



Department
for Environment
Food & Rural Affairs

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Rt Hon Dr Liam Fox MP
House of Commons
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Our ref: MC2023/20540/SU

foxli2@parliament.uk

03 January 2024

Dear Dr Fox,

Thank you for your email of 17 October on behalf of your constituent, [REDACTED], about sewage spills. I am replying as the Minister responsible for this policy area.

The Government recognises the importance of having a robust drainage system both now and for future demand. Under the Environment Act 2021, water companies in England will be required to produce Drainage and Wastewater Management Plans (DWMP). DWMP set out how a water company intends to improve their drainage and wastewater systems over the next 25 years, accounting for factors including growing population and changing environmental circumstances. These plans will help sewerage companies to fully assess the capacity of the wastewater network and develop collaborative solutions to current problems and future issues.

Taking a strategic approach to drainage management, will help to identify and mitigate issues related to insufficient network capacity or damaged infrastructure, including flooding and the use of storm overflows. Combined with other water plans and initiatives, DWMP will help to ensure drainage and wastewater services are better managed and properly supported, as well as delivering greater efficiencies for customers and supporting investment in nature-based solutions.

The Government wants to see water companies make use of nature-based solutions as part of their wastewater treatment process, where appropriate. In line with this, the Levelling-up and Regeneration Act 2023 requires water companies to consider the use of nature-based solutions, such as integrated wetlands, as part of the duty to upgrade wastewater treatment works to the highest technical level in designated catchment areas by the 1st of April 2030.

Since privatisation in 1989, the private water sector model (underpinned by strong, independent economic regulation) has unlocked around £215 billion of investment. This is equivalent to around £6 billion annually in investment, almost double the pre-privatisation level. Privatisation has delivered a range of benefits including high quality drinking water, leakage being reduced by around a third and 93% of our bathing waters in England currently being classed as good or excellent. In each year since privatisation, investment has been greater than dividends paid out.

Sustained investment in the water industry will only continue if the shareholders of companies can expect a fair return. Ofwat influences the returns that water companies pay to their investors through 'revenue controls'.

We are clear however that water companies must not profit from environmental damage and we have given Ofwat increased powers under the Environment Act 2021 to hold them account for poor performance. Using new powers granted to Ofwat by the Government, Ofwat is ensuring company dividends are linked to environmental performance.

On bonuses for water company executives, Ofwat has outlined a new measure to ensure customers do not fund (via water bills) executive bonus payments where they have not been sufficiently earned through the company's performance for customers and the environment.

The Government committed to reviewing water efficiency options in planning, building regulations and voluntary schemes for non-household water users including considering where rainwater harvesting can be encouraged and integrated into policy. More broadly, our Plan for Water, also reiterated the importance of dual pipe systems and water recycling for both reducing surface water flooding and increasing water efficiency in household and non-household environments.

With kind regards,

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Robbie Moore', with a horizontal line underneath the name.

ROBBIE MOORE MP

Parliamentary Under Secretary of State for Environment, Food & Rural Affairs