



Public Interest Commitment update

8th October 2019

www.water.org.uk

Overview

In April 2019, water companies in England reaffirmed their ongoing determination to work in the public interest through publication of Water UK's Public Interest Commitment (PIC).

At the heart of the PIC are pledges to champion measures through which water companies can enshrine public interest within their business purpose, and to work together towards five challenging goals for social and environmental progress.

Since the launch of the PIC, companies have come together to take forward these pledges. The work on each is being led by one or more Chief Executives, supported by Water UK and specialist resources from the industry.

Much of the early focus of our work has been on baselining existing activity relevant to the goals and clarifying definitions, some of which is ongoing; and in particular, on aligning with the "big questions" work of UK Water Industry Research (UKWIR) to help shape the delivery plans which the sector will need to achieve its 2030 goals.

Alongside this essential activity to lay the solid foundations for our future work, there have been other important developments in support of the PIC goals. In June, we marked the latest stage in our national Refill initiative to help the public tackle the waste caused by single use plastic. In July, Anglian Water announced a fundamental change to its Articles of Association. In August, companies committed to

plant 11 million trees as part of delivering on our goal to be net zero carbon by 2030. In addition, all English water companies have now signed up to the Social Mobility Pledge.

This document is the first stakeholder update on how we are progressing with the commitments made in the PIC. We plan to provide regular updates to key stakeholders as we move forward with each of the pledges, as well as informing the wider public at significant milestones. We are also putting together plans for independent scrutiny of our work under the PIC and for reporting on what we have achieved one year after publication, details of which will follow in due course.

Champion measures to enshrine public interest in water companies' business purpose

Sponsor Chief Executive: Michael Roberts, Water UK

Options for enshrining public interest within business purpose include amending company licences and/or their Articles of Association.

In June, Water UK's Senior Lawyers Forum discussed the respective merits of these options. In July, Anglian Water announced it had approved a fundamental change to its company Articles of Association, legally enshrining public interest within the constitutional make up of its business.

Water UK is organising a practitioner workshop and senior round table to promote greater

understanding of the work being done across the sector and share best practice.

Triple the rate of sector-wide leakage reduction by 2030

Sponsor Chief Executives: Pauline Walsh, Affinity Water; Bob Taylor, Portsmouth Water; Peter Simpson, Anglian Water

Initial work has been carried out with the support of the industry's Leakage Network to establish a baseline and trajectory for performance on leakage, based on a review of past performance, Water Resource Management Plans and proposals submitted to Ofwat under the PR19 price review process.

The ongoing activity includes aligning with UKWIR's big question on leakage and reviewing the road map developed as part of its work, so that research informs the delivery plan which the sector will need to achieve its 2030 goal.

The group has also sought to harness wider industry activity in support of this goal. The 'Innovate East' festival, jointly hosted by Anglian Water and Essex and Suffolk Water in September, included a specific focus on leakage. The sponsor CEOs used their address to the industry's main annual Leakage Conference in October to promote the PIC goal and the importance of industry collaboration in delivering it.

The ambition to cut leakage is intended to form part of a wider strategy to reduce per capita consumption (PCC) of water and invest in water transfer and storage, to help meet the challenge posed to water supplies by climate change and population growth. We will shortly be publishing research into the options for substantial reduction in PCC alongside Water UK's forthcoming response to the Defra consultation on this topic.

Make bills affordable as a minimum for all households with water and sewerage bills which are more than 5% of their disposable income by 2030 and develop a strategy to end water poverty

Sponsor Chief Executives: Heidi Mottram, Northumbrian Water, and Steve Mogford, United Utilities

The group set up to take this pledge forward, working more broadly across the industry with the Water UK Customer Policy Advisory Group, the Customer Service Network and Debt Strategy Network, has begun to document company initiatives already being carried out to tackle water poverty.

That exercise has confirmed that there are different approaches to, and definitions of, water poverty. The focus of the group now is to establish what a common definition for water poverty might look like, considering both the approaches already used in the water industry and new ideas, like the approach proposed by National Energy Action (a workshop on which was held in August).

Analysis being carried out through UKWIR's work on their big question on water poverty will support the aim of agreeing a common approach, with UKWIR holding a stakeholder workshop in November 2019 and their final report due in February 2020. Establishing a common definition will then enable an assessment of the baseline position and potential forward trajectory, in turn helping to identify where there are gaps to be addressed.

Achieve net zero carbon emissions for the sector by 2030

Sponsor Chief Executives: Peter Simpson, Anglian Water and Heidi Mottram, Northumbrian Water

The steering group co-ordinating industry activity on this goal, supported by the Water UK Net Zero Carbon Network, has established a baseline position against which it can set out the

size of the challenge, while scoping out what projects and schemes are already being carried out by water companies.

Working with UKWIR, the group is now building a road map to set out how the pledge can be delivered. Sharing of best practice is being encouraged amongst companies while insights from other sectors and businesses are being sought to inform the overall strategy.

As part of their ambition on carbon, water companies in England in August committed to plant 11 million trees by 2030. Plans are already in place to plant the first 2.5 million trees and companies will be working with partners such as local authorities, the National Trust, The Wildlife Trusts and the RSPB to identify additional sites for planting.

In early 2020, an event will be held in partnership with The Cambridge Institute for Sustainable Leadership to share best practice between companies and with other sectors, and to consider progress on the road map to deliver the pledge.

Prevent the equivalent of 4 billion plastic bottles ending up as waste by 2030

Sponsor Chief Executives: Mel Karam, Bristol Water and Colin Skellett, Wessex Water

Industry action will focus on eliminating avoidable single-use plastics in company operations, preventing the use of single-use plastic bottles in wider society, and promoting research that improves our understanding of the impacts of plastic pollution.

The first step – to baseline existing activity – is underway. Quantifying this activity in a way that allows us to report against the target will be an important next step. A working group will help take this forward, as well as exchanging information and best practice, and helping to shape the delivery plan.

We are working closely with UKWIR to ensure that our work aligns with their big question on plastic. In September, UKWIR published around-breaking research carried out by the Centre for Ecology and Hydrology to improve our understanding of micro plastics in the water system.

Our work with City to Sea to make it easier for the public to refill reusable water bottles lies at the heart of this PIC goal. In June, we helped mark National Refill Day by announcing the latest High Street names to join the initiative, taking the total number of Refill stations across the country to over 20,000. We are exploring how we can build on progress to date by developing existing relationships and potentially new partnerships with other organisations.

Be the first sector to achieve 100% commitment to the Social Mobility Pledge

Sponsor Chief Executive: Liv Garfield, Severn Trent

In line with this goal, all English water and sewerage companies (WASCs) and water only companies (WOCs) have now signed up to the Social Mobility Pledge. The pledge commits companies to partner with schools/colleges to provide coaching; provide structured work experience and/or apprenticeship opportunities; and adopt open employee recruitment practices.

Work to promote this PIC goal will now look to collect information and share best practice on what companies are doing or planning to do in the areas under the pledge, including relevant initiatives being taken forward under other bodies. We will also be looking at the potential to extend the scope of this goal, for example, through companies' supply chains.