



Llywodraeth Cymru
Welsh Government

The Welsh Government Guiding Principles for Developing Water Resources Management Plans (WRMPs) 2022

2022

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.
This document is also available in Welsh.

Guiding Principles For Water Companies Developing Water Resources Management Plans (WRMPs)

These guiding principles are addressed to and apply to water undertakers whose area is wholly or mainly in Wales. The document explains the key policy priorities the government expects WRMP's to address. They should be read in conjunction with the Water Resources Planning Guideline published by Natural Resources Wales (NRW), Ofwat and the Environment Agency.

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1. Introduction

You must produce a Water Resources Management Plan (WRMP) every five years. It must set out how you intend to maintain the balance between supply and demand for water over a minimum of a 25- year period. This is complemented by your drought plan, which sets out the short-term operational steps you will take as a drought develops.

Regional groups are also producing regional plans– these set out at strategic level how supply and demand will be managed. There is no requirement for a regional plan to be produced in Wales but if you operate within England or share cross border resources, you should include the relevant resource zones within the relevant regional plan. These guiding principles and the Water Resource Planning Guideline published by Natural Resources Wales, Environment Agency and Ofwat should be followed when producing a regional plan in respect to those zones.

The Water Resources Planning Guideline published by NRW, Ofwat and the Environment Agency in collaboration with the Welsh Government and Defra provides a framework for you to follow when developing and presenting your WRMP and regional plans (as relevant). It sets out good practice in developing a WRMP with reference to approaches to follow, the scope for flexibility within the plan, and the information that it should contain. You should follow this guideline and make sure your WRMP covers all statutory requirements.

The Welsh Government's Water Strategy for Wales sets out the strategic direction for water policy over the next 20 years and beyond.

Your WRMP and the consultation documentation must be clear and accessible as this is key to successful consultation and engagement. They should be suitable for a wide audience. You should pro-actively engage with CCW. You should discuss your customer engagement strategy and proposals with CCW and proactively engage with customers and other stakeholders throughout the process. The WRMP must be supported by evidence on why any options selected are the best value for customers, citizens, the natural environment and what alternatives have been considered and rejected.

We expect innovation to be at the heart of the approach adopted by the water sector in Wales and in particular our water companies. You should explore innovative approaches to maintaining resilience of supply, promoting demand management and environmental enhancement while demonstrating that your WRMP is best value.

You should consider nature-based solutions to increase ecosystem and water supply resilience, deliver local benefits and contribute to regional water resource needs (where applicable). This should include integration with Drainage and Wastewater Management Plans, Flood Risk Management Plans and River Basin Management Plans. There are opportunities to improve flood risk management/drainage if water resource solutions can hold water back in upper catchments.

Your WRMP should align with the price review process and the evidence for your business plan proposals.

Your WRMP should provide a realistic approach to managing water resources and reflect customers' preferences. It should provide evidence to support your preferred options and demonstrate clearly the main factors affecting the balance between supply and demand management options, what levels of service and risk are acceptable to customers, and how the WRMP can adapt to the various risks and uncertainties, including the impacts of climate change, maintain and enhance the resilience of ecosystems.

2. Legislative framework

The legislative requirements for water companies to prepare and maintain a WRMP are set out under sections 37A to 37D of the Water Industry Act 1991, (as amended by the Water Act of 2003 and the Water Act 2014). These provisions set out the procedures you must follow when developing your WRMP.

You must submit your draft WRMP to the Welsh Ministers and if your supply area includes any part of England to the Secretary of State at the same time.

The Water Resources Management Plan Regulations 2007 provides further detail on the process, particularly around:

- consultation requirements;
- handling representations and the statement of response to representations;
- the power of the Welsh Ministers to hold an inquiry or hearing;
- publication requirements.

Section 6 of the Environment (Wales) Act 2016 requires public authorities (to seek to maintain and enhance biodiversity and in so doing promote the resilience of ecosystems. This duty applies to water companies where they operate within or affect Wales, as well as public bodies including NRW and Ofwat. It also requires these bodies to outline how they will comply with the duty and every three years from 2019, report on compliance. This requirement can be met by including the information in any existing plans they produce.

The Water Industry Act 1991 (section 68) requires water companies to supply wholesome water. Wholesomeness requirements are set out in the Water Supply (Water Quality) Regulations 2018 (in Wales), and associated amendments.

The Well-being of Future Generations (Wales) Act 2015 sets out well-being goals and ways of working which include working collaboratively and transparently with stakeholders. We expect you to adopt this approach to working and contribute to the wellbeing goals at all stages throughout the preparations of the WRMP and for it to demonstrate how this has been done.

Other relevant legislation includes Water Environment (Water Framework Directive) (England and Wales) Regulations 2017 and the Conservation of Habitats and Species Regulations 2017.

3. Government Policies

i) Key Messages

The Welsh Government Programme for Government (2021-2026) sets out the vision and ambition to address the climate and nature emergency. It commits to ensuring that nature and the climate are on the agenda of every public service and private sector business. This requires the integrated management of natural resources to maximise economic and social benefits in an equitable way while protecting all ecosystems and the environment. Your WRMP must ensure - so far as possible - the long-term needs of a sustainable and resilient environment and that there are sufficient, reliable water resources available in Wales.

Your WRMP should focus on improving the social, economic, environmental and cultural well-being of Wales as reflected in the seven well-being goals provided in the Well-being of Future Generations (Wales) Act 2015, and should support other organisations, such as NRW, to meet their statutory requirements under that Act. You should develop your plan within the context of supporting your ability to maintain access to fair and affordable water and sewerage services, both for people and businesses.

Your WRMP should set out how you will provide secure, sustainable supplies of water while working to improve overall resilience to provide safeguards from major threats to the safety of life and livelihoods – such as those posed by drought, flooding or major pollution incidents.

ii. Climate Emergency

The Welsh Government has declared a climate emergency and climate change adaptation is one of its priorities.

The Welsh Report of the UK Climate Change Risk Assessment (CCRA3) published in 2021 highlights potential changes to rainfall in the future in Wales, depending on the season. <https://www.theccc.org.uk/publication/independent-assessment-of-uk-climate-risk/>

Summer rainfall is expected to decrease by approximately 15% by the 2050s. This means periods of water scarcity may become more prevalent under these scenarios, leading to possible implications for public water supply and other sectors such as agriculture and industry. It will also reduce the recharge of water into our underground water resources in the areas of Wales where these are important. River flows in summer are likely to be lower and drought conditions are more likely to occur. Our reliance on surface water resources in Wales means that water systems must be resilient to these stresses and able to recover quickly from extreme shocks

adequate for these predicted conditions. These changes are likely to increase the stress on the water environment and our water infrastructure.

Winter, rainfall is expected to increase by approximately 6% by the 2050s. This is projected to lead to an increase in the likelihood of flooding of infrastructure, businesses and homes. More intense rainfall will also cause more surface water flooding and wash more pollutants into our streams, rivers and coastal waters.

Your WRMP should consider the risks, opportunities and scenarios set out in this assessment, and how your plan will ensure a resilient supply of water.

Reducing demand for water through water efficiency, increasing public awareness of the value of water and reducing leakage are important measures to encourage water resilience, and to reduce your carbon footprint by reducing your use of unnecessary energy resources (carbon footprint).

A safe and secure supply of water requires investment in and maintenance of the infrastructure network, building in resilience from natural hazards and the impacts of climate change. This will ensure adequate protection for people and our natural resources.

Your WRMP assessments of climate change impacts should use the most current scientific evidence we might expect to see in Wales. The best available understanding is currently provided by the UK Climate Projections 2018 (UKCP18), although if applicable later evidence may be used if agreed with regulators. Given the scale of the climatic changes we are facing as a nation, you should ensure that you are planning to ensure a resilient supply of water into the future, therefore planning for a 4°C world equivalent scenario. NRW's *Addendum on UKCP18 scenarios for use in Water Resources Management Plan 2024 (Wales)* provides a flexible framework for use of emissions scenarios. You will need to discuss your climate modelling with regulators at an early stage.

In conjunction with your business planning process your WRMP should support a policy of reducing the carbon footprint associated with the abstraction, storage, treatment and provision of water. It should:

- address the need to reduce greenhouse gas emissions within your existing operation and how this is supported by any options set out in the WRMP and their assessment via the Strategic Environmental Assessment process. Part 2 of the Environment (Wales) Act 2016 introduces a framework for reducing greenhouse gases across Wales through the introduction of targets and carbon budgets. The Climate Change (Wales) Regulations 2021 prescribe a net zero target for greenhouse gas emissions by 2050, and interim targets as follows:
 - 2021-25: 37% average reduction with credit (“offset”) limit of 0%
 - 2026-30: 58% average reduction
 - 2030 target: 63% reduction
 - 2040 target: 89% reduction

The WRMP should include an assessment of its carbon impact in Wales from the outset. Enquiries should be addressed to decarbonisationmailbox.gov.wales

iii. Nature Emergency - The Senedd has declared a nature emergency in Wales

Wildlife is under increased pressure due to human activity and climate change. The Environment (Wales) Act 2016 requires water companies to maintain and enhance biodiversity in the exercise of their functions, and in so doing promote the resilience of ecosystems. Ecosystems are at the core of a water company's service delivery and, as such, you should take an ecosystem-based approach when planning, designing and delivering your services. The principles of the Sustainable Management of Natural Resources (SMNR) should underpin your WRMP and enable you to take an ecosystems approach whilst fostering integration with other plans (such as Regional Plan, DWMP, RBMP and Flood Risk Management Plans).

You should adopt this approach to managing water and your WRMP should explain how this has been done. The principles of SMNR include for example addressing priorities and opportunities at an appropriate scale as well as collaborating and engaging with stakeholders and local communities. By pursuing SMNR you should meet the needs of present generations without compromising the ability of future generations to meet their needs – this includes taking a long-term view of your operations and the ecosystems that support them by setting an ambitious environmental destination.

Your WRMP should demonstrate how an area-based approach has been used to promote strategic investment in sustainable infrastructure that improves local environments. It should include measures to encourage innovation and a longer-term shift towards a system that recognises the value of the water resource available to Wales. A high quality environment is essential to support a healthy ecosystem, which, in turn, provides a number of services for people, wildlife and the wider environment. You should assess the ecosystem service provision of any option within your WRMP as this will promote a consistent and integrated approach to environmental valuation across water environment planning. This consistency supports accountability, transparency and helps with stakeholder engagement. You can do this by taking a natural capital or equivalent approach.

When considering the environmental and social costs of schemes to maintain a secure water supply, the method used should be proportionate to the size of the problem. You should use the 'building blocks' approach, making a qualitative, quantitative then monetary assessment if necessary. You should explain and justify which method you use within your plan.

When assessing the condition of the natural capital assets within an area (if taking a natural capital or equivalent approach) you will need to include an assessment of the pressures impacting that habitat / ecosystem and of the resilience of the ecosystem. If you are using this assessment as a basis for assessing your contribution to the wellbeing goals, you should ensure the metrics used adequately incorporate the requirements of the Well-being of Future Generations (Wales) Act 2015.

The Environment and Society decision making supplementary guidance note for Wales from NRW provides more information. You can request a copy from them directly at wrepp@cyfoethnaturiolcymru.gov.uk

iv. Future water resources management & investment

You should take a long-term approach (at least 25 years) to your WRMP to ensure appropriate measures are being taken to consider the impacts of future pressures such as demands of people, business, industry, economic development, future innovation, the environment and climate change on our water resources. You should consider and deliver wherever possible nature-based solutions.

You should provide the evidence and justification for future investments, which will inform your business plans as part of Ofwat's price review. You should take a long-term view of investment, without being constrained by the 5-year price review. You should not postpone necessary investment in order to deliver unsustainable short-term reductions in customer bills. You should also ensure appropriate measures are being taken to consider the impacts of future pressures such as demands of people, the environment and climate change on our water resources.

v. Water trading / bulk transfers

Any proposal for a new or modification to an existing water transfer agreement from a water resource zone in Wales to a water resource zone in England, or a water resource source which might be transferred through Wales should be subject to a detailed analysis and explanation of the following:

> the economic, environmental and multi benefits for Welsh citizens

> any risk of deterioration of water body status and/or causing any adverse effects to designated sites or in the catchment and/or preventing biodiversity and resilience of ecosystems, within the areas / water resource zones affected by its implementation in Wales

> that planned to at least resilience of at least 1:500 drought conditions for those resource zones affected by trading bulk agreement by time of implementation of the transfer/bulk agreement– thus ensuring they will not have an adverse effect on the resilience of water supplies for Welsh consumers or the environment

> there is sufficient water in the donor water resource zone at no additional cost for current and potential future users in Wales (allowing for economic growth and development), including private water supplies and all other cross sector water use

> Wales has statutory targets to reduce greenhouse gases. Proposals should therefore include an assessment of their carbon impact in Wales from the outset.

Where a preferred solution to meet demand includes an option to transfer water from a water resource zone within Wales, you should provide an opportunity for Welsh Ministers and NRW and other relevant stakeholders to give representations on its

proposals early as possible in the process. The expectation is that any proposals should be explored during the pre-consultation phase of developing a plan.

Any proposals for bulk supplies should include clear evidence of compliance with the statutory duty under Section 68(1)(b) of the Water Industry Act 1991 which places a statutory duty on water undertakers to ensure, in relation to each source or combination of sources from which water is supplied, that there is, in general, no deterioration in the quality of the water which is supplied that source or combination of sources.

If you have any proposal for a new water transfer agreement from a water resource zone in Wales to another part of Wales, you must consider fully how this transfer affects resilience of the zone, economy, environment and society, and discuss this with NRW

vi. Demand management

You should set out an initial forecast of demand for water for at least 25 years, taking into account factors such as population and demographic changes and a changing climate. You should also take a long term perspective, beyond the 25-year planning horizon where appropriate (for example where large scale investment may be required towards the end of the 25 year period).

You should set out challenging targets and a strategy for reducing per capita consumption for both domestic and business users both for the 5 year period of the WRMP and for the next 20 years. You should show how you propose to meet or exceed the targets set in the price review

Your WRMP should outline your strategy for reducing demand in the domestic and business sectors and promote efficient water use. A wide range of measures should be considered to help reduce demand for water including physical interventions such as your policy on meter installation. You should include an estimate of the proportion of domestic properties with a meter at 5 yearly intervals throughout until at least 2050.

The design of measured charges can play an important role in improving water efficiency, reducing water consumption and abstractions, and enhancing the environment. There may also be an environmental and economic gain for customers generally if the effect of metering can defer the need for expensive investments in new resources. The promotion of water efficiency and water conservation will help mitigate the environmental impact of society's demand for water, protecting the aquatic environment for future generations and to ensure a secure water supply into the future.

Growth in population will increase demand for water. Domestic consumption has been rising. Welsh Government projections on population and properties forecasts should be used as a baseline for population forecasts for WRMPs. You should also take into account Future Wales the National Plan 2040, Local and Strategic Development Plans and engage with local authorities to estimate changes in demand at a local level and to inform your WRMP.

Leakage is a high priority issue for customers and can damage the industry's reputation. You should demonstrate how your WRMP will continue to reduce leakage by 2030 and how this will contribute to an overall reduction of leakage by at least 50% by 2050 in line with the water industry target.

This requires a strategic approach to managing leakage to inform the long term leakage forecasts in their WRMPs. You should consider the value that customers place on reducing leakage and the benefits this will bring to their customers' willingness to participate in demand management as well as other benefits to the environment.

Your WRMP should show how you will innovate and develop expertise in preventing, identifying and repairing leakage more effectively.

vii) Cross sector demand & Private Water Supplies

Your WRMP should consider local multi-sector needs and include within your supply-demand balance forecasts the needs of those customers, such as agriculture and businesses, that have ability to switch to mains during peak demands periods. You should also consider your policy for supporting other water users such as those on private water supplies with no mains connection who may be running out of water during times of peak demand such as dry weather/ freeze thaw. The WRMP should set out whether and how you can provide alternative supplies of water in these situations where reasonably practicable.

Where water resources schemes are being considered, multiple benefits should be taken into account – your WRMP should set out how this has been done and identify multiple benefits. In particular, consideration should be given to how abstracting and storing water can help alleviate the risk of flooding in at risk areas.

River Basin Management Plans for the rivers Severn, Dee, and West Wales are required every six years under the Water Environment (Water Framework Directive) (England and Wales) Regulations 2017. They highlight the pressures that the water environment faces and show what this means for the current state of the water environment in the river basin district, and what actions will be taken to address the pressures. Your WRMP should demonstrate how you support the delivery of the objectives of the River Basin Management Plans, highlight any potential competing priorities between the plans, and align with the River Basin Management Plans.

NRW have prepared area statements under the Environment (Wales) Act 2016. Your WRMP should set out the consideration given to each area statement and how it can contribute towards the actions and improvements identified as being required. The WRMP should set out how this is being done and it should outline how it will deliver its duties relating to section 6 of the Environment (Wales) Act 2016.

4. Roles and responsibilities

i) Water companies

You should prepare and maintain WRMPs with the involvement of your customers. You must demonstrate how you will manage and develop water resources to balance the supply and demand for water. You must make sure that all arrangements have been made for:

- (a) providing water to customers in its area.
- (b) maintaining, improving and extending its water mains and other pipes.
- (c) maintaining an efficient and economical system of water supply within its area.

You must review your WRMP annually once it has been published and send a statement of the conclusions of its review to the Welsh Ministers.

You will be required to prepare a revised WRMP in each of the following cases:

- if the annual review indicated a material change of circumstances - i.e. those with significant impacts on customers or the environment either through loss of security of supply or higher bills. Changes which do not impact detrimentally on security of supply, environment or customers' bills would not normally require you to prepare and consult on a revised WRMP;
- you have been directed to do so by the Welsh Ministers;
- within five years of the date of publication of its WRMP or a revised WRMP.

ii) Consumer Council for Water (CCW) - Consumers at the heart of delivery

You should discuss and engage with CCW on your proposed customer engagement and consultation strategy at an early stage and throughout the entire process.

The Water Strategy for Wales highlights the importance of ensuring a strong consumer focus at the heart of the delivery of water and sewerage services in Wales. This requires both a sound understanding of existing and future consumer needs, and a strong voice for consumer representation.

You should engage your customers and CCW directly and by consultation early in the process of WRMP development as part of their continual dialogue with their customers. You should seek to integrate insights from this engagement into the forthcoming price review process to help ensure consistency with business and investment plans development. For example, consumers may take a view on the levels of service (in terms of frequency of restrictions on use) or have particular priorities or concerns about levels of metering and leakage.

Customers need to know the bills they pay are fair and legitimate. Good consumer engagement is essential to achieving this.

iii) Welsh Government

The Welsh Government is responsible for water policy in Wales and provides the statutory framework and policy guidance for WRMP's within which you must operate.

The Welsh Government issues these guiding principles, setting out what is required in your WRMP. Following the publication of the draft WRMP interested groups send representations to the Welsh Ministers and these are forwarded as appropriate. You should follow the guidelines set out in Water Resources Planning Guideline published by NRW, Ofwat and the Environment Agency when preparing your WRMP.

The Welsh Government will consider the WRMP and statement of response to determine whether there should be a public hearing or an inquiry and it will seek advice from NRW before making a decision.

The Welsh Government may direct you to make changes or to publish (and consult on) a new WRMP.

iv) OFWAT & Natural Resources Wales (NRW)

Ofwat is the economic regulator of the water industry, and NRW is the environmental regulator. Section 37A(8)(a) of the Water Industry Act 1991 requires you to consult them before preparing your WRMP. Once the draft WRMP is published, NRW and Ofwat may make representations to the Welsh Ministers on it's content.

NRW advises the Welsh Ministers in respect of WRMPs where they affect Wales. The Environment (Wales) Act 2016 requires NRW to pursue the sustainable management of natural resources (SMNR) and to apply the principles of SMNR in the exercise of all of its functions. NRW will provide advice in a manner which will apply these principles which include consequences of actions in the short, medium and long-term, the services provided by ecosystems, public participation and the resilience of ecosystems.

NRW publishes technical planning guidelines for you to follow when developing and presenting your WRMPs. They will provide advice to you throughout the planning process to help you understand what you need to do to comply with the guidelines and government guiding principles.

NRW will review the statement of response and any revised WRMP in order to provide early feedback to the company on any outstanding concerns. The aim will be to guide the company on what will be acceptable for the business plan and WRMP.

NRW will advise the Welsh Ministers on the content of the draft WRMP when it is published. This will cover any issues it considers relevant and will be set against the context of the Government's policy position for managing water resources and the Water Resources Planning Guidelines.

NRW and Ofwat will provide clear feedback on your WRMP during publication on any concerns, providing specific instructions where possible, so that you can address these if appropriate in your statement of response. You may choose to produce a revised draft WRMP to accompany your statement of response. In the absence of this, you should clearly explain any changes you have made to your draft WRMP.

Once the statement of response is published NRW will provide technical advice to the Welsh Ministers to help us decide on the next steps. The evidence requested is likely to cover:

- whether the draft WRMP meets the statutory requirements;
- whether the company has properly addressed the representations received;
- whether or not the changes proposed in the statement of response are significantly different to the draft on which you consulted on; and
- the improvements it advises should be made to the draft WRMP.

When the Welsh Government considers whether you should publish your draft WRMP, NRW will advise if it meets any Directions or guidance made by Ministers. NRW will then provide advice to you on implementing your WRMP and preparations for the next WRMP.

If your WRMP goes to a hearing or an inquiry, NRW will be a main party to the hearing or inquiry and will present Government policy views. Hearings and inquiries provide an opportunity for disputed issues to be considered by an inspector.

You may request the help of NRW in responding to any request from the Welsh Government for further information. NRW may be asked to provide advice to Ministers once the additional information is submitted.

v) Environment Agency, Department for Environment, Food and Rural Affairs (Defra) and Natural England

You should engage with these organisations in respect of any part of your WRMP that relates to England and they are both statutory consultees.

The Environment Agency will comment on the English parts of the draft WRMP and will make representation to the Welsh Government on the content of the draft WRMP. Once the statement of response is published the Environment Agency will provide comments on matters that affect England to the Welsh Government via NRW.

Natural England is responsible for protecting habitats, species and ecosystems that depend on water, in particular European sites, Ramsar sites and Sites of Special Scientific Interest (SSSIs) in England.

vi) Drinking Water Inspectorate (DWI)

The Drinking Water Inspectorate has responsibilities under the Water Industry Act 1991 relating to the sufficiency and quality of water supplies.

vii) RAPID

RAPID is a partnership consisting of the three water regulators in England – Ofwat, the Environment Agency (EA) and the Drinking Water Inspectorate (DWI). It works with stakeholders and aims to improve regulation and remove barriers to help the sector respond to long term water resources challenges while promoting the best interests of water users, society and the environment. Some of its work has cross border implications and could affect water resources in Wales. Therefore NRW are involved in an advisory capacity and have a decision-making role for any issues involving Wales. RAPID also engages liaises closely with the Welsh Government and CCW

5. National security and commercial confidentiality

WRMPs may contain information that could be considered sensitive on grounds of national security.

When submitting your draft WRMP to the Welsh Ministers for agreement to publish it for consultation, you should submit a statement from your Security Manager. This should certify the draft WRMP has been reviewed and does not contain any information that would compromise national security interests. It should also say whether it contains any information that may be considered to be commercially confidential. Where information has been edited out, you should indicate the nature of the information that has been removed.

The Welsh Ministers may also direct you to leave out any information from the WRMP that would be contrary to the interests of national security or would be considered commercially confidential. (Section 37B(10)(a) and (b) of the Water Industry Act 1991, as amended by the Water Act 2003)

The technical section guidance and planning tables that are supplementary to the guiding principles show some areas that are sensitive, and a company will need to decide whether to exclude this from the public version of the plan.

6. Drought Plans

Drought Plans set out the short-term steps a company will take before, during and after a drought. Companies should consider those common aspects of Drought Plans and WRMPs when developing their draft WRMP. In particular, changes to deployable output and levels of service may affect both plans.

You should ensure levels of service are consistent between the Drought Plan and your WRMP. The frequency of these restrictions corresponds to customer levels of service, which companies should ascertain by engaging with customers and stakeholders. The starting point for planned levels of service is within the WRMP. If there are any differences in levels of service due to drought events and the drought planning process, you will need to revise your WRMP levels of service accordingly.

If you change your levels of service as part of the WRMP process, you should consider the implications of this in the context of your the Drought Plan too.

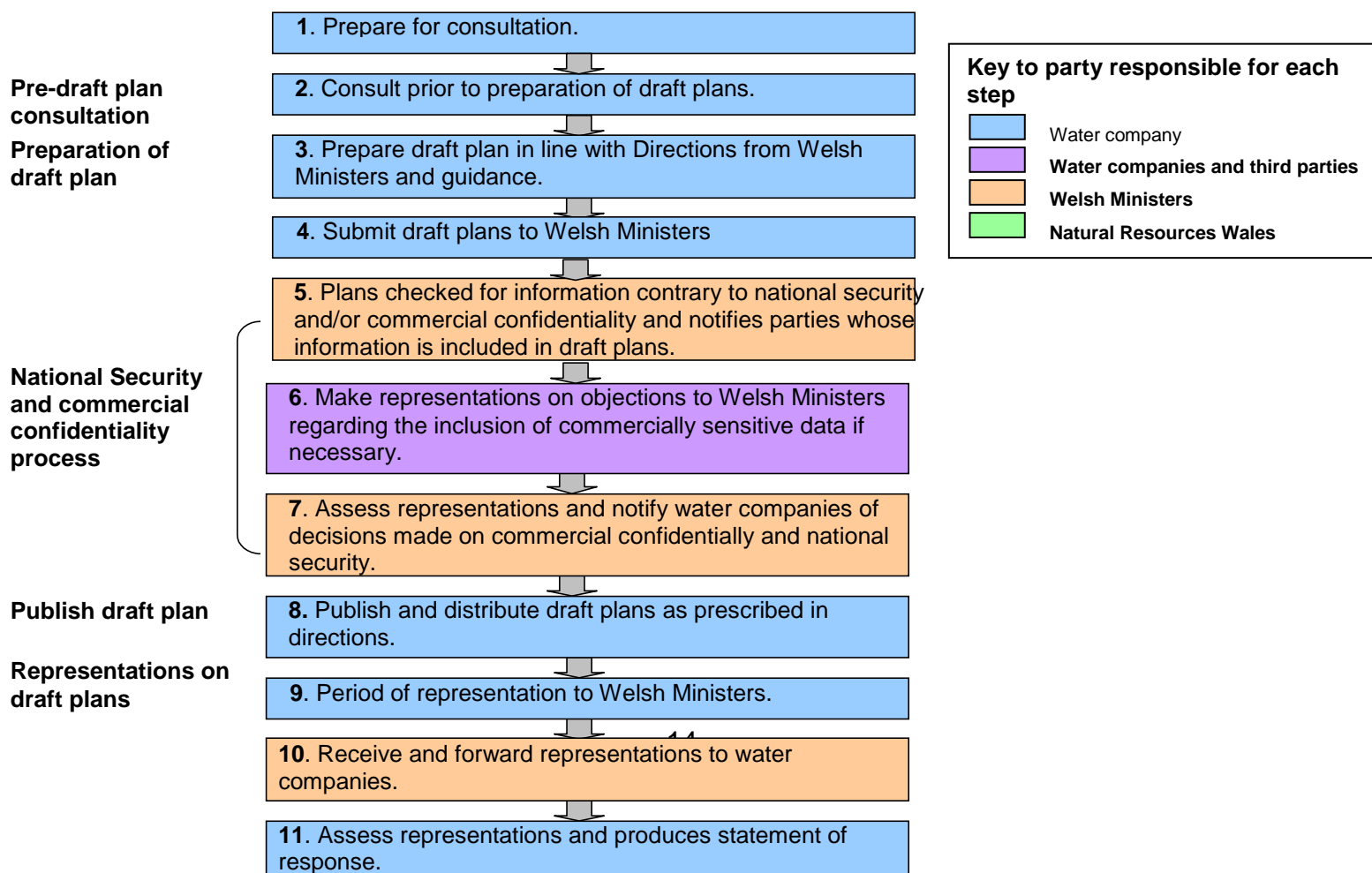
The WRMP should clearly set out the assumptions made within the assessment of deployable output in terms of how demand side measures have been included / accounted for. This should reflect the assumed order of implementation in terms of putting demand side measures in place before any additional water is taken from the environment via the supply side drought permit and drought order applications set out in the Drought Plan.

Changes to deployable output from implementing your WRMP may mean a change in the water available in a drought scenario. This may, in turn, affect when drought management actions are needed in a drought. You should consider the implications of changes to planned deployable output within the WRMP to your Drought Plan.

Where your WRMP or Drought Plan identifies measures such as temporary use bans (TUBs), drought permit and orders are likely to be required in order to meet their agreed levels of service you should set out how you propose to improve the resilience of supplies over the period 2025 – 2035 so these are less likely to be required

7. The process for developing a water resources management plan

The diagram below gives an overview of the statutory process for developing a water resources management plan. Throughout this process you should keep under review the emerging proposals being put forward in Regional Plans which could affect any of your water resource zones



The steps numbered below correspond to the diagram above.

Step 1 - Prepare for consultation

Who? Water companies.

What? Review existing WRMPs and consider any improvements.

- Review recommendations from previous NRW WRMP reviews, statutory consultees, directions from Government and lessons learned from recent water company experience.
- It is important to review WRMP in the context of Drought Plans to make sure the plans are consistent.

Step 2 - Consult before preparing draft plans

Who? Water companies.

What? Consult the following groups before preparing the draft plan:

- Natural Resources Wales
- Ofwat
- Welsh Ministers
- Consumer Council for Water
- Any licensed or appointed water supplier that supplies water in the water company's area via the company's supply system. A licensed water supplier must provide the water company with the information it needs to prepare its water resources management plan. Companies should take this information into account wherever possible when developing their plans.
- Customers, including through direct local engagement
- Environment Agency, Natural England and Secretary of State (if plan affects areas of England)
- Public Service Boards
- Drinking Water Inspectorate
- Regional Groups (as relevant)

It is good practice to involve NRW, Ofwat and CCW throughout this stage as the plan is developed. A close working relationship during this time may improve the plan and reduce the need for further changes following the consultation.

Consult other groups that may have an interest in or could be directly affected by actions within the plan.

Consult with neighbouring water companies, RAPID and third parties for potential options. Other parties can propose options for the water company to include in its WRMP, for example parties with their own water resources in the water company's appointed area or neighbouring water companies who can provide bulk supplies. Water companies must consider these bids from other parties.

Take account of the views of customers to shape their WRMPs. You should use a range of means to ascertain customers' views and to involve them in decisions. Focus groups and input from the Consumer Council for Water can help challenge the quality of and response to this engagement on its draft plan. Engagement can also inform debate and help communicate the issues, as well as give companies an opportunity to listen to priorities and possible concerns.

The pre-consultation process provides you with the opportunity to set out your overall approach and highlight key differences from its previous plan. You should use this opportunity to indicate any areas of the plan where you might take a different approach from the guideline and explain the reasons why.

Those organisations being consulted should use the pre-consultation period to set out what they expect from the plan and highlight any issues that emerged during the previous planning period where action is needed, as well as raising any potential concerns.

You may include a summary of the information they gained from their pre-consultation of their draft plans, but this is not a requirement.

When? Start consulting before preparing draft plans no later than three years after you have published their previous final plan. Although not a legal requirement, we recommend that where a water resources management plan has changed significantly, pre-consultation should start no later than six months into the 12 months allowed for companies to revise their plans.

We suggest you submit requests for information within six weeks of starting the review of their draft plan and allow appropriate time for responses.

Step 3 - Prepare draft plans in line with Directions from the Welsh Ministers and water resources management plan guideline

Who? Water companies.

What? Prepare draft WRMP after pre-consultation.

- Follow the relevant regulations and directions issued by the Welsh Ministers on the form of the plan and what the plan should address.
- Follow this guideline to help make sure the draft water resources management plan covers the requirements as specified under section 39B of the Water Industry Act 1991.

Take account of information gathered as part of the pre-consultation process to develop draft plans and include details of any bids from other parties they have received and, if any bids were rejected, explain why in the draft plan.

When? As directed by the Welsh Ministers.

Step 4 - Submit draft plans to the Welsh Ministers

Who? Water companies.

What? Submit draft plans.

- The submission should include a summary, (including non-technical summary) main report, technical reports and tables.
- The submission should include a statement to declare whether any information in the plan is, or might be considered to be commercially confidential in relation to the company or another party, and inform the Welsh Ministers. The company must also provide the names and addresses of third parties concerned.
- Make all draft plan content publicly available unless the Welsh Ministers agree for it to be considered commercially confidential.
- The Welsh Ministers will request NRW to review the draft plans as the Government's technical advisor and in relation to its responsibility for managing water resources.
- When submitting the draft plan the water company must also notify any bidders whether their bids to supply water have been successful or not. and provide them with reasons as to why their bid was unsuccessful.

When? You must submit draft plans to the Welsh Ministers no later than five years after your previous final plan is published.

If your supply area includes any part of England you should also send your draft plans to the Secretary of State when they submit to the Welsh Ministers

Step 5 – Plans checked for information that is a risk to national security and/or commercial confidentiality and notify parties whose information is included in draft plans

Who? Welsh Ministers.

What? Plans checked for sensitive information. The Welsh Ministers will notify any named third parties whose information may be commercially confidential that their sensitive information is included in the plan and that the plan has to be published.

Step 6 – Make representations on objections to Welsh Ministers about including commercially sensitive data, if necessary

Who? Water companies and third parties.

What? Where appropriate, raise objections to publishing draft plans containing any information that is commercially sensitive to them and make representations to the Welsh Ministers to justify the objection.

Step 7 – Assess representations and notify water companies of decisions made on commercial confidentiality and national security

Who? Welsh Ministers.

What? Assess representations and notify companies of decisions to amend/publish their draft plans.

- Review any representations received on whether information should be left out of the published draft plan because of commercial confidentiality.
- Determine whether or not the information is commercially confidential and let the water company know accordingly.
- Direct companies to leave out information if it appears to be a risk to national security. If a company considers that there is no information in its plan that may be commercially confidential it should confirm with the Welsh Ministers whether it can proceed to publish its draft plan.

Step 8 - Publish and distribute draft plans as prescribed in regulations

Who? Water companies.

What? Publish draft plans on the company website and in paper form, including a clear non technical summary & engage with CCW on your publication and engagement strategy.

- Publish an appendix to your plans containing a list of the people and organisations you have directly consulted and providing details of where and how you have made the plan available to the public.
- Publish a statement with the draft plan stating whether any commercially confidential information has been left out and the general nature of the information.
- Describe how any interested party can make a representation, specifying where the representations should be sent and the date by which representations must be received by the Welsh Ministers .
- Publish the draft plan on the company's website and consider how to let interested parties, including customer groups, know about its publication.
- Send electronic copies of draft plans to the statutory consultees listed in The Water Resources Management Plan Regulations 2007. Paper copies must be sent where the draft plan cannot be sent electronically, to consultees on request, and made available at the main company office

When?

- Wait for direction from the Welsh Ministers before publishing the draft plan, and publish it following any dates specified in the Direction.
- Publish the draft plan for consultation within four weeks of receiving the Direction.

Step 9 - Period of representation to the Welsh Ministers

Who? Water companies and consultees.

What? Set and run a consultation period for representations on the draft plan.

- Specify where interested groups should send representations and the latest date the Welsh Ministers should receive the representations. Any party that wants to comment on a draft plan, including neighbouring water companies or third parties whose proposed options do not feature in the preferred solution proposed in the draft plan, can submit representations to the Welsh Ministers during this period.
- Involve your customers fully when consulting on their draft plans. You should consider and discuss with CCW the best way of making the public and those likely to be affected aware of the draft plans.

When?

- Allow at least 12 weeks for consultees to respond to the draft plans, and longer for more complex plans. The consultation will include customers and their representatives including CCW. Parties not familiar with the plan or with water resources planning should be allowed enough time to consider the issues.
- Publish your statement of response to representations (details in Step 11 below) within 26 weeks of publishing your draft plan and take this into consideration this when setting the amount of time for representations.

Step 10 - Receive and forward representations to water companies

Who? The Welsh Ministers.

What? Send copies of representations to water companies and to NRW to review them in its role as technical advisor to the Welsh Government.

Water companies should consider whether to involve interested parties to resolve issues raised during the consultation, before preparing a statement of response.

Step 11 - Assess representations and produce statement of response

Who? Water companies.

What? Assess representations made on the draft plan and produce and publish a statement of response. The statement should include:

- an explanation of how the representations have been considered
- an outline of any changes made to the plan and the reasons for making these changes.

- a clear explanation of how the changes affect parts or the whole of the plan.
- any changes in timing and schemes selected to maintain a balance of supply.
- an explanation where it has not made changes as a result of representations.
- Consider whether the statement of response alone provides enough detail for customers and stakeholders to understand the changes a company has made to its plan. A revised draft plan is not required, but you should consider whether it would help interested groups to understand the changes made through the statement of response.
- If a revised draft final plan is produced it should be as close in format and structure to the draft plan as possible; any major changes between draft, revised draft and final plans should also be presented clearly and comprehensively in the statement of response.
- Publish the statement of response on the company's website and let those who made representations, including customer groups, know it has been published.

The Welsh Government will consult NRW for advice on the water companies statement of response. NRW will also consult with the Environment Agency in relation to any areas of the statement of response that affect England.

When? You must publish a statement of response to representations within 26 weeks of publishing your draft plan.

Step 12 – Assess the need for hearing/inquiry on draft plans

Who? Welsh Ministers.

What? Direct that a public hearing or inquiry be held over the draft water resources management plan if required.

- By involving interested groups effectively throughout the consultation process a water company may be able to resolve many issues relating to its plan. A hearing or an inquiry may be needed where there are substantial unresolved conflicts of opinions; where a water company has not provided enough evidence to justify a particular course of action or where a substantial change to the plan has been made that did not form part of the consultation.

- The Examination in Public (EIP) process enables the Planning Inspector to use a structured but informed discussion between the parties, in a similar approach to a hearing, but to use cross examination to those specific areas identified by the inspector as requiring it.

Step 13 - Direct companies on amendments to plans if necessary

Who? Welsh Ministers

What? Advise of any changes that need to be made to the plan as a result of representations received, statement of response or the outcome of any hearings or inquiries.

- Directions may apply to a single company or a number of companies.

Step 14 - Object to a direction on the basis of commercial confidentiality (if required)

Who? Water companies.

What? If necessary, object by notice to the Welsh Ministers on any commercial confidentiality issues arising from the direction.

Step 15 – Confirm direction or issue new direction

Who? Welsh Ministers.

What? Consider the water company notice and whether to confirm the current direction, or cancel it and issue a new one.

Step 16 - Prepare final plans

Who? Water companies.

What? Prepare final plans

- Take into account any directions from the Welsh Ministers when producing final plans.

- Send final plans to the Welsh Ministers and NRW who will carry out Step 17.
- When submitting final plans, a statement must be included to confirm the plan does not contain information that is commercially confidential or a risk to national security.

Step 17 – Final plans checked against Welsh Ministers directions

Who? NRW and Welsh Ministers.

What? Check final plans to make sure they comply with directions and that no new information that is a risk to national security has been included.

- Report to Government on how directions have been considered in final plans.
- Plans checked for new sensitive information.
- The Welsh Ministers have the power under Section 18 of the Water Industry Act 1991 to make sure the water company publishes its water resources management plan, including any directions made regarding the content of its plan.

Step 18 - Publish final plans

Who? Water companies.

What? Publish final plan.

- Publish to the same requirements as publishing the draft plan in Step 8.
- Explain its implications to customers and stakeholders.

When? Companies should wait for direction from the Welsh Ministers before publishing the final plan, and publish following any dates specified in the direction.

Step 19 – Review of water resources management plans

Who? Water companies.

- What?** Start the cycle to review the WRMP if either circumstances change significantly or if directed by the Welsh Ministers. Significant changes are those with significant impacts on customers or the environment either through loss of security of supply or higher bills. Changes which do not impact detrimentally on security of supply or customers' bills would not normally require a revised WRMP.
- When?** Where a significant change in circumstances affects any aspect of your WRMP, you must prepare and re-publish a revised plan within 12 months of the change. The process of revising plans should start from the pre-consultation (Step 2).
- You must revise and resubmit your WRMP no later than five years after your last WRMP was published. This is separate to any annual reviews of the WRMP.
- If you need to change its WRMP as circumstances change and you should report this through the annual review process. You must let the Welsh Government, Ofwat and NRW know directly if there is a change and then involve the Environment Agency if any of the significant changes affect areas in England as soon as possible.
- You must detail all the changes to your WRMP in the annual review. You may also let any parties that have made representations on the draft plans know of any changes to the final WRMP or, alternatively, make them aware of the annual review, which will describe these changes.
- You should publish your annual reviews on your website so customers and interested groups can see the progress being made.

Indicative Timetable for the Water Resources Management Plans and price review

The timetable provided here is indicative and is subject to change. Water companies are encouraged to discuss possible changes or issues with the Welsh Government.

- Start Pre-consultation on draft WRMP – Autumn 2021
- Enhanced pre-consultation – January 2022
- Submission of draft WRMP to Welsh Government September 2022
- Start of public consultation – November 2022 (for at least 12 weeks)
- Publish Statement of Response and revised plan– May 2023 (within 26 weeks of the date of the publication of the draft WRMP for consultation)
- Publish final WRMP – Sept 2023 or when agreed by Welsh Ministers