ANGLIAN WATER INDEPENDENT CHALLENGE GROUP

MINUTES

Date: 23 May 2025
Time: 09:30-12:45
Location: Virtual

Present:

ICG members

- Craig Bennett – Chair (M)
- Beth Kenna – Environment Agency (M) – left meeting after agenda item 3
- Joanne Lancaster – Independent (M)
- Nathan Richardson – Waterwise/Blueprint for Water (M)
- John Vinson – CCW (M)

AW colleagues

- Mark Thurston – Chief Executive Officer – left meeting after agenda item 4
- Brian Ebdon – Director of Strategic Planning and Performance
- Don Maher – Interim Director of Customer Wholesale Services
- Darren Rice – Regulation Director
- Allan Simpson – Head of Long-Term Delivery Strategy
- Lottie Williams – PR24 Customer Insight Lead

- Sarah Thomas – CCW (presenter) – left meeting after agenda item 1
- Vicky Anning – Secretariat (O)

Apologies:

- Justin Tilley – Natural England (M)

Summary of actions

Actions	Status
NEW	
1. **Lottie** to share joint ICG/CB minutes with Simon Dry (CB Chair)	Closed
2. **Craig** to update ICG Terms of Reference	Open
3. **Craig** to develop a skills matrix for the ICG	Open
4. **Craig** to meet with Darren to discuss next steps	Closed
5. **Sarah (CCW)** to take ICG views back to CCW colleagues	Open
6. **John (CCW)** to share CCW's representation to CMA on AW	Closed
7. **AW** colleagues to circulate performance update ahead of ICG meetings	Open
8. **Lottie/Vicky** to find space in the ICG agenda to talk about effluent reuse in future	Open
9. **Allan** to share review of previous DWMP, if feasible	Open
10. **Allan/Lottie** to work on governance arrangements for DWMP Task and Finish Group	Ongoing
11. **ICG members and AW colleagues** to recommend potential ICG recruits from their networks; Vicky/Lottie to liaise on recruitment	Ongoing
12. **Craig and Lottie** to agree timings for next ICG meeting (18 July TBC)	Open
OPEN/ONGOING FROM PREVIOUS MEETINGS	
1. AW to follow up of Project Chrysalis/customer service implications at future meeting.	Open
2. AW to include PFAS/Environment Strategy in future meeting.	Open
3. Craig to reach out to colleagues re. ICG recruitment.	Ongoing
4. Mark to share details about Safer Every Day campaign.	Ongoing
5. Darren to provide further updates on Gate 3 reservoir process.	Open
6. Kay/Lottie to make recommendations regarding recruitment & induction of ICG members as well as recommending behaviour change experts.	Ongoing
7. AW to share regular updates with ICG in 2025 about reservoirs, strategic pipeline (SPA), Project Nexus progress, Pollution Incident Reduction Plan.	Ongoing
8. John Vinson/CCW to bring customer complaint review to future meeting(s).	Open
9. AW/ICG to agree new plans for site visit in 2025.	Open

Meeting minutes

Item		Action
1.	**<u>Welcome from ICG Chair</u>** **Craig Bennett**, Chair of the Independent Challenge Group (ICG), welcomed participants to the virtual meeting. **Beth Kenna** introduced herself as the new ICG representative for the Environment Agency.	

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	It was noted that ICG member **Peter Holt**, Chief Executive of Uttlesford District Council, had decided to stand down from the group and his contribution to the ICG was acknowledged. Minutes from the 13 March ICG meeting were approved. **Craig** reported that the ICG had held a joint meeting with the Customer Board (CB) on 10 April, which felt like a very positive direction of travel. Minutes would be shared with CB members for final approval. **Action**: Lottie Williams to share minutes with Simon Dry, Chair of CB. **Update on meeting with Anglian Water Chair Ros Rivaz** **Craig** reported that he had met AW's Chair Ros Rivaz earlier that week and they had discussed the role of the ICG in relation to the Board (they had agreed the ICG should be considered an "instrument of the Board", which he felt fitted in with Defra's thinking for the next price review that is requiring boards to demonstrate how their companies are subject to independent and customer challenge Craig had shared the ICG's Terms of Reference with Ros and discussed the cadence of ICG meetings to fit in the Board's timetable. It was agreed that Craig would attend the AW Board twice a year. Fine tuning to the TORs was still needed. Craig said Ros felt it was important that the ICG should feed into AW's Annual Plan. **Action**: Craig would update the draft Terms of Reference to reflect discussions. In terms of recruitment, Ros suggested that the ICG should create a skills matrix to identify gaps. Craig would share this and the TORs with Ros before going ahead with the recruitment process. **Action:** Craig to create skills matrix, based on discussion during Agenda Item 6. **Craig** also reported that Vicky Anning (ICG Secretariat) would provide independent support for the CB and the proposed DWMP Task and Finish Group, which would help to make sure all the groups were aligned. He felt the arrangements discussed with Ros would put AW on a firm footing for having a good challenge infrastructure. **Questions/challenge** **Joanne Lancaster** liked the idea of alignment of the three groups but urged caution that working to the Board didn't compromise the ICG's independence. She said it would be important to enshrine that in the TORs or the function of the group as a "tool of the Board" may be compromised. **Mark Thurston** also flagged his concerns over the wording "instrument of the Board". He said that the ICG wasn't a tool or an instrument or subcommittee of the Board but acted in an advisory capacity to the Board. He reiterated that the ICG was a standalone body designed to hold management to account. The	**Action LW** **Action CB** **Action CB**

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	language was important and the ICG needed to be sensitive towards maintaining their own independence and agenda. **Darren Rice** added it was important to emphasise the "infrastructure of challenge" aspect of the ICG's work, alongside the CB, Task and Finish Groups etc. **Action**: Craig would make sure these points were integrated within the ICG TORs. **Consumer Panel update** **Sarah Thomas** from CCW gave an update on the thinking behind CCW Consumer Panels after circulating a slide deck to ICG members ahead of the meeting. Key points: • Panel members are 'real' people (not experts) who should feel their views are listened to and taken into account • Panel members are a diverse mix of well supported & engaged people • The process is transparent with key material being published • Companies respond to issues raised by the Panel in a timely way • Company responses are monitored by CCW to ensure they have responded to the consumer matter that was raised • One panel per company – 16 panels in total • Panel members refresh after max 18 months – quarterly reviews to remove inactive members • Two sessions a year with company senior execs – plus mini • ad-hoc sessions if an issue comes up • One session a year will focus on performance. This will be consumer-led – based on what is important to them. The second session will be a chance for the company to explain how they've responded to any concerns raised • Moderated by a facilitator • Companies will publish action plan (within 28 days) to show responses to questions and panel reviews this • There will also be a customer sentiment barometer based on two light-touch research activities each month, determined on a company by company basis. **Where ICGs exist they can:** • Have access to panel's views • Ask Chair to meet CCW policy manager regularly to review panel findings • Get Chair to observe the Accountability sessions • Be a voice to Ofwat on company compliance with its Rule on consumer representation. **Sarah** reported that CCW would be in regular contact with ICGs to keep them up to date and to make sure the workplans aligned. ICG could also feed into the customer sentiment barometer. She said CCW was looking to run first accountability sessions from spring 2026. CCW was currently working on procurement of an agency to run the process and	**Action CB**

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	hoped to have everything in place by autumn 2025. Recruitment for panels would be finalised towards the end of 2025. **Questions** **Craig** asked how the Consumer Panels fitted with AW's existing Customer Board? **John Vinson** (CCW) responded that the Consumer Panels were separate and more independent. He encouraged AW to continue with their CB because he didn't see any conflict. He felt there should be as many different sources of customer views as possible and that information would be triangulated. Customers on the Panel would be trained so they know how regulation works. **Jo Lancaster** said she didn't have a sense of how these Panels would add real value/impact for companies across the country. She felt there was a high risk of familiar voices raising the same issues. She was also concerned about how people off the street would be given enough knowledge to make the accountability sessions effective. She thought it risked being a bit of a tick box exercise. **Craig** also had concerns but he understood that the Special Measures Bill required these Panels to be set up so it was important to find a way to make sure all the customer challenge groups worked together. **Sarah** responded that the value of the Panels would be customers challenging companies in a way that hadn't been done before. CCW had looked at all concerns raised and would work with a research agency to make sure customers were properly briefed and to make sure that the Panels didn't become a platform for people to complain about single issues. She felt it would be a good way to build trust because customers would be leading on issues. It would be a place where customers could bring genuine questions, within limits. CCW would feed back and publish information about the accountability sessions so the wider customer base could see how the questions are being answered. **Nathan** thought 18-month terms were too short for panel members as people would just be starting to understand the issues at hand. He did, however, think that this arrangement would be less chaotic than Your Water Your Say sessions from the last price review. **Sarah** said this would be fed into discussions but did point out that the process would be limited by costs. **Don Maher** said that, from AW's perspective, introducing the new Consumer Panels did feel like duplication. He pointed out that AW had a lot of independent customer challenge. He said it was important to work out how to co-exist with the new Panels so they didn't disempower existing Customer Boards. **Darren** said that understanding the education piece was really important. Uninformed views might also be important to hear. He added that there were views to be garnered but these shouldn't be given undue weight. He felt the processes still needed to be ironed out but these weren't roadblocks.	

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	Action: Sarah thanked everyone for their comments and said she would take suggestions back to CCW colleagues for consideration. She then left the call.	**Action ST**
2.	**Company update** **Mark Thurston**, CEO of Anglian Water, gave a company update. He reported that AW had been transitioning from AMP7 to AMP8. Project Nexus had served its purpose and brought AW's budget back to where it should be. There had been a significant reduction in penalties as a result. Efforts were now focusing on getting to **Basecamp 2** by March 2026. Mark shared a dashboard to show how AW was tracking monthly progress against key indicators including: year-end forecast performance on ODI delivery, pollutions, capital maintenance, enhancement, operating expenses. This included a focus on pollutions, flow, reservoirs, safety, SAP delivery, business efficiency. This dashboard would be taken to the AW Board. There had been a huge increase in growth and development, which would continue to be an area of focus through the AMP. AW had launched **Safer Every Day** on 11 March, which was bringing more consistency to operations (e.g. hard hats and PPE). **Project Chrysalis** was launched six weeks ago. There was a need to reshape the organisation to reduce £200m in costs. AW was going through a fundamental restructure. A lot of senior staff were under consultation. Unions were supportive. Preparing for **CMA hearings** was also consuming management time. AW had commissioned an independent review on tackling pollutions and other key metrics. The company had brought a lot of the recommendations together into a **pollutions programme**, which would launch in July. AW's Board would meet for two days on 3-4 June to finalise the **Annual Report**, which would go out in July. AW was also thinking about where the company wanted to be at the end of the AMP and were thinking about refreshing the **Long Term Delivery Strategy (LTDS)**. This would be taken to the Board in July. **Questions** **Craig** asked Mark about an alarming announcement from Defra dated 20 May regarding a record number of criminal investigations into water companies, including 22 investigations into AW. **Mark** responded that AW did have a number of live investigations but didn't recognise these figures. He was not happy with the press announcements and felt that it was damaging to put this type of information into the public domain. AW had no problem with scrutiny but wanted to work together with stakeholders to	

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	shift the narrative. He said AW had made their views clear to the government and were trying to get clarity from Defra on the figures released. **Craig** asked whether Beth Kenna was able to make any comments from the Environment Agency's perspective. **Beth Kenna** responded that she wasn't able to give any further details. **John Vinson** thanked Mark for the update. He reported that he had just met with AW's customer team for two fruitful days and transparency was really important to customers. He asked about the level of confidence in the supply chain and contractors available to help AW deliver on their ambitions. **Mark** responded that AW had a sophisticated, integrated approach to supply chain management and were getting ready for the next few years by beefing up the capacity of some of their major alliances. They were in the final stages of a procurement process to give AW more bandwidth on environmental consultations. They were holding quarterly meetings with suppliers, with the next meeting in September. He wanted to make sure AW's values were front and centre so that suppliers wanted to work for the company. The reservoir programme required an unprecedented scale of activity but he felt AW was in a reasonable place to meet the demands. **John** felt that customer communications would need to be bolstered to show what customers were getting for their money. **Mark** agreed that AW needed to think about dialling up customer communications to engage local communities in local sites and leverage relationships with customers to help showcase projects. **Joanne** asked about the likely impact of growth and development in the region (including the Universal project in Bedfordshire) and wanted to ensure the costs were not being borne by current customers (rather than future customers). She also invited reflection on total value per annum that AW has paid out on fines and what that adds to the customer bill. **Mark** responded that there were conversations ongoing with AW and government agencies about developments like Universal to make sure that current customers don't bear the brunt of the costs. **Don Maher** added that pressures were coming from levels of expectation and ambition from government in terms of development, which was creating a degree of uncertainty because many of the plans had transpired after Ofwat's Final Determinations had been issued. There were 175,000 more homes planned in addition to what was originally anticipated, which still leaves a lot of work to do. **John** suggested that this was something to feed into the Water Commission. He agreed with Jo's point that customers shouldn't be paying for developments like Universal, which will bring visitors in from around the country.	

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	Don responded that these issues were being raised as part of the company's representations.	
3.	**<u>CMA update</u>** **Darren Rice** reported that AW had started the CMA process in March and had submitted their Statement of Case. Ofwat had shared their views on this, as well as third parties including CCW. AW had the opportunity to present to CMA in April for a 90-minute session. He reported that the CMA staff and panel were very engaged. AW was now working on a final written submission due next week in response to the Ofwat submission. Main hearing window was due from 23 June to 11 July with provisional determinations due in mid September. Companies would have an opportunity to respond by October, with the intent to wrap everything up by Christmas. As it's a redetermination, all aspects of Ofwat's approach are under review. In practice, CMA would take time to decide on the scope of focus. Darren explained there would be a thematic focus across different companies. **Questions** **Nathan Richardson** asked whether CMA thematic decisions would impact all companies? He also asked whether there were any common themes AW was picking up from other company submissions? **Darren** responded that any changes would only apply to companies that applied for redeterminations, but CMA decisions would give an indication for Ofwat to consider going forward. There were elements of commonality between companies e.g. on base costs, balance of risks. But the rationale on levers were more specific to each company. There was more divergence on ODIs and enhancement. The key message coming through was that there wasn't enough money. **Action**: John Vinson to share CCW representation to CMA relating to AW. **Beth Kenna left the call at 10:45**	**Action JV**
4.	**<u>Performance update</u>** **Brian Ebdon**, AW's Director of Strategic Planning and Performance, gave a performance update looking back at April 2025. He shared a slide deck looking at progress towards Basecamp 2. Each month, AW would be tracking progress towards year end forecasts to get to Basecamp 2 by March 2026.	

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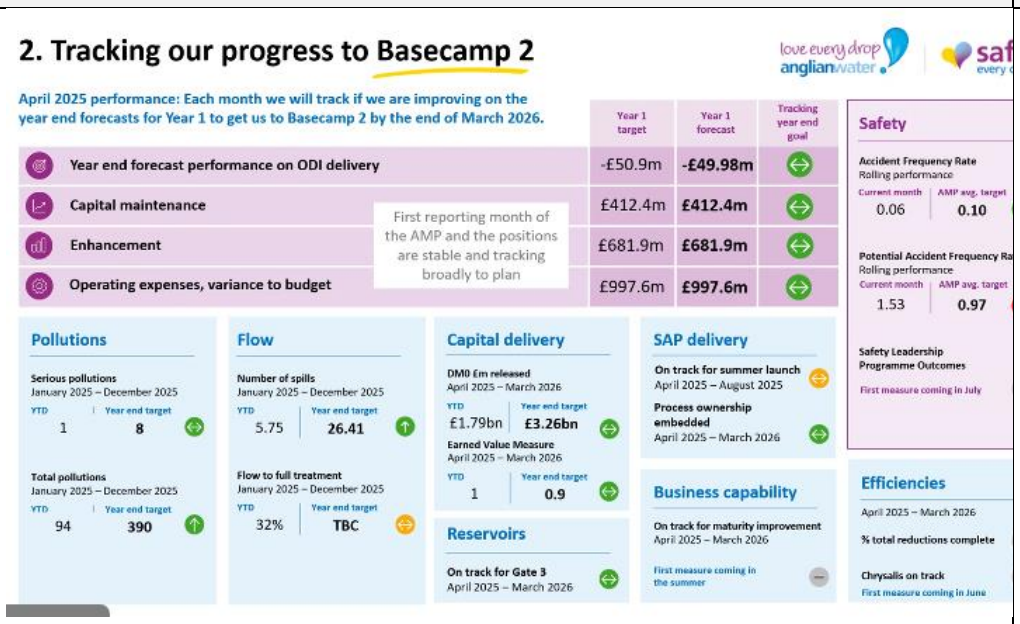

Safety
Brain reported that AW had seen a reasonable month. There had been a few incidents in May that weren't anticipated and there was an increased focus on this area.

Pollutions
Four months into the calendar year, Brian reported AW were performing pretty well so far on pollution metrics. They were ahead of targets for year to date position. He responded to ICG member questions about the impact of dry weather and whether there were any planned first flushes planned to mitigate problems down the line. He acknowledged there were issues due to the dry weather and there were first flushes planned.

Flow
AW was looking at short term fixes; long term they were looking at catchment management, which is a big challenge for AW and the entire water industry. AW is building a plan now for flow compliance position.

Capital delivery
This area was going very well and was on track. Reservoirs were on track in terms of expected progress.

SAP delivery
AW was undergoing a system update to improve capability and processes to go to best in practice. Changing business to fit the system. Intended launch was scheduled for later in summer. Date TBC.

Efficiencies
AW was looking to make £250m savings in overheads. Project Chrysalis was on track. AW was looking at senior leadership at an organisational level. This concludes in early July and then the process would move on to look at teams. AW was looking at where to redeploy staff to areas of growth.

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	Questions **John** asked where customer performance indicators (e.g. CMEX, BRMEX) fitted into ambitions? **Brian** responded that AW was doing well in these areas so it wasn't a key focus for the company at the moment in terms of moving the needle. **Nathan** asked about accident rate. Was AW encouraging reporting of near misses? **Brian** said AW wanted to make sure the company had a good culture around near miss reporting. He wanted to make sure they were not inadvertently discouraging near miss reporting. **John** added that Project Chrysalis sounded like a good programme. But was there a danger of not having bottom up considerations as well as bottom down perspectives? **Brian** responded that a layer by layer cascade approach was the preferred approach for businesses as large and complex as AW. **Mark** said the company was moving towards a more formal matrix structure to remove duplication and avoid siloed working. He acknowledged the changes were causing a lot of "heartburn" because changes hadn't been made for some time but there was an acceptance that it needed to be done. **Craig** responded that it was really helpful to get a scorecard and summary of AW performance over time. He added that it would help to get this information in advance of the ICG meetings. **Action**: Mark confirmed that he would make sure this happened. He also said he would welcome thoughts about how to run ICG meetings in future to best serve ICG needs. **Mark left the call.**	**Action MT/AW**
5.	**<u>Drainage and Wastewater ~~Management~~ Recycling Plan (DWMP) Task and Finish Group</u>** **Allan Simpson** – AW's Head of Long-Term Delivery Strategy – is also working on AW's Drainage and Wastewater Management Plan (DWMP) as part of a wider team led by Geoff Darch, which is bringing AW's long-term strategy into one place. AW proposed changing the name to Drainage and Wastewater **Recycling** Plan to reflect the water recycling component. **Allan** started by setting the context for the DWMP, which is the second time this has been a statutory requirement within the Price Review process. It's a chance to look at this afresh and make sure the DWMP drives change in the business. It covers the period 2030-55.	

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	DWMP guidance had just been made live on the Gov.uk website and AW colleagues were now working through the technical requirements. The guidance includes an annual review and report requirement (compared to a five-year cycle in the previous AMP). Expectations from Defra include providing a comprehensive and evidence-based assessment of AW's drainage systems' current capacity and action needed to address risks such as growth and climate change between 2030-55. There was also an expectation to collaborate with other sectors to consider current risks, future needs and to work together to deliver effective solutions, as well as improving customer outcomes and providing solutions and actions that provide value for money and consider societal benefits. **Questions:** **John** asked whether AW was happy with the guidance given from Defra in order to respond to those expectations? **Allan** replied that one of the opportunities for the DWMP process is to make sure there is some consistency nationally. AW had good buy in organisationally – and had just had 100 attendees at a high level webinar on the topic. There were plans in place to set up sub task and finish groups. **Jo** asked whether all of the water needed to be of potable standard? **Allan** responded that one of the benefits of joining up with the WRMP was looking at challenges in a more strategic way (e.g. water reuse and how to scale that up). **Don** added that there was a lot of work going into looking at the re-use of final effluent, which may be something that the ICG would like to hear more about in future. **Jo and Craig** agreed that this would be an interesting future agenda item. **Next steps** **Allan** then went on to outline the next steps in setting out the 25-year vision for asset enhancement and maintenance, determining priority areas. He explained there would be a number of technical documents needed, as well as more accessible customer facing communications. He also explained how the DWMP would fit into AW's LTDS as well as the Project Nexus priorities of improving performance. The DWMP annual review would require drawing together a lot of different insights, underpinned by existing reporting mechanisms such as the Service Commitment Plan and the Annual Performance Report. Formal submission of the DWMP was 2027 – this needed to align with the Wastewater Resources Management Plan (WRMP) and Business Plan.	**Action LW/VA**

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	Governance **Allan** gave an overview of the proposed governance structure for the task and finish group. He explained companies were required to convene a level 1 stakeholder group to help provide challenge, advice and assurance. The proposal was to convene a Task and Finish Group sitting below the ICG (covering DWMP, WRMP and LTDS) and also liaising with the Customer Board. The idea would be to set strategic direction, looking at trade offs around performance indicators etc. **Allan** had already put feelers out to potential members of the group and had received positive responses. The hope was to hold the first meeting in June. **Discussion** There followed discussion around the governance structure of the Task and Finish Group and its formal relationship with the ICG, as well as the potential need for terms of reference and onboarding for members. **Craig** pointed out that the T&F Group would need to be chaired by the ICG rather than by AW, if it was a subgroup of the ICG, as the most defining aspect of the ICG was its independence. The ICG was keen to provide scrutiny and challenge in this area but the nuances of the governance structure/wording was important to get right, he said. He thought it was important that the T&F Group reported to the ICG. **Lottie** said that she was happy to support conversations around the structure and governance of the T&F group but was mindful of ICG capacity. She reiterated that the level of independence needed to be clear. **Nathan** pointed out that the details may need to be tweaked after the Cunliffe Review in June. He asked who would be responsible for actions within the T&F group and were there stakeholders missing from the membership, including landowners/developers? **Craig** asked whether there had been a review of the previous DWMP in terms of what worked and what didn't. If so, would it be possible for the ICG to see this? **Allan** said there were a few areas of improvement and lessons to learn (e.g. how to describe the challenges such as impact of growth and climate change in a discrete way). **Action**: AS to check whether there was a review that could be shared with the ICG. **Allan** said this was the start of the conversation and he was looking forward to bringing technical discussions back to the ICG throughout the process. There would be further work on the logistics and governance arrangements.	**Action AS** **Action AS/LW**

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6.	**<u>ICG recruitment</u>** **Craig** started the discussion on ICG recruitment by saying it was great that recruitment of new external ICG members could go ahead. There was then some discussion around skills needed to bolster the current group's expertise. It was hoped that recruitment could begin over the summer, drawing on existing AW recruitment networks, with appointments expected in the autumn. Key areas of expertise were put forward by ICG members and AW colleagues: o Economics and financial understanding o Customer engagement and behaviour change – including non-household customers o Local government/combined authority links (Jo to suggest contacts) o Agriculture sector knowledge o Commercial acumen and business-focused behaviour change o Technology and AI expertise o Pollution expertise o Economic regulatory experience (Darren to suggest contacts, potentially from a different industry e.g. energy sector) o Vulnerable customers (Jo to suggest contacts) ICG members **Joanne** and **Nathan** both expressed interest in being involved in recruitment and interview panels. **Craig** reflected that it would be good to have a balance of both independent and organisational representation (approx 50/50). He would check on the honorarium arrangements for independent members. **Lottie** flagged River Health Panel Chair as a potential ICG candidate. **Actions:** **Craig** to revise Terms of Reference (TORs) following his recent discussions with Roz. **Craig** to draft a skills matrix for ICG membership recruitment purposes. **ICG members and AW staff** to recommend potential candidates from their networks. **Action:** Craig to meet with Darren to discuss next steps. **Action**: Lottie and Vicky to liaise on getting recruitment process set up so this could be rolled out once the green light had been given.	**Action JL** **Action DR** **Action JL** **Action CB** **Action CB** **Action CB** **Action ICG** **Action CB/DR** **Action LW/VA**

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7.	**<u>AOB/Closing comments</u>** **Next ICG meeting** Proposed meeting for next ICG was 18 July. TBC. **AW Annual Report** **Lottie** reported that initial feedback had been requested from ICG members regarding AW's Annual Report. There was a plan to publish the ICG statement on AW's website in late June. **ICG Annual Report** There was discussion around ICG's Annual Report. **Lottie** suggested Bristol and Pennon Group reports as good examples. Lottie also suggested copywriting support was available, if needed. **Craig** suggested a light touch approach to the ICG AR this year (6/7 pages giving highlights of last year and direction of travel). There might be scope for a more detailed summary in future. **CMA** It was suggested that there may be further opportunities for the ICG to input into the CMA process in September.	