



# Engagement Case Study

## United Utilities

– Response To Sewage Spill Controversy And Sustainability Strategy

**RIZE**  
BY  ARK INVEST

## I. Introduction

We recently held an engagement call with United Utilities (“UU”) to discuss the ongoing controversy surrounding sewage discharge concerns, particularly in relation to alleged illegal sewage spills in the Lake Windermere region. Our primary objective was to understand UU’s response to the sewage spills, its planned investments and actions to address infrastructure challenges, and how these initiatives align with the company’s broader sustainability commitments and affordability measures.

## II. A Systemic Challenge And Evolving Expectations

United Utilities acknowledged that sewage spills are symptomatic of a systemic infrastructure challenge across the UK, given that the country’s drainage networks have historically been designed with storm overflows. While these overflows help prevent widespread flooding during periods of heavy rainfall, they increasingly fall short of contemporary public and regulatory expectations around environmental performance. UU noted that such incidents attract heightened scrutiny in the media and elsewhere, even when their actual environmental impacts vary in severity.

## III. Regulatory Framework And Company Position

The company pointed to the UK Environment Act of 2021 as a major regulatory turning point, marking the first time that specific measures to reduce spills were set out in legislation. In response to increasing scrutiny, UU has proactively engaged with regulators and stakeholders to accelerate investment in infrastructure improvements. Notably, the company has retained a four-star rating from the Environment Agency’s Environmental Performance Assessment and achieved 13 consecutive years of ‘green’ ratings on serious pollution incidents, underscoring its track record in managing pollution risks. Nevertheless, United Utilities recognises the need for ongoing improvements to meet evolving stakeholder expectations.

## IV. Planned Investments And Infrastructure Upgrades

United Utilities outlined several major initiatives intended to reduce the frequency and impact of sewage spills while also strengthening its overall infrastructure and regional economic contributions over the coming years:

- **£13 Billion Investment (AMP8, 2025–2030):** UU indicated that its total investment of £13 billion over this period is geared towards “the things that matter for customers, communities and the environment.” This includes:

- **£5.7bn in Enhancement Expenditure**, incorporating an industry-leading **£2.4bn programme** dedicated to reducing combined sewer overflow (“CSO”) spills by **60%** this decade.
- Improvements in water quality for **over two million customers**, enabling broader economic growth across the region.
- **Annual Asset Base Growth** of around **7%** per annum, expected to bring UU’s asset base to **more than £21 billion** by the end of AMP8.
- Support for **30,000 jobs** and contribution of **£35 billion** in economic value to the North West.
- **Recent Success at Cargo Wastewater Treatment Works.**<sup>1</sup> Following infrastructure upgrades, UU reported a **90%** reduction in spill events at Cargo in Cumbria over a six-month period, demonstrating the potential effectiveness of targeted capital projects.
- **Emphasis on Blue-Green Solutions.** In recognition of the limitations of traditional “grey” infrastructure, UU is trialling **£50 million** worth of blue-green solutions, including enhanced rainwater management systems that minimise runoff and reduce pressure on existing sewers.

## V. Integrating Biodiversity And Nature-Related Initiatives

Beyond immediate remediation, UU is placing greater emphasis on sustainability, particularly in relation to biodiversity. The company has introduced its **first biodiversity performance commitment** as part of its AMP8 plans, reflecting growing investor and regulatory interest in nature-related disclosures. Recognising that water companies’ contributions to poor water quality account for approximately 18% of the total impact on rivers and lakes,<sup>2</sup> UU has secured regulatory approval for a bespoke performance commitment as a part of its business plan. This initiative will facilitate collaboration with other stakeholders, including agricultural landowners and private property owners, to reduce phosphorus levels and improve overall water quality in sensitive and culturally significant areas such as Lake Windermere.

Furthermore, the company has appointed a Biodiversity Strategy Manager to oversee the integration of biodiversity-focused initiatives across its operations. We intend to conduct another engagement with the Sustainability Team at UU once the biodiversity plans are published.

## VI. Affordability Measures And Support For Vulnerable Customers

In addition to environmental sustainability, United Utilities has demonstrated a strong commit

to addressing affordability concerns for customers. Recognising the financial pressures associated with rising utility costs, UU has committed **£525 million** to an affordability support package, with **£200 million directly funded by shareholders**. This initiative aims to provide financial assistance to approximately 590,000 customers – equivalent to one in six households – by 2030. To facilitate accessibility, UU proactively identifies customers struggling with bill payments and offers tailored solutions, including discounted tariffs and flexible payment plans. The company also expressed a positive stance towards the introduction of a national social tariff, a policy currently under discussion in Parliament, which could help streamline affordability measures across the UK.

## VII. Looking Ahead: Rebuilding Trust And Ongoing Monitoring

United Utilities' leadership expressed their awareness of the reputational challenges posed by ongoing sewage-related controversies. They acknowledged that while the historic design of the UK's wastewater network has made storm overflows an unavoidable reality, the company is committed to minimising these events through strategic investments and regulatory engagement. They also emphasised the importance of rebuilding public trust by improving transparency, ensuring rigorous environmental monitoring, and demonstrating meaningful progress on spill reduction and biodiversity preservation.

Looking ahead, United Utilities intends to monitor the long-term effectiveness of their infrastructure investments and sustainability initiatives, using phosphorus reduction and biodiversity impact assessments as key indicators of progress. They are also engaged in ongoing dialogue with regulators to ensure that future policy developments align with both environmental and economic priorities.

## VIII. Our View

Through our recent engagement with United Utilities, we have gained further confidence in its long-term investment strategies and commitment to environmental impact. As a key player in water infrastructure, United Utilities aligns closely with our thematic investment focus on addressing pressing environmental challenges, making it a strong fit for the Rize Environmental Impact 100 UCITS ETF. While the company faces immediate hurdles such as sewage spills, its substantial financial commitments, proactive regulatory engagement, and transparent communications underscore its potential for significant, positive long-term impact.

This engagement also shed light on the broader operational realities of the UK's water sector and the evolving regulatory landscape. We will continue our dialogue with United Utilities' sustainability team, particularly once its biodiversity action plan is finalised, to ensure the company's strategies remain in line with best practices in environmental stewardship, affordability, and overall impact.

## V. References

1. United Utilities. 2025. “Agile approach leads to dramatic impact in Cumbria case study.” United Utilities.
2. House of Lords Library. 2025. “River pollution and the regulation of private water companies.” House of Lords Library.

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