



Water 2050: A White Paper

Summary



Our ambition

As water companies we have a clear purpose: to protect public health, improve the environment, unlock economic growth, and act as a responsible leader at the heart of England's regions today and in the future.

Our White Paper sets out the industry's **Vision** to achieve that purpose: **by 2050 the UK's water industry will be globally recognised as environmental leaders, stewarding the improvement of rivers and seas, acting on the climate change and protecting consumer's long-term interests.** This includes reducing emissions and helping reverse the decline in biodiversity which threatens the prosperity of current and future generations.

While the latest science indicates that climate change will lead to increased frequency of droughts and other extreme weather events, our customers rightly expect the sector to continue improving services.

Our focus:

We recognise that we must tackle these challenges in partnership with policymakers, regulators, stakeholders and other NGOs. Therefore, we have identified two priority areas for urgent change.

1. **Delivering environmental impact more efficiently:**

A new model for Outcome-Based Environmental Regulation (OBER) that unlocks innovation that will enable water companies to deliver the most environmental improvement with the lowest possible bill impacts should be implemented. Ensuring that every pound spent delivers maximum environmental impact for money.

2. **Protecting long-term customer interests through the right investments at the right time:**

We want to make sure that the significant sums which the sector will invest in environmental improvement are made with a joint, consistent, and thorough understanding of value and risk. This requires agreement among stakeholders — industry, regulators, and others — on a clear, long-term set of resilience standards, a common risk framework, and a forward-looking approach to assessing investment needs. This will ensure that current and future generations receive the service levels they expect with the lowest possible impacts on bills, whilst we continue to tackle the environmental challenges we face.

How we will achieve this

To overcome these challenges and achieve our Vision, water companies, the supply chain, Government, regulators, customers and communities must all come together.

The water industry is committed to coordinating this work and we will establish a White Paper Steering Group to facilitate ongoing strategic dialogue on progress against priority areas. We have set out below a summary of proposals to take this forward:

Delivering more environmental impact, more efficiently



1. Introduce Outcome-Based Environmental Regulation (OBER):

- Long-term environmental targets need to be set for England as a whole that cover all key aspects of the environment, including the reduction of carbon emissions, ideally underpinned by protection in law such as a new, single “Rivers Act”. This will ensure the water sector directly addresses challenges set out in the 25 Year Environment Plan.
- OBER should empower companies to meet targets in partnership with others, including customers, communities and other sectors, to ensure the highest impact solutions are implemented and innovation is allowed to flourish.
- Regulation should provide appropriate risk and reward balance to ensure there are no financial barriers to innovative solutions, levelling the field between traditional and Nature-based solutions.
- A new system for regulation should be supported by a commitment to provide open and live data (e.g. on storm overflow discharges) to build trust and confidence in the regime and sector as a whole.

2. Skills and culture in the workforce:

- Water companies, regulators, NGOs and others should work to ensure they have the world-class green skills by identifying, developing, and implementing innovative solutions.
- All stakeholders should focus on outcomes, innovative approaches and partnerships to ensure new regulation delivers maximum benefits to customers and communities with the right skill base and mindset to develop, trial and implement innovative solutions.



3. Resilience standards and a common risk framework:

- All sector planning decision frameworks should be focused on best value, enabling the most beneficial improvements for society to be taken forward.
- A sector-wide view of operational resilience should be developed that can identify and take steps to mitigate low likelihood but high impact events – for instance, the sudden inability to source a critical chemical.
- Define and agree with policymakers a clear set of long-term service resilience standards alongside a common understanding of risk.

4. Forward-looking approach to investment decisions:

- Investment decisions should be made and funded based on forward-looking approaches to assessing costs, impact and risk rather than focusing on historical data.
- Short-term company targets need to be transformed into milestones consistent with a most impactful approach towards achieving long-term standards, enabling innovative solutions that may require longer horizons.

5. A single joined-up long-term adaptive plan

- Multiple existing plans should be joined up into a single, joined-up, long-term adaptive plan for each company (including the WINEP, WRMP, DWMP, RBMP) and closer collaboration encouraged with other sectors. This plan will form the basis of 5-year revenue allowances and service milestones, framed within 25-year and 50-year horizons.