

Government Considers Overhaul of Troubled Water Regulator

July 20, 2025

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The Government is preparing to respond to a long-anticipated review into the United Kingdom's struggling water sector, with expectations mounting that it could trigger sweeping reforms to the existing regulatory framework. The final report, authored by the Independent Water Commission, is due to be published on Monday and may recommend abolishing the Water Services Regulation Authority (Ofwat), the primary body responsible for overseeing water utilities in England and Wales.

The review, led by Sir Jon Cunliffe, former Deputy Governor of the Bank of England, comes amid a storm of criticism directed at water companies and their regulators. Years of underinvestment, rising consumer bills, decaying infrastructure, and record levels of untreated sewage discharge have significantly eroded public confidence. The Independent Water Commission was jointly commissioned by the UK and Welsh governments to identify actionable solutions to address widespread, systemic failures in the sector.

According to early reports, the commission's findings are expected to call for a restructuring of the regulatory model currently divided among three bodies: the Water Services Regulation Authority (Ofwat), the Environment Agency, and the Drinking Water Inspectorate. One option under consideration is the establishment of regional oversight boards, incorporating representatives from local governments, water companies, and environmental stakeholders, an approach aimed at restoring accountability and improving performance on a local level.

Environment Secretary Steve Reed, speaking to The Sunday Times, expressed interest in a catchment-based model, emphasising the importance of managing inputs to water systems as a means of accelerating cleanup efforts. He stated, "If you can manage what's going into the water better, you can clean up the water faster."

The report comes just days after the Environment Agency revealed a staggering 60% increase in serious pollution incidents by water companies in 2024 compared to the previous year. A total of 2,801 pollution incidents were recorded, with 75 classified as causing "serious or persistent" harm to ecosystems and public health. Agency officials attributed the rise to chronic underinvestment and infrastructure neglect, exacerbated by the pressures of climate change.

Also released Friday, a report from the Public Accounts Committee criticised the current regulatory model as inadequate and labelled the level of water pollution across England as "woeful." The cross-party committee urged urgent action to reinforce sector oversight and rebuild consumer trust.

The Government has ruled out nationalising water companies but is reportedly set to launch a formal consultation on reshaping the regulatory system. A spokesperson for 10 Downing Street declined to speculate on the future of Ofwat, stating, "We are waiting for Sir Jon Cunliffe's final report... You can expect us to set out our response after that on what more we will do to turn the sector around."

Alongside the structural reforms, the Environment Secretary is expected to unveil a new pledge to halve sewage pollution by the end of the decade. While further details are pending, the commitment signals a broader effort to restore environmental standards without burdening taxpayers with sweeping financial interventions.

Although a significant investment reportedly £104 billion is anticipated over the coming years, officials suggest it will help prevent major bill hikes in the future by ensuring long-term sustainability and efficiency.

The interim version of the commission's report, released in June, already highlighted deep-rooted and systemic issues but withheld firm policy recommendations. Monday's final report is expected to deliver a more definitive blueprint for reform, one that could redefine how water is regulated in Britain for years to come.