

GREATER **LONDON** AUTHORITY

(by email)

Our reference: MGLA290124-5272

14 February 2024

Dear

Thank you for your request for information which the Greater London Authority (GLA) received on 29 January 2024. Your request has been considered under the Freedom of Information Act (FoI) 2000.

You requested:

Please provide a copy of every email/letter sent from the Mayor of London to Thames Water, and every email/letter the Mayor of London has received from Thames Water within the timeframe 01/01/2023 and 29/01/2024.

Our response to your request is as follows:

Please find attached the information that the GLA holds within the scope of your request.

If you have any further questions relating to this matter, please contact me, quoting the reference MGLA290124-5272

Yours sincerely

Information Governance Officer

If you are unhappy with the way the GLA has handled your request, you may complain using the GLA's FOI complaints and internal review procedure, available at:

<https://www.london.gov.uk/about-us/governance-and-spending/sharing-our-information/freedom-information>

MAYOR OF LONDON

Chris Weston

Chief Executive Officer

Thames Water Utilities Limited

christian.weston@thameswater.co.uk

Date: 23 January 2024

Dear Mr Weston,

Thank you for your letter as you arrive in your new role and congratulations on your appointment as Chief Executive Officer of Thames Water. I hope that you are ready and determined for the task ahead; in particular, I urge you to bring about a fresh start for the business' approach to ensuring London's rivers are clean and healthy. You will be aware of the scale of the challenge you have taken on given the decades of underinvestment by Thames Water, which has led directly to, as of last year, London now having no healthy rivers.

There is ongoing uncertainty about Thames Water's financial position, and I would like to hear your plans to secure the financial resilience of the company and accelerate performance improvements. Londoners deserve reassurance that Thames Water is seeking the best possible outcome for London's water customers and will fulfil its obligations on environment, including cleaning up our rivers and tackle pollution discharges, without resorting to increasing its bills.

I have met with the Chair of OFWAT to discuss the performance of Thames Water and the need to address its historic underinvestment in London, ensure network resilience, especially in light of the climate impacts we are already seeing in London, and deliver for customers and the environment.

I, like many Londoners, was dismayed to read alongside your appointment the news that work to protect the river Wandle from sewage spills may not take place until 2035. The Wandle was the last London river to lose its 'good' status last summer. The period of discharge in London alone was almost five times the amount of the same period the previous year. This Christmas period alone saw over 128 hours of discharge.

The state of our rivers is an appalling advert for privatisation. Nearly 35 years since privatisation and after around £7bn of dividend payments to shareholders, I am worried that Thames Water may be headed towards managed decline. If that is the case, I will not allow the same decline to continue in the state of our rivers.

I will continue to insist Thames Water fulfils its duties to restore our rivers and waterways to be safe, rich in nature, and accessible for all to enjoy while restoring the broader network.

London's rivers hold a special place in the hearts of those of us lucky enough to call this city home. I, myself, have many fond memories of walking alongside the Wandle with my family. As one of our few treasured chalk stream rivers, it is a truly precious asset, and I am deeply disappointed on behalf of Londoners that you have inherited an approach that is not prioritising its restoration.

MAYOR OF LONDON

I look forward to your response.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Sadiq Khan', with a small '2' written below the 'h'.

Sadiq Khan
Mayor of London



Chris Weston
Chief Executive Officer
[REDACTED]@thameswater.co.uk

Sadiq Khan
Mayor of London

SENT VIA EMAIL

12 January 2024

Dear Mayor,

This week I started work as Chief Executive of Thames Water. The company plays a hugely important role serving London, as well as the Thames Valley and Home Counties, and leading it is both a privilege and responsibility. I wanted to introduce myself and share my immediate priorities with you.

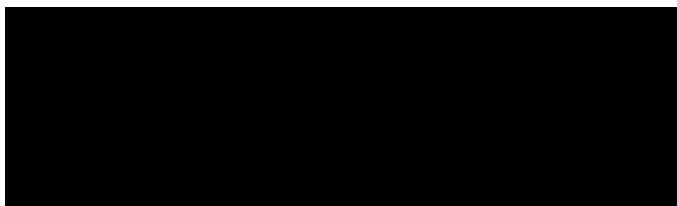
In my first few weeks I am spending as much time as I can visiting sites to meet our front-line teams and learn about how they deliver the services our customers rely on. Despite their skill and dedication the company finds itself in a difficult situation, with performance in a number of key areas falling short of what our customers, regulators and wider stakeholders expect.

My immediate focus will be to deliver the turnaround plan approved by Thames Water's Board at the end of last year. This prioritises improvements in the health and safety of our customers and employees, alongside areas our customers have told us matter most to them, including reducing pollutions and leakage.

Alongside this I will be working with our investors, regulators and government to put the company on a more stable and resilient footing. This will include strengthening our financial resilience and reaching an outcome through the price review process that provides for the high level of investment needed in the capital while ensuring bills remain affordable for all customers.

I would welcome the opportunity to meet and understand your perspective on our next steps in due course, and my team will contact your office with a view to finding a suitable date. I look forward to meeting you.

Yours sincerely,



Chris Weston
Chief Executive Officer

cc. Shirley Rodrigues – Deputy Mayor, Environment and Energy



Sir Adrian Montague, CBE
Chairman

Sadiq Khan
Mayor
Greater London Authority

[SENT VIA EMAIL]

14th December 2023

A handwritten signature in dark ink, appearing to read "Sadiq Khan".

Appointment of new Chief Executive Officer

I am pleased to be able to tell you that we have today announced the appointment of Chris Weston as our new Chief Executive.

Chris will start on 8 January 2024, and will take over from Interim Co-CEOs Al Cochran and Cathryn Ross, who will return to their substantive roles.

Chris was previously CEO of energy company Aggreko, a multi-national business operating in 45 countries, and has a proven track record of working in regulated environments, turning round business performance and improving customer experience. He brings strong operational and strategic expertise as we enter this critical period of delivering our refocused Turnaround Plan and providing the service that customers rightly expect of us. His other roles have included Managing Director of International Downstream at Centrica, where he was also a member of both the Board and Executive Committee.

I anticipate he will be working closely with you and your colleagues when he starts in the role in the new year and his office will be in touch to set up an introductory meeting.

I would like to express my gratitude to Cathryn Ross and Al Cochran for their hard work and the progress they have made over the last few months while leading Thames Water as joint interim Chief Executives.

A handwritten signature in dark ink, appearing to read "John Hillier".





Sir Adrian Montague, CBE
Chairman

Sadiq Khan
Mayor of London
Greater London Authority
City Hall
London
SE1 2AA

SENT BY EMAIL

2nd October 2023

Dear Sadiq,

Business Plan 2025-30

Today Thames Water submitted its business plan for 2025-30 to Ofwat following consultations with nearly 20,000 customers, the communities the company works in and wider stakeholders.

Our ambitious plan sets out a record £18.7 billion total expenditure to maintain safe high quality drinking water, to ensure security of water supplies across London and the Thames Valley, and to deliver significant environmental improvements. We recognise that the service we are providing customers is not good enough in some key areas and our plan delivers what our customers have told us are their top priorities. This includes reducing storm overflows by 28% and pollution incidents by 30% to improve river health, as well as reducing leaks by 22%.

We are fully committed to delivering a step change in investment and performance, and our plan proposes to invest a record £4.7bn to improve the quality of our service. This investment is critical to building greater resilience in the face of an ageing asset base, climate change and growing population.

Our shareholders are stepping up to support our plan with the largest equity support package ever seen in the UK water sector, underscoring their commitment to the company. Shareholders have already invested £500m of new funds in 2023 and have announced, subject to the satisfaction of conditions, including appropriate regulatory arrangements, a further investment of £750m by 2025. They have also acknowledged the need for additional equity investment of in the region of £2.5bn between 2025 and 2030 – making a total of £3.75 billion between 2020 and 2030.

For over three decades Thames Water customers have paid less than the industry average, despite us having the oldest network, and our average bill is no higher today than a decade ago. To deliver water security and environmental improvements, our bills will need to rise - but they must also be affordable. We are all too aware that we are asking customers to pay more at a time when many are already facing financial pressure, but it is now vital that we fund the investment our customers want to see - and putting it off would mean greater costs for customers in the future.

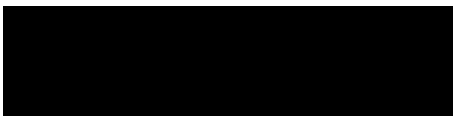
We are therefore setting out proposals to do more than ever to support customers who struggle to pay their bills and our plan will increase the number benefitting to 530,000 customers, through an improved social tariff. For customers we bill we will provide an average discount of £358 per household, a reduction of 59% compared to 27% this year.

We also have choices about exactly how we recover costs over the next period. With a relatively large rise at the start of the next control period followed by a series of smaller rises, we expect the average monthly bill to rise by £14.55, comparing 2024-5 with 2029-30. Alternatively, we could implement a lower bill increase at the start of the period but in order to recover the same amount of cost overall from our customers, we would then need higher rises over the period and the bill at the end of the period would be higher. We want to discuss the right approach for our customers further in the coming months, and these discussions could influence the scope of our plan, the impact of bill changes and the rate at which bills change within the five-year period.

We will be hosting meetings for customers and stakeholders in the coming months to gather feedback on our plan. It will not be possible to deliver everything they would like to see, and our plan reflects the difficult choices we have had to make. We have aimed to prepare a plan that delivers against the priorities of our customers and stakeholders, improving performance in those areas that matter most while also delivering against our obligations and ensuring our infrastructure is more resilient for the future. A summary of the benefits of our plan is included as an appendix to this letter, and more information is available on our website.

We will continue discussions with our regulators and stakeholders, working together to secure the best possible outcome for our customers, communities and the environment, and I look forward to hearing what you think. My office contacted your team last week to request a date to meet and I very much hope we can do so soon.

Yours sincerely,



Sir Adrian Montague, CBE
Chairman

The benefits of our plan for customers, communities and the environment.

Our plan will deliver a reliable, secure and affordable service for customers by:

- Preserving a reliable supply of water, with minimal disruption to services
- Replacing 500km of ageing water mains
- Maintaining safe, high-quality drinking water by replacing 54,000 pipes
- Upgrading 150km of sewers to lower the risk of them collapsing
- Reducing the number of times sewage floods into properties by 17% as well as all other sewer floods by 14%
- Providing over 530,000 customers with meaningful support with their water bills, providing an average £364 reduction (an average 56% discount, up from 27% in 2023)
- Resolving more billing and operational issues within 24 hours by improving digital infrastructure, allowing customers to resolve more issues online

Our plan will further materially improve Thames Water's environmental footprint by:

- Reducing storm overflows by 28%
- Cutting blockages caused by sewer misuse by 15%
- Reducing the total number of pollution incidents by 30%
- Opening the Thames Tideway Tunnel, London's "super sewer", the third phase of improvements that will increase the health of the river by reducing overflows by c.95%
- Spending over £2.5bn on leakage to achieve a 22% reduction. By 2030 we will have reduced leakage by 37% since 2020.
- Reducing household water use per person by 5.5%, and business water use by 10%
- Continuing our industry-leading roll-out of 1 million smart meters to make it easier for customers to save money and find leaks
- Ensuring water security for this and future generations, including consulting and planning for a reservoir near Abingdon in Oxfordshire
- Generating 295GWh per year from renewable resources such as our waste water and floating solar panels, which is enough electricity to supply over 225,000 homes
- Replacing assets that come to the end of their life with carbon neutral alternatives

Our plan will enhance the communities we serve by:

- Hiring more local people by increasing the number of T-levels, summer internships and apprenticeships we offer – and working with our supply chain to do the same
- Investing £12 million improving our land to boost biodiversity
- Partnering with a range of organisations to deliver ten major community projects
- Helping more young people develop key skills, encouraging positive behaviours like saving water and sharing knowledge in line with the National Curriculum
- Working to reduce traffic disruption with the Greater London Authority and extend our collaborative ways of working into the Thames Valley



Cathryn Ross & Al Cochran
Interim Co-Chief Executives

thameswater.co.uk

thameswater.co.uk

SENT VIA EMAIL

2 October 2023

Thames Water business plan for 2025-30

Today Thames Water submitted its business plan for 2025-30 to Ofwat following consultations with nearly 20,000 customers, the communities the company works in and wider stakeholders.

Our ambitious plan sets out a record £18.7 billion total expenditure to maintain safe high quality drinking water, to ensure security of water supplies across London and the Thames Valley, and to deliver significant environmental improvements. We recognise that the service we are providing customers is not good enough in some key areas and our plan delivers what our customers have told us are their top priorities. This includes reducing storm overflows by 28% and pollution incidents by 30% to improve river health, as well as reducing leaks by 22%.

We are fully committed to delivering a step change in investment and performance, and our plan proposes to invest a record £4.7bn to improve the quality of our service. This investment is critical to building greater resilience in the face of an ageing asset base, climate change and growing population.

Our shareholders are stepping up to support our plan with the largest equity support package ever seen in the UK water sector, underscoring their commitment to the company. Shareholders have already invested £500m of new funds in 2023 and have announced, subject to the satisfaction of conditions, including appropriate regulatory arrangements, a further investment of £750m by 2025. They have also acknowledged the need for additional equity investment of in the region of £2.5bn between 2025 and 2030 – making a total of £3.75 billion between 2020 and 2030.

For over three decades Thames Water customers have paid less than the industry average, despite us having the oldest network, and our average bill is no higher today than a decade ago. To deliver water security and environmental improvements, our bills will need to rise - but they must also be affordable. We are all too aware that we are asking customers to pay more at a time when many are already facing financial pressure, but it is now vital that we fund the investment our customers want to see - and putting it off would mean greater costs for customers in the future.

We are therefore setting out proposals to do more than ever to support customers who struggle to pay their bills and our plan will increase the number benefitting to 530,000 customers, through an

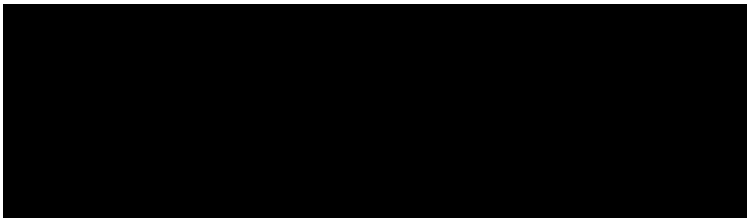
improved social tariff. For customers we bill we will provide an average discount of £358 per household, a reduction of 59% compared to 27% this year.

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We will continue discussions with our regulators and stakeholders, working together to secure the best possible outcome for our customers, communities and the environment. We look forward to hearing what you think.

Yours sincerely,



Cathryn Ross and Alastair Cochran
Interim Co-Chief Executive Officers

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Cathryn Ross
Interim Co-Chief Executive Officer
[REDACTED] [\[REDACTED\]@thameswater.co.uk](mailto:[REDACTED]@thameswater.co.uk)

Rt Hon Sadiq Khan
Mayor of London

SENT BY EMAIL

16 August 2023

Dear Mayor,

As you know, 2022/23 was an extremely challenging year for Thames Water. As we set out in our Annual Report and Accounts that were published in July, the underlying costs of running the business have increased substantially during this AMP. This has been driven by major cost escalations of energy, chemicals and other raw materials which have increased by far more than CPI-H. This in turn has had a major impact on the cost of delivering many of our large capital investment projects. In addition, our operational performance was severely affected by the summer drought and the December freeze-thaw – events which starkly exposed the underlying fragility of our assets in the face of population growth and climate change. Consequently, we only met 26 out of 52 performance commitments and will receive a net-ODI penalty of £101 million (including C-MeX and D-MeX).

These challenges mean that despite some areas of performance improvement (including complaints and internal sewer flooding), our original turnaround plan has not delivered the necessary improvements in our financial and operational performance as fast as we all want. As a result, we are pivoting towards a more focussed and prioritised turnaround plan that will take us through the next 3 years. It will address the core performance of the business prioritising three areas: health and safety of our customers, the public, our colleagues and contractors; asset maintenance to stem further deterioration of our asset base as far as possible; and to drive performance improvement in leakage and pollutions, while holding steady on some other key metrics such as water quality.

By focussing our efforts in these areas, we will continue to strengthen our operational and financial resilience and create a stable platform from which to make faster progress in the future. However, this has required some difficult choices. Escalating costs also mean that we are now unable to deliver all the capital projects that we had assumed would be delivered when our revised £11.5 billion plan for this AMP was approved by our Board as our purchasing power has been impacted by cost increases in AMP 7 on capital programmes that are higher than the inflation index that is applied to allowances. As a consequence, the delivery of some of our AMP7 WINEP projects will be rephased into the next AMP with work beginning in two years. Of the 826 schemes that we were due deliver as part of the AMP 7 WINEP programme, 98 schemes will be delivered later than the end of this AMP – 12 of which are within the boundary of the M25.

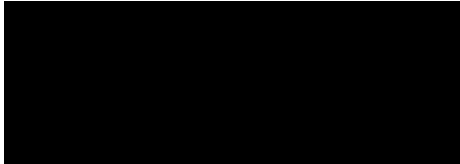
We are communicating the impact of this rephasing to our supply chain partners and to other stakeholders, and I wanted to make sure that I wrote to keep you informed of what we are saying and why.

Whilst I recognise that you will be disappointed by this news our investment programme remains the largest in the sector. During the next two years we will still invest around £4 billion in those projects most urgently required to address the most vulnerable parts of the network. These will include

investments of more than £150 million into projects to upgrade our sewage treatment works in Mogden and Beckton. We will also make improvements at our major water treatment works in the capital, including several projects at Hampton water treatment works that will both maintain the highest water quality standards and increase flexibility in the process stream to carry out maintenance and repairs when needed. In addition, we are delivering several trunk main schemes, including in Chessington, Surbiton, Mile End and Fortis Green, as well as replacing 200 kilometres of water distribution mains in central London over the five years to 2025.

I would of course be very happy to discuss anything contained within this letter with you in more detail.

Yours sincerely,



Cathryn Ross
Interim Co-Chief Executive Officer



Sir Adrian Montague
Chairman

Sadiq Khan
Mayor of London

SENT VIA EMAIL

11 July 2023

Dear Sadiq, if I may,

Thank you for your letter of 3 July and words of congratulations. I also welcome your positive reflection on the dialogue between Thames Water and City Hall, which I want to continue.

I understand your concerns about the company's performance in the capital, and financial resilience. Our financial results published this week show that our liquidity remains strong, with £4.4 billion available as of 31 March 2023, enabling us to meet our financial obligations and invest in the improvements Londoners want to see. Shareholders have also agreed to provide a further £750m of equity contributions across AMP7, subject to certain conditions, to drive Thames Water's turnaround over the remainder of the current regulatory period.

This is coupled with an acknowledgement from our shareholders of the need for significant medium-term equity support in AMP8, expected to be in the region of £2.5 billion, subject to the finalisation of our refocused turnaround plan.

This strong support from shareholders will enable us to prioritise investment that will support improvements in the capital. In addition to the equity support we have announced, they have also committed to provide £400m of additional investment as part of the 'conditional allowance' programme over and above what was approved at PR19. Alongside £300m through customers' bills this will be spent on replacing more than 112km of water mains and seven large trunk mains across the city, improving supplies for 34,000 homes and businesses in the capital and reducing leakage by 20 million litres a day.

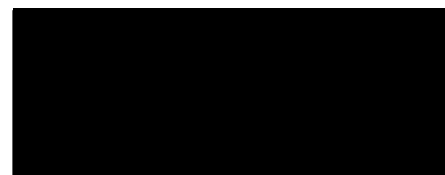
You highlight the health of London's rivers and I can reassure you of our continued commitment to improve the condition of the Thames and rivers across the capital. The Thames Tideway Tunnel is on course to be operational by 2025 and will intercept at least 94% of the millions of tonnes of sewage overflowing into the tidal Thames every year from the capital's overloaded sewer system.

I would be delighted to meet and will ask my assistant to follow up with your office to arrange a convenient date.

Thank you once again for your letter and I look forward to our continued dialogue.

*Best wishes
Yours sincerely*

Sir Adrian Montague
Chairman





Cathryn Ross
Interim Chief Executive Officer
@thameswater.co.uk

4 July 2023

SENT VIA EMAIL

Sadiq Khan
Mayor of London

Dear Sadiq

Following Sarah Bentley's resignation as Chief Executive of Thames Water last week I wanted to write to you as joint interim CEO alongside Alastair Cochran. I was appointed Strategy and Regulatory Affairs Director at Thames Water in June 2021, joining from BT Group, while Al has been Chief Finance Officer since September 2021, joining from Petrofac.

I want to address head on recent media speculation about Thames Water's financial stability. We continue to maintain a strong liquidity position, including £4.4 billion of cash and committed funding, as at 31 March 2023. As envisaged in June 2022, the company received £500 million of new funding from its shareholders in March 2023. We are continuing to work constructively with shareholders in relation to the further equity funding expected to be required to support Thames Water's turnaround and investment plans.

Owat is being kept fully informed on progress of the company's turnaround and engagement with shareholders.

We fully recognise that our customers and stakeholders understandably want to see rapid improvements in performance and resilience, and for us to make the investment necessary to support that. Thames Water is in the third year of an eight-year turnaround plan to address ageing and deteriorating infrastructure, tackling a legacy of under-investment and poor performance. We remain committed to delivering that turnaround and improving the services Londoners rely on.

Financial headwinds including extraordinary energy costs, as well as last summer's severe drought, have made 2022/23 a challenging year and affected environmental and customer service performance. Despite this, we have made significant progress in laying the foundations for future improvement, including:

- Reducing customer complaints by nearly 30% (27.9%) compared to 2021/22 on a like for like basis.
- Providing financial support for customers to a total value of £110m in 2023-24, supporting 384,000 customers. To help tackle the cost-of-living crises this financial year an additional 53,000 households are receiving financial support to pay their water bills
- Relocating our customer call centre from South Africa to the Thames Valley, creating 200 jobs as part of a wider programme that has provided 550 new jobs across our region to deliver our turnaround plan.
- Transforming our apprenticeship programme, with the number of new starters increasing from 20 per annum in 2020 to over 230 in 2022. We now offer entry to degree level apprenticeships, with more than 30 different pathways.

- Investing at record levels, with more than £1.3 billion in 2021/22, the first year of the turnaround. We are now set to break that record for 2022/23. To enable this, we've increased roles in our engineering delivery team by c.50%.
- Committing in February 2023 to invest £1.6 billion in sewage treatment works and sewers over two years, more than doubling investment in this area. This includes major upgrades to reduce storm discharges and pollution incidents.

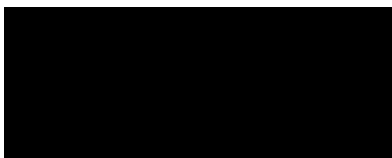
As you know, our shareholders have committed £400m of additional investment in London's water infrastructure over and above what was approved at the last price review in 2019 as part of the 'conditional allowance' programme agreed with Ofwat. Alongside £300m through customers' bills this will be spent on replacing more than 125km of water mains and 16km of trunk mains improving supplies for 34,000 homes and businesses

We understand that, more than ever before, we need to act openly as we work to turn the company around. In January we were the first company to publish a real-time map providing full visibility of all sewage discharges and are developing an online tracker to share our progress in addressing pollution incidents. We will also continue to adopt the purpose-led, transparent and collaborative approach Sarah Bentley championed, including working closely with the communities and organisations that care about the health of our rivers in the capital.

The Thames Water board has started the search for a new Chief Executive and Sarah Bentley will continue to support Al and me to ensure an orderly transition.

I have spoken with Shirley Rodrigues to update her, and my team and I will remain in touch to keep you and your team up to date. In the meantime, please do let me know if you need anything further.

Yours sincerely



Cathryn Ross
Interim Co-Chief Executive Officer

MAYOR OF LONDON

Sir Adrian Montague

Chair

Thames Water Utilities Limited

C/o [REDACTED] [\[REDACTED\]@thameswater.co.uk](mailto:[REDACTED]@thameswater.co.uk)

Date: 3 July 2023

Dear Adrian,

Firstly, let me congratulate you on your appointment as the new Chair of Thames Water. I look forward to working with you and continuing the regular dialogue that has been established between Thames Water and City Hall over the years.

Thames Water's poor performance on leakage and infrastructure reliability was already a concern and the current position, following Sarah Bentley's sudden departure, is even more alarming. Whilst I appreciate that water supplies will be unaffected by the current situation, there is ongoing uncertainty about Thames Water's financial position, and I would like to hear your plans to secure financial resilience of the company and accelerated performance improvements. Londoners would like reassurance that Thames Water is seeking the best possible outcome for London's water customers and will fulfil its obligations to the environment including cleaning up our rivers and tackling pollution discharges. Customers should not have to pay the price for the historic decisions that have prioritised previous shareholders over the prudent management of the company and investment needed.

I have recently met with the Chair of OFWAT to discuss the performance of Thames Water and the need to address its historic underinvestment in London, ensure network resilience, especially in the light of the climate impacts we are already seeing in London, and deliver for customers and the environment.

I look forward to your response and would welcome a meeting with you to discuss these issues.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Sadiq Khan', with a small '2' written below the name.

Sadiq Khan

Mayor of London



Sarah Bentley
Chief Executive Officer
[REDACTED] thameswater.co.uk

16 February 2023

SENT VIA EMAIL

Sadiq Khan
Mayor of London

Dear Sadiq,

Thank you for your letter about the success of our partnership water fountains programme. Like you, I am delighted that the data shows the fountains have been so well-used, and that we have been able to have such a positive impact across the capital.

I am also proud that, by going beyond the original plan to install 110 fountains in public spaces, we have been able to extend that commitment through the gift of 40 fountains to schools in London.

I share your aspiration to broaden the programme to deliver additional fountains in the capital and have discussed with Shirley Rodrigues how we might approach this. We agreed that Thames Water would explore the potential for a contribution to the capital cost of additional fountains, while Shirley will raise with Borough representatives whether they would be prepared to take on the maintenance of the fountains and associated costs. Our commitment to clean, maintain and repair the existing fountains in public spaces brings with it an annual cost of more than £700K and the very significant financial pressures we currently face mean we are not in a position to increase that.

You referred in your letter to our interim financial results, which I know was also raised during Mayor's questions recently. While we recorded an operating profit for the first half of the year, I would emphasise that this was entirely the result of an accounting adjustment and is not cash that is available to spend. It was a result of adjustments to financial instruments, with changes in interest rates and inflation forecasts the key driver.

Our shareholders have agreed not to take a dividend this year, and they have not taken a dividend for the last five years. Indeed, they continue to fund investment significantly over and above what customers pay to us through bills. This includes £500m of additional equity committed unconditionally last summer, with a further £1bn available subject to us meeting conditions linked to the delivery of our turnaround plan.

This is helping us improve service for customers and the environment and navigate the challenging financial conditions we are continuing to experience. I agree with the point you make in your letter about the urgent need for investment; our shareholders' commitment means that we will spend £2bn more than we are recovering from customers through the current five-year period, enabling more rapid progress on our turnaround than would otherwise be possible.

The external financial climate remains very challenging and, like many businesses, we face significant headwinds from high inflation, which our shareholders are absorbing rather than passing on to customers. Our energy costs alone increased from £63 million for the six months to September 2020 to £112 million for the six months to September 2022 – a jump of almost 80%.

Beyond this we are continuing to see the availability of labour acting as a key constraint. In practice, this means that we are allocating the teams we have to high priority activities, most importantly to find and fix leakage in the capital as we work to mitigate the very significant impact of the freeze and thaw at the end of last year. I explained to Shirley that, for that reason, I would want to ensure that sufficient resources are available before any extension of the fountains programme so that it would not divert teams away from this vital work.

Finally, you mentioned in your letter your concerns about the cost of living crisis. As monopoly providers of an essential public service, we are acutely aware of the pressures our customers are under, and I can share with you some changes to our approach. We are making £110m of support available to our customers in 2023-24 and more than £130m in 2024-25. An additional 53,000 households will receive financial help to pay their water bill from April, taking the total number to 384,000 households.

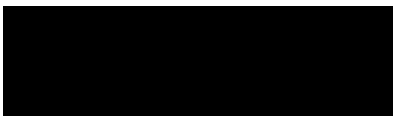
This support will take a number of forms, centred around our social tariff, as well as reduced payment plans. I will highlight three key elements here. First, by bringing forward a change in the eligibility criteria for our social tariff from April 2023 to December 2022 we are helping customers suffering the pressures of the current rise in inflation. This change has involved increasing the level of earnings at which customers qualify so that those earning below £21,749 in London boroughs are now eligible for a 50 per cent bill reduction.

Second, from April, we will introduce the option for customers to access our social tariff if their water bill is more than five per cent of their net equivalised income. Adding this criterion to the existing use of earnings will broaden the support we offer so that it includes more households with higher levels of occupancy. This could help an additional 15,000 families during 2023-24.

Third, in response to the rise in inflation we have also created a new temporary support scheme for those on a deficit budget driven by the increase in household costs. This scheme will support those customers who, due to the cost of living crisis, have zero disposable income. This scheme will provide a bill discount in the region of 25-50% for one year and will be rolled out later in the spring. An estimated additional 10,000 customers could benefit from a £200 reduction by accessing this new scheme.

I am copying this letter to Shirley and look forward to progressing our discussion about the fountains programme with her over the coming weeks.

With very best wishes,



Sarah Bentley
Chief Executive Officer

Cc: Shirley Rodrigues

MAYOR OF LONDON

Sarah Bentley

Chief Executive Officer

Thames Water

 [@thameswater.co.uk](mailto:thameswater@thameswater.co.uk)

Date: 12 January 2023

Dear Sarah,

Drinking Fountains for London

Last summer, I was pleased to achieve my London Environment Strategy and Manifesto commitment to install more than 100 drinking fountains across the city in partnership with Thames Water.

Our fountains have become important additions to London's public spaces, parks and stations. Your data shows that the fountains are well used, particularly during extreme heat, as we saw in July. The fountains are making a difference, reducing plastic bottle use and delivering a more climate-resilient city.

It is now four years since we announced our partnership to tackle single-use plastic bottle waste in London, yet single-use plastic bottle waste remains the most prevalent form of plastic pollution in our waterways and oceans. I regularly receive requests from Londoners and council leaders for more water fountains to be installed across the city to help tackle this problem.

I know Thames Water reported record profits of £493.5 million last year. This comes at the same time that many Londoners are faced with the cost of living crisis and face growing pressures from climate change. It is also despite an urgent need for investment and a surge in the number of burst pipes last year and also seen in recent weeks. In this context, I hope Thames Water will work with us to support Londoners in tackling waste and pollution and creating a more sustainable city.

I am keen to build on the success of our partnership and work together to extend the fountains network, and I understand my Deputy Mayor for Environment and Energy, Shirley Rodrigues, has discussed this with you and you are considering the matter.

Extending the programme would be a suitable way for Thames Water to demonstrate its continued commitment to Londoners, their environment and their desire to tackle the climate emergency.

MAYOR OF LONDON

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Sadiq Khan', with a small '2' written below the 'h'.

Sadiq Khan
Mayor of London