

**From:** [REDACTED]  
**Sent:** 01 August 2023 16:37  
**To:** Charging  
**Subject:** Consultation response - Environmental incentives to support sustainable new homes

Good afternoon,

I am providing a response to the *environmental incentives to support sustainable new homes* consultation on behalf of the West Sussex local authorities affected by water neutrality requirements, that is: Crawley Borough Council, Horsham District Council, Mid Sussex District Council, Chichester District Council, South Downs National Park Authority, and West Sussex County Council. I am the Water Neutrality Project Manager working on behalf of these local authorities to develop and implement the local authority-led water offsetting scheme, required as part of the authorities' water neutrality strategy.

**Q1 - Do you agree with our proposed aim for environmental incentives?**

Yes, we agree that there are significant multi-functional benefits to be gained from new development being built to much higher standards of water efficiency. This is particularly important in West Sussex, where water neutrality requirements are already in force. Any incentives that can be provided to developers to improve the water efficiency of their developments are necessary and welcomed.

We are pleased that there is reference in the consultation document (on page 17) to the unique water resource issues that we are currently facing in West Sussex, and the implication that there needs to be sufficient flexibility built into any environmental incentives to deal with such unique, local circumstances.

**Q2 - Do you have any comments on the characteristics of good environmental incentives?**

We agree with the characteristics laid out in *Figure 2* of the consultation document. In particular, it will be important for any environmental incentives to complement wider policy, especially Local Plan policies in west Sussex, which will be seeking tighter water efficiency standards than those set out in the Building Regulations.

**Q3 - Do you have any comments on the extent to which any environmental incentives could or should be adapted for implementation in Wales?**

We have no comments on this.

**Q4 - Do you have any comments on the case studies outlined?**

Both the Thames Water and Southern Water incentives offer "water neutrality" as third tier of incentive. This is obviously of particular relevance to us here in West Sussex and the work we are doing to implement water neutrality policies and in our development of a water offsetting scheme. We do query how the Southern Water proposal for 'Tier 3' would work alongside a planning policy requirement for water neutrality, i.e. where a developer must demonstrate to the local planning authority that their development is water neutral (which must be secured 'in perpetuity'). The Southern Water incentive for 'Tier 3' suggests that a developer could pay Southern Water to carry out offsetting on existing properties by way of home visits and they would be rebated some of the fee as an incentive. However, it's not clear how this would work alongside a need for all new development to be water neutral as a policy requirement. There are two queries on this:

1. Would Southern Water be expected to pay an incentive payment to every developer that demonstrates water neutrality, even though the developer has to do this anyway because of a policy requirement?
2. It is unlikely that local planning authorities would accept a developer offsetting their new development via SW's home visits, as this would not meet the high bar of certainty of mitigation required by the Habitats Regulations. Therefore, would there be any incentive for developers in West Sussex (or other areas where water neutrality requirements may come into force) to use the Southern Water incentive structure, if it would not be accepted by LPAs as a means of demonstrating water neutrality for planning purposes?

Also, we understand that Southern Water's home visits are already part of their contribution to achieving water neutrality, so how does what is being proposed here go beyond that? There appears to be a risk of double-counting of benefits. We also understand that these home visits are simply to offer water-saving advice to residents, and does not include the installation of water-saving devices, such as flow regulators. If the visits did include the installation of water saving devices, Southern Water would need to work closely with us to ensure that we are not seeking to install devices into the same properties as part of our water offsetting scheme.

**Q5 - Do you have any comments on our proposed standardised incentive tiers?**

No, these seem correct, although we refer back to our potential concerns about the 'water neutrality' / 'gold' tier referenced in Q4.

**Q6 - Do you have any comments on our proposal for a common methodology / technical standards to assess water efficiency?**

We agree that there needs to be a common methodology and technical standards. These need to be easily understood and used by the development industry, water companies, and local planning authorities as required.

**Q7 - Do you have any comments on the details of our proposal for companies to offer bespoke incentives?**

We agree that water companies need to have the flexibility to offer bespoke incentives for local issues/circumstances.

**Q8 - Do you have any comments on the potential for reputational incentives?**

We very much support this proposal and think it will be an excellent way for developers to demonstrate that their developments meet the highest standards for water efficiency.

**Q9 - We seek views on how the process for agreeing and paying environmental incentives might best be organised in practice, and whether this is consistent with existing developer services processes.**

We have no comments on this.

**Q10 - Do you have any comments on how high levels of compliance with the incentive technical standards might best be achieved?**

We agree that there will need to be some form of monitoring and/or auditing to ensure compliance. It is not clear who would be responsible for this, but they would need to be appropriately funded and resourced to carry out this work. We also agree that there needs to be a deterrence in place should a developer fail compliance audits, which we agree could be in the form of disqualification from the compliance scheme. We share the concerns raised in the consultation document about the case study in section 3.9.1, which demonstrates that new builds are not meeting the Building Regulations standards for water efficiency that they are supposed to be built to. This will be pertinent for us in West Sussex as we have developed a joint local plan policy seeking a tighter water efficiency standard of 85 litres per person per day, and it will be important that developments are built to these standards so that the local authorities are fulfilling their obligations as the competent authority under the Habitats Regulations.

**Q11 - Do you have views on whether environmental incentives are best funded as an environmental component of the infrastructure charge or as a separate charge?**

We have no comments on this.

**Q12 - Do you have any comments on our proposal for guidance issued under the charging rules and how they are developed and maintained?**

We fully support the guidance including standard methodologies and technical standards. We would be happy to contribute to the development of these methodologies and technical standards through the work we are doing in West Sussex on developing such standards for our project, subject to additional support from Ofwat and/or central government.

**Q13 - Do you have any comments on our approach for managing interactions with the regulatory framework?**

We have no comments on this.

If you have any queries about the comments raised in this response, please do not hesitate to contact me.

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Water Neutrality Project Manager

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