



The voice for water consumers
Llais defnyddwyr dŵr

CCW's response to the Strategy for the Fourth Round of Climate Change Adaptation Reporting

Date: April 2023

1. Introduction

CCW is the independent voice for water consumers in England and Wales. Since 2005, we have helped thousands of consumers resolve complaints against their water company, while providing free advice and support. All of our work is informed by extensive research, which we use to champion the interests of consumers and influence water companies, governments and regulators.

Climate change is one of the biggest challenges we face in our lifetime. The drought and heatwaves experienced in 2022 highlighted the effects of climate change on our water environment, and the challenges for water and sewerage companies in England and Wales.

We welcome the opportunity to respond to this consultation. Decisions about how to adapt to climate change will have direct consequences for everyone as we all rely on these essential services. This will have implications for the level of service we receive and the bills we pay. Also, these decisions will help determine the water services, environment, and the quality of life that our children and future generations inherit.

2. Executive Summary

- We agree with the objectives and principles suggested for the Fourth Round of Adaptation reporting. We also support the proposal for round four to work towards a shorter timescale with the aim of achieving a better alignment of the components of the UK's Climate Change Risk Assessment.
- ARP reporting should be made mandatory to increase the level of participation and improve the understanding of how well adapted the UK is to the challenges of climate change.
- Affordability is an important consideration when adapting to climate change - it will require investment, especially to ensure that people continue to receive the safe, reliable and affordable water and sewerage services they expect. We support the creation of a single water affordability scheme, which provides support that is broader and more consistent than what is currently available for customers who need this.
- CCW supports a case-by-case reporting for the water sector. The nature of the individual business planning lends itself to address the risks on a company by company basis. This can be complemented with a wider, joint, regional approach for sectors such as utilities that have a range of interdependencies to gather insights on these and how to address them.
- Having a requirement to report on interdependencies can help organisations to understand what the risks are and consider and implement measures to mitigate them. It will also help to improve preparedness and response, especially to support people in vulnerable circumstances.
- For organisations that provide services such as water and wastewater, energy, telecoms it would be useful to understand how they are communicating with their customers – not only about the challenges brought by climate change but also about the actions everyone can take to rise to the challenge.

3. Consultation questions

1. Do you agree with the objectives and principles for this round of reporting?

Yes. We agree with the objectives and principles suggested for the Fourth Round of adaptation reporting. We think that, for water companies, the climate change adaptation reports are a great opportunity to bring together the different planning and reporting processes required by the regulators. These plans (i.e. Business Planning, Water Resources Management Plans, and Wastewater and Drainage Management Plans) include evaluation and mitigation of risks as well as indicators to track progress on the delivery of the plans, which includes the service provision for customers. The combination of these parameters is a key part to continue to build on the understanding of the level of preparedness of the water sector to climate change, at local and regional levels.

We also support the proposal for round four to work to a shorter timescale (compared to previous rounds of reporting) with aim of achieving a better alignment of the components of the UK's Climate Change Risk Assessment. We agree with the need to make the upcoming requirements 'lighter touch' given the shorter timescale.

We also agree with the principles described to reduce the burden on reporting organisations and, that reporting should build on previous rounds to improve the quality of reports.

2. Are there any additional objectives or principles you would want to see included?

We accept that adapting to climate change will require investment, especially to ensure that people continue to receive the safe, reliable and affordable water and sewerage services they expect. As a result, **affordability is an important consideration when adapting to climate change**. We support the creation of a single water affordability scheme, which provides support that is broader and more consistent than what is currently available for customers who need this. Furthermore, in the context of the price review process in England (and Wales), involving customers (including future customers) in decisions about future investment plans will allow companies to understand people's priorities and preferences about what delivers best value.

3. Would providing an update on changes since round three of reporting enable your organisation to deliver a report within a shorter time period? Not for CCW to answer

4. Do you have any further proposals that would help streamline and minimise the reporting burden on your organisation or sector?

We believe that making these reports accessible can bring many benefits. One way to do this is encouraging reporting organisations to create customer friendly, summary versions alongside the main reports. The more accessible the (summary) reports are, the more impact they can have to help raise awareness about the challenges brought by climate change, the actions taken by reporting organisations and, as a call to action.

Early in 2020 CCW wrote to all water and sewerage companies in England setting out our expectations of what we would like to see, from a customer perspective, in their adaptation reports. One of our asks was to produce a customer friendly, summary report. We were very pleased to see that a handful of water and sewerage companies in England created such reports.

5. Should ARP reporting remain voluntary or be made mandatory in round four?

We think that reporting should be made mandatory in round four to increase the level of participation. Under a voluntary system there are organisations that should be reporting but don't. This creates information gaps in the (future) assessment of how well adapted the UK is to the

challenges of climate change. This would be key for all organisations that rely on infrastructure and/or provide essential services to customers: it shows how risks are being assessed, considered and mitigated, demonstrates action towards resilience and enables progress to be monitored.

6. Should the position be reviewed again ahead of round five?

Yes, especially if reporting continues to be voluntary for round four.

7. What impacts, positive or negative, could mandatory reporting have in your organisation?

Not for CCW to answer

8. What else can government do to encourage additional coverage in sectors where gaps have been identified? How should we determine proportionality in these sectors?

Not for CCW to answer

9. Is your organisation subject to existing or planned UK Sustainability Disclosure Requirements or any other relevant reporting regimes? How far do these go in fulfilling the objectives of ARP in your organisation?

Not for CCW to answer

10. Are there any gaps which remain between the information provided under other reporting requirements and that of ARP? If yes, please provide details.

Not for CCW to answer

11. Could your TCFD-aligned disclosures effectively replace ARP in round four or beyond?

Please give any supporting reasons. Not for CCW to answer

12. Do you support a case-by-case approach to sectoral reporting, balancing the need for proportionality with the need for specific insights into the management of climate risks? Please give any supporting reasons.

In the specific case of water and wastewater companies we support the case-by case to sectoral reporting. Although water companies face similar challenges linked to climate change, their geographical location can make them more or less vulnerable. Also, the nature of the (individual) business planning lends itself for water and wastewater companies to assess and address the risks individually. Having said that, the recent round of regional Water Resources Management Plans helped to provide information at a regional level of how to increase the resilience of water resources by involving a wide range of stakeholders. A similar approach could be taken for adaptation reports, especially for sectors (such as utilities) that have interdependencies to gather insights on these and how to address them.

13. Who should be asked to report in the energy generation, telecommunications and digital sectors?

It is key that any organisation that has been identified as having interdependencies with those organisations that provide essential services provides a report. Doing so will help to identify and address any issues that could affect the provision of the services people rely on and value the most.

14. How can reporting by regulators best reflect their important oversight role?

We agree with the CCC's view that regulators should report on how they drive and monitor adaptation progress in their sector. Regulators are best placed to assess progress towards

adaptation and to identify any gaps and additional challenges faced by the organisations they regulate.

15. Which regulators should be invited to report in round four?

In addition to those regulators that have provided adaptation reports for their sectors, regulators of organisations that provide essential services, such as OfCom, OfGem, Office of Rail and Road, the Care Quality Commission should be invited to report.

16. Would your organisation be able to report on inter dependent and cascading risks? Please give any supporting reasons.

Water and wastewater companies already report on interdependencies and cascading risks that can jeopardise the provision of safe and reliable water supplies as a result of extreme weather events. This is an area that was identified by the companies in their submissions for the third round of the ARP.

The sectors that have interdependencies with the water sector include energy, telecommunications, and highways. These interdependencies and cascading risks have been evident in extreme events such as the freeze-thaw in 2018 and Storm Arwen in 2021.

17. Would a requirement to report on the detail of interdependent risks help to drive progress in assessing and managing these? Please give any supporting reasons.

Yes. It would help organisations understand better what those risks are, consider and implement mitigation measures to reduce them. It will also help to improve preparedness and response, especially to support people in vulnerable circumstances.

18. How can government encourage cross-sector working and collaboration on interdependencies as part of the adaptation reporting process?

Government can help to encourage cross sector working and collaboration by reviewing the 'lessons learned' and actions taken to address these following recent extreme weather events, particularly when these have led to service failure and detriment to people.

19. Would reporting templates be helpful for your organisation? Please give any supporting reasons. Not for CCW to answer

20. Do you agree that following the template should be voluntary? Please give any supporting reasons. Not for CCW to answer

21. What supporting guidance would be useful to minimise reporting burdens and ensure that reports are generating useful insights?

The adaptation reports produced for the third round of reporting by most water and wastewater companies were a welcome change from previous ones. Any future guidance should follow and improve on that used for the third round of reporting, and at the same time (as suggested by the main consultation document) allow some degree of flexibility.

We support the proposal to develop a template that balances the need to cover key areas and reducing the reporting burden. In addition to the points in page 22, we would suggest including

measures to track progress (even though this reporting period is likely to be shorter than in the past).

22. Should government pursue a standardised approach to risk assessment, including by mandating the use of specific climate scenarios? How would this affect your ability to respond, and to assess risk according to your organisation's specific circumstances?

We support the argument that greater standardisation would help to provide better comparability between sectors (and their reports) and support the CCC's national work. As noted in the document (and mentioned by some water and wastewater companies in their most recent reports), this could also help to improve the assessment of interdependencies between organisations.

23. Do you agree that organisations that reported in the third round should not be required to submit full risk assessments in round four, and that reports should instead focus on updates to actions taken in response to risks? Please give any supporting reasons.

Yes, we support this principle. Allowing organisations that reported in the third round to focus in updates to actions will help to reduce the reporting burden at a time when reporting timescales are being reduced. It can also help to increase the number of submissions.

To achieve the desired outcome, it will be essential to provide clear expectations and guidance for reporting organisations at the outset of the process.

24. Have we selected the right areas to prioritise for targeted scope expansion in the fourth round of reporting?

Yes, We agree with the areas to prioritise to prioritise for the targeted scope expansion. The choice for the canals and reservoirs is an interesting one – given the use of canals in the future to help to transport water and increase the resilience of water supplies, especially in the South of England.

25. How would a reporting pilot be received in your sector? Not for CCW to answer.

26. Which organisations should be invited to report and how should we determine proportionality in these sectors?

Water and wastewater companies should continue to be invited to report on their progress towards climate change adaptation.

27. Would your organisation be willing to take part in a pilot in round 4 of the ARP? Not for CCW to answer

28. Do you agree that Local Authority reporting should be piloted with a small group of authorities in round four of ARP, to test the costs and benefits? What form should this take? Would your organisation be willing to take part? Not for CCW to answer

29. What advice, guidance and incentives do Local Authorities need to help develop their climate risk management practices? Not for CCW to answer

30. Do you agree with the ARP approach to reporting by organisations with activities in the territorial extent of one or more of the devolved administrations? Please elaborate. Not for CCW to answer

31. What is the estimated total cost (time and resource) of reporting for your organisation? Not for CCW to answer

32. If you have reported in the past, in what ways has the exercise been useful to your organisation? Not for CCW to answer

33. What additional questions would you pose for future reviews of climate adaptation reporting?

For organisations that provide services such as water and wastewater, energy, telecoms it would be useful to understand how they are communicating with their customers – about the challenges these services face as a result of climate change, and the actions they (organisations) are taking to address these challenges. Also, how are these organisations engaging with their customers, as in many cases, there are practical actions that we can all take to adapt to climate change.

Enquiries

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