



**Anglian Water's
Independent Challenge Group**

***Report to be submitted alongside Anglian Water's PR24
Business Plan***

2 October 2023

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Glossary of terms

AMP – Asset Management Period (AMP8 is the Asset Management Period for 2025-2030)

AW – Anglian Water

CCG – Customer Challenge Group (overarching names for challenge groups in the water sector)

CEF – Customer Engagement Forum (precursor to Anglian Water’s Independent Challenge Group)

CMA – Competition and Markets Authority

CCW – Consumer Council for Water

COG – Challenge Coordination Group

DCE – Discrete choice experiment

DWMP – Drainage and Wastewater Management Plan (strategic plan whereby wastewater companies take a company-wide approach to managing their wastewater and drainage assets)

HH – Household

ICG – Independent Challenge Group

LTDS – Long-Term Delivery Strategy

NHH – Non-household (properties receiving potable water supplies that are not occupied as domestic premises i.e. business, industry, agriculture etc.)

ODI – Outcome Delivery Incentive (financial reward or penalties depending on how well a company delivers its services to customers)

Ofwat – Water Services Regulation Authority (the body responsible for economic regulation of the privatised water and sewerage industry in England and Wales)

PC – Performance Commitment

PIRP – Pollution Incident Reduction Plan

PR19 – Price Review period for 2020-2025

PR24 – Price Review period for 2025-2030

SDS – Strategic Direction Statement (Anglian Water’s 25-year strategy)

WINEP – Water Industry National Environment Programme

WRMP – Water Resources Management Plan (published every five years by a water company, it is the company’s strategic plan for supplying water to meet demand over a 25-year period)

WTP – Willingness to Pay

Executive summary

Anglian Water is to be commended for establishing an Independent Challenge Group, to scrutinise its approach to customer and stakeholder engagement and business planning, even though this is not required by Ofwat, the regulator.

The Independent Challenge Group (ICG) brings together various experts drawn from a variety of fields relevant to Anglian Water and its customers. We have offered robust challenge during the current business planning process across a number of areas, and have also challenged the company on aspects of its current performance.

We feel we have been well supported by the company, who have provided us with comprehensive information in response to our challenge questions, as well as access to senior executives, including the Chief Executive. We have built strong linkages to the Board of Anglian Water, who we are confident see us as an important mechanism, through challenge, for improving long-term company performance, customer and stakeholder engagement, strategy and business and planning.

We believe that Anglian Water's Business Plan for AMP8 (2025-2030) represents an important step forward in the company's aim to deliver safe, clean water and recycle it effectively and to protect and enhance our environment and enrich communities – a public interest that is embedded in its Articles of Association.

The company has a long record of high-quality customer engagement and, broadly speaking, we feel that this has continued through this business planning process – although many aspects of the approach have been different in the context of Ofwat's more centralised approach to customer research for AMP8.

There is plenty of evidence that there are high levels of customer support for the overall approach adopted by Anglian Water for this Business Plan. Anglian Water's customers have long demonstrated strong support for investment to deliver a resilient water supply, to deliver environmental improvements, and to support vulnerable customers across the region. This has broadly continued to be the case, despite the 'cost of living' crisis, although customers are understandably keen for this to be done as efficiently and effectively as possible by the company.

While the Independent Challenge Group is confident that Anglian Water's customers will support the main components of the AMP8 Business Plan, it is worth noting that customer engagement on the Long-Term Delivery Strategy came very late in the business planning process. There have also been some other areas of engagement that have not been as timely as we would have liked.

However, it is worth highlighting that Anglian Water is to be congratulated for the support it will be providing for vulnerable customers during AMP8, which we believe is sector leading in its approach.

The Independent Challenge Group warmly welcomes the increased investment to deliver environmental outcomes in AMP8, in particular the focus on nature-based solutions. We welcome the long-term vision for 'pollutions' to be 'consigned to history' and to 'cease all abstraction from chalk aquifers and other sensitive habitats' by 2050, but we will continue to push the company to develop more precise and nearer-term targets as part of the 'glidepath' towards these longer-term targets.

The company's performance has been disappointing, not least on pollution incidents, over the last couple of years. The management accept this and are determined to improve performance. The Independent Challenge Group believe that rapidly turning this around will be critical for building trust amongst its customers and stakeholders that its ambitions for AMP8 can be delivered.

Craig Bennett

Chair, Anglian Water's Independent Challenge Group

29 September 2023

Introduction to Anglian Water's Independent Challenge Group (ICG)

Anglian Water's Independent Challenge Group (ICG) is a group of independent subject experts and regulators – with an Independent Chair – who scrutinise and challenge Anglian Water's business plans to make sure they reflect customers' priorities. Replacing the previous Customer Engagement Forum in July 2022, the ICG constructively challenges Anglian Water on:

- the quality of its engagement with the customers and the wider communities and stakeholders it serves
- the extent to which customer priorities are reflected in what the company does, and
- the company's delivery against those priorities.

During the business planning period for 2025-2030 known as Price Review 24 (PR24) – and also referred to as Asset Management Period (AMP) 8 – the ICG has worked alongside Anglian Water's senior management team to help make sure that the company's Business Plan reflects customer priorities.

Over the past two years, the ICG has scrutinised the steps Anglian Water has been taking towards achieving the vision as laid out in its Strategic Direction Statement (2020-2045),¹ which outlines four stretching and long-term goals agreed with customers:

- To make the East of England resilient to the risks of drought and flooding
- To enable sustainable economic and housing growth in the UK's fastest growing region
- To become a carbon neutral business by 2030
- To work with others to achieve significant improvement in ecological quality across catchments.

Achieving this vision requires Anglian Water to build trust and work with the many stakeholders that have an impact on the water and the wastewater system in the regions Anglian Water serves, including Hartlepool.

In summary, the ICG is dedicated to making sure Anglian Water is doing the best job it possibly can for its 7 million customers across the East of England and Hartlepool.

In addition, the ICG plays a role in holding Anglian Water to account for delivering against its promises to its customers, communities and the environment. This includes, but is not limited to, holding the company to account for delivering against the 2019 Price Review (PR19) performance commitments.

¹ See <https://www.anglianwater.co.uk/about-us/our-strategies-and-plans/future-challenges/strategic-direction-statement/>

In its work, the ICG takes account of the diversity of the Anglian Water catchment area, both in terms of its habitats and its people. The ICG also works alongside the Customer Board, which represents the daily interests of Anglian Water customers (both household and non household), reflecting the priorities of the full range of interests across the company's area: including current and future bill payers, other members of the household, anyone who lives or works in the area alongside community groups and tourists and travellers passing through.

The largest water and water recycling company in England and Wales by geographic area, Anglian Water faces considerable challenges over the coming years. More than one quarter of the region is below sea level and, with lower than average rainfall, the region is prone both to flooding and to drought. It also operates in four of the UK's fastest growing cities (Cambridge, Peterborough, Milton Keynes and Northampton). A projected population increase across Eastern England of 8% over the next 20 years will put additional pressures on reliable water supplies and water recycling services.

Anglian Water's stated purpose, as a monopoly provider of a service that is fundamental to society, is to bring environmental and social prosperity to the region. In 2019, Anglian Water became the first utility to embed their purpose into their Articles of Association, locking public interest into the fabric of their business decisions, which is to be commended.

At a time when the water sector is under increasing pressure and scrutiny from the public and the media, the role of the ICG is more important than ever to make sure that customer and stakeholder views are at the very heart of the company's business planning.

Ofwat's expectations and the Independent Challenge Group's mandate

For the PR24 Price Review period, Ofwat made the decision that Customer Challenge Groups were no longer a mandated requirement for water companies in England and Wales.

In Ofwat's [Creating tomorrow, together](#) paper of May 2021, Ofwat stated it would not be defining the role of a customer challenge group for each water company. Instead, the regulator proposed the development of standards for high-quality research, customer challenge and assurance and use of customer and stakeholder engagement evidence.

In Ofwat's subsequent and more detailed position paper [PR24 and beyond: Customer engagement policy](#), published in February 2022, Ofwat stated that *"companies are expected to put in place challenge and assurance solutions to meet their individual needs, ambitions and circumstances"*.

Ofwat made several other revisions to the customer engagement process in its proposed methodology for PR24, including:

- an increased centralisation of customer research across the water sector, particularly for common performance commitments

- a recommendation to hold two open sessions with customers (in the spring and winter of 2023), moderated by an independent Chair.

As flagged by a 2023 review of independent challenge groups commissioned by CCW, when Ofwat set its expectations for customer challenge in PR24, a significant aspect was that company boards should be *“accountable for having in place a mechanism for, and listening to, customer challenge”* and being *“able to demonstrate how business plans and wider decision-making take account of matters that are important to customers, including those highlighted through the customer challenge process”*.²

We believe Anglian Water should be commended for having put an Independent Challenge Group in place for PR24 (in common with most other water companies), even though it was not formally required by Ofwat.

We believe we have been able to provide a much higher and expert level of scrutiny and challenge to Anglian Water through the business planning process than would otherwise have been possible.

ICG’s role and remit

In their February 2022 paper, Ofwat laid out minimum standards for high-quality research, customer challenge and assurance of customer engagement, stating that *“overall, water company research and engagement should follow best practice and lead to a meaningful understanding of what is important to customers and wider stakeholders”*.

This research, Ofwat said, should be reviewed and assured by individuals or groups that are independent of water companies: *“Those that are reviewing should have a range of relevant skills and experience and should feel confident to challenge on all aspects of research. Information shared with them should be relevant and timely. Water companies should be transparent about the research findings, and in what ways it has been used.”*

In the same paper, Ofwat laid out expectations for independent customer challenge as follows:

“Customers and their representatives must be able to challenge the companies’ ongoing performance, business plans and long-term delivery strategies. The purpose of customer challenge is for companies to receive feedback on what issues matter to customers, what their views are on various aspects of companies’ activities, and to enable customer comment on how well plans reflect their needs, priorities and preferences.”

² [PR24 and beyond: Customer engagement policy – a position paper](#), Ofwat, February 2022, pages 8-10. As highlighted in *Influencing Without Power: A Review of Independent Challenge Groups in the Water sector*, CCW/Independen, February 2023, page 1.

These principles formed the basis for the ICG's refreshed Terms of Reference, which were agreed in the summer of 2022 and have provided the framework for the ICG's work in 2022 and 2023.³

Following an open recruitment process, **Craig Bennett** – former Chair of the Anglian Water Sustainability and Resilience Subpanel and a long-time member of the previous Customer Engagement Forum – was confirmed as the new Chair of the ICG in December 2021. He had been serving as interim Chair since **Jeff Halliwell** stood down in the autumn of 2020.

In the Chair role, Craig has also attended regular meetings of fellow Customer Challenge Group chairs – the **Challenge Coordination Group (COG)**, which is convened by the Consumer Council for Water (CCW) and provides a forum that Chairs can draw on to share learning and approaches that enhance the quality of scrutiny and challenge. This has proved to be a very useful forum as these new groups develop their refreshed mandate.

Through 2021 and 2022, a good deal of the Anglian Water challenge group's time was devoted to discussing its new role and remit in light of Ofwat's changing guidance, which caused considerable confusion and delay. A good deal of energy was also devoted to scrutinising the Competition and Market Authority process after Anglian Water sought a redetermination of Ofwat's final determination for PR19.⁴ This meant that the ICG came quite late to the customer engagement process for PR24 and members felt like they were playing "catch up" for the second half of 2022 and first half of 2023.

Under Craig's leadership, the Customer Engagement Forum agreed its new Terms of Reference and name – the Independent Challenge Group – in July 2022. This emphasised the group's role to provide independent challenge and was in line with other challenge groups' decisions across the water sector.⁵

Membership of the ICG was refreshed to make sure there was a good balance of expertise, including experts in regulatory economics, water efficiency, business and local government and vulnerable customers (additional expertise was recruited in this area), as well as members from statutory agencies including CCW, the Environment Agency and Natural England (see Appendix 2 for a full list of ICG members during the PR24 planning period).

With support from Anglian Water colleagues, the ICG was also able to develop its own independent logo and branding, as well as refreshing its presence on the Anglian Water

³ The ICG's Terms of Reference are available [here](#).

⁴ The CMA's final determination was received in March 2021.

⁵ As explained in the February 2023 review of challenge groups, *Influencing Without Power*: "While some groups and water companies have retained the 'Customer Challenge Group' (CCG) title or other longstanding name, others have taken the opportunity to rebrand to 'Independent Challenge Group'. They felt that 'CCG' risked being misleading as the group is not a customer representative forum, whereas Independent Challenge Group more accurately reflects that the group is there to provide independent challenge to the company."

website. The website provides a visible presence for the ICG and transparency about our work, including a portal for the latest minutes and agendas from ICG meetings.⁶

How the ICG operates

In order to carry out its remit and its role for PR24, ICG members came together regularly in 2022 and 2023 to scrutinise Anglian Water's customer engagement and to determine how it has influenced the company's business decisions. To help administer these meetings and capture minutes, agendas and challenges, Anglian Water funds the services of an independent freelance writer and editor, **Vicky Anning**, who has also helped to draft this report.

Working together with Anglian Water's PR24 Customer Engagement Lead **Rachel Walters**, Craig and ICG members decided that it would be most useful for Anglian Water to provide 'deep dives' on certain key topics at key meetings to enable in-depth scrutiny (a full list of meetings held in 2022 and 2023 and main agenda topics are listed in Appendix 1).

Most meetings are held virtually via Anglian Water's Teams account in order to maximise attendance and reduce travel. However, several face-to-face meetings are typically held each year, as well as site visits, when feasible. At the end of each meeting, ICG members hold an ICG only session without any Anglian Water colleagues being present in order to carry out their role of independent challenge more effectively.

Wherever possible, ICG members have discussed and agreed on key agenda topics and 'challenge questions' in advance and Anglian Water colleagues have provided very detailed pre-reading materials to make sure members are well briefed in advance of meetings. These pre-reading packs have been very much welcomed by members and have enabled informed discussions to take place during the meetings. Wherever possible, ICG members also provided questions in advance of meetings that helped to shape the agendas and guide the direction and focus of Anglian Water colleagues' presentations.

All the ICG meetings are minuted and minutes are made publicly available on the ICG website. The ICG-only sessions are minuted without names next to comments to allow members to share their opinions more freely. Actions and challenges are clearly highlighted in the minutes to allow the company to respond in a timely fashion.

Challenges are also captured in a detailed challenge log that includes more than 150 individual challenges. In the second half of 2023, this challenge log was organised into themes, to make it more manageable than a chronological log. This 'micro' challenge log

⁶ See <https://www.anglianwater.co.uk/about-us/our-strategies-and-plans/independent-challenge-group/>

was subsequently streamlined and summarised into ‘macro challenges’ as a working document for the purposes of the ICG to create the framework for this report.⁷

As per the ICG Terms of Reference, engagement with the Anglian Water Board is critical to the success of the ICG. The Chair of Anglian Water’s Board **John Hirst**, along with Independent Non-Executive Director **Zarin Patel**, who chairs Anglian Water’s Audit Committee, attended a key ICG meeting on 16 June 2023 and were impressed by the ICG’s diligence, as noted in the minutes. Also noted in the 16 June minutes is the Board’s commitment to attend at least one ICG meeting every year.

ICG Chair Craig Bennett attended part of a key Anglian Water Board meeting on 9 July to present the interim findings of the ICG that have informed this report. Craig also attended an Anglian Water Board dinner on 25 January 2023 to explain how the ICG was operating, and to share some of its initial findings.

As per the ICG Terms of Reference, there is an open invitation for Board members to attend any ICG meeting, if they wish (subject to Chair agreement).

As also stated in the Terms of Reference, it is desirable that Anglian Water’s Chief Executive **Peter Simpson** should attend ICG meetings on a quarterly basis. In fact, Peter Simpson has been present at the majority of ICG meetings and has given regular company updates, as well as engaging in ongoing debates and discussions in an open and frank manner, which has been appreciated by ICG members.

As also mentioned in the ICG Terms of Reference, the ICG Chair has liaised directly with the Chair of Anglian Water’s Customer Board, **Simon Dry**, who has attended two ICG meetings: one ICG meeting in October 2022 and a site visit to Anglian Water’s new strategic pipeline in April 2023. The ICG has also had sight of the Customer Board’s challenge log. There are plans underway for Craig to attend a Customer Board meeting in future.

Under the auspices of the Independent Challenge Group, it was agreed that there should be a **Customer Engagement Task and Finish Group** convened at the beginning of 2023 to scrutinise customer engagement materials during a period of intense customer engagement activity. Four meetings were held in the first half of 2023 and members of the Task and Finish Group were able to make significant contributions as Anglian Water colleagues developed materials for the Affordability and Acceptability Testing. Members were kept up to date with developing activities, timescales and links to documents in a weekly update (more details on the Task and Finish Group below). Members were given access to draft documents through multiple channels, including Anglian Water’s SharePoint system.

⁷ The challenge log is available via the ICG website.

Helping to shape Anglian Water's customer engagement

The Independent Challenge Group was invited to share their views on the shaping of Anglian Water's customer engagement strategy and the thinking behind it, making sure that customer engagement was at the heart of the company's business planning.

At the July 2022 ICG meeting, ICG members were given an overview of Anglian Water's **customer engagement strategy and principles** and members were given the opportunity to feed back their views on the proposals.

In response to Ofwat's Draft Methodology (published in July 2022), the proposed customer engagement strategy was very much less extensive than the PR19 programme, prioritising high-quality engagement over the number of engagement activities. The overarching principle was that the programme of customer engagement for PR24 should be *proportionate and efficient*.

As noted in the Executive Summary for the PR24 Business Plan, Anglian Water carried out over 30,000 in-depth engagements with household customers and almost 2,000 engagements with non-household customers (in contrast to engaging 500,000 customers in the previous AMP). In addition, Anglian Water have 1 million direct contacts with customers every year.

In the pre-reading materials for the July 2022 meeting, the company explained the thinking behind their customer engagement strategy as follows:

- We prioritise high-quality engagement over the number of interactions
- We build on existing insight wherever possible
- We maximise opportunities for research to provide insight to the different strategic frameworks simultaneously, and all research is synthesised into a coherent whole
- We focus our time and resource on areas that will have maximum impact.

As part of this pared down customer engagement programme, the company outlined plans to make more use of everyday interactions with customers than in PR19:

- We use day-to-day insight to understand customer views pertinent to the Business Plan, not necessarily about the Business Plan
- As a result, day-to-day insight is more prominent in business plan development and reduces the need for additional research
- Day-to-day interactions generate useful insight from seldom-heard customer segments, including vulnerable, future and non-household (NHH) customers.

Synthesis Report

At the July 2022 meeting, the company also shared plans to publish a refreshed version of their quarterly **Customer Engagement Synthesis Report**, which is a rolling synthesis of customer and stakeholder insight, research and engagement, to inform the company's business planning.

This approach was piloted in PR19 and a revised and improved version has been produced by an independent consultant (Faldrax Consulting) for PR24. Building on feedback from ICG members and Anglian Water colleagues from PR19, the objective was that the Synthesis Report was more interactive and user friendly than the previous iteration. It provides a key step in bringing research conclusions from many different sources together in one place, interpreting them in an independent way to form overarching conclusions that can be sense checked back with customers, as well as being shared with colleagues across the business.

ICG members gave constructive feedback regarding the scoring mechanisms included in the refresh of the Synthesis Report, which was adopted in subsequent iterations. Members also recommended that links to the original research reports should be included and suggested that a box should be added at the bottom of the pages to show what had changed as a results of customer engagement.

Further improvements were made to the Synthesis Report, in response to ICG feedback, including:

- New evidence and insight from the last version is represented with green text to show any changes at a glance.
- Information on whether the research is local, regional or national is presented in the reference box at the end of the document as well as including more information on sample size and scoring.
- Scoring methodology has been refreshed and a RAG status was added.
- The front section of the report was revised to explain the methodology further for clarity.

At the July 2022 meeting, Anglian Water colleagues highlighted a six-step approach to customer engagement that was new for PR24, starting with decision mapping and gathering insight through to synthesising insights, drawing conclusions from that insight then testing those conclusions back with customers before drawing final conclusions to inform business decisions.

At the October 2022 meeting, ICG members got an opportunity to see a revised version of the Synthesis Report, which had included the development of four high-level strategic outcomes. This allowed for a consistent approach throughout the price review period:

- Purposeful business
- Delighted customers
- Safe, clean and reliable water supply
- Flourishing environment.

These principles were also tested back with customers to make sure they reflected their views and priorities. As mentioned above, this checking back with customers formed a key part of the engagement strategy for PR24.

The Synthesis Report provided a useful addition to Anglian Water's customer engagement toolkit. Unfortunately, the latest iteration of the Synthesis Report was not ready in time to enable detailed consideration ahead of this ICG report, which was prepared in September 2023, ahead of the 2 October Business Plan submission date.

The latest version of the Synthesis Report was shared with ICG members as soon as it was available on 26 September 2023. Anglian Water colleagues explained this timeline was due to the late Affordability and Acceptability Testing carried out in August, which was timed so that engagement with customers would be most meaningful in the light of evolving guidance from regulators on expenditure requirements.

Customer Principles

As part of the new fourth and fifth steps in this process, Anglian Water developed a set of **customer principles**, which are also independently produced by Faldrax Consulting. This was designed to capture broader customer principles and overarching conclusions that could be used to inform business plan development.

These customer principles, which offer a higher-level summary that explicitly links insight to business decisions by providing a concise over-arching digestible synopsis of key findings, were subsequently shared with the ICG and have provided a very useful overview of customer priorities in the customer engagement journey. These are also updated on a quarterly basis.

Online community

As part of Anglian Water's customer engagement programme, the company refreshed their online community of customers to make sure that this was as representative as possible of their customer base. The online community was used extensively in PR19 to elicit informed customer views. During PR24, the platform was used for engagement around specific issues to develop understanding of customer opinions.

Members of the Customer Engagement Task and Finish Group were given log in details to the online community in early 2023, at their request, so that they could see some of the discussions and engagement in action for themselves.

ICG members challenged the company to make sure that the online community included representation from vulnerable communities and also from the Hartlepool customer base, as well as being representative of other demographics, including gender and age. In spite of extensive recruitment exercises, led by Incling in the summer and winter of 2022 and including incentives for participation, Anglian Water colleagues reported that they struggled to attract new members to bring in wider views.

Despite its limitations, however, the ICG felt that the online community remained an important and well utilised resource for the company throughout the PR24 engagement process.

Acceptability and Affordability Testing

In December 2022, Ofwat released further guidance for water companies on testing customers' views of the acceptability and affordability of PR24 business plans.⁸

ICGs were expected to play a key role in the assurance process for Acceptability and Affordability Testing. Each company was expected to use its customer challenge and assurance arrangements as a platform for:

- presenting their proposed approaches to the research
- showing how they have followed the Ofwat guidance
- including responding to any challenges that have been raised.

Companies were required to provide assurance that their customer engagement met the standards for high-quality research, and any other relevant statements of best practice, and that this has been used to inform their business plans and long-term delivery strategies.

As part of the assurance statement, companies were expected to explain how their ICG had provided scrutiny (and where necessary) challenge in the preparation, delivery and interpretation of this research.

In order to respond to this guidance, ICG members agreed to set up a **Task and Finish Group** in early 2023 as the most efficient way to provide scrutiny and challenge around customer engagement materials at this crucial period in the process, as well as making sure that meaningful customer engagement was taking place.

Task and Finish Group meetings were held virtually on 11 January 2023, 8 February 2023, 14 March 2023 and 5 May 2023, convened by PR24 Customer Engagement Lead Rachel Walters. In between these dates, members received a weekly update and summary and were able to review materials electronically and make suggestions and revisions directly onto materials before they were shared with customers.

In this regard, ICG members commented that turnaround times for comment were often very short, which sometimes presented a challenge for meaningful engagement. However, members felt that the company was receptive to feedback and, whilst Anglian Water colleagues did not necessarily agree with all the comments made, final versions of documents were shared with the group members.

Members of the Task and Finish Group included: **Gill Holmes** and **Sarah Thomas** from CCW (with occasional attendance from their colleague **John Vinson**), **Paul Metcalfe** (PJM

⁸ [Guidance for water companies on testing customers' views of the acceptability and affordability of PR24 business plans](#), Ofwat, December 2022.

Economics) and **Claire Higgins** (Cross Key Homes). The ICG Chair **Craig Bennett** was able to attend the March meeting.

At the January meeting, the group agreed their role and remit. They agreed that they could move forward without formal Terms of Reference or a formal Chair, but they wanted to be involved in all stages of customer engagement materials to help shape the content.

At the February Task and Finish Group meeting, members were given an overview of the Affordability and Acceptability Testing programme by colleagues from the specialist market research company Accent, who were working with Anglian Water on this element of the customer engagement programme (also peer reviewed by ICS Consulting to make sure it met the standard of high-quality research – see more on this in the section on Ensuring high-quality research below).

Members of the group felt that the work seemed comprehensive and inclusive. The focus on intergenerational views was particularly welcome. The main concern flagged was the numbers of non-household customers included (as a result of this input, the company decided to bolster the number of non-household interviews for the quantitative phase of the research programme).

Members were invited to attend workshops taking place across the Anglian Water region, including Hartlepool. Gill Holmes was able to attend one of the Qualitative Acceptability and Affordability workshops held on 19 April 2023. However, ICG members noted that they were invited to far fewer workshops than during the PR19 planning period.

On 5 May, members were given a debrief of the qualitative research before the programme moved forward to the quantitative phase. There were strong indications that the proposed plan and investment areas were supported by customers – addressing the spontaneous areas that customers had highlighted around environmental protection, pollution incidents, infrastructure reinforcement and development to meet increased demand.

- *At the qualitative stage, nearly 8 out of 10 customers found the Proposed Plan acceptable*

Whilst the Task and Finish Group felt that the qualitative phase had generally been conducted well, there was some concern about how the company had presented the Proposed Plan versus the Alternative Plan and how it had covered the statutory elements. Some members felt that the presentation of the Alternative Plan (the company's preferred plan and cheaper than the Proposed Plan) was potentially confusing for customers. This was noted in the ICG's Challenge Log.

After that, the next stages in the customer engagement programme were taken back to the wider ICG group at their 16 June meeting. Anglian Water colleagues confirmed that the Proposed Plan did meet all the statutory requirements.

On 2 June, Anglian Water colleagues shared a note with ICG members cancelling the June Task and Finish Group meeting with the following explanation:

“As members will be aware the Ofwat guidance sets out that companies must undertake two phases of acceptability and affordability testing. The first phase is a series of Qualitative deliberate and 1:1 discussions and the second is a wider Quantitative online survey. As members of the Task and Finish Group will have seen through the Qualitative debrief the findings of these activities recommended a number of areas for us to consider before conducting the Quantitative research.

To align these aspirations with the development of the wider PR24 programme, we have decided to conduct a lighter touch piece of Quantitative research ahead of the board meeting in July (using the minimum sample recommended in the guidance) then run the activity with the full sample in August once we are confident in the proposed final shape of Plan for PR24. This will give us essential insight on how customers view the development of the proposed business plan ahead of our key meeting with the Board in July, but also account for any changes in indicative bill options as a result of key services.

As members are aware there is a requirement in the Ofwat guidance for the ICG to be involved in reviewing these documents ahead of full research activity in August. Members of the Task and Finish Group will be invited to review the survey materials in light of these revised timescales.

For the lighter touch research we hope to share materials with the Task and Finish Group in mid-June, and early August for the full research.”

The results of the light touch Quantitative Survey were presented to the ICG at its meeting on 25 July 2023. The company indicated that it planned to run its ‘main stage’ survey in early August. It sought feedback from the ICG about its proposal to run a shadow survey alongside the mandated ‘main stage’ survey. The company indicated that, in order to meet the criteria set out by Ofwat’s high-quality standards, it felt it needed to supplement the mandated questions and do some resequencing to make this a meaningful piece of research.

The ICG was keen to understand the purpose of the shadow survey and how and where the results might be used, particularly as this may remove the element of comparability across companies that Ofwat was seeking.

In an email send to ICG members dated 7 August, the company explained:

“From the feedback we have gained through the Qualitative and light touch Quantitative COG [cognitive] testing, events and previous research, we felt that to meet customers’ expectations and respond to their queries for more contextual information and clarity in many areas of the survey that we couldn’t do within the boundaries of the mandated survey, and as such have developed a shadow survey. Both the mandated and shadow survey will be sent out at the same time using the sampling criteria as set out in the guidance.”

Anglian Water colleagues later elaborated that the shadow survey largely followed the mandated survey, with the main difference being the order of the questions to give more context to customers earlier in the survey and the addition of an extra question on the acceptability of bill increases. This was done in close consultation with Accent and in response to customer feedback.

At the 15 September ICG meeting, members received the results of the Quantitative survey, which had just been received from Accent.

- In the mandated survey, 20% of participants stated they felt they could afford the proposed water and sewerage bills fairly or very easily; compared to 18% of the shadow survey.
- Around 7 out of 10 thought the proposed Business Plan from Anglian Water was acceptable (73% in the mandated survey and 67% in the shadow survey).

ICG members also asked for clarification as to how the results of the mandated and shadow survey would be presented in the final Business Plan. Anglian Water colleagues reassured the ICG that the research carried out was compliant with Ofwat guidance and, following the 15 September meeting, confirmed that they would use the figures from the mandated survey in data tables but would flag any differences in the narrative.

ICG members noted that the figures for both acceptability and affordability were down compared to PR19 trends. However, Anglian Water colleagues suggested that this was a trend across the water sector and was widely considered a function of the survey design for Acceptability and Affordability Testing in PR24, which differed significantly from PR19 and therefore made direct comparisons challenging. Anglian Water colleagues also mentioned that the guidance presented by Ofwat for the survey design had shortcomings, which would be raised by the sector as a whole.

Gamification

At the March 2023 Task and Finish Group and subsequent April ICG meeting, Anglian Water's PR24 Customer Engagement Lead Rachel Walters presented draft plans to design an interactive game that would generate customer insights on issues relating to the company's Long-Term Delivery Strategy (LTDS). Under the plans, customers would be invited to build their own business plan using a set of pre-determined options.

Key questions the company wanted to address included:

- Ambition (what should we be aiming for in 2050? Where there is a statutory target, should we go further? Should we aim to be the best in everything, or focus on a smaller number of areas?)
- The phasing of investments over time (should we do it sooner or later?)
- How do different levels of service customers expect impact on their decisions?
- What is the relative importance of different investment areas and why
- Acceptable bill impacts in the short-and long-term

- Do customers choose to invest in solutions that are not the cheapest, but deliver additional value to society and the environment? If so, why?

Members of the Task and Finish Group were invited to offer their feedback on the first drafts of the game. As a result of this feedback and other concerns flagged by customers and the company, Anglian Water decided to withdraw the game from the customer engagement programme on 2 June 2023, as it was not satisfied it would be of sufficient quality.

The company explained this decision in a note to ICG members as follows:

“Reflecting on our Strategy when reviewing the prototype of the game, we did have some concerns about the games design, but chose to progress testing it with the ICG Task and Finish Group and a small number of customers to get feedback so that we could incorporate all views in our decision.

Both the ICG Task and Finish Group and the pilot run with a sample of customers highlighted issues in the way the game was presented and received by participants. The concerns centred around the overall structure of the game not being clear on where to click and submit responses, the difference in the two options presented being potentially leading to customers as well as a lack of clarity on what the implications of choices for business customers might be, over and above those for household customers.

Throughout our engagement for PR24 and LTDS thus far we have satisfied ourselves that our research is meaningful and high quality; we did not want this to be the exception. We have worked tirelessly with the supplier to resolve outstanding issues including designing the research to be free from bias and to make the activity an informative and meaningful platform to gather customer and stakeholder views. However, given the importance for the research to be high quality and meaningful as well as the amount of time it would take to resolve the issues we have chosen not to progress with the games development and launch.

Following this decision, we have reviewed the wider engagement activities we are undertaking to ensure the programme of activity will meet the requirements of the LTDS. We are confident it does.”

See section on the Long-Term Development Strategy below for more details on subsequent customer engagement informing the LTDS.

Your Water, Your Say

When Ofwat published their final methodology, they introduced a requirement for water companies to hold open challenge sessions in the spring and autumn of 2023.⁹

An additional appendix on the open challenge sessions, now called 'Your Water, Your Say' accompanied the final methodology.

These sessions were designed to provide an opportunity for customers, communities and wider stakeholders to pose questions about the issues that are important to them, including priorities for the future, to water companies in a public environment.

The first session was to be held in the development phase of the Business Plan (March to June) and the second following submission in October/November.

The draft guidance document for the 'Your Water, Your Say', customer and stakeholder challenge sessions was published in January 2023 and ICG members were invited to attend the first Anglian Water session, which was held virtually at 2.30pm on Thursday, 30 April.

Ofwat expected evidence from 'Your Water, Your Say' sessions to form part of the suite of evidence of customers' and stakeholders' views that each company takes into consideration as it develops its PR24 Business Plan and long-term delivery strategy.

ICG members were sceptical of the value of a one-off online open session on a single day for gathering meaningful customer engagement but given the terms of this activity were prescribed tightly by Ofwat, the company had very little room for manoeuvre.

More than 100 customers attended the Anglian Water session and, given the circumstances, ICG members who attended were generally impressed by the company's clear and accessible presentation and honest answers to questions from customers and stakeholders present.

It remains unclear quite how Ofwat expects companies to weight issues raised by customers and stakeholders in the 'Your Water, Your Say' sessions, as compared to those raised during more regulator customer and stakeholder engagement.

The second session has been scheduled for 28 November 2023 and ICG members welcomed the fact that a later time slot had been offered (5.30-7.30pm) to help maximise customer attendance.

Societal Valuation research

Customer values for service improvements play a key role in determining the shape and content of water company business plans by feeding into cost-benefit appraisals of potential

⁹ See [PR24_final_methodology_Appendix_6_Your_Water_Your_Say_Open_challenge_sessions.pdf](#) (ofwat.gov.uk)

service enhancements, and for determining Outcome Delivery Incentive (ODI) rates. For PR19, Anglian Water had conducted an extensive programme of research to obtain a comprehensive suite of value evidence, which had been commended by the Customer Engagement Forum.

For PR24, the context for valuation was somewhat different in that Ofwat had instigated a programme of national research (the Collaborative ODI research) to obtain customer values for the purposes of setting ODI rates, and had instructed companies not to superimpose valuations from their own research in place of these, but rather to focus on areas relevant to business cases that were not included within this research.¹⁰ Accordingly, the volume of societal valuation research conducted by Anglian Water was somewhat smaller for PR24 than it had been for PR19, albeit still substantive.

The key pieces of societal valuation research conducted by the company, which would add to the PR19 research and the national Collaborative ODI research undertaken at the same time, included the following:

- **Integrated Willingness to Pay (WTP) study:** A new broad stated preference study, comprising a suite of valuation tasks undertaken by participants within a survey of 1,279 Anglian Water customers.
- **Post-event research:** A survey of 298 Anglian Water customers who had experienced a supply interruption recently as a result of a burst water main.

The ICG was not given an opportunity to input into the design of these key research pieces; nor was either of the studies subject to formal peer review, as had been the case at PR19. The ICG have been able to review the outputs, however, and we offer our views in the following.

Integrated Willingness to Pay (WTP) study

The Integrated WTP study appears to have been generally well designed and executed and has obtained estimates that usefully add to the evidence base on customer service valuations.

The survey design included an appropriate mix of choice exercises:

- A best-worst scaling exercise focussed on obtaining estimates of the relative impact of different types of service failure. This exercise was designed to be similar to one that was included within the national Collaborative ODI research study, but with service issues aligned to the company's societal valuation framework.
- A discrete choice experiment (DCE) containing repeated choices between profiles of service levels, combined with a package choice exercise to obtain estimates of WTP for a maximum improvement package of service levels. This exercise represented a refresh of the principal stated preference approach utilised at PR19, and also at PR14.

¹⁰ See Ofwat (2021) *PR24 and beyond position paper: Collaborative customer research for PR24*. October 2021.

- A contingent valuation choice exercise to estimate customer WTP for carbon emissions reductions beyond government targets.

The exercises have been carefully designed and appear broadly to be in line with best practice. The discrete choice experiment, however, includes attributes and levels that are known to be problematic for participants to respond to validly – namely service levels comprised of percentages, risk levels and numbers of properties affected. Based on numerous studies including, in particular, Metcalfe and Sen (2022),¹¹ it is known that such approaches, in general, return values that are highly sensitive to the scope of service change included in the designs; and they are hence not robust to reasonable alternative choices of service levels. Notwithstanding this issue, however, which can be chalked down as one of the items for consideration when weighing up evidence from different sources (see Triangulation section below), the ICG supports the decision to include such an exercise for two reasons: first, the values obtained can be validly compared against those from PR19 and PR14 to understand how preferences have changed over time; and, secondly, because there is no currently feasible valuation method that is without flaws of some kind, and it is hence important when the stakes are high to seek to obtain evidence using a range of methods.

Following a thorough testing phase, the main survey was carried out between October and November 2022, for both household and non-household customers. The household survey was completed using a combination of online (1,023) and in-person (55) interviews. Online interviews, provide a cost-effective means of surveying large samples, but will necessarily exclude those without ready access to the internet. Although representing only a very small proportion of the customer base these days, the company laudably added an in-person element to the survey to include digitally disengaged customers.

The sample obtained was representative of the customer base by key demographics. The non-household survey was completed online and obtained 201 participants and was representative of the Anglian Water region by primary company activity.

The main results from the survey were derived from a suite of econometric models estimated on the choice data. The modelling undertaken was broadly in line with best practice; however, the best-worst scaling data was modelled using a restrictive rank-ordered logit specification rather than a mixed logit specification as was employed within the DCE choice analysis, and also within the national Collaborative ODI research. Notwithstanding this issue, the main study results were appropriately derived by scaling marginal benefits estimates from the DCE analysis to the package value obtained from analysis of the package valuation exercise.

The study presented a suite of evidence supporting the validity of the main estimates, including positive feedback from participants, and alignment of the results with expectations with regard to how they varied across service issues and participant types. However, the study did not address the critical concern with respect to DCE-based valuation

¹¹ Metcalfe, P. J. & Sen, A. (2022) Sensitivity to scope of water and wastewater service valuations: a meta-analysis of findings from water price reviews in Great Britain, *Journal of Environmental Economics and Policy*, 11:1, 21-38, DOI: [10.1080/21606544.2021.1984314](https://doi.org/10.1080/21606544.2021.1984314)

research, which is that the results are likely to be excessively sensitive to the scope of service change included in the survey design. As discussed in Metcalfe and Sen (2022),¹² this excessive sensitivity means that the marginal value results obtained cannot be considered not robust to alternative reasonable design specifications and will, in general, tend to overvalue service issues that occur very infrequently.

The results themselves appear to be implausibly high in some cases, including a value of £148,000 per household per boil water notice lasting two days, which happens to be exactly 1,000 times higher than the £148 valuation per household estimated as part of the national Collaborative ODI research for exactly the same service issue. The value for sewer flooding also appears high at £187,000 per household per incident. These service issues are very infrequent at current service levels, and the service changes included in the survey were accordingly also very small. Given what we now know around the sensitivity of values to the scope of service change offered, it seems likely that these high values are, at least in part, a consequence of this.

Despite these concerns, the values represent an important source of evidence to be taken forward to triangulation (see Triangulation section below).

Post-event research

Anglian Water undertook an additional valuation study focussed on customers who had recently experienced a supply interruption as a result of a burst water main. The concept and design of the study were innovative in the context of water sector valuation research and provide useful additional data to take forward to triangulation.

The survey was designed to obtain valuations of supply interruptions via three established methods:

- Avertive behaviour
- Subjective wellbeing
- Stated compensation required

Each of these methods has strengths and weaknesses. The **avertive behaviour** method has the strength of being a revealed preference approach, measuring actual costs incurred as a result of the incident, but this approach will tend to substantially underestimate the true value due to the fact that it does not capture the loss of wellbeing caused by the disruption. The **subjective wellbeing** approach, by contrast, does explicitly capture this. However, it requires participants to be able to reliably say how satisfied they were with their life both before the incident and during it – a task, which is likely to be difficult. The **compensation exercise** is a useful corollary to the wellbeing method as it directly obtains estimates of participant's wellbeing loss in monetary terms rather than relying on an external measure (the Green Book-sourced WELLBY), to convert from a wellbeing loss to a monetary loss. The method also directly mirrors the approach taken within the national Collaborative ODI

¹² Metcalfe, P. J. and Sen, A. (2022) Op cit.

research and so comparisons to the outcomes from that research are potentially also instructive.

The questionnaire itself appears to have been carefully and expertly crafted, and the survey was tested via a small pilot and a soft launch.

The sample, albeit smaller than the Integrated WTP study, still contained a reasonably healthy number (298) of Anglian Water customers. Unfortunately, only households and not businesses were included in this sample.

There was also no attempt made to transfer the values obtained from the sample to the broader population of Anglian Water customers. This fact may have had an impact on the results due to the fact that the sample had a substantially higher representation of older customer than the Anglian Water region as a whole – 85% of the sample were 45 years or older compared to 57% in the region – and the national Collaborative ODI research found that older people required substantially higher compensation than younger people to accept service disruptions.¹³

The sample also contained a broad mix of durations ranging from less than 1 hour to more than 4 days. This meant that the sample size within individual duration bands, e.g. 3-6 hours; 6-12 hours; etc., was smaller than ideal for estimation of values. This turned out to be particularly significant in the case of the compensation method, which is a relatively data hungry approach to valuation, requiring fairly large sample sizes to achieve reliable estimates.

The analysis of the survey appears to have been expertly conducted, and has obtained important valuation evidence. All values vary in line with expectation, with longer interruptions being associated with higher values than shorter interruptions.

As expected, the results from the avertive behaviour analysis are substantially lower than those from the wellbeing and compensation exercises. These cannot be considered to be reliable estimates of the total value of interruptions, but do represent a lower bound.

The subjective wellbeing values appear broadly in line with expectation – around twice as high as comparable estimates for England and Wales from the national Collaborative ODI research; and around a quarter of the values obtained from the Integrated WTP study.

The values from the compensation exercise were not precisely estimated at all, unfortunately. The sample was restricted in the main analysis to those who experienced interruptions of 3-24 hours duration, which left only 122 in the sample. The compensation exercise requires a larger sample than this to achieve reliable results and, seemingly as a consequence of this, the confidence intervals for the value are very wide, at between £201 and £2,489, with a mean of £1,345 per household interruption. The lower bound of this range is consistent with values from the national Collaborative ODI research but the mean is very much higher, and also higher than the comparable subjective wellbeing valuations. In

¹³ See PJM Economics (2023) *Collaborative ODI Research: Final Survey Values Report*, June 2023; Table 32. This shows that those aged 65+ had values that were more than three times as high as those aged 18-29.

part, the discrepancy to the national Collaborative ODI research results is likely to be due to the fact that the sample is older; however, the lack of precision in the results precludes any subpopulation analysis in the post event research. It also indicates that the population mean estimates themselves are unreliable.

Overall, the post event research is commended as an innovative, well-designed and executed study. It provides a useful suite of evidence on customer valuations of supply interruptions using three different and complementary methodologies. This evidence is appropriately carried forward to triangulation.

Triangulation

Triangulation is needed to derive recommended societal values for use in Anglian Water's valuation framework from the suite of valuation evidence available. These values are ultimately used to determine enhancement cases and performance commitment (PC) levels and so this stage is critical to ensure that these business decisions are appropriately reflective of customers' views and values.

The ICG has reviewed the report on Valuation triangulation for PR24 produced by ICS for Anglian Water, and made the following observations:

- The methodology adopted is broadly sound, and conforms to best practice guidance as set out by CCW.
- A comprehensive suite of valuation evidence is brought to bear, including many studies conducted for PR19 as well as the two commissioned studies for PR24 reviewed above, plus evidence from the national Collaborative ODI research, plus wider evidence from across the business and across the sector.
- Values are appropriately scaled to account for package effects, which accounts for the fact that the sum of incremental willingness to pay amounts for service improvements tends to exceed the willingness to pay for the package when measured as a whole.
- However, in deriving central societal values, the company gives zero weight to the results of the national Collaborative ODI research. While the marginal benefit values from this research were included in the report for comparison, they were not used within the triangulation calculations. The ICG would have supported giving more prominence to the national Collaborative ODI research in the triangulation because it represents an important source of evidence for the sector as a whole.
- Notwithstanding this methodological concern, it seemed unlikely, in the ICG's view, that an appropriate inclusion of evidence from the Collaborative ODI research would have had any material impact on the triangulated values. In most cases, where comparisons are possible, the Collaborative ODI research values align with the range

derived via the triangulation methodology. In the case of internal sewer flooding, where the Collaborative ODI research value appears to be an outlier, discussion within the Collaborative ODI research report itself suggests that the Collaborative ODI research value is likely to be understated and hence it would be appropriately down-weighted within the triangulation calculations. Accordingly, overall, the ICG supports the set of valuations derived via triangulation.

Application of valuations and customer engagement business decisions

Valuation evidence has been used by Anglian Water within enhancement investment cases, and to support the setting of PC levels. It has also been used to challenge Ofwat's proposed ODI rates in four cases where the values suggested were significantly at odds with their own evidence.

The ICG was given the opportunity to challenge the company on its approach to incorporating customer evidence in decision making at a high level at the ICG meeting on 16 June 2023, and at a follow-on technical meeting at which one of the ICG's members was walked through the company's investment appraisal system, C55.

Notwithstanding this review, the ICG welcomed the in-depth assurance role played by Anglian Water's auditors **Jacobs**, which drilled into individual enhancement cases in much more detail, ensuring the line of sight from customer engagement and valuation evidence to business decisions, and ensuring that performance commitment levels were set appropriately.

Having reviewed the Jacobs assurance report, the ICG welcomed Jacobs' conclusions regarding the robustness of Anglian Water's systems for investment appraisals using C55, including that valuation evidence has been used appropriately. The ICG also welcomed Jacobs' largely positive review of the strength of the 11 Enhancement cases included within the company's business plan. However, the ICG noted that there were a number of areas graded as 'Amber' by Jacobs, indicating 'Minor concerns', which need to be addressed.

Assurance

ICG members were pleased to be given access to the expertise and insights of Anglian Water's auditors, Jacobs, over the course of the business planning period. **Graham Hindley from Jacobs** was able to attend an online ICG only session held on 17 May to present further assurance on customer engagement, specifically looking at linkages between customer engagement and business planning (including the Long-Term Delivery Strategy).

Questions asked by ICG members of Jacobs were as follows:

- Evidence that customers support the need for investment (including both the scale and timing).

- Evidence that the proposed solution represents best value for customers, communities and the environment over the long term.
- Whether customer views have informed the selection of the proposed solution, and whether customers have been provided sufficient information (including alternatives and its contribution to addressing the need) to have informed views.
- How customer engagement has informed the selection of bespoke performance commitments.

Jacobs confirmed line of sight of customer research to solutions. They reminded ICG members of the effort put into customer engagement at PR19, which was industry leading.

The Synthesis Report provided a single source of information used by investment teams, which gave Jacobs confidence in the line of sight.

In conclusion, Jacobs confirmed that customer engagement had been updated for PR24, with a few minor gaps (in particular around the bespoke performance commitments).¹⁴

In a June 2023 update, Jacobs confirmed, “Through our audits we have seen evidence of customer engagement informing investment proposals and decisions. We have therefore confirmed ‘line of sight’ of customer preferences in the majority of investment cases”.

Ensuring high-quality research

Ofwat laid out the expected standards for high-quality research in their February 2022 paper *PR24 and beyond: Customer engagement policy – a position paper*. In the paper, Ofwat stated:

“Overall, water company research and engagement should follow best practice and lead to a meaningful understanding of what is important to customers and wider stakeholders.”

Anglian Water has worked with a range of recognised and accredited market research experts (using a mix of companies with a range of expertise across qualitative and quantitative research and audiences) to make sure that their customer engagement meets the high-quality standards expected by Ofwat (including Accent, Faldrax, ICS, Incling, Trinity McQueen and others).

The ICG has received a range of materials and presentations from these experts over the course of the business review period and is confident that the materials meet the criteria for high-quality research outlined by Ofwat:

- useful and contextualised

¹⁴ See more in Bespoke Performance Commitments below.

- neutrally designed
- inclusive
- fit for purpose
- continual
- shared in full with others
- independently assured
- ethical.

In addition, Anglian Water commissioned Faldrax Consulting Ltd to provide independent triangulation and synthesis of its customer research and insight to inform their PR24 Business Plan in June 2023. This assurance was shared with the ICG as part of the pre-reading pack for the 15 September 2023 ICG meeting.

As a result of their work, Faldrax did not encounter any areas of material concern. All of the insight produced, triangulated and synthesised was consistent, where required, with Anglian Water's strategy and complied with Ofwat's criteria for high-quality research. They also confirmed that Anglian Water had continued to provide them with full and transparent access to their insight, including unrestricted access to all files and documents requested.

One specific recommendation that Faldrax made is that, at an appropriate point, Anglian Water should look to share their insight and research more widely with their customers and stakeholders by publishing more publicly via their website. The ICG would concur with this recommendation.

Main areas of challenge by the Independent Challenge Group

Anglian Water's customer priorities were summarised in the Executive Summary for the PR24 Business Plan as follows:

“Our customers repeatedly tell us that they want us to prioritise safe, clean water, for us to secure resources for the future in the face of climate change, to take care of the environment and to support the most vulnerable in society.

Although this is largely consistent with our previous insight, the importance of affordability and the environment has increased considerably since 2019.”

Over the course of the PR24 business planning period, ICG members spent many hours scrutinising materials and attending meetings with Anglian Water colleagues to make sure that these customer priorities were reflected in the company's business planning.

With this in mind, the ICG identified these key themes for challenge and scrutiny:

- Affordability and Vulnerability
- Long-term Delivery Strategy (LTDS)
- Water Resources Management Plan (WRMP)
- Drainage and Wastewater Management Plan (DWMP)
- Water Industry National Environment Programme (WINEP)
- Bespoke Performance Commitments
- Customer engagement
- Company performance
- Hartlepool.

In the following section, we will delve into each of these areas in more detail.

Affordability and Vulnerability

Reflecting customers' increasing focus on affordability in PR24, ICG members commended the company for its sector-leading programmes to identify and support vulnerable customers through a range of innovative programmes and initiatives during a difficult time, and to keep bills at an affordable level.

At the 6 October 2022 ICG meeting, members were offered a deep dive into affordability and vulnerability initiatives and looked in detail at how these were supporting customers in the face of the cost-of-living crisis.

Last year, in response to the cost-of-living crisis, Anglian Water supported more than 334,000 customers with discounts, temporary payment plans, debt support schemes, payment breaks and hardship funds. The number of customers on Anglian Water's Priority Services Register is much higher than the industry average at 11.4%.

Since privatisation, Anglian Water bills have risen 10% (excluding inflation), against an industry average increase of 40%. They have matched any increased charges with a strong

package of support for vulnerable customers. The ICG was pleased to see that the company plans to support all customers at risk of water poverty in AMP8.

The topic of affordability and vulnerability was revisited at the ICG meeting on 30 June 2023, focusing on the overarching questions:

- What is the overall impact the programme will have on the Business Plan (and bills)?
- Have customer views been tested on this specifically?
- Will any increase in support include more money from the company itself, or will it be paid for by a cross-subsidy from customers?

ICG members recommended that the Board should carefully consider whether the support would be funded solely through a cross-subsidy, or if the company would contribute more funds directly. It was emphasised that, as well as linking strongly to the company's purpose of bringing environmental and social prosperity to the region, this decision presented an opportunity to demonstrate good corporate citizenship and build trust. The sentiment conveyed was that this opportunity should not be missed, given the potential benefits for both the company and its customers.

The ICG was therefore pleased to learn, at the ICG meeting on 15 September 2023, that – with strong support from its customers – the company proposed to increase the level of cross subsidy to its LITE tariff from the present £12 to £24. This will result in discounts of up to 50% for 230,000 customers, with more support available for another 70,000 customers across all concessionary tariffs.

In addition, Anglian Water's owners have agreed to fund a new **Medical Needs Discount**, providing direct financial aid to approximately 9,000 customers with specific medical needs (which create a high-water dependency, for example, those requiring medical equipment like home dialysis) without adding to the bill increases for other customers.

Long-Term Delivery Strategy (LTDS)

ICG members were also very pleased that Ofwat had decided to take a longer term view regarding business planning in PR24 by introducing the requirement for a 25-year Long-Term Delivery Strategy to be submitted alongside water companies' Business Plans on 2 October 2023.

Members were given several detailed presentations regarding the Long-Term Delivery Strategy (LTDS) as it evolved during 2022 and 2023, building on the company's 25-year Strategic Direction Statement, which was established during PR19. (The LTDS was covered at four out of five meetings in 2022 and at three out of eight meetings held so far in 2023).

However, ICG members were not able to see the final version of the LTDS ahead of submission on 2 October and had questions around how customer engagement for the LTDS fitted together with research for the WRMP, DWMP and other elements of the PR24 Business Plan.

In particular, members asked to see more evidence in terms of customer engagement to justify the company's decisions to build two new reservoirs – one planned for the Fens and another in south Lincolnshire, which are designed to supply water to around 625,000 homes. ICG members wanted to be sure that Anglian Water had exhausted all other avenues to make sure that water supply was resilient and sustainable for the East Anglia region.

ICG members also wanted to see more evidence to back up claims of how smart meters were affecting customer behaviour in terms of water use (in particular, in relation to the drought of summer 2022, when Anglian Water decided not to implement a hose pipe ban; ICG members felt this was a missed opportunity for customer education).

As mentioned above, the planned gamification programme to delve into more detail around customer views on longer term issues was shelved in June 2023. ICG members received an update from Anglian Water on customer engagement around the LTDS very late in the process (25 September 2023). In summary, Accent carried out a series of six focus groups on behalf of Anglian Water in September 2023, each containing three generations of the same family. The aim was to understand customers' views on the forecast bill impacts of the LTDS, ambition and strategy, and to understand how perspectives might change across different generations.

Anglian Water's LTDS was widely welcomed by customers in these focus groups although, against the backdrop of concerns, all generations wanted to see faster delivery of at least some areas. While there was agreement on the need for a long-term view, there was also a shared sentiment across generations that these ambitions should be realised more urgently. This included a call for accelerated timelines, even if it meant making sacrifices elsewhere.

The concept of cross collaboration was universally acknowledged as necessary, especially for tackling issues like drought resilience and environmental conservation. Charges and affordability were deemed important across the board, but this was especially highlighted by younger generations. All generations emphasised that working to improve ecological quality was essential.

Water Resources Management Plan (WRMP)

The ICG also spent a considerable amount of time scrutinising the company's Water Resources Management Plan (WRMP),¹⁵ which is designed to ensure the company maintains a secure supply of water to customers, whilst continuing to protect and enhance the environment and keep bills affordable (both key concerns for customers in PR24).

¹⁵ In their technical appendix to the WRMP on Customer and Stakeholder Engagement, published on 29 August 2023, the company acknowledged that ICG "members have challenged us on how the plan has been developed, how we have used the insight gained from working across companies and how customer insight has driven the best value plan" (see page 15). See <https://www.anglianwater.co.uk/about-us/our-strategies-and-plans/water-resources-management-plan/>

The ICG reviewed WRMP plans at four out of five meetings in 2022 but it was only discussed at meeting in 2023 (on 30 June). Key questions at the June 2023 meeting were:

- Has the company tested customer support for investments to promote demand management vs new infrastructure (such as reservoirs)?
- How effective is the installation of smart meters for demand management, as compared to interventions such as hosepipe bans? Has the company tested customer support for these measures, side by side?
- Could we see more evidence around reducing Non-Household (NHH) customer demand and the environmental impact of the current plan
- What are the changes made to the WRMP in response to customer engagement (and why?)

The ICG's chief concern on behalf of customers was whether there would be an adequate future water supply for Anglian Water customers in one of the driest regions in the UK.

The ICG concluded that, in general, the company had undertaken commendable efforts to secure a long-term water supply, with extensive investment planned for a new strategic grid and two new reservoirs, as mentioned above.

Anglian Water is also on track to finish their smart meter rollout by 2030, for both household and non-household customers, with expected positive impacts both on leakage and on per capita consumption. Plans are also in place to implement compulsory metering by 2030, following customer engagement that has shown that the majority of customers believe that it is fair to pay on the basis of the amount of water used.

Customers were also supportive of Anglian Water's continued ambition on leakage reduction. Under the company's WRMP plans, Anglian Water will continue to have one of the lowest leakage rates in the United Kingdom, aiming for a 38% reduction in leakage from 2017/18 leakage rates. To achieve this, they intend to initiate a major mains replacement programme from 2030 onwards, replacing over 20% of their mains network.

The ICG was eager to see more evidence regarding customer support for the reservoirs and strategic grid. This area was subjected to considerable scrutiny, which reassured the ICG that customers did indeed support these long-term enhancements to water supply in the Anglian Water region.

In developing the WRMP, the company had tested a suite of options to meet future demands, including environmental destination (which refers to reductions required to ensure abstraction is sustainable, over the long-term) and drought resilience. These long-term scenarios and reservoirs were, on the whole, supported by customer engagement.

There were some concerns flagged by ICG members regarding the potential for over abstraction while waiting for the reservoirs to become operational. The ICG encouraged the company to explore alternative strategies to prevent detrimental abstractions, including encouraging customer behaviour change and the reduction of per capita consumption.

ICG members also highlighted that the draft WRMP lacked a substantial programme to reduce non-household water demand. This omission raised concerns, especially in light of

Ofwat's introduction of a performance commitment in this area (which was introduced after the first draft of the company's WRMP was published) and the Environment Act's target of a 9% reduction in non-household demand by 2038.

Following the ICG meeting held on 30 June 2023, ICG members concluded that Anglian Water's ambitious goals were laudable and that colleagues had responded to the challenge regarding non-household demand by devising a suitable demand management programme for non-household customers, which was included in the revised WRMP published by the company on 14 September 2023.

Members acknowledged that the company seemed receptive to feedback and the Synthesis Report showed evidence of strong customer preferences in this area. The ICG saw evidence that the Best Value Plan was shaped by customer engagement and reflected customers' preferences for delivering environmental improvements ahead of drought resilience, developing water reuse as their preferred option type whilst balancing costs, environmental and carbon impacts.¹⁶

As a result of the public consultation on the draft WRMP, which ran from December 2022 to March 2023, Anglian Water also revised their plan to:

- Increase leakage ambition from 24% to 38%
- Recognise further opportunities to use existing resources.

On the whole, the ICG felt that Anglian Water had done a good job of thinking through the investments in the infrastructure needed to deliver future water resources and commended the efforts Anglian Water has made to date in terms of tackling leakage and reducing per capita consumption. The ICG noted that Anglian Water had recorded their lowest annual per capita consumption performance to date in 2022-23, which the company largely attributes to the benefits from its smart metering programme. ICG members urged the company to continue to prioritise reducing water use both during the current and future price review periods, building on their current performance.

Drainage and Wastewater Management Plan (DWMP)

The Drainage and Wastewater Management Plan (DWMP) is a collaborative long-term strategic plan highlighting the known and expected future risks to drainage and identifying solution strategies. Following regulatory guidance, this was the company's first DWMP and it was a strong area of focus for the ICG. There was discussion of the DWMP at four out of five meetings in 2022 and an increased call for more details, including firm targets and timescales, in particular around the company's Pollution Incident Reduction Plan (PIRP) in 2023.

¹⁶ "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 overall society." Environment Agency, Defra, Ofwat (2022), *Water resource planning guideline*, page 89.

In drafting the DWMP, it is worth noting that Anglian Water shared their evolving thinking with 117 organisations, including councils, flood authorities and local river and environmental groups. They also held three customer engagement sessions — two online platforms covering priorities and solution preferences, plus a focus group discussing storm overflows.

As outlined in its final DWMP,¹⁷ submitted in May 2023, Anglian Water is one of a few companies with an ambition to deliver 10 storm overflow improvement schemes to the region by 2025. In 2021, the company also launched their Get River Positive campaign, which includes a commitment to:

- Eliminate all serious pollutions by 2025
- Reduce less serious pollutions by 45% and spills from storm overflows to an average of 20 per year, by 2025

As part of this campaign, Anglian Water is investing more than £200 million to reduce storm spills across the east of England.

With much media focus on pollution incidents and sewage overflows, this issue was understandably of high significance for customers as well as for ICG members.

It was noted that the performance in managing pollution incidents had not met the standards expected by the ICG. Reference was made to the two-star rating received from the Environment Agency (EA), which was deemed highly unsatisfactory. ICG members believed that this poor performance significantly overshadowed other aspects of the company's performance and eroded customer trust.

With this in mind, ICG members were surprised that the company had been relatively slow in coming forward with more details about their Pollution Incident Reduction Plan (PIRP). The company offered several updates to the ICG during the course of 2023 but ICG members were keen to see more detailed targets and timelines for achieving zero pollution incidents. In response to this, more details were provided at the ICG meeting in July 2023 and members asked for the issue to be kept high on the ICG agenda going forward.

More generally, as well as seeing more information about the PIRP, members wanted to see how customer engagement had led to the investment decisions made for the DWMP and cost benefit analysis.

There was some concern among ICG members that Anglian Water did not include storm overflows in their draft DWMP customer consultation. The company held a supplementary three-week consultation to a limited stakeholder group, which ICG members regarded as somewhat disappointing, even though they recognised this may have been as a result of evolving guidance on this issue from regulators.

¹⁷ See <https://www.anglianwater.co.uk/about-us/our-strategies-and-plans/drainage-wastewater-management-plan/>

Water Industry National Environment Programme (WINEP)

Customer engagement showed that, in general, customers were supportive of using natural solutions that deliver wider benefits, even if this costs slightly more. In recognition of this customer preference, Anglian Water sought to identify, consider and select 'green' solutions throughout their business planning process, wherever possible – in particular as part of their Water Industry National Environment Programme (WINEP).

Concerns were initially raised by ICG members about how effectively Anglian Water's WINEP would meet regulatory standards. The company's categorical assurance at the ICG meeting on 16 June 2023 that it would do so was welcomed, but the need for such reassurance did raise some questions.

During discussions, ICG members emphasised the importance of fostering proactive collaboration between the company, regulators and other stakeholders to ensure the best environmental outcomes, while meeting regulatory requirements.

There was a feeling among ICG members that there had not been sufficient discussion and transparency regarding the WINEP, despite requests for more information. As environmental issues were a key concern for customers, the ICG sought a comprehensive briefing as part of the 16 June ICG meeting to understand the contents of the WINEP, including what is included and what is not, as well as how it aligns with regulatory requirements. This request aimed to ensure a better grasp of the company's environmental plans and their compliance with regulations.

The company reassured ICG members that the current WINEP, being delivered through to 2025, is one of the biggest environmental programmes in the sector. So far, more than 300 schemes have been delivered early, including making early improvements to bathing water quality, and installing more storm tanks at water recycling centres to reduce storm overflow spills.

Overall, the company is planning to invest more than £3 billion in the region through to 2025, with £1.7 billion already invested.

Advanced WINEP: Nature-based solutions

ICG members also noted that Anglian Water had worked hard to deliver additional benefits for customers and the environment at minimal cost through their Advanced WINEP

Shareholders' investments are driving new approaches to environmental enhancement and river health through Anglian Water's Get River Positive campaign. This has allowed the company to leverage around 60% match funding from partners and has provided a blueprint for the company's Advanced WINEP proposals for AMP8, which were submitted on 30 August 2023 and were discussed briefly at the 15 September ICG meeting.

Under these proposals, Anglian Water plans to create a Partnership Centre of Excellence to enable them to work more effectively with partners to align funding opportunities and ways of working to deliver greater benefits for the environment and society.

ICG members were pleased to note that Anglian Water will be adopting a place-based approach, working with local communities and stakeholders to agree the outcomes that are important to them. In terms of environmental outcomes, they will support the development of detailed catchment plans, supporting what stakeholders want for their local rivers, streams and the coast.

Anglian Water's work in Norfolk, working with Norfolk County Council, The Nature Conservancy and Water Resources East (WRE) will lay the groundwork for establishing Norfolk as a global exemplar for the use of nature-based solutions to solve water security issues at scale.

The ICG was pleased to see that Ofwat has accepted Anglian Water's Advanced WINEP proposal and looked forward to hearing more detail about this ambitious programme.

Bespoke Performance Commitments

Anglian Water states that their performance commitment levels have been informed by the breadth of customer research that has supported the development of their strategic plans and investment decisions for AMP8. The ICG noted that company has adjusted their ambitions on performance commitments in response to customers' feedback. For example, following their Affordability and Acceptability research, they adjusted targets for four measures (leakage, water supply interruptions, internal sewer flooding and total pollution incidents).

To complement Ofwat's centralised collaborative customer research on incentives, Anglian Water also refreshed their own Societal Valuation Research with customers (see section on Societal Valuation Research above) to explore the total scale of incentives customers support and how they would like this to be applied to individual performance commitments.

This research was used to propose alternative incentive rates where the views of Anglian Water customers diverged significantly from that of customers nationally.

Anglian Water also asserted that customers were involved in the selection and development of the company's Bespoke Performance Commitments. However, ICG members were disappointed in the lack of information shared with them regarding the customer engagement that had informed the Bespoke Performance Commitments.

A short update was given at the ICG meeting on 17 March 2023 (along with pre-reading materials that reflected two pieces of customer engagement that tested the bespoke performance commitments with more than 1,000 household customers). However, the submission to Ofwat was made shortly afterwards, which did not allow enough time for members to make a meaningful contribution. The topic was then revisited in more detail at the 16 June 2023 meeting and members were given access, as pre-reading, to the Incling customer research, which had been carried out in February 2023 with 153 members of the online community.

ICG members felt that the original suite of eight bespoke commitments put forward to Ofwat lacked ambition. Members were therefore unsurprised when only one of the

proposed Bespoke Performance Commitments was taken forward by Ofwat (this focused on Lower Carbon Concrete Assets). Anglian Water colleagues explained that Ofwat had taken the sector position of not allowing many bespoke commitments, irrespective of customer evidence. However, it is worth noting that this area of customer engagement was also highlighted in the Jacobs audit (referenced above) as falling somewhat short of expectations.

One of the findings of Incling's research was that many customers felt Anglian Water should be taking action to meet these commitments already, at least to some extent. There is very little knowledge on what has been or is already being done, which is frustrating.

Taking on board customer feedback, Incling recommended that more could be done to communicate the good work that Anglian Water is doing in these areas and what they have already achieved, especially any wins in comparison to other water companies. The ICG have also made similar recommendations during their deliberations.

Company performance

Anglian Water's performance across a number of metrics has been disappointing over the last year in particular, in particular when it comes to pollution incidents. The ICG felt the company had not delivered some of the step changes they had hoped for and questioned whether there may have been some complacency from the company on certain aspects of their performance.

With ambitious targets planned for PR24, ICG members felt it was really important that the company looked hard at why it had not been able to deliver as well as it had hoped so that it could prepare itself for even more ambitious plans for the years ahead.

Part of the ICG's role is to hold Anglian Water to account for delivering against its promises to customers, including delivering against the PR19 performance commitments. With this in mind, Anglian Water colleagues provided several very useful deep dives on the company's performance, for example, on leakage and water efficiency (May 2022). These were well received by ICG members. However, members felt they were no longer receiving a regular or consistent overview of the company's performance against targets.

At the ICG's request, members were given an in-depth presentation on company performance by Anglian Water's Director of Strategic Planning and Performance Brian Ebdon at the 21 April 2023 ICG meeting. Brian confirmed at that time that Anglian Water's performance in Year 3 would lead to a £20-£25m penalty on the financial ODIs (subject to an audit in June).¹⁸ Andrew Snelson also gave a company performance update at the 25 July meeting.

The ICG asked to see regular performance dashboards ahead of ICG meetings in order to fulfil their Terms of Reference. It was agreed, as per discussions and minutes for the ICG meeting on 21 April 2023, that the company would share the company performance

¹⁸ Ofwat's [Water Company Performance Report](#) for 2023/23 confirmed that Anglian Water was categorised as 'lagging' and that Anglian Water would have to pay back £22m to customers by reducing their bills in 2024-25.

dashboard, and supporting explanation, every quarter with the ICG. It was also recommended that these dashboards should be shared with the public to help with transparency.

Hartlepool

The majority of the area Anglian Water supplies is in the East of England but the Hartlepool Water area is geographically removed and distinctly different in both demographics and topography. Therefore the ICG was keen to see whether there were any differences in customer views and to make sure that those views were represented.

From the insight gathered, there seemed to be very little difference between the views of customers in the Hartlepool area compared to the rest of the Anglian Water customers. In PR19, the conclusion was that customers in Hartlepool were particularly satisfied with value for money and caring about the communities seemed increasingly important to customers in that area.

In PR24, the key difference was that Hartlepool Water customers were keener on keeping their bills lower, even compared to those in vulnerable circumstances across the rest of the region.

ICG members were satisfied that the views of Anglian Water customers in Hartlepool had been taken into account.

Customer engagement

The company has a long record of high-quality customer engagement and, broadly speaking, the ICG felt that this has continued through this business planning process – although many aspects of the approach have been different in the context of Ofwat's more centralised approach to customer research for AMP8.

ICG members felt that the company's customer engagement programme had not been as ambitious or as comprehensive as the A-star performance seen in PR19, in the light of Ofwat's guidance that emphasised quality over quantity.

It was agreed that there had broadly been good engagement with the ICG and the Task and Finish Group, and the company had been responsive to ICG challenge. The overarching view was that there had been plenty of evidence that customers support the broad thrust and key components of the PR24 Business Plan. However, it is worth noting that, at times ICG members did struggle to find clear evidence of the 'golden thread' (showing how customer engagement has informed the LTDS and PR24 Business Plan). This was in part because some of the key customer engagement came quite late in the process, which did not allow time for reflection or discussion.

Conclusions

The ICG believes that Anglian Water should be commended for having put an Independent Challenge Group in place for PR24 (in common with most other water companies), even though it was not formally required by Ofwat.

Members believe this has made it possible to provide a much higher and expert level of scrutiny and challenge to Anglian Water through the business planning process than would otherwise have been possible.

Through this scrutiny, there is plenty of evidence that there are high levels of customer support for the overall approach adopted by Anglian Water for this Business Plan. Anglian Water's customers have long demonstrated strong support for investment to deliver a resilient water supply, to deliver environmental improvements, and to support vulnerable customers across the region. This has broadly continued to be the case, despite the 'cost of living' crisis, although customers are understandably keen for this to be done as efficiently and effectively as possible by the company.

While the ICG is confident that Anglian Water's customers will support the main components of the AMP8 Business Plan, it is worth noting that customer engagement on the Long-Term Delivery Strategy came very late in the business planning process. There have also been some other areas of engagement that were not as timely as the ICG would have liked.

However, the ICG congratulated Anglian Water for the support it will be providing for vulnerable customers during AMP8 and warmly welcomes the increased investment to deliver environmental outcomes in AMP8, in particular the focus on nature-based solutions.

Although the ICG welcomed the long-term vision for 'pollutions' to be 'consigned to history' and to 'cease all abstraction from chalk aquifers and other sensitive habitats' by 2050, ICG members will continue to push the company to develop more precise and nearer-term targets as part of the 'glidepath' towards these longer-term commitments.

Appendix 1: Chronology of ICG meetings (2020-2023)

2020

Two meetings were held (in January and May) to update CEF members on the Competitions and Markets Authority (CMA) process.

Jeff Halliwell stood down as Chair in autumn 2020 and the CEF was chaired as an interim measure by Craig Bennett, former Chair of Anglian Water's Sustainability & Resilience Subpanel.

2021

Three meetings were held (March, July and December).

Discussions were held in 2021 about the role of the challenge group as Anglian Water looked to recruit a new Chair to lead the group into PR24. Craig Bennett was appointed as Chair in December 2021.

The final determination from the Competitions and Markets Authority was received in March 2021.

2022

Five meetings were held to help get ICG members up to speed on all the strategic elements that make up the Anglian Water Business Plan for PR24:

- **12 April** (online) – focus on the LTDS and WRMP, as well as updates on Ofwat's methodology
- **10 May** (online) – focus on the LTDS, WRMP, DWMP as well as a deep dive on leakage and efficiency performance
- **18 July** (online) – focus on Ofwat methodology update, customer engagement strategy, Synthesis Report, WRPM, DWPM, LTDS
- **October** (in person) – focus on demand management and sustainability (DWMP) and affordability and vulnerability, attended by Simon Dry (Chair of Customer Advisory Board)
- **9 December** (face to face) – focus on LTDS, pollution incidents, societal valuation workstream, WINEP and Advanced WINEP, WRMP.

In February 2022, Ofwat published *PR24 and beyond*, which gave an overview of expectations for customer engagement for the upcoming price review.

The CEF was renamed as the ICG in summer 2022 and was given its own logo and web portal by autumn 2022.

2023

Ten ICG meetings planned, including an ICG-only session in May:

- **20 January** (virtual) – focus on Ofwat's final methodology, plans for Your Water Your Say session, Affordability and Acceptability Testing, DWMP, LTDS and Assurance.
- **17 March** (virtual) – focus on LTDS, performance commitments, pollution incident reduction plan and customer engagement deep dive.
- **21 April** (site visit to strategic pipeline) – focus on company performance update including bespoke Performance Commitments and approach to assurance update. Also attended by Simon Dry from the Customer Board.

- **17 May (virtual)** – ICG members convened an ICG only session, which included a presentation from auditor Jacobs.
- **16 June** (face to face) – focus on Business Plan update; performance commitments; customer engagement (attended by two Anglian Water Board members).
- **30 June** (virtual) – focus on Affordability and Vulnerability, WRMP and customer engagement.
- **25 July** (virtual) – focus on Business Plan update, pollution incident reduction plan, Affordability and Acceptability Testing and customer engagement update.
- **15 September** (virtual) – Business Plan update, Advanced WINEP, LTDS, A&A Testing quantitative survey results. Focus on what’s changed as a result of customer engagement.

Future meetings planned, agendas TBC

- 10 November
- 8 December

Four Customer Engagement Task and Finish Group meetings were also held virtually in 2023:

- 11 January
- 8 February
- 14 March
- 5 May

Minutes and agendas from ICG meetings are available on the ICG website:

<https://www.anglianwater.co.uk/about-us/our-strategies-and-plans/independent-challenge-group/our-meetings/>

Appendix 2: Full list of ICG members for PR24

Craig Bennett – Chair of the Independent Challenge Group

Craig undertakes the role of Chair of the Independent Challenge Group in a personal capacity, as a customer of Anglian Water.

Craig is the Chief Executive of the Wildlife Trusts and has been described as “one of the country’s top environmental campaigners”. He was formerly CEO of Friends of the Earth, where he refocused the organisation to empower communities to take action on the climate and ecological crises.

From 2007 to 2010, Craig was Deputy Director at the University of Cambridge Institute for Sustainability Leadership (CISL) and was also Director of The Prince of Wales’s Corporate Leaders Group on Climate Change (CLG).

Alongside 20 years’ experience of designing and contributing to executive education and leadership programmes at numerous universities and business schools around the world, Craig has a long history of providing advice and constructive challenge direct to CEOs and company boards. As well as chairing Anglian Water’s Independent Challenge Group, Craig is also a member of the Innovation Lab for Marks and Spencer plc. He was previously a member of the Net Positive Board for Kingfisher plc. He is an Honorary Fellow of the Chartered Institute of Water and Environmental Management (CIWEM).

Claire Higgins – Chief Executive, Cross Keys Homes (welcomed in December 2022)

Since November 2014, Claire has been Chief Executive of Cross Keys Homes in Peterborough, the region’s leading providers of affordable homes for rent and sale. Before joining Cross Keys Homes in 2004, she spent seven years as Executive Regional Director for Housing 21, a national housing and care provider for older people.

Claire also worked for Circle 33 Housing Trust in London as Managing Director of their home ownership arm, looking after their commercial and non-charitable activity.

Claire is the Vice Chair of the Board of PlaceShapers – a national network of housing organisations – and is involved with a number of local partner organisations. She chairs the Safer Peterborough Partnership, the city’s multi-agency crime and disorder reduction partnership, as well as being Chair of City College Peterborough and Chair of Trustees for Peterborough Keys Academy Trust. In 2021, Claire was awarded an MBE in the Queen’s birthday honours list for services to housing.

Gill Holmes – Consumer Advocate, CCW

Gill Holmes joined CCW (the voice of the water consumer) in 2015. She is a Solicitor who built her career in the Court’s Service practising criminal and family law before becoming a Senior Manager for the Service in Bedfordshire. As part of that role, Gill focused on the delivery of customer services, working closely with other agencies and with customer groups to raise standards for all those using the courts.

Gill’s work with CCW enables her to continue that focus on the customer and she remains committed to the provision of efficient, affordable and excellent customer service for all. In addition to her work with CCW, Gill currently acts as an Independent Person for six local authorities assisting with standards issues. Gill is an Anglian Water customer, having lived and worked in the region for many years, and is looking forward to continuing to represent customer interests on the Independent Challenge Group.

Peter Holt – Chief Executive, Uttlesford District Council (welcomed in February 2023)

Peter Holt moved to Essex and joined Uttlesford District Council as Chief Executive in October 2021, after three years at South Northamptonshire Council, where he was Assistant Chief Executive.

Peter's career has taken him from working in Parliament in his 20s through six years in the NHS, four years in senior civilian roles in policing, and in director roles in councils since 2006, both in-house and as an interim, consultant and peer reviewer, helping authorities deliver specific projects and address a range of challenges and crises. His work has taken him all over the UK, and he has lived and worked in London, Dorset, Cornwall, Bristol, Oxford, Northants, Powys, Belfast, Cheshire, Newcastle and Paisley.

Having started his career in communication roles, Peter has broadened his skillset into general management. He is a Fellow of the Chartered Institute of Public Relations and also a Chartered Practitioner; he completed a law degree with the Open University, and is currently approaching the end of his studies for an MBA, also in his spare time. Uniquely for a council Chief Executive, Peter has also served as a council leader in a London borough, retiring from politics in his early 30s to focus instead on his professional career.

Jo Lancaster – former Managing Director at Huntingdonshire District Council

Jo Lancaster served as Managing Director at Hunts District Council for ten years, from 2013 to 2023. She began her career in local government as a technician in the planning department at Dudley Metropolitan Borough Council, and subsequently became a qualified town planner, working in many councils within the West Midlands in both rural and urban environments. Joanne is a strong supporter of good quality, efficient public services and is proud to be a governor at the local regional college.

Dr Paul Metcalfe – Managing Director of PJM Economics

Paul Metcalfe joins the ICG as an expert advisor on economics, regulation and customer research. He has completed over 100 studies focussed on the design and analysis of customer surveys to explore customers' priorities, preferences and willingness to pay within a regulatory context. This includes work for several water companies during three previous price reviews to support their business plans, as well as similar work in energy, transport and postal services sectors, amongst others.

Paul has also contributed to best practice industry guidelines including the UK Water Industry Research study 'Carrying out Willingness to Pay Surveys', and he managed the National Water Environment Benefits Study research, which focussed on national valuation of water quality improvements. Paul has a PhD in Environmental Economics from the London School of Economics and is a certified member of the Market Research Society.

Dr Nathan Richardson – Head of Policy, WaterWise

Nathan Richardson has more than 30 years' experience in the water sector in research, consultancy, industry and policy roles. Most of this has been in the Anglian region where he lives with his family. His career has focussed on developing solutions to water scarcity, pollution and flood risk pressures.

Nathan is a past chair of the Chartered Institution of Water and Environmental Management (CIWEM) East Anglian branch, representing more than 2,000 water management professionals in the region. He also sits on the Blueprint for Water NGO coalition which brings together 16 environmental organisations, representing more than 6 million members, with an interest in water matters.

Justin Tilley – Manager, West Anglia Team, Natural England (welcomed in December 2022)

Justin Tilley has worked for Natural England and predecessor bodies for the best part of 20 years, carrying out a number of frontline positions related to ecology and nature conservation. Much of this time has been spent on initiatives to enhance the natural environment for wildlife and people in Bedfordshire, Cambridgeshire, Northants, Essex and Hertfordshire.

More recently, Justin has moved into leadership roles in local delivery, including areas such as sustainable development, national nature reserves, the creation of the Nature Recovery Network, and an array of topics related to our water environment. This wide remit includes looking for where Natural England can both deliver their statutory remit, but also shape and influence others to do more for the natural environment through effective partnership working.

Justin is also a Trustee of the Langdyke Countryside Trust, a conservation charity operating across the 'John Clare Countryside' west of Peterborough, and is a member of the Chartered Institute of Ecology and Environmental Management (CIEEM).

Sarah Thomas – Policy Manager, CCW

Having previously worked for the Environment Agency and Ofwat, CCW's Policy Manager Sarah Thomas brings over 25 years' experience in the water and environmental sectors to Anglian Water's ICG.

Sarah currently leads CCW's work on water resource management plans, ensuring companies focus on long-term resilience and engaging with customers around the key issues, especially those that will become more important in the future because of the effects of climate change.

For the last five years, Sarah has led Water Matters, CCW's annual research tracking customers' views on water sector performance, value for money and their preferences, drawing out usable insight into changing views on the sector. She has also led on developer issues, liaison with new appointees and CCW's approach to the Water Framework Directive.

At the Environment Agency and Ofwat, she worked on water efficiency and developing the competitive regime, as well as resolving customer complaints and disputes.

Richard Tunnicliffe – Regional Director, CBI East of England

Richard Tunnicliffe joined the CBI in 1997 after completing his degree in applied biology at the University of Hertfordshire and completed his MBA in 2005.

Richard worked initially in the CBI headquarters with responsibility for a wide range of membership activities, including recruitment and regional relations. He moved to the CBI East of England office in July 2000, where he had responsibility for the whole range of CBI activities in the East. He was appointed Regional Director in July 2005. This role includes regular liaison with senior executives in CBI member companies and lobbying on a regional level on issues such as skills, transport, broadband, housing and aviation.

Victoria Williams – Water Company Account Manager, Environment Agency (welcomed in June 2023)

Victoria took on the role of Water Company Account Manager for the Environment Agency in June 2023. She leads on matters relating to Anglian Water and Severn Trent.

Victoria has 20 years' experience in the Environment Agency (EA) and the Department for Environment, Food and Rural Affairs (Defra), developing and delivering programmes and national policy – from implementing the Water Act 2003, abstraction regulation, review of charge schemes, water company management plans and drought plans.

Since 2012, Victoria has been at the forefront of planning and responding to drought events, leading on EA drought planning and ensuring strategic management through the National Drought Group and Defra emergency planning forums. Victoria was the EA's Strategic Drought Manager in the droughts of 2019 and 2022, leading relationships with internal and external players to promote and enhance drought risk management and demand management, identifying opportunities in stakeholder and academic networks to build capacity in evidence and multi-sector drought initiatives.

More information, Terms of Reference and the minute and agendas from meetings can be found on the Independent Challenge Group website on <https://www.anglianwater.co.uk/about-us/our-strategies-and-plans/independent-challenge-group/>

If you have a question for the ICG, please email pr24_independentchallengegroup@anglianwater.co.uk