



Blueprint for PR14

An environmental assessment of water company plans

Environmental outcomes we want to see in water company business plans 2015-2020

Keep our rivers flowing and wetlands wet

1. Plans to reduce abstraction licences where they risk damaging the environment
2. Plans to manage day-to-day operations to take less water from environmentally valuable sources, where and when water is scarce

Waste less water

3. Plans that give all-in, fair consideration of options to reduce demand (such as water efficiency and fixing leaks) as well as increasing supplies
4. Plans that will result in no overall increase in the amount of water taken from the environment (despite increases in population)

Price water fairly

5. Plans to introduce tariffs for all metered customers that will protect vulnerable customers and encourage water efficiency
6. Plans that will increase levels of metering, including – in water stressed areas – plans for at least 80% households metered by 2021

Protect and restore catchments from source to sea

7. Plans for widespread catchment management to protect and improve raw water quality, make bills more affordable and enhance the environment
8. Plans that show companies have gone beyond the statutory minimum to help ensure water bodies achieve Good Ecological Status

Keep sewage and pollutants out of homes, rivers and beaches

9. Plans that will reduce pollution of rivers and seas from sewage treatment works and other discharges
10. Plans that will prevent rainwater overwhelming sewers causing flooding and pollution, including catchment approaches such as Sustainable Drainage Schemes (SuDS)

Water company business plans: making sure customers' money goes further

Over the last two years, water companies have been talking to customers, supported by the Blueprint for Water coalition, as they developed business plans. And the message back has been loud and clear: despite the economic climate, customers do not want water companies to pollute and damage the environment.

The companies have put forward business plans for the period 2015 – 2020, including £8.8 billion investment to reduce the damage caused by abstraction and sewage pollution, and enhance the environment, whilst keeping bills in line with inflation. Later in 2014, Ofwat will finalise these plans to cap price rises and agree how bill-payers' money will be spent.

This assessment looks at the environmental proposals included in water company business plans, rated against the environmental outcomes we set in 2012 (*see back page*). Given that customers have said that the environment and sustainability are priorities, we believe it is vital that companies tell customers what they are doing to protect and enhance the environment. We therefore focused our assessment on the business plan published specifically for customers (and in some places were disappointed that some truly good plans were not mentioned or sufficiently celebrated).

In developing this assessment we shared our thoughts with all the water companies to ensure that it reflects as fully as possible the plans ahead. As a result, we considered additional information provided by companies as evidence of progress beyond that contained in the plans written for customers. All the companies (excluding Anglian Water, Cambridge Water,

Northumbrian Water, Essex and Suffolk Water and South Staffs Water) engaged with us in this process and we thank them for their response.

As the companies and Ofwat finalise plans over the coming months, we hope that this assessment will highlight good ambition in the industry and signpost where more can be done. We were unable to assess companies on their actual environmental performance as much of this information is not in the public domain. This assessment, therefore, cannot be used as an endorsement of how any company is performing on the environment, as it looks solely at what the company is intending to do (and not at past and current environmental performance). While good intentions must be applauded, the proof of any pudding is in the eating: so it is essential to see how these plans are delivered in the years ahead. We are calling on the industry and regulators to be more transparent about environmental performance, and to share evidence and information with customers. The Blueprint's staff and volunteers are looking forward to working in partnership with the companies to deliver the plans and we will also keep track of the progress made and celebrate real achievements where and when they are delivered.

What are the water companies planning for the environment?

Each company's customer-facing business plan has been awarded a score: green showing good progress; amber showing some progress; and red showing insufficient progress. Grey shows where the information included by companies in the plans published for customers, or provided to us on request, is insufficient to support a fair assessment.

Alignment of companies' plans with Blueprint's asks

| Plans to ... | ...reduce abstraction licences where they risk damaging the environment. | ...manage operations so less is taken from environmentally sensitive sources. | ...give fair consideration to measures to reduce demand. | ...ensure no increase of water taken from environment. | ...include tariffs for all on meters to protect customers and to encourage water efficiency. | ...promote metering including 80% metered in water stressed areas. | ...implement widespread catchment management. | ...improve water bodies to Good Ecological Status. | ...reduce pollution from sewage works and other discharges. | ...prevent rainwater overwhelming sewers including through use of SuDS. |
|-----------------------------|--|---|--|--|--|--|---|--|---|---|
| Affinity Water | ● | ● | ● | ● | ● | ● | ● | ● | N/A - does not provide waste water services | |
| United Utilities | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Wessex Water | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| South West Water | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Southern Water | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Yorkshire Water | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Severn Trent Water | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Thames Water | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Portsmouth Water | ● | ● | ● | ● | ● | ● | ● | ● | N/A - does not provide waste water services | |
| South East Water | ● | ● | ● | ● | ● | ● | ● | ● | N/A - does not provide waste water services | |
| Anglian Water | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Northumbrian Water | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Bristol Water | ● | ● | ● | ● | ● | ● | ● | ● | N/A - does not provide waste water services | |
| Cholderton & District Water | ● | ● | ● | ● | ● | ● | ● | ● | N/A - does not provide waste water services | |
| Dŵr Cymru/Welsh Water | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Sembcorp Bournemouth Water | ● | ● | ● | ● | ● | ● | ● | ● | N/A - does not provide waste water services | |
| Cambridge Water | ● | ● | ● | ● | ● | ● | ● | ● | N/A - does not provide waste water services | |
| South Staffs Water | ● | ● | ● | ● | ● | ● | ● | ● | N/A - does not provide waste water services | |
| Essex & Suffolk Water | ● | ● | ● | ● | ● | ● | ● | ● | N/A - does not provide waste water services | |
| Dee Valley Water | ● | ● | ● | ● | ● | ● | ● | ● | N/A - does not provide waste water services | |
| Sutton & East Surrey Water | ● | ● | ● | ● | ● | ● | ● | ● | N/A - does not provide waste water services | |

What our assessment says about the water industry

This assessment shows a water industry that is planning more than ever before (and more than other sectors) to address its impact on the water environment. However, more is needed to deliver for customers and the environment. The individual scores show that some companies, such as Affinity Water, United Utilities and Wessex Water, are planning good progress across the piece. We hope that those companies with reds and ambers will look closely at what their 'greener' peers are doing as they develop and implement plans with Ofwat approval.

Keeping rivers flowing and wetlands wet

We are pleased to see so many companies putting forward plans to manage abstraction in more environmentally-sympathetic ways. We should, however, celebrate these plans with a little caution; we know that very few licence changes proposed in the business plans agreed in 2009 have been implemented. We know that more needs to be done to address abstraction than is included in these plans, but the main limiting factor is the pace the environmental regulators complete investigations and inform companies of proposed changes to licences. This is concerning, since it is essential to address current over-abstraction before the Government's wider abstraction reforms can be introduced in the 2020s.

Given the Government's intentions for the Abstraction Incentive Mechanism (AIM), we were extremely disappointed with industry performance on managing operations from environmentally sensitive sources; just a third of companies are progressing this with any real vigour. We regard this as an inevitable consequence of Ofwat's decision to make the AIM a reputational incentive instead of

a financial incentive, as originally proposed. Only a handful of companies included reference to this in their customer-facing plan, putting the concept of a reputational incentive into question.

Waste less water

We believe that companies should reflect the environmental value of water in their planning. Disappointingly, government guidance did not allow companies to do this. The one company that reflected environmental value using a shadow scarcity charge (Southern Water) was prevented by the regulators from using this in their final plan. It is vital that the guidance is changed so that it sufficiently values natural capital.

We are pleased to see plans to keep water abstraction static, given pressures from increasing populations (good progress planned by 76% companies). However, more can be done: the majority of companies do not seem to be ensuring that demand management is considered fairly in the planning process (e.g. by applying an all-in, consistent and balanced evaluation of both supply and demand options). This is disappointing given that Ofwat

removed the historic bias towards capital investment with their new total expenditure ('TOTEX') model. More tangible leadership from government and water company boards is required to drive change.

Price water fairly

All water companies have customers who are metered and companies are required to develop 'social tariffs' to protect their most vulnerable customers. As well as tariffs to ensure the poorest aren't adversely affected by metering, we wanted to see companies enable all metered customers to reduce their bills through water efficiency. Disappointingly, while most companies are progressing with social tariffs, only Wessex Water and Thames Water are planning to trial tariffs that protect customers and encourage water efficiency.

Supported by the right tariffs, metering is the fairest and most sustainable water charging system. An independent government review recommended that 80% of England and Wales should be metered by 2020. It is therefore incredibly frustrating that the Environment Agency's and Natural Resources Wales' latest, inexplicable revision of the Serious Water Stress designations has made this target unachievable. Our assessment now looks at what companies could do, given these changes, as all companies have a legal duty to promote metering and water efficiency. One third are planning to make good progress.

Protect and restore catchments from source to sea

On catchment management and getting rivers to Good Ecological Status the majority of company plans are on track, with

67% and 52% scoring green respectively. This reflects the early innovation shown by companies such as South West Water, Wessex Water and United Utilities in previous business plans and their continuing efforts to set the bar high. It also reflects the leadership from national and devolved government and its agencies, underpinned by the legal obligation to deliver the Water Framework Directive. We hope to see further progress as the final phases of the Environment Agency's and Natural Resources Wales' National Environment Programme are confirmed.

Keep sewage and pollutants out of homes, rivers and beaches

All of the water and sewerage companies are planning to reduce the content of nutrients and chemicals in their 'everyday' wastewater discharges, as well as preventing pollution events. This is in part driven by the continuing obligations placed on companies to maintain clean bathing waters and meet new standards by the end of the 2015 bathing season. We have been pleased to see plans to increase monitoring of pollution (particularly of combined sewer overflows) and would welcome transparency about the frequency and impact of incidents and effectiveness of measures.

The sewerage side of the industry does seem to be more conservative, doing the minimum to comply with legal obligations. There has been limited progress across the board in terms of planning catchment approaches such as Sustainable Drainage Systems (SuDS). However, some companies are taking steps in the right direction: for example, Welsh Water is planning innovative 'Rainscape' schemes. We believe that greater innovation could arise from longer term (25-year) plans and a catchment approach.

About the coalition

The Blueprint for Water coalition is a unique coalition of environmental, water efficiency, fishing and angling organisations which call on the Government and its agencies to set out the necessary steps to achieve “sustainable water”.

In September 2012, the Blueprint published *Blueprint for PR14: Environmental outcomes for the price review*, which set out the environmental outcomes we wanted to see from the PR14 planning process.

This report is supported by the following organisations:



Wildlife and
Countryside **LINK** 

For further information and contact details visit:

www.blueprintforwater.org.uk

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