

Llyr Gruffydd MS
Chair, Climate Change, Environment & Infrastructure Committee
Welsh Parliament
Cardiff Bay
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By email: seneddclimate@senedd.wales

24th December 2025

Dear Chair

Thank you for your letter dated 9th December and the opportunity to expand on some of the answers that we gave to the Committee during our evidence session back in November.

I hope that the information below is helpful to the Committee and builds on the previous evidence that we have provided.

Workforce

The Employee Engagement Survey was open to staff between mid-November and early December. This annual survey provides an opportunity for colleagues to share their views on our working culture. It is completely anonymous, and last year we achieved an 89% response rate and a 76% engagement score. Feedback from the survey is used to help shape how we work, ensuring we continue to create an environment in which everyone feels valued and empowered to deliver excellent service. A summary of the survey results will be shared with you in the New Year, once analysis is complete and the results shared with staff first.

Maintaining the morale and wellbeing of our people remains a priority for the Executive Team at Dŵr Cymru.

We have committed to:

- Getting information to our people as soon as is practicable, making sure it is easily accessible and simple to understand
- Providing regular updates to the teams impacted and the business at large.
- Continued regular liaison with our Trade Unions

As part of this commitment, we met with almost 2,000 colleagues through a series of roadshows across our operating area. These sessions gave staff the opportunity to hear more about the Trawsnewid programme and to raise any questions. In addition, I host a monthly live CEO call which is usually attended by more than 1,000 employees and open to all. During the call employees hear directly about the challenges facing the

business and they can ask questions on matters of concern. We strive to be open and transparent with our workforce, which we believe is essential during what may be an unsettling time for some colleagues.

Any employee who is at risk of redundancy has access to career transition support, including CV workshops, interview coaching, and assistance in identifying external opportunities. A wide range of online resources is available, alongside guidance on how to access further support. Employees can also arrange a Career Conversation with one of our trained Career Ambassadors and access relevant training and research materials.

The Welsh Water intranet site also provides guidance and resources on wellbeing and resilience, including access to literature, webinars, and the option to arrange a meeting with one of our Wellbeing Champions.

As highlighted during the Committee session, the Trawsnewid programme is not about reducing pay or changing employees' terms and conditions. The inaccurate media report referred to in your letter published last month suggested otherwise, referring to changes affecting fifteen colleagues at three sites: Felindre, Cwrt Farm and Llwyn Onn Water Treatment Works. We provided the journalist with the correct information but were disappointed by the inaccurate coverage. This matter relates to a historic inconsistency and is entirely unrelated to the recent restructuring announcement. The changes were agreed in full with the relevant trade unions following consultation with those affected and will be implemented over a two-year period to minimise impact on colleagues. For the avoidance of doubt, these changes pre-dated the Trawsnewid programme.

Since our appearance at the Committee, we are pleased to report that a new collective agreement has been reached with the Trade Unions. The 'Working Together Agreement' will apply to Dŵr Cymru's workforce through to 2030. The agreement was subject to a ballot organised by the Trade Unions, with a significant majority of members voting in favour. This long-standing agreement, which has been in place for over 30 years, reflects our progressive approach to employee terms and conditions.

Under the agreement, annual pay awards will continue to be linked to CPIH, with a minimum increase of 1% and a maximum of 4.5%. This arrangement will apply from 1st January 2026 to 31st March 2030.

Changes also include:

- Maternity pay enhanced to 20 weeks full pay from April 2026, with a phased increase to 26 weeks over the following years.
- Paternity pay re-named 'non-birthing parent' and increased to three weeks full pay from April 2026.
- Adoption pay: Primary carers receive the same as maternity arrangements; secondary carers receive the same as paternity or 'non-birthing parent' arrangements.
- For those with less than 27 days, annual leave will increase to 26 days from 1st January 2026 and 27 days from 1st January 2027.

The agreement is competitive, equitable, and fair, with careful consideration of cost implications, and will be consistent for all colleagues and line managers. I doubt many employers in Wales are committing to this type of progressive package in the current economic climate.

One of the aims of the Trawsnewid programme is that we deliver our services as efficiently as possible and, at the same time, maintain financial stability which will provide confidence to our investors. In terms of the 50/50 split of our cost savings, our targets across our staff costs and what we purchase and procure reflects our cost base. Our audited accounts from the last financial year show our operating costs totalled c.£400m, of which £216m related to staff costs (just over half of the total). We are targeting the same proportionate saving from our suppliers as we are from our workforce.

The Trawsnewid programme won't cause an increase in the use of agency staff. The programme will drive real cost savings across the company, not just artificially drive down the number of staff directly employed. Any recruitment in future will be scrutinised to ensure alignment with the programme and its aims.

During our evidence session one topic that was discussed was Executive pay. The information below outlines the variable pay element awarded to Executive and non-Executive staff at Welsh Water.

Welsh Water employees benefit from reward schemes that are designed to reflect both company performance and collective contribution. Our Annual Variable Pay (AVP) Scheme applies to colleagues above Band 5 and below Executive Director level, while the Colleague Reward Scheme applies to employees in Bands 1–5. Both schemes are based on a set of shared key performance metrics, particularly those linked to customer outcomes, operational performance, and expenditure. This approach promotes transparency and reinforces a sense of shared ownership in delivering our objectives.

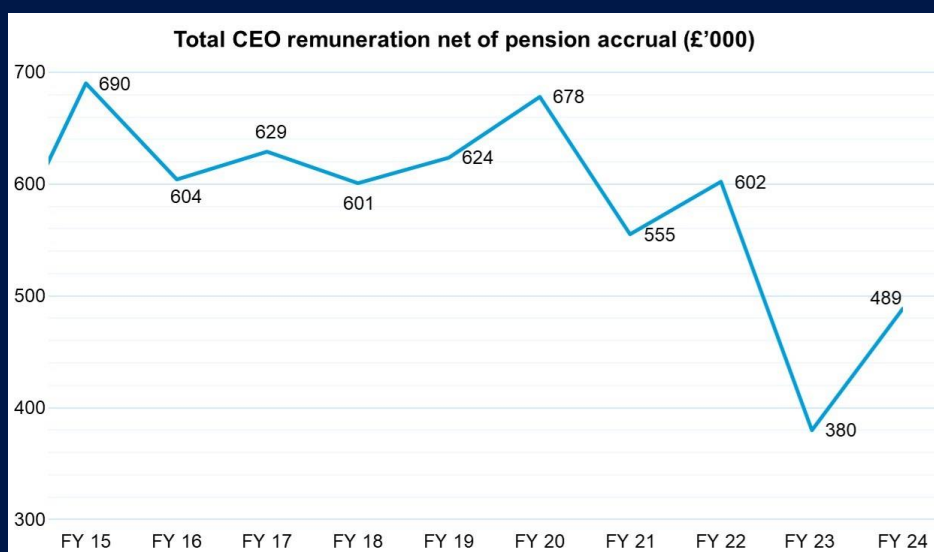
- Under the AVP Scheme, colleagues above Band 5 are eligible for a reward linked to both company performance and the achievement of individual objectives. The maximum award opportunity ranges from 10% to 60% of base salary, depending on role and band.
- For colleagues in Bands 1–5, the Colleague Reward Scheme does not include an individual performance element. Payments are determined solely by the company's performance against the agreed metrics, with a maximum award of £1,500.

Information on the AVP Scheme and the Colleague Reward Scheme is published in full in our Annual Report and Accounts and available on our website: corporate.dwrcymru.com/en/library/group-annual-report-and-accounts

In your letter you have misinterpreted the way our salary banded colleagues progress through the base pay scale. People move through a process known as 'Progression in Role' – this is linked to competence not performance. Any future consideration to performance related pay would be with full engagement with our Trade Unions to ensure fairness

In terms of Executive pay, the graph below shows the amount paid to the CEO over the last 10 years:

CEO TOTAL REMUNERATION 2012 TO DATE



419*

The table below shows the breakdown of the CEO total annual pay – this is split between salary, Annual Variable Pay (AVP) and Long Term Variable Pay (LTVP) elements. It is important to note that the total figure paid to the CEO also includes pension and other benefit payments that were made:

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Salary	£ 280,000.00	£ 288,000.00	£ 293,000.00	£ 297,000.00	£ 306,000.00
Variable (AVP)	£ 223,000.00	£ 203,000.00	£ 221,000.00	£ 192,000.00	£ 206,000.00
Variable (LTVP)	£ 186,000.00	£ 112,000.00	£ 115,000.00	£ 48,000.00	£ 46,000.00
Total (No DB Accrual)	£ 690,000.00	£ 604,000.00	£ 629,000.00	£ 601,000.00	£ 624,000.00

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Salary	£ 309,000.00	£ 332,000.00	£ 341,000.00	£ 355,000.00	£ 369,000.00
Variable (AVP)	£ 149,000.00	£ 133,000.00	£ -	£ 91,000.00	
Variable (LTVP)	£ 75,000.00	£ 99,000.00	£ -	£ -	£ -
Total (No DB Accrual)	£ 555,000.00	£ 602,000.00	£ 380,000.00	£ 489,000.00	£ 419,000.00

The CEOs in post prior to me being appointed in 2020, also had more favourable pension arrangements.

Company reorganisation

We have invested significantly in our data science and automation teams in recent years. We have one of the strongest and most capable data science teams in the industry. The team are at the fore front of the deployment of predictive analytical tools to spot potential service failures before they occur, eg burst water mains or water quality deterioration. More widely we are deploying AI, this has allowed us to develop solutions such as our Storm Harvester tool (which allows us to identify blockages in our sewer network), our real time storm overflow map and reporting tools. Similarly we have also incorporated AI in our contact centre telephony system, easing the bureaucratic burden on colleagues and enabling them to have more effective interaction with customers. We are not targeting any reductions in these areas; in fact, it is likely that we will be increasing our investment to help us maximise the opportunities available to us.

We also appreciate the Committee's concern around the programme's impact on frontline services. I want to reassure you that the process to change our organisation and to reduce roles includes a full review of the business processes impacted, the necessary system changes and how roles across the business need to change to ensure that there is no detriment to the services we provide. As we explained at our session with the Committee, we have real time, daily, weekly and monthly monitoring of customer service and operational performance that we will use to identify the potential and actual impact of our changes.

Water outages in Flintshire

The supply interruption that impacted customers in Flintshire back in August was a large scale emergency and we fully understand the difficulties it caused for the local community. We have reviewed our planning process to ensure factors such as proposed substantial increases in finished ground level (which was a key factor for the burst at Broughton), are fully risk assessed at the pre-construction stage of any development.

In terms of the wider burst rate on our water network, the increase I referenced at the session is related to our asbestos cement pipelines which are worst affected by ground movement, (caused by soil moisture deficit linked to hot weather). Clearly the two recent record drought years, firstly in 2022 and 2025 have put considerable strain on these assets. We are working with senior officials in the water team at Welsh Government (part of the Cabinet Secretary for Climate Change and Rural Affairs portfolio), to influence the progression of recommendations of the Independent Water Commission (Cunliffe Review), to ensure that improved levels of capital maintenance funding is prioritised to deal with this type of climate related impact. Unfortunately the current regulatory system does not achieve this and to mitigate future risk of this type, we need a complete overhaul of how maintenance funding is prioritised and allocated.

There are obligations placed on water companies to comply with the Security & Emergency Measures Direction (SEMD) 2022. This Direction is issued by Welsh Government under Section 208 of the Water Industry Act 1991. There are a number of expectations placed on companies under SEMD including,

- Planning – make, keep under review, test and revise plans to ensure the continuation of water supply and/or sewerage functions.
- Resourcing – ensure the necessary capability, capacity and facilities to implement these plans.
- Responding – react promptly to incidents, including, if required, working with Local Resilience Forums as part of the Civil Contingencies Act 2004
- Exercising – complete mock exercises across the company to validate plans, maintain competency across responders and identify learning

- Reviewing – undertake incident reviews and implement lessons learnt to inform future plans to prevent reoccurrence

Our emergency planning capabilities and performance against these obligations are assessed on an annual basis by Welsh Government, whilst we are also subject to spot audits throughout the year which are a deep dive into specific topics. This year it is around the response to vulnerable customers / vulnerable sites. The submission of this assessment is due 1 April 2026.

With regards the specific incidents mentioned, we undertook a thorough review of our response following the Bryn Cowlyd incident and the learnings from this incident were implemented in time for them to show an improved response to the incident in Flintshire in August. At the time of writing we are still awaiting our assessment of our response to the Flintshire incident from the Drinking Water Inspectorate, once this is received, we will be taking their report into consideration to further improve our response capabilities.

Please note the details of compensation paid to both business and domestic customers;

Guaranteed Standard Payments

Domestic and business customers who were off supply continuously for more than 12 hours were paid GSS payments in multiple of 12 hours (12hours 1 payment, 24hrs 2 payments etc) this was paid at £30 domestic and £75 business customers.

In summary the total paid was **£3,168,643.97** (Domestic £2,729,109.60 and Business£439,534.37). Payments were made promptly with the majority completed in September and completed in October as set out below;

Month	Volume of payments made	Total Value
September - Bretton	20,583	£3,042,763.56
Domestic	19,585	£2,675,017.11
Business	998	£367,746.45

Month	Volume of payments made	Total Value
October - Bretton	618	£125,880.41
Domestic	448	£54,092.49
Business	171	£71,787.92

Additional Support for Business Customers

In addition, we offered an easy access, wider compensation / goodwill scheme to business customers who could demonstrate losses linked to the supply interruption

- 104 applications have been received
- 45 have been paid, totally £53,000
- 39 remain open with a further payment to 23 businesses totalling £54,000 currently being processed after receiving appropriate evidence of loss. We are awaiting further information from 16 businesses in order to process their claims.
- 20 applications were declined due to lack of evidence to support their claim.

Goodwill Payments to Domestic Customers

We also reviewed the level of service received by approximately 100 customers from the Ffynnonogroyw area, who experienced periods of intermittent loss of supply and poor pressure and whilst they did not fully meet the criteria for a Guaranteed Standard payment, we provided as a gesture of goodwill a sum of £120 to each of them equalling payment for a 48 hour loss of supply.

I trust that the information above is helpful – however, please do let me know if I can be of further assistance.

I also wish to thank the Committee for their warm welcome at the session and your continued support and scrutiny of Dŵr Cymru's work. As you know, I shall be standing down from my role in the New Year with Roch Cheroux taking over as Chief Executive on 5th January.

I'd also like to wish you and the staff and members of the Committee a Merry Christmas and a Happy New Year – Nadolig Llawen a Blwyddyn Newydd Dda – from everyone at Dŵr Cymru Welsh Water.



Yours sincerely,

Peter Perry,

Chief Executive, Dŵr Cymru Welsh Water