

Press Release

Welsh Water reiterates its apology for misreporting leakage and per capita consumption performance data following publication of Ofwat investigation

Following the publication of Ofwat's report into the misreporting of performance data relating to leakage and per capita consumption, Welsh Water has reiterated its apology for this issue that it reported to Ofwat and began investigating in 2022.

The key conclusions of Ofwat's report align with Welsh Water's own investigation that was shared with the regulator in May 2023. In March 2023, Welsh Water proposed to the regulator a customer redress package of £30m which included a £10 rebate for customers which was made during 2023. In addition, it has proposed £59 million of expenditure to improve leakage and per capita consumption performance. Ofwat has accepted these proposals and issued a nominal penalty of £1.

The issue relating to the misreporting of this data was initially identified by Welsh Water's annual assurance process and brought to Ofwat's attention in 2022. The company's investigation identified failures in its governance and management oversight processes. Welsh Water subsequently made changes to its processes and operational structures to address the issues identified as root causes.

Pete Perry, Welsh Water Chief Executive said,

"We are very sorry that this happened. We proactively brought this issue to Ofwat's attention in April 2022 having identified it as part of our annual performance assurance process. Ofwat's key conclusions as to what went wrong align with our own investigations that were shared with Ofwat together with our proposals for customer redress and additional investment to tackle leakage and per capita consumption. Rebates have already been made to 1.4 million customers.

"Our review identified governance and management oversight failures that led to the issues identified which have now been addressed. Achieving the planned reduction in leakage will be challenging, but we have committed a substantial increase in expenditure in this area and strengthened the relevant operational teams to recover performance."

Ends

Notes to editors:

Ofwat's press notice refers to payments of £40m "to benefit its customers" consisting of:

<i>Customer rebate (£10 per customer)</i>	<i>£15m</i>
<i>Absorbed additional leakage expenditure 2020-22</i>	<i>£15m</i>
<i>Customer Redress total</i>	<i>£30m</i>
<i>Outcome Delivery Incentive (ODI) underperformance payment 2020-22</i>	<i>£9.4m</i>
<i>Total payments</i>	<i>£39.4m</i>

Link to Ofwat's notice: <https://www.ofwat.gov.uk/consultation/notice-of-ofwats-proposal-to-impose-a-financial-penalty-on-dwr-cymru-cyfyngedig/>

Our May 2023 press release can be seen here: <https://corporate.dwrcymru.com/en/news-media/2023/welsh-water-customers-to-receive-rebate>

Enquiries to Welsh Water's press office on 01443 452452