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WORSHIPFUL COMPANY OF WATER CONSERVATORS

Promoting a diverse and sustainable environment

RESPONSE TO THE WELSH GOVERNMENT CONSULTATIVE GREEN PAPER ON SHAPING THE FUTURE OF WATER GOVERNANCE IN WALES

MARCH 2026

1 The Worshipful Company of Water Conservators ('WCWC') is a City of London Livery Company focussed on the long-term health of our water resources and the broader environment. Our members include senior professionals from water, environmental and related industries and regulators, along with others who share our concern for water and the environment. Our experience and knowledge ranges from the complexities of environmental sciences, through the application of engineering to deliver the goals identified by those sciences, and the subsequent management of the assets created. The WCWC's purpose is *promoting a diverse and sustainable environment*.

2 As part of that purpose, the WCWC has been responding to relevant consultations particularly on matters relating to water conservation. These are archived on its website over the last four years.

<https://waterconservators.org/policies-and-practices/>

3 Following controversies on the performance of water regulators and water companies in 2024, the then newly elected government established an Independent Commission on Water. It collected evidence and the WCWC contributed to its review. The Commission reported in July 2025

<https://www.gov.uk/government/publications/independent-water-commission-review-of-the-water-sector>

A consultative Green Paper by the Welsh Assembly Government responds to the recommendations for Wales, for which the WCWC is offering a commentary. Defra has issued a White Paper for England for which the WCWC has also provided a commentary.

<https://www.gov.uk/government/publications/a-new-vision-for-water-white-paper>

<https://www.gov.wales/sites/default/files/consultations/2026-02/consultation-green-paper-shaping-future-water-governance-wales.pdf>

<https://waterconservators.org/wp-content/uploads/filr/4343/MAR-26-WHITE-PAPER-Thinkpiece.pdf>

4 The Green Paper is summarised in Appendix 1.

WCWC RESPONSE

5 The Thinkpiece prepared by the WCWC in response to the Defra White Paper addresses some fundamental principles and so the WCWC takes the opportunity of sharing this with the Welsh Assembly Government, as It contains information relevant to the answers to the questions in the Green Paper.

6 The challenge is that the direction of travel by Wales is different to England and the WCWC does not wish to make comparisons. The circumstances in Wales are somewhat different, and it is reasonable that Wales should adopt an approach suitable for a single country, one environmental regulator, almost all one river basin and reflecting a different legal framework for the wellbeing of future generations.

7 In principle

- Integrated environmental management to be maintained in Wales by continuing with Natural Resources Wales which the WCWC endorses.
- Water supply regulation will continue to be provided by the Drinking Water Inspectorate function of the new water regulator in England, which the WCWC endorses.
- With the break-up of Ofwat, economic regulation of water services in Wales should be patriated to Wales.
- Introducing the notion of a system planner is not clear; Wales has to date been a leader in developing catchment management.

<https://naturalresources.wales/about-us/what-we-do/strategies-plans-and-policies/area-statements/sector-specific-information/area-statements-and-opportunity-catchments/?lang=en>

It seems that it will remain responsible for River Basin Planning, so what will the system planner do additionally and separately? The WCWC Thinkpiece response to the Defra White Paper hinted that combination with an economic regulator would promote streamlining, which is what is proposed for Wales. Reading the Green Paper suggests that the system planner would fit in better with Natural Resources Wales (NRW).

8 To simplify this response, the WCWC is using the formal list of questions (while not necessarily answering them all). There are many detailed issues raised in the text of the Green Paper but not reflected in the questions, as highlighted in Appendix1. This Thinkpiece provides a narrative relevant to these.

ANSWERS TO FORMAL QUESTIONS

Chapter 1: Our Strategic Direction for Water in Wales

Question 1: What factors or priority areas should Welsh Government consider when setting the strategic direction for the water system in Wales?

Creating a Welsh integrated strategy as a one stop shop for all of the relevant parts of legislation. Creating a focus which recognises that cheap food, industrial expansion, more

housing, more opportunities of using environmental waters for recreation and sustaining biodiversity, thus feeding into the well-being of future generations comes at a significant cost.

Question 2: How can the Price Review Forum and a potential Ministerial Statement of Water Industry Priorities (MSWIP) best support transparency and effective delivery? If introduced, what priorities should MSWIP include?

Make sure government departments do not act in silos. Be clear about the relationship of the ALBs and the WG itself, e.g. who sets the water price finally. Communication must be evidence based and the media can be a very significant influencer. The WAG must be a narrative leader not follower.

Question 3: What milestones or review mechanisms should be built into the strategic direction to ensure accountability and alignment with Welsh priorities?

No comment

Chapter 2: Planning Together for a Resilient Welsh Water System

Question 4: Do you support establishing a National System Planning Function for the water sector in Wales? Where should it sit, within the new economic regulator, as an independent body, or integrated into another Welsh Government or arms-length body functions?

Best in NRW

Question 5: How should water industry investment planning cycles (e.g. 5, 10, and 25 years) balance affordability, resilience, and environmental priorities?

5 years with rollover facilities and 25-year long term plans

Question 6: What do you see as the added value a system planning approach could bring? What would your priorities be for implementing it in Wales?

Catchment management gets everyone involved, although it needs clarity of delivery structure as much as planning and to fit together in basin planning.

Question 7: How should cross-border relationships with England be managed?

With prudence and strengthen formal Basin management mechanisms

Chapter 3: Modernising our Legislative Framework in Wales

Question 8: Do you agree the current water legislative framework for Wales requires amendment? Which areas should be prioritised for review, and why?

Yes, sort out the planning / housing issues

Question 9: Should public health outcomes and nature-based solutions be incorporated into future water legislation?

Not per se in primary legislation. Public health principles yes, for example, supplying wholesome drinking water but not universal recreation outcomes for controlled waters which should be dealt with as one of many local and specific outcomes for catchment planning. Specify that NBS will always be part of optioneering in project appraisal, update statutory guidance on Options Appraisal.

Question 10: What innovations or enforcement approaches could strengthen compliance for wastewater and drainage?

New QA for all discharge monitoring.

Taken from the White Paper Thinkpiece, the WCWC is concerned about the understanding of operator self-monitoring: *The WCWC notes that this has attracted the attention of the media following publication of the White Paper. The WCWC made a submission on this to*

the Commission and in this instance gives direct link to it. There is a great deal more at stake than just a re-jigging of monitoring. The Water Commission report urges caution

<https://waterconservators.org/wp-content/uploads/filr/3300/Feb-25-MONITORING-Submission-to-WATER-COMMISSION.pdf>

Several concepts have been mixed in the proposal. OSM includes self-reporting, and the principles and the narrative of OSM focus on the quality of treated sewage effluents. But the politics and media coverage include, untreated sewage effluent, sewage pollution incidents, storm overflows, dry weather flow monitoring (including the vexed issue of dry discharges) As set out in the paper submitted to the Commission.

The absolute principle is that the criteria for monitoring sewage effluents, and hence assessment of compliance with permits, must be identical to those used for setting the permits. And there is a distinction between the processes of monitoring per se and those of reporting consequential data. The text of the proposals refer to pollution incidents (and indeed a lot of the media narrative appears to be around dry day discharges from storm overflows, a topic worthy of separate discourse which the WCWC will be happy to share)

It also refers to a strengthened open monitoring approach for monitoring wastewater. If the open monitoring approach refers to the routine monitoring of treated sewage effluents it is a modernisation of the principles which underly OSM. The text also refers to near real time access to data. Real time access and analysis would not be consistent with the way in which sewage effluent permits are defined because the central criterion is BOD which is a 5day test and the permissible variation is 95 percentile based on 24 hour samples. So this would represent a much bigger change than the rather glib description of what is intended for monitoring practice and could involve significant expenditure consequences to make discharges compliant.

The WCWC agrees that improving the use of CWQM does have a role particularly for water company monitoring as per S82 of the Environment Act and as an operational tool.

The WCWC urges Defra, and now the Welsh Government, to put the pursuit of integrated quality assurance options high on the list of actions. The WCWC, BSI and CIWEM have put forward how its principles can be used as oversight of a bundle for all such monitoring responsibilities by water companies. The WCWC has particular expertise on this matter and will be happy to contribute to the evolution of the system.

This section must be understood in relation to the proposed reviews of the WFD and UWWTD regulations and may need modification of the permitting regulations.

The WCWC also notes the recent media interest in the qualities of controlled waters and sewage discharges. This highlighted the need for a clear narrative on data. Such clarity will aid regulation and operational management. The WCWC observes the plethora of data sources which need bringing together and it has suggested that this should be treated as a project for 'Big Data' and this must form part of the Transition Plan.

Chapter 4: Strengthening Welsh Water Regulation and Accountability

Question 11: Subject to enabling powers being provided to Welsh Government, do you agree with the proposal to establish a new, stand-alone economic regulator for water in Wales?

Yes.

Question 12: What governance principles should underpin the design of a Welsh economic regulator, and how should its supervisory approach balance oversight with flexibility for innovation?

Less worried about details, more focused on principles. Determine how PRs will be conducted, early on.

Question 13: If enabling powers were not conferred by the UK Government, what changes to the plans proposed by UK Government would be required?

No comment.

Chapter 5: Delivering Better Outcomes - Reforming Regulation in Wales

Question 14: Which changes to performance commitments and outcome delivery incentives should be prioritised?

No comment.

Question 15: How can digital enforcement and monitoring be implemented affordably for Welsh customers, and what steps could strengthen operator self-monitoring while maintaining confidence in compliance?

No comment.

Question 16: How should civil sanctions and enforcement powers be applied proportionately?

This is best answered by the WCWC response to the Defra consultation last year

<https://waterconservators.org/wp-content/uploads/filr/4043/NOV-25-REGULATION-Response-to-Defra-consultation-on-Water-Company-penalties.pdf>

The fundamental point is being absolutely clear about the definition of non-compliance and culpability.

Question 17: Do you agree that tighter regulatory control on the application of sewage and septic tank sludge to land in Wales is required?

The issues in Wales are essentially the same as in England; whilst the concurrent English consultation on biosolid use and the Welsh Government proposals are distinct, they share the same principles. The WCWC hyperlinks in a modified version of its submission to Defra in setting out a way forward under option 1.

This would involve creating a framework of regulations which would draw in all those current regulations relevant to bioresources including Standard Rules permitting. In this framework there would be a series of focussed Standard Rules packages, one of which would be for biosolids use and this could rely on an updated Code incorporating best practice under the current Code, including quality assurance; it must be flexible enough to be updated swiftly as needs arise. On the basis of the arguments set out in the Green Paper, the WCWC favours option 3. It also suggests a separate package for septic tank sludges.

- Yes - Why do you think tightening regulatory oversight is required? Please provide evidence if possible
- No - Why do you think tightening regulatory oversight is not required? If yes, which option do you consider most appropriate? (Select ONE):
- Option 1: Apply full EPR control

- Option 2: Voluntary approach adapting Biosolids Assurance Scheme and Code of Practice
- Option 3: EPR control with earned recognition adaptation **yes**
- Option 4: Amend Sludge Use in Agriculture Regulations and underpin with regulator-approved Biosolids Assurance Scheme
- Option 5: Do Nothing

Option 3 with some elements of option 4 e.g. BAS

Why did you select this option? What are its advantages and disadvantages? Please feel free to suggest any counter proposals, submitting evidence where possible.

See the hyperlinked for a more comprehensive response paper

<https://waterconservators.org/wp-content/uploads/filr/4368/MAR-2026-BIORESOURCES-WG-Response.pdf>

Question 18: Should crop fed anaerobic digestion be subject to regulation and its output controlled? Is action needed to strengthen existing regulation of anaerobic digestion fed from other feed sources or to improve compliance and if so, how might this best be delivered?

Add a Standard Rules package to the framework

Question 19: Do you think having a waste exemption for anaerobic digestion is correct based on the risks of the process?

See Standard Rules

Question 20: Are there better ways to valorise digestate for beneficial application to land, what are these and what is the evidence that shows this could lower the overall environmental risk of current digestate application to land.

Evidence since the 1980s

Chapter 6: Ensuring Strong, Responsible Water Company Governance in Wales

Question 21: What measures would strengthen governance standards and senior accountability in Welsh water companies?

Agreed with Water Commission see the White Paper Thinkpiece.

Question 22: How can financial resilience requirements (e.g., minimum capital levels, environmental bonds) support sustainability, and what principles should guide decisions on alternative ownership models?

See the White Paper Thinkpiece

Chapter 7: Building Resilient Water Infrastructure and Healthy Water Assets for Wales

Question 23: What outcome-based resilience standards would be most appropriate for Wales, and how can asset health mapping and forward-looking metrics be strengthened without disproportionate costs?

No comment

Question 24: What steps should improve supply chain and workforce capacity for future infrastructure delivery?

See White Paper Thinkpiece.

Chapter 8: Making Change Happen - Transition and Implementation for Wales

Question 25: What should be the key priorities in the Welsh Government's transition plan for water sector reform to provide clarity and stability?

Robustness balanced with speed; remember 'act in haste repent in leisure'.

Question 26: How can governance and advisory mechanisms ensure effective stakeholder engagement during the transition period, and would independent oversight add value? If so, what form should it take?

WCWC happy to participate

Mandatory Welsh Language Impact Questions

Question 27: What, in your opinion, would be the likely effects of the proposals in this Green Paper on the Welsh language? We are particularly interested in any likely effects on opportunities to use the Welsh language and on not treating the Welsh language less favourably than English. Do you think that there are opportunities to promote any positive effects? Do you think that there are opportunities to mitigate any adverse effects?

Question 28: In your opinion, could the proposals in this Green Paper be formulated or changed so as to:

- have positive effects or more positive effects on using the Welsh language and on not treating the Welsh language less favourably than English; or
- mitigate any negative effects on using the Welsh language and on not treating the Welsh language less favourably than English?

Does dim problem o'r cybwl yma.

The fact that yr hen iaith is formally recognised in this context is what matters. As a Company, the WCWC has some members who hold Cymraeg close to their hearts. Their views are wholly personal ones rather than for the Company as a whole.

Question 29: We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them: Please enter here.

See the hyperlinked Thinkpieces

APPENDIX 1 SUMMARY OF GREEN PAPER PROPOSALS

This document is a Welsh Government Green Paper outlining proposals for reforming water governance, regulation, and infrastructure to ensure sustainable, resilient, and accountable water management in Wales.

Water Governance Reform in Wales

The Welsh Government is proposing comprehensive reforms to water governance to create a sustainable, resilient, and accountable water system aligned with environmental and public priorities.

Strategic Direction for Welsh Water

The chapter emphasizes the need to refresh the Water Strategy for Wales to set a clear long-term national approach.

- Current frameworks lack sufficient long-term focus, milestones, and cross-sector alignment.
- Plans to strengthen strategic communication through a Ministerial Statement of Water Industry Priorities.
- Aims to improve transparency, alignment, and delivery of water management objectives.

Planning for a Resilient Water System

Focuses on enhancing system-wide water planning through a proposed National System Planning Function.

- Seeks views on scope, responsibilities, and relationships with existing plans like Water Resource Management Plans.
- Emphasizes better coordination across sectors such as agriculture, housing, and land use.
- Addresses management of cross-border catchments and infrastructure.
- Considers simplifying planning horizons and investment cycles to support resilience and environmental outcomes.

Modernising Welsh Water Legislation

Examines the need to review and update existing legislative frameworks to better protect health, environment, and resilience.

- Focus on wastewater, drainage, and pollutants regulation.
- Aims to maintain environmental protections and align with Welsh legislation.
- Seeks input on priorities, sequencing, and timescales for legislative change.

Strengthening Regulation and Accountability

Explores options for enhancing regulatory responsibilities and accountability, including establishing a standalone Welsh economic regulator.

- Addresses interfaces with environmental regulation, drinking water, and consumer protection.
- Considers cross-border arrangements and interim oversight.
- Aims to improve regulatory clarity, public confidence, and accountability.

Reforming Water Regulation Approaches

Proposes regulatory reforms to support environmental improvements, customer experience, and innovation.

- Focus on regulatory engagement, performance frameworks, and enforcement.
- Considers digital monitoring, public dashboards, and transparency.
- Seeks evidence on sludge management, digestate use, and emerging risks.

Responsible Water Company Governance

Addresses ownership, governance, and financial oversight of Welsh water companies.

- Focus on board responsibilities, senior accountability, and financial resilience.
- Aims to strengthen governance to support environmental performance, affordability, and public trust.
- Invites views on aligning governance with Welsh priorities and public value.

Infrastructure Resilience and Asset Management

Focuses on improving infrastructure resilience and asset health.

- Addresses asset mapping, resilience standards, and supply-chain risks.
- Considers infrastructure planning, consenting, and Permitted Development Rights.

- Seeks ways to make infrastructure delivery more efficient while safeguarding environment and community engagement.

Transition and Implementation Strategy

Outlines phased approach to implementing water reforms, ensuring regulatory continuity and stability.

- Three phases: legislative change, establishing new regulatory bodies, and full operation by the 2030s.
- Emphasizes joint transition planning, interim oversight, and cross-border coordination.
- Recognizes differing timelines in Wales and England, with specific transition plans for each.

Pathway to Water System Change

Details the process of reform, including UK and Welsh legislative cooperation.

- UK Government's White Paper (January 2026) sets reforms for England, impacting Wales.
- Wales aims to secure additional legislative powers through UK legislation.
- Post-May 2026 Senedd election, Welsh Government will publish a White Paper with detailed proposals.
- Focus on establishing a Welsh regulator, defining powers, governance, and phased implementation.
- Emphasizes collaboration, transparency, and maintaining public trust during reform.

Welsh Water Sector Reform and Future Planning

The Welsh Government is planning comprehensive reforms to water regulation, strategy, and infrastructure to ensure sustainability, resilience, and environmental protection in Wales.

- Intends to introduce a Water Bill in the next Senedd term focused on economic regulation, water quality, consumer interests, and environmental oversight. - Aims to establish a new Welsh economic regulator and system planner, with the system planning function potentially within the regulator. - Timeline: regulator operational by 2030, in place by early 2030s, to lead PR34 price review in 2034. - Interim regulation will be supported by Ofwat and UK Government, with a strategic policy statement issued in early 2026. - Plans to refresh the Water Strategy for Wales, building on the 2015 version, aligned with new institutional reforms and environmental challenges. - Focus on long-term resilience, affordability, sustainability, and addressing pressures like climate change, nutrient pollution, and river ecosystem decline.

Strategic Direction and Long-term Water Goals

The Welsh Government commits to a systems-focused, long-term water strategy aligned with environmental and societal needs. - Recognizes current strategies are insufficient; proposes a new statute-backed National Water Strategy with a 25-year horizon and milestones. - Strategy will be developed after UK legislation clarifies regulatory architecture; ongoing engagement with stakeholders. - Aims to align with the Well-being of Future Generations Act and Environment (Wales) Act 2016. - Focus on integrated, cross-sectoral planning to address climate change, biodiversity loss, infrastructure aging, and population growth. - Emphasizes collaboration, transparency, and statutory duties to ensure accountability and public trust.

Water Industry Planning and System Integration

Plans to establish a national system planning function to lead integrated water management, with potential integration into the economic regulator. - Current sector is fragmented, with multiple overlapping plans; aims to rationalize into core frameworks. - Proposes a national authority for system planning in Wales, possibly within the economic regulator, to improve transparency and long-term investment. - Focus on catchment-scale planning, cross-border

cooperation, and aligning investment with environmental and societal priorities. - Planning cycles: retain 5-year Price Review, extend to 10/25-year horizons for strategic planning. - Will review and streamline existing plans like Water Resource Management Plans, River Basin Plans, and others. - Emphasizes stakeholder engagement, resource capability, and legal powers for effective implementation.

Regulatory Framework and Legislative Reforms

Plans to review and amend Wales's water legislation to improve clarity, environmental protection, and public health outcomes. - Will update outdated laws like the Urban Wastewater Treatment Regulations 1994. - Aims to incorporate public health into water management, possibly through reforms to Water Framework Directive Regulations. - Focus on better regulation of wastewater, drainage, and organic material management, including microplastics and nutrients. - Will consider expanding scope to include emerging pollutants like PFAS and microplastics. - Will establish taskforces to integrate public health considerations into water legislation. - Monitoring programmes will be reviewed and adequately resourced to improve water quality data accuracy. - Emphasizes a holistic approach, including nature-based solutions, innovation, and enforcement.

Enhancing Water Regulation and Accountability

The Welsh Government seeks to strengthen governance, transparency, and public value in water sector regulation. - Recognizes current arrangements are fragmented; aims for a more strategic, integrated governance model. - Proposes a dedicated Welsh economic regulator with system planning functions. - Focus on long-term, sustainable management, with accountability mechanisms aligned with Welsh legislative principles. - Emphasizes public confidence, stakeholder engagement, and clear responsibilities across regulators and water companies. - Will incorporate flexible regulatory approaches, including constrained discretion, to support innovation and environmental goals. - Aims to embed environmental and public health priorities into regulatory decision-making processes.

Water Sector Regulatory Reform in Wales

A comprehensive overhaul of water regulation aims to create a more sustainable, fair, and effective system aligned with Welsh priorities and values.

Establishing a New Welsh Economic Regulator

A new, independent economic regulator will be created in Wales, potentially embedded within NRW, to align directly with Welsh government strategies.

- Supports the Commission's recommendation for a standalone regulator.
- Will not replicate Ofwat but develop a distinctive Welsh approach.
- Will include system planning, price review oversight, and performance monitoring.
- Requires new legislative powers and UK Government cooperation.
- Governance will ensure transparency, accountability, and environmental safeguarding.
- Transition involves phased design, consultation, and legislative development.
- Stakeholder engagement will be integral, including consumer groups and investors.
- Funding will be based on full industry cost recovery, aligned with polluter pays.
- Aims to support long-term stability, affordability, resilience, and public value.

Reforming Water Regulation Methodologies

Updating technical and financial frameworks to improve transparency, fairness, and alignment with Welsh priorities.

- Link RCV run-off to asset depreciation after new assessment methodology.
- Rationalise performance incentives for clarity and proportionality.
- Engage UK Government on setting a common WACC methodology.
- Transition from redeterminations to standard appeal processes for disputes.
- Reforms will be iterative, with stakeholder input to reduce uncertainty.

- Focus on building a credible, fair, and transparent regulatory system.
- Opportunities include better investment decisions and public confidence.
- Risks involve potential volatility, technical complexity, and stakeholder resistance.

Strengthening Governance and Enforcement

Enhancing oversight, monitoring, and enforcement systems to ensure compliance and public trust.

- Withdraw the Quality and Ambition Assessment (QAA).
- Develop digitised, automated, and transparent operator self-monitoring.
- Review water quality monitoring for cost efficiency and technological improvements.
- Tighten oversight of sludge activity by integrating it into Environmental Permitting Regulations.
- Expand civil sanctions and enforcement powers, including swift action.
- Accelerate resolution of enforcement cases.
- Implement digital programmes for real-time monitoring and intelligence-led enforcement.
- Promote transparency, accountability, and long-term environmental outcomes.

Ensuring Drinking Water Standards and Capacity

Maintaining high safety standards and operational capacity for drinking water in Wales.

- Ensure full cost recovery from industry, aligned with polluter pays.
- Equip regulators with sufficient powers and flexibility.
- Regularly review and update drinking water standards.
- Extend powers to cover all third-party operators and impose financial penalties.
- Expand Regulation 31 testing services for water safety.
- Support independence and capacity of regulators, including the DWI.
- Address challenges of integrating Welsh regulation within UK frameworks.
- Focus on public health, safety, and long-term resilience.

Water Efficiency and Reuse Strategies

Promoting sustainable water use through regulation, technology, and infrastructure.

- Bring abstraction activity under Environmental Permitting Regime.
- Accelerate household water savings via compulsory smart metering.
- Reform tariffs to incentivise water efficiency, removing falling block tariffs for non-household users.
- Develop standards for non-household smart meter deployment.
- Promote water reuse infrastructure in households and businesses.
- Address climate change, population growth, and environmental impacts.
- Consider affordability and social impacts, especially for low-income households.
- Engage stakeholders to assess costs, benefits, and implementation strategies.
- Long-term goal to build a resilient, sustainable water system aligned with Welsh priorities.

Water Infrastructure Development and Reuse Strategies

The document emphasizes long-term water reuse infrastructure development, integrating planning policies, standards, regulation, and public engagement to support technologies like greywater systems, rainwater harvesting, and industrial recycling, with a focus on scaling adoption through policy review, engagement, and phased reforms to ensure environmental, social, and economic benefits aligned with sustainability goals.

Customer Experience and Advocacy Improvements

Enhancing customer service involves strengthening incentives like C-Mex, improving social tariffs for equitable affordability, and reforming consumer advocacy—potentially establishing a Water Ombudsman and transferring advocacy functions to Citizens Advice—to ensure consumers, especially vulnerable groups, are heard and protected.

Governance and Ownership of Water Companies

Recommendations include adopting evidence-based ownership transition processes, strengthening control over control changes, and mirroring governance standards with the UK Corporate Governance Code, to ensure Welsh water companies are well-governed, transparent, and accountable, with a focus on long-term resilience and public value.

Financial Resilience and Investment Frameworks

The sector should promote environmental bonds, risk-based capital requirements, and turnaround regimes to support financial resilience, attract private investment, and ensure affordability, with a focus on embedding environmental and social objectives into financial practices.

Transparency and Public Accountability Measures

Enhancing reporting through simplified financial summaries, performance metrics, and dashboards, alongside exploring measures to improve the Business Retail Market (BRM) and NAV applications, aims to increase transparency, reduce fragmentation, and support proportionate regulation.

Infrastructure Resilience and Asset Management

Developing statutory resilience standards, mapping asset health with forward-looking metrics, and strengthening oversight—including appointing Chief Engineers—are key to ensuring infrastructure can withstand operational failures, extreme weather, and external shocks, supporting long-term system resilience.

Infrastructure Delivery and Planning Improvements

Better coordination between local planning authorities and water companies, streamlining decision-making, and adopting integrated planning cycles (5, 10, 25 years) will support sustainable growth, with Wales already implementing legislation to accelerate infrastructure consent processes.

Supply Chain and Workforce Capacity Enhancement

A joint assessment of infrastructure needs versus supply chain capacity, publishing a national dashboard every five years, and sharing best practices will improve future infrastructure delivery, while addressing workforce aging and resource competition to ensure skilled labour availability.

Innovation and Technology Adoption

Encouraging experimentation through regulatory sandboxes, reviewing funding mechanisms like the Ofwat Innovation Fund, and promoting industry-wide knowledge sharing will foster innovation, improve productivity, and reduce customer bills, with a focus on overcoming risk aversion and regulatory constraints.

Transition and Implementation Planning

A phased approach over three periods (2026–2029, early 2030s, mid-2030s) will ensure stability during reform, with collaborative planning, clear governance, and stakeholder engagement, supported by a joint UK-Wales transition plan to manage change effectively.

Welsh Language and Cultural Considerations

The proposals should consider their impact on the Welsh language, promoting positive effects and mitigating negative ones, ensuring opportunities for Welsh language use are preserved and enhanced throughout water sector reforms.