

**National Assembly for Wales
Environment and Sustainability Committee
NRW 2015 – 99
Natural Resources Wales – Annual Scrutiny 2015
Response from Dŵr Cymru**



Written Evidence to the National Assembly for Wales' Environment and Sustainability Committee

Natural Resources Wales - Annual Scrutiny 2015

April 2015

**Dŵr Cymru Welsh Water's experience of working with and/or accessing services from
Natural Resources Wales and how it is delivering its statutory functions**

1. Introduction

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

We are grateful to have the opportunity to respond to the Committee's call for evidence to support the annual scrutiny of Natural Resources Wales (NRW).

2. Findings

2.1. NRW Policy

We appreciate the mature and positive relationship that has built up over time with colleagues from NRW and we strongly identify with NRW's strategic vision and aspiration to achieve environmental outcomes that are good for the people and economy of Wales. The aspiration to

National Assembly for Wales
Environment and Sustainability Committee
NRW 2015 – 99
Natural Resources Wales – Annual Scrutiny 2015
Response from Dŵr Cymru

align land, air and water ecosystems to ensure that Welsh wildlife and landscapes are enhanced is highly commendable and one that we fully support. It will, though, undoubtedly take some time to achieve this objective while the legacy bodies genuinely amalgamate. We recognise that, perhaps, due to the level of organisational change that NRW has undergone and the long term nature of delivering sustainable environmental change, it is still early days in measuring change on the ground.

Our dealings with NRW on the occasions that we have discussed policy issues have been positive. We are keen to see that NRW continues to demonstrate a more holistic approach to delivering environmental objectives, with wider environmental issues such as reducing carbon emissions being matters of particular importance when setting future policy. It is important that the costs of achieving tighter environmental standards (e.g. for power and chemicals) which are borne by the water bill payers in our operating area, are properly considered and factored into policy setting. We remain encouraged that NRW, through their strong focus on “place” continue to push for catchment-based solutions and that all polluters pay their share.

We note that the Welsh Government has proposed using the Environment (Wales) Bill to confer on NRW experimental powers to test and trial new approaches to natural resource management. We are hopeful that NRW will embrace this flexibility and use it to help deliver co-dependant actions, for example by trialling general binding rules, bringing trickle irrigation within the scope of abstraction licencing, exploring catchment consenting and introducing restrictions on the use of certain pesticides, particularly in catchments where elevated levels are being recorded in raw water used for potable supplies.

At present, most of the policies operated by NRW for the benefit of the environment in Wales remain the same as they were prior to the creation of this body. As we operate in both England and Wales, having consistency of policy across our operating area helps us achieve our objectives and also establishes a consistent platform by which we are able to provide a high quality service to our customers, deliver outcomes which benefit the environment and secure compliance with legal and regulatory obligations. Whilst we understand and accept that over time there may be a greater divergence in policy, it is important that it is driven from a position of improving the environment in Wales, but also recognising that our costs are borne by the water bill payers of Wales and the areas in England that we operate within.

2.2. NRW Services

We recognise that NRW is facing budgetary pressures and continues to look for opportunities to make cost savings. However, this should not be at the expense of discharging core functions such as monitoring the Welsh environment and there needs to be a careful balance struck. NRW quite rightly prides itself on being an organisation whose decisions are based on evidence and there will continue to be a need for it, as well as others including ourselves, to justify actions and investment decisions on solid evidence based criteria. There is probably further potential and

National Assembly for Wales
Environment and Sustainability Committee
NRW 2015 – 99
Natural Resources Wales – Annual Scrutiny 2015
Response from Dŵr Cymru

opportunities to reduce costs through seeking to work with others around co-delivery of activities and projects.

We recognise that this has been a period of transition and we are hopeful that response times and standards of service continue to match those achieved in Wales before the formation of NRW and remain similar to those achieved across the UK sector.

2.3. Engagement with Welsh Water

We appreciate the way in which NRW is committed to working with us and to date this has worked well. Engagement between our two organisations is both structured and informal and takes place frequently at all levels of our organisations. This has facilitated an excellent working knowledge of the challenges faced by each organisation and we have been able to discuss matters openly and constructively and liaise with NRW's officers on a range of different issues.

Local engagement has been particularly positive and has allowed constructive discussion and facilitated progressive decision making in a way that benefits the environment and the people of Wales. We are able to obtain excellent advice on detailed technical matters, e.g. approaches to improving compliance with the various environmental directives such as the revised Bathing Waters Directive as well as permit compliance and pollution reduction initiatives. We have also been able to gain useful support on some of our sustainable and catchment approaches, such as the river Dee phosphate removal strategy.

We recognise that as NRW continues to reorganise and seek further efficiencies, we have a responsibility to work constructively with it to make sure that there is consistent application of policy across Wales. We hope to see an improving environmental picture by focussing our joint resources in the right priority areas.

Both Welsh Water and NRW are similar sized organisations, with many shared goals; it is important therefore that we engage at all levels of our respective organisations to ensure that we see better environmental outcomes through mutual understanding at both strategic and local levels.

2.4. NRW Charges

We are pleased to see the reduction in abstraction licence charges that NRW has implemented for the coming year, but there is scope for NRW to demonstrate greater transparency over the services and functions that its licence charges support. We believe that there is an opportunity

National Assembly for Wales
Environment and Sustainability Committee
NRW 2015 – 99
Natural Resources Wales – Annual Scrutiny 2015
Response from Dŵr Cymru

for NRW to demonstrate better value for money in the services it provides. We would like to see NRW publish its cost information so that all parties who pay charges can see how such funding is used. We are sure that this is something that all stakeholders would welcome.

There is also potential for NRW to go further in the use of incentive mechanisms to encourage more sustainable behaviours from permit holders and charge payers. Charges and permits are important economic levers and there could be important linkages with the draft River Basin Management Plans which have recently been the subject of consultation.

2.5. Water Framework Directive (WFD) Engagement

NRW has been receptive to exploring our ideas about the benefits of more actively coordinating the investment and other actions planned by co-deliverers during the WFD's second cycle, a concept which has come to be known as "co-dependency".

We remain keen to continue working with NRW to see if more could be done to co-ordinate "co-dependent" actions between all sectors. This will enable Wales to achieve the best overall value for its investment in the environment by maximising the number of water-bodies in Wales achieving good status.

The WFD presents NRW with a chance to show that it can deliver better outcomes for Wales. The amalgamation of the different constituent organisations within NRW presents an opportunity to draw on the knowledge, skills and experience that existed within each of the bodies absorbed into the NRW and we feel that there is still potential to build on what has been achieved to date and to fully utilise this expertise.

We had hoped to see that the River Basin Management Plans, which are just emerging, would show more evidence of balance between environmental improvements and recognition of the cost and practicality of delivering these within Wales by all sectors affected i.e. not just water bill payers. There is still more work to be done collectively to agree programmes of work that are affordable but we remain committed to work constructively with NRW and others in achieving this objective.

3. Summary

We remain very supportive of having a single body in Wales that takes a holistic view on natural resource management. Understanding impacts upon the environment and managing that through an ecosystems services approach is to be welcomed.

Consistency between the different area teams has always been an issue for us but we appreciate that this is not an easy matter to resolve. We however appreciate the efforts made by senior NRW staff to address this concern and we will continue to engage with staff at all levels within the organisation with a view to tackling these problems and finding the best solutions.

**National Assembly for Wales
Environment and Sustainability Committee
NRW 2015 – 99
Natural Resources Wales – Annual Scrutiny 2015
Response from Dŵr Cymru**

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