

**From:** mailbox <mailbox@ofwat.gov.uk>  
**Sent:** 01 March 2021 15:11  
**To:** Claire Dyer  
**Subject:** Problems with the sewerage system at Winchelsea Beach in the Parish of Icklesham, East Sussex. OFW-034000 CMS:0145740

Dear Miss Dyer,

**Problems with the sewerage system at Winchelsea Beach in the Parish of Icklesham, East Sussex.**

Thank you for your letter of 4 February, on behalf of the Icklesham Parish Council. I am very sorry to hear of the issues faced by residents of Winchelsea Beach as a result of problems with Southern Water's sewerage system – such as sewage discharges entering the gardens of residents or nearby watercourses.

In particular you have asked for our response, to the assertion made by Southern Water, that Ofwat will not sanction the works that you believe are necessary to provide a permanent solution to the problems that exist at present (such as increasing the capacity of the relevant wastewater treatment works). You have also requested a speaker from Ofwat to attend your Annual Parish Meeting.

I hope my response below provides some clarity on Ofwat's role as well as our expectations of water companies, such as Southern Water.

One of our key roles is to set the price and service package that water companies must deliver over a five-year period. This is through our price review.

Water companies develop business plans for our price review, setting out the investment they consider they will need to deliver, in an efficient and economic manner, their statutory and licence obligations and a series of performance commitments they propose for their customers and the environment.

The revenue allowances we set for companies through our price review process (that is the total money companies can recover from their customers), are based on what we consider an efficient company would need to deliver all of its obligations and its performance commitments.

When setting revenue allowances we are not approving or funding specific individual projects a company is planning to invest in. Companies must deliver all of their legal obligations within the envelope of funding provided and prioritise their investment projects accordingly.

Once a company accepts our final determination, it will be accepting that it has adequate funding to properly carry out its regulated business, including meeting its statutory and regulatory obligations, and to deliver the outcomes within its final determination.

Our most recent price review, which covers the 2020-25 period, allowed Southern Water £3.4 billion, of which £1.6 billion is allocated to its wastewater operations. Southern Water has the largest wastewater treatment capacity increase programme of any company over the next five years with funding to increase waste water capacity at 61 sites. Southern Water must deliver on this programme of work so that customers get the reliable services they pay for and deserve.

As well as funding to increase the capacity of wastewater treatment works, your letter also touches

on the impact of new developments.

Each company's service area presents its own challenges and local pressures. To that end, it is up to Southern Water to provide a clear outline of how its network will support any new housing developments and to work with local Councils to address any resilience concerns. The company has informed us that it is taking ownership of this issue and is engaging with local stakeholders to address issues with its sewer network capacity.

There are many examples of water companies working early on with developers to ensure that new housing developments do not damage the environment; we expect Southern Water to learn from these examples and do the same. As developers have a right to connect to a company's network, and water companies have statutory duties to maintain and develop their networks, we expect that companies should work with developers and local planning authorities to understand and plan in a timely way for future housing growth in their areas, including unplanned planning applications as much as possible.

We also recognise that local planning authorities and the statutory planning system also play an important role in relation to local infrastructure when developing local plans and granting planning consents.

We want companies to improve the environment as a core part of their business and to work with stakeholders to restore and improve the ecological status of our water environments. And we know that more work must be done on wastewater infrastructure to meet growing demands and public expectation, while reducing damage to the environment.

We are part of a recently established storm overflows taskforce, which includes Government, the Environment Agency and other key organisations within water industry. The taskforce's objective is develop proposals to significantly reduce the frequency and impact of sewage discharges from storm overflows with a range of ambitions from reducing spills to phasing out overflows. The Environment Agency is the main body who oversees certain facets of these discharges and sets out environmental requirements for companies.

Finally with regards to your speaker request for your Annual Parish Meeting in April - we want to ensure that this meeting is both productive and beneficial for all parties. To that end, I would strongly encourage you to approach Southern Water to attend, at this stage. In our wider discussions with Southern Water, we have encouraged them to take ownership of issues such as this and take responsibility for the commitments it has made in its 2020-25 business plan. In light of this, we expect Southern Water to engage more with local Councils and other key local stakeholders and your Annual Parish Meeting would provide a good opportunity for Southern Water to do this.

In closing I want to assure you that we do monitor companies to ensure that they are carrying out their duties and your letter provides useful intelligence to us.

The challenges that Winchelsea residents are facing appear to be complex and longstanding. However, we do expect Southern Water to make demonstrable progress over the next five year funding period and engage meaningfully with stakeholders, such as Icklesham Parish Council, throughout the process.

Yours sincerely

Amy Manfield  
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