

AffinityWater

ICG Meeting Minutes 20th May 2024





Minutes of the Meeting of the Independent Challenge Group

Monday 20th May 2024 13:00 – 16:00 (Hatfield)

ICG members in attendance		
Caroline Warner	<i>Chair</i>	CW
Ana Maria Millan	<i>CCW</i>	AM
Unette Spencer	<i>Independent</i>	US
David Holden (via teams)	<i>Independent</i>	DH
Todd Holden	<i>Independent</i>	TH
Bob Winnington	<i>Independent</i>	BW
Anthony Smith (via teams)	<i>Independent</i>	AS
Affinity Water members		
LW	<i>Director of Regulation and Strategy</i>	LW
RF	<i>Director of Customer Experience</i>	RF
AJ	<i>Sustainability Manager</i>	AJ
EW	<i>Emergency Planning, Alternative Water and Performance Lead</i>	EW
PL	<i>Head of Marketing and Communication</i>	PL
Apologies		
Cat Silvester	<i>Independent</i>	CS

Agenda Item	Minute	Action
1.0	Welcome and Introduction	
	<p>Welcome from Caroline. The ICG thanked Affinity for the timely, well written meeting pack. Feedback from the call listening in the contact centre, prior to the main ICG meeting, was positive and well received.</p> <p>Update from the ICG Members Pre-Meet</p> <p>The ICG asked as we move out of this price review and moving into draft determinations, how can they help AW through that process and beyond this AMP into delivery phase of next AMP how can the ICG add value collectively on behalf of customers.</p> <p>The ICG will prepare their annual review for the AW Board Meeting on the 24th of July. They also proposed to refresh their internal audit in response to phase 2 to go to the AW Board later in the year.</p> <p>The ICG Terms of Reference can then be updated at the beginning of 2025.</p> <p>The minutes of the February ICG meeting were approved.</p> <p>TH shared an update regarding stakeholder groups within the electricity sector following their price review process. Six stakeholders engagement groups have been introduced around specific themes. The groups meet on a quarterly basis and sessions consist of a combination of information updates and requests for direct input for new issues arising and general sharing of experience. The business can then decide how they use this information moving forward.</p> <p>LW to consider how stakeholder groups like this this could work on specific topics for AW. Update to be provided at the August ICG</p> <p>TH to share TOR/contacts</p>	<p>LW</p> <p>TH</p>
2.0	PR24 Update	
	<p>LW provided an update. Informal feedback received about the quality assessment of the price review and since then nothing else has come through. Draft Determination is expected on the 12th of June with a 9 week period to respond. Data tables will also be resubmitted at Ofwat's request.</p> <p>Ofwat have circulated an information note setting out expectations for the draft and one of the interesting things within that, for the ICG, is a single line that asks companies that when they're providing evidence from a third party supplier e.g. external consultant, that they have an appropriate balance between the customer and company interests.</p>	

	<p>It would be useful to bring this information to the ICG to test run how this is being demonstrated and to take on board any challenges around the information provided. It may that a statement/declaration and evidence based document is produced for review, that sits across all the work that has been commissioned.</p> <p>The ICG agreed that they would like to receive the initial Draft Determination “narrative highlights” document that LW will be producing.</p>	LW
2.0	<p>EIP - Gate 3 assurance for Work Package 1 of the Lea catchment management project</p>	
	<p>AJ joined the meeting to provide and update of the EIP projects.</p> <p>There are two Projects that have been discontinued based on evidence gathered to date, company position and progress already achieved in these areas, Faith Groups and Grey Water Recycling (Pinn) and Smart Meters at schools (Dour).</p> <p>The ICG have previously provided assurance for Gate 1 and 2 deliveries for the work packages for Lea Catchment Project and today AJ is seeking approval for Gate 3 Benefits realization assurance for the remaining projects and work packages for Lea Holistic Catchment Project, mainly chalk stream health assessments.</p> <p>The internal process of APR assurance and audit has been followed and the verification report circulated to the ICG.</p> <p>TD asked of the two projects that didn't go forward, did AW claim the allowance from the Regulators. AJ confirmed that they didn't, and TH asked for this to be clarified in the report. Another thought was that under the new planning regulations there is a requirement around bio-diversity net gain, therefore if you can improve the biodiversity at the site you are developing, Local Authorities are really interested in identifying sites within their locality. LW confirmed that AW are going through an assessment process around land and part of that is linked to revenue commitment in AMP8 and financial opportunities as well as environmental improvements.</p> <p>AS agreed that the papers provided were very good and that the Jacobs report overall was helpful, but it would have been good in the report if Jacobs could have sited some of the improvements that they found were clearly linked between action and outcome. The ICG asked if the report will be published, LW confirmed that at end of the AMP when all the EIP projects have been completed a public facing document could be produced that sets out the benefits and the ICG's involvement.</p>	

	<p>LW confirmed that there has been a lot of innovation in tariff trials and rising tariff but that consideration is also being given to a “green tariff”. It would be an opportunity for people to pay more for their water bills than their actual usage and that additional money would be used to fund these type of innovation projects, overseen by the ICG group. Affinity don’t know if their customer would be willing to pay more but there is small amount of customer research that suggests some might see the opportunity here e.g. to round up their bill to contribute to the community.</p> <p>The ICG agreed to sign off Gate 3 Benefits realization assurance for the Leah Catchment Projects.</p>	
<p>3.0</p>	<p>Business Continuity Plans</p>	
	<p>EW joined the meeting to provide an overview of the business processes and planning for business continuity. There is an overarching framework of business continuity and emergency planning documents that all feed into one another across the business and the team have also completed benchmarking activities with other water companies.</p> <p>There are national working groups in place to ensure that new risks identified feed into the plans and these groups also work closely with local resilience forums. Joint exercises across companies also take place.</p> <p>The ICG asked if loss of data is included. EW confirmed that it is but would probably warrant its own workstream within technology.</p> <p>The ICG asked how apocalyptic are the scenarios considered. EW confirmed that pandemic has been enacted but currently a national power outage is being reviewed with industry working groups as to how power could be maintained nationally to customers. Other scenarios tested are for contamination and terrorist activity.</p> <p>Communication with customers during such scenarios will be the next level of detail for committees to discuss. Incident reports are shared and Affinity read through the material and map the learnings into the BIA process. Attendance at CCW incident reviews/workshops also takes place. Alternative water suppliers are also reviewed regularly across regions.</p> <p>EW confirmed that Affinity is looking at conducting their own internal surveys with customers following any incident.</p> <p>The ICG asked if enabling tasks need to include something more specific around stakeholder engagement. EW confirmed that this could be included. The ICG asked if the how the tracking action delivery plans through the BCP committee feeds more widely into the risks</p>	

	assessment process. EW confirmed that there is a risk register for the quarterly meetings and anything that needs to feed into the Board is included in the corporate risk review.	
4.0	CCW Phase 2 Report into Independent Challenge	
	<p>Group agreed that it was a very comprehensive report. AW are in line with the governance aspects recommendations. Agreed to refresh the internal audit.</p> <p>All agreed it is important for the CCW so support the ongoing nature of ICG's,</p>	
5.0	CCW Leading the Way	
	<p><u>Lessons learned from Behavioural Change Projects</u> <u>Overview of Behavioural Change activity at AW in 2023 and associated savings achieved, and the plan for Yr5</u></p> <p>AM provided a summary of work that the CCW has been doing for the last two years to understand customers awareness of the challenges faced by the water industry and what they can do to help the environment. There was a webinar in March involving water companies, regulators and stakeholders, to share the lessons learned.</p> <p>PL joined the meeting to provide an update. The objective last year was to deliver 30.8 M/l/d average annual reduction, which equate to about 0.6 PCC deliverable (3 year average). The second objective was to engage the unengaged customers, galvanise them to sign up and take action e.g. water saving devices with a follow up campaign. Finally, there was more focus on domestic leaks empowering customers to identify and fix leaks quickly.</p> <p>There was a framework introduced which the campaign sat across with two approaches, one to drive awareness and the other to convert that into action. From this KPI's could be identified. AW have now identified different groups and can tailor the messages accordingly. Focus will be on the highest users.</p> <p>The ICG asked about home water efficiency checks. RF confirmed that when AF have carried out these checks in the past there is still a lot of apathy from customers in then resolving things identified e.g. leaky loo.</p> <p>With water bill price increases it will be interesting what effect this has on usage behaviour.</p>	

	<p>The ICG look forward to seeing the insights from the Tariff Trial and other things currently underway in this space and how it starts to map with the introduction of smart meters etc and changes the dial on behaviour.</p> <p>The ICG asked how younger generations could be educated e.g. in schools. PL confirmed that there is a school education programme with a water saving focus.</p>	
6.0	AOB	
	Open Data agenda item will be discussed at a future ICG meeting	

I confirm that the Minutes of the ICG May 2024 Meeting are a true and accurate record of the business discussed and agreed.

ICG Chair

AWL Director of Regulation and Strategy

Signature:



Signature



Date:

Date: