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PR19 draft methodology
Water 2020
Ofwat
Centre City Tower
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Delivering Water 2020: Methodology for the 2019 price review.

Dear Sir/Madam,

Please find attached on behalf of Hertfordshire County Council, an officer level response to OFWAT's Price Review 19.

Yours faithfully,

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Hertfordshire County Council's response to Delivering Water 2020: Methodology for the 2019 price review.

Hertfordshire County Council welcomes the opportunity to respond to OFWAT's methodology for the 2019 price review (PR19) and our comments are formed from the Hertfordshire Water Study 2017 which is a collaboration of key organisations responsible for facilitating urban development, managing water utility provision and protecting the water environment in the county. Hertfordshire County Council is an elected administrative body delivering a range of services to over a million people who live, work and travel in Hertfordshire. These services include schools, transport, planning, fire and public safety, libraries, social care, trading standards and waste management.

In 2015, Hertfordshire County Council, along with its partners, commissioned The Hertfordshire Water Study to look at the impact of future development and housing growth on the long-term infrastructure planning issues associated with water supply and waste water management. This study looked at long-term housing growth to determine what, if any, infrastructure issues would arise from growth already allocated in Local Plans as well as that likely to take place beyond the current timeframes.

The study provides an evidence base for the current round of local plans and a guide to future infrastructure needs beyond the current plan periods. This will assist in ensuring that any barriers which might prevent the long-term delivery of housing growth are removed. The study will also form the basis for Hertfordshire submissions to the 2019 round of water resource plans being produced by Affinity Water, Thames Water and Anglian Water which will be due for submission in mid-2018.

Hertfordshire Water Study shows there is a need for a greater focus on resilience, as proposed as one of PR19's main challenges. With the latest publications of Local Plans, Hertfordshire boroughs/districts have a vision for development over the next 15-20 years and how that should be distributed. Cumulatively these plans provide for 91,000 new homes and 92,000 new jobs up to 2031. Preparing for significant growth longer term should be addressed collaboratively and openly with customers. Long term resilience to environmental pressures such as drought/flooding and demographic change, should be addressed by the water utility companies business plans to accommodate the future demand on water services.

The seven resilience planning principles proposed in PR19 are considerate of the long term issues. It is important to note the increasing challenges placed on water supply and treatment as the population and environment changes, and the important role of a collaborative partnership between customers and water utility companies. Deriving growth projections at the district level to 2051, using Local Plan figures and regional projections has shown that ensuring adequate water infrastructure capacity is critical to support the projected growth beyond the period covered by the current round of local plans, 2031 and beyond. The partnership has enabled a collaborative and strategic approach to water infrastructure in the county, but continued collaboration and more work at a local level will be required.

There also needs to be support for proposals to require water companies to look at and prepare a 25 year plan for waste water. During the PR19 process, the Water Utility companies will review the health and performance of their assets. The assessment should take in to consideration the outcomes of the water study (where applicable) and use the assessment of growth areas to support more hydraulic modelling of target areas and assets over a longer time period. This will provide open and transparent information on infrastructure capacity deficits, planning and investment for the water utility companies. Wastewater treatment needs to be considered before development even happens and a long term plan will assist with this.

It is also important to note that the provision of infrastructure to serve long term growth needs to be timely and not add to the cost burden of existing customers. Therefore, how do we get the development industry paying a greater share of costs for long term infrastructure needs. Distribution of costs and more collaborative partnership will be essential in their business plans. Long term infrastructure planning with investment, including the exploration of potential funding mechanisms, will need communication with other

parties. Water companies will need to liaise with organisations to facilitate robust short and long term investment planning. The PR19 process should reflect the need that water companies will need assistance to prepare for the future.

The Hertfordshire Water Study has not provided all of the answers, additional work, principally to look at the period beyond 2031 will be necessary and this will need to be conducted at the local level. The scale and nature of the work to be undertaken jointly by the local planning authorities and the relevant water companies will be dependent upon the scale and location of growth. This will be necessary to ensure that effective and resilient water infrastructure is available to support future growth in the county.

The other issues within PR19 are more appropriate for the water industry to address and Hertfordshire County Council and its partners note the challenging issues raised. The next round of water management resources will provide another opportunity to assist the water utility companies with their business planning and hope to provide important information to accurately mitigate the challenges ahead.