



A Water Efficiency Strategy - A consultation from Waterwise

Introduction

The Consumer Council for Water (CCWater) is the statutory consumer organisation representing water and sewerage consumers in England and Wales. We have four regional committees in England and a committee for Wales.

We welcome the opportunity to respond to this consultation on Waterwise's 'A Water Efficiency Strategy for the UK'.

Key Points

- We agree with the need to create a 'using water wisely' culture in England and Wales. For this to happen, the water sector needs to work together to raise awareness and provide the targeted advice and support customers need to change their behaviour. If this is to be successful, it will need to take account of the different segments of water customers, rather than using blanket approaches, which our research indicates will not be effective. We outline this segmentation in the answer to Question 3.
- We support a 'twin track' approach to water management using demand management as well as resource development to balance supply and demand. We recognise that demand management (including water efficiency and leakage reduction) is only part of the solution. On its own, demand management will not solve the projected deficit in water resources in the seriously water stressed areas in the south and east of England in the longer -term.
- Reducing per-capita consumption (pcc) will be a key part of the supply/demand balance particularly in water stressed areas with comparatively high pcc. Evidence shows that some companies are already working well with their customers and this is having positive results. However, irrespective of demand reductions, there will be a need for investment in making our water supply infrastructure more resilient to the pressures from climate change and population growth, and this will therefore require the utilisation of new sources of supply or the more strategic utilisation of available resources through transfers.
- Leakage is another key part of the water efficiency equation. Consumers expect their water company to be doing all it can to reduce leakage levels and thereby demonstrating that it is playing its part in the wider conservation effort. The strategy could be more specific in this regard. This could be a further opportunity to review the Sustainable Economic Level of Leakage (SELL) on which water companies base their leakage related performance commitments.
- It is not yet clear how non-household retail competition will impact water savings. Our research indicates that the likelihood of taking action on water efficiency is relative to business size - large and medium businesses are more likely to do so. The largest segment of non-household customers, small businesses, is the least likely to ask about advice on water efficiency or to pay for additional services. If there opportunities for retailers to deliver bill reductions to attract or retain customers, this could well be via helping customers reduce their water use.

- Improving water efficiency in social housing across the UK would be a good thing and has the potential to address some affordability issues where water customers are metered. Promoting and encouraging partnership working between water companies, local authorities and other stakeholders who have complimentary programmes and objectives can have a much bigger impact and make better use of available resources.
- We do not support the call for all homes in England and Wales to be fitted with meters by 2020 as this is neither feasible nor justified in this timescale.
- The case for compulsory metering in seriously water stressed areas has been made by four of the water companies in the south east of England. Others have raised the level of metering in their areas by promoting optional metering and using other more targeted approaches. Water companies operating in areas that currently have a surplus of water are likely to have more of a challenge in justifying a compulsory metering programme unless this was part of a more strategic, national strategy. Even then, the pace at which this was able to be taken forward would need to take account of customers' ability and willingness to pay as well as the practical and logistical challenges. Careful planning has gone into the programmes in the south east region and a crucial part of their implementation has been the extensive practical and financial support required to help customers through the transition to metered charging. Any proposals for a wider roll out of compulsory metering would need to consider the full extent of the impacts on customers and required level of assistance/support. It will also need to take account of customers' views and preferences - particularly around local priorities.

General Comments

The Water UK Water Resources Long-Term Planning Framework (2015-2065) project concluded that water efficiency *can* play an important role in helping to address (some of) the challenges faced by the water industry and other water dependent sectors. However, given the scale of the challenges in the areas of serious water stress and level of uncertainty around some of the current forecasts, water efficiency needs to be part of a twin track approach which also allows appropriate and timely investment in new water sources.

We agree with the need to create a 'using water wisely' culture in England and Wales. The water sector needs to work together to raise awareness and provide targeted advice and support that different customers in different circumstances need to change their attitude and behaviours towards their water services. The strategy highlights the current low level of consumer awareness and engagement with water efficiency and the challenges associated with motivating consumers so we welcome the planned activity that is intended to help with this.

Water efficiency can help reduce water and energy bills for *some* types of customers. But recent CCWater research¹ reveals that messages around the scope for saving money as a result of using less water need to be realistic and achievable. We found customers soon gave up their water saving efforts if the financial savings they were "promised" didn't materialise.

¹ Research Works (2016) Beneath the Surface: Customers' Experiences of Universal Metering. A report on behalf of CCWater and Southern Water. November <http://www.ccwater.org.uk/wp-content/uploads/2016/11/Customers-Experiences-of-Universal-Metering.pdf>

The 'strategy' would benefit from setting out clearly at the start:

- How different sectors could improve their water use and what they could contribute to overall water savings;
- How responsibilities towards water efficiency could be allocated between different sectors;
- Areas where the water companies can show leadership; and,
- The next steps to take the strategy forward.

Finally, the strategy appears to overly focus on the use of technology to encourage *all* water customers to use water efficiently. This may work with customers who are engaged, willing and able to use it but other approaches will be needed to reach out to customers who are less engaged and/or who do not want to (or cannot) consider the use of technology for this purpose.

Why do we need to become more water efficient in the UK?

Q1. Do you think water scarcity is a big threat to the UK?

The evidence presented by Water UK shows that companies in different parts of England and Wales face different challenges, with the level of risk changing under different scenarios for climate change and population growth and importantly the level and pace of reduction to current abstractions, where these are shown to be unsustainable. Some of these challenges are easier to tackle/manage than others but even with the uncertainty attached to some current forecasts, the water sector clearly needs to be planning now for the longer-term if it is to remain "fit for purpose". Our research² indicates that water customers' awareness of pressures/impacts on water resources is low - only one in five adults have seen/heard something in the past year about this. Furthermore, this report indicates that customers are not making the link between their use of water and the water environment. It appears that the main motivation to decide to use less water is 'to save money', whilst environmental reasons came in third (following 'it is just common sense').

Q2. Do you think that there should be greater consideration given to the impacts of water scarcity and if so, by whom?

Yes. It should be a joint effort between a wide range of stakeholders, including regulators, water companies, CCWater, Waterwise and environmental NGOs. But, Waterwise is right to identify the potential impacts on other sectors like agriculture and energy production.

We would look to governments to give direction and take the lead in this area. Co-ordination is needed to ensure (as much as practicably possible) that effort/work is not being duplicated and

² BMG Research (2016) Using Water Wisely and Attitudes to Tap Water. Research on behalf of CCWater. <http://www.cwater.org.uk/wp-content/uploads/2016/08/Consumer-Attitudes-to-Tap-Water-and-Using-Water-Wisely-August-2016.pdf>

that there is meaningful and persuasive customer engagement leading to long-term behaviour change.

Q3. Do you think that increased water efficiency is a legitimate response to the threat of water scarcity?

Increasing water efficiency is only part of the solution against the threat of water scarcity. Water companies (and others) need to explain to consumers why water efficiency is a legitimate response to this threat and demonstrate their commitment to saving water by dealing with leakage and providing the assets required to deliver a safe and reliable supply of water now and for future generations. ,

To succeed, water efficiency requires a joined up, consistent approach between a range of stakeholders (see answer to Question 2). It would also benefit from customer engagement and information to encourage behaviour change. This information needs to vary, according to different customer types.

CCWater research³ indicates that customers can be divided into (qualitative) ‘typographies’ or groups (based on behaviour and/or attitudinal variables as well as demographic characteristics) that determine people’s willingness and ability to engage with issues related to water and the potential to change their actions to use water more wisely. According to these findings, there are basically four types of customers (willing and unable, unwilling but able, willing but unable and unwilling and unable), which can also be linked to different stages in life. Additional research done by the industry (UKWIR⁴) confirms the existence of different types of customers, in relation to their attitudes to water and the potential to modify their behaviours. Targeted messages (depending on the type/segment of customer in terms of water use, attitudes, behaviour and socio-economic characteristics - to name a few attributes) are required. These would aim to convince users about the need for water conservation, reassure customers that there are easy ways to do this and explain what water companies are also doing to conserve water⁵.

A key aspect to consider is the language used and the timing of these communications. For example ‘water saving’ could imply that customers need to reduce their water use and limit the activities (and the enjoyment they derive from them). On the other hand ‘using water wisely’ could encourage people to use the ‘right’ amount, without being wasteful. Water efficiency could be seen as a too technical term. The principle should be about encouraging people to use the amount of water they *need* without being wasteful.

³ Opinion Leader (2006) Using Water Wisely - a deliberative consultation commissioned by CCWater. October <http://www.ccwater.org.uk/wp-content/uploads/2013/12/Using-Water-Wisely-deliberative-research-into-water-use-and-water-conservation-attitudes-CCWater-October-2006..pdf>

⁴ UKWIR (2014) Understanding Customer Behaviour for Water Demand Forecasting. UKWIR Reference: 14/WR/01/14

⁵ MVA Consultancy (2008) Campaigns to Make a Difference. Research into Identifying Water Saving Messages. A Report for CCWater. February. <http://www.ccwater.org.uk/wp-content/uploads/2013/12/Campaigns-to-Make-a-Difference-Research-into-Identifying-Water-Saving-Messages-Feb-2008.pdf>

Q4. How can we better integrate water and energy efficiency programmes?

The relationship between hot water efficiency and energy can be better integrated by creating awareness of the relationship between these two resources. Our research⁶ shows that only 9% of customers think that saving water has any effect on energy bills.

Although data shows that hot water use contributes around £228 to the average annual combined energy bill⁷, caution needs to be exercised when developing messages to encourage customers to link hot water efficiency to achieve savings in their energy and water bills:

- The savings on energy bills may take time to be realised and are linked to how hot water is used (and heated) in the household; and
- Savings on water bills will only be realised by metered customers.

How far are we from best practice?

Q5. How can we better measure and monitor best practice water efficiency in the UK?

It seems challenging to develop an agreed definition of ‘delivering best practice in water efficiency’ given that different interventions work for different types of customers, and may also depend on the geographic location of water companies and other external circumstances.

However, evidence collected on *actual water savings* as well as from *lessons learned* by water companies (i.e. the Evidence Base Steering Group) should be considered and used where appropriate. CCWater’s annual ‘Delving into Water’⁸ and the ‘Discover Water’ dashboard⁹ as well as are useful tools to assess companies’ progress on their efforts to reduce per capita consumption.

Water usage audits could be a useful way to assess what people are doing, and provide support to help customers to understand (and change) the way in which they use water. Our research¹⁰ shows that people who have made a conscious decision to use less water tend to do more actions in this respect. The most common actions carried out by customers are simple, every day things such as: turning off the tap when brushing teeth (73%), waiting for a full load in the washing

⁶ BMG Research (2016) Using Water Wisely and Attitudes to Tap Water. Research on behalf of CCWater. <http://www.ccwater.org.uk/wp-content/uploads/2016/08/Consumer-Attitudes-to-Tap-Water-and-Using-Water-Wisely-August-2016.pdf>

⁷ Energy Saving Trust (2013) . At Home with Water. In collaboration with Defra, Procter and Gamble, Thames Water, Consumer Council for Water and Save Water Save Money. [http://www.energysavingtrust.org.uk/sites/default/files/reports/AtHomewithWater\(7\).pdf](http://www.energysavingtrust.org.uk/sites/default/files/reports/AtHomewithWater(7).pdf)

⁸ CCWater (2016) Delving into water 2016: Performance of the water companies in England and Wales 2011-12 to 2015-16. November <http://www.ccwater.org.uk/wp-content/uploads/2016/11/Delving-into-water-2016.pdf>

⁹ Discover Water: <http://discoverwater.co.uk/>

¹⁰ BMG Research (2016) Using Water Wisely and Attitudes to Tap Water. Research on behalf of CCWater. <http://www.ccwater.org.uk/wp-content/uploads/2016/08/Consumer-Attitudes-to-Tap-Water-and-Using-Water-Wisely-August-2016.pdf>

machine/dishwasher (67%), only putting the required amount of water in the kettle (65%) and taking showers instead of baths (64%).

Q6. Could the UK match international best practice and achieve a per capita consumption of 100 litres? And if so how?

At present, the average per capita consumption (pcc) is 140 litres per person per day¹¹. Although this figure is not far off the Government's aspiration of 130 litres per person per day¹², more could be done. In 2015-16, only four companies (Hartlepool, South Staffs, Severn Trent and United Utilities) succeeded in meeting or beating this target¹³.

However, the strategy's intention to achieve a per capita consumption of 100 litres to 'match international best practice' without a rationale or specific actions seems aspirational at best. The consultation only refers to a couple of examples (parts of Spain and Denmark) which may not be applicable to England and Wales. Furthermore, anecdotal evidence from Germany suggests that plans to reduce pcc should also consider the implications of reduced flows on the sewerage systems and the need to flush them regularly to reduce odours in some circumstances.

The strategy should be clear about the steps required to reach such a reduced pcc, as well as the parties involved and their responsibilities. Also, the document generalises this target, without specifying whether it would be suitable for all areas of England and Wales, or if it should be applied only in areas classified as being in serious water stress.

Irrespective of demand reductions, there will also be a need to invest in additional resources (as part of the 'twin track' approach) to provide resilience to the water supply network and to ensure that customers receive a reliable and safe water supply.

It is not clear if, in this strategy, water efficiency includes leakage. This could be a further opportunity to review the Sustainable Economic Level of Leakage (SELL) on which water companies base their leakage related performance commitments (this is an area already being reviewed by Ofwat as part of its consultation on the Outcomes Framework for 2019). Customers also want to see their water companies playing their part by making sure that water lost through leakage is kept to a minimum. Leakage targets should therefore be suitably challenging but water companies should be aiming to meet and where possible exceed the expectations of their customers where they support/prioritise even greater leakage reduction.

¹¹ CCWater (2016) Delving into water 2016: Performance of the water companies in England and Wales 2011-12 to 2015-16. November <http://www.cewater.org.uk/wp-content/uploads/2016/11/Delving-into-water-2016.pdf>

¹² Defra (2011) Water for life https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/228861/8230.pdf

¹³ CCWater (2016) Delving into water 2016: Performance of the water companies in England and Wales 2011-12 to 2015-16. November <http://www.cewater.org.uk/wp-content/uploads/2016/11/Delving-into-water-2016.pdf>

Q7. What other indicators or approaches could be used to help monitor progress or set targets towards greater levels of water efficiency?

At present, several companies have performance commitments (to 2020) in relation to reducing water consumption, reducing leakage or promoting efficiency. Some of these commitments are linked to financial rewards or penalties as they are Outcome Delivery Incentives (ODIs). A starting point could be to track performance against these commitments. This exercise could also help to reveal good practice that could be shared amongst companies.

We note that as part of the preparations for the 2019 Price Review (PR19), Ofwat has called for ideas on how it might set performance commitments¹⁴ on ‘Water distribution input’ (comprising leakage and per capita consumption). These commitments would cover areas of current performance and resilience/future performance. It seems that Ofwat would not consider it appropriate to set a common commitment for distribution input/leakage/per capita consumption because of companies’ different water resources situation. But, the consultation paper states that performance commitment levels would benefit from ‘comparative assessment and challenge’. This is something we would support, considering the different circumstances faced by different water companies with regards to their water resources.

What is water efficiency and what is our vision?

Q8. Do you agree with our definition and vision for water efficiency in the UK?

We broadly support the definitions used to describe the terms *water efficiency*, *water conservation* and *demand side measures*. However, the language used could be adapted to convey the ‘right’ messages to customers. The outcome of the strategy should be to ensure that people (and businesses) value water and use it *wisely*, thereby contributing to the sustainability (and long term resilience) of our water services.

The strategy does not give a timeline, costs, or steps to achieve the proposed outcome. Without these, the vision will remain ‘aspirational’, considering other regulatory and legislative pressures i.e. the opening of the non-household retail market, the upcoming Price Review, the implementation of Ofwat’s 2020 Water Strategy, the potential to open competition for household customers, and last but not least, the UK’s exit from the European Union.

Furthermore, Waterwise’s vision relies on the use of smart technology, which could be a means to an end but may not be suitable for all types of customers. More needs to be done to understand how customers will accept and use technology in their everyday lives to help them use water wisely and whether the water savings achieved would justify the associated costs.

¹⁴ Ofwat (2016). A consultation on the outcomes framework for PR19. <http://www.ofwat.gov.uk/wp-content/uploads/2016/11/Consultation-on-the-outcomes-framework-for-PR19.pdf>

Water, people and communities - changing our vision.

Q9: Do you agree with the recommendations for building a water saving culture?

We agree with the need to create a using water wisely culture in England and Wales. It is clear that different customers would like information on ways to help them reduce their water use in different forms. CCWater research¹⁵ indicates that customers can be divided into (qualitative) ‘typographies’ or groups (based on behaviour and/or attitudinal variables as well as demographic characteristics) that determine people’s willingness and ability to engage with issues related to water and the potential to change their actions to use water more wisely.

Our research¹⁶ indicates that one fifth of customers feel they do not have enough information or would need more information to make a decision to save water. This suggests that, as the strategy points out, there are opportunities for increased, segmented customer engagement in this area.

We also support the idea of an on-going communications campaign (not only at times of drought) involving a wide variety of stakeholders, and with clear, consistent messages explaining the reason for and the benefits of saving water and/or using water wisely. As part of this strategy the person delivering the message should also be considered, as this could have an effect on the way people act based on the messages they receive.

Our research also shows that 38% of customers had not noticed any campaign to use water wisely during 2016. This is a reduction of 19% compared to 2015. For those people who have been made aware of using water wisely in the past 12 months, the most common sources of information are their water company (61%), Waterwise (14%), Ofwat (8%), CCWater (8%) and schools (5%).

We also agree with the recommendation for Government to provide guidance for local councils on how they should interpret their water efficiency duties, However, it shouldn’t be just about interpretation, but also about how councils act on these requirements considering ever reducing budgets will result in limited scope for interventions to help residents use less water. Partnerships with local water companies could provide scope for cost and benefit sharing.

Q10: How can we bring together partnerships to deliver this wider level of awareness?

Partnerships require good leadership and management, and should be based on good governance agreements that clearly determine the duties and responsibilities of the organisations involved. It is also important to encourage the dissemination of achievements to improve the evidence base and to understand what does and doesn’t work.

In addition to the partnerships described in the document (UK Drought Portal and Save Water South East) there are other, multi-sectoral, groups such as Water Resources South East and Water

¹⁵ Opinion Leader (2006) Using Water Wisely - a deliberative consultation commissioned by CCWater. October <http://www.cwater.org.uk/wp-content/uploads/2013/12/Using-Water-Wisely-deliberative-research-into-water-use-and-water-conservation-attitudes-CCWater-October-2006..pdf>

¹⁶ BMG Research (2016) Using Water Wisely and Attitudes to Tap Water. Research on behalf of CCWater. <http://www.cwater.org.uk/wp-content/uploads/2016/08/Consumer-Attitudes-to-Tap-Water-and-Using-Water-Wisely-August-2016.pdf>

Resources East that work on broader water resources issues. Demand management, including water efficiency, should continue to be a component of discussions in these groups given that how household and non-household customers use water will have an effect on water resources planning and future needs.

A water efficiency framework for competition

Q11: Do you agree with the opportunities and challenges outlined for water efficiency from greater retail competition for water?

It could be argued that there may be greater water efficiency achieved by non-household customers (NHH) as assistance in reducing consumption is a way for retailers to deliver lower bills to attract or retain customers and could be seen as attractive 'value added' service offered by some retailers.

Water efficiency should not depend on retail competition, as this is not a proxy to improve water savings. Our research¹⁷ indicates that the likelihood of taking action on water efficiency is relative to business size - large and medium businesses are more likely to adopt water saving activities, especially to reduce water use for domestic purposes. These measures include including fitting water efficient taps, hippo/save a flush devices in toilets. The likelihood of requesting water usage audits from their water company and changing business processes to use less water is very low. The largest NHH customer segment, small businesses, are the least likely to ask about water efficiency advice or pay for it as a value added service. There is a high cost to retailers to spend time targeting small customers to make (presumably) relatively low reductions in consumption.

A more customer engaged retail service can potentially improve water efficiency by increasing the frequency and accuracy of meter readings and bills. Our research¹⁸ shows that there is a call from some 'representative bodies' for retailers to be more proactive in advising on water efficiency and installing smart meters. Respondents also feel that water suppliers should focus on waste caused by leakage. They state that their members have 'corporate, social responsibility plans with a commitment to reducing waste' and as a result, the responsibility should be shared with suppliers.

Our research also suggests that water efficiency advice can help all businesses. There are examples of *voluntary* industry initiatives, such as the 'Better Retailing Climate' (launched in 2008) where different sectors set a series of collective environmental targets that include water efficiency, measurement of water use and reductions in carbon reductions. The latest report¹⁹ shows that

¹⁷ DJS Research (2016) Testing the Waters - Business customers' views on their water and sewerage services 2016. Research on behalf of CCWater. October. <http://www.cewater.org.uk/wp-content/uploads/2016/10/Testing-the-Waters.pdf>

¹⁸ Accent (2015). Non-Household customers' expectations of competition in the water industry: Research with industry representatives. Research on behalf of CCWater. October. <http://www.cewater.org.uk/wp-content/uploads/2016/01/FINAL-Uncharted-Waters-Phase-2.pdf>

¹⁹ British Retail Consortium (2015). A Better Retailing Climate Progress Report 2015. http://www.rebnews.com/pdfs/news/brc_betterretailclimate_report.pdf

participating businesses have increased their measurement of water use from 63% in 2005 to 91% in 2016. Their target is to achieve 100% by 2020.

In contrast, if household (HH) retail competition were to go ahead, the scope for water savings may be more limited, but is one of the ways to help some customers save money in their bills. Our research shows²⁰ that customers are largely motivated by price, but were disappointed about the limited savings on offer. Furthermore, there are additional policy implications in order for retailers to offer better deals, such as the need to go on to a meter (for unmetered customers) and the potential to be disconnected/restrict water supply for non-payment.

Lastly, it is not clear from the strategy what ‘alternative’ water sources it is referring to. It is envisaged that under Ofwat’s Water 2020 proposals, upstream (water resources) markets might open up to allow water resources trades. However, with the pressures on water resources highlighted in Water UK’s Long Term Water Resources Planning Framework, it is unclear at this stage where this ‘new water’ would come from.

Q12: Do you agree with the recommendations for developing a framework for water efficiency in competition?

We broadly agree with this recommendation, provided that different stakeholders including regulators, CCWater and others could support a framework that is credible and likely to be acted upon. The framework could be merged with/linked to retail market codes or company licence conditions or with Ofwat’s proposals²¹ to monitor water consumption data/water efficiency measures through data collected from retailers. However, ensuring that ALL members of the water sector promote water efficiency will be difficult if this is a competitive advantage for some retailers who, understandably, would not want to share their strategies.

Any resulting framework could help customers make informed choices, but it may be limited to those whose choices are already driven by water efficiency. Customer research shows that price is the main driver of retail choice. We question if there is there evidence to show that the costs needed to design and apply a framework would be outweighed by the benefit of customer interest. This could otherwise lead to ‘information overload’ for customers.

Q13: How can we ensure that non-regulated members (e.g. TPIs) of the water sector help to deliver water efficiency?

We do not believe that it is possible to ensure that TPIs will help to deliver efficiency given that these parties are not regulated. If Ofwat goes ahead with proposals for a **voluntary** (non-enforceable) code for TPIs, it should include water efficiency. We support the principle that any future code of practice or accreditation scheme for TPIs should include rules to provide accurate advice on value added services, such as water efficiency.

²⁰ Systra (May 2016) Floating the idea: Household customer views in water market reform in England. A report on behalf of CCWater. <http://www.cwater.org.uk/wp-content/uploads/2016/05/CCWater-Household-Competition-Report-FINAL-20160517.pdf>

²¹ Ofwat (2017) Monitoring the business retail market from April 2017: a consultation. <http://www.ofwat.gov.uk/wp-content/uploads/2017/01/Monitoring-the-business-retail-market-from-April-2017-a-consultation.pdf>

However, water efficiency is a service that many TPIs already offer and could be encouraged to continue to do so, if adhering to a code results in a reputational advantage.

Water Sensitive Cities - improving water efficiency in our urban environment

Q14: How can we improve water efficiency in social housing across the UK?

We agree with the recommendation that water efficiency should be included in social housing standards such as Decent Homes and Welsh Housing Quality Standards. However, initiatives aiming to install showers in homes where there are currently only baths can be costly, add pressure to tighter local authority budgets and risk costs outweighing benefits.

A way to improve water efficiency in social housing across the UK could be promoting and encouraging partnership working between water companies, local authorities and other stakeholders. This could involve home visits, water audits and retrofits (i.e. water efficient shower heads, tap aerators, dual flush mechanisms in toilet cisterns) as well as tailored advice and support for water customers who are eligible to participate in these schemes.

This should be seen as opportunities to interact with customers and provide information about the relationship between saving hot water and saving energy and checking whether they are on the most appropriate water tariff for their circumstances.

An example of such partnership is the work Southern Water is doing jointly with Brighton and Hove City Council, CCWater and the University of Sussex²². The project aims to look at the effect water efficiency measures can have on the affordability of water bills.

It is important that the lessons learned from these partnerships are used to expand the evidence base to ensure the likelihood of success of similar projects undertaken by others.

Q15: What further incentives and standards are required to increase water efficiency in new homes?

We agree with the observation that water efficient fixtures and fittings don't have to be more expensive than inefficient ones and as such, cost should not be a barrier for developers to install them.

However, the residents of these new homes should be informed about the wider benefits of the (water efficient) fittings and fixtures built into the house. Anecdotal evidence suggests people tend to replace certain items (such as water efficient showerheads, baths and sinks/basins) once they move in because they dislike/are not used to the potentially smaller, water saving ones.

²² Press release (July 2017): <https://www.southernwater.co.uk/latest-news/thousands-of-brighton-homes-to-get-free-water-saving-gadgets>

Encouraging manufacturers to improve the design and performance of water efficient appliances is therefore important.

Q16: How can we increase the number of water efficiency retrofits being undertaken?

We agree that a partnership approach is the most effective way to achieve the desired outcomes when carrying out water efficiency retrofits. As mentioned in the response to Question 14, there are many opportunities to achieve this.

Customers could be encouraged to take part in water audits leading to retrofits - customers get the water efficient products that they need or that are appropriate to their circumstances, these are fitted during the visit and the customer also receives advice and support on how to use water (and energy) wisely.

We also agree that leaking toilets could be an area that needs be looked at in more detail, given the savings that can be achieved by fixing these. Thames Water’s ‘leaky loo’²³ programme indicates that a single leaking toilet ‘can waste up to 400 litres of water per day, costing up to £300 per year for metered water customers.

Q17: What further incentives and standards are required to increase water efficiency in new non-domestic buildings?

Water companies have to set out in their Water Resources Management Plans (WRMPs) how they will engage with retailers once the market for NHH retail competition opens in England. This is one of the aspects CCWater will be checking as part of the review of WRMPs.

We question, if there were to be incentives for retailers to provide water efficiency advice as part of the services offered to their NHH customers, who would pay for these, given the small margins retailers will be operating at.

Products and labelling

Q18: Should water companies incentivise the uptake of water efficient devices and fittings through rebates and other financial levers?

No. It seems strange to place the onus on water companies, given the practicalities of developing, implementing and monitoring this incentive through the regulatory process. As an example, an indicator to monitor uptake would have to reflect not only the money paid back to customers but also that demand has reduced as a result of these interventions.

²³ <https://www.thameswater.co.uk/save-water/leaky-loos>

Q19: Should the UK Government give water efficient devices a zero VAT rating?

It would be positive for Government to give water efficient devices a zero VAT rating to stimulate installation of water efficiency appliances. However, we question how much this would cost the UK Treasury over the short and medium term.

If this recommendation was part of a wider policy to stimulate manufacturing and to place the UK at the forefront of a green economy then it might be a workable proposition. But geopolitical considerations, particularly relating to doing nothing to endanger trade deals with emerging nations, might prove intractable.

Q20: How can we strengthen the Water Label to transform the market towards more efficient products?

We agree that the labelling scheme on its own is not the end goal: it needs to be promoted, and widely used by potential purchasers of goods when they are updating their water-using appliances.

It would be helpful if the Water Label were to be similar (and in line) with the existing Energy Efficiency label available for electrical appliances. In addition, it would be an advantage if both labels could be linked, to show the relationship between water and energy use.

Q21: What other options are there for product innovation in water efficiency for the UK and how can we incentivise these?

Product and technological innovation to encourage people to use water wisely should go hand in hand with customer awareness. This is to ensure customer acceptance, buy-in, use and changing behaviours that ultimately contribute to customers using water wisely.

Innovative products need to be accessible, not only from an economic point of view, but also in terms of being easy to understand and operate. The life cycle of the gadget also needs to be considered, to avoid creating additional waste or to prevent it from becoming obsolete after a short period of time. Customers need to understand what the gadget/app does and how it can encourage them to use less water.

Water company delivery and regulation

Q22: Do you agree with the recommendations on metering and tariffs?

We do not support the call for all homes in England and Wales to be fitted with meters by 2020 as this is neither feasible nor justified.

Widespread compulsory metering is an expensive undertaking and has a considerable impact on customers. It not only changes the way customers view and interact with their water services and their water supplier but also raises issues and concerns around bill payment and affordability, customer satisfaction and complaint. Where compulsory metering programmes have been agreed to

date it is because they have been deemed to be the most cost-effective option for reducing demand in areas that are seriously water stressed. In addition, these programmes:

- help defer the need for more expensive (and potentially environmentally damaging) water resource developments;
- have been coupled with adequate mechanisms to help customers transition to metered charging, including financial support for those on low incomes who will pay more as a result of moving to metered charges; and,
- Are an indication of what metering can achieve - latest evidence suggests that they reduce demand by up to 16.5% (a combination of customers using less water and improved leak detection and repair).

A strong case will need to be made for compulsory metering in areas that are not seriously water stressed or customers may feel that this is unnecessary and feel it is diverting investment away from other more pressing local priorities. The importance of gaining customer support for such a strategy cannot be over emphasised.

Universal metering is not a 'silver bullet' to address water scarcity as it does not overcome the need to invest in further water resources in seriously water stressed areas. Targeted metering can, however, be part of a wider strategy that considers, inter alia, active leakage control, water re-use, grey water recycling and water resource development. Together, these will be required to address the pressure on available water resources from climate change, population growth and unsustainable abstractions. Water UK highlights this point in its recent report.

A company considering the wider potential benefits of compulsory metering, possibly to facilitate water transfers, would need to make a strong, well evidenced case and have the support of its customers for the strategy proposed. Even if there were to be a change in government policy that required widespread compulsory metering, the scale and pace of any such programme would need to take account of affordability issues and other, potentially competing, investment pressures as well as the practical challenges.

For these reasons we think Waterwise's strategy needs to be reviewed.

Q23: From your experience in delivering or receiving home visits linked to retrofit programmes, how can the industry support improvements and knowledge sharing?

Although CCWater does not deliver home visits linked to retrofit programmes, we agree that there is good potential to share best practice in this area. There are some water companies that are doing this already, and it would be useful to share information on what went well and what should be done differently. Also there is potential to track how these interventions have reduced water demand by customers who have participated in them.

The success of these partnerships hinges on good communication and engagement with customers, and includes answering questions such as: why are the visits needed, why should they save water, how will saving water affect them, and what can they gain from the process. The retrofit programmes also need to consider the use of tailored messages for different types of customers, as it is likely that the most engaged will be the first to have access to/request the visits, and that the least engaged will require additional nudging/encouraging to take part in the programme.

As mentioned in the answer to question 14, it is important to work in partnership with local authorities/housing providers to understand the (perceived and actual) benefits from taking part in these projects.

Q24: How can we improve the evidence base for water efficiency to better share learning on the latest large scale water efficiency programmes?

After the opening of the NHH retail water market in England in April 2017, it is likely that there will need to be two separate strands of work - one for household (HH) customers and one for NHH customers. In the latter case there are potential business sensitivities around water efficiency and how retailers could use these additional services (and innovation) as a competitive advantage.

Over the years, there has been information sharing through the Evidence Base Steering Group and the Water Industry Collaborative Fund. It would be useful to continue to share best practice and information as water efficiency activity steps up. In addition, and as mentioned above, a similar database of projects should be designed for retailers to share evidence of success (or not) when providing water efficiency services.

Integrated water management and resilient infrastructure

Q25: Do you agree with the recommendations for improving water efficiency in cities and urban developments?

The recommendations contained in the strategy appear to be well intended, but the report does not set out how responsibilities can be allocated across different sectors, or how Waterwise would envisage water companies (and their regulators) getting involved. The strategy could benefit from including further successful examples and case studies from other parts of the world.

There are some issues that remain unanswered, and include:

- What is the likelihood of adoption in England and Wales?
- How can the ‘alternative community model’ be scaled up to supply water for/between different areas?
- How will the infrastructure changes be funded?
- What are customers’/residents’ expectations and how can these be met?

We question what is the likelihood of their adoption in England and Wales? The ‘alternative community model’ described in the document looks promising on paper, but how can it be scaled up to supply water for/between larger areas?

Q26: What are your views on data collection and accessibility?

We broadly agree that the widespread use of smart meters (AMR) can help companies gather information about their systems (and the way customers use water) and this could help optimise their networks. Having said that, companies should focus (and agree) on what data is needed, how it will be gathered and how it will be used. Also, they would need to create confidence amongst customers and reassure them that their data is 'safe'. There can be concerns about people being able to 'see' when a house is empty and creating opportunities for burglaries (similar concerns to those expressed about data management and smart meters in the energy sector).

The targeting of smart meters and in-home sensors makes most sense when it is directed at customers who could use them and the data they generate. It will be important to determine which customers want to receive (and use) information about their water use on their phone and other electronic devices. This is something that may not be appealing or useful to all types of customer .

Enquiries

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