

22 October 2021

Rt Hon Philip Dunne MP
Chair
Environmental Audit Committee
House of Commons
London
SW1A 0AA

Dear Philip

Thank you for the opportunity to join the Environmental Audit Committee and give evidence on your inquiry into Water Quality in Rivers last week. I hope you agree that this was a truly worthwhile session in outlining the sector positions, giving us appropriate challenge and looking ahead to how we can make the most impact on improving river water quality.

Following up on requests made by the Committee I attach our submission to Defra on the Strategic Policy Statement consultation, and I can confirm that we have identified no employees in leadership roles who left Southern Water following the recent cases surrounding unpermitted sewage discharges.

Alongside this, in response to the request of Dr Offord, I can outline tax paid by Northumbrian Water Limited (NWL) over the last five years as follows:

2016/17:	£30.3 million
2017/18:	£22.4 million
2018/19:	£39.2 million
2019/20:	£61.0 million
2020/21:	£11.7 million

The figures for the last two years can be seen in our Cashflow Statement which, although not legally required, is now included in the Company's audited financial statements. The higher amount in 2019/20 reflects six (rather than the usual four) quarterly instalments which were required as part of the UK's transition to earlier tax payments for very large companies. The lower amount in 2020/21 is due to lower profitability following the PR19 determination.

Further to my oral evidence, I would also like to reiterate and expand on some of the points made. I would very much welcome the Committee recommending to the Government that it is now beyond time to activate Schedule 3 of the Flood and Water Management Act 2010. This would directly encourage Sustainable Drainage Systems (SuDS) by removing the automatic right to connect to the public sewer network. It seems perverse that it is only in England that Schedule 3 has not been enacted, making us an unnecessary outlier.

Enacting Schedule 3 would also be a welcome stimulus to the regulatory system to help support proactive partnerships in reducing the risk of flooding and drainage problems ahead of what is in effect a catastrophic event when a system fails. As I briefly raised in my oral evidence, through the Northumbria Integrated Drainage Partnership (NIDP), we have worked since 2012 with the 13 Lead Local Flood Authorities in our north east of England region and the Environment Agency to jointly fund integrated flood risk studies and joint delivery schemes to tackle flooding from sewers, rivers and surface water. The NIDP has invested more than £25 million on partnership strategic studies and investment schemes, benefiting communities across the North East, including the multi-award-winning Tyneside projects at Killingworth and Longbenton, Brunton Park, Monkton and Fellgate. Over £15 million of this came directly from Northumbrian Water, by working with others we jointly leveraged much greater investment. We recognise the need for these partnerships, and we are now moving ahead of the pace of Ofwat, committing £10 million further to this for the next AMP, ahead of any guarantees of funding, because we believe working in this way is so vital to reduce the risks of flooding and improve drainage – which will also have a considerable benefit for the use of storm overflows.

Finally, in line with my closing comments to the Committee, I believe there is a need for a clear, single, evidence-based, long-term plan for rivers between Government, regulators, water companies, agriculture, highways and other sectors. This will help guide and prioritise investment and policy change, demonstrate how we will achieve good ecological status nationally, and establish an approach for going further, faster. Northumbrian Water, and the sector at large, want to see a new, jointly owned National Plan for Rivers that also includes new mechanisms for accountability, legal protection and local empowerment. This would tackle the challenge that the various approaches to policy within the water sector are at best disjointed, at worst they directly clash across respective regulatory interests. While we recognise each regulator has a clear purpose, the lack of joining up policy is notably negatively impactful on our sector. A future-facing and coordinated approach would make a significant difference – allowing us to support sectors such as agriculture in reducing their own impact on the water environment and help us manage our own challenges downstream.

I look forward to reading the Committee's report with great interest and the opportunities that arise to work collaboratively with all interested parties to make a real difference for the health of our nation's rivers. As a final note, I would like to add my personal thanks for so successfully raising this issue across the political spectrum, with an emphasis on delivering the right outcomes to really make a difference to river water quality and stimulating such positive discussion across all partners.

Yours sincerely



Heidi Mottram CBE
Chief Executive