

The Worshipful Company of Water Conservators

2025 City Water Debate “Refreshing Water – Progress and priorities”

19th March 2025, Bakers’ Hall, London

Colin Drummond (Past Master) chaired the debate. The speakers were Baroness Barbara Young, Rebecca Pow (Water / Environment Minister, 2018 – 2024), Susan Davy (CEO, Pennon and President of the Institute of Water) and Ed Lockhart (CEO, Future Homes Hub).

These notes reflect what was raised by the speakers and in the subsequent question and answers session. These observations have been grouped into seven broad themes. The meeting was conducted under the Chatham House Rule.

Editing has been kept to a minimum. Square paragraphs have been inserted where external context is needed.

David Lloyd Owen, Court Assistant and rapporteur

Financial priorities

It was generally felt that from 1990 onwards, customer affordability overrode environmental improvements. The public is being drowned out about priorities and concerns. Honesty and standards have been missing from too many debates about spending and priorities. Let all have their say and respect each other’s views; this fails when a Periodic Review lacks balance.

The value of water far outweighs its costs. Think about those countries where it is not available, what value does water have there?

Customers are also more aware where their money is going. Customer surveys show there is a willingness to pay for visible environmental outcomes such as improved biodiversity, especially when this involves popular species.

There is a need to move away from shareholder dominance in the way companies are managed. For example, at Thames, you needed to fully understand how Private Equity works to appreciate where the company is today.

Regulation and compliance

Demographic and climate change were overlooked by the regulators. The population of UK has grown by 20% since 1990 (30% growth in London and the South East). Never underestimate climate change. CSOs were designed for a different world. 2022’s drought was meant to be a one in 250-year event [for example, 1976, 1995 and 2012 were similar]. Should combined sewer overflows (CSO) drive everything? What about other priorities?

Too much time and money get spent on reporting on compliance processes rather than in fact seeking to comply with these. There is a real need to streamline reporting to real outputs rather than reporting for reporting’s sake. This could make matters a great deal better.

Renationalisation is not sustainable. We need to consider PSP approaches. This in turn demands a public debate from all stakeholders. That is a key in returning to discussion and consideration, rather than popular anger.

Don't merge the regulators; there is a real desire in the sector to make things better. If the regulators are not functioning effectively, this needs to be made public.

Currently, there are 35 joint plans for the environment. Ministers have to deal with a great deal of specific concerns at any time. This makes for a lack of overall coherence. At the same time, there is much complexity involved with plans and their intended outcomes. These are made more challenging by the needs of risk management, monitoring and competition along with the Environment Agency needing to have the capacity to monitor inland waterways and deliver their assessments.

While regulations may be in place, it may take a while for these to come through in practice. There is the need to maintain assets and to react to new developments. We need to re-engage with the public about the regulatory processes and what the sector wants from them.

We are seeing a lot of good summaries of research and good information emerging. There is a lot more understanding now than people may appreciate.

Clear accounting for the regulators would be a good thing. This has become rather muddled over time. While the Independent Commission is to be welcomed, a review cannot solve everything for ever. Actions need to be taken based on the reviews. Reviews need to be reviewed again, when this is appropriate.

Post 2027, the Water Framework Directive (WFD) needs to be less prescriptive and to focus on river catchments rather than river basins. River Water Basin Management Plans are clumsy; can we be more nimble?

The need for innovation

We need to use the best technologies straight away and to roll them out at scale. The supply chain is hampered regarding smart innovations as there is limited capacity to develop and deploy them. Ofwat's water innovation fund offers some hope terms of seeking to help people considering and changing their behaviour.

AI and households are interlinked in terms of water demand. AI could be an answer in securing supplies by making things more effective and efficient. Currently, AI systems are set to drive water demand. The efficiencies AI may generate may be greater than the additional demand generated by AI. There is also hope for more water-efficient AI, perhaps in ten years' time. Can we guarantee this?

When it comes to AI, the first hot summer will test this. So, maximise the effective use of water resources with scarcity in mind. How do we make extant infrastructure more future-proof?

PR24, 2025-30

Planning for AMP8 [2025-30, or PR24] has been a long-term process. Do not underestimate the scale of what is going on here. PR24 represents one third of the European water market. There is an opportunity for England and Wales to go beyond the EU [in terms of the 2024 revised UWWRD] and indeed the rest of the world when it comes to implementing changes to bathing waters and CSOs.

This will involve 30,000 new jobs and 4,000 new partnerships. There is a focus on building up apprenticeships and graduate opportunities. The companies see a desire among people to join the sector, which gives cause for optimism.

Homes, housing and planning

There is no option to fail when it comes to housing and infrastructure; water efficiency lies at the core of this. There is some polarisation about the practicalities of delivering 1.5 million new homes. Look towards the upsides, an effective long-term plan is needed for certainty. Consistency means a limit to local challenges via common standards and more cohesive policy development. We need certainty when it comes to the effective development of housing.

Water companies cannot just say no to new developments. Even so, new challenges emerge. For example, South West Water found 300 illegal connections in various new developments. Managing this is not about slowing down, it is about helping deliver effective change.

We need to make it easier for utilities to build reservoirs with appropriate provisions for environmental needs and water health. Anglian Water proposed 150 potential sites for reservoirs, which were whittled down to two. Solar projects had a far easier time. Leverage the ability of customers and communities to engage. This is not anti-regulation, but rather about using strong regulation to deliver efficiency.

Customer and stakeholder engagement

How do we ensure that communities get what they deserve? We need to look ahead of tariffs in terms of efficiency and remember that other stakeholders still matter.

There is a great desire by the public to engage and supply-demand is a major element now. The water companies are in fact well-aware about customer feedback, about burst pipes, for example. Recently, this has shifted towards environmental outcomes. Companies must engage with the public at large, and in particular to engage with the public at a local level.

This in turn needs engagement with agriculture. Soil management goes beyond subsidies. Some of these responses only make sense on a regional scale, so look beyond a national plan for farmers and water and identify areas and aspects which are water sensitive and intensive users and sensitive habitats. In particular, where appropriate, chalk stream conservation has to be at the heart of every regional plan, as maintaining their integrity is essential.

Remember the public support for good environmental health.

Demand management and resilience

There has been a lack of progress in addressing domestic water demand in the past 25 years. Demand management needs to fall from the current 140 litres per capita per day, to 110 (per current targets), and then on to 100, 90 and 80 in phases.

There is a lot of support for the simple things, using less water through for example, water butts and percolative driveways.

In particular, there is a need to educate the public about drought. In Australia, people use less water during droughts; here it is the opposite, exacerbating the problem. Go local for the consumer and then consider the national aspects

When it comes to water quality and water quantity, we have both too much and too little of these. In context, two thirds of the world's population experience real water scarcity for at least a month every year.

Regional differences in water resources matter. For example, 93% of water supplies in the South West come from rivers so there is a need to consider resource diversification right up to desalination if necessary.