



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Rt Hon Philip Dunne MP
House of Commons
London
SW1A 0AA

12 March 2021

Dear Philip,

EAC BIODIVERSITY AND ECOSYSTEMS INQUIRY

I am writing in response to your questions about water quality improvement at the Biodiversity and Ecosystems EAC session on Thursday 4 March.

The Government is committed to significantly improving our water environment and delivering the clean and plentiful water goal in the 25 Year Environment Plan. Through the Environment Bill the Government is exploring the potential for long term, legally binding targets to focus attention on the three biggest impacts on our water environment: wastewater, agriculture, and abstraction, as well as on reducing pollution from abandoned metal mines.

We are clear that water companies have an essential role to play in protecting and enhancing the environment. Water companies' current investment in environmental improvement is substantial, investing £4.6 billion between 2020-25 through the Water Industry National Environment Programme (WINEP).

DEFRA, the Environment Agency and Ofwat have set up a dedicated taskforce to jointly review the current WINEP in advance of the Price Review 2024 (PR24). The amended WINEP will aim to deliver greater environmental benefits for every pound invested by companies. For example, through enabling greater uptake of catchment management schemes aimed at restoring natural ecosystem functions to deliver water quality, biodiversity, natural flood management, and climate mitigation and adaptation benefits.

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Furthermore, the Government's Strategic Policy Statement (SPS) to Ofwat will set out our high level strategic priorities for economic regulation of the water sector. DEFRA will consult on the SPS for PR24 during the Summer and publish the final statement later this year.

Finally, the Environment Agency will be taking further action on agricultural pollution this year, with the Agricultural Transition Plan published in November 2020 committing to a significant increase in the number of risk-based inspections in 2021-22 – drawing on the lessons learned from a successful catchment-scale pilot on the River Axe.

I am copying this letter to the Environment Secretary.

Yours sincerely,

A handwritten signature in black ink that reads "Kemi Badenoch". The signature is written in a cursive, flowing style.

Kemi Badenoch
Exchequer Secretary to the Treasury