



Canal &
River Trust

30 August 2017

PR19 draft methodology
Water 2020
Ofwat, City Centre Tower
7 Hill Street
Birmingham
B5 4UA

Our Ref
Your Ref

Dear Sir/Madam,

DELIVERING WATER 2020: PR19 DRAFT METHODOLOGY

The Canal & River Trust (the Trust) is the guardian of 2,000 miles of historic waterways across England and Wales. We are among the largest charities in the UK, maintaining the nation's third largest collection of listed structures, as well as museums, archives, navigations and hundreds of important wildlife sites.

We believe that our canals and rivers are a national treasure and a local haven for people and wildlife. It is our job to care for this wonderful legacy – holding it in trust for the nation in perpetuity and giving people a greater role in the running of their local waterways.

Over the past year, to support Ofwat's aim to have secure and reliable water supplies (and in the spirit of the Environment Agency Water Resource Planning Guidance), the Trust has been proactive in engaging with several Water Companies to explore options to transfer water using the canal network to meet resource shortfalls under different supply-demand scenarios including drought.

We are very positive about this work and will continue to work closely with Water Companies to develop resilient and cost effective schemes for inclusion in the draft WRMP documents. We have also engaged with the EA and Ofwat in this work. We fundamentally believe that we can support the Water Sector with their long-term challenges regarding water resources by providing resilient, robust and reliable schemes.

Our agreement with Bristol Water for example, ensures that on average greater than 850,000 of their customers receive a consistent and reliable input to the raw water demand via the Gloucester and Sharpness canal supply every day.

Canal & River Trust The Heritage Skills Centre Canal Lane Hatton Warwick CV35 7JL

T 0303 040 4040 E canalrivertrust.org.uk/contact-us

Patron: H.R.H. The Prince of Wales. Canal & River Trust, a charitable company limited by guarantee registered in England and Wales with company number 7807276 and registered charity number 1146792, registered office address First Floor North, Station House, 500 Elder Gate, Milton Keynes MK9 1BB

Overall, we are supportive of the PR19 focus on the four key themes (great customer service; resilience; affordable bills, and; innovation) that benefit customers and welcome active customer participation in water and wastewater services.

Rewarding companies that produce high quality, ambitious and innovative plans that are truly owned and delivered accordingly, will help drive further improvement in the sector.

We are encouraged by your proposals to facilitate a more competitive sector where 3rd parties have the opportunity to provide sustainable water resource solutions. Our experience of Water Company engagement during the WRMP19 process has been varied (and has been previously shared with Ofwat) hence, the introduction of information platforms will help progress this by removing some of the existing barriers and we welcome improvements in transparency, accessibility and consistency on how schemes are chosen. A more competitive sector will also drive innovation in the provision of water resources and we welcome the opportunity this creates for 3rd parties.

Using the canal network to improve the sector in this way will deliver wider social, economic, community and environmental benefits that need to be fully considered when exploring options.

For example, we have proposed schemes in WRMP19 that would utilise our waterways and water resource infrastructure that could be used to supply more than 1.4 million people per day, but to the wider benefit of all the bill paying customers of six Water Companies. When comparing the cost of these schemes against new water resource schemes detailed in WRMP14, we believe that they offer Totex efficiencies and are cost effective. Investment for these schemes into our waterways and associated infrastructure will lead to long-term enhanced delivery of our Charitable objectives (see attached excerpt from our Articles of Association) and will improve the communities in which we operate by enhancing the amenity value and allowing local economies to thrive.

In a similar way, we would expect that both the direct and indirect benefits of water resource schemes proposed by Water Companies would be evaluated particularly where they positively impact 3rd parties such as the Trust.

For example, In Wales, the Trust has worked closely with the Water Companies over many years. An excellent example of this close working relationship is the work of the Usk and Wye Abstraction Group (UWAG). UWAG was formed from representatives from the Trust, Welsh Water, Severn Trent Water, Natural Resources Wales, and the Wye & Usk foundation to examine the way in which the conservation value of the Wye and Usk can be improved while maintaining public water supply and the use of the Monmouth and Brecon Canal which relies upon a supply from these watercourses.

UWAG has identified the need to transfer the required water from the Tawe catchment, with more plentiful water resources, to the Usk catchment. The Usk is designated as a Special Area of Conservation and is unable to meet all the demands being made on it. This will necessitate the refurbishment of the Welsh Water Manorafon pumping station, and the Trust will continue to work

with Welsh Water to ensure that this proposed refurbishment is given the necessary importance for both public water supply in Wales and the environmental benefits it will deliver.

The Trust has welcomed Welsh Water's progressive and long-term approach to water management, with a focus not just on customer value but also wider social and environmental outcomes. This approach supports Ofwat's Resilience and Innovation measures.

We need to remain reassured that 3rd party schemes are evaluated consistently and fairly going forward, including all the associated benefits.

We recognise the proposed introduction of direct procurement for customers and the intention for it to deliver significant customer benefits for large scale infrastructure projects. Canal transfer schemes could potentially fit into this category, so we will continue to work with the Water Companies to understand how this will impact and influence schemes going forward.

Yours faithfully,

Darren Leftley
Head of Commercial Water Development

The Companies Act 2006

Company Limited by Guarantee and not having a Share Capital

Articles of Association of Canal & River Trust

INTERPRETATION

1. Defined terms

The interpretation of these Articles is governed by the provisions set out in the Schedule at the end of the Articles.

OBJECTS AND POWERS

2. Objects

The Trust's objects are:

- 2.1 to preserve, protect, operate and manage Inland Waterways for public benefit:
 - 2.1.1 for navigation;
 - 2.1.2 for walking on towpaths; and
 - 2.1.3 for recreation or other leisure-time pursuits of the public in the interest of their health and social welfare;
- 2.2 to protect and conserve for public benefit sites, objects and buildings of archaeological, architectural, engineering or historic interest on, in the vicinity of, or otherwise associated with Inland Waterways;
- 2.3 to further for the public benefit the conservation protection and improvement of the natural environment and landscape of Inland Waterways;
- 2.4 to promote, facilitate, undertake and assist in, for public benefit, the restoration and improvement of Inland Waterways;
- 2.5 to promote and facilitate for public benefit awareness, learning and education about Inland Waterways, their history, development, use, operation and cultural heritage by all appropriate means including the provision of museums;
- 2.6 to promote sustainable development in the vicinity of any Inland Waterway for the benefit of the public, in particular by:
 - 2.6.1 the improvement of the conditions of life in socially and economically disadvantaged communities in such vicinity; and

2.6.2 the promotion of sustainable means of achieving economic growth and regeneration and the prudent use of natural resources; and

2.7 to further any purpose which is exclusively charitable under the law of England and Wales connected with Inland Waterways;

provided that in each case where the Trust undertakes work in relation to property which it does not own or hold in trust, any private benefit to the owner of the property is merely incidental.

3. Powers

To further its objects the Trust may:

3.1 accept a transfer of any of the property, assets, undertaking, functions, responsibilities of any navigation authority, harbour authority or conservancy authority; and of any other person undertaking similar activities or functions or activities or functions that can conveniently be combined with such activities and functions;

3.2 act as trustee of any trust comprising real or personal estate and which, in the opinion of the Trust is calculated to further the aims and objects of the Trust and as such trustee carry out such trusts on the terms and conditions imposed in the instrument creating the same;

3.3 make reasonable charges for the use of the Inland Waterways it holds in trust, owns, operates or manages (including use by any ship or boat), and for the use of any services and facilities (including land set aside for specific purposes);

3.4 do any of the things that the British Waterways Board had power to do at the date of incorporation of the Trust (12 October 2011) that are conducive or incidental to the attainment or furtherance of the objects and carry on any trade provided that in doing so the Trust must not undertake any trading activity save in so far as either the trade is exercised in the course of the actual carrying out of an object or is ancillary to the carrying out of the objects or which is not expected to give rise to taxable profits;

3.5 provide and assist in the provision of money, materials or other help;

3.6 organise and assist in the provision of conferences, courses of instruction, exhibitions, lectures and other educational activities;

3.7 publish and distribute books, pamphlets, reports, leaflets, journals, films, tapes and instructional matter on any medium;

3.8 promote, encourage, carry out or commission research, surveys, studies or other work, making the useful results available;

3.9 provide or procure the provision of guidance;