



ANGLIAN WATER INDEPENDENT CHALLENGE GROUP

MINUTES

Date: 09 December 2022
Time: 10:00 to 16:30
Location: Anglian Water Board Room, Lancaster House, Huntingdon

- Present:**
- Craig Bennett – Chair (M)
 - Claire Higgins – Cross Keys Homes (M)
 - Gill Holmes – CCW (M)
 - Joanne Lancaster – MD, Huntingdonshire District Council (M)
 - Sarah Powell – Environment Agency (M)
 - Nathan Richardson – Waterwise/Blueprint for Water (M) – online until 11.30am
 - Justin Tilley – Natural England (M)
 - Richard Tunnicliffe – CBI (M)
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- Peter Simpson – Anglian Water – afternoon session only
 - Martin Bowes – Anglian Water (for agenda item 5)
 - Geoff Darch – Anglian Water (for agenda item 6)
 - John Green – Anglian Water (for agenda item 4)
 - Peter Holland – Anglian Water
 - Carly Leonard – Anglian Water (for agenda item 5)
 - Amanda Markwardt – ICS (for agenda item 4)
 - Darren Rice – Anglian Water
 - Allan Simpson – Anglian Water (for agenda item 2)
 - Emily Timmins – Anglian Water (for agenda item 3)
 - Rachel Walters – Anglian Water
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- Vicky Anning – Secretariat (O)

Apologies:

- Sarah Thomas – CCW (M)
- Paul Metcalfe – MD, PJM Economics (M)

Summary of actions

Action	Status
<i>Closed</i>	
VA to share link to ICG website for feedback	Link here
VA/CB to share draft agenda for January	Link here
VA to check with Paul Metcalfe about availability for Task & Finish Group	Actioned
RW to circulate draft guidance on acceptability/affordability testing	Link here
RW to circulate TORs from Customer Advisory Board	Link here
PH to share affordability/vulnerability case studies	Links here & here
AW colleagues to circulate interactive map	Link here
CG and DR to circulate explanatory papers from previous years and “Water Industry for Dummies” link to help “onboard” new ICG members	Links here & here
AW colleagues to share exact figures on meters/smart meters	Link here
AW colleagues to share results of analysis on customer behaviour and water use this summer compared to other regions	Link here
RW to circulate customer engagement workplan	Link here
<i>Open</i>	
RW to share dates of potential open challenge sessions	Pending
VA/CB to circulate draft March agenda	Pending
DR to circulate papers shared with Secretary of State	Pending
ICG members to identify local government representative (with input JL)	Pending
ET to report back to March meeting on pollution incidents and bring PIRP to June/July ICG meetings	Pending (March/June meetings)

Meeting minutes

Item	Action
<p>1. <u>Welcome from Independent Challenge Group (ICG) Chair</u></p> <p>Craig Bennett introduced the meeting and thanked Anglian Water colleagues for sharing detailed pre-reading materials to help facilitate discussions. Craig was pleased to welcome Claire Higgins, Chief Executive of Cross Keys Homes as a new member of the ICG with a focus on affordability and vulnerability. He also welcomed Justin Tilley as the new representative from Natural England.</p> <p>Minutes from the October ICG meeting were approved and adopted, with minor amendments.</p> <p>Outstanding actions from October minutes:</p> <ul style="list-style-type: none"> • RW to circulate Terms of Reference from Customer Advisory Board • AW to share figures on smart meters and analysis on customer behaviour and water use this summer compared to other regions. <p>ICG website: Vicky Anning gave members an overview of the ICG website in draft form for their input. There was discussion around the dedicated ICG email address listed on the</p>	<p>Actions RW</p>

Item	Action
<p>website. Members wanted to make sure there was no confusion for customers seeking customer services. Feedback on the website was generally positive.</p> <p>Action: VA to share web link with ICG members for further feedback before pages went live (update: website is now live here)</p> <p>Central Oversight Group (COG) update: Craig gave an update on the COG including:</p> <ul style="list-style-type: none"> - Presentation and discussion with Ofwat around draft guidance on how to test customer views on acceptability and affordability (report due on 13 December). - Presentation about the requirements for companies to hold open challenge sessions in early 2023. CCG Chairs felt they should be present to listen to customer views rather than making presentations at these sessions. <p>Joanne Lancaster suggested it might be helpful for the ICG to open the public challenge sessions with general questions around customer engagement.</p> <p>Gill Holmes said her understanding was that there would be set points on the open challenge session agendas. There seemed to be a key role for ICGs, including requests to feed back on materials and agenda.</p> <p>Craig requested dates for the open challenge sessions as soon as possible.</p> <p>Darren Rice said the sessions would most likely take place in March 2023 and would be digital – AW would make sure that views would be heard from digitally disadvantaged customers.</p> <p>Claire Higgins said it would be good to give serious thought to reaching hard-to-reach customers, e.g. by involving Citizens Advice.</p> <p>Craig questioned whether the open challenge sessions should also be open to organisations and stakeholders, as this didn't necessarily sit comfortably alongside customers sharing their views.</p> <p>Richard Tunnicliffe agreed there shouldn't be too many disparate groups.</p> <p>Joanne suggested the open challenge sessions might be an opportunity to inform and challenge customers too (e.g. on reducing water consumption).</p> <p>Nathan Richardson said it was really useful to have comparative information to see how AW doing compared to other companies.</p> <p>Justin Tilley asked how much guidance there was around timings and how would AW use the information gathered? As the timescales are tight, there needs to be some meaningful impact that helps to embed decisions.</p> <p>Darren responded that timings are in line with business planning schedule to make sure feedback is included in draft business plan submissions in October 2023.</p>	<p>Action VA</p> <p>RW to circulate</p> <p>Action RW</p>

Item		Action
2.	<ul style="list-style-type: none"> - Ofwat have prescribed requirements to hold the open sessions but have not determined the content - Lots of work to do (with ICG) about how these sessions will work - There will be a prescribed 15 minute presentation from company - There is still a lot of thinking to be done <p>It was agreed that the ICG needed some time during the January meeting agenda to discuss the open challenge sessions.</p> <p>Independent review of ICGs/CCGs: Craig explained that CCW had commissioned an independent review of independent challenge groups. Craig and Darren were both interviewed and reviewers have looked through previous ICG agendas and minutes.</p> <p>Action: Craig will share the report as soon as it's available. It would be useful to see what's working/what's not working across different ICGs and it will also be a chance to look at how we work and whether we have the right resources available.</p> <p>Craig suggested he would need to invest more time for ICG work next year in order to be able to devote time to the COG as well as the ICG scrutiny work.</p> <p><u>Long Term Delivery Strategy – Customer Engagement Programme</u></p> <p>AW's LTDS Manager Allan Simpson had circulated pre-reading materials to the ICG (see slides 82-89 of pre-reading pack), starting with a reminder of Ofwat's LTDS guidance. As a reminder, the main goal of the LTDS is to set out the company's ambition for 2050, including a trajectory for all performance commitments.</p> <p>AW's ambition and strategy must be informed by 'meaningful' customer engagement and customers must be able to challenge. There is also a focus on including different customer segments, in particular future, vulnerable and hard-to-reach.</p> <p>AW needs to demonstrate that they have:</p> <ul style="list-style-type: none"> • explored affordability issues with customers • taken the interests of future customers into account • that customers consider the forecast bill impacts to be acceptable • that engagement with customers reflects the potential range of affordability impacts in different futures <p>Allan reported that AW are now in the delivery phase of pulling together the LTDS. As they go into the new year, the company will start to refine the document. To inform that, they have started to look at what customer engagement and stakeholder engagement is still needed – as outlined in slide 87 (more info below).</p> <p>Findings from customer engagement to date (PR19 and PR24):</p> <ul style="list-style-type: none"> • AW should be planning for the long-term and taking preventative action to build resilience to future challenges. • Once customers understood that AW had a long-term plan to balance supply and demand, they placed more responsibility on maintaining supplies during a 	<p>Action for January ICG</p>

Item	Action
<p>drought. They did not feel AW should ignore a known risk, especially when there are a range of solutions to mitigate it.</p> <ul style="list-style-type: none"> • Customers do not want a deterioration in service. • Many customers also recognise AW expertise and trust the company to make complex investment decisions and choose the mix of solutions that will be most efficient and cost effective. <p>New insights</p> <ul style="list-style-type: none"> • The cost-of-living crisis is influencing the balance customers are making between ambition and bills • Reducing carbon footprint is important over the long term • There is moderate support for a bill increase of £10-12 • Customers are keen to not focus on a single scheme but want ambition spread across the planned programme. <p>Focus from Ofwat in this price review is that companies need to show that customer views have helped to inform the LTDS. This is slightly different from previous price reviews, where companies needed to show acceptability to customers.</p> <p>Allan invited input on the best way to achieve that level of engagement.</p> <p>Questions/challenges</p> <p>Sarah Powell asked about customer engagement on the Water Resource Management Plan (WRMP) and other strategies and how this would be used for the LTDS.</p> <p>Rachel responded that AW is taking that as a starting point and retesting insights gathered previously. This information is gathered together in the synthesis report.</p> <p>Nathan pointed out that 2050 doesn't feel very long term. Should we be looking further out, due to increasing changes to the climate?</p> <p>Allan responded that Ofwat data requirements are for 25-year look but that sits within longer term strategic direction.</p> <p>Craig asked what assumptions are being made for climate change and population growth?</p> <p>Allan responded that these are a critical part of the long-term plans and something AW needs to draw out. AW are looking at different growth options but are making the plan adaptive. If there are triggers of change, it might change investments.</p> <p>Craig said that customer engagement around this would need to look at quite widely varying scenarios.</p> <p>Gill pointed out that a massive amount of investment is needed to meet the needs of customers going forward. Looking to the long term, intergenerational fairness and affordability becomes more important.</p> <p>Joanne said that AW has done a good job of social tariffs. People take water for granted. It's important people understand about using water wisely/water not being free.</p>	<p>Challenge</p> <p>Challenge</p> <p>Challenge</p>

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<ul style="list-style-type: none"> - Supply interruptions: water and sewage companies like AW are performing relatively poorly compared to water only companies (due to weather incidents). - Pollution side and per capita consumption are also areas where targets are tightening. <p>Sarah Powell from EA added:</p> <ul style="list-style-type: none"> - AW is poorer than performance commitment level on per capita consumption, water quality, supply interruptions, treatment work compliance, internal sewer flooding (see page 8 of Ofwat report). - Last year was a bad year for AW – 14 serious pollution incidents, which was worst performance among all companies (category 1 & 2 where there’s a significant impact on environment) - This year is also bad, with 10 serious pollution incidents (2nd worst performer among all companies). <p>Emily Timmins, Water Recycling Director, introduced herself. She is six months into the new AW role and brings 27 years’ experience. She chairs the National Pollution Improvement Group for all water and sewage companies.</p> <p>Emily had shared pre-reading in advance with ICG members (see slides 41 to 54), showing how AW was bringing considerable investment and innovative technology to tackle pollution incidents via the Pollution Incident Reduction Plan (PIRP) – with the goal of zero pollution.</p> <p>Emily explained her work is focused on turning up the dials in certain areas. She is predicting an improvement in performance but it’s a long game, looking at around six years in terms of current predictions before any tangible results are seen.</p> <p>Questions/challenges</p> <p>Sarah Powell highlighted that AW’s Pollution Incident Reduction Plan is now quite out of date because of some of the new technology Emily outlined in her slides (e.g. Emily spoke about brownout timers that monitor voltage in pumping stations that are prone to brownouts and blackouts).</p> <p>Emily responded that AW will create a new PIRP from March of next year, which will be ready around September.</p> <p>Justin asked whether the aspiration around zero pollution incidents is achievable? Emily responded that zero incidents is the ultimate aspiration but it’s a massive challenge, predicting weather patterns and customer behaviour. That’s where we want to get to but it’s a multi AMP investment approach.</p> <p>Craig asked what is the glide path for following years for pollution incidents? Emily said she was working on this question at the moment. Focusing on levers that need to pull quickly and things that are transformative in the long term.</p> <p>Craig invited Emily back to 17 March meeting and invited her to bring the revised PIRP back to the ICG in June/July.</p> <p>Nathan was pleased to see that PIRP is going to be updated as it’s three years old. It really is important that the plan is updated and we can look at the difference it makes on the ground.</p>	<p>Challenge</p> <p>Challenge</p> <p>Action</p>

Item		Action
	<p>John and Amanda talked through the planned workstreams and triangulation of data to produce values to inform PR24 business decisions. Water companies want to be able to put a value on things such as, for example, preventing leakage to create a cost-benefit analysis. They compared this to social return on investment.</p> <p>Each study has its own individual sample of around 1,054 customers. AW did some extra research with vulnerable and hard-to-reach customers as well as a sample of non-household customers. They set quotas on gender, age, socio economic status etc. Also doing segmentation analysis – looking at whether values change for different customer segments, as well as drawing on standardised values.</p> <p>Steps in process are similar to PR19 and iterative. AW has been back and looked at data to see where it needs more evidence and reviewed it against guidance from CCW – matched to framework and looked at feedback from the previous AW Customer Engagement Forum (CEF). They are trying to make better use of synthesis report at an earlier stage.</p> <p>Initial findings</p> <p><i>Triangulation</i> The triangulated values have increased on average around 10% after allowing for changes in inflation and customer numbers. The increase is highest for environmental measures.</p> <p>Willingness To Pay data (workstream A): Household findings are broadly consistent with historic. Compared to the main stated preference study from PR19 there are higher values noted for pollution, leakage and internal flooding. Leakage and internal flooding values are consistent with other AW stated preference studies from PR19. Non household are less clear cut than for households. Findings show more of a preference for maintaining service than improving service as compared to PR19. This is likely to reflect the political and economic uncertainty that was the backdrop at the time of the survey. Values are higher for direct impacts such as interruptions to supply.</p>	

Item	Action
<p>Next steps</p> <p>Triangulation 1st iteration: Values are being reviewed for consistency and further information is being sought to build the evidence base, refine and challenge.</p> <p>Triangulation 2nd iteration is planned for early 2023. To include Ofwat and CCW centralised research.</p> <p>Assurance Jacobs are about to be engaged to undertake assurance on approach and findings.</p> <p>Questions/challenges Richard Tunnicliffe asked whether AW’s customer values match with Ofwat’s values? Amanda responded that Ofwat is doing centralised research with CCW and the values haven’t been released yet. These will be built into a second iteration of AW values. Rachel added that the timeline from Ofwat has slipped and these probably won’t be available until after December.</p> <p>Gill asked what AW will do if Ofwat customer values are vastly different? Darren said AW values will help to inform the shape of AW’s plan and will help AW to demonstrate positive impact of decisions.</p> <p>Sarah Powell said she would be interested to see questions and how they are asked, as well as how values tally in with Ofwat values/questions.</p> <p>Joanne said it would be important to tell customers how this has made a tangible change/difference to the business plan.</p> <p>Craig said it would be good to lift the lid on how this drives decisions, for the ICG to understand a few examples. Darren agreed this could be part of forward ICG agenda.</p> <p>Craig asked whether there’s a TedTalk or other guide to this type of methodology that could be used to brief ICG members and future members.</p> <p>Action:</p> <ul style="list-style-type: none"> - Darren to circulate papers that were used during PR19. - Craig to circulate Water Industry for Dummies (see below) <p>Links: https://www.cgi.com/uk/en-gb/article/gb-water-industry-for-dummies https://www.ofwat.gov.uk/regulated-companies/ofwat-industry-overview/</p>	<p>Challenge</p> <p>Challenge</p> <p>Challenge</p> <p>Challenge</p> <p>Challenge</p> <p>Action for future agenda</p> <p>Request for info</p> <p>Actions</p>

Item		Action
5.	<p><u>Water Industry National Programme (WINEP) and Advanced WINEP</u></p> <p><i>What is AW strategy to enable growth in areas of nutrient and/or water neutrality?</i></p> <p>Carly Leonard – AW Head of Environmental Strategy and Martin Bowes – AW Water Quality Policy and Strategy Manager had circulated pre-reading slides in advance about WINEP and nature-based solutions explored through the Advanced WINEP (slides 69-82).</p> <p>WINEP is a core strategic document that sits alongside both the Water Resources Management Plan (WRMP) and Drainage and Wastewater Management Plan (DWMP) and is a key input into the Price Review process.</p> <p>There is collective ambition that the actions within PR24 WINEP will enable greater delivery for the environment, for customers & for communities, marking a step towards long-term change.</p> <p>AW’s draft WINEP was submitted in November 2022, with final WINEP drivers due to be submitted to the Environment Agency on 23 January 2023. Assessment and assurance will take place throughout 2023, alongside the Business Plan process.</p> <p>Martin explained that the costs associated with WINEP are huge – with a programme upwards of £2bn. Nutrient/water neutrality are a big part of the programme. However, more needs to be done and AW is keen to work with other stakeholders to unlock other parts of the jigsaw.</p> <p>Carly explained that AW submitted an Advanced WINEP, which is a pot of money available to focus on collaborative approaches. Nature-based solutions are the first priority for AW’s Advanced WINEP. Carly explained AW was using Norfolk as a test bed for collaboration. Further details on the nature-based solutions being explored in Norfolk were outlined in the slide deck. The aim is to deliver more environmental outcomes for Norfolk at a lower cost to water company customers.</p> <p>AW is pioneering the internationally-acclaimed ‘Water Fund’ approach with partners, and to provide significant ‘pump-priming’ to attract other funders – targeting £50-100m of investment by 2030 and seeking to develop a model for outcome-based environmental regulation for wider roll-out at PR29.</p> <p>The Norfolk Water Strategy Programme, and the developing Water Fund, could be used as a vehicle to facilitate a market for nutrient offsetting, providing a governance platform to bring together farmers, landowners and solution providers to access the funding provided by developers.</p> <p>Questions/comments Sarah Powell explained that 96% of WINEP is statutory. AW’s Advanced WINEP looks good – with a good focus on exploring how things can be done differently.</p>	Question/ Challenge

Item	Action
<p>Martin said that AW shouldn't be responsible for tackling these issues alone but should work with others to bring funding pots together etc. AW has a voice to influence things in the right direction.</p> <p>Craig asked how AW can get involved in conversations about more sustainable system-level change that's needed?</p> <p>Action: Darren to share papers that were presented to previous Secretary of State</p> <p>Rachel explained that customer engagement on WINEP would be explored with the ICG as part of other discussions.</p> <p>At this point, agenda item 8 (on Customer engagement) was moved to come ahead of item 6.</p> <p>8. <u>Customer engagement: ICG involvement in forthcoming activity</u></p> <p>Rachel Walters, AW's Customer Engagement Lead for PR24, circulated an A3 handout to ICG members giving an overview of the programme of customer engagement activity through 2022 and 2023. Phases 1 and 2 have involved gathering priorities and strategy review/key investments to feed into the development of AW's Business Plan. By spring 2023, the programme will move into Phase 3, which will involve refining customer views with customer engagement activities and consultations that feed into the AW Business Plan. Jacobs had been appointed to provide assurance.</p> <p>Action: Rachel to circulate graphic to ICG members electronically.</p> <p>There was also discussion about how the ICG should best give guidance and assurance on customer engagement materials, as these were developed.</p> <p>It was agreed that the ICG would set up a task and finish group for the busy period of customer engagement in early 2023 to give regular feedback on evolving customer engagement materials.</p> <p>Gill Holmes from CCW and Claire Higgins were happy to be involved and Paul Metcalfe had also expressed interest (but was absent from the meeting due to illness).</p> <p>Action: VA to check with Paul about his ongoing interest/availability.</p> <p>Craig would like to be copied in on discussions/materials shared for the task and finish group.</p> <p>He said 2023 would be a busy year for the ICG and task and finish groups would be needed to work on specific issues, including materials.</p> <p>He asked whether further expertise was needed on the ICG?</p>	<p>Action: DR</p> <p>Action RW</p> <p>Action VA</p>

Item	Action
<p data-bbox="280 237 1203 309">Gill said it was helpful for ICG to be observers at focus groups and also asked about getting more sight of online community activity.</p> <p data-bbox="204 365 1190 436">6. <u>Water Resources Management Plan (WRMP) and Strategic Regional Options</u></p> <ul data-bbox="331 495 1273 992" style="list-style-type: none"> - <i>Is there a clear line of sight between ‘our customers want us to ensure we have a low impact on the environment’, and the decision that reservoirs were the best way to do this. We were also a little puzzled that water re-use seems fairly low profile in the plans, even though it was popular with customers and is arguably friendlier to the environment than building reservoirs. In particular, water re-use needs to be explained, very transparently, right from the start. How does the reference to water re-use in the DWMP fit in with the references to water re-use in the WRMP?</i> - <i>Members would also like to know about plans to communicate about the reservoirs/need for the reservoirs with customers. What are contingency plans if these don’t come on line quickly enough to provide water for the region</i> - <i>What customer engagement has AW engaged in regarding spend on reservoirs?</i> <p data-bbox="280 1021 1281 1093">Geoff Darch, AW’s Water Resources Strategy Manager, had circulated pre-reading materials (slides 2-40).</p> <p data-bbox="280 1131 416 1160">As a recap:</p> <ul data-bbox="331 1167 1281 1413" style="list-style-type: none"> - The aim of a regional plan and a WRMP is to present a best value plan, both in the short term and the long term. - A WRMP must ensure a secure supply of wholesome drinking water for customers and protect and enhance the environment. - A best value plan is one that considers factors alongside economic cost and seeks to achieve an outcome that increases the overall benefit to customers, the wider environment and society. <p data-bbox="280 1451 1217 1520">Plan B (with two reservoirs) was determined to be the best value plan for the region because:</p> <ul data-bbox="280 1527 1276 1865" style="list-style-type: none"> - It maintains a supply demand balance without any final planning deficits. - Has the least delivery risk as it does not include brackish desalination, which has been identified as a high risk option. - Is adaptive to the needs identified from the AMP8 WINEP environmental destination investigations. - It is best for intergenerational equity, as it reduces the possibility of assets which may not be fully utilised. - Includes reservoirs which could provide many benefits to the environment and society. <p data-bbox="280 1910 1260 2011">AW’s WRMP24 was submitted to Defra on 3 October. AW’s boldest WRMP yet, it will provide significant investment to the region in order to ensure resilient water supplies and a flourishing environment.</p>	<p data-bbox="1305 483 1449 555">Questions/ challenges</p>

Item	Action
<p>It is expected that the WRMP will be published shortly, with a supporting webinar in January 2023. This is available at anglianwater.co.uk/wrmp</p> <p>Plans are progressing for new multi-sector South Lincolnshire and Fens reservoir systems to address long-term water supply challenges. Consultations and conversations have been held with stakeholders and are due to finish on 21 December, with further rounds planned in 2024/25. See slides 24-25 for more details about communications.</p> <p>AW is currently consulting with Cranfield University to further understanding of water reuse treatment (more details in slides 37-40).</p> <p>Questions/comments</p> <p>Sarah Powell asked what the response had been since AW had gone public on locations?</p> <p>Geoff said the response had been generally good but there was more resistance from landowners in South Lincs than elsewhere; there was acceptance that the reservoirs were needed and genuine excitement around the opportunities.</p> <p>Gill asked for more details about water reuse?</p> <p>Geoff responded that AW was taking water from water recycling centre and reusing it indirectly in a trial scheme at Colchester. Water taken from Colchester WRC and pumped back into reservoir.</p> <p>DWI don't have any concerns from water quality aspect. Customers seem quite relaxed about it and are keen on making the most of what is available.</p> <p>Craig – looking at slide 13, which outlines the best value plan: the ICG's challenge is how can we be confident you're maxing out and doing everything possible under heading of demand management (e.g. around public messaging around water reuse)? How is AW comparing to other companies, both in UK and overseas.</p> <p>Geoff – it's a conversation AW has been having with the Environment Agency. The company doesn't put anything into the plan that they don't believe they can achieve. They're generally quite conservative in numbers put forward because they like to be able to be evidence-based.</p> <p>AW CEO Peter Simpson arrived at 14.20</p> <p>Peter Simpson said that AW is one of the only companies that's really backing demand side solutions. There's a general feeling in the water industry that supply side is more important but AW has always had a twin track approach (demand and supply). AW is at the vanguard of this.</p> <p>Geoff added that AW believes they can continue to offset growth with demand management measures:</p> <ul style="list-style-type: none"> - More than 450k smart meters now in the ground (roll out since 2020). Median per capita water use is going down towards 100 litres per day, directly linked to smart meters. - People are finding and fixing plumbing losses and becoming more aware of water use. 	<p>Challenge</p>

Item		Action
7.	<p>- There's an opportunity to go further – e.g. promoting leak repairs and having better conversations with customers.</p> <p>Joanne asked how we can collectively represent customers who want to do things differently (e.g. younger generations)?</p> <p>Geoff – there's definitely more to be done on non-household customers. Retailers have been slow to address this but signs that they are engaging. As a wholesaler, we could be look at incentivising.</p> <p><i>In response to the ICG question: what contingency plans in place of reservoirs don't come online quickly enough?</i></p> <p>Geoff: There could be delays but there are things that could be sped up (e.g. putting water into supply more quickly). Going further in demand is relevant here – even with full smart meter roll out, there's so much more to do. There's also making sure government plays role (e.g. around labelling and efficiency of white goods) as well as piloting of water reuse and desalination.</p> <p><u>AW Business Update</u></p> <p>Peter Simpson gave a business update: Year 2 of the five-year AMP period wasn't the best for AW. The company spent a lot of time managing things effectively during the dry summer months and has now been busy managing aftermath (bursts caused by dry ground). After tackling 5,000 leaks after the summer, AW has now got leakage back down to trajectory they would like to see. This required £14 million additional funding allocated to boots on the ground. AW has not been complacent on the supply side either. Another £40m CAPEX to make sure all assets were in tip top condition for next summer.</p> <p>Some reservoirs are not where AW would like them to be still (e.g. Grafham Water). A lot of additional resources have been allocated to water recycling. AW has also reduced the number of storm overflows to 11 – the ambition is to keep this number under 20. That area of business is going in the right direction but there's still a lot to do. AW is focusing now on preparation for winter with some new dimensions (such as energy costs) to bear in mind.</p> <p>In the organisation, AW is looking at gearing up for submitting its Business Plan in October 2023:</p> <ul style="list-style-type: none"> - Darren Rice in his new role as Regulation Director, to replace Alex Plant, who is departing to a new role as Chief Executive of Scottish Water; - AW's CFO Steve Buck is taking on a more strategic role. <p>In January/Feb, Ofwat's Chief Executive Dave Black will meet with every water company CEO to discuss how they are going to make their list of investments fit into their business plan. There is not a lot of time and AW may need to be more fleet of foot in response to some trade offs needed.</p>	Challenge

Item	Action
<p>This five-year period is tough for AW financially (there isn't a lot of flex in the CMA determination and there are lot more obligations coming in – e.g. energy costs are £100m more than expected and steel costs for strategic pipeline are up £300m). There is a lot of work to be done to make sure AW can live within its means.</p> <p>Questions/comments Craig asked about media coverage suggesting that water companies had incurred debt to fund dividends. Peter said that AW had only just started paying dividends again after six years. Payments are in line with what's assumed as a fair return for an investor in this sector. Outlandish dividends happened historically and aren't happening at all now. There needs to be a control around dividends that reflect performance of company.</p> <p>Pete Holland, AW Director of Customer and Wholesale Services, gave an update around AW's work on affordability and vulnerability, providing three highlights since last ICG meeting:</p> <ul style="list-style-type: none"> - Partnership with company called Reach Out (won an award for best vulnerable customer support initiative at Telecoms and Utilities awards) – engaging with hard to reach customers - As part of Water UK, industry committed to moving towards industry standard – first water company to be recognised for ISO for consumer vulnerability - Link between Policy in practice and government website: went live recently (first company to do this at earliest possible opportunity to catch customers). <p>Joanne congratulated the team – and said this should be promoted.</p> <p>Action: Pete to send case study to ICG members.</p> <p>9. <u>General discussion</u></p> <p>ICG members thanked AW colleagues again on the papers prepared in advance, which were easy to read. They also thanked the company for their openness in answering ICG questions. Members asked if the papers could include a content page in future.</p> <p>Members agreed that the discussions had been so broad ranging, with a good combination of short term and longer term issues. The format offered a welcome collaborative space for discussion and constructive feedback. Members felt better equipped to challenge. Being able to think ahead and offer feedback for forward agendas was also welcome.</p> <p>Suggested agenda for meeting for 20 January (virtual 1.30-4.30pm)</p> <ul style="list-style-type: none"> - Final Ofwat methodology readout – papers issued in advance - Assurance – papers issued in advance - DWMP – focus on storm overflows - LTDS update - Customer engagement update: 	<p>Challenge</p> <p>Action</p>

Item		Action
11.	<p><u>ICG only session</u></p> <p>Craig asked whether ICG members felt that questions had been adequately answered and are there any new ones? In future, ICG members would work through the challenge log to look at questions and check if they'd been addressed.</p> <p>For pollution incidents, members felt that they would like more tangible information on dates and milestones. They would like to see the PIRP again at future meetings.</p> <p>EA environmental performance report published in July – look at previous year's results in February so that could be shared in advance with ICG members.</p> <p>Members also wanted to formulate another question on water reuse, which they felt hadn't been fully answered yet.</p> <p>It was agreed that a question on interruptions to supply should be formulated – how does this affect critical care facilities? Action: Sarah P to forward a link regarding this.</p> <p>Members also wanted to look at Ofwat's societal valuation guidance. Action: VA to send around draft agendas for January and March for input/questions</p> <p>Outstanding actions from previous ICG session:</p> <ul style="list-style-type: none"> - ICG would like to see business decisions and customer engagement linked clearly in the synthesis report. - They would also like to see the usual company performance at the next meeting. <p>Future meeting dates</p> <ul style="list-style-type: none"> • 20 January 2023 1.30-4.30pm (virtual) • 17 March 2023 1.30-4.30pm (virtual) • 21 April 2023 10-1pm (site visit, timings TBC) • 16 June 2023 2-4pm (virtual) • 21 July 2023 10-4pm (face to face) – NB: date may change TBC • 6 October 2023 – 10-4pm (face to face) • 3 November 2023 – 10-12 (virtual) • 8 December 2023 – 10-4pm (face to face) 	<p>Action ICG members</p> <p>Action SP</p> <p>Action AW</p> <p>Action VA</p> <p>Action AW</p> <p>Action AW</p>