



# Independent Water Commission

**Sir Jon Cunliffe**  
**Chair of Independent Commission - Water Sector Regulatory System**  
**2 Marsham Street**  
**London**  
**SW1P 4DF**

**5 March 2025**

**Dear Members of Parliament, Members of the House of Lords and Members of the Senedd,**

## **Independent Commission for Water – Call for Evidence**

Four months ago, I was appointed by the UK and Welsh governments to chair the Independent Water Commission, looking at reforms to the system. From the stakeholders I have met, it has become clear that there is a common and powerful desire for change.

On Thursday 27<sup>th</sup> February, the Commission launched an eight-week [Call for Evidence](#). Aside from nationalisation, which governments have ruled out, everything is on the table.

There have been achievements since privatisation. Environmental standards have improved. We are a world leader in the safety and purity of our drinking water and sanitation. And water bills have been held down in real terms for many years.

However, the current system is clearly not working. We face a major challenge in restoring trust in the sector and equipping it to face future demands. The public is rightly angry about the condition of many of our rivers and coasts. Investors increasingly view the sector as high risk. Companies struggle with the complexity of the regulatory system. Economic growth is held back because the system lacks capacity. And, as the costs of providing safe water and sanitation inevitably rises with climate change, higher environmental standards and replacement of ageing infrastructure, bill payers need to know they will get what they pay for.

In releasing the Call for Evidence, the Commission is seeking views from a wide range of groups to support its recommendations. The full Call for Evidence is available on Defra's consultation portal, [Citizen Space](#). It includes a shorter but comprehensive Executive Summary. The Executive Summary and Call for Evidence questions have been translated into Welsh, which are available at the same link.

I also attach to this letter a very short summary of the key issues on which we are seeking evidence and five key questions that we are posing. We'd be grateful for your engagement with the consultation, including highlighting it to your constituents where appropriate. We encourage responses through Defra's online consultation tool, Citizen Space. Other options to participate include submission of response by email or post, to ensure this consultation is widely accessible.

The Commission's challenge is to look beyond short-term fixes. It is to make recommendations that will equip a system fit for the future and, crucially, restore over time the trust that has been lost. I encourage all those interested to have their say.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'J. Cunliffe'.

*Jon Cunliffe*  
*Chair of the Independent Water Commission*

# Independent Water Commission Call for Evidence - Summary for parliamentarians

The water sector is facing many challenges. Resolving these will require long-term and transformative change. This is a challenging task but also presents opportunity. The Independent Water Commission was established in October 2024, at the request of the Environment Secretary, to deliver recommendations to government on reforms to the water sector. It is chaired by Former Deputy Governor of the Bank of England, Sir Jon Cunliffe.

The [Call for Evidence](#), published on 27 February 2025, sets out context, issues and areas where the Independent Water Commission is seeking views in relation to the water sector in England and Wales. It aims to gather evidence and opinions from all interested parties on what that change might look like. The evidence gathered will support the Independent Commission as it looks at how to reform the water system, so it can rebuild trust and incentivise a thriving, sustainable sector.

The Call for Evidence covers six broad areas, which are based off issues that have been consistently raised consistently with the Commission. These which are set out below:

<p><b>1</b>      <b>Need for strategic coordination across sectors impacting or interacting with water.</b> A number of stakeholders have suggested that planning, regulation and investment decisions are often kept in silos across different groups.</p>	
<p><b>2</b>      <b>Need for clear long-term planning on water.</b> The Commission has heard that the water sector lacks a cohesive long-term plan. It has also heard that previous targets and vision-setting strategy documents have not always given companies and regulators clear outcomes to work towards. For example, the most recent Strategic Policy Statement from the government set out more than 50 expectations across 4 'strategic priorities' to Ofwat.</p>	
<p><b>3</b>      <b>Complexity and volume of water industry regulation.</b> The legislation around water has become increasingly complex. For example, there were 93 separate requirements in the latest Water Industry National Environment Programme (WINEP) – the environmental obligations that water companies need to follow. That amounts to over 18,598 individual actions, 98% of which are statutory.</p>	
<p><b>4</b>      <b>Concerns about the regulatory oversight of the water industry.</b> The Commission has heard there are areas where regulators' remits overlap and where there are gaps. It has also heard concerns around the mechanisms to secure environmental performance and accountability.</p>	

5	<p><b>The need for fair and stable returns to investors.</b> The water industry needs to be investable to deliver the infrastructure for the future; investor returns must also be fair and proportionate. There will be a quadrupling of new investment from 2025 – 2030 relative to previous levels.</p>	
6	<p><b>The need for an improved infrastructure resilience framework.</b> Operational resilience and the extent to which companies are maintaining existing assets and planning for future challenges, such as climate change, has been raised as a key issue. For example, the majority of mains pipes were built prior to privatisation, and the replacement rate has decreased significantly post 2008.</p>	

The Call for Evidence is structured as follows:

1. **Chapter 1** outlines a brief history of the water industry since privatisation.
2. **Chapter 2** considers the strategic management of water in England and Wales. Currently the water system is facing many competing pressures and demands from a range of sectors. It seeks views and evidence on whether there is a need for coordinated planning between sectors impacting water, and clear direction on priorities and trade-offs.
3. **Chapter 3** looks at the overarching water industry regulatory framework. It seeks views on whether changes are needed to the functions and responsibilities of Government and of the regulators – Ofwat, the Environment Agency (EA), Natural Resources Wales (NRW) and the Drinking Water Inspectorate (DWI).
4. **Chapter 4** considers and seek views on economic regulation, the 5-yearly Price Review process, customer protections, financial resilience, investment and competition.
5. **Chapter 5** looks at and seeks views on the regulation relating to public policy objectives that the water industry needs to deliver. This includes protecting the environment, delivering clean drinking water, protecting water resources and maintaining and upgrading infrastructure.
6. **Chapter 6** looks at and seeks views on water company ownership models. It compares different models across the UK and internationally.

## Examples of questions from the Independent Water Commission's Call for Evidence

The Commission is seeking views from a wide range of groups to inform its recommendations.

We encourage responses to this Call for Evidence through Defra's online consultation tool, [Citizen Space](#). Other options to participate include submission of response by email or post, to ensure this consultation is widely accessible.

We have drawn out five key questions from the Call for Evidence which highlight the range of areas it is seeking views on. These are set out below.

**1. Thinking ahead to what you would like the water system to look like in the future (e.g. in 25 years' time), what outcomes from the water system are most important to you? (selecting highest priority)**

- a. Improved water environment (e.g. healthy habitats for aquatic plants and animals)
- b. Resilient and reliable supply of water for businesses
- c. Water bodies being safe for swimming and other recreational uses (e.g. kayaking, paddleboarding)
- d. Wider public health outcomes (e.g. limiting anti-microbial resistance)
- e. A water system which contributes to Net Zero
- f. Resilience to climate change
- g. Reduced flood risk
- h. Limiting increases to water bills
- i. Aesthetic qualities of water bodies (e.g. no litter or visible sewage residues)
- j. Recreational access to 'blue' (water body) spaces
- k. None
- l. Don't know
- m. Other (please specify)

**2. What changes, if any, do you consider are needed to the framework of water regulators to improve the regulation of the water industry?**

- a. [Free response].

**3. How do you think the Price Review process should balance the need to keep customer bills low with the need for infrastructure resilience?**

- a. [Free response].

**4. Do you believe that the system of environmental regulation, monitoring and enforcement is ensuring water company compliance with environmental standards? (Please select one)**

- a. To a great extent
- b. To some extent
- c. Very little
- d. Not at all
- e. Don't know

**5. What impact, if any, does the type of investor (for example, private equity firms, pension funds) have on water company performance?**

- a. [Free response].