
Briefing Note: Levelling Up and Regeneration Bill

Summary

Water UK represents all water and sewerage companies in England, Wales, Scotland and Northern Ireland. This briefing note highlights three key policy areas which should be revised or incorporated into the Levelling Up and Regeneration Bill (LURB), in order to improve the natural environment, reduce flood risk, improve water and energy efficiency, and eliminate unnecessary costs for water customers.

This briefing is split into three sections:

- 1. Tackling Nutrient Pollution and ‘nutrient neutrality’ (p.1)**
- 2. Cutting Sewage Spills and Flood Risk (p.3)**
- 3. Reducing Water Demand (p.5)**

In each section we have drafted some key points for the second reading debate, framed as questions for the minister to respond to in their summing up.

1. Tackling Nutrient Pollution

Reducing nutrients in a faster, cheaper, and greener way, while unlocking housebuilding and supporting farmers

In the Commons the government put forward a new amendment, **New Clause 77**, regarding nutrient pollution in rivers. In the House of Lords this has now become **Part 7** of the bill, **clauses 153, 154 and 155**. We agree that nutrient pollution is a serious challenge and must be addressed, but the government’s proposals are too prescriptive in *how* this should be achieved. This will slow progress, and create unintended consequences for nature, housebuilding, and for customer bills.

Background:

Both sewage treatment works and agriculture are large contributors to nutrient pollution in rivers and lakes. While water industry investment has greatly reduced the impact of sewage (for example, phosphorus emissions are down by two-thirds since 1995 and will decrease by nearly 90% by 2027), its remaining contribution cannot be ignored. Nutrients such as nitrates and phosphates can damage ecosystems by promoting the growth of algae and weeds. That is why, in designated ‘Habitat Sites’, developments must now be ‘nutrient neutral’ - meaning development can only happen if the nutrient load created by connecting more homes to existing sewage treatment works is mitigated.

These rules – while necessary – are effectively **blocking 100,000 new homes from being built** across the country. However, the government’s solution, Clause 153, prescribes only one approach (without exception) for tackling nutrient pollution: rebuilding sewage works with concrete and steel.

The amendment’s deadline for completion of work is 2030 – seven years away. That reflects the convoluted steps needed to rebuild hundreds of industrial, highly-regulated and complex sites that use interlocking biological, physical and chemical processes.

This delays tackling pollution by a decade, in the meantime blocking new homes and adding extra cost to customer bills – at an estimated £40 a year. It also risks stymying the growing practice of using markets and partnerships to deliver nature-based solutions.

How the bill can be improved:

1. The bill should be amended to allow (and actively encourage where appropriate and locally-supported) nature-based solutions and **catchment-based partnerships to tackle nutrient pollution**. This would mean water companies entering into local partnerships with farmers and other nutrient users to create woodlands, reed beds and wetlands that can act faster and much better for nature. **This would not change the legal obligation on water companies to reduce nutrients** – instead simply providing another means to achieve it. Catchment solutions won't be appropriate everywhere, but completely excluding the option will slow progress and prevent the creation of new habitats.
2. Ministers should make a clear, unambiguous **statement of intent that these prohibitions on catchment-based approaches are unintended consequences** and that they intend to use primary or secondary legislation, or where possible guidance, to avoid these missed opportunities.

Benefits:

1. At least **several tens of thousands of additional homes** delivered five or more years earlier than would otherwise be the case
2. Up to **£50million** each year in potential additional funding **for landowners and farmers**
3. Up to **£40 off the household water bill**, compared with using a traditional concrete-based approach
4. Perhaps a **dozen or so additional wetlands** or other significant nature-based schemes at scale across the country
5. Significantly **reduced carbon** and acceleration of improvement to some rivers by around five years.

Suggested questions:

1. *The government is right to take steps to reduce nutrient pollution in rivers, but has the Minister considered that in mandating exactly how that should be achieved, **Part 7 of this bill effectively shuts the door on catchment-based approaches** which would enable water companies to work in partnership with local landowners, community groups, developers and local authorities?*
2. *When it comes to river health, this bill presents an opportunity to kickstart environmental markets using water company investment, but instead pushes companies to invest in concrete and steel. Can the Minister explain why **the government is stymying its own ambitions for nature**, as well as Natural England's [commitment](#) to "drive public and private investment in nature-based solutions"?*
3. *Farmers, water companies, and NGOs all want to work together in partnership to tackle the serious problem of nutrient pollution in rivers. **Why does Part 7 of the bill fail to encourage or even allow catchment-based solutions**, which are proven to work well, and are better for nature than the engineering alternatives?*
4. *100,000 houses are currently being held up by nutrient neutrality rules across the country whilst we have a dire housing shortage, and Part 7 of the bill proposes a solution that will take the best part of a decade to achieve results. Will the Minister explain why these clauses prevent nature-based solutions*

*from being used to tackle nutrients, which could **unlock tens of thousands of homes five years sooner**?*

5. *Part 7 of this bill all but rules out using catchment-based solutions to reduce nutrients in rivers, which could mean **farmers missing out on up to £50 million a year** that could be gained if water companies were able to enter into local partnerships. Will the minister review these clauses to ensure this opportunity is not missed?*
6. *Has the Minister considered the impact that the large-scale rebuilding of sewage treatment works required under Part 7 will have on **customer bills**, particularly given that nature-based solutions could deliver results more quickly and would cost customers far less?*
7. *There are missed opportunities in the bill to **kickstart investment in nature, unlock housebuilding more quickly, and support farmers**, whilst tackling nutrient pollution, because Part 7 of the bill forms a barrier to catchment-based approaches. Can the Minister assure the house that these are unintended consequences of Part 7, and that she intends to use primary or secondary legislation, or guidance, to avoid these missed opportunities?*

2. Cutting Sewage Spills and Reducing Flood Risk

Keeping surface water out of sewers, cutting spills and flood risk, and accelerating housebuilding

The LURB presents a rare legislative opportunity to tackle surface water, which in excess can overload sewers, leading to spills and flooding.

Background:

The government has already shown willingness to address spills from storm overflows, including by setting new targets to require investment. Ministers also recently announced plans to hold a consultation on making water companies statutory consultees in major planning applications, giving them powers to impose conditions to ensure new development does not adversely impact local communities or waterways.

The government has also announced plans to make sustainable drainage systems mandatory for new developments by enacting Schedule 3 of the Flood and Water Management Act 2010. This is very welcome, and something industry and green groups have been calling for over the past decade.

However, the government's own Storm Overflows Taskforce, which undertook a review of legislation to identify how progress on overflows could be accelerated, drew up five areas where improvements need to be made to tackle spills, producing eight recommendations. Requiring sustainable drainage systems in new developments is just one of those eight. We need the other recommendations implemented as soon as possible to get faster progress on overflows. In particular, we are seeking legislative changes in two of these areas via the LURB and a ministerial commitment to review a third.

Two legislative changes sought:

1. Removing the barrier to discharging clean rainwater into watercourses rather than sewers:

Currently, there is no right for surface water drains to discharge to a watercourse. Permission is needed from a riparian owner, who can refuse or set extremely excessive charges for the privilege, which would be unfair to load onto customer bills. We propose that this could be addressed by **extending the pipe-laying powers in Section 159 of the Water Industry Act 1991** to encompass discharge rights to watercourses (potentially with some protections).

2. Better management of surface water via highways drainage:

The issue in this area is twofold. First, at present developers cannot use highways drainage assets to manage surface water (even where they are the most appropriate method). Second, highways authorities have unfettered powers to dump their run-off into combined sewers, which weren't designed to take it, causing more spills. We propose the following be included in the LURB: **i) allowing developers to include consideration of highway drains** when evaluating the most appropriate method of discharging surface water, and; **(ii) a new right of water companies to refuse connections to a foul/combined system** where a reasonable alternative can be identified, in line with the sustainable drainage hierarchy.

Further change sought: review of the powers that wastewater companies have regarding drainage on private property

Sewerage undertakers have limited powers to carry out drainage separation work on private property, meaning it cannot stop some surface water entering its systems. Similarly, wastewater companies have very limited ability to repair leaky sewers on private property, which may allow inundations of groundwater to flood into the network, overloading it and causing spills.

Recognising the complexity of the matter, and the potential issues that may arise (including, for example, property owner consent, who would pay for works etc.) if water companies were given more powers to carry out work on private property, **we are seeking a ministerial commitment to review the legislation in this area.**

Suggested questions:

1. *The water industry will invest £56 billion to reduce discharges from storm overflows, but there are legislative changes required to deliver reductions sooner. The announcement that the government is committed to sustainable drainage systems for new developments is very welcome, but given this is just one small part of the puzzle for reducing spills, **does the government plan to enact all eight of the primary recommendations made by the Storm Overflows Taskforce?***
2. *What consideration has the Minister given to using this bill to **extend the pipe-laying powers in Section 159 of the Water Industry Act 1991** to encompass discharge rights to watercourses, enabling clean rainwater to be discharged into rivers rather than adding to the sewer network?*
3. *This bill provides an opportunity to reduce the amount of surface water entering sewers, thereby also reducing discharges, by **allowing developers to consider discharging surface water into highways***

drainage; is the government considering this?

4. *This bill provides an opportunity to reduce the amount of surface water entering sewers, thereby also reducing discharges, by ending the practice of highways authorities having unfettered access to the sewerage system; **will the government give water companies the power to refuse new connections where alternatives are available?***
5. *Will the Minister commit to **reviewing the powers that sewerage undertakers have to a) repair leaky sewers and b) separate drainage, on private property?***

3. Reducing Water Demand

Empowering customers to cut water and energy use, leaving more water for nature

The drought of 2022 highlighted the importance of our collective need to improve how we manage our water supply, particularly in response to increased pressures that population growth and climate change bring. This does mean tackling leaks and building new supply such as reservoirs and implementing Water Resource Management Plans. However, the NIC estimate around a third of the extra water needed each day could be achieved through demand reduction. However, there has been less progress on the policy changes needed from government to meet the scale of the demand reduction challenge.

Background:

In 2021, the government recognised the issue, and committed to a [number of measures](#) to improve the nation's water efficiency. These were a positive first step, but there remains holes in what is needed to avoid a deficit of 4000 megalitres per day that we are forecast by 2050, without urgent policy change.

The Levelling Up Bill presents an opportunity to future-proof new homes by putting requirements in place that would ensure new homes were constructed to be efficient with water. This means delivering changes to building regulations, as well as accelerating the [government's planned water efficiency label](#) for water using products.

How the bill can be improved:

We welcome the government's plans for a banded labelling system on water efficiency for white goods, similar to the existing energy efficiency label. The proposed system is a welcome positive step for water efficiency, and would help to inform customers and developers when purchasing appliances. However, for such a system to be as effective as possible, we must ensure that product manufacturers are progressively improving the water efficiency standards associated with their products. Therefore, we would hope that any system of labelling includes **minimum standards for water efficiency**.

We must also **change Part G of Building Regulations** to end the system whereby local authorities are given discretion between two water efficiency standards – the optional, but achievable, 110 litres per person per day (l/p/d), and the mandatory 125l/p/d standard. Part G of Building Regulations must contain one standard – 110l/p/d – which in the long term should be progressively tightened further.

The regulations should also be amended to ensure replacement of water fittings by developers in existing

premises does not compromise the water efficiency performance of the dwelling, as is already the case for replacement of gas appliances that could affect energy efficiency.

Benefits:

1. Building long-term water resilience, mitigating the risk of a supply/demand deficit in decades ahead
2. The economic case for such a move is overwhelming, to **build water efficiency into homes during construction costs around £300, versus £3300 to retrofit** (according to the [Climate Change Committee](#))
3. Customers could **save hundreds of pounds a year**, in water and energy bills, if their homes were more water efficient
4. The **less water homes use, the less that water companies abstract from the environment**, leaving more for nature.

Suggested questions:

1. *This bill is a missed opportunity to make changes now which will ensure that in years to come there is enough water for customers, farmers and the environment. **Will the Minister consider using this bill to make changes to part G of the Building Regulations** so that there is one mandatory standard for water efficiency, which can be progressively tightened, rather than the current system with both a mandatory and an optional standard?*
2. *The recent consultation on water efficiency labelling for white goods is very welcome; we have seen with energy efficiency how a labelling scheme can drive product innovation from manufacturers, but does the Minister agree with me that for labelling to have the biggest impact, it should be tied to **minimum standards for products, and is this bill not the opportunity to implement them?***
3. *Defra have rightly set an ambitious target for water demand of 110 litres per person per day by 2037. The Energy Savings Trust suggest that a **mandatory water efficiency labelling scheme linked to building regulations and minimum standards** would be the most cost-effective and significant way to reduce water demand; does the Minister agree that we need all three to meet Defra's target?*
4. *The Energy Saving Trust estimates the average household uses around 17% of its energy heating water, so by reducing the amount of water used, people save on their energy bills as well as water bills. With energy prices so high, there are tangible benefits to cutting water consumption. Does the Minister agree that it's now more important than ever to make homes more water efficient, and will she consider implementing a **mandatory water efficiency labelling scheme linked to building regulations and minimum standards within this bill?***