



Department
for Environment
Food & Rural Affairs

Geoff Darch
Water Resources Strategy Manager
Anglian Water Services Limited

Date: 11 October 2024

Dear Geoff,

Anglian Water Company WRMP Annual Review 2024

Thank you for your submission for Anglian Water's water resources management plan (WRMP) Annual Review 2024. The delivery of WRMPs is important in providing resilient water services for customers and protecting and enhancing the water environment, and so the efforts of companies in providing progression updates against this delivery is welcomed.

We are writing this letter to you jointly from Defra, the Environment Agency and Ofwat (The Regulators). The Environment Agency and Ofwat have assessed Anglian Water's WRMP Annual Review 2024 and have highlighted serious concerns with Anglian Water's security of supply, and risk to the environment. You should take immediate action to address the issues that are set out in this letter.

This year, the annual review is particularly important because of its position ahead of a published WRMP24 and the start of the next five-year investment period in April 2025. The Regulators have applied a high level of scrutiny to the process, and we expect companies to improve performance on the issues raised.

We expect companies to achieve their WRMP19 commitments as funded at PR19 on demand reduction and supply side delivery. Through the PR24 draft determinations, Ofwat has proposed taking action where customers have not received the funded benefit, and continued non-delivery on PR19 schemes could result in interventions at final determinations and throughout PR24. Good performance and delivery against WRMP19, and the forecasts it sets out, gives confidence in the WRMP24 starting position, effectiveness of spend and deliverability. We will hold companies and their Boards to account where performance does not meet expectations. We will also continue to engage with companies and collaborate as regulators to gain further insights into poor performance and take targeted action where necessary.

Anglian Water has demonstrated good progress on metering. However, progress against other WRMP19 commitments has caused us concern for the delivery of the plan and securing resilience for customers and the environment. Our concerns are set out in further detail in the table in Annex 1. In summary, Anglian Water is:

- putting customers at higher risk with a deficit supply demand balance (SDB) in seven water resource zones (WRZs), despite reporting a company-wide SDB surplus. We are particularly concerned about the Ruthamford South WRZ where the reported outage appears to have contributed to an actual SDB deficit. The company is not on track to meet WRMP24 starting position for SDB.
- behind its forecast on reducing leakage and the company's leakage is 13.4% higher than the WRMP19 forecast. Although this is marginally lower than last year, Anglian Water is not on track to meet the WRMP24 starting position for leakage. We expect immediate action to reduce leakage to achieve Anglian Water's WRMP24 starting position by April 2025.
- reporting that supply-side scheme delivery is off track, with delays to the interconnector programme. Anglian Water have not confirmed the updated delivery dates of these schemes. The original WRMP19 interconnector programme proposed 22 schemes with a capacity of 469.4 Ml/d, but this has since been revised, with changes to both the number of schemes, the total capacity, and their delivery dates. The company has written to Ofwat regarding the delays, but further clarity is required on the revised timelines and the impact on overall supply.

We expect the company to take immediate action to bring leakage down. The higher than expected leakage is driving deficits in many WRZs for Anglian Water. As the company has indicated in the past that it is proud of its track record for leakage reduction, we expect you to take urgent action to reduce leakage to meet the WRMP24 starting position by April 2025. This significant underperformance is not acceptable and is putting both customers and the environment at risk.

The actions which the Regulators require you to take to address these concerns are set out in the table at Annex 1. We also require you to provide us with evidence in writing by the deadlines in the table at Annex 1 which shows us that Anglian Water have taken the actions specified.

This year, this joint Regulators letter is to be published on the Ofwat website to drive transparency in the delivery of the water resources management plans. We request that Anglian Water publishes its WRMP Annual Review data and narrative and this letter on your website to support this. We will ask this of all companies.

The Environment Agency's summary of the data assessed by regulators to determine the outcome of the 2023-24 WRMP Annual Review has also been published [here](#).

Anglian Water's WRMP is an essential plan for securing customers' water supplies, in a sustainable way for the environment. It is therefore vital for Anglian Water to maintain and deliver its plan to the satisfaction of its regulators and customers.

Yours sincerely

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Water Resources,
Environment Agency

Paul Hickey
Senior Director,
RAPID & Environmental
Planning,
Ofwat

Martin Woolhead
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Defra

Annex 1:

The following table outlines the issues we have identified, the impact and the actions we require you to take.

Issue	Impact	Action and deadline
<p>Supply-demand Balance (SDB)</p> <p>Whilst your reported company-wide SDB is in surplus, you have reported deficits in seven WRZs. In four of the seven WRZs, reported actual deficits are above your planned headroom.</p> <p>You have explained why you consider the reported supply demand deficits as artificial for some WRZs and provided an updated action plan to address issues. We are, however concerned that you are not representing your annual review data and SDB in a way that reflects your true losses, operations, and supply risk across your WRZs.</p> <p>You are not on track to meet your WRMP24 baseline forecast SDB starting position of 80.96Ml/d at the start of the planning period.</p>	<p>A deficit is concerning and suggests that there may be an increased risk to your customers' security of supply in a dry year.</p> <p>Accurate and representative data is integral to demonstrating progress and delivery of your WRMP. Your reported SDB should be consistent with your actual outturn supply-demand situation.</p>	<p>You should:</p> <ul style="list-style-type: none">• deliver the updated action plan submitted with your annual review to address the WRZs in deficit reported in your outturn data. Deliver the action plan in accordance with the deadlines set out in the plan.• take action to represent your annual review data in a way that reflects your true losses, operations, and supply risk across your WRZs. Review your data assumptions in the context of the Annual Review guidance to ensure they are consistent with your actual outturn supply-demand situation. Report this review to the Regulators. <p>Deadline: report the review of data and the SDB by 29th November 2024. Provide an update on progress with delivery of the action plan in the regular liaison meetings with the Environment Agency and in the next annual review.</p>

Issue	Impact	Action and deadline
<p>Leakage</p> <p>Reported total leakage of 182.1MI/d is 13.4% (21.6MI/d) higher than forecast.</p> <p>You are not on track to meet your WRMP24 starting position for total leakage of 164.2MI/d at the start of the planning period in April 2025.</p> <p>You state in your Annual Review that you are enacting a mitigation Service Commitment Plan to ensure you are on track for WRMP24 starting position and have provided details of your action plan. We are concerned that you won't meet the starting position in April 2025.</p>	<p>Although distribution input is lower than last year, achieving your leakage reductions is vital to security of supply and to limit abstraction at sources that could cause deterioration in the status of water bodies.</p> <p>Achieving your planned leakage reductions is reputationally important, as you are asking customers to reduce their water use and limiting new non-domestic requests for water.</p>	<p>You should:</p> <ul style="list-style-type: none"> • deliver the Service Commitment Plan to reduce leakage in line with the WRMP24 starting position in April 2025. • provide us with regular updates on the delivery of your Plan to reduce leakage and how you are monitoring progress of delivery. <p>Deadline: provide an update on progress with delivery of the Service Commitment Plan in the regular liaison meetings with the Environment Agency and in the next annual review.</p>
<p>Supply-side scheme delivery</p> <p>Supply-side scheme delivery is off track, and you have reported delays to the interconnector programme without confirming updated delivery dates for this scheme. The original WRMP19 interconnector programme proposed 22 schemes with a capacity of 469.4 MI/d, but this has since been revised, with changes to both the number of schemes and the total capacity.</p>	<p>Delays to customer funded supply-side schemes and benefit reductions from these schemes have a negative impact on your available supplies. This represents a risk to your customers' security of supply, and to the environment.</p>	<p>You should:</p> <ul style="list-style-type: none"> • provide us with a detailed action plan outlining your reprioritised programme of work and updated timeframes for the delivery of the delayed interconnector schemes. The plan should include specific delivery dates and clearly present any changes in the expected benefits of these schemes. • ensure the plan includes a clear presentation of the risks associated with the delays to the interconnector programme and other schemes with "TBC" delivery dates. This should detail the potential impacts on resilience, supply-

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<p>Additionally, there have been changes in the reported benefits of the schemes. For instance, the interconnector from Norwich and the Broads WRZ to Happisburgh Transfer (East Ruston) delivered only 2.4MI/d in 2023-24, compared to the 5MI/d reported in last year's annual review.</p>		<p>demand balance, and licence reductions. Additionally, the plan should outline the measures you will take to mitigate these risks, particularly in the interim period before the Strategic Pipeline Alliance (SPA) is completed.</p> <ul style="list-style-type: none"> • provide us with details of any environmental mitigation options being developed to manage licence reductions or otherwise address the effects of such reductions until the Strategic Pipeline is operational. This should include the expected benefits, timelines for these mitigation options, and any adjustments to long-term planning in WRMP24 to address the licence reductions. • deliver the action plan according to the timelines you have set out in the plan <p>Deadline: 29th November 2024</p>