

Ensuring the Water Industry National Environment Programme (WINEP) and Water Industry Strategic Environmental Requirements (WISER) set the right framework for the future

Introduction

1. The water industry strongly supports the ongoing efforts of regulators and Government to reform WINEP, and to introduce a WISER that ensures the best possible outcomes for the environment.
2. This note summarises the high-level views of English water companies on how each of those products might best be shaped. This is intended to support regulators' and government's consideration of the way forward as part of recent consultations.
3. There is a great deal to welcome in the proposed changes to WINEP in particular. It is the right direction of travel. Inevitably, for reasons of brevity, this note focuses on those areas where we perceive gaps still to remain.
4. Our headline point is that we continue to strongly urge maximum ambition from Government and regulators on getting as much done as possible – including as many as possible of the recommendations here - in time for PR24.
5. That is because we believe incrementalist and status-quo approaches will be insufficient given:
 - a. the climate and nature emergency and the need for a step-change on both mitigation and resilience (including environmental resilience)
 - b. the diminishing returns from chasing ever-lower parameters at ends-of-pipes for ever-higher unit costs
 - c. Government's likely inflation and debt constraints over coming years, which are likely to place more emphasis on non-fiscal investment like billpayer funding
 - d. the increased salience of river health among customers and society, and the increasing bar for 'what good looks like' set by the public
 - e. the likely crowding-out of investment in ecological outcomes by other pressures in PR24 – including the urgent need for investment in asset health, the effects of inflation, and political priorities like overflow remediation and (possibly) the single social tariff
6. Where practical barriers mean that incorporation of some of the recommendations in this note are impossible, then the water industry would be prepared to support any credible option for accelerating and derisking their subsequent introduction (where also supported by regulators and Government) in PR29.
7. One option for doing that would be to get behind the kind of approach mooted in some of our [recent work on rivers](#).
8. The remainder of this note summarises industry's position on seven issues: long-term strategy; protecting the whole environment; regulator alignment; incentives for all sectors; greater

ambition on catchments; a more flexible approach to support innovation, and; a shared expectation for nature-based solutions.

A. Long term strategy

9. The seriousness of the climate and nature emergency demands a long-term strategy with realistic pathways and stable structures to deliver significant changes. This requires full alignment of 25 YEP, SPS, WISER, WINEP and EPA and all strategic planning frameworks. WISER is currently not sufficiently strategic on long term ambitions and doesn't match industry ambition on carbon emissions.

B. Protecting the whole environment

10. The Water Industry National Environment Programme should cover all the activities of the water industry, and all its environmental impacts. We need to understand how trade-offs between different environmental outcomes will be decided, and the consequences managed.
11. With its current narrow focus on water quality, the WINEP risks being a backwards step in also addressing other objectives like the climate emergency, biodiversity crisis and the need to ensure resilience in a circular economy by recovering waste.
12. While the discussion in WINEP of outcomes is positive, we need to ensure that they are fully supported – and that other tools, like environment bill targets, are also aligned with this principle. A good test for each of the specific ideas in WINEP's reform would be to question the extent to which it would truly enable a focus on outcomes rather than outputs or their proxies.
13. For example, on storm overflows, clearly spill frequency or elimination targets are not outcomes. There is a real danger that work on these – which account for a low proportion of Reasons for Not Achieving Good Ecological Status - will dominate investment, crowding-out more impactful opportunities to deliver greater environmental benefits. A focus on output metrics increases cost, reduces impact, and significantly constraints innovation. A superior approach would be to ruthlessly prioritise the tackling of harm, no matter the source.
14. Again there is a link to environment bill targets: if, for example, these are targeted on the concentration of nutrients physically passing through a water company asset, rather than the nutrients present in the river, this could preclude market-based approaches to reducing nutrient loading to waterbodies. Partnerships and other initiatives that carry lower cost and more environmental impact could also be undermined, and companies forced into concrete-based rather than catchment-based schemes.
15. We are particularly concerned that bioresources is not sufficiently covered in the WINEP, and would welcome development of a driver for this. It is a very important area for the environment. Companies are ready to offer their support in the development of that, and would likewise welcome your involvement in the development of a long term bioresources strategy.

C. Regulator alignment

16. All regulators must be fully aligned to the need to set clear pathways for achieving society's collective long-term ambitions, and share accountability with us for the delivery of 25 Year Environment Plan objectives. This should be done on an 'adaptive plan' basis so that we can update assumptions as new evidence emerges or circumstances change – but there is a clear need to set some early, transparent trajectories that enable long-term planning and accountability across both industry and those that enable our activity.
17. We welcome the longer timescales present in recent proposals on WINEP - but also note that the complexity and uncertainties inherent in the problems we are trying to resolve mean certain impacts may need longer than ten years to be fully felt – particularly when using nature-based solutions. It will be important to allow sufficient flexibility in delivery deadlines to allow the required planning.
18. On a related point: changes that occur outside of regulatory cycles cause significant problems. Meeting the requirements or interpretations of incremental changes is likely to lead to wasted investment and impact the viability of other objectives.
19. For example, changes to the Industrial Emissions Directive, Sludge Strategy, and Farming Rules for Water could cumulatively have a large negative impact on soil health, air quality and carbon. In this example, there is also limited read-across to other consultations and work on bioresources, and we are unclear whether the scale of change that may result has been aligned with planning cycles to ensure that investment delivers the right environmental outcomes.
20. Finally, we would like to see a cultural shift, and to build trust both locally and nationally to allow effective partnership working and to facilitate the adaptive approach that will be required to deliver the step change required.

D. Incentives for all sectors

21. All sectors that have an impact on water quality must be held accountable for their own National Environment Programmes, and be required to plan together to deliver ambitious outcomes. In particular, we must address not just the water industry's asset base - but society's assets - as unless we embed decarbonisation over the next few years we will not be able to deliver the UK's 2050 net zero ambitions.
22. Plans for all sectors need to be fully aligned to each other and enabled by changes to legislation and regulations such as: ending the automatic right of housing developers to connect to sewers regardless of environmental risk, interpretation of the Urban Wastewater Treatment Directive to allow partial treatment with nature-based schemes, sustainable drainage in planning, and better standards for house builders. Without those kinds of changes, companies will be forced to deliver more expensive and carbon-intensive solutions. Again this calls for a more joined-up, strategic approach that sits above discussions about individual programmes like WINEP, and is discussed further in some of our other recent publications.
23. Finally, companies have experience in trying to co-fund initiatives and have found that Treasury rules can prevent this. This would benefit from a specific piece of work.

E. Greater ambition on catchments

24. We need to begin with a shared vision for catchments and build a programme supported by a flexible framework with an enabling mechanism for funding. Working with partners at a catchment scale requires significant endeavour, and without commitment from regulators to support this approach at scale, opportunities will be lost for the next decade. Planning timescales and perspectives on building a programme need to allow for new ways of working. We should build on the lessons of regional water resources planning, and drainage partnerships and have a shared understanding of a practical framework for implementation.
25. We are concerned that resource constraints at the environment agency should not stand in the way of company's efforts and ambitions to deliver in this way. AMP8 should be a significant steppingstone to catchment planning, but the suggested two catchments is not ambitious enough to deliver meaningful change this decade.
26. Consistent frameworks and accountability are required, rather than arbitrary targets (20%) for co-funding. There is a real danger that companies will have no way of meeting this target, as there are often few incentives or requirements for potential partners to contribute their own money.
27. The EA have themselves experienced some of the significant difficulties inherent in this with their own flood partnership model. Private contributions have been falling, there are big regional differences, and some projects seem to be stagnant due to the difficulty in obtaining partner contributions.

F. A more flexible approach to support innovation

28. There must be sufficient flexibility in the framework to accommodate multi-period investments, policy uncertainties and regulation changes which are not aligned to price review planning cycles, and to be responsive to success and failure without prohibitive penalties.
29. Companies should be supported to take innovative and adaptive approaches over longer timescales to manage complexity. Current rigid approaches do not support this. We would like to follow up on discussions and develop a shared understanding and mechanism for dealing with the balance of the need for innovation with environmental and financial risk in a way that protects customers.

G. A shared expectation for nature-based solutions (NBS)

30. We propose that NBS should be the default solution for schemes. This should be supported by a shared high-level goal that reflects an increase in ambition for the quantity and quality of schemes.
31. There is a disconnect between the rhetoric on NBS and the framework to ensure that they are supported at PR24. A culture shift is needed to enable pragmatic permitting and risk sharing, and an approach to fallback options that enables delivery of the innovative solutions required.

32. We would like to see the removal of methodological constraints on catchment and nature-based solutions; performance issues should be dealt with outside of a planning process. It is not supportive of environmental objectives or in customer's interests to pursue sub-optimal outcomes. It is possible to use risk-based approaches where regulators have concerns about delivery, but this should not completely preclude the use of the best solutions in particular communities.