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Environmental Targets Consultation

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Dear Consultation Team,

Thank you for the opportunity to respond to the consultation on the Environment Act Targets. We are pleased to enclose our responses to the consultation questions in Appendix A.

Anglian Water has clearly stated its purpose to bring environmental and societal prosperity to the region we serve and so we were very happy to see the Government proposing action to protect the environment and enable nature's recovery through the Environment Act and the 25-year Environment Plan.

However, as they stand, we feel the targets do not do enough to ensure the right environmental outcomes and are concerned that Defra's proposed targets could risk embedding outdated approaches, increase carbon emissions, and have a detrimental impact on customer bills.

A focus solely on wastewater treatment in relation to phosphorus reduction would drive companies towards traditional concrete and chemical solutions, with ever-more intensive chemical use from a low-resilience supply chain. Simultaneously, it would undermine the ability of water companies to take forward partnership approaches that can benefit sustainable farming and enable sustainable housing growth.

The net result would be to undermine the embryonic development of environmental markets, delegitimise and take resources away from catchment-based planning, and make it much harder to take forward nature-based solutions. All of this would lead to negative impacts for billpayers, carbon, biodiversity, and public amenity and would appear to diverge significantly from the Government's stated policy ambitions.



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In line with discussions we have had with Water UK, environmental NGOs, and other stakeholders, we believe Government should adopt an approach that adheres to the following principles:

1. **We need an ambitious, long-term, overarching target** to guide and accelerate progress in the water environment. This target will act as a lodestar for environmental activity around waterbodies, setting a benchmark for all public and private policies, projects and plans – and allow the public to readily understand progress.
2. Targets should be set on the basis of the **outcomes needed to allow nature recovery**, with all subsidiary or interim targets designed in a way that supports that aim. An example of this could be an overarching target of at least 85% of waterbodies achieving good ecological status by 2040, and waterbodies legally designated for conservation to achieve high status by then.
3. It is critical that the overarching target is **supported by a National Improvement Plan (NIP)** that sets out all the actions needed to deliver it (including actions by Government and regulators). These actions should be based on an approach to burden-sharing that is fair, optimising for cost, risk and pace. It should include the need for education and incentives as well as other measures as part of a modern regulatory compliance strategy. The NIP should set out how different schemes and policies should work together and be informed by each other, including the role of regulation, enforcement, incentives and markets.
4. **Each catchment should develop their own plan**, informed by the ambition set by the national overarching target, and drawing on the tools available in the National Improvement Plan. Catchment-level plans should be the basis for all decision-making about local schemes, priorities and proposals when decisions are taken by water companies, regulators, and grant-makers.
5. To avoid perverse outcomes, **metrics should allow monitoring, evaluation and reflection** of all progress made.
6. Government should ensure that **all its decisions are consistent** with the points above.

Applying these principles to the proposed new water targets, we believe there is an opportunity to reframe these to:

1. Provide an outcome focused, single, easy to understand public metric to inform debate, which focuses the attention and encourages voluntary as well as mandatory actions.
2. Provide an umbrella for other interim goals, and give other processes (e.g., Local Nature Recovery Strategies, net zero, Environmental Land Management Schemes) and economic regulators something clear to aim and plan for.
3. Support a 'polluter pays' approach that brings in all contributing actors and ensures accountability.

4. Reduce risk by underpinning stability for interim targets (whether statutory or non-statutory), investment and planning.
5. Support innovation by setting a high-level ambition that enables the best value means of delivery of that ambition to be discovered.

Specifically, this would mean that Government should:

1. Move away from a target focused solely on “phosphorus reduction from treated wastewater” and instead target the desired **outcome** of improved river health by reference to Good Ecological Status which then brings all relevant actors into play. As currently proposed, the target would incentivise significant investment by water companies into environmentally irrelevant point sources, while neglecting much bigger impacts.
2. Adopt a target on water quantity that is framed around “total sustainable abstraction” that then applies to all abstractors, with clear interim targets and with a subsidiary Distribution Input (DI) target for public water supply providers.
3. In addition to this consultation, Anglian Water has responded to the recent storm overflow, biodiversity and nature recovery consultations in similar vein, highlighting that an outcome-based, catchment level approach is needed, and which would, if adopted, provide a platform for maximizing environmental benefits whilst keeping costs to a minimum. We feel strongly that all the areas addressed in various consultations should be strategically joined up and aligned with the approach to economic regulation, which Ofwat will be consulting on shortly.

We are very happy to discuss this approach further with you.

Kind regards,

Alex Plant
Director of Strategy and Regulation
Anglian Water

Appendix A

Biodiversity Section

Biodiversity question: Do you agree or disagree that the proposed combination of biodiversity targets will be a good measure of changes in the health of our 'biodiversity'? [Agree/Disagree/Don't know] [If disagree] What additional indicators do you think may be necessary?

Anglian Water is pleased to see biodiversity prioritised under the Environment Act and we have been acting for several years to enhance the biodiversity in our gift. However, we think that there are gaps in the combination of targets proposed which need to be addressed before they represent a complete measure for biodiversity.

We are also concerned about how the impact of climate change and other long-term environmental factors could impact these targets. This is not explicitly addressed in the text. Furthermore, considering the climate and biodiversity crisis we find ourselves in, we are concerned that the target timeline isn't ambitious enough.

In terms of the indicators we think are missing, we believe Defra should consider a distribution target, as well as an abundance target, as part of these measures. In addition, we acknowledge the reasoning behind not including protected areas (and that [protected areas alone may not be supporting nature](#)), but we think that there should be a protected areas target included or a commitment to develop one within a reasonable timescale.

Finally, there should be due consideration given to aligning the baseline of the targets proposed under the Environment Act with the baseline dates for BNG.

Biodiversity question: Do you agree or disagree with the level of ambition of a 10% increase proposed for the long-term species abundance target? [Agree/Disagree/Don't know] • [If disagree] What reasons can you provide for why the government should consider a different level of ambition?

Given that this data is currently being reported on annually, we would expect government to publish interim updates on whether this target is on track, and if not, what corrective action it will take. This information will be useful to drive ambition to hit the targets.

Finally, as we have said, there should be due consideration given to aligning the baseline of the targets proposed under the Environment Act with the baseline dates for BNG.

Biodiversity question: Do you agree or disagree with the ambition proposed for the long-term species extinction risk target to improve the England-level GB Red List Index? [Agree/Disagree/Don't know] • [If disagree] What reasons can you provide for why the government should consider a different level of ambition?

Anglian Water disagree with this target because the term 'to improve' is too vague to be measurable. We would like to see the term 'to improve' to be replaced with a fully thought-out and defined term which can be measured and monitored.

The current Red Lists are updated every 10 years on average, but for the List to be more transparent, meaningful and useful. Anglian Water would like this to be updated more regularly (at the very least at the start, end and middle of this period).

Finally, there should be due consideration given to aligning the baseline of the targets proposed under the Environment Act with the baseline dates for BNG.

Biodiversity question: Do you agree or disagree with the level of ambition of ‘in excess of 500,000 hectares’ proposed for the long-term wider habitats target? [Agree/Disagree/Don’t know]

Anglian Water agrees with this level of ambition as a minimum target. We also note that once all the Local Nature Recovery Networks have been established, this target might be exceeded, so we should therefore allow and encourage local ambition to exceed the national target.

Biodiversity question: Do you agree or disagree that all wildlife-rich habitat types should count towards the target? [Agree/Disagree/Don’t know]

- [If disagree/Don’t know] Are there any habitat types that you think should not count towards the target? [[peatland], [grassland], [heathland], [scrub], [native woodland], [hedgerows], [traditional orchards], [arable field margins], [estuarine and coastal water habitats], [wetlands], [rivers / streams], [lakes / ponds], [other habitat types that you think should not count towards the target]]
- What reasons can you provide for why these habitats should not count towards the target?

Not all wildlife rich habitats are the same, so the government needs to give more weight to priority habitats. We would also like to see a clearer definition of ‘wildlife rich habitats’ and for Defra to include sub-targets for areas which are already priority habitats. We think there should be more supporting guidance and information on priority habitats provided generally.

In addition, this target is just an area measure, meaning it doesn’t consider connectivity or attachment to other habitats.

Biodiversity question: Do you agree or disagree with the level of ambition proposed for the Marine Protected Area target? [Agree/Disagree/Don’t know] • [If disagree] What reasons can you provide for why the government should consider a different level of ambition?

Anglian Water has no comments to make at this time.

Water Section

Water question: Do you agree or disagree with the level of ambition proposed for an abandoned metal mines target? [Agree/Disagree/Don’t know] • [If disagree] What reasons can you provide for why government should consider a different level of ambition?

Anglian Water is happy to see other important industries being included in the solution to river water quality. It is crucial that all sources of pollution are targeted for the best outcome for rivers.

We do not have expert knowledge or experience working with metal mines, so we reserve judgement on the detail of the target at this time.

Water question: In addition to the proposed national target, we would like to set out ambitions for reducing nutrient pollution from agriculture in individual catchments. Do you agree or disagree that this approach would strengthen the national target? [Agree/Disagree/Don't know]

- **[If disagree] Why don't you think ambitions for reducing nutrient pollution from agriculture in individual catchments will strengthen the national target?**
- **[If agree] Why do you think ambitions for reducing nutrient pollution from agriculture in individual catchments will strengthen the national target? What factors should the government consider when setting these ambitions**

Anglian Water supports a target on nutrient pollution but strongly believes that this should be tackled using an outcome focused, catchment-based approach as we mention above. This means not targeting pollution at individual sources, without environmental justification. A catchment-based approach that brings all actors into play is needed, partly because of large local and regional differences in agricultural practices, pollution sources and therefore levels of nutrients in each river, and partly because a single source approach will militate against partnership working, innovation, nature-based solutions and the development of environmental markets.

For the environment to benefit we need a place-based approach where local communities and experts are included in discussions and solutions. A target needs need to be clear on who the stakeholders responsible for delivering that target were and to ensure that genuine collaboration was incentivised.

We would like to see further detail about where and how the nutrients will be monitored (especially for diffuse pollution) because the location of the monitors would impact the reading and the potential solutions required. For example, if it were measured directly outside a water treatment works then solutions such as a wetland or collaboration with agricultural stakeholders would not be suitable. We would also like detail on interim targets at a catchment level

From an agricultural perspective, this target would need to fully consider the new farming rules for water and other relevant standards as well as how this target is balanced with the national need for sustainable food production. We are also interested in exploring how nutrient neutrality could be a tool to help achieve this target and have recently published a position statement² on nutrient neutrality in the Anglian Water region.

There is an opportunity to think more broadly and develop this target further and combine it with a soil health target. This could be a more holistic measure which could include other things like earth worms, organic matter etc and give a broader picture of the health of the catchment. This links to our core message: that all these targets must focus on the outcome for rivers or the environment and this includes opportunities to achieve multiple benefits.

Water question: The target needs to allow flexibility for water companies to use best available strategies to reduce phosphorus pollution, including the use of nature-based and catchment-based solutions. Do you agree or disagree that the proposed target provides this flexibility?

[Agree/Disagree/Don't know] • [If disagree] What reasons can you provide for why the target doesn't give this flexibility?

A one size fits all percentage reduction may be effective in galvanising support and momentum for a target, but it will not deliver the outcomes that the environment needs. The current approach risks embedding outdated approaches, increasing carbon emissions and driving up additional costs for customers. A focus on wastewater treatment will drive companies towards traditional concrete and chemical solutions and discourage companies from working to deliver better outcomes in partnership with other stakeholders.

Every catchment and river will have different amounts of phosphorus present and it might not be necessary to reduce this by 80% to achieve the outcome for the environment. Targets must be outcome focused and catchment-based to be successful in achieving the desired outcome for rivers.

We want to see a long term 'apex' target for water quality based on the existing measure of good ecological status (GES). GES is a well-known, proven and potentially powerful measure which delivers many of the attributes listed above. We acknowledge changes would need to be made to the GES design and ambition, but we believe that it provides a good outcome focused framework for targets. For example, we could set the target as *85% of waterbodies should achieve good health status by 2040*. This could act as single, easy to understand target and would align with the 2040/42 timescales of the other targets, allowing comparability. It would be outcomes-based, allow for catchment-based approaches, incentivize innovation and partnership solutions, have subsidiary interim targets and indicate where to go next after the Water Framework Directive ends in 2027.

The target must also consider what is technically achievable, e.g., if there are already low levels of phosphorus, it might be technologically impossible to reduce it by 80%. We would like clarity on whether 80% is related to the total discharge permitted amount rather than the actual amount discharged and where in the river this would be monitored (e.g., directly at the discharge point or further downstream).

The focus on larger sites might not be the most cost effective and environmentally beneficial, despite the fact there are not permits for our smaller works. There could be more low hanging fruit which benefits the catchment with smaller works which would be left out under this proposal.

We would also like to see this target developed further to consider linking it to phosphorus recovery not just reduction, based on a circular economy model. And finally, we would like to see plans to bring in regulations to manage the source of phosphorus, such as from household products. Dealing with it at source rather than treating it later is far preferable.

Anglian water is happy to see that the baseline will be set at 2020 levels, because considerable reductions have taken place since then.

Water question: Do you agree or disagree with the level of ambition proposed for the nutrient targets? [Agree/Disagree/Don't know] • [If disagree] What reasons can you provide for why government should consider a different level of ambition?

Anglian Water supports national targets to improve water quality and believes strongly that this should be tackled using a catchment-based, outcome focused approach, preferably using the well-known measure of GES (good ecological status). A catchment-based approach is needed because of large local and regional differences in agricultural practices, pollution sources and therefore levels of nutrients in each river. We would have liked to have seen a strong focus on environmental outcomes taken throughout the suite of targets, rather than a one size fits all model. The focus of these targets is input into rivers, rather than outcome for rivers. Historically the sector has used overarching river health or ecological status indicators, (RBMP/WFD, RNAGs, returning ¾ rivers back to natural state) but these seem to be excluded from the targets all together and we view that as a step backwards.

For the success of these targets, it is also crucial that environmental regulation is matched by economic regulation. It is essential that water companies are funded adequately to carry out this work and that the EA is adequately funded to carry out monitoring of water bodies in order to make outcome based environmental decisions. There is not enough monitoring happening currently to enable this. Targets must be set with a consideration of the timing of water industry AMP cycles to enable the inclusion of the funds needed to meet these targets in the business planning process.

We would like further information on how the targets will be enforced and what the role of the OEP will be in doing this. We have written to Dame Glenys Stacey to invite her to a meeting to discuss the role of the OEP and the constructive working relationship we plan to have with them.

We would also like to see clear links drawn between nutrient targets and biodiversity targets. There is opportunity for more joined up thinking between targets – which would follow naturally from a catchment-based approach.

As has been discussed in previous forums, from a wider river health perspective, the removal of the automatic right of developers to connect surface water to public sewers is a key change we need to see from government. We are aware that Defra are currently reviewing the implementation of Schedule 3 of the Flood and Water Management Act 2010 and have been in conversations with Defra and organised several workshops on the topic. This is an important change which we want to continue to keep momentum and focus on due to the potential benefits for river health.

Water question: Do you agree or disagree with the level of ambition proposed for a water demand target? [Agree/Disagree/Don't know]

- **[If disagree] What reasons can you provide for why government should consider a different level of ambition?**

Distribution vs total abstraction

Anglian Water is very pleased to see a national target on water demand. This is something we have worked closely with Waterwise to promote over many years. A national target is crucial to drive ambition, collaboration and funding on water efficiency, which goes beyond the influence of water companies.

We believe that this target should be driven by the outcome for the environment, therefore, we think this measure should encompass the total water abstracted from the river, not just the public water supply element. DI only covers 85% of the water abstracted from the environment within the Anglian

Water region, the rest is abstracted for other purposes, such as irrigation. **We would therefore like to see a measure which includes the total water abstracted and encourages greater collaboration between different abstractors.** As water companies already have ambitious targets to reduce leakage and PCC it is crucial that this national target really is national and has a wider reach than just water companies.

When it comes to maintaining our clean water supplies, all organisations and individuals have a responsibility to act, just like they do to reduce their carbon emissions under net zero targets. It is vital that a range of organisations and groups come together to deliver water efficiency and some of the most cost-effective options (like water labelling and building regulations) are outside of the control of the water industry.

Non household

Anglian Water are also pleased to see that non household (NHH) water demand reduction has been included in this target, this is a crucial addition. The Retail Wholesale Group (RWG) are working collaboratively to ensure that non households are included in the national effort to drive down demand, and this target will enhance the importance of this work further. We are pleased to hear that the RWG was included in discussions about the 9% reduction target, this enabled them to confirm that it was a realistic figure. We are working closely with our retail colleagues to develop a water efficiency programme; however, **there is currently no regulatory driver for retailers to pursue water efficiency. This is an area where government could strengthen the framework and incentives to include the water retail market in water demand reductions.**

Catchment based vs national target

Anglian Water believes that all the targets in the Environment Act should be designed to focus on the outcome they are trying to achieve for the environment. Therefore, in the same way that a water quality target should be relevant to a particular water body, a water demand target could also be focused on sustainable level of abstraction for each catchment. A catchment-based approach would result in the best outcome for rivers, as each river would have a different level of sustainable abstraction (as the EA have acknowledged via their sustainable abstraction programme), and therefore a different need for demand reduction (rather than a set 20%). However, we also appreciate that there is a need for a headline target which the whole country can rally behind and aspire to. We propose that there is both a national, headline target which the public and businesses can galvanise behind, while applying a catchment based, sustainable abstraction approach to abstraction.

Per capita vs absolute

At Anglian Water social and environmental prosperity is our purpose at the heart of everything we do and is enshrined in our company Articles of Association. We have already volunteered to be more ambitious on our abstraction reduction than was expected and we are committed to delivering an extensive WINEP (Water Industry National Environment Programme), two new reservoirs, sector leading smart metering roll outs and leakage reduction. We think that the environment shouldn't bear the burden of growth. However, we also must balance a public interest commitment to supply potable water to meet public demand.

Consistent approach with current frameworks

As we have said, this ambition needs to be truly national, and driven by government and all stakeholder groups, not just water companies. However, we would like to ensure that any targets would consider the targets, groups and plans which already exist in the water sector. We would like to have a clear view on how the existing regional groups and plans as well as the National Framework and RAPID compliment these targets. Similarly, we think that reductions in PCC and leakage which have already been made in recent years should be included in this target and a baseline set in line with other targets, at 2018 or 2020 for example. This is because water companies are all at different places in the journey of reducing demand, and some companies will have already tackled the easiest options to achieve reductions and will find making further reductions from this point much more difficult and expensive.

There should also be a consistent approach across the Environment Act and the sustainable abstraction programme carried out by the EA to reduce unsustainable abstraction, as this programme is well underway and has similar objectives.

An opportunity for water reuse

The water demand target and the Environment Act is a big opportunity to drive and promote water reuse as a way of reducing demand. The target should emphasise the potential for using the technologies that are already on the market and for innovation towards finding alternative water sources and exploring water reuse to reduce raw water abstraction.

Affordability

Finally, we have some reservations about the speed of this ambition and associated costs. Anglian Water's draft Water Resources Management Plan for 2024 is aiming for a PCC of 110 by 2050, and 115 by 2037 (this includes a government led water efficiency labelling scheme). It is important to consider the pace of change and whether the environmental outcome we are seeking to deliver is linked to 2037 or whether other time periods can be considered. As has been said, water companies already have incentives and drivers to reduce demand, if water company plans must be accelerated to meet this national target, they need to be funded in addition to current projections.