

Speech to the Sensors for Water Interest Group

Nottingham Belfry

Thursday 26th September

It is always a pleasure to address representatives from the water industry and given the state of politics at the present time, opportunities like this represent a very welcome break from the chaos at Westminster.

For those that don't know me I am the Liberal Democrat MP for Penistone and Stocksbridge.

I must admit that is still taking some getting used to. It is a strange feeling to be part of another political tradition, after nearly 40 years of affiliation to the Labour Party.

But it is nevertheless a nice feeling, one that involves looking outwards to building positive change.

I am also one of the co-chairs for the All-Party Parliamentary Water Group and was for a time the Shadow Water Minister for the Labour Official Opposition in the run up to the 2015 General Election.

In many ways the Sensors for Water Interest Group demonstrates the complexities of the water industry.

It is not and has never been just about the water operators, the companies who sit on the front line and whose names are best known to consumers.

Rather it is many, often small to medium sized organisations supplying services and products that play a crucial role in ensuring everyone enjoys access to clean, safe water.

Indeed, SWIG's membership illustrates very clearly the width and depth of the expertise available in the sector.

By working together, by sharing technology and ideas, the industry can meet the challenges of environmental improvement, population growth and climate change while maintaining efficiencies and price control.

In this speech, I want to reinforce the arguments for this broader remit for water.

I want also to add to the challenge, by arguing that the industry must change the way it works if it is to fulfil its potential as a private sector entity whose primary purpose is to serve the public interest.

I will also argue that by so doing, the water sector will place itself in a much stronger position from which to respond to the political onslaught created by Labour's pro-nationalisation policy.

More importantly, however, the water sector will be well placed to blaze a trail by demonstrating a new approach to doing business – a greener, socially responsible capitalism, capable of delivering fairness and prosperity.

There is no doubt that the industry has started to recognise the need for reform. Water UK's Public Interest Commitment provide a useful baseline for a better way of doing business and I am pleased to see that Anglian Water has already acted on the terms of the charter.

I hope that other water operators will soon follow Anglian Water. There are other priorities, however, over and above a broad corporate commitment to a socially responsible approach to business.

Abstraction reform, in the legislative sense, has never been delivered by Government, despite a promise to do so. Guidance has been changed, I acknowledge, and new approaches to managing abstraction have been introduced. Further reforms have been consulted upon.

The industry, however, does not need to wait for Government to act to effect improvement. I have been impressed to see the development of sensor technologies to enable more effective, environmentally sustainable decisions in this context.

I applaud the sector for its work in this regard and would like to see more; more research and development, more collaboration with the supply chain, so that we can face the future confident in the knowledge that abstraction by the sector is truly sustainable. Sustainability, however, is not just about how we source our water supplies.

Climate change means we face a future increasingly dominated by drought and flood; already east Anglia is drier than Tel Aviv. We expect the water sector to respond to this challenge.

The National Infrastructure Commission is clear that water transfer within and across the regions of England and Wales will be required and has declared the building of the necessary infrastructure a national priority.

Government needs to play its part in this regard. It needs to put political will behind the Commission's recommendations.

But the industry too must rise to the challenge.

By collaborating with the supply chain and academia, water operators can play a pro-active role in developing proposals for water transfer solutions.

In the strictest research and development sense, this necessitates a focus on hard engineering technologies.

But it also offers opportunities for innovation as far as the delivery of transfer solutions are concerned.

Opportunities present themselves, for instance, to model alternative forms of ownership for these new assets. And the need for strategic transfer capacity suggests collaboration between water operators on a scale we have not witnessed so far.

Just one further point on transfer.

The regulatory framework exists to manage pricing mechanisms, in the absence of a market place for water and waste services. Quite right, too.

But there is a balance to be struck here between pricing and investment in improving services.

In other words, OFWAT must avoid becoming a block on the long-term investment required to deliver water resilience.

Political pressure to hold down prices is to be expected but the regulator must balance this legitimate concern with the essential task of securing supply for all consumers, wherever they live.

Political pressure is building elsewhere too in the water landscape. Waste water management has dominated the news recently, to the extent that we now have regular Twitter updates designed to illustrate the damage being done to our watercourses by the water industry.

Much of this criticism is unfair. But it is undoubtedly the case that more needs to be done.

The water sector needs to be clear that its ambition is the eradication of pollution incidents; it is too late to tell the story about how much has been achieved in this respect since privatisation. That particular boat sailed some time ago.

In many ways, this renewed scrutiny should be welcomed. It demonstrates a stronger sense of the priority which society is placing on the health of our rivers.

Again, the opportunities for innovation, for research and development, are huge.

Natural solutions, making use of newly created wetland habitat, are currently being delivered by Anglian Water, for instance.

And a few weeks ago, I visited the Northumbria Innovation Festival, where I was introduced to new technology for the domestic harvesting of rainwater.

The research behind the technology understands that we need to make it easier for householders to use rainwater for their gardens and for washing their cars and hence it focuses on pressurized storage capacity, thereby reducing the temptation to resort to the traditional hosepipe solution.

It also offers the potential for better management of surface water and hence reduced pressure on drainage capacity.

I love this common-sense approach to research and development in the industry.

It starts with the customer experience and taps in to ways of making it easier for us all to adopt more sustainable behaviours when it comes to our water use.

But we also need is a holistic approach to this aspect of service delivery. Tackling waste management effectively is not just about investment in kit, important as that is. It is also about reducing pressure on the infrastructure and in so doing helping to improve the natural environment across the piece.

How can it be right, for instance, that even now we do not see a wholehearted commitment from developers to sustainable drainage solutions?

A holistic approach is not all that is needed. We need a renewed commitment to sharing ideas across the industry; good ideas are worth sharing and are surely improved if they are developed on a collaborative basis.

This point is important too in relation to leakage.

Again, there was a good story to tell. But it has been lost in a populist political landscape.

The industry has no choice but to roll up its sleeves and accept the challenge.

It must accept that leakage is an issue, not least because customers will not engage in behaviour change if they believe that their local company is careless in its husbandry of their water supply.

Research and development, in conjunction with our higher education sector, has a huge role to play in reducing leakage, exploiting opportunities for predictive and non-intrusive solutions.

Once again, the capacity for the whole sector to deliver is huge and once again, collaboration is surely the key to success.

There is also a potential reform agenda too. Perhaps it is time to grasp the nettle by requiring water companies to own the entire infrastructure, right up to the front door.

Given that a significant proportion of our clean water leakage is from pipes for which consumers bear responsibility, would it not be sensible to ask our water companies to adopt the entire network, in the interests of resilience of supply?

This brings me to perhaps the most difficult aspect of water industry reform.

There is a need to properly involve consumers in the decision-making process if we are to meet the challenges faced by the industry.

It's not enough to educate and to consult.

Yes, water consumers need to reduce water use.

Yes, water consumers would be aided in this respect by targets for water use, something of course that OFWAT is consulting on at the moment.

But we need more than that.

Behaviour change is not delivered by instruction and diktat; it is delivered by engagement and empowerment.

Many of our Universities are now sponsoring research on this issue. Twenty 65, for instance, at Sheffield University, has made social research a key element of its dedicated work on water.

I endorse this approach.

My own experience of our broken domestic politics has deepened my belief that we have to find ways of engaging citizens more effectively in the design and delivery of public services and utilities.

This quick skip through some of the issues facing the water industry demonstrates just how much there is to do.

I believe, however, that the water industry is well equipped to tackle successfully the challenges it faces in every respect – whether they be social, economic or environmental.

We can secure resilience and better outcomes for the environment, as well as cost-effective, top class services for consumers.

I contend too that this is best achieved by not only pursuing long-term perspectives on investment and the changes necessary to deliver success, but also by pursuing collaboration at every level.

The water industry needs to work across the supply chain and operators need to work with each other; expertise needs to be shared and good ideas embedded across the country, benefiting consumers everywhere.

More than that, however, collaboration needs to be extended to include other voices – consumers, conservationists, civic society.

This is the route to a more sustainable water future, shaped by an industry committed to the public interest and to the environment.

This is the means by which the industry answers those who argue that nationalisation is a silver bullet which will solve all the problems relating to water and waste.

Securing this outcome, however, depends on more than the industry itself recognising its pivotal role in delivering change.

It requires too the correct regulatory framework; one that is robust when it comes to protecting consumers, but which is also focused on enabling the changes necessary to ensure our water companies are fit to face the future.

I repeat the point: OFWAT must not become a barrier to long-term investment in a greener, more resilient future.

The politics of change is always difficult to manage. Essential therefore to our water future is a strong mandate from government itself.

It is not good enough to make a few hard-hitting speeches, in order to be seen as 'cracking down' on the water industry. It is not in the national interest to play to the gallery.

What is in the national interest is a well-thought through strategy for supporting reform and change in the sector.

A strategy that recognises the role of government itself in facilitating that greener, resilient water future.

This would involve more than a few adjustments to OFWAT and its powers.

It would look at the role of Housing and Local Government, recognising that robust building regulations will be required if we are to embed sustainable drainage as a mandatory element of new build, as well as energy and water efficiency to future proof our housing stock.

It would set out an ambitious agenda for securing resilience, one which recognises the role we all have to play in delivering on this aspiration.

Government would stand squarely behind efforts to develop effective greywater technologies, for instance, and would require all water abstractors to work within a green framework.

At the very least, it would introduce mandatory labelling for domestic appliances.

I would go further. We should be more ambitious.

Government should legislate to put water at the heart of public policy.

Our planning laws, our approach to developing transport infrastructure, our laws relating to the regulation of industry and agriculture – all should have the UK's precious water resource at their heart.

If we were to achieve that, then the water industry itself would be transformed.

It would no longer be the manager of a resource, dominated by businesses which work to process a raw material for human consumption.

It would become a guardian of the most precious aspect of our natural environment and the means by which we sustain all life. Our water.

Thank you for inviting me to make these remarks. I hope they trigger discussion and debate. If they do that, then I consider my job done.