Cyswllt Amgylchedd Cymru | Wales Environment Link

Green Paper: Shaping the Future of Water Governance in Wales

March 2026

Introduction

Our water system in England and Wales has gone through a long period where investment in infrastructure has been insufficient, leading to a significant uplift in the last few years as regulators have realised the impacts of previous underinvestment. The majority of our large water assets (such as reservoirs) and significant parts of the water supply and sewerage system, date from the 1950s to the 1970s or earlier. Since the 1980s water companies have mainly been patching our existing system to keep it running. In the 1990s, following privatisation of the water companies, there was an initial period of investment in new wastewater treatment works to ensure that the UK could comply with new regulation from the EU. Customer bills were increased to pay for this investment. However, as the Cunliffe Review Final Report explains (p 201), low customer bills have been prioritised since then. There has been a 15% real terms reduction in customer bills between 2014 and 2024, and now the issues relating to lack of investment have become manifestly urgent. This has been combined with a lack of attention to the real state of declining assets, which have not been properly evaluated since 2008 (p 185, Cunliffe Review).

The current debt and equity-based model of the private water companies in England and Wales has not worked. Water companies take out debt to pay for operations, services and infrastructure and this is recovered over time from customer bills. However, water companies are now in increasing amounts of debt, so that customer bills will have to rise significantly if this is to be repaid whilst also maintaining services and investing in new assets. The cost of keeping an asset heavy service running, along with paying off debt (which is no longer cheap to borrow) whilst keeping customer bills low, has resulted in underinvestment. This means many of our water assets (reservoirs, sewage system, wastewater treatment capacity etc.) are now reaching the end of their life and desperately need to be upgraded.

The current situation cannot continue. We urgently need proper investment, not only in replacing ageing assets, but in upgrading and future-proofing them to deal with the impacts of climate change and population growth. We hope that the changes that follow deliver a fundamentally more capable and equitable water system. While the water industry must play a central role, the reforms must address all major sources of pollution, including agriculture, highways runoff, chemicals, microplastics and wastewater management by other sectors. It should also address water resource management across all sectors. Whilst low bills have been problematic, our new system mustn't put further burden on low-income customers. More progressive ways of funding this foundational service must be found.

Given the difficulty of unpicking current legislation and understanding where there are gaps, along with the dependency on transition timelines in England, we are concerned that Wales could get left behind or be forced into accepting solutions that do not work for Wales. We are also concerned that the UK Government might not provide the Welsh Government with the additional resources needed to be able to resource a new economic regulator and National Systems Planner. We hope that the new Welsh Government will work with the UK Government to take this forward effectively and urgently.

Chapter 1: Our Strategic Direction for Water in Wales

Question 1: What factors or priority areas should Welsh Government consider when setting the strategic direction for the water system in Wales?

Wales is moving towards a climate that will see a large increase in winter rainfall and a reduction in summer rainfall, with increasing risk of both flood and drought as we move forward into the century. We are already beginning to see the impacts of this with Wales declaring drought or developing drought conditions twice in the last five years, and severe flooding affecting Welsh communities in most years since 2010.

Our rivers and coastal areas are increasingly impacted by pollution from sewage, agricultural and other industrial pollution, and road runoff, as well as ongoing historic

pollution from mines and other contaminated land sites. These may be exacerbated by increased rainfall due to climate change. Future strategic planning for water must therefore cover all polluting sectors.

Given the rapidly changing climate conditions that are exacerbating the last two decades of underinvestment in our water system, WEL members consider that the Welsh Government needs to prioritise:

- planning for water scarcity;
- investment in flood prevention, with a clear focus on land management to retain and slow water flow, and planning to prevent rainwater getting into the sewage system;
- adaptation to the impacts of flooding for communities, utilities, transport and other major infrastructure (acknowledging crossover with some prevention actions);
- the use of Nature-based Solutions to a range of water system issues, from holding back water in the environment to mitigating flooding and drought, to managing pollution impacts;
- greater investment in measures to reduce pollution from water companies, agriculture, chemical industries, highways and mines/other contaminated land, prioritising prevention and Extended Producer Responsibility to reduce the cost and difficulty of removing plastic, chemicals and other contaminants by water companies;
- modernising water legislation and monitoring programmes, expanding monitoring programmes to include a wider range of pollutants, including PFAS and microplastics; ambitious water quality targets; strengthened wastewater treatment and sludge management;
- measures to further support consumers to move to reusable products (building on single use plastic bans) to support a circular economy; and
- a continued focus on provision of high-quality drinking water across Wales.

Strategic thinking for the water system should require the relevant links to be made between existing policies and schemes that could have an impact on water quality and water resources. For example, the Sustainable Farming Scheme needs to be developed further to ensure that farmers are supported in reducing their impact on water quality and to help them conserve water resources. The Green Paper states

that it wants to take a more holistic approach to the water system, but it does not identify key policies and schemes relating to other sectors, like the SFS, that could have a significant impact.

Governance arrangements for Wales must also recognise that Wales is a major exporter of water resources to England. Current regulation has failed the rivers Wye, Severn and Dee which cross the border of England and Wales, both in terms of quality but also the resources that support English water demand. We must ensure that future water reform supports those supplies without impacting those internationally designated rivers and the ecosystems they support.

Question 2: How can the Price Review Forum and a potential Ministerial Statement of Water Industry Priorities (MSWIP) best support transparency and effective delivery? If introduced, what priorities should MSWIP include?

Membership of the Price Review Forum should be more democratic and independently facilitated (though finding the right independent facilitator will be key). Currently it consists of Welsh Government officials, regulators, water companies and Consumer Council for Water, to represent customers. It does not include environmental NGOs, academics or direct community representatives that may wish to raise issues that go beyond the affordability of customer bills.

If, in future, the water system is to be reformed and managed in a more holistic manner, we may also need a group that is broad enough to include other industry stakeholders (e.g. agriculture, highways, local authorities). However, the difficulty with stakeholder groups such as this is that they are dominated by political classes and representative bodies, and the voices of communities are often not given equal weight. Ideas for solutions to key issues impacting upon the water system, that are developed via stakeholder groups, are carefully constrained within what is possible under existing financial and governance structures, even if those structures are demonstrably failing. This often results in solutions that make minor changes, rather than tackling root causes.

A more consistently governed and resourced approach to catchment partnerships could fill the democratic deficit and provide local knowledge, involvement of

community stakeholders, and aid in prioritisation to tackle local water system issues. Catchment Partnerships have been in operation in England for over ten years. Whilst far from perfect, there are things that Wales can learn from their experience that must be taken into account if we are to broaden their adoption, and enable them to run effectively, in Wales (e.g. the CaBA Catchment Management Framework 2016, updated in 2024, and the River Restoration Centre's Catchment Planning Framework 2024 to 2025). There has been a tendency, as the English Catchment Partnerships have developed, for them to exist as a set of distinct projects within a catchment, rather than operating as a whole plan for a catchment. This has been partly due to a lack of funding, or funding only coming in for distinct projects (which may also be a consequence of them being heavily water company funded). This must be avoided in Wales if we want the partnerships to truly deliver environmental improvements. The partnerships must therefore be adequately funded by government. We also think there could be a role for the National Systems Planner to coordinate and link the work of catchment partnerships.

The consultation also refers to an improved Water Industry Forum. This Forum is for industry actors only. Whilst its membership goes beyond water companies to other water industry actors, it is not broad enough to include the interests of other industries that use or impact upon water resources, e.g. agriculture or highways. It also does not represent Welsh citizens or communities. If the focus remains on industry voices, it is unlikely that we will see a significant change in approach as industry actors may feel constrained to maintain the status quo or look to make minimal changes within the existing failed system.

The statement of Water Industry Priorities should focus on what water companies should be doing to tackle the priorities stated in our answer to question 1 as well as direction to ensure fair charging for customers (which is not the same as keeping all bills low) and sufficient water company investment in assets (including NbS). The 2022 SPS covered many, if not all, of the areas we would expect to see in a statement such as this, but previous SPS's have suffered from being published too late to significantly influence Ofwat's approach. For example, it directed Ofwat to "Challenge companies to monitor their asset health and provide forward-looking plans to address any issues over the long-term." The Cunliffe Review identified that a comprehensive review of asset health has not been undertaken since 2008. Whilst

Welsh PR24 Business Plans include work on upgrades to assets, it is not clear if they are planning comprehensive reviews of the asset health of their whole networks, or if they feel they already understand this well enough to develop long-term plans. Another example of the Welsh Government's priorities (and Welsh policy) not sufficiently influencing Ofwat's plans is the CSO targets that were set in England (based on number of spills) that were different to the approach being taken in Wales (based on ecological harm). Welsh Water companies were told they had to work to the English metric for comparability across companies.

Previous Welsh Government SPSs have been high level and they have not been specific enough in relation to the priorities set out. WEL believes that the overarching priorities have been broadly the correct ones, but direction needs to be stronger and more specific in future MSWIPs.

We believe that the new MSWIP should put a priority on a transparent assessment of water company asset status and long-term plans for improving this in terms of capacity and capability. Wales' sewage and drinking water infrastructure needs to be replaced, upgraded and future-proofed at a much faster rate if we are to maintain high quality, safe water services for Welsh citizens. The Price Review process should make clear what contribution investment in assets and infrastructure will make to achieving environmental objectives and targets.

Information on investment by the water companies is currently undergoing scrutiny. A joint project between Ofwat, environmental regulators and environmental NGOs, called Clear Waters, is looking at how data from water companies and regulators can be presented to the public in more transparent ways, whilst also providing expert stakeholders with the detail that they need for analysis of water company progress. However, whilst this may make water company investment impacts easier for the public to understand, further work on a more comprehensive and strategic report on the water system will be necessary to provide a transparent picture of how the water system is operating effectively and sustainably. We would expect reporting on the Water Strategy for Wales to pull together the most relevant water system milestones and metrics, such as water company deliverables, data on climate change impacts on water resources and WFD status.

Question 3: What milestones or review mechanisms should be built into the strategic direction to ensure accountability and alignment with Welsh priorities?

There are already plans, targets and strategies in place that cover the water environment that, if the strategic direction set by the Welsh Government is moving in the right direction, should be showing progress. Currently, most of them are not showing sufficient progress. These are:

- The National Environment Programme for the water industry, set by NRW, which should continue to align with the Ministerial Statement on Water Industry Priorities (currently the SPS). Delivery against this will continue to be an important measure of whether water company responsibilities are going in the right direction.
- WFD status should be improving. The Water Environment (Water Framework Directive) (England and Wales) Regulations (referred to as WFD for short) measure of all of the impacts on water. They provide a view on the impacts of other sectors, such as agriculture, highways, and mines/contaminated land, so improvement on failing rivers requires action from all sectors that impact upon water. Whilst WFD may need improvement, it should be retained and reformed to keep its focus on ecological health and it should define the long-term strategic plan, set the priorities, monitor the delivery of actions, and improve ecological status. Given the impact of river pollution on coastal areas, delivery of WFD should be aligned with the Marine Strategy to ensure that targets align across the whole water system and drive water quality improvement from source to sea.
- Water company asset status should be improving (capacity and capability). To achieve this PR29 Business Plans will need to define the requirements for resilience and capacity into the future, to deal with the impacts of population growth and climate change. The National Systems Planner could provide direction on this (and perhaps ongoing review) when it is created, but work on assets needs to start as soon as possible.
- SoNaRR's freshwater reporting should also be showing improvement if the strategic direction is working. This could be aided by legislative requirements in the new Water Bill for robust monitoring and evidence on our wider water system.

- New pollution targets set under the Environment (Principles, Governance and Biodiversity Targets) (Wales) Act 2026 should also be monitored and should cover pollution from all sectors that impact the water system, not only pollution from the water industry.
- Targets set under the Agriculture (Wales) Act 2023 that focus on freshwater health should be showing improvement as a result of improved agricultural practices.

The new Water Bill should set out the existing mechanisms by which water quality and availability is measured and set a duty for improvement in these rather than setting new targets and milestones. Exceptions would be to provide a link with new pollution targets to be set under the Environment (Principles, Governance and Biodiversity Targets) (Wales) Act 2026, and to link with any relevant targets being set under the Agriculture Act 2023. The Bill should also set a duty for water companies to comprehensively review and report on the status of their assets at regular intervals.

WEL does not consider that we have a good understanding of water resources in Wales, frustrated by the limitations on who is permitted for abstraction. To fully deliver holistic, integrated catchment management, we must have a clear understanding of how we are using water in Wales, who is abstracting and where. We would expect to see wider management of water use during droughts and future economic growth must be planned against water availability which does not impact or require unsustainable abstraction from our rivers.

The Office for Environmental Governance Wales (OEGW) should be given a role in independently reviewing water system progress on strategic priorities at least every 5 years. This would focus on whether NRW, the economic regulator, the National Systems Planner and the Welsh Government are delivering on their strategic priorities and regulating effectively.

Chapter 2: Planning Together for a Resilient Welsh Water System

Question 4: Do you support establishing a National System Planning Function for the water sector in Wales? Where should it sit, within the new economic regulator,

as an independent body, or integrated into another Welsh Government or arm's length body functions?

Water system management has suffered from a lack of systems thinking and consideration of the linkages between industrial and domestic water usage, population growth and the rapidly growing impacts of climate change. At a time when water shortages in Wales are increasing, we are also seeing new demands on water supply, such as the rapid growth of data centre planning applications. Water can no longer be managed in silos. It is vital that there is a systems planning function with the authority and independence to drive better water management, and WEL members strongly support this idea.

We recognise the need to move away from lots of disparate plans being put forward by water companies or private consortia, which may not make sense systematically at the Wales level. However, WEL members are concerned that if the National Systems Planner is included as a function within the economic regulator, economic considerations will have primacy in terms of what is considered investable under the current system of financing. This will limit the systems planner in laying out comprehensive recommendations about what is technically necessary to support a sustainable water system. Instead of focusing on what Wales needs and consequently challenging the Welsh Government and the economic regulator to consider how essential works can be funded, it will find itself working within constrained parameters which mean that investment continues to be inadequate.

We believe the systems planning function must be independent to generate effective recommendations about what is practically needed to manage Wales' water system sustainably. It needs to be able to consider what investment is required to tackle agricultural pollution, highways pollution, industrial chemicals pollution and contaminated land pollution as well as pollution from the water companies. Given its more holistic role, we see this as sitting above the economic and environment regulators, with the ability to direct both and take advice from both. The Wales Water Bill could set out the duties and independence of the National Systems Planner to ensure its recommendations will be objective and cut across all relevant sectors.

Question 5: How should water industry investment planning cycles (e.g. 5, 10, and 25 years) balance affordability, resilience, and environmental priorities?

When there is very little investment in physical assets (whether they be grey or green assets) there are serious long-term consequences. We can see that some parts of Southeast England are already suffering very publicly from failures of service, even in relation to provision of safe drinking water, but we are also seeing the impacts of asset failures in Wales, particularly in relation to pollution where there isn't enough capacity in storm tanks or there is failure to fully treat sewage at wastewater treatment plants. A failure to invest in water infrastructure, at a time when climate impacts are putting increasing pressure on our water system, will only cost citizens and the environment more in the future. If Wales doesn't act on the problem of investment in costly assets, and begin to upgrade our systems to deal with the impacts of climate change and population growth, the water system of England and Wales could start to resemble those in developing countries, with declining drinking water quality and increased levels of pollution. Continuing to accept patching of assets, or replacing like for like, just extends asset life for the short term: it is no longer sufficient.

Water is an essential service and, in Europe, water is increasingly acknowledged as a human right. Whilst water efficiency needs to be increased amongst both domestic and business users, it is not a commodity that people can choose not to buy if they can't afford it. This fact is increasingly being lost in our discourse about the water industry. We must look closely at how investment in our water system is funded and find a way of making this more equitable so that those on low incomes can continue to afford their water bills, and those on high incomes and industry users are paying their fair share. It is particularly concerning that business user data is not transparent, and there are no plans to consider efficient water usage by businesses (including agriculture) or look at what commercial users of water are paying for water services.

In Chapter 4 of their book, *Murky water: Challenging an unsustainable system*, Calafati, Froud, Haslam, Johal and Williams propose two possible new charging models for customer bills that would protect low income customers, but require high income customers to pay more by relating charging to income and ability to pay.

They demonstrate that this would not only be more equitable, but it could result in far higher levels of revenue from customer bills than is currently possible under today's charging system. This increased revenue could be invested in the necessary upgrades to our water system, from new water treatment plants to more Nature-based Solutions. However, according to the authors, there are two pre-requisites for doing this – one is taking the water companies back into public ownership to prevent financial engineering from siphoning off the increased revenue streams into servicing debt and equity requirements. The second is a more joined up approach to identifying family income/expenditure levels using government databases. Neither of these are insurmountable, but they require political will.

Another route to funding, which would also likely require a move to public ownership of water companies, is considering how these services can be paid for through progressive forms of taxation. The Republic of Ireland, Northern Ireland and many other European nations such as Germany, the Netherlands and Spain, use taxation (municipal or general), to pay for their water systems. However, European countries with the highest standard water systems use a mix of taxation and consumption-based charges which are charged by publicly owned water companies, municipalities or local authorities.

The Republic of Ireland and Northern Ireland use taxation, but they do not use consumption related charges and their water companies are not performing well, with similar or worse challenges than Wales relating to a lack of investment in ageing infrastructure. Germany, which is considered to have high quality water and wastewater provision, has a mixed approach to charging and is far more focused on consumption and water efficiency, even including a rainwater charge to discourage people from sealing their properties with impermeable surfaces. Bills can be high in Germany, however, and inability to pay is supported through welfare/social security rather than by water companies. Frances's mix of public ownership partnered with private management is also worthy of consideration, given that it has had success in recent years in cleaning up its urban wastewater treatment and its bills are comparable to, if slightly lower than, those in the UK.

WEL members do not have a position on how best to fund the management of our water system, but we offer these examples because we think the Cunliffe Review was

constrained in what it was allowed to consider. We feel strongly that, unless the current financing system is changed, we will not see the investment levels that we need to turn around our ailing water assets. We note that Wales may have particular challenges when considering new methods of funding based on income and ability to pay, given the disparity in income levels and the proportion of economically disadvantaged communities that we have in Wales, compared with England. If the Welsh Government is successful in getting the powers it needs to further devolve decision making on our water system, it should commission economists to consider a more progressive and equitable approach to funding – one that is specific to Wales – rather than continuing to accept the status quo or assuming that models that work for England will work for Wales.

WEL members also feel strongly that there are preventative measures that can be taken on pollutants from a wide variety of sources, from pharmaceuticals and pet treatments to pollutants from land management practices. The continued use of persistent pollutants will lead to future costs for water treatment and ultimately for customers. Actions to stop them from entering the system in the first place would prevent this. These should include a Universal PFAS Restriction, extending the ban on plastics in wet wipes to ban avoidable plastic in all sanitary products, restricting the use of intentionally added microplastics, requiring mandatory microfiber filters for washing machines and measures to reduce microplastic and chemical emissions from tyres.

Extended Producer Responsibility measures in place since 2025 should make a difference in reducing plastic pollution to watercourses and also reducing blockages in the sewage system from products such as wet wipes. The principle of extended producer responsibility should be extended to sectors that impact upon the water system. The Water Bill should put a duty on relevant sectors to take responsibility for preventing specific pollutants, such as PFAS, from reaching our watercourses.

We refer to water efficiency above, and water metering continues to be rolled out to domestic users. Households with water meters have reported taking more measures to reduce their water consumption, and the UK Government has set a target to reduce consumption to 110l per person per day, down from the current average of 150l/p/d. Welsh Water reports its customers have a higher average usage of

176l/p/d, which they partly attribute to the perception of high rainfall in Wales making it more difficult for people to understand why it is important to save water. A reduction in water usage per household needs to go further than the savings that the current level of water metering has achieved. Some European countries, such as Belgium, use less than 100l/p/d.

A significant number of households in Wales still do not have a meter, but further consideration needs to be given regarding ways to encourage a further reduction in household water consumption, such as making it easier for households to re-use water and encourage them to consider water re-use (grey water systems) or install efficiency measures. Water consumption levels are complex and are related to a wide variety of factors, including family composition, house ownership, age and level of affluence, so further targeted education and understanding about how to support people to reduce their water use will be important. A reduction in water consumption, if we can achieve more significant reductions, will reduce the level of investment in increased capacity needed for water provision.

We note that the Cunliffe recommendation for long term 5/10/25 planning is accepted. Welsh Government asks for views on where water company plans could be streamlined or amalgamated. WEL members see the value in long term planning for water resources and wastewater management being brought together, based on the same standards and metrics, e.g. flow data, comparable climate change modelling, comparable time periods for assessments. Water companies should be able to demonstrate that investment in wastewater treatment matches water availability, for example an increase in housing needs both sufficient water supply and enough capacity to treat the resulting effluent. Local Authority Development plans should be required to include a statement from the relevant water company stating whether they have the capacity to meet both supply and treatment requirements of all new housing and development proposals set out in the plan.

It should be recognised that, given the challenges of climate change, population growth and emerging issues with chemicals used across a range of sectors, other sectors should also be producing plans about how they will minimise their impacts upon the water system.

Question 6: What do you see as the added value a system planning approach could bring? What would your priorities be for implementing it in Wales?

A system planning function for Wales would be a valuable addition to our current water management. Water is not currently managed in a holistic way. Wales has the advantage of having only two main water companies, one of which provides services for the majority of Wales. This should allow a strategic overview of necessary infrastructure across Wales, at least at the water company level, but it does not allow for planning that tackles the issues relating to other industrial users of water, or those that impact upon the water system, such as agriculture, highways, developers or local authorities. NRW is responsible for regulating other users of water, as well as commenting on planning applications that impact water usage or water quality, but they do not undertake a systems planning role at present. There are troubling gaps in responsibility between NRW and local authorities, resulting in planning applications being approved in relation to both housebuilding and agriculture that are likely to have a detrimental impact on the water system. Even within NRW there is currently a lack of join-up across teams regulating the water environment, something which must be addressed to improve the current situation.

WEL members would like to see an independent systems planner that is able to drive improvements by directing and linking more localised catchment plans. Its remit should cover all sectors that use and impact upon water and it should be able to make recommendations as to where regulation and permitting needs to be improved, as well as to recommend where and what type of grey and green infrastructure is needed across Wales. It should have oversight of, and be able to make recommendations about, where regulation or policy could improve impact on the water environment, for example the development of the Sustainable Farming Scheme (SFS) and the Control of Agricultural Pollution Regulations. It must drive planning to manage the impacts of drought, flooding and pollution. The National Systems Planner should also consider the whole water system from source to sea, ensuring that coastal and marine, as well as freshwater, targets are embedded from the outset of decision-making. For example, plans should include the ambition and timeframe of other local coastal improvement plans, such as those for European Marine Sites, Shellfish Waters, and Bathing Waters. It should work with, but not be

directed by, the economic regulator for Wales, as well as the National Infrastructure Commission for Wales and NRW.

The National Systems Planner should identify and fill the responsibility gaps that allow poor planning decisions and be able to direct public authorities to work together where gaps are identified. It should be able to provide NRW and local planning authorities with direction in relation to water planning decisions and required investment. For example, it could help local planning authorities understand cumulative pollution impacts and direct/advise them to decline planning applications for developments that are detrimental to the water system when wider considerations are taken into account.

Question 7: How should cross-border relationships with England be managed?

The increasing divergence in policy and law between Wales and England will make an already complicated situation even more complex. Cross-border catchment partnerships (such as the Wye Catchment Partnership) could potentially have an important role in identifying and tackling issues on cross border rivers, but they have experienced barriers relating to commitment to funding across the Welsh and English sides of the catchment, and lack of action in one regulatory area (upstream) affecting the river downstream (in another regulatory area). Responsibility for regulation is a difficult issue to unpick, and it is difficult to see how areas with diverging regulation can work together on the same river. Choices may need to be made in future about which regulatory area a whole river must sit.

WEL members feel that the Cunliffe Review did not look at this issue in sufficient detail to make recommendations for cross-border governance. We welcome the work by Water Resources West, but it posed questions on the future management and planning of water between Wales and England, the impact of future economic growth and the importance of ensuring protected habitats are allowed to thrive.

Whilst we think that there may be a role for the National Systems Planner in working with English regional systems planners on cross-border issues, we think the Welsh and UK Governments should re-visit this particular issue in more depth with a view to making the necessary recommendations. An in-depth review should involve all

bodies that have a current role in regulating cross-border rivers to identify the barriers to successful governance. This should include the Office of Environmental Governance for Wales and the Office of Environmental Protection in England, with consideration of how they will work together on monitoring the implementation of cross-border governance.

Chapter 3: Modernising our Legislative Framework in Wales

Question 8: Do you agree the current water legislative framework for Wales requires amendment? Which areas should be prioritised for review, and why?

Further devolution of powers over the regulation of water companies, and measures to take a more holistic approach to water system planning will need to be set out in a Water Bill for Wales. The water regulatory landscape in its broadest sense is complex and there are multiple pieces of legislation that impact upon water, which cover water company activities, agricultural activities and other industrial activities.

Whilst the regulatory landscape is complex, we believe that this should be able to be mapped and gaps identified reasonably quickly if the Welsh Government commissions this work from an appropriate provider, such as the Law Commission. We think that 6 months should be long enough for a desk review of the legislation combined with stakeholder input on gaps and priorities for amendment. As a starting point, WEL members recommend that the following pieces of legislation need to be considered for improvement:

- Urban Wastewater Treatment Regulations – these should be retained and improved in line with European legislation to include extending sewage treatment to smaller populations, systematic monitoring of microplastics and PFAS, stricter water treatment standards and ensuring that polluters bear the cost of advanced treatment to remove new micropollutants through a new Extended Producer Responsibility (EPR) Scheme. In Europe, these revisions are estimated to bring financial benefits of approximately €6.6 billion per year by 2040, far outweighing implementation costs.
- Chemicals Directive (REACH) should be brought into line with EU Directive updates.

- Water Environment (Water Framework Directive) (England and Wales) Regulations (referred to as WFD for short) – these should be retained and refocused on ecological health, rather than diluted by adding public health outcomes. To ensure that water quality threats can be identified and rectified effectively, a more comprehensive monitoring regime, which covers a wider range of pollutants must be implemented. This should include PFAS and microplastics, along with other emerging contaminants of concern. Monitoring should include all types of water bodies (rivers, estuaries and coastal waters) as well as potential pollution pathways such as sewage discharges, sewage sludge and highway outfalls. This should include a mechanism to monitor emerging contaminants of concern, to replace the EU Watch List, as recommended by the IWC.
- The Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021 should be retained and improved according to the recommendations and timeline set out by Dr Susannah Bolton in her 2025 Independent Review of the regulations. WEL members see these regulations as fundamentally important for tackling agricultural pollution and, whilst they could be improved, we strongly support their continued implementation and increased enforcement.

We strongly recommend that EPR, as it relates to agriculture, is updated to take a farming system approach, rather than an animal number threshold approach. For example, all fully housed systems and high-input high-output systems should be under EPR in a farming system approach, including beef and dairy cattle. Given the increased intensity of dairy farming in Wales, it is currently a significant gap that they are not included in the permitting regime. Learnings from the layer system in the Wye valley demonstrate why an animal number threshold-based approach does not work, with the vast majority of layer units operating just under the 40,000-bird threshold, while the pollution impact of these farms continues.

Within a new EPR regime, farms should be required to complete a nutrient footprint, taking account of all the nutrients coming onto the farm (e.g. in feed and fertiliser) as well as all those leaving the farm (e.g. animals, crops or milk). A National Systems Planner – and catchment partnerships – could then have oversight of what the overall loading of nutrients in a catchment is by reviewing the aggregation of budgets associated with permits. This is currently a significant gap in knowledge, which would prevent a National Systems Planner from carrying out their role fully.

We note that there is also a gap in data relating to water abstraction by farms, which could also hinder a National Systems Planner from carrying out their functions. Wales needs a National Water Plan which covers abstraction across all sectors to allow for proper water resource planning into the future.

Question 9: Should public health outcomes and nature-based solutions be incorporated into future water legislation?

WEL members strongly support both public health outcomes and nature-based solutions to be included in future water legislation, but we do not agree with public health measures being included in Water Framework Directive Regulations reform. The WFD needs to remain focused on ecological health because it is already failing to deliver its original purpose due to poor enforcement, lack of delivery and, fundamentally, poor monitoring. We are aware of the work ongoing by Dr Daniel Mills at Aberystwyth University to review how WFD is applied in Wales – we believe this should provide the foundation to consider changes to its continued application in Wales. We do not believe that adding public health requirements to WFD will improve the ecological status of our freshwaters and coastal waters and could simply dilute the effectiveness of WFD by adding more requirements. Public health is important, but it needs its own framework.

To provide improvements to public health outcomes there should be further reform of the Bathing Water Regulations to include:

- ensuring that changes to fixed dates of the bathing season do not result in a shorter bathing season;
- extending the definition of 'bathers' to include anybody using the water or immediate beach vicinity;
- more frequent water sampling, consideration of a wider range of pollutants and ending the practice of removing samples taken during short term pollution incidents from water quality assessments.

WEL members also support Nature-based Solutions being brought into legislation. We believe this would provide confidence to increase delivery and would be an

opportunity to set minimum standards to ensure NbS are fit for purpose and well-maintained into the future.

Question 10: What innovations or enforcement approaches could strengthen compliance for wastewater and drainage?

WEL members consider that, whilst investment in proper enforcement is crucial, the best way to tackle compliance is to upgrade our creaking wastewater assets – which requires a new funding and business model for water companies that enables more investment in physical assets. Other sectors also need to consider their impact on wastewater and drainage. Water company plans for drainage and wastewater management require collaboration with other landowners and public authorities to prevent water from reaching the sewers. Other sectors also produce wastewater that needs to be regulated by NRW.

Even without particularly innovative change, enforcement would be helped by much greater investment in real time monitoring (with MCERTS or similarly accredited systems) and concurrent reporting of any breaches in permit requirements to the regulator. Water companies use operator self-monitoring, which was designed to help companies monitor their own performance. Companies in Wales are increasingly under-reporting pollution incidents with both companies missing NRW's target of 80% of incidents to be self-reported in 2024. Self-monitoring can provide a large amount of data that NRW currently does not have the resources to provide by itself, but in recent years NRW has failed to check this data properly and regulate accordingly. If NRW does not improve its analysis of available data, opportunities to regulate effectively will be missed.

Water companies' annual statement of accounts should be required to include a statement (approved by the Board) that the company is meeting all its statutory environmental obligations and has fully and accurately self-reported all pollution incidents and permit failures (even minor breaches). A full list of all breaches should be part of the report, as multiple minor breaches can be indicative of underinvestment/poor management practice that may give rise to a more serious failure. Auditors should be able to qualify accounts if they consider there are shortcomings in such data. Board Members/Directors should be personally liable if

these statements were found to be consistently inaccurate (accounting for genuine mistakes due to technology failure, for example).

Chapter 4: Strengthening Welsh Water Regulation and Accountability

Question 11: Subject to enabling powers being provided to Welsh Government, do you agree with the proposal to establish a new, stand-alone economic regulator for water in Wales?

WEL members agree with this proposal, with important caveats. We believe an independent Wales economic regulator could potentially support a more progressive and equitable approach to customer charging or water company funding, if the Welsh Government chooses to commission ideas on new approaches. We are also aware that, in England, growing water company debt is making it difficult to attract financing for critical new infrastructure such as new reservoirs and water transfer schemes. Increasingly, PFI consortia are being used to deliver these projects. This approach is not currently being used in Wales, and we understand that Welsh Water's current model provides some protection from the PFI approach. We believe that using PFI as a way to invest in new infrastructure could move the water system away from being managed strategically due to ever more fragmented ownership. It could also prove very costly both to the customer (through additional charges to the water bill that are not based on water consumption) and to the fitness of the water system as a whole. We would like the economic regulator for Wales to ensure that this approach is not used in Wales.

If water company business models in Wales remain as they are, the economic regulator will need specialist expertise to allow it to effectively regulate water company models that operate on debt and equity (mainly debt in the case of Welsh Water). We are not convinced that Ofwat has had the expertise or the right remit to allow it to do this effectively. Whilst Welsh water companies have not (recently) suffered the impacts of financial engineering in the way that English water companies such as Thames Water or Southern Water have, the current model of Welsh Water, held up as a positive example by the Cunliffe Review, is still not delivering sufficient investment in water assets to allow it to deal with the impacts of climate change and population growth, let alone prevent the significant impact it is

having on the environment at present. A new economic regulator must have the skills and remit to be able to tackle the investment problem.

Question 12: What governance principles should underpin the design of a Welsh economic regulator, and how should its supervisory approach balance oversight with flexibility for innovation?

Ofwat has operated as a non-Ministerial government department with independence of day-to-day decision-making. It takes strategic direction from Defra and the Welsh Government. The new Wales economic regulator should retain at least this level of independence in its day-to-day decision making. Ofwat has failed to effectively regulate private water companies and has failed to prevent financial engineering in some water companies in England. The current Welsh Water model also evolved following its early experience with financial engineering. Managing a growing burden of debt since privatisation has had the impact of reducing investment in physical assets. These experiences demonstrate that Ofwat has been lacking in the right expertise and remit to regulate for a sustainable water industry. If the supervisory approach of the new economic regulator for Wales is to be an improvement on that provided by Ofwat, the Welsh Government needs to ensure that changes are made to the remit and to consider the expertise the regulator needs to regulate effectively. If the new regulator has the same remit as Ofwat, it is difficult to see how change can happen and Wales could be burdened with an expensive new regulator that is just as ineffective as Ofwat.

Other principles of operation that Ofwat currently works to concern protection of the environment for the long-term and protection for customers. Customer protection has focused on keeping bills low, which has (prior to the boost in investment provided by the current AMP) restricted funds for investment in physical assets. This has left the water supply and wastewater systems struggling with basic patching instead of strategic upgrades and modernisation of infrastructure. This protects the customer bill, but it does not allow water companies to invest enough to protect citizens of Wales from the impacts that drought, flooding and pollution have on their water services. This has impacts on the wider environment which communities rely on. In the future, if upgrades to infrastructure do not move forward at pace, Wales may experience infrastructure failures and a loss of access to high quality water

services. WEL understands the need to protect customers from unfair charges, and we would like to see the Welsh Government commission further research into more equitable charging systems.

WEL members strongly support the economic regulator having to deliver protection of the environment in how it undertakes its economic decision-making. In Wales, we now have the Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill (soon to receive Royal Assent). This includes an environmental objective:

> …the attainment of a high level of environmental protection and an improvement of the environment, with a view, in particular to—
> (a) meeting the needs of the present without compromising the ability of future generations to meet their own needs and contributing to achieving the well-being goals in section 4 of the Well-being of Future Generations (Wales) Act 2015 (anaw 2),
> (b) maintaining and enhancing the resilience of ecosystems and the benefits they provide,
> (c) mitigating and adapting to climate change, and
> (d) contributing to halting and reversing the decline in biodiversity.

The Bill also brings the following environmental principles into Welsh law:

> (a) the precautionary principle so far as relating to the environment;
> (b) the principle that preventative action should be taken to avoid environmental damage;
> (c) the principle that environmental damage should as a priority be rectified at source;
> (d) the polluter pays principle.

In setting up the new economic regulator (and the National Systems Planner) the Welsh Government will need to make them subject to the Section 5 duty for public authorities under the Environment (Principles, Governance and Biodiversity Targets) (Wales) Act 2026:

A public authority must, for the purpose of contributing to the environmental objective—
(a) have regard to the environmental principles when carrying out functions specified in subsection (2), and
(b) integrate environmental protection into the carrying out of those functions.

The economic regulator will need to work closely with the National Systems Planner to allow it to understand the bigger picture and support investment in future-proofing the water system. Thought must also be given to required investment by other sectors. As per the Environment Act 2026 (referred to above) the above principles must be considered by Welsh Government when making policy. As such, all the principles, including 'the principle that environmental damage should as a priority be rectified at source' and 'the polluter pays principle' are relevant to policy decisions that will arise from the Green Paper in respect of agricultural pollution management and pollution from other sectors, in addition to water company operations. Is it the Welsh Government's intention that the economic regulator will also have a role in regulating investment by agricultural businesses, local authorities or highways authorities, for example? It is difficult to see how the economic regulator would work across sectors as it could not set budgets for other sectors. However, it could perhaps have a role in advising the Welsh Government on the costs of impacts from other sectors that are affecting the level of investment needed from the water companies, for example impacts from PFAS, pesticides or nutrient pollution from agriculture.

The economic regulator's oversight function should allow it to support innovation, such as Nature-based Solutions, if the innovative practices are deemed necessary by the National Systems Planner. Innovation within Wales must be enabled, with innovative ideas and projects able to be developed and retained in Wales, especially given the divergence between England and Wales. It is important that learning can be shared between Wales and other parts of the UK, but more support and encouragement for innovation within Wales will also be necessary.

Question 13: If enabling powers were not conferred by the UK Government, what changes to the plans proposed by UK Government would be required?

The water policy and legislative environment is diverging in Wales. If water company regulation was to remain with an England and Wales regulator, at the very least we would need that regulator to have a properly resourced Welsh office with staff that understand the differences in policy and legislation between England and Wales.

Chapter 5: Delivering Better Outcomes- Reforming Regulation in Wales

Question 14: Which changes to performance commitments and outcome delivery incentives should be prioritised?

Performance commitments and outcome delivery incentives have not always been sufficiently aligned with Wales' priorities. This is in part due to the need to compare performance with water companies across England and Wales. If comparisons are to continue to be made, it is difficult to see how Welsh-specific performance commitments could work. One example is the metrics used on CSO spill frequency, whilst Wales is more focused on reducing ecological harm. Further work on understanding where comparisons are possible, and where alternative performance commitments might work better in Wales, probably needs to be commissioned as a separate piece of work. Since there are only two main water companies in Wales, performance commitments that are related to more objective measures, e.g. relating to water quality or availability, would make more sense than comparison of performance in relation to other companies.

Question 15: How can digital enforcement and monitoring be implemented affordably for Welsh customers, and what steps could strengthen operator self-monitoring while maintaining confidence in compliance?

WEL's view is that water companies should be under a stricter requirement to self-report all breaches and incidents. As previously noted, operator self-monitoring is an important source of data, but NRW should be directed and resourced to better analyse and use this data to regulate and enforce against breaches. Since operator self-monitoring has been introduced, companies have repeatedly under-reported

against NRW targets and there is no reason to think that this will change unless there are stricter requirements and stronger enforcement from NRW.

Event duration monitors now cover most CSOs, and we understand that the Better Water Quality Taskforce is working on ways of combining datasets to identify where pollution incidents are likely to cause serious ecological harm. This could allow prioritisation of NRW inspections. It is vitally important that there is enough analysis of water company data, and regulatory action taken, to drive compliance or public confidence will not be regained. It is also crucial that NRW staff have the technical expertise to analyse the datasets created via monitoring to interpret and use them. We also need to see new requirements for companies (and also NRW via WFD monitoring) to expand their monitoring programmes to include modern and emerging contaminants such as PFAS and microplastics.

Question 16: How should civil sanctions and enforcement powers be applied proportionately?

WEL members broadly support a wider range of civil sanctions for use by NRW to drive compliance. As prosecution is expensive and time consuming, NRW appears largely disincentivised from taking action, and many opportunities for lower-level interventions to get polluters back on track are being lost. However, without the right framework for civil sanctions to operate within, they could also result in the regulator being disincentivised to investigate incidents to the required level to catch serious or serial offenders. If civil sanctions are used in Wales, there must be a strong framework and purpose for applying civil sanctions to increase compliance and ensure that repeat offenders are prosecuted. We are concerned that NRW can be averse to prosecution and we wouldn't want to see civil sanctions used to avoid this where it is necessary.

Question 17: Do you agree that tighter regulatory control on the application of sewage and septic tank sludge to land in Wales is required?

Yes - Why do you think tightening regulatory oversight is required? Please provide evidence if possible
No - Why do you think tightening regulatory oversight is not required?

If yes, which option do you consider most appropriate? (Select ONE):

Option 1: Apply full EPR control
Option 2: Voluntary approach adapting Biosolids Assurance Scheme and Code of Practice
Option 3: EPR control with earned recognition adaptation
Option 4: Amend Sludge Use in Agriculture Regulations and underpin with regulator-approved Biosolids Assurance Scheme
Option 5: Do Nothing

Why did you select this option? What are its advantages and disadvantages? Please feel free to suggest any counter proposals, submitting evidence where possible.

WEL members strongly support tighter regulatory control on the application of sewage and septic tank sludge. In addition to the need to ensure that it does not give rise to excessive levels of nutrient application, or the contamination of soils through metals and other residues in sludge, there is growing awareness of contaminants remaining in sewage sludge, such as microplastics and forever chemicals, that are increasingly posing a threat to our food and water systems. This must be properly regulated.

WEL members support Option 1, bringing sewage and septic tank sludge into full EPR control. This, as stated in the consultation, would allow NRW to recover their costs and have more resource for monitoring and enforcing compliance. It also provides the basis for updating quality standards in the light of emerging evidence on the impacts of PFAS and other contaminants. We recommend that any applications to land are recorded in a farm's nutrient footprint, to allow catchment oversight of nutrient loads (as referenced in the response to Q9).

Two of the other options refer to the Biosolids Assurance Scheme, with the suggestion for Option 4 that this could be used to underpin an amended version of the Sludge (Use in Agriculture) Regulations 1989. These regulations do not consider recent knowledge of the composition of sewage sludge (or biosolids) and its impact on the water environment. Whilst the regulations aim to protect the environment when sewage sludge is applied on agricultural soil, scientific studies

show that sewage sludge contains high quantities of harmful chemicals, such as PFAS, and microplastics which are captured in sludge during wastewater treatment. Although sludge is treated to some extent before it is used on agricultural land, these contaminants remain and have been found to accumulate in soils and subsequently enter water bodies. To ensure that sewage sludge is not contributing to water pollution, as well as improving regulation through the EPR, these regulations must be updated, including monitoring and regulatory limits for a wider range of chemicals, including PFAS, and microplastics. Minimum thresholds should be set with urgency for the level of harmful pollutants (e.g PFAS and microplastics) that can be present in sewage sludge if it is going to be used as an agricultural fertiliser. Sludge should not be spread until these limits are set and met.

Question 18: Should crop fed anaerobic digestion be subject to regulation and its output controlled? Is action needed to strengthen existing regulation of anaerobic digestion fed from other feed sources or to improve compliance and if so, how might this best be delivered?

WEL members strongly support the strengthening of existing regulation of anaerobic digestion to prevent pollution impacts from AD plants. Failure of operation of AD has caused some of the most significant pollution and fish kills in Wales, for example on the Teifi, and on the Llynfi in Powys. The evidence for failure of AD in Wales has been presented by Afonydd Cymru and Fish Legal to Welsh Government. AD plants are being used for a large range of applications in Wales (agriculture, sewage, food waste, green energy) and should be regulated in the same way as sludge to land. This will ensure that nutrients to land are cumulatively controlled and protect water quality.

AD plants can give rise to a range of environmental impacts as a result of partial or complete failure of containment and associated loss of digestate, water pollution from storage of feedstock or digestate, significant odour, loss of biogas, fires and explosion. Managing AD plants to prevent such incidents is a skilled, technical task. These risks are inherent in the AD process, irrespective of whether the feedstock is a purpose grown crop, or a waste from another process, and as such, all AD plants should be subject to an equivalent level of regulation via the EPR regime.

Question 19: Do you think having a waste exemption for anaerobic digestion is correct based on the risks of the process?

As the Green Paper states, the current framework for digestate management has evolved piecemeal, with differing environmental standards and oversight mechanisms depending on the type of feedstock, treatment process and end-use, resulting in uncertainty for operators, regulators and land managers.

As outlined in response to Q18, AD plant operation gives rise to a number of risks, irrespective of the nature of feedstock, and there is no risk-based evidence to support the current waste exemption for AD, which we believe should be removed. All AD plant should be regulated under EPR, based on the risks of their operation to the environment and human health, rather than on the nature of their feedstock.

Application of digestate should be subject to EPR land spreading regulation, based on an analysis of the digestate and any contaminants it contains.

It's difficult to pin down the exact number of AD plants in Wales in 2026, but we appear to have gone from around 5 in 2013 to over 30 in 2021, according to the interactive biogas map. NRW's website does not appear to provide this information. Given the proliferation of AD plants in Wales since 2013, the cumulative impact of both the operation and application of the product is increasing. The proliferation of these AD plants is also leading to poor agricultural practice, with feedstock being grown in unsuitable conditions, purely to feed the AD plants. This is another reason why we do not believe there should be waste exemptions in place for AD.

For the National Systems Planner to do an effective job they will need information on the operation and application of AD, as well as all other types of land spreading. To do this there must be better oversight of both AD plant operation and application.

Chapter 6: Ensuring Strong, Responsible Water Company Governance in Wales

Question 21: What measures would strengthen governance standards and senior accountability in Welsh water companies?

External monitoring, inspection and scrutiny are the best ways to drive improved company governance and accountability. However, the current governance structure for water companies, as well as the financial model, are extremely complex, opaque and difficult for the public and other stakeholders to understand, making it difficult to hold them to account. Simply focusing on senior accountability, without fundamentally changing the way that the water industry is financed, is not going bring about the changes we need to see. We have already had the Water Special Measures Act in the UK, which focuses on bonuses and senior management compliance.

The new economic regulator cannot be constrained by the narrow remit that Ofwat, currently has which, as identified by the Cunliffe review, has for decades focused on low customer bills and company investability, leading to inadequate investment in physical assets. Lack of transparency in the governance system between Ofwat, NRW and the water companies continues to make this problem difficult for communities and stakeholders to understand.

Consequently, WEL members believe that the Welsh Government must further work to devise a progressive and equitable funding system that would bring in more revenue for investment in a future-proof water system, along with remit change for the new economic regulator that is aligned to the environmental objective and principles of the Environment (Principles, Governance and Biodiversity Targets) (Wales) Act 2026. There should also be a role for the new Office of Environmental Governance for Wales to ensure that the Welsh Government, the economic regulator, the National Systems Planner and NRW are all carrying out their roles effectively.

Question 22: How can financial resilience requirements (e.g., minimum capital levels, environmental bonds) support sustainability, and what principles should guide decisions on alternative ownership models?

WEL members do not have specific financial expertise, to be able to comment on financial resilience requirements such as minimum capital levels or bond financing. However, even Welsh Water, which does not have to service equity requirements by paying dividends, and is bond financed, is no longer as financially resilient as it was

until 2023. In 2025 Moody and Fitch downgraded their credit rating status (as they did with other water companies). Welsh Water, just as with other water companies, does not have enough income from its customer bills to be able to service its debt financing requirements as well as investing sufficiently in maintaining and upgrading its water assets. The recent rise in bills and investment is significant, but it is trying to catch up on years of underinvestment. The credit rating agencies further note that it has a much higher percentage of debt than other water companies that is linked to interest rates, which could cause difficulties in future if interest rates remain high due to global shocks.

Water companies in the most recent AMP have had to increase prices significantly to pay for increased investment in infrastructure. Price increases will hurt those on the lowest incomes unless there is a social tariff, but social tariffs can unfairly increase bills for those in the squeezed middle, who are not entitled to assistance. A more progressive business model must be found and we call for the Welsh Government to commission further work on ownership and funding models.

When considering alternative ownership models WEL members believe that the following principles should guide decision making:

1. Fair and equitable provision of clean water and sanitation services for all Welsh citizens.
2. The Polluter Pays Principle
3. The Prevention Principle
4. The Precautionary Principle
5. The principle of rectification at source
6. Future-proof and technically capable (taking account of the impacts of population growth and climate change).
7. Democratic, transparent and accountable.
8. Financially sustainable.

The current water company models across the UK fail on many of these principles. The four environmental principles, polluter pays, prevention, precautionary and rectification at source do not only apply to water companies, but they should apply to all sectors that impact upon the water system.

Chapter 7: Building Resilient Water Infrastructure and Healthy Water Assets for Wales

Question 23: What outcome-based resilience standards would be most appropriate for Wales, and how can asset health mapping and forward-looking metrics be strengthened without disproportionate costs?

WEL members agree strongly that asset health mapping and outcome-based resilience standards are important. Water companies need to invest significantly in maintaining asset health and upgrading assets where necessary to cope with the impacts of climate change, population growth and emerging contaminants.

Outcome-based resilience standards should include:

- ability to cope with increased hydraulic loads or with water shortages
- reduction in pollution to the environment to achieve new pollution targets to be set under the framework of the Environment (Principles, Governance and Biodiversity Targets) (Wales) Act 2026
- ability to support new developments (e.g. housing or new industrial uses like data centres)

We are concerned about what may be meant by disproportionate costs in terms of assets. Our assets should be able to deliver the resilience standards set, which should be linked to reducing pollution, achieving environmental goals and being sufficiently future proof to provide high quality water services. The cost of inadequately resilient assets, for example, in relation to polluted rivers or disruptions to water supply, must be considered when assessing the cost of maintaining, upgrading or building new assets.

Chapter 8: Making Change Happen - Transition and Implementation for Wales

Question 25: What should be the key priorities in the Welsh Government's transition plan for water sector reform to provide clarity and stability?

The transition plan for Wales is incredibly important. Wales mustn't be put in a position of being forced into taking decisions that aren't right for Wales due to the

push factor of England moving on a different timeline. But the Welsh timeline really does need to be faster than is currently projected by the Green Paper. The mid-2030s for a fully operational economic regulator and systems planner is far too late. By this point, working with the English system will be embedded and current unsustainable and damaging practice will have continued for another decade.

The Deputy First Minister for Wales has made much of the fact that we don't need to wait for all the legislation to be in place to take action. The transition plan must ensure that transitional actions can be taken in the next AMP period so that we can start to make a difference to our water system. An updated Water Strategy for Wales must be published with urgency to provide the strategic direction for Wales whilst we are waiting for legislation and new regulatory bodies to be set up.

The Green Paper aims to move us towards a more holistic approach to the water system so the transition plan and new Water Strategy must include those other sectors, highlighted in our previous answers, that impact upon water resources and water quality.

In particular, the transition plan should:

- outline plans and timescales for updating water legislation and ambitions to restore the water environment;
- set out how regulation and governance arrangements will work at each stage of the process;
- explain how Welsh policy and legislative priorities will be carried out during the period when regulation will still be carried out by an England and Wales body; and
- explain how stakeholders will be engaged in ongoing development of the new regulatory framework in Wales.

Question 26: How can governance and advisory mechanisms ensure effective stakeholder engagement during the transition period, and would independent oversight add value? If so, what form should it take?

The Cunliffe Review recommended that an England and Wales Implementation Advisory Group should be set up which the Welsh Government has accepted in

principle. WEL members have experience of England and Wales stakeholder groups being dominated by English concerns and so an advisory group like this would need to be carefully designed so that Welsh stakeholders' voices are heard and differences in policy and legislation are understood. It may also make sense for there to be sub-groups in England and Wales so that detail for each country can be discussed (and wider citizen involvement could be enabled). These groups should feed up to an overarching England and Wales Group to have oversight of issues such as cross-border governance or challenges created by legislative or policy divergence.

Wales Environment Link (WEL) is a network of environmental, countryside and heritage Non-Governmental Organisations in Wales. WEL is a respected intermediary body connecting the government and the environmental NGO sector. Our vision is a thriving Welsh environment for future generations.

This paper represents the consensus view of a group of WEL members working in this specialist area. Members may also produce information individually in order to raise more detailed issues that are important to their particular organisation.



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