

UK Water sector: priorities post-EU referendum

The success of the water sector has been built on a stable and predictable regulatory and business environment. This has enabled water companies to raise long-term finance to deliver benefits to customers and the environment at an affordable price.

Post-referendum, the water sector like all other industries is assessing the potential impacts across a range of areas. These include the strength of the UK's economy and the ability to attract investment, legislation and regulation in the environment and other business issues such as procurement and employment, and tariffs on goods and services to and from abroad.

The water sector is committed to working with Government and others in three priority areas in particular to reduce uncertainty during EU-exit negotiations and to ensure the best outcomes for customers and the environment during and beyond this period.

- Maintaining access to a full range of low cost finance

Sustaining investment in water and sewerage is essential, both in delivering quality services and as a driver for economic growth. Overall, economic stability makes the UK an attractive place to invest, which in turn opens up a full range of low-cost finance options – so companies can provide quality services while keeping bills lower.

Since 2010, the European Investment Bank (EIB) has signed off around £5.5bn of finance contracts to the UK water sector. We will work with Government to seek assurances from the European Investment Bank on access to finance during exit negotiations and to identify longer-term options for access to low rate infrastructure finance.

- Setting out clear long-term policy direction

Predictability is also essential to the water sector, from the point of view both of investor confidence and capacity to deliver. To plan with confidence, water companies and investors need clear signals from Government on its on long-term priorities.

Defra's Strategic Policy Statement, due this year, should focus on a small number of key priorities for the water sector, providing a clear steer on the pace and direction of market reform and on resilience. A National Policy Statement setting out Government's expectations on water resource needs, alongside the forthcoming first National Infrastructure Assessment due in 2017, are further important opportunities to provide clarity and long-term direction.

- Designing smart legislation that benefits customers and the environment now and in the future

The future basis for many laws, regulations and standards applicable to the water sector is uncertain, and will depend on the outcome of EU-exit negotiations and future trading relationships.

The current situation provides the ideal opportunity to make legislation smarter in delivering high environmental standards, including the role played by policy in important related areas such as farming and energy. We very much welcome the announcement by Defra to reconsider its 25-year plans for the environment and food and farming in the light of the referendum vote and look forward to contributing fully to that work.