



WATER RESOURCES EAST



DRAFT BUSINESS PLAN 2019/2020

1). Introduction

Eastern England is home to some of the UK's most exciting businesses, most beautiful natural sites, most fertile agricultural land and most prestigious academic institutions – and it is set to grow rapidly over the coming decades. Three of the UK's five fastest-growing cities, the Thames Gateway and the M11, A11 and M1 growth corridors are all in the Eastern region – making a significant contribution to growth nationally.

But Eastern England has other attributes that make it uniquely vulnerable to water shortage and severe weather events. Nearly 30% of the land mass is below sea level, a huge proportion of the area is used for agricultural production, it's the driest region in the UK and the East has one of the longest coastlines of any region.

With the increasing risk of drought and the surge in demand for food, energy and services that is likely in future, there is a very real risk that a lack of collaborative water management could limit growth and development in our region. The Water Resources East region, which covers 31,000 square kilometres from the Humber in the North to Basildon in the South and Northampton in the West to the Eastern coast, is predicted to face a gap between supply and demand of 750 mega litres a day (ML/d) if the region carries on managing water resources in the same way.



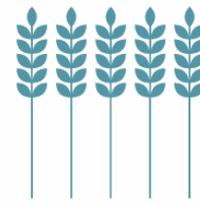
DRIEST REGION IN THE UK



HIGHEST FORECAST GROWTH
OUTSIDE LONDON



INTERNATIONALLY
IMPORTANT ENVIRONMENTS



LEADING AGRICULTURAL
PRODUCER

2). What is Water Resources East?

The precursor for Water Resources East (WRE) was work carried out between Anglian Water and the Cambridge Institute for Sustainability Leadership (CIS) which identified the benefits of a multi-sector approach to water investment and management. The work was documented in a report in 2013 entitled 'Sink or Swim: A multi-sector collaboration on water asset investment'.

Synopsis

The Sink or Swim Water Collaboratory led by CISL, brought business and policy makers together to deliver a multi-sector vision in response to the critical debate on the growing pressures on scarce water resources. It identified sector specific business cases for action, based upon the different material relationships each have with water. Four novel financial mechanisms were developed that could enable the integration of innovative solutions to water security. This work focused upon the UK, with the intention that the frameworks that were developed could be applicable beyond the UK.

Shortly after the publication of this report, in 2014, Water Resources East (WRE) was formed by Anglian Water. WRE is pioneering a collaborative approach to water resources planning. Instead of the traditional approach, in which water companies look at water resource planning for their respective areas in isolation, WRE has brought together regulators, companies, retailers and individuals in the water, agriculture, power and environmental sector. It has looked at the needs and potential trade-offs across all these organisations and balanced considerations of customers, agriculture, the economy and the environment.

WRE is rooted in the principle that there isn't a lack of water, but a lack of sustainable and resilient water management.

Management of future water resources is at the heart of strategic planning across the globe. Given our unique circumstances we have a rare opportunity to help lead, shape and inform thinking in the UK and further afield. This is

particularly true when considering the present and future pressures on water resources, and how best to manage demands from intensive agricultural production and food processing sectors and rising population.

Despite these growing demand pressures, we also need to find ways to reduce future levels of water abstraction to ensure we improve and enhance the environment, meeting our legal responsibilities and supporting biodiversity.

In looking to create a more sustainable governance model for how water resources are managed, WRE has worked across sectors and collaboratively with all interested parties – those who use, have an impact on, and are affected by future water resource change.

Water Resources East is a cost-effective way to meet the water resource related needs of key sectors and organisations in Eastern England. Using an approach based on collaboration and shared-vision planning, this brings significant benefits, including:

1. **For water companies:** WRE is an efficient way for water companies to:
 - a. Respond to the work of the National Infrastructure Commission on resilience for public and private water supplies.
 - b. Meet the expectations of the Environment Agency and Defra in respect of the National Planning Framework for water resources. This includes delivering effective and efficient multi-sector Regional Plans in the 2024 round of planning which will feed directly into water company statutory Water Resource Management Plans (WRMPs).
 - c. Deliver the planning related elements of the Ofwat “Strategic Regional Options”. This includes producing evidence for the assessment criteria outlined in the Water Resource National Policy Statement.
2. **For agriculture:** WRE will seek to secure the water that agriculture needs for irrigation, livestock and food processing in Eastern England, both now and in the future. This includes providing the technical resources and decision-making tools that the sector needs to respond effectively to the challenges of growth, climate change and the reductions in abstraction needed to meet the needs of the environment.
3. **For the environment:** WRE is an effective way to deliver change at landscape scale, linking the activities of water companies, agriculture and local authorities in a framework which promotes conservation and restoration of priority habitats through decisions about the management and use of water.
4. **For the combined needs of agriculture and the environment:** WRE brings an opportunity to influence the development of the new environmental land management systems (ELMS), securing farm revenues while building natural capital and increasing the flow of eco-system services from in-stream and riparian habitats.
5. **For the energy sector:** WRE provides an insight into other sector plans, increasing understanding of future energy needs for each sector. It is a means of protecting critical water related interests on, for example, the River Trent and the River Ouse, as well as influencing the development and implementation of the water abstraction plan.
6. **For Local Enterprise Partnerships and local authorities:** WRE will secure the water resources needed for housing development and economic growth, and will do this in a way that promotes a flourishing natural environment. The process for deciding how to achieve these objectives will be open and transparent, with local interests prioritised in the decisions which are made.
7. **For regulators, including Defra, the Environment Agency, Natural England and the Drinking Water Inspectorate:** WRE is a vehicle for delivering the water related elements of the 25-year Environment Plan for Eastern England, including the water abstraction plan and the new environmental land management system, whilst seeking to improve water quality at source.

The technical work which sits at the heart of WRE uses innovative planning approaches such as Multi-Criteria Search and Robust Decision Making (which sit under the Decision Making under Uncertainty technique) to understand fully the vulnerabilities in the region and possible options to address these challenges. By taking this approach, WRE has developed a clear understanding as to the potential ‘pinch-points’ in our region; areas where, without clear collaborative planning, water management will become a significant future issue.

A MULTI-SECTOR, REGIONAL SCALE PLANNING PROBLEM

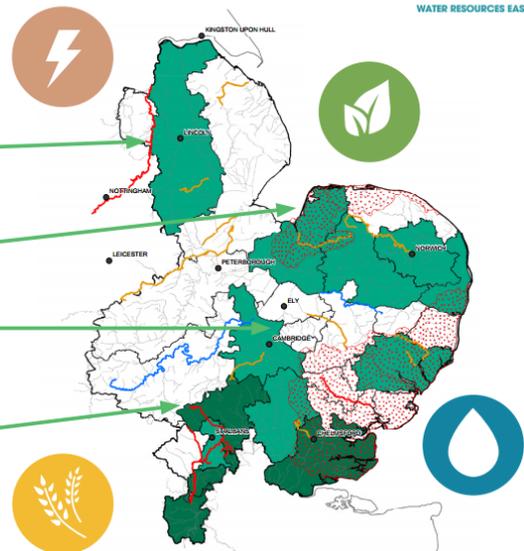
By the 2060's, the gap between the supply and demand for water will be at least 750Ml/d. In the more severe scenarios that have been modelled, it is bigger. These estimates assume that levels of household demand are sustainable.

In scenarios with uncontrolled household demand there is widespread, catastrophic, failure of the WRE water resource and water supply systems.

Power and public water supply vulnerabilities combine on the Trent

Public water supply, agriculture and environmental vulnerabilities combine in North Norfolk, Suffolk and Essex

Public water supply and environmental vulnerabilities combine in Cambridgeshire, the Vale of St Albans and the southern Chilterns



The benefits of a multi-sector approach

Water Resources East was founded on the principle of multi-sector, collaborative working. This approach will continue to deliver many benefits, including:

- Encouraging collective ownership of the many future challenges faced by abstractors to deliver better economic outcomes for efficiently and at a lower environmental cost than would otherwise be possible.
- Facilitating multi-sector investment: Ensuring water resources and their users are resilient to future challenges – especially for those who may struggle to raise capital.
- Planning from a whole basin/catchment level to ensure integrated and robust solutions, to drive more efficient planning, provision and use of infrastructure (both financially and in terms of water use/allocation).
- Generating more affordable investment programmes and consequently lower bills for industry as well as public water supply customers, which in turn enables us to tackle our demand management deficit head on.
- Sharing of ideas, expertise and best practice between sectors through joint ownership and delivery of the WRE programme by anyone in the region with an interest in the management and use of water.
- Having an explicit emphasis on the water demands and protection and enhancement of the environment bringing these to the forefront of planning – exploring ideas for green infrastructure, wetland restoration, and aquifer storage and recovery.

Evolving our approach

There has been significant recent government effort in moving the agenda on regional water resource planning forward. This has been led by Defra and the Environment Agency, and has been informed by work by Water UK and from the National Infrastructure Commission.

In 2016, Water UK published their Water Resources Long Term Planning Framework (2015-2065). Chaired by Jean Spencer, then Regulation Director at Anglian Water, the working group which published the report made a series of strategic recommendations, and provided a significant evidence base for the regulatory policy documents which followed.

In April 2018, the National Infrastructure Commission published a report entitled 'Preparing for a drier future – England's water infrastructure needs'. The document set out the National Infrastructure Commission's advice on how to address England's water supply challenges and deliver the appropriate level of resilience for the long term. The Commission's central finding was that *'government should ensure increased drought resilience in England by enhancing the capacity of the water supply system. This will require a twin-track approach combining demand management (including leakage reduction) with long-term investment in supply infrastructure. To achieve this, the Commission recommends that government ensure plans are in place to deliver additional supply and demand reduction of at least 4,000 million litres per day (Ml/day). Action to deliver this twin-track approach should start immediately'*.

On 9th August 2018, Defra, the Environment Agency, Ofwat and the Drinking Water Inspectorate jointly wrote to water companies in England, calling for ambitious and co-ordinated leadership across industry, government and regulatory bodies to meet the challenges ahead. This letter, entitled 'Building Resilient Water Supplies', called for *'regional water resources*

planning that transcends company boundaries and identifies optimum solutions for the region and the nation as a whole' together with 'greater use of markets and competition to ensure solutions are delivered efficiently'.

The letter confirms regulatory expectations that regional groups, such as Water Resources East:

- Produce regional plans that feed directly into individual company Water Resource Management Plans and explore inter regional transfers as part of the planning process.
- Engage with other water users to develop cross-sector solutions.
- Work with other regional groups such as Local Economic Partnerships to understand regional economic and population forecasts.

WRE were complemented in the letter as having 'demonstrated innovation by taking a cross-sector approach and making important links with the initial priority catchments identified in the EA's 2017 Abstraction Plan.'

In November 2018, Defra published their draft National Policy Statement for Water Resources Infrastructure, setting out the need and government's policies for development of nationally significant infrastructure projects relevant to water resources in England. The NPS specifically applies to reservoirs, water transfers and desalination projects, and seeks to provide an appropriate and effective framework to make decisions on development consent applications.

Consultation responses on the NPS are currently being reviewed.

In January 2019, Defra published consultation proposals for 'Improving our management of water in the environment'. The proposals include:

- The ability for the Secretary of State to direct companies to plan on a regional and inter-regional basis, and to take account of other abstractors needs.
- Recognition in legislation that the water resource management planning process should be recognised as a measure to deliver environmental objectives.
- Improvements to the legislation governing Water Resource Management Plans.

Replies to the consultation are due on 12th March 2019, and Water Resources East will be providing a response.

The BiTC Water Taskforce Strategy (2019-2022)



The Business in the Community (BiTC) Water Taskforce is a cross-sectoral group with members from the water, engineering, design, retail, construction and government sectors. The group convenes to collaborate around shared problems on water and the natural environment, and aims to deliver increased resilience of urban and rural landscapes that protect natural assets, support wellbeing and help climate proof community and business assets.

The Water Taskforce programme has three pillars of work: healthy ecosystems, resilient places and a circular economy of water. The Healthy Ecosystems pillar is lead by Anglian Water, working alongside Nestle, Sainsburys, Thames Water, Southern Water, Yorkshire Water, United Utilities and Northumbrian Water, and aims to 'work with businesses to improve the health of water, soil and habitats by working through their supply chains'.

The Circular Economy for Water programme, lead by Thames Water and Southern Water, includes a workstream to build further partnerships looking at how the water cycle is impacted by connected infrastructure. By taking an integrated planning approach to developing new road network consideration can be given to the role that this infrastructure has, not just in getting people and goods from A to B, but the wider impact these developments have on human health and the natural environment. This is highly relevant to the conversations that WRE are having with local authorities and Local Enterprise Partnerships around the role of water in regional economic development.

Water Resources East will work alongside the BiTC Water Taskforce over the next three years through to 2022 as it seeks to deliver its ambitious action plan.

3). What will Water Resources East deliver over the next 5 years?

Water Resources East will be central to delivering a reliable, sustainable and affordable system of water supply in Eastern England to 2045 and beyond.

WRE's overall role will be to develop a plan to secure long-term resilience in water resources which enhances the environment in Eastern England.

At Regional level, WRE will:

- Pull together all relevant multi-sector stakeholders including water companies, Local Authorities and Enterprise Partnerships, the energy and agricultural sector, landowners and key NGOs to develop a single multi-sector Regional Water Resources Plan for Eastern England which:
 - Meets the needs of customers of all sectors, local communities and seeks to enhance the environment
 - Builds on successes from existing water company water resource management planning processes (WRMPs)
 - Develops long term plans for water resources which work under all plausible futures
 - Facilitates sustainable economic growth in the region
 - Fulfils the requirements of recent regulatory publications
- Identify and explore opportunities for wider benefits, for example flood mitigation and broader economic development, including at county scale.
- Ensure that both rural and urban water resilience are considered in future planning.
- Work in partnership with the other Regional Groups to co-ordinate technical approaches – ensuring compatibility, not necessarily uniformity, and ensuring that the outputs of the Regional Plan for Eastern England can be easily incorporated to meet the statutory requirements of company WRMPs.
- Create value for the customers and communities served by water companies by driving efficiencies in the WRMP24 process ('getting it right first time') and by providing absolute assurance on the resilience benefits of proposed investment schemes, particularly cross-company transfers and bulk supply agreements.
- Create efficiencies within the WRMP consultation process, as key players will have been involved in their co-creation at regional level.
- Enable better understanding of risks and opportunities in the agricultural and energy sectors with regard to water management.
- Undertake planning for extreme drought, and co-ordinate responses at a regional level.
- Support in the translation of future national issues, eg climate change adaptation and mitigation and population growth into a regional context.
- Create an academic partnership within Eastern England and beyond, harnessing the combined effort of multiple institutions and capturing new and innovative knowledge generation.

At National level, WRE will:

- Ensure clear line of sight to the National Planning Framework, working in partnership with the other regional groups, and providing expert input into national infrastructure schemes.
- Work directly with government and regulators to raise issues and potential barriers to inform the future regulatory and policy approach, including the role of markets, working closely with the proposed new Ofwat Regulatory Alliance..
- Respond to relevant key consultations on behalf of Eastern England.

At Catchment and sub-catchment level, WRE will:

- Provide thought leadership and technical consultancy, piloting new approaches to multi-sector water resource management approaches at a more local level, moving at pace to ensure that these are realised on the ground and inform the regional plan.
- Share and publish case studies and innovative approaches, using partner publications and broader engagement channels.
- Support farmers and landowners to develop local water management schemes, helping them to visualise the 'art of the possible' and keep pace with environmental challenges and changing regulatory and policy landscapes.
- Work alongside the BiTC Water Taskforce Healthy Ecosystems project to look at how farmers can be better supported by a stewardship approach to land, with the aim of improving the health of water, soil and biodiversity, and in turn the prosperity of their businesses and the local community.
- Provide a vehicle to support bids and grant applications to secure wider collaborative funding (eg Inter Reg, ERDF, ELMs).
- Align with and support stakeholders working as part of the Catchment Based Approach (CaBA) to maximise benefits.

4). Ensuring that WRE can deliver these aspirations.

In December 2018, the multi-stakeholder WRE Leadership Group approved a set of principles for WRE to be successful over the next five years and beyond. The Leadership Group agreed that WRE needed to be:

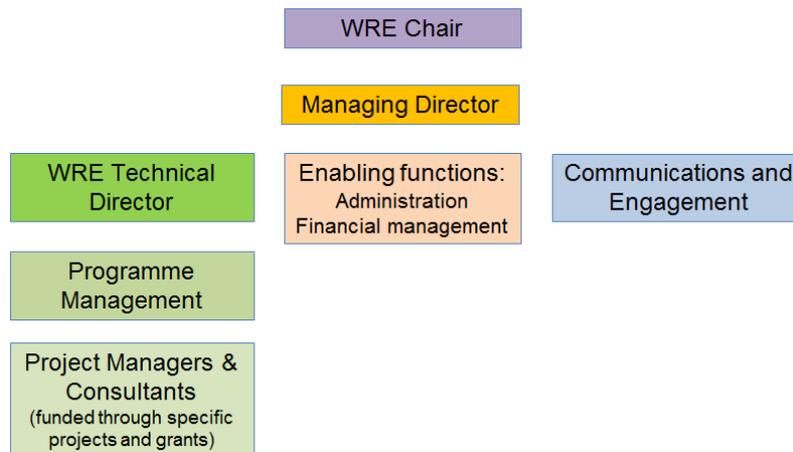
1. **Independent** of water companies, other abstractors and users of water and regulators
2. **Technically credible** with the capacity for effective decision making
3. **Influential**, involved in the co-creation of national policy working in partnership with Government, regulators and other stakeholders
4. **Capable** of delivering outputs in time for inclusion in WRMP24 and other associated plans

At the same meeting, following a review of a number of governance models (including the continuation of the existing structure), the WRE Leadership Group voted unanimously in favour of the creation of a new independent legal entity, Water Resources East (WRE) Ltd, a not for profit company limited by guarantee.

A company limited by guarantee is primarily used for non-profit organisations that require legal personality. A company limited by guarantee has members who act as guarantors rather than any share capital or shareholders. The guarantors give an undertaking to contribute a nominal amount (typically very small) in event of the winding up of the company.

5). Water Resources East (WRE) Ltd.

Proposed organisational design.



Job Role Outlines are currently being prepared for the WRE Chair, Managing Director and Technical Director. Further details are being developed around the administration, financial management and communications and engagement functions.

The Board will have oversight and approval of the recruitment process for the Managing Director and Technical Director roles, and of the role of the independent Chair. The Managing Director and Technical Director will be responsible for recruitment of other roles.

Operational budget for 2019/20.

The operational budget is estimated* to be **£480k** for the financial year 2019/20. This budget covers salaries and fees for the Chair and full time staff (£424k), communication and engagement activities (see later plan) (£15k) accommodation (£15k) and travel and other expenses (£26k).

*At the time of writing, accommodation costs and certain other expenses (eg provision of IT) are unknown, hence an estimate.

The Technical Programme (see later) will also require significant funding streams in addition to the operational budget, and these are discussed later.

Registered office location and accommodation strategy.

The registered office for Water Resources East (WRE) Ltd will initially be Lancaster House in Huntingdon (Anglian Water's Head Office). With regard to accommodation for employees, whilst the Managing Director and Head of Technical Programmes may be home based, there is need for office accommodation and a permanent registered address for the company. We are exploring options with Lincolnshire County Council in Lincoln, Anglian Water in Huntingdon and the University of East Anglia in Norwich which would give us a useful physical presence across our region.

We will request that WRE members, particularly Board members will support through the provision of meeting space and occasional co-location and hot desking.

Enabling functions and support services.

Our aim is that WRE members, in particular Board members, will be willing to support in the provision of support services, for example occasional legal, tax and HR advice and financial assurance on an ad hoc basis on a 'benefit in kind' basis. If significant legal or other specialist advice is required, the Board of Directors will decide on how this will be resourced. An independent Payroll Services provider will be appointed.

A full list of support services is being drawn up, and discussions will be held with potential Board members as to how they may be able to support the provision of these, particularly if funding is being provided 'in kind' rather than directly.

Company Secretariat services will initially be provided by Anglian Water, but in time these will be picked up through the financial management function.

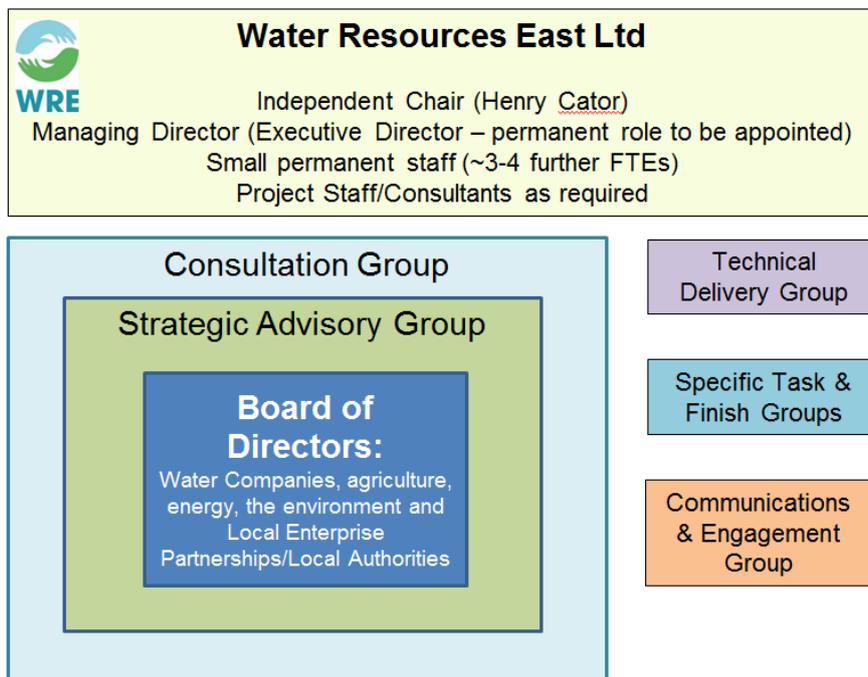
Bank account.

We expect that Water Resources East (WRE) Ltd will use Barclays Bank. The Anglian Water Treasury team are assisting in the setting up of the bank account, which will be completed once we have appointed three Directors to the Board of WRE who are willing to become signatories on the bank mandate. Further Directors may be asked to become signatories to maximise flexibility.

Company and Regulatory policies.

The Managing Director will ensure that a comprehensive set of policies are prepared, approved and published on the company website.

6). How will WRE be led and governed?



Other sub-committees will be required to oversee and provide assurance regarding financial management (both operational and project-based). These sub-committees will evolve as the Board forms.

Meeting frequencies.

It is anticipated that the **Board of Directors** will meet 5 times in the first year of operation; this frequency will be reviewed for Year 2. Two of these meetings are expected to be half-day meetings, with the Strategic Advisory Group joining for the second half of the meeting. One of the joint meetings will be the Annual General Meeting.

The **Strategic Advisory Group** will meet quarterly for the first year; two half days (as above) and two full days.

The **Consultation Group** will meet at least twice every year, but the very nature of organisations in this group, particularly regulators, will mean that dialogue and consultation on smaller scales will be continuous.

Articles of Association for Water Resources East (WRE) Ltd.

The full draft Articles of Association, prepared by Eversheds, are attached as Appendix 1.

In summary, they detail two tiers of membership, namely **Primary Funding Members (PFMs)** who will form the **Board of Directors** and **Standard Members** who will form the **Strategic Advisory Group**. Whilst WRE will be independent of any controlling interest by individual organisations or sectors, it will be dependant upon those organisations represented on its

Board of Directors to resource its day to day running. Those organisations represented on the Board must make meaningful contributions that collectively fund or otherwise facilitate WRE's function. These could be a direct financial contribution of a minimum 3% of the day to day operational costs for the organisation (salaries, accommodation and expenses), or could be an 'in kind' contribution which is equivalent to a 3% direct contribution. This could take the form, for example of the provision of a support service which reduces the overall operational cost of the business. For organisations wishing to make donations 'in kind', the Board of Directors in place at that time will decide whether the contribution is sufficient for an organisation to become a PFM. PFMs will nominate a named individual within their organisation for appointment as a non-executive director of the company.

It is expected that PFMs will make a contribution to the business which reflects the likely benefit that they will receive from being a member of the Board of Water Resources East (WRE) Ltd. There will be no precise funding formula, and as the company is formed, potential contributions will be discussed with individual founding organisations. Contributions will be disclosed to the other PFMs.

A programme of technical work, described later, will be funded completely separately from the day to day operation of the organisation, and PFMs will not be automatically expected to fund elements if they will not derive a benefit. Each element of the technical programme will be different, and the Technical Delivery Group will identify how each will be funded, and make recommendations to the Board of Directors (see later).

The Board of Directors will have specific duties:

- Appointment of the Chairman and the Managing Director.
- Remuneration policy for the Chairman, Managing Director and Technical Director.
- Approval of the annual budget and the Business Plan.
- Appointment of new PFMs and Standard Members.
- Appointment of up to 2 Stakeholder Directors; these can only come from organisations who hold charitable status, and could include organisations with limited financial ability to become PFMs but who bring specialist skills, knowledge or viewpoints which will complement the other organisations represented on the Board.
- Appointment of sub-committees and specific working groups, and approval of resources for the delivery of key workstreams.
- Setting of the overall strategy and vision for Water Resources East.
- The decision as to which issues require voting by the entire membership, and which matters can be agreed by the Board. It is expected that the draft and final Regional Plan will be approved by the entire membership.

Members of the **Strategic Advisory Group** will formally become members of the company and will meet as per the above timetable, and one of the meetings will be designated as the Annual General Meeting. The role of the Strategic Advisory Group will be to support and enable the Board of Directors to make informed decisions. Individual members will provide specific advice where WRE activities or outcomes have positive or potentially negative impacts on their specialist activities. The Strategic Advisory Group will formally vote on key matters as deemed by the Board of Directors.

All members, whether Primary Funding Members or Standard Members will be entitled to a single vote on key matters, irrespective of their financial or other contribution.

The Consultation Group will be formed of organisations who do not wish to, or are unable to become members of the company, for example government organisations, regulators, and customer representatives. This group will not have formal voting rights but will be integral in bringing a broad view beyond the membership and will bring welcome challenge and specialised knowledge.

Terms of Reference are being drawn up for each of these groups, and will be approved at the first meeting of each.

Membership of the Strategic Advisory Group and the Consultation Group will be open and inclusive, and hopefully very diverse, to ensure that the broadest possible set of views are sought and considered early on and throughout the development of the Regional Plan.

Membership of Water Resources East (WRE) Ltd will be made via an application letter (see Appendix 2). The liability of all members is limited to £1, which is the amount each member of the company would contribute to the assets of the company in the event of it being wound up. Members will be issued with a guarantor certificate by the company.

Other sub-groups may be formed as the company operates in its first year, for example sub-groups to focus on specific sector issues. It is also likely, as the technical programme gathers momentum that an **Investment Board** will form; this will

be populated with senior members of members' organisations who will advise and assure the Board of Directors on sources of funding for the programme.

The WRE Technical Programme.

Chaired by the Technical Director, the Technical Delivery Group (TDG) is responsible for delivering the WRE technical programme of work, including:

- The Regional Plan. This includes any related Task and Finish (T&F) or Working Groups
- Catchment based projects related to the Environment Agency water abstraction plan, and
- Projects with individual landowners and estates, such as the WRE sponsored Environmental Land Management System (ELMS) trials that are being promoted by Defra

Working with the Board and Managing Director, the TDG will:

- Set planning objectives for each work-stream or project
- Develop budgets and programmes for the related works, with key milestones identified, and seek approval from the Board of Directors, potentially via an Investment Board
- Manage the works; making adjustments to program and budget where necessary and assuring the quality of the outputs which are delivered, and
- Report progress on financial and technical issues. Project dashboards and risk & issue logs will be used for this purpose

For the Regional Plan, the TDG will function as the WRE's primary water resource planning group, working together to prepare and test alternative plans and strategies. Outputs from this process will be considered further by the Board, Strategic Advisory Group and the Consultation Group using a series of WRE "Planning Conferences".

The TDG will meet monthly and will comprise representatives from members of the Board, Natural England and the Environment Agency, and other organisations as required.

Technical Programme Funding.

Each element of the Technical Programme will be carefully budgeted by the TDG, and a Business Case will be brought to the Board of Directors for approval. As mentioned previously, a separate Investment Committee may be required at some point in the future. Funding for elements of the technical programme could come from anywhere within the company membership, or indeed via external grants and funding. There will no obligation on Board members to contribute to their funding.

As the Regional Plan develops, conversations will be held with organisations in each sector to gain an understanding of which elements are most appropriately funded internally, and which elements will be more efficiently and effectively delivered regionally through WRE.

Phase II Regional Water Resource Modelling.

To support the work of the National Infrastructure Commission and National Planning Framework for water resources, WRE will complete an additional round of regional water resource modelling, updating the long-term water resource strategy that was delivered in December 2018. Outputs from this work will be used by water companies to complete their draft 2024 Water Resource Management Plans (WRMPs) ensuring that these reflect the needs of other abstractors and users of water in the region and, where appropriate, that they contain the "Regional Strategic Options" expected by Ofwat, the Environment Agency and Defra.

The Phase II regional water resource modelling programme will be based on the following work packages:

Work Package	Outline Details
Preparatory work	Upgrades to the Phase I simulator and optimiser to deliver a user-friendly modelling tool that can be used by planners working in the Technical Delivery Group (TDG), as well as collectively by the TDG, the Board and the Strategic Advisory Group. As part of this work, a stripped-down version of the simulator may be built to enable the effect of transfers between other regions to be evaluated

Supply forecast	Updates to the hydro-climatic datasets used in the simulator to account for the new UKCP18 data
Demand forecast	Updates to the population and demand forecasts that are used in the simulator. This includes for the Oxford-Milton Keynes-Cambridge growth corridor, for the Humber South Bank and agriculture. The work will also include an improved energy sector forecast based on the Future Energy Scenarios (FES) published by the National Grid and an improved understanding of future environmental needs based on a new assessment methodology that uses spatial optimisation of conservation objectives
Options	As well as the strategic regional and household demand management options that were previously modelled, new options will be developed for Phase II. These include agricultural demand management options; cross-sector license and water trades and inter-regional strategic transfers. As well as cost and yield estimates for each option, model contracts will be developed where these are necessary – either to enable water or license trades or to build multi-sector assets. This work will build on national efforts in this area, as well as experience for the WRE catchment and sub-catchment programmes
Reporting and outreach	Key elements of this work package include developing a delivery strategy for the selected portfolio of schemes; assessing the related costs and benefits and consulting on the preferred plan. It also includes assuring the quality of the work that is completed in support of the plan.

A draft programme has been developed. Although subject to confirmation through work with the National Planning Framework Steering Group, key milestones are likely to be:

- **March 2020:** completion of preparatory works and updates to the supply, demand and option datasets used in the simulator
- **March 2021:** completion of the preliminary draft regional plan for evaluation by the Board, the Strategic Advisory Group and other key stakeholders
- **December 2021:** publication of the preliminary draft regional plan for more general consultation
- **August 2022:** publication of the draft regional plan and the WRE water company draft 2024 WRMPs for statutory consultation

To deliver this programme, it is essential that the preparatory work and work on updating the simulator datasets begins early in 2019.

The programme is still under development and discussion, and a number of further workstreams are emerging:

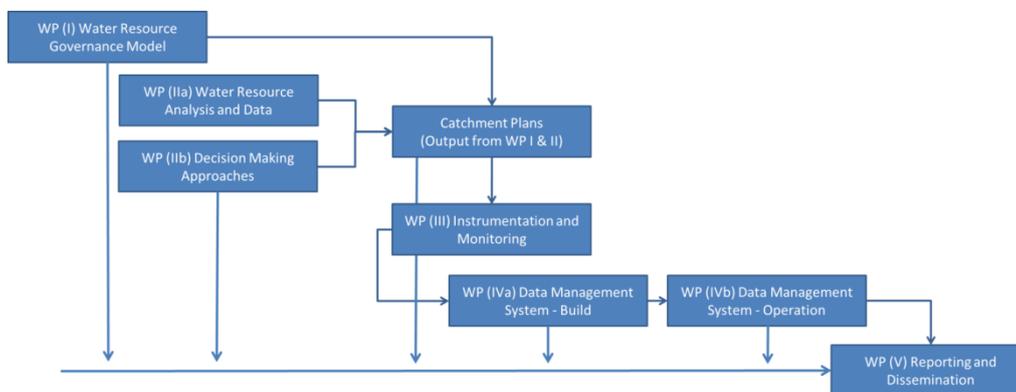
- Proposals for a joint effort with Water Resources North to develop regional strategic options based on the lower Trent, Yorkshire Water Grid and South Lincolnshire Reservoir
- Developing new power-water options with National Grid and Energy UK
- Working with WWF and Blueprint for Water to develop a process for prioritising regional conservation objectives
- Working with Manchester University and CLA on prototype land-use function for the MOEA optimiser

Catchment Based Projects.

WRE is promoting a series of catchment based projects in support of the Defra and Environment Agency water abstraction plan. This aims to reduce the impact of abstraction on the environment, mitigate the possible future effects of climate change and growth, and improve access to water.

A key element of the water abstraction plan is the use of a catchment based approach to deal with abstraction issues at a more local level.

The projects being promoted by WRE combine our multi-sector planning process with a real-time water resource data management system. At catchment level, this will enable a more flexible and adaptive approach to resource allocation, as well as a more collaborative approach to infrastructure planning and investment. The related work packages (WPs) are illustrated below:



To deliver the projects, applications are being made for Inter-reg EU funding. The projects will be carried out in the South Forty Foot Drain catchment in South Lincolnshire, the Cam and Ely Ouse catchment, the Otter catchment and catchments in France. Each will run for 2-3 years starting in late 2019. We have identified French partners, and are currently working on a joint application for submission in June 2019.

Other emerging workstreams are:

- Funding secured to start work on planning elements of the South Lincolnshire Water Management project (with contribution from Anglian Water, Lincolnshire County Council and Anglian Northern RFCC)
- Proposing to fast-track development of a prototype catchment management system to increase water trading on the Bedford Ouse this summer, in discussion with Anglian Water, the energy sector, the Environment Agency and the Lower Nene Water Resource Planning Group

Environmental Land Management System trials.

As part of the 25-year environment plan, Defra are piloting changes to agricultural support payments. The aim is to pay “public money for public goods” and to use this to drive widespread environmental improvements. The new system is referred to as the Environment Land Management system (ELMS).

In collaboration with landowners, WRE is promoting a series of ELMS pilots. These are focussed on water resources and aim to build natural capital in watercourses and riparian areas, increasing the flow of eco-system services from them.

Each of the pilots will involve the creation and management of in-stream and riparian habitats. Benefits will include;

- A reduction in harm from natural hazards such as flooding and drought
- Thriving plants and wildlife
- Clean and plentiful water, and
- Enhanced beauty, heritage and engagement with the natural environment

At landscape scale, roll-out of the pilots will increase resilience in the natural systems we depend on for our public and private water supplies. It will also help mitigate possible future climate change impacts, including on priority habitats such as chalk streams, reducing the need for on-going adaptation and mitigation measures.

Links to other working groups in the region.

As well as chairing the Technical Delivery Group, and leading on the catchment-based project work the WRE Technical Director will represent WRE on other Working Groups in the region, including the:

- South Lincolnshire Water Partnership
- The Greater Lincolnshire Local Enterprise Partnership Water Management Board
- Lower Nene Water Resources Group
- River Trent Working Group
- National Farmers Union Water for Food Group

The Managing Director will represent WRE at the National Planning Framework Steering Group, and will attend the Water Resources in the South East (WRSE) CEO Group. The Managing Director and Technical Director will represent WRE on sub-groups arising from the National Planning Framework Steering Group.

The WRE Communications and Engagement Programme.

The Communications and Engagement Programme will be led by an independent consultant, Martin Collison from Collison Associates, working closely with members of the WRE team. The programme will ensure that there is a dedicated, focused approach to communication of the outputs of our work, drawing on the blend of cross-sector knowledge and networks within our stakeholders. The programme will:

- Work to communicate the outputs of our strategy and plans, and to engage current and future partners.
- Achieve this by developing and implementing a comprehensive plan of exposure and engagement that will be critical to contributing to WRE's success as an independent, technically credible, influential and capable organisation.
- Communicate and engage flexibly using multiple channels, developing and working closely alongside a strong network of communication and engagement professionals from WRE members' organisations.
- Effectively share best practice and essential programme news within and between internal WRE groups (Board, Strategic Advisory Group, Consultation Group and the Technical Delivery Group).
- Support these groups to effectively communicate their findings and recommendations to relevant external audiences, coordinating these centrally for WRE.
- Where appropriate, appoint specialist external agencies to assist with distinct pieces of communications and engagement work, as directed by the Board and by the various technical working groups.

Written updates will be provided to the Board of Directors detailing the communication and engagement activities which have occurred and an analysis of their impact.

The overall budget for the Communications and Engagement programme will be £15k for 2019/20. A detailed list of communications and engagement opportunities is presented in Appendix 3.

Communications and Engagement Workstreams for 2019/20.

1. **Member advocacy** – we hope that WRE members will take every opportunity to provide advocacy promotion of WRE activities and initiatives, particularly via social media, conference presentations and internal publications.
2. **Internal meetings** – in the first year, we are planning 5x Board meetings and 4x Strategic Advisory Group meetings (including Consultation Group members). A programme of in depth 2-day Planning Conferences will be developed.
3. **Ongoing engagement with government and regulators** including with Ofwat, NIC, EA, Defra, DWI, and CC Water.
4. **Ongoing engagement with key stakeholders** – Beyond meetings, this includes through social media channels such as Twitter, together with regular Newsletters, and dissemination of technical outputs.
5. **Social media** – we have launched a Twitter feed (@WaterREast), and will also have a LinkedIn account.
6. **External exposure** – we will reply to relevant regulatory consultations as Water Resources East.
7. **Conferences** – we will seek to attend (and ideally field speakers) at key conferences throughout the year.
8. **Quarterly Newsletter, trade press articles, and publications in academic journals** (for example the Institute of Water Technical Journal).
9. **Website** – The website will be kept under regular review, and stakeholders will be signposted to key pages via social media communications.
10. **Use of external agencies** – we will explore the opportunity to partner with external communications agencies.
11. **Sponsorship of specific events in the region** – use of small sums of money to support and sponsor events within the region, for example the Norfolk Festival of Nature.

7). Reviewing the Business Plan.

At the start of 2020, the Managing Director will undertake a full review of the organisational design, governance structure and operational budget, together with the technical and communications & engagement programmes for WRE, working closely with the Board of Directors, Strategic Advisory Group and learning from the experience of the other four regional planning groups and the National Framework outputs.

The outcome of this review will be a new 5-year Business Plan through to submission of the regional plan and then publication of individual company WRMPs.

Appendix 1 – Draft Articles of Association for Water Resources (WRE) Ltd.

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY GUARANTEE

ARTICLES OF ASSOCIATION

OF

WATER RESOURCES EAST (WRE) LTD.

(the “Company”)

The subscriber to this memorandum of association wishes to form a company under the Companies Act 2006 and agrees to become a member of a company.

Name of subscriber

Authentication by each subscriber

Dated:

PRIVATE COMPANY LIMITED BY GUARANTEE

ARTICLES OF ASSOCIATION

OF

WATER RESOURCES EAST (WRE) LTD

(the "Company")

1. **PRELIMINARY**

The regulations contained in the model articles of association for private companies limited by guarantee contained in Schedule 2 to The Companies (Model Articles) Regulations 2008 in force at the time of adoption of these Articles shall not apply to the Company and these Articles alone shall constitute the articles of the Company.

2. **DEFINITIONS AND INTERPRETATION**

2.1 In these Articles the following expressions have the following meanings unless inconsistent with the context:

"these Articles" these Articles of Association, whether as originally adopted or as from time to time altered by special resolution

"the 2006 Act " the Companies Act 2006

"Connected" in relation to a director of the Company has the meaning given in section 252 of the 2006 Act

"Directors" the directors for the time being of the Company or (as the context shall require) any of them acting as the board of directors of the Company

"electronic address" any address or number used for the purposes of sending or receiving documents or information by electronic means

"electronic form" and "electronic means" have the meaning given in section 1168 of the 2006 Act

"executed"	includes any mode of execution
"hard copy form"	has the meaning given in section 1168 of the 2006 Act
"Net Funding Requirement"	The annual amount of funding required by the Company for its day to day operation as determined by an annual operating budget prepared by the Board, which excludes the costs relating to the Technical Programme
"office"	the registered office of the Company
"ordinary resolution"	has the meaning given in section 282 of the 2006 Act
"Principal Funding Members"	members of the Company who contribute 3% or more of the Company's Net Funding Requirement on an annual basis in cash, or (subject to Board approval) an in kind contribution which reduces the operating costs of the business
"seal"	the common seal of the Company (if any)
"special resolution"	has the meaning given in section 283 of the 2006 Act
"Standard Members"	any member of the Company that is not a Principal Funding Member
"Stakeholder Director"	a director of the Company appointed pursuant to the process detailed at article 15.3
"Technical Programme"	the technical programme will consist of all aspects of the Company's work, other than its day to day operation
"the Statutes"	the Companies Acts as defined in section 2 of the 2006 Act and every other statute, order, regulation, instrument or other subordinate legislation in force from time to time relating to companies and affecting the Company
"United Kingdom"	Great Britain and Northern Ireland.
"in writing"	hard copy form or to the extent agreed (or deemed to be agreed by virtue of a provision of the Statutes) electronic form or website communication

- 2.2 Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Statutes but excluding any statutory modification thereof not in force when these Articles become binding on the Company.
- 2.3 Words importing the masculine gender only shall include the feminine gender and the neuter (as appropriate).
- 2.4 References to any Statute or statutory provision include, unless the context otherwise requires, a reference to that Statute or statutory provision as modified, replaced, re-enacted or consolidated and in force from time to time and any subordinate legislation made under the relevant Statute or statutory provision.
- 2.5 Where the word "address" appears in these Articles it is deemed to include postal address and, where applicable, electronic address.

2.6 The expression "working day" in relation to a period of notice means any day other than Saturday, Sunday and Christmas Day, Good Friday or any day that is a bank holiday under the Banking and Financial Dealing Act 1971 in the part of the UK where the company is registered.

2.7 The expression "clear days" in relation to a period of notice to call a meeting means the number of days referred to excluding the day when the notice is given and the day of the meeting.

3. MEMBERS

3.1 The subscribers to the Memorandum of Association of the Company and such other persons as are admitted to membership in accordance with these Articles shall be members of the Company. No person shall be admitted as a member of the Company unless he is approved by the Directors. Every person who wishes to become a member shall deliver to the Company an application for membership in such form as the Directors require to be executed by him agreeing to be bound by these Articles and on being so admitted his name shall be entered in the register of members of the Company.

3.2 Subject to the provisions of article 3.1, the membership of the Company shall comprise the following classes of member:

3.2.1 Principal Funding Members; and

3.2.2 Standard Members

3.3 Each of the (i) Principal Funding Members and (ii) Standard Members shall constitute separate classes of membership for the purposes of voting and of class rights as set out in these Articles. The Principal Funding Members and the Standard Members shall have voting rights in the Company.

3.4 The Directors shall have absolute discretion in determining whether to accept or reject any application for membership and shall not be bound to assign any reason for their decision but nothing in these Articles shall entitle the Directors to discriminate in any way between applicants for membership by reason of race, colour, sex, creed, age or disability.

3.5 In order to apply for membership of the Company each potential new member of the Company must have a relevant interest in sustainable water management issues and a desire to collaborate on multi-sector planning. The Directors will have sole discretion in determining whether a potential new member of the Company satisfies this condition.

3.6 No person or organisation shall hold membership as a Principal Funding Member and as a Standard Member concurrently, however, where a member is admitted as either such class of member and ceases to meet the criteria to remain in such class of member but fulfils the criteria for another class of membership, such member may be reclassified as being in such alternate class of membership by resolution of the Directors.

3.7 Subject to all moneys presently payable by him to the Company pursuant to any rules or bye-laws made by the Directors pursuant to **article 25** or otherwise having been paid, a member may at any time withdraw from the Company by giving at least seven clear days' notice in writing to the Company provided that after such retirement the number of members remaining is not less than two.

3.8 Membership shall:

3.8.1 not be transferable and shall cease on death or, for organisational membership, upon the winding up of that organisation; and

3.8.2 terminate if the majority of the Directors of the Company resolve that it is in the best interests of the Company that a membership is terminated.

3.9 The members may, by special resolution, direct the Directors to take, or refrain from taking, specified action. No such special resolution invalidates anything which the Directors have done before the passing of the resolution.

3.10 Any such person who contributes to the Company's activities set out in the provisions of article 4 is treated as *ex officio* and shall become a member of the Company upon the Company's approval of the member pursuant to article 3.1 and approval of the contributions.

4. FUNDING OF THE COMPANY

4.1 In order to fund the day-to-day operational activities of the Company (Net Funding Requirements pursuant to article 4.2) and in addition to receipts by way of subscription or dues, the Company shall

have powers to obtain, collect and receive money and funds by way of contributions, donations, affiliation fees, subscriptions, grants, loans and any other lawful method, and to issue and make appeals and to take such other steps as may be required for the purpose of procuring contributions to the funds of the Company by any such method.

4.2 Subject to article 3.4 each Principal Funding Member will annually make a direct financial contribution of a minimum 3% of the Net Funding Requirements of the Company in cash or will make an 'in-kind' contribution, with a market value equal to 3% of the Net Funding Requirement, which reduces the overall operational cost of the business. The Board of Directors will decide the market value of any in-kind contribution after making reasonable enquiries, and the Board of Directors has the option to accept or decline an in-kind contribution as a contribution towards the Net Funding Requirement from any Principal Funding Member, or any potential Principal Funding Member. The board of Directors shall review and approve the cash contributions and the in-kind contributions annually to ensure the Net Funding Requirement is met in full. Any such member may, by notice to the Company, contribute to the funding of the Company by way of gift or by loan that is approved by the Company.

4.3 If a Principal Funding Member declines to contribute at least 3% of the Net Funding Requirement in cash or by way of an in-kind contribution of a value equal to 3% of the Net Funding Requirement for the relevant year, the Board has the option to remove such member's status as a Principal Funding Member. If such member has appointed a director to the board of the Company and ceases to be a Principal Funding Member in accordance with these Articles, such director will be required to resign within 28 days of the start of the Company's financial year.

4.4 Standard Members will not be subject to any requirement to pay an annual fee to retain their membership of the Company.

5. **ANNUAL GENERAL MEETING**

5.1 The Company shall in each calendar year hold a general meeting as the Company's Annual General Meeting in addition to any other general meeting of the Company held in that calendar year and the Company shall specify the general meeting as the Annual General Meeting in the notice calling it.

5.2 Unless the members resolve otherwise by way of ordinary resolution passed, not more than 15 months shall elapse between the date of one annual general meeting of the Company and that of the next, provided that so long as the Company holds the Company's first annual general meeting within 18 months of the Company's incorporation, the Company need not hold such first annual general meeting in the calendar year of the Company's incorporation or in the following calendar year. Each annual general meeting of the Company shall be held at such time and place as the directors shall appoint.

6. **GENERAL MEETINGS**

6.1 The Directors may call general meetings.

6.2 If at any time there are not within the United Kingdom sufficient Directors capable of acting to form a quorum, any director or any two members of the Company may convene a general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

7. **NOTICE OF GENERAL MEETINGS**

7.1 A notice convening a general meeting of the Company shall be called by at least fourteen clear days' notice in writing. The notice shall specify the time and place of the meeting and the general nature of the business to be transacted.

7.2 Subject to the provisions of these Articles notice of general meetings shall be given to all members, to all Directors and to the auditors.

7.3 Notwithstanding the foregoing provisions of these Articles a general meeting may be called by shorter notice if it is so agreed in accordance with section 307(4) of the 2006 Act.

7.4 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

7.5 Notwithstanding that the Company does not have a share capital, every notice convening a general meeting shall comply with the provisions of section 325(1) of the 2006 Act as to giving information to members in regard to their right to appoint proxies.

7.6 Every notice convening a general meeting shall be given in accordance with section 308 of the 2006 Act that is, in hard copy form, electronic form or by means of a website.

7.7 The Company may send a notice of meeting by making it available on a website or by sending it in electronic form and if notice is sent in either way it will be valid provided it complies with the relevant provisions of the Companies Act 2006.

7.8 A member present, either in person or by proxy, at any meeting of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

8. **PROCEEDINGS AT GENERAL MEETINGS**

8.1 No business shall be transacted at any general meeting unless a quorum of members is present. Quorum shall be 50% of Principal Funding Members and 50% of Standard Members entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation. If within half an hour from the time appointed for the general meeting a quorum is not present the general meeting shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such other time and place as the Directors may determine; and if at the adjourned general meeting a quorum is not present within half an hour from the time appointed therefore the member or members present in person or by proxy or (being a body corporate) by representative and entitled to vote upon the business to be transacted shall constitute a quorum and shall have power to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place.

8.2 The chairman, if any, of the Directors shall preside as chairman at every general meeting of the Company, or if there is no such chairman, or if he shall not be present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act, the Directors present shall elect one of their number to be chairman of the meeting.

8.3 If at any meeting no director is willing to act as chairman or if no director is present within fifteen minutes after the time appointed for holding the general meeting, the members present shall choose one of their number to be chairman of the meeting.

8.4 A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting.

8.5 The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

8.6 At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on the declaration of the result of the show of hands, a poll is duly demanded. Subject to the provisions of the Statutes, a poll may be demanded:

8.6.1 by the chairman; or

8.6.2 by at least two members having the right to vote at the meeting; or

8.6.3 by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting,

and a demand by a person as a proxy for a member shall be the same as a demand by the member.

8.7 Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

8.8 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.

8.9 A poll shall be taken as the chairman directs and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

- 8.10 A poll demanded on the election of a chairman or on a question of adjournment shall be taken immediately. A poll demanded on any other question shall be taken either immediately or at such time and place as the chairman directs not being more than thirty days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
- 8.11 No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

9. **VOTES OF MEMBERS**

- 9.1 All members shall be entitled to receive notice of, and attend and speak at, any general meeting.
- 9.2 Each member may authorise such person as it thinks fit to act as its representative (a "Member's Representative") at any general meeting, in the manner provided in section 323 of the Act and section 323 of the Act shall apply mutatis mutandis to any member which is neither a corporation nor an individual as though such member were a corporation. Such Member's Representative shall be entitled to exercise the same powers on behalf of the member in question as that member could exercise if it were the member and such member shall for the purposes of the Articles be deemed to be present in person at any such meeting if a Member's Representative so authorised is present.
- 9.3 On a written resolution, every member has one vote, on a show of hands every member (being an individual) present in person or by proxy (not being himself a member entitled to vote) or (being a corporation) present by a duly authorised representative or proxy (not being himself a member entitled to vote) has one vote and on a poll every member present in person or by proxy or by a duly authorised representative (as the case may be) has one vote.
- 9.4 A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, by his receiver, legal guardian or other person authorised in that behalf. Evidence to the satisfaction of the Directors of the authority of the person claiming to exercise the right to vote shall be deposited at the office, or at such other place as is specified in accordance with these Articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable. In calculating the time period in this **article 9.4**, no account shall be taken of any part of a day that is not a working day.
- 9.5 No member shall be entitled to vote at any general meeting unless all monies presently payable by him to the Company pursuant to any rules or bye-laws made by the Directors under **article 25** or otherwise have been paid.
- 9.6 No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.
- 9.7 An instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor and shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the Directors may approve):

"NAME [Limited]

I, [NAME], of [ADDRESS], being a member of the above-named Company, hereby appoint [NAME], of [ADDRESS], as my proxy to vote in my name and on my behalf at a general meeting of the Company to be held on [DATE], and at any adjournment thereof.

Signed on [DATE]."

- 9.8 Where it is desired to afford members an opportunity of instructing the proxy how he shall act the instrument appointing a proxy shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the Directors may approve):

"[NAME] [Limited]

I, [NAME], of [ADDRESS], being a member of the above named Company, hereby appoint [NAME], of [ADDRESS], or failing him, [NAME], of [ADDRESS], as my proxy, to vote for me in my name and on my behalf at a general meeting of the Company to be held on [DATE], and at any adjournment thereof.

This form is to be used in respect of the resolutions mentioned below as follows:

Resolution No 1 *for *against

Resolution No 2 *for *against

* Strike out whichever is not desired

Unless otherwise instructed, the proxy may vote as he thinks fit or abstain from voting.

Signed on [DATE].”

9.9 The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

9.10 The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a copy of that power or authority notarially or in some other way approved by the Directors may:

9.10.1 in the case of a proxy not being sent in electronic form be deposited at the office or at such other place within the United Kingdom as is specified for that purpose in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or

9.10.2 in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or

9.10.3 where the poll is not taken immediately but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman of that meeting or to any director,

9.11 A proxy appointment which is being sent in electronic form must be received at an address specified by the Company for the purpose of receiving such communications in electronic form:

9.11.1 in (or by way of a note to) the notice convening the meeting; or

9.11.2 in any form of proxy appointment sent out by the Company; or

9.11.3 in any invitation contained in an electronic form to appoint a proxy issued by the Company,

in each case not less than 48 hours before the time for holding the meeting at which the person named in the instrument proposes to vote or in the case of a poll taken more than 48 hours after it is demanded, not less than 24 hours before the poll is taken, or where the poll is not taken immediately but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman of that meeting or to any director.

An instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

9.12 In calculating the time periods in **article 9.10**, no account shall be taken of any part of a day that is not a working day.

9.13 A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the Company at the office or at such other place at which the instrument of proxy was duly deposited before commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

10. **WRITTEN RESOLUTIONS**

10.1 A written resolution, proposed in accordance with section 288(3) of the 2006 Act, will lapse if it is not passed before the end of the period of 28 days beginning with the circulation date.

10.2 For the purposes of this **article 10** "circulation date" is the day on which copies of the written resolution are sent or submitted to members or, if copies are sent or submitted on different days, to the first of those days.

11. **COMPANY SECRETARY**

The Company shall have a company secretary.

12. **NUMBER OF DIRECTORS**

Unless otherwise determined by the Board of Directors, the number of Directors shall be subject to a maximum of 20 Directors, including the chairman and Managing Director. The minimum number of Directors shall be one.

12.1 Subject to article 15, the Company shall have the following board composition:

12.1.1 an independent non-executive chairman;

12.1.2 the Managing Director;

12.1.3 any non-executive directors appointed by the Principal Funding Members subject to article 15.2;

12.1.4 any further non-executive directors appointed by the Principal Funding Members;

12.1.5 a maximum of two Stakeholder Directors subject to article 15.3; and

12.1.6 the company secretary.

13. **POWERS OF DIRECTORS**

13.1 Subject to the provisions of the 2006 Act and these Articles and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of these Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. A meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.

13.2 The Directors, subject to these Articles, have unfettered power to form committees and any sub-committees in the Company as they see fit.

14. **DELEGATION OF DIRECTORS' POWERS**

14.1 The Directors may delegate any of their powers to:

14.1.1 any committee consisting of one or more directors and such other persons (if any) not being directors co-opted on to such committee as the Directors think fit provided that the number of co-opted persons not being directors shall not exceed one half of the total number of members of such committee; or

14.1.2 the Managing Director (for the time being) of the Company or any director holding any other executive office.

14.1.3 an alternate named substitute, who must be approved by the Board of Directors.

14.2 Any such delegation may be made subject to any conditions the Directors may impose and may be collateral to their own powers and may be revoked or altered. Subject to any such conditions the proceedings of a committee with two or more members shall be governed by the Articles regulating the proceedings of Directors so far as they are capable of applying. Any committee or sub-committee are subject to their own terms of reference which must be approved by the Directors.

15. **APPOINTMENT**

15.1 Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director:

15.1.1 by a decision of the Directors; or

15.1.2 by ordinary resolution.

15.2 Subject to the provisions of article 15.1, each Principal Funding Member is entitled to appoint one person to be a director of the Company ("**Principal Funding Director**"). The Directors and members of the Company are obliged to pass the necessary board resolutions and member resolutions to appoint the Principal Funding Director to the board within 90 days of the Principal Funding Member giving notice to the Company of their intention to appoint the Principal Funding Director. Subject to the provisions of article 4.3 and article 16 the Principal Funding Director will cease to be a director if the Principal Funding Member who nominated him for appointment so determines, or if the Principal Funding Member who appointed him ceases to be a Principal Funding Member of the Company.

15.3 A Principal Funding Member may request the appointment of a second Principal Funding Director from their organisation. The decision to allow this appointment shall be determined by ordinary resolution of the other Principal Funding Members, subject to the provisions of Article 15.2. Only one Principal Funding Director appointed on behalf of each Principal Funding Member may attend a meeting of the Directors or vote on a resolution of the Directors.

15.4 The Managing Director shall be responsible solely for nominating Stakeholder Directors. Nominees put forward by the Managing Director must then be approved by the board of Directors. Stakeholder Directors will be selected from organisations who hold charitable status, have limited financial ability to become Principal Funding Members, or from organisations that the Directors determine to be suitable. The board of Directors shall review the suitability of each Stakeholder Director at least once every five years.

16. **DISQUALIFICATION AND REMOVAL OF DIRECTORS**

The office of a director shall be vacated if:

16.1 he ceases to be a director by virtue of any provision of the Statutes or these Articles or he becomes prohibited by law from being a director; or

16.2 he becomes bankrupt or makes any arrangement or composition with his creditors generally; or

16.3 a registered medical practitioner who is treating him gives a written opinion to the Company stating that he has become mentally or physically incapable of acting as a director and may remain so for more than 3 months; or

16.4 he is or has been suffering from mental or physical ill health and the Directors resolve at a meeting of the Directors that his office be vacated; or

16.5 he resigns his office by notice to the Company; or

16.6 he shall for more than six consecutive months have been absent without permission of the Directors from meetings of Directors held during that period and the Directors resolve that his office be vacated.

17. **DIRECTORS' APPOINTMENTS AND INTERESTS**

17.1 Subject to the provisions of the Statutes, and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a director notwithstanding his office:

17.1.1 may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is in any way interested;

17.1.2 may hold any other office or employment with the Company (other than the office of auditor);

17.1.3 may be a director or other officer of or employed by or be a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is in any way interested;

17.1.4 may, or any firm or company of which he is a member or director may, act in a professional capacity for the Company or any body corporate in which the Company is in any way interested other than as an auditor;

17.1.5 shall not by reason of his office be accountable to the Company for any benefit which he derives from such office, service or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit; and

17.1.6 save for a vote under section 175(4) of the 2006 Act authorising any conflict of interest which the director or any other interested director may have or where the terms of authorisation of such conflict provide that the director may not vote in situations prescribed by the Directors when granting such authorisation shall be entitled to vote on any resolution and (whether or not he shall vote) shall be counted in the quorum on any matter referred to in any of **articles 17.1.1 to 17.1.4** (inclusive) or on any resolution which in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest whatsoever and if he shall vote on any resolution as aforesaid his vote shall be counted.

17.2 For the purposes of **article 17.1**:

17.2.1 a general notice to the Directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified;

17.2.2 an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and

17.2.3 an interest of a person who is for any purpose of the 2006 Act (excluding any statutory modification not in force when the Company was incorporated) connected with a director shall be treated as an interest of the director and in relation to an alternate director an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

18. **DIRECTORS' REMUNERATION AND EXPENSES**

18.1 Directors may undertake any services for the Company that the Directors decide.

18.2 The Company may pay any reasonable expenses which the directors properly incur in connection with their attendance at:

18.2.1 meetings of Directors or committees of directors; or

18.2.2 general meetings; or

18.2.3 otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

18.3 Subject to the provisions of this article 18 the Company may remunerate the chairman of the Company and the Managing Director of the Company as the Directors determine.

19. **PROCEEDINGS OF THE DIRECTORS**

19.1 Subject to the provisions of these Articles, the Directors may regulate their meetings, as they think fit. Any director may call a meeting of the Directors. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote. Notice of every meeting of the Directors shall be given to each director, including any director who may for the time being be absent from the United Kingdom and have given the Company an address within the United Kingdom for service.

19.2 Any director may participate in a meeting of the Directors or a committee constituted pursuant to **article 14** of which he is a member by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting and, subject to these Articles and the Statutes, shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.

19.3 The quorum for a meeting of the Directors shall be fixed to the chairman of the Company, the Managing Director of the Company and at least one third of the Principal Funding Directors, save that, if and for so long as the Company has only one Principal Funding Director, the attendance of the sole Principal Funding Director is required for a meeting of the Directors to be quorate.

19.4 Notwithstanding any vacancies in their number, the continuing Directors or where there is only one, the sole continuing director, may continue to act but if the number of Directors is less than the number fixed as the quorum they, or (in the case of a sole director) he, may only act for the purpose of filling vacancies or calling a general meeting.

- 19.5 The Directors may appoint one of their number to be the chairman of the board of Directors and may remove him from that office. Unless he is unwilling to do so, the director so appointed shall preside at every meeting of the Directors at which he is present. But, if there is no director holding that office, or if the director holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the Directors present may appoint one of their number to be chairman of the meeting.
- 19.6 All acts done by any meeting of the Directors or of a committee constituted pursuant to **article 14**, or by any person acting as a director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any director or person acting as aforesaid, or that they or any of them were disqualified from holding office or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.
- 19.7 A resolution in writing, signed by all the directors entitled to receive notice of a meeting of Directors or of a committee constituted pursuant to **article 14** shall be as valid and effectual as if it had been passed at a meeting of the Directors or (as the case may be) such a committee duly convened and held and may consist of several documents in the like form each signed by one or more directors or members of the committee (as the case may be).
- 19.8 If, and as a consequence of section 175(6) of the 2006 Act a director cannot vote or be counted in the quorum at a meeting of the Directors then the following apply:
- 19.8.1 if the meeting is inquorate then the quorum for that purpose of that meeting shall be reduced by one for each director who cannot vote or be counted in the quorum; and
- 19.8.2 if despite **article 19.8.1**, the meeting is still inquorate then it must be adjourned to enable the members of the Company to authorise any situation in which a director has a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.

20. **MINUTES**

The Directors shall cause minutes to be made in books kept for the purposes:

- 20.1 of recording the names and addresses of all members; and
- 20.2 of all appointments of officers made by the Directors; and
- 20.3 of all proceedings at meetings of the Company and of the Directors and of committees constituted pursuant to **article 14** including the names of directors and members (as appropriate) present at each such meeting.

21. **THE SEAL**

The Company shall not have a common seal.

22. **ACCOUNTS**

No member shall (as such) have any right of inspecting any accounting records or other book or document of the Company except as conferred by statute or authorised by the Directors or by ordinary resolution of the Company.

23. **COMPANY COMMUNICATION PROVISIONS**

23.1 Where:

23.1.1 a document or information is sent by post (whether in hard copy or electronic form) to an address in the United Kingdom; and

23.1.2 the Company is able to show that it was properly addressed, prepaid and posted, it is deemed to have been received by the intended recipient 24 hours after it was posted.

23.2 Where:

23.2.1 a document or information is sent or supplied by electronic means; and

23.2.2 the Company is able to show that it was properly addressed,

it is deemed to have been received by the intended recipient immediately after it was sent.

23.3 Where a document or information is sent or supplied by means of a website, it is deemed to have been received by the intended recipient:

23.3.1 when the material was first made available on the website; or

23.3.2 if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website.

23.4 Pursuant to section 1147(6) of the 2006 Act, subsections (2) (3) and (4) of that section shall be deemed modified by **articles 23.1, 23.2 and 23.3.**

23.5 If at any time by reason of the suspension or curtailment of postal services within the United Kingdom the Company is unable effectively to convene a general meeting by notices sent through the post or by electronic means, a general meeting may be convened by a notice advertised in at least one national daily newspaper and such notice shall be deemed to have been duly served on all members entitled thereto at noon on the day when the advertisement appears. In any such case the Company shall send confirmatory copies of the notice by post if at least seven days prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

24. **DOCUMENTS SENT IN ELECTRONIC FORM OR BY MEANS OF A WEBSITE**

24.1 Where the 2006 Act permits the Company to send documents or notices to its members in electronic form or by means of a website, the documents will be validly sent provided the Company complies with the requirements of the 2006 Act.

24.2 Subject to any requirement of the 2006 Act only such documents and notices as are specified by the Company may be sent to the Company in electronic form to the address specified by the Company for that purpose and such documents or notices sent to the Company are sufficiently authenticated if the identity of the sender is confirmed in the way the Company has specified.

25. **RULES OR BYE-LAWS**

25.1 The Directors may from time to time make such rules or bye-laws as they may deem necessary or expedient or convenient for the proper conduct and management of the Company and for the purposes of prescribing classes of and conditions of membership, and in particular but without prejudice to the generality of the foregoing, it may by such rules or bye-laws regulate:

25.1.1 the admission and classification of members of the Company, and the rights and privileges of such members, and the conditions of membership and the terms on which members may resign or have their membership terminated and the entrance fees, subscriptions and other fees or payments to be made by members;

25.1.2 the conduct of members of the Company in relation to one another, and to the Company's servants;

25.1.3 the setting aside of the whole or any part or parts of the Company's premises at any particular time or times or for any particular purpose or purposes;

25.1.4 the procedure at general meetings and meetings of the Directors and committees constituted pursuant to **article 14** in so far as such procedure is not regulated by these Articles; and

25.1.5 generally, all such matters as are commonly the subject matter of such rules,

provided, nevertheless, that no rule or bye-law shall be inconsistent with, or shall affect or repeal anything contained in these Articles.

25.2 The Company shall have power to alter or repeal the rules or bye-laws referred to in **article 25.1** and to make additions thereto. The Directors shall adopt such means as they deem sufficient to bring to the notice of members all such rules or bye-laws made pursuant to this **article 25** which, so long as they shall be in force, shall be binding on all members.

26. **INDEMNITIES FOR DIRECTORS**

26.1 Subject to the provisions of, and so far as may be permitted by, the 2006 Act but without prejudice to any indemnity to which the person concerned may be otherwise entitled, the Company may indemnify every director, alternate director or other officer of the Company against all costs, charges, losses,

expenses and liabilities incurred by him in the execution and discharge of his duties or the exercise of his powers or otherwise in relation to or in connection with his duties, powers or office, including any liability which may attach to him in respect of any negligence, default, breach of duty or breach of trust in relation to anything done or omitted to be done or alleged to have been done or omitted to be done by him as a director, alternate director or other officer of the Company and against any such liability incurred by him in connection with the Company's activities as trustee of an occupational pension scheme as defined in section 235(6) of the 2006 Act.

26.2 The directors may buy and maintain at the cost of the Company insurance cover for or for the benefit of every director, alternate director or other officer of the Company or of any associated company (as defined in section 256 of the 2006 Act) against any liability which may attach to him in respect of any negligence, default, breach of duty or breach of trust by him in relation to the Company (or such associated company), including anything done or omitted to be done or alleged to have been done or omitted to be done by him as a director, alternate director, auditor or other officer of the Company or associated company.

26.3 Subject to the provisions of, and so far as may be permitted by, the Statutes, the Company shall be entitled to fund the expenditure of every director, alternate director or other officer of the Company incurred or to be incurred:

26.3.1 in defending any criminal or civil proceedings; or

26.3.2 in connection with any application under section 1157 of the 2006 Act.

27. REGISTERED OFFICE

The Company's registered office is to be situated in England and Wales.

28. LIABILITY OF MEMBERS

28.1 The liability of the members is limited to £1, being the amount each member of the Company undertakes to contribute to the assets of the Company in the event of it being wound up while that party is a member or within one year after such party ceases to be a member, for:

28.1.1 payment of the Company's debts and liabilities contracted before such party ceases to be a member;

28.1.2 payment of the costs, charges and expenses of winding up; and

28.1.3 the adjustment of the rights of the contributories among themselves.

28.2 If at the conclusion of the winding up or dissolution of the Company there remains after the satisfaction of all its debts and liabilities any property or operating surplus whatsoever, the same shall be paid to or distributed equally among the then current members of the Company or on such other basis as the then current members shall unanimously agree in writing.

Dr Robin Price, Managing Director
Lancaster House, Lancaster Way, Huntingdon, Cambridgeshire, PE29 6XU.

Dated:

Appendix 2 – Application for membership of Water Resources East (WRE) Ltd

[TO BE WRITTEN ON CORPORATE LETTERHEAD]

The Directors

Water Resources East (WRE) Limited

Lancaster House

Lancaster Way

Ermine Business Park

Huntingdon

Cambridgeshire

PE29 6XU

[DATE]

Dear Sirs

Application for Membership of WATER RESOURCES EAST (WRE) LIMITED (the Company)

We, the undersigned of the above address, wish to apply to become a [Principle Funding/Standard] member of the Company and agree to be bound by the provisions of the Company's articles of association (the "Articles").

In particular, we agree to guarantee the debts of the Company up to a maximum amount of £1 if the Company is wound up whilst we are a member and for a period of up to 12 months after our membership ends.

In order to be admitted as Principle Funding Members (as defined in the Articles) we further commit to pay an initial contribution of £• by [DEADLINE] and, thereafter, to pay a prescribed portion of the annual Net Funding Commitment (as defined in the Articles) required to retain our status as Principle Funding Members in accordance with the Articles.

Subject to our application being successful, we authorise you to enter our name in the company's register of members.

Yours faithfully

[PRINT NAME]

For and on behalf of

[ORGANISATION]

Appendix 3 – Detailed Communications and Engagement Programme 19/20

Below is a table of WRE's main outputs for the next year. Naturally opportunities will arise throughout the year and this is by no means an exhaustive list but is an overall synopsis of the main outputs we can deliver and the dates for those as we currently know them.

MONTH	COMMUNICATIONS	ENGAGEMENT
February 19	Twitter Launch	Floodex/Irregex conference WRE draft business plan Technical Delivery Group (TDG) meeting UKWIR survey First Regional Planning Group co-ordination
March 19	Social media Website Article publication (rolling)	Last Leadership Group meeting Defra consultation response TDG meeting Third National Framework meeting
April 19	Social media Website update Article publication (rolling) Newsletter	Manchester Uni Technical Training course EA wetland workshop – New Anglia 2 nd Water markets draft book chapter (TBC) TDG meeting
May 19	Social media Website update Article publication (rolling)	First Board meeting – BP approval Manchester Uni Technical Training course 23 rd – 24 th WWT Asset management conference 2 nd Utility week live conference 21 st - 22 nd TDG meeting
June 19	Social media Website Article publication (rolling)	WRE phase 1 technical report publication TDG meeting EA Flood and Coast conference 18 th – 20 th Lincolnshire Show 19 th – 20 th 1 st SAG meeting 2 nd Board meeting Interreg funding bid submission
July 19	Social media Website Article publication (rolling)	TDG meeting
August 19	Newsletter Social media Website Article publication (rolling)	TBC
September 19	Social media Website Article publication (rolling)	Institute of Water/WRE water summit (dates TBC) TDG meeting Birmingham Flood expo 11 th – 12 th
October 19	Social media Website Article publication (rolling)	CIWEM surface water management conf. 9 th 3 rd Board meeting 8 th 2 nd SAG meeting 8 th
November 19	Social media Website Article publication (rolling)	Water markets book chapter published (TBC)
December 19	Newsletter Social media Website Article publication (rolling)	TBC
January 20	Social media Website Article publication (rolling)	4 th Board meeting 14 th