

16 April 2025

Jordan Cummins
Director of UK Competitiveness
CBI
Cannon Place, 78 Cannon Street
London
EC4N 6HN

To whom it may concern,

As Director of UK Competitiveness for the CBI I would like to add my support to Anglian Water's Statement of Case in relation to the Competition and Markets Authority (CMA) re-determination of their business plan.

Founded 60 years ago and representing some of the biggest brands and globally traded corporations that employ people in all sectors and across every region and nation of the UK, the CBI is the voice of business. The CBI represents 850 members who themselves comprise 1,100 separate registered companies and 150,000 trade association members.

We value the role of the CMA as an independent body in the re-determination process of PR24. Having reviewed Ofwat's Final Determination (FD) and Anglian Water's subsequent referral, we support the arguments outlined in Anglian Water's submission to the CMA regarding its 2025–2030 Business Plan. Anglian Water serves over seven million customers and plays a uniquely strategic role in the East of England's economy. It is vital that the PR24 process ensures proportionality and enables the necessary investment to support long-term infrastructure needs, environmental goals, and high-quality service for customers.

We share Anglian Water's concern that the FD does not strike an appropriate balance between risk and return—one that is essential to attracting the level of investment needed to deliver on regulatory expectations. This imbalance poses a possible risk to the companies' ability to invest in long term sustainable infrastructure projects and the regions resilience.

A few points we would like to make for the CMA to consider over the coming period in their deliberations:

Rebalancing risk and reward within the FD are critical to maintaining the sector's long-term investability.

- Anglian Water competes in a global market for capital. A key concern with the FD is that it undermines investor confidence by failing to offer a fair and balanced risk-return profile. Without a stable and attractive regulatory framework, Anglian Water will face significant challenges in securing the equity needed to deliver its ambitious investment plans.
- The company plays a critical role in supporting economic growth across the East of England—meeting the infrastructure demands of rapidly growing communities and delivering essential environmental resilience. The current settlement puts this at risk, particularly in strategically important areas such as the Oxford-Cambridge Arc, which should be an important driver of sustainable economic growth for the UK.
- More broadly, sustainable economic growth—both regionally and nationally—relies on the expansion of water and wastewater capacity. Asset Management Plan Period 8 (AMP8) must mark the beginning of a sustained, multi-decade programme of infrastructure renewal. However, industry benchmarks indicate that water sector investors are being asked to accept lower returns and higher risk than in comparable UK and global infrastructure markets.

Asset health and resilience remains a sectoral concern.

- The sector has consistently raised concerns that Ofwat's approach to capital maintenance funding is contributing to deteriorating asset health. This has direct implications for the resilience of infrastructure and the reliability of service to homes and businesses. Bringing capital maintenance funding in line with levels seen in comparable sectors, such as manufacturing, is critical to safeguarding long-term operational performance and public trust.

The number of referrals should be seen as a signal of significant sector-wide misalignment that threatens to undermine the delivery of essential outcomes.

- Anglian Water is one of six major companies—representing the majority of water customers in England—to have referred their PR24 determinations to the CMA. This collective action underscores broader, systemic concerns across the industry about the feasibility of Ofwat's expectations and the long-term sustainability of the regulatory framework.

The CBI recognises the need to balance affordability for consumers alongside the essential investment required for long-term service improvement and environmental stewardship. Though, we believe the current FD may not fully acknowledge the unique role played by water companies in supporting growth and resilience.

We therefore support Anglian Water's referral and encourage careful consideration of the case.

Yours sincerely,



Jordan Cummins

Director of UK Competitiveness, CBI