



## ANGLIAN WATER INDEPENDENT CHALLENGE GROUP

### MINUTES

**Date:** 22 November 2024

**Time:** 12:30-16:30

**Location:** Virtual

**Present:**

- Craig Bennett – Chair (M)
- Joanne Lancaster – Independent (M)
- Nathan Richardson – Waterwise/Blueprint for Water (M)
- John Vinson – CCW (M)
  
- Mark Thurston – Chief Executive, Anglian Water
- Lisa Bush – Head of Pollution Strategy (delegating for Emily Timmins)
- Geoff Darch – Water Resources Strategy Manager
- Rebecca Harrison – Chief of Staff for Mark Thurston
- Sarah Moreton – Corporate Affairs Team
- Darren Rice – Regulation Director, Anglian Water
- Lottie Williams – PR24 Customer Insight Lead
  
- Vicky Anning – Secretariat (O)

**Apologies:**

- Peter Holt – Chief Executive, Uttlesford District Council (M)
- Paul Metcalfe – MD, PJM Economics (M)
- Justin Tilley – Natural England (M)
- Victoria Williams – EA (M)

## Summary of actions

Actions	Status
1. Mark to share more details with ICG about Safer Every Day campaign in New Year	Open
2. AW to share regular updates with ICG in 2025 about reservoirs, strategic pipeline (SPA), Project Nexus progress, Pollution Incident Reduction Plan.	Open
3. Other topics suggested by AW for future agendas included: ongoing work on customer behaviour change; digital strategy; affordability and single social tariffs; and compulsory metering.	Open
4. John Vinson, CCW, to bring customer complaint review to future meeting(s).	Open
5. AW/ICG to agree new plans for site visit in 2025.	Open
6. Craig and Vicky to share revised TORs with AW colleagues.	Closed
7. Mark to circulate TORs to AW Board for feedback.	Open
8. Craig to arrange meetings with Darren and Mark, as well as agreeing dates for attending AW Board meeting(s) in 2025.	Open
9. Craig and Vicky to gather evidence for National Audit Office about customer engagement/Ofwat responses.	Closed

## Meeting minutes

Item	Action
<p><b>1. <u>Welcome from ICG Chair</u></b></p> <p><b>Craig Bennett</b>, Chair of the Independent Challenge Group (ICG), welcomed participants to the virtual meeting. Due to illness, there were fewer ICG participants than anticipated. The planned site visit had been postponed and the final ICG meeting of 2024 was held virtually rather than in person.</p> <p>Minutes for July ICG meeting and September ICG only session were approved. Nathan Richardson confirmed that the pending action listed in the minutes regarding the Terms of Reference could be closed.</p>	
<p><b>2. <u>Company update and Project Nexus</u></b></p> <p>Anglian Water’s Chief Executive <b>Mark Thurston</b> gave a company update. He started by talking about a refreshed approach to safety and wellbeing, which was being launched at conference on 11 March 2025 under the banner “Safer Every Day”. He would share more details in the new year.</p>	<b>Action AW</b>

Item	Action
<p>Mark then talked about AW's performance, which he acknowledged was not currently where the company wanted it to be (evidenced by the 2-star Environmental Performance Assessment (EPA) rating and lagging assessment from Ofwat). A further tipping point in the five months since he started in post was AW's trajectory to fall within the bottom three water companies; this triggered a programme of activity to move the organisation forward: Project Nexus.</p> <p>In terms of operational performance, he said there were lots of green shoots:</p> <ul style="list-style-type: none"> <li>- External flooding performance was much better</li> <li>- Treatment work compliance was the highest it's ever been in AMP7</li> <li>- There were good half year CMex scores (customer satisfaction), particularly around billing</li> <li>- Outcome Delivery Incentive (ODI) penalties had reduced by £4m for the first time in the Asset Management Period (AMP).</li> </ul> <p>On the water side, there was a lot of work ongoing to retain the supply and demand balance index and Water Industry National Environment Programme (WINEP) obligations, which were putting the company's 2-star rating under threat for the end of the performance year. These had been stabilised and AW was well placed for the year end.</p> <p>Capital projects were over £1bn for this year, the biggest in AW history. The biggest portion of that was spent on the strategic pipeline. A lot of the SPA work has stopped for the winter; it was due to be completed by 2027/28.</p> <p>Mark said the reservoir programme was in a good place and would be taken to the Board next week for approvals. Gate 3 approval to be submitted to Ofwat in first quarter of 2025. It would be good to discuss ongoing work in 2025 with the ICG.</p> <p>A milestone one million smart meters had been installed – the half-way mark for the company's metering programme.</p> <p>Chairs of EA and Ofwat visited AW's nature-based activities and were impressed by ongoing programmes.</p> <p>Mark also met with Mike Keil, CCW's Chief Executive, to discuss social tariffs and aspirations for a customer-based forum. Mark expressed to him it would be good to draw on existing resources through groups like the customer board/ICG, which he believed could be a force for good.</p> <p>He attended a meeting of water company CEOs last week, which included discussion around complexity of regulation and the lack of a national strategy for water companies. Cunliffe's review of water companies, launched in October, would be holding a call for evidence in mid-January for 4-6 weeks, with draft findings to be submitted to Parliament in May.</p> <p><b>Update on Project Nexus</b></p> <p>On joining AW five months earlier, Mark met many colleagues and found that AW had many competing priorities that have now been streamlined. AW had drawn up</p>	<p style="text-align: center;"><b>Action AW</b></p>

Item	Action
<p>seven key pillars/cells that need to be the focus/mission critical to get to Base Camp 1 by spring 2025 to consolidate credibility and confidence (see graphic). Mark said this had galvanised the organisation and released a lot of energy; AW's financial performance was looking a lot more stable as a result.</p> <div data-bbox="325 412 954 1025" data-label="Diagram"> <p><b>Our seven Nexus cells</b></p> <ul style="list-style-type: none"> <li>N1 Safer Every Day</li> <li>N2 Deliver WINEP</li> <li>N3 Spills</li> <li>N4 Escapes - Networks</li> <li>N5 Escapes - Operations</li> <li>N6 Escapes - OMC</li> <li>N7 Critical Water Shortages</li> </ul> <p><b>Our objectives</b></p> <ul style="list-style-type: none"> <li>Improved Safety Performance</li> <li>Deliver WINEP yr 5</li> <li>Reduce Spills and Compliance Risk</li> <li>Reduce Serious &amp; Total Pollutions</li> <li>Reduce Int &amp; Ext Flooding</li> <li>Imp. Treatment Works Compliance</li> <li>Securing Water Supplies 24/25</li> </ul> </div> <p>Ofwat's final determination (FD) was due on 19 December. AW was also expecting a letter from Ofwat on flow compliance. Heading into Q1 of 2025, Mark said AW would be focusing on completing Project Nexus, dealing with the FD consequences, getting reservoirs underway as well as working on strategic pipeline.</p> <p><b>Questions</b></p> <p><b>Craig Bennett</b> asked Mark for his diagnosis on why the company had fallen behind on performance over the last few years?</p> <p><b>Mark</b> said this was due to a combination of factors. The FD for AMP7 was challenging and, in hindsight, the company should possibly have organised themselves differently. Secondly, the money to accelerate SPA got pulled from other areas, which starved some existing areas of investment; this was now playing out in asset performance. Going into AMP7, there was already a legacy of asset degradation that started to bite in AMP7. He believed the combination of increased rainfall and Covid and a lack of management discipline on performance had caused performance issues to creep up. He added that AW was a great company (with a great culture, good performance on leakage and metering and customer performance) but in terms of measures from regulators, the company was not where it needed to be. He said AW needed to use this as an inflexion point to move the company back up to where it used to be in the league table.</p>	

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<p><b>Darren Rice</b> agreed with Mark’s summary. At a sector level, there was a generic challenge when it comes to living within financial means and delivering performance set out by regulators. SPA had had an impact but AW has now consolidated expertise and leadership for the pipeline project. Change in leadership has created opportunities to pivot and repurpose the business.</p> <p><b>Lisa Bush</b> added that the lasered focus into the founding element of AW performance has meant the whole organisation is working together/focusing on seven priorities.</p> <p><b>Joanne Lancaster</b> said it was good to hear Mark’s diagnosis and it had given her confidence that the stones that need to be lifted up had been turned over. In stripping back priorities, she asked the following questions:</p> <ol style="list-style-type: none"> <li>1) Is the company insulated against changes coming through from the new government or national priorities?</li> <li>2) Project Nexus is about releasing opportunities and potential for staff. Is there the right balance of skills among the AW team?</li> <li>3) Has there been oversight of what the things that have been de-prioritised will mean for customers?</li> </ol> <p><b>Mark</b> said that the biggest stones had now been turned over and these were informing Project Nexus but he acknowledged there were probably still more stones to turn over. In terms of insulation, there was a lot of discussion about the Water Special Measures Bill. He felt here was a danger of regulators overplaying their hand (he mentioned executive pay in particular). The government wanted to be seen to be cleaning up the water sector and pollutions were defining the narrative. But for AW, pollution performance was temporary and would be turned around through Project Nexus.</p> <p>In terms of deprioritisation, Mark said anything that was customer sensitive and all AMP7 obligations were maintained. One of the things that was parked for now was a new fully integrated CRM system but AW had continued with other key customer-facing initiatives like smart metering.</p> <p><b>Mark</b> said he had been very impressed by the calibre, energy and commitment of AW colleagues. There was a family-based culture where consensus was important, which sometimes made things quite cluttered and may have led to some complacency. Mark wanted to drive better discipline and look at a new operating model for the company going into AMP8. He believed AW was becoming an infrastructure business in AMP8 rather than a water company (due to focus on SPA and reservoirs).</p> <p>AW was looking to appoint a programme delivery partner (PDP) by mid 2025; this would be a long-term professional services partnership providing technical and engineering resources that would give flexibility to respond to the market and pressure in the system.</p> <p><b>Nathan Richardson</b> asked about the impact of the previous CMA process on any appeals around the new FD?</p>	

Item	Action
<p><b>Mark</b> replied there had been a lot of learning about resources needed to go to CMA and the costs incurred. It would be a big decision for the management team/Board in December but he would wait to see the content of the FD.</p> <p><b>Craig</b> asked whether the company had any concerns about supply issues before the SPA project comes online in 2027.</p> <p><b>Mark</b> responded that work was in hand to make sure water supply was not impacted by the delay on the pipeline completion from the original plan (particularly at the southern end of the route). Mark suggested that the ICG should continue to hold AW to account on this issue in the first half of 2025 as a standing item. Andy should give 15-minute deep dive at each meeting.</p>	<p><b>Action AW</b></p>
<p><b>3. <u>Performance</u></b></p> <p><b>AW Regulation Director Darren Rice</b> gave an update on company performance, including looking at AW’s Service Commitment Plan and a suite of materials that had been recently presented by AW to Ofwat.</p> <p><b>Service Commitment Plan</b> – Ofwat assesses companies against 12 measures/performance measures on an annual basis. In 2022/23, AW was assessed as being lagging in terms of performance and had to submit a quarterly SCP to Ofwat, which is also designed to be accessible to customers. AW’s plan was very well received last year in terms of accessibility and clarity. Draft of latest SCP had been supplied to ICG members for review. AW didn’t meet 7 performance commitments out of 12. Plan sets out clear continuation of action plan on each measure and where AW is targeting to improve performance. It’s becoming very clear that performance expectations set out by Ofwat five years ago are proving to be very challenging and in some places unachievable (both for AW and on a wider industry level). Darren said there’s a recognition that improvement is being made but not to the extent Ofwat assumed when they set service expectations five years ago. The expectation is that Ofwat would take this into account for performance measures in AMP8.</p> <p><b>Questions/comments</b></p> <p><b>Joanne Lancaster</b> suggested that getting the balance right could lead to perverse incentives. Customer priorities were getting clean water from a tap. Performance measures where AW was slipping behind were some of the most important to customers (leakage, water quality, overflows etc). Although changes may be well received by regulator, they may not be so well received by customers. Ultimately, she believed it was about how performance is communicated with customers.</p> <p><b>Mark</b> acknowledged that pollutions were defining water companies and would affect customers’ perception. He mentioned that trust from customers was generally pretty good; AW’s CMex was up in last quarter.</p> <p><b>Nathan Richardson</b> said he really liked the performance report and it gave a good overview. It could be more useful if it showed progress in tables against actions</p>	



Item	Action
<p><b>Lottie</b> said that AW was working hard with customers and said this could be brought to future meetings.</p> <p><b>Lisa</b> returned to performance issues by asset class:</p> <ul style="list-style-type: none"> <li>- AW was seeing green shoots asset class by asset class</li> <li>- Principal issue is sewers themselves/blockages as drivers</li> <li>- Since 2022, blockages been driven down from 72% to 36%</li> <li>- In 2023, 28% of reasons why AW had pollutions in network was rising mains bursting; this was down to 17% in 2024</li> <li>- Underlying trends say that foul sewer blockage rate is at lowest rate (down from 40k down to 36-27k)</li> <li>- AW also had lowest burst rate of bursting mains in industry.</li> </ul> <p>Pumping stations:</p> <ul style="list-style-type: none"> <li>- Electrical failure (27% down to 13%)</li> <li>- Mechanical failure (27% down to 19%)</li> <li>- Predictive analytics are moving in the right direction.</li> </ul> <p>She explained internal sewer flooding was improving, driven by the £100m investment focused on rehabilitating key infrastructure, such as sewers, rising mains and the construction of new tanks. AW was seeing tangible progress from these efforts.</p> <p>AW was also installing 8k additional sewer sensors. This technology, combined with the ongoing investment, was accelerating improvements, particularly in the maintenance and efficiency of rising mains. Innovative solutions like using trained dogs to detect leaks were also playing a role.</p> <p>The ‘Just Bin It’ campaign, primarily focused on public education, had been instrumental in reducing blockages. However, a more hyper-local understanding of community-specific issues was essential to address challenges effectively. This targeted approach had already made a noticeable impact on system blockages.</p> <p><b>Questions</b></p> <p><b>Nathan</b>, looking at the slide deck, noticed that hydraulic overload looked like the biggest cause of flooding but it was one of the most difficult things to solve because it relies on a lot of other agencies. What happens to water in mini catchments? How possible was it to scale up initiatives like Pathfinders?</p> <p><b>Lisa</b> agreed hydraulic overload was a knotty problem. It had been a 200% increase as a root cause in first quarter of year, made more complicated by 28% more rainfall this year. This was not a new problem – surface water getting into sewers does cause pressure. Flooding can roll through into pollutions (when water mixes with sewage).</p> <p>She talked about the different Pathfinder catchments (Yaxley and Grimstone) and the game-changing work happening there. She was sorry that today’s planned site visit had been postponed but was looking forward to showing the ICG this work in future. The fundamental shift was understanding the systems and policing surface</p>	<p><b>Action AW</b></p>

Item	Action
<p>water connections. For example, AW had been able to issue notice to Highways Agency to disconnect themselves from the network.</p> <p><b>Jo Lancaster</b> felt that, as a company, there was more that could be done to educate customers. If AW could reduce even half of the 40k blockages each year, surely that would create capacity to tackle other areas? Was there space for AW to campaign on this? Jo also asked for assurances about how the team was trying to get on the front foot in terms of urban drainage solutions for new developments – and linking with local authorities regarding flooding/SUDS adaptations in early development conversations. She suggested adding leaflets to council tax mailings.</p> <p><b>Lisa</b> said that <i>Just Bin It</i> campaign was a direct result of Project Nexus (targeting Northampton, Kettering, Southend, Basildon in the first instance based on data about recurring blockages). She would welcome the opportunity to continue the conversation.</p> <p><b>Mark</b> agreed that it would be good to bring these issues back to the ICG in future and talk about some of the work being done already.</p> <p><b>John</b> said CCW had started to see SUDs complaints coming through from new developments; customers felt they were being double charged. In terms of customer behaviour, CCW had also done a Bin the Wipe campaign. It's important that customers shouldn't perceive blockages as their fault. He felt this needed to be communicated carefully.</p> <p><b>Lottie</b> said there was strong interest from AW in embedding behaviour change strategy for customers and enabling actions/opportunities for the company and industry. AW was looking at bringing in outside expertise to innovate in this space and see faster action. She suggested that this was a topic of future conversation for the ICG.</p> <p><b>Craig</b> also mentioned that new digital sensors made it easier to detect leaks and anticipate problems before they arise.</p> <p><b>Lisa</b> agreed that was giving the company more visibility around anticipating problems.</p> <p><b>Mark</b> suggested bringing this back to the ICG at a future meeting.</p> <p><b>Craig</b> returned to digital issues and was surprised to hear company didn't have an integrated CRM. He asked if the company was ready to exploit the potential for extraordinary transformations in in this area?</p> <p><b>Mark</b> said that digital strategy would be an area of focus in 2025 and suggested bringing this back to the ICG over the next year.</p> <p><b>John</b> added that systems were not the biggest driver of complaint handling. Digital solutions were not the be all and end all. Companies needed to have the right people and implementation plan to make sure they were successful. He felt that taking the time to do things properly was the right thing to do.</p>	<p><b>Action AW</b></p>

Item		Action
	<p><b>Craig</b> thanked Lisa for the helpful presentation and he was pleased to hear about the green shoots of performance improvements. He was looking forward to a site visit to Yaxley/Grimstone that would be rescheduled for spring.</p>	<p><b>Action AW</b></p>
<p><b>4.</b></p>	<p><b><u>PR24 Final Determination update</u></b></p> <p><b>Darren Rice</b> gave an update of latest developments relating to Ofwat and the price review.</p> <p>Ofwat had published a monitoring financial resilience report that week, based on the last financial year’s performance. He was pleased that AW was ranked as being standard (alongside five other top companies) – Ofwat had no concerns around the company’s financial resilience.</p> <p>Within the report, Ofwat give a snapshot/visualisation of sector-level challenges/performance expectations set five years ago.</p> <ul style="list-style-type: none"> <li>i. There had been significant overspend on company allowances</li> <li>ii. ODI and TOTEX performance for last full financial year: Systematic challenge and ODI penalties, which was an area of focus for next five years.</li> <li>iii. Calibration of overall allowances and performance expectations was a key area of feedback that Ofwat received re. DDs. Miscalibration was showing up quite dramatically across the period.</li> </ul> <p>In terms of the price review:</p> <ol style="list-style-type: none"> <li>1) FD timeline = 19 December. At a sector level, primary concern had been around investability of water sector – but concerns around balance of risk and return and base return when investing in UK water industry. Ofwat had been engaging in queries with companies, including a face to face meeting in August. AW had received 110 queries, which was consistent across similar companies. Most queries had been in relation to assessing costs and scrutinising investments. Companies were expecting bills to go up in FDs. Darren said Ofwat had been deliberately parsimonious in the DDs. Since original plans went in, there had been further pressures on investment programmes (not static as in previous price reviews), which would be reflected in bills.</li> <li>2) Darren said there was cautious optimism from AW in terms of direction of travel from Ofwat and overall balance of risk and return. Ofwat seemed to be shifting to redress some of imbalance, after listening to representations from AW and others across the sector.</li> </ol> <p><b>Questions</b></p> <p><b>Nathan</b> asked if there had been any feedback from Ofwat on baseline of ODIs for AMP8? He also asked about representations going back with higher bills across the sector than in original submissions and whether that was the case for AW?</p>	

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<p><b>Darren</b> replied that AW’s plan was about £1bn higher, much of which was driven by new environmental obligations. AW had also updated some costs on their phosphorous removal programme.</p> <p>He thought the sector had found its voice when asking for base maintenance costs. AW had put in costs for climate-vulnerable mains and didn’t ask for more in their DD representation. At a sector level, quite a lot of companies had asked for more money in that space so that was an area to look out for.</p> <p>In terms of ODIs, Darren was quietly confident although he hadn’t heard anything specific.</p> <p><b>John</b> highlighted that AW was in a good position because it had one of the narrowest gaps to bridge. He asked whether phosphate costs were higher than were allowed in DD? Was there any more consideration towards a single social tariff and/or would there be more done for affordability for customers?</p> <p><b>Darren</b> said AW aligned phosphate costs with those in the DD. In terms of affordability, the revised programme would put more strain on affordability. He said that AW would seek to provide broader support to a higher number of customers; spreading load as far as possible. Depth of support would be subject to review.</p> <p>AW was working with the sector on the appetite for a national single social tariff for PR24, potentially as soon as FY26/27.</p> <p>He thought there would be potential to redefine how support on affordability showed up and this would likely move at quite a pace.</p> <p><b>Action:</b> Darren suggested bringing this issue back to a future meeting, when more information was available.</p> <p><b>Craig</b> zoomed in on research from CCW on DDs. In the scheme of things, he felt there was support for investment.</p> <p><b>John</b> agreed that customers were willing to pay more for nature-based solutions. People wanted to see they were getting something for their money. Public expectations had changed over last two years and would only increase as water bills increase.</p> <p><b>Mark</b> felt that the gap was still large and that £1.36 per day for water was good value. He agreed that managing customer expectations about bills was important. He felt bills had been suppressed for many years.</p> <p><b>John</b> agreed that water had been undervalued for many years. AW’s bills would be 4<sup>th</sup> highest bill in the country; it’s cheap for the service they get but expectations are changing.</p> <p><b>Jo</b> added that AW was at risk of being tarred with the same brush as worst performing companies. To change people’s perception will take a long time.</p>	<b>Action AW</b>
5.	<p><b><u>Compulsory Metering</u></b></p> <p><b>Geoff Darch</b> – AW’s Water Resources Strategy Manager – gave an update on AW’s compulsory metering programme. He had circulated slides in advance.</p>

Item	Action
<p>AW's Water Resources Management Plan (WRMP24) had been published in September, which committed to introducing compulsory metering during AMP8. AW now had a plan in place and wanted to start as soon as possible to realise benefits and tackle demand management and reduce water abstraction in key areas.</p> <p>At the moment, 91% of domestic customers have meters but only 85% are paying a measured charge. Low uptake of customers closing this gap, in spite of switchback guarantee. He said WAY was now at a point where they needed to push the button on compulsory metering/switching.</p> <p>There was a higher number of meters on non-household properties (more than 99%).</p> <p>From January, AW would start telling customers with a meter but not a measured charge that AW would be moving to change that (explaining fairness, significance of environment etc).</p> <p>Full roll out would happen over a number of years, beginning in critical areas such as Colchester and Braintree and Northampton from April 2025.</p> <p>Colleagues were looking at tailoring communications accordingly, particularly around how it might affect bills. AW would work to resolve any leaks identified before measured charges were introduced. Plan to roll out by March 2028.</p> <p>For the 9% of customers who don't currently have a meter, this was more challenging due to complications of shared housing etc.</p> <p>He reminded the ICG there was broad customer support for metering: 85% of customers were in favour of everyone paying on a measured charge if they were able to. It was also the only way AW could reduce per capita consumption.</p> <p>Overall this could save 3-6 megalitres per day, over and above WRMP figures. AW believed 66% of customers were going to be better off when they switched supplies.</p> <p>Affordability rating: over 90% of this cohort have a high affordability rating and live in larger houses; customers would be reminded of social tariffs as part of the process.</p> <p><b>Questions</b></p> <p><b>John</b> asked about impact AW expect to see between customers moving from meters to smart meters and knock on effects. It was an important touch point in terms of communicating with customers and it would be good to have a joined up approach across AW.</p> <p><b>Geoff</b> said this had been a big consideration for AW (e.g. moving customers from meters to smart meters at the same time); there were a number of different customer journeys with different tailored communications.</p>	

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<p>AW now had 1m smart meters in the ground, which was enabling a different kind of conversation with customers (e.g. around leakage). 10/11% of customers had leakage on installation of meters, which had raised a number of questions re. internal processes.</p> <p>He said that numbers were really encouraging in terms of PCC reduction and leak notification.</p> <p><b>Jo</b> asked how leaks were triaged and whether AW was confident that the rollout was deliverable in three years?</p> <p><b>Geoff</b> said leaks were triaged depending on urgency/size. In terms of rollout, AW was planning to use three locations to test the deliverability. He felt it was all about the comms and support given to customers. He said he would be pleased to come back to ICG in a few months to talk about comms and give an update on the rollout.</p> <p><b>Nathan</b> asked about the speed of leak notifications and whether AW could work with insurance companies to look at leak alarm/detector systems and reduce insurance premiums.</p> <p><b>Geoff</b> agreed this was a good idea and would be keen to work with others on this. Would need to get around GDPR issues but would give it some thought.</p> <p><b>John</b> thought smart meters were a great opportunity to catch leaks and to stop leaky loos. The only down side CCW had seen was that some customers were using more water because they felt they could afford it.</p> <p><b>Geoff</b> said AW was proposing to introduce a summer tariff trial – increasing cost of water in the summer. Financial impact was likely to be small, but it was important to convey the message about water as a precious resource.</p> <p><b>Craig</b> asked how future proof the smart meters were (referencing smart meters in energy industry that needed to be replaced)?</p> <p><b>Geoff</b> said the smart meters for the water industry faced different challenges from the energy sector, as they were app based. The biggest issue was the battery life of the smart meter.</p> <p><b>Craig</b> thanked Geoff and said the ICG would always be interested in updates on this issue.</p>	<p><b>Action AW</b></p>
<p><b>6. <u>ICG Terms of Reference</u></b></p> <p><b>Craig Bennett</b> had been working with Vicky on updates to the ICG Terms of Reference and was hoping to firm these up asap, incorporating feedback from ICG members. There was ongoing governmental consideration about ICGs across the sector; Craig had recently given input to Defra. Further government guidance was expected on the future roles of customer challenge. Craig felt the direction of travel was heading towards mandated challenge groups.</p>	

Item	Action
<p>Once the ICG were happy with the revised TORs, they would be passed to the company for input. Mark was then expected to present them to AW's Board for adoption or further feedback. The updated TORs established the ICG as an instrument of the board to provide challenge and oversight. Craig said it was important that the TORs had been developed by ICG members and he was confident that they were in line with Defra's thinking. He was keen to share the TORs with officials, once the company was happy with them.</p> <p>Jo wanted to make sure transparency was clear in terms of outputs (e.g. publication of minutes).</p> <p><b>Mark</b> said he would talk to colleagues in more detail offline and would forward TORs to the Chair of AW's Board.</p> <p><b>Action:</b> Craig/Vicky to circulate final draft of TORs to share with Board</p> <p><b>Action:</b> AW to identify a slot on the Board for Craig to give an update.</p> <p><b>Action:</b> Craig to meet with Darren to discuss issues arising, and to meet with Mark once TORs were approved.</p> <p><b>Craig</b> said that he was keen to go out and recruit new members, once the TORs were agreed.</p> <p><b>Craig</b> also updated ICG members on a recent meeting of the Central Oversight Group (COG), made up of fellow ICG chairs. The National Audit Office was carrying out an audit of regulation of water industry and came to talk to the group. ICG Chairs expressed general frustration with Ofwat over their relationship with challenge groups over the two previous price reviews. One of the things discussed was that customers generally wanted to see investment in infrastructure and on occasion, Ofwat seemed to ignore/dismiss evidence/customer views without any evidence to the contrary. NAO had written to chairs asking for written evidence. Craig had asked Vicky to pull together evidence of this from the past two price reviews and he was planning to respond independently to the NAO. He said this appeared to be a consistent view across challenge groups.</p> <p><b>Mark</b> felt the broader point was that there was a window of inflection over the next 6-9 months to put the water industry on a different footing. AW would play their part, including welcoming scrutiny from this group.</p>	<p><b>Action MT</b></p> <p><b>Action CB/VA</b></p> <p><b>Action AW</b></p> <p><b>Action CB/DR/MT</b></p> <p><b>Action CB/VA</b></p>
<p><b>7. <u>AOB</u></b></p> <p>Cadence of 2025 ICG meetings were discussed and how to dovetail meetings in with AW's Board meetings and Customer Board.</p> <p><b>Lottie</b> had started to create a planning document to inform agenda items.</p>	

Item		Action
	<p>Proposed 2025 dates (currently two weeks before AW Board meetings):</p> <ul style="list-style-type: none"> <li>• Friday, 24 January 9.30-noon (virtual)</li> <li>• Thursday, 13 March 9.30-noon (virtual)</li> <li>• Friday, 23 May 9.30-4.30 (face to face)</li> <li>• Friday, 11 July am (TBC)</li> <li>• Tuesday, 16 September 9.30-noon (virtual)</li> <li>• Thursday, 6 November 9.30-4.30 (face to face)</li> </ul>	