

Division(s):

CABINET– 23 APRIL 2019

AFFINITY WATER: WATER RESOURCE MANAGEMENT PLAN CONSULTATION TO APRIL 2019

Report by Director for Planning and Place

RECOMMENDATION

1. **Cabinet is RECOMMENDED to**
 - (a) **Consider the issues and the draft response in Annex 1 and provide comments as appropriate; and**
 - (b) **Agree that the final response to the consultation be signed off by the Director of Planning and Place in consultation with the Cabinet Member for the Environment.**

Executive Summary

2. Affinity Water is consulting until 26th April 2019 on their Revised Draft Water Resources Management Plan (WRMP) 2019 which looks ahead to 2080. Affinity Water proposes with Thames Water to jointly develop a South East Strategic Reservoir in Oxfordshire (SESR) to provide a significant amount of additional water for its customers located to the East. A draft response to this Affinity Water WRMP raises the same issues expressed on the Thames Water WRMP in 2018.

Introduction

3. Annex 1 is a draft Oxfordshire County Council response to the consultation on Affinity Water's Revised Draft Water Resources Management Plan (WRMP). A WRMP sets out how a water company plans to maintain the balance between supply and demand for water for at least 25 years, in this case Affinity Water are planning to 2080.
4. Members will recall that Oxfordshire County Council responded on the Thames Water Draft WRMP in April 2018 (Cabinet 18 April); supported the position of the Group Against Reservoir Development (GARD) in July 2018 (Council 10 July); and responded to Thames Water's Revised Draft WRMP in November 2018 (Cabinet 20 November). A response on the Affinity Water Revised Draft WRMP is recommended because Affinity Water proposes to

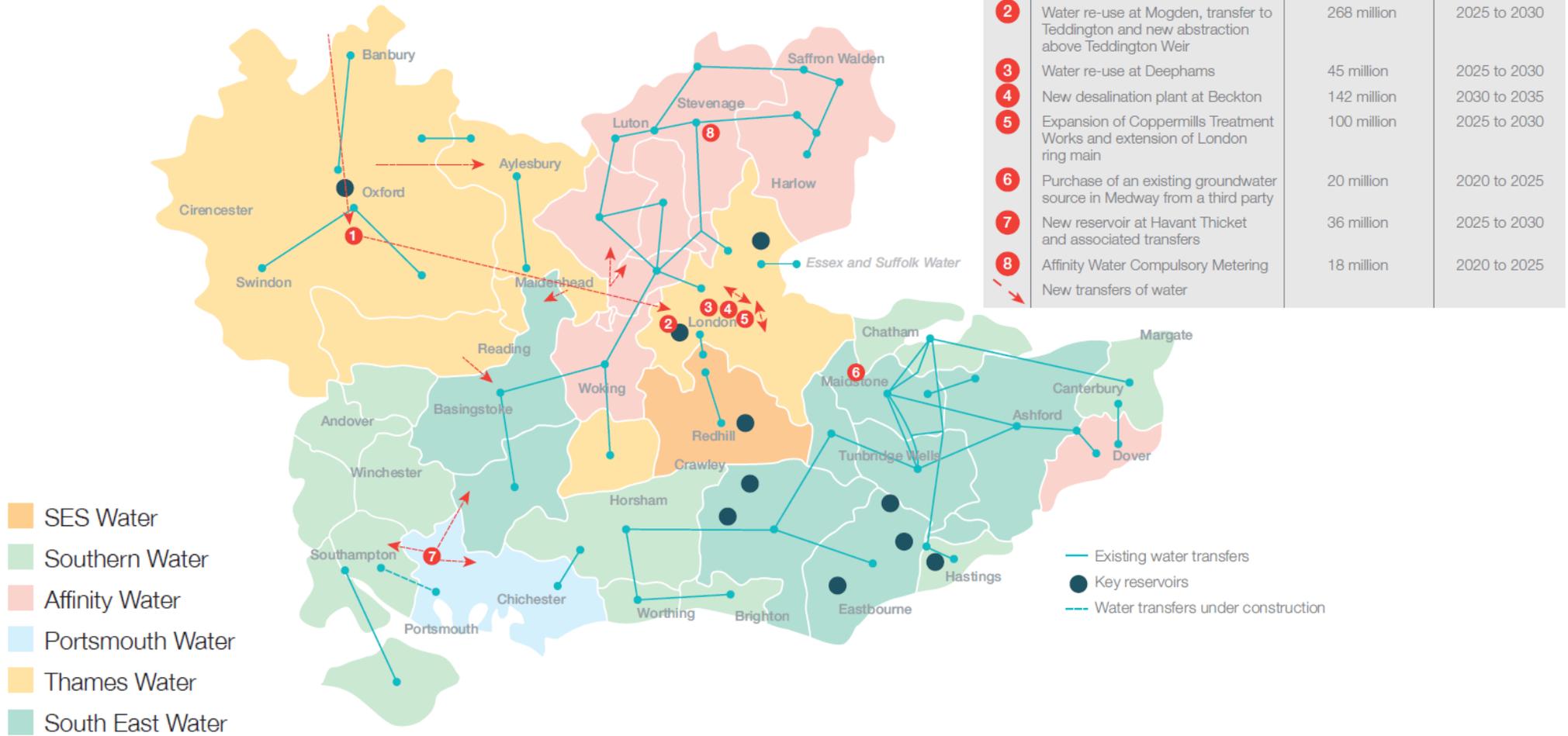
jointly develop with Thames Water the South East Strategic Reservoir (SESR) between Drayton, Steventon, East Hanney, Marcham and Abingdon. A response from Oxfordshire County Council can reflect the views and concerns of those within Oxfordshire to add to those of Affinity Water's own customers located in areas to the East of Oxfordshire (shown in Figure 1).

Water Supply Options

5. Affinity Water forecasts increased water demand due to population growth. They currently provide on average 900 million litres of drinking water to approximately 3.6 million people, or 1.4 million households every day. Their plans for balancing water supply with demand include a commitment to increase their resilience to droughts by supporting customers to reduce demand, reducing leakage and investing in supply-side capacity improvements. The water they supply is currently mostly from sources local to their area with 65% from aquifers and 35% from rivers. They are planning to reduce abstraction from chalk stream catchments due to environmental concerns. Their preferred strategic option to address a future predicted shortfall in supply is to jointly construct the SESR to enable transfers of water to the East via the River Thames. An additional 100 MI/day (100 million litres per day) of water would be available for Affinity Water's customers based on the proposed reservoir having a total capacity to provide some 281MI/day.
6. The various strategic options and the different water companies are shown in Figure 1 below.

Figure 1

How the region may look in the future (showing schemes that deliver more than 15 million litres of water per day)



Thames Water

7. Thames Water advised at a Stakeholder Forum held on 14th March 2019 that it has considered the 751 comments it received on its Revised Draft WRMP and has made some amendments. The substance of their plan is not changing and is understood to be consistent with Affinity Water's Draft Revised WRMP. Before this Cabinet meeting, the plan is likely to have been submitted to the Secretary of State, Department for the Environment, Food and Rural Affairs (Defra). A Statement of Response to the comments and addenda to various reports will also be produced and be available on their website before the end of April 2019. A decision on whether to approve the plan, require further work, require hearings or a public inquiry will be made by the Secretary of State.
8. Our previous responses to Thames Water in April 2018 and November 2018 are attached as appendices to the Affinity Water response. Officers are continuing to talk with Thames Water about their Plan and about the technical issues associated with a reservoir.

History and Press Interest

9. A proposal for a reservoir to the west of Abingdon was made in 2006 by Thames Water. The proposals were rejected by the then Secretary of State in 2011 for the Department for Environment, Food and Rural Affairs (Defra) following a public inquiry in 2010 into the plan. Since then, Thames Water has achieved safeguarding of land in the Vale of White Horse Local Plan Part 1, amended in Part 2, and has progressed its new Water Resources Management Plan to the current point.
10. The topic of a new reservoir periodically garners media interest. On 19th March 2019 both the BBC and Guardian reported on comments by Sir James Bevan, the Chief Executive of the Environment Agency, who warned that England could face water shortages "within 25 years". In addition to reducing daily use per person, Bevan argues for building new reservoirs. <https://www.theguardian.com/environment/2019/mar/18/england-to-run-short-of-water-within-25-years-environment-agency>

Regional Planning

11. Affinity Water and Thames Water have synchronised their approaches and as a result, both WRMPs are closely aligned on the timing of the need for the SESR option, the cost and development of SESR (shared one-third and two-thirds, with the same 15-year development programme), the use of adaptive plans and timing of a key decision point in 2023.
12. 'Water Resources in the South East' (WRSE) is an alliance that brings together all the water companies in the South-East. There has been a recent restructure to strengthen the organisation to achieve its strategic objectives,

which include preparing a regional resilience plan and greater use of markets and competition.

13. In our November 2018 response we requested that water companies in the South East collectively and clearly present their supply needs in a regional context through the production of a joint Regional Water Resource Management Plan. We are re-iterating this request in the draft response to Affinity Water.

Business Plans and 2023 Key Decision Point

14. Water companies have been required to submit a business plan for 2020-2025 to Ofwat for assessment. On 31st January 2019 Ofwat published its initial assessment of the various water companies' draft business plans. Both Thames Water and Affinity Water have been placed in the lowest category - 'significant scrutiny'. Revised business plans were expected from them at the beginning of April 2019. <https://www.ofwat.gov.uk/regulated-companies/price-review/2019-price-review/business-plans/>. Thames Water submitted their revised business plan on 1st April 2019.
15. Despite the 'significant scrutiny' rating, Ofwat has allocated funding to facilitate the development of strategic water resources, including £36.5 million to Affinity Water and Thames Water to develop the SESR option.
16. It is understood that the companies intend to work from 2020 to 2022 to investigate various supply scheme options, costs and benefits. This time also allows for the possibility of additional work, hearings or an inquiry on the WRMPs. In 2022 they intend to start pre-application for the SESR using the National Strategic Infrastructure Planning process. In this process, an applicant eventually submits an application for development consent to the Planning Inspectorate. All interested parties will be invited to attend a Preliminary Meeting. The Planning Inspectorate has up to six months to carry out the examination which would likely include hearings or an inquiry. In 2023 another round of draft WRMPs would be produced and key decisions would be made.

Financial and Staff Implications

17. There are no financial or staff implications with regards to the Affinity Water Revised Draft Water Resources Management Plan at this stage. If the County Council decides to become involved in a public inquiry, then there will likely be a financial impact.

Equalities Implications

18. There are no equalities implications with regards to the Affinity Water Revised Draft Water Resources Management Plan.

Sustainability Implications

19. Affinity Water serves customers outside of Oxfordshire. The proposal for a SESR within Oxfordshire could have sustainability implications if progressed which will be considered at each stage of the process.

SUE HALLIWELL
Director for Planning and Place

Background papers: As attached.

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April 2019