



Ensuring water and sanitation access for all  
A presentation to the  
UN Expert Group on Human Rights

14-15 March 2011  
Philip Fletcher, Chairman, Ofwat

# Who we are



Economic regulator of the water and sewerage sectors in England and Wales

Small non-ministerial government department set up when the companies were privatised in 1989

Independent of government and the water companies, but accountable to Parliament and the Welsh Assembly Government

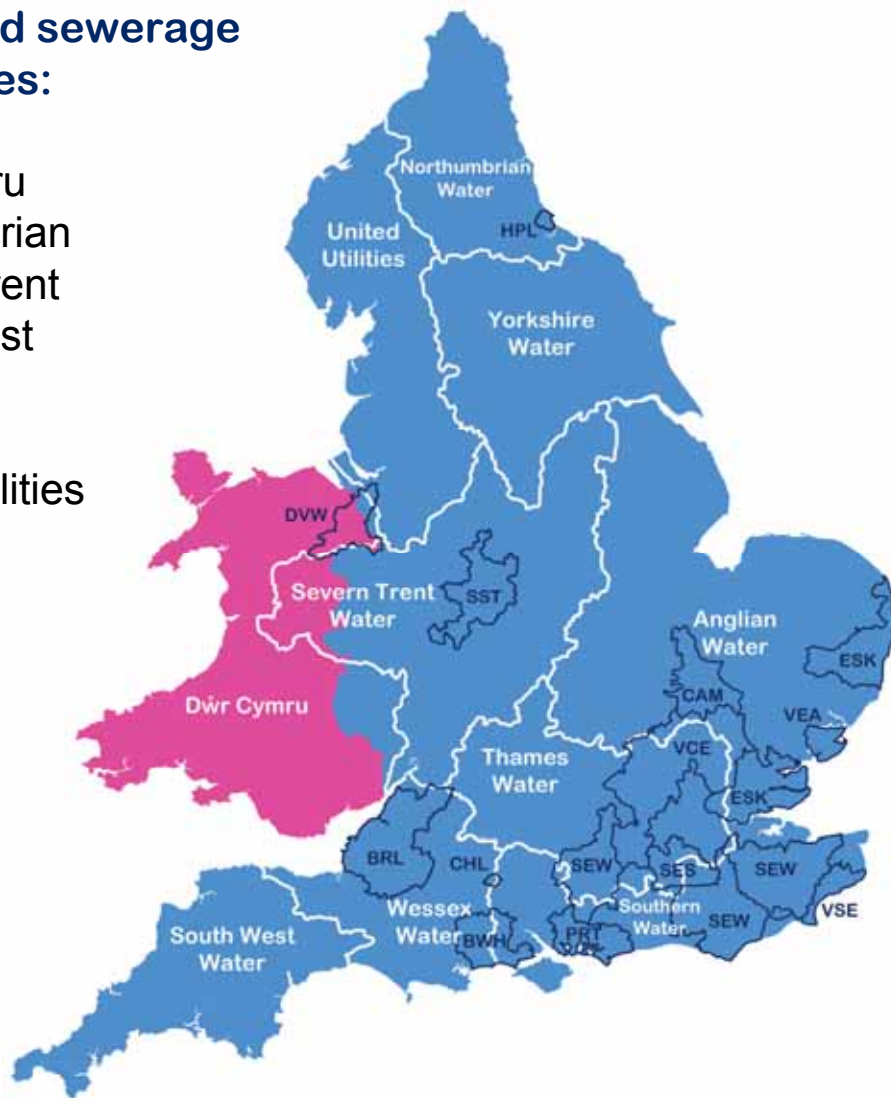
Board structure– Chairman, Chief Executive, two executive and five non-executive Board members.

Board Appointments made by the Minister for the Environment

# Water and sewerage companies in England and Wales

## Water and sewerage companies:

Anglian  
Dŵr Cymru  
Northumbrian  
Severn Trent  
South West  
Southern  
Thames  
United Utilities  
Wessex  
Yorkshire



## Water only companies:

Bristol  
Cambridge  
Dee Valley  
Portsmouth  
Sembcorp Bournemouth  
South East  
South Staffordshire  
Sutton & East Surrey  
Veolia Central  
Veolia East  
Veolia Southeast

# What independent regulation has achieved



Leakage has fallen by 35% since peak in 1994-95



£90 billion has been invested. Companies are more efficient – bills are 30% lower than they would have been



Network is functioning better – more companies have stable serviceability than ever before



Water and environmental quality has improved – more than 100 Blue Flag beaches and fish in the Thames again

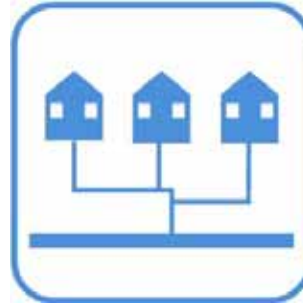


Customer service is significantly better than 20 years ago

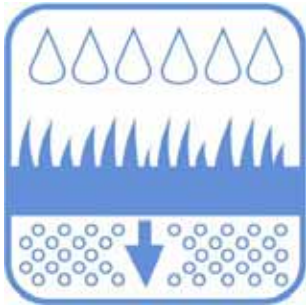
# Global challenges



Changing climate could bring more droughts and floods



Need resilient infrastructure – network is 335,000 km long, much of which is ageing



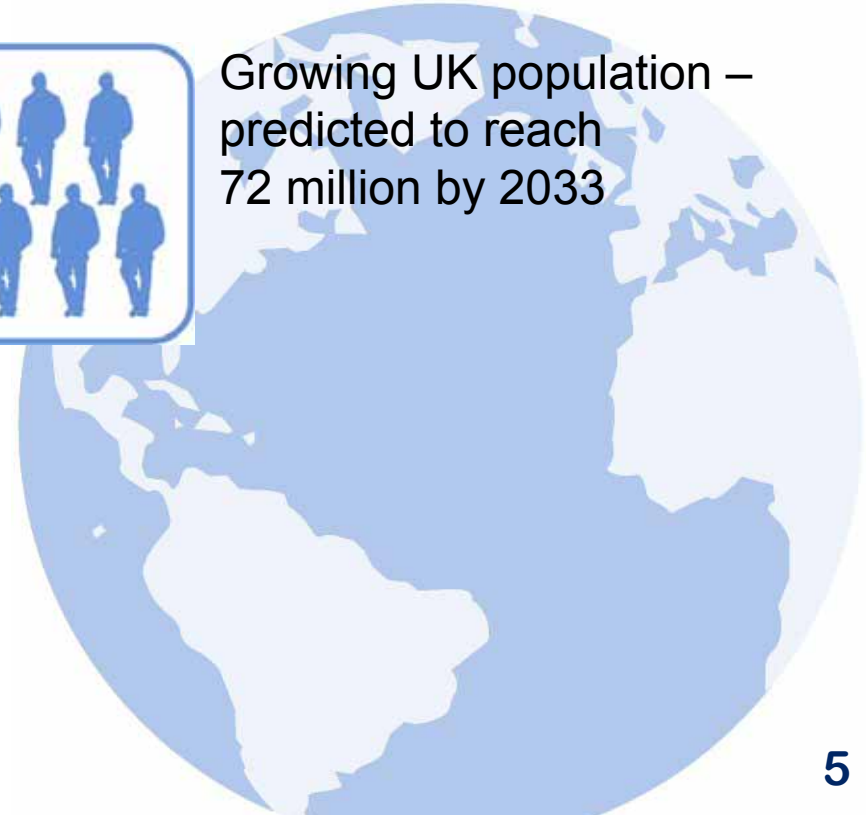
Urbanisation increases burden on drainage systems



Growing UK population – predicted to reach 72 million by 2033



Rise in single households, which use more water. Need to be more water efficient



# Addressing UN objectives



Regional monopoly companies held accountable

Political interference modified

Companies raise money on the financial markets and by directly billing customers

Costs are more transparent and allow investment

Medium-term stability for investors

Incentive based regulation leads to efficiency gains

Separation of regulators: through Ofwat, Environment Agency and Drinking Water Inspectorate all the pillars of sustainability are considered

Protection of consumers' rights

# Accessibility

**Water companies have a duty to connect**

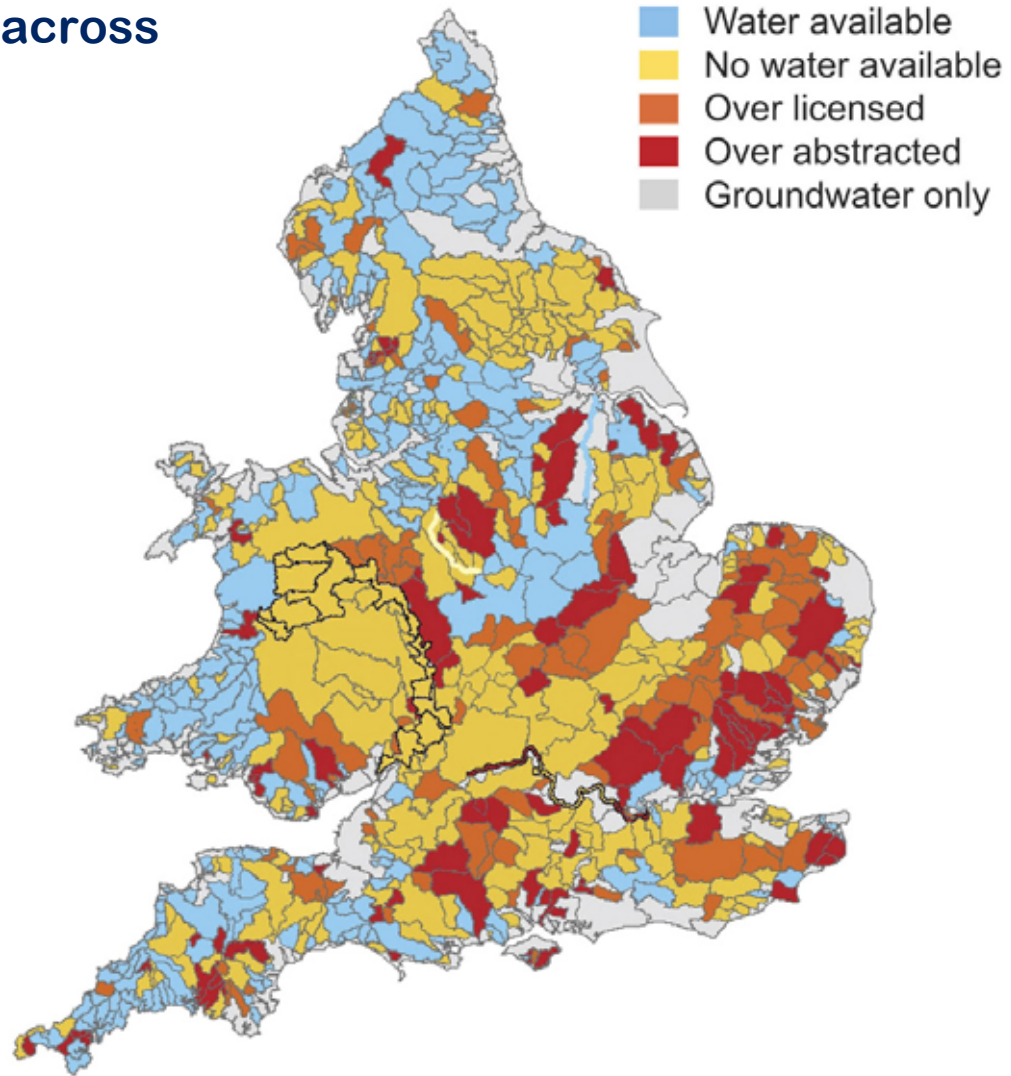
**Amended Water Act 1999 guarantees no disconnections for household consumers**

**Water companies have duties to consider vulnerable customers**

**Consumer Council for Water protects consumers' interests**

# Availability

**Water scarcity varies across England and Wales**



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# Water quality



EU legislation defines standards

Water Framework Directive and River Basin Management Plans

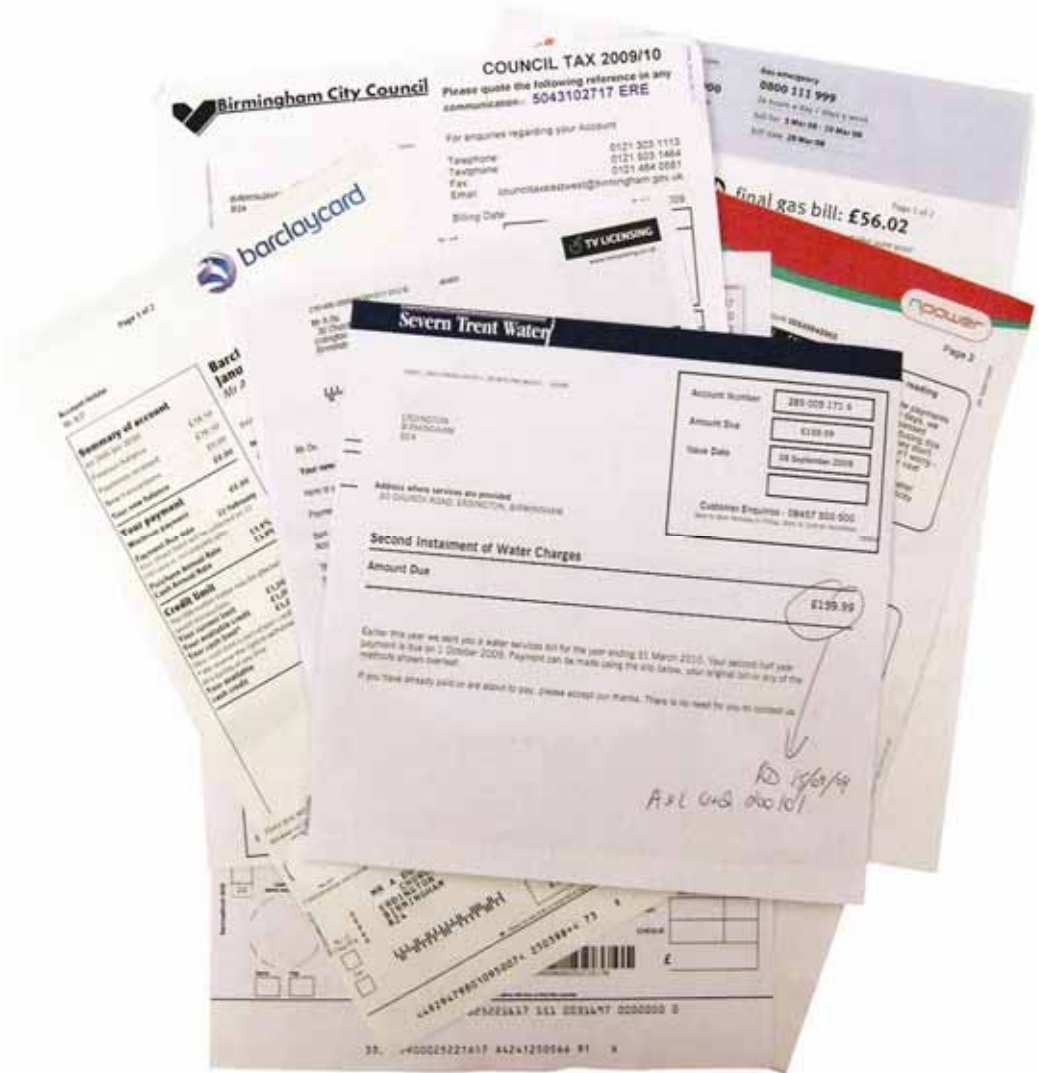
Quality regulators ensure enforcement

UK has National Environment Programme

We challenge costs of improvement schemes

Environmental and consumer groups ensures pressure for environmental improvements remain

# Affordability





Rising bad debt

**Alternatives to disconnection:**

1. Prepayment meters (banned)
2. Trickle-flow meters (banned)
3. Debt management
4. Social tariffs
5. Managing water use

# Affordability



**The transition  
to (smart)  
metering**



**Focusing social  
assistance**



**Promoting  
behaviour  
change**

# Sustainability

Resources and environmental systems such as water, land and air are under increasing stress

Sustainable development is about understanding the true value of our resources

It is also about joining up economic, social and environmental goals



# Future challenges



# Addressing the challenges



# Ofwat's approach

Living within environmental limits



1. A safe and reliable water and sewerage service for consumers that minimises the impact on the environment now and in the future

Ensuring a strong, just and healthy society



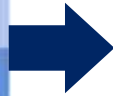
2. Consumers continue to get a fair deal and receive a level of service that consistently meets their needs

Achieving a sustainable economy



3. Financially robust sectors that are able to meet consumer's needs a fair cost, into the future

Promoting good governance



4. Companies that remain accountable to their consumers

Using sound science responsibly



5. Using the best available information to support decision making



# Questions



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