

NON-VERBATIM MINUTE

DATE: Tuesday 6 October 2020

TIME: 16:00-17:00

METHOD: Zoom Meeting

CHAIR: Alex Davies-Jones MP, Co-Chair of the All-Party Parliamentary Water Group (Lab, Pontypridd)

MINUTES

The Chair, **Alex Davies-Jones MP** welcomed speakers and attendees to the third virtual meeting of the All-Party Parliamentary Water Group (APPWG). She set out the meeting's focus of devolution in the water industry across the UK.

The Chair briefly gave an overview of the APPWG as an informal cross-party forum for MPs and Peers to discuss water as a key policy area and engage with stakeholders. She stated that previous meetings this year had focused on the impact of COVID-19 on the industry and what opportunities are presented by the Government's Agriculture Bill.

She outlined that this meeting was prompted by a personal interest in the different regional approaches to water provision, having worked as Community Engagement Manager for Welsh Water prior to becoming an MP for Pontypridd in December 2019. She expressed that other parliamentarians are also interested in the different regulatory frameworks across the regions and what benefits or challenges this may pose to tackle the big issues of the day in the water industry.

The Chair introduced the first speaker, Alun Shurmer.

Alun Shurmer, Director of Customer Strategy and Engagement, Dwr Cymru Welsh Water

Alun Shurmer outlined that there are two main providers of water in Wales, Dwr Cymru/Welsh Water and Hafren Dyfrdwy. He introduced Welsh Water as a single purpose company with no shareholders owned by Glas Cymru. He stated that Welsh Water originated from water services moving from the private to the public sector and has around three million customers. He said that Welsh Water works to the same regulatory regime, Ofwat, as in England but is a not-for-profit company. As such, he noted that any surplus made is invested to accelerate Welsh Water's investment programme in capital projects, on social tariffs or to maintain low water bills for customers.

He highlighted that Welsh Water does not have shareholders and is a company limited by guarantee with 70 independent members. These members elect the Executive Director and the Board as well as scrutinise them. He stated that in the past two years, Welsh Water has driven into the company a clear social purpose to provide high quality and better value drinking water to enhance the wellbeing of its customers both now and for generations to

come. Alun noted that this was something that Welsh Water has intentionally underpinned in its business planning and long-term vision and plan for the company to ensure the right price for today's and tomorrow's customers.

Alun Shurmer outlined that as part of Welsh Water's long-term vision, the company published [Welsh Water 2050](#). The document sets out the company's vision looking at 18 strategic responses to the challenges being faced by the company, from demographic change, environmental change and climate change. He noted that this was important as the realities of climate change have recently been realised in local communities, with bad weather and storms, followed by drought which is putting a strain on Welsh Water's services.

He said that the Welsh Government's Wellbeing of Future Generations Act does not cover water but that it was an important element to the company's values. In this spirit, he concluded that there should be more collaboration between organisations in Wales but also beyond.

The Chair thanked Alun Shurmer and introduced the second speaker, Brian Lironi.

Brian Lironi, Director of Corporate Affairs, Scottish Water

Brian Lironi introduced Scottish Water as the only provider of water in Scotland. Scottish Water is responsible for providing water and wastewater services to household customers and wholesale Licensed Providers. All profits under the provider are reinvested to improve water and wastewater services in Scotland.

He stated that the Scottish model for the water sector is unique in comparison to the rest of the UK as it is publicly owned. He said that the decision to not privatise Scottish water broadly reflects the national opinion on this issue. He highlighted the advantages of this model and the way in which Scottish Water operates its relationship with the Scottish Government.

Brian Lironi said that because Scottish Water is publicly owned, the relationship it has with the Scottish Government is one of support. He noted, for example, that the Scottish Government will not blame the company for any shortcomings because ultimately, they are accountable. He noted that the Scottish Government provide a good level of funding and borrowing which seemed different to the situation in England and Wales.

He stated that the Scottish Government can take dividends from Scottish Water but that they choose not to, meaning that the profits go back into improving the service that the company provides. One additional benefit of the model is that the Scottish Government has a broader agenda to pursue in terms of employment and opportunities, the environment and climate change and Scottish Water is involved with this.

Regulation in Scotland also differs from England and Wales, with Scottish Water reporting to the Water Industry Commission for Scotland, whose sole purpose is to regulate Scottish Water. Brian outlined that this relationship meant that there was regular contact and involvement between the two and a great degree of knowledge shared.

He concluded that the sector vision for Scottish Water is to support a flourishing industry in Scotland, which is directly lifted from the Scottish Government's National Performance Framework.

The Chair thanked Brian Lironi and introduced the third speaker, Lila Thompson.

Lila Thompson, Chief Executive, British Water

Lila Thompson introduced British Water as the leading trade association representing the interests of the water and wastewater supply chain in the UK and internationally. She said that the association was established in 1993. She outlined British Water's members which included eight water companies.

She explained that the models across the nations can appear confusing at times because they operate differently and have different priorities and approaches. She noted for instance that the Water Industry Commission for Scotland is pursuing an ethical business model. She added that the policy contexts for each sector in each nation are also different, along with the regulatory environment.

Lila Thompson expressed that British Water work with all companies across the UK to understand best practice which can be showcased overseas. She expressed that the supply chain would like to see more clarity and consistency across all of the industries' regulation and policy. She highlighted that British Water want to run a series of surveys engaging with water companies across the UK to deliver a better service for customers as well as make sure that any routes to innovation are clearly identified and explained.

British Water's Water Company Performance Survey, she noted, is a key assessor of the views of individuals in the UK water sector who have worked in the regulated industry. British Water conduct this so they can understand how the supply community views its major clients. She explained that the survey assessed water companies based on 11 different factors such as attitude, procurement, communication, and AMP transition. She stated that in the most recent survey, innovation was the lowest scored, highlighting the need for all water companies across the nations to improve on this aspect.

Question and Answer Session

After the presentations from the speakers, the Chair invited questions from participants. **Co-Chair of the APPWG, Baroness Anne McIntosh of Pickering** asked the speakers what role water companies can play in identifying COVID-19 in individual households and communities to limit the extent of any further lockdowns.

Alun Shurmer said that Welsh Water is working to identify COVID-19 in sewage. He noted that it was difficult to track this by individual households as the water networks are so vast but said that this could be tracked in communities.

Brian Lironi also that Scottish Water are undertaking work to identify COVID-19 in wastewater and said that there is hope that this can form an early warning system to detect a local outbreak.

Shadow Minister for Natural Environment and Air Quality, Ruth Jones MP (Lab, Newport West) asked the speakers for their insight on contamination and spoilt water throughout the UK. She noted that investigations and fines may be minimal and asked in terms of encouraging better behaviour if they could share their thoughts on this issue.

Alun Shurmer said that this was a complicated issue and that many people think that water companies should solve all of the problems of water waste and contamination. He said that these problems also arise from other groups too. He highlighted that water companies should work with stakeholders such as land managers to have a positive benefit on the environment. He said that this is a project that will take time and requires a lot of engagement as opposed to just continually fining stakeholder groups.

Teresa Perchard, Board Member of the Northern Ireland Utility Regulator, which regulates water in Northern Ireland, stated that she would be happy to speak on the model that operates there during the question and answer session.

The Chair explained that it was the APPWG's intention to involve all devolved nations and that Northern Ireland Water were invited, but they did not respond and provide a speaker. With this in mind, the Chair said she would be happy to bring in Teresa on relevant questions.

Duncan Leathley, Director of Sales, Water Utility at Grundfos asked the speakers about when the end of AMP6 and the start of AMP7 will be, due to the delay from COVID-19.

Lila Thompson said that British Water are doing analysis with Water UK to understand the impact of COVID-19 on the delay to the start of AMP7 and that this will vary from water company to water company.

Alun Shurmer said he was also unsure of when AMP7 will start but that Welsh Water are still investing £350 million in infrastructure this year and that the level of investment in projects is still significant.

Gordon Robinson, Director at Shernal Brookhouse Limited said that demographics were mentioned in the challenges by Brian and Alun and that the population growth in Scotland and Wales is estimated at 200,000 in 25 years, in England the growth being estimated at 6 million. He asked if this requires higher levels of infrastructure investment.

Brian Lironi said this level of population growth was modest and did not warrant extra levels of investment. He said that the climate change challenge will have a bigger impact on the demographics of the future.

Alun Shurmer agreed with Brian on the climate change issue, he said that investment at the moment is on the resilience of networks, and how they bear against the strain of frequent heavy rain and longer dry spells.

Daniel Johns, Head of Public Affairs at Anglian Water said that customer preferences and priorities seem to have a much bigger influence in Scotland than in England and Wales and asked how the best of the Scottish system can be applied to England and Wales.

Brian Lironi said that the level of contact between customers and Scottish Water is vast because customers feel they have a stake in Scottish Water. As the Scottish Government owns Scottish Water, he said the company has to be responsive to customers.

Alun Shurmer said that Welsh Water has heavily invested in engagement with customers but made clear that this engagement is meaningful. He stated that if Welsh Water are asking customers for their views then it is a real consultation so that people feel that they are having a genuine impact on the company.

David Gordon, Technical Director at RPS Group said that he felt the water industry has improved over the last 15 years, but that the companies could still collaborate and share more and asked what the companies think they can do to promote this more.

Alun Shurmer said that he and Brian have worked closely together on behaviour change in the water industry and that companies do learn from each other. He said it was slightly easier for water companies to work together across nations compared to companies within a nation due to a lack of competition. He also said that companies collaborate well together in moments of crises such as in severe weather events.

Lila Thompson said that British Water has seen good collaboration across the supply chain in water companies, but that there is perhaps a lack of communication between companies, preventing good ideas from being shared.

Teresa Perchard said that in the South East of England there is a new approach to planning water resources where all the companies in that region will increasingly work together to look at water across the whole region. She noted that customers welcome this and expect companies to work together collaboratively on this issue. She added that this approach could be replicated in other regions across the country.

Ian Barker, Founder and Managing Director at Water Policy International Ltd asked if policy makers, regulators and water companies have learnt from each other, and adopted good ideas from elsewhere.

Teresa Perchard said that the Northern Ireland Utility Regulator has learnt successfully from initiatives from water companies in other parts of the UK to support vulnerable customers.

Alun Shurmer highlighted that water companies do constantly learn from each other. However, he also stated that it was important for water companies to learn from elsewhere such as the retail market. For instance, he mentioned that Welsh Water introduced engineer tracking services inspired by Domino's Pizza's delivery tracking services. As such, he said that diversity of thought should not be constrained within the sector.

Teresa Perchard noted that prior to the pandemic there was a big push on investment in drinking fountains and refillable water bottle initiatives but that this has slipped for the time being due to concerns over hygiene and transmission of coronavirus. She asked if water companies see those initiatives being revived.

Brian Lironi stated that Scottish Water are reviving their initiative of refillable water points. He noted that the company are conscious of public health but feel that these can be opened again with improved hygiene. He said that the difficulty with the refillable points as a result of COVID-19 was the distribution of the points as they were mainly planned to be stationed in busy areas such as high streets and shopping centres.

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. She said that it was positive to see consistent engagement in the virtual format of the APPWG.