

Our ref: AW CMA redetermination
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Kip Meek
Competition and Markets Authority
waterdetermination2020@cma.gov.uk

Steve Cox: Executive Director
Place and Economy
Shire Hall
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Dear Mr Meek,

As Chair of the Environment and Sustainability Committee at Cambridgeshire County Council, I would like to make some points for consideration by the Competition and Markets Authority (CMA).

I write to you in relation to Anglian Water's appeal to the CMA to carry out a redetermination of its 2020-25 Business Plan following the recent Final Determination made by Ofwat. The council is concerned about the impacts of Ofwat's determination (as detailed by Anglian Water in their Statement of Case) on our county's water supplies, river quality, housing growth and flood risk management infrastructure. Anglian Water has long been amongst the best performing water companies on leakage, service and performance and the priorities in Anglian Water's Strategic Direction Statement align well with those of the council. We also note that Ofwat's decision not to strongly encourage additional investment in long term infrastructure resilience and environmental management would appear to go against government policy.

Cambridgeshire is both one of the driest parts of the UK, with the condition of chalk streams causing considerable local concern, and a place that has a complex relationship with flood risk. Given the previous hope and optimism within the Water Resources East programme about working together to tackle sensitive watercourses, **it is concerning to understand that some of Anglian's major enhancement projects would be scaled back under this Final Determination, with a continued reliance on higher levels of abstraction than is ideal.**

The County Council has recently adopted a new Climate Change and Environment Strategy and is now focused on delivering mitigation, adaptation and natural capital actions. Climate change will only amplify the risks East Anglia already faces. Strategic investment in environmental infrastructure is therefore needed to deliver a net zero Cambridgeshire that can also be resilient and adapted to climate change. Protecting and enhancing natural capital is an essential part of this journey, very much supported by community responses to our consultation. **We would therefore like to see our water company being able to avoid taking short term approaches and working closely with us to plan further ahead and develop greater resilience for our communities.**

For our urban and rural areas thunderstorms bring significant risk of flooding from surface water. Flood risk and water transport within the Fens is reliant on ageing large scale infrastructure which needs significant investment to secure a continued future for this region as the breadbasket of the UK. The complex governance for, and interlinked nature of,

managing different sources of flood risk means that investment from Anglian Water is an essential component of increasing resilience. As advocated by the National Infrastructure Commission, **without investment now there is a risk of increased longer term costs for customers.** For our communities, an increased risk of service failure means going without drinking water, losing valuable possessions to flooding and/or significant environmental pollution affecting local habitats. For these reasons feedback during AW's consultations indicated that customers would like to see more investment in these areas.

Anglian Water's evidence is supported by in-depth customer research, with Ofwat themselves granting an A-rating for Anglian's engagement approach. The council has also had officer representation on the Customer Engagement Panel's Sustainability and Resilience Panel throughout the Price Review.

Growth has long been a key priority of this fast growing area and all utilities are an integral part of that. Cambridgeshire and Peterborough's Devolution Deal with government committed partners to a bold vision that would double the size of the area's economy. With the long term investment that we and government are making to secure this, **we are therefore concerned about the £138 million gap in Anglian Water's future investment for supporting and accommodating the required sustainable housing growth.** We are aware of conflicts between different demands on water usage seen elsewhere and deem it essential to avoid these. Additionally, the direct and indirect value of a rich environment has been brought into sharp focus by the COVID-19 pandemic and we support the idea of a 'green recovery', led by a high quality natural environment. Such an outcome will require investment.

We fully understand the need to balance the bill payer's contribution against the need to fund sustainable infrastructure. This is why Anglian Water's Business Plan proposed a 1.1% real-term reduction in customer bills, but we recognise that Ofwat believe further consumer benefits are achievable. **There needs to be a balance between the scales of benefit that would be felt by each individual household under Ofwat's Final Determination and the significant need to invest in the economy today.**

The council would not want to see a situation where the long term infrastructure needed to support Cambridgeshire could not be delivered. **Our communities (existing and new) need to be able to adapt to climate change and are entitled to enjoy healthy and safe local environments which are resilient to floods, water shortages and pollution incidents.** We hope that the CMA's redetermination of the Anglian Water 2020-25 Business Plan will take into account the needs of our county and our region and the strong local desire, and need, to deliver a step change in the way we do things.

Yours sincerely,

Councillor Joshua Schumann
Chair of the Environment and Sustainability Committee
Cambridgeshire County Council