

CONSULTATION ON DRAFT STATUTORY SOCIAL AND ENVIRONMENTAL GUIDANCE TO THE WATER SERVICES REGULATION AUTHORITY (OFWAT)

Response by Wildlife and Countryside Link April 2008

1.0 Introduction

Wildlife and Countryside Link (Link) brings together 40 voluntary organisations concerned with the conservation and protection of wildlife and the countryside. Our members practice and advocate environmentally sensitive land management, and encourage respect for and enjoyment of natural landscapes and features, the historic environment and biodiversity. Taken together, our members have the support of over 8 million people in the UK.

We welcome the publication of this excellent guidance, which provides Ofwat and the water industry with a clear steer as to how they should work to deliver the Government's vision set out in '*Future Water*' and their statutory objectives. This response is supported by the following 11 member organisations;

- Association of Rivers Trusts
- Buglife – The Invertebrate Conservation Trust
- Campaign to Protect Rural England (CPRE)
- Froglife
- Marine Conservation Society
- Pond Conservation
- Royal Society for the Protection of Birds (RSPB)
- Salmon & Trout Association
- Wildfowl & Wetlands Trust (WWT)
- The Wildlife Trusts
- WWF - UK

2.0 Comments on the draft guidance

Link warmly welcomes this excellent guidance, which provides Ofwat and the water industry with a clear steer towards meeting '*Future Water*' and their statutory objectives. We strongly support the clear and helpful direction on water efficiency, metering and the role that water companies should play in helping to protect their key resource, water, through catchment management.

We particularly welcome the clear and positive guidance to Ofwat on how they should treat water company investment in land management. Many Link members are working closely with water companies to develop land management projects that can provide a long-term more sustainable and cost-effective solution to deteriorating raw water quality while meeting other statutory objectives. However, we are concerned that delays in

issuing this guidance have created significant regulatory uncertainty for water companies seeking to invest in catchment management works. As a result many companies are in the late stages of finalising their draft business plans, and only a minority are taking forward any land management schemes.

It is vital that Government sends water companies a strong, unambiguous message that cost-effective investment in land management will be considered favourably if there is any hope of encouraging more widespread innovation.

While Defra's guidance on land management is very positive and helpful, we are concerned that this is not reflected in Ofwat's PR09 strategy. While Ofwat's recently published 'framework and approach' to PR09 now refers to catchment management (both on and off water company owned land), it does so in words that convey little enthusiasm for the principle.

This suggests that Ofwat's thinking has not shifted significantly since PR04 when investment in United Utilities' Sustainable Catchment Management Project (SCaMP) was only secured after clear ministerial statements of support. We believe that Ofwat's attitude is dissuading many water companies from including land management schemes in their draft business plans. We look to Government to ensure that its vision set out in '*Future Water*' is not undermined by Ofwat's narrow interpretation of value for money and customer interests.

While we believe that '*Future Water*' targets for metering are unambitious, we welcome the guidance's very helpful support for metering and demand-side management in water resource management plans. We agree that a thorough assessment of the social and environmental benefits of such measures (even those that are not directly monetisable) is essential.

Were Ofwat and the water industry to react positively to this guidance, we are confident that the water environment would greatly benefit. However, as such a positive response is not likely in our view we are keen to understand how Defra is planning to monitor Ofwat's decisions in order to establish whether it is having sufficient regard to this guidance. We hope that you stand firmly behind this guidance in 2009 when commenting on Ofwat's draft price determinations.

Wildlife and Countryside Link
April 2008