



Annual Review

2018/19

Why we do what we do



At Water UK, we believe everyone should have clean, safe, top quality drinking water, and we are passionate about the positive role which water companies continue to play in improving the environment and supporting the communities they serve.

The year was a big one for the industry for many reasons – and one which, for us here at Water UK, has been notable for the breadth of activity supporting our members on important operational and policy developments.

On Brexit, we have worked closely with water companies, Governments and other stakeholders across the UK in a major initiative to reduce the potential impact on the water sector of our departure from the EU. Industry-wide incident management systems are now well-established and working effectively: this area remains a key priority for us heading into the next business year.

We have also supported companies in their handling of weather-related

issues. Our report on the ‘Beast from the East’ identified eight areas for collaborative action to build on the measures being taken individually by companies following the freeze-thaw in February/March 2018. And through our role within the National Drought Group, alongside companies, regulators and others, we helped ensure that customers got the water they needed during the unusually hot, dry summer of 2018.

There were developments in ensuring that customers get the help they need with our work on Priority Services. Water UK is assisting with the roll-out of a link-up between the water and energy sectors to identify customers in vulnerable circumstances, in a way that makes it easier for those customers to access the help they need.

Our drive to cut plastic pollution continued this year, with further extension of the Refill free drinking water initiative to thousands of points across the nation. We also took a major step forward in the fight against fatbergs and other sewer blockages with Water UK’s launch of the industry’s new flushability specification, known as ‘Fine to Flush’, and with the first wipe to meet that specification coming to market.

Finally, notwithstanding the high levels of trust which the public have in their water companies, we have actively engaged with the ongoing media and political debate about the legitimacy of parts of the sector to operate in the public interest.

We published the Manifesto for Water, setting out English company proposals for 2020-25 to increase investment, cut leakage, provide more help for

those struggling to pay their bills, and reduce bills by a further 4% in real terms.

And later in the year, we highlighted the favourable track record of companies in England and Wales compared with some of their European counterparts, as well as independent opinion polling which showed significantly lower public support for nationalisation in England than previously suggested.

Demonstrating the value of water companies as responsible businesses working for the public good will remain a priority for us. We look forward to working with our members and key stakeholders on this and our other priorities in what promises to be an equally busy year ahead.

Michael Roberts
Chief Executive, Water UK

Water UK Vision and Priorities

Water UK is a membership organisation which represents all major statutory water and wastewater service providers in England, Scotland, Wales and Northern Ireland.

Our vision is of a trusted water sector, providing customers and communities with world-class services and enhancing the UK's quality of life.

Our purpose is to promote the conditions needed to achieve our vision through leadership in bringing people together, informing debate and generating ideas.

Our priorities are to help water and wastewater companies work with others to:

- Inform the operation and development of markets, and their regulation, in the long-term interests of customers
- Increase levels of customer and stakeholder trust in the sector
- Address short and long term pressures on UK water and wastewater networks posed by growing demand and climate change
- Make the case for smart design and enforcement of legislation and regulation governing water quality and wastewater in delivering public health and environmental improvements.

Who we work with

On behalf of our members we engage with Defra and with other government departments and with the principal UK regulatory bodies - including Ofwat, the Environment Agency, the Drinking Water Inspectorate and their equivalents in Scotland, Wales and Northern Ireland.

We are active participants in EurEau, the European Federation of National Associations of Water and Wastewater Services. This provides a powerful platform for the industry within the European institutions.



Resilience

Brexit

Following a decision by Water UK's Operations Strategy Group to create a formal programme for dealing with Brexit, we helped mobilise one of the largest cross-sector initiatives since privatisation. Since September 2018 we have project managed and helped facilitate this work, as well as leading specific workstreams and programme outputs, and managed the interface with central Government. We created or supported around twenty major workshops, meetings with Ministers or senior officials, national exercises, and lobbying discussions with third parties such as representatives from other sectors. Working with senior leaders from companies, the likelihood of serious issues has been reduced, and the programme has received praise from the Government.

Reducing water use

This year Water UK led a project to prepare for the Government's consultation on (and subsequent introduction of) a national Per Capita Consumption target.

We are analysing the minimum set of measures needed for achieving a national target, and the real-world implications (including economic) of different levels of ambition; the minimum policy changes needed from central Government (like labelling and building regulations) to support any target they might wish to set; and the implications of a target for different regions, given their varied circumstances. The project will report in June 2019 and also feed into National Framework modelling.



Managing extreme weather

Some extreme weather in 2018 provided a challenge for the water sector. Water companies focus on ensuring that, whatever the weather, essential water and waste water services are maintained. By taking actions such as reducing leakage, promoting efficient use of water and managing a resilient mix of different sources of water, companies have been able to minimise the time in which services were interrupted whether in the deep freeze of winter or the heatwave of summer. However, more can be done. At Water UK we are working with companies to learn what worked well and what can be improved upon, developing new, innovative approaches to ensure customers get the water they need even in extreme weather.

Fine to Flush

Water companies spend £100 million each year clearing sewer blockages and fatbergs caused by wet wipes and other unflushable products. To help combat this, this year we launched the 'Fine to Flush' standard to identify which wet wipes can be flushed down toilets safely.

Manufacturers of wipes can use the official 'Fine to Flush' symbol on their packaging if they pass strict scientific tests. This symbol lets consumers know that products don't contain plastic and will break down in the sewer system instead of clogging up sewers and contributing to fatbergs. The first 'Fine to Flush' product is now on the market, and more are expected over the coming year.



Regulation

Help where it's needed - priority services

Water and energy providers both offer 'priority services' to those customers who need additional help, but these schemes currently need to be applied for separately. In October 2017 Water UK and the Energy Networks Association announced a major project to work together to share customer information – with customer consent – so that customers only have to apply to schemes once to receive this vital support. We have made significant progress this year towards achieving this goal, and we are on track to roll out this service to customers nationally in April 2020.

Improving the system for asset adoption

The first stage of work to develop new asset adoption arrangements was concluded during the year with the presentation to Ofwat of the sector's recommendations in relation to both water and waste.

Major innovations have been introduced in each area in response to the Ofwat adoption code and we expect them to lead to more competition in water adoption and to improved rates of adoption of sewerage assets. Heightened competition will lead to improvements in housing delivery and higher levels of sewer adoption will benefit homeowners by ensuring that their sewers are maintained by the most appropriate body - their local sewerage company.

Once the recommendations are approved by Ofwat, we will establish

panels of customers and water companies to oversee developments of the new arrangements.

Environment Bill

As well as being in direct contact with the Government on the Environment Bill (including No10 and economic departments), Water UK was a founding partner of the Broadway Initiative, which brings together businesses, NGOs, professional bodies, and academia to work with Defra on designing the post-Brexit environment framework.

We have achieved a number of changes to the Government's emerging plans in order to secure a framework that: encourages a more robust approach to diffuse polluters; is firmer about pollution at source rather than 'end of pipe'; offers more opportunities for sustainable drainage in development; takes more account of existing sector frameworks, and; foresees a more sensible approach towards setting and modifying targets.



Reform



Drinking water policy

Following advice from the Health and Safety Executive, Defra announced the phasing out of the use of metaldehyde, the active ingredient in many slug pellets, as a result of an unacceptable impact on wildlife. Water UK and its members have been working with farmers and agronomists for the past decade to minimise the impacts of these substances on drinking water sources, as they are difficult and costly to remove at treatment works. The Defra announcement will further protect water resources while water companies continue to deliver catchment management approaches to improve water quality and flood protection, supporting and advising the farming community.

Reform of EU directives

EU law will continue to play a central role – either directly or indirectly - in the UK's approach to issues of water and environmental quality. With the post-Brexit loss of UK MEPs and representation in European Council,

our best route for influencing future European initiatives is through EurEau, the EU association of water trade associations, where the UK has a particularly strong voice.

Over the last year Water UK, through representatives we field directly and company staff we coordinate, has set the agenda for the Drinking Water Directive, shaping several of its most important elements. This provides an opportunity to modernise a directive that has been in place for over 20 years, bringing in the latest science so that an already quality service is made even better, ready for the challenges of emerging micropollutants.

Our focus is now shifting to updating the Urban Waste Water Treatment Directive and Water Framework Directive, where there are some potentially unhelpful reforms as well as opportunities.

Finally, Water UK is also one of a small number of national associations working on a project to encourage the adoption among European countries to adopt a much stronger 'extended

producer responsibility' approach towards micropollutants, including microplastics.

Drainage and Wastewater Management Plans

Long-term planning of drainage and wastewater services is essential for the future growth of the UK. Water UK has worked with governments, regulators and others to create a standard method to make planning as effective as possible – Drainage and Wastewater Management Plans – and the framework for these plans was published in September 2018.

The framework will provide a consistent, and more transparent, way of planning, and we have been pleased by the strong and continued support from stakeholders for this work – including from Defra, who have recently consulted on making the framework a statutory requirement.

Reputation

Ambitious vision for the future of water

The submission of water companies' draft business plans for 2020 to 2025 provided Water UK with an opportunity to showcase the ambition that the industry in England had demonstrated in the plans. We published a Manifesto for Water, bringing together in one place the many benefits that the draft plans for English companies would be able to deliver, creating a vision of a long-term, responsible industry.

What the Manifesto revealed was that the industry in England planned to invest £50 billion over the 2020-2025 period, a 13% increase on the previous business cycle. It would see domestic water and sewerage bills fall by more than 4% on average in real terms, a near doubling of the help available to customers who struggle to pay their bills, leakage to be cut by more than 16%, and 8000 km of river improvements. The Manifesto was well received by stakeholders, providing welcome context to the public debate about the water industry.

Promoting drinking water, cutting plastic

Water UK's continued promotion of free drinking water as part of our battle against plastic waste reached a major milestone during the year. The initiative aims to cut single-use plastic bottle waste by tens of millions each year by creating a national network of places where people can fill up their water bottles for free – in shops, cafes, bars, hotels, and from new or refurbished drinking fountains. This will

significantly cut the amount of plastic clogging up rivers and sewers or ending up on beaches.

Working with our delivery partner Refill, the number of drinking water points signed up to the scheme is now over 17,000. In addition, National Refill Day in summer 2018 saw the launch of a new, improved Refill app to help people find refill points more easily.



Increasing trust in the water industry

Public surveys continue to show high levels of trust in water companies, with regular polls by ComRes for Water UK indicating that 90% of the public trust their water company to provide a reliable service and ensure good quality of water. This backed up research by the Consumer Council

for Water which revealed that 94% of customers are satisfied with their water supply.

A report by Global Water Intelligence, commissioned by Water UK, showed that water companies in England and Wales perform better than their main European counterparts. As a sector they outperformed those in France, Ireland, Italy and Spain since 1990 in terms of the most important measures on water and sewerage. In five of the six key performance measures – including water quality, customer service and costs – the English and Welsh water sector is either the top performer or the most improved.

Taking on the nationalisation debate

The issue of water nationalisation continued to feature in public and political debate this year, and Water UK was at the forefront of making the case for the current water industry model. Our activity highlighted that the industry delivers excellent results for customers and the environment, and ensures that the high levels of investment needed to keep improving are maintained – something that would be put at risk by renationalisation. We organised a debate hosted by the New Statesman magazine, significantly increased our engagement with politicians and other key stakeholders and had a prominent presence at party conferences. The tide on nationalisation appears to be turning, with a survey by ComRes for Water UK in February 2019 showing only 42% of the public support water nationalisation, which is down significantly from the 83% widely quoted by pro-nationalisation campaigners from a 2017 survey.



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