



Llywodraeth Cymru
Welsh Government

WRITTEN STATEMENT BY THE WELSH GOVERNMENT

TITLE **Water Policy in Wales**

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Development**

In September, the Welsh Government published its Programme for Government which included our priorities for the delivery of water and sewerage services in Wales.

The Programme for Government set out the key actions that we will be taking in relation to water and the measures we will use to track progress. This builds on the wider commitments in relation to water set out in the Environment Strategy for Wales 2006, the Sustainable Development Scheme – One Wales: One Planet 2009, the Climate Change Strategy for Wales October 2010 and the Strategic Policy Position Statement on Water February 2011.

The Welsh Government has been working actively with the water sector to take forward the commitments set out in the Programme for Government. I am pleased with the significant progress we have already made since its publication and with the work that we will be taking forward over the coming months.

Keeping water bills at an affordable level is a key priority for the Welsh Government. Providing a choice of charging options, protecting vulnerable groups and reducing bad debt will achieve this.

Between 31 March and 1 July we consulted on a number of recommendations from the Independent Review of Charging for Household Water and Sewerage Services (the Walker Review). This included water affordability options for providing better support for vulnerable and low income households in Wales, options for charging that will drive up efficiencies, reduce debt issues and deliver benefits for all customers while protecting vulnerable groups and future options for metering.

We published a summary of responses to this consultation on 16 November and we are now using the responses to assist us in the development of future policy in this area.

The Flood and Water Management Act 2010 included provisions to deal with bad debt and encourage social tariffs in the water industry. These were two recommendations that emerged from the Walker Review, which concluded in December 2009. The provisions on social tariffs enable water and sewerage undertakers to include tariffs in their charging schemes that are designed to reduce the charges for groups of customers who would otherwise have difficulty in paying water and sewerage bills in full. We want to see tariff options that are accessible to customers and that are simple to administer. To help water and sewerage companies develop appropriate tariffs for customers in Wales we have developed social tariff guidance upon which we are currently consulting. The consultation ends on 6 February 2012 and I would welcome views. We aim to finalise this guidance in early 2012.

Because the cost of debt from non-payment of water bills is borne by all customers it is important that water and sewerage undertakers are able to reduce this level of debt. The provisions in the Flood and Water Management Act 2010 on bad debt allow for information on non-owner occupiers to be made directly available to the water and sewerage undertakers to assist in tackling the high levels of bad debt within the water industry. We are making progress in taking forward this provision and we intend to consult on bad debt Regulations in early 2012.

As part of the Welsh Government's tackling poverty agenda, we are committed to reducing the percentage of people identified as having water affordability issues in Wales. We will be looking to build on the work we have already carried out on social tariffs and bad debt and further work will form part of the Tackling Poverty Plan.

I believe that putting customers at the heart of delivery is key to the development of water and sewerage services in Wales. In July this year, David Gray published his conclusions and recommendations from his independent review of Ofwat, the economic regulator of the water industry in Wales and England, and the Consumer Council for Water, the body that represents customer interests. The review looked at Ofwat's role, how it worked with others and how its regulatory approach delivered government and customer expectations. The review also considered the current role of the Consumer Council for Water and arrangements for future consumer representation within the water sector.

The main conclusions of the review are that economic regulation of the water industry does not require any major review but that Ofwat needs to continue its programme to reduce the burden of regulation and to work more constructively with other organisations in the sector. Since July, we have actively engaged with Ofwat to help steer the direction of the proposals for reducing the regulatory

burden and setting future price limits to ensure that they are focused on the best interests of customers. We will continue to do this over the coming months as these proposals are developed.

In relation to the Consumer Council for Water, the Gray review team strongly recommended to the UK and Welsh Government that effective consumer representation is required in the water sector for the foreseeable future and the functions currently undertaken by the Consumer Council for Water should be retained. I share this view and I value the role of the Consumer Council for Water in relation to consumer representation in Wales. This representation will be particularly important for providing customer representation for the next price setting planning round, the Price Review 2014 (PR14). In addition, over the next few years we will see a considerable review and change in regulation and strategic planning in the water sector. The Consumer Council for Water will have a key role in providing critical input to inform these changes over the next few years and to ensure that the interests of customers, both householders and businesses in Wales are represented effectively.

The Welsh Government remains to be convinced that increased retail competition will deliver any measurable benefits for Wales. However, we are developing an evidence base on mechanisms that will drive innovation and improvements in the water industry in order to secure the best outcome for Wales. We intend to consider future policy options in the Water Strategy Consultation in spring 2012.

A high quality water environment is essential to support a healthy ecosystem which in turn provides a number of services for people and species. We are adopting an ecosystem approach to the management of water focusing on ecosystem services in addition to meeting our European environmental obligations.

The Water Framework Directive provides the legislative driver for an integrated approach to water management. The first cycle of River Basin Management Plans is currently underway with all measures in the plan due to be operational by the end of 2012. At the same time we have asked the Environment Agency to start preparing for the second cycle of River Basin Management Plans and to draw on the lessons learned from the first cycle. To support this, the Welsh Government will work with Defra to update the guidance to the Environment Agency to ensure that these plans comply with the Directive's requirements and reflect Government policies.

The River Basin Management Plans highlight diffuse pollution as a key reason for failure to meet good ecological status in a number of rivers across Wales. The Welsh Government has tasked the Environment Agency to produce a Diffuse Pollution Action Plan in order to tackle sources on a wide range of diffuse water pollution; outlining solutions to address the problem in both rural and urban areas. We have asked the Environment Agency to produce the action plan by

spring 2012, in order to address problems in the current round of River Basin Management Plans and feed into the second cycle of planning for the Water Framework Directive.

There are several European Directives that set standards and specific requirements for the protection of our environment and I take meeting our European obligations very seriously. Earlier this year, the Welsh Government undertook a review of designated shellfish waters in Wales under the European Shellfish Waters Directive. The aim of the review was to ensure that all commercial shellfish harvesting waters are given the appropriate level of protection as set out by the Shellfish Waters Direction. We published a consultation on 5 December which sets out our proposals for changes to the current designations. The consultation ends on 2 March 2012 and I hope that shellfish industry representatives and other interested parties will contribute to the consultation and inform the final designations.

In order to effectively implement the Nitrates Directive, the Welsh Government has undertaken a review of areas designated as Nitrate Vulnerable Zones, in order to tackle nitrate loss from agricultural run off into watercourses. We have asked the Environment Agency to assess and propose areas where there is evidence that nitrate pollution is causing problems in Wales. We are aiming to consult on the areas to be designated along with the action plan to reduce nitrate pollution from agricultural sources in spring 2012, to inform designation of Nitrate Vulnerable Zones in January 2013.

The bathing water results for 2011 show that 87 out of Wales' 88 designated bathing waters have met the required standard for public health and the environment, under the Bathing Water Directive. Of the 87, a total of 82 bathing waters met the more stringent European Guideline Standards which are used when awarding Blue Flag awards.

This year we consulted on increasing the number of designated bathing waters in 2012 and have received a number of applications for consideration.

We are working with Defra to move towards new bathing water standards as set out by the revised Bathing Water Directive which need to be met by the 2015 bathing season. The revised standards are simpler, more stringent again and have an even greater focus on public health. Work on this standard is likely to be completed next year.

The Welsh Government is committed to the development of sewerage and drainage systems which are well maintained, have sufficient capacity to manage demand and do not cause pollution or sewer flooding of people's homes.

The Water Industry (Schemes for Adoption of Private Sewers) Regulations 2011 came into force on 1 July 2011 and facilitated the transfer of private sewers and lateral drains to sewerage undertakers in Wales and England on 1 October 2011.

This is a major milestone and represents an approximate 50% increase to the Dŵr Cymru Welsh Water sewer network. So far the transfer has been a success in Wales and has removed an unfair burden of maintenance and repair from householders.

In order to ensure that we do not have further proliferation of sub-standard private sewers, the Welsh Government published a consultation on 31 October 2011, seeking views on the implementation of Section 42 of the Flood and Water Management Act 2010. This contained provisions for making agreements on the adoption process for foul sewers mandatory and introducing mandatory standards for the construction of new gravity foul sewers and lateral drains to ensure they are built to a suitable standard. It also includes for comment the related draft mandatory build standards for gravity foul sewers and lateral drains connecting to the public sewerage system.

Mandatory standards and adoption will ensure that all new gravity foul sewers connecting to the public sewerage network are constructed to adoptable standards and will become the responsibility of sewerage undertakers to ensure continuing high standards of maintenance. The consultation closes on 23 January 2012 and the responses to the consultation will be critical in shaping the final standards. Having reflected on the consultation responses, I intend that the mandatory build standards should be in place in April 2012.

The Flood and Water Management Act 2010 included important provisions on sustainable drainage which would introduce new arrangements for approval and adoption of sustainable drainage systems. An increase in the number of sustainable drainage systems will help to manage and reduce the flow of surface water into sewerage systems, alleviate flood risk and protect water quality. I intend to consult on proposals to take forward these provisions early in 2012.

We are committed to having a safe and secure supply of water which is resilient to natural hazards and the impacts of climate change whilst ensuring adequate protection and security measures are in place.

The prolonged dry weather periods over the last three years remind us of the importance of our water resources and the need for everybody to play their part in using water efficiently to ensure we have enough water in Wales now and in the future. It is imperative to take a long term approach to water resources planning and we will be working with the Environment Agency and water companies to ensure that appropriate measures are being taken to consider the impacts of future demands and climate change on our water resources.

I will also be taking the opportunity in our forthcoming Water Strategy Consultation to consider some of the changes needed to our existing systems for managing water resources – that is the abstraction licensing system – to ensure it is fit for purpose and affords the Environment Agency the flexibility to manage the abstraction of water from the environment appropriately.

Water efficiency obviously has a key part to play in the sustainable management of water and encouraging the wise use of water across all sectors will need to be supported by the provision of information and advice. We will explore ways to ensure that this happens across Wales in the next year.

Earlier this year we consulted on the water efficiency recommendations within the Walker Review and sought views on proposals for encouraging greater water efficiency through behaviour change activity, voluntary arrangements with manufacturers and suppliers of water using products and the role of regulation. We are considering the responses to the consultation in the development of future policy for Wales in this area.

I published the National Strategy for Flood and Coastal Erosion Risk Management on 14 November. The National Strategy sets four objectives for the management of flood and coastal erosion risk in Wales. These are: reducing the consequences for individuals, communities, businesses and the environment from flooding and coastal erosion; raising awareness of, and engaging people in the response to, flood and coastal erosion risk; providing an effective and sustained response to flood and coastal erosion events; and prioritising investment in the most at risk communities.

The objectives set out within this National Strategy are intended to ensure that we develop a flood and coastal erosion risk management system that is fit for Wales and flexible enough to adapt to future changes.

I chaired a meeting of the Wales Water Industry Forum on 27 July. The Forum brings together key stakeholders with an interest in the water industry and water services in Wales. The forum's role is to identify and consider how to address the key challenges facing us in the water sector in the future. I want to build on this important engagement mechanism with a focus on water efficiency, for example, as well as a key focus on the price review process.

The Welsh Government Programme for Government highlighted a commitment to develop a Water Strategy for Wales. I intend to consult on proposals for the Strategy in spring next year. The Strategy will build on the policy commitments highlighted in the Strategic Policy Position Statement and will set out clear actions to deliver and manage water resources in Wales now and in the future.

This statement is being issued during recess in order to keep members informed.