



ANGLIAN WATER INDEPENDENT CHALLENGE GROUP

MINUTES

Date: 21 April 2023
Time: 09.00-17.00
Location: In person, Thorpewood House, Peterborough

Present:

- Craig Bennett – Chair (M)
- Gill Holmes – CCW (M)
- Joanne Lancaster – MD, Independent (M)
- Paul Metcalfe – MD, PJM Economics (M)
- Sarah Powell – Environment Agency (M)
- Nathan Richardson – Waterwise/Blueprint for Water (M)
- Sarah Thomas – CCW (M)

- Brian Ebdon – Director of Strategic Planning and Performance, Anglian Water
- Peter Holland – Director of Customer and Wholesale Services, Anglian Water
- Abi Morgan – Regulation Programme Manager, Anglian Water
- Darren Rice – Regulation Director, Anglian Water
- Rachel Walters – PR24 Customer Engagement Lead, Anglian Water

- Vicky Anning – Secretariat (O)
- Simon Dry – Chair of Customer Advisory Board (O)

Apologies:

- Claire Higgins – Cross Keys Homes (M)
- Peter Holt – Chief Executive, Uttlesford District Council (M)
- Justin Tilley – Natural England (M)
- Richard Tunnicliffe – CBI (M)

Summary of actions

Action	Status
<i>Closed</i>	
RW to provide more exact breakdown of Your Water Your Say attendees	Closed – see below
BE to provide slide deck from meeting as well as AW performance scorecard, as well as a more detailed briefing note (as well as following up with ST and SP on specific points raised)	Link here
RW to bring back more information about customer engagement relating to Strategic Partnership Alliance and reservoirs (and also to reflect customer responses to recent media coverage)	See more information below
RW to share information about definition of high quality customer engagement	Closed – link here
RW to circulate Customer Principles to Customer Advisory Board	Closed
<i>Open</i>	
ICG members to approve March minutes at June meeting	Open
AM to share slide deck from meeting as well as draft assurance statement and terms of reference for auditors	Open
AM to report back on assurance arrangement following AW Board meeting	Open
ICG members to read latest synthesis report	Ongoing
<i>Open (carried over)</i>	
AP to circulate detailed wording from bespoke performance commitments	Pending
AW to share company performance dashboard	Pending
SP to share link to monitoring report on gov.uk (published 30 March)	Pending
JV to share outcomes of CCW workshop on environmental transparency	Pending
AW to provide regular update on pollution incident plan and <i>Get River Positive</i> , including information from recent parliamentary presentation	Ongoing/pending
ET to return to ICG in September with more detailed glide path	Pending
Hartlepool to be added as future agenda item for ICG	Pending
Site visit in relation to customer information around blockages TBC	Pending
<i>Open (carried over from previous meetings)</i>	
AW to share further information on smart meters and analysis on customer behaviour and water use this summer compared to other regions	Carried over; more details to follow
DR to follow up with JV about adaptive planning process	Pending
DR to follow up with Nathan regarding delay to draft WRMP and provide letter from Defra	Pending
PH/PS to follow up with Nathan around reducing NHH water use	Ongoing
ICG members to consider what information they would like to see around DWMP and CSOs and how they would like it presented	Pending

Meeting minutes

Item	Action
<p><u>Site visit: Strategic Pipeline Alliance</u></p> <p>Independent Challenge Group (ICG) members gathered at Thorpewood House in Peterborough – along with the Chair of the Customer Advisory Board Simon Dry – to take part in a site visit to Bourne in Lincolnshire to see the Strategic Pipeline Alliance being laid.</p> <p>This is part of Anglian Water (AW)’s plans to create thousands of kilometres of interconnecting pipelines (running south from Elsham in Lincs) to help combat the impact of climate change. It’s one of the largest infrastructure projects in the UK for a generation. Without this project, AW region could run out of water by 2030.</p> <p>AW is responsible for the delivery of the pipelines, working with partners who bring the necessary engineering, design and construction expertise (e.g. MMB, Jacobs, Costain, Farrans).</p> <p>ICG members also heard about the digital twin for the project, which was setting up a digital representation of AW’s physical assets, systems and treatment processes.</p>	
<p>1. <u>Welcome from ICG Chair</u></p> <p>Craig Bennett, Chair of the Independent Challenge Group, thanked the AW team for a very interesting morning visiting the Strategic Pipeline Alliance.</p> <p>Minutes from the March ICG meeting were held over and would be approved at the June ICG meeting.</p> <p>Central Oversight Group update</p> <p>Paul Metcalfe had attended the recent COG on behalf of the ICG. There had been discussion around Affordability and Acceptability Testing. Some ICG Chairs felt it was too prescriptive, others not prescriptive enough.</p> <p>CCW’s Steve Hobbs told the COG that ICG Chairs should put forward any concerns about guidance or ambiguities.</p> <p>There was also discussion around the recent Your Water, Your Say sessions; AW’s had been the first session. It wasn’t particularly challenging for the company in terms of customer questions. There was an expectation that there might be more anger in the room (for example, around storm overflows). This was the case at other companies’ meetings. Minutes from the session were shared with ICG members as part of pre-reading materials.</p> <p>The general impression from ICG Chairs was that the YWYS sessions were well chaired and well run but didn’t play a major role in business planning.</p> <p>In terms of Business Plans, there was a mixture of positions from COG members (from “we’re being ignored” to “everything is under control”).</p>	

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<p>Following Paul's update, there was discussion among ICG members around the time of day chosen for AW's YWYS session and whether that could have had an impact on attendance.</p> <p>AW colleagues said they were free to choose the timing; other water companies chose later in the day but had similar attendance levels (around 100 people).</p> <p>Rachel Walters reported that 145 people registered for AW's session and 106 people attended on the day. Around half of those were customers and half other stakeholders (this was regarded by the ICG as good but not brilliant).</p> <p>Action: RW to share exact numbers of customers vs stakeholders with ICG.</p> <p>Rachel followed up with these figures:</p> <ul style="list-style-type: none"> • 8 ICG members • 93 individuals • 44 individuals representing a company/community organisation <p>Craig thanked Paul and said he would let the ICG know about any further COG developments.</p>	<p>Action RW</p>
<p>2. <u>Company performance update</u></p> <p>Brian Ebdon – AW's Director of Strategic Planning and Performance – gave an update on the company's business performance.</p> <p>He provided an update on Year 3 for AMP7 figures hot off the presses to give an indication of performance across metrics including Outcome Delivery Incentives (ODIs), health and safety and sustainability.</p> <p>Weather impact</p> <p>He gave a detailed overview of the weather impact in 2022/23, which had a significant impact on performance in Year 3 – leading to mains bursts due to extreme drought followed by periods of extreme cold. The impact had been particularly acute in the East of England region.</p> <p>Performance on leakage was very correlated to mains bursts, which is a good proxy for the stress the network has taken.</p> <p>5,171 burst mains were repaired in Yr3 compared to 3,456 for Yr2.</p> <p>This in turn impacts on leakage performance and interruptions to supply. AW is struggling to maintain frontier level on leakage and needs to be more prepared for burst recovery in future.</p> <p>On questioning from ICG members, Brian said that AW's ambition was to get leakage down to lowest level ever; the company had taken on new personnel and kept them on for longer than expected to cope with more bursts.</p>	

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<p>Darren Rice said the company was proposing an increase in targeting the most vulnerable assets and replacing them sooner.</p> <p>Ofwat sent out a tailored request to water companies about dealing with freeze thaw incidents and had rated AW as good.</p> <p>Brian shared a slide showing AW’s performance against targets, which was mainly amber and red. He acknowledged there was a lot more red than the company would like to see, mostly due to impact of weather. But he recognised that weather wasn’t an excuse and AW was committed to figuring out how to innovate and become more resilient to future extreme weather events.</p> <p><i>Employee Health and Safety</i> Year 3 was a good year on that front, with lowest ever accident frequency, reduction in sickness etc.</p> <p><i>Key river health measures</i></p> <p>Serious pollution events: AW had 11 localised Category 2 (serious) pollution events in 2022, compared to 14 in 2021. This is classified as Red in the Environmental Performance Assessment (EPA). Whilst the improvement is good, target is to have zero serious pollutions, and there is still a lot of work to be done to continue to drive improvements via the Pollution Incident Reduction Plan (PIRP).</p> <p>Total pollution events: AW had 33 pollutions per 10,000km of sewer in 2022, compared to 34 in 2021. This is classified as Amber in the EPA. Again, whilst this improvement was welcome, this is an area of focus through the PIRP. (Didn’t hit ODI targets).</p> <p>Treatment work compliance: AW’s compliance improved from 98.2% (2021) to 98.7% in 2022 and they recorded fewer failing treatment works. This is classified as Amber in the EPA, and continues to be a significant area of focus. (Didn’t hit ODI targets).</p> <p>Spills from storm overflows: AW recorded an average of 15 spills per storm overflow in 2022 compared to 25 in 2021, which was the lowest in the industry. They recorded a 54% reduction in the overall duration of our storm overflows.</p> <p>Abstraction licence compliance: 100% compliance, despite the significant increase in demand for water during the extreme heat in the summer of 2022 and the significant freeze thaw event in December. AW did not need to apply for Drought Permits during this time and did not need to impose Temporary Use (hosepipe) bans. In addition, they provided additional water to farmers for irrigation in Cambridgeshire, and put additional water back into the environment to support low flow during the summer. AW expects to maintain industry-leading position on leakage (data tbc).</p> <p>WINEP: In 2022/23 AW invested £93m directly into environmental protection, restoration and enhancement across the region through WINEP. In this period</p>	

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<p>they delivered 224 environmental schemes including additional storm tanks, event duration monitors, eel screens, ammonia and phosphorous removal and enhanced flow monitoring. So far since 2020, they have invested £243m through WINEP programme, and have delivered 1,411 schemes; they are currently 303 schemes ahead of regulatory obligations for this point in the AMP.</p> <p>Get River Positive: AW has made significant progress with their Get River Positive Commitments, and exceeded targets such as storm overflows. They invested over £600k of additional funding into a wide range of Get River Positive initiatives and leveraged £1.6m partnership funding in 2022.</p> <p>Operational and capital carbon reduction: AW met company target for operational and capital carbon reduction in 2022/23, in line with Net Zero roadmap. AW delivered an 8% reduction in operational carbon against 2020 baseline. They also delivered a 64% reduction in capital carbon against the solutions they would have deployed 10 years ago.</p> <p>Biodiversity net gain: Delivery of a minimum of 10% biodiversity net gain for capital projects will become mandatory in November 2023. AW has voluntarily worked to this target for several years, and in 2022 delivered well in excess of target for biodiversity net gain across their capital programme.</p> <p>SSSIs: 99% of the 49 SSSIs that AW manages were in favourable condition in 2022 compared to 38% of SSSIs nationally.</p> <p>Sludge disposal: AW has achieved targets for the satisfactory disposal of sewage sludge to agriculture, and expects to be rated as Green by the EA in the EPA.</p> <p>Bathing waters: 94% of the 48 coastal bathing waters in the region were rated as either Excellent or Good in 2022. Of the two which were rated as Sufficient, investigations into the cause continue with the EA and local authorities. One site was rated as Poor (Heacham); investigations have ruled out any of AW's assets as contributory factors.</p> <p>Inland bathing waters: Three of the four recently announced inland bathing water designations are in AW region (two at Rutland Water and the River Deben at Waldringfield). AW actively supported all three applications, and continue to work with local river groups and local authorities to support further applications due in October 2023, including detailed water quality monitoring.</p> <p>Ultra-violet treatment: AW uses ultra-violet treatment at water recycling centres which discharge near to sensitive waters such as shellfisheries. AW achieved 100% compliance at these sites in 2022.</p> <p>Supply/Demand Balance: AW's overall Supply Demand Balance Index was 100% for 22/23 (<i>final data being confirmed</i>).</p> <p>Self-reporting of pollution incidents: AW's self-reporting of pollution incidents to the EA improved from 69% to 73% in 2022, but was classified as Amber by the EA as part of EPA. This is a clear area of focus for AW.</p>	

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<p>Gill Holmes felt that self-reporting was low in previous AMPs and hadn't improved.</p> <p>Jo Lancaster suggested that AW should let all local councils know the best phone number to use if pollution incidents were seen.</p> <p>Brian reported that self-reporting for Year 4 was at 90%.</p> <p>Customer and community performance It was a strong year for customer and community performance. While CMEX (customer satisfaction) was not where AW wanted (red), initiatives to help vulnerable and struggling customers all exceeded target. Affordability measures were good and all showing green. 11.2% on PSR numbers (industry average is 3 or 4%). Bad debt charge is around £30m year on year.</p> <p>Per capita consumption – hit internal target but not PCL (target was made before pandemic). Ofwat may change for Year 4/5.</p> <p>Financial ODIs</p> <p>Performance in Year 3 will lead to a £20-£25m penalty on the financial ODIs (subject to audit in June). While AW improved or maintained performance on 14 of 19 metrics from Year 3 the target performance levels increased more putting AW in a net penalty position (compared to £10m last year). Almost all metrics were improved from last year but Ofwat targets cranked up 10% and will go up again next year. Expectations are high and AW needs to step up to that. Customers will get rebate – penalty will come from shareholders to customers. Brian shared the detailed ODI figures and would share the slide deck after the meeting. Action: Brian to share slides and additional figures and briefing note to ICG.</p> <p>Craig said that he would also like to see the performance scorecard that was prepared for the CEF (previous incarnation of the ICG). Darren proposed to make these available on a quarterly basis. Action: Brian to prepare scorecard</p> <p>Craig asked Sarah Powell from the Environment Agency to comment on AW's performance. Sarah Powell commented that AW had been given a 2-star rating by the Environment Agency on environmental metrics. AW had 11 serious pollution incidents (more than any other water company). It was a disappointing performance with room for improvement. Sarah was worried about greens given to river health metrics as she felt this didn't reflect AW's performance. Action: Brian to follow up.</p>	<p>Action BE</p> <p>Action BE/SP</p>

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	<p>There was discussion around CMEX, which AW colleagues said was out of kilter with historic performance. AW was looking into what was driving those metrics. AW is now highly digitised which is having an impact on how satisfied customers are (as there's less opportunity to impress customers if everything is done automatically).</p> <p>Darren felt this was a bit unfair as there's an inherent penalty for doing the right thing compared to companies that aren't as digitised.</p> <p>Action: Sarah T was interested to follow this point up. Action: Brian to send additional figures and briefing note to ICG.</p>	<p>Action ST Action BE</p>
<p>3.</p>	<p><u>Customer engagement activity and insight</u></p> <p>Rachel Walters – PR24 Customer Engagement Lead – presented slides showing updates to the Synthesis Report and customer principles document since the last edition was published in November 2022, including more emphasis on the company's strategic goals, a summary of customer insight by the four themes and easy to read infographic on areas that were increasing, decreasing or staying the same since PR19. This gives the reader the opportunity to see how customers' mood is changing. The latest version (March 23) had been shared with ICG members ahead of the session as pre-reading.</p> <p>Action: Craig urged ICG members to read the report.</p> <p>There are now references/links included in the principles report and all research reports referenced in the report are available in the Sharepoint folder here</p> <p>Some ICG members reported that they were struggling to access the Sharepoint folder, which was an ongoing issue that seemed hard to resolve. Members have also been sent documents via WeTransfer to mitigate against this problem.</p> <p>Paul mentioned that he found the Synthesis report useful; he found the interest in lead surprising.</p> <p>Rachel said this came through from the initial Trinity McQueen report at the start of the engagement process but has since dropped down the priority list, as can be seen in the principles document.</p> <p>Simon Dry asked if he could share the Synthesis report with Customer Advisory Board.</p> <p>Rachel suggested Simon should share the Customer Principles slide deck, as this is a more succinct and easy to read collation of current insight.</p> <p>ICG members asked AW colleagues if anything in particular had changed or was standing out.</p> <p>Although some gaps had been identified, Darren suggested there was nothing too surprising:</p> <ul style="list-style-type: none"> - Resilience/supply and demand was at heart of customer priorities (consistent with previous views). What's emerging is call for action - Emphasis around net zero – important but needs to be balanced - Willingness to pay for resilience 	<p>ICG action</p> <p>Action RW/SD</p>

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<ul style="list-style-type: none"> - Desire to get ahead on climate vulnerability - Customers expecting us to “just do it” on resilience - What’s muddier is how AW is going to move away from concrete to nature-based solutions to maximise impacts. <p>ICG members probed further about customer feedback around the two new reservoirs and strategic pipeline. They also asked whether the media focus on water companies was throwing up additional questions.</p> <p>Action: Rachel to come back with more information on this.</p> <p>Following the meeting, Rachel referred ICG members to the slide deck and discussions at the December ICG meeting here. In addition, she said AW had seen from the A&A research sessions with customers, as well as the YWYS session, that customers were interested in a variety of issues, not just pollutions or CSOs, and have had the chance to challenge the company on all aspects of its performance and service delivery through these activities. From what AW has seen through customer engagement, media attention is highlighting the roles and responsibilities of water companies but not any one issue over another.</p> <p>Task and Finish Group</p> <p>In addition to reviewing ongoing engagement materials, ICG members were invited to attend the in-person discussion groups as part of the Acceptability and Affordability testing.</p> <p>Gill Holmes reported back on a deliberative qualitative workshop of Affordability and Acceptability testing she had attended in person in Northampton.</p> <p>A total of 18 customers attended the session – (three non-household customers didn’t attend on day; so Accent recruited household customers instead). It was well run and moderated by Accent. There was a good mix of customers and lively discussion.</p> <p>It was a prescribed engagement session as set out in the Ofwat guidance, with AW adding their own company specific information where required. All customers had carried out the required pre-task activity in ample time, which Gill reflected was impressive.</p> <p>Some participants had difficulty thinking about longer term issues but the general feeling was they didn’t expect their finances to improve in next five years. There was lots of discussion about smart meters; customers were generally supportive with discussion around engaging more with customers around use of meters.</p> <p>There was some challenge on strategic priorities and whether the company were going far enough.</p> <p>The groups looked at the six key performance measures as stated by Ofwat (there was some challenge around that).</p> <p>There was also discussion around transparency of data – people didn’t understand about targets and, if it was published, who would read it.</p>	<p>Action RW</p>

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<p>In terms of affordability, there was concern for intergenerational fairness; wanting a better future for grandchildren. There was emphasis on the importance of the environment and sewer overflows.</p> <p>Customers will then complete a post task exercise tailored to their individual views whether they think the company plan is affordable and acceptable. There would be similar workshops running in other areas of the AW region, including Hartlepool, Boston and Chelmsford. It was felt that future customers respond better in shorter more focused workshops so these are currently being developed. Members of the ICG Task and Finish Group have been involved in the design of the pre-task and stimulus materials for the Qualitative research and have been invited to a debrief session on the results on 5 May, as per Ofwat guidance.</p>	
<p>4. <u>Approach to assurance: update</u></p> <p>Abi Morgan – Programme Manager for PR24 – reminded ICG members about AW’s assurance arrangements, as also discussed at the January ICG meeting.</p> <p>She reminded ICG members that there were four lines of defence:</p> <ul style="list-style-type: none"> - employees identify and manage risks - policies, frameworks, tools and techniques support first line of defence - internal audits - external audits/partners <p>ICG is one of the bodies that provides independent external assurance. Jacobs is one of the technical assurance providers. Jacobs are assuring all of enhancement part of business plan, meeting with each portfolio lead.</p> <p>Jacobs can attend the ICG only session on 17 May to share their findings.</p> <p>In terms of customer engagement, the AW Board has to be confident that research is high-quality and informs the company’s business plans and Long-Term Delivery Strategy. Jacobs can look at line of sight between customer engagement and how it’s informed the business plan but they are not assuring whether engagement is high quality.</p> <p>Jo Lancaster asked whether there is a framework that sets out what high quality looks like?</p> <p>Rachel answered that this was set out in a joint paper with CCW and Ofwat, which she would re-share.</p> <p>Action: VA/RW to re-share Ofwat/CCW paper PR24 and Beyond with ICG members.</p> <p>Abi went on to discuss AW’s approach assurance. The business plan had been split down into different areas for the Board:</p>	<p>Action VA/RW</p>

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<ul style="list-style-type: none"> - WINEP - DWMP - WRMP - DWI - LTDS - PR24 split into financial / non financial / deliverability <p>There was discussion around whether ICG members could mirror these areas and shadow Board members as part of the assurance process, looking at customer engagement and how this had informed these different elements in order to assure the AW Board/Ofwat. The Board were looking to sign off AW's Business Plan on 19 July.</p> <p>Rachel said AW was also capturing challenges from the Customer Advisory Board.</p> <p>Nathan Richardson proposed pooling questions over the next few weeks in advance of the 17 May meeting to share in advance with Jacobs.</p> <p>Craig agreed this would be a good approach and said the ICG needed more clarity from the AW Board on their assurance approach on customer engagement before the ICG decides how to work towards something that aligns with their process.</p> <p>Abi said the AW Board were meeting the following week and she should have an answer by then.</p> <p>Gill Holmes pointed out that the ICG hadn't looked in much detail at affordability as much. Although they ICG is aware AW is offering good affordability packages, they need to be sure that the company is going to be keeping those measures in place to help with future bill impact.</p> <p>Darren agreed that this was a critical part of ICG's role and Abi suggested a future deep dive on this topic.</p> <p>Jo said that, due to short time frames, the ICG needed to go through a process of prioritisation. This would be discussed at the ICG session on 17 May.</p> <p>Action: Abi to share slide deck as well as draft assurance statement and terms of reference for auditors.</p> <p>Close of meeting</p> <p>Due to pressure of time, the general discussion and ICG only session were not able to take place.</p> <p>Craig thanked everyone for attending and thanked AW colleagues for organising an informative day. He also thanked Simon Dry for joining the ICG for the day. The next ICG meeting was planned for 16 June (with an ICG-only session planned for 17 May).</p>	<p>Action AM</p> <p>Action AM</p>