



Waterwise response to the Defra consultation on the Draft Flood and Water Management Bill

July 2009

Waterwise is an independent, not for profit, non-governmental organisation focused on decreasing water consumption in the UK by 2010 and building the evidence base for large scale water efficiency. We are the leading authority on water efficiency in the UK. We sat on the UK Environment Minister's Water Saving Group alongside the water industry and regulators, for which we produced, in October 2008, the Evidence Base for Large-scale Water Efficiency in Homes.

Our aim is to reverse the upward trend in how much water we all use at home and at work by 2010.

Executive Summary

1. Waterwise welcomes the draft Bill. As Ministers recognise in the foreword to the consultation paper on the draft Bill, it will help us be better prepared for the increasingly frequent severe weather events such as floods and drought which we will experience as a result of climate change.
2. We particularly welcome the draft Bill's provisions to update the hosepipe ban restrictions, which are over 50 years old. However, in addition to enabling a wider range of discretionary uses, we would like these provisions to enable the use of time-limited restrictions, as this would maximise the sustainability of water usage.
3. We are disappointed that the updating of hosepipe ban legislation is the only measure in the draft Bill which is aimed at the more efficient use of water, but we recognise that it is the stated intent of Ministers to use the Bill to respond to recommendations from the Cave and Walker reviews. We set out below further water efficiency measures which we propose for inclusion in the Bill, including to reflect some of the recommendations from the Cave Review, and the interim report of the Walker review.
4. Water efficiency continues to be one of the most effective tools to both mitigate and adapt to climate change. It is essential as the government seeks not only to make the UK economy as

climate-resilient as possible, but also as predicted water shortages and population growth mean that less water will need to go further. A step-change in water efficiency programmes, by themselves and linked to energy efficiency retrofit programmes, will also make a significant contribution to the green economy.

Introduction

5. Waterwise welcomes the draft Bill. As Ministers recognise in the foreword to the consultation paper on the draft Bill, it will help us be better prepared for the increasingly frequent severe weather events such as floods and drought which we will experience as a result of climate change.
6. Water efficiency continues to be one of the most effective tools to both mitigate and adapt to climate change.
7. For example, the heating of water for cooking, bathing and cleaning in the home accounts for 5% of the UK's total greenhouse gas emissions, and the UK water industry contributes almost 1%. In this context, it is clear that wasting less water in homes, buildings and businesses will help the government meet its legally binding requirement to cut emissions by 80%. The government has recognised this in policy statements such as Future Water and in the welcome regulation it has introduced to ensure water efficiency in new homes (including the Code for Sustainable Homes, and the introduction of water efficiency into Building Regulations for the first time). We are currently working with the government to take forward water efficiency alongside its ambitious and innovative plans to retrofit every home in the country for energy efficiency.
8. Predicted reductions in water availability and population growth also mean that less water will need to go further, as the UK adapts to climate change.
9. The legislative framework, including that surrounding the regulation of the water industry, needs to reflect the priority that water efficiency should take in the UK's climate change armoury. It is essential as the government seeks not only to make the UK economy as climate-resilient as possible, but also to tackle climate change. A step-change in water efficiency programmes, by themselves and linked to energy efficiency retrofit programmes, will also make a significant contribution to the green economy.
10. We set out below our views on the single water efficiency provision contained in the Bill, and on other water efficiency measures we believe should be included in the Bill.

Updating the hosepipe ban restrictions

11. We very much welcome the inclusion of a provision in the draft Bill to enable Ministers to allow water companies to cover a wider range of discretionary uses of water in drought-related restrictions. This was one of the major recommendations in Waterwise's report on garden

watering restrictions, commissioned by Defra in 2006, and will help companies better manage resources during drought and in the long-term. It will enable the restrictions regime to be responsive to new technological advances – pressure washers and swimming pools were not widespread when the legislation was originally passed over 50 years ago! We look forward to working with the government as they develop the detail of the wider range of uses to be covered.

12. However, we recommend that the Bill also contain a provision for time-based restrictions on the use of water, to maximise the effectiveness of water usage. For example, restricting the use of hand-held hoses for watering to evenings and mornings would waste less water as it would prevent watering at times when evaporation is high. Restrictions could also be set for various levels of drought – the lowest level could include restricted sprinkler times and a total ban on watering on Mondays, level two could allow watering on alternate days only, during certain hours, and a third level could ban outdoor hosing and sprinklers at any time. Alternate watering days could be staggered by postcode or house number (odds or evens) to allow for management of peak demand.
13. We therefore believe the enabling power should not only cover a wider range of uses (and therefore technologies), but should also allow for time-based restrictions.
14. Time-based restrictions on the use of water have been used to great effect in Australia, Canada and the USA.

Other water efficiency measures Waterwise would like to see in the Bill

15. We recognise that it is the stated intent of Ministers to use the Bill to respond to recommendations from the Cave and Walker reviews, and welcome this.

New duties

16. We are interested in the Cave review's recommendation of a statutory duty to support innovation, particularly that which will be in the long-term interests of consumers. Water efficiency is clearly in the long-term interest of the consumer, as it is a more flexible option than permanent supply-side measures which are many years in the planning, execution and lifespan.
17. As more and more water companies carry out larger and larger water efficiency projects – in itself innovation - the evidence base for this will grow, and we have also proposed elsewhere that Ofwat allow "demonstration" activity in the meeting of the water efficiency targets, as Ofgem does in CERT: these will help address the current comparative uncertainty attached to water efficiency measures as against supply-side measures, or at least how they are treated in the regulatory system. They will help stimulate innovation in the water industry.
18. In any case, as we state above, water efficiency will prove increasingly necessary as, in coming years, there is less water and there are more people. If the Bill does eventually reflect the Cave

review's recommendation of an innovation duty on Ofwat, Waterwise would like it to be specified that innovation in this context includes new processes and techniques, as well as new technologies – such as water companies developing the expertise for retrofitting tens of thousands of homes for water efficiency and energy efficiency, including through partnerships. As well as being innovative, this will make a significant contribution to the development of the green economy.

19. However, Waterwise is also interested in the specific question set out in the interim report of the Walker Review on whether Ofwat's sustainable development duty should be extended to make particular reference to climate change mitigation and adaptation – Waterwise would welcome this move, and would like to see it in the Bill. Such a duty would in itself spur innovation as water companies meet this challenge, but would mean innovation was specifically targeted at the main driver of government policy currently, namely 80% cuts in emissions. By the time the Bill achieved Royal Assent we believe it would be even clearer that it is already that this could only mean better value to the consumer.

Metering

20. Waterwise would like to see all homes in England and Wales fitted with water meters by 2020 – supported by tariffs to promote efficient water use and protect vulnerable customers. Successive UK Environment Ministers since 2005 have expressed the view that the current rateable value system of charging is unsustainable, and that metering is the way forward. We would like the Bill to respond to the recommendations of the interim report of the Walker Review on metering – specifically, we would like an enabling provision, building on the welcome change that has been made by the government specifically for water-stressed areas as a result of Water Saving Group discussions, to allow water companies to compulsorily meter across England and Wales. This would reflect recommendations in the interim review of the Walker Review on a move to compulsory metering across three categories of domestic water consumer.

Water efficient homes and products

21. We would like to see the government respond in the Bill to the spirit of recommendations in the interim report of the Walker Review on increasing the water efficiency of homes and businesses, on fiscal incentives and on the availability of water efficient products. Specifically, these include a statutory national water efficiency scheme linked to low-income, metered customers, which we believe the legislation should allow for the introduction of at a later date. We would also like to see the Bill including a ban on the sale of non-water efficient products on the UK markets.

Operational expenditure

22. In our UK manifesto launched in April (this can be found on www.waterwise.org.uk), Waterwise calls for UK accounting rules to be amended to remove the requirement to treat water efficiency retrofitting schemes as operational expenditure. We would like this measure taken forward in the Bill. This would help incentivise the water industry to treat demand management measures

equally with plans to develop new resources such as reservoirs and desalination plants – essential in the context of climate change, as we outline elsewhere in this consultation response. It would also reflect the Cave review’s recommendation that Ofwat should address the potential bias towards capital expenditure. It would reflect the recommendation in the interim report of the Walker Review that a the operational efficiency of a company’s water efficiency activity be calculated separately from its overall operational efficiency.

Value of water

23. Finally, and importantly, both Cave and Walker recommend that both water pricing and the regulation of the water industry reflect the true value of water. Waterwise very much welcomes this, in the context of climate change mitigation and adaptation set out above. It would need to be reflected in legislation.

Nicci Russell
Policy Director, Waterwise