



By email to: waterdetermination2020@cma.gov.uk

Wednesday, 20 May 2020

Dear Sir/Madam,

Re: Redetermination and partnership working

I am writing to express The Rivers Trust's concern about OFWAT's price determination and the way that it would affect the way that our member rivers trusts work with water companies. We are the umbrella body representing 60 independent charities dedicated to restoring the ecological health of rivers throughout the UK and Northern Ireland. We carry out more than £25 million of delivery work to this end each year, much of which is in partnership with water companies.

We wrote to OFWAT to express our concern about the draft determination last October and the determination and subsequent events have confirmed that our concerns were well-placed.

The last 5 years has seen the beginnings of a transformation in the way in which the water companies are engaging with River Trusts and the Catchment Based Approach on delivering environmental improvements. We would very much like to build on these strong beginnings to make this business as usual throughout the country and make a contribution to delivering the Government's 25 year environment plan.

However, a number of water companies have indicated that they will not be able to collaborate as fully as they would like with us because of the reductions to their spending plans in OFWAT's price determination. They are planning to cut significant environmental programmes which would be very beneficial to the condition of rivers and the work of the Rivers Trust movement. They are also saying to us that they will have to cut back on investment in resilience and maintenance of sewage treatment assets. Naturally this is all very concerning to us because many rivers suffer from regular sewage pollution either as a matter of course or because of failing assets which have not received sufficient maintenance. They are also having to abandon long-term collaborative efforts in order to focus the available resources on short-term stop-gap solutions, simply because there is not enough money to go round.

The Environment Agency has estimated that getting just 75% of our rivers to good ecological status as legally required by the Water Framework Directive by 2027 will require £27billion. This will take 200 years at current rates of expenditure, and so more funds are urgently needed for the country to meet its legal obligations. Water companies are of course not the only source of funding, but they play a vital role in solutions. Therefore we are generally opposed to cutting or restraining customer bills when the water environment is in dire need of additional expenditure and this is backed up by repeated customer surveys which indicate that customers wish to see environmental improvements and do not generally wish to see bills go down.

Ofwat say that their determination is about forcing companies to be more efficient. But cutting non monetised outputs, such as catchment working, does not equate to efficiency – whatever the narrowly-framed econometric models may say. The models can't possibly hope to capture the wider benefits of partnership working. Efficiency is doing the same with less. But the final determination, in the name of efficiency, is actually incentivising and possibly even forcing companies to do less with less, by forcing companies to take short term decisions rather than what will represent best value to their customers in the long-term. And what is more, it makes them do less of things their customers have consistently said they want to see more of. This is not simply the assertion of companies appealing a difficult settlement. It is clearly evidenced by the reductions in, for example, planned catchment programmes already happening on the ground in many companies who have not appealed their settlement.

OFWAT has indicated in its new strategy, and in response to criticism of its price determination, that it is urging companies to work more in partnership with other sectors and to achieve better value by delivering with and through them. If this thesis is to hold water, then OFWAT needs to ensure that the companies do indeed work in partnership to achieve this better value. Our member trusts tell us that, while companies are keen to work in partnership in principle, the price determination decision is leading to less, rather than more, partnership delivery as companies focus their limited resources on short-term tried and tested 'business as usual' activities in preference to exploring innovative approaches that promise greater benefits to the environment and society in the long run.

We urge you to ensure in your judgement that all the water companies have sufficient resources to enable them to collaborate and deliver with third sector organisations such as ours, to invest in innovative new treatment methods and to maintain their assets to reduce the number of chronic and acute pollution incidents which blight so many of our rivers each year.

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Yours sincerely,



Mark Lloyd
Chief Executive

Personal replies to:  or 

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Company Registration Number 05136671. Registered Charity No: 1107144.

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