

Meeting: Anglian Water Sustainability and Resilience Panel
Date: Wednesday 12 July 2017
Time: 10.00 – 16.00
Location: Barnsdale Lodge Hotel, The Avenue, Rutland Water North Shore,
Near Oakham. LE15 8AH

Present: Craig Bennett (Chair), Dan Bean (EA), Julia Beeden (Cambridgeshire CC), Barry Bendall (Rivers Trust), Rosie Cope (AW), Geoff Darch (AW), Lu Gilfoyle (AW), Tim Jacklin (Wild Trout Trust), Rob Mungovan (Wild Trout Trust), Ben Orchard (Adnams), Alex Plant (AW), Anne Ramsey (NE), Nathan Richards (RSPB), Sophia Ronketti (AW), Phil Rothwell (RFCC).

Apologies: Joff Edevane (AW), Jeffrey Halliwell (Chair of CEF), Katherine Hardcastle (River Nene Regional Park), Rob Wise (NFU)

Agenda Items

Action

1. Welcome and introductions

CB welcomed the group. He told the Panel that Anglian Water had been awarded Business in the Community Responsible Business of the Year. The Panel congratulated Anglian Water and noted that it would have a role in taking forward the activities planned for the year ahead.

2. Update from CEF Panel

The last CEF meeting focussed on **vulnerable customers and sustainability**. CB noted the need for the S&R panel to have a clear narrative on affordability and emphasise that affordability

and sustainability are not in opposition. People in vulnerable circumstances benefit from being able to draw on the natural environment. At the recent LGA national conference AP and Helen Briggs, Chief Executive of Rutland County Council, discussed opportunities for utilities, the public sector and the third sector to work together on a 'tell us once' service for people in vulnerable circumstances.

AP reported that Ofwat published its **draft PR19 methodology** for consultation on 11th July. It contained few surprises as Ofwat had signalled its direction in Water 2020 and public speeches. The draft methodology places a strong emphasis on resilience. It introduces a requirement for direct procurement for large new infrastructure and current signals are that incumbents will not be able to bid for work in their own area. It makes a strong statement about customer engagement and a focus on affordability for all, as well as more action to help vulnerable customers. It places greater emphasis on Outcome Delivery Incentives (ODIs), with more weight on penalties and rewards. It has increased expectations of efficiency and signalled much more stretching leakage targets. The cost of capital is expected to be lower than at PR14. It explores different approaches to uncertainty in environmental requirements: (1) a conservative forecast; (2) a higher forecast; and (3) a full allowance for environmental requirements, later taking back any expenditure that is not needed.

CB said that the S&R Panel would 'move into a new gear' over the next six months. It would need to feed its views into the business plan process. CB to contact members before the next meeting to discuss draft text. JE to include discussion of draft findings on next meeting's agenda.

CB
JE

3. Presentation - Strategic Direction Statement

KT presented the headlines of Anglian Water's draft Strategic Direction Statement and the customer consultation responses.

The following comments were made by the panel:

CB: suggested the Panel respond to the SDS consultation at the next meeting. JE to add to agenda.

JE

JB asked if the customer consultation sample was statistically representative of the whole customer base. AP replied that the companies contracted to manage the consultation had been asked to use a representative sample.

BB commented that he would expect to see environmental

protection listed as a relevant challenge for all the outcomes and would like to see more on partnership working under the 'Flourishing Environment' challenge.

DB recommended focussing the language on '*people and the environment*'. CB agreed, and suggested the SDS talk about '*our environment*' rather than '*the environment*'.

4. Presentation – Blueprint PR19 Campaign

NR presented the headlines of Blueprint's PR 19 Campaign. It highlights four areas for action: Protecting and restoring catchments from source to sea; Stopping pollution of our waters; Using water wisely and pricing it fairly; and Keeping our rivers flowing and wetlands wet.

The following comments were made by the panel:

LG informed the panel that, at present, the metaldehyde programme would absorb 25% of Anglian Water's environment budget, which reduces the scope for other activities.

DB noted that catchment management risks falling out of WINEP after one AMP, when they are deemed to be BAU and will therefore compete for funds. NR said Blueprint will be writing to Ofwat, EA and DWI on this as catchment approaches often need several AMPs to work.

CB asked what Blueprint thought were particular issues for Anglian Water. NR replied that Anglian Water is seen as being ahead of the game on leakage and resilience and getting on pace with catchment management and sustainable drainage.

5. Presentation – Water Resources East

GD gave an overview and progress update on Water Resources East, a multi-sector approach to water resource planning in the east of England. WRE's mission is "*To work in partnership to safeguard a sustainable supply of water for the East of England, resilient to future challenges and enabling the area's communities, environment and economy to reach their full potential*"

The following comments were made by the panel:

AR noted that WRE includes a suite on environmental assessments as well as water resources assessments. CB said that it is challenging to define what is 'enough' water for the environment. A habitat might be healthy with a certain level but would flourish with more. GD said that the methodology looks at

supporting arrange of flows. DB recognised the scale of the project has meant that the environmental metric is quite crude and volume only. BB said the Catchment task and finish group, which he chairs, will look in more detail at some local areas.

6. Presentation – Customer Engagement / Environment Study

SR set out Anglian Water's approach to societal valuation, particularly around the environment, for PR19.

The following comments were made by the panel:

DB asked if approaches differed much between companies. SR: they are very heterogeneous.

NR asked if there would be a further round of valuation studies on the draft plan. AP: yes.

PR commented that different geographies and communities would differ in their willingness to pay. SR customer segmentation is an important part of the valuation work: understanding what matters to different groups of customers.

CB suggested that the catchment could be a good unit for customer engagement. Could the plan show outcomes for each catchment? Could CEF test out that theme?

7. Presentation and visit: Sustainable Abstraction & River Gwash Project

RC presented work that Anglian Water has been doing on restoring sustainable abstraction and the panel visited a site on the River Gwash where flows have been modified to improve conditions for wild trout.

8. Minutes of previous meeting

The minutes were agreed.

9. Discussion

The panel will produce a report that accompanies the business plan. It will also agree headline messages to feed into the plan development.

The panel will have a private session (that is, without Anglian Water staff present) at its next meeting.

CB suggested the following headings for the panel's input to the business plan:

1. Priorities for the business plan in the context of a longer (25 year) look ahead. Are the SDS priorities right?
2. Catchment management expect a further step up from the

focus at PR14. Does the panel want to see catchment specific outcomes? If so, how could they feature in the plan?

3. Bolder on regulation How does the panel wish to engage with planners and regulators on, for example, the cost of metaldehyde treatment vs controls on metaldehyde entering water courses, or how to encourage new housing to be built to higher standards of water efficiency?
4. Flow in the past, the focus has been on water quality. Now there are important issues about flow across the business, from demand management to catchment impacts. What is the right balance between different parts of the plan?
5. Customer engagement how can we tell the customers the story so they can come on the journey with us?
6. Multiple benefits/partnership working. How can we unlock interactions between sectors for better outcomes?

AP told the panel that Anglian Water is considering submitting a digital plan, rather than a paper one, and sought views. He said a digital plan offered ways of displaying information according to the reader's area of interest, for example, by geography, price control. The acceptability of a digital plan would need to be tested with users. AP asked if the panel would try out the plan. They agreed.