

Meeting with Dwr Cymru Welsh Water – 21 October 2025

Attendees: [REDACTED] Chief Executive Dwr Cymru Welsh Water; [REDACTED], Chief Executive Dwr Cymru Welsh Water; [REDACTED], Corporate Affairs and Business Strategy Director, Dwr Cymru Welsh Water and Claire Bennett, Welsh Government

1. Claire noted the Deputy First Minister was making a statement to the Senedd this afternoon on water reform. She confirmed there should be no surprises in the content. There was an emphasis on the opportunity to design a system that worked for Wales, with a focus on the long-term, balancing different priorities in the interest of current and future generations and was based on partnership. There were also clear references to the importance of certainty and stability for investors and to the long term nature of the reform.
2. [REDACTED] restated the offer to arrange a joint visit to Scotland and confirmed the Chief Executive of Scottish Water was keen to help (and had a valuable perspective of having working with the England and Wales system, as well as the Scottish system). Claire confirmed there had been some engagement with Scottish Government already and agreed to establish the best timing for a visit with the team, given the workload demands. Claire noted the Scottish Government had shared interesting reflections on the fact that many of the aspects of the way in which the Scottish system operated was not set out clearly in law / protocols but was based on an agreed way of doing things and relationships. They were reflecting on whether they had that balance right and this would be a really helpful area for us to explore with them in considering our own planned legislation.
3. There were a number of questions on water reform which Claire responded to as follows:

Transition planning

- Claire explained that Welsh Government was working closely with Defra on this and the intention was to develop a joint approach / plan, given the current integrated system. However, it was clear that this might need to take the form of separately articulating the approach for England and for Wales, given there were things important to the new system for England; which Defra would wish to cover which might not be as relevant in Wales or where there might be a different approach or where we might wish to take more time to consider. Our priorities for the plan – and the Strategic Policy Statement – were to be clear on the expectation for PR29 and the handling of delivery of the current AMP (and wider regulatory oversight). We anticipated Welsh Government would be likely to issue more than one Strategic Policy Statement.
- [REDACTED] referred to the thematic workshops on transition which Defra had been holding and asked for the opportunity for similar discussions in Wales. Claire noted that Welsh Government were sighted on the outcomes of the workshops but recognised the need for Wales specific discussions and agreed to ask the team to consider how best to progress.
- [REDACTED] noted that UK Water retained an appetite for the planned 'Shadow Body' for the new regulator to undertake PR29. Claire set out the broad timetable for reform including legislation and the reality that Ofwat and its successor body would have to undertake PR29 for Wales and was likely the new body would parallel run, to an extend the delivery of that next AMP period and pick up PR34. [REDACTED] queried whether this could be speeded up, particularly if a new Government wished to see

faster pace. Claire noted that the legislation was inevitably sequential and a new Body took a certain period to establish – and this could not be short-circuited, particularly given we were creating a new entity in Wales rather than amalgamating existing bodies. There were choices about re-opening PR29 and the role the new Body played once established but, given these were new arrangements, the advice of officials would be to make sure we took the time to ensure the functions could be properly executed effectively rather than rushing them.

- [REDACTED] highlighted ODIs as an area of priority for a steer to Ofwat around transition, particularly to better reflect the Welsh Government's policy on CSOs. Claire confirmed that the ODI regime was an area which could be considered but noted there was a question about the level of specificity that would be appropriate in a Plan / SPS being issued before the end of the calendar year and ahead of the election and the risk of a perception of a weakening of controls – while recognising the relevant ODI did not reflect Welsh policy.
 - The need for an appropriate structure for ongoing engagement with DCWW and other key partners was noted.
 - Claire confirmed that Welsh Government had requested that water industry functions be conferred in relation to the Welsh border, rather than water companies wholly or mainly in Wales. She noted Defra continued to work through the implications of this and there were some challenges in them grasping the reality that this was primarily an issue for English customers, following the establishment of Hafren. There was also an issue with conflating this issue, which was about functions the Welsh Ministers already had, with the separate discussion on further devolution to facilitate the implementation of the Cunliffe recommendations. Claire highlighted a meeting with UK Water which had taken place earlier in the day and some of the misunderstandings articulated in that meeting. [REDACTED] agreed to take away an action to follow up with UK Water on how they could best engage on issues related to what happened in Wales. [REDACTED] also noted that conversations with Severn Trent about the implications of reform continued.
 - [REDACTED] highlighted the November Board meeting which Claire was attending. He noted a minority of Board members were keen on a single regulator and this would be a good opportunity to explore these issues with them. Claire noted the Deputy First Minister had been clear on the intention to create a standalone regulator in the Plenary statement, given the Commission had recommended that these functions be vested in Natural Resources Wales. [REDACTED] offered a pre-meeting to ensure the key issues of interest to the Board would be covered.
4. [REDACTED] highlighted that Dwr Cymru was due to give evidence to the CCEI Committee on 5 November. This would focus on performance; the failure of drinking water supply and the transformation programme, although they anticipated the Committee would range more widely. The evidence session was a fairly long one, around 70 minutes. [REDACTED] offered to share the Written Evidence they intended to submit. There was a brief discussion of the areas of interest of Committee members.
5. [REDACTED] confirmed the outcome of Dwr Cymru's appeal against the level of penalty for their failures of operator self-monitoring. Dwr Cymru had won the appeal and the penalty had been substantially reduced to £120K which the company felt was more proportionate. [REDACTED] also explained that they were having further conversations with Natural Resources Wales around the options for 'enforcement undertakings', rather than criminal prosecution, which would see financial penalties being retained in Wales and reinvested rather than returned to the Treasury. Claire noted and confirmed she would discuss with [REDACTED]

6. There was a discussion on current performance and the publication of Ofwat's performance report on Thursday. [REDACTED] reported progress in some areas, including reducing leakage and total number of pollution incidents. However, he also referenced the tightening of the EPA measure, for example including cat 4 incidents. Claire stressed the importance of visible progress in performance improvement, while recognising the investment programme was needed to address some issues. There was discussion about whether a different approach to the EPA measure in Wales compared to England might be appropriate. It was noted there was a balance to strike on stringency with comparability and ensuring credibility (and not being perceived to 'go easy' on performance.) It was likely that this could only be considered with a fundamental review of the measures, rather than tweaking around the edges. Claire also highlighted the perception of Dwr Cymru's performance within Ofwat both strategically and locally and the need to build confidence.
7. Claire asked for an update on PR24 delivery. [REDACTED] confirmed the full programme was with the supply chain and good progress was being made. Claire queried if there were any areas of concern. [REDACTED] confirmed there had been progress with Natural Resources Wales on the South East Wales wastewater main but they would keep Welsh Government updated as needed.
8. Claire raised the issue of the loss of drinking water supply in several locations and a further incident which it had been possible to avert seeking assurance on the integrity of the water supply network and risk of future incidents. [REDACTED] acknowledged there had been more incidents and, with climate change, it was likely to be a recurring pattern. He also flagged the particular challenge of the number of water resource zones and lack of connection between them posed. Claire raised the question as to whether the balance of emphasis and investment between the water supply network and wastewater and pollution was right, given the focus on the latter in recent times. She also flagged the relevance of the Commission recommendations on asset condition and maintenance. Claire requested Dwr Cymru come back with reflections on short term actions which could be taken and the longer-term questions which would need to be considered and what they would mean for investment. [REDACTED] endorsed this approach and the need to look at the long-term issues as important.
9. Claire thanked Dwr Cymru for their support on marine SACs, noting the level of political priority afforded to resolving the matter. Claire noted there was a joint meeting with Dwr Cymru and Natural Resources Wales on Thursday to arrive at an agreed position on what the nitrate stripping at Gowerton and Llanelli offered to inform the Local Authority discussions. Claire requested Dwr Cymru continued to support the ongoing information requests and support as needed.
10. [REDACTED] noted that he and [REDACTED] were meeting the Deputy First Minister the following week and there was a meeting with the Chair in November. Claire confirmed the issues which had been discussed would likely form the agenda. In particular: performance; delivery of PR24; progress on the transformation programme and views on reform. Claire confirmed the briefing would be informed by the regulators.
11. [REDACTED] confirmed the handover arrangements with [REDACTED]. [REDACTED] remained in role with [REDACTED] being brought up to speed on the company. [REDACTED] would move into the lead role

from 5 January 2026. [REDACTED] would remain until the end of the financial year in an advisory role.

Actions:

- Claire to follow up with the team on a possible joint visit to Scotland
- Claire to follow up with team on engagement with stakeholders on the themes being covered in the Defra transition workshop
- Claire to follow up with the team on structured engagement with key partners
- [REDACTED] to follow up with UK Water on engagement with Defra on water reform in Wales
- [REDACTED] and Claire to have a pre-meeting ahead of the discussion at the Dwr Cymru Board
- Pete to share CCEI Written Evidence
- Claire to follow up with Natural Resources Wales on 'enforcement undertakings'
- Dwr Cymru to provide overview of short-term actions to provide greater assurance on security of water supply and issues to be reflected upon for the longer-term
- Dwr Cymru to keep Welsh Government informed on progress with key infrastructure investment
- Dwr Cymru to maintain engagement on marine SACs