

Climate Change Adaptation Reports - CCW's findings

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Foreword

The heatwaves and droughts experienced in the UK in 2022 have put the challenges that everyone faces due to climate change into perspective. These extreme weather events put pressure on the services we rely on from our water companies, and also on the environment.

We all need to be able to cope: water companies need to be prepared, regardless of the weather and everyone needs to think about how we use water and our drains and sewers. The National Infrastructure Commission suggests that the single, most cost-effective action to adapt to climate change is reducing our personal water use. These issues increase the urgency of engaging with customers to explain the challenges brought by climate change, the actions water companies are taking to adapt and, crucially, making a clear call to action: we all have a role to play.

Through our People and the Environment programme, we will work with the sector to help people understand the link between climate change, their own use of the water and wastewater services they depend on and their impact on the environment. We all have a role to play - saving water and using drains and sewers responsibly are key actions to adapt to climate change and to protect the environment.

Mike Keil

Dr Mike Keil
Senior Director of Policy, Research and Campaigns



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Introduction

In 2020, CCW wrote to all the water and sewerage companies in England, encouraging them to produce a climate change adaptation report and giving advice on what they should contain. These voluntary reports are a great opportunity to engage with consumers and give them confidence that their water company is taking action on one of the biggest challenges we face. We were pleased then to see that all but one company submitted a report to Defra and that on the whole, the companies took our advice into consideration.

Compared to previous rounds of reporting, there has been a very positive shift in terms of the content and layout of the reports – they are more engaging, they tend to explain the challenges brought by climate change, the actions companies are taking to address these and include some of the performance measures used to track progress. It is also positive to see the links between adaptation and the overall business planning process, including many examples of partnerships working with a wide variety of organisations, from responding to emergencies to improving biodiversity and protecting the environment.

For CCW, it is positive to note that the reports are people focused and that in many instances companies include how they engage with customers in order to understand their priorities. We also welcome the consideration of affordability – it was great to see that it is mentioned in 13 out of the 14 reports, especially given the current economic climate. Adapting to climate change will need investment, and we expect customers to receive the financial support they require if they struggle with their bills. Affordability is a priority area for us and a focus of our campaign to end water poverty.

Appendices summarising CCW's expectations of water companies' climate change adaptation reports can be found from page 24 onward.



"We accept that adapting to climate change will need investment, and expect customers to receive the financial support they require if they struggle with their bills"

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Key Findings - Business Planning



Company strategy and measures to keep track of progress

Although the reports are based on what companies have done in recent years to adapt to climate change, some companies reference activities that will take place as part of PR24 and beyond. Some companies also mention how customer expectations, priorities and preferences (including those of future customers) are taken into consideration to support adaptation to climate change.

Companies also explain how the challenges brought by climate change are considered in the different 'building blocks' of their regulatory process which include programmes to improve the environment. These include Business Plans, Water Resources Management Plans, Drought Plans and Drainage and Wastewater Management Plans and the Water Industry National Environment Programme.

It is positive to see many companies include performance metrics in different areas (i.e. reductions in personal water use and in leakage, metering, loss of supply, sewer flooding, risk of water use restrictions) to show their progress on adaptation.

There is an acknowledgement of the need to invest to adapt in areas such as assets, processes and workforces. The call for investment should be supported by existing and future regulatory frameworks.

But, some companies mention that current regulatory planning cycles can be a barrier to implement adaptation actions. There seems to be support for cycles that are more future looking, possibly more accepting of risk and uncertainty and that include the delivery of wider benefits. An example of this is the use of nature-based solutions – where outcomes can take longer to materialise, but their use can bring wider benefits to the environment and to society.



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Customer engagement

Although many reports are customer friendly, they remain largely for an informed and engaged audience. They also tend to be hidden on companies' websites. This is an area that needs to be improved.

In their reports, companies tend to acknowledge that customers have a role to play in adapting to climate change. These include areas such as saving water and the responsible use of drains and sewers. In addition, many companies mention the success of their behaviour change campaigns and awareness-raising activities. Although this is very positive, it falls short of a clear call to action – everyone can play their part to help companies adapt to climate change and should act on it.

There is also mention of the lessons learned, in terms of customer engagement, during extreme weather events and how companies have taken these on board. These lessons include:

- Customer communications: there is a mix of proactive and reactive communications when services are affected as a result of an extreme weather event
- Customer experience: companies understand that working practices and resources may need to be adjusted when things go wrong, not only to address the issues causing loss of service but also to deal with the increased customer contact.



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Key Findings - Managing Risk



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Companies' understanding of risk

As part of the guidance from Defra, water companies used the second Climate Change Risk Assessment (CCRA2) to explain how they are managing the risks that are specific to the sector. Most water companies included the relevant tables used to report on their risks, as well as on the actions taken to mitigate these and their progress. It helps to see the actions and progress linked to the metrics used to measure companies' performance.

It was encouraging to see that many companies also took the opportunity to explain what has changed and/or improved since the last round of reporting in 2015, as well as what they are planning to do in the future - both in the mid and long term.

Some companies acknowledged that there are areas where their understanding of risk could be improved, and where risks remain high. Unsurprisingly, companies also mention they are already experiencing some impacts from climate change such as more variations in temperature, and more extreme weather, including longer periods of dry weather. Some companies also reflect on how issues such as high temperatures can affect their workforce.

Companies accept that failing to act on the risks identified by the CCRA2 are likely to be detrimental to the levels of service customers expect and to the environment. We expect companies to take reasonable steps, working together with customers, to ensure that the taps keep running and the environment is protected. The ways in which companies are adapting to challenges brought by low rainfall and high temperatures were put to the test during the summer with the increased water use brought on by record breaking high temperatures and drought experienced throughout England and Wales.



Lessons learned from extreme weather events

The reports include examples of the lessons learned from recent extreme weather events – freezing temperatures, storms, flooding and droughts. These lessons have helped companies shape, improve and test their response when things go wrong. They have also helped companies understand their weaknesses and find ways to address these to improve the support available for customers who are affected, especially if they are vulnerable, and to identify instances where collaboration with other organisations is key to maintaining good services to customers.

The lessons learned are not limited to protecting assets to keep the taps running, but also to protect the environment. The challenge for companies is to maintain or improve their resilience as extreme events become more frequent and potentially more severe.



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Key Findings - Building Resilience

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Interdependencies and collaborative working initiatives

Companies are aware of the interdependencies with other infrastructure and utility sectors, as well as the actions they should take to address and mitigate any associated risks.

Failures in other infrastructure or utility sectors, particularly due to extreme weather events, can lead to loss of service and disruption to water customers. Water and sewerage companies are aware of these interdependencies and are taking action to address and mitigate any associated risks.

The reports also include examples of joint working between water companies and a variety of stakeholders, not only to prevent and deal with the consequences of extreme weather, but also to protect and improve the environment, or to support vulnerable customers. There is a recognition that different partners have different roles to play and that collaborative working can result in positive outcomes, including cost savings. But for these arrangements to work, it is important that there are clear roles and responsibilities to deliver the intended benefits.



Barriers to adaptation

Regulatory/technical

Some companies identified a lack of incentives to choose (soft) solutions that deliver a wide range of benefits, including to the environment and society. They accept that some of these measures may take longer to realise their benefits, hence the need for more forward looking planning cycles.

There was also mention of differing levels of resilience amongst (utility) sectors, and of their understanding of the actions and progress needed to successfully adapt to climate change. An example is the lack of common flood resilience standards between sectors.

Another area is data sharing between utilities and local authorities, to help vulnerable customers in preparation for and during extreme weather events, or when services fail. We support the work the sector is doing to improve this.

Financial

Adapting to climate change will require additional investment which will put additional pressures on customers' bills. The affordability of water and sewerage bills will continue to be a challenge, now and in the future.

Companies will also need to balance obtaining customer support to pay now to achieve resilience in the future. Furthermore, water customers can only be expected to pay for the resilience of the water sector and not for the resilience of other sectors.

We expect companies to ensure there are measures in place for customers to receive the financial support they require if they struggle with their bills.

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Examples of adaptation initiatives

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Affordability and wider customer support

- **Northumbrian Water:** Has a commitment to eradicate water poverty by 2030 which is linked to affordability. The company referenced the Fair Water Project – a four-year collaboration with Northern Gas Networks, Newcastle University, National Energy Action and Procter and Gamble to link water and energy solutions for some households.
- **Yorkshire Water:** The company is running a pilot to improve data sharing with the North Yorkshire Local Resilience Forum. This will enable secure sharing of lists of vulnerable customers during emergencies.
- **Thames Water:** Developed the Water Efficiency Engagement app (WEE app), which allows its ‘in-home advisers’ to give personalised water savings reports as well as help vulnerable customers to sign up to the PSRs, receive independent affordability assistance and take part in the company’s Green Redeem (community incentives) scheme to save water.



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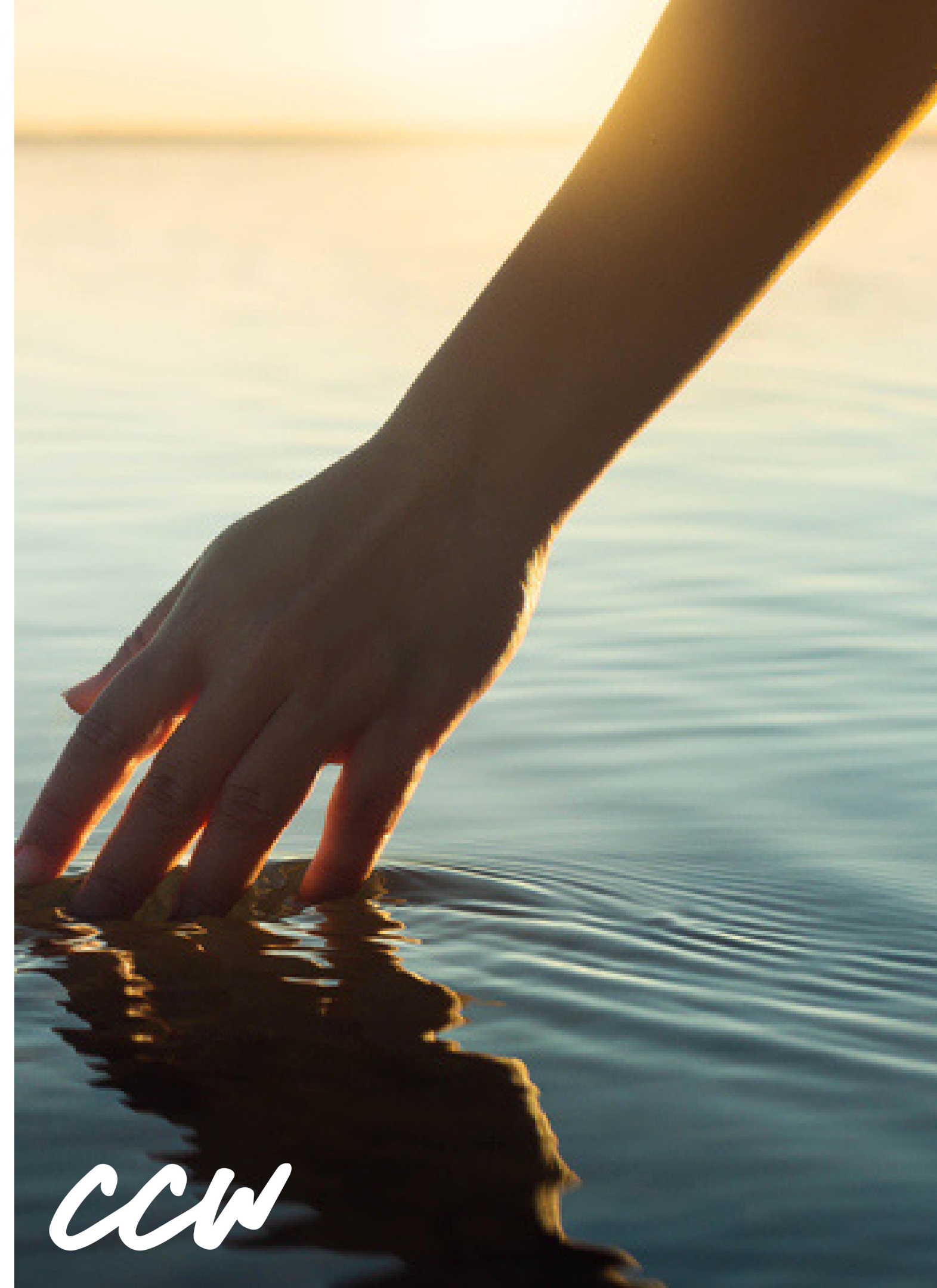
Behaviour change initiatives

- **Anglian Water:** Achieved the reduction in sewer flooding occurrences following its 'Keep it Clear' campaign to raise awareness of the negative effects of sewer misuse.
- **South West Water:** Its 'Play your part, be water smart' campaign aims to help customers (and tourists) reduce their water use and their water bills as well as increase awareness of the wider benefits of saving water. The company also acknowledges customers have a role to play to avoid sewer misuse, and in helping to prevent rainwater from entering the company's sewers.
- **Yorkshire Water:** Has targeted campaigns to alert customers to the impacts of disposing of fats, oils, grease, and wet wipes inappropriately. Also, the company encourages more customers to install water butts to prevent rainwater from entering its sewers. Additionally, the company developed the 'Soak up Water' initiative with the Yorkshire Wildlife Trust to go into schools and work with children to raise awareness of flooding and how everyone can use green solutions to help soak up water.



Behaviour change initiatives

- **Affinity Water:** The 'Save our Streams' campaign aimed at reducing water use to protect the local environment. The activities in this campaign range from helping customers compare their water use against others when they receive their bills, to education and face to face engagement.
- **SES Water:** Partnerships with housing associations, charities and community groups allows for water saving home visits to be joined up with energy saving advice.
- **Severn Trent Water:** In addition to campaigns and engagement to help customers save water and use sewers and drains in a responsible way. The company also highlights the impacts of hard paving in gardens, patios and driveways without considering the adequate disposal of surface water.
- **Wessex Water:** Has different activities including water efficiency home checks, installing water saving devices and identifying sewer blockage hotspots. The company also has a water citizenship project in Chippenham to engage and involve people with their local environment.



Wider benefits of adaptation measures

- **Affinity Water**: Developed a framework to measure resilience to customers and communities, following approaches used by other companies. This framework will enable the company to understand which assets at risk of flooding will have the biggest impact on communities if they were to be taken out of action.
- **Anglian Water**: First company to build a water treatment wetland, in partnership with the Environment Agency and the Norfolk Rivers Trust. This site treats more than 1 million litres of water per day.
- **Northumbrian Water**: Is considering using constructed wetlands to improve the removal of phosphorus at wastewater treatment works. These types of schemes can provide many additional benefits such as better water quality, enhanced biodiversity, carbon sequestration and blue spaces for communities.
- **Severn Trent**: Is using a nature-based approach to protect homes from flooding. This initiative is funded by the Government's Green Recovery initiative. This scheme will create a 'catchment scale flood resilient community'.
- **Thames Water**: Is using sustainable drainage systems to reduce the amount of rainfall that enters the sewerage system. Carefully sourced materials also helped to reduce embodied carbon.



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Recommendations



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Recommendations for water companies

1

Customer engagement

- Reports remain largely for an informed and engaged audience. Including a customer friendly summary report can help to improve information about the challenges brought on by climate change and the actions companies are taking to address these. Only a handful of companies produced summaries of their reports.
- Use as many opportunities as possible to engage with consumers on climate change, how it can affect the resilience of water and waste water services and the actions they can take to help. This engagement can:
 - **Increase the visibility of climate change.** Often, information about climate change is difficult to find on companies' websites.
 - **Raise awareness.** This includes awareness of the challenges for water and sewerage companies and the actions they are taking to progress to continue to adapt to climate change.
 - **Be a call to action.** Customers have a role to play too – they don't seem to link climate change, saving water, the responsible use of drains and sewers and the environment. We need people to make that link and act on it.
 - **Help to promote additional services and increase customer sign up** (i.e. financial support and Priority Services Registers). This will ensure customers who need additional support will receive assistance when they require it or when things go wrong as a result of extreme weather events.

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Recommendations for water companies

2

Customer priorities

- Reflect on customer priorities when planning and deciding on actions to adapt to climate change. Many companies explained this in their reports by linking insight from their customer research with the actions they need to take to continue to provide reliable, safe and affordable water and wastewater services.
- Affordability will continue to be a challenge. Adaptation to climate change will require investment now and in the future. This is one of the reasons why we are calling for companies' support for the introduction of a single social tariff to help customers who need financial assistance.

3

Risk and innovation

- Continue to improve your understanding of risk. The more water companies know, the better they (and their customers) can prepare to overcome the challenges brought on by climate change. Failing to act on risks can be detrimental to levels of service, to the environment and to customer trust.
- Lessons learned should not be ignored. Acting on the lessons from past extreme weather events can help to increase resilience and to understand and act on customers' needs when things go wrong.
- Innovation will be key to reduce risk and to adapt to climate change. Many companies already showcase how innovative solutions are helping them to adapt to climate change and to protect the environment.

4

Interdependencies and collaborative working

- There is recognition that different partners have different roles to play and doing so can result in positive outcomes, including cost savings. To succeed, it is imperative that roles and responsibilities are clearly defined to deliver the expected benefits.
- Understanding the relationship between water companies and other utility providers/sectors, will help to address weaknesses.
- Share best practice and learnings from service failures related to extreme weather events. Doing so will help to improve the services customers expect and the help they receive when things go wrong. This is especially important for vulnerable customers. Improving data sharing between utilities and local authorities, to help vulnerable customers in preparation for and during extreme weather events.



Recommendations for regulators

Future planning and investing

- Water companies need to invest to continue to adapt to climate change. This should be supported by current and future regulatory frameworks. We expect customers to receive the financial support they require if they struggle with their water bills. We would like continued support for our campaign for more consistent financial help across England and Wales for people that struggle to afford their water bill.
- Longer-term planning: there is support for planning cycles that are more long term and possibly more accepting of risk and uncertainty when considering the delivery of wider benefits, especially if these are a result of softer adaptation measures.
- Improve incentives to encourage the use of environmentally friendly solutions (that do not always use concrete) to deliver additional benefits for society and the environment.
- Common resilience standards. Differing levels of resilience amongst sectors are reflected in different views and understanding of risks and the measures to mitigate these.



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What's next?

Although the third Round of the Adaptation reporting Power shone a positive light on the water sector, there is still work to do. We recognise the need to raise awareness amongst people about the challenges brought by climate change and the actions we can all take, as a society to rise to the challenge.

A key element of CCW's People and the Environment Programme is to help people improve their understanding of our impacts on the water and wastewater services we rely on, and on the environment. Doing this will contribute to wider adaptation efforts. To achieve this we:

- Will work with the water sector to trial activities that are aimed at helping people to value water and use it wisely. This includes trials of innovative tariffs.
- Want to see the creation of Accelerated Reduction in Demand (ARID) – a vehicle to coordinate and strategically steer initiatives to reduce demand for water.
- Will carry out research to understand people's views on nature based solutions. This information can help companies and Ofwat in their decision making at PR24.
- Will continue to work with water companies to provide accessible information about the work they do. This includes climate change and the actions companies are taking to adapt and ensure a reliable and affordable service now and in the future.

We support adaptation reports becoming mandatory in future rounds of reporting. We think these reports can help a wide range of stakeholders (including Government and consumers) to understand the actions taken by the sector to ensure the taps keep flowing and the environment is protected.

Finally, adapting to climate change will require sustained investment that will have an impact on water bills. We will seek to end the postcode lottery of existing financial support by working with water companies to create a comprehensive, fair, and consistent support scheme across England and Wales for those who struggle to afford their water bill.

Visit our website to keep up with our work on our existing campaigns to ensure people are well informed, treated fairly and have confidence in their water and sewerage services.



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Appendices



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Appendix - CCW's expectations for water company climate change adaptation reports - Business Planning

Link adapting to climate change, company strategy and measures to keep track of progress

- The climate change adaptation report provides an opportunity to bring together the different regulatory plans, such as Business Plans, Water Resources Management Plans and Drainage and Wastewater Management plans and related performance indicators.

Opportunity to engage with consumers and other stakeholders

- These reports can help to explain the challenges faced by the company, the actions it is taking and progress on these
- It can be helpful to produce a customer friendly, short summary alongside the main report to increase accessibility of the information.
- The adaptation reports are an opportunity to develop a call to action for customers - they also have a role to play by reducing their water use and by using drains and sewers responsibly.



Appendix - CCW's expectations for water company climate change adaptation reports - Managing Risk & Building Resilience

Improved understanding and management of climate change risks

- Better information about extreme weather should have improved the companies' understanding of, response and mitigation of risks
- Describe how risks are communicated to customers. Do they understand the role they can play to help mitigate these risks?
- Mention lessons learned from previous extreme weather events and how these help to shape current/future adaptation activities
- Include examples of initiatives to manage climate change related risks.

Collaborative working initiatives to mitigate risks and deliver wider benefits to the community and the environment

- Describe how companies have identified interdependencies with other sectors, and how these are being addressed
- Explain what are the main barriers to adapt to climate change and how these can be overcome
- Mention the wider benefits achieved through climate change adaptation measures.

