DC/HIDCC/00362/26

DIARY CASE

Llywodraeth Cymru
Welsh Government

PREAMBLE

Meeting date/time	11 March 2026, 17:15-17:45
Who is the Minister meeting?	Ofwat Officials [redacted]; Director of Enforcement [redacted]; Director Ofwat [redacted]; Head of Wales [redacted]@ofwat.gov.uk [redacted]@ofwat.gov.uk
Who requested the meeting?	DFM
Primary purpose	To be updated on Ofwat announcement (Section 203 enforcement action, Dŵr Cymru).
Is there an agreed agenda?	No, the meeting will focus on Ofwat's plan to announce Section 203 enforcement action against Dŵr Cymru
Which officials are supporting the Minister?	Claire Bennett Director Climate Change and Environmental Sustainability Chris Jones DD, Mining Legacy, Water and Flood [redacted] Water Team
Where is the meeting?	N/A. meeting will be held via Teams

Other practical considerations	N/A

DIARY CASE BRIEFING

Purpose

1. To prepare the Minister for Ofwat's forthcoming announcement (expected Thursday, 12 March) on the next stage of its enforcement investigations into wastewater treatment works, including Dŵr Cymru Welsh Water (DCWW). The briefing also covers:

- The relevance of section 203 information-sharing duties
- Enforcement processes and likely actions
- Water company bonuses and implications of the Water (Special Measures) Act 2025
- Expected Welsh Government position and media/Parliamentary handling points.

Current position and issues to note

2. Ofwat has confirmed it intends to announce the next stage of its investigations into the operation of wastewater treatment works, specifically covering DCWW, on Thursday. The outcome is market-sensitive, and officials expect a confidential briefing after markets close the evening before.

3. Investigations relate to whether companies are operating wastewater treatment works in line with their statutory and permit obligations.
4. Investigations in relation to Thames, Yorkshire, Northumbrian, Anglian, South West, Wessex Water have all been completed and all had enforcement action taken against them (fines / redress packages ranging between £17m and £122.7m)

5. Enforcement cases into DCWW and other companies remain ongoing. DCWW's performance context:
- Classified as a lagging company in Ofwat's Water Company Performance Reports. Persistent under-performance in leakage, per capita consumption, supply interruptions, water quality, pollution incidents and treatment works compliance.
- Ofwat may issue a minded-to decision setting out evidence and proposed sanctions, giving DCWW the opportunity to respond before a final determination. This reflects stated process in ongoing enforcement cases.

6. Potential outcomes could include:
- Legally binding undertakings by DCWW to remedy performance failures.
- Enforcement orders requiring specific operational improvements.
- Additional regulatory monitoring and targeted intervention. DCWW remains under review for financial resilience (no immediate concerns), but Ofwat is closely monitoring long-term planning and investment capacity.

7. Under section 18 of the Water Industry Act 1991, Ofwat must issue an enforcement order where a company is contravening (or likely to contravene) its licence or statutory requirements. Provisional orders may be issued where urgent action is needed. Ofwat may issue orders requiring specific actions to secure compliance and may revoke or convert provisional orders into final orders. Section 203 requires water undertakers and the Environment Agency (EA) to share all information reasonably required for functions relating to water quality and pollution incidents, enforceable via section 18.

8. The anticipated enforcement action is likely informed by this statutory information flow (e.g., treatment works compliance data, pollution incident data, accuracy of reporting).
9. DCWW remains under review for financial resilience (no immediate concerns), but Ofwat is closely monitoring long-term planning and investment capacity.

Lines to Take

For meeting with Ofwat

- Thank for this briefing and I am keen to understand more about what your investigation has revealed.

- How have you worked with Natural Resources Wales on this issue, given it relates to discharges into the environment?

- You are examining the actions of all water and sewerage companies, what are the common features of what you have found? Are there any significant differences?

- Where would you place Dŵr Cymru in comparison to other companies in terms of their level of non-compliance?

- How would you assess Dŵr Cymru's response to your findings?

- Have you seen any evidence of improvement on these issues since the investigation started? What confidence do you have that there will be improvement?

- How do you plan to communicate the outcome of this investigation tomorrow? What is the nature of the press release you intend to issue?

On the substance of the issues, if asked subsequent to the announcement (will be updated following the briefing)

- Where evidence indicates non-compliance, Ofwat has robust enforcement powers, including legally binding orders. Section 203 duties ensure that regulators share all relevant information to support effective action on water quality and pollution.

- I expect Dŵr Cymru to deliver sustained improvements in environmental performance and treatment works compliance. My officials will continue close engagement with Ofwat and NRW to ensure that improvement plans are delivered.

- I met the Chief Executive of Dŵr Cymru on Monday, and we discussed the importance of improved performance.

- Where issues arise at wastewater treatment works, the priority is protecting public health and the environment. Any regulatory actions are a matter for Ofwat, but Welsh Ministers expect companies to act decisively on required improvements.

- I welcome regulatory action that strengthens accountability and drives better outcomes for customers and the environment.