

Water Bill

Government action on water policy

November 2013

This is one of a series of briefing notes on the Water Bill. This note provides an overview of the wider flooding and water policies that the UK Government is taking forward outside of the Water Bill. It represents a summary of relevant government policies accurate at the date of publication; current information is available in the policy section on [GOV.UK](http://gov.uk). Further detail on the Water Bill can be found in other briefing notes. This briefing does not cover policies of the Welsh Government.

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Water – The Need for Change

Water is essential to life. We need clean and plentiful water resources to supply our homes and support a growing economy. Water is also critical for a healthy and flourishing natural environment, which is the essential foundation for sustained economic growth, prospering communities and our personal wellbeing.

A growing population and the impacts of climate change create risks to our water resources and the environment that they support. We need to take these challenges seriously to avoid weakening our economy and causing irreparable damage to the environment.

The value of protecting water quality in England is estimated at around £1.1 billion a year. We need to build greater resilience to enable us to deal with more variable and pressured water supplies, and ensure our water and drainage infrastructure can deal with more extreme weather. The drought and floods we have experienced in recent years illustrate the risks we face. We will need investment in new infrastructure to store water, improve interconnectivity and strengthen our drainage systems; and we need to increase the efficiency with which we all use water.

What do we need to do?

The 2011 Water White Paper, Water for Life set out the Government's ambitions for a sustainable, resilient and customer-focused water sector and outlined the plans for delivering substantial improvements in the health of our rivers through improving water quality and tackling unsustainable abstraction.

In particular, our objectives are:

- **Long-term resilience:** Set a policy framework which drives the water sector and significant water users to plan for a future when water resources come under more pressure and take action in response. Our expectation is that incumbent water companies and new entrants will look to the longer term when considering where and when investment is needed in development and maintenance of infrastructure and encouraging behaviour change by consumers.
- **Growth:** Encourage continued investment in our water and sewerage systems to build resilience and support growth. The stable regulatory regime has proved attractive to investors, and our evolutionary and measured programme of reform will ensure that continues.
- **Environmental Protection:** Pursue an ambitious agenda for protecting our rivers, lakes, bathing waters, groundwater and estuaries, reforming the abstraction regime and improving water quality by reducing pollution and restoring flow levels, working closely with local communities to tackle problems at a catchment level.

- **Affordability and Reliability:** Ensure that the interests of customers are at the heart of decisions about the water sector, ensuring they receive good service now and in the future with bills that remain good value.
- **Efficiency:** Reform the water sector to encourage innovation and increase efficiency, increasing competition as a way of delivering better outcomes for customers and for the environment; build an understanding among consumers of the economic and environmental cost of their water use, and the scope for increased water efficiency.

How are we achieving this?

The Water Bill

We are using the Water Bill to make any changes to the law that are needed to achieve our objectives, in particular by removing regulatory barriers that discourage or prevent new firms competing in the water industry. It will also hardwire future resilience into the framework for the sector.

The Water Bill will also ensure that households at high risk of flooding can get affordable flood insurance.

The Water Bill forms one part of our programme of action to deliver these objectives, but is supported by many other activities, which are set out below.

Customers and Affordability

The Government places a high importance on affordability of water bills. Ofwat estimate that next year's Price Review could significantly reduce pressure on bills by between £120 million to £750 million a year.

We have made it easier for water companies to support customers who struggle to pay their bills by issuing guidance on social tariffs to allow water companies to develop concessionary schemes to support vulnerable customers. Three major water companies have introduced them so far and many more are discussing this with their customers.

We are calling for a crackdown on bad debt with the industry's worst performers challenged to match the performance of the best. A new voluntary database for landlords being introduced to provide information about tenants to water companies – and the Government has committed to challenge landlords to demonstrate that further regulation is not needed.

There has also been action taken to improve governance standards across the sector, including increased independent and customer representation on boards.

Water Efficiency

We all know the importance of using less water, and using it wisely. This is why one of our key commitments in the Water White Paper relates to water efficiency.

We have encouraged water companies to create partnerships with Green Deal providers to offer advice on water efficiency to households and businesses by providing funding towards a joint Waterwise and the Energy Saving Trust guidance. This guidance aims to help increase and simplify the delivery of joint energy and water efficiency programmes through partnership working.

We have funded the work of the WRAP led Water Using Products Group which led to the announcement on 1 July by a significant number of major retailers and merchants to put the Water Label on all their bathroom products by Summer 2014.

We have also have funded a project to analyse what motivates water saving behaviours and the barriers to their uptake. The final report was published in October 2013 and we have started to consider applications for action-based research projects based on water and sustainable behaviour.

Water Resource Management Plans

The Water Resource Management Planning process ensures water companies are planning now for how they will ensure a resilient water supply for the next twenty five years and beyond.

They are drawn up by public water supply companies and set out their plans to sustainably meet the demand for water. These plans cover a range of measures from building reservoirs through to fixing leaks and helping individuals and businesses to find ways of reducing the amount of water they use.

These plans will help Government, with advice from the Environment Agency and Natural Resources Wales, to take a strategic overview of the robustness of the sector's plans for the future, and whether more action is needed to enable delivery of strategic national infrastructure projects.

Reform of the Abstraction System

The implementation of upstream markets is just one aspect of the Government's wider agenda for securing the long-term resilience of our water supplies and the water environment, which was set out in the Water White Paper.

The common theme across this agenda is our commitment to achieving the right balance between long-term planning, environmental regulation and the use of market mechanisms to secure the most efficient use of scarce water resources.

In advance of abstraction reform, we have intensified our work to tackle the over abstraction damaging our rivers today by varying and removing licences and bringing previously exempt groups into the system.

Through the Restoring Sustainable Abstraction programme, the Environment Agency continues to work closely with water companies, and other abstractors, to improve river flows.

Over the longer term, the Government is reforming the abstraction regime to make it more flexible and resilient to the challenges of climate change and population growth. The new system will be more responsive to the amount of water available in a catchment. Public water supply and non-public water supply trading will not affect environmental protection. Trading should facilitate the more efficient use of water that is abstracted.

The change to the compensation arrangements for water companies included in the Water Bill will speed up progress further.

Improving Water Quality

We are continuing to reduce pollution from point sources, for example by facilitating further water company investment to improve waste water treatment and collection.

We are also increasing our efforts to reduce agricultural pollution in a way that supports competitive and sustainable farming, for example, through fair and transparent enforcement of water quality rules and support and advice for practical actions through further investment in the Catchment Sensitive Farming scheme.

Alongside this, we are tackling urban pollution such as misconnected drainage pipes and run off from roads. We will be preparing an urban pollution strategy for 2014.

Through our investment in remediation schemes for abandoned metal mines, for example, we are controlling and reducing pollution from chemicals and metals.

On a local level we are taking further local action to ensure bathing waters reach tougher new EU bathing water standards, safeguarding local tourism, as well as working with the water industry and local communities to further improve water quality at important wildlife conservation sites and in shellfish waters, freshwater fish areas and drinking water protected areas. This year almost 99% of our bathing waters have complied with the Directive's mandatory minimum standard, and over 82% (342 of the 415 bathing waters in England) have met the highest standard known as 'guideline'. This is a record number.

Our catchment approach mobilises local communities to work with regulators to investigate sources of pollution and build consensus on how to tackle them. By working on a catchment basis we are recognising the complexity of water systems and their connection to the surrounding land. We have now established over 100 voluntary catchment partnerships covering all of water catchment across England to support the second cycle of River Basin Management Plans.

As a result we expect that the next round of River Basin Management Plans we are developing for 2015 will set out our revised ambitions for improving the condition of our water bodies.

Sustainable Drainage

We will increase the focus on the adequacy and resilience of our sewerage and drainage systems. A more strategic approach to drainage planning is being introduced to address investment in the aging network and its resilience in the face of increased surface water flooding. We are taking steps to ensure that water companies take ownership of newly built sewers and lateral drains.

The Water Bill includes measures to promote take up of sustainable drainage systems which can reduce the risk from surface water flooding incidents.

We remain committed to encouraging the uptake of SuDS and we have included a measure in the Water Bill (clause 21) to make clear that sewerage undertakers can use SuDS to fulfil their duty to effectually drain an area where it is cost effective to do so.

We are aiming to commence Schedule 3 of the Flood and Water Management Act 2010 in April 2014. We are currently working with interested parties to resolve outstanding policy issues, including those which arose from Defra's consultation.

Flooding

Flood management remains a top priority for Defra, supporting the Government's overarching objective to deliver economic growth and build a strong economy.

Despite a demanding Spending Review 2010 settlement we are on an upward track for capital spend following the allocation of a further £120m over the final 2 years of the spending period support growth and accelerate the core programme and an increasing capital settlement from 2015/16 until 2020/21.

Extra investment over 6 years up to 2021 is expected to improve the standard of defence for an additional 300,000 households.

Defra has been successful, for the first time, in securing a protected, long-term, 6 year, capital settlement totalling £2.3bn to improve flood management infrastructure (compared to £1.9bn in the 6yrs to March 2015). We will also be providing an above-inflation increase of £5m for the Environment Agency's floods maintenance work in 2015/16.

Changes in Defra's funding approach have more than quadrupled contributions from other sources, helping to deliver better protection to more communities than previously thought possible. Our new partnership funding approach has already brought in up to £148m in external contributions over the four years to 2015, compared with £13 million during the previous three years. Early indications suggest that up to a quarter (25%) more schemes

will go ahead in the coming years than if project costs were met by central Government alone.

The Environment Agency has driven down back-office costs by more than 33% and gained 15% efficiencies from its capital procurement programme, meaning more can be delivered.

As a result of these changes, by the end of the spending period (March 2015) we will have improved standard of defence from flooding or coastal erosion for 165,000 households (20,000 more than our goal at the beginning of the Spending Period) and the Environment Agency is on track to have 97% of its assets in high consequence areas are at or above target condition.

Flood Resilience Community Pathfinder Scheme

The Flood Resilience Community Pathfinder Scheme is to enable communities to find simple, effective ways to minimize their flood risk, improve their levels of preparedness, and build confidence and increased peace of mind.

Authorities across England are implementing projects. Many of the projects are partnerships, with the successful authority working with a range of national and local organizations to deliver the aims of their project. The National Flood Forum is involved in a number of the projects. Between now and 2015 the overall investment in these projects will be £5.2m of which, Defra will be providing funding of £4m.

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<https://www.gov.uk/government/policies/reforming-the-water-industry-to-increase-competition-and-protect-the-environment/supporting-pages/reform-of-the-water-market-the-new-water-bill>

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