

## Anglian Water: Delivering outcomes for customers detailed actions

**Table 1: Company-wide actions**

Area	Concern	Required Action	Action reference	Date required
Performance commitment (PC) definition	The company is proposing to discontinue its Value for Money PCs from PR14. The company has met the target for these PCs to date. The company justifies dropping them on the basis that PCs on C-Mex, Social Capital and Managing Void properties are included. However, we do not consider that this constitutes a valid reason to drop PR14 PCs on Value for Money.	The company should provide further justification for discontinuing its PR14 Value for Money PCs (W-B1: Value for money perception - variation from baseline against WaSCs (water); S-B1: Value for money perception variation from baseline against WaSCs (wastewater); R-B1: Fairness of bills perception - variation from baseline against WaSCs; and R-B2: Affordability perception - variation from baseline against WaSCs). If sufficient justification for dropping the PCs cannot be provided, the company should propose a Value for Money PC by combining its PR14 Value for Money PCs and removing the outperformance element.	ANH.OC.A1	1 April 2019
PC Stretch	No material company-wide concerns. Individual PC concerns are set out in table 2	No company-wide actions. Individual PC actions are set out in table 2	N/A	N/A
Performance reporting	No concern	None	N/A	N/A

<b>Area</b>	<b>Concern</b>	<b>Required Action</b>	<b>Action reference</b>	<b>Date required</b>
Outcome Delivery Incentive (ODI) type	No material company-wide concerns. Individual PC concerns are set out in table 2	No company-wide actions. Individual PC actions are set out in table 2	N/A	N/A
ODI rates	<p>Our initial assessment of companies' enhancement expenditure and cost adjustment claims (including for scheme delivery) in the Cost Efficiency test results in the revision or rejection of some cost claims proposed by the company. In these instances only, there may be implications for the associated PC and ODI rate proposed.</p> <p>The company has provided insufficient evidence to demonstrate the formation of its marginal cost inputs in relation to the enhancement expenditure and cost adjustment claims that it proposes.</p>	<p>In cases of rejection or revisions to enhancement expenditure or a cost adjustment claim, the company should consider the implications, if any, for the associated level of the PC and ODI incentive rates proposed, and provide evidence to justify any changes to its business plan submission.</p> <p>In cases where a scheme will no longer be undertaken, the company should consider the removal of the associated scheme-specific.</p> <p>The company should provide further evidence to detail the estimation of forecast efficient marginal costs within its ODI rate calculations, in line with our Final Methodology. In particular, the company should provide evidence to demonstrate how these marginal cost estimates relate to the cost adjustment claims or enhancement expenditure proposed by the company.</p>	ANH.OC.A2	1 April 2019
ODI deadbands, caps and collars	The company proposes an extensive usage of deadbands, which cover a significant proportion of its financial PCs. We have particular concerns about the PC-specific justifications offered by the company for some of these deadbands, but we additionally have broader concerns about the quantity of deadbands that is proposed. We	The company should review our PC-specific concerns about the justification for certain deadbands, and in each case the company should decide whether to remove the deadband or provide further justification for why the deadband is appropriate and in customers' interests.	ANH.OC.A3	1 April 2019

Area	Concern	Required Action	Action reference	Date required
	<p>judge that extensive usage of deadbands could materially weaken the company's overall incentives to achieve its PC targets, and for this reason the PR19 Methodology sets out that deadbands should only be used when they are demonstrably in customers' interests.</p> <p>The company proposes a widespread application of outperformance caps and underperformance collars across its ODI package. Although the company provides some general evidence of customer support for caps and collars, the company does not provide sufficient evidence to justify these for each individual ODI.</p>	<p>Additionally, the company should consider on the overall quantity of deadbands it proposes to apply and it consider whether to reduce the number of deadbands in its ODI package. The company should provide a convincing and well-evidenced justification for its proposal.</p> <p>The company should provide further ODI-specific evidence to support its individual use of both caps and collars, whilst also considering how its use of these features aligns with its broader approach to customer protection. The company should reconsider its widespread application of collars to financial PCs and it should consider applying these features more selectively. The company's evidence for its individual caps and collars should include justification for the levels at which the cap and/or collar are set, and the company should explain why these levels are appropriate and in its customers' interests.</p>		
Enhanced ODIs	No material company-wide concerns. Individual PC concerns are set out in table 2.	No company-wide actions. Individual PC actions are set out in table 2.	N/A	N/A
Overall ODI package	The company provides insufficient explanation of how its ODI package incentivises it, through better aligning the interests of management and shareholders with customers, to deliver on its PCs to customers.	The company should provide further explanation of how its ODI package incentivises it, through better aligning the interests of management and shareholders with customers, to deliver on its PCs to customers.	ANH.OC.A4	1 April 2019

<b>Area</b>	<b>Concern</b>	<b>Required Action</b>	<b>Action reference</b>	<b>Date required</b>
	In particular there are concerns regarding the balance of incentives, with the leakage PC having a large outperformance payment proposed.			
ODI timing	No concern	None	N/A	N/A
Asset health ODI package	No material company-wide issues.	The company should provide a clear list of what it considers to be its asset health PCs, and state its P10 underperformance payments and P90 outperformance payments for each of its asset health ODIs in £m and as a percentage of RoRe.	ANH.OC.A5	1 April 2019
Customer protection	<p>The company has not sufficiently explained how the Board assurance process would work to protect customers from higher than expected outperformance payments, whether this is binding or what measures would be implemented.</p> <p>Additionally, there is concern that the proposed the 2020 - 2025 period cap on payments could lead to a situation where incentives to outperform and deliver improved service for customers diminish towards the end of the 2020-25 period.</p>	<p>The company should amend its £292m 2020-25 period RoRE cap so that it is set to apply as an annual cap. The company should pro-rate the cap across the 2020-25 period and ensure that it states the annual cap in both £m and RoRE percentage points. With regards to bill smoothing and the maximum payments that can be rolled-over between years, the company should clarify the board assurance process in cases where bill movements exceed 5% and specify what strategies the company would consider.</p> <p>Further evidence should be provided to demonstrate that this measure would provide equivalent customer protection as those measures outlined in '<b>Technical appendix 1: Delivering outcomes for customers</b>'</p>	ANH.OC.A6	1 April 2019

**Table 2 PC specific actions (for each PC)**

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
PR19ANH_4 Water supply interruptions	Definition	No concern	None	N/A	N/A
	Stretch	<p><b>Water supply interruptions:</b> The PR19 methodology expectation for the water Supply Interruptions PC is upper quartile performance in each year of the 2020-2025 period. Based on the forecast data provided by companies in the September 2018 business plan submission the upper quartile values are 2020/21 = 00:04:17; 2021/22 = 00:03:58; 2022/23 = 00:03:40; 2023/24 =00:03:22; and 2024/25 = 00:03:00.</p> <p>The company proposed performance that was beyond these values by 2024-25, so there is no concern, but there is a required action so that all companies have consistent service levels.</p>	<p><b>Water supply interruptions:</b> We expect all companies' service levels to reflect the values we have calculated for each year of the 2020 to 2025 period.</p>	ANH.OC.A7	1 April 2019
	ODI type	No concern	None	N/A	N/A
	ODI rate	<b>Water supply interruptions:</b> There is substantial variation in proposed ODI rates across companies for common and comparable PCs. This finding implies large differences in underlying costs and customer preferences that	<b>Water supply interruptions:</b> The company should explain why its proposed rates differ from our assessment of the reasonable range around the industry average (as set out in ' <b>Technical appendix 1: Delivering outcomes for customers</b> ') and demonstrate that this variation is	ANH.OC.A8	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
		cannot plausibly be explained by companies' comparative and historical performance, or exogenous factors such as household income or water stress.	<p>consistent with customers' underlying preferences and priorities for service improvements in supply interruptions.</p> <p>The company should also provide the additional information set out in '<b>Technical appendix 1: Delivering outcomes for customers</b>' to allow us to better understand the causes of variation in ODI rate for supply interruptions and assess the appropriateness of the company's customer valuation evidence supporting its ODI.</p>		
	Caps, collars, deadbands	<b>Water supply interruptions:</b> The company proposes to apply an outperformance cap and underperformance collar to this PC, and it provides evidence that its customers support the use of caps and collars at a general level. This does not represent a sufficient justification for the application of caps and collars to this specific PC.	<b>Water supply interruptions:</b> The company should provide further ODI-specific evidence to support its use of a cap and a collar, whilst also considering how its use of these features aligns with its broader approach to customer protection. The company's evidence should include justification for the levels at which the cap and collar are set, with the company explaining why these levels are appropriate and in customers' interests.	ANH.OC.A9	1 April 2019
	Timing	No concern	None	N/A	N/A
PR19ANH_5 Leakage	Definition	No concern	None	N/A	N/A

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
Stretch	Stretch	<b>Leakage:</b> The company proposes that its PC should represent upper quartile performance, but expects to significantly outperform it and deliver the leakage reduction set out in its water resource management plan (WRMP). This follows its approach at PR14. It is important that water companies PC service levels align with the WRMP. We consider its service levels for leakage should reflect the required reduction. We have taken this into account in setting our cost threshold.	<b>Leakage:</b> The company should restate its PC to reflect table Wn2 line 25 “total leakage” derived from the WRMP, this shows a 17% reduction between 2019-20 and 2024-25 on an annual average basis.	ANH.OC.A10	1 April 2019
	ODI type	No concern	None	N/A	N/A
ODI rate	ODI rate	<b>Leakage:</b> There is substantial variation in proposed ODI rates across companies for common and comparable PCs. This finding implies large differences in underlying costs and customer preferences that cannot plausibly be explained by companies' comparative and historical performance, or exogenous factors such as household income or water stress.	<b>Leakage:</b> The company should explain why its proposed rate differs from our assessment of the reasonable range around the industry average (as set out in ' <b>Technical appendix 1: Delivering outcomes for customers</b> ') and demonstrate that this variation is consistent with customers' underlying preferences and priorities for service improvements in Leakage  The company should provide the additional information set out in ' <b>Technical appendix 1:</b> '	ANH.OC.A11	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
			<b>Delivering outcomes for customers'</b> to allow us to better understand the causes of variation in ODI rate for leakage and assess the appropriateness of the company's customer valuation evidence supporting its ODI.		
	Enhanced ODI rate	<p><b>Leakage:</b> The company has set its enhanced rates as a multiple of 4.29 over its standard incentive rates, for both outperformance and underperformance. This may exceed customer willingness to pay for leakage reduction.</p>	<p><b>Leakage:</b> The company should provide further evidence to justify the enhanced rates proposed, which are a multiple of 4.29 over its standard rates, or consider downwardly adjusting the enhanced incentive rates proposed.</p>	ANH.OC.A12	1 April 2019
	Caps, collars, deadbands	<p><b>Leakage:</b> The company does not provide sufficient evidence to justify the application of an underperformance deadband to this PC.</p> <p>The company proposes to apply an outperformance cap and underperformance collar to this PC, and it provides evidence that its customers support the use of caps and collars at a general level. This does not represent a sufficient justification for the application of caps and collars to this specific PC.</p>	<p><b>Leakage:</b> The company should either remove the proposed underperformance deadband from this PC or provide convincing evidence to explain why this deadband is appropriate and in customers' interests.</p> <p>The company should provide further ODI-specific evidence to support its use of a cap and a collar, whilst also considering how its use of these features aligns with its broader approach to customer protection. The company's evidence should include justification for the levels at which the cap and collar are set, with the company explaining why these levels are appropriate and in customers' interests.</p>	ANH.OC.A13	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
			In accordance with the amendments to the stretch levels for this PC, the company may revise its enhanced outperformance payment cap such that the more stretching targets do not remove the possibility of earning enhanced outperformance payments. The company should provide its evidence and rationale for any amendments proposed.		
	Timing	No concern	None	N/A	N/A
PR19ANH_6 Per capita consumption	Definition	<b>Per capita consumption:</b> We identified in the APR18 submission evidence, that there are sub-components of this measure assessed as 'Amber' and 'Red'. We have not found any plans or a timetable by the company to achieve compliance with this measure.	<b>Per capita consumption:</b> For sub-components rated 'Amber' or 'Red' in table 3S of the 2018 APR submission, the company should provide details on the actions needed to comply with the standard definitions of common performance metrics and its timetable for completing them.	ANH.OC.A14	1 April 2019
	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A
	ODI rate	<b>Per capita consumption:</b> There is substantial variation in proposed ODI rates across companies for common and comparable PCs. This finding	<b>Per capita consumption:</b> The company should explain why its proposed rates differ from our assessment of the reasonable range around the industry average (as set out in ' <b>Technical</b>	ANH.OC.A15	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
		implies large differences in underlying costs and customer preferences that cannot plausibly be explained by companies' comparative and historical performance, or exogenous factors such as household income or water stress.	<p><b>appendix 1: Delivering outcomes for customers'</b>) and demonstrate that this variation is consistent with customers' underlying preferences and priorities for service improvements in per capita consumption.</p> <p>The company should also provide the additional information set out in '<b>Technical appendix 1: Delivering outcomes for customers'</b> to allow us to better understand the causes of variation in ODI rate for per capita consumption and assess the appropriateness of the company's customer valuation evidence supporting its ODI.</p>		
	Caps, collars, deadbands	<b>Per capita consumption:</b> The company proposes to apply an outperformance cap and underperformance collar to this PC, and it highlights that its customers support the use of caps and collars at a general level. This does not represent a sufficient justification for the application of caps and collars to this specific PC.	<b>Per capita consumption:</b> The company should provide further ODI-specific evidence to support its use of a cap and a collar, whilst also considering how its use of these features aligns with its broader approach to customer protection. The company's evidence should include justification for the levels at which the cap and collar are set, with the company explaining why these levels are appropriate and in customers' interests.	ANH.OC.A16	1 April 2019
	Timing	No concern	None	N/A	N/A
PR19ANH_7	Definition	No concern	None	N/A	N/A

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
Internal sewer flooding	Stretch	<p><b>Internal sewer flooding:</b> Our PR19 methodology expectation for the Internal sewer flooding PC is the upper quartile performance in each year of the 2020 – 2025 period. Based on the forecast data provided by companies in the September 2018 business plan submission, the values are: 2020/21 = 1.68; 2021/22 = 1.63; 2022/23 = 1.58; 2023/24 = 1.44; 2024/25 = 1.34.</p> <p>The company proposed performance that was beyond these values by 2024-25, so there is no concern, but there is a required action so that all companies have consistent service levels.</p>	<p><b>Internal sewer flooding:</b> We expect the company's service levels to reflect the values we have calculated for each year of the 2020 to 2025 period.</p>	ANH.OC.A17	1 April 2019
ODI type		No concern	None	N/A	N/A
ODI rate		<p><b>Internal sewer flooding:</b> There is substantial variation in proposed ODI rates across companies for common and comparable PCs. This finding implies large differences in underlying costs and customer preferences that cannot plausibly be explained by companies' comparative and historical performance, or exogenous factors such as household income.</p>	<p><b>Internal sewer flooding:</b> The company should provide the additional information set out in '<b>Technical appendix 1: Delivering outcomes for customers</b>' to allow us to better understand the causes of variation in ODI rate for internal sewer flooding and assess the appropriateness of the company's customer valuation evidence supporting its ODI.</p>	ANH.OC.A18	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
			The company should explain and evidence how its proposed ODI rate for external sewer flooding is coherent with the rates proposed for all other sewerage performance commitments (including External sewer flooding, Sewer collapses and Pollution incidents) and demonstrate how the package of ODIs across the relevant group of performance commitments appropriately incentivises performance in the long and short-term.		
	Caps, collars, deadbands	<b>Internal sewer flooding:</b> The company proposes to apply an outperformance cap and underperformance collar to this PC, and it highlights that its customers support the use of caps and collars at a general level. This does not represent a sufficient justification for the application of caps and collars to this specific PC.	<b>Internal sewer flooding:</b> The company should provide further ODI-specific evidence to support its use of a cap and a collar, whilst also considering how its use of these features aligns with its broader approach to customer protection. The company's evidence should include justification for the levels at which the cap and collar are set, with the company explaining why these levels are appropriate and in customers' interests.	ANH.OC.A19	1 April 2019
	Timing	No concern	None	N/A	N/A
PR19ANH_8 Pollution incidents	Definition	No concern	None	N/A	N/A
	Stretch	<b>Pollution incidents:</b> The PR19 methodology expectation for the pollution Incidents PC is upper quartile performance in each year of the 2020 -	<b>Pollution incidents:</b> For this common PC we expect all companies' service levels to reflect the values we have calculated for each year of the 2020 to 2025 period.	ANH.OC.A20	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
	ODI type	2025 period. Based on the forecast data provided by companies in the September 2018 business plan submission the upper quartile values are 2020/21 = 24.5; 2021/22 = 23.7; 2022/23 = 23.0; 2023/24 = 22.4; and 2024/25 = 19.5.  The company proposes service levels which are less stretching than these.			
		No concern	none	N/A	N/A
	ODI rate	<b>Pollution incidents:</b> There is substantial variation in proposed ODI rates across companies for common and comparable PCs. This finding implies large differences in underlying costs and customer preferences that cannot plausibly be explained by companies' comparative and historical performance, or exogenous factors such as household income.	<b>Pollution incidents:</b> The company should explain why its proposed rates differ from our assessment of the reasonable range around the industry average (as set out in ' <b>Technical appendix 1: Delivering outcomes for customers</b> ') and demonstrate that this variation is consistent with customers' underlying preferences and priorities for service improvements in pollution incidents.  The company should also provide the additional information set out in ' <b>Technical appendix 1: Delivering outcomes for customers</b> ' to allow us to better understand the causes of variation in ODI rate for pollution incidents and assess the appropriateness of the company's customer valuation evidence supporting its ODI.	ANH.OC.A21	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
			The company should explain and evidence how its proposed ODI rate for external sewer flooding is coherent with the rates proposed for all other sewerage performance commitments (including Internal sewer flooding, External sewer flooding, Sewer collapses) and demonstrate how the package of ODIs across the relevant group of performance commitments appropriately incentivises performance in the long and short-term.		
	Caps, collars, deadbands	<b>Pollution incidents:</b> The company proposes to apply an outperformance cap and underperformance collar to this PC, and it highlights that its customers support the use of caps and collars at a general level. This does not represent a sufficient justification for the application of caps and collars to the ODI associated with this PC.	<b>Pollution incidents:</b> The company should provide further ODI-specific evidence to support its use of a cap and a collar, whilst also considering how its use of these features aligns with its broader approach to customer protection. The company's evidence should include justification for the levels at which the cap and collar are set, with the company explaining why these levels are appropriate and in customers' interests.	ANH.OC.A22	1 April 2019
	Timing	No concern	None	N/A	N/A
PR19ANH_9 Risk of severe restrictions in a drought	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
PR19ANH_10 Risk of sewer flooding in a storm	ODI type	No concern	None	N/A	N/A
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
PR19ANH_10 Risk of sewer flooding in a storm	ODI type	No concern	None	N/A	N/A
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
PR19ANH_3 Compliance Risk Index (CRI)	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	<b>Compliance Risk Index (CRI):</b> On 19 December 2018 the Environment Secretary announced that a ban is being put in place on the outdoor use of metaldehyde. Consequently, there is now insufficient justification to have a financial incentive attached to the CRI sub-measures instead of the CRI common PC.	<b>Compliance Risk Index (CRI):</b> The company should propose an underperformance payment for this PC and provide evidence to justify the rate that it selects. This should include evidence to support the marginal cost and marginal benefit inputs used to calculate the ODI rate proposed.	ANH.OC.A23	1 April 2019
	ODI rate	<b>Compliance Risk Index (CRI):</b> See concern above.	<b>Compliance Risk Index (CRI):</b> The company should add an ODI underperformance payment to this PC in line with our assessment of the reasonable range of ODI rates around the industry average (as set out in ' <b>Technical appendix 1: Delivering outcomes for customers</b> '). If the proposed rate does not sit within this range the company should explain why and demonstrate that the difference is consistent with customers' underlying preferences and priorities for service improvements in CRI.	ANH.OC.A24	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
			The company should also provide the additional information set out in ' <b>Technical appendix 1: Delivering outcomes for customers</b> ' to allow us to better understand the causes of variation CRI and assess the appropriateness of the company's customer valuation evidence supporting its ODI		
	Caps, collars, deadbands	<b>Compliance Risk Index (CRI):</b> See concern above.	<p><b>Compliance Risk Index (CRI):</b> We propose to intervene to ensure companies perform to the regulatory requirement of 100% compliance against drinking water standards. As set out in the methodology we noted a deadband may be appropriate. It is important that the range of underperformance to the collar is adequate to provide clear incentives for companies to deliver statutory requirements.</p> <p>The company should set a deadband at 1.50 and collar at 9.5 for 2020-25.</p>	ANH.OC.A25	1 April 2019
	Timing	No concern	None	N/A	N/A
PR19ANH_11 Total Mains Bursts	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
	ODI type	<b>Total Mains Bursts:</b> The company does not propose a financial incentive for total mains bursts on the grounds that it could disincentivise the use of active leakage control solutions to improve leakage performance. The company instead proposes to attach a financial incentive to its bespoke Reactive Mains Bursts PC.	<b>Total Mains Bursts:</b> The company should provide further evidence to justify the selection of a non-financial incentive for total mains bursts (including evidence demonstrating the link between leakage control and mains repairs). Alternatively, the company should propose a financial ODI, supported by evidence to justify the customer valuations and forecast efficient marginal cost inputs selected.	ANH.OC.A26	1 April 2019
	ODI rate	<b>Total Mains Bursts:</b> See concern above.	<b>Total Mains Bursts:</b> Should the company propose a financial ODI, the company should explain and evidence how its proposed ODI rates for mains bursts are coherent with the rates proposed for PCs relating to the associated customer facing-impacts of the asset failure (including leakage and supply interruptions) and demonstrate how the package of ODIs across the relevant group of PCs appropriately incentivises performance in the long and short-term.  The company should also provide the additional information set out in ' <b>Technical appendix 1: Delivering outcomes for customers</b> ' to allow us to better understand the causes of variation in ODI rates for mains bursts and assess the appropriateness of the company's customer valuation evidence supporting its ODI.	ANH.OC.A27	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
PR19ANH_12 Unplanned outages	Definition	<b>Unplanned outages:</b> We identified in the Annual Performance Report 2018 (APR18) submission evidence (shadow reporting table 3S) that there are sub-components assessed as 'Amber' or 'Red'. The company has not provided sufficient evidence to demonstrate that plans and timetables are in place to achieve compliance with these measures by 2019-20.	<b>Unplanned outages:</b> The company should provide details on the actions needed to comply with the standard definition of this common performance metric and its timetable for completing them (where there is a sub-component rated Amber or Red in table 3S of the 2018 APR submission).	ANH.OC.A28	1 April 2019
	Stretch	<b>Unplanned outages:</b> Unplanned outage PC: We have some concerns that the company's forecast performance level is not determined using data consistent with the common definition.	<b>Unplanned outages:</b> The company is required to provide fully audited 2018-19 performance data by 15 May 2019. This should take the form of an early APR submission, but only for Unplanned Outages. Board assured data can be provided with the main APR in July 2019, any changes will be taken into account for the Final Determination. Based on the latest performance and updated methodologies, the company should resubmit 2019-20 to 2024-25 forecast data in the 15 May 2019 submission. The company should also report its current and forecast company level peak week production capacity (PWPC) (Ml/d), the unplanned	ANH.OC.A29	15 May 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
			outage (MI/d) and planned outage (MI/d) in its commentary for the May submission.		
	ODI type	No concern	None	N/A	N/A
	ODI rate	<b>Unplanned outages:</b> There is substantial variation in proposed ODI rates across companies for common and comparable PCs. This finding implies large differences in underlying costs and customer preferences that cannot plausibly be explained by companies' comparative and historical performance, or exogenous factors such as household income or water stress.	<b>Unplanned outages:</b> The company should explain and evidence how its proposed ODI rate for unplanned outages is coherent with the rates proposed for PCs relating to the associated customer facing-impacts of the asset failure and demonstrate how the package of ODIs across the relevant group of PCs appropriately incentivises performance in the long and short-term.  <b>The company should also provide the additional information set out in '<b>Technical appendix 1: Delivering outcomes for customers</b>' to allow us to better understand the causes of variation in ODIs rate for unplanned outages and assess the appropriateness of the company's customer valuation evidence supporting its ODI.</b>	ANH.OC.A30	1 April 2019
	Caps, collars, deadbands	<b>Unplanned outages:</b> The company proposes to apply an underperformance collar to this PC, and it highlights that its customers support the use of caps and collars at a general level. This does not represent a	<b>Unplanned outages:</b> The company should reconsider whether to apply an underperformance collar to this PC, taking account of its broader approach to customer protection. If the company decides to retain the collar, it should provide a convincing ODI-specific justification for this decision. This should include justification for the	ANH.OC.A31	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
		sufficient justification for the application of a collar to this specific PC.	level at which the collar is set, with the company explaining how this compensates customers adequately for poor service performance. If the company cannot provide this justification it should remove the underperformance collar.		
	Timing	No concern	None	N/A	N/A
	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A
PR19ANH_13 Sewer collapses	ODI rate	<b>Sewer collapses:</b> There is substantial variation in proposed ODI rates across companies for common and comparable PCs. This finding implies large differences in underlying costs and customer preferences that cannot plausibly be explained by companies' comparative and historical performance, or exogenous factors such as household income.	<b>Sewer collapses:</b> The company should explain and evidence how its proposed ODI rate for external sewer flooding is coherent with the rates proposed for all other sewerage performance commitments (including External sewer flooding, Internal sewer flooding and Pollution incidents) and demonstrate how the package of ODIs across the relevant group of performance commitments appropriately incentivises performance in the long and short-term. The company should also provide the additional information set out in ' <b>Technical appendix 1:</b> '	ANH.OC.A32	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
			<b>Delivering outcomes for customers'</b> to allow us to better understand the causes of variation in ODIs rate for sewer collapses and assess the appropriateness of the company's customer valuation evidence supporting its ODI.		
	Caps, collars, deadbands	<b>Sewer collapses:</b> The company proposes an underperformance payment deadband and collar without providing sufficient justification. The company includes a deadband for this PC based on previous deadbands set by Ofwat for the 2015-20 period and states that this will ensure performance is incentivised in line with long term trends rather than due to volatility in reporting. The company states that this measure is a customer priority and therefore it should not limit the power of the ODI with a deadband and collar.	<b>Sewer collapses:</b> The company should either remove the proposed underperformance deadband from this PC or provide convincing evidence to explain why this deadband is appropriate and in customers' interests.  The company should reconsider whether to apply an underperformance collar to this PC, taking account of its broader approach to customer protection. If the company decides to retain the collar, it should provide a convincing ODI-specific justification for this decision. This should include justification for the level at which the collar is set, with the company explaining how this compensates customers adequately for poor service performance. If the company cannot provide this it should remove the underperformance collar.	ANH.OC.A33	1 April 2019
	Timing	No concern	None	N/A	N/A
PR19ANH_14	Definition	No concern	None	N/A	N/A

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
Treatment works compliance	Stretch	<b>Treatment works compliance :</b> The company provided insufficient evidence that its proposed service levels for 2020 to 2025 are stretching. Additionally its forecast for 2024-25 does not meet the expected compliance level of 100%.	<b>Treatment works compliance :</b> The company should set performance to the expected target of 100% for the period 2020-25 or provide convincing evidence why it cannot.	ANH.OC.A34	1 April 2019
	ODI type	No concern	None	N/A	N/A
	ODI rate	<b>Treatment works compliance :</b> There is substantial variation in proposed ODI rates across companies for common and comparable PCs. This finding implies large differences in underlying costs and customer preferences that cannot plausibly be explained by companies' comparative and historical performance, or exogenous factors such as household income or water stress.	<b>Treatment works compliance:</b> The company should explain and evidence how its proposed ODI rate for treatment works compliance is coherent with the rates proposed for any PCs relating to the associated customer facing-impacts of the asset failure (such as river water quality) and demonstrate how the package of ODIs across the relevant group of PCs appropriately incentivises performance in the long and short-term.  The company should also provide the additional information set out in ' <b>Technical appendix 1: Delivering outcomes for customers</b> ' to allow us to better understand the causes of variation in ODIs rate for treatment works compliance and assess the appropriateness of the company's customer valuation evidence supporting its ODI.	ANH.OC.A35	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
PR19ANH_16 Properties at risk of persistent low pressure	Caps, collars, deadbands	<p><b>Treatment works compliance :</b> The company proposes to apply an underperformance collar to this PC, and it highlights that its customers support the use of caps and collars at a general level. This does not represent a sufficient justification for the application of a collar to this specific PC.</p> <p>The company does not provide sufficient evidence that its proposed level of deadband is sufficiently challenging and protects customers from poor service delivery.</p>	<p><b>Treatment works compliance :</b> The company should reconsider whether to apply an underperformance collar to this PC, taking account of its broader approach to customer protection. If the company decides to retain the collar, it should provide a convincing ODI-specific justification for this decision. This should include justification for the level at which the collar is set, with the company explaining how this compensates customers adequately for poor service performance. If the company cannot provide this it should remove the underperformance collar.</p> <p>The company should revise the deadband level to 99% or provide justification why this is not appropriate.</p>	ANH.OC.A36	1 April 2019
	Timing	No concern	None	N/A	N/A
	Definition	No concern	None	N/A	N/A
PR19ANH_16 Properties at risk of persistent low pressure	Stretch	<b>Properties at risk of persistent low pressure:</b> The company provides projected performance levels which are not sufficiently stretching. As a result the company may be able to benefit early in the 2020 - 2025 period following no discernible improvement in	<b>Properties at risk of persistent low pressure:</b> The company should revise its performance forecast to reflect more stretching performance in each year of the 2020-25 period. The company should also revise the flat performance in its longer term forecast or provide convincing evidence why this is not in customers interests.	ANH.OC.A37	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
		performance. In addition to this the company proposes a flat long term performance level without sufficient explanation why further reductions are not in customers interests.			
	ODI type	No concern	None	N/A	N/A
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	<b>Properties at risk of persistent low pressure:</b> The company proposes to apply an outperformance cap and underperformance collar to this PC, and it highlights that its customers support the use of caps and collars at a general level. This does not represent a sufficient justification for the application of caps and collars to this specific PC.	<b>Properties at risk of persistent low pressure:</b> The company should provide further ODI-specific evidence to support its use of a cap and a collar, whilst also considering how its use of these features aligns with its broader approach to customer protection. The company's evidence should include justification for the levels at which the cap and collar are set, with the company explaining why these levels are appropriate and in customers' interests.	ANH.OC.A38	1 April 2019
	Timing	No concern	None	N/A	N/A
PR19ANH_17 External Sewer Flooding	Definition	No concern	None	N/A	N/A
	Stretch	<b>External Sewer Flooding:</b> The company provides insufficient evidence	<b>External Sewer Flooding:</b> The company should revise its forecast performance level in line with	ANH.OC.A39	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
		to demonstrate that the forecast performance level is sufficiently stretching, given a significant improvement in performance in the past year. The company provides insufficient evidence to set out the reasons for this improvement and why it cannot be sustained over the 2020-25 period	recent performance or provide further evidence of why the last year's performance cannot be sustained.		
	ODI type	No concern	None	N/A	N/A
	ODI rate	<b>External Sewer Flooding:</b> There is substantial variation in proposed ODI rates across companies for common and comparable PCs. This finding implies large differences in underlying costs and customer preferences that cannot plausibly be explained by companies' comparative and historical performance, or exogenous factors such as household income.	<b>External Sewer Flooding:</b> The company should provide the additional information set out in ' <b>Technical appendix 1: Delivering outcomes for customers</b> ' to allow us to better understand the causes of variation in ODI rate for external sewer flooding and assess the appropriateness of the company's customer valuation evidence supporting its ODI.  The company should explain and evidence how its proposed ODI rate for external sewer flooding is coherent with the rates proposed for all other sewerage performance commitments (including Internal sewer flooding, Sewer collapses and Pollution incidents) and demonstrate how the package of ODIs across the relevant group of performance commitments appropriately	ANH.OC.A40	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
PR19ANH_18 Reactive Mains Bursts	Caps, collars, deadbands	<b>External Sewer Flooding:</b> The company provides insufficient evidence to justify its proposition to apply an outperformance deadband and underperformance deadband to this PC, as well as an underperformance collar and outperformance cap.	incentivises performance in the long and short-term.		
			<b>External Sewer Flooding:</b> The company should either remove the proposed deadbands from this PC or provide convincing evidence to explain why these deadbands are appropriate and in customers' interests.  The company should provide further ODI-specific evidence to support its use of a cap and a collar, whilst also considering how its use of these features aligns with its broader approach to customer protection. The company's evidence should include justification for the levels at which the cap and collar are set, with the company explaining why these levels are appropriate and in customers' interests.	ANH.OC.A41	1 April 2019
	Timing	No concern	None	N/A	N/A
PR19ANH_18 Reactive Mains Bursts	Definition	No concern	None	N/A	N/A
	Stretch	<b>Reactive Mains Bursts:</b> The company does not provide sufficient evidence to justify that the projected performance level over the 2020-25 period is sufficiently demanding, particularly	<b>Reactive Mains Bursts:</b> The company should consider revising its projected performance level to take into account expected active leakage control, to make this PC more stretching. The	ANH.OC.A42	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
		given that active leakage control activity is likely to reduce the number of reactive mains bursts.	company should clearly set out its evidence and rationale for the revised targets.		
	ODI type	<b>Reactive Mains Bursts:</b> For Total Mains Bursts we have asked the company to provide further evidence to justify its non-financial incentive or propose a financial ODI. If it proposes a financial ODI for Total Mains Bursts there may be double counting with this PC.	<b>Reactive Mains Bursts:</b> If the company chooses to apply a financial ODI to Total Mains Bursts it should also review its selection of a financial ODI for this PC and ensure there is no double counting.	ANH.OC.A43	1 April 2019
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	<b>Reactive Mains Bursts:</b> The company proposes to apply an underperformance deadband and underperformance collar to this PC, but it does not provide sufficient justification.	<b>Reactive Mains Bursts:</b> The company should either remove the proposed underperformance deadband from this PC or provide convincing evidence to explain why this deadband is appropriate and in customers' interests.  <b>Reactive Mains Bursts:</b> The company should reconsider whether to apply an underperformance collar to this PC, taking account of its broader approach to customer protection. If the company decides to retain the collar, it should provide an ODI-specific justification for this decision. This should include justification for the level at which the collar is set, with the company explaining how this compensates customers adequately for poor	ANH.OC.A44	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
			service performance. If the company cannot provide this it should remove the underperformance collar.		
	Timing	No concern	None	N/A	N/A
PR19ANH_23 Managing void properties	Definition	No concern	None	N/A	N/A
	Stretch	<b>Managing void properties:</b> The company provides insufficient evidence that its proposed target for 2020/21 is stretching.	<b>Managing void properties:</b> The company should reconsider its proposed percentage target for 2020/21. The company should improve the target or justify it clearly setting out the evidence and rationale.	ANH.OC.A45	1 April 2019
	ODI type	<b>Managing void properties:</b> The company does not provide sufficient evidence to justify the use of a non-financial incentive for this ODI.	<b>Managing void properties:</b> The company should provide further evidence to justify the use of a non-financial incentive by demonstrating why a financial incentive would not be in the interests of customers.  Alternatively, the company should formulate a financial ODI reflecting the reduction in customer bills that would result from a reduction in the proportion of occupied void properties.	ANH.OC.A46	1 April 2019
	ODI rate	No concern	None	N/A	N/A

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
PR19ANH_26 CRI: Water Treatment Works	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	<b>CRI: Water Treatment Works:</b> On 19 December 2018 the Environment Secretary announced that a ban is being put in place on the outdoor use of metaldehyde. Consequently, there is now insufficient justification to have the financial incentive attached to its CRI sub-measures instead of the CRI common PC.	<b>CRI: Water Treatment Works:</b> The company should remove its ODI underperformance payment.	ANH.OC.A47	1 April 2019
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
	Definition	No concern	None	N/A	N/A
PR19ANH_27 CRI: Supply Points	Stretch	No concern	None	N/A	N/A

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
PR19ANH_28 CRI: Service Reservoirs	ODI type	No concern	none	N/A	N/A
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
PR19ANH_28 CRI: Service Reservoirs	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	<b>CRI: Service Reservoirs:</b> On 19 December 2018 the Environment Secretary announced that a ban is being put in place on the outdoor use of metaldehyde. Consequently, there is now insufficient justification to have the financial incentive attached to its CRI sub-measures instead of the CRI common PC.	<b>CRI: Service Reservoirs:</b> The company should remove its ODI underperformance payment.	ANH.OC.A48	1 April 2019
	ODI rate	No concern	None	N/A	N/A

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
PR19ANH_29 CRI: Water Supply Zones	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	<b>CRI: Water Supply Zones:</b> On 19 December 2018 the Environment Secretary announced that a ban is being put in place on the outdoor use of metaldehyde. Consequently, there is now insufficient justification to have the financial incentive attached to its CRI sub-measures instead of the CRI common PC.	<b>CRI: Water Supply Zones:</b> The company should remove its ODI underperformance payment.	ANH.OC.A49	1 April 2019
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
PR19ANH_34 Water quality contacts	Definition	No concern	none	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A
	ODI rate	<b>Water quality contacts:</b> The company does not provide sufficient evidence that its ODI outperformance payment is appropriate relative to the level of stretch proposed for this PC.	<b>Water quality contacts:</b> The company should provide further evidence to justify the standard outperformance ODI rate assigned to this PC given the forecasted flat performance over the 2020 - 2025 period.  The company should provide its evidence and rationale of why this is in its customers interest.	ANH.OC.A50	1 April 2019
	Caps, collars, deadbands	<b>Water quality contacts:</b> The company proposes to apply an underperformance collar to this PC, and it highlights that its customers support the use of caps and collars at a general level. This does not represent sufficient justification for the application of a collar to this specific PC.	<b>Water quality contacts:</b> The company should reconsider whether to apply an underperformance collar to this PC, taking account of its broader approach to customer protection. If the company decides to retain the collar, it should provide a convincing ODI-specific justification for this decision. This should include justification for the level at which the collar is set, with the company explaining how this compensates customers adequately for poor service performance. If the company cannot provide this it should remove the underperformance collar.	ANH.OC.A51	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
PR19ANH_35 Event Risk Index (ERI)	Timing	No concern	None	N/A	N/A
	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
PR19ANH_15 Percentage of population supplied by a single supply system	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	<b>Percentage of population supplied by a single supply system:</b> The company proposes to apply an outperformance cap and underperformance collar to this PC, and it highlights that its customers support the use of caps and collars at a general level. This does not represent a sufficient justification for the application of caps and collars to this specific PC as the company does not consider the costs and benefits of applying these features to this specific PC, nor does it justify the levels at which the cap and collar are set.	<b>Percentage of population supplied by a single supply system:</b> The company should provide further ODI-specific evidence to support its use of a cap and a collar, whilst also considering how its use of these features aligns with its broader approach to customer protection. The company's evidence should include justification for the levels at which the cap and collar are set, with the company explaining why these levels are appropriate and in customers' interests.	ANH.OC.A52	1 April 2019
	Timing	No concern	None	N/A	N/A
PR19ANH_19 Bathing Waters Attaining Excellent Status	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	<p><b>Bathing Waters Attaining Excellent Status:</b> The company proposes to apply an underperformance deadband and underperformance collar to this PC. The company does not provide sufficient evidence to justify the use of either of these features. The argument that an underperformance deadband is necessary because many third parties can influence bathing water excellence is not sufficient justification. We expect the company to compensate customers for any failure to reach its PC target unless it can convincingly demonstrate that a deadband is in customers' interests. We additionally note that the deadband allows the company to avoid underperformance payments without improving on 2019/20 performance, which we consider to be inappropriate. The company provides only a package level justification for caps and collars, and it does not consider the costs and benefits of applying a collar to this specific PC.</p>	<p><b>Bathing Waters Attaining Excellent Status:</b> The company should either remove the proposed underperformance deadband or provide convincing evidence to explain why it is appropriate and in customers' interests. If the company chooses to retain the deadband, it should either increase the level at which it applies or provide a compelling justification for the level at which it is currently set.</p> <p>The company should reconsider whether to apply an underperformance collar to this PC, taking account of its broader approach to customer protection. If the company decides to retain the collar, it should provide a convincing ODI-specific justification for this decision. This should include justification for the level at which the collar is set, with the company explaining how this compensates customers adequately for poor service performance. If the company cannot provide this it should remove the underperformance collar.</p>	ANH.OC.A53	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
	Timing	<b>Bathing Waters Attaining Excellent Status:</b> The company proposes to apply this ODI at the end of the 2020-25 period to revenue; this is not sufficiently justified based upon customer support.	<b>Bathing Waters Attaining Excellent Status:</b> The company should apply this ODI in-period, or alternatively provide convincing evidence on why it chooses to not do so. This should include evidence of customer support.	ANH.OC.A54	1 April 2019
PR19ANH_20 Abstraction Incentive Mechanism	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
PR19ANH_21 Supporting customers in vulnerable circumstances (qualitative)	Definition	<b>Supporting customers in vulnerable circumstances (qualitative):</b> The company provides no evidence on survey methodology.	<b>Supporting customers in vulnerable circumstances (qualitative):</b> The company should provide additional evidence on the sample size used in the monthly survey to determine the PC target. In addition, the company should provide external assurance that the survey will be	ANH.OC.A55	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
			conducted in line with social research best practice.		
	Stretch	No concern	None	N/A	N/A
	ODI type	<b>Supporting customers in vulnerable circumstances (qualitative):</b> The company proposes an outperformance only payment for this PC and states that any outperformance payments associated with it will be reinvested into vulnerable customer services. However, the company has not provided sufficient evidence on how this will occur.	<b>Supporting customers in vulnerable circumstances (qualitative):</b> The company should provide further evidence to demonstrate how the outperformance payments from this PC will be reinvested into vulnerable customer services. In this instance, the company should propose an outperformance and underperformance incentive rate.	ANH.OC.A56	1 April 2019
	ODI rate	<b>Supporting customers in vulnerable circumstances (qualitative):</b> The company provides insufficient evidence to demonstrate and justify the methodology used to calculate the standard ODI outperformance payment for this PC.	<b>Supporting customers in vulnerable circumstances (qualitative):</b> The company should provide further evidence to demonstrate and justify the calculation of the ODI incentive rates and the methodology employed, in particular why the standard incentive rate formulae cannot be applied.	ANH.OC.A57	1 April 2019
	Caps, collars, deadbands	<b>Supporting customers in vulnerable circumstances (qualitative):</b> The company proposes to apply an outperformance cap to this PC, and it highlights that its customers support the use of caps and collars at a general	<b>Supporting customers in vulnerable circumstances (qualitative):</b> The company should provide further ODI-specific evidence to support its use of a cap, whilst also considering how its use of this feature aligns with its broader approach to customer protection. The company's	ANH.OC.A58	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
		level. This does not represent sufficient justification for the application of a cap to this specific PC.	evidence should include justification for the level at which the cap is set, with the company explaining why its level is appropriate and in customers' interests.		
	Timing	No concern	None	N/A	N/A
PR19ANH_22 Supporting customers in vulnerable circumstances (quantitative)	Definition	<b>Supporting customers in vulnerable circumstances (quantitative):</b> Refer to the addressing affordability and vulnerability section of “ <b>Anglian Water: Actions summary table</b> ” for actions related to this PC ( <b>Action ANH.AV.A3</b> ).			N/A      N/A
	Stretch				N/A      N/A
	ODI type				N/A      N/A
	ODI rate				N/A      N/A
	Caps, collars, deadbands				N/A      N/A
	Timing				N/A      N/A
PR19ANH_23	Definition	No concern	None	N/A	N/A

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
Managing void properties	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
PR19ANH_24 Operational carbon	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	No concern	None	N/A	N/A

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
PR19ANH_25 Capital carbon	Timing	No concern	None	N/A	N/A
	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
PR19ANH_30 Non-household Retailer Satisfaction	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	<b>Non-household Retailer Satisfaction:</b> The company does not sufficiently justify its proposal to apply an outperformance deadband and underperformance deadband to this PC, nor does it sufficiently justify its usage of an underperformance collar and outperformance cap.	<b>Non-household Retailer Satisfaction:</b> The company should either remove the proposed deadbands from this PC or provide convincing evidence to explain why these features are appropriate and in customers' interests.  The company should provide further ODI-specific evidence to support its use of a cap and a collar, whilst also considering how its use of these features aligns with its broader approach to customer protection. The company's evidence should include justification for the levels at which the cap and collar are set, with the company explaining why these levels are appropriate and in customers' interests.	ANH.OC.A59	1 April 2019
	Timing	No concern	None	N/A	N/A
PR19ANH_31 Natural Capital	Definition	<b>Natural Capital:</b> The company states it will measure the PC against "key metrics identified within the strategy". However it does not detail further what these are and how the final performance figures will be derived.	<b>Natural Capital:</b> The company should clearly define what the key metrics are and how it will measure performance against them.	ANH.OC.A60	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
PR19ANH_32 Water Industry National Environment Programme	Stretch	<b>Natural Capital:</b> The company does not provide sufficient evidence to set out the key metrics and target scores for this PC.	<b>Natural Capital:</b> The company should clearly define what the key metrics are for this PC and what the target performance will be.	ANH.OC.A61	1 April 2019
	ODI type	No concern	None	N/A	N/A
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
PR19ANH_32 Water Industry National Environment Programme	Definition	None	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	<b>Water Industry National Environment Programme:</b> The proposed PC provides a financial incentive for the company to accelerate the delivery of uncertain schemes (ie Amber schemes) within WINEP. This may result in investment that later turns out to be abortive for example if a ministerial	<b>Water Industry National Environment Programme:</b> The company should clarify why it will not return 100% of the value to customers if amber schemes it has already started are no longer needed. In addition to this the company should clarify what the benefit is to customers of expediting work, and that this will not be the result of normal reprofiling of the investment programme.	ANH.OC.A62	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
		<p>decision results in these uncertain schemes no longer being needed. The plan includes proposals to return some of this expenditure to customers in this event but it will only return 90% of the value for uncertain Amber schemes. Additionally the company does not clarify the benefit to customers of expediting these schemes.</p> <p>The company provides insufficient evidence to justify the outperformance only structure of this ODI. In particular, the lack of an underperformance incentive rate</p>	<p>The company should provide further evidence to justify how the structure of this ODI will stimulate scheme delivery and is supported by customers, or alternatively remove the outperformance payment.</p>		
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	<p><b>Water Industry National Environment Programme:</b> The company proposes to apply an outperformance cap to this PC, and it highlights that its customers support the use of caps and collars at a general level. This does not represent sufficient justification for the level of a cap to this specific PC.</p>	<p><b>Water Industry National Environment Programme:</b> The company should provide further ODI-specific evidence to support its use of an outperformance cap, whilst also considering how its use of this feature aligns with its broader approach to customer protection. The company's evidence should include justification for the level at which the cap is set, with the company explaining why its level is appropriate and in customers' interests.</p>	ANH.OC.A63	1 April 2019

	<b>Area</b>	<b>Concern:</b>	<b>Required action:</b>	<b>Action reference</b>	<b>Date required</b>
	Timing	No concern	None	N/A	N/A
PR19ANH_33 Social capital	Definition	<b>Social capital:</b> This PC is still under development to be finalised for 2020.	<b>Social capital:</b> The company should ensure that the full definition is in place before 2020 and that all the actions and the timetable for these actions are demonstrated within the plan.	ANH.OC.A64	1 April 2019
	Stretch	<b>Social capital:</b> This PC is still under development therefore the level of stretch cannot be assessed.	<b>Social capital:</b> The company should provide the levels for this PC .	ANH.OC.A65	1 April 2019
	ODI type	No concern	None	N/A	N/A
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A