

This response is made on behalf of Severn Trent Waters Transitional Independent Challenge Group (TICG). The purpose of the TICG is to provide Severn Trent Water with independent challenge and respond to Ofwat and CCW consultations on issues relating to customers / stakeholders arising from implementation of the Water (Special Measures) Act 2025; implementation of the company's AMP8 plan, particularly with regard to affordability and lessons learned from PR24, such that there continues to be effective independent scrutiny and challenge for PR29. Members of the TICG include experts in relevant fields. At our meeting 23 September the TICG discussed Ofwat's consultation paper on Consumer involvement in company decision making. It also considered and provided feedback to Severn Trent Water on their draft response. The TICG's response to consultation is as follows:

1. There is much to like in the consultation on the proposed rule, in particular the core requirements, 3 components and 5 guiding principles and the focus on delivering outcomes. With regard to Component 1 the Rule could be enhanced by being more explicit about the need for effective triangulation of the many sources of customer research and evidence. In addition at the webinar briefings a very useful slide was shown that summarised the key components of the rule and how they fit together. It is suggested that this is included in subsequent documentation.
2. In the document there are many references to Independent Consumer Experts (ICEs) and recognition (p16) of the positive role ICGs have played in ensuring consumers views are heard and acted on by water company's. Care is needed to differentiate between the roles and representation of ICE Groups, Stakeholder Groups, and the ICGs - they can be quite different in terms of consumer representation.
3. Severn Trent have consumer / stakeholder groups for specific issues e.g. River Positive, DWWMP, WRMP and Community Fund. However, it is important that there is a strategic overview and oversight of customer engagement and how it influences water company decisions, particularly where there may have to be significant trade offs. This is where the role of the ICGs is important, it is distinct from the role of specific ICEs and stakeholder groups and this should be reflected in the rule. There is much recent evidence available (INDEPEN Realising the Opportunity Report March 2024 and CCWs Learning lessons from the 2024 Price Review ) of the need to strengthen the roles of ICGs through Ofwat providing guidance / framework to water companies but in a way that also allows a degree of flexibility for water company's. The TICG ask Ofwat to consider making appropriate changes to the Consumer involvement rule to reflect this.
4. With regard to the three reporting elements of the Rule, the TICG consider that ICGs should have a role in shaping and providing oversight of the Forward Look and Consumer Friendly reporting. 5. The TICG support SVTs proposal to improve Board engagement through requiring all the Board to take responsibility for consumer rather than one member being delegated the responsibility and including Consumer

Implications in all Board papers. However, TIGG cautioned that this should not be seen as a 'tick box' exercise and there is evidence of value being added. 6. TIGG encouraged SVT to consider how they can be at the forefront of developing effective accountability through the proposed new Consumer Panels.