

Wildlife & Countryside Link
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22nd April 2025

Good afternoon,

I'm writing as Chair of Blueprint for Water¹ to share views on the relevance to the environment of the referral of Ofwat's Final Determination against several companies' 2025–30 Business Plans to the Competition and Markets Authority.

You will be aware that Blueprint members have a long-standing interest in the environmental impacts of the water sector, and the opportunities to resolve these. We published our [environmental ambitions for PR24 Business Plans](#) at the outset of the PR process, and subsequently assessed companies' draft plans against those ambitions in our [PR24 Scorecard](#).

We have seen significant investment in environmental delivery allocated through the Final Determination decisions, and welcome the focus that companies and Ofwat have placed on securing environmental improvements, recognising their importance in their own right as well as to billpaying customers.

Due to the timelines of the Cunliffe Review, which has been a major area of work for Blueprint members, we have not had capacity to review in detail the arguments submitted by companies to the CMA. However, we felt it would be helpful to share some overarching points that may help inform your decision-making. Given the above constraints, the following points have not been discussed in detail with the full Blueprint membership, but have been considered by members of Blueprint's Water Industry sub-group.

- The state of the water environment is evidence that there has been insufficient environmental investment from the sector historically. This has been precipitated by a focus on keeping bills low and, with legal deadlines now about to bite, has seen a large increase in bills for the coming period as investment can no longer be put off. Whilst some obligations are new – for example the upgrading of wastewater treatment works to meet requirements set out in the Levelling Up & Regeneration Act – high costs for the coming AMP are in a large part necessary now as a result of delayed investment. This must broadly act as a warning that limiting environmental investment is both environmentally damaging, and will at some point require bill

¹ [Blueprint for Water](#), part of [Wildlife and Countryside Link](#), is a unique coalition of environmental, water efficiency, fisheries and recreational organisations that come together to form a powerful joint voice across a range of water-based issues.

hikes such as those coming into effect for AMP8, which invariably are not well-received by customers.

- Given the above, the CMA should in its decision-making review whether base allowances / resilience uplifts will be sufficient to ensure infrastructure resilience given the changing pressures on infrastructure due to climate change. Base allowances should also include sufficient funding for monitoring, which is important both in reporting progress to customers, and in understanding environmental issues and the impacts of different interventions, in order to enable effective decision-making about future delivery.
- We understand that some companies are questioning whether the ambitions set around water efficiency are the right ones. We think it is vital that significant focus is placed on action to stem water demand, given that the National Framework for Water Resources identifies that demand management will be expected to deliver a large reduction in water use in order to head off the shortfalls in supply that will otherwise result. The twin-track approach adopted by the sector will also deliver new resources to meet the remainder of that shortfall, but any change in the balance of these two solutions that moves us away from water efficiency and towards new supplies will see continued pressure on our water environment, and high water use 'baked in' to future AMPs. As such it is important that high ambition for demand management remains, and that adequate funding is ensured for its delivery.
- We recognise that, despite intentions of co-design and greater use of innovative solutions, the WINEP for AMP8 appears to have presented Ofwat and companies with limited flexibility. We are supportive of the use of catchment- and nature-based solutions where these can deliver better outcomes in the round, and would want to see any redetermination further enable rather than restrict the use of these options.
- Finally, Blueprint members are clear that mechanisms to ensure company investment is focussed on delivering outcomes are important in rebuilding trust in the sector. PCDs have been established to ensure that spend is ringfenced and customers will be protected from under-delivery. Therefore, where companies are raising concerns with the restrictiveness of PCDs, we would ask the CMA to consider whether environmental outcomes will be better or worse served by any changes. In some cases, PCDs may dissuade companies from working in partnership and from testing innovative approaches; whilst there is a case for flexibility in this situation, in most cases the use of PCDs will still be relevant and it is perhaps through amending the timings or other restrictions that appropriate flexibility could be inbuilt.

Whilst the water sector has contributed to significant damage upon our waters, it is also well-placed to contribute to their recovery. It is important that CMA decisions do not therefore remove funds earmarked for essential environmental investment, and ensure that adequate budgets are provided to enable environmental commitments to be met, given the importance of this for the future sustainable management of our waters, and the resilience of the environment upon which companies' businesses rely.

Very best,



Ali Morse,
Chair, Blueprint for Water