



Mr I Barker
Head of Water Resources
Environment Agency
Rio House
Waterside Drive
Aztec West
Almondsbury
Bristol
BS32 4UD

30 October 2007

Dear Mr Barker

Water for People and the Environment

The Home Builders Federation (HBF) is the trade association representing the interests of private house builders in England and Wales. Our members, who include all of the major homebuilders, are responsible for more than 80% of the new homes built every year.

We would therefore ask that the Environment Agency take account of the fact that the enclosed response to this consultation includes comments made by HBF members and is therefore representative of the views of numerous organisations not just one.

In addition to our responses to the questions asked we would like to make the following comments about the scope of the consultation.

Firstly there seems to be an assumption that the whole country ought to reduce its water usage, although in some areas of high rainfall there is actually an oversupply of water. There are also no accurate figures of current water usage on which to base a target for reduction, assuming that this is desirable.

Secondly there is a presupposition that the water companies cannot be expected to manage demand and supply, surely their primary function? Ofwat agrees their funding on the basis of what work is planned over the next AMP period so why is capacity always an issue for housebuilders?

Thirdly the consultation is proposing that consumers should use less water and pay more for what they use, yet there is no suggestion that water companies should reduce their leakage rates until 2030. This will not help to persuade consumers that they need to use less water.

Since 1991 (the implementation of the Water Industry Act) developers have paid an estimated £1 billion to the water industry for “infrastructure charges”. Is there any evidence of what this has paid for?

We understand that the fact that England has 9 sewerage undertakers all acting independently does make life difficult for the regulator but this is all the more reason for a national regulator to take a national view. Water shortages are regional but the original purpose of setting up authorities to manage water supply was that they should manage the discrepancies of demand and supply within their region to ensure that everyone had an adequate supply of water. While it is clear that water consumption has increased as more of the population now sees cleanliness as a necessity not a luxury, it is nonetheless difficult to argue that the UK has a shortage of water. There are many areas of the country where there is an oversupply of potable water.

If the Environment Agency believes that there will be a risk of acute water shortages in the future then now is the time to consider a truly national water strategy and even a national grid for water.

We do not believe that the water industry as currently regulated is managing the water supply for the country . We therefore do not think that the proposals in this consultation are achievable.

Yours sincerely

D F Mitchell
Technical Director

CONSULTATION RESPONSE



EA consultation: Water for People and the Environment

31 October 2007

Water for People and the Environment

Q1: Do you believe that a flexible licensing system is necessary to enable water resources to be managed in the face of future uncertainties such as climate change? If not, why not? If so, how could this be best managed?

Yes. Flexibility is key. We would suggest that temporary works should be exempt.

Q2: In what circumstances do you believe it is appropriate for water company plans to assume no, or very infrequent, hosepipe bans and restrictions on non-essential use, given that this may result in additional resource development, environmental impact and higher bills? Is this a sustainable and proper use of water resources?

There should be no need for restrictions on water usage. Water supply should be effectively and properly managed. Why should some people be penalised for living in low rainfall areas? Those who live in areas of high rainfall are not charged less. Why are the infrastructure charges not being used to develop additional resources. Nationally there is not a shortage of water so why not consider a national grid for water (the argument that this would be too expensive does not stand comparison with other projects - in 2000 Railtrack proposed spending £15 billion over 5 years). Water companies should be forced to deal with their unacceptable leakage before looking at options to restrict water supply.

Q3: We believe that reducing the amount of water we use in our homes to levels achieved elsewhere in Europe should be an essential part of our revised strategy. To what extent do you agree with this view? What would be appropriate and achievable?

There are different rates of water usage across Europe (some far higher than the amounts claimed for the UK) varying with geography, rainfall and cultural attitudes. It is also worth reiterating that there are no accurate figures for water usage in this country - approximately a quarter of water users are metered (most of them industrial users) and the rate of 150 litres per person per day is that left after the removal of the leakage figures, which are generally believed to be underestimated. However, without any data collection this is impossible to verify and cannot therefore be used as the basis for calculations. Furthermore, new homes are all fitted with water meters so specifying water-saving devices for new homes (which increase the housing stock by approximately 1% a year) will do nothing to address the water usage in second hand homes (or industry). Replacement of existing fittings is a very slow process. The Water Regulations have specified 6 litre cisterns for WCs for some years now but

there are still many older homes where the cistern is considerably larger - what steps are there to address this? It is also difficult to persuade people to reduce their standards of living - our society encourages the idea that living standards should be higher for successive generations, that wealth is the means to do this and that the rich can buy whatever they want. It would be particularly difficult to persuade people who have suffered flooding that they should conserve water. In any case, reducing the amount of water that the average household uses (if possible) would have a minimal effect - you need to target those for whom conspicuous consumption is a matter of lifestyle. Assuming that people use less water if metered as claimed by the water companies, the answer might be to install meters for all properties, however this would only work if there were lower tariffs for low usage (and some mechanism to ensure that this was fair to larger households) and if it were not related to geographical location. There is also the problem that even with higher tariffs for higher water usage, there is no incentive for water companies to encourage water saving as this would cut their profits. It is likely therefore that the higher tariffs would be disproportionately high, giving rise to increasing customer dissatisfaction about leakage rates - unlike other utilities there is no option to choose an alternative supplier. The manufacturing industry needs incentives to improve their products and offer water efficient products, assuming that the public can be persuaded to buy them - anecdotal evidence suggests that occupiers of even Code Level 3 homes are unhappy with the performance of their taps etc... We would suggest that reducing the volume of water lost through leakage would be easier than trying to curtail usage of what is left.

Q4: If ecology alters as a result of climate change, how should we be managing abstraction to reflect those changes?

If sustainable drainage systems were adopted and maintained by sewerage undertakers their take up would be much greater, helping to alleviate flooding as well as ameliorating ecological damage (indeed many housing developments already offer improved ecology when compared with previous uses). Consideration should also be given to piping water from plentiful areas to those suffering lower rainfall. A growing ecological threat in some parts of the country is moving groundwater associated with former mine workings which we believe needs to be addressed with some urgency.

Q5: How acceptable is it that water companies are not planning to significantly reduce leakage below current levels? Given the links to the environment and ecosystems do you believe that further reductions are appropriate, and if so, to what level?

It is totally unacceptable. Why is the regulator not penalising companies who fail to address this issue? We are extremely concerned that figure 8 shows the leakage rate as static until 2030 - i.e. with no reductions at all. If water is really in short supply why are we imposing new regulations on 1% of the housing stock yet permitting such high levels of water loss through leakage? It is estimated that reducing leakage by 1% would generate enough water to supply the number of homes planned for next year - why is this not a target for the water industry?

Q6: To what extent do existing arrangements relating to supply pipes inhibit further leakage reduction? How should leakage from supply pipes be reduced?

Are the infrastructure charges ring-fenced? It would be useful to know where the infrastructure charges paid since 1991 (as instigated by the Water Industry Act) have

been spent. Companies should be required to replace pipes to existing stock over a planned infrastructure replacement project.

Q7: To what extent do you believe that measures to better target asset replacement can be effective, given current legislation and institutional arrangements?

The existence of a national grid (and adopted sustainable drainage systems) would have alleviated the flooding this year. We do not believe that the estimate of £9-15 billion is too much to consider spending on such a valuable resource. Would it not be possible to reuse redundant gas pipelines to convey water? And it is essential that more be done to reduce leaks. None of these measures are likely to be taken with the current legislation and institutional arrangements.

Q8: How should the water industry help to reduce carbon emissions? How could we use our role as a regulator to help water companies and other abstractors reduce carbon emissions?

It is clear that a reduction in leakage would result in a proportionate reduction in carbon emissions. Everyone else has a target - the house building industry is committed to zero carbon by 2016 - why are there no comparable targets for the water industry? Water authority constructions are covered by the Building Regulations and have obligations under EIA - are they not complying?

Q9: To what extent do you agree with our view that the true environmental cost of water is not reflected in its price, particularly in water stressed areas? To what extent could better costing of water result in more efficient allocation and use?

The problem lies in seeing water as a regional problem and requiring those in water stressed areas to pay more for water than others - this is inherently unfair. A national grid with all properties metered and a flat rate for a relatively high basic water usage with higher tariffs for greater consumption is theoretically possible (though it is difficult to see how this could be arranged so that larger householders were not paying disproportionately). If parts of the UK are water-stressed, then this is a national problem not a regional one. Efficient and effective distribution of water is not happening and asking people to pay more for an essential benefit in a country with this much rainfall and that much leakage is unrealistic, particularly while the water companies are making such large profits.

Q10: To what extent do you believe that the current regulatory framework is effective in ensuring a twintrack approach to balancing supply and demand?

The current regulatory framework is not effective. It is essential that infrastructure fees paid to the industry are properly used so that the money is spent on essential infrastructure works.

Q11: How should water resources be allocated? How could we make sure that resources are shared effectively between water companies and other users?

See replies to earlier questions.

Q12: Do you believe the allocation of existing and future water resources should be prioritised? If not, why not? If so, what should the priorities be?

In a sense all water allocation is prioritised, if only on the basis of when new developments are scheduled. However, everyone in the UK has a statutory right to a water supply. Legislation was passed in 1973 to prevent capacity being used as an argument against development and the purpose of the AMPs is to enable forward planning by the water companies. It is also the case that if leakage were reduced, pressure could be increased, thereby increasing the amount of water supplied. There is an argument that the proper management of the water supply should enable demand and supply to be reconciled without the need to prioritise allocations.

Q13: Do you think that the aims complement and support the principles of the strategy? If not, why not? What additional aims should there be?

No. They are selective and lack scientific measurements. The asset base is reduced year after year. The strategy appears to be that the water industry is yet another body trying to control development. This is neither appropriate nor necessary. The primary aim should be to reduce leakage, not charge more money for what remains after 25% of the potable water in the country is lost through unmaintained pipework.

Q14: Do you think that they will be achievable, if not, why not?

No. The water industry should be set targets for improvements similar to those in the Code for Sustainable Homes. The targets for new homes will have a minimal impact on water usage and will not stop leaks, flooding or waste. Without a political will to improve the management of the UK's water supply, nothing will happen.

D F Mitchell
Technical Director