

waterdetermination2020@cma.gov.uk

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Date: 7 May 2020

Dear Sir/Madam,

Re-Submission to the CMA from Hull City Council

Yorkshire Water has decided to challenge the PR19 decision. I am writing in support, specifically as future investment in Hull has been cut by Ofwat and this will increase the risk of homes being flooded and impacts the long term resilience to surface water flooding in the city.

The City Council has worked very closely with Yorkshire Water since the floods of 2007 where over 9,000 homes, over 90 schools and 100 businesses were flooded. This remains the largest and most devastating flood event the city has witnessed and the greatest number of homes impacted from a surface water flood the country has ever seen. The flood led to many families being out of their homes for in excess of 12 months. Since this event, the Council has worked in close collaboration with Yorkshire Water, East Riding of Yorkshire Council (our neighbouring authority) and the Environment Agency to manage the future risk of flooding. This has led to in excess of £200m being invested into new flood infrastructure, including a £16m investment into the Bransholme Pumping station by Yorkshire Water which helped prevent properties at Kingswood, in the north of the city, flooding in the extreme events of November 2019 (this area was heavily impacted in the 2007 floods).

It is very clear to me that this partnership working is essential when managing water. Our Living with Water Partnership (LWWP) in Hull is chaired by the Council's Director of Regeneration. Membership includes the Deputy Chief Executive of the East Riding of Yorkshire Council, the Yorkshire Region Director of the Environment Agency and the Director of Asset Management at Yorkshire Water. LWWP has been instrumental in delivering an agreed long-term strategy to reduce flood risk, in building resilience and in securing external funding. For example, if it wasn't for Living with Water partnership, we would not have attracted and won further investment for projects such as MOCA and MAGIC with partners at the University of Sheffield, the creation of a Living with Water cluster of PHDs at the University of Hull or innovative projects with the Yorkshire Integrated Catchment Solutions Programme. Our work is pivotal in supporting improvements in physical infrastructure and



operational response to flooding. Importantly, the LWWP team has built relationships with local businesses and our communities to build resilience against future extreme weather events. The significance of this work was reflected in Hull becoming one of the first 5 cities globally to receive funding to develop a City Water Resilience index in order to establish an international framework of best practice. However, further work and, crucially, further funding is required to put this framework in place.

Hull is unusually situated as a port city within a basin suffering from all forms of flooding, and also in having a growing economic, housing and leisure base all located within high risk areas of flooding. It is the city with the second highest flood risk in the UK after London. The LWWP has worked closely in shaping the PR19 submission to Ofwat from Yorkshire Water and considered the significant request for funding to be essential in delivering the essential physical and societal change across the city. Funding secured within the city so far has not been directed to conventional sewerage infrastructure, that conveys both sewage and surface water away, but has been channelled into innovative and sustainable urban drainage schemes as part of integrated management solutions to collect and treat storm water run-off at source and which provide much wider societal benefits. Examples of this include the creation of large [natural] storage areas on the edge of the city and the re-profiling of the city's greenspaces to provide amenity as well as drainage benefits. Put simply, this use of more natural resources reduces the pressure on the sewerage system and increases resilience, whilst providing additional amenities for the city's residents. A simple example of this entails the re-profiling of the playing field, off Howdale Road, to create a raised, well-drained football pitch, while the surrounding areas have been reduced in levels to create a wildflower water meadow, thus leading to a football pitch which can be used all year round, providing health benefits (in a city with above average levels of both childhood and adult obesity this is key) and creating a lower level habitat, providing ecological benefits.

A flood-prone city like Hull requires innovative green solutions to be built into the fabric of the city in order to make the city more resilient and, at the same time, fit within the societal fabric of the city. A reduction in funding would substantially threaten the ability to implement these vitally important and innovative schemes, which draw upon the expertise of many in the LWWP. In addition, this supports the need to engage the community in understanding how they can manage the risks of flooding is threatened. Personal resilience is essential in a city like ours, and the use of water butts, rain gardens and green roofs, when done at scale, can add huge benefit to the city's drainage infrastructure. However, education is also key to ensuring that our residents understand the value of such small-scale actions and this takes time and resource, which will also be threatened with a reduction in funding.

The Assistant Director Economic Development & Regeneration within the Council met with Yorkshire Water and the Ofwat Chief Executive, Rachel Fletcher, in Bradford in November 2018 and he also met with the Consumer Council for Water, alongside Yorkshire Water representatives and others, earlier that year. At these meetings the results of Yorkshire Water's customer survey on future priorities were discussed and these very clearly placed a priority on receiving a clean, frequent supply of water and the risk of flooding being managed appropriately as much higher priorities than the price of bills for both customers and stakeholders. Failure to invest adequately within Hull will almost certainly lead to more flooding and, in turn, a greater economic cost to the city that would exceed any impact on bills. There is a careful balance to be struck and I fully support the affordability criteria that Yorkshire Water apply which ensures those in most financial need receive discounted bills.

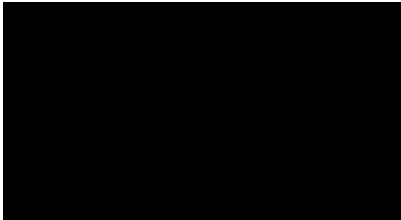
Hull has seen significant growth in recent years in terms of jobs and housing numbers. This has been achieved on the back of well-planned and organised improvements in infrastructure which has included £480m into the Building Schools for the Future programme and £250m of investment into the University's residential and academic facilities. A successful and resilient city requires carefully planned infrastructure that is suited to our challenges in order to allow us to grow in a sustainable way. The work with Yorkshire Water on City Water Resilience is central to our plans. We have completed the first phase of this work and the second phase now requires an in-depth analysis of the Water Resilience Framework, supported by LWWP and funded through YWS as it relates to the optimisation of its sewer infrastructure in the broader city-wide context. This work and the LWWP is fundamental to the city achieving its growth ambitions and objectives moving forward. The significant reduction in allocated budget by Ofwat to Hull puts at significant risk this water resilience work and, potentially, the city's long-term growth ambitions towards becoming zero carbon by 2030 being able to adapt to the inevitable changing climate. This is a major risk to Hull, given we are a port city which will be significantly affected by rising sea levels and more extreme rainfall events.

I remain hugely concerned that Ofwat's decision not to allow a significant amount of the funding Yorkshire Water had planned for the city risks adversely impacting the substantial progress that has been made and that has been planned. This reduction in funding would jeopardise the work currently being done by the pathfinder group with Wilberforce College, the work being undertaken by Hull University to understand the social consequences of flooding and the need to see significant investment in infrastructure. Following 2007, the business community and public confidence in the city and the authorities responsible for flooding has been questioned. In particular, the subsequent inquiry specifically challenged the lack of coordination between key agencies, something that has now been addressed through LWWP and has been proven to work exceptionally well in flooding events as recently as November 2019.

The £200m investment secured by all parties so far into flood and drainage improvements has resulted in broader economic benefits for the city. Smith & Nephew have remained within the city, Reckitt Benckiser and Siemens have both invested within the city. Looking at Reckitt Benckiser in particular, they are an international company who produce household products including Finish, E45 Cream, Durex, Nurofen, Lemsip and Strepsils. In 2019, they opened their new worldwide R&D facility that could have been located in any one of their sites across the world, positively, they chose Hull. During this shortlisting and sifting process early discussions were held with the Council to seek specific surety and clarity around investment into flood infrastructure and the decision by both Yorkshire Water and the Environment Agency to invest in the city's infrastructure was critical to Hull remaining on the short list and, ultimately, in us securing this investment. It is anticipated that, as the city experiences more extreme rainfall events, significant investment into the city's drainage infrastructure will be critical determinants in influencing where businesses choose to invest. Important employers such as these require sound and resilient infrastructure in order to operate in and commit to the city. We also continue to meet targets for completions of new houses as people seek to live in the city. The LWWP continues to have a positive impact on the city and our plans. If its momentum is held back by a reduction in funding, schemes will be delayed and growth within the city may stall at a time when we are seeking ways to drive economic recovery in a post Covid-19 world.

It is essential Hull continues to develop and maintain the unprecedented level of homes being delivered (the Councils sits 17th nationally in terms of homes delivered against its adopted housing requirement), the significant investment witnessed within the city amounting to in excess of £3billion since 2012 (which has seen international companies such as Siemens and RB investing in excess of £100m each within the city). The City Council ourselves have already invested in excess of £100m across the city centre, in terms of public realm and leisure facility improvements, and have plans for further investment. This scale of investment will only continue if the essential investment in infrastructure and community resilience occurs. Across our essential utilities, the Council has worked closely not only with YWS, but also in partnership with KCOM (the city's equivalent of BT), to be the first full fibre city in the UK, the Environment Agency, to keep the River Hull and Humber effectively managed, and Northern Powergrid, to ensure the necessary improvements are made to the electricity network to enable the city to decarbonise. Hull requires reliable and adequate infrastructure to support sustainable growth and I consider the submission made by Yorkshire Water into the PR19 process to be fair, well considered and appropriate and sincerely hope you will conclude likewise and support our plans for the city.

Yours sincerely,



Matt Jukes
Chief Executive, Hull City Council

cc. Mark Jones, Director of Regeneration
Alex Codd, Assistant Director Economic Development and Regeneration