

SUPPLEMENTARY LEGISLATIVE CONSENT MEMORANDUM (MEMORANDUM NO. 7)

The Water (Special Measures) Bill

1. This Legislative Consent Memorandum (LCM) is laid under Standing Order (“SO”) 29.2. SO29 prescribes that a legislative consent memorandum must be laid, and a legislative consent motion may be tabled, before Senedd Cymru if a UK Parliamentary Bill makes provision in relation to Wales that has regard to devolved matters.
2. The Water (Special Measures) Bill (“the Bill”) was introduced in the UK Parliament, the House of Lords on 4 September 2024. I laid an LCM on 18 September 2024 and Supplementary LCMs on 4 and 27 November, 4 December 2024, and 10 and 31 January 2025.
3. The latest version of the Bill can be found at [Water \(Special Measures\) Bill \[HL\] - Parliamentary Bills - UK Parliament](#).

Policy Objective(s)

4. The UK government introduced the Water (Special Measures) Bill to strengthen the powers of the regulator and address water pollution issues. The Bill was announced in the King’s Speech on 17 July and reflects the Labour Government’s manifesto commitment on cleaning up our waterways. The Bill is a response to the perceived widespread failures by the water sector in addressing pollution caused by sewage discharges and aging infrastructure. I have agreed that the provisions which relate to the regulation of the water industry should apply to Wales.

Summary of the Bill

5. The Bill is sponsored by the Department for the Environment, Food and Rural Affairs. The key provisions of the Bill cover measures which designed to strengthen the powers of water industry regulators, including Ofwat, Natural Resources Wales (NRW) and the Drinking Water Inspectorate (DWI). The changes implemented by the Bill are made by a combination of freestanding provisions and amendments to the Water Industry Act 1991 and the Water Resources Act 1991, which between them comprise a significant proportion of the existing legislation in respect of water.
6. I agreed, in principle, to extend the provision to Wales and sought powers equivalent to those of the Secretary of State for the Welsh Ministers through the Bill.

Update on position since the publication of the first Legislative Consent Memorandum

7. Regular engagement between the UK and the Welsh Government has been continuing throughout the Parliamentary passage of the Bill.
8. The UK Government has tabled concessionary amendments at Commons Ping Pong stage to Clause 1 (Remuneration and governance). This SLCM addresses these UK Government amendments.

Provisions tabled by the UK Government for consideration at House of Commons Report Stage for which consent is required

9. Lords Amendment 1B affected Clause 1 of the Bill. The amendment removed Lords amendment 1B agreed at ping pong stage and replaced it with the insertion of a new section 35E (Authority to secure publication of financial overview) in the Water Industry Act 1991.
The purpose of the new provision is to require Ofwat to make water companies publish certain information on the financial position of the company not less than once every year, and for that information to be published in a way so as to make it intelligible to members of the public. This must be achieved either by the creation of new rules, or by the use of Ofwat's existing appointment powers.
10. Amendment Lords Reason 2A affected Clause 1 of the Bill. After line 32, the following was inserted:

“(5) The first rules under section 35B of the Water Industry Act 1991 (inserted by subsection (3)) may not be issued unless— (a) the rules have been provided in draft to the Secretary of State, and (b) the period of 7 days beginning with the day on which the draft was provided has elapsed.”
11. The purpose of this amendment is to replace a non-government amendment that was agreed at Lords Ping Pong Stage, and it has no material impact on the implementation of the provision. This form of amendment was needed to avoid double insistence in Parliament.

Welsh and UK Government views on the need for consent

12. The UK Government amendments do not change my view of the requirement for consent for those clauses they amend. This is due to those clauses relating to a devolved matter, namely the water industry.
13. The UK's Government's view is that amendments to Clause 1 require legislative consent from the Senedd. I agree with this assessment.

Reasons for making these provisions for Wales in the Water (Special Measures) Bill

14. The reasoning set out in the previous LCM on this Bill as to why it is appropriate for UK legislation to make provision for Wales in this Bill still stands.
15. The Bill will bring positive changes and support our overall aim to reduce water pollution in Wales. The Bill legislates on a range of issues and policy matters on which the UK Government and Welsh Government share clear aims and objectives.
16. In response to the report of the Legislation, Justice and Constitution Committee, this LCM replaces the reference to 'water as an inherently cross-border issue' in previous LCMs. It is the case that some of our iconic rivers, such as the Severn, the Dee and the Wye, cross national borders. What happens upstream in England impacts downstream in Wales and vice versa and so cooperation is key. In addition, regulators such as Ofwat, the DWI and the Consumer Council for Water the organisation which champions the interests of consumers, operate with both Wales and England remits. A coordinated approach across is essential to ensure regulatory consistency. Some elements of the Bill relate to reserved matters and therefore any legislation brought forward by the Senedd would not be as comprehensive as the current proposals.

Financial implications

17. The amendments do not introduce any additional financial obligations for the Welsh Government.

Conclusion

18. In my view, and further to the consent given by the Senedd on this Bill, it is appropriate to deal with these amendments to this Bill via a Legislative Consent Memorandum as they are wholly in line with Welsh Government policy, and the matter requires collaboration and coordination between our two Governments.

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Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs

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