

MURRAY MCINTOSH

May 2025

THE **WATER** INDUSTRY LABOUR REPORT



FOREWORD

Welcome to the 2025 edition of The Water Industry Labour Report.

Last year, we surveyed nearly 4,000 engineers from across the water industry to better understand their views on the employment-related challenges facing the market.

This year, we've gauged the views of even more specialist engineers, surveying 4,391 professionals across varying locations, roles, seniority and experience levels, to provide the most comprehensive and data-backed overview of the market.

It's no secret that the water industry has faced major challenges in recent years, more so than most other comparable markets. Public and Government scrutiny, rising consumer costs, issues around sewage and hygiene, and severe financial struggles impacting some of the country's largest frameworks have all taken their toll. That's ahead of the Cunliffe Review being published, which will likely highlight further problems for the UK industry to tackle.

This external pressure has come at a problematic time; the start of this year signalled the launch of AMP8, the largest Asset Management Period yet, with over £104 billion in funding granted for the next five years, and significant focus placed on the industry to deliver key projects in a highly pressurised environment. This finance doesn't even cover the delivery of several major projects, which fall outside of the remit of funding agreed within PR24.

The scrutiny only adds to the challenges facing organisations across the industry, but in reality, the core, fundamental and foundational issue impacting whether projects go ahead, are delivered on time, or go way above budget - or not - is people. Without the right skilled engineers, the industry grinds to a halt and with water, that simply isn't an option.

In our inaugural study last year, we shared trends and insights that sent shockwaves through the heart of the industry. The headline finding was that 'skills and employment' was listed as the single biggest issue facing water, with respondents reporting this as a more critical problem than any of the aforementioned challenges.

Equally, the 2024 research also showed that seven in 10 engineers were considering leaving the industry entirely over the next three years, with the nuclear and renewables markets the most popular destinations of choice. Compounded by skills shortages, and with one-fifth of the industry planning to retire by 2030, the report reinforced that solutions needed to be identified, and fast.



However, while the industry has continued to deliver and keep the taps running, the recent Thames Water BBC documentary revealed that little progress has been made in the past year in a number of critical areas. The organisation should be praised for its transparency in opening its doors like never before to reveal the sheer scale of the challenges it was facing. But as one engineer featured in the programme claimed, 'we need more people'. That is the core issue facing water highlighted more succinctly than ever before.

We are excited to launch this year's report which shines a spotlight on the evolution seen over the past 12 months and uses data-backed insights to show what has changed in that timeframe. This year's survey sought more qualitative data than last, which we feel provides more colour and offers deeper insights into engineer sentiment in the current climate. We have analysed a range of topics and subjects within the water industry skills market, including reviewing the ongoing disconnect between employers and engineers, which is only fuelling talent droughts. However, our analysis suggests that the talent crisis has only worsened over the last 12 months, which should sound alarm bells for employers as we move into AMP8.

This data offers a glimpse into engineer drivers, motivators and challenges; we hope it helps all parties operating within the national framework and throughout the supply chain with their strategic recruitment activities and aids them in capitalising on the opportunities presented to them in 2025 and beyond. We welcome your views and opinions on our data, the hiring crisis, and how the industry collectively can rescue itself from such a challenging situation.

Adam Cave

MANAGING DIRECTOR & FOUNDER - MURRAY MCINTOSH

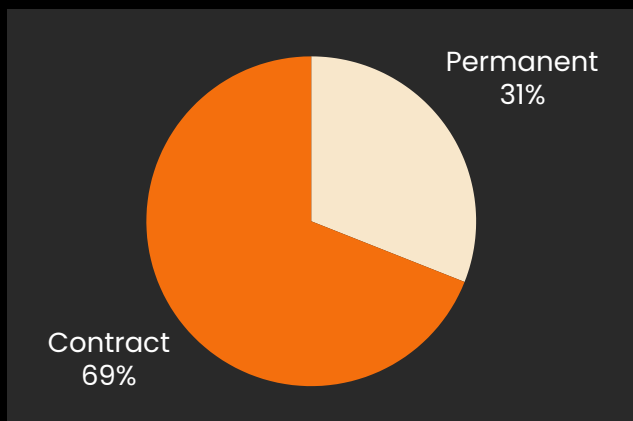


METHODOLOGY

To produce this study, we surveyed 4,391 engineers from across the industry in the UK on a fully anonymous basis, and with respondents from a broad range of backgrounds and experience levels.

The graphs below outline the demographics, experience levels and employment types of our respondents. A more detailed breakdown is available on request

Employment Type



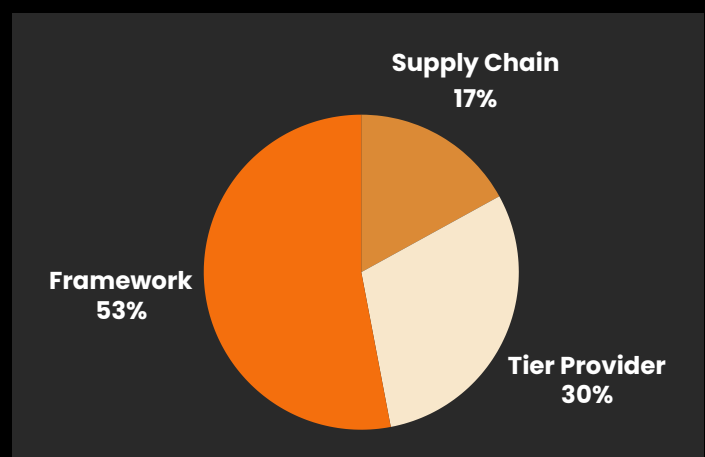
Experience Levels



Region Operated Within



Current Employer Category

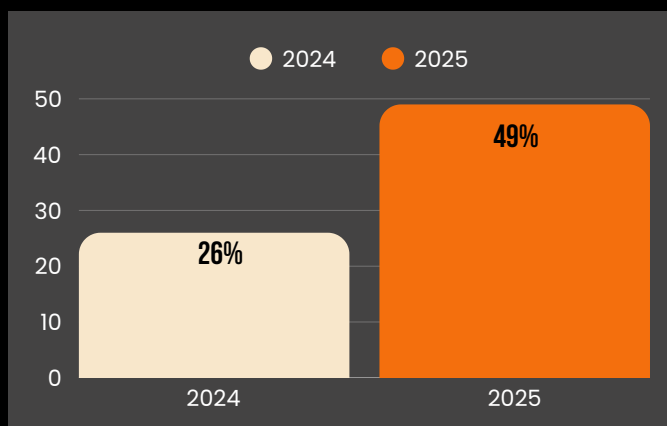


2025 KEY FINDINGS & EXECUTIVE SUMMARY

While the range of other challenges facing the water industry tend to grab the headlines, it is those issues that are simmering under the surface that are raising the most alarm amongst the engineering workforce. They are at the coalface of this environment and will see and experience the problems facing the water sector first-hand.

KEY TAKEAWAYS

► **Workforce woes:** 49% of water engineers say the size of the skilled workforce is the key problem – 39% said it was the scope of AMP8



Once again, the talent crisis is listed as the number one problem facing the industry, with shortages and the overall size of the skilled workforce being listed as the key challenge by nearly half (49%) of the workforce; up from 26% in last year's study, highlighting how skills shortages have only intensified over the past 12 months. Equally, the intimidating scope and scale of AMP8 is unsettling many professionals.

► **Taking a toll:** Engineers said the industry is in 'panic stations' and 'projects will be held up'

We asked engineers for their views on the impact that shortages were having with a range of insights being reported. Some professionals told us they were leading to slower projects, higher chances of failure and poorer quality, while others suggested employers were in 'panic stations' trying to plug gaps in the workforce.

► **Talent exodus:** 66% say they will leave for another industry in the coming years

Last year, seven in ten (70%) engineers said they were planning to leave the industry, and while this year's data represents a 4% improvement, it still paints a worrying picture for the future of UK water.



► **IR35 confusion: 36% of contractors don't understand IR35 determinations**

Over one-third of contract workers don't understand the existing IR35 determination process, which could feed into the growing number of wrongful determinations that are being made. This situation is only exacerbating existing shortages, and a review of the process could help to free up thousands of skilled professionals, and save the industry millions of pounds every year.

► **Retirement cliff: 23% said they will retire in the next 5 years**

In 2024, 20% of engineers reported that they planned to retire in the next 5 years; this year we have – perhaps unsurprisingly given the ageing workforce – seen a small growth in this figure, rising to 23%. Coupled with data on skills shortages, and the volume of workers saying they plan to retire, this suggests solutions to the talent crisis need to be identified quickly.

► **Skills development mismatch: There continues to be a mismatch between the skills being developed by engineers, and those being sought by employers**

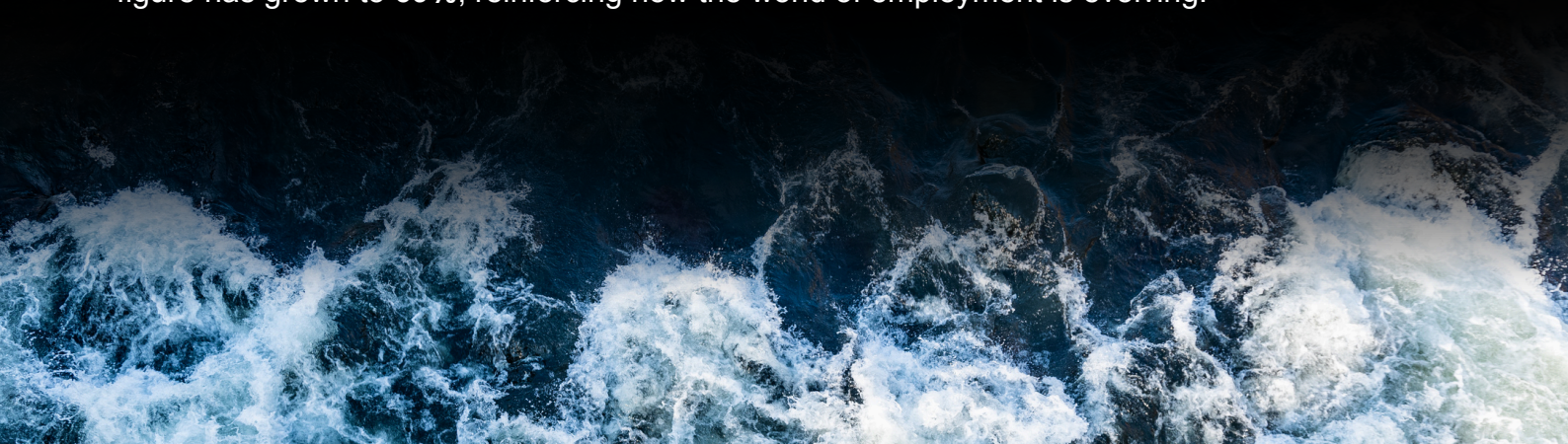
31% of engineers say they are boosting their proficiency with technology and AI platforms, but 62% of professionals say employers are seeking hands-on engineering and/or management experience, highlighting an ongoing skills development mismatch.

► **Money talks: Engineers are largely motivated by pay**

Pay dominated the engineer motivators data, with 59% of professionals saying this was their key factor when choosing a job, followed by their colleagues (14%), working location (10%) and the company/employer (9%).

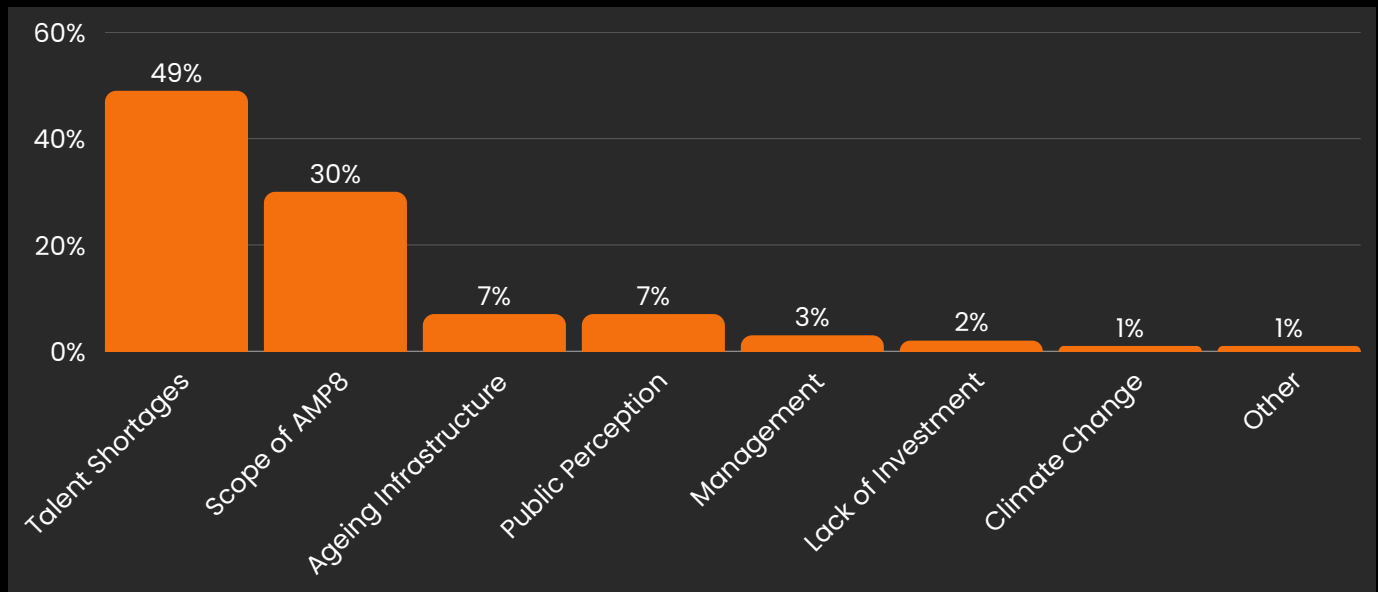
► **New ways of working: Contract workforce growth**

Last year, 62.7% of our nearly 4,000 respondents worked on a contract basis, this year the figure has grown to 69%, reinforcing how the world of employment is evolving.



2025 REPORT FINDINGS

💧 **Skills Shortages:** What is the single biggest issue facing the water industry?



The headline takeaway from last year's Water Industry Labour Report was the growing impact of skills shortages. 12 months ago, **26%** of respondents listed this as the key challenge facing the water industry, this year nearly half (**49%**) said a lack of talent, or the overall size of the skilled workforce was the biggest issue.

When we consider the scrutiny placed on the industry over the last year from a variety of sources; this is a revealing and highly concerning statistic. Those at the front line have access to better insights than external observers, and the significant growth in the number and proportion of professionals saying that skills shortages are an issue suggests that the problem is only growing.

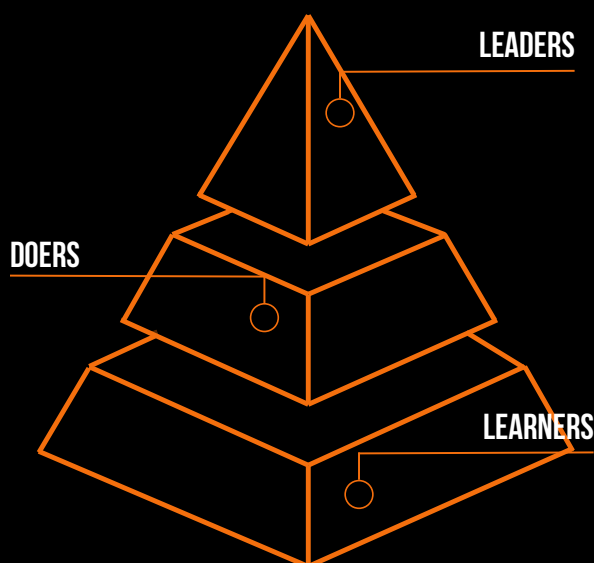
This isn't a new trend by any means; anyone operating within UK water will recognise that the talent drought has been a factor for several years now. Indeed, it's an issue that is not only limited to our industry; STEM skills shortages are having a far broader impact. The Institute of Mechanical Engineers has suggested the profession could face an 'NHS-like' crisis if significant measures aren't taken soon, and we join them in urging industry – and Government – to take action.

Workforce remains the critical issue. The war for talent is real, particularly in engineering and skilled trades. At RSE, we're addressing this through early careers investment, flexible pathways, and a culture of empowerment. But the sector as a whole needs to tell a more compelling story about purpose—clean water, climate resilience, social value. That's what attracts and retains people today."

Stephen Slessor – CEO at RSE Group, Strategic Advisor at Ofwat, and Non-Executive Director at British Water

However, skills shortages won't be tackled overnight and are linked and driven by far broader issues including the education system, immigration policies and macroeconomic trends, amongst many others. In the long term, talent acquisition teams across the industry must work together to improve the external image of UK water. But they must also prioritise their focus as we move into AMP8.

As we covered in a separate study earlier this year, the water engineering workforce is formed of a pyramid of three groups; leaders at the top, doers, and then learners at the bottom. A key challenge is that there are not enough doers who can deliver on tasks, meet project goals and ultimately drive results. As our research has found, and as we discuss shortly, a large proportion of this group are set to leave water completely, either through retirement or to take on opportunities in other markets both in the UK or internationally.



But there are also issues at the bottom of this pyramid, and there is a shortfall of specialists entering every year to cover the number of departing engineers, particularly if this figure rises further. HR and talent acquisition functions across the industry must refocus their efforts and collaborate with each other, and with policy departments and the Government, to find methods to encourage more learners to choose water as their area of focus. Of course, this task is made far more challenging by the aforementioned scrutiny placed on our sector, with 7% of engineers saying public perception was actually the biggest challenge; a problem which needs addressing if the future of the industry is to be secured.

The growing problem of talent shortages in the UK water sector is sadly something that is happening all over the world. All utilities need to fundamentally re-think how they market themselves to potential employees so they can attract the best talent. Human resource management is as big as any other issue that utilities globally have to prioritise. Murray McIntosh's report holds a mirror to the UK sector but everywhere else too and decision-makers need to step up and take action."

Neil Dhot – Executive Director at AquaFed

In fact, a roundtable hosted by Utility Week in conjunction with Marsh McLennan earlier this year found that university graduates are turning down roles at water companies because the sector has become "associated with failure". With 40,000 new specialists needed by 2030 to cover retirements and other departures (more on that later), this suggests talent acquisition will remain a major challenge for employers.

This is a problem facing the entire STEM market. In fact, according to research strategy firm Stonehaven, Gen Z is the most reluctant of any generation to consider engineering as a viable choice. One in three individuals from this demographic say they would not pursue a STEM career, with a third (34%) saying the profession was too male-dominated, while 32% were put off by the idea of engineering being a maths and science-related job.

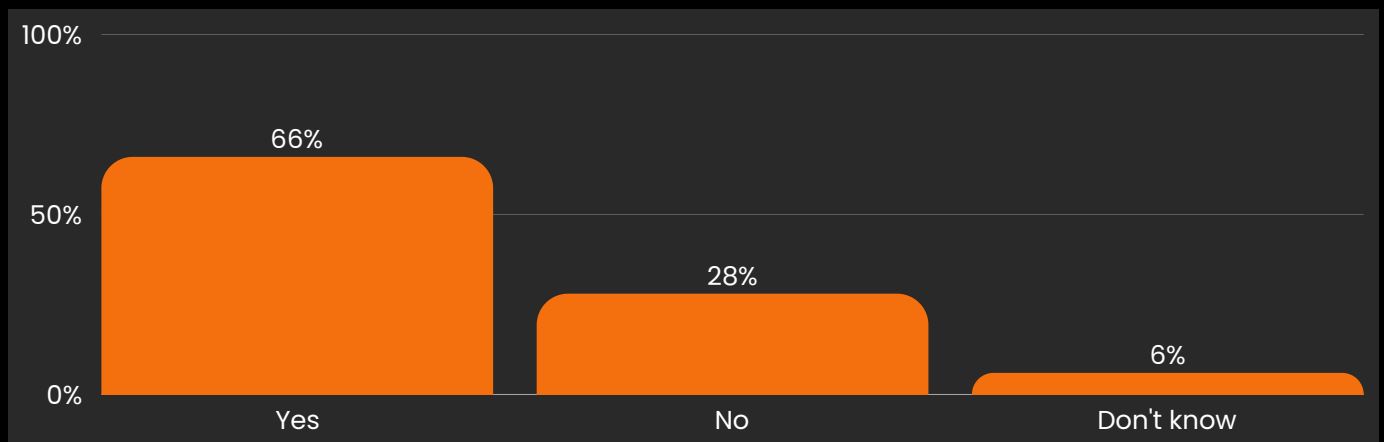
This is the core issue that must be tackled to prevent skills shortages from having a truly critical impact, and the existing lack of unity across the industry will only make it harder to develop real long-term fixes to an increasingly damaging problem. The challenge is made even more significant with the scope of AMP8 ranking as the second largest issue facing the water industry, highlighting the perfect storm of decreasing resources, and rising expectations and demands being felt by many.



Food for thought:

What do you believe is the single biggest challenge facing the UK water industry?

Talent Exodus: Are you planning on leaving the industry in the next three years?



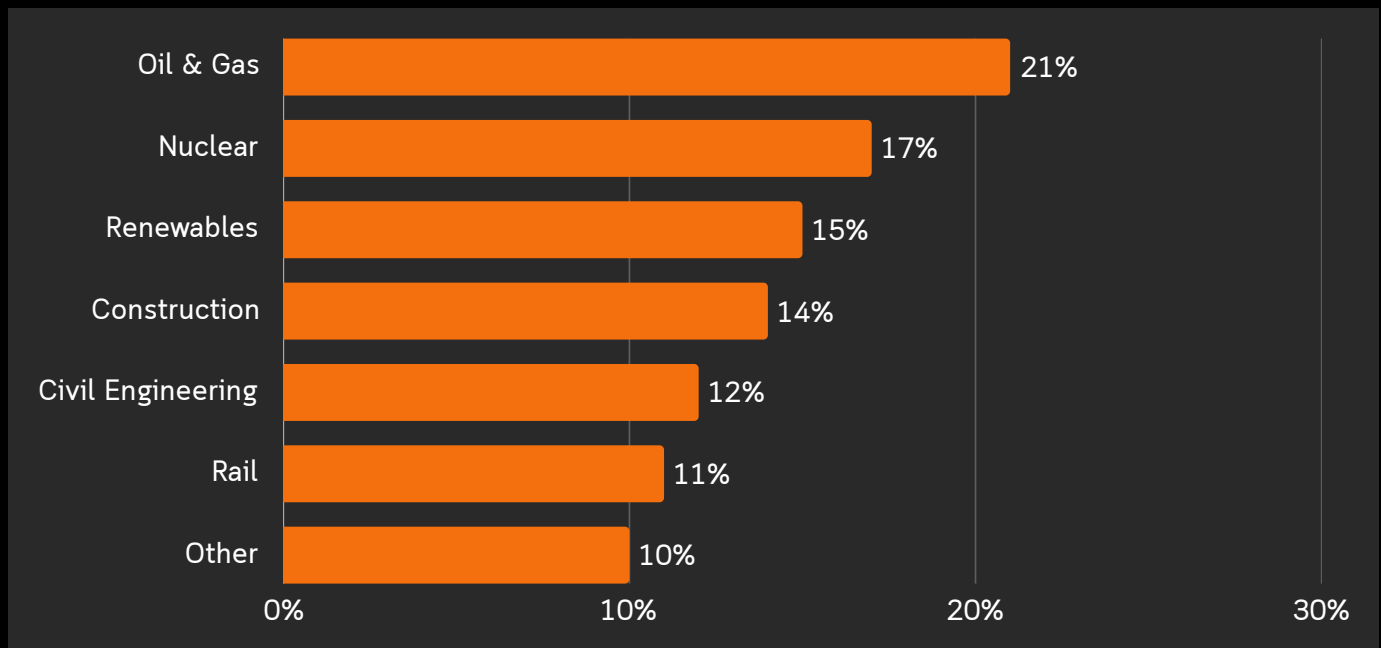
Last year's data showed a major trend of water engineers planning to leave the industry in the next three years. While there has been a minor fall of 4% in the number of those weighing a move away, this is still a huge proportion of the workforce planning to depart, in a relatively small timeframe. But what factors would encourage engineers to stay in the water sector?

This isn't only related to the current state of the industry; put simply, employers in the likes of the nuclear and renewables industries often target water engineers because of the - generally - more effective training they receive in comparison to those who begin their careers in other markets. Development opportunities within water are recognised as being more valuable and skills subsequently more transferrable than in many other markets, and prepare professionals for a wide range of opportunities not just within this industry, but also as a foundation and base for thriving in several other parallel fields.

However, the scrutiny placed on UK water will only compound the issue, and perversely it's also making professionals more attractive to those in other industries. Operating and delivering in often challenging environments, and when facing stressful conditions, will only make our specialist engineers even more employable in the future.

For water employers, this presents a quandary. As we reveal later on in this report, the key motivator for professionals is pay, and few organisations are in a position to significantly increase rates or salaries. Instead, they must find alternative methods of halting the exodus of skilled talent.

For those who said they planned to leave the industry in the next three years, the most popular sectors they were considering taking roles in were:

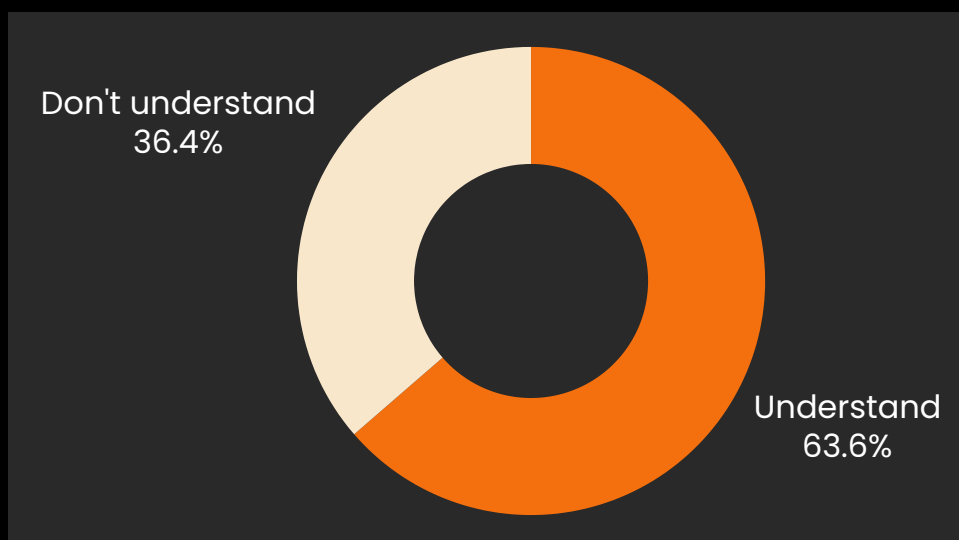


When we surveyed engineers last year, the most popular destinations were the renewables, nuclear and oil & gas markets. While the top three have remained unchanged in this year's data, the rise of fossil fuel markets to the top of this list perhaps reflects the renewed focus on oil & gas being seen across the Atlantic. Several firms have redirected investment into extraction activities, which might explain the increasing desire to take roles in these industries which can also, often, be more lucrative.

Beneath the negative press lies a sector full of hard-working professionals and diverse career opportunities — from short-term roles to jobs for life. But the stop-start nature of the AMP funding cycles creates a turbulent job market, frustrating supply chains and making it harder to plan for, attract and retain talent. As we face a wave of retirements, we must act fast to capture and share the deep knowledge held by long-serving staff. Automation will help ease some skills gaps, but it won't solve everything — especially in a sector where digitization is tough due to legacy systems and years of reactive maintenance. Collaboration across the supply chain is critical. So are soft skills. Problem-solving in water often depends on what's stored in the minds and sometimes the dusty cupboards of those who've kept the taps running for decades"

Tom Grant – Project Director at GHD

Contract Workers: Do you understand the IR35 determination process?



The IR35 determination process has received significant criticism, with many – including Murray McIntosh – feeling that it too often categorises professionals as sitting within the regulations, when the reality of the situation suggests they should fall outside.

This makes it even more interesting that over a third of engineers say they do not understand the determination process themselves, and therefore can't fight their corner effectively, which could be feeding the problem.

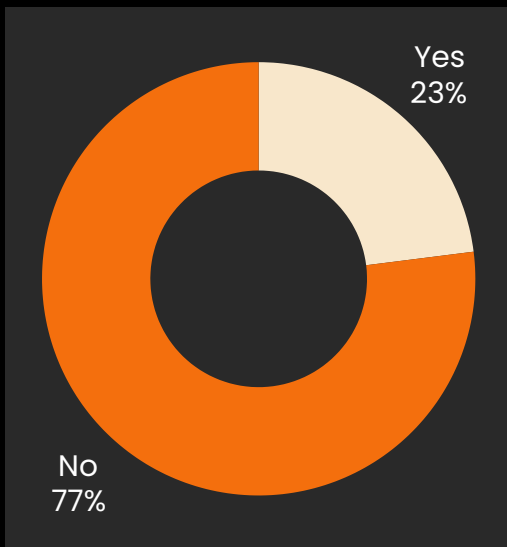
More accurate determinations would make a huge difference to the industry. Too often, the decision-making sits with back-office functions who don't necessarily see firsthand what an engineering role involves on a day-to-day basis and are therefore often unaware of the level of control or responsibility that person holds. For example, it's not uncommon to hear that many of these decision-makers haven't visited a water or treatment plant in person, which makes it almost impossible to accurately determine what is required of a role and, subsequently, if it falls inside or outside IR35. We recognise that tackling this issue would not only free up more specialist skills to work on a more contingent basis but also save the wider industry millions of pounds every year. At a time when organisations, trade bodies and even individual workers are being chastised for rising bills and inefficient investment, this additional finance – saved through a reduction in unnecessary fees, taxes, NICs and other additional costs – could make a significant difference, which the industry certainly needs at the moment.

The next page shows the IR35 determination process. If you require further assistance, please contact us at water@murraymcintosh.com.

IR35 DETERMINATION



💧 Retirement Cliff: Do you plan on retiring in the next 5 years?



To compound the skills shortages, our data shows that 23%, or nearly one in four, of respondents are set to retire in the next five years. Interestingly, this aligns almost exactly with research by strategy firm, Stonehaven, which identified that 20% were approaching retirement age by this point in its 2023 study. And, according to an additional report by Energy & Utility Skills, the entire utilities market will need to source 312,000 new professionals by the end of the decade, with its projections suggesting 107,000 people will retire across all engineering disciplines.

💧 Skills: What impact do you think skills shortages are having on the UK water industry?



In this year's report, we also asked engineers what impact they feel skills shortages are having on water, with varied – and often passionate – responses. The data does not paint a positive picture; professionals report that many existing specialists are overwhelmed, while others suggested that employers were 'at panic stations', and risked missing targets for AMP8.

Holdups and impacts on productivity appear to be the core focus for many engineers, who do not mind increasing their workloads to cover shortfalls, but would like to avoid delays, diminished quality, and inefficiencies from having a toll on overall operational success.

One particularly interesting response highlighted that skills shortages were leading water employers to recruit a greater volume of less skilled or experienced engineers from other markets, which was not only pushing costs up further, but also devaluing and diluting the overall value of the workforce, and potentially pushing more water specialists out of the industry.

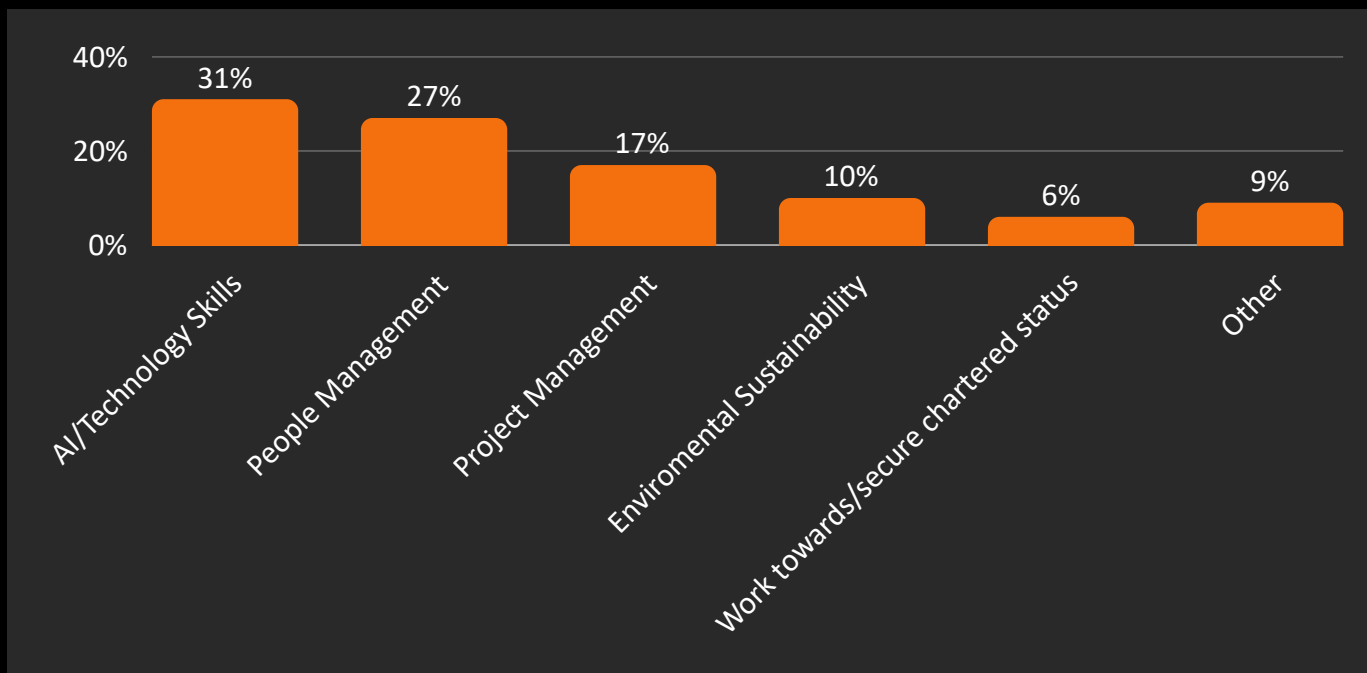
When we consider the high-level discussions that have taken place between senior figures in Government and the industry over the state of UK water, our data suggests that employers would be equally well served listening more closely to their engineering workforce if they want to truly understand the impact of talent shortages.



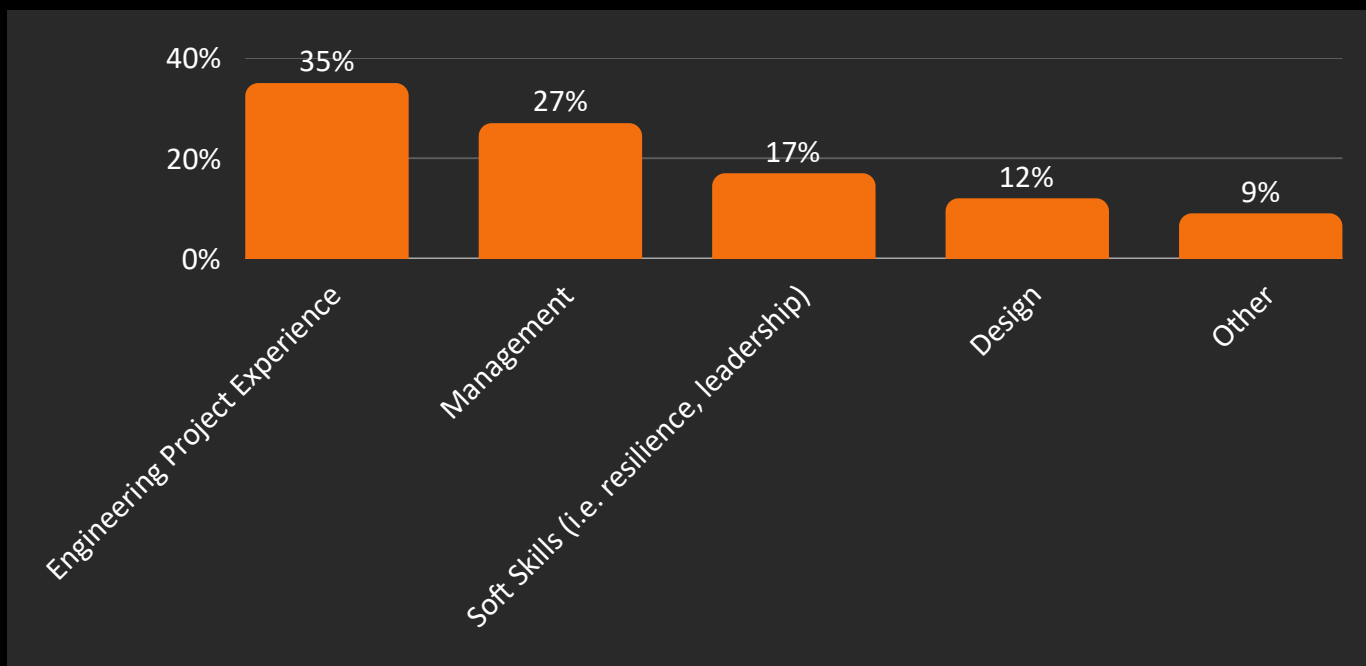
The report highlights several trends we are seeing on the ground – that there is no singular solution. We must adopt a creative and innovative approach to attract and retain individuals in the sector. Our members value working at Arup due to our people, reputation, culture, impactful projects, technical creativity, values and employee ownership. However, recruitment in Water roles remains challenging. We seek expressions of interest from those who would like the opportunity to join our teams, promoting the growth of the Arup Water Business. This coupled with our openness to flexible working has been successful at attracting people at all seniority levels, including those seeking to return to the workplace. Recognising the diverse range of motivators, we have established a Young Water Professional panel to support and engage professional development and engage this cohort. Additionally, we have increased our investment budgets to enhance research and client engagement, which others may find rewarding. We are also exploring how to utilise data and digital tools to prepare for new working methods.”

Catherine Wenger – UK, India, Middle East and Africa Region
Water Business Leader at Arup

 Skills Development: What skills are you looking to develop over the next 12 months?



 Skills Development: What skills do you think employers are seeking from engineers?

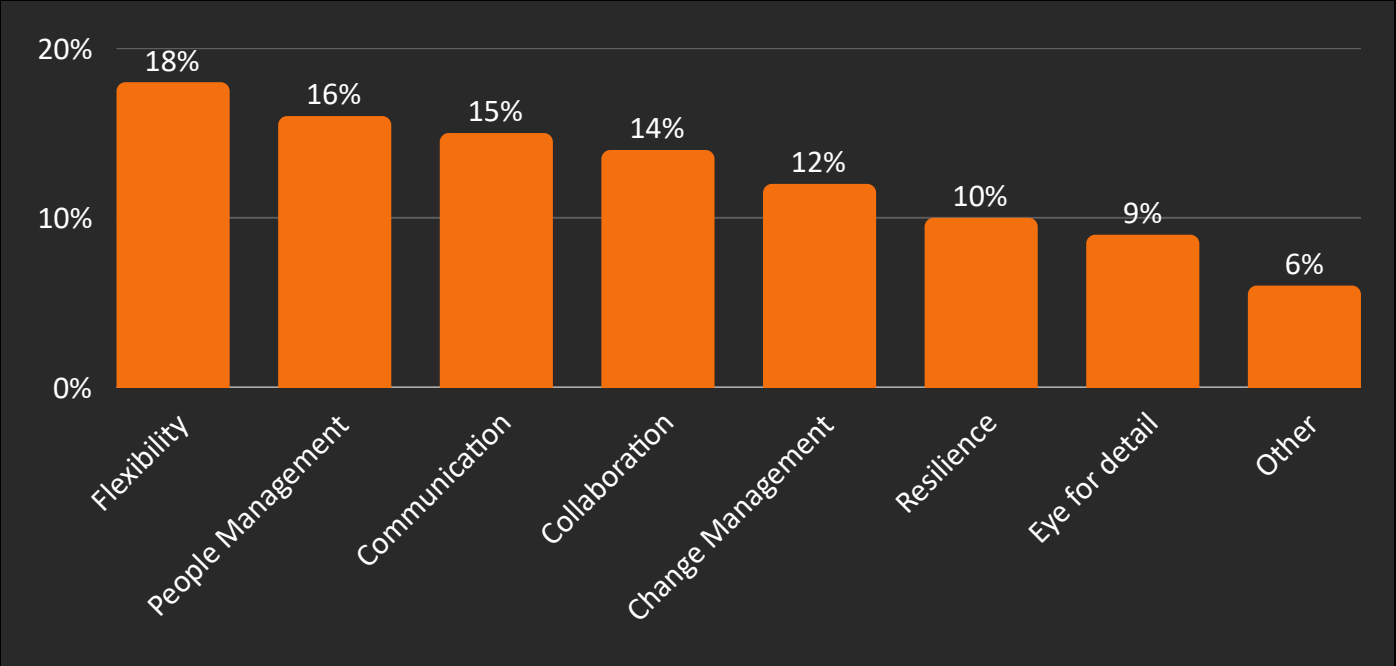


In last year’s study, we warned that there was a significant mismatch between the skills being developed by water engineers, and those being sought after by employers. Unfortunately, this issue still hasn’t been addressed.

It’s no secret that AI is the buzzword of the moment, and that may be beginning to distract engineers. While it’s likely that artificial intelligence will have a greater impact on the water industry in the coming years, for the time being, few employers are seeking expertise in this area. In fact, while engineers report focusing on developing their AI and technology skills, this didn’t even rank in the top five most sought-after elements by employers, who instead are seemingly seeking project experience, management and softer skills, over any significant technological expertise.

Outside of tech, engineers are looking to build up their people and project management proficiencies, with 10% also focusing on gaining more environment and sustainability competencies. Tackling this lack of alignment will require more effective communication between employers and engineers around the broader direction of travel for the entire industry, and the skills required to thrive in the market of 2030 and beyond.

 Skills Development: What skills do you think are essential for a successful career in the water industry?



AI expertise also didn't feature in the list of skills that engineers believe are essential for a successful career in the water industry, reinforcing the surprising focus that many professionals are placing on building their competencies in this area. Instead, flexibility came out on top, with 18% of engineers listing this as a key attribute. This should be expected; professionals in this market are required to deliver a broad and varied range of tasks, and the ability to adapt and react at pace is a critical skill possessed by any effective engineer.

Equally, many clearly value the role of the team in delivering successful water projects which is reflected in people management (16%), communication (15%) and collaboration (14%) occupying the other most essential skills according to specialist water engineers.

As we begin AMP8 with the largest capital investment programme to date, addressing engineering talent shortages is more critical than ever. While we innovate technically, the sector must also innovate in how it attracts, retains, and develops people. As a Sunday Times Best Places to Work employer, we focus on purpose, care, and growth—underpinned by clear career pathways and our dedicated engineering academy. To secure a sustainable future, we must work together to invest in skills, training, and messaging that inspires the next generation.”

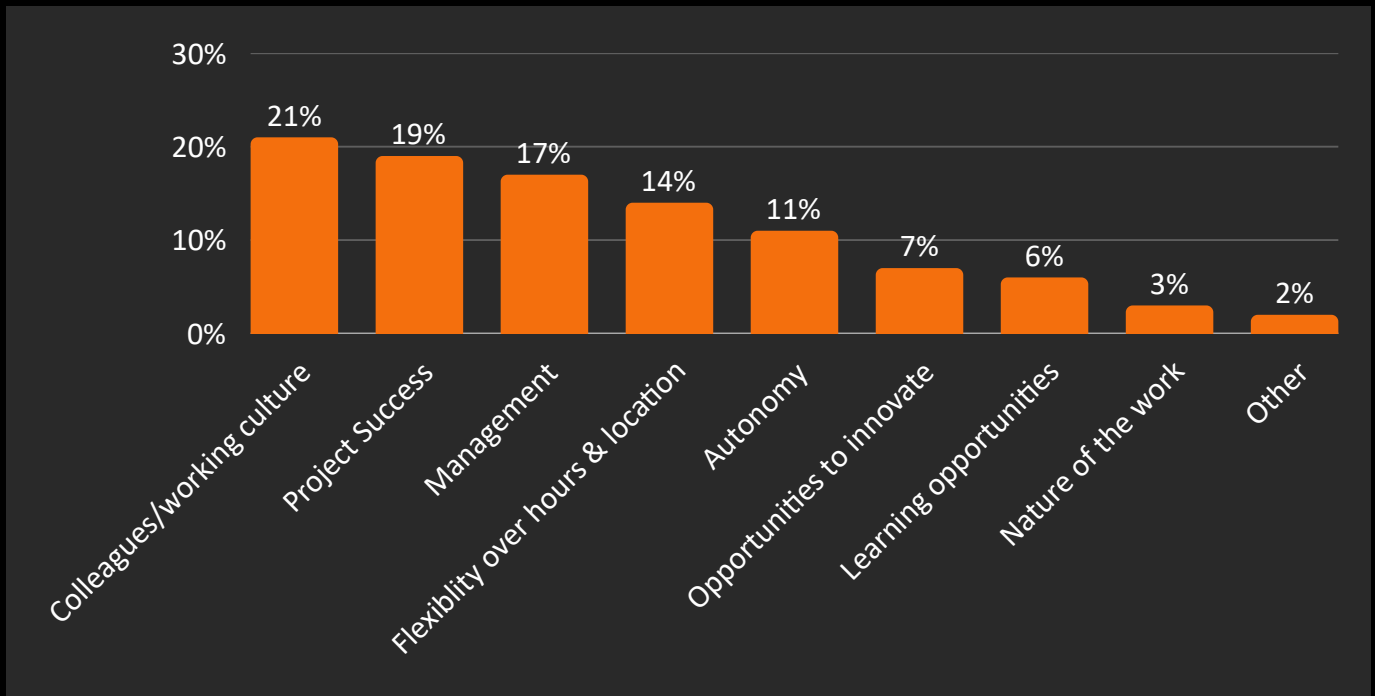
Chris Maddox – People and Client Director at Bridges



Food for thought:

What impact do you believe shortages are having on the water industry?

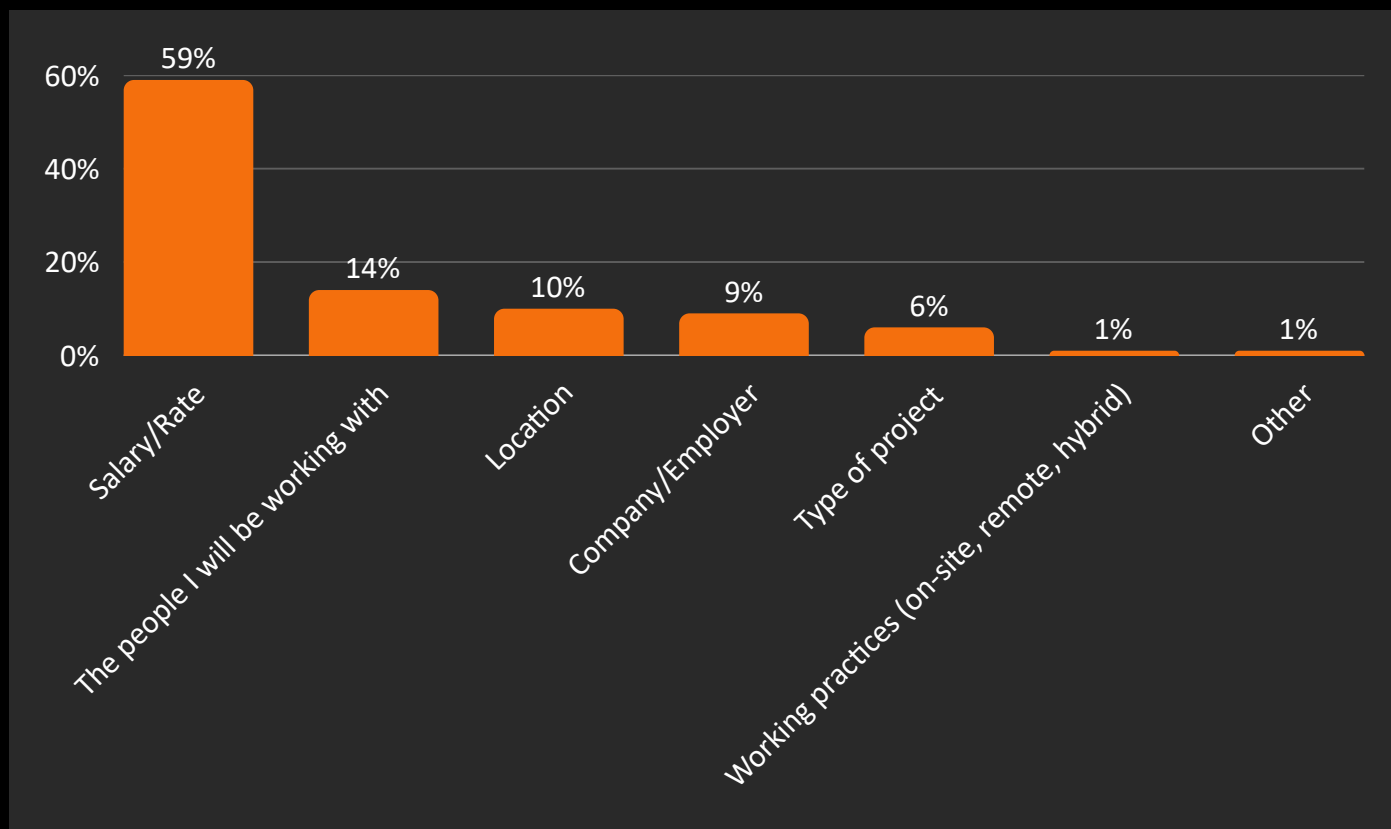
💧 Engineering Motivators: What factors impact engineer job satisfaction?



Interestingly, in last year's report, management was ranked as the clear leading factor that impacted job satisfaction, with a third of respondents listing this at the time. However, this year, the role of the team, colleagues and working cultures has grown in importance, with one in five engineers saying their team members have the biggest effect on their overall happiness. Management has dropped to 17%, while overall project success has risen to 19%, perhaps highlighting the frustration being felt by professionals when skills shortages impact productivity. For contract specialists specifically, autonomy ranked far higher than it did for permanent workers, with 17% listing this as a key factor, while in the permanent market, the role of management was seen as critical by 21% of respondents, significantly higher than amongst their contingent colleagues. Both permanent and contract engineers also value flexibility over working hours and locations, and the nature of the work they are focusing on, which was listed by just 3% of engineers as the single core element that impacts their satisfaction levels.



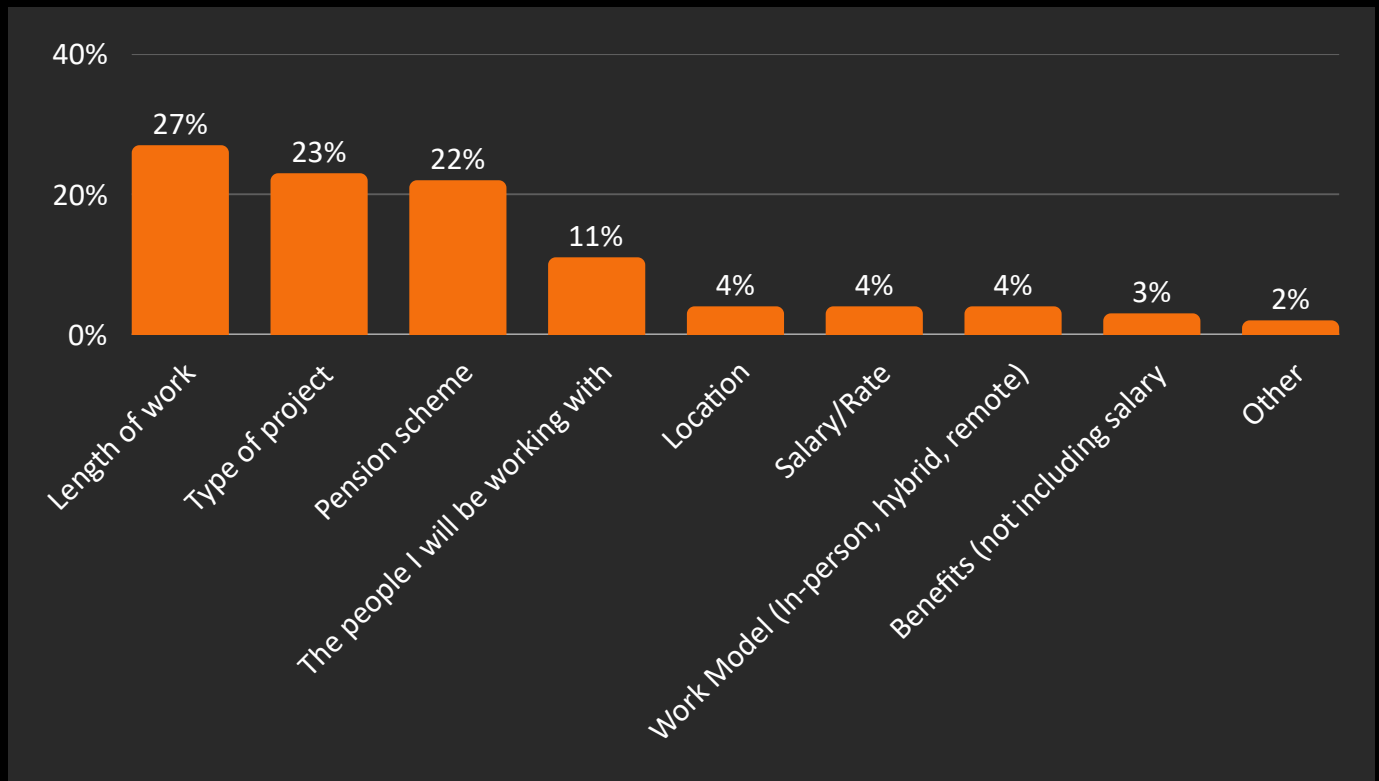
💧 **Engineering Motivators:** What are the most important factors when choosing a new role?



Pay once again came out as the most important factor when choosing a new role, but while 44% of respondents listed this as their number one motivator in 2024, this year the figure has climbed to 59%. This is potentially due to the challenging economic conditions felt at a national level over the past year which have encouraged engineers to seek higher earnings.

However, it could also be reflected in the growing number of professionals working on a contract basis who are subsequently securing increased rates. We would highlight that IR35, and its near blanket implementation to a growing contingent workforce will also have had a material effect on increasing rates and workers focus on pay levels. According to our data, 70% of contractors listed remuneration as the most important element, while just 54% of permanent specialists put this in first position, suggesting – perhaps unsurprisingly - that the contingent workforce is more concerned by pay than their ‘full-time’ counterparts. Similarly to responses from the previous question, both groups highlighted the importance of their colleagues and those on project teams when considering new positions, while location also scored highly, with 10% listing this as their top priority.

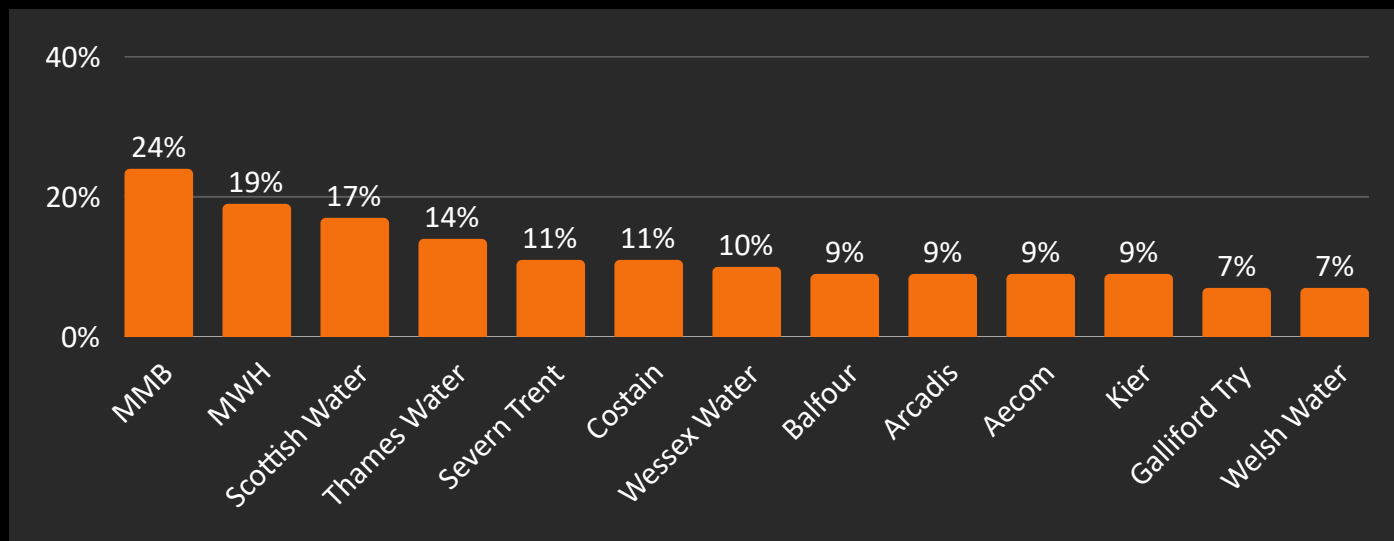
💧 **Engineering Motivators:** What are the least important factors when choosing a new role?



On the flip side, the type of project and length of work being delivered appears to be relatively unimportant for more engineering specialists, while access to pension schemes was also not a key factor when selecting positions (note, though that this will only be relevant for permanent workers).

Engineers are also willing to get their hands dirty and take on a range of projects, with 23% saying the type of work was the least important factor, and only 6% selecting it as their most important element. Equally, this could be linked to the fact that the range and breadth of opportunities available in the water industry, combined with shortages, means that contract specialists can have their pick of available roles, and recognise the need to contribute to a range of project types to ensure productivity remains high.

💧 **Employers:** Which firms are the top industry employers?



MMB continued to hold its position as the top water industry employer according to engineers, with nearly a quarter of respondents highlighting the organisation's values and fair practices, however both United Utilities, and Anglian Water, which both featured in last year's top three employers have fallen down the rankings. The 2025 analysis was a closer contest than the previous year, with MWH, Scottish Water and, perhaps surprisingly, Thames Water – the central focus of much public scrutiny - all performing well. Other employers who featured in last year's top employers list that have returned in 2025 include Wessex Water, Kier and Galliford Try.

The Murray McIntosh 2025 Water Report identifies the urgent need for cross-sector collaboration to address the water sector's deepening skills shortage, coupled with increasing investment for AMP8 and AMP9. For Anglian Water @one Alliance, we're proud to be part of the solution, driving innovation in delivery models, investing in the next generation of engineers, and pushing for smarter, more sustainable ways of hiring and working. The water sector's challenges are too complex to tackle in silos. This report is a timely call to action. We look forward to playing a broader role in addressing these issues whilst providing a supportive and development environment for our team. "

Richard Lee – Engineering Director at @One Alliance

CONCLUSION

It's clear from our findings and our detailed understanding of the water industry that this is a market in crisis. Last year's results were of major concern to key stakeholders within the sector, and data from 2025 shows that skills shortages have only increased over the past 12 months, threatening the delivery of several key projects. We have outlined five key actions that the industry must take to turn around its fortunes and to ensure it has available resources to deliver AMP8 and beyond.

Leverage contingent workers – We have banged this drum for some time now, but the water industry trails behind nearly every other market when it comes to recognising the broader evolution in ways of working seen across the employment market. Fewer professionals are seeking a 'job for life' than at any point in the past, making the issue of retention a white elephant, and a distraction to many talent acquisition teams. Rather than seeking supposedly permanent engineers – who, from our knowledge and experience often only stay with an organisation for a year or two before moving on – employers should target the contingent workforce. This requires collaboration; if only a few organisations work in this way then it won't work, but if the industry looks to function more cohesively, and collectively utilise and upskill workers on short-term, contingent contracts and then release them back into the employment market, this would go some way to creating a transient workforce better able to cope with current demands. Currently, too many professionals are essentially locked in with an employer which is limiting both their earning potential, and the chance for another organisation and the industry as a whole to benefit from their skills. In such a talent-short environment, this is the best way of utilising available resources, and it aligns with the natural peak and trough cycle that is embedded within the water sector.

Utilising contractor skills effectively can also offer additional benefits. Early Contractor Involvement (ECI) does what it says on the tin, and essentially means engaging contract expertise earlier in projects, rather than the traditional approach of hiring once designs are finished, which leaves little room for flexibility. ECI brings this forward and focuses on getting skills at the design and planning stages, which allows for better collaboration across the supply chain, cost efficiencies, and improved risk management as well as enabling organisations to attract better talent. What's not to like? We would welcome the views of employers that have driven ECI to better understand the benefits they have gained from this approach.

Perception is everything – Utilising the contingent workforce will enable organisations to deliver AMP8, however beyond that, a longer-term solution is needed to increase the number of people entering the talent market. One of the key factors behind the ongoing shortages is the perception of the industry; few professionals consider a career in the industry, as highlighted in the Utility Week and Marsh McLennan study, and that's partly because of the scrutiny it faces, but also because the industry is so weighed down in remediation and finding quick fixes, that its broader, holistic image has been neglected. Some of the initial areas that The Cunliffe Review is analysing include the unnecessary complexity of the industry, and the current lack of public engagement, and both factors also feed into the talent crisis. Few outside of the market truly understand how it operates internally, and water firms spend so much time and effort fending off external challenges that the perception of their brands has been tarnished. Both of these elements are preventing employers from being able to attract more young people into the industry. In fact, 9% of the engineers we spoke to said the external image of UK water was the single biggest challenge facing employers, ahead of the talent crisis, ageing infrastructure, ownership problems and regulatory issues. Many professionals that we speak to believe this is the underlying element that drives many other issues, and it's clear that change is needed.

Again, collaboration will make all the difference; employers must work together to find methods to attract more people into the industry. This is not for selfish gain – as we outlined earlier, even if organisations do attract graduate engineers, the nature of modern employment suggests they will move on to another employer and role within a matter of years - but this will be to the benefit of the entire market. Without doing so, employers will continue to fight the same battles and make limited progress.

Review IR35 processes – This is perhaps too big a challenge for the water industry alone, but the collective might of key employers across the market could help to push this issue further up the Government's agenda. As we highlighted earlier in the report, far too many professionals are having their roles wrongly determined as falling within IR35 regulations, when in reality their roles should sit outside of them. It is not only a management issue, though, and 36% of engineers report that they do not understand the existing determination process, and therefore can't argue on their behalf effectively. Changing the existing set-up would help to reduce the aforementioned complexity facing the industry, and many other comparable markets, but it would also more importantly free up thousands of workers to move around more freely and take on more opportunities, as well as saving the industry millions every year. This is perhaps a solution to file in the longer-term category, but it's one that would certainly make a significant difference across the employment market.



Being creative with engineer motivators – Our diverse job satisfaction and benefit data shows that there is no singularly effective approach to motivating contractors outside of improving remuneration, which topped the list for both contract and permanent professionals, but is not feasible for most employers in the current climate. However, the aforementioned point on reviewing IR35 processes could also have an impact here. The current situation where seemingly wrongful classifications are made could be limiting some professionals' earning potential, and freeing up more of those that wrongly fall within the regulations, when they should be outside of them, could enable employers to boost pay, without a significant financial increase on their behalf. This is a longer-term solution, and won't be rectified overnight, but beyond that, there are other options, including tailoring benefits packages to meet individual demands. This would help to attract and motivate more permanent engineers, in particular, but it likely represents too great a challenge for an already overstretched market. The data on the perception of the industry is also feeding into talent attraction and motivation, with some professionals clearly being dissuaded from operating in the market because of the way it is perceived at a public level.

Listen to the workforce – For this year's study, we also asked engineers for the first time for their views on how the industry could tackle its problems.

Engineer responses to this question broadly fell into several categories:

- Better collaboration among employers
- Invest more heavily in learning & development
- Embrace technology and automation
- Reintroduce experienced, recently retired engineers to lead projects
- Greater focus on apprenticeships
- Source talent from outside of the industry

Ultimately, we all recognise that the skilled engineers we work with understand the reality of the water employment market better than anyone else, so why aren't their views being heard? We urge employers to work more closely with talent to not only allocate resources to meet project demands but also to find solutions.

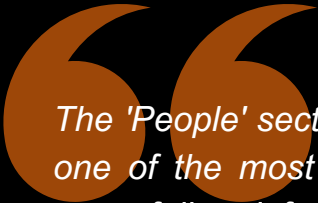
This is particularly key with the looming retirement cliff pushing nearly a quarter of the existing engineering workforce out within the next five years. That means the 30-40 years' worth of experience in identifying solutions, building networks and problem-solving will be lost, unless employers find a way to take advantage of this expertise. Listening to the views and opinions of specialists who have been there, seen it and done it could help to find fixes to the range of challenges facing water, at such a pivotal time for the industry. Before this expertise leaves the market entirely, employers must look to work more closely with senior engineers and ensure their skills and knowledge are fully leveraged.

Major change is afoot in the industry as we move into AMP8. Private equity firms are hovering over Thames Water, the largest water organisation in the UK, and the upcoming Cunliffe Review will likely send shockwaves through the sector when published later this year.

However, while it will present findings that highlight the overt complexity of UK water, and suggest better public engagement protocols and methods of tackling ownership and regulatory models, amongst others, the core issue facing the market is the talent crisis.

The UK hasn't built a new reservoir since 1992, and in that time the population has grown by over 13 million and while that can be attributed to a variety of factors, it underlines the ageing, stagnating market we are operating in. It's also because there simply aren't enough available skills, in the current way of working, to deliver a project of this scale without impacting other essential activities.

Without fixing the pipeline of people moving into the industry, projects won't go ahead, reservoirs will run dry and we will face serious problems. That may sound like an overreaction, but water is one of a handful of truly critical industries, and the skills, expertise and knowledge of those operating within it should be respected. If engineers are sounding the alarm bells, then the rest of the market should be concerned and should take action.

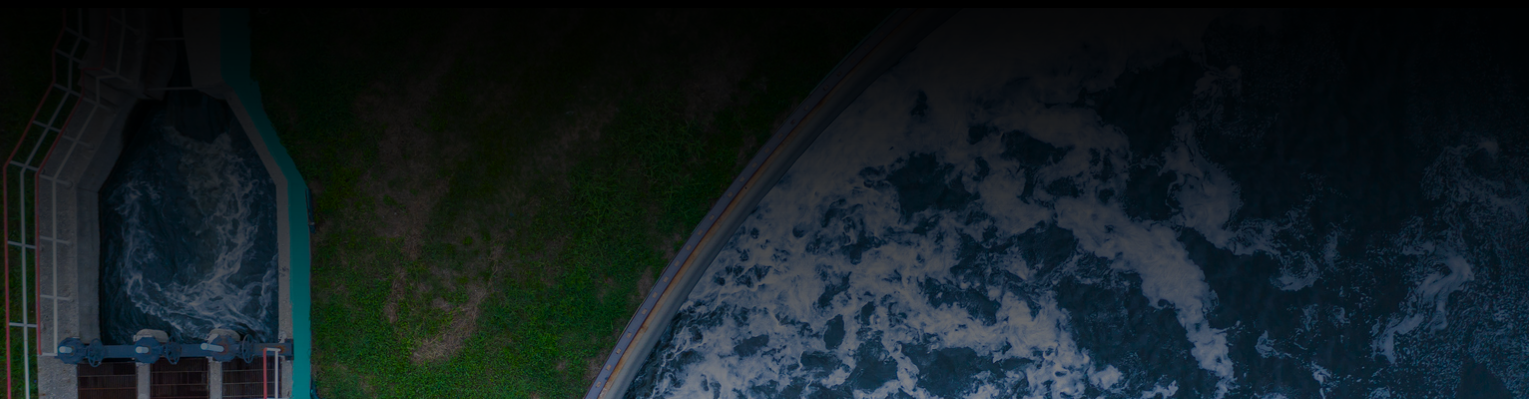


The 'People' section of the Future Water Report Card continues to highlight one of the most systemic threats to the sector's future, one that is now powerfully reinforced by the 2025 Water Industry Labour Report, produced by Murray McIntosh. Their research, grounded in responses from over 4,000 engineers, paints a clear and urgent picture. When employers are described as being in 'panic stations' and basic workforce policies like IR35 are poorly understood by over a third of contractors, the implications for AMP8 and beyond are stark.

The value of the data produced by Murray McIntosh cannot be overstated. It provides a rare and honest mirror held up to the sector, not just diagnosing the scale of the crisis, but giving us a platform to begin doing something about it.

There are ways forward, targeted reskilling, strategic workforce planning, smarter use of data, and cross-sector collaboration with adjacent industries. But without owning the challenge and facing it head-on, these efforts risk being too little, too late. The Report Card and the Labour Report together offer a wake-up call: the future of the sector depends on how seriously we now take the issue of people."

Paul Horton - CEO at Future Water



BUDGET ALLOCATIONS

	Base Expenditure			Enhancement expenditure			Total expenditure (before frontier shift and real price effects)			Total expenditure (after frontier shift and real price effects)		
Company	Company Proposal (£m)	OFWAT (£m)	Gap (%)	Company Proposal (£m)	OFWAT (£m)	Gap (%)	Company Proposal (£m)	OFWAT (£m)	Gap (%)	Company Proposal (£m)	OFWAT (£m)	Gap (%)
Ang	6,465	6,121	-5%	5,002	5,092	2%	11,467	11,213	-2%	11,180	10,971	-2%
Welsh	3,519	3,667	4%	2,568	2,462	-4%	6,088	6,129	1%	6,021	5,997	-0.4%
HD	236	221	-6%	53	51	-4%	289	272	-6%	269	266	-1%
NWL	3,900	3,614	-7%	2,801	2,660	-5%	6,701	6,274	-6%	6,365	6,153	-3%
ST	8,779	8,554	-3%	7,207	6,679	-7%	15,986	15,233	-5%	15,869	14,917	-6%
SWW	2,308	2,326	1%	1,756	1,602	-9%	4,064	3,928	-3%	3,941	3,847	-2%
South'n	4,150	4,080	-2%	5,222	4,618	-11%	9,373	8,698	-7%	9,614	8,530	-11%
TWL	14,465	12,575	-13%	10,282	8,299	-19%	24,746	20,874	-16%	24,467	20,464	-16%
UU	7,296	7,545	3%	6,911	6,043	-13%	14,206	13,587	-4%	14,027	13,312	-5%
Wessex	2,533	2,232	-11%	2,628	2,100	-20%	5,161	4,332	-16%	5,086	4,231	-17%
YW	5,428	5,479	1%	3,078	3,046	-1%	8,506	8,525	2%	8,345	8,345	0%
Affinity	1,687	1,700	1%	715	692	-3%	2,402	2,392	-0.4%	2,404	2,341	-3%
Bristol	575	586	2%	192	139	-28%	768	725	-6%	745	709	-5%
Ports'th	252	268	6%	217	212	-2%	469	479	2%	458	471	3%
SEW	1,371	1,282	-6%	770	580	-25%	2,141	1,862	-13%	2,104	1,821	-13%
S Staffs	729	779	7%	152	167	10%	881	946	7%	882	926	5%
SES	361	328	-9%	59	47	-20%	420	375	-11%	428	367	-14%
Total	64,055	61,356	-4%	49,613	44,489	-10%	113,668	105,845	-7%	112,026	103,667	-7%

Data source: Ofwat

AMP8 PROJECT ALLOCATIONS

We have compiled all publicly available information on the appointments made by each water company in the UK to support the delivery of AMP8. Please note that the information on AMP8 project allocations is based on all publicly available information as of May 2025.

Northumbrian Water

AE Yates, GLC Projects, MGL Demolition, Absolute Civil Engineering, Gowland and Dawson, Network Plus Services, Applebridge Construction, IES Utilities Group, Rainton Construction, ARM Pipetek, Integrated Water Services (IWS), Rhodar Industrial Services, BCE Northern, J McCann & Co, S&B Utilities, Britcon (UK), Jackson Civil Engineering, Sapphire Utility Solutions, Coleman & Company, Keltbray Highways, Seymour, Enisca Browne, Kilnbridge Construction, Stonbury, Esh Construction, Knights Brown, Story Contracting, G&B Civil Engineering, Land & Water Services, VolkerLaser, Galliford Try Construction, Meldrum Structural and Civil Eng, Workflow Services, Costain, MWH Treatment

Severn Trent

Partners are yet to be announced.

Dŵr Cymru Welsh Water

Mott MacDonald Bentley, Stantec, Arup, Binnies, AtkinsRéalis

South West Water

Tilbury Douglas, MWH Treatment, Network Plus, Envolve, BAM, Mott MacDonald Bentley, Clancy, Glanville Environmental, Sapphire Utility Solutions, Onsite Central, Lanes Group, Tecker, Trant Engineering, Galliford Try, Kier, Bridges Electrical Engineering, Turner & Townsend

SES Water

Partners not announced

Anglian Water

Balfour Beatty, Barhale, Mott MacDonald Bentley, MWH Treatment, SWECO, Binnies, Skanska, Clancy

Southern Water

Costain, MWH Treatment, Kier Integrated Services, J Browne Construction, United Living Infrastructure Services, Clancy Docwra, Barhale, Morrison Water Services, Galliford Try

South East Water

Clancy

South Staffordshire Water

Mott MacDonald Bentley

Affinity Water

Clancy, Bregan, MainsFlow, Arqiva, Enisca, Integrated Water Services (IWS), J Browne Construction, FiveRivers

Portsmouth Water

Partners not announced

Scottish Water

Morrison Water Services, AECOM, Galliford Try, MWH Treatment

Thames Water

AECOM, Costain, Mott MacDonald, Arcadis, CPC Project Services, Stantec, AtkinsRéalis, Jacobs, Turner & Townsend, Binnies, Laing O'Rourke Delivery Ltd, Nichols Group Ltd, Arup, MWH Treatment

Wessex Water

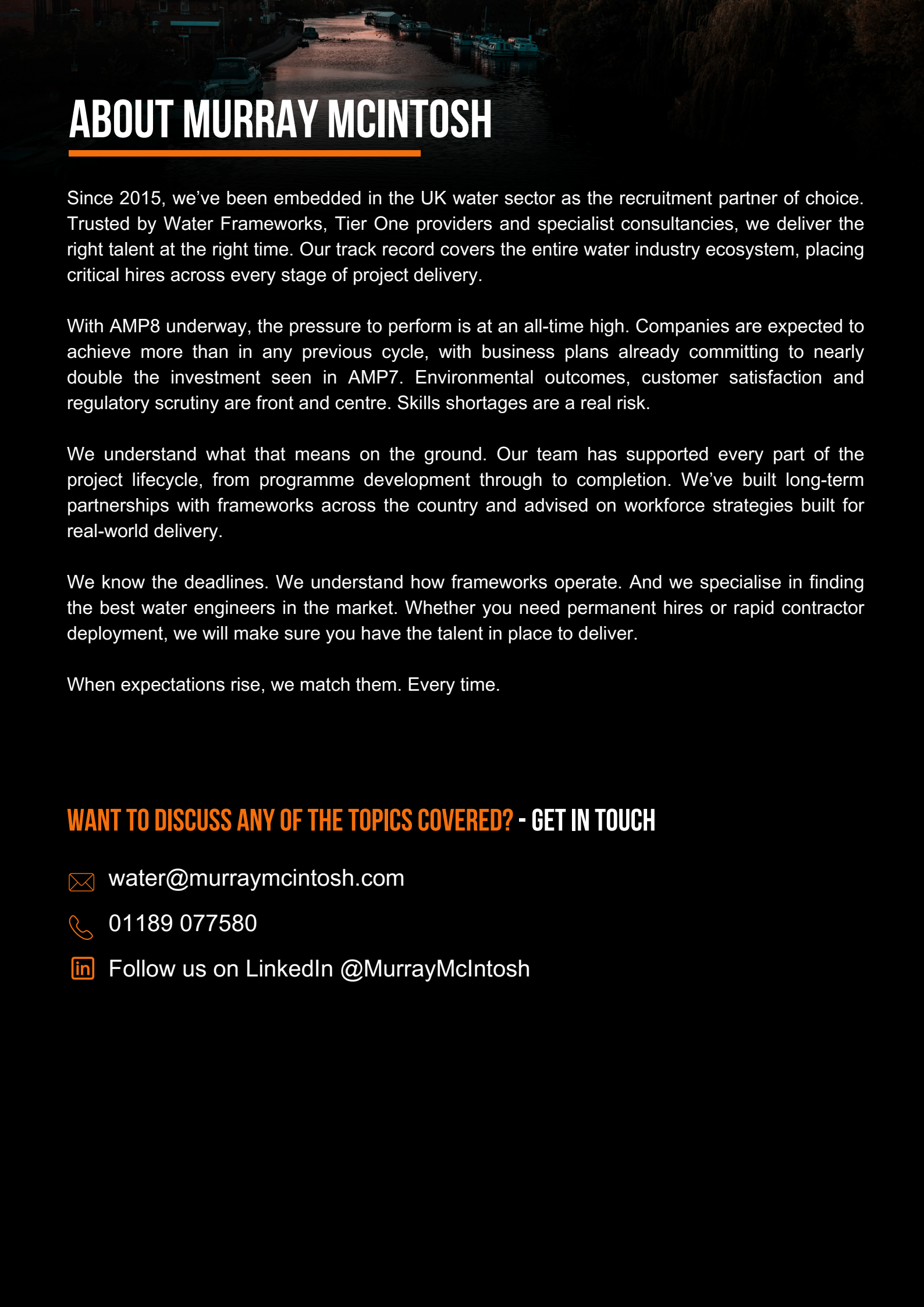
Mott MacDonald Bentley, Trant Engineering, AECOM, Kier Integrated Services, OCU Utility Services, AtkinsRéalis, Galliford Try Construction, Envolve Infrastructure, Stantec, Morgan Sindall, Knights Brown, Pell Frischmann, Sweco, GHD, Bridges Electrical Engineers

Yorkshire Water

Barhale, Galliford Try, Glanua, Kier, Mott MacDonald Bentley, Tilbury Douglas, Ward & Burke, Stonbury, AtkinsRéalis, Morrison Water Services, Stantec, Lanes Group

United Utilities

Askam Civil Engineering, Pioneer Civil Engineering, Bridges Electrical, BDB Special Projects, RH Irving Construction, CHG Electrical, Cheetham Hill Construction, Sapphire Utility Solutions, Eric Wright Water, Cubby Construction, SGC Civil Engineering, Haywood & Jackson, GDB Civils & Utilities, Story Contracting, RSE Ross-Shire, Kaberry Construction, Terra Solutions, Water Engineering Services, Mackenzie Construction, Trenchless Solutions, WH Good, Morrison Water Services, VJ Donegan, Z-Tech Control Systems, MPH Construction, Westshield, C2V (VolkerStevin/Jacobs), Onsite Central, Afeco, Murphy, P Casey, Bethell Construction, Kier Integrated Services, Costain, Jacobs, Mott MacDonald Bentley, MWH Treatment, AE Yates, Barhale, Bethell, Eric Wright Civils, Forkers, Network Plus, United Living, Ward & Burke, Avoe, BWGM (Binnies & WGM JV), Ross-Shire, Glanua, Lagan Infrastructure, Stonbury, AtkinsRéalis, Stantec, RPS, WSP, Aqua Consultants, GHD, Long O'Donnell Associates, Metis Consultants, Arup, Systra



ABOUT MURRAY MCINTOSH

Since 2015, we've been embedded in the UK water sector as the recruitment partner of choice. Trusted by Water Frameworks, Tier One providers and specialist consultancies, we deliver the right talent at the right time. Our track record covers the entire water industry ecosystem, placing critical hires across every stage of project delivery.

With AMP8 underway, the pressure to perform is at an all-time high. Companies are expected to achieve more than in any previous cycle, with business plans already committing to nearly double the investment seen in AMP7. Environmental outcomes, customer satisfaction and regulatory scrutiny are front and centre. Skills shortages are a real risk.

We understand what that means on the ground. Our team has supported every part of the project lifecycle, from programme development through to completion. We've built long-term partnerships with frameworks across the country and advised on workforce strategies built for real-world delivery.

We know the deadlines. We understand how frameworks operate. And we specialise in finding the best water engineers in the market. Whether you need permanent hires or rapid contractor deployment, we will make sure you have the talent in place to deliver.

When expectations rise, we match them. Every time.

WANT TO DISCUSS ANY OF THE TOPICS COVERED? - GET IN TOUCH

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THANK YOU!

A major thank you to all of our 4,000-plus respondents for providing their time and insights to this study, and to the organisations, trade bodies, groups and other stakeholders that have contributed their views and opinions.

A special thank you for their collaboration to:



