

NORTHUMBRIAN WATER BOARD MEETING

16/07/25

Attendees: MINISTER HARDY, MARTIN WOOLHEAD

Purpose:

The **purpose** of this meeting is to:

1. Address the board members on government priorities for the water sector
2. Reiterate the importance of improving company performance focused on protection of customers and the environment.
3. Better understand the obstacles they see to delivering on PR24 and beyond.

A good **outcome** would be to obtain consensus from the board that they will work with government and regulators to deliver on the company's plans.

Agenda and Points to Make:

ITINERARY:

12.15pm Arrival at Northumbria House

12.30pm Board meeting

1.15pm Lunch

2.00pm Meet Customer Leadership Team

2.30pm Depart for station

ITEM 1: SPEAKING NOTE

- **Set out government priorities that will drive delivery and progress in the industry over the coming years.**
- Make clear there is no excuse for poor performance. Companies need to give us confidence in their plans to deliver and meeting targets.
- Emphasise we want to work closer with Northumbrian Water to deliver on PR24 and beyond and understand the obstacles to delivering their plans

ITEM 2: COMPANY PERFORMANCE

- **The Secretary of State wrote to Northumbrian Water in October 2024 following publication of Ofwat's Water Company Performance Report (WCPR), highlighting four areas of improvement that must be seen:**
- **Reduce Pollution Incidents:** Northumbrian were below target in EPA 2023 with 99 total pollution incidents, after achieving target in the rest of PR19. One of the biggest increases in pollution incidents across the sector with a 65% increase.
- **Improve Treatment Works Compliance:** Northumbrian have failed to meet the performance commitment deadband for the last three years. WCPR 2023-24 showed 98.54% compliance against deadband of 99.00%.

- **Reduce Per Capita Consumption:** Below target in WCPR 2023-24, with 154.7 litres/head/day against a target of 144.4 litres/head/day. Has not achieved target during PR19.
- **Reduce Leakage:** Northumbrian have been below target throughout PR19. WCPR 2023-24 noted they saw an increase in leakage from 2022-23. However, the Essex and Suffolk region has delivered the required leakage reduction for the end of the period (-15.3% change in three-year average leakage from baseline against a target of -10.5%)

ITEM 3: PRICE REVIEW 2024 (PR24)

- **Ofwat set Northumbrian a total expenditure allowance of £6.2bn over 2025-30, a substantial increase from the £3.6bn allowed at PR19. However, they have now appealed this settlement to the CMA.**
- Northumbrian bills are due to increase from £422 (2024-25) to £510 a year by 2030 – a 21% increase.
- Northumbrian Water needs to show they can deliver on their plans throughout this price review period, with their customers and the environment as a focus.

ITEM 4: DELAYS TO WATER RESOURCES IN ESSEX & SUFFOLK REGION

- [REDACTED].
- **Due to planned growth projects in the region, such as Sizewell C, the company need to ensure new supplies are available as soon as possible. This will also help unblock non-household growth restriction currently in place in their Hartismere Water Resource Zone.** They also need more water to meet abstraction licence sustainability reductions which will be imposed by the EA.

Background:

NORTHUMBRIAN WATER:

- **Water and wastewater company in the North East of England, serving c. 2.7 million customers from Northumberland to Teesside and water only services in Hartlepool. Under Essex and Suffolk Water, the company provide water only to c 1.8 million customers**
- **Heidi Mottram** has been CEO since 2010. **Andrew Hunter** was appointed Chair in 2011.
- **Ofwat classified the company as 'Average' in WCPR 2023/24**, remaining in that category from 22/23. The company declined from 'leading' in 2019/20 to 'lagging' in 2021/22.
- The EA's **Environmental Performance Assessment (EPA) 2023 rated Northumbrian a 3-star company.** Northumbrian had been 4 star in 2020 and

2021. Discharge permit compliance underperformance has affected the score with three failing sites in 2023.

- **Essex & Suffolk Water, part of Northumbrian Water Ltd, published its Water Resource Management Plan (WRMP24) in October 2024. The plan proposes to accelerate 3 new supply options to meet future demand in Suffolk: Suffolk Strategic Network, Lowestoft re-use and North Suffolk Reservoir.**
- [REDACTED].

Notable rivers in the region:

- **River Tyne:** The river flows from Northumberland through Newcastle upon Tyne and Gateshead and has played a significant role in shaping the northeast's social and economic development. The river is an important ecosystem that supports a wide range of wildlife and various conservation efforts are in place (e.g. Northumberland Wildlife Trust has established several nature reserves along the banks of River Tyne to protect breeding grounds for wading birds).
- **River Tees:** A significant river in the social, economic and cultural history of Teesside, providing access to the sea via ports in Middlesbrough and Hartlepool. Home to Atlantic salmon, European eel, sea trout, and lamprey.
- **River Blyth, Northumberland:** Flowing through South Northumberland, the river is enjoyed by anglers for cod and mackerel at the estuary.
- **River Blyth, Suffolk:** The river in east Suffolk flows to a tidal estuary between Southwold and Walberswick which is a haven for wildlife.
- **River Crouch, Essex:** Forms the southern boundary of the Dengie Peninsula – an Area of Outstanding Natural Beauty, used for leisure activities and also a thriving habitat for nature.

Q&A:

FINANCIAL RESILIENCE:

Q: [REDACTED]?

- [REDACTED].
- [REDACTED].
- [REDACTED].
- [REDACTED].

ECONOMIC GROWTH:

Q: How will the water sector contribute to wider economic growth?

- Ofwat's expenditure allowance for PR24 will unlock regional economic growth with companies proposing 30,000 new jobs – including 5,000 apprenticeships – across the country to deliver this programme by 2030.
- Through securing our future water supply, we will boost the economy by supporting new housing and business development.

THE WATER (SPECIAL MEASURES) ACT 2025:

Q: What do you hope to achieve with the Act?

- The Water (Special Measures) Act delivers on our manifesto commitment to put water companies under special measures by strengthening regulation to clean up our waters.
- The Act will turn around the performance of water companies, ensuring they are held to account where they do not deliver for customers and the environment. These are the critical first steps in enabling a long-term and transformative reset of the entire water sector.
- The Act introduces the most significant increase in enforcement powers for the water industry regulators in a decade and will give the regulators the teeth they need to take tougher action against water companies in the next investment period.
- However, we are also going further. The independent commission will consider the roles and responsibilities of the water industry regulators and how we can ensure our regulators operate as effectively as possible.

WATER COMMISSION:

Q: What is the aim of the commission?

- The aim of the commission is to ensure the water industry has clear objectives for future outcomes and a long-term vision to support delivery of

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environmental, public health, customer and economic outcomes, alongside an effective and transparent regulatory framework.

- The commission has consulted experts in areas like the environment, public health, engineering, customers, investors and economics, reporting to the Secretary of State for Environment and Wales' Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs by Q2 2025. The interim report was issued on 3 June 2025 and focused around five areas: Strategic Direction and Systems Planning; Legislative Framework; Regulatory Reform; Company Structures, Ownership, Governance and Management; and Infrastructure and Asset Health.