reservoirs. The company state that with reduced funding, they have submitted targeted requests for changes that they say would make their settlement more achievable in terms of their cost allowances and service performance targets to deliver on their 2024 business plan programme. They want the PCDs on their base cost allowances to be amended so they can prioritise investment in both their water mains and lead pipework replacement programmes, which they say are "areas of great need". The company say their reduced funding settlement affects the delivery

of the repair and replace specific drinking water quality assets, including civil structures at water treatment works, the delivery of four new service reservoirs and upgrades to site power resilience to address supply interruptions. The implications appear to be an increased risk to the continuous supply of wholesome drinking water to consumers.

The company also state that the lack of asset health investment will continue and lead to increasing maintenance costs, which are not appropriately funded, which leads to more reactive rather than proactive investment, the company state that this is more costly than proactively investing in assets, and it is inferred that there is a risk of failure of assets impacting drinking water quality.

South East Water

South East Water submitted 10 schemes [redacted] to the Inspectorate for consideration of support. All 10 schemes were supported. Full details are provided in appendix 3, below.

The company have indicated a number of direct impacts for schemes covered by the Inspectorate's legal instruments. The following had a cost efficiency of between 5-10% applied, and the company have stated that it risks the full delivery of the legal instruments, (Cyber (5%), Lead (10% on each of the four approved parts of the scheme) SEMD (10%), and raw water deterioration - nitrate (10% on one of five schemes)).

The company are additionally disputing Lead, PFAS and service reservoir schemes that had funding rejected or reduced. All of these schemes are covered by legal instruments, as described in the paragraphs in the drinking water quality introduction section, above. The company believe that Beenhams Heath WTW PFAS scheme was incorrectly concluded that there was no related legal instrument and was rejected for funding, and that further schemes identified since Draft Determination have not been funded.

For the Lead scheme, Ofwat have not funded two parts of the scheme (a reduction of £17.4m), in addition to the cost efficiency of 10% applied to each of the approved parts of the scheme and the company state they risk not meeting the requirements of the legal instrument or overspend to meet the requirements. A scheme to increase the capacity of six service reservoirs in Kent and Sussex had been highlighted by the company as being underfunded for cost proposals that were updated by the company after Draft Determination. This scheme would aid resilience

and the company indicate they would be forced to find funding elsewhere and conclude base expenditure is not flexible enough to allow this (four of the six service reservoirs are covered by legal instruments SEW-2025-00010, -00021, -00023, and -00026).

In the company's statement of case, the company did not indicate consequential impacts to drinking water quality, however several were inferred. The company indicated that mains replacement is underfunded, which relates to the legal instrument for discolouration (SEW-2023-00001). WINEP (Water Industry National Environment Programme) water investigations had 20% cost challenge applied and WINEP Drinking Water Protected Areas (the company incorrectly noted that it was signed off by the Inspectorate in the Statement of Case, but it is the Environment Agency who have oversight of WINEP, not the Inspectorate) had a 10% cost efficiency challenge. Whilst WINEP schemes are in the remit of the Environment Agency, not the Inspectorate, these schemes relate to catchment investigations and mitigations to improve water quality at the source, in particular nitrate. The company concluded that the scale of these schemes would be cut back due to the funding allowed.

Raw water deterioration turbidity schemes had a 10% cost efficiency challenge, whilst there is no legal instrument associated with this scheme, the company stated that there is increased risk of turbidity at boreholes that would cause shutdowns and risk resilience.

Southern Water

Southern Water submitted 27 schemes [redacted] to the Inspectorate for consideration of support. 24 schemes were supported, 2 were commended for support and 1 scheme was declined. Full details are provided in appendix 4, below.

There are a number of direct impacts to drinking water quality contained within the companies' statement of case. These include Burham, Hardham and Weirwood works failing to get transition funding, and are also not included in the large gated scheme process that the Testwood and Otterbourne schemes are. All five of these schemes are covered by Legal instruments (4 x section 18 final enforcement orders and 1 x Regulation 28(4) notice, stemming from our routine enforcement, rather than AMP8 specific Legal instruments). All of these schemes initially began during AMP6 and now will not be completed until mid/late AMP9. The risks that these schemes are designed to mitigate are well known to the Inspectorate. Whilst the

specific remedial actions required may not be fully confirmed by the company, that risk lies with the company for not fully confirming the scope and required outcomes at the initial preliminary stages of the project.

A second direct impact the company are requesting is a reappraisal of CRI by increasing the deadband and installing collars to limit the possible penalties. The clawback mechanism for failure to meet performance commitments is a risk the company feel should be realigned and use the DWI NIS notice as an example, where failure to fully deliver the entire project could see the entire allocated funding clawed back for NIS.

As stated above, the Inspectorate worked with Ofwat on the CRI deadband. As also stated above, the Inspectorate closely monitors all schemes and will take steps to ensure failing or delayed schemes are put back on track rather than allow a scheme to complete and then conclude it has failed.

Wessex Water

Wessex Water submitted 14 schemes [redacted] to the Inspectorate for consideration of support. All 14 schemes were supported. Full details are provided in appendix 5, below.

Following the final determination, Ofwat notified us that the company had applied for funding on an additional scheme for disinfection upgrades. As the Inspectorate had not been provided with details of the scheme from the company, we were unable to consider support or commending for support. However, we do have some additional history in relation to this scheme. Full details are provided in appendix 5.

Whilst not stating it directly, the company have inferred that several drinking water quality performance commitments have been impacted with regard to the perceived funding shortfall of £244m for wholesale water base costs (capital maintenance and operational costs). They include but are not limited to a negative effect upon regulatory compliance (CRI), resilience of the existing asset base, water available for use, supply interruptions, leakage, water quality contacts and the risk of non-compliance with legislative obligations (for example, the company have a legal duty to comply with the requirements of the WSX-2021-00002 Zonal Discolouration regulation 28(4) notice).

4 Concluding Comments

The purpose and objective of the technical regulation by DWI is to ensure water companies provide safe and sufficient drinking water. This is the collective sum of drinking water quality, resilient assets from source to tap, physical and cyber security

and the necessary robust operational technology and alternative supplies for a continuous service.

The operational landscape of drinking water provision is complex and becoming increasingly so. The expectation is for companies to identify risks and to invest in mitigation of those risks, maintaining their infrastructure and investing in future challenges such as climate change, decreasing resources, new and diffuse contamination such as forever chemicals, historical legacy risks such as lead and external and international threats. These risks are made clear through guidance, publications and research led by the Inspectorate.

The identification of ongoing risks in a changing landscape, is through recognised risk management systems such as water safety planning and other risk indices developed by the Inspectorate to provide intelligence on the changing profile of the industry. These data are published by the Inspectorate in the Chief Inspectors Report each year. This methodology drives enforcement and if necessary, transformation programmes to require companies to reduce and mitigate these risks in the public interest. Once an enforcement notice is in place, a company is under a legal duty to complete the agreed work in the specified timescale, not to do this not only is a severe breach of the regulations but puts the wider public at a higher risk.

The Inspectorate operates in a transparent way providing information, challenge and review to all stakeholders as relevant in a continuous manner. Changes in the risks which companies must respond to does not follow a cyclical path. However, the Inspectorate is cognoscente of the business planning process and provides a concentrated focus on the important process of the periodic review as has been explained in this letter. However, enforcement outside of this process and future enforcement, particularly for operational technology and cyber security are fast-moving, high priority areas which cannot stand still. The advance of scientific knowledge in risks posed by, for instance, PFAS, requires the Inspectorate to act promptly and effectively in the public interest.

Our expectation is therefore that any financial review must facilitate the outcome of the strategic technical assessments and should not either extend the work unnecessarily, hinder the ability of the company to complete their duties nor restrict future strategies. The Inspectorate has provided examples in our response where the mitigation of key national risks concerning infrastructure improvement, social improvements and future risks may be increased, delayed or impeded. The Inspectorate does not consider the cost implications, only the public interest of a safe and secure supply.

Nevertheless, the Inspectorate recognises the need for a company to be held to account for an efficient service, in a regional monopoly, to protect customers from being overcharged. The priority, therefore, must be one of balance using the basis of the technical experts of the Inspectorate in their delegated duties to ensure that both needs are considered in a collaborative way for the past, ongoing and future public, company and national interests.

Our values of ensuring a sustainable and resilient societal service, ensuring the public health are based upon evidence. We are ready to provide this to the CMA as required.

I am copying this letter to our board level contacts at the five water companies and to Ofwat.

Yours sincerely

Nicholas Adjei
Deputy Chief Inspector of Drinking Water

Appendix 1 – Anglian Water Services Limited

Anglian Water Services Limited (the Company) submitted 30 improvement proposals for drinking water quality, NIS and SEMD to the Inspectorate, listed in the table below.

The Inspectorate supported 26 of the Company's proposals and legal instruments were put in place where appropriate, to make the proposals legally binding programmes of work. For drinking water quality, the Inspectorate's final decision letters were sent to the Company on 31 August 2023. For NIS, decision letters were sent to the Company on 5 September 2023 and for SEMD, decision letters were sent on 25 August 2023.

Twelve of the schemes were for securing compliance with the Nitrate standard. Six of the schemes were for PFAS mitigation (including one scheme for the Company's overall PFAS strategy), one scheme was for odour miti ation and one scheme was for the Com an 's lead strate . In addition there were

[redacted]

The Company provided the Inspectorate with a signed section 19 undertaking on 14 March 2024 to secure or facilitate compliance with the lead parameter. To ensure compliance with the Water Quality Regulations, the Company agreed to various measures including lead awareness campaigns, orthophosphoric acid dosing, replacement of 1,580 lead pipes and sampling over 350 schools at risk of lead. The Company will provide annual reports to the Inspectorate, with a final report due 30 April 2031. It is estimated that it would take the Company 250 years to remove all lead pipes at the current rate.

The Company provided the Inspectorate with a signed section 19 Undertaking on 13 June 2024 to secure or facilitate compliance with the wholesomeness and no deterioration requirements, due to PFAS concentrations. The Company agreed to implement various measures including risk assessment, strategy review, surveillance, enhanced monitoring, catchment characterisation, research participation, supply system updates and the development of a prioritised strategy to progressively manage and reduce PFAS levels in drinking water. The Company will provide annual progress reports to the Inspectorate and continue enhanced monitoring for PFAS for twelve months following any remedial work, until 31 March 2031, with a final report due by 30 April 2031.

Three schemes were commended for support by the Inspectorate. Firstly, there was a PFAS scheme at Beck Row works, where the Inspectorate concluded that the scheme was likely to protect the wider environment from contamination by PFAS and other substances. However, a link from a lagoon to an aquifer had not been proven and so the link to drinking water quality was not strong enough to enable the Inspectorate to serve a legal instrument. Secondly, there was an odour scheme at Bocking works, where the Inspectorate concluded that there was a clear need for a long-term solution for odour issues, given the repeated failures in the downstream zone. The interim mitigation was shown to be working in the short term and the Company were yet to prove the long-term solution would work. Thirdly, there was a taste and odour scheme at Earls Colne works. The Inspectorate concluded that due to the solution not being trialled and its effectiveness not proven, it was unable to support with a legal instrument. The schemes at Bocking and Earls Colne treatment works were captured with Acknowledged Actions. The scheme at Beck Row works was not, as the Inspectorate considered it was already covered under the Company-wide PFAS undertaking detailed above.

The Inspectorate declined to support one scheme at Denton Lodge works. The Inspectorate concluded that the evidence presented in the submission did not prove a breach of the Regulations was likely during Asset Management Period (AMP)8. Although a worst-case scenario predicted failure during the first years of AMP9, there was no evidence this would be realised nor any evidence of relevant abstraction licence changes.

There were two late submissions from the Company, both submitted to the Inspectorate on 2 July 2024. These were a PFAS mitigation scheme at Barrow works and a PFAS mitigation scheme at Southfields works. Both were supported by the Inspectorate and legal instruments were implemented.

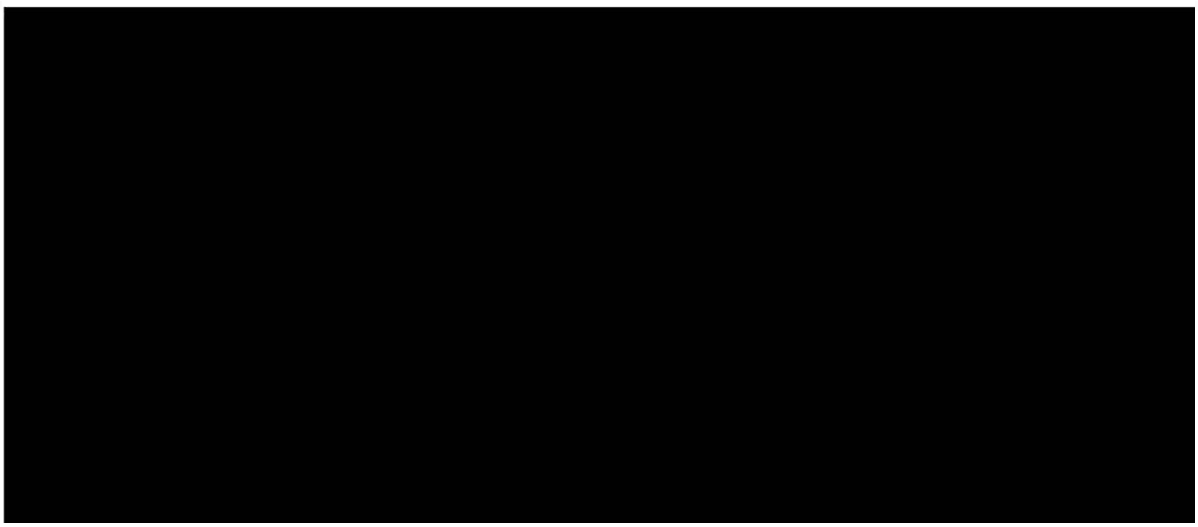


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Table 1 Anglian Water schemes submitted to the Inspectorate for support at PR24

PR24 DWI ref	Scheme Name	Quality parameter	Scheme type	Preferred option	DWI final decision
ANH01	Congham works	Nitrate	Catchment/ Treatment	Installation of Ion Exchange (IEX) treatment at Congham works	Support – Regulation 28(4) notice
ANH02	Denton Lodge works	Nitrate	Catchment/ Treatment	Installation of IEX at Denton Lodge	Decline to Support
ANH03	Houghton St Giles works	Nitrate	Catchment/ Treatment	Installation of IEX at Houghton St Giles	Support – Regulation 28(4) notice
ANH04	Lyng Forge works	Nitrate	Catchment/ Treatment	Install IEX, ongoing catchment management	Support – Regulation 28(4) notice
ANH05	Marham works	Nitrate	Catchment/ Treatment	Installation of additional IEX at Marham works	Support – Regulation 28(4) notice
ANH06	North Pickenham works	Nitrate	Catchment/ Treatment	Installation of additional IEX at North Pickenham works	Support – Regulation 28(4) notice
ANH07	Nunnery Lodge / Barnham Cross	Nitrate	Catchment/ Treatment	Installation of additional IEX at Barnham Cross works	Support – Regulation 28(4) notice
ANH08	Ringstead	Nitrate	Catchment/ Treatment	Installation of additional IEX at Ringstead works	Support – Regulation 28(4) notice
ANH09	Risby works	Nitrate	Catchment/ Treatment	Ongoing catchment management and installation of IEX	Support – Regulation 28(4) notice
ANH10	Beachamwell works (Ryston)	Nitrate	Catchment/ Treatment	Replace the IEX plant at Ryston works	Support – Regulation 28(4) notice
ANH11	Twelve Acre Wood	Nitrate	Catchment/ Treatment	Installation of additional IEX at Twelve Acre Wood	Support – Regulation 28(4) notice
ANH12	Two Mile Bottom	Nitrate	Catchment/ Treatment	IEX at Two Mile Bottom works or treatment later in the chain prior to	Support – Regulation 28(4) notice

				the Mundford Road Reservoir, TBC	
ANH13	Clay Hill works	Nitrate	Catchment/ Treatment	Installation of additional IEX at Clay Hill	Support – Regulation 28(4) notice
ANH14	PFAS Virgin GAC Replacement - multiple sites	PFAS	Treatment	Replacement of Granular Activated Carbon (GAC) media with virgin GAC media	Support – Regulation 28(4) notice
ANH15	Ulceby	PFAS	Treatment	Installation of GAC	Support – Regulation 28(4) notice
ANH17	Parsonage Street	PFAS	Treatment	Installation of GAC	Support – Regulation 28(4) notice
ANH18	Beckrow	PFAS	Treatment	Install washwater handling system	Commend for Support
ANH19	Codham	Odour	Treatment	Installation of a redox tank (and catalyst media)	Support – Regulation 28(4) notice
ANH20	Bocking	Odour	Treatment	Dechlroinated backwash water system, UV disinfection	Commend for Support
ANH21	Earls Colne	Taste and Odour	Treatment	Dechlorinated filter backwash system	Commend for Support
ANH22	Lead Strategy	Lead	Distribution	-	Support – s.19 Undertaking
ANH23	PFAS Strategy	PFAS	-	-	Support- s.19 Undertaking
ANH24	Barrow works PFAS	PFAS	Treatment	GAC	Support – Regulation 28(4) notice
ANH25	Southfields works (Warrenhill source) PFAS	PFAS	Treatment	GAC	Support – Regulation 28(4) notice

[redacted]

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Appendix 2 – Northumbrian Water Limited

Northumbrian Water Limited (the Company) submitted seven improvement proposals for drinking water quality, NIS and SEMD to the Inspectorate, listed in the table below. Five additional schemes were also submitted after a review by Ofwat, bringing the total number of schemes for the Company to twelve.

The Inspectorate supported all the Company's proposals and legal instruments were put in place where appropriate, to make the proposals legally binding programmes of work. The Inspectorate's final decision letters were sent to the Company on 30 August 2023 for drinking water quality schemes, 31 October 2023 for the NIS scheme and 25 August 2023 for the SEMD scheme. For the late schemes identified through an Ofwat review, the letters for support were sent to the Company on 6 December 2024.

Two of the schemes were to secure compliance with taste and odour requirements. One scheme was the Company's PFAS strategy, and one was for the Company's lead strategy. The final drinking water quality scheme was for Hazard Review (HAZREV) outputs, with various drivers. This scheme came out of a previous notice served by the Inspectorate, as part of the Company's Transformation Programme*. There is also a scheme for the Company's NIS Compliance Programme and one scheme for securing compliance with the SEMD requirements.

The Company provided the Inspectorate with a signed section 19 undertaking on 5 March 2024 to secure or facilitate compliance with the lead parameter. To ensure compliance with the Regulations, the Company agreed to various measures including a hot spot programme to replace 8,471 lead pipes in high-risk areas, to replace 1,814 lead pipes affecting vulnerable groups, and disengage orthophosphate dosing programme to 986 properties once the risk of lead is removed. The Company will provide annual reports to the Inspectorate, with a final report due 30 April 2031. It is estimated that it will take the Company 2700 years to remove all lead pipes at the current rate.

The Company provided the Inspectorate with a signed section 19 undertaking on 23 May 2024 to secure or facilitate compliance with the wholesomeness and no deterioration standards due to PFAS concentrations. The Company agreed to implement various measures including risk assessment, strategy review, surveillance, enhanced monitoring, catchment characterisation, research participation, supply system updates and the development of a prioritised strategy to progressively manage and reduce PFAS levels in drinking water. The Company will provide annual progress reports to the Inspectorate and continue enhanced monitoring for PFAS for

twelve months following any remedial work, until 31 March 2031, with a final report due by 30 April 2031.

There were no schemes that were commended for support or that the Inspectorate declined to support.

There were five schemes submitted late to the Inspectorate. These schemes were identified as resilience schemes, submitted to Ofwat but not submitted to the Inspectorate. Ofwat's review concluded the Inspectorate should have assessed them, and they were subsequently sent to the Inspectorate for formal assessment. All five were supported with legal instruments. These were three schemes at Langford works to secure compliance with multiple parameters (covered by one legal instrument), one scheme at Langham works to secure compliance with the nitrate parameter and one scheme at Barsham works, also to secure compliance with the nitrate parameter.

Table 2 Northumbrian Water schemes submitted to the Inspectorate for support at PR24

PR24 DWI ref	Scheme Name	Quality parameter	Scheme type	Preferred option	DWI final decision
NES01	Lead Strategy	Lead	Distribution	-	Support – s.19 Undertaking
NES02	Langford WTW	Nitrate	Catchment/ Treatment	Installation of ion exchange at Langford works	Support – Regulation 28(4) notice
NES03	Langham WTW	Nitrate	Catchment/ Treatment	Installation of ion exchange at Langham works	Support – Regulation 28(4) notice
NES04	Barsham WTW	Nitrate	Catchment/ Treatment	Installation of ion exchange treatment at Barsham works	Support – Regulation 28(4) notice
NES05	Langford WTW	Geosmin	Catchment/ Treatment	Installation of a pumping station and additional	Support – Regulation 28(4) notice

				clarifiers at Langford works	
NES07	Warkworth WTW	Geosmin and 2MIB	Catchment/ Treatment	Installation of carbon treatment at Warkworth works	Support – Regulation 28(4) notice
NES13	Langford WTW	*Cryptosporidium*	Catchment/ Treatment	Installation of Ultra-Violet treatment at Langford works	Support – Regulation 28(4) notice
NES14	HazRev Outputs	Various Parameters	-	Implementation of the corrective measures identified as required under the hazard review process, specifically to address chlorate risks.	Support – Regulation 28(4) notice
NES15	Broken Scar works	Geosmin and 2MIB	Catchment/ Treatment	Installation of carbon and ozone treatment at Broken Scar works	Support – Regulation 28(4) notice
NES16	PFAS Strategy	PFAS	Distribution	-	Support – s.19 Undertaking

[redacted]

* Where the Inspectorate observes a high or increasing level of risk in one or more of its measures, it may put a transformation programme in place. Transformation programmes are a bespoke set of actions, usually formalised into legal instruments, placed on to a company to try to achieve a step change reduction in the risk position of the company.

Appendix 3 – South East Water Limited

South East Water Limited (the Company) submitted ten improvement proposals for drinking water quality, NIS and SEMD to the Inspectorate, listed in the table below.

The Inspectorate supported all the Company's proposals and legal instruments were put in place where appropriate, to make the proposals legally binding programmes of work. The Inspectorate's final decision letters were sent to the Company on 30 August 2023 for water quality schemes, 31 August 2023 for the NIS scheme and 25 August 2023 for the SEMD scheme.

Five of the schemes were to secure compliance with the nitrate parameter. One scheme was for the Company's lead strategy, one scheme was for the Company's PFAS strategy, and one scheme was for multiple parameters at Barcombe works. In addition, there was a scheme to secure compliance with the SEMD requirements, and a scheme to secure compliance with NIS requirements.

The company provided the Inspectorate with a signed section 19 undertaking on 22 April 2024 to secure or facilitate compliance with the lead parameter. To ensure compliance with the Regulations, the company agreed to various measures including conducting a survey of all company and service pipes, to identify lead pipes, adopting a 5 µg/l response for lead detections (below the current regulatory standard of 10 µg/l), conducting a phosphate disengagement trial to 4,000 properties, opportunistic replacement of lead pipes during mains replacements. The company will provide annual reports to the Inspectorate, with a final report due 30 April 2031. The number of lead pipes in the company's area is currently unknown.

The company provided the Inspectorate with a signed section 19 undertaking on 14 June 2024 to secure or facilitate compliance with the wholesomeness and no deterioration requirements due to PFAS concentrations. The company agreed to implement various measures including risk assessment, strategy review, surveillance, enhanced monitoring, catchment characterisation, research participation, supply system updates and the development of a prioritised strategy to progressively manage and reduce PFAS levels in drinking water. The company will provide annual progress reports to the Inspectorate and continue enhanced monitoring for PFAS for twelve months following any remedial work, until 31 March 2031, with a final report due by 30 April 2031.

There were no schemes that the Inspectorate commended for support or declined to support. There were also no late schemes submitted to the Inspectorate.

[redacted]

Table 3 South East Water schemes submitted to the Inspectorate for support at PR24

PR24 DWI ref	Scheme Name	Quality parameter	Scheme type	Preferred option	DWI final decision
SEW01	Boughton works	Nitrate	Catchment/ Treatment	Construct an ion exchange plant. Ongoing catchment management. Raw and treated water monitoring must be installed early in the programme to fully validate the risk assessment.	Support – Regulation 28(4) notice
SEW02	Poverty Bottom works	Nitrate	Catchment/ Treatment	Construct an ion exchange plant. Ongoing catchment management. Raw and treated water monitoring must be installed early in the programme to fully validate the risk assessment.	Support – Regulation 28(4) notice
SEW03	West Ham works	Nitrate	Catchment/ Treatment	Catchment management. Construct an ion exchange plant.	Support – Regulation 28(4) notice
SEW04	Lead Strategy	Lead	Distribution	-	Support – s.19 Undertaking
SEW05	Barcombe works	Algae, Turbidity, Disinfection, Resilience	Catchment/ Treatment	Dredging maintenance programme to desilt the bankside reservoir, a cascading aerator	Support – Regulation 28(4) notice

				for sludge removal, ultrasonics upgrades and increased source monitoring.	
SEW06	PFAS Strategy	PFAS	-	-	Support – s.19 Undertaking
SEW07	Cookham works	Nitrate	Treatment	Installation of ion exchange treatment at Cookham works	Support – Regulation 28(4) notice
SEW08	Cow Wish works	Nitrate	Treatment	Installation of ion exchange treatment at Cow Wish works	Support – Regulation 28(4) notice

[redacted]

Appendix 4 – Southern Water Services Limited

Southern Water Services Limited (the Company) submitted 23 improvement proposals for drinking water quality, NIS and SEMD to the Inspectorate, listed in the table below.

The Inspectorate supported 19 of the Company's proposals and legal instruments were put in place where appropriate, to make the proposals legally binding programmes of work. The Inspectorate's final decision letters were sent to the Company on 31 August 2023 for drinking water quality schemes, 31 October and 31 August 2023 for NIS schemes and 25 August 2023 for the SEMD schemes.

[redacted] Four schemes were for multiple parameters, covered by existing section 18 Final Enforcement Orders (FEO's). There were five schemes to secure compliance with the nitrate parameter. One scheme was for the Company's lead strategy and one scheme covered the Company's PFAS strategy. There were also two schemes to address emerging contaminants and company-wide disinfection resilience.

The Company provided the Inspectorate with a signed section 19 undertaking on 22 May 2024 to secure or facilitate compliance with the lead parameter. To ensure compliance with the Regulations, the Company agreed to various measures including offering up to 10m free replacement of consumer pipework when the communication pipe is replaced, a consumer pipe replacement grant scheme to help fund replacements, 200 lead pipe replacements affecting vulnerable groups, 600 lead pipe replacements encountered through leakage and Water Resource Management Plan (WRMP) mains replacement programmes, and a further 1,200 lead pipe replacements. The Company will provide annual reports to the Inspectorate, with a final report due 30 April 2031. It is estimated that it would take the Company 128 years to remove lead pipes at the current rate.

The Company provided the Inspectorate with a signed section 19 undertaking on 14 June 2024 to secure or facilitate compliance with the wholesomeness and no deterioration requirements due to PFAS concentrations. The Company agreed to implement various measures including risk assessment, strategy review, surveillance, enhanced monitoring, catchment characterisation, research participation, supply system updates and the development of a prioritised strategy to progressively manage and reduce PFAS levels. The Company will provide annual progress reports to the Inspectorate and continue enhanced monitoring for PFAS for twelve months

following any remedial work, until 31 March 2031, with a final report due by 30 April 2031.

The Inspectorate commended for support, two schemes to address emerging contaminants and disinfection resilience. These were captured in acknowledged actions by the Inspectorate.

The Inspectorate declined to support one scheme for nitrate on the Isle of Wight. During the Inspectorate's technical assessment of the Company's submission, there was no evidence of a nitrate breach in next two Asset Management Periods (AMP's).

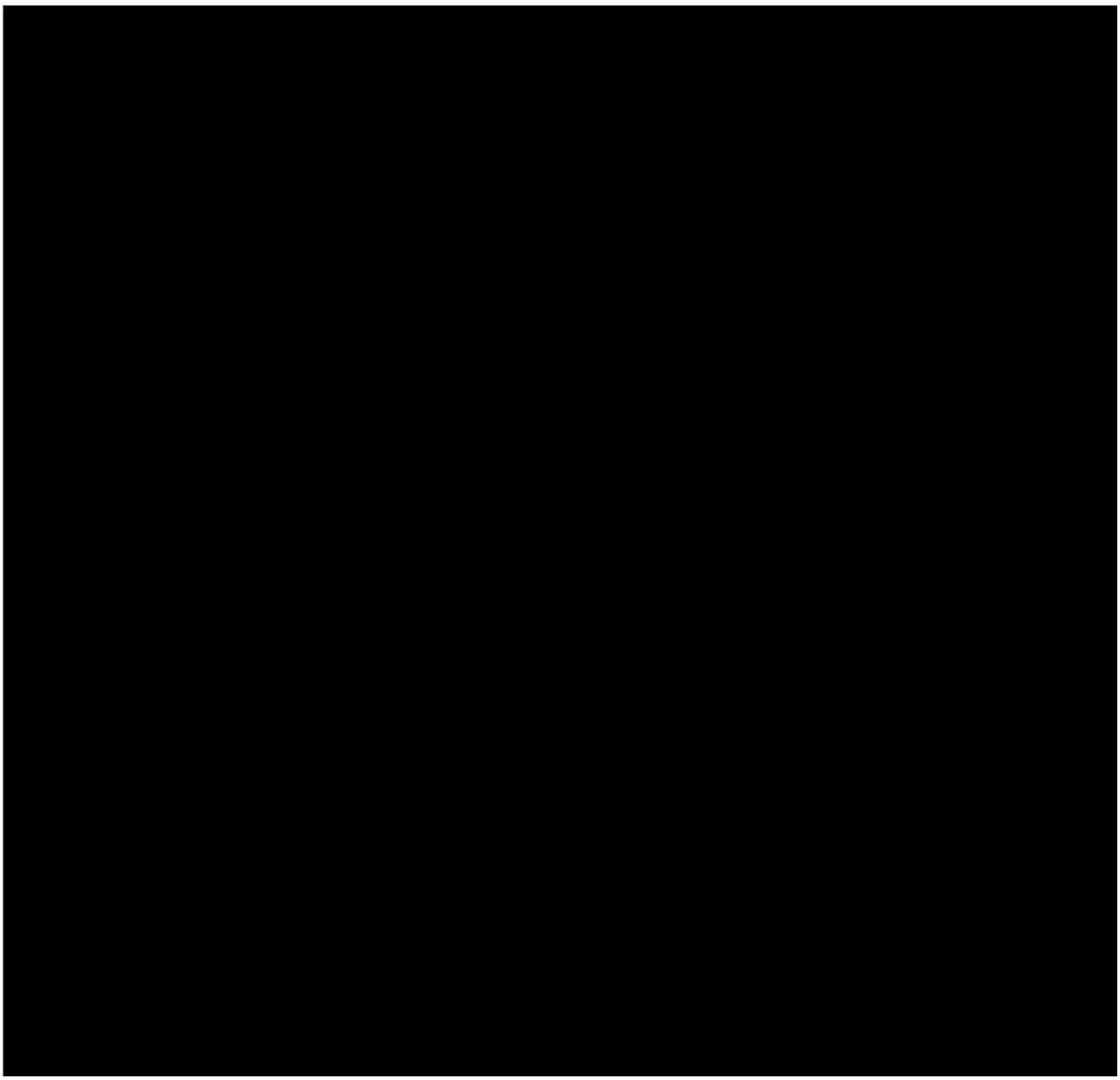

Table 4 Southern Water schemes submitted to the Inspectorate for support at PR24

PR24 DWI ref	Scheme Name	Quality parameter	Scheme type	Preferred option	DWI final decision
SRN02	Testwood works	Multiple parameters	Treatment	Deliver the current section 18 final enforcement order.	Support via existing legal instrument
SRN03	Otterbourne works	Multiple parameters	Treatment	Deliver the current section 18 final enforcement order.	Support via existing legal instrument
SRN04	Hardham works	Multiple parameters	Treatment	Deliver the current section 18 final enforcement order.	Support via existing legal instrument
SRN05	Burham works	Multiple parameters	Treatment	Deliver the current section 18 final enforcement order.	Support via existing legal instrument
SRN08	Companywide - Disinfection future resilience programme	Multiple parameters	Treatment	Install UV or replace amazon filters at various sites.	Commend for support – Acknowledged Actions
SRN10	Lead Strategy	Lead	-	-	Support – s.19 Undertaking
SRN11	Nitrate Group A - Isle of Wight	Nitrate	Catchment/ Treatment	Blending	Decline to support
SRN12	Nitrate Group B - West Sussex	Nitrate	Catchment/ Treatment	Install nitrate treatment process and additional blending capacity	Support – Regulation 28(4) notice
SRN13	Nitrate Group C - East Sussex	Nitrate	Catchment/ Treatment	Install nitrate treatment process	Support – Regulation 28(4) notice
SRN14	Nitrate Group D - Kent Medway	Nitrate	Catchment/ Treatment	Enhanced blending and nitrate monitoring	Support – Regulation 28(4) notice
SRN15	Nitrate Group E - Kent Thanet	Nitrate	Catchment/ Treatment	Nitrate treatment at Martin Gorse works and Ringwould works and blending with Martin Mill works.	Support – Regulation 28(4) notice
SRN16	Companywide - Emerging Contaminants	Various	Catchment	Conduct literature reviews, sampling, analysis, options appraisals, designs and solution proposals.	Commend for support – Acknowledged Actions
SRN17	PFAS Strategy	PFAS	-	-	Support – s.19 Undertaking

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Appendix 5 – Wessex Water Services Limited

Wessex Water Services Limited (the Company) submitted 14 improvement proposals for drinking water quality and NIS to the Inspectorate, listed in the table below.

The Inspectorate supported all the Company's proposals and legal instruments were put in place where appropriate, to make the proposals legally binding programmes of work. The Inspectorate's final decision letters were sent to the Company on 13 August 2023 for NIS and 30 August 2023 for drinking water quality.

The Company submitted one scheme for their PFAS strategy and one scheme for lead strategy. There was also one scheme for discolouration and consumer acceptability, and one scheme to secure compliance with the nitrate standard. Five schemes related to NIS compliance.

The Company provided the Inspectorate with a signed section 19 undertaking on 3 April 2024 to secure or facilitate compliance with the lead parameter. To ensure compliance with the Regulations, the Company agreed to various measures including 6,000 lead communication pipe replacements, replace consumer pipework up to the entry point of the building, and operate a grant scheme to aid consumers in funding lead pipe replacements. The Company will provide annual reports to the Inspectorate, with a final report due 30 April 2031. It is estimated that it will take the Company 83 years to remove all lead pipes at the current rate.

The Company provided the Inspectorate with a signed section 19 undertaking on 13 June 2024 to secure or facilitate compliance with the wholesomeness and no deterioration requirements due to PFAS concentrations. The Company agreed to implement various measures including risk assessment, strategy review, surveillance, enhanced monitoring, catchment characterisation, research participation, supply system updates and the development of a prioritized strategy to progressively manage and reduce PFAS levels. The Company will provide annual progress reports to the Inspectorate and continue enhanced monitoring for PFAS for twelve months following any remedial work, until 31 March 2031, with a final report due by 30 April 2031.

No schemes were commended for support and no schemes were declined support by the Inspectorate.

There were five late submissions, sent by the Company in June 2024. All of these schemes related to PFAS mitigation, and all were supported by the Inspectorate.

The Company did not submit any schemes for the SEMD.

Wessex Water Disinfection Schemes

Following the final determinations, Ofwat notified us that they had been contacted by the company to enquire about funding some additional scheme for disinfection. Ofwat wanted to check that the Inspectorate, as the technical regulator for drinking water quality, had received, reviewed and supported (or commended for support) this scheme for the company. Unfortunately, we had received no details of the scheme and were therefore unable to provide that confirmation. However, we do have background information regarding the scheme.

In 2021, the company informed us that they were updating their raw water categorisation and disinfection requirements. The raw water categorisation would align to more recent World Health Organisation publications. In parallel to this, they would be introducing a minimum contact time (CT) requirement for their borehole sites, which have historically used a marginal disinfection strategy.

The company have 35 sites which use marginal chlorination. The move to a defined CT would require necessary site upgrades. The company stated that they intended to complete this work during their planned maintenance in a staged process over forthcoming AMPs.

At the time, the Inspectorate decided that we couldn't formally enforce in the form of a legal instrument, as there has been no material change in risk. However, we did agree that it was the correct thing to do and challenged the company to go faster and further on the delivery of the upgrades. As with all of our regulatory work, we gave the message that if there a change in risk was realised, then we would not hesitate to take action as per our usual enforcement process, regardless of when they may wish to upgrade the disinfection.

The work to complete the new disinfection strategy took some time, and was not complete until August 2024.

The company have identified eight water treatment works where they want to upgrade the disinfection during AMP8, which they submitted to Ofwat under base costs rather than enhancement.

We met with the company on 13 March 2025, where they asked us how we could support their case. Our response was that the PR process is Ofwat's and not ours and we would not seek to undermine that. Therefore it was too late for a late PR24 submission, but they could consider offering a section 19 undertaking for this work so that it is covered by a legal instrument.

Table 5 Wessex Water schemes submitted to the Inspectorate for support at PR24

PR24 DWI ref	Scheme Name	Quality parameter	Scheme type	Preferred option	DWI final decision
WSX1	Sturminster Marshall / Shapwick works	Nitrate	Treatment	Ion exchange treatment and catchment management.	Support – Regulation 28(4) notice
WSX2	Lead Strategy	Lead	-	-	Support – s.19 Undertaking
WSX3	Discolouration and consumer acceptability	Multiple drivers	Distribution	Maindown North trunk and distribution main replacement / relining, Maundown East trunk main replacement / relining and Fulwood works sodium silicate dosing.	Support – revised existing legal instrument
WSX4	PFAS Strategy	PFAS	-	-	Support – s.19 undertaking
WSX5	Catchment management	PFAS	Catchment/ Treatment	-	Support – Regulation 28(4) notice
WSX6	Charlton works	PFAS	Treatment	Granular Activated Carbon (GAC) treatment.	Support – Regulation 28(4) notice
WSX7	PFAS Mitigation planning	PFAS	Other	-	Support – revised existing legal instrument
WSX8	Tucking Mill works	PFAS	Treatment	GAC treatment	Support – Regulation 28(4) notice

WSX9	Upton Scudamore works	PFAS	Treatment	GAC treatment	Support – Regulation 28(4) notice

[redacted]