

Rt Hon Alistair Carmichael MP
Chair of the Environment, Food & Rural Affairs Select Committee
House of Commons
London
SW1A 0AA

Tel 01480 323000

2nd June 2025

Dear Mr Carmichael,

Thank you for your follow up letter requesting more information to support the Committee's enquiries. Please find below the information requested. In addition to this I have also enclosed a summary of Anglian Water's submission to Sir Jon Cunliffe's review, which I hope will be helpful for the Committee as you continue to develop the Committee's submission to the review.

Remuneration models

We have two remuneration committees (one for Anglian Water Services and one for Anglian Water Group). The committee is a subset of the respective boards, and both are chaired by Kath Durrant.

Kath joined the board in 2024 following a rigorous recruitment and selection process. We were supported by our search partner Egon Zehnder to identify a remuneration committee (Remco) Chair with sufficient skills and experience. Other members of the Remco are selected based on a board skills matrix to ensure the correct balance of skills is in place. The board skills matrix and committee make up is reviewed annually. In addition to board members the remuneration committee is also supported by the Group People Director, Executive Remuneration and Governance Manager and Company Secretary. Such attendance excludes any matter concerning their own remuneration. The committee is also supported by an independent remuneration adviser (FIT Remuneration Consultants).

Following the conclusion of AMP7, Anglian Water Services will operate an Annual Bonus Plan, replacing the existing Deferred Bonus Plan which has been operating since 2019. Under the Deferred Bonus Plan, 60% of variable remuneration was determined by the Anglian Water Services Performance Contract, which linked company performance to remuneration. The remaining 40% was focused on Personal Objectives. Under the new arrangements the % split between company and personal performance will remain the same but we have aligned the weightings of the metrics in response to Ofwat recommendations i.e. 50% Environment, 20% Customer and 30% Infrastructure.

Legal and advertising fees

The nature of our business means customer behaviour can have a significant impact on operational performance. It is therefore necessary for us to have an effective Communications approach to help influence the behaviour of the public. For example, to try to drive down per capita consumption (water use) during dry or drought periods or reduce the sewage blockages caused by unflushables (such as wet wipes and sanitary products) flushed down the toilet. Very importantly, we also need to communicate to raise awareness about the support we have available for customers struggling to pay their bills, or those who may need extra help during an operational incident. For all these efforts, including our brand and marketing costs, we have spent 78p per year, per household bill on our communications over the last five years.

On legal fees, I can confirm that we have not initiated any legal action against our regulators, so no money has been spent on these activities.

Replacement rate of assets

In AMP8 the replacement rate of our water mains will change from our AMP7 figure of around 0.13% per year, to around 0.5% per year. However, the replacement rate of other critical asset classes will be largely unchanged, with sewers around 0.05% per year and potable service reservoirs being maintained on a 'repair only' basis.

We agree that these replacement rates of civil engineering asset, such as pipelines and structures, is far below sufficient and have been making this point to our stakeholders consistently for some time, along with other water companies. This includes in papers like the contribution to the CMA in 2020 from Harry Bush and John Earwaker, and more recently our Asset Resilience Appraisal (ASRAP) and Statement of Case to the CMA. There is acknowledgement from Ofwat that, for water mains, the renewal rate needs to increase to between 0.6-0.8%, but our own analysis points to around 0.9% for sustainable performance, which is in line with the European average. We believe this is replicated across other asset classes and therefore we need to see sustained and significant increases in civil engineering asset renewal.

Meeting the 2030 target on Water Poverty

We are committed to supporting all customers at risk of water poverty, which is why we have an unprecedented level of help in our AMP8 plan, building further on our sector-leading AMP7 package. This targeted help, along with a doubling of the cross-subsidy from £12 in AMP7 to £24 in AMP8, has strong support from customers and stakeholders. This will result in discounts of up to 50% for 230,000 customers, with more support available for another 70,000 customers across all our concessionary tariffs. In another industry first, a new Medical Needs Discount, funded by our owners, will provide direct financial aid to those with specific medical needs (which create a high-water dependency, for example, those requiring vital medical equipment like home dialysis) without adding to the bill increases for other customers. We also help customers budget by putting them on temporary instalment plans, meaning they pay a set amount per month based on what they can afford.

As of May 2024, 12.7% of our customers are now on our Priority Services Register (PSR), well ahead of our own target and the industry (average 5-6%).

Measuring water poverty and the success of our support

We measure water poverty as water bill charges greater than 5% of house disposable income (adjusted to reflect differences in household size and composition.) We worked with credit rating agency Experian in preparation for both PR19 and PR24, commissioning reports that model the extent of water poverty across our region on a local area basis. We provide Experian with anonymised household-level bill data and a range of bill increase scenarios, and they model household incomes based on their own demographic profiles to then estimate the percentage of customers that are forecast to be in water poverty over the AMP. This information allows us to scale appropriately our planned capacity to support the number of customers likely to be seeking help with affordability. We aim to structure our resources, both in terms of customer support staff and the financial bill discounts available, in order to help all those seeking support.

The effectiveness of our approach is evidenced by our ISO 22458:2022 certification, also known as the Consumer Vulnerability Requirements and Guidelines for the design and delivery of inclusive service. To give a sense of impact in the nine months, July 2024 to March 2025, we signposted customers to an additional £18.3m of benefits to which they were entitled but not claiming, increasing the level of benefits support for these customers by over 22%. The support we have offered throughout AMP7 has exceeded the targets set out in our Business Plan, which were the subject of a performance commitment agreed with Ofwat.

The core principle we hold ourselves to is that all customers seeking support should be provided with some assistance that will ease their position around affordability. The latest survey from CCW shows that AWS scores highest across the industry in terms of the likelihood of customers to contact us where they have affordability concerns (79%) and so underlines the awareness of the support we offer.

Data transparency

We provide a range of information on water security, drinking water quality, and our environmental impact on our website for customers. This includes:

- Information on water resources, including river levels, groundwater levels and reservoir levels. This is updated monthly and is available here - <https://www.anglianwater.co.uk/services/water-supply/monitoring-water-resources/>.
- Information on drinking water quality, including detailed Drinking Water Quality Reports which are available by postcode area. This information is updated every three months and is available here - <https://waterquality.anglianwater.com/map.aspx>
- Information on storm overflow activations. This includes our annual Event Duration Monitoring Report, which is submitted to the Environment Agency and is available here - <https://www.anglianwater.co.uk/environment/storm-overflows/> as well as a new, monthly summary of EDM data, which has been introduced to provide more regular information for customers, alongside the publication our annual submission to the Environment Agency. The monthly summary can be found here - <https://www.anglianwater.co.uk/environment/storm-overflows/monthly-edm-publication/>.
- Our storm overflow live map, which provides near real-time information on storm overflow activations. This is available here - <https://www.anglianwater.co.uk/environment/storm-overflows/storm-overflow-map/>.
- We are also an active participant in Stream, a collaboration between water companies to unlock the potential of water data to benefit customers and the environment - [Stream - Portal](#)

In addition to the information above, we also publish responses to Environmental Information Requests, and other frequently requested information to help people self-serve information. This is available here <https://www.anglianwater.co.uk/corporate/plans-and-reports/being-transparent/> and is expanding all the time as we add new data and publish new EIR responses.

I hope this information is helpful. Please do let me know if we can assist the Committee further.

Yours sincerely



Mark Thurston
Chief Executive