



**Efficient Use of Water – current progress
and future plans**

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1. INTRODUCTION

- 1.1 Under Section 93A of the Water Industry Act 1991 water companies are required to promote the efficient use of water by all their customers. The legislation does not however allow companies to impose water efficiency measures on their customers. Promoting the efficient use of water is a long-term activity, as it involves encouraging consumers to use water sensibly, both today and in the future. Changes in attitude to water use are unlikely to happen overnight, so companies need to have long-term strategies in order to have an impact.
- 1.2 The companies' duty to promote the efficient use of water is enforced by Ofwat. Accordingly, in 1996-97 water companies submitted water efficiency plans to Ofwat, covering the period to the year 2000. These detailed the activities that companies planned to undertake in order to fulfil their duty. In consultation with the Environment Agency, Ofwat assessed the plans and, where necessary, asked companies to improve them. Ofwat has since reported each year in the *Leakage and Efficient Use of Water* report on the way in which companies have developed and implemented their water efficiency strategies.
- 1.3 The National Audit Office (NAO) reported in December 2000 on water companies' progress in promoting the efficient use of water. The NAO found that under Ofwat's framework, companies have made significant progress in promoting the efficient use of water, through activities such as metering, repairing supply pipes, distributing cistern devices and water audits, and in educating customers. A survey by the NAO showed that 57% of customers recalled having seen advice on using water efficiently and 88% claimed to be carrying out some water-saving activity.
- 1.4 In evidence to the NAO Ofwat explained its view that the regulator should proceed cautiously in setting out what companies should do to meet their statutory obligations. There is currently limited information on the cost-effectiveness of specific water efficiency measures, particularly over the longer term. Furthermore, most companies currently have adequate resources to meet existing demands for water with few proposals for the development of new resources. In these circumstances Ofwat considers that companies should continue to promote awareness of the need to avoid

wasting water and to focus on initiatives which are most likely to be cost effective or beneficial to customers. The NAO accepted that this approach was reasonable but noted the need to continue developing more robust information on costs and benefits.

- 1.5 The Public Accounts Committee (PAC) took evidence regarding leakage and the efficient use of water issues on 7 February 2001 and will produce its report shortly. They requested a further memorandum on water efficiency work, especially in schools, which Ofwat has provided. Ofwat will write again should the PAC report require any further action.
- 1.6 Meanwhile, further work is now needed to clarify the costs and benefits of water efficiency measures, particularly over the longer term. Ofwat is working with the industry to improve the quality of data available to inform decisions. United Kingdom Water Industry Research's (UK WIR) current cross-industry project on identifying best practice in measuring the savings from water efficiency activities will provide guidance on consistent methodologies to allow different measures to be compared. Ofwat also expects companies to continue research, individually or in collaboration, into which measures are most economic. This work will help to ensure that companies can base future plans around the activities that are most beneficial and cost-effective. It may also result in new information which would lead companies to revise their water efficiency strategies.
- 1.7 In the meantime Ofwat asked companies to set out longer term plans for maintaining customer awareness and for the core water efficiency activities. It is these activities which Ofwat asked companies to cover in plans covering the period to 2005 and which are addressed in this paper. (See Annex for examples of Water Efficiency activities).

2 PLANS FOR PROMOTING THE EFFICIENT USE OF WATER UP TO 2005

2.1 Companies were asked to focus particularly on the activities that Ofwat considers most likely to be cost effective and to provide benefits to customers, namely:

- access for customers to cistern water-saving devices and advice to promote their effective use;
- a long-term programme for providing household and commercial customers with water-saving advice including advice on self-audits of household use; and
- plans for promoting efficient use of water and advice on self-audits to schools, hospitals and other institutions.

This document sets out Ofwat's views on the companies' plans. To aid its assessment of them, Ofwat gave the ten regional Ofwat Customer Service Committees and the Environment Agency the opportunity to comment on key elements of the companies' plans.

2.2 In assessing the companies' plans Ofwat looked at the overall package of measures proposed in light of the balance between supply and demand in the companies' area. Issues taken into account included the following.

- The company's overall balance between supply and demand for water.
- The scope for further progress in reducing leakage.
- The level of water efficiency activity undertaken in recent years.
- Companies in areas where water resources are tight are expected to be more proactive in promoting the efficient use of water than those where water is plentiful.

Ofwat accepts that it may not be appropriate for companies to undertake exactly the same level of activity every year and that targeting of particular areas, or customer groups, may make sense for some companies.

2.3 Ofwat is satisfied that in the current context every company's strategy, if developed and implemented according to the plans submitted and amplified in subsequent correspondence, will be adequate to ensure that the company meets its statutory duty. However, as knowledge improves and new evidence becomes available Ofwat will expect companies to take account of that and to revise their plans accordingly. It is also possible that other changes either to the regulatory regime or to the balance between supply and demand for water may occur. In these circumstances companies would need to review the role of water efficiency measures within their overall Water Resource Plans, which are submitted to and reviewed regularly by the Environment Agency and which are reflected in price limits. The following sections of this report describe in more detail the nature and scope of the activities which companies propose to undertake over the next five years to promote the efficient use of water.

3 CISTERN DEVICES

3.1 Cistern devices are devices that are placed in the cistern of a toilet, displacing a certain amount of water and hence reducing the amount of water used when the toilet is flushed. There are various devices available, displacing from ½ to 3 litres of water per flush, although larger devices should only be used in large cisterns.

3.2 Cistern devices are cheap and when fitted correctly have the potential to save a significant amount of water. For this reason, cistern devices appear to be one of the most cost-effective water efficiency measures currently available. Ofwat has, therefore, encouraged the use and promotion of cistern devices.

3.3 A few companies have expressed doubts on the water-saving benefits and the cost-effectiveness of cistern devices, especially of larger devices, because of concerns such as double flushing. Ofwat considers that rather than rejecting the whole concept of cistern devices, companies should ensure that customers are given clear instructions to remove the device if problems arise, and should investigate whether using smaller cistern devices eliminates the problem. In particular, for cisterns with a capacity of less than 9 litres, only smaller cistern devices should be used. For new low-volume or dual-flush toilets, cistern devices should not be installed. Customers should be given

guidance to help them decide whether a cistern device would be appropriate for their cistern and if so on how to fit the device. Ofwat considers that if these steps are followed, cistern devices will prove to be cost-effective.

- 3.4 Companies are expected to ensure that all customers have access to cistern devices, free of charge, on request. They should also advise customers of the availability of cistern devices through billing literature or water efficiency advice leaflets and other promotional activities. All companies' plans meet this basic requirement.
- 3.5 Companies' plans for the distribution and promotion of cistern devices should be related to their individual resource situations and past levels of activity. The degree to which each company chooses to promote cistern devices is often linked to the level of activity in promoting self-audits among domestic customers. Distributing cistern devices and self-audit packs as a combined "water efficiency pack" is likely to be a cost-effective approach.
- 3.6 Several companies have either already distributed a cistern device to most, or all, households in their region, or plan to have done so by the end of the five-year period. Ofwat would consider this strategy to represent good practice for companies in a tight resource position
- 3.7 This level of activity would not necessarily be expected for companies in a marginal or adequate resource position. However, cistern devices should still be available on request for all customers. Many companies in these resource bands propose to target distribution of cistern devices in specific areas where demand management measures would be most beneficial, or at customers who are already in contact with the company, such as new meter optants. This approach is appropriate and will improve the cost-effectiveness of the activity. In taking forward their strategies, all companies may wish to consider further whether they are making best use of existing customer contacts.

4 SELF AUDITS

- 4.1. Auditing of water use may be carried out by the company or by the customer (a self-audit). Ofwat considers that there is evidence that self-audits are likely to be cost-effective, particularly where a customer has shown interest in obtaining advice on the efficient use of water. All customers should, therefore, have access to information explaining how to audit their own water consumption, and how they could reduce the amount of water they use. Such assessments will be particularly useful to customers who already have or who are switching to a metered charge and may wish to reduce the level of their bills, and an element of targeting of these customers may be an effective strategy. However as companies have a duty to promote efficient use of water by all their customers, they should ensure that unmeasured customers will also be aware of the availability of self-audit leaflets or packs.
- 4.2. All companies meet the basic requirement that advice on how customers can assess their own water consumption should be available to all customers on request, and that the availability of this advice should be publicised in literature sent to all customers.
- 4.3. Several companies have either already taken the opportunity to send a self-audit leaflet to all their domestic customers, or intend to do so within the next five years. Ofwat regards this use of a relatively cheap means of promoting efficient use of water to represent good practice. Some companies will also have issued cistern devices to all their customers; linking these two activities clearly has benefits.

5 LONG TERM EDUCATIONAL PROGRAMMES

- 5.1. Changing the behaviour of customers is a long-term process. While companies may undertake particular campaigns during dry periods they also recognise the importance of a long-term education strategy informing existing customers and children of the need to use water wisely. While the benefits of educational activities are difficult to quantify, they are an important part of companies' overall strategies.

- 5.2 Ofwat is satisfied that all of the companies have developed broad-ranging education programmes. Many of these are centred on schools and community activities, encouraging children to take home advice taught to them in schools and educational centres set up by the water companies.
- 5.3 All companies are providing water-saving advice to existing customers through channels including newsletters, billing literature and water efficiency leaflets, websites and advertisements and features in the local media. Ofwat reports each year in the *Leakage and Efficient Use of Water* report on its assessment of the quality of each company's literature.
- 5.4 Examples of educational projects for schools set up by companies include:
- education centres at company sites, or visits by company staff to schools;
 - plays, competitions and other activities targeted at schoolchildren;
 - many companies provide water education packs to schools with material that is linked to the National Curriculum; and
 - exhibitions in places visited by local schoolchildren, such as zoos and farms.
- 5.5 Many companies also provide talks and presentations to local community groups, in some cases using mobile roadshows to provide specific advice and distribute information to customers. Visitor centres at recreational sites are also used to disseminate information on the efficient use of water.

6 INFORMATION ON WATER SAVING IN SCHOOLS AND INSTITUTIONS

- 6.1 Ofwat has emphasised the importance of targeting information at customers who may benefit from water efficiency measures. In particular water audits for customers such as schools and hospitals, where consumption is traditionally high, can yield significant savings in water and reduce their bills. This is an area where Government is also active, with the development of the WaterMark project, which will provide benchmark information on water use in schools and other public sector buildings.

6.2 Companies are focussing an acceptable level of attention on institutions such as schools and hospitals. Many are distributing self-audit packs to schools, and some have plans to adapt them to suit other community buildings or hospitals. A number of companies are taking this work forward in partnership with local authorities or other bodies with relevant expertise and contacts, for example, in promoting energy efficiency. Such an approach may deliver benefits both in reduced costs and more effective communication with customers.

6.3 Examples of good practice include projects such as:

- working with local councils to provide water efficiency self-audits and advice to all schools in a particular area;
- contacting all schools and major hospitals in the company's area to offer water audits or self-audit packs; and
- producing leaflets and advice tailored to specific types of institutions such as schools, hospitals and community buildings.

7 INFORMATION FOR BUSINESS CUSTOMERS

7.1 Most business customers are now metered and should, therefore, have an incentive to use water efficiently. It is important that these customers are able to access information that will help them to reduce their usage and so their water bills.

7.2 All companies provide literature for business customers that includes advice on how to assess and reduce consumption. Some companies issue this information unsolicited to all non-household customers, which Ofwat considers to be good practice. Others issue such information on request. Companies are increasingly also offering more detailed advice on a consultancy basis or as part of service packages offered to larger customers.

- 7.3 Ofwat accepts that it is not always appropriate to issue the same information each year to every customer and that there are other sources of industry specific advice for business customers, such as local waste minimisation groups and the Environmental Technology Best Practice Programme, now known as Envirowise. It is, however, important that the amount and quality of the information sent is kept under review annually to ensure that customers are aware of the advice that they can obtain. Companies may also choose to work in partnership with other local groups or programmes.

8 CONCLUSIONS

- 8.1. Overall Ofwat is satisfied that the companies' strategies for 2000 to 2005 will, if developed and implemented according to the plans submitted and amplified in subsequent correspondence, allow them to fulfil their duty to promote the efficient use of water by their customers. However, as noted above, companies will need to keep their strategies under review to take account of new information and changes in the context in which they operate.
- 8.2. Progress in all areas of water efficiency activity will be monitored and reported in Ofwat's annual *Report on Leakage and the Efficient Use of Water*. Ofwat accepts that companies may wish to modify their strategies in the light of future developments and improvements in the understanding of the costs and benefits of specific activities and approaches. Companies should use their Annual Returns to Ofwat to explain any significant departures from their original strategy and any intended modifications to it. Companies will also need to ensure that their work in promoting the efficient use of water is properly reflected in the Resource Plans and progress reports which they submit to the Environment Agency.

ANNEX

EXAMPLES OF WATER EFFICIENCY ACTIVITIES

This annex illustrates the nature of water efficiency activities planned by companies. Anyone interested in further information regarding the activities of any specific company should contact the company and ask for details of their water efficiency plan.

CISTERN DEVICES

A company, in a “tight” water resource area (Thames Water) has already issued cistern devices to cover more than two thirds of its customer base. In addition to distributing devices on demand, the company also intends to target customers in resource sensitive areas. Cistern devices will be distributed via door drop delivery, field staff, councils and housing associations to their housing stock and by utilising the Hippo as an envelope. Meanwhile, it also plans to continue promotion through methods such as information distributed with bills, staff contact with customers, the telephone message at its customer contact centre, press releases and through its web-site.

One company (Southern Water) which has already distributed cistern devices to all customers now plans to maximise use of customer contacts to distribute further devices in the future. These contacts would include optional metering visits, customer visits to company offices and various promotional activities such as the community talks programme and visits by the mobile promotion team to town centres, out of town retail parks and major leisure venues.

Another Company (South West Water) is currently targeting via a community initiative with Global Action Plan (GAP) an area where its water resources strategy is most dependant on making savings from water efficiency (North Devon). GAP’s Action At Home packs contain a Hippo and with a project manager and assistants living in the area, selected groups are helped to fit the Hippos.

Tendring Hundred plans to include a Hippo in its meter Welcome pack for newly metered customers.

AUDITS

Folkestone and Dover Water (in a ‘tight’ water resource area) has already sent all its domestic customers a household water self-audit, to be completed and returned in order to enter a competition to win a low water use washing machine. The company may repeat this in future years; meanwhile water saving advice will be provided in the form of information leaflets, local radio and media press releases and customer events and talks.

South East Water (also in a ‘tight’ water resource area) will link water efficiency promotion to its own work on leakage control by sending out water efficiency packs (containing a self-audit form, a gardening leaflet, cistern devices and a questionnaire) to households after carrying out leak detection and repair activity in a particular area.

Another company (Yorkshire Water) will gain access to carry out audits and install cistern devices in 300,000 council properties through a project set up in co-operation with local authorities.

North West Water will place particular emphasis on promoting water efficiency, through their guide to saving water, in areas of the company’s region with water resource problems, such as Carlisle and West Cumbria

INFORMATION FOR CUSTOMERS AND EDUCATION

A company in a “tight” water resource area (Essex and Suffolk Water) will be including water efficiency information in their customer magazine, sent unsolicited to all customers, and has revised and further improved its water conservation pack to make it more customer friendly.

Southern Water will continue to promote water efficiency messages in schools with plays involving the “Drip” family, with a target of 10,000 children seeing the play each year. The company will also continue its programme of “Flow how” talks aimed at adult audiences.

Mid Kent (like most companies) provides an Education Pack, which accords with the National Curriculum to all primary schools in its area to educate customers through their children and to develop an understanding of water care in the minds of future customers. The packs include audit forms for children to take home as part of their project work.

BUSINESS CUSTOMERS

Welsh Water is working in co-operation with the Environment Agency Wales to investigate usage in specific sectors. As an example, Welsh is currently investigating the water use of the tourist industry, particularly the peaks in demand produced by the holiday caravan parks. Commercial customers will be contacted in order to identify opportunities for overall reductions in water usage.

North West Water will maintain contact with non-domestic customers through Key Customer Managers (KCM's), the BusinessCare newsletter and the Internet. The KCM's will give advice directly, provide self audit literature or arrange for an audit to be undertaken as appropriate.

SCHOOLS AND INSTITUTIONS

Essex and Suffolk Water (in a 'tight' water resource area) has already sent a school audit pack to every school in its area. The company now plans to develop a self audit pack for hospitals, which will incorporate findings from the audits already conducted in large hospitals.

Five companies (NWT, SVT, TMS, YKS and NNE) have developed a specially designed web site featuring a schools audit pack. The pack will enable teachers and pupils to carry out a water audit on their school.

Northumbrian Water has developed a water conservation training course aimed at caretakers, to enable them to audit their premises for themselves. The company plan to develop the self-audit checklist produced for the caretakers course for distribution to and use within various institutional and business groups.