

SOUTH STAFFORDSHIRE AND CAMBRIDGE WATER CUSTOMER PANEL

STATEMENT ON THE CUSTOMER ENGAGEMENT CARRIED OUT FOR THE COMPANY'S WRMP PROPOSAL

PURPOSE OF THIS STATEMENT

In April 2021 the Panel agreed with the Company (South Staffordshire and Cambridge Water) a plan for independent challenge by the Panel of the customer engagement to be undertaken by the Company in its water resources planning cycle WRMP24. This embraced monitoring the joint research programme being developed by Water Resources East and Water Resources West, as well as fuller involvement with the Company's customer research into its own plan. This statement summarizes the Panel's involvement in the Company-level research, and our assessment of it.

WELCOME FOR THE NEW COLLABORATIVE APPROACH

In our independent reports to Ofwat as part of PR19, the Panel called for greater collaboration between the regulators, and especially for a co-ordinated timetable for resources planning and price reviews. We also recommended collaborative research by water companies so as to reduce the cost to customers of every water company carrying out separate research into the same issues. We applaud the efforts that regulators and companies have made towards these ends in WRMP24. To achieve this, timescales have been very tight and opportunities for challenge fewer than they should have been at regional level. The Panel had some criticism of apparent muddle in the design of one of the regional surveys, which lies outside the scope of this Statement. But all these difficulties were a price worth paying to lay the foundation for a more timely and rigorous customer engagement in future.

COMPANY RESEARCH

The Panel experienced no such difficulties dealing with the Company's own research which underpins the Company level resources plan to which this Statement is appended. Since WRMP19 the Company has made a step change in the amount and quality of customer engagement and stakeholder engagement, so that research focused on resources planning has benefited from a firm foundation made up of continuous monitoring of consumer views and priorities through tracking surveys, analysis of day-to-day customer contact, and ongoing dialogue with an online community called H2Online.

PANEL INVOLVEMENT

Both the Strategic Research and Insight Manager and the Head of Water Strategy reported to full Panel meetings throughout 2021. As the WRMP research programme gathered pace, the Panel formed a Sub-Group of project champions who volunteered for more detailed involvement. The Panel was involved in all stages of the Company's WRMP research, from the overall design and purpose onwards. Having taken part in the consultation on the two Drought Plans, the Panel reviewed the desk-top study that recommended the research programme to be followed, contributed to the selection of agencies, critiqued research briefs, commented on design and content of materials for each stage of the quantitative work, observed sessions of the WRAP (Water Resources Advisory Panel) and stakeholder round-tables, tested and challenged the quantitative survey, attended briefings on the results of the major stages, reviewed and challenged the subsequent acceptability test and the proposal for triangulating the various data sources.

CHALLENGES

A log of the Panel's challenges, questions and comments was kept for each work-stream and is appended, alongside this Statement, to the Company's proposed resources plan. The Company was

diligent in responding to all challenges, acted on many, discussed others with the relevant agency, and in cases where our challenge was not accepted, explained their rationale.

On the positive side, the Panel commended the combination of two very different approaches to the qual and quant phases of the research, being particularly impressed by the unusual and effective use of deliberative techniques by Community Research. Given the rich variety of data sources which derives from all this research, we viewed it as a good investment to commission independent professional expertise for triangulation, and we welcomed the decision to seek additional external assurance from Jacobs. This was particularly valuable given the differing challenges presented in the Company's two geographically-distinct regions, and the strong opinions of some pressure groups in particular, which could risk over-weighting the conclusions of the research programme.

On the other hand the Panel had reservations around some of the scope and methodology which all the Companies have been required to adopt, over which SSC had no choice. In common with CCW, the Panel has in the past been critical of the use of research to involve customers inappropriately in complex or technical decisions or in matters which do not relate directly to their experience. This was one of the lessons drawn in the post facto review of PR19, which may have come too late to apply to WRMP24. Finally we remain sceptical about the ascription of monetary amounts to customer preferences or to comparative benefits of investment options, a process favoured by economists but the panel is of the opinion is inherently unreliable. In the currently-evolving economic climate WTP research can quickly become outdated as households situations evolve. In an economically-stressed environment this raises wider risks around potentially critical investment not being as supported, and the associated impact on inter-generational fairness.

CONCLUSION

The Panel has found the Company to be consistently open to our questions and suggestions, welcoming to independent challenge, and respectful of the views of the Panel its WRMP programme champions. As a smaller water-only company we recognise that the company does not necessarily have the resources of a water and sewerage company. As Chairs, however, we have been very impressed by the Company's ambition to 'punch above its weight' in relation to customer insight and research; the end product being quality insight that will serve the environment, customers, and the Company well. We applaud the use in WRMP24 of regional collaboration, and we commend the Company for bringing such a substantial increase in professionalism and commitment to its customer engagement for WRMP24.

SIMON SPERRYN
Chairman 2016 - 2022

MATTHEW COLE
Chairman 2022 -

01 October 2022