



## DWI PR14 Guidance – Catchment Management Schemes

### 1. Background

- 1.1 At PR09, there were 86 time-limited statutory drinking water quality schemes that included catchment measures. These were mainly to address the pesticide metaldehyd, but also other agrochemicals and parameters such as nitrate, colour, trihalomethanes and microorganisms. Most of these schemes are legally binding programmes of work set out in undertakings made by companies under s19 of the Water Industry Act 1991. One legal instrument was a Regulation 28 Notice to address microbiological risks. Since PR09, the Inspectorate has issued one further notice that includes catchment measures to address nitrate.
- 1.2 For most of these schemes, the companies are required to send the Inspectorate interim reports by 31st March 2013, that outline the works undertaken, benefits achieved and projected further benefits to be realised by 31st March 2015 and beyond. These reports are critical inputs to DWI's assessment of new catchment management schemes submitted for the next price review (PR14).
- 1.3 '[Water for Life](#)' – the Government's Water Strategy for England sets out Defra's proposals for expanding catchment management schemes to address diffuse pollution to achieve compliance with the requirements of Article 7 of the Water Framework Directive (WFD). These requirements are further defined in Defra's [Statement of Obligations](#). The Welsh Government intends to publish its water strategy in 2013. The Environment Agency (EA) is the competent authority for delivering the requirements of the WFD in England. The duties of Natural Resources Wales, the Welsh environmental regulator, are still to be confirmed.

### 2 General Principles

- 2.1 The Inspectorate recognises how catchment management schemes can deliver benefits to drinking water quality, albeit that these benefits may be of a general nature and can take long periods of time to become evident.
- 2.2 Water companies are required by regulation to carry out risk assessments of all their water supply systems, from source to tap, adopting a drinking water safety planning approach to ensuring that consumers are supplied with wholesome water at all times. Where a deterioration in raw water quality is identified and

presents a risk to consumers (for example the existing treatment process is not designed to deal with either the type or level of contaminant), water companies must investigate the cause of deterioration and take action to protect consumers. The action should include investigations in the catchment and, where feasible, implementing control measures to reduce the level of pollution entering the source.

- 2.3 The likelihood of success of catchment management measures varies depending on the quality parameter, the size and nature of the catchment, the origin of the pollution and other factors. Therefore individual proposals will be assessed on their particular merits.
- 2.4 Legal instruments will be put place if a company's regulatory risk assessment has identified a clear risk to drinking water quality. Where this is not the case, any catchment measures of a more general nature will, as a matter of principle, have our support for their wider and longer term environmental benefits, although the merits or otherwise of such measures and any associated legally binding programmes of work are a matter for the other regulators, not the DWI.
- 2.5 Where legal instruments are put in place to address risks to drinking water quality, catchment measures alone may be unlikely to sufficiently mitigate the risk to consumers and companies will be required to include other operational controls. These may include provision of new and/or upgraded water treatment processes or controls, or blending arrangements.
- 2.6 Companies must include working in partnership with other named catchment stakeholders and regulators.
- 2.7 We will take into consideration the views of other regulators where any statutory drinking water scheme may also deliver the Article 7 requirements of the WFD.
- 2.8 We will assist other regulators with establishing outcome criteria for catchment schemes.

### **3 Summary of Requirements for PR14 Submissions**

- 3.1 For all PR14 proposals for drinking water quality schemes, companies must provide an up to date Regulation 28 risk assessment report for the supply system that identifies the hazard and any associated parameters, evidence that the cause of the hazard has been identified and confirmed and a range of options for mitigation considered including, where appropriate, catchment management measures. There must also be a clear statement of how the benefits delivered by the actions will be measured (which should include the scope, frequency and location of monitoring).
- 3.2 The EA must be consulted on all schemes required as a result of a deterioration of raw water quality. Deterioration in this sense means a measured change in raw water quality over time. It does not mean evidence of poor performance of a

treatment works or other asset, or other factors relevant to the company's regulatory risk assessment.

- 3.3 If a risk to wholesomeness is forecast to be realised **before** 2020, then we expect companies to submit proposals to us, and it is likely that legal instruments will be put in place to create legally binding programmes of work to address the risk.
- 3.4 If there is a risk to wholesomeness as a result of a deteriorating trend for a raw water parameter that is unlikely to be realised before 2020, we would expect companies to be working with the EA and other stakeholders to identify catchment actions that will halt or slow the trend to avoid the need for additional treatment or blending in future AMPs. As such we consider that, for most situations, the WFD is the appropriate legislation and companies should work with the EA to agree schemes for inclusion in the National Environment Programme (NEP). Schemes that are in the NEP, or that the EA has agreed to include in future phases, do not need to be submitted to the DWI for formal approval. It will be useful for the Inspectorate to be aware of these schemes and we anticipate that we will look to agree with companies and the EA a process for sharing information.
- 3.5 Where a company is looking for formal support for inclusion in its business plans catchment management schemes that are not in the NEP, the proposals can be submitted to the DWI and, subject to our agreement with the proposal, we would commend the scheme for inclusion. In these cases companies must provide evidence that they have discussed the issue with the EA and the outcome of the discussion.
- 3.6 The *Benefit Assessment Framework* developed through the UKWIR research project WR26A Benefits of Catchment Management is a tool that will potentially allow catchment schemes to be evaluated in a standard way and its use is encouraged.
- 3.7 Our requirements may change necessarily as a consequence of Defra's Policy Statement, Welsh Government's water strategy and Ofwat's PR14 methodology guidance, all due to be published in due course, along with any subsequent Ofwat or ministerial guidance for PR14. Therefore this document may be updated from time to time, as required.

For further information on this guidance, please contact Jacqueline Atkinson, Inspector, Telephone Number: 0300 0686402; email: [jacqueline.atkinson@defra.gsi.gov.uk](mailto:jacqueline.atkinson@defra.gsi.gov.uk)