



Waterwise
344-354 Gray's Inn Road
London
WC1X 8BP
7th June 2021

Dear Sir/Madam

Consultation on the scope and balance of developer charges and incentives

Many thanks for the opportunity to respond to the above consultation. Please find below the response from Waterwise.

1. We support the principle of water companies offering developers environmental incentives to promote water efficient development

Whilst we want to see the government requiring developers to build much more water efficient houses and commercial buildings through more ambitious building regulations, we do also support water companies offering environmental incentives to developers and NAVs to promote both water efficiency and sustainable drainage beyond the regulatory baseline.

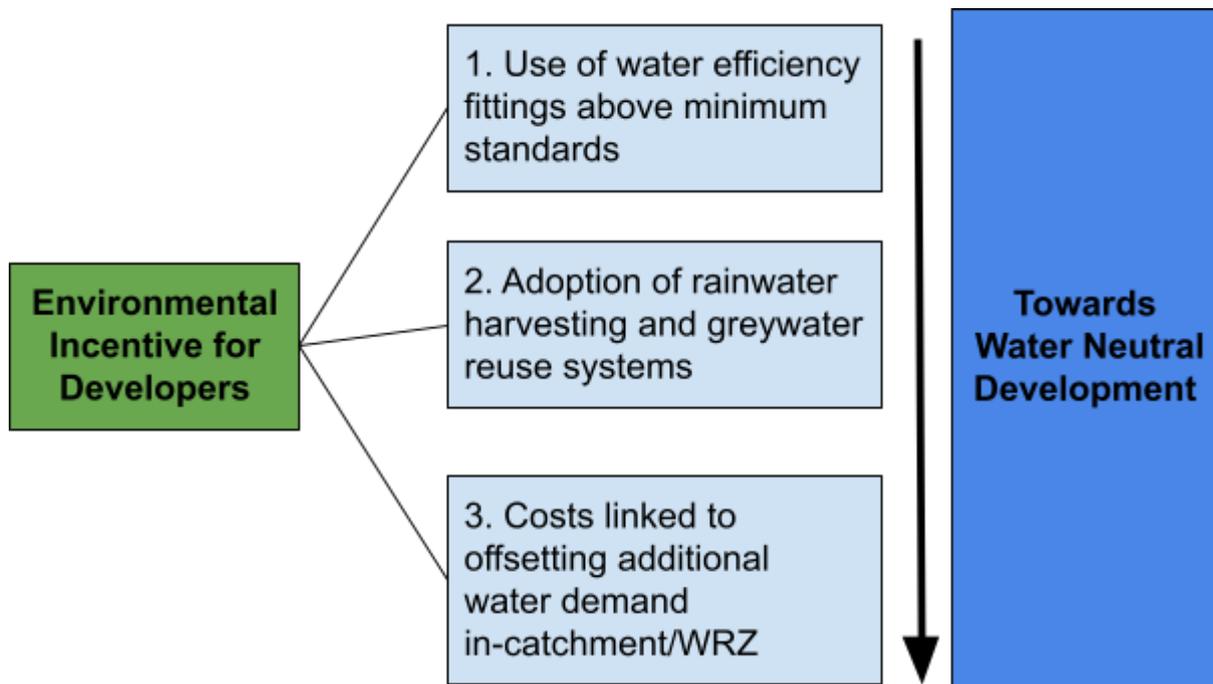
We fully agree with the point made in the consultation document that how developments are built has huge implications for future water resources. We face a water supply deficit in England of around 3500 Mld by 2050 according to the [National Water Resources Framework](#) published in 2020. Around half of this deficit needs to be met by reducing water demand. It is vital that new developments are water efficient otherwise we are literally building more problems for the future.

We concur that whilst some water companies already offer incentives for water efficient fittings many do not. The incentives that exist are inconsistent from company to company and in our discussions with developers they have said that this variability is a negative factor for them in their uptake. A more consistent and visible national approach should be looked at. The size of the incentive may also be an issue, however we don't have any evidence of whether that is the case or not and it is an area where further research might be useful.

2. In terms of water efficiency and new development we suggest three components of a national environmental incentive scheme

We would like Ofwat and the water companies to consider trialing a national environmental incentive scheme to promote water efficiency in new development that has three components (see schematic below). Each component could be adopted independently by a developer but taken together they open up the exciting potential for water neutral development where the new development puts no additional water demand pressure on the public water supply system.

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Component 1 - Incentives linked to use of water efficiency fittings

In Tier 1 a simple national water company fittings based incentive scheme is used with the level of incentive linked to using fittings of efficiency above and beyond minimum fittings standards in Building Regulations. This is similar to what many companies already offer but would be a nationally consistent scheme.

A fittings based incentive would work very well with a mandatory water label. Water UK and eNGOs, Waterwise and the UK Water Efficiency Strategy Steering Group are advocating for the government to introduce [a mandatory water efficiency label](#) for common water using products used in new developments and retrofits. Defra will shortly make a statement on its intentions with regards water labelling.

Component 2 - Incentives to specifically promote rainwater harvesting and greywater reuse installations

Looking beyond simple fixtures and fittings, Component 2 incentives would be available to encourage uptake of water reuse technologies such as rainwater harvesting and greywater reuse. These technologies reduce demand at a household or community level and can also provide [sustainable drainage benefits](#).

During 2020 Waterwise worked with the UK Water Efficiency Strategy Steering Group on a major [review of the costs and benefits of rainwater harvesting and greywater reuse](#). The work, undertaken by Ricardo, highlighted that whilst the benefits from such systems to the installers/owners often outweigh their costs many of the benefits were felt by society (for example carbon emissions reductions; increased water security and reduced flood risk). Therefore consideration of the potential use of incentives to encourage their adoption seems

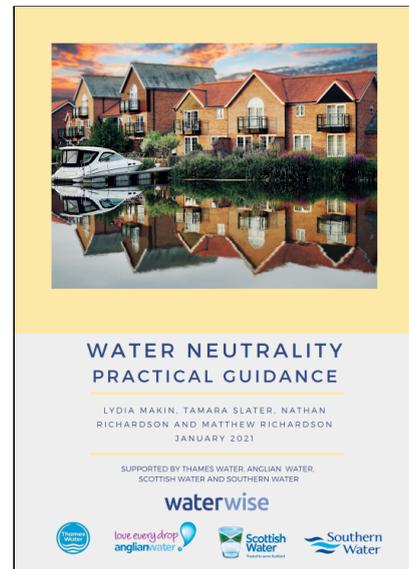
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appropriate. The 2020 project [considered a range of policy options](#) to encourage greater uptake, including the use of incentives and highlighted how incentives have been used in Germany, Australia, Japan and the USA to encourage the uptake of rainwater harvesting.

Component 3 - Incentives to investigate making a development fully “water neutral”

For Component 3 the incentive could be used to encourage consideration and adoption of **water neutrality** in new developments, particularly for larger developments in areas of serious water stress. The Component 3 incentive could cover the costs of the upfront investigations needed as well contributing to the costs of retrofitting existing properties locally to offset any residual water demand, once component 1 and 2 have been adopted.

Waterwise worked with the UK Water Efficiency Strategy Steering Group to [produce a review report](#) in early 2021 on water neutral development along with some [practical guidance](#) on how it could be progressed. Water neutrality is where the additional water demand from a development is reduced to zero by 1) ensuring the development is efficient; 2) including water recycling and reuse technologies (see above; and 3) offsetting any residual demand in the catchment or water resource zone. It works in much the same way as flood neutrality.



We would welcome the opportunity to work with Ofwat and the water companies on further investigating and trialing environmental incentives.

Regards

A handwritten signature in black ink, appearing to read 'Nathan Richardson'.

Dr Nathan Richardson
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Who is Waterwise

[Waterwise](#) was founded in 2005 and is the leading authority on water efficiency in the UK. We are an independent, not-for-profit organisation, receiving funding from supporters across and beyond the water sector and wider sponsorship and research projects. We like to be at the front, leading and supporting innovative efforts to realise our mission; that water will be used wisely, every day, everywhere.