



PRESS RELEASE

Launch Olympic-style champion for reservoirs or risk increased water bills and missed housing targets – new report

- New reservoir construction plans repeatedly fail due to the objections of siloed regulators that should be cooperating with each other and considering economic growth

London, 28 September 2025 – The Government risks significant increases in consumer water bills and missing its housebuilding targets unless it launches an Olympic-style national champion for reservoirs and hands regional Mayors new powers, a new report, “Reservoir Underdogs”, has warned.

The report argues recent Government reforms like abolishing Ofwat and intervening in two major reservoir projects are welcome, but do not go far enough. RAPID, a regulatory alliance between government departments, has no statutory delivery powers or planning authority.

Creating a long-term champion agency for reservoirs with a clear remit to ensure reservoir construction keeps pace with consumer demand and aligns with large-scale housing and other development projects will align interests.

Mayors should also be handed new powers to fast-track smaller reservoir planning applications by deeming them Regionally Significant Infrastructure Projects, ensuring the urgent water supply needs of upcoming housing developments are met on time.

The report by the Purposeful Finance Commission (“PFC”) argues new reservoir projects are repeatedly killed off by an inefficient regulatory and planning system. Oversight is split between too many fragmented and siloed regulators, including Ofwat, the Environment Agency, the Drinking Water Inspectorate and local planning departments, whose misaligned interests slow progress and cause lengthy disputes. This lack of coordination leaves projects in limbo, actively chokes infrastructure investment, and ultimately drives up the price consumers pay for water.

The report highlights how plans for up to 6,500 homes in Waterbeach, Cambridgeshire, were rejected in 2021 by the Environment Agency on water supply grounds. They were only approved three years later and are now expected to be finished in 2035 - but the Fens Reservoir due to supply them will only be operational a year later. As plans progress, residents in Cambridge will not only face usage constraints, but also risk paying 50% more than today’s rate by the time the reservoir comes into supply.

The PFC and its Advisory Board is an independent body made up of leading combined authority figures, local government leads, investors and other regeneration experts who have come together to identify, understand and overcome the barriers to the development of housing and infrastructure across the country.

Tracy Blackwell, CEO of Pension Insurance Corporation plc and Chair of the Purposeful Finance Commission, said: “A major reason for the UK’s economic underperformance and lack of productivity growth is our inability to deliver major infrastructure and housing projects.

Experience shows that the best way to fix our broken system is to hand responsibility to dedicated delivery bodies that can overcome vested interests and break down siloes. For example, with a single accountable body coordinating across government, utilities, transport, and construction, the Olympic Delivery Authority delivered one of the UK's most complex infrastructure programmes on time and within budget.

"This precedent shows that a similarly empowered delivery agency adapted for the water sector could unlock the reservoirs England now urgently needs, by aligning regulation, planning, investment, and support for housing growth in one strategic framework."

Failed reservoir delivery and the Lessons from London's Olympics

The PFC argues the planning, construction, operation, and financing of reservoirs in England is overseen by bodies with little or no coordination and direction. The Government unveiled plans for a single water regulator in July, but reservoirs went unmentioned in its press release at the time, and the PFC argues the existing regulatory framework won't deliver the reservoirs needed for long-term water security.-

Creating a long-term champion agency for reservoirs, with a clear remit to ensure their construction keeps pace and aligns with large-scale housing and other development projects could be modelled on the Olympic Delivery Authority, which delivered London's 2012 Olympic Park on time and within budget despite being one of the UK's most complex infrastructure programmes.

The agency needs statutory powers to lead delivery, formal authority over planning applications, and the ability to borrow and lend for reservoir construction. It should also be empowered to sign off water company investment in reservoirs whenever needed, building more flexibility into the current rigid system of spending plans agreed only every five years.

Local planning authorities and water companies would both be mandated to demonstrate the unequivocal need for water infrastructure in key policy documents, helping reduce the risks of local opposition by highlighting that inaction could spell drought, hosepipe bans and emergency water bill hikes.

Stephen Beechey, Group Public Sector Director of Wates Group and a PFC Commissioner, said: "Right now, water companies face real difficulty getting clear direction from government on major projects. There is often confusion over which body should take the lead and how to balance competing priorities such as environmental protections versus housing demand. Without stronger, clearer leadership, decisions on reservoirs will continue to drag on and stall progress."

John Long, Director of Igloo Regeneration and a PFC Commissioner, said: "The government's recent announcement to bring the regulators together into one singular body is a major step forward. It could finally deliver the clearer leadership and joined-up approach the sector has been missing, and is important for meeting its target of delivering 1.5 million new homes over this Parliament. But to be effective, this new body must be given the statutory powers needed to drive reservoir projects through planning and delivery."

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Notes to Editors

- 1) The package of reforms would address the situation where no single agency has explicit statutory authority to drive new major reservoir projects, no national policy statement singularly endorses reservoir development, and local planning policy documents often only mention water infrastructure in passing.

- 2) There is no binding obligation on water companies to deliver their water supply plans, or on developers or the Treasury to contribute to new reservoir costs. Water companies risk funding gaps if projects fail or stall, which can spark sharp, sudden bill increases. Current planning rules also leave the government with no ability to fast-track projects below “high arbitrary thresholds” for designating them Nationally Significant Infrastructure Projects.
- 3) The report also highlights how Ofwat rejected the business case for the Cheddar Reservoir in Somerset in 2014, whereas the Environment Agency had no objections.
- 4) No major sites to collect and store water have been completed since 1992, despite the population increasing by 12 million people over that period, and projections for millions more people over the coming decades. The nine new reservoirs promised recently by ministers won’t be ready even in two general elections’ time, and the first reservoir to be built in almost 40 years will only be ready in 2030.
- 5) The PFC’s recommendations follow consultation with leading figures from combined authorities and local government on overcoming barriers to regeneration.

For further information, please contact:

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- **About the Purposeful Finance Commission:** The PFC is an independent organisation bringing together local government leaders, investors, and experts to address the challenges of unlocking long-term private investment and driving regional regeneration.
- **Full Report:** Detailed analysis and the full PFC report is available upon request.