

## Scoping the Water Efficiency Fund: High Level Consultation Blueprint for Water Response – September 2023

*[Wildlife and Countryside Link](#) is a coalition of 80 organisations working for the protection of nature. Together we have the support of over eight million people in the UK and directly protect over 750,000 hectares of land and 800 miles of coastline.*

*[Blueprint for Water](#), part of Wildlife and Countryside Link, is a unique coalition of environmental, water efficiency, fisheries and recreational organisations that come together to form a powerful joint voice across a range of water-based issues.*

This response is supported by the following Link members:

- Angling Trust
- Institute of Fisheries Management
- Rivers Trust

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### Summary

Blueprint for Water welcomes the opportunity to respond to this consultation on scoping the Water Efficiency Fund.

Blueprint for Water strongly supports the proposal for a Water Efficiency Fund, and welcomes Ofwat's commitment to leadership in this area. We are supportive of the Fund's objectives and proposed timescales, and that learnings from the fund will be captured and used to inform

future work and resource allocation. It is crucial that the Fund is underpinned by a strong framework and robust governance, and that all interventions are fully evaluated for their efficacy and impact.

Though the Fund represents a significant uplift in resource for water efficiency work, the scale of need is considerable, and this ultimately may not be sufficient. Ofwat should therefore commit to keeping this figure under review and, if necessary, to increase or extend the funding available to ensure that the aims of the fund can be met. Furthermore, given the urgent need for progress on water efficiency, the Fund should prioritise delivery of impact and outcomes, through upscaling trusted and proven methods, above encouraging innovation. Additionally, any assessment of impact and 'best value' for customers should not focus on financial cost alone, but should also incorporate natural capital and social benefits.

We would like to see an explicit reference to and use of the knowledge from the 100+ organisations who co-created the Waterwise [UK Water Efficiency Strategy to 2030](#), which provides a strategic framework for water efficiency work and can add value to this initiative.

We would be happy to discuss any of the points in our response further.

## **Questions**

### **1. Do you support the objectives of the fund? How could they be improved?**

Blueprint for Water strongly supports the fund and its objectives towards improved water efficiency. Improved water efficiency will be critical to protecting and enhancing both environmental and water industry resilience, and we share the concern raised in the consultation document that the sector is at risk of falling short on its long-term goals for water efficiency. We therefore welcome Ofwat's commitment to leadership in this area, and the recognition of the need for coordinated, sustained, large-scale initiatives to achieve progress.

We support the objectives of the Water Efficiency Fund. In particular, that interventions from the fund must be measured and sustained, will have scope for large-scale rollout, will make use of data-driven insights, and that cross-sectoral collaboration will be encouraged at both the regional and national scale. We welcome that learnings will be captured and made available to guide future work and further allocation of resources. All interventions must be fully evaluated for their efficacy and impact.

An additional objective should be added to the fund – that 'The projects it supports help progress delivery of one or more of the 10 objectives in the [UK Water Efficiency Strategy](#)'. The priorities for actions and delivery within the UK Water Efficiency Strategy have been agreed by more than 100 stakeholders across the UK water sector, and therefore represent strong consensus on the progress needed.

## **2. Given the scale of the fund, how could it best contribute to these objectives?**

That the Water Efficiency Fund (WEF) will provide £100 million to help stimulate progress on water efficiency is welcome, and a significant uplift in resource. However, due to the scale of need, this £100 million may not be sufficient to meet the aims and objectives of the WEF. Ofwat should commit to keeping this figure under review, and if necessary, to increase or extend the funding available to ensure the objectives are met.

We would welcome further detail on how Ofwat will judge the various merits of proposals and ultimately allocate funding. For example, in addition to providing sustained demand reductions, stimulating cross-sector collaboration, and bringing in new innovative thinking, will Ofwat also consider the wider benefits for nature and society that proposals may be able to deliver? The consultation document refers to the need to 'provide the best value for customers'; this best value should not be calculated based on financial cost alone, and should include both natural capital and social benefit.

## **3. What precedents are you aware of that could help guide the design of the fund?**

Ofwat should consider the UK Water Efficiency Collaborative Fund to help guide the design of the WEF. This smaller fund, of £100,000 annually, has been effectively utilised to support the development of critical evidence-led research to deliver water savings. This includes leaky toilets, water labelling, water neutrality, building regulations, water reuse, and the development of the UK Water Efficiency Strategy to 2030. The importance of research and evidence to inform decision making should be reflected in the WEF.

The UK Water Efficiency Collaborative Fund is partly administered by Waterwise, a core member of Blueprint for Water and the leading UK water efficiency eNGO. We wish to state our support for Waterwise's response to this consultation, which offers further detail and insight on the Collaborative Fund and previous water efficiency campaigns. Ofwat should ensure that the design of the WEF makes best use of Waterwise's water efficiency expertise, reach and trusted voice by enabling Waterwise to provide strategic advice, support delivery of water savings, and help with the dissemination of learnings.

## **4. Should the fund be divided into segments? If so, how could we best do this to make it as effective as possible?**

The fund should be divided into segments, including the topics identified - behaviour change, targeted interventions to better understand water use, and technological interventions. This will help with management and focus, and to ensure that needs are being met. A strong overarching framework with clear governance will be essential to manage any overlap, and to

ensure that any benefits from joining-up work areas can be realised. We would welcome further detail from Ofwat on the proposed governance for the WEF. The fund should focus on areas with the greatest potential impact – for example, high water users in both household and non-household settings.

A strict split between residential and business water use is inadvisable as there will be overlaps, and many interventions will have relevance to both. Indeed, this should be encouraged. If distinction between household and non-household interventions is necessary, this could be achieved through reserving a portion of the WEF for non-household interventions only.

Segmenting the fund over time is likely to be essential for its longevity, but a proportionate amount must be used within the first phase to reflect the urgent need to improve water efficiency as soon as possible.

A geographical division will not be appropriate, as this approach will likely create an undesirable patchwork of projects. Instead, the fund should focus on projects that can be rolled out on a large scale and will increase water efficiency over both England and Wales.

#### **5. Where do you think the greatest demand reductions could be made? What examples or evidence can we draw from to make sure the most important areas are targeted?**

As discussed, the UK Water Efficiency Strategy sets out a number of priorities for action and delivery that have been agreed by over 100 stakeholders. The strategy not only suggests what priority interventions should be, but also quantifies their likely water savings. Ofwat should make full use of this strategy in designing the WEF and determining which areas will be targeted.

The following areas have significant potential for demand reductions:

- Reducing water wastage across household and non-household properties. This could focus on high water users, leaky loos, changing consumer behaviour, and smart meter rollout.
- Changes to building regulations, to drive increased water efficiency in new developments and progress towards developments becoming water neutral. The WEF could help ensure that this change to policy is able to deliver its full potential – for example, through raising consumer awareness.
- The mandatory water efficiency label, with implications for both new development and retrofitting. The WEF could help ensure that this change to policy is able to deliver its full potential – for example, through raising consumer awareness.

**6. Do you support our current preference for funding a small number of large initiatives?**

We support the choice to fund a relatively small number of larger initiatives, in order for the WEF to have the greatest possible impact and create the rapid reductions in water use that are needed.

**7. How can we best make the water efficiency fund work for both England and Wales and make sure it takes into account the differing policy context?**

Governance of the WEF should include representatives from both England and Wales, to ensure that differing policy contexts are accounted for. Ofwat should seek feedback from and engagement with both English and Welsh stakeholders in this scoping phase.

**8. Do you support our current thinking on eligibility and scope? How could it be improved?**

We agree with the criteria that initiatives must ‘stimulate a transformative, sustained and measurable reduction in public water supply’, must include robust plans for evaluation, and that these initiatives should be additional to what companies have already put forward through WRMPs and Regional Water Resources Plans. It would be inappropriate for the WEF to support work that companies have already been funded for through base activities, for example as part of the price review. Ofwat will therefore need to work effectively with the Environment Agency to scrutinise water efficiency measures already included in plans and base activities, and to clearly communicate what would count as ‘additional’.

However, the WEF should not overly focus on encouraging and promoting innovation. The proposed £100 million is a sizeable fund, but may not be sufficiently resilient to risks and unforeseen circumstances arising from brand new methods. Given the urgent need for progress on water efficiency, it would arguably be safer to use the WEF to scale up trusted and proven methods across England and Wales, and focus on improving understanding and positive behaviour changes. The existence of the alternative Ofwat Innovation Fund further signals that the WEF should prioritise delivering impact and outcomes, above encouraging innovation. As discussed previously, any assessment of impact and ‘best value’ for customers should incorporate natural capital and social benefits, in addition to financial costs.

We would welcome further detail on eligibility and scope as this is developed further.

**9. How can we most effectively bring in expertise from other sectors and disciplines while also making use of and nurturing the expertise that already exists in this sector?**

As discussed, Ofwat should ensure that the design of the fund makes best use of Waterwise's water efficiency expertise, reach and trusted voice by enabling Waterwise to provide strategic advice, support delivery of water savings, and help with the dissemination of learnings. We again refer Ofwat back to the UK Water Efficiency Strategy to utilise the important work that Waterwise have already done for the sector.

We also encourage Ofwat to engage with [Blueprint for Water](#), as a coalition of over 20 eNGOs working to restore the ecology of the UK's rivers, lakes, ponds and wetlands by seeking improvements to water policy at an England level.

**10. What are your views on whether the involvement of water companies in England and Wales should be a requirement or whether the fund could support initiatives with no involvement from water companies?**

Though desirable, it should not be a requirement for water companies to be directly involved in bidding for the WEF. Instead, incorporating water company involvement should be prioritised when appropriate and beneficial for the initiative.

**12. What sort of governance do you think would best support this work and who should be involved?**

As acknowledged in the consultation document, the WEF will sit within a complex policy landscape. Decisions about which bids are successful will also depend on and have relevance for decision-making in other policy areas – for example, the review of company business plans for PR24, or the scrutiny of WRMPs and Regional Water Resources Plans. Therefore, cross-cutting oversight and coordination will be necessary to manage the WEF.

We agree that an advisory panel should be developed to inform this work and decision-making processes. This should incorporate experts from across the water industry, and beyond, and should include representation from both English and Welsh policy contexts. The panel should also commit to promoting diversity and inclusion in its membership.

### **13. How can we best protect customers' investment in this area and ensure appropriate use of the funds?**

Customers' investment and appropriate use of funds can best be ensured through strong governance and frameworks, and rigorous and evidence-based assessment of the bids and proposals submitted. As discussed, determining the 'best value' outcome of customer investment should incorporate wider social benefits and natural capital, rather than a sole focus on financial costs.

### **14. What should be the role of the fund in bringing in new thinking and facilitating exchange of ideas?**

The WEF should encourage new thinking and the exchange of ideas, through a focus on funding work that will 'stimulate cross-sectoral collaborations, major nationwide or regional programmes and effective incentive schemes'. The WEF could further facilitate this through supporting the creation of new opportunities and forums for conversation and idea exchange – for example, webinars, conferences, and further showcasing events.

### **16. Is there anything else we should consider in terms of timescales?**

We welcome the proposed timescales for the WEF. A summer 2024 launch reflects the urgent need to make meaningful progress on improving water efficiency as soon as possible. However, we suggest that there should be scope for funding to continue past 2030 and into AMP9, if an initiative with sufficient potential is proposed in the final years of the fund.

### **17. How can we best create a legacy beyond 2030?**

To ensure a legacy beyond 2030, it is vital that learnings from the WEF are captured and communicated effectively. All interventions must therefore be fully evaluated for their efficacy and impact. Ofwat should also regularly review the progress and impact of the WEF as a programme following launch.

We suggest that a well-considered, long-lasting, nationwide campaign associated with the WEF across England and Wales may help leave a legacy with the public after 2030. An understanding of the gravity and challenges of water stress is low amongst the public, with Water UK finding that 94% of the public underestimate how much water they use per day.<sup>1</sup> Ofwat should work

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<sup>1</sup> Water UK. (2023). 'Vast majority of Brits have no idea how much water they are using'.

<https://www.water.org.uk/news-views-publications/news/vast-majority-brits-have-no-idea-how-much-water-they-are-using#:~:text=The%20research%20found%20that%2094,of%20a%205%2Dminute%20shower.>

closely with water organisations who have experience in hosting water saving campaigns to seek advice and guidance to increase the success of any campaign - for example, Water UK's 'Water's Worth Saving', and 'Love Water' campaigns, and further building on the work and campaigns of Waterwise.

**18. Do you support the idea of a scoping study to help focus the fund? If so, what should this look at?**

We support the idea of a short scoping study to help focus the Water Efficiency Fund, and to determine where the fund should focus in the short, medium and long-term in order to deliver the greatest impact.