

Unite The Union's Response To the Office for Water Services (OfWat) 2025-6 draft forward programme



1. Introduction

- 1.1. This submission is made by Unite, the UK's largest trade union with over one million members across all sectors of the economy, including manufacturing, financial services, transport, food, agriculture, construction, energy, utilities, information technology, service industries, health, local government and the not-for-profit sector. Unite also organises in the community, enabling those who are not in employment to be part of our union.
- 1.2. Of particular interest to this consultation Unite represents over 32,000 members in the Energy & Utilities sector many of whom are employed directly in the water industry, with over 1.3 million members who are customers in every nation of Great Britain.

2. Response

- 2.1. Unite has grown particularly concerned about the lack of action on behalf of the consumers that according to its legal obligations OfWat was set up to protect. OfWat was not set up to become the mouthpiece of its pay masters (the water industry¹) to government ministers or a body who simply dishes out fines that are insignificant when taken into account the amounts of money squeezed out of this public utility².
- 2.2. The privatisation of the water sector was meant to unleash a flood of investments into the sector which would help with the construction of new reservoirs³ prevent leaks and upgrade the pipes throughout the network, eradicating lead piping⁴ in the process. When privatised there were no such things as fatbergs⁵ as the waste network was regularly inspected removing any build-up of debris. The rivers, lakes and sea were not treated as additional open sewers to take not just the flood waters from downpours but also the excess waste water that is too much for the existing water treatment facilities.
- 2.3. Currently Thames water is having another private company build and maintain the Thames Tideway super sewer system and they are only responsible for collecting the little bit extra from customers for its construction and future use, because they have failed to put in the investment needed. How long will it be before other water areas have no option but to follow suit and get others to put in the investments for new infrastructure like reservoirs and sewers? OfWat in its draft forward programme may need to investigate that possibility as the investment is so dearly needed and will not be coming from the water companies no matter how high the fines grow to be.
- 2.4. The reduction in staffing while the companies are allowed to allegedly increase their profits is criminal. Unite is calling the profits alleged as during their management the industry has collectively sold off huge tracts of land, and milked the sector for all it could while running up

¹ [Ofwat are funded by the licence fees paid by the water companies](#)

² See appendix 2 re the total revenue received by the water companies (where it is stated) in the financial returns.

³ No new reservoirs have been planned or completed (other than those that were in the process of construction prior to privatisation, since the private companies took over. The Banbury reservoir was originally built in 1903 but underwent some maintenance work that completed in 2012 that is the most recent record we could find of major work to improve reservoir capacity.

⁴ [Lead pipes remain a measurable threat to UK health. In one 2022 study 6.2% of the samples we analysed contained lead at concentrations above the UK limit of 10 ppb](#)

⁵ [Or if there were none were allowed to grow to the size of three double decker busses.](#)

debts which if their 2023 accounts are accurate amount to more than £80 billion whilst paying out over £70 billion in dividends⁶.

- 2.5. The relaxation of the cap⁷ on charges is the icing on the cake as it rewards these managing organisations while extracting even more out of the system. The cap was introduced was put there to stop water companies from exploiting their monopoly positions and to protect consumers from excessive water charges for this public utility.
- 2.6. Is it any wonder that Thames Water executives paid each other such huge amounts of money and benefits⁸ and their shareholders such massive payouts while expecting HM Treasury to pick up the pieces of the £16 billion plus debt mountain and then have the impudence to then try and secure a further £3 billion loan at an exorbitant rate of interest while claiming that it will only be enough to see them through till October 2025. If the executives of water companies had to repay all this money, they and their family would be bankrupt several times over, with all their toys taken away, but this is the size of threat that may be required to stop them treating the financial assets of water like monopoly money.
- 2.7. Thames Water and the other water sector company workforces are some of the most hard working yet heavily abused workers in this country, not just because of their reduced numbers and subsequent increased workload but also due to the publics disquiet over the activities of the industries executives and managers.
- 2.8. Unite would therefore like to suggest that the water industry be returned to public ownership with the shareholders and fat cat executives repaying the debts they caused. Nothing can repair the lost time and effort and money that could have been put into the transformation of the water industry into something that respected nature, its customers and staff to be fit for the 21st century rather than the pre Victorian era.
- 2.9. There are a multitude of opportunities that could be realised with a return to public ownership. The least of which is the abolition of OfWat as the organisation that has been ineffectual in preserving the interests of the consumer and allowed this to happen. As stated the whole reason for OfWat's existence was to ensure that the private interests of these corporations did not undermine the service to the consumer, OfWat has failed in that role spectacularly.
- 2.10. Unite would respectfully suggest therefore that if OfWat has a role to play at all in 2025/26 it should be to oversee the return of the water industry to public hands, the recovery of the dividends and unwarranted bonuses and additional benefits awarded to the executives for their efforts in wringing the last drops of financial opportunities from this very tired public utility.
- 2.11. Once back under public hands, run by the local authorities, it will be down to the voters to determine if their councillors are doing a good job or not in rectifying the damage done over the last 35 years. If there is a future role for OfWat it would be to ensure that the local authorities provide fresh water and manage the waste in a fiscally responsible and sustainable manner.

⁶ [According to Baroness Bakewell in February 2024 £65.5 billion had been paid to shareholders](#) by that point in time, [According to the FT £2.5 billion was paid in dividends in 2022 AND 2023 alone](#)

⁷ Ofwat have relaxed the cap on bills increasing them [by an average of 26% according to OfWats own press statement](#), despite the numbers that are in poverty have been only getting worse due to low wages and high interest rates. [In 2023 the Joseph Rowntree Foundation estimated there were 13.5 million people in poverty.](#)

⁸ Attached is a S&P Capital IQ pro report into the compensation paid to Thames Water Executives, in the last five reported years the Executive Compensation salaries averaged £443,800pa but the calculated total compensation was worth an average of £1,101,139 pa each. In the financial year March 2023/2024 over £4.1 million was paid out up from £2.415 million the year before at a time when the company claimed it was struggling to survive.

3. Conclusion

- 3.1. Unite believes that OfWat has failed to live up to the role which it was supposed to play in protecting consumers and has instead overseen an industry which has had the assets wrung out for almost the last drop of capital, allowing debts to expand to more than the industry can afford while shareholders and senior management extracted all they could for their own personal gain.
- 3.2. Ofwat claims it has developed three strategic priorities for 2025:
- Delivering for customers and the environment
 - Enabling growth and addressing long-term challenges
 - Holding water companies to account
- Unite would argue however that none of these priorities for 2025 will do what it says on the tin.
- 3.3. The water industry is on its last legs, expecting the general public to bail them out of a whole of their own making with zero guarantees that this measure will stop the greed of management or the transfer of capital between companies within their ownership structure so that dividends can be paid despite OfWat bans. Unite is not convinced that there will be any growth or any pressure put on water companies until OfWat increases fines into the hundreds of millions, with the proceeds used to take the industry back into public ownership.
- 3.4. Very few nations have a privately owned water industry for this very reason. Private ownership results not in investment but exploitation and greed. Something OfWat was meant to prevent.

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Appendix 1 Total Debts as taken from the financial returns of each water company.

Water Company	3.5%	FY 2023	FY 2022	FY 2021	FY 2020	FY2019
Affinity Water Limited	£ 1,414,640,070	£1,366,802,000	£1,339,554,000	£1,285,434,000	£1,104,762,000	£1,103,200,000
<i>Albion Water Limited*</i>	£?	£-	£13,405,000	£12,780,563	£5,133,000	£3,230,000
Anglian Water Group Limited	£ 10,702,624,500	£ 10,340,700,000	£9,223,800,000	£8,803,400,000	£8,006,200,000	£8,835,600,000
Bristol Water plc	£ 14,593,500	£ 14,100,000	£14,100,000	£413,700,000	£402,600,000	£394,300,000
Cholderton And District Water Co. Ltd.	£ 40,168	£ 38,810	£48,916	£61,709	£44,732	£69,485
Dwr Cymru Cyfyngedig =Welsh Water	£5,600,385,000	£5,411,000,000	£5,120,300,000	£250,300,000	£4,043,500,000	£4,477,500,000
Hafren Dyfrdwy Cyfyngedig	£ 74,266,425	£ 71,755,000	£64,194,000	£36,741,000	£36,390,000	£60,881,000
N. I. Water Clear	£ 28,838,205	£ 27,863,000	£27,841,000	£28,105,000	£28,808,000	£27,798,000
Northumbrian Water Group Ltd	£4,297,734,000	£4,152,400,000	£3,956,700,000	£3,574,600,000	£3,408,600,000	£4,391,200,000
<i>Essex & Suffolk Water</i>	£ 1,250,280	£ 1,208,000	£ 402,000	£ 341,000	£ 287,000	£ 185,000
<i>Northumbrian Water Limited</i>	£5,836,675,500	£5,639,300,000	£3,956,700,000	£3,574,600,000	£3,408,600,000	£4,391,200,000
Portsmouth Water Limited	£ 227,452,635	£ 219,761,000	£221,130,000	£165,299,000	£144,692,000	£130,526,000
Scottish Water Horizons Ltd	£ 14,544,855	£ 14,053,000	£11,880,000	£82,000	£ 122,000	£ -
Severn Trent Water	£8,066,169,000	£7,793,400,000	£7,082,500,000	£6,435,100,000	£6,358,800,000	£6,259,800,000
South East Water	£1,395,610,560	£1,348,416,000	£1,229,021,000	£1,120,817,000	£1,118,689,000	£1,059,326,000
South Staffordshire Water PLC	£ 416,635,110	£ 402,546,000	£361,063,000	£292,729,000	£264,921,000	£295,070,000
South West Water	£3,514,135,500	£3,395,300,000	£3,137,400,000	£2,494,500,000	£2,705,900,000	£2,621,900,000
Southern Water	£6,876,540,000	£6,644,000,000	£5,876,300,000	£6,206,600,000	£5,482,000,000	£5,005,400,000
Sutton and East Surrey Water Plc	£ 332,576,550	£ 321,330,000	£295,690,000	£234,928,000	£212,509,000	£196,211,000
Thames Water Utilities	£ 17,405,698,500	£ 16,817,100,000	£16,111,200,000	£13,500,800,000	£12,995,200,000	£13,448,000,000
United Utilities Water	£ 11,107,413,000	£ 10,731,800,000	£9,277,800,000	£8,507,600,000	£8,830,200,000	£9,172,700,000
<i>Veolia Water UK Limited*</i>	£ -	£-	£46,943,000	£44,791,000	£51,842,000	£48,000,000
Wessex Water	£3,265,735,500	£3,155,300,000	£2,957,900,000	£2,541,800,000	£2,745,100,000	£612,700,000
Yorkshire Water Services	£6,149,142,000	£5,941,200,000	£6,114,300,000	£5,476,300,000	£5,538,700,000	£5,629,400,000
Total Debt	£ 80,904,775,078	£ 79,656,972,810	£72,483,069,916	£61,426,468,272	£63,484,712,732	£63,772,811,485

*Albion Water Holdings and Viola Water's year end in June while the rest in December.

All of these figures have been obtained from S&P Capital IQ pro

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Appendix 2 Total Revenue where stated as taken from the financial returns of each water company.

Water Company	RPI 3.5%	FY 2023	FY 2022	FY 2021	FY2020	FY 2019
Affinity Water Limited	£ 359,818,785	£ 347,651,000	£314,956,000	£319,747,000	£286,782,000	£307,240,000
<i>Albion Water Limited*</i>	£-	£-	?	?	£1,179,000	£1,048,000
Anglian Water Group Limited	£1,734,763,500	£1,676,100,000	£1,549,600,000	£1,452,800,000	£1,390,400,000	£1,455,700,000
Bristol Water plc	£-	?	£115,600,000	£125,500,000	£119,500,000	£125,500,000
Cholderton And District Water Co. Ltd.	£-	?	?	?	?	?
Dwr Cymru Cyfyngedig =Welsh Water	£ 956,754,000	£ 924,400,000	£841,300,000	£807,000,000	£776,200,000	£777,300,000
Hafren Dyfrdwy Cyfyngedig	£ 41,444,505	£ 40,043,000	£38,655,000	£35,044,000	£32,891,000	£32,418,000
N. I. Water Clear	£-	£-	£ -	£ -	£ -	£ -
Northumbrian Water Group Ltd	£ 985,734,000	£ 952,400,000	£899,900,000	£827,200,000	£797,900,000	£938,900,000
<i>Essex & Suffolk Water</i>	£-	£-	£ -	£ -	£ -	£ -
<i>Northumbrian Water Limited</i>	£ 951,061,500	£ 918,900,000	£899,900,000	£827,200,000	£797,900,000	£938,900,000
Portsmouth Water Limited	£ 49,596,165	£ 47,919,000	£45,446,000	£42,670,000	£41,957,000	£43,147,000
Scottish Water Horizons Ltd	£ 16,636,590	£ 16,074,000	£13,192,000	£14,246,000	£15,298,000	£15,094,000
Severn Trent Water	£2,196,270,000	£2,122,000,000	£1,965,900,000	£1,808,900,000	£1,699,500,000	£1,714,600,000
South East Water	£ 291,637,125	£ 281,775,000	£257,482,000	£251,276,000	£248,156,000	£243,481,000
South Staffordshire Water PLC	£ 156,908,070	£ 151,602,000	£146,402,000	£139,419,000	£130,289,000	£129,796,000
South West Water	£ 756,895,500	£ 731,300,000	£566,400,000	£584,600,000	£543,800,000	£571,600,000
Southern Water	£ 917,527,500	£ 886,500,000	£815,700,000	£844,500,000	£819,800,000	£878,000,000
Sutton and East Surrey Water Plc	£-	?	?	?	?	?
Thames Water Utilities	£2,606,337,000	£2,518,200,000	£2,265,200,000	£2,176,900,000	£2,106,700,000	£2,172,800,000
United Utilities Water	£2,016,594,000	£1,948,400,000	£1,816,000,000	£1,844,600,000	£1,797,600,000	£1,849,900,000
<i>Veolia Water UK Limited*</i>	£ -	£-	£ -	£ -	£ -	£ -
Wessex Water	£ 894,136,500	£ 863,900,000	£788,900,000	£731,500,000	£682,000,000	£658,200,000
Yorkshire Water Services	£1,269,945,000	£1,227,000,000	£1,144,700,000	£1,118,500,000	£1,101,100,000	£1,063,400,000
Total Revenue	£ 15,250,998,240	£14,701,764,000	£13,585,333,000	£13,124,402,000	£12,591,052,000	£12,978,124,000

*Albion Water and Viola Water's year end in June while the rest in December.

All of these figures have been obtained from S&P Capital IQ pro

Some of this corporate data is amalgamated into the companies holding company accounts so is not reported.