

Anglian Water 13K. OUR PROPOSED PERFORMANCE COMMITMENT DEFINITIONS: 3 MAY 2018



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1. Executive Summary

- 1.1. We have reached a significant milestone in our work on our PR19 Business Plan. In collaboration with our customers and wider stakeholders, we have developed our proposed performance commitments and definitions for how we will measure our performance during AMP7 (2020 to 2025).

Outcomes in the long-term context

- 1.2. These proposals have been developed in the long term context. In 2017, as part of the refresh of our 25 year Strategic Direction Statement (SDS) we sought views on both the ambitions we set ourselves for the future and views on the ten outcomes which we will deliver for our customers and the environment.
- 1.3. Through discussion with our customers and stakeholders on our SDS, we set ourselves four long-term ambitions:
- Make the east of England resilient to the risks of drought and flooding
 - Enable sustainable economic and housing growth
 - Be a carbon neutral business by 2050, and,
 - Work with others to achieve significant improvement in ecological quality across our catchments.
- 1.4. During this engagement our customers agreed that the ten outcomes remain broadly right for them. We took the opportunity to ensure they remain sufficiently stretching and updated them to reflect the feedback in our final SDS.¹ These outcomes are shown in [Figure 1](#).
- 1.5. We have developed our suite of performance commitments in the context of this long term strategy, our four ambitions and the ten high level outcomes. We have reflected both common and bespoke commitments within the outcomes framework we have developed with our customers.

Developing performance commitments for customers

- 1.6. Our performance commitments have been developed in collaboration with customers, other stakeholders, our Customer Engagement Forum (CEF)² and our wider business. We explain the process we have followed to develop our performance commitments in more detail in Section 3 of this document.
- 1.7. Customer engagement has been central to the on-going development of both our business plan and our performance commitments. These commitments form the main measurement tool for how we are

¹

http://www.anglianwater.co.uk/_assets/media/55189_AW_Long_Term_Strategy_single_pages.pdf

² The Customer Engagement Forum is the name of our Customer Challenge Group.

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perceived to be performing for customers. Alongside these commitments, we will continue to report our performance against some other measures but these will not be performance commitments. These will be clearly identified in our Final Business Plan.

- 1.8. Over 100,000 customers have been involved in a range of initiatives designed to reach a large number of customers, understand our customer base better and to explore more complex issues in depth. Our extensive engagement activities continue to be compiled into an independently drafted report which summarises customer engagement and sentiment and groups this against different areas of the business and our ten outcomes. This is regularly shared with our CEF.
- 1.9. Within this submission, under each proposed performance measure, we present a synopsis of the customer feedback underpinning it. This draws upon the wealth of engagement we have, incorporating a range of insight gained through all of our engagement tools and day-to-day interactions with customers. These tools were briefly explored at our Customer Engagement meeting held with Ofwat on 31 January 2018.
- 1.10. The measures set out in this document have been, and continue to be, extensively tested with our customers. These performance commitments form part of our on-going consultation on our Outline Business Plan³ and the linked wider engagement, which is seeking the views of customers through multiple innovative channels. All of this is reported to and tested by our CEF and its sub-panels.
- 1.11. We have explicitly sought customer and stakeholder views on our proposed performance commitments through acceptability research. This has been conducted by Accent⁴ on our behalf. The results of this research show that customers are strongly supportive of the package of measures that we are proposing.
- 1.12. In addition to our extensive customer engagement, we drew on a range of other sources to develop a long-list of potential bespoke performance commitments. This included performance commitments hackathons with stakeholders across our business, and reviews of our existing performance commitments and those of other companies.

Governance and assurance

- 1.13. The development of these performance commitments has been subject to engagement, consultation and survey by customers. Our

³

http://www.anglianwater.co.uk/_assets/media/Outline_Business_Plan_summary_Apr2018.pdf

⁴ Accent are a market research consultancy.

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approach and this submission has been subject to third party assurance by our technical assurance provider, Jacobs.

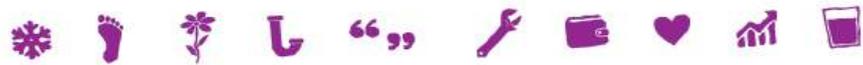
- 1.14. We are assured that the proposed measures reflect our customers' and stakeholders' priorities, contribute to our long-term strategy and are consistent with the priorities in the Government's Strategic Policy Statement, and with Ofwat's final methodology and the expectations that they should be both clear and measurable.
- 1.15. We have engaged with our full Board on our proposed performance commitments. This submission is made with their approval.

Our bespoke performance commitments

- 1.16. We have selected 20 bespoke performance commitments following the process outlined in Section 3 and based on feedback from customers and stakeholders. Our selected bespoke performance commitments are:
1. Percentage of population supplied by a single supply system
 2. Properties at risk of persistent low pressure
 3. External sewer flooding
 4. Reactive mains bursts
 5. Bathing waters attaining excellent status
 6. Abstraction Incentive Mechanism
 7. Supporting customers in vulnerable circumstances (qualitative)
 8. Supporting customers in vulnerable circumstances (quantitative)
 9. Managing void properties
 10. Operational carbon reduction
 11. Embodied carbon reduction
 12. Compliance Risk Index: Water treatment works
 13. Compliance Risk Index: Supply points
 14. Compliance Risk Index: Service reservoirs
 15. Compliance Risk Index: Water supply zones
 16. Non-household Retailer Satisfaction
 17. Natural capital
 18. Water Industry National Environment Programme (WINEP)
 19. Social capital, and,
 20. Water quality contacts.
- 1.17. We have given considerable thought to ensuring our choice of performance commitments will incentivise the right behaviours. In doing so, we have taken into account the interaction between the 14 proposed common measures and our proposed bespoke measures. This is particularly relevant for two areas: mains bursts and Compliance Risk Index measures.
- 1.18. Our performance commitments are presented by outcome in [Figure 1](#).

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Figure 1: our outcomes and performance commitments

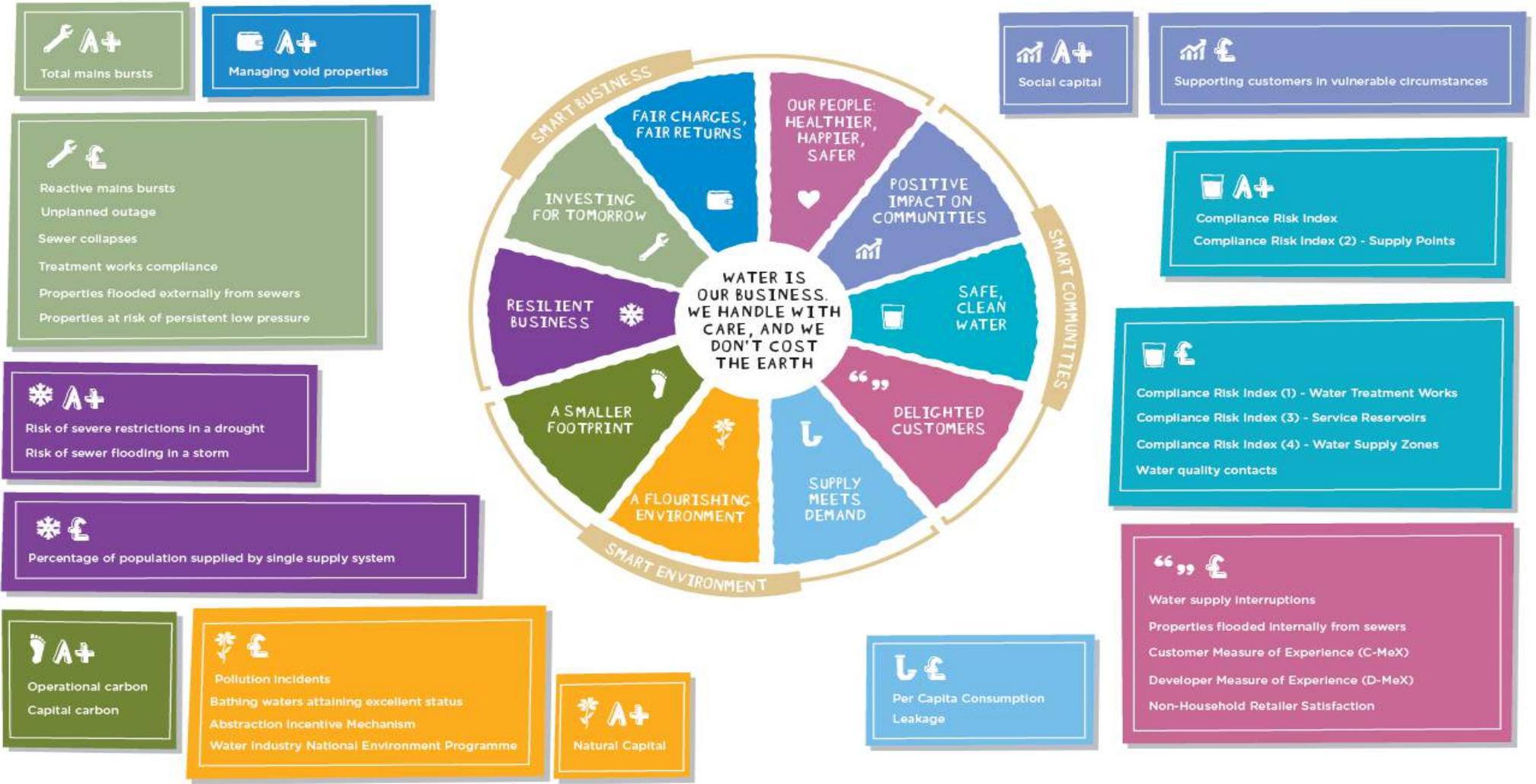


THE OUTCOMES OUR CUSTOMERS EXPECT AND OUR PERFORMANCE COMMITMENTS



Key

Financial Incentive
 Reputational Incentive



2. Purpose

- 2.1. This document sets out our proposed performance commitment definitions, part of the early submission of information for our PR19 Business Plan.
- 2.2. Our proposed performance commitments include the combination of 14 common measures as set out in Ofwat's Final Methodology⁵ and 20 bespoke measures. We describe the process for selecting our bespoke performance commitments in Section 3.
- 2.3. We have developed our performance commitments in line with Ofwat's transparency principles:
 - **Clear** – we have used plain English as much as possible, avoided using jargon and provided explanations for technical terms.
 - **Unambiguous** – we have sought to limit room for doubt about what is being proposed or measured.
 - **Complete** – our definitions describe material points of relevance.
 - **Concise** – the definitions are as short as reasonably possible, to enable stakeholders to engage effectively with the definitions.

Completing the proforma

- 2.4. Sections 4 to 12 of this document contain the definition proforma for our commitments. We have adapted the proforma to simplify it for common performance commitments. These sections align with the outcomes we have agreed with our customers.
- 2.5. We confirm that we will observe the common definitions and reporting guidance. The type of performance commitment (i.e. common or bespoke) is clearly identified to ease review.
- 2.6. Customer views are at the heart of how we operate our business. We consider it important to highlight customers' views on our performance commitments and have included a summary of customer views on each performance commitment as part of this submission.

Contact details

- 2.7. Any queries relating to this submission should be directed to Darren Rice, Head of Policy and Regulatory Strategy. We have completed the contact details section of the 3 May submission proforma below.

Company: Anglian Water Services Ltd

Contact name: Darren Rice, Head of Policy and Regulatory Strategy

Contact email address: dRice@anglianwater.co.uk

⁵ <https://www.ofwat.gov.uk/regulated-companies/price-review/2019-price-review-final-methodology/pr19-final-methodology/>

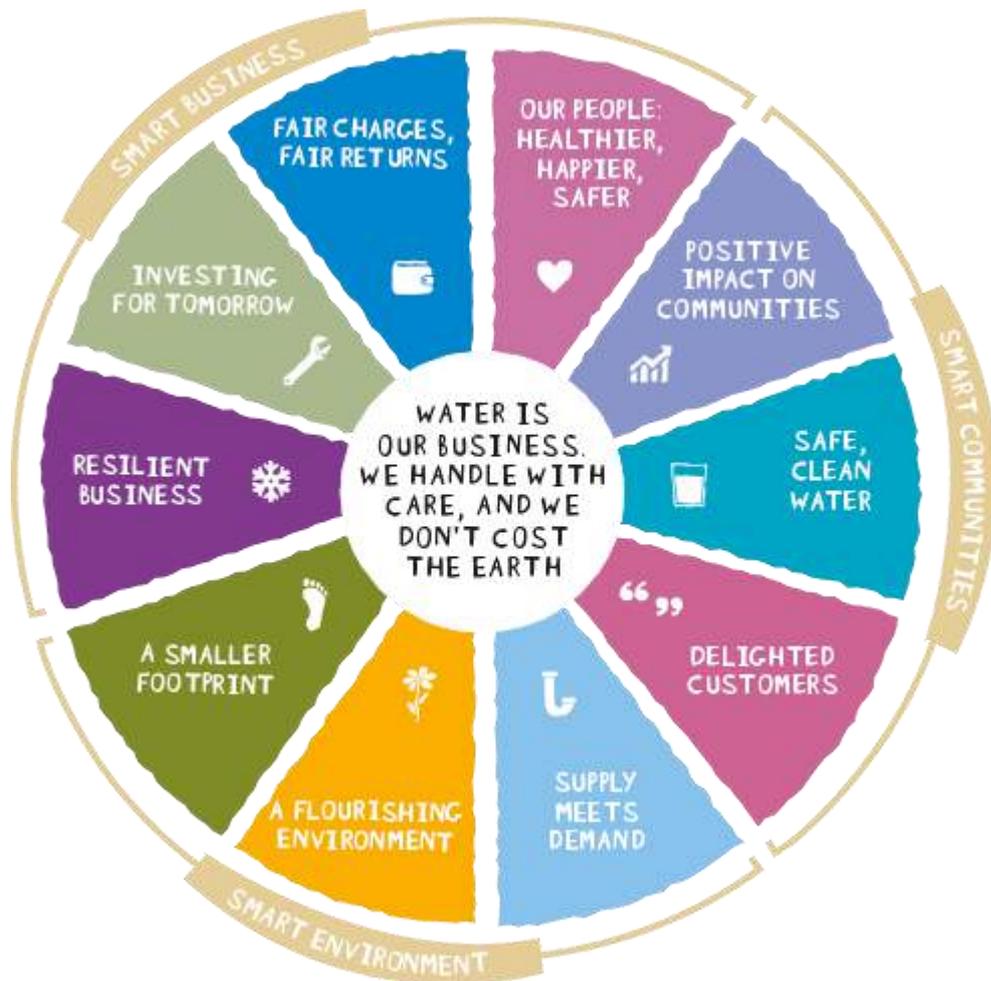
3. Developing performance commitments for customers

Long term context

- 3.1. For PR14, we agreed ten long-term outcomes that we will deliver for customers and the environment. This outcomes-based approach underpins all our work: our business planning; the way we report and are rewarded for our performance; and the way we work day to day.
- 3.2. Our proposals for AMP7 have been developed in the long term context. In 2017, as part of the refresh of our 25 year Strategic Direction Statement (SDS) we sought views on both the ambitions we set ourselves for the future and views on our ten outcomes first set out in 2013.
- 3.3. Through discussion with our customers and stakeholders on our SDS, we set ourselves four long-term ambitions:
 - Make the east of England resilient to the risks of drought and flooding
 - Enable sustainable economic and housing growth
 - Be a carbon neutral business by 2050, and,
 - Work with others to achieve significant improvement in ecological quality across our catchments.
- 3.4. During this engagement our customers agreed that these ten outcomes remain broadly right for them. However we took the opportunity to ensure the outcomes remain sufficiently stretching and have updated them to reflect this feedback. For example, our previous outcome on 'Satisfied customers' was not seen to capture the importance and focus on delivering excellent customer service. This outcome was updated to 'Delighted customers' as a result.
- 3.5. To measure our performance against these ten outcomes, we are proposing a package of performance commitments as part of our PR19 Business Plan. These performance commitments are our pledges to our customers and stakeholders about the service we will deliver. These ten outcomes are shown in [Figure 2](#).

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Figure 2: our outcomes for customers and the environment



- 3.6. Alongside the refresh of our SDS, we significantly enhanced our customer engagement strategy and plans. From the outset we involved customers in the co-creation of our strategy, to ensure that our engagement is meaningful. This developed our understanding of the world from a customer's point of view, and ensured that we developed initiatives, language and materials that would best engage customers in the risks and challenges we are facing and the choices we and customers have in responding to these challenges. In addition, we have sought to explore differences of opinion, experience and behaviours between different groups of customers beyond simply the traditional demographic drivers such as age, socio-economic group and gender. This is particularly important when considering the potentially different needs and preferences of customers in vulnerable circumstances.
- 3.7. We have developed our suite of performance commitments in the context of both this long term strategy and these ten high level outcomes. We have reflected both common and bespoke commitments within the outcomes framework as created with our customers.

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Co-creating our performance commitment measures

- 3.8. The views of customers and stakeholders have been the most important factor in shaping our performance commitments.
- 3.9. Furthermore, we have tested the acceptability of our proposed performance commitments with customers, stakeholders and our Customer Engagement Forum (CEF).⁶ The results of this research, conducted by Accent on our behalf, show a strong level of support from customers for our proposed performance commitments.
- 3.10. Over 100,000 customers have been involved in a range of initiatives that have been designed to understand our customer base better, reach a large number of customers, and to explore more complex issues in depth. Our extensive engagement activities continue to be compiled into an independently drafted report which summarises customer engagement and sentiment by different areas of the business and by our ten outcomes.
- 3.11. This report has been an invaluable tool for identifying the areas that matter most to customers and should be covered by our performance commitments.
- 3.12. In addition to our extensive customer engagement, we drew on a range of other sources to develop a long-list of potential bespoke performance commitments, including:
- Our current AMP6 performance commitments and those of other companies
 - Wider considerations such as existing regulatory reporting, and,
 - A suite of hackathons with stakeholders across our business.

Finalising our performance commitments

- 3.13. As we reviewed our long-list of performance commitments we have ensured that we cover the areas identified by Ofwat in the PR19 Final Methodology, specifically:
- Coverage across the different price controls
 - Vulnerability
 - Environment
 - Resilience
 - Abstraction Incentive Mechanism, and,
 - Gap sites and voids.
- 3.14. We used the following criteria to screen and develop our bespoke performance commitments to test with customers:
- Contribution to our four ambitions agreed with customers in our SDS
 - Clear customer support for measures,

⁶ The Customer Engagement Forum is the name of our Customer Challenge Group.

Anglian Water: performance commitment definitions

- Easy to understand, and,
 - Measurable and consistent with Ofwat's overarching Outcomes framework.
- 3.15. The link between our proposed performance commitments and the ten outcomes that matter most to customers is shown in Figure 3.
- 3.16. All of our ten outcomes have performance commitments against them. The only exception is 'our people: happier, healthier, safer' outcome. We recognise our ability to deliver against our performance commitments and nine other outcomes is underpinned by our success delivering this outcome.
- 3.17. To ensure we can deliver for our customers, we work hard on encouraging employee wellbeing and creating a culture driven by happier, healthier and safer staff. Looking after our employees is at the heart of delivering great customer service, alongside the enthusiasm and dedication our staff have for their jobs. In 2018 our hard work was recognised when we were named the best UK-based company to work for, and came second overall in the prestigious Glassdoor 'Best places to Work' list.⁷ The emphasis we have on the wellbeing of our people is also reflected in the lead role we have within the Business in the Community group on wellbeing.⁸

Assurance

- 3.18. The development of our performance commitments has been subject to our PR19 assurance processes as set out in our published PR19 Assurance Plan.⁹
- 3.19. Our work on the development of our performance commitments will be scrutinised and assured by our independent third party assurance providers Jacobs.¹⁰ The wider development of our detailed proposals has also been supported by expert third party consultants Frontier Economics and ICS Consulting.
- 3.20. To date our work in this area has been subject to two external assurance reviews by Jacobs. The content of these reviews is described below.
- Phase 1 review, February 2018 – review of process and progress in development of short-list of performance commitments.
 - Phase 2 review, March and April 2018 – review of proposed performance commitment definitions, including alignment to

⁷ <https://media.anglianwater.co.uk/anglian-water-named-second-best-place-to-work-after-google/>

⁸ https://wellbeing.bitc.org.uk/wellbeing_membership/Leadershipteam_wellbeing

⁹ http://www.anglianwater.co.uk/_assets/media/Our_Final_Assurance_Plan_for_PR19_FINAL.pdf

¹⁰ Our assurance provider, Halcrow, is now part of the Jacobs Engineering Group.

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Ofwat principles and proforma. It also included customer engagement to date and a review of process and data for early submission of table App1.

- 3.21. Our work on developing performance commitments is progressing well. The phase one and phase two reviews have both been positive. The Technical Assurance Executive Summary for these two reviews is included in Annex 1.
- 3.22. Further reviews of our work on performance commitments will be undertaken later this year, as part of the assurance on our final business plan. These reviews will concentrate on performance commitment levels and associated incentive rates.

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Figure 3: our outcomes and performance commitments



THE OUTCOMES OUR CUSTOMERS EXPECT AND OUR PERFORMANCE COMMITMENTS



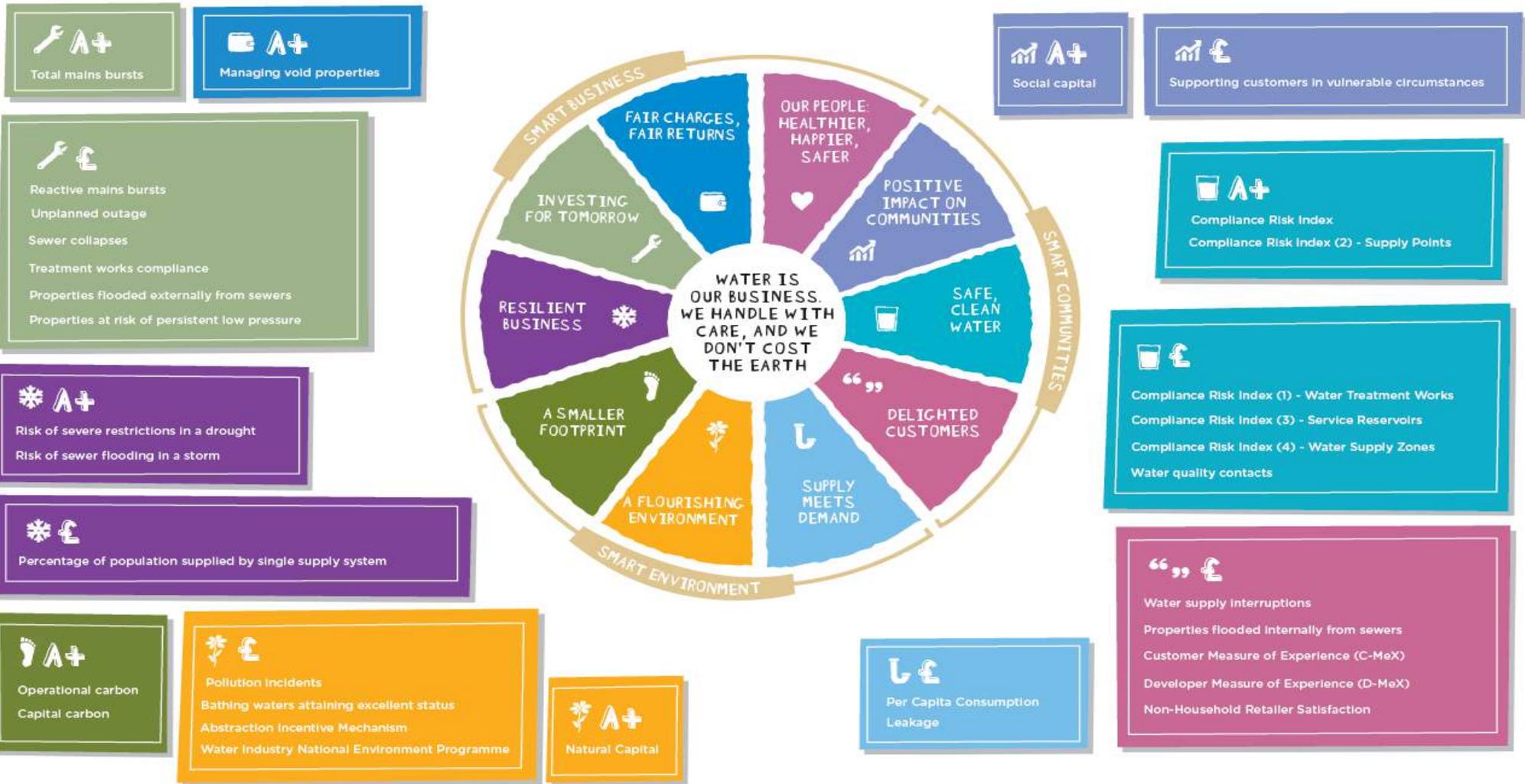
Key



Financial Incentive



Reputational Incentive



Engaging on performance commitments

- 3.23. We discussed the process and short-list of performance commitments with our CEF in March and April 2018. Engagement is on-going with the CEF and its sub-panels on the detail of each performance commitment. To facilitate this engagement we have developed a series of one page summaries for each measure to highlight the main features and to capture the customer engagement evidence associated with each performance measure. We have received constructive feedback on the detail of our proposals from the CEF and this has been reflected in our definitions.
- 3.24. We have also discussed our proposed performance commitments with a variety of stakeholders. This includes the Drinking Water Inspectorate (DWI), the Environment Agency, Natural England and other environmental groups. We have considered their views and guidance as we developed the short-list.

Targeted research

- 3.25. We have explicitly sought customers' views on our proposed performance commitments through acceptability research. This has been conducted by Accent on our behalf. The results of this research show that customers are strongly supportive of the package of measures that we are proposing.¹¹
- 3.26. This research was conducted with a representative sample of 995 household customers and 500 non-household customers. This included customers across both the Anglian and Hartlepool areas. Quotas weighted to latest census data were used to ensure appropriate coverage and representative samples across age groups, genders and our customer segments.
- 3.27. There was a high level of support from customers on our proposed performance commitments. Customers did not identify any major gaps in the coverage of our proposed performance commitments.

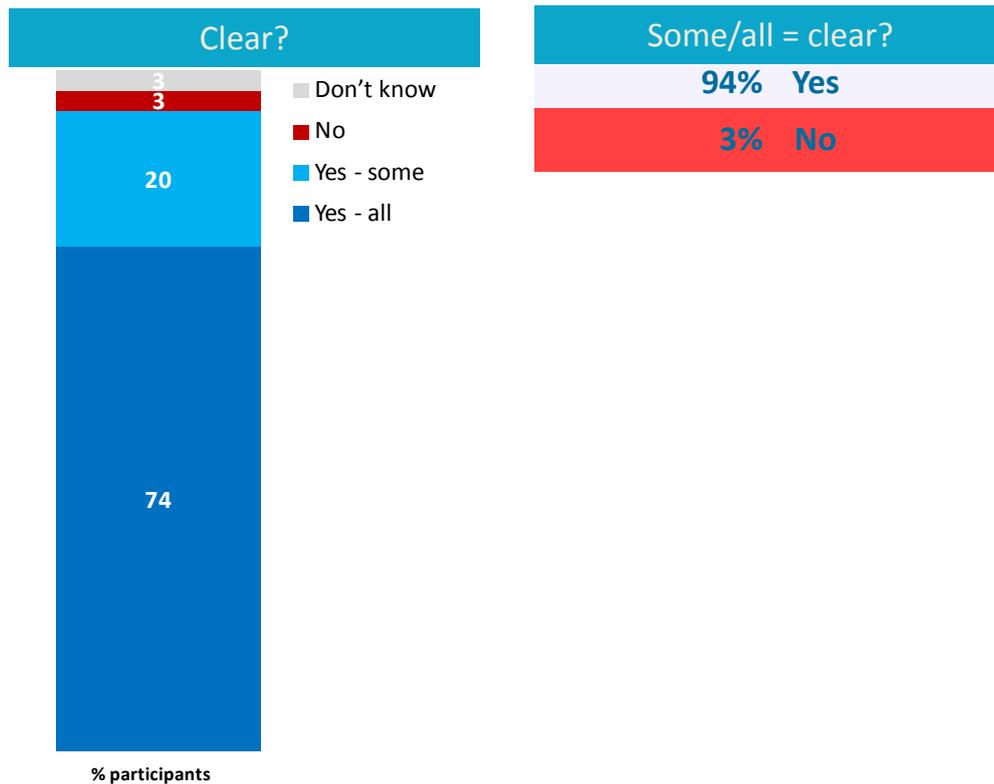
Clarity of definitions

- 3.28. We tested the clarity of our proposed performance commitments with customers. Generally customers found our descriptions to be clear, 74% thought all of the descriptions were clear and 94% thought that most of the descriptions were clear. Through in-depth follow up interviews with customers we explored how we can improve the descriptions. Customer suggestions focused on clarity and simplification. As a result, we altered the descriptions of some of the asset health performance commitments in light of this feedback.
- 3.29. The headline results of this work are shown in [Figure 4](#).

¹¹ Accent, Acceptability Testing: PCs/ODIs, April 2018.

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Figure 4: customer views on the clarity of our performance commitments

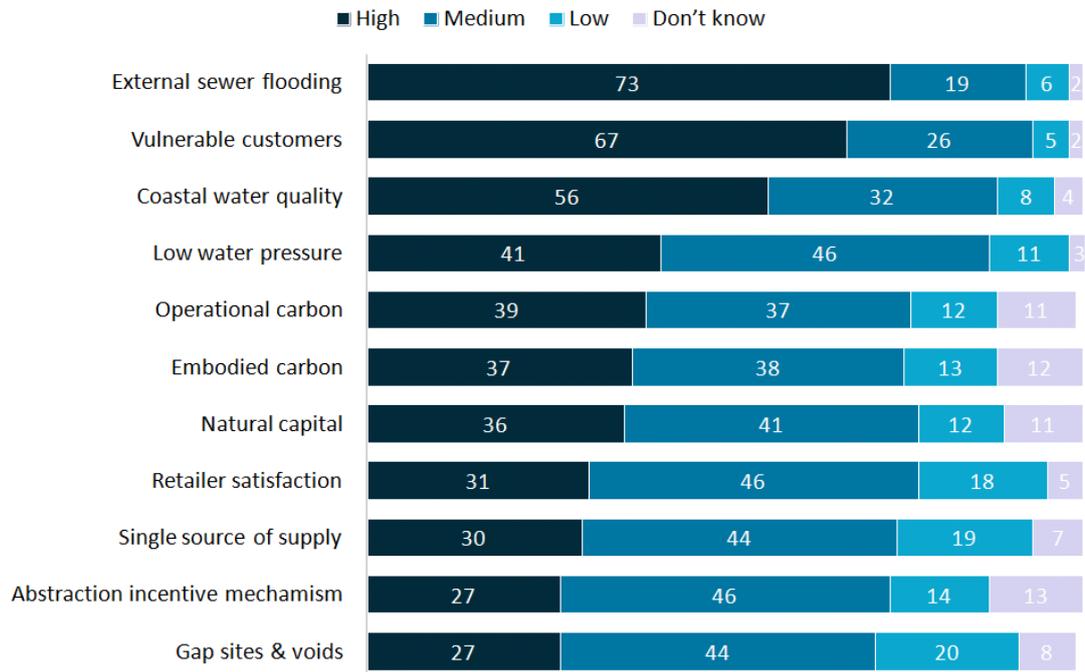


Prioritisation of performance measures

- 3.30. We explored the relative priority customers place on our proposed bespoke performance commitments as part of the Accent research.
- 3.31. Household customers placed the greatest importance on 'external sewer flooding' and 'supporting customers in vulnerable circumstances'. The lowest priority was placed on the 'gaps sites and voids' performance commitment. However 71% of customers still believed that this performance commitment was of high or medium importance.
- 3.32. Household customers' prioritisation of some of our bespoke performance commitments is shown in [Figure 5](#).

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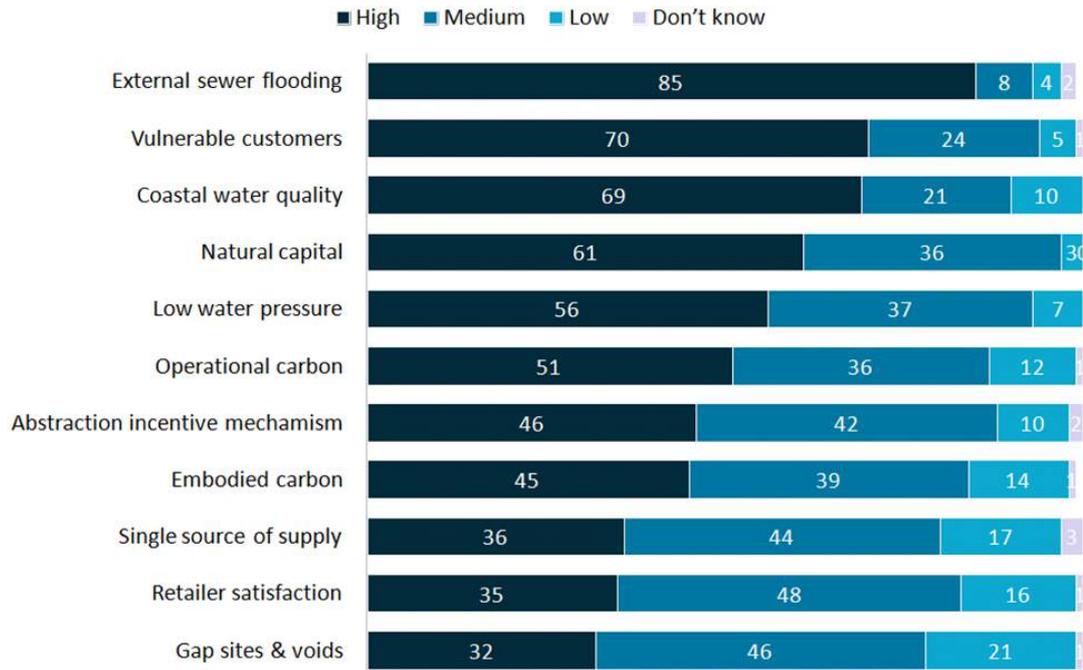
Figure 5: Household customer prioritisation of our bespoke performance commitments



- 3.33. Non-household customers placed the greatest importance on 'external sewer flooding' (considered high or medium importance by 93% of respondents) and 'supporting customers in vulnerable circumstances'. The lowest priority was placed on the 'gaps sites and voids' performance commitment. However 78% of customers still believed that this performance commitment was of high or medium importance.
- 3.34. Overall non-household customers were more likely to consider performance commitments high or medium priority compared to household customers. Non-household customers ranked Natural Capital higher than household customers and retailer satisfaction lower overall, even though more non-household customers considered retailer satisfaction to be high or medium importance.
- 3.35. Non-household customers' prioritisation of some of our bespoke performance commitments is shown in Figure 6.

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Figure 6: Non-household customer prioritisation of our bespoke performance commitments



On-going engagement

3.36. We are conducting further detailed engagement with customers and stakeholders on our performance commitments and levels alongside our Outline plan.¹² This Outline Business Plan consultation considers the future investment choices we can make, and over what time period, to protect our future water supplies from growing risks, to safeguard the environment, and to keep bills affordable, particularly for more vulnerable customers and those struggling to pay. This consultation will enable us to take customer views into account as we weigh up the choices we have for our PR19 business plan.

3.37. We describe recent and upcoming engagements with customers and stakeholders in Annex 2. One of these tools is our online community. Established in 2017, our online community is a forum we created to facilitate an in-depth discussion on challenges facing our business and the opportunity to inform the choices we make as a business. This has enabled a richness and depth of insight from our customers well beyond previous tools and has been fundamental in shaping our SDS, the shape of our Outline Business Plan and our proposed performance commitments. To date we have had in excess of 20,000 interactions with our customers through this community.

3.38. An example of our on-going engagement with customers on our performance commitments through our online community is shown in

¹² <http://www.anglianwater.co.uk/about-us/our-plan-2020-2025.aspx>

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Figure 7. The coloured pins show where customers have provided comments on the activity and a sample of comments is shown below.

Figure 7: extract of discussion from the online community

SINGLE SUPPLY AIM:
To reduce the % of population supplied by a single supply system

Outcome: Resilient business

Some customers are connected to only one water treatment works. Because there are no alternative sources for these customers, these customers face an **increased chance of an interruption** to their water supply should something go wrong with the water treatment works. This performance commitment measures **the percentage of our customers that are supplied** by a single system.

Our proposed performance commitment level:

1. In 2015 we had 46.9% of the population on a single system:
 - By 2020 we aim to have that **down to 24.7%**
 - By 2025 we aim to have that **down to 15.5%**
 - By 2035 we aim to have this **down to 0%**
2. We believe this is stretching but also balances cost and affordability of customer bills and believe the service customers receive is more important than the numbers on a single system.



MissGemma

This seems like a good clear improvement within a reasonable timeframe



Gemduff

I agree that if there have been little disruption due to this then the rush is less to solve the problem.



ukrelic

should be zero



Tasha

I feel the money could be better spent. I think there are other areas like low pressure that is more important to eradicate first.



Wendie

Should be some kind of backup in this day and age



Edhodson

The cost of this work must be huge. I think it's better to spend money on making sure that existing infrastructure is as reliable as it can possibly be.

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Interaction with consistency project

- 3.39. The PR19 final methodology sets out Ofwat's intention to have higher powered incentives on companies' performance. We have previously stated the importance of ensuring consistency as a prerequisite to using this comparative information for incentives for PR19.
- 3.40. We have actively engaged with all industry projects to introduce consistency in performance commitment definitions including the Water UK projects which started in May 2015, the development of the UKWIR guidance and most recently the joint Water UK and Ofwat consistency project.
- 3.41. Despite this work the potential for inconsistent reporting remains. We feel that there is still significant work to be done to reach a common measure for some measures, for example unplanned outages.

4. Delighted customers

4.1. Customer measure of experience (C-MeX)

Outcome: Delighted customers

Company performance commitment reference: Customer measure of experience (C-MeX), PR19ANH_1

Type: Common

Short definition

This measures customer satisfaction about the service they receive from us. It involves taking data from a number of different sources such as surveys of household customers.

Measurement & definition

This is a common performance commitment. It is measured and defined by Ofwat.

We are active members of the C-MeX working group helping to pilot and further develop this measure.

Customer engagement to date

Providing excellent service is vitally important to our customers and crucial for our success as a business. Across evidence streams, customer service is generally viewed positively by household and non-household customers and by developers.

In our Acceptability research on the Strategic Direction Statement (SDS), all customer outcomes were seen to be important. Satisfied customers was ranked 4th out of 10 (voted as important by 91% of customers, where the most important outcome was judged to be important by 97%). Our previous outcome on 'Satisfied customers' was not seen to capture the importance and focus on delivering excellent customer service. This outcome was updated to 'Delighted customers' as a result.

Customer service has been explored in our societal valuation (Willingness to Pay) work. There is a marked increase in customer valuation of service compared to at PR14. However in our PR19 main stage societal valuation study, customer service ranked low in terms of importance when compared to other service measures such as pollution incidents and changes to the bill.

In our Acceptability research on our performance commitments, we sought customer views on the clarity of our definition for C-MeX. Customers found this measure to be generally understandable but we clarified some of the wording in response to the feedback.

Planned further engagement

We are engaging with customers on our ambition to be an excellent provider of customer service. We will continue to engage with customers on the level of service they receive from us and which elements of service are most important.

4.2. Developer measure of experience (D-MeX)

Outcome: Delighted customers

Company performance commitment reference: Developer measure of experience (D-MeX), PR19ANH_2

Type: Common

Short definition

We deal with many types of developer customers to ensure that new homes and business premises are connected to the water and waste water network. This is a measurement from a number of different sources showing how satisfied developers and other types of customers for these services are with the service they receive from us.

Measurement & definition

This is a common performance commitment. It is measured and defined by Ofwat.

We are active members of the D-MeX working group helping to pilot and further develop this measure.

Customer engagement to date

Providing excellent service is vitally important to all of our customers. Enabling sustainable economic and housing growth is one of our four ambitions set out in our SDS, developed in consultation with our customers. We work hard to provide excellent service to all of our customers, including developers, self-lay providers (SLPs) and independent water companies (usually known as NAVs).

As part of our day-to-day operations, we actively monitor the service provided to our developer customers, SLPs and NAVs both through the Water UK Levels of Service reporting and our own specific developer customer satisfaction surveys which derive a Net Promoter Score (NPS) from our developer customers.

In our Acceptability research on the SDS, all customer outcomes were seen to be important. Satisfied customers was ranked 4th out of 10 (voted as important by 91% of customers, where the most important outcome was judged to be important by 97% and least important by 67%). Our previous outcome on 'Satisfied customers' was not seen to capture the importance and focus on delivering excellent customer service. This outcome was updated to 'Delighted customers' as a result.

In our acceptability research on our performance commitments, we sought customer views on the clarity of our definition for D-MeX.

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Customers found this measure to be generally understandable but we clarified some of the wording in response to the feedback.

Planned further engagement

We are engaging with customers on our ambition to provide excellent customer service. We will continue to engage with customers on the level of service they receive from us and which elements of service are most important.

We will continue to actively monitor the service provided to our developer customers, SLPs and NAVs both through the Water UK Levels of Service reporting and NPS survey of our developer customers.

4.3. Water supply interruptions

Outcome: Delighted customers

Company performance commitment reference: Water supply interruptions, PR19ANH_4

Type: Common

Short definition

Planned or unplanned interruptions to your water supply for periods of three or more hours.

Measurement & definition

This is a common performance commitment. It is measured and defined by Ofwat. This measure was subject to the recent consistency project conducted by KPMG for Ofwat.

Customer engagement to date

Our customers' views on supply interruptions are evolving compared to PR14. Long term supply interruptions remain an important concern for customers but customers appear less concerned about brief interruptions. Compared to PR14, the customer valuation for this service has reduced by over 50% and customers appear less willing to pay for further improvements.

In our co-creation workshops held with customers in the autumn of 2016 it was concluded that for the most part, customers were more concerned about 'long-term decline' leading to water restrictions than 'short-term' interruptions to supply. Household respondents allocated the greatest percentage of the bill impact to dealing with complaints about the aesthetics of tap water, followed by leakage, and interruptions.

In our main PR14 Willingness to Pay Study focus groups, in general terms, both interruptions to supply (an area specifically prompted) and reliability of supply (mentioned spontaneously) were considered important issues for household customers. However, shorter interruptions, such as those lasting three to four hours, were regarded as manageable, as people felt they could take action to mitigate any impacts.

During the PR19 main stage societal valuation study, the majority of customers wanted to 'maintain' current service for interruptions that last 6 to 12 hours, with low levels of support (19%) for improvements to the level of unplanned interruptions.

Our customer research has held targeted focus groups with customers who have been impacted by recent unplanned supply interruptions. These customers who have experienced supply interruptions in the past

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suggested they felt resilient to the impact up to 24 hours of an outage having been through the experience recently.

In our acceptability research on our performance commitments, we sought customer views on the clarity of our definition for this measure. Customers found this measure to be readily understandable and no changes to the short definition have been made as a result, noting that small changes to the minutes lost were seen as manageable and not a driver of future investment.

Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels, which measures should be subject to financial incentives and where appropriate the level of incentives.

4.4. Internal sewer flooding

Outcome: Delighted customers

Company performance commitment reference: Internal sewer flooding, PR19ANH_7

Type: Common

Short definition

Sewer flooding occurs when sewage escapes from the sewerage network, through a manhole, from a drain or by backing up in a toilet. This performance commitment is the number of properties affected by internal sewer flooding per year.

Measurement & definition

This is a common performance commitment. It is measured and defined by Ofwat. Flooding reporting was subject to the recent consistency project conducted by KPMG for Ofwat.

Customer engagement to date

Participants in our qualitative research and engagement felt that whilst occurring very rarely, sewer flooding was considered a particularly serious and unpleasant service failure.

In our PR19 Water Resources Second Stage research, of the 10 service issues explored as part of the first 'package' element of the survey which customers had previous actual experience of, sewer flooding was the issue that had affected the smallest percentage of household respondents.

According to multiply sources, sewer flooding is viewed as much worse than water flooding – even when the extent of the damage caused by each is the same. This is primarily because of the perceived health risk customers associate with sewer flooding. The study suggests that sewer flooding in the home is viewed as most serious by both household and business customers.

Our wellbeing research found that internal sewer flooding has less aggregate wellbeing impact per event than external sewer flooding. This is a change from our valuation research at PR14. This is because an internal flood typically affects just one or a few households, even though the impact on those affected is high. An external flooding has a much lower wellbeing impact per affected household, but the aggregate value per event is higher as typically more customers are affected.

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Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels, which measures should be subject to financial incentives and where appropriate the level of incentives.

4.5. Non-household Retailer Satisfaction

Outcome: Delighted customers

Company performance commitment reference: Non-household Retailer Satisfaction, PR19ANH_30

Type: Bespoke

Short definition

Non-household customers are now able to switch companies for the 'retail' element of their service. This means that companies other than Anglian Water can offer billing, innovation and other services to businesses in the Anglian Water area. We still continue to deliver the water to these customers' premises and take waste water away. This measure is the level of satisfaction these retailers believe they receive from us, as well as performance against existing market metrics.

Measurement

A combined retail service score, based on performance on 3 measures:

- A net promoter score (NPS),
- market performance standards,
- operational performance standards.

Performance will be reported on an annual basis.

Any other information relating to the performance commitment

Non-household retailers are an important customer group, not explicitly covered by the proposed C-MeX and D-MeX mechanisms. We have been considering a bespoke performance commitment in this area since before PR19 methodology was published.

Existing market performance reporting focuses on meeting timescales for specific tasks and maintaining market data (i.e. the 'what' not the 'how').

We are proposing this innovative performance commitment to incentivise a high level of service provision across the broad range of services provided by the wholesaler, including a measure of customer satisfaction. This is an important segment of our customer base and we believe strongly that there should be a performance commitment covering their satisfaction with our performance. We have worked hard to ensure we offer these customers leading service and this performance commitment will drive us to continually improve our performance. We note that Ofwat's final methodology aligns with our thinking in this area.

We believe an NPS is a positive metric to measure retail customers' satisfaction. Net promoter score measures how likely customers would be

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to recommend us which is an important driver of customer service in competitive markets. As the provider of a monopoly service our performance commitment should incentivise us to give a level of service that customers would be willing to recommend, in line with incentives faced by companies in competitive markets. This provides a qualitative indication of retailer satisfaction with the service that we provide.

As well as qualitative assessment, we have sought to include quantitative measures of performance within our performance commitments. This is similar to the approach adopted for the previous Service Incentive Mechanism and proposed C-MeX measure.

Our performance commitment consists of three parts, all measuring aspects of service to our retail customers. This will be reported on a scale out of 100 that is transparent to stakeholders and customers.

Customer engagement to date

Providing excellent service is vitally important to our customers. Across evidence streams, customer service is generally viewed positively by household and business customers and by developers.

In the Acceptability research on the SDS, all customer outcomes were seen to be important. Satisfied customers was ranked 4th out of 10 (voted as important by 91% of customers, where the most important outcome was judged to be important by 97% and least important by 67%).

This measure was included as a bespoke performance commitment in our Accent acceptability research on the short-list of measures. Of our bespoke performance commitments customers ranked this eight in terms of importance, with 77% considering it high or medium importance.

Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels, which measures should be subject to financial incentives and where appropriate the level of incentives. We are undertaking bilateral interviews with our retail customers on our Outline Business Plan.

Full definition of the performance commitment

Net promoter score

Net promoter score is a tool that can be used to understand customer satisfaction and loyalty. We propose to conduct an annual customer satisfaction survey with all our retail customers which would include net promoter score.

We would follow the standard methodology for calculating net promoter score. It measures customers' self-assessed likelihood of recommending a

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company or service to others. The score itself is based on customers' answers as to how likely they would recommend a company or product to friends or colleagues, on a scale of 1 to 10. We currently undertake a similar approach to surveying our developer customers.

Net promoter score is calculated as the proportion of consumers that answer 9 or 10 (promoters) less the proportion that answers between 0 and 6 (detractors). Responses of 7 and 8 are labelled passives, and their behaviour falls between Promoters and Detractors.

- Promoters (customers who rate 9-10): Company ambassadors and very enthusiastic.
- Passives (customers who rate 7-8): Customers who feel neutral, they won't tarnish a companies reputation but they won't enhance it either.
- Detractors (customers who rate 0-6): These are dissatisfied customers who can damage a company.

The calculation to figure out the NPS score is as follows: (% Promoters – % Detractors) x 100 = NPS score. This gives a score within a range of -100 to +100.

Market & operational performance

There are two existing measures of market performance. These are:

- Market performance standards (MPS) – measuring performance against standards in the Market Terms and Code Subsidiary Documents (CSDs).
- Operational performance standards (OPS) – measuring performance against standards in the Operational Terms.

Both metrics are well defined and reported on a monthly and annual basis by Market Operator Services Limited (MOSL), the market operator for the water business retail market.

Performance would be measured on % compliance with both measures each year.

Combined scoring

We propose a combination of NPS, OPS and MPS will be used to determine the combined retailer service score. These three metrics will form equal parts of our overall retailer satisfaction score. This is calculated in the following manner:

Net promoter score + % compliance with MPS + % compliance with OPS / 3 = combined retailer service score.

This is shown in the following example:

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- *NPS = 10*
- *MPS compliance = 90%*
- *OPS compliance = 90%*

This leads to the following calculations:

- $10 + 90 + 90 = 190$
- $190 / 3 = 63.33$

This results in a retailer service score of 66.33. Our performance commitment level will be set against achieving a specific level in this score during AMP7.

5. Safe, clean water

5.1. Compliance risk index

Outcome: Safe, Clean Water

Company performance commitment references:

Compliance Risk Index, PR19ANH_3
Compliance Risk Index, Water Treatment Works, PR19ANH_26
Compliance Risk Index, Supply Points, PR19ANH_27
Compliance Risk Index, Service Reservoirs, PR19ANH_28
Compliance Risk Index, Water Supply Zones, PR19ANH_29

Type: Common (PR19ANH_3)

Bespoke (PR19ANH26-29)

Short definition

We work hard with customers, stakeholders and businesses operating in our area to minimise the potential risk of harmful substances entering the water supply. For example ensuring unacceptable levels of pesticides or chemicals do not enter the water supply. This measure has been developed by the Drinking Water Inspectorate (DWI), the Drinking Water Quality Regulator for England and Wales. It seeks to monitor performance on the risk of breaching water quality standards.

The Compliance Risk Index (CRI) is made up of four sub-components based on where water quality sampling occurs. These are: Water Treatment Works, Supply Points, Service Reservoirs and Water Supply Zones. These are combined to produce an overall CRI score for each water company.

Measurement & definition

This is a common performance commitment and will be measured and reported as per the DWI's CRI methodology.

Customer engagement to date

Water quality continues to be a key priority for us and for our customers.¹³

Participants in several qualitative research and engagement activities identified that delivering high quality, safe, clean drinking water is a fundamental expectation of the company. For example, at our Customer Forum events held in 2015 'providing safe reliable and clean drinking

¹³ Sophie Ahmad, December 2017, Customer Research and Engagement Synthesis report, Page 66.

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water' was rated as the most important responsibility for Anglian Water by those who attended.

In our Acceptability research on our refreshed SDS, customers judged safe, clean water as the most important of Anglian Water's ten outcomes (97% saying this was important). Customers were introduced to the company's seven water quality and customer satisfaction goals (zero pollutions and flooding, zero leakage and bursts, 80 litres per person per day, 100% compliant and chemical-free water, 100% customer satisfaction, energy neutrality, and a circular economy). Achieving 100% compliant and chemical-free drinking water was considered the most important goal (95% of customers felt this was important).

Participants at one of our future customer workshops stated that safeguarding quality across the distribution system is critical to customer satisfaction.

Customers consider catchment management¹⁴ approaches important, stating that they are 'progressive' and 'inclusive'. In recent dialogue with our online community, once they had seen the evidence from our AMP 6 'Slug it Out' trials, 65 per cent of respondents were in favour of catchment management approaches including incentivisation, to protect water quality. However, customers clearly stated that they expect to see these approaches as part of a multi-pronged strategy with the government also playing its part by enforcing polluter pays principles including banning harmful agricultural chemicals where necessary.

In our Acceptability research on our performance commitments, we sought customer views on the clarity of our definition for this measure. Following feedback from customers we have adjusted this measure to make it clearer that the measure is about the risk of failures of the water quality.

Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels, which measures should be subject to financial incentives and where appropriate the level of incentives.

We will continue to engage with the DWI on our proposals for CRI and other water quality measures.

Our approach to the Compliance Risk Index

As stated above, delivering high quality, safe, clean drinking water is a fundamental expectation of our service. We are committed to continuing to improve compliance with the regulatory standards between 2020 and 2025 and beyond.

¹⁴ Catchment management is about protecting water at its sources by preventing pollution getting into the water rather than relying on costly, less sustainable, 'end of pipe' treatment.

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The Compliance Risk Index (CRI) is a relatively new measure that is still under development. It provides insight into part of water company performance on drinking water quality.

The CRI consists of four sub-measures based on water quality samples taken at a variety of different points on the water supply system, namely:

- Water Treatment Works
- Supply Points
- Storage Points, and,
- Water Supply Zones.

The CRI is one of two new measures being developed by the DWI. The other measure is known as the Event Risk Index (ERI). The ERI is a measure designed to illustrate the risk arising from water quality events. Due to the ERI still being in very early development and in absence of a consistent historic dataset on the measure, we do not consider this as a performance commitment. Specific sub measures of the reported performance under the CRI can be impacted by factors not wholly within our control. Of particular concern is the impact that metaldehyde can have on the Supply Points element of CRI. Metaldehyde is a pesticide which is used on crops extensively within our region (it is the active ingredient in slug pellets). The agricultural concentration in our region means that metaldehyde is a more prevalent issue in our region relative to other water companies who do not have the same land use and cultivation techniques.

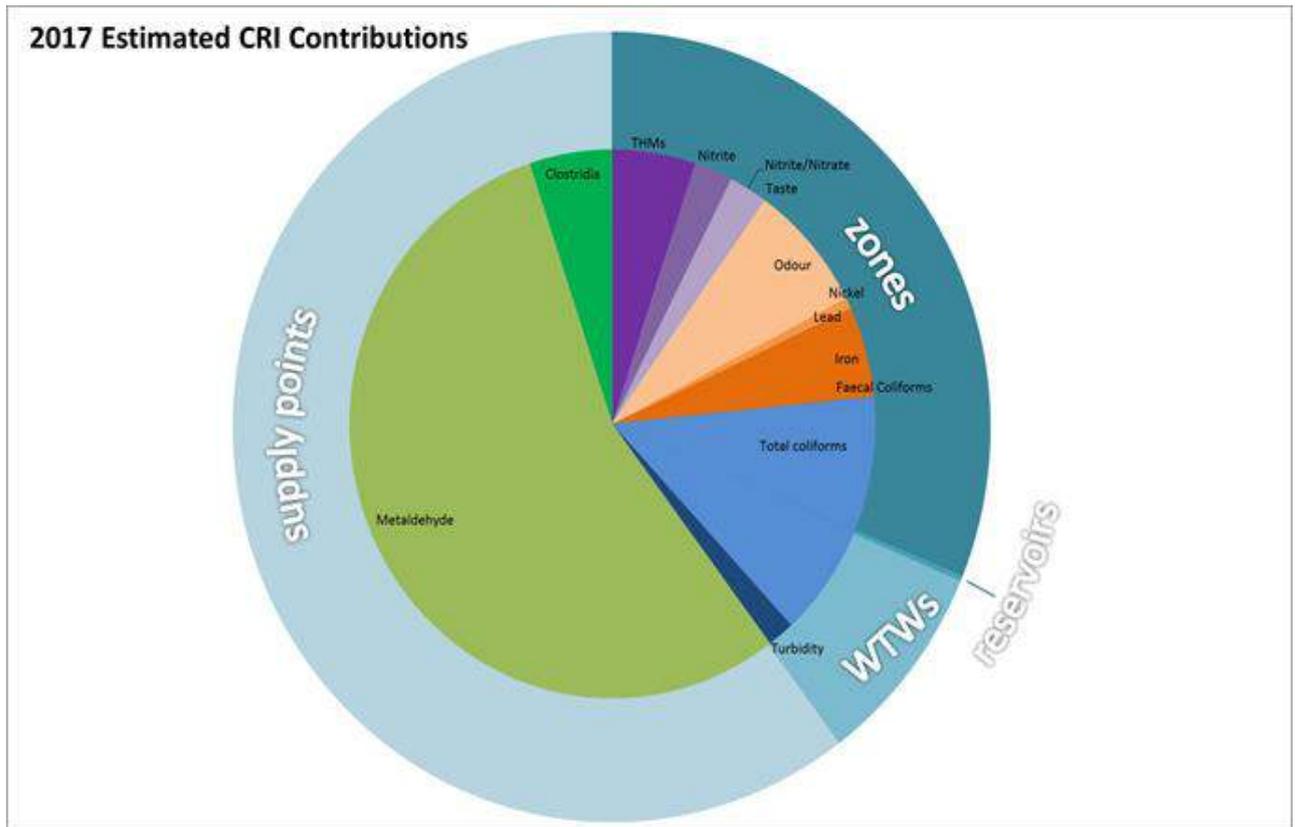
The Supply Point sub-measure includes regulatory sampling we carry out for a range of parameters including metaldehyde. Performance against this sub-measure is significantly impacted by this pesticide.

The pesticide standard for metaldehyde within the Water Supply (Water Quality) Regulations 2016 is set below the level harmful to human health.¹⁵ We do have occasional failures of the pesticide standard due to metaldehyde each year (for 2017, 9 failures from 777 regulatory pesticide samples). These failures are not at a level that would impact on our customer's health. As the graphic below shows pesticide sample failures related to metaldehyde have a significant impact on our CRI performance and accounted for over 50% of our total water quality failures for 2017 (estimated as this is calculated by Anglian Water, we await the final calculation from DWI).

¹⁵ DWI consumer guidance on pesticides:
<http://www.dwi.gov.uk/consumers/advice-leaflets/pesticides.pdf>

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Figure 8: estimated contributions to our 2017 CRI



Control of metaldehyde is not wholly within our gift. This pesticide is very difficult to adequately remove by conventional water treatment processes. Therefore, we actively influence third parties to reduce their use of the pesticide before it reaches water courses.

We work collaboratively with a range of local stakeholders through our catchment management work to raise awareness of the issues associated with metaldehyde. Examples include our 'Slug it Out' campaign targeting incentivising agriculture to replace using metaldehyde based slug pellets with an alternative, recognising the benefits this has both on the presence of metaldehyde in receiving water courses and the benefit to customers as this approach potentially reduces the need for expensive, capital intensive metaldehyde treatment processes at Water Treatment Works. In the period 2020-25 we are committed to extend our catchment management programmes by working with more farmers, funding research and development of on farm innovations, sharing out data and models to help others identify high-risk land and work with policy makers to ensure water quality remains a priority.

There is potential for the UK government to impose a targeted ban for metaldehyde. However, it is not clear whether this will be implemented and if it is implemented what form it will take, or indeed the timescales. We have also been engaging with Defra on this issue.

We agree with Ofwat's proposal in the final methodology that there should be financial incentives associated with company performance on drinking

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water quality as part of the suite of common measures. Consistent with the final methodology, our proposal for financial incentives relating to CRI and its sub-measures are underperformance (penalty) only.

Based on the metaldehyde position outlined above, we do not think it is appropriate for financial incentives to apply to a measurement that is not directly linked to our performance as a business. As a remedy to target the financial incentives within the outcomes framework, we propose to disaggregate the overall CRI into component parts (in line with the long list of Asset Health measures set out in Ofwat's final methodology). Under this approach the drinking water quality financial incentives would sit against the three sub-measures of CRI that are not impacted by metaldehyde. To deliver this, we are proposing the four sub-measures as bespoke performance commitments:

- Water Treatment Works
- Supply Points
- Storage Points, and,
- Water Supply Zones.

These bespoke performance commitments are defined in line with the CRI definition on the Ofwat and DWI websites. We believe this will be clearer for customers to see how we are performing against different sub-measures aligning the financial incentives to the aspects with management control.

Engaging stakeholders on our proposals

To develop our evidence base in support of our proposal, we have engaged with the Drinking Water Inspectorate and our CEF on our proposed approach. This engagement has been positive.

We will continue to work with the DWI on the detail of our proposals, including performance commitment levels and deadbands. We are also testing the proposed approach with customers through the on-going engagement on our outline PR19 business plan.

Customers consider catchment management approaches important, stating that they are 'progressive' and 'inclusive'. However, customers clearly stated that they expect to see these approaches as part of a multi-pronged strategy with the government also playing its part by enforcing polluter pays principles including banning harmful agricultural chemicals where necessary.

Conclusion

In light of the significant impact of metaldehyde on our CRI performance, and our reliance on active engagement with third parties to manage its usage, we are proposing that the bespoke Supply Points performance

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commitment is reputational only with financial incentives on each of the three other subcomponents of the CRI measure.

This approach is designed to account for the uncertainty over the targeted ban on the use of metaldehyde. Our approach will evolve as the likelihood, timing and scope of any ban become clearer.

5.2. Water quality contacts

Outcome: Safe, Clean Water

Company performance commitment references:

Water Quality Contacts, PR19ANH_34

Type: Bespoke

Short definition

This measures the number of contacts we receive from customers about the quality of their water.

Measurement

Measured on the basis of the number of contacts per thousand customers. This is a continuation to our existing AMP6 performance commitment and measurement is defined by the Drinking Water Inspectorate (DWI).

Any other information relating to the performance commitment

Customer engagement to date

Water quality continues to be a key priority for us and for our customers.¹⁶

Participants in several qualitative research and engagement activities identified that delivering high quality, safe, clean drinking water is a fundamental expectation of the company. For example, at the Customer Forum events held in 2015 'providing safe reliable and clean drinking water' was rated as the most important responsibility for Anglian Water by those who attended.

In our Acceptability research in our updated Strategic Direction Statement (SDS), customers judged safe, clean water as the most important of Anglian Water's ten outcomes (97% saying this was important).

In the main stage societal valuation study, customers viewed tap water taste, odour and discolouration as important service attributes.

¹⁶ Sophie Ahmad, December 2017, Customer Research and Engagement Synthesis report, Page 66.

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Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels, which measures should be subject to financial incentives and where appropriate the level of incentives. We are undertaking bilateral interviews with our retail customers on our Outline Business Plan.

Full definition of the performance commitment

We will use the definition of 'Customer contacts about water quality' that is published on the Ofwat 'Outcomes Definitions' website (<https://www.ofwat.gov.uk/outcomes-definitions-pr19/>).

6. Supply meets demand

6.1. Leakage

Outcome: Supply meets demand

Company performance commitment reference: Leakage, PR19ANH_5

Type: Common

Short definition

This measure looks at our performance in reducing leakage across the network – both on our pipes but also those on customers' homes. Performance is measured on the volume of water lost.

Measurement & definition

This is a common performance commitment. It is measured and defined by Ofwat. This measure was subject to the recent consistency project conducted by KPMG for Ofwat.

Customer engagement to date

It is clear that customers are very concerned about leaks. Qualitative research suggests leakage is an 'emblematic issue' for water companies (a sign that the company isn't 'doing their bit'). Customers also regard leaks as wasteful of a precious natural resource. Across evidence streams, customers place importance on tackling leaks quickly. Evidence from multiple qualitative sources indicates that tackling leaks is a priority area for further investment.

For our Water Resources Second Stage research customers were presented with a list of potential demand and supply-side options for supplying more water or managing water use, and asked to pick their top three and which options they did not wish to be used. Household customers strongest priority was to use further leakage reduction to support the supply demand balance.

In addition, our Water Resources options survey found that, with a couple of exceptions, customers generally prioritise demand options over new water resource options. They prefer interventions that avoid perceived wastage such as leakage reduction. Household customers allocated second greatest percentage of bill impact to leakage.

The consultation on our draft Water Resources Management Plan 2019 seeks customer views on our prioritisation of leakage and demand management activities. In the main online community trial, customers felt our commitment to reducing leakage was clearly expressed and

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demonstrates that we value their water. They felt this commitment should take pride of place in communications from us.

Initial results from our 'Be the boss'¹⁷ digital engagement tool suggest that 69% of customers support our ambition to deliver frontier shifting reductions in leakage with an associated enhanced outperformance incentive.

In our acceptability research on our performance commitments, we sought customer views on the clarity of our definition for this measure. Following feedback from customers we have adjusted this measure to make it clearer that the measure is about volume of water lost through leaks rather than the number of leaks we record.

Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels, which measures should be subject to financial incentives and where appropriate the level of incentives.

We are including specific engagement on our ambition to continue to reduce leakage and move the industry frontier through:

- A specific question in our **Outline Business Plan** and associated **Acceptability research**.
- **'Be the boss'** seeks to understand customer views on whether we should target further frontier shifting leakage performance and gives an indication of scale of potential outperformance incentives.
- Through our consultation on **the draft Water Resources Management Plan**.
- **Quantitative surveys** of customer views on the appropriate scale of incentives, with questions around enhanced incentives for leakage and some other performance commitments.

¹⁷ Be the boss is an online engagement tool which seeks to elicit customer views on the critical choices we face.

6.2. Per capita consumption (PCC)

Outcome: Supply meets demand

Company performance commitment reference: Per capita consumption, PR19ANH_6

Type: Common

Short definition

This measure looks at how successful we have been helping customers reduce the amount of water they use in their homes. This could be through education programmes or helping with water efficiency devices or equipment.

Measurement & definition

This is a common performance commitment. It is measured and defined by Ofwat. PCC reporting was subject to the recent consistency project conducted by KPMG for Ofwat.

In 2017 with three other water companies we commissioned a study by Artesia Consulting¹⁸. This report found that there was clear variation in both the reported PCC and estimation approaches to PCC and per household consumption (PHC) in different regions.

Customer engagement to date

In our Acceptability research on the Strategic Direction Statement (SDS), supply meets demand was ranked as the second most important outcome, after safe clean water, (viewed as important by 93% of customers, where the top-ranking outcome was judged to be important by 97% of customers and lowest by 67%). Participants in qualitative research and engagement activities demonstrated awareness of increasing pressures on the water system and the specific vulnerability of the region (associated with population growth and development as well as a changing climate).

During our Water Resources Second Stage research, customers were presented with a list of potential demand and supply-side options for supplying more water or managing water use. Generally, customers prefer options that make best use of existing resource and infrastructure, as opposed to options that involve developing new resources.

¹⁸ Planning for the future: a review of our understanding of household consumption. Available at: http://www.anglianwater.co.uk/_assets/media/long-term-planning-framework.pdf

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'It is blindingly obvious that AW needs to BOTH increase water availability AND reduce water usage per person. A two pronged attack is needed in case one or the other fails.'¹⁹

Among household customers, after the most popular choice, leakage reduction, providing incentives and education to save water was among the most popular options. This option also featured relatively highly in non-household respondents' choices.

Findings from our online community, and the online activities specifically focused on drought resilience, suggest an overarching sentiment that customers feel a responsibility to conserve water.

Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels, which measures should be subject to financial incentives and where appropriate, the level of incentives.

The consultation on draft Water Resources Management Plan seeks customer views on our prioritisation of leakage and demand management activities.

¹⁹ Incling, August 2017, 'Drought resilience: Exploring customer acceptance and buy-in', Page 27.

7. A flourishing environment

7.1. Pollution incidents

Outcome: Flourishing environment

Company performance commitment reference: Pollution incidents, PR19ANH_8

Type: Common

Short definition

Occasionally wastewater gets into the rivers and causes pollution. We work hard to ensure this doesn't happen and this performance commitment looks at the number of pollution incidents each year.

Measurement & definition

This is a common performance commitment. It is measured and defined by Ofwat.

Customer engagement to date

Preventing pollution is a key customer priority. Zero pollutions and flooding is seen as the second most important of Anglian Water's seven water quality and customer satisfaction goals. There is lower tolerance of pollution caused by Anglian Water than by third parties.

Of a range of environmental issues, preventing pollution of the water environment emerges as a priority concern. In the Second Stage Environment (willingness to pay) study more household and business respondents chose this as their top environmental issue than any other choice offered. The Acceptability research also indicates that protecting the water environment (e.g. rivers, wetlands, and coastal waters) is a reasonably high priority for customers (mentioned as one of three top priorities for the company by 53% of participants). Following this respondents to the Domestic Customer survey were asked to complete the investment simulator. The lowest priority (in terms of the proportion of the customers wanting to increase spend from the pre-set level) was river improvements.

When asked to allocate a potential future bill increase to tackling various service problems, households chose to allocate a mid level of resource to pollution incidents. Similar results were found in the non-household survey.

Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels, which measures should be subject to financial incentives and where appropriate, the level of incentives.

7.2. Bathing water attaining excellent status

Outcome: Flourishing environment

Company performance commitment reference: Bathing water attaining excellent status, PR19ANH_19

Type: Bespoke

Short definition

The quality of water around beaches in our region, measured by the Environment Agency.

Measurement

Our performance commitment measures the number of bathing waters designated in April 2020 in our region that attain excellent status, as designated by the Environment Agency (EA). Results are based on a four-year average.

We currently have 49 designated bathing waters. Measurement is undertaken by the EA on a regular basis (May to end September each year) and reported annually (November).

Mitigations / exceptions

N/a

Any other information relating to the performance commitment

This is a revision to our existing performance commitment. The revision to this measure is to change the measurement unit from percentage of bathing waters to an absolute number. We are proposing this variation on the basis that an absolute number is a more transparent measure of performance.

It also mitigates the risk associated with changes to the designation of bathing waters during the AMP as these can be transparently explained to customers should changes arise.

There is a strong link between this performance commitment and the Water Industry National Environment Programme.

We are not the only factor that can impact bathing water quality. Where our assets are shown not to be the cause of bathing water quality deterioration, we will take a catchment management approach to identify and work with the relevant third party sources to help them reduce their impacts.

Customer engagement to date

Participants in our qualitative research and engagement activities felt that the region's beaches were popular with residents and an important draw for visitors.

At the deliberative customer events conducted for PR19, there was strongest support among household customers for going beyond legal standards in relation to beaches, as they were thought to be an important asset for the region's economy. Bathing water quality has been included our societal valuation work for PR19.

Thirty one per cent of respondents in the Domestic Customer survey chose to increase investment on coastal water improvements from the level preset in the investment simulator (the third to last most popular choice on this dimension). Fifty five per cent chose to maintain spending at the current level and fifteen per cent chose to decrease it.

As a bespoke performance commitment this was included in our Accent acceptability research on the short-list of measures. Of our bespoke performance commitments customers ranked this as third in terms of importance, with 88% considering it high or medium.

Through acceptability research on our proposed performance commitments, we have gathered customer views on in-period and end of period incentives. In principle, 61% of household customers prefer in-period incentives.

In follow up interviews with a sub-set of customers, the time period over which the data is gathered and analysed was instrumental in customers changing their preference for this measure being an in-period measure to having a preference for this measure being an end of period measure. Preferences also changed on understanding that there are some external factors that can impact on our performance and it was felt unfair to penalise us immediately for this. It was felt that they should be provided with an opportunity to fix this. But they do not want us to use external parties as an excuse for not hitting targets on an on-going basis.²⁰

Overall we conclude that coastal bathing water quality remains an important issue for customers.

²⁰ Accent, Acceptability Testing: PCs/ODIs, April 2018.

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Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels, which measures should be subject to financial incentives and where appropriate the level of incentives.

Full definition of the performance commitment

The EA classifies bathing waters against four standards: Excellent (required for Blue Flag awards), Good, Sufficient (legal minimum) and Poor.

Our performance commitment measures the number of bathing waters designated in April 2020 in our region that attain excellent status, as designated by the EA. Results are based on a four-year average.

We currently have 49 designated bathing waters. Measurement is undertaken by the EA on a regular basis (May to end September each year) and reported annually (November). Performance would be measured in 2025. The use of end of period incentives for this performance commitment is supported by our customers.

This is a revision to an existing performance commitment. The revision is a change in measurement unit from percentage of bathing waters to an absolute measure.

7.4. Abstraction incentive mechanism

Outcome: Flourishing environment

Company performance commitment reference: Abstraction incentive mechanism, PR19ANH_20

Type: Bespoke

Short definition

This performance commitment incentivises companies to reduce abstraction from ground and surface water at environmentally-sensitive sites, at times of low flows. This will help to improve the resilience of water supplies and ensure that water is provided in a more sustainable way. It is important to protect the environment, especially given the particular challenges of climate change and population growth in our region. This measure looks at our efforts to reduce the abstraction of water from these more sensitive sites.

Measurement

This performance commitment will be measured in megalitres (MI).

Mitigations / exceptions

N/a

Any other information relating to the performance commitment

This is a revision to an existing performance commitment. Ofwat's guidance requires that all companies have a bespoke performance commitment for the AIM.

Customer engagement to date

Improving rivers and canals for the environment is important to customers. When customers understand how much raw water is taken from rivers to supply customers it tends to heighten the importance they attach to river water quality. However when compared to our other bespoke performance commitments, customers ranked this as second last in terms of importance. Still, 73% of customers considered this performance commitment to be high or medium importance.

In our Second Stage Water Resources research customers prioritised further leakage detection and other water efficiency methods as the most important approaches for managing water supplies in future. Alternative sources of water (abstraction, re-use, building new reservoirs and desalination) were all considered less preferable. However, if the environmental impact of river abstraction and desalination are dealt with, these are acceptable water sources to customers.

Anglian Water: performance commitment definitions

Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels, which measures should be subject to financial incentives and where appropriate the level of incentives.

Full definition of the performance commitment

Site selection

Following the guidance provided and in consultation with the Environment Agency, the following abstractions have been determined as being potentially appropriate for our AIM performance commitment. This includes a mix of ground and surface water sites. We provide a full description of how we have identified our proposed sites in line with the guidance in Annex 3 of this document.

Licence no	Source
8/36/11/*G/0070	Wixoe
5/31/12/*G/0005	Wilsthorpe
6/33/58/*S/0040	Marham Surface Water
6/33/56/*G/0198	Marham Ground Water

Costessey (River Wensum), which is currently in our AMP6 Abstraction Incentive Mechanism, will be removed from the list of eligible sites, by 2020, once we have fulfilled our obligations to reduce abstraction at this site. Once this has been completed the site will no longer meet the criteria for inclusion in AIM.

Measurement

In line with Ofwat's guidance, AIM performance in MI is calculated as follows:

(average daily abstraction during period when flows are at or below the trigger threshold - baseline average daily abstraction during period when flows are at or below the trigger threshold) * length of period when flows are at or below the trigger threshold.

Using the guidance referenced above we will measure the AIM performance commitment as the sum of the AIM performance for each site that is eligible within the year.

7.5. Water industry national environment programme

Outcome: Flourishing environment

Company performance commitment reference: Water Industry National Environment Programme (WINEP), PR19ANH_32

Type: Bespoke

Short definition

The Water Industry National Environment Programme (WINEP) details what environmental obligations we need to deliver during the period 2020 to 25. It is developed by the Environment Agency (EA) working with Natural England, Defra and water companies. This performance commitment would create an incentive for delivering these improvements in the most beneficial way to the environment.

Measurement

This performance commitment is measured based on the additional environmental benefits of WINEP obligations relative to the baseline set by the obligation date.

Mitigations / exceptions

This measure will cover all obligations detailed in the agreed WINEP programme. It will also include investigations and projects delivered by third parties.

Any other information relating to the performance commitment

We are proposing that this performance commitment is outperformance only. Our WINEP programme for the period 2020-25 is significantly larger than it has been in the past (we estimate it to be 3-4 times larger than the programme for 2015-20), and represents approximately 20% of the entire programme for the UK Water Industry. The performance commitment is designed to incentivise faster delivery of the WINEP, to unlock benefits for customers and the environment early. We believe this is appropriate as there are existing incentives to ensure delivery on time. To date we have delivered every one of our previous obligations on time. The scale of the programme for AMP7 represents a significant delivery challenge.

There are strong links between the WINEP and other performance commitments or aspects of our performance. Delivery of the obligations within the WINEP will drive significant improvements in river quality and bathing water quality in our region. There is also a link between the WINEP and our natural capital performance commitment. We will seek to deliver WINEP obligations using natural capital solutions where feasible.

Anglian Water: performance commitment definitions

Customer engagement to date

Interest in the environment as an issue varies by customer segment. Customers have mixed views about whether they would be willing to support a company with a poor ethical and environmental policy. However, after affordability, protecting the environment was one of the key reasons given for supporting a package of service improvements in recent research.

Customers involved in our Acceptability research on the SDS rated the environment third of the company's six challenges (seen as important by 85% of customers). A Flourishing Environment was ranked 6th of the 10 outcomes, with 83% of customers thinking this was important. (The highest ranking outcome was seen as important by 97% and the lowest by 67%).

However, when asked to prioritise between just three of the six challenges (climate change, population and economic growth, and environmental protection), customers who took part in the online community trial and who visited the Anglian Water bus chose environmental protection as their top priority.

Improving rivers, coastal waters and canals for the environment is important to customers. When customers understand how much raw water is taken from rivers to supply customers it tends to heighten the importance they attach to river water quality. Following this, respondents to the Domestic Customer survey were asked to complete the investment simulator. The lowest priority (in terms of the proportion of the customers wanting to increase spend from the pre-set level) was river improvements.

Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels, which measures should be subject to financial incentives and where appropriate, the level of incentives.

Full definition of the performance commitment

The WINEP details the statutory obligations placed on companies. It is developed by the EA working with Natural England, Defra and water companies.

It includes (but is not limited to) actions to manage abstractions and raw water transfers, meet River Basin Management objectives, reduce pollution, improve water quality and manage protected areas. It identifies investments that need to be included in business plans and strongly promotes the use of catchment based approaches.

The performance commitment level for this performance commitment is related to the obligations contained within the WINEP. As these are

Anglian Water: performance commitment definitions

developed by the EA they may change between now and 2025 the performance commitment level will adapt accordingly.

There is an agreed alterations process whereby companies and the EA can agree modifications to the WINEP obligations. Any agreed changes would be reflected in the performance commitment level.

Our performance commitment level will be calculated on the basis of the delivery of obligations in the WINEP, each year from a baseline and agree environmental benefits for groups of projects.

7.6. Natural capital

Outcome: Flourishing environment

Company performance commitment reference: Natural Capital, PR19ANH_31

Type: Bespoke

Short definition

We recognise the impact our activities have on the natural environment in our region. For example, our work to improve river water quality can enhance biodiversity and ecosystem function. Conversely, building a new water treatment works could result in the loss of rare species or habitats. Through this measure we will develop and implement a strategy to embed natural capital in decision-making and produce a 'balance sheet' of these activities showing over time whether we are having a positive or negative impact on the natural environment overall.

Measurement

End of year annual review of progress implementing strategy and against key metrics identified within the strategy.

Mitigations / exceptions

N/a

Any other information relating to the performance commitment

Customer engagement to date

Through engagement with customers and wider stakeholders, we agreed four long term ambitions in our Strategic Direction Statement (SDS), one of which related to work with others to achieve significant improvement in ecological quality across our catchments.

Interest in the environment as an issue varies by customer segment. Customers have mixed views about whether they would be willing to support a company with a poor ethical and environmental policy. However, after affordability, protecting the environment was one of the key reasons given for supporting a package of service improvements in recent research.

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). A Flourishing Environment was ranked 6th of the 10 outcomes, with 83% of customers thinking this was important. (The highest ranking outcome was seen as important by 97% and the lowest by 67%).

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However, 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 the Anglian Water bus chose environmental protection as their top priority.

Of our bespoke performance commitments, customers ranked Natural Capital 7th in importance out of the 11 measures.

We believe this is an important performance commitment that will capture the strong customer sentiment for the wider environment.

Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels, which measures should be subject to financial incentives and where appropriate, the level of incentives.

Full definition of the performance commitment

Natural capital describes elements of the natural environment such as water, soil and biodiversity, that, when combined with other capitals, provide services to society. The state and extent of natural capital directly affects the quality of these services. For example, investment to improve final effluent quality will enhance flora and fauna downstream, benefitting water quality, recreation and nature. Conversely a new construction such as a pipe line or new building could result in the loss of biodiversity or reduce soil health.

Natural capital is one of the six recognised sustainable capitals.²¹ We recognise these six capitals and our impact on them. A key area where we can have a positive impact is natural capital.

The concept of natural capital has developed rapidly over recent years. We have contributed to this work, for example by undertaking a natural capital asset register for the Anglian Water region, creating a natural and social capital account for our RiverCare & BeachCare Programme and contributing to UK Water Industry Research work on a natural and social capital accounting tool for the water industry. While the concept is developing, we believe it is appropriate to include an aspirational performance commitment on Natural Capital within our suite of performance commitments.

Our work will continue, culminating in a strategy which will be in place for 2020. An outline strategy will be developed and presented alongside our PR19 business plan.

²¹ The six capitals are: natural capital; social capital; human capital; intellectual capital; financial capital and manufactured capital.

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Natural capital has interactions with some of our other performance commitments. These include our two bespoke carbon performance commitments, our social capital performance commitment, as well as the leakage, abstraction incentive mechanism and per capita consumption common performance commitments. As we develop our strategy we will develop a series of natural capital metrics which we will record and report on to track our performance. Under this banner we will include our performance on managing carbon emissions, delivery of environmental improvements and on demand management and water saving.

Understanding its impacts and dependencies on natural capital will support Anglian Water's decision-making and deliver sustainable solutions to investment needs.

8. Positive impact on communities

8.1. Social capital

Outcome: Positive impact on communities

Company performance commitment reference: Social capital, PR19ANH_33

Type: Bespoke

Short definition

Social capital can be defined as the value of the connections and interactions between businesses, individuals or networks of individuals. The resources include those of tangible and non-tangible assets, such as information and innovative ideas.

This measure seeks to recognise our role within a wider network of actors and to ensure that we develop approaches and decision making processes which measure, and in due course, maximise the positive contribution we give to our customers, the environment, and society at large.

Measurement

A proposed annual review of progress implementing strategy and against key metrics identified within the strategy.

This measure strongly compliments both our natural capital and carbon performance commitments.

Mitigations / exceptions

N/a

Any other information relating to the performance commitment

Customer engagement to date

The role water companies play in contributing to the wider public interest is currently the focus of intense scrutiny by both the Government and Regulators.

In our Acceptability research on the Strategic Direction Statement (SDS), positive impact on communities was ranked 8th of the 10 outcomes in terms of importance, however it was still seen as important by 81% of customers.

There is currently limited understanding of our activities in the community. The vast majority of customers are supportive, though they view these activities as less important than delivering the 'core' service.

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Customers feel this is important in shaping a generation of future customers who will be more focused on water conservation.

In terms of impact of the company on the community, the main complaint is about leaks in public places. Road closures and traffic disruption are regarded as the worst side effects of work taking place.

Customers see our role as a local employer as one of the most important, positive, contributions we can make. There is support for our various skills, employment, and workplace wellbeing initiatives.

Full definition of the performance commitment

There is a strong link between this performance commitment and our Natural Capital performance commitment.

Social capital is one of the six recognised sustainable capitals.²² We recognise these six capitals and our impact on them. A key area where we can have a positive impact is social capital.

The concept of social capital has developed rapidly in recent years. We are already actively involved in this area, through our schools and our apprenticeship programmes. While the concept is developing, we believe it is appropriate to include an aspirational performance commitment on Social Capital within our suite of performance commitments.

Our work will continue, culminating in a strategy which will be in place for by 2020. An outline strategy will be developed and presented alongside our PR19 business plan.

Social capital has interactions with some of our other performance commitments. These include our two vulnerability performance commitments, C-MeX, as well as the leakage and per capita consumption common performance commitments. As we develop our strategy we will develop a series of social capital metrics which we will record and report to track our performance.

Understanding its impacts and dependencies on natural capital will support our decision-making and deliver sustainable solutions to investment needs.

²² The six capitals are: natural capital; social capital; human capital; intellectual capital; financial capital and manufactured capital.

8.2. Supporting customers in vulnerable circumstances (qualitative)

Outcome: Positive impact on communities

Company performance commitment reference: Supporting customers in vulnerable circumstances (qualitative), PR19ANH_21

Type: Bespoke

Short definition

Vulnerability relates to customers whose characteristics, situation or circumstances, mean that they may need sensitive, well-designed and flexible support and services. For example, customers with hearing difficulties may need a home visit to be told about an interruption to their service. Our ability to have a positive impact on our communities in this area depends on the quality of service provision to customers with a wide range of support needs. Our qualitative performance commitment measures this overall support provision through an independent assessment of our support for customers in vulnerable circumstances.

This performance commitment should be viewed alongside our quantitative vulnerability performance commitment to give an overall view of how we are supporting customers in vulnerable circumstances.

Measurement

We propose an annual assessment by consultants and an independent panel.

The independent assessment will be presented to an independent panel for challenge. The final score proposed after this panel's review will be reported and published to justify the final score we receive (and particularly to explain any adjustments to the consultant's score by the Panel).

Mitigations / exceptions

N/a

Any other information relating to the performance commitment

Customer engagement to date

In 2017, we carried out two in-depth pieces of engagement with customers in vulnerable circumstances with the aim of helping us to understand the nature of vulnerability in our region. This research was conducted by Accent and Community Research. The work highlighted the complex nature of vulnerability, encompassing financial, language, physical and mental health related situations among others, and that a

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customer's support need depends on their emotional responses to circumstances, as well as the circumstances themselves.

Several options were considered in the development of the vulnerability performance commitment to help ensure we provide the right support to customers in such circumstances, and that put in place an incentive to improve support to customers in vulnerable circumstances as a whole.

The findings of the 2017 engagement informed the proposal to use a holistic independent assessment of our overall support for customers in vulnerable circumstances. A single simple metric would not reflect the overall experience of customers.

Recognising that the earlier engagement had focussed on customers in vulnerable circumstances, a survey was held with customers on our online community (representing our broader customer base) to elicit support for the provision of services to customers in vulnerable customers (including an independent panel assessment). 70% of customer supported the idea of having such a panel. There was some challenge particularly in relation to ensuring customers are represented in such an assessment and having reassurance around the panel process.

Given the qualitative nature of this assessment, and the feedback from our online community it was considered appropriate to pair this measure with a quantitative metric. As the priority services register is a key route through which customers in vulnerable circumstances receive support from us, and reflecting that the number of customers on the register as a key improvement area, this was considered the most appropriate quantitative measure for the performance commitment. Our customer engagement in April and May 2018 is explicitly testing customer support for the use of this metrics.

As a bespoke performance commitment this was included in our Accent acceptability research on the short-list of measures. Of our bespoke performance commitments customers ranked this second in terms of importance, with 93% considering it high or medium importance.

Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels, which measures should be subject to financial incentives and where appropriate, the level of incentives.

Full definition of the performance commitment

An independent consultant and/or independent panel will judge our performance against five criteria:

- Understanding and commitment to supporting customers in vulnerable circumstances
- Quality and use of data and information

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- Management and use of the priority services register
- Developing and utilising partnerships
- Embedding a strategy for addressing vulnerability in systems, processes and customer interactions.

We will establish an appropriate independent panel. This could be a sub-group of our existing CEF (there is a vulnerability and affordability sub-group), our customer board or a panel recruited specifically for the assessment similar to the panel used by Ofgem for the stakeholder engagement and consumer vulnerability incentive (SECV).

Detailed sub-criteria against which we propose to be assessed are attached as an appendix. These are based upon the same criteria as used to assess distribution network operators as part of the SECV incentive. This will allow us to externally benchmark our performance with other sectors. We have reproduced the criteria for use in the water sector in Annex 4.

We propose we shall receive a score out of 10 for each of the five criteria listed above, giving a total score out of 50. Our performance commitment will be based on this total score out of 50.

An independent consultant will undertake the assessment and present this to an independent panel. This Panel will determine whether there are any reasonable grounds upon which to adjust the consultant's suggested score (for example, to build in evidence from customer engagement).

8.3. Supporting customers in vulnerable circumstances (quantitative)

Outcome: Positive impact on communities

Company performance commitment reference: Supporting customers in vulnerable circumstances (qualitative), PR19ANH_22

Type: Bespoke

Short definition

Vulnerability relates to customers whose characteristics, situation or circumstances, mean that they may need sensitive, well-designed and flexible support and service. For example, customers with hearing difficulties may need a home visit to be told about an interruption to their service. A key part of the support we offer to customers in vulnerable circumstances is the priority services register (PSR). The PSR identifies customers in our region who may need extra help, for example when they experience and interruption to supply. The performance commitment is based on the number of customers on our PSR.

This performance commitment should be viewed alongside our qualitative vulnerability performance commitment.

Measurement

Performance is measured based on the number of customers registered on our priority services register as at March 31 each year (in line with the business plan data tables definition as per table App4, customer metrics).

Our performance will be based on a comparison of the number of customers on the priority service register against our performance commitment level (PCL).

Mitigations / exceptions

N/a

Any other information relating to the performance commitment

See Section 8.1 for details of our customer engagement on our vulnerability performance commitments.

Full definition of the performance commitment

Vulnerability relates to customers whose characteristics, situation or circumstances, mean that they may need sensitive, well-designed and flexible support and service. For example, customers with hearing difficulties may need a home visit to be told about an interruption to their service. A key part of the support we offer to customers in vulnerable

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circumstances is the priority services register (PSR). The PSR identifies customers in our region who may need extra help, for example when they experience an interruption to supply. The performance commitment is based on the number of customers on our PSR.

Customers can register for the PSR through a number of means and we maintain a central database.

Performance is measured based on the number of customers registered on our priority services register as at March 31 each year (in line with the business plan data tables definition as per table App4, customer metrics).

9. Resilient business

9.1. Risk of severe restrictions in a drought

Outcome: Resilient business

Company performance commitment reference: Risk of severe restrictions in a drought, PR19ANH_9

Type: Common

Short definition

During exceptionally dry periods customers may experience restrictions to their water usage and/or supply. For example the imposition of hosepipe bans or in more extreme cases the use of rota cuts and temporary interruptions to supply. This measure looks at the percentage of our customers at risk of these restrictions once every 200 years.

Measurement & definition

This is a common performance commitment. It is measured and defined by Ofwat.

Any other information relating to the performance commitment

Customer engagement to date

Resilience to drought is a key concern for customers and we have engaged extensively on it through a number of channels.

Our online community activities specifically focused on drought resilience found that measures such as hosepipe bans and non-essential use bans don't feel overly detrimental to customers. While customers had some concerns about the potential impact of non-essential bans on local businesses and employment, they were much more concerned about 'severe' measures that could drastically affect their quality of life (and potentially customer safety).

Customers who took part felt that rota cuts were severe enough to be avoided. Their primary concern was about sanitation (being able to flush the toilet). However, they were reassured that emergency services will still operate, and felt that with sufficient planning and communication the experience may be bearable for a short time. However, having no tap water at all felt too extreme and was rejected by most customers and viewed as a serious failure.

Evidence from multiple qualitative and quantitative sources suggests customers and stakeholders have some awareness of increasing pressures on the water system and the specific vulnerability of the region from

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drought and climate change. Those people who took part in qualitative research and engagement activities demonstrated a particular awareness of and concern about issues relating to population growth/development, as well as changes in the weather.

Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels.

We are engaging with customers on our proposals to improve resilience through the consultation on our draft Water Resources Management Plan.

9.2. Risk of sewer flooding in a storm

Outcome: Resilient business

Company performance commitment reference: Risk of sewer flooding in a storm, PR19ANH_10

Type: Common

Short definition

During extreme rainfall periods there is a risk that wastewater can escape from our pipes and cause flooding in open areas or inside people's homes. This measure looks at the percentage of customers at risk of suffering these impacts during a storm that would occur on average once in every 50 years.

Measurement & definition

This is a common performance commitment. It is measured and defined by Ofwat.

Any other information relating to the performance commitment

Customer engagement to date

Preventing pollution is a key customer priority. Zero pollutions and flooding is seen as the second most important of Anglian Water's seven water quality and customer satisfaction goals.

Across multiple qualitative research and engagement activities, customers and stakeholders express general support for preventative action and long-term planning to build resilience. Although it is initially difficult to engage customers on the topic of resilience, this seems to be viewed as the most important of Anglian Water's four long-term strategic ambitions. Severe water restrictions are one of the most unwanted service failures and customers are willing to pay to prevent this.

Results from the main online community trial confirm that customers are 'awakened' to resilience challenges once they are explained to them. When asked to rank our four ambitions set out in the refresh of our Strategic Direction Statement (SDS), 'making the East of England resilient from drought and flooding' was voted top priority by two thirds of customers.

In our Acceptability testing on the SDS, flooding was one of the areas that customers were keen to see more emphasis on in the ten outcomes. Of Anglian Water's seven water quality and customer satisfaction goals, zero pollutions and flooding was voted second most important, after compliant and chemical-free drinking water, (with 93% of customers saying this was important).

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Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels.

9.3. Percentage of population supplied by a single supply system

Outcome: Resilient business

Company performance commitment reference: Percentage of population supplied by a single supply system, PR19ANH_15

Type: Bespoke

Measurement

This performance commitment is measured as the percentage of our water customers that are supplied by a single system. Measurement is conducted annually based on the schemes delivered within the year. Reporting is conducted on an annual basis.

Mitigations / exceptions

N/a

Any other information relating to the performance commitment

This is a continuation of our existing performance commitment. It reflects our on-going focus on resilience and is closely linked to our Water Resources Management Plan.

Any other information relating to the performance commitment

Resilience to drought is a key concern for customers and we have engaged on it through a number of channels. Although it is initially difficult to engage customers on the topic of resilience, this seems to be viewed as the most important of Anglian Water's four long-term ambitions set out in our SDS. Severe water restrictions are one of the most unwanted service failures and customers are willing to pay to prevent this.

Interruptions to supply are among the most common problems experienced by both household and non household customers, and a priority for improvement for both types of customer.

Of our bespoke performance commitments, customers ranked this performance commitment 9th in importance out of the 11 measures. This suggests customers are more concerned with how this performance commitment interacts with the service they receive, rather than the measure of resilience. We believe it is appropriate to retain this performance commitment as resilience is important to customers and Ofwat's guidance requires a bespoke performance commitment on resilience.

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Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels, which measures should be subject to financial incentives and where appropriate the level of incentives.

Full definition of the performance commitment

This performance commitment is defined as the proportion of all of our water services household customers exposed to the risk of loss of supply due to a resilience event. This includes works failures in multiple source systems which result in the loss of supply to some customers.

Performance is measured based on identifying the resulting water supply deficit if each of our water treatment works were taken out of service for a prolonged period. The water deficit is then converted to an equivalent number of household customers and the % of population at risk calculated. The risk to the whole region has been summed to form the performance across our region.

This performance commitment is measured on the % of our total water services customers that are supplied by a single system. Measurement is conducted annually based on the schemes delivered within the year. Reporting is conducted on an annual basis.

10. Investing for tomorrow

10.1. Total mains bursts

Outcome: Investing for tomorrow

Company performance commitment reference: Total mains bursts, PR19ANH_11

Type: Common

Short definition

The total number of mains bursts per 1,000 km of pipes.

Measurement & definition

This is a common performance commitment. It is measured and defined by Ofwat. This measure was subject to the recent consistency project conducted by KPMG for Ofwat.

Any other information relating to the performance commitment

Customer engagement to date

Customers expect us to do our bit to conserve water. They are particularly concerned about leaks, which are seen as an 'emblematic issue'. Leaks are a clear priority for future investment. Customers do not readily differentiate between 'bursts' and 'leaks'.

A key driver of concern about leaks is the perception that they lead to higher bills. Leaks are also seen as one reason why restrictions are sometimes necessary, and tackling them is a customer priority for dealing with the deficit. Customers support the zero leakage and bursts target, but want to know how it will be achieved in practice.

Where customers reported having previously had a service issue, leaks were the second most frequently reported service incident for both household and business respondents. Customers noted our proactive approach to seeking customer participation in finding and fixing leaks.

Qualitative research suggests leakage is an 'emblematic issue' for water companies (a sign that the company isn't 'doing their bit'). Customers also regard leaks as wasteful of a precious natural resource. Across evidence streams, some customers also worry that if the company doesn't mend leaks this may be a disincentive for customers to save water.

Of our seven water quality and customer satisfaction goals, zero leakage and bursts was ranked 3rd of 7 (seen as important by 92% customers).

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On Asset Health

Our water resources focus groups identified that, for many customers, imagining the future is a difficult and sometimes worrying task. The pressures of everyday life mean many customers are focused on getting through the next few weeks or months. The focus group leaders concluded that Anglian Water needs to find ways to show how planning for the future will make things better for customers today.

Customers readily identify with the range of factors, specifically those weather related, which can cause water to escape from our network. These include weather related factors. Customers' priorities remain focussed on maintaining the supply of water when bursts or other escapes of water occur on the network.

Some customers who took part in the online community trial felt phrases like 'renew our assets' were unclear and wanted more information about the scale of the problem and how Anglian Water will tackle it in practice. Quotes from customers who took part indicate that some would like more detail on targets and timescales. However, other research and engagement suggests some customers would like the company to just 'get on with it' and would not welcome greater responsibility for making decisions about these issues.

In response to customer feedback on the description of this performance commitment, we have sought to simplify it and remove references to the term asset health.

Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels, which measures should be subject to financial incentives and where appropriate the level of incentives.

Interplay with other incentives

Background

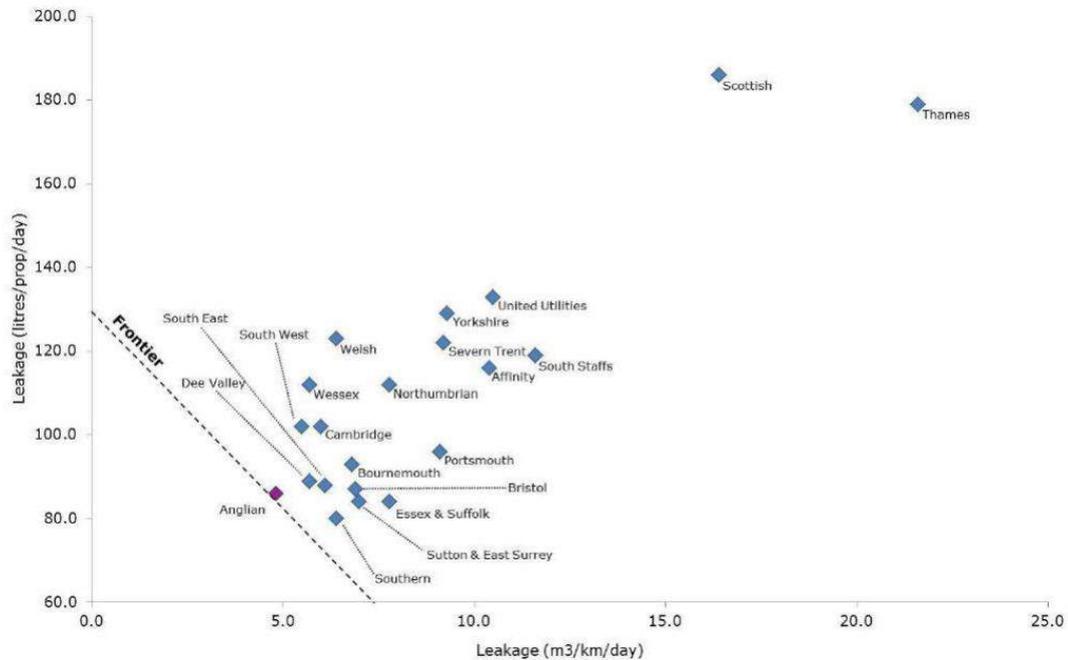
We agree with financial incentives associated with company performance for maintaining the health of their assets as proposed in the PR19 methodology.

As the frontier company for leakage, maintaining the right incentives to continue to push the frontier is critical. We have invested in the staff and technology to enable us to target bursts that may not be visually identified by the public. Our strong performance has been enabled by improving asset health and stopping these leaks earlier.

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The expectation to continue to drive leakage down even further, from the frontier performance we deliver today, aligns with the priorities of our customers.²³

Figure 9: industry leakage performance, 2016-17



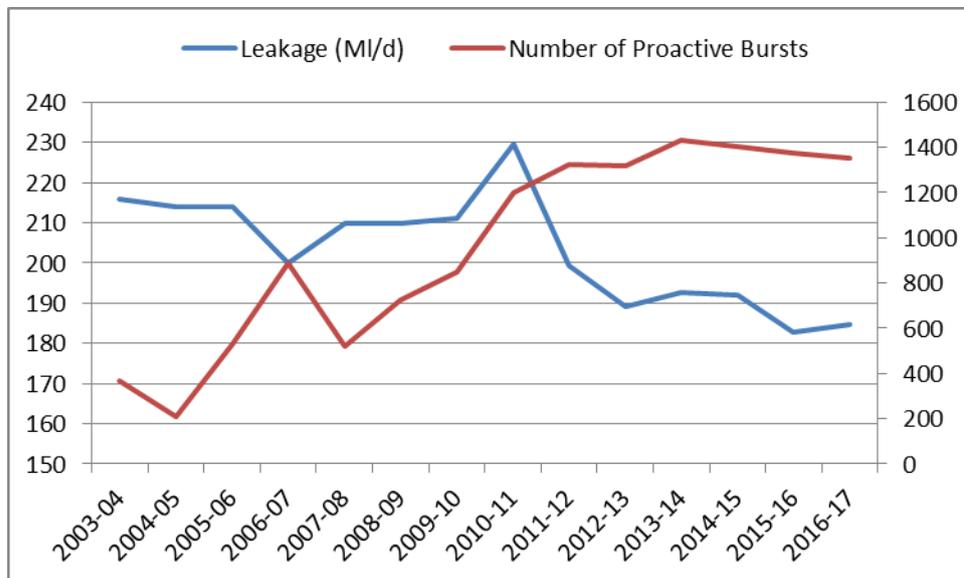
We have previously set out our reservations regarding the use of a total bursts performance commitment. In our responses to both the outcomes framework consultation in January 2017 and our Draft PR19 Methodology response we expressed our concern that proactively identified burst mains as part of leakage detection efforts will be counted as within the total mains bursts performance commitment. This creates the risk of a perverse incentive which, unless appropriately calibrated, would penalise companies' with leading leakage performance, a function of which is to carry out significant leakage detection activities and is the result of having committed investment in proactive leakage detection.

²³ Sophie Ahmad, December 2017, Customer Research and Engagement Synthesis report, Page 100

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Figure 10 illustrates how our focus on proactively detecting mains bursts correlates to our strong performance in reducing leakage.

Figure 10: our leakage performance and proactive main burst detection



This concern is shared by others across the industry. In the recent joint KPMG and Jacobs 'Targeted review of common performance commitments', which was carried out on behalf of Ofwat and Water UK, it was suggested that companies study in more detail the effect of proactive leakage detection on mains burst numbers. See recommendation below:

#	Issue	Proposal
MPR5	A number of companies highlighted the need for more guidance on defining reported/detected main repairs.	A working group is recommended to study this subject. Detected is from pro-active leakage detection activities. Reactive is from customers/ third party/ employees whose activity is not the identification of network issues, for example leakage. There was a difference in opinion in how leaks identified from telemetry should be classified (are companies reacting to an observed burst, or are they detecting the burst using their telemetry?).

Proposals

Our PR19 business plan and Water Resource Management Plan (WRMP) will place a significant emphasis on continuing to move the frontier on leakage, in line with our customers' priorities. This is a significant concern for our customers and a corner stone of our long term plans to manage supply and demand as set out in our Draft WRMP.²⁴

We have already made progress in managing these conflicting incentives.

In AMP6 we have a reactive mains bursts performance commitment. This incentive is based on a rigorous and robust dataset on reactive mains

²⁴ <http://www.anglianwater.co.uk/about-us/draft-water-resources-management-plan-2019.aspx>

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bursts with a 17 year data history. This data has been subject to our internal and external assurance processes. This is complimented by our leading predictive analytics tools which we use to forecast the number of bursts expected on our network.

For PR19, we are considering a number of options to ensure the incentives align to support delivery of our long term water resources strategy which we have developed with our customers.

Our preferred option is to use the total bursts measure appropriately calibrated such that the performance commitment level reflects the role of proactively found leaks as part of our emphasis on leakage reduction. There should be no risk of a perverse incentive there.

Alternatively, another option is for us to include a bespoke performance commitment focused on reactive mains bursts within our suite of performance commitments. We would propose that the financial incentives would sit against the bespoke, reactive mains bursts measure. For completeness we have included within this definition submission and customer engagement materials for a potential reactive mains bursts measure.

10.2. Reactive mains bursts

Outcome: Investing for tomorrow

Company performance commitment reference: Reactive mains bursts, PR19ANH_18

Type: Bespoke

Short definition

Number of reactive mains bursts per thousand kilometres of total length of mains. Mains bursts include all physical repair work to mains from which water is lost. This is attributable to pipes, joints or joint material failures or movement, or caused or deemed to be caused by conditions or original pipe laying or subsequent changes in ground conditions.

This measure will differ from the common measure in that only reactive bursts will be reported. Reactive bursts will be defined as those that have been identified and reported by a customer or another third party before they have been fixed; i.e. net of proactively found leaks and bursts as part of our enhanced leakage detection programme.

Measurement

This performance commitment will be measured as the number of reactive mains bursts per 1,000km of water main, and will be measured on a financial year basis using single-year data and no averaging.

Reactive bursts will be defined as those that have been identified and reported by a customer or another third party before they have been fixed.

Mitigations / exceptions

N/a

Any other information relating to the performance commitment

This performance commitment is designed to incentivise the company to maintain asset health and reduce leakage by proactively finding and fixing bursts and leaks earlier, prior to being reported to us. Where the company identifies a burst quickly, using remote sensing or other means of leakage detection, and reduces leakage as a result the burst will not be counted against this measure. This will prevent further deterioration of the condition of these mains. We have been capturing proactively found leaks for 17 years.

This is the continuation of an existing AMP6 performance commitment.

Anglian Water: performance commitment definitions

Details of our customer engagement on mains bursts is shown in Section 10.1. Of our bespoke performance commitments, customers ranked this performance commitment 4th in importance out of the 11 measures.

Full definition of the performance commitment

We will use the definition of the mains bursts common asset health performance commitment that has been published on the Ofwat 'Outcomes Definitions' website (<https://www.ofwat.gov.uk/outcomes-definitions-pr19/>).

10.3. Unplanned outages

Outcome: Investing for tomorrow

Company performance commitment reference: Unplanned outages, PR19ANH_12

Type: Common

Short definition

Sometimes water treatment works are not able to perform at the capacity for which they were designed due to a fault. In most instances customers are not affected by this reduction in capacity. This measures the number of unplanned outages to provide a picture of the long term resilience of water treatment works.

Measurement & definition

This is a common performance commitment. It is measured and defined by Ofwat. This measure was subject to the recent consistency project conducted by KPMG for Ofwat. Feedback from this project found very little consistency with how companies are capturing information on this measure.

Any other information relating to the performance commitment

Customer engagement to date

In the PR14 Willingness to Pay Study focus groups, both interruptions to supply (an area specifically prompted) and reliability of supply (mentioned spontaneously) were considered important issues for household customers. Shorter interruptions, such as those lasting three to four hours, were regarded as manageable, as people could take contingency action.

Across multiple qualitative research and engagement activities, customers and stakeholders express general support for preventative action and long-term planning to build resilience. Although it is initially difficult to engage customers on the topic of resilience, this seems to be viewed as the most important of Anglian Water's four long-term strategic ambitions. Severe water restrictions are one of the most unwanted service failures and customers are willing to pay to prevent this.

Generally, relative to other measures, there is evidence that customers struggle with this definition in absence of detailed explanation, specifically with reference to the role of planned maintenance of assets as part of operating a resilient supply system.

Anglian Water: performance commitment definitions

In response to customer feedback on the description of this performance commitment, we have sought to simplify it and remove references to the term asset health.

Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels, which measures should be subject to financial incentives and where appropriate the level of incentives.

10.4. Sewer collapses

Outcome: Investing for tomorrow

Company performance commitment reference: Sewer collapses, PR19ANH_13

Type: Common

Short definition

The number of sewer collapses per 1,000 km of pipes.

Measurement & definition

This is a common performance commitment. It is measured and defined by Ofwat. This measure was subject to the recent consistency project conducted by KPMG for Ofwat.

Any other information relating to the performance commitment

Customer engagement to date

Preventing pollution is a key customer priority. Zero pollutions and flooding is seen as the second most important of Anglian Water's seven water quality and customer satisfaction goals. There is less tolerance of pollution caused by Anglian Water than by third parties. Improving rivers and canals is a customer priority for improving the local water environment.

Evidence from some qualitative research and from the deliberative customer events suggests that some customers regard wastewater as an 'invisible' service that they don't think about very much. Research from PR14 suggests that changing the language used to describe the service (from a wastewater to a recycling service) may help it achieve greater prominence in people's minds.

Both household and business customers who responded to the survey regarded most options for reducing flood risk as effective. Confidence was lowest with stopping rainfall from draining into sewers and highest with building more river and sea defences. Participants in our qualitative research and engagement felt that whilst occurring very rarely, sewer flooding was considered a particularly serious and unpleasant service failure.

In response to customer feedback on the description of this performance commitment, we have sought to simplify it and remove references to the term asset health.

Anglian Water: performance commitment definitions

Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels, which measures should be subject to financial incentives and where appropriate the level of incentives.

10.5. Treatment works compliance

Outcome: Investing for tomorrow

Company performance commitment reference: Treatment works compliance, PR19ANH_14

Type: Common

Short definition

The Environment Agency (EA) monitors the standard of discharges from water and wastewater treatment works. We need to comply with the consents given by the EA. There are rare occasions where we might fail to comply – this could be due to a failure of our equipment or in consequence of a third party action which impacts the water supply or wastewater system. This performance commitment measures how we are complying with our consents to discharge from our treatment works.

Measurement & definition

This is a common performance commitment. It is measured and defined by the EA.

Any other information relating to the performance commitment

Customer engagement to date

Preventing pollution is a key customer priority. Zero pollutions and flooding is seen as the second most important of Anglian Water's seven water quality and customer satisfaction goals. There is less tolerance of pollution caused by Anglian Water than by third parties.

The community perception survey suggests that unprompted awareness of our work in protecting rivers is low, although it appears to be slightly higher than for other areas of the company's environmental and community activities.

In response to customer feedback on the description of this performance commitment, we have sought to clarify what compliance related to (i.e. discharges) and remove references to the term asset health which customers do not generally identify with.

Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels, which measures should be subject to financial incentives and where appropriate the level of incentives.

10.6. Properties at risk of persistent low pressure

Outcome: Investing for tomorrow

Company performance commitment reference: Properties at risk of persistent low pressure, PR19ANH_16

Type: Bespoke

Short definition

Persistent low pressure can affect taps, showers and boilers. For example, it could take a long time to fill a sink or bath and a normal shower system may not work properly. This performance commitment measures our progress in reducing the number of properties at risk of being affected by this issue.

It is based on the total number of properties in our region of water supply which, at the end of the year, have received, and are likely to continue to receive, a pressure or flow below the reference level.

Measurement

This performance commitment will be measured as the total number of properties on our low pressure register, measured at the end of each financial year.

Mitigations / exceptions

N/a

Any other information relating to the performance commitment

This is the continuation of an existing performance commitment.

We will continue to use a surrogate for the reference level²⁵ of 13m head. We have used this surrogate value since 2007 and our processes and reporting for this performance commitment are audited annually.

Customer engagement to date

Overall, there are mixed customer views on the priority of low pressure. Views vary dependent on whether the pressure is persistent or temporary.

There appears to be emerging evidence that this issue is diminishing in importance to the customer base, but is still important, particularly for customers directly affected. Of our bespoke performance commitments,

²⁵ The reference level is 10 meters head of pressure at the customer's boundary stop tap.

Anglian Water: performance commitment definitions

customers ranked this performance commitment 4th in importance out of the 11 measures.

Temporary low pressure was the most recently cited experience (21% experiencing this in the last year when asked if they had experience of low pressure in the last 12 months).

Most customers who took part in the dedicated discussion on low pressure on the online community had experienced this problem in some form. However, customers found it difficult to define exactly what low pressure is; they were not aware of any standardised measure, and felt perceptions of it may vary, depending on what customers were accustomed to.

Most customers who had experienced short-term low pressure felt able to adapt their behaviour without this feeling too distressing. However, customers' perceptions of the problem were more negative if their day-to-day activities are affected – for example if it takes longer to shower.

Our online community discussions revealed that those customers who regularly experience low pressure have had to learn to cope with it. Whilst some customers have just accepted the situation, others have changed their own behaviour. Some customers have made more expensive investments to help address the problem in their own property.

When presented with our plans in this area, not all customers immediately supported the idea of the company investing to address all low pressure issues. While approximately half of customers felt it is Anglian Water's responsibility to ensure water supply at a good pressure to all paying customers, around a third felt that the specific needs of each household affected should be considered before Anglian Water decides to invest. (Note, this was not robust quantitative research).

Customers who took part in the online community discussion on low pressure also felt the proposed investment to tackle this issue felt high, considering the relatively small number of properties affected.

Customers found it easier to accept the investment when this was presented as benefitting a group of properties, as this felt more in line with improvements designed to enhance the wider network or in the context of facilitating growth in the region without having an impact on existing properties.

As a result, customers found it difficult to accept an increase in their bill to cover the cost of addressing low pressure. Some customers felt the costs should come from Anglian Water's existing budget.

Anglian Water: performance commitment definitions

Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels, which measures should be subject to financial incentives and where appropriate the level of incentives.

Full definition of the performance commitment

We will use the definition of Properties at risk of receiving low pressure that has been published on the Ofwat 'Outcomes Definitions' website (<https://www.ofwat.gov.uk/wp-content/uploads/2017/12/Properties-at-risk-of-receiving-low-pressure.pdf>).

10.7. External sewer flooding

Outcome: Investing for tomorrow

Company performance commitment reference: External sewer flooding, PR19ANH_17

Type: Bespoke

Short definition

Sewer flooding occurs when sewage escapes from a pipe, through a manhole, from a drain or by backing up in a toilet. External flooding affects gardens and public spaces. This performance commitment is the number of areas affected externally by sewer flooding.

Measurement

This performance commitment will be measured as the total number of incidents of external areas flooding, measured on a financial year basis using single-year data. This measure was subject to the recent consistency project conducted by KPMG for Ofwat.

Mitigations / exceptions

N/a

Any other information relating to the performance commitment

Customer engagement to date

Participants in qualitative research and engagement activities expressed the view that sewer flooding was a particularly serious and unpleasant service failure, albeit one that occurs rarely.

According to multiply sources, sewer flooding is viewed as much worse than water flooding – even when the extent of the damage caused by each is the same. This is primarily because of the perceived health risk customers associate with sewer flooding. The study suggests that sewer flooding in the home is viewed as most serious by both household and business customers.

In our Water Resources Second Stage research, of the 10 service issues explored as part of the first, 'package', element of the survey, sewer flooding affecting homes, gardens, or nearby public places was the issue that had affected the smallest percentage of household respondents. Fifteen per cent had experienced this at some point, 4% in the past year, and 10% in the past five years. Seventy nine per cent of household customers had never experienced this.

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In our segmentation research, 19.5% of the sample strongly agreed that they were willing to pay more now to protect other people from being flooded with sewage.

Our wellbeing research found that internal sewer flooding has less aggregate wellbeing impact per event than external sewer flooding. This is a change from our research at PR14. This is because an internal flood typically affects just one or a few households, even though the impact on those affected is high. An external flooding has a much lower wellbeing impact per affected household, but the aggregate value per event is higher as more customers are affected.

This remains a very important issue for customers and it is appropriate that we have a performance commitment on it. Of our bespoke performance commitments, customers ranked this performance commitment 1st in importance out of the 11 measures.

Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels, which measures should be subject to financial incentives and where appropriate the level of incentives.

Full definition of the performance commitment

We will use the definition of External Sewer Flooding that has been agreed through industry work on consistency and is published on the Ofwat 'Outcomes Definitions' website (<https://www.ofwat.gov.uk/outcomes-definitions-pr19/>).

11. Fair charges, fair returns

11.1. Managing void properties

Outcome: Fair charges, fair returns

Company performance commitment reference: Managing void properties, PR19ANH_23

Type: Bespoke

Short definition

When household properties that are connected to our network are identified as being unfurnished and having no consumption, we classify these properties as 'void' and do not bill the property until these conditions no longer apply. Where a property becomes occupied but continues to be classified as 'void', the occupier is not charged for the water used. This results in a cross-subsidy from those customers who are billed. Identifying where properties classed as 'void' have been occupied and bringing them into charge is therefore an important component for ensuring all customers are charged fairly.

Ofwat's guidance requires that all companies have a bespoke performance commitment for voids.

Measurement

An audit of a sample (1,000) of properties which are classified as long term 'void' (i.e. classed as void for at least 6 months) to identify whether there has been consumption at the property. The audit will be conducted on an annual basis, through a comparison of meter reads taken 1-2 months apart at the randomly selected properties which have been classified as void, in order to identify consumption at a property. The survey will be conducted on metered properties.

The level of performance will be shared with customers on an annual basis. The audit of the sample of properties will receive assurance to ensure the accuracy and reliability of the reported performance level.

Mitigations / exceptions

N/a

Any other information relating to the performance commitment

Customer engagement to date

In our Acceptability research on the SDS, customers were introduced to Anglian Water's six major challenges (climate change, population and

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economic growth, environmental protection, affordability and customer expectations, planning for the future, and markets, structure and financing of the industry). Customers felt the most important was affordability and customer expectations (89% saying this was important).

Of our 10 outcomes, 'fair charges' was voted 3rd most important (voted as important by 92% of customers).

Of our proposed bespoke performance commitments, managing void properties was ranked 11th out of 11. It was considered high or medium importance by 73% of customers.

Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels, which measures should be subject to financial incentives and where appropriate the level of incentives.

Full definition of the performance commitment

The number of long-term (>6 month) void properties judged to be consuming water, expressed as a percentage of all billable properties. When household properties that are connected to our network are identified as being unfurnished and having no consumption, we classify these properties as 'void'.

All metered properties which have been classed as void for more than six months will be identified. From this, a random sample of 1,100 properties will be visited to determine whether there is consumption at the property despite it being classified as void (visiting 1,100 properties builds in a contingency of 100 properties to account for any inaccessible meters). This will consist of two readings of each property's meter each year (one in early September and another at the end of October) to identify whether there is consumption at the property over this period.

The sample will include properties which are billed by us. Where another water/sewerage company bills a property on our behalf, this limits our ability to identify a property as occupied or void. We also recognise that these companies are also required to have a plan in place to manage occupied voids in their PR19 business plans.

The sample will include metered properties. Unmetered properties will not be included in the sample as consumption cannot be reliably identified at these properties. By 2020, we expect that over 90% of properties in our region will be metered and this proportion will increase. Therefore this exclusion applies to a small, and decreasing, proportion of the properties in our region.

The sample will include properties with accessible meters. For properties with an inaccessible meter we will not be able to identify consumption.

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Inability to access the meter does not necessarily mean the property is truly unoccupied, however the proportion of properties will be small.

The result of the audit will give the percentage of properties in the sample that are found to consume water and thus should be classified as occupied.

This percentage will be applied to the total number of properties that we classify as long term void to give an overall extrapolated failure rate. This will give an estimate of the total number of properties which we classify as 'void' but are occupied.

We will report this estimate of the number of properties incorrectly classed as void to customers on an annual basis, expressed as a percentage of the total number of billable properties.

12. A smaller footprint

12.1. Operational carbon

Outcome: A smaller footprint

Company performance commitment reference: Operational carbon, PR19ANH_24

Type: Bespoke

Short definition

We seek to reduce the carbon emissions that result from our day to day activities. This performance commitment tracks our success to delivering our long term goal of being carbon neutral by 2050.

Measurement

We will continue to measure our emissions using the agreed UK Water Industry Research Ltd (UKWIR) Carbon Accounting Workbook²⁶ and continue reporting in line with the international standard for reporting greenhouse gas emissions, ISO-14064.

Our emissions will be compared to a 2020 baseline and reported as a percentage change in gross operational carbon. Performance is also measured and reported to the Board on a monthly basis in tonnes of carbon dioxide equivalent saved.

Mitigations / exceptions

N/a

Any other information relating to the performance commitment

Customer engagement to date

Through discussion with our customers on our SDS, we set ourselves four long-term ambitions one of which was to be a carbon neutral business by 2050.

Customers support us reducing our carbon footprint, as the biggest consumer of energy and emitter of CO₂ in the region. However, it is ranked low in order of importance of the 10 outcomes (voted as important by 74% of customers). Views are mixed about whether there is a leading role for the company in this area more widely. Customers want to see more detail on how carbon neutrality ambitions will be met, including some interim targets and milestones.

²⁶ <https://www.ukwir.org/146387?object=151275>

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When customers were introduced to Anglian Water's water quality and customer satisfaction goals (zero pollution and flooding, zero leakage and bursts, 80 litres per person per day, 100% compliant and chemical free drinking water, 100% customer satisfaction, energy neutrality, and a circular economy), energy neutrality was ranked 5th of the seven goals, voted as important by 77% of customers.

Of our bespoke performance commitments, customers ranked operational and capital carbon as 5th and 6th (of 11) in importance respectively. The measures were considered high or medium importance by 76% and 75% of customers respectively.

Planned further engagement

Alongside the Outline Business Plan consultation, we are engaging with customers on our proposed performance commitment levels, which measures should be subject to financial incentives and where appropriate the level of incentives.

Full definition of the performance commitment

We measure emissions using the UKWIR Carbon Accounting Workbook which is updated on annual basis in line with changes to UK government emission conversion factors for greenhouse gas reporting.

Greenhouse gas emissions have been reported since 2010 in line with Defra Environmental reporting guidelines which were last updated in 2013. This provides a consistent and transparent template for reporting that has been available for all stakeholders via the Anglian Water website.

Since 2010, operational carbon emissions have been externally verified and certified through Achilles CEMARS (Certified Emissions Measurement and Reduction Scheme). The audit includes evidence of reporting and implementation of a reduction strategy in line with the requirements of ISO-14064.

Emissions are measured on a monthly basis. On an annual basis data is collected from across the business including metered grid electricity consumption, fossil fuel delivery, sludge treatment and water treatment including ozonation. The data is then compiled within the carbon accounting workbook.

The operational greenhouse gas emissions emitted in the period 2019/20 will be the baseline we measure performance against to 2025. The term 'in real terms' is used to reflect that under business as usual activity emissions would increase due to new assets required for resilience, population growth and tighter environmental consents. The business as usual increase is accounted for within the target set.

Our carbon neutral target 2050 is based on net operational emissions and includes the renewable generation exported from sites.

12.2. Capital carbon

Outcome: A smaller footprint

Company performance commitment reference: Capital carbon, PR19ANH_25

Type: Bespoke

Short definition

We seek to reduce the carbon emissions as a result of work carried out on construction projects. This performance commitment tracks our success to delivering our long term goal of being carbon neutral by 2050.

Measurement

This performance commitment will be measured in a per cent reduction in capital carbon compared to the 2010 baseline.

Mitigations / exceptions

N/a

Any other information relating to the performance commitment

This is the continuation of an existing performance commitment, although the name has been updated from Embodied to Capital Carbon to reflect the latest treasury guidance.

Customer engagement on this performance commitment is discussed in section 12.1.

Full definition of the performance commitment

For each scheme identified within the business plan, a capital carbon baseline is created based on the need and typical solution identified. The baseline includes a 2010 baseline and a new baseline which we will set before 2020.

The capital carbon is measured in tonnes of carbon dioxide equivalent. For each project we review expected emissions (along with cost) at each delivery milestone. The performance commitment will be measured from our 2010 baseline, calculated through the existing models. The PR19 baseline includes emission reductions delivered through the previous two planning periods, e.g. main laying assumes 80% no-dig technique.

In September 2016 we became the first utility to be certified against PAS2080 Carbon Management in Infrastructure. The certification body, LRQA, confirmed the requirements of the standard were met, following a

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detailed audit. This was been repeated in 2017 for successful re-certification. We will seek to maintain this accreditation in the future.

Annex 1: Summary of phase one and phase two assurance reviews



Technical Memorandum

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Subject	Anglian Water PR19 Outcomes Development Review Phases 1 & 2 Executive Summary
Prepared for	Anglian Water Services Ltd
From	Graham Hindley
Date	12 April 2018
Reviewed by	

1. Introduction

Outcomes are the high-level objectives which will be set by each water company. Ofwat is expecting companies to propose stretching performance commitment levels and outcome delivery incentives (ODIs) for AMP7. This includes 14 mandatory performance commitments, bespoke performance commitments, and wider bespoke performance commitments where companies have more discretion.

2. Purpose & scope of review

The assurance review comprised two phases to assess progress on the development of Anglian Water's AMP7 ODIs, including the process followed to identify the short-list of performance commitment measures. It included a review of how adequately Anglian has interpreted and responded to Ofwat's final methodology and the process followed to derive the outputs to date.

Phase 1 (07 February 2018) covered:

- How Anglian had responded to Ofwat's requirements
- Design considerations underpinning the ODI framework
- The 14 common performance commitment measures, ODIs and associated considerations (excluding C-Mex and D-Mex)
- Development of mandatory bespoke ODIs
- Development of company bespoke ODIs
- Proposed changes from AMP6 to AMP7
- How customers are being engaged on our Outcomes

Phase 2 (March 2018) covered:

- Progress since the Phase 1 review (with updates on items marked Blue on the SAR for that review)
- Use of standard definitions for the common performance commitments
- Progress towards completing Ofwat's pro forma for bespoke performance commitments
- Use of plain English for defining bespoke performance commitments and alignment of definitions to Ofwat's four transparency principles
- Customer / stakeholder engagement elements of ODIs development
- How Anglian has responded to feedback from customers / stakeholders
- Process for completing the sections of the data table App 1 required for the 3 May submission

3. Summary of review findings

We set out below our Executive Summary of the review findings. Full details of our review are documented in our Summary Audit Report for each phase of the review.

Anglian Water: performance commitment definitions



Technical Memorandum

Anglian Water PR19 Outcomes Development Review Phases 1 & 2
Summary

Anglian Water has appropriate governance through the its Outcomes Development Group to monitor the development of the Performance Commitments (PCs) and Outcome Delivery Incentives (ODIs). This group feeds to the Strategic Priorities Board which has decision-making authority for AMP7 ODI development and in turn feeds up to the Management Board and ultimately the AWS Board.

Anglian Water has responded diligently to Ofwat's requirements for Outcomes as follows:

- Anglian Water carried out a thorough review of Ofwat's PR19 methodologies to identify requirements set out in the Final Methodology relating to the development of AMP7 Outcomes.
- Anglian Water has set criteria to assess the suitability of PCs. We found evidence of the criteria having clear linkages to the Strategic Direction Statement, Customer Engagement and support for PR19, Consistency with Ofwat's proposed PC framework and scope to deliver stretching performance.
- Anglian Water has included Ofwat's 14 common PCs as set out in the Final Methodology. For 'Mandatory – Bespoke PCs', Anglian Water is proposing measures for asset health (x3), resilience, environmental (pollution incidents), AIM, Vulnerability and Gap Sites & Voids (all x1). Anglian Water is proposing eight Bespoke PCs.
- Anglian Water has engaged extensively with its customers since late 2016, including establishing customers' views which have been used to design Anglian Water's proposed Outcomes. Acceptability testing of the PCs shortlist has been completed independently a representative sample of household and non-household customers. This resulted in definitions of some of PCs being adjusted to be more easily comprehended. Anglian has engaged with both the Customer Engagement Forum and the Sustainability & resilience sub-panel on progress of developing the Outcomes framework.

Our Phase 1 review confirmed the PC design considerations to be logical and supportable with further work needed to fully define some PCs. This work was substantially progressed for the Phase 2 review. Anglian has used its incentive tool to achieve a 'first cut' of the incentive rates which has been based on the draft Business Plan costs (as of 12 Feb) which has derived the incentive rates and economic benefits. The outputs of this analysis have been used a cross check on the proposed performance commitment levels.

Anglian Water is adopting the standard definitions for all measures, but is proposing a different approach to the type of incentive for two of the common measures relative to Ofwat's default position for:

- 'Total mains bursts' where the measure appears at odds with active find and fix leakage activity where a leak may identify a burst main. Anglian Water has data on reactive bursts and is therefore proposing this as a financial PC with total mains bursts as reputational.
- 'Compliance Risk Index' where Anglian has unique circumstances in relation to the extensive use of Metaldehyde by farmers in the region which adversely impacts on CRI performance. Anglian is reliance on engagement with third parties to manage Metaldehyde usage, the success of which is largely outside the Company's control. Anglian therefore proposes that the Supply Points performance commitment element of CRI is only a reputational measure.

We note that Ofwat's Information Note IN 18/02 suggests Ofwat may have little or no flexibility with deviations from its standard definitions. For the bespoke PCs, we reviewed the languages used in the commentary and Section 4 (Ofwat's pro-forma). We are satisfied that the PCs and definitions generally follow Ofwat's transparency principles.

Anglian Water has, in our opinion and to the extent evidenced, progressed the development of its ODIs and PCs. Anglian has carried out initial acceptability testing with customers on its proposed PCs. A variety of engagement methods will be used as part of the current consultation on the Outline Business Plan which will include further view on the proposed PCs.

Annex 2: recent and planned engagements on performance commitments

We have undertaken a major engagement programme with customers and stakeholders on our performance commitments. In 2018, this includes:

- **Acceptability research** on the short definitions and list of bespoke performance commitments.
- Further **testing** with customers of the short definitions of the performance commitments in the first phases of a survey on the scale of incentives and asset health.
- Engagement with the **Customer Engagement Forum (CEF)** on the approach to developing our performance commitments.
- Engagement with the **CEF** (and the provision of summaries) showing how customer views have shaped each of our performance commitment.
- Engagement with the **valuation sub-panel** of the CEF on our societal valuation work and survey on scale of incentives.
- **Societal valuation** research, seeking to understand customer willingness to pay for service improvements.
- Two engagements with **the sustainability and resilience sub-panel**²⁷ of the CEF on the detail of our environmental and resilience performance commitments.
- Engagement with the **Drinking Water Inspectorate** on our approach to the Compliance Risk Index for PR19.

Alongside the Outline Business Plan, we are engaging with customers through a range of channels:

- **Acceptability research** on our proposed performance commitment levels, with 1,600 household and 500 non-household customers. This will be through telephone and online surveys and focus groups. The acceptability research will include potential bill impacts from performance commitments and incentives.
- Engagement through our **online community** on our proposed performance commitment levels, with 500 household customers.
- **Quantitative surveys** of customer views on the appropriate scale of incentives, with a focus on asset health with 600-800 customers.
- **Focus groups with vulnerable customers**, focusing on our leakage and supporting customers in vulnerable circumstances performance commitments.
- **'Be the boss'** digital engagement tool which seeks to elicit customer views on the critical choices we face. It seeks to understand customer views on whether we should target further frontier shifting leakage performance.
- Bilateral interviews with all of our **retail customers**.
- On-going engagement with the **CEF, Environment Agency and DWI**.

²⁷ Membership of this sub-panel includes the Environment Agency and Natural England.

Annex 3: Abstraction Incentive Mechanism site selection

Guidance

The AIM performance commitment will follow the guidance published by Ofwat in February 2016²⁸ and the guidance in the section on AIM in Ofwat's Final Methodology in Appendix 2.²⁹

The criteria for identifying AIM sites are contained in the Ofwat Guidelines on the Abstraction Incentive Mechanism, published in February 2016. These criteria include:

- Identify sites which impact on a surface waterbody.
- Set a trigger point on that waterbody.
- Establish an abstraction baseline for that site.
- Record abstractions at or below that trigger point
- Report abstractions against the historic baseline through the annual performance report.

The Guidelines allow for some filtering of the sites proposed for reporting. This includes:

- Removing sites where there are no alternative sources of water.
- Removing sites where there is an existing hands-off flow condition.
- Removing sites where an environmental assessment is still pending.
- Removing sites where there is no relevant gauging station or it is too distant from the site.
- Removing sites where there is an existing river support scheme.

With the exception of the Marham abstraction from the River Nar, all of our listed WINEP sites are groundwater sources. Due to the buffering nature of aquifers, abstraction from groundwater sources rarely has an immediate impact on river flows. We have decided to use the 95% percentile flow threshold as a generic indicator of low surface water flows.³⁰ Reducing abstraction at these times is unlikely to be of immediate benefit to the environment, and some consideration could be given to using the regional groundwater models to define an alternative groundwater level trigger.

²⁸ https://www.ofwat.gov.uk/wp-content/uploads/2016/02/gud_pro20160226aim.pdf

²⁹ <https://www.ofwat.gov.uk/wp-content/uploads/2017/12/Appendix-2-Outcomes-FM-final.pdf>

³⁰ If all river flows are 100% then the 95% quartile (Q95) represents the lowest 5% of flows. The EA often use Q95 as a default threshold.

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Approach

To comply with the requirement to include sites listed in WINEP, but where environmental assessments are not pending, we propose to start with the WINEP list of sites for which sustainability changes have been identified for implementation within AMP7. This is a list of 67 sites. We have made some modifications to this list (which reduces the list to 47 sites), as follows:

- where sites are listed for more than one waterbody, we propose to only report on one waterbody
- Where two sites have been listed as a single impact, we propose to report the two sources separately
- where abstraction licences will expire before the start of AMP7 we have removed the site
- where a site's potential impact is not on a surface waterbody we will not report the site, and,
- where there is a hands-off flow restriction which applies to our sources.

To identify flow gauging for the purpose of AIM reporting, we started with the list of gauges from the EA's WISKI flow database and used the National River Archive to identify gauges with an established record and published Q95 flow thresholds.

Gauges were identified for the relevant water bodies and [grid reference triangulation](#) was used to establish the distance between the gauging station and the abstraction site. We have excluded all sites where the average distance between the points of abstraction for a site and the gauging station was greater than 5km. At this distance it is considered unlikely that impact from a groundwater source would be seen in the flows at the gauging station.

It may be possible to use to use the regional groundwater model to develop an alternative trigger and we would like to discuss this further with the Environment Agency.

The Sedgeford Chalk source will benefit from an AMP6 scheme to transfer water into the zone. This makes the source an unsuitable candidate for AIM.

Annex 4: Supporting customers in vulnerable circumstances assessment criteria

Part of our performance commitment for supporting customers in vulnerable circumstances consists of an independent panel assessment against a set of criteria.

This document presents a draft set of criteria upon which this assessment would be based. The criteria replicate, as far as possible, the same criteria used as part of the Energy Distribution Stakeholder Engagement and Consumer Vulnerability (SECV) incentive in the electricity distribution market. Any changes made have been to reflect that the criteria apply to Anglian Water, rather than network companies; and to reflect where terminology is different to that used in the energy sector (e.g. references to 'vulnerable consumers' have been changed to 'customers in vulnerable circumstances').

The possible scoring system for ODI would be to assess our ranking against each of the criteria will be converted into a quantitative score out of ten. This will replicate the scoring system used for SECV, as below. The overall score out of 50 could provide the basis of Anglian Water's performance commitment assessment

Assessment	Weak	Fair	Good	Excellent
Score	5 or below	6-7	8	9-10

A: Strategic understanding and commitment to the role that Anglian Water can play in tackling social issues relevant to customers in vulnerable circumstances				
	Weak	Fair	Good	Excellent
Understanding of the definition of a customer in vulnerable circumstances and awareness of the range of social issues	Understanding of vulnerability restricted to a general definition of vulnerability. Little or no knowledge of what vulnerability looks like for Anglian Water's customer base. General poor awareness of the social issues that customers in vulnerable circumstances face.	Basic understanding of vulnerability across its customer base. Largely focussed on the key vulnerability characteristics. Good awareness of the range of social issues associated with the industry relevant to customers in vulnerable circumstances in general. For example, Anglian Water's focus is not restricted solely to 'water poverty', but takes other issues such as 'vulnerability to an interruption to supply' into account.	Anglian Water aware that there isn't a 'one-size fits all' approach to customers in vulnerable circumstances. Good understanding of the main 'vulnerability issues' facing its customers. Good awareness of the social issues associated with the industry that are most prevalent across its customer base.	Enough flexibility to adapt to differences in vulnerability and changing needs of customers in vulnerable circumstances. Anglian Water also thinking about issues external to the water industry which could affect the vulnerability of customers to water issues or the utilisation of partner organisations.
Recognition and	Recognition of social	References to social	Fully integrated	Delivering on social

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Integration of role in relation to social issues	role confined to generalised statements. Limited integration into overall business strategy.	role within strategy but tendency to treat as 'add on' aspects of business strategy and practices rather than integral aspect of service development and delivery. Limited use of targets to basic targets to improve performance and increase impact.	understanding of social role with clear plans for developing systems and customer facing services to reflect role with targets for improved performance and increased impact.	role a key business driver underpinning design, planning and delivery of all services with core objective to 'make the most of what Anglian Water does' to tackle relevant social issues. Anglian Water has challenging targets to improve performance and increase impact.
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B: Engagement with stakeholders to improve the data and information that they hold on customers in vulnerable circumstances and what they do with it				
	Weak	Fair	Good	Excellent
Acquisition and Management	No clear link between Anglian Water's stakeholder engagement programme and data acquisition strategy. Latter largely based	Clear link between stakeholder engagement programme and Anglian Water's data acquisition strategy, but the former is not	Stakeholder engagement programme is fully utilised in developing Anglian Water's data acquisition strategy. Broad and inclusive	As 'Good', plus stakeholder engagement programme includes challenging and hard-to-reach stakeholders, using

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B: Engagement with stakeholders to improve the data and information that they hold on customers in vulnerable circumstances and what they do with it				
	Weak	Fair	Good	Excellent
	on existing PSR and associated PSR 'recruitment' systems. Basic data and information management strategy in place, but not always implemented.	fully utilised in the development of the latter. Data and information management strategy an integral part of Anglian Water's wider data and information strategies. Evidence of good progress in keeping records up-to-date. Awareness of data gaps and processes in place to address these. Some consistency between data sources still exists.	range of stakeholders engaged using a variety of appropriate mechanisms. Data acquisition carried out by Anglian Water in a timely and systematic way. Data and information updating strategies working very well. Good progress in closing previously identified data gaps. No data source consistency issues.	mechanisms fully tailored to meet the needs of various stakeholder groups.
Use	Ad hoc use of data to enhance insight but no strategic approach to customer insight to enable targeting	As 'Weak', plus basic systems in place to keep track of data use and some feedback to data acquisition and	Clear evidence of how data use is influencing and improving service development and delivery. Extensive	As 'good' plus using data to assess future risk of vulnerability and shape partnerships with other relevant

B: Engagement with stakeholders to improve the data and information that they hold on customers in vulnerable circumstances and what they do with it				
	Weak	Fair	Good	Excellent
	work to address vulnerability and support social role.	management strategies.	system of use checks across all data and information with evidence of a feedback loop to data acquisition and management strategies.	organisations. Clear strategy underlying the feedback loop to data acquisition and management strategies.

C: Approach taken to management and use of PSR and associated services				
	Weak	Fair	Good	Excellent
Eligibility and take up of the PSR	Eligibility for the PSR is largely confined to the 'core' eligible groups defined by Ofwat. Basic reactive PSR recruitment programme by the customer-facing services team when contact with a customer is made who displays possible vulnerable	Well-managed PSR list with some evidence of strategic approach to eligibility outside of the 'core' groups. Basic advertising of the PSR and the services offered, e.g. posters and leaflets, in key locations linked to customers in vulnerable	Informed by good data analysis, Anglian Water is proactively identifying customers in vulnerable circumstances outside of the 'core' groups, fully reflecting the fact that vulnerability can be complex and multidimensional.	As 'good' plus approach reflects fact that vulnerability may be transitory, providing options for temporary access to PSR and ensuring that those customers who are no longer eligible (due to temporary nature of their vulnerability) are taken off the PSR

C: Approach taken to management and use of PSR and associated services				
	Weak	Fair	Good	Excellent
	circumstances.	circumstances, e.g. doctors' surgeries.	Targeted advertising of the PSR and the services offered to customer groups.	list. Extensive PSR recruitment programme, drawing on data and information sources to proactively identify and contact eligible customers.
Services offered to customers on the PSR	PSR services are restricted to the minimum list of services defined by Ofwat.	Limited additional services offered with some links to the needs of the 'core' eligible groups of customer that have been defined by Ofwat. Anglian Water able to provide basic justification of the practicality of offering these services and how they 'add value' for these groups of customers.	A wide range of additional services offered that clearly reflect the specific needs of the 'core' eligible groups of customers. Detailed analysis of need undertaken which demonstrates how these services reflect the complex and multidimensional nature of vulnerability. Some additional services also offered for PSR	A full range of additional services developed according to detailed needs analysis of all PSR customers and the nature of their vulnerability. Approach also reflects the fact that vulnerability may be transitory. Full justification for how these services add value to the associated group of PSR customers.

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C: Approach taken to management and use of PSR and associated services				
	Weak	Fair	Good	Excellent
			customers outside of these 'core' eligible groups.	

D: Approach taken to develop and utilise partnerships (e.g. referral networks) to identify and deliver solutions (both water and non-water) for customers in vulnerable circumstances				
	Weak	Fair	Good	Excellent
Overall partnership strategy	Some links with other services for customers in vulnerable circumstances and partnerships to improve cross-referrals, and some participation in referral networks in area when invited. However, no clear strategy.	Clear strategy towards developing partnerships with relevant organisations, including ideas about what can be achieved from these partnerships in relation to the identification of customers in vulnerable circumstances, and identification and delivery of solutions.	Clear strategy towards both developing partnerships with relevant organisations and how to utilise these partnerships when they are in place. Strategy informed by evidence of benefits of existing partnerships on customers in vulnerable circumstances.	As good, plus fully utilising existing partnerships with other organisations. Anglian Water aware of the limitations of existing partnerships and the wider limitations on Anglian Water in relation to expanding those partnerships. Partnership strategy includes plans to overcome these limitations, where possible.

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D: Approach taken to develop and utilise partnerships (e.g. referral networks) to identify and deliver solutions (both water and non-water) for customers in vulnerable circumstances				
	Weak	Fair	Good	Excellent
Developing partnerships	Participation in partnerships with a limited range of organisation types, largely within the utility sector. Partnerships provided limited support for the 'core' groups of customers in vulnerable circumstances.	Wide range of partnerships extending beyond the utility sector. Partnerships provide some support to most groups of customers in vulnerable circumstances.	Extensive range of partnerships, with a wide variety of organisation types. Partnerships provide full and effective support for all groups of customers in vulnerable circumstances.	
Utilising partnerships	Partnerships largely restricted to referral and signposting.	Partnerships utilise data and information flows where appropriate, but these flows are largely one-sided and can be infrequent.	Anglian Water has leading role in the partnerships that it has developed, with the organisations working together to identify customers in vulnerable circumstances and identify solutions.	As 'good', but Anglian Water is utilising these partnerships in an effective way to not only identify solutions, but also deliver solutions without creating unnecessary work for the Anglian Water.

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E: Embedding their strategy for addressing vulnerability in their systems, processes and how they manage customer interactions				
	Weak	Fair	Good	Excellent
Embedding strategy in managing customer interactions	Customer-facing services and associated processes show only a basic reflection of the Anglian Water's social role. They do not focus on capturing information to identify vulnerabilities beyond basic PSR recruitment.	Customer-facing services routinely capturing information on customer needs and vulnerabilities to support tailoring of PSR services and work with partners for further support to limited range of services delivered by others.	Customer service staff trained in identifying and responding to vulnerability with a range of Anglian Water and partner services, selected to meet wide range of customer needs and circumstances.	As 'good' with social role a key aspect of customer services and front-line staff training and service design, with all front-line staff trained to identify and record vulnerability with access to a wide range of responses developed and available to support customers. Evidence that staff have the flexibility available to 'do the right thing' for any customer (to meet evident need) and are empowered to focus on areas where they can be most effective.
Embedding strategy general	Basic reflection of Anglian Water's role	Clear feedback loop, with the information	As 'fair', plus services routinely monitored	High level of integration of Anglian

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E: Embedding their strategy for addressing vulnerability in their systems, processes and how they manage customer interactions				
	Weak	Fair	Good	Excellent
systems and processes and awareness of impact and effectiveness of actions.	into general systems and processes throughout the business. Very little information therefore provided from customer facing services to other business systems and processes. Anglian Water able to provide little justification as to why its chosen actions address social issues relevant to customers in vulnerable circumstances.	captured on customer needs and vulnerabilities being reflected in Anglian Water's stakeholder engagement strategy, work around the PSR, and its partnership strategy. Anglian Water able to provide basic justification as to why its chosen actions address social issues relevant to customers in vulnerable circumstances. Basic understanding of any areas where it is currently falling short and could improve its performance. Lack of clarity around plans	and evaluated to test extent to which they are meeting customer needs. Feeds into wider service design and other general systems and processes throughout the business. Full senior management buy-in to the Anglian Water's strategy in this area. Anglian Water provides more justification than 'Fair', but is not able to fully justify why its chosen actions address social issues relevant to customers in vulnerable circumstances. Anglian Water has	Water's role into general systems and processes throughout the business. Very clear feedback loop between the monitoring and evaluation of services by the customer-facing teams to the overall strategy in relation to social issues relevant to customers in vulnerable circumstances. Evaluation not restricted to retrospective assessment of activities or quantitative assessment of activities.

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E: Embedding their strategy for addressing vulnerability in their systems, processes and how they manage customer interactions				
	Weak	Fair	Good	Excellent
		to address shortcoming and/or barriers to performance improvement.	clear plans to address shortcomings and/or barriers to performance improvement it is currently facing.	As 'Good', plus Anglian Water able to fully justify why its chosen actions address social issues relevant to customers in vulnerable circumstances and demonstrate why these 'add value' and are more effective over alternatives.



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