

AffinityWater

ICG Meeting Minutes 16 July 2025



Minutes of the Meeting of the Independent Challenge Group

16th July 2025 10.00am – 15:00pm (In Person)

ICG members in attendance		
Caroline Warner	<i>Chair</i>	CW
Louise Mills	<i>CCW</i>	LM
Unette Spencer	<i>Independent</i>	US
Anthony Smith	<i>Independent</i>	AS
Todd Holden	<i>Independent</i>	TH
Bob Winnington	<i>Independent</i>	BW
Catherine Silvester	<i>Environment Agency</i>	CS
Martin Coppack	<i>Independent</i>	
David Holden	<i>Independent</i>	DH
Affinity Water members		
LW	<i>Director of Regulation and Strategy</i>	LW
JT	<i>Head of Cash Collection and Debt Mgmt</i>	JT
PL	<i>Head of Marketing and Communication</i>	PL
AC	<i>Smart Metering Programme Manager</i>	AC
AJ	<i>Sustainability Manager</i>	AJ
RE	<i>Head of Public Affairs</i>	RE
JA	<i>Performance Insight Lead</i>	JA
Apologies		
RF	<i>Director of Customer Experience</i>	RF
AM	<i>PA to LW and AG</i>	AM

Item	Minute	Action
1.0	Welcome and Introduction – Review Minutes/Actions	
	April 2025 minutes were approved as an accurate record of the meeting.	

2.0	Overview / National View / Independent Water Commission	
	<p>LW provided an overview. There are some anticipated key headline areas, based on what is in the interim report and around the engagement that has already taken place. Between June and present following engagement at CEO level, regulator level and with investors and wider stakeholders, there are five key areas where there may be some quite significant announcements about reform in the industry. It's expected that there will be quite a strong recommendation around a new Government led long term National Water Strategy that covers multi sectors like agriculture as well as the water industry and a clearer direction, not just for Ofwat but also the DWI and the Environment Agency.</p> <p>There could be a recommendation for Regional Water Planning Systems. In the interim report, Sir John recommended that this could include existing bodies like local authorities, or it could be new institutions that are set up to help facilitate the broader regional planning piece.</p> <p>Other areas that Sir John has highlighted are around the legislative framework for the industry. That's a very big job and will require primary legislation for that to happen. There is existing legislation around the Water Framework Directive that has some elements of it that expire in 2027, that will need to be updated and therefore, it could potentially get wrapped up into this legislative review.</p> <p>There has been a lot of attention around regulatory reform, and it's expected that there will be some recommendations around that. There has been a lot of discussion around streamlining regulators and it's anticipated that there will be significant reform to the existing structure.</p> <p>There's also been discussions about supervisory model of regulation. This is to compliment and in addition to the way the regulation currently works, which is very much a comparative basis between companies and the use of a lot of econometric models looking at costs and setting efficient costs. A supervisory model would be much more company specific, including the geography that companies operate within as well as financial parameters.</p> <p>There is quite a lot of discussion in the interim report around infrastructure and asset health and around the current framework.</p> <p>The final report is due to be published next week but, with the information provided to date, it does indicate that there will be a cultural change within the industry.</p> <p>AS asked if this is all very long term and possibly even years down the line? LW confirmed that the legislative framework will be very ambitious with tight timetables. The report will be released next week with a Government response proposed for September 2025 which may include consultation and</p>	

	<p>is to be tabled for parliamentary review in January 2026, which is a very rapid turnaround window.</p> <p>DH asked what Affinity's working assumption would be between the two timelines. Is there an expectation that the report will be legislated in its entirety? LW understands that Defra are supportive of Sir John and the report and that they will be the ones who will have to implement the recommendations. One of the key areas for Affinity would be the introduction of regional planning institutions. There are some big schemes now in progress but still a lot of work to be done around long term water resources planning.</p> <p>CW noted that there is work ongoing about the future of ICGs nationally that should result in a clearer understanding of how expert independent challenge is expected to contribute to the industry changes that will emerge from the Cunliffe review.</p> <p>CW felt that the report overall is good news for customers as it should result in clearer expectations for the water industry in that, culturally and behaviourally, they will act in the best interest for consumers for the longer term including in respect of the growth agenda. The question remains as to what impact it will have on customer bills. This is a very important question that the ICG will be considering, that is, what protections are in place to support financially and non-financially vulnerable customers.</p>	
3.0	Public Value Work / Stakeholder Engagement Update	
	<p>RE and AJ provided an update. The ambition of the piece of work is to demonstrate a desire for cultural change within the sector. Each water company is a public service provider and is also a 'for profit' provider.</p> <p>Water companies can provide significant value to their communities and customers by working in partnership with other public service providers. This piece of work reviews how Affinity can build stakeholder partnerships based on Affinity sense of public value and working with regional stakeholders on issues of joint and significant concern.</p> <p>There were several public value themes identified, provided in detail within the meeting pack. The first one targeted was being a good employer. Three key regions were identified, Hertfordshire, Kent and Brent</p> <p>As a major employer in Hatfield and across our water delivery area, Affinity understands and are actively working to address the significant challenges the UK faces on work readiness and fair access to opportunities within the workplace. Engaging with Hertfordshire County Council, initiatives discussed so far include Services for Young People, Recruitment and Careers Hub, Events and advertising Apprenticeships and Hertfordshire Opportunities Portal</p>	

	<p>Also working with Herts Futures, the following initiatives are being discussed -</p> <p>Careers Hub, schools support and becoming an Enterprise Adviser, Generation Careers Fairs, Work Experience, Apprenticeships, Skills Bootcamps to recruit, upskill or train existing staff, Sustainability - priority growth sector for Herts and Step 2 Skills and supported employment opportunities. By the end of August Affinity will be looking to have an early career strategy that will incorporate some of those opportunities.</p> <p>US asked if Affinity are considering partnering with any other large employers in the area? LW confirmed that there is a known skills gap within the water industry which is the primary key focus but that this is something that could be considered in the future.</p> <p>TH asked if there are any good employment charters within the area, or further afield, in which Affinity could participate? He confirmed that there is a Greater Manchester good Employment Charter, which has been running for about 5 years now. TH would be happy to make introductions to the person who runs the Greater Manchester Good Employment Charter scheme.</p> <p>AS queried the definition of public value - the slide says "Should align with and help evidence your purpose and values" this would appear a bit passive. LW agreed that this should be a stronger line.</p> <p>AJ also felt that the schemes delivered today should have a long legacy.</p> <p>MC asked how this work aligns with diversity inclusion targets. LW confirmed that there has been a lot of work around the ESG commitments and there is now an ESG Board Sub-Group in place and this piece of work will be able to demonstrate and articulate that.</p> <p>DH asked what the Shareholders think of this project. RE confirmed that they have been very supportive, and it aligns with their own ESG reporting requirements.</p> <p>CW confirmed that it will be good to follow progress and see the results against the metrics in place. It will be important to consider, as the strategy evolves as to how stakeholders are included in the decisions e.g. the River Groups to capture their insights.</p> <p>LW to confirm with CN, Chair of the ESG Committee, as to whether the ESG report can be shared with the ICG.</p> <p>RE also stated that following the Cunliffe Report another area that will inevitably need to commence is working with local authority partners, probably from the autumn, on shared vision of how this regional planning mechanism might work.</p>	<p>RE/TH</p> <p>RE</p> <p>LW</p>
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4.0	Customer Insights	
	<p>JA joined the meeting. JA went through the C-Mex key focus areas/service measures with resolution of customer issues being a primary driver. The meeting pack included the many actions underway to drive improvements.</p> <p>CW felt that without clear, visible metrics, it's very hard to grasp and therefore it would be better for the ICG to see something a little more tangible. JA confirmed that there is metric data available that he could share this with the ICG. LW explained that her directorate has recently expanded and now incorporates the Performance and Insights team which is about getting the data right and then being able to draw the insights from that data to be able to make actionable change. LW suggested it would be beneficial at the November ICG to talk very specifically about the customer transformation programme and how the data and information will feed in to this. RF to liaise with NM/FE</p> <p>TH confirmed that the ICG would like an understanding of the data collection process, analysis and triangulation and challenge process. It's important to have enough data to understand the nuance between different customers, different personas and stakeholders, and how they view it.</p> <p>AS felt that at the ICG quarterly ICG meeting it would be really useful to have a one page dashboard demonstrating where Affinity is against key measures.</p> <p>JA to circulate the C-Mex Q4 pack to the ICG for their information.</p> <p>BW asked if multiple data sources are used e.g. UKSCI. JA confirmed multiple sources are used.</p> <p>DH mentioned that in the run up to the price review a large amount of consumer insight was shared with the ICG and asked if that consumer insight and focus on key areas continues once the business plan process has been finalised. JA confirmed that research isn't just for the business plan and that there is continuous listening and continuous actions on the themes that matter to customers.</p> <p>CW reiterated that the ICG focus very hard as a group, on getting the company to demonstrate how they are generating insight, what is being done with the data and how the conclusions are being reached. The ICG need to be confident that those things being done and are robust to build meaningful insights.</p> <p>LW confirmed that the company has not seen the C-Mex improvements that they would have liked however JA and teams have been doing some great work around C- Mex and the business data and some of the analytics that come through from that. To pull all of this insight together there is now a programme of work within the Transformation team to put some structure in</p>	<p>NM/FE</p> <p>JA</p> <p>JA</p>

	place to really understand the data/insights and how this can be used to inform robust decisions.	
5.0	Vulnerability for Affordability and Non Affordability (Deep Dive)	
	<p>JT and PL joined the meeting. CW confirmed that the purpose of this deep dive session was to specifically look at vulnerability for both affordability and non-affordability through the lens of the price increase from April. In particular how customers, who are struggling to pay, have gone through that journey of the price increase and the various stages that Affinity went through at the end of last year and into this year.</p> <p>The price increase for 2025/26 saw most bills increase by circa 32% approx. £135 for a combined wastewater / water bill.</p> <p>Affinity set out in the PR24 Business Plan how they will support their most vulnerable customers. They are projecting and planning to support about 16% of households. Not all will be affordability issues, some will be PSR and a lot will be driven by social tariffs.</p> <p>DH asked how Affinity will get to 16% of households being supported by year 5 of the AMP. JT explained that part of it is the current social tariff is cost subsidy led, the reality is there is only X amount cross subsidy to support. Some data some data suggests about 25% of customers might be on the Universal Credit at the moment and that is a qualifying benefit for the social tariff however, some customers could be on Universal Credit and still be able to pay their bill and would not be eligible. Therefore, a model has been used where it is believed that 16% intervention makes sense.</p> <p>The new National Tariff Scheme may well have different thresholds. DH asked if within the agreement with Ofwat are Affinity able to increase the bills on non-social tariff customers to subsidise those on the social tariff? LW explained that the way Affinity gets to the amount of cross subsidy is through a willingness to pay survey which was part of the Price Review. Affinity is up to the maximum of what customers stated they're willing to pay (£11) for cross subsidies, and this enables Affinity to utilise the full amount of that total pot for cross subsidy.</p> <p>BW asked how the bill redesign was progressing. PL explained that the work is in two phases, first phase has been completed. The second phase is currently being tested. BW asked if Affinity are working with any other organisations to assist with auto enrolment for the social tariff. JT confirmed that it is an expensive license to use and implement and that Affinity are exploring how this could be done differently. The biggest challenge is being able to identify customers who might be in need but that don't engage for various reasons.</p> <p>CW asked about smart meters and JT confirmed that this has been excluded from the 16%.</p>	

	<p>AS asked about the bullet point around investment on a "just in time basis" adding that planned investment is always better value for money so surely this is a more expensive option? LW explained that the sentence is more around saying that Affinity will not be investing unnecessarily and will only be investing in the right places and at the right time.</p> <p>CW asked about the bullet point on increasing the supply pipe leakage allowance for those on social tariff. Would it not be more beneficial to fix the supply side leak? JT confirmed that there is some fixing of customer side leaks. If it is large leak an enforcement notice can be served and request that the customer gets it fixed and if they don't Affinity might step in. There has been a campaign around smaller internal leaks e.g. a leaky loo where Affinity will arrange to get these repaired for free and, in those circumstances, a leakage allowance would be provided to the customer. This also in turn has also a positive impact on reducing PCC.</p> <p>Service for All document has now been published (previously seen by the ICG.) This will be reviewed periodically. CW asked how the ICG will be able to keep track on progress? JT confirmed that there is a quarterly dashboard that goes to the Affinity Executive Team, and this could also be shared with the ICG. ICG agreed to review this annually - JT to share an annual "Service for All" dashboard with the ICG.</p> <p>TH asked how Affinity will measure the impact of that to determine whether successful? And how will it be modified it to make it more successful? JT/PL confirmed that customers both digitally and non-digitally were made aware of the support packages on offer. Because it's fairly new this time around and the amount of effort that went into preparing for that comms campaign, Affinity will measure and have measured. If doing it digitally, Affinity gets stats back that can be matched to the database and learning can be taken from that.</p> <p>MC asked if Affinity are expecting customers to be following or be coming to the website for these types of things. PL confirmed that there is multiple URLs on other communication channels. In addition there is paid for advertising on things like Facebook and other digital channels and is also included on inserts with customer bills.</p> <p>CW felt it would be really useful for the ICG to be told what has been learnt first and then how Affinity responded. This deep dive session came from the ICG saying that the industry has had the biggest increase in bills seen in a very long time and wanted to know how Affinity are demonstrating that they are keeping track of the bill increase impact on customers. What are the company doing to work out how to identify those insights/ understandings and what is being done about them.</p> <p>LW confirmed that one of the key indicators about how successful Affinity are with the vulnerability strategies and the work that they do, is based on the bad debt level e.g. if lots of customers are suddenly going into bigger arrears and bigger bad debt then Affinity know that they're struggling. Currently bad debt levels have remained broadly stable.</p>	JT
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	<p>CW asked what other red flags could indicate that customers are struggling. LM suggested potential indicators could be customers changes in payment methods e.g. changing from debit cards to credit cards, and people who were paying annually or every six months switching to direct debit.</p> <p>MC asked a question around the optimised digital experience. After searching the Affinity website, he was concerned that it took quite a while to find a contact number to speak to a human. JT felt that if someone is on the website, there's an assumption that they could be digitally served, and this is based on previous customer feedback. All bills, letters, emails etc contain a contact number. There is also a live chat function on the website. The ICG felt that there shouldn't be an assumption and that contact details, including a telephone number should be easier to find.</p> <p>Review Affinity website to see if navigation to a contact number could be improved.</p> <p>The ICG agreed to review Affinity website individually and feedback their experience.</p> <p>Using Experian data, Affinity have identified 132,356 customers who are 'feeling the strain' and are financially vulnerable, classed as 'EV'. Therefore, customers that are struggling are being actively identified and supported.</p> <p>CW asked if separate, more customer focused workshop sessions would be more beneficial moving forward, to really look into customer transformation. Review what is coming up in terms of planned customer transformation that could be shared with the ICG, at the stage where their input could be more beneficial. This can then be mapped out to plan additional deep dive workshops.</p> <p>LW felt that for future ICG meetings it would be more constructive to have a clearer exec summary at the front of the topic, with a couple of key questions or feedback/discussion areas to be explored with the ICG members in the meeting. The data can then just be used to support,</p>	<p>PL</p> <p>ICG</p> <p>RF</p> <p>ALL</p>
6.0	Smart Metering (progress so far from the pathfinder trial and the programme for rollout of for next 5 years):	
	<p>AC joined the meeting. AC demonstrated the different types of meters available.</p> <p>Affinity secured funding to deliver 20,000 smart meters in the previous AMP until the end of March. The funding was used to explore what technology is available, connectivity etc. There was then a procurement process to secure the appropriate meter provider. The chosen single meter provider</p>	

	<p>has a scope in place that covers providing the meters, technology infrastructure and connectivity.</p> <p>The second framework that Affinity tendered for was for delivery partners to go out into the communities to install the smart meters. Typically, the smart meters are installed externally in the pavement/highway and sometimes there is a soft dig where they can be installed in grass/borders. For multiple occupancy households the meters can be installed in stairwells, lift shafts etc. There are odd occasions where a meter may need to be installed internally.</p> <p>Benefits enabled Per Capita Consumption demand 0.3 MI/d & CSL 0.07 MI/d</p> <p>Affinity have deployed interventions with 600 of the high consuming customers from the Smart Meter Pathfinder Trail area and have seen about 6% - 7% percent reduction in PCC in that small sample.</p> <p>The ICG asked how the company would know if PCC increase was down to customer side leakage. AC explained that between 2.00am – 4.00am (the nightline figure is monitored) when the least number of customers are using water, as this could indicate that consumption is quite high. The secondary verification activity is where the meter itself will issue a continual flow alarm as the meter is never reading zero.</p> <p>US asked if all customers know if they've got continuous flow issues. AC confirmed that those customers do receive notification of the two step verification process. This is currently a very manual process, but an automated process is being developed.</p> <p>PCC – once the APP has been developed customers will be able to go in and update how many people live at the property, currently assume 2.4 average occupancy. 32.5% of customers in the pathfinder sample appear to be using >150 l/hd/day, 36 No. Customers in the Pathfinder sample appear to be using >1,000 l/hd/day, however, these customers may have leaks, which will be verified following further analysis of the March nightline and persistent flow alarm datasets.</p> <p>Initial Insight – Customer Satisfaction Feedback Themes – CW asked about learning from the original comms plan. AC confirmed that Affinity sent, over a six week period, comms to 45,000 customers to deploy 20,000 smart meters. This took place in January and February this year. Some of those customers in the first tranche didn't get their meters installed until April / May and therefore from a recency perspective some may have forgotten or misplaced the original letter. To make improvements based on feedback Affinity have re-written the letter as there was a lot of negative connotations about the word smart meters from the electricity side, in terms of remote disconnection. The letter has been reframed around upgrades to the water meters to provide additional functionality. Affinity have also changed the deployments of the comms sending around 10,000 a month, instead of the larger number where customers then don't see any movement for three months.</p>	
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	<p>US asked how the process works. AC confirmed that the customer receives first communication (typically 21-28 days prior to installation). A week prior, customers who are on My Account will receive an email notification. The initial letter does encourage the customer to sign up for My Account and there has been a 3-4% uptake. All fits to date have been external and there is no requirement from the customers on the day.</p> <p>US asked if there has been any pushback from customers who don't want to go on the smart meter journey. AC confirmed that there is one or two communities where a battery operated device in the household can't be installed. For these customers there is the alternative option to install a dumb meter. Other pushback received is around lack of choice in types of meters. AC confirmed that, unfortunately, the type of meter available is restricted to technology that's linked to the gateways. To date refusal to have meter installed has been less than 1%.</p> <p>DH asked if there were concerns around when the programme ramps up to 100,000's of installations, which could include customers transferring from a bill based on a ratable value, to one based on actual usage. AC confirmed that those customers would receive a meter and be placed on a one year journey. They will then receive a comparison bill for that period. LW confirmed that figures indicate that of customers on rateable value v's measured, only about 17% end up paying more on a meter. Communication has also been very clear in outlining that there will be an increase to charges for unmetered customers going forward.</p> <p>BW asked how customers can track their usage. AC confirmed that customers who are on My Account can monitor online. The full functionality and the automated notifications etc are still being worked through by the technology teams.</p> <p>CW asked about the reported issues of high water pressure. AC confirmed that these customers were visited and that on the rare occasion there was an installation issue or old boundary box fittings etc. New boundary boxes are now being installed to replace the original brass fittings where appropriate.</p> <p>The ICG asked about installation run rate. AC confirmed that 20,371 smart meters have been deployed across AMP7 Year 5. With the plan to deploy 80,000 Smart Meters across AMP8 Year 1. Overall, 0.4 million Smart meter installations across AMP8.</p> <p>TH asked about the installation numbers across the AMP. AC confirmed that the original strategy was to install half a million every 5 years (over 15 years) Defra then sent a letter in February 2024 requesting that all water companies accelerate the programme to complete installations by 2035. At that point business plans had already been submitted. Therefore, Affinity's aim is to bring as much forward from years 5 and 4 into years 1 and 3 of the AMP, hence the ramp up in installation numbers to enable some headroom from AMP9.</p> <p>AS asked about cost per installation and AC confirmed that this varies on installation method e.g. screw in, soft dig/hard dig.</p>	
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	CW felt it would be useful to understand, in the next phase, how meters can be used to drive behaviour change based on data/learning. This can be planned into a future ICG agenda item.	GW/TS
7.0	Environmental and Innovation Update	
	<p>AJ joined the meeting. CW asked that now the programme of work has been completed what is the legacy is going to be round the Environmental Innovation Projects 2020-25. AJ confirmed that of the key learnings many and benefits achieved from the Lea Catchment programme the same approach has been used to build AMP8 WNIP delivery programme as part of our 'Water in Landscape scheme' launched in June 2025. The Chalk Stream programme has been used to inform catchment strategies through understanding of resource requirements for data collection and condition assessment, and successful partnerships. Catchment trading experience has resulted in funding for environmental schemes in AMP8 being utilised in catchment trading schemes including Landscape Enterprise Network for East Anglia.</p> <p>The other five EIP projects were water demand focused to assist Affinity in exploring additional opportunities to manage supply/demand, including interventions round household consumption. The housing associations Affinity engaged with are now providing water efficiency upgrades as part of their maintenance work. Affinity will continue delivering water saving behaviour campaigns to engage with customers enriched with insights gathered to refine engagement across the whole supply area. The insight from the campaigns has shaped save our streams and any subsequent campaigns thereafter.</p> <p>Education methods - resulted in the development of the water smart programme as part of the water-saving mission and engagement with schools (170 schools in total).</p> <p>New developments – from the 1st April 2025 Affinity now offer an ambitious bespoke Water Neutral tier to incentivise water neutrality for developers of new housing developments.</p> <p>AS asked of all the projects which one is Affinity proudest of. AJ -the Lea Catchment project was brilliant as the division of packages has informed a whole new approach, especially to the new environmental markets.</p> <p>CW thanked AJ and the teams for the execution and delivery of these bespoke performance commitments and AJ thanked the ICG for their help and support in developing and challenging all of the innovation projects at every stage.</p>	

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I confirm that the Minutes of the ICG July 2025 Meeting are a true and accurate record of the business discussed and agreed.

ICG Chair

AWL Director of Regulation and Strategy

Signature:



Signature



Date:

22nd Sept 2025

Date:

16th July 2025