

Wildlife & Countryside Link
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Customer Challenge Group Chair,

I am contacting you on behalf of Link' Blueprint for Water working group, a coalition of eNGOs interested in protecting and enhancing the natural water environment. We believe that Customer Challenge Groups have an important role to play in ensuring water companies adopt and deliver strong environmental objectives. We have produced the following briefing note setting out our views on how CCGs could further encourage this by supporting appropriate levels of investment in the environment in the emerging Business Plans. This should enable water companies to maintain and enhance the health of the environment which is crucial to their businesses.

In early 2019 the Blueprint for Water coalition published our [environmental assessment of companies' Business Plans](#) for 2020 – 2025. We considered whether companies' proposals on the environment, and the performance commitments made, reflected the priorities that we had set out for securing a better environment for wildlife and people.

Our assessment revealed a positive step change in environmental ambition in this planning cycle compared to plans for PR14, with an estimate of over £5 billion due to be invested in environmental improvements over the next 5 years. This includes over 350 catchment management schemes to deal with environmental problems at source rather than end of pipe, and commitments to reduce leakage by more than 15%, to reduce water demand and to deal with unsustainable abstraction.

Our assessment ranked companies based upon the scale of environmental delivery proposed within their plan, the ambition of relevant Common Performance Commitments, and the number of bespoke environmental commitments that each had proposed. Accounting for the expected differences between water-and-sewerage and water-only companies, there is not a vast amount separating companies in terms of their overall proposals on the environment.

However, despite good progress by the sector overall, our analysis did highlight a number of important areas where we feel more must be done. We want all water companies to aim to reduce water consumption to below 100lpppd by 2050 and to use a greater range of techniques to *incentivise* customers to reduce their water consumption. We believe that faster progress towards achieving 'zero pollution incidents' should be made and look forward to the development of water companies' first drainage and wastewater management plans as a crucial step in this journey.

In addition, whilst there are some areas where all companies scored well – for example, all pledged to achieve a target of 'zero risk of failure to comply with water quality standards', there are other areas where proposals were more variable, such as around risk of sewer flooding. We hope that companies can share learning and expertise where dealing with these more challenging areas.

Our overall ranking paints a different picture to that presented by Ofwat's initial Assessment of Plans (IAP), which sees some companies with good ambition on the environment not fast tracked.

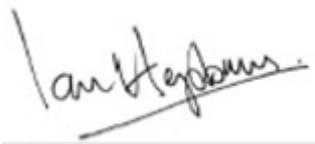
This perhaps is not surprising; Ofwat's assessment considers a wide range of aspects, of which the environment is just one part. But we feel that this disparity reflects a disregard for the importance of the environment in underpinning the very services that the water industry provides.

Those companies under 'Significant Scrutiny' may be challenged to reduce costs, but we believe that environmental delivery is not the area where we should be cutting corners. We suggest that those companies:

- Look at the areas where they have scored lower in Blueprint's rankings. Resilience is an important theme in Ofwat's assessment and the resilience of the environment is a key part of this, which companies may need to demonstrate more strongly.
- Consider where further engagement with customers will help to demonstrate the importance of retaining or strengthening environmental ambition.

Slow tracked companies may also wish to consider strengthening their environmental ambition in areas where they have not scored as highly as their counterparts, bearing in mind Ofwat's Resilience Duty and the guidance provided by the environmental regulators through their advice on Water Industry Strategic Environmental Requirements (WISER).

Yours sincerely,



Ian Hepburn, Chair of Blueprint for Water