



Briefing 5

The Water White Paper

Summary

It is a complex challenge to protect the environment and take less water from our rivers while meeting the demands of a growing population. We must encourage innovation in the water sector while ensuring it remains a low risk choice for investors and incentivise less wasteful use of water while keeping water affordable for everyone. The Government will produce a new strategic policy statement and social and environmental guidance for Ofwat during 2012; support catchment pilots with the Environment Agency; produce a new abstraction regime; publish details of progress on the Restoring Sustainable Abstraction programme; publish social tariff guidance and guidance for the next water resources planning round.

This paper is taken from the executive summary of the Defra White Paper '*Water for Life*' which can be accessed in full at: <http://www.official-documents.gov.uk/document/cm82/8230/8230.pdf>

A report by the Environment Agency issued alongside this White Paper draws the following conclusions:

- Water resources are under pressure. Current levels of water abstraction are harming nature
- There is likely to be less water available for people, businesses and the environment
- Pressures will not be limited to the south and east of England
- Climate change could have a bigger impact on available water than population growth
- The water environment will change. Some species will be better suited to future conditions than others
- Demand for water will need to be managed and we may need significant new water resources

Water and the natural environment

Only 27% of our rivers and lakes are fully functioning ecosystems. Under EU law we must make a substantial improvement to this figure by 2027. We have been damaging rivers and other water bodies by pollution and by over-abstraction. Over-abstraction compounds pollution because the less water there is, the more concentrated the pollution will be.

Tackling water pollution

There has been good progress in recent years largely as a result of tackling point sources of pollution such as discharges from sewage treatment works and industrial processes.

Diffuse pollution, from a range of sources such as run-off from roads and farmland and detergents and other toxic materials people put down drains, is still a problem. Taken individually the impact of each source is relatively low. But taken together their impact can be dramatic, poisoning water and damaging wildlife and plants.

Neither Government regulation nor public money alone can solve the problem. Instead we need to mobilise local groups and draw on new sources of funding to work on a catchment-basis to enable all those with an interest to see how they can tackle water issues together.

There could also be financial benefits. Stopping pollution at source avoids the need for expensive water treatment paid for through our water bills.

The White Paper explains how we will learn lessons from 70 catchment-scale pilot projects and provide intensive support to 25 of them, as a precursor to rolling out this approach across the country. We will also work towards CAP reforms that will promote farming's role as a custodian of the natural environment. We will provide clearer guidance for farmers on the basic measures required to safeguard local water quality. We will continue to tackle pollution from other sources such as private wastewater facilities.

We will consult on a national strategy on urban diffuse pollution in 2012 partly by encouraging drainage systems that reduce flood risk, run off from roads and industrial estates as well as relieving pressure on our sewers. We will consult shortly on national standards for sustainable drainage.

Tackling over-abstraction

The current system was designed to manage competing human demands for water rather than to protect the environment – we need to take action before the health of our rivers is damaged beyond repair. Reforming the abstraction regime will be complex – we plan to consult on our proposals in 2013 and aim to have the new regime fully in place by the mid to late 2020s. But we will ramp up our effort to reduce damaging abstraction now. We will work with Ofwat and the Environment Agency to give water companies better incentives and tools to manage their abstractions sustainably.

Water and the green economy

Green economic growth means businesses growing sustainably, saving money, strengthening their brands and ensuring their longevity by using resources more efficiently, cutting their carbon emissions and reducing their impact on the environment. It also means taking advantage of the new markets for environmental goods and services, creating green jobs at home and becoming global leaders in these new markets.

The water industry has a vital role in all this. Its challenge is to innovate and develop expertise, for example, in leakage detection, water efficient technologies and the treatment of water and wastewater; and to take advantage of the worldwide market in water products and services. To this end an innovation competition in water security will be launched by the Technology Strategy Board in March.

A water sector that focuses on its customers

Ofwat's regulation has ensured affordable bills, secure supplies and good environmental performance and has enabled the sector to attract substantial, low cost investment to upgrade infrastructure and improve environmental standards.

It is crucial that the sector remains attractive to investors, so that it can maintain and develop the infrastructure we need – but we also need change to stimulate innovation and growth. We are introducing reforms to extend competition by increasing choice for business customers and making the market more attractive to new entrants. We are also supporting changes to help developers receive much higher standards of service from water companies and we will increase the transparency of the infrastructure and requisition charges they pay.

Supporting growth and innovation

A better market in abstraction licences would make it easier for businesses to access water in the volume and location they want.

We need to ensure that the planning regime encourages the conservation of water in the supply system, in business and at home. We need a broader understanding of future demand to assess the resilience of supplies. Individual sectors need to identify the risks in their own operations so that the Environment Agency can work to develop a shared understanding.

Water and you

Affordability and bad debt

We will enable water companies to take action to help households who are having problems paying their bills and longer term market reforms to increase competition will limit cost increases. Water company social tariffs will enable companies to offer more support to customers at risk and final guidance on these will be published early in 2012.

Bad debt is a big problem for water companies because customers cannot be disconnected if they do not pay their bills – bad debts currently add an average of £15 to the bills of paying customers. We are consulting on measures to help companies recover debts.

Reducing high household bills in the southwest

Bills in the south west of England are the highest in the country because South West Water has had to invest heavily to raise sewerage standards. The Government will fund South West Water to enable it to cut bills by £50 per year per household.

Changing the way we use and value water

The White Paper advocates steps such as installing water butts in gardens, converting toilets to dual flush and addressing domestic leaks. We can also avoid water pollution by being careful about what we put down our drains and by installing modern drainage systems that reduce the risk of surface flooding.

The White Paper also explains how Government will encourage and incentivise water efficiency measures, some of which are being supported under the Green Deal. It sets out how we will encourage voluntary water efficiency labelling to enable customers to choose more efficient products.

We will also collaborate on a campaign to save water and protect the environment, working with water companies, regulators and customers to raise awareness of the connection between how we use water and the quality of our rivers.

Alan Spedding, 05 January 2012