



Business performance
report
2022 / 2023

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Foreword

Safe, clean drinking water is vital to public health and the wellbeing of our society. This is ever more important in the face of significant challenges to drinking water supplies from the impacts of climate change on the quality and availability of water resources. It is essential that good quality drinking water, and the investment by companies necessary to achieve it, is maintained into the future.

The presence of an independent regulator is fundamental to how we reassure the public about the safety of our drinking water when we turn on the tap. The Inspectorate's regulatory framework has resulted in some of the best drinking water quality Globally and governments around the world have adopted the basic principles of this successful approach.

In this document, the Chief Inspector of Drinking Water for England and Wales and his team outline the Inspectorate's strategic objectives, and its work and achievements during the financial year 2022/23. A detailed report of the quality of drinking water in England and Wales together with a review of company performance can be found in the Chief Inspector's report, Drinking Water 2022: www.dwi.gov.uk.



Marcus Rink
Chief Inspector of Drinking Water

The Inspectorate's statutory duties

Establishment, powers, and primary legislation

The Drinking Water Inspectorate was established by Parliament in 1990 to provide independent assurance that the privatised water industry in England and Wales delivered safe, clean drinking water to consumers. Water supply matters are devolved to the Welsh Government by means of the Government of Wales Act 1998, and the Drinking Water Inspectorate is the regulator for both England and Wales.

The Chief Inspector of Drinking Water is appointed by the Secretary of State for Environment, Food and Rural Affairs, and Welsh Ministers, and acts on their behalf. Certain powers are vested directly in the Chief Inspector which ensure clear independence in the Inspectorate's work. In addition to the Inspectorate's regulatory role, the Chief Inspector and Inspectors are the appointed technical advisers to the Secretary of State and Welsh Ministers on all drinking water quality matters.

The primary legislation setting out the Inspectorate's functions and duties is contained in the Water Industry Act 1991. The enforcement provisions in section 68 of the Act have been formally delegated to the Chief Inspector by Ministers. The provisions in section 70 of the Act concerning proceedings against undertakers and others who supply water unfit for human consumption are vested directly in the Chief Inspector.

Drinking water quality regulator for public supplies

The Inspectorate is the regulator for the quality of public supplies of drinking water. The Water Supply (Water Quality) Regulations 2016 (England) and the Water Supply (Water Quality) Regulations 2018 (Wales) set out the regulatory requirements for the quality of public drinking water supplies.

Drinking water quality technical adviser for private supplies

Private Water Supplies are regulated by local authorities. The Inspectorate provides technical support and provides an annual report to Ministers on the quality of private supplies.

Cyber security regulator for water industry

The Inspectorate is the regulator for the Network and Information Systems Regulations 2018, which covers cyber security within the water industry. These

¹ As amended.

regulations place any company supplying potable water to more than 200,000 people as an operator of essential services, with associated requirements to manage risks to their network and information systems, and to prevent and minimise the impact of incidents to those systems.

Security and emergencies regulator for water supply

The Inspectorate is the regulator for the Security and Emergency Measures (Water and Sewerage Undertakers and Water Supply Licensees) Direction 2022. Under section 208 of the Water Industry Act 1991, undertakers and licensees are required to maintain a water supply and/or sewerage system in the interests of national security or to mitigate the effects of any civil emergency which may occur. The Inspectorate's role is to review companies' annual self-assessments and Critical National Infrastructure audits and take any necessary compliance and enforcement actions in line with the SEMD enforcement policy, for water and wastewater.

The Inspectorate's main non-statutory activities

Our work is wide-ranging, covering all aspects of the quality of public water supplies. The collective technical expertise of our staff covers all aspects of the science, engineering, and management of drinking water supplies. Closely aligned with our statutory duties, the Inspectorate has responsibility for many other functions, including:

- Provision of advice and guidance to water suppliers² on all aspects of drinking water supply.
- Dealing with queries relating to drinking water quality from consumers, organisations, and businesses.
- Provision of technical advice to Ministers and officials on drinking water supply issues, and on Parliamentary and other queries arising.
- Working collaboratively with the other regulators in the water industry.
- Provision of advice to Ministers on private water supplies (those not supplied by a water company) and related issues.
- Provision of advice and support to local authorities on all aspects of drinking water quality, including private water supplies.
- Management of Defra's Water Quality and Health research programme.

It is the responsibility of policy officials to advise their Ministers on policy matters arising in connection with drinking water supply.

² Water suppliers include water and sewerage companies, water supply only companies, inset appointees and other water supply licensees as defined in the WIA (holders of water supply licence (wholesale and supplementary) authorisations and retail-only licensees).

The Inspectorate's strategic objectives

In April 2020 the Inspectorate published its Vision and Strategic Objectives for the period 2020 to 2025. This sets out the Inspectorate's long-term vision to protect public health and maintain public confidence by securing safe and clean drinking water, now and for future generations, and how the Inspectorate will achieve those aims. The Inspectorate's work is focussed on four strategic objectives.

- **To improve and protect the quality and sufficiency of drinking water supplies in England and Wales.**
- **To protect public health and maintain public confidence in drinking water.**
- **To ensure effective and proportionate regulation of the quality of drinking water supplies.**
- **To promote strategic planning for water quality and sufficiency now, and for future generations.**

The Inspectorate's governance arrangements

Where the Inspectorate sits in relation to Defra

The Inspectorate is a business unit within Defra's Water and Flood Risk Management Directorate. The Directorate has formal responsibility for sponsoring the Inspectorate in Defra. The Chief Inspector is accountable to the Director of Defra for human resources and financial management matters. Inspectors and technical support staff are civil servants.

Independence

The Inspectorate differs from other business units in Defra in that certain duties are vested directly in the Chief Inspector by statute. Other powers are delegated directly to the Chief Inspector by the Secretary of State and Welsh Ministers, and he reports on these matters directly to Ministers.

The Inspectorate produces its own independent reports to Ministers in both England and in Wales on the operational performance of the water companies that it regulates in both countries.

The Inspectorate's day-to-day operations are generally independent from government. For example, the Inspectorate manages its own evidence programme; the Inspectors deal directly with consumers and the media seeking information about drinking water safety and regulation; and the Inspectorate has its own website. The Inspectorate's operational performance is monitored routinely by formal and informal liaison with Welsh Government and Defra officials and is reported publicly in this business performance report.

Resource allocation

As with other elements of Defra's programme expenditure, the Secretary of State is ultimately responsible for allocating resources to the Inspectorate and is accountable to Parliament for that expenditure. As Principal Accounting Officer, the Permanent Secretary is the principal adviser to the Secretary of State on resource allocation and proper financial management. Those responsibilities are delegated through the Director General, Environment and Rural Group, to the Director, Water and Flood Risk Management, and on to the Chief Inspector, insofar as they relate to the Inspectorate's expenditure. The Inspectorate is resourced largely through recharge of regulated industry and a small Defra grant for research and other limited

functions. However, this is relatively minor and Defra in FY 22/23 only awarded the Inspectorate £0.033m to balance the overall cost recovery model, this figure is flexibly assessed from year to year depending on the net of other income versus expenses.

The Inspectorate's staff

The Inspectorate is a comparatively small regulator with a specific, well defined regulatory role. The Inspectorate is organised, so as to deliver its regulatory activity effectively and efficiently, making the best use of its resources.

The Inspectorate is led by a senior management team of three, the Chief Inspector of drinking water and two deputy chief inspectors. The senior management team has overall responsibility for the management and strategic direction of the Inspectorate. There are 32 warranted inspectors, supported by a further ten principal inspectors. Delivery of the Inspectorate's day-to-day activities is the responsibility of its management team of principal inspectors. Additionally, there is an information scientist who manages the research programme, and a senior policy adviser who provides technical policy support and liaises closely with Defra.

The Inspectorate has four operational teams who provide focussed regulatory activity on the water companies within their geographical area, which are Northern, Central, Southern and Wales. There is a core national team who provide support on water safety planning and risk assessment, reporting, policy development, stakeholder engagement, enforcement, price review, and regulation 31. There are specialist teams for NIS and SEMD, which are in the process of establishment. Other work areas, such as research and availability of water resources/sufficiency, are shared amongst the Inspectorate. The Inspectorate manages communications through a flexible team approach and manages its own website.

There is a team of five data management specialists who manage the water company data submissions and develop appropriate database management tools, to adapt to ever changing requirements and to develop secure and modern systems for regulatory assessments and information.

There is a business performance unit of six staff who manage the enquiries service, recruitment, website, finance, and other duties to ensure the smooth running of the Inspectorate. This gives an overall staff number of 58, and a full complement of 56 FTE as some people work part time.

The organogram is shown in Annex 1.

The Inspectorate shares the Defra office in London, but its staff work flexibly across England and Wales.

Impartiality

All staff make a declaration of interest on joining the Inspectorate and are not able to be a liaison inspector for any water company they have worked for within at the previous five-year period.

Training and development

Inspectors are experienced professionals with strong technical, scientific, or engineering backgrounds. Our technical and support staff include experts in data management, information and knowledge management, and business administration. The work requires a high level of expertise in all aspects of drinking water supply, the interpretation of law, fair and proportionate enforcement of legal requirements and the provision of sound advice and guidance to all levels of industry stakeholders and government.

There is a large, tailored training programme, most of which is delivered through the Civil Service Learning, but there are some bespoke courses offered including media training, and accessibility. Training in the Police and Criminal Evidence Act, and advanced interview techniques is provided for all Inspectors, and competence is measured including an eight-month probationary period. Some staff go on to study a BTEC in Advanced Professional Certificate in Investigative Practice. The Inspectorate encourages chartership and supports continuing professional engagement for all staff.

Recruitment and retention

For human resources, recruitment and pay purposes, the Inspectorate's staff are bound by Defra's policies and follow Civil Service guidelines.

How the Inspectorate is financed

The Inspectorate's operating costs, including overheads, were just under five million pounds in 2022/23. The majority of these costs are funded by water companies through cost recovery for regulatory services, under the Water Quality and Supply (Fees) Order 2016 and the Networks and Information Systems Regulations 2018. There is no equivalent cost recovery mechanism for the Securities and Emergencies Direction. Costs are recovered from commercial organisations for regulation 31 approval of their products for use in drinking water treatment and distribution.

Table 1. Income and expenditure for financial year 2022/23

	Approved Position	22/23 Reported Figures
<u>Income</u>	£3,050,000	
Compliance and raw water samples		£2,939,365
Audits, events, compliance assessment 22/23		£747,837
Audits, events, compliance assessment from 21/22		£1,560
Risk Assessment Hazard Lines		£680,067
Regulation 31 product approval	£46,000	£62,000
Network and Information Systems (NIS) Recharges		£163,947
BEIS Grant (Regulators Pioneer Fund)		£108,656
Miscellaneous High Park prosecution		£49,402
Total Income	£3,096,000	£4,836,802
Expenses		
Staff Costs	£2,178,200	£3,082,516
Non-Pay	£195,000	£363,515

IT	£200,000	£704,132
Research/Programme (Evidence)	£556,506	£662,060
Total Expenses (Excluding Staff costs)	£951,506	£1,729,707
Total Expenses (Including Staff Costs)	£3,129,706	£4,812,223
Net Position	-£33,706*	£24,579 Surplus

*The balance is funded by Defra and relates to work in support of policy advice; the functions the Inspectorate carries out in Europe and internationally; and for its work on private water supplies. This funding is classed as programme expenditure and falls within Defra's Water and Flood Risk Management Directorate's total programme allocation. The Inspectorate's needs are taken into account in the same way as other programme requirements for which the Directorate is responsible in its annual Business Planning and Resource Allocation exercises.

Performance against objectives 2022/23

- **To improve and protect the quality and sufficiency of drinking water supplies in England and Wales.**

Drinking water in England and Wales is, and continues to be, excellent by international standards. Public water supply compliance with the drinking water regulations has been consistently high for a number of years, with a rate of 99.97% in 2022. The UK is one of only six nations in the world with infrastructure considered to be sufficient to maintain public health without an associated disease burden. (Yale environmental index).

Public drinking water supplies in England and Wales are managed through a risk-based approach and use water safety plans, whereby companies identify and address risks from source to tap before there is any impact on consumers.

Water company liaison

The Inspectorate engaged with the water companies it regulates through regular meetings to discuss issues that are a concern, enforcement matters and topical regulatory matters. The Inspectorate met regularly with Water UK (the organisation representing water companies in the UK), and attended meetings of its various members' groups, to consult with water companies about a wide variety of matters concerning drinking water quality and public health.

The Inspectorate made available information about compliance and risk for all water companies in the Chief Inspector's report. Separate reports are produced for public and private water supplies, for both Wales and England, and the reports are published on our website.

Compliance assessment

In 2022-2023 the Inspectorate received compliance test results prescribed by the Regulations and assessed water company investigations into all test failures. The Inspectorate took action to ensure that these failures were unlikely to reoccur, when company driven actions were inadequate. This was achieved by using the enforcement ladder (published in the Inspectorate's Enforcement Policy: www.dwi.gov.uk/what-we-do/enforcement-policy).

The Inspectorate also checks that other sampling requirements are met, such as frequency and regularity. In 2022, one acute shortfall in tests was identified with a

single company's compliance sampling. This resulted in the serving of a Final Enforcement Order to rectify the cause.

Water quality events

The Water Industry (Suppliers' Information) Direction 2021 requires water companies to inform the Inspectorate of all events that have affected, or are likely to affect drinking water quality, or sufficiency of supplies and, where as a result, there may be a risk to consumers' health. In 2022/23, the Drinking Water Inspectorate assessed 512 events concerning water supplies reported to us by water companies. The Inspectorate ensured that consumers were protected, and actions taken to minimise the risk of recurring failures. Of these events, 197 were classified as significant or serious.

Audits

Each year the Inspectorate completes a number of audits on the activities of water companies to ensure that high standards of water quality are maintained and to verify the information provided in the reports and risk assessments of water companies. The Inspectorate's audit programme is risk based and entails a hybrid mix of site visits to physically inspect water company assets and practices, and desktop audits to examine in detail the evidence presented.

In 2022/23 the Inspectorate completed 65 audits.

Risk assessment and water safety planning

The Risk Assessment and Drinking Water Safety Planning teamwork with water companies across England and Wales, to ensure that risks are captured and documented from catchment to consumer tap, and that appropriate mitigation is made to protect drinking water quality. It also ensures that Water Safety Plans are consistent with World Health Organisation guidance. The team carry out audits on company safety plan methodologies and regulation 28 risk reports, to see how these are applied, making recommendations and suggestions where appropriate. These audits are conducted both on site and desk based and apply to both licensed undertakers and NAVs (New Appointments and Variations). NAVs are limited companies which provide a water and/or sewerage service to customers in a discreet geographical area which was previously provided by the incumbent monopoly provider.

Securities and Emergencies Direction (SEMD)

SEMD has been regulated by The Inspectorate since 2022. Defra are the lead government department, and they manage all live incidents. The Inspectorate carries out retrospective event assessments and undertakes proactive audits. Any enforcement action is taken in line the published SEMD enforcement policy. The Inspectorate reviews company's self -assessment Red/Amber/Green (RAG) reports against the SEMD regulations.

The principles of SEMD are planning, resourcing, securing, and responding in the interests of national security or for the purpose of mitigating the effects if any civil emergency. This covers raw water, treated water, treated water storage, and distribution of drinking water, and sewerage services. Plans must be made that companies are able to carry out all of these functions, even during a civil emergency, or where that is not possible, as much of that function as possible.

The Inspectorate engages contractors where expertise is required for technical matters. The SEMD team consists of one principal inspector and one inspector with upskilling happening across the inspectorate to identify and assess issues in emergency planning and security whilst assessing events and audits. A security report is produced yearly detailing the work carried out by SEMD and NIS teams.

The Inspectorate operates a 24-hour response to security incidents involving contamination of a water supply under the Nautilus protocol. This involves activating various contracts and providing a liaison between a number of the parties involved. As part of this response work, the Inspectorate also feed into a number of scenarios and play its part in testing and exercising with the water industry.

Network and Information Systems (NIS)

The Secretary of State has delegated responsibility for the implementation of the Network and Information systems Regulations 2018 across England and Wales to the Inspectorate. The NIS team are assigned the role of the Competent Authority under the Regulations. The team regulate 17 water companies designated an 'Operator of an Essential Service' (over 200,000 population served).

The NIS team use the regulations to drive continuous improvements in the cyber resilience of the water industry sector. To monitor and track improvements the NIS team use a tool known as the 'Cyber Assessment Framework' (CAF). The regulated companies make a self-assessment annually to the Inspectorate against this framework. To date the annual returns have been entirely self-assessed by the sector and assessed by the Inspectorate. In 2022/23 the Inspectorate commenced a

program of CAF verification audits assisted by consultants which inspected the evidence companies had used to verify their status.

The first audit took place in early March 2023, and the audit program has continued at pace in the financial year 2023/2024. Every company will have been audited by December 2024 and their CAF status verified and bench marked.

As Competent Authority, the NIS Team set targets for the industry to improve maturity and cyber resilience in the sector. The industry have a target known as the Sector Specific Profile that they need to attain by March 2025. In the 2023 CAF annual returns to the Inspectorate, one company reported that they have met this profile in full, with a further three companies meeting 90% or more of the target Sector Specific Profile.

The NIS team assess cyber events. In August 2022, there was a well-publicised, most significant cyber-attack to date, on the water sector at South Staffordshire Water, which was assessed by the team. There were two reportable incidents in FY22/23 under the NIS regulations.

The NIS team actively engage with industry contacts and liaison meetings take place quarterly with every company. For 2022/23 the companies have been required to submit their improvement plans, targets and milestones, this tracking forms the basis of the quarterly meetings. Evidence of completed steps is requested and actively reviewed at the meetings. This gives a real-time view of company performance.

The NIS team also engage with stakeholders such as National Cyber Security Centre, and Department for Science Innovation and Technology through regular forums and workshops.

➤ **To protect public health and maintain public confidence in drinking water.**

The Inspectorate produced detailed annual reports on the quality of public and private drinking water supplies in 2022, for English and Welsh Ministers: www.dwi.gov.uk/what-we-do/annual-report/drinking-water-2022. Water company performance is assessed against the regulatory standards and compared with industry median performance using a series of risk indices. The Chief Inspector presented his findings to the industry during face to face launches with Chief Executive Officers and Water Quality Managers in attendance, in Coventry and Cardiff during July 2022. As part of the Chief Inspector's reporting, the Inspectorate publishes compliance tables for individual water companies annually on the website. In addition, it publishes quarterly reports on operational compliance which provides timely feedback to companies and facilitates important learning within the industry.

- I. The Inspectorate publishes a triennial report on drinking water quality to inform the public, which is available on the Inspectorate website and Government websites. The next report is due out soon and will cover the quality of public supplies and the largest private supplies over the period 2020 – 2022.
- II. The Inspectorate investigated 56 complaints in the financial year from consumers who were dissatisfied with the way their water company had handled a complaint about drinking water quality. In each case the Inspectorate requested a report from the company and assessed their response to the consumer, making recommendations and consideration of any further enforcement, where necessary, to achieve an acceptable level of service for the consumer.
- III. The Inspectorate responded to 250 enquiries in the financial year relating to drinking water quality from consumers, organisations, and businesses. In addition, the Inspectorate answered nine requests for information sought under the Freedom of Information Act 2000, and seven requests for information sought under the Environmental Information Regulations 2004.
- IV. The Inspectorate engaged with Defra, Ministers, and answered Parliamentary Questions and press enquiries on issues around drinking water quality, including some sensitive and emotive topics of media interest in the national press.

➤ **To ensure effective and proportionate regulation of the quality of drinking water supplies.**

Better Regulation

The Inspectorate applies the principles of Better Regulation, as set out in the Regulators' Code published by the Department for Business, Innovation and Skills, when exercising our regulatory functions. The Inspectorate adopts a risk-based approach to regulation, and its systems and procedures enable it to focus its activities on situations where the risks to drinking water quality and public health are greater.

The Inspectorate's approach to regulation is transparent. The Inspectorate publishes all drinking water quality legal instruments (Notices, Undertakings and Enforcement Orders) on its website, together with its three Enforcement Policies (drinking water quality, NIS, SEMD), guidance, information letters, research reports and press briefings.

Enforcement policies

The Inspectorate has published its three enforcement policies, corresponding to the three sets of regulatory powers: water quality, SEMD and NIS:

www.dwi.gov.uk/what-we-do/enforcement-policy . The Inspectorate aims to be accountable, proportional, consistent, transparent, and targeted towards risk. The Inspectorate follows a graduated approach to enforcement, where its response will reflect the level of risk.

Table 2: Explanation of the regulatory action used by the Inspectorate.

Regulatory Action		Description of regulatory action
Suggestion (All three areas)		Advice that can be used to secure improvements or better practices. Used where there has not been or is not likely to be a regulatory breach (or potential breach) of regulation.
Recommendation (All three areas)		Issued to secure required improvements to prevent a breach, prevent a potential breach or to prevent a reoccurrence of a breach of regulation
Notice (Drinking Water Quality and NIS only)		There are several types of notices that the Inspectorate can serve. Generally, notices encompass a set of requirements that the person or company must do to mitigate a risk by a specified date, but they can also include specific instructions, such as a requirement for specific samples to be taken. Failure to comply with the required steps, can result in prosecution or further enforcement.
Undertaking (Drinking Water Quality and SEMD only)		An undertaking is a commitment, given by the regulated person to the Inspectorate, to take certain steps, in order to secure or facilitate compliance with their duties or regulatory requirements. Undertakings are treated as statutory requirements under the Act. Drinking Water Quality Undertakings are made subject to the requirements of the Drinking Water (Undertakings) (England and Wales) Regulations 2000[9]. SEMD Undertakings are not required to meet those regulations. The Inspectorate will

		consider whether an undertaking should be accepted on a case-by-case basis.
Provisional enforcement order (PEO) (Drinking Water Quality and SEMD only)		An order which stipulates the steps the person or company must do, or must not do by a specified date, to achieve compliance with the requirements enforceable under section 18 of the Act. A provisional enforcement order can be used where there is an imminent risk that requires enforcement before a final enforcement order may be made (and which can subsequently be confirmed). The Inspectorate may also use orders as an escalation route for failures to comply with a notice or undertaking.
Final enforcement order (FEO) (Drinking Water Quality and SEMD only)		An order which stipulates steps the person or company must do, or must not do by a specified date, to achieve compliance with the requirements enforceable under section 18 of the Act. The Inspectorate may also use orders as an escalation route for failures to comply with a notice or undertaking.
Fines (NIS only)		A fine may be imposed upon the operator of an essential service (water company) for a gross breach of the requirements of the NIS Regulations.
Criminal investigations		
Warnings (Drinking Water Quality only)		Where there is evidence that an offence has been committed and the Inspectorate does not consider a caution or prosecution to be appropriate, it may issue a letter to the offender, setting out the offence and a warning that any further repeat offences could result in further sanctions.
Cautions (Drinking Water Quality only)		Where there is evidence that an offence has been committed and the Inspectorate does not consider prosecution to be appropriate, and the offender has admitted committing the offence and consents to be cautioned, the Inspectorate may issue a caution to the offender (which may include conditions to be complied with by the offender). Failure to comply with the conditions

		of a caution can result in criminal proceedings against the offender.
Prosecution (Drinking Water Quality only)		The Inspectorate can prosecute a person or business it believes has committed a crime against the legislation it enforces. This would mean laying formal charges against a person or company in a legal court.

Information letters and guidance

To support companies to comply with the regulations, by making clear expectations, the Inspectorate issued several information letters and guidance documents throughout the year, and these are available on the website.

- 02/2023 (Mar 23) PFAS – Inspectorate expectations for PFAS activity in AMP8
- 01/2023 (Feb 23) The Water Industry (Supplier’s Information) Direction 2023 Information Direction 2023
- 05b/2022 Revised (Dec 22) Guidance for water companies in Wales with respect to drought orders
- 05a/2022 Revised (Dec 22) Guidance for water companies in England with respect to drought orders
- 04/2022 Revised (Dec 22) Annual Consumer Contacts. Annex A – Provision of information to the Drinking Water Inspectorate in respect of section 10 of the Water Industry (Suppliers’ Information) Direction 2021
- 03/2022 (Jul 22) PFAS Guidance. Risk assessments under regulation 27 and associated reports under regulation 28 of the Water Supply (Water Quality) Regulations 2016 (2018 in Wales) for Poly and Perfluorinated Alkyl Substances (PFAS)
- 02/2022 (Mar 22) Reporting of Taste Results
- 01/2022 (Mar 22) Guidance on Alternative Supply Operations
- 01/2022 (Jan 22) Notification of changes to transitional list of products/substances permitted for use in private water supplies.

Improvement programmes and transformation programmes

In 2022/2023 the Inspectorate served a total of 59 new legal instruments on water companies in England and Wales, requiring improvements or actions to be taken. In the same period of time, the enforcement team assessed 328 milestone reports, 28

closure reports and 65 change applications. They also assessed 6 applications to bring new sources into supply and 3 applications for radioactivity monitoring notices.

- **To promote strategic planning for water quality and sufficiency now, and for future generations.**

PR24 and the long-term planning guidance

In September 2022, the Inspectorate published its updated guidance on long-term planning for the quality of drinking water supplies. This guidance set out the expectations of the Inspectorate to water companies in respect of drinking water quality, going into the 2024 price review process and beyond.

Throughout the autumn and winter period of 2022, the price review team at the Inspectorate met with all companies, to discuss their plans for the 2024 price review in respect of drinking water quality, NIS and SEMD.

This led up to March 2023, when 160 formal submissions were made to the Inspectorate by companies for drinking water quality schemes seeking our support. In addition, 23 company lead strategies were also received at this time. Later in 2023, the Inspectorate received 23 company PFAS strategies, five further water quality submissions, 50 submissions relating to the NIS regulations and 109 submissions under SEMD.

Accelerated schemes

During October and November 2022, the Inspectorate assisted in a ministerial initiative to accelerate funding planned for AMP8, for early delivery. Companies were invited to select and put forward schemes for acceleration. Where schemes involved drinking water quality, Inspectors conducted technical assessments to ensure the proposals would deliver improvements for consumers and fed this back into Defra's process. As with periodic review schemes, our formal support took the form of legal instruments, served on companies to formalise the delivery of the schemes.

RAPID

The Regulators' Alliance for Progressing Infrastructure Development in Water (RAPID) was established to coordinate development and delivery of large-scale water resources infrastructure schemes, some of which will cross company boundaries, and improve resilience of supplies.

The Inspectorate is a partner regulator of RAPID, to help ensure that drinking water quality risks are appropriately identified as the options are progressed and that

mitigations are being appropriately developed, so that the options will meet their duties under the drinking water quality regulations when they are ready to be introduced into supply.

During 2022 the Inspectorate has continued to support RAPID to meet and liaise with the Strategic Resource Options sponsor companies, to ensure that all drinking water quality risks are being appropriately considered as the schemes are being progressed.

The Inspectorate worked with RAPID on the drinking water quality components during the publication of the draft and final decision documents for the accelerated Gate 2 and two new Gate 1 Strategic Resource Options, which were published in the first half of the year. In the second half of the year, the Inspectorate completed the assessment of 14 standard timeframe Gate 2 submissions.

National Drought group

The Inspectorate attended the national Drought Group and various subgroups. The Environment Agency convene and chair the National Drought group, which is attended by Government, water companies and regulators. The Environment Agency report on the status across the country and each company reports on its resource position, key risks and progress with mitigation including implementation of drought plans including temporary use bans.

Research

Establishing a sound evidence basis underpins everything the Inspectorate does. It provides reassurance to consumers, contributes to drinking water legislation, is fit for purpose and helps us ensure water suppliers deliver water that is safe and clean.

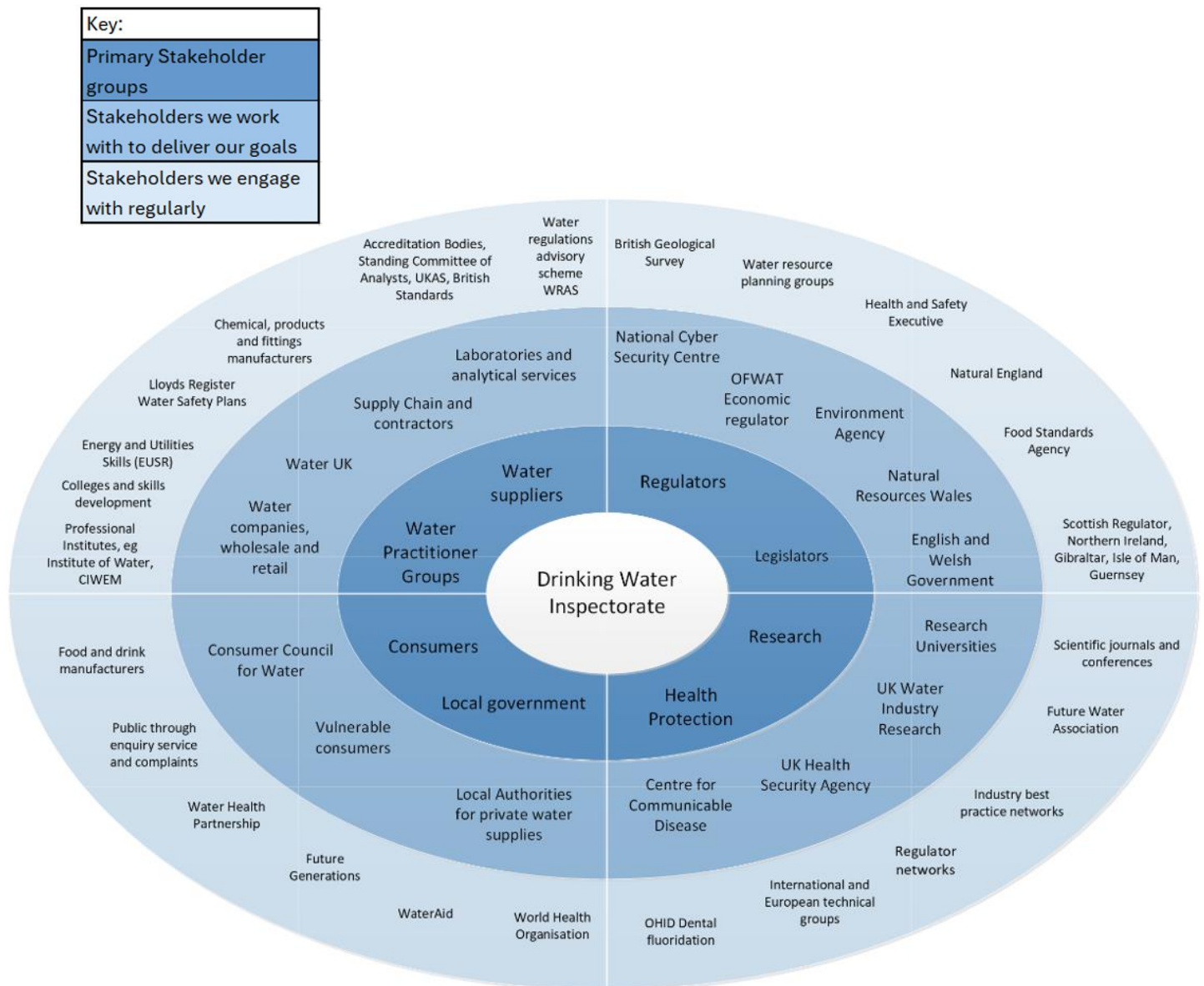
The Inspectorate continues to manage the national Drinking Water Quality and Health Research Programme on behalf of Defra. This programme contributes to the expert body of knowledge on drinking water science that is fundamental to the Inspectorate's effectiveness as a regulator. This evidence base also guides the Inspectorate's expert advice on the interpretation and setting of standards, and provides evidence-based information to government, Parliament and Welsh Government members, other regulators and stakeholders, water companies, the media and members of the public. All of the Inspectorate's research reports are made publicly available on the Inspectorate's website.

During 2022/23 the Inspectorate:

- I. Commissioned seven research projects on drinking water quality and health-related topics; and
- II. published five research reports.
- III. The Inspectorate has not contributed to any UKWIR projects in this financial year, but has a large joint funded project with UKWIR on PFAS which started in this reporting period, and is accounted for in point I.

Working with others

The Inspectorate works with a wide range of external organisations, other regulators, government departments, professional bodies and academic institutions in the delivery of its strategic objectives (Figure 1).



This chapter provides more detail on the Inspectorate's engagement with its principal stakeholders.

Defra

The Inspectorate is a business unit in Defra's Water and Flood Risk Management Directorate. As the independent regulator for drinking water quality, it is not directly

responsible for development of policy, although the Chief Inspector has a statutory duty to report on quality matters to Ministers and advise the Secretary of State of any regulatory changes required. The Inspectorate actively engages with Defra on matters relating to water quality and sufficiency, resilience and water emergencies.

Engagement with Defra during the year also included the area of water resources ensuring that water quality concerns are considered fully in the determination of options to meet future demand, and various matters relating to sufficiency, demand management and water saving initiatives.

Welsh Government

The Inspectorate regularly liaises with Welsh Government colleagues on water company, local authority and regulatory matters and emerging issues. Regular discussions were held on the potential revision of water quality standards, and legislation in general. Emerging issues have included climate change and PFAS.

The Periodic Review 2024 resulted in a number of workshops between stakeholders to determine the strategic direction for Welsh Government and the industry.

The Inspectorate continues to support the Water Health Partnership for Wales on both the steering committee and several task and finish groups, including private water supplies, for example.

Water companies

In addition to the Inspectorate's routine regulatory engagement with water companies, the Inspectorate has regular liaison and consultation with water companies and their representative body, Water UK, on the strategic issues that are relevant to the water industry. This is an important and ongoing process. Water UK convene a number of groups and committees including the Clean Water Committee which meets monthly and is represented by drinking water quality managers from most companies. The two Deputy Chief Inspectors have a regular slot at this meeting at which the committee can raise items for discussion, or where the Inspectorate can take the opportunity for informal consultation with the industry on upcoming changes in process or guidance.

Ofwat and innovation

The Inspectorate has monthly liaison meetings with Ofwat to share information on company performance. It has worked together with Ofwat to develop common performance measures, to ensure the regulators are aligned. Common performance measures are in place for two water quality metrics: water quality

contacts and compliance with regulatory standards. Companies receive penalty fines if their compliance risk index is worse than a set benchmark, based on industry median performance.

The Inspectorate works with Ofwat to support innovation within the sector, whilst ensuring consumers remain protected at all times.

Regulators Pioneer Fund StreamLine project.



The Drinking Water Inspectorate is one of three regulators along with Ofwat and the Environment Agency who have set up StreamLine to make it easier for innovators to obtain advice on navigating regulatory barriers in the water and sewerage industry.

[The Environment Agency](#)

The Inspectorate has been engaging with the Environment Agency on drinking water protected areas, and it has a data sharing agreement where it sends the raw water data it received from companies to the Environment Agency for river basin management plans. The Inspectorate uses the environmental surveillance data to inform its regulatory policy, for example, to identify and inform water companies about which PFAS to include in their sampling and catchment risk assessments.

[UK Regulators](#)

The Inspectorate has memoranda of understanding with its equivalents from Northern Ireland, Scotland and the Republic of Ireland. Meetings are held three times a year and the group are joined by the regulators responsible for drinking water quality in Jersey, Guernsey, Gibraltar and the Isle of Man for general support, knowledge sharing and capacity building.

The group has a standard agenda which covers regulatory updates, research findings and learning, private water supplies, enforcement remove.

European regulators

The European Network of Drinking Water Regulators (ENDWARE) meets twice a year, hosted by rotating members, to discuss matters concerning drinking water quality. Topics include substances of emerging significance, and compliance with standards. Differing approaches to monitoring, analysis, and mitigation are shared for learning and awareness of best practice. Research findings may also be shared for awareness.

UK Health Security Agency

The Inspectorate liaises with the Health Security Agency as required, to address emerging issues and to seek advice on toxicology.

Fluoridation of supplies for dental health

Where water supplies are artificially fluoridated at the request of the Secretary of State for Health, the Inspectorate has worked with Office for Health Improvements and Disparities (OHID), through reviewing and commenting on fluoride results that fall outside the target range. The Inspectorate also supports OHID more widely on the technical and practical aspects of water fluoridation, including maintaining a code of practice for water companies, addressing Parliamentary Questions and enquiries from the public.

Drinking water safety – guidance to health and water professionals

The Inspectorate has provided guidance for healthcare professionals in England and Wales on drinking water safety, which provides information on public and private supplies, the role of local authorities and the use of restrictions such as boil water notices, to protect public health.

The World Health Organisation

The Inspectorate has been redesignated as a World Health Organisation (WHO) Collaborating Centre for Drinking-water Safety until 2026. (Ref UNK-232). This recognises the Inspectorate's knowledge of implementing risk-based regulation in the field of drinking water supply, practically implementing the WHO water safety plan approach that was first promulgated as drinking water policy globally in 2004. An important function of our collaborating centre role is to provide support in the form of regulatory and technical knowledge through WHO organised workshops, training programmes, benchmarking projects, and research studies.

In 2022/23 the Inspectorate attended a meeting of the international network of regulators, Regnet, and chaired a session on small supplies.

Consumer Council for Water

The Inspectorate shares and exchanges information with CCW on drinking water quality issues, with an emphasis on issues that directly affect consumers, through attending meetings and providing reports.

United Kingdom Accreditation Service

To maintain public confidence in drinking water sampling and analysis the Inspectorate collaborates with UKAS and other UK regulators (Drinking Water Quality Regulator for Scotland, and Department of Environment for Northern Ireland) to ensure that the sampling and analytical practices of water companies and the laboratories they use can be independently verified. In addition to meeting the requirements of ISO 17025, the Inspectorate and UKAS have published additional guidance for the water sector (Reference LAB 37), which makes specific requirements to ensure water companies meet their regulatory obligations.

Standing Committee of Analysts

The Standing Committee of Analysts comprises a series of working groups of experts in their fields, who provide guidance on methods of sampling and analysis for determining the quality of environmental matrices. Guidance is published as Blue Books within the series Methods for the Examination of Waters and Associated Materials. The guidance can be found on the SCA website:

www.standingcommitteeofanalysts.co.uk.

The Inspectorate's Chief Inspector is the current SCA strategic board chairman, which provides strategic direction for the organisation's forward programme of work.

British Standards Institute

The Inspectorate assists and participates in the writing of British, European, and International standards that are associated to drinking water. This includes the analysis of drinking water, including quality control, drinking water products such as taps and thermostatic mixing valves, treatment chemicals and products, as well as general guidance standards such as temporary supplies.

Standardisation meetings may require attendance, but membership can be by email correspondence and comment. A committee meeting is generally held either annually or biannually.

This year has seen publication of over 26 standards and work started on five new standards.

Local authorities in England and Wales

In 2022/3 the Inspectorate continued to support local authorities in their role as regulators of private water supplies by reviewing and updating guidance on implementing the Regulations where necessary, and producing topic focussed case studies and guidance as learning opportunities arise. The Inspectorate visited local authorities, to discuss challenges and developments in ways of working, and to see private supply types such as those used at temporary events. These visits help the Inspectorate to write its technical guidance, ensuring that guidance is practicable. The Inspectorate's website has a dedicated area for private water supplies and the team maintain the guidance and resources made available to private water supply managers, users, and local authorities.

The Inspectorate is a member of the steering committee of the Water Health Partnership for Wales, and each year contributes to the Partnership's annual conference by participating in exercises and delivering presentations.

The Chief Inspector produces two separate reports on private water supplies in England and Wales, to inform Ministers of their quality, and the impact of their regulation. The private water supplies team assess the data and information submitted by local authorities, including test results and risk assessment summaries to produce the statistics and disseminate messages and common learning.

Supply chain

The UK chaired the joint management committee of the four Member States group (4MS) with meetings in London, Berlin, and Lisbon. The 4MS is a voluntary group of countries including the UK, France, Germany, and the Netherlands, which works together on procedures for approval of materials and products in contact with drinking water with the intention of reducing the testing burden placed on industry by different approval schemes. The group has agreed to take forward a twin track approach, exploring opportunities for mutual recognition of existing approvals alongside the work already in hand on full harmonisation.

The Inspectorate has also responded to enquiries from and engaged with trade bodies, including the industry consortium for products in contact with drinking water. It has held two meetings with WRAS and Water UK on 4MS issues.

The Inspectorate also liaised informally with various supply chain members and representative bodies on drinking water supply matters.

Water Safe

The Inspectorate has a six-monthly liaison meeting with Water Safe and work collaboratively on campaigns. This year, it shared information on compliance breaches attributable to domestic plumbing, to enable Water Safe to promote safe practices and encourage the use of suitably trained plumbers.

Regulatory developments and future planning

The context in which the Inspectorate operates is constantly evolving. Ministers and other regulators regularly update their policy and strategic objectives for water supply arrangements, and these developments have an impact on what the Inspectorate does. Wider governmental aspirations and initiatives, for example, for better regulation, also need to be adapted for the Inspectorate's circumstances and implemented.

Whistle-blowers

On 15 December 2022 the Chief Inspector of Drinking Water and Inspectors appointed under section 86(1) of the Water Industry Act -1991 became 'prescribed persons' under the Prescribed Persons Order 2014 as amended (the Order). Any person making a disclosure to the Inspectorate will be afforded certain protections under the Order and the Employment Rights Act 1996.

Review and update of drinking water standards.

As part of an ongoing strategy by the Inspectorate, research has been commissioned to identify treatment technologies to enable removal of PFAS, should this be necessary, as the Inspectorate learns more about the toxicology. The Inspectorate has become much more aware of the potential impacts on drinking water of PFAS, endocrine disruptors, pharmaceuticals, microplastics and increasing use of nickel, as well as the known impacts of legacy lead pipework in buildings and use of lead solder.

There is a need to consider water supply innovations together with water resource solutions, such as recycling and grey water use which the current regulations do not fully consider. Without this, the ability for strong regulatory action is limited.

The regulatory environment and legislation require regular review and updates, to ensure they meet the challenges of the present time and provide protection to consumers. The Inspectorate is working with subject specialists to develop a set of recommendations for regulatory updates. This work has been commissioned by the Chief Inspector, to support his advisory role to Ministers.

Annex 1 – Structure of The Inspectorate as at 31 March 2023

