

Welsh Affairs Committee

Oral evidence: Water Quality in Wales, HC 104

Wednesday 22 November 2023

Ordered by the House of Commons to be published on 22 November 2023.

[Watch the meeting](#)

Members present: Stephen Crabb (Chair); Simon Baynes; Ben Lake; Robin Millar; Mr Rob Roberts.

Questions 133 - 208

Witnesses

[I](#): Professor Peter Hammond, Retired Professor of Computational Biology, University College London, now Campaigner, Windrush Against Sewage Pollution; Gail Davies-Walsh, Chief Executive Officer, Afonydd Cymru; and Professor Davey Jones, Professor of Soil and Environmental Science, Bangor University.

[II](#): David Black, Chief Executive, Ofwat; and Clare Pillman, Chief Executive, National Resources Wales.

[III](#) : Peter Perry, Chief Executive Officer, Welsh Water; Mike Davis, Chief Financial Officer, Welsh Water; and Steve Wilson, Managing Director of Wastewater Services, Welsh Water.

Written evidence from witnesses:

- [Ofwat](#)
- [Ofwat](#)
- [Dŵr Cymru](#)

Examination of witnesses

Witnesses: Professor Peter Hammond, Gail Davies-Walsh and Professor Davey Jones.

Q133 **Chair:** Good morning and welcome to this session of the Welsh Affairs Committee where we are looking again at the issue of water quality in Wales. We have three expert panels in front of us this morning. I am delighted to welcome our first panel. We are joined by Gail Davies-Walsh, the chief executive of Afonydd Cymru, Professor Peter Hammond, retired professor from University college London and now a water campaigner



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with Windrush Against Sewage Pollution, and Professor Davey L Jones, who is professor of soil and environmental science at Bangor University.

I will open the discussion with Professor Hammond, because it was your recent work reported by the BBC Climate and Science team that acted as something of a prompt for this Committee wanting to reopen and look again at the issue of water quality in Wales. Can you, for the benefit of the Committee, summarise very briefly what you were looking at and why you did your investigation? What prompted you to get involved in looking at water quality in Wales?

Professor Hammond: Three years ago I was asked by Joe Crowley to take part in a BBC "Panorama" programme. He had obtained data on five or six sewage works in Wales and asked me to look at the legality of their spilling. The programme came out on 21 April, and then Gail contacted me and we have kept up regular email contact, which culminated earlier this year in a decision to look at a set of particular sewage works in Wales.

I picked four because I was interested in detecting the amount of volume, which is not normally published. She suggested three or four sewage works, because she was concerned about the high spilling frequency, and some anglers from south Wales suggested others. It has amounted to about 11 or 12 works.

I submitted the EIR—environmental information requests—to Dŵr Cymru to get the data. I set about analysing it, looking for what is called dry spilling, which is spilling untreated sewage from sewage works during low or no rainfall, and what is called early spilling, which is spilling before a sewage works is at its capacity. The permits say that you cannot spill untreated sewage until the works is at its full capacity, and it must be at that capacity throughout the spill.

Q134 **Chair:** Is that what makes a spillage legal or illegal?

Professor Hammond: Yes. If a spill breaches its permit, it is considered illegal. I looked at 11 sewage works. Would you like me to briefly summarise some of the results?

Chair: Very brief top lines.

Professor Hammond: I found that on more than 2,000 days there were early spills; 97% of all these illegal discharges I found were of that kind. There were very few dry spills—about 3% or 4%. A lot of the spills were going into special areas of conservation, SSSIs, commercial mussel and cockle beds, and spawning grounds for things like salmon, sea trout, lamprey and brown trout.

One of the works, Cardigan, stood out. The data surprised me because every spill for something like six years looked to me to be illegal. I asked Dŵr Cymru, "Is this the correct data?" They came back and said, "Yes, it is." The explanation given to me was this problem about saltwater getting



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into the sewage system and affecting the efficiency of the treatment process.

Q135 **Chair:** Were the results that you encountered a surprise to you? Or was it more of a confirmatory process?

Professor Hammond: It was shocking. I have looked at hundreds of sewage works in this amount of detail, thousands in less detail, and I have never seen anything like this. Basically, every spill was in breach of permit for six years. I think that is more than 1,000 at this particular sewage works. That is why that one stood out and required particular attention.

Q136 **Chair:** Has Welsh Water been honest with the public in Wales about sewage discharges?

Professor Hammond: That is a very difficult question to answer. If you are talking about these particular sewage works, I do not think that Cardigan was well known to the general public. That might have been a surprise, which is probably what has stirred up the furore as a result of that report. It is very difficult for me to know in general about the reporting of all illegal sewage spills. Obviously they do publish a lot of data on detected sewage spills, but not all those are illegal. You have to do considerable analysis to check whether they are legal or not.

Q137 **Chair:** Thank you very much. Gail Davies-Walsh, you appeared before this Committee a number of months ago. On that occasion you expressed your very high level of concern about the state of water quality, particularly in rivers in Wales. There has been a lot of discussion about this issue in the Welsh media. The Senedd Committees have also been looking at this issue, and the Welsh Government have made some statements about water quality. Do you think we are in a better place for water quality as we come to the end of 2023? Are you seeing any signs that Government, regulators and Welsh Water—Dŵr Cymru—have a plan for improving pollution and sewage discharges?

Gail Davies-Walsh: Afonydd Cymru sits on the taskforce for better river water quality with Welsh Government. That taskforce has been doing a lot of work in developing action plans, particularly for sewer overflows. I can see a change and a move forward on the delivery of the actions. There is some robust work going on with NRW at the moment about the regulatory process. That work has come out of me introducing Peter Hammond to NRW and starting a process of working together so that a similar analysis that Professor Hammond is undertaking is being looked at for adoption within the regulator. That is good news.

There is a step-by-step process going on. It is certainly not going to be a rapid process, and my concern remains around the actual impact to our rivers and the river water quality.

Chair: I am keen that we move on briskly. I will bring in my colleague Simon Baynes.



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Q138 Simon Baynes: Thank you very much for coming to see us in person this morning; it is much appreciated. You have covered off part of what I was going to ask about the main findings. The water companies have attributed increases in sewage discharges to a combination of factors, including climate change and blockages. What do you think of the problems? How much can be attributed to the actions or lack of actions by the water companies, which I think goes to the heart of the matter?

Professor Jones: To me the problem starts further up the pipe than Welsh Water. We are all, as consumers of water, to blame in some respects. We forget that we take pharmaceutical drugs in the morning and they end up going down the drainage system and we expect that Welsh Water can clean our water up. We are responsible. Until we ban things like wet wipes going into systems, we will not stop the blockages issue. I think a lot more education is needed upstream from the waste water treatment plant as well: we need to educate people about what they put down the drain, because ultimately that is the root cause of the problem.

Q139 Simon Baynes: But you could argue that the record is somewhat better in England than it is in Wales, with the same issues affecting them. I understand what you are saying, but we have to come back to the point: how much of the problem can be attributed to the actions or lack of by the water companies?

Professor Jones: They are facing unprecedented challenges. Climate change has brought us much faster changes than we ever thought were going to come with mapping. When we have done work with the Met Office to map the frequency and amplitude of extreme events, it is happening much faster than we thought it was going to. That has been evidenced right through the UK.

However, obviously we are in the wetter side of the country in Wales, so there is more chance for build-up of water within the network and for storm overflows to take place. You could say, "Why didn't you plan and see this coming?" But I think that is all in the beauty of hindsight.

Q140 Simon Baynes: Ms Davies-Walsh, how do you see the actions or lack of actions by the water companies?

Gail Davies-Walsh: I think this is a complex problem. The issue here is that climate change is clearly an element of this. Wales has significant high-rainfall events and they are increasing in frequency. I would argue that those types of scenarios were known. They are part of a water company planning process and a regulatory planning process. Therefore, some of the resilience of the infrastructure and the system should have been built in to accommodate some of the events that we are seeing.

Equally, this is a difficult process and we have high flooding events in Wales. That is not just a responsibility of water company actions and pressures on to rivers. It is a catchment pressure on the river, which also comes from agriculture, industry and infrastructure in Wales.



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Q141 **Simon Baynes:** Do you think that NRW does a good job? Or do you think it can improve itself?

Gail Davies-Walsh: Afonydd Cymru had particular concerns when Professor Hammond brought his report to us is. Welsh Water is correct in some of the reporting that it has given over the last month. It has followed the regulatory process that is required of it. My concern, therefore, is whether the regulatory process is robust enough because, as Peter reported, fundamentally Cardigan works were discharging untreated sewage for 13 years. I question whether the regulatory process is robust and being operated sufficiently, because I feel that a change should have been made much sooner.

Q142 **Simon Baynes:** Professor Hammond, do you consider NRW as fit for purpose in its capacity to oversee this?

Professor Hammond: I want to defend NRW in two ways. It leads the Environment Agency in England in a couple of ways. For example, it has a public register, which is 21st century in that I can go on it and retrieve data immediately—permits, data reports on inspections of sewage works. With the Environment Agency, I go online, I put in a request and a month later I get the report. It is much more up to date. Also, I am aware from the interactions through Gail with NRW that it now has a young data analyst who is very good. He is basically cloning what I do and I have seen the results of what he is doing. It is making an effort in that direction.

The Environment Agency, because of its current investigations, is keeping much quieter on exactly what it is doing. I do not know what it is doing in the way it is analysing things, but my previous experience was that it was not at this level of detail. The Environment Agency only gets summary data and you cannot detect illegal behaviour with illegal discharges from summary data. You need the detailed data and you need someone with good experience of data analysis to sift out those breaches of permit.

Simon Baynes: I think probably the next part is to see what actions can be taken by water companies and regulators and Government. I will hand back to the Chair for that question.

Q143 **Chair:** Can I ask about the data you are talking about, Professor Hammond? You are praising NRW for making available the very granular data in a very immediate way. What is the source of that data?

Professor Hammond: Some of the detailed data comes directly from Dŵr Cymru, but I should say that it provides the detailed data most of the time. NRW and the EA typically only get summary data from the water companies, and only if they are suspicious do they ask for the detailed data.

Chair: It relies on Dŵr Cymru and Welsh Water providing accurate data.

Professor Hammond: Yes.



Q144 **Chair:** Are you confident that they are doing that? I am not suggesting for one moment that they are deliberately giving false information, but we know that some of the monitoring equipment that they use can be faulty, not installed properly. I have examples from my constituency in Pembrokeshire where the actual number of sewage discharges were vastly different from what they had previously stated because of inaccurate monitoring. Are you confident that good data are being supplied to NRW?

Professor Hammond: Generally speaking yes, but then there are issues about access to the data. For example, there are 30 sewage works that are operated by Dŵr Cymru but they are regulated by the EA and because of the EA's investigation, Dŵr Cymru will not give the data on those 30 sewage works. It would not give me data on Rotherwas sewage works, which is in Hereford, because that would have been perhaps the 12th in my report of 11.

Similarly Severn Dee, the other Welsh Water company, operates 60 overflows. Its parent company, Severn Trent, has not given me data and refused to give me data for two years because of the EA investigation. We are getting these differences in data transparency. Severn Trent, United Utilities, South West Water just refused to give data. It is unfair on Dŵr Cymru. It is providing the data, so if any illegality is being exposed these other companies are getting away with it.

Q145 **Chair:** That is interesting. You produced your report and made your observations. What would you like to see the water companies in Wales do differently?

Professor Hammond: Early on, one of the Welsh Government reports talked about introducing volume measurement of untreated sewage spills. That seems to have disappeared from subsequent reports. The Environmental Audit Committee, who I also gave evidence to, recommended in its report that volume should be measured. If you are going to do proper scientific studies, you should be measuring volume.

Also, you can catch out things that water companies do to hide spills. Water companies are known to use tankers to take sewage from a works under pressure or a pumping station under pressure and take it to another works already spilling. What might have been two spills now becomes one. The targets in the Environment Act are based on numbers of spills. I think that is a rather dodgy metric to use. Volume would catch that out.

The third use of volume would be, for instance, you could use it as a levy. The more volume that people spill—that is they are not doing their duty in treating the sewage—you could use that as a way of levying and if it turns out to be illegal, you could use it to calculate a fine. I think that is another reason why water companies say they do not want volume.



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Scotland does publish volume. Some water companies in England say it is technically challenging, but it is certainly done in Scotland, so I cannot see why it cannot be done in England and Wales.

Q146 Chair: Gail Davies-Walsh, you said earlier that we need a stronger regulatory approach in Wales. What would that mean in practice for you? The UK Government have talked in England about making use of unlimited fines potentially. What does a stronger regulatory approach potentially look like for Wales?

Gail Davies-Walsh: We have specific concerns. There is evidence of gaps throughout the regulatory process and particularly through the planning process, which is with local authorities, that is allowing things like additional development in areas where we do not think they should be, breaches of permit. We need to make the whole system closed and more robust to try to stop these things that are thrown through the gap.

Equally, we are raising the challenge to Natural Resources Wales around the lack of enforcement and regulation, not just on water companies but across all pollution and all impacts to our rivers. There are very low numbers of enforcement cases taken in Wales. Actions against many sectors are very low, and I think that those numbers were reported to the Committee in March.

Q147 Chair: In March, when we asked the regulators whether they wanted stronger powers, their answer uniformly was no. They did not feel there was a need for stronger powers. Do you think there is an absence of will to use the powers that they have?

Gail Davies-Walsh: Yes. I think there is a cultural issue here around the willingness to regulate and enforce. Until that is resolved, I am fearful that we are not going to see any benefit to our rivers and our river water quality because the impact to rivers is vast. The impact to CSOs from a phosphorous perspective is only 3% of the whole impact to those rivers. There are many sectors at play here and we need to see a strong regulatory base that we are implementing in Wales.

Q148 Simon Baynes: Why is there a reluctance? I have seen this in other fields of regulation involving NRW. Why is there a reluctance to do this?

Gail Davies-Walsh: That is perhaps a question you might need to ask NRW.

Simon Baynes: But in your opinion?

Gail Davies-Walsh: There are issues particularly around resources and funding, but I do not think that is the whole issue here. It is quite easy to cite that as a cause but the reality is that NRW is the only organisation in Wales that can regulate its statutory duty and, if necessary, if there are budget constraints, mechanisms should be looked at to try to remove NRW staff so that they are prioritising regulation and enforcement over other areas that NRW is currently delivering on.



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Simon Baynes: That goes back to my question earlier on, which I am pushing at: is NRW fit for purpose? That does not sound as if it is.

Gail Davies-Walsh: We would like to see stronger regulation and enforcement in Wales.

Q149 **Chair:** Professor Jones, if I could bring you in because in your earlier answer you were intimating that perhaps people should get off the backs of the water companies a bit and show some understanding of some of the upstream causal issues. Do you agree with Gail Davies-Walsh that there is a failure of regulation in Wales and we need a more muscular approach?

Professor Jones: It is an interesting question. I concur completely with Gail. I do not think we are monitoring the right things. We are monitoring nitrogen phosphorus and I absolutely completely agree with that, but it is difficult to do source apportionment then between agriculture and human discharges.

If we take a different approach to monitoring, which is to look at public health indicators that only can come from humans, like norovirus, adenovirus, things that cause a risk to human health, those are the things that we should be monitoring in the environment. Traditionally we measure *E. coli* on an agar plate. This is technology from the 1970s, even the 1950s. We need to move with the times scientifically in Wales.

We have the molecular skills now to basically bring a new set of monitoring standards through, which will allow us to do source apportionment and see. I agree with monitoring on and off of CSOs, but what is more important is the risk and the impact. That comes down to the flow issue to some extent, but it also means that we need to monitor what is in there and then we can make a judgment call on what the impact is to bathing waters. If you go bathing in the River Conwy, are you likely to contract norovirus from coming into contact with sewage? Those are the fundamental questions that I think we need to do, but to do that we need to do proper monitoring.

Q150 **Chair:** When an organisation like Surfers Against Sewage—there is quite a big story in today's *Western Mail* about discharges—criticise the numbers of sewage discharges that are going into waters in Wales, your response would be, "Look, relax. It is not about the numbers. Don't worry about the number of spills: it is about how nasty the stuff is."

Professor Jones: Yes, ultimately I think it is. It is what that material contains that is likely to make us sick. Surfers Against Sewage want to know that if they ingest some water are they likely to get ear infections or enterovirus. Those are the things that we need to get a handle on.

Q151 **Chair:** Here at Westminster there has been an enormous row around sewage discharges when the most recent legislation was going through, and it led to the Government being forced basically to come forward with a stronger storm overflow reduction plan. Do you argue that all of that



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row is a bit misplaced, it is a bit of a red herring?

Professor Jones: Absolutely not. We need to reduce storm overflows but we need to understand the science better to look at the impact. That is all I am saying.

Q152 **Chair:** You agree that we need the same row in Wales? You would like to see the same pressure being put on politicians in Wales to do the things that Government here will eventually have to do?

Professor Jones: There are some scenarios in places, locations, context specific, which are high risk. Those are the ones we should tackle first. I agree completely that we need to try to reduce CSO discharges as much as we possibly can, but similarly we need to know what is in the CSO discharge to know whether we need to be worried about it.

Chair: That is helpful scene setting. I am sorry that we are moving so quickly. If there are no final points or questions from the panel, could you please move seamlessly across and we will invite in our second panel? Thank you very much; it has been helpful.

Examination of witnesses

Witnesses: David Black and Clare Pillman.

Chair: David Black, Chief Executive of Ofwat, and Clare Pillman, Chief Executive of Natural Resources Wales. Welcome, Mr Black and Ms Pillman. We are grateful that you are giving your time to be part of this session on water quality in Wales. Simon Baynes will start the questioning of the second panel.

Q153 **Simon Baynes:** Thank you both very much for coming before us. Following on from the previous panel, has NRW been complacent in its monitoring of Dŵr Cymru? Were you surprised by the data gathered by Professor Hammond and Afonydd Cymru? I will start with you, Ms Pillman.

Clare Pillman: We very much welcome the continued interest of this Committee in this important issue. We absolutely do not see the water quality of our rivers in Wales as being where it should be and are determined that we should see a step change in improvement but, as members of the previous panel suggested, this is neither a simple issue nor one that has arisen overnight. It has many sources and we, as the regulator, have many roles in coming to a position where we have a clear path towards vastly improved water quality in Wales.

Professor Hammond's work has been incredibly helpful and we welcome it. We work closely with Afonydd Cymru and with the rivers trusts on a whole range of interventions across Wales. As Professor Hammond said, he has developed an extremely good relationship with our team. We are learning from him, from the work that he has done. We are also using it to sit alongside the work that we do. It has shed some light on things that we were already looking at and in some areas brought new areas



into play. It is a very live issue and a number of the instances that Professor Hammond and our teams are working on we are taking up actively in our regulatory role with Dŵr Cymru.

Q154 Simon Baynes: The point that was made in the previous panel, and it is one that makes sense to me in other aspects of NRW, is that you are under-resourced and that you are afraid of taking any action to deal with these things, for whatever reason. I think those are very valid criticisms. You can throw it back and say, "Well, we are under-resourced, so that is not our fault" but at the end of the day, you need to do something about it and you need to lay down the law with the Welsh Government if they are not resourcing you properly.

I think the other connected issue is: are you simply too large an organisation? Does it need to be split up into different areas of responsibility? It strikes me from practical experience that the brief is too big, and that has always been one of the criticisms of the creation of NRW. You can say to us, "It is not our fault" but at the end of the day you are responsible for it.

If you do not have the resources to do it or you do not want to take action, you need to explain why and you need to lay down the law to the Welsh Government.

Clare Pillman: There is a number of points there. On the funding issue, I think you would be hard pushed to find many organisations in the public sector in Wales who are anything other than under-resourced. We, along with others, are making the case to Welsh Government for our budgets at the moment. It is a pretty difficult and depressing conversation.

We also get money from charges for regulation. We undertook a major strategic review of our charging regimes, and that was agreed by Welsh Government earlier this year. Those new charges have come in. There is now a modern and effective strategic charging regime in place, which means that a bit more money is flowing into NRW for this work.

The issues around fitness for purpose and breadth of remit are well rehearsed. You would not expect me to say anything other than I think there are huge benefits to having a single environmental body in Wales, but it is not without its challenges, and I can see that.

We work with Gail and others on a huge range of issues to improve water quality alongside our regulatory role. I think that brings things to life for us as an organisation. We have people who are passionate and knowledgeable about river restoration and are doing fabulous work on some of our rivers. Yes, it would be great to beef that up 10, 15, 20 times. I am sure that Gail and the rivers trusts would support and help with that. On the culture of robustness around regulation, we are learning all the time as a regulator. We are putting out guidance and advice to our regulated customers who include Dŵr Cymru.



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I am sure that there are things that we could do better. I am that sure there are changes to the regulatory system that could lead to improvements, but what we are looking at, in particular with Dŵr Cymru, is a huge mountain of change to climb—if that is not a terrible mixing of metaphors—with antiquated infrastructure that now needs to come up to modern standards. Getting the money through the price review process into Dŵr Cymru to do that is what we have been focusing on.

Within the PR process, we have been absolutely fighting for the environmental benefit. I think that David found that sometimes you have other things to balance as the economic regulator, but from our perspective it is absolutely about getting the best deal out of the AMP process for the environment

Simon Baynes: David, you will have plenty of opportunity to answer other questions later.

Chair: That was a helpful answer, Ms Pillman. We need to move things a bit briskly, if we can. Rob, you want to jump in here, please.

Q155 **Mr Rob Roberts:** On that very point, this would probably be useful for the thousands of people who I am sure are watching live across Wales as we speak. You talked about being the regulator, but we have two regulators here. Very swiftly, Mr Black, explain the differences between what you do and why we have two regulators instead of one.

David Black: We are the economic regulator for the water sector in England and Wales. We have responsibilities to protect customers' interests. Water companies are all monopoly structures and so there is a risk to customers that companies do not perform as well as they should do. We are also there to ensure that companies carry out their functions. They provide a vital role in providing essential, high-quality drinking water supplies to customers, as well as safely disposing of waste water. We also have responsibilities around the financing of the investment programmes that companies undertake.

Clare is probably better placed to talk to her role, but that is around the environment in Wales. Obviously water companies play an important role in the environment but, regardless of their monopoly status or not, the companies have an impact on the environment. That is where the NRW comes in. Our role is to make sure that water companies are carrying out the functions that are prescribed in statute and that they do so efficiently and effectively.

Q156 **Mr Rob Roberts:** How much dialogue do you have?

David Black: Lots.

Mr Rob Roberts: Is it weekly? Do you have regularly scheduled meetings?

Clare Pillman: Our chairs meet, we meet and our teams meet, and we all meet under the PR24 forum, which brings together Welsh



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Government, the Consumer Council for Water and others and the Better Water Quality Task Force. We meet a lot.

Mr Rob Roberts: Thank you, that is all I need.

Q157 **Chair:** Mr Black, you are in a position where you see the regulator in England, the Environment Agency, and the regulator in Wales, and you see different companies across the UK. Is there a significant divergence in approach between Wales and England in terms of overall policy approach, how the regulators go about their business and the way that the water companies are now responding to political pressure about this issue?

David Black: We do see differences between England and Wales. They range from the legislative frameworks, so there are different frameworks in place in Wales. In particular for us, we get a strategic policy statement from each Government. You can look at the statement from the Welsh Government and the statement from the UK Government for England, and there are clear differences across those.

Clearly, there are some common issues as well, so you will not be surprised to know that the environment, resilience, affordability issues are all important. We certainly see a much stronger focus on the climate emergency and the Welsh Government, SPS to Ofwat, and the work particularly on storm overflows. The Welsh Government have given a very clear steer to focus on the environmental impacts of overflows. The UK Government have set out their framework, their 25-year plan, to drive down overflows and to reduce the harm on environment and public health.

Q158 **Chair:** To very crudely summarise, in England the Government are keen to reduce the number of incidents of spills. In Wales they are less concerned about the numbers; it is about how nasty the discharge is.

David Black: In England the Government steer is on the impact. The long-term plan is to drive down the level of discharges to no more than 10 per overflow. They are signalling that with the trajectories and drivers of overflows down, we should be focusing on the impacts on bathing waters or on the high impacts on the environment, but I think that there is a stronger sense in Wales of the focus on the environmental impacts from overflows.

Q159 **Robin Millar:** Those numbers make interesting reading. I am the Member of Parliament for Aberconwy in north Wales, so we have the Conwy estuary and its entire catchment pretty much in my constituency. Looking at the figures for 2022, there were over 2,500 sewage dumps in the constituency. That is an average of more than seven a day. The duration, if you add them all up, lasts something incredibly in excess of two and a half years of continuous discharge.

The rivers that I receive representations from constituents on include the Machno, the Lledr, the Llugwy, Llyn Crafnant, Geirionydd and of course



the coast and the estuary itself. NRW is the regulator and we look to the regulator to watch our backs. I say that as a member of the GOG Triathlon Club as well. I have had colleagues who have been knocked out for a week at a time by some of the things that have happened to them.

When we took evidence before the last Committee, Ceri Davies pointed out that NRW reviews the information to ensure it is satisfied that the water companies are not hiding anything and they are acting in accordance with appropriate standards. Your principal adviser for strategic projects, Mark Squire, also told the Committee in March that water companies are best placed to report on themselves over sewage spillages. In the light of recent events, do you think your approach is working?

Clare Pillman: Yes. I think rightly there has been a focus on self-reporting by water companies. Self-reporting is a standard part of regulation, particularly where you have a major industry doing the same things and you are regulating long term.

One of the reasons why Dŵr Cymru's environmental performance dropped was because the percentage of self-reporting had dropped. It is something that we are acutely aware of and working on—that openness and transparency. I think it goes to some of the things that Professor Hammond was saying around data quality. If we can get clear, open, timely data about all of this out into the public domain, it drives betterment across the piece and it enables people to understand what is going on.

Q160 **Robin Millar:** I completely agree. Transparency is the case but this makes me question, in a similar vein to my colleague Simon Baynes, whether your priorities are right. Do you need to put more specialist staff in place to monitor? Have you considered automatic monitoring, for example?

Clare Pillman: Absolutely. We do not just accept that everything that Welsh Water tells us is right. We audit that. We have been doing that in the course of this—

Robin Millar: How have you responded to what you just said about self-reporting having fallen?

Clare Pillman: That is how we know—because we audit it.

Q161 **Robin Millar:** Is there a response, though? If it is not monitoring, who is then monitoring?

Clare Pillman: I was going to come on to your point about monitoring. Monitoring is an area where I think we can do more and technology is advancing. There are ways of monitoring now that can help us going forward. There is also an interesting role for citizen science. I know that it has come up in this Committee before and I know there are groups in your area who are keen to get involved with citizen science helping alongside us monitoring and the water companies monitoring. That



knowledge about where the problems are, where the sources of pollution are coming from, can be a helpful thing for us as a regulator.

Q162 Robin Millar: There is a risk that that sounds like a platitude, because the question is: how are we getting to where that data are coming from? I am concerned. I know that, for example, the NRW has said that it does not intend to instruct water companies to monitor every asset across Wales. That feels like you immediately open yourself to missing what is happening.

Clare Pillman: We were the first regulator to insist on events and duration monitoring on all sewer overflows. We have a history in this area of moving to get better data and more consistent data. I do not want it to sound like a platitude. I think monitoring is important. It is expensive. We are doing as much as we can. The water company needs to do its part as well and there is a role for citizen science. I see some of the technological advances that we have now as being critical over the next period in improving our understanding of both what is in the water—

Q163 Robin Millar: I am very pleased, and I know some of my constituents will be very pleased, to hear about citizen monitoring. If there is anything I can do to help to expedite that, I would be only too willing, but I want to press you on this. In 2022, Dŵr Cymru only self-reported 46% of the incidents, when the standard had been set at 90%. Half the level had been reached. If you are back here in 12 months' time, will you be able to say, "I have increased the number of staff who are looking at what Welsh Water are doing"? Will you be able to say, "We have now implemented more advanced monitoring, automatic monitoring"? Will you be able to say, "More assets will be monitored"?

Clare Pillman: Yes. Probably not hugely, in terms of more staff, but some, yes. The key thing is for Welsh Water to report.

Robin Millar: Is your caution money or will?

Clare Pillman: Money.

Q164 Ben Lake: We have heard quite a lot of discussion this morning about the way in which we measure some of these overflows and how bad some of this stuff is. In the previous panel, it was suggested that we should be moving more to measure the volume and the quality rather than just the spill days and instances. Is that a view that you share?

Clare Pillman: There is a role for it. I think that we are right in Wales to be going down the focusing on environmental harm rather than just looking at numbers of spills. That has to be the right thing. You could get some quite perverse behaviour if you focus just on spills.

Q165 Ben Lake: At the moment, how do we evaluate environmental harm?

Clare Pillman: I can write to you with a full piece on that, but it is a mixture of things. It depends on where the harm is being done. Is it an SSSI or a SAC or another designated area? What is it harming is an



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element of it, what is the pollutant and the impact obviously through monitoring.

Ben Lake: I would be very grateful for that breakdown.

Clare Pillman: We will send you chapter and verse.

Q166 **Ben Lake:** Thank you, I very much look forward to receiving it. To stick with one more question, with the River Teifi, for example, an SAC river, there is a moratorium on construction due to phosphates. How do you measure the quality of the Teifi? Do NRW officers go out and take samples and, if so, how frequently does that happen?

Clare Pillman: We do sampling. We have monitoring points along the Teifi. You may be aware that we are about to kick off what is called a demonstrator project on the Teifi. We have an event this Friday bringing all the parties together, and that is potentially a good way of testing some of these new ways of working with landowners and communities to drive improvement on such an important and iconic river in Wales and where we have seen some of the worst figures for salmon and sea trout across Wales. The Teifi will be an interesting place to see some of this work in action, working with the rivers trusts, Dŵr Cymru and landowners up and down the river. Watch this space.

Ben Lake: I will because of course, as you will be aware—

Clare Pillman: We will be talking to you about it all the time.

Q167 **Ben Lake:** I am aware that we are pushed for time. I will turn finally to Cardigan and some of the figures that Professor Hammond's research has unveiled. I was very pleased to see that the NRW told the Senedd Committee, I think, last week that it wants to see the situation improving. If I understand correctly, you were first made aware of issues at the plant in Cardigan in July 2015. How were you made aware of these issues?

Clare Pillman: I genuinely do not know. I imagine that it either came up through a routine inspection or monitoring or whatever, but I can certainly find out how they arose.

Q168 **Ben Lake:** Professor Hammond's research detailed that there were over 1,000 days of illegal spills between 2018 and 2023. Given NRW was first made aware of them in July 2015, can you explain to me how the regulatory process would have kicked in and what sort of actions would NRW expect from Welsh Water to address those issues?

Clare Pillman: As I think you are aware, the Cardigan works have been a problem since 2015 and we have taken a number of regulatory actions during that period. At points Dŵr Cymru were saying, "We are going to try this and see if it works." They have had two goes at that and it is not working. We are very pleased that in the AMP process to come, so from 2025, they will be investing in a new plant at Cardigan.



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Q169 **Ben Lake:** As I understand it, there have been two regulatory notices issued for the plant in Cardigan. If the works are completed by 2025, as is hoped, it will be about 10 years from the issue first being reported to then being hopefully resolved. I understand that the NRW told the Senedd Committee again that the regulatory process had worked in getting the investment into the system. Do you think that 10-year window is satisfactory?

Clare Pillman: No, straightforwardly. It is clearly a complicated situation that is not replicated elsewhere in Wales but, yes, it would have been good to have got it into an investment programme earlier. I think there was real hope that other solutions could be found quicker.

Ben Lake: I just hope that in future things are completed quicker.

Q170 **Chair:** I will pick up on the River Teifi point because this was part of the *Western Mail* story today, which had a headline that suggested that sewage was being dumped illegally into the River Teifi around five times per day and pointing out that the river flows into Poppit Sands, which is a beauty spot in the north of my constituency. I notice that in the press article Natural Resources Wales did not comment on the claims that were being made by Surfers Against Sewage. Do you regard that story as an example of people being overexcited about numbers rather than the substance of the issue?

Clare Pillman: I welcome people's focus on this issue. For millennia, human beings have just regarded rivers as convenient ways of getting rid of things we do not want. I think that the current focus is driving huge improvements.

On the Poppit Sands issue, we monitor the bathing water there routinely, have done for years, and it has been pretty consistently excellent throughout that period. That is not to say that it is all right to have a sewage works that is not operating properly just upstream from it, but the monitoring that we are doing at Poppit Sands suggests that the bathing water is good and excellent in the European framework of bathing water directives.

Q171 **Chair:** I am conscious of time so I will be very quick in wrapping up this part of the session. Mr Black, do you think there is a utility in fining water companies for poor performance and in driving better performance? Or is it taking money away from water companies that they could use to invest in improving kit?

David Black: There are two points to make on that. One is that we automatically impose penalties where companies are performing poorly for customers. I would not describe them as fines but they are about making sure that customers pay for the service they get and where the company does not provide the service, like any other good or service, we insist that companies compensate customers. I think that is the right thing to do. On the flip side, where they do better, where they go further,



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companies can earn higher returns and that gives them scope to reinvest in the service.

There is also the question about when they break the law and the role of fines in those instances. We think it is important that we have the power to fine and we would argue for the power to levy increased fines, but equally it is important that companies put right what has gone wrong. I do not think that is an exclusion or that is not inconsistent with the power to fine. It is saying that when companies have broken the law, they need to fix what has gone wrong and there needs to be some form of compensation as well.

We have the ability as a regulator to accept settlement offers from companies. If companies come forward to us with a proposal, which is attractive from a customer and a society perspective, we have the flexibility to vary the shape of that package, the fine element versus money going back to customers or what is being used to fix the issue. I think we have the tools to address those issues. We have live investigations against all waste water companies in England and Wales. We have imposed £250 million of fines in the last five years and we will use those powers to drive the sector to perform better.

It is not just about fining companies. We want to see companies with ambition. We want to see companies with real plans to improve the environmental impacts of water services and to drive down the level of discharges. That is what we will be looking at as part of the PR24 process.

Q172 **Chair:** When you talk about illegal actions, that includes illegal dumping of sewage?

David Black: It does include illegal sewage spills, yes. We also are responsible for regulating companies.

Q173 **Chair:** Do you think that in the actual practice of water companies—and I am including Dŵr Cymru in this—or the actual behaviour of water companies, the distinction between legal and illegal sewage dumping makes any material difference whatsoever?

David Black: Yes, we think it is important. There is a legal framework that is in place at present as a set of—

Chair: In what water companies do and when and how they discharge, do you think that whether it is legal or illegal makes any difference to their behaviour?

David Black: Yes. I think companies will try to comply with the law. We see evidence that they are doing so. We certainly have real concerns that companies have not been complying with the law. That is why we are taking action on this space. I think it is right to say that where societal expectations are, even if companies are legally—so that is complying with their legal obligations and still discharging under the current provisions in



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Wales, which would be an exceptional circumstance—that will still raise concerns and those issues still need to be addressed. That is why we expect to see companies come forward with plans that act on those issues.

Q174 **Chair:** What is more effective, in your view: fining a water company or docking executives' pay?

David Black: I think all are important tools. We are concerned that executive pay needs to be linked to performance. That is the role of company boards to make sure that executives' performance pay is linked to performance. We have stepped into this space because we think board action has not been satisfactory. We have raised the bar in this space and are starting to see changes. I think that is important, but it is a blunt tool and it is only part of the answer. As I say, we need to see ambition and innovation driving change as well. It is not just about punishing our way to excellence. That is an important tool when companies break the law, but we need a full range of solutions. I call for more ambition, more innovation, better engagement with customers, greater use of the citizen science, more use of open data as all parts of the solution that we need to see.

Q175 **Chair:** Ms Pillman, do you accept that in Wales there is a reluctance to fine and prosecute organisations or individuals who pollute our waterways? The figures are quite low, aren't they, for the number of actual prosecutions or fines levied.

Clare Pillman: Taking a case to court is open to us, not just for water companies but for all those that we regulate. We follow the regulator's code and in every case we have to look at the public interest of taking it to court. I think that going to court is, in a way, the point at which regulation has failed, frankly. It has a demonstration effect but what we are looking for is compliance. The point at maximum impact in compliance is right up at the front end of the regulatory process, around education, advice and then all those other interventions that one can make. We have a number of live cases and live investigations. The courts in Wales have not imposed the sorts of levels of fines that we have seen in England.

Q176 **Chair:** Thank you for the answer. Can I jump in there and challenge and push back a bit? You said that you regard going to court and prosecution as a signal of failure of regulation. You are obviously incentivised to show that regulation works. You are the regulator in Wales and are, therefore, on your own terms, incentivised to avoid prosecutions, but what that means is in Wales we have a situation, whether you are Welsh Water or a farmer or a factory, you can pollute waters and know that there will be no comeback on you.

Clare Pillman: That is not what I am saying. It is that at the point at which you are prosecuting for the failure, you are not getting environmental betterment, whereas what we are trying to do all the time



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is push for environmental improvement. At the point at which you are in court, a fine can be imposed and that can work. We have had a recent case in north Wales around wasting. Yes, it went through court. Yes, there was a fine levied. Did it solve the environmental problem? No.

Q177 Chair: Can I finish with one more question, and this has been a helpful and informative session? We appreciate the time you are taking to answer questions. In the first panel, the chief executive of Afonydd Cymru, I think, talked about a cultural problem in lack of stronger regulation. It feels to some of us who go back a number of years that when we started to raise issues, groups like Surfers Against Sewage and those of us who have coastal constituencies, almost we were told, "Move along. There is nothing to see here. There is not a big problem."

Now that there has been such an intense public engagement on this issue, there is, "No, there is an issue, but we are getting on with it and fixing it." Too often I hear people say, "You have to understand Wales is a very rainy place, so we are going to have more storm overflows. You have to understand that there is lots of antiquated infrastructure in Wales, and it is going to take a huge amount of time and money to fix this. Oh, and by the way, Welsh Water is not for profit, so there are no big bad shareholders extracting money out of the company. Back off and show some understanding." Don't you think that all of that just feeds into the culture of complacency around this issue?

Clare Pillman: I certainly am not complacent about this issue. It is an appalling thing that our rivers are in the state that they are. We know from the work that we did 20 years ago or so to improve bathing waters that concerted action with lots of people working together can have a huge impact. That is what we need to see now.

Chair: Absolutely, I completely agree with you.

Clare Pillman: I do not think there is complacency, genuinely. We need to see real ambition from water companies in Wales for environmental improvement. That is obviously a huge part of the PR24 process. As I say, that continued public and political scrutiny and engagement is critical.

Chair: Thank you very much. It was a very helpful session; I do appreciate it.

Examination of witnesses

Witnesses: Peter Perry, Mike Davis and Steve Wilson.

Q178 Chair: I will ask the third panel to move seamlessly into the chairs now, please. This is the third panel in this session on water quality in Wales. I am pleased to welcome Peter Perry, who is the Chief Executive Officer of Dŵr Cymru, Mike Davis, who is the Chief Financial Officer of Dŵr Cymru, and Steve Wilson, who is Managing Director of Wastewater Services at



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Dŵr Cymru. Thank you all very much for giving your time to be part of this session today.

As I said at the close of that last segment, it was very useful and informative. I will open the discussion on this part by asking you, Mr Perry, do you feel that Dŵr Cymru is getting a fair hearing? Or are you being unfairly attacked and pilloried by various groups and by politicians in Wales for performance around sewage?

Peter Perry: We welcome this opportunity to continue the tradition that Glas Cymru has of being as open and transparent as it possibly can. I tend to agree with what Clare said, the idea now that the environment is becoming more important for society, there is much more interest in it. Again, I go back to the history of the way the company operates. For us it doesn't feel unfair, it feels challenging. Of course, it is challenging when our performance is scrutinised at this level but that is not unusual for us. That is what our board does to us. The fact that it is coming into the public domain is something we welcome.

We have nothing to hide and we are very open to making sure that we are accountable to the people that pay our charges in Wales, politicians, activist groups. If you think of our structure with the Glas Cymru members, we have just under 70 people made up from the communities across Wales. They represent business, environmental groups, people who struggle to pay. We welcome that level of scrutiny. As I say, we have nothing to hide, we want to be open and to continue that history of transparency.

Q179 **Chair:** Thank you very much. I will refer back to the work that was done by Professor Hammond, which we began this session talking about. Do you feel that he had to drag the information out of you? Was that information that was freely available? Did it concern you to see that being reported in the way it was by the BBC Climate and Science team about the sheer number of illegal discharges?

Peter Perry: Let me let me answer those in the parts. First and foremost, I think it was a backhanded compliment that we were very open with Professor Hammond. We took him to Cardigan sewage works. That is the degree of transparency that we are up for and we are willing to participate in. Quite clearly there is an opportunity for us to improve on the data we put into the public domain. From our perspective, we were among the first companies to get nearly 100% of our overflows monitored and we have put our monitoring into the public domain since about 2017. You will have seen the number of overflows increase since 2017 as we have reached that just under 100% of total monitors. From our perspective, we are more than happy to put that information out there.

If we can work with other organisations to make that data more meaningful, we will do it. We work with just under 30 citizen science groups in our operating area at the moment. I hope that gives an



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indication of our willingness to put this information into the public domain and to have it scrutinised, because it helps us target environmental harm. That is what we are about.

Q180 **Chair:** Mr Perry, did you invite Professor Hammond to see the Cardigan sewage works or did he ask whether he could visit?

Peter Perry: I think he asked.

Steve Wilson: Professor Hammond did not come to the works with us.

Peter Perry: I apologise.

Steve Wilson: I took the BBC around to see and I went online with Professor Hammond to share the data and have the discussion about the data. He is right with the data and it is the same data that we shared with NRW.

Chair: Thank you very much.

Q181 **Simon Baynes:** Thank you very much indeed for coming to see us this morning. For a second year running, Ofwat has classed Dŵr Cymru as lagging behind. What are you doing to fix this, Mr Perry?

Peter Perry: We are disappointed to be classed as lagging and we want to do all we can as quickly as we can to come out of that position. Predominantly, the reason the second year occurred was due to the weather events that we saw in Wales last year impacting on our water business. Our supply interruptions were significant last year because you will remember the freeze thaw over the December Christmas period that saw a big increase in the number of bursts that we had in in Wales.

Our drinking water quality improved in 2022 and we are seeing an improving trend in our pollution incidents. While we slipped down to two stars in the environmental performance assessment, effectively that was a result of five serious incidents in 2022. We bitterly regret those incidents. That was up from three the year before and we want to get back to where we were in 2020 when we were a four-star performing utility company.

We meet with Ofwat quarterly to run through our improvement plans and I have a session next week with the Chair and the CEO of Ofwat to run through those plans. What you will see in there is a range of activity that will bring in new innovation, new ways of doing things, but it is also very dependent on the investment that we are planning to undertake from PR24 onwards.

Chair, in your constituency we have seen a big increase in supply interruptions and we are very disappointed that that is the case. That is a result of conditions we are seeing with climate change affecting our burst rate. We are seeing burst rates in the west on our water mains five times greater than they have been historically. We have put about just shy of



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£80 million into our investment plans from PR24. It is a very clear set of actions and plans to deal with getting back from that lagging position.

Q182 Robin Millar: Good morning, gentlemen. I represent the Aberconwy constituency in North Wales. Mr Perry, in October last year, you told the House of Lords Industry and Regulators Committee inquiry into the work of Ofwat: "If our focus is on CSOs, storm overflows, it will be absolutely marginal and we will not make the same level of progress." Mr Wilson, when you appeared before the Committee in March, you said effectively that storm overflows causing environmental harm will be first on the list and that while some storm overflows might be spilling quite frequently, if they are not causing environmental impact, they will be lower down the list now. In November, the UK Government published a storm overflow evidence project and in that they identified three types of harms resulting from storm overflows—harm to public health, harm to river health and negative social impact. I have a very simple question for you. Are farmers an easy target?

Peter Perry: We absolutely know what our contribution is on river quality. We have modelled this on some of the most iconic rivers in Wales, including in the north, the Dee. We know exactly the levels of negative impact that we are having and we are targeting those. I think it is a split between the harm that we cause, and we have a plan for that, and what other sectors cause. I don't think it is necessarily an easy target. We are here today at another scrutiny session where we are very open and clear about our plans to make improvements. No, I don't think that is the case at all.

Q183 Robin Millar: You have made the case that nutrient pollution from farms and not sewage overflows is your key strategic priority. Is it time to rebalance that and take into greater account the public health and the social impact?

Peter Perry: Absolutely. In our prioritisation of storm overflow investment that we are taking forward, it is environmental harm but it is also amenity harm. We have recently undertaken the first survey of all bathing groups across our operating area and we are identifying where people are using the river. Clearly coastal waters are different because that investment has broadly been in place and we will target amenity value where there is the possibility of public health impact. It will be a long journey for us to do this. It will not happen overnight but absolutely there is a recognition of targeting environmental harm, the potential for public health harm linked to amenity use.

Mike Davis: The key thing here is you referred to a report by the UK Government and this is devolved to the Welsh Government. Our programmes and our plans are in accordance with the Welsh Government policy, which is about targeting ecological harm.

Q184 Robin Millar: I welcome that comment. Something that is coming out across the three panels is a difference in approach and perhaps a focus in



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one on the quantity or the number of spills and an emphasis on the nature of those spills in another. It brings me back to the question that our farmers are easy targets on nutrient pollution rather than sewage overflows, which are directly affecting friends of mine who swim in it and fall ill from it. I am not quite clear from your answer where your focus lies. Perhaps if I make it very specific: over the next six months what plans do you have in place to improve the monitoring of sewage overflows as opposed to nutrient levels from farming?

Peter Perry: We do not regulate farming. For the avoidance of doubt, that is an activity that is carried out by Natural Resources Wales. I cannot really comment on another sector because we report on and improve performance of our own assets. It is difficult and not right for me to comment on another sector in that sense. In Wales we have very clear guidance and policy on the special area of conservation rivers where nutrient pollution is proven to be significant.

In this current period, we are investing over £60 million to reduce nutrient pollution, phosphorus from our works. Through the not for profit, we have used the £100 million of our dividend to bring phosphorus reduction investment forward. It would not have started until 2025 and we are on with that now. By 2030, if we get our plans for PR24 approved, we will reduce our phosphorus load on those special area conservation rivers by 90%.

I can't comment on other sectors because we are not responsible for those but in our own focus, in line with the Welsh Government priority on dealing with the six failing SAC rivers, we are absolutely, hopefully, being seen to do the right thing and in fact bringing that investment forward.

Robin Millar: I take your point. Chair, I will return to those points later, if I may.

Q185 **Mr Rob Roberts:** Mr Wilson, when you were here in March you said that there was a small number of storm overflows that did not have environmental permits. You said that in 2021 there were 80 permit breaches but you did not have the data for 2022 because it was still being calculated. What was that number?

Steve Wilson: I will have to write back with the exact number, but I can say that we have 140 storm overflows that currently do not have permits. NRW issued some new guidance in the last month about how we will go about getting permits for those existing assets. It is worth remembering that all of the storm overflows that don't have permits have been existing for many years. It was an administrative sort of oversight that they didn't have permits. We now have guidance from NRW about what data it wants to see so we can submit that through. There is a process now of gathering more environmental information so that we can submit them and get them permitted.



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Q186 **Mr Rob Roberts:** When you said there were 80 permit breaches in 2021, you had that number with you. You do not have the number today. Do you think it would be more or less in 2022?

Steve Wilson: I think in 2022 it would have been less because it was a drier year. However, we know that 2023 is a wetter year so we are expecting storm overflow incidents to increase.

Q187 **Mr Rob Roberts:** You have 140 non-permitted sites. Is that number going up or is that number coming down?

Steve Wilson: That number is not going up. It will come down as quick as we can get the permits agreed with NRW. It is worth remembering that we have put monitors on every one of those storm overflows. We are reporting the data to NRW and they are being assessed for harm alongside all the other storm overflows. They be investigated, based again on the environmental impact harm they are having.

Q188 **Mr Rob Roberts:** Mr Perry, in the Senedd Climate Change Committee recently you were asked if unpermitted sewage spills were illegal and you said, "It is, prima facie, yes". Why do spillages continue on dry days when treatment works are not at full capacity?

Peter Perry: Let me explain how this was put in front of our regulators in an open way. We monitor our permits, we monitor those that are compliant and we identify those where there are issues. Then we go into a regulatory process to fix that problem. At the heart of this, it is about discovery of something not being compliant and reporting those issues. It is exactly the same with the unpermitted storm overflows. It was us who took those to our regulator when we found them. That is how we deal with them.

We have 36,000 km of sewers, 830 sewage works, 2,500 sewage pumping stations and 2,300 overflows. We do not have a perfect infrastructure. We have inherited something from what I have been told is the basis of 60 local authorities over time. Nearly half of those sewers only came to us in 2011 under the private sewer transfer and much of that came without records. When we operate this infrastructure we will find issues.

Q189 **Mr Rob Roberts:** You accepted it on that basis, though. You accepted that transfer.

Peter Perry: We accepted that transfer, of course, but what I am saying is that with an infrastructure of our scale we will find issues. The key thing is that we then identify them, we take them to our regulator and we agree a programme of fixing them.

Q190 **Mr Rob Roberts:** The problem is you don't seem to identify them and report them because you reported just 46%. As Mr Millar said in the previous panel, you are required to self-report 90% of all incidents and



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you have self-reported just 46% last year. How credible is it that you are sitting there and saying that you do this?

Peter Perry: You are conflating two different issues. First of all, can I come back on the 46%? It was actually 69% in total.

Q191 **Mr Rob Roberts:** Is that good enough then?

Peter Perry: No. We would like it to be better, of course. We would like to improve that and this year it is above 70%, so we are making progress there. The self-reporting is of pollution incidents not of permits. Those are separate issues. That is where we have a pollution incident that occurs on one of our assets that we discover through our telemetry system or through inspections by people on the ground and we then report them. The permits are separate to that.

You are conflating two different things, with respect. Our total self-reporting is 69% for 2022 because the 46% represents the self-reported from sewage works and sewage pumping stations. It doesn't include the self-reporting from our sewerage network.

Q192 **Mr Rob Roberts:** Okay, so when you are 69% self-reporting, which are we talking about—is it the pollution one?

Peter Perry: That is pollution.

Q193 **Mr Rob Roberts:** What is the number for the other?

Peter Perry: It is the number of permits. It is the number of permits that Steve just answered you on that we have self-reported.

Q194 **Mr Rob Roberts:** Is the self-reporting figure—I have 46%, you said 69%—increasing over time or reducing over time? If 69% is coming from you, how are the other ones reported to the regulator?

Steve Wilson: If a member of the public sees something coming out of a pipe or a pollution incident, they see a manhole chamber discharging, they have two choices. If a member of the public sees that they can phone Welsh Water, we will react quickly and we will self-report that, or they can phone NRW's pollution line. If they phone NRW's pollution line it is not self-reported by ourselves, it has gone direct to NRW.

We are working hard to improve that self-reporting, to put more monitors on our network and make them more effective so we can increase that number. Clare is absolutely right in what she said earlier about we need to drive up the amount of self-reporting. With 36,000 km of sewers, lots of manhole chambers and blockages higher in Wales than in England in general, those blockages can lead to pollution incidents. We don't have a monitor on every single manhole chamber across Wales. We need to improve the amount of in-sewer monitoring and that is we are doing. There is a lot more in our PR24 investment plan to push that further.



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Q195 **Mr Rob Roberts:** What is stopping you from doing that? Why isn't there a monitor on every manhole cover?

Chair: Very quickly, please.

Steve Wilson: Cost and also mobile phone coverage because there is no power to those so you would have to use GSM phone signals. As we all know, that is not a universally good service in Wales.

Q196 **Mr Rob Roberts:** Very quickly, until you have all of those monitors in place, how can you reach the 90% of self-reporting? How will you be able to do that without all of that stuff?

Steve Wilson: We are improving the monitoring on our pumping stations and treatment works. For assets that have power, absolutely we can get up to 90% there. Also, we are installing more cameras on rivers and discharge points so that we can monitor 24/7 as well. There are a couple that have gone up in the Teifi catchment quite recently.

Q197 **Ben Lake:** I will ask Mr. Wilson a few questions about the Cardigan plant. We understand that seawater ingress was the cause of many of the issues at that plant. At what point was it clear that significant investment would be required to address these problems?

Steve Wilson: The journey of this, and the reason why it took so long, was when we discovered that seawater was causing the problem we embarked on a series of interventions and improvements to the sewer network in Cardigan to try to get the seawater out. We thought that would be better value for our customers in fixing that problem and so we set about trying to do that. As quick as we were relining sections of sewer and manhole chambers, seawater was finding its way in other places. Over time, that intervention clearly did not work as we intended it to.

Then we got to the point where we said that we are not having any success here and we needed to do a different solution. To do that, we had to pilot different treatment processes to see if they would work or operate with a seawater component coming into that sewage mix. We piloted two different processes, found one that worked very well and that is what we have agreed to build. It is a complete rebuild of the treatment works. In hindsight, we should have jumped to that quicker but we were trying to demonstrate value for money for customers by tackling the root cause of the problem, which was the seawater ingress.

Q198 **Ben Lake:** I understand that it will cost about £20 million and the work will start in 2025. You will appreciate, of course, there will be concerns locally about what will happen in the meantime. Are there any measures that you can take to mitigate the problem in the meantime?

Steve Wilson: Yes, and we have installed some extra treatment on the stormwater to try to improve the quality of the stormwater that is being discharged as well. When you think about that we now have a high



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quality effluent coming out of the sewage treatment works. We have now improved the quality of the stormwater, which is a similar form of treatment to a septic tank out there and when you blend that effluent together down that outfall the quality of that discharge is practically treated standard. Actually, we have reduced the impact of that discharge while we upgrade the plant.

Q199 Robin Millar: For the sake of speed, I will crack through this. Customers in Wales face some of the highest bills and are also suffering some of the poorest performance. Can you give any assurance that those bills are going to come down? Do you have the plans in place to do that? How quickly can our constituents expect to see that? Briefly, please.

Mike Davis: We do have the highest bills. Since 2001, since Glas Cymru's ownership of Welsh Water, we have had the second lowest bill increase of any water company. The only company with a lower increase was South West Water, which benefits from a subsidy from the UK Government equalling £50 off everybody's bill. If you adjusted for that, we would have the lowest bill increase over that period.

We have always strived to keep bills low. The dilemma we have had this time is the balance between investment, and we are increasing our investment programme to £3.5 billion in the next five years. That has to be paid for by customers. Customers' bills will be going up on average by 26% in real terms, but we have discussed and agreed with the Welsh Government that we will continue to provide support for those who are struggling to pay. We have a social tariff, roughly 140,000 people on that, and they get a discount of about 40% off a bill. We will continue to do that. Depending on the outcome of the price review, we would like to limit the bill to those people on social tariffs to inflation only, but we can't commit to that until we see the outcome of the price review.

Q200 Robin Millar: I note your comments on that. On investment, I know that in comments to the House of Lords committee Ofwat was criticised for being too heavily focused on keeping down water bills and had not released enough money for investment in improving quality of water. I am interested that when I look at how Dŵr Cymru has invested over the last two or three years, it has been consistently investing at only 69% of that allowance. I am curious as to why there was a decision not to invest as much as possible.

Peter Perry: It is a very easy answer and, hopefully, you will think it is a sensible answer. When we have our environment programmes or investment programmes over five years we want to make sure that we get the best outcome from that investment. Much of our early part of an AMP cycle, the first couple of years, is targeted on the investigation of where that investment will take place. You will see the last two or three years of an AMP cycle addressing those issues with the actual investment. If we run headlong into the investment in year one, in some cases we would make bad decisions.



Q201 **Robin Millar:** When does that cycle run from and to, please?

Peter Perry: It is 2020 to 2025.

Q202 **Robin Millar:** I see investment levels of 85.373—I am assuming that is millions—and 108 and 193. Are you expecting to see further investment?

Peter Perry: Absolutely.

Robin Millar: Excellent.

Peter Perry: This year and next year you will see that step up as we target it. It is really important because the last thing we want to do is waste our customers' money. We want to get best value and importantly for the environment, as that is the main focus that we have been on today, we want to get the best outcome.

Q203 **Robin Millar:** On this point of investment, public-private ownership of water companies has been a huge part of the debate and, unfortunately, Dŵr Cymru as a not-for-profit has not shone in that capacity. Is being a not-for-profit helpful or unhelpful?

Peter Perry: It is absolutely helpful.

Robin Millar: Why hasn't it helped in improving performance?

Peter Perry: It is all relative, isn't it? Two years ago we were a four-star environmental performer. If you look at last year, 2022, in Wales you will recall the worst drought in 150 years, a freeze thaw impact. Our performance has been impacted latterly by events. We have plans, we have resources and we have investment plan to turn that around. It will not happen in a year but it will happen in a couple of years and that is what we are determined to deliver.

Q204 **Robin Millar:** Finally—again, for reasons of time, I have to be brief, I would love to dwell on these—what is your intended balance between engineering solutions to water pollution, such as replacing your combined sewers, or nature-based solutions, such as the use of wetlands and promotion of sustainable urban drainage? I mentioned that because that is a particular problem in my own constituency.

Peter Perry: Absolutely. At Dŵr Cymru we have pioneered the use of sustainable urban drainage. If you come to Llanelli, you will see—currently there are some other bigger schemes being developed in other parts—probably one of the biggest examples of sustainable urban drainage in the UK. We are, in our PR24 plans, working with NRW and Ofwat promoting the use of maximised use of nature-based solutions. The reason for that is two or threefold. No. 1, it is the best carbon solution, so we are not pouring huge amounts of concrete and not using mechanical and electrical kit. Our aim of net zero by 2040 is wrapped up in these plans as well. We are doing some sustainable drainage in



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Llandudno as we speak using those nature-based solutions. We would like to maximise that use because it is absolutely the right green solution.

Q205 **Robin Millar:** To be clear, there was flooding, the system was simply overwhelmed recently in Llandudno. Do the solutions you are putting in place there cope with that overwhelming of the system?

Steve Wilson: It does, but flooding is a multi-agency issue and one of the things we have to do to make SuDS a success is to work with the local authorities. Highway drainage is a big part of that problem. We have good working relationships with a number of local authorities to do that. The success of Llanelli and Greener Grangetown and the work we are doing in Llandudno is facilitated by working well with local authorities. There is more we can do in that space.

Q206 **Simon Baynes:** Given your poor performance recently, are you overpaid?

Peter Perry: Thank you for the question. Let me be clear, we have no input into my pay and that of Mike as the other executive director. That is decided by the independent remuneration committee of our board. Last year, Mike and I gave up our variable pay. I will make a distinction between that and bonus, because our variable pay, for example, is made up of things like 30% of the measures are based on the environment. Now, as a result of the climatic conditions last year, the drought and the freeze thaw, Mike and I made the decision to waive that payment. There has been a recent report from Ofwat on the expectation of a set of criteria for executive pay and variable pay, and ours met the highest threshold in that Ofwat report.

Q207 **Chair:** Thank you very much. We have slightly run over time and we are going to draw the session to a close. I am conscious we probably have not gone into as much depth as we perhaps should have done on some issues, a bit like pond skaters barely breaking the surface of the water. We might write to you with some further, more detailed questions, if that is okay, and to our other witnesses as well.

Mr Wilson, several times this morning people referred to rainy conditions affecting the number of sewage discharges. When I look at the data, my reading of it is that on a lot of dry days there are overflows kicking out sewage. Why is that the case? If they are also doing it during dry time, why is rain being made such an excuse, if I can use that word?

Steve Wilson: Catchments can sometimes take many days to drain down. One that Professor Hammond investigated as part of his report, Trebanos, which is in the Swansea valley, has a particularly long response time to rainfall. It is a very long, thin catchment and for two or three days after the rain it is still draining down, the storm tanks are still operating. What we need to do is sustainable urban drainage. The best way of tackling this is to try to uncouple that rainwater at the top end of



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the catchment and get it to soak away. That is what we are working on as part of that plan.

Q208 Chair: Sorry to end on a slightly discordant note but this relates to what we began this part of the session with talking about, and Dŵr Cymru's relationship with Professor Hammond. Mr Perry, you emphasised it was a very good relationship. In fact, you suggested that he had accompanied BBC on a visit to the sewage treatment works at Cardigan. I have been told that he was excluded from that visit. For the sake of having an accurate record here, was he on that visit or not? Was he invited or not? Was he excluded or not?

Peter Perry: That is a genuine mistake from me. I thought that was the case but, no.

Steve Wilson: I do not think it was a genuine exclusion, apologies if that is the way it has come across. I met online with Professor Hammond to discuss his data. We have been quite open, we are showing lots of people around the Cardigan works and if Professor Hammond would like a subsequent visit, I have no problem in sorting that out.

Chair: There is somebody signalling that they want to contribute but you cannot under the orders of the way the Committee is run. That brings us to the end of the session. Any of the witnesses are very welcome to follow up with further information. As I say, the Committee may contact you directly with some more specific questions.

I will say again how grateful we are for all of you giving up your time and sitting there and taking these questions. They are not easy issues for us to get our heads around. We feel a lot of pressure in our constituencies. Every time there is an overflow it triggers emails from constituents to our inboxes. We feel the political pressure of this and it is helpful to be able to have a session like this where we can try to get the best possible information—the most accurate information—so that we can respond to our constituents. Thank you very much to everybody who has participated and thanks to my colleagues.