

ANGLIAN WATER CUSTOMER ENGAGEMENT FORUM

MINUTES

Date: 12 April 2022
Time: 9:00 to 12:30
Location: Via Teams

- Present:**
- . Craig Bennett – The Wildlife Trusts, Chair (M)
 - . Nikolas Bertholdt – Natural England (delegate for John Torlesse)
 - . Steve Hobbs – CCW (delegate for Hannah Bradley, joined at 13.30)
 - . Gill Holmes – CCW (M)
 - . Joanne Lancaster – MD, Huntingdonshire District Council (M)
 - . Paul Metcalfe – MD, PJM Economics (M)
 - . Sarah Powell – Environment Agency (M)
 - . Nathan Richardson – Waterwise/Blueprint for Water (M)
 - . Alex Plant – Anglian Water
 - . Peter Simpson – Anglian Water
 - . Andrew Snelson – Anglian Water
 - . Laura Tuplin – Anglian Water
 - . Rachel Walters – Anglian Water
 - . Vicky Anning – Secretariat (O)

Apologies:

- . Hannah Bradley – CCWater (M)
- . Darren Rice – Anglian Water
- . John Torlesse – Natural England (M)
- . Richard Tunnicliffe – CBI (M)

Item	Action
<p>1. <u>Brief introduction from Chair</u></p> <p>Craig Bennett reported that he had met with as many members of the panel as possible to discuss their future roles as well as the direction of the panel.</p> <p>Rachel Walters asked members whether they would be happy for the meeting to be recorded. There were no objections.</p> <p>Members introduced themselves:</p> <ul style="list-style-type: none">- Nikolas Bertholdt was representing Natural England in place of John Torlesse and mentioned that NE were looking	

Item	Action
<p>to see how they could best contribute and support the CCG process.</p> <ul style="list-style-type: none"> - Steve Hobbs was standing in for Hannah Bradley, CCW. - Gill Holmes, consumer advocate for CCW and AW customer, has been a CEF member for 5 years. - Paul Metcalfe, MD of PJM Economics, has been a CEF member for several years and has expertise in economic valuation and regulation. - Joanne Lancaster, representing Huntingdonshire District Council, also sat on the CEF in PR19. - Sarah Powell from the Environment Agency, took on role in October, also sits on the CCGs for Thames and Southern Water. - Nathan Richardson, an AW customer works at Waterwise, which is a water saving NGO and is also linked with BluePrint for Water. He sat on the CEF in PR19. <p>2. <u>General update on wider developments and implications for PR24</u></p> <p>Chief Executive Officer Peter Simpson reported a renewed and accelerated customer interest in the environment post-pandemic. This has led to broad interest in improving water quality. AW and the water industry have tried to be proactive on this issue, publishing a document called 21st Century Rivers with Water UK outlining ten actions for change.</p> <p>AW has made pledges in terms of partnerships, particularly with agriculture, building on work done on water catchments during PR19. Moving through the new AMP, river water quality and the quality of catchments is going to be a significant feature.</p> <p>AW has been listening carefully to how Ofwat is interpreting guidance and direction from government, which also focuses on river water quality.</p> <p>Cost of living crisis and affordability is also a front and centre.</p> <p>The Defra consultation around combined sewer overflows and the significant increase in funding they are suggesting will need to come from customer bills, so the pace of updates and a fair price for customers to pay will be important questions.</p> <p>Peter suggested that the issue of river water quality and growth were reaching a crunch point. As a company, AW wants to be pro-growth, but this has to be done in a way that adds rather than detracts from the environment.</p>	

Item	Action
<p>Wessex Water has been doing some great work around trading from developers – AW is interested in looking at new models.</p> <p>AW has appointed a new Head of Recycling Emily Timmins from Severn Trent (replacing Paul Gibbs).</p> <p>In terms of water resources, AW believes it needs two big reservoirs to be built by mid-2030s and has embarked on an ambitious path in partnership with Affinity and Cambridge Water, but there are many challenges. There need to be regional solutions.</p> <p>AW is facing reduced licenses to protect the environment moving forwards and particularly in light of the growth and impact of climate change, those pressures are going to continue. AW has low levels of leakage and is already rolling out smart meters to help reduce demand, but it's a challenging landscape.</p> <p>Other current challenges include:</p> <ul style="list-style-type: none"> - War in Ukraine is impacting on supply chains - Increase in power costs will have a significant impact in future years - Three big storms in February. <p>3. <u>Update on delivery of long term delivery strategies</u></p> <p>Director of Strategy and Regulation Alex Plant gave an overview of AW's long term delivery strategies, explaining that the company was committed to taking a longer term perspective.</p> <p>AW refreshed the Strategic Direction Statement (SDS) in 2017 and the PR19 Business Plan was the first five-year step in that plan. Part of the CMA's argument was that Ofwat's thinking was too short term, preventing nature-based solutions. The CMA was clear that there needed to be a longer term focus and Ofwat has now made that shift.</p> <p>Alex presented the thinking behind AW's Long Term Delivery Strategy (LTDS), which lays out what the company wants to achieve over the next 25 years, building on the strong foundation of the SDS, which took on board feedback from customers and stakeholders.</p> <p>AW Board reviewed the four main ambitions of the SDS and agreed these are still relevant and will help to frame the LTDS,</p>	

Item	Action
<p>which will give a sense of commitment to a longer term pathway. Alex suggested the Panel would want to scrutinise the LTDS.</p> <p>4. <u>PR24 update (including Ofwat’s customer engagement position paper)</u></p> <p>Alex Plant (for Darren Rice) gave an overview of the PR24 timetable:</p> <ul style="list-style-type: none"> - Ofwat will publish draft methodology in July/August 2022 - There will be a public consultation on the two reservoirs over the summer - Draft WRMP October 2022 - Draft WINEP November 2022 - Final methodology due from Ofwat in December - Final Business Plan will be submitted in October 2023 - Final Determination December 2024 <p>Questions:</p> <p>Nikolas Bertholdt suggested there might be a danger of pushing everything to the end of the LTDS and this needs to be scrutinised.</p> <p>Alex responded that the WRMP process helps to guard against this and it wasn’t the way AW was thinking, but it was certainly something to be scrutinised.</p> <p>Paul Metcalfe asked whether a new SDS was needed, as so many things had changed. Also highlighted that there was no mention of bathing water or affordability.</p> <p>Alex responded that long-term SDS ambitions will still hold as AW develops the LTDS and Business Plan. This sets a direction of travel and the LTDS will pick up on the more detailed issues.</p> <p>Jo Lancaster suggested that there needed to be discussion around growth and drinking water, as well as the nutrient issue.</p> <p>Peter agreed that the water industry needs to play a different role in future.</p> <p>Alex pointed out that growth through the Cambridge Local Plan was restricted because of lack of water.</p> <p>Craig thanked AW colleagues and Panel members for a useful discussion and suggested that growth was a discussion item to come back to in future meetings.</p>	

Item	Action
<p data-bbox="203 304 235 336">5.</p> <p data-bbox="277 262 1234 304"><u>Update from CCW on COG (Challenge Coordination Group)</u></p> <p data-bbox="277 336 1266 546">Steve Hobbs from CCW gave an overview of the role and purpose of the Challenge Coordination Group, which is a new independent body. It was set up because CCGs fed back that at the end of the last price review that they felt there was a lack of comparative information so they could compare company performance on customer engagement and service delivery performance.</p> <p data-bbox="277 583 1266 724">In response, CCW has set up the Challenge Coordination Group, comprised of chairs or nominated representatives from each of the local stakeholder and challenge groups for each company right across England and Wales.</p> <p data-bbox="277 762 1258 867">It will be convened by CCW and independently chaired by Caroline Warner, who is the Chair of Affinity Waters Challenge Group. The first meeting was planned for 20 April.</p> <p data-bbox="277 905 519 936">Four main aims:</p> <ol data-bbox="324 974 1266 1507" style="list-style-type: none"> 1) to act as an information-sharing platform for the chairs and other attendees to receive information about water companies' performances and how they compare again each other in terms of performance commitments, customer research etc. There has been a commitment from Ofwat and others that they will engage with the group in this regard. 2) to share information and allow for questions and answers on significant milestone points through the price review process. 3) to explore what good looks like in terms of customer engagement, and interpreting the results of this engagement (triangulation multiple sources etc.) 4) to support Ofwat's intention for a level of assurance that local groups are fully independent, that they are challenging the right things and governed the right way. <p data-bbox="277 1545 1258 1822">The group is operating within the remit of Ofwat's recent paper on customer engagement (PR24 and Beyond: Customer engagement policy), which laid out the expectations of how Ofwat expects companies to be open to and respond to challenges. The hope is that this will lead to all local groups having better information and a wider context to help compare company performance to help improve scrutiny and challenge of business plans throughout the business review process.</p>	

Item	Action
<p>The group would meet quarterly, and perhaps more frequently as the price review gathers momentum. There may also be specific subgroups to look at certain issues.</p> <p>Questions:</p> <p>Nathan Richardson asked how the information would be relayed to individual CCGs. How transparent would it be?</p> <p>Steve said there would be a summary of meetings and outcomes on the CCW website. These would be relayed to CCG members by the chairs who attend the COG meetings. The goal was to be as transparent as possible although there may be some need to some sensitivity around publishing confidential information in the public domain.</p> <p>Craig felt that the COG would be very useful and would help local groups to probe the companies on the relevant issues. He said there have been a lot of discussions to get to this point and recognised the tension between local and national responses to each company’s regional circumstances.</p> <p>Gill Holmes highlighted that there had been some discussion within CCW about confidentiality clauses and asked Steve to reflect on how the wording of the TOR might fit in with Ofwat’s thinking.</p> <p>Steve responded that it could be an issue of companies aren’t willing to share information with the COG and this might be a barrier preventing the group doing that task in full. The expectation from Ofwat, as laid out in the PR24 and Beyond paper, is that they want to see companies demonstrating that they have been open to challenge, transparent with their stakeholders and have and welcomed and responded to challenges. In this spirit, it was hoped that companies would see a benefit in the COG. He acknowledged that there would be commercially confidential information in business plans and that would be respected. The primary role for the group was to look at how customers are engaged and how the evidence is used.</p>	

Item	Action
<p data-bbox="203 233 1240 268">6. <u>Discussion around Terms of Reference and Name of Group</u></p> <p data-bbox="277 302 1227 443">Craig had been working with Vicky Anning on refreshing the Terms of Reference but this had been challenging because there were a lot of moving parts. The aim was to make sure the TORs reflect the latest thinking from Ofwat, CCW and others.</p> <p data-bbox="277 478 1243 619">CCG Chairs had come together in January and shared their own TORs. This had provided the backbone of the current draft, which had been shared with members and AW colleagues in advance of the meeting.</p> <p data-bbox="277 655 1268 900">Craig had held one to one meetings with as many members as possible and there seemed to be agreement that meetings should be quarterly; the aim was to set a proactive agenda of issues for discussion at each meeting, fitting into the review process and national agenda. The COG would help to make sure that the panel was operating at the right kind of level. There would be deep dives into some areas to look at relevant issues in more detail.</p> <p data-bbox="277 936 1192 1045">Craig invited feedback both on the draft TORs and the future name of the group. The working draft suggested Independent Scrutiny Group.</p> <p data-bbox="277 1081 1227 1150">Paul Metcalfe highlighted that there needed to be more connection between the purpose and objectives part of the TOR.</p> <p data-bbox="277 1186 1227 1255">Peter pointed out that the word 'scrutiny' was resonant of Local Authority scrutiny committees, which was just a minor point.</p> <p data-bbox="277 1291 1243 1400">Nathan said he would send further suggestions by email but questioned the interaction between the current panel and AW's Customer Board. He felt this should be made clearer in the TORs.</p> <p data-bbox="277 1436 1260 1717">Alex explained that the Customer Board was a subset of customers that represented customer views, so was different from the current panel but was addressing similar issues. With this in mind, Craig had met with the Chair of the Customer Board, Simon Dry, and it was agreed that Craig would attend at least one Customer Board meeting per year as an observer and vice versa. There would be a dotted line of communications between the chairs of each group.</p> <p data-bbox="277 1753 1268 1822">Gill highlighted the confidentiality clause in the TORs and said that would need to be looked at in more detail.</p>	<p data-bbox="1292 1117 1341 1150">VA</p> <p data-bbox="1292 1331 1341 1365">VA</p>

Item	Action
<p>Craig thanked everyone for their input and said that the revisions would be incorporated into a final version for the May meeting.</p> <p>A forward agenda would also be discussed at the May meeting.</p>	<p>VA</p>
<p>7. <u>Water Resources Management Plan (WRMP): Overview of Customer Engagement</u></p> <p>Laura Tulpin gave a recap of customer engagement over the previous AMP, when 500,000 customers were engaged through 36 research projects and results were independently synthesised.</p> <p>Smart metering was seen as central to behavioural change and expected to be the norm in the future. There was also a move towards customers being much more supportive of compulsory metering.</p> <p>In terms of resilience, AW customers saw supply meeting demand as one of the most important core services and many customers were surprised to learn about drought risk.</p> <p>Customers expected the company to make use of existing facilities before investing in drought resilience, including reducing leakage and encouraging customers to save water.</p> <p>Affordability was important and customers felt under financial pressure, even 3-4 years ago. They were prepared to accept bill increases for service improvements that they valued, such as drought resilience, climate change mitigation, and future proofing. But there were big differences between the attitudes of more affluent customers and the less well off customers, which is still evident in current work.</p> <p>Key changes since PR19 include partnerships with Water Resource East and Water Resources North and an increase in collaborative research with companies that are part of regional planning groups. AW's customer engagement is informing the regional plan, as well as AW's own WRMP.</p> <p>There were also many uncertainties around the pandemic and the Oxford-Cambridge corridor and the level of growth. And there was a focus on customer views around supply options and customer views on reservoirs.</p>	

Item	Action
<p>In terms of sustainability reductions, the company was carrying out a big piece of work on increasing drought resilience from one in 200 to one in 500 by 2039.</p> <p>Key questions for PR24 include:</p> <ul style="list-style-type: none"> - what environmental destination is AW seeking to achieve in the long term? How ambitious do customers want to be in terms of environmental improvements? - when should we reach our destination? <p>How do we balance 'trade-offs' for our WRMP24?</p> <ul style="list-style-type: none"> • higher carbon technology vs longer delivery timescales; • enhanced environmental protections vs supply-side options such as desalination; • use of drought permits vs investing in higher carbon technology to achieve 1 in 500-year resilience sooner. <p>AW has been engaging on customer preferences around the Best Value Plan, which is about tying in with the customer outcomes and what is best for society, as well as what is best to the environment. The Best Value Plan is due by May/June. This will be going back to customers in June for feedback.</p> <p>In terms of key principles, AW is committed to making sure the company demonstrates meaningful engagement is taking place at key stages throughout the development of the business plan, adhering to best practice principles and making sure that customer preferences are independently verified and assured.</p> <p>Laura gave an overview of customer engagement to date on the WRMP, which started in early 2021 with a collaborative gap analysis of previous customer engagement. This focussed on resilience, the environment, demand and supply-side options.</p> <p>AW has drawn on the Online Community to ask what signs of success would look like for the region and for customers and various other questions, including smart meters, water saving measures and driving down leakage. They are also currently running a deep dive on water reuse and desalination with the online community.</p> <p>AW has also been working collaboratively to gather information:</p> <ul style="list-style-type: none"> - AW collaborated with Yorkshire Water and Northumbrian Water as part of WReN to conduct qualitative research with Hartlepool customers. 	

Item	Action
<ul style="list-style-type: none"> - AW collaborated with Essex & Suffolk and Cambridge Water as part of WRE to conduct qualitative research with customers, discussing best value, the environment, drought resilience and supply-side and demand-side options. - AW worked with other SROs to develop an evidence base on customer preferences and priorities. - In 2022, AW is working with WRE on non-household engagement, liaising with retailers to talk about water efficiency savings. Blue Marble have been running workshops and gathering feedback from qualitative interviews. <p>In early 2022, AW conducted a quantitative survey, focussing on demand management options portfolios, best value planning trade offs and drought resilience.</p> <p>Customer views will feed into modelling and decision making, especially difficult decisions over trade offs. An independent synthesis report will also be commissioned to inform the business plan. There will also be a synthesis report to inform WRE draft regional plan. This will capture insight from the customers of Anglian Water, Affinity Water, Cambridge Water and Essex & Suffolk.</p> <p>Rachel Walters gave a brief overview of PR24 Customer Engagement, picking up on Ofwat’s recently issued guidance through PR24 and Beyond. Work in PR24 will be an evolution and build upon evidence already gathered, building the narrative towards longer term priorities as well.</p> <p>Activities at this stage (Jan to July 2022) focus on establishing what matters most to customers and why, setting the strategy and forward plan and understanding BAU.</p> <p>Rachel had also been involved in setting up a cross company peer group to share best practice with customer engagement peers across the sector.</p> <p>Questions:</p> <p>Gill commented it was good to see so much collaborative research.</p> <p>Nathan said it was useful to see the timeline and he was pleased to see the Synthesis Report would be commissioned again, as he had found it useful in PR19.</p>	

Item	Action
<p>Paul asked what role this Panel would have in the WRMP; Craig responded there would be a deeper dive on the WRMP in the May meeting to understand more on how customers are being engaged and the materials being used.</p> <p>Paul also asked how the views of stakeholders at WRE were being fed back. Peter suggested this would be an issue to come back to.</p> <p>Alex suggested some of WRE’s materials should be circulated to panel members, as they provide a good overview of longer term questions facing the region. Available here</p> <p>Gill also highlighted CCW’s joint research with Ofwat, published last week, that looks at customer attitudes, vulnerability, water saving and other issues. Available here</p> <p>8. <u>AW Performance update</u></p> <p>Andrew Snelson gave an overview of AW’s performance, focusing on historical trends.</p> <p>2020/21 had been a mixed bag:</p> <ul style="list-style-type: none"> - AW is confident of meeting the leakage target for the year - PCC is returning towards the right level as consumption levels return to normal post Covid - Performance on drinking water quality was poorer than in previous years (new programme manager is now implementing a plan to tackle this) - Taste and odour issues were also a challenge so AW have identified workstreams to work on this - This will hopefully bring CRI towards usual levels - Supply interruptions are also an area AW is looking to improve this year - AW’s performance on internal sewer flooding is much better than industry norm, while there’s a deterioration in performance on surface flooding. - River water quality is a key area to look at – AW didn’t meet performance commitment last year - AW will attract an ODI penalty around pollution incidents (impacted by flooding in final quarter). This is an area with an improvement plan in place. - Performance on treatment works compliance was poorer than in previous years, with 14 treatment centres not compliant with environmental permits. This was in part due 	

Item		Action
	<p>to the lack of personnel due to Covid sickness. The situation is improving now.</p> <ul style="list-style-type: none"> - In terms of water recycling, 100 initiatives are now being implemented. <p>In summary, AW is still performing well compared to peers but not as well as over previous years. Taking the year as a whole, AW is expecting to be overall in penalty against the performance commitment framework, in the region of about £5 million. There are also a number of areas where AW has beaten their performance commitment level. Final figures will be published in July.</p> <p>Peter Simpson emphasised the importance of working in partnership to tackle flooding and other issues that were impacting the region.</p> <p>Craig thanked colleagues for interesting contributions and discussions and closed the main meeting.</p>	
<p>i.</p>	<p>CEF-only session</p> <p>During the CEF-only session, panel members discussed the following:</p> <ul style="list-style-type: none"> - Need for clear independence of the panel - Desire to have a strong forward agenda for future meetings - Desire to keep the panel relatively small - Suggestion to bolster representation on the panel around affordability - Wording of confidentiality clause in TOR, which would need to be amended before members could sign up - Request to send out calendar invites - CCW to provide quarterly complaint packs <p>Nathan and Gill sent their apologies in advance for the May meeting.</p> <p>Future meeting dates</p> <p>Full CEF: 10 May 13:00 – 16:00 Full CEF: 18 July 14:00 – 16:00 Full CEF: 14 October 10:00 – 13.00</p>	<p>VA</p> <p>VA/RW HB/GH</p>