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21 Bloomsbury Street, London WC1B 3HF

By email

Ms Eileen Lintill and Ms Diane Shepherd
Chichester District Council

18 February 2021

Dear Ms Lintill and Ms Shepherd

Thank you for your letter of 7 December. I apologise for the delay in responding.

Our engagement with Gillian Keegan MP, and the Chichester Harbour Trust, mean we are aware of the challenges that Chichester is facing and the concerns that many stakeholders have about Southern Water's response. We set high expectations for the sector and require them to address concerns in the communities they serve. I have therefore raised your letter with Southern Water directly. The company has informed us that it is taking ownership of this issue and is engaging with Chichester District Council and other local stakeholders to address issues with its sewer network capacity. I understand that Southern Water has written to Chichester District Council in response to some of the key concerns you have raised.

Your letter touches on three main concerns: the condition of Southern Water's wastewater treatment works; the capacity of their local network in relation to housing developments; and the long-term impacts of climate change on Southern Water's infrastructure. I hope my response provides some clarity on Ofwat's role as well as our expectations of water companies.

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. 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, including Chichester. Southern Water must deliver on this programme of work so that customers get the reliable services they pay for and deserve.

Rachel Fletcher, Chief Executive e. rachel.fletcher@ofwat.gov.uk

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 Chichester District Council, and others, to address any resilience concerns. There are many examples of water companies working early on with developers to ensure that new housing development doesn't 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. As your letter notes, 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.

In addition to this, you raise the issue of climate change and its impacts on Southern Water's infrastructure. I want to assure you that we take the implications of climate change very seriously. Companies are stepping up to tackle the impact of climate change as part of their long-term planning; this is a key objective of Southern Water's drainage and wastewater management plan (DWMP), currently under development. DWMPs will ensure that the levels of service provided to customers, and the level of protection given to the environment by drainage and wastewater systems, are not eroded by the pressures of growth, urban creep and climate change in the period leading to 2050. Companies need to work together with other organisations to develop these plans. I am aware that your colleagues have attended one of Southern Water's DWMP workshops and I strongly encourage you to continue to engage with Southern Water to feed in any helpful information you may have on new developments.

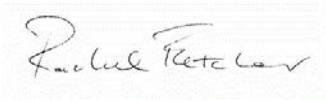
Alongside this, we are also developing frameworks which will help companies to have right processes, teams, technologies and culture to help them monitor, manage and invest their assets effectively. This includes the impact of climate change and ensuring that assets are being managed appropriately over the long-term. The challenges that Chichester is facing are complex, longstanding issues and they will take time to resolve. However, we do expect Southern Water to make demonstrable progress over the five year funding period and engage meaningfully with stakeholders throughout the process.

In the light of the strength of concern in Chichester, our Chairman Jonson Cox, will convene a meeting on site and will invite Board members and Senior Management of Southern Water. We aim to arrange this for late spring, or as allowed within Covid-19 restrictions. If you would like to attend this meeting, do let us know and we will contact you when arranging this visit.

Thank you for again for raising these issues with us. We monitor companies to ensure that they are carrying out their duties and your letter provides useful intelligence to help us assess the quality of Southern Water's drainage area planning and how it maintains its

network. Please do get in touch with us again if you are not satisfied that Southern Water is working with stakeholders in the area to do all it can to address the problems you have raised.

Yours sincerely



Rachel Fletcher
Chief Executive