



Draft Statutory Social and Environmental Guidance to the Water Services Regulation Authority (Ofwat)

Consultation to accompany proposals set out in the Government's Water Strategy, *Future Water*

Response from the Partnership for Urban South Hampshire (PUSH)

1. Introduction

This guidance is issued by the Secretary of State to Ofwat under powers contained in the Water Industry Act 1991 (as amended by the Water Act 2003). Its purpose is to provide Ofwat with a steer on the key environmental and social policies the Government expects it to contribute to in carrying out its role as the economic regulator of the water industry. Ofwat will be required to have regard to this Guidance when discharging its statutory functions.

The guidance is of interest to PUSH because water supply, demand management and waste water treatment issues, are key factors in PUSH's planning of the sub-region for the next twenty years. PUSH is committed to the principles of sustainable development and the growing issues surrounding mitigation and adaptation to climate change, and is keen to see all other stakeholders with a role in spatial planning and place making, adopting similar principles. As such PUSH welcomes this guidance which coincides with the Government's new Water Strategy which is charged with placing those principles at the heart of decision making in the water industry.

2. Sustainable Development

The Government has committed itself to considering the impact of all its policies on sustainable development at key-stages in the decision making process. As such Ofwat are expected to operate within the five key principles of sustainable development. Ofwat's work can have major social and environmental impacts and therefore PUSH supports the approach to embedding sustainability in this area of decision making. Whilst, working on behalf of the consumer to regulate the water industry, Ofwat must consider the impacts of its operations and those of the companies it regulates in environmental and social terms as well as financial ones, and this is welcomed by PUSH.

PUSH would like to stress that it endorses the notion that this guidance should not act as a limit to the activities pursued by Ofwat or individual water companies, but rather as an example to encourage and potentially realise greater aspirations in sustainability of their operations. Ofwat should both act as regulator to ensure targets and requirements are being met, but also to act in a support role to promote exemplar working and ensure that all streams of support, whether it be financial or



knowledge based are available to the water companies. In summary PUSH firmly believes that Ofwat's role is both to regulate and support the water industry in the drive for greater sustainability.

3. Sub-Regional Planning

The Partnership for Urban South Hampshire is collaborating with many other relevant agencies, both public and private, to plan for the sustainable growth of the area over the next two decades. A key issue within this work is to plan for an integrated approach to water management. This includes ensuring that;

- there is adequate water supply of the best quality to meet expected demand,
- waste water is treated to the highest levels and causes no detrimental impact on the quality and bio diversity of key protected rivers and waterways,
- the demand for water by residents and businesses is managed efficiently to safeguard future supply, and
- flood risk is managed effectively and new development is located to minimise future flooding including taking into account the impact of Climate Change

PUSH acknowledges the important role Ofwat and the Water Companies have to play in this 'agenda' and has been actively involving them in the process, with effective results. PUSH is firmly of the belief that this must continue and so welcomes guidance that encourages Ofwat to prompt the water sector to work closely with Local Authorities on this matter. This will benefit not only consumers, in making sure they have the best of what's available to them, but will also have tangible benefits for the wider environment.

In terms of water resource planning, the guidance is welcomed as it is a crucial step to putting water efficiency/demand management and leakage targets on an equal footing with resource development. This is vital to ensure that the natural environment does not suffer any further degradation as a result of development and even experiences improvements. PUSH strongly believes that any future growth must not be at the cost of the environment and as such is involved in promoting water efficiency and awareness of water related issues.

PUSH believes that the water industry has a significant role to play in promoting the sustainable use of water to domestic and business customers. Consequently PUSH welcomes the introduction by Ofwat of voluntary water efficiency targets for companies, and the ongoing work on the development of mandatory water efficiency targets for the 2010-2015 period. Equally the introduction of wide-scale metering, demand management and the twin-track approach is seen as beneficial. This guidance will require water companies to provide background evidence for all new supply measures setting out legitimate reasons why demand side measures can not be implemented/are not viable in the first instance. This will provide a fully rounded, justified evidence base for all new options and will have a positive effect of offsetting the need for increasing supplies and associated costs to customers and potential environmental damage.



However, PUSH also fully acknowledges that there may well be legitimate and understandable circumstances when water companies will need to raise bills in order to provide for investment in new infrastructure. However, it must be demonstrated that there is a legitimate need for doing so after considering all other options. Ofwat has an important role to play in ensuring that every aspect of sustainability has been taken into account by the water companies, even when sustainability objectives may entail higher customer bills.

PUSH fully supports the suggested commitment of the industry to the Carbon Reduction Commitment scheme and would expect Ofwat to actively work with companies in meeting and exceeding their targets and work towards ways of reducing emissions from individual homes as a result of water use.

4. Innovation

PUSH is fully supportive of Ofwat encouraging greater innovation within the industry. Innovative tariffs, charging mechanisms to accompany metering, and innovative strategies to respond to the need to mitigate and adapt to climate change are examples that PUSH would urge Ofwat to consider.

The industry needs to work with other partners and organisations to assess how changing social and environmental conditions will affect its future operations, the services it provides and how this will impact on the wider growth agenda for areas like South Hampshire.

PUSH therefore fully supports this guidance and welcomes its timing to coincide with a period of significant growth nationally as well as locally. The Partnership would therefore urge Ofwat to adhere to this guidance when making its decisions and recommendations to the water industry.