



OPINION PIECE

BY PAUL HUBBARD

Chairman, AVK UK Group



A WAKE-UP CALL; THE UK WATER INDUSTRY IS AT A CRITICAL TURNING POINT

Recent coverage of the UK water sector in the national media has been almost universally negative: financial and commercial challenges; water leakage; dry spilling of sewage; water shortages and more. It is my experience, however, that all stakeholders in the sector are overwhelmingly motivated by a desire to deliver a world class water network for the citizens of the United Kingdom. This begs the question, what is stopping us all from achieving this?

I have noted below what I perceive to be some of the barriers to success.

FUNDING AND CHANGE

Since water industry privatisation in 1989, the UK population has grown from 57 million to 67 million. This has put a strain on existing water resources, ageing pipe networks and treatment infrastructure. As a result, there have been calls in some quarters for higher water bills to fund an increase in mains replacement works and network maintenance.

From my perspective, however, increasing water bills significantly won't wash politically at a time of economic hardship. Furthermore, given the recent failings as outlined in my introduction, as an industry we have first to prove we are responsible guardians of the existing investment funds we receive. Away from the bright City financial lights and media commentary, we need to refocus on

our core task of collectively delivering a quality water and wastewater network that meets the needs of all customers, be they domestic or commercial. The public wants to see proof that more of their cash is being allocated to infrastructure investment and not to funding shareholder dividends.

If UK water companies embrace the knowledge, expertise and creativity within the supply chain, adopt a more collaborative approach to engagement, and move away from the claustrophobic short-termism inherent in current tendering processes to a more strategic model, then I believe that, together, we can deliver water and wastewater networks that are fit for purpose.

At the heart of this 'brave new world' is the need for change. Change is never an easy option, as any manager knows. However, as Bill Clinton is quoted as saying:

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The price of doing the same old thing is far higher than the price of change.

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EXPERIENCE & EXPERTISE

If one were to create a Brains Trust of water industry experience and expertise, where would the relevant manpower be found? Without question it would be found in the water companies, consulting engineers and Tier 1 contractors; but it is also present across the UK water sector supply chain of manufacturers and service providers.

The knowledge residing in the supply chain is, in my opinion, undervalued and overlooked by the water companies. We require a sea change in the way all parties work together to unlock value and ensure we are all able to deliver the solutions required to satisfy our respective stakeholders.



COLLABORATION & ENGAGEMENT

I first became Managing Director of a major water industry supply chain business, Biwater, back in 1990. Consequently, I have managed manufacturing businesses through every Price Review since privatisation.

It is my belief that we need to move towards a procurement model of engagement and collaboration if the UK is to retain a significant, indigenous product manufacturing and service supply chain base. The traditional approach of the UK water companies is, in my experience, too little engagement with the supply chain and, whatever engagement there is, is too late to make a material difference. Seeing the supply chain as an opportunity to squeeze margins till the pips squeak without any real understanding of what suppliers have invested in for the long haul is a recipe for disaster.

If I take the portfolio of businesses I lead under the AVK UK banner as an example,

we are encouraged to innovate, automate, train, develop digital solutions, deliver CSR initiatives, focus on quality and more. All vital and all admirable, but then we are expected to compete on traditional tendering scorecard, box ticking exercises. It can be exceptionally demoralising for staff who have so much to offer to the wider industry given the opportunity, and also disincentivises businesses from innovation and sustainability.

The manufacturing supply chain needs to be given the air time, face-to-face engagement and status to share how we can, collaboratively with other parties, develop solutions to the challenges the water sector is facing. The Enterprise model advocated by Project 13 in 'From Transactions to Enterprises' is one of the approaches worthy of consideration, and I am aware that some water companies are looking to put the Project 13 principles into practice.



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SOLUTIONS - NOT JUST PRODUCTS

Solutions is a rather over-used and hackneyed term. It is important, however, that the water industry supply chain is allowed to reclaim the term 'solutions' in its purer sense to reflect the value we can contribute to the UK water sector.

To explain what I mean, I've taken a relatively standard 'product' from the AVK UK portfolio, the AVK resilient seated gate valve. AVK manufactures exceptionally high-quality valves but, taken in isolation, the water industry has a tendency to view gate valves as a commodity and standards are not enforced.

However, the AVK gate valve can be supplied with a smart stem cap opening/closing device to assist valve positioning and a range of smart water sensors that can measure flow, pressure, temperature, and water level. The data collected from the sensors, particularly when integrated with data from other assets such as pumps and hydrants, provides a detailed picture of the performance of the distribution network and paves the way for reduced water loss from leaks and improved workflow efficiency.

These sensors can be retrofitted to existing AVK gate valves. Transactional procurement sees a commodity to be obtained at lowest cost; but in the same breath they want reliability, quality and resilience, an enterprise or collaborative model recognises the immediate and long-term value of the 'solution'.



Series 36/89
Resilient Seated, PE Tailed,
Gate Valve with Positioner.

A TURNING POINT

The water industry is currently on the radar of politicians and public alike. We are at a turning point. Collectively, we have to change to regain the confidence of consumers and other stakeholders.

Now is as good a time for such change as any I can recall in my forty years in the sector. As a result of Brexit, the UK is no longer subject to European legislation and constraints.

This provides a legislative and operational freedom which could foster a more collaborative approach to problem solving.

Surely, one of the few positive outcomes of the pandemic is the acceptance that, with consensus and collaboration, radical change can be achieved quickly and effectively.

In today's challenging times for the UK water industry, why not let the collaborative genie out of the bottle and embrace the difference suppliers can make to release long-term value, resolve operational and technical challenges, and foster greater consumer confidence.

A CALL TO ACTION



PAUL HUBBARD
Chairman, AVK UK group

I can only speak for myself and the AVK businesses I lead, but we are more than ready and willing to engage with water companies and other parties in the conversations and collaborations I believe are so badly needed.

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AVK Group is a privately owned industrial group of more than 100 companies worldwide. It is a leading manufacturer of valves and fittings for water utilities globally, with a turnover exceeding 1bn Euros in 2021/22.

In the 1970s, the UK was the location for AVK's first factory outside Denmark. Today, there are around 450 employees in AVK's UK manufacturing and service companies. AVK UK subsidiary, AVK Smart Water, provides smart solutions for the collection and transmission of pressure, flow, temperature and valve position data.

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