

Water strategy

A summary of water industry proposals

Aim

The strategy supports a sustainable water industry in the interests of all stakeholders.

Overview

- Greater appreciation of the value of water for public supply and for a healthy natural environment;
- More integration with other sectors building on a central theme of ‘Directing the flow’ which still has a long way to go;
- Moving on from one-size-fits-all to allow locally sustainable solutions;
- Longer-term adaptive planning recognizing risks and uncertainty, and facilitating a dynamic and innovative sector.

1 Water resources and sustainable water management

Underline commitment to a concurrent twin-track approach.

Why? Necessary for a properly integrated water resources strategy that provides best value to consumers.

Spell out a clear approach to water efficiency and conservation.

Why? To ensure effective demand management and environment protection; to enhance perceptions of the value of water.

Promote collective responsibility for water resources.

Why? No single group, even water companies, can achieve everything society needs.

2 Drinking water quality

Clear direction on future of the DWI

Why? To ensure a strong and independent regulator able to reinforce and ensure consumer confidence in drinking water quality in England and Wales.

Role of different players including consumers in Water Safety Plans clearly identified.

Why? The Water Safety Plan approach proposed by the EC for a new Drinking Water Directive requires a source to tap approach to ensure and maintain drinking water quality. In addition to water companies, rural landowners and others operating in the catchment (see Water Framework Directive Article 7 and drinking water protected areas), building owners and managers, and plumbers all have responsibilities.

Water for health as a key driver of policy.

Why? Positive endorsement by third party consumer and health organisations of the high quality of UK drinking water quality and delivery link with other Government policy areas on health, nutrition, healthcare, obesity etc.

Continuing investment requirements for drinking water quality.

Why? To address ongoing issues of consumer dissatisfaction e.g. taste, colour and odour and e.g. compliance with the tighter lead standard from 2015 (guidance needed here)

3 Water quality in the environment

Commitment to the central role of the ‘polluter pays’ principle in the future.

Why? Important to business strategy in all sectors; principle will provide incentives to improve and for achieving the most cost-effective solutions.

Commitment to solving diffuse pollution by more control at source.

Why? More sustainable and effective long-term approach than waiting until substances enter the environment; so that organizations affected can plan to meet their responsibilities.

Support the introduction of integrated sustainable drainage.

Why? Many systems are currently inadequate at a time when pressure on them is expected to increase with climate change.

Endorse best-value implementation of the Water Framework Directive including cost of carbon and cost recovery where costs are transferred from society to specific groups.

Why? Important for fair distribution of costs between sectors and over time; absence of cost recovery undermines credibility and, in water, could threaten affordability.

Provide an abstraction policy that takes account of impact on the environment (including carbon use) and protects the quality of sources.

Why? Because more water will be available for water supply, wildlife habitats and species.

4 Flooding

Support surface water management plans, which are proving effective in many areas.

Why? Plans identify the causes of flooding; improve essential partnership working; and test new approaches to reduce the impact of flooding.

Enable water companies to have greater control over items and substances that enter sewers and cause blockages.

Why? Existing powers are inadequate. With increased urban development the problem can only get worse.

Insist on clear designation of responsibilities for drainage and flood risk management.

Why? The current division is accepted as dysfunctional.

Provide for more emphasis on more sustainable or 'softer' flood management solutions including catchment solutions and integrated or sustainable urban drainage systems.

Why? Traditional solutions no longer enough.

5 Greenhouse gases and carbon

Provide for a clear institutional framework and guidance to regulators to ensure the water sector can play its part in UK carbon reductions and de-couple increasing environmental requirements from use of carbon use.

Why? Needed to enable companies to participate effectively in trading schemes; to maximise incentives for renewable energy generation; to promote low-energy solutions such as rainwater harvesting; and to enable Ofwat to meet its sustainability duty.

Fulfil the government's promise to give statutory backing to the Safe Sludge Matrix.

Why? Would ensure continued availability of threatened use of treated sludge on farm land when cost- and carbon-effective recycling demands all sustainable options be maintained.

6 Regulatory framework

Underline importance of a stable framework for water regulation.

Why? Crucial for sustaining public and investor confidence so that companies can meet society's investment needs and finance their functions over long term.

Clarify role of water regulators in regard to social policy.

Why? Because lack of clarity on critical issues including affordability, tariffs and debt creates an uncertain environment for business planning and operations.

Commit to defining a balance between regulation and competition.

Why? Enable companies to deliver against government priorities while reflecting the industry's social, economic, environmental and, technological context.

Underline the need for good coordination between all regulators, government departments and bodies including local authorities.

Why? Efficient operations and investment planning depend on a coherent regulatory framework that provides compatible incentives.

Restate commitment to the five principles of good regulation.

Why? Need to encourage regulators to resist excessive complexity but embrace innovative and sustainable approaches.

Insist that decision-making is flexible enough to reflect differences of geography, demography environmental need and consumer preference.

Why? Challenges are widely different across the country.

7 Competition

Underline commitment to stated water industry purposes as competition is extended.

Why? Essential to protect the health of population, the environment and the customers who are unable to switch supplier while encouraging companies to differentiate their offerings to suit their customer base and local conditions.

Be clear that water competition must add value – effective competition is not good enough, must not be a zero-sum game.

Why? Water competition for its own sake with the possibility that there might be losers would be unacceptable to the public.

Emphasize and explain the role of competition in innovation and service improvement; competition must be efficient and a demonstrable force for innovation and excellence.

Why? Industry has a record of producing value through collaboration – important to maintain this while stimulating efficient competition; companies will need to respond differently in different regions – how will differences in service offering fit with comparative competition?

8 Infrastructure

Confirm that investment in essential infrastructure is a central priority for the water sector.

Why? Events have shown the vulnerability of existing systems. Climate change will pose new challenges that put at risk previous service and environmental improvements. A minimum 25-year funded investment plan for the sewerage and water supply network will deliver more cost effectively for consumers, the supply chain, and society.

9 Charging, metering and affordability

Clarify position on affordability, ‘social’ tariffs and cross subsidy.

Why? Credibility of policy and company reputations is at stake if there are misunderstandings about whether water charges are a tax related to ability to pay, or a price willingly paid by customers for a service they value; social tariffs have to be paid by customers who do not qualify for a subsidy.

Explain that tariffs and meters are known to have limited effect on demand management, except when they impose hardships on poor customers and that meters have a real cost paid by customers.

Why? Long-term credibility depends on transparency and is especially important when asking people to change their behaviour.

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