



## ANGLIAN WATER INDEPENDENT CHALLENGE GROUP

### MINUTES

**Date:** 18 July 2025

**Time:** 10:30-12:00

**Location:** Virtual

**Present:** **ICG members**

- Craig Bennett – Chair (M)
- Joanne Lancaster – Independent (M) (left meeting at 11:30)
- Nathan Richardson – Waterwise/Blueprint for Water (M)
- John Vinson – CCW (M)

**AW colleagues**

- Lydia Dareheath – Public Affairs Manager (for item 6)
- Daniel Hauck – Senior Drought Lead (for item 4)
- Don Maher – Customer and Operational Services Director
- Darren Rice – Regulation Director
- Allan Simpson – Head of Long Term Delivery Strategy (for item 3)
- Emma Staples – Director of Corporate Affairs
- Lottie Williams – PR24 Customer Insight Lead
  
- Vicky Anning – Secretariat (O)

**Apologies:**

- Justin Tilley – Natural England (M)
- Rick Butler – Environment Agency (M)

## Summary of actions

Actions	Status
<b>NEW</b>	
1. <b>Craig/Vicky</b> to follow up with Lottie/Allan to schedule an LTDS session with the ICG in the autumn.	Open
2. Smart meters to be included in future ICG agenda	Open
3. <b>Dan's</b> slides to be circulated to ICG members	Closed
4. <b>Lottie</b> to secure time with colleagues to talk about responses to the ICG report and secure time with design studio	Open
5. <b>Vicky</b> to make any revisions to ICG report and to liaise with Lottie about potential web links	Open
6. <b>Lottie</b> to circulate Cunliffe Review flash note	Closed
7. <b>Lottie</b> to circulate CCW centralised research and Ofwat consultation	Closed
<b>OPEN/ONGOING FROM PREVIOUS MINUTES</b>	
1. <b>Craig</b> to update ICG Terms of Reference	Open
2. <b>Craig</b> to develop a skills matrix for the ICG	Open
3. <b>AW</b> colleagues to circulate performance update ahead of ICG meetings	Ongoing
4. <b>Lottie/Vicky</b> to find space in the ICG agenda to talk about effluent reuse in future	Open
5. <b>Allan</b> to share review of previous DWMP, if feasible	Closed
6. <b>ICG members and AW colleagues</b> to recommend potential ICG recruits from their networks; Vicky/Lottie to liaise on recruitment	Ongoing
7. <b>AW</b> to follow up of Project Chrysalis/customer service implications at future meeting.	Open
8. <b>AW</b> to include PFAS/Environment Strategy in future meeting.	Open
9. <b>Mark</b> to share details about Safer Every Day campaign.	Ongoing
10. <b>Darren</b> to provide further updates on Gate 3 reservoir process.	Open
11. <b>Lottie</b> to make recommendations regarding recruitment & induction of ICG members as well as recommending behaviour change experts.	Ongoing
12. <b>AW</b> to share regular updates with ICG in 2025 about reservoirs, strategic pipeline (SPA), Project Nexus progress, Pollution Incident Reduction Plan.	Ongoing
13. <b>John Vinson/CCW</b> to bring customer complaint review to future meeting(s).	Open
14. <b>AW/ICG</b> to agree new plans for site visit in 2025.	Open

## Meeting minutes

Item	Action
<b>1. <u>Welcome from ICG Chair</u></b>  <b>Craig Bennett</b> , Chair of the Independent Challenge Group (ICG), welcomed participants to a short virtual meeting, which would focus on updates on the CMA process and impending publication of the Cunliffe Review, as well as hearing about Anglian Water's response to the ongoing water shortage.	

Item	Action
<p>It was noted that <b>Beth Kenna</b> at the Environment Agency had handed over her role on the ICG to her colleague <b>Rick Butler</b>, who was not able to attend this meeting.</p> <p>Minutes from the 23 May ICG meeting were approved, with a small revision around the wording on page 4 to explain the meaning of “infrastructure of challenge” in more detail.</p>	
<p><b>2. <u>CMA update</u></b></p> <p><b>AW Regulation Director Darren Rice</b> gave an update on the CMA process, which had reached a milestone week. The five companies that had referred their Final Determinations to the CMA had been given a 3.5 week window to present their cases at live hearings with the CMA; this period had just closed.</p> <p>Hearings had been organised thematically, exploring issues of commonality and divergence on views being put forward by the five companies. The themes were:</p> <ul style="list-style-type: none"> <li>• Base costs and asset health</li> <li>• Enhancement</li> <li>• ODIs and price control deliverable regime</li> <li>• Overall balance of risk and return.</li> </ul> <p>Darren had sat in on six days of hearings. His view was that the CMA seemed to be across the brief. The process was intense with a lot of engagement and AW colleagues had made a good job of presenting their case. However, there had not been much live feedback from the CMA panel so far.</p> <p>Darren reported that there had been a lot of discussion around asset health and understanding maintenance requirements, which would likely be revisited in the Cunliffe Review (due out the following Monday).</p> <p>The CMA discussions had also focused on investability and creating the right conditions to support investable propositions over the next 25-year horizon, ensuring long-term investment to deliver infrastructure that improves customer and environmental outcomes; this has been central to AW’s case.</p> <p>Darren added that it was clear that affordability considerations were central to the CMA’s thinking for this price review. Ashlynn Gunn (author of report on customer challenge groups) led for the CMA on this line of thinking.</p> <p><b>Next steps:</b></p> <ul style="list-style-type: none"> <li>- AW would draft a final five-page submission by 25 July</li> <li>- In mid September, CMA would release provisional findings through a live consultation; there would be four weeks to respond (by mid October)</li> <li>- Final determinations were expected by end 2025 (deadline March 2026).</li> </ul> <p><b>Questions</b></p> <p><b>Craig</b> mentioned that, during the last CMA process, the Customer Engagement Forum (CEF) – ICG’s predecessor – engaged in more detail with the CMA process.</p>	

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<p>At that time, the issues at play were more clearly related to ICG concerns (in terms of customer engagement and focus). This time, he felt the issues were less obviously relevant to ICG agendas and narratives. But he and the ICG were still following the process very closely. As part of the CMA submission, Craig had also contributed a short video interview about the work of the ICG and how the group had scrutinised AW's Business Plan.</p> <p><b>John Vinson</b> had been concerned about smoothing out any bill impacts, which Darren had addressed in his presentation. He asked whether there was any crossover between the CMA process and Cunliffe Review?</p> <p><b>Darren</b> responded that the two processes were distinct. CMA was looking at this price review and Cunliffe was looking at what comes afterwards. But in reality, he thought there would inevitably be some overlap (e.g. in terms of investability, asset health etc).</p>	
<p><b>3. <u>Long Term Delivery Strategy</u></b></p> <p><b>Allan Simpson</b> – AW's Head of Long-Term Delivery Strategy – joined the call.</p> <p><b>Craig</b> thanked Allan for sharing useful background pre-reading and an AI-generated podcast and video ahead of the meeting.</p> <p>ICG members had mixed reviews about the AI format of the materials but found the content/summarising of the LTDS to be helpful.</p> <p><b>Allan</b> went on to give some context to the paper he had shared. When the LTDS was created two years ago, it set out a long-term vision building on AW's Strategic Direction Statement (SDS). AW was now taking the opportunity, before regulatory methods were fixed, to start thinking about PR29 and revisiting vision and strategy work, focusing on strategic choices as far ahead as 2055. The audience for this would be internal for now but the messaging would eventually become more public facing (with a publication by February/March 2026).</p> <p>AW was using a Three Horizons Framework,<sup>1</sup> which was a high-level way of breaking down the challenges of the long to medium term and encouraging unconstrained thinking (see diagram below).</p> <p>Horizon 1 (red line) = BAU; Horizon 2 (blue line) = entrepreneurial; Horizon 3 (green) = Visionary.</p>	

<sup>1</sup> Sharpe, B, Hodgson, A, Leicester, G, Lyon, A & Fazey, I 2016, 'Three horizons: A pathways practice for transformation', *Ecology and Society*, vol. 21, no. 2, 47.

Item	Action
<div data-bbox="399 241 1157 607"> </div> <p>Allan had held sessions with the Executive Committee and had a session with the Board the following week. He was conscious of the regulatory changes pending through the Cunliffe Review – but this process would help to give the company a focus that would eventually inform updates to the LTDS.</p> <p>Allan also wanted to explore ways to get the ICG involved in the process.</p> <p><b>Questions</b></p> <p><b>Craig</b> really welcomed this approach. He said there was a need to think much more about the outcomes 20 to 25 years ahead rather than being too constrained by the practicalities of getting there.</p> <p><b>Nathan Richardson</b> asked whether the company was doing this work in isolation (or working with other companies doing similar things); he shared <a href="#">a link</a> to work with the Home Builder Federation on water use and new homes; he also wondered how customer views and expectations were going to be taken into account.</p> <p><b>Allan</b> responded to Nathan’s question on sectoral collaboration, saying that AW would work on common goals with other companies when the time was right. Thinking ahead to the future was helping to make decisions now.</p> <p><b>Joanne Lancaster</b> said she was also hugely supportive of this approach but thought one of the biggest challenges was re-educating customers and bringing them to a common level of understanding about the real value of water.</p> <p><b>Emma Staples</b> responded that continual horizon scanning for changing demand from customers was vital. The education of future customers wasn’t going far enough, in her opinion. School-age audiences were one of the key target audiences, as future customers, and to re-set trust in the sector. AW was looking at what could be done in policy space to create more water efficient homes, smart water communities etc.</p> <p><b>Don Maher</b> added that customer interaction with water will have changed dramatically in the future (and is already starting to change today through awareness of water shortages, flooding etc). Blue sky thinking through the Three Horizons process showed that society will be starting to look at water reuse, sealed communities etc. in future.</p>	

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<p><b>John Vinson</b> said that CCW was carrying out complaints assessments for companies and they were seeing increases in complaints around bill rises. Customers were starting to see the value of water but it was surprising how little customers knew about water. He said that companies doing more on the ground with customers were making better connections with their communities.</p> <p>John felt it would take a generation to rebuild trust in the water sector, not helped by <a href="#">figures published earlier that day</a> by the Environment Agency around the increase in pollution incidents.</p> <p><b>Craig</b> asked how ICG members (perhaps jointly with Customer Board) could get involved in this important LTDS vision process and asked about timeframes.</p> <p><b>Allan</b> said it would be good to find a window in the ICG agenda for horizon thinking in the autumn. The intention was to take time to get the thinking and content right in the first instance and then to identify choices about what to do and by when.</p> <p><b>Emma</b> added that AW may need to flex timeframes in response to the Cunliffe Review. She also mentioned that she was not aware of other water companies taking LTDS thinking to such an enterprise level rather than just responding to regulatory requirements.</p> <p><b>Action:</b> Craig and Vicky to follow up with Lottie and Allan to schedule an ICG session in the autumn.</p>	<p><b>Action</b> <b>CB/VA and</b> <b>LW/AS</b></p>
<p><b>4. <u>Anglian Water response to water shortage</u></b></p> <p><b>Daniel Hauck</b> – Senior Drought Lead – gave an update on the current dry weather and AW’s response. He explained he was responsible for creating AW’s drought plan and working with the company to help mitigate the impact of drought on customers.</p> <p>He reminded ICG members that the <a href="#">Water Resources Management Plan</a> (WRMP) sets the high-level, long-term investment structure needed to become drought resilient (planning for a one in 500 year drought event by 2040).</p> <p>The smaller scale <a href="#">Drought Plan</a> sets out how the company proposes to manage water resources during a drought to protect public water supplies and the environment. It’s a statutory requirement to update this every five years. The last drought plan was in 2022; next edition due 2026/27.</p> <p><i>Water resources situation</i></p> <p>Daniel reported that North and North East of England had been hit hard by the current water shortage but this was moving southwards.</p> <p>He shared some slides/stats:</p> <ul style="list-style-type: none"> <li>Regional rainfall totals were exceptionally low – the 4 month (Mar-Jun) rainfall accumulation in the region was 76mm (41% of long-term average)</li> </ul>	

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<ul style="list-style-type: none"> <li>• This was the joint lowest total since records began (1899) – matching 1976 and 1996 (both big historical droughts).</li> <li>• Soil moisture deficit (SMD) increased to 123.9mm, higher than 2022 at the same point (need 100mm rainfall for recharge).</li> <li>• July rainfall had helped a little – 17.5mm up to 15 July (31% of the long-term average).</li> </ul> <p><b>Reservoirs</b></p> <p>Reservoir levels in AW region were relatively positive compared to other regions:</p> <ul style="list-style-type: none"> <li>• All reservoirs were above Level 1, but Grafham and Ardleigh were likely to cross to next level in July, depending on rainfall</li> <li>• Focus would be on winter recharge, which would be really important</li> </ul> <p><b>River flows</b></p> <ul style="list-style-type: none"> <li>• Majority of river flows were notably or exceptionally low (temporary improvements expected following July rainfall)</li> <li>• Focus areas were direct river abstractions on the River Trent, Wensum, Wissey and Nar</li> </ul> <p><b>Groundwater</b></p> <ul style="list-style-type: none"> <li>• Groundwater levels varied between Normal and Notably Low</li> <li>• Focus would be on winter recharge</li> </ul> <p><i>Drought status</i></p> <p>Daniel reminded the ICG that the Environment Agency gives notification of drought status. East Midlands had moved to drought earlier this week. River Trent was on border with AW region. East Anglia was due to move to prolonged dry status next week. He shared maps to show the latest position across the region and country.</p> <p><i>Drought actions</i></p> <p>He explained there's a level based Drought Framework that rolls into action:</p> <p><b>Level 1</b> = increased communications with customer; actions with minor environmental impact; increased leakage control.</p> <p><b>Level 2</b> = temporary use bans (such as hose pipe bans; last one in 2012 in AW region but also was under consideration in 2023); water use reductions; optimising current licensed resources and networks, drought permits and order with minor environmental impacts.</p> <p><b>Level 3a</b> = drought permits and orders with moderate to major environmental impact</p> <p><b>Level 3b</b> = extreme actions to delay emergency drought orders</p> <p><b>Level 4</b> = emergency plan for drought (e.g. drought orders for rota cuts and standpipes).</p> <p>In terms of the water resources status, AW had moved to Level 1 in certain areas (Lincolnshire Central, Norwich and the Broads).</p>	

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<p>Daniel explained that AW has a strategic drought management team that's chaired by their Director of Water, which is where they determine the company's approach and strategy to managing a situation. They are currently organising tactical calls, focusing on at-risk areas.</p> <p>AW are also taking part with national and regional drought groups and working with Natural England colleagues as well on potential actions needed alongside aligning communications.</p> <p>They are proactively setting up a strategic response team, which would be needed if Level 2 was reached. This team would focus on what business decisions were needed now to support themselves during the winter and next year if the dry weather continues (including thinking about asset health and resilience).</p> <p>On the customer side, the customer team was doing a lot of work at the moment, building on business as usual comms: sending emails to customers in specific hotspots as well as issuing radio adverts and social media posts and educational pieces that outline the story behind customers' water/the importance of saving water.</p> <p>AW was also doing pressure management within at-risk areas to try and reduce the amount of demand from the system. They are also looking at optimising/hydraulic modelling to manage drought zones effectively and focusing leakage in those areas of interest to try and reduce demand/impact on the environment.</p> <p>Daniel explained that AW are also supporting rivers that are impacted by the dry weather. He described one example, the Lower Nene partnership, which is moving water around the system (with good feedback from agricultural users).</p> <p><i>Forecast ahead</i></p> <p>Dan said the forecast was difficult to predict; there were concerns but rainfall in July had helped to stabilise the position and there was rain forecast for the next few weeks. But the company wasn't being complacent and was still proactively preparing for Level 1. There was rain expected in July but high pressure again forecast for mid August so they would keep a watching brief into the autumn and take action, as appropriate.</p> <p>He added that Level 2 status would only be reached if there was exceptionally low rainfall in the summer.</p> <p><b>Questions</b></p> <p><b>Craig</b> responded that he had found it reassuring and encouraging to see all the work being done and thanked Daniel for his presentation.</p> <p><b>Nathan</b> asked if there were more communications planned through smart meters – encouraging customers to save water through drought tariffs or looking at leakage fixes during droughts.</p>	



Item		Action
	<p><b>Dan</b> said that smart meters would be very important going forward in terms of customer communications. He was interested to see the impact of the seasonal tariffs during a hot, dry summer. However, companies need agreement from Ofwat a year ahead of implementation. AW was currently doing a lot of work on data management and increasing communications in key areas about water use and value of water.</p> <p><b>Jo</b> asked (via the chat function) whether there was any longitudinal consumption data linked to meter users that show changing behaviours? She thought it would be helpful for the ICG to hear more on smart meters at a future meeting.</p> <p><b>Don Maher</b> responded that AW was seeing increased levels of engagement with water as a result of smart meter installations. They have identified over 500k potential customer leaks and over 90% have been addressed.</p> <p>They have a lot of data through AMP7 from behavioural change campaigns as well as some historical data from previous years that tracked consumption and behaviours for non-smart meters. AW is also conducting a tariff trial in several areas trying to understand price differentials during summer and winter and the impact this has on demand.</p> <p><b>John</b> agreed that it would be good to revisit the data regularly. CCW still had concerns about weight of smart meters for driving down per capita consumption. In some areas, CCW had seen customers using more water after compulsory metering. CCW saw huge spikes in complaints after first bill following smart meter installation. There was a lot of work to do in this area.</p> <p><b>Don</b> responded that there was a need to shift how people relate to water. While leaks might only affect 10% in some areas, for AW it's closer to 50%. Customer interest in fixing leaks is high, especially when they're shown the data and this motivates engagement. Although everyday behaviours like leaving taps running still need work, people are increasingly responsive once they see the impact, which is encouraging for a water company.</p> <p><b>Craig</b> concluded by saying that there was a lot of interest and importance given to this by ICG. He suggested including this as a topic at the next ICG in September (looking at what smart meter data is telling us).</p> <p><b>Action:</b> Smart meters to be included in future ICG agenda  <b>Action:</b> Dan's slides to be circulated to ICG members</p>	<p><b>Actions:</b>  <b>LW/VA</b></p>
<p><b>5.</b></p>	<p><b><u>ICG role and remit</u></b></p> <p><i>Recruitment update</i></p> <p><b>Craig</b> said that, since the last meeting, he had spent some time trying to further clarify the role of ICG and its Terms of Reference (TOR). It was an interesting time with the Cunliffe Review coming out on Monday, and there had also been discussions in the COG (the groups of ICG chairs) about the common mandate for ICGs.</p>	

Item	Action
<p>Craig had met with <b>Simon Dry</b>, Chair of the Customer Board, which would work more closely together in future, with Vicky acting as secretariat for both groups. Minutes would be circulated reciprocally going forward (Vicky had circulated minutes and papers from the 7 July Customer Board meeting to ICG members).</p> <p>Craig had also talked to Ros, Chair of AW Board, about the “infrastructure of challenge” and, on the call, shared an organogram that explained how he envisaged the linkages between the different groups, including CCW Consumer Panels.</p> <p>ICG recruitment process would be ready to go as soon as final points of TOR were resolved.</p> <p><b>Action:</b> Craig to finalise TORs/organogram.</p> <p><i>ICG Annual Report</i></p> <p><b>Craig</b> thanked Vicky for an excellent job on drafting a comprehensive ICG report, which he would like to finalise soon. The conclusions were currently provisional and would need to be updated.</p> <p><b>Vicky</b> explained that she had drafted the report to cover ICG developments since October 2023, which was when the ICG’s last report was written to submit alongside the company’s business plan. There was also a revised challenge log. Craig’s introductory statement could be tweaked to be more specific to the financial year, if necessary for AW’s annual reporting purposes.</p> <p>Depending on publication dates, the report would also need to be updated to incorporate any relevant discussions from this meeting and also to factor in the publication of the Cunliffe Review. The report would also need to be factchecked by AW colleagues. Vicky added she would appreciate feedback from all quarters.</p> <p><b>Lottie</b> had circulated the report to colleagues (Darren, Don and Emma) and would secure time with AW’s design studio in August.</p> <p><b>Craig</b> said there wasn’t a hard stop in terms of timeframes but it would be good to get feedback over the next week and have a version of the report to share with potential new members of the ICG before moving into a new phase in September.</p> <p><b>Actions:</b>  <b>Lottie</b> to secure time with colleagues to talk about responses to the report  <b>Lottie</b> to secure time with design studio  <b>Vicky</b> to make any revisions and to liaise with Lottie about potential web links</p>	<p><b>CB</b></p> <p><b>LW LW VA</b></p>
<p><b>7. <u>AOB/Closing comments</u></b></p> <p><i>Cunliffe Review</i></p> <p><b>Lydia Dareheath</b> gave a brief update on what was expected from the launch of the Cunliffe Review on Monday at 7am.</p>	

Item	Action
<p>Sir John Cunliffe would be doing Today programme and BBC Breakfast and AW was expecting headlines on Monday morning.</p> <p>Mark Thurston (AW CEO) would be attending a briefing for CEOs with Secretary of State Steve Reed.</p> <p>BBC was filming with AW's Geoff Darch at Graffham Water, which will go out on Monday as part of wider picture around infrastructure and future of reservoirs in the east.</p> <p>AW would prepare a flash note for the Board by the end of the day Monday. That could be shared with ICG.</p> <p>There had also been discussion around how to disseminate the review internally. A high-level summary would go out in the company newsletter on Tuesday and call centre colleagues would be informed.</p> <p>AW would also be doing deep dives on specific areas of the business and also looking at opportunities to engage and influence government, who were preparing a White Paper in October.</p> <p><b>Questions</b></p> <p><b>Nathan</b> asked whether there had been any trailing of the review ahead of time?</p> <p><b>Lydia</b> said there hadn't been anything other than the interim report. She added it would be interesting to hear whether there was a narrative from the government focusing on 'turning points', 'new chapters' etc.</p> <p><b>Emma</b> said there was work to be done to make sure AW was working on sandbox projects as legislation progressed. AW supported the rebuilding of trust in the industry and reiterated that there was a lot of positive detail in the interim review.</p> <p>Emma also mentioned that AW's Purpose Impact Assessment had gone live earlier that week and shared a <a href="#">link</a>.</p> <p><b>Craig</b> said he would watch development on the Cunliffe Review with interest on Monday and would appreciate the flash note.</p> <p><b>Action:</b> AW to circulate flash note to ICB members.</p> <p><i>Customer engagement</i></p> <p><b>Lottie</b> said AW was working closely with colleagues to look at customer engagement channels and maximise opportunities to create a solid foundation before next price review.</p> <p>She had joined CCW at a triangulation workshop, which was really useful and she had attended a Water Research Forum with CCW that gave an update on their centralised research approach.</p>	<p><b>LW</b></p>

Item	Action
<p><b>Action:</b> Lottie would circulate recent CCW research.</p> <p>Lottie also gave a brief update on CCW Consumer Panels, which were moving into procurement/tendering review phase and were moving on apace.</p> <p>Ofwat's consultation on customer involvement role would be launched towards the end of this month. There would be a lengthy consultation period on that, and Lottie would circulate papers.</p> <p><b>Action:</b> Lottie to circulate info on Ofwat consultation.</p> <p><b>Craig</b> said it would be good to do a deep dive on customer engagement at a future meeting.</p> <p><i>Next ICG meeting/agenda</i></p> <p><b>Craig</b> said he would be attending the first DWMP Task and Finish Group meeting later this afternoon.</p> <p>Next ICG meeting had been moved to Monday, 15 September.</p> <p>Darren mentioned that a CMA update would be more feasible towards the end of September, when provisional findings from CMA might be available.</p> <p>Craig suggested the ICG might then request a separate CMA update.</p>	<p><b>LW</b></p> <p><b>LW/VA</b></p>