



FAO:  
OFWAT  
18 June 2025

**Response to Consultation on Wonderful Windermere BPC – Request for Oversight and Independent Review**

Dear,

I am writing in relation to United Utilities' (UU) current proposals for the Wonderful Windermere bespoke performance commitment (BPC), as part of the forthcoming Asset Management Plan 2025–2030 (AMP8).

As you may be aware, UU launched its stakeholder consultation on this proposal on 9 June, providing only seven working days for review and response. This is wholly inadequate to ensure a thorough response, particularly given the potentially far-reaching environmental, financial and regulatory implications for the Windermere catchment and the people of the North West. It contradicts statements surrounding the BPC, including that *“there should be active engagement on the optimum way to meet these requirements to foster trust in the scheme.”*

Further to this, UU has limited the scope of the consultation. Only four questions have been presented for response, which, as we will demonstrate below, is inadequate for a thorough assessment to be undertaken.

It is imperative that this performance commitment serves as a genuine mechanism for environmental improvement, rather than devolving into another greenwashing exercise by a private utility with a well-documented history of illegally discharging sewage into Windermere. As it stands, the proposed methodology, combined with historically weak enforcement, risks reducing the BPC to a procedural box-ticking exercise. Rather than delivering meaningful accountability, it could facilitate unverified claims of phosphorus reductions, providing financial benefit to the company without delivering robust, evidence-based environmental outcomes.

We are particularly concerned that both UU and the Environment Agency (EA) have already failed to meet the first key milestone of this commitment: by 1 March 2025, they were required to agree a process for assessing the monitoring and compliance of third-party assets. This foundational step was not completed. Ofwat has stated clearly that *“failing to do so [report by March 1st] will result in the company being unable to claim outperformance under this performance commitment.”*

In light of this failure and the broader concerns outlined below, we have no confidence that the BPC will fulfil its stated purpose under the current methodology put forward for consultation.

Below, we outline specific concerns relating to the structure, methodology and integrity of the proposed performance commitment.

## I. The Underlying Model: SAGIS

Our first concern relates to the use of the SAGIS model by the Environment Agency and we wish to reiterate the issues raised prior to the final AMP8 determinations. SAGIS was developed and remains maintained by UK Water Industry Research (UKWIR), a private body funded by the water industry. This proprietary model forms the technical foundation for phosphorus apportionment into Windermere and is being used to justify key investment decisions, including those associated with the proposed Bespoke Performance Commitment.

The current version of SAGIS has not undergone independent peer review or public scrutiny in over a decade, despite substantial changes in the model over that time. Access to the model's assumptions, calibration and methodology requires the purchase of UKWIR reports at a significant cost, and it is unclear whether the purchase of a license includes access to the source code, which would be essential for any meaningful independent validation or stress testing of the outputs. This lack of transparency breaches the UK Government's Technology Code of Practice, which advises public bodies to *"use open-source software to improve transparency, flexibility, and accountability."*

Despite this, SAGIS continues to underpin the allocation of billions of pounds in environmental investment. The model is central to the justification of the BPC, with United Utilities stating in its August 2024 proposal to Ofwat: *"to measure performance, the model will be re-run at the end of each year and compared to the 2023 baseline. This would be externally assured,"* and further asserting that *"the majority (over 60 per cent) of phosphorus inputs are non-water industry sources."* Both statements appear to rely on outputs from the SAGIS model.

This claim of parity between United Utilities' phosphorus contributions and those from other sectors is a fundamental pillar of the BPC, but one we believe to be deeply flawed. Critically, Ofwat has not provided any evidence of independent evaluation or due diligence to validate the SAGIS model or to assess its suitability for such high-stakes decision-making.

Given the scale and significance of the decisions being based on SAGIS, we strongly contest its suitability and call for a fully transparent, peer-reviewed assessment of its calibration, assumptions, source code and outputs. This should be a priority for Ofwat, as the regulator responsible for safeguarding the integrity of environmental investment and the spending of customer money.

For further technical detail on our objections, please refer to my letter dated 26 August 2024. In that response, we demonstrate why agricultural contributions in the catchment appear to be significantly inflated by the SAGIS model.

## 2. Potential Profit and Use of Public Funds

Secondly, there are serious concerns about the scale of potential profit United Utilities could derive from this scheme. The methodology lacks transparency around how financial incentives are calculated, creating a significant risk that the BPC could function more as a vehicle for commercial gain than genuine environmental improvement. This concern is especially troubling given the use of public funds and the current public attention on the Windermere catchment, promoting the idea that actions are being taken to address water quality.

At a minimum, UU or Ofwat should be required to publish:

- A clear explanation and supporting methodology on how performance incentives are determined;
- Clarity on who will be responsible for independently verifying the cost-efficiency of interventions;
- Confirmation of whether a clawback mechanism exists in cases of underperformance or reliance on modelled outcomes rather than real-world results.

As it stands, estimating the true financial upside for UU is difficult. Based on our understanding of current documentation, UU would be paid £661 per kilogram of phosphorus (kgP) reduced annually, up to a five-year capped target of 1,899.9 kgP. However, if UU is permitted to receive payments beyond this target, at the same price, the opportunity for profit increases substantially. Below we outline just one example, however, many more profit generating scenarios exist under the current methodology.

	Annual targets of P removal (kgP)	Hypothetical % delivered of 1,899.9 kgP cap per annum	Total P reduction against 1,899.9 kgP 5 year limit (kgP)	Cost recovered from the customer [above inflation]	Additive impact as each increase becomes the new baseline for the following year
2025	9.5	10%	190	£119,304	
2026	38	15%	475	£288,840	£408,144
2027	38	20%	855	£540,007	£948,152
2028	57.7	25%	1330	£840,944	£1,789,096
2029	77.4	30%	1900	£1,204,673	£2,993,768
2030 total profit		100%			£6,139,160

- Total P reduction against 1,899.9 kgP 5 year limit (kgP) = (1899.9 × 'Hypothetical % delivered of 1,899.9 kgP cap per annum' 2026) + Previous Years 'Total P reduction against 1,899.9 kgP 5 year limit (kgP)'
- Cost recovered from the customer [above inflation] = ('Total P reduction against 1,899.9 kgP 5 year limit (kgP)' - 'Annual targets of P removal (kgP)') × 661
- Additive impact as each increase becomes the new baseline for the following year = Cost recovered from the customer [above inflation] Previous Year + Cost recovered from the customer [above inflation] Current Year

While the Windermere figures may appear modest in isolation, if replicated across UU's operating region or nationally, this framework could lead to billions in customer charges without corresponding environmental outcomes. This underscores the critical importance of robust, transparent, and independently verified methodologies to ensure that phosphorus reductions are genuine and not merely modelled outcomes and to validate both the environmental and financial integrity of such schemes.

### 3. Methodological Concerns

The proposed methodology lacks scientific rigour, transparency, and reliability. Evidence to support key aspects of the approach is inadequate, namely, the model assumptions, calibration processes, source coding, and the design/appropriateness of sampling regimes capable of accurately demonstrating the genuine impact of land-based interventions or reductions at private sewage plants.

This raises concerns about data integrity and the potential for manipulation. Specific issues include:

- No explanation of how reductions from third-party assets will be achieved;
- Reliance on modelled reductions where sampling is *"not possible due to access, safety, or discharge frequency limitations,"* creating scope for manipulation;

- Undefined agricultural sampling strategies, deferring detail to EA and Love Windermere governance groups (*“each catchment is different... the exact details of the sampling required will be agreed as necessary with EA and the Love Windermere governance group...”*);
- Acknowledgement that pre-intervention sampling in 2025 and 2026 is already unrepresentative due to regulatory delays. As a result, early data collection will rely entirely on assumption-based modelling rather than real-world measurements, undermining the credibility of the entire baseline, and rendering any future claims of improvement unverifiable and vulnerable to manipulation;
- Predetermined assumptions and occupancy averages do not take into account real-world variation in household sizes or treatment effectiveness and no evidence is provided to explain how this will be taken into consideration, introducing a systemic risk of misreporting;
- Usage of ambiguous terms such as *“above and beyond legal requirements,”* which remain undefined in operational terms, particularly given variability in private treatment performance and fluctuating pollutant loads at individual sites. In practice, a site may be non-compliant during one inspection and compliant the next, undermining UU’s preferred approach. Without a clearly defined framework for what constitutes *“above baseline”* or *“above statutory obligations,”* there is a real risk that UU could claim credit for simply meeting existing legal requirements;
- Over-reliance on EA oversight despite its known resourcing and enforcement failures;
- No requirement for catchment sampling or schedule for validating modelled phosphorus reductions, despite UU stating it will *“work with the EA... where appropriate,”* creating potential loopholes in monitoring and assurance;
- Models may be updated at UUW’s discretion, creating a clear conflict of interest, especially in year five when only modelled values will be used to assess performance, introducing a high risk of performance inflation;
- Spot sampling poses a significant data representation risk, with early years relying on just 3–12 samples per intervention and reductions permitted if results *“align”* with predictions. Conclusions will be drawn from small sample sizes against modelled baselines, introducing high error margins and cluster bias. UU also refers to including varying through-flow rates but provides no detail on how this will be achieved;
- Sample analysis and interpretation will be carried out by UU itself, despite ongoing concerns about the reliability of Operator Self Monitoring data at its sites—this is inappropriate without independent verification;
- Concerns around the use of ADAS Farmscoper, developed as part of a DEFRA project, which seems to be owned and developed by ADAS, part of the RSK Group, which includes WGM Engineering, a contractor for UU’s capital works programme, as well as MWH Treatment. MWH’s recent Integrated Constructed Wetland at Southwaite Wastewater Treatment Works (WwTW) lacked evidence of effectiveness and post-implementation analysis actually showed increased environmental phosphorus loading, despite UU claiming reductions. The consultation provides no transparency on how Farmscoper works, whether it is appropriate or what assumptions it uses, and the governance structure fails to ensure impartial review of its outputs;
- Ambiguity around UU’s statement that farm interventions should occur in the *“same geographical location, preferably upstream”* of Windermere; this should be clearly defined as a mandatory requirement, in order to ensure all interventions take place upstream to ensure effectiveness and prevent implementation from occurring outside of the Windermere catchment;
- Reductions from agricultural sources are based on vague *“fair share”* baselines, with no transparent methodology or stated confidence levels. These figures appear to rely on models like SAGIS, already flagged as unreliable. Assumptions around current intervention uptake are a core issue. Assumed uptake levels for farm interventions are generally low, except for a 40% rate estimated for riparian buffer strips and fencing. This raises two

concerns: these low baselines may exaggerate the agricultural sector's phosphorus contribution, and they allow for effectiveness to be overstated by claiming high gains from an artificially low baseline.

This response outlines just some of our concerns with the proposed methodology and is constrained by the fact that United Utilities has allowed just seven working days for consultation.

#### 4. Illegal Sewage Discharges

There is mounting evidence of illegal sewage discharges in the Windermere catchment that have not been adequately investigated by either Ofwat or the Environment Agency.

Independent analysis of United Utilities data, obtained by Save Windermere and analysed by Professor Peter Hammond of Windrush Against Sewage Pollution, shows that between 2018 and 2024, there were over 600 days with illegal sewage discharges across the catchment. The most recent analysis, focused on the past year alone, identified the highest number of illegal discharge days to date, with every monitored site around Windermere (i.e. equipped with an Event Duration Monitor) found to have discharged illegally.

Offering a bespoke performance commitment, enabling a water company to go beyond its statutory duty, should be contingent on a water company clearly demonstrating full compliance with its statutory obligations. At present, UU is failing to deliver the level of service that customers have paid for. Evidence of insufficient capacity, repeated permit breaches and ongoing issues such as network infiltration all point to systemic underperformance and underinvestment. Ofwat itself stated in its December 2024 documentation that *“the company will ensure that the activities it undertakes and the phosphorus reductions it claims in relation to this performance commitment only relate to improvements that go beyond third parties' legal obligations, and are consistent with the proper carrying out of its functions as a water company.”*

Rewarding United Utilities with performance incentives while these serious breaches remain unaddressed would not only be premature, it would fundamentally undermine public trust and the principle of regulatory accountability.

This also reflects the broader failure of Environment Agency oversight in the Windermere catchment, reinforcing our view that the EA is not suitable to provide governance or assurance for this performance commitment.

#### References:

[Prof Peter Hammond \(12 Nov 2024\) – 501 days with illegal discharges of untreated sewage by United Utilities to Lake Windermere and nearby watercourses 2018-2023](#)  
[The Guardian \(16 Nov 2024\) – ‘It’s a national disgrace’: fury at sewage-filled Windermere over toxic algae and dead fish](#)  
[Prof Peter Hammond \(7 Mar 2025\) – 140 days with illegal discharges of untreated sewage by United Utilities to Lake Windermere and feeder watercourses in 2024](#)  
[BBC \(31 Mar 2025\) – Record number of illegal sewage spills in Windermere last year](#)

#### 5. Governance and Conflicts of Interest

Finally, we must bring to the attention of Ofwat, the significant and deeply concerning conflicts of interest within the Love Windermere partnership. The growing concern around these conflicts is likely to be exacerbated by the current proposal. Without independent oversight, there is a real risk that funding will be diverted away from addressing non-compliance at United Utilities' assets and instead channelled to partner organisations responsible for implementing aspects of the BPC. The consultation offers no assurance about how interventions will be delivered or by whom, creating further potential for exploitation. This risk of manipulation to benefit Love Windermere and its member organisations is underscored by UU's own admission that *“through this performance commitment UUW will be able to support driving further improvements through partnership work, and on a scale it otherwise would not be able to achieve.”*

To date, six of the seven core non-regulatory partners in the Love Windermere partnership (excluding the Environment Agency and United Utilities) have received funding from UU within the last five years. In total, organisations within and outside the partnership that have been engaged in this consultation have received in excess of £5.9 million in that period. This includes the National Trust, South Cumbria Rivers Trust, the Lake District National Park Authority, Westmorland and Furness Council, the UK Centre for Ecology and Hydrology, Cumbria Tourism and The Lake District Foundation.

In addition, some individuals involved in governing the Love Windermere partnership also sit on the boards of member organisations receiving funding from United Utilities—further undermining the partnership’s independence. We have attached documentation obtained from United Utilities detailing these payments in Appendix 1, along with other eNGOs in the North West which demonstrates funding in excess of £17 million. This list is not exhaustive.

These financial relationships raise serious concerns about impartiality, especially as key decisions (e.g. what qualifies as an “intervention,” or whether sampling is “prevented”) rest on the subjective judgment of the governance group, identified by UU as the EA and Love Windermere partnership. This structure provides no independent third-party validation, no defined decision thresholds and no audit mechanisms. As a result, we do not believe it is appropriate for Ofwat to permit the current proposed governance structure for this scheme.

Given that the water company’s primary responsibility should be to use customer bills to remedy failures, ensure compliance and address environmental harm from its own assets, any framework that diverts scrutiny or funding away from these obligations, without full transparency and independent accountability, is unacceptable. Nothing in the current methodology offers confidence that this risk has been mitigated.

Given the wide-reaching implications of this BPC across the water industry, it is of national importance that any such scheme is subject to rigorous oversight to ensure public money is spent appropriately and not governed by those with clear conflicts of interest or vested interests in delivery of the interventions.

## **6. Questions for Ofwat**

We request that Ofwat publicly answer the following:

- Has Ofwat conducted, commissioned, or even reviewed any independent technical assessment of the SAGIS model prior to accepting its use for regulatory decisions? If not, why is Ofwat permitting a proprietary, and opaque tool to inform public environmental spending?  
The SAGIS model underpins the BPC’s environmental and financial claims. Without independent scrutiny, the scheme’s legitimacy is fundamentally undermined.
- Given the clear financial relationships between United Utilities and multiple Love Windermere partners, does Ofwat consider it appropriate for these organisations to provide oversight of such a significant regulatory scheme? Furthermore, what measures will Ofwat put in place to ensure that governance of the BPC is genuinely independent, free from financial dependency, and protected from conflicts of interest?  
Oversight by financially linked organisations threatens the integrity of the scheme and risks public money being misallocated without challenge.
- What steps is Ofwat taking to ensure performance inflation is prevented, especially where United Utilities is allowed to self-report modelled outcomes in place of actual measurements?  
There is a clear risk that performance will be overstated using unverifiable assumptions rather than independently validated environmental data.

- Will Ofwat commit to independent third-party validation of all claimed environmental outcomes under this BPC, and to making these assessments public? If not, how does it propose to avoid a repeat of prior failed assurance regimes?  
Allowing UU to assess its own performance (e.g., via self-sampling or model control) creates a serious conflict of interest.
- What enforcement powers will Ofwat use if United Utilities fails to meet future BPC milestones or if modelled outcomes diverge from actual environmental results?  
Without clear enforcement consequences, the scheme risks becoming a performance commitment in name only.
- How does Ofwat define “above and beyond legal requirements” in the context of this BPC, and how will it ensure companies do not claim rewards for meeting baseline statutory obligations?  
This phrase is vague and open to abuse, especially when many interventions may only bring assets into compliance.
- How will Ofwat address the use of tools like Farmscoper, developed by organisations with financial ties to UU, and ensure that modelling inputs and outputs are independently governed and publicly transparent?  
Model integrity is essential, particularly when tools are owned by those with vested interests.
- What level of confidence does Ofwat have in United Utilities’ delivery of this scheme, given its failure to meet the March 2025 milestone?  
This failure raises questions about UU’s capability and commitment to delivering on core components of the BPC.
- Who is paying for each class of intervention, and how is financial accountability ensured?  
It remains unclear what proportion of costs will fall on customers, landowners, or public funds—and how value for money will be demonstrated.
- How will farmers be compensated for land-based interventions given the granting already available under Countryside Stewardship (CS), Environmental Stewardship (ES), and Sustainable Farming Incentive (SFI) schemes?  
Farmers must be compensated and incentivised fairly in line with current land based schemes.
- Will Ofwat require public disclosure of all model assumptions, baselines, and sampling regimes used in performance assessments under this BPC?  
Transparency is vital for public scrutiny, especially when models replace direct measurement.
- How does Ofwat ensure that any financial incentives linked to phosphorus reductions reflect actual environmental improvements, not just changes in modelling or assumptions?  
Real-world outcomes must drive payments, not internal model recalibrations.
- Will Ofwat impose limits or caps on the total financial upside UU can receive through modelled reductions, especially where interventions lack field data?  
Open-ended incentives create the risk of disproportionate profit without commensurate benefit.
- What specific interventions does United Utilities propose on third-party assets?  
The methodology lacks any detail on what practical steps will actually be taken to reduce phosphorus inputs on non-UU assets.
- What is Ofwat’s plan for scaling this BPC nationally, and how will consistency and oversight be ensured?  
Save Windermere is concerned that the Windermere pilot could set a precedent for other catchments, making it vital to establish safeguards before any national rollout.

## 7. Our Asks

We urge Ofwat to take the following actions before accepting any aspect of the proposed BPC:

- Conduct a full investigation into evidence of non-compliance in the Windermere catchment and assess the extent to which United Utilities is fulfilling its statutory duties;
- Open a formal public consultation on the BPC methodology, running until the end of the year, to allow input from independent experts and voices outside the politics of the Lake District National Park;
- Establish independent oversight of the BPC, with all organisations receiving financial contributions from United Utilities excluded from the governance structure. This oversight body should include impartial stakeholders such as landowners, farmers and community representatives;
- Provide a clear framework for landowner compensation, ensuring any payments for land-based interventions are fair, transparent, and aligned with existing DEFRA schemes such as CS, ES, and SFI;
- Require the use of independent, publicly accessible modelling tools and real-time sampling, ensuring that claimed reductions are evidence-based and verifiable through direct measurement rather than untested models.

## 8. Conclusion

The proposed methodology suffers from significant ambiguity, reliance on unverifiable models, and serious governance failings. It falls far short of the standards required for scientific integrity, regulatory accountability, and transparent measurement.

Restarting this process with a new, independently governed, measurement-led framework is not only justified, it is essential. Ongoing issues of non-compliance, dependence on opaque modelling, and unresolved conflicts of interest among consulted parties further undermine the credibility of this commitment.

In its current form, the BPC risks functioning as a vehicle for reputational and financial gain rather than genuine environmental improvement. Save Windermere has long warned about the risks posed by this scheme. The evidence presented now confirms those concerns.

Yours sincerely,

## Appendix I: Funding provided by UU to organisations in the North West

	Engaged in WW BPC Consultation	Member of Love Windermere	2019	2020	2021	2022	2023	2024	2025	Total
Cumbria Tourism	✓	✓		£10,000	£10,000	£30,000	£25,000	£10,000	£10,000	£95,000
Lake District National Park	✓	✓		£149,586	£168,983	£111,200	£139,734	£149,720	£2,600	£721,824
The Freshwater Biological Association				£49,934	£103,201	£151,140	£100,312	£30,869		£435,456
UK Centre for Ecology & Hydrology	✓			£4,673	£57,388	£225,437	£202,036	£258,693	£23,022	£771,249
Westmorland and Furness Council	✓	✓					£1,636,859	£1,588,940	£377,376	£3,603,174
The National Trust	✓	✓			£19,500	£9,500	£28,660	£26,387		£84,047
South Cumbria Rivers Trust	✓	✓		£111,643	£108,000	£59,996	£150,435	£124,224		£554,299
The Lake District Foundation	✓	✓								£103,500
The National Rivers Trust						£1,000	£1,575,264	£1,440,642	£1,022,737	£4,039,643
The Eden Rivers Trust				£49,750						£49,750
West Cumbria Rivers Trust			£1,800	£171,943	£176,909	£219,667	£181,773	£312,821		£1,064,913
The Welsh Dee Trust				£16,126	£13,500					£29,626
Wyre Rivers Trust				£255,450	£20,000	£60,000	£215,000	£1,350,379		£1,900,829
Mersey Rivers Trust				£75,886	£181,906	£84,279	£70,989	£25,000		£438,061
Eden Rivers Trust						£1,347	£82,089	£244,042	£1,459	£328,937
The Lune Rivers Trust							£50,000	£127,640	£1,000,730	£1,178,370
Ribble Rivers Trust			£57,842	£28,448	£4,511	£5,000	£432,176	£1,210,482		£1,738,459
<b>Total</b>			£59,642	£923,439	£863,899	£958,565	£4,890,329	£6,899,839	£2,437,924	£17,137,137
<b>Total</b>	£5,933,092.78	£ 5,161,843.81								