

Pow: Water industry must do more to protect the environment

Ofwat must ensure that England's water industry is doing more to protect the environment, the Government has announced today (2 February) as it set out its priorities for the regulator over the next five years.

The new Strategic Policy Statement (SPS), which will be set by the Government and formally laid in Parliament later today, will stress the importance of protecting the environment for the water sector's economic regulator.

It will set out the Government's expectation that Ofwat and water companies will prioritise action to protect and enhance the environment, and deliver a resilient and sustainable water supply.

In particular, it confirms government expectations of water companies to significantly reduce the frequency and volume of sewage discharges from storm overflows. It also urges Ofwat to challenge them to show how they will be more ambitious in protecting the environment, whilst also getting the basics right.

These priorities build on the clear direction the Government has already set through direct action in this area, including:

- additional duties on government and water companies in the Environment Act, including a requirement to publish near real time information on the operation of storm overflows and for government to produce a statutory plan by September 2022 on tackling the issue.
- driving increased monitoring and transparency through the Storm Overflows Taskforce. Monitoring of the network has increased 14-fold in the last five years and the Environment Agency is now monitoring 80% of storm overflows – that will increase to 100% by 2023.
- delivering practical solutions for farmers to reduce pollution from agriculture by doubling the budget for Catchment Sensitive Farming. This is a partnership between Defra, Natural England and the Environment Agency providing free 1-2-1 advice to farmers on reducing pollution through management of farmyard manure and soils, among other things.
- tough enforcement action against water companies. Last year the Environment Agency concluded seven prosecutions against companies with fines of more than £100 million. The Agency has also launched a major investigation into possible unauthorised spills at sewage treatment works.

The SPS also gives greater priority to addressing unsustainable abstraction, protecting priority sites such as chalk streams, and ensuring better flood resilience.

Environment Minister Rebecca Pow said:

“Water quality is an absolute priority. We are the first Government to set a clear expectation that Ofwat should prioritise action by water companies to protect the environment and deliver the improvements that we all want to see. I have been very clear of my expectations of water companies and where they do not step up we will take robust action.

“The priorities that we are setting out today build on the work that we have already undertaken to reduce harm from storm overflows, improve monitoring and reporting of pollution incidents making this more transparent, to tackle run-off from agriculture, and protect the health of our rivers and seas.”

As the economic regulator, Ofwat is responsible for setting out what water companies should focus their investment on during each five-year spending cycle. It is the Government’s responsibility to set the strategic direction and policy priorities as part of that process.

The ambitious agenda set out in the new SPS follows a [consultation](#) on the Government’s draft proposals in July 2021. It is set to influence the next five-year spending cycle, which will run from 2025 – 2030. In the current spending cycle (2020 – 2025), £7.1 billion is already being invested in the environment, including £3.1 billion specifically on storm overflows.

The SPS will come into effect after it has laid in Parliament for 40 days without objection. Ofwat must then act in accordance with this statement, explaining clearly how major decisions support the delivery of the government’s strategic priorities, such as its methodology for the upcoming price review.

The Government will publish a [summary of responses](#) to the consultation. The SPS will also be [published](#) on gov.uk once it has been formally laid in Parliament.