

Peter Perry

Chief Executive Officer, Dŵr Cymru

9 December 2025

Dear Peter,

Dŵr Cymru's Trawsnewid Programme and other matters

Thank you for attending the Committee's meeting on 5 November 2025. The Committee would like to thank you, Sam Jones and Martin Driscoll for your time and for the evidence that you shared with us. There are several issues we wanted to raise with you following the session, and they are set out below.

Workforce

We are concerned about the effect of Dŵr Cymru's decision to reduce its workforce by 12 per cent (approximately 500 full time equivalent roles) over the next 18-24 months on staff morale and well-being. We heard from you that "there's clearly a concern about morale" and you went on to say that you are running an employee engagement survey at the end of the month. We would be grateful if you could share the results of that survey with the Committee. We would also be grateful for further information on the steps you are taking, or intend to take, to build staff morale and support well-being.

You told us that you are "losing colleagues" as part of the Trawsnewid Programme but "not attacking people's terms and conditions". You will be aware of the claim in the press about misleading the Committee on this issue. We would be grateful if you could clarify whether there will be changes to workers' terms and conditions of employment as a result of Trawsnewid.

We heard that your "enabling support services" such as finance, procurement and human resources will be most affected by the workforce reduction, and not "front-line jobs". We noted that there is a 50:50 split between staff costs and what you procure. You said: "If you look at our cost base for running day-to-day services, about half of it is people and half of it is what we buy through the supply



chain". We are concerned that this does not align with the current workforce reduction strategy. As we all know, good procurement has significant cost-saving benefits. We would therefore be grateful for a fuller explanation in relation to this decision.

We are also keen to know whether the reduction in staff will result in greater use of agency staff.

We discussed the pay of senior executives at Dŵr Cymru. You explained that "the variable pay that the executive have is entirely based on performance". You also said "where we have bands, and every job is banded, people will move up the band annually based on their performance". We have concerns about the use of performance-related pay in the wider workforce, as it risks creating inconsistencies and unfairness. We would be grateful if you could set out how performance-related increases work for non-executive employees performance related pay and how you ensure consistency and fairness. During the session, you made reference to a remuneration graph setting out executive pay over the past 15 years. We would also be grateful if you could share this information with the Committee, including a breakdown of fixed and variable pay.

Company reorganisation

We discussed the use of data and artificial intelligence. We would like more information about how this will work in practice and your capacity to improve data analysis and processing, as we are concerned that there is a risk of losing expertise in this area as a result of staffing cuts. We are also concerned that you may be pushing ahead too quickly on this before securing potential savings. .

You said that you are not expecting customers to notice any impact as a result of the changes brought under the Trawsnewid programme "because targets are tightening, service levels are getting tougher, so we will not see that". We acknowledge that staff cuts will be focused on "back office" functions, however we are concerned that these cuts could have significant knock on effects for frontline customer services. We therefore ask for further assurances that there will be no impact on frontline services and details of how you will monitor this.

Water outages in Flintshire

We discussed the lessons learned from the disruption to Flintshire's water supply over the summer. We share your concerns about the impact of climate change on Wales' aging infrastructure. However we were particularly concerned to learn that you were not aware of the raised height of the ground at Bretton. It is very concerning that the ground level above the mains water pipe had been raised to five meters by a developer, which you claim subsequently caused the burst. This is a failure of the planning system. Ground levels should not be permitted to increase in this way if the ground is known to be above a mains water pipe, especially given our aging infrastructure and significant increase in extreme weather which can cause damage to assets. It was concerning to hear that "soil moisture deficit is so high in parts of Wales that our mains are bursting four times more today than they did in

2018". I am copying this letter to the Cabinet Secretary for Economy, Energy and Planning and the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs.

You said that your "risk assessment process will now be adapted from the learning at Bryn Cowlyd and the learning at Bretton". We welcome this review and would be grateful if a copy could be shared with the Committee once the work is completed.

We would also be grateful for further information on compensation for those affected by the water outages. You mentioned three schemes during the session: guaranteed standard payments, the business compensation scheme, and goodwill payments. We would be grateful for further detail on these schemes, including eligibility criteria and compensation rates.

Thank you once again for your attendance at Committee.

I look forward to your response.

Yours sincerely,



Llyr Gruffydd MS,
Chair, Climate Change, Environment and Infrastructure Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.