

# **ANGLIAN WATER INDEPENDENT CHALLENGE GROUP (formerly Customer Engagement Forum)**

## **MINUTES**

**Date:** 10 May 2022  
**Time:** 13:00 to 16:00  
**Location:** Via Teams

- Present:**
- . Craig Bennett – The Wildlife Trusts, Chair (M)
  - . Nikolas Bertholdt – Natural England (delegate for John Torlesse)
  - . Hannah Bradley – CCWater (M)
  - . Paul Metcalfe – MD, PJM Economics (M)
  - . Sarah Powell – Environment Agency (M)
  - . Richard Tunnicliffe – CBI (M)
  - . Alex Plant – Anglian Water
  - . Darren Rice – Anglian Water
  - . Peter Simpson – Anglian Water
  - . Hannah Stanley-Jones – Anglian Water
  - . Kate Trumper – Anglian Water
  - . Laura Tuplin – Anglian Water
  - . Victoria Lemmon – Anglian Water
  - . Rachel Walters – Anglian Water
  - . Vicky Anning – Secretariat (O)

**Apologies:**

- . Gill Holmes – CCW (M)
- . Joanne Lancaster – MD, Huntingdonshire District Council (M)
- . John Torlesse – Natural England (M)
- . Nathan Richardson – Waterwise/Blueprint for Water (M)

**Summary of actions:**

- VA to update Terms of Reference to reflect discussions
- LT to share customer engagement for WRMP
- AP to share a list of legislative or policy positions that hinder some of the delivery options.
- VA to gather bios from ICG members

Item	Action
<p><b>1. <u>Brief introduction from Chair and overview of COG meeting</u></b></p> <p><b>Craig Bennett</b> reported that he had attended a recent COG meeting – the central oversight group that involves all Customer Challenge Group Chairs from water companies around the country. He was pleased to report that the current CEF was well ahead of other CCGs in terms of defining Terms of Reference.</p> <p>The COG had a very interesting discussion about the purpose of the group and its role in terms of providing coordination and consistency around challenge and assurance.</p> <p>CCG Chairs wanted to see the some of the mechanisms that were being developed by CCW to try and understand customer views centrally, and there was discussion around the appropriate expectations and roles of CCGs during the PR24 process.</p> <p>Craig was pleased to hear that Ofwat and Defra would be engaging with the COG as a central body during PR24.</p> <p><b>2. <u>Update on Terms of Reference</u></b></p> <p><b>Craig</b> asked the group for any final feedback on the Terms of Reference, which had been circulated the previous week.</p> <p>He suggested that, because many of the CCGs were calling themselves “<b>Independent Challenge Group</b>”, this would be an appropriate name for the current group going forward. There were no objections noted.</p> <p>Some minor inconsistencies with dates were pointed out in the near final draft, which would be corrected.</p> <p><b>Alex Plant</b> suggested a change in Objective 2:</p> <ul style="list-style-type: none"> <li>• “Help Anglian Water to develop a good quality business plan for the period 2025-2030 (Asset Management Period (AMP) 8) and to develop a good quality submission to Ofwat for its 2024 price review (PR24), within the remit of Ofwat's Long-Term Delivery Strategy (LTDS).”</li> </ul> <p>He felt that developing a “good quality business plan” went beyond the remit of the group, which remains primarily to assess whether Anglian Water is doing a good job in terms of customer engagement and making sure customer views are reflected in the company’s business plan. This should be reflected clearly in the TORs.</p>	<p><b>VA to action</b></p>



Item	Action
<p><b>Peter Simpson</b> confirmed that there were significant changes in the methodologies during this price review and that AW was delivering one of the most ambitious Water Resource Management Plans they've ever seen. This was only going to get more ambitious with the potential development of two new reservoirs. Environmental concerns were paramount and there was a lot of work to be done in the next AMP, some of it incredibly complex. The role of the IGC in scrutinising customer engagement over some of the complex decisions facing the company would be more important than ever.</p> <p><b>3. <u>Long Term Delivery Strategy</u></b></p> <p><b>Craig</b> introduced this section of the meeting by mentioning the change in guidance that has come from Ofwat during PR24, with a change in shift to focusing on the long term. Craig and others who had been involved in the sector for some years were delighted to see this shift. Looking at the long term would be the focus of this meeting.</p> <p><b>Kate Trumper</b> – AW's Long Term Delivery Strategy Manager – said that AW had also been delighted to see the new focus. This was something AW had been suggesting to Ofwat for some time and the stronger emphasis on the long term enables the company to set out needs and aspirations in a way that customers, stakeholders and regulators can engage with and challenge on.</p> <p>Kate gave an overview of Ofwat's guidance followed by a summary of the company's plans.</p> <p>Water companies need to tackle demands from climate change and respond to customers' increasing expectations around service and treatment of the environment, while recognising pressures on customers' ability to pay their water bills.</p> <p>Ofwat requirements for PR24:</p> <ul style="list-style-type: none"> <li>• Companies should set their five-year plans within the context of a longer term delivery strategy (25 years+).</li> <li>• Adaptive planning should be at the heart of the long-term delivery strategy (LTDS) – i.e. Companies should set out a 'core' pathway of low regret choices, and adaptive pathways with identified trigger points for switching.</li> <li>• Plans need to be tested with reference to a series of scenarios set out by Ofwat, and wider scenarios</li> <li>• LTDSs need to bring together existing strategic planning frameworks, including WRMP and DWMP.</li> </ul>	

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<ul style="list-style-type: none"> <li>• Companies explain how their strategies are <b>informed by customer preferences</b>, secures <b>long-term affordability and fairness between present and future customers</b>.</li> <li>• Changes to the LTDS in the future will need to be understood and justified.</li> </ul> <p>AW is already thinking ahead to the long term, with a 25-year <b>Strategic Direction Statement</b>, which sets out the company's ambitions:</p> <p>Confirmed by the Board in July 2021, the SDS ambitions are to:</p> <ul style="list-style-type: none"> <li>• Make the East of England resilient to the risks of drought and flooding</li> <li>• Enable sustainable economic and housing growth</li> <li>• Be a net zero business by 2030</li> <li>• Work with others to achieve significant improvement in ecological quality across our catchments</li> </ul> <p>AW will also set up adaptive plans over the next five AMPs, responding to changes in the context and taking account of customer views – balancing how they manage long term affordability with long term resilience and service improvements.</p> <p>This approach accords with AW's SDS and PR19 framing – but the development of an LTDS on an adaptive basis will have major consequences for the overall programme for PR24. Plans are dynamic and there is scope to change pathways and evaluate as you go – so plans need to manage future uncertainty.</p> <p>There are eight common reference scenarios that Ofwat wants all companies to test their plans against, including climate change (looking at a low of 2°C and a high of 4°C), low and high demand and slow/fast adoption of technology. These are seen as a minimum requirement. AW is focusing on four of these.</p> <p>The LTDS needs to demonstrate how AW will deliver long-term ambitions that fit with the Government's long-term objectives (as set out in Defra's Strategic Policy Statement) and show alignment across the major strategic planning frameworks of WRMP, DWMP and WINEP.</p> <p><b>Questions</b></p> <p><b>Paul Metcalfe</b> asked whether there is anything general about customer input/preference around LTDS?</p>	

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<p><b>Kate</b> responded that there are customer preference features at different parts of the plan and there will be iterative customer and stakeholder engagement throughout the process. The trigger points are still a work in progress.</p> <p><b>Craig</b> questioned the different scenario testing and how the two extremes (e.g. 2 vs 4°C) would create very different parallel business plans.</p> <p><b>Kate</b> responded that Ofwat requires AW to put forward a lower environmental ambition future pathway and an adaptive plan that copes with that. But there are real challenges. Being fit for 4°C future requires a different set of strategies from a 2°C future.</p> <p>AW's task around identifying that preparatory work is key and they are expecting quite a lot of challenge. There will be a stress test on certain big investments.</p> <p><b>Alex</b> followed up by acknowledging that Ofwat has maintained its position that changes to plans can only happen at point of price review. He believes this isn't the right approach because in some instances, you wouldn't want to have to wait five years before making a change.</p> <p><b>Kate</b> added it's important for AW to see the LTDS as a strategy that helps to deliver what the company needs to deliver and to meet the challenges over the long term. It has a regulatory purpose and it needs to include what Ofwat needs to assess the company's business plan.</p> <p><b>Craig</b> thanked Kate for a useful presentation and acknowledged the challenges for the company and for the group to grapple with the complexities of the long terms planning.</p>	
<p><b>4. <u>Water Resources Management Plan (including a look at reservoir planning)</u></b></p> <p><b>Laura Tuplin</b>, Anglian Water's Water Resources Programme Manager, gave an overview of water resource management planning and some of the decisions/trade offs that need to be discussed and debated during PR24.</p> <p>Water companies have a statutory obligation to prepare and maintain a WRMP every 5 years. Companies must set out how they will ensure they have sufficient water resources to meet the current and future demands of their customers, over a minimum</p>	

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<p>25-year period. Companies work closely with the regional planning groups (Water Resources East and WReN) to determine environmental destination and ambition for the WRMP.</p> <p>A national regional planning group assesses the region’s overall water needs and develops a Regional Plan. There is also a regulatory alliance called RAPID that progresses strategic infrastructure development, such as reservoirs. Some of these decisions will feed into AW’s WRMP.</p> <p>Laura gave a recap of the company’s twin-track solution for PR19 looking at demand management and supply-side strategies that help maintain AW’s frontier position.</p> <p>She then presented some of the challenges for WRMP24:</p> <p>In terms of supply-side management, there are limited existing resources available due to licence caps; AW is considering resources that may not be as acceptable to customers, such as desalination and water reuse.</p> <p>On the demand side, the region’s population is predicted to increase by roughly the size of Birmingham, due to the Cambridge/Oxford arc, by 2050.</p> <p>AW’s initial supply demand balance demonstrates that WRMP24 demand management options alone will not ensure a resilient water supply. After 2029, AW won’t have enough water to meet demand.</p> <p>Therefore, the company is looking at measures including:</p> <ul style="list-style-type: none"> <li>- Complete roll out of (compulsory) smart meters by end of AMP8</li> <li>- Saving water</li> <li>- Reducing leakage</li> </ul> <p>Plans are progressing for new multi-sector South Lincolnshire and Fens reservoir systems to address long-term water supply challenges.</p> <p>These will deliver up to 250 million litres a day and will serve the needs of homes, businesses and agriculture</p> <p>Construction is currently planned to begin in AMP8 (2025-2030) with projected completion in the mid to late 2030s. Final site selection is currently underway with plans to go out to public consultation in the autumn.</p>	

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<p>Laura also gave an overview of customer engagement carried out to date and what is coming up in future on the WRMP. On demand management, AW have recently asked their Online Community their thoughts on leakage and what would help customers repair leaks on their property. They also discussed the benefits of smart meters and how an associated app could help customers understand and manage their usage.</p> <p>In terms of timelines, AW are close to finishing modelling and will be getting a revised Best Value Plan ready by the end of May.</p> <p>Stakeholder &amp; Customer acceptability testing on draft Best Value Plan will take place from June. The Best Value Plan will go to the AW Board at the end of July for approval.</p> <p>The draft WRMP24 will be submitted along with the regional plan in October and will go out for a 14-week period of consultation from mid-November to February.</p> <p>In May 2023, AW will publish a Statement of Response with a view to publishing final WRMP24 in September 2023 (but this is dependent on whether it goes to a public inquiry).</p> <p><b>Hannah Stanley-Jones</b>, AW's Head of Future Resources Strategy, introduced herself. She is leading the work on the two new reservoir systems and will come back to the group in July with more details.</p> <p><b>Craig</b> agreed that it would be good for the ICG to look at such a big ticket item in more detail.</p> <p><b>Paul Metcalfe</b> highlighted the challenge of engaging customers on these topics and presenting the trade offs. He pointed out that the ICG hadn't had the opportunity to look at any customer engagement so far and asked whether there would be any opportunity to challenge what evidence had been gathered and how it's being used to develop the Best Value Plan.</p> <p><b>Laura</b> responded that AW is currently developing a synthesis report to collate information for the IGC to scrutinise. Paul said it would be good to take a look at this.</p> <p><b>Darren</b> said that CCW has seen some of the customer engagement but would be happy to pull the information together for members to scrutinise.</p>	<p><b>Challenge</b></p> <p><b>Laura to share CE</b></p>

Item	Action
<p><b>Craig</b> confirmed that it would be good to look at this customer engagement at the July meeting, as well as doing a deeper dive on reservoirs.</p> <p><b>5. <u>Drainage and Wastewater Management Plan</u></b></p> <p><b>Victoria Lemmon</b> – AW’s DWMP &amp; Water Recycling Growth Manager – gave a DWMP overview.</p> <p>DWMP is a new long-term strategic plan that will set out how water companies intend to extend and maintain a robust and resilient drainage and wastewater system to 2050. This is a new way for organisations to work together to improve drainage and environmental quality. It’s co-created by stakeholders with multiple touchpoints for stakeholder engagements, which she outlined.</p> <p>AW will publish a draft DWMP for consultation on 30 June 2022. It will support and form part of the PR24 Business Plan and link to the Long Term Delivery Strategy. It will be out for consultation over summer, with updates in the autumn and will be published in final in February 2023.</p> <p>It will be reviewed against all other business priorities but provides the long term direction to make sure AW is heading in the right direction for all catchments.</p> <p>Working with stakeholders, AW has identified three themes to focus on and identified short/medium term costing approaches:</p> <ul style="list-style-type: none"> <li>- Escape from sewers (deals with flooding, pollution, storm overflows etc)</li> <li>- WRC treatment works</li> <li>- Environment and wellbeing</li> </ul> <p><b>Questions</b></p> <p><b>Paul</b> asked how customer engagement was being used to inform the DWMP.</p> <p><b>Victoria</b> responded that AW used the customer engagement from PR19 and will build on that as CE progresses in PR24 to inform the next draft.</p> <p><b>Craig</b> said the IGC would like to look at customer engagement on both WRMP and DWMP in July. The group needed to catch up with what’s been happening in terms of CE over the past two years.</p>	<p><b>Challenge</b></p>

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<p><b>6. Future agenda topics</b></p> <p><b>Darren</b> gave an overview of the upcoming timeline for PR24. July would be the first time water companies would get to see Ofwat's expectations and approaches for PR24 and there would be a 4-6 window for engagement. He would provide an update to the group at the July meeting. The final methodology would be published in December, reconciling any changes based on the consultation.</p> <p>Suggested ideas for content for the IGC agendas were:</p> <p><b>18 July</b></p> <ul style="list-style-type: none"> <li>• Draft methodology from Ofwat</li> <li>• Engagement programme (activities, methodology, channels)</li> <li>• Draft WRMP submission</li> <li>• Long Term Delivery Strategy development</li> <li>• Assurance</li> </ul> <p><b>October</b></p> <ul style="list-style-type: none"> <li>• Affordability &amp; Vulnerability strategy</li> <li>• Day to day interactions with our customers</li> <li>• Synthesis report</li> <li>• Link to Customer Advisory Board</li> </ul> <p><b>January 2023</b></p> <ul style="list-style-type: none"> <li>• Readout from PR24 Final methodology</li> <li>• Shape of PR24 plan and LTDS</li> <li>• Addressing environmental concerns</li> <li>• Proposed PLCs and ODIs <i>linking into Ofwat centralised research</i></li> <li>• Final DWMP</li> </ul> <p><b>April 2023</b></p> <ul style="list-style-type: none"> <li>• Acceptability</li> <li>• Testing business plan options in long and short term</li> <li>• Indicative bill impacts</li> <li>• Final WRMP</li> </ul> <p><b>July 2023</b></p> <ul style="list-style-type: none"> <li>• Final business plan and LTDS</li> </ul> <p><b>November 2023</b></p> <ul style="list-style-type: none"> <li>• Post submission review</li> </ul>	

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<p><b>Hannah Bradley</b> from CCW joined the call.</p> <p><b>Questions:</b></p> <p><b>Paul</b> would like a chance to hear about WINEP and bespoke performance commitments.</p> <p><b>Darren said that</b> PLCs and ODIs in January 2023 would cover PLC performance commitments On WINEP, Darren would check on the timetable.</p> <p><b>Sarah Powell</b> from EA confirmed that the timetable for WINEP was end of November for the company to provide initial views. Companies are expected to develop their own WINEP based on information from the EA and there was more opportunity for customer and stakeholder engagement and working collaboratively with partners than in PR19. Sarah would also like to take a more detailed look at the DWMP engagement in July.</p> <p>Peter Simpson noted that it would be good to include WINEP on the agenda as the plans AW was developing were ambitious.</p> <p>Nathan had sent in some suggestions by email:</p> <ul style="list-style-type: none"> <li>- how is the company planning to realise the benefits of its smart meter role out in terms of enhancing the customer relationship and on reducing water use/value of water</li> <li>- balancing growth and the environment...nutrient neutrality, water demand neutrality, carbon neutrality and the company's role</li> <li>- what are the implications/ramifications of the EA/Ofwat investigations into mis-reporting of wastewater compliance/CSO spills</li> <li>- something around looking at engagement on the two reservoir proposals specifically</li> <li>- a look at the synthesis report and how it could be improved (if at all) at the outset</li> </ul> <p>Alex suggested it would be good to focus on growth and how AW is engaging customers around growth.</p> <p>Craig agreed that it would be good to look at the bigger picture.</p> <p>Nikolas suggested reflecting on legislative or policy positions that hinder some of the delivery options.</p> <p>Alex agreed to share a list.</p>	<p><b>AP action</b></p>

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<p>Craig invited further ideas to be shared by email. He wanted the ICG to be more proactive on agenda setting going forward.</p>	
<p><b>7. <u>AW Performance update focus on leakage and efficiency</u></b></p> <p>Rachel Walters explained that performance updates would be focusing on deep dives into specific areas in future.</p> <p><b>James Hargrave</b>, AW’s Regional Leakage Operations Manager, gave an overview of AW’s work on leakage.</p> <p>AW remains at the frontier of leakage performance in the industry as the top performer on leakage per km of main, and already surpassing the 2030 Public Interest Commitment target. AW is now reporting lowest leakage on record and has achieved leakage target for last ten years in a row.</p> <p>AW has invested heavily in technology solutions. Between 2020 and 2025, AW will develop a strategic grid that maximises the use of existing surpluses, ensuring that AW makes best use of available resources before developing new ones.</p> <p><b>Question:</b></p> <p><b>Craig</b> asked how AW works with householders to drive greater efficiency?</p> <p><b>James</b> explained that in every interaction with customers over leakage, the team recommends water saving measures and tailor future communications accordingly.</p> <p><b>Richard Skinner</b>, AW’s IMDS Strategy and Change Manager, said that virtual visits during Covid to help customers fix leaks themselves, which has saved many litres of water per day.</p> <p>Richard gave an overview of AW’s smart meter programme.</p> <p>To support the supply-demand balance, AW’s strategy is to have complete smart meter coverage across the region by 2030, installing half of these in AMP7 (1,096,397 smart meters)</p> <p>AW is installing smart meters for all customers in one area at a time and is currently installing around 1,000 smart meters per day.</p> <p>Had to stop installation due to global shortage of microchips.</p>	

Item	Action
<p>Target of one million by end of AMP.</p> <ul style="list-style-type: none"> <li>• Customers save 15% of water just by having a visual read meter.</li> <li>• In the rollout, AW has actually seen a 9% reduction in household consumption</li> </ul> <p><b>Questions:</b></p> <p><b>Nikolas</b> asked whether smart meters will be fitted automatically into new houses?</p> <p>Richard responded that this depends which area you're in. The rollout started in new properties in Peterborough in Year 1.</p> <p>Craig closed the meeting by thanking the presenters for a very useful meeting.</p>	
<p><b>i. CEF-only session</b></p> <p>It was agreed that there was a lot of detail to get through over the next few years and the IGC would set up task and finish groups to focus on specific areas.</p> <p>It was agreed that a theme-related approach to meetings worked well with deep dives into certain topics.</p> <p>However, there was a concern that there wasn't enough focus on customer engagement and this was something the group would like to see more of, including a focus on how customers' views were changing and evolving between AMPs.</p> <p>Members wanted to see more links between CE and how this was informing the WRMP, DWMP, LTDS and Business Plan.</p> <p>CCW colleagues pointed out that CCW had commented on customer engagement with the Online Panel.</p> <p>Members pointed out areas of interest that shouldn't be forgotten including vulnerable customers (AW's work with Scope), non-household customers, water efficiency (and how this compares with other companies), reducing water use, demand management etc. The reservoir programme was of particular interest.</p>	

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<p>There was a suggestion that more meetings might be needed in future in order to cover the volume of material/information.</p> <p>There was also a desire to increase expertise on vulnerability/affordability.</p> <p>Members discussed updating the ICG area of the AW website. They agreed that minutes would be included on the website as a record of meetings, but recordings of the meetings would not be necessary.</p> <p>Vicky would be requesting bios and photos from ICG members.</p> <p><b>Future meeting dates</b></p> <p>18 July 14:00 – 16:00  6 October 9:30 – 17.00 (site visit)  9 December 10-1pm (virtual)  20 January 2023 2-4.30pm (virtual)  17 March 2023 2-4.30pm (virtual)  21 April 2023 10-1pm (site visit)</p>	<p><b>VA action</b></p>