

PR24 and Long Term Delivery Strategy: Board Assurance Statement

October 2023



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Chairman's overview

Purpose is 
at the heart
of everything
we do.

On behalf of the board of Anglian Water Services Limited (the “**Board**”), I am pleased to present the PR24 Business Plan (our **Plan**) for Anglian Water Services Limited (the **Company, Anglian Water** or **AWS**) for the period from 2025 to 2030, and the Long-Term Delivery Strategy (the **LTDS**) for the period 2025 to 2050.

This overview is a summary of the considerations we, as a Board, have taken into account when reviewing Board assurance. The evidence that we relied upon as a Board when making the required statements is summarised on pages 4 – 51 which make up the full Board Assurance Statement. This Board Assurance Statement is made on behalf of all of the directors of AWS (the “**Directors**” or “**We**”) who have signed the Statement on page 46.

This Board Assurance Statement demonstrates how the Directors have owned and are accountable for each element of the Company's Plan and the LTDS. It explains how we have satisfied ourselves that our Plan is deliverable. Both submissions are the product of a high quality process, and that the LTDS reflects the best possible strategy to meet our long-term objectives, efficiently, and affordably. In making this statement we have had regard to Ofwat's requirements in relation to Board assurance, particularly as identified in the PR24 Final Methodology, and Ofwat's expectations for high quality plans.

Our Purpose and, SDS ambitions are at the heart of our PR24 Plan and LTDS. The Company has worked extensively with our customers and environmental regulators to ensure that their needs have been taken into account during the development of our Plan and LTDS.

Our vision for 2050 is to become a global exemplar - not just in the provision of safe clean drinking water and outstanding water recycling services, but also of a business with purpose, which organisations from around the world seek to replicate and take inspiration from.

Our purpose is to bring environmental and social prosperity to the region we serve through our commitment to love every drop. Our purpose is embedded in the company's constitution (its Articles of Association) and all decisions of the Board are made with regard to a wide range of stakeholders (including customers, our communities and the environment).

Our long-term vision propels us to do even more for our customers and the environment. We have consistently advocated a long-term approach, and we support Ofwat's view that we should establish a long-term, visionary plan. Our Strategic Direction Statement (SDS) was developed in 2007 to provide a clear framework for planning for the following 25 years.

Our SDS was refreshed in 2017, following extensive consultation with customers and our Customer Challenge Group, where we committed to four ambitions. These were further reviewed in 2021, with our Board concluding they remained the right set of ambitions for our business and our customers, and to enable delivery the social, economic and environmental ambitions of the region and our purpose. These ambitions remain highly relevant and will continue to guide and inform us on our journey to becoming a global exemplar for a purpose-led business.

Figure 1: Our LTDS vision for 2050



From the outset of the PR24 process it has been clear to us that the potential investment requirements, driven principally by statutory obligations, would be greater than for any previous price control period. The related impacts on customer bills, financing and the Company's ability to deliver our obligations were

central considerations in the assessment of our investment requirements for the next five years, and the longer term.

The LTDS and our Plan are aligned to the strategic frameworks set out in our business model, strategic asset management plan and specific statutory plans including the Water Resource Management Plan (WRMP), Drainage and Wastewater Management Plan (DWMP), Water Quality Long-Term Plan and the Water Industry National Environment Programme (WINEP).

As a Board, when developing the Plan, we have drawn on the experience of Board members including significant infrastructure, and regulatory experience. We have used our skills and experience to provide strategic leadership and direction to the preparation of our Plan and the LTDS.

In addition to discussing PR24 at all Board meetings since March 2021 and participating in dedicated workshops, members of the Board have undertaken nine deep dives on the Strategic Plans and key building blocks of PR24 and LTDS. This has enabled a deeper understanding of the process followed to develop the Plan and LTDS, and has enabled Directors to understand the assumptions used and their implications. This engagement has also provided an opportunity to talk directly with the assurance providers, to understand the scope of their work and to discuss their findings. Jacobs consider us unique in this approach when compared to the other the companies for whom they provide assurance

There has rightly been a focus on the affordability, deliverability and ability to finance the AMP8 investments. As a Board we have been fully engaged in the on-going discussions with a range a stakeholders, most notably Defra, the Environment Agency ('EA') and Ofwat.

This engagement has included a meeting held on 31 August 2023 with Defra, EA and Ofwat where the Company confirmed the shape of our AMP8 programme which forms our proposed 2 October submission and upon which, we as a Board, are providing assurance.

Following extensive engagement with Regulators to ensure that need is appropriately balanced with affordability and deliverability, we have employed a rigorous optioneering process. This process has ensured that all options have

been reviewed with a particular focus on the use of innovation, digital, place based and partnership working options where possible.

The Company has also undertaken extensive work to ensure that the costs of proposed investments are efficient. The Board has challenged the business to be Upper Quartile in terms of base cost efficiency. In consequence, £215million has been removed from base costs following the application of an ambitious level of productivity and in response to external benchmarking. We have benchmarked over 80% of our enhancement programme, cutting £485m from investment proposals where we appeared less efficient.

In its report to the Board Jacobs confirmed that *“AW’s business planning methodologies and its tools for identifying needs and solutions, estimating costs and benefits and optimising expenditure were robust from a technical perspective and based upon risk-based principles using reliable asset-specific data”*.

The Board is confident that the Plan and LTDS are high quality and represent the best possible strategy to efficiently deliver our stated long-term objectives, in the interests of our customers, the environment, and other stakeholders whilst meeting our statutory and licence obligations, over the next five years and beyond.

When confirming that the Plan is deliverable, the Directors do so on the basis of the Plan as submitted on 2 October 2023. The Board cannot give assurance in relation to deliverability in respect of factors that are beyond the control of the Board or Management. For example, the Company has no control of the high proportion of construction workers due to retire.

The following features of our Plan and/or our business provide confidence to the Board as to our ability to offer assurance:

- We have balanced the value for money and need for affordability against the need to ensure we comply with our statutory and licence obligations and can deliver the Plan
- We have achieved an ISO standard for vulnerable customers, we are one of just two water companies providing such rigour behind our care for those in need

- We will support all customers at risk of water poverty
- Our Plan includes innovative tariffs to reduce demand and the introduction of a sector leading Medical Needs discount
- Our unique alliancing model gives us confidence in the skills of our existing supply chain and their readiness to deliver the additional requirements in AMP8
- We have made an early start on AMP 8 delivery using transition funding and Accelerated Infrastructure Delivery
- We have challenged management to ensure the Plan consists of robust and efficient investments that are needed to be delivered now and cannot be phased over the longer term
- We have externally benchmarked over 80% of our enhancement investments cutting costs where we appeared less inefficient
- We propose uncertainty mechanisms rather than upfront costs as an efficient way to manage material risk areas
- PR24 puts us on the right path to deliver our vision set out in our LTDS
- We have had rich conversations with our customers to understand their priorities and used these to inform our decisions on investments and ODIs
- The Actual Company is financially resilient in PR24 and beyond
- The Company benefits from long term investors who have a track record of supporting a long term business plan which delivers benefits for customers and the environment.

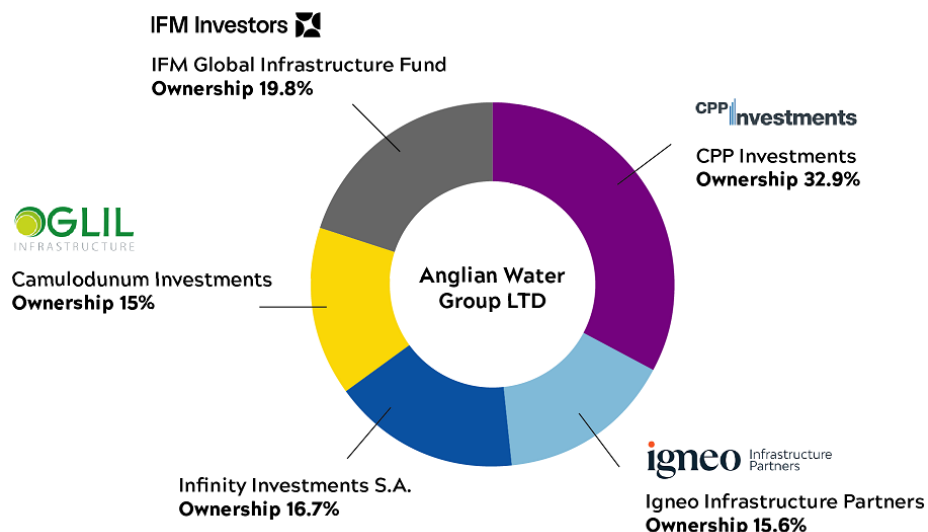
Board Leadership, Governance and Transparency

Ownership

AWS is the regulated entity that trades as Anglian Water, managing our water and water recycling network and serving almost seven million customers. AWS is the principal subsidiary of Anglian Water Group Limited (**AWG**). The AWG Board consists of six investor representatives, the Chief Executive Officer, the Chief Financial Officer and an independent Non-Executive Chair.

AWG is owned by a consortium of committed, long-term investors representing millions of individual pension holders, as detailed in Figure 2. Each of these investors has provided an undertaking to AWS pursuant to Licence Condition P in which they confirm (among other things) that they will do nothing which might cause AWS to breach the conditions of its Licence.

Figure 2: AWG Ownership



Anglian Water is committed to the highest standards of corporate governance, as reflected in the Board's well-established and effective set of policies and procedures covering corporate governance, internal control and risk management. Following changes to our Articles of Association, the Directors

have an obligation to act in the way that would be most likely to promote the purpose of the company. The Board reports transparently to its stakeholders regarding the conduct of its business and has adopted a Statement of Responsible Business Principles to which it holds itself accountable.

AWS Board composition

The Board has collective responsibility for the Company's strategy and performance. In accordance with the Anglian Water Services Corporate Governance Code 2020 the largest single group represented on the AWS Board are the Independent Non-Executive Directors.

The AWS Board is supported by the Management Board, chaired by the Chief Executive, which oversees the day-to-day running of the company.

Peter Simpson Chief Executive Officer	Steve Buck Chief Financial Officer
Susannah Clements Group Director People and Communications*	Brian Ebdon Director of Planning, Process and Information Technology*
Pete Holland Director of Customer and Wholesale Services*	Dr Robin Price Director of Quality and Environment*
Ian Rule Director of Water Services*	Claire Russell Group Legal Director/ Company Secretary*
Emily Timmins Director of Water Recycling Services*	Jason Tucker Director of Strategic Delivery and Commercial Assurance*


*these members of the Management Board are not statutory directors of AWS

Board diversity and skills


The Board has the appropriate balance of skills, experience, independence and knowledge to enable us to discharge effectively both our legal duties as directors and the Company's statutory and regulatory obligations, as well as supporting the Company in the delivery of its long-term strategy.

Our diverse range of skills and experience is captured in the following skills matrix which shows how our skills align with the Company's key stakeholders, namely: customers, communities, employees, environment, regulators, national and local government, investors and suppliers. The detailed biographies of each member of the Board are published on the Company's website and in its Annual Report.¹


The Directors who held office during the year and up to the date of signing the financial statements were as follows:




John Hirst
Independent
Non-Executive Chair




Zarin Patel
Independent
Non-Executive Director




Natalie Ceeney
Independent
Non-Executive Director




Dame Polly Courtice
Senior Independent
Non-Executive Director




Peter Simpson
Chief Executive Officer




Alistair Phillips-Davies
Independent
Non-Executive Director
(appointed 23 November 2022)




Colin Matthews
Independent
Non-Executive Director
(appointed 23 November 2022)




Deepu Chintamaneni
Non-Executive Director
(appointed 22 March 2023)




Steve Buck
Chief Financial Officer



John Barry
Non-Executive Director



Alex Nassuphis
Non-Executive Director
(appointed 28 September 2022)



Batiste Ogier
Non-Executive Director

	Independent Chair	Executive Directors		Independent Non-Executive Directors					Non-Executive Directors				
	John Hirst	Peter Simpson	Steve Buck	Natalie Ceeney	Polly Courtice	Colin Matthews	Zarin Patel	Alistair Phillips-Davies	John Barry	Deepu Chintamaneni	Alex Nassuphis	Batiste Ogier	Total
Customers	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	✓
Environment	✓	✓	✓	-	✓	✓	✓	✓	✓	-	✓	✓	✓
Communities	✓	✓	-	✓	✓	✓	-	✓	-	-	✓	-	✓
Employees (including experience of health, safety and wellbeing)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Regulators	✓	✓	✓	✓	-	✓	✓	✓	✓	-	✓	✓	✓
National and local government	✓	✓	✓	✓	✓	✓	✓	✓	-	-	✓	✓	✓
Investors/banks and ratings agencies	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Engineering (Key suppliers)	-	✓	-	-	-	✓	-	✓	-	✓	✓	-	✓
Digital/technology (Key suppliers)	✓	✓	-	✓	-	✓	✓	✓	-	✓	✓	-	✓

✓ Some experience in this area but it has not been central to the relevant Director's role.
 ✓ Significant amount of experience in this area.

¹ [Anglian Water Annual Integrated Report 2023](#), p. 102.

PR24 governance and strategic leadership

In 2021, the Company asked an external facilitator, Dr Harry Bush², to carry out a review of the Company's approach to PR19 to ensure that our approach to PR24 builds on the lessons learnt from PR19. This review informed our overarching strategy for PR24 which was approved at a meeting of the Board on 23 March 2021.

In 2022, our Internal Audit function reviewed Dr Bush's report and assessed the evidence to show that his recommendations regarding governance had been addressed by management in preparation for PR24. The governance review concluded *"In our opinion, management have effectively designed the new governance structure and processes to address these findings and taken practical steps to ensure these learnings are taken forward to provide AWS with a stronger foundation for the preparation and planning of PR24."*

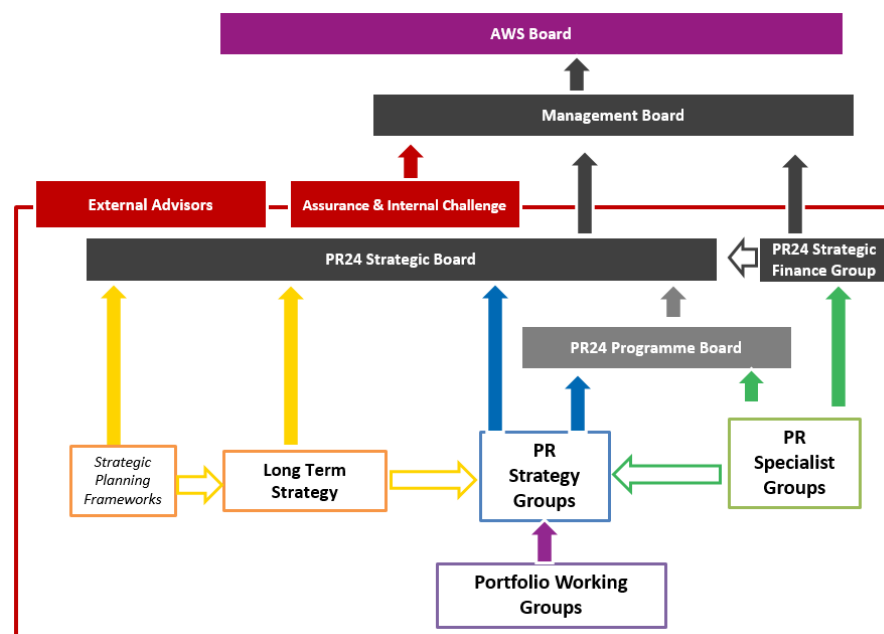
The governance and programme management structure for PR24 is detailed in Figure 3. The Board is ultimately responsible for the strategy, and overseeing the performance of the Company, including approving the Plan and LTDS.

The PR24 Strategic Board is chaired by the Chief Finance Officer and includes representatives of the Management Board representing the core business teams alongside the Regulation Director and key representatives from the PR24 and LTDS teams. Working in accordance with the Management Board's and Board's direction, the PR24 Strategic Board meets bi-weekly and is responsible for the strategic decisions on the shape and scale of the proposed outcomes and expenditure with regard to their impact on the short and long term risk profile of the business.

The PR24 Strategic Finance Group chaired by the Chief Finance Officer is attended by the Group Treasurer, Group Finance Controller, Regulation Director and technical experts from the Company and specialist advisors from KPMG and Oxera. This group was responsible for testing assumptions on the notional and

actual company and understanding the financeability and financial resilience elements of the Company and Plan.

Figure 3: PR24 Governance Framework



The PR24 Programme Board is chaired by the Regulation Director and attended by senior leaders from across the business. It is responsible for the creation, alignment and delivery of PR24 Business Plan and LTDS in line with the Board's PR24 Strategy and Ofwat's PR24 and LTDS methodology.

Three Price Review Strategy Groups and nine Price Review Specialist Groups were established to assist with specific elements of the Plan and to generate recommendations for the PR24 Strategic Board and AWS Board. These include, for example, the Cost Benchmarking Group which has provided benchmark challenges to both base and enhancement bottom-up forecasts for PR24,

² Dr Harry Bush had an extensive career at HM Treasury focused latterly on policies towards growth, privatisation and private finance before joining the CAA Board as Group Director Economic Regulation in 2002. Since 2011 he

developed Frontier Shift and Real Price Effect expectations and coordinated the development of our cost adjustment claims.

12 Portfolio Working Groups have supported these Specialist Groups by taking responsibility for developing investment options, performance standards and balancing risk with totex expenditure. A further 57 Technical Working Groups have been responsible for delivering of specific parcels of work.

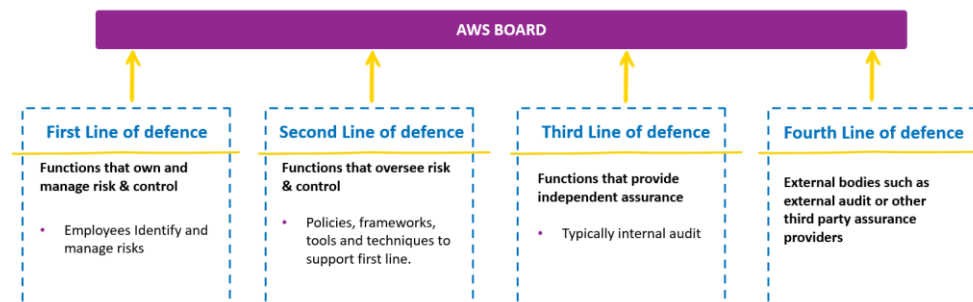
The LTDS Steering Group has been responsible for providing direction on areas such as ambition, scenario testing and assumptions in the core pathway. The LTDS Hub consisted of technical leads from all areas of the business, including those responsible for water resources, climate mitigation and water recycling. Material decisions on the shape of the LTDS were taken by PR24 Strategic board.

Our approach to assurance for PR24

Our PR24 planning process is governed by the Company's overarching [Assurance Framework](#), with overall accountability and responsibility lying with the AWS Board. The complex business planning process informed by the PR24 Final Methodology and guidance provided by Ofwat, and its interaction with other long-term planning requirements (such as the water and wastewater resource management plans) poses a specific set of challenges and requirements. The PR24 Assurance Strategy approved by the Board, builds on the Assurance Framework and has informed the Company's approach to ensuring that our Plan and LTDS have been subject to rigorous challenge.

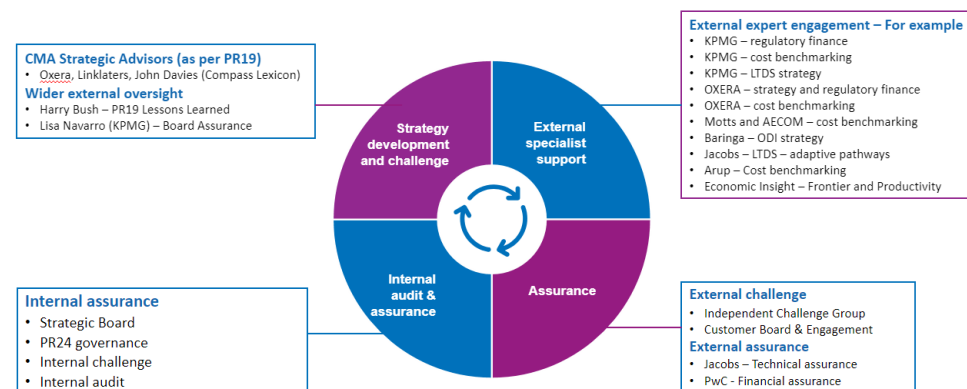
We recognise the importance of ensuring that our Plan and LTDS, and the decisions that we take as a Board, are based on robust and reliable data and information. Consistent with our published Assurance Framework, we have adopted the concept of the four "lines of defence" against data error for PR24 and LTDS.

Figure 4: Assurance Framework - Four lines of defence against data error



The PR24 Assurance Strategy relies on a mixture of internal and external support, challenge and assurance. Internal challenge from the Board and the business is inherent in the Company's processes for developing its proposals and the supporting data tables and commentary. The Company has also engaged specialist external advisors and assurance providers who offer a breadth of experience and knowledge. This external perspective has supported effective and robust challenge together with assurance of the underlying data and information. Details of the external assurance providers and specialist consultants engaged as part of our PR24 and LTDS planning process are set out in Appendix 1.

Figure 5: Overview of the PR24 Assurance strategy



Board governance and overall assurance

We have made full use of the diverse set of skills and experience of our Board members to develop, test and challenge our Plan and the LTDS. As a consequence of the challenge we have applied to the development, content and governance of our Plan and LTDS we are satisfied that we can make the assurance statements required by Ofwat.

Strategy and direction of the Plan and the LTDS

The Board has provided ownership of the overall strategy and direction of our Plan and the LTDS.

We helped shape the initial PR24 strategy by revisiting our SDS goals and setting some high level objectives for PR24. In March 2021 the Board agreed that our SDS goals remained valid and that the PR24 strategy should:

- be consistent with our stated Purpose and SDS goals;
- be credible in the context of the evolution of the regulatory and policy landscape;
- reflect the outcomes of our wider engagement; and
- remain flexible for as long as possible before Business Plan submission.

PR24 became a standing agenda item for Board meetings from March 2021 and we have participated extensively in the development of our proposals. The development of our LTDS has been considered by the Board hand in hand with our Plan. The Board discussed the Plan and/or the LTDS at 20 Board meetings that took place between March 2021 and September 2023. Members of the Board also attended 9 deep dive sessions across key elements of the Plan and LTDS. Issues considered in these meetings are summarised in Figure 6.

We have helped to develop and challenge our near term and long-term strategy by engaging on all areas of the Plan and LTDS, including reviewing investment proposals (both base and enhancement), financing and returns, outcomes, affordability, uncertainty mechanisms and the overall balance of risk and return.

In considering the detail of the proposals, we have sought to understand how they impact the achievement of our long-term ambitions and vision. We have also robustly challenged Management to make the Plan and the LTDS the best they can be for customers and the region.

As a Board we have engaged with Ofwat throughout the process. Ofwat attended our Market Stalls event held in September 2022 followed by a Board dinner. Mr John Hirst, members of the Company and partners such as the Norfolk Rivers Trust hosted Iain Coucher at its Heigham Water Treatment works in November 2022. The Company again hosted Iain Coucher and Ofwat colleagues in May 2023 where members of the Management Board discussed, amongst other things the scale of the AMP8 capital delivery challenge, not just for AW but for the industry as a whole. The Company provided an overview of Project13³ and an understanding of how it drives innovative, cross sector thinking to help us deliver our commitments to customers and the environment in the most efficient and cost-effective way possible.

To understand the perspective of our customers some members of the Board have personally attended customer engagement events as well as meetings of the Independent Challenge Group (ICG) (see Figure 6).

We approved the Plan at the Board meeting on 18 September 2023. Our LTDS was also approved at the Board meeting on 18 September 2023. We are confident that it is an ambitious, high quality and deliverable Plan and that the LTDS strikes the appropriate balance between delivering the environmental value required whilst not raising bills more than necessary both now and in the long-term. As such, we are confident that it represents the best option for our customers and other stakeholders. This is reflected by the feedback from our customers: The final weighted results of our Acceptability and Affordability research demonstrates that 70% of sampled customers consider that the bill impacts associated with our proposed investment in AMP8 are acceptable.

³ [Project 13 Home - Project 13](#)

High quality submission in the round

We have challenged ourselves and are satisfied that all elements add up to a Plan and LTDS that are high quality in the round.

The Board is satisfied that all elements of our Plan and the LTDS have been subject to challenge and scrutiny at every level within the Company, from the individuals developing proposals for investment strategies to meet the statutory, regulatory and stakeholder requirements due to be fulfilled during AMP8, to the independent third party assurance providers engaged to review the processes, information and supporting evidence.

In particular the Board has:

- challenged management through an ongoing process of review at each stage of the development of our Plan and the LTDS – including through the main Board meetings as well as workshops and more focused deeper dives into the detail of key proposals. That challenge has covered all elements of our Plan and LTDS, including on ambition, affordability, level of investment, and deliverability, etc. In doing so the Board has considered the criteria set by Ofwat, the views of customers and other stakeholders, and historical and comparative information about performance and deliverability;
- supported the Company in creating a dedicated team focused on the development of the Plan and LTDS and in obtaining specialist third party support;
- had regular access to detailed information regarding the Company's historic and expected performance;
- understood the statutory and licence obligations that apply to the business alongside the expectations of the regulators for AMP8 and beyond including how they have evolved throughout the process and where ambiguity remains;
- engaged directly with the Independent Challenge Group and other key stakeholders during the development of the Plan and the LTDS;

- some of the Board have personally attended customer engagement events and reviewed research findings to develop a personal understanding of customers' needs and priorities;
- developed confidence that Company decisions about the Plan and LTDS take into account customers' views, preferences and experiences;
- been reassured by Jacobs as assurance provider that our Plan is "informed by AW's Long Term Delivery Strategy which sets the Company's long-term vision to 2050" and presents a single adaptive strategy rather than being multiple alternate plans;
- ensured that our Plan incorporates Ofwat's minimum requirements in relation to the WACC early view, PC marginal benefits and sharing factors and provided compelling evidence where it does not;
- understood Ofwat's expectations for a high quality plan and considered how these expectations have been met through the development of the Plan and the associated assurance; and
- approved a comprehensive assurance strategy which has the benefit of independent third party assurance on key aspects of the plan and supporting data.

In reaching this view the Board has relied upon the PR24 governance framework, which has ensured the appropriate level of internal expertise and oversight has been dedicated to the development of the Plan and LTDS. The Board has also relied upon the range of third party expertise that has contributed to the Plan and LTDS, as well as the third party assurance.

Third party assurance (March to August 2023): our main assurance partners, Jacobs and PwC have provided assurance across all elements of our Plan and LTDS. Jacobs have confirmed they had access to AW's management, staff, systems and where appropriate, external suppliers which has enabled our assurance activity to progress in line with the programme. The risk assessment process that we have followed to determine which tables needed external assurance is outlined on page 17. PwC reviewed 39 financial data tables and commentary whilst Jacobs reviewed the technical elements including investment development, strategic plans and 31 data tables for PR24 and LTDS. Specialist

consultants have also been engaged to provide additional support and assurance on key topics, such as cost benchmarking. Details of the assurance providers and their roles are set out in Appendix 1.

Board deep dives (May to July 2023): Nine deep dive sessions covering key elements of the Plan and LTDS were held with individual Board members (see Figure below). The purpose of these sessions was to allow Board members to consider and challenge specific aspects of the Plan and LTDS in greater detail and to provide confidence in the underlying assurance process, including by reference to the expectations set by Ofwat for a high quality plan.

These deep dive sessions were each led by an Independent Non-Executive Director, selected based on their skills and experience to ensure an appropriate level of challenge. For example, Polly Courtice led the sessions on the WINEP programme given her experience on environmental matters, and Zarin Patel led on the PR24 financials given her role as the Chair of the Audit Committee. Participants who provided evidence to the Board included members of the management team, technical experts from within AWS and representatives from Jacobs or KPMG where relevant.

Issues considered at these deep dives included:

- whether the level of assurance is appropriate, taking into account the Assurance Framework four lines of defence and the specific requirements of PR24;
- where external assurance providers had been appointed, that their independence, skills and expertise have been considered;
- to the extent there were any concerns arising from the assurance report, or exclusions from the scope of the assurance, checking that there was a clear plan as to how these would be addressed (including, for example, the implementation of any recommendations);
- confirming that the Board lead was given access to information relating to the issues covered on a complete and transparent basis; and

- how the Company's approach in each of these areas would enable the Board to make the necessary Board assurance statements, including with respect to the quality of the Plan and LTDS.

A record of each meeting was agreed with the relevant Board attendee and made available to the rest of the Board. That record identified the documents and information made available to the Board lead (including a brief briefing for each session, incorporating input from the assurance providers), and the specific issues covered together with points of challenge raised by the Board lead and the Company's response.

Internal consistency reviews (July to September 2023): Internal resources were asked to review certain areas of the Plan to ensure consistency between data tables, commentary and the main business plan documents, to ensure that data is consistent throughout the Plan and to check for any anomalies or other issues based on their experience and knowledge of the subjects being reviewed.

Approach, strategy and structure of business plan (October 2022 - ongoing): AWS engaged a panel of Strategic Advisors to review the approach to, strategy for and structure of the Plan and LTDS. The panel comprised Linklaters, Oxera and John Davies (formerly of Compass Lexecon). KPMG also provided specialist advice on risk and return, deliverability and DPC. The strategic advisors were engaged to provide expert opinion, based on their knowledge and understanding of regulated sectors and the wider context in which this periodic review is being carried out. They were asked to review the Plan, the LTDS, the data tables and the table commentary to identify strengths and weaknesses, and to make recommendations for improvement. The Strategic Advisors have attended some Board meetings to provide input into discussions.

Figure 6: Board interactions – PR24 (a summary)

Date of event	Item discussed
23 March 2021 Board meeting	Shaping our PR24 Strategy – approval of overall strategy for PR24
28 April 2021 Board meeting	Co-creation session of company approach for PR24. Agreed framework to track progress including a request to refresh the SDS to ensure a long-term approach to the Plan.
20 July 2021 Board meeting	Net zero. Discussion of ensuring process supporting Company's net zero ambitions.
29 September 2021 Board meeting	Multi AMP focus. Discussion on the emerging stacking risk of investment and the impact on short and long term affordability. Agreed need for business plan to have a multi AMP focus to ensure need for investment is balanced against the challenges facing customers struggling to pay bills.
25 November 2021 Board meeting	Strategy and Regulatory Scenarios. Update on developments relevant to PR24 Strategy and factors being tracked under Regulatory Scenarios monitoring framework. Discussion on long-term water resources, specifically on progressing the Future Resources Strategy and New Reservoir Systems.
26 January 2022 Board meeting	LTDS and PR24 funding challenges. Provided with an overview of the suite of PR24-related materials published by Ofwat Nov/Dec 2021. Discussion on next steps on our PR24 strategy development. This focused on longer term challenges which were considered by reference to Ofwat's recent discussion paper on the requirement for Long-Term Delivery Strategies. environmental, social and reputational benefit. The Board welcomed the move from Ofwat to a long-term approach but cautioned against over prescription. Concern was raised for the scale of investment demands for PR24 and repeated that flexibility was essentially given the challenges around efficiency and financeability. The Board challenged the management team to provide a view of the leanest PR24 Plan possible overlaid with the various enhancement initiatives to deliver

26 April 2022 Board meeting	Update on LTDS and its linkage to the SDS. Update on the development of our LTDS. Agreed that the LTDS would describe how the Company would achieve the plans set out in the SDS by detailing a long-term approach to investment, sequencing and trade-offs over several AMPs. The Board was generally supportive of the approach being taken to develop the LTDS.
26 May 2022 Board meeting	Scenario planning and use of LTDS. Board was presented with a number of scenarios for PR24. In the light of affordability pressures, the Board challenged management to propose only enhancement that was considered to be necessary in AMP8. Reliance to be placed on the LTDS to provide flexibility for suitable investment to be funded in future AMPs. The Board confirmed the importance of ensuring that the Plan aligned with what company's customers valued most and noted the involvement of the company's Independent Challenge Forum in the development of the Plan. The Board also discussed approach to assurance and asked for regular updates. The Board also discussed the WRMP Supply Side options, particularly the detail around what level of drought resilience to use and the consequential impact of investment options.
21 July 2022 Board meeting	Totex, costs and financial metrics. Presentation of indicative totex scenarios, discussion of the draft PR24 methodology, and consideration of cost pressure impacts, noting the need to capture and understand such risks. The Board discussed financial metrics and how they interacted with the level of bills.
28 September 2022 Market Stalls event with Ofwat	The Board hosted a market stalls event attended by David Black from Ofwat. The event provided an opportunity to demonstrate: 1. how the Company understood the dilemmas being faced by the sector and how the Company could align with Ofwat to address these; 2. how the Company was focused on improving environmental outcomes whilst keeping bills affordable;

	3. the Company's long and short-term focus by articulating its investment strategy which fed back to the sequencing and stacking risk previously agreed by the Board and the LTDS; and 4. how the Company had been and would continue to maximise the power of innovation and digital.
23 November 2022 Board meeting	PR24 Scenarios. A number of PR24 Scenarios were presented to the Board for discussion. The scenarios were framed around four different priorities in terms of enhancement expenditure and demonstrated how the expenditure might be flexed to accommodate a focus on each priority area. The Board considered the WINEP submission due to the EA that month.
25 January 2023 Board meeting	Final methodology and scenario development. The Board was presented with an overview of the Final Methodology and the consequences for the development of the PR24 and LTDS. An update on scenario development was provided. The Board confirmed the need to ensure the development of the Plan was being robustly challenged internally and that it was subject to benchmarking and external challenge from experts.
22 March 2023 Workshops and Board meeting	Investment proposals. Before the formal Board meeting, the Board held a number of workshops across key building blocks of the Plan including LTDS, WINEP, water quantity and resilience investments, capital maintenance and vulnerable assets, supporting customers and ensuring affordability for all, deliverability, base costs and uncertainty, ODIs and future performance. This enabled the Board to robustly challenge management on the development of the Plan and to understand the proposals. Discussion of balancing and prioritising investment by considering risk, cost and performance. Discussed the potential scale of investment required for AMP8 recognising the need to be financeable and offer a fair return for investors. Reflecting the considerable assurance requirement there was agreement to a non-executive lead being appointed to proposed areas of assurance to report to Board.

20 April 2023 Customer event	Customer engagement event: Alex Nassuphias (non-executive director) attended the ICG's Affordability and Acceptability Qualitative session.
26 April 2023 Board meeting	Performance review and DPC. Detailed review of historic and current performance to inform AMP8 strategy. Review of Ofwat requirements and proposed DPC investments were discussed and approved.
16 May 2023 Deep Dive	Board Deep Dive: DWMP Focused on the specific assurance requirements for DWMP and the link to PR24. Key topics included: customer and stakeholder challenge; best value planning; how the DWMP interacts with PR24 and broader commitments. Board Lead: Natalie Ceeney Attended by Jacobs (external assurance)
22 May 2023 Board meeting	Main Board: Deliverability and governance. Discussion focused on the deliverability challenges associated with the scale of WINEP, and the wider programme. The Board requested further detail at future meetings and confirmed all must be confident that the Company could deliver the PR24 Business Plan. The Chairman requested a decision framework for the key decision points in the run up to the PR24 business plan submission be developed.
16 June 2023 Customer: ICG	ICG: John Hirst (Chairman) and Zarin Patel (Independent Non-executive Director) attended the ICG Meeting
16 June 2023 Deep dive	Board Deep Dive: Development of the WINEP Programme Covered the development of WINEP and the links to PR24 and PR29. Key topics included: understanding the drivers of investment; the relationship with the EA; the optioneering process; WINEP statutory obligations; deliverability; green solutions; A-WINEP; and the assurance process. Board Lead: Polly Courtice Attended by Jacobs (external assurance)
19 June 2023 Deep dive	Board Deep Dive: WRMP (two sessions). Considered assurance requirements for WRMP as a statutory requirement, and the links to PR24. Key topics included: what is the WRMP; changes since WRMP19/PR19; growth; how the

	supply-demand balance is developed and assured; modelling for 1 in 500 year droughts; other company approaches to drought selection; smart metering; feedback on leakage; interaction with WINEP; and best value plan. Board Lead: Alastair Phillips-Davies Attended by Jacobs (external assurance)
19 June 2023 Deep dive	Board Deep Dive: Long-Term Delivery Strategy. Considered development of LTDS, its content and assurance. Key topics included: separation of Jacobs delivery and assurance team; customer engagement; ambition; creating the core pathway; and programme, guidance and assurance. Board Lead: John Hirst Attended by Jacobs (external assurance)
19 June 2023 Deep dive	Board Deep Dive: PR24 Customer, Affordability, Investments and Outcomes. Key topics included: customer engagement; affordability; investment creation (including optioneering and benchmarking); performance commitment levels; performance commitment deliverables; and scope of external assurance Board Lead: Zarin Patel, Alex Nassuphis Attended by Jacobs (external assurance)
26 June 2023 Deep dive	Board Deep Dive: Drinking water quality – DWI and PR24 overview. Focused on investment driven by DWI. Key topics included: type of investments; reliability of data; and scope of assurance. Board Lead: Colin Matthews Attended by Jacobs (external assurance)
28 June 2023 Board meeting	Dedicated LTDS and PR24 meeting Extraordinary meeting call recognising the importance of the business plan. Targeted workshops focused on the key building blocks including totex strategy, approach to base costs, financing and returns, ODI strategy, uncertainty mechanisms and delivery.
7 July 2023 Deep dive	Board Deep Dive: PR24 Financials (1).

	Focused on the process followed for financial modelling and financial resilience of the notional company. Noted that this was subject to ongoing work. Board Lead: Zarin Patel, Deepu Chintamaneni, Alex Nassuphis Attended by KPMG
19 July 2023 Board meeting	Customer, deliverability and risk and return Craig Bennett, Chair of ICG presented to the Board summarising the work undertaken by the ICG and its findings. Discussion of PR24 Plan and deliverability. Consideration of risk and return and other key elements such as affordability strategy.
23 August 2023 Deep dive	Board Deep Dive: PR24 Financials (2). Focused on financial resilience downside scenarios and the potential need for equity injection(s). Board Lead: Zarin Patel, Deepu Chintamaneni, Alex Nassuphis Attended by KPMG
30 August 2023 Board meeting	Review of financing options for PR24 Board considered the requirement for additional funds which are expected to be required to support a significantly increased enhancement investment programme.
6 September 2023 Board meeting	Approval of the Plan, LTDS, and this Board Assurance Statement. Presentation of final building blocks of the Plan including bill impacts, affordability and acceptability and risk and return position. Assurance reports provided by Jacobs and PwC. Final Board assurance statement reviewed.
18 September 2023 Board Meeting	Following revision to the Board Assurance Statement requested on 6 September 2023, Board Assurance Statement signed.

Systems and controls to develop data and information

We have challenged ourselves and are satisfied that the systems, approach to risk management, and internal controls and processes in place to develop the data and information on which we based our decisions was appropriate and effective.

We recognise that robust, reliable and up-to-date information and data is required so that we can carry out our role in relation to the Plan and LTDS. The Board has placed reliance on the fact that:

- the Company's approach to governance and assurance encompasses controls and processes which are designed to ensure that we have access to appropriate and reliable data and information;
- this approach is underpinned by a dynamic approach to risk management that informs these processes and the resulting investment decisions.

The [governance process](#) adopted for PR24 has ensured an appropriate level of oversight of the data and information on which the Plan and LTDS are based.

The Company's Assurance Framework outlines how AWS ensures, on a day to day basis, that the information that we use, and which we share with external stakeholders (such as our customers and regulators), including through our Annual Reporting, meets the expected standards of quality.

Among other things, it describes:

- the comprehensive system of controls which provide assurance about the reliability of the Company's information;
- the role of third parties as providers of an additional level of assurance; and
- the formal risk assessment process, which determines the additional assurance activities undertaken for the Price Review. Jacobs and PwC reviewed the risk assessment undertaken and confirmed the approach was appropriate.

The [PR24 Assurance Strategy](#) that has been applied to the development of our Plan and LTDS has built upon our Assurance Framework and ensures that the data

and information utilised in this process is appropriate and subject to a suitable level of assurance.

The Company has an established risk management process which is used to identify key business risks and to determine the extent to which these risk are being managed effectively. We have identified 13 principal risk areas which are highlighted in our Annual Integrated Report and which include risks relating to our customer proposition, the environment, water supply and quality, Health and safety, our people, fair charges and our ability to finance our business.

The Board's assessment of risk determines the level of risk it is willing to accept (referred to as our risk appetite). The risk appetite determines the extent to which mitigating activities are required to control risk likelihood and impact to acceptable levels.

The Board requires assurance that controls have been implemented and that they are operating as intended. The Board therefore oversees a programme of assurance which is delivered through internal and external audit activities, business resilience planning and scenario testing, external certification and governance and compliance activities.

Where the existing level of risk is assessed as being outside of the agreed risk appetite, additional controls or mitigating measures are identified in order to reduce the risk to the target level. This is formally recorded in the top tier risk register. In addition, we link the principal risks to our assurance plan to ensure assurance is properly focused on the most significant risks.

In 2022/23 we updated our Principal Risk Areas and reviewed and updated our risk appetite statements.. These risk appetites statements have been a key input when designing our approach to developing the Plan and LTDS and the assurance required, as well as informing the area and level of investment within the Plan itself.

As noted above, members of the Board have met with Management Board to review in detail the main drivers of investment. These deep dives have assisted with our understanding of the Plan and have provided an opportunity for us to

satisfy ourselves that it appropriately reflects the risks the business faces. The deep dive sessions have also provided a insight into the assumptions which underpin the Plan and have allowed us to understand and challenge the consequences of those assumptions.

Strategy for data assurance and governance processes

We have challenged ourselves and are satisfied that the overall strategy for data assurance and governance processes delivers high quality data across all aspects of the plan and LTDS.

We are satisfied that:

- all data and information provided to Ofwat or published has been compiled in a planned, professional, systematic fashion and submitted in good faith;
- the Company has sought to explain trends in data using best available, objective evidence;
- where assumptions have been required to make calculations, the Company has used its best estimates and made those assumptions clear;
- where the Company identifies errors in any data or information it provides, these errors are disclosed and corrected at the earliest opportunity; and
- where relevant, the Company has made every effort to indicate the quality of its data and the likely margin of uncertainty.

The [PR24 Governance Framework](#) was developed to put accountability and assurance at its heart. Overall responsibility for the business planning process lies with us, as members of the Board, with direct links through to the PR24 Strategy Board and PR24 Programme Board.

We discussed the Company's approach to assurance in January 2022, May 2022 and June 2023. The [PR24 Assurance Strategy](#), aligned to the Company's Assurance Framework, describes our assurance philosophy and the approach taken to test the reliability and accuracy of the data in our Plan and LTDS. It also sets out our commitment to delivering high quality data as an organisation. This includes how the reliability of information is assessed and how assurance is tailored in response

to those risk assessments. Ensuring data quality was a central part of the PR24 Assurance Strategy.

Data tables and commentary

The approach to population of the data tables that support the Plan and LTDS follows the four lines of defence approach. The first line of defence is provided by our people, supported by the second line of defence – the controls and processes implemented on a business as usual basis under the Assurance Framework.

Individuals were assigned responsibility for every line of every data table. This was to ensure that all data was subject to review and approval prior to being included in the final data tables to be submitted. 'Line Providers' are the experts within AWS with the greatest knowledge of the data requirements and are responsible for producing the data and associated commentary. 'Line Approvers', who are typically senior managers in the relevant area, are responsible for approving the data and commentary.

The third and fourth lines of defence are the internal audit processes, and the use of external assurance providers.

Following the risk-based approach to assurance, in early 2023 each data table was assessed against an agreed criteria to identify the tables with the highest risk, either due to likelihood or impact of inaccurate data. The results of the assessment indicated that 106 of the data tables should be subject to external assurance. Financial tables were allocated to PwC and technical tables to Jacobs.

In June 2023, following further table release from Ofwat and the ongoing development of our Plan and LTDS, further consideration was given to the need for external assurance. This took into account the assurance undertaken for the Annual Performance Report (APR) for 2022/23 and any overlaps in the data required for PR24 as well as other external support being provided to complete data tables, including KPMG for financial modelling output tables. The updated risk assessment resulted in 70 tables requiring external assurance (39 by PwC and 31 by Jacobs).

Data tables which only required internal assurance benefited from the review by the Line Approver and a second check from an “oversight” role.

The data tables subject to external assurance were subject to two stages of review. The first focused on the processes adopted to complete the data tables and compliance with Ofwat guidance, seeking to identify areas for improvement prior to the second stage review. The second stage was to check the accuracy of the data in the data tables along with the appropriateness of the accompanying commentary to meet Ofwat's reporting requirements and definitions.

PwC confirm in their report to Board in September 2023 *“Overall Anglian Water had a defined process and approach to populating and reviewing the data tables. Data table owners demonstrated a good understanding of Ofwat requirements. The data input was largely traceable to a preceding level of source documentation and had been compiled in line with Ofwat guidance.”* They comment that the exceptions *“appear to be individual and isolated points and did not indicate any wider systematic or pervasive issues”*.

Jacobs comment that *“work has been meticulously planned, controlled and monitored reflecting the continually evolving requirements, data tables and guidance from Ofwat... Our sample audits and checks confirm that the plan is founded on reliable information resulting in a robust plan in which AW, its customers and stakeholders can have confidence”*.

We take confidence in the level of assurance activity undertaken by our third party assurance providers and the positive feedback they have provided - both in the deep dive sessions and in their report shared with Board on 6 September 2023.

Other business as usual sources of assurance on which we have relied are:

- the Integrated Management System Framework, the formal system used by the Company, for the ‘collection and storage of reliable data relating to our key assets and activities to fulfil all the requirements of Ofwat and other stakeholders and to deliver our business goals’. This system is part of our quality management system which is certified to ISO 9001;
- the other certified management systems used by the Company to manage its operations, such as water services, environmental management, occupational health and safety, laboratory services and carbon management;
- the Audit Committee’s oversight of corrective actions identified by our internal auditors;;
- reports to the Audit Committee from the Company’s external auditors who, as part of their routine audit process, consider and report on a range of risks which could result in inaccurate financial information (including the risk associated with the exercise of management judgement);
- the Board’s review of the overall company culture, workforce engagement, ISO external audits and Responsible Business Trackers assessments;
- the Board’s comprehensive approach to risk management, which includes maintenance of a corporate risk register. The risk that ‘the data we provide is not robust’ is a Top Tier risk - mitigating actions are regularly reviewed;
- reports to the Board’s Audit Committee from the Company’s Internal Auditors which highlight potential improvements to business activities and processes, some of which may result in the production of data and information for onwards transmission to Ofwat;
- the annual “Statement of Responsibilities” which requires all managers in the business to confirm that the Company’s resources, policies, organisational structures, risk management processes, accounting systems and governance arrangements are sufficient to enable the Company to meet its responsibilities, including the provision of accurate information. The results of this process are reported to the Board’s Audit Committee;
- the cultural values of the business, in which accurate information is valued, resources are allocated to ensure information accuracy and the provision of high quality information is rewarded;
- the Company’s code of conduct, which summarises a series of policies which are designed to underpin the cultural values referred to above;
- the Company’s Whistleblowing Policy and procedure which facilitates the reporting of concerns regarding the accuracy or legitimacy of data and information which may be relied upon by the Company; and
- the relevant reports of the Executive Directors to meetings of the Board during the development of our Plan and LTDS.

Historic and expected performance data and information

We are satisfied that we have access to a complete and transparent view of the Company's historic and expected performance when making decisions and that the data provided to the Board enables it to challenge performance.

The Board meets at least eight times each year – and more frequently when the demands of the business require (including during the period when the Company is developing its business plan for submission to Ofwat).

At each meeting the Board receives a report from the Managing Director which highlights key performance issues, as well as a report from the CFO, a report from the Regulation Director and a routine performance report. The CFO's routine report tracks financial expenditure against budget and the routine performance report tracks performance against stretch targets in relation to PCs. This performance report also forecasts a performance outturn at the end of the year.

Figure 2: Extracts of Reports provided to Board

Data pack: Performance across ODIs and Efficiency initiatives

May '22

Performance vs. stretch target

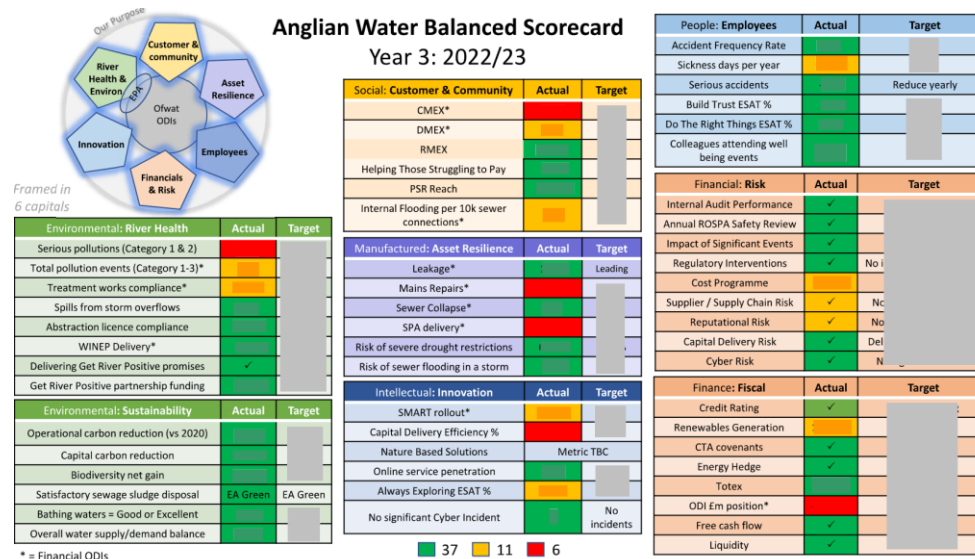
Measure	Actual YTD	Target YTD	Forecast YE	Target YE	Forecast YE	Target YE
Internal Sewer Flooding Normalised						63
CMEX Rank						20
Supply interruptions						.81
Leakage (MI/d in year)						18
Leakage 3yr Average						10
External Sewer Flooding Absolute						98
DMEX Rank						50
Pollution Incidents *						07
Smart metering delivery						3,000
Water quality compliance (CRI) *						00
Abstraction incentive mechanism						00
Sewer Collapses Normalised						00
Treatment Works Compliance *						00
Properties at risk of persistent low pressure						44
Mains repairs						00
Water Industry National Environment Programme						37
Unplanned Outages						00
Per Capita Consumption (3YA)						10
Managing VOID Properties						71
Water quality contacts *						29
Bathing waters attaining excellent status						00
Percentage of population supplied by a single supply system						00
Total						00

* Calendar year measure

Year 4 P01 - April 2023

Anticipated FD Expenditure	AWS % of Pain/Gain	Target	Completed (dark blue)	In Flight (light blue)	Total (completed & in flight)
IMW					
Integrated Operational Solutions (W)					
Integrated Operational Solutions (WR)					
IMR(W)					
IMR(WR)					
IMDS					
Strategic Pipeline Alliance					
Cross Business					
Other Internal Delivery Routes					
Total					

Figure 9 Example of Balanced Scorecard provided to Board



The Board reviews operational performance regularly including reviewing corrective action plans such as the Pollution Incident Reduction Plan. The Board oversees customer service standards and outcomes for vulnerable customers regularly; and

The Board also receives other reports periodically on topics such as Health and Safety Performance, progress in terms of Capital delivery, employee issues and the management of key business risks together with a comprehensive review of performance at the year end and at the half year.

Immediately prior to the start of each financial year the Board reviews and approves an update to the current AMP's business plan (e.g. for PR19) and signs off specific performance targets for the year in prospect. These are detailed in the Annual Business Plan.

The Board also meets at least annually with the Economic Regulation Manager who has oversight of the process for the collation and assurance of the data included with the Company's APR. The Board therefore has confidence that the performance data submitted to Ofwat in the APR is robust and transparent.

This continuous provision of information ensures that we have a good understanding of the Company's ability to deliver in respect of both financial and non-financial targets, both historically and with respect to expected performance. This understanding has informed key decisions in relation to the Plan and LTDS.

Operational, financial and corporate resilience over PR24 and the long term

We have challenged ourselves and are satisfied that the plan and the LTDS will deliver operational, financial and corporate resilience over PR24 and the long term.

We have confidence in the internal controls and processes the Company has in place to ensure a holistic approach to resilience is embedded in its business as usual activities, and in how this is reflected in the proposals for PR24.

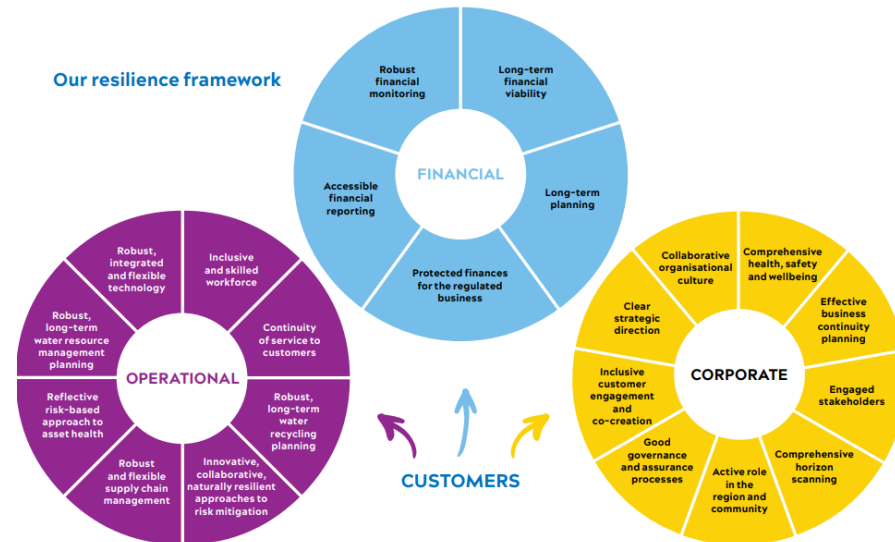
Ensuring resilience throughout all aspects of the business is an integral part of the Company's operational and organisational planning and delivery. It is necessary to ensure we can meet our Purpose and secure long-term resilience surrounding water supplies and water recycling services.

Resilience is the ability to cope with and recover from disruption and anticipate trends and variability in order to maintain services and protect the natural environment now and in the future. Building in robust resilience allows the Company to quickly adapt to disruptions, maintain continuous business operations and safeguard its people, its customers and its assets. In particular this includes taking appropriate steps to ensure:

- **Corporate resilience:** the ability of an organisation's governance, accountability and assurance processes to help avoid, respond to and recover from shocks and stresses. To anticipate trends and variability to protect business operations using horizon scanning;
- **Financial resilience:** an organisation's ability to mitigate, cope with and recover from financial shocks and stresses; and
- **Operational resilience:** the ability of an organisation's infrastructure, and the skills to run that infrastructure, to avoid, cope with and recover from disruption in its ability to provide critical services to customers.

In conjunction with specialist consultants, Arup, a holistic resilience framework was developed at PR19, which incorporated Ofwat's key theme for PR19 of 'resilience in the round'. The resilience framework allows operational, financial and corporate resilience to be tested against a maturity matrix, to understand both short and long-term risks and has been applied to investment proposals in the Plan.

Figure 10: Our resilience framework – resilience in the round



The Resilience Framework has been used by the Company in the development of the PR24 Plan and LTDS with an all hazards, systems thinking approach to identify resilience risks and single points of failure that could affect our customers over the next 25 years.

Resilience driven investments in our PR24 plan directly address risks identified the company's risk register. All investments have been developed by technical working groups involving subject matter experts from across the business, with specialist external consultants when required.

The technical working groups have undertaken a robust optioneering process which looks at value in a holistic way and has Six Capitals (natural, social, people, financial, manufactured and intellectual) decision making at its heart.

The Company has business management systems that are maintained and are certified to international standards. These provides us with confidence in the operational and corporate resilience of the Company. To maintain these certificates regular audits are carried out by accredited bodies, who challenge the systems and identify improvements.

The certified management systems include:

- Greenhouse gas emissions and removals (ISO 14064)
- Competence of testing and calibration laboratories (ISO 17025).
- Competence Management System - Requirements (Version 5)
- ISO 14001 2015 - Environmental Management Systems
- ISO 17024 2012 - Conformity Assessment for Certification of Personnel
- ISO 22301 2019 - Business Continuity Management Systems
- ISO 22458 Consumer Vulnerability & Inclusive Service Provision
- ISO 45001 2018 - Occupational Health and Safety
- ISO 45003 Psychosocial Risks and Promoting Well-being at Work
- ISO 55001 2014 - Asset Management

- ISO 9001 2015 - Quality Management Systems
- Minimum Requirements for Self-Monitoring of Flow - MCERTS Performance Standard
- PAS 2080 Carbon Management in Buildings and Infrastructure - 2023 Version
- Laboratory's UKAS accreditation

Anglian Water is the first water company in the UK to be certified to the internationally recognised standard for societal security and business continuity management - ISO 22301 (.. The system applies to all activities that are undertaken by our business. It provides a basis for understanding, developing and implementing business continuity and resilience arrangements to ensure continuity of services to our customers. Assessment is carried out on a regular basis by external certification provider, LRQA, to ensure that the requirements of the standards continue to be met and are improved upon.

Business continuity is a critical theme in our resilience thinking. The company undertakes detailed business impact analysis to drive team and personal resilience in all our systems and services. The company has well-rehearsed plans and procedures to ensure we minimise risk to customers and the environment from one off events which impact our ability to operate. This allows the company to react to incidents in the short term while it plans for the medium and longer-term.

Jacobs undertook audits of selected enhancement cases to confirm systems are in place to identify risk and manage resilience to develop proposals to deliver continued operational resilience.

Financial resilience over PR24 and the longer term is addressed in the section of this statement dealing with [Risk & Return](#).

Long-term delivery strategies

Long-term vision and ambition

We have challenged ourselves and are satisfied that the LTDS reflects a long-term vision and ambition that is shared by company management. We set out below some of the evidence that has enabled the Board to reach this conclusion.

Our Purpose is to bring environmental and social prosperity to the region we serve through our commitment to love every drop. Following changes to our Articles of Association, the directors of the company have an obligation to act in the way that would be most likely to promote the purpose of the company.

Our Plan and LTDS are framed by our vision of what we want Anglian Water to have achieved, by 2050, taking into account our Purpose and the needs and expectations of our customers and the environment.

The introduction of the LTDS as a formal part of the business planning process is welcomed. It brings a common industry approach to long term planning and supports a level playing field/greater comparability.

This long-term approach to vision and ambition can be seen in the four ambitions set out in our [SDS \(2020-2045\)](#) in November 2017. Many of the challenges envisaged by the SDS remain until 2050 and much is driven by statutory requirements. These are the ambitions that underpin the Plan and LTDS.

Figure 1: Ambitions to 2050



The Board has considered the LTDS alongside PR24 taking them hand in hand to ensure PR24 ensures we can deliver the Long Term vision. The Chairman attended a deep dive session with the LTDS technical team and was able to further challenge the management team regarding the development of the Company's level of ambition and how it is reflected in the LTDS itself.

We are confident that the long-term vision and ambition has informed decisions taken by the business with respect to the LTDS, as well as the Plan for PR24. Our decisions with respect to the PR24 Plan taken in June and July 2023 were clearly framed in the context of the vision for the LTDS and the impact on the core pathway.

Jacobs have carried out assurance on our LTDS reviewing the development of our plan against the requirements set by Ofwat, including the requirement for adaptive planning and testing of common reference scenarios. No concerns were raised.

LTDS is a high quality, best possible strategy

We have challenged ourselves and are satisfied that the LTDS is high quality, and represents the best possible strategy to efficiently deliver its stated long-term objectives, given future uncertainties.

As set out above we are satisfied that the LTDS is [high quality](#). In particular we are satisfied that the LTDS was developed in line with Ofwat Guidance and that it meets Ofwat's minimum expectations for a high quality LTDS.

Specialists from across the business have been involved in the process of the strategy development captured in the LTDS, and we have had external support from Jacobs and PA consulting on its development. The LTDS has also been subject to review by our Strategic Advisors, as well as external challenge from Sustainability First.

As a Board we are confident that the LTDS represents the best possible strategy to efficiently deliver its stated long-term objectives because:

- it builds on existing strategies and plans that have been subject to robust challenge by the Board (particularly WRMP, DWMP, Net Zero, WINEP) and external assurance;
- it is based on robust evidence including how base expenditure will contribute towards meeting our ambition that has been developed under a comprehensive governance and assurance framework;
- it has been subject to scenario testing (including development of and testing against wider scenarios);
- it has used customer and stakeholder insight to inform strategy and ambition; and
- it utilises digital, innovation, working with others and place based adopted by the Company to ensure investment plans are built differently to before, particularly regarding innovation and digital technologies, to consider how new approaches could unlock more ambition.

We are confident the strategies are best value because:

- the Company has included stretching ambition based on assumptions of future technological and policy change within the core pathway with alternative pathways representing scenarios if these changes are not achieved.
- the Company has considered a wide range of options (including new approaches in cross cutting themes, and modular & scalable solutions);
- scheduling is optimal (informed by scenario testing, evidence of pushing investment back); and
- the wider value to society and the environment has been considered in addition to cost.

We are confident that future uncertainties have been taken into account because:

- scenario testing has been carried out using Ofwat's common reference scenarios to set out key enhancement activities in terms of core and alternative pathways, with appropriate decision and trigger points;
- the Company has developed its own specific scenarios project which identified key uncertainties such as the future of hydrogen economy and associated demands; and
- work with Cambridge Consulting⁴ to consider future technology developments has been used to develop the technology scenario and inform strategies.

Compliance with statutory and licence obligations

We have challenged ourselves and are satisfied that the Plan will enable AWS to meet its statutory and licence obligations during the next five years, and that the LTDS, which is based on adaptive planning principles, will enable AWS to do so in the future.

AWS is subject to a range of statutory and regulatory obligations including those within the Water Industry Act (and other associated legislation), its Licence, the Competition Act and other legislation such as the Environment Act..

We, the Board, are required on an annual basis, as part of the Risk and Compliance Statement (which is included within the Annual Performance Report), to confirm that we have:

- a full understanding of all the relevant statutory, licence and regulatory obligations;
- satisfied ourselves that we have sufficient processes and internal systems of control to fully meet our obligations; and
- appropriate systems and processes in place to allow us to identify, manage, mitigate and review its risks.

⁴ A world leading product development and technology consultancy firms. Established in 1960 and a principal founder of the world-renowned Cambridge high-tech cluster

We reaffirm this as part of our Board Assurance Statement for the statutory and licence obligations as we know them to be at the time of providing this Board Assurance.

The analysis of statutory and licence obligations which supports this statement was refreshed for 2022/23. This analysis comprises two registers, which itemise every obligation and duty set out in the Water Industry Act and Licence. Each duty has an owner and we require those owners annually to confirm that the processes in place to ensure compliance have remained effective during the year, or to update the description of those processes in the register. The statement is also supported by the annual Statement of Responsibilities (SOR) process (referred to on page 17) and the monthly covenant compliance process.

As the Board of Anglian Water Services, we confirm that:

- we believe our Plan and LTDS will meet all the material Obligations;
- the Company has taken steps to understand the range of expectations of our diverse customer base. Anglian Water has sought to provide a service offering that best meets those expectations, taking into account the requirements of other stakeholders, the sustainability of the business and the level of water bills that customers are willing and able to pay; and

The LTDS sets out the plans to support delivery of our ambition and vision to 2050. This requires a view not just of the licence and statutory obligations now, but what those might be across that time horizon. This takes into account the factors that might drive amended or additional obligations, or which might place extra strain on the Company's ability to meet the existing Obligations. For instance, climate change and growth will place additional pressure on services, and a large part of the enhancement investment envisaged by our LTDS is required to mitigate these impacts and prevent a deterioration in service.

In the early stages of developing our Plan the Company mapped out government targets to ensure they would be met by our vision. Our LTDS and other strategic plans (e.g. WINEP, WRMP and DWMP) have been designed to address these

targets. Our management team have held specific sessions for each area of the LTDS to confirm that the proposed strategy will deliver against these targets.

By liaising with Defra, Ofwat and the Environment Agency it has been possible to ensure delivery of obligations in the WINEP in a way that will deliver greater environmental benefits and better value for money, often through natural capital solutions and working collaboratively with local communities and partner organisations. This approach to ensuring the requirements of WINEP are addressed appropriately in the Plan and LTDS was reviewed by Jacobs. As part of its review, Jacobs considered the Company's approach to meeting the core obligations as well as actions and priorities to address the drivers.

The Plan and LTDS have been developed to ensure consistency with the requirements of our WRMP, including feedback received from Defra and Ofwat. Our WRMP was subject to assurance by Jacobs. The reports of this assurance confirmed that the WRMP was developed in compliance with published guidelines and that critical assumptions had been identified and tested.

The LTDS has also had regard to the DWMP, taking into the account the risk based approach to water recycling infrastructure

The Environment Agency and Drinking Water Inspectorate play a significant role in informing our ICG by highlighting any concerns about the ability of the Plan and LTDS to meet statutory obligations. The Board has had opportunities to engage with the ICG during the PR24 planning process.

LTDS based on adaptive planning principles

We have challenged ourselves and are satisfied that the LTDS is based on adaptive planning principles.

Adaptive planning is a forward-looking planning approach that uses different pathways or options to assess what activities will be dependent on certain circumstances, and what activities will be present in most or all plausible futures.

This approach has been adopted more broadly by the Company in its long-term planning with the DWMP, for instance, representing a 25 year indicative strategy that has been designed to be adaptive.

Jacobs (August 2023) Jacobs assurance team undertook independent assurance of the development of our LTDS against the technical requirements set by Ofwat. This included reviewing our approach to adaptive planning and common reference scenarios.

LTDS informed by customer engagement

We have challenged ourselves and are satisfied that the LTDS and the Plan have been informed by customer engagement.

The use of customer engagement in the development of the Plan and LTDS was considered by Jacobs and in detail in the Board deep dive sessions. The [Customer Engagement Strategy for PR24](#), which was reviewed and approved by the Board, sets out Anglian Water's approach to engaging with customers in the development of the Plan and LTDS, and ensuring that customer views inform the resulting proposals. The LTDS draws upon all the customer insight gained throughout the planning process which is brought together in the PR24 synthesis report. More detail on customer engagement can be found at page 43 which includes an overview of the involvement of the Independent Challenge Group.

At the outset of the development of the LTDS the Company mapped its understanding of:

- existing customer insight reflecting Ofwat's previous A-rating for our approach at PR19: the PR19 synthesis report provided an excellent foundation to build upon, and new insight conducted to inform the draft WRMP24 could also be used;
- existing strategies: such as the WRMP, DWMP, Net Zero, Bioresources. These existing strategies and plans were informed by customer and stakeholder insight; and
- gap analysis: gaps in understanding mapped against the specific requirements of the Final LTDS Guidance.

The outcome of this review informed where additional set pieces of new research, driven primarily by the LTDS would be required. These included:

- LTDS Focus groups: four with future customers; four including customers experiencing financial hardship; four involving a mixture of customers at different life stages; and 12 in-depth interviews with Hartlepool Water customers;
- Customer Board engagement, discussing our long-term ambition, the phasing of investment over time and intergenerational fairness; and
- Multi-generation focus groups taking account, for instance, of the LTDS time scales.

This research has fed into the development of, and proposals in, our LTDS.

LTDS and long-term affordability and inter-generational fairness

We have challenged ourselves and are satisfied that the LTDS has taken steps to secure long-term affordability and fairness between current and future customers.

The LTDS, which is based on adaptive planning principles, comprises a Core Pathway from AMP8 to AMP12 reflecting the anticipated enhancement investment activity, and associated cost, required to deliver against our long-term ambitions. It recognises the inherent uncertainty that is unavoidable when taking certain decisions around long-term infrastructure investment and identifies alternative pathways that might be required in the event of changing circumstances.

In developing both the core and alternative pathways, considerations of affordability and inter-generational fairness overall, and at a programme level, have been taken into account. This includes, for instance, testing the cost and outcome implications of shifting the timing of certain investments. This can be seen in the scenario testing using Ofwat's long-term bill impact calculator informs the LTDS core and alternative pathways and the acceptability testing carried out with customers. The bill impacts and affordability testing have been consulted through multi-generational focus groups.

This has informed the selection of enhancement investments up to 2050 within the LTDS, as well as their sequencing. Our long-term objectives, including in relation to how we meet our statutory requirements, have been informed by the views of our current and future customers. We specifically sought the views of future customers through four focus groups targeted at young people within education (aged 16 – 25) and not in education (age 18 – 25) to understand how their perspectives of the long-term may differ.

The Board has had the opportunity to challenge this positioning through its reviews of the LTDS, including at the deep dive session that was led by the Chair. The third party assurance carried out by Jacobs has also addressed these issues.

The Plan implements the first five years of the LTDS

We have challenged ourselves and are satisfied that the Plan implements the first five years of the LTDS.

The first five years of the LTDS represents the enhancement schemes within the AMP8 submission. Through the challenge of PR24 Programme Board and PR24 Strategic Board governance the long-term implications of investment decisions have been considered and captured in the LTDS. As such the core pathway of investments, such as those triggered by WINEP, that will extend beyond the period into AMP9 are also captured. Through scenario testing the AMP8 enhancements are identified as low and/or no regret solutions in order to meet our ambition over the long-term.

Affordability

Implications for customers and value for money

We have challenged ourselves and are satisfied that the full implication of the Plan for customers was considered and that the plan achieves value for money. In particular we have considered the scale and timing of the investment required in AMP8 and beyond, the efficiency of the anticipated costs, and the impact on customer bills.

The main drivers of investment are legislation and regulatory requirements. We have sought to manage these requirements through extensive engagement with Ofwat, DEFRA, the Environment Agency and other regulators.

We have considered these competing demands as long-term issues rather than, as a challenge solely for AMP8. Our LTDS (building on our earlier SDS) helps us to consider how we can phase investments to meet our long-term ambitions. As a result of the visibility provided by strategic planning frameworks such as WRMP and DWMP we have been able to smooth investment over a longer period. The most visible investment for the very long-term - although little of the cost falls in AMP8 – is the region’s need for two large new reservoir systems and associated transfers and water treatment assets between now and 2040. . Our long term approach does not just mean delaying investment, in some cases it has meant including some investment in this period in order to unlock better future investment options on our core pathway, for example investments in treating PFAS. As a result, the remaining investment in the period 2025-30 is ‘no or low regret’ investment that achieves short term goals and sets us on the right path to longer term ambitions.

A ‘value for money’ plan is one which enables Anglian Water to meet its statutory and licence obligations and deliver its long-term ambitions, whilst ensuring that bills remaining affordable. Adaptive planning in the LTDS enables this to be achieved through the recognition of cross-cutting themes – new approaches that have the potential to deliver ambition more efficiently or deliver greater value to society and the environment.

Our Plan clearly explains how we have taken account of views on affordability and how this has informed the development of the Plan and LTDS. It explains the Company’s plans for supporting customers to pay their bills using new and existing concessionary tariffs and other methods. It also demonstrates the steps taken to ensure that all customers have been properly represented in that process. For instance, affordability has been key in determining the scope and reach of customer engagement. To ensure the views of potentially vulnerable customers are reflected, focus groups have specifically covered areas such as low

income earners, young women, older people, hearing impaired, English as a second language and visually impaired.

Our approach to affordability has taken into account the economic outlook for the region and sought to place bill impacts into this context. The scale of investment that customers have asked to be delivered in AMP8 will result in an average household bill increase of 15.5% up to 2029-30.

Long-term affordability and inter-generational fairness

We have challenged ourselves and are satisfied that the LTDS protects customers' ability to pay their water bill over the long-term, and that it delivers fairness between what existing customers will pay and what is paid for by future customers.

The bulk of the investment contained within the Plan and LTDS is required to meet statutory commitments and/or maintain services in the face of future challenges. Our Plan has been developed in the context of Anglian Water's commitment to make bills affordable as outlined above, and fairness has been considered in terms of service, risk and cost. The LTDS sets out how we have sought to manage risk and maintain service in the face of the challenges posed by growth & climate change. It acknowledges that the selection of no/low regret options reduces the risk of customers paying for investments that are not required.

The LTDS also considers the ratio of costs in the first 10 years and last 10 years of the plan, and alignment of costs and benefits (building on the WRMP approach). Customer insight has been used to help define what we mean by 'intergenerational fairness' in this context. The customer engagement strategy sets out how that insight is synthesised and interpreted independently to develop customer principles and reach broad conclusions.

The customer engagement on the LTDS included inter-generational customer focus groups attended by three generations of the same family. These sessions allowed the ambition and fairness of the LTDS to be tested with current and future customers, including those experiencing financial hardship. Discussing the

preferred plan in focus groups such as these allowed for the identification of areas of risk around affordability and inter-generational fairness so that these could be addressed where necessary.

As outlined on page 25, as a Board we have sought to prioritise investment over a longer period. The investment in the period 2025-30 is 'no or low regret' investment that achieves short term goals and sets us on the right path to longer term ambitions.

Costs and outcomes

Performance commitments

We have challenged ourselves and are satisfied that the performance commitment levels in the Plan are stretching but achievable and reflect performance improvements expected from both base and enhancement expenditure.

We have challenged the scale of ambition in the development of the proposed performance commitment levels (**PCLs**) proposed in AMP8, recognising the importance of performance improvements that customers ultimately pay for and balancing the risk faced by companies in both setting of target PCLs and the financial incentives associated with those.

The Company's proposed performance commitment levels reflect an extensive enhancement programme to improve consumer outcomes, improvements from base allowances and have been designed to stretch improvements to levels of service across measures most important to customers. If achieved, for instance, the Company will retain its position as one of the leading companies in the sector on leakage performance.

Customers' views have shaped our PCLs. For example, the ambition in our internal sewer flooding and total pollution incidents PCLs has increased in response to feedback from customers in the first round of Affordability and Acceptability testing.

The scale of the stretch is demonstrated in figure 11 which shows a sample of the percentage improvement proposed for AMP8 from the Company's 2022/23 performance as captured in the APR. As part of the acceptability testing customers were engaged on the affordability and acceptability of performance commitment levels as part of our business plan. In response to feedback from customers we increased the ambition on four performance commitments (leakage, water supply interruptions, internal sewer flooding and total pollution incidents).

Figure 11: Stretch in the PR24 PCLs

Performance commitment	Percentage improvement proposed from 2022/23 to 2029/30
Serious pollution incidents	-100%
Total pollution incidents	-51%
Internal sewer flooding (per 10,000 sewer connections)	-32%
Water supply interruptions	-66%

In order to set performance commitment levels that represent stretching yet achievable targets that can be delivered through base and enhancement expenditure the Company has:

- worked with Reckon LLP to develop the approach to setting targets using trend analysis and econometric modelling; and
- used Predictive Analytics (PA), a module of the C55 investment tool to estimate performance of our assets for given levels of capital maintenance and asset deterioration.

As part of developing our investment plans, all investment solutions are costed, benefits are quantified and recorded in the C55 investment management system. This quantification has enabled the company to understand the benefits of the proposed investments and apply them to the performance commitment levels.

Assurance of Performance commitments and outcome delivery incentives

(April, June and August 2023): Jacobs discussed the approach to Outcomes on at least three occasions. The first review was to assess development of Outcomes and the identified shortlist for the bespoke measures, including interpretation and compliance with Ofwat's guidance ahead of the early submission of definitions on 14 April 2023. One of the findings of the review was that Ofwat may consider a bespoke performance commitment focused on supporting customers in vulnerable circumstances a business as usual activity and the company ultimately chose not to submit that bespoke performance commitment.

The focus of the second discussion was how the outcomes programme and approaches meets Ofwat's criteria for the PR24 Quality and Ambition Assessment and Board Assurance requirements, as outlined above. The final review took place in early August reviewed the outputs of the work to meet the Quality and Ambition Assessment criteria, including in relation to incentive rates and bespoke performance commitments, as well as key outcomes data tables. The review concluded that the company is 'diligently responding to Ofwat's requirements'.

Jacobs in their final report confirm that is "*consider[s] that AW has responded diligently to Ofwat's requirements for customer engagement. AW has refreshed its customer research from PR19 and has maintained its evidence base which is specific for the AW region and demographics. This is important to help AW make the case to use its own incentive rates based on its own research in four areas because Ofwat requires compelling evidence.*"

To validate the Company's view of stretch, it sought an independent review from Oxera. The review considered the proposed PCLs against i) PR19 PCLs, ii) company current and historic performance, iii) the performance of the AMP7 cost efficient companies and iv) current industry upper quartile performance. Overall this review concluded that most PCLs could be classified as at least standard, although Ofwat will have company forecasts available for its assessment which are not currently available. In some areas identified as less ambitious, the company has updated its proposed PCL e.g. water supply interruptions.

The PCLs have been developed with stretch and achievability in mind. Achievability has been considered for each individual performance commitment, accounting for the benefits of enhancement expenditure and potential improvements from base expenditure. The company's system of benefits maps (which map the contribution of different activities to each performance commitments) was used to help understand how performance improvements from base could be achieved. Achievability of the ambition in the plan is contingent on appropriate expenditure allowances being reflected in the company's AMP8 determination.

Some of the performance commitment levels are calibrated to be full compliance throughout AMP8 (e.g. Compliance Risk Index and Discharge Permit Compliance). While the ambition is to deliver full compliance with these performance measures this is not achievable for most companies. In these areas the company is proposing deadbands in line with those in place for the current price review.

We take confidence in the customer engagement and assurance work that confirms that the proposed performance commitment levels are stretching and achievable alongside provision of appropriate funding.

In developing the overall ODI package, we have balanced the need to demonstrate genuine service ambition in AMP8 in areas supported by customers with an appropriate level of risk and return through the calibration of incentives and drawing on the views of our customers for specific measures. This results in a moderated downward skew to our ODI incentives. This approach is central to our assurance and confidence in the overall balance of risk and return underpinning this PR24 plan.

In addition to the Board assurance requirements, we have also had regard to the Quality and Ambition Assessment requirements for outcomes. The Board agreed the focused approach to incentives and bespoke performance commitments and takes comfort from the conclusions of the assurance review on how the Quality and Ambition Assessment criteria are being met.

Expenditure forecasts

We have challenged ourselves and are satisfied that the expenditure forecasts included in the Plan are robust and efficient.

The Board acknowledges the importance of ensuring that the Company understands its costs and is taking appropriate steps to ensure that these are properly benchmarked to enable robust and efficient expenditure forecasting. For that reason a focused Cost Benchmarking Group was created within the [PR24 Governance Framework](#) to provide benchmark challenges to both base and enhancement bottom-up forecasts for PR24, developed Frontier Shift and Real Price Effect expectations and coordinated cost adjustment claims.

When determining its Botex needs for AMP8, the Company assessed AMP7 cost performance then conducted a series of bottom-up assessments of future needs across both base operating expenditure and capital maintenance. It then benchmarked the efficiency of these costs in a number of ways, but in particular, using current Ofwat base models. In general, where costs exceed those predicted by the average across the suite of models, the Company have accepted an additional efficiency challenge to align to the benchmark allowance.

This enables Board to be satisfied that the level of base expenditure identified is stretching yet deliverable.

The Company has undertaken extensive forward-looking analysis of expected future performance of its assets using Predictive Analytics to better understand future capital maintenance needs. Jacobs reviewed the Predictive Analytics process and confirmed they had no concerns.

An investment decision support tool called Copperleaf (C55) has been used to develop and track all enhancement investment proposals. It ensures a common framework is used to assess each investment portfolio. The system is designed to help identify the optimal combination of investments and timing while meeting constraints and resource availability to deliver the best value for the business and customers. To deliver an optimal portfolio all investments need to have a consistent assessment of risk which this system facilitates. The system is

compliant with ISO 55001, the internationally recognised standard for asset management.

All investments in C55 use a common set of cost and value models. Since 2003 the company have captured the outturn costs of completed capital projects at equipment and plant group level. The cost models have over 22,500 projects comprising over 120,000 assets. Both the scale and level of granularity of this database is unrivalled in the water industry, with nearly a million records. The value models cover both private benefit to the Company as well as the societal benefit to customers. The cost and benefits are challenged where appropriate through the corporate Risk Opportunity and Value (ROV) process.

Following a review of PR19 by Dr Harry Bush, the Company has enhanced this process to complement it with extensive levels of challenge through third party benchmarking of costs developed by the cost models.

Enhancement investments in 17 of the 18 enhancement investment portfolios were reviewed by Jacobs as part of their scope of work.

The reviews were carried out in two phases. The first looked at initial information as input to C55, including the need, proposed approach and options, identified solutions, justification of options, assumptions applied, supporting evidence, costs and benefits information and risks. The second phase looked at how the portfolios had been developed and optimised to arrive at final proposed investments.

In addition to the reviews of specific investment portfolios, Jacobs reviewed the process for optimising portfolios and predictive analytics system used to inform decisions on base expenditure.

We have benchmarked over 80% of our total enhancement investments by one of more external partners. The partners were Oxera, KPMG (supported by Arup), WRC and Mott MacDonald and Aecom from the COCE Alliance (Commercial Outperformance and Construction Economics (COCE) framework).

Oxera and KPMG used econometric cost comparisons using Ofwat PR19 cost models and latest APR data, supplemented with asset level cost data from Arup.

WRC provided Industry cost models developed with nine other companies known as TR61 (as used by CMA). The COCE Alliance provided asset level cost comparison with four other water companies

When a benchmark report found that the costs were inefficient, the company revisited the proposed investment and either remove costs and revisited the scope to bring the investment inline with the benchmark.

Cost Adjustment Claims (May 2023): Oxera provided independent assurance of the robustness of cost estimates underlying Anglian Water's (AWS) PR24 cost adjustment claims (CACs), as submitted to Ofwat on 9 June 2023. This assurance covers estimates for the following CAC areas (and segments):

- Ongoing AMP7 Phosphorous removal costs (wholesale wastewater),
- Economies of Scale (wholesale wastewater),
- Average Pumping Head (APH) (wholesale water),
- Leakage (in wholesale water), and
- Energy prices (wholesale water, wholesale wastewater and bioresources)

Oxera's peer review covered the efficiency of the claim (in terms of the total, or gross, value); the appropriate level of any implicit allowance already provided for (deducted from the gross value to arrive at the net value of the claim); and the calculation, where relevant, of any symmetrical cost adjustment claims to be made.

The Board, has engaged the management on the proposed cost adjustment claims both in meetings and workshops. We recognise that some of the cost adjustment claims may be withdrawn if the cost models used in the determination process appropriately reflect the cost drivers, such as economics of scale of average pumping head.

Enhancement investment

We have challenged ourselves and are satisfied that the needs for enhancement investment are not influenced by non-compliance or non-delivery of programmes of work (both base and enhancement) that customers have already funded.

As a Board we have full access to information regarding past performance including the delivery of AMP7 (and earlier) schemes.

When undertaking assurance, one of the audit tests Jacobs applied was to consider whether investment proposals included any programmes funded in AMP7 (or earlier) which were either non-compliant with the performance objectives or hadn't been developed. In their assurance Jacobs did not raise any concerns on this.

As a Board we are confident from information provided by the Company, and the assurance carried out by Jacobs, that our PR24 Plan does not include requests for investment which customers have already funded.

Options appraisal

We have challenged ourselves and are satisfied that a proper appraisal of options has taken place and the options proposed within the Plan are the best option for customers.

The requirements for options appraisal for PR24 have been embedded within the PR24 Governance Framework and are reflected in the processes adopted for the development of our other strategic plans (e.g. WINEP, WRMP and DWMP). External assurance on compliance with these requirements was provided by Jacobs and discussed at the Board deep dive sessions.

To help ensure a focus on new approaches to solving problems a clear optioneering process was developed early on in the PR24 programme and introduced four cross-cutting themes of partnership working, place based, digital and innovation. Each cross cut theme had a lead who has worked with each portfolio group as a 'critical friend' when developing investments to ensure they have fully considered all options and that these themes have been incorporated.

This gives us confidence as a Board, that the Company has consistency challenged itself to think differently.

A detailed nine stage investment process, set out in a PR24 Investment Guidance Process document, must be followed when developing investments for PR24.

Stage 3 of this is to carry out options appraisal before option selection at stage 4. For PR24 the internal requirement was that each investment proposal must contain at least two alternatives so it can be demonstrated that more than one way of achieving the outcome has been considered.

An established Risk Opportunity and Value (**ROV**) process was used for the Stage 3 options appraisal. The ROV provides a framework to collaboratively make investment decisions through fully understanding problems at a service/risk level and establishing root causes to inform best value choices. By doing this we have confidence that our processes take account of wider environmental and social value in decision making, identify lessons learned and review actual benefits after completion. Benchmarking of proposed investments has been undertaken on the majority of the Company's enhancement investments, with the comparisons against other companies' PR19 plans supporting the conclusion that it represents the right breadth and depth.

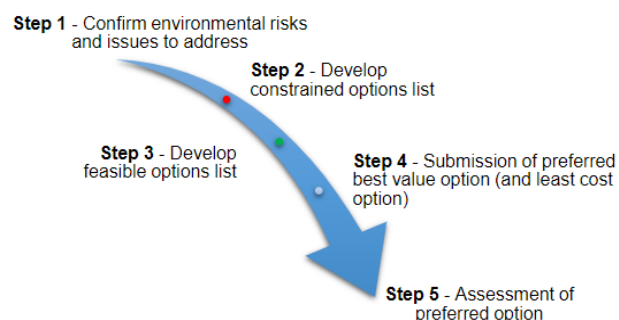
Investments in 17 of the 18 enhancement investment portfolios were reviewed by Jacobs as part of their assurance between April-June 2023.

Jacobs confirmed they "*found that AW's business planning methodologies and its tools for identifying needs and solutions, estimating costs and benefits and optimising expenditure were robust from a technical perspective and based upon risk-based principles using reliable asset-specific data*".

The overall approach to options appraisal, and the Jacobs assurance, was discussed at the Board deep dive on PR24 non financials. Jacobs audits confirmed the robustness of the identified needs and solutions and the selection of preferred options.

WINEP

As part of the development of the WINEP the Company followed the WINEP Option Development Guidance and completed Options Development and Options Assessment Report (**ODR** and **OAR**). The options development process consisted of 5 steps



Jacobs reviewed the WINEP investments, reviewing need optioneering and deliverability. Jacobs confirmed the Company has a well-managed process for developing the WINEP options which has been applied consistently across the drivers and schemes and complies with the Environment Agencies guidance. During the Board deep dive on the WINEP Jacobs noted examples where this led to the selection of an option that was not least cost, but was best value, where the proposed investment gave more coverage of reducing phosphorous in river quality and better engagement with farmers.

WRMP

For our WRMP we have proposed a best value plan, both in the short term and the long-term. It must ensure a secure supply of wholesome drinking water for our customers, whilst protecting and enhancing the environment. A best value plan also considers factors alongside cost and seeks to achieve an outcome that increases the overall benefit to customers, the wider environment and overall society. A multi-criteria robust decision under uncertainty process was conducted. This identified portfolios of supply and policy interventions that maximise system performance in multiple stakeholder-defined metrics and quantifies these trade-offs. Anglian Water has invested in improving its demand and supply forecasting tools since WRMP19. These supply and demand forecasts have informed an Economics of Balancing Supply and Demand (EBSB) model, alongside our demand management strategy and feasible supply-side options. Stress and scenario testing have also been undertaken, including using Ofwat's Common Reference Scenarios (part of the LTDS).

Anglian Water: PR24 and LTDS Board Assurance Statement

For the WRMP Jacobs assured the Company's data and processes used for the supply and demand forecasts, as well as their analysis. Jacobs has also scrutinised the development of the supply and demand management options, ensuring identified risks have been found and mitigated.

DWMP

When developing our DWMP the Company followed the DWMP Framework which has a detailed Options development and appraisal stage. Under this approach any water recycling catchments identified at a certain planning level were assessed; this led to 575 level 3 water recycling catchments to go through the DWMP process. The process involved comparing multiple options to allow for adaptive planning, considering the impact of growth and climate change and identifying opportunities to work in collaboration with stakeholders.

A deep dive was held with Natalie Ceeney ahead of submission of the DWMP where she met with Jacobs and the company specialist to understand the process followed and assumptions made in the DWMP. Jacobs reviewed the DWMP as part of the assurance of our Final DWMP submitted on 31 May 2023 and the Board place reliance on the review and Jacobs commented that "Anglian have followed the framework methodology consistently and measures are in place with Storm Overflows guidance.". No concerns were raised.

DPC

The opportunities that Direct procurement for customers (**DPC**) may provide to deliver greater value for money for customers were considered from an early stage in the PR24 business planning process. External advisors were appointed to help inform the Plan. An expert consultant, KPMG was also engaged, to help review and develop a structured and robust methodology. The methodology for assessing projects includes a series of tests which enables filtering of projects that are most likely to be suitable for DPC. The tests closely follow Ofwat's guidance on DPC. More detail on the approach to DPC is included in the main narrative for the Plan and the commentary for Table SUP12.

The investment that was assessed for suitability for a DPC delivery, and development costs are expected to be incurred in AMP8, with delivery in AMP9.

A high-level review of the approach to DPC was carried out by Jacobs as part of its assurance in July 2023. The scope of this review was to assess the response to Ofwat's requirements, and the approach followed to assess enhancement projects to identify if they should be DPC projects.

Deliverability

As a Board, from the outset of the development of the Business Plan, we have actively been involved in the evolving shape of the emerging strategic frameworks such as WRMP, DWMP and WINEP and their impact on both affordability and deliverability. Ultimately, the increased expenditure that is expected to be a feature of all PR24 business plans will lead to higher demand for suppliers and materials sector wide. AMP8 therefore poses significant challenges for most water companies, not only in terms of scale but also in the required types of work. Our Plan assumes a 100% increase in enhancement expenditure relative to AMP7.

We recognise deliverability is a multi-faceted challenge. This was discussed at a Board workshop on 26 June 2023 with the Director of Strategic Delivery and Cost Assurance and was subject to detailed discussion at our Board meeting of 19 July 2023. As part of the PR24 process the Company has undertaken a thorough review of the deliverability of our proposed plan, drawing upon a suite of external sources on insight in addition to those within our existing Alliancing arrangements, as follows:

Stantec Report

Stantec prepared a report for Water UK, working in collaboration with British Water, on AMP8 deliverability. The Water UK report considered three different areas in their sector wide view of AMP8 deliverability risk and concluded that deliverability will be very challenging for the sector as a whole but provides comfort that with good management, it is achievable in AMP8.

Major project construction market intelligence report

This report, with the support of KPMG, looked at the constructors' views of the key trends in the wider construction industry and used market data to challenge or substantiate those views. Interviews were held with 14 organisations who operate in the water sector. The three key themes of the interviews were:

1. Price volatility
2. Access to labour and competition
3. Attitudes and contractual mechanisms

The report illustrates the challenging macro-market picture for construction in the water sector and other tangential sectors. Key areas identified that are critical to successful delivery are building trust between the supply chain and the client, appropriate and flexible commercial models, and high-quality contractual management. The supply chain identified AWS as a key preferred client.

Assessing delivery risk

The Company used a three-step assessment approach to assess the unmitigated delivery risk of the proposed PR24 capital programme considering the Company's capabilities, commercial arrangements and alliances, the industry and the market. The three steps were:

1. Dynamic Risk Assessment
2. Supplier market landscape review
3. Deliverability risk assessment

Dynamic Risk Assessment (DRA)

Supported by KPMG, the Company undertook a Dynamic Risk Assessment for the identification and review of risks associated with PR24 plan delivery. Based on a series of interviews with key Anglian team members across all parts of the business, a series of risks were developed and then risk maps were generated through several risk expert facilitated sessions. The mapping of risks covered severity and likelihood but also connectivity. The outputs combined with the vulnerability assessment provides a critical insight into where delivery risk mitigations need to focus.

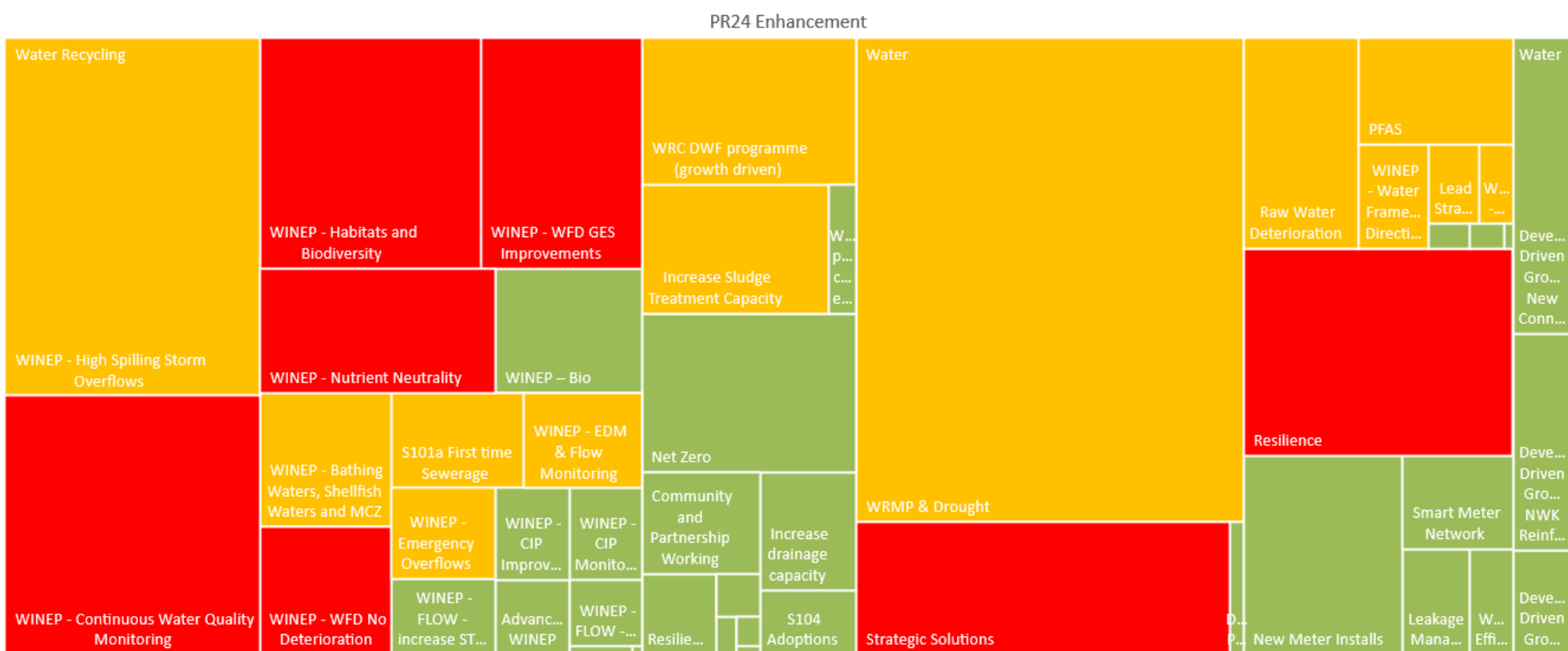
Supplier market landscape review

This market review of the supplier market landscape and emerging trends informed the development of our strategies to mitigate these risks. The report considered all of the Company's six alliance frameworks.

The Alliance Partners worked with KPMG and the Company to undertake deep dive analysis on their financial and business vulnerability, capacity, and capabilities. The suppliers were also assessed in terms of level of embeddedness within Anglian, in terms of how many alliances they are involved in and revenue contribution from Anglian. The review also considered the commitment to the sector, level of revenue diversification, published strategies and financial health of our key suppliers as part of the deliverability assessment.

Deliverability risk assessment

Based on the Dynamic Risk Assessment and Supplier Market landscape review, an initial assessment of deliverability was developed based on current Company and alliance partners' capabilities and capacity. The results of this RAG assessment highlighted that 35% of the enhancement capital programme were considered to have potentially high risk to deliverability and 48% potentially medium risk to deliverability of our Plan:



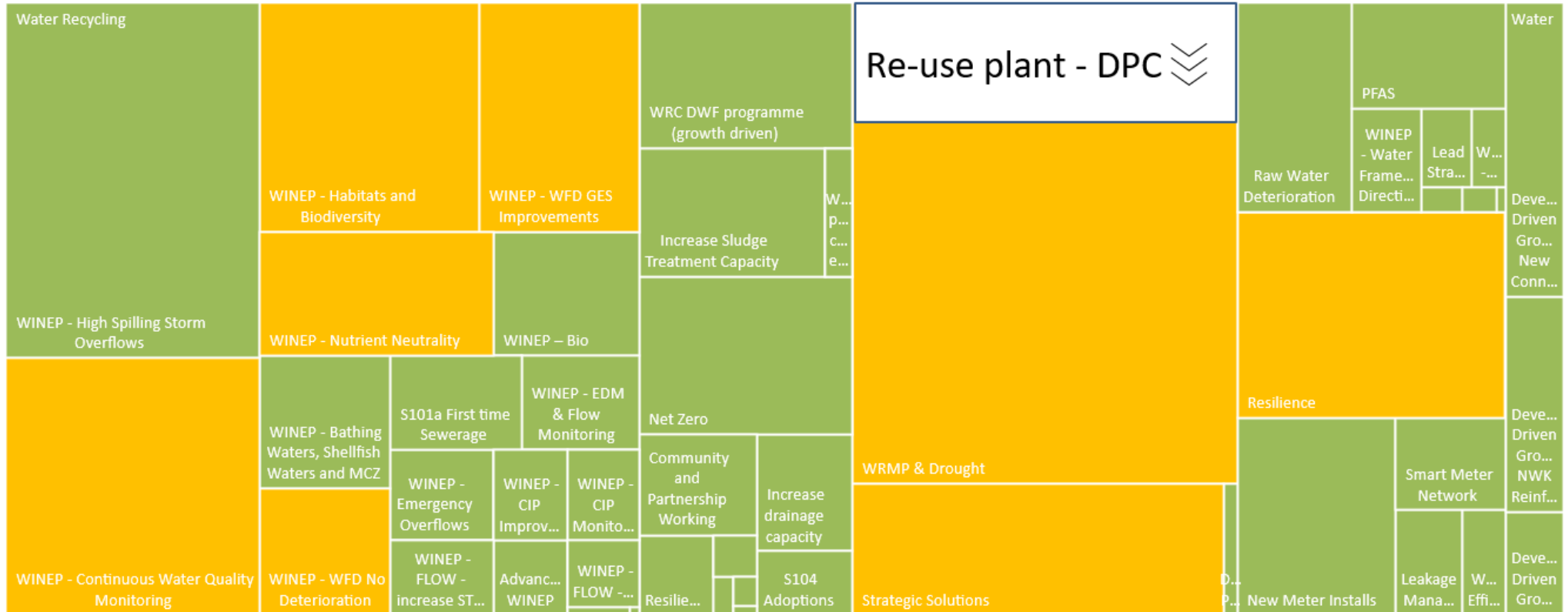
A long list of fourteen mitigation actions were developed based on the outcomes of the DRA, market analysis and deliverability risk assessment workshops, reviewing key literature and taking on board the recommendations of the Water UK Deliverability Report. Based on these, seven key mitigating strategies were developed to address deliverability by focusing on the risks that AWS is in control of and can materially influence:

1. optimising the Plan – the Company has worked with various stakeholders to ensure that our Plan is set up to support deliverability. The latest guidance on Continuous River Water Quality Monitors from Defra in August 2023, although not reflected in our Core Plan will help deliverability. We continue to optimise the Plan;
2. Strengthening relationship-based approach with alliances;
3. enhance and review delivery governance and management structure to ensure it supports efficient decision making;
4. increase supply chain resilience: deliver digital transformation and continuing to invest in our people; and enhancing supply chain resilience through early engagement in order to provide visibility and leverage capabilities;
5. strengthening internal capabilities and creating delivery partner expertise: Increase scale and strengthen capabilities to manage increased work and identify resourcing gaps and develop a strategic workforce plan;
6. setting up new agreements/partnerships/alliances; and
7. increasing the level of review and scrutiny and management of risks.

The assessment of the post-mitigation delivery risk has been undertaken on the basis of the mitigation strategies being applied across the Plan and continued optimisation of the plan. The relevant mitigation strategies depend on whether the activity is entirely new, on a different scale or involves a new technology and is based on the assessments of risk and the availability of supply chain. Through a series of workshops with internal company delivery experts the relevant mitigations were applied to the Plan, their effectiveness assessed, the residual risk profile analysed and the RAG status updated.

All of the high-risk categories have been downgraded to medium or low due to the impact of the strategies. The Company has supply chain contracts in place for 85% of the planned works, and new delivery models are expected to be put in place for the works never delivered before. The overall level of delivery risk in relation to the PR24 plan is therefore expected to reduce significantly following the application of our mitigation strategies.

PR24 Enhancement



■ Potentially high risk ■ Potentially medium risk ■ Low level of risk or immaterial scale

Aiding the ability to deliver, and as discussed with Defra, Ofwat and the Environment Agency in August 2023, delivery of our AMP8 programme has already begun. We are already investing in early start activities approved as part of the Ofwat and Defra Accelerated Infrastructure Delivery (AID) proposals in areas such as smart metering, overflow reduction and nutrient neutrality. Consistent with our position in previous AMPs, as part of our PR24 Plan we are proposing further transitional expenditure to start delivery for AMP8 as soon as practicable.

Jacobs

Jacobs have confirmed they discussed deliverability risks at a high level with the teams who compiled the Enhancement cases, WINEP and DWMP. Delivery risks have been considered with mitigations documented where appropriate. Jacobs concluded that the Company demonstrated that mitigations are in place, and were satisfied that, at this stage of development of the investment programmes, the Company had identified principal risks to delivery and has considered appropriate mitigations.

We are satisfied that customers are suitably protected in the deliverability of our plan. Firstly, the vast majority of our plans are linked to statutory drivers. Secondly, our Plan proposes a number of Price Control Deliverables that we believe strike the balance between customer protection and do not restrain our ability to deliver. If there are revisions to the Price Control Deliverables which restrict our ability to deliver the Plan as a whole, we would need to revisit our ability to assure deliverability.

We have also proposed a range of uncertainty mechanisms which would result in changes of allowed revenues to reflect the change in AMP8 requirements such as those associated with inland bathing waters and changes to the interpretation of Farming Rules for Water.

The Board has also relied on the following factors, each of which provide further confidence in relation to the deliverability of the Plan; specifically the company

- has a proven track record in being able to deliver its capital programme over multiple AMPs;
- is at the frontier of alliancing and are seen as so through our leadership of the Infrastructure Client Group;
- the Company already has supply chain contracts in place for 85% of the planned works over AMP8;
- is the client of choice, backed with the secure sustainable commercial agreements in place with our delivery partners; and
- is utilising the Accelerated Infrastructure funding and transition expenditure to enable an early start on delivering AMP8.

As set out previously, we have a structured approach to risk assessment where we define the company's risk appetite and monitor principal risks in the context of our obligations to keep employees safe and provide an essential and efficient service to customers. Senior management determines mitigating activities required to control risk likelihood and the impact to acceptable levels.

The Board regularly reviews the internal controls and risk management processes to support our decision making. Delivery of the Plan has been included on the risk register and is subject to the regular reviews.

Based on the information above, we have challenged ourselves and are satisfied that the Plan, and the expenditure proposals within it, are deliverable and that the Company has put in place measures to ensure that they can be delivered.

This assurance is provided on the basis of:

- a) The scope and scale of our final proposed PR24 Company view
- b) The scope and scale of our proposed final PR24 plan submitted on 2 October 2023 being accepted in full by Ofwat. The company needs to manage the wide range of projects within the Plan as a whole. Assurance on the deliverability of our Plan is therefore conditional on the final determination enabling us to retain the ability to manage the diversity of risks across the

plan. Further if new obligations arise from regulators then deliverability would have to be re-assessed;

- c) An assumption that DPC successfully delivers the Colchester Reuse scheme;
- d) The confirmation of SIPR as the route for delivery of the strategic regional options;
- e) Assurance is given based on those elements within management control noting there will always remain residual exogenous risks outside our control which may impact our ability to deliver the PR24 plan.

Price control deliverables

We have challenged ourselves and are satisfied that the plan includes price control deliverables covering the benefits of material enhancement expenditure (not covered by the performance commitments).

We recognise the need for customers to be appropriately protected. Price control deliverables (PCDs), are one of a suite of measures that seek to protect customers and provide a balance of risk and return between companies and customers.

Noting the overlap with our statutory requirements, the Plan proposes PCDs which cover over 90% of our enhancement spend. The PCDs are consistent with the requirements set out in the PR24 Final Methodology and cover all material enhancement expenditure not otherwise covered by an ODI.

Jacobs have reviewed and assured the formulation of the PCDs.

We have reviewed the proposed PCDs and are satisfied these have been developed in a manner which effectively balances the need to ensure that customers remain protected, whilst still enabling the Board to be satisfied with the overall deliverability and balance of risk and return of our proposed AMP8 business plan.

Affordability of expenditure proposals

We are satisfied that the Plan, and the expenditure proposals it contains, is affordable for all customers and does not raise bills higher than necessary.

The main drivers of investment for PR24 are statutory drivers. The Company has sought to manage the scope of these requirements through extensive engagement with Ofwat, DEFRA, the Environment Agency and other regulators. In developing our Strategy, the Board has considered these demands as long-term issues, not to be thought of solely as something that affects AMP8. As a result of the visibility provided by strategic planning frameworks such as WRMP and DWMP we have been able to smooth investment over a longer period.

The Company has carried out formal acceptability and affordability testing consistent with Ofwat's guidance. The Company, supported by the Independent Challenge Group had concerns regarding the requirements set by Ofwat as to how the affordability and acceptability research is to be constructed, such that there were concerns that it would not truly reflect customers views.

Therefore, the Company commissioned a separate piece of research which was run in parallel with the mandated research. Supported by market research providers, Accent, this additional research included additional questions for household and non-household customers seeking views on the acceptability of the proposed AMP8 bill increase. The research followed the structure and questions of the Ofwat guidance but had some additional information and one additional question on acceptability of bill impact. The additional research was designed and conducted by Accent, reviewed by the ICG and peer reviewed by ICS Consulting to ensure it met the requirement of high-quality research.

The results of the Ofwat mandated survey were that 73% of customers found the plan to be acceptable, but this level dropped to 22% when customers were asked about affordability. Customers were not asked about the acceptability of the bill increase.

In the additional research, 71% of customers found the proposed bill increase acceptable.

Despite 70% of customers finding the bill impact and plan acceptable, the level of affordability is low.

For customers struggling to pay, their water bill is not the main driver of affordability problems in the household. The issue is a wider one, and our approach to supporting them centres on tackling broader affordability issues and proactively identifying the right support for the customer's circumstances.

In AMP7 Anglian Water holds an industry leading position on helping those struggling to pay. We achieved the new ISO for Customer Vulnerability (22458), we maintained our certification for the British Standard for Inclusive Service Provision; a clear demonstration of our commitment to supporting vulnerable customers. The plethora of measures to address affordability included a focus on the ExtraCare Assessment, working with third parties, increasing awareness and improving accessibility and talking to customers and listening to their diverse needs. The Company has consistently outperformed the ODI target/s for helping customers struggling to pay. Our target for 2030 which we are on track to deliver represents double the industry target set by Ofwat.

The Company has taken steps to identify the number of households in our region whose bills exceed this threshold. Using the Company's data, and working with Experian, we identified that approximately 8% of our customers would be in water poverty in 2023, which may rise to around 10% in AMP8 based on the bill impacts arising from our Plan, were it not for our assistance programmes. We have consulted with customers to increase the cross subsidy for our social tariff, LITE, and the funding now available provides capacity to provide direct tariff assistance to all customers in water poverty.

Our AMP8 focus is to support customers by increasing the scale and scope of our affordability support for all customers; our proposals will allow direct financial support to about 300,000 customers per year allowing financial assistance to all those projected to be in water poverty. With a focus on using data Anglian Water will seek to:

- increase proactive engagement and early intervention based on usage and payment profiles;

- encourage awareness of how and when customers use water and how much it costs;
- allow customers more control and flexibility in managing their accounts, through self-service to the billing and payment options available; and
- increase flexibility and control for customers so that our charges become manageable.

The Company is also proposing a medical needs discount targeted at customers who would not otherwise be eligible for other tariffs. Our shareholders will be funding this discount at £5m for AMP8.

Customer engagement on expenditure proposals

We have challenged ourselves and are satisfied that the expenditure proposals reflect customer views and, where appropriate, are supported by customers.

The Company has delivered a high-quality, multi-method approach to engaging customers on the development of the Plan and LTDS and our other strategic programmes, including the WRMP, DWMP and WINEP. Further detail on this is provided at page 45 in response to confirming why we believe, as a Board, that our customer engagement is high quality.

Customer engagement on the Plan and LTDS focused on three phases of evidence:

1. initiate programme and gather priorities;
2. strategy review and key investment areas; and
3. refine customer views for the final plan.

These phases have included areas such as:

- affordability and acceptability testing;
- assessing willingness to pay for service improvement;
- testing proposed performance commitment levels via the online community;
- seeking customer views on, relative priority of performance commitments and appropriateness of financial incentives;

- proactive engagement with our ICG at each stage of development through the task and finish group; and
- insight on specific enhancement proposals such as climate vulnerable mains and working in partnership to develop WINEP.

These areas have been developed using multiple approaches most suitable to the purpose and insight required working with various third-party delivery partners. Insight has been generated from uninformed and informed customers, used focus groups, deliverable discussions, 1:1 interviews as well as large scale quantitative surveys. Use has been made of everyday insight from across the business wherever possible, thus only instructing external engagement where an evidence gap was identified.

The quarterly update of the customer principles document and synthesis report, independently written, has ensured that the most up to date customer insight has been used throughout the development of our Plan.

On 30 June 2023 the Company presented on how customer insight has informed the business plan to ICG:

- three key areas influenced by customer insights were identified: key performance indicators, bill impacts and nature of investment (cost-benefit analysis);
- explained how recommendations were made and tested/refined with customers to confirm understanding and inform business decisions; and
- an overview of the synthesis and triangulation of multiple sources (including societal values) to derive perspectives used to inform decision-making and the partners involved.

As part of their scope, Jacobs reviewed the line of sight of customer engagement in the assurance of the Enhancement cases, DWMP, WINEP. They confirmed they have seen evidence of customer engagement informing investment proposals and decisions in line with Ofwat's requirements.

ICG also requested a report from Jacobs in June 2023 summarising the audit results of line of sight. Jacobs comment positively on the independence of the Synthesis Report which is regularly updated and used by the business to ensure consistent interpretation from one source when developing investments. They confirm "Through our audits we have seen evidence of customer engagement informing investment proposals and decisions. We have therefore confirmed 'line of sight' of customer preferences in the majority of investment cases."

The level of affordability of the Plan has been gauged as set out by Ofwat in the standardised Acceptability and Affordability testing outlined on page 36.

Risk & return

Financeability of the Plan on the basis of the notional capital structure

Having taken account of all components of the business plan, including Ofwat's early view on the allowed return on capital for PR24, we have challenged ourselves and are satisfied that the Plan is financeable on the basis of the notional capital structure subject to attracting the necessary equity. We retain significant concerns that Ofwat's "early view" is unlikely to be sufficient to attract the necessary equity, without which the notional company would not be financeable and is not financially resilient to shocks

This assurance is given on the basis that the notional company would restrict dividends to 2% of equity RCV during AMP8 and on the assumption that it would be able to attract sufficient equity investment at the cost set out in Ofwat's "early view" on the allowed return on capital during the period.

We recognise that Ofwat's "early view" on the allowed cost of capital is not final and will be revised for draft and final determinations, for example to reflect the significant market movements that have taken place since. Chapter 11 Risk and Return of the Plan sets out these concerns in more detail as well as providing and evidencing details of the alternative cost of capital likely to be necessary to attract sufficient investment in AMP8.

Subject to the assumptions above, we have collectively satisfied ourselves that the business plan is consistent with maintaining target credit ratings at least two notches above the minimum of the investment grade on the basis of the notional capital structure. We summarise below some of the evidence which supports this assurance.

In providing this assurance we have given particular consideration to the financial metrics set out by Ofwat in Table 8.2 of the PR24 Final Methodology. In doing so we have placed particular weight on the key measures of indebtedness and the ability to service and repay debt which are gearing, adjusted interest cover and funds from operations to net debt ratios.

The financial modelling to assess the financeability of the notional company was undertaken using the models provided by Ofwat. We have engaged KPMG to populate these models applying best practice methodology to ensure accuracy and comprehensiveness of our assessment.

Our panel of external advisors (comprising Linklaters, Oxera and KPMG) have also provided input on our approach to assurance of notional financeability.

We have considered the financeability of our plan on a notional company basis throughout the engagement set out in figure 6 which has included the approval of key inputs into models including the PAYG ratio and RCV run-off. Throughout this process these assumptions have been challenged and agreed by us.

Two Board deep dive sessions led by Zarin Patel who along with Deepu Chintamaneni and Alex Nassuphis challenged the assurance around all aspects of the PR24 financeability assessment.

The board meetings and deep dive sessions have in particular:

- Focussed on the process the company had taken to assure each stage of the financial modelling undertaken considering the expertise of those inputting data, data reviewers and assurance providers at each stage.
- Considered the resulting base level of gearing, dividends and financial ratios that arose from our plan before making any interventions to ensure the plan was financially sound.

- Agreed the intervention to restrict dividends to 2% of Equity RCV to reflect the equity investment required to finance the high growth in RCV seen in our plan.
- Agreed the intervention to assume equity injections into the notional company to maintain 55% notional gearing which was required to ensure the FFO/debt ratio achieved the target level to assure a financeable plan.

The basis on which this financeability assessment was carried out as well the underlying evidence is set out in further detail in Chapter 11 of the Plan.

Financial resilience of the actual company

We have challenged ourselves and are also satisfied that the actual company is financially resilient (i.e. able to avoid, cope with and recover from disruption, whether internally or externally driven) over the 2025-30 period and beyond under the Plan.

We have collectively satisfied ourselves that the business plan is consistent with the Company maintaining target credit ratings at least two notches above the minimum of the investment grade on an actual company basis. We summarise below some of the evidence which supports this assurance.

In providing this assurance we have given particular consideration to and placed particular weight on the Company's covenants under our Common Terms Agreement (CTA) credit structure along with the assessment of the company by our credit ratings agencies.

The financial modelling to assess the financial resilience of the actual company was undertaken using the internal models operated by our finance and treasury teams. These models are long established for this purpose and are subject to regular external model assurance to ensure accuracy and integrity of our assessment.

Our panel of external advisors comprising Linklaters, Oxera and KPMG also provided input on our approach to assuring financial resilience.

We have considered the financial resilience of the Company throughout the engagement set out in figure 6. Through this process these assumptions have been challenged and agreed by us.

Two Board deep dive sessions led by Zarin Patel who along with Deepu Chintamaneni and Alex Nassuphis challenged the assurance around all aspects of the PR24 financial resilience assessment. The board meetings and deep dive sessions have, in particular:

- Focused on the process the Company had taken to assure each stage of the financial modelling undertaken, considering the expertise of data inputters, data reviewers and assurance providers at each stage.
- Considered the resulting base level of financial ratios that arose from our plan before making any interventions to ensure the plan was financially sound.
- Acknowledged the potential requirement for equity injections into the Company to finance the high level of growth in regulatory capital value contemplated by our plan in circumstances where gearing at 69% of regulatory capital value is to be maintained.
- Subject to the availability of additional equity, agreed to maintain a base level of dividend of at least 4% of the Company's equity regulatory capital value to ensure the ongoing ability of the business to attract sufficient equity. The base level of dividend assumed may need to be updated to reflect changes in market conditions and required returns.
- Considered the impact on the base plan if that equity was not available to the Company and growth was instead financed by a combination of a lower dividend equal to 2% of the Company's equity regulatory capital value along with a higher level of gearing to ensure our CTA and rating agency covenants were satisfied.
- Considered the scenarios that should be used individually and in combination to model the impact on the overall performance of the business, the ability of the business to service its debt and the impact on its credit rating to ensure the plan is financially resilient ,including

consideration of stress testing to the breaking point and comparing this the RORE range probability assessment.

In addition, at a Board meeting held on 30 August 2023, the Board considered the requirement for additional funds which are expected to be required to support a significantly increased enhancement investment programme. As a result of those discussions and the resilience of the Company's balance sheet the Board has a reasonable belief that the Company would be able to raise the required funding for the AMP8 investment programme.

Ofwat's minimum suite of stress testing scenarios have been used individually and in combination to model the impact on the overall performance of the business, the ability of the business to service its debt and the impact on its credit rating. We have assessed both the AMP8 impacts as well as longer term horizons in making this assessment.

For each sensitivity and combined scenario, we identified, where required, the appropriate mitigations against the potential risks. In the event that the situations used for stress testing were to result in an unacceptable level of deterioration in the Group's financial metrics, the options available to the Company would include further reducing the level of shareholder distributions, potential shareholder equity injections, reviewing the financing structure and identifying further opportunities to reduce the Group's cost base or reduce financing costs.

The highly covenanted nature of our financing arrangements enhances our financial resilience by imposing a rigorous governance framework. This requires continuous monitoring and reporting of our financial and operating performance by senior management, through a well-established business process, to ensure compliance with our financing arrangements, and provides an additional layer of control over how we transact with our stakeholders, including suppliers, business partners, customers, shareholders and lenders, compared to the regulatory frameworks by which the Company is governed.

We confirm that we have also considered stress tests of the Company's financial resilience under a range of base case and downside scenarios, notably financial projections have been stress tested based on a detailed analysis of observed

water actual risk exposure observed across the sector during PR19 to date and PR14 as a proxy for potential risk exposure over PR24. These downside scenarios have been developed with reference to the Company's principal risks, an evaluation of the PR24 Final Methodology and implications for risk exposure and the key components of the Company's business plan.

The basis on which this financeability assessment was carried out as well the underlying evidence is set out in further detail in Chapter 11 of the Plan.

Customer engagement

Quality of the customer engagement

We have challenged ourselves and are satisfied that the customer engagement and research that has informed our Plan and LTDS meets the standards for high quality research and relevant statements of best practice.

For PR24, we have built upon on our outstanding customer research from PR19 introducing new steps in our Engagement Strategy to draw conclusions and to test those conclusions with our customers. The company's engagement strategy started with a comprehensive cross industry guidance review, building on lessons learnt and best practice since PR19. This strategy has been regularly updated, reviewed and approved by programme board, the internal Customer and Stakeholder Engagement Strategy Group and Independent Challenge Group.

Aligning the engagement strategy with the requirements set out in Ofwat's customer engagement policy paper for research, challenge and assurance, the Company developed five core objectives for the delivery of the engagement strategy:

1. Focus on the everyday
2. Better decisions
3. Proportionate and efficient
4. Meaningful
5. Customer First

As part of the engagement strategy ambition, to learn and share with others, the Company have established a cross-industry peer group, chaired by the PR24 engagement lead. The group meets on a monthly basis to share insight, discuss queries and review approaches, especially with Ofwat's standardised engagement models for the ODI centralised research, Affordability and Acceptability testing and the Your Water Your Say open engagement events.

The Company has maintained our independently written synthesis report; ensuring transparency and independence of our insight. This was produced by Faldrax Consulting Ltd. This document brings all of the research conclusions together into a single document that provides a 'snap shot' of insight for PR24 reporting. We are confident that the writing up of the insight in this way means that the possibility of bias being introduced into our research is minimised. Faldrax Consulting Ltd have provided an Assurance Report in which they confirm they have had "Full and transparent access to insight including unrestricted access to all files and documents that we requested" and "Anglian Water's engagement strategy has complied with Ofwat's criteria for high quality research"

For PR24, the Company has introduced a Customer Principles document which interprets the research conclusions in the Synthesis report to develop 'broad customer principles' that can be applied to business decision making whilst also making the insight more accessible to internal audiences. This allows the Company to better evidence the golden thread between customer insight and demonstrates that business planning decisions are informed by customer insight. Both the Synthesis report and customer principles documents have been made available on the Company's internal lighthouse page as well as externally on the company's website ensuring we are transparent in our findings throughout the development of this process.

The Company has worked with a range of specialist agencies when delivering the research programme and ensured that the requirements of high quality research as set out by Ofwat in their Policy paper are met. The Company also rely on the involvement of the ICG to challenge and assure each of these work programmes meet Ofwat's criteria.



The Company has also engaged with our Customer Board to discuss our long-term ambition, the phasing of investment and intergenerational fairness. The Company met with them twice (7th and 20th June 2023), exploring these issues through six live decisions. The Customer Board then voted for their preferred solutions and this has directly informed the development of our LTDS.

As a Board, we have been provided with updates on customer insight through the development of our Plan and LTDS and some of our Board members have also attended customer engagement events. Alex Nassuphis (non-executive director) went to the Affordability and Acceptability Qualitative session on 20 April 2023. In June 2023, John Hirst (Chairman) and Zarin Patel (Independent Non-executive Director) attended the ICG Meeting. Craig Bennett, Chair of the ICG has had the opportunity to meet with the Board, including attending the Board meeting on 19 July 2023. Zarin Patel and Alex Nassuphis also had a deep dive on customer engagement in their Board assurance session. This included a detailed explanation of how insight has been used to inform business decisions.

The ICG comprises a range of stakeholders. Originally established for PR14, the forum continued meeting and is now a business as usual group, not just for Price Review purposes. For PR24 the Company evolved its Customer Engagement Forum into the Independent Challenge Group. A new Chair was appointed and

membership refreshed. The Terms of Reference were reviewed to ensure they were fit for purpose for the evolved role in PR24.

The ICG meets on a regular basis throughout the year, receives company updates and challenges performance and business plan proposals.

Members	Job title	Organisation
Craig Bennett (Chair)*	Chief Executive	Wildlife Trusts
Dr Nathan Richardson*	Head of Policy and Strategy	WaterWise
Dr Paul Metcalfe	Economist, owner PJM Economics	PJM Economics
Justin Tilley	Lead Advisor	Natural England
Victoria Williams	Strategic Drought Manager (AW Account Manager)	Environment Agency
Sarah Thomas	Policy Manager	CCW
Gill Holmes	Consumer Advocate	CCW
Richard Tunniliffe	Regional Director	CBI
Jo Lancaster	Independent	Former MD Huntingdonshire District Council
Claire Higgins	Chief Executive	Cross Key Homes
Peter Holt	Chief Executive	Uttlesford District Council
Secretariat		
Vicky Anning		Writer & Editor

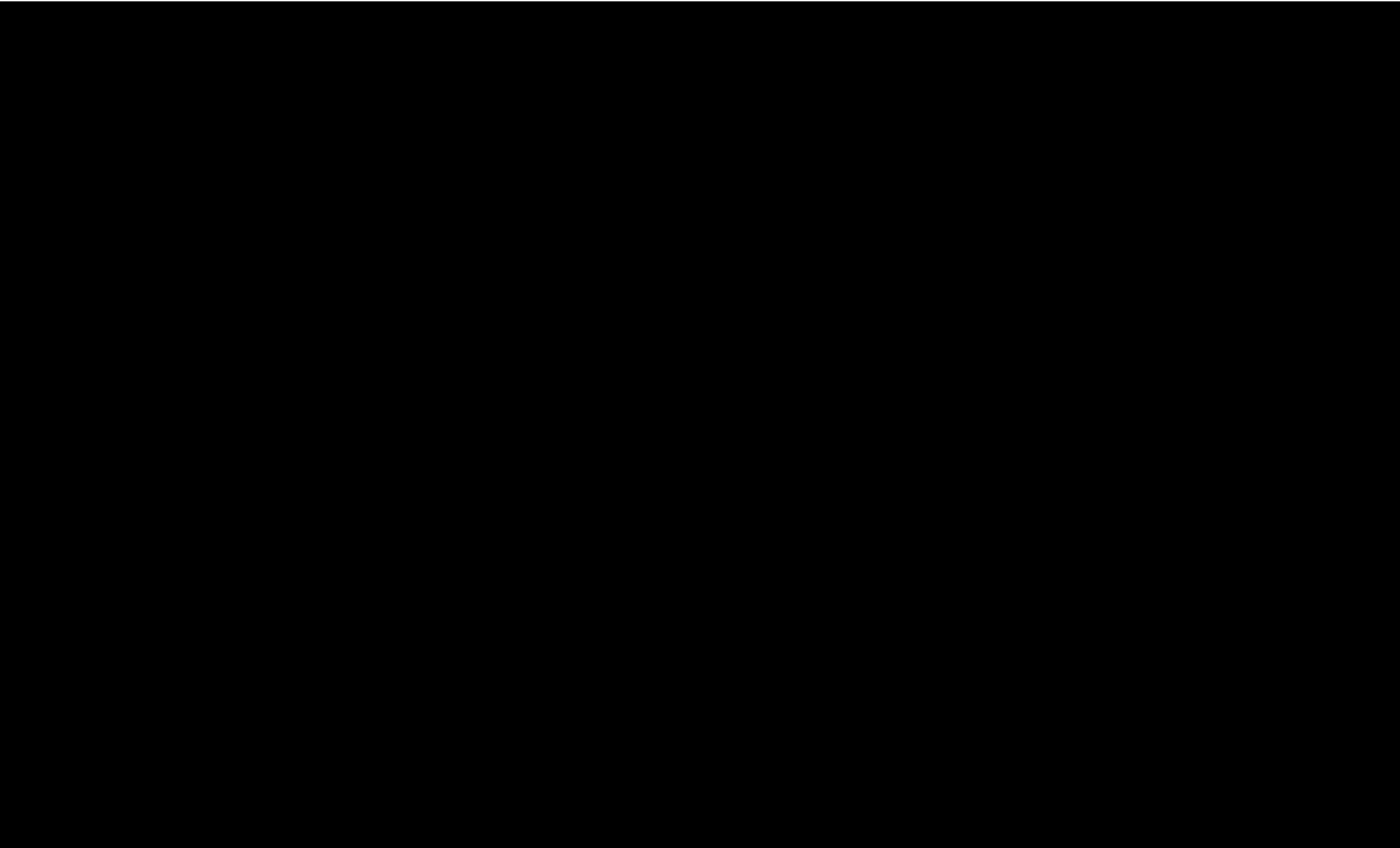
The ICG's membership was refreshed for PR24 and Craig Bennett, Chief Executive of the Wildlife Trusts now Chairs the group (in his personal capacity). The ICG has been instrumental to the development of the Plan, challenging the development of proposals to meet stakeholder and Ofwat requirements. Simon Dry, Chair of the Customer Advisory Board, has also attended two ICG meetings, ensuring a clear line of sight between the two challenge groups.

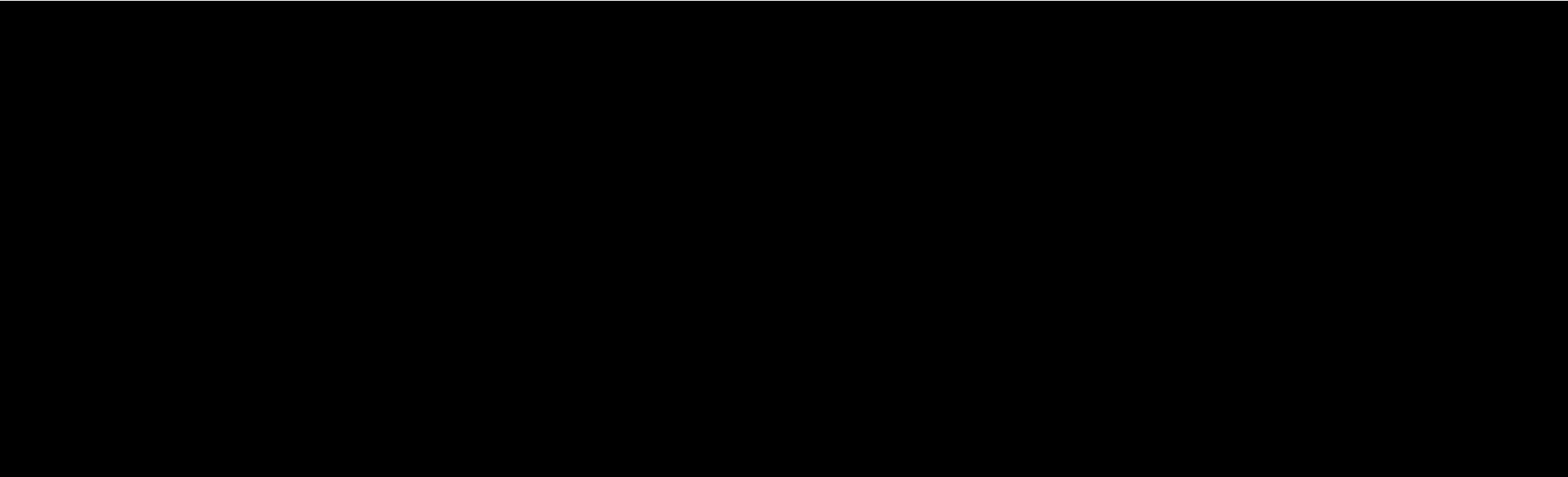
The ICG established a Task and Finish Group in December 2022 to have specific input into the design and development of engagement materials. Members are provided with a weekly update of upcoming and ongoing insight and have the opportunity to feedback at every stage. Members have also been granted access to the online community as observers and have attended engagement events in person and online. All materials are provided via a specialist Sharepoint folder for easy access and reference. The task and finish group has directly inputted into the review of materials for the Affordability and Acceptability research, which as a standardised piece of research set by Ofwat looks to the ICG to ensure the company has continued to meet the high quality requirements.

A representative from Jacobs attended the May ICG meeting to provide independent updates on the activities they have undertaken. Following this, at the ICG's request, they provided a report in June 2023 setting out a high level summary of audit findings on line of sight of Customer Engagement. They confirmed *"Through our audits we have seen evidence of customer engagement informing investment proposals and decisions. We have therefore confirmed 'line of sight' of customer preferences in the majority of investment cases"*.

Confirmation

By signing below, each Director confirms that he or she has reviewed and approved this whole Board Assurance Statement (comprising 47 pages plus a 3 page Appendix). This Board Assurance Statement was approved at a meeting of the Board held on 18 September 2023.





Appendix 1: External assurance providers and specialist consultants

The table below sets out details of our external assurance providers and a non-exhaustive list Specialist Consultants engaged as part of our PR24 planning process and the scope of their activity.

Assurance Providers	Scope of activity
Jacobs	PR24 technical including affordability, outcomes, customer engagement, DPC, data tables LTDS: adaptive planning, reference scenarios, bill impact and tables
PwC	PR19 Reconciliation, Costs, financeability, Financial resilience, data tables
Arup	Review of cost model recommendations to ensure implementation
KPMG	Cost benchmarking
COCE Alliance (Mott MacDonald and AECOM)	Cost benchmarking
Oxera	Cost adjustment claims Cost benchmarking

Specialist consultants	Scope of activity
Oxera	Strategic advisor risk and return
Linklaters	Strategic advisor
John Davies	Strategic Advisor
Jacobs ⁵	Supporting the AW LTDS team to create and follow the LTDS technical programme including activities such as collating information from AW subject matter experts, scenario testing and the core pathway.
Ian Gray (formally of Arup)	Resilience Framework development for PR24 and LTDS
KPMG	Financial modelling

⁵ This support was provided by a different Jacobs team to that providing overall assurance. Measures were put in place to ensure separation, including ethics walls and different sharepoint sites.

	Risk analysis (RoRE), DPC Prepared a review of the LTDS guidance and created a methodology to allow the business to meet the requirements. Deliverability assessment framework
PA Consulting	Working with Jacobs to support the AW LTDS team to create and follow the LTDS technical programme including activities such as collating information from AW subject matter experts, scenario testing and the core pathway.
Experian	Modelling water poverty based on current bills and forecast for AMP8
Accent	Customer engagement lead – Affordability and acceptability, social tariff consultation
Baringa	PR24 ODI regulatory review and strategy development
Cambridge Consulting	Technology scenario for LTDS
Reckon	Outcomes
ICS Consulting	Societal valuation strategy, research and triangulation. Assurance of application of value framework. Conducting customer research to inform PR24 incentives, as well as calculating incentives resulting from this research. Assurance of shadow survey on Affordability and Acceptability
Trinity McQueen	Customer engagement
Faldrax Consulting Ltd	Customer engagement – drafting synthesis and customer principles document
Incling	Customer engagement – online community
Emotional Logic	Customer engagement
TupperS Law/KPMG – Lisa Navarro	Assurance advice
Frontier Economics	Growth cost modelling

Economic Insight	Estimating quality adjusted productivity growth (jointly funded with several other WaSCs and WoCs)
First Economics	Real price effects (jointly funded with several other WaSCs and WoCs)
Aecom	Nitrate Engineering, Mott MacDonald - Nature Based Solutions Water treatment waste Nitrate Engineering, Mott MacDonald - Nature Based Solutions Water treatment waste
Atkins	Scope and costing information for bioresources. Largely for cake barns and incineration options. Aktins were also commissioned to do work at a nation level through waterUK for bioresources supporting the WASCs with evidence for the WINEP sludge lines
Arup	Prepared a review of the LTDS guidance and created a methodology to allow the business to meet the requirements.
Biodiversify	Research on stakeholder ambition across the East of England region.
Blue Marble	NHH and retailer engagement for development of NHH demand management options and qualitative regional engagement for WRMP
Catchment Partnerships	Clarification of environmental need and stakeholder priorities to align with the development of the WINEP programme.
Connected Places, Catapult	Assisted in Place Based Thinking, Cross cutting theme
Copperleaf	Coding for C55 to provided Ofwat data table Report
Cranfield University	Undertook research project into PFAS removal by Granular Activated Carbon (GAC), which was looking at the efficacy of the GAC at Beck Row WTW. This work used Rapid Small Scale Column Tests to look at the breakthrough of PFAS compounds, analysing for all 47 Annex 1 compounds. The outputs of this research informed our PFAS 24 investments and our AMP8 PFAS strategy.
Ecology Solutions	Habitats Regulations advice, IROPI and OPI production

Edge Analytics	Population and property forecasting
Eftec	subcontracted by ICS to undertake societal valuation research
Excitant - Phil Jones	PR24 Strategy and interdependency mapping
Farmers, local catchment partners and consultancies.	Development of options which will deliver mitigation and be locally acceptable and appropriate
FastTrackSquared	Review of our bespoke performance commitment proposals.
Fothergill Training & Consulting Limited	Independent review of environmental assessments
Granular Activated Carbon (GAC) framework suppliers	worked with our current GAC framework suppliers to support in the development of our PFAS PR24 investments and our AMP8 PFAS strategy. Principally involved the removal efficiency of GAC for PFAS compounds.
IOS, Norfolk Rivers Trust, Norfolk Non-native Invasive Species Initiative, Suffolk Wildlife Trust, Wildlife Trust Beds Cambs & Northants, Buglife and Atkins	on specific elements of WINEP investment lines, including costs and scope
James Burberry Consulting Ltd (James Burberry)	Botex development and asset managet (capex) entry into C55
John Brewington (Rivers Trust), Nikolas Berholdt (NE), Phil Hulme (EA), Anwen Bickers (EA), Martin Banham (NE), Sam Westwood (Rivers Trust)	all involved in 4 x workshops to create the WINEP storm overflow programme.
Met Office	Weather generator

Mott MacDonald	environmental assessments, supply-side option identification and development, demand management model, rainfall run off model development and flow generator
Natural England	Clarification of environmental need and stakeholder priorities to align with the development of the WINEP programme.
NERA	Drought Cost benefit analysis