

**WORSHIPFUL COMPANY OF WATER CONSERVATORS
BRIEFING ON THE RESPONSE TO THE INTERIM REPORT OF
THE INDEPENDENT WATER COMMISSION
JULY 2025**

1 The Worshipful Company of Water Conservators ('WCWC') is a City of London Livery Company focussed on the long-term health of our water resources and the broader environment. Our members include senior professionals from water, environmental and related industries and regulators, along with others who share our concern for water and the environment. Our experience and knowledge ranges from the complexities of environmental sciences, through the application of engineering to deliver the goals identified by those sciences, and the subsequent management of the assets created. The WCWC's purpose is *promoting a diverse and sustainable environment*.

2 The WCWC has considered the Interim report of Sir Jon Cunliffe's Independent Water Commission. It notes the complexity and depth of the work completed so far and the huge number of contributions it has considered. WCWC also recognises that the Interim report represents work in progress. The WCWC recognises that much of what the Commission is thinking chimes with the principles of what the WCWC has been suggesting.

<https://www.gov.uk/government/publications/independent,-water-commission-review-of-the-water-sector>.

3. The WCWC prepared and submitted a short document to the consultation, which summarised key points based on a long document of substantial evidence available on its website. It recognises that with the huge body of evidence it is unlikely that the Commission team has been able to study the long document in depth, while clearly ideas on the future of water management are coalescing and the WCWC long document contains material relevant to the final decision. There are many aspects upon which the WCWC could offer comment now, but in view of the task in hand, brevity is paramount.

4 The WCWC is aware of the work and recent report of the House of Commons' Environment, Food and Rural Affairs Committee (EFRA) on water sector reform insights and of the critical report of the National Audit Office. This short note offers some additional insights.

<https://www.watermagazine.co.uk/2025/06/16/failing-water-sector-needs-root-and-branch-reform-to-address-culture-that-is-deaf-to-crisis-says-efra-committee/>

<https://www.nao.org.uk/press-releases/regulators-have-failed-to-deliver-a-trusted-and-resilient-water-sector-nao/>

5 The WCWC recognises that much of what the Commission is thinking, chimes with the principles of what the WCWC has been suggesting. Restoration of trust is crucial which the Commission stresses well. Yet the final report needs to address more the causes of this loss of trust and show how their suggested reforms will address them and restore public trust. Setting clear Governmental priorities and resourcing the regulators to restore their capacity and capability to service, effectively and efficiently, the reformed integrated catchment management and deliver real improvements in the water environment. If these prioritised improvements are to be achieved collectively the Commission's recommended reforms should support a less risk averse culture on the part of individual regulators.

6 It is very important to separate the functionality of the processes, and the performance of the bodies concerned, including the regulators. Function comes first, before form. So, having companies providing the service (and not adding to government debt) and having separate environmental and economic regulation makes sense. Is the current model broken? It is not,

although it does need a thorough overhaul and some extensive repair work after 35 years of use and constant, albeit piecemeal revision. Investment is needed desperately and, just as in 1989, government borrowing cannot provide it. Whatever system of administration emerges from the review, it is very important to remember that many of the functions of the current system of regulation and its execution must remain.

7 The WCWC has focussed on some key points.

Overarching strategy on water linked into other national strategies

- The WCWC agrees with the Commission on a lack of coordination of national strategies and has made suggestions on some immediate 'fixes' of the current problems, but longer-term coordination is vital. Some examples are given. The WCWC agrees that there is a need for an over-arching strategy for water, a Strategic Position Statement for the way in which England conserves and uses its water resources for man and nature, not just for water companies and the price reviews. The WCWC has advocated such a water use strategy to mirror the land use strategy, as elements of managing catchments, which this note discusses below. There is a powerful sub text to this, a *Strategy for the Sustainable and Efficient Use of Water to Achieve Economic Growth*.
- The WCWC has suggested a better alliance of government departments in delivery. Whilst logically Defra might take the lead both it and other departments must work cooperative to carry forward whatever strategy is decided on and no one department can go off on its own interpretation. Several other government departments need to make changes.
- The WCWC strongly supports the Interim report's statement that "*there is no simple, single change, no matter how radical, that will deliver the fundamental reset that is urgently needed*". The way forward will be in making numerous more modest sized changes and some examples are given. The Commission might consider making suggestions on delivery mechanisms for its recommendations. The way forward will be a mosaic rather than a straight line. The WCWC suggests that responsibility for ensuring delivery across all government departments could be vested in the Cabinet Office.
- Someone must hold the ring to provide certainty about what has to be delivered within a regulatory period and stop scope creep by other departments. There must be certainty in the 'contract' between water company and the government about what needs to be delivered for what price. Several government departments influence this but clarity about a body able to broker and enforce the conditions of the licence is vital to achieve the trust of the public, investors and the supply chain.

Review of legislation, regulations and the licence.

- The WCWC agrees with the Commission that there needs to be a review of relevant legislation, and it will be helpful if bundles of regulations under specific Acts could be identified for review and revision, irrespective of the way forward. Several examples are given. A major first step must be the review of the content of Water Company Licences.
- Three examples were given :
One example amongst many, not elaborated by the Commission, is the issue of sewage sludge / bioresources / biosolids management. In the debate about sewage treatment, this management stream is the 'Cinderella' of the processes. Half the cost

of sewage treatment is vested in this activity, while the regulatory practices are confusing and conflicted. Following the lead of the recent EA consultation on how exemptions from specific permitting will be handled in future (subject to general binding rules) it will be helpful in overall terms to simplify matters without risk to the environment.

In another example, much has been made of the ability and willingness of water companies to supply water to industry, for example in evidence given to the EFRA Committee in March. However, water companies do not have a statutory duty to supply water to non-household premises and so if there are plans to do so they can be removed from the Price Review process. With a duty to do so, the delivery of additional water resources then becomes a matter to be reflected in statutory water resources plans and indeed in water bills. Any change might need a proportionality limit and an exemption clause with the ability of water companies to refuse, subject to Appeal, to avoid excessive demands by those premises. It would reflect the same process for the duty to receive trade effluents control and, indeed, 'bookend' that process by giving the same duties for 'water in' and 'water out'. Whilst this may lead to some debate, it is worthy of urgent review.

In another example, the storm overflows action and water efficiency programmes could well result in significant street works and the WCWC has suggested that the relevant legislation should be reviewed for its fit for purpose. The House of Commons Transport Committee has published a report in early July which will have implications for water companies.

<https://committees.parliament.uk/publications/48600/documents/254746/default/>

- But the WCWC recognises that whatever system of administration is put in place, there are many legislative functions which must stay in place, albeit reviewed and refreshed. Function first, then form. A good example is the bundle of regulations relating to the management of water quality in river basins. The WCWC advocates keeping the principles of the Water Framework Directive

Basins and catchments

- Picking up on the Commission's empathy to catchment management, river basins and catchments are 'environmental engines' it is very important that the conservation of the hydrological cycle is at the heart of what needs doing. That means retaining basin and catchment boundaries for water companies and Environment Agency (EA) Regions. Sewage treatment is very much part of that.
- The future must, therefore, lie in stronger basin and catchment management, not only in terms of operational logic but in restoring public trust. The WCWC has already provided extensive evidence for a better model in which the lead for the derivation of optimal environmental solutions at an acceptable cost is the EA properly resourced and skilled. Structured formal catchment management is a very good example of systems management referred to by the Commission. It is based on the concept of integrated natural resources management and the WCWC notes that the Commission is aware on progress in Wales on this. The WCWC has advocated a review of River Basin Management, including water resources management, the uses of river quality objectives and the supporting regulations. The mechanics and metrics of compliance in controlled waters need urgent attention. Stronger involvement of local partners including local authorities must avoid creating any new bodies or tiers of delivery.

- Some of what is suggested above for catchment management is vested in Natural England (NE). As a matter of logic, better catchment management must involve not only the EA but NE too. There are too many unconnected initiatives relating to controlled water quality and this is getting worse. The proposals under the Planning and Infrastructure Bill will make the management of catchments more complicated. They need harmonising.
- The future must be focussed on reducing the number of delivery and planning bodies not adding new ones

Migrating the functions of the EA and NE

- This leads on to the structural issues around this review and that of the Corry Review on organisational structure. The WCWC suggests there is a case to be examined on the options for merging the functions of the EA and NE. The WCWC has unique experience in the creation of Natural Resources Wales (NRW) and it would be pleased to share this with suggestions for options for how a new body could be structured. Practical examples of the immediate benefits of an integrated function in NRW were bringing together the work on designated sites with other water management practices particularly in three trial catchments and the introduction of micro hydropower.
- This would be a major step in the practical implementation of systems management as envisaged by the Commission,

Monitoring and compliance

- The WCWC is pleased to see that the Commission recognises the contribution of other sectors such as agriculture. However, the report does not focus enough on highway drainage which needs more inspection and monitoring. The WCWC also agrees with the Commission that regulators should be resourced properly to do this.
- There are several issues raised by the Commission on monitoring, such as that of controlled waters, as highlighted earlier. The setting of targets, monitoring protocols and assessment of compliance must all be framed and measured with exactly the same mechanics and metrics. This essential reality is not understood enough particularly when continuous monitoring backed by AI is advocated for assessment of compliance.
- The WCWC would like to focus on one particular, very high profile, issue; much is being made of the consequences of non-compliance of sewage discharges with permits. The WCWC has pointed out that there needs to be much better agreement on what constitutes non-compliance and has submitted suggestions (along with the BSI, the British Standards Institution) as to how the system can be improved. Many of the other suggestions submitted to the commission are not rooted in statistical rigour. The WCWC has submitted a specific paper on this to the Commission.

8 The WCWC stands ready to assist the Commission further.