LCNR Policy brief

Leverhulme Centre
for Nature Recovery

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Nature Finance within the Water Industry National Environment Programme (WINEP)

Executive summary

- The water industry national environment programme (WINEP) represents one of, if not the, largest nature finance flows in the UK, budgeted at £22.1bn in the period 2025-2030, of which £3.3bn is allocated to catchment and nature-based solutions.
- WINEP primarily funds actions, investigation and monitoring related to water quality improvements (91%), but also includes direct nature restoration activities.
- Increasingly, water companies and regulators are recognising the importance of enhancing the resilience and health of natural ecosystems as part of critical water infrastructure to reduce operational costs and provide clean drinking water, and the Ofwat Innovation Fund Mainstreaming Nature-based Solutions programme aiming to make nature-based solutions common practice.
- Increasing investment in nature through WINEP will require a step change in how regulated investment recognises the relationship between healthy landscapes, water security, and nature recovery. This means adapting regulatory and appraisal processes to better support long-term, multi-benefit, catchment-scale solutions, and strengthening strategic planning across water companies and catchments.

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- Such a change will require a shift in mindset: recognising that nature-based actions are not simply an add-on to conventional engineered solutions, but are part of the critical infrastructure on which clean water, resilience, and public trust ultimately depend.

What is the Water Industry National Environment Programme?

The Water Industry National Environment Programme (WINEP) is a collection of actions that water companies must take to meet their environmental obligations. These are agreed upon by water companies and their regulators through the five-yearly price review process (see Box 1). WINEP makes up the majority of environmental spending by the water industry, with the over 20,000 actions promised for PR24 (the price review period covering 2025-2029) budgeted at £22.1bn (Law 2025), of which £3.3bn is allocated to catchment and nature-based solutions (Ofwat 2025, 285). As such, WINEP is one of, if not the, largest environmental finance flows in England (Stuart and Ermgassen 2026).

Box 1: The current water industry price review process in England.

Most people in England receive their water and sewerage services from the licenced company for their area which acts as a monopoly. As there is no competitive market to incentivise delivering good performance at low prices, these outcomes must be achieved through regulation. One of the ways water companies are regulated is through price reviews, which currently occur once every five years, where each company's business plan is assessed by regulators to ensure actions are being taken to meet regulatory requirements at an acceptable cost to customers. The steps of this process are shown below. As part of this process, water companies suggest actions for inclusion in WINEP, which are evaluated to ensure they are cost effective and provide adequate environmental outcomes. Where actions are deemed not to be cost effective, they may be removed or water companies may be required to provide alternatives.

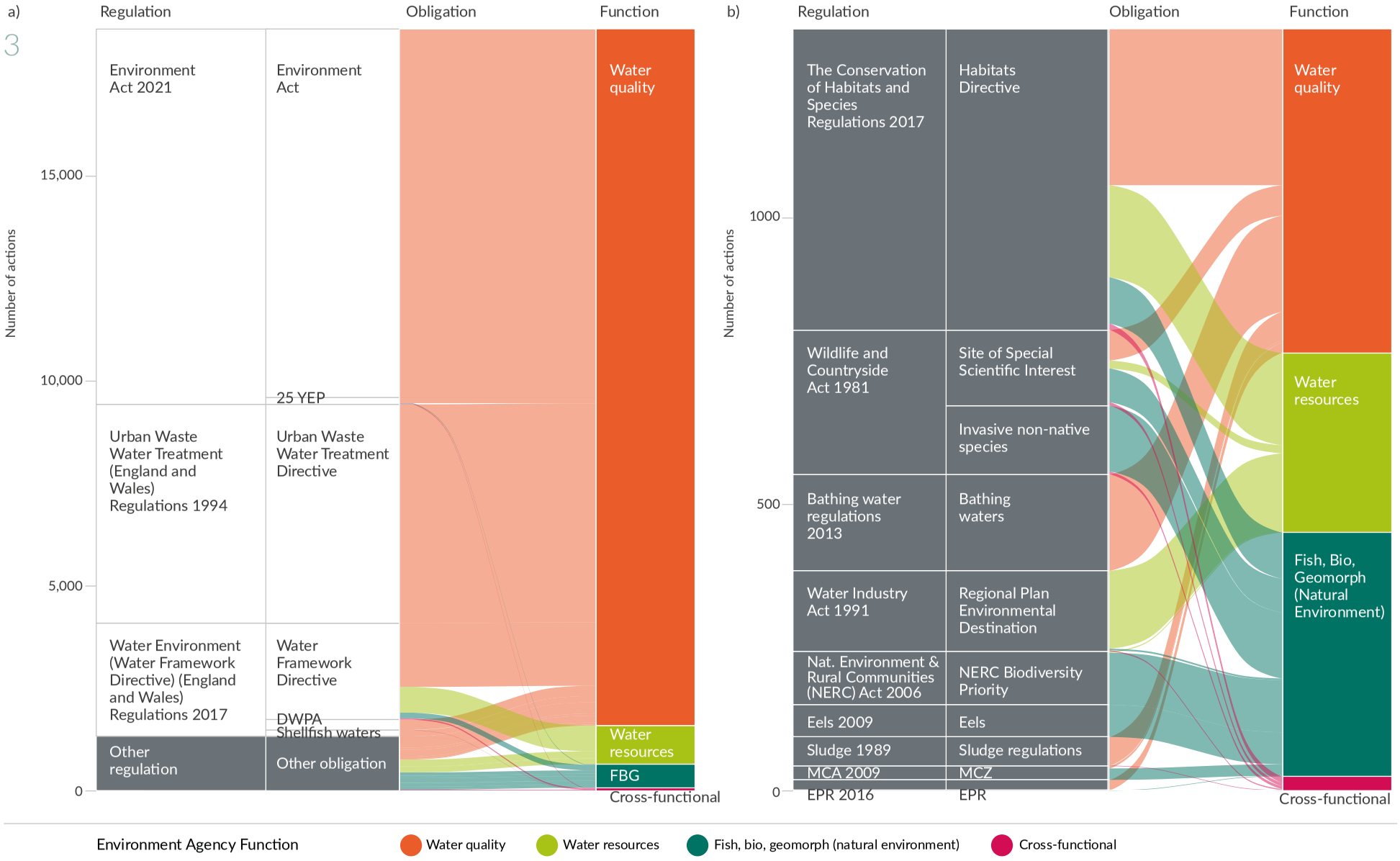

Figure 1: Regulations and obligations driving actions within the publicly available dataset of actions in PR24. Note that this dataset consists of 18,598 actions and is missing approximately 3,000 actions, primarily attributable to the Environment Act obligation, as they had not yet been confirmed at the time the dataset was published. Panel a) shows all actions and panel b) shows a magnified view of the actions included in panel a) as 'other regulation'. Regulations and drivers were matched using WISER technical documentation.

The Water Industry Strategic Environmental Requirements (WISER) sets out the statutory and non-statutory expectations of water companies, which are grouped by the main legislative drivers and current regulatory priorities. A breakdown of all actions within the published PR24 dataset and their drivers is shown in Figure 1. Over 90% of WINEP actions within PR24 relate to water quality, in response to obligations set out in the Environment Act (2021); the Urban Waste Water Treatment (England and Wales) Regulations (1994); and, to a lesser extent, the Water Environment (Water Framework Directive) (England and Wales) Regulations (2017), which also provides the regulatory driver for most actions to improve water resource (availability and flow) and a small number of actions targeting the natural environment. The main drivers of actions primarily targeting the natural environment are the Wildlife and Countryside Act (1981) through obligations related to Sites of Special Scientific Interest (SSSIs) and invasive species; the Natural Environment and Rural Communities Act (2006) through biodiversity priority obligations, present due to strengthened biodiversity duty introduced in the Environment Act (2021); and the Eels (England and Wales) Regulations (2009).

Nature finance within WINEP

Nature finance is defined in the MDB Common Principles for Tracking Nature finance (Multilateral Development Banks 2025b) as financial flows that contribute to halting and reversing nature loss and supporting the implementation of the Global Biodiversity Framework. In the associated Common Nature Finance Taxonomy (Multilateral Development Banks 2025a), they split nature finance into four categories, listed in Table 1 with examples of relevant actions from the water industry.

Table 1: Examples of actions that can be considered to be nature finance in the water industry.

Nature finance category from MDB	Example from water industry	
	Nature-based solution (NbS)	Grey infrastructure or traditional solution
(a) Restoration and conservation of biodiversity or ecosystem services*	Restoration and protection of protected and designated sites e.g. Sites of Special Scientific Interest*; River restoration activities*; Habitat creation*; Peatland restoration to improve water retention and drinking water quality; Woodland creation to reduce flood risk;	Weir removal for river restoration
(b) Reduction of the direct drivers of biodiversity or ecosystem services loss	Creation of reedbeds or other NbS to improve water quality where it is damaging ecology; Catchment land management approaches to reduce nutrient run-off;	Upgrading waste water treatment works or storm overflows to improve water quality where it is damaging ecology; Improvement of reservoirs to increase flow through rivers; Drilling of boreholes to reduce abstraction from sensitive rivers

Nature finance category from MDB	Example from water industry	
	Nature-based solution (NbS)	**Grey infrastructure or traditional solution**
(c) Integration of nature-based solutions across economic sectors	Use of other NbS where driver is not related to nature or ecology, such as sustainable drainage systems (SuDS) or cover crops to improve bathing water quality	NA
(d) Design and implementation of policy, tools, or other sectoral instruments enabling (a) to (c)	Investigations into NbS options and effectiveness; Investigations into reasons for degradation of protected features and sites and approaches to counter this*	Investigations and monitoring of the impact of water industry activities on ecology
* Actions which are not always nature-based solutions, as in many cases they have not been designed to create a benefit to humans, but have been included in this column for simplicity		

There is no publicly available database of spending on all individual WINEP actions for PR24. However, it is possible to look at the number of actions in each category and the type of driver they were associated with, shown in Figure 2. Of the 18,598 actions within the publicly available dataset on actions promised within PR24, 11,588 (62%) were identified as belonging to one of the four MDB nature finance categories. The remaining 7,010 actions primarily related to water quality where improvement in ecological quality of rivers was not mentioned in the regulatory driver. Reflecting the wider distribution of WINEP actions, most nature related actions were related to water quality (10,122, 87%). 2,072 (11% of all actions and 18% of actions identified as nature finance) were tagged within WINEP as being planned to be delivered through either green or hybrid green-grey solutions based on additional data provided by the Environment Agency.

Of the green or hybrid actions, 1,752 (89%) were related to improving water quality, with the majority of these being green and hybrid solutions such as sustainable drainage systems and water treatment wetlands (or related investigations) targeted at reducing the impacts of storm overflows. Of potentially greater interest to nature finance are approximately 30 peatland restoration actions, driven by drinking water protected areas regulations, where habitat restoration is being used to improve water quality and thus avoid costs associated with greater water treatment requirements, recognising the importance of these critical habitats for maintaining clean and plentiful water. This shows the potential for investment in nature as a critical form of infrastructure for the water sector. The second most common function was improving the improving the natural environment, with 186 actions (9%). Most of these actions related to the restoration and conservation of protected sites and rivers, with some work done as part of wider catchment and nature-based solution (C&NbS) projects aimed at reducing problems such as nutrients and water runoff.

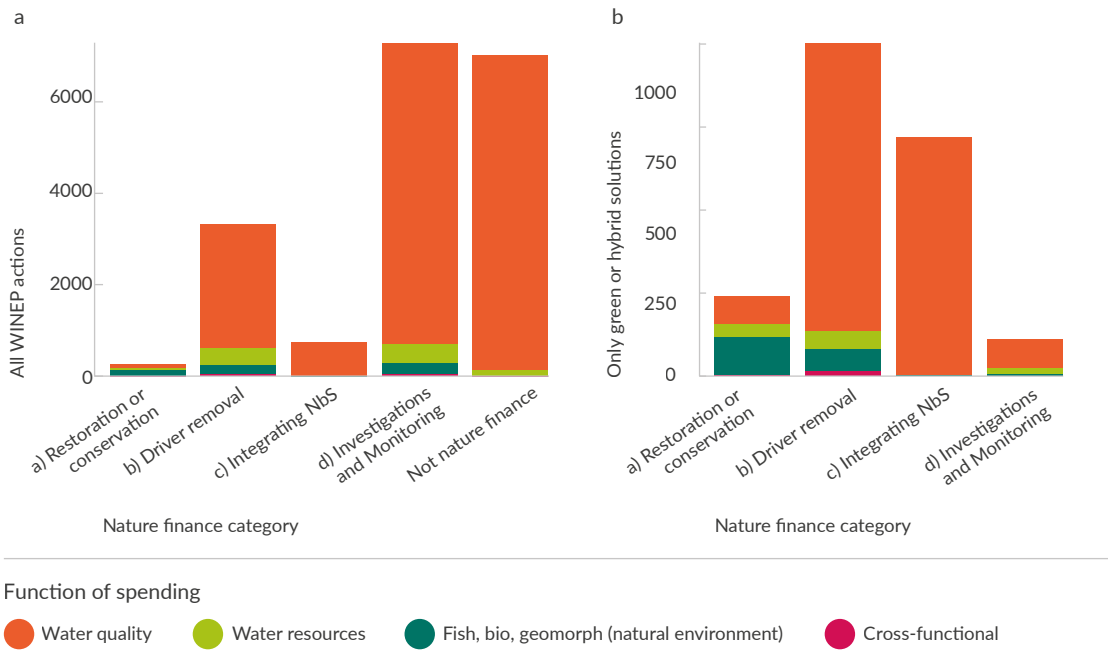

Figure 2: Actions in the publicly available PR24 dataset classified by nature finance category across: a) the whole WINEP PR24 dataset, and b) actions tagged by water companies as being green or hybrid solutions. Note that this dataset consists of 18,598 actions and is missing approximately 3,000 actions, primarily consisting of non-nature-based solution water quality interventions, as they had not yet been confirmed at the time the dataset was published.

Barriers and enablers to nature finance within WINEP

Increasing investment in nature through WINEP requires an understanding of the barriers currently preventing greater spending and the enablers that have allowed innovative projects to go ahead within the current system. Significant steps have been taken to increase the implementation of nature-based solutions, including the Mainstreaming Nature-based Solutions (MNbS) programme funded by the Ofwat Innovation Fund, which aims to produce tools and guidance such that nature-based solutions are used as common practice. Table 2 presents a non-exhaustive collection of barriers and enablers to greater investment through WINEP, gathered through preliminary interviews with water industry professionals.

Table 2: Barriers and enablers to spending on nature within WINEP gathered from preliminary interviews with water industry professionals. Barriers and enablers are included in the same row where they address the same root problem.

Barrier	Enabler
Uncertainty of NbS relative to grey solutions making it difficult to be confident of meeting regulatory requirements and get through cost-benefit analyses	Research and investigations to justify benefit and expenditure on NbS
Lack of available NbS options, particularly for water resources	More holistic and long-term approach increases relative benefit of nature restoration as a solution
Short-termism of price review cycles contrasting long timescales required for nature projects; Difficulty of delivering projects dependent on continued operational expenditure	Longer time horizons for nature-based solutions; More long-term planning
Single issue focus of WINEP drivers and enforcement making it difficult to deliver multiple benefits; Difficulty of including non-statutory expenditure	Schemes such as Advanced WINEP allowing actions that deliver wider benefits; New approaches to accounting within cost-benefit analyses to consider multiple benefits, such as the Common Value Framework; Regulatory drivers that capture multiple benefits
Difficulty in justifying return on investment and stepping out of traditional water company remit	Regulatory, shareholder and customer pressure for increased consideration of the environment
Departments operating in silos so reducing the potential for delivering benefits through nature, lack of alignment of different planning and project timelines; Competition for funding between departments	More joined-up thinking – cohesive and strategic planning that covers multiple departments
Difficulty sharing responsibility between multiple sectors known to impact river health	Recognition of responsibilities of water company within their specific landscape; stronger regulatory landscape for other sectors
Difficulty and unfamiliarity delivering interventions through partnership working	Training and expertise in delivering collaborative projects with landholders; Making use of existing knowledge, networks, and expertise within landscapes of interest

Policy questions for reimagining WINEP

WINEP demonstrates that the nature finance challenge is not only about mobilising new sources of capital. It should also be about better directing existing regulated financial flows so they deliver greater public value for nature, water security and communities. At a time when water has become a major point of public concern, this represents an important opportunity for government, regulators and water companies. Without creating new taxes or entirely new funding mechanisms, the existing investment framework has the potential to unlock billions of pounds for more strategic, preventative and catchment-scale approaches to nature recovery. We commend the steps that are already being taken, such as the Mainstreaming Nature-based Solutions programme, and hope to see this continue to an ambitious and holistic approach that enables WINEP spending to fulfil its potential as a core source of funding for nature.

The current system still favours familiar grey infrastructure and engineered solutions, particularly where regulatory obligations are narrow, timescales are short, and cost-benefit approaches do not fully recognise the long-term and multiple benefits of healthy ecosystems. This can make it difficult for nature-based and catchment-scale solutions to compete, even where they may offer greater value over time by improving water quality, reducing flood risk, strengthening drought resilience, restoring habitats and rebuilding public confidence in the water sector. However, the presence of large-scale landscape regeneration and catchment-based approaches within WINEP shows the potential for more transformative action, requiring strong collaborations between water companies and other actors in the landscapes they exist within.

Reimagining WINEP as a strategic nature finance mechanism would therefore mean asking not only how much expenditure can be classified as nature finance, but what kind of nature is financed and how decisions about priorities and trade-offs are shaped. Is it primarily mitigating harm, or restoring ecological function? Is it funding isolated compliance actions, or building long-term catchment resilience? What role could legitimate multi-stakeholder bodies play in shaping or informing priorities at catchment scale, whether through catchment partnerships or other place-based governance arrangements (e.g. Local Nature Partnerships)? How can WINEP investment be better aligned with community priorities, local ecological knowledge, wider public funding and other sources of private or philanthropic capital? These are not questions this brief seeks to resolve, but they are central to whether WINEP can become an anchor flow for broader collective investment in catchment recovery, delivering benefits for the living world while also helping rebuild public trust in how water companies contribute to the places they serve.

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About us

The ongoing loss and degradation of nature is one of the greatest challenges of our time. In response, the Leverhulme Centre for Nature Recovery (LCNR) was created in 2022 as a hub for innovative research on nature recovery. It brings together experts from a broad range of disciplines across the University of Oxford. The team collaborates with partners in communities and organisations around the world.

What is nature recovery?

We define nature recovery as the activity of helping life on Earth to thrive by repairing human relationships with the rest of the natural world.

Our aims

- To understand the societal, biophysical, policy and systemic factors that enable or challenge nature recovery
- To collaborate with practitioners, communities, and partners in diverse contexts to test, challenge, and innovate the tools, techniques, and theories that deliver fair and effective nature recovery.
- To establish an inclusive nature recovery community at Oxford, leveraging its intellectual capital and interdisciplinary convening power to address key debates and challenges in the field.

Leverhulme Centre for Nature Recovery

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