

John Leyland, Executive Director for Environment and Business, Environment Agency  
Chris Walters, Senior Director, Price Review, Ofwat  
David Hallam, Director Floods and Water, DEFRA

*By email*

13<sup>th</sup> December 2023

Dear John, Chris, and David,

**Re: PR24 business plans**

I am writing to you as the Chair of Blueprint for Water, a unique coalition of environmental, water efficiency, fisheries, and recreational organisations with an interest in water.<sup>1</sup>

Water company operations are a major source of pressure on our waterways and, conversely, their investment plans represent a significant opportunity to improve our aquatic environment. Our initial assessment of the draft business plans has raised some concern among NGOs, in particular:

- Inconsistent presentation of information makes meaningful analysis resource-intensive. Opportunities for scrutiny are therefore massively reduced;
- The overall AMP 8 delivery burden is huge. Priorities were added late into the planning cycle. Where trade-offs have had to be made between different investment priorities, decision-making is opaque and therefore impossible to scrutinise;
- Evidence for use of Catchment and Nature Based Solutions (CNBS) is limited and partly dependent on future guidance. Government has indicated its support for CNBSs in its Plan for Water and elsewhere, so we are keen to understand why such schemes are not more common.

These concerns are discussed in greater detail in the annex below.

Given the urgent nature of the biodiversity and climate crises, and intense public scrutiny associated with record bill increases, it is important that maximum environmental and social value is delivered through AMP 8.

We would therefore welcome the opportunity to meet with you all to better understand the decision-making process that has informed the plans up to this point and the approach to resolving the known tensions between statutory obligations, affordability and deliverability.

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<sup>1</sup> Blueprint for Water is part of [Wildlife and Countryside Link](#), a coalition of 82 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

Yours sincerely,



Ali Morse  
Water Policy Manager, The Wildlife Trusts, and Chair, Blueprint for Water

## Annex 1- concerns raised and issues for discussion

The record investment anticipated in AMP8 will see the water sector nearly double in size in five years. The scale of challenge is driven in part by historic under-investment in treatment and network capacity, leading to overuse of storm overflows (and prompting the Government's Storm Overflow Discharge Reduction Plan), as well as maturation of Water Framework Directive targets and, more recently, Nutrient Neutrality. We also note significant investment in new water resources capacity.

In all these cases, failure to keep ahead of environmental quality standards is adding significant pressure on AMP8, at a time when household budgets are stretched and capital, energy and input costs are much higher than in recent times. Whilst we welcome the headline investment figures we know that making up for lost time in AMP8 will create significant challenges with respect to affordability and deliverability.

Catchment & Nature-based Solutions (CNBS) have a key part to play in addressing both challenges, by delivering lower capital cost solutions and diversifying the supply chain. CNBS can also help ensure that water companies are making their contribution towards the Government's 25 Year Environment Plan. We would welcome the opportunity to explore this further with Government and the regulators, to ensure that AMP8 maximises the opportunities for CNBS. In particular, we would be keen to understand:

- Whether information in the plans is considered sufficient to enable stakeholders to take an informed view on their quality and ambition. Our members have struggled to look across company-specific plans to ascertain common trends and extract comparable data on what is being proposed, why and how it is expected to be delivered. The WINEP itself is not published. This makes meaningful assessments of the draft plans difficult, despite encouragement from the regulators that our views are welcome.
- Defra and the EA's current assessment of AMP8's contribution towards the 25 YEP and Environment Act goals, particularly the 2030 Species Abundance target, which the previous Secretary of State has said will act as the 'apex target' for water post 2027.
- Whether the investment programmes are consistent with the aims of the Habitats Regulations and protected sites policies, such that we will remain safely above the thresholds for nutrient and water neutrality in areas not already subject to such advice;
- Whether the storm overflow monitoring programme could be designed to provide a more comprehensive and integrated view of the state of our waterways, beyond the limited aims of the Environment Act provision that introduced it;
- Whether in interpreting the statutory requirements of the WINEP and technical requirements of the WRMP process, the EA and/or Ofwat identified any regulatory barriers towards using CNBS? Strict compliance with statute can often bind water companies to traditional, or 'grey', solutions; we are interested in exploring whether an appropriate level of flexibility could help unlock more CNBS, particularly opportunities that could potentially be enabled through innovative and flexible permitting.

- EA policy is currently to restrict Catchment Permitting and Catchment Nutrient Balancing to companies rated 3\* and above. Our view is that CNBS should be maximised where they can demonstrate greater value than grey alternatives (when properly assessed with reference to long term and multiple benefits) and therefore stand on their own feet as being in the consumers' interests. There is also indication from customer surveys that this is something that customers would be willing to support. On that basis, we would welcome the opportunity to further explore EA's policy and whether it remains appropriate, especially in light of upcoming flexibility afforded by Part 7 of the Levelling Up and Regeneration Bill (sections 96K & 96N), and whether the policy is in alignment with the position in DEFRA's Plan for Water.
- Finally, as you look into the WINEP Evaluation process, we would welcome the opportunity to understand what proportion of the requirements will be delivered through CNBS.

This letter has been prompted by a general dissatisfaction with the transparency and accessibility of the process to date. We are keen that maximum environmental and social value is delivered by the record investment the companies will be making.