

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

Vistry agrees with the aims of Ofwat in offering an environmental incentives initiative for new build developers. We recognise the importance of becoming more water efficient through new housing and thus the majority of our new homes already conform to table 2.2 of Part G, achieving 110l per person per day, or below.

We agree that building homes that are more water efficient also plays an important role in achieving net zero targets, as homes that use less water tend to have lower emissions and because of the emissions involved in water supply and wastewater treatment.

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

Vistry recognises the characteristics of good environmental incentives. Accessibility to all is important, therefore a consistent approach by all water companies would be more beneficial to housebuilders of all sizes and allow us, as a national housebuilder, to issue standard specifications across our Group.

Supporting innovation is key to a successful environmental incentive scheme. However, it must also be realistic and achievable to maximise the take-up of the scheme. Vistry builds homes across the majority of England and we have found that the incentives on offer vary between water companies. While a tiered approach does offer more flexibility with regards to the water strategy of a new development, the financial discount on offer often does not warrant the extra overhead cost of achieving the lower consumption. For example, Thames Water offers a £600 discount per property where rainwater harvesting (RWH) achieves a 50l minimum of water reuse per day (£1,000 one combined with low flow fittings discount of £400). Quotes that we have received from companies who install RWH systems have been over £3,500+ per plot. We also need to consider the long-term maintenance that the homeowner will be required to fulfil. Therefore, Vistry would question if the incentive is realistically going to attract much uptake from developers unless local planning requirements stipulate water reuse or much lower consumption targets than the 110l that Part G table 2.2 sets.

Transparency and fairness, and trust and confidence, are also key components to success in our opinion. There must be confidence that a water company fully understands the potential and limitations of the terms they specify to qualify for an incentive. We have experienced refusal of incentives by certain water companies who do not allow flow limiters within brassware to lower consumption, as they do not believe that developers are installing the limiters stated in the applications. However, without flow limiters, it is impossible to reduce water consumption, as brassware is generally made with a standard flow rate and limiters are how they are lowered. The limiters need to be a removable item, especially in hard water areas, so that they can be maintained. Perhaps a solution to this is the water companies audit random new developments to check that the correct fittings have been installed as specified.

Vistry agrees that the incentive scheme needs to complement wider policy, including DEFRA's environmental improvement plan, planning restrictions, and building controls.

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

No comment.

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

Vistry agrees that any environmental incentives offered by companies should be compatible with wider work, in particular DEFRA's roadmap to water efficiency. With the requirement of an extra four billion litres of potable water per day required by 2050 in England alone, it is clear that a clear water efficiency roadmap is required. However, it is our opinion that it cannot just be down to the new build sector to deliver.

New proposals for 105l per person per day are deliverable by developers via low flow fittings and will hopefully be made more achievable by the introduction of the labelling scheme from 2025. However, we are unable to stop homeowners from replacing these fittings should they deem the user experience to be substandard. Perhaps behaviour change campaigns could be run by the water industry and government to encourage people to be more mindful of their water usage and behaviours so that these reduction targets can be achieved. The rollout of smart meters with a data dashboard or internal unit similar to what most household have for gas and electricity could help with consumer understanding their water usage.

In water stressed areas, we have found that 100l is not enough for local planning requirements as LPAs are asking for nearer to 80l per person per day, so Vistry would question whether 100l is a realistic figure in the DEFRA roadmap.

Vistry is surprised to hear that the Thames Water scheme has a low take up in the first 10 months of the scheme. Feedback from our London division is that the tier one water fittings table is simple to complete and we have not had an application refused based on our standard water fittings specification (under 110l). We have not applied for tiers two or three as planning has not required reduced water consumption to warrant the additional cost of water reuse measures and the discount offered by Thames Water would only cover a fraction of the additional build cost.

Southern Water's approach to offering residents a free slow-drain water butt has shown promising results in managing stormwater. Currently, the Part G calculator does not take into account the installation of water butts with regards to removing the 5l per person per day allowance for outdoor water usage, and so this installation of this technology would not help developers meet this requirement. However, it could be included in a successful SuDS strategy. Perhaps the Part G calculator should be reviewed to allow for smarter water technologies coming to market.

United Utilities' one tier approach requiring 100l per person per day has a surprisingly low pass rate from the audits conducted. Although Vistry has never received a fail from an audit in this supply region, we believe a fail is likely due to plumbers not installing the flow limiters correctly.

Manufacturers of the taps etc do not pre-fit limiters, they are supplied separately to the brassware

and so it is down to trades on site to execute the installation to the correct flow. There are questions around the new water efficiency labelling scheme and how this will work for items like a tap, as it may leave the manufacturer at one efficiency but be made a higher efficiency rating through the addition of a flow restrictor.

The term water neutrality can be misleading as it is not the development that is water neutral, it is an offset scheme for the local area that the developer is subsidising. The requirement for water neutrality seems to fall on developers, but perhaps more focus and regulation around retrofit should be required of local businesses and homeowners directly by the water supplier.

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

Vistry is supportive of the proposed standardised tiered system proposed in table 2 under section 4.2 of the report for all water suppliers. However, Vistry would question the inclusion of full water neutrality as this remains the responsibility of a water company and not that of the developer. Water reduction should be the responsibility of all water users, not just in new homes.

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

Vistry agrees that a common methodology and technical standards approach to water efficiency is the best way to provide confidence and trust within a standardised approach across industry overseen by Ofwat. However, a degree of flexibility should be offered on a local level if a water company can offer a bespoke incentive for more innovative approaches to exceeding water reduction, or as part of trialling new technologies stipulated by the company. It is important that the methodology complements building regulations and not contradict them.

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

Vistry supports the opportunity for water companies to offer bespoke incentives so long as they are in addition to the standardised incentive scheme and not replacing it. As new technologies come to the marketplace, it may be that water companies want to trial these innovations as part of a bespoke scheme. Allowing developers to take part in cost-neutral trials would benefit both the water company and developer and could see a higher take-up of the incentive once trials had proven successful.

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

Vistry sees both benefit and risks with the proposal of reputational incentives. The benefits would be that customers could see the level of sustainability that developers are working to with regards to water, which could be appealing to them and add to the sustainable credentials of the site.

However, the impact of this rating would depend on the understanding of the scheme by the customer and whether this rating at a local level would contradict ratings of the developer at a national level. We would further question how this rating can potentially complement or contradict other sustainability measurements of the site.

The risks associated with the scheme could be around how the data is handled by third parties in their own measurement of how sustainable a developer is. Additionally, planning restrictions can often act as blockers on site, and LPAs may not allow the installation of certain technologies that would prohibit us from attaining the highest award possible. For example, Enfield Council did not allow us to install any underground storage for a water reuse system at our Meridian site. Additionally, the topography of the site may now allow for installation of certain technologies.

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.

Incentives could be issued on the production and issue of evidence of a final occupation certificate following assessments and legal completion. However, as infrastructure charges are calculated early on in the development lifecycle, it would be simpler if the environmental discount was applied upfront to the infrastructure charge instead of handled as separate charges.

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

Vistry has usually been able to provide the requested information on the water fittings table to satisfy tier one/ the required consumption reduction. However, we haven't made any provision for tiers two or three. If we were to try for tier two or three, we would require clear and transparent information, including site visits and guidance from the incumbent supplier, as to any adjustments/amendments required, delivered within a timely manner with an agreed feedback SLA in place.

A direct contact for these matters would also be a step forward rather than going through the standard Developer Services team.

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?

A standardised approach is crucial across the board, working to the conditions outlined by Ofwat. It would be Vistry's preference, for simplicities sake, that the discount be applied upfront to the infrastructure charge instead of handled as separate charges.

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

Vistry would expect that it is the responsibility of Ofwat to manage and maintain throughout its internal systems & processes.

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

Vistry would expect that it is the responsibility of Ofwat to manage and maintain throughout its internal systems & processes.