



Skewb
Wilton Drive
Tournament Fields
Warwick
CV34 6RG

Submitted by e-mail at: charging@ofwat.gov.uk

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Dear Sir or Madam

Consultation on the scope and balance of developer charges and incentives

I am delighted to respond from Skewb, a specialist consultancy that is helping to drive real change across the utilities sector.

Skewb fully supports water companies offering developers incentives such as this, indeed whilst at Southern Water I helped to accelerate the introduction of such an incentive. However whilst we recognise that some water companies already offer incentives for either meeting or going beyond per capita consumption targets, many do not.

The incentives that exist are inconsistent from company to company and like many areas of dealing with national companies, this variation does not enable the market to move effectively in this space. Therefore a more consistent and visible approach should be looked at with any decision to proceed also recognising that the incentive has to be significant.

It is also really important that Ofwat works with Government to ensure that developers build many more water efficient homes and commercial buildings. This should be achieved through more ambitious building regulations and the introduction of a universal efficiency label for all water using products, thereby making it easier for developers to specify more water efficient fixtures and fittings. It is also really important that the water industry has a post-build mechanism available to check that the actual physical water efficiency improvement was implemented by the developer in the home. Looking beyond simple fixtures and fittings there is the potential for incentives to be used to encourage uptake of technologies such as rainwater harvesting and greywater reuse.

We 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 and it is vital that new housing plays a significant part here.

We need to be incentivising to go beyond minimum standards. Given that developers already have a requirement to meet a reasonable (if theoretical) water performance standard in Part

G of building regs, any effort to go beyond Part G requires more expensive interventions, eg. Rainwater Harvesting (RWH), Greywater Recycling (GWR). Whilst the cost-benefit of these technologies is improving, it remains very challenging to demonstrate that investing or incentivising their installation in new development is a cost-effective way of spending customer money to deliver against demand reduction targets.

Skewb has been an active member of a Waterwise sub-group developing the definition and delivery opportunities for achieving water neutrality on new developments. We are actively working with a water company to enable the delivery of a live project. We would see that an infrastructure charge incentive should be part of the mix of funding that could incentivise this kind of activity. The project seeks to achieve a water neutral outcome by saving enough water in surrounding existing developments to offset the projected new water demand of the new housing. Such an initiative would potentially be of more value than incentivising developers to achieve water performance levels that are already included in building regulations.

A key piece of research by Waterwise who commissioned 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 seems 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. One of the interesting findings of the Ricardo research is that smart rainwater harvesting systems now widely available can be operated to help meet both a water scarcity driver and a sustainable drainage driver.

Having already spoken to the project team, I would be delighted to work further with Ofwat on this important subject area and to be part of any groups going forward if deemed appropriate.

Yours faithfully



Ben Earl
Director of Sustainability, Energy & Water Efficiency