



Consumer Council for Water evidence for the Sustainability Committee Inquiry into the Draft Flood and Water Management Bill

The Consumer Council for Water (CCWater) is the statutory consumer organisation representing water and sewerage consumers in Wales and England. CCWater has a Committee for Wales and four regional committees in England. This response reflects our collective view and the perspective of the consumer.

We have worked with the water industry and its regulators since 2005 to get the best results for consumers. In that time we have convinced companies to return over £130m to consumers through either additional investment or keeping prices lower, dealt with over 60,000 complaints and returned over £6m to customers in compensation. We cost 25p on each annual water bill.

We welcome the opportunity to submit evidence to this Sustainability Committee inquiry into the Draft Floods and Water Management Bill

1.1 The Consumer Council for Water (CCWater) welcomes the publication of the Draft Floods and Water Management Bill as a valuable step towards a more sustainable water sector. The proposed legislation appears to complement the Welsh Assembly Government (WAG) Strategic Policy Position Statement on Water, the Environment Strategy for Wales and One Planet: the sustainable development scheme for Wales which is currently under consultation. The principal aims behind the three themes of security, service and sustainability appear appropriate.

1.2 The draft Bill helps to create clearer structures for responsibility and seeks to manage risk, protect essential water supplies and improve service levels for consumers. We believe it achieves a good balance and aids progression towards a more robust water and sewerage infrastructure for Wales and England.

1.3 We have studied the specific section on Wales and Welsh policy,(Consultation Annex A, The Policy Position in Wales, pages 139 to 143) and note that Welsh Ministers concur with the approach of most clauses and intend that the majority of provisions will apply in Wales

1.4 We also note where recommendations are still being considered, such as with project based large infrastructure projects, aspects of water competition, water efficiency, fair charging and metering

1.5 The Consumer Council for Water's focus now is to study the detailed proposals, and establish for water consumers whether the final draft Bill clauses will sufficiently improve resilience to flooding; coherently regulate non essential water use in times of drought; address the growing water affordability problem; promote fair charging; and progress competition for eligible business customers without detriment to those who are not eligible

1.6 We recognise that the elements covered by the Walker review of fair charging and metering and the Cave review of competition and innovation are not yet present, and will be included at a later date, but we trust that these important issues will be scrutinised by the National Assembly for Wales' Sustainability Committee

1.7 The primary focus of the current clauses however is to enable the recommendations of the Sir Michael Pitt report on the summer 2007 floods. As we know from dealing with customers at the time and our customer research immediately afterwards, the floods seriously affected people's lives. Homes and businesses were severely damaged by flood water, many people had to leave their homes, some are only just returning to them, and the impact on the local economy was significant

1.8 There is a need to urgently ensure adequate protection for water industry assets; prevent the future loss of supply for consumers; prevent sewer flooding incidents and improve water companies' response to incidents, particularly the communication they have with their consumers in the immediate period after the incident. The proposed strategic framework can help to support and encourage the other recommendations made by Sir Michael Pitt, that call on organisations to have a more coordinated and coherent way of working and do not require additional legislation

1.9 We would however be concerned if the new powers proposed for wider authorities under the Draft Floods and Water Management Bill, caused inappropriate costs to be added to the charges of water customers in Wales. We are looking closely at the latest proposed solutions to problems that have been caused by developers having the automatic right to connect their surface water drainage to public sewers, and also at the proposals to promote sustainable urban drainage system in order to test whether this is the case, plus how any potential costs will be apportioned, and their full impact

1.10 In addition, we wish to be clear that the Draft Floods and Water Management Bill will not see water customers paying for improvements that others require or will benefit from. The current Regulatory Impact Assessment (RIA) does not make clear what it is that water customers may be asked to pay for, whether those costs are fairly apportioned, if there is any scope for cost reduction and just what benefits water customers would receive for their money

1.11 We rely heavily on the RIA, together with the evidence of those who will be responsible for implementing the Draft Floods and Water Management Bill, for an indication of the financial impact on water customers. This is not easy to do at this stage, since the RIA assesses costs and benefits at an overall level and does not yet indicate where these may fall. Our strong view is that water customers should not pay for resolving general flooding or have costs imposed on them that will subsidise and primarily benefit other sectors

1.12 Beyond the recommendations for flooding, we are looking for reassurance that the clauses in this draft Bill will be able to address the confusion associated with non essential water use in times of drought. Inconsistencies in these regulations caused problems when communicating with consumers and the media during the drought in 2006. We trust that the draft Bill addresses these problems adequately but will be looking for reassurance for consumers that this is the case.

1.13 In terms of the omissions from the current draft Bill, we will wish to know how the proposals from the Cave and Walker Reviews will be included in the final version and how they then will be scrutinised. We do not feel fully able to comment fully on the Bill until these elements are included, and the overall content and context can be fairly judged.

We would see the key consumer elements from these two reviews as being:

A - Cave Review of Competition and Innovation

1. To make competition available and functioning for eligible business customers as quickly as practicable with assurances of no detriment to non eligible customers.
2. Reduce the threshold for business retail competition at a pace that the system can stand and will not further damage the trust or confidence of eligible customers.
3. A step by step approach to opening up further competition, with the Welsh Assembly Government and regulators carefully establishing that any benefits outweigh the costs and ineligible customers are not disadvantaged by the progression of competition.
4. A bigger role for negotiated settlements in setting water customers' prices to give customers a sense of greater visibility of what their money is paying for, some element of choice and greater legitimacy for water companies and the regulatory system.

B - Walker Review of Fair Charging and Metering

1. Address the growing water affordability problem, with the Welsh Assembly Government (WAG) finding solutions to the growing burden on the most vulnerable and those least able to pay.
2. Expansion of schemes such as Water Direct, so that it is available to those on low incomes in addition to those in debt.
3. Establish conclusively whether water meters are the most cost effective way of providing for the future, including whether they will deliver expected water and monetary savings for consumers, the most appropriate pace of introduction, distributional impact and suitable government protection for the most vulnerable and least able to pay.
4. Fair apportionment of environmental costs so that water customers do not subsidise schemes that are primarily aimed at the wider public good.
5. Environmental improvements are paced so that the impact on customers' bills is seen by them as acceptable.
6. Transfer of highways drainage costs from water customers to the local authorities to incentivise a more sustainable approach to drainage.
7. Seek changes to legislation to tackle outstanding customer debt, clarifying who is responsible for the payment of charges and requiring customers to provide the information necessary to enable the industry to impose and collect charges.

1.14 On behalf of water customers in Wales, the Consumer Council for Water is working to understand the apportionment of costs and to see that any benefits and the impacts of the Draft Floods and Water Management Bill are made clear. We work closely with WAG and the other principal stakeholders in Wales on devolution issues, and consider it important that resulting variations in policy and legislation do not disadvantage water consumers. With around 14% of people already facing affordability problems with their water and other bills, compounded by financial pressures at this time, we wish to see efforts by the Welsh Assembly Government (WAG), in close cooperation with UK Government, to minimise the burden on water customers and maintain water and sewerage services at an affordable price. This is particularly important for those customers that are vulnerable and least able to pay.