



# Written Evidence to National Assembly for Wales Sustainability Committee's Inquiry into the Flood and Water Management Bill

15<sup>th</sup> January 2010

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. In Wales, CCWater helped return over £275, 000 to customers in 2008-09. We cost 25p on each annual water bill.

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

## General Comments

We note that your focus for this inquiry will be on the areas that have changed since the draft stage of the Floods and Water Management Bill.

We have continued to support the introduction of this reduced Bill in an effort to secure important flooding mitigation measures that are needed to protect consumers. There are other urgent areas within water that could be addressed now, such as the issue of water affordability where we are very much in favour of Government, through legislation, specifying what should happen to protect customers, and what Ofwat and water companies should do about it. It is an issue that definitely needs to be addressed urgently.

However, we know from our detailed research of customers who have been affected by flooding that there is an urgent need to address this primary issue. This current Bill will help to address consumers concerns on flooding and the Consumer Council for Water is looking for rapid progress. We would certainly not want to see this Bill held up at the expense of customers, in terms of flooding, whilst other detailed matters were considered and debated.

We look forward to those urgent issues that did not make it into the final Bill being considered in a later Water Bill, and scrutinised at that time.

### 1. Changes since the Draft Bill Surface Water Drainage Concessions

- CCWater feels that the consultation of consumers and their representatives should be stated in the enabling clause itself.
- It is essential that this is also addressed throughout the supporting guidance.

- ✓ Need to make sure the proposed solution will be practical for water companies and Ofwat to operate and fair for those customers who will have to bear the cost.
- ✓ The guidance should be explicit in naming the types of groups that will or will not qualify.
- ✓ It is important to listen to the local community views on plans to give reduced charges to faith and community groups and have a route for any required arbitration.

We have listed the other key changes since the draft Bill and outlined our view on the change in **Annex A**. On the whole, we supported the removal of the clauses because it met with our aim of getting the vital floods legislation through a shortened Parliament.

### 2. Consumer Council for Water Support for Amendments

#### Sustainable Drainage (SUDS)

- Water companies should have a right to object to a connection to the sewers of surface or highway water because of the risk of overloading the sewer and causing sewage flooding.

- ✓ We support the amendment by Miss Anne McIntosh and Angela Watkinson on Clause 11, page 8, line 31, to insert a sentence about water companies being consulted on all major new developments and their waste water capacity.
- ✓ We support New Clause 14 Miss Anne McIntosh and Angela Watkinson for no automatic connection to waste water pipes for major new developments.
- ✓ We support New Clause 15 Miss Anne McIntosh and Angela Watkinson for water companies to be statutory consultees for all major new developments.

### Debt Recovery Measures

- We support the amendment to help tackle the problem of bad debt.
- We would like to see the liable person for paying the bill to be defined as the property owner.

- ✓ Support Walker Report's recommendation that "the 'liable person' should be the property owner unless they discharge their liability to the water company by providing tenancy information correctly and in a timely manner"
- ✓ Support the amendment NC29 by Huw Irranca-Davies on Water and Sewerage Charges: non- owner occupier.

## 3. Consumer Council for Water's Views on the Floods and Water Management Bill

### Flooding

- The Bill addresses consumers' concerns about flooding.
- CCWater is looking for rapid progress to get the flooding risk mitigated.

### Consumers' Views on Flooding

- ✓ Investment should ensure there is a never a loss of water supply due to flooding
- ✓ Good communication is vital during a flooding event. Consumers expect to know what is going on and where to turn.
- ✓ Consumers want reassurance that if something does go wrong different organisations involved have clearly defined roles. The Bill seeks to address that.

We support the Bills aims to:

- give adequate protection for water industry assets;

- prevent sewer flooding incidents.

**But protection comes at a cost. We support:**

- ✓ Water customers paying their fair share, but not being asked to pick up the costs of wider flooding measures.
- ✓ Works required from water companies as part of a partnership's strategy being subject to cost/benefit analysis.

We ask that the implementation of the Bill's provisions and the establishment of a tiered strategic flood risk management and response system (national and local strategies and for a, etc.) are progressed without unnecessary delays. It is important that roles, responsibilities and actions on flood risk management are defined sooner rather than later. This will enable clearer allocation of responsibility; communication practices during events and better preparation for flooding incidents/emergencies.

We are aware of the Natural Hazards Team work, i.e. the consultation of the Strategic Framework and Policy Statement on improving resilience of critical infrastructure ; the preparation of specific sectoral plans as well as the review of aspects of the Civil Contingencies process and Act in parallel with the Bill. The completion of the above is paramount to the delivery of an effective flood risk management and response system. We ask that these processes and their implementation are well coordinated and linked (as they cannot operate in isolation of each other if they are to be effective).

We note that the Welsh Assembly Government (WAG) has chosen to retain the lead in the preparation of the national flood and coastal erosion strategy. In England this will be led by the Environment Agency. We have some concern on the disparity in this approach. We understand it is because of differences due to devolution. But the Environment Agency will need to report, and under clause 18(2), that report will include a strategy. It will report both to Welsh Ministers in Wales and the Secretary of State in England. We ask for reassurance that this will be the most efficient and effective system for protecting consumers.

Public consultation will allow better engagement of the local public in the preparation of national and local strategies. In Wales there currently seems to be no requirement to consult the public and risk management authorities in the preparation of the national flood and coastal erosion strategy. We can find no explanation for this, but are pleased that Jane Davidson, the Welsh Assembly Government Minister for Environment, Sustainability and Housing, has made clear her commitment to conducting a full public consultation on the Welsh national flood and coastal erosion risk management strategy.

#### **Special Administration Regime (SAR)**

- **Customers must not suffer extra costs from any rescue of a water company.**
- **Rescue costs must be paid for by shareholders or creditors of the rescued company.**
- **Administrator should have regard to agreements held by interested parties with the original business.**

- ✓ The rescued company must not recover rescue costs by asking Ofwat for an increase in price limits.

- ✓ The SAR administrator must consider the interests of customers, and make sure that agreements where the rescued company is supplying water to another water company are safeguarded.

#### Non-essential Use of Water - temporary ban on use

- The planned approach makes sense, and will ensure that consumers are at the heart of future decisions.
- We believe the industry's voluntary code of practice for drought restrictions could be a starting point for developing any new powers.

- ✓ We support Bill's aim to limit use of non-essential water use during a drought.
- ✓ We support waiting for additional work to be undertaken to clarify which consumers would be affected and to better understand how it would affect them.

#### What do consumers say they want?

##### Consumers' Views on Flooding

- ✓ Investment should ensure there is a never a loss of water supply due to flooding
- ✓ Good communication is vital during a flooding event. Consumers expect to know what is going on and where to turn.
- ✓ Consumers want reassurance that if something does go wrong different organisations involved have clearly defined roles.

##### Non-essential Use of Water - temporary ban on use

- ✓ With assurances companies are doing all they can, 80% accept hosepipe bans.

##### Surface Water Drainage Concessions

- ✓ Customers tell us that they do not support subsidising other customer's bills beyond very limited levels (£1-£2), except for very specific medical conditions, and for pensioners on the basic pension.

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**Consumer Council for Water View on  
Changes since the Draft Floods and Water Management Bill**

Changes	CCWater View
Removal of introduction of legislation following the Cave Review of Competition and Innovation.	Given the short Parliamentary Session, we support the delay in introducing legislation following the Cave review, in order to get the vital flooding legislation through.
Removal of Introduction of legislation following the Walker Report on Metering and Water Charges.	Given the short Parliamentary Session, we support the delay in introducing legislation following the Walker report, in order to get the vital flooding legislation through.
Removal of Misconnection clauses	We support the delay in introducing legislation, in order to get the vital flooding legislation through.
Removal of DWI charges	We support the delay in introducing legislation in order to get the vital flooding legislation through.
Removal of Ofwat complaint handling responsibility moved to other organisations.	Given the short Parliamentary Session, we support the delay in introducing legislation, in order to get the vital flooding legislation through.
Removal of Securing Compliance	Given the short Parliamentary Session, we support the delay in introducing legislation in order to get the vital flooding legislation through.
Removal of mandatory time limiting of all abstraction licences	Given the short Parliamentary Session, we support the delay in introducing legislation in order to get the vital flooding legislation through.
On water companies' flood risk management functions, it was decided that they should be subject to a duty to act consistently with the national strategy and, in view of Ofwat's and the Committee's comments, to have regard to the local strategies.	We support water companies considering the flood and coastal erosion risk management requirements, but not being bound by them if they can demonstrate that they are outweighed by other considerations.
Welsh Ministers have determined that Flood Risk Management Wales should become an advisory regional flood and coastal committee, though it will retain its levy raising powers which will be extended to cover coastal erosion and coastal protection works.	We support the change to help a consistent approach in Wales and England.
Government(s) propose that the right to communicate with the public sewerage network under section 106 of the Water industry Act 1991 should be made dependent on entering into a section 104 'adoption' agreement bound by two parameters – that the sewer or lateral drain a) be built to mandatory standards either published by Ministers or agreed by the parties	We support the redraft, so that the clause will work in practice.

to the agreement and b) ultimately vests in the relevant water company as a public sewer.