The voice for water consumers
Llais defnyddwyr dŵr

CCW's response to

Defra's consultation on environmental targets

Date: June 2022

CCW's response to Defra's consultation on Environment Targets

1. Introduction

CWW is the independent voice for water consumers in England and Wales. Since 2005, we have helped thousands of consumers resolve complaints against their water company, while providing free advice and support. All of our work is informed by extensive research, which we use to champion the interests of consumers and influence water companies, governments and regulators.

We welcome the opportunity to comment on this consultation, because we are acutely aware of the growing pressures on our water environment and the urgency with which we need to put measures in place to deliver the required improvements. This is both in terms of reducing the amount of water abstracted from the environment and also to improve the quality of our precious rivers and coastal waters.

We focus our response on the targets to improve water quality and availability.

2. Executive Summary

- We agree with the need for actions that improve the environment, specifically those that will lead to better river water quality and freshwater habitats. Actions like reducing water use (and the responsible use of drains and sewers) can go a long way to support this goal – by helping to protect the environment, helping to achieve a more sustainable use of natural resources, and contributing towards the delivery of net zero. Targets to reduce nutrient pollution and to reduce demand for water will help to focus that activity.
- To deliver these targets, there will need to be comprehensive support for the increasing number of people who cannot afford to pay their water bills. Without a consistent level of support (a single social tariff) for people wherever they live, affordability will prove to be a block when Ofwat considers the investment needed to address the climate and environmental challenges we face. Defra and Welsh Government are exploring the feasibility of a single social tariff in water to replace the postcode lottery of support currently available.
- We agree with the 2037 deadline to achieve the water-related targets. The deadline shows the need for urgent action to reduce water use and improve the quality of rivers and streams. However, we do not underestimate the challenges this will present to the water industry.
- We agree with the proposals for a target to reduce pollution from wastewater (attributed to phosphorus). This target will encourage water companies to continue to explore innovative, nature and catchment based solutions to reduce pollution.
- We accept that these more environmentally friendly solutions might take longer to realise their full benefits. As part of the upcoming Price Review we would like Ofwat to consider ways to encourage more companies to use these approaches. As part of the consideration of strategies to reduce nutrient pollution, it is key that water customers pay only for the costs associated with the operations of their water and wastewater companies. Other parties, such as the agricultural sector, must play their part by paying their fair share of the costs to reduce nutrient pollution.
- We support the proposal to have a water demand target that includes the different components of demand management: water demand (from households and businesses), as well as leakage.

- While we accept the case made for a proposed metric of distribution input/population, it is not clear to us how this target would be set to allow it to take account of regional variations in water availability and potential future growth.
- As part of the process to set the targets, we ask Government to take into account the importance of getting customer support for the different initiatives that underpin the targets. Doing so can increase the success of some of the initiatives needed to achieve the targets, especially those that will need additional investment or that rely on consumer behaviour change.

3. Detailed Response

Nutrient Targets

Nutrient pollution from agriculture - Reduce nitrogen, phosphorus and sediment pollution from agriculture to the water environment by at least 40% by 2037 against a 2018 baseline.

We agree with the proposals for a national target to ensure the expected benefits are widespread. We also acknowledge that the scale and severity of the problem will vary across the country. It is sensible that objectives are set at a catchment level to address these differences.

Nutrient pollution from wastewater - Reduce phosphorus loadings from treated wastewater by 80% by 2037 against a 2020 baseline.

We agree, in principle, with the proposals to encourage water companies to 'explore innovative, nature-based and catchment-based approaches' to reduce pollution from wastewater into the water environment. We also accept that nature-based solutions will take longer to deliver benefits, but will also be better in terms of the embedded carbon, when compared to building end-of pipe solutions. We support an approach that considers and uses more sustainable solutions, even with the time pressures set by the targets. For example, Northumbrian Water[1] is currently trialling integrated constructed wetlands (a type of nature-based solution) for enhanced phosphorus removal at sewage treatment works. There are other companies that are using natural solutions to reduce phosphorus and the risk of flooding, such as Wessex Water at its Cromhall site[2] and Anglian Water's Get River Positive Commitment[3].

We would like Ofwat to consider ways to encourage more water and wastewater companies to use innovative approaches to achieve the targets set out by Defra and help to improve the environment in the long-term. We would expect Ofwat to take this into account during the upcoming Price Review.

We also agree that investment should be focused on areas that are likely to achieve the greatest benefits. Although our recent research[4] suggests that the majority of customers (65%) want planned improvements to ensure that rivers are healthy habitats for wildlife, we would expect customers to have a say in the proposed scale of this investment and how it is prioritised.

As part of the considerations to set and achieve the targets to reduce nutrient pollution, it is important that water customers pay only for the costs of associated with the operation of their water and

[1] Northumbrian Water (2021) Climate change adaptation report. Available here: corp0014-climate-change-adaptation_lr_v5.pdf (nwg.co.uk)
[2] More information is available here: Cromhall research reveals environmental benefits of wetlands (wessexwater.co.uk)
[3] More information is available here: Anglian Water unveils plans for UK's most ambitious new wetland programme
[4] CCW (2022) Awareness and perceptions of river water quality. PowerPoint Presentation (ccwater.org.uk)

wastewater companies through their water bills. Other parties, such as the agricultural sector, also have their part to play.

One of the reasons water companies use phosphorus is to counteract the effects of lead from customer supply pipes. It would be helpful if one of the ways being considered to help reduce phosphorus is by increasing the rate of replacement of lead pipes in customers' homes as well as in schools and public buildings. We appreciate this is a big challenge for many reasons. However, we believe this has many potential benefits, such as improving water quality (at the tap and in the sewers), reducing the need for phosphorus to be added to water and then to remove it, and, can also help to reduce overall leakage if pipe replacement programmes are well targeted. As we detailed earlier, increased investment in these areas can only go ahead in earnest, if there is a consistent single social tariff[5] that gives comprehensive support to those struggling to pay.

The supporting evidence mentions that water companies are already committed to reducing phosphorus levels by around 50% by 2027, a large proportion of the proposed target. However, there would still be a 30% reduction that would need to be funded and delivered in 10 years. This will be a challenging target to achieve, and we want to see companies looking for the best way to achieve this so that customers' money is well spent. We expect water companies to use and share the knowledge they have acquired in recent years through the use of nature based and catchment solutions, to ensure the proposed investment to achieve these targets delivers the expected benefits at the right pace. The upcoming Price Review presents an opportunity for water companies (Defra and Ofwat) to consider the schemes that will be required to achieve this long-term target and whether a mix of policy options can be considered as part of the solution.

Water demand

We are pleased to see the target to reduce water demand linked to the resulting benefits to the environment, including a reduction in carbon emissions (from reducing the volume of water treated and pumped). We agree that having a statutory driver can help to address not only household and non-household demand, but also leakage (in companies' networks and from customer supply pipes).

Addressing all these issues under one target will contribute to increase the resilience of water resources. It is also positive that this target will cover demand management as a whole, taking into consideration leakage and non-household water use. We support the metric that takes into account distribution input only. Although the Environment Act calls for a national target, this measure should be set to reflect the regional pressures on water resources and localised circumstances of water companies. The target can also be tracked over time to assess whether the water policy measures linked to the target are achieving the desired effect[6].

We are unsure how the Distribution input/population metric would work in practice. Population and water resources are distributed differently in England (higher water pressures and population density in the South East). If distribution input decreases, but population increases, it is unclear how this will be reflected in the water left for the environment – one of the considerations for this metric.

It would be helpful to understand how the differences in projected growth and availability of water resources will be considered when developing the target.

[5] More information about CCW's proposal for a single social tariff can be found here: https://www.ccwater.org.uk/affordability-review/

[6] See 19 August 2020: Environment Bill - environmental targets - GOV.UK (www.gov.uk)

We look forward to the introduction of the mandatory label to reduce water use and to the 'water efficiency' roadmap for new developments and retrofits[7]. These two elements of policy are likely to contribute towards the achievement of the demand reduction target.

Reductions in personal water use

We appreciate the urgency and ambition Government wish to achieve with the target. We do however recognise how challenging it will be for water companies to achieve an average water use of 122 litres/person/day. Personal water use has nearly doubled in the past 50 – 60 years. At present, the three year rolling average for 2018-2021 (on which companies performance commitments are set) is 145 litres/person/day. We know and accept that the pandemic caused an unprecedented increase in personal water use. It seems too early to establish if people will return to more or less their pre-pandemic water use patterns.

Consumers will have a key role to play in helping to achieve this target. Our recent research[8] suggests that although 91% of people say they were aware of the effects of their water use (and use of drains and sewers) on the environment, 61% of people had not done anything to use less water in the last six months. We would like to stress the need to explain to customers why saving water matters and reminding them of the links between climate change, the availability of water resources in the environment and their own water use before explaining the actions they can take to reduce their water use. Consumers will also need the messages tailored to their circumstances in order to increase the likelihood of achieving behaviour change. CCW is embarking on a programme of work to help consumers make the connection between their water using behaviours at home and the water environment and in doing so we will be working with a wide range of stakeholders (water companies, environmental NGOs, environmental regulators to name a few) to reach out to consumers and encourage them to take action.

Leakage

Water companies are already working to reduce leakage by 50% on 2017-18 levels by 2050. The target of 31.3% reduction (on a 2017-18 baseline) by 2037 can be considered to be a milestone towards achieving the 2050 target. We welcome the proposals (included in the evidence document) where Defra supports plans to agree individual targets with water companies. This is important, as companies have differing starting points and leakage commitments to achieve the long-term target,

We welcome the recent publication of Water UK's roadmap to reduce leakage by 2050[9] and the industry's commitments to achieve this. We also think that it is very positive that the roadmap considers the impact on customers' bills of some of the options proposed.

We would like Defra and Ofwat to encourage companies to share best practice and innovation for reducing leakage and demand. There is a need to break the competitive culture companies tend to have to keep their good ideas to themselves, especially during price reviews when they have incentives to produce high quality business plans. There is an opportunity with the upcoming consultation on the Methodology for the 2024 Price Review for this to be addressed.

Non-Household (NHH) customers

[7] Ministerial Statement, 1 July 2021. https://questions-statements.parliament.uk/written-statements/detail/2021-07-01/hcws140
[8] CCW (2022) Water Awareness survey. Water Awareness Survey | CCW (ccwater.org.uk)
[9] Water UK (2022) A leakage roadmap to 2050. https://www.water.org.uk/publication/a-leakage-routemap-to-2050/

In recent months the NHH sector published a collective action plan for achieving greater water efficiency, but at the moment there is currently no agreed target for reducing water demand from the sector. We welcome the proposals to develop a target, but question if this is a joint target for businesses and how will it account for business size and/or sector. Many NHH customers are micro businesses/SMEs whose water use can be compared to that of a household. Our research[10] suggests that only 46% of NHH customers had taken some action to save water on site. The most common actions within this were things like 'only filling the kettle with the required amount', and fitting 'save a flush devices'. Smaller customers were less likely to have taken action than larger ones.

We know that a major barrier to some NHH customers' engagement in water efficiency is their lack of knowledge of their water use, usually resulting from a high level of estimated billing. We agree with Defra's proposal to work with MOSL to gather data from NHH customers so that information can be shared in a way that allows customers to understand their water use and act on it, with the support of their retailer and wholesaler.

At the moment water efficiency activity is seen by retailers as a 'value added service', which not all retailers are offering their customers, making it hard for some customers to access help in reducing their consumption. A far greater focus on water efficiency is needed in the NHH market. We welcome the recent Strategic Panel Priority Market Outcomes document published in May 2022 which places water efficiency as a high priority for the business retail market. .

4. Conclusions

We support the proposals contained in the consultation to improve the water environment, in terms of improving both the quality and quantity of water in our rivers and streams and quality of coastal waters. The actions proposed (as part of the proposed water related targets) will have added benefits, such as achieving a sustainable use of natural resources and contributing towards the delivery of net zero. We also agree the level of urgency required to achieve these targets.

As part of the process to set the targets, we ask Government to take into account the importance of getting customer support for the different initiatives that underpin the targets. As the Statutory Consumer Body, CCW looks forward to working closely with Government as these proposals are further developed using our consumer insight and knowledge.

In order to successfully deliver these targets, there will need to be comprehensive support for the increasing number of people that cannot afford to pay their water bills. Without a consistent level of support (a single social tariff) for people wherever they live, affordability will prove to be a block when Ofwat considers the investment needed to address the climate and environmental challenges we face.

Enquiries

Enquiries about this consultation should be addressed to:
Dr Ana Maria Millan
Policy Manager
CCW
Email: anamaria.millan@ccwater.org.uk
Telephone: 07810 655309
Date: 24 June 2022

[10] CCW (2021) Testing the Waters. Testing the Waters 2021 | CCW (ccwater.org.uk)