

OFFSEN readout: SoS - Water UK Introduction September 2025

Readout

Attendees: SoS, Ruth Kelly (Water UK Chair), David Henderson (Water UK CEO) and David Hallam (Defra Water Director).

Action:

- Water UK to share a briefing note on practical opportunities for reform before primary legislation, including background on the current challenges in the water sector – action complete

Discussion:

- Water UK set out their commitment to support Government and Defra to deliver growth. They referenced the £104bn investment and growth case studies within that.
- SoS welcomed the support, while highlighting that water companies need to avoid escalating costs which impact the customer. Water UK noted how labour and resource (materials) costs are rising due to demand from other sectors e.g., energy and transport.
- The group discussed constrained discretion. Water UK suggested Government could streamline environmental regulation to reduce costs in the sector, citing an example where a nature-based solution (reed bed) would have cost £300k, but regulations required grey infrastructure costing millions. Water UK also pointed to catchment nutrient balancing as a possible area for intervention.
- SoS asked Water UK for ideas of what could be done in the short-term before primary legislation. The group discussed initial thinking off the back of the Independent Water Commission, including:
- Water UK said getting a shadow board and Chair in-place is important, perhaps someone with financial sector expertise. SoS said she wants the discourse to be strong regulation and prefers a narrative about bolstering Ofwat in the interim rather than 'shadow regulator'.
- Close-working and aligned regulation between the EA and Ofwat. Water UK gave a Flow to Full Treatment investigation example of where the regulators may not be aligned.
- Strategic Policy Statement, which Water UK said would be welcomed.
- The group discussed water infrastructure and planning. Water UK noted there is opportunity to streamline the planning system for water infrastructure, but further work is required to address water resources and demand. Water UK pointed to a recent £20bn data centre announcement in Essex, which is also a water stressed area.

- Water UK raised resilience and emergencies. For example, power outages which impact water supply, which are out of the water companies' control. They noted that Ofgem have approx. 40-50 FTE working on resilience.
- Water UK agreed to share a briefing note on practical opportunities for reform before primary legislation, including background on the current challenges in the water sector [**ACTION**]
- SoS asked Water UK to flag successful case studies from their members, such as Thames Tideway Tunnel.