

Water and Wastewater Services for the Isles of Scilly



Background

The Department for Environment, Food and Rural Affairs (Defra) and the Council for the Isles of Scilly, along with Tresco Estates and the Duchy of Cornwall, are working to put water and wastewater services on the Isles of Scilly onto a sustainable footing. This will help ensure they can meet the challenge of protecting public health, supporting the local tourist economy and safeguarding the environment, now and in the future.

In November 2014, UK government launched a consultation on extending water and sewerage legislation to the Isles of Scilly to ensure that they receive the same level of public health and environmental protection as the rest of the UK. The investment required to improve services and infrastructure to meet public health and environmental standards however would be substantial, estimated to run into tens of millions of pounds, well beyond what the islands' small number of bill payers could collectively afford.



Therefore a water company operating on a similar basis to the rest of the mainland of the UK became the Government's and Isles of Scilly's preferred option to deliver this. A working group was established to take the process forward made up of a number of organisations including Defra, Ofwat, Isles of Scilly and Drinking Water Inspectorate.

South West Water

In March 2016, Defra wrote to all water and wastewater companies inviting them to submit expressions of interest in running the water and wastewater services on the Isles of Scilly. South West Water responded positively confirming the company's interest. It was the only positive response received by Defra.

A significant number of similarities exist between South West Water's current operational areas of Cornwall, Devon and parts of Dorset and those of the Isles of Scilly. All are areas of outstanding natural beauty where the local economy is intrinsically linked to tourism. As such, there are many synergies and benefits that South West Water would bring to operational and investment strategies for the islands. Since March 2016, South West Water has been assessing the condition of the water and wastewater infrastructure on the islands and in 2018

submitted a business plan to Ofwat, taking account of the Isles of Scilly, as part of the 2019 Price Review process.

This plan included details of research with South West Water's existing customers on the mainland. The survey found that 65% of the customers surveyed regarded the Isles of Scilly as part of the South West region and were supportive of an increase in their bills to improve the Isles of Scilly water and wastewater service and to have standardisation of bills across the south west.

Additional surveys carried out in 2018, as part of the customer acceptability of South West Water's 2020-2025 business plan, included the Isles of Scilly as an area of investment for customers to consider. 81% of respondents were supportive of the Isles of Scilly investment.



Progress to date



Over the last 4 years, the working group has made excellent progress in finding a solution in principle whereby South West Water would become the provider of water and wastewater services on the islands, and make the required investments to improve quality and ensure compliance with the appropriate legislation. This approach was supported by the Minister for the Environment Dr Thérèse Coffey MP.

However, before South West Water can operate on the islands the Water Industry Act 1991 has to be amended to include the Isles of Scilly. UK government is working to effect this by autumn 2019.

South West Water has also made a formal application to Ofwat to vary the company's licence of operation to include the Isles of Scilly. This application includes an Ofwat-led consultation, planned for February 2019, to ensure that the proposals are fair to residents of the Isles of Scilly and to existing South West Water customers. The consultation will be an opportunity for all interested parties

to review and comment on South West Water's proposed plans for operating on the Isles of Scilly. Subject to both legislation and a variation of the licence, South West Water would take up operations on the Isles of Scilly on 1 April 2020.

Investment in Water and Wastewater

As part of its 2020-25 business plan, which has been submitted to Ofwat, South West Water has developed a programme of investment to improve the resilience and sustainability of the water and wastewater services on the Isles of Scilly. South West Water plans to invest £34m from 2020 to 2025, and a further £17m from 2025 to 2030.

The programme of investment includes improving the resilience of groundwater sources, water mains renewal, and improvements to water treatment. It also covers repairs or replacement of parts of the sewerage network and provides a more sustainable and resilient wastewater treatment solution on St. Mary's.

The programme also includes the installation of smart meters to provide detailed information on water consumption and to enable us to identify and repair leaks and locate low pressure in the water network, quickly and effectively. The main objective of the investment programme up to 2025 is to ensure resilient and sustainable compliance with the incoming legislative requirements. This should deliver environmental benefits and improve the resilience of the water supply which will, in turn, support the local economy and contribute to island life.

What customers can expect

South West Water is proposing to offer drinking water services on all five inhabited islands and wastewater services on St Mary's and Tresco, where a sewerage network already exists. The intention is that anyone who currently pays the Council, Duchy of Cornwall or Tresco Estate for their water and/or sewerage services would be



transferred to South West Water under the variation of the South West Water licence. Those with a private borehole supply and/or septic tank etc. for wastewater would not transfer to South West Water.

Under the amended legislation the Council of the Isles of Scilly will be responsible for checking private water supplies and the Environment Agency will be responsible for checking that any sewage discharges to ground or surface/coastal waters are compliant with the Environmental Permitting Regulations 2016.

The intention is that in due course residents with private supplies and/or septic tanks should be able to apply to connect to the public water and sewerage networks. These applications will be considered on a case-by-case basis. Before South West Water can commit to any specific requests for new connections, it is essential that the availability of water resources is investigated and clearly understood, and any upgrades required for treatment facilities are in place to ensure South West Water can provide an effective service promised to new customers. South West Water's planned investment programme is focussed on the early delivery of new water treatment processes on St. Martin's and St. Agnes to provide the volume and quality of water required for these new connections.

While some investment is needed to ensure resilient and sustainable compliance with the incoming legislation, customers should experience improvements in service in the first five years of operation on the islands.

From April 2020, if standards of service for customers are not met, customers will be entitled to receive Guaranteed Standards of Service payments, like all other water company customers in England and Wales. This will be in line with South West Water's Codes of Practice for existing customers. Customer bills will also be aligned with existing South West Water customer bills in Cornwall and Devon.

For customers who may struggle to pay their water bills, South West Water's social tariffs will be available to applicants from the Isles of Scilly who meet the qualifying criteria. Details of these schemes and how to apply will be made available prior to the proposed start of operations in April 2020. Isles of Scilly customers will also benefit from South West Water's 2020-25 'New Deal' business plan, which shares the company's success with customers. Should South West Water outperform its agreed, regulated business plan, customers will be offered shares in the company and a greater say on how its run. For more information please see here:

<https://www.southwestwater.co.uk/waterfuture/business-plan-2020-2025/>

How bills will be calculated



South West Water plans to install free smart meters for every household on the islands, but we will offer currently unmetered customers a choice of how their bills are calculated. They can choose to have their bill based on either metered consumption or a non metered charge. In line with the mainland, the non metered charge is likely to be higher than the metered charge for the majority of customers. Non-household (or

commercial/business) customer bills are calculated using metered consumption in line with legislation.

At present, we can only calculate household bills via metered consumption with the agreement of the customer, unless the customer lives in a designated 'water-stressed' area. The Isles of Scilly are currently not designated as such, despite concerns about water availability on St Mary's during the summer of 2018.

Using metered consumption is a fairer mechanism of charging as each customer pays for the water they use; it empowers customers to have a positive impact on their own bill by managing their water consumption, thus reducing demand on the public supply, reducing energy consumption and protecting valuable water resources.

Operations

South West Water plans to have a small operational team based on the islands supported by colleagues in Devon and Cornwall. The company would like to recruit additional colleagues from the Islands to work in its operational team and anticipates its apprenticeship programme having a positive impact on the Island community.



