

REPORT OF THE COMMUNITIES, ENVIRONMENT & HIGHWAYS SELECT COMMITTEE

Item under consideration: Surrey Utilities – Water and Wastewater Services

Date Considered: 25 January 2025

The Community, Environment and Highways Select Committee held a private evidence gathering session on 25 January 2024 to hear the views and experiences of key water company stakeholders in Surrey and to learn what is going well, what the issues are and how these can be resolved or mitigated to deliver improvements for Surrey residents and better strategic engagement between Surrey County Council and Water utility providers. External stakeholders including representatives from Thames Water, South East Water, SES, Affinity Water and Water Resources South East (WRSE) were present. The session was held in private to allow for frank and honest discussion. A note of this session is included at Appendix 1.

After detailed discussion and noting the responses to its key lines of enquiry, the Select Committee agreed the following conclusions and recommendations for Cabinet to consider.

Committee Conclusions and Recommendations

That the Communities Environment and Highways Select Committee concludes that:

- I. There is a strong appetite for collaboration with the Council on the part of Water companies and the representative body for the south east region (WRSE).
- II. There are opportunities for water companies to work collaboratively with local authorities on the delivery of demand management and demand reduction activity and to share learnings and best practice in customer education and behaviour change.

- III. There is scope for greater collaboration at a strategic level and an opportunity for the Council to collaborate with the regional body (WRSE) on development of the next regional water plan and on other strategic issues such as the Nature Recovery Strategy and how to increase biodiversity and the resilience of water sources. The Council should seek a seat on the WRSE Strategic Advisory Board to influence development of the next regional plan and better integrate the needs of Surrey both in terms of water users and the environment.
- IV. The Council should approach the national regulator to explore options to develop (or revise existing) KPIs on water company performance to take account of community impact and collaboration with Local Authorities, as part of the next round of five-year plans.
- V. There are opportunities to work better together to plan and coordinate operational works to reduce traffic disruption and environmental impact and to explore the use of IT systems to enable this. Surrey Council should look at replicating the best practice that exists in the form of the Infrastructure Mapping Application used in London.
- VI. There is room to improve the quality and availability of information to residents on planned works and on-site signage and an appetite to work closer in partnership to develop and implement best practice.
- VII. The Council should collaborate more closely with Thames Water on the development of the next Drainage and Wastewater Management Plan (DWMP) given shared responsibilities and mutual interest in drainage, flooding and environmental protection. The next DWMP cycle is about to start.
- VIII. As the lead planning authority, the Council has an important role to play working strategically with utility companies to highlight new developments so that network capacity implications can be effectively managed and green infrastructure and sustainable drainage solutions promoted in any

new developments. The Council should enhance its role in this regard and work with utility stakeholders to act on the government review of building regulations.

IX. As the Local Lead Flood Authority there should be closer working between the Council's Flood Risk Management Team and Thames Water to map flood risk hotspots, to address flooding issues and to deliver environmental priorities. Ofwat's anticipated response to draft business plans 2025-30 should provide clarity on levels of investment and is a good starting point for discussions on delivering future priorities in flooding, drainage and wastewater management.

X. A task force should be established to take these opportunities forward and to deliver the specific actions and outcomes agreed at the session (Annex B). This should involve Council officers and water company representatives and in broad terms should aim to deliver:

- Better coordination and communication around operational works on the road network
- Better coordination between the local authority and water companies on flooding, drainage, sustainable solutions and environmental objectives.
- Better coordination on planning, new developments and strategic network issues.

Note: more than one task force or working group may be necessary to address these different themes.

JONATHAN HULLEY
Chairman of the Communities, Environment and Highways Select Committee

**REPORT OF THE COMMUNITIES, ENVIRONMENT & HIGHWAYS SELECT
COMMITTEE SPECIAL SESSION ON UTILITIES – WATER
25 JANUARY 2024**

Issue

1. The Community, Environment and Highways Select Committee held the first of a series of private scrutiny sessions with Surrey Utilities on 25 January 2024. The purpose of these sessions is to explore what is going well, what the issues are and how these can be better managed, resolved and mitigated, with the aim of achieving improvements for Surrey residents and better strategic engagement between Surrey County Council and Utility providers. The terms of reference for these sessions is at the Annex.
2. This first session was focused on Water and Wastewater services in Surrey. Representatives from the major service providers attended including Thames Water, Affinity Water, South East Water, SES, and Water Resources South East (WRSE - a representative body for South East Water Companies). Officers from the Council's Highways and Environment Directorates were also present.
3. This report provides an overview of the discussion along with key findings and conclusions of the Select Committee and a set of agreed outcomes and next steps.

Background

4. The recent problems with water supply disruption in the Guildford area provided the backdrop to the session, but the focus was on building forward constructively from these events. Discussion focused on the following areas:
 - Better coordination of operational works (network upgrades, emergency repairs, Street works)
 - Better engagement and information sharing between stakeholders.
 - Better communication with the public in the event of water supply disruption or other emergency
 - Wastewater discharge and overflows
 - Long term environmental improvements
 - Network capacity and resilience

Findings and Conclusions

Future Demand, Strategic Planning & Investment

5. The first part of the session looked at the strategic landscape for water and wastewater services in Surrey, who the main players are and the challenges they face. During the course of the discussion the following key points emerged:
 - **The complexity of the landscape of providers and regulators:** Four companies provide potable drinking water across different parts of Surrey (Thames Water, SES, South East Water, Affinity Water) with Thames Water providing waste water services across the whole County. Several different regulators operate, each setting their own requirements on water companies. DEFRA sets the overall water and sewerage policy framework in England. Ofwat is the Economic regulator of water and sewerage sectors, responsible for approving business plans, setting targets and monitoring performance. DWI, the drinking water quality regulator for England and Wales checks

drinking water is safe to drink and meets the standards set in Water Quality Regulation. The Environment Agency monitors the health of the nation's waterways and set abstraction licenses for water companies and individuals. Water Resources South East (WRSE) is responsible for developing the long-term water resource plan for South East England which identifies the future water needs of the whole region for the next 50 years. This presents a complex planning environment with several interrelated and overlapping regional, strategic and company business plans. Plans are currently being finalised with Ofwat ahead of the next 5 year business planning period 2025 -2030.

- **A severe future regional water shortfall is predicted.** Water Resources South East (WRSE) predicts that South East England could face a shortfall of over 2.7 billion litres of water per day by 2075 if significant steps are not taken. This amounts to nearly one third of the current daily consumption of around 10 billion litres of water.
- **Demand Management is key to addressing this projected future shortfall.** The expectation is that approximately 860m litres of the 2.7bn shortfall could be delivered through demand management, **primarily through leakage reduction** (including from customer pipes which accounts for 30-40% of leakage), water metering programmes and installation of smart meters to aid reduction in consumption and assist in identifying on-property leakage. Public education campaigns are also needed to encourage smarter water use.
- **The regulator has imposed challenging targets for water companies to reduce leakage by 15% in the current five-year period and by 50% by 2050.** Heavy financial penalties will be applied if companies fail to meet the targets. This provides strong incentivisation to all companies to adopt new technologies to identify, locate and fix leaks and to hit leak reduction targets. Financial penalties cannot be passed on to consumers but must be met by shareholders.
- There is a common drive to **leave more water in the environment and to reduce abstraction** from Chalk environments as well as improving resilience and network connectivity. Making sure water can be moved as efficiently and effectively as possible across the system is a priority in order to reduce abstraction from aquifers.
- Thames Water anticipates that **investment of £2billion is required on top of day-to-day maintenance activities to meet and manage the future challenge** of growth and climate change on wastewater services. An extensive 25-year investment plan is in place including upgrades to sewage treatment works, sewer lining and manhole sealing to reduce groundwater infiltration into sewers; to improve storm overflow performance and reduce the number of average annual storm discharges; to reduce the risk to properties from sewer flooding in a storm event; and to enhance treatment capacity to ensure it keeps pace with growth.
- There is a collective need to **engage and educate customers to influence how people use water** to meet the demand reduction required to maintain future services and resilient water supplies. This presents a challenge with a product that is perceived to be widely available and comparatively cheap.
- Water companies are required to deliver against a range of KPIs which they are measured against by Ofwat covering water quality leakage, pollution and so on. These KPIs are nationally set and do not address local performance, delivery and impact. There is scope to lobby the regulator to develop future **KPIs on water company performance that** take account of community impact and collaboration with Local Authorities. Business plans will be set by the end of 2024 so acting now is a priority.

6. During the course of the discussion the Select Committee concluded that:
- **There is a strong appetite for collaboration with the Council on the part of Water companies and the representative body for the southeast (WRSE).**
 - **There are opportunities for water companies to work collaboratively with local authorities on the delivery of demand management and demand reduction activity and to share learnings and best practice in customer education and behavior change.**
 - **There is an opportunity for the Council to collaborate with the regional representative body (WRSE) on development of the next regional water plan and on strategic issues such as the Nature Recovery Strategy to increase biodiversity and resilience of water sources. Surrey County Council should take a seat on the WR Southeast Strategic Advisory board to influence development of the next regional plan and better integrate the needs of Surrey, its environment and water users.**
 - **Surrey County Council should approach the national regulator to explore options for the development of KPIs that take account of community impact and collaboration with Local Authorities, as part of the next round of five-year plans.**

Coordination and communication around planned and emergency works on the road network

7. The Committee explored the issue of planned, reactive and emergency street works and the disruption these cause to residents. During the course of the discussion the following key points emerged:
- **Stakeholders could work better together to plan and coordinate future utility works** building on existing best practice. Working with the Greater London Authority, Thames Water has developed an infrastructure mapping application which all utility companies use to map their future planned network investment and to identify where works can be coordinated to reduce disruption for users (e.g. digging one trench for multiple services). In many cases this has significantly reduced disruption on the highways and to residents.
 - **The importance of better on-site information** for the public explaining what works are taking place and where relevant, the reason workmen are not present on-site (e.g. due to cement curing). Water company representatives agreed there was room to improve the quality and availability of information to residents and noted that this is one of the biggest cause of complaints to Councillors.
 - There is a need for **better communications with residents around planned works**. Councillors advocated the need for a blended communications approach including via digital messaging, hard-copy letters and newsletters as well as in person sessions to warn communities of upcoming disruption. South East Water highlighted the imminent launch of a new online Interruptions Portal detailing all planned and emergency works which all residents can access.
 - Concerns around **asset management and ease of being able to identify asset ownership** and respond in a timely fashion to resolve any problems. Attendees noted that there was no consistent approach by utility companies to labelling assets. However, asset maps and inventories are available online and should be the first port of call for local authorities. www.utilities.digdat.co.uk

8. Following discussion, the Select Committee reached the following conclusions:

- **There are opportunities to work better together to plan and coordinate operational works to reduce traffic disruption and environmental impact and to explore the use of IT systems to enable this. Surrey should look at replicating the best practice that exists in the form of the Infrastructure Mapping Application used in London.**
- **There is room to improve the quality and availability of information to residents on planned works and on-site signage and an appetite to work closer in partnership to develop and implement best practice.**

Emergency Communications

9. There was a discussion on communications with the public in the event of an emergency. Thames Water highlighted a number of lessons learned from the Guildford supply interruption in November 2023. There was over-optimism about how quickly the problem could be repaired and customers were not kept well enough informed on progress. Learning points are being implemented including around more frequent and precise updates to customers with photographic and visual evidence to improve customer understanding. A report of lessons learned is being prepared and will be shared with Councillors.

Environmental Improvements, flooding and overflows

10. The Committee explored the problem of **overflows into rivers and the release of untreated sewage into the environment**. The following key points emerged:

- Thames Water is committed to **reducing discharges** and prioritising areas where this is doing the most harm, in the case of Surrey, its precious chalk streams. The company is investing in sewage treatment works and building bigger storm tanks to hold the large quantities of dilute untreated sewage that comes through during storms. Investment is taking place in Chertsey, Dorking and Woking. The Environment Agency (EA) holds Thames Water to account for the delivery of its Storm Overflow Reduction Plan and Thames Water is currently reviewing and updating its Healthy Rivers Strategy which will be reissued in the Spring. Improvements are heavily scrutinised by Defra, Ofwat and the EA with a penalty regime for low performance.
- There is concern around the **capacity of contractors** in the UK to deliver the improvements required of companies by Ofwat and around the affordability of the additional investment which is in the region of billions of pounds. Intensive discussions are taking place between regulators and government looking at deliverability, affordability and the bill impact on customers.
- Developers have a right to connect to the water network and **new developments** can impact significantly on network capacity. Water companies are keen to work with local authorities to better understand what developments are coming forward and with what level of confidence in order to plan effectively for any impact on water demand and waste water services and to work together to drive and embed sustainable green infrastructure solutions within new developments.
- Building regulations need to be strengthened to drive the change required to adapt to challenges of climate change and to place a more stringent requirement on developers to 'build better' through the adoption and implementation of water efficiency measures and sustainable drainage solutions.

- Traditional drainage systems are under increasing pressure from the effects of climate change, urbanisation and a growing population. Regulations and processes for the creation of sustainable drainage systems at new developments are being devised, through the implementation of Schedule 3 to the Flood and Water Management Act 2010. These are aimed at mitigating flood risk by catching and storing surplus water, reducing storm overflow discharges, enhancing local nature within developments and helping with harvesting rainwater. As the Lead Local Flood Authority, Surrey County Council is the statutory consultee to the planning system for drainage advice. Schedule three changes will place more responsibility and accountability on the Council for implementation of sustainable drainage systems.
- Future sewer flood risk hotspots are mapped by Thames Water and set out in the drainage and waste water management plan (DWMMP). As the Lead Local Flood Authority Surrey County Council has a duty to develop a local flood risk management strategy for Surrey. The Council should work collaboratively with Thames Water to ensure its knowledge and understanding of sewer flood risk hotspots is integrated into the local flood risk management strategy and that critical drainage areas are identified.
- Concern was expressed at extremely high levels of sewage discharge in parts of the Country and that the volume of sewage discharged is not effectively monitored or reported. Thames Water reported that since Christmas all wastewater companies are required to have monitors on all their outfalls which monitor the length and duration from which volume is calculated. These are mapped and updated on GIS and publicly available for residents, rowers, wild swimmers to consult.

11. Following discussion, the Select Committee reached the following conclusions:

- **All parties will need to work collaboratively to address the significant and shared climate change adaptation challenges ahead.**
- **There are opportunities for local authorities and Districts and Boroughs to collaborate more closely with Thames Water on the development of the next Drainage and Wastewater Management Plan (DWMP) given shared responsibilities and mutual interest in drainage, flooding and environmental protection. The next DWMP cycle is about to start.**
- **As the lead planning authority, the Council should work with more strategically with water companies to highlight new developments coming forward so that network capacity implications can be effectively managed and to promote green infrastructure and sustainable drainage solutions.**
- **There should be closer working between the Council's Flood Risk Management Team and Thames Water to map flood risk hotspots, to address flooding issues and to deliver environmental priorities. Ofwat's anticipated response to draft business plans 2025-30 should provide clarity on levels of investment and is a good starting point for discussions on how to deliver priorities in drainage and wastewater management.**

12. Concluding the session, the Chairman reviewed and summarised the priority actions and outcomes that had emerged. These are set out at the Annex.

Johnathan Hulley
Chairman, Communities, Environment & Highways Select Committee

WATER UTILITIES SESSION: SUMMARY OF ACTIONS AND OUTCOMES

At the end of the session, the following specific outcomes were identified and agreed.

- **Greater collaboration on demand management** – leakage reduction and water metering particularly on customer sites (including on behavioural change, **customer engagement, education** and awareness of impact of water use on the environment)
- Work together to replicate/implement **Greater London Authority approach with Infrastructure Mapping Tool in Surrey**. To cover planned, reactive and emergency works.
- **Signage**: Encourage improvement in **quality and availability of information to customers on planned works** (e.g. site information boards explaining who is working/ what is being done).
- Closer working between Thames Water and Surrey County Council on development of next DWMP (**Drainage and Wastewater Management Plan**)
- Greater collaborative working on **development of next regional plan with WRSE & review Surrey County Council representation on relevant boards** – e.g. **Strategic Advisory Board** which supports regional plan development.
- **Input to the national regulator as to the KPIs** that matter to our local communities as part of the next round of five year plans.
- **Single Joint Plan**: WRSE to take away aspiration for a single geographic plan and better linkage between local and regional plans.
- **Developments/Planning**: Closer collaboration between utility providers and the Council to understand what **major developments** are coming forward, the implications for capacity of the network and how to prioritise/encourage **green infrastructure solutions**.
- **Flooding**: More dialogue between Thames Water and Surrey County Council **Flood Risk Management Team** to address flooding issues and deliver priorities in drainage and waste water management plan.
- **The establishment of an officer/working-level task force or joint working group with water company representatives to take these issues forward.**

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