



# Regulation for a Sustainable Water Industry Seizing the Opportunity for Effective Reform

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guardians of drinking water quality  
DRINKING WATER INSPECTORATE

# The Drinking Water Inspectorate's view on reform of the water sector

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# Outline

- **Part 1: Potential for legislative reform**
- **Part 2: Regulatory philosophy**
- **Part 3: Some areas for improvement in existing arrangements**
- **Part 4: Further considerations**



Part 1:

# POTENTIAL FOR LEGISLATIVE REFORM



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# Chief Inspector of Drinking Water

- Appointed separately by the SoS [DEFRA] and Welsh Ministers
- Administrative and funding arrangements by DEFRA
- Will receive policy advice from both SoS and WM



# Policy Developments

## Current policy:

- SoS: Future Water
- WM: Strategic Policy Statement on Water

## Planned updates:

- SoS: Water White Paper and the Natural Environment White Paper
- WM: Update of the Strategic Policy Statement on Water

## Other influences:

- a revised Drinking Water Directive
- Public Bodies Bill



# Impact on Regulatory Remit

Policy developments have the potential to introduce change

- Recommendations of the Cave review of competition and innovation
- Recommendations of the Gray Review of Ofwat and the Consumer Council for Water
- Other specific initiatives of policy development

Objective: to not stray beyond regulatory remit





Part 2:

# REGULATORY PHILOSOPHY



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# Regulatory Philosophy

## DWI's Aim:

“...to help protect public health and maintain public confidence in drinking water through independent, effective and proportionate regulation...”

## Features:

- Source to tap
- Self regulation by water suppliers
- Clarity on ownership of risk management
- Proactive risk assessment and risk mitigation by water suppliers
- Supported by strong regulatory sanctions
- Within framework of the Regulators' Compliance Code

Is this consistent with other approaches?





Part 3:

# **SOME AREAS FOR IMPROVEMENT IN EXISTING ARRANGEMENTS**



# Some areas for improvement in existing arrangements

For DWI directly:

- Data collection
- Risk based inspection/audit programmes
- Advice and guidance

For DWI in liaison with other Regulators, e.g.:

- EA: catchment management schemes
- Ofwat: data collection and periodic reviews





Part 4:

# **FURTHER CONSIDERATIONS**



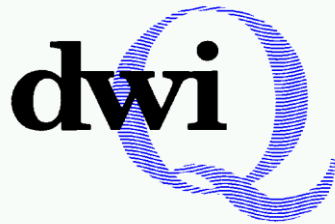
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# Further considerations

- Consumers
- Inset Appointments and Water Supply Licences
- Lower volume thresholds for large users
- Abstraction trading

An alternative option?





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