



Department
for Environment
Food & Rural Affairs

Resilient water supplies for the future: a national policy perspective

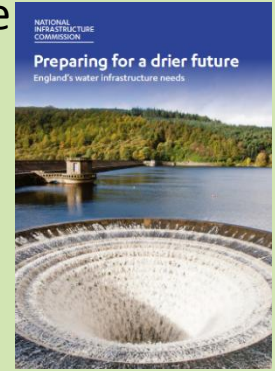
Margaret Read
Head of Water Supply policy
December 2018

Four government priorities for water

Improving financial and corporate governance



Securing long-term resilience



Improving the environment to deliver clean and plentiful water

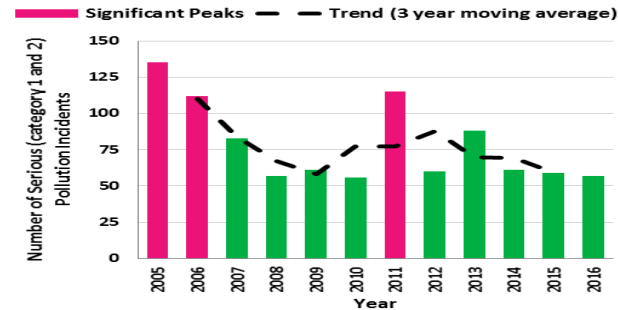
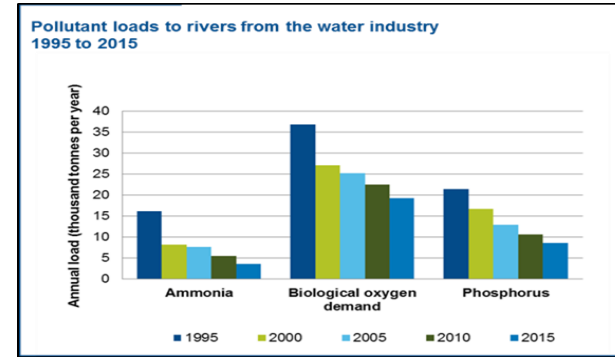


Protecting vulnerable customers



The water environment has improved in recent years – but there is more to do

- The main reasons for 86% of water bodies not reaching good ecological status are agriculture and rural land management, the water industry, and urban and transport pressures.
- Pollutant loads to rivers from water industry discharges have declined in recent years, with reductions of up to 70% since 1995.
- But over the last decade the number of serious water pollution incidents from water companies has remained broadly the same.



Source: Environment Agency

The government's 25 year plan for the environment commits to improving at least three-quarters of waters to be close to their natural state as soon as is practicable

- Reducing damaging abstractions so that by 2021 the proportion of water bodies with enough water to support a good ecology increases
- Working with the industry to set an ambitious personal consumption target for water and agree cost-effective measures to meet it.
- Supporting Ofwat's ambitions on leakage, minimising the amount of water lost through leakage year on year, with water companies expected to reduce leakage by at least an average of 15% by 2025.
- Reaching or exceeding objectives for waters that are specially protected as per our River Basin Management Plans. The Water Industry National Environment Programme provides an opportunity to increase ambition and promote catchment solutions in the 2019 price review.
- Ensuring water companies develop drainage and wastewater management plans -setting out their long term plans to maintain and extend a robust and resilient wastewater system which addresses future challenges, including flood risk.

Why we need to act



<https://www.gov.uk/government/speeches/michael-gove-speech-on-uk-climate-change-projections>

What will things look like in 2021?

- 90% of surface water bodies and 77% of groundwater bodies at the required standards
 - RSA programme completed
 - 2,300 time limited licences reviewed
- 10 licensing strategies detail solutions for the most affected catchments (all updated by 2027)
 - Solutions to remaining environmental pressures
 - Improving access to water
- A new and consistent regulatory regime and a modern service
 - Clearer access to vital data (such as flows and licence details)
 - Simpler processes



[Home](#)

Policy paper

Water abstraction plan 2017

Setting out how the government will reform the way we manage water abstraction, to protect the environment and improve access to water.

Published 15 December 2017
Last updated 19 December 2017 — [see all updates](#)
From: [Department for Environment, Food & Rural Affairs](#)

Documents



[Water abstraction plan](#)

HTML

The three pillars of the abstraction plan

- Address unsustainable abstraction
- Stronger catchment focus:
 - Protect environment
 - Improve access to water
- Modernise the service
- Plan sets this out in one place



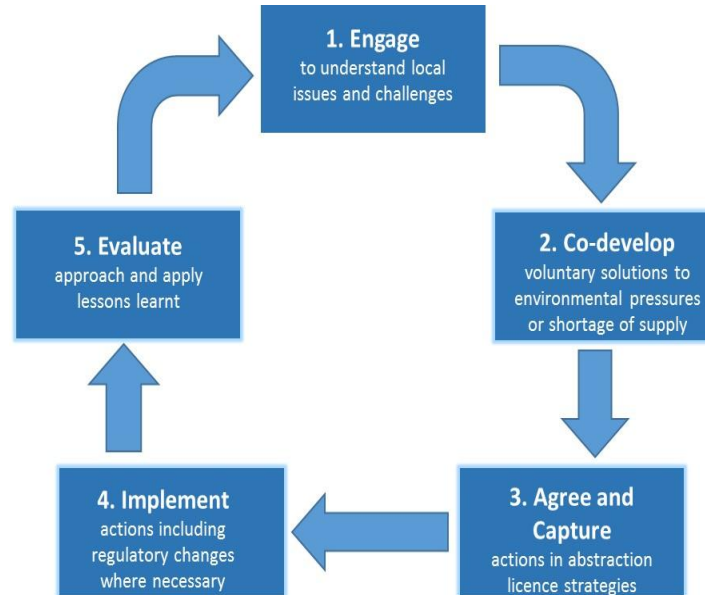
Address unsustainable abstraction

Aim - move around 90% of surface water bodies and 77% of groundwater bodies to the required standards by 2021

- change water company licences as set out in PR14 NEP and PR19 WINEP – companies to take a leading role
 - review around 2,300 time limited licences by 2021
 - adjust all permanent licences shown to be seriously damaging
 - complete the Restoring Sustainable Abstraction programme by March 2020 – 150 remaining licences
 - revoke c600 unused/underused licences that are no longer needed
 - regulate around 5,000 previously exempt abstractors
 - update ten abstraction licensing strategies by 2021 and all by 2027
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Develop a stronger catchment focus

- Focus where pressures are greatest
 - Protect the environment
 - Improve access to water
- Work collaboratively in catchments to identify solutions
- Engage existing groups
- Capture solutions in licensing strategies



Why work at catchment scale?

- Empowering local groups will lead to innovation
- Consensus-based decisions can be quicker than taking a regulatory approach
- Potential to achieve multiple benefits
 - Water resources
 - Flood risk management
 - Water quality
- Different catchments have very different characteristics and needs so solutions have to be closely tailored to be effective



Potential tools

Approach	Benefit
Controls on more licences	Better protect the environment
Capping licences	Prevent increased abstraction damaging the environment
Improving how surface water and groundwater sources are used together	Make best use of water
Supporting rapid water trading	Allow abstractors to share access to water quickly
Allowing some winter abstractors to take water at the highest flows	Make better use of storage and reduce abstraction pressures at low flows
Sharing real-time information on river flows	Help abstractors plan water use
Managing water discharges	Benefit abstractors downstream who depend on them

Modernising the service

Modernise systems – digital transformation:

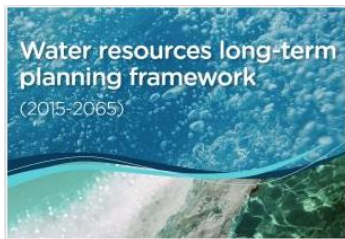
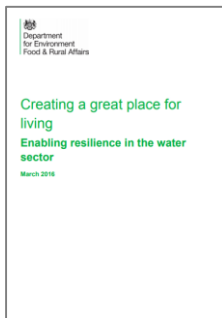
- view, apply for, or amend licences online
- report water usage more simply
- access up to date information on water availability to help manage abstraction
- Provide the platform to enable more water rights to be traded

Modernise regulations by moving to environmental permitting regulations:

- a more modern and consistent legal framework
 - opportunity to apply for a single, consolidated permit covering all activities in EPR
 - 2018: informal stakeholder engagement
 - 2019: formal consultation
 - 2020: implementation.
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Resilience of the public water supply

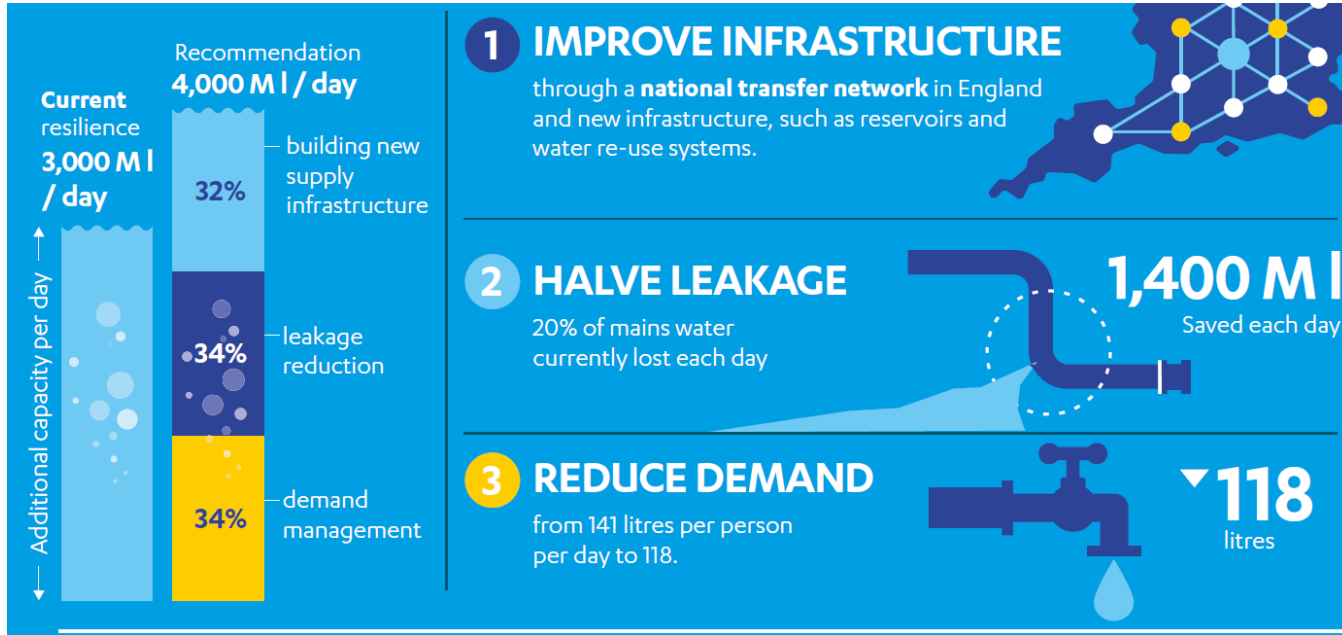
Long-term resilience



Government ambitions for the water sector

- A twin track approach is needed:
 - Best value for customers
 - Best outcomes for the environment
 - Manage uncertainties in the long term
- Ambitious action to reduce demand
- Developing new supplies alongside this

Recent analysis by the National Infrastructure Commission highlights the importance of ambitious action to reduce demand and increase supply



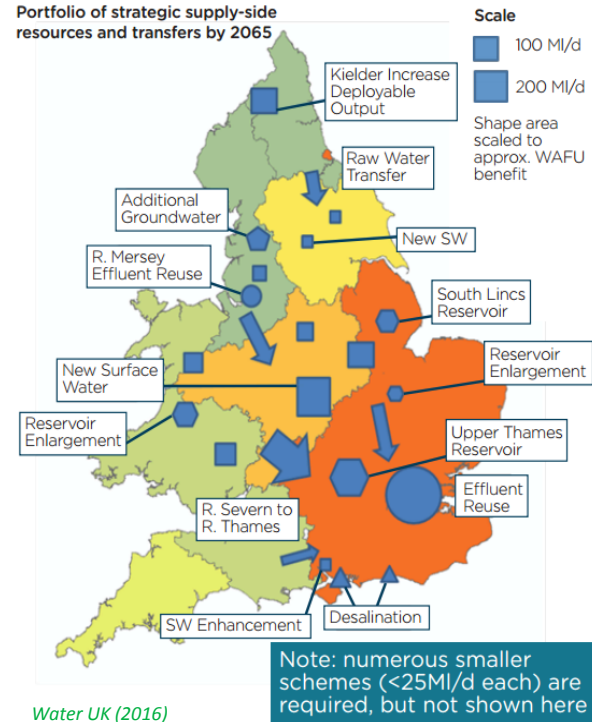
Solving the public water supply deficit will require all the tools in the box. No single option will suffice.

The government supports a balanced strategy of:

- **boosting supply** – developing new water supply infrastructure and enabling water transfers across regions
- **managing demand** – tackling leakage and reducing household consumption.

No major new water supply infrastructure has been built since 1989.

- The forthcoming **national policy statement for water** will unblock barriers to development of new infrastructure.
- The **Environment Agency's national framework** for water will support better regional planning and more transfers of water between regions.



Policy tools to encourage action

Strategic policy statement – *“Ofwat should challenge the water sector to plan and invest to meet the needs of current and future customers, in a way which offers best value for money over the long term.”*

Priorities for water resource management plans

- Reduce the long-term risk to water supplies from drought (level of service)
- Water trading and collaboration to bring forward the optimal regional solutions for the region
- Bring down consumption of water and address the amount lost through leaks
- Protect and enhance natural capital through option choice

National policy statement to facilitate delivery of new supply infrastructure and transfers through the planning system:

<https://www.gov.uk/government/consultations/draft-national-policy-statement-for-water-resources-infrastructure>

Improving financial and corporate governance

- Cayman Island companies removed
- Gearing is reducing
- Innovative ways to share outperformance
- Many dividends lower than Ofwat's 5% guidance
- Mixed picture on exec pay

Securing long-term resilience

- 13% increase in investment across the industry
- Industry aiming for leakage reduction of 16%
- Mixed picture on *per-capita* consumption
- Is resilience increasing overall?


Improving the environment

- Zero serious pollution incidents
- Two-thirds more catchment management schemes
- 8,000km river improved
- 98% of bathing waters meeting European standards by 2025

Protecting vulnerable customers

- Bills coming down – reduction of 4% in real terms
- Companies plan to increase uptake of social tariffs by nearly 90% by 2025

What's coming up?

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- Parliament report on water conservation
 - Final water resource management plans
 - Ofwat initial assessment of business plans
 - Environment Bill
 - Primary legislative proposals on water management