



Department  
for Environment  
Food & Rural Affairs

Seacole Building  
2 Marsham Street  
London SW1P 4DF

T 03459 335577  
[defra.helpline@defra.gov.uk](mailto:defra.helpline@defra.gov.uk)  
[www.gov.uk/defra](http://www.gov.uk/defra)

Meg Hillier MP  
Chair  
Public Accounts Committee  
House of Commons  
London SW1A 0AA

**From Tamara Finkelstein**  
Permanent Secretary

15 June 2020

Dear Meg,

**PAC inquiry into Water Supply and Demand Management**

Sir James Bevan, Rachel Fletcher, Sally Randall and I gave evidence to your Committee on 1 June on Water Supply and Demand Management.

At the session we agreed that we would provide the Committee with the following information.

**Rachel Fletcher was asked to confirm the level of water meter penetration across England.**

As at 31 March 2019, approximately 56% of household properties in England are charged on a metered basis (see Table 1).

**The Committee requested information on the best and worst performers with regard to water metering.**

Table 1 provides each company's percentage of households which were charged on a metered basis in 2018-2019. (Companies have until 15 July 2020 to provide their metering data, for 2019-2020, as part of their annual performance reporting.) It should be noted that where a water company's area is an area of serious water stress and it has included a universal metering programme in its water resources management plan, it can charge all its customers on a metered basis. This makes rolling out metering programmes easier in those areas. The following companies are classified by the Environment Agency as areas of serious water stress:

- Anglian Water
- Affinity Water
- Bournemouth Water (included in South West Water)
- Cambridge Water (included in South Staffs Water)
- Essex and Suffolk Water (included in Northumbrian Water)
- Portsmouth Water
- SES Water

- Southern Water
- South East Water
- Thames Water

**The Committee asked for information on the “best and worst in class” at achieving leakage reduction.**

Table 2 sets out the percentage reductions in leakage that companies have committed to achieve by 2024-25. Leakage performance commitments are assessed as three-year averages. The reported figure in 2024-25 will be the average of 2024-25 and the two preceding years. The % reductions are for the total volume of water lost through leakage and are relative to the 2019-20 baseline, which is also a three year average of performance in 2019-20 and the two preceding years. Ofwat sets leakage performance commitment levels as three-year average percentage reductions to smooth variations due to weather. Using three-year averages enables comparison of the trends in leakage and per capita consumption performance rather than annual changes.

Ofwat’s Final Determinations set the % reductions on the volume of leakage losses each day (Ml/d - million litres per day). This is an absolute measure of leakage. However, it does not account for a company’s size. To compare data across the sector, Ofwat normalises this value by using either ‘litres per property per day’ or ‘cubic metres per kilometre of main per day’ to arrive at a figure that is relative to the company’s size. Therefore, any comparison of the percentages between all three measures will be different and we do not provide a single overall ranking.

Tables 3 and 4 provide each company’s forecast 2019-20 baseline and 2024-25 performance commitment levels for leakage per kilometre of water main and per domestic property, respectively. The different measures of leakage performance reflect the different geographic features, population densities, and overall scale of companies’ operations, as well as management control and operational performance.

**I committed to provide the Committee with information on how many people will be needed, and whether that need will be met, with regard to the “Pick for Britain” campaign.**

The number of seasonal workers needed for the harvest varies from year to year. Peak season (May-July) demand is around 30-40,000 workers.

With fewer migrant workers able to travel this year due to the Coronavirus outbreak, we expected that British workers would also be needed to bring in the harvest.

The Pick for Britain website was launched on 17 April 2020 and aims to link people looking for seasonal work with websites where they can apply for roles. A public-facing campaign was launched on 19 May by Defra Secretary of State George Eustice and supported by HRH Prince Charles, Waitrose and ITV; the website has received over 1.5 million unique page views since launch.

We are monitoring labour supply via industry surveys and we continue to work with them to understand the national picture. Current reports indicate that labour demands were met in May, but we expect demand to increase as the harvest season progresses over the summer. The total proportion of UK-based workers (both UK nationals and domiciles) compared to

migrant workers fluctuates week on week and we are seeing between 2% and 35% being reported at present.

Defra has not set a target for the total number of workers the Pick for Britain campaign aims to have directly or indirectly recruited. We are evaluating the impact of the website on an ongoing basis through engagement with the recruiters and farms who use it.

**Sir James Bevan committed to provide the Committee with a note on the various funding streams (including how much is available and the forward look) which resource the EA's work on chalk streams.**

The Environment Agency invests £53 million revenue annually on front line roles that protect and improve the quantity and quality of water resources across the country. It receives £5 million of this as Grant in Aid from government and raises £48 million through charges on those it regulates. This investment encompasses all its work monitoring and reporting the state of the environment, planning and implementing improvements with partners and water companies, enforcement, compliance and advice, and guidance via local authorities planning processes and directly to business.

Additionally, this investment contributes to the delivery of specific projects. Through the Water Environment Improvement Fund, partnership grants are provided to charities and stakeholder groups. In 2020-21 this will include over £882,000 to projects specifically for the improvement of chalk streams and chalk habitat, which through match funding and partnership contributions has secured a total investment of over £2 million.

Grant in Aid is secured to the end of 2020-21, with future funding dependent on the outcome of the next spending review. The Environment Agency is currently reviewing its charging regime with the aim of fully recovering the costs of regulation and giving it the opportunity to increase investment into the water environment.

The Environment Agency also works directly with water companies to help their investments improve chalk streams. For example, Affinity Water and the Environment Agency have been working together with other partners to protect and revitalise the rivers in the Chilterns. The programme has reduced groundwater abstraction by 63 million litres of water a day since 1993 and is committed to further reducing groundwater abstraction by 36 million litres of water a day by 2025. Affinity Water has committed to continuing this work and has over 50 different restoration projects planned over the next five years, representing an investment of over £17 million.

**He also committed to provide the Committee with information on how much money water companies have contributed to the "Love Water" campaign.**

Water companies have not directly contributed any funding to the Love Water campaign. Yorkshire Water covered the costs of developing the Love Water identity through its contracted design agency and also tested messaging for Love Water using its existing customer panel. Other water companies have contributed staff resources to attend meetings, share best practice and develop proposals about how the Love Water identity can be used in advertising campaigns. The campaign is coordinated by the Defra Group communications team but has no direct funding attached to it. We are currently exploring funding options to allow the campaign to be more ambitious in its objectives.

We hope that this information will be helpful to the Committee in finalising their report. If we can provide any further assistance please let us know.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'T. Finkelstein', with a long horizontal flourish extending to the right.

**TAMARA FINKELSTEIN**

**CC:**

Sir James Bevan, Chief Executive, Environment Agency  
Rachel Fletcher, Chief Executive, OFWAT  
Sally Randall, Director of Floods and Water, Defra

**Table 1 - Percentage of metered households for 2018-2019.**

<b>2018-19 reporting year (1 April 2018 - 31 March 2019)</b>			
<b>Company</b>	<b>Metered household properties (1,000s)</b>	<b>Total household properties (1,000s)</b>	<b>% metered household properties</b>
Affinity Water	770.95	1,374.45	56.09%
Anglian Water	1,640.76	1,990.18	82.44%
Bristol Water	269.99	496.01	54.43%
Northumbrian Water (including Essex & Suffolk Water)	887.77	1,843.45	48.16%
Portsmouth Water	94.72	295.83	32.02%
SES Water	154.53	271.49	56.92%
Severn Trent Water	1,505.37	3,271.17	46.02%
South East Water	748.33	862.37	86.78%
South Staffs Water (including Cambridge Water)	304.23	678.70	44.83%
South West Water (including Bournemouth Water)	767.09	957.13	80.14%
Southern Water	891.01	1,019.75	87.38%
Thames Water	1,697.18	3,648.61	46.52%
United Utilities	1,268.35	2,924.36	43.37%
Wessex Water	370.58	559.94	66.18%
Yorkshire Water	1,141.05	2,069.10	55.15%
<b>Industry average</b>	<b>12,511.90</b>	<b>22,262.52</b>	<b>56.20%</b>

**Table 2 – Leakage targets for all companies**

	<b>Performance Commitments (% reduction) in 2024-25</b>
Affinity Water	20.0
Anglian Water	16.4
Bristol Water	21.2
Northumbrian Water	11.0
Northumbrian Water (Essex and Suffolk region)	18.5
Portsmouth Water	15.2
SES Water	12.4
Severn Trent Water	14.3
South East Water	9.7
South Staffordshire Water (Cambridge region)	13.8
South Staffordshire Water (South Staffs region)	15.0
South West Water	15.0
Southern Water	15.0
Thames Water	20.4
United Utilities	10.8
Wessex Water	12.8
Yorkshire Water	15.0

**Table 3 – Leakage in cubic metres lost per kilometres main per day**

(m <sup>3</sup> /km/day)			
2019-20		2024-25	
Company	Baseline	Company	Performance Commitment
Affinity Water	10.7	Affinity Water	8.5
Anglian Water	4.7	Anglian Water	3.8
Bristol Water	6.0	Bristol Water	4.6
Northumbrian Water	7.5	Northumbrian Water	6.4
Portsmouth Water	9.6	Portsmouth Water	8.0
SES Water	6.9	SES Water	6.0
Severn Trent Water	8.8	Severn Trent Water	7.5
South East Water	5.9	South East Water	5.1
South Staffordshire Water	10.0	South Staffordshire Water	8.2
South West Water	6.5	South West Water	5.5
Southern Water	7.4	Southern Water	6.2
Thames Water	22.2	Thames Water	17.3
United Utilities	10.6	United Utilities	9.4
Wessex Water	6.5	Wessex Water	5.6
Yorkshire Water	9.1	Yorkshire Water	7.6

**Table 4 – Leakage in litres lost per property per day**

(litres/Prop/d)			
2019-20		2024-25	
Company	Baseline	Company	Performance Commitment
Affinity Water	118.1	Affinity Water	89.4
Anglian Water	82.0	Anglian Water	63.5
Bristol Water	75.0	Bristol Water	56.1
Northumbrian Water	95.7	Northumbrian Water	79.6
Portsmouth Water	98.8	Portsmouth Water	81.4
SES Water	81.1	SES Water	68.5
Severn Trent Water	113.2	Severn Trent Water	94.1
South East Water	84.8	South East Water	72.9
South Staffordshire Water	114.9	South Staffordshire Water	92.8
South West Water	112.7	South West Water	91.8
Southern Water	91.6	Southern Water	73.7
Thames Water	174.1	Thames Water	131.6
United Utilities	134.1	United Utilities	115.5
Wessex Water	124.8	Wessex Water	103.8
Yorkshire Water	125.0	Yorkshire Water	101.7