

Anglian Water Customer Engagement Forum Report

Response to Ofwat’s Draft Determination on Anglian Water’s Business Plan

August 2019

Overview

This report comes as an addendum to the report submitted to Ofwat by the independent Customer Engagement Forum (CEF) on Anglian Water’s Business Plan for 2020-2025. This short analysis is submitted in response to Ofwat’s Draft Determination on Anglian Water’s Business Plan¹ and supporting documents. It is supplemented by an additional analysis prepared by the CEF’s Economic and Valuation Subpanel (see Appendix A) and a further Appendix B giving more detailed responses to individual performance commitments.

The CEF noted in its 3 September 2018 submission that it was impressed by the length, breadth, depth and innovative nature of Anglian Water’s customer engagement for PR19, which gathered the views of more than 500,000 customers from across the Anglian Water region. The company informed its thinking by consulting customers across the region in considerable depth to help shape its 25-year Strategic Direction Statement, which in turn fed into the company’s Business Plan for 2020-25.

The CEF noted that Ofwat had recognised the high quality of Anglian Water’s customer engagement by awarding the company’s work in this area with an A rating in the initial assessment of Anglian Water’s Business Plan. CEF members also noted the company had drawn strongly on customer and stakeholder feedback to help shape the company’s suite of performance commitments and outcome delivery incentives (ODIs).

As Ofwat noted: “Anglian Water’s plan demonstrates an overall high quality, ambitious and innovative approach to customer engagement and participation and shows how customer views help shape the plan and ongoing business operations.” (Draft Determination, p.11)

The CEF noted that Ofwat concurred with the CEF analysis that the company’s subsequent customer engagement, carried out to inform their revised Business Plan (submitted in April 2019), was deemed to be of high quality.

Through the company’s sector-leading customer engagement over the past three years, the CEF has seen a clear message from customers that they wanted to see a balance between bill profiles and service improvements. Customers sent a clear message that they preferred to see investments in services and infrastructure now to help tackle climate change and other challenges – and that they were willing to pay slightly more for those enhancements through their bills, as long as affordability, and other challenges faced by customers in vulnerable circumstances, were being met.² Customer views

¹ Ofwat, Anglian Water Draft Determination, July 2019.

² The latest round of acceptability research carried out by the company over the August Bank Holiday weekend reiterates these findings: Two-thirds of customers say they favour ensuring that investment can be delivered in the next five years to address the priorities identified, instead of a larger bill reduction (see *Customer engagement update* below).

helped to shape Anglian Water’s Business Plan in a region that, the CEF noted, faces specific challenges, particularly in terms of climate change and population growth.

The CEF and its Sustainability and Resilience Panel were also concerned that, if certain investments in environmental resilience and protection were postponed until future AMPs, this would in effect end up being more costly for customers in future.

In this context, the CEF is concerned that a business plan resulting from the Draft Determination might endanger delivery of the service improvements supported by Anglian Water’s customers. The CEF notes that Ofwat has taken a very different view of the company’s projected costs for the period 2020-25, reducing the allowed Totex costs by £1.3 billion.

At a meeting with the CEF on 30 July, the company suggested that this could lead to a material reduction in the scope of activity undertaken by the company for AMP7, compared to that originally envisaged in the Business Plan. As highlighted in the more detailed analysis of the efficiency and scope of the company’s plans to deliver outcomes for customers and the environment carried out by the CEF’s Economic and Valuation Subgroup (see Appendix A), members are concerned that this may have consequent risks to the delivery of outcomes that have received strong support from customers and other stakeholders. In fact, CEF members were surprised to see that Ofwat had, in some cases, rejected evidence of strong customer support for certain performance commitments in their Draft Determination (see Appendix B for more detail). Appendix A makes the argument that the very substantial gap between the company’s Business Plan and Ofwat’s Draft Determination should not be characterised as primarily one of efficiency, but rather as a more complex disagreement on important aspects of the scope of activity to be undertaken.

Bill profile

The Draft Determination posits a bill profile that is quite different from that proposed by the company. Through its customer engagement, Anglian Water built up a detailed picture of what customers would be prepared to pay for services. They presented a bill profile, including the effects of inflation, that the customers judged to provide a fair balance between outcomes and costs in terms of water quality, flood prevention, resilience and the environment.

These trade offs were supported in acceptability research, which was scrutinised in detail by the CEF and by independent auditors Jacobs. The results were also triangulated via other consumer engagement carried out by the company such as Be the Boss. CEF members were surprised to note that the Draft Determination appears to question the robustness of the acceptability research:

“Taking account of its acceptability results, the lack of testing for nominal bills or bill profiles and the inclusion of neutral responses in the affirmative, in the round we consider that Anglian Water provides insufficient evidence on the acceptability of its bills.” (see p.60 of Draft Determination)

The CEF also discussed Ofwat’s comments relating to the scale used in Anglian Water’s acceptability research. In its Draft Determination, Ofwat stated:

“In reporting its bill acceptability, the company includes customers who answer ‘don’t know’ and ‘don’t mind’ as affirmative responses. We do not regard this to be good practice as it overestimates the level of customer support.” (see p.60 of Draft Determination)

In response to CEF challenges on this point, the company confirmed that it had not in fact included ‘don’t knows’ as affirmative responses. The company informed the CEF, however, that ‘don’t mind’ had been counted as an affirmative response in the current round of acceptability research for the sake of consistency with previous research.³ In the latest draft of the acceptability research script seen by CEF members, the following wording was included next to the ‘don’t mind’ option: *“please note that this means your response will be counted as acceptable”*.

The CEF also noted that the Draft Determination takes out the construction costs of direct procurement items from the Totex allowable to Anglian Water. While customer bills payable to Anglian Water and based on investment by the company would therefore fall, the direct procurement items would still need to generate a return on the investment from the third party supplier. The CEF questions how this is factored into the total customer bill profile.

The CEF has paid particular regard to Hartlepool, which is supplied by Anglian Water on a water-only basis. The CEF has established a Hartlepool panel to provide focussed scrutiny of the company’s consumer engagement and planning (see CEF’s August 2018 submission for a report from the Hartlepool panel). The CEF notes that, in so far as the level of proposed bills for Hartlepool customers is already lower than the Anglian area as whole, the effects of the Draft Determination are the same for Hartlepool as the rest of the Anglian Water area, as far as water supply is concerned.

Protecting the environment

The CEF and its Sustainability and Resilience Subpanel noted the strong support for Anglian Water’s natural capital approach. This was supported at the PR14 regulatory review by Anglian Water’s customers, further endorsed by customers and other stakeholders in the development of the company’s 25-year Strategic Development Statement, and further validated by customer engagement when developing the PR19 Business Plan.

Given the extent of customer support for this fundamental plank of the company’s long-term strategy, the CEF is fully supportive of the company’s efforts to ensure that the proposed level of enhancement investment for more catchment management-based approaches is maintained as far as possible. The CEF understands that the company is not proposing any reductions in scope of WINEP schemes and strongly supports that (see Annex B for further detail).

The company’s customer engagement shows a strong level of support for on-going efforts to develop natural capital and social capital performance commitments and the Sustainability and Resilience Panel has been working with the company to develop their metrics, as well as being invited to comment on them. The CEF believes that it is important for these two Performance Commitments to remain within the company’s overall suite of PCs in order to reflect the strong support expressed by customers from across the region over the past three years, and give appropriate focus to this matter of significant support from customers (see Appendix B for further detail).

³ The company confirmed that this related to a small percentage of responses: 1% of customers responded ‘don’t mind’ to previous acceptability research while 2-3% responded ‘don’t know’.

Customer engagement update

During the six-week window between 18 July and 30 August 2019, CEF members were kept abreast of Anglian Water's ongoing Customer Engagement work through a CEF meeting on 30 July and through attendance at the Customer Engagement Steering Group. The CEF notes the continued efforts of the company to engage with its customers relating to discussions around the Draft Determination.

The CEF was invited to offer feedback on scripts prepared for two pieces of customer engagement carried out during this six-week period:

Executive Pay: The company asked customers (via their online community) about the relative weighting they would like to give to different aspects of the company's performance, and then which were the five most important performance commitments. Participants were also shown an annex that set out the list of performance commitments and the best estimates of the potential bill impact of each one. Customers continued to place leakage as their number one priority (74%) with pollution incidents (56%) and water supply interruptions (50%) following closely as customer priorities.⁴

Acceptability research: The company surveyed more than 1,000 dual service domestic customers over the August Bank Holiday weekend. CEF members were able to comment on the scripts. Due to the short timescale, the full report was still being drafted when the CEF report was being finalised. However, preliminary results showed that two-thirds of customers said they favour ensuring that investment can be delivered in the next five years to address the priorities identified, instead of a larger bill reduction.⁵

Auditors Jacobs scrutinised the above customer engagement activity and did not identify any material concerns.

Public interest commitment: The CEF noted that the company was carrying out co-creation workshops with customers on the topic of public interest commitment and would be reporting back on their findings in the autumn. Several CEF members were able to attend these workshops, including Chair Jeff Halliwell. The CEF commended the company's efforts to engage with its customers on this innovative initiative.

Conclusion

The CEF and its four subpanels have worked hard over the past three years to scrutinise the degree to which customer engagement has driven the company's proposed PR19 Business Plan. CEF members are satisfied, with a number of minor caveats noted in the CEF's original report (submitted on 3 September 2018), that Anglian Water's proposed Business Plan is indeed driven by the requirements of the company's customers, and that it recognises the challenges faced by customers across the region.

The CEF would be concerned if the lower bill profile put forward in the Draft Determination were to lead to a reduction in the company's ability to deliver the service improvements identified through extensive and sector-leading customer engagement.

⁴ This is drawn from Section 3.2 of Anglian Water's response to Ofwat's Draft Determination, August 2019.

⁵ This is drawn from Section 3.1 of Anglian Water's response to Ofwat's Draft Determination, August 2019.

Appendix A: Efficiency, scope and delivering outcomes for customers and the environment

This analysis has been prepared by the Economic and Valuation Subgroup of the Anglian Water Customer Engagement Forum⁶

Anglian Water has historically been assessed by Ofwat as an averagely efficient company – ranked 7th out of 18 companies for its wholesale water efficiency at PR14, and 7th out of 10 for its wastewater efficiency.⁷ It was against this background that the company revised its Strategic Direction Statement in 2017, informed by engagement with customers and environmental stakeholders on the outcomes which the company should work towards in the coming decades. This was also the starting point for the company's engagement with customers to inform the creation of its 2018 Business Plan. While customers would expect Anglian Water to continue to strive for greater efficiency, and to achieve improvements in line with the productivity gains projected for the industry as a whole, there was no basis for them to expect that the company could fund outcome delivery through a step change in as yet unrealised efficiency gains.

Given the background of Ofwat's analysis and assessment at PR14, the Customer Engagement Forum (CEF) therefore accepted Anglian Water's presentation to customers of the likely trade-offs in the AMP7 period and beyond between the outcomes desired by customers (in terms of water quality, flood prevention, resilience and the environment) and the bill profiles necessary to fund the company's activities. The CEF concluded that it would be reasonable for customers to assume that the company was providing them with a fair choice between outcomes and cost, as part of the customer engagement to inform its Business Plan.

In its Draft Determination, Ofwat has taken a very different view of Anglian Water's projected costs for the period 2020-25, reducing the allowed Totex costs by £1.3 billion to align with "[Ofwat's] view of efficient costs".⁸ The CEF considers that this summary explanation by the regulator over-simplifies the multiple reasons behind the gap in cost projections, which are primarily due to differences of view on the scope of activity required in the coming period – notably on capital maintenance, the impact of growth in demand, and the level of enhancement spend. If Anglian Water had been judged (at PR14 and retrospectively for 2015-19) to be relatively inefficient then customers could reasonably expect an efficiency catch up dividend to finance some of the outcome improvements. Since that is objectively not the case, then there must be some risk that, for Anglian Water to achieve Ofwat efficiency targets, this could reduce the scope of activity in 2020-25 and hence outcome delivery in this period and beyond.

The CEF notes that Ofwat's own analysis of Anglian Water's most recent cost performance is broadly in line with its earlier assessment – that Anglian is an averagely efficient company. By comparing actual costs in the period 2012-18 with modelled costs, Ofwat assesses Anglian to be 10th out of 17 in

⁶ Members of the Economic and Valuation Subgroup include four economists with expertise in the sector: Daniel Storey (Director of High Point Economics), Paul Metcalfe (Managing Director of PJM Economics), Professor Bernard Crump (CCWater Regional Chair for the Eastern Region) and Beth Corbould (Economist and Policy Specialist).

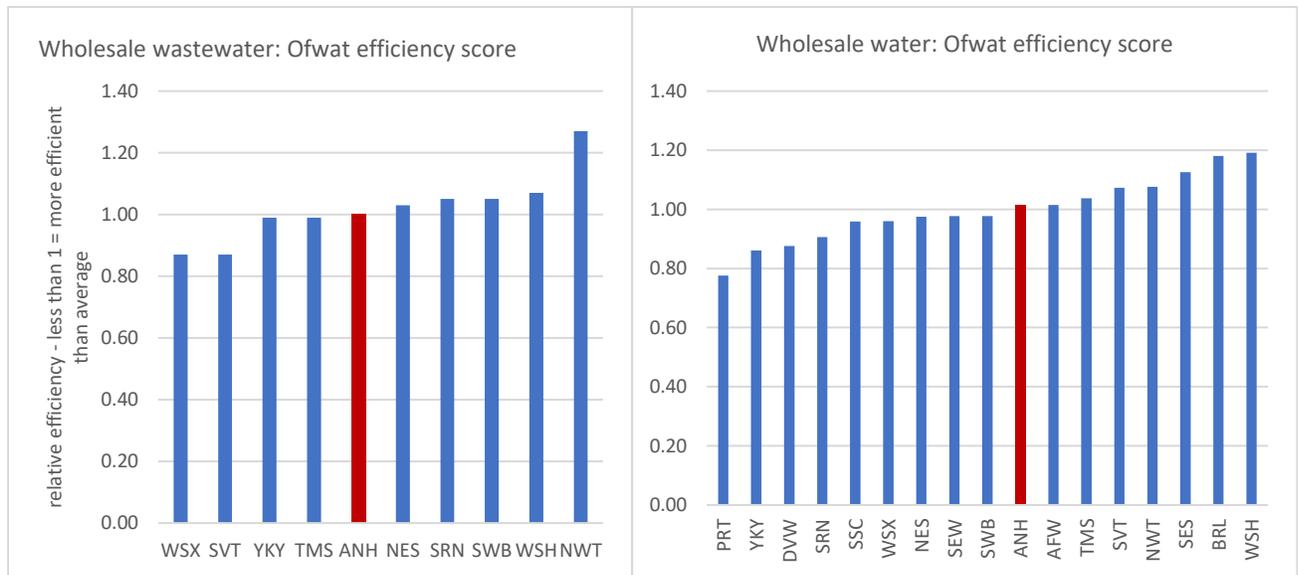
⁷ CEPA, Ofwat – Cost assessment, advanced econometric models, March 2014. Anglian Water's relatively poorer score on wastewater efficiency was largely a function of the additional costs incurred on sludge transport across a geographically large region, a factor which was not fully captured by the cost drivers in the modelling.

⁸ Ofwat, Anglian Water Draft Determination, July 2019, Section 1.3.

wholesale water efficiency, and 5th out of 10 in wholesale wastewater efficiency (see charts below).⁹ This supports the CEF in its view that the very substantial gap between the company’s Business Plan and Ofwat’s Draft Determination should not be characterised as primarily one of efficiency, but rather as a more complex disagreement on important aspects of the scope of activity to be undertaken.

The CEF has noted Anglian Water’s strong concerns that the implication of Ofwat’s Draft Determination could be a material reduction in the scope of activity undertaken by the company in the period 2020-25, compared to that envisaged in the Business Plan. This may have consequent risks to the delivery of outcomes which are firmly supported by customers, the Drinking Water Inspectorate, the Environment Agency, and other stakeholders. The CEF also noted that the Draft Determination appears to propose some changes to outcomes that are counter-indicated by the company’s customer engagement.

While the CEF is not constituted to reach conclusions on the complexities of cost modelling, it is in a position to note the potential implications for the outcomes which customers have supported through engagement. The CEF observes that, against the background of forecast above average growth in the region and unique supply challenges, which are likely to be intensified by climate change, customers have consistently preferred the company to invest in an efficient and timely manner to improve resilience and environmental outcomes, over a possible alternative of deferred investment and bill reductions in the period 2020-25. Customers appear to be signalling strongly to the company to “do more now for the same cost to customers”, rather than prioritise bill reductions. The CEF would be concerned if one of the consequences of Ofwat’s materially lower cost allowance were to be a reduction in the scope of activity by Anglian Water which had adverse impacts on the delivery of customer-desired outcomes, either in the coming period or in the longer term.



⁹ Ofwat financial models: FM_WWW2_ST_DD and FM_WW2_ST_DD.

The CEF would encourage Ofwat and the company to engage intensively in the time remaining for PR19 to explore fully the available evidence on capital maintenance, growth in demand, and enhancement requirements. Where there remains a difference of view on the underlying forecasts which drive future activity levels (e.g. growth in number of connected properties, programme of works needed to meet environmental objectives), the CEF would encourage Ofwat and the company to cooperate on devising flexible mechanisms to permit the allowed costs to vary (up or down) within the period 2020-25, in light of latest information on demand growth, asset health and environmental drivers. This could give assurance to customers that their clear preferences for the outcomes specified in the company's Business Plan were being delivered efficiently and in a timely manner, and were not likely to be deferred unnecessarily until the next regulatory period 2025-30.

Appendix B: Performance Commitments in focus

In its September 2018 report, the CEF noted that Anglian Water had, in some instances, rejected the application of standard Ofwat parameters for certain Performance Commitments and ODIs, on the grounds that its own evidence based on customers' views and willingness to pay pointed in a different direction. While noting that, in general, across the UK consumers tend to prefer consistent service levels, the CEF considered that it was reasonable for the company to tailor its own ODI package to the firm evidence from its own customer base, and the context of the particular supply-demand and other challenges faced in this region.

In general, the CEF was satisfied that the package of ODIs put forward in Anglian Water's revised Business Plan was constructed from estimates of customer benefits that are well evidenced by customer research. CEF members were therefore surprised to see that Ofwat had, in some cases, rejected evidence of strong customer support for certain performance commitments in their Draft Determination.

The CEF's responses on specific measures are summarised below:

Compliance Risk Index (CRI)

The CEF understands that the company proposes to challenge Ofwat's proposed movement in the deadband based on strong evidence from customers in their Asset Health Measures. In the testing with the online community on the outline plan, AW tested deadband proposals for the four sub measures of CRI. This was combined into one measure at IAP.

CEF response: The CEF agrees that the company approach is based on customer evidence from extensive engagement and notes that the proposed measure is potentially volatile.

Water Supply Interruptions

The CEF understands that the company plans to object to Ofwat's proposed performance commitment level, arguing that the original PC was in line with strong customer preferences on this measure. PCLs were set using societal valuation data and cost-benefit analysis carried out through surveys of customers in the societal valuation programme and using the Ofwat incentive rate formula. This was combined with an assessment of upper quartile (UQ) performance, as required by Ofwat. The levels that these produced were tested with customers (qualitatively and quantitatively).

Incentive ranges were set in the Business Plan by engaging customers on a range of options presented as bill impacts. This evidence was used to set the caps, collars and deadbands.

CEF response: On the issue of the level of performance, it would appear inevitable that the methodology, which required each company to estimate the upper quartile threshold, would result in discrepancies. It is reasonable for the regulator to propose greater consistency of approach, by imposing a PCL and a glidepath, as is proposed in the DD.

However, there remains the issue of how to incentivise companies where performance is already at or close to UQ? Again it is not surprising that a methodology in which each company proposed incentive

rates derived from their own customer engagement has led to an unacceptable variation in incentive rates. This could have been anticipated, and an alternative approach adopted.

Whilst the CEF is very supportive of the engagement conducted by the company on these issues, it continues to have reservations concerning the formula proposed for use by companies to set enhanced ODI rates, and is pleased to see that the DD has taken a different approach.

Leakage

Customer research through the Be the Boss survey showed that customers supported the level of enhanced incentives that the company put forward for their frontier performance. Incentive rates were based on willingness to pay data from AW's societal valuation programme and Ofwat incentive rate formula. Caps and collars were based on bill impacts with the additional engagement through Be the Boss on the scale of enhanced incentive caps and collars.

CEF response: The CEF is sceptical about the arguments used by some companies to justify the scale of enhanced rewards and the consequential inconsistency in original business plans. The introduction of a more consistent approach at DD is welcomed. However, if a clearer approach had been established by Ofwat at an earlier stage it would have avoided the risk, as here, that there would be a discrepancy between the approach being taken and evidence from well-conducted local customer engagement.

Internal Sewer Flooding

The CEF understands that the company proposes to adopt the common PCL level, as these are consistent with customer views. However, they propose to challenge the reward and penalty ranges on the basis of magnitude and limiting incentives to improve and to align with customer supported levels.

Incentive ranges were set in AW's Business Plan by engaging customers on a range of options presented as bill impacts. This evidence was used to set the caps, collars and deadbands.

CEF response: The CEF agrees with the company acceptance of the PCL, whilst noting it is less challenging than that originally proposed. The CEF would advocate an approach to societal valuation that is more consistent earlier in the PR process to avoid the emergence of inconsistency between the scale of rewards and penalties being used during an AMP, and locally derived valuations from well conducted customer engagement conducted in good faith.

Per Capita Consumption

CEF response: The CEF welcomes the acceptance of the new more stretching PCL by AW, given the customer emphasis on water efficiency. However, there were some concerns expressed, particularly among members of the Sustainability and Resilience Panel, about whether sufficient resources would be made available by the company to meet this target.

Pollution Incidents

The CEF understands that AW proposes to adopt the common PCLs on the basis that this does not represent a material change to the PCL and remains largely consistent with customer views and priorities.

Given the wider views on pollution incidents being unacceptable, AW proposes to remove caps and collars that are perceived as protecting the company from penalty from unacceptable services failings.

CEF response: The CEF welcomes the acceptance by the company of the common PCL. However, members would urge further dialogue between Ofwat, DEFRA and the EA about the appropriateness of rewards for companies improving performance in this aspect of their activity.

Total Mains Bursts

The CEF understands that the company does not propose to accept Ofwat's arguments for dismissing the emphasis on reactive mains. The company plans to provide further evidence for deadbands that customers supported.

CEF response: The CEF supports the company continuing to emphasise the distinction between 'reactive' mains bursts, and note the likelihood that enhanced activity to reduce leakage will lead to the proactive detection of previously undetected bursts. It would not be in customers' interests for incentives in this field to act perversely. CEF members agree that the proposals as to deadbands arose from well conducted customer engagement in an area that is complex.

Treatment Works Compliance

The CEF understands that the company proposes to adopt the change to deadbands as common to all and the rationale that this is consistent with the level for a green assessment under the EA's EPA seems reasonable. AW will agree to the removal of collar as environmental standards are important to customers.

CEF response: The CEF welcomes this alignment of regulatory mechanisms.

Bathing Waters Attaining Excellent Status

Ofwat are proposing an in-period versus end of period measure. This represents a direct challenge to customer evidence supporting this. The company carried out specific engagement on this with customers and the CEF was able to comment on this at the IAP stage. Research showed clear evidence that a yearly assessment was possible.

CEF response: The CEF witnessed the customer engagement on this issue and confirm that the approach proposed by the company commanded customer support (see Anglian Water Customer Engagement Forum Report, April 2019, p.3).¹⁰

¹⁰ In its April 2019 report, the CEF wrote: "A majority of customers agree that the 5-year measure is logical, customers place value on greater consistency in bills rather than year to year fluctuation. A third of customers, however, have some concerns, either based around a rejection that their bills should be influenced by something

Managing Void Properties

The CEF understands that the company intends to adopt the change to include unmetered properties. They will argue for a collar on the penalty on the basis of there being a natural cap on reward (twice the level of the reward). This is consistent with this measure not being a key priority for customers.

CEF response: The CEF accepts the company's approach is pragmatic.

Water Industry National Environment Programme (WINEP)

The CEF understands that, in general, the company found that most of the changes proposed by Ofwat were reasonable (i.e. inclusion of penalty, revised caps and collars). However, the company strongly argued against the need to outperform the statutory deadline for WINEP obligations by 10% to avoid a penalty. Acceptability of the WINEP PC was tested at outline plan stage, based on PCLs for delivering the number of statutory obligations in the WINEP.

CEF response: Given the scale of the WINEP investment programme required in AW's case, the requirement to deliver the programme earlier than is required in statute to avoid a penalty appears unduly harsh. Further, it may generate an incentive for "end-of-pipe" engineering solutions, rather than the "natural capital" solutions, such as the Ingoldisthorpe project that received strong support from customers. The CEF understands that the company is not proposing any reductions in scope of WINEP schemes and strongly supports that.

Water Quality Contacts

The CEF understands that AW will argue against the basis of a stretching PCL as they are currently upper quartile and having an UQ% reduction would be inappropriate. Customers did not show strong support for this being a priority. AW will, however, accept the removal of the collar.

CEF response: The CEF notes the comparative strong performance of AW in this area and the comparative lower priority afforded to this by customers.

Supporting customers in vulnerable circumstances (quantitative)

In the context of the overall ODI package the company proposes to accept the change to reputational noting that they retain their PCL of c12% of households on the PSR register. This is way in excess of Ofwat's mandated 7%, which other companies are adopting.

CEF response: The CEF appreciates the company's willingness to take on a more stretching target than that set by Ofwat.

as volatile as water quality or a minority preferring a yearly bill impact out of concern for a high 'lump sum'." See CEF Response to Anglian Water IAP submission 1 April 2019, <https://www.anglianwater.co.uk/contentassets/ecfd9ad2a6364b9bad5295ed43f1ed7e/cef-draft-response-to-aw-iap-submission-final.pdf>

Supporting customers in vulnerable circumstances (qualitative)

As discussed at CEF on 30 July, the company has assessed the overall package of ODIs relating to customer support. As discussed at CEF, they propose to remove this PC because of overlap with the above-mentioned quantitative measure.

CEF response: The CEF accepts that this measure needs to be removed in the light of the approach now proposed to be taken nationally and were reassured by Anglian Water colleagues that this would not impact on the planned services for vulnerable customers outlined in the Business Plan.

However, the CEF noted that the removal of an independent panel assessment of the company's performance in working with vulnerable customers would place a greater emphasis on the need for third sector bodies to contribute to the CEF panel's work. A greater role for third sector bodies at this level would offer a practical means by which additional assurance could be gained regarding the implementation of the Business Plan, in particular relating to the company's commitments to customers in vulnerable circumstances. Making sure this takes place would go some way towards satisfying the company's stated aim of working more widely and extensively with the third sector in rolling out planned activities for vulnerable customers.

Natural Capital and Social Capital

The CEF and its Sustainability and Resilience Panel have encouraged the inclusion of Natural Capital and Social Capital performance commitments, and supports the company's view that these should be reinstated in Anglian Water's suite of ODIs.

From the company's extensive consumer engagement, it is clear that there is consumer support for the company to challenge itself in these areas. Customers involved in the acceptability research on the SDS rated the environment third of the company's six challenges (seen as important by 85% of customers). The outcome 'a Flourishing Environment' was considered important by 83% of customers. When asked to prioritise between three specific challenges (climate change, population and economic growth, and environmental protection), customers who took part in the online community trial and who visited Anglian Water's Be the Boss bus chose environmental protection as their top priority.

Inclusion of Natural Capital and Social Capital in the suite of ODIs gives them a formality and focus that will encourage the company to continue to develop and activate them – in line with what their consumers want to see.

The detailed metrics for these PCs are still under development. However, the CEF and its Sustainability and Resilience Panel have been consulted on the direction of travel and look forward to being involved in the future development of these sector-leading initiatives.