

Funding

Neither Severn Trent Water (STW) and/or Yorkshire Water (YW) have the resources to afford new or raised reservoirs. Government borrowing at a time of the cost of living crisis is such that they will not want to be involved if at all possible. Funding might arise from a state or sovereign fund but if this were to happen, the asset would be owned abroad and STW customers would be at the mercy of international relations. There are 2,668 billionaires worldwide. Northumbrian Water has been owned by several companies within the empire of a Hong Kong businessman although 25% was sold off in 2022.

An alternative solution which has not been denied by STW could be the existing model for financing the £20 billion new London sewer with the setting up of a new company Thames Tideway from which Thames Water buy services. So, STW could create an entirely separate company which was not linked to them in any respect. The new company would issue guaranteed return bonds underwritten by the Government which would be very attractive to major investment companies. Once the proposal was accepted and signed off, STW would step back and leave the new company to bear responsibility. However, civil engineering projects routinely go over budget. In March 2023, the BBC reported that in respect of the high speed railway line, HS2, estimates of £33 billion outlined in 2010 had risen to at least £71 billion with one estimate putting the total above £100 billion and now sections are being delayed due to cost. If the UDVRE costs exceeded investment, the new company would simply go bankrupt. The shortfall in dividends would then have to be met by taxpayers and there would be no financial implications for STW except that they would ultimately obtain a very cheap asset. On 11th April 2022, the cost of raising Derwent and Howden Dam walls was estimated at £664,000,000 and an entirely new wall at £1,100,000,000. By now, as with HS2, it is probably far higher.