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REPORTER: Julian O'Halloran

PRODUCER: Andy Denwood

EDITOR: David Ross

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“FILE ON 4”

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ACTUALITY OF TOILET FLUSHING

BEARDMORE: Once the toilet starts gurgling, I’m on standby.

O’HALLORAN: A pensioner whose life is being made a misery by sewage flooding.

BEARDMORE: On this last occasion, I lifted the lid and I was juggling out raw sewage. And I had to go through my back door and just throw it the best way I could.

O’HALLORAN: The contents of sewers spill into thousands of homes and business premises every year. There are also major rivers awash with untreated sewage, offending the senses, damaging wildlife and polluting our bathing waters. It’s happening because of an ageing network of underground pipes that can’t cope with modern demands. On top of that, climate change, causing heavier rainfall, is putting extra pressures on the system. So is enough money being invested by the water companies to make sure the system works? Both the government and the water regulator, OFWAT, stand accused of neglecting the sewerage infrastructure in their efforts to keep customers’ water bills down.

SIGNATURE TUNE

ACTUALITY OF DIDO BERKELEY IN BOAT

BERKELEY: We are rowing through now raw sewage, and my oars are picking up all sorts of lavatory paper and other sanitary objects and it really is unacceptable. It's disgusting. I'm now seeing more and more and it's got to stop. It's as simple as that, it cannot go on.

O'HALLORAN: Dido Berkeley of the River Thames Society on the river at Isleworth in West London. She says that, even as an active campaigner for a cleaner river, she was unaware until recently just how much raw sewage is being routinely pumped into the Thames, at dozens of so-called overflows scattered along the tidal section of the river.

Well this is a beautiful part of the Thames. We're just upstream of Kew Gardens and a little bit below Richmond. How would you describe the area?

BERKELEY: The potential is enormous. We're now on the edge of a world heritage site and this is all protected. This island is a protected island, but the world heritage site has a sewer running past it. There's always sanitary objects on the riverbank and people are commenting on the smell.

O'HALLORAN: What have you been told about the overflows?

BERKELEY: At the moment I have been told that they discharge into the river about fifty to sixty times a year on average, and obviously with the huge storms we are having this is going to be on the increase. I think now is the time to actually change this, and I think the public needs to be aware and we can do something about it.

ACTUALITY OF MOTOR LAUNCH ENGINE STARTING

MAN: Go on now, let go Dave.

O'HALLORAN: I'm on the Thames Guardian, a small launch operated by the Environment Agency, and we're going upstream on the Thames, at this moment just about to pass the Houses of Parliament, and it is chucking it down, it's been raining for hours and hours in London, and of course much of the rainwater is ending up, one way and another, going into the Thames. But it's the matter of the material that is going with the rain water into the Thames that is the problem.

ACTUALITY - JOHN GODDARD POINTING OUT OUTFALLS

GODDARD: You can see on the foreshore there a large outfall, maybe eight to ten feet wide, it has a big steel gate on the front. The gate has been lifted by the sewage and you can see all the white water as it, well brown water as it hits the river there. It looks like it's discharging with all the pumps going so you're looking at maybe ten to fifteen cubic metres of sewage entering the river per second.

O'HALLORAN: John Goddard, Technical Manager for the Environment Agency, pointing out one of the 57 overflows which pour raw sewage into the river on average once a week. Agency officials have been concerned about the problem for some years. But John Goddard says that even they were shocked by the impact on wildlife of a major rainstorm, which hit the capital in early August.

GODDARD: On August 3rd we had some very intense rainfall which swept across London. Now what happened was, the sewage works was put under a lot of pressure, had to discharge a lot of untreated sewage. It also affected its treatment processes, so that which was being treated was treated poorly. In combination with that we have these overflows discharging as well; we had approximately a million tons of sewage discharging to the river on that occasion. The discharge took with it a lot of solids which had collected in the sewer. I was out here on the river and we had as well as lots of dead fish, we're talking hundred of thousands of dead fish.

O'HALLORAN: Hundreds of thousands of dead fish?

CLARKE: We can expect that to happen fifty, sixty, seventy times a year. Ultimately though, when all the sewer system is full, then it will discharge to the River Thames. And that's the safety valve to prevent us having substantial flooding in areas of London. For me I think the key thing is that London has grown since the day Bazalgette put in his system and it still continues to grow. Over the next ten to fifteen years we can expect another 800,000 people in the capital city. Also the issue of climate change is changing things. What we can expect going forward is much wetter winters, much more severe storms, and it's those sorts of things that test the sewage system quite dramatically.

O'HALLORAN: Thames Water is already planning to expand the capacity of the five major sewage treatment works in London over the next five years. But that will only have a marginal effect on discharges into the river. Because when the pipes fill up, much of the sewage has no chance of even reaching the treatment plants. So, to study the problem, the water company joined with the Environment Agency and the Greater London Authority to form the Thames Tideway Steering Group. Robin Clarke says that after five years of examining all the options, their conclusion was stark. The only viable solution was to build a gigantic sewage tunnel, running for over twenty miles, deep under the Thames. It'll take fifteen years to complete.

CLARKE: Well one of the things that we are looking at there is a system of intercepting these major sewers when they discharge into the River Thames, to prevent those discharges into the River Thames. The big issue is that we are talking about a twelve metre diameter tunnel, thirty odd kilometres long and eighty metres deep which will cost of the order of £1.5 billion to £2 billion.

O'HALLORAN: And is there any alternative to that solution in the view of Thames Water and the others on the Thames Tideway Steering Group?

CLARKE: That is the solution that would resolve all the various issues that are created by the discharge. There are other solutions that might deal with one or other of the issues, but it is the solution that will deal with all of the issues.

O'HALLORAN: The study, stating that conclusion, was sent to government in the summer. But ministers responded by asking the group to do six months of further work on it. Given the unanimity of the main parties - why the delay?
Dr Stephen Battersby, of the Campaign for the Renewal of Older Sewerage Systems, believes the answer lies in the cost of the tunnel. It could cause millions of Thames Water customers a steep rise in their bills. And he thinks that's a nettle ministers won't want to grasp before the next election.

BATTERSBY: The problem is a matter of timing, because it will be vastly expensive, have implications for large increases in water and sewerage rates in the Thames region, and we also have a general election in the offing and I think that we'll probably have a situation where the government is playing for time.

O'HALLORAN: So you think by asking for more work to be done, you are suggesting the government is stalling?

BATTERSBY: As far as I can tell, the government is stalling on this issue, because there is no real valid alternative to the sewage interceptor.

O'HALLORAN: What's going to be the implication for water charges for Thames Water users - and we're talking about 12 or 13 million people if that big sewage scheme goes ahead?

BATTERSBY: To be able invest at the rate that's required then prices will have to increase.

O'HALLORAN: But on what sort of scale, I mean are we talking about increases of £40 or £50 a year on people's water bill?

BATTERSBY: It is going to be of that order. The general public understand the issue of clean water, but we all rather take sewers for granted until such time as we either have sewage in our back garden or we walk along the towpath and see dead fish and dead rats floating in the Thames.

O'HALLORAN: The new Thames Tideway study will land on the desk of the Minister of State for the Environment, Elliot Morley, next year. He agrees with its authors on one thing at least – that the Thames sewage pollution needs an urgent solution.

How sanguine are you about untreated sewage pouring into the River Thames Tideway more than once a week on average?

MORLEY: I'm certainly concerned about that and I don't think it's acceptable. I want to see immediate action in terms of dealing with the problems of storm discharge in the Thames.

O'HALLORAN: If you want to see immediate action, why hasn't the Government agreed to the major scheme the £1.5 billion interceptor tunnel which Thames Water and the Environment Agency both agree is the only solution to this problem?

MORLEY: Because some of my technical advisers think that there may be ways of getting a solution faster and at a lower cost.

O'HALLORAN: But Thames Water and the Environment Agency are saying whatever measures we take, we still need this fundamental big solution and we need to start it now because it will take fifteen years to build it.

MORLEY: That's absolutely right and we may need to do that. But before we embark on a scheme that is going to cost billions of pounds ...

O'HALLORAN: £1.5 billion.

MORLEY: That's right but it's the history of these things, it's a major engineering scheme, the history is that overruns are very likely. Now if I can find solutions which are quicker, more cost-effective and less disruptive, then I think we should consider that.

O'HALLORAN: Critics and sceptics are now suggesting that the Government is delaying this, playing for time to postpone bad news for water charge payers until after the next general election, presumably next May.

MORLEY: All I would say to people listening to this programme, if you are faced with a decision that could cause massive disruption to our capital city, billions and billions of pounds, huge, huge costs when there may be quicker, more cost-effective and less disruptive ways, then for the sake of a few extra months to actually examine the data, to talk to other specialists, then is that an unreasonable position to take, because I don't think it is.

O'HALLORAN: Environment Agency officials are clearly dismayed by the government's position. And the Agency last month said it was disappointed that investment needed to tackle the Tideway pollution has been excluded from OFWAT's draft plans on prices for the next five years. Although the scale of the Thames problem is huge, similar sewage overflows are damaging the environment in other regions, and nowhere more so than in the North West of England.

ACTUALITY IN FLEETWOOD

O'HALLORAN: I'm on the beach at Fleetwood in Lancashire, right at the point where the River Wyre flows into the sea with the fells of Cumbria in the background. Fleetwood is known as a fishing and ferry port, it's also a holiday resort with miles of sandy beaches to the left of me, stretching down to Blackpool. But according to a well-known beach guide, the bathing waters here "contain sewage-derived bacteria present in quantities known to cause illness", and that's part of the background to a feeling among some local councillors that Fleetwood is achieving nowhere near its potential in attracting tourists.

ACTUALITY WITH MARLENE COLBY ON PROMENADE

COLBY: It's a beautiful area and we want to bring it back to its glory days, as how it was when I was a child, with plenty of visitors coming to the town.

O'HALLORAN: Councillor Marlene Colby heads a task force trying to make Fleetwood's seafront more attractive to visitors. She's unhappy about the impact sewage is having on the local bathing waters – leaving them, in her words, just scraping by mandatory European standards, but a long way from gaining the top Blue Flag status that every resort would like.

COLBY: We still are not clean enough through we don't have 100% treated sewage going into the sea.

O'HALLORAN: So you mean you've got some sewage going into the sea that is not treated at all?

COLBY: It's not totally all treated, I mean it's a lot better than it was, but we're not where we really would like to be. The mouth of the River Wire is down to the right of us, just past where you see the pier, Fleetwood Pier, it's just beyond there. As you see, it goes into the channel, which is part of the sea and the beach, so whatever goes in there goes onto our beaches and our sea.

O'HALLORAN: To trace one source of the sewage pollution affecting those waters, we went a few miles inland. Next to an industrial estate on the edge of Poulton-le-Fylde is a dyke which feeds into the river Wyre. And running into the dyke, next to a wooden footbridge, is an ugly concrete pipe.

ACTUALITY AT DYKE WITH CLIVE GASKILL

GASKILL: This is main dyke, which is one of the main drainage channels for this part of the Fylde coast, and we're standing by a surface water outfall into which in wet weather discharges crude sewage from the foul sewer network.

O'HALLORAN: Clive Gaskell of the Environment Agency says the sewage, totally untreated, pours into the dyke hundreds of times a year. Five years ago, the Agency reckoned it had secured a commitment from the sewerage company, United Utilities, to carry out works which would prevent most of the discharges. But Clive Gaskell says the scheme has not materialised.

So where does that totally untreated sewage go after it goes into the dyke beneath us here?

GASKELL: Well there's the dyke itself, so it pollutes the dyke, in the Wyre it then flows out towards Fleetwood and out into Morecambe Bay, passing as it does boat moorings, shellfish beds and ultimately round the corner onto the bathing waters of Fleetwood itself. It all contributes to what is a damaged environment.

O'HALLORAN: Now what had been your hopes for this particular sewage outfall here?

GASKELL: Well, what we'd hoped to do here was to bring it up to the national standards for any discharge which can impact on bathing waters and that's to bring it down to about three discharges per bathing season, or indeed ten times per year because of the shellfish problem.

O'HALLORAN: So you wanted to bring it down from five or six hundred discharges a year to ten or so?

GASKELL: Indeed. The water company agreed to a program of schemes to run for the past five years, in fact concluding next March, of which this was one component. About eighteen months ago, they actually came to us and said they weren't prepared to continue with this particular scheme because in their view it was too expensive, so we've been in effect in dispute with them ever since about that.

O'HALLORAN: The trouble is, it's not just one sewage outfall but hundreds of them across the North West, which are now in dispute. Clive Gaskell says that five years ago United Utilities pledged to carry out by next March about nine hundred schemes to cut down sewage discharges. But last year the company said that many of the projects had become too costly. As a result, he predicts, only about six hundred will be done on time. That's left many North West towns blighted by sewage pollution long after it should have been dealt with, says Clive Gaskell.

GASKELL: Certainly places like the centre of Manchester will continue to be adversely affected by storm sewage. I mean there was a major scheme proposed for Manchester and it should be completing in the next six months. It hasn't started.

O'HALLORAN: And that's again because of the company's financial problems associated with these schemes, is it?

GASKELL: They have decided that they are unwilling to undertake that scheme because of their perception of increased costs, yes.

O'HALLORAN: And what other towns are we talking about in the North West that won't have the schemes you hoped for?

GASKELL: Some of the major ones, certainly in Preston another major scheme that's not going ahead, Blackburn. Most of the major towns in the North West and particularly the older urban areas.

O'HALLORAN: But United Utilities see the situation very differently. Customer Service Director Gary Dixon insists the delays have been caused by cost factors largely beyond the company's control.

DIXON: I think that's quite unfair to say we haven't delivered. We have spent somewhere in the region of £400 million in this period. The particular scheme that you are talking about on the River Wyre, the main dyke, there are three outfalls that go into there and we believe the number to be more like three hundred discharges and those are extremely small discharges from what we understand.

O'HALLORAN: Okay, they say five or six hundred, you're saying three hundred discharges. Anyway it's hundreds of discharges of untreated sewage into that dyke every year.

DIXON: It is, but this is one of many schemes that we have been discussing with the EA, and my understanding now is that we have agreement with the EA on actually how to move this scheme forward.

O'HALLORAN: As of when? Because they say they are in dispute with you and they're going through a disputes procedure.

GASKELL: Well, my understanding very recently is that we've now agreed the schemes that we're going to take forward.

O'HALLORAN: They are quite emphatic, the Environment Agency, they say they are very disappointed, they feel that the environment in the area is being damaged, and they feel this is contributing to an impression of the region being part, as the official puts it, of the dirty north.

GASKELL: I am very disappointed that that is being said, because we are working very hard to sort it out.

O'HALLORAN: And how do you react to the Environment Agency's claim that really it's not just one river, one bit of beach. The Environment Agency talks about a big scheme in Manchester that hasn't happened, schemes in Blackburn, Preston, Carnforth, Lancaster that haven't started or are very late.

GASKELL: I think you have got to look at it in perspective of the amount of work that we have delivered during this period. Coastal waters, rivers and streams have never been cleaner in the North West since the industrial revolution.

O'HALLORAN: With respect that is not the point. We all know that sewage is pouring into rivers in many parts of the country. It is being suggested you are not alleviating that problem at the correct speed.

GASKELL: Clearly, none of this ever feels as if it's going as fast as everybody would like, but we have to strike the right balance between how much all this is going to cost and the speed of delivery.

O'HALLORAN: Whatever the local disagreements, the environmental problems in the North West are symptomatic of a much wider malaise, according to a former water company engineer. John Reynolds of Portsmouth University has analysed renovation and maintenance on the sewerage network during the fifteen years since water privatisation. He argues that the system is showing increasing signs of neglect.

REYNOLDS: Maintenance on the sewage pipes is a very contentious issue and one I would argue where there's been very low levels of investment.

O'HALLORAN: And have the water companies shown any sign in recent years of recognising that problem ?

REYNOLDS: The water companies have, but the way the water industry is financed, the customer is consulted and the customer wants clean water and a good water supply, the customer wants blue flag beaches, but when we look at say the sewerage system, the customer is not particularly interested, as long as the houses are drained they are satisfied. We're looking at problems of environmental pollution of rivers, flooding people's houses and roads, we have problems with the Thames tideway that really demonstrates that we are not investing enough in the sewerage system. We have to face the problem of global warming, heavier intensity rainfall, that isn't being done within the sewerage system at present. It's just building up a major problem for the future.

O'HALLORAN: Lack of investment or investment that is too late can have a distressing impact on homes and businesses. And in some cases the sewerage companies claim that when they try to put things right, their hands are tied by the water regulator.

ACTUALITY WITH GILL WALKER

WALKER: This is one of the flood marks on here.

O'HALLORAN: So this, right at the top of the cellar, that's what, seven or eight feet above the floor of the cellar?

WALKER: Correct, which is usually foul water, yes.

O'HALLORAN: So the water floods down these steps, does it?

WALKER: Yes, and then it goes along here and into the main cellar ...

O'HALLORAN: Gill Walker has been landlady of the Red Cow in the centre of Market Harbrough, Leicestershire, for six years. In four of those years she's suffered serious sewage floods, including three within the last four months. In heavy rain, the street drains erupt, leaving the town centre under a foot or two of murky smelly water. For Gill Walker the flood risk is now uninsurable. And she says she's out of pocket by £30,000 in damage and lost business. It all started soon after she took over the pub in 1998.

ACTUALITY IN PUB

WALKER: The first flood I had, I'd probably been here a year and that was nothing. That was about a foot to 2 foot of water which is nothing to me, a lot to other people.

O'HALLORAN: You call that nothing, a foot or two of water in your pub?

WALKER: Oh yeah, that's just paddling water. I'm talking about swimming water we get now.

O'HALLORAN: How many floods did you have of what you call the small ones – a foot or two of water?

WALKER: Oooh, about six, and about four major ones.

O'HALLORAN: Supposing in the next twelve months you have another flood like you have just had in July, what will that do to your business?

WALKER: I will be gone. There will be no more me with my name over the door. I will be bankrupt.

O'HALLORAN: It's not just Gill Walker's pub, but scores of other shops and businesses that have been swamped.

ACTUALITY MALCOLM LEVER-JONES WITH HOME-MADE FLOOD FATE

LEVER-JONES: We have designed our own flood defence now which is a rolled aluminium sheet which fits in some slots at the side of the front door that have had to be fitted, and then you ram it home and we are waterproof.

O'HALLORAN: By installing his own flood gate Malcolm Lever-Jones kept the sewage out of his picture framing shop during the recent floods. But he says many premises can't be defended so easily. And as Chairman of Market Harborough's Chamber of Trade, he says the economy of the whole town is being hit.

LEVER-JONES: Well every time you flood it's three days before you are properly open and trading. Most of us are open the next day, but obviously customers fight wary because of the smell; the whole town smells. I mean, last time it took the council four days to clean all the pavements. We have lost forty to fifty days trading in the last five years, which is a month and a bit.

O'HALLORAN: So where does the flood water come from when it does flood here?

LEVER-JONES: It comes purely from our drainage system. It bursts all the drain covers and water comes up into the town centre. We were promised two years ago that Anglian Water were going to try and solve the problem. We were told originally that it would start last year, they would spend £1.8 m and solve 80% of the problem. March 2003 was the original start date.

O'HALLORAN: And what happened in March 2003?

LEVER-JONES: No work started. We were made promises all the way along, the latest being that they would start August this year. In fact they have started last Monday.

O'HALLORAN: So the scheme that they have brought in is eighteen months later than you had hoped?

LEVER-JONES: Eighteen months or four floods, whichever you prefer. We talk in terms of floods.

ACTUALITY OF MAN SHOUTING ON ANGLIAN WATER SITE

O'HALLORAN: In a car park behind a supermarket, Anglian Water engineers are now hard at work. And the company's Director of Waste Water Operations, Paul Gibbs, predicts that within nine months they'll have a system to prevent most of the floods.

GIBBS: This big circular pit that you see in front of us is going to go down a lot further, down to the depth of 22 meters. It will store all the excess flows from the sewer in storm periods and then it'll be pumped back into the system when the storm settles down.

O'HALLORAN: Paul Gibbs says part of the delay in starting work was because the money to pay for it - nearly £2million - had to be cleared with the water regulator, OFWAT, in advance. That's the way all big investments made by sewerage companies have to be agreed. Otherwise they can't put up their charges to help fund the investment. Anglian Water says that in 1999 it applied to OFWAT to carry out a heavy five-year programme of investment to prevent sewage flooding across the region. But Paul Gibbs says nearly all the schemes were rejected by OFWAT.

GIBBS: In the last five years we would have liked to have spent £50 million to solve what we believe are the worst cases of internal and external flooding in the region. What we were allowed to spend by the regulator was £1 million.

O'HALLORAN: So you were given 2% of what you thought you needed in that five year period?

GIBBS: We were at that time, yes.

O'HALLORAN: And what was happening in the areas prone to sewage flooding that you were concerned about while all this process over two or three years was going on?

GIBBS: Well what we've seen over this period, we have seen the changes in the weather patterns. We've seen an increase in the storms and we have seen internal and external flooding events around the region.

O'HALLORAN: Do you think OFWAT made a mistake by not giving you more of what you wanted in terms of investment back in 2000?

GIBBS: I think OFWAT were in a difficult position, having to balance the overall submissions by the companies and how much investment was required. However, I would have anticipated a significantly larger sum being granted during that five-year period.

O'HALLORAN: It was only after some serious sewage floods, and some time into the five year period, that OFWAT began to give ground. Eventually it allowed Anglian Water to invest an extra £9 million to combat sewage flooding. But the total was still less than a fifth of what it had applied for at the outset. OFWAT's chief engineer, Bill Emery, says that if a sewerage company feels hard done by, it has the right to appeal, to the Competition Commission. But he says Anglian Water did not exercise that right.

EMERY: In hindsight, given the weather and the winter of 2000, we consulted widely on an accelerated and expedited programme on sewer flooding and where companies wished to accelerate the works on these matters, we said that we would be happy for them to proceed with those matters.

O'HALLORAN: Did you not know about climate change and extreme weather all through the 1990s, when experts were talking about it all around the world and in British universities and in government and so on?

EMERY: We certainly had been listening to the debate on climate change for a long period of time; I think the question is as to whether or not the Anglian sewer flooding programme in 1999 determination was a soundly based programme or whether it was a notional programme. I would have to go back to the files to test that out.

O'HALLORAN: Anglian Water eventually spent £10 million in that period rather than £1m; you agreed to that here at OFWAT, during the middle of the five year period. That means, doesn't it, that at the beginning you really got your estimates and your assessment of the situation quite badly wrong and they were much nearer to being right?

EMERGY: Rather than it being a getting it right or getting it wrong, we all made a little bit of a judgment in 99 as to the appropriate pace, we made our determination, the company accepted the determination, didn't take it to the Competition Commission. But in the light of day we saw a need to accelerate the matters further and that is what we have done.

O'HALLORAN: It's reckoned that up to seven thousand properties are inundated by sewage every year. Four months ago the Commons Public Accounts Committee called for OFWAT to improve the way it assesses the condition of the sewers. It said current methods don't give enough warning of imminent problems or enough guidance as to investment needs. Those needs have been mounting, argues John Reynolds of Portsmouth University, because of years of minimal renovation to the system. He says despite evidence of decline, OFWAT five years ago cut back planned sewerage investment nationally by 11%.

REYNOLDS: The latest results of structural surveys show the system is deteriorating. They are reported every five years, and every five years the system has got worse since privatisation. The water companies have now realised there is a problem, and for a number of years now have been asking OFWAT, the regulator, for additional funds. However OFWAT hasn't been forthcoming with these funds.

O'HALLORAN: From your calculations, how much maintenance is being done on the sewage pipes below the ground and how has this been going in the last few years?

REYNOLDS: Well we can look at how many kilometres are renovated each year. The sewerage system is over 300,000 kilometres and currently we are replacing under 200 km per year. So that's going to take us maybe 1,500 years to replace the existing system without any allowance for further deterioration.

O'HALLORAN: Well what is wrong really with assuming that many of these pipes will last for hundreds and hundreds of years?

REYNOLDS: Well, it's an unsustainable concept. The pipes will eventually collapse. We will eventually have more flooding. And what we are doing now is saving money in this generation and requiring future generations to fund our lack of investment now.

O'HALLORAN: Environment Minister of State, Elliot Morley, suggests the sewage network is – considering its age “not in bad shape”. But he recognises that the effect of housing development, the expansion of towns, and more severe weather, now have to be tackled.

MORLEY: There is no doubt that there are sections of the network that do have to be renovated and do have to be improved. I'm not sure that anyone knows what the exact figures are, and it's also fair to say that some of the response is reactive: when there is a failing the companies come in and replace that particular system.

O'HALLORAN: The point is there that a company like Anglian Water, for instance, says it asked for over £50 million of investment to alleviate sewage flooding in the last five years and OFWAT signed-off on only £1 million or so – a huge cutback.

MORLEY: That's absolutely right and that is the point the companies are making. Obviously in the next round there isn't going to be a price reduction, there is going to be an element of catch-up on that.

O'HALLORAN: But why, in a sense, was the government perhaps sitting back while OFWAT was making these huge cuts in the proposed investment by water companies to alleviate sewage flooding?

MORLEY: The decision in relation to the capital programme and the price structures and the company business plans are for the regulator, because that is the regulator's duty.

O'HALLORAN: But you in government give guidance to the regulator. Should someone not have noticed in government that such big cutbacks were being made five years ago?

MORLEY: The problem is that if you have an independent regulator, you have an independent regulator; and the decision in relation to the investment programmes is for the regulator.

O'HALLORAN: But the anger in towns and streets blighted by sewage spills is beginning to have an impact. And the shock caused in London by dead fish and rats floating on the Thames, just as the capital was promoting its bid for the Olympics, has added to the pressure on ministers and on the water regulator and its Chief Engineer, Bill Emery.

How would you answer a critic who says: we have got away with under-investment in the sewerage system for so long that you at OFWAT are just assuming now that we can continue to get away with it indefinitely in the future?

EMERY: I don't think we have got away with it, I think that they haven't been under-investing on our terms. The long term trends...

O'HALLORAN: So are you saying that there hasn't been under-investment in the past, that the investment has been sufficient?

EMERY: The investment has been sufficient to achieve stable serviceability in eight out of the ten companies and in two there is a question mark because there is a deteriorating trend, that's what the figures show at the moment and that's been reasonably stable over a period of time. We recognise that there is likely to be a growing need to maintain the system. We recognised that and in our recent determinations we saw a likely step-up in maintenance of the sewerage system to deal with flooding, to deal with environmental problems and to deal with climate change.

O'HALLORAN: So you are predicting, are you, more or less some major increases in spending that will have to be done in coming years?

EMERY: I think it's a reasonable projection to think that there will be an increasing investment need to achieve that stable serviceability over the longer term. It could be increasing 20%, 30%, 40% over the next five decades or four or five years.

O'HALLORAN: So, a clear signal that the sewage network is to get bigger funding – even if the charge of neglect in the past is not admitted. Echoes of what happened on the railways a few years ago. Now it's time, as the minister says, to play catch-up. Which could well mean bigger bills for customers in the future. But as more money is invested to put the sewage system right, it will be little consolation for thousands of people whose properties should never have been swamped so often in the first place. Nor for the millions who go angling, boating and bathing, and expect to do so in unpolluted water.

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