

National Development Framework: Call for Evidence and Projects

Dwr Cymru Welsh Water Consultation Response

7th March 2017

1.0 Introduction

Dŵr Cymru Welsh Water (DCWW) is 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 company with no shareholders, run solely for the benefit of customers. 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.

2.0 Statutory Duties of a Water and Sewerage Undertaker under the Water Industry Act 1991

DCWW owns, operates, maintains, improves and extends the system of public sewers, water mains and associated apparatus together with treatment works and pumping stations and has corresponding statutory duties to ensure effective drainage and making available supplies of water. These principle responsibilities are set out under Sections 37 and 94 of the Water Industry Act 1991 (as amended).

3.0 Dwr Cymru Welsh Water's Role in the Planning Process

Alongside our core purposes to deliver effective sanitation and water supply to the customers we serve, we recognise that supporting development is one of our primary objectives. In seeking to achieve this objective we rely heavily on the planning system to ensure that adequate infrastructure is in place in time to serve new development.

This is reflected in Planning Policy Wales – Edition (2016) which states that, *“The capacity of existing infrastructure, and the need for additional facilities, should be taken into account in the preparation of development plans and the consideration of planning applications”* (Paragraph 12.1.6).

Local Development Plan Process

The Planning and Compulsory Purchase Act (2004) and the Town and Country Planning Regulations (2005) identifies sewerage undertakers as ‘specific consultation bodies’ in the Local Development Plan (LDP) process. Local Planning Authorities (LPAs) are therefore required to consult us at every stage.

Given the nature of our business and the financial and legislative constraints within which we have to operate we seek to be involved as early as possible in the LDP process in order to provide information on the capability of our assets to accommodate development. Providing representations to LDP consultations is crucial to the business in the context of asset guardianship, as well as the protection of existing customers and the environment. Information contained in adopted LDPs also helps guide our capital investment programme.

Planning Application Process

DCWW very much welcomed becoming a Statutory Consultee in the planning application process following the introduction of legislative changes in March 2016 under the Town and Country Planning (Development Management Procedure) (Wales) (Amendment) order 2016. We therefore have a key role in advising LPAs on drainage matters to ensure that new development is served by adequate infrastructure.

4.0 Capital Investment for Growth and New Development

Our capital investment in water and sewerage infrastructure is paid for through customer bills and is managed in 5 year Asset Management Plans (AMP) which seek to ensure appropriate large scale water and sewage infrastructure works are undertaken to provide capacity for growth. We are currently implementing AMP6, which runs from April 2015 to March 2020, and have recently begun planning for AMP7 which following sign off from our industry economic regulator, Ofwat, will run from March 2020 to April 2025.

Any investment decision to extend or increase the capacity of existing water and sewerage systems has to take into account whether or not there is certainty that additional capacity is needed. Ofwat will not usually allow funding for infrastructure to serve unconfirmed growth. We currently look to adopted LDPs in Wales to

provide us with a degree of certainty in respect of where future growth is to be focused as it is currently the best strategic picture available to us.

The disparity between a LDP's timeframe and a water company's 5-year AMP invariably means that where additional headroom is required when it is not catered for within our current AMP, the timing of release of certain allocations may need to be phased to the latter part of a Plan. This enables us to undertake the essential reinforcement works required through future AMP investment.

As a Company we have to prioritise and carefully balance competing demands however, including ensuring that our customer bills remain affordable. This ultimately means that we and our customers cannot afford everything we would wish to do.

Where shortfalls in funding occur and there is no capacity with our local network of assets to accommodate new growth and development, a developer may seek to fund upgrades to the public water or sewerage systems via the provisions of the Water Industry Act 1991 and via Planning Obligations Agreements under the TCPA 1990. Reinforcing this position, our economic Regulator, Ofwat, advocate the use of S106 Legal Agreements under the Town and Country Planning Act 1990 (as amended).

5.0 National Development Framework

Adequate provision of water and sewerage infrastructure is crucial for the economic, social and environmental sustainability of all parts of Wales and therefore key to achieving Welsh Government's Well Being Goals and the objectives of the National Development Framework (NDF). The NDF should therefore consider the inclusion of policies and supporting information on the importance of adequate water and sewerage infrastructure to support its growth aspirations.

Given the financial and legislative constraints that we operate within, the identification of key growth areas or strategic development sites within the NDF would be supported. This would help give greater certainty on where we are expecting to see pressures on our infrastructure on a national level which could assist when asking Ofwat to allow us to invest our customers' money on AMP infrastructure investment. The NDF could also have a useful role in directing development toward areas where capacity is already available in our infrastructure or could be provided easily.

Due to the disparity in timeframes between the NDF and our AMP investment, the inclusion of confirmed investment schemes in the NDF is likely to be difficult. Confirmation of our AMP7 investment schemes will not be known until early 2020 by which time the NDF will be adopted and the schemes proposed for AMP6 will have already been delivered. We will however feed in any relevant information on our AMP investment during future NDF consultations.

The NDF will provide the policy context for determining Development of National Significance and consideration therefore needs to be given to the inclusion of policies for large water and sewerage infrastructure projects e.g. strategic waste water treatment works.

We will continue to actively engage during the production of the NDF and will provide further comments as and when more information becomes available.

Appendix 1: Submission of Evidence Form

Name: Rhys Evans (Dwr Cymru Welsh Water)

Contact details: [REDACTED]

Date: March 2017

Summary of Evidence

DCWW is the statutory water and sewerage undertaker covering the majority of Wales and therefore makes a major contribution to public health and to the protection of the environment. Our submission is to reinforce our role in the planning process and to ensure that the NDF considers the importance of an adequate provision of water and sewerage infrastructure to deliver Wales's economic, social and environmental aspirations.

Summary of key issues / conclusions

- We support the production of a NDF for Wales and will continue to engage in the process as and when required;
- Our involvement in the planning process is key to ensuring that adequate infrastructure is in place to serve new development;
- We are committed to supporting development growth within Wales and will continue to invest in our infrastructure via our five yearly investment programmes (our "AMPs").
- The NDF could have a useful role in directing development toward areas where the requisite infrastructure is already in place or could be provided easily. If the goal of resilience is to be achieved (e.g. biodiversity), the NDF should also consider whether local natural infrastructure is in surplus.
- The identification of key growth areas or strategic development sites within the NDF would also provide our sector with additional certainty when asking our financial regulator, Ofwat, to make adequate allowance for funding of our AMP programmes through customer bills.
- There is, though, a risk of an over proliferation of plans. For example, in addition to the up to three development planning documents covering each area, there will be the Local Well-being Plans required by the Well-being of Future Generations Act; plus Natural Resources Wales' statutory Area Statements; as well as Local Flood Risk Management Strategies etc. Particularly at a time of financial austerity, there is a balance to be struck between the value of plan preparation and the resultant risks of diverting scarce resource away from delivery and enforcement functions. There will also be a need to ensure some "join up" between the various plans.
- Consideration needs to be given to the financial and legislative constraints that our company operates within as an infrastructure provider and not for profit organisation.
- Important to consider that developers also have a part to play in delivering water, sewerage infrastructure and surface water management upgrades to accommodate new development growth.
- Due to the disparity in timeframes between the NDF and our AMP investment processes, the inclusion of confirmed investment schemes in the NDF is likely to be difficult. We will however continue the dialogue as the NDF is progressed.
- The NDF will provide the policy context for determining Development of National Significance. Consideration therefore needs to be given to the inclusion of specific policies for the determination of nationally significant water and sewerage infrastructure projects.
- The NDF could also set out the role within the planning system of the proposed National Infrastructure Commission for Wales.

Why have you submitted this evidence?

To reinforce our role in the planning process and to ensure that the NDF identifies the importance of adequate water and sewerage infrastructure to delivering development growth in Wales.

How should this evidence inform the development of the NDF?

Summary of key issues and conclusions set out above.

How does this evidence and any actions it recommends help achieve the 7 well-being goals?

Due the contribution we make to public health and to the protection of the environment, the services we provide helps achieve the majority of the well-being goals identified in particular health, prosperity, resilience and equality.

Why is the evidence of national significance?

We provide essential public services to the majority of households and business customers in Wales by supplying their drinking water and carrying away and dealing with their wastewater. We are therefore a key infrastructure provider in Wales and make a major contribution to public health and to the protection of the environment.

Do you agree for your evidence to be made public?

Yes