

Review of the Water Industry National Environment Programme (WINEP) Blueprint for Water Response – September 2021

Wildlife and Countryside Link is a coalition of 61 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:

- Amphibian and Reptile Conservation
- Angling Trust
- British Canoeing
- Friends of the Earth
- Institute of Fisheries Management
- Salmon and Trout Conservation
- The Rivers Trust
- The Wildlife Trusts
- WWT
- ZSL

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Proposal 1

Question 1a: Do you think the proposed 3-tiered outcomes approach (3TO) will achieve a greater focus on outcomes?

- a. Yes
- b. No
- c. **Unsure**

Please explain the reason for your answer.

The focus on outcomes and goals, as proposed by Tiers 1 and 2, is welcome because it provides opportunities to align the WINEP with long-term planning and to deliver wider benefits beyond

required outputs. It is a step in the right direction towards a more cross-sectoral and collaborative national environmental programme (a potential future “Tier 0”), which is something that was identified through the WINEP taskforce. However, the proposed methodology still falls short of making significant steps towards outcome-based approaches, because:

- **No targets have been proposed for Tiers 1 and 2.** Without specific targets it’s hard to see how (most) water companies and partners (and regulators) will resist the strong pull of the Tier 3 outputs, the best known and the path of least resistance. The uptake for Tiers 1 and 2 may therefore end up being ad-hoc and not consistent across the industry. Blueprint propose that targets are set for delivering against tiers 1 and 2 in order to achieve a greater outcomes-based focus.
- **The methodology does not offer enough detail** on how water companies will propose actions under the tiered process, although this may become clearer through the updated “Driver Guidance” to be published later this year.
- There is a risk that **a tiered process will create more complexity** in the development of proposed actions and solutions, particularly for Tiers 1 and 2 which are less common. If the methodology does not enable a more simplified and clear-cut process, then it will be challenging to drive more approaches at outcome level. For example, the consultation document states that “*sufficient evidence*” will need to be provided to support the benefits of setting an action at tier 1 or tier 2, but does not clarify what constitutes “*sufficient evidence*”.
- **Blueprint do not agree that tier 1 & 2 actions should be linked to specific tier 3 outputs** unless at the Environment Agency’s discretion as it does not support a more outcomes-based focus. This requirement does not give the signal that proposals set at the Tier 1 and 2 levels are the desired ideal. Further, it may create discrepancy in how these outcomes are negotiated. Will local decisions still align to national consistency?
- This approach **provides no guarantee that water companies will choose goals with the scale and ambition required to meet the targets in the 25 Year Environment Plan.** For each water company, based on existing evidence, the gap between their current status and achieving environmental and statutory commitments should be clearly defined. The outcomes, goals and outputs should then be clearly linked to addressing these commitments. The risk with the suggested approach is that huge sums of public money could be allocated to less impactful targets without thinking about the big picture.
- **Guidance is needed** to ensure that water companies’ plans are ambitious and to set out the expectation from Government around water companies’ delivery against the different tiers.

Question 1b: How else can we support an ambitious move towards a greater focus on outcomes? For example: enabling water companies to propose a Tier 1 measure in their business plans.

- This review offers an opportunity to set specific targets for Tiers 1 and 2 for the next WINEP, which can then be used as a roadmap for future WINEP cycles, where the ambition should be for outcome driven goals to become the norm. Specific targets should signal the direction of travel and the ambition for a greater outcome focus. Examples could include targets for flexible permitting, catchment nutrient balancing in specific catchments, etc.

- Support a ‘systems thinking’ approach to look at catchments as part of a system, addressing risks and measures in a prioritised and integrated way, rather than focusing on single drivers that add little wider value (the 3TO proposed process should be an enabler for this approach).
- This also means that assessment methods should be more holistic, for example, using natural capital evaluations and possibly working towards a multi-capital evaluation. It is important that methods are standardised across the industry to allow for comparable assessments, and the WINEP methodology should recommend this approach.
- By adopting systems thinking, the WINEP can be more aligned to other requirements beyond water quality and to long-term joined-up planning (DWMP, WRMP, climate change adaptation, ELMS, Local Nature Recovery Strategies, etc.), allowing water company obligations to be combined with wider objectives. This can be enabled in the WINEP through drivers that encourage partnership and cross-sector delivery, particularly where catchment and nature-based solutions (C&NBS) are concerned.
- This can be further supported by OFWAT, through the introduction of common measures that incentivise for e.g., natural capital approaches, partnership working, nature-based solutions, etc.
- There should be more frequent status updates on the impact of interventions funded by the WINEP by each water company. This could be achieved by regularly reporting on key environmental indicators that would illustrate progress towards environmental and statutory commitments.

Proposal 2

Question 2a: Do you agree that introducing a 10+ year planning horizon will help to address the issues identified above?

- a. **Yes**
- b. **No**
- c. **Unsure**

Please explain the reasons for your answer.

- Blueprint welcomes the intention to set the WINEP in the context of other strategic environmental planning frameworks in order to understand what needs to be achieved within each catchment over the next 25 years. This will help to provide a clearer pathway between successive WINEPs and avoid the risk of ‘knee-jerk’ expenditure to deliver against shorter-term goals. This 25-year view, which will inform a ten-year planning horizon, should consider obligations that will flow from the Environment Bill and its target-setting framework as well as actions needed to achieve the objectives of the strategic frameworks already listed.
- A longer planning horizon is also welcome, and will help to address the wider issues identified in the consultation document. However, in the case of C&NBS, more than 10 years may be needed in order to realise benefits; the rolling programme proposed goes some way towards allowing for this yet it is still unclear how schemes will be assessed under each 5-year review when the expectation may be that there will be little or no measurable progress towards Tier 1 outcomes and Tier 2 goals over short periods.
- This longer horizon still needs to align with the 5-year price review framework (which is not changing for the foreseeable future). How will this longer planning horizon be accommodated

into the existing price review timescales, particularly given the above difficulties posed by C&NBS?

- Overall, a 10+ year planning horizon is a step in the right direction, but as a new way of developing actions, more detail is needed in the proposed methodology.

Question 2b: What are the key considerations in implementing a 10+ year planning horizon?

- Pulling together long-term goals will require time and effort and a wider engagement with stakeholders and others. Collaborative approaches therefore need to be specifically spelled out in the WINEP methodology.
- Also, it cannot be just about water quality, which in the past has been a focus of the WINEP; the long-term planning horizon needs to draw in the DWMP, WRMP, net zero targets, and other planning frameworks. To facilitate this, wider outcomes and combined drivers need to be reflected in the proposed methodology.
- There is also a risk that a 10-year planning horizon could defer the ambition needed to meet urgent targets with regards to biodiversity recovery and climate adaptation. It should be made clear in the WINEP how this longer planning cycle will not weaken ambition and pace at which change needs to be made.
- Regular, robust and transparent environmental monitoring will be crucial in order to make sure that a longer planning process does not lead to delays in issues being discovered and mitigated.

Question 2c: What else could be done to better incorporate long-term planning?

- Place-based governance is a good way to enable better alignment of multi-sectoral planning, with common long-term objectives. However, place-based governance can be fragmented at local scale and not well coordinated. Water companies do not have the authority to drive alignment of planning dependencies, however, they have the resources to support better coordination, particularly when working more proactively with local stakeholders.
- Although the WINEP methodology cannot give water companies ownership of local planning, it can nevertheless enable better incorporation of water company's objectives with other activities, by setting out principles for better collaboration and for wider outcomes, thereby incentivising water companies to work with others to deliver multiple benefits through integrated, long-term goals.
- The methodology can also propose specific pilots across the country, for testing how the WINEP outcomes can be better delivered within wider place-based planning.

Proposal 3

Question 3: What are your views of aligning the cycles of the strategic planning frameworks?

This is a welcome approach, which can drive more outcome-focused objectives, and is a more effective and efficient way to set out long-term integrated planning. It is important, therefore, that the WINEP

methodology and supporting documents specify how water companies will drive more outcome-based approaches that can align the WINEP to the DWMP, WRMP, net zero targets, 25-year environment plan objectives, etc. This integration needs to be made clearer in the methodology and outcomes need to be more ambitious, with specific targets. This should also be done in a consistent manner nationally, including by adopting a common approach to cost benefit assessment, ideally through natural capital accounting.

Proposal 4

Question 4a: How well does the proposed draft WINEP methodology appropriately encourage consideration of catchment and nature-based solutions?

Blueprint are disappointed in the lack of ambition around C&NBS within the WINEP methodology, which does not adequately encourage consideration of C&NBS.

- **C&NBS are not addressed in the methodology document**, only in the consultation document, where some very basic principles are set out rather than encouraged as an approach.
- As C&NBS are still somewhat innovative in nature, and require more risk management around uncertainty due to not being a “business-as-usual” approach, **the principles and the methodology need to be a lot clearer** on these types of solutions, and should set out enablers that will incentivise water companies to include them in their optioneering and planning.
- These enablers **should include specifically aligning the principles with Tiers 1 and 2**, i.e., C&NBS are more suitable to an outcome-based approach rather than to output level.
- The review document recognises the main barriers to uptake of NbS. However, Blueprint **proposes that it directly addresses how each of these barriers will be overcome** in the immediate term.
- The report currently uses terms such as ‘consider’ and ‘investigate’, which illustrate a lack of commitment and conviction to using and mainstreaming C&NBS. In PR19 it was understood that C&NBS were to become business as usual in future and yet the WINEP for PR24 seems to have progressed little in this regard. **The methodology should be suggesting the use of C&NBS unless there is a substantial reason not to.**
- The methodology needs to go a lot further towards mainstreaming C&NBS in line with the SPS and the view from Government which “is very much that, where a nature-based solution exists, it must be the default”.
- The WINEP should also clearly support solutions which tackle water quality issues at their source and require clear explanations where this is not the case.
- Blueprint support the WINEP taskforce’s recommendations to increase the use of C&NBS including “Defra to consider and investigate the impacts of legislative changes to further encourage the use of C&NBS and implement these changes where appropriate”. This should include consideration of NBS targets and any necessary changes to the permitting regime to better accommodate C&NBS.

Question 4b: What are your views on the proposed principles for C&NBS?

The proposed principles are restrictive and risk-averse in nature. They are overcomplicated, unspecific and weak in ambition, and fail to address the barriers identified to adopting NbS. The proposals should

instead recommend that solutions which incorporate green infrastructure are prioritised above grey infrastructure solutions whenever practical.

For example, we question the need for a “fall-back” option, permitting where the EA “deems appropriate”, or limiting water companies who are eligible for proposing C&NBS; these restrictions will preclude many water companies from even considering these options. The methodology needs instead to enable a risk-based approach to C&NBS.

Furthermore, proposing permitting requirements is a clear example of how these principles are addressing C&NBS as if they were engineered options. Instead, C&NBS should be treated as natural (or hybrid) solutions, in order to maximise the benefits that can be achieved by these, which unlike engineered options, can deliver multiple benefits beyond requirements and are more flexible and resilient, particularly when considered as part of an outcome-based approach.

The methodology should recommend or propose assessment mechanisms such as natural capital assessments for example, which can truly capture the value of C&NBS, unlike widely used methods that focus mainly on whole life cost.

We support the following principles which state that C&NBS should:

- Be co-designed with relevant partners, if possible, to maximise wider environmental outcomes for customers across a range of drivers within the scheme’s geographical area;
- Be informed by a catchment-wide understanding of physical process and pressures to optimise locations for and selection of appropriate approaches.

However, we also recommend the inclusion of the following principles. C&NBS should:

- Be incorporated wherever feasible (as stand-alone solutions or within capital projects);
- Deliver against multiple benefits, in particular nature’s recovery and net zero goals;
- Involve working with communities to build in resilience;
- Include long term maintenance needs, and;
- Be encouraged by the use of Performance Commitments in the Price Review process.

Proposal 5

Question 5: Will the draft methodology enable water companies to deliver wider environmental outcomes?

- Yes**
- No**
- Unsure**

Please explain the reasons for your answer.

Blueprint supports the recommended new environmental outcomes.

This methodology will enable water companies to deliver wider outcomes, provided it considers the time scales and resources needed to understand local catchment and landscape needs, identify opportunities for delivering integrated solutions and multiple benefits, develop better collaboration with key stakeholders, etc., all of which are needed in order to deliver wider environmental outcomes, which are different and more complex than options that only deliver against required outputs.

The methodology needs to be more specific in acknowledging that complexity, and therefore offer clearer guidance on how water companies will go about delivering wider outcomes. E.g., providing examples of potential eNGO partners who have knowledge of the local biodiversity and landscapes, with the land management experience to advise or work in partnership.

Blueprint disagrees with the proposed precedence of natural environment and net zero outcomes over catchment resilience. We believe this is somewhat short-sighted, because, in some cases, prioritising catchment resilience will also deliver above and beyond for other outcomes. We would support an approach that allows precedence to be prioritised based on local needs.

Proposal 6

Question 6a: What further steps need to be put in place to enable water companies to contribute more to the development of the WINEP for PR24?

As it stands, the consultation isn't clear enough on how water companies will be more involved in the development of the WINEP and there is no specific guidance on the necessary steps for this to happen – e.g., are water companies going to develop this with local EA or national EA? Are they going to have visibility – and a say – on how drivers are defined from the RBMP into the WINEP? Will there be national consistency on how the WINEP is co-developed?

Furthermore, the current proposal doesn't read very differently from how the process has been run in previous cycles (e.g., environmental planning groups have already allowed for greater collaboration between water companies and the EA in the past).

Although proposal 6 acknowledges that a more collaborative development of the WINEP will require a step change in how water companies and regulators work, it does not set out what this new way of working should look like. More clarity is needed in the methodology itself.

Question 6b: Do you think the ambition to have a WINEP developed by water companies by PR29 is achievable?

- a. Yes
- b. No
- c. **Unsure**

Please explain the reasons for your answer.

If the WINEP methodology proposed for PR24 does not raise its ambition, it is hard to see how the expectation of a water company developed WINEP will be achieved by PR29. The PR24 WINEP cycle should create a step change and the roadmap that paves the way for different and more ambitious future cycles. However, despite the encouraging language throughout the proposed methodology, it falls short of doing so, because:

- The methodology **does not offer enough clarity on how water companies and other stakeholders will collaborate in the co-design and development of this WINEP** and how it will be aligned with wider strategic planning frameworks.
- It **does not propose specific steps for addressing the complexity of delivering wider environmental outcomes** and for driving long-term integrated planning.

- The principles proposed for C&NBS **do not enable a risk-based and outcome-driven approach** to encourage wider adoption by water companies.
- It **does not set out specific and ambitious targets for outcome-based approaches for Tiers 1 and 2**, particularly related to integrating key issues such as climate change adaptation, CSOs, etc. The direction taken in previous cycles, such as an outputs-based approach (Tier 3) and drivers focusing mainly on water quality, still comes across as the path of least resistance, offering very little in the way of evolution or innovation towards future cycles.
- In addition, whilst the logic of moving to a water-company-led WINEP is clear, it is not without risk. The audit role of the Environment Agency will be crucial in providing reassurance to customers and stakeholders that the ambition and purpose of the WINEP is not placed at risk through a company-led approach. Trust in water companies - particularly with regards to their environmental performance - is not high, so sufficient scrutiny of proposals will be necessary to ensure that the integrity of the WINEP is not compromised.

Proposal 7

Question 7a: Will the proposed approach set out in the draft WINEP methodology, including the proposed timetable, be effective in increasing the involvement of other organisations in the WINEP for PR24?

- a. Yes
- b. No
- c. **Unsure**

Please explain the reasons for your answer.

- The proposed tiered process, as well as the steer towards wider environmental outcomes and integrated planning help to make the relevance of the WINEP much clearer to wider stakeholders and potential partners. From a partner perspective this will facilitate engagement.
- However, these aspects plus considerations around co-funding and project liabilities create from the water company perspective a more complex way of working, requiring greater consideration for involving others and for allowing enough time for water companies to plan and deliver against requirements.
- The methodology is unclear on how water companies will collaborate with others in a more effective way to develop the WINEP for PR24, and there are also no incentives or specific targets for them to do so. Where there is reference to collaboration, the language is vague and not inclusive, for example, "*Water companies should work with the Environment Agency to select one or more catchment partnerships to trial the co-design and development of the WINEP*". This excludes the very same catchment partners from the selection process, and ignores the requirement to understand local partnership's capabilities, resources and planning maturity to support co-design and development of the WINEP. The collaboration needs to start from the beginning, and stakeholders need to be an integral part in the selection of the catchment partnerships to trial the co-development of the WINEP.

Question 7b: Do you agree with setting a target for co-funding non-statutory actions?

- a. Yes
- b. No
- c. Unsure

Please explain the reasons for your answer.

- Co-funding opportunities are very place and catchment specific. Currently, there are no set or standardised mechanisms by which water companies can readily leverage co-funding, which tends to be locally driven, opportunistic and pilot in scale.
- It also requires significant effort to create common goals, map out interested stakeholders, define solutions and broker deals that achieve desired outcomes for all parties. Therefore, setting out a 20% target is not the right way to enable co-funding.
- Instead, setting WINEP targets for collaborative working, outcome-based approaches (including more C&NBS), or delivery of wider environmental outcomes, may be a better way to also drive co-funding where these opportunities are available. It will also enable innovative ways to drive market-led approaches, to bring in wider investment opportunities and create greater value for customers and the environment.
- Whilst having their own financial constraints, water companies generally have substantial access to land and funding compared to those who may work in partnership to deliver non-statutory actions such as eNGOs, volunteer and community groups. Working with these groups has their own value such as in land management advice or practicalities, volunteer work parties and local stewardship. Insisting that water companies receive co-funding from these groups may exclude valuable involvement from such organisations.
- Further, a co-funding target may perversely prevent water company delivery in instances where no co-funding can be secured, even if the solutions could be cost-effectively achieved by the company alone, without the need for external funding. Blueprint considers that co-funding should be an enabler, and that mechanisms should be put in place to facilitate this, but it should not be a target in its own right.

Question 7c: If you agree with setting a target, what level should a target this be set at?

Please explain why you have suggested this target.

As per our response to question 7b, setting co-funding targets is not the right approach. Instead, more achievable and sustainable WINEP targets should be defined, such as for example on collaborative working, outcome-based approaches, including more C&NBS, or delivery of wider environmental outcomes. These may provide a better way to attract greater investment, and to drive more value for customers and the environment.

Blueprint would welcome for example the adoption of a target of 20% Biodiversity Net Gain by the water sector, in recognition of the reliance of the sector upon a healthy natural environment. A target such as this, which aligns strongly with the aspirations of environmental organisations, may assist in leveraging external financial or in-kind contributions towards actions which contribute to this goal. Blueprint members would be keen to engage with companies and regulators over the development of a target such as this.