

**Meeting:** Anglian Water Sustainability and Resilience Panel  
**Date:** Tuesday, 1 May 2018  
**Time:** 10.00 – 11.30am  
**Location:** Lancaster House, Ermine Business Park, Huntingdon

<b>Present:</b>	Present (or on call): Craig Bennett (Chair), Daniel Bean (Environment Agency), Joff Edevane (AW), John Giles (Environment Agency), Lou Gilfoyle (AW), Chris Gerrard (AW), Alex Plant (AW), Anne Ramsay (Natural England), Phil Rothwell (RFCC) and Vicky Anning (CEF report author).
<b>Apologies:</b>	Apologies: Barry Bendall (Rivers Trust), Jeffrey Halliwell (Chair of CEF), Katherine Hardcastle (River Nene Regional Park), Rob Wise (NFU).

<u>Agenda Items</u>	<u>Action</u>
<p><b>Introduction to Outcome Delivery Incentives</b></p> <p><b>Craig Bennett</b> introduced the meeting: the purpose was to focus on Anglian Water’s Outcome Delivery Incentives (ODIs). The panel wanted some clarity on how AW will monitor these performance commitments and what that means for rewards and penalties during AMP7.</p>	
<p><b>Alex Plant</b> said that Ofwat is putting more weight on performance commitments in this price review; the scale of penalties and rewards is greater than before. There are 14 common performance commitments defined by Ofwat. In addition, through the customer engagement process, AW have developed bespoke performance commitments that fit in with the company’s Strategic Direction Statement (SDS) and broad strategy. In total, there are 33 ODIs (one-page summaries of these were circulated to the panel).</p> <p>The submission for 3 May is not yet a full and detailed calibration of the different performance commitments – this will be developed over the next few months. The next step will be to carry out specific customer engagement around the performance commitments.</p> <p>In reviewing the proposed list, AW’s board has added an extra commitment recognising social capital alongside natural capital (which is a bespoke measure for AW). Alex acknowledged the definition is broad for the natural capital measure and welcomed input from panel members on making this measure as good as it possibly could be.</p>	
<p><b>Phil Rothwell</b> said he was impressed by the inclusion of the natural</p>	

<p>capital performance commitment and he hoped other companies would do the same.</p>	
<p><b>Dan Bean</b> also welcomed the natural capital ODI. He stressed the importance of the company setting out how they'll engage with stakeholders to develop these ODIs. From his perspective, a milestone would be effective engagement with partners.</p>	
<p><b>Nathan Richardson (RSPB)</b> sent in a comment by email that also praised the inclusion natural capital as a performance commitment. He said this is an area where AW, together with a small number of other water companies, will be leading the way in AMP7. He was keen to understand more about how the ODI will be framed and said it would be good to see wider catchment work reflected in the ODI suite and perhaps it could be integrated into this performance commitment.</p>	
<p><b><u>Common Performance Commitments</u></b></p> <p><b>Craig</b> asked for comments from panel members on AW's Common Performance Commitments:</p> <ul style="list-style-type: none"> <li>- The view of panel is it's important to continue driving down leakage, he said. Panel members would hope to see opportunities for step changes in new technology (e.g. through shop window approaches seen at Newmarket).</li> </ul> <p><b>On pollution incidents:</b> Craig referenced Nathan's email comment on the lack of an ODI on river water quality. Overall Nathan wrote that the ODIs represented a good spread of AW's activities. However, he expected to see a performance commitment on river water quality (such as km improved?) rather than just one ODI on bathing water quality, given how strongly water quality and pollution featured in the general customer feedback.</p> <p><b>Craig</b> added that he was surprised that river water quality was not a common performance commitment set by Ofwat.</p> <ul style="list-style-type: none"> <li>- <b>Joff Edevane</b> responded this would be included in the WINEP ODI measure, which focuses on delivery of obligations.</li> <li>- <b>John Giles</b> said it wouldn't be enough to achieve WINEP requirements, as this is a statutory requirement so this aspect of business as usual performance shouldn't be rewarded. John said he believed there shouldn't be a reward for pollution incidents – this should be penalty only.</li> </ul> <p>John's views were backed up by Nathan's email, which reiterated that many of the environmental NGOs are uncomfortable with companies claiming financial rewards for numbers of pollution incidents. They would like to see AW either set up their ODI so as not to receive rewards for pollution or commit to returning any</p>	

<p>rewards received into environmental enhancement.</p> <ul style="list-style-type: none"> <li>- <b>Alex</b> agreed that this is something that needs to be part of continued conversation with Ofwat.</li> </ul>	
<p><b>Bespoke Performance Commitments</b></p> <p>Members looked at ODIs that are most pertinent to the panel.</p> <p><b>External sewer flooding:</b> no specific comments</p> <p><b>Bathing water quality:</b></p> <ul style="list-style-type: none"> <li>- <b>John</b> suggested that bathing water quality isn't necessarily a reflection of a company's work, as it could be due to favourable weather patterns etc. He would welcome further discussions on measures that improve water quality.</li> <li>- <b>Lou Gilfoyle</b> suggested adding "catchment management" into this ODI and to reflect level of ambition in improvement rather than simply maintaining the status quo.</li> <li>- <b>Dan</b> suggested this was an opportunity to empower AW staff to go the extra mile and wanted to look at wording in the narrative that reflected working in partnership/collaboration and a level of ambition.</li> </ul> <p><b>WINEP Measure:</b></p> <ul style="list-style-type: none"> <li>- <b>Craig</b> suggested that this measure should include something about water quality. He suggested it would be good to cluster similar measures together so that they made more sense to customers.</li> <li>- <b>Alex</b> confirmed that measures would be clustered under the term "flourishing environment" to help customers understand the interlinkages. More thought would be given to the narrative to help show the links.</li> <li>- <b>Dan</b> added that it would be good to include a little box after each ODI to show if they're relevant to other measures.</li> </ul> <p><b>Abstraction Incentive Measure:</b></p> <ul style="list-style-type: none"> <li>- <b>John</b> said that companies have to talk to the Environment Agency about this measure and conversations have started. His comment was that this AW definition is very focused on surface water and lakes rather than ground water. He suggested it would be worth</li> </ul>	

<p>having a conversation with EA staff (Nick Walters) to make sure that everything is included from an EA perspective.</p> <p><b>Natural Capital:</b></p> <ul style="list-style-type: none"> <li>- <b>Craig</b> welcomed this performance measure although he acknowledged there was a lot of work to be done to flesh out the details. He suggested there were three aspects of natural capital to be addressed: <ul style="list-style-type: none"> <li>o Rarity of species: need to say something about protecting rare habitats</li> <li>o Abundance: want to see abundant natural capital rather than just protecting it</li> <li>o Function: what we mean by flourishing environment is that everything needs to be flourishing and doing the job it needs to be doing naturally</li> </ul> </li> <li>- <b>Alex</b> said it would be good to work together to get the metrics right for this ODI</li> <li>- <b>Anne Ramsay</b> wondered how you can define the increase in natural capital over the AMP?</li> <li>- <b>Joff</b> said this was a challenge and there would a number of different measures to capture this.</li> <li>- <b>Chris Gerrard</b> said that current AW view is based on natural capital work already done and a range of measures available. For example, if you're improving effluent quality, this could be a metric for a more fully functioning river quality with a flourishing environment.</li> <li>- <b>Dan</b> pointed out that AW are experts in ecosystems and this ODI should be framed in that way. He recommended using WISER as the bible for developing this measure. He wanted to see more ambition in terms of enhancing and improving natural capital</li> <li>- <b>Alex</b> acknowledged that the definition could be tweaked to demonstrate a more pro-active approach to show the negative/positive impact on the environment over time</li> <li>- <b>Phil</b> said that partnership work is vital to improving natural capital so recommended linking with other sections of environmental management sector.</li> </ul> <p><b>Social Capital</b></p> <p><b>Craig</b> asked how this would fit alongside the ODI on natural capital?</p> <p><b>Chris</b> responded that he would be refining wording over the next few days to incorporate working with environmental NGOs to maximise social benefit.</p> <p><b>WINEP</b></p>	<p><b>JG</b></p>
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<p><b>Dan</b> said it could be helpful to AW if stakeholders around this table (including EA, Natural England) get opportunity to help look for softer catchment management solutions.</p> <p><b>Craig</b> said there's a clear view from panel members that AW shouldn't get a reward for what's a statutory requirement. Some performance indicators should be penalty only. The panel thinks there should be rewards when you go over and above what's legally required. Where you take measures that facilitate long-term measures to tackle root causes of problems, that's an approach the panel would support.</p> <p><b>Anne</b> would like reassurance from the company on wider biodiversity work, building on the biodiversity action plan.</p> <p><b>Alex</b> replied that this should be an enhancement over baseline performance. At the moment, these enhancements aren't captured within existing ODIs. Within the new performance commitments, there will be more measures in place to monitor this improvement in performance.</p> <p><b>Chris:</b> The natural capital metric will include biodiversity value of every one of sites (SSSI rating). There are plans to revise biodiversity strategy in next AMP.</p> <p><b>Alex</b> said some of the changes in wording are quite important. He will share final submission with panel so can see what's been put into this.</p>	<p><b>AP</b></p>
<p><b>Next steps</b></p> <p>Next Sustainability and Resilience Panel meeting on Thursday, 5 July from 9-12.30am at Marriott Hotel, Huntingdon. Joff to send out invitations</p> <p><b>Vicky Anning and Craig</b> to meet on 23 May to discuss input to CEF Report and draft initial thoughts. Further feedback from panel members to be gathered by email and on 5 July.</p> <p><b>AOB</b></p> <p>All papers and slide decks from the S&amp;R Panel are saved under the ShareFile here: <a href="https://anglian-water.sharefile.com/">https://anglian-water.sharefile.com/</a></p>	<p><b>JE</b> <b>CB/VA</b></p>