

Hannah Blythyn AC/AM
Gweinidog yr Amgylchedd
Minister for Environment



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref; MA-(P)-HB/3577/18

Thérèse Coffey MP
Parliamentary Under-Secretary
Department for Environment, Food and Rural Affairs)

CC Alun Cairns MP
Secretary of State for Wales

3 December 2018

Dear Thérèse,

I am writing to seek your agreement to postpone the commencement date for the implementation of the water competence alignment provisions in the Wales Act 2017.

The Wales Act 2017 contains powers to align legislative and executive competence in relation to water with the geographical boundary of Wales and England. The statutory requirements in respect of water companies currently reflect their operational areas so Welsh Ministers are responsible for companies wholly or mainly in Wales and the Secretary of State is responsible for companies wholly or mainly in England.

The powers in the Wales Act 2017 enable the functions to be split to reflect a Wales and England split along the border. Significant work is required to map out all of these functions and to determine the policy to apply in the individual areas. The approach will need to be developed with minimal impact on customers and the water companies.

We had originally agreed to alignment taking place in April 2020. This is proving to be a complex process. The water companies affected will operate across two legislative and regulatory frameworks, and provision for alignment has not been made in the planning for the 2020 – 2025 business plans. It involves Government, regulators and water companies reviewing and amending a variety of legislation and statutory plans (such as Water Resource Management Plans and Drought Plans) which currently operate on a cross border basis, and resolving a number of complex licencing and regulatory issues, and considering changes to the licence of Welsh Water to enable the one company to operate within two legislative and regulatory frameworks.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

If legislative and executive competence with the geographical boundary of England and Wales takes effect in 2020 the impacts and effects won't be evident until the next round of business plans as companies have already submitted their business plans and charging proposals for determination by Ofwat.

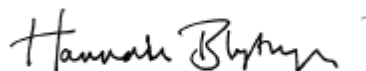
Officials and lawyers, the water companies and regulators need to work through the relevant legislative elements to determine when would be the best time for the changes to happen, and how they should be phased in. There is a need for transitional/phased approaches so as not to cause unnecessary complications or adverse impacts on customers by requiring the companies to change approach half way through statutory plans.

Whilst a significant amount of this work has already been done it has become increasingly challenging to progress this work due to competing priorities such as Storm Emma/ 'Beast from the East' earlier this year and the period of dry weather over the summer. In addition, key officials are also working on ensuring the water sector is resilient against the challenges of Brexit.

We remain committed to delivering the changes; however, we need to make the alignment work for customers, the environment and the companies.

I therefore seek your agreement to reschedule the target date for the implementation of the alignment to Spring 2022. This would enable water companies and regulators to plan for this in their next round of business plans and statutory plans, and provide all parties with sufficient time to consider and resolve the complex issues that have emerged.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Hannah Blythyn'.

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