



## Response to Ofwat Consultation – Consumer Involvement Rule

1 October 2025

**By email:** RemunerationGovernanceRules@ofwat.gov.uk

Dear Sir/Madam,

We are pleased to submit this joint response to Ofwat’s Consultation on the Consumer Involvement Rule on behalf of Anglian Water’s Independent Challenge Group and Customer Board.<sup>1</sup>

Our two groups have been working both separately and together over recent years to provide robust independent challenge to Anglian Water’s business planning process, with regular access to senior company executives at the highest level:

- Anglian Water’s Independent Challenge Group, chaired by Craig Bennett, is made up of a group of experts from statutory agencies including CCW, the Environment Agency and Natural England as well as professionals with expertise in environmental issues, planning, economics and the water sector.
- Anglian Water’s **Customer Board**, chaired by Simon Dry, is made up of a group of Anglian Water customers with a range of experiences and backgrounds drawn from the company’s online community.

As Chairs of these two groups, we welcome Ofwat’s commitment to make water companies more accountable to their customers and to help restore trust in the industry. The Consumer Involvement Rule is a good step forward, but we believe the plans will only work

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<sup>1</sup> **Please note:** The ICG consists of members who have widespread relevant expertise and experience but sit on the panel in their personal capacity, as Anglian Water customers. The ICG also has members drawn from a number of organisations, including statutory bodies and regulatory agencies. These members help inform and shape the views and understanding of the ICG, but ICG statements and recommendations represent the broad views of the group as a whole, and should not be taken to represent the views of any individual member(s) or organisation(s).

in practice if the Rule builds upon (rather than duplicating) and strengthens existing arrangements across the sector.

We welcome the opportunity to outline our views in more detail below:

### **Role of Independent Challenge Groups**

We welcome Ofwat's recognition that Independent Challenge Groups (ICGs) have added value for both companies and consumers during the recent price review process and that ICGs are regarded as "a key mechanism for delivering effective consumer challenge and assurance to companies".<sup>2</sup>

However, we believe that the Rule should go further: ICGs should have a **mandatory role** across the sector so that their independence and challenge are guaranteed and embedded within the price review process, as they were during PR19. While we recognise the need for flexibility, we believe that a voluntary role for ICGs risks limiting their influence – both at a company and sector-wide level.

To be meaningful, ICGs need a clear mandate and a design that guarantees independence, access and capacity. Ideally, this would also include independent funding that is sufficient to provide continuity of support for independent experts throughout this price review and beyond.

We believe that independent experts/ICG members can also play a vital role in supporting customer boards (and other consumer groups) to help hold company boards to account. The water sector is highly technical and jargon heavy, which creates the risk that information can be presented in a way that is difficult for customers to fully understand and challenge.

Working together, ICG members should and could provide the necessary depth of knowledge and continuity needed so that consumer representatives can properly test company explanations and hold boards to account.

### **Board-Level Accountability**

For consumer voices to carry real weight, they need to be heard in the boardroom. We therefore support the proposal that every company should appoint an independent non-executive director with responsibility for consumer matters. This aligns with steps we have already been recommending to Anglian Water's executive team. In particular, we have been

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<sup>2</sup> See page 16 (section 2.8) of the *Consultation – Consumer involvement rule* (The Role of Consumer Experts): "During the PR24 process, these independent consumer group played a vital role in representing consumer views at a local level. They offered informed input and robust challenge on complex issues within the business planning process."

working with the company's Chair and Chief Executive to strengthen links between the ICG, the Customer Board and the Anglian Water Board, including:

- regular attendance by the ICG Chair at Board meetings, representing consumer views, and
- reciprocal attendance of Board members at ICG meetings.

This arrangement demonstrates that consumer perspectives are part of core company decision-making, rather than an afterthought.

## **Role of Consumer Panels**

As the Consumer Panels are currently proposed, we believe that there will be a risk of duplication for companies like Anglian Water, which already has a well-established Customer Board in place. We therefore seek further clarity on how the proposed panels will work alongside existing groups like ours.

We have several specific questions:

### **1. Cross-customer representation**

How will CCW recruit panel members and ensure that consumer involvement is genuinely representative of the full range of customers – household, non-household, vulnerable, future consumers, etc. – rather than relying on a small range of voices?

### **2. Independence and influence**

What safeguards will be put in place to guarantee that consumer feedback is independent and not influenced by company phrasing questions in a way that could potentially bias responses?

### **3. Reporting on progress**

How will companies work with the new Consumer Panels and existing ICGs/Customer Boards to ensure their findings and challenges are aligned and taken seriously at board level, and how will evidence of this practice be evidenced over time?

How can consumers be assured that any feedback is acted upon when it comes to key decision making? How will their views be triangulated within the price review process?

How will ongoing feedback from ICGs and customer panels be communicated back to the wider water sector customer base to demonstrate impact, and encourage continued engagement and interest? And how will the effectiveness of consumer panels' involvement be assessed and improved over time?

### **4. Length of tenure**

We are concerned that the proposed 18-month tenure for Consumer Panel members is too short. Based on our experience, it takes at least 18 months to become familiar with water

sector terminology and processes. For any customer panel to provide meaningful scrutiny, we would suggest a tenure that spans a full price review period.

## **5. Robust induction process**

We would also recommend that a robust induction process is developed at a sector level for ICGs and other customer groups to help guarantee a level of consistency and high-quality customer engagement.

## **Conclusion**

In summary, while we support the introduction of the Consumer Involvement Rule in principle, to make it effective, Ofwat should ensure:

- ICGs have a clear and mandatory role, including providing support as independent experts for Consumer Panels and other customer groups;
- Board-level structures embed consumer voices in decision making; and
- The roles of Consumer Panels are clearly delineated and defined so that they complement rather than duplicate the work of existing groups such as Anglian Water's ICG and Customer Board.

We believe that, if done well, the measures outlined in Ofwat's consultation could give consumers real influence, as well as strengthening accountability, and thus beginning the process of restoring trust in the water sector.

Yours sincerely,

**Craig Bennett**

Chair

Anglian Water Independent Challenge Group

**Simon Dry**

Chair

Anglian Water Customer Board