ACCEPTABILITY AND AFFORDABILITY TESTING STAGE ONE: QUALITATIVE RESEARCH - JULY 2023

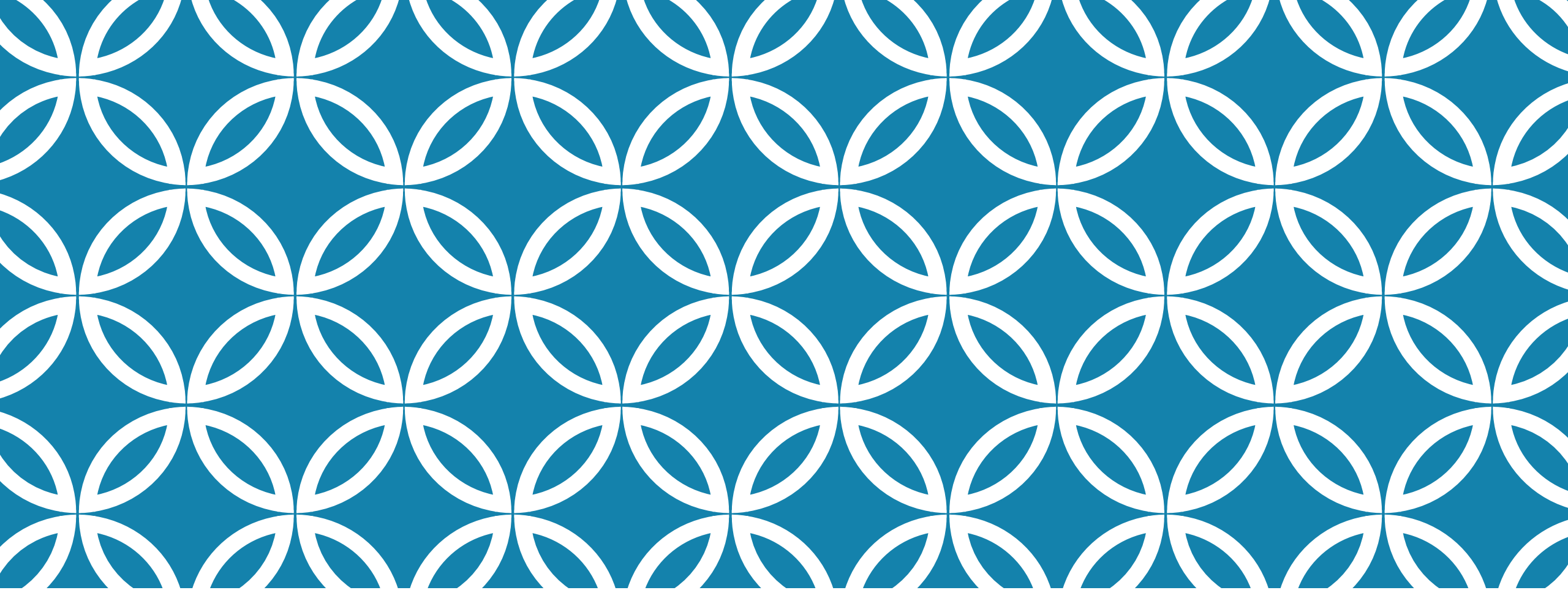
South Staffs Water

Cambridge Water

Accent

Agenda

1. Executive Summary
2. Research background
3. Research challenges and reflections
4. Contextual factors impacting on response to the Business plans
5. Response to ‘Proposed plan’
6. Response to ‘Must Do’
7. Summary and way forward
8. Appendices

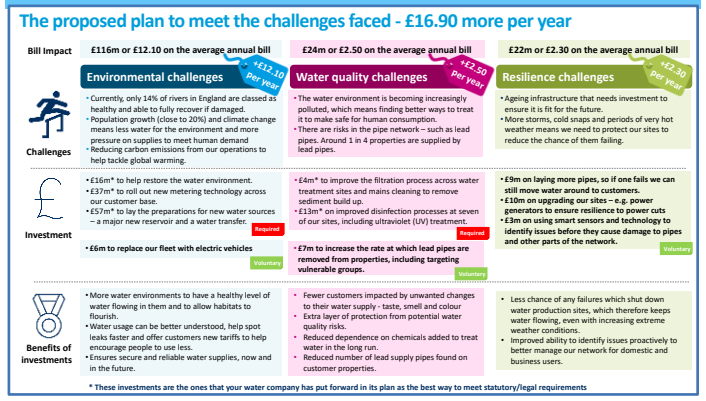


1. EXECUTIVE SUMMARY

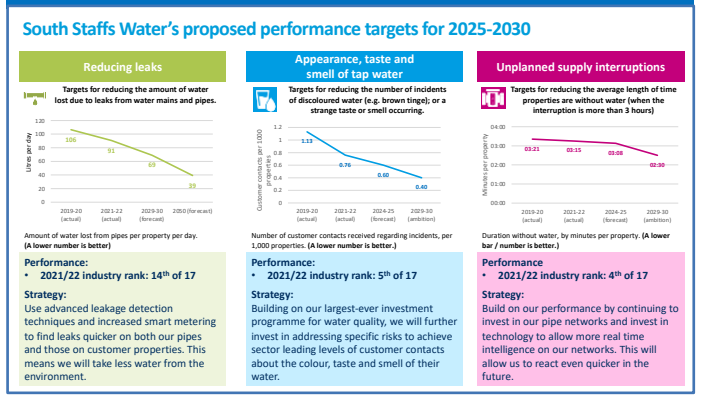
Executive summary: Research background

- South Staffs Water and Cambridge Water commissioned Accent to undertake Acceptability and Affordability Testing research to comply with OFWAT and CC Water (CCW) requirements
- This insight is based on a comprehensive qualitative exercise which tightly followed the regulatory guidance and a quantitative study will follow
- The research exercise comprised extensive and robust deliberation of two potential Business plans
  - **Proposed plan** that included mandatory and discretionary service enhancements
    - Mandatory: National Environment Programme for Water, Water Resources Management, Improving Water Treatment
    - Discretionary: Higher investment in replacing fleet to electric vehicles, removing lead pi[es from vulnerable properties and specific investments to meet resilience challenges
  - The **Must Do plan** only included mandatory service enhancements

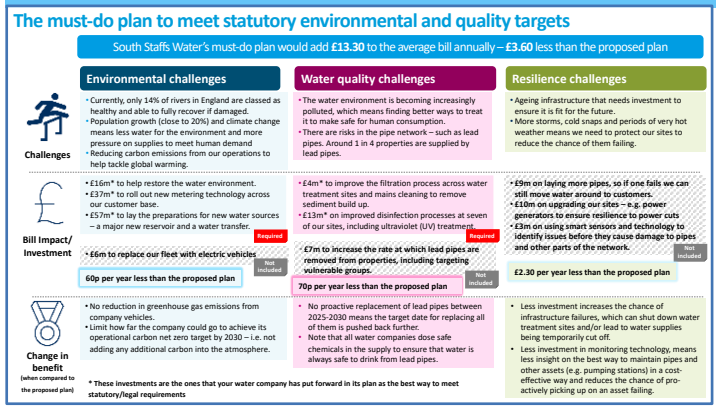
Proposed plan



Both Proposed plan and the Must Do plan included the same Performance Commitment targets



Must Do plan



NB: South Staffs Water Materials shown as illustration

Executive summary: Meaningful engagement

Customers across the South Staffs Water and Cambridge Water base were represented and included households, micro non-households, large non-households, customers in vulnerable situations, low income customers, customers on the Priority Services Register and future customers

This qualitative research exercise has followed the prescribed methodology and content including building customer knowledge through a pre-task which educates about the industry, the business plan process, company background and the Proposed plan investment areas and performance

Deliberative roundtable discussions, facilitating strong engagement and robust dissection and rich deliberation of the Proposed plan, and one to one interviews with other key customers groups ensured that insights are meaningful

Discussion of the Must Do plan allowed customers to make some improvement/cost trade-offs and judge overall acceptability and affordability of the different options

There was an opportunity for response via a post task which was a useful as an anchor to assess final individual affordability and acceptability

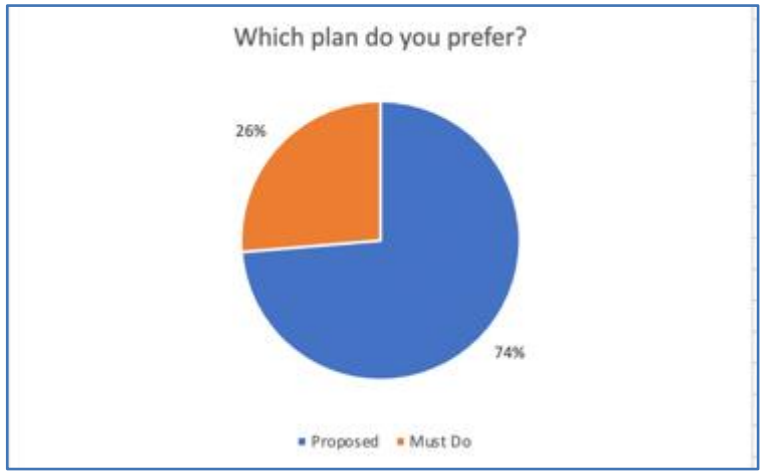
Overall, customers accepted there is a trade off in terms of the amount of information that can be shown and understood within the time and appear to make informed decisions with good knowledge

More context and data was often requested (historical 10-year data trends, previous levels of investment, other elements of the Business plan or Business as Usual activity e.g. customer satisfaction metrics or Priority Services Register/support for the most vulnerable). There are also some challenges around the choice of Performance Commitments and specific metrics.

Thank you for inviting me – I wasn't expecting to enjoy it so much!
Walsall, C2DE

I just wanted to say how well I thought you got everyone involved in the discussion
Cambridge, ABC1

Executive summary: Key insights – Overall Preference

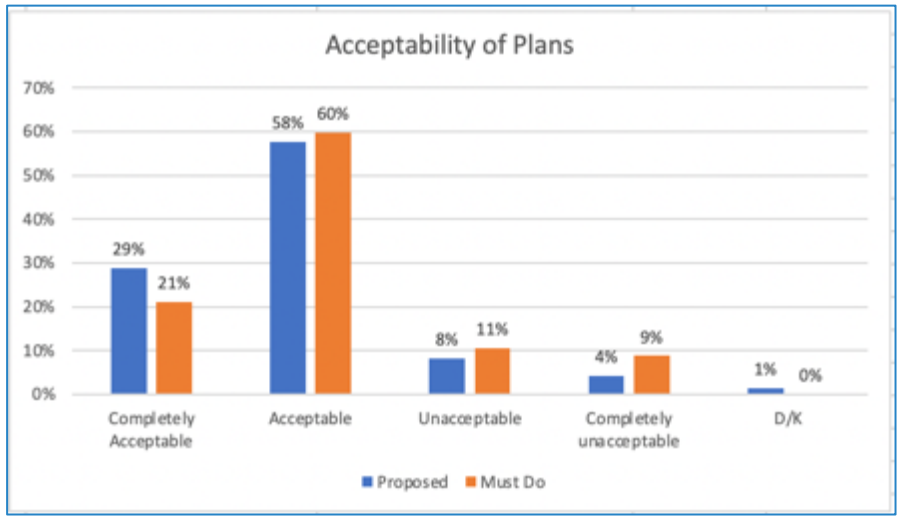


Base: HH/NHH/Future Customers

Designed to provide some 'numbers' to understand weights of opinion, but is indicative and not representative of South Staffs Water and Cambridge Water customer base

- After deliberative discussions, customers individually voted and the majority chose the Proposed plan as their preferred plan
- Three key themes drive overall preference for the Proposed plan**:**
  - Begins to tackle spontaneous priorities especially leakage and environmental concerns about river health
  - Demonstrates greater ambition than the Must Do plan and focuses on critical resilience challenges
  - Includes a programme to tackle potentially harmful lead pipes
- Performance commitments were going in the right direction but not hard or fast enough
  - Leakage performance and target are unacceptable and much faster action required
  - Water quality improvements needed in Cambridge Water area but South Staffs Water felt to be okay
  - Supply interruptions target broadly acceptable in both areas but the metric is challenging
- Choosing the Proposed plan with a slightly higher investment commitment than the Must Do plan fits with the intergenerational discussion where the majority of customers (89%) preferred short term investment proposals that recognise the urgency and need to invest now.

Executive summary: Key Insights – Acceptability

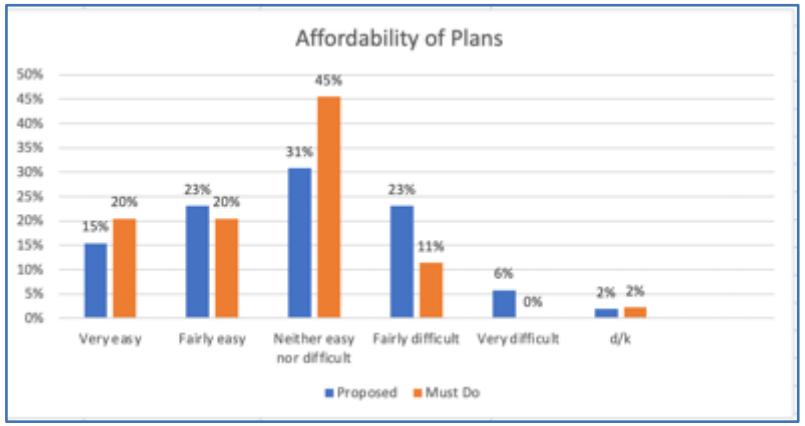


Base: All Customers HH/NH/CIVS/Future

Designed to provide some 'numbers' to understand weights of opinion but is indicative and not representative of South Staffs Water and Cambridge Water customer base

- Each plan was reviewed and discussed independently for acceptability and affordability before overall comparisons and preferences were made
- Overall, over 8 out of 10 South Staffs Water and Cambridge Water customers found the Proposed plan acceptable which was just higher than the Must Do plan
- Acceptability was higher in South Staffs Water Water with 10/10 customers finding the plan acceptable and 7/10 for acceptability among Cambridge Water customers
- Main drivers of acceptance of the Proposed plan were that it was seen to be good value for money, good for future generations, environmentally friendly and focused in the right areas
- The Proposed plan is felt to include more and be more ambitious than the Must Do plan, which provides some reassurance

Executive summary: Key Insights – Affordability



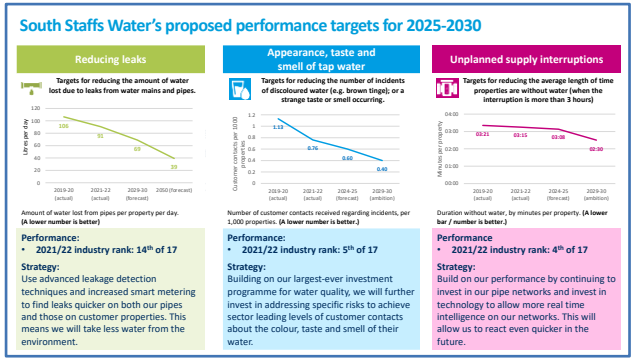
Base: All Customers HH/NH/CIVS

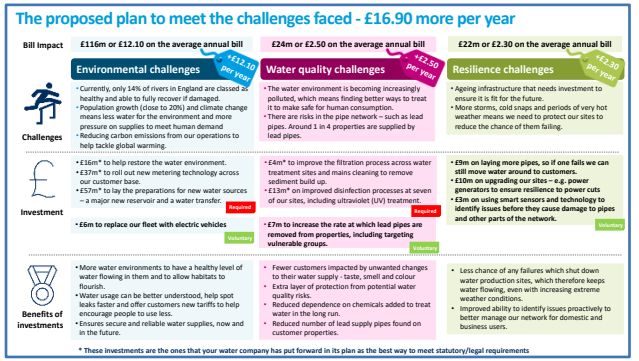
Designed to provide some 'numbers' to understand weights of opinion but is indicative and not representative of South Staffs Water and Cambridge Water customer base

- The proportion and distribution of affordability levels is similar across the different plans which is driven by the limited cost differential between the different plans by 2030 (£3.60 difference between Proposed plan and Must Do plan)
- The biggest overall proportion falls in the neither affordable or unaffordable option rather than say affordable/unaffordable as a response. This position reflects the economic uncertainty that customers feel in the short term and reluctance to commit to saying it's possible or impossible to afford. It also is indicative of a more 'political response' where customers do not want investment out of customer pockets
- 38%/40% found the Proposed/Must Do plans affordable, which would see the average South Staffs Water and Cambridge Water part of the Household bill rise by approximately 21%/19% across the period for the Proposed/Must Do plans
- The context of wider household finances is one:
  - where water bills do not present as the driving concern as they are relatively low
  - water is a vital service; and
  - because investment to future proof the network is felt to be crucial
- However, there are still just under 3 out of 10 customers who stated they will find the bill increase difficult to deliver the proposed plan.

Executive summary: Considerations for the Proposed Pan

- Although three quarters favour the Proposed plan and 8 out of 10 feel it is acceptable, there are areas for consideration including where it was felt that the leakage Performance Commitment target was not ambitious enough. There was also a desire to see improvement in water quality metrics in Cambridge Water and an investment shift away from electric vehicles to boost resilience measures to ensure future water security





Performance Commitments – Acceptable or More Ambition		Enhancements – Acceptable or More Ambition	
Leakage	Important (Society hat and Bill Payer hat) Poor leakage performance in SSW CW also needs improving Impacts on future supply, environment and bills/cost efficiencies **MORE AMBITIOUS 5 YEAR TARGET WANTED**	Environmental challenges	Important (Citizen Hat and Service User hat) River health and future demand Protecting water environment and investing in water sources is positive Response to metering is split and customers want choice Lack of support for Electric vehicles
Interruptions (Metric is challenged)	Performance is okay, limited experience (Service User hat) Significant recent improvements (Citizen/Society hat) **5 YEAR TARGET ACCEPTABLE**	Water quality challenges	Critical (Service User hat and Citizen hat) Essential that filtration process is good enough Concerns about health risk of lead pipes makes this a priority
Water Quality (Metric is challenged)	Important (Service User hat) Split between SSW and CW **SSW – 5 YEAR TARGET ACCEPTABLE** **CW – MORE AMBITIOUS 5 YEAR TARGET**	Resilience challenges	Critical (Service User, Bill Payer, Citizen/Society hat) Investing in ageing infrastructure is essential Very concerning that this is considered to be 'voluntary'

Executive summary: Considerations for the Proposed plan

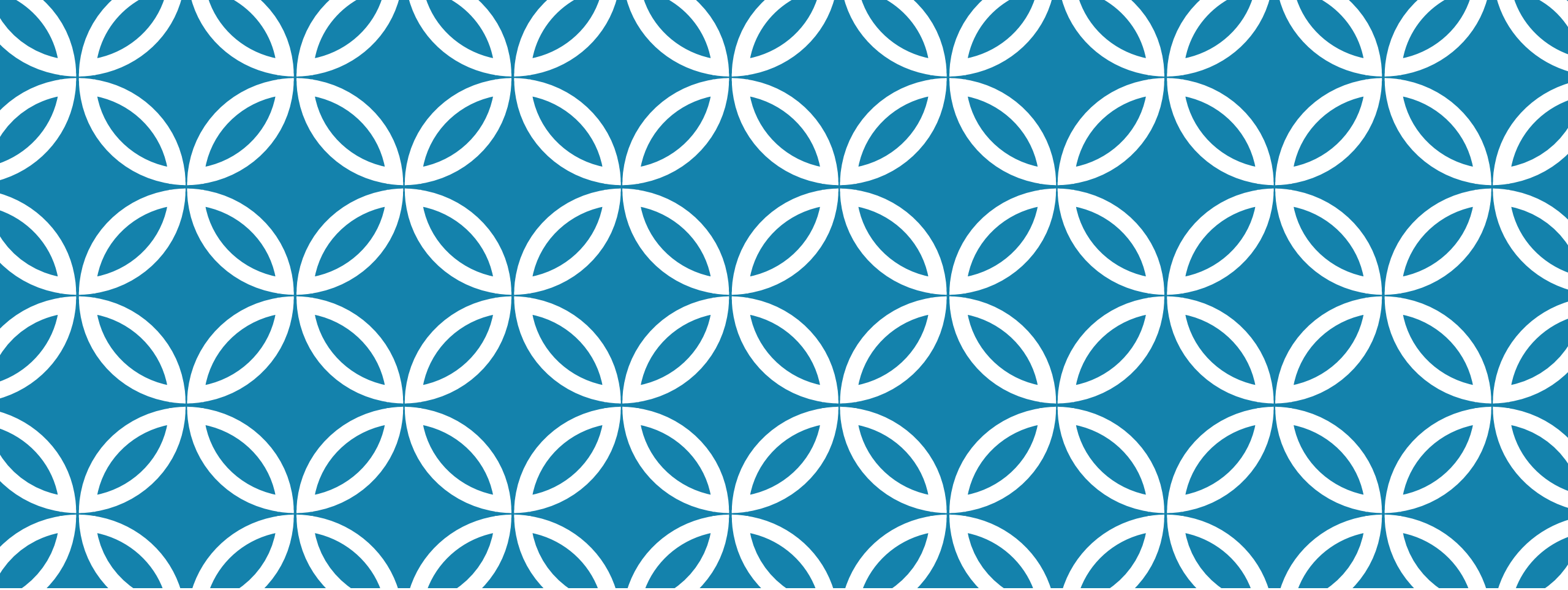
What's missing?

- Improved brand awareness and customer interaction
- Investment in customer education and improved communications
- Explanation of water efficiency techniques anchored by devices and visits to ensure reduction in usage and bills
- Monetary incentives to save water
- Work with local councils and developers to address supply/demand and collaborate on new initiatives e.g. water butts in all houses
- Work with partners to develop and supply water softeners to improve water quality and prolong appliances
- Clarity on long term sustainability strategy e.g. water storage, water transfers

Observation on differences since PR19

Methodology differences (strict, specific guidance compared with company/agency developed methodology) makes comparisons difficult

- Increased focus on environmental issues – mainly driven by media coverage
- Concerns over leakage have increased – always important but methodology (ie: sharing data) has had a likely impact
- Cost of living crisis means people appear more focussed on affordability (but was still a feature in PR19)
- Greater recognition of under investment in the water industry
- (Re)nationalisation back in customer consciousness – again due to intensity of industry scrutiny
- Customers aware of, and speak, about water security and are seeing the impacts of a changing climate



2. RESEARCH BACKGROUND

Research objectives

All water and wastewater companies are required to test the acceptability and affordability of their Business plans with their customers before submitting their plans for the upcoming Price Review (PR24) in October 2023

To ensure a standardised approach is used across the industry, Ofwat and CCW have produced guidance on how this research should be undertaken

This guidance has been designed to facilitate consistency and comparability between companies (e.g. question language, methodologies, approach taken to inflation, the degree to which participants are informed, clarity on least cost vs. proposed options, inclusion of vulnerabilities, different futures)

Overall Objective:
The research was commissioned to explore customer responses to SSC's Proposed and Must Do Business plans and decide which plan (or adaptation) will go forward to be tested in the quantitative work

All research followed the guidelines from OFWAT/CC Water (CCW) and was overseen by the ICG

Business plans tested

South Staffs Water and Cambridge Water produced two potential business plans for the 2025-2030 Price review period to be tested in line with the Ofwat and CCW guidance

The plans do not include everything that South Staffs Water and Cambridge Water propose to do but, in line with the guidance, they cover proposed targets against three key Performance Commitments and three Service Enhancements that represent the areas where there will be the most investment and where customers will have a point of view on SSC's approach to investment.

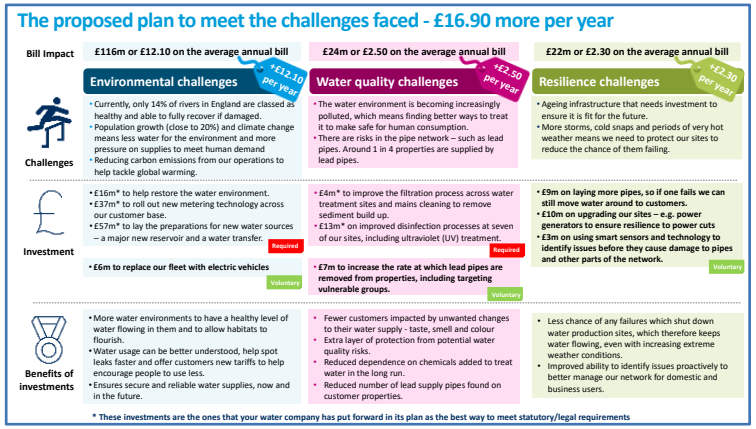
Proposed plan

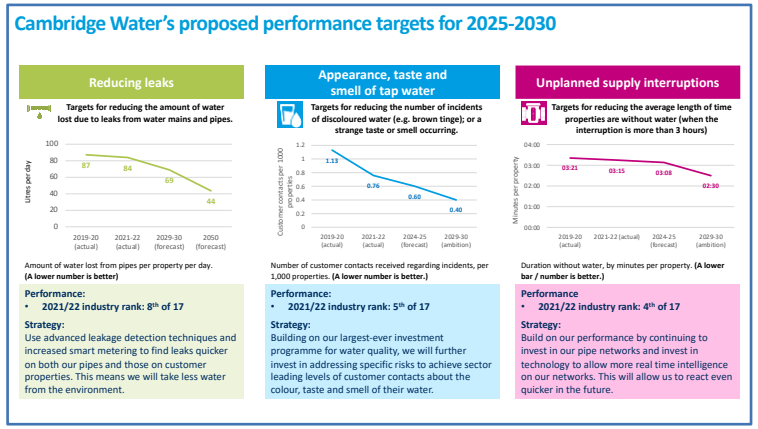
(includes statutory and discretionary service enhancements)

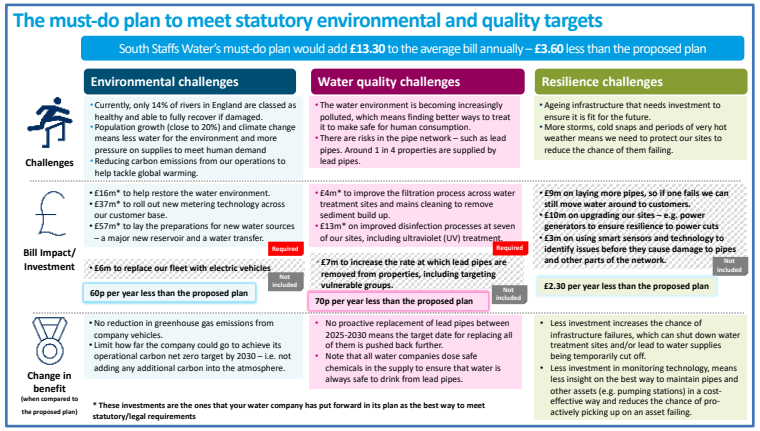
Both Proposed plan and the Must Do plan included the same Performance Commitment targets

Must Do plan

(includes only statutory service enhancements)







NB: South Staffs Water Materials shown as illustration

Comprehensive research methodology

Pre-Task Exercise

- Review of prescribed content (inc. industry structure, regulatory framework, company information, proposed Business plan)
- Questions to ensure a baseline check of affordability of participant's water bill

F2F/Online Engagement

- Contextual issues/baseline views
- Proposed plan dissected to understand acceptability
- Review of Must Do plan allows improvement/ cost trade-offs and judge overall acceptability and affordability of the different options

Post-Task questionnaire

- Tailored post task including personalised bill impacts
- Affordability and acceptability of each plan
- Trust and intergenerational fairness

When I told my husband I was coming to talk about water for 3 hours he laughed but he'll be sorry as it was so interesting
Walsall, ABC1

I cant; believe I'm saying this but I actually enjoyed it!
Cambridge, ABC1

Designed to provide some 'numbers' to understand weights of opinion but is indicative and not representative of South Staffs Water and Cambridge Water customer base

2 x face to face deliberative events with HH and micro NHH customers (3 hours) on 5th and 12th June – Recruitment was undertaken by one of Accent's panel partners, Roots

2 x online groups with future customers on 14th and 15th June - – Recruitment was undertaken by one of Accent's panel partners, Roots

Depths with small-large non-household customers and customers in vulnerable situations which took place from 5th June to 22nd June – Recruitment was undertaken by one of Accent's panel partners, Scout

Research locations and sample framework

Minimum guidance quotas were exceeded across the sub-groups

Diversity of social grade, income, age and ethnicity aligned to regional demographics

	Household		Non-Household		Future
	HH	HH (Customers in Vulnerable Situations)	Micro	Small-Large	
South Staffs Water	15	8	8	5	8
Cambridge Water	16	8	2	2	8
Guidance Minimum	**24**	**16**	**8**	**4**	**8**
Total Achieved	31	16	10	7	16

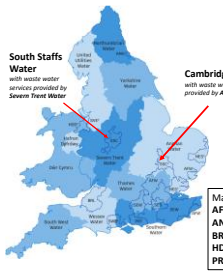
(See appendix for full sample breakdown)

Pre-task and group materials

All materials were designed in line with the Ofwat and CCW guidance, comprehensively COG tested and reviewed by South Staffs Water and Cambridge Water's ICG (known as the Stakeholder Challenge Panel)

Company information

A map of the water companies in England and Wales



England & Wales
- 10 water and sewerage companies
- 6 water only companies

Water companies:
- Some provide **clean water services only** and some provide **clean water and wastewater services**
- **South Staffs Water and Cambridge Water** provide **only clean water services.**

Map legend

AFW	Affinity Water	**NES**	Northumbrian Water
ANH	Anglian Water	**SES**	Sutton and East Surrey Water
BRL	Bristol Water	**SEW**	South East Water
HDD	Hafren Dyfrdwy (Welsh)	**SSC**	South Staffs & Cambridge Water
PRT	Portsmouth Water	**SVE**	Severn Trent Water
		SWB	South West Water

More about the areas that South Staff and Cambridge Water serve

- Serves 1.3 million people across an area of 1,500 km²
- Living in around 556,000 homes and working in almost 35,000 business properties
- Supply 305 million litres water per day – or 1.67 million full bath tubs
- Drinking water comes from 2 surface water sources (River Severn and Blithfield reservoir) and 25 underground water sources

- Serves almost 360,000 people across 1,175sq km
- Living in around 140,000 homes and working in almost 9,000 business properties
- Supply close to 83 million litres water per day - or 333,000 full bath tubs.
- Drinking water comes from 23 underground water sources, which feed the regions chalk streams.

Click here to watch video or here to read video transcript

Regulatory information

How the water industry is overseen

Regulators	Main roles
Environment Agency	• Holds water companies to account to protect and restore the environment • Works with water companies to ensure long-term plans to maintain water supplies are done in a sustainable way
Drinking Water Inspectorate	• Holds water companies to account that the water supplied in England and Wales is safe and that drinking water quality is acceptable for customers
Consumer Council for Water	• Represents customers on matters relating to their water supply and services – the "water watchdog" • Investigates complaints and provides advice to ensure water services remain fair and affordable for customers
Office of Water Services	• The water regulator makes sure companies do their job properly, including fair pricing for customers and ensuring there is always a reliable water supply and that companies improve their service

How water company performance is monitored

- Water companies have to provide reliable services, and plan for their services to be resilient to changing weather patterns and demand from consumers
- Companies can miss or exceed performance commitment targets for a number of reasons. For example, leaks from pipes happen more often after very cold weather, which can contribute to a company not meeting the target

- If a company **misses a target** then they receive a **penalty** to reflect the poorer service that customers have received

- If they not just meet but **exceed a target** then they can receive a **reward** to reflect this

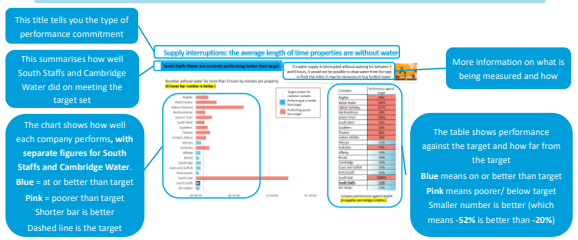
In the year 2021/22, out of **17 financial Performance Commitments**, South Staffs Water and Cambridge Water passed **12 and failed 5.** At the end of each year the company adds up all the rewards and penalties it has received.

South Staffs Water and Cambridge Water are responsible for paying any penalties for missing targets; this cost is not covered by an increase to customer bills.

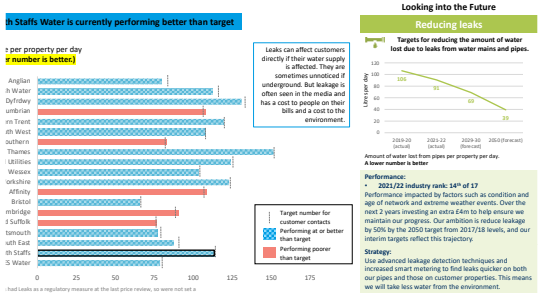
Performance information

How to read comparison information about water company performance

Next, we will show you 3 pages displaying water companies' performance. The blue boxes below show you how to read the information.

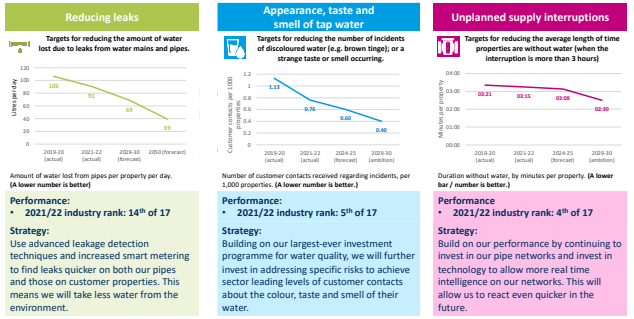


: The amount of water lost due to leaks from water mains and pipes

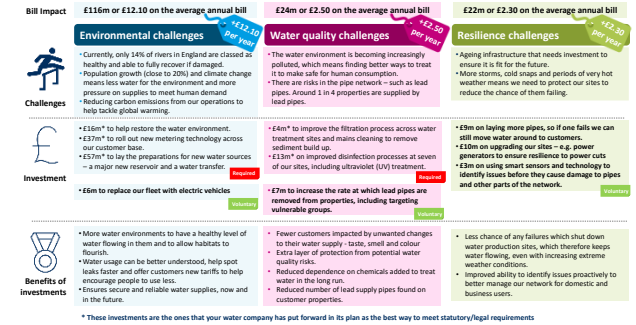


Business plan information

South Staffs Water's proposed performance targets for 2025-2030



The proposed plan to meet the challenges faced - £16.90 more per year



F2F event structure

Robust roundtable discussions during each breakout session moderated by a team of experts

5pm-5.15pm **Meet, Greet, Seat; Session Introduction**

5.15pm-6.15pm **Group Discussion 1 – your thoughts about South Staffs Water and its long-term plan**

6.15pm-6.30pm **Comfort break – Tea, Coffee and Sandwiches**

6.30pm-7.45pm **Group Discussion 2 - your thoughts on South Staffs Water's business plan**

7.45pm-8.00pm **Final wrap up and feedback activity**

Future customers event structure

10 minutes	Introductions
25 minutes	Establishing Research Context
30 minutes	Proposed Plan
8 minutes	Phasing
16 minutes	Must-do Plan (if time is available)
1 minute	Wrap up

The South Staffs Water and Cambridge Water Future groups comprised a shortened discussion guide in line with the guidance

Non-household depth structure

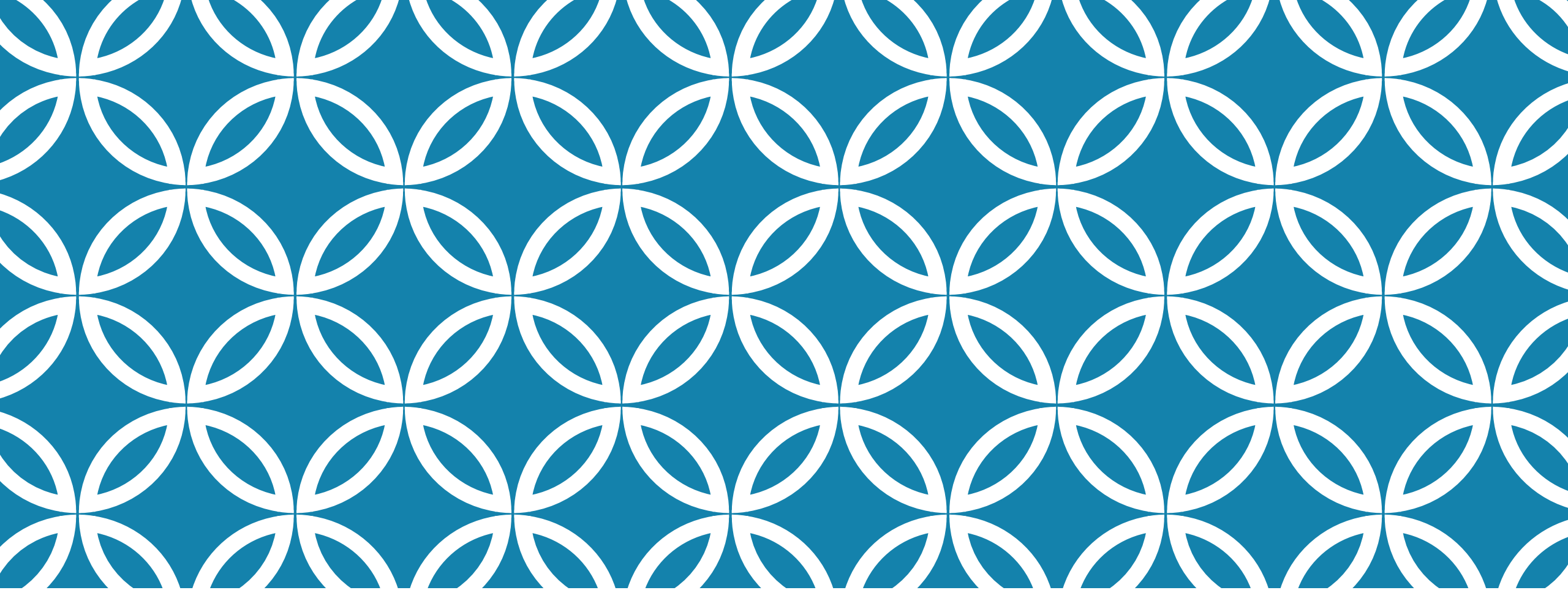
5 minutes	Introductions
20 minutes	Pre-task discussion
5 minutes	Long term picture
30 minutes	Proposed Plan
5 minutes	Phasing
20 minutes	Must-do Plan
1 minute	Wrap up

The depths with larger non-household customers comprised a shortened discussion guide in line with the guidance

Customers in vulnerable situations depth structure

5 minutes	Introductions
35 minutes	Pre-task and service needs discussion
5 minutes	Long term picture
44 minutes	Proposed Plan
If time is available	Must-do Plan
1 minute	Wrap up

The depths with customers in vulnerable situations comprised a shortened discussion guide in line with the guidance



3. RESEARCH CHALLENGES AND REFLECTIONS

Observation of research challenges

Customers appear to make informed decisions with good knowledge BUT the prescribed methodology does pose some challenges that need to be documented and reviewed at an industry level

1. Information provided was enough to cause curiosity, but not quite enough to provide a holistic picture of South Staffs Water and Cambridge Water's proposals and investment plans
2. Keen to see other elements of the business plan e.g. PSR/support for the most vulnerable or BAU investment e.g. pipework programme
3. Lack of understanding as to why the three particular PCs had been chosen as they were not necessarily the ones that customers wanted to know about e.g. customer satisfaction was missing
4. Specifically, more context and data was often requested to make sense of PCs and enhancements
   - historical 10-year data trends or last two business plans
   - previous levels of investment and funding sources
5. Regulator prescribed engagement and 'Must Do' content causes customers to question whether their opinions matter
6. Target setting, variation in targets and Outcome Delivery Incentives and rewards and penalties are challenged
7. Concerns over why bill payers have to pay for investments – better cost efficiencies/lower salaries

Observation of research challenges

Customers asked a range of questions during the research sessions to make sense of the business planning process

Type of Questions

Why is the water industry not under government ownership?

Why are bill increases needed to fund investments?

Why doesn't investment come from profits or borrowing?

Why are companies allowed to set their own targets?

Why compare different companies when we can't switch?

What were the challenges in the previous plan and have they been addressed?

Type of Questions

What are the Performance Commitments you are missing?

How can some water companies perform better than others?

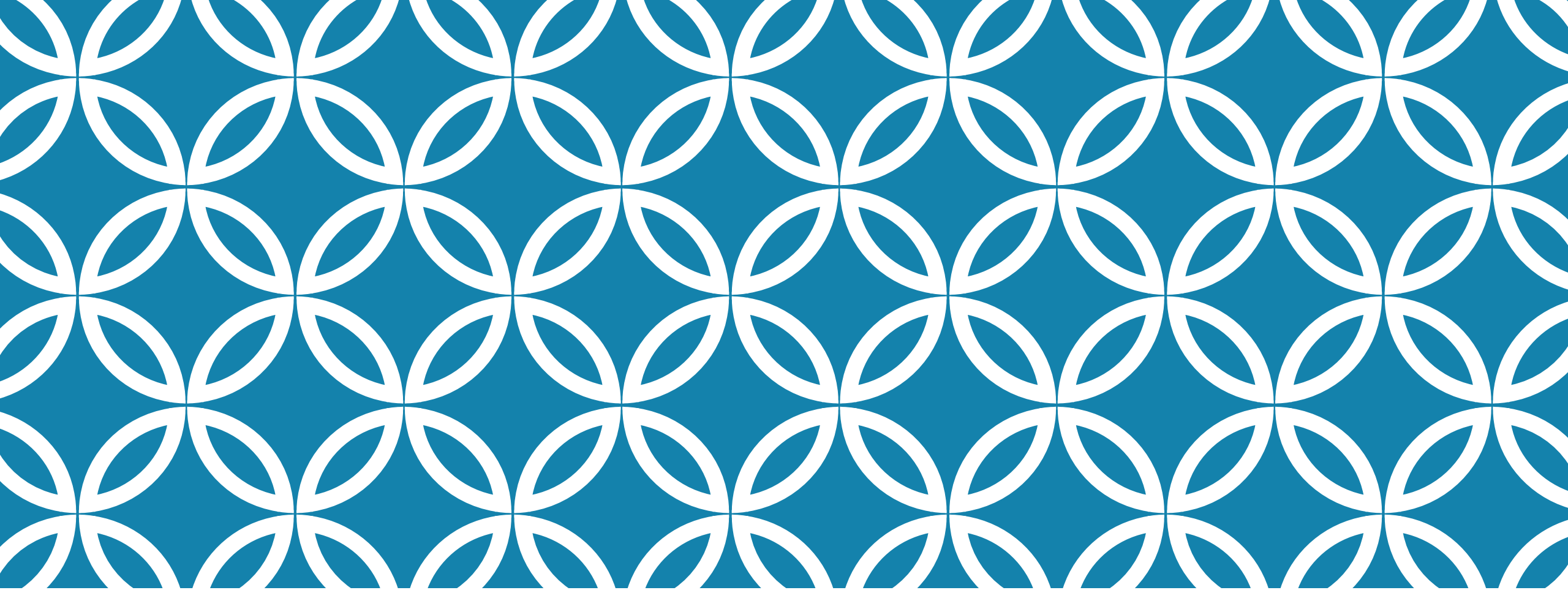
Why has the regulator let companies underinvest for so long?

Why are leakage targets so loose?

Why are some targets missing?

Why aren't you showing the whole Business plan?

Why don't you work more with the sewerage companies?



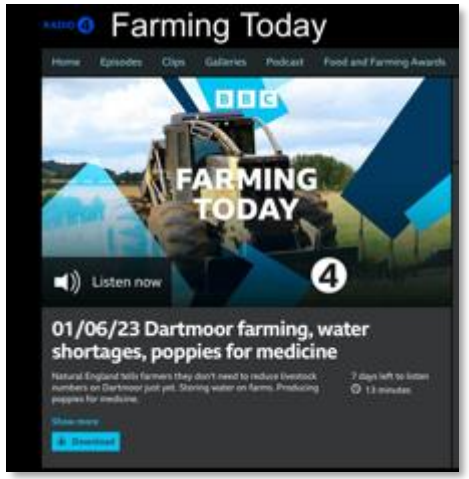
4. CONTEXTUAL FACTORS IMPACTING ON RESPONSE TO THE BUSINESS PLANS

Fieldwork undertaken in June 2023

At the time of the fieldwork, inflation headlines were dominant with prices spiraling

The water industry was getting significant negative coverage - lots of customers had heard the CSO/pollution stories which have an impact on the whole industry, even if South Staffs Water and Cambridge Water are not responsible for these issues

Reports about ongoing water shortages were also prevalent



Context of Customer in Vulnerable Situations (CIVS)

Although there are a range of different situations that customers in vulnerable situations are in, their responses to the Proposed and Must Do plans are similar to the wider population

Health issues

Cancer treatment
Medical condition causing excessive water use
Arthritis
Mental health
Recovering alcoholic

Financial circumstances

Mixture of income levels
Older customers in receipt of pension
Widow on benefits
Universal credit/social tariff support
State pension
Income under £10k

Living circumstances

Own
Rent
Sheltered housing

I don't know what the PSR is for – is it for people with financial issues or medical?
CIVS, Cambridge Water

My bill? I just sort of accept it, one of those things, has to be paid and I can't influence it so there's no point in worrying about it
CIVS, South Staffs Water

Struggling a lot. I'm having to juggle around figures. The biggest problem is gas and electric but as of today the gas bill be below £100. I'm really happy about this. Hopefully I'll feel more money in my pocket
CIVS, South Staffs Water

Value for money is really good for us – our bill is £17 pm and when my friends come over from London they always comment on how good the water is
CIVS, South Staffs Water

General take out from CIVS is more proactivity is required to address the lack of knowledge about eligibility for financial help schemes and extent of support that SSW and CW offer to customers via PSR

CIVS: Case Study for South Staffs Water

Widow in 60s left in significant debt after partner died 3 years ago

Baseline Perceptions of South Staffs Water

- Very positive
- Proactively contacted by the team at SSW
- Directed to Charitable Trust
- Received help with water bill – spread out over a longer period

PSR status

- Not on the PSR
- Elderly parents are on the PSR
- Not sure if she is eligible

South Staffs Water

They were very kind to me and it's all splendid

Working/Financial situation

- Not working
- Universal credit
- Financially pinched
- Paid off debt and now on low bill

Response to Support offered in Business plan

- Overall support seems proportionate
- PSR is important to supply bottled water in emergency
- Additional support services like braille are welcomed
- Additional financial support feels important, and she has benefited from this

CIVS: Case Study for Cambridge Water

Older female, end of life and being treated for terminal cancer

Baseline Perceptions of Cambridge Water

- Quite negative
- Keen to see more environmental commitment
- Too much wastage of water
- Provide water aids that are 'cheap plastic'

Working/Financial situation

- £85k a year as University lecturer to
- Universal credit and disability benefit
- Concerns over 'horrific' rises in bills

Cambridge Water

I'm not a fan of water companies as they waste too much water

Response to Support offered in Business plan

- Overall support seems proportionate
- 30% is not high enough - critical that awareness is increased
- Keen to understand how Cambridge Water will promote
- Some awareness of financial support but feels that there are too many hoops to jump through
- Support services and applications feel 'very digital' –crucial to have paper-based applications

PSR status

- On PSR
- Work Human resources department mentioned it

Context of non-household customers

In line with the OFWAT and CCW guidance, a range of on-household customers were included with a varying reliance on water

Examples of businesses with 'everyday reliance' on water

- Finance: tea making, toilets, kitchen, hygiene
- Retail: toilets, kitchen, hygiene
- Office/Design: refreshments, kitchen, hygiene

Examples of businesses with 'medium/heavy reliance' on water

- Biotech company: showers, toilets, kitchen, laboratories, experiments
- Research company: showers, toilets, kitchen, laboratories, experiments
- Retail of hot tubs: testing products, high pressure
- Printing: machinery process, hygiene, refreshments
- Café: continuous boiled water, cleaning, bathrooms
- Hospitality: water, ice, cleaning, bathrooms
- Leisure/Gym: toilets, shoers, hygiene
- Logistics and distribution: tea making, toilets, washing vehicles

We get nothing from Cambridge Water –I have no idea if I even have a choice of provider
Non-Household, Cambridge

I'm not sure SSW engage with us enough, I mean I didn't think about all of that stuff that goes into getting our water supply
Non-Household, Walsall

It feels good that we are getting our water from a company that is doing well against the others. Our business couldn't survive without water
Non-Household, Walsall

Water is pretty important, not going to stop it running but is very important that they have access to it. We have good supply, have never had any issues.
Large, Non-Household, Cambridge Water

Consistently feel that water is cheaper than gas/electric but express a desire for more proactivity and incentives from South Staffs Water and Cambridge Water showing how NHH can save water and save money

NHH: Case Studies

South Staffs Water

- 15+ employees
- Accountancy firm
- Based in Lichfield
- Water for offices e.g. drinks/flushing/hygiene
- Finances tight and cashflow is a challenge

- Limited knowledge of South Staffs and thought they dealt with wastage as well
- Unaware of potential to switch
- Fairly neutral about South Staffs Water
- Service is good/taken for granted
- VFM is good and even 'on the cheaper side'

- Favour Proposed plan as it looks more ambitious for only a small amount more
- Cost feels affordable

"I'm more than happy with what they are trying to do ….I would put more emphasis on leaking pipes and how they are going to deal with that"
Large, Non-Household

Cambridge Water

- 175+ employees
- Drug discovery company
- International with base in Cambridge Science Park
- Water in the labs
- Water for office e.g. drinks/flushing/hygiene

- Knew that Cambridge Water and Anglian Water covered this area
- Unaware that they could choose retailer but they are billed through third party so general lack of understanding
- Cambridge Water are a good company – no issues, 24/7 supply
- VFM is good especially compared with other utility bills

- Favour Proposed plan as it focuses on resilience which is important as water is critical for the business operation
- Cost rise feels negligible

"Water costs are a drop in the ocean compared to electric"
Large, Non-Household

Future Customers

Range of future customers who were service users not bill payers

Type of service user

- Majority Students
- Some living at home and saving up to move out

What struck me is how little I know…maybe they can engage with us a bit more about where our utilities come from. It feels like water just appears and I don't think that's healthy for us as humans and we are probably overusing as well so a bit more about that mutual relationship. It's not an endless commodity.
Future, Cambridge Water

Overall observations

- Disconnect with South Staffs Water and Cambridge Water
- Service users that take water for granted
- High environmental engagement and admire companies that invest in the environmental protection
- Keen to see SSW/CW act as environmental champions and encourage
- Know very little about the water company but pleased to see environmental commitments esp. leakage
- Struggle to understand why investments need to be funded by bill payers
- Favour phasing options that mean bills are lower now during the cost-of-living crisis even if this means higher bills later

* not clear that they understood this or able to engage with this concept when they are not current paying bills

Future customers reflect that they take water for granted and have little knowledge about the complexity of the water cycle and operations – makes them have less respect for water

Pre-task provided some background & new information

Generally, customers have limited knowledge about South Staffs Water and Cambridge Water

Customers highlighted key areas of 'new news' from the pre-task information at industry and company levels

Industry Specific 'New News'

- Water/waste splits
- Unaware that South Staffs Water and Cambridge Water did not deal with wastewater

+

- Infrastructure and processes
- Responsibilities and coverage

+

- The number of regulators
- Targets/penalties/rewards that impact customer bills and different agencies involved

Company Specific 'New News'

- High risk area (droughts)
- Vast coverage e.g. 8,600km pipes in CW
- Poor river quality (14%)
- Increasing water requirement

+

- Positive performance compared to industry
- 'Astounded' by poor leakage performance
- Concerned about metrics for Water supply/quality

+

- Where customer money goes
- Allocation of revenue e.g. most of revenue is reinvested

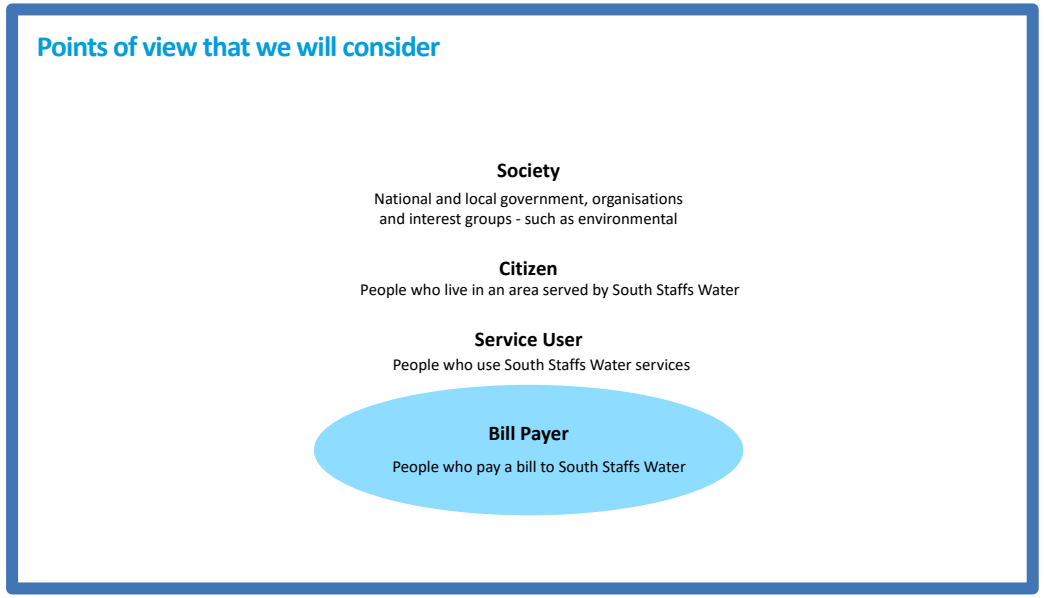
+

- Long term strategy
- Detail of investment plans
- High proportion of lead pipes still in place (1 in 4)
- New water sources

Customer perspectives

Starting perceptions (positive or negative) depend on which perspective customers take

The OFWAT and CCW guidance encouraged research companies to ask customers to review the Business plan from different perspectives Customers were prompted to think about these different perspectives throughout the discussions and wear 'different hats'



- Customers naturally tended to adopt these different perspectives depending on a number of different factors:
  1. **Environmental position** – those with strong environmental views spontaneously thought about South Staffs Water and Cambridge Water performance and their environmental responsibilities
  2. **Personal service experience** – those who had experienced problems with South Staffs Water and Cambridge Water (leakage, water quality) automatically talked about their issues as a service user and how they had been affected
  3. **Level of altruism** – some thought about other people who might have service issues, who might not be able to afford bills, who might be in vulnerable circumstances
  4. **View on VFM/affordability of bill** - perspective changed dependent on the baseline affordability of the water bill

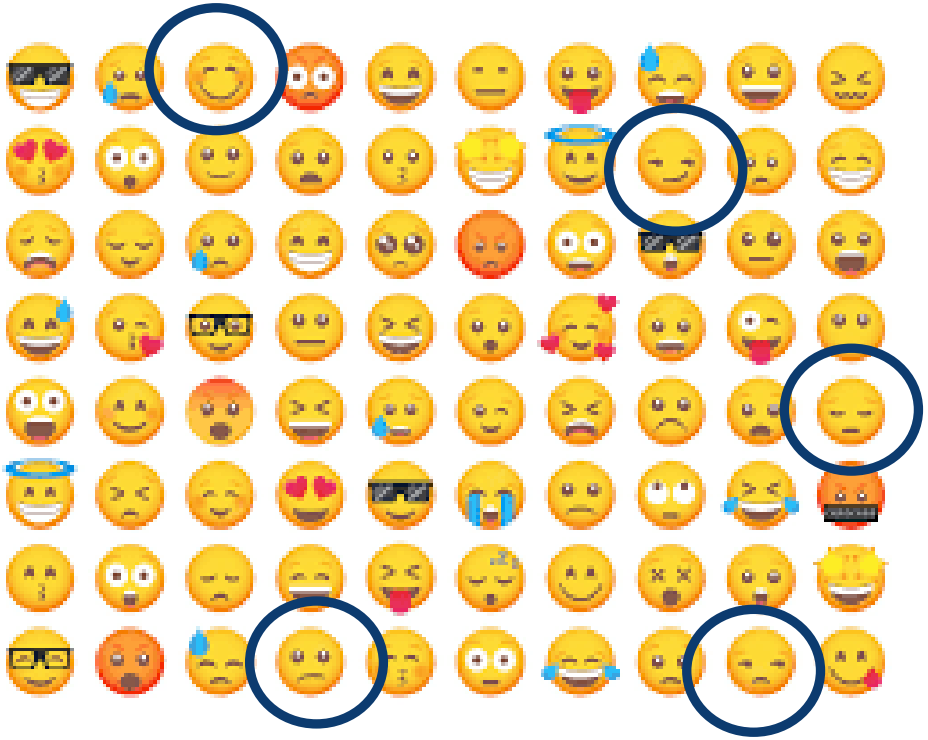
Perspectives model facilitated people to identify improvements at a household and societal level

Baseline emotions

Range of emotions displayed in the ice breaker household exercise which begin to tell the story that the majority starting point for evaluating the Business plans, for South Staffs Water and Cambridge Water, is neutral-satisfied. Brands feel invisible and there is a desire for advice/education on water efficiency

South Staffs Water

Neutral
Expressionless
Smile/Half smile
Satisfied



Cambridge Water

Neutral
Sad
Smiley

I've been with them for 20 years and they have supplied me for 20 years and I have no problems so I guess it's the smiley one
Walsall, ABC1

I'm the one that's sad or fed up because my bill has gone up. There might be a leak but I'm not sure
Cambridge, ABC1

Baseline perceptions

Perceptions across all customers are neutral to positive due to limited brand or service engagement and low levels of contact

Society point of view is more negative with concerns about environmental responsibility (esp. future customers and Cambridge Water ABC1); leakage is a concern for everyone and concerns over security of future supply is more prevalent than any previous research

	South Staffs Water	Cambridge Water
Bill Payer	VFM = Good Difficult to compare Cheaper than electric x Cost x Service = acceptable 'Bottled water costs £1.80'	VFM = Good Conscious of process Cheaper than electric x Cost x Service = acceptable Looking for financial incentives to reduce usage/bills
Service User	Service Scores = 7-9 Most had never experienced a problem Taste = fine, service uninterrupted Some issues re bill spikes, meters with poor customer service experience = want to speak to a person vs. livechat/social media	Service Scores = 5-8 24/7 uninterrupted service, decent drinking water, good customer service Poor water quality - limescale affecting taste and appliances Minority had experienced interruptions/pressure
Citizen/ Society	Neutral-Poor Pre-task prompts concerns about leakage performance and river health Looking for support schemes for CIVS CIVS looking for more detail and interaction around PSR	

Lack of engagement, communication and education commented on across segments with majority wanting to know how to reduce usage

'Tell me what to do to help you/myself''

Baseline financial temperature check

Cost of living crisis affects people in different ways – more conscious around spending, through to significant behavioural changes

Comfortable but conscious

- Financially secure
- Most ABC1 and larger NHH
- Steady income or good pension
- Aware of cost of living but unaffected
- No changes to lifestyle
- Some money to spare

Just about managing

- Financially secure but concerned about future changes
- Some DE, CIVS and micro NHH
- Living comfortably
- Beginning to change habits
- Cutting back vs cutting out
- Little money to spare

Living day to day

- Living day to day and heavily budgeting
- CIVS on support, DE
- Reaching out to companies for payment plans
- Seeking advice and support
- Visiting food banks

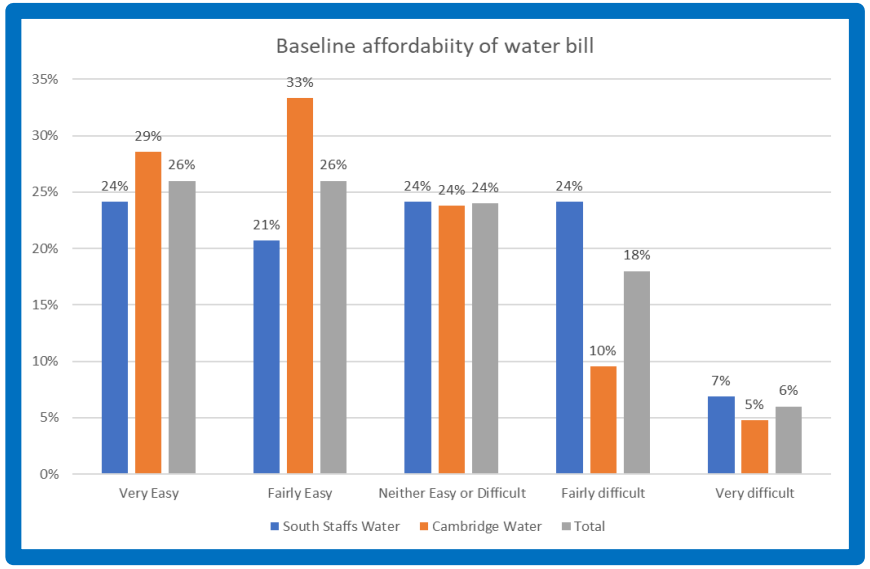
Of course we all see the newspapers but we are in a good position that we are both working
Walsall, ABC1

We've definitely noticed things going up in the shops – like the cost of lurpak!!
Walsall, C2DE

It's okay but we've taken significant steps to reduce outgoings. We've used electric blankets instead of putting the heating on and South Staffs Water have provided packs to use less water
CIVS, South Staffs Water

Baseline affordability of water bill

Baseline affordability is mixed with overall one third in South Staffs Water area finding the current bill difficult to afford (seen across HH and micro NHH)



Base: 50 HH/NHH/CIVS customers answering the pre-task

Designed to provide some 'numbers' to understand weights of opinion but is indicative and not representative of South Staffs Water and Cambridge Water customer base

- Baseline affordability of the water bill showed under half in South Staffs Water felt the water bill was very or fairly easy to afford; slightly higher in Cambridge Water (no sig differences but observed this qualitatively as well)
- During the discussions, value for money was discussed and high value for money scores were given for the following reasons:
  - Water bill is comparatively low vs electric/gas
  - Household finances are comfortable so vfm feels okay
  - Service is good with no interruptions
  - No issues with water quality
  - Processes of delivery are involved (more than I thought)
- Lower value for money scores were given relating to:
  - Water quality issues e.g. limescale, taste preferences
  - General concerns about leakage at domestic or society level
  - Cost feels high for what HH uses
- Meters were felt to be a fairer way of charging customers based on usage and a way to encourage reduction in usage BUT some in South Staffs wanted a choice and chance to see whether this was financially beneficial before they committed to metered charging
- More difficulty observed amongst some CIVS who had generalised financial issues.

For majority, the water bill is not the biggest concern

Easier to afford

Difficult to afford

My water bill isn't unreasonable – equates to a few £ a day and good compared to gas / elec.
CIVS, Cambridge Water

Its £45 per month for 2 of us and I think that's okay. You have to pay if you want a good service
Walsall, ABC1

All bills are higher but things aren't massively tight for me
Walsall, C2DE

Water bill quite high, £70 a month, not particularly good value for money, have soakaway, sewage more expensive.
CIVS, Cambridge Water

I would describe myself as conscious but comfortable so I am thinking about spending but the water bill is okay
Cambridge, ABC1

It's very good for us and we pay £17 per month so it's easy compared to other bills
CIVS, South Staffs Water

We are trying to prioritise paying staff and suppliers but the water bill is not as bad as others
Micro NHH, Walsall

Paying £35/month but I'm not pleased with it at all. For what I've got taps in the kitchen, the bathroom and the bath but I don't have anything else. It seems extreme to me
CIVS, South Staffs Water

It's not as bad as other bills
Micro NHH, Cambridge

It's not a problem for me and my bill is pretty low for a five bedroom house but we are on a meter and don't use loads
Cambridge, ABC1

It's difficult to say 'vfm' but I can manage my water bill
Walsall, ABC1

It's good for what we use – yes good value for what we use
Large NHH, Cambridge

I do worry about any bill increases but my water bill is decent vfm
CIVS, Cambridge

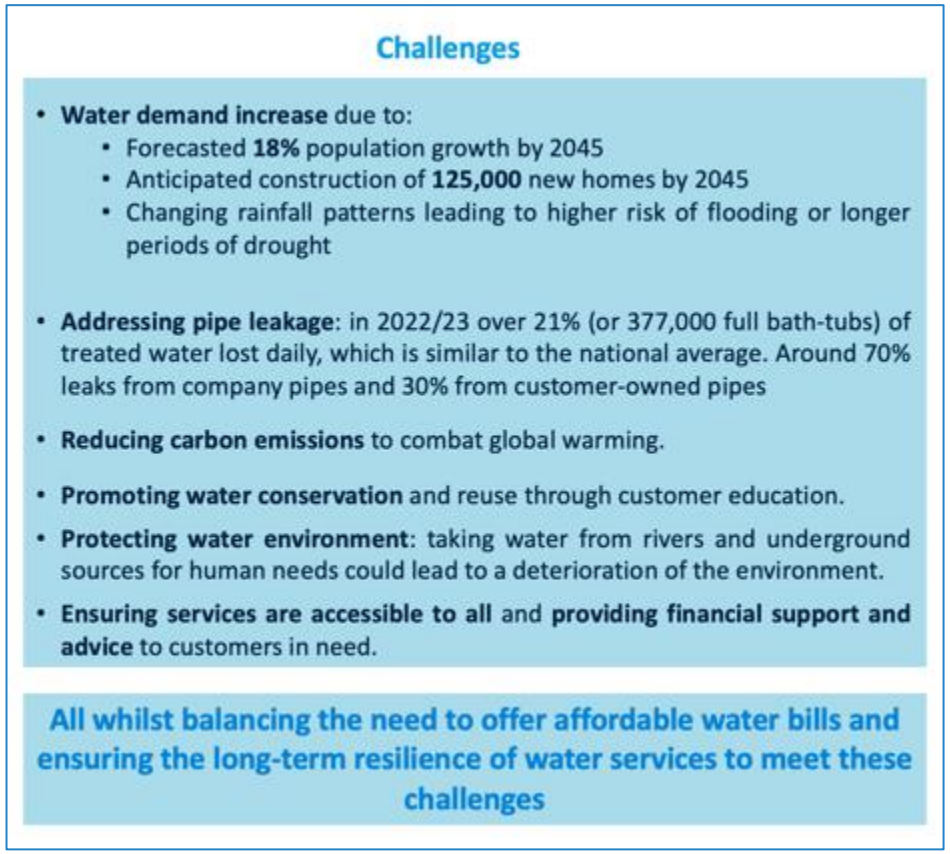
I had a water meter fitted and the cost went down by 2/3rds
Cambridge, ABC1

Right now it's affordable but I'm aware that the finances are tight
Cambridge, C2DE

Response to long term picture to 2050: Challenges

Long term picture was used to frame discussion vs. providing a deep dive on different areas of the plan

Challenges feel specific to customers and focus on the right areas



- Focus on the right areas
- Specific %s provide confidence that these have been well thought out
- All are important, but top challenges for customers focus on supply/demand, leakage and river health
- Supply/Demand
  - Customers spontaneously talk about new homes in SSW and CW areas and seem concerned about services and infrastructure. They are keen to see partnership projects with developers, local councils
  - Greater linkage between climate change and droughts although this is more front of mind in Cambridge area than South Staffs region
  - Education falls into managing supply/demand – welcome water conservation
- Leakage
  - Shocking figures and a critical area of concern
- River Health
  - Focus is on CSOs and sewerage, but keen to see SSW/CW do what they can to contribute to healthy rivers.

* Overall challenges presented were the same across SSW and CW areas but %/amounts differ

Response to long-term picture to 2050: Ambitions

Ambitions/aims are much higher-level and more information needed

Community stands out as much less important when compared with environment, customer service and resilience

- Ambitions feel too high level; act as springboard for discussion vs. meaningful evaluation
- Good to see something specific on the environment and local habitats
- 'Our business' feels hygiene level vs. ambitious
- Lifting up our communities is an area that some customers feel is not a priority for South Staffs Water and Cambridge Water
- Keen to see infrastructure pulled out as a separate ambition e.g. resilient
- Keen to see technology pulled out as a separate ambition e.g. embracing tech/Artificial Intelligence/innovation – specific examples about sensors are encouraging.

I mean it's all motherhood and apple pie isn't it
Cambridge, ABC1

There is a legacy of under investment here to address
Walsall, ABC1

The challenges around the environment are good and specific but the ambitions are weak
Walsall, ABC1

The education, informing and helping customers is a really good point because I think people do need to be educated.
Large NHH, Cambridge

You can tell someone in marketing wrote this. What's behind it – we need more detail
Cambridge, C2DE

I mean it's all pretty obvious and what I would expect really
CIVS, Cambridge Water

They have things on population growth and housing but they have no influence over that unless they can work with builders
Walsall, ABC1

In terms of the education part it is part of their ambitions and that's good / I think it's just right and something that's achievable
CIVS, South Staffs Water

I want to see something more concrete like a desalination plant or something like that
Cambridge, ABC1

There's nothing I would want to argue with about this but having statements without an actual plan to achieve it is like clouds in coffee. It really is no good at all.'
CIVS, South Staffs Water

It looks fine but the ambitions feel woolly
Cambridge, C2DE

It's vague and fluffy and I don't think you can project that far in the future
CIVS, Cambridge Water

Spontaneous priorities: key themes

Customers identified a number of issues that they wanted South Staffs Water and Cambridge Water to include in its next business plan. Many issues are linked, but sustainability was a key theme to ensure that supply meets growing demand in a sustainable way

Risk management
Addressing greater demand
Leakage/addressing wastage
Burst pipes/flooding
Improving storage/water reserves

Product specific
Improved water quality
Address high limescale content

Environmental
Sustainable water supplies
Net zero emissions
River health and protection

Priorities

Reduce consumption
Educate customers
Provide comparable usage information
'I would love a stat on average usage'
Water efficiency visits
Water efficiency aids

Third party partnerships
Working with developers
Working with EA
Working with industry

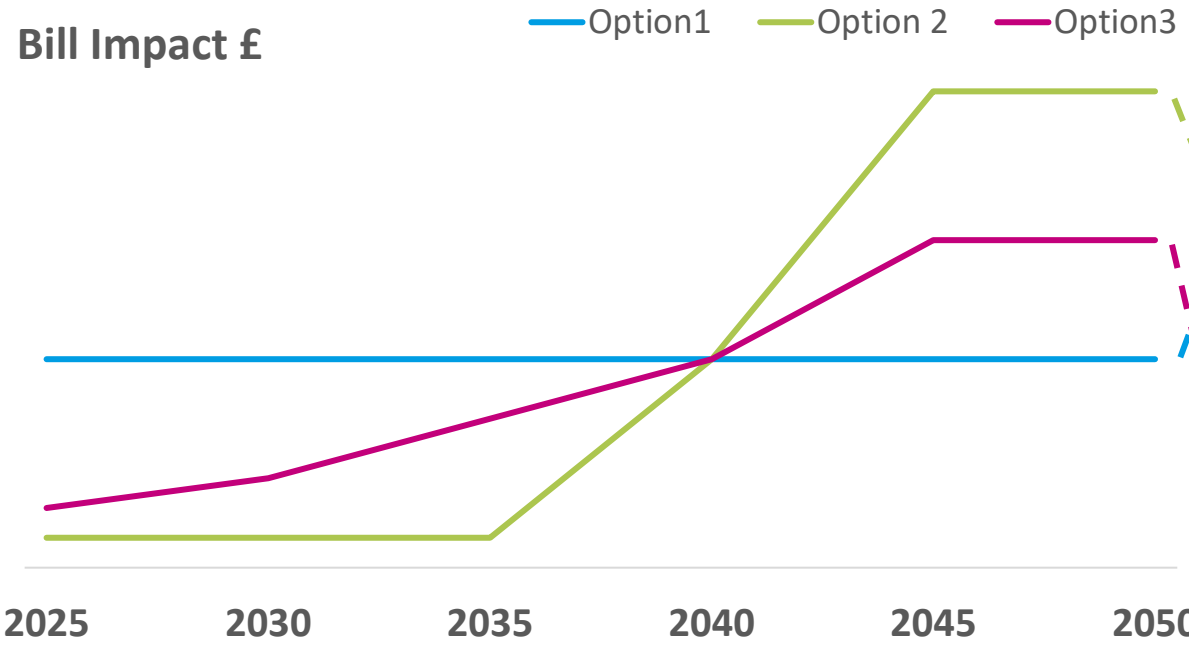
Innovation
Sustainable water systems
Catchment systems
Embracing technology

Customers Services
Support services
Communicate PSR
'F2F' service proposition

Phasing of customer bills: *Customers were shown this slide focusing on a resilience example as this is an engaging topic area where customers can have a say over when investment is made*

The challenge

- Climate change is causing more extreme weather conditions that put additional stress on the water network.
- This increases the chance of supplies being cut off, temporary use bans (a.k.a. Hose pipe bans), or changes to colour, taste and odour of water.
- It is inevitable that investment in resilience must increase to ensure the service levels customers expect can be delivered.



Investment phasing

Choice of option 1 or 2 or 3

What are the advantages and disadvantages of each option?

Investment solutions

- **Replacements of ageing assets** with new materials so they are more robust to extreme weather e.g. pipes.
- **Increased storage capacity (local service reservoirs)** to hold more water to use in incidents caused by extreme weather.
- **Latest sensors to monitor assets**. Enables better assessment of ones most at risk of failure and so prioritise replacements.
- **Increased back up options** such as power generators, that kick in if there is a power cut.

Option 1: All generations pay equally

- Investment **in risks** which may not materialise in the future.
- Equal spread of costs over 25 years to avoid bill shocks.

Option 2: Future generations pay more

- Investment **only in risks** which already have/will materialise.
- Risk infrastructure failure in the short term which may cause deterioration of service levels.
- High chance of bill shocks for future customers.

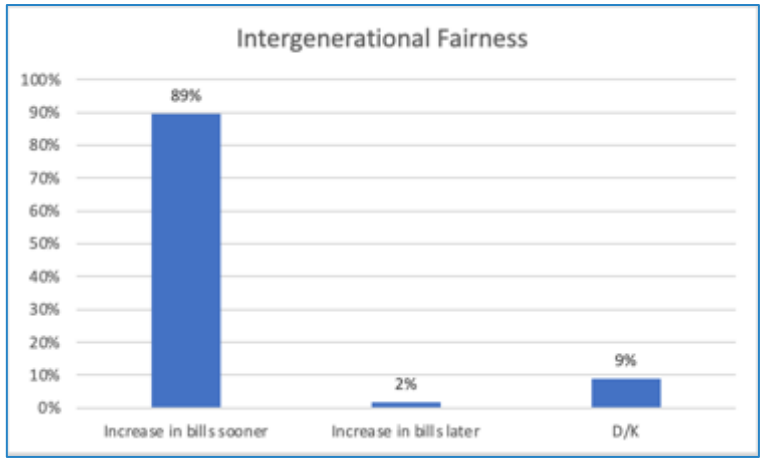
Option 3: Phase up

- Investment in **most likely risks**, allowing adjustments for emerging circumstances, prioritising these based on the best value for customers.
- Smooth increase in bills over time, but higher chance of increased bills for future generations.

Principle of Phasing and Intergenerational Fairness

Discussions around phasing and intergenerational fairness show that, despite the current cost of living crisis, the majority of customers would rather see increase in water bills sooner

This is driven by rational and emotional arguments



Base: HH/NHH/Future/CIVS Customers

Designed to provide some 'numbers' to understand weights of opinion but is indicative and not representative of South Staffs Water and Cambridge Water customer base

Rational Arguments for Short-term Investment (Option 1)

- Concerns about leakage and current infrastructure
- Concerns about certainty of short-term water supply
- Risks not worth taking and investment is overdue
- 'Legacy of under investment' and feels selfish to wait
- Some concerns over cost of capital projects increasing

Emotional Arguments for Short-term Investment

- Personal and human
- Family level – children/grandchildren

Arguments for delaying bill increases (options 2/3)

- Current cost of living crisis drives short-termism
- Micro NHH response = focus on measured risks
- Might be nationalised in the future

Future customers more likely to say they don't know enough to answer the question or find it difficult to project

Some went for Option 3, which was a greater chance of future bill increases to avoid higher costs now

Invest Now

I think we have already said that leakage is not ambitious enough so there needs to be faster investment
Cambridge, ABC1

It's like our local Tesco. They put off replacing the freezers until they break which means we go from feast to famine – when they break there's no frozen food until they get new freezers. It doesn't make sense
Cambridge, C2DE

I think when you see that figure for river health you think something has be done now
Cambridge, ABC1

This is a difficult question because I think they should take more from their profits or raise money from investors but I do want to see investment now
Cambridge, ABC1

Option 1 as I don't think we can wait and those risks like climate change are real
Walsall, ABC1

Not sure it's a difficult one and
Cambridge, C2DE

I'm not sure I would actually trust them to keep them flat but I think that's the best one as we need investment
Walsall, C2DE

I think Option 1 is better and then the bills will flatten out later
Walsall, NHH

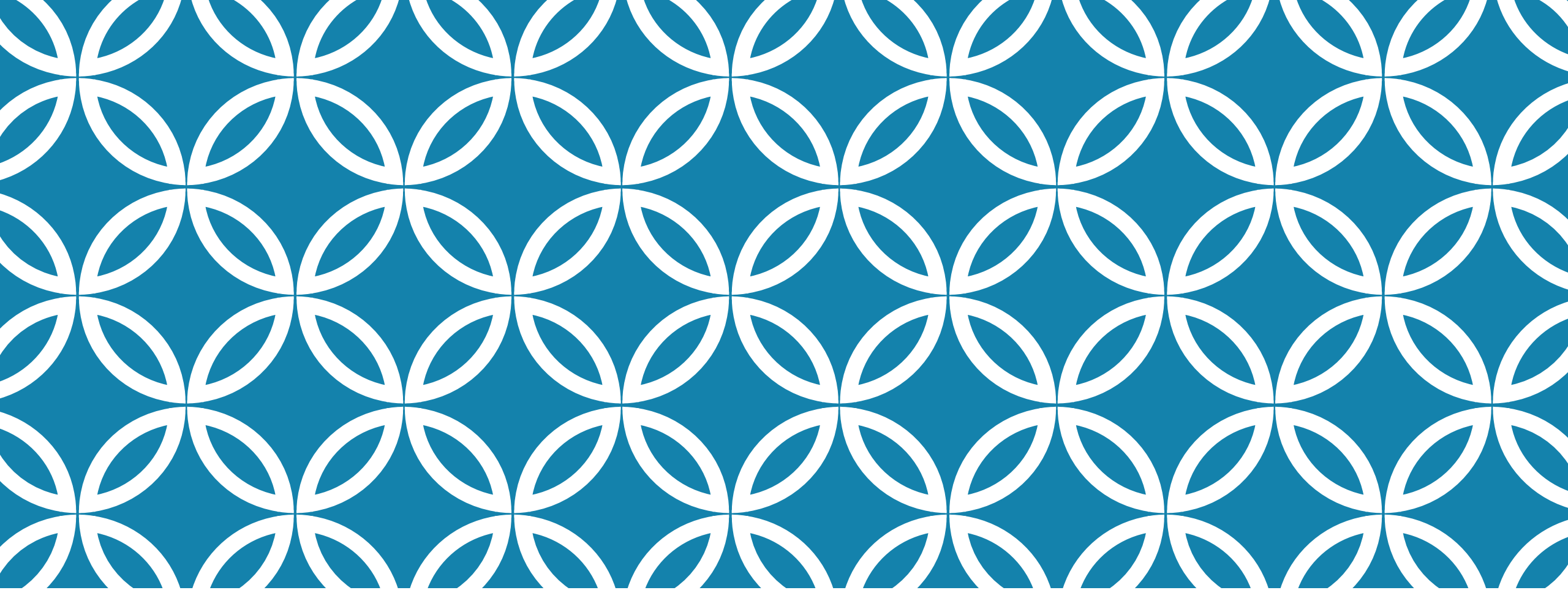
Later

It feels like some of our businesses could fold if all utilities increase their bills
Walsall, NHH

Well life isn't fair and we all have to share the burden – hopefully things will be better in the future
Cambridge, NHH

I would go for Option 3 because I'm worried about the costs right now
Walsall, NHH

We would need more information to say whether the level of investment was appropriate or to answer this
Cambridge, NHH



5. RESPONSE TO PROPOSED PLAN

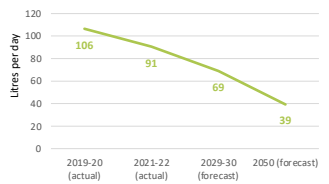
Proposed plan

In line with the OFWAT and CCW guidance, the Proposed plan included three Performance Commitments targets and three Service Enhancements that represented the key investment areas – it was part of the pre-work and then part of a detailed discussion which gave customers more time to consider acceptability

South Staffs Water's proposed performance targets for 2025-2030

Reducing leaks

Targets for reducing the amount of water lost due to leaks from water mains and pipes.



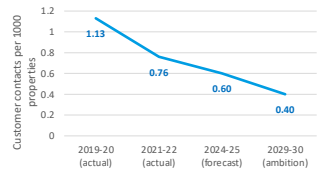
Amount of water lost from pipes per property per day. **(A lower number is better)**

Performance:
- **2021/22 industry rank: 14th of 17**

Strategy:
Use advanced leakage detection techniques and increased smart metering to find leaks quicker on both our pipes and those on customer properties. This means we will take less water from the environment.

Appearance, taste and smell of tap water

Targets for reducing the number of incidents of discoloured water (e.g. brown tinge); or a strange taste or smell occurring.



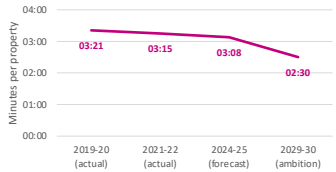
Number of customer contacts received regarding incidents, per 1,000 properties. **(A lower number is better.)**

Performance:
- **2021/22 industry rank: 5th of 17**

Strategy:
Building on our largest-ever investment programme for water quality, we will further invest in addressing specific risks to achieve sector leading levels of customer contacts about the colour, taste and smell of their water.

Unplanned supply interruptions

Targets for reducing the average length of time properties are without water (when the interruption is more than 3 hours)



Duration without water, by minutes per property. **(A lower bar / number is better.)**

Performance
- **2021/22 industry rank: 4th of 17**

Strategy:
Build on our performance by continuing to invest in our pipe networks and invest in technology to allow more real time intelligence on our networks. This will allow us to react even quicker in the future.

The proposed plan to meet the challenges faced - £16.90 more per year

	Environmental challenges (+£12.10 per year)	Water quality challenges (+£2.50 per year)	Resilience challenges (+£2.30 per year)
Bill Impact	**£116m or £12.10 on the average annual bill**	**£24m or £2.50 on the average annual bill**	**£22m or £2.30 on the average annual bill**
Challenges	• Currently, only 14% of rivers in England are classed as healthy and able to fully recover if damaged. • Population growth (close to 20%) and climate change means less water for the environment and more pressure on supplies to meet human demand • Reducing carbon emissions from our operations to help tackle global warming.	• The water environment is becoming increasingly polluted, which means finding better ways to treat it to make safe for human consumption. • There are risks in the pipe network – such as lead pipes. Around 1 in 4 properties are supplied by lead pipes.	• Ageing infrastructure that needs investment to ensure it is fit for the future. • More storms, cold snaps and periods of very hot weather means we need to protect our sites to reduce the chance of them failing.
Investment	• £16m* to help restore the water environment. • £37m* to roll out new metering technology across our customer base. • £57m* to lay the preparations for new water sources – a major new reservoir and a water transfer. (Required) • **£6m to replace our fleet with electric vehicles** (Voluntary)	• £4m* to improve the filtration process across water treatment sites and mains cleaning to remove sediment build up. • £13m* on improved disinfection processes at seven of our sites, including ultraviolet (UV) treatment. (Required) • **£7m to increase the rate at which lead pipes are removed from properties, including targeting vulnerable groups.** (Voluntary)	• **£9m on laying more pipes, so if one fails we can still move water around to customers.** • **£10m on upgrading our sites – e.g. power generators to ensure resilience to power cuts** • **£3m on using smart sensors and technology to identify issues before they cause damage to pipes and other parts of the network.** (Voluntary)
Benefits of investments	• More water environments to have a healthy level of water flowing in them and to allow habitats to flourish. • Water usage can be better understood, help spot leaks faster and offer customers new tariffs to help encourage people to use less. • Ensures secure and reliable water supplies, now and in the future.	• Fewer customers impacted by unwanted changes to their water supply - taste, smell and colour • Extra layer of protection from potential water quality risks. • Reduced dependence on chemicals added to treat water in the long run. • Reduced number of lead supply pipes found on customer properties.	• Less chance of any failures which shut down water production sites, which therefore keeps water flowing, even with increasing extreme weather conditions. • Improved ability to identify issues proactively to better manage our network for domestic and business users.

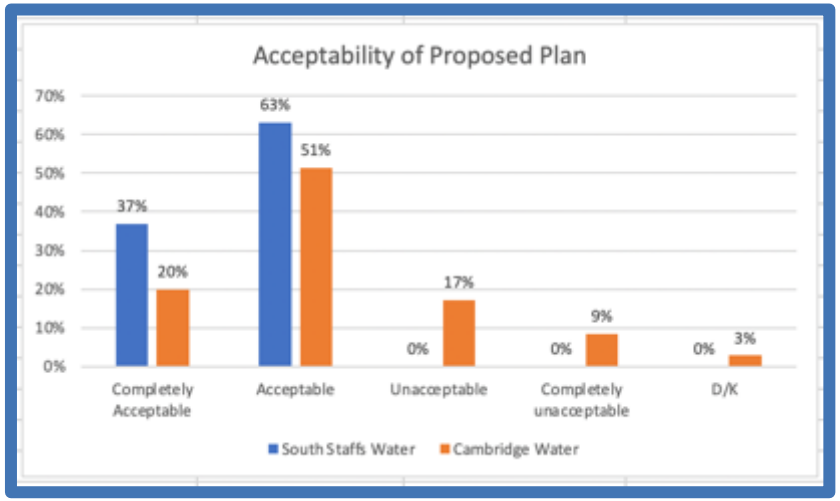
* These investments are the ones that your water company has put forward in its plan as the best way to meet statutory/legal requirements

Proposed plan: Overall acceptability

100% acceptability for South Staffs Water and over 70% for Cambridge Water

Proposed plan focuses on the right areas of water security through infrastructure resilience and begins to address environmental wastage (leakage) and river health. The voluntary aspects are welcomed and often seen as essential; they make it feel more ambitious than the Must Do plan

Designed to provide some 'numbers' to understand weights of opinion but is indicative and not representative of South Staffs Water and Cambridge Water customer base



Base: All customers HH/NHH/CIVS/Future

No differences between sub-groups

Need to look for differences in the quantitative work

Top Five – Acceptability Reasons
1) Good value for money/Doing a lot
2) Good for future generations
3) plan is environmentally friendly
4) Will improve things
5) Focuses on the right things

Top Five – Unacceptability Reasons (CW)
1) Water companies should pay from profits
2) Unaffordable/too expensive
3) Water company profits are too high
4) Not environmentally friendly enough
5) Won't improve things/not right focus

Overview of Performance Commitments

Feedback suggests that a review of the leakage Performance Commitment target in South Staffs and Cambridge is necessary

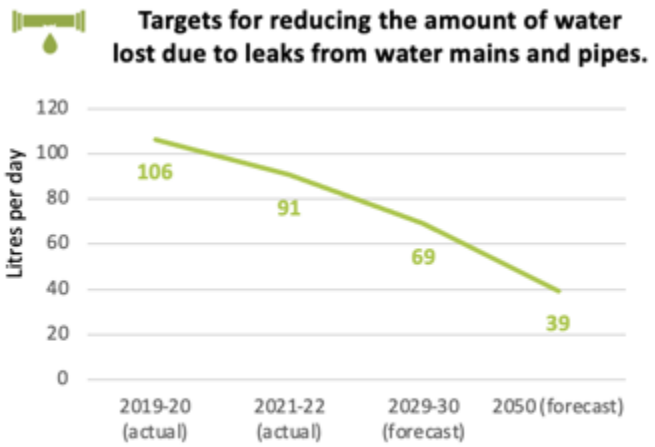
Water quality is generally good in South Staffs 'Council Pop', but more problematic in Cambridge

	Leakage	Supply Interruptions	Water Quality
Importance	High importance	Medium importance	High importance
Performance	Performance feels unacceptable	Measure makes this difficult to understand and judge	South Staffs = good Cambridge = less good
Headline	'Already short of water so this is shocking/immoral'	'It would be an issue, but it's never happened (touch wood)	'It's like the best thing – it's council pop' SSW 'All my friends buy bottled water' CW
Response to target	More ambition wanted	Okay/about right Zero under 3 hours would be more meaningful and ambitious	Reduction is good but target is meaningless
Response to strategy	Good to see embracing technology Want more proactivity Some concerns about smart meters	Long term pipework replacement Policy for those on Priority Services Register	Positive Recent investment has been strong and effective Keep doing this
Any Segment Differences	None NHH slightly more pragmatic and aware of high costs	Higher for customers in vulnerable situations Higher for water dependent businesses	Regional differences Taste response can be idiosyncratic

Leakage Performance

Current and proposed leakage performance for both SSW and CW is felt to be unacceptable

Customers want to see faster progress and a more ambitious target



Amount of water lost from pipes per property per day.
A lower number is better

Performance:

- **2021/22 industry rank: 14th of 17**

Performance impacted by factors such as condition and age of network and extreme weather events. Over the next 2 years investing an extra £4m to help ensure we maintain our progress. Our ambition is reduce leakage by 50% by the 2050 target from 2017/18 levels, and our interim targets reflect this trajectory.

Strategy:

Use advanced leakage detection techniques and increased smart metering to find leaks quicker on both our pipes and those on customer properties. This means we will take less water from the environment.

Overall Response to Leakage

- Pre-task performance information educates customers about extent of leakage
- Almost everyone feels this is unacceptable
- Industry is poor, investment has been poor and regulation has been poor
- Leakage is highly visible and emotive as it's felt to be environmentally damaging, wasting precious resource but also felt to be unforgivable given the framing of water shortages
- Not everyone understands the leakage on network/customer boundary
- Leakage linked to supply interruptions/water security and eventually lower bills

Performance against Target/Other Companies

- South Staffs performance is 'shocking'; Cambridge Water performance is 'unacceptable'
- Industry is under performing so comparisons feel less meaningful
- Narrative feels like company are making excuses for historic under investment

2025-2030 Target

- Reduction is good, but not enough
- Less about the gradient of reduction and more that the 2030 target is not good enough
- Weather events and age of network are only going to get worse

Business plan/Quant considerations

- Review target
- Explain how new materials will help in the long-term solutions; give an example about how the smart metering will work; show how technology will make a difference
- Provide historic performance figures to illustrate progress

Leakage Performance

It's impossible to know what's realistic
CIVS, Cambridge Water

It's quite surprising to see how much leakage there is but I think that's systematic of a failing infrastructure in the first place so the fact that they want to improve that infrastructure going forward with the new technologies and things is a good thing
Large NHH, Cambridge Water

I mean it's all pretty obvious and what I would expect really
CIVS, Cambridge Water

I would have thought it would be higher than that because we've always got water leaks
CIVS, South Staffs Water

Would prefer that line to be more ambitious
Future, Cambridge Water

These do not feel like stretch targets
Cambridge, ABC1

Will quicker detection actually lead to long term reduction in leaks
Micro NHH, Walsall

They should get their own house in order before asking us to stop watering the plants
Micro NHH, Cambridge

The easiest one for them to fix whereas reducing interruption to supply might require a bit more thought / It's the one that's going to have the biggest return
Future, South Staffs

½ a litre a year feels particularly obscene
Cambridge, ABC1

I think even if they are doing comparatively well, it's not enough
Walsall, C2DE

For me it needs to go faster. We have a climate emergency and we are wasting water
Walsall, ABC1

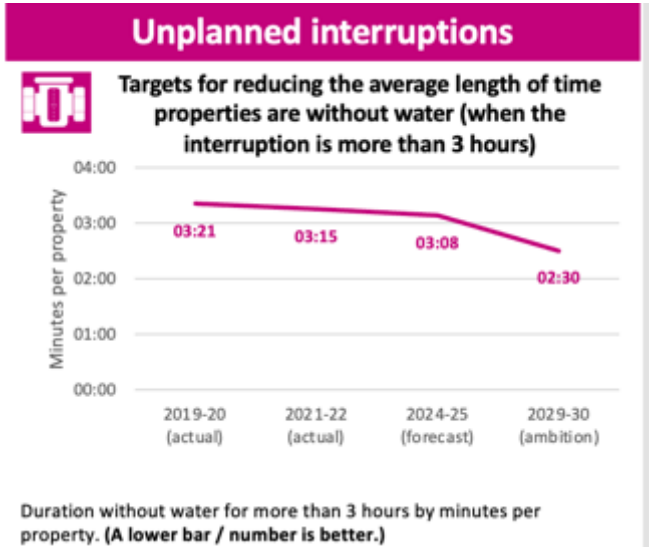
A 21% loss is horrendous…it's a massive waste and something that definitely needs to be addressed
Large NHH, South Staffs Water

If they are losing 21% of water then surely before you look to doing anything else you address this…this will then save enough money to cover the investment needed for the other work. No one would need to pay their water bills if they fixed this.
Large NHH, South Staffs Water

if you're reducing leakage in downtime, not that I've experienced it, then I'm going to have constant access to running water which is my priority and a higher quality of water as well.
Large NHH, Cambridge Water

Unplanned Interruptions Performance

For majority, current performance and target is acceptable



Performance

- **2021/22 industry rank: 4th of 17**

Delivered and maintained a step-change in performance from over 8 minutes in 2017-18. Achieved through redesigning our operations to facilitate rapid responses to customer supply interruptions. Our ambition is to continue this trend and maintain our top 4 position, in at least 4 of the years between 2020-2025.

Strategy:

Build on our performance by continuing to invest in our pipe networks and invest in technology to allow more real time intelligence on our networks. This will allow us to react even quicker in the future.

Overall Response to Unplanned Interruptions

- The majority have had no experience of unplanned interruptions
- Recognise that interruptions are linked with leakage, infrastructure investment, proactive pipework replacement
- Keen to see the absolute number of properties affected
- Keen to see measures for CIVS and NHH – how customers affected and what is the strategy
- Proactive communication during an unplanned interruption is key

Performance against Target/Other Companies

- Most feel that the current performance is good and impressed by the change from 8 minutes

2025-2030 Target

- Reduction feels minimal but shows that SSW/CW are keeping the focus on infrastructure
- NHH and some HH felt that ambition for supply interruptions could be pushed - i.e. why not say no more than the base 3 hours / strive for top 3 position

Business plan/Quant considerations

- Measure is very difficult to understand and worth thinking about in the quantitative work
- Want to know % of properties affected, and historical context is really useful (over 8 minutes in 2017/2018)
- Potential to talk new materials that respond well to heat/freezes and are long term vs sticking plaster which would address concerns over short-termism

Unplanned Interruptions Performance

We have had a situation in the village when we were off water and its happened a few times

Cambridge, ABC1

Investing in leaks will be more beneficial for the company in the long run

Future, Cambridge Water

It might not be too bad an issue now but we are entering into more heat-waves and I think it's important to prioritise this / I don't feel it's a massive improvement in 7 years
Future, South Staffs Water

How do we even understand this metric – why are they using this to explain performance

Cambridge, ABC1

As long as those people on the PSR are safe then this is acceptable

CIVS, South Staffs Water

I would rather see the number of properties affected

Walsall, C2DE

I have no idea what they are trying to communicate here but they look okay compared to South East Water who are so bad

CIVS, South Staffs Water

It's unsafe to be without water for any period of time

Walsall, ABC1

I mean this is better than it was – do you remember in the 60s and 70s when the pipes burst and we were off service

Walsall, ABC1

It would be more ambitious to say that we would have no more than 3 hours – that would be better

Micro NHH, Walsall

I would have to close the restaurant for the time this was going on if it did ever happen to us – but it hasn't

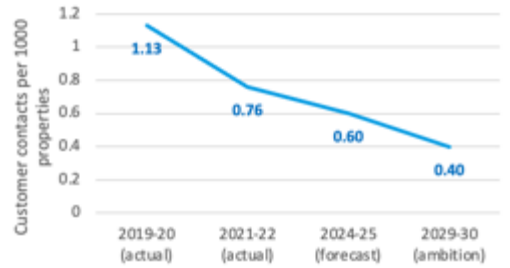
Micro NHH, Cambridge

Water Quality Performance

Performance and target is acceptable in South Staffs

Cambridge Water customers want to see something that recognises issues around limescale

Targets for reducing the number of incidents of discoloured water (e.g. brown tinge); or a strange taste or smell occurring.



Number of customer contacts received regarding incidents, per 1,000 properties. **(A lower number is better.)**

Performance:

- **2021/22 industry rank: 5th of 17**

Improvements in recent years through setting challenging targets that go above and beyond statutory requirements across our whole water supply chain. The latest major upgrades to our two largest water treatment works due for completion in 2025 will help maintain the positive trend.

Strategy:

Building on our largest-ever investment programme for water quality, we will further invest in addressing specific risks to achieve sector leading levels of customer contacts about the colour, taste and smell of their water.

Overall Response to Water Quality

- Water quality in South Staffs is felt to be very good with minimal issues
- Taste and limescale content create complaints in Cambridge Water area
- Metric is criticised – not all customers can be bothered to call in
- Many in Cambridge Water area are buying bottled water, softeners, filters, mixing with squash to avoid issues with taste/smell
- Consensus that limescale content is high, annoying and ruins appliances

Performance against Target/Other Companies

- Acceptable
- Comparative performance is good but maybe doesn't reflect Cambridge Water customer perceptions

2025-2030 Target

- Target is continuing to improve which is encouraging
- Shows that SSW and CW are keen to maintain and continue to invest/innovate to improve this

Business plan/Quant considerations

- Clarify that this isn't about safety of drinking – explain about DWI and testing process
- Express measure in more meaningful way e.g. how many properties does South Staffs Water and Cambridge Water supply and provide historical context
- Frame within the fact that population/supply is increasing so to maintain current levels is good

Water Quality Performance

I want them to address this at source rather than pay £2000 for a water softener
Cambridge, ABC1

It ruins your appliances – kettle, washing machine, everything
Cambridge, C2DE

It's great our water – we live in a fussy old country
Walsall, ABC1

Generally it's good but we did have this one time when the water was brown and it wasn't great for the customers
Micro NHH, Walsall

It's why I marked them down earlier. We can't drink our water,
Cambridge, C2DE

We buy bottled water because of the hardness as it affects the taste and it's not good for you
Cambridge, ABC1

5th is okay – it's alright for us in the lab
Large NHH, Cambridge Water

I say to my kids – get yourself a drink of that council pop – best there is
Walsall, ABC1

That is an improvement and I don't think they need to go above that. That's an achievable target.
Large NHH, South Staffs

I've never had an issues with the water quality and they seem to be doing well
CIVS, Cambridge Water

This is a first world problem – does water need to taste like bottled water. I'm from Greece originally so used to water that's not clean!
CIVS, Cambridge Water

I'm going to have to accept that Ofwat are experts in what they do so if they've set this target then I accept its right. I think its plenty far enough. This is a 1st world country
CIVS, South Staffs.

Never ever had a problem with the quality of the water and I've been here 20 years
CIVS, South Staffs

Overview of service enhancements

Strong support for almost all service enhancements outlined in the Proposed plan

Electric vehicle fleet investment is the only exception where there was not full support

Confused as to why the resilience measures are deemed 'voluntary' as these are seen as critical

	Environmental Challenges £12.10 per year	Water Quality Challenges £2.50 per year	Resilience Challenges £2.30 per year
	Statutory plus voluntary	Statutory plus voluntary	All voluntary
Importance	High	Very important as impacts on taste and safety	Critical
What's driving high/low importance	1. Restore the water environment 2. New water sources e.g. reservoir 3. Metering technology Less commitment to investment for electric vehicles but use money for something else	1. Filtration/disinfection 2. Lead pipes removal critical	1. Laying more pipes 2. Smart sensors/technology 3. Upgrading sites with power generators All seen as critical vs voluntary
Cost/Benefit	Cost felt to be reasonable £1 a month Benefits securing water supply, 'habitats flourishing', new tariffs	Cost is negligible	Cost is negligible
Any Segment Differences	Support from majority (1 or 2 climate deniers)	Support across but feels critical for Cambridge Water	None

Environmental challenges

Strong support for addressing the environmental challenges which put water certainty at risk – not just about supporting the environment, personal and relevant to HH and NHH customers

Positive

- Addresses key concerns of population growth and reduction of demand
- New water sources and reservoirs very reassuring
- Begin to tackle the river health - 14% river health which felt shocking

Challenges

Environmental challenges

- Currently, only 14% of rivers in England are classed as healthy and able to fully recover if damaged.
- Population growth (close to 20%) and climate change means less water for the environment and more pressure on supplies to meet human demand
- Reducing carbon emissions from our operations to help tackle global warming.

Negative

- Unsure as to what the metering technology will be and the impact on customers bills
- Reducing carbon emissions should be BAU
- Not convinced about EV investment
  - Not a long-term solution
  - Not as urgent/priority
  - Lithium batteries are damaging

Great – it's pricey compared to the others but we need to restore the rivers Cambridge, ABC1

Where are the reservoirs going to be – I think they will need more than £16m though Walsall, Micro NHH

This is just what we would expect – nothing more, Not sure about electric vehicles Cambridge, Micro NHH

I'm all for it but they need to get customer buy in for the smart meters Walsall, ABC1

The jury is out on Evs Walsall, C2DE

I don't think replacing the electric vehicles is that important but I suppose it's a low cost CIVS, South Staffs

Considerations for business plan content and presentation in the quantitative work:

Explain how the smart metering programme will impact customers to alleviate fear of escalating bills, explain how much the rivers will improve as a result of this investment, more information on the reservoir details and water transfers

Water quality challenges

High levels of support for investment that address core safety risks as well as enhancing product quality

Want to see stronger commitment to lead pipes, which feels like a safety issue

Positive

- Strong support for maintaining water quality and improving filtration
- Lead pipe investment

Negative

- Nothing unexpected or exciting
- Removal of lead pipes are positioned as voluntary
- Lower investment in lead pipes – only £7m vs £37m on smart metering

Improving disinfection is critical and this would also help the environment
Walsall, ABC1

The 1 in 4 is a shocking statement – if these are not good for health then this really worries me
Cambridge, ABC1

Lead pipes feel like the highest priority to me
CIVS, South Staffs

I'm very shocked to see that there are still lead pipes
Walsall, Micro NHH

It does not affect our business as all water purified, important for personal use that is maintained. Changing infrastructure that maintains quality good as infrastructure has to change to improve leaks so can go hand in hand
Large NHH, Cambridge Water

Considerations for business plan content and presentation in the quantitative work:

What progress will be made on the lead pipes by the end of 2030

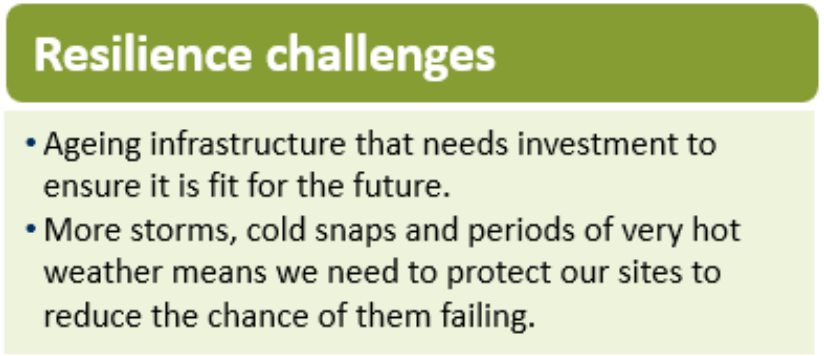
Reinforce that this isn't about safety and that the DWI monitor this as the water supply is treated

Resilience challenges

Most important part despite being framed as 'voluntary' – recognises the 'ageing infrastructure' and need to be 'fit for purpose' and takes into account the impact of increasingly extreme weather

Positive

- Good to see contingency programme of different pipe networks in case of failure
- Upgrading sites and future proofing against impact of climate change e.g. floods/power
- Embracing technology through smart sensors
- Proactivity allowed by smart sensors and technology should reduce risk of outage
- Long term reduction in bills expected



Negative

- Should not be considered voluntary due to its importance

Ageing infrastructure always needs work so that is good.
CIVS, South Staffs

It feels like the right proportion of investment and I imagine it will reduce bills eventually
Micro NHH, Cambridge

We need to be forward thinking and not short term – this gives me some hope that they are thinking of the future
Cambridge ABC1

They have to do this otherwise it's pennywise and pound foolish
Walsall, ABC1

You always need to upgrade stuff, technically they're investments that will potentially make your bills cheaper in future and ensure clean and usable water.
Large NHH, Cambridge Water

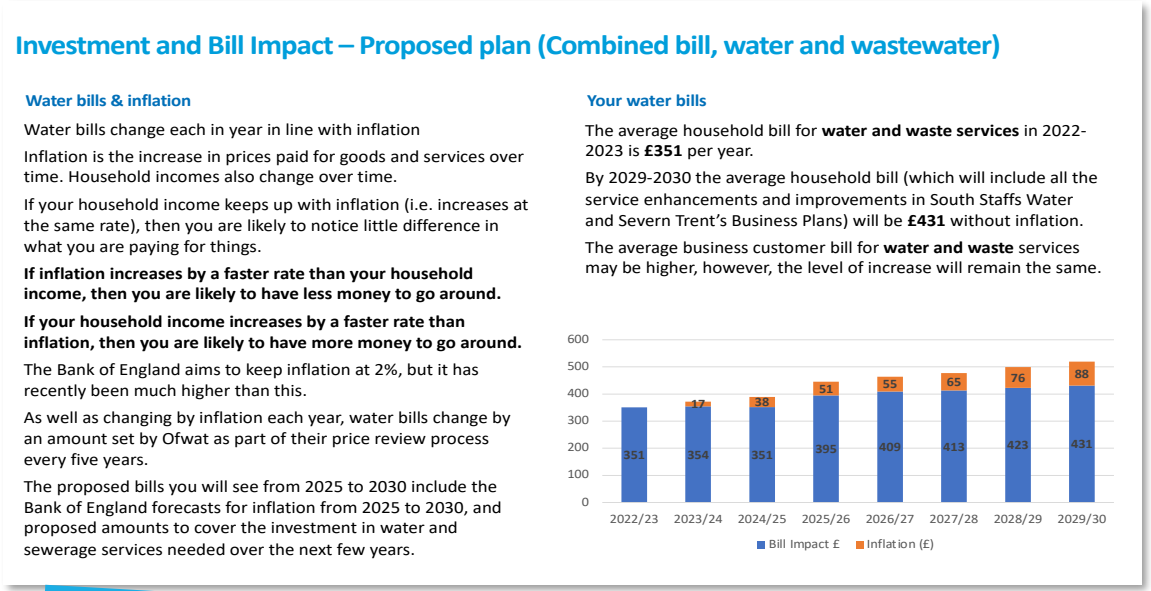
Considerations for Business plan content and presentation in the quantitative work:

Good levels of information provided

Proposed plan: Overall affordability

All customers were shown the bill impacts in £ (Household) or % (Non-household) based on the average household or non-household bill. Future customers were asked about how fair the water bill seemed rather than how affordable it would be for them

In line with the guidance, in the post task the bill impacts were based on on the bills of the individual participants



Investment and Bill Impact – Proposed plan (Combined bill, water and wastewater)

Water bills & inflation

Water bills change each in year in line with inflation

Inflation is the increase in prices paid for goods and services over time. Household incomes also change over time.

If your household income keeps up with inflation (i.e. increases at the same rate), then you are likely to notice little difference in what you are paying for things.

If inflation increases by a faster rate than your household income, then you are likely to have less money to go around.

If your household income increases by a faster rate than inflation, then you are likely to have more money to go around.

The Bank of England aims to keep inflation at 2%, but it has recently been much higher than this.

As well as changing by inflation each year, water bills change by an amount set by Ofwat as part of their price review process every five years.

The proposed bills you will see from 2025 to 2030 include the Bank of England forecasts for inflation from 2025 to 2030, and proposed amounts to cover the investment in water and sewerage services needed over the next few years.

Your water bills

The average household bill for **water and waste services** in 2022-2023 is **£351** per year.

By 2029-2030 the average household bill (which will include all the service enhancements and improvements in South Staffs Water and Severn Trent's Business Plans) will be **£431** without inflation.

The average business customer bill for **water and waste** services may be higher, however, the level of increase will remain the same.

Average household bill increase without inflation in South Staffs Water/Severn Trent £351-£431 and £401-£484 Cambridge Water/Anglian (Non-household expressed as %)

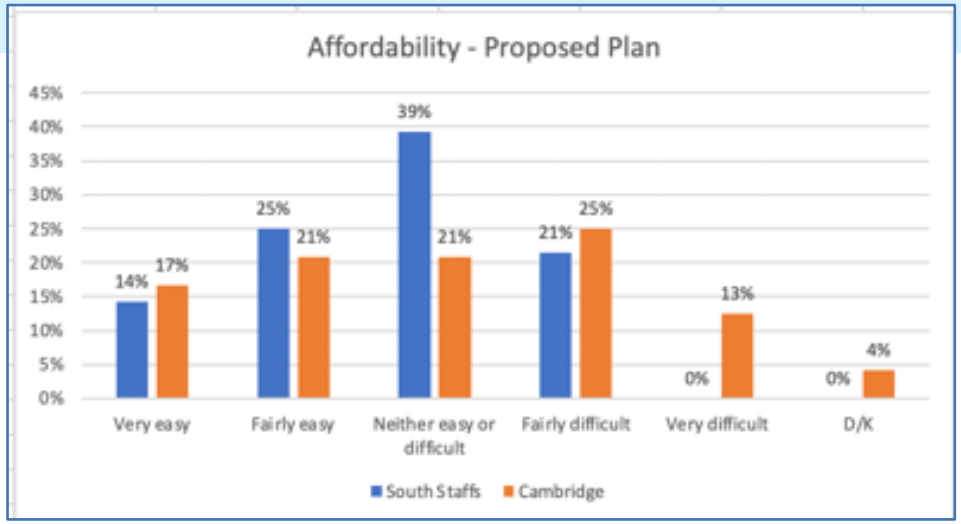
Note about interpretation of responses:

- Combined bill and single bill shown
- Focus was on combined bill given that was the post-task and customers didn't break down their water and waste bill
- Inflation explained but customers found it quite distracting – how do they know that would be the inflation rate as it's so unpredictable

Proposed plan: Overall affordability

Over a third found the Proposed plan affordable in South Staffs Water and Cambridge Water areas, which is a drop compared to the baseline affordability levels (not significant). 38% said they would find it difficult to afford the bills in the Cambridge Water region, 21% in SSW

Many opt to say it's neither affordable or unaffordable which reflects the economic uncertainty that customers feel in the short term, concern about other customers who might not be able to afford; subtext is customers keen to see investment come from profits



Base: All customers HH/NHH/CIVS

Designed to provide some 'numbers' to understand weights of opinion but is indicative and not representative of South Staffs Water and Cambridge Water customer base

Affordable because:

- Water is vital
- Water bill is the smallest utility
- Water bill is fairly low base
- The uplift over five years feels small
- Investment in the network is critical
- No real choice – this has to be done
- Challenges are relevant e.g. want to protect our local rivers

Neither/Nor:

- Concerned about other customers (citizen hat)
- Can't predict future income/outgoings (bill payer hat)
- Can afford but don't agree with customer rises to fund investment
- Should come from cost efficiencies/profits
- Want more information to make a decision
- Issues don't affect me/my business

Unaffordable because:

- Money is tight/cost of living crisis
- High water usage
- Water bill is already felt to be too high e.g. possible leak, minimum income

Proposed plan: Overall affordability

Affordable

Its less than £20 a year to move forward and that doesn't appear unreasonable. Its neither here nor there. Just crack on.
CIVS, Cambridge Water

I've lost more down the back of a sofa
CIVS, Cambridge Water

In reality the cost per day is negligible. / If they offered this to me as a fixed price, I would take it.
CIVS, Cambridge Water

It's not a big increase and we could manage this
Cambridge, ABC1

It's affordable because I'll pass it on to my customers
Large NHH, South Staffs

It's not too bad and % wise it feels quite high
Walsall, Micro NHH

It's affordable but I don't really want to pay it!
Cambridge, ABC1

It's affordable whether you look at that single or combined – it's over 5 years!
Large NHH, Cambridge Water

Inflation is a shock – I could afford the bill though
CIVS, South Staffs

Personally it's alright and if they are going to invest then the bill has to go up
Walsall, ABC1

I'm glad its gradual over that period – it's affordable
Cambridge, C2DE

A lot of children won't be able to access the service if bills go up and that just creates an elite system! Only rich people would be able to afford it and that's a sad situation
Large NHH, South Staffs

Not Sure/Unaffordable

I think I would struggle a bit with this as things are so tight right now
Micro NHH, Cambridge

Bills fine, inflation is crazy, people see that rather than figures in blue which over 7-8 year period with time value money not much increase at all.
Large NHH, Cambridge Water

This is a huge increase and I can't afford it
CIVS, Cambridge Water

Performance commitments: AAT compared with YIP

Both groups feel that leakage target needs to be more ambitious

Difference in response to supply interruptions: some AAT participants would like to see a more ambitious target/position whereas YIP feel the target could be less ambitious

Both audiences satisfied with water quality contact performance and suggested target

	Leakage	Supply Interruptions	Water Quality
AAT Research Participants	• Reduction is good, but not enough • Less about the gradient of reduction and more that the 2030 target is not good enough • Weather events and age of network are only going to get worse	• Reduction feels minimal but shows that SSW/CW are keeping the focus on infrastructure • NHH and some HH felt that ambition for supply interruptions could be pushed - i.e. why not say no more than the base 3 hours / strive for top 3 position	• Target is continuing to improve which is encouraging • Shows that SSW and CW are keen to maintain and continue to invest/innovate to improve this
Young Innovator Panel	• Seems realistic considering current performance • However, would like to see a more ambitious target to catch up with industry peers • Hard to understand without context: how much leakage is 'too much'?	• Seems sensible but some think target could be less ambitious since company already doing so well • Some leaks are easier to fix than others – targets should reflect this.	• Seems sensible – but could be less ambitious since company already doing so well • Metric (number of customer contacts) is quite difficult to understand.

Enhancements: AAT compared with YIP

Difference in importance of resilience: AAT participants feel this is critical and should not be discretionary. YIP, however, feel this is the least important of the 3 enhancement areas
Whilst environment is important to both audiences, YIP would like to see great ambition in this area
Lead pipes is an important area for both YIP and AAT participants

	Resilience	Environmental	Water Quality
AAT Research Participants	• Critical • Most important part despite being framed as 'voluntary' • Recognises the 'ageing infrastructure' and need to be 'fit for purpose' and takes into account the impact of increasingly extreme weather	• Strong support for addressing the environmental challenges which put water certainty at risk – not just about supporting the environment but personal and relevant to HH and NHH customers • Unsure as to what the metering technology will be and the impact on customers bills • Reducing carbon emissions should be BAU • Not convinced about EV investment	• High levels of support for investment that addresses core safety risks as well as enhancing product quality • Want to see stronger commitment to lead pipes, which feels like a safety issue
Young Innovator Panel	• Seen as the least important of the 3 areas, but still interest in certain aspects (smart sensors, using technology, etc) • Students want more specific examples about what will be upgraded • They want to make sure upgrades are high quality and far reaching enough e.g. what materials are new pipes made of	• Environment also seen as an important area for investment • Protecting rivers met positively considering their poor health currently • Specifically, solar seen as a tangible way to reduce emissions • While this plan feels like a good start, question whether South Staffs could go further • Also debate whether customers should pay at all	• Water quality seen as most important challenge to address • Providing clean safe water seen as primary function for a water company • Prioritising vulnerable groups when replacing lead pipes felt to be morally right • Worry that timeline for lead pipe replacement is too slow (even when informed that water is treated to reduce health risks) and question why this hasn't been addressed sooner

Overall acceptability: AAT compared with YIP

Majority found the Proposed plan acceptable

A small number of both Cambridge Water (AAT sample) and YIP either couldn't give a response or gave a negative response (these samples are very small though so should only be treated as indicative of the views of a small number of customers)

AAT Participants:

- 100% acceptability from South Staffs participants and 70% from Cambridge Water
- Proposed plan focuses on the right areas of water security through infrastructure resilience and begins to address environmental wastage (leakage) and river health
- The voluntary aspects are welcomed and often seen as essential; they make it feel more ambitious than the Must Do plan

YIP:

- 75% acceptability (very low – 18 participants)
- Remainder gave a neutral response – for these students there were concerns that bill rises will be manageable and more details about the investments proposed
- However, they also felt that they were unqualified to judge the plans against:
    - An uncertain future
    - The need to ensure the plan is adaptable

Summary of proposed plan and improvements

Overall majority (10 out of 10 customers in SSW and 7 out of 10 customers in Cambridge Water) find the Proposed plan acceptable

It feels good value for money, good for future generations and environmentally friendly

Customers want faster action to address leakage and more ambition to address water quality issues in Cambridge Water – there was limited support for electric vehicle investment and preference to move this financial commitment to address resilience issues

When based on individual households bills, approximately 1/3rd feel the Proposed bill is affordable

	Leakage	Supply Interruptions	Water Quality
Importance	High importance	Medium importance	High importance
Response to Target	More ambition wanted	Okay/about right Better target would be to aim for zero outages over 3 hours	More ambition for Cambridge Water

	Environmental Challenges c. £12.30 per year	Water Quality Challenges c. £2.50 per year	Resilience Challenges c. £2.30 per year
Importance	High	Very important as impacts on taste and safety	Critical
Support Spend	High support	High support	High support

What's Missing

Explicit reference to education to reduce consumption

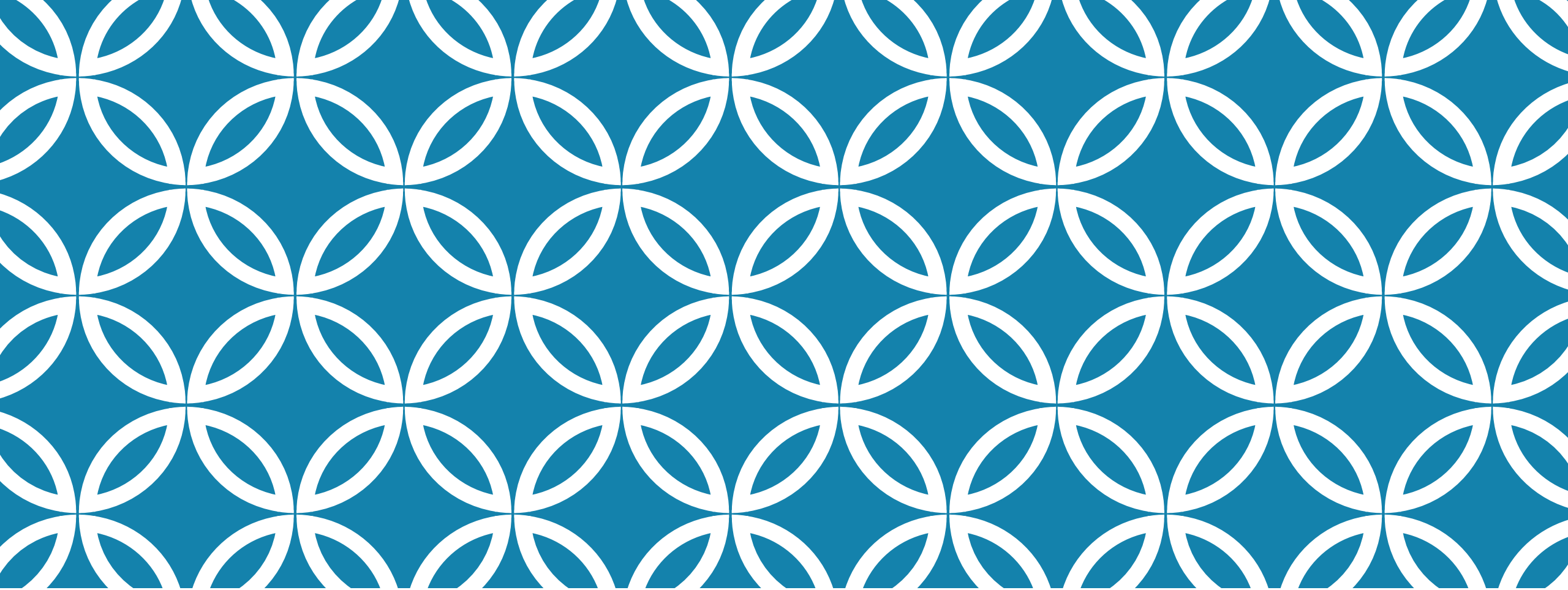
Support for people who can't afford their water bills and information on what will happen for those who will be financially compromised by any compulsory metering programme

New tariffs and meaningful bill incentives to address concerns that there is 'grand zero' on education, bills and incentives

Long term water resource plans e.g. desalination and water sources

How technology and innovation will shape future plans

Working with partners e.g. developers to drive water recycling innovation



6. RESPONSE TO MUST DO PLAN

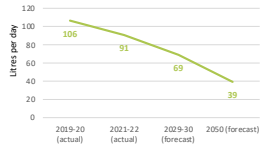
Must Do plan

In line with the guidance, the Must Do plan included the same three Performance Commitments targets and only the mandatory Service Enhancements

South Staffs Water's proposed performance targets for 2025-2030

Reducing leaks

Targets for reducing the amount of water lost due to leaks from water mains and pipes.



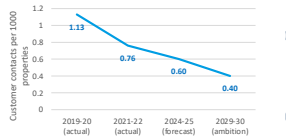
Amount of water lost from pipes per property per day. **(A lower number is better)**

Performance:
- **2021/22 industry rank: 14th of 17**

Strategy:
Use advanced leakage detection techniques and increased smart metering to find leaks quicker on both our pipes and those on customer properties. This means we will take less water from the environment.

Appearance, taste and smell of tap water

Targets for reducing the number of incidents of discoloured water (e.g. brown tinge); or a strange taste or smell occurring.



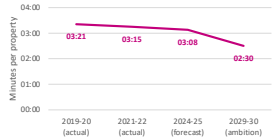
Number of customer contacts received regarding incidents, per 1,000 properties. **(A lower number is better.)**

Performance:
- **2021/22 industry rank: 5th of 17**

Strategy:
Building on our largest-ever investment programme for water quality, we will further invest in addressing specific risks to achieve sector leading levels of customer contacts about the colour, taste and smell of their water.

Unplanned supply interruptions

Targets for reducing the average length of time properties are without water (when the interruption is more than 3 hours)



Duration without water, by minutes per property. **(A lower bar / number is better.)**

Performance
- **2021/22 industry rank: 4th of 17**

Strategy:
Build on our performance by continuing to invest in our pipe networks and invest in technology to allow more real time intelligence on our networks. This will allow us to react even quicker in the future.

Investment and Bill Impact – Must-do plan (Combined bill, water & wastewater)

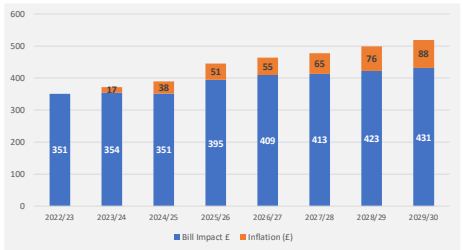
Your water bills – the Must-do Plan

The average household bill for **water and wastewater** services in 2022-2023 is **£351** per year.

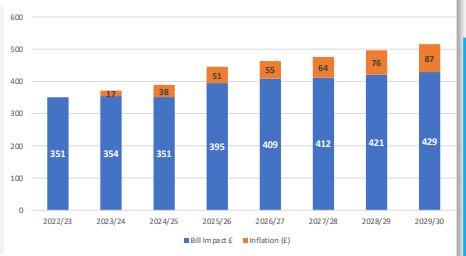
By 2029-2030 the average household bill (which will include all the service enhancements and improvements in South Staffs Water and Severn Trent's Business Plans) will be **£429** without inflation.

The average business customer bill for **water and wastewater** services may be higher, however, the level of increase will remain the same.

Proposed plan



Must-do plan



The must-do plan to meet statutory environmental and quality targets

South Staffs Water's must-do plan would add **£13.30** to the average bill annually – **£3.60** less than the proposed plan

	Environmental challenges	Water quality challenges	Resilience challenges
Challenges	• Currently, only 14% of rivers in England are classed as healthy and able to fully recover if damaged. • Population growth (close to 20%) and climate change means less water for the environment and more pressure on supplies to meet human demand • Reducing carbon emissions from our operations to help tackle global warming.	• The water environment is becoming increasingly polluted, which means finding better ways to treat it to make safe for human consumption. • There are risks in the pipe network – such as lead pipes. Around 1 in 4 properties are supplied by lead pipes.	• Ageing infrastructure that needs investment to ensure it is fit for the future. • More storms, cold snaps and periods of very hot weather means we need to protect our sites to reduce the chance of them failing.
Bill Impact/ Investment	• £16m* to help restore the water environment. • £37m* to roll out new metering technology across our customer base. • £57m* to lay the preparations for new water sources – a major new reservoir and a water transfer. **Required** • **£6m to replace our fleet with electric vehicles** **Not included** **60p per year less than the proposed plan**	• £4m* to improve the filtration process across water treatment sites and mains cleaning to remove sediment build up. • £13m* on improved disinfection processes at seven of our sites, including ultraviolet (UV) treatment. **Required** • **£7m to increase the rate at which lead pipes are removed from properties, including targeting vulnerable groups.** **Not included** **70p per year less than the proposed plan**	• **£9m on laying more pipes, so if one fails we can still move water around to customers.** • **£10m on upgrading our sites – e.g. power generators to ensure resilience to power cuts** • **£3m on using smart sensors and technology to identify issues before they cause damage to pipes and other parts of the network.** **Not included** **£2.30 per year less than the proposed plan**
Change in benefit (when compared to the proposed plan)	• No reduction in greenhouse gas emissions from company vehicles. • Limit how far the company could go to achieve its operational carbon net zero target by 2030 – i.e. not adding any additional carbon into the atmosphere.	• No proactive replacement of lead pipes between 2025-2030 means the target date for replacing all of them is pushed back further. • Note that all water companies dose safe chemicals in the supply to ensure that water is always safe to drink from lead pipes.	• Less investment increases the chance of infrastructure failures, which can shut down water treatment sites and/or lead to water supplies being temporarily cut off. • Less investment in monitoring technology, means less insight on the best way to maintain pipes and other assets (e.g. pumping stations) in a cost-effective way and reduces the chance of pro-actively picking up on an asset failing.

*** These investments are the ones that your water company has put forward in its plan as the best way to meet statutory/legal requirements**

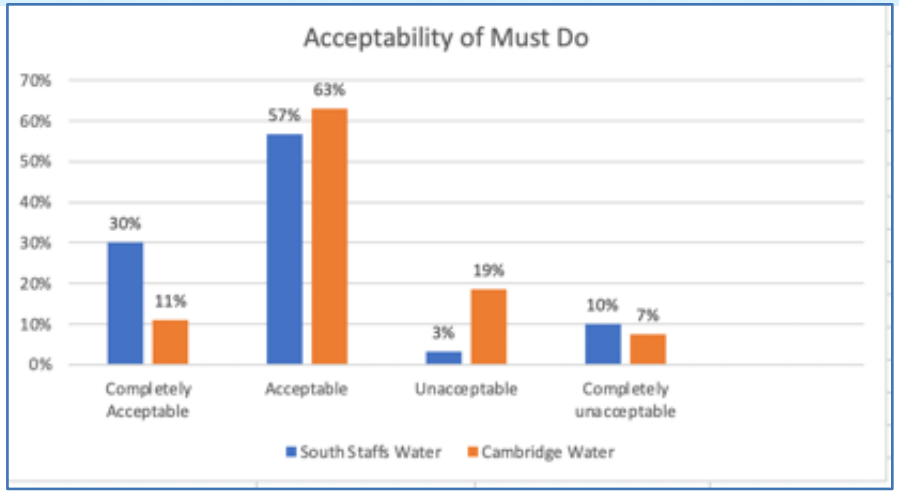
Average household bill increase without inflation in South Staffs Water/Severn Trent £351-£429 and £401-£481 Cambridge Water/Anglian (Non-household expressed as %)

Must Do plan: Overall acceptability

87% of South Staffs customers found the Must Do plan acceptable – notably lower than the Proposed plan.
74% of Cambridge customers found the Must Do plan acceptable – same as the Proposed plan

The lower acceptability reflects the preference for the voluntary elements included in the Proposed plan which felt proactive, relevant and important especially given the negligible price difference

Designed to provide some 'numbers' to understand weights of opinion but is indicative and not representative of South Staffs Water and Cambridge Water customer base



Base: All customers HH/NHH

Top Five – Acceptability Reasons

1) Focuses on the right things
2) Good value for money (vfm)
3) Good for future generations
4) Will make improvements/environmentally friendly
5) Trust them to make improvements

Top Five – Unacceptability Reasons

1) Plan won't improve things enough
2) Poor vfm and not doing enough for costs
3) Too expensive
4) Should come out of profits
5) Lack of trust/doesn't focus on right things

Must Do plan: Overall acceptability

The amount saving is minimal. £3.60 that's nought. That doesn't even buy you fish and chips!
CIVS, South Staffs

You are not meeting provision of service to customers properly. I think you've got to go for it in a big way. There is no point half doing a job.
CIVS, South Staffs

Prefer the Proposed - A 1.6% saving is not sufficiently attractive to put water supply at risk' / You need to invest…it will only cost more when you look at it again
Large NHH, Cambridge Water

This gives me more peace of mind. It shows sincerity and I'm worried about my current bills, so I want to keep these as low as possible
Large NHH, South Staffs Water

Overall, I would say the Proposed over this one as I want them to do the lead pipes and this doesn't include that
Micro NHH, Walsall

I think we need to see the improvements around resilience because the infrastructure needs sorting – so I don't like this one
Micro NHH, Cambridge

I like the fact that this one seems to go further with environment issues
Future, South Staffs Water

Oh crikey – they may as well just do the other one – you get more and they may as well do it for the cost
ABC1, Walsall

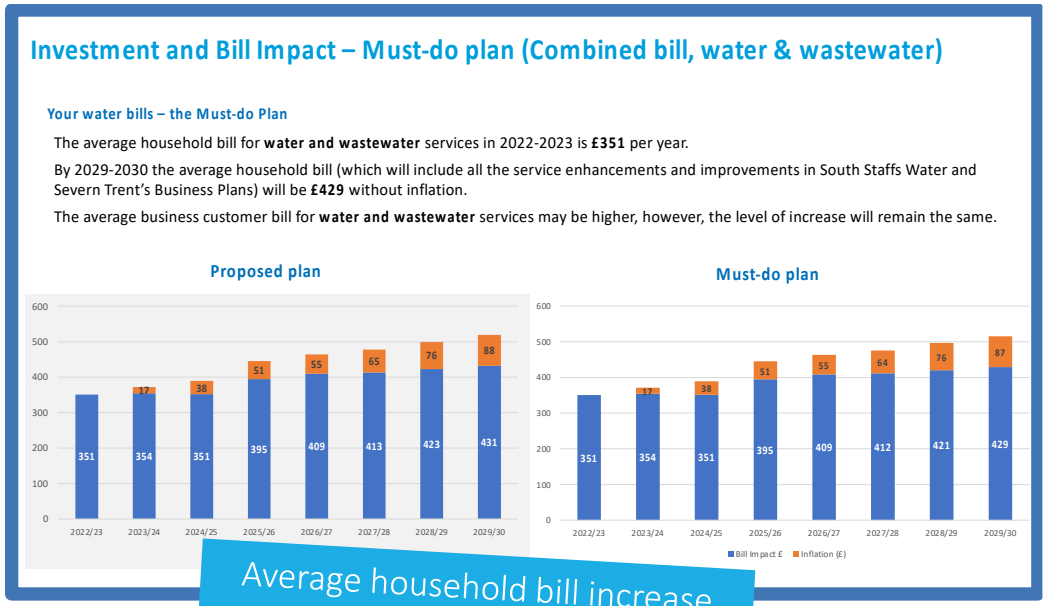
I have no interest in this Must do plan – the cost difference is not worth even talking about
ABC1, Cambridge

I don't like the fact that it doesn't have anything in for resilience – how is that voluntary
C2DE, Walsall

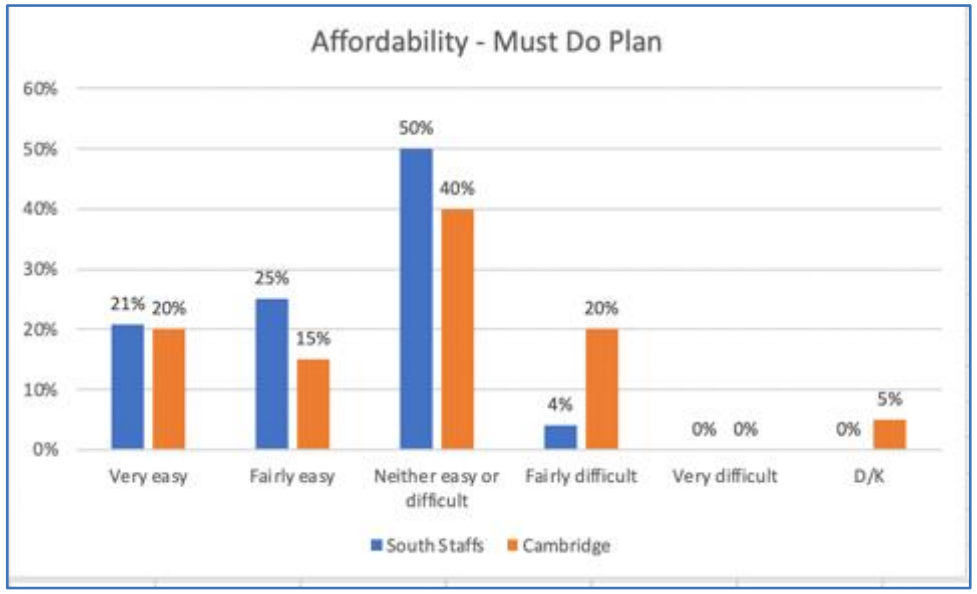
Must Do plan: Overall affordability

46% found the Proposed plan affordable in South Staffs Water and 35% in Cambridge Water area

Minimal difference in costs from Proposed to Must Do (and no significant differences by customer segments)



Average household bill increase without inflation in South Staffs Water/Severn Trent £351-£429 and £401-£481 Cambridge Water/Anglian (Non-household expressed as %)



Base: All customers HH/NHH

Designed to provide some 'numbers' to understand weights of opinion but is indicative and not representative of South Staffs Water and Cambridge Water customer base

Response to Support for CIVS

Customers in Vulnerable Situations were shown specific proposals that would be included in 2025-2030

Cambridge Water currently offers the following to help customers who need extra support

Helping customers with accessing services

All water companies run a **Priority Services Register (PSR)** where they keep details of the extra support that people need to access their services:

- The PSR ensures support is provided for customers who need extra assistance because of medical, learning or physical disabilities
- There are currently more than **8,900** people registered for support across the region
- The company also offers community visits to provide face-to-face support
- In 2022/23 the company's latest independent research showed that **30%** of customers were aware that the company offer extra help for customers who need support to access its services.

Priority Services Register
This includes dropping **bottled water** to customers who can't get out and about to collect or buy bottled water during a period when the water supply is temporarily cut off – e.g. if a pipe in the road bursts. The PSR also **helps with bills** – such as providing braille versions or phone support to discuss bills**.** Customers can also nominate a friend or relative to manage their account or set-up password protection on an account – e.g. if a customer is suffering from a learning or other condition, such as dementia.

Helping customers with paying water bills

There are currently over **3,360** customers receiving discounted water bills across the Cambridge Water region.

- If a customer is on water meter, **support and advice** can also be offered to help lower the water bill
- In 2022/23 the company's latest independent research showed that **52%** of customers were aware that the company offers support for customers struggling to pay their bills – the figure was under 10% in 2015/26
- If a customer does not qualify for discounted bill, the company also offers **payment breaks, payment plans and support to help clear debts,** which are designed to help customers manage their payments over the year.

Assure – by Cambridge Water
The company's discounted tariff for households with an income of less than £19,050. For each dependent child living at the property this amount increased by £1,500. Customers receive 60% off their water bill in Year 1 and 40% off their water bill in Year 2.

WaterSure – national scheme
This tariff provides a capped bill to households with a water meter that receive one or more, of a number of benefits. It also covers households with a person living with a medical condition that requires lots of water to manage and/or those with three of more dependent children.

Cambridge Water's plans for 2025-2030 to help customers who need extra support

Helping customers with accessing services

- Continue to **improve clarity and effectiveness of communications** including promoting real-life stories of how being on the PSR can help customers, to encourage those who are reluctant to sign-up.
- **Increase the amount of time spent working with stakeholders (e.g. charities, support groups)** in communities to make sure more customers are pro-actively identified to go onto the PSR. This also includes working with other suppliers (such as energy companies) to securely share information, where permission is given by customers. This means that customers just have to provide details about their situation once.
- Look to offer **different ways** for customers to contact and be contacted to discuss their support needs - designed so it puts the customer at ease. For example: increasing the number of community visits, making it easier to manage accounts online and a dedicated phone hotline to a trained expert.

Continue to invest in their staff by launching more employee **training programmes** so that their customer service teams, including new starters, can always offer customers empathy and the support they need given all the different situations people can be in.

Helping customers with paying water bills

The number of low-income households that will require this support over the coming years is expected to be more than **90,000** across the South Staffs and Cambridge regions**.** To account for this increase, SSC will focus on securing funding that will enable the company to maintain and potentially increase the number of customers supported on its Assure discounted tariff. Additional areas of support for customers include the following initiatives:

- Create an **online application form** for its discounted Assure tariff, that can be used by customers or employees when registering customers over the phone, or face-to-face. This will make the application process easier as it removes barriers and removes the need for printed forms, postage and, if done online, removes the need to contact the customer service teams directly
- Launch **an online calculator** that can be used by employees and customers to find out what financial help is available from the company and make sure households are on the best payment plan for them given their situation
- Trial a **new tariff** to offer support to customers who are financially struggling, yet don't qualify for Assure as their household income is over **£19,050** or WaterSure. Customers will need to be on a water meter and the focus is on price of water for any essential use (e.g. cooking, cleaning, washing) would be discounted to help manage bills.

1. Generally positive response and comforting to see range of support services
2. In particular, ability to nominate customers who might need support is good e.g. on behalf of those with dementia
3. But the story here is that awareness could be improved
   - Financial support could be improved as many claim that they didn't know about different schemes
   - PSR awareness is patchy – not sure if they qualify, are on it or detail of specific services
   - Better communication of these services would be welcomed 'it's very well creating great comms but not if people aren't accessing them'
4. Need evidence that they will provide Non-digital support – accessible forms, Non pdf, etc vs online calculators/online application forms
5. Keen to see more proactivity e.g. sophisticated data profiling of CIVS and call to see if they were okay and if they need the PSR, working with 3rd parties

Support for CIVS

I'm a nurse so it's good to see you can nominate someone to help for cases of dementia ….it does go far enough
CIVS, South Staffs

When I worked in a bank during COVID we called people to find out if they were okay and if the support was enough
CIVS, Cambridge Water

I used to be on Assure and then I applied for the tariff to use more water for medical reasons WaterSure but it was not communicated that the Water Sure tariff was more expensive. They should have talked to me about which one was more suitable
CIVS, Cambridge Water

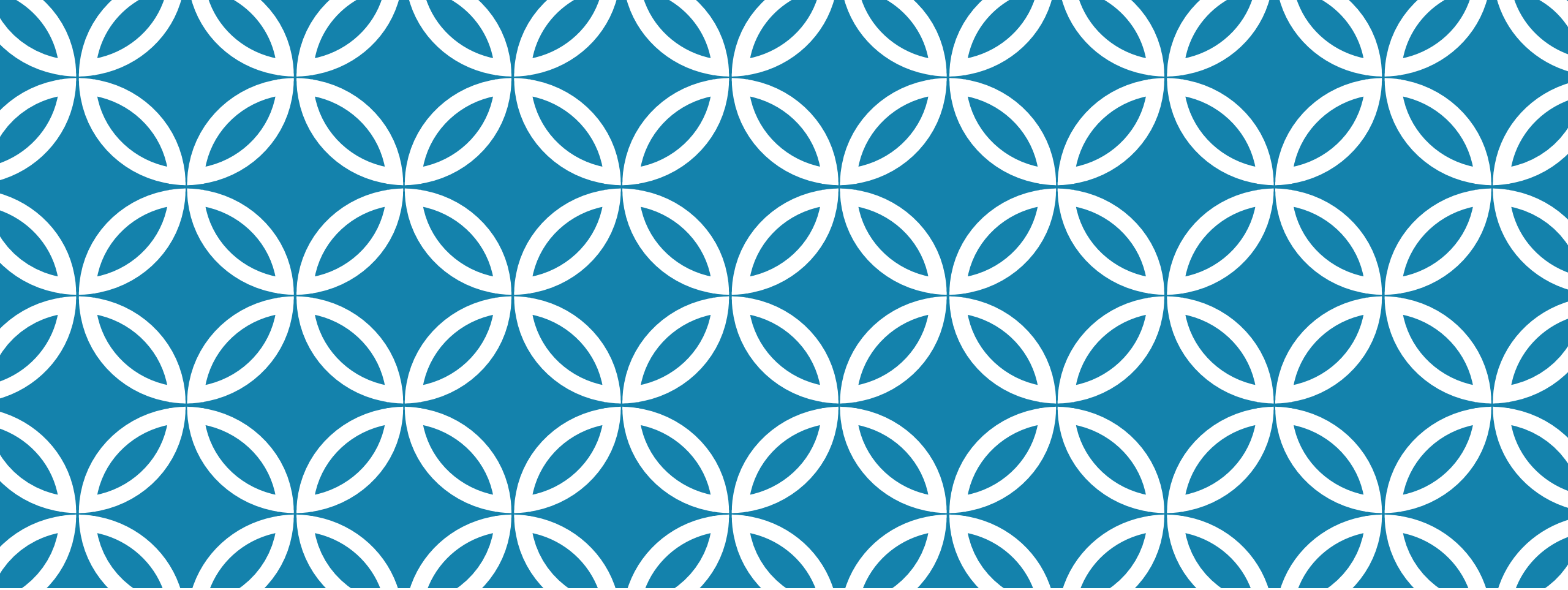
I'm not very good at online internet applications. I prefer to speak to someone over the phone. I can only do basics online.
CIVS, South Staffs Water

PSR is very important and the extras like braille. I would assume that I'm probably on that scheme because my bill is so low and departments have talked to each other, which is refreshing. They were very kind to me and I think it's all quite splendid.
CIVS, South Staffs

I really want to know how they are going to grow awareness of the scheme – it's important
CIVS, Cambridge Water

I just wonder 2 things – how they will raise awareness and whether they will help people who can't access services online
CIVS, South Staffs Water

They are obviously trying to support people struggling with health and finance but I have had quite a bad experience with them. They're not helping me.
Maybe having a meter fitted will prompt other kinds of support
CIVS, South Staffs Water



7. OVERALL SUMMARY AND WAY FORWARD

Overall summary

After deliberative discussions, customers individually voted and the majority selected the Proposed plan as their Preferred plan in both the South Staffs and Cambridge areas

Customers in both areas wanted to see a more ambitious leakage target and more innovation to improve water quality was desired in the Cambridge area; there was limited support for the investment to replace fleet with electric vehicles

Finally, overall trust levels were high with over 9 out of 10 customers feeling that SSC would deliver all or some of the plan across the South Staffs and Cambridge area

Separately, 10 out of 10 South Staffs Water customers said they thought the Proposed plan was acceptable and 7 out of 10 Cambridge Water customers found the Proposed plan acceptable

Affordability is more of a challenge with 1/3rd saying the Proposed plan was affordable and a significant proportion opting to say the plan was neither affordable or unaffordable – this will need to be carefully questioned in the quantitative work to understand how this middle group would respond if they had to choose affordable or not

4 key themes drive acceptability and preference for the Proposed plan:

- It includes new infrastructure projects to store water with a major reservoir and new water sources to address any shortfall in supply/demand which addresses concerns over short and long term water security
- It provides some investment to maintain and improve water quality and tackles unacceptable leakage levels which feel wasteful and contribute to concerns over water security
- It includes environmental issues like improving river health and reducing wastage
- It proactively includes work on lead pipes) and includes 'voluntary' resilience measures which customers think are critical

Summary of Proposed plan: performance commitments

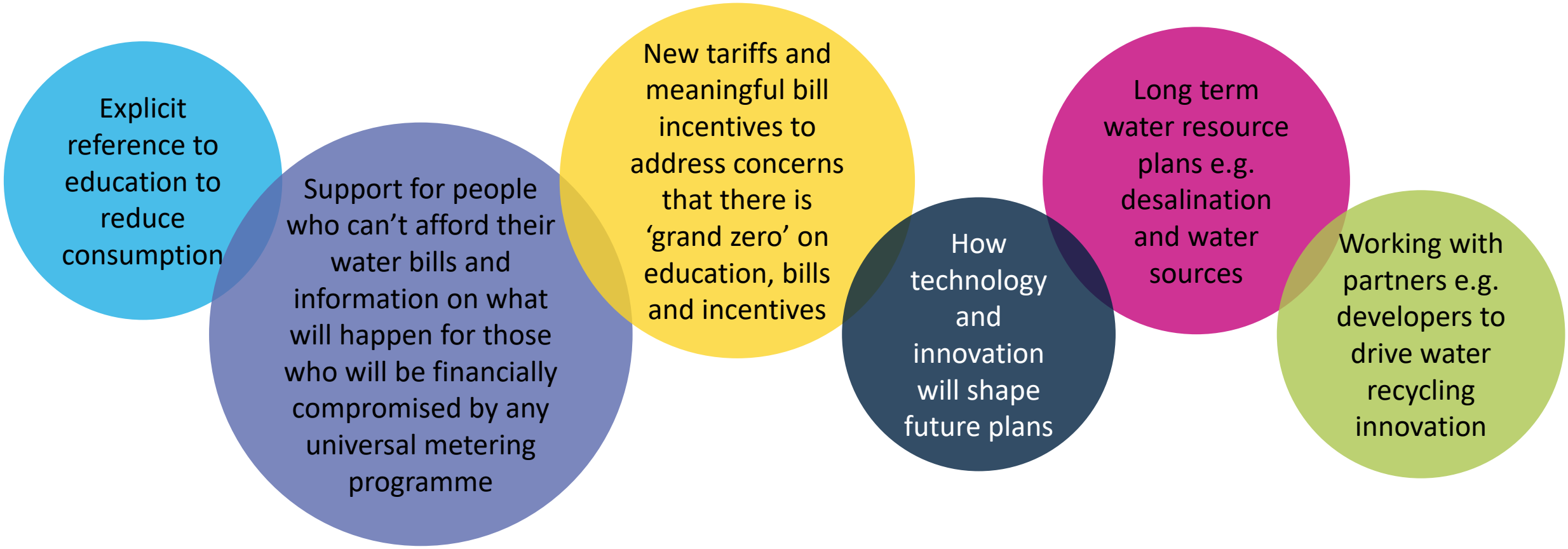
	Leakage	Supply Interruptions	Water Quality
Importance	High importance	Medium importance	High importance
Performance	Performance feels unacceptable	Measure makes this difficult to understand and judge	South Staffs = good Cambridge = less good
Headline	'Already short of water so this is shocking/immoral'	'It would be an issue but it's never happened (touch wood)	'It's like the best thing – it's council pop' SSW 'All my friend buy bottled water' CW
Response to target	More ambition wanted	Okay/about right Zero under 3 hours would be more meaningful and ambitious	Reduction is good but target is meaningless
Response to strategy	Good to see embracing technology Want more proactivity Some concerns about smart meters	Long term pipework replacement Policy for those on Priority Services Register	Positive Recent investment has been strong and effective Keep doing this
Any Segment Differences	None NHH slightly more pragmatic and aware of high costs	Higher for customers in vulnerable situations Higher for water dependent businesses	Regional differences Taste response can be idiosyncratic

Summary of Proposed plan: Service enhancements

	Environmental Challenges £12.10 per year	Water Quality Challenges £2.50 per year	Resilience Challenges £2.30 per year
	Statutory plus voluntary	Statutory plus voluntary	All voluntary
Importance	High	Very important as impacts on taste *and* safety	Critical
What's driving high/low importance	1. Restore the water environment 2. New water sources e.g. reservoir 3. Metering technology Less commitment to investment for electric vehicles but use money for something else	1. Filtration/disinfection 2. Lead pipes removal critical	1. Laying more pipes 2. Smart sensors/technology 3. Upgrading sites with power generators All seen as critical vs voluntary
Cost/Benefit	Cost felt to be reasonable £1 a month Benefits securing water supply, 'habitats flourishing', new tariffs	Cost is negligible	Cost is negligible
Any Segment Differences	Support from majority (1 or 2 climate deniers)	Support across but feels critical for Cambridge Water	None

Considerations for Proposed plan

What's Missing?



8. APPENDICES

Appendices: Declaration that the research meets the OFWAT and CCW guidance

Accent has complied with Ofwat and CCW requirements

- Research has followed the prescribed Acceptability and Affordability Testing methodology and content
- Customer knowledge has been built through a pre-task which educates about the industry, business plan process, company and Proposed Plan investment areas and performance
- Deliberative roundtable discussions facilitating strong engagement and robust deliberation of Proposed and Must Do plans
- Successful recruitment of all sub-groups exceeding the minimum quotas across all critical audiences (Household, low-income, non-household customers, customers in vulnerable situations, future customers)
- Post task that captures individual responses on acceptability and personalised bill impacts.

Appendices: Target Sample Breakdown HH, NHH & Futures Groups

Recruitment was undertaken by Roots, one of Accent's panel partners

	F2F – CURRENT BILLPAYERS	
Location	16x SSW	16x CAM
Gender	[In each group] Min. 6x Women Min. 6x Men	
Age	[In each group] Spread of age Min. 2x aged 65+	
SEG	[In each group] ABC1 = 6 C2DE = 6 Min. 1x AB Min. 2x DE [Of those who are 65+] 2x ABC1	
Health	[In each group] Min. 2x PSR/PSR Eligible	
Income	[In each group] Min. 2x Household Income < £19,050	
Ethnicity	[Of those who are ABC1] Min. 2x BAME [Of those who are C2DE] Min. 2x BAME	[Across all SEGs] Min. 3x BAME
Dwelling	Min 2x Suburban Min 2x Urban Min 2x Rural	
Life stage	Min 2x Family Min 2x Pre-family Min 2x Empty-nesters	
Metred/Unmetered	Min. 4x Metered Min. 4x Unmetered	Min. 2x Unmetered Max 5x Unmetered

- All must be SSC customers
- All to be water bill payers

F2F – NHH CUSTOMERS RECRUIT MAX. 8 FOR 6 AT F2F EACH EVENT		
Location	6x SSW	6x CAM
Sector	3x Service 3x Manufacturing	Min. 1x Agricultural Min. 1x Hi-tech Min. 1x Service
Size	<10 Employees	<10 Employees
Reliance on Water	Min. 2x Water-dependent Min. 2x Not water-dependent	Min. 2x Water-dependent Min. 2x Not water-dependent

- All must be SSC customers
- All should have senior responsibility for water and wastewater services (or other issues related to water) within the business or should be named on the business' water bill.
- All to have between 1 and 9 employees
- All to run from non-domestic premises / have separate business premises

	DIGITAL – FUTURE RECRUIT 8X FOR 6X PARTICIPANTS IN EACH GROUP	
Location	8x SSW	8x CAM
Gender	8x Women 8x Men	8x Women 8x Men
Age	18-25	
SEG	Spread of SEG	
Ethnicity	Min. 3x BAME	Min. 2x BAME
Life stage	Min. 2x 'First-jobbers' Min. 2x Students Min. 2x Living at home	Min. 2x 'First-jobbers' Min. 2x Students Min. 2x Living at home

- All must be SSC customers
- All must be aged under 26, and over 18.

Appendices: Target Sample Breakdown HH/NHH vulnerable customers

Recruitment was undertaken by Scout, one of Accent's panel partners

HH CUSTOMERS IN VULNERABLE CIRCUMSTANCES	**Location**	6X SSW 4X CAM
	Gender	5X Men 5X Women
	Age	Spread of age Min. 2X 75+
	Ethnicity	Min. 3X BAME
	English as a second language	Min. 2X English as a second language
HH –5X FINANCIALLY VULNERABLE	**Benefits**	Min. 2X Receiving Benefits BUT NOT receiving SSW or CAM social tariff (total household income less than £20k per year)
	Social tariff	Min. 2 X Receiving SSW OR CAM social tariff called Assure (target £15-20k income band)
HH –5X HEALTH VULNERABLE	**Age**	Min. 2X who are either very old or very young
	Long-term health condition (incl. disability)	2X with LTHC (incl. disability) - e.g. dialysis, Chrons, etc.
	Water dependence	2X with critical dependence upon water

	DEPTHS – NHH CUSTOMERS	
Location	5x SSW	5x CAM
Sector	Min. 2x Service Min. 2x Manufacturing	Min. 1x Agricultural Min 1x Hi-tech Min. 1 Service
Size	Min 3x 12-50 Min 3x 50-250 Min 3x >250	
Reliance on Water	Min. 3x Water-dependent Min. 3x Not water-dependent	

- All must be SSC customers
- All should have senior responsibility for water and wastewater services (or other issues related to water) within the business or should be named on the business' water bill.
- All to have more than 10+ employees
- All to run from non-domestic premises / have separate business premises

Appendices

Household

Recruitment Questionnaire

Pre-Task Exercise

Deliberative Discussion Guide

Deliberative Stimulus Materials

Post-Task Questionnaire

Non-Household (Micro)

Recruitment Questionnaire

Pre-Task Exercise

Deliberative Discussion Guide

Deliberative Stimulus Materials

Post-Task Questionnaire

Non-Household (Larger)

Recruitment Questionnaire

Pre-Task Exercise

Deliberative Discussion Guide

Deliberative Stimulus Materials

Post-Task Questionnaire

Customers in Vulnerable Situations

Recruitment Questionnaire

Pre-Task Exercise

Deliberative Discussion Guide

Deliberative Stimulus Materials

Post-Task Questionnaire

Future Customers

Recruitment Questionnaire

Pre-Task Exercise

Deliberative Discussion Guide

Deliberative Stimulus Materials

Post-Task Questionnaire

Copies of all the appendices materials can be found **here.**