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By email

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Consultation Response on Green Paper: Shaping the Future of Water Governance in Wales

I welcome the opportunity to respond to the [Water Reform Green Paper: Shaping the Future of Water Governance for Wales](#), which follows on from the [Independent Water Commission's review in 2025 \(Cunliffe review\)](#) and subsequent [DEFRA White Paper](#).

Wales faces increasing pressures on water quality and quantity, including pollution and the impacts of climate change. The Cunliffe Review is a wake-up call for the water industry and is an overdue opportunity to fix the problems of the past and become a clean water abundant nation.

The next government must rebuild public trust and take bold, long-term decisions to secure a sustainable and healthy water supply for future generations. Investment should restore nature, support sustainable food production, improve climate resilience and deliver new infrastructure.

It's positive that the Green Paper responds to my calls for civil sanctions and swifter enforcement, and cross-sector planning including agriculture, housing, transport and land use to prevent pollution and flooding. I welcome the direction of travel and main provisions included in the Green Paper including:

- The central objective to ensure future investment in the water system supports long-term environmental recovery, resilience and affordability.
- The introduction of a more integrated framework that simplifies and consolidates existing regulatory provisions.
- Stronger regulation with a new, independent Welsh economic regulator with the authority to act decisively.



- The establishment of a dedicated National System Planning function to manage water in a more integrated way.
- Greater devolved powers to allow for more stringent environmental legislation.
- The recognition that solutions must go beyond just water companies and address pollution from all sectors, including agriculture.
- The preference to remove pollutants at source and not through treatment, which aligns with the requirement in the Well-being of Future Generation's Act that public bodies take a preventative approach.
- A focus on 'pre-pipe' solutions for example, Sustainable Drainage Systems, nature-based wastewater treatment options like reedbeds and investment in land management to reduce the risk of sewers overflowing from floodwaters.
- Plans to strengthen and update the Water Framework Directive so that it keeps pace with persistent chemicals, microplastics, and considers human health.
- The acknowledgement that the current water management system is overly complex, and this green paper offers a chance to secure long-term environmental recovery and accountability.
- That this process is being led in a transparent and collaborative manner.

My response centres on the need for a holistic Welsh solution grounded in the Well-being of Future Generations (Wales) Act, improved governance and accountability strengthened by citizen participation, and delivered effectively from national to local levels.

Chapter 1: Strategic Direction for Water in Wales

This chapter sets out the strategic direction for water in Wales, responding to the Commission's recommendation for a clearer long-term national approach.

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

The Deputy First Minister Huw Irranca-Davies MS has acted decisively in response to the Cunliffe Review and DEFRA White Paper. Water must continue to be a national priority for the next Government otherwise Wales will get left behind.



The continued deterioration in river and marine health requires decisive and coordinated action. I urge the next government to place water (quality and quantity) at the highest level of policy priority and to increase investment in response to climate change and long-term underfunding.

I would like to see the Government prioritise the following areas when setting the strategic direction for the water system in Wales:

- Strengthening regulatory oversight and focus on prevention.
- Ensuring proactive planning by government and risk management authorities for future water scarcity and increased flooding.
- Mainstreaming catchment-based management. Healthy catchments provide multiple benefits—improved water quality, flood risk reduction, nature recovery, and climate resilience.
- Increasing the uptake and scale of nature-based solutions like natural flood management (NFM) and tackling current barriers like consenting processes.
- Explicitly recognising the important role of landowners and farmers to prevent flooding and pollution through land management that slows water. The Sustainable Farming Scheme needs further development to ensure that farmers are supported in reducing their impact on water quality and to help them conserve water resources.
- Adopting integrated approaches instead of siloed actions to go further to identify policies and programmes like the SFS, that could have an impact. Recognising the connections between flooding, pollution, biodiversity, food production, and climate adaptation.
- Expanding legislation and monitoring on microplastics and forever chemicals. Wales has committed to strengthening environmental standards but there is a risk of drifting without sustained attention.
- Promoting a circular economy and reusable products to prevent pollution and blockages in the water system.
- Positioning water re-use as a mainstream element of asset management on the public and private estate, working through existing Government initiatives such as [Ystadau Cymru](#).
- Addressing affordability so that the new system does not put further burden on low-income customers and moves to a more progressive charging system.



The new approach should be firmly grounded in the principles of the Well-being of Future Generations Act allowing Wales to:

- Adopt national outcomes aligned with the Well-being of Future Generations goals.
- Embed prevention, long-term thinking, integration, collaboration and involvement in our ways of working.
- Take a whole system view across catchments, coasts, and natural assets.
- Integrate nature recovery, climate mitigation, and community well-being.

Chapter 2: Planning Together for a Resilient Welsh Water System

This chapter considers how system-wide water planning in Wales could be strengthened and aligned across sectors, including agriculture, housing, transport and land use, with longer-term planning horizons.

Question 4: Do you support establishing a National System Planning Function and where should it sit?

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

I support the establishment of a National System Planning function for the water sector to oversee water resource management at a national level rather than just on a company-by-company basis. It is an important part of the solution to drive integrated, long-term planning, which balances environmental needs, resilience, and customer affordability.

Through the Well-being of Future Generations Act, we already have an integrated legislative framework, and collaboration in public services through public services boards. The system planner function is a natural and necessary extension of this providing a whole system approach to water management in Wales.

Current arrangements do not enable co-ordinated planning across all sectors that use or influence water, including agriculture, industry, highways and local authorities. Natural Resources Wales's regulatory role does not extend to system level planning, and gaps in responsibilities—both between institutions and within existing structures—are contributing to decisions that adversely affect the water environment.



I have advocated for a holistic, systems-based approach to water management for example through my [written advice](#) on the River Summits, and the recommendations set out in my [Future Generations Report](#) (p. 45) on catchment approaches and a land and marine use framework for Wales.

The system planner function needs to:

- Look at the entire water system (supply, infrastructure, and catchments) to determine the best actions for water resources, rather than focusing only on individual company assets.
- Help overcome silos.
- Integrate freshwater, coastal and marine objectives through a source-to-sea approach.
- Ensure that water management is coordinated across different sectors (e.g., agriculture, manufacturing, energy) and aligns with regional planning.
- Align regulatory goals, balancing short-term affordability with long-term infrastructure investment and advise where regulatory and permitting frameworks require improvement.
- Assess how wider policies, including the Sustainable Farming Scheme and agricultural pollution regulations, affect water outcomes.
- Use consistent and comprehensive data to forecast future needs and map out required investments.

Its remit should be long-term set within generational/ 25-year time frames and be empowered to identify and address gaps in responsibility, provide direction to public authorities and support more robust, evidence-based planning decisions.

I am not convinced that the Systems Planner function should sit within the new economic regulator. Economic regulation is a well-established discipline, but it has not traditionally balanced the breadth of social, environmental and long-term policy needs required for whole-system planning. After years of under investment, I would be concerned if economic considerations and current economic models were considered before, and given precedence over, the necessary investment required to meet regulatory requirements and performance targets, particularly those responding to nature and climate emergencies. By definition, an economic regulator's primary lens is economic; systems planning demands a different perspective, purpose and skillset. There may be an organisational model that could be devised that combines these two functions, but it should not be constructed in a way that places current economic considerations and existing financial mechanisms over and above the requirement to serve long term environmental and social interests.



From my experience as Future Generations Commissioner, I have seen the importance of approaching complex challenges through a systems lens—one that navigates competing priorities and integrates diverse interests rather than prioritising a single agenda. My advice is that Welsh Government undertake further work to explore where a systems planner role would be most effective and how it should operate. This would help ensure the function is positioned where it can genuinely drive collaborative, long-term and preventative decision-making for Wales' water future.

There would be benefits to establishing a shadow systems planner function, to get up and running early to bring forward the integrated approach that's needed.

Chapter 3: Modernising our Legislative Framework in Wales

This chapter responds to the Commission's recommendations by identifying areas for potential review, including wastewater and drainage legislation, the Water Framework Directive Regulations, public health considerations, monitoring requirements and the treatment of emerging pollutants.

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

I support both public health outcomes and nature-based solutions to be included in future water legislation.

I strongly support the call for pre-pipe solutions and increased investment in nature-based interventions (e.g. reedbeds, SUDs, natural flood management etc.) to reduce floodwaters entering sewers, rather than just relying on and focusing investment on infrastructure engineering. The water industry and public bodies should be incentivised to seek nature-friendly solutions for reducing their environmental impacts, including in areas like wastewater discharges, digestate handling, and abstraction pressures. This reflects the requirements that the WFG Act makes on public bodies to work in a preventative way.

There is growing evidence of the benefits of nature-based solutions in preventing the consequences of climate change by reducing flooding and pollution higher up in a catchment. Nature-based solutions can be smaller in scale, less risk, cheaper, faster, and bring environmental and economic benefits to rural areas.



Alongside the changes that the Green Paper seeks to deliver, there are existing barriers that need resolving from a policy and permitting perspective. I have heard first hand that in addition to the funding and financial challenges, existing barriers which relate to consenting, including national variation in approach, processing time, and costs. Some of this sits with NRW and the Flood Risk Activity Permit process and some with planning authorities. I am in discussions with Natural Resources Wales with regards to their current approach where national consenting uncertainty can undermine funding on landscape/ multi catchment scale programmes. There's also significant variation between what planning authorities will consent.¹ This all needs aligning so projects are treated the same everywhere in Wales and nature-based solutions are incentivised, instead of being too complicated to deliver.

Chapter 4: Strengthening Welsh Water Regulation and Accountability

This chapter explores options for future economic regulation in Wales, including the potential for a standalone Welsh economic regulatory function, while recognising dependencies on legislative competence and the need for continuity during transition.

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, I agree with the proposal to establish a new, stand-alone economic regulator for water in Wales.

The new economic regulator must have the skills and remit to be able to tackle complex investment issues, and I would like to see its remit not necessarily limited to the current remit of Ofwat, which can lead to a focus on low customer bills and company investability over a lack of investment in physical assets. A lack of transparency in the governance system between Ofwat, NRW and the water companies continues to make this problem difficult for communities and stakeholders to understand.

In establishing a new economic regulator, there is a case to look at the model of the Utility Regulator in Northern Ireland. It is the only multisectoral economic regulator in the UK, covering both energy and water. Although the exact same model would not work in Wales due to different devolved arrangements, a similar approach that combined different functions across utilities might lead to

¹ Bannau currently require planning for anything over 5sqm, Monmouth it's half an acre



savings, avoid the need for more than one organisation and future-proof institutions for any changes to utility delivery in years to come.

Everything must be done to ensure the transition to a new body happens without delay to deliver long-term environmental recovery and affordability, alongside strengthened compliance and regulation. The new regulator must develop a close working relationship with Natural Resources Wales with shared planning and timelines for delivering Price Reviews.

Chapter 5: Delivering Better Outcomes - Reforming Regulation in Wales

This chapter explores how regulatory approaches in Wales could better support environmental improvement, customer experience, affordability and innovation. It considers the Commission's recommendations relating to sludge management, including options for bringing sludge activities within environmental permitting, and includes a specific call for evidence on digestate production and use.

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

It is critical that current environmental standards are upheld throughout this change. To this end, I would like to see more monitoring, more practical and trusted advice, increased compliance checks and enforcement.

Natural Resources Wales would benefit from more resource for frontline staff to undertake more inspections to improve compliance. Alongside this, Farming Connect has an important trusted role to play in providing post and pre-inspection advice to farmers and landowners to help them comply with legal standards. There needs to be sustained funding for both monitoring and delivery.

Agricultural regulation needs to better account for phosphate and sediment pollution. Currently the focus on nitrates (as noted by Dr Bolton in her 2025 [review](#)) places a burden in some low-risk areas without addressing some of the core pollution issues affecting Welsh rivers. The government should move quickly in carrying out Dr Bolton's recommendations in her 2025 review.

I believe that civil sanctions should be made available more widely across NRW's remit to enable them to be a fully proportionate and risk-based regulator. This was included as one of the recommendations in my [Future Generations Report](#): 'Within the next Government term, legislation is needed to give Natural Resources Wales the same regulatory powers as its English counterpart, including the authority to issue civil sanctions, such as stop orders and fines for polluting activities'.

Prosecutions are often resource intensive and time consuming, resulting in missed opportunities to intervene early and secure improved compliance from lower-level offenders. It is important that civil



sanctions do not become a default option where criminal enforcement is warranted to pursue prosecution in cases involving serious or repeat offending. I support calls by Wales Environment Link for a civil sanctions regime to be underpinned by a focus on improving compliance and environmental outcomes, and explicit requirements to prosecute persistent, deliberate or serious offenders. These measures will help ensure civil sanctions supplement, rather than weaken, the overall enforcement system and maintain public confidence in environmental regulation in Wales.

The agricultural sector must be supported to deliver on-the-ground improvements that are fair,

In terms of extended producer responsibility, the Water Bill should put a duty on relevant sectors to take responsibility for preventing specific pollutants from reaching our watercourses. New Extended Producer Responsibility measures in place since 2025 should make a difference in reducing plastic pollution to watercourses and also reducing blockages in the sewage system from products such as wet wipes. The principle of extended producer responsibility should be extended to sectors that impact upon the water system.

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

This chapter addresses ownership, governance and financial oversight of water companies operating in Wales. It considers the Commission's recommendations on board responsibilities, senior accountability, financial resilience, transparency and investor confidence. Views are invited on how governance arrangements could better reflect Welsh priorities and public value.

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

There is merit in considering a single water company for Wales. Despite having only two main water companies, one which serves most of the country, Dwr Cymru and Hafren Dyfrdwy have very different ownership models. Current arrangements should be improved to ensure coordinated planning across all sectors that use or influence water, including agriculture, industry, highways and local authorities.

I am calling for Welsh Government to explore the creation of a single water company for Wales under not-for-profit status. Potential advantages include:

- Clarity of accountability
- Improved public ownership and mutual models
- Greater efficiency and investment alignment



- Being subject to the Well-being of Future Generations Act, which would strength a long-term and integrated approach.
- Stronger citizen voice.

No bonuses during periods of environmental or service failure: I am also calling for an immediate shift in corporate culture to limit bonus payments to water company executives operating in Wales. Many people perceive a mismatch between worsening environmental outcomes, customers facing bill increases and executives receiving large pay packages, despite poor performance. Rewards, if any, should be linked with environmental delivery and public value, rather than financial engineering. Ofwat has increasingly restricted payouts and required justification linked to performance. However, I think we need to go further to rebuild public trust based on fairness, in support of wider governance reform.

Citizens must have a stronger voice in water governance. People in Wales should be recognised not merely as consumers, but as citizens with rights, responsibilities, and valuable expertise. Harnessing the energy, insight, and commitment of Welsh communities will significantly strengthen outcomes.

I therefore advocate for:

- A more mutual, community focused governance approach.
- Creation of a stronger and more independent consumer voice body for Wales.
- Systematic use of citizen science to strengthen evidence and engagement.
- Improved accountability and transparency mechanisms across the water sector.
- No bonuses during periods of environmental or service failure.

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

This chapter focuses on infrastructure resilience and asset health, examining the Commission's recommendations on asset mapping, resilience standards, and supply-chain risk, and how oversight of infrastructure planning and delivery could be improved.

No comments at this stage.



Chapter 8. Transition Plan and proposed timescales

This chapter sets out how change to future arrangements for water in Wales could be managed and sequenced over time. It recognises that timelines in Wales and England differ and seeks views on how change can be managed in a way that reflects the distinct context of Wales while supporting stability, resilience and long-term outcomes.

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

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?

The Welsh timeline is shaped by the wider legislative context with the UK publishing in January 2026 its own White Paper to establish new arrangements for England, which have direct implications for Wales.

While I acknowledge the complex and important sequencing of actions, including new devolved legislation that the water reform process needs, it is important that Welsh Government pushes ahead without delay: we *can* take meaningful action now, we don't have to wait for all the legislation to be in place.

The Welsh timeline needs to be faster than is currently projected by the Green Paper. The mid-2030s for a fully operational economic regulator and systems planner is late and risks damaging practices continuing for another decade. One option is that transitional actions are taken in the next Asset Management Plan (AMP) period, for example.

I echo calls made by Wales Environment Link that the transition in governance, regulation, and delivery must be carefully planned to avoid loss of momentum or disruption to ongoing work. Clear milestones, phased implementation, and long-term resourcing will be essential. I note that this is something you're already conscious of.

The Green Paper aims to move us towards a more holistic approach to the water system so the transition phase should include wider stakeholders that impact upon water resources and water quality. One way of achieving this is through continuation of the quarterly Water Summits which brought together a wide range of water stakeholders in Wales including industry, regulation, agriculture and environmental groups.



Maintaining Regional and Local Delivery Momentum:

Whilst this isn't specifically within the scope of the green paper, I want to emphasise the importance of maintaining progress around the improvement of water quality and flood risk at local and regional levels in parallel whilst the new national governance arrangements are in place.

Catchment based working should be the organising principle for water management in Wales. It is *vital* that nutrient management boards, coastal forums, catchment partnerships, and similar place-based initiatives which are already delivering practical improvements like the Beacons Water Group, are given renewed focus and support. Whilst the necessary 'once in a generation' reforms move forward at a national level, we've got to maintain and accelerate progress on the ground.

In my [Future Generations Report](#), I called for a more consistently governed and resourced approach to catchment partnerships. If we are to broaden their adoption, and enable them to run effectively, they need to have long-term funding to operate as a whole plan for a catchment, instead of distinct projects. The partnerships must therefore be adequately supported by government which could be a role for the Systems Planner to strengthen and connect catchment-level plans across Wales.

The [Usk Catchment Partnership](#) which I spotlighted in my [Future Generations Report](#) (p. 36) purposefully set out to tackle nutrient load in a holistic and long-term way recognising that pollution, soil, flooding and biodiversity were interconnected issues that should be tackled together; and they invested time in trust building to work through collaboration instead of conflict and finger pointing. The momentum and innovation in such instances should be nurtured and supported and recognised as smaller examples of the bigger system we're trying to create.

These bodies require:

- Long term funding commitments
- Technical and data support
- Continuity of staffing and governance
- Clear links to national outcomes
- Bringing them together to share progress
- Robust and accessible source apportionment data
- Shared evidence platforms
- Coordinated action between regulators, local authorities, farmers, land managers, and communities.



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Wales has a unique opportunity to reshape its water governance system in a way that enhances environmental protection, empowers communities, and aligns fully with the Well-being of Future Generations Act. To achieve this, the next government must prioritise water quality, adopt catchment-led approaches, strengthen the citizen voice, and maintain continuity in local delivery structures.

I look forward to continued engagement with Welsh Government as this important work progresses.

Yours sincerely,

Derek Walker

Future Generations Commissioner for Wales