

## NON-VERBATIM MINUTE

**DATE:** Wednesday 13 May 2020

**TIME:** 17:00-18:00

**METHOD:** Zoom Meeting

**CHAIR:** Alex Davies-Jones MP, Co-Chair of the All-Party Parliamentary Water Group

### MINUTES

The Chair, **Alex Davies-Jones MP** welcomed speakers and attendees to the first virtual meeting of the All-Party Parliamentary Water Group (APPWG). She set out the meeting's focus which would look at the water industry's response to COVID-19 and its role in the economic recovery. She spoke about her background in the water industry, working as the Community Engagement Manager for Welsh Water prior to becoming an MP for Pontypridd in December 2019.

The Chair briefly gave an overview of the APPWG as an informal cross-party forum for parliamentarians to discuss water as a key policy area. She outlined that the APPG's focus for this year was on the environment and climate change, given the pressing climate emergency. She highlighted the key role the water industry will play in meeting climate change targets as it became the first sector in the UK to commit to net zero carbon emissions by 2030.

She noted apologies from the Shadow Secretary of State for Environment, Food and Rural Affairs, Luke Pollard MP who was due to speak in the meeting but could not attend due to a clash with the proceedings of the Agricultural Bill. Additionally, there were apologies from the Department for Environment, Food and Rural Affairs Minister, Rebecca Pow MP.

The Chair introduced the first set of speakers.

#### **Dr Jim Marshall, Senior Policy Advisor and Rob Wesley, Head of Policy, Water UK**

Dr Jim Marshall and Rob Wesley from Water UK updated attendees on how the sector has been responding and adapting to COVID-19 and touched on the significant role the industry can play in the green recovery.

Dr Marshall introduced Water UK as the trade association that represents the water and wastewater undertakers across the UK, with a focus on policy and legislation. He said that water as a policy area was a live issue amid the COVID-19 crisis. He stated that water and wastewater services have been resilient, in so far and that there has been no direct impact from COVID-19 that has affected essential water services.

He said that Water UK were in a good position to respond to COVID-19 from late January 2020. This was largely as a result of preparations and readiness to leave the European

Union. He noted that while the threats of Brexit and COVID-19 were different, the aim in preparing for both was the same. This included a commitment to ensure that vital water services were fully functional. He stated that Water UK assessed what was unique about COVID-19, which mainly focused on the workforce impact, both for those working in water companies and those working in key supply chains.

Dr Marshall stated that Water UK established a process by which they monitored the activity of their services and regularly reported this in a RAG assessment, which was shared with the Department for Environment, Food and Rural Affairs. He noted that while there was an initial increase of absence rates, the number of people absent through illness had been at a sustainable level. However, he added that the risk of the crisis is evolving so Water UK are continually monitoring the situation. Water UK do have alternative water supplies in the event of an industry crisis, so that people can stay hydrated and maintain public health.

He highlighted the need to protect vulnerable customers during the crisis. He noted that there were traditional approaches to alternative water supplies such as bottled water stations but that these were difficult to manage for those self-isolating. He stated that drive-through bottled water hubs was one initiative that could address this situation. Water UK are promoting their priority services to ensure that vulnerable customers can receive additional support.

Rob Wesley spoke about the immediate package of support measures Water UK put in place in March for customers facing economic uncertainty. This package consisted of raising awareness for customers who needed support, payment holidays, stopping collection visits and offering tailored support for struggling customers, which included deferred payments and reduced instalments for water bills.

He stated that Water UK have worked closely with the UK and Welsh Governments, key stakeholders, regulators and consumer bodies, maintaining frequent dialogue with all parties and developing measures of further support. One such measure includes accelerating social tariffs to reduce charges for those who need the most support. He said that Water UK were working with regulators to assess which activities were critical and so must be maintained and which activities were non-critical. To aid communications, he noted Water UK's launch of a new stakeholder newsletter to keep stakeholders updated during the crisis.

Rob Wesley concluded that the water industry has managed the challenges presented by COVID-19 appropriately. However, as COVID-19 is an ongoing situation, the industry needs to be alert to further changes and challenges and react accordingly. He said that the next step for the industry is to consider additional risks during the gradual lifting of lockdown restrictions. In particular, he stated that the return to customer facing activity should be done in a safe manner for employees, customers and the community.

The Chair thanked Dr Marshall and Rob Wesley and introduced the second speaker, Guy Thompson who would be discussing the social purpose of water companies and where this could be enhanced.

### **Guy Thompson, Group Director, Environmental Futures, Wessex Water**

Guy Thompson began by explaining how Wessex Water has managed business continuity and leveraged plans on leaving the EU with the COVID-19 crisis to great effect. He said that a third of the Wessex Water workforce had moved to remote working. In the short term, he said that Wessex Water are developing a £1 million community fund for the recovery within the region in which Wessex Water operates.

He outlined the need for water companies to develop a positive vision for society involving a partnership between water companies and the Government. He noted that COVID-19 had highlighted a move away from the thinking of corporate companies as existing solely to create value for the owner, to how they can provide a broader social purpose. He added that the Government should trust water companies to step up to this social purpose. This included a shift away from the Government imposing a prescriptive regulatory framework in exchange for enabling water companies to have more self-determination in deciding what they want to achieve. He stated that water companies should be incentivised to serve their communities.

Guy Thompson stated that COVID-19 presented a big opportunity for the water industry to provide a social purpose through the lens of tackling climate change, referencing the industry's commitment to reach net zero emissions by 2030. He also said that water companies should think about how they can accelerate the Government's climate change goals. This included thinking about how private investment from water companies can fund nature-based solutions to reduce carbon emissions. He stated that Wessex Water developed measures such as tree planting and wetland creations in each catchment area. He referenced Wessex Water's Green Prospectus which argued that the Government's 25-year Environment Plan was not deliverable with public funding alone. From this, he concluded that the Government and the Department for Environment, Food and Rural Affairs should work with the water industry to take their innovative and creative ideas forward, especially in the economic recovery.

### **Question and Answer Session**

After both presentations from Water UK and Wessex Water, the Chair welcomed questions for the speakers from attendees.

The first question came from **Co-Chair of the APPWG, Baroness Anne McIntosh of Pickering**. She asked what problems will arise for water companies in delivering incentives that they have been obliged to do under the asset management plan (AMP), if Ofwat do not revise before next year, what she referred to as challenging markers in the AMP. She also asked what impact there will be on water companies in delivering services, given that customers may have built up high debts as a result of COVID-19.

Rob Wesley responded that the immediate focus for water companies during the COVID-19 crisis is doing whatever is necessary to ensure customers get the support they need. He said that measures developed before COVID-19 will be impacted, such as water efficiency home visits. He stated that it is premature to discuss the full impact of COVID-

19 across water companies. He added that the water industry is keeping Ofwat regularly updated and that the regulator has recognised that there will be a need to look at measures imposed on water companies due to COVID-19.

**Paul Horton, Chief Executive Officer at Future Water Association** asked if recent changes in terms of remote working and using remote tools provided an opportunity to reimagine how the UK delivers the water sector of the future.

Guy Thompson responded that there is a need for water companies to adapt to ways of working which are more agile and less dependent on physical infrastructure.

Dr Jim Marshall added that remote working and better working practices for water companies is something that required more attention but highlighted that essential water services would still have to be conducted physically.

**James Buckingham, Principal Civil Engineer at Arcadis** asked how Wessex Waters' Marketplace is contributing to the greening challenges ahead.

Guy Thompson replied that the Wessex Water Marketplace invites third parties to propose solutions to the challenges they are facing. He stated that many of the solutions proposed have focused on reducing environmental impact.

**Alex Stephenson, Director of H2O Intelligence** asked if England missed a perfect opportunity to help the environment by not making sustainable drainage systems (SuDS) mandatory as they have done in Wales.

Rob Wesley responded that England have missed this opportunity and should adopt SuDS. He stated that there are clear benefits from this approach and that it should be widely adopted. He noted that while the voluntary approach to SuDS is good, it is not as effective as making it mandatory. He added that England adopting SuDS also fits in well with the green recovery agenda.

**Brian Smith, Retired Drainage Strategy Manager** asked if water and sewerage companies, working alongside academic researchers, can help identify emerging infection hotspots as part of an early warning public health surveillance programme.

Rob Wesley said that he was optimistic about this programme but stated that testing had to be reliable and accurate. He noted that water companies are working with researchers and that the Government are interested in taking this programme forward.

**Fatima Ajia, PhD Researcher at The University of Sheffield** asked what opportunities water companies have found to promote water efficiency, given the Government's message of washing hands for two-minutes and the potential water wastage as a result of this.

Dr Jim Marshall replied that water efficiency messaging is critical especially as a result of COVID-19. He said that the sector is promoting the message that there is no requirement for a water tap to run throughout the entire hand washing process and so people should be more conscious of reducing water wastage.

**Tim Farley, Business Manager at Sanivar** asked if any desktop assessment has been conducted to assess the potentially dramatic increase in metered household bills resulting from lockdown and how this will impact on the number of people in water poverty.

Rob Wesley responded that the impact on metered household bills due to COVID-19 is being kept under review by the water industry. However, he stated that there has not been a dramatic impact on these bills. He noted that there are well established schemes to support customers who have difficulty paying bills and that companies are making maximum use of these schemes for these customers. He advised customers who are struggling to reach out to local water companies.

**Ben Piper, Technical Director at Atkins Ltd.** asked what the water sectors view is of the possible risk from coronavirus in discharges of treated effluent and untreated sewage into surface water courses.

Rob Wesley stated that the World Health Organisation has said that there is no clear evidence that coronavirus has been transmitted by the sewage system. He said that if new evidence disputes this then the water industry will consider this carefully. He added there are potential opportunities to track coronavirus through the sewage system as part of an early warning system but that this needed to be worked on further.

**Steve Morris, Managing Director at Huber Technology** asked if the current situation presented an opportunity to improve and smooth the peaks and troughs of the asset management plan, and to incentivise longer term investment decisions beyond the five-year cycle for investment decisions.

Rob Wesley said that there is an opportunity to use COVID-19 as a point to take stock of what the water industry would like the future to look like, with regards to the asset management plan. However, he noted that there is lot of uncertainty in terms of the progression of the pandemic and its impact to assess the plan now.

Guy Thompson added that within the five-year price review period of the asset management plan, there is an opportunity to use the investment money differently and more imaginatively, particularly in respect of the National Environment Programme. He highlighted the need to rethink the economic regulation of the water industry in light of COVID-19.

**Jess Cook, Project Development Manager, Water Poverty at National Energy Action** asked if the concerns around the resilience of companies based on the PR19 determinations are more apparent given the current crisis, and if so, if the risk of a second wave of COVID-19 causes further concern to companies to extend the need for increased spending for customer support. **Harry Catherall, Director at Utiluk** also asked what needed to happen to accommodate increased costs after COVID-19, bearing in mind the economic pressures on water companies in asset management period 7.

Rob Wesley replied that there is a live process with the Competition and Markets Authority where these financial decisions will be reviewed. He noted that the authority will

be interested to see how COVID-19 is impacting on plans which were made prior to COVID-19. He added that it will be helpful to the whole sector for the authority to look at these questions to see whether changes are necessary.

**Dr Phil Aldous, Water Industry Client Manager at AECOM Ltd.** asked if there was an even greater asset management plan workload peak in the making, with work required for WINEP and PR24 likely to be delayed by six months, and some investigations and monitoring WINEP studies requiring a full annual water cycle of data. He also asked if PR24 and WINEP deadlines and timetable will remain fixed or are likely to be reviewed in the near future.

Rob Wesley said that the timetable for these decisions would be something that the water regulators would have to consider. However, he stated that COVID-19 could provide an opportunity for the water industry to discuss if there were better ways the sector could help the environment than what would have been done prior to COVID-19.

### **Conclusion**

After the question and answer session, the Chair concluded the meeting by thanking the speakers for their contributions. She also thanked the attendees for submitting questions and providing insightful comments and that it was positive to see so many people engaged in the meeting. Both Co-Chairs commented that they hoped to hold the next meeting in July, possibly virtually again.