Deliver commercial advantage through sustainable water management

Waterscan

FOOTPRINT INTELLIGENCE

Introduction

Reliable access to water is a critical risk factor for hospitality and foodservice businesses. As global temperatures continue to rise and extreme weather events become more commonplace, access to cheap, plentiful water can no longer be taken for granted.

Although water scarcity and wastage can significantly undermine business revenue streams and damage brand reputation, effective water management can unlock cost savings, improve operational resilience, attract investment and help brands deliver on their sustainability ambitions.

In this Footprint Intelligence whitepaper, in collaboration with Waterscan, we draw on expert insight and real-world examples to highlight the value in businesses thinking strategically about efficient management of this key resource.

With a focus on planning, process improvement, behaviour change and adoption of new technologies, it offers actionable strategies to help operators save money and ensure resilient, sustainable water practices.

14 billion litres volume of water currently put into the public water supply in England each day

20% target for reduction in water use per head of the population in England by 2037-38

36% increase in the average water bill over the next five years

133,940,765 pints water saved by Marston's in FY24 by tackling inefficiencies and leaks

16,700m³ volume of water saved by Greene King after installing AMR loggers at 50 sites

20% Whitbread's target to cut water consumption per sleeper by 2030

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Recognise the value in water

Water is an indispensable resource for businesses operating in the hospitality and foodservice sector. Food preparation, dishwashing, cleaning, showering – these are just a few of the everyday tasks that can only be accomplished with reliable access to water. Without it, you don't have a functioning business.

"Water is an existential issue and resource for businesses of all types but particularly in hospitality and foodservice where you can't operate premises without a plentiful supply of clean water," explains Rebecca Gale, head of sustainability at Waterscan.

This can no longer be taken for granted. The sector's extensive water use — from guest services to operational needs — make it uniquely vulnerable to the impacts of water stress which are becoming ever more real in a climate emergency.

One only has to rewind three years to the dry, hot summer of 2022 which led to restrictions on water use being imposed by a number of UK water companies, forcing businesses, as well as households, to mitigate their use of scarce supplies. Thames Water, for example, declared bans on automatic irrigation of any planting around buildings such as pubs and the use of hoses and sprinklers on gardens and green spaces.

The prolonged drought of that year proved that, despite its reputation for rain, the UK is not immune to water supply issues. Four years previously, in 2018, the National Infrastructure Commission had issued a stark warning that the water supply system in England was coming under strain driven by climate change and the needs of a growing population, especially in the drier south and east of the country[1]. Pressure on the system would only rise over the coming decades, the Commission warned.

A further warning was issued by the Environment Agency in December last year[2]. Its analysis concluded that water companies in England must intervene to prevent a projected shortfall of nearly 5 billion litres of water per day by 2050 – the gap between the sustainable water supplies available and the expected demand. This represents more than a third of the 14 billion litres of water currently put into public water supply.

Targets and prices

The UK Government has responded by setting targets to reduce the use of water per head of the population. The Environment Act 2021 set a target for a 20% reduction by 2037-38 from the 2019-20 baseline[3] – a target the water industry has challenged itself to exceed by delivering a 22% reduction in water use per person by this time.

The government is looking to water companies to act quickly by accelerating the rollout of smart meters for both businesses and households and reducing leakage. This will happen alongside the introduction of a mandatory water label which ministers say will enable water efficient decisions across the country.

The drive to use water more efficiently has major cost implications. In order to fund the infrastructure improvements needed to achieve water targets and invest in other measures to build long term resilience and security, bills are set to rise significantly for households and businesses. The regulator Ofwat said

1 https://nic.org.uk/app/uploads/NIC-Preparing-for-a-Drier-Future-26-April-2018.pdf
2 https://www.gov.uk/government/publications/a-review-of-englands-draft-regional-and-water-resources-management-plans/a-summary-of-englands-draft-regional-and-water-resources-management-plans
3 https://www.legislation.gov.uk/ukpga/2021/30/contents

in its 2024 Price Review, published in December 2024, that the average bill will increase by 36% over the next five years before inflation[4].

More than ever, saving water has become a financial as well as sustainability priority. "Water's been seen as a cheap resource that businesses can use in quite an expendable way," says Gale. "With the new cycle coming in and price increases having taken effect from April this year, we're going to see water become an increasing priority for sustainability managers and businesses as a whole. The imperative of doing more on water to reduce demand, which will then reduce costs, both for the water supply and waste water treatment becomes increasingly important."

Barrier to growth

Water scarcity is already having a knock-on effect on business's growth ambitions as councils refuse new business connections in water stressed areas like the east of England. Last summer, Essex & Suffolk Water wrote to businesses in the Hartismere Water Resource Zone informing them that it would not approve any new business connections in the zone nor increase supplies for existing business connections until 2033 as it prioritises domestic customers. One local brewer, the Humber Doucy Brewing Company, told BBC News the policy meant the company was faced with "closing down or moving"[5].

"There's a risk that if you're thriving in a particular area and want to expand, your plans are potentially going to be limited by water availability," says Gale.

She also warns of the reputational risk from water wastage by businesses amid growing public concern over scarcity and access.

Transparency and disclosure

Investors too are taking a growing interest in businesses' exposure to water risk. This is increasingly being captured and made public by voluntary disclosure initiatives such as CDP and the Taskforce on Nature-related Financial Disclosures (TNFD).

Transparency requirements are only going to increase over time. The UK Government continues to review the extent to which it will endorse the global corporate reporting baseline standards issued last year by the International Sustainability Standards Board (ISSB), of which water risk forms a key part[6]. A decision is expected later this year.

Business disclosure of water use and risk should no longer be viewed as a mere tick-box exercise. "Disclosure should be seen as a means for businesses to gather data on areas like their water risk, opportunities, governance processes and targets, and ensure they're continually improving on where they are," says Gale.

4 https://www.ofwat.gov.uk/publication/pr24-final-determinations-delivering-outcomes-for-customers-and-the-environment/
5 https://www.bbc.co.uk/news/articles/c7814ld548ro
4 https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s1-general-requirements/

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Unleash the power of data

A critical first step for businesses looking to improve their water efficiency and save money is to have visibility over their existing water use. "This comes from excellent and reliable data," says Gale. "A yearly, six monthly or even quarterly estimated reading is just not going to cut it. You need to have as much data as possible, ideally from different parts within your site."

Forward-thinking businesses are not only continually monitoring consumption changes for the whole site, but through extensive metering and logging they are able to see precisely where that consumption is distributed and pinpoint water use hotspots. This in turn allows them to identify opportunities, in places like bathrooms and kitchens, to install water efficient technologies or roll out new behaviour change programmes – deploying resources in a way that optimises savings.

Smart metering

As part of the government's target to reduce water consumption by 20% by 2037-38, it is seeking a 9% reduction in non-household water consumption. One of the ways in which water companies plan to meet the target is through a step-change in smart metering for non-household premises. Smart meters give a real time view of water consumption which in turn can help businesses better understand their water use and where they can make efficiencies.

Pub group Marston's is one example of a business that is already reaping the benefits from extensive deployment and analysis of automatic meter reading (AMR) loggers in high water consuming sites. During FY24, Marston's saved 133,940,765 pints of water by identifying and fixing inefficiencies and leaks – a 21% increase compared to the previous year[7].

Fellow pub group, Greene King, ran a water efficiency trial in 2023 which involved installing AMR loggers at 50 of its sites. The AMRs enabled the pub group to take readings of water usage at 15 minute intervals, allowing the early identification of leaks and coordination of repairs and maintenance activities. Over 16,700m^3 of water savings were identified in the trial, which has since been extended to a further 50 sites[8].

Another example of the savings that can be achieved from strategic use of AMR data comes from supermarket chain, Morrisons, which now reports on its water usage weekly across all operations. In the latest reported financial year ending October 31st 2023, the business used 4,929,354 litres of water across the Morrisons and McColl's portfolio, a 5% reduction versus the previous financial year[9].

7 https://www.marstonspubs.co.uk/docs/responsibility/Marstons-Impact-Report-2024-v2.pdf
8 https://gkbr-p-001.sitecorecontenthub.cloud/api/public/content/2e3cb3c62c6b48e9953fa2c5db968641?v=0bf60083
9 https://www.morrisons-corporate.com/globalassets/corporatesite/investor-centre/financialreports/documents/2022-23/wmsl-updated-30.01.2024-4.pdf

Unlocking efficiencies through self-supply

For hospitality businesses operating multiple sites, the ability to supply your own water can present a big opportunity to drive improvements in both cost savings and water efficiency.

Self-supply allows businesses to become their own water retailer and form direct relationships with wholesalers. There are some key advantages to gaining a self-supply licence including greater control over data to ensure accurate readings and bills; cost certainty that enables more accurate budgeting; and the ability to partner with water suppliers on projects like smart metering and trade effluent management to achieve faster, more efficient results. A number of leading hospitality sector businesses have gone down the self-supply route, including Greene King and Whitbread. “While self-supply was a leap into unchartered waters, it has delivered better than expected results in a short timeframe,” says Greene King head of GNFR & service procurement Gavin Worthington. “We are looking forward to building on this successful experience to date, which we believe delivers competitive advantage in both corporate social responsibility and commercial terms.”

Ross Greenhalgh, energy manager at Whitbread, echoes the value in being able to access high quality data[10]. “Decisions are difficult without data and self-supply has been incredibly beneficial for this, especially with the level of analysis available as a result,” he explains. “More frequent meter reads mean that leaks are identified and repaired faster, ensuring water is not wasted and costs are minimised.”

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Start with a strategy

Knowing how much water you are using is an important starting point on a journey to water efficiency, but visibility alone is largely worthless unless you have a strategy in place to improve efficiency.

Rather than a generic plan to reduce water use, a strategy should be rooted in the specific business context with clear, relevant objectives and milestones. "It's very easy to set a target to achieve something five or even 10 years down the line and then forget about it, but that's not going to deliver the results you want," Gale suggests.

Global hotel group Accor has designed a water strategy to align with the scientific principle of planetary boundaries, which defines the Earth's safe operating limits for key environmental indicators. It requires the business to deliver a 45% reduction in water withdrawals by 2030 against a 2023 baseline[11].

At its heart a water strategy should set out what it is you plan to do, why you plan to do it and what are the key actions you plan to take in order to deliver it. Some of the specific areas it might cover include:

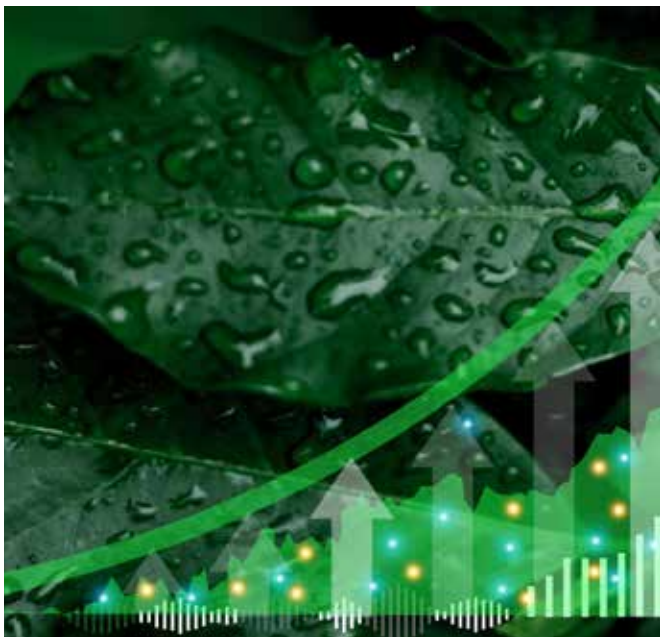
- Your approach to capturing and managing data
- Governance, including senior leadership ownership of the strategy and its targets
- Potential barriers to delivery and dependencies (including within the supply chain)
- Insight into the types of activities that will allow you to reach your goals such as investment in technology and behaviour change initiatives.

Tracking targets

Some businesses choose to set time-bound targets against which they can monitor progress at regular intervals. Whitbread, for example, has a target to cut water consumption by 20% per sleeper by 2030 versus 2019/20 levels across its hotels estate which includes the UK's largest hotel chain Premier Inn[12].

Targets can be an effective means of galvanising action within the business by making water a board-level and cross-business issue of focus, rather than just a CSR issue. "Targets are especially effective when they're public, because it adds a level of accountability and transparency to what you're doing, and why you're doing it," Gale says.

She does however warn businesses of the need to set accurate and achievable targets that are consistently tracked over time. "You want to have a strong understanding of where you currently are to be able to set robust targets with an accurate baseline."



10 https://waterscan.com/2021/04/21/whitbreads-water-journey-2/
11 https://group.accor.com/en/commitment/areas-focus/stay

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Make efficiency a priority

You've developed a clear view of your water use data and created a detailed water strategy including targets – now you need to start delivering efficiency savings on the ground, throughout the business.

Water efficiency measures broadly fall into three buckets: good housekeeping, investment in equipment and behaviour change.

Good housekeeping

Good housekeeping involves regular maintenance of equipment and prompt fixing of leaks, which might otherwise result in wasted water. Leaky toilet systems – identifiable through a small ripple where the base of the toilet meets the water – are a typical example of water wastage that can easily be prevented by regular maintenance. More proactive measures, such as preventing urinals from automatically flushing overnight, can also help save thousands of litres of water across multiple sites.

Efficient equipment

Alongside good housekeeping practices, many operators are investing in more water efficient equipment across their estates. Greene King, for example, has recently been trialling low flow showerheads and toilet flow regulators at some of its hotels and larger pubs to understand the impact on water savings and customer experience[13].

Such trials will invariably lead to a wider rollout of water efficiency measures once the business case has been proven. "What we tend to find is that once a trial of, say, flow restrictor showers, demonstrates savings and with no negative impact on the customer experience it becomes a no brainer to systematically roll it out across the estate," says Gale.

In order to achieve its target to cut water consumption by 20% per sleeper, Whitbread is in the process of rolling out water-saving technologies across its entire UK portfolio of over 845 hotels, prioritising those in areas at higher risk of water stress. The programme of advancements includes installation of upgraded WC valves, water-efficient showerheads, and flow restrictors on taps. The measures, combined with water stewardship activities in partnership with wholesalers, has already achieved a reduction in water use of 10.1%, according to the company's 2023/24 ESG report[14].

It's not just hotels investing in water efficient kit. Nandos has installed low flow taps and toilets in customer restrooms and made its kitchen taps push-to-go, so they can't ever be left running. The casual dining chain regularly reviews its equipment to identify opportunities for further water savings in areas like dishwashers and spray taps[15].

Behaviour change

Behaviour change is the third arm of a comprehensive strategy for minimising water use. Although businesses can't directly control customers' use of water there are opportunities to encourage guests to use water responsibly by, for example, reuse of towels or inviting them to skip a daily room cleaning service.

Where businesses can exert greater control is over the behaviour of employees in operational settings, such as the kitchen, where water usage can be particularly high. Good kitchen practice includes asking chefs not to leave taps running constantly when preparing vegetables or cleaning down work stations, and ensuring dishwasher loads are full and set to the most efficient rinse setting. Front-of-house processes, such as cleaning, should also

12 https://cdn.whitbread.co.uk/media/2024/05/Whitbread-PLC-ESG-Report-2023.pdf
13 https://gkbr-p-001.sitecorecontenthub.cloud/api/public/content/2e3cb3c62c6b48e9953fa2c5db968641?v=0bf60083
14 https://cdn.whitbread.co.uk/media/2024/05/Whitbread-PLC-ESG-Report-2023.pdf
15 https://help.nandos.co.uk/hc/en-gb/articles/360016301438-What-are-we-doing-about-water-waste

be regularly reviewed to avoid habitual water wastage while maintaining hygiene standards.

Water reuse

Businesses can also exploit opportunities to reuse and repurpose non-potable water and put it to work within the business and local community. During the spring of 2022, Greene King partnered with Bury in Bloom and Bury St Edmunds Town Council in a project to harvest rainwater from buildings in the town where the brewer is headquartered. It installed a 10,000 litre rainwater harvesting tank in its car park to collect water from its social club roof and used the water to irrigate all the hanging baskets around the town[16].

Accor has invested in installing reuse systems across its global hotel estate. At the Sofitel Noosa Pacific Resort in Australia, a system captures and stores 16,800 litres of rainwater in the basement car park to supply the hotel's irrigation and pool systems. At the Novotel Itu Terras de São José Golf & Resort in Brazil, meanwhile, an on-site grey water treatment plant treats wastewater from guest room showers and sinks and repurposes it for irrigation, toilets and various outdoor areas.

Key takeaways

We have entered an era where the drive to use water more efficiently has significant political and commercial momentum. Now more than ever it is vital that hospitality and foodservice operators think strategically about their use of this critical resource.

In this whitepaper we have identified four key steps on the path to sustainable water management. Businesses that diligently follow these steps stand to save money and build operational resilience against future risks.

1. **Recognise the value in water.** Water is no longer a cheap resource that can be taken for granted. With bills rising, restrictions on growth biting and climate risks escalating, a focus on managing water effectively to unlock measurable commercial advantage has never been more important.

2. **Unleash the power of data.** Uninformed decisions about where to target water efficiency measures will deliver inferior results. Use granular insights to pinpoint water use hotspots and uncover the most impactful areas for investment.

3. **Start with a strategy.** A commitment to use water responsibly will lack impetus without a plan to deliver it. Engage leadership teams, set targets and focus on the actions that will allow you to reach your goal.

4. **Make efficiency a priority.** Sustainable water management should be rooted in the specific business context. Test interventions, learn from them and double down on those that deliver the most impactful results.

16 https://foodservicefootprint.com/rising-to-the-challenge-of-water-efficiency/

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