

Division(s):

CABINET – 17 April 2018

**REPORT ON THAMES WATER - DRAFT WATER RESOURCES
MANAGEMENT PLAN 2019**

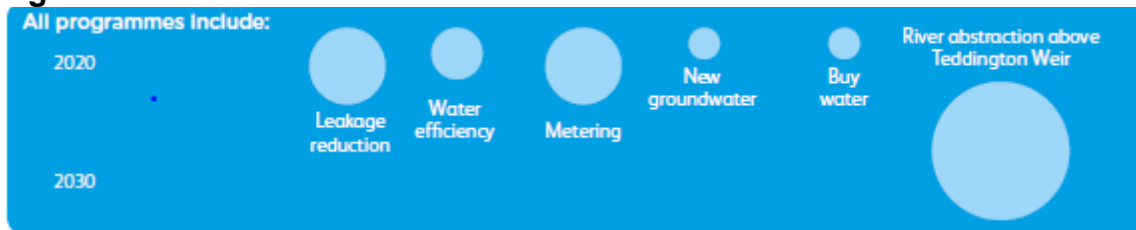
Report by Director for Planning and Place

Introduction

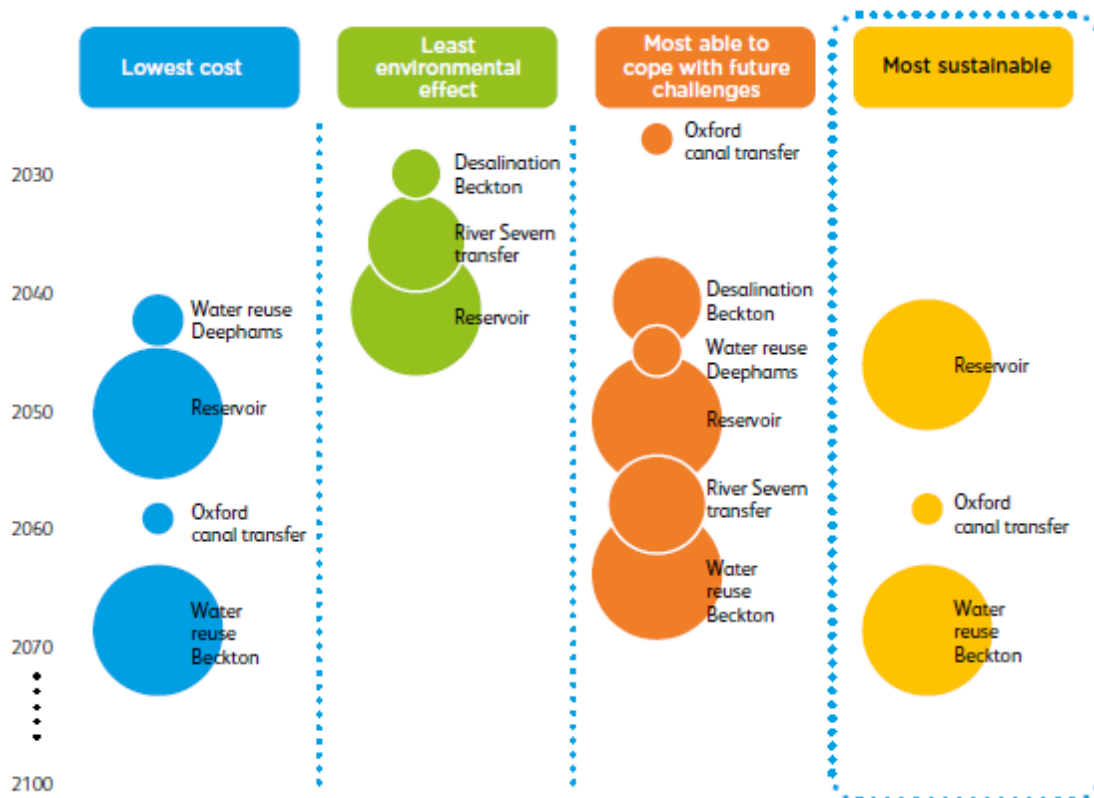
1. Thames Water (TW) commenced a consultation on their draft Water Resources Management Plan 2019 (WRMP19) in February. On 21 March a Thames Water Resources Forum was held which provided updated material to consider. The response deadline is 29 April 2018. The purpose of this report is to set out what it contains and a proposed County Council response to this consultation.
2. A WRMP is a strategic plan setting out how a water company plans to maintain the balance between supply and demand for water for at least 25 years. TW's WRMP19 is looking longer-term and planning for the next 80 years from 2020 to 2100 with population growth being the biggest driver of increased water demand during this period.
3. In August 2018, TW will publish a report setting out comments received and how these have been taken into account in revising the Plan, ahead of submitting it to Defra. Based on advice from the Environment Agency and taking account of consultation responses, the Secretary of State will decide whether to approve the plan, make changes to it or hold a public inquiry into certain aspects of the plan – an inquiry is not automatic. The WRMP will then be reviewed every 5 years.
4. The Plan looks at **demand management options** to make best use of existing water by:
 - Continuing to reduce the amount of water lost through leakage, committing to a 15% reduction by 2025 (100MI/d)
 - Installing 600,000 smart meters in customers' homes by 2025
 - Promoting more efficient water use through home visits and installation of water saving devices.
5. In the longer term, TW needs to put **new water resource supplies** in place and has assessed over 200 supply options against (among other criteria) cost, time needed to make water available, ability to cope with change and environmental effects. This has resulted in a preferred set of options which include:
 - A new large reservoir at Abingdon by 2048
 - Desalination (conversion of sea/salt water into fresh water)
 - Reuse of treated waste water from sewage treatment works
 - Buying water from other water companies

6. Thames Water identified alternative programmes combining different options and assessed them for cost, customer preferences, environmental impact, deliverability, resilience and how the costs are shared with customers now and in the future. They have focused down on four best programmes which are based on four different priorities:
 - Lowest cost
 - Least environmental effect
 - Most able to cope with future challenge
 - 'Most sustainable' in terms of sharing costs with future generations
7. All four programmes concentrate on making best use of available water in the period 2020-2035 combined with small abstraction schemes, buying water from other organisations and a new supply scheme by abstracting water from the River Thames above Teddington Weir in West London.
8. From 2035 onwards, the four programmes propose different combinations of new large water schemes – all include a new reservoir at Abingdon but with different timings and in different combinations with other schemes (see Fig 1).

Fig 1:



From 2035 onwards, all the alternative programmes include the development of new large water supply schemes. They all include a new reservoir, in combination with other supply schemes.



9. The consultation contains 6 questions which are directed primarily at TW customers. As such it proposed that the County Council provides overall comments on the proposed plan focussing on water trading, the need for a reservoir in Abingdon, TW's population forecasting and proposed demand management measures.

Key Issues

Water Trading

10. It is noted that in April 2017 Water Market Deregulation took place which no longer restricted businesses, charities and public sector customers to buying retail water services from their regional water company.
11. Through water trading, which is promoted and incentivised by Ofwat (the economic regulator of the water sector in England and Wales), it is recognised that water companies can import and export to each other and can include this within their forecasting. By introducing incentives, it would be expected that it would be in an individual water company's interest to have surplus to sell.
12. Thames Water is part of a wider alliance of water companies, Water Resources in the South East (WRSE). Along with the Environment Agency, Ofwat, the Consumer Council for Water, Natural England and Defra, the alliance comprises the following water companies: Thames Water, South East Water, Southern Water, Portsmouth Water, Sutton and East Surrey Water and Affinity Water.
13. Thames Water includes in their Plan an expectation to purchase 17 million litres of water per day (17MI/d) and to export approximately 120MI/d of water to Affinity and South East Water in total by 2065.

Proposed Reservoir – Abingdon

14. To enable Thames Water to maintain their supply resilience and support regional demands for raw water from Affinity Water and South East Water, from 2048 onwards a regional reservoir at Abingdon is planned. Oxfordshire County Council would like to understand more around the methodology used and calculations arrived at when considering the amount of water needed for Thames Water's catchment. The County also needs clarification on the quantities expected to be sold to other members of the alliance and the infrastructure required within the Thames Water Valley to ensure this water supply. Following on from this urgent, further discussion is essential on its location and the size of reservoir required. An initial meeting is planned with Thames Water colleagues to start this dialogue.
15. Our understanding is that evidence on appraisals of suitable reservoir locations within the Thames Water catchment area has taken place, with a number of sifting exercises undertaken resulting in the Abingdon location being taken forward as the preferred site. The results of this can be found in

the Thames Water Resource Options: Reservoir feasibility report - Executive Summary (September 2016).

16. However, there is a lack of clarity on whether potential sites have been assessed across the South East region. Following on from this, if the reservoir is a 'Regional Reservoir' then the County needs to understand the process that has been undertaken to assess other sites within the South East region for their suitability for such a reservoir.
17. The proposed reservoir would be a significant piece of strategic infrastructure of national importance with a long lead in time, a planning application for which would be determined by the National Infrastructure Commission. Whilst new water resources will be required to meet Oxfordshire's needs, the scale of the new reservoir is driven by London's growing demands and potentially other parts of the South East of England.
18. The reservoir would have substantial environmental, transport and landscape impacts in southern Oxfordshire, both during construction and when in operation. However, it could also provide an opportunity for a new leisure and/or green infrastructure resource if Thames Water's community benefits as part of their scheme. As such the County Council welcomes immediate and regular engagement with Thames Water on the potential reservoir, how, if the Plan is agreed, it is proposed to be developed and timescales for an application.

Population Forecasting

19. The Thames Water supply area contains 95 Local Authorities and Appendix E (Population and Property Projections) states that the forecasts have been produced using Local Plan housing evidence from each authority with a data capture in August 2017. It is noted that in the revised March 2018 population data that post-2045 population and housing figures have been revised down from those originally forecast.
20. It is accepted that housing numbers and Local Plans are emerging in some cases but there are significant concerns over these figures. Numbers for South Oxfordshire are lower than those contained in the emerging Local Plan and, in all Plans except for West Oxfordshire, Oxford's unmet housing need is omitted. It is also unclear whether TW forecasting takes into account any growth in Oxford City at all, as the housing number in appendix E contains a question mark.
21. The figures contained within this appendix underpin the entire plan and consequently there are significant concerns that not only has housing growth in Oxfordshire been miscalculated, identifying lower housing growth, but this may also be the case for other authorities within the Thames Valley.
22. Oxford is at the western end of the Oxford – Milton Keynes – Cambridge corridor which has been identified by the National Infrastructure Commission as an area of growth. Recognising this, all Oxfordshire County and District

Councils have recently signed a Growth Deal with Government which commits to jointly delivering 100,000 homes to 2031 including an accelerated programme of delivery over the next 5 years. This deal includes a commitment to produce a Joint Statutory Spatial Plan by 2021, which would identify strategic locations for housing and employment growth within the county to 2050.

23. In this context, it is recommended that Thames Water reassesses the expected housing growth within Oxfordshire, and potentially elsewhere, and re-examines whether the preferred programme contained within the Plan is adequate to accommodate growth within the region. Oxfordshire County Council would welcome further discussion with TW on this.

Demand Management - Leakages

24. Thames Water aims to reduce leakages to 15% by 2025 which equates to 100MI/d.
25. Oxfordshire County Council would expect TW to maximise their infrastructure and speed up their programme of leakage reduction early on in the plan period to delay the need for a reservoir as long as possible.

Financial and Staff Implications

26. There are no financial or staff implications with regards to the Thames Water Draft Water Resource Management Plan at this stage.

Equalities Implications

27. There are no equalities implications with regards to the Thames Water Draft Water Resource Management Plan at this stage.

RECOMMENDATION

28. The Cabinet is **RECOMMENDED** to endorse the key issues raised within this report as the response to this consultation, including the request for immediate and regular discussion with Thames Water on the proposed reservoir in terms of its catchment and location.

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Background papers: NONE

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