

## **Written Evidence from Dŵr Cymru Welsh Water to the National Assembly for Wales' Environment and Sustainability Committee's inquiry into Water Quality in Wales**

This submission is from Dŵr Cymru Welsh Water, the statutory water and sewerage undertaker that supplies over three million people, mostly in Wales. We are owned by Glas Cymru, a single purpose, not-for-profit Company with no shareholders, where all financial surpluses are returned to customers. Between 2001 and 2015, we have returned some £250 million to our customers through customer dividends, social tariffs and accelerated investment. We provide essential public services to our customers by supplying their drinking water and then carrying away and dealing with their wastewater. In this way, we make a major contribution to public health and to the protection of the Welsh environment. Our services are also essential to sustainable economic development in Wales. Welsh Water supports £1 billion per annum of economic activity and some 6,000 jobs.

We are grateful for the opportunity to contribute to the Committee's inquiry into water quality in Wales, which is timely given that the Welsh Government has recently published its Water Strategy for Wales.

### **1. Progress toward meeting the statutory obligations under the Water Framework Directive (WFD) and Bathing Water Directive (BWD)**

Dŵr Cymru makes an important contribution to helping Wales meet the various European Directives that apply to the aquatic environment. Since 1989, we estimate that we have invested some £2.5bn of our customers' money in environmental improvements. These investments will continue against a background of falling water bills (relative to inflation) during 2015-2020. Indeed, Dŵr Cymru is implementing circa £1.7 billion of investment during that period, including a major programme of environmental improvements that will support the delivery of EU obligations.

The WFD aims to bring all water bodies in Wales up to Good Status by no later than 2027. Compliance reporting is cyclical - the second six year cycle beginning next year. It is noteworthy that Wales will start the second cycle in a stronger position than England because of the farsighted policy of Welsh Ministers and Natural Resources Wales (NRW) to target the finite resources available during the first cycle on "quick wins", working toward the ambitious target of 50% of water bodies at good status by 2015. The latest monitoring shows 41% of water bodies in Wales are now classified as 'Good', mainly due to investment made by the water sector. The improving trend in Wales contrasts to the position in England where progress, if any, has been much slower.

Later this year Ministers will approve updated River Basin Management Plans covering Wales for the second cycle of the WFD. These Plans are the WFD's main delivery mechanism. Dŵr Cymru is working with NRW to agree a well-targeted and affordable list of projects/schemes that we will carry out during 2016-2020 specifically aimed at helping to deliver the second cycle WFD Plans in Wales.

Turning to the BWD, we have already spent over £1 billion to help Wales meet its standards, with this investment paid for by our customers. In recent years we have, for example, improved our sewerage infrastructure at Criccieth, Llandudno West, Rhyl and Prestatyn.

It is easy to forget that in 1994 only 10 of the 50 (i.e. 20%) EU designated bathing waters in Wales met the stringent European (Guideline) water quality standards (the water quality standards required at Blue Flag beaches). Twenty years later in 2014, Wales has 102 EU designated bathing waters of which 90 (88%) met the Guideline standard.<sup>1</sup> This brings major economic benefits to Wales: as the Welsh Government's new Water Strategy says, "*High bathing water quality is a key factor for tourism and supports well-being in Wales*".

The EU has adopted a revised BWD, so this year will see the full introduction of even tougher standards: the new 'Excellent' standard is about twice as stringent as the old 'Guideline' standard. Despite this, early projections indicate that three-quarters of Wales' bathing waters will meet the 'Excellent' standard in 2015, which is great news for the people, environment and economy of Wales<sup>2</sup>.

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<sup>1</sup> <http://naturalresources.wales/media/3880/wales-bathing-water-report-2014.pdf> NRW Wales Bathing Water Report 2014

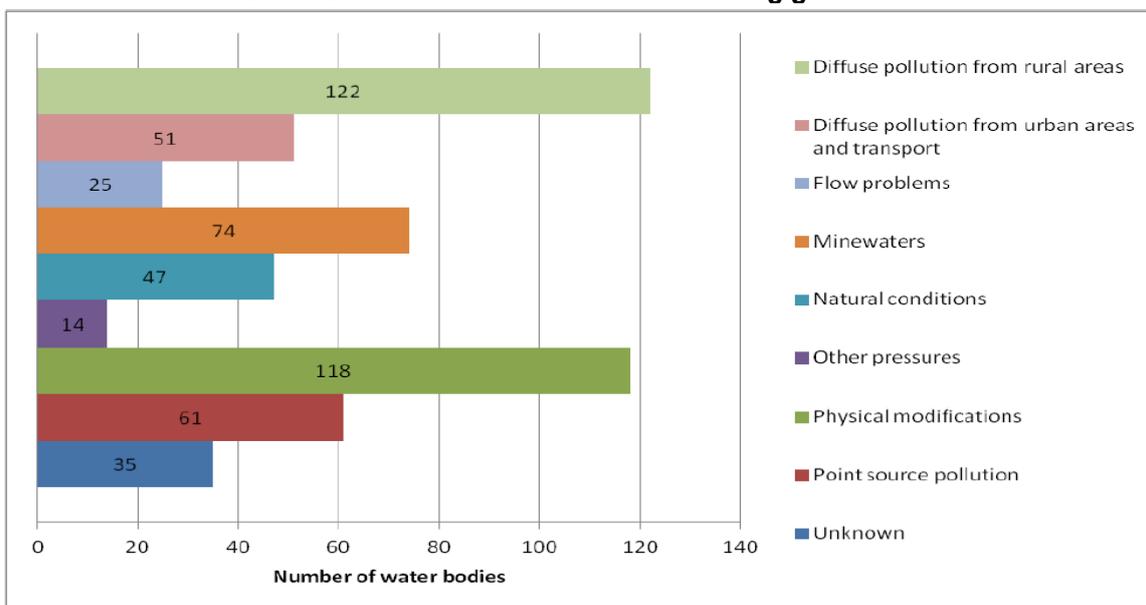
<sup>2</sup> <http://gov.wales/newsroom/environmentandcountryside/2014/9366434/?lang=en>

In 2015-2020 Dŵr Cymru is planning a large programme of scientific investigations in relevant coastal areas, focussing on developing our understanding of the remaining sources of faecal bacteria which are measured in the new BWD. This will give us (and NRW) better evidence about the bacteriological loads that may be attributable to us, enabling us to target our investment post 2020 accordingly and showing where other sectors, e.g. agriculture, must make a greater effort to deal with diffuse pollution.

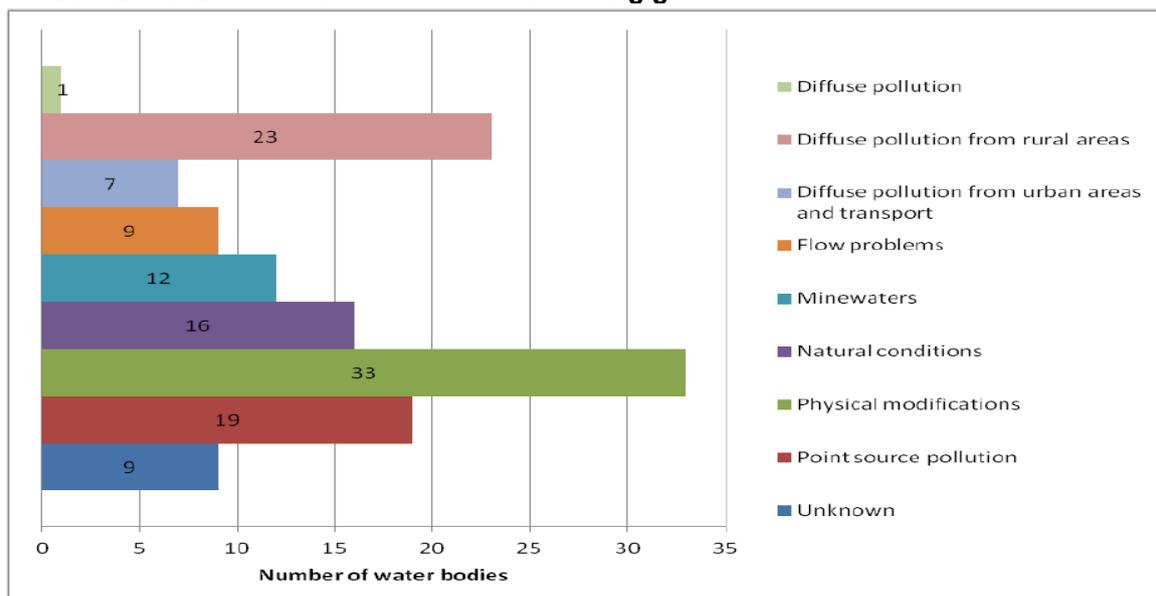
## 2. Current sources of pollution of particular concern

NRW leads the delivery of the WFD in the Western Wales and Dee River Basin Districts (which cover most of Wales apart from the cross border Severn District where WFD implementation is led by the Environment Agency). NRW recently completed a statutory consultation on updated River Basin Management Plans for these Districts<sup>3</sup>: the extracts below show the variety of sectors, including our own, that are contributing to water body failures. Water company inputs are mainly contained within the point source pollution bar.

### Western Wales River Basin District – Reasons for not achieving good status



### Dee River Basin District– Reasons for not achieving good status



<sup>3</sup> <http://naturalresources.wales/about-us/consultations/our-own-consultations/consultation-on-the-proposed-update-to-wales-river-basin-management-plans/?lang=en>

Given our reliance on the aquatic environment, Dŵr Cymru recognises that it is in our interest to protect and improve it. It is also in the long term interests of our customers. We remain committed to reducing still further the impact that some of our discharges and abstractions may be having on water bodies, so we are working with NRW to agree an affordable programme of WFD improvements for 2015-2020.

We are, though, very aware that most water bodies where we plan to invest are under a variety of other pressures. As is clear from the figures above, pressures from physical modifications (such as flood defences, weirs); diffuse pollution from agriculture; and water from abandoned mines are widespread in Wales. Our worry is that unless something is done to reduce these other impacts, there will be little to show for our customers' investment in terms of achieving 'WFD good status'. By way of example, Dŵr Cymru remains committed to play its part in reducing phosphorous loadings to the aquatic environment, but unless all sectors that contribute to these polluting loads also play their part in reducing them, our customers' investments will be largely in vain.

We believe that the WFD offers NRW the opportunity to show it can deliver better outcomes for Wales. To that end we are exploring with NRW the potential of aligning the investment programmes of the main sectors so that everyone's investment is targeted on the same water bodies at more or less the same time. This should include NRW's, such as the vital work of its flood risk management; fisheries; catchment; and forestry teams. This collaborative approach would ensure that everyone's funding is spent to best effect for Wales – an important consideration at a time when all our budgets are under such pressure. It would also maximise the number of water bodies at Good status by the end of the WFD's second cycle (2021).

There is, in our view, little point in requiring some parties to reduce their impact if other significant polluting influences are allowed to continue. If there is no realistic prospect of us achieving 'good status' in a particular water body then NRW should make use of the WFD's provisions enabling alternative objectives to be set.

## **2. Consider whether sufficient action is being taken to reduce pollution, including examples of good practice**

In deciding what should or should not be done during the WFD's second cycle, Welsh Ministers and NRW will need to try to keep the third (final) WFD cycle in Wales at a manageable scale. There is a real danger that all the harder – and more expensive – problems will be stored up for the final (third) cycle and will be unaffordable for all parties.

A particular worry for Dŵr Cymru is that we (or others) will make investments during 2015-2021 in the hope that the remaining parties will reduce their impact by 2027. But when the potential scale and costs of the final WFD cycle are clear, regulators will make far more use of the WFD's alternative objectives, undermining the value of our customers' investment in relevant water bodies.

You ask for examples of good practice. Dŵr Cymru was pleased to be able to offer leveraged funding to non-profit bodies, notably charities, to support projects designed to bring water bodies into compliance with WFD, if there was some linkage with our operations. This enabled us to assist in a very cost effective way, a variety of initiatives, such as educational projects teaching school children about the aquatic environment; or encouraging businesses to think about the fate of surface water from their sites; or helping farmers to reduce their impact. We are continuing this funding scheme over the next 5 years, and very much look forward to working with the third sector to continue to deliver very cost effective, local, and engaging solutions for our customers.

Another example of good practice is the Welsh Government's support of the sustainable drainage approach to surface water management: this is a policy area where a distinctly Welsh policy agenda is emerging. From our perspective, it is impractical and unaffordable to construct ever larger pipes and storm water storage systems, particularly in the face of climate change. As well as significantly reducing the risk of flash flooding, properly designed and maintained "SuDS" deliver greater resilience to the onset of climate change, and bring potential benefits for the environment and associated biodiversity. By helping us to improve the performance of our combined sewer overflows, SuDS also have a role to play in helping Wales meet its obligations under relevant EU legislation. We welcome the Welsh

Government's commitment in its new Water Strategy to find the most effective way of embedding SuDS principles in new developments.

### **3. Consider the effectiveness of monitoring and enforcement**

We recognise that we are all (including NRW) facing budgetary pressures and we must all continue to look for opportunities to make cost savings. However, this should not be at the expense of discharging core functions, which in NRW's case includes environmental monitoring. NRW quite rightly prides itself on being an organisation whose decisions are based on sound science and evidence – continued provision of this evidence is essential to justify actions and investment decisions.

On enforcement, Dŵr Cymru agrees with the recently published Water Strategy from Welsh Government, in that more needs to be done to reduce diffuse pollution from rural areas if WFD obligations, as well as those arising from the EU's Drinking Water Directive, are to be met. The WFD specifically requires Member States to tackle diffuse pollution, including from agriculture. Dŵr Cymru is recording some deteriorating raw water quality within key catchments from which we source our drinking water supplies, particularly elevated levels of certain pesticides. This is forcing us to consider installing enhanced treatment processes at some works as significant costs to our customers and to our carbon emissions.

The Welsh Government's White Paper on an Environment Bill proposed introducing a system of General Binding Rules (GBRs) in Wales. GBRs involve setting straightforward rules that those carrying out specific activities must follow to reduce the pollution risk. They are generally seen as a form of 'light touch' regulation, particularly as they avoid the need to obtain individual permits. The WFD explicitly allows Member States to use GBRs to help deliver its objectives. There is a well-established and successful regime operating in Scotland that applies to various agricultural activities such as the storage and application of fertilisers; discharge of surface water run-off; sheep dipping; as well as the storage and application of pesticides. So, for example, the pesticides GBR prohibits their use within 10m of a watercourse; sets rules about the maintenance of sprayers; requires that pesticides be applied in line with product instructions; and bans their use on soil that is frozen or waterlogged, or is on a slope etc.

Dŵr Cymru welcomed the proposal to have GBRs here in Wales, in part because we hoped it would reduce our problems with pesticide levels. We are therefore disappointed that the Environment (Wales) Bill introduced into the Assembly in April does not include provisions specifically intended to establish GBRs. The new Water Strategy does though, say that the Welsh Government is still considering whether to follow the Scottish model of GBRs: we hope that NRW will pilot a regime using its non-specific experimental powers in the Environment Bill.