

Welsh Affairs Committee

Oral evidence: Water quality in Wales, HC 1113

Wednesday 15 March 2023

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Members present: Stephen Crabb (Chair); Simon Baynes; Virginia Crosbie; Wayne David; Ben Lake; Rob Roberts; Beth Winter.

Questions 54-92

Witnesses

I: David Black, Chief Executive, Ofwat, Ceri Davies, Executive Director of Evidence, Policy and Permitting, Natural Resources Wales, and Mark Squire, Principal Adviser, Strategic Prospects, Natural Resources Wales.

Examination of witnesses

Witnesses: David Black, Ceri Davies and Mark Squire.

Q54 Chair: Good morning and welcome to this session of the Welsh Affairs Committee, where we are continuing to look at water quality in Wales. I am delighted to be joined this morning by David Black, chief executive of the regulator Ofwat. Thank you very much for coming in. Joining us virtually is Ceri Davies, executive director of evidence, policy and permitting at Natural Resources Wales, and her colleague Mark Squire, principal adviser on strategic projects at Natural Resources Wales. Thank you very much to all of you.

Perhaps I can kick off this part of the discussion by asking our witnesses from Natural Resources Wales to give us a brief overview of how they see water quality in Wales. I am thinking back to the first session on this issue a few weeks ago, when we took evidence from groups such as Surfers Against Sewage and other campaign bodies about water quality in Wales. The evidence they presented to us was quite stark, as was the description of water quality challenges in Wales. Do you accept the caricature of how they describe water quality in Wales's rivers and coastlines, and how would you describe water quality in Wales currently?

Ceri Davies: Good morning, everyone. We use the same information as was presented last week. Lots of that information comes from our monitoring exercises under the water framework regulations. As was covered in the last period, water quality in our inland waters is not where we would want it to be. At the moment, only 40% of rivers in Wales are achieving good ecological status under those measures in the water framework regulations. As you heard last time, five of the nine SAC rivers—special areas of conservation—in Wales are not in the favourable conservation status that we would need them to be. They are failing on measures such as phosphates. It is not only phosphates; there are other determinants that we are concerned about and are regulating for at the moment.

In terms of bathing and water quality, the story and the picture there is better, but we are not complacent about that. Up until the last reporting period, we had 100% compliance with bathing water standards in Wales for the 107 bathing waters we have. Unfortunately, in the last reporting period, one fell below and failed the bathing water standards. The picture there is better, but we are cognisant of the fact that the inland rivers' water runs into the sea, and we are very mindful of the impact that that can have on those designated waters. Of the bathing waters, just over 80% are in the "excellent" category. That is a quick summary of a lot of monitoring information and data that we present through the various reports that we produce as the regulator in Wales, but also as the adviser to Welsh Government.

Q55 Chair: Thank you very much for that response. One thing that has prompted this Committee to want to take a look at this has been the



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enormous increase in the salience of this issue among voters and members of the public. There has been quite a dramatic shift of public focus on this issue, and that has fed through into all our email inboxes. Has it taken you by surprise, as the regulator in Wales, just how intensely the public are looking at issues of water quality?

Ceri Davies: I would not say that it has taken us by surprise. Water quality has always been a priority for us. If you think back to some of the work that we have been doing over the last 10 years in Natural Resources Wales, we started 10 years ago with a programme of requiring water companies to install event and duration monitors so that we could start to build a picture of the releases from combined sewer overflows, so that then we could work to develop a programme of improvements around that. We have been working steadily on this agenda for very many years.

Regulations like the water framework regulations are requiring us and contributors to water quality in Wales to push to achieve better standards of good ecological status, which is a mix of chemical standards and ecological standards. There has been a long period of work on this area. We, too, are very aware that the public are growing increasingly concerned about the quality of their local environment, including rivers and marine areas. We are using that as a positive to encourage the changes in behaviour that are required across the board to address these issues.

I know that the water companies are here after us this morning. While there is a huge contribution that they can make, there is a huge impact arising on the quality of our water in Wales around the industrial legacy, discharges from redundant metal mines, land management practices and the impact of increasingly intensified farming, and diffuse pollution from agricultural and land management practices, but also from our towns and cities, misconnections—there is a whole host, which means that there has to be a real “Team Wales” approach to resolving this issue. Just focusing on one element will take us some way, but not all the way, to where we want to be, which is to have somewhere around 80% of our rivers achieving good ecological status.

Q56 **Chair:** Thank you very much. Mr Black, as chief executive of Ofwat, would you agree that water companies and our entire framework of regulation, Wales and UK-wide, have been left somewhere at the back of the curve in terms of public expectations for improving water quality and tackling sewage discharges?

David Black: Good morning, and thanks for the opportunity to be here. There has been a huge growth in concern about the discharges by water companies into rivers, in particular, and I think that does reflect growing public concern about the state of the environment. There have been some impacts, like the effects of the pandemic making people look locally. The other key source of information has been the monitoring equipment that has been installed. This was planned; this was identified as an issue back in 2015. We have seen the roll-out of monitoring equipment, which is obviously the important first step, but we are very clear that we now need



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to move to action. We need to see sustained investment and delivery by companies, both to improve their performance and to work collaboratively with other participants to get much better outcomes.

- Q57 **Chair:** Water quality in Wales is obviously devolved to Welsh Government, as we have just heard. The regulator, Natural Resources Wales, deals with industry and water quality in Wales. Does that affect your job as the regulator? You are GB-wide, aren't you? Or are you just England and Wales?

David Black: We regulate in England and in Wales, and we work closely with both Natural Resources Wales in Wales and the Environment Agency in England. We work with the Welsh Government and with DEFRA as well. Like many economic regulators, we work across the different nations and within the framework set by the Welsh Government, in this case, and the UK Government in England.

- Q58 **Chair:** Is it your sense that industry right across the country is moving in the same direction at the same pace in response to the concerns and challenges you have outlined, or does it feel to you, from where you sit, that it is a bit of a patchwork, with some companies doing more than others and some regions better placed than others?

David Black: We certainly see, and use, comparative regulation as part of our approach to regulation, and we certainly see differences in performance across companies. Late last year, we published our view of where different water companies were at and identified a number of companies as lagging behind their peers, including Dŵr Cymru. We have concerns about company performance in different places. We also see other companies as improving faster. I think we are seeing all companies increasingly aware of the impacts and taking actions, but certainly some companies have been slower to act than others, and we need to see all of them significantly improve their performance in this area.

- Q59 **Chair:** And where is Wales in that? Are we in the middle of the pack?

David Black: Dŵr Cymru was rated as one of the lagging companies, so that was a fall-off in performance. That was driven by our concerns around its performance on water quality—this is on drinking water quality issues—as well as things like water supply interruptions. In terms of environmental performance, you can speak to NRW, but it was given three out of four stars in the most recent rating, so it certainly performed better than some companies in England in that space. It is a mixed picture. So yes, we have concerns. We have been discussing those with Dŵr Cymru, and I am sure you can talk to them about that. It has a plan to improve, so we are expecting to see improvements in its performance.

Chair: Thank you very much. I'm going to bring in Wayne David. Did you have a brief supplementary, Virginia? Very quickly, then, please.

- Q60 **Virginia Crosbie:** Briefly, David, on accountability, water is clearly devolved to the Welsh Government. Do you think more could be done to communicate to people across Wales that it is devolved to the Welsh



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Government?

David Black: There may well be. On the issue of improving awareness, I think that will flow. From the discussions we've had, there is an understanding that people have an appetite to see improved performance. There will no doubt be calls for the Welsh Government to act, and Natural Resources Wales will engage the stakeholders as well. It may well be part of the mix, but our focus is really about getting sustained actions to drive up performance.

- Q61 **Wayne David:** I think it is true to say that our starting point is the pretty horrific evidence we had in the previous session about just how bad pollution is in our rivers and on our coastlines. Our starting point is one of concern about the situation. Following on from that, I think a fundamental consideration is how you actually measure the pollution. I was quite surprised to be told that there's an element of self-reporting, and, while that has been successful in the past, more recently there has been a lack of self-reporting. I am wondering if we are getting an accurate picture of just how bad the situation is. Is this self-reporting mechanism appropriate and effective, at least for getting a real understanding of just how bad the situation is? Natural Resources Wales?

Ceri Davies: In terms of the environmental reporting, the first thing is that across all sectors of industry that are regulated, we expect them to be responsible and in control of their operations, and to have ownership of them. That includes monitoring their impact on the environment. We require those aspects of monitoring to be done in accordance with set standards that are agreed across the UK. Our role is to ensure that we do compliance assessment checks on those sectors. We review the information to ensure we are satisfied that they aren't hiding anything, and that they are acting in accordance with appropriate standards.

Again, just to differentiate between us and Ofwat, on the environmental side our role is to undertake an assessment programme across Wales. We look at the environment and things such as source apportionment, and we look at whether the information that we are being provided, which is all publicly available, accords with our findings. If we find that there are any issues in relation to that, we investigate those further and take enforcement action depending on what we find.

David mentioned that one of the assessments we do is to compare water companies across England and Wales so that we have a really good comparator. In Wales, we have one very large water company and a much smaller one, so it is important that we are able to compare our water companies in Wales with the rest. One area that we regularly look at and scrutinise is their self-reporting of things such as incidents. We investigate those things and ensure we are satisfied that they are reporting them correctly. I want it to be clear that this is no different from how all risk-based regulation for the environment happens across all sectors in England and Wales, so we can focus our efforts on ensuring that the businesses that operate in those sectors take full responsibility for their actions.



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Q62 Wayne David: You have explained the process very clearly. What are the results of that process? What conclusions have you come to? For example, are you aware of companies withholding information from you and not disclosing what they know the situation to be?

Ceri Davies: No, we are not in that position at the moment. As I say, we would take action if that were the case. One of the elements—

Q63 Wayne David: Has it been the case in the recent past?

Ceri Davies: If I can just come back to that point, I think—

Wayne David: It's a very important point, actually.

Ceri Davies: I was going to mention that, for example, one reason why Welsh Water dropped back from a four-star company in the previous year to a three-star company in the last performance year is because it missed a target of 80% self-reporting of incidents. We will then take action around what that means in effect.

Q64 Wayne David: What action?

Ceri Davies: We have a range of actions that we take, from prosecution at the top end, right down to advice and guidance, which aims to help organisations such as Welsh Water.

Q65 Wayne David: Have there been prosecutions?

Ceri Davies: Yes, there have been.

Q66 Wayne David: How many?

Ceri Davies: Some statistics for you: there have been 13 prosecutions of Welsh Water, 24 formal cautions, four enforcement undertakings, 244 warning letters and 32 instances of advice and guidance.

Q67 Wayne David: That's pretty bad, isn't it? That sounds very bad indeed. That is quite an indictment of Welsh Water.

Ceri Davies: It's proportionate to the various risks that we will have seen.

Wayne David: May I move on?

Chair: Very quickly, because we need to move on.

Q68 Wayne David: Ceri, on the issue of bathing waters in Wales, you mentioned that the situation is better, but we have heard reports about how the sampling is only intermittent and does not give an accurate picture. In fact, some beach areas that we assume are covered are not covered—I can think of one in Barry, for example. How do you see the situation of beaches and bathing waters?

Ceri Davies: On bathing waters, there is a requirement for us to monitor in accordance with the regulations, and we do that; otherwise, we would not be able to categorise the bathing waters as excellent, satisfactory or poor. Those requirements are set out in law. That is the schedule we



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follow in our monitoring, and all the information is made publicly available so that bathers may take decisions on the basis of whether the waters are excellent, satisfactory or whatever. As I mentioned, we had one case of failing bathing water in the past year, so bathers could make decisions on that basis. They are in compliance with the requirements of the legislation—there are 107 bathing waters around Wales. That does not cover every single beach or bathing area. They are the ones that have been designated by the Government in Wales for compliance with the bathing water standards.

Q69 Wayne David: Time is short. Mr Black, do you want to add anything to that, briefly?

David Black: Not particularly. The only point to make is that a lot of the concern has been about sewage discharges, which was an area that was not measured until relatively recently. That is now measured. There are some interesting questions about the use of technology to monitor rivers. The world out there is bursting full of innovation. How do we apply and harness that? At the moment, yes, there is understanding of water quality, but with technology development can we move much faster to get to better understanding of the impacts of discharges, for example on rivers? There have been some sustained improvements, but there is huge potential to go much further.

Q70 Chair: Thank you. We will have to move quickly, and I will bring in Beth in a moment, but as we are talking about monitoring, may I ask you something quickly, Mr Black? At the last evidence session on this subject, I raised an example from my constituency: monitoring had been done, but the data ended up being corrected by Welsh Water, and there was significant disparity between what had been reported initially and what it eventually said was the number of sewage discharges. Are you satisfied that the technology being used by water companies generally in the UK—this is not necessarily Wales-specific—is adequate for counting correctly how much sewage has been pumped into open waters?

David Black: The monitoring equipment for sewage discharges relates to the length and number of discharges. It does not measure, for example, the harm done by discharges, which is the ultimate place that we would like to get to. It is an important step forward, but it is not perfect. The other point is that the monitoring equipment is relatively new, so there is still a curve to go up in making sure that the data is reliable. We are in that process now. It is getting better, but I don't think we are there yet.

Q71 Beth Winter: May I ask NRW a question? You explained the current process for self-reporting, but I did not feel that you answered whether there is an alternative process that would be better. If so, what would need to happen to make that work? What would you need to make that happen? Is there a different process?

Mark Squire: It would be difficult to implement a secondary approach to self-reporting. As Ceri mentioned earlier, the company's own the assets and are in the best place to make that immediate response. Looking back in time, monitoring was done by the regulator and it was probably more



restrictive than it is now in terms of the operational window—9 to 5, Monday to Friday—so we have been able to ensure that the companies are 24/7 in reporting. It would be a big and costly exercise to look at an alternative, and we want the companies to own the responsibility of the assets.

Q72 Beth Winter: Do you have the resources you need to be able to monitor properly?

Mark Squire: It is about resources, but it is also about some of the tools. As David mentioned, with new technology and data coming through, it is about ensuring that as we get that data, our officers are able to understand it and act accordingly, whether with enforcement, warning letters or general regulation.

Q73 Beth Winter: Finally, in terms of monitoring, one of the main reasons that we are holding this inquiry is that there is evidence provided by local people who are gathering data about the poor quality of the water—and credit to them for doing that. Do you take that evidence into account when monitoring the quality of water?

Ceri Davies: We do, yes. We are increasingly, because we are increasingly finding that local communities and individuals want to play a part in the health of their local environment and rivers. Across the board, in terms of other NRW activities, we also use citizen science that is gathered on things such as species health and population changes in the biodiversity side of our work. So we do use it, and we use it in different ways.

The difficulty sometimes is that there is an anticipation that we can perhaps use it more in our regulatory and enforcement role. As you can imagine, if we are in the position that we unfortunately feel that it is in the public interest to take enforcement action, citizen science is often—because we have less control of the custody of samples, the analysis that has been done and so on—not appropriate in that circumstance. That does not mean that we do not use it to target our compliance monitoring or to target where we will undertake more enforcement or regulatory monitoring. So we do use it. We cannot always use it in all situations, particularly where there is perhaps a regulatory or enforcement activity. There, we need to be able to demonstrate that samples have been held in a certain way, analysed within a certain timeframe and analysed in an accredited laboratory. Those are the only restrictions, but everything else we use to help shape our views on the environment.

Beth Winter: Thank you. Mr Black, do you have anything to add?

David Black: No, not to that. Thanks.

Q74 Rob Roberts: Mr Black, how complete is the data on permitted and not permitted combined overflows?

David Black: As I say, the event duration monitoring equipment has been rolled out to almost all CSOs. It is not quite 100% complete yet, but we



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are getting close to it. There is a process of ensuring that those monitors are operating effectively. That is work in progress, and I think that substantial progress has been made. It is not perfect. The point that I will come back to is that this tells you about the number and duration of discharges; it does not tell you very much about the actual impact on, say, the ecological health of rivers or public health.

- Q75 **Rob Roberts:** The impact will obviously flow—pardon the pun—from the number of discharges. I was stunned to see—there are seven MPs around this table—that there were 21,300 discharges in 2021, which is 3,000 per constituency, for 198,300 hours. That is 28,000 hours a year on average, just in our constituencies. The Chair's constituency is in fact the worst in the whole of the UK, with 79,000 hours-worth of dumping. Is there clarity on what constitutes permitted overflow and non-permitted? What is the definition of a non-permitted overflow?

David Black: I would just like to point you to colleagues from NRW, because that is the organisation that sets the permits for each of the CSOs. If you do not mind, I will turn to them. There is a framework, which was set by the NRW in Wales and the Environment Agency in England, for the permitting process for the CSOs. More generally, stepping back, we all share the sense that this is unacceptable and that it needs to change, but the first part of that is getting information on the use of discharges. It has always been known that the system is there, but the frequency and extent of use of the discharges is the concern. In terms of the process for permitting each of the discharges, that is something that is administered by the environmental regulators.

- Q76 **Rob Roberts:** I will turn to NRW in just a second, but on the issue of it being unacceptable—and we all agree that it is unacceptable—whose responsibility is it to enforce and fix? Is it yours or theirs?

David Black: We both have responsibilities in this space. Adherence to the permits sits with NRW. In terms of companies having appropriate oversight of their activities, that sits with us. That is why we have live enforcement cases in England against six companies. We have investigated in Wales, but we have not opened an enforcement case as yet against either of the two Welsh companies.

- Q77 **Rob Roberts:** I will come back and touch on that in a minute. This one is for NRW. What is a non-permitted overflow?

Mark Squire: In simple terms, anything that spills in dry weather is unpermitted. The storm overflows are there to operate under the climatic conditions of a storm. We recognise through the permit, and we have the storm overflow taskforce in Wales, which is looking at clearly defining some of those parameters so that people can clearly understand. As David says, having the data is the first instance. Then, from a regulator's point of view, it is about tightening up some of the criteria, which we are currently doing: when can a spill occur, and what is a rainfall event? Those are some of the questions. If all those criteria are met, that is a permitted spill.

We are going through the exercise at the moment through the taskforce, but, certainly internally, it is about getting some of those definitions clearly defined so that the public and the regulator, Ofwat, understand the direction of travel. But companies then have to invest in the short term for those assets that are potentially high spillers and causing harm, fix them and then have a long-term programme to ensure that those that are spilling often but not causing environmental impact are brought up to a standard that means that they do not become the problems of the future.

Q78 Rob Roberts: Why aren't those definitions already clearly defined?

Mark Squire: Looking at the data that we have, in terms of the impact that they are having at the moment and some of the prosecution data, there is clearly more we can do. I think it came through loud and clear from the public—and you have mentioned some of the numbers there—that we need to tighten up, and we are reacting to that in the way we are looking at our current regulation and our permit conditions. England has taken a slightly different approach, but in Wales we are looking at the impact first, but also at the long term, ensuring that those spills do not become the problems of the future.

Q79 Rob Roberts: We heard from witnesses on our previous panel about the need for effective enforcement—my colleague Wayne mentioned it earlier. Do you feel that you are empowered and equipped to enforce necessary sanctions against offenders when they do not meet your requirements?

Ceri Davies: Yes. I quoted some figures earlier in so far as they relate to Welsh Water. One of the key things, as Mark has explained, is to ensure that there is a really unambiguous permit in place, so that it is really clear what constitutes a breach and what doesn't. What we do is investigate those compliance issues, and then we will take action ranging from prosecution through to advice and guidance—whichever end of the scale is most appropriate. We have the legislation in place through which to do that.

Clearly, we have finite resources, so we focus on the most impactful aspects. Not all of the statistics that I quoted on enforcement action will relate to CSOs. Some will, but others will relate to sewage treatment works, discharges or non-compliance with the permits for those sewage treatment works. We look at the most impactful releases into the environment and breaches, and we will focus our enforcement effort on those.

I think the thing that binds us and Ofwat together is that, obviously, the improvement of assets to be able to meet the demanding environmental requirements comes through the price review process, where investments are planned over a period into the future. That is where the work of NRW and Ofwat comes together in terms of us setting out what we believe needs to be achieved in the interest of the environment, and business plans being put together by the water companies and then assessed by Ofwat, following Welsh Government guidance as to what can be funded.



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Q80 **Rob Roberts:** I understand. We are going slightly off on a tangent. Of the complaints that you have had about unpermitted discharge, how many were investigated and how many led to prosecution or some kind of sanction?

Ceri Davies: I don't have that information in front of me.

Q81 **Rob Roberts:** Why not? That is a fundamental thing. The fundamental purpose of regulation is to sanction people who do not comply. Why don't you know that number, and why aren't you sanctioning more people?

Ceri Davies: We do know that number. I just do not have it in front of me right now to give you the breakdown of which of those 13 prosecutions were for CSOs, which were for sewage treatment works breaches and which were for other matters. The same goes for the 244 warning letters. We can provide those numbers for the Committee after the session today to show the more detailed breakdown. We do have that information. I just do not have it in my head to give to you right now.

Q82 **Rob Roberts:** That would be very helpful. My very final question is: do you feel your powers need to be enhanced to include prosecuting and jailing water company directors for non-compliance?

Ceri Davies: I believe that our powers as they stand in relation to water companies allow us to put in front of the courts, if you like, the information—

Q83 **Rob Roberts:** It's just a yes or no, really. We are tight for time.

Ceri Davies: I think we have the powers that we need to do the enforcement we need to do.

Q84 **Rob Roberts:** Do you agree, Mr Black?

David Black: We don't have criminal powers, but we do have powers to impose fines of up to 10% of turnover, and we have imposed over £250 million of penalties over the last five years on water companies.

Q85 **Rob Roberts:** That is the power that you have, but do you want the power to jail senior water company directors, as the Environment Agency has said you should?

David Black: We don't have criminal powers, so—

Q86 **Rob Roberts:** I understand that, but would you want them?

David Black: No.

Q87 **Virginia Crosbie:** Thank you, Ceri, Mark and David for coming today. It is very much appreciated. My question relates to the performance of water companies in Wales. I want to take a bit of a step back. In terms of the increase in sewage discharges, how much of that is attributed to the actions, or lack of actions, of the water companies? Specifically, is there enough investment? Is it because there is more monitoring? What more could you do? Can we have a deep dive into that?



Ceri Davies: I think it will be a combination of all of those things. Obviously, we knew that there was a problem. We suspected there was a problem back in 2013 around the discharge and operation of combined sewer overflows. That is why we required, along with Ofwat providing the funding through the water bill process, for the event and duration monitors to be installed. At the same time, we also required the installation of monitoring equipment around flow to full treatment to ensure that the material being received is being treated prior to discharge. That was in response to concerns we had about the environment. The next stage of that work is to look at the environmental impact of that. We have done modelling, again with water companies and others, to look at what the impacts of those are and identify, for example, in which catchments the operation of CSOs is causing environmental concerns or reasons for failure in terms of the water framework regulations.

The other thing that is pertinent is that a lot of work is also being done, again with Ofwat, us and the water companies, on dealing with the impacts of climate change—we are seeing more stormy weather and big surges of demand on the combined sewer system—and looking at how we proactively remove the surface water from that system, which then causes it to back up. The Rainscape project in Llanelli has removed huge quantities of surface water out of the sewer system so that what is there can be treated in sewage treatment works. The Greener Grangetown project in Cardiff looks to do the same. There is more work happening in Cardiff now around the installation of swales and sustainable urban drainage to try to remove some of the surface water from the system. It is not all about looking at the discharges at the CSO end, but at the root cause of the things that are happening.

The third area to look at is the impact that we are all having as citizens and users of the sewerage system and the sorts of materials we are depositing that might cause fatbergs, which you will have seen on TV documentary programmes. They cause blockages, which, upstream of those blockages, cause CSOs to discharge. There are actions that each of us can take as citizens to improve our use of the systems from our households so that we are not exacerbating an already difficult problem.

Q88 **Virginia Crosbie:** This will be my last question. Your target for the maintenance and effective operation of all sewerage systems by 2027—is this achievable?

Mark Squire: By 2027, we want the data that is used and the companies to have that clear plan. The data that we have—it is a short period of time, since 2013, for which we have gathered all this information. It is telling companies things that they did not know, as well. It is ensuring that, by 2027, we have that long-term plan. We know that this is billions of pounds of investment, both on infrastructure and for the environment. It is about holding the companies to account that they have that plan, they will put that infrastructure in place, reduce spills if it spills or ensure that treatment levels are maintained going forward then up to 2050, which is when companies generally talk to.



Q89 Virginia Crosbie: Mark, 2027 is not that far away. In your view, is the target achievable?

Mark Squire: To actually understand and put that plan in place the companies should be, and are, working on that now through things like their drainage and wastewater management plans. It is ensuring that the companies are held to those and that they implement the changes from them.

Ceri Davies: If I could add to that point, in the price review period that we are going into now, it is looking at this next price review period and also beyond that, because we are recognising—I think the last time you had witnesses in front of you, they were talking about the many billions of pounds that this investment is going to take across England and Wales—that there is a need for that longer-term plan as well as dealing with the immediate actions, which Mark talked about, by 2027. We need to plan for both the short term and the long term.

Virginia Crosbie: And the last, short answer from David.

David Black: Ceri has said it very well in terms of the comprehensive set of interventions required to address both storm overflows and other river-quality issues. The only thing I would add to that is that the operation of networks is also important. Traditionally, wastewater networks did not use a lot of technology in terms of monitoring and understanding what is going on. There is huge scope to change and improve that. At the moment, the early estimates that we have are that around 30% of discharges are because of operational issues in companies rather than matters of capacity across networks. That is an early area for a win.

In order to address storm overflows, it is going to take a sustained plan with long-term targets and actions and understanding the place that these are going into.

Q90 Simon Baynes: Thank you, witnesses, for taking your time to come and see us today. I would like to ask: what is the extent of the problem of water acidification resulting from conifer plantations in the catchments of rivers in Wales? I think that is probably best addressed to the witnesses from Natural Resources Wales, Ceri and Mark.

Ceri Davies: Obviously, we are a unique body in Wales in that we have brought together all the environmental functions, the forestry functions and the nature conservation functions into one body. That brings with it great benefits because, as one organisation, we have to have, under each, one conclusion about what is acceptable for the environment. Previously, the case in Wales was that we could all have had slightly different views—between the old Environment Agency Wales and the Forestry Commission Wales, for example—in relation to this matter.

What we have in place, which is unique in the UK, is a network of 70 forest resource plans, which are different from the forestry design plans elsewhere in the UK because our plans consider, for example, the impact of our forestry activities on the receiving environment, including water—



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and not exclusively water, but the impact of forestry on flooding and on biodiversity. We need to ensure that our forestry operations are protecting the environment through things like greater diversification of species and margins along river runs so that we do not have, for example, conifer tree plantation right up to the river edge. We must ensure that when we fell and harvest timber from these sites, we do it in a way that is protective of the environment and meets all our other requirements.

That brings great benefits to Wales. It means that we have taken different decisions in Wales as a result. For example, we no longer use cypermethrin when we replant forests after they have been felled because of the impact it can have when it is washed off and runs into water courses. We are now producing plans that have a greater diversification of species. We are removing forestry plantations from ancient woodland sites. We are restoring some of the more traditional mixed species and generally improving biodiversity.

- Q91 **Simon Baynes:** Ceri, I'm sorry but we are very short of time. I just want to make two points. First, please could you answer the question: what is the extent of the problem of water acidification? Secondly, you could turn what you just said around and say that you have a very significant conflict of interest, which is the concern of a lot of people, in the fact that forestry is within NRW. You have explained it from one side, but it could be argued from the other side. I will put that point to one side, but I would like you to answer the question: what is the extent of the problem of water acidification?

Ceri Davies: In terms of water acidification, the matter has improved considerably over recent years. We have evidence that demonstrates that there has been a vast improvement in some of the rivers that were a cause for concern, in terms of acidification—particularly around Llyn Brianne, where we had lime dosing previously for very many years. We continue to monitor the situation, having paused the lime dosing there, and improvements in pH have been seen. Other matters have improved, such that those tributaries are at good ecological status, in terms of the water framework directive. There has been an improvement, and we continue to monitor—

- Q92 **Simon Baynes:** I won't press the point any further now because we are running out of time, but if after the meeting we could have a specific answer to that question, I would be most grateful.

Secondly, we have already touched on your enforcement of current regulations. Do you have sufficient resources on that, and are there more efficient ways to deliver your responsibilities?

I just want to make a general point to all witnesses here today. In England, water quality has been a huge political issue. Arguably, it should have been a greater political issue in Wales, because proportionately the problems are greater in Wales. I make the respectful suggestion to you all that you should acknowledge people's concerns more, because the way you have come across to me today—the way that you put your points



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across—suggests that you are not really taking them on board. This is a very major problem in Wales. Wales, as far as I can see, is lagging the rest of the UK. It is incumbent upon you, as the guardians of the water industry, to be more up front and open about that. I will leave that point, but could you quickly respond to the point about sufficient resources, and then I will hand back to the Chair?

Ceri Davies: Very quickly, from NRW's perspective, we have been undertaking a baseline exercise of our service levels with the Welsh Government on this matter, looking at what we can deliver for the funding we receive. We are in the process of agreeing those service levels, and we are awaiting the final determination from the Welsh Government about how that will manifest itself, in terms of any increased funding to do more work and respond to the very clear concerns that we receive every day about water quality in Wales.

Chair: Simon, thank you very much. I am sure we could carry on this discussion for much longer, but unfortunately we have run out of time. I want to say a huge thank you to David Black from Ofwat, and Ceri Davies and Mark Squire from Natural Resources Wales, for giving up your time and being so frank and willing to respond to our questions this morning. That ends the first panel.