creating a better place
for people and wildlife

Environment Agency

The Rt Hon Liam Byrne MP
Chair, Business and Trade Committee
House of Commons
London
SW1A 0AA

17 July 2025

Dear Mr Byrne,

RE: The role of regulators

I am writing to follow up on questions put to Jo Nettleton during the recent Business and Trade Committee's evidence session on the role of regulators.

Jo was asked by Alison Griffiths MP what happened two or three years ago to cause the step change in investment by water companies. The question relates to the Environment Agency's role in the water industry price review, which is to ensure that, in carrying out their activities, water companies comply with the existing statutory and regulatory requirements. Jo referenced the 20,000+ actions in the Water Industry Environment Programme (WINEP), which is the main mechanism for ensuring water companies act to meet new or / changing environmental requirements.

Since privatisation, the costs allocated to the WINEP have remained around £3-4 billion at each price review. For the last price review (PR24), costs increased to £20 billion. This uplift in investment was due to new legal and policy requirements, such as the Environment Act 2021 and Storm Overflow Discharge Reduction Plan (SODRP) 2023. These will protect and enhance 13500km of rivers across England and drive significant improvements in water company performance. For example, between 2025-2030, water companies will spend £11.9 billion reducing harm from 2,350 storm overflows, which will result in 85,000 fewer spills per year.

The Environment Agency worked closely with the government on the new requirements, and the investment that we asked companies to make in storm overflow monitoring and nutrient technology trials during PR14 and PR19 was instrumental in providing the evidence base for the new PR24 targets.

Jo was also asked about the measures that are in place to ensure consumers can be confident that the new investment will increase productivity. The Environment Agency applies a range of measures to ensure that water company investment results in improved performance and better outcomes for customers and the environment. These include joint tracking and reporting with Ofwat (including through the Environment Agency's annual Environment Performance Assessment report) and ensuring that, where appropriate, the expected improvements are included in water company permits so that companies can be legally held to account for delivering WINEP actions.

Yours sincerely,

Helen Wakeham
Director of Water, Environment Agency

Copied to: Alison Griffiths MP