

Insights

HOW LONG WOULD YOU QUEUE FOR WATER?

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SUMMARY

This blog considers the long term planning for water resources in England, and how water companies can ensure that they de-risk the long lead in process to delivering the necessary assets. Clearly, water management covers a number of aspects, including leakage management. We focus here on some of the major new capital investments required, known as Strategic Resource Options.

After the recent UK fuel crisis, long queues for fuel and other shortages such as CO₂, it raises the question as to whether the country has the strategic resilience to maintain other essential supplies for modern day life. Water springs to mind. We rely on it to stay alive and we all assume ready access by turning on a tap. But how resilient is our water supply and will it be able to cope with future challenges?

SECURITY OF WATER SUPPLY

The economic regulator, Ofwat, regulates water companies in England. As part of the cycle of regulation, individual companies have a statutory duty to produce and maintain Water Resource Management Plans (WRMPs), which set out how they intend to achieve a secure supply of water for customers and protect and enhance the environment. These plans are tested, often through public inquiry, which means water companies are accustomed to long-term scrutiny.

In response to the water resources challenges that are expected over the long term and the development and funding of new water supply options needed to address these challenges, new layers have been introduced to the planning and funding of water supply projects which water companies must grapple with now, to ensure that long-term plans can be delivered.

RAPID GATED PROCESS

The Regulatory Alliance for Progressing Infrastructure Development (RAPID) was established in 2019 to support the development of new water infrastructure and to allocate development funding

to water companies who are progressing long term strategic resource options (SROs). It introduced a new process known as the *RAPID Gated process* that requires water resource solution submissions to pass through a series of 'gates' in order to secure development funding.

NEW REGIONAL PLANS

Alongside this process is a spectre of new regional plans for strategic water supply that was introduced by the National Framework for Water Resources in March 2020.

Both the Rapid Gated process and the new regional plans must feed into and mesh with the WRMP process.

DEVELOPMENT CONSENT ORDERS

Another piece of the increasingly complex jigsaw, is securing the necessary development consents for each capital project - sometimes this includes planning permission, measured against the national and local policy position at the time - but more often given the size of the SRO projects, a Development Consent Order (DCO) is likely to be required. These are consents required for 'Nationally Significant Infrastructure Projects' (NSIPs), for which many SROs (eg new reservoirs, transfer schemes, desalination schemes, water reuse) will meet the relevant threshold.

Whilst the need for and delivery of SROs may be a future requirement, water companies should think about planning for them now, for the following reasons.

As noted above, most SROs will require a DCO, and DCOs are measured against the relevant 'National Policy Statement' (NPS), which is the lynchpin of the DCO system. The Government consulted on the Draft National Policy Statement for Water Resources Infrastructure in 2018/2019, which notably establishes a link between the WRMP and the case for a DCO. The WRMP in turn must link back to the new regional plan, which must mesh with the ongoing regulatory RAPID Gated process, for which recently there have been *draft determinations*.

COMMENT

Although many SRO projects may be years away from delivery, water companies must think now about how they approach the strategic case for their future assets. Whilst there are many other hurdles, not least the Gated process and WRMP process, they must be viewed together and in a connected way in the context of this new framework to ensure that projects can be delivered on time.

If you would like to discuss any of the issues raised in this article, please contact James Parker, in BCLP's water sector team.

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